

# Additional Documentation for Press Release

Notice Concerning Acquisition of Assets (HF UENO IRIYA RESIDENCE and 2 Other Properties)

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December 14, 2021



**HEIWA REAL ESTATE REIT, Inc.**

## HF UENO IRIYA RESIDENCE



**A residence in a good location, a three-minute walk from Iriya Station on the Hibiya Line**

- The acquired property is a 3-minute walk from Iriya Station on Tokyo Metro's Hibiya Line. In addition, it is within walking distance of Ueno Station, which is served by a number of JR Lines, the Keisei Line, the Ginza Line, the Hibiya Line, and the Shinkansen Line, so the area offers many commercial facilities, creating a very convenient living environment.
- The acquired property includes 33 units in either a 25.08 or 25.09 m<sup>2</sup> 1K unit layout (22 units) or a 40.18 m<sup>2</sup> 1LDK unit layout (11 units). Demand is expected to be mainly from single people and DINK families. In terms of the facilities provided, the property considers security by installing automatic locks, security cameras, intercom monitors and other equipment. Additionally, the baths and toilets installed separately and the building being equipped with home delivery boxes makes the property sufficiently competitive with neighboring properties.

Location	Taito-ku, Tokyo
Form of ownership	Building: Ownership Land: General land lease right
Total Floor Space	1,146.77m <sup>2</sup>
Construction Date	August 31, 2016
Acquisition Price	900 million yen
Appraisal Value (as of September 2021)	989 million yen
Scheduled Acquisition date	December 22, 2021
NOI Yield(note)	4.5%
NOI Yield After Depreciation (note)	3.7%



(note)  $NOI\ Yield = NOI \div Acquisition\ price$   $NOI\ Yield\ After\ Depreciation = (NOI - Depreciation) \div Acquisition\ price$   
 NOI is NOI for 12 months, which serves as the assumption for the value indicated by the income approach under the direct capitalization method shown in the appraisal report of each acquired asset, Depreciation is depreciation for 12 months, which we estimated by the depreciation ratio in the straight-line method corresponding to the service life, in the same way as for our existing assets under management

## Faret East Building



The NOI yield and unrealized gain resulting from the acquisition is 6.7% and 34.2% respectively and the owned share of the building increased to 23.06% due to the acquisition.

The goal of the transaction is to improve the efficiency of property operations and enhance profitability through the additional acquisition of a portion of the Faret East Building, with the unit ownership (owned share of building: 12.81%) which was acquired by the Investment Corporation on October 29, 2021. After the acquisition, the Investment Corporation's owned share of the building will be 23.06%.

“Faret Tachikawa” area, where the acquired property is located, is a redevelopment area completed in 1994 after the former U.S. military base property was returned to Japan in 1977. The redevelopment project was promoted for the creation of an urban business district expected to play a pivotal role in community development. It is in an area that offers many convenient living facilities with shopping streets extending radially from the Tachikawa Station and large commercial facilities such as ISETAN, Takashimaya and GRANDUO Tachikawa operating nearby.

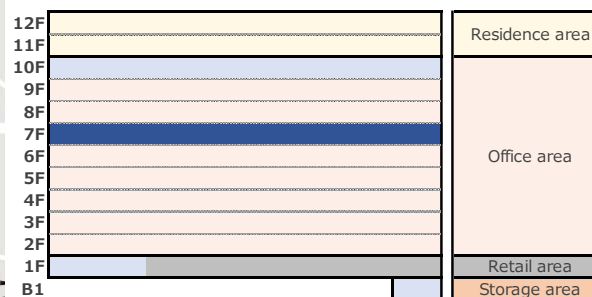
The acquired property is a 6-minute walk from Tachikawa Station, a hub station served by the JR Chuo Line, Ome Line and Nambu Line, and a 6-minute walk from Tachikawa-Kita Station on the Tokyo Tama Intercity Monorail, with the stations directly connected through pedestrian walkways. The location offers superbly convenient access to other destinations including main office areas such as Shinjuku and Tokyo without transfer.

The area around Tachikawa Station is one of the largest shopping and commercial districts in west Tokyo, where there is strong demand for financial institutions, manufacturers' sales bases and a range of services for local residents. With the number of companies and the number of employed people stable, the area is expected to continue consistently creating demand going forward.

Location	Tachikawa City, Tokyo
Total Floor Space	Total floor space 16,206.34m <sup>2</sup> Proprietary area 1,662.07m <sup>2</sup>
Construction Date	December 15, 1994
Acquisition Price	600 million yen
Appraisal Value (as of September 2021)	805 million yen
Scheduled Acquisition date	December 24, 2021
NOI Yield <sup>(note)</sup>	6.7%
NOI Yield After Depreciation (note)	5.8%



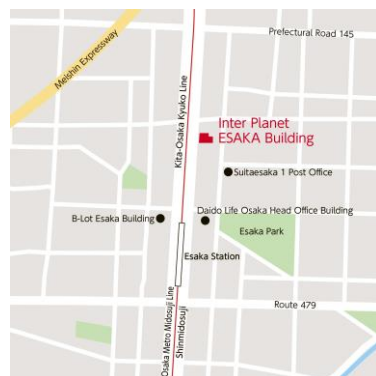
### <Section to be acquired>



Section already owned(12.81%)  
 Section to be acquired(6.75%)

(note) NOI Yield = NOI ÷ Acquisition price NOI Yield After Depreciation = (NOI - Depreciation) ÷ Acquisition price NOI is NOI for 12 months, which serves as the assumption for the value indicated by the income approach under the direct capitalization method shown in the appraisal report of each acquired asset, Depreciation is depreciation for 12 months, which we estimated by the depreciation ratio in the straight-line method corresponding to the service life, in the same way as for our existing assets under management

## Inter Planet ESAKA Building



**An office featuring a location three minutes' walk from Esaka Station on the Midosuji Line and good access to main areas in Osaka City**

The acquired property, which faces Midosuji street, offers good access by car to main business areas and commercial districts in Osaka City such as Shin-Osaka, Umeda and Namba. It also offers good access to the Meishin Expressway, providing the possibility of conducting business across a large area including Kobe, Kyoto and Shiga. To take advantage of the characteristics of the location, the acquired property is equipped with a large parking facility able to accommodate 40 vehicles, which greatly appeals to tenants that use cars for sales activities as a matter of course.

Esaka Station, which is served by the Osaka Metro Midosuji Line and the Kita-Osaka Kyuko Railway Namboku Line, offers superb access to main areas in Osaka City and other destinations by Shinkansen train and airplane because it is 3 minutes from Shin-Osaka Station, 9 minutes from Umeda Station, 19 minutes from Namba Station and 21 minutes from Osaka International Airport. The area is also characterized by the busy streets around the Station because there are many commercial facilities such as financial institutions, stores and restaurants engaging in a variety of businesses. With the Kita-Osaka Railway Line projected to be extended in 2023, the area is expected to be more convenient and more energetic in the near future.

The acquired property, whose total floor area and standard floor area are approximately 1,218 tsubo and 113 tsubo, respectively, can be divided into areas approximately 30 tsubo or larger for handling, enabling the user(s) to meet a range of demand, whether it is large or small. In addition, it is very competitive compared with neighboring properties because it features facilities such as a ceiling height of 2,700 mm, each floor being separately air conditioned, and a grid ceiling in particular.

Location	Suita City, Osaka
Total Floor Space	4,025.10 m <sup>2</sup>
Construction Date	June 11, 2008
Acquisition Price	2,500 million yen
Appraisal Value(as of September 2021)	2,660 million yen
Scheduled Acquisition date	December 23, 2021
NOI Yield(note)	4.8%
NOI Yield After Depreciation (note)	4.2%

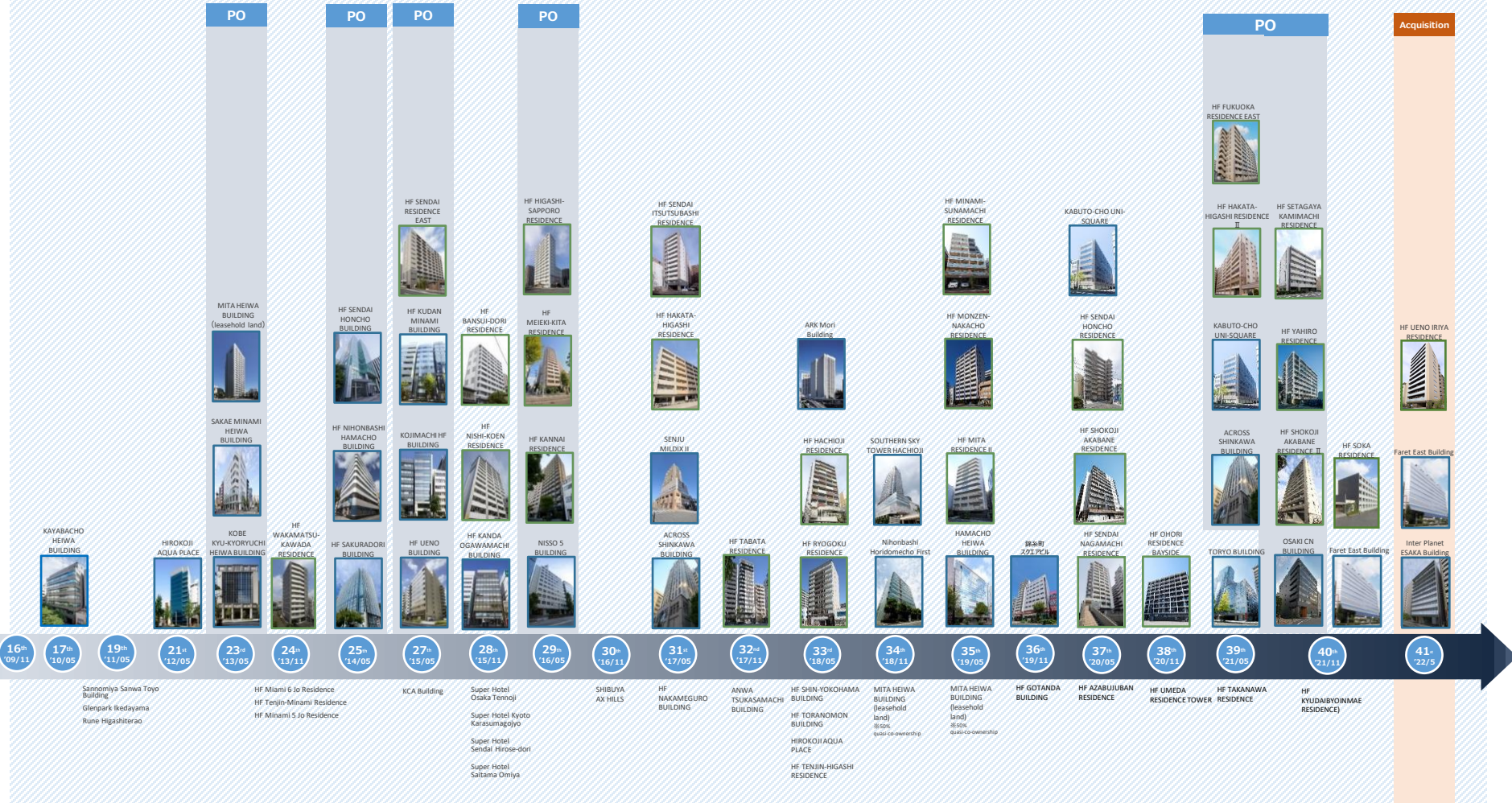


(note) NOI Yield = NOI ÷ Acquisition price    NOI Yield After Depreciation = (NOI - Depreciation) ÷ Acquisition price

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# History of Property Acquisition and Disposition (after Main Sponsor Change)

## Acquisition



## Disposition

(Note) Excluding the properties that succeeded by the merger with Japan Shingle-Residence REIT Inc. on October 2,2010

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**HEIWA REAL ESTATE REIT, Inc.**



Asset Management Company

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