

(Security Code 8803)

Year Ended March 31, 2022

**NOTICE CONCERNING THE CONVOCATION OF
THE 102nd ORDINARY GENERAL SHAREHOLDERS' MEETING**

Date of the Meeting: June 24, 2022 (Friday), 10:00 a.m.

(reception starts at 9:00 a.m.)

Place of the Meeting: KABUTO ONE 4F, HALL & CONFERENCE hall

7-1, Nihonbashi Kabutocho, Chuo-ku, Tokyo, Japan

(Since the venue is different from last year, please see the guide map of the venue at the end of this document.) (Japanese only)

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Heiwa Real Estate Co., Ltd.

Security Code 8803
May 31, 2022

To the Shareholders
of Heiwa Real Estate Co., Ltd.

Dear Shareholders:

NOTICE CONCERNING THE CONVOCAION OF THE
102nd ORDINARY GENERAL SHAREHOLDERS' MEETING

We are pleased to inform you that the 102nd Ordinary General Shareholders' Meeting (the "Meeting") of Heiwa Real Estate Co., Ltd. (the "Company") will be held as specified in the attached notice.

We would appreciate it if you would exercise your voting rights in advance in writing or via the Internet, etc. and not attend the Meeting in order to prevent the spread of the novel coronavirus infection (COVID-19) and secure your safety.

We would appreciate your review of the following attached Reference Documents for the General Shareholders' Meeting and your exercise of the voting rights in advance by 5:00 p.m., Thursday, June 23, 2022.

Yours faithfully,

Kiyoyuki Tsuchimoto
Representative Director and President
Heiwa Real Estate Co., Ltd.
1-10, Nihonbashi Kabutocho,
Chuo-ku, Tokyo (103-8222)
Japan

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

NOTICE

If you cannot attend the meeting, you can exercise your voting rights in writing or by electronic method (the Internet, etc.). We would appreciate your review of the following attached Reference Documents for the General Shareholders' Meeting and your exercise of the voting rights by 5:00 p.m., Thursday, June 23, 2022.

1. Date of the Meeting: June 24, 2022 (Friday), 10:00 a.m. (reception starts at 9:00 a.m.)
 2. Place of the Meeting: KABUTO ONE 4F, HALL & CONFERENCE hall
7-1, Nihonbashi Kabutocho, Chuo-ku, Tokyo, Japan
(Since the venue is different from last year, please see the guide map of the venue at the end of this document.)
(Japanese only)
 3. Items on Meeting Agenda
 - Items to be reported:
 - 1 The Business Report, the Consolidated Financial Statements, and the Non-consolidated Financial Statements for the 102nd fiscal year from April 1, 2021 to March 31, 2022; and
 - 2 Independent Auditor's Report of Consolidated Financial Statements and Audit Report of Consolidated Financial Statements by the Board of Statutory Auditors for the 102nd fiscal year.
 - Items to be voted upon:
 - Agenda Item No. 1: Proposed Appropriation of Surplus
 - Agenda Item No. 2: Partial Amendments to the Articles of Incorporation
 - Agenda Item No. 3: Assignation of Nine Directors
- If any major changes occur in the operation of the Meeting due to future circumstances, we will announce them on the Company's website (<https://www.heiwa-net.co.jp/en/ir/stock/meeting.html>).

Guide for Exercising Your Voting Rights

The exercise of voting rights is a shareholder privilege.

You can exercise your voting rights by one of the following methods.

We would appreciate your review of the Reference Documents for the General Shareholders' Meeting and your exercise of the voting rights.

Exercise of Voting Rights via the Internet

Please enter your vote for each agenda on the voting site designated by the Company.

Deadline for voting

The votes must be received by 5:00 p.m., Thursday, June 23, 2022

Exercise of Voting Rights by Mail

Please indicate your vote for or against each of the agendas on the enclosed attendance sheet and return the sheet.

Deadline for voting

The sheet must be received by 5:00 p.m., Thursday, June 23, 2022

Exercise of Voting Rights by Attending the Meeting

Please bring the enclosed attendance sheet and submit it at the reception desk.

Date of the meeting

June 24, 2022 (Friday), 10:00 a.m.

[Treatment of the Exercise of Voting Rights]

If you submit the attendance sheet without indicating your vote for or against an agenda item, you will be deemed to have approved that agenda item.

(If you are attending the meeting, please submit the enclosed attendance sheet at the reception desk, without separating it from the proxy forms. For the purpose of saving resources, you are also requested to bring this Notice with you to the meeting.)

(Among the documents to be provided upon the notification of convocation, STOCK ACQUISITION RIGHTS, ESTABLISHMENT OF A CORPORATE STRUCTURE TO ENSURE THE PROPER CONDUCT OF BUSINESS AND THE STATUS OF ITS OPERATIONS, and BASIC PRINCIPLES ON IDEAL PERSON WHO HAS CONTROL OVER DECISIONS ON THE COMPANY'S FINANCIAL AND BUSINESS POLICIES in the Business Report, CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS and NOTES TO CONSOLIDATED FINANCIAL STATEMENTS in the Consolidated Financial Statements, NON-CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS and NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS in the Non-consolidated Financial Statements are disclosed on the Company's website on the Internet (<https://www.heiwa-net.co.jp/en/ir/stock/meeting.html>) in accordance to laws and regulations and the provisions of Article 16 of the Articles of Incorporation of the Company. Please note that the Attached Documents provided with this Notice formed part of the Consolidated Financial Statements and Non-consolidated Financial Statements audited by the Independent Auditor and also formed part of the Business Report and the Consolidated Financial Statements and Non-consolidated Financial Statements audited by the Statutory Auditors.

(If any modifications are made to the Reference Documents for the General Shareholders' Meeting, the Business Report, the Consolidated Financial Statements, and the Non-consolidated Financial Statements, the details will be published on the Company's website at <https://www.heiwa-net.co.jp/en/ir/stock/meeting.html>)

(The contents of the Notice were disclosed on the Company's website at <https://www.heiwa-net.co.jp/en/ir/stock/meeting.html> prior to the delivery of this Notice, for the purpose of early provision of information.)

REFERENCE DOCUMENTS FOR
THE GENERAL SHAREHOLDERS' MEETING

Agenda Item No. 1: “Proposed Appropriation of Surplus”

When returning profits to shareholders, it is assumed that the Company will secure the internal reserves necessary to enhance our shareholder value through the stable development of the redevelopment business, the building business, and other businesses of the Company over the long term. We make it a basic policy to return profits to shareholders with a target consolidated total return ratio of around 70% for the period from fiscal 2020 to fiscal 2023, taking into consideration the level of returns on business investments, and maintaining an awareness of the cost of capital and capital efficiency.

The Company wishes to propose a year-end dividend for the current term by comprehensively considering the above-mentioned policy, the business results for the current term, future business development, and other factors.

Matters regarding year-end dividend

(1) Type of dividends

Cash

(2) Matters related to allotment of dividends and the aggregate amount thereof

¥54 per share of the Company's common stock Total amount ¥1,976,938,758

(Note) The annual dividend for this fiscal term, together with the interim dividend of ¥ 41, will be ¥95 per share, an increase of ¥18 from the annual dividend of the previous fiscal year.

(3) Effective date of appropriation of surplus

June 27, 2022

Agenda Item No. 2: “Partial Amendments to the Articles of Incorporation”

1. Reasons for the proposal

- (1) The Company has decided to transition to a company with nomination committee, etc. aiming at strengthening of the supervisory function of the Board of Directors by separating supervision and business execution, clarifying responsibilities and authorities over business execution and agile management promotion, improving management transparency and objectiveness by statutory Nomination, Audit, and Compensation committees, and building a governance system from a global perspective. As a result, necessary changes will be made, such as the addition of provisions for each committee and executive officer, and the deletion of provisions for statutory auditors and the Board of Statutory Auditors.

In addition, in order to enable flexible execution of the capital policy and dividend policy, provisions that allow dividends of surplus, etc. to be paid by a resolution of the Board of Directors pursuant to the provisions of Article 459(1) of the Companies Act will be newly established.

It shall be noted that among the proposed amendments to the Articles of Incorporation, for new establishment of provisions that allow the directors and executive officers to be exempted of liability within the limits stipulated by law (Article 26, Paragraph 1 and Article 35 of the proposed amendments), the consent of each statutory auditor has been obtained.

- (2) As the revised provisions set forth in the proviso of Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) will come into effect on September 1, 2022, in order to prepare for the introduction of the electronic provision system of materials for General Meetings of Shareholders of the Company, the Articles of Incorporation of the Company shall be amended as follows.
- i) Article 16, Paragraph 1 of the proposed amendment stipulates that electronic provision measures will be used for the information contained in the reference documents for the General Meeting of Shareholders.
 - ii) Article 16, Paragraph 2 of the proposed amendment establishes provisions to limit the scope of matters to be stated in documents to be delivered to the shareholders who have requested written delivery.
 - iii) The provisions on disclosure on the Internet and deemed provision of reference documents for General Meetings of Shareholders (Article 16 of current Articles of Incorporation) will be no longer necessary and will be deleted.
 - iv) As a result of the above-mentioned new establishment and deletion, supplementary provisions regarding the effective date, etc. will be established.
- (3) In addition, the number of articles will be adjusted due to each of the above changes.

2. Details of amendments

The details of the proposed amendments are as follows.

Amendment of the Articles of Incorporation in this Agenda shall come into effect at the conclusion of this General Meeting of Shareholders. However, deletion of Article 16 of the current Articles of Incorporation and new establishment of Article 16 of the proposed amendment shall come into effect on the dates specified in Article 1 of the supplementary provisions.

(Underlined parts indicate the amended parts)

Current Articles of Incorporation	Proposed Amendment
<p style="text-align: center;">Chapter 1 General Rules</p> <p>(Organs) Article 4 The Company shall have the following organs in addition to the General Meetings of Shareholders and directors. (1) Board of Directors (2) <u>Statutory Auditor</u> (3) <u>Board of Statutory Auditors</u> (4) Independent Auditor</p> <p style="text-align: center;">Chapter 2 Shares</p> <p>(Administrator of Shareholder Registry) Article 11 The Company shall appoint an Administrator of Shareholder Registry. 2. Administrator of Shareholder Registry and place of administration of affairs shall be determined by resolution of the Board of Directors and the Company shall give public notice of such. 3. (Omitted)</p> <p>(Share Handling Regulations) Article 12 Shares of the Company and service charges related thereto shall be handled in accordance with the laws and regulations or the Articles of Incorporation of the Company, as well as the Share Handling Regulations stipulated <u>at</u> Board of Directors' meetings.</p>	<p style="text-align: center;">Chapter 1 General Rules</p> <p>(Organs) Article 4 The Company shall have the following organs in addition to the General Meetings of Shareholders and directors. (1) Board of Directors (2) <u>Nomination Committee, Audit Committee and Compensation Committee</u> (3) <u>Executive Officer</u> (4) Independent Auditor</p> <p style="text-align: center;">Chapter 2 Shares</p> <p>(Administrator of Shareholder Registry) Article 11 The Company shall appoint an Administrator of Shareholder Registry. 2. Administrator of Shareholder Registry and place of administration of affairs shall be determined by resolution of the Board of Directors <u>or by the executive officer who receives delegation by resolution of the Board of Directors</u>, and the Company shall give public notice of such. 3. (Same as present)</p> <p>(Share Handling Regulations) Article 12 Shares of the Company and service charges related thereto shall be handled in accordance with the laws and regulations or the Articles of Incorporation of the Company, as well as the Share Handling Regulations stipulated at Board of Directors' meetings <u>or by the executive officer who receives delegation by resolution of the Board of Directors</u>.</p>

Current Articles of Incorporation	Proposed Amendment
<p data-bbox="263 248 805 277">Chapter 3 General Meeting of Shareholders</p> <p data-bbox="244 309 825 405">(Convenor and Chairperson) Article 15 The <u>president shall call and chair the General Meeting of Shareholders.</u></p> <p data-bbox="244 535 825 658"><u>2. If the President is unable to act, another director shall, in the order previously specified by the Board of Directors, call and chair such meeting.</u></p> <p data-bbox="496 663 571 692">[New]</p> <p data-bbox="244 949 825 1046"><u>(Disclosure on the Internet and Deemed Provision of Reference Documents for General Meetings of Shareholders)</u></p> <p data-bbox="244 1050 825 1395"><u>Article 16 When convening a General Meeting of Shareholders, the Company may disclose the information related to matters to be stated or displayed in the reference documents for the General Meeting of Shareholders, business reports, financial statements and consolidated financial statements, by means of the Internet in accordance with the Ordinance of the Ministry of Justice, and thereby it can be regarded as having been provided to shareholders.</u></p> <p data-bbox="496 1473 571 1503">[New]</p>	<p data-bbox="869 248 1412 277">Chapter 3 General Meeting of Shareholders</p> <p data-bbox="850 309 1431 530">(Convenor and Chairperson) Article 15 The <u>director specified in advance by the Board of Directors shall call the General Meeting of Shareholders. If the relevant director is unable to act, another director shall, in the order previously specified by the Board of Directors, call such meeting.</u></p> <p data-bbox="1083 535 1195 564">[Deleted]</p> <p data-bbox="850 663 1431 913"><u>2. The director or the executive officer specified in advance at the Board of Directors shall chair the General Meeting of Shareholders. If the relevant director or the executive officer is unable to act, another director or executive officer shall, in the order previously specified by the Board of Directors, act as the chairperson.</u></p> <p data-bbox="1083 949 1195 978">[Deleted]</p> <p data-bbox="850 1473 1431 1570"><u>(Electronic Provision Measures of Reference Documents for General Meetings of Shareholders, etc.)</u></p> <p data-bbox="850 1574 1431 1760"><u>Article 16 When calling a General Meeting of Shareholders, the Company shall take electronic provision measures regarding the information contained in the reference documents for the General Meeting of Shareholders.</u></p> <p data-bbox="850 1765 1431 1951"><u>2. The Company shall not be required to describe all or part of the matters for electronic provision measures specified by the Ordinance of the Ministry of Justice in the document to be delivered to the shareholders who requested the document issuance.</u></p>

Current Articles of Incorporation	Proposed Amendment
<p data-bbox="268 241 799 275">Chapter 4 Directors and Board of Directors</p> <p data-bbox="244 309 363 338">(Number)</p> <p data-bbox="244 342 823 405">Article 19 The Company shall have up to <u>ten (10)</u> directors.</p> <p data-bbox="244 439 823 501"><u>(Representative Director and Director with Title)</u></p> <p data-bbox="244 506 823 568">Article 22 <u>The Board of Directors shall elect a representative director by resolution.</u></p> <p data-bbox="244 573 823 636">2. <u>The Board of Directors may appoint one (1) president by resolution.</u></p> <p data-bbox="244 678 823 741">(Convenor and Chairperson of Board of Directors' Meetings)</p> <p data-bbox="244 745 823 837">Article 23 The <u>president</u> shall call and chair Board of Directors' meetings unless otherwise provided for in the laws and regulations.</p> <p data-bbox="244 880 823 994">2. If the <u>president</u> is unable to act, another director shall, in the order previously specified by the Board of Directors, call and chair such meeting.</p> <p data-bbox="244 1066 823 1128">(Notices of Calling Board of Directors' Meetings)</p> <p data-bbox="244 1133 823 1285">Article 24 A notice of calling a Board of Directors' meeting shall be issued to each director <u>and each statutory auditor</u> by three (3) days in advance of the meeting date. However, in emergencies such period may be shortened.</p> <p data-bbox="244 1290 823 1413">2. When there is consent from all of the directors <u>and the statutory auditors</u>, Board of Directors' meetings may be held without calling procedures.</p> <p data-bbox="244 1447 624 1476">Article 25-Article 26 (Omitted)</p> <p data-bbox="244 1509 501 1538"><u>(Compensation, etc.)</u></p> <p data-bbox="244 1543 823 1733">Article 27 <u>Compensation, bonuses and other property benefits received from the Company in consideration for the execution of duties for directors ("compensation, etc.") shall be determined by resolution of the General Meetings of Shareholders.</u></p> <p data-bbox="244 1783 823 1845"><u>(Agreement Limiting Liability with Directors)</u></p> <p data-bbox="244 1850 568 1879">Article 28 [New]</p>	<p data-bbox="873 241 1410 275">Chapter 4 Directors and Board of Directors</p> <p data-bbox="849 309 968 338">(Number)</p> <p data-bbox="849 342 1434 405">Article 19 The Company shall have up to <u>elev<u>en</u> (11)</u> directors.</p> <p data-bbox="1083 439 1198 468">[Deleted]</p> <p data-bbox="849 678 1434 741">(Convenor and Chairperson of Board of Directors' Meetings)</p> <p data-bbox="849 745 1434 869">Article 22 The <u>director specified in advance by the Board of Directors</u> shall call and chair the Board of Directors' meetings unless otherwise provided for in the laws and regulations.</p> <p data-bbox="849 880 1434 1028">2. If the <u>director specified pursuant to the preceding paragraph</u> is unable to act, another director shall, in the order previously specified by the Board of Directors, call and chair such meeting.</p> <p data-bbox="849 1066 1434 1128">(Notices of Calling Board of Directors' Meetings)</p> <p data-bbox="849 1133 1434 1285">Article 23 A notice of calling a Board of Directors' meeting shall be issued to each director by three (3) days in advance of the meeting date. However, in emergencies such period may be shortened.</p> <p data-bbox="849 1319 1434 1413">2. When there is consent from all of the directors, Board of Directors' meetings may be held without calling procedures.</p> <p data-bbox="849 1447 1334 1476">Article 24-Article 25 (Same as present)</p> <p data-bbox="1083 1509 1198 1538">[Deleted]</p> <p data-bbox="849 1783 1334 1812"><u>(Exemption of Directors from Liability)</u></p> <p data-bbox="849 1816 1434 2029">Article 26 <u>The Company may exempt directors (including ex-directors) from liability for damages due to neglect of the duties to the extent allowed by the laws and regulations by resolution of the Board of Directors, in accordance with the provisions of Article 426 (1) of the Companies Act.</u></p>

Current Articles of Incorporation	Proposed Amendment
<p>The Company may execute an agreement regarding liability for damages with directors (excluding executive directors, etc.) to set the amount stipulated by law as the maximum amount of liability.</p>	<p><u>2.</u> The Company may execute an agreement regarding liability for damages with directors (excluding executive directors, etc.) to set the amount stipulated by law as the maximum amount of liability, <u>in accordance with the provisions of Article 427 (1) of the Companies Act.</u></p>
<p><u>Chapter 5 Statutory Auditors and Board of Statutory Auditors</u></p>	<p>[Deleted]</p>
<p><u>(Number)</u> <u>Article 29 The Company shall have up to four (4) statutory auditors.</u></p>	<p>[Deleted]</p>
<p><u>(Method of Election)</u> <u>Article 30 Statutory auditors shall be elected at the General Meetings of Shareholders.</u> <u>2. Statutory auditors shall be elected by majority of the votes of the shareholders present, who hold one-third or greater of the votes of shareholders who can exercise voting rights.</u></p>	<p>[Deleted]</p>
<p><u>(Terms of Office)</u> <u>Article 31 The term of office of statutory auditors shall be until the conclusion of the Ordinary General Meeting of Shareholders for the final business year ending within four (4) years after their election.</u> <u>2. The term of office of a statutory auditor appointed as a substitute for a statutory auditor who retired before the expiration of their term of office shall be until the expiration of the term of office of the retired statutory auditor.</u></p>	<p>[Deleted]</p>
<p><u>(Full-Time Statutory Auditor)</u> <u>Article 32 Board of Statutory Auditors shall appoint a full-time statutory auditor by resolution.</u></p>	<p>[Deleted]</p>
<p><u>(Notices of Calling Board of Statutory Auditors' Meetings)</u> <u>Article 33 A notice of calling a Board of Statutory Auditors' meeting shall be issued to each statutory auditor by three (3) days in advance of the meeting date. However, in emergencies such period may be shortened.</u> <u>2. When there is consent from all of the statutory auditors, Board of Statutory Auditors' meetings may be held without calling procedures.</u></p>	<p>[Deleted]</p>

Current Articles of Incorporation	Proposed Amendment
<p><u>(Board of Statutory Auditors Regulations)</u> <u>Article 34 Matters related to Board of Statutory Auditors shall be handled in accordance with the laws and regulations or the Articles of Incorporation of the Company, as well as the Board of Statutory Auditors Regulations provided for at Board of Statutory Auditors.</u></p>	<p>[Deleted]</p>
<p><u>(Compensation, etc.)</u> <u>Article 35 Compensation, etc. for the statutory auditors shall be determined by resolution at General Meetings of Shareholders.</u></p>	<p>[Deleted]</p>
<p><u>(Agreement Limiting Liability with Statutory Auditors)</u> <u>Article 36 The Company may execute an agreement regarding liability for damages with statutory auditors to set the amount stipulated by law as the maximum amount of liability.</u></p>	<p>[Deleted]</p>
<p>[New]</p>	<p><u>Chapter 5 Nomination Committee, Audit Committee and Compensation Committee</u></p>
<p>[New]</p>	<p><u>(Number)</u> <u>Article 27 The Nomination Committee, Audit Committee and Compensation Committee shall consist of three (3) or more directors, and a majority thereof shall be external directors.</u></p>
<p>[New]</p>	<p><u>(Method of Election)</u> <u>Article 28 Members that make up the Nomination Committee, Audit Committee and Compensation Committee shall be elected from among the directors by resolution of the Board of Directors.</u></p>
<p>[New]</p>	<p><u>(Committee Regulations)</u> <u>Article 29 Matters related to the Nomination Committee, Audit Committee and Compensation Committee shall be handled in accordance with the laws and regulations or the Articles of Incorporation of the Company, as well as the respective Committee Regulations stipulated at Board of Directors.</u></p>
<p>[New]</p>	<p><u>Chapter 6 Executive Officer</u></p>
<p>[New]</p>	<p><u>(Number)</u> <u>Article 30 The Company shall have one (1) or more executive officer(s).</u></p>
<p>[New]</p>	<p><u>(Method of Election)</u> <u>Article 31 The executive officer shall be elected by resolution of the Board of Directors.</u></p>

Current Articles of Incorporation	Proposed Amendment
<p>[New]</p>	<p><u>(Terms of Office)</u> <u>Article 32 The term of office of Executive Officers shall be until the last day of the business year ending within one (1) year after their election.</u> <u>2. The term of office of an executive officer appointed due to an increase in the fixed number or as a substitute shall be until the expiration of the term of office of the executive officer currently in office.</u></p>
<p>[New]</p>	<p><u>(Representative Executive Officer and Executive Officers with Title)</u> <u>Article 33 The Board of Directors shall elect a representative executive officer by resolution.</u> <u>2. In addition to the provision of the preceding paragraph, the Board of Directors may appoint Executive Officers with Title by resolution.</u></p>
<p>[New]</p>	<p><u>(Executive Officers Regulations)</u> <u>Article 34 Matters related to Executive Officers shall be handled in accordance with the laws and regulations or the Articles of Incorporation of the Company, as well as the Executive Officers Regulations stipulated at Board of Directors.</u></p>
<p>[New]</p>	<p><u>(Exemption of Executive Officers from Liability)</u> <u>Article 35 The Company may exempt Executive Officers (including former Executive Officers) from liability for damages due to neglect of the duties to the extent allowed by the laws and regulations by resolution of the Board of Directors, in accordance with the provision of Article 426 (1) of the Companies Act.</u></p>
<p>Chapter 6 Accounting</p>	<p>Chapter 7 Accounting</p>
<p>Article 37 (Omitted)</p>	<p>Article 36 (Same as present)</p>
<p>[New]</p>	<p><u>(Organ to Decide on Dividend of Surplus, etc.)</u> <u>Article 37 The Company may decide on matters provided for in items of Article 459 (1) of the Companies Act including dividend of surplus, etc. by resolution of the Board of Directors unless otherwise provided for in the laws and regulations.</u></p>
<p>(Record Date for Dividend of Surplus) Article 38 Record date for the term-end dividend of the Company shall be March 31 of each year.</p>	<p>(Record Date for Dividend of Surplus) Article 38 Record date for the term-end dividend of the Company shall be March 31 of each year.</p>
<p>[New]</p>	<p><u>2. Record date for the interim dividend of the Company shall be September 30 of each year.</u></p>

Current Articles of Incorporation	Proposed Amendment
<p>2. The Company may distribute a dividend of surplus by specifying the record date in addition to the preceding paragraph.</p> <p><u>(Interim Dividend)</u> <u>Article 39 The Company may distribute an interim dividend by specifying September 30 of each year as the record date, by resolution of Board of Directors.</u></p> <p>Article 40 (Omitted)</p> <p>[New] [New]</p>	<p>3.The Company may distribute a dividend of surplus by specifying the record date in addition to the preceding <u>two</u> paragraphs.</p> <p>[Deleted]</p> <p>Article 39 (Same as present)</p> <p><u>Supplementary Provisions</u> <u>Article 1 The deletion of the provisions of Article 16 of the current Articles of Incorporation and new establishment of provisions of Article 16 of the proposed amendment shall come into effect on the effective date as provided for in the proviso of Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) (“Effective Date”).</u> <u>2. The following provisions shall be established on and after the Effective Date. This provision shall remain in effect until the day when six (6) months have passed from the Effective Date, or the day when three (3) months have passed since the latest General Meeting of Shareholders held within six (6) months from the Effective Date, whichever comes later. When convening a General Meeting of Shareholders, the Company may disclose the information related to matters to be stated or displayed in the reference documents for the General Meeting of Shareholders, business reports, financial statements and consolidated financial statements, by means of the Internet in accordance with the Ordinance of the Ministry of Justice, and thereby it can be regarded as having been provided to shareholders.</u> <u>3. This article shall be deleted on the later date specified in the preceding paragraph.</u></p>

Agenda Item No. 3: “Assignment of Nine Directors”

We will transition from a company with a board of statutory auditors to a company with nomination committee, etc. at the conclusion of this General Meeting of Shareholders, subject to the approval of Agenda Item No. 2 “Partial Amendments to the Articles of Incorporation”. Along with this, the office term of all of the nine Directors and all of the four Statutory Auditors in office shall expire. Accordingly, the Company proposes the election of nine Directors, subject to the approval of Agenda Item No. 2 and its coming into effect.


Among the nine candidates for Director, five are candidates for External Director, making up a majority.


The Company has established a Nominating Committee, a committee chaired by an External Director and the majority of which consists of External Directors, as an advisory body to the Board of Directors. Prior to the Meeting, the Nominating Committee has deliberated on the candidates for Directorship of the Company and reported the results to the Board of Directors. The Board of Directors has then determined the content of this Agenda based on said report.

The candidates for Directorship of the Company are as follows:


No.	Name	Current position	Term of office	Attendance at Board of Directors' Meetings (FY2021)
1	Kiyoyuki Tsuchimoto [Male] Reappointed	Representative Director and President Chief Executive Officer	5 years	14/14 (100%)
2	Kazuo Yamada [Male] Reappointed	Director and Senior Managing Executive Officer	11 years	14/14 (100%)
3	Takahisa Aoyama [Male] Newly appointed	Managing Officer	- years	-/- (-%)
4	Daisuke Kobayashi [Male] Newly appointed Non-executive	Director of HEIWA REAL ESTATE Asset Management CO., LTD.	- years	-/- (-%)
5	Kiichiro Masui [Male] Reappointed External Independent	External Director	5 years	14/14 (100%)
6	Takahiro Moriguchi [Male] Reappointed External Independent	External Director	2 years	14/14 (100%)


No.	Name		Current position	Term of office	Attendance at Board of Directors' Meetings (FY2021)	
7	Junko Utsunomiya	[Female]	Reappointed External Independent	External Director	2 years	14/14 (100%)
8	Eiji Yamada	[Male]	Newly appointed External Independent	-	- years	-/- (-%)
9	Mitsunobu Yamaguchi	[Male]	Newly appointed External Independent	-	- years	-/- (-%)


No.	Name and date of birth	Number of shares of the Company owned by the candidate	Career summary, position and assignment of the Company		
1	 <p>Kiyoyuki Tsuchimoto November 19, 1959</p> <p><Reappointed> Attendance at Board of Directors' Meetings: 14/14 (100%)</p> <p>Term of office: 5 years</p>	<p>16,117</p> <p>(Of which, the number of shares to be provided based on the stock compensation plan: 10,323)</p>	<p>April 1982</p> <p>June 2013</p> <p>June 2014</p> <p>April 2016</p> <p>June 2017</p> <p>June 2018</p> <p>May 2019</p> <p>December 2019</p>	<p>1982</p> <p>2013</p> <p>2014</p> <p>2016</p> <p>2017</p> <p>2018</p> <p>2019</p> <p>2019</p>	<p>Joined Tokyo Stock Exchange, Inc. (TSE)</p> <p>Managing Director of TSE</p> <p>Director and Senior Executive Officer of TSE</p> <p>Director and Executive Vice President of TSE</p> <p>Director of Heiwa Real Estate Co., Ltd. (the Company) Senior Managing Executive Officer of the Company In charge of Real Estate Marketing Department of the Company</p> <p>In charge of Office Building Development Department of the Company</p> <p>Representative Director of the Company Acting President of the Company</p> <p>Representative Director and President of the Company (current position) Chief Executive Officer of the Company (current position)</p>
<p>[Significant office(s) concurrently held] The candidate concurrently holds no significant office(s).</p>					
<p>[Reason for nominating him as a candidate for Director] Mr. Kiyoyuki Tsuchimoto assumed the office of Director in June 2017 and the office of Representative Director and President in December 2019, and has engaged in the Company's management. He has supervised the Real Estate Marketing Department and Office Building Development Department, and overseen tenant leasing and other operations in the building leasing business, while also demonstrating strong leadership since his appointment as Representative Director and President by promoting the Medium-term Management Plan such as redevelopment projects in Nihonbashi Kabutocho and Kayabacho, as well as management as a whole, including utilizing his management experience at Tokyo Stock Exchange, Inc. and his network of connections within the financial and securities industries based on his past career. Mr. Tsuchimoto has management experience at the Company and deep expertise and experience in Group businesses; he participates in important decision-making as a Director at the Board of Directors, in his capacity as Chief Executive Officer (concurrent post) with a broad perspective over business management of the Group. By fulfilling his accountability to deepen discussions at Board of Directors meetings on the overall direction of the Group, he enables the Board of Directors to gain appropriate understanding of the status of business operations. The Company therefore expects that Mr. Kiyoyuki Tsuchimoto will bring greater efficacy to oversight functions at the Board of Directors and contribute to medium- and long-term enhancement of corporate value at the Group, and thus has nominated him as a candidate for Director.</p>					

No.	Name and date of birth	Number of shares of the Company owned by the candidate	Career summary, position and assignment of the Company		
2	 <p>Kazuo Yamada February 24, 1957</p> <p><Reappointed> Attendance at Board of Directors' Meetings: 14/14 (100%)</p> <p>Term of office: 11 years</p>	<p>23,238</p> <p>(Of which, the number of shares to be provided based on the stock compensation plan: 6,869)</p>	April	1980	<p>Joined Heiwa Real Estate Co., Ltd. (the Company)</p> <p>December 2004 General Manager of Office Building Development Department of the Company</p> <p>July 2006 General Manager of Office Building Development Department and Manager of Sapporo Branch of the Company</p> <p>April 2007 General Manager of Finance Department of the Company</p> <p>June 2009 Managing Officer of the Company</p> <p>June 2010 Deputy General Manager of General Affairs Headquarters, and Group Leader of Planning Finance Group of the Company</p> <p>June 2011 Director (current position), Managing Executive Officer, and General Manager of General Affairs and Planning Headquarters of the Company</p> <p>June 2014 In charge of Real Estate Solutions Department of the Company</p> <p>June 2016 In charge of Development Planning Department (Development) of the Company</p> <p>June 2018 In charge of Development Promotion Department (Development) of the Company</p> <p>June 2020 Senior Managing Executive Officer of the Company (current position) In charge of Development Promotion Department and Real Estate Investment Department of the Company (current position)</p>
<p>[Significant office(s) concurrently held] The candidate concurrently holds no significant office(s).</p>					


No.	Name and date of birth	Number of shares of the Company owned by the candidate	Career summary, position and assignment of the Company
			<p>[Reason for nominating him as a candidate for Director]</p> <p>Mr. Kazuo Yamada assumed the office of Director in June 2011 and has engaged in the Company's management. He has served as General Manager of Office Building Development Department, General Manager of Finance Department, and other positions, and has abundant experience in the Building Business and financial operations, etc. After assuming the office of Director, he has supervised the Real Estate Solutions Department, Development Promotion Department, Real Estate Investment Department and other departments, and contributed considerably to promotion of the Redevelopment Business and expansion of the Asset Management Business.</p> <p>Mr. Yamada has management experience at the Company and deep expertise and experience in Group businesses; he participates in major decision-making as a Director at the Board of Directors, in his capacity as an executive officer (concurrent post) of the Group. By fulfilling his accountability to deepen discussions at Board of Directors meetings on important themes in redevelopment projects and others, he enables the Board of Directors to gain appropriate understanding of the status of business operations. The Company therefore expects Mr. Kazuo Yamada will bring greater efficacy to oversight functions at the Board of Directors and contribute to medium- and long-term enhancement of corporate value at the Group, and thus has nominated him as a candidate for Director.</p>

No.	Name and date of birth	Number of shares of the Company owned by the candidate	Career summary, position and assignment of the Company		
3	 Takahisa Aoyama August 29, 1969 <Newly appointed> Attendance at Board of Directors' Meetings: -/- (-%) Term of office: - years	5,226 (Of which, the number of shares to be provided based on the stock compensation plan:2,451)	April	1993	Joined Heiwa Real Estate Co., Ltd. (the Company)
	June	2014	General Manager of Finance Department of the Company		
	June	2017	General Manager of Real Estate Marketing Department of the Company		
	June	2018	General Manager of Office Building Development Department of the Company		
	June	2020	Managing Officer of the Company (current position) In charge of Real Estate Investment Department of the Company (current position) General Manager of Real Estate Investment Department of the Company (current position)		
[Significant office(s) concurrently held] The candidate concurrently holds no significant office(s).					
[Reason for nominating him as a candidate for Director] Mr. Takahisa Aoyama has served as General Manager of Finance Department, General Manager of Office Building Development Department, and other positions, and has contributed considerably to the Company's stable financial operations and expansion of the Office Building Development Business. In addition, he has been in charge of Real Estate Investment Department as a Managing Officer since June 2020, and has abundant experience in the business. Mr. Aoyama has deep expertise and experience in Group businesses; the Company expects that he will bring greater efficacy to oversight functions at the Board of Directors through his participation in important decision-making as a Director at the Board of Directors, in his capacity as an executive officer (concurrent post). By fulfilling his accountability to deepen discussions at Board of Directors meetings on important themes in financial strategy and others, he enables the Board of Directors to gain appropriate understanding of the status of business operations. The Company therefore expects Mr. Takahisa Aoyama will contribute to medium- and long-term enhancement of corporate value at the Group, and thus has nominated him as a candidate for Director.					


No.	Name and date of birth	Number of shares of the Company owned by the candidate	Career summary, position and assignment of the Company		
4	 <p>Daisuke Kobayashi</p> <p>May 3, 1969</p> <p><Newly appointed></p> <p><Non-executive></p> <p>Attendance at Board of Directors' Meetings: -/- (-%)</p> <p>Term of office: - years</p>	3,268	April	1993	Joined Heiwa Real Estate Co., Ltd. (the Company)
			August	2006	General Affairs Department and IR Office of the Company
			June	2013	Manager of Nagoya Branch, Leasing Headquarters of the Company
			June	2020	Seconded to HEIWA REAL ESTATE Asset Management CO., LTD., Director, Business Planning Division General Manager (current position)
<p>[Significant office(s) concurrently held]</p> <p>The candidate concurrently holds no significant office(s).</p>					
<p>[Reason for nominating him as a candidate for Director]</p> <p>Mr. Daisuke Kobayashi has abundant experience and achievements in the General Affairs Department and the building leasing business of the Company, as well as insight related to finance and accounting and management experience through his service as Director and Business Planning Division General Manager at a listed REIT property management company which is a Group member company.</p> <p>The Company expects that Mr. Kobayashi will bring greater efficacy to oversight functions at the Board of Directors through his participation in important decision-making as a Director at the Board of Directors by utilizing his abundant knowledge and experience of Group businesses. In addition, if the appointment of Mr. Kobayashi is approved, it is planned that he will become a full-time Audit Committee member after conclusion of this General Meeting of Shareholders. The Company expects that Mr. Daisuke Kobayashi will step up the effectiveness of auditing through the Audit Committee by contributing his intimate knowledge of Group operations, and thus has nominated him as a candidate for Director.</p>					

No.	Name and date of birth	Number of shares of the Company owned by the candidate	Career summary, position and assignment of the Company		
5	 Kiichiro Masui July 16, 1950 <Reappointed > <External Director> <Independent> Attendance at Board of Directors' Meetings: 14/14 (100%) Term of office: 5 years	2,273	April	1973	Entered the Ministry of Finance
			June	2000	Director-General of Kinki Local Finance Bureau
			July	2003	Director-General of the Planning and Coordination Bureau of the Financial Services Agency (retired in August 2005)
			September	2005	Senior Managing Director of Japan Securities Dealers Association
			May	2006	Vice-Chairman and Senior Managing Director of Japan Securities Dealers Association
			July	2008	Vice-Chairman of Japan Securities Dealers Association (retired in June 2013)
			June	2012	Director of the Tokyo Shoken Building Incorporated (retired in June 2017)
			July	2013	Chairman of the Japan Investor Protection Fund (retired in June 2018)
			June	2014	Chairman of the Board of the Japan Securities Research Institute (current position)
			June	2016	Outside Director of Japan Credit Rating Agency, Ltd. (current position)
June	2017	External Director of Heiwa Real Estate Co., Ltd. (the Company) (current position)			
June	2022	Outside Director of AIZAWA SECURITIES GROUP CO., LTD. (scheduled)			
[Significant office(s) concurrently held] Chairman of the Board of The Japan Securities Research Institute Outside Director of Japan Credit Rating Agency, Ltd. Outside Director of AIZAWA SECURITIES GROUP CO., LTD. (scheduled to assume office in June 2022)					


No.	Name and date of birth	Number of shares of the Company owned by the candidate	Career summary, position and assignment of the Company
			<p>[Reason for nominating him as a candidate for External Director and a summary of expected roles]</p> <p>Mr. Kiichiro Masui serves as Chairman of the Board of The Japan Securities Research Institute. Although Mr. Kiichiro Masui has never been directly involved in corporate management, he has served in important positions in securities-related organizations and has abundant experience and deep insight in the world of finance and securities.</p> <p>Mr. Kiichiro Masui plays an appropriate role in supervising the execution of business effectively from an independent and objective position and providing advice to management from this standpoint. In addition, as a chairman of the Nomination Committee, he has provided opinions from an objective and neutral standpoint regarding the personnel affairs of officers at the Company.</p> <p>For the above reasons, the Company expects that Mr. Kiichiro Masui will contribute to the enhancement of effectiveness of the Board of Directors and committees that will lead to the enhancement of corporate value of the Group in the medium and long term as an External Director, and thus has nominated him as a candidate for External Director.</p>
			<p>[Concerning his independence]</p> <p>There have been transactions related to the leasing of real estate between the Company and The Japan Securities Research Institute, an entity for which Mr. Kiichiro Masui serves as Chairman of the Board. However, the amount of the transactions makes up less than 1% of the consolidated operating revenue (consolidated net sales) of the Company. Therefore, Mr. Kiichiro Masui does not fall in the category of persons who execute the business of the Company's major suppliers (criteria: the suppliers who pay the Company an amount equivalent to more than 2% of the Company's consolidated operating revenue (consolidated net sales)) as defined in the "Standards for Assessing the Independence of Independent Officers" (on page 32) stipulated by the Company, and fulfills the Standards.</p> <p>For the above reasons, the Company believes that Mr. Kiichiro Masui will not have potential conflicts of interest with general shareholders of the Company, such as human relationships, capital relationships, transactional relationships, or any other interests, and that his independence is ensured.</p> <p>The Company has registered him with Tokyo Stock Exchange, Inc. as an independent officer. If his reelection is approved, the Company will continue to appoint him as an independent officer.</p>


No.	Name and date of birth	Number of shares of the Company owned by the candidate	Career summary, position and assignment of the Company		
6	 <p>Takahiro Moriguchi</p> <p>May 22, 1944</p> <p><Reappointed></p> <p><External Director></p> <p><Independent></p> <p>Attendance at Board of Directors' Meetings: 14/14 (100%)</p> <p>Term of office: 2 years</p>	584	April 1967	Joined the Bank of Tokyo, Ltd. (currently MUFG Bank, Ltd.)	
	June 1995		Member of the Board of Directors of the Bank of Tokyo, Ltd. Director and Vice-President of Union Bank (retired in May 1997)		
	April 1996		Member of the Board of Directors of the Bank of Tokyo-Mitsubishi, Ltd.(currently MUFG Bank, Ltd.)		
	May 1997		President of UnionBanCal Corporation (retired in June 2001) President of Union Bank of California (retired in June 2001)		
	June 2000		Managing Director of the Bank of Tokyo-Mitsubishi, Ltd. (BTM) (currently MUFG Bank, Ltd.)		
	July 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 (retired in June 2005)		
	June 2005		Advisor of BTM		
	January 2006		Advisor of the Bank of Tokyo-Mitsubishi UFJ, Ltd. (currently MUFG Bank, Ltd.)(retired in January 2006)		
	February 2006		Chairman of J.P. Morgan Securities Asia Pte. Limited Tokyo Branch (currently JPMorgan Securities Japan Co., Ltd.)		
	April 2006		Chairman of JPMorgan Securities Japan Co., Ltd. (JPMSJ)		
	June 2006		Representative Director, Chairman, CEO and President of JPMSJ		
	September 2007		Representative Director and Chairman of JPMSJ (retired in June 2016)		
July 2016	Senior Advisor of JPMSJ (retired in December 2016)				
June 2020	External Director of Heiwa Real Estate Co., Ltd. (the Company) (current position)				

No.	Name and date of birth	Number of shares of the Company owned by the candidate	Career summary, position and assignment of the Company
			<p>[Significant office(s) concurrently held] The candidate concurrently holds no significant office(s).</p>
			<p>[Reason for nominating him as a candidate for External Director and a summary of expected roles] Mr. Takahiro Moriguchi has served as Representative Director and Deputy President of the Bank of Tokyo-Mitsubishi, Ltd. (currently MUFG Bank, Ltd.) and Representative Director and Chairman of JPMorgan Securities Japan Co., Ltd. He has served as a president at banks in the U.S., and has broad knowledge on finance and securities, international business experience, and abundant experience and deep insight as a corporate manager. Mr. Takahiro Moriguchi plays an appropriate role in supervising the execution of business from an independent and objective position and providing advice to management from this standpoint. In addition, as a member of the Nomination Committee and a chairman of the Compensation Committee, he has provided opinions from an objective and neutral standpoint regarding the personnel affairs of officers and officer compensation at the Company. For the above reasons, the Company expects that Mr. Takahiro Moriguchi will contribute to the enhancement of effectiveness of the Board of Directors and committees that will lead to the enhancement of corporate value of the Group in the medium and long term as an External Director, and thus has nominated him as a candidate for External Director.</p>
			<p>[Concerning his independence] Mr. Takahiro Moriguchi has no transactional relationship with the Company, and accordingly fulfills the “Standards for Assessing the Independence of Independent Officers” (on page 32) stipulated by the Company. For the above reasons, the Company believes that Mr. Takahiro Moriguchi will not have potential conflicts of interest with general shareholders of the Company, such as human relationships, capital relationships, transactional relationships, or any other interests, and that his independence is ensured. The Company has registered him with Tokyo Stock Exchange, Inc. as an independent officer. If his reelection is approved, the Company will continue to appoint him as an independent officer.</p>

No.	Name and date of birth	Number of shares of the Company owned by the candidate	Career summary, position and assignment of the Company		
7	 <p>Junko Utsunomiya</p> <p>Official name on the family register: Junko Morita</p> <p>June 21, 1971</p> <p><Reappointed> <External Director> <Independent></p> <p>Attendance at Board of Directors' Meetings: 14/14 (100%)</p> <p>Term of office: 2 years</p>	584	April	2000	Registered as a lawyer and joined the law firm Nagashima, Ohno & Tsunematsu
			October	2007	Seconded to Tokyo Stock Exchange, Inc. (TSE) (until April 2009)
			November	2011	Founded Utsunomiya Law Office
			June	2012	External Statutory Auditor of Start Today Co., Ltd. (currently ZOZO, Inc.) (current position)
			April	2013	Outside Corporate Auditor of Solasto Corporation (retired in June 2020)
			September	2013	Outside Director of Adventure Inc. (retired in September 2020)
			February	2018	Founding partner of Utsunomiya & Shimizu and Haruki Management Legal Office (current position)
			October	2018	Outside Audit & Supervisory Board Member of RAKSUL INC.
			October	2019	Outside Director, Audit and Supervisory Committee Member of RAKSUL INC. (current position)
			June	2020	External Director of Heiwa Real Estate Co., Ltd. (the Company) (current position)
			March	2021	Outside Director (Audit & Supervisory Committee Member) of PeptiDream Inc. (current position)
<p>[Significant office(s) concurrently held]</p> <p>Founding partner of Utsunomiya & Shimizu and Haruki Management Legal Office</p> <p>External Statutory Auditor of ZOZO, Inc.</p> <p>Outside Director, Audit and Supervisory Committee Member of RAKSUL INC.</p> <p>Outside Director (Audit & Supervisory Committee Member) of PeptiDream Inc.</p>					

No.	Name and date of birth	Number of shares of the Company owned by the candidate	Career summary, position and assignment of the Company
			<p>[Reason for nominating her as a candidate for External Director and a summary of expected roles]</p> <p>Ms. Junko Utsunomiya has acquired high degrees of expertise as a lawyer, and although she has never been directly involved in corporate management, she has served as an outside director of other listed companies and has abundant experience and deep insight in the field of corporate legal affairs.</p> <p>Ms. Junko Utsunomiya plays an appropriate role in supervising the execution of business effectively from an independent and objective position and providing advice to management from this standpoint. In addition, as a member of the Nomination Committee, she has provided opinions from an objective and neutral standpoint regarding the personnel affairs of officers at the Company.</p> <p>For the above reasons, the Company expects that Ms. Junko Utsunomiya will contribute to the enhancement of effectiveness of the Board of Directors and committees that will lead to the enhancement of corporate value of the Group in the medium and long term as an External Director, and thus has nominated her as a candidate for External Director.</p> <p>[Concerning her independence]</p> <p>Ms. Junko Utsunomiya has no transactional relationship with the Company, and accordingly fulfills the “Standards for Assessing the Independence of Independent Officers” (on page 32) stipulated by the Company.</p> <p>For the above reasons, the Company believes that Ms. Junko Utsunomiya will not have potential conflicts of interest with general shareholders of the Company, such as human relationships, capital relationships, transactional relationships, or any other interests, and that her independence is ensured.</p> <p>The Company has registered her with Tokyo Stock Exchange, Inc. as an independent officer. If her reelection is approved, the Company will continue to appoint her as an independent officer.</p>

No.	Name and date of birth	Number of shares of the Company owned by the candidate	Career summary, position and assignment of the Company		
8	 <p>Eiji Yamada July 18, 1955</p> <p><Newly appointed> <External Director> <Independent></p> <p>Attendance at Board of Directors' Meetings: -/- (-%)</p> <p>Term of office: - years</p>	-	<p>April 1978</p> <p>June 2005</p> <p>June 2011</p> <p>June 2012</p> <p>June 2015</p> <p>June 2017</p> <p>June 2021</p>	<p>1978</p> <p>2005</p> <p>2011</p> <p>2012</p> <p>2015</p> <p>2017</p> <p>2021</p>	<p>Joined Nippon Telegraph and Telephone Public Corporation (currently Nippon Telegraph and Telephone Corporation)</p> <p>Senior Vice President of NTT DATA Corporation</p> <p>Director and Executive Vice President of NTT DATA Corporation</p> <p>Representative Director and Senior Executive Vice President of NTT DATA Corporation</p> <p>Advisor of NTT DATA Corporation (retired in June 2017) President and Representative Director of Japan Information Processing Service Co., Ltd. (retired in June 2021)</p> <p>Outside Director of The Chiba Kogyo Bank, Ltd. (current position)</p> <p>Advisor of Japan Information Processing Service Co., Ltd. (current position) External Director of Kyokuyo Co., Ltd. (current position)</p>
<p>[Significant office(s) concurrently held] Outside Director of The Chiba Kogyo Bank, Ltd. External Director of Kyokuyo Co., Ltd. Advisor of Japan Information Processing Service Co., Ltd.</p>					
<p>[Reason for nominating him as a candidate for External Director and a summary of expected roles] Mr. Eiji Yamada has served as Representative Director and Senior Executive Vice President of NTT DATA Corporation, President and Representative Director of Japan Information Processing Service Co., Ltd., and an outside director of other listed companies, and has abundant experience in data communication and system development, etc. and deep insight as a corporate manager. From this standpoint, the Company expects that Mr. Eiji Yamada will contribute to the enhancement of effectiveness of the Board of Directors and committees that will lead to the enhancement of corporate value of the Group in the medium and long term as an External Director by playing an appropriate role in supervising the execution of business effectively from an independent and objective position and providing advice to management, and thus has nominated him as a candidate for External Director.</p>					
<p>[Concerning his independence] Mr. Eiji Yamada has no transactional relationship with the Company, and accordingly fulfills the “Standards for Assessing the Independence of Independent Officers” (on page 32) stipulated by the Company. For the above reasons, the Company believes that Mr. Eiji Yamada will not have potential conflicts of interest with general shareholders of the Company, such as human relationships, capital relationships, transactional relationships, or any other interests, and that his independence is ensured. The Company will newly register him with Tokyo Stock Exchange, Inc. as an independent officer.</p>					

No.	Name and date of birth	Number of shares of the Company owned by the candidate	Career summary, position and assignment of the Company
9	 <p>Mitsunobu Yamaguchi</p> <p>January 24, 1958</p> <p><Newly appointed> <External Director> <Independent></p> <p>Attendance at Board of Directors' Meetings: -/- (-%)</p> <p>Term of office: - years</p>	-	<p>September 1983 Joined Tetsuzo Ota & Co. (currently Ernst & Young ShinNihon LLC)</p> <p>August 1987 Registered as a Certified Public Accountant</p> <p>July 1996 Assigned to Detroit offices of Ernst & Young in the United States</p> <p>May 2001 Employee of Century Ota Showa & Co. (currently Ernst & Young ShinNihon LLC)</p> <p>May 2007 Representative of ShinNihon LLC (currently Ernst & Young ShinNihon LLC) (retired due to retirement age in June 2020)</p> <p>July 2020 Established Mitsunobu Yamaguchi CPA Office, Head (current position)</p> <p>June 2021 Outside Audit & Supervisory Board Member of MEITEC CORPORATION (current position)</p>
<p>[Significant office(s) concurrently held] Head of Mitsunobu Yamaguchi CPA Office Outside Audit & Supervisory Board Member of MEITEC CORPORATION</p>			
<p>[Reason for nominating him as a candidate for External Director and a summary of expected roles] Mr. Mitsunobu Yamaguchi has a high degree of specialization as a certified public accountant, has worked in the United States, and has served as an external auditor at other listed company. Though he has never been directly involved in corporate management, he has abundant experience in the fields of financial accounting and auditing, and experience in international service. From this standpoint, the Company expects that Mr. Mitsunobu Yamaguchi will contribute to the enhancement of effectiveness of the Board of Directors and committees that will lead to the enhancement of corporate value of the Group in the medium and long term as an External Director by playing an appropriate role in supervising the execution of business effectively from an independent and objective position and providing advice to management, and thus has nominated him as a candidate for External Director.</p>			
<p>[Concerning his independence] Mr. Mitsunobu Yamaguchi has no transactional relationship with the Company, and accordingly fulfills the “Standards for Assessing the Independence of Independent Officers” (on page 32) stipulated by the Company. For the above reasons, the Company believes that Mr. Mitsunobu Yamaguchi will not have potential conflicts of interest with general shareholders of the Company, such as human relationships, capital relationships, transactional relationships, or any other interests, and that his independence is ensured. The Company will newly register him with Tokyo Stock Exchange, Inc. as an independent officer.</p>			

(Notes)

1. No conflict of interest exists between the Company and the candidates for Director.
2. The number of shares of the Company owned by the candidate as stated includes the number of shares of the Company to be granted after retirement under the performance-linked stock compensation plan as stated in parentheses (number of shares equivalent to the points already granted under said plan). In principle, a Director may receive shares of the Company equivalent to 70% of the points that have been granted up until the completion of his/her term upon retirement. For the remaining points granted, a cash amount equivalent to the market price of the shares of the Company will be paid in place of Company shares after it has been converted.
3. Mr. Kiichiro Masui, Mr. Takahiro Moriguchi, Ms. Junko Utsunomiya, Mr. Eiji Yamada and Mr. Mitsunobu Yamaguchi are candidates for External Director.
4. The Company has entered into agreements with Mr. Kiichiro Masui, Mr. Takahiro Moriguchi and Ms. Junko Utsunomiya to limit their liability for damages as set forth in Article 423, Paragraph 1 of the Companies Act in accordance with Article 427, Paragraph 1 of the Act; provided, however, that the limit thereof under such agreements shall be the amount prescribed in the Act. If their reelection is approved, the Company will renew the liability limitation agreements under the same conditions. In addition, if the election of Mr. Daisuke Kobayashi, Mr. Eiji Yamada and Mr. Mitsunobu Yamaguchi is approved, the Company will enter into liability limitation agreements with them under the same conditions. The Company has entered into liability limitation agreements with all of the External Directors in office.
5. The Company has concluded a directors and officers liability insurance contract, as stipulated in Article 430-3, Paragraph 1 of the Companies Act, with an insurance company that insures directors, statutory auditors, managing officers and employees of the Company and its subsidiaries. The insurance premiums for the contract are fully borne by the Company. The insurance contract covers damages and litigation expenses assumed in the event that a claim for damages is made against the insured person due to an act committed (and including results of inaction) by the insured person in his/her capacity as an officer, etc. of the Company. This contract is to be renewed every year and the Company will renew the contract with the same contents in December 2022. Among the candidates for Director, candidates to be reelected are already insured and will continue to be insured after the reelection. In the event of selection of newly appointed candidates, he or she will be included under the said insurance contract. The insurance contract includes measures taken to ensure that the appropriateness of duties performed by the insured person will not be impaired by setting limits for the amount to be covered.
6. Ms. Junko Utsunomiya was an External Director of Adventure Inc. from September 2013 to September 2020. During her term of office, an employee of a subsidiary of Adventure, Inc. was revealed to have embezzled funds from the subsidiary. Although she was unaware of the said fact in advance, she had habitually offered suggestions at

Adventure Inc. from a standpoint of legal compliance and compliance management. Since the revelation of the aforementioned fact, she has appropriately performed her duties mainly by calling for a thorough investigation and formulation of recurrence prevention measures and supervising the company's initiatives.

[Reference: Supplemental explanation regarding independence of the candidates for Director]

Candidate No. 5: Mr. Kiichiro Masui

Although Aizawa Securities Group Co., Ltd., for which Mr. Kiichiro Masui is due to be appointed as an Outside Director in June 2022, and the Company hold each other's shares, Aizawa Securities Group Co., Ltd. holds less than 1% of the total number of shares issued by the Company, and Mr. Masui is not a business executive of a major shareholder of the Company (threshold: 10% or more of the total number of shares issued by the Company) under the "Standards for Assessing the Independence of Independent Officers" (see page 32). Accordingly, the Company judges that Mr. Masui has a sufficient degree of independence.

Candidate No. 6: Mr. Takahiro Moriguchi

Loan and other transactions exist between the Company and the Bank of Tokyo-Mitsubishi, Ltd. (currently MUFG Bank, Ltd.), where Mr. Takahiro Moriguchi worked as Representative Director and Deputy President. However, about 16 years have elapsed since he retired from the bank in January 2006, since when he has had no involvement in the bank management and is not involved in business execution. Accordingly, the Company judges that Mr. Moriguchi has a sufficient degree of independence.

Candidate No. 7: Ms. Junko Utsunomiya

There have been transactions related to the leasing of real estate between the Company and Tokyo Stock Exchange, Inc., to which Ms. Junko Utsunomiya was temporarily transferred between October 2007 and April 2009. However, about 13 years have elapsed since the transfer arrangement with the TSE ended; she is by profession a lawyer, and the transfer was limited to 2 years out of a career total of over 20 years as a lawyer. Accordingly, the Company judges that Ms. Utsunomiya has a sufficient degree of independence.

[Reference: Skill matrix of the Board of Directors after the end of the General Meeting of Shareholders]

In order to realize the Medium-term Management Plan “Challenge & Progress,” the Company has developed the following “skill set” categories: “Corporate management,” “Financial affairs / accounting,” “Legal affairs,” “International perspective,” “Finance / securities,” “Planning / sales,” and “DX / IT,” as categories of expertise and experience created to enable appropriate Board decision-making and management oversight functions. The following is the “skills matrix” of the Board of Directors in the event of election of the candidates in the Notice Concerning the Convocation of this meeting as originally proposed.

Candidate for Director	Corporate management	Financial affairs / accounting	Legal affairs	International perspective	Finance / securities	Planning / sales	DX / IT	Committee to be appointed		
								Nominating	Audit	Compensation
Kiyoyuki Tsuchimoto	●				●	●		●		●
Kazuo Yamada	●	●				●				
Takahisa Aoyama	●	●				●				
Daisuke Kobayashi	●	●				●			●	
Kiichiro Masui					●	●		★		
Takahiro Moriguchi	●	●		●	●	●		●		★
Junko Utsunomiya			●					●	●	
Eiji Yamada	●					●	●			●
Mitsunobu Yamaguchi		●		●					★	

★: Chairperson * This list does not indicate all of the skills possessed by each candidate for Director.

[Reference: Measures to reduce cross-shareholdings]

Under the current Medium-term Management Plan, as a measure to reduce cross-shareholdings in the year ended March 31, 2022, ¥829 million (selling price) of a certain listed stock was sold off by the Company. As a result, the value of cross-shareholdings involving listed shares held by the Company as of March 31, 2022 was ¥15,227 million in total (market price as of March 31, 2022), spread across 28 stocks.

(Reference)

Standards for Assessing the Independence of Independent Officers

The Company judges that external directors and external statutory auditors (hereinafter referred to as the “External Officers”) are independent when they do not meet the standards set forth in Paragraph 2 below as well as the standards of independence specified by the financial instruments exchanges.

1. Policies for Election of External Officers

In the election of External Officers, the Company considers it desirable that the Company has no personal relations, capital relations, business relations or any other interests with the External Officers. Meanwhile, the Company also emphasizes a clear understanding of the Company’s business and the expectation of useful roles for the Company’s business expansion.

2. Standards of Independence of External Officers

- (1) Persons who execute the business of the Company’s major suppliers *Notes 1 and 2
- (2) Persons who execute the business of companies whose major supplier is the Company *Note 3
- (3) Persons who execute the business of the Company’s principal creditors *Note 4
- (4) Attorneys, certified public accountants, licensed tax accountants, consultants or any other experts who receive a large amount of money and other properties in addition to the executive compensation from the Company *Note 5
- (5) Persons who execute the business of entities that receive a large amount of donations from the Company *Note 6
- (6) Persons who execute the business of the Company’s major shareholders *Note 7
- (7) Close relatives of those who fall under Items (1) to (6) above *Note 8
- (8) Those who fall under Items (1) to (7) above for the past three (3) years

- (Notes) 1. “Persons who execute the business” shall refer to the executive director, executive officer and managing officer.
2. “The Company’s major suppliers” shall refer to an entity that pays the Company an amount equivalent to more than 2% of the Company’s consolidated operating revenue for the most recent fiscal year.
 3. “Companies whose major supplier is the Company” shall refer to an entity that receives from the Company the payment of an amount equivalent to more than 2% of the entity’s consolidated operating revenue for the most recent fiscal year.
 4. “Principal creditors” shall refer to an entity that provides the Company with loans in an amount equivalent to more than 2% of the Company’s consolidated total assets for the most recent fiscal year.
 5. “A large amount of money and other properties” shall refer to the payment of more than 10 million yen annually.
 6. “A large amount of donations” shall refer to donations of more than 10 million yen annually.
 7. “Major shareholders” shall refer to the shareholders who own the shares equivalent to 10% or more of the total number of shares issued for the most recent fiscal year.
 8. “Close relatives” shall refer to relatives within the second degree of relationship.

(Attached Documents)

BUSINESS REPORT

1. Outline of Operations for the period from April 1, 2021 to March 31, 2022:

(1) Update and Results of Business -

In fiscal 2021, ended March 31, 2022, economic conditions in Japan remained severe amid the worldwide COVID-19 pandemic. While Japan's economy is expected to recover following various measures implemented by the government, the impact of geopolitical risks and the global spread of COVID-19 on the domestic and global economy will need to be closely monitored going forward.

Conditions in Japan's real estate industry were mixed. In the office building leasing market, vacancy rates increased and rental rates declined as occupants tended to consolidate and reduce their office spaces amid changing office practices, such as the growing shift to telecommuting, in response to the pandemic. In the real estate investment market, however, property acquisitions continued to be brisk as investors demonstrated strong interest in Japanese real estate amid favorable financing conditions, including low interest rates.

In that business environment, the Heiwa Real Estate Group worked to increase its corporate value under its Medium-term Management Plan, Challenge & Progress, which was announced on April 30, 2020, by promoting redevelopment projects and pursuing external growth in its Building Business and Asset Management Business. Furthermore, in accordance with its strategy to practice sustainability management, and as a means to help build a low-carbon economy, the Company revised its medium- and long-term goals for reducing greenhouse gas (GHG) emissions. Specifically, it set a new target to reduce the Group's total GHG emissions (Scope 1 and 2) by 50% by fiscal 2030, compared with the fiscal 2018 result. The Company also supports the recommendations of the Task Force on Climate-related Financial Disclosures, which issues guidelines for businesses to disclose relevant climate-related risks and opportunities, and intends to improve its information disclosure going forward. By stepping up its low-carbon initiatives, Heiwa Real Estate will work to continuously increase its value and develop sustainable communities as a company that contributes to the revitalization of urban areas.

Among consolidated financial results in the fiscal year under review, operating revenue totaled ¥57,818 million, an increase of ¥22,769 million (65.0%) year on year. Operating income was ¥12,615 million, up ¥1,386 million (12.3%), and ordinary income came to ¥11,572 million, an increase of ¥1,327 million (13.0%). Net income attributable to owners of parent amounted to ¥8,705 million, an increase of ¥1,586 million (22.3%) compared with the previous fiscal year.

The Company's Board of Directors resolved, in a meeting held on April 30, 2021, to make organizational changes to its reportable business segments from the current fiscal year, effective retroactively from April 1, 2021.

Firstly, the Company transferred its Real Estate Investment Department from the Asset Management Business segment to the Building Business segment. The Real Estate Investment Department handles the development, sale, and investment in real estate designated for sale, and the acquisition and sale of properties designated as fixed assets. This change was made in consideration of future business development plans. Secondly, the Company transferred its subsidiary, Heiwa Real Estate Property Management Co., Ltd. from the Other Businesses segment to the Building Business segment, effective from April 1, 2021.

As a result of these two changes, the Building Business segment now handles the development, leasing, management, and sales of stock exchange buildings, office buildings, commercial facilities, and residential buildings, while the Asset Management Business segment mainly manages the properties of Heiwa Real Estate REIT, Inc., and provides real estate brokerage services through Housing Service Co., Ltd.

Segment results in the previous fiscal year have been adjusted to reflect these changes to the reportable business segments.

In addition, effective from April 1, 2021, the Company adopted the Accounting Standard for Revenue Recognition (Statement No. 29) issued by the Accounting Standards Board of Japan on March 31, 2020.

Building Business

[Principal business: Development, leasing, management and sales, etc. of stock exchanges, offices, commercial facilities and housing, etc.]

In the Building Business segment, leasing revenue increased by ¥3,486 million (15.4%) year on year to ¥26,111 million, mainly due to contributions from the Kabutocho Heiwa Building No. 7 (Chuo-ku, Tokyo), which was acquired in the previous fiscal year, Shimbashi Square Building (Minato-ku, Tokyo), Heiwa Real Estate Nihonbashi Building (Chuo-ku, Tokyo), Kabutocho Heiwa Dia Building (Chuo-ku, Tokyo), which was acquired in the fiscal year under review, and KABUTO ONE (Chuo-ku, Tokyo), which opened in the fiscal year under review. Penalties for tenant contract cancellations also contributed to this result.

Revenue from sales and acquisitions of properties grew by ¥18,610 million (228.1%) to ¥26,770 million, due to a substantial amount of sales of real estate that had been designated for sale. These results combined with other revenues in this segment brought total operating revenue to ¥54,433 million, an increase of ¥22,127 million (68.5%) year on year. Segment operating income totaled ¥12,399 million, up ¥1,423 million (13.0%) compared with the same period of the previous fiscal year.

As of March 31, 2022, the vacancy rate of buildings leased by the Heiwa Real Estate Group (excluding buildings for which leases have been suspended due to redevelopment) was 4.46%.

Asset Management Business

[Principal business: Asset management of HEIWA REAL ESTATE REIT, Inc. and brokerage of real estates, etc.]

In the Asset Management Business segment, asset management revenue increased by ¥121 million (5.9%) year on year to ¥2,192 million, and brokerage commissions rose ¥520 million (77.5%) to ¥1,191 million. As a result, operating revenue totaled ¥3,384 million, up ¥641 million (23.4%) year on year. Segment operating income amounted to ¥1,977 million, an increase of ¥356 million (22.0%) compared with the previous fiscal year.

(2) Investment in fixed assets -

During the fiscal year ended March 31, 2022, the Company paid out total capital expenditures of ¥21,646 million, including the expenditure for the construction of KABUTO ONE (Chuo-ku, Tokyo) and the acquisition of Kabutocho Heiwa Dia Building (Chuo-ku, Tokyo).

(3) Status of financing -

Not applicable

(4) Issues to be resolved by the Company -

Japan's economy is expected to recover due partly to various measures implemented by the government, but the impact of geopolitical risks and the global spread of the COVID-19 pandemic on the domestic and global economy will need to be closely monitored going forward. Management will also need to pay close attention to various factors affecting the Group's operating environment, including the impact of the growing shift to telecommuting and other changing office practices on the office building leasing market, and the impact of domestic and foreign interest rate fluctuations on the real estate investment market.

Under the business environment, the Group executes the following business strategies in the Medium-term Management Plan, "Challenge & Progress" for the period from fiscal 2020 to fiscal 2023.

Vision for the Heiwa Real Estate Group

As a "company that contributes to the revitalization of urban areas," 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.

◇ Making society sustainable as a company that contributes to the revitalization of urban areas

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

◇ Improving shareholder value as a listed real-estate company

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

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

(Fiscal 2020–Fiscal 2023)

The new plan is positioned as a period for tackling the challenge of, and making progress in, the vision of becoming a company that contributes to the revitalization of urban areas, by helping to make our society better positioned to address the social issue of sustainability, as well as refocusing our business model on added-value creation through external and internal growth, commercialization of the Sapporo redevelopment, and revitalization of Nihonbashi Kabutocho and Kayabacho.

Business strategy (fiscal 2020–fiscal 2023)

(1) Redevelopment Business

1) Nihonbashi Kabutocho and Kayabacho revitalization

- We will make progress in revitalizing diverse and sustainable districts through initiatives to create prosperity across the entire target district and to support the “Global Financial City: Tokyo” vision, as well as actual district redevelopment, including the opening for business of KABUTO ONE, the completion of works at KITOKI and the commercialization of Kabutocho 12 Projects (tentative name).

2) Progress in commercializing Sapporo redevelopment

- The Company will make real progress in the Sapporo redevelopment, through participation in the district redevelopment of the Sapporo Station South Exit North 4 West 3 zone (area around the Sapporo Ekimae Godo Bldg.), as well as aiming to commercialize urban redevelopment projects in the Odori Nishi 4-chome south area (around the Dogin Bldg. and the Shin Odori Bldg).

(2) Building Business

1) Pursuing external and internal growth

- We will generate earnings from the sale of properties during the process of renewing the portfolio, while building up our portfolio through the acquisition of new lease assets. We also intend to improve portfolio profitability by raising leasing rates based on trends in the office leasing market.

2) Sustainable building operations to improve environmental specifications and disaster preparedness

- We are guided by our long-term vision to reduce CO₂ emissions through investment in building facilities and operations to help address social issues like disaster preparedness and environmental concerns.

3) Generating earnings from inventory sales

- We aim to maximize value through development, lease up, and renewal projects, with the goal of generating earnings from the sale of profitable assets and further development of

the HF Residence series.

(3) Asset Management Business

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.

(4) Corporate activities

1) Promotion of capital policy that takes into account capital costs and capital efficiency

- To promote capital policy that takes into account capital costs and capital efficiency, we have set the following targets as KPIs for the period from fiscal 2020 to fiscal 2023: at least 6% ROE and around 70% consolidated total return ratio (consolidated dividend payout ratio around 50% by fiscal 2023).

2) Strengthening corporate governance

- We will work to further strengthen our corporate governance, including transition to a company with nomination committee, etc., with a Board of Directors structure in which a majority of members are external directors, and a reduction in cross-shareholdings. We will also promote initiatives for improved compliance such as enhancing awareness of compliance matters among our officers and employees.

3) Practicing sustainable management

- Centered on the Sustainability Committee, we will step up the effectiveness of sustainability management by monitoring the Plan-Do-Check-Act (PDCA) cycle related to our sustainability measures including environmental measures targeting issues such as climate change and by preparing reports etc. for the Board of Directors concerning important matters, in order to achieve a sustainable society and growth, and to resolve social issues and work towards SDGs through our corporate activities. We also aim to increase corporate value by making our organization more dynamic through promotions to improve the health of employees and internal communication.

(5) Status of asset and profit and loss of the Group -

Fiscal year Classification	The 99th fiscal year (Fiscal year ended March 31, 2019)	The 100th fiscal year (Fiscal year ended March 31, 2020)	The 101st fiscal year (Fiscal year ended March 31, 2021)	The 102nd fiscal year (Current fiscal year) (Fiscal year ended March 31, 2022)
Operating revenue	¥39,480 million	¥46,639 million	¥35,048 million	¥57,818 million
Operating income	9,335 million	10,903 million	11,228 million	12,615 million
Ordinary income	8,430 million	10,006 million	10,244 million	11,572 million
Net income attributable to owners of parent	6,174 million	7,046 million	7,118 million	8,705 million
Earnings per share (in exact yen)	158.73	184.82	189.76	236.74
Total assets	335,572 million	339,545 million	381,353 million	376,210 million
Net assets	109,075 million	107,302 million	118,639 million	119,278million
Net assets per share (in exact yen)	2,819.82	2,837.29	3,190.09	3,269.74

(Notes) 1. Earnings per share is calculated based on the average number of shares issued during the fiscal year, and net assets per share are calculated based on the number of shares issued at the end of the fiscal year.

The average number of shares issued during the fiscal year and the number of shares issued at the end of the fiscal year are calculated after deducting the number of shares held as treasury stock.

2. The Company adopted a performance-linked stock compensation plan for directors and executive officers effective from the 100th fiscal year and a stock compensation plan for employees effective from the 102nd fiscal year, and established a trust comprised of common stock for the plans. The Company's stock held in the trust under the plans is recorded as treasury stock in consolidated financial statements and is included in the treasury stock to calculate net assets per share and earnings per share.
3. The amounts for the 102nd fiscal year have been adjusted to reflect the Company's adoption, effective from April 1, 2021, of the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020).

(6) Status of significant parent companies and subsidiaries -

1) Status of parent companies

Not applicable

2) Status of significant subsidiaries

<u>Company name</u>	<u>Common stock</u>	<u>Percentage of voting rights held by the Company</u>	<u>Major operating business</u>
HEIWA REAL ESTATE Property Management Co., Ltd.	¥134 million	100.0%	Property management, management of buildings and facilities, contracting of repair work, and insurance agency, etc.
Housing Service Co., Ltd.	¥95 million	100.0%	Real estate brokerage, etc.
HEIWA REAL ESTATE Asset Management CO., LTD.	¥295 million	100.0%	Asset management of HEIWA REAL ESTATE REIT, Inc.
The Tokyo Shoken Building Incorporated	¥100 million	100.0%	Ownership and leasing of real estate; management of halls, conference rooms, and restaurants, etc.

(Note) Effective from March 1, 2022, the Company merged with previously consolidated subsidiaries LA3 LLC. and Kabutocho 12 LLC., through absorption-type merger.

(7) Contents of principal businesses of the Group -

Business Segment	Business Activities
Building	Development, leasing, management and sales, etc. of stock exchanges, offices, commercial facilities and housing, etc.
Asset Management	Asset management of HEIWA REAL ESTATE REIT, Inc. and brokerage of real estate, etc.

(8) Principal sales offices -

Heiwa Real Estate Co., Ltd.	Head Office: Chuo-ku, Tokyo Osaka Branch: Chuo-ku, Osaka Nagoya Branch: Naka-ku, Nagoya Fukuoka Branch: Chuo-ku, Fukuoka Sapporo Branch: Chuo-ku, Sapporo
HEIWA REAL ESTATE Property Management Co., Ltd.	Head Office: Chuo-ku, Tokyo Osaka Branch: Chuo-ku, Osaka Nagoya Branch: Naka-ku, Nagoya
Housing Service Co., Ltd.	Chuo-ku, Osaka
HEIWA REAL ESTATE Asset Management CO., LTD.	Chuo-ku, Tokyo
The Tokyo Shoken Building Incorporated	Chuo-ku, Tokyo

(9) Employees of the Group -1) Employees of the businesses of the Company group

Business Segment	No. of Employees	Increase/(decrease) as compared with prior period end
Building	133	-6
Asset Management	80	+6
Corporate (common among the Company group)	27	0
Total	240	0

(Notes) 1. Number of employees is number of ordinary employees.

2. Number of employees included in the Corporate (common among the Company group) segment is the number of employees who belong to administrative departments.

3. From the consolidated fiscal year under review, we have changed reporting segment classifications, and the comparisons of the number of employees by segment at the end of the previous consolidated fiscal year are now made based on classification after the change.

2) Employees of the Company

No. of Employees	Increase/(decrease) as compared with prior period end	Average age (years)	Average length of service (years)
91	-11	43.2	15.9

(Note) Number of employees is number of ordinary employees.

(10) Principal creditors and balances of their loans outstanding

Creditors	Balance (In millions of yen)
Resona Bank, Ltd.	¥28,755
Mizuho Bank, Ltd.	23,307
Sumitomo Mitsui Banking Corporation	19,759
The 77 Bank, Ltd.	17,680
MUFG Bank, Ltd.	13,631

2. Status of Shares:

(1) <u>Number of shares authorized to be issued</u> -	110,000,000 shares
(2) <u>Number of shares issued and outstanding</u> -	38,859,996 shares (including 2,250,019 shares of treasury stock)
(3) <u>Number of shareholders</u> -	17,324
(4) <u>Major shareholders</u> -	

Name	No. of shares (000's)	Holding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	4,865	13.29
Mitsubishi Estate Co., Ltd.	4,274	11.67
CGML PB CLIENT ACCOUNT/COLLATERAL	3,900	10.65
Custody Bank of Japan, Ltd. (Trust Account)	3,319	9.07
THE BANK OF NEW YORK 133969	1,082	2.96
TAISEI CORPORATION	532	1.45
STATE STREET BANK WEST CLIENT - TREATY 505234	479	1.31
SSBTC CLIENT OMNIBUS ACCOUNT	467	1.28
Resona Bank, Ltd.	445	1.22
JP MORGAN CHASE BANK 385781	421	1.15

(Notes) 1. The holding ratio is calculated after deducting the number of shares held as treasury stock (2,250,019 shares) from the total number of issued shares.

2. The Company holds 2,250,019 shares of treasury stock, which are excluded from the major shareholders listed above. 130,400 shares of the Company's stock held by Custody Bank of Japan, Ltd. (Trust Account) as trust assets of the trust for the stock compensation plan for directors and executive officers and the stock compensation plan for employees are not included in the applicable treasury stock.

(5) Other important matters related to shares -

1) Acquisition of treasury stock

At meetings held on April 30, 2021 and January 31, 2022, the Company's Board of Directors resolved to have the Company acquire its own shares in accordance with the provisions of Article 156 of the Companies Act of Japan, applicable pursuant to Article 165, Paragraph 3, of the said act, and acquired treasury stock as follows.

Acquisition of treasury stock based on the resolution of the Board of Directors meeting held on April 30, 2021

Class and number of shares acquired	510,300 shares of common stock
Aggregate amount of acquisition cost	¥1,999,994,960
Period of acquisition	From May 20, 2021 to November 8, 2021

Acquisition of treasury stock based on the resolution of the Board of Directors meeting held on January 31, 2022

Class and number of shares acquired	126,300 shares of common stock
Aggregate amount of acquisition cost	¥499,963,500
Period of acquisition	From February 1, 2022 to February 24, 2022

2) Performance-linked stock compensation plan for directors and executive officers

Pursuant to a resolution of the 99th Ordinary General Shareholders' Meeting held on June 26, 2019, the Company adopted a performance-linked stock compensation plan for directors (excluding external directors and non-residents of Japan) and executive officers (excluding non-residents of Japan), and established a trust comprised of common stock for the plan.

As of March 31, 2022, the amount of the applicable treasury stock held in the trust totaled 59,300 shares.

3) Adoption of a stock compensation plan for employees

Pursuant to a resolution of the Board of Directors' meeting held on May 18, 2021, the Company adopted a stock compensation plan for employees as an incentive plan for the Company's employees, and established a trust comprised of common stock for the plan.

As of March 31, 2022, the amount of the applicable treasury stock held in the trust totaled 71,100 shares.

3. Matters related to Corporate Officers:

(1) Directors and Statutory Auditors-

Position	Name	Assignment; significant office(s) concurrently held
Representative Director, President and Chief Executive Officer	Kiyoyuki Tsuchimoto	
Representative Director and Senior Managing Executive Officer	Norio Iwasaki	Supervising Corporate Planning and General Affairs Department, Finance Department and Legal Office
Director and Senior Managing Executive Officer	Kazuo Yamada	Supervising Development Promotion Department and Real Estate Investment Department
Director and Managing Officer	Hiroki Mizuta	In charge of Community Co-Creation Department
Director and Managing Officer	Tomoharu Nakao	In charge of Office Building Development Department
External Director	Kiichiro Masui	Chairman of the Board of The Japan Securities Research Institute Outside Director of Japan Credit Rating Agency, Ltd.
External Director	Junji Ota	
External Director	Takahiro Moriguchi	
External Director	Junko Utsunomiya	Founding partner of Utsunomiya & Shimizu and Haruki Management Legal Office External Statutory Auditor of ZOZO, Inc. Outside Director, Audit and Supervisory Committee Member of RAKSUL INC. Outside Director (Audit & Supervisory Committee Member) of PeptiDream Inc.
Statutory Auditor (full-time)	Naoto Kato	
External Statutory Auditor (full-time)	Shosaku Shimomura	
External Statutory Auditor	Chikami Tsubaki	
External Statutory Auditor	Jun Sekine	Outside Director of Tochigi Bank, Ltd.

(Notes)

1. Kiichiro Masui, Junji Ota, Takahiro Moriguchi and Junko Utsunomiya are External Directors.
2. Shosaku Shimomura, Chikami Tsubaki and Jun Sekine are External Statutory Auditors.
3. Statutory Auditor, Naoto Kato, possesses substantial expertise and knowledge in finance and accounting gained through his abundant experience and achievements in business operations of finance and general affairs.
4. External Statutory Auditor, Chikami Tsubaki, has professional knowledge and experience as Certified Public Accountant and possesses substantial expertise and experience in finance and accounting.
5. External Statutory Auditor, Jun Sekine, has long experience at the Bank of Japan and possesses substantial expertise and experience in finance and accounting.
6. Directors Kiichiro Masui, Junji Ota, Takahiro Moriguchi and Junko Utsunomiya, and Statutory Auditors Shosaku Shimomura, Chikami Tsubaki and Jun Sekine are independent officers subject to no possible conflicts of interest with general shareholders that the Company is required to designate under the rules of each stock exchange.
7. Shosaku Shimomura newly assumed the position of Statutory Auditor at the 101st Ordinary General Shareholders' Meeting held on June 24, 2021.
8. Masayuki Hirose retired as Statutory Auditor at the close of the 101st Ordinary General Shareholders' Meeting held on June 24, 2021.
9. Managing Officers include Directors Kiyoyuki Tsuchimoto, Norio Iwasaki, Kazuo Yamada, Hiroki Mizuta, Tomoharu Nakao, and the following three persons whose duties are as indicated hereunder. Additionally, Akihito Takano retired as of March 31, 2022 due to expiration of his term of office.

Managing Officer	Nobuhiro Seo	In charge of Corporate Planning and General Affairs Department and Legal Office, General Manager of Corporate Planning and General Affairs Department and Legal Office
Managing Officer	Takahisa Aoyama	In charge of Real Estate Investment Department and General Manager of Real Estate Investment Department
Managing Officer	Akihito Takano	In charge of Development Promotion Department and General Manager of Development Promotion Department

(2) Summary of the Agreement on Limitation of Liability -

In accordance with the provisions in Article 427, Paragraph 1, of the Companies Act, the Company has entered agreements with the Directors (excluding those who are Executive Directors, etc.) and the Statutory Auditors to limit their liabilities for damages as set forth in Article 423, Paragraph 1, of the Companies Act; provided, however, that the limit of the liabilities for damages under such agreements shall be the amount prescribed in the Act.

(3) Summary of the Directors and Officers Liability Insurance Contract -

The Company has concluded a directors and officers liability insurance contract, as stipulated in Article 430-3, Paragraph 1, of the Companies Act, with an insurance company. The insurance covers directors, statutory auditors, managing officers and employees of the Company and its subsidiaries. The insurance premiums for the contract are fully borne by the Company. The insurance pays for damages and litigation expenses assumed in the event that a claim for damages is made against the insured person due to an act committed (including errors of omission) by the insured person in his/her capacity as an officer, etc. of the Company, and this contract is to be renewed every year.

The insurance will be renewed with the same contents in December 2022. The insurance includes measures taken to ensure that the appropriateness of duties performed by the insured will not be impaired by setting limits for the amount to be covered.

(4) Remuneration paid to Directors and Statutory Auditors -

1) Policy on decisions pertaining to remuneration for individual Directors, etc.

The Company revised its policy on decisions pertaining to remuneration for individual Directors, etc. (referring to Directors and Managing Officers) at the Board of Directors meeting held on February 26, 2021. Upon making this resolution of the Board of Directors, the Board of Directors consulted with the Compensation Committee, which is mainly composed of External Directors, and received their report regarding the content of said resolution in advance.

Details of the policy on decisions pertaining to remuneration for individual Directors, etc. are as follows.

1. Basic policy

- Remuneration, etc. for Directors and Managing Officers (hereinafter, the “Officer Compensation”) shall be based on the following basic policy in accordance with the principles of the Corporate Governance Code in order to realize the management policies of the Company.
 - i) Provide motivation to improve the business performance and enhance corporate value in the medium and long term;
 - ii) Seek shared value with shareholders;
 - iii) Establish standards and systems to contribute to securing excellent human resources; and
 - iv) Maintain a decision-making process with sufficient transparency and impartiality.
- Officer Compensation shall be composed of the fixed-amount compensation as basic compensation, the bonuses as short-term incentives, and the performance-linked stock compensation plan as medium- and long-term incentives. However, remuneration for External Directors shall be composed only of basic compensation in view of their roles and independence.

2. Policy on determining amounts of individual remuneration, etc. for basic compensation (monetary remuneration) (including policy on determining time period or conditions for providing remuneration, etc.)

- Basic compensation shall be determined based on the significance of roles and the scope of responsibility for each rank, in consideration of business performance, etc. based on the Officer Compensation system. External Directors, who take on the supervisory function, shall only be provided basic compensation in view of their responsibilities.
- Basic compensation shall be fixed-amount compensation provided monthly.

3. Policy on determining details and calculation method of amount or number of shares for performance-linked remuneration, etc. and non-monetary remuneration, etc. (including policy on determining time period or conditions for providing remuneration, etc.)

(1) Bonuses

- Short-term incentives shall be provided through bonuses paid as cash remuneration in June every year in order to raise awareness for improving business performance each fiscal year.
- Bonuses shall be calculated by multiplying the standard amount corresponding to rank 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 rank by a coefficient corresponding to

individual evaluations (including ESG evaluations). The coefficient for net income attributable to owners of parent shall be within the range of 0% to 150%, and the coefficient for individual evaluations (including ESG evaluations) shall be within the range of 0% to 100%.

- The total amount of bonuses for Directors shall be limited to 5% of the total amount of dividends for the relevant accounting period in consideration of providing a balance with shareholder returns.
- Bonuses for Managing Officers shall be determined in accordance with the bonuses for Directors.

(2) Performance-linked stock compensation

- Medium- and long-term incentives are provided through performance-linked stock compensation, which consists of a fixed-amount portion and a performance-linked portion.
- The fixed-amount portion is determined according to rank, and the performance-linked portion is determined according to the achievement of performance conditions, stock prices, etc.
- The fixed-amount portion aims to strengthen shared 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 remuneration.
- Share benefits shall be provided using a trust comprised of common stock, in principle, on 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 TSR (Total Shareholder Return), 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 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 the stock compensation rules established by the resolution of the Board of Directors.

4. Policy on determining the proportion of the amounts of monetary remuneration, performance-linked remuneration, etc., and non-monetary remuneration to remuneration for individual Directors

- The proportion of each type of remuneration shall be decided by the Board of Directors in accordance with the report of the Compensation Committee, taking into account the remuneration standards of other companies in the same industry, and the following ratios will be used as an approximate reference for the case in which performance targets are achieved.

Item	Fixed-amount compensation	Bonuses	Performance-linked stock compensation
Position	Basic compensation	Short-term incentive	Medium and long-term incentive
Ratio of total remuneration (approximate)	55% – 65%	20% – 30%	10% – 20%

5. Delegation of determination of details in relation to remuneration for individual Directors
- Regarding the determination of individual remuneration amounts, specific details shall be delegated to the Representative Director and President based on the resolution of the Board of Directors, and said authority shall include the amount of basic compensation and the amount of bonuses for each Director, etc.
 - The Board of Directors, to ensure that said authority is properly exercised by the Representative Director and President, shall consult with the Compensation Committee, which is composed mainly of External Directors, and receive their reports with regard to a draft prepared by the Representative Director and President, and the Representative Director and President to whom the above authority has been delegated must make such decisions in accordance with said reports.

Furthermore, based on explanations of the method of determining remuneration for individual Directors, etc. from the Representative Director and President, confirmation of the content of the findings of the Compensation Committee, and other factors, the Board of Directors has judged that the method of determining the remuneration for individual Directors, etc. in the current fiscal year and the details of the determined remuneration, etc. are consistent with the Decision-making Policy as resolved by the Board of Directors, and has confirmed that the reports from the Compensation Committee have been respected and that said remuneration, etc. is in accordance with the Decision-making Policy.

2) Total amount of remuneration, etc. for the current fiscal year

Category	Total amount of remuneration, etc. (In millions of yen)	Total amount of remuneration, etc. by type (In millions of yen)			Number of eligible officers
		Basic compensation	Performance-linked remuneration, etc.	Performance-linked stock compensation	
Director (of which, External Directors)	308 (32)	183 (32)	94	31	9 (4)
Statutory Auditors (of which, External Statutory Auditors)	58 (37)	58 (37)	—	—	5 (4)
Total (of which, External Directors and External Statutory Auditors)	367 (69)	241 (69)	94	31	14 (8)

(Notes)

- The above includes one Statutory Auditor (External Statutory Auditor) who retired at the close of the 101st Ordinary General Shareholders' Meeting held on June 24, 2021.
- The amount of remuneration, etc. for Directors (excluding External Directors) (the number of eligible Directors at the time of the resolution was seven) shall be set within ¥250 million per year (the amount of remuneration for Directors does not include the employee salaries of Directors who serve concurrently as employees) by a resolution of the 88th Ordinary General Shareholders' Meeting held on June 26, 2008, and the amount of remuneration, etc. for External

Directors (the number of eligible External Directors at the time of the resolution was four) shall be set within ¥40 million per year by a resolution of the 98th Ordinary General Shareholders' Meeting held on June 26, 2018.

3. Apart from the amount of remuneration, etc. for Directors mentioned in (Notes) 2 above, the Company adopted a new performance-linked stock compensation plan for directors (excluding external directors and non-residents of Japan; hereinafter, the same applies in this paragraph) and executive officers (excluding non-residents of Japan; hereinafter, the same applies in this paragraph) and established a trust comprised of common stock for the plan, pursuant to a resolution of the 99th Ordinary General Shareholders' Meeting held on June 26, 2019. The number of eligible Directors was five and the number of eligible executive officers who do not concurrently serve as Directors was two at the time of the resolution. It was resolved at the Meeting that the funds contributed by the Company to the trust for the acquisition of the Company's shares to be awarded to Directors and Managing Officers as stock compensation shall be set within ¥150 million for the period of three fiscal years. The amount of remuneration, etc. for Directors mentioned above includes ¥31 million recorded as an expense in the current fiscal year as performance-linked stock compensation.
4. The amount of remuneration, etc. for Statutory Auditors shall be set within ¥70 million per year by a resolution of the 98th Ordinary General Shareholders' Meeting held on June 26, 2018. The number of eligible Statutory Auditors at the time of the resolution was four.

3) Performance-linked remuneration, etc.

Performance-linked remuneration, etc. is provided through bonuses paid as short-term incentives with the performance index of net income attributable to owners of parent in order to raise awareness for improving business performance each fiscal year. Bonuses are calculated by multiplying the standard amount corresponding to that rank 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 rank (excluding Representative Director and President) by a coefficient corresponding to individual evaluations (including ESG evaluations). The coefficient for net income attributable to owners of parent is within the range of a minimum of 0% (when net income attributable to owners of parent is negative) and a maximum of 150% (when net income attributable to owners of parent is ¥9,000 million or more), and the coefficient for individual evaluations (including ESG evaluations) is within five levels from 0% to 100%, with 50% as the standard. Details are as described in "3. (4) 1) Policy on decisions pertaining to remuneration for individual Directors, etc." (on page 48).

The performance target for net income attributable to owners of parent for the current fiscal year is ¥7,300 million as initially forecast, and the results are as described in “1. (5) Status of asset and profit and loss of the Group” (on page 39). Performance-linked remuneration, etc. described in the above table in 2) is the provision of accrued bonuses for directors pertaining to the current fiscal year. Bonuses for Directors of the Company shall be paid within the limit of the amount of remuneration, etc. as stated in (Notes) 2 above by a resolution of the General Shareholders’ Meeting.

4) Performance-linked stock compensation

The Company has adopted a performance-linked stock compensation plan as medium- to long-term incentives. Said stock compensation is composed of a fixed-amount portion and a performance-linked portion, and the performance-linked stock compensation in the table in Item 2) above includes a fixed-amount portion of ¥15 million and a performance-linked portion of ¥15 million. 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 TSR (Total Shareholder Return), 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, and the stock compensation for the performance-linked portion shall be 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. Furthermore, for each evaluation index, the coefficient is 100%, with a standard level of achievement or comparative assessment of 100% or more and less than 120%. Details are as described in “3. (4) 1) Policy on decisions pertaining to remuneration for individual Directors, etc.” (on page 48).

The performance target for consolidated operating income for the current fiscal year is ¥11,500 million as initially forecast, and the results are as described in “1. (5) Status of asset and profit and loss of the Group” (on page 39). The Company has not established a target for the comparative assessment of the stock price index for TSR. The result of the comparative assessment for the current fiscal year is 118%.

Performance-linked stock compensation described in the above table in 2) is the provision for share-based remuneration for the current fiscal year based on the said plan.

5) Delegation of decisions on remuneration for individual Directors, etc.

The Board of Directors has delegated the determination of the amount of basic compensation and the amount of bonuses for each Director, etc. to the Representative Director and President, Kiyoyuki Tsuchimoto. The reason for delegating this authority is because the Company has judged the Representative Director and President to be the most suitable person to evaluate each Director, etc., while maintaining a comprehensive view of the Company’s overall performance, etc. The Board of Directors, to ensure that said authority is

properly exercised by the Representative Director and President, shall consult with the Compensation Committee, which is composed mainly of External Directors, and receive their reports with regard to a draft prepared by the Representative Director and President, and the Representative Director and President to whom the above authority has been delegated must make such decisions in accordance with said reports.

The members of the Compensation Committee during the current fiscal year are as follows.

Chairman: Takahiro Moriguchi (External Director)

Member: Junji Ota (External Director)

Member: Kiyoyuki Tsuchimoto (Representative Director and President)

(5) External Officers -

1) Relationship between the Company and the entities in which Directors and Statutory Auditors concurrently hold significant offices

Category	Name	Status of significant office(s) concurrently held	Relationship with the Company
Director	Kiichiro Masui	Chairman of the Board of The Japan Securities Research Institute	There have been transactions related to the leasing of real estate between the Company and The Japan Securities Research Institute. However, the amount of the transactions makes up less than 1% of the consolidated operating revenue of the Company.
		Outside Director of Japan Credit Rating Agency, Ltd.	No important relationship exists.
Director	Junko Utsunomiya	Founding partner of Utsunomiya & Shimizu and Haruki Management Legal Office	No important relationship exists.
		External Statutory Auditor of ZOZO, Inc.	No important relationship exists.
		Outside Director, Audit and Supervisory Committee Member of RAKSUL INC.	No important relationship exists.
		Outside Director (Audit & Supervisory Committee Member) of PeptiDream Inc.	No important relationship exists.
Statutory Auditor	Jun Sekine	Outside Director of Tochigi Bank, Ltd.	No important relationship exists.

2) Principal activities during the current fiscal year

Category	Name	Attendance at Board of Directors' Meetings and Board of Statutory Auditors' Meetings	Principal activities and duties performed in relation to expected roles
Director	Kiichiro Masui	Board of Directors' Meetings 14/14 (100%)	He has provided opinions at the Board of Directors from an objective standpoint, taking advantage of his knowledge and experience. In particular, he has played an appropriate role in ensuring the suitable and appropriate management of decision-making by providing supervision and advice from a specialized point of view accumulated in the world of finance and securities. In addition, as a chairman of the Nomination Committee, he attended meetings of the Nomination Committee held in the current fiscal year and assumed leadership for the supervisory function in the decision process for personnel affairs of officers at the Company from an objective and neutral standpoint.
Director	Junji Ota	Board of Directors' Meetings 14/14 (100%)	He has provided opinions at the Board of Directors from an objective standpoint, taking advantage of his knowledge and experience. In particular, he has played an appropriate role in ensuring the suitable and appropriate management of decision-making by providing supervision and advice from the standpoint of corporate management. In addition, as a member of the Compensation Committee, he attended meetings of the Compensation Committee held in the current fiscal year and has taken on the supervisory function in the decision process for officer compensation, etc. at the Company from an objective and neutral standpoint.

Category	Name	Attendance at Board of Directors' Meetings and Board of Statutory Auditors' Meetings	Principal activities and duties performed in relation to expected roles
Director	Takahiro Moriguchi	Board of Directors' Meetings 14/14 (100%)	He has provided opinions at the Board of Directors from an objective standpoint, taking advantage of his knowledge and experience. In particular, he has played an appropriate role in ensuring the suitable and appropriate management of decision-making by providing supervision and advice from the standpoint of corporate management and an international perspective. In addition, as a member of the Nomination Committee and a chairman of the Compensation Committee, he attended meetings of the Nomination Committee and the Compensation Committee held in the current fiscal year and has assumed leadership for the supervisory function in the decision process for personnel affairs of officers and officer compensation, etc. at the Company from an objective and neutral standpoint.
Director	Junko Utsunomiya	Board of Directors' Meetings 14/14 (100%)	She has provided opinions at the Board of Directors from an objective standpoint, taking advantage of her knowledge and experience. In particular, she has played an appropriate role in ensuring the suitable and appropriate management of decision-making by providing supervision and advice from a specialized standpoint as an attorney. In addition, as a member of the Nomination Committee, she attended meetings of the Nomination Committee held in the current fiscal year and has taken on the supervisory function in the decision process for personnel affairs of officers, etc. at the Company from an objective and neutral standpoint.
Statutory Auditor	Shosaku Shimomura	Board of Directors' Meetings 10/10 (100%) Board of Statutory Auditors' Meetings 11/11 (100%)	Taking advantage of his knowledge and experience, he carried out discussions on important matters relating to audits and posed questions and pointed out pertinent issues, as necessary, to ensure suitable and appropriate management of the decision-making process of the Board of Directors.
Statutory Auditor	Chikami Tsubaki	Board of Directors' Meetings 14/14 (100%) Board of Statutory Auditors' Meetings 14/14 (100%)	Taking advantage of her knowledge and experience, she carried out discussions on important matters relating to audits and posed questions and pointed out pertinent issues, as necessary, to ensure suitable and appropriate management of the decision-making process of the Board of Directors.

Category	Name	Attendance at Board of Directors' Meetings and Board of Statutory Auditors' Meetings	Principal activities and duties performed in relation to expected roles
Statutory Auditor	Jun Sekine	Board of Directors' Meetings 14/14 (100%) Board of Statutory Auditors' Meetings 14/14 (100%)	Taking advantage of his knowledge and experience, he carried out discussions on important matters relating to audits and posed questions and pointed out pertinent issues, as necessary, to ensure suitable and appropriate management of the decision-making process of the Board of Directors.

(Note) Statutory Auditor Shosaku Shimomura was elected at the Ordinary General Shareholders' Meeting held on June 24, 2021. Accordingly, the above only describes his attendance after he has assumed office.

4. Matters related to Independent Auditor:

(1) Name of Independent Auditor -
KPMG AZSA LLC

(2) Amount of Independent Auditor's fee -

1) Total fee the Company will pay Independent Auditor for the current fiscal term
35 million yen

2) Total amount of money and other profits the Company and the Company's subsidiaries
will pay Independent Auditor
35 million yen

(Notes) 1. The total amounts described in "Total fee the Company will pay Independent Auditors for the current fiscal term" above include Independent Auditors' fee for audit based on the Companies Act and the Financial Instruments and Exchange Act, because the Company does not classify fee for audit based on the Companies Act and fee for audit based on the Financial Instruments and Exchange Act by audit agreement between the Company and the Independent Auditors.

2. The Board of Statutory Auditors has obtained necessary materials or received reports from the related departments and the Independent Auditor and has confirmed and deliberated the content of the auditing plan, the basis for calculating the estimated amount of fee, etc., and thereupon has determined to give consent to the amount of the Independent Auditor's fee.

(3) Policy on determining the dismissal or disapproval of reappointment of the Independent Auditor -

If the Independent Auditor is deemed applicable to any of the provisions in Article 340, Paragraph 1, of the Companies Act, the Board of Statutory Auditors will dismiss the Independent Auditor upon unanimous approval of all the Statutory Auditors.

Further, if the performance of duties of the Independent Auditor is deemed difficult to be appropriately performed based on the Board of Statutory Auditors' review of the Independent Auditor's audit system, independence, specialization, and performance of duties, or when the Board of Statutory Auditors has reasonable grounds to change the Independent Auditor for the purpose of further enhancing the appropriateness of the audit, the Board of Statutory Auditors will decide upon the content of a proposal for the dismissal or disapproval of reappointment of the Independent Auditor to be submitted to the General Shareholders' Meeting.

CONSOLIDATED BALANCE SHEET

MARCH 31, 2022

ASSETS

(In millions of yen)

Current assets:	
Cash and deposits	¥23,211
Accounts receivable – trade	1,809
Marketable securities	5,014
Real estate for sale	19,623
Real estate for sale in process	251
Operating investment	1,624
Other	2,038
Allowance for doubtful accounts	(25)
Total current assets	53,548
Fixed assets:	
Tangible fixed assets -	
Buildings and structures	82,947
Machinery, equipment and vehicles	492
Tools, furniture and fixtures	560
Land	163,624
Construction in progress	1,754
Total tangible fixed assets	249,379
Intangible fixed assets -	
Leasehold rights	28,560
Other	251
Total intangible fixed assets	28,811
Investments and other assets -	
Investment securities	39,066
Deferred tax assets	156
Other	5,079
Total investments and other assets	44,301
Total fixed assets	322,492
Deferred assets -	
Bond issuance cost	169
Total deferred assets	169
Total assets	376,210

CONSOLIDATED BALANCE SHEET

MARCH 31, 2022

LIABILITIES AND NET ASSETS

(In millions of yen)

<u>Liabilities</u>	
Current liabilities:	
Accounts payable – trade	¥3,367
Current portion of bonds payable	4,327
Short-term loans payable	3,800
Current portion of long-term loans	13,077
Income taxes payable	3,300
Accrued consumption taxes	96
Accrued bonuses for directors	118
Accrued bonuses	250
Other	2,372
Total current liabilities	30,710
Long-term liabilities:	
Bonds payable	23,889
Long-term loans payable	157,143
Long-term accounts payable	4,000
Leasehold and guarantee deposits received	22,514
Deferred tax liabilities	10,170
Deferred tax liabilities for land revaluation	7,613
Provision for share-based remuneration	101
Retirement benefit liability	119
Assets retirement obligations	669
Total long-term liabilities	226,221
Total liabilities	256,931
<u>Net Assets</u>	
Shareholders' equity:	
Common stock	21,492
Capital surplus	19,720
Retained earnings	50,258
Treasury shares	(7,306)
Total shareholders' equity	84,165
Accumulated other comprehensive income:	
Unrealized gain on securities	18,068
Land revaluation surplus	17,045
Total accumulated other comprehensive income	35,113
Total net assets	119,278
Total liabilities and net assets	376,210

CONSOLIDATED STATEMENT OF INCOME

FROM: APRIL 1, 2021
TO: MARCH 31, 2022

	(In millions of yen)
Operating revenue	¥57,818
Operating costs	40,126
Gross profit	17,691
Selling, general and administrative expenses	5,076
Operating income	12,615
Non-operating income -	
Interest income and dividends earned	540
Miscellaneous non-operating income	45
Total non-operating income	585
Non-operating expenses -	
Interest expenses	1,207
Interest on debentures	206
Amortization of bond issuance cost	56
Miscellaneous non-operating expenses	158
Total non-operating expenses	1,628
Ordinary income	11,572
Extraordinary Income -	
Gain on sales of fixed assets	344
Gain on sales of investment securities	761
Total extraordinary income	1,106
Extraordinary loss -	
Loss on disposal of fixed assets	49
Loss on rebuilding	82
Impairment loss	2
Total extraordinary loss	133
Income before income taxes	12,544
Income taxes - current	4,113
Income taxes - deferred	(274)
Net income	8,705
Net income attributable to owners of parent	8,705

NON-CONSOLIDATED BALANCE SHEET

MARCH 31, 2022

ASSETS

(In millions of yen)

Current assets:	
Cash and deposits	¥19,669
Accounts receivable – trade	1,182
Marketable securities	5,014
Real estate for sale	19,623
Real estate for sale in process	251
Operating investments	1,624
Prepaid expenses	75
Short-term loans	18
Accounts receivable – other	1,580
Accrued revenues receivable	0
Advances paid	224
Suspense payments	15
Allowance for doubtful accounts	(25)
Total current assets	49,254
Fixed assets:	
Tangible fixed assets -	
Buildings	79,478
Structures	260
Machinery and equipment	492
Vehicles	0
Tools, furniture and fixtures	498
Land	156,302
Construction in progress	1,754
Total tangible fixed assets	238,785
Intangible fixed assets -	
Leasehold rights	28,567
Trademark right	10
Software	208
Telephone subscription right	9
Right of using facilities	0
Total intangible fixed assets	28,796
Investments and other assets -	
Investment securities	38,349
Investment in securities of affiliates	8,351
Investment in partnerships	21
Long-term prepaid expenses	941
Guarantee deposits	1,169
Total investments and other assets	48,833
Total fixed assets	316,414
Deferred assets -	
Bond issuance cost	169
Total deferred assets	169
Total assets	365,838

NON-CONSOLIDATED BALANCE SHEET

MARCH 31, 2022

LIABILITIES AND NET ASSETS

(In millions of yen)

<u>Liabilities</u>	
Current liabilities:	
Accounts payable – trade	¥2,998
Current portion of bonds payable	4,327
Short-term loans payable	5,550
Current portion of long-term loans	13,077
Accounts payable – other	78
Accrued expenses	132
Income taxes payable	3,003
Accrued consumption taxes	0
Advances received	1,270
Deposits received	660
Accrued bonuses for directors	94
Accrued bonuses	169
Total current liabilities	31,360
Long-term liabilities:	
Bonds payable	23,889
Long-term loans payable	157,143
Long-term accounts payable	4,000
Leasehold and guarantee deposits received	19,184
Deferred tax liabilities	8,281
Deferred tax liabilities for land revaluation	7,613
Provision for share-based remuneration	101
Accrued severance indemnities for employees	44
Assets retirement obligations	645
Total long-term liabilities	220,902
Total liabilities	252,263
<u>Net assets</u>	
Shareholders' equity:	
Common stock	21,492
Capital surplus	
Capital reserve	19,720
Other capital surplus	0
Total capital surplus	19,720
Retained earnings:	
Legal reserve	1,453
Other retained earnings:	
Reserve for advanced depreciation	2,237
General reserve	10,115
Retained earnings carried forward	31,090
Total other retained earnings	43,442
Total retained earnings	44,896
Treasury shares	(7,306)
Total shareholders' equity	78,803
Valuation and translation adjustments:	
Unrealized gain on securities	17,726
Land revaluation surplus	17,045
Total valuation and translation adjustments	34,771
Total net assets	113,574
Total liabilities and net assets	365,838

NON-CONSOLIDATED STATEMENT OF INCOME

FROM: APRIL 1, 2021

TO: MARCH 31, 2022

	(In millions of yen)
Operating revenue	¥52,823
Operating costs	38,532
Gross profit	14,291
Selling, general and administrative expenses	3,042
Operating income	11,248
Non-operating income -	
Interest income and dividends earned	1,234
Miscellaneous non-operating income	45
Total non-operating income	1,279
Non-operating expenses -	
Interest expense	1,214
Interest on debentures	206
Amortization of bond issuance cost	56
Miscellaneous non-operating expenses	158
Total non-operating expenses	1,635
Ordinary income	10,893
Extraordinary Income -	
Gain on sales of fixed assets	348
Gain on sales of investment securities	761
Total extraordinary income	1,109
Extraordinary loss -	
Loss on disposal of fixed assets	11
Loss on rebuilding	82
Impairment loss	2
Total extraordinary loss	95
Income before income taxes	11,907
Income taxes - current	3,669
Income taxes - deferred	(291)
Net income	8,529

A COPY OF THE AUDIT REPORT OF THE INDEPENDENT AUDITOR ON THE
CONSOLIDATED FINANCIAL STATEMENTS

Independent Auditor's Report
(English Translation)

May 13, 2022

To the Board of Directors of Heiwa Real Estate Co., Ltd.:

KPMG AZSA LLC
Tokyo Office, Japan

Yohei Morimoto
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Hirofumi Hanyu
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Opinion

We have audited the consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the related notes of Heiwa Real Estate Co., Ltd. (“the Company”) and its consolidated subsidiaries (collectively referred to as “the Group”), as at March 31, 2022 and for the year from April 1, 2021 to March 31, 2022 in accordance with Article 444-4 of the Companies Act.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position and the results of operations of the Group for the period, for which the consolidated financial statements were prepared, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the business report and its supplementary schedules. Management is responsible for the preparation and presentation of the other information. Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The selection and application of audit procedures depends on the auditor's judgment.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company and its subsidiaries which are required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act of Japan for the conveniences of the reader.

A COPY OF THE AUDIT REPORT OF THE INDEPENDENT AUDITOR ON THE NON-
CONSOLIDATED FINANCIAL STATEMENTS

Independent Auditor's Report
(English Translation)

May 13, 2022

To the Board of Directors of Heiwa Real Estate Co., Ltd.:

KPMG AZSA LLC
Tokyo Office, Japan

Yohei Morimoto
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Hirofumi Hanyu
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Opinion

We have audited the financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and the accompanying supplementary schedules (“the financial statements and the accompanying supplementary schedules”) of Heiwa Real Estate Co., Ltd. (“the Company”) as at March 31, 2022 and for the 102nd fiscal year from April 1, 2021 to March 31, 2022 in accordance with Article 436-2-1 of the Companies Act.

In our opinion, the financial statements and the accompanying supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of the Company for the period, for which the financial statements and the accompanying supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements and the Accompanying Supplementary Schedules* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the business report and its supplementary schedules. Management is responsible for the preparation and presentation of the other information. Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the financial statements and the accompanying supplementary schedules does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements and the accompanying supplementary schedules, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the accompanying supplementary schedules or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Financial Statements and the Accompanying Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements and the accompanying supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the accompanying supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the accompanying supplementary schedules, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements and the Accompanying Supplementary Schedules

Our objectives are to obtain reasonable assurance about whether the financial statements and the accompanying supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and the accompanying supplementary schedules.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements and the accompanying supplementary schedules, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The selection and application of audit procedures depends on the auditor's judgment.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the accompanying supplementary schedules or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the financial statements and the accompanying supplementary schedules are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements and the accompanying supplementary schedules, including the disclosures, and whether the financial statements and the accompanying supplementary schedules represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which are required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act of Japan for the conveniences of the reader.

A COPY OF THE AUDIT REPORT OF THE BOARD OF STATUTORY AUDITORS

AUDIT REPORT

We, the Board of Statutory Auditors, having deliberated the issues based on the reports made by each Statutory Auditor concerning the methods and results of their audit of the business activities of the directors for the 102nd fiscal year from April 1, 2021 to March 31, 2022, prepared this Audit Report and hereby submit to you as follows:

1. Outline of auditing method applied by the Statutory Auditors and the Board of Statutory Auditors:

- (1) The Board of Statutory Auditors established the auditing policies and the audit plan, received reports and explanations regarding the status of audits and the results thereof from each Statutory Auditor, as well as reports and explanations regarding the status of the execution of duties from the Directors and Independent Auditor, and requested explanation as necessary.
- (2) In accordance with the auditing standards for Statutory Auditors determined by the Board of Statutory Auditors and the auditing policies and the audit plan, each Statutory Auditor endeavored to collect information and established auditing circumstances through communication with internal audit staff and other employees, and conducted the audit in accordance with the following procedures. Furthermore, the Statutory Auditors utilized online conference systems for parts of the audit, as a measure to prevent the spread of COVID-19.
 - 1) Each Statutory Auditor attended the Board of Directors' meeting and other important meetings to receive reports regarding performance of duties from directors and employees and requested explanations as necessary. Each Statutory Auditor also inspected the significant approved documents and examined the status of operations and conditions of assets at its head office and principal offices. With regard to subsidiaries, each Statutory Auditor communicated and exchanged information with Directors and Statutory Auditors, etc. of the subsidiaries and received reports from the subsidiaries on the status of their business, as necessary.
 - 2) With regard to the resolutions adopted by the Board of Directors regarding the establishment of the system for ensuring that the directors' duties are performed in conformity of laws, regulations and the Articles of Incorporation of the Company as stated in the business reports, the establishment of the system necessary to ensure proper business operations of the company group, which consists of a *kabushiki kaisha* (joint stock company) and its subsidiaries, as set forth in Article 100, Paragraphs 1 and 3, of Enforcement Regulations of the Companies Act, and the systems (Internal Control System) established in accordance with the resolution of the Board of Directors, each Statutory Auditor regularly received reports from directors and employees on the status of the establishment and operations thereof, requested them for explanations as necessary, and expressed opinions.
 - 3) The contents of the Basic Principles on Ideal Person Who Has Control over Decisions on the Company's Financial and Business Policies as stated in the business reports are reviewed based on the status of deliberations of the Board of Directors and other management entities.
 - 4) Statutory Auditors monitored and verified that Independent Auditor maintains independence and conduct the audits appropriately. Each Statutory Auditor also received reports of the status of the execution of duties from Independent Auditor and requested explanation as necessary. In addition, we were informed of the arrangement of the "System for ensuring that the duties are performed appropriately" (matters stipulated in the items of Article 131 of the Corporate Calculation Regulations in accordance with "Standards for the Quality Control of Audits" (Business Accounting Council, October 28, 2005)) from the Independent Auditor and requested explanations as necessary.

In accordance with the procedures mentioned above, we reviewed the business reports and supplementary schedules, the non-consolidated financial statements (the non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in net assets and notes to the non-consolidated financial statements), and the supplementary schedules, as well as the consolidated financial statements (the consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets and notes to the consolidated financial statements), and the supplementary schedules, for the year ended March 31, 2022.

2. Results of Audit

(1) Results of audit of business report

- 1) The business reports and supplementary schedules present fairly the financial condition of the Company in conformity with related laws, regulations, and the Articles of Incorporation of the Company.
- 2) Regarding the performance of duties by Directors, there were no instances of misconduct or material matters in violation of laws, regulations, nor the Articles of Incorporation of the Company.
- 3) Resolution of the Board of Directors regarding the internal control system is fair and reasonable. There are no matters requiring additional mention regarding the contents of the business report and the execution of duties by Directors regarding the internal control system.
- 4) There are no matters requiring additional mention with respect to the Basic Policy with Regard to the Role of Any Person Controlling the Decision over Financial and Business Policies of the Company stated in the business reports.

(2) Results of audit of non-consolidated financial statements and supplementary schedules

The auditing methods and results of the Independent Auditor, KPMG AZSA LLC, are fair and reasonable.

(3) Results of audit of consolidated financial statements and supplementary schedules

The auditing methods and results of the Independent Auditor, KPMG AZSA LLC, are fair and reasonable.

May 18, 2022

Board of Statutory Auditors
Heiwa Real Estate Co., Ltd.
Statutory Auditor (Full-time)
Naoto Kato

External Statutory Auditor (Full-time)
Shosaku Shimomura

External Statutory Auditor
Chikami Tsubaki

External Statutory Auditor
Jun Sekine

The above represents a translation, for reference purposes only, of the original report issued in the Japanese language.