

## Business Activities

### Building Leasing

Heiwa Real Estate leases securities exchange buildings, office buildings and commercial facilities.

The rent for securities exchange buildings used to be partially pegged to each exchange's trading volume, but presently a fixed rent is charged as for regular office buildings.

Since the fiscal year ended March 2000, we have actively acquired office buildings and commercial facilities. As a result, we have increased the amount of leased floor space from 130,000 m<sup>2</sup> to 350,000 m<sup>2</sup>. That has enabled us to balance our commercial lease income among all three sources — securities exchange buildings, office buildings and commercial facilities — thus boosting revenues and diversifying risk.

We have long been established in the Tokyo, Osaka, Nagoya and Fukuoka areas, where we lease out securities exchange buildings. In August 2006, as part of an ambitious program of business expansion, we moved into the Sapporo area as well. We are now pursuing new projects in the Sakae district of Nagoya and the Kitahama district of Osaka in order to increase our revenues while contributing to urban and community redevelopment.

### Housing

Heiwa Real Estate first moved into the residential property field in 1965 with the sale of residential lots. Beginning in 1976, we were involved in a community development project at Fusa Heiwadai, in Abiko, Chiba Prefecture, which consists of some 1,400 detached houses and 450 condominiums. Today we sell condominiums in Tokyo and elsewhere as part of major development projects in collaboration with other firms.

This long track record of proven experience, along with the trust we have gained in the building leasing business, has earned us widespread recognition and respect.

In 2006, we launched the Housing Development Department - II with the intention of developing properties on our own.

Our Housing Leasing Department, established in 2005, has been steadily buying up new residential rental properties, enabling us to cater better to the ever more complex needs of our customers while steadily expanding revenues from our housing business.

#### Asset Development and Securitization

Heiwa Real Estate is involved in asset development and securitization through Crescendo Investment Corporation (listed on the Tokyo Stock Exchange in March 2005) and our own private fund, the Heiwa Select Fund (established in April 2005).

We provide real estate to Crescendo Investment Corporation and manage properties in its possession, this in cooperation with Canal Investment Trust Co., Ltd., an equity-method affiliate of ours that manages Crescendo Investment Corporation's assets. We also implement real estate development projects using securitization techniques, and we are further expanding our fee business in such areas as asset management.

The Heiwa Select Fund for its part pursues strategic business opportunities through expansion of assets and other means.

#### Other

Heiwa Real Estate has been in the real estate brokerage business for some twenty years. During that time we have built up an impressive track record of achievement with our dependable brokerage services in the field of trading and leasing commercial real estate.

We have one subsidiary, Heiwa Service Co., Ltd., active in the field of building maintenance and contract construction business, and another, Heiwa Healthcare Co., Ltd., which runs a private nursing home in Abiko, Chiba Prefecture. The whole Heiwa Real Estate Group is bravely expanding our business, working together as a single team to further enhance our corporate value.