

Translation Purposes Only

November 28, 2013

For Immediate Release

REIT Issuer

HEIWA REAL ESTATE REIT, Inc.

9-1 Nihonbashi Kabuto-cho, Chuo-ku, Tokyo

Masaaki Higashihara, Executive Director

(Securities Code: 8966)

Asset Management Company

HEIWA REAL ESTATE Asset Management CO., LTD.

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Acquisition of Assets (HF SAKURADORI BUILDING and Two Other Properties)

HEIWA REAL ESTATE REIT, Inc. (the “Investment Corporation”) announced today that it decided to acquire assets, as described below.

Details

1. Overview of Acquisition

(1) Property Number Property Name	Of-30 HF SAKURADORI BUILDING (Note 2)	Of-31 Nihonbashi Hamacho Central Building	Of-32 Sendai Green Place
(2) Type of Asset to be Acquired	Trust beneficial interest (in real estate in Japan)		
(3) Investment Category	Office buildings		
(4) Investment Area	Regional Investment Area (Nagoya-shi, Aichi)	Primary Investment Area (Chuo-ku, Tokyo)	Regional investment area (Sendai-shi, Miyagi)
(5) Acquisition Price (Planned) (Note 1)	¥4,900,000,000	¥1,900,000,000	¥2,700,000,000
(6) Agreement Execution Date (Planned)	November 28, 2013		
(7) Acquisition Date (Planned) (Delivery Date)	December 20, 2013		
(8) Seller	Heiwa Real Estate Co., Ltd.		
(9) Acquisition Financing	Funds procured through primary offering, borrowings and cash on hand		
(10) Settlement Method	Settlement in lump-sum at time of delivery		
(11) Trustee (Planned)	Sumitomo Mitsui Trust Bank, Limited		Mitsubishi UFJ Trust and Banking Corporation
(12) Trust Period (Planned)	From November 30, 2007 to December 19, 2023	From June 27, 2008 to December 19, 2023	From December 14, 2006 to December 19, 2023

(Note 1) Acquisition prices (planned) 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 2) While the name of HF SAKURADORI BUILDING as of the date of this document is Sakura Dori MID Building, the name is scheduled to be changed after the acquisition on February 19, 2014 and so the name after the change is indicated. The same applies hereafter.

## 2. Reasons for the Acquisition

The above three properties will be acquired with the aim of increasing the Investment Corporation's investment ratio of offices as well as to secure profitability and stability with the combined effect of incorporating the features of offices and residences by advancing the compound portfolio's balance and diversified investment.

The Investment Corporation currently has as its basic policy the steady growth of assets under management and stable earnings in the mid to long term and is engaging in expanding the asset size, increasing the profitability of the portfolio and strengthening the stable financial base with the theme of a "stable growth path." As part of these endeavors, the Investment Corporation has decided to acquire the three properties based on the memorandum on business cooperation executed between Heiwa Real Estate Co., Ltd. ("Heiwa Real Estate") and the Asset Management Company. The three properties are all situated in the area where Heiwa Real Estate's operational base is located. Since the Investment Corporation is scheduled to entrust property management operations of the properties to Heiwa Real Estate, it will be able to utilize its leasing capability, tenant relations, information channels, building operation and management capability. Stable occupancy is expected to be maintained and the Investment Corporation believes the properties will contribute to the improvement of the profitability and quality of the portfolio.

## 3. Characteristics and Details of Assets to be Acquired

The characteristics of the properties are as outlined below.

### Of-30 HF SAKURADORI BUILDING

(1) Location	<ul style="list-style-type: none"><li>• The property is located a three-minute walk from Marunouchi Station on the Nagoya Municipal Subway Sakura-dori and Tsurumai lines and about a four-minute walk from Hisaya-odori Station on the Nagoya Municipal Subway Meijo and Sakura-dori lines. It is also within walking distance from the Fushimi and Sakae areas and access toward all directions is good as several train lines are available. In addition, Sakura-dori Street which the property faces on the south side is a main road that passes through the city and so transportation and access conditions are excellent.</li><li>• There are owned buildings of financial institutions and rental office buildings along Sakura-dori Street on which the property is located. There are many office buildings that are relatively new and the area is good for offices.</li></ul>	
(2) Building	<ul style="list-style-type: none"><li>• The property is a relatively new office building and the overall quality including the interior and exterior finish, its external appearance, entrance hall and rental rooms are excellent. The size of rental rooms of standard floors are approx. 240 tsubos with 2,800mm ceilings and are unimpeded by pillars, making the rooms spacious. Regarding the quality of facilities, facilities and grade that are necessary and sufficient for a new building are prepared such as with low-energy grid system ceilings, security with non-contact type IC cards and earthquake-resisting structure that uses seismic control brace.</li></ul>	
Property Name		HF SAKURADORI BUILDING
Location (Note 1)		(Building address on real estate registry) 3-23-20 Marunouchi, Naka-ku, Nagoya City, Aichi (Lot number) 3-2310-2, 3-2311, 3-2312, 3-2313, 3-2314 Marunouchi, Naka-ku, Nagoya City, Aichi
Land	Form of Ownership	Surface right
	Area (Note 1)	1,662.49m <sup>2</sup>
	Use District (Note 2)	Commercial district
	Building Coverage Ratio (Note 3)	80%
	Floor Area Ratio (Note 3)	800%
Building	Form of Ownership	Ownership

	Use (Note 1)	Office, store and garage
	Structure / Floors (Note 1)	Steel beam, flat roof, 13 floors above ground
	Total Floor Space (Note 1)	13,160.83m <sup>2</sup>
	Construction Completion Date (Note 1)	February 2009
	Construction Client	Sakura Dori LLC
	Constructor	Obayashi Corporation
	Architect	Obayashi Corporation First-class Registered Architect Office
	Structural Designer	Obayashi Corporation First-class Registered Architect Office
	Building Certification	Kakunin Service, Inc.
Property Management Company (Planned)		Heiwa Real Estate Co., Ltd.
Master Lease Company (Planned)		Heiwa Real Estate Co., Ltd.
Master Lease Type (Planned)		Pass through
Grant of Security Interests	Present	None
	After Acquisition	Yes (Note 4)
Lease Status (Note 5)	Total Number of Tenants	20
	Total Leasable Floor Space	9,934.76m <sup>2</sup>
	Total Leased Floor Space	9,570.49m <sup>2</sup>
	Monthly Rent (Including Common Expenses)	¥43,720,469
	Tenant Leasehold and Security Deposits	¥367,613,404
	Occupancy Rate (based on floor space)	96.33%
NOI Yield (Note 6)		6.1%
Overview of Building Status Survey Report	Survey Agent	Tokyo Bldg.-Tech Center Co., Ltd.
	Survey Date	July 4, 2013
	Replacement Value	¥3,436,000,000
	PML Value	9.2%
	Long-Term Maintenance and Repair Cost (Within 15 Years)	¥181,210,000
Overview of Real Estate Appraisal Report (Note 7)	Appraiser	Daiwa Real Estate Appraisal Co., Ltd.
	Value Date	September 30, 2013
	Appraisal Value	¥5,390,000,000
Special note		
The agreement on the creation of surface rights for trust real estate specifies that in cases where the surface rights holder is to transfer the surface rights or trust building or where the holder of trust beneficial interest in the surface rights or trust building is to transfer the trust beneficial interest, the surface rights holder has preferential negotiation rights and such. Also, it is specified that in cases where the surface right holder is to transfer the ownership of the land of the surface rights, the surface rights holder has preferential negotiation rights and such.		
Other		
(Note 1) Surface rights were registered on November 30, 2007 (Surface rights holder: Sakura Dori LLC (changed to Sumitomo Mitsui Trust Bank, Limited)); Purpose: Building ownership; Duration: 60 years; Land rent: Fee-based).		

(Note 1) “Location (excluding indication of residential address),” “Area,” “Use,” “Structure/Floors,” “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, 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: This document is intended to serve as a press release to make available the information on acquisition of domestic trust beneficial interest in real estate only. This document should not be construed as an offer to sell or solicitation of an offer to purchase any unit or other investment of the Investment Corporation. Prospective investors are advised to read the Investment Corporation’s prospectus for new unit issuance and secondary offering (and its amendments, if any) and make any investment decisions at their own risk and responsibility.

Because the Property is in a commercial district and is a fireproof building in a fire prevention district, the building coverage ratio has been relaxed to 100%.

(Note 4) As announced in the press release “Conclusion of Agreement to Change Loan Agreement on Release of Security Interests” dated today, in the case that, regarding the investment units (81,900 units) in the primary offering resolved at the Investment Corporation’s Board of Directors meeting held today, the Investment Corporation receives payment equivalent to the total amount paid in (total purchase price) for the investment units and the transaction agreement for the acquisition of the assets to be acquired is still effective as of December 18, 2013 (in the case that the payment date for the primary offering is December 19, 2013, the effective date shall be determined upon consultation with the participating financial institutions), security interests are expected to not be established.

(Note 5) “Lease Status” indicates figures as of October 31, 2013.

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

(Note 7) For details, please refer to (Attachment 1) Summary of Real Estate Appraisal Report.

#### Of-31 Nihonbashi Hamacho Central Building

(1) Location	<ul style="list-style-type: none"> <li>The property is located a four-minute walk from Higashi-Nihonbashi Station on the Toei subway Asakusa Line as well as Bakuro-yokoyama Station and Hamacho Station on the Toei subway Shinjuku Line. Since Otemachi Station is an approx. five-minute ride from Higashi-Nihonbashi Station and Shinjuku Station an approx. 10-minute ride from Bakuro-yokoyama Station, access to major downtown areas is excellent. Also, to the area’s south is located Hakozaeki Junction, convenience of transportation for cars is excellent. Furthermore, access to Haneda and Narita airports is convenient via limousine since the junction is linked to Tokyo City Air Terminal, and transportation is relatively very convenient for the area.</li> <li>The location is excellent in terms of proximity to the nearest stations, access to downtown areas and such. Also, since the property sits along Kiyosu-bashi Dori, the first floor section is highly visible and demand for a shop is expected.</li> </ul>	
(2) Building	<ul style="list-style-type: none"> <li>The property’s building’s overall quality for grade including the interior and exterior finish, the external appearance, entrance hall and rental rooms are generally standard. The size of rental rooms of standard floors is approx. 114 tsubos and air conditioning can be individually controlled.</li> </ul>	
Property Name		Nihonbashi Hamacho Central Building
Location (Note 1)		(Building address on real estate registry) 1-2-1 Nihonbashi Hamacho, Chuo-ku, Tokyo (Lot number) 1-22-1, 1-22-2, 1-22-6, 1-22-7, 1-22-8, 1-22-9 Nihonbashi Hamacho, Chuo-ku, Tokyo
Land	Form of Ownership	Ownership
	Area (Note 1)	599.34m <sup>2</sup>
	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 parking
	Structure / Floors (Note 1)	Steel beam / steel-framed reinforced concrete, flat roof, 9 floors above ground
	Total Floor Space (Note 1)	4,226.25m <sup>2</sup>
	Construction Completion Date (Note 1)	February 1987
	Construction Client	Daiichi Freight System, Inc.
	Constructor	Mitsubishi Construction Co., Ltd. (present P. S. Mitsubishi Construction)
	Architect	Mitsubishi Construction First-class Registered Architect Office (present P. S. Mitsubishi Construction First-class Registered Architect Office)
	Structural Designer	Mitsubishi Construction First-class Registered Architect Office (present P. S. Mitsubishi Construction First-class Registered Architect Office)

	Building Certification	Chuo Ward, Tokyo
	Property Management Company (Planned)	Heiwa Real Estate Co., Ltd.
	Master Lease Company (Planned)	Heiwa Real Estate Co., Ltd.
	Master Lease Type (Planned)	Pass through
Grant of Security Interests	Present	None
	After Acquisition	Yes (Note 4)
Lease Status (Note 5)	Total Number of Tenants	6
	Total Leasable Floor Space	3,286.58m <sup>2</sup>
	Total Leased Floor Space	2,909.58m <sup>2</sup>
	Monthly Rent (Including Common Expenses)	¥10,818,150
	Tenant Leasehold and Security Deposits	¥85,245,710
	Occupancy Rate (based on floor space)	88.53%
	NOI Yield (Note 6)	6.0%
Overview of Building Status Survey Report	Survey Agent	Tokyo Bldg.-Tech Center Co., Ltd.
	Survey Date	July 1, 2013
	Replacement Value	¥1,013,000,000
	PML Value	12.7%
	Long-Term Maintenance and Repair Cost (Within 15 Years)	¥156,100,000
Overview of Real Estate Appraisal Report (Note 7)	Appraiser	Daiwa Real Estate Appraisal Co., Ltd.
	Value Date	September 30, 2013
	Appraisal Value	¥2,060,000,000
Special note		
<p>1. Surface rights are registered for part of the trust land (surface rights holder: Tokyo Metropolitan Government; Purpose: Ownership of underground high-speed train project facility; Period: Period of underground high-speed train project facility exists; Land rent: No fee). Certain restrictions are designated in the agreement on the creation of surface rights for when the building and other structures are to be built, and consultations are to be had with the Tokyo Metropolitan Government in advance.</p> <p>2. Part of an iron door and part of curb are crossing over from the trust real estate to the adjacent land on the north side. Also, part of concrete floor, etc. of the trust real estate is crossing over from the adjacent land on the north side to the trust real estate. Regarding these, a memorandum of understanding on crossing over is concluded.</p> <p>3. Part of concrete foundation is crossing over from adjacent land on the northeast side to the trust real estate. Regarding these, a memorandum of understanding on crossing over is concluded.</p> <p>4. Gate is crossing over from the trust real estate to the adjacent land on the east side. Regarding this, a written confirmation is concluded.</p> <p>5. Since PCB was detected on the rooftop cubicle of the trust building, in accordance with Tokyo PCB (polychlorinated biphenyl) proper management guidance outline, notification of use was filed to the Governor of Tokyo on August 3, 2012 and, in accordance to the Act on Special Measures for the Promotion of Proper Disposal of Polychlorinated Biphenyl (including 2001 extra law no. 65 and subsequent revisions) notification was filed for status of use, etc. to the Governor of Tokyo on August 5, 2013.</p>		

(Note 1) “Location (excluding indication of residential address),” “Area,” “Use,” “Structure/Floors,” “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, 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. Also, because the property is in a commercial district and is a fireproof building in a fire prevention district, the building coverage ratio has been relaxed to 100%.

(Note 4) As announced in the press release “Conclusion of Agreement to Change Loan Agreement on Release of Security Interests” dated today, in the case that, regarding the investment units (81,900 units) in the primary offering resolved at the Investment Corporation’s Board of Directors meeting held today, the Investment Corporation receives payment equivalent to the total amount paid in (total purchase price) for the investment units and the transaction agreement for the acquisition of the assets to be acquired is still effective as of December 18, 2013 (in the case that the payment date for the primary offering is December 19, 2013, the effective date shall be determined upon consultation with the participating financial institutions), security interests are expected to not be established.

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(Note 5) “Lease Status” indicates figures as of October 31, 2013.

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

(Note 7) For details, please refer to (Attachment 1) Summary of Real Estate Appraisal Report

#### Of-32 Sendai Green Place

(1) Location	<ul style="list-style-type: none"> <li>The property is an approx. eight-minute walk from Sendai Station, a terminal station on the JR Tohoku Main Line, and an approx. six-minute walk from Hirose-dori Station on the Sendai Municipal Subway Nanboku Line, and downtown access is excellent.</li> <li>Nearby is a commercial district with mid- and high-rise office buildings with shops and such along National Route 45, and the area is very visible as it is along a wide-lane highway. Also, since it is within walking distance from Sendai Station on the JR Tohoku Main Line, the locational conditions as an office is excellent.</li> </ul>	
(2) Building	<ul style="list-style-type: none"> <li>The size of standard floors is a maximum of approx. 173 tsubos with division possible to a minimum of approx. 22 tsubos, and so the specifications are such that adaptation to a diversity of tenant needs is possible.</li> </ul>	
Property Name		Sendai Green Place
Location (Note 1)		(Residential address) 1-11-1 Honcho, Aoba-ku, Sendai-shi, Miyagi (Lot number) 1-11-1, 1-11-10, 1-11-11 Honcho, Aoba-ku, Sendai-shi, Miyagi
Land	Form of Ownership	Ownership
	Area (Note 1)	1,598.83m <sup>2</sup>
	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)	Office, store and parking
	Structure / Floors (Note 1)	Steel-framed, flat roof, 12 floors above ground
	Total Floor Space (Note 1)	8,988.49m <sup>2</sup>
	Construction Completion Date (Note 1)	September 2003
	Construction Client	Nishikigaoka Home Sales Co., Ltd.
	Constructor	Shimizu Corporation
	Architect	Kume Sekkei, Co., Ltd.
	Structural Designer	Kume Sekkei, Co., Ltd.
	Building Certification	Sendai City, Miyagi
Property Management Company (Planned)		Heiwa Real Estate Co., Ltd.
Master Lease Company (Planned)		Heiwa Real Estate Co., Ltd.
Master Lease Type (Planned)		Pass through
Grant of Security Interest	Present	None
	After Acquisition	Yes (Note 4)
Lease Status (Note 5)	Total Number of Tenants	33
	Total Leasable Floor Space	6,577.16m <sup>2</sup>
	Total Leased Floor Space	6,119.11m <sup>2</sup>
	Monthly Rent (Including Common Expenses)	¥19,182,226
	Tenant Leasehold and Security Deposits	¥111,623,708
	Occupancy Rate (Based	93.04%

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	on Floor Space)	
NOI Yield (Note 6)		6.8%
Overview of Building Status Survey Report	Survey Agent	Tokyo Bldg.-Tech Center Co., Ltd.
	Survey Date	September 27, 2013
	Replacement Value	¥2,004,000,000
	PML Value	2.6%
	Long-Term Maintenance and Repair Cost (Within 15 Years)	¥183,000,000
Overview of Real Estate Appraisal Report (Note 7)	Appraiser	Daiwa Real Estate Appraisal Co., Ltd.
	Value Date	September 30, 2013
	Appraisal Value	¥3,000,000,000
Special note		
There are findings in the inspection report on fire-fighting equipment, etc. and other reports regarding defective sensors, guide light batteries, fire shutters, emergency lighting equipment and such, and the Investment Corporation is to implement improvements by around two months after acquisition, at the seller's responsibility and expense.		

(Note 1) "Location (excluding indication of residential address)," "Area," "Use," "Structure/Floors," "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, 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. Furthermore, due to the overall design system, the property's building coverage ratio is 60% and the floor area ratio 581%. Also, due to the overall design system, part of the trust land (579.09m<sup>2</sup>) is established as open space above sidewalk and the owner of the trust real estate is to conduct maintenance and management. Furthermore, the section of the building cannot be included in the site area of the building.

(Note 4) As announced in the press release "Conclusion of Agreement to Change Loan Agreement on Release of Security Interests" dated today, in the case that, regarding the investment units (81,900 units) in the primary offering resolved at the Investment Corporation's Board of Directors meeting held today, the Investment Corporation receives payment equivalent to the total amount paid in (total purchase price) for the investment units and the transaction agreement for the acquisition of the assets to be acquired is still effective as of December 18, 2013 (in the case that the payment date for the primary offering is December 19, 2013, the effective date shall be determined upon consultation with the participating financial institutions), security interests are expected to not be established.

(Note 5) "Lease Status" indicates figures as of October 31, 2013.

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

(Note 7) For details, please refer to (Attachment 1) Summary of Real Estate Appraisal Report.

#### 4. Seller Profile

(1)	Name	Heiwa Real Estate Co., Ltd.
(2)	Head Office Address	1-10 Nihonbashi Kabuto-cho, Chuo-ku, Tokyo
(3)	Representative	Hiroyuki Iwakuma, President, Director
(4)	Line of Business	1. Leasing business 2. Real estate development business 3. Housing development business 4. Other business
(5)	Capital Stock	¥21,492 million (Note)
(6)	Date of Incorporation	July 1947
(7)	Consolidated Net Assets	¥85,837 million (Note)
(8)	Consolidated Total Assets	¥302,677 million (Note)
(9)	Major Shareholders and Shareholding Ratio	Mitsubishi Estate Co., Ltd. 10.67% Japan Trustee Services Bank, Ltd. (trust account) 6.08% The Master Trust Bank of Japan, Ltd. (trust account) 5.38% Trust & Custody Service Bank, Ltd. (securities investment trust account) 1.33% (Note)

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(10) Relationship with the Investment Corporation and Asset Management Company	Capital Relationship	The seller owns 135,845 units (17.07% of total investment units issued and outstanding) of the Investment Corporation's investment units as of November 28, 2013. In addition, the seller owns 4,968 shares (100% of total shares issued and outstanding) 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 and Act on Investment Trusts and Investment Corporations ("Investment Trusts Act").
	Personnel Relationship	Of the officers and employees of the Asset Management Company, two persons (excluding part-time directors) are dispatched from the seller as of November 28, 2013.
	Business Relationship	Assets (three properties) were transferred with Heiwa Real Estate as the broker in the period ending November 2013. Also, assets (three properties) were acquired from Heiwa Real Estate in the period ending May 2013.
	Whether or Not a Related Party	As described above, the seller is a major unitholder of the Investment Corporation, and falls under the category of interested persons, etc. of the Asset Management Company.

(Note1) Figure is as of September 30, 2013.

## 5. Broker Profile

N/A

## 6. Acquirer's Profile

### Of-30 HF SAKURADORI BUILDIGN

	Previous Owner	Owner before Previous Owner
Name	Heiwa Real Estate Co., Ltd.	Party not falling within the scope of specially-interested parties
Relationship with Specially-Interested Party	Please refer to the above 4. Seller Profile, (10) Relationship with the Investment Corporation and Asset Management Company	—
Background and Reason of Acquisition, etc.	Acquisition for warehousing purposes	—
Acquisition Price	¥4,800,000,000	—
Acquisition Date	August 19, 2013	—

### Of-31 Nihonbashi Hamacho Central Building

	Previous Owner	Owner before Previous Owner
Name	Heiwa Real Estate Co., Ltd.	Party not falling within the scope of specially-interested parties
Relationship with Specially-Interested Party	Please refer to the above 4. Seller Profile, (10) Relationship with the Investment Corporation and Asset Management Company	—
Background and Reason of Acquisition, etc.	Acquisition for warehousing purposes	—
Acquisition Price	¥1,750,000,000	—
Acquisition Date	August 29, 2013	—



## Of-32 Sendai Green Place

	Previous Owner	Owner before Previous Owner
Name	Heiwa Real Estate Co., Ltd.	Party not falling within the scope of specially-interested parties
Relationship with Specially-Interested Party	Please refer to the above 4. Seller Profile, (10) Relationship with the Investment Corporation and Asset Management Company	—
Background and Reason of Acquisition, etc.	Acquisition for warehousing purposes	—
Acquisition Price	¥2,570,000,000	—
Acquisition Date	May 21, 2013	—

## 7. Transactions with Interested Persons, etc. (Asset Acquisition and Consignment of Property Management Operations)

In addition to interested persons, etc. as defined in the Financial Instruments and Exchange Act and Investment Trusts Act, the Asset Management Company regulates transactions involving conflicts of interest with interested parties, stipulating in its internal rules 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, which is the seller of the Property and the consignee of its property management operations, falls under the scope of the interested party category, the Board of Directors meeting held today resolved on the transaction after obtaining unanimous approval at the Asset Management Company’s Investment Committee, Compliance Committee and the Board of Directors meeting, pursuant to the internal rules of the Asset Management Company.

## 8. Management Status Outlook

No change will be made to the management status forecast for the fiscal period ending November 2013 (the 24th fiscal period from June 1, 2013 to November 30, 2013) in the financial report for the fiscal period ended May 2013 dated July 17, 2013 as a result of the acquisition of the three properties. As for the management status forecast following the acquisition of the three properties, please refer to “Management Status Forecasts for Fiscal Period Ending May 2014 (25th Fiscal Period) and Fiscal Period Ending November 2014 (26th Fiscal Period)” dated today.

\* 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/>

## [Attachments]

- (Attachment 1) Summary of Real Estate Appraisal Report
- (Attachment 2) Photo and Map of Location of the Properties
- (Attachment 3) Portfolio List after the Acquisition of the Assets to be Acquired

## (Attachment 1) Summary of Real Estate Appraisal Report

(Unit: yen)

Property Number Property Name	Of-30 HF SAKURADORI BUILDING	Of-31 Nihonbashi Hamacho Central Building	Of-32 Sendai Green Place
Appraiser	Daiwa Real Estate Appraisal Co., Ltd.		
Valuation date	September 30, 2013		
Appraisal value	5,390,000,000	2,060,000,000	3,000,000,000
Value indicated by the income approach	5,390,000,000	2,060,000,000	3,000,000,000
Value indicated by the income approach (direct capitalization method)	5,450,000,000	2,090,000,000	3,010,000,000
Effective gross income	592,092,119	157,785,856	271,201,242
Potential gross income	542,824,068	143,160,480	238,772,220
Other income	49,268,051	14,625,376	32,429,022
Operating expenses	294,118,727	43,055,105	88,938,544
Net operating income (NOI)	297,973,392	114,730,751	182,262,698
Interest of refundable security deposits	6,310,831	1,605,585	2,421,833
Capital expenditures	9,909,424	9,884,000	10,376,000
Net cash flow (NCF)	294,374,799	106,452,336	174,308,531
Capitalization rate	5.4%	5.1%	5.8%
Value indicated by the income approach (discounted cash flow method)	5,360,000,000	2,050,000,000	3,000,000,000
Discount rate	5.2%	4.9%	5.6%
Terminal capitalization rate	5.6%	5.3%	6.0%
Value indicated by the cost approach	5,810,000,000	1,670,000,000	2,030,000,000

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(Attachment 2) Photo and Map of Location of the Properties  
Of-30 HF SAKURADORI BUILDING  
Facade



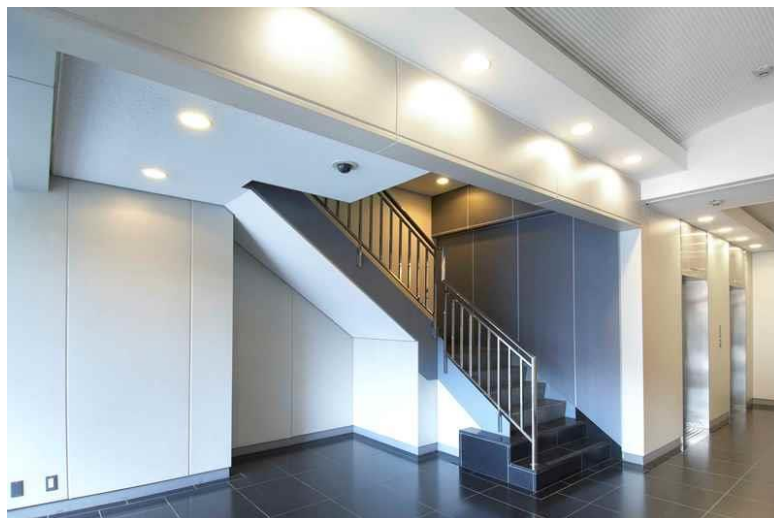




Of-31 Nihonbashi Hamacho Central Building  
Facade



Entrance



Elevator hall



Map of location



Of-32 Sendai Green Place  
Facade





Entrance



Elevator hall



Map of location





## (Attachment 3) Portfolio List after the Acquisition of the Assets to be Acquired

	Property No.	Property Name	Location	Investment Area (Note 1)	Acquisition Price (planned) (Note 2) (million yen)	Investment Ratio (Note 2) (%)
Offices	Of-01	HF GOTANDA BUILDING	Shinagawa-ku, Tokyo	I	1,290	0.87
	Of-05	Suitengu Heiwa Building	Chuo-ku, Tokyo	I	1,550	1.05
	Of-06	HF MONZENNAKACHO BUILDING	Koto-ku, Tokyo	I	2,500	1.69
	Of-07	Hamamatsucho SS Building	Minato-ku, Tokyo	I	1,530	1.04
	Of-08	Kokusai Tameike Building	Minato-ku, Tokyo	I	2,700	1.83
	Of-09	Grace Building Sengakujimae	Minato-ku, Tokyo	I	1,220	0.83
	Of-10	HF SHIN-YOKOHAMA BUILDING	Yokohama-shi, Kanagawa	II	1,550	1.05
	Of-11	Nihonbashi Daiichi Building	Chuo-ku, Tokyo	I	2,150	1.46
	Of-12	Hatchobori SF Building	Chuo-ku, Tokyo	I	3,092	2.09
	Of-13	Shibuya AX Hills	Shibuya-ku, Tokyo	I	1,860	1.26
	Of-14	KCA Building	Chiyoda-ku, Tokyo	I	1,730	1.17
	Of-15	HF NAKAMEGURO BUILDING	Meguro-ku, Tokyo	I	2,870	1.94
	Of-16	Anwa Tsukasacho Building	Chiyoda-ku, Tokyo	I	1,385	0.94
	Of-17	Hatchobori MF Building	Chuo-ku, Tokyo	I	1,110	0.75
	Of-18	M2 Harajuku	Shibuya-ku, Tokyo	I	3,418	2.31
	Of-20	Funabashi Face Building	Funabashi-shi, Chiba	II	3,900	2.64
	Of-21	Adesso Nishiazabu	Minato-ku, Tokyo	I	640	0.43
	Of-22	HF TORANOMON BUILDING	Minato-ku, Tokyo	I	1,675	1.13
	Of-23	HF IKEBUKURO BUILDING	Toshima-ku, Tokyo	I	1,314	0.89
	Of-24	HF YUSHIMA BUILDING	Bunkyo-ku, Tokyo	I	1,434	0.97
	Of-25	Kayabacho Heiwa Building	Chuo-ku, Tokyo	I	4,798	3.25
	Of-26	HIROKOJI AQUA PLACE	Nagoya-shi, Aichi	III	2,930	1.98
	Of-27	Kobe Kyukyoryuchi Heiwa Building	Kobe-shi, Hyogo	III	2,310	1.56
	Of-28	Mita Heiwa Building ( <i>leasehold land</i> )	Minato-ku, Tokyo	I	2,230	1.51
	Of-29	Sakae Minami Heiwa Building	Nagoya-shi, Aichi	III	1,580	1.07
	Of-30	HF SAKURADORI BUILDING	Nagoya-shi, Aichi	III	4,900	3.32
	Of-31	Nihonbashi Hamacho Central Building	Chuo-ku, Tokyo	I	1,900	1.29
	Of-32	Sendai Green Place	Sendai-shi, Miyagi	III	2,700	1.83
	Office Subtotal				62,266	42.17
Residences	Re-03	HF ICHIKAWA RESIDENCE	Ichikawa-shi, Chiba	II	430	0.29
	Re-05	HF MEGURO RESIDENCE	Meguro-ku, Tokyo	I	660	0.45
	Re-09	HF KASAI RESIDENCE	Edogawa-ku, Tokyo	I	650	0.44
	Re-11	HF WAKABAYASHI-KOEN RESIDENCE	Setagaya-ku, Tokyo	I	3,610	2.44
	Re-12	HF HIMONYA RESIDENCE	Meguro-ku, Tokyo	I	1,560	1.06
	Re-14	HF MINAMIAZABU RESIDENCE	Minato-ku, Tokyo	I	1,370	0.93
	Re-15	HF AZABUJUBAN RESIDENCE	Minato-ku, Tokyo	I	1,260	0.85

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Residences	Re-16	HF GAKUGEIDAIGAKU RESIDENCE	Meguro-ku, Tokyo	I	1,000	0.68
	Re-17	HF HIGASHIKANDA RESIDENCE	Chiyoda-ku, Tokyo	I	1,100	0.74
	Re-18	HF HIGASHINIHONBASHI RESIDENCE	Chuo-ku, Tokyo	I	1,210	0.82
	Re-19	HF NERIMA RESIDENCE	Nerima-ku, Tokyo	I	690	0.47
	Re-20	HF SHIROKANETAKANAWA RESIDENCE	Minato-ku, Tokyo	I	4,030	2.73
	Re-21	HF MEIDAIMAE RESIDENCE	Setagaya-ku, Tokyo	I	1,070	0.72
	Re-22	HF NIHONBASHI RESIDENCE	Chuo-ku, Tokyo	I	1,130	0.77
	Re-23	HF KAMISHAKUJII RESIDENCE	Nerima-ku, Tokyo	I	950	0.64
	Re-24	HF KINSHICHO RESIDENCE	Sumida-ku, Tokyo	I	1,100	0.74
	Re-25	HF GINZA RESIDENCE EAST	Chuo-ku, Tokyo	I	5,940	4.02
	Re-26	HF SHIN-YOKOHAMA RESIDENCE	Yokohama-shi, Kanagawa	II	3,350	2.27
	Re-29	HF HAKUSAN RESIDENCE	Bunkyo-ku, Tokyo	I	2,350	1.59
	Re-30	HF MAGOME RESIDENCE	Ota-ku, Tokyo	I	1,630	1.10
	Re-31	HF GAKUGEIDAIGAKU RESIDENCE II	Meguro-ku, Tokyo	I	1,650	1.12
	Re-33	HF KAMEIDO RESIDENCE	Koto-ku, Tokyo	I	1,050	0.71
	Re-34	HF TANASHI RESIDENCE	Nishitokyo-shi, Tokyo	II	911	0.62
	Re-35	HF SHIBA-KOEN RESIDENCE	Minato-ku, Tokyo	I	836	0.57
	Re-36	HF MITA RESIDENCE	Minato-ku, Tokyo	I	1,080	0.73
	Re-37	HF TAKANAWA RESIDENCE	Minato-ku, Tokyo	I	749	0.51
	Re-38	La Residence de Shirokanedai	Minato-ku, Tokyo	I	730	0.49
	Re-39	HF GINZA RESIDENCE EAST II	Chuo-ku, Tokyo	I	1,460	0.99
	Re-40	HF HATCHOBORI RESIDENCE II	Chuo-ku, Tokyo	I	1,890	1.28
	Re-41	HF HATCHOBORI RESIDENCE III	Chuo-ku, Tokyo	I	793	0.54
	Re-42	HF GINZA RESIDENCE	Chuo-ku, Tokyo	I	944	0.64
	Re-43	HF KOMAZAWA-KOEN RESIDENCE TOWER	Setagaya-ku, Tokyo	I	6,520	4.42
	Re-44	HF UEDA RESIDENCE TOWER	Osaka-shi, Osaka	III	1,920	1.30
	Re-45	HF NAKANOSHIMA RESIDENCE	Osaka-shi, Osaka	III	453	0.31
	Re-46	HF AWAZA RESIDENCE	Osaka-shi, Osaka	III	577	0.39
	Re-47	HF MARUNOUCHI RESIDENCE	Nagoya-shi, Aichi	III	624	0.42
	Re-48	HF HIRANO RESIDENCE	Fukuoka-shi, Fukuoka	III	1,780	1.21
	Re-49	HF KAWARAMACHI NIJO RESIDENCE	Kyoto-shi, Kyoto	III	534	0.36
	Re-52	HF TENJIN-HIGASHI RESIDENCE	Fukuoka-shi, Fukuoka	III	502	0.34
	Re-53	HF SHIJO KAWARAMACHI	Kyoto-shi, Kyoto	III	1,820	1.23

		RESIDENCE				
	Re-54	LA RESIDENCE DE SENDAGI	Bunkyo-ku, Tokyo	I	820	0.56
	Re-55	HF SENDAGI RESIDENCE	Bunkyo-ku, Tokyo	I	870	0.59
	Re-56	HF KOMAZAWA-KOEN RESIDENCE	Setagaya-ku, Tokyo	I	615	0.42
	Re-57	HF MUSASHIKOYAMA RESIDENCE	Shinagawa-ku, Tokyo	I	842	0.57
	Re-58	HF KOKUBUNJI RESIDENCE	Kokubunji-shi, Tokyo	II	839	0.57
	Re-59	HF HISAYAODORI RESIDENCE	Nagoya-shi, Aichi	III	1,080	0.73
	Re-60	HF KARASUMA KURAMAGUCHI RESIDENCE	Kyoto-shi, Kyoto	III	572	0.39
	Re-61	HF NISHI-SHINJUKU RESIDENCE WEST	Shinjuku-ku, Tokyo	I	1,990	1.35
	Re-62	HF NISHI-SHINJUKU RESIDENCE EAST	Shinjuku-ku, Tokyo	I	1,170	0.79
	Re-63	HF HIGASHI-SHINJUKU RESIDENCE	Shinjuku-ku, Tokyo	I	1,360	0.92
	Re-64	HF HIGASHI-SHINSAIBASHI RESIDENCE	Osaka-shi, Osaka	III	566	0.38
	Re-65	HF KITA-YOBANCHO RESIDENCE	Sendai-shi, Miyagi	III	809	0.55
	Re-66	HF ATAGOBASHI RESIDENCE	Sendai-shi, Miyagi	III	684	0.46
	Re-67	HF KYUDAIBYOINMAE RESIDENCE	Fukuoka-shi, Fukuoka	III	426	0.29
	Re-68	HF ASAKUSABASHI RESIDENCE	Taito-ku, Tokyo	I	771	0.52
	Re-69	HF ICHIBANCHO RESIDENCE	Sendai-shi, Miyagi	III	834	0.56
	Re-70	HF HIGASHI-NAKANO RESIDENCE	Nakano-ku, Tokyo	I	942	0.64
	Re-72	HF WASEDA RESIDENCE	Shinjuku-ku, Tokyo	I	2,090	1.42
	Re-73	HF WASEDA RESIDENCE II	Shinjuku-ku, Tokyo	I	872	0.59
	Re-74	HF WAKAMATSUKAWADA RESIDENCE (Note 3)	Shinjuku-ku, Tokyo	I	1,158	0.78
Residence Subtotal					81,223	55.00
Hotels	Ho-01	Super Hotel Osaka Tennoji	Osaka-shi, Osaka	III	1,080	0.73
	Ho-02	Super Hotel Kyoto Karasumagojyo	Kyoto-shi, Kyoto	III	900	0.61
	Ho-03	Super Hotel Saitama Omiya	Saitama-shi, Saitama	II	1,050	0.71
	Ho-04	Super Hotel Sendai Hirose-dori	Sendai-shi, Miyagi	III	1,150	0.78
Hotel Subtotal					4,180	2.83
Portfolio Total					147,669	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 Areas) is entered as “III.”

(Note 2) Fractions of units in acquisition prices (planned) have been rounded off and investment ratios are rounded to the nearest second decimal place. Therefore, the sum total may not correspond to the total value.

(Note 3) The name of the property as of the date of this document is Apartments Wakamatsu Kawada, its name will be changed to HF WAKAMATSU KAWADA RESIDENCE on December 1, 2013 and so the name after the change is indicated.

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