

November 29, 2017

For Immediate Release

REIT Issuer

HEIWA REAL ESTATE REIT, Inc.

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Masaaki Higashihara, Executive Director

(Securities Code: 8966)

Asset Management Company

HEIWA REAL ESTATE Asset Management CO., LTD.

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Notice Concerning Asset Acquisition and Transfer

HEIWA REAL ESTATE REIT, Inc. (hereinafter referred to as the “Investment Corporation”) announced today that HEIWA REAL ESTATE Asset Management CO., LTD. (hereinafter referred to as the “Asset Management Company”), the company to which the Investment Corporation entrusts its asset management operations, decided to execute the acquisition and transfer of assets (hereinafter referred to as the “Acquisition” and “Transfer,” respectively, and collectively as the “Transaction”). The details are as follows.

Details

1. Overview of the transaction

(1) Overview of the acquisition

(1) Property number Property name	Re-84 HF RYOGOKU RESIDENCE	Re-85 HF HACHIOJI RESIDENCE (Note 4)
(2) Type of specified asset	Real estate and land lease rights (Note 1)	Real estate
(3) Investment category	Residence	
(4) Investment area (Note 2)	Primary Investment Area (Sumida-ku, Tokyo)	Secondary Investment Area (Hachioji-City, Tokyo)
(5) Proposed acquisition price (Note 3)	1,400,000 thousand yen	1,120,000 thousand yen
(6) Agreement execution date	November 29, 2017	
(7) Scheduled acquisition date	December 15, 2017	
(8) Seller	Heiwa Real Estate Co., Ltd.	Undisclosed (Note 5)
(9) Acquisition financing	Own funds and borrowing	
(10) Payment method	Lump-sum payment at time of delivery	

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

(Note 2) The Primary Investment Area refers to the “23 wards of Tokyo” and the Secondary Investment Area refers to the “major urban areas of Tokyo, Kanagawa, Chiba and Saitama Prefectures other than the Primary Investment Area.”

(Note 3) “Proposed acquisition price” is the price described in the trust beneficial interest transaction agreement (consumption tax excluded), and does not include the amounts of settlement for fixed property tax, city planning tax, etc.

(Note 4) The name of this property is currently Stacis Hachioji, but it is to be changed to HF HACHIOJI RESIDENCE on May 1, 2018 after the Investment Corporation has acquired it. Accordingly, its name after the change is recorded.

(Note 5) Undisclosed as consent cannot be obtained from the seller.

(2) Overview of the transfer

(1)	Property number Property name	Of-10 HF SHIN-YOKOHAMA BUILDING
(2)	Type of specified asset	Real estate
(3)	Transfer value (Note 1)	1,220,000 thousand yen
(4)	Book value (Note 2)	1,325,000 thousand yen
(5)	Difference between transfer value and book value (Note 3)	-105,000 thousand yen
(6)	Scheduled agreement execution date	November 29, 2017
(7)	Scheduled transfer date	December 22, 2017
(8)	Transferee	AR Asset Management Co., Ltd

(Note 1) “Transfer value” is the price described in the real estate transaction agreement (consumption tax excluded), and does not include the amounts of settlement for fixed property tax, city planning tax, etc.

(Note 2) “Book value” is as of November 30, 2017. Furthermore, amounts below a thousand yen have been rounded off.

(Note 3) “Difference between transfer value and book value” represents the pro forma value calculated as the difference between the estimated transfer value and book value. It differs from the actual gain (loss) on transfer.

2. Reason for the transaction

Under the theme of “Stable Growth Trajectory of HEIWA REAL ESTATE REIT, Inc.,” the Investment Corporation is working to increase its total assets by continuously acquiring properties, thereby ensuring the steady growth of working assets and medium- to long-term stable income.

It is also pursuing the higher profitability and quality of the portfolio through the replacement of working assets by comprehensively taking into account the trends in the real estate market, future profitability, portfolio development policy, and other factors.

The Investment Corporation changed its sponsor in 2009 and took over the portfolio of what was then Crescendo Investment Corporation. Because of the hardship faced by the Investment Corporation due to weak earnings and a large amount of unrealized loss at the time, it has been striving to restructure its portfolio since then. The Investment Corporation has been improving the portfolio’s profitability and acquiring properties that contribute to quality improvement based on its basic policy for property replacement of selling low-yield properties unlikely to recover their profitability while purchasing properties with a yield higher than the properties being sold and potential for future latent gain. As a result, the NOI yield increased from 4.9% in the 16th fiscal period (time of sponsor change) to 5.2% in the 31st fiscal period, and the unrealized gain/loss rate improved from an unrealized loss of 12.9% in the 16th fiscal period to an unrealized gain of 13.6% in the 31st fiscal period. These transactions are also the replacement of properties held as part of the efforts in line with this basic policy.

HF RYOGOKU RESIDENCE, one of the properties to be acquired, is located within a three-minute walk from Ryogoku Station on the Toei Oedo Line, an eight-minute walk from Ryogoku Station on the JR Sobu Main Line, and a six-minute walk from Morishita Station on the Toei Oedo Line and Toei Shinjuku Line. With these multiple nearby rail routes and stations, it has very good access to the major office districts of Tokyo. The areas east and west of JR Ryogoku Station attract people and businesses and have good access to Kinshicho and Akihabara, which are crowded with commercial facilities. The area also offers convenience for daily life with convenience stores and small supermarkets scattered around the property. In addition, historical and cultural facilities such as

Ryogoku Kokugikan, Edo-Tokyo Museum, Sumida Hokusai Museum, and Ryogoku Fireworks Museum and large parks including Yokoamicho Park and Kyu-Yasuda Garden encompassing a traditional Japanese garden are located in the area, which provides an excellent living environment and a townscape with a pleasant atmosphere. The specifications of the property's facilities adequately meet the high demand of single persons and working couples without children, who are the primary targets of the property. With the NOI yield of 5.43% and the yield on lease business of 4.15%, HF RYOGOKU RESIDENCE is expected to significantly surpass the yield of the existing portfolio (the NOI yield is 5.26% and the lease business yield is 4.07% on the portfolio in the 31st fiscal period). The age of the property at the scheduled time of acquisition is 0.79 years, which is significantly newer than the average age of the residential units in the portfolio, which is 12.95 years. The Investment Corporation decided to acquire the property based on its judgement that the property would contribute to the improvement of its portfolio quality and an increase and stabilization of cash flow.

The property is the second project planned and developed by Heiwa Real Estate Co., Ltd. ("Heiwa Real Estate"), the sponsor of the Asset Management Company, following HF TABATA RESIDENCE that was acquired on August 25, 2017 in view of transferring it to the Investment Corporation. The property purchase environment in the real estate trading market continues to be harsh due to recent soaring real estate prices. In such an environment, acquiring the rare, recently built rental homes newly planned and developed by the sponsor and built in the 23 wards of Tokyo demonstrates that the Heiwa Real Estate Group companies work together to support the Investment Corporation, which is considered highly significant in the Group's steady external growth.

The decision to acquire the other property, HF HACHIOJI RESIDENCE, was made on the assumption of purchase using the warehousing function of Heiwa Real Estate. This property is located within a six-minute walk from Hachioji Station on the Chuo Main Line, Yokohama Line, Sagami Line, Hachiko Line, and Kawagoe Line of JR East and a 10-minute walk from Keio Hachioji Station on the Keio Line, offering good access to office districts such as Shinjuku, Yokohama, Tachikawa, and Machida. Demand from companies for employee housing can also be expected as a result. A characteristic of Hachioji City is that it is one of the leading college towns in Japan, being home to many colleges and technical schools including Chuo University, Teikyo University, Kogakuin University, and Tama Art University. The property is therefore expected to serve the demand of students and faculty and staff of local colleges. In the vicinity of the property, a shopping area is established along a pedestrian zone (Nishi-Hoshasen You Road) extending radially from the west side of JR Hachioji Station. Large urban commercial facilities such as "Celeo Hachioji North" in JR Hachioji Station and "Hachioji Tokyu Square" in front of the station are also located in the area. The property thus offers convenience, not only in terms of transportation but also in terms of daily life. The dwelling units consist largely of the 1K type (approximately 20 sq. meters to 33 sq. meters) and the facility specifications are adequate for meeting the high demands of single persons, who are the primary target of the property. The NOI yield of HF Hachioji Residence is 5.20% and its lease business yield is 4.38%, based on which high yields exceeding the lease business yield (4.07% in the 31st fiscal period) of the existing portfolio of the Investment Corporation can be expected. The property's yields are also expected to substantially surpass the NOI yield (4.61%) and lease business yield (1.93) of HF Shin-Yokohama Building, an asset to be transferred that is described later, which are forecast for the 32nd fiscal period. Meeting this demand is therefore expected to help improve the investment yield of the portfolio.

Meanwhile, HF SHIN-YOKOHAMA BUILDING to be transferred was acquired by the former Crescendo Investment Corporation on December 20, 2005 prior to the change of the sponsor to of the Asset Management Company to Heiwa Real Estate. Around the time of this acquisition, real estate prices and rents were rising and the

book value of the asset to be transferred was also higher than its current market price. The investment in the property therefore involves an unrealized loss and a consequent low yield, and the room for any future increase in profitability is considered to be limited; the Investment Company has therefore been promoting the sale of the property. The transfer price (1,220 million yen) is the highest among the offers received from multiple candidates and is higher than the property's appraised value (1,110 million yen) as of May 31, 2017. Further, the property to be transferred is 24.89 years old, which is older than the portfolio's average age of 17.36 years old. This transfer is therefore expected to reduce the average portfolio age.

Based on the above, the replacement of investment assets through the acquisition of HF RYOGOKU RESIDENCE and HF HACHIOJI RESIDENCE and the transfer of HF SHIN-YOKOHAMA BUILDING is considered to help improve the investment yield of the portfolio, reduce the average property age, increase the net asset value per unit through the improvement of unrealized gain and loss, and increase the total asset size.

The impact of the transaction on the dividend per unit is expected to be an increase of approximately 27 yen (from the 34th fiscal period) based on the assumed operation after recognizing taxes and other public charges. While the transfer is expected to result in an impairment loss of approximately 143 million yen in the fiscal period ending November 30, 2017 (the 32nd fiscal period), the dividend per unit has not yet been revised based on the policy of allocating profit carried forward and part of the reserve for temporary difference adjustment (RTA) to the reduction in net income due to the transaction for the purpose of stable distribution.

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

3. Details of the property acquisitions

The characteristics of the property to be acquired are as per below.

Re-84 HF RYOGOKU RESIDENCE

(1) Location	<ul style="list-style-type: none"> • This property is a three-minute walk from Ryogoku Station on the Toei Oedo Line, an eight-minute walk from the Ryogoku Station on the JR Sobu Main Line, and a six-minute walk from Morishita Station on the Toei Oedo Line and the Toei Shinjuku Line, and, with easy access to multiple rail lines and stations, it is well placed for access to major office areas in Tokyo. This property fronts onto Kiyosumi Road and is also close to Keiyo Road, which is a major trunk road in Tokyo, and can therefore be expected to capture demand from those who commute by car, etc. Accordingly, stable demand can be expected from a wide range of groups, such as commuting households which attach importance to location, including convenience of transportation, and corporations for use as company housing. • To the east and west of Ryogoku Station on the JR and Toei Oedo Lines lie the bustling districts of Kinshicho and Akihabara, and the property is also close to commercial areas. This property has convenience stores and supermarkets nearby and is a very convenient place to live.
(2) Building	<ul style="list-style-type: none"> • This property consists of a total of 66 units, including 44 units of around 25 m² to around 27 m² with a kitchen area and one further room, and 22 units of around 45 m² with a living, dining and kitchen area and 1 further room, and it is suited to single people and DINKS. • Amenities include an automatic locks, indoor hallways, a separate bath and toilet, a dryer for the bathroom a door phone with a TV monitor, and a box for deliveries. The property is also strongly competitive compared with neighboring properties because it meets the needs of single people and DINKs, among other users who are the main residents of the property.

Property number Property name	Re-84 HF RYOGOKU RESIDENCE
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Type of asset	Real Estate and land lease rights	
Location (Note 1)	(Building address on real estate registry) 1-9-3 Midori Sumida-ku, Tokyo (Lot Number) 1-16-1, 16-5, 16-15, Midori Sumida-ku, Tokyo	
Land	Form of ownership	Ownership and general land lease right
	Area (Note 1)	411.92 m ² (area owned: 108.62 m ²)
	Use district (Note 2)	Commercial district
	Building coverage ratio (Note 3)	80%
	Floor area ratio (Note 4)	600% / 400%
Building	Form of ownership	Ownership
	Use (Note 1)	Residence
	Structure/Floors (Note 1)	Reinforced concrete with flat roof, 12 floors above ground
	Total floor space(Note 1)	2,705.78 m ²
	Construction completion date (Note 1)	March 1, 2017
	Construction client	Heiwa Real Estate Co., Ltd.
	Constructor	Shinnihon Corporation
	Architect	Shinnihon Corporation Senior Registered Architect Office
	Structural designer	Shinnihon Corporation Senior Registered Architect Office
	Building certification	JAPAN ERI Co., Ltd.
Property management company	HASEKO LIVENET, Inc	
Master lease company	HASEKO LIVENET, Inc	
Master lease type	Pass through	
Collateral	None	
Tenant details (Note 4)		
	Total leasable units	66 units
	Total leased units	66 units
	Total rent income	97,368 thousand yen
	Leasehold and security deposits	12,143 thousand yen
	Total leased floor space	2,149.95 m ²
	Total leasable floor space	2,149.95 m ²
	Occupancy rates (Based on floor space)	100%
NOI yield (Note 6)	5.4%	
Outline of the engineering report	Survey company	Tokyo Bldg.-Tech Center Co., Ltd.
	Survey date	October 6, 2017
	Replacement value	554,000 thousand yen
	Probable Maximum Loss (PML)	10.2%
	Long-term repairs (next 15years)	6,890 thousand yen
Overview of real estate appraisal report	Appraiser	Daiwa Real Estate Appraisal Co., Ltd.
	Value date	October 31, 2017
	Appraisal value	1,580,000 thousand yen
Other items of special note	<ul style="list-style-type: none"> A land lease agreement has been concluded between Nihon Shokusan Kogyo Co., Ltd., which is the owner and lessor, and Heiwa Real Estate Co., Ltd., which is the seller, for part of the land of this property. The Investment Corporation plans to acquire this property by concluding the 	

	<p>land lease agreement afresh. The land lease agreement is outlined below:</p> <ul style="list-style-type: none"> i) Object of land lease right: To own rental housing and other buildings ii) Period of land lease right: From December 15, 2017 to July 2, 2045 (28 years) <p>Provided, however, that if buildings exist at expiration of the period of the land lease right, and obligations as lessee are fulfilled, the period of the agreement will be renewed for a further 30 years.</p> <ul style="list-style-type: none"> • The “area” of the land of this property is the actual measured area. The area of the leased land stated in the land lease agreement is 304.4627 m².
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(Note 1) “Location (excluding indication of residential address),” “Area,” “Use,” “Structure/Floor” “Total floor space” and “Construction completion date” are as stated in the real estate registry.

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

(Note 3) Building coverage ratio” is the ratio of the building area of the building to the site area as stipulated in Article 53 of the Building Standards Act. Although the designated building coverage ratio is 80%, the building coverage ratio is eased to 100% because this property is a fire-resistant building in the fire prevention district.

(Note 4) The “Floor area ratio” is the ratio of the total floor space of the building to the site area as stipulated in Article 52 of the Building Standards Act. Although this property is located in a district with a designated floor area ratio of 600% and a district with a designated floor area ratio of 400%, the floor area ratio is 548.70% based on the weighted average of the site areas in the two different districts.

(Note 5) Figures in “Tenant details” are as of October 31, 2017.

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

(Note 6) ”NOI yield” indicates the NOI yield calculated by using the net operating income (NOI) for the 12 months, which serves as the assumption for the value indicated by the income approach under the direct capitalization method shown in the appraisal report for the property, and is rounded to the first decimal place.

Re-85 HF HACHIOJI RESIDENCE

(1) Location	<ul style="list-style-type: none"> • This property is a six-minute walk from Hachioji Station, which is served by the JR Chuo Main Line, Yokohama Line, Sagami Line, Hachiko Line and Kawagoe Line, and a ten-minute walk from Keio-hachioji Station on the Keio Line, offering a choice of multiple rail lines and stations. Besides easy access to the major office areas of Shinjuku and Yokohama, without changing trains, this property also has excellent access to office areas in Western Tokyo such Tachikawa, Machida, Fuchu and Chofu. • Stable demand can be expected from a wide range of tenants, such as commuting households which attach importance to location, including convenience of transportation to Western Tokyo. Hachioji is home to many universities and colleges, and the property is likely to be able to tap into housing demand among students and teaching staff, etc. • The area surrounding this property is home to a shopping street that stretches along Nishi-Hoshasen You Road, a pedestrian road that radiates out from the west side of JR Hachioji Station and is lined with various types of stores including convenience stores, discount stores, bars and restaurants. This combined with the JR Hachioji Station building and large commercial facilities in front of the station makes this property a very convenient place to live.
(2) Building	<ul style="list-style-type: none"> • The building is made up of 51 units in total spread across two store lots, consisting of 43 units of around 20 m² to around 33 m² with a kitchen area and one further room, and 6 units of around 34 m² to around 35 m² with a living, dining and kitchen area and 1 further room, and it is suited to single people and DINKs . • In terms of equipment, the property takes security into consideration. It is equipped with a self-locking door and a door phone with a TV monitor. Each unit is equipped to a high standard, with a delivery box, separate rooms for the bath and the toilet, a bathroom dryer, a bath with a reheating function, a warm-water bidet toilet, and an air-conditioning system. The property fully meets the needs of single people, who are the main tenants, and is highly competitive compared with other properties in the neighborhood. • The exclusively owned space including the kitchen, bath, walls, doors, and shelves, are furnished in a white and black color scheme, giving the units a stylish finish.

Property number		Re-85
Property name		HF HACHIOJI RESIDENCE
Type of asset		Real Estate
Location (Note 1)		(Building address on real estate registry) 8-7 Nakamachi Hachioji-City, Tokyo (Lot Number) 15-9, 15-10, 15-11, 15-12, Nakamachi Hachioji- City, Tokyo
Land	Form of ownership	Ownership
	Area (Note 1)	302.38 m ²
	Use district (Note 2)	Commercial district
	Building coverage ratio (Note 3)	80%
	Floor area ratio (Note 4)	600%
Building	Form of ownership	Ownership
	Use (Note 1)	Residence and retail
	Structure/Floors (Note 1)	Reinforced concrete, flat roof, 1 floor below ground and 11 floors above ground
	Total floor space(Note 1)	1,833.55 m ²
	Construction completion date (Note 1)	February 27, 2009
	Construction client	Total Housing Co., Ltd.
	Constructor	Fukuda Corporation Tokyo Head Office
	Architect	Fukuda Corporation Tokyo Head Office Senior Registered Architect Office
	Structural designer	Fukuda Corporation Tokyo Head Office Senior Registered Architect Office
Building certification	JAPAN ERI Co., Ltd.	
Property management company		HASEKO LIVENET, Inc
Master lease company		HASEKO LIVENET, Inc
Master lease type		Pass through
Collateral		None
Tenant details (Note 5)		
	Total leasable units	51 units (49 residential units, and 2 store units)
	Total leased units	45 units (44 residential units and 1 store unit)
	Total rent income	51,396 thousand yen
	Leasehold and security deposits	11,681 thousand yen
	Total leased floor space	1,290.28 m ²
	Total leasable floor space	1,600.38 m ²
	Occupancy rates (Based on floor space)	80.6%
NOI yield (Note 6)		5.2%
Outline of the engineering report	Survey company	Tokyo Bldg.-Tech Center Co., Ltd.
	Survey date	October 13, 2017
	Replacement value	346,000 thousand yen
	Probable Maximum Loss (PML)	7.1%
	Long-term repairs (next 15years)	45,040 thousand yen
Overview of real estate		Appraiser Daiwa Real Estate Appraisal Co., Ltd.

appraisal report	Value date	October 31, 2017
	Appraisal value	1,180,000 thousand yen
Other items of special note	N/A	

(Note 1) "Location (excluding indication of residential address)," "Area," "Use," "Structure/Floor" "Total floor space" and "Construction completion date" are as stated in the real estate registry.

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

(Note 3) "Building coverage ratio" is the ratio of the building area of the building to the site area as stipulated in Article 53 of the Building Standards Act.

(Note 4) "Floor area ratio" is the ratio of the total floor space of the building to the site area as stipulated in Article 52 of the Building Standards Act.

(Note 5) Figures in "Tenant details" are as of October 31, 2017.

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

(Note 6) "NOI yield" indicates the NOI yield calculated by using the net operating income (NOI) for the 12 months, which serves as the assumption for the value indicated by the income approach under the direct capitalization method shown in the appraisal report for the property, and is rounded to the first decimal place.

4. Transfer Asset Details

Property number		Of-10				
Property name		HF SHIN-YOKOHAMA BUILDING				
Type of asset		Real estate				
Location (Note 1)		(Building address on real estate registry) 2-17-19 Shin-Yokohama Kouhoku-ku, Yokohama-City, Kanagawa (Lot Number) 217-19 Shin-Yokohama Kouhoku-ku, Yokohama-City, Kanagawa				
Land	Form of ownership	Ownership				
	Area (Note 1)	668.00 m ²				
	Use district (Note 2)	Commercial district				
	Building coverage ratio (Note 3)	80%				
	Floor area ratio (Note 4)	600%				
Building	Form of ownership	Ownership				
	Use (Note 1)	Office, retail and car garages				
	Structure/Floors (Note 1)	Steel-framed reinforced concrete, flat roof, 8 floors above ground with 1 floor in the basement				
	Total floor space (Note 1)	4,321.23 m ²				
	Construction completion date (Note 1)	February 1, 1993				
Transfer value		1,220,000 thousand yen				
Book value (Note 5)		1,325,000 thousand yen				
Difference between transfer value and book value		-105,000 thousand yen				
Tenant details (Note 6)						
	Total number of tenants	12				
	Total rent income	85,377 thousand yen				
	Leasehold and security deposits	67,072 thousand yen				
	Total leased floor space	3,010.07 m ²				
	Total leasable floor space	3,010.07 m ²				
Occupancy rates	May 2015	Nov 2015	May 2016	Nov 2016	May 2017	
	80.1%	100.0%	100.0%	100.0%	100.0%	

Overview of real estate appraisal report	Appraiser	EnRiX Corporation
	Value date	May 31, 2017
	Appraisal value	1,110,000 thousand yen
Other items of special note	N/A	

(Note 1) “Location (excluding indication of residential address),” “Area,” “Use,” “Structure/Floor” “Total floor space” and “Construction completion date” are as stated in the real estate registry.

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

(Note 3) “Building coverage ratio” is the ratio of the building area of the building to the site area as stipulated in Article 53 of the Building Standards Act. Although the designated building coverage ratio is 80%, the building coverage ratio is eased to 100% because this property is a fire-resistant building in the fire prevention district.

(Note 4) “Floor area ratio” is the ratio of the total floor space of the building to the site area as stipulated in Article 52 of the Building Standards Act.

(Note 5) “Book value” is as of November 30, 2017. Furthermore, amounts below a thousand yen have been rounded off.

(Note 6) Figures in “Tenant details” are as of October 31, 2017.

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

5. Overview of the acquisition and the transfer

(The property to be acquired)

(1) Re-84 HF RYOGOKU RESIDENCE

(1)	Name	Heiwa Real Estate Co., Ltd.	
(2)	Head office address	1-10 Nihonbashi Kabuto-cho, Chuo-ku, Tokyo	
(3)	Name and title of representative	Hiroyuki Iwakuma, Representative Director and President	
(4)	Line of business	1. Leasing 2. Real estate solutions 3. Other businesses	
(5)	Capital stock	21,492 million yen (Note)	
(6)	Date of incorporation	July 1947	
(7)	Consolidated net assets	¥97,524 million (Note)	
(8)	Consolidated total assets	¥293,025 million (Note)	
(9)	Major shareholders and shareholding ratio	Mitsubishi Estate Co., Ltd.	10.67%
		MISAKI ENGAGEMENT MASTER FUND	6.10%
		Japan Trustee Services Bank, Ltd. (trust account)	4.66%
		The Master Trust Bank of Japan, Ltd. (trust account)	3.66%
		(Note)	
(10)	Relationship with the Investment Corporation and the Asset Management Company and the Company		
	Capital relationship	Heiwa Real Estate Co., Ltd. owns 135,845 units (13.39% of total investment units issued) of the Investment Corporation’s investment units as of November 29, 2017. In addition, Heiwa Real Estate owns 4,968 shares (100% of total shares issued) of the Asset Management Company’s shares, and falls within the scope of interested persons, etc. as defined in the Financial Instruments and Exchange Act (“Financial Instruments Act”) and the Act on Investment Trusts and Investment Corporations (“Investment Trusts Act”).	
	Personnel relationship	Of the officers and employees of the Asset Management Company, 2 persons (excluding part-time directors) is dispatched from Heiwa Real Estate as of November 29, 2017.	

Business relationship	In the fiscal period ended May 2017 (31st fiscal period), we engaged in an acquisition of assets (1 property) with Heiwa Real Estate, which acted as the seller, and a transfer of assets (1 property) with Heiwa Real Estate, which acted an intermediary. In the fiscal period ended November 2017 (32nd fiscal period), we engaged in an acquisition of assets (1 property) with Heiwa Real Estate, which acted as the seller, and a transfer of assets (1 property) with Heiwa Real Estate, which acted as an intermediary.
Whether or not a related party	Heiwa Real Estate falls under related party of the Investment Corporation and the Asset Management Company. In addition, Heiwa Real Estate falls under interested party of the Asset Management Company.

(Note) Figures are as of March 31, 2017.

(2) Re-85 HF HACHIOJI RESIDENCE

The seller of property is a domestic business company but is undisclosed due to the wishes of the seller. The seller is not a party that has a special interest relationship with the Investment Corporation or the Asset Management Company.

(The property to be transferred)

Of-10 HF SHIN-YOKOHAMA BUILDING

(1)	Name	AR Asset Management Co., Ltd
(2)	Head office address	1-9-15 Yushima, Bunkyo-ku, Tokyo
(3)	Name and title of representative	Kenji Aramaki, Representative Director and President
(4)	Line of business	1. Real estate consulting 2. Real estate asset management
(5)	Capital stock	80 million yen (as of November 1, 2017)
(6)	Date of incorporation	August 2012
(7)	Consolidated net assets	Undisclosed (Note)
(8)	Consolidated total assets	Undisclosed (Note)
(9)	Major shareholders and shareholding ratio	Undisclosed (Note)
(10)	Relationship with the Investment Corporation and the Asset Management Company and the Company	
	Capital relationship	There is no capital relationship between the seller and the Investment Corporation and/or the Asset Management Company that must be disclosed. In addition, there is no special capital relationship between the related parties or affiliates of the seller and related parties or affiliates of the Investment Corporation and/or the Asset Management Company.
	Personnel relationship	There is no personnel relationship between the seller and the Investment Corporation and/or the Asset Management Company that must be disclosed. In addition, there is no special personnel relationship between the related parties or affiliates of the seller and related parties or affiliates of the Investment Corporation and/or the Asset Management Company.
	Business relationship	There is no business relationship between the seller and the Investment Corporation and/or the Asset Management Company that must be disclosed. In addition, there is no special business relationship between the related parties or affiliates of the seller and related parties or affiliates of the Investment Corporation and/or the Asset Management Company.
	Whether or not a related party	The seller does not fall under the definition of related parties of the Investment Corporation and/or the Asset Management Company. The related parties of the seller and its affiliates also do not fall under the definition of related parties of the Investment Corporation and/or the Asset Management Company.

(Note) Not disclosed as consent cannot be obtained from the transferee.

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

(The property to be acquired)

(1) Re-84 HF RYOGOKU RESIDENCE

	Current owner
Name	Heiwa Real Estate Co., Ltd.
Relationship with specially-interested party	Please refer to (10) Relationship with the Investment Corporation and the Asset Management Company and the Company, 5 . Overview of the acquisition and the transfer
Course, reason, etc. leading to acquisition	To develop rental housing
Acquisition price	-
Time of acquisition	-

(2) Re-85 HF HACHIOJI RESIDENCE

The acquisition of the property is not acquisition from any persons having a special interest in the Investment Company or the Asset Management Company.

7. Broker Profile

(The property to be acquired) Re-84 HF RYOGOKU RESIDENCE, Re-85 HF HACHIOJI RESIDENCE

None

(The property to be transferred) Of-10 HF SHIN-YOKOHAMA BUILDING

Heiwa Real Estate Co., Ltd

For the overview of the interested parties, please refer to the aforementioned “5. Overview of the acquisition and the transfer.”

Brokerage Fee is 30,500 thousand yen.

8. Transactions with Interested Parties

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

(i) A company, etc. that holds more than 10% of the voting rights of all shareholders of the Asset Management Company;

(ii) A company, etc. in which more than 50% of the voting rights of all its shareholders are held by (i); or

(iii) A company, etc. to which (i) or (ii) provides advice, etc. on the management and administration of its assets.

Heiwa Real Estate, which acted as the seller in the acquisition of Re-84 HF RYOGOKU RESIDENCE among the acquired properties, and also as intermediary for the transferred property, falls under the interested party, the above transactions were resolved at the meeting of the Investment Corporation’s Board of Directors held today based on the unanimous approval of the Investment Committee, Compliance Committee, and the Board of Directors of the Asset Management Company according to its internal rules.

9. Conclusion of Agreement on Succession of Status under Real Estate Purchase Agreement

Heiwa Real Estate and the seller concluded a real estate purchase agreement on September 29, 2017 concerning Re-

85 HF HACHIOJI RESIDENCE among the acquired properties. Now, as part of sponsor support, the Investment Corporation, Heiwa Real Estate and the seller decided today to conclude an agreement on succession of status. Through this, the Investment Corporation plans to succeed to Heiwa Real Estate's status under the Real Estate Purchase Agreement. In connection with such succession, the Investment Corporation plans to pay 33,600 thousand yen (excluding consumption tax) to Heiwa Real Estate as consideration for succession to status in accordance with the agreement on succession of status. The consideration for succession of status is judged appropriate based on comprehensive consideration of various factors, including the extent of the risk borne by Heiwa Real Estate prior to implementation of such succession of status, that the amount is within the range of the intermediary fee provided for in the Real Estate Brokerage Act, and that the total amount of the proposed acquisition price and such consideration for succession of status is less than the appraisal value of this property (1,180 million yen).

10. Method of Settlement

Please refer to the aforementioned "1. Overview of the transaction."

11. Schedule for the acquisition and the transfer

Please refer to the aforementioned "1. Overview of the transaction."

12. Outlook

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

The funds obtained from the Transfer will be retained as money on hand and allocated to the future acquisition of property, debt repayment, capital expenditure for property, etc.

13. Overview of the appraisal report

Property number	Re-84	
Property name	HF RYOGOKU RESIDENCE	
Appraisal value	1,580,000 thousand yen	
Appraiser	Daiwa Real Estate Appraisal Co., Ltd.	
Value date	October 31, 2017	
Item	Content (1,000 yen) (Note 1)	Overview, etc.
Value	1,580,000	Estimate combining the indicated value by DCF method and direct capitalization method
Value indicated by the income approach (direct capitalization method)	1,620,000	
Effective gross income	96,734	
Potential total profits	102,001	Assessment based on current rental levels in contract, new rental levels for comparable real estate in the same area with the same demand and supply as well as their trends, and taking into account the medium- to long-term competitiveness of the target real estate.
Losses from vacancies, etc.	5,267	Assessed the vacancy rate that is recognized to be stable over the medium to long term.
Operating expenses	20,704	

	Management fees	3,408	Based on the judgment that the contents of building management operations are generally at the standard level, examined and posted management fees at a level for similar real estate under the contract.
	Property management fee	1,878	Based on the judgment that the contents of PM operations are generally at the standard level, examined and posted property management fees at a level for similar real estate under the contract.
	Utilities expenses	1,170	Assessment based on levels of utilities expenses of comparable real estate and actual levels.
	Maintenance and repair cost	1,349	Assessed and posted repair cost in reference to the repair costs of similar real estate from a medium- to long-term perspective. Assessed and posted tenant replacement cost in consideration of the replacement rate and the vacancy rate.
	Tenant advertisement expenses, etc.	3,059	Posted with reference to past tenant advertising expenses and based on tenant advertising expenses of comparable real estate.
	Public charges and taxes	5,036	For owned land, posted based on actual public charges and taxes borne in the past and taking land price trends into consideration, For building, etc. estimated taxes in 11 th year after construction are posted based on value assessed with reference to building replacement cost.
	Casualty insurance premiums	111	Assessment based on levels of insurance premiums of comparable real estate and actual payments.
	Other expenses	4,693	For land rent, posted the actual amount based on the contract. In addition, assessed and posted reserve funds such as supplies expenses from a medium- to long-term perspective.
	Net operating income (NOI)	76,030	
	Interest received on lump-sum payments	110	Assessment based on interest income that is thought to be appropriate after taking into account investment as well as interest rate levels of both procuring parties, among other factors.
	Interest paid on lump-sum payments	44	Assessed the investment yield at 1.0% due to the provision of deposit for leased land.
	Capital expenditures	1,551	Assessed and posted capital expenditure in reference to the level of renewal fees of similar real estate from a medium- to long-term perspective.
	Net cash flow	74,545	
	Capitalization rate	4.6%	Assessment made after comprehensively taking into account criteria of the location, building and other factors of the target real estate as well as examples of transactions of comparable real estate.
	Value indicated by the income approach (discounted cash flow method)	1,560,000	
	Discount rate	4.4%	Assessment based on referring to investment returns on comparable real estate and comprehensively taking into account factors including the individual characteristics of the target real estate.
	Terminal capitalization rate	4.8%	Assessment based on comprehensively taking into account factors such as examples of transactions of comparable real estate, future trends in returns on investment, risks of the target real estate, economic growth forecasts going forward as well as trends in real estate prices.
	Value indicated by the cost approach using the cost accounting method	1,460,000	
	Percentage of land	58.0%	
	Percentage of building	42.0%	
	Other notable items regarding the appraisal as stated by the appraiser	—	

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

Property number	Re-85	
Property name	HF HACHIOJI RESIDENCE	
Appraisal value	1,180,000 thousand yen	
Appraiser	Daiwa Real Estate Appraisal Co., Ltd.	
Value date	October 31, 2017	
Item	Content (1,000 yen) (Note 1)	Overview, etc.
Value	1,180,000	Estimate combining the indicated value by DCF method and direct capitalization method
Value indicated by the income approach (direct capitalization method)	1,210,000	
Effective gross income	69,838	
Potential total profits	72,993	Assessment based on current rental levels in contract, new rental levels for comparable real estate in the same area with the same demand and supply as well as their trends, and taking into account the medium- to long-term competitiveness of the target real estate.
Losses from vacancies, etc.	3,155	Assessed the vacancy rate that is recognized to be stable over the medium to long term.
Operating expenses	11,653	
Management fees	2,604	Based on the judgment that the contents of building management operations are generally at the standard level, examined and posted management fees at a level for similar real estate under the contract.
Property management fee	1,378	Based on the judgment that the contents of PM operations are generally at the standard level, examined and posted property management fees at a level for similar real estate under the contract.
Utilities expenses	871	Assessment based on levels of utilities expenses of comparable real estate and actual levels.
Maintenance and repair cost	998	Assessed and posted repair cost in reference to the repair costs of similar real estate from a medium- to long-term perspective. Assessed and posted tenant replacement cost in consideration of the replacement rate and the vacancy rate.
Tenant advertisement expenses, etc.	1,926	Posted with reference to past tenant advertising expenses and based on tenant advertising expenses of comparable real estate
Public charges and taxes	3,633	For owned land, posted based on actual public charges and taxes borne in FY2017 and taking land price trends into consideration. For building, etc. estimated taxes in the 11 th year after construction are posted based on value assessed with reference to actual public charges and taxes in FY2017.
Casualty insurance premiums	69	Assessment based on levels of insurance premiums of comparable real estate and actual payments.
Other expenses	174	For land rent, posted the actual amount based on the contract. In addition, assessed and posted reserve funds such as supplies expenses from a medium- to long-term perspective.
Net operating income (NOI)	58,185	
Interest on lump-sum payments	144	Assessment based on interest income that is thought to be appropriate after taking into account investment as well as interest rate levels of both procuring parties, among other factors.
Capital expenditures	2,673	Assessed and posted capital expenditure in reference to the level of renewal fees of similar real estate from a medium- to long-term perspective.
Net cash flow	55,656	

	Capitalization rate	4.6%	Assessment made after comprehensively taking into account criteria of the location, building and other factors of the target real estate as well as examples of transactions of comparable real estate.
	Value indicated by the income approach (discounted cash flow method)	1,160,000	
	Discount rate	4.4%	Assessment based on referring to investment returns on comparable real estate and comprehensively taking into account factors including the individual characteristics of the target real estate.
	Terminal capitalization rate	4.8%	Assessment based on comprehensively taking into account factors such as examples of transactions of comparable real estate, future trends in returns on investment, risks of the target real estate, economic growth forecasts going forward as well as trends in real estate prices.
	Value indicated by the cost approach using the cost accounting method	983,000	
	Percentage of land	73.2%	
	Percentage of building	26.8%	
	Other notable items regarding the appraisal as stated by the appraiser	—	

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

Property number	Of-10		
Property name	HF SHIN-YOKOHAMA BUILDING		
Appraisal value	1,110,000 thousand yen		
Appraiser	EnRiX Corporation		
Value date	May 31, 2017		
Item	Content (1,000 yen) (Note 1)	Overview, etc.	
Value	1,110,000	The value of earnings posted based on a calculation that was done by verifying the value using the income approach under the direct capitalization method and utilizing the income approach using the discounted cash flow method as the standard.	
	Value indicated by the income approach (direct capitalization method)	1,160,000	
	Effective gross income	102,930	Used operating revenue in the fifth year, judging that revenue will be stable in the medium and long terms
	Potential total profits	109,430	
	Losses from vacancies, etc.	6,500	
	Operating expenses	37,986	Used operating revenue in the fifth year, judging that expenses would be stable in the medium and long terms
	Management fees	13,894	
	Property management fee	2,750	
	Utilities expenses	8,645	
	Maintenance and repair cost	946	
	Tenant advertisement expenses, etc.	1,146	
	Public charges and taxes	9,660	
	Casualty insurance	153	

		premiums		
		Other expenses	792	
		Net operating income (NOI)	64,944	
		Interest on lump-sum payments	753	Used interest on deposits, etc. in the fifth year, judging that interest will be stable in the medium and long terms
		Capital expenditures	8,850	Used capital expenditures in the fifth year, judging that interest will be stable in the medium and long terms
		Net cash flow	56,847	
		Capitalization rate	4.9%	
		Value indicated by the income approach (discounted cash flow method)	1,110,000	
		Discount rate	4.9%	Assessment made mainly by comparison with discount rates of comparable real estate and investment yields of other financial instruments
		Terminal capitalization rate	5.0%	Assessment took into consideration market risk in the event of resale associated with the capitalization rate
		Value indicated by the cost approach using the cost accounting method	1,230,000	
		Percentage of land	65.7%	
		Percentage of building	34.3%	
		Other notable items regarding the appraisal as stated by the appraiser	—	

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

* Distribution: Kabuto Club, Ministry of Land, Infrastructure, Transport and Tourism Press Club, and Ministry of Land, Infrastructure, Transport and Tourism Press Club for Construction Publications

* Investment Corporation Website: <http://www.heiwa-re.co.jp/english/>

【Attachment】

(Attachment 1) Pictures and maps of the assets to be acquired

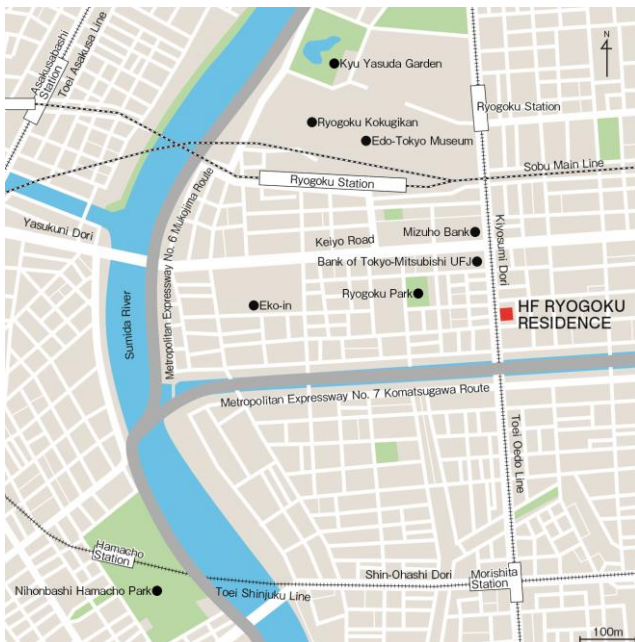
(Attachment 2) Portfolio list after the property transaction

【Attachment】

(Attachment 1) Pictures and maps of the assets to be acquired
Re-84 HF RYOGOKU RESIDENCE



(MAP)



Re-85 HF HACHIOJI RESIDENCE



(MAP)



(Attachment 2) Portfolio list after the property transaction

	Property No.	Property Name	Location	Investment Area (Note 1)	Acquisition Price (Note 2) (million yen)	Investment Ratio (Note 2) (%)	
Office	Of-01	HF GOTANDA BUILDING	Shinagawa-ku, Tokyo	I	1,290	0.77	
	Of-05	SUITENGU HEIWA BUILDING	Chuo-ku, Tokyo	I	1,550	0.93	
	Of-06	HF MONZENNAKACHO BUILDING	Koto-ku, Tokyo	I	2,500	1.49	
	Of-07	HF HAMAMATSUCHO BUILDING	Minato-ku, Tokyo	I	1,530	0.91	
	Of-08	KOKUSAI TAMEIKE BUILDING	Minato-ku, Tokyo	I	2,700	1.61	
	Of-09	GRACE BUILDING SENGAKUJIMAE	Minato-ku, Tokyo	I	1,220	0.73	
	Of-10	HF SHIN-YOKOHAMA BUILDING	Yokohama-shi, Kanagawa	II	-	-	
	Of-11	NIHONBASHI DAIICHI BUILDING	Chuo-ku, Tokyo	I	2,150	1.28	
	Of-12	HF HATCHOBORI BUILDING	Chuo-ku, Tokyo	I	3,092	1.85	
	Of-17	HATCHOBORI MF BUILDING	Chuo-ku, Tokyo	I	1,110	0.66	
	Of-18	M2 HARAJUKU	Shibuya-ku, Tokyo	I	3,418	2.04	
	Of-20	FUNABASHI FACE BUILDING	Funabashi-shi, Chiba	II	3,900	2.33	
	Of-21	ADESSO NISHIAZABU	Minato-ku, Tokyo	I	640	0.38	
	Of-22	HF TORANOMON BUILDING	Minato-ku, Tokyo	I	1,675	1.00	
	Of-23	HF IKEBUKURO BUILDING	Toshima-ku, Tokyo	I	1,314	0.79	
	Of-24	HF YUSHIMA BUILDING	Bunkyo-ku, Tokyo	I	1,434	0.86	
	Of-25	KAYABACHO HEIWA BUILDING	Chuo-ku, Tokyo	I	4,798	2.87	
	Of-26	HIROKOJI AQUA PLACE	Nagoya-shi, Aichi	III	2,930	1.75	
	Of-27	KOBE KYUKYORYUCHI HEIWA BUILDING	Kobe-shi, Hyogo	III	2,310	1.38	
	Of-28	MITA HEIWA BUILDING (leasehold land)	Minato-ku, Tokyo	I	2,230	1.33	
	Of-29	SAKAE MINAMI BUILDING	Nagoya-shi, Aichi	III	1,580	0.94	
	Of-30	HF SAKURADORI BUILDING	Nagoya-shi, Aichi	III	4,900	2.93	
	Of-31	HF NIHONBASHI HAMACHO BUILDING	Chuo-ku, Tokyo	I	1,900	1.14	
	Of-32	HF SENDAI HONCHO BUILDING	Sendai-shi, Miyagi	III	2,700	1.61	
	Of-33	HF UENO BUILDING	Taito-ku, Tokyo	I	3,400	2.03	
	Of-34	KOJIMACHI HF BUILDING	Chiyoda-ku, Tokyo	I	1,350	0.81	
	Of-35	HF KUDAN MINAMI BUILDING	Chiyoda-ku, Tokyo	I	2,720	1.63	
	Of-36	HF KANDA OGAWAMACHI BUILDING	Chiyoda-ku, Tokyo	I	3,150	1.88	
	Of-37	NISSO 5 BUILDING	Yokohama-shi, Kanagawa	II	3,100	1.85	
	Of-38	ACROSS SHINKAWA BUILDING	Chuo-ku, Tokyo	I	3,250	1.94	
	Of-39	SENJU MILDIX II BANKAN	Adachi-ku, Tokyo	I	1,650	0.99	
	Office Subtotal					71,491	42.73
	Residence	Re-03	HF ICHIKAWA RESIDENCE	Ichikawa-shi, Chiba	II	430	0.26
		Re-05	HF MEGURO RESIDENCE	Meguro-ku, Tokyo	I	660	0.39
		Re-09	HF KASAI RESIDENCE	Edogawa-ku, Tokyo	I	650	0.39
		Re-11	HF WAKABAYASHI-KOEN RESIDENCE	Setagaya-ku, Tokyo	I	3,610	2.16
		Re-12	HF HIMONYA RESIDENCE	Meguro-ku, Tokyo	I	1,560	0.93
		Re-14	HF MINAMIAZABU RESIDENCE	Minato-ku, Tokyo	I	1,370	0.82
		Re-15	HF AZABUJUBAN RESIDENCE	Minato-ku, Tokyo	I	1,260	0.75

Property No.	Property Name	Location	Investment Area (Note 1)	Acquisition Price (Note 2) (million yen)	Investment Ratio (Note 2) (%)
Re-16	HF GAKUGEIDAIGAKU RESIDENCE	Meguro-ku, Tokyo	I	1,000	0.60
Re-17	HF HIGASHIKANDA RESIDENCE	Chiyoda-ku, Tokyo	I	1,100	0.66
Re-18	HF HIGASHINIHONBASHI RESIDENCE	Chuo-ku, Tokyo	I	1,210	0.72
Re-19	HF NERIMA RESIDENCE	Nerima-ku, Tokyo	I	690	0.41
Re-20	HF SHIROKANETAKANAWA RESIDENCE	Minato-ku, Tokyo	I	4,030	2.41
Re-21	HF MEIDAIMAE RESIDENCE	Setagaya-ku, Tokyo	I	1,070	0.64
Re-22	HF NIHONBASHI RESIDENCE	Chuo-ku, Tokyo	I	1,130	0.68
Re-23	HF KAMISHAKUJII RESIDENCE	Nerima-ku, Tokyo	I	950	0.57
Re-24	HF KINSHICHO RESIDENCE	Sumida-ku, Tokyo	I	1,100	0.66
Re-25	HF GINZA RESIDENCE EAST	Chuo-ku, Tokyo	I	5,940	3.55
Re-26	HF SHIN-YOKOHAMA RESIDENCE	Yokohama-shi, Kanagawa	II	3,350	2.00
Re-29	HF HAKUSAN RESIDENCE	Bunkyo-ku, Tokyo	I	2,350	1.40
Re-30	HF MAGOME RESIDENCE	Ota-ku, Tokyo	I	1,630	0.97
Re-31	HF GAKUGEIDAIGAKU RESIDENCE II	Meguro-ku, Tokyo	I	1,650	0.99
Re-33	HF KAMEIDO RESIDENCE	Koto-ku, Tokyo	I	1,050	0.63
Re-34	HF TANASHI RESIDENCE	Nishitokyo-shi, Tokyo	II	911	0.54
Re-35	HF SHIBA-KOEN RESIDENCE	Minato-ku, Tokyo	I	836	0.50
Re-36	HF MITA RESIDENCE	Minato-ku, Tokyo	I	1,080	0.65
Re-37	HF TAKANAWA RESIDENCE	Minato-ku, Tokyo	I	749	0.45
Re-38	LA RESIDENCE DE SHIROKANEDAI	Minato-ku, Tokyo	I	730	0.44
Re-39	HF GINZA RESIDENCE EAST II	Chuo-ku, Tokyo	I	1,460	0.87
Re-40	HF HATCHOBORI RESIDENCE II	Chuo-ku, Tokyo	I	1,890	1.13
Re-41	HF HATCHOBORI RESIDENCE III	Chuo-ku, Tokyo	I	793	0.47
Re-42	HF GINZA RESIDENCE	Chuo-ku, Tokyo	I	944	0.56
Re-43	HF KOMAZAWA-KOEN RESIDENCE TOWER	Setagaya-ku, Tokyo	I	6,520	3.90
Re-44	HF UMEDA RESIDENCE TOWER	Osaka-shi, Osaka	III	1,920	1.15
Re-45	HF NAKANOSHIMA RESIDENCE	Osaka-shi, Osaka	III	453	0.27
Re-46	HF AWAZA RESIDENCE	Osaka-shi, Osaka	III	577	0.34
Re-47	HF MARUNOUCHI RESIDENCE	Nagoya-shi, Aichi	III	624	0.37
Re-48	HF HIRAO RESIDENCE	Fukuoka-shi, Fukuoka	III	1,780	1.06
Re-49	HF KAWARAMACHI NIJO RESIDENCE	Kyoto-shi, Kyoto	III	534	0.32
Re-52	HF TENJINHIGASHI RESIDENCE	Fukuoka-shi, Fukuoka	III	502	0.30
Re-53	HF SHIJO KAWARAMACHI RESIDENCE	Kyoto-shi, Kyoto	III	1,820	1.09
Re-54	LA RESIDENCE DE SENDAGI	Bunkyo-ku, Tokyo	I	820	0.49
Re-55	HF SENDAGI RESIDENCE	Bunkyo-ku, Tokyo	I	870	0.52
Re-56	HF KOMAZAWA-KOEN RESIDENCE	Setagaya-ku, Tokyo	I	615	0.37
Re-57	HF MUSASHIKOYAMA RESIDENCE	Shinagawa-ku, Tokyo	I	842	0.50
Re-58	HF KOKUBUNJI RESIDENCE	Kokubunji-shi, Tokyo	II	839	0.50
Re-59	HF HISAYAODORI RESIDENCE	Nagoya-shi, Aichi	III	1,080	0.65
Re-60	HF KARASUMA KURAMAGUCHI RESIDENCE	Kyoto-shi, Kyoto	III	572	0.34

Property No.	Property Name	Location	Investment Area (Note 1)	Acquisition Price (Note 2) (million yen)	Investment Ratio (Note 2) (%)
Re-61	HF NISHI-SHINJUKU RESIDENCE WEST	Shinjuku-ku, Tokyo	I	1,990	1.19
Re-62	HF NISHI-SHINJUKU RESIDENCE EAST	Shinjuku-ku, Tokyo	I	1,170	0.70
Re-63	HF HIGASHI-SHINJUKU RESIDENCE	Shinjuku-ku, Tokyo	I	1,360	0.81
Re-64	HF HIGASHI-SHINSAIBASHI RESIDENCE	Osaka-shi, Osaka	III	566	0.34
Re-65	HF KITA-YOBANCHO RESIDENCE	Sendai-shi, Miyagi	III	809	0.48
Re-66	HF ATAGOBASHI RESIDENCE	Sendai-shi, Miyagi	III	684	0.41
Re-67	HF KYUDAIBYOIN-MAE RESIDENCE	Fukuoka-shi, Fukuoka	III	426	0.25
Re-68	HF ASAKUSABASHI RESIDENCE	Taito-ku, Tokyo	I	771	0.46
Re-69	HF ICHIBANCHO RESIDENCE	Sendai-shi, Miyagi	III	834	0.50
Re-70	HF HIGASHI-NAKANO RESIDENCE	Nakano-ku, Tokyo	I	942	0.56
Re-72	HF WASEDA RESIDENCE	Shinjuku-ku, Tokyo	I	2,090	1.25
Re-73	HF WASEDA RESIDENCE II	Shinjuku-ku, Tokyo	I	872	0.52
Re-74	HF WAKAMATSU KAWATA RESIDENCE	Shinjuku-ku, Tokyo	I	1,158	0.69
Re-75	HF SENDAI RESIDENCE EAST	Sendai-shi, Miyagi	III	1,638	0.98
Re-76	HF NISHIKOEN RESIDENCE	Sendai-shi, Miyagi	III	1,310	0.78
Re-77	HF BANSUI-DORI RESIDENCE	Sendai-shi, Miyagi	III	790	0.47
Re-78	HF KANNAI RESIDENCE	Yokohama-shi, Kanagawa	II	1,800	1.08
Re-79	HF MEIEKI-KITA RESIDENCE	Nagoya-shi, Aichi	III	2,160	1.29
Re-80	HF HIGASHI-SAPPORO RESIDENCE	Sapporo-shi, Hokkaido	III	1,560	0.93
Re-81	HF HAKATA-HIGASHI RESIDENCE	Fukuoka-shi, Fukuoka	III	880	0.53
Re-82	HF SENDAI ITSUTSUBASHI RESIDENCE	Sendai-shi, Miyagi	III	850	0.51
Re-83	HF TABATA RESIDENCE	Kita-ku, Tokyo	I	1,100	0.66
Re-84	HF RYOGOKU RESIDENCE	Sumida-ku, Tokyo	I	1,400	0.84
Re-85	HF HACHIOJI RESIDENCE	Hachioji-shi, Tokyo	II	1,120	0.67
Residence Subtotal				95,832	57.27
Portfolio Total				167,323	100.00

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

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

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