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REIT Issuer

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Notice Concerning Acquisition and Transfer of Trust Beneficiary Interests in Domestic Real Estate
and Loan Cancellation Associated with the Transfer

HEIWA REAL ESTATE REIT, Inc. (the “Investment Corporation”) announced today that HEIWA REAL ESTATE Asset Management CO., LTD. (the “Asset Management Company”), to which the Investment Corporation entrusts its asset management operations, has decided to acquire three properties and transfer four properties (respectively “the acquisition” and “the transfer,” and the acquisition and the transfer together as “the transaction”) as well as cancel a loan in association with the transfer of assets as described below.

Details

1. Overview of the transaction

(1) Overview of the acquisition

(1) Property number Property name (Note 1)	Of-36 Kanda Ogawamachi TOSEI Building II	Re-76 HF Nishikoen Residence	Re-77 HF Bansuidori Residence
(2) Type of specified asset	Trust beneficial interests(in real estate in Japan)		
(3) Investment Category	Office	Residence	
(4) Investment Area	Primary Investment Area (Chiyoda-ku, Tokyo)	Regional Investment Area (Sendai, Miyagi)	Regional Investment Area(Sendai, Miyagi)
(5) Proposed acquisition price (Note 2)	¥3,150,000,000	¥1,310,000,000	¥790,000,000
(6) Agreement Execution date	October 15, 2015		
(7) Scheduled Acquisition date	October 29, 2015		
(8) Seller (Note 3)	Undisclosed		

(9) Acquisition financing	Own funds and borrowing		
(10) Payment method	Lump-sum payment at time of delivery		
(11) Trustee (Planned)	Mizuho Trust & Banking Co., Ltd.	Sumitomo Mitsui Trust Bank, Limited	
(12) Trust Term (Planned)	From March 31, 2009 To October 31, 2025	From March 20, 2006 To October 31, 2025	From March 20, 2006 To October 31, 2025

(Note 1) The property names as of today for HS Nishikoen Residence and HF Bansuidori Residence are Relation Nishi-Koen and Relation Bansui-dori, respectively, but since their names will be changed to HF Nishikoen Residence and HF Bansuidori Residence after the Investment Corporation's acquisition, the names to be used for after the change are used here. Procedures related to the property names, including notification to tenants, are planned to be carried out successively going forward. The same applies hereafter.

(Note 2) Acquisition prices are the prices described in the trust beneficial interest transaction agreement (consumption tax not included), and excludes acquisition costs, fixed property tax, city planning tax, etc.

(Note 3) Not disclosed as consent cannot be obtained from the seller.

(2) Overview of the transfer

(1) Property number Property name	Ho-01 Super Hotel Osaka Tennoji	Ho-02 Super Hotel Kyoto karasumagojyo	Ho-01 Super Hotel Saitama Omiya	Ho-01 Super Hotel Sendai Hirose-dori
(2) Type of specified asset	Trust beneficial interests in real estate			
(3) Transfer value (Note 1)	¥1,080,000 thousand	¥900,000 thousand	¥1,050,000 thousand	¥1,150,000 thousand
(4) Book value (Note 2)	¥1,009,993 thousand	¥841,367 thousand	¥976,131 thousand	¥1,052,138 thousand
(5) Difference between transfer value and book value	¥70,007 thousand	¥58,633 thousand	¥73,869 thousand	¥97,862 thousand
(6) Scheduled agreement execution date	October 15, 2015			
(7) Scheduled transfer date	October 30, 2015			
(8) Transferee (Note 3)	Undisclosed			

(Note 1) "Transfer value" 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 2) "Book value" is as of May 31, 2015. Furthermore, amounts below a thousand yen have been rounded off.

(Note 3) Not disclosed as consent cannot be obtained from the transferee.

2. Reason for the transaction

With the theme of a "Trajectory for Stable Growth" the Investment Corporation is aiming to expand its asset size through ongoing property acquisitions in order to steadily expand assets under management and secure stable earnings over the medium and long term.

In addition, the Investment Corporation aims to improve the quality and profitability of its portfolios by replacing assets under management, among other things, after comprehensive consideration of such matters as real estate market trends, future profitability and portfolio construction policies. The acquisition and the transfer are part of this strategy of replacing assets under management.

Following the announcement of the *Notice Concerning Transfer of Domestic Asset* (KCA Building) dated March 9, 2015, this transaction improves portfolio quality through the transfer of four exceptional hotel assets and the acquisition of one office building and two residential buildings, which are the principal targets for investment. The acquisition and the transfer was determined today because the transfer of the hotels, which are exceptional assets, would eliminate operational risks, and further, improved earnings can be anticipated in the future through newly acquiring three properties, which in turn would expand the scale of assets and improve the age of buildings.

The Investment Corporation will continue to aim to steadily expand assets under management and secure stable earnings over the medium and long term, while aiming for external growth by improving portfolio profitability

and quality from the standpoint of enhanced investor value.

3. Details of the property acquisitions

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

Of-36 Kanda Ogawamachi Tosei Building II

(1) Location	<ul style="list-style-type: none"> This location provides easy access in various directions within Tokyo, with the ability to utilize multiple train lines and stations as this property is located along Yasukuni Dori, and is about a five-minute walk from the Jimbocho station on the Tokyo Metro Hanzomon line, the Toei Shinjuku subway line and the Toei Mita subway line, as well as from the Awajicho station on the Tokyo Metro Marunouchi line and the Ogawa-machi station on the Toei Shinjuku subway line. Further, it is located around seven minutes by foot from the Ochanomizu station on various JR lines and the Tokyo Metro Marunouchi line. The region in which this property is located is on the northern side of the Otemachi area, where head offices of major corporations and financial institutions are highly clustered and excels in terms of access into urban areas. A cluster of office buildings is located primarily near the Jimbocho area as well as along Yasukuni Dori, and the area has many stores, centered on bookstores, music stores as well as streets that feature various sporting goods stores and various educational facilities affiliated with universities in the neighboring area. Otherwise, companies from a variety of industries have gathered in the area due to convenient transportation access, making it an area with wide-ranging demand.
(2) Building	<ul style="list-style-type: none"> The construction for the property was completed in 2008, and is in no way inferior to specification levels in terms of construction features, such as the exterior or the overall grade, seen in recent buildings. The size of the standard rental room is around 99 <i>tsubo</i>, with ceiling height at 2,650 millimeters, and a full-floor rental is possible as well as a divided space of a floor. The building is also for multi-purpose use, such as the offices equipped to take in visitors, and it has an exceptional ability to draw in those looking to lease, given that the building is relatively new in an area that is primarily populated with buildings that have been built for many years.

Property number / Property name		Of-36 Kanda Ogawamachi Tosei Building II
Type of asset		Trust beneficial interests
Location (Note 1)		(Building address on real estate registry) 3-3-5 Kanda ogawamachi, Chiyoda-ku, Tokyo (Lot Number) 3-3-5 Kanda ogawamachi, Chiyoda-ku, Tokyo and three other plots
Land	Form of ownership	Ownership
	Area (Note 1)	432.54 m ²
	Use District (Note 2)	Commercial district
	Building Coverage Ratio (Note 3)	80%
	Floor Area Ratio (Note 3)	700%
Building	Form of ownership	Ownership
	Use (Note 1)	Office and Store
	Structure/Floors (Note 1)	Steel-frame construction with a flat roof, 9 stories high
	Total Floor Space (Note 1)	3,016.16 m ²
	Construction Completion Date (Note 1)	March, 2008
	Construction Client	Tosei Corporation
	Constructor	Konoike Construction Co., Ltd.
	Architect	Kume Sekkei Co., Ltd
	Structural Designer	Kume Sekkei Co., Ltd
	Building Certification	Chiyoda-ku, Tokyo
Property Management Company		Heiwa Real Estate Co., Ltd.

Master Lease Company	Heiwa Real Estate Co., Ltd.	
Master Lease Ttpe	Pass Through	
Collateral	None	
Tenant details (Note 4)		
Total number of tenants	5	
Total rent income	¥139,533 thousand	
Leasehold and security deposits	¥105,202 thousand	
Total leased floor space	1,194.05 m ²	
Total leasable floor space	2,747.14 m ²	
Occupancy rates (Based on Floor Space)	68.95%	
NOI Yield	4.8%	
Outline of the engineering report	Survey Company	Tokyo Bldg-Tech Center Co.,Ltd
	Survey Date	June 2, 2015
	Replacement Value	¥667,000 thousand
	Probable Maximum Loss (PML)	4.0%
	Long-term repairs(next 15years)	¥76,140 thousand
Overview of Real Estate Appraisal Report	Appraiser	Daiwa Real Estate Appraisal Co., Ltd.
	Value Date	May 31, 2015
	Appraisal Value	¥3,530,000 thousand
Other items of special note	None	

(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 site area as stipulated in Article 53 of the Building Standards Act, and "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. The Building Coverage Ratio has been eased to 100%, given that this property is in a commercial region and is a fire-proof building within a fire prevention district.

(Note 4) Figures in "Tenant details" are as of August 31, 2015.

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 August 31, 2015, 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.

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

Re-76 HF Nishikoen Residence

(1) Location	<ul style="list-style-type: none"> This location provides easy access to central areas of the city of Sendai, with two subway lines available for use: the property is 11 minutes by foot from the Hirose-dori station on the Nanboku subway line, and a seven-minute walk from the Ohmachi Nishikoen station, which is scheduled to open in December 2015, on the Tozai subway line. The property is located within walking distance from Nishi Koen (Park), which is known for cherry blossoms, is in an area that has a mix of medium-rise and high-rise apartment buildings, detached homes and stores. A commercial region has been formed along streets near major arterial roads where office buildings, retail buildings and hotels, among others, are located.
(2) Building	<ul style="list-style-type: none"> The property consists of 1K- (studio with kitchen) and 1LDK-type (1 bedroom) apartments, and demand can be anticipated mainly from single persons. Amenities include an automatic lock, a separate bath and toilet, a dryer for the bathroom, a built-in kitchen, an intercom with a television monitor and a box for home deliveries, which fully satisfies the needs of single people.

Property number / Property name		Re-76 HF Nishikoen Residence
Type of asset		Trust beneficial interests
Location (Note 1)		(Building address on real estate registry) 7-18 Tachimachi , Sendai Aoba-ku, Miyagi (Lot Number) 7-12 Tachimachi, Sendai Aoba-ku, Miyagi
Land	Form of ownership	Ownership
	Area (Note 1)	733.98 m ²
	Use District (Note 2)	Commercial district
	Building Coverage Ratio (Note 3)	80%
	Floor Area Ratio (Note 3)	400%
Building	Form of ownership	Ownership
	Use (Note 1)	Apartment Building
	Structure/Floors (Note 1)	Reinforced concrete with a flat roof, 14 stories high
	Total Floor Space (Note 1)	2,939.82 m ²
	Construction Completion Date (Note 1)	February, 2006
	Construction Client	Sennan House Industry Co., Ltd.
	Constructor	Yaegashi Construction Inc.
	Architect	Kinsaku Sekimoto Architectural Design Office
	Structural Designer	Kinsaku Sekimoto Architectural Design Office
	Building Certification	Miyagi Prefecture Construction and Housing Center
Property Management Company		Taisei Housy Property
Master Lease Company		Taisei Housy Property
Master Lease Type		Pass Through
Collateral		None
Tenant details (Note 4)		
	Total Leasable Units	102
	Total Leased Units	90
	Total rent income	¥ 78,669 thousand
	Leasehold and security deposits	¥ 6,661 thousand
	Total leased floor space	2,496.38 m ²
	Total leasable floor space	2,825.54 m ²
	Occupancy rates (Based on Floor Space)	88.4%
NOI Yield		6.1%
Outline of the engineering report	Survey Company	Tokyo Bldg-Tech Center Co.,Ltd
	Survey Date	May 29, 2015
	Replacement Value	¥586,000 thousand
	Probable Maximum Loss (PML)	2.7%
	Long-term repairs (next 15years)	¥50,390 thousand
Overview of Real Estate Appraisal Report	Appraiser	Japan Real Estate Institute
	Value Date	May 31, 2015
	Appraisal Value	¥1,410,000 thousand
Other items of special note		None

(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 site area as stipulated in Article 53 of the Building Standards Act, and ”Floor Area Ratio” is the ratio of the total floor space of the building to the site area as stipulated in Article 52 of the Building Standards Act.

(Note 4) Figures in ”Tenant details” are as of August 31, 2015.

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 August 31, 2015, 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.

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

Re-77 HF Bansuidori Residence

(1) Location	<ul style="list-style-type: none"> The property provides easy access to the center of the city of Sendai with two subway lines for use: a six-minute walk from the Hirose-dori station on the on the Nanboku subway line and a six-minute walk from the Aoba-dori Ichibancho station, which is scheduled to open in December 2015 on the Tozai subway line. The property is located in a commercial area with a mix of medium-rise and high-rise office buildings as well as apartments, and is highly convenient as it is very close to Sendai Station. A commercial region has been formed along streets near major arterial roads where office buildings, retail buildings and hotels, among others, are located.
(2) Building	<ul style="list-style-type: none"> The property consists of 1K- (studio with kitchen) and 1LDK-type (1 bedroom) apartments, and demand can be anticipated mainly from single persons. Amenities include an automatic lock, a separate bath and toilet, a dryer for the bathroom, a built-in kitchen, an intercom with a television monitor and a box for home deliveries, which fully satisfies the needs of single people.

Property number / Property name		Re-77 HF Bansuidori Residence
Type of asset		Trust beneficial interests
Location (Note 1)		(Building address on real estate registry) 1-3-14 Kokubun-cho, Sendai Aoba-ku, Miyagi (Lot Number) 1-3-14Kokubun-cho, Sendai Aoba-ku, Miyagi
Land	Form of ownership	Ownership
	Area (Note 1)	401.19 m ²
	Use District (Note 2)	Commercial district
	Building Coverage Ratio (Note 3)	80%
	Floor Area Ratio (Note 3)	500%
Building	Form of ownership	Ownership
	Use (Note 1)	Apartment Building
	Structure/Floors (Note 1)	Reinforced concrete with a flat roof, 12 stories high
	Total Floor Space (Note 1)	2,037.38 m ²
	Construction Completion Date (Note 1)	February, 2006
	Construction Client	Sennan House Industry Co., Ltd.
	Constructor	Yaegashi Construction Inc.
	Architect	Kinsaku Sekimoto Architectural Design Office

	Structural Designer	Kinsaku Sekimoto Architectural Design Office	
	Building Certification	Miyagi Prefecture Construction and Housing Center	
Property Management Company		Taisei Housy Property	
Master Lease Company		Taisei Housy Property	
Master Lease Ttpe		Pass Through	
Collateral		None	
Tenant details (Note 4)			
	Total Leasable Units	66	
	Total Leased Units	62	
	Total rent income	¥ 53,340 thousand	
	Leasehold and security deposits	¥ 4,681 thousand	
	Total leased floor space	1,798.0 m ²	
	Total leasable floor space	1,914.0 m ²	
	Occupancy rates (Based on Floor Space)	94.0%	
NOI Yield		5.8%	
Outline of the engineering report		Survey Company	Tokyo Bldg-Tech Center Co., Ltd
		Survey Date	May 31, 2015
		Replacement Value	¥368,000 thousand
		Probable Maximum Loss (PML)	1.7%
		Long-term repairs (next 15years)	¥34,710 thousand
Overview of Real Estate Appraisal Report		Appraiser	Japan Real Estate Institute
		Value Date	May 31, 2015
		Appraisal Value	¥865,000 thousand
Other items of special note		None	

(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 site area as stipulated in Article 53 of the Building Standards Act, and "Floor Area Ratio" is the ratio of the total floor space of the building to the site area as stipulated in Article 52 of the Building Standards Act.

(Note 4) Figures in "Tenant details" are as of August 31, 2015.

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 August 31, 2015, 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.

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

4. Transfer Asset Details

Property number / Property name		Ho-01 Super Hotel Osaka Tennoji	
Type of asset		Trust beneficial interests	
Location (Note 1)		(Building address on real estate registry) 2-3-3 Osaka, Osaka Tennoji-ku, Osaka (Lot Number) 2-3-3 Osaka, Osaka Tennoji-ku, Osaka and one other plot	
Land	Form of ownership	Ownership	
	Area (Note 1)	490.65 m ²	
	Use District (Note 2)	Commercial district	
	Building Coverage Ratio	80%	

	(Note 3)					
	Floor Area Ratio (Note 3)	400%				
Building	Form of ownership	Ownership				
	Use (Note 1)	Hotel				
	Structure/Floors (Note 1)	Reinforced concrete with a flat roof, 9 stories high				
	Total Floor Space (Note 1)	2,486.39 m ²				
	Construction Completion Date (Note 1)	January, 2004				
Transfer value		¥1,170,000 thousand				
Book value (Note 2)		¥1,009,993 thousand				
Difference between transfer value and book value		¥160,007 thousand				
Tenant details (Note 4)						
	Total number of tenants	1				
	Total rent income	¥75,240 thousand				
	Leasehold and security deposits	¥27,340 thousand				
	Total leased floor space	2,486.39 m ²				
	Total leasable floor space	2,486.39 m ²				
	Occupancy rates	May 2013	Nov 2013	May 2014	Nov 2014	May 2015
		100.0%	100.0%	100.0%	100.0%	100.0%
Overview of Real Estate Appraisal Report		Appraiser			Morii Appraisal & Investment Consulting, Inc.	
		Value Date			May 31, 2015	
		Appraisal Value			¥1,170,000 thousand	
Other items of special note		None				

(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 site area as stipulated in Article 53 of the Building Standards Act, and "Floor Area Ratio" is the ratio of the total floor space of the building to the site area as stipulated in Article 52 of the Building Standards Act.

(Note 4) "Book value" is as of May 31, 2015. Furthermore, amounts below a thousand yen have been rounded off.

(Note 5) Figures in "Tenant details" are as of May 31, 2015.

The field for "Total rental income" shows the annualized (12 times) monthly rent (not including the amount of the consumption tax) as of May 31, 2015, and rounded to the nearest thousand yen, based on the fixed-term building lease agreement concluded between the trust beneficiary and Super Hotel Co., Ltd.

Property number / Property name		Ho-02 Super Hotel Kyoto Karasumagojyo
Type of asset		Trust beneficial interests
Location (Note 1)		(Building address on real estate registry) 396-3, Karasumaru Dori Gojo Kударu Osaka machi, Kyoto city, Kyoto (Lot Number) 396-3, Karasumaru Dori Gojo Kударu Osaka machi, Kyoto city, Kyoto
Land	Form of ownership	Ownership
	Area (Note 1)	337.23 m ²
	Use District (Note 2)	Commercial district
	Building Coverage Ratio (Note 3)	80%
	Floor Area Ratio (Note 3)	600%
Building	Form of ownership	Ownership
	Use (Note 1)	Hotel

	Structure/Floors (Note 1)	Reinforced concrete with a flat roof, 10 stories high				
	Total Floor Space (Note 1)	2,144.02 m ²				
	Construction Completion Date (Note 1)	January, 2004				
Transfer value		¥989,000 thousand				
Book value (Note 2)		¥841,367 thousand				
Difference between transfer value and book value		¥147,633 thousand				
Tenant details (Note 4)						
	Total number of tenants	1				
	Total rent income	¥62,364 thousand				
	Leasehold and security deposits	¥22,660 thousand				
	Total leased floor space	2,144.02 m ²				
	Total leasable floor space	2,144.02 m ²				
	Occupancy rates	May 2013	Nov 2013	May 2014	Nov 2014	May 2015
		100.0%	100.0%	100.0%	100.0%	100.0%
Overview of Real Estate Appraisal Report		Appraiser		Morii Appraisal & Investment Consulting, Inc.		
		Value Date		May 31, 2015		
		Appraisal Value		¥989,000 thousand		
Other items of special note		None				

(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. Further, the location stated in the field for residential address is that noted in the real estate registry because the property does not have a residential address.

(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 site area as stipulated in Article 53 of the Building Standards Act, and "Floor Area Ratio" is the ratio of the total floor space of the building to the site area as stipulated in Article 52 of the Building Standards Act.

(Note 4) "Book value" is as of May 31, 2015. Furthermore, amounts below a thousand yen have been rounded off.

(Note 5) Figures in "Tenant details" are as of May 31, 2015.

The field for "Total rental income" shows the annualized (12 times) monthly rent (not including the amount of the consumption tax) as of May 31, 2015, and rounded to the nearest thousand yen, based on the fixed-term building lease agreement concluded between the trust beneficiary and Super Hotel Co., Ltd.

Property number / Property name		Ho-03 Super Hotel Saitama Omiya				
Type of asset		Trust beneficial interests				
Location (Note 1)		(Building address on real estate registry) 1-12-6 Sakuragicho, Saitama Omiya-ku, Saitama (Lot Number) 1-12-6 Sakuragicho, Saitama Omiya-ku, Saitama				
Land	Form of ownership	Ownership				
	Area (Note 1)	597.25 m ²				
	Use District (Note 2)	Commercial district				
	Building Coverage Ratio (Note 3)	80%				
	Floor Area Ratio (Note 3)	500%				
Building	Form of ownership	Ownership				
	Use (Note 1)	Hotel				
	Structure/Floors (Note 1)	Reinforced concrete with a flat roof, 10 stories high				
	Total Floor Space (Note 1)	2,946.55 m ²				
	Construction Completion	July, 2006				

	Date	(Note 1)	
Transfer value			¥1,130,000 thousand
Book value	(Note 2)		¥976,131 thousand
Difference between transfer value and book value			¥153,869 thousand
Tenant details	(Note 4)		
	Total number of tenants		1
	Total rent income		¥71,472 thousand
	Leasehold and security deposits		¥30,000 thousand
	Total leased floor space		2,946.55 m ²
	Total leasable floor space		2,946.55 m ²
	Occupancy rates	May 2013	Nov 2013
		100.0%	100.0%
		May 2014	Nov 2014
		100.0%	100.0%
		May 2015	100.0%
Overview of Real Estate Appraisal Report	Appraiser		Morii Appraisal & Investment Consulting, Inc.
	Value Date		May 31, 2015
	Appraisal Value		¥1,130,000 thousand
Other items of special note			None

(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 site area as stipulated in Article 53 of the Building Standards Act, and "Floor Area Ratio" is the ratio of the total floor space of the building to the site area as stipulated in Article 52 of the Building Standards Act.

(Note 4) "Book value" is as of May 31, 2015. Furthermore, amounts below a thousand yen have been rounded off.

(Note 5) Figures in "Tenant details" are as of May 31, 2015.

The field for "Total rental income" shows the annualized (12 times) monthly rent (not including the amount of the consumption tax) as of May 31, 2015, and rounded to the nearest thousand yen, based on the fixed-term building lease agreement concluded between the trust beneficiary and Super Hotel Co., Ltd.

Property number / Property name		Ho-04 Super Hotel Sendai Hirose-dori
Type of asset		Trust beneficial interests
Location (Note 1)		(Building address on real estate registry) 2-9-23 Chuo, Sendai Aoba-ku, Miyagi (Lot Number) 2-9-12 Chuo, Sendai Aoba-ku, Miyagi
Land	Form of ownership	Ownership
	Area (Note 1)	549.10 m ²
	Use District (Note 2)	Commercial district
	Building Coverage Ratio (Note 3)	80%
	Floor Area Ratio (Note 3)	600%
Building	Form of ownership	Ownership
	Use (Note 1)	Hotel
	Structure/Floors (Note 1)	Reinforced concrete with a flat roof, 10 stories high
	Total Floor Space (Note 1)	3,251.77 m ²
	Construction Completion Date (Note 1)	January, 2007
Transfer value		¥1,270,000 thousand
Book value (Note 2)		¥1,052,138 thousand
Difference between transfer value and		¥217,862 thousand

book value						
Tenant details (Note 4)						
	Total number of tenants	1				
	Total rent income	¥88,440 thousand				
	Leasehold and security deposits	¥30,000 thousand				
	Total leased floor space	3,283.95 m ²				
	Total leasable floor space	3,283.95 m ²				
	Occupancy rates	May 2013	Nov 2013	May 2014	Nov 2014	May 2015
		100.0%	100.0%	100.0%	100.0%	100.0%
Overview of Real Estate Appraisal Report		Appraiser		Morii Appraisal & Investment Consulting, Inc.		
		Value Date		May 31, 2015		
		Appraisal Value		¥1,270,000 thousand		
Other items of special note		None				

(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 site area as stipulated in Article 53 of the Building Standards Act, and "Floor Area Ratio" is the ratio of the total floor space of the building to the site area as stipulated in Article 52 of the Building Standards Act.

(Note 4) "Book value" is as of May 31, 2015. Furthermore, amounts below a thousand yen have been rounded off.

(Note 5) Figures in "Tenant details" are as of May 31, 2015.

The field for "Total rental income" shows the annualized (12 times) monthly rent (not including the amount of the consumption tax) as of May 31, 2015, and rounded to the nearest thousand yen, based on the fixed-term building lease agreement concluded between the trust beneficiary and Super Hotel Co., Ltd.

5. Overview of the acquisition and the transfer

The seller of these properties is a domestic limited liability company / limited private company, but its identity has not been disclosed as consent cannot be obtained from the seller. Also, the transferee of the transfer is a domestic limited liability company, but its identity has not been disclosed as consent cannot be obtained from the transferee.

The relevant seller and the transferee do not have a special interest in neither the Investment Corporation nor the Asset Management Company.

6. Broker Profile

(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 development 3. Housing development 4. Other businesses
(5)	Capital stock	¥21,492 million (as of June 30, 2015)
(6)	Date of incorporation	July 1947
(7)	Relationship with the Investment Corporation and the Asset Management Company and the Company	

	Capital relationship	Heiwa Real Estate Co., Ltd. (“Heiwa Real Estate”) owns 135,845 units (14.28% of total investment units issued) of the Investment Corporation’s investment units as of May 31, 2015. 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, 1 person (excluding part-time directors) is dispatched from Heiwa Real Estate as of October 15, 2015.
	Business relationship	Acquisitions of assets (four properties) and transfer of assets (one property) were conducted with Heiwa Real Estate as the seller and broker in the fiscal period ended May 2015.
	Whether or not a related party	As described above, Heiwa Real Estate is a major unitholder of the Investment Corporation, and falls under the category of interested persons, etc. of the Asset Management Company.
(8)	Brokerage fees	¥294,270 thousand (excluding consumption tax)

7. Transactions with Interested Parties

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

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

Since Heiwa Real Estate – the broker for the party entrusted with the property management operations of Kanda Ogawamachi Tosei Building II as well as for this transaction – falls under the scope of the interested party category, the Investment Corporation’s Board of Directors meeting held today decided on the transaction after obtaining unanimous approval at the Asset Management Company’s Investment Committee, Compliance Committee and the Board of Directors, pursuant to the internal regulations of the Asset Management Company.

8. Method of Settlement

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

9. Schedule for the acquisition and the transfer

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

10. Use of Transfer Proceeds

A portion of the proceeds from the transfer of the property is scheduled to be applied toward a partial and early loan repayment.

(For details, please refer to the press release “Notice Concerning Borrowing of Funds and Partial Early Repayment of Loans” dated today.)

11. Outlook

Please refer to the “Notice Concerning Revision of Management Status Forecasts for Fiscal Period Ending November 2015 (28th Fiscal Period)” dated today for the impact of the transaction on management status forecasts

announced in the “27th Fiscal Period Financial Report” covering the fiscal period ended May 2015 dated July 15, 2015.

12. Overview of the appraisal report

Property number/ Property name	Of-36 Kanda Ogawamachi Tosei Building II	
Appraisal value	¥3,530,000 thousand	
Appraiser	Daiwa Real Estate Appraisal Co., Ltd.	
Value date	May 31, 2015	
Item	Content (1,000 yen) (Note 1)	Overview, etc.
Value	3,530,000	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)	3,640,000	
Effective gross income	212,240	
Potential total profits	224,264	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.	12,023	Assessed the vacancy rate that is recognized to be stable over the medium to long term.
Operating expenses	61,918	
Management fees	8,400	Posted after having determined that the contract value is broadly standard, and verifying the levels of maintenance and management fees of comparable real estate.
Property Management fee	5,912	Posted after having determined that the details of the planned contract are broadly standard, and verifying the levels of the PM fees for comparable real estate.
Utilities expenses	20,942	Assessment based on levels of utilities expenses of comparable real estate and actual levels.
Maintenance and repair cost	369	Of the renewed maintenance and repair costs stated in ER, posted the portion equal to the 15-year average for maintenance and repair costs.
Tenant advertisement expenses, etc.	1,381	Posted by assessing the anticipated turnover rate, and taking into account actual numbers from past fiscal years as well as levels for comparable real estate.
Public charges and taxes	20,579	Assessment based on actual payments.
Casualty insurance premiums	133	Assessed the amount equal to 0.02% of the value for building replacement costs.
Other expenses	3,200	Assessment based on actual payments.
Net operating income (NOI)	151,322	
Interest on lump-sum payments	2,725	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	4,906	Of the renewed maintenance and repair costs stated in ER, posted the portion equal to large-scale maintenance and repair costs as well as the portion equal to the 15-year average for maintenance and repair costs.
Net cash flow (NCF)	149,141	
Capitalization rate	4.1%	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)	3,480,000	
		Discount rate	3.9%	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	4.3%	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	3,830,000	
		Percentage of land	85.4%	
		Percentage of building	14.6%	
		Other notable items regarding the appraisal as stated by the appraiser	None	

(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/ Property name	Re-76 HF Nishikoen Residence	
Appraisal value	¥1,410,000 thousand	
Appraiser	Japan Real Estate Institute	
Value date	May 31, 2015	
Item	Content (1,000yen) (Note 1)	Overview, etc.
Value	1,410,000	
Value indicated by the income approach (direct capitalization method)	1,420,000	
Effective gross income	92,550	
Potential total profits	98,118	Assessment based on unit prices of rents that can be received at a steady rate over the medium to long term.
Losses from vacancies, etc.	5,568	Posted losses from vacancies after coming up with an assessment on steady occupancy rates over the medium to long term.
Operating expenses	13,307	
Management fees	2,462	Posted after taking into account the individual characteristics of the target real estate and by referring to anticipated maintenance and management costs as well as maintenance and management costs for comparable real estate, including the actual numbers from past fiscal years.
Property Management fee	1,812	Posted after taking into account the individual characteristics of the target real estate as well as the compensation rate for comparable real estate, among other factors.
Utilities expenses	1,300	Posted after referring to actual costs in past fiscal years as well as taking into account the individual characteristics of the target real estate as well as utilities expenses of comparable real estate.
Maintenance and repair cost	1,801	Posted after taking into account actual results from past fiscal years, levels of costs for comparable real estate as well as maintenance and repair costs in ER.
Tenant advertisement expenses, etc.	939	Posted by referring to expected terms of the contract and lease terms of comparable real estate, among other factors, as well as factors including the average yearly turnover rate of tenants as well as the occupancy rate.
Public charges and taxes	4,926	Assessment based on the tax base for fiscal 2015.
Casualty insurance premiums	67	Posted based on the planned insurance policy terms as well as the premium for the target real estate and the premium for comparable buildings, among other factors.
Other expenses	0	No specific expenses.
Net operating income (NOI)	79,243	
Interest on lump-sum payments	135	Assessed the investment yield at 2.0%.
Capital expenditures	2,584	Assessment made by anticipating expenditures to be built up at an average rate every year going forward, capital expenditure levels of comparable real estate, the age of buildings as well as the average amount, among other factors, of renewal fees in ER.
Net cash flow (NCF)	76,794	
Capitalization rate	5.4%	Assessment by adjusting the spread caused by the location, building and other criteria attached to the target real estate, along with future uncertainties and transaction yields associated with comparable real estate.
Value indicated by the income approach (discounted cash flow method)	1,086,000	
Discount rate	5.2%	Assessment made by referring to investment yields, among other factors, of comparable real estate and comprehensively taking into account factors including the individual characteristics of the target real estate.
Terminal capitalization rate	5.6%	Assessment made by referring to the transaction yields of comparable real estate and comprehensively taking into account factors such as future trends of investment yields, risks associated with the target real estate, general forecasts regarding economic balance in the future, real estate prices as well as trends in rental prices.

Value indicated by the cost approach using the cost accounting method	709,000	
Percentage of land	33.6%	
Percentage of building	66.4%	
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/ Property name	Re-77 HF Bansui-Dori Residence	
Appraisal value	¥ 865,000 thousand	
Appraiser	Japan Real Estate Institute	
Value date	May 31, 2015	
Item	Content (1,000yen) (Note 1)	Overview, etc.
Value	865,000	
Value indicated by the income approach (direct capitalization method)	874,000	
Effective gross income	58,225	
Potential total profits	62,243	Assessment based on unit prices of rents that can be received at a steady rate over the medium to long term.
Losses from vacancies, etc.	4,018	Posted losses from vacancies after coming up with an assessment on steady occupancy rates over the medium to long term.
Operating expenses	9,345	
Management fees	2,132	Posted after taking into account the individual characteristics of the target real estate and by referring to anticipated maintenance and management costs as well as maintenance and management costs for comparable real estate, including the actual numbers from past fiscal years.
Property Management fee	1,140	Posted after taking into account the individual characteristics of the target real estate as well as the compensation rate for comparable real estate, among other factors.
Utilities expenses	750	Posted after referring to actual costs in past fiscal years as well as taking into account the individual characteristics of the target real estate as well as utilities expenses of comparable real estate.
Maintenance and repair cost	1,220	Posted after taking into account actual results from past fiscal years, levels of costs for comparable real estate as well as maintenance and repair costs in ER.
Tenant advertisement expenses, etc.	611	Posted by referring to expected terms of the contract and lease terms of comparable real estate, among other factors, as well as factors including the average yearly turnover rate of tenants as well as the occupancy rate.
Public charges and taxes	3,441	Assessment based on the tax base for fiscal 2015.
Casualty insurance premiums	51	Posted based on the planned insurance policy terms as well as the premium for the target real estate and the premium for comparable buildings, among other factors.
Other expenses	0	No specific expenses.
Net operating income (NOI)	48,880	
Interest on lump-sum payments	88	Assessed the investment yield at 2.0%.
Capital expenditures	1,790	Assessment made by anticipating expenditures to be built up at an average rate every year going forward, capital expenditure levels of comparable real estate, the age of buildings as well as the average amount, among other factors, of renewal fees in ER.
Net cash flow (NCF)	47,178	
Capitalization rate	5.4%	Assessment by adjusting the spread caused by the location, building and other criteria attached to the target real estate, along with future uncertainties and transaction yields associated with comparable real estate.
Value indicated by the income approach (discounted cash flow method)	855,000	
Discount rate	5.2%	Assessment made by referring to investment yields, among other factors, of comparable real estate and comprehensively taking into account factors including the individual characteristics of the target real estate.
Terminal capitalization rate	5.6%	Assessment made by referring to the transaction yields of comparable real estate and comprehensively taking into account factors such as future trends of investment yields, risks associated with the target real estate, general forecasts regarding economic balance in the future, real estate prices as well as trends in rental prices.

Value indicated by the cost approach using the cost accounting method	458,000	
Percentage of land	34.1%	
Percentage of building	65.9%	
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/ Property name	Ho-01 Super Hotel Osaka Tennoji	
Appraisal value	¥1,170,000 thousand	
Appraiser	Morii Appraisal & Investment Consulting, Inc.	
Value date	May 31, 2015	
Item	Content (1,000yen) (Note 1)	Overview, etc.
Value	1,170,000	
Value indicated by the income approach (direct capitalization method)	1,180,000	
Effective gross income	75,240	
Potential total profits	75,240	Assessment based on steady rental prices, etc. over the medium to long term.
Losses from vacancies, etc.	0	Not posted as leasing is not anticipated over the medium term based on the terms of the contract.
Operating expenses	7,020	
Management fees	-	Not posted as tenants are responsible for paying the fees.
Property Management fee	752	Assessment made based on levels of comparable real estate.
Public charges and taxes	6,181	Assessment made by using actual results as the standard and taking into account land price trends as well as depreciation.
Casualty insurance premiums	87	Posted an amount equal to 0.02% of replacement costs.
Net operating income (NOI)	68,220	
Interest on lump-sum payments	547	Assessed the investment yield to be at 2.0%.
Capital expenditures	1,580	Of the ER estimates, posted the annual average for the total of large-scale repair costs, which is the responsibility of the renter, and the repair costs as well as renewal costs of the building portion.
Net cash flow (NCF)	67,187	
Capitalization rate	5.7%	Assessment made by incorporation the discount rate of earnings and the volatility risk of the principal.
Value indicated by the income approach (discounted cash flow method)	1,150,000	
Discount rate	5.5%	Assessment made after taking into account the risk factors associated with regional and individual characteristics of the target real estate and comprehensively considering market trends, etc. based on investor surveys and the sales market.
Terminal capitalization rate	5.9%	Assessed the discrepancy rate of the capitalization rate by taking into account the sales risk as well as uncertainties surrounding projected volatility of net earnings in the future as well as the deterioration of the building in the future.
Value indicated by the cost approach using the cost accounting method	662,000	
Percentage of land	58.1%	
Percentage of building	41.9%	
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/ Property name	Ho-02 Super Hotel Kyoto Karasumagojyo	
Appraisal value	¥989,000 thousand	
Appraiser	Morii Appraisal & Investment Consulting, Inc.	
Value date	May 31, 2015	
Item	Content (1,000yen) (Note 1)	Overview, etc.
Value	1,000,000	
Value indicated by the income approach (direct capitalization method)	1,000,000	
Effective gross income	62,367	
Potential total profits	62,367	Assessment based on steady rental prices, etc. over the medium to long term.
Losses from vacancies, etc.	0	Not posted as leasing is not anticipated over the medium term based on the terms of the contract.
Operating expenses	6,212	
Management fees	-	Not posted as tenants are responsible for paying the fees.
Property Management fee	624	Assessment made based on levels of comparable real estate.
Public charges and taxes	5,517	Assessment made by using actual results as the standard and taking into account land price trends as well as depreciation.
Casualty insurance premiums	71	Posted an amount equal to 0.02% of replacement costs.
Net operating income (NOI)	56,155	
Interest on lump-sum payments	453	Assessed the investment yield to be at 2.0%.
Capital expenditures	1,457	Of the ER estimates, posted the annual average for the total of large-scale repair costs, which is the responsibility of the renter, and the repair costs as well as renewal costs of the building portion.
Net cash flow (NCF)	55,151	
Capitalization rate	5.5%	Assessment made by incorporation the discount rate of earnings and the volatility risk of the principal.
Value indicated by the income approach (discounted cash flow method)	978,000	
Discount rate	5.3%	Assessment made after taking into account the risk factors associated with regional and individual characteristics of the target real estate and comprehensively considering market trends, etc. based on investor surveys and the sales market.
Terminal capitalization rate	5.7%	Assessed the discrepancy rate of the capitalization rate by taking into account the sales risk as well as uncertainties surrounding projected volatility of net earnings in the future as well as the deterioration of the building in the future.
Value indicated by the cost approach using the cost accounting method	661,000	
Percentage of land	66.6%	
Percentage of building	33.4%	
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.

(Note 2) The Asset management company do not obtain the consent about to be disclosed the amount of PM fee. Also, if the Asset management company discloses the amount of PM fee of the property, it may have effects on other transactions PM subcontractors and there is a risk of harm to unitholder interests. Therefore, it is described by summing the maintenance costs and PM fee.

Property number/ Property name	Ho-03 Super Hotel Saitama Omiya	
Appraisal value	¥1,130,000 thousand	
Appraiser	Morii Appraisal & Investment Consulting, Inc.	
Value date	May 31, 2015	
Item	Content (1,000yen) (Note 1)	Overview, etc.
Value	1,130,000	
Value indicated by the income approach (direct capitalization method)	1,140,000	
Effective gross income	71,472	
Potential total profits	71,472	Assessment based on steady rental prices, etc. over the medium to long term.
Losses from vacancies, etc.	0	Not posted as leasing is not anticipated over the medium term based on the terms of the contract.
Operating expenses	8,547	
Management fees	-	Not posted as tenants are responsible for paying the fees.
Property Management fee	715	Assessment made based on levels of comparable real estate.
Public charges and taxes	7,729	Assessment made by using actual results as the standard and taking into account land price trends as well as depreciation.
Casualty insurance premiums	103	Posted an amount equal to 0.02% of replacement costs.
Net operating income (NOI)	62,925	
Interest on lump-sum payments	600	Assessed the investment yield to be at 2.0%.
Capital expenditures	3,300	Of the ER estimates, posted the annual average for the total of large-scale repair costs, which is the responsibility of the renter, and the repair costs as well as renewal costs of the building portion.
Net cash flow (NCF)	60,225	
Capitalization rate	5.3%	Assessment made by incorporation the discount rate of earnings and the volatility risk of the principal.
Value indicated by the income approach (discounted cash flow method)	1,110,000	
Discount rate	5.1%	Assessment made after taking into account the risk factors associated with regional and individual characteristics of the target real estate and comprehensively considering market trends, etc. based on investor surveys and the sales market.
Terminal capitalization rate	5.5%	Assessed the discrepancy rate of the capitalization rate by taking into account the sales risk as well as uncertainties surrounding projected volatility of net earnings in the future as well as the deterioration of the building in the future.
Value indicated by the cost approach using the cost accounting method	924,000	
Percentage of land	57.8%	
Percentage of building	42.2%	
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/ Property name	Ho-04 Super Hotel Sendai Hirose-dori	
Appraisal value	¥1,270,000 thousand	
Appraiser	Morii Appraisal & Investment Consulting, Inc.	
Value date	May 31, 2015	
Item	Content (1,000yen) (Note 1)	Overview, etc.
Value	1,270,000	
Value indicated by the income approach (direct capitalization method)	1,280,000	
Effective gross income	88,440	
Potential total profits	88,440	Assessment based on steady rental prices, etc. over the medium to long term.
Losses from vacancies, etc.	0	Not posted as leasing is not anticipated over the medium term based on the terms of the contract.
Operating expenses	11,108	
Management fees	-	Not posted as tenants are responsible for paying the fees.
Property Management fee	884	Assessment made based on levels of comparable real estate.
Public charges and taxes	10,113	Assessment made by using actual results as the standard and taking into account land price trends as well as depreciation.
Casualty insurance premiums	111	Posted an amount equal to 0.02% of replacement costs.
Net operating income (NOI)	77,332	
Interest on lump-sum payments	600	Assessed the investment yield to be at 2.0%.
Capital expenditures	3,725	Of the ER estimates, posted the annual average for the total of large-scale repair costs, which is the responsibility of the renter, and the repair costs as well as renewal costs of the building portion.
Net cash flow (NCF)	74,207	
Capitalization rate	5.8%	Assessment made by incorporation the discount rate of earnings and the volatility risk of the principal.
Value indicated by the income approach (discounted cash flow method)	1,250,000	
Discount rate	5.6%	Assessment made after taking into account the risk factors associated with regional and individual characteristics of the target real estate and comprehensively considering market trends, etc. based on investor surveys and the sales market.
Terminal capitalization rate	6.0%	Assessed the discrepancy rate of the capitalization rate by taking into account the sales risk as well as uncertainties surrounding projected volatility of net earnings in the future as well as the deterioration of the building in the future.
Value indicated by the cost approach using the cost accounting method	1,180,000	
Percentage of land	61.2%	
Percentage of building	38.8%	
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.

- * Distribution: Kabuto Club, Ministry of Land, Infrastructure, Transport and Tourism Press Club, and
Ministry of Land, Infrastructure, Transport and Tourism Press Club for Construction Publications
- * Investment Corporation Website: <http://www.heiwa-re.co.jp/english/>

【Attachment】

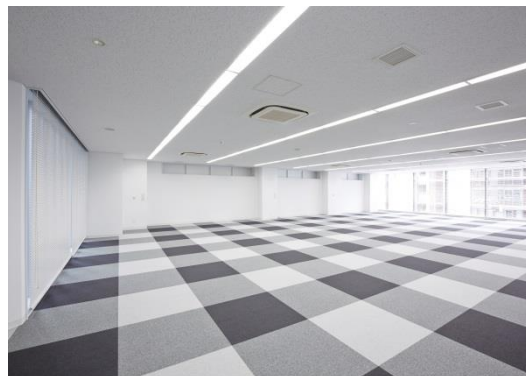
(Attachment 1) Photo of the acquired assets

(Attachment 2) Portfolio list after the property transaction

【Attachment】

(Attachment 1) Photo of the acquired assets

Of-36 Kanda Ogawamachi Tosei Building II



Re-76 HF Nishikoen Residence



Re-77 HF Bansuidori Residence



(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	0.83
	Of-05	Suitengu Heiwa Building	Chuo-ku, Tokyo	I	1,550	0.99
	Of-06	HF MONZENNAKACHO BUILDING	Koto-ku, Tokyo	I	2,500	1.60
	Of-07	HF Hamamatsucho Building	Minato-ku, Tokyo	I	1,530	0.98
	Of-08	Kokusai Tameike Building	Minato-ku, Tokyo	I	2,700	1.73
	Of-09	Grace Building Sengakujimae	Minato-ku, Tokyo	I	1,220	0.78
	Of-10	HF SHIN-YOKOHAMA BUILDING	Yokohama-shi, Kanagawa	II	1,550	0.99
	Of-11	Nihonbashi Daiichi Building	Chuo-ku, Tokyo	I	2,150	1.39
	Of-12	Hatchobori SF Building	Chuo-ku, Tokyo	I	3,092	1.98
	Of-13	Shibuya AX Hills	Shibuya-ku, Tokyo	I	1,860	1.19
	Of-15	HF NAKAMEGURO BUILDING	Meguro-ku, Tokyo	I	2,870	1.84
	Of-16	Anwa Tsukasacho Building	Chiyoda-ku, Tokyo	I	1,385	0.89
	Of-17	Hatchobori MF Building	Chuo-ku, Tokyo	I	1,110	0.71
	Of-18	M2 Harajuku	Shibuya-ku, Tokyo	I	3,418	2.19
	Of-20	Funabashi Face Building	Funabashi-shi, Chiba	II	3,900	2.50
	Of-21	Adesso Nishiazabu	Minato-ku, Tokyo	I	640	0.41
	Of-22	HF TORANOMON BUILDING	Minato-ku, Tokyo	I	1,675	1.07
	Of-23	HF IKEBUKURO BUILDING	Toshima-ku, Tokyo	I	1,314	0.84
	Of-24	HF YUSHIMA BUILDING	Bunkyo-ku, Tokyo	I	1,434	0.92
	Of-25	Kayabacho Heiwa Building	Chuo-ku, Tokyo	I	4,798	3.07
	Of-26	Hirokoji Aqua Place	Nagoya-shi, Aichi	III	2,930	1.88
	Of-27	Kobe Kyukyoryuchi Heiwa Building	Kobe-shi, Hyogo	III	2,310	1.48
	Of-28	Mita Heiwa Building (leasehold land)	Minato-ku, Tokyo	I	2,230	1.43
	Of-29	Sakae Minami Heiwa Building	Nagoya-shi, Aichi	III	1,580	1.01
	Of-30	HF SAKURADORI BUILDING	Nagoya-shi, Aichi	III	4,900	3.14
	Of-31	HF Nihonbashi Hanacho Building	Chuo-ku, Tokyo	I	1,900	1.22
	Of-32	HF Sendai Honcho Building	Sendai-shi, Miyagi	III	2,700	1.73
	Of-33	DAIWA UENO BUILDING	Taito-ku, Tokyo	I	3,400	2.18
	Of-34	KOJIMACHI HF BUILDING	Chiyoda-ku, Tokyo	I	1,350	0.86
	Of-35	HF KUDAN MINAMI BUILDING	Chiyoda-ku, Tokyo	I	2,720	1.74
	Of-36	Kanda Ogawamachi Tosei Building II	Chiyoda-ku, Tokyo	I	3,150	2.02
	Office Subtotal				68,006	45.58
Residential	Re-03	HF ICHIKAWA RESIDENCE	Ichikawa-shi, Chiba	II	430	0.28
	Re-05	HF MEGURO RESIDENCE	Meguro-ku, Tokyo	I	660	0.42
	Re-09	HF KASAI RESIDENCE	Edogawa-ku, Tokyo	I	650	0.42
	Re-11	HF WAKABAYASHI-KOEN RESIDENCE	Setagaya-ku, Tokyo	I	3,610	2.31
	Re-12	HF HIMONYA RESIDENCE	Meguro-ku, Tokyo	I	1,560	1.00
	Re-14	HF MINAMIAZABU RESIDENCE	Minato-ku, Tokyo	I	1,370	0.88
	Re-15	HF AZABUJUBAN RESIDENCE	Minato-ku, Tokyo	I	1,260	0.81
	Re-16	HF GAKUGEIDAIGAKU RESIDENCE	Meguro-ku, Tokyo	I	1,000	0.64
	Re-17	HF HIGASHIKANDA RESIDENCE	Chiyoda-ku, Tokyo	I	1,100	0.70

Residential	Re-18	HF HIGASHINIHONBASHI RESIDENCE	Chuo-ku, Tokyo	I	1,210	0.78
	Re-19	HF NERIMA RESIDENCE	Nerima-ku, Tokyo	I	690	0.44
	Re-20	HF SHIROKANETAKANAWA RESIDENCE	Minato-ku, Tokyo	I	4,030	2.58
	Re-21	HF MEIDAIMAE RESIDENCE	Setagaya-ku, Tokyo	I	1,070	0.69
	Re-22	HF NIHONBASHI RESIDENCE	Chuo-ku, Tokyo	I	1,130	0.72
	Re-23	HF KAMISHAKUJII RESIDENCE	Nerima-ku, Tokyo	I	950	0.61
	Re-24	HF KINSHICHO RESIDENCE	Sumida-ku, Tokyo	I	1,100	0.70
	Re-25	HF GINZA RESIDENCE EAST	Chuo-ku, Tokyo	I	5,940	3.81
	Re-26	HF SHIN-YOKOHAMA RESIDENCE	Yokohama-shi, Kanagawa	II	3,350	2.15
	Re-29	HF HAKUSAN RESIDENCE	Bunkyo-ku, Tokyo	I	2,350	1.51
	Re-30	HF MAGOME RESIDENCE	Ota-ku, Tokyo	I	1,630	1.04
	Re-31	HF GAKUGEIDAIGAKU RESIDENCE II	Meguro-ku, Tokyo	I	1,650	1.06
	Re-33	HF KAMEIDO RESIDENCE	Koto-ku, Tokyo	I	1,050	0.67
	Re-34	HF TANASHI RESIDENCE	Nishitokyo-shi, Tokyo	II	911	0.58
	Re-35	HF SHIBA-KOEN RESIDENCE	Minato-ku, Tokyo	I	836	0.54
	Re-36	HF MITA RESIDENCE	Minato-ku, Tokyo	I	1,080	0.69
	Re-37	HF TAKANAWA RESIDENCE	Minato-ku, Tokyo	I	749	0.48
	Re-38	LA RESIDENCE DE SHIROKANEDAI	Minato-ku, Tokyo	I	730	0.47
	Re-39	HF GINZA RESIDENCE EAST II	Chuo-ku, Tokyo	I	1,460	0.94
	Re-40	HF HATCHOBORI RESIDENCE II	Chuo-ku, Tokyo	I	1,890	1.21
	Re-41	HF HATCHOBORI RESIDENCE III	Chuo-ku, Tokyo	I	793	0.51
	Re-42	HF GINZA RESIDENCE	Chuo-ku, Tokyo	I	944	0.60
	Re-43	HF KOMAZAWA-KOEN RESIDENCE TOWER	Setagaya-ku, Tokyo	I	6,520	4.18
	Re-44	HF UMEDA RESIDENCE TOWER	Osaka-shi, Osaka	III	1,920	1.23
	Re-45	HF NAKANOSHIMA RESIDENCE	Osaka-shi, Osaka	III	453	0.29
	Re-46	HF AWAZA RESIDENCE	Osaka-shi, Osaka	III	577	0.37
	Re-47	HF MARUNOUCHI RESIDENCE	Nagoya-shi, Aichi	III	624	0.40
	Re-48	HF HIRAO RESIDENCE	Fukuoka-shi, Fukuoka	III	1,780	1.14
	Re-49	HF KAWARAMACHI NIJO RESIDENCE	Kyoto-shi, Kyoto	III	534	0.34
	Re-52	HF TENJINHIGASHI RESIDENCE	Fukuoka-shi, Fukuoka	III	502	0.32
	Re-53	HF SHIJO KAWARAMACHI RESIDENCE	Kyoto-shi, Kyoto	III	1,820	1.17
	Re-54	LA RESIDENCE DE SENDAGI	Bunkyo-ku, Tokyo	I	820	0.53
	Re-55	HF SENDAGI RESIDENCE	Bunkyo-ku, Tokyo	I	870	0.56
	Re-56	HF KOMAZAWA-KOEN RESIDENCE	Setagaya-ku, Tokyo	I	615	0.39
	Re-57	HF MUSASHIKOYAMA RESIDENCE	Shinagawa-ku, Tokyo	I	842	0.54
	Re-58	HF KOKUBUNJI RESIDENCE	Kokubunji-shi, Tokyo	II	839	0.54
	Re-59	HF HISAYAODORI RESIDENCE	Nagoya-shi, Aichi	III	1,080	0.69
	Re-60	HF KARASUMA KURAMAGUCHI RESIDENCE	Kyoto-shi, Kyoto	III	572	0.37
	Re-61	HF NISHI-SHINJUKU RESIDENCE WEST	Shinjuku-ku, Tokyo	I	1,990	1.27
	Re-62	HF NISHI-SHINJUKU RESIDENCE EAST	Shinjuku-ku, Tokyo	I	1,170	0.75

Residential	Re-63	HF HIGASHI-SHINJUKU RESIDENCE	Shinjuku-ku, Tokyo	I	1,360	0.87
	Re-64	HF HIGASHI-SHINSAIBASHI RESIDENCE	Osaka-shi, Osaka	III	566	0.36
	Re-65	HF KITA-YOBANCHO RESIDENCE	Sendai-shi, Miyagi	III	809	0.52
	Re-66	HF ATAGOBASHI RESIDENCE	Sendai-shi, Miyagi	III	684	0.44
	Re-67	HF KYUDAIBYOIN-MAE RESIDENCE	Fukuoka-shi, Fukuoka	III	426	0.27
	Re-68	HF ASAKUSABASHI RESIDENCE	Taito-ku, Tokyo	I	771	0.49
	Re-69	HF ICHIBANCHO RESIDENCE	Sendai-shi, Miyagi	III	834	0.53
	Re-70	HF HIGASHI-NAKANO RESIDENCE	Nakano-ku, Tokyo	I	942	0.60
	Re-72	HF WASEDA RESIDENCE	Shinjuku-ku, Tokyo	I	2,090	1.34
	Re-73	HF WASEDA RESIDENCE II	Shinjuku-ku, Tokyo	I	872	0.56
	Re-74	HF WAKAMATSU KAWATA RESIDENCE	Shinjuku-ku, Tokyo	I	1,158	0.74
	Re-75	HF SENDAI RESIDENCE EAST	Sendai-shi, Miyagi	III	1,630	1.04
	Re-76	HF NISHIKOEN RESIDENCE	Sendai-shi, Miyagi	III	1,310	0.84
	Re-77	HF BANSUI-DORI RESIDENCE	Sendai-shi, Miyagi	III	790	0.51
Residence Subtotal					82,853	54.42
Portfolio Total						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.