

INTEGRATED REPORT 2023



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Editorial Policy

The Integrated Report has been compiled to aid understanding of Heiwa Real Estate Group efforts to enhance corporate value from a medium- to long-term perspective by including more nonfinancial information focusing on the environment, society and governance (ESG).

The aim of this report is to serve as a tool for shareholders, investors and all stakeholders, that facilitates understanding of the Heiwa Real Estate Group and deepens dialogues between us.

Cover Design Concept

The cover design incorporates silhouettes of people working and living in the city, expressing lively activities and a bustling atmosphere.

As a Company that contributes to revitalizing districts, we are focusing efforts on the Nihonbashi Kabutocho and Kayabacho Revitalization Project and the Sapporo Redevelopment Project with the aim of enhancing corporate value.

Period Covered by the Report

The report mainly covers performance in FY2021 (from April 2021 to March 2022). It also includes some information on activities before or after said period, as well as forecasts.

Organizations Covered

Heiwa Real Estate Co., Ltd., and its Group companies

Date of Publication

October 2023

Referenced Guidelines

This report has been compiled with reference to the International Integrated Reporting Framework by the International Integrated Reporting Council (IIRC) and the Ministry of Economy, Trade and Industry's Value Co-creation Guidelines



In compiling this report, we creatively incorporated visual elements aimed at ensuring the content is simple and easy to understand. Highly important information is summarized and presented in a way that facilitates reader understanding of the Heiwa Real Estate Group. For further information, please refer to our corporate website.

Cautionary Note on Forecasts

Information in the report other than statements of historical fact are forecasts and forward-looking statements that are based on judgments by the management of Heiwa Real Estate in light of information available at time of publication. Actual results may differ materially from these forecasts due to various factors. Heiwa Real Estate assumes no responsibility for the use of information contained in the report.

Organization and Values

Management Policy and Statement

Management Policy

Provision of Safe and Comfortable Offices and Living Spaces, thereby Contributing to People and the City

Medium-term Management Plan

Medium-term Management Plan 2022-2023

Challenge & Progress

Taking on challenges and reaching for new heights as a Company that contributes to revitalizing districts

Statement

Creating _Communities, Building for the Future

What makes a neighborhood bring people joy?

At Heiwa Real Estate, we build communities that invite residents and visitors alike to create new value while maximizing local history and tradition. Just as Japan flourished at the dawn of capitalism, we develop lively, forward-looking environments that embrace a mature culture.

In today's rapidly changing society, urban development plays an ever more significant role.

Heiwa Real Estate has supported Japan's financial and societal growth over generations through revitalizing districts.

Utilizing unique perspectives nurtured through our legacy, we help solve societal issues by expanding the possibilities of community renovation

– with bold ambition and out-of-the-box thinking.

What the _in the Tagline Represents

There are many ways in which we contribute to community development.

And the possibilities continue to expand with each and every one of us asking ourselves, "how can I make a difference?" and acting on it.

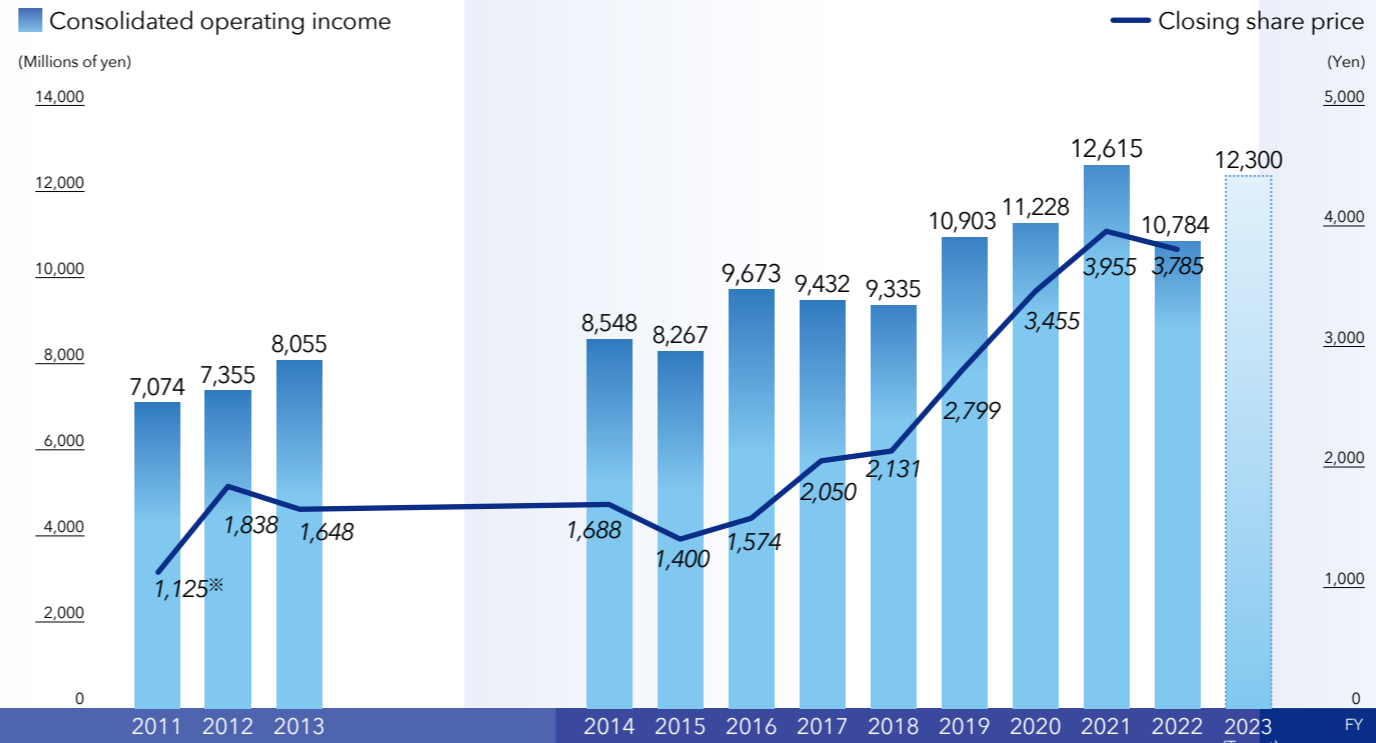
The _symbolizes the diversity of ideas Heiwa Real Estate has towards revitalizing districts.

Group History

Heiwa Real Estate was founded in 1947 as the owner of stock exchange buildings in Tokyo, Osaka, Nagoya, and elsewhere, which play a central role in Japan's financial markets.

In revitalizing the spirit of Nihonbashi Kabutocho and Kayabacho, rather than reenergizing the district, the Group envisions transforming it into a colorful destination where people work, live and visit.

We will take on challenges and reach for new heights as a Company that contributes to revitalizing districts, creating new functions and culture in this cutting-edge securities trading hub and financial and investment center making it livelier and more inviting.



Medium-term Management Plan "Challenge & Progress"
(FY2020-FY2023)

Taking on challenges and reaching for new heights as a Company that contributes to revitalizing districts

EPS target

At least ¥200

Consolidated operating income

¥10 billion ➔ ¥12 billion

Note: A five-to-one share consolidation was executed on October 1, 2012; the share price in FY2011 is presented by converting it into the post-consolidation share price.

Heiwa Real Estate Group Timeline



- 1947 **Heiwa Real Estate established 1**
- 1949 Listed on the Tokyo Stock Exchange, Osaka Securities Exchange, Nagoya Stock Exchange and Fukuoka Stock Exchange
- 1950 Listed on the Sapporo Securities Exchange
- 1958 Completed construction of Fukuoka Shoken Building
- 1962 Completed construction of Kyoto Shoken Building
- 1980 Entered the condominium sales business
- 1984 **Completed construction of the stock trading floor building (currently Arrows) within the Tokyo Stock Exchange Building complex 2**
- 1986 Completed construction of Yokohama Heiwa Building
- 1987 Completed construction of Osaka Heiwa Building
- 1988 **Completed construction of the main building of the Tokyo Stock Exchange Building complex 2**
- 1993 Completed construction of Daimaru Kyoto Store (West) Kyoto Building
- 1994 Completed construction of Daimaru Kyoto Store (North) Kyoto Building

- 2000 Acquired Mita Heiwa Building
- 2001 Acquired Uchisaiwaicho Heiwa Building
- 2002 Acquired Dogin Building
- 2004 Completed construction of Nagoya Heiwa Building
- Completed construction of the Osaka Securities Exchange Building 3**
- 2007 Completed construction of the Nagoya Stock Exchange Building
- 2008 Completed construction of Hotel Brighton City Osaka Kitahama
- 2009 Initiated full-scale participation in the REIT business (Made the current Heiwa Real Estate Asset Management Co., Ltd., a consolidated subsidiary)
- 2010 **Completed construction of CentRise Sakae 4**
- 2012 **Completed construction of Ichibancho Heiwa Building 5**

- 2014 Announced the Revitalization Vision for Nihonbashi Kabutocho
- 2015 Completed construction of Maruzen Nagoya Honten Building
- 2017 Acquired Osaka Midouji Building
- Opened FinGATE KAYABA 6**
- 2018 **Opened FinGATE KABUTO 7**
- Opened FinGATE BASE
- 2019 Acquired Sakae Sun City Building

- 2020 **Opened K5 8**
- Opened FinGATE TERRACE
- 2021 **Opened KABUTO ONE 9**
- 2022 **Opened FinGATE BLOOM**
- Completed construction of KITOKI



1 Former Tokyo Stock Exchange Building 2 Tokyo Stock Exchange Building (Chuo-ku, Tokyo) 3 Osaka Securities Exchange Building (Osaka) 4 CentRise Sakae (Nagoya) 5 Ichibancho Heiwa Building (Sendai)



6 FinGATE KAYABA (Chuo-ku, Tokyo) 7 FinGATE KABUTO (Chuo-ku, Tokyo) 8 HOTEL K5 (Chuo-ku, Tokyo) 9 KABUTO ONE (Chuo-ku, Tokyo)

KABUTO ONE Opened

This building's middle floors comprise KABUTO ONE HALL & CONFERENCE and the book lounge Kable, while the first-floor atrium has a new information dissemination function named The HEART. KABUTO ONE serves as a hub for interactions between companies and investors, sure to become a new landmark in this district.

Meiji Era (1870s)

From a Banking to a Securities and Financial District

Japan's first modern bank, First National Bank (now Mizuho Bank) opened in Kabutocho in 1873. The Kabutocho district subsequently developed as a center of the Japanese economy with the establishment of a stock exchange, which then became the Tokyo Stock Exchange, and numerous companies.

Taisho Era to 1940s

Reconstruction after the Great Kanto Earthquake and World War II

Japan's securities markets resumed with the approval of the GHQ in 1949. As a securities district, Kabutocho became synonymous with the country's financial markets and economy due to the development of the Japanese economy and the boom in its securities markets.

Recently

Changes in Nihonbashi Kabutocho

The trading floor of the Tokyo Stock Exchange, which had been active for many years, closed in 1999 due to factors including the introduction of electronic trading and the increase in internet transactions. The Kabutocho district changed significantly as securities companies moved elsewhere.

Recreating the Classic Look and Feel of Nihonbashi Kabutocho

We are implementing the Nihonbashi Kabutocho and Kayabacho Revitalization Project while preserving the district's history as the birthplace of Japan's financial markets. Aligned with the Tokyo metropolitan government's "Global Financial City: Tokyo" vision, we are creating a new Kabutocho as a district where people connect, and where investment and growth are born.

Currently

Announcement of a Revitalization Tagline: a Starting Point and a Highlight

We will speed up the Nihonbashi Kabutocho and Kayabacho Revitalization Project in the future, and the district will become an even greater starting point for the passion of those looking to the future and a place where all attempts and challenges shine as it offers value and charm as an entrepreneurial starting point.

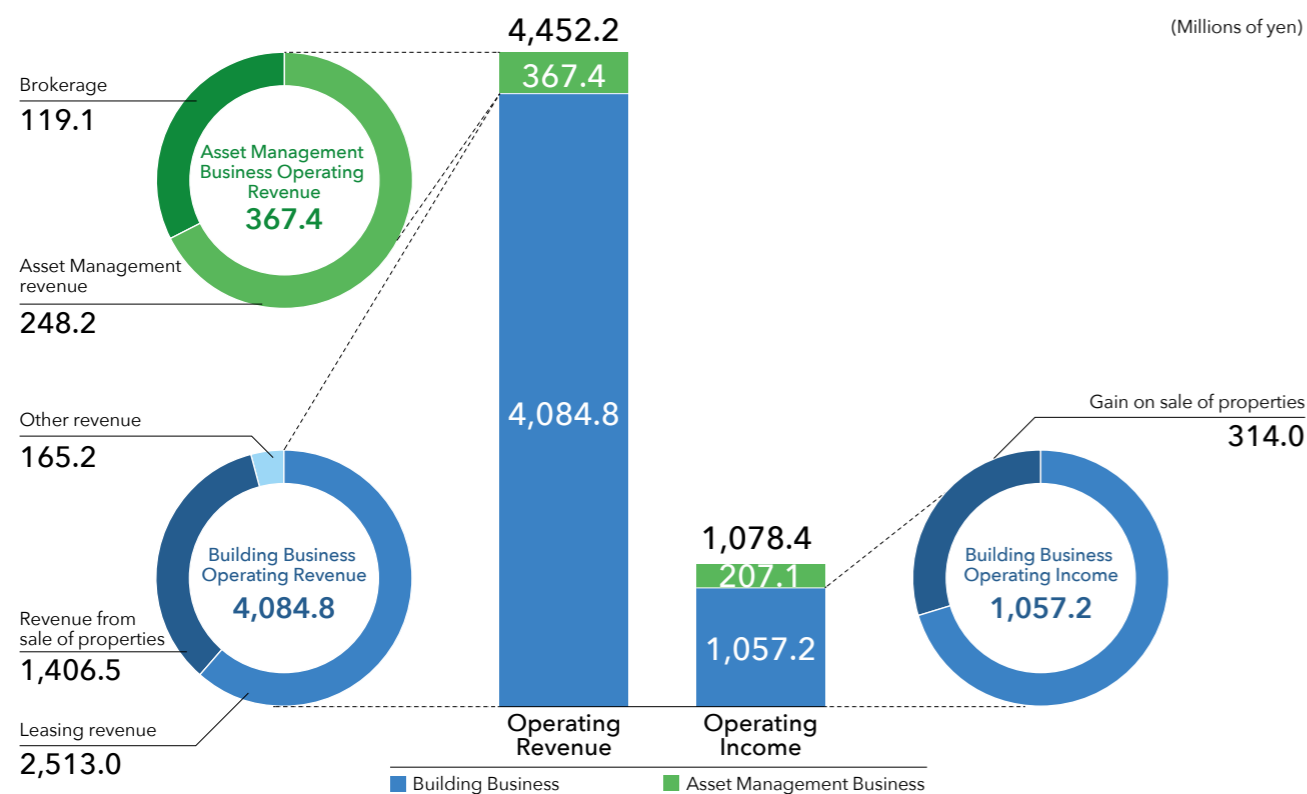
Group Overview

Overview by Business Segment

Business Segment	Business Strategy
Building Business Development, leasing, administration, management and sale of stock exchange buildings, office buildings, commercial facilities and residential buildings	Redevelopment Business > P.27 1 Revitalizing Nihonbashi Kabutocho and Kayabacho 2 Promoting Sapporo Redevelopment Project commercialization
	Building Business > P.30 3 Promoting external and internal growth 4 Promoting sustainable building operations aimed at improving environmental performance and disaster preparedness 5 Generating earnings from inventory sales
	Asset Management Business > P.33 6 Expanding Asset Management earnings
Asset Management Business Heiwa Real Estate REIT, Inc., asset management and real estate brokerage	

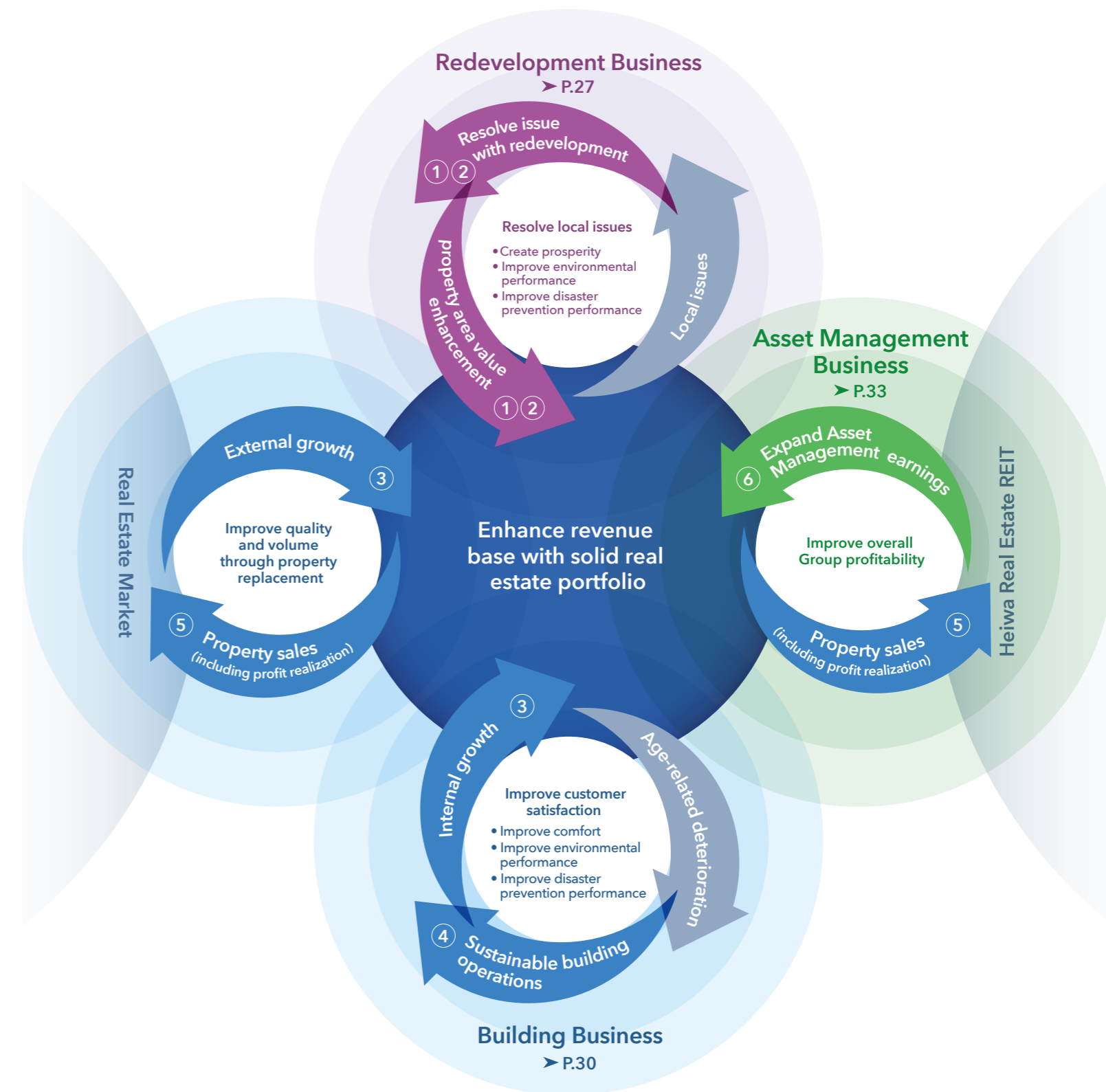
Note: External growth refers to expanding revenue opportunities through the acquisition of new prime properties, or reshuffling the property portfolio to improve the profitability of held properties.
 Note: Internal growth refers to enhancing the value of held properties through renovations and other efforts aimed at increasing lease revenue and occupancy rates.

Operating Revenue and Operating Income Composition (FY2022)



Business Model

Heiwa Real Estate aims to further expand its earnings base through the promotion of business strategies based on our solid real estate portfolio of properties centrally located in major urban areas across Japan.



The Source of Corporate Value

Heiwa Real Estate was founded as a Company that owns and leases stock exchange buildings, and currently owns the Tokyo Stock Exchange Building, the Osaka Securities Exchange Building, the Nagoya Stock Exchange Building and the Fukuoka Shoken Building. By holding a superior portfolio of properties in the central districts of major cities across Japan and supporting Japan's financial infrastructure facilities, and other operations, we have built relationships of trust with various stakeholders.

Our experience and track record in revitalizing the Nihonbashi Kabutocho and Kayabacho districts has enabled us to position ourselves to make significant contributions in the Sapporo Redevelopment Project and to further fulfill our role as a Company that contributes to revitalizing districts.

Track Record as a Trusted Owner of Securities Exchange Buildings



Solid Portfolio in Central Districts of Major Cities across Japan

Tokyo area

- Tokyo Stock Exchange Building
- Nishokan Building
- KABUTO ONE
- Kabutocho Heiwa Building
- Kabutocho Heiwa Building No. 1
- Kabutocho Heiwa Building No. 2
- Kabutocho Heiwa Building No. 4
- Kabutocho Heiwa Building No. 5
- Kabutocho Heiwa Building No. 6
- Kabutocho Heiwa Building No. 7
- Kayabacho 1-Chome Heiwa Building
- Kayabacho Broad Square
- Heiwa Real Estate Nihonbashi Building
- Quatro Muromachi Building
- Mita Heiwa Building
- Uchisaiwaicho Heiwa Building
- Shimbashi Square Building
- KITOKI
- Higashi Yaesu City Building
- Grace Building Sengakujimae



KABUTO ONE Kabutocho Heiwa Building No. 6



Mita Heiwa Building Uchisaiwaicho Heiwa Building

Fukuoka area

- Fukuoka Shoken Building
- Fukuoka Heiwa Building
- Tenjin Heiwa Building



Tenjin Heiwa Building

Osaka area

- Osaka Securities Exchange Building
- Osaka Heiwa Building
- Hotel Brighton City Osaka Kitahama
- Osaka Midosuji Building
- Kyoto Shoken Building
- Daimaru Kyoto Store (West) Kyodo Building
- Daimaru Kyoto Store (North) Kyodo Building



Hotel Brighton City Osaka Kitahama Osaka Midosuji Building

Sapporo area

- Dogin Building
- Shin-Odori Building
- Park East Sapporo
- Sapporo Ekimae Godo Building
- Heiwa Real Estate Sapporo Station East Building



Dogin Building

Sendai area

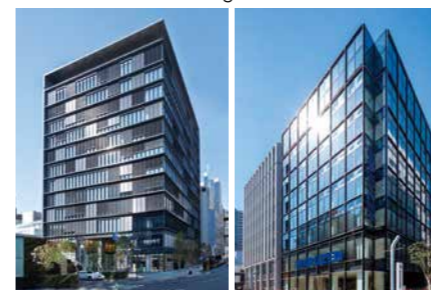
- Ichibancho Heiwa Building
- Solala Plaza



Ichibancho Heiwa Building Solala Plaza

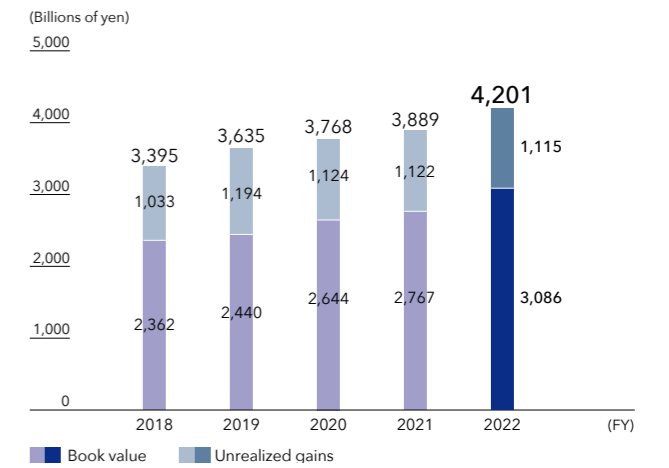
Nagoya area

- Nagoya Stock Exchange Building
- CentRise Sakae
- Maruzen Nagoya Honten Building
- Isemachi Heiwa Building
- Sakae Sun City Building
- Heiwa Real Estate Nagoya Fushimi Building
- Addit-Sakura-dori

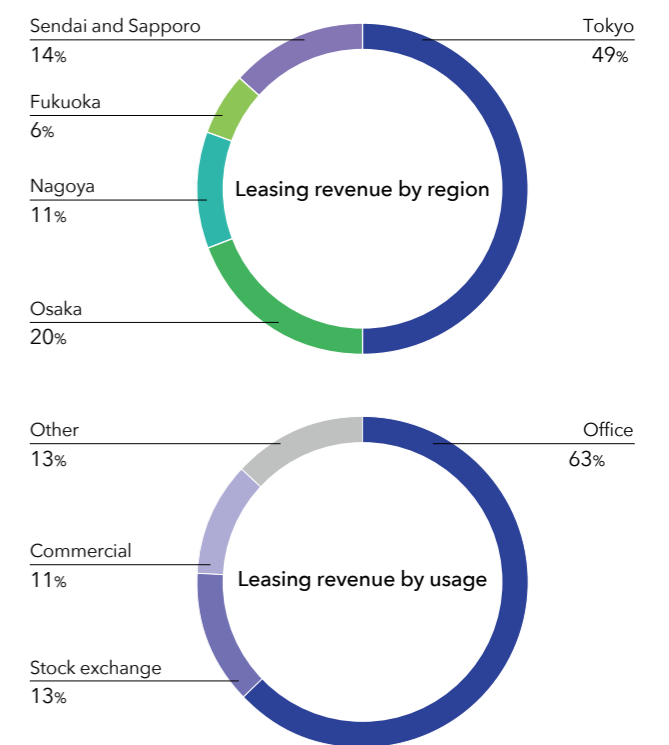


CentRise Sakae Maruzen Nagoya Honten Building Nagoya Heiwa Building

Market Value of Lease Properties, etc.



Portfolio Data (Building Leasing Earnings) (As of March 31, 2022)



Message from the President

Fulfilling Our Responsibilities to Future Stakeholders through Urban Development with Magnetic Attraction

Kiyoyuki Tsuchimoto
Representative Executive Officer,
President and CEO



Reaching for New Heights as a Company that Contributes to Revitalizing Districts

Since Heiwa Real Estate's founding in 1947 as the owner of stock exchange buildings in Tokyo, Osaka, Nagoya, and elsewhere, our head office has been located in Nihonbashi Kabutocho and Kayabacho, known widely as a securities trading hub and a financial and investment center, where we have contributed to the development of the district, bearing the heavy responsibility of supporting Japan's financial market infrastructure, while also achieving business growth. However, in line with the subsequent digitalization of securities trading, the district was no longer as bustling as it had been in the past, and we declared our intention to take on the challenge of becoming a developer, formulating the 10-year medium- to long-term management plan "Over the NEXT DECADE" in 2014, with the specific goal of revitalizing our home ground of Nihonbashi Kabutocho and Kayabacho. Having achieved this plan ahead of schedule, we moved on to the next phase, a four-year period during which we intend to establish our track record as a developer, and in 2020, we formulated the four-year medium-term management plan "Challenge & Progress," under which we have been promoting various measures.

In the area Heiwa Real Estate is revitalizing, if we refer to the period during the Meiji Era when Eiichi Shibusawa established The First National Bank, Japan's first bank, as Kabutocho 1.0, then the postwar period, when it flourished as a financial district, can be referred to as Kabutocho 2.0. I believe we are now creating the Kabutocho 3.0 era by leveraging the geographical and historical characteristics of this district as well as our own strengths as a Company. Looking back over the past year, as we transition from life with COVID-19 to a post-pandemic world, I realize that this district has been transformed into a colorful, diverse, and bustling area, and like a powerful magnet, it emits a magnetic energy attracting new people and companies. I am very pleased we are able to demonstrate our urban development achievements in such a tangible way.

The Magnetic Force Attracting People to Kabutocho

In revitalizing Nihonbashi Kabutocho and Kayabacho, one of the pillars of our medium-term management plan, we have achieved tangible urban development with the opening of the K5 micro-complex facility in February 2020, the opening of the KABUTO ONE mixed-use building in August 2021, and the completion of KITOKI in April 2022, the first office building with retail stores for which Heiwa Real Estate adopted a hybrid structure comprising wood and SRC. During this time, we strategically attracted distinctive commercial facilities unique to the district, including fashionable bistros and a confectionary shop operated by a popular pastry chef. At present, a total of 20 commercial facilities have been attracted to K5, with the reinvigorated atmosphere and larger number of stores leading to an increase in traffic, from approximately 10,000 visitors per month when K5 first opened, to approximately 50,000 visitors per month since the pandemic subsided. By attracting new visitors in addition to those work in the area, we are transforming it into a colorful destination that attracts a diverse range of people. We are also receiving an increasing number of inquiries regarding collaborations and other opportunities. I recognize this as meaning the district has become a location worthy of collaborations, that we have facilitated that type of environment. My sense is that Kabutocho itself is undoubtedly becoming a magnetic force that draws people to the area.

In the FinGATE business, which started with the Tokyo metropolitan government's "Global Financial City: Tokyo" vision, considering the district's geographical history, we are attracting companies in the Fintech sector, mainly financial startups and independent asset management companies. At the end of March 2023, 64 companies had moved in to the district, establishing its position as one of the largest concentrations of financial startups in Japan. We will continue to consider facility expansions and other measures, and by broadening the scope to include non-financial startups, we aim to attract 100 companies during FY2024. The physical appeal of the district itself and the value we provide in terms of soft power are held in high regard, with word-of-mouth recommendations and referrals from existing tenants leading to the attraction of new tenants. Going forward, we want make this district a cluster of startups in diverse industries, where new chemical reactions and innovation can occur.

Urban Development Leveraging Area Characteristics

The know-how and experience value accumulated as a developer during the Nihonbashi Kabutocho and Kayabacho Revitalization Project are major assets for the Company. That being said, I think the most important aspect of urban development is to provide buildings and functions suitable for the area based on the significance and characteristics of each area.

Although Nihonbashi Kabutocho and Kayabacho are located in a prestigious area of Tokyo at the center of the nation's economy, rather than aiming to recreate the same bustling atmosphere as the adjacent Otemachi and Nihonbashi districts, we have attempted to thoroughly differentiate ourselves from our neighbors by promoting the creation of a district with individuality that compels people to go out of their way to visit.

At present, we are also engaged in two redevelopment projects in Sapporo, where we do not expect to be able to easily apply our successful experiences in Kabutocho. Looking at Japan as a whole, and in consideration of the risk of major earthquakes and other natural disasters, we must build a BCP system enabling several other cities to supplement functions currently concentrated in Tokyo to address the inherent risks of overconcentration. One of the candidate cities with the potential to alleviate "Japan's Achilles' Heel" is Sapporo, which formulated the Green Capital Sapporo Declaration as a zero-carbon city and has made great strides toward achieving this vision. The site planned in the Odori-nishi 4 South district, where Heiwa Real Estate plays a central role in redevelopment, is located in the heart of central Sapporo. Accordingly, we will develop atrium spaces and commercial facilities that contribute to improving the attractiveness and functionality of Sapporo and Odori Park, as well as sophisticated offices and high-grade, world-class hotels on the middle and upper floors to strengthen central Sapporo business competitiveness in a manner appropriate for a Green Capital, with construction scheduled for completion in 2028. We also participate in the Kita 4 Nishi 3 district project as one of the land owners and leaseholders, where we are engaged in urban development appropriate for the gateway to Sapporo, Hokkaido's capital city, with construction scheduled for completion in FY2028.



Urban Development that Values Coexistence with Nature

Regarding the environment, we recognize that there are few green spaces, particularly in Nihonbashi Kabutocho and Kayabacho, so during the Nihonbashi Kabutocho and Kayabacho Revitalization Project, we took on various challenges while placing importance on increasing green spaces in the district.

In 2020, Heiwa Real Estate launched the Wood/Green Project. This urban development initiative creates a sense of unity throughout areas targeted for urban development and promotes coexistence with nature using wooden decks and benches made with timber from a Tokyo Stock Exchange (TSE) Listing Forest owned by the Japan Exchange Group, Inc. (JPX), and outdoor landscaping connected under a common concept design. In 2021, we donated plantings for the Garden of Seven Autumn Flowers, located inside Sakamotocho Park, which had been renovated by Chuo Ward. This park, which features a small hill, spacious lawns, and a stream that runs past seasonal flowers, has been transformed into a space where numerous people can gather and relax, and most importantly, it is greatly appreciated by local residents. In 2022, we opened Edible KAYABAEN, a farm garden located on the rooftop of the Tokyo Shoken Building. In this vegetable garden, which makes effective use of the building's rooftop while facilitating regional food circulation and education on food and agriculture, I and other employees are growing snap peas, and looking forward to harvest time. We also opened planting-related stores inside the K5 hotel, which opened in 2020, and the Keshiki commercial facility, which opened in 2022, among other efforts to create green spaces and districts that achieve coexistence with nature, themes we have taken particular care to promote.

KITOKI, completed in April 2022, incorporates wood in office interiors and a biophilic design satisfying the instinctual human need to connect with nature, and has been highly evaluated as an initiative that broadens the possibilities for wood in urban areas, receiving triple recognition in 2022 with the Good Design Award, the Wood Design Award, and the Award for Excellence at the Good Facilities Using Wood Competition, as well the Grand Prize at the Wood City TOKYO Model Architecture Awards in January 2023. KITOKI, where the space itself conveys a sense of vibrant life, is not large in scale, with each floor occupying just over 1,000 square feet, but all nine floors are fully occupied, despite the higher lease prices compared to the surrounding market price. I feel there is great significance in our having created a model green building that has received the highest levels of recognition for a construction method that even general construction companies can perform.



Practicing Sustainability Management

We are promoting various initiatives related to sustainability management practices, one of the main strategies under the current medium-term management plan. Our highly stable asset ORSUS Togoshiginza rental residence has acquired ZEH-M Oriented certification, and to strengthen our commitment to sustainability management, we raise funds through assessment loan agreements and sustainability-linked loans.

In terms of ensuring diversity in human resources, we are promoting the appointment of core human resources using KPIs that include the ratio of women and mid-career hires in management positions. These efforts have been well received, as evidenced by our selection for inclusion in all six indices managed by the Government Pension Investment Fund (GPIF). In the Global Real Estate Sustainability Benchmark (GRESB) evaluation, Heiwa Real Estate received its first 4 Star rating in 2022. To realize a sustainable society, we are currently developing various concepts to resolve social issues and contribute to the SDGs through our corporate activities.

Further, during the plan period, we have also sought to enhance the sophistication of corporate governance, which supports management both in name and substance. The transition to a Company with a Nominating Committee, etc., in June 2022, and the delegation of a substantial amount of authority to executive officers, has enabled us to realize more flexible decision-making than ever before regarding the acquisition and sale of large-scale buildings. While incorporating our own interpretations, we will maintain efforts to further strengthen corporate governance by leveraging the advantages of being a Company with a Nominating Committee, etc.

Strengthening Human Capital

People are an important management resource for Heiwa Real Estate, and I will continue to implement measures based on the recognition that my role is not to nurture human resources, but to prepare the soil in which they can grow on their own.

Although the acquisition of qualifications and English language skills are not mandatory, we view expenditures associated with these efforts as an investment in human resources rather than a cost, and several years ago, we enhanced systems supporting these activities. In the past, although we assumed that employees seeking knowledge required in the departments to which they are assigned were taking certification exams, but in the first year since introducing this system, the number of young employees proactively acquiring certifications has increased, and the amount invested has tripled. We expect our employees to open up new possibilities through taking on such challenges. We also encourage growth through work by purposely giving managers tough assignments, with section managers asked to work at the level of a deputy manager, and deputy managers asked to work at the level of a general manager, thereby maximizing the potential of each individual. We are proactively expanding recruitment, both new graduates and mid-career hires, and working to create chemical reactions that result when people with proven track records at other companies are brought in and immediately get involved, leading to the mutual growth of employees.

I am now taking on another challenge: Creating work environments where a clever and playful spirit is always present. I feel that attractive plans and rich ideas that draw people to a district, making them want to visit and come back again, can only be nurtured with a corporate culture that is relaxed in the positive sense of the word. Since fall 2022, I have been working in the office for one weekend a month, during which time I do not see anyone on the streets wearing suits. Wearing casual clothing makes me think differently about the future of the Company. In 2022, we introduced a super flextime system, and in April 2023, we made major changes to the head office layout to encourage greater interaction among employees. I think the Company will become even more interesting if it is filled with employees who have a colorful sensibility and playful spirit, and are free to choose their own workstyles.

Final Year of the Medium-term Management Plan “Challenge & Progress”

During the past three years, we have been able to maintain stable operations and achieve tangible results even amid the difficult business environment caused by the pandemic. This gives me a sense of the underlying strength of our employees, and I am seeing more calls for collaborations from outside the Company, now that our achievements and value as a developer, represented by KABUTO ONE, have been made visible.

The past three years of the pandemic have been a period during which we were able to reaffirm the necessity of offices, but the reasons we need offices have changed dramatically. Rather than simply a place to do work, offices have become real-world spaces that cannot be replicated using digital technologies, where people gather, meet face-to-face, and exchange opinions to create innovation. I am keenly aware that the necessity and value of offices is changing in this way, and I believe it is important that the value we provide meets these needs in tangible and intangible ways.

FY2023 is the final year of our medium-term management plan. In April 2023, we broke ground on the Kabutocho 12 Project “Caption by Hyatt Kabutocho Tokyo,” which will open in 2025. As with KITOKI, this wooden hybrid structure accommodation facility has been selected for the Leading Projects Program for Sustainable Buildings (led by wooden structure) promoted by the Ministry of Land, Infrastructure, Transport and Tourism. As the Japanese economy becomes more globalized, we will place importance on capturing business from the increased flow of inbound visitors from overseas, and developing essential facilities and functions appropriate for the location in each area under redevelopment. In the Redevelopment Business, the two Sapporo projects mentioned above have also received urban planning decisions and are now moving forward. We have a robust pipeline of projects that will lead to medium- and long-term growth, and by steadily advancing these projects, we will achieve our goal of enhancing social and shareholder value.

Numerical targets for the final year of the medium-term management plan include consolidated operating income in the ¥12 billion range, EPS of at least ¥200, and ROE of at least 6%, all of which we are on track to achieve. As for shareholder returns, in line with the consolidated dividend payout ratio target of approximately 50%, we plan to increase the FY2023 annual dividend by ¥12 year on year to ¥116, marking seven straight years of dividend increases. We will achieve these targets by firmly executing the measures described herein, leading to further growth.

Co-creating Value with Stakeholders

In addition to employees, shareholders and investors, business partners, local communities and other groups, we recognize “the future” as a stakeholder and will continue to place importance on co-creating value for the future.

Employees in particular are the cornerstone of our business efforts and the source of the urban development that we promote to attract people. As we believe employee health and vitality are the basis for maximizing their individual strengths, we have proactively set KPIs linked to the promotion of employee health, including a 70% or higher paid holiday usage rate and a 100% annual health check completion rate, and by implementing measures that consider employee mental and physical health, we have made efforts to create comfortable work environments. We are very happy to announce that Heiwa Real Estate has received “White 500” certification from the Ministry of Economy, Trade and Industry. This certification is granted to the top 500 companies practicing particularly excellent health management in the 2023 Certified Health & Productivity Management Outstanding Organization large enterprise category. We are committed to maintaining these efforts going forward.

We have continued to engage in dialogue with our shareholders and investors through IR activities and other means, but now that we have been able to demonstrate our achievements in urban development, I feel they are even more interested in our future prospects. To this end, I believe it is important to present a clear vision of where we want to be in 10 to 15 years, then explain our medium- to long-term management plans and other concrete measures. Specifically, during the redevelopment process, we will continue to engage in dialogues to share our vision of the future, which is focused on long-term growth, rather than merely the pursuit of immediate, short-term profit. Further, in 2023, we held the first ever tour of our facilities for individual shareholders centered on KABUTO ONE, which opened in 2021, to demonstrate firsthand how our revitalization efforts have transformed Nihonbashi Kabutocho and Kayabacho into a colorful district. Thanks to everyone’s support, the number of tour applicants far exceeded the capacity, and I would like to thank our shareholders once again for their strong interest in Heiwa Real Estate. I will continue to resolutely manage the Company and meet shareholder and investor expectations for future growth.

Finally, in terms of “the future,” I feel we have a strong responsibility in terms of thoroughly responding to urgent social issues that must be addressed. In particular, the global response to climate change is one of the major responsibilities of our generation, as our efforts today will lead to stakeholder value 10 to 20 years from now. While promoting the reduction of greenhouse gas emissions from our business, we will create a green future in which we can coexist in harmony with nature and pursue both societal sustainability and the sustainable growth of the Company.

Having marked our 75th anniversary in 2022, we are looking ahead to the next 25 years, when we will become a 100-year-old Company. We will work toward that goal by formulating a medium- to long-term management plan for FY2024 and beyond, asking ourselves “how can we leverage the geography, history, and characteristics of districts and transform them into attractive destinations that draw in visitors with the same magnetic power generated by Kabutocho?” As we move forward focused on our long-term vision for Heiwa Real Estate, I ask for the continued understanding and support of all our stakeholders.

Materiality, Risks and Opportunities

Heiwa Real Estate has determined the social value we aim to provide and identified the materiality necessary for realizing it.

In addition to responding to stakeholder expectations, we identify medium- to long-term risks and opportunities that are incorporated into sustainability management practices.

Sustainability Vision

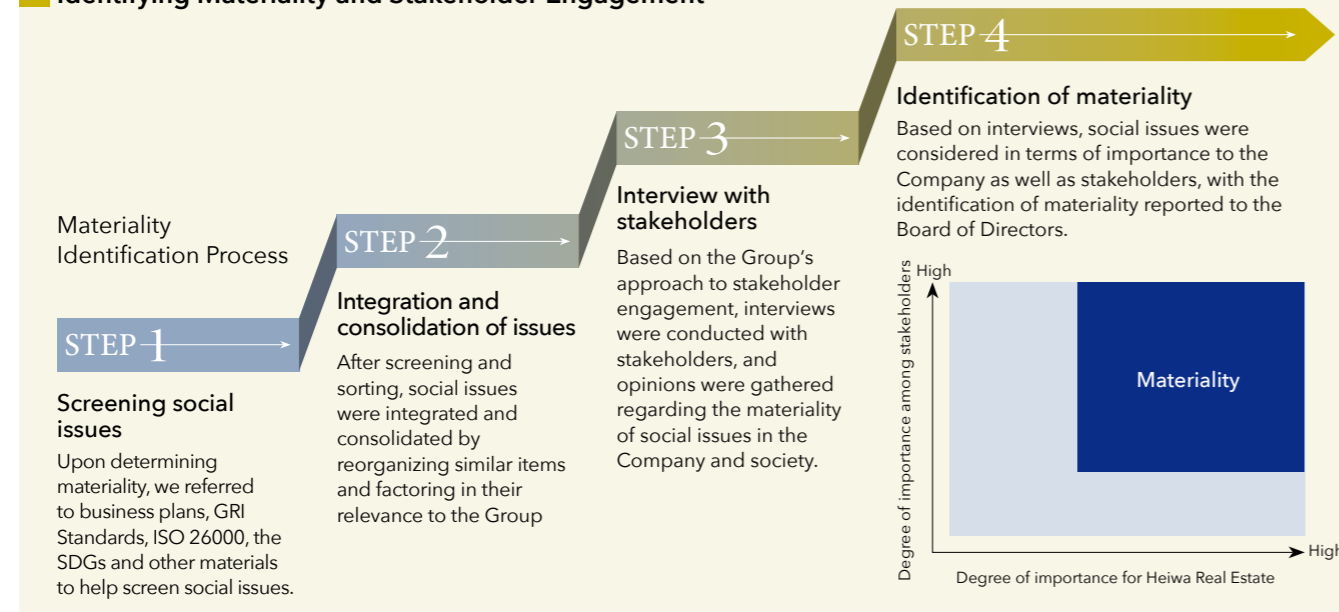
Help realize a sustainable society by increasing satisfaction through development of resolutions to environmental and social issues, and interactive communication with shareholders, in our role as a Company that contributes to revitalizing districts

Targeted Social Value and Materiality

Risks and Opportunities

Targeted Social Value		Materiality	SDGs	Risks	Opportunities
Create lively areas through diversity and incubation	We will play an active role in the creation of ideal areas, where a diverse range of people gather and work together, stimulate investment, securities and finance, and foster culture and the arts.	Industrial and regional development	8	Declining brand value and potential customer appeal due to insufficient industrial and regional revitalization efforts	Enhance the district's brand value and attract potential customers through involvement in industrial revitalization, including contributions to the Global Financial City: Tokyo vision
		Responding to social needs	2, 3, 5, 10	Risk of district decline due to fewer local residents, visitors, etc.	Enhance brand value by invigorating the district through a variety of activities
Create disaster-resistant, resilient areas	We will contribute to the creation of a district comprising buildings and facilities with a high level of disaster preparedness to ensure the district continues to function safely amid the daily community activities of people who live and work in there.	Natural disaster risk mitigation measures	11	Risk of asset loss due to natural disasters and suspended activities in the district due to damage in surrounding areas	Increase the value of the district and Company assets through reliability and safety enable ongoing activities in the district
		Climate change countermeasures	7, 12, 13, 15	Increased impact of energy price fluctuations due to dependence on the use of low-efficiency resources, carbon taxes and the tightening of other regulations	Lower repair and operating costs by reducing resource usage and improving efficiency
Create environment-friendly low-carbon areas	We will enthusiastically support moves to embrace energy-efficient technologies and renewable energy to help reduce CO2 emissions in the district.	Climate change countermeasures	7, 12, 13, 15	Lost opportunities to acquire tenants and loss of lease premiums due to delays in implementing environmental measures	Opportunity to acquire tenants and higher lease prices using enhanced environmental friendliness as the point of differentiation from other properties
				Strengthening corporate governance	16
Create lively areas through corporate governance	We will continue to strengthen corporate governance and aim to be a Company in which all officers and employees proactively address environmental and social issues.	Strengthening corporate governance	16	Risk of reduced effectiveness of sustainability measures due to lack of understanding and cooperation within the Company	Improve effectiveness of sustainability measures by raising sustainability awareness throughout the Company

Identifying Materiality and Stakeholder Engagement



Stakeholder Engagement

The Group strengthens relationships with stakeholders through two-way communications and the provision of environmental, social and economic value, contributing to the realization of a sustainable society.

- Building tenants and users**
The Group works to ensure sound business activities and improve its services from the standpoint of its building tenants and users, while responding to their concerns fairly and sincerely.
- Shareholders and investors**
In addition to disclosing information in a timely and appropriate manner, the Group proactively conducts financial results briefings and participates in IR events for individual investors with the aim of engaging in a wide range of mutual communication opportunities.
- Global environment**
With a full awareness of our responsibility toward conserving the natural environment, the Group proactively implements environmental initiatives while complying with environment-related laws and regulations,



- Business partners**
The Group makes a good faith effort to conduct business in accordance with societal norms and laws related to free and fair competition and transactions in an effort to mutually enhance corporate value alongside business partners.
- Employees**
The Group strives to respect the character of each employee, eliminate any and all discrimination and harassment, and ensure safe and comfortable work environments in an effort to realize comfort and abundance.
- Local communities**
The Group places importance on coexistence with local communities and broadly works to contribute to society as a good corporate citizen.

Value Creation Process

Capital	
Intellectual Capital	
Reputation and reliability as an owner of stock exchange buildings	
Owned and leased stock exchange buildings across Japan since the Group was founded	
Manufactured Capital	
Superior portfolio	
Owns assets in the central districts of major cities across Japan	
Owns properties with potential for medium- to long-term redevelopment	
Social Capital	
Good relationships with clients and local communities	
Playing a part in the "Global Financial City: Tokyo" vision	
Number of tenants Approx. 770 companies	
Cooperative relationship with local communities	
Human Capital	
Employees engaged in urban development	
Group employees 253 people	
Employees (non-consolidated) 96 people	Female employee ratio 35.4%
Natural Capital	
Natural resources and energy	
Energy usage 139,220MWh	Water usage 0.77m ³ /m ²
Financial Capital	
Solid financial base	
Total assets ¥3,983 billion	Net assets ¥1,193 billion
Interest-bearing debt ¥2,268 billion	



Corporate	
<ul style="list-style-type: none"> Promoting capital policy focused on capital costs and efficiency Strengthening corporate governance Practicing sustainability management 	
Stakeholder expectations and needs	Materiality
<ul style="list-style-type: none"> Building tenants and users Business partners Employees Local communities Global environment Shareholders and investors 	<ul style="list-style-type: none"> Climate Change Countermeasures Industrial and Regional Development Responding to Social Needs Natural Disaster Risk Mitigation Measures Strengthening of Corporate Governance

The Value We Offer	
Profit targets	
EPS At least ¥200 (FY2023)	Consolidated operating income At least ¥120 billion (FY2023)
Capital efficiency	Shareholder returns
ROE At least 6% (FY2020-FY2023)	Consolidated total return ratio Approx. 70% (FY2020-FY2023)
	Consolidated dividend payout ratio of approx. 50% by FY2023

E: Environment		
Create Environment-Friendly Low-Carbon Areas		
GHG emissions reduction by FY2030 50% (vs. FY2018)	Water usage reduction by FY2030 20% (vs. FY2018)	Waste reduction by FY2030 20% (vs. FY2018)

S: Society	
Create Lively Areas through Diversity & Incubation	
Rate of new hires that are female At least 30%	Paid holiday usage rate At least 70%
Uptake of cancer screenings (every 2 years) 100% of employees aged 35 or above	Annual health checks uptake 100% annually

Create Disaster-Resistant, Resilient Areas	
Buildings compliant with new earthquake resistance standards 100% (excluding buildings earmarked for redevelopment)	People with first aid training course qualifications All of our officers and employees

G: Governance	
Create Lively Areas through Corporate Governance	
Composition of Board of Directors At least one-third external directors	Number of female directors At least ONE
Composition of Nomination and Compensation Committee Majority external directors	Compliance training At least five times each year

Improving shareholder value
Improving shareholder value as a listed real-estate company

The Company will improve shareholder value through returns and greater capital efficiency by maximizing the use of the Group's corporate value and by creating and achieving added value in real estate.

Vision for the Heiwa Real Estate Group

As "a company that contributes to revitalizing districts," the Group strives to help our society become more sustainable while also improving corporate value, by increasing satisfaction through interactive communication with stakeholders and providing solutions to environmental and social issues.

Improving social value
Making society sustainable as "a company that contributes to revitalizing districts"

The Group will help our society become more sustainable and promote the revitalization of safe and secure districts, taking into account environmental concerns and disaster preparedness, through initiatives such as the revitalization of Nihonbashi Kabutocho and Kayabacho, the Sapporo Redevelopment Project and asset management.

Value Creation Story



Mobilizing Heiwa Real Estate Strengths to Create Attractive and Sustainable Districts

Nihonbashi Kabutocho and Kayabacho Revitalization Project

Urban Development Concept

Creating Districts Connecting People, Giving Rise to Investments and Growth

Since the Meiji Era, Kabutocho has been known as an entrepreneurial district for investment and securities, a stage for modern innovations, the gathering of investors and the exchange of various information.

In light of this historical background, we announced the concept of creating a district where people connect, and where investment and growth are born with the aim of revitalizing the essence of Kabutocho by integrating Kabutocho's potential with neighboring district functions.

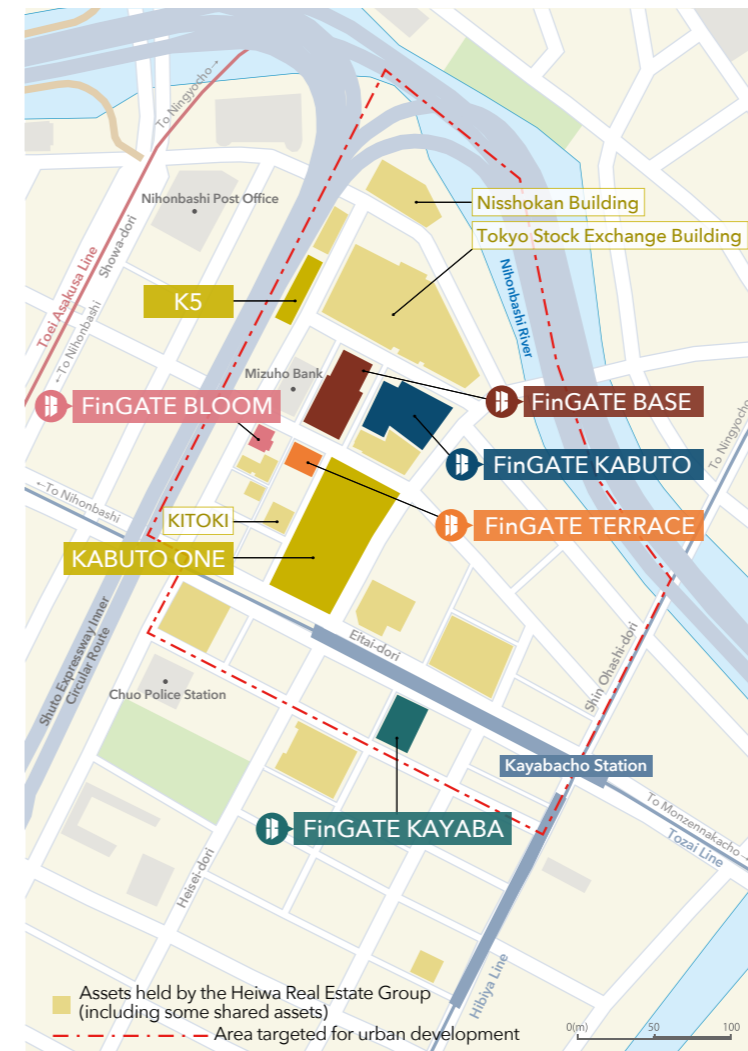
Incorporating Local Issues and Social Needs

On the Nihonbashi Kabutocho and Kayabacho Revitalization Project, in developing and operating properties, we formulate measures incorporating the resolution of local issues and social needs, leading to overall area rejuvenation.

In addition to recognizing needs and issues common to all redevelopment projects, such as creating bustle in the area and preparing for natural disasters, we are engaged in a wide range of activities unique to the storied financial district that include making use of historic buildings and contributing to the Global Financial City: Tokyo vision.

Main Issues and Social Needs

- Creating bustle in the area
- Making use of historic buildings
- Mitigating natural disaster risks
- Decarbonization
- Contributing to the Global Financial City: Tokyo vision



Redevelopment

Since its founding as the owner of stock exchange buildings playing a central role in Japan's financial markets, Heiwa Real Estate has been deeply involved in businesses rooted in districts comprising the core of financial markets across Japan.

In promoting the revitalization of Nihonbashi Kabutocho and Kayabacho, the Company's home ground, we will transform the city into a colorful place where diverse people gather.

Leveraged Capital and Strengths

- Superior portfolio (favorably located development sites)
- Good relationships with business partners and local communities
- Promising tenant relationships
- Track record and trust as owner of stock exchange buildings

Expanding into Restaurants and Other Businesses

Before the full-scale launch of the Nihonbashi Kabutocho and Kayabacho Revitalization Project, the district mostly comprised office spaces, hence the need to expand the district's function beyond work to foster a more bustling atmosphere. Against this backdrop, following the opening of K5 in February 2020, we modernized the atmosphere of the district with the opening of five independent restaurants attracted by the future potential of this district.

With the opening of "BANK" and "Keshiki" in December 2022, the total number of commercial facilities strategically attracted to the district through Heiwa Real Estate urban development efforts rose to 20. The number of visitors per month to these commercial facilities has expanded from approximately 10,000 people (as of April 2021), to about 50,000 people at present.

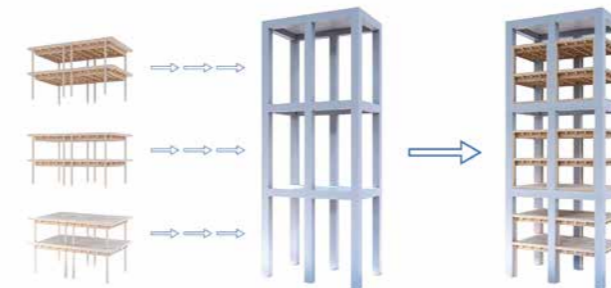


KITOKI Initiatives: Exploring the Possibilities for Wood in Urban Areas

KITOKI is a 10-floor retail and office building utilizing a hybrid structure that includes three-floor mega-structures made using SRC frames, with each floor within the mega-structures made of wood. This is the first project to adopt this type of hybrid structure. The wooden hybrid construction with mega-structures realized in KITOKI can utilize construction methods prevalent in low-rise wooden buildings comprising two to three stories, regardless of how many floors are added. We hope the adoption of wooden hybrid construction will lead to an increase in the prevalence of wooden construction, as it will enable construction companies, craftsmen, and others who have worked on low-rise wooden construction projects to build high-rise wooden structures.

Selected for the Leading Projects Program for Sustainable Buildings (Led by Wooden Structure) Promoted by the Ministry of Land, Infrastructure, Transport and Tourism

Wooden hybrid construction utilizing a hybrid structure that includes three-floor mega-structures made using SRC frames, with each floor within the mega-structures made of wood is highly durable to ensure safety and stability, while the wooden structures maintain a certain degree of versatility. By adopting a wooden hybrid structure, low-rise wooden building construction methods can be incorporate wood without the need for a large-scale wooden structure, making it possible to construct interior spaces that facilitate contact with wood. The adoption of this wooden hybrid structure demonstrates to society the future potential for wooden construction.



Collaboration with a TSE Listing Forest

Outside the structure are wooden benches made using "kabulock" (wood processed into blocks for various applications) from timber grown in a Tokyo Stock Exchange (TSE) Listing Forest owned by the Japan Exchange Group, Inc. (JPX) as part of its social contribution activities, located in Yashimamachi, Yurihonjo, Akita Prefecture. The hybrid structure is expected to provide a sense of warmth unique to wood for workers, visitors, and people living nearby, while adding a new touch of tranquility to the area (acquired certificate for carbon dioxide fixation promoting the use of wood produced in Akita Prefecture).

Circular Economy Initiatives

Heiwa Real Estate contributes to the circular economy by repurposing wooden framework used when making concrete columns. Wood used for low-rise framework is demolded and repurposed for artwork, signs, and

other uses that take advantage of its distinctive irregularities. Wooden framework that would normally be disposed of as waste after use is reused elsewhere, contributing to the realization of a circular economy and a recycling-oriented society.

Biophilic Design Office

Biophilic design is a spatial design technique based on the biophilia hypothesis, which states that "humans have a psychological tendency to be attracted to living things and life." Studies have shown that incorporating biophilic design into the workplace environment can improve employee productivity, increase corporate value, and improve the workplace atmosphere.

KITOKI incorporates biophilic design to provide a more comfortable working environment as a fully set-up office. Organized around three nature themes (wind, water, and wood), setup offices feature vegetation and the sound of running water, providing workers with a sense of comfort.

Incorporating Attractive Log Columns (Application of New Technology Promoting the Use of Wood)

In the building's entrance, columns stretching up from the first to third floors are made from whole chestnut tree trunks sourced in Akita Prefecture. Normally, several years are required to naturally dry this type of broadleaf tree, but by artificially drying the timber using "woodbe," Japan's first wood dryer, which uses modified water and fire retardant, we are able to substantially shorten the drying time and reduce costs. In this way, we are proactively utilizing the latest wood-related technologies to expand the possibilities of wood utilization.



Utilizing Historic Buildings

In addition to the development of new buildings through scrap-and-build, Heiwa Real Estate renovates high-quality buildings for continued use. Based on the idea that quality buildings should be utilized and provide value for 50-100 years, we revitalize districts using a mix of development and renovation.

Leveraged Capital and Strengths

- Cooperative relationships with local communities
 - Community-wide initiatives in partnership with tenants
- Human resources in charge of urban development
 - Integration of modern, diverse ideas into projects

K5 (Opened February 2020)

The building reborn as K5 was completed in 1923, constructed as an annex of the third building in The First National Bank complex, Japan's first bank founded by Eiichi Shibusawa in 1873. Although the building was covered with steel panels when Heiwa Real Estate acquired it, we have modernized and renovated it based on our belief that returning the building to its original condition when completed and utilizing it in an attractive manner would enhance the building's real estate value and that of the local community.



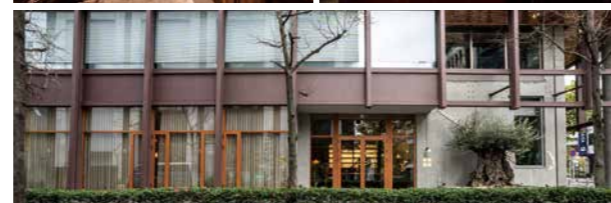
BANK (Opened December 2022)

BANK is a former bank branch, and the exposed concrete and massive vaults that remain give the space an atmosphere typical of the Kabutocho financial district.

The exterior wall line has been set back on one side to create a public space, and an olive tree, estimated to be over 1,000 years old, has been planted there as a symbol of peace.



BANK



Contributing to the Global Financial City: Tokyo Vision

As part of the Global Financial City: Tokyo vision formulated by the Tokyo Metropolitan Government, we are promoting three specific measures: Support for the development of financial venture and other companies with a focus on asset management, the establishment of spaces promoting dialogues and exchanges between investors and companies, and acceptance of high-level financial personnel, mainly targeting foreign nationals.

Against this backdrop, we launched the FinGATE series as an incubation activity supporting the launch and growth of independent asset management companies and financial startups that will drive the future of finance.

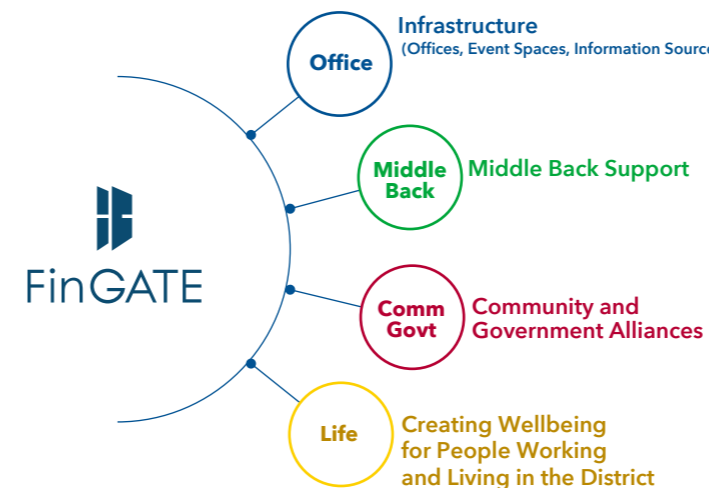
Leveraged Capital and Strengths

- Track record and trust as an owner of securities exchange buildings
 - Service optimization through the creation of relationships with financial ventures
- Cooperative relationships with local communities

FinGATE (Financial Venture Company Integrator)

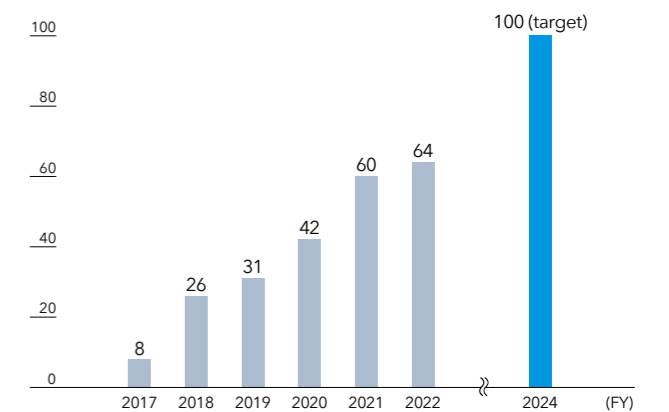
FinGATE provides infrastructure and equipment such as offices and event spaces necessary for the startup and management of financial services, while also creating a community facilitating opportunities for entrepreneurs to interact with each other while providing support for government collaborations and middle back services.

Starting with the opening of FinGATE KAYABA in September 2017, we have developed a total of five facilities in the Nihonbashi Kabutocho and Kayabacho area, housing around 64 financial startups. After expanding and upgrading FinGATE KAYABA and FinGATE BASE in FY2023, we aim to attract 100 companies by the end of FY2024.



Number of FinGATE tenants

(Total number of lease agreements, coworking agreements, and shared-use agreements)



Medium-term Management Plan

Previous Medium-term Management Plan
over the "NEXT DECADE"
(FY2014-FY2019)

Aim to be a Company that contributes to revitalizing districts
(Taking on the challenge of becoming a developer)

Becoming a Company that contributes to revitalizing districts starting with the redevelopment of Nihonbashi Kabutocho and Kayabacho

Consolidated operating income target:
From ¥8.0 billion to **¥10.0 billion level over 10 years**

Strategy Overview

Review

General Overview	<ul style="list-style-type: none"> Achieved FY2023 consolidated operating income target of ¥10 billion ahead of schedule in the previous medium- to long-term management plan Operating income, ordinary income and net income attributable to owners of parent reached record highs Maintained financial discipline while improving ROE and provided proactive shareholder returns
1. Nihonbashi Kabutocho and Kayabacho Revitalization Project	<ul style="list-style-type: none"> Launched construction of first project KABUTO ONE Launched FinGATE series for Fintech, asset management and other companies Opened K5 facility to liven up district
2. Enhance building leasing business	<ul style="list-style-type: none"> External growth leveraging sourcing capabilities (acquisitions: Approx. ¥70.0 billion) Internal growth through proactive lease price increases
3. Expand and diversify Real Estate Solutions Business	<ul style="list-style-type: none"> Expand asset management fees as the sponsor of Heiwa Real Estate REIT, Inc. Commercialize eighth HF Residence series project
4. Strengthen business strategy execution structure, provide stable shareholder returns	<ul style="list-style-type: none"> Substantially increase ROE (FY2013: 3.4% → FY2019: 6.5%) Substantially increase total shareholder return through proactive shareholder returns (FY2013: ¥870 million → FY2019: ¥4.07 billion) Shorten director term of office, expand scope of limited liability agreements, revise basic policy on director and officer compensation, and introduce stock compensation plan

Key Management Indicators

	FY2014-FY2019 Results					FY2020 Results	FY2021 Results	FY2022 Results	FY2022 Forecasts	FY2023 KPIs
	FY2014	FY2016	FY2017	FY2019						
Profit targets	EPS	¥62.53	¥113.17	¥132.57	¥184.82	¥189.76	¥236.74	¥254.27	¥229.14	At least ¥200 (FY2023)
	Consolidated operating income	¥8.54 billion	¥9.67 billion	¥9.43 billion	¥10.90 billion	¥11.22 billion	¥12.61 billion	¥10.78 billion	¥12.3 billion	At least ¥12.0 billion (FY2023)
Capital efficiency	ROE	2.8%	4.7%	5.2%	6.5%	6.3%	7.3%	At least 7.7%	At least 6%	At least 6% (FY2020-FY2023)
Shareholder returns	Consolidated total return ratio	35.2%	23.0%	27.9%	57.8%	68.5%	68.8%	68.3%	70.0%	About 70% (FY2020-FY2023)
	Consolidated dividend payout ratio	35.2%	23.0%	27.9%	30.3%	40.6%	40.1%	40.9%	50.6%	About 50% (by FY2023)

Investment Plan

	FY2014-FY2019 Results		FY2020-FY2023 Plan	Results up to FY2021	
Redevelopment investments	Approximately ¥15.0 billion		Redevelopment Business	Approximately ¥32.0 billion (Breakdown) Nihonbashi Kabutocho and Kayabacho: Approx. ¥22.0 billion Sapporo: Approx. ¥10.0 billion	Approx. ¥17.7 billion
			Building Business	Acquisitions: Approx. ¥60.0 billion	Approx. ¥66.6 billion
			Asset Management Business	Recovered through replacement: Approx. ¥20.0 billion Recovered through sale of existing inventory assets: Approx. ¥34.0 billion	Approx. ¥40.6 billion

Medium-term Management Plan Challenge & Progress
Challenge & Progress
(FY2020-FY2023)

Tackling the challenge of, and making progress in, the aim to be a Company that contributes to revitalizing districts
(Tackling the challenge of, and making progress, as a developer)

Tackling the challenge of, and making progress in, the aim to be a Company that contributes to revitalizing districts

Consolidated operating income:
From ¥10 billion to **¥12 billion over 4 years**

- Quantitative and qualitative expansion of the Redevelopment Business
- Practicing sustainable management
- Refocusing the business model on added-value creation
- Growth in EPS, awareness of ROE, substantial shareholder returns

Strategy Overview

Business Strategies

1. Redevelopment Business <ul style="list-style-type: none"> Nihonbashi Kabutocho and Kayabacho revitalization Progress in commercializing the Sapporo Redevelopment Project 	2. Building Business <ul style="list-style-type: none"> Pursuing external and internal growth Promoting Sustainable Building Operations Aimed at Enhanced Environmental Performance and Disaster Preparedness Generating earnings from inventory sales
3. Asset Management Business <ul style="list-style-type: none"> Growing asset management earnings 	4. Corporate Activities <ul style="list-style-type: none"> Promotion of capital policy that takes into account capital costs and capital efficiency Strengthening corporate governance Practicing sustainable management

Improving social value
Contributing to the realization of a sustainable society as a Company that contributes to revitalizing districts

A Company that contributes to revitalizing districts

Improving shareholder value
Improving shareholder value as a listed real-estate Company



Redevelopment Business

Developing Sustainable and Diverse Districts

Business Environment

- Heightened momentum to revitalize districts in Nihonbashi Kabutocho and Kayabacho
- Contributing to the Global Financial City: Tokyo vision
- Hokkaido Shinkansen Sapporo extension

Competitive Advantages

- Developing businesses based in Nihonbashi Kabutocho, where the Company was founded
- Relationship with communities
- Established relationships of trust in securities and financial industries
- Owner of centrally located buildings in the heart of Sapporo

Business Strategies

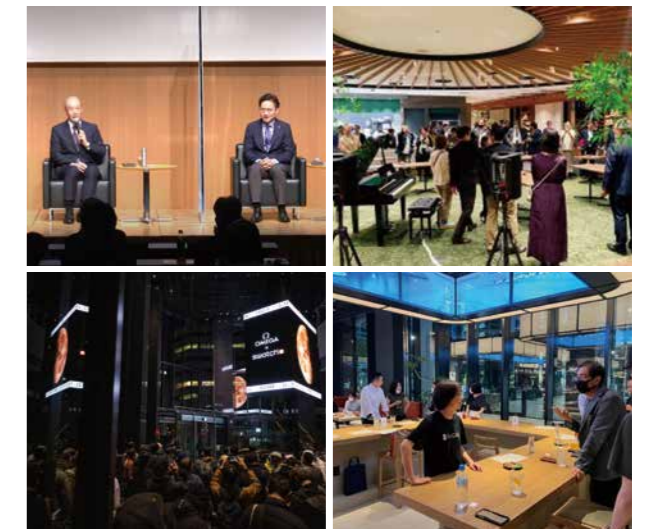
1. Revitalization of Nihonbashi Kabutocho and Kayabacho

We will **promote the development of sustainable and diverse districts** by engaging in such initiatives as living up the entire area within the scope of district revitalization and contributing to the “Global Financial City: Tokyo” vision, as well as materializing district redevelopment through the launch of new projects, in addition to KABUTO ONE.

2. Progress in Commercializing the Sapporo Redevelopment Project

We will **promote the Sapporo Redevelopment Project on a full scale** by participating in Sapporo Station South Exit North 4 West 3, district redevelopment (i.e., block in which the Sapporo Ekimae Godo Building is located), along with the commercialization of the Dogin Building redevelopment project.

Location	7-1 Nihonbashi Kabutocho, Chuo-ku, Tokyo (property location)
Access	Scheduled to connect directly to Kayabacho Station on the Tokyo Metro Tozai Line and Hibiya Line
Main uses	Offices, shops, assembly hall, rental conference rooms, car parking
Floors and construction	15 floors above ground, two floors below, two-story penthouse, steel construction above ground, SRC structure below, (partial steel construction), intermediate layer seismic isolation structure
Exclusive-use floor space	Approximately 39,208 m ² (about 11,860 tsubo)
Operators	HEIWA REAL ESTATE Co., Ltd., Yamatane Corporation, Chibagin Securities Co., Ltd.

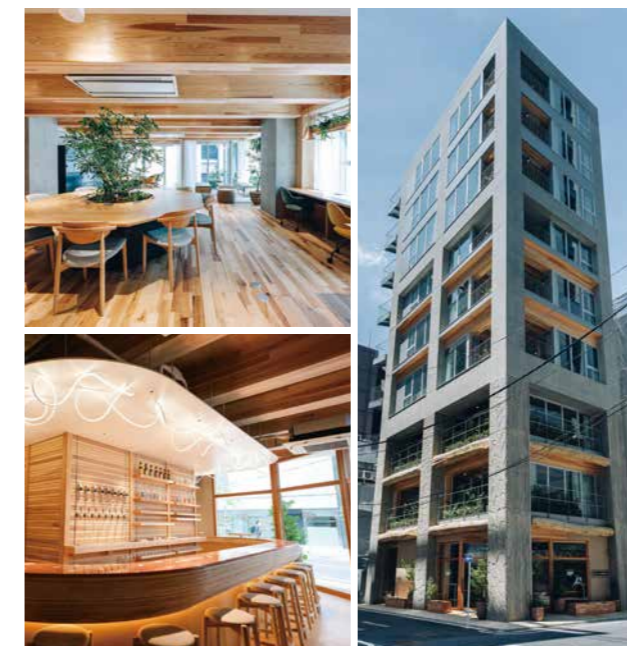


Completion of KITOKI (April 2022)

- The first office building with retail stores for which Heiwa Real Estate adopted a hybrid structure (wood and SRC)
- Selected for the Leading Projects Program for Sustainable Buildings for 2020 (led by wooden structure) by the Ministry of Land, Infrastructure, Transport and Tourism
- Incorporates a biophilic* design facilitating even more comfortable working environments

Note: A spatial design method based on biophilia, the theory that humans have a strong attraction for or emotional attachment to the living world.

Location	8-5 Nihonbashi Kabutocho, Chuo-ku, Tokyo (property location)
Access	One minute walk from Kayabacho Station on the Tokyo Metro Tozai Line
Main uses	Shops and offices
Floors and construction	10 floors above ground, timber hybrid construction
Exclusive-use floor space	791.95m ²



Commercialization of the Kabutocho 12 Project (scheduled to open in 2025)

- The project aims to attract Hyatt's newest lifestyle hotel brand, “Caption by Hyatt,” a first for Tokyo
- The first wooden hybrid accommodation facility operated by a foreign hotel brand, selected for the Leading Projects Program for Sustainable Buildings for 2020 (led by wooden structure) by the Ministry of Land, Infrastructure, Transport and Tourism



Hotel name	Caption by Hyatt Kabutocho Tokyo
Location	12 Nihonbashi Kabutocho, Chuo-ku, Tokyo
Access	One-minute walk from Kayabacho Station on the Tokyo Metro Tozai Line and Hibiya Line Two-minute walk from Nihonbashi Station on the Tokyo Metro Ginza Line and Toei Asakusa Line
Exclusive-use floor space	9,958.56m ²
Floors and construction	12 floors above ground, one floor below, one-story penthouse; wooden hybrid structure
Guest rooms	195 rooms (plan)
Opening	2025 (plan)

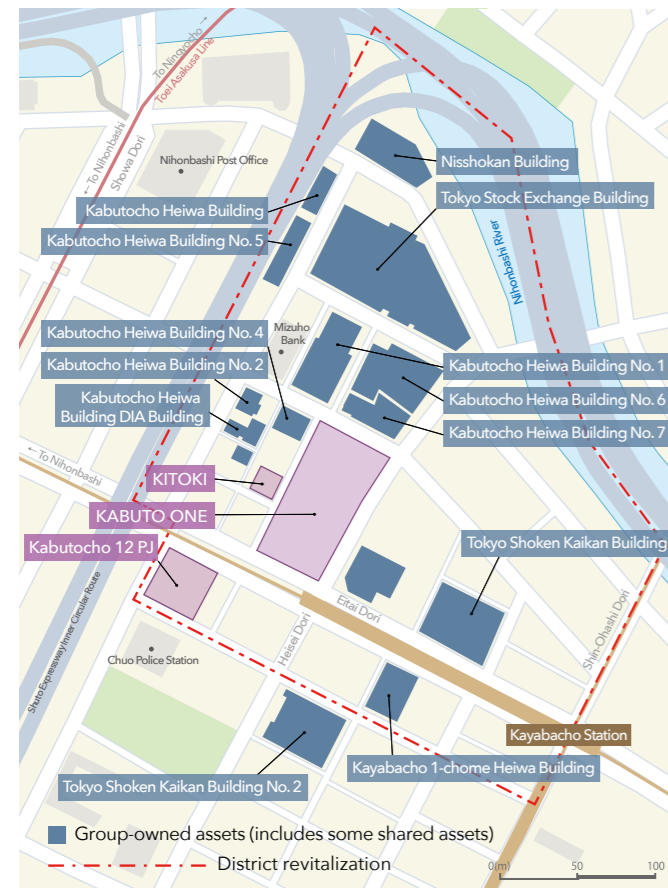
Note: The above information is based on current plans and is subject to change upon further study.



Note: Image for illustrative purposes only.

Revitalization of Nihonbashi Kabutocho and Kayabacho

District revitalization



Opening of KABUTO ONE (August 2021)

- “The HEART,” one of the largest cube-shaped LED displays in the world, is installed in the first-floor atrium
- Building includes KABUTO ONE HALL & CONFERENCE, a venue for interactions between investors and corporations, and Book Lounge Kable, a library lounge
- Opened KABEAT, a restaurant supporting producers, KNAG, a community café, and HOPPERS, a modern Sri Lanka-style restaurant
- Office spaces continue to be fully occupied
- Since opening, KABUTO ONE has hosted finance and investment-related events, contributing to the prosperity and revitalization of the local community as a new landmark in the district.



Progress in Commercializing the Sapporo Redevelopment Project



Promoting the Odori-nishi 4 South, Type-1 District Redevelopment Project (scheduled for completion in 2028)

- Notified of urban planning decision in December 2022
- Developing high-grade hotels meeting international standards and highly functional offices to enhance business competitiveness
- World-class architect Kengo Kuma has been invited to be the design supervisor

Operator	Odori-nishi 4-chome South ,district redevelopment Project Preparation Partnership
Location	4-1 Odori-nishi, Chuo-ku, Sapporo, Hokkaido
Main uses	Offices, hotel, commercial
Site area	5,030 m ²
Exclusive-use floor space	Approx. 99,400 m ²
Floor-area ratio	Approx. 1,650 %
Floors	34 floors above ground, three floors below, one-story penthouse
Maximum height	Approx. 185 m

Note: Subject to change due to future administrative consultations, urban planning procedures or other factors.

Participation in Sapporo Station South Exit North 4 West 3, district redevelopment (scheduled for completion in FY2028)

- Notified of urban planning decision in April 2022
- Participating in project as landowner and leaseholder, aiming to generate new prosperity and appeal as a symbol of the gateway to Sapporo, the capital of Hokkaido, while commercialize redevelopment targeting completion in 2028

District area	Approx. 1.7 ha
Site area	Approx. 1.1 ha
Exclusive-use floor space	Approx. 210,200 m ²
Height and floors	Approx. 200 m, with 35 floors above ground, six below



Sapporo Station South Exit North 4 West 3, District Redevelopment Project



Odori-nishi 4 South District Type 1 Urban Redevelopment Project

Building Business

Leveraging Our Superior Portfolio in Major Cities across Japan

Business Environment

- Diversification of workstyles and office needs
- Environmentally friendly and BCP-conscious operation

Competitive Advantages

- Superior portfolio of properties in central districts of major cities across Japan
- Track record and trust as an owner of securities exchange buildings
- Tenant relationships and tenant leasing capabilities
- Increased tenant satisfaction by maintaining and improving building value

Business Strategies

1. Pursuing External and Internal Growth

We will generate earnings from the sale of properties during the portfolio renewal process, while expanding the portfolio through the acquisition of new lease assets. We will also improve portfolio profitability by raising lease prices based on trends in the office leasing market.

2. Promoting Sustainable Building Operations Aimed at Enhanced Environmental Performance and Disaster Preparedness

Guided by our long-term vision, we are working to reduce CO₂ emissions through investment in sustainable building facilities and operations to help address social issues such as disaster preparedness and environmental concerns.

3. Generating Earnings from Inventory Sales

We aim to maximize value through development, lease up and remodeling projects, with the goal of generating earnings from the sale of profitable assets and further development of the HF Residence series.

Progress in External Growth

- Acquired properties totaling approximately ¥66.0 billion from the start of the current Medium-term Management Plan to March 2023.
- To date, approximately ¥68 billion has already been invested, when taking into account properties to be completed and acquired during the Medium-term Management Plan.
- Expanding investments in the rental residence business, mainly targeting office buildings in central Tokyo and other major cities.
- Developing a new brand, ORSUS, in the rental residence business (see next page).

Note: Floor space owned by the Group as of March 31, 2023.

Acquired assets (April 2020-March 2022)	Kabutocho Heiwa Bldg. No. 7	Shimbashi Square Building	Heiwa Real Estate Nihonbashi Building	Kabutocho Heiwa DIA Building	Axion Otomon Premium	Grace Building Sengakujimae	Higashi-Yaesu City Bldg.	Heiwa Fudosan Nagoya Fushimi Bldg.	Addit Sakura-dori
Location	Chuo-ku, Tokyo	Minato-ku, Tokyo	Chuo-ku, Tokyo	Chuo-ku, Tokyo	Fukuoka-shi, Fukuoka	Minato-ku, Tokyo	Chuo-ku, Tokyo	Nagoya	Nagoya
Major Uses	Banks and offices	Offices and stores	Offices and stores	Stores and offices	Condominium units and stores	Offices and stores	Offices and stores	Offices and stores	Offices and stores
Exclusive-use floor space	6,578.54m ²	5,422.10m ²	3,032.09m ²	1,261.75m ²	2,355.36m ²	2,441.36m ²	3,821.03m ²	17,049.41m ²	12,229.39m ²
Completed	October 1979	March 2008	December 1989	July 2003	January 2018	June 1994	November 1993	April 1974	May 1986
Acquired	June 2020	September 2020	December 2020	September 2021	October 2021	June 2022/ December 2022	September 2022/ December 2022	November 2022	February 2023



ORSUS Series Development



- Developing new brand ORSUS in the rental residence business
- Expected to total 11 properties, including two development projects currently in progress

Note: Area is proportionate to the Group's interest in the relevant property as of March 31, 2023.

	Operating properties					
Property name	ORSUS Asakusa	ORSUS Honjo-Azumabashi	ORSUS Umejima	ORSUS Nakano	ORSUS Nishi-Nippori	ORSUS Shin-Ekoda
Appearance						
Location	Taito-ku, Tokyo	Sumida-ku, Tokyo	Adachi-ku, Tokyo	Nakano-ku, Tokyo	Arakawa-ku, Tokyo	Nerima-ku, Tokyo
Total floor space (No. of units)	1,457.28㎡ (27Units)	1,285.94㎡ (24Units)	3,859.93㎡ (89Units)	999.51㎡ (33Units)	1,176.84㎡ (24Units)	2,644.57㎡ (63Units)
Completion date	February 2021	June 2021	January 2022	January 2022	June 2021	July 2021
Acquisition date	February 2021	January 2022	January 2022	April 2022	September 2021	September 2022

	Operating properties			Under Development	
Property name	ORSUS Oimachi	ORSUS Akabane East	ORSUS Otorii	ORSUS Togoshiginza	Taito-ku Minowa Project
Appearance					
Location	Shinagawa-ku, Tokyo	Kita-ku, Tokyo	Ota-ku, Tokyo	Shinagawa-ku, Tokyo	Taito-ku, Tokyo
Total floor space (No. of units)	969.45㎡ (36Units)	2,241.13㎡ (49Units)	3,876.43㎡ (99Units)	3,586.40㎡ (92Units) planned	2,949.61㎡ (54Units) planned
Completion date	October 2019	November 2022	February 2023	October 2023 planned	January 2024 planned
Acquisition date	October 2022	December 2022	February 2023	-	-

Promoting Sustainable Building Operations Aimed at Enhanced Environmental Performance and Disaster Preparedness

- ORSUS Togoshiginza acquired ZEH-M Oriented certification as part of initiatives aimed at reducing GHG emissions
- This property received a full five-star rating from the Building-Housing Energy-efficiency Labeling System (BELS) for reducing the annual primary energy consumption in entire buildings by 35% compared to current energy saving standards (excluding renewable energies)



Exterior



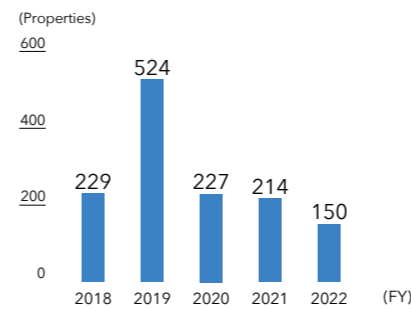
Entrance hall



Progress in Internal Growth

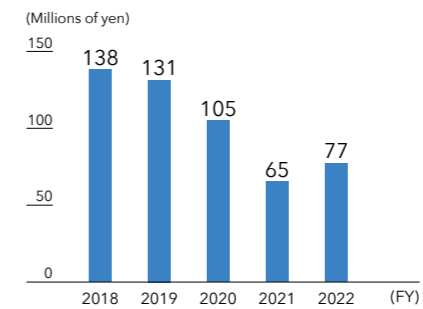
- Raising lease prices based on trends in the office leasing market (plan to raise lease prices approximately ¥700 million between FY2020-FY2023)
- We will raise lease prices while increasing tenant satisfaction by maintaining and improving building value and raising building operation and management service standards

Progress of Lease Price Increases (No. of properties) *



Note: Net number of properties after subtracting total number of properties for which lease prices decreased from total number of properties for which they increased.

Net Amount of Lease Price Increases (Increased revenue on a fiscal year basis) *



Note: Amount after subtracting incremental "decrease" from incremental "increase." The amount in FY2019 includes ¥300 million (annual) from raising the Tokyo Stock Exchange Building lease amount.

Changes in Vacancy Rates for Buildings

	Consolidated vacancy rate	Non-consolidated vacancy rate
FY2019	-	1.2%
FY2020	1.8%	1.8%
FY2021	4.5%	3.0%
FY2022	4.5%	4.3%

Note: Vacancy rates were calculated by excluding sections where rent control is in effect related to redevelopments.
Note: Vacancy rates from FY2020 onward were calculated by including properties for sale.

Acquire Earnings from Inventory and Other Sales

- We aim to generate earnings from the sale of profitable assets after maximizing their value, and through further development of the HF Residence series.
- Two buildings, Sapporo Hotel and Fukuoka Residence, were transferred from fixed assets (assets for leasing) to real estate for sale at the end of FY2022.

Held Assets

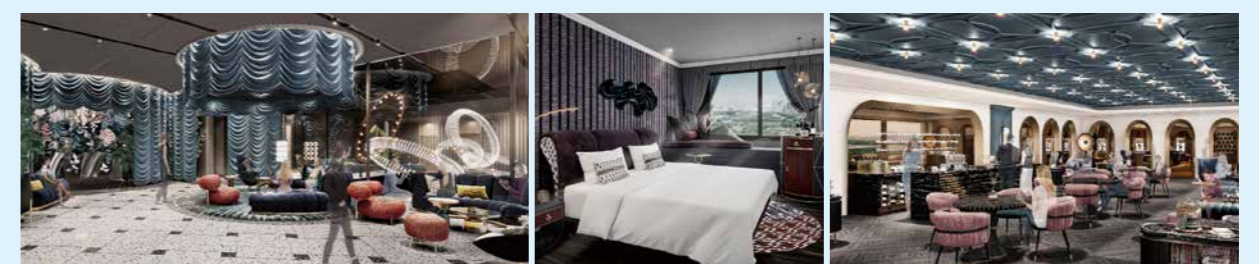
Note: Area is proportionate to the Group's interest in the relevant property as of March 31, 2023

	Kayabacho Office	Nagoya Sakae Office	Osaka Kitahama Office 1	Osaka Kitahama Office 2	Yokohama Office	Sapporo Hotel	Chiba Residence	Ogu Residence	Fukuoka Residence
Location	Chuo-ku, Tokyo	Nagoya	Osaka	Osaka	Yokohama	Sapporo	Chiba	Arakawa-ku, Tokyo	Fukuoka
Exclusive use floor space	Approximately 3,500㎡	Approximately 9,500㎡	Approximately 5,500㎡	Approximately 2,500㎡	Approximately 3,000㎡	Approximately 46,000㎡	Approximately 1,500㎡	Approximately 1,000㎡	Approximately 2,500㎡
Completion date	September 1991	March 2004	February 2015	October 2011	February 1986	April 1996	December 2018	February 2017	January 2018
Acquisition date	December 2013	Same as above	Same as above	Same as above	Same as above	January 2019	July 2019	April 2021	October 2021
Stock balance	Approximately ¥14.1 billion								

Note: Osaka Kitahama Office 1 & 2, Yokohama Office, Sapporo Hotel, Chiba Residence, and Ogu Residence have been sold (as of September 2023).

TOPICS

Mercure Tokyo Hibiya



- We have decided to renovate part of our Uchisaiwaicho Heiwa Building into a Mercure hotel, a mid-range brand owned by leading European hotel group Accor, which is scheduled to open in winter 2023.
- The design concept is based on a theater set. The hotel will accommodate 178 guest rooms, restaurants, a fitness center, meeting rooms, an executive lounge, and other facilities.

Asset Management Business

Meeting Ever-Growing Real Estate Investment Demand

Business Environment

- Growing real estate investment needs
- Real estate prices remain at high levels

Competitive Advantages

- We are the sponsor of Heiwa Real Estate REIT, Inc.
- We collaborate with Group companies including Heiwa Real Estate Asset Management Co, Ltd., which manages assets of Heiwa Real Estate REIT, Inc.

Business Strategies

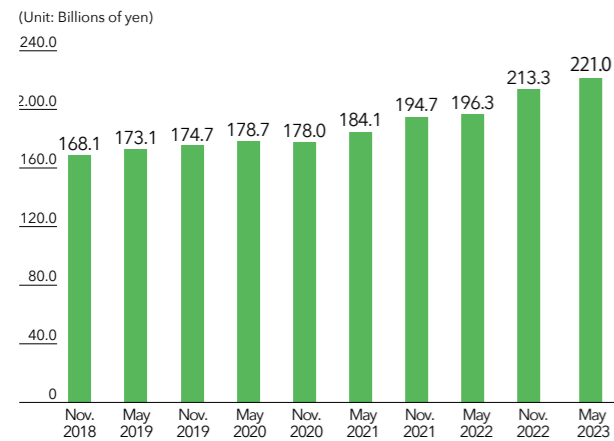
1. Growing Asset Management Earnings

We aim to grow Heiwa Real Estate Group earnings, including asset management fees, by supporting growth of Heiwa Real Estate REIT, Inc.

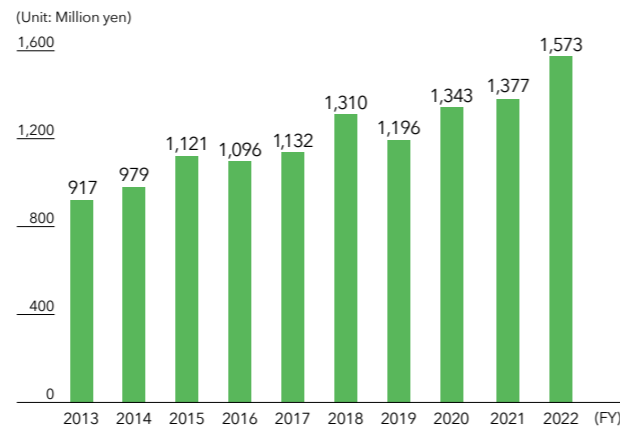
Growing Asset Management Earnings

- With the growth of Heiwa Real Estate REIT, Inc. (HFR), Group revenue is increasing steadily.
- HFR has increased its total assets to over ¥220.0 billion through two consecutive years of public offerings and portfolio renewals.

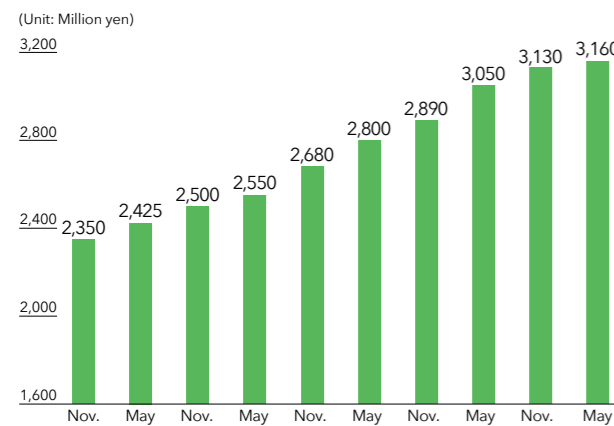
HFR total assets



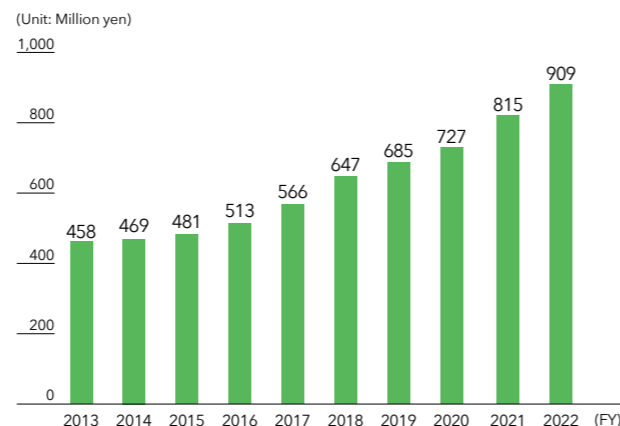
Asset management fee income from HFR



Dividends per unit of HFR holding



Total dividend income from HFR



Financial and Capital Strategies

FY2022 Performance

Sixth Consecutive Year of All-time High Profits

In FY2022, the third year of the medium-term management plan "Challenge & Progress," lower sales of inventories in the Building Business and temporary factors including a reactionary decline after the FY2021 recording of tenant cancellation penalties resulted in operating revenue of 44.5 billion yen (-13.2 billion yen year-on-year), operating income of 10.7 billion yen (-1.8 billion yen year-on-year), and ordinary income of 9.6 billion yen (-1.9 billion yen year-on-year). Although sales and profits declined, these temporary factors were incorporated into initial plans, which proceeded on track. Sales of cross-shareholdings lifted bottom-line profit to 9.1 billion yen, a record-high for the sixth consecutive year.

In the Building Business, excluding temporary factors such as the reactionary decline after the FY2021 recording of tenant cancellation penalties, leasing revenue increased in line with the expansion of our portfolio and internal growth. Regarding property sales, inventory sales to Heiwa Real Estate REIT went according to plan. In the Asset Management Business, Group revenue, including asset management fees, steadily increased in line with the accumulation of assets under management by Heiwa Real Estate REIT, Inc. In the Redevelopment Business, an urban planning decision was announced for the Odori West 4 South District in Sapporo, and construction of Caption by Hyatt Kabutocho Tokyo began in April 2023, with each business proceeding on track.

Message from the Officer in Charge of Financial Affairs

Promoting Capital Policies with an Awareness of Capital Costs and Capital Efficiency to Achieve Targets in the Final Year of the Medium-term Management Plan

Takahisa Aoyama
Director and Managing Officer



Shareholder Returns

Raising the Dividend per Share for the Sixth Consecutive Year

Our shareholder return policy under the medium-term management plan "Challenge & Progress" sets a KPI for the consolidated total return ratio of approximately 70% for the four years from FY2020-FY2023. Further, we are targeting a consolidated payout ratio of approximately 50% by FY2023, the highest level of shareholder returns in the developer industry. Regarding dividends per share in FY2022, the annual dividend was raised for the sixth consecutive year to 104 yen per share, a payout ratio of 40.9%. In light of the repurchase of Company shares amounting to approximately 2.5 billion yen, the total return ratio was 68.3%.

Regarding dividends per share in FY2023, we plan to increase the annual dividend for the seventh consecutive year to 116 yen per share, a payout ratio of 50.6%. In this final year of the current medium-term management plan, we will make every effort to maintain a high level of shareholder returns.

Medium-term Management Plan Direction

Toward Management Focused on Sustainable Profit Growth and Capital Costs

Under the slogan "Taking on challenges and reaching for new heights in the aim to be a Company that contributes to revitalizing districts," our policy is to engage in initiatives aimed at "quantitative and qualitative expansion of the Redevelopment Business," "practicing sustainable management," and "refocusing the business model on added-value creation," in pursuit of sustained profit growth and management taking capital costs into account. Specifically, we will seek to create added value through the Redevelopment Business and boost leasing earnings by expanding and renewing our portfolio. We believe the driver for earnings going forward will be earnings obtained from property sales utilizing unrealized gains. In other words, growth is expected to be driven by the increase in earnings from leasing and property sales in

the Building Business. In the Asset Management Business, we will continue to support the growth of Heiwa Real Estate REIT, Inc., in pursuit of the stable expansion of asset management earnings. Through these efforts, we are targeting consolidated operating income of at least 12.0 billion yen in the final year of the plan.

Current Progress of Investment Plans Approaching the Final Year of the Medium-term Management Plan

Acquiring Earnings from Property Sales through Portfolio Renewal

During these four years, we plan to invest approximately 32.0 billion yen in the Redevelopment Business and about 60.0 billion yen into external growth (property acquisitions) with the aim of expanding assets (portfolio) through property acquisitions and development. During the three-year period starting with the launch of the medium-term management plan up to FY2022, we acquired Kabutocho Heiwa Building No. 7, Shimbashi Square Building, Heiwa Fudosan Nagoya Fushimi Building, Addit Sakura-dori, and other properties, while promoting the expansion of the ORSUS series of rental residences, with property acquisitions amounting to approximately 66.0 billion yen. When taking into account the properties to be constructed and acquired during the medium-term management plan period, we have invested approximately 68.0 billion yen, and at this point, we are on track to achieve our investment plans.

Going forward, with office buildings in central Tokyo and other major cities as our main targets, we will expand investments in the rental business with plans to accumulate new lease assets. In the Redevelopment Business, we opened KABUTO ONE in August 2021 and completed construction of KITOKI, a wooden hybrid construction building, in April 2022, both aimed at revitalizing the Nihonbashi Kabutocho and Kayabacho district. In April, we launched construction of Caption by Hyatt Kabutocho Tokyo, which is scheduled to open in 2025. In the Sapporo Redevelopment Project, we are promoting two large scale projects that will begin in earnest in the next medium-term management plan:

Investment Plan

	FY2014-2019 performance		FY2020-2023 plan	Results up to FY2022
Redevelopment investment	Approx. ¥15.0 billion	Redevelopment Business	Approx. ¥32.0 billion (breakdown)	¥17.7 billion
			Nihonbashi Kabutocho and Kayabacho: Approx. ¥22.0 billion	
		Sapporo: Approx. ¥10.0 billion		
		Building Business	Acquisitions: Approx. ¥60.0 billion	
Asset Management Business	Returns from reshuffling: Approx. ¥20.0 billion	¥40.6 billion		
Returns from existing inventory sales: Approx. ¥34.0 billion				

Odori-nishi 4 South, Type-1 district redevelopment project and the Sapporo Station South Exit North 4 West 3, Type-1 district redevelopment project.

While making these business investments, we also plan to recover approximately 20 billion yen by renewing our conventional portfolio of long-term holdings, and approximately 34 billion yen through inventory sales. Since the first half of the third year of the medium-term management plan, we have fully utilized unrealized gains on leasing business assets to capture gains on property sales through portfolio renewal, and at the end of FY2022, we had collected approximately 40.0 billion yen. We plan to continue this process as part of portfolio renewal efforts in FY2023, the final year of the plan.

Important Management Indicators and Risk Factors

Promoting Capital Policies Focused on Capital Costs and Efficiency, Responding to Changes in the Business Environment

Under the current medium-term management plan, in addition to profit growth, we are placing greater importance on capital costs and capital efficiency. We set EPS as a KPI (targeting EPS of 200 yen or more in the final year), and maintaining an awareness of capital costs, we are targeting ROE (6% or more) and a consolidated total return ratio (about 70%)*1 that exceed capital costs.

Regarding shareholder returns, we set targets at levels that will generate returns after funds necessary for business have been set aside as internal reserves, promoting a capital policy focused on capital costs and efficiency through share buybacks combined with the distribution of dividends.

In terms of financial discipline, Heiwa Real Estate's net debt-to-equity (D/E) ratio has been kept to 1.5 times or less, leading to improved financial soundness and the accumulation of unrealized gains. Accordingly, our policy is to control the net D/E ratio at 1.8 times or less during the current medium-term management plan. With

respect to risk factors, amid the easing of restrictions on activities and the normalization of economic and social activities as the pandemic subsides, we have reaffirmed the need for offices as a space where people can meet face-to-face to exchange ideas and create innovation, and are cognizant of the need to carefully monitor the impact of large-scale office supplies on office market conditions (vacancy rates, lease prices, etc.). Further, vacancy rates*2 were 4.5% at the end of March 2023, but have been on a downward trend since reaching a high of 6.2% in September 2022. We assume vacancy rates in the Group's portfolio will continue to decline for some time, as vacancies presumably continue to be filled. In addition to the creation of attractive districts and enhancements to the value of individual properties, we will continue agilely responding to environmental changes by carefully selecting property acquisition targets, flexibly renewing our portfolio, and expanding the rental residence business.

1. Of which, we are targeting a consolidated payout ratio around 50% by FY2023.
2. National average (excluding sections subject to lease suspension related to redevelopment, etc.)

FY2023 Business Performance Forecast

Progressing Steadily Toward the Achievement of Medium-term Management Plan Targets

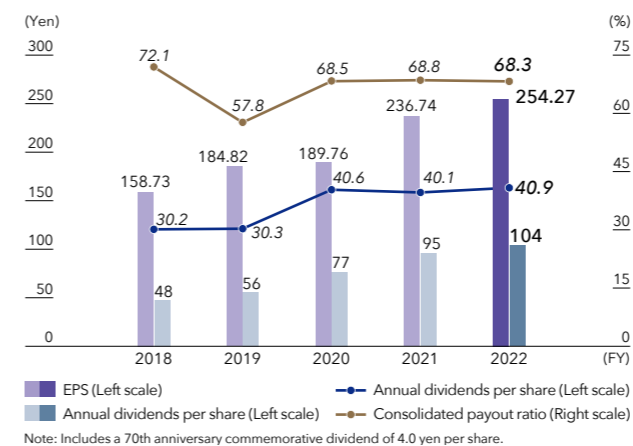
In FY2023, the final year of the medium-term management plan, we expect net sales of 44.1 billion yen due to lower inventory sales in the Building Business and other factors. We also anticipate higher operating income and ordinary income from gains on sales of properties in the Building Business. Accordingly, we forecast consolidated operating income of 12.3 billion yen and consolidated ordinary income of 10.7 billion yen. We expect to achieve our consolidated operating income target of 12.0 billion yen in the final year of the medium-term management plan.

At the same time, net income attributable to the parent is expected to be slightly lower at 8.2 billion yen, due to a reactionary decline in FY2023 following large extraordinary gains recorded in FY2022 as a result of significant progress in reducing cross-shareholdings. Regarding dividends, to achieve the consolidated dividend payout ratio of approximately 50% targeted in the medium-term management plan, we forecast a dividend of 116 yen per share, an increase of 12 yen from FY2022.

To Our Stakeholder

Rather than merely pursuing the expansion of scale, Heiwa Real Estate's policy is to be more focused on capital costs and capital efficiency while observing fiscal discipline. We intend to promote businesses that can realize the provision of value to our stakeholders in various ways, including proactively generating shareholder returns and translating them into sustainable growth. We look forward to your continued support from a long-term perspective.

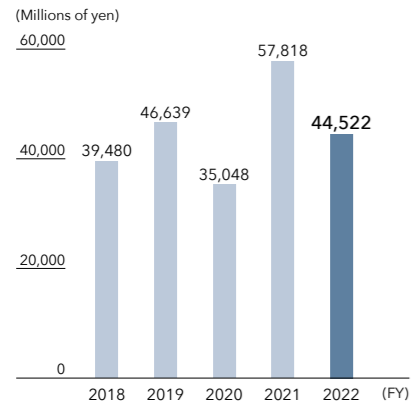
EPS, Annual Dividends per Share, Consolidated Payout Ratio and Consolidated Total Return Ratio



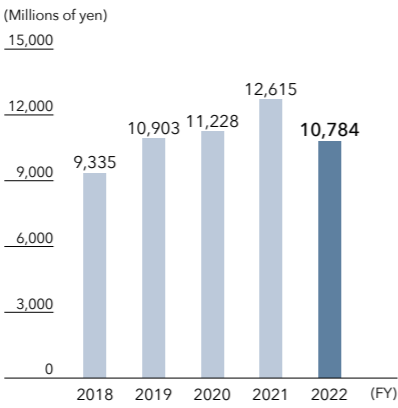
Financial and Non-Financial Highlights

Financial Highlights (Consolidated)

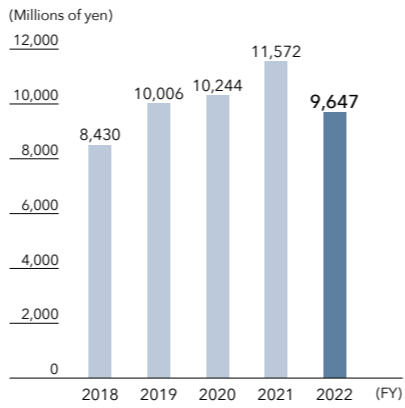
Operating Revenue



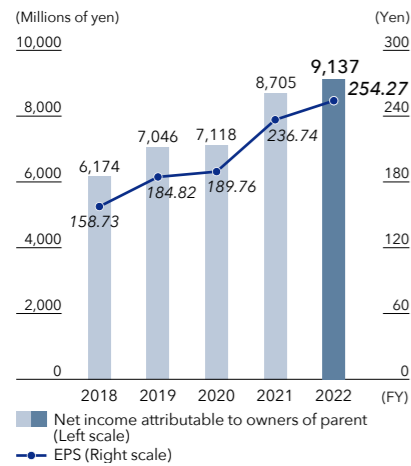
Operating Income



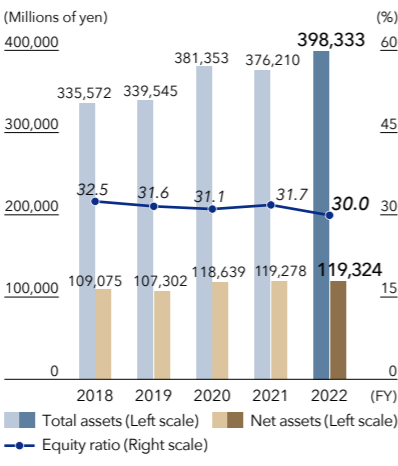
Ordinary Income



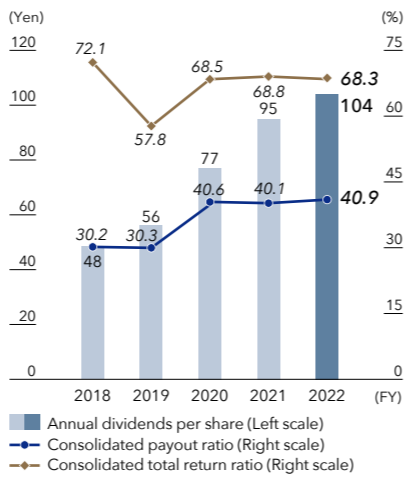
Net Income Attributable to Owners of Parent and EPS



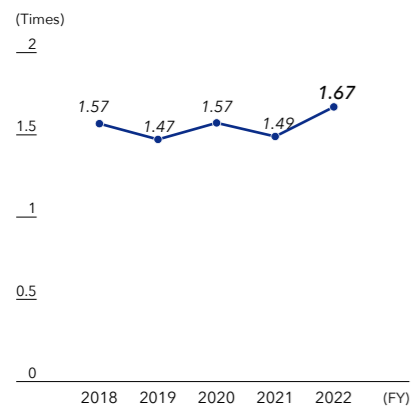
Total Assets, Net Assets and Equity Ratio



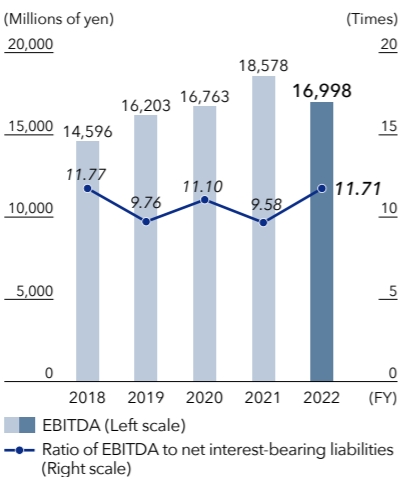
Annual Dividends per Share, Consolidated Payout Ratio and Consolidated Total Return Ratio



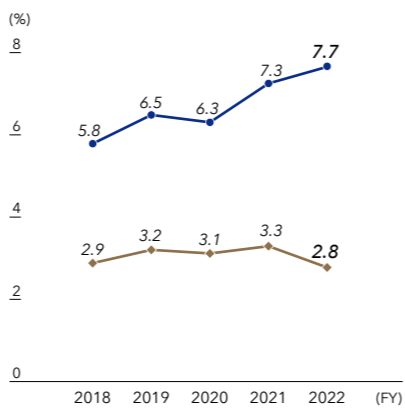
Net D/E Ratio



EBITDA and Ratio of EBITDA to Net Interest-Bearing Liabilities

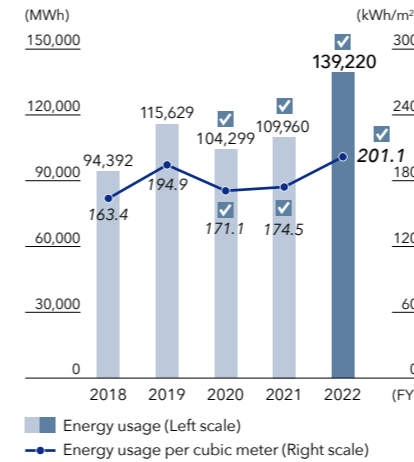


ROE and ROA

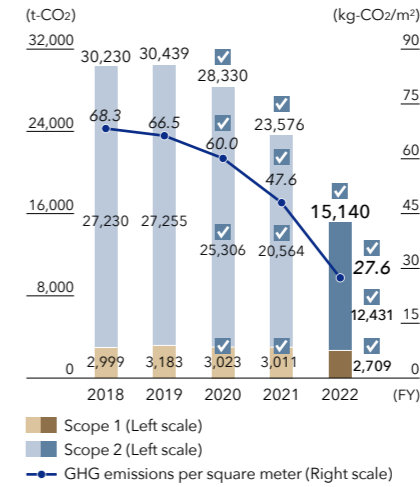


Non-Financial Highlights

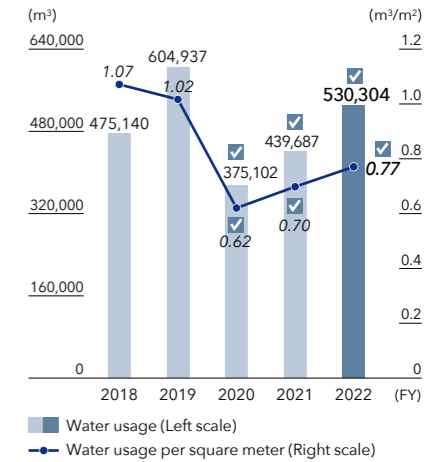
Energy Usage and Energy Usage per Cubic Meter*1



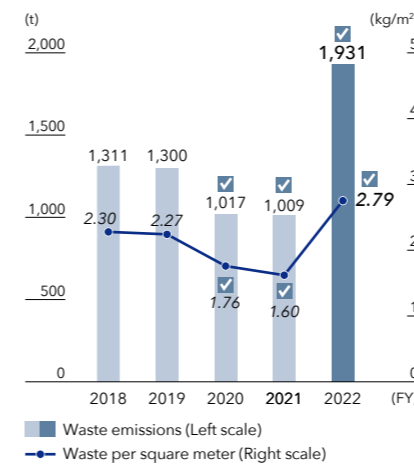
GHG Emissions and GHG Emissions per Square Meter*1



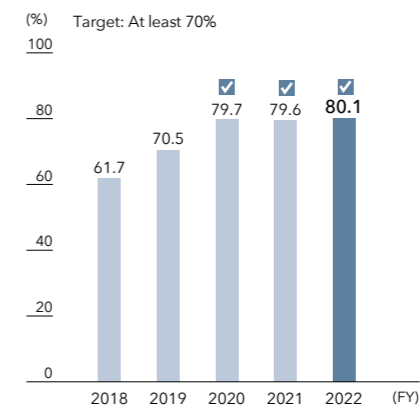
Water Usage and Water Usage per Square Meter*1*2



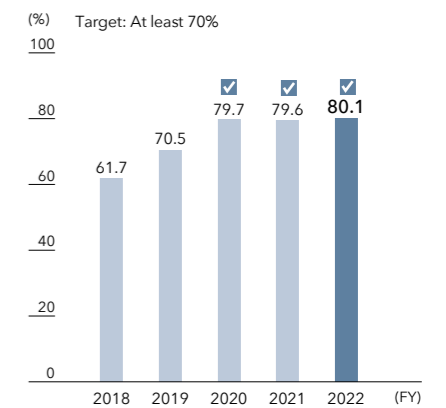
Waste Emissions and Waste per Square Meter*1*2*3



Rate of Female Employees*4

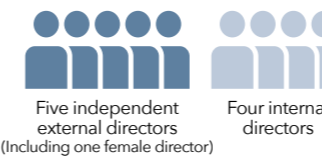


Paid Holiday Usage Rate*4



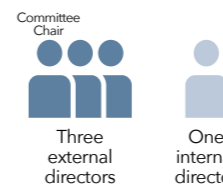
Board of Directors

Majority of external directors



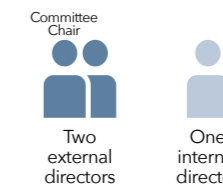
Nominating Committee

Chaired by an external director, with external directors comprising a majority of the committee



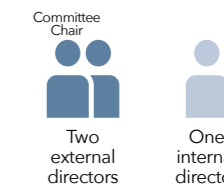
Compensation Committee

Chaired by an external director, with external directors comprising a majority of the committee



Audit Committee

Chaired by an external director, with external directors comprising a majority of the committee



1. From FY2021 onward, the portfolio of real estate owned by the Group (excluding inventories and jointly owned buildings of which the Company has an ownership share of less than 25%) is within the scope of calculation. For FY2022, the scope covers the Group's real estate portfolio (excluding inventories).
 2. Actual per-square-meter figures are calculated by dividing annual emissions/usage by the total floor area of the relevant property, regardless of the period of ownership.
 3. Recycled waste is excluded from the actual figures for waste and waste emissions per square meter.
 4. Heiwa Real Estate on a non-consolidated basis is within the scope of calculation.
 5. Data marked with ✓ are guaranteed by a third party.

Consolidated Financial Summary

	Unit	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
For the fiscal year:												
Operating revenue	Millions of yen	32,992	43,284	34,347	37,010	41,747	32,698	39,480	46,639	35,048	57,818	44,522
Operating income	Millions of yen	7,355	8,055	8,548	8,267	9,673	9,432	9,335	10,903	11,228	12,615	10,784
Ordinary income	Millions of yen	4,634	5,644	6,568	6,708	8,431	8,395	8,430	10,006	10,244	11,572	9,647
Net income attributable to owners of parent	Millions of yen	2,455	2,901	2,495	4,408	4,514	5,288	6,174	7,046	7,118	8,705	9,137
Depreciation	Millions of yen	5,243	5,326	4,989	5,028	4,878	4,661	4,766	4,814	5,077	5,418	5,668
Capital expenditures	Millions of yen	12,587	9,001	15,326	15,461	15,838	16,642	21,824	12,633	30,872	21,646	44,112
Cash flows from operating activities	Millions of yen	13,271	13,824	12,557	9,954	20,980	13,482	(12,780)	28,680	8,292	34,189	23,952
Cash flows from investing activities	Millions of yen	(11,199)	(6,388)	(15,160)	(2,600)	(13,017)	(17,265)	(12,946)	(11,427)	(30,200)	(20,705)	(40,250)
Cash flows from financing activities	Millions of yen	(11,083)	(18,026)	(8,923)	(3,218)	(4,222)	(2,499)	24,652	(1,829)	24,327	(15,490)	13,994
Balance of cash and cash equivalents at end of period	Millions of yen	33,493	22,903	11,242	15,377	19,117	12,784	11,710	27,166	29,585	28,111	25,807
At fiscal year-end:												
Net assets	Millions of yen	84,002	85,990	92,298	94,827	97,524	104,900	109,075	107,302	118,639	119,278	119,324
Total assets*1	Millions of yen	313,096	296,834	297,736	294,021	293,025	300,243	335,572	339,545	381,353	376,210	398,333
Interest-bearing liabilities	Millions of yen	186,902	170,335	162,490	160,232	157,051	155,786	184,672	186,977	215,727	206,236	226,895
Equity ratio*1	%	26.7	29.0	31.0	32.3	33.3	34.9	32.5	31.6	31.1	31.7	30.0
Performance indicators:												
Dividends per share*2 *3	Yen	22	22	22	26	26	37	48	56	77	95	104
Earnings per share (EPS)*2 *4	Yen	61.51	72.72	62.53	110.50	113.17	132.57	158.73	184.82	189.76	236.74	254.27
Book value per share (BPS)*2 *4	Yen	2,096.60	2,154.94	2,313.34	2,377.02	2,444.84	2,630.07	2,819.82	2,837.29	3,190.09	3,269.74	3,334.34
Price-earnings ratio (PER)	Times	29.88	22.66	27.00	12.67	13.91	15.46	13.43	15.14	18.21	16.71	14.89
Price-book ratio (PBR)	Times	0.88	0.76	0.73	0.59	0.64	0.78	0.76	0.99	1.08	1.21	1.14
Consolidated Payout ratio	%	35.8	30.3	35.2	23.5	23.0	27.9	30.2	30.3	40.6	40.1	40.9
Consolidated total return ratio	%	35.8	30.3	35.2	23.5	23.0	27.9	72.1	57.8	68.5	68.8	68.3
EBITDA*5	Millions of yen	12,905	13,648	13,883	13,641	14,920	14,476	14,596	16,203	16,763	18,578	16,998
D/E ratio*5	Times	2.22	1.98	1.76	1.69	1.61	1.49	1.69	1.74	1.82	1.73	1.90
Net D/E ratio*5	Times	1.82	1.71	1.64	1.53	1.41	1.36	1.57	1.47	1.57	1.49	1.67
Ratio of EBITDA to net interest-bearing liabilities	Times	11.84	10.79	10.89	10.61	9.24	9.84	11.77	9.76	11.10	9.58	11.71
Return on assets (ROA)*1 *5	%	2.4	2.6	2.9	2.8	3.3	3.2	2.9	3.2	3.1	3.3	2.8
Return on equity (ROE)*5	%	3.1	3.4	2.8	4.7	4.7	5.2	5.8	6.5	6.3	7.3	7.7
Number of shares outstanding	Shares	40,059,996	40,059,996	40,059,996	40,059,996	40,059,996	40,059,996	40,059,996	38,859,996	38,859,996	38,859,996	38,859,996
Number of employees*6	Persons	293	285	281	281	224	233	236	237	240	240	253

1. Total assets and equity ratio for FY2017 have been retroactively restated to reflect the application of the partial amendments to Accounting Standard for Tax Effect Accounting, etc.

2. A five-to-one share consolidation was executed on October 1, 2012. Further, dividends per share in FY2012 consisted of an interim dividend of 2 yen (before consolidation) and a year-end dividend of 12 yen (after consolidation); the interim dividend was converted into the post-consolidation amount of 10 yen, bringing the total amount to 22 yen.

3. Annual dividends per share for FY2017 included a 4.0-yen commemorative dividend celebrating the 70th anniversary of the Company's founding.

4. The Company established a trust for its stock compensation plan for directors and managing officers in FY2019, and the Company's shares held in the trust account for this trust were included in treasury stock for calculations of earnings per share and book-value per share.

5. Financial indicators are calculated as follows:

EBITDA: Operating income + Financial income + Depreciation

D/E ratio: Interest-bearing liabilities + Net assets





Net D/E ratio: (Interest-bearing liabilities - Cash and deposits - Marketable securities) + Net assets

ROA: Operating income + Total assets (average of total assets at beginning and end of period) x 100

ROE: Net income attributable to owners of parent + Equity (average of equity at beginning and end of period) x 100

6. The decrease in the number of employees in FY2016 is mainly due to the exclusion of Heiwa Health Care Co., Ltd., from the scope of consolidation as the Heiwa Real Estate Group sold its entire stake in this company.

Consolidated Non-financial Summary

	Materiality	Initiatives	Items	KPI*8	Performance (FY)					SDGs	Social Value
					2018	2019	2020	2021	2022		
E Environment	Climate Change Countermeasures	<ul style="list-style-type: none"> Reduction of GHG emissions, water use and industrial waste generation Environmentally friendly building development and management of buildings Use of renewable energy 	GHG emissions* Scope 1+2: 50% reduction by 2030*1 (Total volume target compared to FY2018 level)	★	30,230 t-CO ₂	30,439 t-CO ₂	28,330 t-CO ₂ ✓	23,576 t-CO ₂ ✓	15,140 t-CO ₂ ✓	 Create Environment-Friendly Low-Carbon Areas We will enthusiastically support moves to embrace energy-efficient technologies and renewable energy to help reduce CO ₂ emissions.	
			GHG emissions (Scope 1)*1		2,999 t-CO ₂	3,183 t-CO ₂	3,023 t-CO ₂ ✓	3,011 t-CO ₂ ✓	2,709 t-CO ₂ ✓		
			GHG emissions (Scope 2)*1		27,230 t-CO ₂	27,255 t-CO ₂	25,306 t-CO ₂ ✓	20,564 t-CO ₂ ✓	12,431 t-CO ₂ ✓		
			GHG emissions (Scope 3)*1		211,354 t-CO ₂	159,740 t-CO ₂	75,652 t-CO ₂ ✓	106,761 t-CO ₂ ✓	104,596 t-CO ₂ ✓		
			GHG (CO ₂) emissions (per unit)* Scope 1 + 2: 1% or greater reduction each fiscal year (target per unit compared to previous fiscal year)	●	68.3kg-CO ₂ /m ²	66.5kg-CO ₂ /m ²	60.0kg-CO ₂ /m ² ✓	47.6kg-CO ₂ /m ² ✓	27.6kg-CO ₂ /m ² ✓		
			Water consumption (production volume intensity): 20% reduction by FY2030*1*2 (target water usage per square meter compared to FY2018)	★	1.07 m ³ /m ²	1.02 m ³ /m ²	0.62 m ³ /m ² ✓	0.70 m ³ /m ² ✓	0.77 m ³ /m ² ✓		
			Water usage*1		475,140 m ³	604,937 m ³	375,102 m ³ ✓	439,687 m ³ ✓	530,304 m ³ ✓		
			Waste emissions (production volume intensity): 20% reduction by FY2030*1*2*3 (target waste per square meter compared to FY2018)	★	2.30 kg/m ²	2.27 kg/m ²	1.76 kg/m ² ✓	1.60 kg/m ² ✓	2.79kg/m ² ✓		
			Total waste emissions*1		3,089 t	2,956 t	2,428 t ✓	2,183 t ✓	3,010t ✓		
			Waste emissions (excluding recycled waste)*1		1,311 t	1,300 t	1,017 t ✓	1,010 t ✓	1,931t ✓		
			Recycled waste emissions*1		1,778 t	1,655 t	1,410 t ✓	1,173 t ✓	1,079t ✓		
			Recycling rate*1: 70% by FY2030	●		58%	56%	58%	53.7%		35.8%
S Society	Industrial Development/Regional Development Responding to Social Needs	<ul style="list-style-type: none"> Contributing to industrial and regional developments Increasingly diverse human resources Promoting occupational health management Work-life balance Improving office environments More efficient operations 	Female new hires: At least 30%**4	★	33.3%	50%	100% ✓	33.3% ✓	50.0% ✓	 Create Lively Areas through Diversity and Incubation We will play an active role in the creation of ideal areas, where a diverse range of people gather and work together, stimulate investment, securities and finance, and foster culture and the arts.	
			Paid holiday usage rate: At least 70%	★	61.7%	70.5%	79.7% ✓	79.6% ✓	80.1% ✓		
			Cancer screenings (every two years): 100% of employees aged 35 or older*4	★	-	-	100% ✓	100% ✓	100% ✓		
			Annual health checks: 100% every year*4	★	100%	100%	100%	100%	100%		
			Status of work engagement**5: 90% by FY2023	●	-	-	82.5% ✓	79.3% ✓	80.4% ✓		
			Number of work-related deaths: Zero by FY2023**6	●	-	-	0	0	0		
			Female managers: At least 10% by FY2025	●	-	4.7%	5.0%	5.3%	10.8%		
			Skills development training for employees*4	Total hours of training (hours/year)		-	-	1,186	1,124		1,514
				Hours of training per employee (hours/year)		-	-	11.6	12.4		15.8
				Total training expenses (yen/year)		-	-	3,274,342	8,473,780		6,536,880
Training expenses per employee (yen/year)		-		-	32,101	93,118	68,093				
Natural Disaster Risk Mitigation Measures	<ul style="list-style-type: none"> Enhancement of disaster prevention measures and action programs for when a natural disaster strikes, from a district BCP viewpoint Creation of regional communities 	Buildings compliant with new earthquake resistance standards: 100%**1 (excluding buildings earmarked for redevelopment)	★	100%	100%	100%	100%	100%	 Create Disaster-Resistant, Resilient Areas We are dedicated to creating buildings and facilities with a high level of disaster preparedness ensuring that the city continues to function safety through the daily community activities of the people who live and work there.		
		People with first aid training course qualifications: All of our officers and employees*4	★	-	-	100%	100%	100%			
G Governance	Strengthening Corporate Governance	<ul style="list-style-type: none"> Director and officer compensation system facilitating co-ownership of shareholder value Reducing cross-shareholdings Improving compliance Governance promoting sustainable initiatives 	Composition of Board of Directors: At least one-third external directors (actual figures in the table are as of June 30 of each fiscal year)	★	4/9 peoples	4/9 people	4/9 people	4/9 people	5/9 persons	 Create Lively Areas through Corporate Governance We will continue to strengthen corporate governance on an ongoing basis and aim to be a company in which all officers and employees proactively tackle environmental and social issues.	
			Number of female directors: At least one	★	0 people	0 people	1 people	1 people	1 people		
			Composition of Nomination and Compensation Committees: Majority external directors	★	Nomination: 3/4 peoples Compensation: 2/3 people	Nomination: 3/4 people Compensation: 2/3 people	Nomination: 3/4 people Compensation: 2/3 people	Nomination: 3/4 people Compensation: 2/3 people	Nomination: 3/4 people Compensation: 2/3 people		
			Compliance training: At least five times annually	★	Two times	Two times	Five times	Five times	Five times		

1. From FY2021 onward, the portfolio of real estate owned by the Group (excluding inventories and jointly owned buildings of which the Company has an ownership share of less than 25%) is within the scope of calculation. For FY2022, the scope covers the Group's real estate portfolio (excluding inventories).
 2. Actual per-square-meter figures are calculated by dividing annual emissions/usage by the total floor area of the relevant property, regardless of the period of ownership.

3. Recycled waste is excluded from the actual figures for waste per square meter.
 4. Heiwa Real Estate on a non-consolidated basis is within the scope of calculation.
 5. Percentage of employees who responded "yes" or "somewhat" to "My work is rewarding" in a stress check.

6. Numerical targets for each fiscal year.
 7. Data marked with ✓ are guaranteed by a third party.
 8. ★: Medium-term management plan KPIs ●: Other KPIs.

President and External Director Dialogue



Kiyoyuki Tsuchimoto
Representative Executive
Officer, President and CEO

Kiichiro Masui
External Director

Deepening the Board of Directors and Strengthening Corporate Governance

Trajectory of Governance Enhancements

Tsuchimoto: After my appointment in 2019 as President, when formulating the mid-term management plan, we identified corporate governance enhancements as one of the most important themes, aiming for a Board of Directors infused with diversity in accordance with the Corporate Governance Code. Amid the ongoing internationalization of Japan's capital markets, at the 2020 General Shareholders' Meeting, we resolved to strengthen diversity in terms of gender and overseas experience. In addition, based on issues identified through dialogues with shareholders and investors, with

regard to governance, we announced our intention to consider the most appropriate organizational form for the next generation of Heiwa Real Estate. After repeated discussions by the Board of Directors, in 2022, we transitioned to a Company with a Nominating Committee, etc., with external directors comprising the majority of directors. This mid-term management plan truly enabled us to tangibly demonstrate our efforts to enhance governance. Of course, changing the institutional design does not automatically change the content of the organization. The degree to which we can leverage our new capacity as a Company with a Nominating Committee, etc., is crucial, and we want to emphasize that internal and external directors should work together as

one team to enhance corporate value while remaining cognizant of separating supervision and execution.

Masui: I became an external director in 2017, and since then, have worked with Mr. Tsuchimoto, who was appointed Director and Executive Vice President at that same time. From the beginning, Board meetings were very congenial, with lively discussions taking place in an atmosphere that made it easy to express one's opinion. As Board member diversity has increased, there are more opinions based on diverse ideas and knowledge being expressed than ever before. At the same time, public views and societal demands regarding governance have changed considerably in these past six years alone. Although we external directors do not have as detailed an understanding of operations as the executive side, I believe that sharing and discussing objective opinions from different perspectives can inform executive team decision-making and judgments. The Corporate Governance Code has various principles, but ideal governance differs depending on the company. Trial and error are essential in formulating and implementing better governance that considers the special characteristics of the company, and I look back on the past year as a period of continuous efforts to pursue even more advanced governance.

Tsuchimoto: Mr. Masui has shared information with us in a timely manner in the past regarding governance of listed companies, corporate governance trends in capital markets, common concerns and current conditions in stock markets, as well as issues in the securities market, and has provided accurate feedback on how to approach Company governance and capital markets. One of the most memorable comments made by Mr. Masui was during our discussions on transitioning to a new institutional design, when he stated, "If too much emphasis is placed on the supervisory function, it may become more of a brake than an accelerator, making it difficult to achieve Heiwa Real Estate's ultimate goal of sustainable growth. Rather than becoming a textbook Company with a Nominating Committee, etc., we should aim for an original governance structure appropriate for Heiwa Real Estate."

Masui: It is important to move forward as a team, after all. In addition to Board of Director meetings, opinions are energetically exchanged at the Meeting for Independent External Directors established in 2021, where various management topics, including medium-term management plans, are discussed based on common understanding. Even watching sports such as the WBC, you can see each individual athlete improving their skills while winning through teamwork. In a company, while each individual hones their skills as an expert in their chosen field, they are also part of a team that works together vertically and horizontally, enabling them to demonstrate great power. I want to continue emphasizing the importance of considering the best outcome for Heiwa Real Estate while maintaining common understanding as a team.

Tsuchimoto: I totally agree with you and I am grateful for the encouragement. I am glad that our team is deepening its awareness and realizing a more effective Board of Directors, while also taking advantage of the Meeting of Independent External Directors.

Deepening the Board of Directors

Tsuchimoto: As Mr. Masui mentioned, our Board of Directors receives proactive opinions from a wide variety of perspectives. I feel this culture is part of our DNA, which has been passed down through the long tradition of our Company.

Masui: I am sure it is partly due to the culture, but I think it is also due to the personality of Mr. Tsuchimoto, who always listens to our opinions with a cheerful disposition. From sustainable initiatives exemplified by the completion of KITOKI in 2022, to the promotion of career opportunities for women, and employee health measures, under Mr. Tsuchimoto's leadership, I can see that comments made at Board meetings and in discussions are being incorporated and the Company is formulating clear responses to issues raised. Not only do we trust that even our smallest comments will be respected to the fullest extent, we also feel that our discussions are meaningful, as they help promote business.

Tsuchimoto: Thank you very much. The implementation of sustainability management is a key theme in our medium-term management plan. This year, we were especially happy to be recognized as a 2023 Certified Health & Productivity Management Outstanding Organization (White 500), the result of our efforts to promote the creation of an environment in which employees can work with vitality. At present, all executives and employees have the certification logo on their business cards to promote awareness of this achievement. If Heiwa Real Estate is recognized externally as a company with a firmly rooted health management system, this should have a substantial impact on the recruiting of human resources.

Masui: It certainly will. With regard to human capital, we are taking care to conduct various measures, including the introduction of new systems. To strengthen teamwork as a Company, it is important that individual employees develop their own skills, and it is also important that the Company provide them with the tools to do so. I think further discussions are needed regarding what, specifically, we should focus on, and how. Additionally, in 2023, one year since changing our institutional design, we should further consider governance management that leverages the merits of being a Company with a Nominating Committee, etc."

Tsuchimoto: Regarding human capital, we recognize this as homework for the executive side and want to deepen discussions of programs unique to our Company during the process of formulating a long-term vision

and the next management plan. I recognize that my role is to cultivate the soil in which human resources can grow on their own, and I believe it is very important for the Company to commit to improving the capabilities of each and every employee. As part of this effort, young employees in their 20s who are in the preparatory phase of becoming professionals are encouraged to obtain at least two certifications useful in the real estate industry or a related area, with the Company covering related costs. In the year following the announcement of this policy within the Company, young employees proactively acquired qualifications, and the amount of investment in human resources tripled. In terms of human resource recruiting, we are hiring mid-career professionals on the same scale as new graduates, mainly to take on the challenge of entering new fields, rather than to fill personnel shortages. I hope to continue receiving your opinions on programs and other efforts that will further strengthen our human capital.

Masui: Regarding the Company with a Nominating Committee etc., it is important to develop a strong succession plan to ensure that rational checks and processes are adhered to when making nominations. That being said, it is not enough to simply follow succession plans. As the Company is one team, it is also necessary to make efforts and devise ways to unite increasingly diverse board members under the President. The selection of the next successor in particular will determine the future of Heiwa Real Estate, and as chairman of the committee, I bear a considerable amount of responsibility. The Nominating Committee engages in heated discussions on how to select personnel who will be responsible for managing the Company.

Tsuchimoto: Mr. Masui was involved in central government administration for a long time, and my sense that you approach work by questioning the substance,

rather than the form, of each and every policy. Even on the Nominating Committee, you approach improvement from this perspective, which I think leads to a different process than simply following rules and formulas.

Toward Heiwa Real Estate Medium- to Long-Term Growth

Tsuchimoto: When we began formulating the next management plan, I proposed to the Board of Directors that it would be best to first establish a broad vision for the next 10-15 years, then formulate specific measures the next three to four years. Even then, Mr. Masui encouraged me to look at things from a long-term perspective. I think the discussion was further invigorated by insightful questions and opinions derived from thinking about things from a long-term perspective.

Masui: While I am not in a position to provide knowledge or insight into the real estate industry, I do maintain a constant awareness of what I am saying and how my perspective might look different from the execution side. That being said, I hope I am not saying anything that is completely misguided or unnecessary.

Tsuchimoto: In addition to formulating a long-term vision, we are currently in the process of reimagining our Company purpose, and I am reminded of a memorable episode from these discussions. Heiwa Real Estate was established as a policy measure in 1947 as a real estate company tasked with managing stock exchange buildings. Up to now, our purpose has been to manage stock exchange buildings without interruption. However, that was a time when there were only trading floors, and now that the business environment has changed dramatically with the digitalization of securities trading, we must define a different purpose, which is something we have discussed

at length during previous Board meetings. The details of internal discussions are also regularly reported to the Board of Directors, and I was very impressed with Mr. Masui's assessment of the review process itself, when he stated, "As long as the purpose is formulated after all executives and employees working at Heiwa Real Estate have engaged in sufficient discussions, everything will be fine." This comment, which demonstrates his big-picture thinking so well, was an opportunity for me to reaffirm the role of external directors.

Masui: From my experience of the process involved in considering proposals presented up to now, I think executives and employees have engaged in appropriate and wide-ranging discussions, with the process itself providing a sense of pride and dignity only possible through personal involvement. Ahead of the announcement, we will revamp our purpose with the aim of uniting all executives and employees working at Heiwa Real Estate.

Tsuchimoto: Since 2014, when we formulated the previous medium- to long-term management plan, we have taken on the challenge of "becoming a Company that contributes to revitalizing districts" by transitioning from a stock exchange building management company to a real estate developer. The initiatives we have been promoting under the current medium-term management plan aimed at "becoming a Company that contributes to revitalizing districts" have finally started to bear fruit, and we must focus on ensuring that we accomplish this aim going forward. Looking 10 years or more ahead to the future, we will of course consider business expansion and other initiatives, but the core focus will still be how we can transform the areas we own in major cities into districts that draw people in. We also hope to receive your valuable opinions from various angles and perspectives with regard to the formulation of our future management plan and

long-term vision for the next 10-15 years.

Masui: When considering the future, I think it is important to answer the question "who are we?" Growth and new challenges are important for a company, but how they are achieved will make a big difference in terms of the path taken to get there. The further ahead we look, the more important it is to reaffirm the path that Heiwa Real Estate should take in pursuing growth, and share it throughout the Company.

Tsuchimoto: Our concept is expressed in the urban development we have been promoting in Nihonbashi Kabutocho and Kayabacho. These efforts will have no meaning if all we do is simply copy other districts. Nihonbashi Kabutocho and Kayabacho, where our head office is located, has a distinctive history as a financial, securities, and investment district. Rather than restoring its former bustle, we have sought to give the area an edge by creating a colorful district that attracts a diverse range of people as only Heiwa Real Estate can. As a result, we renovated a Taisho Era building to create the hotel K5 in 2020, and over the past three years, a total of 20 unique commercial establishments that share our vision of urban development have gathered in the area, with the number of visitors to these establishments increasing from 10,000 per month three years ago, to 50,000 per month at present, indicating how completely different this district is compared to the past. Now that we are able to tangibly demonstrate Heiwa Real Estate's unique approach to urban development, we are receiving inquiries regarding collaborations from a wide variety of areas.

These changes have given us confidence, and as we move to the next stage, we will formulate a solid long-term vision for promoting initiatives unique to Heiwa Real Estate that attract people to Kabutocho and Sapporo, as well as other areas.

I emphasize that internal and external directors should work together as one team to enhance corporate value.



It is important to answer the question "who are we?" when determining a direction for future growth.



Sustainability Management Transformation

The vision of the Heiwa Real Estate Group is to enhance shareholder value as a publicly listed real estate company and contribute to the realization of a sustainable society as a Company that contributes to urban development. Accordingly, we have positioned sustainability management as a priority within our medium-term management plan and are promoting various initiatives to this end.



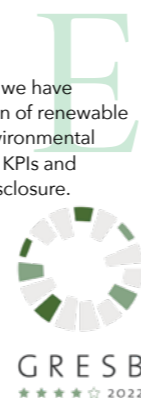
	FY2020	FY2021	FY2022	FY2023	
Overall	<p>December</p> <ul style="list-style-type: none"> Identified social values and materiality targets Established the Sustainability Committee 	<p>April</p> <ul style="list-style-type: none"> Established the Sustainability Promotion Office <p>October</p> <ul style="list-style-type: none"> First Integrated Report published Office 	<p>January</p> <ul style="list-style-type: none"> Acquired the highest rating of "S" in the MUFG EG evaluation program Office <p>February</p> <ul style="list-style-type: none"> Executed a sustainability-linked loan Participated in the UN Global Compact <p>March</p> <ul style="list-style-type: none"> Non-financial data certified by a third party First Sustainability Report published 	<p>June</p> <ul style="list-style-type: none"> Selected for inclusion in: FTSE Blossom Japan Sector Relative Index, FTSE Blossom Japan Index, MSCI Japan ESG Select Leaders Index, MSCI Japan Empowering Women (WIN) Select Index All ESG indices managed by the Government Pension Investment Fund (GPIF) 	<p>April</p> <ul style="list-style-type: none"> Selected for inclusion in Morningstar Japan ex-REIT Gender Diversity Tilt Index newly adopted by the GPIF
Environment	<p>April</p> <ul style="list-style-type: none"> Formulated targets for the reduction of GHG emissions, water consumption, and waste emissions <p>October</p> <ul style="list-style-type: none"> Participated in GRESB, received two-star rating <p>December</p> <ul style="list-style-type: none"> KITOKI selected for the Leading Projects Program for Sustainable Buildings for 2020 (led by wooden structure) <p>March</p> <ul style="list-style-type: none"> Formulated a Group environmental policy 	<p>May</p> <ul style="list-style-type: none"> Introduced sustainable energy to portfolio properties <p>October</p> <ul style="list-style-type: none"> Received GRESB three-star rating Raised GHG emissions reduction target (20→50% reduction by 2030) 	<p>December</p> <ul style="list-style-type: none"> Endorsed the TCFD recommendations Disclosed quantitative data based on TCFD recommendations 	<p>May</p> <ul style="list-style-type: none"> Acquired SBT certifications <p>August</p> <ul style="list-style-type: none"> Caption by Hyatt Kabutocho Tokyo selected for the Leading Projects Program for Sustainable Buildings for 2022 (led by wooden structure) <p>October</p> <ul style="list-style-type: none"> Received GRESB four-star rating <p>December</p> <ul style="list-style-type: none"> First response to CDP climate change program (received a score of B) <p>January</p> <ul style="list-style-type: none"> KITOKI won the Grand Prize (Governor's Prize) in the Wood City TOKYO Model Architecture Award Selected as an Environmentally Sustainable Enterprise at the 4th ESG Finance Awards Japan 	<p>March</p> <ul style="list-style-type: none"> Disclosed quantitative data based on TCFD recommendations <p>April</p> <ul style="list-style-type: none"> ORSUS Togoshiginza acquired ZEH-M Oriented certification
Society	<p>April</p> <ul style="list-style-type: none"> Formulated targets associated with health management <p>2018</p> <ul style="list-style-type: none"> First Sports Yell Company certification First Tokyo Sports Promotion Company certification 	<p>October</p> <ul style="list-style-type: none"> Donated trees and plants to Sakamoto Park 	<p>December</p> <ul style="list-style-type: none"> Formulated the Heiwa Real Estate Human Rights Policy Formulated target ratios for female and mid-career hires (including foreigners) <p>January</p> <ul style="list-style-type: none"> Provided building to be demolished in firefighting training <p>March</p> <ul style="list-style-type: none"> Formulated target ratios for utilization of male childcare leave 	<p>April</p> <ul style="list-style-type: none"> Opened Edible KAYABAEN <p>October</p> <ul style="list-style-type: none"> Published the Declaration on Partnership Building <p>March</p> <ul style="list-style-type: none"> Certified as a Health & Productivity Management Outstanding Organization for 2023 (White 500) 	
Governance	<p>2011</p> <ul style="list-style-type: none"> Established Compensation Committee <p>2015</p> <ul style="list-style-type: none"> Established Nomination Committee Formulated Corporate Governance Guidelines Established Standards for Assessing the Independence of Independent Officers <p>2016</p> <ul style="list-style-type: none"> Introduced Board of Director effectiveness evaluations <p>2018</p> <ul style="list-style-type: none"> Revised rules to make an external director the chair of the Nomination Committee and Compensation Committee and the majority of each committee's members <p>2019</p> <ul style="list-style-type: none"> Reduced term of office for directors, from two years to one year Introduced performance-linked stock compensation (medium- to long-term incentive) 	<p>May</p> <ul style="list-style-type: none"> Established an employee stock ownership plan <p>June</p> <ul style="list-style-type: none"> Abolished takeover defense measures Established Meeting for Independent External Directors 	<p>December</p> <ul style="list-style-type: none"> ESG-related risks added to list of risks to be managed by the Risk Management Committee 	<p>June</p> <ul style="list-style-type: none"> Transitioned to a Company with a Nominating Committee, etc. Established structure with external directors accounting for a majority of directors 	

PICK UP

Improving External Assessments

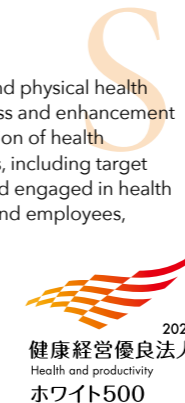
Since the start of the medium-term management plan, we have implemented various measures, including the utilization of renewable energy in the properties we own, the acquisition of environmental certifications, the formulation of various environmental KPIs and policies, and the provision of enhanced information disclosure.

As a result of these efforts, after an initial rating of 2 Stars, which rose to 3 Stars in 2021, Heiwa Real Estate received a 4 Star rating for the Standing Investment Benchmark related to existing property management in the 2022 GRESB Real Estate Evaluation, a benchmark used to evaluate ESG-related efforts in the real estate sector.



Promoting Health Management

As Heiwa Real Estate believes employee mental and physical health are important for the continuous growth of business and enhancement of corporate value, we are engaged in the promotion of health management. Having set health management KPIs, including target ratios for paid holiday usage and health exams, and engaged in health awareness and guidance activities for executives and employees, our ranking in the Health and Productivity Management Organization Certification System improved from about 2,000 overall at the beginning of the medium-term management plan, to the 201-250 range in two years, and in 2023, we were certified for the first time as a Health & Productivity Management Outstanding Organization 2023 (White 500).



Transitioned to a Company with a Nominating Committee, etc.

As the enhancement of corporate governance is positioned as an important business issue, up to now, we have made various efforts to strengthen our governance structure, including the voluntary establishment of a Nomination Committee and Compensation Committee, the appointing of at least one-third external directors, a reduction in term of office for directors, and the introduction of stock-based compensation. To further strengthen corporate governance in light of the business environment surrounding the Group, in 2022 we transitioned to a Company with a Nominating Committee, etc., establishing a structure suitable for monitoring by a majority of external directors, and promoting the substantial delegation of business execution to executive officers, thereby enabling the flexible promotion of management.



Environment

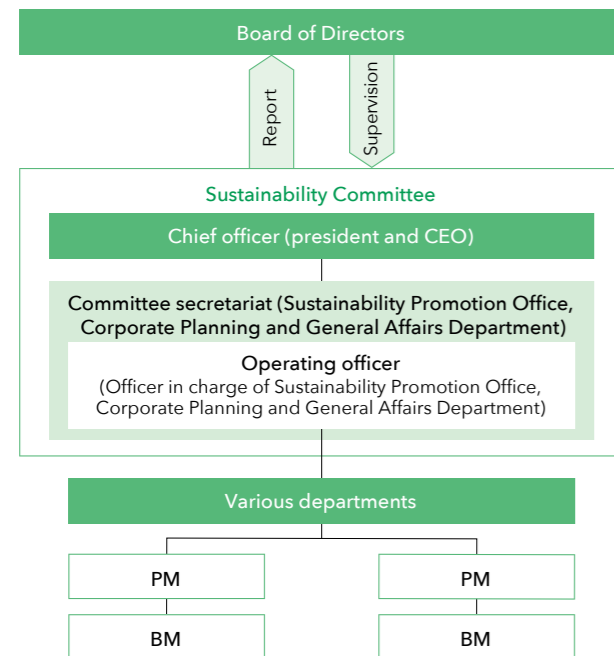
Basic Approach

The Heiwa Real Estate Group considers its initiatives in environmental concerns as fundamental managerial issues and will promote the initiatives throughout its overall corporate activities. Giving full consideration to its responsibility to conserve the natural environment, the Group actively implements environmental initiatives while complying with environment-related laws and regulations.

Promotion System

The Company established a Sustainability Committee, chaired by the President and CEO, comprising executive officers, corporate officers and department heads to facilitate the smooth implementation of sustainability initiatives.

In monitoring the PDCA cycle of each sustainability initiative, including those related to climate change and other environmental issues, and reporting important details to the Board of Directors, the Sustainability Committee acts as the main driver in increasing the effectiveness of sustainable management.



Environmental Supply Chain

As the development and operation of real estate in the core Building and Redevelopment Businesses is a long-term process involving many stakeholders (design companies, construction companies, customers and others), we recognize the importance of tackling environmental issues throughout the supply chain in order to properly address them.

Sustainable Procurement

To promote ESG-friendly initiatives throughout the value chain for the Group's real estate portfolio, we have established procurement policies for major products, services and business partners (e.g., property management companies and building management companies).

The Group strives to build cooperative relationships by sharing information on environmental concepts and targets to the greatest extent possible.

Policy on Environmental Issues within Tenant Businesses

The Heiwa Real Estate Group views initiatives addressing environmental concerns as fundamental managerial issues and promotes them throughout all corporate activities. In full recognition of its responsibility to conserve the natural environment, the Group proactively implements environmental initiatives while complying with environment-related laws and regulations. Environmental guidelines for tenants include policies on environmental issues such as climate change, water resources and waste.

Climate Change Initiatives

The Heiwa Real Estate Group recognizes that climate change will seriously affect the natural environment and social structures, and regards it as a material issue that will have a major impact on its businesses as a whole.

As climate change intensifies, abnormal weather and rising sea levels will have serious consequences for countries around the world. This could also have a significant impact on the Group's business activities, as the value of properties it owns could decrease due to natural disasters, and stricter environmental regulations could affect its operations.

Based on this recognition, we are making an effort to reduce greenhouse gas emissions and energy consumption while promoting the use of renewable energy and other measures.

Disclosure Based on TCFD Recommendations

In recognition of the systemic financial risks associated with climate change, investors and other stakeholders are calling for the disclosure of information on climate-related risks and opportunities. Heiwa Real Estate announced its endorsement of the TCFD in December 2021.

In line with TCFD final recommendations, we will identify, assess, and manage climate-related risks and opportunities that could impact the Group's business and enhance information disclosure accordingly, based on the recognition that improving the resilience of operations is essential for continuously and stably generating earnings over the long term.



Governance

The chief officer for climate-related issues is the Executive Officer, President and CEO, who has the final decision-making authority regarding sustainability promotion, and the operating officer for climate-related issues is the Officer in charge of Sustainability Promotion Office, Corporate Planning and General Affairs Department.

At Sustainability Committee meetings, the operating officer for climate-related issues periodically reports to the chief officer for climate-related issues regarding assessments of specified climate change impacts, management of risks and opportunities, the progress of efforts to adapt to and mitigate such impacts and risks, and efforts to combat climate change, including performance indicators and targets. All matters are discussed and examined by members of the Sustainability Committee, and on that basis, final decisions are made by the chief officer for climate-related issues.

Strategy

As the potential range of outcomes of future events related to climate change is uncertain, Heiwa Real Estate factors this into its business strategies. Specifically, we identify risks and opportunities under two scenarios, an increase in average global temperatures of 1.5°C and 4°C. An overview of each scenario analysis is shown in the table below. Based on the results of this analysis, we will promote initiatives that include the use of renewable energy, BCP measures, sustainable finance, and the acquisition of environmental certifications to enhance the resilience of our business.

Scenario Analysis Results

Classification	Relevance to Company	Financial impact on Company	Timing	Degree of financial impact		
				1.5°C scenario	4°C scenario	
Transition risks	Policy and legal	Higher taxes on GHG emissions if a carbon tax program is adopted, and stricter energy conservation standards for buildings	<ul style="list-style-type: none"> Increasing outlays for taxes or fines associated with building GHG emissions Taxation of carbon-intensive building materials Increasing outlays for related retrofitting costs 	Medium-term	↓	-
	Technology	Advancements and widespread adoption of technologies for reusing and saving energy	<ul style="list-style-type: none"> Increasing costs for adopting new technologies for building facilities 	Medium-term	↓	-
	Market	Higher prices of services from relevant suppliers amid growing need to decarbonize	<ul style="list-style-type: none"> Increasing costs for developing and constructing low-carbon buildings, including net zero energy buildings and houses 	Medium-term	↓	-
	Reputation	Changing demand from building tenants and occupants based on their preferences for buildings equipped to combat climate change and avoidance of buildings that are not	<ul style="list-style-type: none"> Decreasing leasing income if measures to decarbonize are slow, due to difficulty in attracting new tenants and occupants as well as lower retention rate 	Short-term	↓	-
Physical risks	Acute	Damage to properties caused by violent winds from typhoons or flooding inside buildings from torrential rains or overflowing rivers	<ul style="list-style-type: none"> Increasing repair costs and decreasing operational efficiency of buildings 	Medium-term	↓	↓
	Chronic	Growing demand for air conditioning due to increasing numbers of extremely hot and cold days	<ul style="list-style-type: none"> Increasing costs for operating, maintaining, and upgrading air conditioning systems 	Medium-term	↓	↓
Opportunities	Resource efficiency	Reduced energy consumption due to installation of more efficient facilities	<ul style="list-style-type: none"> Reduced maintenance and operating costs resulting from improved energy-saving performance 	Short-term	↑	↑
	Products and services	Greater ability to attract building tenants, occupants, and users through more environmentally friendly and disaster-prepared facilities and services	<ul style="list-style-type: none"> Increased leasing revenue and opportunities to attract tenants with buildings that have been differentiated in terms of superior environmental performance and business continuity plans 	Medium-term	↑	↑
	Markets	Growing numbers of environmentally aware investors and banks that integrate climate-related factors in financing decisions	<ul style="list-style-type: none"> Lower borrowing costs from loans secured through green financing initiatives 	Short-term	↑	-

Notes: 1. Short-term refers to a period spanning up to three years, medium-term refers to a period of four to 10 years, and long-term refers to over 10 years.
 2. Arrows shown in bold represent financial impacts spanning ¥500-¥1,500 million, arrows shown without bold represent financial impacts between ¥0 and ¥499 million, and a dash represents no financial impacts.
 3. The degree of financial impacts assumes a medium-term period up to 2030

Risk Management

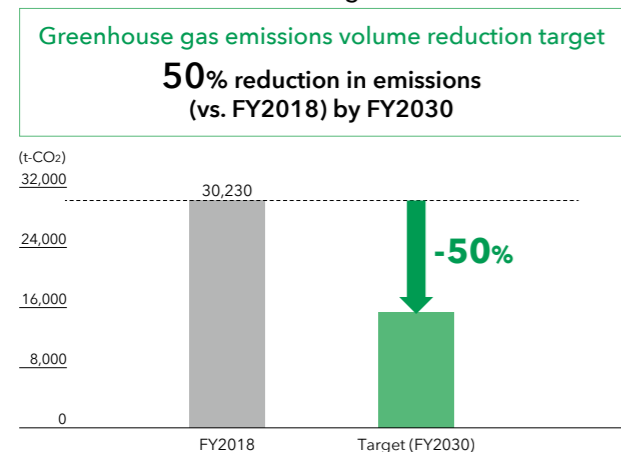
Each year, the operating officer responsible for executing climate-related initiatives assembles a working group comprising members in charge of relevant departments to identify and assess climate-related risks that could impact the Company. Climate-related risks identified in working group analyses are based on the following framework.

(1) Transition risks	The Company's businesses could be impacted by socioeconomic trends associated with the transition to low- and zero-carbon societies
(a) Policy and legal risks	Risks associated with stricter regulations in line with the policy-based promotion of decarbonization
(b) Technology risks	Risks associated with the development and mainstreaming of new low-carbon and decarbonization technologies
(c) Market risks	Risks associated with market fluctuations, such as energy price volatility and changes in demand for services
(d) Reputation risks	Risks associated with being viewed negatively by stakeholders, including building tenants, local residents, employees, and investors.
(2) Physical risks	The Company's businesses could be impacted by changes in traditional climate patterns and other meteorological phenomena due to ongoing climate change.
(a) Acute physical risks	Risks associated with typhoons, floods, and other events
(b) Chronic physical risks	Risks associated with prolonged high or low temperatures, and long-term shifts in climate patterns.

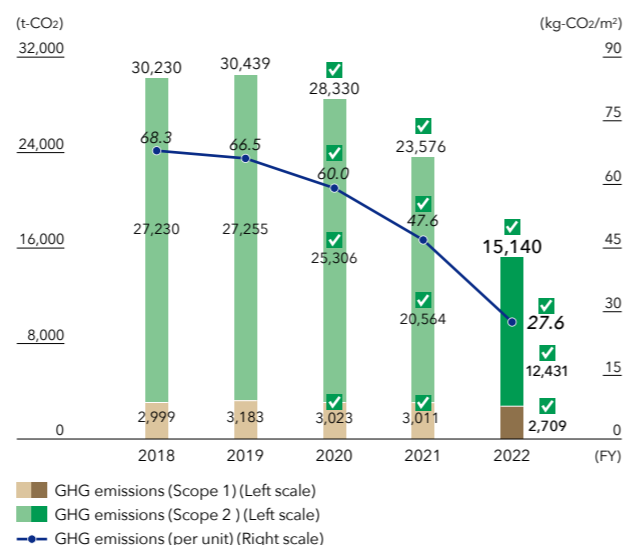
Indicators and Targets

To mitigate climate-related risks and realize opportunities, we established key performance indicators (KPIs) and are in the process of setting and monitoring targets. The progress of various initiatives and KPIs are reported to the Sustainability Committee at least once annually by the officer responsible for executing climate-related initiatives and measures. Targets and performance trends related to GHG emissions, defined as a KPI, are as shown below. In addition, Heiwa Real Estate has obtained SBT certification (1.5°C level) for our GHG emission volume reduction targets from the Science Based Target (SBT) Initiative, which encourages the setting of science-based reduction targets to achieve the Paris Agreement, an international framework for reducing greenhouse gas emissions.

GHG Emissions Reduction Target



GHG Emissions and GHG Emissions per Square Meter



Notes 1. Prior to FY2021, the scope of calculation is the real estate portfolio held by the Group (excluding buildings designated to be sold and jointly owned buildings of which the Company has an ownership share of less than 25%). In FY2022, the scope of calculation is the real estate portfolio held by the Group (excluding inventories).
2. Figures with check marks have been verified by third-party organizations.

Specific Initiatives

Reducing Environmental Impacts

In recent years, there have been increasing demands for environmental performance in buildings due to the huge amount of energy required for their operation. Heiwa Real Estate also considers environmental impacts when constructing and renovating buildings.

Examples of Various Building Initiatives

Tokyo Stock Exchange Building

- Used electricity and air conditioning controls (introduction of building management system) to conserve energy
- Reduced heat loads by operational controls using total heat exchangers and the control of outside air cooling
- Reduced motor energy consumption with variable air volume controls using inverters
- Controlled waste heat recovery with heat-recovery turbo freezers, etc.

Osaka Securities Exchange Building

- Saved energy through electricity and air conditioning controls (introduction of building management system), etc.

CentRise Sakae

- Used exterior blind system and auto-adjusting blinds
- Used double-pane low-emissivity glass, etc.

KABUTO ONE

- Used renewable energy (installation of solar panels)
- Used energy-efficient systems (LED lighting and controls, use of high-efficiency devices)
- Mitigated heat island effect (greenery covering 40%), etc.

Utilizing Renewable Energy

From May 2021, electricity used at owned properties, including the Nisshokan Building, which houses the Company's head office (Chuo-ku, Tokyo), were gradually switched to electricity derived from renewable energy sources. This is expected to result in the use of approximately 20 GWh of renewable energy per year and a reduction in CO₂ emissions equivalent to approximately 9,000 tons per year.

Green Lease

Heiwa Real Estate engages in efforts that benefit building owners and tenants alike based on tenant collaborations and voluntary arrangements in the form of contracts, memorandums of understanding, and other agreements related to environmental impact reductions and workplace environment improvements through energy conservation and other initiatives conducted at owned properties.

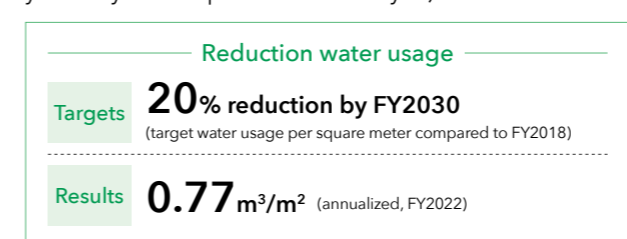


Water Resource Initiatives

The Group maintains an appropriate understanding and manages the status of water usage within real estate management operations. We also make various efforts to improve water usage efficiency beyond legal compliance levels.

Initiative Targets and Results

The Group set targets and will promote reduced water consumption as shown below. The Sustainability Committee determines water consumption reduction targets and manages consumption volume, in principle, at least once every 12 months, (includes determination of target achievement levels for actual performance, and year-on-year comparisons and analysis).



Specific Initiatives

Building Operation Initiatives

The Group conducts various initiatives aimed at the effective use of water resources, including the installation of rainwater storage tanks in newly developed buildings

Sustainable Finance

The Group procures funds through assessment loans and sustainability-linked loans (SLLs) to further strengthen our commitment to sustainable management. The SLL sustainability performance target and total loan amount are shown below. Additionally, we received the highest rating of "S" as an industry-leading ESG management company in the MUFG ESG Evaluation, and concluded an assessment loan agreement with the Bank of Tokyo-Mitsubishi UFJ, Ltd.

Sustainability performance target (SPT)	Total loan amount
50% reduction in GHG emissions by FY2030 (total volume target compared to FY2018 level) Note: Greenhouse gas (GHG) emissions = Scope 1 + 2.	¥18.6 billion (as of March 2023)

for everyday usage and the effective use of well water. We are also working to reduce the amount of water used at existing properties by gradually promoting renovation work facilitating the conversion to water-saving equipment.

Examples of Various Building Initiatives

Tokyo Stock Exchange Building

- Introduction of systems for the utilization of rainwater, etc.

KABUTO ONE

- Installation of equipment including rainwater storage tanks to use rainwater for daily facility use, etc.

CentRise SAKAE

- Effective use of rainwater and well water, among other efforts, etc.

Business Partner Initiatives

We established the Tenant Guidelines for Environmental Concerns and call on everyone in the Group and all our business partners to help conserve water.

Pollution Initiatives

We recognize the need to reduce and control the emission of environmental pollutants across the Group's real estate portfolio and make an effort to reduce the use and emissions of harmful chemical and ozone-depleting substances in an effort to prevent pollution.

Specific Initiatives

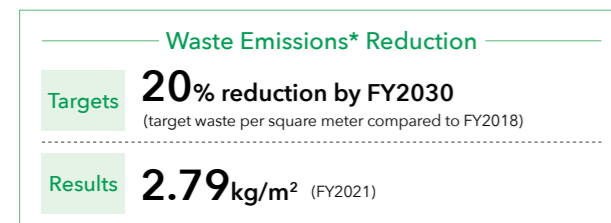
- **Asbestos countermeasures**
We conduct property surveys to determine whether building materials containing asbestos have been used, based upon which we make regular reports regarding removal efforts and response policies.
- **Appropriate Handling of PCBs**
We conduct periodic surveys on the presence or absence of equipment containing PCBs and make regular reports on disposal costs and related issues.
- **Appropriate Handling of Chlorofluorocarbons**
We also conduct periodic surveys on the amount of chlorofluorocarbon (CFC) emissions at each property in an effort to reduce pollutants within business activities.

Waste and Resource Usage Initiatives

The Group strives to reduce the amount of waste generated while reusing and recycling waste in all of our corporate activities. We also work to reduce building life cycle costs and conserve resources to realize a recycling-oriented society.

Initiative Targets and Results

The Group has set the following targets and will promote reduced waste emissions. The Sustainability Committee determines performance, comparing actual waste figures each fiscal year versus consumption and consumption intensity, either on a year-on-year or multi-year basis.



Note: Recycled waste is excluded from the actual figures for waste and waste emissions per square meter.

Specific Initiatives

Nihonbashi Kabutocho and Kayabacho Revitalization Project Initiatives

As part of the Nihonbashi Kabutocho and Kayabacho Revitalization Project, Heiwa Real Estate commercialized the KITOKI project, a retail and office building adopting a hybrid (wooden construction and SRC) structure in Nihonbashi Kabutocho, Chuo-ku, Tokyo. The project has been adopted by the "leading projects" program for sustainable buildings (wood-based structures) in FY2020 implemented by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT), which aims to drive technological advancement and boost public awareness related to wooden structures.

The 10-floor retail and office building adopt a hybrid structure that includes three-floor mega-structures made using SRC frames, with each floor within the mega-structures made of wood. This is the first project for the Company to adopt such a hybrid structure. The combination of SRC mega-structures with fire-resistant wooden structures has been praised for opening up new possibilities in terms of methods and benefits of utilizing wood in high-rise buildings, and for prolonging the life of the buildings in practical usage terms. For the outer premises, the Company plans to install benches made of wood from a Tokyo Stock Exchange (TSE) Listing Forest located in northeastern Japan based on a social contribution program being run by Japan Exchange Group, Inc. (JPX). The wood is called "Kablocks," which can be used in a multitude of applications, and will be processed into benches. There are high hopes that the hybrid structure will provide a sense of warmth unique to wood for workers, visitors and people living nearby, while adding a touch of tranquility to the area. We have already acquired a certificate for carbon dioxide fixation promoting the use of wood produced in Akita Prefecture.



Cooperation with Business Partners

We established the Tenant Guidelines for Environmental Concerns as part of our waste management efforts, calling on the Group and all its business partners to cooperate on this initiative.

Environmental Compliance

The Group maintains compliance with environment-related laws and regulations. There were no violations of environment-related laws and regulations or environmental accidents in FY2022.

Item	Unit	FY2020	FY2021	FY2022
Violations of environmental laws and regulations	Cases	0	0	0
Environmental accidents	Cases	0	0	0
Environment-related fines	Cases	0	0	0

Ratings from Outside Bodies

Acquisition of Environmental Certification

When constructing new buildings and conducting major renovation projects, the Group gives top priority to the environment. In recognition of these efforts, we have received high ratings from the DBJ Green Building Certification program and CASBEE.

DBJ Green Building Certification

KABUTO ONE	Tokyo Stock Exchange Building	Osaka Securities Exchange Building	Nisshokan Building	KITOKI	Heiwa Real Estate Nagoya Fushimi Building

CASBEE

CentRise Sakae	Ichibancho Heiwa Building	Kabutocho Heiwa Building No. 1	Tenjin Heiwa Building	Kabutocho Heiwa Building No.	Kayabacho Broad Square	Shimbashi Square Building	Kayabacho 1-Chome Heiwa Building
CASBEE-Real Estate Rank S	CASBEE-Real Estate Rank S	CASBEE-Real Estate Rank S	CASBEE-Real Estate Rank A	CASBEE-Real Estate Rank S	CASBEE-Real Estate Rank S	CASBEE-Real Estate Rank A	CASBEE-Real Estate Rank A

DBJ Green Building Certification: Certification system established by the Development Bank of Japan (DBJ) to support green building real estate with consideration for the environment and society. This program identifies and certifies "green buildings" in response to modern real estate market needs. The evaluation is comprehensive, taking into account both the property's environmental performance and the degree to which the societal needs of various stakeholders surrounding the property are considered. CASBEE: A method for evaluating and rating the environmental performance of buildings. This program comprehensively assesses building quality, including eco-friendliness (such as energy efficiency and use of materials and fixtures with a small environmental footprint), interior comfort, and respect for the surrounding landscape.

GRESB Real Estate Assessment

In the GRESB Real Estate Assessment, which is the benchmark for assessing ESG initiatives in the real estate sector, Heiwa Real Estate acquired a 4 Star rating (3 Star in FY2021) under the "Standing Investments Benchmark" for the operation of existing properties, and a 3 Star rating (also 3 Star in FY2021) under the "Development Benchmark" related to new developments and major renovations. We also received the Green Star designation for the second year in a row, which is awarded to companies that excel in terms of management systems and the implementation and measurement of policies.



CDP

In 2022, Heiwa Real Estate participated for the first time in the climate change program established by the Carbon Disclosure Project (CDP), an international non-profit organization that assesses climate change-related disclosure. The Group received a score of "B" in the assessment.

CDP is a non-profit organization that supports institutional investors and major purchasers around the world that are highly concerned about the environment, calling on corporations and governments to promote initiatives and disclose information on climate change, water resource protection, forest conservation and other environmental issues. In 2022, more than 680 institutional investors with more than 130 trillion dollars in assets and 280 major purchasers with 6.4 trillion

dollars in procurement spending requested data on environmental impacts, risks, and opportunities through the CDP platform, with a record number of approximately 18,700 companies responding.



ESG Finance Award Japan

Heiwa Real Estate was selected for inclusion in the Environmentally Sustainable Enterprise Category at the 4th ESG Finance Awards Japan, organized by the Ministry of the Environment.

The ESG Finance Awards Japan are designed to further promote and expand ESG finance by recognizing institutional investors, financial institutions, brokerages, companies, and other organizations that have proactively engaged in ESG finance or environmental and social projects and have made an impact, aimed at sharing these pioneering efforts with wider society.

The Environmentally Sustainable Enterprise category was established to provide investors and corporations with concrete examples of enterprises incorporating significant environmental opportunities and risks into their management strategies to enhance corporate value, leading to both positive effects on the environment and enhancement of corporate value. Companies, including Heiwa Real Estate, that meet certain standards are selected as Environmentally Sustainable Enterprises.



Society

Human Resource Management

Recognizing the importance of diverse perspectives and values in achieving new growth, Heiwa Real Estate strives to ensure diversity in human resources, provides equal opportunities for skills development, career advancement and meaningful work to develop autonomous human resources with a desire to grow.

We will proactively engage in the creation of working environments and systems that make work easier for a diverse range of human resources.

Human Resource Development Structure

Heiwa Real Estate has a job rotation system enabling employees to gain experience in a number of departments during their first 10 years at the Company, while also using on-the-job training (OJT) and other methods to instill real estate knowledge, motivate employees to contribute to the organization and assess their own aptitude.

Rank	Rank-specific training	Qualification acquisition support	Self-development support
Managers	Management training University city campus course system	Real estate transaction agent First-class architect Urban renewal planner ARES-certified master	System for incentivizing employees to obtain qualifications themselves
Mid-career employees	Pre-manager training Leader training	Certified building administrator Real estate appraiser Real estate consulting master Other	Support for self-development (conversational English) e-Learning External seminars
Early-career employees	Mid-career employee training Fundamental real estate training Computer skills IT literacy	Note: Employees are generally expected to acquire two or more qualifications before promotion to managerial positions.	
...	Early-career employee training		
New employees	New employee training Financial accounting		

OJT, Job rotation, Short-term overseas training program and English language training

Major Initiatives

Training Programs

We have established programs tailored to employee career plans, from training for new hires to management training, while also providing a system enabling employees to take courses at university city campuses aimed at cultivating next-generation human resources with skills in areas such as planning, proposals, negotiations and leadership. Further, we recommend that employees acquire multiple real estate-related qualifications before being promoted to managerial positions. The Company bears costs associated with acquiring these qualifications. Additionally, by encouraging the acquisition of other self-development qualifications, we support employee personal growth and the development of specializations. and leadership.

System Supporting the Acquisition of Qualifications

We recommend that employees acquire multiple real estate-related qualifications as real estate transaction agents, first-class architects or real estate appraisers before being promoted to managerial positions. Heiwa Real Estate bears costs associated with the acquisition of these qualifications. Through these efforts, we aim to cultivate a pool of official qualification holders necessary for business operations with advanced specialized capabilities.

Support for Self-Development

Employees are able to participate in e-learning programs and business seminars pertaining to qualifications exams, language learning and business skills.

By incentivizing the acquisition of qualifications, we encourage employees to earn qualifications as a means of

self-development and support their personal growth and development of specializations.

Short-Term Overseas Training Program and English Training Program

We offer a short-term overseas training program where employees are dispatched for around three months, as well as an English training program where employees attend an English conversation school for three months. These programs are intended to develop global human resources through the improvement of language skills and acquisition of communication skills, while providing experience in overseas cross-cultural environments and the creation of personal networks at the companies where employees are dispatched.

Basic Lifesaving Training

Since FY2020, Heiwa Real Estate has provided all employees with basic lifesaving training, including the use of AEDs.

	Numerical targets	Target year	FY2020	FY2021	FY2022
Basic Lifesaving Training	100%	Annually until FY2030	100%	100%	100%

Employee Skills Development Training

Time spent and expenses incurred with regard to employee skills development training were as follows.

Item	FY2020	FY2021	FY2022
Total hours of training (hours/year)	1,186	1,124	1,514
Hours of training per employee (hours/year)	11.6	12.4	15.8
Total training expenses (yen/year)	3,274,342	8,473,780	6,536,880
Training expenses per employee (yen/year)	32,101	93,118	68,093

Health and Safety

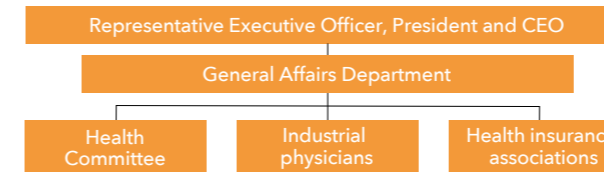
Heiwa Real Estate believes employee mental and physical health are essential for enhancing corporate value and realizing continuous business growth. To this end, we make efforts to improve employee health, create safe work environments and prevent overwork and occupational accidents. We also call on subcontractors and stakeholders critical to our businesses to implement health and safety initiatives for their employees.

Structure

The Representative Executive Officer, President and CEO serves as the chief officer responsible for promoting health management, working with the Health Committee, industrial physicians, and health insurance associations primarily through the Corporate Planning and General Affairs Department.

The Health Committee meets, in principle, once a month, so that attendees can discuss the importance of maintaining and improving health, as well as share information within the Company.

Committee members include managers in charge of labor affairs, division health committee members, and industrial physicians.



Health Management Initiatives

Targets and Results Associated with Efforts to Improve Health Issues

	Item	FY2022	Numerical targets (FY2023)
Medium-term management plan KPIs	Annual health checks	100% <input checked="" type="checkbox"/>	100%*1
	Cancer screenings	100% <input checked="" type="checkbox"/>	100%*1
	Paid holiday usage	80.1% <input checked="" type="checkbox"/>	At least 70%*1
Health management KPIs	Stress checks	100%	100%*1
	Cigarette smokers	17.5%	10% or less
	Regular exercise	44.3%	At least 50%
	Employees getting sufficient sleep and a balanced diet	69.1%	At least 80%
	Appropriate body weight	62.7%	At least 70%
	Employees leaving work due to injury or illness	0 people	0 people
	Employees missing work due to injury or illness	0 people	0 people
	Highly stressed employees	1.8%	5% or less
	Work Engagement Statu*2	80.4%	90%
Work-related deaths	0 people <input checked="" type="checkbox"/>	0 people*1	

1. Numerical targets for each fiscal year

2. Percentage of employees who responded "yes" or "somewhat" to "my work is rewarding" in stress checks.

indicates data that has been verified by a third party

Critical Issues Related to Employee Health

- Prevention and early detection of lifestyle-related diseases
- Prevention and early detection of mental health problems
- Work environment improvements

Efforts to promote health

- Participation in RIZAP health seminars
- Support for extracurricular activities
- Smoking countermeasures and cessation support
- Online seminars on women's health issues
- Online seminars for improved eating habits

Prevention and early detection of health problems

- Stress check implementation
- e-learning, and other education related to diet, sleep, lifestyle habits and mental health
- Sleep and mindfulness yoga seminars
- Cancer seminars, cancer screening cost burdens

Creating a Comfortable Working Environment

Our head office (Nisshokan) has a multipurpose lounge for breaktime, lunch, internal meetings, and regular business. The lounge also includes health equipment to promote the health of all officers and employees.



Investment in Health Management Measures

Item	FY2022
Medical and health-related expenses (per employee)	60,055 yen

Rating from Outside Bodies

Heiwa Real Estate has been recognized as a Certified Health & Productivity Management Outstanding Organization for 2023 (White 500) in the large enterprise category by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi (Japan Health Conference).

We were also certified as a Sports Yell Company in 2023 by the Japan Sports Agency and as a Tokyo Sports Promotion Company in 2022 by the Tokyo metropolitan government for our efforts to support and promote our employees' sports activities.



Achieving Diverse Workstyles

We strive to realize comfort and affluence by respecting the personalities of each and every employee, rejecting all forms of discrimination and harassment, and securing a working environment that is safe and easy to work in. We are also making efforts to improve work-life balance by promoting work efficiency and reducing overtime hours.

Major Initiatives

Prohibition of Discrimination

Heiwa Real Estate does not discriminate on the basis of nationality, race, gender, age, sexual orientation, disability, beliefs, ideas or religion. In addition, we neither conduct nor permit behaviors that may adversely impact the work environment, including unilateral coercion or solicitation regarding beliefs, ideas or religions.

Prohibition of Harassment

For Heiwa Real Estate, employees and officers are regarded as important partners in the execution of work duties. Accordingly, the Group prohibits sexual harassment, power harassment or any other forms of harassment in recognition of its obligation to maintain orderly and cooperative relations in the workplace.

We have also established official rules prohibiting sexual and power harassment in an effort to prevent workplace harassment.

Promotion of Diversity

Our basic policy is to be inclusive of diversity in terms of gender, age, nationality, values and other characteristics,

to create environments in which all individuals can maximize their capabilities, and to promote the active participation of diverse human resources.

We are working to promote diversity, including the success of women, conduct rigorous evaluations regardless of gender and have set quantitative targets for the ratio of new female hires. (Medium-term management plan KPI: At least 30% new female hires)

Initiatives Supporting Work-Life Balance

- Development of employee childcare support programs (childcare leave program/childcare shortened working hours program/childcare overtime exemption program/childbirth gift money and paid time off)
- Development of employee nursing care support programs (nursing care leave program/nursing care shortened working hours program/nursing care overtime exemption program)
- Enhancement of employee healthcare initiatives (flextime system/telecommuting system/cafeteria plan/summer vacation/extra day-off program/annual paid vacation accumulation system/long-service leave program/hour-based leave system)

KPIs and Track Record Related to Human Resources*

Item	Numeric target	FY2018	FY2019	FY2020	FY2021	FY2021
Female new hires	At least 30%	33.3%	50.0%	100%	33.3%	50.0%
Female employees	-	26.8%	28.3%	31.3%	35.2%	35.4%
Female managers	At least 10% (by FY2025)	5.1%	4.7%	5.0%	5.3%	10.8%
Male employees taking childcare leave	-	-	-	-	-	75.0%

Note: Within the scope of calculation on a non-consolidated basis.

Human Rights and Labor Standards

The Heiwa Real Estate Group regards respect for human rights as one of the foundations of business continuity and complies with laws and regulations related to worker rights in each country where we operate. We also support and respect international norms related to human rights, such as the International Bill of Human Rights comprising the Universal Declaration of Human Rights, the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work, the 10 Principles of the UN Global Compact, and the UN Guiding Principles on Business and Human Rights.

We also promote human rights initiatives, including the Heiwa Real Estate Group Human Rights Policy, formulated in December 2021.

Major Initiatives

- Promulgating corporate policy on labor standards
- Promoting employment of people with disadvantages such as a lack of formal education or qualifications and a vulnerable social status, initiatives aimed at addressing youth unemployment and the provision of apprenticeship and internship opportunities
- Conducting labor issue risk assessments
- Increasing labor force diversity without regard to race,

religion, gender, age, sexual preference, disabilities or nationality, expanding equal opportunities, conducting seminars aimed at eliminating discrimination and facilitating points of contact for inquiries

- Reducing amount of overtime work
- Preventing child labor and forced labor
- Managing wages
- Ensuring diversity
- Building positive labor relations

Strengthening Relationships with Customers and Communities

To realize a sustainable society based on our corporate philosophy, as members of society, everyone at Heiwa Real Estate will contribute to resolving social issues through activities in line with sustainability materiality. We are also making efforts to share information on environmental approaches and targets to the extent possible while building collaborative relationships.

Major Initiatives

Contributing to the Global Financial City: Tokyo Vision

- Developing five FinGATE, office spaces for independent asset management companies and financial venture firms, with 64 companies in occupancy (March 2023)
- Established The Consortium for Japan International Asset Management Center Promotion (JIAM)
- Opened KABUTO ONE (August 2021)

Initiatives for Developing Diverse Districts

- HOTEL K5 was included in MICHELIN Guide Tokyo 2021
- Opened new commercial complexes BANK and Keshiki
- Creating a bustling district with the strategic attraction of commercial stores
- Third consecutive award for Nihonbashi Kabutocho revitalization efforts
- Held "LIVING GREEN FES," and interactive event facilitating enjoyment of the green lifestyle
- Held "Kabutocho Night Market", a walking event enlivening the Nihonbashi Kabutocho area
- Held Tokyo Stock Exchange Jazz event "Jazz EMP@ Tokyo Financial Street 2022" at TSE Arrows



BANK



Keshiki

Initiatives to Develop Sustainable Districts

- Construction of wooden hybrid building KITOKI was completed and received the following awards for opening up new possibilities for the use of wood in urban areas
 - Grand Prize (Governor's Prize) in the Wood City TOKYO Model Architecture Award in 2023
 - Wood Design Award 2022 Honorable Mention (Jury Chairman Award)
 - Good Facilities Using Wood Competition 2022 - Award for Excellence
 - Good Design Award 2022
- Edible KAYABAEN project promotion

In recognition of our urban farming initiative providing participants with knowledge and food, we received the "Excellence Award" in the Urban Space Category at the 3rd Green Infrastructure Awards

Initiatives to Strengthen Relationships in Communities where Heiwa Real Estate Operates

- Participation in the Sanno Festival
- Cleanup events in Nihonbashi Kabutocho
- Trees donated to Chuo Ward for lining streets in Nihonbashi Kayabacho

- Donated trees and plants to Sakamotocho Park in Nihonbashi Kabutocho
- Provided building to be demolished in firefighting training by the Tokyo Fire Department
- Exhibition of the Red Stone from Sado in connection with Old Eiichi Shibusawa
- Operation of CAFE SALVADOR BUSINESS SALON, an information source for local communities
- Operation of the Nihonbashi Kabutocho and Kayabacho community website "Kabuto Live!"
- Special sponsorship of the Hokkaido Marathon 2023
- Donations to the World Aquatics Championships - Fukuoka 2023
- Projection of educational videos on The HEART in cooperation with local police and fire departments
- Provision of classes at Sakamoto Elementary School in conjunction with Edible KAYABAEN



Class provided at Sakamoto Elementary School



Maintaining and Improving the Quality of Office Building Operations

- Conducting customer satisfaction (CS) questionnaire surveys
- First aid certificate obtained by all officers and employees (set as a KPI)
- Disaster preparation and BCP measures
- Holding gatherings for tenants
- Ensuring earthquake resistance of buildings in operation
- Conducted drills at KABUTO ONE to assist people unable to return home when a disaster occurs



Training to assist people unable to return home

PICK UP

Special sponsorship of the Hokkaido Marathon 2023

In supporting athletes and making the tournament more exciting, Heiwa Real Estate, which is promoting the Sapporo Redevelopment Project, will contribute to district revitalization utilizing the power of sport.



Risk Management

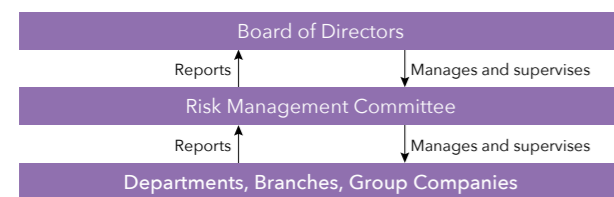
Basic Approach

The Company has a risk management system in place to properly manage and control risks, limit or prevent them from materializing, and minimize damage to management resources and ensure smooth business operations by taking appropriate measures in the event that risks do materialize.

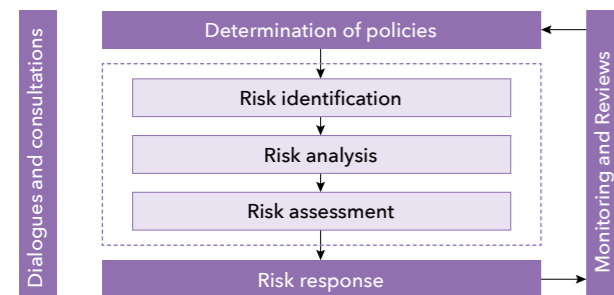
Risk Management System

The Risk Management Committee, chaired by the Representative Director and President, and comprised of executive officers and heads of departments, meets quarterly to identify overall Group risks and respond appropriately when they materialize. The committee identifies risks that have materialized within the Group and deliberates measures aimed at preventing recurrence, reporting important matters to the Board of Directors and other relevant bodies as appropriate. The Heiwa Real Estate Group risk management system is based on the ISO 31000 representative risk management framework.

Schematic Diagram of the Risk Management System



Risk Management Process



Major Risks

In recognition of the critical function risk management plays in Group management, Heiwa Real Estate manages risks by classifying them into the following categories. Of these, risks that pose an especially large risk to Group management and require intensive management are set apart as "monitored risks" and managed accordingly.

- Real estate-related risks
- Legal risks
- Financial risks
- Information security risks
- Labor risks (health and safety)
- Overall management-related risks
- ESG-related risks (climate change, anti-corruption)

We also manage the following risks, with critical matters reported to the Board of Directors for the deliberation of responses.

- Real estate investment risks

Before discussion by the Board of Directors, the Investment Risk Working Group analyzes risks associated with property purchases or sales and reports findings to the Managing Officers' Meeting

- Business Continuity Plan (BCP)

In an effort to mitigate the risk of a Company crisis in emergency situations, we created a manual and conduct regular inspections based on our BCP.

Legal Reserves for Litigation Including Legal Violations and ESG Problems

As of March 31, 2022, there were no significant legal reserves related to fines and settlements likely to be incurred in the future arising FY2021.

Information Security

Positioning the appropriate management of information risks as one of the Company's most important information strategies, we established an information security management system and strive to protect and appropriately manage all information assets in our possession. We maintain internal rules, provide ongoing training and engage in other efforts required to ensure information security in an attempt to improve information literacy among all officers and employees.

We make an effort to implement appropriate countermeasures to secure and safeguard information assets and protect against unauthorized access, destruction, data leaks, spoofing, loss, theft and other threats. In the unlikely event an information asset-related security problem should occur, we will strive to minimize damage, quickly investigate the cause and prevent recurrence.

Compliance

Basic Approach

For the Heiwa Real Estate Group to earn the trust of society and achieve sustainable development, we will maintain a constant awareness of compliance and conduct business in keeping with the Heiwa Real Estate Group Code of Conduct and Standards for Behavior.

Announcement on Stamping Out Misconduct and Strengthening Compliance

Enacted December 2019

1. No growth that compromises trust

The Company's officers and employees shall constantly be aware that stakeholder trust is the platform for, and driver of, growth. These agents of the Company shall work to improve mindsets in order to regain that trust.

2. Stamping out misconduct

The Company's officers and employees shall carry out their duties in accordance with the highest ethical principles and good sense, and stamp out misconduct by pledging to not engage or become involved in any wrongdoings, with a clear distinction between personal interests and company interests.

3. Strengthening compliance further

The Company's officers and employees shall rigorously adhere to the Code of Conduct and the Standards for Behavior for Heiwa Real Estate Group, and shall place the utmost priority on compliance.

Compliance System

The Group has established the Risk Management Committee, a body for sharing, discussing, and controlling compliance and business risks in the Group.

Serious compliance violations and emerging material risks are reported to the Board of Directors and appropriately addressed. The Corporate Planning and General Affairs Department, which serves as committee secretariat, is responsible for coordinating with Group companies and promoting improved compliance and risk management functions across the entire Group.

Note: Please refer to Risk Management System on page 59.

Prevention of Corruption and Bribery

The Group enacted the Code of Conduct and Standards for Behavior, drafting a summary of compliance issues to ensure business activities are conducted in fairness and honesty without violating social norms. We maintain an awareness of the gravity of our social responsibility, thoroughly comply with all laws, regulations and rules, and seek to be a Company with a strong sense of ethics that can maintain social trust.

Our Standards for Behavior prohibit any actions that may appear to be collusion from society's standpoint in our relationships with government and administrative bodies. These Standards prohibit entertainment, gifts and other benefits deviating from social conventions, and concretely define measures to prevent bribery and corrupt behavior in general. Details are published on our intranet and made available to employees at all times.

Compliance Hotline

In addition to establishing an internal reporting system (compliance hotline) based on Internal Reporting Regulations that facilitates the reporting of information pertaining to illegal or inappropriate behavior, the basic policy for establishing an internal control system includes provisions related to the creation of an internal reporting system, which has been approved by the Board of Directors.

The status of internal control system development, including the internal reporting system, is reported to the Board of Directors, which then engages in ongoing supervision.

The Company's internal reporting system designates points of contact that include attorneys who are independent from management, the General Manager of the Internal Audit Department, and full-time Audit Committee members.

The Internal Reporting Regulations include provisions to prohibit the disadvantageous treatment of whistleblowers, and a system is in place to ensure that individuals providing information remain confidential and are not subject to disadvantageous treatment.

In addition to the internal reporting system, the General Affairs Department has established an internal consultation service that provides consultation on a wide range of subjects.

Further, we established External Reporting Regulations and have a system in place to receive reports from business partners pertaining to compliance-related matters involving Heiwa Real Estate officers and employees, with the Company's legal counsel or the General Manager of the Internal Audit Department as points of contact.

Compliance Training

The Group regularly conducts compliance training to enhance compliance awareness among officers and employees. We also promulgate compliance awareness through Company-wide simultaneous compliance inspections, information security and other efforts, and disseminate the results of these inspections throughout the Group.

Combating Anti-Social Forces

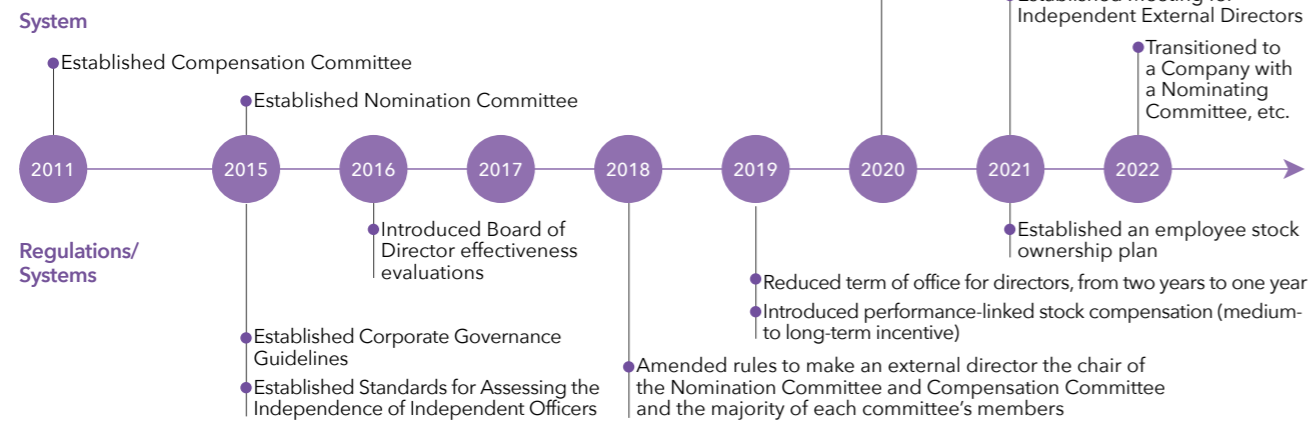
The Company has established a number of policies that clearly demonstrate its firm resolve to combat anti-social forces. These policies can be found in the Code of Conduct, the Standards for Behavior for Heiwa Real Estate Group, the Basic Policy for Building Internal Control Systems and the Regulations for Exclusion of Anti-Social Forces, which are thoroughly inculcated among directors, executive officers and employees.

Corporate Governance

Basic Approach

Heiwa Real Estate considers the enhancement of corporate governance an important business issue. We strengthen Group corporate governance to earn the trust of shareholders and other stakeholders and to manage our businesses fairly and efficiently.

Initiatives to Strengthen Corporate Governance

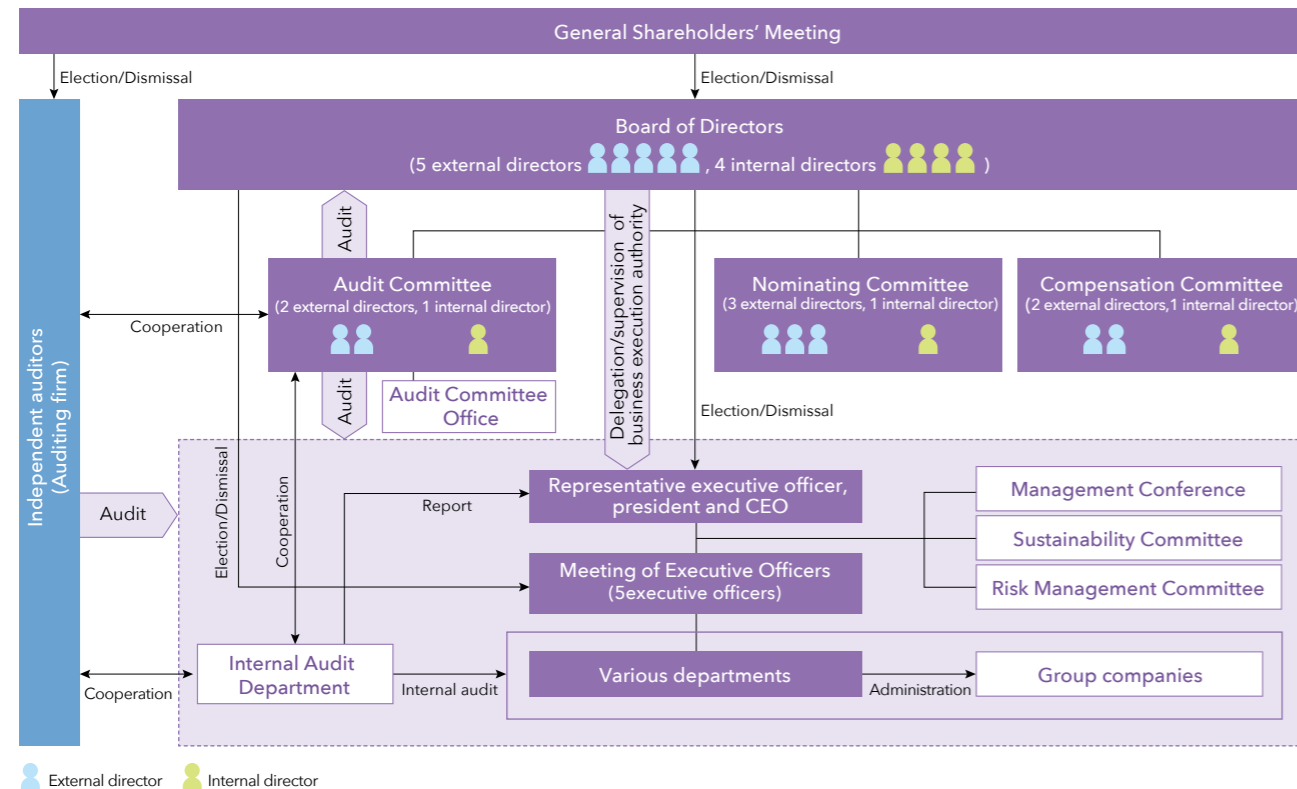


Corporate Governance System

As of June 23, 2023

Transition to a Company with a Nominating Committee, etc.

- External directors comprise a majority of the Board of Directors to ensure appropriate monitoring. Business execution is extensively delegated to executive officers, establishing a system facilitating flexible business advances.
- The Nomination, Audit and Compensation committees are chaired by external directors to ensure the independence and objectivity of each committee.
- Full-time Audit Committee members are selected for the Audit Committee from the perspective of strengthening the auditing function.



External director Internal director

Board of Directors

The Board is composed of nine members (including one female director), chaired by the Director, Representative Executive Officer, President and CEO.

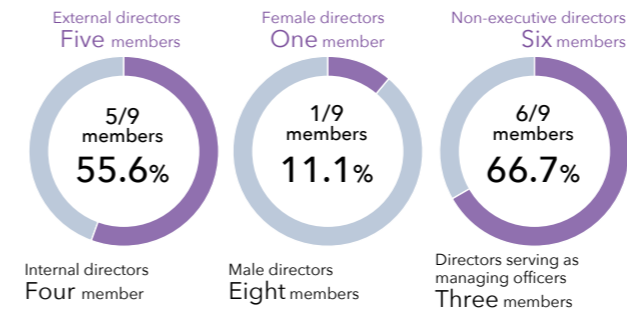
The Board determines basic management policies and supervises the execution of duties by directors and executive officers.

The Board makes decisions on matters specified by laws and regulations and the Regulations of the Board of Directors' Meetings, with the execution of other business delegated to directors.

As stipulated in the Articles of Incorporation, the Board shall have no more than 11 members, with independent external directors comprising a majority of members.

In addition to consideration for gender and other diversity issues and corporate scale when appointing directors, the Company identifies requisite skills in terms of the knowledge, experience and capabilities required to execute management strategy, selecting directors with the appropriate combination of attributes in response to the management environment, business characteristics and other factors. External directors include those with management experience at other companies.

External directors Female directors Non-executive directors

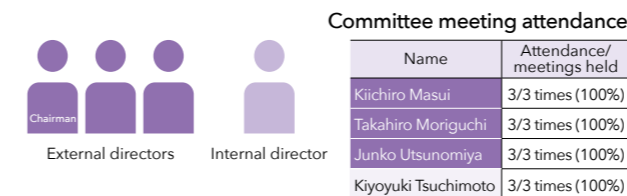


Board of Directors Meeting Attendance

Name	Attendance/ meetings held	Name	Attendance/ meetings held
Kiyoyuki Tsuchimoto	11/11 times (100%)	Kiichiro Masui	11/11 times (100%)
Kazuo Yamada	11/11 times (100%)	Takahiro Moriguchi	11/11 times (100%)
Takahisa Aoyama	9/9 times (100%)*	Junko Utsunomiya	11/11 times (100%)
Daisuke Kobayashi	9/9 times (100%)*	Eiji Yamada	8/9 times (88.9%)*
		Mitsunobu Yamaguchi	9/9 times (100%)*

Note: *Appointed at the Ordinary General Shareholders' Meeting held on June 24, 2022; attendance since assuming office is shown.

Nominating Committee



The Nominating Committee shall comprise three or more members selected by the Board of Directors and chaired by an external director from the standpoint of ensuring independence and objectivity.

The Committee is responsible for determining the content of proposals submitted to the General

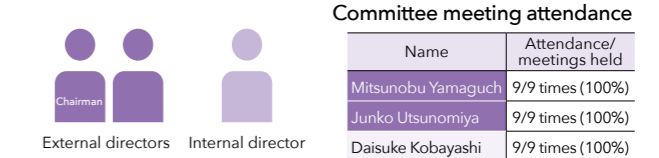
Shareholders' Meeting regarding the appointment and dismissal of directors, as well as formulating the criteria for director appointment and dismissal.

The Committee, in consultation with the Board of Directors and the executive officer, president and CEO, reports its opinions on the appointment and dismissal of executive officers and matters related to Representative Director and President succession planning.

The Company discloses reasons for appointing or dismissing individual directors and statutory officers, and for nominating individual candidates for director positions.

The Nominating Committee met a total of three times in FY2023, determining details of proposals related to director appointments and deliberating executive officer appointments and President and CEO succession plans.

Audit Committee

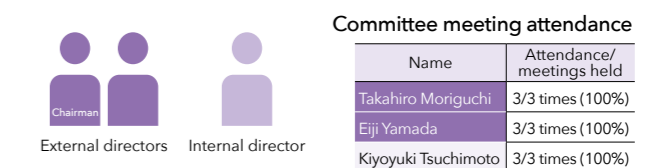


The Audit Committee shall consist of at least three members selected by the Board of Directors and chaired by an external director to ensure independence and objectivity. Committee members are also selected from perspective of strengthening the audit function.

The Committee audits the execution of duties by directors and executive officers, prepares audit reports, and determines the content of proposals concerning the appointment, dismissal and non-reappointment of independent auditors.

The Audit Committee met a total of nine times during FY2023, and based on auditing policy, examined risks and issues in three areas, priority auditing items, regular auditing items, and independent auditing, and conducted auditing activities in conjunction with the Internal Control Department and Internal Audit Department.

Compensation Committee



The Compensation Committee shall consist of at least three members selected by the Board of Directors and chaired by an external director to ensure independence and objectivity.

The Compensation Committee determines policies relating to decisions on the amount of individual compensation for directors and executive officers, and also determines the amount of individual compensation for directors and executive officers.

The Compensation Committee met a total of three times during FY2023 to discuss compensation and bonuses for directors and executive officers, as well as revisions to policies on individual director and other officer compensation and stock compensation rules.

Executive Committee

The Executive Committee is composed of five executive officers, with the Executive Officer, President and CEO managing proceedings. In addition to executing critical operations, the Committee deliberates in advance matters to be submitted to the Board of Directors.

Sustainability Committee

The Sustainability Committee is chaired by the President and CEO and composed of executive officers, corporate officers, and department heads to facilitate the smooth implementation of sustainability initiatives.

The committee monitors the PDCA cycle with regard to sustainability measures to improve the effectiveness of sustainability management.

Director Composition and Skills Matrix

To realize the medium-term management plan Challenge & Progress, we define a skill set comprising corporate management, financial affairs and accounting, legal affairs, international business experience, finance and securities, planning and sales, and DX and IT as the specialized knowledge and experience necessary for the Board of Directors to make appropriate use of its decision-making and management supervision functions.

Director	Term of office	Corporate management	Financial affairs and accounting	Legal affairs	International business experience	Finance and securities	Planning and sales	DX and IT	Committee		
									Nomination	Audit	Compensation
Kiyoyuki Tsuchimoto	6 years	●				●	●		●		●
Kazuo Yamada	12 years	●	●				●				
Takahisa Aoyama	1 year	●	●				●				
Daisuke Kobayashi	1 year	●	●				●			●	
Kiichiro Masui	External, independent	6 years				●	●		★		
Takahiro Moriguchi	External, independent	3 years	●	●	●	●	●		●		★
Junko Utsunomiya	External, independent	3 years		●					●	●	
Eiji Yamada	External, independent	1 year	●				●	●			●
Mitsunobu Yamaguchi	External, independent	1 year		●	●					★	

★ Committee chair Note: This table does not display all skills possessed by directors.

Reasons for Appointment of External Directors

Name	Independent officer	Reasons for appointment
Kiichiro Masui	○	Mr. Masui has abundant experience and deep insight in the world of finance and securities, and plays an appropriate role in advising management and supervising business execution. Additionally, as chairman of the Nominating Committee, he provides opinions on Company officer personnel affairs at Nominating Committee meetings from an objective and neutral standpoint. Mr. Masui was appointed as an external director based on the expectation that he will increase the efficacy of Board of Director and committee meetings and continue contributing to the medium- to long-term enhancement of corporate value as an external director going forward.
Takahiro Moriguchi	○	Mr. Moriguchi has broad knowledge of finance and securities, international business, abundant experience and deep insight as a corporate manager, and plays an appropriate role in advising management and effectively supervising business execution. In addition, as a member of the Nominating Committee and chairman of the Compensation Committee, he provides opinions from an objective and neutral standpoint, including those related to officer personnel affairs and director and officer compensation. Mr. Moriguchi was appointed as an external director based on the expectation that he will increase the efficacy of Board of Director and committee meetings and continue contributing to the medium- to long-term enhancement of corporate value as an external director going forward.
Junko Utsunomiya	○	Ms. Utsunomiya has acquired a high degree of expertise as an attorney, and has abundant experience and deep insight in the field of corporate legal affairs, playing an appropriate role in providing advice to management and supervising the execution of business. As a member of the Nominating Committee and Audit Committee, she provides opinions from an objective and neutral standpoint, including those related to officer personnel affairs, at these committee meetings, and appropriately audits business execution from an independent perspective. Ms. Utsunomiya was appointed as an external director based on the expectation that she will increase the efficacy of Board of Director and committee meetings and continue contributing to the medium- to long-term enhancement of corporate value as an external director going forward.
Eiji Yamada	○	Mr. Yamada has abundant experience and deep insight in the fields of data communications and systems development, and plays an appropriate role in advising management and supervising business execution. In addition, as a member of the Compensation Committee, he provides objective and neutral opinions regarding director and officer compensation and related issues at committee meetings. Mr. Yamada was appointed as an external director based on the expectation that he will increase the efficacy of Board of Director and committee meetings and continue contributing to the medium- to long-term enhancement of corporate value as an external director going forward.
Mitsunobu Yamaguchi	○	Mr. Yamaguchi possesses a high degree of expertise as a certified public accountant and extensive experience in the fields of financial accounting and auditing. In addition to international business experience, he plays an appropriate role in advising management and supervising business execution. Further, as chairman of the Audit Committee, he appropriately audits the execution of business operations from an independent standpoint.

Note: The Company established Standards for Assessing the Independence of Independent Officers to ensure external director independence and neutrality.

Management Conference

The Management Conference is chaired by the President and CEO and composed of titled executive officers. The conference discusses the direction of Company management strategies and other matters.

Risk Management Committee

The Risk Management Committee, is chaired by the President and CEO as the chief risk management officer and composed of directors, managing officers and heads of departments. It was established to ascertain overall Group risks and manage risks appropriately when they manifest.

Director and Officer Compensation

Basic Policy

- (1) Provide motivation to improve business performance and enhance corporate value in the medium and long term;
- (2) Seek shared value with shareholders;
- (3) Establish standards and systems contributing to the retention of talented human resources; and
- (4) Maintain a decision-making process with sufficient transparency and impartiality.

- Officer compensation shall be composed of fixed-amount compensation as basic compensation, bonuses as short-term incentives, and the performance-linked stock compensation plan as a medium- to long-term incentive.
- Directors concurrently serving as executive officers shall only receive as executive officer compensation.
- Compensation for directors (excluding directors concurrently serving as executive officers) and executive officers specially appointed to manage the Audit Committee secretariat shall, in light of their role, consist only of basic compensation.

In addition, Group corporate officer compensation shall follow the compensation system of the Group company for which they are responsible for business execution, with only basic compensation provided by the parent company.

Basic Compensation

- Basic compensation shall be determined based on comprehensive consideration for the significance of roles and the scope of responsibility for each position.
- Basic compensation shall be fixed-amount compensation provided monthly.

Bonuses

- Short-term incentives shall be provided through bonuses paid as cash remuneration in June every year to raise awareness with the aim of improving business performance each fiscal year.
- Bonuses shall be calculated by multiplying the standard amount corresponding to position by a coefficient corresponding to the results for net income attributable to owners of parent, and then adding an amount obtained by multiplying the monthly fixed-amount compensation for that position by a coefficient corresponding to individual and an amount calculated by multiplying monthly fixed compensation for that position by a coefficient corresponding to ESG evaluations. The coefficient for net income attributable to owners of parent shall be a variable determined within the range of 0% to 150%, the coefficient for individual evaluations shall be a variable determined within the range of 0% to 100%, and the coefficient for ESG evaluations shall be a variable determined within the range of -20% to 20%. However, representative executive officer, president and CEO compensation is not based on personal evaluations and associated monthly fixed-amount compensation.
- In the event directors or managing officers are dismissed, or cause damage to the Company through willful misconduct or gross negligence, the Compensation Committee will decide whether to partially reduce or rescind bonuses.
- Bonuses for managing officers shall be determined in accordance with bonuses for directors

Performance-linked Stock Compensation

- Medium- and long-term incentives are provided through performance-linked stock compensation, comprising a fixed-amount portion and a performance-linked portion.
- The fixed-amount portion is determined according to position, and the performance-linked portion is determined according to the achievement of performance targets, stock price and other indicators.
- The fixed-amount portion aims to strengthen the sharing of value with shareholders, and the performance-linked portion aims to provide motivation to improve business performance and enhance corporate value in the medium and long term, in addition to strengthening the link between business performance and compensation.
- Share benefits shall be provided using a trust comprised of common stock, in principle, upon the retirement of the eligible directors and managing officers.

Standards for Calculating Performance-linked Stock Compensation

- The evaluation indices for the performance-linked portion shall be consolidated operating income, which is a concise indication of the earning power of the core business, and total shareholder return (TSR), which indicates the return provided to shareholders as a result of increased corporate value, from the viewpoint of improving business performance over the medium to long term.
- Stock compensation for the performance-linked portion shall be a variable determined within the range of 0% to 150%, corresponding to the achievement of performance targets for consolidated operating income and a comparative assessment of the stock price index for TSR. Details shall be prescribed in stock compensation rules established by Board of Directors resolution.

Director and Officer Compensation Ratio

- The proportion of each type of director remuneration (including executive officers concurrently serving as directors) shall be decided by the Board of Directors in accordance with Compensation Committee reports, taking into account such factors as the remuneration standards of other companies in the same industry, with the following ratios used as an approximate reference when performance targets are achieved.

Item	Fixed-amount compensation	Bonus	Performance-linked stock compensation
Position	Basic compensation	Short-term incentive	Medium- to long-term incentive
Ratio of total compensation (approximate)	55%-60%	25%-30%	15%-20%

- With regard to director compensation (excluding executive officers concurrently serving as directors), the Company has no policy regarding the determination of monetary compensation, performance-linked compensation, or non-monetary compensation amounts as a percentage of individual compensation.

Total Amount of Compensation by Officer Category, Type of Compensation and Number of Eligible Directors and Managing Officers (FY2022)

Category	Total compensation (Millions of yen)	Total compensation by type (Millions of yen)			Persons eligible
		Basic compensation	Performance-linked compensation, etc.	Performance-linked stock compensation	
Directors (including external directors)	93 (39)	93 (39)	-	-	12 (6)
Statutory auditors(including external statutory auditors)	14 (9)	14 (9)	-	-	4 (3)
Managing officers	273	128	112	32	6

Notes: 1. In accordance with a resolution at the 102nd General Shareholders' Meeting held on June 24, 2022, Heiwa Real Estate transitioned from a Company with an Audit & Supervisory Board, to a Company with a Nominating Committee, etc. Regarding the three persons concurrently serving as Executive Officers after the transition, pre-transition compensation is shown under "Directors," and post-transition compensation under "Executive Officers." The number of Directors and compensation do not include one of the three persons concurrently serving as post-transition Executive Officers who was simultaneously appointed Executive Officer and Director with the transition, and therefore received no compensation prior to the transition. The table includes four Directors who retired at the conclusion of the 102nd General Shareholders' Meeting held on June 24, 2022. Further, the amount of compensation for Directors prior to the transition was determined by resolution at the 88th General Shareholders' Meeting held on June 26, 2008, to be within ¥250 million per year (the amount of remuneration for Directors does not include the employee salaries of Directors who serve concurrently as employees), and the amount of compensation for External Directors was set to be within ¥40 million per year by resolution at the 98th Ordinary General Shareholders' Meeting held on June 26, 2018.

2. In accordance with the transition to a Company with a Nominating Committee, etc., four Statutory Auditors retired at the conclusion of the 102nd General Shareholders' Meeting held on June 24, 2022. Compensation for Statutory Auditors covers the period between April 1-June 24, 2022. The pre-transition compensation for Statutory Auditors was set to be within ¥70 million per year by a resolution at the 98th General Shareholders' Meeting held on June 26, 2018 (applicable to four Statutory Auditors when the resolution was approved).

3. Compensation for Executive Officers is applicable to the tenure (June 24, 2022-March 31, 2023) of six Executive Officers appointed after the transition to a Company with a Nominating Committee, etc. Regarding the three persons concurrently serving as Directors after the transition, pre-transition compensation is shown under "Directors," and post-transition compensation under "Executive Officers."

Director Training

The Company provides explanations regarding management strategies and business details and conditions to external directors upon their appointment and by request thereafter for the purpose of increasing their understanding of Company business operations

The Company maintains a support system, including financial assistance, enabling directors to undergo external training as appropriate to obtain the skills and knowledge required of corporate managers to facilitate a better understanding of the roles and duties expected of each director.

Board of Director Effectiveness Evaluations

Each year, Heiwa Real Estate conducts a Board of Directors self-evaluation, and based on the results, the Board discusses ways to improve and strengthen its effectiveness.

FY2021 Board of Director Efficacy Evaluation Results Summary

The Company conducted a self-evaluation of the effectiveness of the Board of Directors in FY2022 targeting directors and statutory auditors. The evaluation results were compiled by the secretariat of the Board of Directors, after which the Board of Directors analyzed and evaluated the effectiveness of the Board of Directors as a whole.

As a result, the Board of Directors was determined to be effective in FY2022, as it continued to utilize free discussions and other approaches to further improve deliberations, including the discussion of medium- to long-term management strategies.

In light of the above evaluation, we will continue to enhance Board of Director efficacy going forward.

Cross-shareholdings

Every year, the Board of Directors verifies the appropriateness of cross-shareholdings held by the Company to deepen business relationships, as well as facilitate financial activities and strengthen business alliances considered beneficial for medium- to long-term business development, with overall consideration of their usefulness in line with the purposes for which they are held, as well as the overall benefits and associated capital costs. As a result of this verification, holdings determined

to be inappropriate will be reduced through disposal by sale after considering share prices and market trends.

The results of said reductions are as follows. As of March 31, 2023, Heiwa Real Estate cross-shareholdings of listed stocks totaled ¥10,779 million (market value).

FY2021: ¥829 million (disposal price)
 FY2022: ¥3,939 million (disposal price)

Shareholder and Investor Initiatives

Disclosure Policy

In accordance with its Disclosure Policy, Heiwa Real Estate discloses accurate information in an impartial and timely manner to facilitate investment decisions among shareholders and investors. In compliance with relevant laws and regulations, the Group proactively provides details on management strategies and financial results, which promotes a better understanding of business activities. The Group also promptly posts information on its website that falls outside the scope of timely disclosure regulations and related laws when said information is deemed useful for investment decisions by shareholders and investors.

Briefing Sessions for Institutional and Individual Investors

We hold briefing sessions primarily for analysts and institutional investors twice a year (end of the second quarter and end of the fiscal year). In addition, we participate in IR fairs and seminars for individual investors to create opportunities for more people to learn about the Heiwa Real Estate Group.



External Ratings of IR Activities

The Company publicly discloses various initiatives on its corporate website. In FY2022, the Company received an overall ranking of Grade AA in the Nikko Investor Relations Co., Ltd., All Japanese Listed Companies' Website Ranking 2022, as well as the Overall IR Website Ranking Silver Prize in the Gómez IR Website Ranking.



Shareholder Bonus Program

Shareholders who hold at least 100 of the Company's shares (one trading unit) as of March 31 of each year are given a gift card worth ¥3,000 for our online catalog. Long-term shareholders are given a gift card worth ¥5,000.

Record date of allotment: March 31 | Granting date: Late June*

Note: Sent together with the notice of year-end dividends after the conclusion of the General Shareholders' Meeting.

TOPICS

Events for Individual Shareholders

We conducted tours of KABUTO ONE, which opened in 2021, as an opportunity to provide shareholders with a deeper understanding of our initiatives.

Although we received more interest than we could accommodate, shareholders selected in an impartial lottery were able to experience Heiwa Real Estate's vision of urban development. We will continue to conduct these tours going forward.

Tour Overview

- Date:** Thursday, February 16, 2023
- Venue:** KABUTO ONE and the area targeted in urban development
- Details:** Company overview provided by President and CEO Tsuchimoto Tour of KABUTO ONE facilities (including walk through surrounding streets) Tour includes lunch and souvenirs (provided for free)
- Participants:** Approximately 40 people



Management Team (As of June 23, 2023)

Directors



Kiyoyuki Tsuchimoto
 Director, Representative Executive Officer, President and CEO
 Nominating Committee Member
 Compensation Committee Member

Apr. 1982 Joined Tokyo Stock Exchange, Inc. (TSE)
 Jun. 2013 Managing Director of TSE
 Jun. 2014 Director and Senior Executive Officer of TSE
 Apr. 2016 Director and Executive Vice President of TSE
 Jun. 2017 Director of Heiwa Real Estate Co., Ltd. (the Company) (current position)
 Managing Senior Executive Officer of the Company
 In charge of Real Estate Marketing Department of the Company
 Jun. 2018 In charge of Office Building Development Department of the Company
 May 2019 Representative Director of the Company
 Acting President of the Company
 Dec. 2019 Representative Director and President of the Company
 Chief Executive Officer of the Company
 Jun. 2022 Representative Executive Officer, President and CEO of the Company (current position)



Kazuo Yamada
 Director, Representative and Senior Managing Executive Officer
 Assistant to the President

Apr. 1980 Joined Heiwa Real Estate Co., Ltd. (the Company)
 Dec. 2004 General Manager of Building Department of the Company
 Jul. 2006 General Manager of Office Building Development Department and Manager of Sapporo Branch of the Company
 Apr. 2007 General Manager of Finance Department of the Company
 Jun. 2009 Managing Officer of the Company
 Jun. 2010 Deputy General Manager of General Affairs Headquarters, and Group Leader of Planning Finance of the Company
 Jun. 2011 Director of the Company (current position)
 Managing Executive Officer of the Company
 General Manager of General Affairs and Planning Headquarters of the Company
 Jun. 2014 In charge of Real Estate Solutions Department of the Company
 Jun. 2016 In charge of Development Planning Department (Development) of the Company
 Jun. 2018 In charge of Development Promotion Department (Development) of the Company
 Jun. 2020 Senior Managing Executive Officer of the Company In charge of Development Promotion Department (current position) and Real Estate Investment Department of the Company (current position)
 Jun. 2022 Representative and Senior Managing Executive Officer, Assistant to the President of the Company (current position)
 Jun. 2023 In Charge of Community Co-Creation Department (current position)



Kiichiro Masui
 External Director
 Nominating Committee Chair

Apr. 1973 Entered the Ministry of Finance
 Jun. 2000 Director-General of Kinki Local Finance Bureau
 Jul. 2003 Director-General of the Planning and Coordination Bureau of the Financial Services Agency
 Sep. 2005 Senior Managing Director of Japan Securities Dealers Association (JSDA)
 May 2006 Vice-Chairman and Senior Managing Director of JSDA
 Jul. 2008 Vice-Chairman of JSDA
 Jun. 2012 Director of the Tokyo Shoken Building Incorporated
 Jul. 2013 Chairman of the Japan Investor Protection Fund
 Jun. 2014 Chairman of the Board of the Japan Securities Research Institute (current position)
 Jun. 2016 Outside Director of Japan Credit Rating Agency, Ltd. (current position)
 Jun. 2017 External Director of Heiwa Real Estate Co., Ltd. (the Company) (current position)
 Jun. 2022 Outside Director of AIZAWA SECURITIES GROUP CO., LTD. (current position)



Takahiro Moriguchi
 External Director
 Nominating Committee Member
 Compensation Committee Chair

Apr. 1967 Joined the Bank of Tokyo, Ltd. (currently MUFG Bank, Ltd.)
 Jun. 1995 Member of the Board of Directors of the Bank of Tokyo, Ltd. Director and Vice-President of Union Bank
 Apr. 1996 Member of the Board of Directors of the Bank of Tokyo-Mitsubishi, Ltd. (currently MUFG Bank, Ltd.)
 May 1997 President of UnionBanCal Corporation
 President of Union Bank of California
 Jun. 2000 Managing Director of the Bank of Tokyo-Mitsubishi, Ltd. (BTM) (currently MUFG Bank, Ltd.)
 Jul. 2001 Managing Director, General Manager of Treasury Division and E-Commerce Promotion Division of BTM
 May 2003 Representative Director, Deputy President, and General Manager of Global Banking Operations Division of BTM
 May 2004 Representative Director, Deputy President, and general operations manager of BTM
 Jun. 2005 Advisor of BTM
 Jan. 2006 Advisor of the Bank of TokyoMitsubishi UFJ, Ltd. (currently MUFG Bank, Ltd.)
 Feb. 2006 Chairman of J.P. Morgan Securities Asia Pte. Limited Tokyo Branch (currently JPMorgan Securities Japan Co., Ltd.)
 Apr. 2006 Chairman of JPMorgan Securities Japan Co., Ltd. (JPMSJ)
 Jun. 2006 Representative Director, Chairman, CEO and President of JPMSJ
 Sep. 2007 Representative Director and Chairman of JPMSJ
 Jul. 2016 Senior Advisor of JPMSJ
 Jun. 2020 External Director of Heiwa Real Estate Co., Ltd. (the Company) (current position)



Takahisa Aoyama
 Director
 Executive Officer

Apr. 1993 Joined Heiwa Real Estate Co., Ltd. (the Company)
 Jun. 2014 General Manager of Finance Department of the Company
 Jun. 2017 General Manager of Real Estate Marketing Department of the Company
 Jun. 2018 General Manager of Office Building Department of the Company
 Jun. 2020 Managing Officer of the Company
 In charge of Real Estate Investment Department of the Company
 General Manager of Real Estate Investment Department of the Company
 Jun. 2022 Director of the Company (current position)
 In charge of Corporate Planning and General Affairs Department, Finance Department and Legal Office of the Company
 General Manager of Corporate Planning and General Affairs Department, and Legal Office of the Company
 Apr. 2023 In charge of Corporate Planning Department, General Affairs Department and Finance Department of the Company (current position)
 General Manager of Corporate Planning Department of the Company (current position)



Daisuke Kobayashi
 Director
 Full-time Audit Committee Member

Apr. 1993 Joined Heiwa Real Estate Co., Ltd. (the Company)
 Aug. 2006 General Affairs Department and IR Office of the Company
 Jun. 2013 Manager of Nagoya Branch, Leasing Headquarters of the Company
 Jun. 2020 Seconded to HEIWA REAL ESTATE Asset Management CO., LTD., Director, Business Planning Division General Manager
 Jun. 2022 Director of the Company (current position)



Junko Utsunomiya
 External Director
 Nominating Committee Member
 Audit Committee Member

Apr. 2000 Registered as a lawyer and joined the law firm Nagashima, Ohno & Tsunematsu
 Oct. 2007 Seconded to the Tokyo Stock Exchange, Inc. (TSE)
 Nov. 2011 Founded Utsunomiya Law Office
 Jun. 2012 External Statutory Auditor of Start Today Co., Ltd. (currently ZOZO, Inc.) (current position)
 Apr. 2013 Outside Corporate Auditor of Solasto Corporation
 Sep. 2013 Outside Director of Adventure Inc.
 Feb. 2018 Founding partner of Utsunomiya & Shimizu and Haruki Management Legal Office (current position)
 Oct. 2018 Outside Audit & Supervisory Board Member of RAKSUL INC.
 Oct. 2019 Outside Director, Audit and Supervisory Committee Member of RAKSUL INC. (current position)
 Jun. 2020 External Director of Heiwa Real Estate Co., Ltd. (the Company) (current position)
 Mar. 2021 Outside Director (Audit & Supervisory Committee Member) of PeptiDream Inc. (current position)



Eiji Yamada
 External Director
 Compensation Committee Member

Apr. 1978 Joined Nippon Telegraph and Telephone Public Corporation (currently Nippon Telegraph and Telephone Corporation)
 Jun. 2005 Senior Vice President of NTT DATA Corporation
 Jun. 2011 Director and Executive Vice President of NTT DATA Corporation
 Jun. 2012 Representative Director and Senior Executive Vice President of NTT DATA Corporation
 Jun. 2015 Advisor of NTT DATA Corporation (retired in June 2017) President and Representative Director of Japan Information Processing Service Co., Ltd. (retired in June 2021)
 Jun. 2017 Outside Director of The Chiba Kogyo Bank, Ltd. (current position)
 Jun. 2021 Advisor of Japan Information Processing Service Co., Ltd. (current position)
 External Director of Kyokuyo Co., Ltd. (current position)
 External Director of Heiwa Real Estate Co., Ltd.
 Jun. 2022 External Director of Heiwa Real Estate Co., Ltd. (the Company) (current position)

Executive Officers

Representative Executive Officer, President and CEO Kiyoyuki Tsuchimoto
 Representative and Senior Managing Executive Officer Kazuo Yamada
 Managing Executive Officer Tomoharu Nakao
 Executive Officer Nobuhiro Seo
 Executive Officer Takahisa Aoyama

Assistant to the President, in charge of Development Promotion Department and Community Co-Creation Department
 In charge of Office Building Development Department
 In charge of Real Estate Investment Department
 In charge of Corporate Planning Department, General Affairs Department and Finance Department

Managing Officers

Managing Officer Naoyuki Matsumoto
 Managing Officer Kiichi Kikuchi
 Managing Officer on Special Appointment Shosaku Shimomura
 Group Director Hiroki Mizuta

In charge of Finance Department, General Manager of Finance Department
 In charge of General Affairs Department and Legal Office General Manager of General Affairs Department and Legal Office
 In charge of Audit Committee Office



Mitsunobu Yamaguchi
 External Director
 Audit Committee Chair

Sep. 1983 Joined Tetsuzo Ota & Co. (currently Ernst & Young ShinNihon LLC)
 Aug. 1987 Registered as a Certified Public Accountant
 Jul. 1996 Assigned to Detroit offices of Ernst & Young in the United States
 May 2001 Employee of Century Ota Showa & Co. (currently Ernst & Young ShinNihon LLC)
 May 2007 Representative of ShinNihon LLC (currently Ernst & Young ShinNihon LLC) (retired due to retirement age in June 2020)
 Jul. 2020 Established Mitsunobu Yamaguchi CPA Office, Head (current position)
 Jun. 2021 Outside Audit & Supervisory Board Member of MEITEC CORPORATION (current position)
 Jun. 2022 External Director of Heiwa Real Estate Co., Ltd. (the Company) (current position)

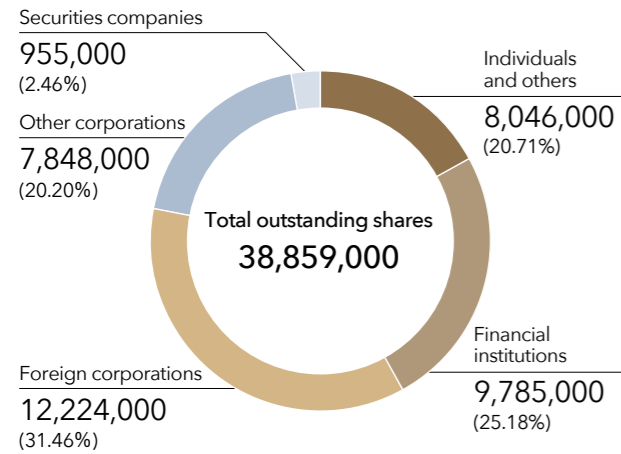


Stock Information (As of March 31, 2023)

Status of Shares

Total authorized shares: 110,000,000 shares
 Total outstanding shares: 38,859,996 shares
 Number of shareholders: 20,434

Distribution of Shares by Shareholder Category



Major Shareholders (Top 10)

Name	Number of shares (Thousands)	Percentage of total equity (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	4,673	13.00
Mitsubishi Estate Co., Ltd.	4,274	11.89
CGML PB CLIENT ACCOUNT / COLLATERAL	3,900	10.85
Custody Bank of Japan, Ltd. (Trust Account)	3,256	9.05
STATE STREET BANK AND TRUST COMPANY 505001	688	1.92
Taisei Corporation	532	1.48
STATE STREET BANK WEST CLIENT - TREATY 505234	503	1.40
Resona Bank, Limited	445	1.24
JP MORGAN CHASE BANK 385781	433	1.21
Sumitomo Mitsui Banking Corporation	402	1.12

1. Percentage of total equity calculated after deducting the number of shares held by the Company as treasury stock (2,898,000 shares) from total outstanding shares.
 2. The list of Major Shareholders above excludes 2,898,000 shares held by the Company in the form of treasury stock. 175,000 shares held by Custody Bank of Japan, Ltd. (Trust Account) as assets in trust for the Company's director, officer and employee stock compensation plans are not included in treasury stock.

Trends in Share Price (From April 2010 to March 2023/monthly)



Notes: Prices at month-end.
 Amounts shown take into account the effect of a five-to-one share consolidation executed on October 1, 2012.

Corporate Website

Home Page



<https://www.heiwa-net.co.jp/en/>



IR Information



<https://www.heiwa-net.co.jp/en/ir/>



Sustainability



<https://www.heiwa-net.co.jp/en/sustainability/>



Corporate Information (As of March 31, 2023)

Corporate Profile

Commercial name HEIWA REAL ESTATE CO., LTD.
Established July 1947
Representative Kiyoyuki Tsuchimoto
 Representative Executive Officer, President and CEO
Head office 1-10, Nihonbashi Kabutocho, Chuo-ku, Tokyo 103-8222, Japan
Branches Osaka Branch, Nagoya Branch, Fukuoka Branch, Sapporo Branch
Capital ¥21,492 million
URL <https://www.heiwa-net.co.jp/en/>
Listed exchanges Tokyo Stock Exchange (Prime Market), Nagoya Stock Exchange (Premier Market), Fukuoka Stock Exchange, and Sapporo Securities Exchange
Securities code 8803
Businesses

- Building Business
 Development, leasing, management, buying and selling of stock exchange buildings, office buildings, commercial facilities and residential buildings.
- Asset Management Business
 Asset management, real estate brokerage and other business activities conducted by HEIWA REAL ESTATE REIT, Inc.

Employees 96 (non-consolidated)/253 (consolidated)

Branch Locations

Osaka Branch 5-5, Kitahama 1-chome, Chuo-ku, Osaka 541-0041, Japan
Nagoya Branch 8-21, Sakae 3-chome, Naka-ku, Nagoya 460-0008, Japan
Fukuoka Branch 14-2, Tenjin 2-chome, Chuo-ku, Fukuoka 810-0001, Japan
Sapporo Branch 1, Odori-nishi 4-chome, Chuo-ku, Sapporo 060-0042, Japan

Group Companies

Heiwa Real Estate Property Management Co., Ltd.
 Heiwa Real Estate Asset Management Co., Ltd.
 The Tokyo Shoken Building Incorporated
 Housing Service Co., Ltd.

Organization (As of April 1, 2023)

