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For Immediate Release

REIT Issuer

HEIWA REAL ESTATE REIT, Inc.

9-1 Nihonbashi Kabuto-cho, Chuo-ku, Tokyo

Masaaki Higashihara, Executive Director

(Securities Code: 8966)

Asset Management Company

HEIWA REAL ESTATE Asset Management CO., LTD.

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Notice Concerning Acquisition of Asset (HF TABATA RESIDENCE)

HEIWA REAL ESTATE REIT, Inc. (hereinafter referred to as the “Investment Corporation”) announced today the following decisions on executing the acquisition of assets. The details are as follows.

Details

1. Overview of the acquisition

(1) Property number Property name	Re-83 HF TABATA RESIDENCE
(2) Type of specified asset	Real Estate and land lease rights
(3) Investment Category	Residence
(4) Investment Area	Primary Investment Area (Kita-ku, Tokyo)
(5) Proposed acquisition price (Note 2)	1,100,000 thousand yen
(6) Agreement Execution date	July 26, 2017
(7) Scheduled Acquisition date	August 25, 2017
(8) Seller	Heiwa Real Estate Co., Ltd.
(9) Acquisition financing	Some of the proceeds from the transfer of ANWA TSUKASAMACHI BUILDING will be appropriated.
(10) Payment method	Lump-sum payment at time of delivery

(Note 1) The property to be acquired is a building with land lease rights, consisting of a building and the rights to lease land. The rights to lease land are general land lease rights.

(Note 2) “Proposed acquisition price” is the price described in the trust beneficial interest transaction agreement (consumption tax excluded), and does not include the amounts of settlement for fixed property tax, city planning tax, etc.

2. Reason for the transaction

Under the theme of the “Stable Growth Trajectory of HEIWA REAL ESTATE REIT, Inc.,” the Investment Corporation is working to improve the quality of the portfolio over the medium to long term through portfolio

replacement. It is also pursuing conventional external growth driven by the acquisition of properties, thereby maximizing unitholder value.

This property located about a 9-minute walk from Tabata Station on the JR Yamanote Line and Keihin Tohoku Line and a 4-minute walk from Akado-shoggakomae Station of the Nippori-Toneri Liner. So, this property has an excellent access to major office areas in Tokyo with several train lines and stations available. It is designed to meet a high level of demand from single people and DINKs, who are the residents of the property, with its high specification equipment. In addition, the NOI yield of this property is 5.65%, higher than the NOI yield of the existing portfolio properties (NOI yield of the portfolio properties in the 31st fiscal period is 5.26%). And, the age of this property is 1.65 years, far below the average years of residence part of the portfolio properties of 12.84 years. Therefore, the Investment Corporation has decided to acquire this property mainly for the purpose of making the judgment that the acquisition will contribute to the expansion of the size and the improvement of the quality of the portfolio of the Investment Corporation, and the expansion and stability of cash flows.

This property is a project which Heiwa Real Estate Co., Ltd. (hereinafter referred to as “Heiwa Real Estate”), the sponsor of the Asset Management Company, has planned and developed in anticipation of transferring it to the Investment Corporation for the first time. With real estate prices currently rising, competition to acquire properties continues to be severe in the real estate market. In this environment, the Investment Corporation believes that this acquisition is very meaningful to incorporate a new and rare residential building located in the 23 wards of Tokyo that was planned and developed by the sponsor company into its portfolio this time, because it shows that the Heiwa Real Estate Group supports the Investment Corporation in an integrated manner.

We will continuously aim to increase the profitability and quality of the portfolio from the perspective of increasing unitholder value, thereby ensuring steady growth in the operating assets and stable earnings over the medium to long term.

### 3. Details of the property acquisitions

(1) Location	<ul style="list-style-type: none"> <li>• Located about a 9-minute walk from Tabata Station on the JR Yamanote Line and Keihin Tohoku Line, about an 11-minute walk from Nishinippori Station on the JR Yamanote Line and Keihin Tohoku Line and the Tokyo Metro Chiyoda Line and a 4-minute walk from Akado-shoggakomae Station of the Nippori-Toneri Liner, this property has an excellent access to major office areas in Tokyo with several train lines and stations available.</li> <li>• Because there are several municipal hospitals such as Tokyo Metropolitan Komagome Hospital and Tokyo Metropolitan Ohtsuka Hospital in the neighboring areas, stable demand from a wide range of users, including hospital workers and commuter householders that place emphasis on location conditions such as traffic convenience is expected.</li> <li>• Convenience is high, given the proximity of supermarkets, convenience stores, clinics and the Ogu Ginza shopping district.</li> </ul>
(2) Building	<ul style="list-style-type: none"> <li>• The dwelling unit area of this property consists of a total of 56 units, including 42 units of the 1K type (approximately 26 m<sup>2</sup> – 28 m<sup>2</sup>) and 14 units of the 2LDK type (approximately 56 m<sup>2</sup> – 57 m<sup>2</sup>), and demand from single and DINKs households is expected.</li> <li>• Amenities include an automatic locks, indoor hallways, a separate bath and toilet, a dryer for the bathroom a door phone with a TV monitor, and a box for deliveries. The property is also strongly competitive compared with neighboring properties because it meets the needs of single people and DINKs, among other users who are the main residents of the property.</li> </ul>

Property number / Property name	Re-83 HF TABATA RESIDENCE
Type of asset	Real Estate and land lease rights
Location (Note 1)	(Building address on real estate registry) 2-24-1 Tabata Shinmachi Kita-ku, Tokyo

	(Lot Number) 2-60 Tabata Shinmachi Kita-ku, Tokyo	
Land	Form of ownership	General land lease right
	Area (Note 1)	552.06 m <sup>2</sup>
	Use District (Note 2)	Commercial district
	Building Coverage Ratio (Note 3)	90%
	Floor Area Ratio (Note 3)	500%
Building	Form of ownership	Ownership
	Use (Note 1)	Residence
	Structure/Floors (Note 1)	Reinforced concrete with flat roof, 15 stories high
	Total Floor Space(Note 1)	2,457.71 m <sup>2</sup>
	Construction Completion Date (Note 1)	December 1, 2015
	Construction Client	Heiwa Real Estate Co., Ltd.
	Constructor	Shinnihon Corporation
	Architect	Shinnihon Corporation
	Structural Designer	Shinnihon Corporation
	Building Certification	JAPAN ERI Co., Ltd.
Property Management Company	HASEKO LIVENET, Inc	
Master Lease Company	HASEKO LIVENET, Inc	
Master Lease Type	Pass through	
Collateral	None	
Tenant details (Note 4)		
	Total Leasable Units	56 units
	Total Leased Units	56 units
	Total rent income	76,968 thousand yen
	Leasehold and security deposits	11,154 thousand yen
	Total leased floor space	1,917.51 m <sup>2</sup>
	Total leasable floor space	1,917.51 m <sup>2</sup>
	Occupancy rates (Based on Floor Space)	100%
NOI Yield (Note 5)	5.6%	
Outline of the engineering report	Survey Company	Tokyo Bldg.-Tech Center Co., Ltd.
	Survey Date	June 23, 2017
	Replacement Value	489,000 thousand yen
	Probable Maximum Loss (PML)	3.5%
	Long-term repairs (next 15years)	11,800 thousand yen
Overview of Real Estate Appraisal Report	Appraiser	Daiwa Real Estate Appraisal Co., Ltd.
	Value Date	June 30, 2017
	Appraisal Value	1,280,000 thousand yen
Other items of special note	<p>• A land lease agreement has been entered into between the land owner and the lessor of this property (Note6) and Heiwa Real Estate, which is the seller. The Investment Corporation plans to acquire this property by succeeding the land lease agreement from Heiwa Real Estate. The overview of the land lease agreement is as follows.</p> <p>i) Purpose of land lease right: To own the building such as leased units.</p>	

	<p>ii) Tenure: January 31, 2014 to January 30, 2044 (30 years) However, the land lease right can be renewed on the same conditions if the renewal fee is paid.</p> <ul style="list-style-type: none"> <li>• For the area of land of this property, the area of land in the real estate registry is stated. The area of leased land stated in the land lease agreement is 411.88 m<sup>2</sup>, but the actual measured area is 413.52 m<sup>2</sup>.</li> <li>• Regarding the public road on the southwestern side, the construction of a city planning road (Loop Road No. 5-2 with a planned width of 33 meters about 5.9 meters back from the current section abutting the road has been decided. If this project is carried out, and if part of the subject land is provided as a site for the road, this property will become an existing non-conforming building.</li> </ul>
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(Note 1) "Location (excluding indication of residential address)," "Area," "Use," "Structure/Floor" "Total Floor Space" and "Construction Completion Date" are as stated in the real estate registry.

(Note 2) "Use District" is the type of use district as listed in Article 8, Paragraph 1, Item 1 of the City Planning Act.

(Note 3) "Building Coverage Ratio" is the ratio of the building area of the building to the site area as stipulated in Article 53 of the Building Standards Act. The "Floor Area Ratio" is the ratio of the total floor space of the building to the site area as stipulated in Article 52 of the Building Standards Act.

(Note 4) Figures in "Tenant details" are as of May 31, 2017.

Furthermore, "Total rent income" is the annualized figure (multiplied by 12) of the monthly rent (including common expenses but not including fees for the usage of parking, storage rooms and such as well as consumption tax) as of May 31, 2017, based on lease agreements and sub-leasing agreements concluded between the seller and end tenants, with amounts below a thousand yen round off.

(Note 5) "NOI Yields" indicates the NOI yield calculated by using the net operating income (NOI) for the 12 months, which serves as the assumption for the value indicated by the income approach under the direct capitalization method shown in the appraisal report for the property, and is rounded to the first decimal place.

(Note 6) Undisclosed as consent cannot be obtain from the land owner and the lessor of this property

#### 4. Overview of the acquisition

(1)	Name	Heiwa Real Estate Co., Ltd.	
(2)	Head office address	1-10 Nihonbashi Kabuto-cho, Chuo-ku, Tokyo	
(3)	Name and title of representative	Hiroyuki Iwakuma, Representative Director and President	
(4)	Line of business	1. Leasing 2. Real Estate solutions 3. Other businesses	
(5)	Capital stock	21,492 million yen (Note)	
(6)	Date of incorporation	July 1947	
(7)	Consolidated Net Assets	¥97,524 million (Note)	
(8)	Consolidated Total Assets	¥293,025 million (Note)	
(9)	Major Shareholders and Shareholding Ratio	Mitsubishi Estate Co., Ltd.	10.67%
		MISAKI ENGAGEMENT MASTER FUND	6.10%
		Japan Trustee Services Bank, Ltd. (trust account)	4.66%
		The Master Trust Bank of Japan, Ltd. (trust account) (Note)	3.66%
(10)	Relationship with the Investment Corporation and the Asset Management Company and the Company		
	Capital relationship	Heiwa Real Estate Co., Ltd. owns 135,845 units (13.39% of total investment units issued) of the Investment Corporation's investment units as of July 26, 2017. In addition, Heiwa Real Estate owns 4,968 shares (100% of total shares issued) of the Asset Management Company's shares, and falls within the scope of interested persons, etc. as defined in the Financial Instruments and Exchange Act ("Financial Instruments Act") and the Act on Investment Trusts and Investment Corporations ("Investment Trusts Act").	
	Personnel relationship	Of the officers and employees of the Asset Management Company, 2 persons (excluding part-time directors) is dispatched from Heiwa Real Estate as of July 26, 2017.	

Business relationship	In the fiscal period ended November 30, 2016 (30th fiscal period), we engaged in asset transfer with Heiwa Real Estate, which acted as an intermediary. In the fiscal period ended May 31, 2017 (21th fiscal period), we engaged in an asset acquisition with Heiwa Real Estate, which acted as the seller, and we engaged in asset transfer with Heiwa Real Estate, which acted as an intermediary.
Whether or not a related party	Heiwa Real Estate falls under related party of the Investment Corporation and the Asset Management Company. In addition, Heiwa Real Estate falls under interested party of the Asset Management Company.

(Note1) Figure is as of March 31, 2017.

#### 5. Status of previous owner, etc. of the property to be acquired

	Current owner
Name	Heiwa Real Estate Co., Ltd.
Relationship with specially-interested party	Please refer to (7) Relationship with the Investment Corporation and the Asset Management Company and the Company, 4. Overview of the acquisition and the transfer
Course, reason, etc. leading to acquisition	To develop rental housing
Acquisition price	-
Time of acquisition	-

#### 6. Broker Profile

N/A

#### 7. Transactions with Interested Parties

In addition to interested persons, etc. as defined in the Financial Instruments Act and the Investment Trusts Act, the Asset Management Company regulates transactions involving conflicts of interest with interested parties, stipulating in its internal regulations that an “interested party” shall refer collectively to:

- (i) A company, etc. that holds more than 10% of the voting rights of all shareholders of the Asset Management Company;
- (ii) A company, etc. in which more than 50% of the voting rights of all its shareholders are held by (i); or
- (iii) A company, etc. to which (i) or (ii) provides advice, etc. on the management and administration of its assets.

Because Heiwa Real Estate the company that will be the outsource for the property management of the property to be acquired and the intermediary for the property, falls under the interested party, the above transactions were resolved at the meeting of the Investment Corporation’s Board of Directors held today based on the unanimous approval of the Investment Committee, Compliance Committee, and the Board of Directors of the Asset Management Company according to its internal rules.

#### 8. Method of Settlement

Please refer to the aforementioned “1. Overview of the transaction.”

#### 9. Schedule for the acquisition

Please refer to the aforementioned “1. Overview of the transaction.”

#### 10. Outlook

The impact of the acquisition of this property and the transfer of ANWA TSUKASAMACHI BUILDING (please see the Notice Concerning Transfer of Asset (ANWA TSUKASAMACHI BUILDING) published today for details) on the

management status forecasts for the 32nd and 33rd fiscal periods published in the 31st Fiscal Period Financial Report dated July 18, 2017 is minor, and the management status forecasts will remain unchanged.

#### 11. Overview of the appraisal report

Property number/ Property name	Re-83 HF TABATA RESIDENCE	
Appraisal value	1,280,000 thousand yen	
Appraiser	Daiwa Real Estate Appraisal Co., Ltd.	
Value date	June 30, 2017	
<b>Item</b>	<b>Content (1,000 yen) (Note 1)</b>	<b>Overview, etc.</b>
Value	1,280,000	Estimate combining the indicated value by DCF method and direct capitalization method
Value indicated by the income approach (direct capitalization method)	1,300,000	
Effective gross income	78,215	
Potential total profits	82,484	Assessment based on current rental levels in contract, new rental levels for comparable real estate in the same area with the same demand and supply as well as their trends, and taking into account the medium- to long-term competitiveness of the target real estate.
Losses from vacancies, etc.	4,269	Assessed the vacancy rate that is recognized to be stable over the medium to long term.
Operating expenses	17,046	
Management fees	2,226	Based on the judgment that the contents of building management operations are generally at the standard level, examined and posted management fees at a level for similar real estate under the contract.
Property Management fee	1,479	Based on the judgment that the contents of PM operations are generally at the standard level, examined and posted property management fees at a level for similar real estate under the contract.
Utilities expenses	1,043	Assessment based on levels of utilities expenses of comparable real estate and actual levels.
Maintenance and repair cost	1,202	Assessed and posted repair cost in reference to the repair costs of similar real estate from a medium- to long-term perspective. Assessed and posted tenant replacement cost in consideration of the replacement rate and the vacancy rate.
Tenant advertisement expenses, etc.	2,460	Posted by assessing a month and a half expenses for new tenants, taking into account the tenant advertisement expenses for comparable real estate, etc..
Public charges and taxes	4,547	Did not post public charges and taxes for land because it is leased land. Assessed public charges and taxes for the building, taking into account the burden based on actual results.
Casualty insurance premiums	97	Assessment based on levels of insurance premiums of comparable real estate and actual payments.

	Other expenses	3,987	For land rent, posted the actual amount based on the contract. In addition, assessed and posted reserve funds such as supplies expenses from a medium- to long-term perspective.
	Net operating income (NOI)	61,169	
	Interest on lump-sum payments	115	Assessment based on interest income that is thought to be appropriate after taking into account investment as well as interest rate levels of both procuring parties, among other factors.
	Capital expenditures	1,369	Assessed and posted capital expenditure in reference to the level of renewal fees of similar real estate from a medium- to long-term perspective.
	Net cash flow (NCF)	59,916	
	Capitalization rate	4.6%	Assessment made after comprehensively taking into account criteria of the location, building and other factors of the target real estate as well as examples of transactions of comparable real estate.
	Value indicated by the income approach (discounted cash flow method)	1,270,000	
	Discount rate	4.6%	Assessment based on referring to investment returns on comparable real estate and comprehensively taking into account factors including the individual characteristics of the target real estate.
	Terminal capitalization rate	5.0%	Assessment based on comprehensively taking into account factors such as examples of transactions of comparable real estate, future trends in returns on investment, risks of the target real estate, economic growth forecasts going forward as well as trends in real estate prices.
	Value indicated by the cost approach using the cost accounting method	1,170,000	
	Percentage of land	55.7%	
	Percentage of building	44.3%	
	Other notable items regarding the appraisal as stated by the appraiser	—	

(Note 1) The balance above is based on that in the appraisal report and is not that of the Investment Corporation or the Asset Management Company.

\* 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/english/>

**【Attachment】**

(Attachment 1) Photo of the acquiring asset and map

(Attachment 2) List of portfolio properties after the acquisition of this property and the transfer of the asset that was published in the Notice Concerning the Transfer of Asset (ANWA TSUKASAMACHI BUILDING) dated today.

【Attachment】

(Attachment 1) Photo of the acquired assets and map

Re-83 HF TABATA RESIDENCE





(Attachment 2) List of portfolio properties after the acquisition of this property and the transfer of the asset that was published in the Notice Concerning the Transfer of Asset (ANWA TSUKASAMACHI BUILDING) dated today.

	Property No.	Property Name	Location	Investment Area (Note 1)	Acquisition Price (Note 2) (million yen)	Investment Ratio (Note 2) (%)	
Office	Of-01	HF GOTANDA BUILDING	Shinagawa-ku, Tokyo	I	1,290	0.78	
	Of-05	SUITENGU HEIWA BUILDING	Chuo-ku, Tokyo	I	1,550	0.93	
	Of-06	HF MONZENNAKACHO BUILDING	Koto-ku, Tokyo	I	2,500	1.50	
	Of-07	HF HAMAMATSUCHO BUILDING	Minato-ku, Tokyo	I	1,530	0.92	
	Of-08	KOKUSAI TAMEIKE BUILDING	Minato-ku, Tokyo	I	2,700	1.62	
	Of-09	GRACE BUILDING SENGAKUJIMAE	Minato-ku, Tokyo	I	1,220	0.73	
	Of-10	HF SHIN-YOKOHAMA BUILDING	Yokohama-shi, Kanagawa	II	1,550	0.93	
	Of-11	NIHONBASHI DAIICHI BUILDING	Chuo-ku, Tokyo	I	2,150	1.29	
	Of-12	HF HATCHOBORI BUILDING	Chuo-ku, Tokyo	I	3,092	1.86	
	Of-17	HATCHOBORI MF BUILDING	Chuo-ku, Tokyo	I	1,110	0.67	
	Of-18	M2 HARAJUKU	Shibuya-ku, Tokyo	I	3,418	2.05	
	Of-20	FUNABASHI FACE BUILDING	Funabashi-shi, Chiba	II	3,900	2.34	
	Of-21	ADESSO NISHIAZABU	Minato-ku, Tokyo	I	640	0.38	
	Of-22	HF TORANOMON BUILDING	Minato-ku, Tokyo	I	1,675	1.01	
	Of-23	HF IKEBUKURO BUILDING	Toshima-ku, Tokyo	I	1,314	0.79	
	Of-24	HF YUSHIMA BUILDING	Bunkyo-ku, Tokyo	I	1,434	0.86	
	Of-25	KAYABACHO HEIWA BUILDING	Chuo-ku, Tokyo	I	4,798	2.88	
	Of-26	HIROKOJI AQUA PLACE	Nagoya-shi, Aichi	III	2,930	1.76	
	Of-27	KOBE KYUKYORYUCHI HEIWA BUILDING	Kobe-shi, Hyogo	III	2,310	1.39	
	Of-28	MITA HEIWA BUILDING (leasehold land)	Minato-ku, Tokyo	I	2,230	1.34	
	Of-29	SAKAE MINAMI BUILDING	Nagoya-shi, Aichi	III	1,580	0.95	
	Of-30	HF SAKURADORI BUILDING	Nagoya-shi, Aichi	III	4,900	2.95	
	Of-31	HF NIHONBASHI HAMACHO BUILDING	Chuo-ku, Tokyo	I	1,900	1.14	
	Of-32	HF SENDAI HONCHO BUILDING	Sendai-shi, Miyagi	III	2,700	1.62	
	Of-33	HF UENO BUILDING	Taito-ku, Tokyo	I	3,400	2.04	
	Of-34	KOJIMACHI HF BUILDING	Chiyoda-ku, Tokyo	I	1,350	0.81	
	Of-35	HF KUDAN MINAMI BUILDING	Chiyoda-ku, Tokyo	I	2,720	1.64	
	Of-36	HF KANDA OGAWAMACHI BUILDING	Chiyoda-ku, Tokyo	I	3,150	1.89	
	Of-37	NISSO 5 BUILDING	Yokohama-shi, Kanagawa	II	3,100	1.86	
	Of-38	ACROSS SHINKAWA BUILDING	Chuo-ku, Tokyo	I	3,250	1.95	
	Of-39	SENJU MILDIX II BANKAN	Adachi-ku, Tokyo	I	1,650	0.99	
	Office Subtotal					73,041	43.91
	Residence	Re-03	HF ICHIKAWA RESIDENCE	Ichikawa-shi, Chiba	II	430	0.26
		Re-05	HF MEGURO RESIDENCE	Meguro-ku, Tokyo	I	660	0.40
		Re-09	HF KASAI RESIDENCE	Edogawa-ku, Tokyo	I	650	0.39
		Re-11	HF WAKABAYASHI-KOEN RESIDENCE	Setagaya-ku, Tokyo	I	3,610	2.17
		Re-12	HF HIMONYA RESIDENCE	Meguro-ku, Tokyo	I	1,560	0.94

Property No.	Property Name	Location	Investment Area (Note 1)	Acquisition Price (Note 2) (million yen)	Investment Ratio (Note 2) (%)
Re-14	HF MINAMIAZABU RESIDENCE	Minato-ku, Tokyo	I	1,370	0.82
Re-15	HF AZABUJUBAN RESIDENCE	Minato-ku, Tokyo	I	1,260	0.76
Re-16	HF GAKUGEIDAIGAKU RESIDENCE	Meguro-ku, Tokyo	I	1,000	0.60
Re-17	HF HIGASHIKANDA RESIDENCE	Chiyoda-ku, Tokyo	I	1,100	0.66
Re-18	HF HIGASHINIHONBASHI RESIDENCE	Chuo-ku, Tokyo	I	1,210	0.73
Re-19	HF NERIMA RESIDENCE	Nerima-ku, Tokyo	I	690	0.41
Re-20	HF SHIROKANETAKANAWA RESIDENCE	Minato-ku, Tokyo	I	4,030	2.42
Re-21	HF MEIDAIMAE RESIDENCE	Setagaya-ku, Tokyo	I	1,070	0.64
Re-22	HF NIHONBASHI RESIDENCE	Chuo-ku, Tokyo	I	1,130	0.68
Re-23	HF KAMISHAKUJII RESIDENCE	Nerima-ku, Tokyo	I	950	0.57
Re-24	HF KINSHICHO RESIDENCE	Sumida-ku, Tokyo	I	1,100	0.66
Re-25	HF GINZA RESIDENCE EAST	Chuo-ku, Tokyo	I	5,940	3.57
Re-26	HF SHIN-YOKOHAMA RESIDENCE	Yokohama-shi, Kanagawa	II	3,350	2.01
Re-29	HF HAKUSAN RESIDENCE	Bunkyo-ku, Tokyo	I	2,350	1.41
Re-30	HF MAGOME RESIDENCE	Ota-ku, Tokyo	I	1,630	0.98
Re-31	HF GAKUGEIDAIGAKU RESIDENCE II	Meguro-ku, Tokyo	I	1,650	0.99
Re-33	HF KAMEIDO RESIDENCE	Koto-ku, Tokyo	I	1,050	0.63
Re-34	HF TANASHI RESIDENCE	Nishitokyo-shi, Tokyo	II	911	0.55
Re-35	HF SHIBA-KOEN RESIDENCE	Minato-ku, Tokyo	I	836	0.50
Re-36	HF MITA RESIDENCE	Minato-ku, Tokyo	I	1,080	0.65
Re-37	HF TAKANAWA RESIDENCE	Minato-ku, Tokyo	I	749	0.45
Re-38	LA RESIDENCE DE SHIROKANEDAI	Minato-ku, Tokyo	I	730	0.44
Re-39	HF GINZA RESIDENCE EAST II	Chuo-ku, Tokyo	I	1,460	0.88
Re-40	HF HATCHOBORI RESIDENCE II	Chuo-ku, Tokyo	I	1,890	1.14
Re-41	HF HATCHOBORI RESIDENCE III	Chuo-ku, Tokyo	I	793	0.48
Re-42	HF GINZA RESIDENCE	Chuo-ku, Tokyo	I	944	0.57
Re-43	HF KOMAZAWA-KOEN RESIDENCE TOWER	Setagaya-ku, Tokyo	I	6,520	3.92
Re-44	HF UMEDA RESIDENCE TOWER	Osaka-shi, Osaka	III	1,920	1.15
Re-45	HF NAKANOSHIMA RESIDENCE	Osaka-shi, Osaka	III	453	0.27
Re-46	HF AWAZA RESIDENCE	Osaka-shi, Osaka	III	577	0.35
Re-47	HF MARUNOUCHI RESIDENCE	Nagoya-shi, Aichi	III	624	0.38
Re-48	HF HIRAO RESIDENCE	Fukuoka-shi, Fukuoka	III	1,780	1.07
Re-49	HF KAWARAMACHI NIJO RESIDENCE	Kyoto-shi, Kyoto	III	534	0.32
Re-52	HF TENJINHIGASHI RESIDENCE	Fukuoka-shi, Fukuoka	III	502	0.30
Re-53	HF SHIJO KAWARAMACHI RESIDENCE	Kyoto-shi, Kyoto	III	1,820	1.09
Re-54	LA RESIDENCE DE SENDAGI	Bunkyo-ku, Tokyo	I	820	0.49
Re-55	HF SENDAGI RESIDENCE	Bunkyo-ku, Tokyo	I	870	0.52
Re-56	HF KOMAZAWA-KOEN RESIDENCE	Setagaya-ku, Tokyo	I	615	0.37
Re-57	HF MUSASHIKOYAMA RESIDENCE	Shinagawa-ku, Tokyo	I	842	0.51
Re-58	HF KOKUBUNJI RESIDENCE	Kokubunji-shi, Tokyo	II	839	0.50

Property No.	Property Name	Location	Investment Area (Note 1)	Acquisition Price (Note 2) (million yen)	Investment Ratio (Note 2) (%)
Re-59	HF HISAYAODORI RESIDENCE	Nagoya-shi, Aichi	III	1,080	0.65
Re-60	HF KARASUMA KURAMAGUCHI RESIDENCE	Kyoto-shi, Kyoto	III	572	0.34
Re-61	HF NISHI-SHINJUKU RESIDENCE WEST	Shinjuku-ku, Tokyo	I	1,990	1.20
Re-62	HF NISHI-SHINJUKU RESIDENCE EAST	Shinjuku-ku, Tokyo	I	1,170	0.70
Re-63	HF HIGASHI-SHINJUKU RESIDENCE	Shinjuku-ku, Tokyo	I	1,360	0.82
Re-64	HF HIGASHI-SHINSAIBASHI RESIDENCE	Osaka-shi, Osaka	III	566	0.34
Re-65	HF KITA-YOBANCHO RESIDENCE	Sendai-shi, Miyagi	III	809	0.49
Re-66	HF ATAGOBASHI RESIDENCE	Sendai-shi, Miyagi	III	684	0.41
Re-67	HF KYUDAIBYOIN-MAE RESIDENCE	Fukuoka-shi, Fukuoka	III	426	0.26
Re-68	HF ASAKUSABASHI RESIDENCE	Taito-ku, Tokyo	I	771	0.46
Re-69	HF ICHIBANCHO RESIDENCE	Sendai-shi, Miyagi	III	834	0.50
Re-70	HF HIGASHI-NAKANO RESIDENCE	Nakano-ku, Tokyo	I	942	0.57
Re-72	HF WASEDA RESIDENCE	Shinjuku-ku, Tokyo	I	2,090	1.26
Re-73	HF WASEDA RESIDENCE II	Shinjuku-ku, Tokyo	I	872	0.52
Re-74	HF WAKAMATSU KAWATA RESIDENCE	Shinjuku-ku, Tokyo	I	1,158	0.70
Re-75	HF SENDAI RESIDENCE EAST	Sendai-shi, Miyagi	III	1,638	0.98
Re-76	HF NISHIKOEN RESIDENCE	Sendai-shi, Miyagi	III	1,310	0.79
Re-77	HF BANSUI-DORI RESIDENCE	Sendai-shi, Miyagi	III	790	0.47
Re-78	HF KANNAI RESIDENCE	Yokohama-shi, Kanagawa	II	1,800	1.08
Re-79	HF MEIEKI-KITA RESIDENCE	Nagoya-shi, Aichi	III	2,160	1.30
Re-80	HF HIGASHI-SAPPORO RESIDENCE	Sapporo-shi, Hokkaido	III	1,560	0.94
Re-81	HF HAKATA-HIGASHI RESIDENCE	Fukuoka-shi, Fukuoka	III	880	0.53
Re-82	HF SENDAI ITSUTSUBASHI RESIDENCE	Sendai-Shi, Miyagi	III	850	0.51
Re-83	HF TABATA RESIDENCE	Kita-ku, Tokyo	I	1,100	0.66
Residence Subtotal				93,311	56.09
Portfolio Total				<b>166,352</b>	<b>100.00</b>

(Note 1) The Investment Area column entries are in accordance with the following basis:

Investment in the Primary Investment Area (Tokyo 23 Wards) is entered as "I," investment in the Secondary Investment Area (Tokyo (other than the Primary Investment Area), and major urban areas of Kanagawa Prefecture, Chiba Prefecture and Saitama Prefecture) is entered as "II," and investment in the Regional Investment Area (major urban areas of government-ordinance-designated cities other than the Primary and Secondary Investment Area) is entered as III."

(Note 2) Figures for the acquisition price are rounded off to the nearest specified unit, and figures for the investment ratio are rounded to the second decimal place. Accordingly, the figures may not necessarily add up to the figures in the total columns.