

October 1, 2010

To Whom It May Concern

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Launch of the Merger with Japan Single-residence REIT Inc.

With regards to the merger between Crescendo Investment Corporation and Japan Single-residence REIT Inc. ("JSR") (the "Merger") which Heiwa Real Estate REIT, Inc. (on this day, its business name changed from Crescendo Investment Corporation ("the Investment Corporation")) announced on June 21, 2010 in the "Notice Regarding Execution of Merger Agreement between Crescendo Investment Corporation and Japan Single-residence REIT Inc." Heiwa Real Estate REIT, Inc. today announced that all of the preliminary terms and conditions of the Merger Agreement have been fulfilled and that the Merger has taken effect.

Details

1. Outcomes of the Merger

(1) Expanding the Asset Size

As a result of receiving asset holdings from JSR (43 properties, purchase price for the Investment Corporation: approximately ¥48.1 billion (Note)), the asset size of the Investment Corporation increased to 90 property holdings, total asset value: approximately ¥145 billion (Note) (purchase price basis). As a result, as well as enhancing the visibility and brand power of the Investment Corporation, we can anticipate outcomes such as enhanced operational efficiency and reduced financial costs. Furthermore, by diversifying the types of properties held, we can also anticipate synergistic effects such as risk diversification and revenue stabilization.

(Note) Figures are based on the assumption that the assets of JSR are purchased at the appraisal value for Fiscal Period ended January 2010.

(2) Portfolio Quality Enhancement

Although the strengthening of revenues was a key issue, a relatively large number of the residence properties owned by JSR are high-quality properties; therefore, as stable cash flows are expected, the Investment Corporation can anticipate further strengthening of its earning power due to the Merger.

The Merger is expected to result in a gain in negative goodwill. Although the Investment Corporation intends to take a long-term perspective and strategically and opportunistically replace the properties in its portfolio going forward, even in the event that losses on the sale of property are incurred, it can likely stabilize distribution levels by capitalizing on negative goodwill. The negative goodwill amount is currently under investigation and will be announced as soon as it is confirmed.

(3) Ensuring Investment Unit Liquidity

Today, on the occasion of the Merger taking effect, the Investment Corporation conducted a unit split of 4:1 (4 units for every 1 unit held). Consequently, after the Merger and unit split, investment units outstanding at the Investment Corporation increased from 131,891 units to 695,897 units. Therefore, enhanced liquidity is anticipated.

2. Issues caused by the Merger, and tackling them

(1) Further stabilization of the financial foundation

On the occasion of receiving JSR's interest-bearing debt (as of the end of September, 2010: approximately ¥30.5 billion), we will continue receiving support from Heiwa Real Estate Co., Ltd. for stabilizing the financial foundation; by strengthening the bank formation, we will strive to reduce the financial costs and achieve appropriate LTV (interest-bearing debt ratio) levels.

We will also focus on reducing our operations management costs by revising and streamlining property management and leasing services.

(2) Maximizing investor value

The Investment Corporation will take maximum advantage of the support of its main sponsor, Heiwa Real Estate Co., Ltd., and aim to maximize investor value by endeavoring to ensure steady growth in managed assets and stable medium-to-long-term profits by continually leveraging its features as a hybrid REIT investing in office and residential space in the Tokyo Metro area.

In conjunction with the launch of the Merger, filings etc. will be performed in conformity with the necessary relevant laws and regulations.

- * Distribution: Kabuto Club, Ministry of Land, Infrastructure, Transport and Tourism Press Club, and Ministry of Land, Infrastructure, Transport and Tourism Press Club for Construction Publications
- * Investment Corporation Website: <http://www.heiwa-re.co.jp/>