

### 39th Fiscal Period Financial Report (REIT)

July 20, 2021

REIT Issuer: HEIWA REAL ESTATE REIT, Inc.  
 Securities Code: 8966  
 Representative: (Title) Executive Director

Stock Exchange Listing: TSE  
 URL: <https://www.heiwa-re.co.jp/>  
 (Name) Aya Motomura

Asset Management Company: HEIWA REAL ESTATE Asset Management CO., LTD.  
 Representative: (Title) President & Representative Director  
 Inquiries: (Title) General Manager, Planning & Finance  
 Department  
 TEL: +81-3-3669-8771

(Name) Masanori Hirano  
 (Name) Yoshio Ito

Scheduled date of submission of periodic securities report (*yuka shoken hokokusho*): August 26, 2021

Scheduled date of commencement of distribution payments: August 13, 2021

Supplementary materials: Attached

IR Conference: Yes (Plan to distribute a video of the financial briefing as a measure to prevent the spread of COVID-19)

[Amounts are rounded down to the nearest million yen]

#### 1. Status of Management and Assets for the 39th Fiscal Period

**39th Fiscal Period (39th FP): Fiscal period ended May 2021 (from December 1, 2020 to May 31, 2021)**

##### (1) Management

[% figures show the period-on-period increase (decrease)]

	Operating revenue		Operating income		Ordinary income		Net income	
39th FP	¥6,730 million	(4.8%)	¥3,309 million	(10.0%)	¥2,916 million	(11.0%)	¥2,916 million	(11.0%)
38th FP	¥7,072 million	7.3%	¥3,677 million	14.7%	¥3,276 million	17.5%	¥3,275 million	17.5%

	Net income per unit	Ratio of net income to unitholders' equity	Ratio of ordinary income to total assets	Ratio of ordinary income to operating revenue
39th FP	¥2,916	3.1%	1.5%	43.3%
38th FP	¥3,254	3.4%	1.7%	46.3%

##### (2) Distributions

	Distribution per unit (excluding distribution in excess of earnings)	Total distributions (excluding distribution in excess of earnings)	Distribution in excess of earnings per unit	Total distributions in excess of earnings	Payout ratio (Note 1)	Ratio of distributions to net assets (Note 2)
39th FP	¥2,800	¥2,799 million	¥-	¥-	96.0%	2.9%
38th FP	¥2,680	¥2,679 million	¥-	¥-	81.8%	2.8%

(Note 1) Payout ratio shows figures that have been calculated using the following formula:

Total distributions (excluding total distributions in excess of earnings) ÷ Net income × 100

(Note 2) Ratio of distributions to net assets shows figures that have been calculated using the following formula:

Total distributions (excluding total distributions in excess of earnings) ÷ [(Net assets at beginning of period + Net assets at end of period) ÷ 2] × 100

(Note 3) The amount of total distributions (¥2,679 million) for the 38th fiscal period are calculated as follows and therefore differ from the amount of net income. The reversal of the reserve for adjustment of temporary differences of ¥39 million (¥40 per unit) is appropriated to the balance excluding the net income provision of internal reserve of ¥635 million (including reserve for temporary difference adjustment ¥338 million).

(Note 4) The amount of total distributions (¥2,799 million) for the 39th fiscal period are calculated as follows and therefore differ from the amount of net income. The reversal of the reserve for adjustment of temporary differences of ¥39 million (¥40 per unit) is appropriated to the balance excluding the net income provision of internal reserve of ¥156 million.

##### (3) Financial Position

	Total assets	Net assets	Ratio of unitholders' equity to total assets	Net assets per unit
39th FP	¥190,986 million	¥95,183 million	49.8%	¥95,189
38th FP	¥188,916 million	¥94,910 million	50.2%	¥94,916

##### (4) Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
39th FP	¥4,239 million	(¥7,215 million)	(¥778 million)	¥9,957 million
38th FP	¥6,175 million	(¥1,990 million)	(¥2,798 million)	¥13,712 million

## 2. Management Status Forecasts for the 40th and 41st Fiscal Periods

**40th Fiscal Period (40th FP): Fiscal period ending November 2021 (from June 1, 2021 to November 30, 2021)**

**41st Fiscal Period (41st FP): Fiscal period ending May 2022 (from December 1, 2021 to May 31, 2022)**

[% figures show the period-on-period increase (decrease)]

	Operating revenue		Operating income		Ordinary income		Net income		Distribution per unit (excluding distribution in excess of earnings) (Note)	Distribution in excess of earnings per unit
	¥ million	(%)	¥ million	(%)	¥ million	(%)	¥ million	(%)	¥	¥
40th FP	¥6,634 million	(1.4%)	¥3,087 million	(6.7%)	¥2,691 million	(7.7%)	¥2,690 million	(7.7%)	¥2,850	¥-
41st FP	¥6,706 million	1.1%	¥3,153 million	2.1%	¥2,757 million	2.4%	¥2,756 million	2.4%	¥2,850	¥-

(Reference) Estimated net income per unit: 40th fiscal period: ¥2,549 41st fiscal period: ¥2,611

(Note) Funds for the payment of distributions for the 40th fiscal period include ¥317 million (¥301 per unit) that will be released from the reserve for temporary difference adjustment. Funds for the payment of distributions for the 41st fiscal period include ¥252 million (¥239 per unit) that will be released from the reserve for temporary difference adjustment. Therefore, the amount of such funds is not equal to that of net income.

### \* Other

#### (1) Changes in Accounting Policies, Changes in Accounting Estimates, Restatements

- (i) Changes in accounting policies accompanying amendments to accounting standards, etc.: No
- (ii) Changes in accounting policies other than (i): No
- (iii) Changes in accounting estimates: No
- (iv) Restatements: No

#### (2) Total Number of Investment Units Issued and Outstanding

- (i) Total number of investment units issued and outstanding at end of period (including own investment units):
- (ii) Number of own investment units at end of period:

39th FP:	999,933 units	38th FP:	999,933 units
39th FP:	– units	38th FP:	– units

(Note) For the number of investment units on which the calculation of net income per unit is based, see “Note on per-unit information” on page 36 of the Japanese version of the “39th Fiscal Period Financial Report (REIT)” for the period ended May 2021.

\* This financial report is not subject to audits by certified public accountants or audit companies.

### \* Special note

The management status outlook and other forward-looking statements contained in this document are based on information currently available to and certain assumptions deemed reasonable by the Investment Corporation. Accordingly, actual management status and other results may vary materially due to various factors. This forecast is not a guarantee of actual distributions paid. See the “Management status forecast assumptions for 40th fiscal period (from June 1, 2021 to November 30, 2021) and 41st fiscal period (from December 1, 2021 to May 31, 2022)” on page 11 for notes on assumptions used in management status forecasts and on the use of management status forecasts.

## 1. Operations

### (1) Operations

#### a. General situation during the 39th fiscal period

The REIT is striving based on its Basic Philosophy of “Steady Growth of Assets Under Management” and “Stable Medium- to Long-Term Profits,” as well as “cooperation with and use of the Heiwa Real Estate Group” (below, collectively referring to Heiwa Real Estate Co., Ltd. [below, “Heiwa Real Estate”] and the subsidiaries of Heiwa Real Estate; the same hereinafter) to manage its assets with the purpose of maximizing investor’s value. Following is a summary of our asset management during the 39th fiscal period.

#### (i) Brief background of the REIT

Investment units in the REIT have been listed on the Real Estate Investment Trust Section (J-REIT Section) of the Tokyo Stock Exchange (below, TSE) since March 8, 2005 (Securities Code: 8966). Between then and the start of the fiscal period under review, the REIT executed a capital increase through public offering and underwriting of new investment units issued through private placement on several occasions, an investment unit split and investment unit issuance through a merger with Japan Single-residence REIT Inc. on October 1, 2010 (below, this event is referred to as the merger) and a cancellation of treasury investment units on September 29, 2020. As a result, total investment units outstanding were 999,933 and unitholders’ capital was 81,370 million yen as of the end of the 39th fiscal period (May 2021).

#### (ii) Operating environment

Under the effects of COVID-19’s spread, moves that restrained economic activities continued in Japan in the fiscal period under review, including the declaration of a state of emergency in areas centered on large cities on two occasions and subsequent extensions. Infections with more contagious variants are also spreading. The situation remains unpredictable. Overseas trends also appear to require attention, given lingering uncertainty about overseas economies due to the prolonged stagnation of economic activities connected with U.S.-China trade friction and COVID-19’s spread.

In this environment, the TSE REIT index remained in a situation in which was difficult for the index to rise due to the COVID-19 pandemic. However, REITs that were slow to recover were bought in reaction to reduced upward pressure on interest rates that resulted from the Bank of Japan’s announcement of its policy to keep interest rates low. As a result, the TSE REIT index returned to 2,000 points, the pre-pandemic level on March 6, 2020, for the first time in 12 months. The TSE REIT index continued to surpass 2,000 points, rising from 1,687.98 points at the end of the previous fiscal period (November 30, 2020) to 2,073.55 points at the end of the fiscal period under review (May 31, 2021).

#### (a) Office building leasing market

According to the latest office building market data from Miki Shoji Co., Ltd., the average office building vacancy rate in the five central wards of Tokyo (Chiyoda, Chuo, Minato, Shinjuku and Shibuya) rose for 15 consecutive months from March 2020, reflecting sustained conditions that made it difficult to proceed with contract conclusion, in addition to the impact of tenant contract cancellations chiefly due to an increasingly rapid shift to working from home, and office downscaling and consolidation based on corporate concerns about the business outlook under the pandemic. As a result, the average office building vacancy rate in the area rose from 4.33% at the end of the previous fiscal period to 5.90% at the end of the fiscal period under review, topping the 5% mark for the first time since June 2015. Meanwhile, the average rent fell for 10 consecutive months from August 2020, plunging from 22,223 yen/tsubo at the end of the previous fiscal period, to 21,249 yen/tsubo at the end of the fiscal period under review.

COVID-19’s impact on office building market conditions is becoming increasingly visible. Concerns over the deterioration in market conditions are growing, with tenants showing signs of downscaling their operations or canceling their contracts nationwide. COVID-19’s spread affected occupancy rates for office building assets in the REIT’s portfolio. However, the pandemic’s effects were limited. The occupancy rates remained at high levels. Both new and continued rents were revised upward. A moderate uptrend continued for the average unit rent in spite of the pandemic.

#### (b) Residential leasing market

According to At Home Co., Ltd., the average condominium contract rent in major cities across Japan (nine areas including the metropolis of Tokyo, three surrounding prefectures, Sendai City, Nagoya City, Osaka City and Fukuoka City) declined conspicuously in the area zone of 30m<sup>2</sup> or less in May 2021. The average contract rent fell year on year in seven areas excluding Kanagawa Prefecture and Chiba Prefecture. However, the average contract rent kept rising in the area zone in excess of 70m<sup>2</sup>. The rent reached the highest level since January 2015 in the metropolis of Tokyo, Kanagawa Prefecture, Nagoya City and Fukuoka City. According to the Survey Report on the Statistics of Construction Starts published in May 2021, the number of new housing starts (rental housing) decreased for 30 consecutive months until February 2021. However, the number of new housing starts took an upward turn in March 2021 and increased for three consecutive months from that point. With supply stabilizing as in the previous fiscal period, demand and supply remained stable. However, the number of move-ins decreased with the spread of COVID-19. Rental housing demand appears somewhat weaker. The occupancy rate for residential assets in the REIT’s portfolio remained stable in the fiscal period under review attributable to various measures taken. The impact of deteriorating economic conditions was limited. Their effects on short-term operations are assumed to be insignificant.

(c) Real estate

According to publicly assessed land values as of January 1, 2021, which were published in March 2021, the average prices for all types of land, prices for land in residential areas, and prices for land in commercial areas in Japan's three major metropolitan areas dropped for the first time in eight years, since 2013. Prices for land in industrial areas rose for the seventh consecutive year, but the rate of increase was lower. Likewise, the average prices for all types of land, prices for land in residential areas and prices for land in commercial areas took a downward turn in regional areas. Prices of land in industrial areas rose, but the rate of climb fell. In government ordinance-designated regional cities, which the REIT considers as its investment targets, prices of land in both residential and commercial areas rose at lower rates or took a downward turn. Market conditions for land prices in those cities appear weaker.

Demand appears to have weakened with uncertainty about the future under COVID-19's effects, causing prices in general to increase at reduced rates or begin to fall. This situation has become prolonged. Real estate market conditions appear to require continued monitoring.

(iii) Management performance

(a) External growth

The REIT acquired one office building (Of-46 TORYO BUILDING [real estate, acquisition price: 2,501 million yen]) on December 17, 2020, and two residences (Re-93 HF HAKATA-HIGASHI RESIDENCE II [real estate, acquisition price: 1,198 million yen] and Re-94 HF FUKUOKA RESIDENCE EAST [real estate, acquisition price: 1,180 million yen]) on March 24, 2021, and sold one residence (Re-37 HF TAKANAWA RESIDENCE [trust beneficiary rights, acquisition price: 749 million yen]) on January 22, 2021, aiming to improve the profitability and quality of its portfolio. In addition, the REIT acquired one office building (Of-38 ACROSS SHINKAWA BUILDING [trust beneficiary rights, acquisition price: 500 million yen]) on March 19, 2021 to raise its building ownership ratio to 34.51%, and another office building (Of-45 KABUTO-CHO UNI-SQUARE [trust beneficiary rights, acquisition price: 1,480 million yen]) on March 23, 2021 to own the building completely.

As a result, portfolio assets as of the end of the period were 109 properties (total acquisition price: 184,136 million yen), including 33 office buildings (total acquisition price of 82,902 million yen) and 76 residential buildings (total acquisition price of 101,234 million yen).

(b) Internal growth

The REIT has consistently endeavored to increase profitability by improving and maintaining its occupancy rates. During the 39th fiscal period, the REIT continued to be engaged in tenant leasing activities, working to shorten vacancy duration as well as systematic efforts to increase its investment value based on tenant needs and the characteristics of each individual property. Supported by these and other initiatives for maintaining and improving the competitiveness of its assets, the occupancy rate for all properties held by the REIT came to 97.4% at the end of the fiscal period under review. The REIT was able to stabilize the occupancy rate, which had reached 97.9% at the end of the previous fiscal period, at a high level throughout the fiscal period under review. The average month-end occupancy rate for the period under review stood high at 97.5%.

(iv) Procurement of funds

The REIT issued the Sixth Series of Unsecured Investment Corporation Bonds (total issue value: 1,500 million yen) on November 25, 2020 for the purpose of establishing a stronger financial base by extending the term for interest-bearing liabilities, dispersing repayment dates and diversifying financing methods. Using funds raised in that way, the REIT prepaid Term Loan 45 (loan amount: 1,100 million yen) on December 11, 2020.

The REIT took out Term Loan 49 (loan amount: 1,000 million yen) on December 17, 2020, and Term Loan 50 (1) (loan amount: 1,000 million yen) and Term Loan 50 (2) (loan amount: 1,000 million yen) on March 24, 2021 to use the money for property acquisition and the like. In addition, the REIT took out Term Loan 51 Tranche A (loan amount: 225 billion yen), Tranche B (loan amount: 3,559 million yen) and Tranche C (loan amount: 1,000 million yen) on May 31, 2021 to repay Term Loan 22 Tranche B (loan balance: 1,000 million yen) and Term Loan 23 Tranche A (loan balance: 3,784 million yen), the principal repayment of which was due on the same date.

An overview of the loans is provided below. These loans enabled the REIT to reduce the concentration of redemption dates (average borrowing period as of May 31: 7.1 years; average remaining period: 4.0 years) while at the same time achieving the borrowing cost at a low level (average borrowing interest rate as of May 31: 0.75%).

Taking a further step, the REIT established a commitment line with a maximum loan amount of 7,000 million yen with Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd., Mizuho Bank, Ltd. and Resona Bank, Ltd. to secure financial creditworthiness by increasing the means of flexible and stable financing and liquidity on hand. (The original contract period was June 1, 2020 to May 31, 2021. The period was revised to June 1, 2021 to May 31, 2022 on May 26, 2021).

[Term Loan 49]

Lender	Loan amount	Principal repayment date	Principal repayment method	Purpose	Summary
The 77 Bank, Ltd.	1,000 million yen	November 30, 2028 (Note)	Lump sum repayment on the principal repayment date	Property acquisition funding, etc.	Unsecured Non-guaranteed

[Term Loan 50 (1)]

Lender	Loan amount	Principal repayment date	Principal repayment method	Purpose	Summary
The Bank of Fukuoka, Ltd.	1,000 million yen	November 30, 2028 (Note)	Lump sum repayment on the principal repayment date	Property acquisition funding, etc.	Unsecured Non-guaranteed

[Term Loan 50 (2)]

Lender	Loan amount	Principal repayment date	Principal repayment method	Purpose	Summary
Shinsei Bank, Limited	1,000 million yen	May 31, 2029 (Note)	Lump sum repayment on the principal repayment date	Property acquisition funding, etc.	Unsecured Non-guaranteed

[Term Loan 51 Tranche A]

Lender	Loan amount	Principal repayment date	Principal repayment method	Purpose	Summary
MUFG Bank, Ltd.	225 million yen	May 31, 2024 (Note)	Lump sum repayment on the principal repayment date	Funds to repay existing loans	Unsecured Non-guaranteed

[Term Loan 51 Tranche B]

Lender	Loan amount	Principal repayment date	Principal repayment method	Purpose	Summary
Sumitomo Mitsui Banking Corporation Aozora Bank, Ltd. Mizuho Trust & Banking Co., Ltd. Sumitomo Mitsui Trust Bank, Limited	3,559 million yen	May 31, 2028 (Note)	Lump sum repayment on the principal repayment date	Funds to repay existing loans	Unsecured Non-guaranteed

[Term Loan 51 Tranche C]

Lender	Loan amount	Principal repayment date	Principal repayment method	Purpose	Summary
Development Bank of Japan Inc.	1,000 million yen	May 31, 2028 (Note)	Lump sum repayment on the principal repayment date	Funds to repay existing loans	Unsecured Non-guaranteed

(Note) Or the previous business day if the date shown is not a business day.

As a result, the total interest-bearing liabilities amount (Note) at period end was 88,067 million yen (period end LTV (Note): 46.11%).

(Note) Interest-bearing liabilities = Short-term loans + Long-term loans due within one year + Investment corporation bonds + Long-term loans

Closing ratio of interest-bearing liabilities to total assets = Closing amount of interest-bearing liabilities / Closing amount of total assets × 100

A rating for the REIT as of the date of this document is presented below.

Credit rating agency	Issuer rating
Japan Credit Rating Agency, Ltd. (JCR)	Rating: A+; rating outlook: positive

(v) Performance and distributions

The management described above led to 39th fiscal period results of 6,730 million yen in operating revenues, 3,309 million yen in operating income, after deducting interest expenses on loans, 2,916 million yen in ordinary income, and 2,916 million yen in net income. With respect to the distribution of monies (“distributions”) stipulated in Article 137 of the Act on Investment Trusts

and Investment Corporations (Act No. 198 of 1951 and subsequent amendments), distributions shall be not more than the amount of unappropriated retained earnings at the end of the fiscal period under review and are defined as anything in excess of 90% of the “amount of distributable income” stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957 and subsequent amendments; the “Special Taxation Measures Act”) in accordance with the stipulations of Article 32, paragraph 1 of its Articles of Incorporation (“bylaws”). Based on this policy, the REIT made a decision to pay out 2,799,812,400 yen as distributions from earnings by appropriating the reversal of reserve for adjustment of temporary differences of 39,997,320 yen (40 yen per unit) to the balance excluding the internal reserve of 156,410,159 yen, from the net income of 2,916,225,239 yen for the fiscal period under review. As a result, distributions per unit have come to 2,800 yen.

## b. Outlook for next period

### Management policy and future issues

The REIT has developed and managed a high quality portfolio, primarily consisting of office and residence properties located in Tokyo 23 Wards, with the aim of maximizing investor value through our Basic Philosophy of “Steady Growth of Assets under Management” and “Stable Medium- to Long-Term Profits” as well as through “cooperation with and use of the Heiwa Real Estate Group.” In subsequent periods, we will continue to adhere to the above philosophy, aiming to further maximize investor value through the stable management of our portfolio and pursuing a strategy of steady growth.

#### (a) External growth

The REIT sought to expand its portfolio, enhance the portfolio’s quality and increase its revenues by selling two properties and acquiring six new properties of good quality (including two additional acquisitions) in the period from the previous fiscal period to the fiscal period under review. While the REIT will continue to seek expansion in the scale of its assets in the future, it will also consider the replacement of assets, strive to enhance its medium- to long-term portfolio quality and aim to maximize investor value. Although the situation with regard to the financing environment and expectations for higher property prices on the back of the economic recovery may change due to the COVID-19 pandemic, companies’ appetite for the acquisition of properties is unlikely to weaken dramatically and the acquisition environment is likely to remain extremely challenging. We will endeavor to promptly obtain information on excellent properties by using our pipeline with Heiwa Real Estate and building up our unique information routes as an asset management company. As a basic strategy, we aim to increase opportunities for primarily acquiring properties owned and developed by Heiwa Real Estate, and additionally for acquiring properties owned and developed by other developers to expand our portfolio, contributing to stable profitability over the medium to long term.

#### (b) Internal growth

The REIT believes that by using the database and information network developed by the Heiwa Real Estate Group and its property management company, it can quickly detect leasing market trends and conduct precise property management, enabling it to maintain and increase occupancy rates and rent levels in assets under management. The REIT expects that the COVID-19 pandemic will have a limited impact on the office building leasing market in the next fiscal period. It will, however, be necessary to monitor changes in office demand stemming from more widespread teleworking in addition to changing economic, business and other trends in Japan and overseas. Meanwhile, in the residential leasing market, demand for small city-center units may decline judging from the signs of changes in property demand associated with the normalization of teleworking and a tendency to move to the suburbs to avoid high-density areas, but the REIT intends to exercise management carefully tailored to the characteristics of individual properties based on a close observation of market conditions.

In dealing with tenants, the REIT will continue to focus on maintaining and raising rent levels and reducing the number of departures. The REIT will also perform leasing management, including the reduction of time needed to restore properties to their original state, in a bid to shorten the period from tenant departures to the acquisition of new tenants. To make our properties more competitive, we continuously and actively make value-building investments in repairs and improvements of assets under management to maintain and enhance their medium- to long-term value, taking into account each property’s asset age, facility level and other aspects.

#### (c) Financial strategy

The REIT is actively implementing measures in an effort to stabilize its financial foundations and achieve sustainable growth. Concerning borrowings, the REIT will continue to strive to extend its borrowing periods and diversify maturities by maintaining an appropriate loan-to-value ratio, while promoting measures to reduce risks from higher interest rates in the future and cut financial costs. It will also endeavor to further strengthen its bank formation by strengthening its relationships with financial institutions. The REIT will also issue investment corporation bonds, while keeping a close watch on the effect of reducing financial costs and trends in the financial market. As part of its unitholder returns policy, the REIT will also consider the acquisition and cancellation of treasury investment units based on comprehensive consideration of factors such as the level of the investment unit price, the situation of cash reserves, financial conditions and the market environment. By implementing these measures and initiatives on a continuous basis, the REIT will strive to build sound financial systems that are resilient to changes in the funding environment.

#### (d) Promotion of more timely disclosure

We practice information disclosure that is accurate, fair and timely, complying with the TSE’s Securities Listing Regulations and other regulations, laws, etc. relating to timely disclosure. The REIT discloses information on its decisions on the acquisition of new properties, etc. as a rule at the time of the decision by a REIT organization such as the Board of Directors, while events such as damage to assets under management resulting from incidental occurrences are disclosed at the time they are discovered. As a rule, the REIT uses the TSE’s TDnet and its official website as its methods for disclosing information.

## c. Significant subsequent events

### A. Issuance of New Investment Units

The Board of Directors of the REIT resolved to issue new investment units in the manner described below at its meetings held on May 17, 2021 and May 25, 2021. The REIT completed payments for new investment units issued by means of public offering and by means of private placement on June 1, 2021 and June 29, 2021, respectively. As a result, unitholders’ capital amounted to 90,063 million yen and the number of investment units issued totaled 1,055,733 as of the date of this document.

#### 1. Issuance of new investment units by means of primary offering (public offering)

- (1) Number of new investment units issued: 53,100
- (2) Issue price (offer price): 161,070 yen
- (3) Total issue price (offer price): 8,552,817,000 yen
- (4) Amount to be paid in (issue value): 155,783 yen

(5) Total amount to be paid in (total issue value): 8,272,077,300 yen

(6) Payment date: June 1, 2021

2. Issuance of new investment units by means of private placement

(1) Number of new investment units issued: 2,700

(2) Amount to be paid in (issue value): 155,783 yen

(3) Total amount to be paid in (total issue value): 420,614,100 yen

(4) Allottee: SMBC Nikko Securities Inc.

(5) Payment date: June 29, 2021

B. Asset Acquisitions

The REIT acquired trust beneficial interest in one property (acquisition price: 5,160 million yen) and purchased three properties (total acquisition price: 3,610 million yen) on June 4, 2021 in accordance with the basic policy and the like set out in its bylaws.

Property no.: Of-47; property name: OSAKI CN BUILDING

Type of asset acquired	Trust beneficial interest
Contract date	May 17, 2021
Acquisition date	June 4, 2021
Acquisition price (Note 1)	5,160 million yen
Location (residential address)	5-10-10 Osaki, Shinagawa-ku, Tokyo
Use	Office and a parking lot
Completed	October 2, 1992
Structure	Reinforced concrete flat-roofed 8-story structure with a 1-story basement
Total floor area (Note 2)	4,779.40 m <sup>2</sup>
Total rentable area	3,237.77 m <sup>2</sup>

(Note 1) The acquisition price is the sales price (excluding amounts corresponding to the consumption taxes, etc.) stated in the Agreement on the Sale and Purchase of Trust Beneficial Interest. The price does not include the costs of acquisition, the fixed property tax, the city planning tax, etc.

(Note 2) The building in trust is a co-owned property. The area stated is a figure calculated by multiplying the total floor area in the entire building by 78.16, which is the ratio of co-ownership.

Property no.: Re-95; property name: HF SHOKOJI AKABANE RESIDENCE II

Type of asset acquired (Note 1)	Real estate
Contract date	May 17, 2021
Acquisition date	June 4, 2021
Acquisition price (Note 2)	1,690 million yen
Location (residential address)	24-16 Iwabuchi-machi, Kita-ku, Tokyo
Use	Co-housing
Completed	January 31, 2020
Structure	Reinforced concrete flat-roofed 14-story structure
Total floor area	2,764.49 m <sup>2</sup>
Total rentable area	2,438.42 m <sup>2</sup>

(Note 1) The asset acquired consists of a building and leasehold rights. The leasehold rights are ordinary leasehold rights.

(Note 2) The acquisition price is the sales price (excluding amounts equal to consumption taxes, etc.) stated in the Agreement on the Sale and Purchase of Real Estate and does not include the costs of acquisition, fixed property tax, city planning tax, etc.



Property no.: Re-96; property name: HF YAHIRO RESIDENCE

Type of asset acquired (Note 1)	Real estate
Contract date	May 17, 2021
Acquisition date	June 4, 2021
Acquisition price (Note 2)	1,220 million yen
Location (residential address)	4-50-1 Yahiro, Sumida-ku, Tokyo
Use	Co-housing
Completed	November 27, 2020
Structure	Reinforced concrete flat-roofed 9-story structure
Total floor area	2,151.30 m <sup>2</sup>
Total rentable area	1,919.50 m <sup>2</sup>

(Note 1) The asset acquired consists of a building and leasehold rights. The leasehold rights are ordinary leasehold rights.

(Note 2) The acquisition price is the sales price (excluding amounts equal to consumption taxes, etc.) stated in the Agreement on the Sale and Purchase of Real Estate and does not include the costs of acquisition, fixed property tax, city planning tax, etc.

Property no.: Re-97; property name: HF SETAGAYAKAMIMACHI RESIDENCE

Type of asset acquired (Note 1)	Real estate
Contract date	May 17, 2021
Acquisition date	June 4, 2021
Acquisition price (Note 2)	700 million yen
Location (residential address)	1-45-9 Setagaya, Setagaya-ku, Tokyo
Use	Co-housing
Completed	November 30, 2020
Structure	Reinforced concrete flat-roofed 7-story structure
Total floor area	1,070.10 m <sup>2</sup>
Total rentable area	759.24 m <sup>2</sup>

(Note 1) The asset acquired consists of a building and leasehold rights. The leasehold rights are ordinary leasehold rights.

(Note 2) The acquisition price is the sales price (excluding amounts equal to consumption taxes, etc.) stated in the Agreement on the Sale and Purchase of Real Estate and does not include the costs of acquisition, fixed property tax, city planning tax, etc.

#### C. Borrowing of Loans

The REIT took out loans (total loan amount: 1,000 million yen) on December 17, 2020, to partially fund the acquisition of one office property (see "A. Asset Acquisitions" above) acquired on the same date.

[Term Loan 52]

Lender	Loan amount	Principal repayment date	Principal repayment method	Purpose	Summary
Sumitomo Mitsui Banking Corporation The Chiba Bank, Ltd.	400 million yen	October 31, 2024 (Note)	Lump sum repayment on the principal repayment date	Property acquisition funding, etc.	Unsecured Non-guaranteed

(Note) Or the previous business day if the date shown is not a business day.

#### d. Outlook for the 40th and 41st fiscal periods

Operations are forecast to be as follows during the 40th fiscal period (from June 1, 2021 to November 30, 2021). See "Management status forecast assumptions for 40th fiscal period (from June 1, 2021 to November 30, 2021) and 41st fiscal period (from December 1, 2021 to May 31, 2022)" below for assumptions used in this forecast.

Operating revenue	6,634 million yen
Operating income	3,087 million yen
Ordinary income	2,691 million yen
Net income	2,690 million yen
Distributions per unit (excluding distributions in excess of earnings)	2,850 yen
Distributions in excess of earnings per unit	- yen

(Note 1) Sources of funds for paying total distributions include the planned amount of the reversal of the reserve for adjustment of temporary differences of 317 million yen (301 yen per unit), and they therefore differ from the amount of net income.

(Note 2) The above forecast figures were calculated using a fixed set of assumptions and are valid as of the time of this notice. Actual net income, distributions, etc., may vary due to changes in conditions. Forecast figures are not a guarantee of the amount of distributions.

Operations are forecast to be as follows during the 41st fiscal period (from December 1, 2021 to May 31, 2022). See “Management status forecast assumptions for 40th fiscal period (from June 1, 2021 to November 30, 2021) and 41st fiscal period (from December 1, 2021 to May 31, 2022)” below for assumptions used in this forecast.

Operating revenue	6,706 million yen
Operating income	3,153 million yen
Ordinary income	2,757 million yen
Net income	2,756 million yen
Distributions per unit (excluding distributions in excess of earnings)	2,850 yen
Distributions in excess of earnings per unit	– yen

(Note 1) Sources of funds for paying total distributions include the planned amount of the reversal of the reserve for adjustment of temporary differences of 252 million yen (239 yen per unit), and they therefore differ from the amount of net income.

(Note 2) The above forecast figures were calculated using a fixed set of assumptions and are valid as of the time of this notice. Actual net income, distributions, etc., may vary due to changes in conditions. Forecast figures are not a guarantee of the amount of distributions.

Management status forecast assumptions for 40th fiscal period (from June 1, 2021 to November 30, 2021) and 41st fiscal period (from December 1, 2021 to May 31, 2022)

Item	Assumptions																				
Management period	40th fiscal period: from June 1, 2021 to November 30, 2021 (183 days) 41st fiscal period: from December 1, 2021 to May 31, 2022 (182 days)																				
Assets under management	<ul style="list-style-type: none"> <li>Assumptions are based on 113 properties, including OSAKI CN BUILDING, HF SHOKOJI AKABANE RESIDENCE II, HF YAHIRO RESIDENCE and HF SETAGAYAKAMIMACHI RESIDENCE contracted on May 17, 2021 and acquired on June 4, 2021, in addition to 109 properties owned as of May 31, 2021. The actual number may vary if properties are newly acquired, transferred, etc.</li> </ul>																				
Total number of investment units issued and outstanding	<ul style="list-style-type: none"> <li>The total number assumed is 1,055,733, including 53,100 new investment units issued through the primary offering decided at Board of Directors meetings on May 17, 2021 and May 25, 2021 and 2,700 new investment units issued through private placement in connection with the secondary offering through over-allotment, in addition to 999,933 investment units issued and outstanding at the end of the fiscal period ended May 2021.</li> <li>Net income per unit and distributions per unit are calculated by assuming 1,055,733 units stated above as the total number of investment units issued and outstanding at the end of each fiscal period.</li> </ul>																				
Operating revenue	<ul style="list-style-type: none"> <li>Operating revenue is calculated based on the assumption of the above assets under management.</li> <li>Operating revenue is calculated taking into account such factors as cancellation notices currently received and the future market environment, using the history of acquired assets as our standard.</li> <li>Operating revenues are calculated giving some consideration to the effects of the COVID-19 pandemic such as decreased rental revenue.</li> </ul>																				
Operating expenses	<ul style="list-style-type: none"> <li>Operating expenses are calculated based on the assumption of the above assets under management.</li> <li>Assumptions concerning major operating expenses are as follows: <table border="0" style="width: 100%;"> <tr> <td colspan="2">40th fiscal period (from June 1, 2021 to November 30, 2021)</td> </tr> <tr> <td>Public charges and taxes (fixed property tax, city planning tax, etc.):</td> <td style="text-align: right;">413 million yen</td> </tr> <tr> <td>Maintenance and repair fees:</td> <td style="text-align: right;">255 million yen</td> </tr> <tr> <td>Management commissions:</td> <td style="text-align: right;">695 million yen</td> </tr> <tr> <td>Depreciation:</td> <td style="text-align: right;">961 million yen</td> </tr> <tr> <td colspan="2">41st fiscal period (from December 1, 2021 to May 31, 2022)</td> </tr> <tr> <td>Public charges and taxes (fixed property tax, city planning tax, etc.):</td> <td style="text-align: right;">416 million yen</td> </tr> <tr> <td>Maintenance and repair fees:</td> <td style="text-align: right;">283 million yen</td> </tr> <tr> <td>Management commissions:</td> <td style="text-align: right;">704 million yen</td> </tr> <tr> <td>Depreciation:</td> <td style="text-align: right;">926 million yen</td> </tr> </table> </li> <li>Fixed property tax, city planning tax, etc. associated with properties held are accounted for as expenses related to the lending business by posting the amounts corresponding to the relevant calculation period from the amount of tax determined to be due. Although fixed property tax, city planning tax, etc., on the buying and selling of real estate properties is generally calculated on a pro-rata basis with former owners and settled at the time of acquisition, the amount equivalent to the settlement money is not expensed, as it is included in the acquisition cost.</li> <li>For maintenance and repair fees, an amount deemed necessary during the period based on the maintenance and repair plans for the properties is posted.</li> <li>Emergency costs may arise as a result of unforeseeable factors, and actual operating expenses may therefore vary significantly from the forecast.</li> </ul>	40th fiscal period (from June 1, 2021 to November 30, 2021)		Public charges and taxes (fixed property tax, city planning tax, etc.):	413 million yen	Maintenance and repair fees:	255 million yen	Management commissions:	695 million yen	Depreciation:	961 million yen	41st fiscal period (from December 1, 2021 to May 31, 2022)		Public charges and taxes (fixed property tax, city planning tax, etc.):	416 million yen	Maintenance and repair fees:	283 million yen	Management commissions:	704 million yen	Depreciation:	926 million yen
40th fiscal period (from June 1, 2021 to November 30, 2021)																					
Public charges and taxes (fixed property tax, city planning tax, etc.):	413 million yen																				
Maintenance and repair fees:	255 million yen																				
Management commissions:	695 million yen																				
Depreciation:	961 million yen																				
41st fiscal period (from December 1, 2021 to May 31, 2022)																					
Public charges and taxes (fixed property tax, city planning tax, etc.):	416 million yen																				
Maintenance and repair fees:	283 million yen																				
Management commissions:	704 million yen																				
Depreciation:	926 million yen																				
Non-operating expenses	<ul style="list-style-type: none"> <li>The REIT assumes 382 million yen as interest expenses (including interest expenses on investment corporation bonds) and borrowing-related expenses for the fiscal period ending November 2021 and the fiscal period ending May 2022 respectively. In addition, the REIT assumes 12 million yen as the amortization of investment corporation bond issuance expenses and investment unit issuance expenses for the fiscal period ending November 2021 and the fiscal period ending May 2022, respectively.</li> </ul>																				
Interest-bearing liabilities	<ul style="list-style-type: none"> <li>Interest-bearing liabilities as of May 31, 2021 are 88,067 million yen.</li> <li>The REIT borrowed 400 million yen anew on June 4, 2021 as part of funds for asset acquisition. The REIT calculates the interest-bearing liabilities, assuming 88,467 million yen as their balance at the end of the fiscal period ending November 2021 and at the end of the fiscal period ending May 2022.</li> <li>The REIT assumes that it will refinance loans that become payable in October 2021.</li> </ul>																				
Distributions per unit (excluding distributions in excess of earnings)	<ul style="list-style-type: none"> <li>Distributions per unit (excluding distributions in excess of earnings) are calculated based on the cash distribution policy stipulated in the REIT's bylaws. Assumptions on distributions for the fiscal period ending November 30, 2021 are made based on the distribution of a total of 3,008 million yen (distribution of 2,850 yen per unit), which includes 317 million yen that will be released from the reserve for temporary difference adjustment (the expected reserve reversal of 301 yen per unit) and appropriated to the expected net income of 2,690 million yen. Assumptions on distributions for the fiscal period ending May 31, 2022 are made based on the distribution of a total of 3,008 million yen (distribution of 2,850 yen per unit), which includes 252 million yen that will be released from the reserve for temporary difference adjustment (the expected reserve reversal of 239 yen per unit) and appropriated to the expected net income of 2,756 million yen.</li> <li>Distributions per unit (excluding distributions in excess of earnings) may change because of various factors, including changes in leasing income attributable to changes of assets under management or changes in tenants or to unexpected maintenance and repair work.</li> </ul>																				

Item	Assumptions
Distributions in excess of earnings per unit	<ul style="list-style-type: none"> <li>• We do not expect any distributions in excess of earnings at this time.</li> </ul>
Other	<ul style="list-style-type: none"> <li>• We assume no amendments to laws, the tax system, accounting standards, TSE rules, or The Investment Trusts Association, Japan rules, etc., that would affect the above forecast figures.</li> <li>• We assume that no major unforeseen changes will occur in the general economic trends, real estate market conditions, etc.</li> </ul>

(2) Investment risk

Disclosure is omitted because no material change from the investment risks stated in the most recent Annual Securities Report (submitted on May 17, 2021, including its subsequent revisions) has occurred.

## 2. Financial Statements

### (1) Balance Sheet

(Unit: 1,000 yen)

	38th Fiscal Period (As of November 30, 2020)	39th Fiscal Period (As of May 31, 2021)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	13,630,841	9,860,611
Cash and deposits in trust	3,492,005	3,598,834
Operating accounts receivable	38,871	45,813
Prepaid expenses	127,810	123,590
Consumption tax, etc. receivable	–	23,524
Other	1,838	8,869
Allowance for doubtful accounts	(2)	(65)
<b>Total current assets</b>	<b>17,291,364</b>	<b>13,661,177</b>
<b>Noncurrent assets</b>		
<b>Property, plant and equipment</b>		
Buildings	15,849,108	17,358,394
Accumulated depreciation	(4,647,199)	(4,876,000)
Buildings, net	11,201,909	12,482,393
Structures	78,849	82,953
Accumulated depreciation	(43,237)	(45,546)
Structures, net	35,611	37,407
Machinery and equipment	295,496	304,860
Accumulated depreciation	(215,093)	(223,986)
Machinery and equipment, net	80,403	80,874
Tools, furniture and fixture	243,426	279,806
Accumulated depreciation	(151,897)	(163,576)
Tools, furniture and fixtures, net	91,529	116,230
Land	31,475,029	35,263,625
Construction in progress	251,683	–
Buildings in trust	47,307,050	47,287,495
Accumulated depreciation	(12,050,916)	(12,600,139)
Buildings in trust, net	35,256,133	34,687,355
Structures in trust	270,754	258,604
Accumulated depreciation	(99,918)	(100,926)
Structures in trust, net	170,835	157,677
Machinery and equipment in trust	591,806	612,447
Accumulated depreciation	(288,451)	(305,245)
Machinery and equipment in trust, net	303,354	307,202
Tools, furniture and fixtures in trust	1,096,045	1,154,449
Accumulated depreciation	(730,009)	(769,288)
Tools, furniture and fixtures in trust, net	366,035	385,161
Land in trust	86,446,317	87,877,511
<b>Total property, plant and equipment</b>	<b>165,678,843</b>	<b>171,395,438</b>
<b>Intangible assets</b>		
Leasehold right	1,910,049	1,910,049
Leasehold rights in trust	3,315,665	3,315,665
Software	3,609	5,818
Other	227	227
<b>Total intangible assets</b>	<b>5,229,551</b>	<b>5,231,760</b>

(Unit: 1,000 yen)

	38th Fiscal Period (As of November 30, 2020)	39th Fiscal Period (As of May 31, 2021)
Investment and other assets		
Guarantee deposits	14,617	14,617
Long-term prepaid expenses	235,228	229,149
Derivatives	36,349	29,163
Other	380,078	379,056
Total investments and other assets	666,273	651,987
Total noncurrent assets	171,574,669	177,279,186
Deferred assets		
Investment corporation bond issuance costs	50,563	46,459
Total deferred assets	50,563	46,459
Total assets	188,916,598	190,986,824
Liabilities		
Current liabilities		
Operating accounts payable	507,184	352,179
Current portion of long-term loans payable	11,904,200	11,869,000
Accrued expenses	732,134	715,622
Income taxes payable	271	595
Accrued consumption tax, etc.	160,415	–
Advances received	1,071,742	1,104,773
Other	25,029	14,020
Total current liabilities	14,400,978	14,056,190
Noncurrent liabilities		
Investment corporation bonds	7,900,000	7,900,000
Long-term loans payable	66,363,000	68,298,200
Tenant leasehold and security deposits	720,120	823,499
Tenant leasehold and security deposits in trust	4,381,685	4,514,754
Derivative liabilities	240,601	210,744
Total noncurrent liabilities	79,605,408	81,747,198
Total liabilities	94,006,386	95,803,389
Net Assets		
Unitholders' equity		
Unitholders' capital	81,370,715	81,370,715
Surplus		
Investment surplus	7,406,652	7,406,652
Deduction from unitholders' capital surplus	*3 (1,699,990)	*3 (1,699,990)
Investment surplus, net	5,706,661	5,706,661
Voluntary retained earnings		
Reserve for reduction entry	415,683	415,683
Reserve for temporary differences, etc.	*4 1,704,003	*4 2,002,699
Total voluntary retained earnings	2,119,686	2,418,382
Unappropriated retained earnings (undisposed loss)	5,933,582	5,871,290
Total surplus	13,759,929	13,996,334
Total unitholders' equity	95,130,645	95,367,050
Valuation and translation adjustments		
Deferred hedge gain or loss	(220,434)	(183,615)
Total valuation and translation adjustments	(220,434)	(183,615)
Total net assets	*2 94,910,211	*2 95,183,434
Total liabilities and net assets	188,916,598	190,986,824

## (2) Profit and Loss Statement

(Unit: 1,000 yen)

	38th Fiscal Period (June 1, 2020 – November 30, 2020)		39th Fiscal Period (December 1, 2020 – May 31, 2021)	
Operating Revenue				
Rent revenue-real estate	*1	5,715,947	*1	5,831,007
Other lease business revenue	*1	465,482	*1	494,939
Gain on sales of real estate properties	*2	890,700	*2	404,961
Total operating revenue		7,072,131		6,730,908
Operating expenses				
Expenses related to rent business	*1, *3	2,590,863	*1, *3	2,617,359
Asset management fee		586,845		600,615
Asset custody fee		11,473		11,626
Administrative service fees		39,215		27,705
Directors' compensation		6,293		6,293
Audit fee		11,660		11,660
Other operating expenses		148,308		146,594
Total operating expenses		3,394,658		3,421,854
Operating income		3,677,472		3,309,053
Non-operating income				
Interest income		1,118		1,110
Reversal of dividends payable		465		457
Insurance income		4,970		4,612
Other		375		628
Total non-operating income		6,930		6,809
Non-operating expenses				
Interest expenses		327,047		317,120
Borrowing related expenses		53,496		50,599
Interest expenses on investment corporation bonds		19,647		25,085
Amortization of investment corporation bond issuance costs		3,546		4,104
Other		4,390		2,122
Total non-operating expenses		408,128		399,032
Ordinary income		3,276,274		2,916,830
Income before income taxes		3,276,274		2,916,830
Income taxes-current		605		605
Total income taxes		605		605
Net income		3,275,669		2,916,225
Retained earnings brought forward		2,657,912		2,955,065
Unappropriated retained earnings (undisposed loss)		5,933,582		5,871,290

(3) Statements of Changes in Net Assets (Unitholders' Equity)  
38th Fiscal Period (June 1, 2020 – November 30, 2020)

(Unit: 1,000 yen)

	Unitholders' equity				
	Unitholders' capital	Surplus			
		Investment surplus	Deduction from unitholders' capital surplus	Investment surplus, net	Voluntary retained earnings Reserve for reduction entry
Balance at the beginning of the period	81,370,715	7,406,652	–	7,406,652	415,683
Changes of items during the period					
Reversal of reserve for adjustment of temporary differences					
Dividends from surplus					
Net income					
Acquisition of own investment units					
Cancellation of treasury investment units			(1,699,990)	(1,699,990)	
Net changes of items other than unitholders' equity					
Total changes of items during the period	–	–	(1,699,990)	(1,699,990)	–
Balance at the end of the period	*1 81,370,715	7,406,652	(1,699,990)	5,706,661	415,683

	Unitholders' equity					
	Surplus				Treasury investment units	Total unitholders' equity
	Voluntary retained earnings Reserve for temporary differences, etc.	Total voluntary retained earnings	Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at the beginning of the period	1,744,597	2,160,280	5,205,178	14,772,110		96,142,826
Changes of items during the period						
Reversal of reserve for adjustment of temporary differences	(40,593)	(40,593)	40,593	–		–
Dividends from surplus			(2,587,859)	(2,587,859)		(2,587,859)
Net income			3,275,669	3,275,669		3,275,669
Acquisition of own investment units				–	(1,699,990)	(1,699,990)
Cancellation of treasury investment units				(1,699,990)	1,699,990	–
Net changes of items other than unitholders' equity						
Total changes of items during the period	(40,593)	(40,593)	728,403	(1,012,181)	–	(1,012,181)
Balance at the end of the period	1,704,003	2,119,686	5,933,582	13,759,929		95,130,645



	Valuation and translation adjustments		Total net assets
	Deferred hedge gain or loss	Total valuation and translation adjustments	
Balance at the beginning of the period	(168,168)	(168,168)	95,974,657
Changes of items during the period			
Reversal of reserve for adjustment of temporary differences			–
Dividends from surplus			(2,587,859)
Net income			3,275,669
Acquisition of own investment units			(1,699,990)
Cancellation of treasury investment units			–
Net changes of items other than unitholders' equity	(52,265)	(52,265)	(52,265)
Total changes of items during the period	(52,265)	(52,265)	(1,064,446)
Balance at the end of the period	(220,434)	(220,434)	94,910,211

	Unitholders' equity				
	Unitholders' capital	Surplus			
		Investment surplus	Deduction from unitholders' capital surplus	Investment surplus, net	Voluntary retained earnings Reserve for reduction entry
Balance at the beginning of the period	81,370,715	7,406,652	(1,699,990)	5,706,661	415,683
Changes of items during the period					
Provision of reserve for adjustment of temporary differences					
Reversal of reserve for adjustment of temporary differences					
Dividends from surplus					
Net income					
Net changes of items other than unitholders' equity					
Total changes of items during the period	–	–	–	–	–
Balance at the end of the period	*1 81,370,715	7,406,652	(1,699,990)	5,706,661	415,683

	Unitholders' equity		Unappropriated retained earnings (undisposed loss)	Total surplus	Total unitholders' equity
	Surplus				
	Reserve for temporary differences, etc.	Total voluntary retained earnings			
Balance at the beginning of the period	1,704,003	2,119,686	5,933,582	13,759,929	95,130,645
Changes of items during the period					
Provision of reserve for adjustment of temporary differences	338,693	338,693	(338,693)	–	–
Reversal of reserve for adjustment of temporary differences	(39,997)	(39,997)	39,997	–	–
Dividends from surplus			(2,679,820)	(2,679,820)	(2,679,820)
Net income			2,916,225	2,916,225	2,916,225
Net changes of items other than unitholders' equity					
Total changes of items during the period	298,696	298,696	(62,291)	236,404	236,404
Balance at the end of the period	2,002,699	2,418,382	5,871,290	13,996,334	95,367,050

	Valuation and translation adjustments		Total net assets
	Deferred hedge gain or loss	Total valuation and translation adjustments	
Balance at the beginning of the period	(220,434)	(220,434)	94,910,211
Changes of items during the period			
Provision of reserve for adjustment of temporary differences			–
Reversal of reserve for adjustment of temporary differences			–
Dividends from surplus			(2,679,820)
Net income			2,916,225
Net changes of items other than unitholders' equity	36,818	36,818	36,818
Total changes of items during the period	36,818	36,818	273,223
Balance at the end of the period	(183,615)	(183,615)	95,183,434

## (4) Statements of Cash Dividend Distributions

(Unit: yen)

	38th Fiscal Period (June 1, 2020 – November 30, 2020)	39th Fiscal Period (December 1, 2020 – May 31, 2021)
I. Unappropriated retained earnings	5,933,582,253	5,871,290,874
II. Reversal of voluntary retained earnings		
Reversal of reserve for adjustment of temporary differences	*1 39,997,320	*1 39,997,320
III. Distributions	2,679,820,440	2,799,812,400
Distributions per unit (excluding distributions in excess of earnings)	2,680	2,800
IV. Voluntary retained earnings		
Reserve for temporary difference adjustment	*1 338,693,498	–
V. Retained earnings brought forward	2,955,065,635	3,111,475,794
How distributions were calculated	<p>Following the policy prescribed in Article 32, paragraph 1 of the REIT's bylaws, distributions shall be not more than the amount of unappropriated retained earnings at the end of the fiscal period under review and are defined as anything in excess of 90% of the "amount of distributable income" stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation. Based on this policy, the REIT made a decision to pay out 2,679,820,440 yen as distributions from earnings by appropriating the reversal of reserve for adjustment of temporary differences of 39,997,320 yen (40 yen per unit) to the balance excluding the internal reserve of 635,846,324 yen, from the net income of 3,275,669,444 yen for the fiscal period under review (including the ¥338,693,498 million reserve for temporary difference adjustment). The REIT does not distribute monies in excess of income as prescribed in Article 32, paragraph 2 of its bylaws.</p>	<p>Following the policy prescribed in Article 32, paragraph 1 of the REIT's bylaws, distributions shall be not more than the amount of unappropriated retained earnings at the end of the fiscal period under review and are defined as anything in excess of 90% of the "amount of distributable income" stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation. Based on this policy, the REIT made a decision to pay out 2,799,821,400 yen as distributions from earnings by appropriating the reversal of reserve for adjustment of temporary differences of 39,997,320 yen (40 yen per unit) to the balance excluding the internal reserve of 156,410,159 yen, from the net income of 2,916,225,239 yen for the fiscal period under review. The REIT does not distribute monies in excess of income as prescribed in Article 32, paragraph 2 of its bylaws.</p>

## (5) Cash Flow Statement

(Unit: 1,000 yen)

	38th Fiscal Period (June 1, 2020 – November 30, 2020)	39th Fiscal Period (December 1, 2020 – May 31, 2021)
<b>Cash Flows from Operating Activities</b>		
Income before income taxes	3,276,274	2,916,830
Depreciation	951,615	955,925
Increase (decrease) in allowance for doubtful accounts	(96)	63
Amortization of investment corporation bond issuance costs	3,546	4,104
Interest income	(1,118)	(1,110)
Interest expenses	346,695	342,205
Decrease (increase) of operating accounts receivable	20,601	(5,592)
Decrease (increase) of consumption taxes receivable	–	(23,524)
Increase (decrease) in accrued consumption taxes	105,471	(160,415)
Decrease (increase) of long-term prepaid expenses	19,340	6,078
Increase (decrease) in operating accounts payable	148,877	(174,485)
Increase (decrease) in accrued expenses	2,964	(11,449)
Increase (decrease) in advances received	21,493	33,031
Increase (decrease) in deposits received	11	(54)
Decrease due to sale of property, plant and equipment in trust	1,685,113	702,521
Other	(55,265)	2,645
Subtotal	6,525,523	4,586,772
Interest income received	2,175	63
Interest expenses paid	(351,457)	(347,268)
Income taxes (paid) refund	(927)	(281)
Net cash provided by (used in) operating activities	6,175,314	4,239,285
<b>Cash Flows from Investing Activities</b>		
Proceeds from withdrawal of time deposits	3,000,000	–
Payments into time deposits	(3,000,000)	–
Purchase of property, plant and equipment	(1,521,296)	(5,116,394)
Purchase of property, plant and equipment in trust	(494,557)	(2,252,335)
Purchase of intangible assets	–	(3,206)
Proceeds from receipt of tenant leasehold and security deposits	28,573	144,672
Repayments of tenant leasehold and security deposits	(20,663)	(41,292)
Proceeds from tenant leasehold and security deposits in trust	206,764	276,126
Repayments of tenant leasehold and security deposits in trust	(205,389)	(131,507)
Proceeds from payment of trust deposits corresponding to tenant leasehold and security deposits in trust	16,473	525
Deposits of trust deposits corresponding to tenant leasehold and security deposits in trust	–	(92,227)
Net cash provided by (used in) investing activities	(1,990,095)	(7,215,640)
<b>Cash Flows from Financing Activities</b>		
Proceeds from long-term loans payable	6,030,000	7,784,200
Decrease in long-term loans payable	(6,030,000)	(5,884,200)
Proceeds from issuance of investment corporation bonds	1,489,730	–
Purchase of treasury investment units	(1,699,990)	–
Distributions paid	(2,588,499)	(2,678,748)
Net cash provided by (used in) financing activities	(2,798,759)	(778,748)
Increase (decrease) in cash and cash equivalents	1,386,459	(3,755,103)
Cash and cash equivalents at beginning of period	12,326,184	13,712,643
Cash and cash equivalents at end of period	*1 13,712,643	*1 9,957,540

(6) Precaution about Going Concern Assumptions

Not applicable

### 3. Reference Information

(1) Information on prices for assets under management, etc.

#### a. Investment status

Asset type	Use	Area	38th Fiscal Period (As of November 30, 2020)		39th Fiscal Period (As of May 31, 2021)	
			Value of holding (Million yen) (Note 1)	Ratio to total assets (%)	Value of holding (Million yen) (Note 1)	Ratio to total assets (%)
Real estate (Note 2)	Office	Tokyo 23 Wards	7,622	4.0	7,598	4.0
		Metropolitan Area (Note 3)	3,472	1.8	3,466	1.8
		Other (Note 4)	–	–	2,628	1.4
	Residence	Tokyo 23 Wards	23,468	12.4	23,363	12.2
		Metropolitan Area (Note 3)	4,994	2.6	5,023	2.6
		Other (Note 4)	5,237	2.8	7,809	4.1
Subtotal		44,794	23.7	49,890	26.1	
Real estate in trust (Note 2)	Office	Tokyo 23 Wards	50,445	26.7	52,382	27.4
		Metropolitan Area (Note 3)	4,844	2.6	4,837	2.5
		Other (Note 4)	11,119	5.9	11,039	5.8
	Residence	Tokyo 23 Wards	39,816	21.1	38,949	20.4
		Metropolitan Area (Note 3)	2,897	1.5	2,887	1.5
		Other (Note 4)	16,734	8.9	16,634	8.7
Subtotal		125,858	66.6	126,730	66.4	
Real estate, etc., subtotal			170,652	90.3	176,621	92.5
Deposits and other assets			18,263	9.7	14,365	7.5
Total assets			188,916	100.0	190,986	100.0

(Note 1) “Value of holding” is based on the balance sheet amount (carrying amount after depreciation and impairment accounting in the case of real estate and real estate in trust) as of the end of the period.

(Note 2) The land leasehold right, etc. owned in conjunction with a building, etc. is stated in the sections of “real estate” and “real estate in trust” by aggregating it with the building, etc. “Real estate” does not include construction in progress.

(Note 3) “Metropolitan Area” refers to Tokyo (other than Tokyo 23 Wards) and Kanagawa, Saitama and Chiba prefectures.

(Note 4) “Other” refers to investment areas other than Tokyo 23 Wards and Metropolitan Area.

	38th Fiscal Period (As of November 30, 2020)		39th Fiscal Period (As of May 31, 2021)	
	Balance sheet amount (Million yen)	Ratio to total assets (%)	Balance sheet amount (Million yen)	Ratio to total assets (%)
Liabilities	94,006	49.8	95,803	50.2
Net assets	94,910	50.2	95,183	49.8

b. Investment real estate properties

(i) Overview of portfolio assets

Property no.	Property name	Address	Form of asset (Note 1)	Appraisal value (Million yen)	Balance sheet amount (Million yen) (Note 2)	Acquisition price (Million yen) (Note 3)	Percentage of investments (%) (Note 4)
Of-05	SUITENGU HEIWA BUILDING	Chuo-ku, Tokyo	Trust beneficial interest	1,712	1,375	1,550	0.84
Of-06	HF MONZEN-NAKACHO BUILDING	Koto-ku, Tokyo	Trust beneficial interest	2,860	2,232	2,500	1.36
Of-07	HF HAMAMATSUCHO BUILDING	Minato-ku, Tokyo	Trust beneficial interest	1,890	1,510	1,530	0.83
Of-08	HF TAMEIKE BUILDING	Minato-ku, Tokyo	Trust beneficial interest	3,120	2,746	2,700	1.47
Of-09	GRACE BUILDING SENGAKUJIMAE	Minato-ku, Tokyo	Trust beneficial interest	1,680	1,111	1,220	0.66
Of-11	HF NIHONBASHI ODENMACHO BUILDING	Chuo-ku, Tokyo	Trust beneficial interest	2,270	2,148	2,150	1.17
Of-12	HF HATCHOBORI BUILDING	Chuo-ku, Tokyo	Real estate	2,760	3,029	3,092	1.68
Of-17	HATCHOBORI MF BUILDING	Chuo-ku, Tokyo	Real estate	1,060	1,091	1,110	0.60
Of-18	M2 HARAJUKU	Shibuya-ku, Tokyo	Trust beneficial interest	5,079	3,404	3,418	1.86
Of-20	FUNABASHI FACE BUILDING	Funabashi City, Chiba	Real estate	3,430	3,466	3,900	2.12
Of-21	ADESSO NISHIAZABU	Minato-ku, Tokyo	Real estate	500	597	640	0.35
Of-23	HF IKEBUKURO BUILDING	Toshima-ku, Tokyo	Real estate	1,500	1,283	1,314	0.71
Of-24	HF YUSHIMA BUILDING	Bunkyo-ku, Tokyo	Real estate	1,710	1,596	1,624	0.88
Of-25	KAYABACHO HEIWA Bldg.	Chuo-ku, Tokyo	Trust beneficial interest	6,860	4,726	4,798	2.61
Of-27	KOBE KYUKYORYUCHI HEIWA BUILDING	Kobe City, Hyogo	Trust beneficial interest	3,420	2,564	2,310	1.25
Of-29	SAKAE MINAMI HEIWA BUILDING	Nagoya City, Aichi	Trust beneficial interest	2,300	1,485	1,580	0.86
Of-30	HF SAKURADORI BUILDING	Nagoya City, Aichi	Trust beneficial interest	6,590	4,447	4,900	2.66
Of-31	HF NIHONBASHI HAMACHO BUILDING	Chuo-ku, Tokyo	Trust beneficial interest	2,630	1,947	1,900	1.03



Property no.	Property name	Address	Form of asset (Note 1)	Appraisal value (Million yen)	Balance sheet amount (Million yen) (Note 2)	Acquisition price (Million yen) (Note 3)	Percentage of investments (%) (Note 4)
Of-32	HF SENDAI HONCHO BUILDING	Sendai City, Miyagi	Trust beneficial interest	3,640	2,542	2,700	1.47
Of-33	HF UENO BUILDING	Taito-ku, Tokyo	Trust beneficial interest	4,240	3,460	3,400	1.85
Of-34	KOJIMACHI HF BUILDING	Chiyoda-ku, Tokyo	Trust beneficial interest	2,160	1,360	1,350	0.73
Of-35	HF KUDAN MINAMI BUILDING	Chiyoda-ku, Tokyo	Trust beneficial interest	3,310	2,751	2,720	1.48
Of-36	HF KANDA OGAWAMACHI BUILDING	Chiyoda-ku, Tokyo	Trust beneficial interest	4,240	3,219	3,150	1.71
Of-37	NISSO 5 BUILDING	Yokohama City, Kanagawa	Trust beneficial interest	3,840	3,195	3,100	1.68
Of-38	ACROSS SHINKAWA BUILDING	Chuo-ku, Tokyo	Trust beneficial interest	4,370	3,888	3,750	2.04
Of-39	SENJU MILDIX II BANKAN	Adachi-ku, Tokyo	Trust beneficial interest	1,950	1,602	1,650	0.90
Of-40	ARK Mori Building	Minato-ku, Tokyo	Trust beneficial interest	3,570	3,131	3,085	1.68
Of-41	Nihonbashi Horidomecho First	Chuo-ku, Tokyo	Trust beneficial interest	2,330	2,158	2,140	1.16
Of-42	SOUTHERN SKY TOWER HACHIOJI	Hachioji City, Tokyo	Trust beneficial interest	1,890	1,641	1,600	0.87
Of-43	HAMACHO HEIWA BUILDING	Chuo-ku, Tokyo	Trust beneficial interest	3,310	3,124	3,100	1.68
Of-44	KINSHICHO SQUARE BUILDING	Sumida-ku, Tokyo	Trust beneficial interest	2,930	2,854	2,840	1.54
Of-45	KABUTO-CHO UNI-SQUARE	Chuo-ku, Tokyo	Trust beneficial interest	3,990	3,628	3,580	1.94
Of-46	TORYO BUILDING	Sendai City, Miyagi	Real estate	2,670	2,628	2,501	1.36
<b>Office subtotal</b>				<b>99,811</b>	<b>81,953</b>	<b>82,902</b>	<b>45.02</b>

Property no.	Property name	Address	Form of asset (Note 1)	Appraisal value (Million yen)	Balance sheet amount (Million yen) (Note 2)	Acquisition price (Million yen) (Note 3)	Percentage of investments (%) (Note 4)
Re-03	HF ICHIKAWA RESIDENCE	Ichikawa City, Chiba	Trust beneficial interest	573	371	430	0.23
Re-05	HF MEGURO RESIDENCE	Meguro-ku, Tokyo	Trust beneficial interest	773	610	660	0.36
Re-09	HF KASAI RESIDENCE	Edogawa-ku, Tokyo	Trust beneficial interest	940	574	650	0.35
Re-11	HF WAKABAYASHI-KOEN RESIDENCE	Setagaya-ku, Tokyo	Trust beneficial interest	4,771	3,114	3,610	1.96
Re-12	HF HIMONYA RESIDENCE	Meguro-ku, Tokyo	Trust beneficial interest	1,872	1,396	1,560	0.85
Re-14	HF MINAMIAZABU RESIDENCE	Minato-ku, Tokyo	Trust beneficial interest	1,555	1,289	1,370	0.74
Re-16	HF GAKUGEIDAIGAKU RESIDENCE	Meguro-ku, Tokyo	Trust beneficial interest	1,050	883	1,000	0.54
Re-17	HF HIGASHIKANDA RESIDENCE	Chiyoda-ku, Tokyo	Trust beneficial interest	1,480	846	1,100	0.60
Re-18	HF HIGASHINIHONBASHI RESIDENCE	Chuo-ku, Tokyo	Trust beneficial interest	1,730	947	1,210	0.66
Re-19	HF NERIMA RESIDENCE	Nerima-ku, Tokyo	Trust beneficial interest	890	537	690	0.37
Re-20	HF SHIROKANETAKANAWA RESIDENCE	Minato-ku, Tokyo	Real estate	5,320	3,588	4,030	2.19
Re-21	HF MEIDAIMAE RESIDENCE	Setagaya-ku, Tokyo	Real estate	1,060	962	1,070	0.58
Re-22	HF NIHONBASHI RESIDENCE	Chuo-ku, Tokyo	Trust beneficial interest	1,230	1,071	1,130	0.61
Re-23	HF KAMISHAKUJII RESIDENCE	Nerima-ku, Tokyo	Real estate	1,070	833	950	0.52
Re-24	HF KINSHICHO RESIDENCE	Sumida-ku, Tokyo	Real estate	1,260	1,068	1,100	0.60
Re-25	HF GINZA RESIDENCE EAST	Chuo-ku, Tokyo	Real estate	5,500	5,450	5,940	3.23
Re-26	HF SHIN-YOKOHAMA RESIDENCE	Yokohama City, Kanagawa	Real estate	2,920	2,914	3,350	1.82
Re-29	HF HAKUSAN RESIDENCE	Bunkyo-ku, Tokyo	Real estate	2,110	2,213	2,350	1.28
Re-30	HF MAGOME RESIDENCE	Ota-ku, Tokyo	Real estate	1,480	1,463	1,630	0.89
Re-31	HF GAKUGEIDAIGAKU RESIDENCE II	Meguro-ku, Tokyo	Trust beneficial interest	1,350	1,531	1,650	0.90
Re-33	HF KAMEIDO RESIDENCE	Koto-ku, Tokyo	Real estate	1,250	982	1,050	0.57
Re-34	HF TANASHI RESIDENCE	Nishitokyo City, Tokyo	Real estate	774	882	911	0.49
Re-35	HF SHIBA-KOEN RESIDENCE	Minato-ku, Tokyo	Trust beneficial interest	906	788	836	0.45

Property no.	Property name	Address	Form of asset (Note 1)	Appraisal value (Million yen)	Balance sheet amount (Million yen) (Note 2)	Acquisition price (Million yen) (Note 3)	Percentage of investments (%) (Note 4)
Re-36	HF MITA RESIDENCE	Minato-ku, Tokyo	Trust beneficial interest	1,300	1,009	1,080	0.59
Re-38	La Residence de Shirokanedai	Minato-ku, Tokyo	Trust beneficial interest	963	697	730	0.40
Re-39	HF GINZA RESIDENCE EAST II	Chuo-ku, Tokyo	Trust beneficial interest	1,870	1,344	1,460	0.79
Re-40	HF HATCHOBORI RESIDENCE II	Chuo-ku, Tokyo	Trust beneficial interest	2,370	1,721	1,890	1.03
Re-41	HF HATCHOBORI RESIDENCE III	Chuo-ku, Tokyo	Trust beneficial interest	1,080	694	793	0.43
Re-42	HF GINZA RESIDENCE	Chuo-ku, Tokyo	Trust beneficial interest	1,310	810	944	0.51
Re-43	HF KOMAZAWA-KOEN RESIDENCE TOWER	Setagaya-ku, Tokyo	Trust beneficial interest	7,660	6,341	6,520	3.54
Re-45	HF NAKANOSHIMA RESIDENCE	Osaka City, Osaka	Trust beneficial interest	533	414	453	0.25
Re-46	HF AWAZA RESIDENCE	Osaka City, Osaka	Trust beneficial interest	727	484	577	0.31
Re-47	HF MARUNOUCHI RESIDENCE	Nagoya City, Aichi	Trust beneficial interest	751	498	624	0.34
Re-48	HF HIRAO RESIDENCE	Fukuoka City, Fukuoka	Trust beneficial interest	2,260	1,535	1,780	0.97
Re-49	HF KAWARAMACHI NIJO RESIDENCE	Kyoto City, Kyoto	Trust beneficial interest	608	476	534	0.29
Re-53	HF SHIJO KAWARAMACHI RESIDENCE	Kyoto City, Kyoto	Trust beneficial interest	2,380	1,618	1,820	0.99
Re-54	La Residence de Sendagi	Bunkyo-ku, Tokyo	Trust beneficial interest	1,020	757	820	0.45
Re-55	HF SENDAGI RESIDENCE	Bunkyo-ku, Tokyo	Trust beneficial interest	1,080	797	870	0.47
Re-56	HF KOMAZAWA-KOEN RESIDENCE	Setagaya-ku, Tokyo	Trust beneficial interest	728	584	615	0.33
Re-57	HF MUSASHI KOYAMA RESIDENCE	Shinagawa-ku, Tokyo	Trust beneficial interest	1,160	779	842	0.46
Re-58	HF KOKUBUNJI RESIDENCE	Kokubunji City, Tokyo	Trust beneficial interest	1,060	774	839	0.46

Property no.	Property name	Address	Form of asset (Note 1)	Appraisal value (Million yen)	Balance sheet amount (Million yen) (Note 2)	Acquisition price (Million yen) (Note 3)	Percentage of investments (%) (Note 4)
Re-59	HF HISAYAODORI RESIDENCE	Nagoya City, Aichi	Trust beneficial interest	1,300	973	1,080	0.59
Re-60	HF KARASUMA KURAMAGUCHI RESIDENCE	Kyoto City, Kyoto	Trust beneficial interest	702	511	572	0.31
Re-61	HF NISHI-SHINJUKU RESIDENCE WEST	Shinjuku-ku, Tokyo	Trust beneficial interest	2,730	1,930	1,990	1.08
Re-62	HF NISHI-SHINJUKU RESIDENCE EAST	Shinjuku-ku, Tokyo	Trust beneficial interest	1,600	1,132	1,170	0.64
Re-63	HF HIGASHI SHINJUKU RESIDENCE	Shinjuku-ku, Tokyo	Trust beneficial interest	1,680	1,248	1,360	0.74
Re-64	HF HIGASHI-SHINSAIBASHI RESIDENCE	Osaka City, Osaka	Trust beneficial interest	707	518	566	0.31
Re-65	HF KITA-YOBANCHO RESIDENCE	Sendai City, Miyagi	Trust beneficial interest	1,170	705	809	0.44
Re-66	HF ATAGOBASHI RESIDENCE	Sendai City, Miyagi	Trust beneficial interest	936	575	684	0.37
Re-67	HF KYUDAIBYOINMAE RESIDENCE	Fukuoka City, Fukuoka	Trust beneficial interest	536	365	426	0.23
Re-68	HF ASAKUSABASHI RESIDENCE	Taito-ku, Tokyo	Trust beneficial interest	1,010	707	771	0.42
Re-69	HF ICHIBANCHO RESIDENCE	Sendai City, Miyagi	Trust beneficial interest	1,170	732	834	0.45
Re-70	HF HIGASHI-NAKANO RESIDENCE	Nakano-ku, Tokyo	Trust beneficial interest	1,120	866	942	0.51
Re-72	HF WASEDA RESIDENCE	Shinjuku-ku, Tokyo	Trust beneficial interest	2,760	1,955	2,090	1.14
Re-73	HF WASEDA RESIDENCE II	Shinjuku-ku, Tokyo	Trust beneficial interest	1,120	817	872	0.47
Re-74	HF WAKAMATSUKAWADA RESIDENCE	Shinjuku-ku, Tokyo	Trust beneficial interest	1,690	1,157	1,158	0.63
Re-75	HF Sendai Residence EAST	Sendai City, Miyagi	Trust beneficial interest	1,980	1,522	1,638	0.89
Re-76	HF NISHI-KOEN RESIDENCE	Sendai City, Miyagi	Trust beneficial interest	1,440	1,297	1,310	0.71
Re-77	HF BANSUI-DORI RESIDENCE	Sendai City, Miyagi	Trust beneficial interest	910	780	790	0.43
Re-78	HF KANNAI RESIDENCE	Yokohama City, Kanagawa	Trust beneficial interest	2,220	1,741	1,800	0.98

Property no.	Property name	Address	Form of asset (Note 1)	Appraisal value (Million yen)	Balance sheet amount (Million yen) (Note 2)	Acquisition price (Million yen) (Note 3)	Percentage of investments (%) (Note 4)
Re-79	HF MEIEKI-KITA RESIDENCE	Nagoya City, Aichi	Trust beneficial interest	2,310	2,141	2,160	1.17
Re-80	HF HIGASHI-SAPPORO RESIDENCE	Sapporo City, Hokkaido	Trust beneficial interest	1,730	1,482	1,560	0.85
Re-81	HF HAKATA-HIGASHI RESIDENCE	Fukuoka City, Fukuoka	Real estate	942	919	880	0.48
Re-82	HF SENDAI ITSUTSUBASHI RESIDENCE	Sendai City, Miyagi	Real estate	912	903	850	0.46
Re-83	HF TABATA RESIDENCE	Kita-ku, Tokyo	Real estate	1,420	1,089	1,100	0.60
Re-84	HF RYOGOKU RESIDENCE	Sumida-ku, Tokyo	Real estate	1,680	1,399	1,400	0.76
Re-85	HF HACHIOJI RESIDENCE	Hachioji City, Tokyo	Real estate	1,240	1,226	1,120	0.61
Re-86	HF MITA RESIDENCE II	Minato-ku, Tokyo	Real estate	1,400	1,234	1,210	0.66
Re-87	HF MONZENNAKACHO RESIDENCE	Koto-ku, Tokyo	Real estate	1,180	960	945	0.51
Re-88	HF MINAMI-SUNAMACHI RESIDENCE	Koto-ku, Tokyo	Real estate	1,040	913	900	0.49
Re-89	HF SENDAI NAGAMACHI RESIDENCE	Sendai City, Miyagi	Real estate	1,120	1,090	1,030	0.56
Re-90	HF SHOKOJI AKABANE RESIDENCE	Kita-ku, Tokyo	Real estate	1,310	1,203	1,150	0.62
Re-91	HF SENDAI HONCHO RESIDENCE	Sendai City, Miyagi	Real estate	1,150	1,114	1,070	0.58
Re-92	HF OHORI RESIDENCE BAYSIDE	Fukuoka City, Fukuoka	Real estate	1,280	1,201	1,150	0.62
Re-93	HF HAKATA HIGASHI RESIDENCE II	Fukuoka City, Fukuoka	Real estate	1,410	1,290	1,198	0.65
Re-94	HF FUKUOKA RESIDENCE EAST	Fukuoka City, Fukuoka	Real estate	1,480	1,289	1,180	0.64
<b>Residence subtotal</b>				<b>119,109</b>	<b>94,667</b>	<b>101,234</b>	<b>54.98</b>
<b>Total</b>				<b>218,920</b>	<b>176,621</b>	<b>184,136</b>	<b>100.00</b>

(Note 1) The “Form of asset” column shows the REIT’s form of ownership of the asset. The form is shown as “Trust beneficial interest” if the REIT is listed as a beneficiary and as “Real estate” if the REIT is listed as the owner in the real estate registry.

(Note 2) The “Balance sheet amount” column shows the acquisition price (including expenses for acquisition and subsequent capital expenditures) as of the end of the 39th fiscal period (May 31, 2021), after deducting the accumulated depreciation.

(Note 3) The “Acquisition price” column shows the sales value listed in the real estate sales agreement or trust beneficial interest sales agreement of the asset (not including amount corresponding to consumption taxes or the costs necessary to make an acquisition; the same applies below). However, for properties acquired as a result of the merger (33 properties, from Re-35 HF SHIBA-KOEN RESIDENCE through Re-73 HF WASEDA RESIDENCE II), the column shows the appraisal value as of October 1, 2010, the day the merger took effect.

(Note 4) The “Percentage of investments” column shows the percentage of each property’s acquisition price to total acquisition price of all acquired assets, rounded to the nearest one-hundredth of one percent.

#### DISCLAIMER:

Heiwa Real Estate REIT, Inc. makes no assurance or warranty with respect to the completeness or accuracy of this English translation. In the event of any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail. For complete and accurate information, please refer to the Japanese original.