

40th Fiscal Period Financial Report (REIT)

January 18, 2022

REIT Issuer:	HEIWA REAL ESTATE REIT, Inc.	Stock Exchange Listing: TSE
Securities Code:	8966	URL: https://www.heiwa-re.co.jp/
Representative:	(Title) Executive Director	(Name) Aya Motomura

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Scheduled date of submission of periodic securities report (*yuka shoken hokokusho*): February 28, 2022

Scheduled date of commencement of distribution payments: February 15, 2022

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 40th Fiscal Period

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

	Operating revenue		Operating income		Ordinary income		Net income	
	Amount	% change	Amount	% change	Amount	% change	Amount	% change
40th FP	¥6,876 million	2.2%	¥3,361 million	1.6%	¥2,972 million	1.9%	¥2,971 million	1.9%
39th FP	¥6,730 million	(4.8%)	¥3,309 million	(10.0%)	¥2,916 million	(11.0%)	¥2,916 million	(11.0%)

	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
40th FP	¥2,816	3.0%	1.5%	43.2%
39th FP	¥2,916	3.1%	1.5%	43.3%

(2) Distributions

	Distribution per unit (excluding distribution in excess of earnings)	Total distributions (excluding distribution in excess of earnings)	Distributions in excess of earnings per unit	Total distributions in excess of earnings	Payout ratio (Note 1)	Ratio of distributions to net assets (Note 2)
40th FP	¥2,890	¥3,051 million	¥-	¥-	102.7%	3.1%
39th FP	¥2,800	¥2,799 million	¥-	¥-	96.0%	2.9%

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

(Note 4) The amount of total distributions (¥3,051 million) for the 40th Fiscal Period was calculated as follows and therefore differs from the amount of net income. The reversal of the reserve for adjustment of temporary differences of ¥79 million was appropriated to net income.

(3) Financial Position

	Total assets	Net assets	Ratio of unitholders' equity to total assets	Net assets per unit
40th FP	¥203,206 million	¥104,192 million	51.3%	¥98,692
39th FP	¥190,986 million	¥95,183 million	49.8%	¥95,189

(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
40th FP	¥4,562 million	(¥9,878 million)	¥8,634 million	¥13,276 million
39th FP	¥4,239 million	(¥7,215 million)	(¥778 million)	¥9,957 million

2. Management Status Forecasts for the 41st and 42nd Fiscal Periods

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

42nd Fiscal Period (42nd FP): Fiscal period ending November 2022 (from June 1, 2022 to November 30, 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)	Distributions in excess of earnings per unit
	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change		
41st FP	¥6,826 million	(0.7%)	¥3,168 million	(5.7%)	¥2,749 million	(7.5%)	¥2,748 million	(7.5%)	¥2,940	¥-
42nd FP	¥6,807 million	(0.3%)	¥3,160 million	(0.3%)	¥2,731 million	(0.7%)	¥2,730 million	(0.7%)	¥2,940	¥-

(Reference) Estimated net income per unit: 41st fiscal period: ¥2,603 42nd fiscal period: ¥2,587

(Note) Funds for the payment of distributions for the 41st fiscal period include ¥355 million (¥337 per unit) that will be released from the reserve for temporary difference adjustment. Funds for the payment of distributions for the 42nd fiscal period include ¥372 million (¥353 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.: | Yes |
| (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:

40th FP:	1,055,733 units	39th FP:	999,933 units
40th FP:	– units	39th 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 34 of the Japanese version of the “40th Fiscal Period Financial Report (REIT)” for the period ended November 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 41st fiscal period (from December 1, 2021 to May 31, 2022) and 42nd fiscal period (from June 1, 2022 to November 30, 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 40th 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 40th 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 in September 2020. In the fiscal period under review, the REIT acquired one office building and three residences using funds raised by means such as a capital increase via a public offering conducted in June 2021. As a result, total investment units outstanding were 1,055,733 and unitholders’ capital was 90,063 million yen as of the end of the 40th fiscal period (November 2021).

(ii) Operating environment

Under the effects of COVID-19’s spread, moves that restrain economic activities continued in Japan in the fiscal period under review, including a state of emergency declared in areas centered on large cities on several occasions and its 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 continued to surpass 2,000 points, shifting from 2,073.55 points at the end of the previous fiscal period (May 31, 2021) to 2,002.58 points at the end of the fiscal period under review (November 30, 2021).

(a) Office building leasing market

According to the latest office building market data from Miki Shoji Co., Ltd., the rise in the average office building vacancy rate in the five central wards of Tokyo (Chiyoda, Chuo, Minato, Shinjuku and Shibuya) slowed, reflecting observed moves to conclude contracts for purposes including office expansion and relocation, offsetting tenant contract cancellations chiefly due to an increasing shift to working from home, as well as office downsizing and consolidation by companies worried about the outlook under the pandemic. The average office building vacancy rate rose slightly from 5.90% at the end of the previous fiscal period (May 31, 2021) to 6.35% at the end of the fiscal period under review (November 30, 2021). Meanwhile, the average rent fell for 16 consecutive months from August 2020, plunging from 21,249 yen/tsubo at the end of the previous fiscal period, to 20,686 yen/tsubo at the end of the fiscal period under review.

The impact of COVID-19 on the office building market is still significant. However, with vacancy rates trending down since last autumn and more tenants starting to use the COVID-19 pandemic as an opportunity to review their office strategies, the REIT believes that uncertainty associated with cancellation by tenants due to business size reductions and cost-saving measures, among other factors, is declining. 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.

(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) continued to fall in the area zone of 50m² or less in Tokyo’s 23 wards in November 2021. However, the average contract rent continued to rise in the area zone in excess of 70m², reaching the highest level since January 2015 in Tokyo’s 23 wards, the other sections of the metropolis of Tokyo, Saitama Prefecture, Chiba Prefecture and Osaka City. According to the Survey Report on the Statistics of Construction Starts published in November 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 9 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 the Land Price Research by Prefectural Governments as of July 1, 2021, which was published in September 2021, the average prices for all types of land began fluctuating and increased in Japan's three major metropolitan areas of Tokyo, Osaka and Nagoya. Looking at their breakdown, prices for land in residential areas stopped falling and stabilized while prices for land in commercial areas climbed for the ninth consecutive year, although the rate of increase was lower. Meanwhile, in regional areas (areas excluding the three major metropolitan regions), prices for land in residential areas kept declining at a lower rate, and prices for land in commercial areas fell for the second consecutive year with a higher rate of decrease.

In government ordinance-designated regional cities, which the REIT considers as its investment targets, prices of land in both residential and commercial areas continue to rise at lower rates or decrease. Market conditions for land prices in those cities appear weaker.

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

(iii) Management performance

(a) External growth

The REIT took a range of measures, including the increase of capital through public offering in June 2021, for the purpose of strengthening the financial foundations while simultaneously seeking to expand assets and achieve improvements in profitability and quality with respect to its portfolio. Mainly by using the funds, the REIT acquired one office building (Of-47 OSAKI CN BUILDING [trust beneficiary rights, acquisition price: 5,160 million yen]) and three residences (Re-95 HF SHOKOJI AKABANE RESIDENCE II [real estate, acquisition price: 1,690 million yen], Re-96 HF YAHIRO RESIDENCE [real estate, acquisition price: 1,220 million yen] and Re-97 HF SETAGAYAKAMIMACHI RESIDENCE [real estate, acquisition price: 700 million yen]) on June 4, 2021, one residence (Re-98 HF SOKA RESIDENCE [real estate, acquisition price: 1,300 million yen]) on September 29, 2021, and one office building (Of-48 Faret East Building [real estate, acquisition price: 1,010 million yen]) on October 29, 2021, while on the other hand selling one residence (Re-67 HF KYUDAIBYOINMAE RESIDENCE [trust beneficiary rights, acquisition price: 426 million yen]) on November 29, 2021.

As a result, portfolio assets as of the end of the period were 114 properties (total acquisition price: 194,790 million yen), including 35 office buildings (total acquisition price of 89,072 million yen) and 79 residential buildings (total acquisition price of 105,718 million yen).

(b) Internal growth

The REIT has consistently endeavored to increase profitability by improving and maintaining its occupancy rates. During the 40th 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 97.7% at the end of the fiscal period under review. The REIT was able to stabilize the occupancy rate, which had reached 97.4% 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 97.3%. The REIT has been advancing ESG-related initiatives with a focus on consideration for the environment and energy saving and contribution to communities.

Meanwhile, in terms of renaming managed assets, which has been a consistent focus for some time, the REIT renamed the one property shown below with the aim of providing reassurance to existing tenants, increasing the appeal of the properties to prospective tenants and conducting leasing activities more efficiently.

Property renamed on December 1, 2021

Property no.	Old name	New name
Of-46	TORYO BUILDING	HF SENDAI ICHIBANCHO BUILDING

(iv) Procurement of funds

The REIT procured capital through public offering (number of investment units issued: 53,100, total issue price: 8,272,077 thousand yen) on June 1, 2021 and through third-party allotment (number of investment units issued: 2,700, total issue price: 420,614 thousand yen) on June 29, 2021, and took out Term Loan 52 (loan amount: 400 million yen) on June 4, 2021, Term Loan 53 (loan amount: 1,390 million yen) on September 29, 2021, and Term Loan 54 (loan amount: 1,000 million yen) on October 29, 2021 for the purpose of using such funds for property acquisition, etc. In addition, the REIT took out Term Loan 55 Tranche A (loan amount: 480 million), Tranche B (loan amount: 780 million yen), Tranche C (loan amount: 900 million yen) and Tranche D (loan amount: 3,860 million yen) on October 29, 2021 to repay Term Loan 23 Tranche B (loan balance: 800 million yen), Term Loan 26 Tranche B (loan balance: 480 million yen), Term Loan 28 Tranche A (loan balance: 940 million yen), Term Loan 29 Tranche B (loan balance: 1,400 million yen), and Term Loan 40 Tranche A (loan balance: 2,400 million yen), the principal repayment of which was due on the same day.

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 November 30: 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 November 30: 0.74%).

In addition, to secure financial creditworthiness by increasing the means of flexible and stable fundraising and liquidity on hand, the REIT has established the commitment line with a maximum total limit of 7,000 million yen (contract period is from June 1, 2021 to May 31, 2022) with Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd., Mizuho Bank, Ltd and Resona Bank, Ltd.

[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

[Term Loan 53]

Lender	Loan amount	Principal repayment date	Principal repayment method	Purpose	Summary
Mizuho Trust & Banking Co., Ltd.	1,390 million yen	November 30, 2028 (Note)	Lump sum repayment on the principal repayment date	Property acquisition funding, etc.	Unsecured Non-guaranteed

[Term Loan 54]

Lender	Loan amount	Principal repayment date	Principal repayment method	Purpose	Summary
Resona Bank, Limited.	1,000 million yen	November 30, 2029 (Note)	Lump sum repayment on the principal repayment date	Property acquisition funding, etc.	Unsecured Non-guaranteed

[Term Loan 55 Tranche A]

Lender	Loan amount	Principal repayment date	Principal repayment method	Purpose	Summary
Sumitomo Mitsui Banking Corporation	480 million yen	October 31, 2022 (Note)	Lump sum repayment on the principal repayment date	Funds to repay existing loans	Unsecured Non-guaranteed

[Term Loan 55 Tranche B]

Lender	Loan amount	Principal repayment date	Principal repayment method	Purpose	Summary
MUFG Bank, Ltd. The Nomura Trust and Banking Co., Ltd.	780 million yen	October 31, 2024 (Note)	Lump sum repayment on the principal repayment date	Funds to repay existing loans	Unsecured Non-guaranteed

[Term Loan 55 Tranche C]

Lender	Loan amount	Principal repayment date	Principal repayment method	Purpose	Summary
MUFG Bank, Ltd.	900 million yen	November 30, 2026 (Note)	Lump sum repayment on the principal repayment date	Funds to repay existing loans	Unsecured Non-guaranteed

[Term Loan 55 Tranche D]

Lender	Loan amount	Principal repayment date	Principal repayment method	Purpose	Summary
Sumitomo Mitsui Banking Corporation Resona Bank, Limited. Aozora Bank, Ltd. Sumitomo Mitsui Trust Bank, Limited Mizuho Bank, Ltd. Shinsei Bank, Limited	3,860 million yen	October 31, 2028 (Note)	Lump sum repayment on the principal repayment date	Funds to repay existing loans	Unsecured Non-guaranteed

(Note) Or the next business day if the date shown is not a business day. If the next business day falls in the next month, the previous business day.

As a result, the total interest-bearing liabilities amount (Note) at period end was 90,857 million yen (period end LTV (Note): 44.71%).

(Note) Interest-bearing liabilities = short-term loans + investment corporation bonds redeemable within one year + 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 40th fiscal period results of 6,876 million yen in operating revenues, 3,361 million yen in operating income, after deducting interest expenses on loans, 2,972 million yen in ordinary income, and 2,971 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 decided to pay out 3,051,068,370 yen as distributions from earnings by appropriating the reversal of reserve for adjustment of temporary differences of 79,219,037 yen to the net income of 2,971,849,333 yen for the fiscal period under review. As a result, distributions per unit have come to 2,890 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 eleven 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. It will consider the issuance of investment units as one of financing methods while simultaneously taking into consideration the dilution of existing unitholders’ rights and the impact of investment units on traded prices, among other factors. It will allocate procured funds chiefly to expand the scale of assets through property acquisition, improve the profitability and quality of its portfolio, and/or strengthen its financial foundations through the reduction of LTV, and by doing so, seek to increase investor value such as investment unit prices, distributions and NAV per unit from medium- to long-term perspectives. 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. Asset Acquisitions

The REIT acquired one property (acquisition price: 900 million yen) on December 22, 2021, trust beneficial interest in one property (acquisition price: 2,500 million yen) on December 23, 2021, and additionally purchased one property (acquisition price: 600 million yen) on December 24, 2021 in accordance with the basic policy and the like set out in its bylaws.

Property no.: Re-99; property name: HF UENO IRIYA RESIDENCE

Type of asset acquired (Note 1)	Real estate
Contract date	December 14, 2021
Acquisition date	December 22, 2021
Acquisition price (Note 2)	900 million yen
Location (residential address)	1-12-1 Iriya, Taito-ku, Tokyo
Use	Co-housing
Completed	August 31, 2016
Structure	Reinforced concrete flat-roofed 12-story structure
Total floor area	1,146.77 m ²
Total rentable area	993.85 m ²

(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.: Of-49; property name: Inter Planet ESAKA Building

Type of asset acquired	Trust beneficial interest
Contract date	December 14, 2021
Acquisition date	December 23, 2021
Acquisition price (Note)	2,500 million yen
Location (residential address)	1-13-48 Esaka-cho, Suita City, Osaka
Use	Office
Completed	June 5, 2008
Structure	Steel structure, 9 floors above ground with flat roof
Total floor area	4,025.10 m ²
Total rentable area	3,047.22 m ²

(Note) 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.

Property no.: Of-48; property name: Faret East Building (additional acquisition)

Type of asset acquired	Real estate
Contract date	December 14, 2021
Acquisition date	December 24, 2021
Acquisition price (Note 1)	600 million yen
Location (residential address)	2-34-7 Akebono-cho, Tachikawa City, Tokyo
Use	Offices/stores/warehouses
Completed	December 15, 1994
Structure	Reinforced concrete flat-roofed 12-story structure with a 1-story basement
Total floor area (Note 2) (Note 3)	1,662.07 m ²
Total rentable area	1,056.04 m ²

(Note 1) 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.

(Note 2) The portion acquired by the REIT recently is the 701 lot (Right-of-site ratio: 10.2557%).

(Note 3) The building is a sectional ownership-based property. The area stated is a figure calculated by multiplying the total floor area in the entire building by 10.2557%, which is a right-of-site-ratio.

B. Borrowing of Loans

The REIT took out loans (total loan amount: 4,000 million yen) on December 22, 2021, December 23, 2021 and December 24, 2021 to partially fund the purchase of one residence property acquired on December 22, 2021, one office property acquired on December 23, 2021 and one office property acquired on December 24, 2021 (see “A. Asset Acquisitions” above).

[Term Loan 56]

Lender	Loan amount	Principal repayment date	Principal repayment method	Purpose	Summary
Mizuho Trust & Banking Co., Ltd.	900 million yen	May 31, 2029 (Note)	Lump sum repayment on the principal repayment date	Property acquisition funding, etc.	Unsecured Non-guaranteed

[Term Loan 57 (1)]

Lender	Loan amount	Principal repayment date	Principal repayment method	Purpose	Summary
Sumitomo Mitsui Banking Corporation	500 million	December 30, 2022 (Note)	Lump sum repayment on the principal repayment date	Property acquisition funding, etc.	Unsecured Non-guaranteed

[Term Loan 57 (2)]

Lender	Loan amount	Principal repayment date	Principal repayment method	Purpose	Summary
Nippon Life Insurance Company	1,000 million yen	December 22, 2028 (Note)	Lump sum repayment on the principal repayment date	Property acquisition funding, etc.	Unsecured Non-guaranteed

[Term Loan 57 (3)]

Lender	Loan amount	Principal repayment date	Principal repayment method	Purpose	Summary
Sumitomo Mitsui Trust Bank, Limited	1,000 million yen	November 29, 2030 (Note)	Lump sum repayment on the principal repayment date	Property acquisition funding, etc.	Unsecured Non-guaranteed

[Commitment line]

Lender	Loan amount	Principal repayment date	Principal repayment method	Purpose	Summary
Sumitomo Mitsui Banking Corporation MUFG Bank, Ltd. Mizuho Bank, Ltd. Resona Bank, Limited.	600 million yen	February 24, 2022 (Note)	Lump sum repayment on the principal repayment date	Property acquisition funding, etc.	Unsecured Non-guaranteed

(Note) Or the next business day if the date shown is not a business day. If the next business day falls in the next month, the previous business day.

d. Outlook for the 41st and 42nd fiscal periods

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 41st fiscal period (from December 1, 2021 to May 31, 2022) and 42nd fiscal period (from June 1, 2022 to November 30, 2022)” below for assumptions used in this forecast.

Operating revenue	6,826 million yen
Operating income	3,168 million yen
Ordinary income	2,749 million yen
Net income	2,748 million yen
Distributions per unit (excluding distributions in excess of earnings)	2,940 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 355 million yen (337 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 42nd fiscal period (from June 1, 2022 to November 30, 2022). See “Management status forecast assumptions for 41st fiscal period (from December 1, 2021 to May 31, 2022) and 42nd fiscal period (from June 1, 2022 to November 30, 2022)” below for assumptions used in this forecast.

Operating revenue	6,807 million yen
Operating income	3,160 million yen
Ordinary income	2,731 million yen
Net income	2,730 million yen
Distributions per unit (excluding distributions in excess of earnings)	2,940 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 372 million yen (353 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 41st fiscal period (from December 1, 2021 to May 31, 2022) and 42nd fiscal period (from June 1, 2022 to November 30, 2022)

Item	Assumptions																				
Management period	41st fiscal period: from December 1, 2021 to May 31, 2022 (182 days) 42nd fiscal period: from June 1, 2022 to November 30, 2022 (183 days)																				
Assets under management	<ul style="list-style-type: none"> Assumptions are made based on 116 properties including HF UENO IRIYA RESIDENCE acquired on December 22, 2021, Inter Planet ESAKA Building acquired on December 23, 2021 and Faret East Building additionally acquired on December 24, 2021, pursuant to the agreement concluded on December 14, 2021, which were added to 114 properties owned by the REIT as of November 30, 2021. The actual number may vary if properties are newly acquired, transferred, etc. 																				
Total number of investment units issued and outstanding	<ul style="list-style-type: none"> The assumption is 1,055,733 units as the total number of investment units issued and outstanding at the end of the fiscal period ended November 2021. 																				
Operating revenue	<ul style="list-style-type: none"> Operating revenue is calculated based on the assumption of the above assets under management. 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. Operating revenues are calculated giving some consideration to the effects of the COVID-19 pandemic such as decreased rental revenue. 																				
Operating expenses	<ul style="list-style-type: none"> Operating expenses are calculated based on the assumption of the above assets under management. Assumptions concerning major operating expenses are as follows: <table style="margin-left: 20px;"> <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;">423 million yen</td> </tr> <tr> <td>Maintenance and repair fees:</td> <td style="text-align: right;">299 million yen</td> </tr> <tr> <td>Management commissions:</td> <td style="text-align: right;">732 million yen</td> </tr> <tr> <td>Depreciation:</td> <td style="text-align: right;">950 million yen</td> </tr> <tr> <td colspan="2">42nd Fiscal Period (from June 1, 2022 to November 30, 2022)</td> </tr> <tr> <td>Public charges and taxes (fixed property tax, city planning tax, etc.):</td> <td style="text-align: right;">456 million yen</td> </tr> <tr> <td>Maintenance and repair fees:</td> <td style="text-align: right;">249 million yen</td> </tr> <tr> <td>Management commissions:</td> <td style="text-align: right;">722 million yen</td> </tr> <tr> <td>Depreciation:</td> <td style="text-align: right;">959 million yen</td> </tr> </table> 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. For maintenance and repair fees, an amount deemed necessary during the period based on the maintenance and repair plans for the properties is posted. Emergency costs may arise as a result of unforeseeable factors, and actual operating expenses may therefore vary significantly from the forecast. 	41st fiscal period (from December 1, 2021 to May 31, 2022)		Public charges and taxes (fixed property tax, city planning tax, etc.):	423 million yen	Maintenance and repair fees:	299 million yen	Management commissions:	732 million yen	Depreciation:	950 million yen	42nd Fiscal Period (from June 1, 2022 to November 30, 2022)		Public charges and taxes (fixed property tax, city planning tax, etc.):	456 million yen	Maintenance and repair fees:	249 million yen	Management commissions:	722 million yen	Depreciation:	959 million yen
41st fiscal period (from December 1, 2021 to May 31, 2022)																					
Public charges and taxes (fixed property tax, city planning tax, etc.):	423 million yen																				
Maintenance and repair fees:	299 million yen																				
Management commissions:	732 million yen																				
Depreciation:	950 million yen																				
42nd Fiscal Period (from June 1, 2022 to November 30, 2022)																					
Public charges and taxes (fixed property tax, city planning tax, etc.):	456 million yen																				
Maintenance and repair fees:	249 million yen																				
Management commissions:	722 million yen																				
Depreciation:	959 million yen																				
Non-operating expenses	<ul style="list-style-type: none"> The REIT assumes 399 million yen and 411 million yen as interest expenses (including interest expenses on investment corporation bonds) and borrowing-related expenses for the fiscal period ending May 2022 and the fiscal period ending November 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 May 2022 and the fiscal period ending November 2022, respectively. 																				
Interest-bearing liabilities	<ul style="list-style-type: none"> Interest-bearing liabilities as of November 30, 2021 are 90,857 million yen. The REIT took out new borrowings of 4,000 million yen on December 22, 2021, December 23, 2021 and December 24, 2021 as part of funds for asset acquisition. The REIT has calculated the interest-bearing liabilities, assuming 94,857 million yen as their balance at the end of the fiscal period ending May 2022 and 94,857 million yen at the end of the fiscal period ending November 2022. The REIT assumes that it will refinance loans that become payable in February 2022, May 2022 and October 2022 and investment corporation bonds that become redeemable in June 2022, respectively. 																				
Distributions per unit (excluding distributions in excess of earnings)	<ul style="list-style-type: none"> 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 May 31, 2022 are made based on the distribution of a total of 3,103 million yen (distribution of 2,940 yen per unit), which includes 355 million yen that will be released from the reserve for temporary difference adjustment (the expected reserve reversal of 337 yen per unit) and appropriated to the expected net income of 2,748 million yen. Assumptions on distributions for the fiscal period ending November 30, 2022 are made based on the distribution of a total of 3,103 million yen (distribution of 2,940 yen per unit), which includes 372 million yen that will be released from the reserve for temporary difference adjustment (the expected reserve reversal of 353 yen per unit) and appropriated to the expected net income of 2,730 million yen. 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. 																				

Item	Assumptions
Distributions in excess of earnings per unit	<ul style="list-style-type: none"> • We do not expect any distributions in excess of earnings at this time.
Other	<ul style="list-style-type: none"> • 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. • We assume that no major unforeseen changes will occur in the general economic trends, real estate market conditions, etc.

(2) Investment risk

Disclosure is omitted because no material change from the investment risks stated in the most recent Annual Securities Report (submitted on August 26, 2021, including its subsequent revisions) has occurred.

2. Financial Statements

(1) Balance Sheet

(Unit: 1,000 yen)

	39th Fiscal Period (As of May 31, 2021)	40th Fiscal Period (As of November 30, 2021)
Assets		
Current assets		
Cash and deposits	9,860,611	11,223,174
Cash and deposits in trust	3,598,834	3,679,559
Operating accounts receivable	45,813	49,214
Prepaid expenses	123,590	133,505
Consumption tax, etc. receivable	23,524	–
Other	8,869	2,291
Allowance for doubtful accounts	(65)	–
Total current assets	13,661,177	15,087,745
Noncurrent assets		
Property, plant and equipment		
Buildings	17,358,394	19,561,237
Accumulated depreciation	(4,876,000)	(5,127,067)
Buildings, net	12,482,393	14,434,170
Structures	82,953	93,449
Accumulated depreciation	(45,546)	(48,145)
Structures, net	37,407	45,303
Machinery and equipment	304,860	309,926
Accumulated depreciation	(223,986)	(232,000)
Machinery and equipment, net	80,874	77,926
Tools, furniture and fixture	279,806	304,341
Accumulated depreciation	(163,576)	(175,785)
Tools, furniture and fixtures, net	116,230	128,555
Land	35,263,625	37,030,448
Buildings in trust	47,287,495	47,674,408
Accumulated depreciation	(12,600,139)	(13,149,047)
Buildings in trust, net	34,687,355	34,525,360
Structures in trust	258,604	256,542
Accumulated depreciation	(100,926)	(105,443)
Structures in trust, net	157,677	151,098
Machinery and equipment in trust	612,447	654,281
Accumulated depreciation	(305,245)	(316,852)
Machinery and equipment in trust, net	307,202	337,428
Tools, furniture and fixtures in trust	1,154,449	1,195,765
Accumulated depreciation	(769,288)	(809,000)
Tools, furniture and fixtures in trust, net	385,161	386,764
Land in trust	87,877,511	92,536,504
Total property, plant and equipment	171,395,438	179,653,561
Intangible assets		
Leasehold right	1,910,049	4,310,194
Leasehold rights in trust	3,315,665	3,315,665
Software	5,818	5,054
Other	227	227
Total intangible assets	5,231,760	7,631,141

(Unit: 1,000 yen)

	39th Fiscal Period (As of May 31, 2021)	40th Fiscal Period (As of November 30, 2021)
Investment and other assets		
Guarantee deposits	14,617	19,617
Long-term prepaid expenses	229,149	244,361
Derivatives	29,163	77,088
Other	379,056	408,934
Total investments and other assets	651,987	750,002
Total noncurrent assets	177,279,186	188,034,705
Deferred assets		
Investment unit issuance expenses	–	41,820
Investment corporation bond issuance costs	46,459	42,355
Total deferred assets	46,459	84,175
Total assets	190,986,824	203,206,627
Liabilities		
Current liabilities		
Operating accounts payable	352,179	575,667
Current portion of investment corporation bonds	–	1,000,000
Current portion of long-term loans payable	11,869,000	11,149,000
Accrued expenses	715,622	749,663
Income taxes payable	595	275
Accrued consumption tax, etc.	–	76,297
Advances received	1,104,773	1,152,702
Other	14,020	36,119
Total current liabilities	14,056,190	14,739,726
Noncurrent liabilities		
Investment corporation bonds	7,900,000	6,900,000
Long-term loans payable	68,298,200	71,808,200
Tenant leasehold and security deposits	823,499	898,601
Tenant leasehold and security deposits in trust	4,514,754	4,557,342
Derivative liabilities	210,744	110,052
Total noncurrent liabilities	81,747,198	84,274,196
Total liabilities	95,803,389	99,013,923
Net Assets		
Unitholders' equity		
Unitholders' capital	81,370,715	90,063,406
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 2,002,699	*4 1,962,702
Total voluntary retained earnings	2,418,382	2,378,385
Unappropriated retained earnings (undisposed loss)	5,871,290	6,083,325
Total surplus	13,996,334	14,168,371
Total unitholders' equity	95,367,050	104,231,778
Valuation and translation adjustments		
Deferred hedge gain or loss	(183,615)	(39,074)
Total valuation and translation adjustments	(183,615)	(39,074)
Total net assets	*2 95,183,434	*2 104,192,703
Total liabilities and net assets	190,986,824	203,206,627

(2) Profit and Loss Statement

(Unit: 1,000 yen)

	39th Fiscal Period (December 1, 2020 – May 31, 2021)		40th Fiscal Period (June 1, 2021 – November 30, 2021)	
Operating revenue				
Rent revenue-real estate	*1	5,831,007	*1	6,132,363
Other lease business revenue	*1	494,939	*1	499,776
Gain on sales of real estate properties	*2	404,961	*2, *3	244,114
Total operating revenue		6,730,908		6,876,253
Operating expenses				
Expenses related to rent business	*1, *3	2,617,359	*1, *3	2,697,443
Asset management fee		600,615		617,975
Asset custody fee		11,626		11,979
Administrative service fees		27,705		29,968
Directors' compensation		6,293		6,102
Audit fee		11,660		11,660
Other operating expenses		146,594		139,167
Total operating expenses		3,421,854		3,514,297
Operating income		3,309,053		3,361,956
Non-operating income				
Interest income		1,110		928
Reversal of dividends payable		457		425
Insurance income		4,612		9,601
Other		628		809
Total non-operating income		6,809		11,764
Non-operating expenses				
Interest expenses		317,120		309,550
Borrowing related expenses		50,599		49,462
Interest expenses on investment corporation bonds		25,085		25,085
Amortization of investment corporation bond issuance costs		4,104		4,104
Amortization of investment unit issuance expenses		–		8,364
Other		2,122		4,700
Total non-operating expenses		399,032		401,266
Ordinary income		2,916,830		2,972,454
Income before income taxes		2,916,830		2,972,454
Income taxes-current		605		605
Total income taxes		605		605
Net income		2,916,225		2,971,849
Retained earnings brought forward		2,955,065		3,111,475
Unappropriated retained earnings (undisposed loss)		5,871,290		6,083,325

(3) Statements of Changes in Net Assets (Unitholders' Equity)
39th Fiscal Period (December 1, 2020 – May 31, 2021)

(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	(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				
	Surplus				Total unitholders' equity
	Voluntary retained earnings		Unappropriated retained earnings (undisposed loss)	Total 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

	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					
Issuance of new investment units	8,692,691				
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	8,692,691	–	–	–	–
Balance at the end of the period	*1 90,063,406	7,406,652	(1,699,990)	5,706,661	415,683

	Unitholders' equity				
	Surplus				Total unitholders' equity
	Voluntary retained earnings		Unappropriated retained earnings (undisposed loss)	Total surplus	
Reserve for temporary differences, etc.	Total voluntary retained earnings				
Balance at the beginning of the period	2,002,699	2,418,382	5,871,290	13,996,334	95,367,050
Changes of items during the period					
Issuance of new investment units					8,692,691
Reversal of reserve for adjustment of temporary differences	(39,997)	(39,997)	39,997	–	–
Dividends from surplus			(2,799,812)	(2,799,812)	(2,799,812)
Net income			2,971,849	2,971,849	2,971,849
Net changes of items other than unitholders' equity					
Total changes of items during the period	(39,997)	(39,997)	212,034	172,036	8,864,728
Balance at the end of the period	1,962,702	2,378,385	6,083,325	14,168,371	104,231,778

	Valuation and translation adjustments		Total net assets
	Deferred hedge gain or loss	Total valuation and translation adjustments	
Balance at the beginning of the period	(183,615)	(183,615)	95,183,434
Changes of items during the period			
Issuance of new investment units			8,692,691
Reversal of reserve for adjustment of temporary differences			–
Dividends from surplus			(2,799,812)
Net income			2,971,849
Net changes of items other than unitholders' equity	144,540	144,540	144,540
Total changes of items during the period	144,540	144,540	9,009,268
Balance at the end of the period	(39,074)	(39,074)	104,192,703

(4) Statements of Cash Dividend Distributions

(Unit: yen)

	39th Fiscal Period (December 1, 2020 – May 31, 2021)	40th Fiscal Period (June 1, 2021 – November 30, 2021)
I. Unappropriated retained earnings	5,871,290,874	6,083,325,127
II. Reversal of voluntary retained earnings		
Reversal of reserve for adjustment of temporary differences	*1 39,997,320	*1 79,219,037
III. Distributions	2,799,812,400	3,051,068,370
Distributions per unit (excluding distributions in excess of earnings)	2,800	2,890
IV. Retained earnings brought forward	3,111,475,794	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 2,799,812,400 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. 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 decided to pay out 3,051,068,370 yen as distributions from earnings by appropriating the reversal of reserve for adjustment of temporary differences of 79,219,037 yen to the net income of 2,971,849,333 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)

	39th Fiscal Period (December 1, 2020 – May 31, 2021)	40th Fiscal Period (June 1, 2021 – November 30, 2021)
Cash Flows from Operating Activities		
Income before income taxes	2,916,830	2,972,454
Depreciation	955,925	970,080
Increase (decrease) in allowance for doubtful accounts	63	(65)
Amortization of investment corporation bond issuance costs	4,104	4,104
Amortization of investment unit issuance expenses	–	8,364
Interest income	(1,110)	(928)
Interest expenses	342,205	334,635
Decrease (increase) of operating accounts receivable	(5,592)	(4,850)
Decrease (increase) of consumption taxes receivable	(23,524)	23,524
Increase (decrease) in accrued consumption taxes	(160,415)	76,297
Decrease (increase) of long-term prepaid expenses	6,078	(15,211)
Increase (decrease) in operating accounts payable	(174,485)	95,517
Increase (decrease) in accrued expenses	(11,449)	25,252
Increase (decrease) in advances received	33,031	47,929
Increase (decrease) in deposits received	(54)	7,288
Decrease due to sale of property, plant and equipment in trust	702,521	364,157
Other	2,645	(21,130)
Subtotal	4,586,772	4,887,420
Interest income received	63	2,151
Interest expenses paid	(347,268)	(325,846)
Income taxes (paid) refund	(281)	(924)
Net cash provided by (used in) operating activities	4,239,285	4,562,800
Cash Flows from Investing Activities		
Proceeds from withdrawal of time deposits	–	3,000,000
Payments into time deposits	–	(1,000,000)
Purchase of property, plant and equipment	(5,116,394)	(3,964,151)
Purchase of property, plant and equipment in trust	(2,252,335)	(5,502,363)
Purchase of intangible assets	(3,206)	(2,400,386)
Proceeds from receipt of tenant leasehold and security deposits	144,672	116,845
Repayments of tenant leasehold and security deposits	(41,292)	(41,404)
Proceeds from tenant leasehold and security deposits in trust	276,126	229,401
Repayments of tenant leasehold and security deposits in trust	(131,507)	(186,812)
Proceeds from payment of trust deposits corresponding to tenant leasehold and security deposits in trust	525	5,852
Deposits of trust deposits corresponding to tenant leasehold and security deposits in trust	(92,227)	(130,548)
Payments of guarantee deposits	–	(5,000)
Net cash provided by (used in) investing activities	(7,215,640)	(9,878,568)
Cash Flows from Financing Activities		
Proceeds from long-term loans payable	7,784,200	8,810,000
Decrease in long-term loans payable	(5,884,200)	(6,020,000)
Proceeds from issuance of investment units	–	8,692,691
Payments of investment unit issuance expenses	–	(50,184)
Distributions paid	(2,678,748)	(2,798,147)
Net cash provided by (used in) financing activities	(778,748)	8,634,359
Increase (decrease) in cash and cash equivalents	(3,755,103)	3,318,591
Cash and cash equivalents at beginning of period	13,712,643	9,957,540
Cash and cash equivalents at end of period	*1 9,957,540	*1 13,276,131

(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	39th Fiscal Period (As of May 31, 2021)		40th Fiscal Period (As of November 30, 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	7,598	4.0	7,577	3.7
		Metropolitan Area (Note 3)	3,466	1.8	4,483	2.2
		Other (Note 4)	2,628	1.4	2,645	1.3
	Residence	Tokyo 23 Wards	23,363	12.2	27,109	13.3
		Metropolitan Area (Note 3)	5,023	2.6	6,382	3.1
		Other (Note 4)	7,809	4.1	7,828	3.9
	Subtotal		49,890	26.1	56,026	27.6
Real estate in trust (Note 2)	Office	Tokyo 23 Wards	52,382	27.4	57,527	28.3
		Metropolitan Area (Note 3)	4,837	2.5	4,830	2.4
		Other (Note 4)	11,039	5.8	10,958	5.4
	Residence	Tokyo 23 Wards	38,949	20.4	38,865	19.1
		Metropolitan Area (Note 3)	2,887	1.5	2,906	1.4
		Other (Note 4)	16,634	8.7	16,163	8.0
	Subtotal		126,730	66.4	131,252	64.6
Real estate, etc., subtotal			176,621	92.5	187,279	92.2
Deposits and other assets			14,365	7.5	15,927	7.8
Total assets			190,986	100.0	203,206	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.

	39th Fiscal Period (As of May 31, 2021)		40th Fiscal Period (As of November 30, 2021)	
	Balance sheet amount (Million yen)	Ratio to total assets (%)	Balance sheet amount (Million yen)	Ratio to total assets (%)
Liabilities	95,803	50.2	99,013	48.7
Net assets	95,183	49.8	104,192	51.3

b. Investment real estate properties

(i) Overview of portfolio assets

Property no.	Property name	Address	Form of asset (Note 1)	Appraisal value (Million yen) (Note 2)	Balance sheet amount (Million yen) (Note 3)	Acquisition price (Million yen) (Note 4)	Percentage of investments (%) (Note 5)
Of-05	SUITENGU HEIWA BUILDING	Chuo-ku, Tokyo	Trust beneficial interest	1,721	1,368	1,550	0.80
Of-06	HF MONZEN-NAKACHO BUILDING	Koto-ku, Tokyo	Trust beneficial interest	2,890	2,234	2,500	1.28
Of-07	HF HAMAMATSUCHO BUILDING	Minato-ku, Tokyo	Trust beneficial interest	1,880	1,504	1,530	0.79
Of-08	HF TAMEIKE BUILDING	Minato-ku, Tokyo	Trust beneficial interest	3,120	2,746	2,700	1.39
Of-09	GRACE BUILDING SENGAKUJIMAE	Minato-ku, Tokyo	Trust beneficial interest	1,670	1,104	1,220	0.63
Of-11	HF NIHONBASHI ODENMACHO BUILDING	Chuo-ku, Tokyo	Trust beneficial interest	2,270	2,172	2,150	1.10
Of-12	HF HATCHOBORI BUILDING	Chuo-ku, Tokyo	Real estate	2,740	3,025	3,092	1.59
Of-17	HATCHOBORI MF BUILDING	Chuo-ku, Tokyo	Real estate	1,060	1,089	1,110	0.57
Of-18	M2 HARAJUKU	Shibuya-ku, Tokyo	Trust beneficial interest	5,065	3,395	3,418	1.75
Of-20	FUNABASHI FACE BUILDING	Funabashi City, Chiba	Real estate	3,430	3,455	3,900	2.00
Of-21	ADESSO NISHIAZABU	Minato-ku, Tokyo	Real estate	519	595	640	0.33
Of-23	HF IKEBUKURO BUILDING	Toshima-ku, Tokyo	Real estate	1,500	1,278	1,314	0.67
Of-24	HF YUSHIMA BUILDING	Bunkyo-ku, Tokyo	Real estate	1,700	1,589	1,624	0.83
Of-25	KAYABACHO HEIWA Bldg.	Chuo-ku, Tokyo	Trust beneficial interest	6,860	4,721	4,798	2.46
Of-27	KOBE KYUKYORYUCHI HEIWA BUILDING	Kobe City, Hyogo	Trust beneficial interest	3,420	2,546	2,310	1.19
Of-29	SAKAE MINAMI HEIWA BUILDING	Nagoya City, Aichi	Trust beneficial interest	2,300	1,476	1,580	0.81
Of-30	HF SAKURADORI BUILDING	Nagoya City, Aichi	Trust beneficial interest	6,590	4,412	4,900	2.52
Of-31	HF NIHONBASHI HAMACHO BUILDING	Chuo-ku, Tokyo	Trust beneficial interest	2,640	1,956	1,900	0.98
Of-32	HF SENDAI HONCHO BUILDING	Sendai City, Miyagi	Trust beneficial interest	3,660	2,522	2,700	1.39
Of-33	HF UENO BUILDING	Taito-ku, Tokyo	Trust beneficial interest	4,250	3,443	3,400	1.75

Property no.	Property name	Address	Form of asset (Note 1)	Appraisal value (Million yen) (Note 2)	Balance sheet amount (Million yen) (Note 3)	Acquisition price (Million yen) (Note 4)	Percentage of investments (%) (Note 5)
Of-34	KOJIMACHI HF BUILDING	Chiyoda-ku, Tokyo	Trust beneficial interest	2,160	1,355	1,350	0.69
Of-35	HF KUDAN MINAMI BUILDING	Chiyoda-ku, Tokyo	Trust beneficial interest	3,320	2,741	2,720	1.40
Of-36	HF KANDA OGAWAMACHI BUILDING	Chiyoda-ku, Tokyo	Trust beneficial interest	4,250	3,211	3,150	1.62
Of-37	NISSO 5 BUILDING	Yokohama City, Kanagawa	Trust beneficial interest	3,950	3,195	3,100	1.59
Of-38	ACROSS SHINKAWA BUILDING	Chuo-ku, Tokyo	Trust beneficial interest	4,380	3,888	3,750	1.93
Of-39	SENJU MILDIX II BANKAN	Adachi-ku, Tokyo	Trust beneficial interest	1,940	1,595	1,650	0.85
Of-40	ARK Mori Building	Minato-ku, Tokyo	Trust beneficial interest	3,450	3,131	3,085	1.58
Of-41	Nihonbashi Horidomecho First	Chuo-ku, Tokyo	Trust beneficial interest	2,330	2,157	2,140	1.10
Of-42	SOUTHERN SKY TOWER HACHIOJI	Hachioji City, Tokyo	Trust beneficial interest	1,890	1,635	1,600	0.82
Of-43	HAMACHO HEIWA BUILDING	Chuo-ku, Tokyo	Trust beneficial interest	3,310	3,119	3,100	1.59
Of-44	KINSHICHO SQUARE BUILDING	Sumida-ku, Tokyo	Trust beneficial interest	2,910	2,865	2,840	1.46
Of-45	KABUTO-CHO UNI-SQUARE	Chuo-ku, Tokyo	Trust beneficial interest	3,990	3,623	3,580	1.84
Of-46	HF SENDAI ICHIBANCHO BUILDING	Sendai City, Miyagi	Real estate	2,670	2,645	2,501	1.28
Of-47	Osaki CN Building	Shinagawa-ku, Tokyo	Trust beneficial interest	5,430	5,190	5,160	2.65
Of-48	Faret East Building	Tachikawa City, Tokyo	Real estate	1,210	1,027	1,010	0.52
Office subtotal				106,475	88,023	89,072	45.73

Property no.	Property name	Address	Form of asset (Note 1)	Appraisal value (Million yen) (Note 2)	Balance sheet amount (Million yen) (Note 3)	Acquisition price (Million yen) (Note 4)	Percentage of investments (%) (Note 5)
Re-03	HF ICHIKAWA RESIDENCE	Ichikawa City, Chiba	Trust beneficial interest	585	369	430	0.22
Re-05	HF MEGURO RESIDENCE	Meguro-ku, Tokyo	Trust beneficial interest	780	608	660	0.34
Re-09	HF KASAI RESIDENCE	Edogawa-ku, Tokyo	Trust beneficial interest	961	574	650	0.33
Re-11	HF WAKABAYASHI-KOEN RESIDENCE	Setagaya-ku, Tokyo	Trust beneficial interest	4,995	3,098	3,610	1.85
Re-12	HF HIMONYA RESIDENCE	Meguro-ku, Tokyo	Trust beneficial interest	1,931	1,391	1,560	0.80
Re-14	HF MINAMIAZABU RESIDENCE	Minato-ku, Tokyo	Trust beneficial interest	1,584	1,287	1,370	0.70
Re-16	HF GAKUGEIDAIGAKU RESIDENCE	Meguro-ku, Tokyo	Trust beneficial interest	1,080	880	1,000	0.51
Re-17	HF HIGASHIKANDA RESIDENCE	Chiyoda-ku, Tokyo	Trust beneficial interest	1,520	839	1,100	0.56
Re-18	HF HIGASHINIHONBASHI RESIDENCE	Chuo-ku, Tokyo	Trust beneficial interest	1,780	940	1,210	0.62
Re-19	HF NERIMA RESIDENCE	Nerima-ku, Tokyo	Trust beneficial interest	908	575	690	0.35
Re-20	HF SHIROKANETAKANAWA RESIDENCE	Minato-ku, Tokyo	Real estate	5,520	3,574	4,030	2.07
Re-21	HF MEIDAIMAE RESIDENCE	Setagaya-ku, Tokyo	Real estate	1,080	961	1,070	0.55
Re-22	HF NIHONBASHI RESIDENCE	Chuo-ku, Tokyo	Trust beneficial interest	1,260	1,067	1,130	0.58
Re-23	HF KAMISHAKUJII RESIDENCE	Nerima-ku, Tokyo	Real estate	1,080	827	950	0.49
Re-24	HF KINSHICHO RESIDENCE	Sumida-ku, Tokyo	Real estate	1,290	1,064	1,100	0.56
Re-25	HF GINZA RESIDENCE EAST	Chuo-ku, Tokyo	Real estate	5,670	5,432	5,940	3.05
Re-26	HF SHIN-YOKOHAMA RESIDENCE	Yokohama City, Kanagawa	Real estate	2,930	2,902	3,350	1.72
Re-29	HF HAKUSAN RESIDENCE	Bunkyo-ku, Tokyo	Real estate	2,150	2,203	2,350	1.21
Re-30	HF MAGOME RESIDENCE	Ota-ku, Tokyo	Real estate	1,490	1,459	1,630	0.84
Re-31	HF GAKUGEIDAIGAKU RESIDENCE II	Meguro-ku, Tokyo	Trust beneficial interest	1,390	1,571	1,650	0.85
Re-33	HF KAMEIDO RESIDENCE	Koto-ku, Tokyo	Real estate	1,270	976	1,050	0.54
Re-34	HF TANASHI RESIDENCE	Nishitokyo City, Tokyo	Real estate	792	873	911	0.47
Re-35	HF SHIBA-KOEN RESIDENCE	Minato-ku, Tokyo	Trust beneficial interest	928	783	836	0.43

Property no.	Property name	Address	Form of asset (Note 1)	Appraisal value (Million yen) (Note 2)	Balance sheet amount (Million yen) (Note 3)	Acquisition price (Million yen) (Note 4)	Percentage of investments (%) (Note 5)
Re-36	HF MITA RESIDENCE	Minato-ku, Tokyo	Trust beneficial interest	1,330	1,004	1,080	0.55
Re-38	La Residence de Shirokanedai	Minato-ku, Tokyo	Trust beneficial interest	988	697	730	0.37
Re-39	HF GINZA RESIDENCE EAST II	Chuo-ku, Tokyo	Trust beneficial interest	1,910	1,337	1,460	0.75
Re-40	HF HATCHOBORI RESIDENCE II	Chuo-ku, Tokyo	Trust beneficial interest	2,430	1,710	1,890	0.97
Re-41	HF HATCHOBORI RESIDENCE III	Chuo-ku, Tokyo	Trust beneficial interest	1,110	687	793	0.41
Re-42	HF GINZA RESIDENCE	Chuo-ku, Tokyo	Trust beneficial interest	1,350	802	944	0.48
Re-43	HF KOMAZAWA-KOEN RESIDENCE TOWER	Setagaya-ku, Tokyo	Trust beneficial interest	7,830	6,309	6,520	3.35
Re-45	HF NAKANOSHIMA RESIDENCE	Osaka City, Osaka	Trust beneficial interest	518	413	453	0.23
Re-46	HF AWAZA RESIDENCE	Osaka City, Osaka	Trust beneficial interest	729	480	577	0.30
Re-47	HF MARUNOUCHI RESIDENCE	Nagoya City, Aichi	Trust beneficial interest	759	492	624	0.32
Re-48	HF HIRAO RESIDENCE	Fukuoka City, Fukuoka	Trust beneficial interest	2,290	1,516	1,780	0.91
Re-49	HF KAWARAMACHI NIJO RESIDENCE	Kyoto City, Kyoto	Trust beneficial interest	620	476	534	0.27
Re-53	HF SHIJO KAWARAMACHI RESIDENCE	Kyoto City, Kyoto	Trust beneficial interest	2,440	1,611	1,820	0.93
Re-54	La Residence de Sendagi	Bunkyo-ku, Tokyo	Trust beneficial interest	1,030	755	820	0.42
Re-55	HF SENDAGI RESIDENCE	Bunkyo-ku, Tokyo	Trust beneficial interest	1,090	794	870	0.45
Re-56	HF KOMAZAWA-KOEN RESIDENCE	Setagaya-ku, Tokyo	Trust beneficial interest	740	582	615	0.32
Re-57	HF MUSASHI KOYAMA RESIDENCE	Shinagawa-ku, Tokyo	Trust beneficial interest	1,190	777	842	0.43
Re-58	HF KOKUBUNJI RESIDENCE	Kokubunji City, Tokyo	Trust beneficial interest	1,080	801	839	0.43
Re-59	HF HISAYAODORI RESIDENCE	Nagoya City, Aichi	Trust beneficial interest	1,300	974	1,080	0.55

Property no.	Property name	Address	Form of asset (Note 1)	Appraisal value (Million yen) (Note 2)	Balance sheet amount (Million yen) (Note 3)	Acquisition price (Million yen) (Note 4)	Percentage of investments (%) (Note 5)
Re-60	HF KARASUMA KURAMAGUCHI RESIDENCE	Kyoto City, Kyoto	Trust beneficial interest	716	508	572	0.29
Re-61	HF NISHI-SHINJUKU RESIDENCE WEST	Shinjuku-ku, Tokyo	Trust beneficial interest	2,740	1,925	1,990	1.02
Re-62	HF NISHI-SHINJUKU RESIDENCE EAST	Shinjuku-ku, Tokyo	Trust beneficial interest	1,600	1,128	1,170	0.60
Re-63	HF HIGASHI SHINJUKU RESIDENCE	Shinjuku-ku, Tokyo	Trust beneficial interest	1,700	1,243	1,360	0.70
Re-64	HF HIGASHI-SHINSAIBASHI RESIDENCE	Osaka City, Osaka	Trust beneficial interest	711	516	566	0.29
Re-65	HF KITA-YOBANCHO RESIDENCE	Sendai City, Miyagi	Trust beneficial interest	1,170	701	809	0.42
Re-66	HF ATAGOBASHI RESIDENCE	Sendai City, Miyagi	Trust beneficial interest	937	570	684	0.35
Re-68	HF ASAKUSABASHI RESIDENCE	Taito-ku, Tokyo	Trust beneficial interest	1,030	705	771	0.40
Re-69	HF ICHIBANCHO RESIDENCE	Sendai City, Miyagi	Trust beneficial interest	1,170	735	834	0.43
Re-70	HF HIGASHI-NAKANO RESIDENCE	Nakano-ku, Tokyo	Trust beneficial interest	1,140	863	942	0.48
Re-72	HF WASEDA RESIDENCE	Shinjuku-ku, Tokyo	Trust beneficial interest	2,800	1,949	2,090	1.07
Re-73	HF WASEDA RESIDENCE II	Shinjuku-ku, Tokyo	Trust beneficial interest	1,140	815	872	0.45
Re-74	HF WAKAMATSUKAWADA RESIDENCE	Shinjuku-ku, Tokyo	Trust beneficial interest	1,740	1,156	1,158	0.59
Re-75	HF Sendai Residence EAST	Sendai City, Miyagi	Trust beneficial interest	2,020	1,508	1,638	0.84
Re-76	HF NISHI-KOEN RESIDENCE	Sendai City, Miyagi	Trust beneficial interest	1,450	1,286	1,310	0.67
Re-77	HF BANSUI-DORI RESIDENCE	Sendai City, Miyagi	Trust beneficial interest	912	774	790	0.41
Re-78	HF KANNAI RESIDENCE	Yokohama City, Kanagawa	Trust beneficial interest	2,280	1,735	1,800	0.92
Re-79	HF MEIEKI-KITA RESIDENCE	Nagoya City, Aichi	Trust beneficial interest	2,310	2,128	2,160	1.11
Re-80	HF HIGASHI-SAPPORO RESIDENCE	Sapporo City, Hokkaido	Trust beneficial interest	1,740	1,469	1,560	0.80
Re-81	HF HAKATA-HIGASHI RESIDENCE	Fukuoka City, Fukuoka	Real estate	963	914	880	0.45

Property no.	Property name	Address	Form of asset (Note 1)	Appraisal value (Million yen) (Note 2)	Balance sheet amount (Million yen) (Note 3)	Acquisition price (Million yen) (Note 4)	Percentage of investments (%) (Note 5)
Re-82	HF SENDAI ITSUTSUBASHI RESIDENCE	Sendai City, Miyagi	Real estate	913	900	850	0.44
Re-83	HF TABATA RESIDENCE	Kita-ku, Tokyo	Real estate	1,460	1,081	1,100	0.56
Re-84	HF RYOGOKU RESIDENCE	Sumida-ku, Tokyo	Real estate	1,720	1,390	1,400	0.72
Re-85	HF HACHIOJI RESIDENCE	Hachioji City, Tokyo	Real estate	1,260	1,221	1,120	0.57
Re-86	HF MITA RESIDENCE II	Minato-ku, Tokyo	Real estate	1,430	1,232	1,210	0.62
Re-87	HF MONZENNAKACHO RESIDENCE	Koto-ku, Tokyo	Real estate	1,180	956	945	0.49
Re-88	HF MINAMI-SUNAMACHI RESIDENCE	Koto-ku, Tokyo	Real estate	1,050	909	900	0.46
Re-89	HF SENDAI NAGAMACHI RESIDENCE	Sendai City, Miyagi	Real estate	1,120	1,085	1,030	0.53
Re-90	HF SHOKOJI AKABANE RESIDENCE	Kita-ku, Tokyo	Real estate	1,340	1,196	1,150	0.59
Re-91	HF SENDAI HONCHO RESIDENCE	Sendai City, Miyagi	Real estate	1,150	1,117	1,070	0.55
Re-92	HF OHORI RESIDENCE BAYSIDE	Fukuoka City, Fukuoka	Real estate	1,300	1,204	1,150	0.59
Re-93	HF HAKATA HIGASHI RESIDENCE II	Fukuoka City, Fukuoka	Real estate	1,440	1,310	1,198	0.62
Re-94	HF FUKUOKA RESIDENCE EAST	Fukuoka City, Fukuoka	Real estate	1,510	1,297	1,180	0.61
Re-95	HF SHOKOJI AKABANE RESIDENCE II	Kita-ku, Tokyo	Real estate	1,880	1,803	1,690	0.87
Re-96	HF YAHIRO RESIDENCE	Sumida-ku, Tokyo	Real estate	1,390	1,302	1,220	0.63
Re-97	HF SETAGAYAKAMIMACHI RESIDENCE	Setagaya-ku, Tokyo	Real estate	821	736	700	0.36
Re-98	HF SOKA RESIDENCE	Soka City, Saitama	Real estate	1,410	1,384	1,300	0.67
Residence subtotal				126,351	99,256	105,718	54.27
Total				232,826	187,279	194,790	100.00

(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 40th fiscal period (November 30, 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 (from Re-35 HF SHIBAKOEN 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.

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