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For Immediate Release

REIT Issuer

HEIWA REAL ESTATE REIT, Inc.

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(Securities Code: 8966)

Asset Management Company

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Notice Concerning Transfer of Asset (HIROKOJI AQUA PLACE)

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

Details

1. Overview of the transfer

(1)	Property number Property name	Of-26 HIROKOJI AQUA PLACE
(2)	Type of specified asset	Trust beneficial interest in real estate
(3)	Transfer value (Note 1)	5,520,000 thousand yen
(4)	Book value (Note 2)	2,666,795 thousand yen
(5)	Difference between transfer value and book value (Note 3)	2,853,204 thousand yen
(6)	Scheduled agreement execution date	May 8, 2018
(7)	Scheduled transfer date	May 31, 2018
(8)	Transferee (Note 4)	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 estimated amount as of May 31, 2018. Furthermore, amounts below a thousand yen have been rounded off.

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

(Note 4) Undisclosed as consent cannot be obtained from the seller.

(Note 5) The above asset for transfer shall be referred to as the “Property”.

2. Reason for the transfer

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

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

The Investment Corporation acquired this property, “HIROKOJI AQUA PLACE,” on March 30, 2012. At that time, real estate prices were stagnant, mainly reflecting concerns about a delay in the recovery and future outlook of the office market conditions because the Japanese economy was unable to break away from the aftermath of the financial crisis of 2007 and 2008 and the Great East Japan Earthquake. Subsequently, the appraisal values of real estate followed an upward trend along with the recovery of the real estate market conditions thanks to the economic upturn due to Abenomics and the effects of qualitative and quantitative monetary easing by the Bank of Japan. The unrealized gain of this property also increased significantly to 2,174 million yen as of the end of the 32nd fiscal period (ended November 2017), and the ratio of unrealized gain also rose to 80.67%. Accordingly, we have been examining the transfer by regarding this property as a candidate for sale, comprehensively taking into account the possibility of obtaining a higher than appraisal value as a result of the transfer and the downside risk of revenue and the appraisal value when the real estate market conditions deteriorate in the future.

Meanwhile, as a tool for internal reserve, the Investment Corporation has a tax loss carried forward (approximately 4.45 billion yen as of the end of the 32nd fiscal period) and advanced depreciation (60% of the gain on transfer of land) using the “special provisions for the advance acquisition of land, etc. in 2009 and 2010” stipulated in Article 66-2 of the Act on Special Measures Concerning Taxation can be applied. Until the deadline of their application, May 2020 (the end of the 37th fiscal period), gain the transfer of property is able to reserve internally without tax burden within the range of taxable income can be offset. In addition, The Investment Corporation will also reduce taxable income by eliminating differences between tax and accounting treatments arising from the mergers in the past. Accordingly, we have also been considering the internal retention of gain the transfer of property by using the above-method, and returning it to investors as a source for the future distribution payment at the same time.

Under these circumstances, we have decided to transfer this property because we received an offer of a price significantly higher than the book value and the appraisal value from the transferee. With respect to NOI, which will decline as a result of this transfer, we are considering compensating for the decline by acquiring new properties mainly from the pipeline of Heiwa Real Estate Co., Ltd.

While a gain on transfer (approximately 2,700 million yen) is expected to be generated from this transfer, we will internally reserve part of the profit after deducting expenses for the sale and the repayment of borrowings from the gain on transfer. With respect to the internally reserved amount, we intend to return it to investors by adding it to the reserve for the adjustment of temporary differences that we have held for some time and adding it to distributions in and after the fiscal period ending November 2018 (the 34th fiscal period) as a source for the future distribution payment. In addition, we also believe that it will make a further contribution to the improvement and stabilization of the future distribution level because we could cover distributions when a loss is made (for details, please refer to the “Notice Concerning Revision of Management Status Forecasts for Fiscal Periods Ending May 2018 (33rd Fiscal Period) and November 2018 (34th Fiscal Period)” published on May 8, 2018).

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

3. Transfer Asset Details

Property number / Property name		Of-26 HIROKOJI AQUA PLACE				
Type of asset		Trust beneficial interest in real estate				
Location (Note 1)		(Building address on real estate registry) 1-5-8 Shinsakae, Naka-ku, Nagoya City, Aichi (Lot Number) 507-1 Shinsakae, Naka-ku, Nagoya City, Aichi				
Land	Form of ownership	Ownership				
	Area (Note 1)	1,389.39 m ²				
	Use District (Note 2)	Commercial district				
	Building Coverage Ratio (Note 3)	80%				
	Floor Area Ratio (Note 4)	800% / 500%				
Building	Form of ownership	Ownership				
	Use (Note 1)	Office, Retail, Parking lot				
	Structure/Floors (Note 1)	Steel-framed, flat roof, 11 floors above ground Steel-framed, zinc-coated steel sheets, one-story building				
	Total Floor Space (Note 1)	9,521.09 m ²				
	Construction Completion Date (Note 1)	May 15, 2008				
Transfer value		5,520,000 thousand yen				
Book value (Note 5)		2,666,795 thousand yen				
Difference between transfer value and book value (Note 6)		2,853,204 thousand yen				
Tenant details (Note 7)						
	Total number of tenants	9				
	Total rent income	274,985 thousand yen				
	Leasehold and security deposits	104,285 thousand yen				
	Total leased floor space	7,471.77 m ²				
	Total leasable floor space	7,471.77 m ²				
	Occupancy rates	Nov. 2015	May 2016	Nov. 2016	May 2017	Nov. 2017
		95.16%	95.16%	100.0%	100.0%	100.0%
Overview of Real Estate Appraisal Report		Appraiser			The Tanizawa Sogo Appraisal Co., Ltd.	
		Value Date			November 30, 2017	
		Appraisal Value			4,870,000 thousand yen	
Other items of special note		TV antennas and lights, etc. cross the border into the real estate in trust from the adjacent land on the north side. This property has not concluded a memorandum, etc. concerning the crossing of the border.				

(Note 1) The registered location of the building is stated because a residence indication is not made. "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. "Total Floor Space" includes attached building (parking lot 156.24 m²)

(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. In addition, the building coverage ratio is eased to 100% because this property is a fire-resistant building in the commercial district and the fire protection district.

(Note 4) For the floor area ratio, the ratio of the total floor area of the building to the site area as stipulated in Article 52 of the Building Standards Act is stated. The floor area ratio of this property is 800% for the portion up to 30 meters from the road boundary on the north side and 500% for the portion beyond 30 meters, and the weighted average of the floor area ratios of both portions is around 684.07%.

(Note 5) “Book value” is estimated amount as of May 31, 2018. Furthermore, amounts below a thousand yen have been rounded off.

(Note 6) “Difference between transfer value and book value” represents the pro forma value calculated as the difference between the estimated transfer value and book value. It differs from the actual gain (loss) on transfer.

(Note 7) Figures in “Tenant details” are as of March 31, 2018.

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 March 31, 2018, 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.

4. Overview of the transfer

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

5. 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 solution 3. Other businesses
(5)	Capital stock	21,492 million yen (as of March 31, 2018)
(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. owns 135,845 units (13.39% of total investment units issued) of the Investment Corporation’s investment units as of May 8, 2018. In addition, Heiwa Real Estate owns 4,968 shares (100% of total shares issued) of the Asset Management Company’s shares, and falls within the scope of interested persons, etc. as defined in the Financial Instruments and Exchange Act (“Financial Instruments Act”) and the Act on Investment Trusts and Investment Corporations (“Investment Trusts Act”).
	Personnel relationship	Of the officers and employees of the Asset Management Company, 2 persons (excluding part-time directors) is dispatched from Heiwa Real Estate as of May 8, 2018.
	Business relationship	In the fiscal period ended November 2017 (32nd fiscal period), we engaged in an acquisition of assets (1 property) with Heiwa Real Estate, which acted as the seller, and a transfer of assets (1 property) with Heiwa Real Estate, which acted as an intermediary. In the fiscal period ended May 2018 (33rd fiscal period), we engaged in an acquisition of assets (1 property) with Heiwa Real Estate, which acted as the seller, and a transfer of assets (3 properties) with Heiwa Real Estate, which acted an intermediary.
	Whether or not a related party	Heiwa Real Estate falls under related party of the Investment Corporation and the Asset Management Company. In addition, Heiwa Real Estate falls under interested party of the Asset Management Company.
(8)	Brokerage fees	110,400 thousand yen (excluding consumption tax)

6. 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.

Because Heiwa Real Estate the company that will be the intermediary for the property to be transferred, falls under the interested party, the above transactions were resolved at the meeting of the Investment Corporation’s Board of Directors held today based on the unanimous approval of the Investment Committee, Compliance Committee, and the Board of Directors of the Asset Management Company according to its internal rules.

7. Method of Settlement

Settlement will be in lump-sum at the time of execution of the transfer date.

8. Schedule for the transfer

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

9. Use of transfer proceeds

Proceeds from the transfer of this property will be internally reserved to be used for the future distribution payment, the repayment of borrowings, the acquisition of new properties, strategic CAPEX investments such as value-up, and the repurchase of our own investment units for cancellation, etc. For details, please refer to the “Notice Concerning Revision of Management Status Forecasts for Fiscal Periods Ending May 2018 (33rd Fiscal Period) and November 2018 (34th Fiscal Period)” and the “Notice Concerning of Partial Early Prepayment of Loans” published today.

10. Outlook

For the impact of the transfer on the management status forecast for the fiscal period ending May 2018 (33rd period) and the fiscal period ending November 2018 (34th period), please refer to the “Notice Concerning Revision of Management Status Forecasts for Fiscal Period Ending May 2018 (33rd Fiscal Period) and November 2018 (34th Fiscal Period)” published today.

11. Overview of the appraisal report

Property number/ Property name	Of-26 HIROKOJI AQUA PLACE	
Appraisal value	4,870,000 thousand yen	
Appraiser	The Tanizawa Sogo Appraisal Co., Ltd.	
Value date	November 30 ,2017	
Item	Content (1,000 yen) (Note 1)	Overview, etc.
Value	4,870,000	Estimated by using the direct capitalization method and the DCF method as a standard, evaluate by the cost accounting method, assess the profit price.
Value indicated by the income approach (direct capitalization method)	4,929,000	
Effective gross income	335,040	
Potential total profits	352,515	Assessment based on current rent levels as well as market rental prices, etc., by referring to rental listing, etc., in the surrounding area.
Losses from vacancies, etc.	17,474	Assessment based on the mean value of vacancies over a medium-to long-term time frame.
Operating expenses	91,240	
Management fees	23,400	Assessed based on the PM service agreement.
Property Management fee	8,894	Assessed based on the current PM agreement.
Utilities expenses	27,794	Assessment based on actual payments.
Maintenance and repair cost	2,477	Assessment based on ER, and similar cases.
Tenant advertisement expenses, etc.	1,496	Assessed on the assumption that 10.0% of tenants will be replaced each year.
Public charges and taxes	23,073	Assessment based on the tax base for fiscal 2017.
Casualty insurance premiums	418	Assessment based on actual payments.
Other expenses	3,685	Assessment based on actual payments.
Net operating income (NOI)	243,800	
Interest on lump-sum payments	1,449	Assessed the investment yield at 1.0%.
Capital expenditures	3,715	Assessment based on ER, similar cases.
Net cash flow (NCF)	241,534	
Capitalization rate	4.9%	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)	4,844,000	
Discount rate	5.1%	Assessment made by taking into account individual risks for this building in addition to the base yield for office building.
Terminal capitalization rate	5.1%	Assessment made by taking into account future uncertainties regarding forecasts based on the capitalization rate.
Value indicated by the cost approach using the cost accounting method	3,735,000	
Percentage of land	50.8%	
Percentage of building	49.2%	
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.

* 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】 Portfolio list after the property transfer

	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	0.78	
	Of-05	SUITENGU HEIWA BUILDING	Chuo-ku, Tokyo	I	1,550	0.94	
	Of-06	HF MONZENNAKACHO BUILDING	Koto-ku, Tokyo	I	2,500	1.51	
	Of-07	HF HAMAMATSUCHO BUILDING	Minato-ku, Tokyo	I	1,530	0.93	
	Of-08	HF TAMEIKE BUILDING	Minato-ku, Tokyo	I	2,700	1.63	
	Of-09	GRACE BUILDING SENGAKUJIMAE	Minato-ku, Tokyo	I	1,220	0.74	
	Of-11	NIHONBASHI DAIICHI BUILDING	Chuo-ku, Tokyo	I	2,150	1.30	
	Of-12	HF HATCHOBORI BUILDING	Chuo-ku, Tokyo	I	3,092	1.87	
	Of-17	HATCHOBORI MF BUILDING	Chuo-ku, Tokyo	I	1,110	0.67	
	Of-18	M2 HARAJUKU	Shibuya-ku, Tokyo	I	3,418	2.07	
	Of-20	FUNABASHI FACE BUILDING	Funabashi-shi, Chiba	II	3,900	2.36	
	Of-21	ADESSO NISHIAZABU	Minato-ku, Tokyo	I	640	0.39	
	Of-23	HF IKEBUKURO BUILDING	Toshima-ku, Tokyo	I	1,314	0.79	
	Of-24	HF YUSHIMA BUILDING	Bunkyo-ku, Tokyo	I	1,434	0.87	
	Of-25	KAYABACHO HEIWA BUILDING	Chuo-ku, Tokyo	I	4,798	2.90	
	Of-26	HIROKOJI AQUA PLACE	Nagoya-shi, Aichi	III	-	-	
	Of-27	KOBE KYUKYORYUCHI HEIWA BUILDING	Kobe-shi, Hyogo	III	2,310	1.40	
	Of-28	MITA HEIWA BUILDING (leasehold land)	Minato-ku, Tokyo	I	2,230	1.35	
	Of-29	SAKAE MINAMI BUILDING	Nagoya-shi, Aichi	III	1,580	0.96	
	Of-30	HF SAKURADORI BUILDING	Nagoya-shi, Aichi	III	4,900	2.96	
	Of-31	HF NIHONBASHI HAMACHO BUILDING	Chuo-ku, Tokyo	I	1,900	1.15	
	Of-32	HF SENDAI HONCHO BUILDING	Sendai-shi, Miyagi	III	2,700	1.63	
	Of-33	HF UENO BUILDING	Taito-ku, Tokyo	I	3,400	2.06	
	Of-34	KOJIMACHI HF BUILDING	Chiyoda-ku, Tokyo	I	1,350	0.82	
	Of-35	HF KUDAN MINAMI BUILDING	Chiyoda-ku, Tokyo	I	2,720	1.65	
	Of-36	HF KANDA OGAWAMACHI BUILDING	Chiyoda-ku, Tokyo	I	3,150	1.91	
	Of-37	NISSO 5 BUILDING	Yokohama-shi, Kanagawa	II	3,100	1.88	
	Of-38	ACROSS SHINKAWA BUILDING	Chuo-ku, Tokyo	I	3,250	1.97	
	Of-39	SENJU MILDIX II BANKAN	Adachi-ku, Tokyo	I	1,650	1.00	
	Of-40	ARK Mori Building	Minato-ku, Tokyo	I	3,085	1.87	
	Office Subtotal					69,971	42.33
	Residence	Re-03	HF ICHIKAWA RESIDENCE	Ichikawa-shi, Chiba	II	430	0.26
		Re-05	HF MEGURO RESIDENCE	Meguro-ku, Tokyo	I	660	0.40
		Re-09	HF KASAI RESIDENCE	Edogawa-ku, Tokyo	I	650	0.39
		Re-11	HF WAKABAYASHI-KOEN RESIDENCE	Setagaya-ku, Tokyo	I	3,610	2.18
		Re-12	HF HIMONYA RESIDENCE	Meguro-ku, Tokyo	I	1,560	0.94
		Re-14	HF MINAMIAZABU RESIDENCE	Minato-ku, Tokyo	I	1,370	0.83
		Re-15	HF AZABUJUBAN RESIDENCE	Minato-ku, Tokyo	I	1,260	0.76

Property No.	Property Name	Location	Investment Area (Note 1)	Acquisition Price (Note 2) (million yen)	Investment Ratio (Note 2) (%)
Re-16	HF GAKUGEIDAIGAKU RESIDENCE	Meguro-ku, Tokyo	I	1,000	0.60
Re-17	HF HIGASHIKANDA RESIDENCE	Chiyoda-ku, Tokyo	I	1,100	0.67
Re-18	HF HIGASHINIHONBASHI RESIDENCE	Chuo-ku, Tokyo	I	1,210	0.73
Re-19	HF NERIMA RESIDENCE	Nerima-ku, Tokyo	I	690	0.42
Re-20	HF SHIROKANETAKANAWA RESIDENCE	Minato-ku, Tokyo	I	4,030	2.44
Re-21	HF MEIDAIMAE RESIDENCE	Setagaya-ku, Tokyo	I	1,070	0.65
Re-22	HF NIHONBASHI RESIDENCE	Chuo-ku, Tokyo	I	1,130	0.68
Re-23	HF KAMISHAKUJII RESIDENCE	Nerima-ku, Tokyo	I	950	0.57
Re-24	HF KINSHICHO RESIDENCE	Sumida-ku, Tokyo	I	1,100	0.67
Re-25	HF GINZA RESIDENCE EAST	Chuo-ku, Tokyo	I	5,940	3.59
Re-26	HF SHIN-YOKOHAMA RESIDENCE	Yokohama-shi, Kanagawa	II	3,350	2.03
Re-29	HF HAKUSAN RESIDENCE	Bunkyo-ku, Tokyo	I	2,350	1.42
Re-30	HF MAGOME RESIDENCE	Ota-ku, Tokyo	I	1,630	0.99
Re-31	HF GAKUGEIDAIGAKU RESIDENCE II	Meguro-ku, Tokyo	I	1,650	1.00
Re-33	HF KAMEIDO RESIDENCE	Koto-ku, Tokyo	I	1,050	0.64
Re-34	HF TANASHI RESIDENCE	Nishitokyo-shi, Tokyo	II	911	0.55
Re-35	HF SHIBA-KOEN RESIDENCE	Minato-ku, Tokyo	I	836	0.51
Re-36	HF MITA RESIDENCE	Minato-ku, Tokyo	I	1,080	0.65
Re-37	HF TAKANAWA RESIDENCE	Minato-ku, Tokyo	I	749	0.45
Re-38	LA RESIDENCE DE SHIROKANEDAI	Minato-ku, Tokyo	I	730	0.44
Re-39	HF GINZA RESIDENCE EAST II	Chuo-ku, Tokyo	I	1,460	0.88
Re-40	HF HATCHOBORI RESIDENCE II	Chuo-ku, Tokyo	I	1,890	1.14
Re-41	HF HATCHOBORI RESIDENCE III	Chuo-ku, Tokyo	I	793	0.48
Re-42	HF GINZA RESIDENCE	Chuo-ku, Tokyo	I	944	0.57
Re-43	HF KOMAZAWA-KOEN RESIDENCE TOWER	Setagaya-ku, Tokyo	I	6,520	3.94
Re-44	HF UMEDA RESIDENCE TOWER	Osaka-shi, Osaka	III	1,920	1.16
Re-45	HF NAKANOSHIMA RESIDENCE	Osaka-shi, Osaka	III	453	0.27
Re-46	HF AWAZA RESIDENCE	Osaka-shi, Osaka	III	577	0.35
Re-47	HF MARUNOUCHI RESIDENCE	Nagoya-shi, Aichi	III	624	0.38
Re-48	HF HIRAO RESIDENCE	Fukuoka-shi, Fukuoka	III	1,780	1.08
Re-49	HF KAWARAMACHI NIJO RESIDENCE	Kyoto-shi, Kyoto	III	534	0.32
Re-53	HF SHIJO KAWARAMACHI RESIDENCE	Kyoto-shi, Kyoto	III	1,820	1.10
Re-54	LA RESIDENCE DE SENDAGI	Bunkyo-ku, Tokyo	I	820	0.50
Re-55	HF SENDAGI RESIDENCE	Bunkyo-ku, Tokyo	I	870	0.53
Re-56	HF KOMAZAWA-KOEN RESIDENCE	Setagaya-ku, Tokyo	I	615	0.37
Re-57	HF MUSASHIKOYAMA RESIDENCE	Shinagawa-ku, Tokyo	I	842	0.51
Re-58	HF KOKUBUNJI RESIDENCE	Kokubunji-shi, Tokyo	II	839	0.51
Re-59	HF HISAYAODORI RESIDENCE	Nagoya-shi, Aichi	III	1,080	0.65
Re-60	HF KARASUMA KURAMAGUCHI RESIDENCE	Kyoto-shi, Kyoto	III	572	0.35

Property No.	Property Name	Location	Investment Area (Note 1)	Acquisition Price (Note 2) (million yen)	Investment Ratio (Note 2) (%)
Re-61	HF NISHI-SHINJUKU RESIDENCE WEST	Shinjuku-ku, Tokyo	I	1,990	1.20
Re-62	HF NISHI-SHINJUKU RESIDENCE EAST	Shinjuku-ku, Tokyo	I	1,170	0.71
Re-63	HF HIGASHI-SHINJUKU RESIDENCE	Shinjuku-ku, Tokyo	I	1,360	0.82
Re-64	HF HIGASHI-SHINSAIBASHI RESIDENCE	Osaka-shi, Osaka	III	566	0.34
Re-65	HF KITA-YOBANCHO RESIDENCE	Sendai-shi, Miyagi	III	809	0.49
Re-66	HF ATAGOBASHI RESIDENCE	Sendai-shi, Miyagi	III	684	0.41
Re-67	HF KYUDAIBYOIN-MAE RESIDENCE	Fukuoka-shi, Fukuoka	III	426	0.26
Re-68	HF ASAKUSABASHI RESIDENCE	Taito-ku, Tokyo	I	771	0.47
Re-69	HF ICHIBANCHO RESIDENCE	Sendai-shi, Miyagi	III	834	0.50
Re-70	HF HIGASHI-NAKANO RESIDENCE	Nakano-ku, Tokyo	I	942	0.57
Re-72	HF WASEDA RESIDENCE	Shinjuku-ku, Tokyo	I	2,090	1.26
Re-73	HF WASEDA RESIDENCE II	Shinjuku-ku, Tokyo	I	872	0.53
Re-74	HF WAKAMATSU KAWATA RESIDENCE	Shinjuku-ku, Tokyo	I	1,158	0.70
Re-75	HF SENDAI RESIDENCE EAST	Sendai-shi, Miyagi	III	1,638	0.99
Re-76	HF NISHIKOEN RESIDENCE	Sendai-shi, Miyagi	III	1,310	0.79
Re-77	HF BANSUI-DORI RESIDENCE	Sendai-shi, Miyagi	III	790	0.48
Re-78	HF KANNAI RESIDENCE	Yokohama-shi, Kanagawa	II	1,800	1.09
Re-79	HF MEIEKI-KITA RESIDENCE	Nagoya-shi, Aichi	III	2,160	1.31
Re-80	HF HIGASHI-SAPPORO RESIDENCE	Sapporo-shi, Hokkaido	III	1,560	0.94
Re-81	HF HAKATA-HIGASHI RESIDENCE	Fukuoka-shi, Fukuoka	III	880	0.53
Re-82	HF SENDAI ITSUTSUBASHI RESIDENCE	Sendai-shi, Miyagi	III	850	0.51
Re-83	HF TABATA RESIDENCE	Kita-ku, Tokyo	I	1,100	0.67
Re-84	HF RYOGOKU RESIDENCE	Sumida-ku, Tokyo	I	1,400	0.85
Re-85	HF HACHIOJI RESIDENCE	Hachioji-shi, Tokyo	II	1,120	0.68
Residence Subtotal				95,330	57.67
Portfolio Total				165,301	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 third decimal place. Accordingly, the figures may not necessarily add up to the figures in the total columns.