

Translation Purposes Only

July 27, 2011

For Immediate Release

REIT Issuer

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### Change in Property Management Companies and Revision of Master Lease Agreements

HEIWA REAL ESTATE REIT, Inc. (the “Investment Corporation”) announced today that it has decided to change the property management companies (the “PM companies”) and revise the master lease agreements at owned properties as follows.

#### Details

##### 1. Outline of Change and Revisions

##### (1) Change of PM Companies and Revision of Master Lease Agreements

Contracted Property	Before Change		After Change		Date of Change (planned) (Note 3)
	PM Company	Type of Master Lease (Note 1)	New PM Company	Type of Master Lease (Note 1)	
Re-35 Single-residence Shiba-koen	Apamanshop Sublease Co., Ltd.	Fixed rent	Haseko Livenet, Inc.	Pass through	August 1, 2011
Re-36 Single-residence Mita	Apamanshop Sublease Co., Ltd.	Fixed rent	Haseko Livenet, Inc.	Pass through	August 1, 2011

##### (2) Revision of Master Lease Agreement

Contracted Property	Before Revision		After Revision		Date of Change (planned) (Note 3)
	PM Company	Type of Master Lease (Note 1)	PM Company	Type of Master Lease (Note 1)	
Re-44 Single-residence Umeda TOWER	Apamanshop Sublease Co., Ltd.	Pass through and fixed rent (Note 2)	Apamanshop Sublease Co., Ltd.	Pass through	September 1, 2011

(Note 1) “Fixed rent” refers to an agreement in which the master lease company promises to make fixed payments of rent to either the trust beneficiary or to the Investment Corporation. “Pass through” refers to an agreement in which the master lease company promises to make payments of money equivalent to the rent based on the

sub-leasing agreement between the master lease company and the end tenant to either the trust beneficiary or to the Investment Corporation.

(Note 2) With regard to Re-44 Single-residence Umeda TOWER, the fixed rent type currently employed for the property's service apartment portions (30 units) will be changed to pass through type in this revision.

(Note 3) Security interest has been established for each of the contracted properties above, and the change of the PM companies and the changes of the master lease type shall require consent from the lenders.

## 2. Reason for the Change and Revisions

### (1) Table 1. (1) above

With the date of rent revisions for the fixed rents arriving, the Investment Corporation consulted with the PM companies as well as competing companies regarding the terms and conditions of the agreement, giving due consideration to such factors as the fixed rents after rent revisions, current market rent conditions and the leasing conditions, etc. As a result, it was determined that the new property management company would be able to further enhance service efficiency in view of service provision capabilities and past performance, etc. Accordingly, the Investment Corporation decided to switch to Haseko Livenet, Inc. as the new PM company, as well as to change the master lease type from "fixed rent" to "pass through."

### (2) Table 1. (2) above

With the expiration of the master lease agreement of the above property, the Investment Corporation decided to change the master lease type from "pass through and fixed rent" to "pass through" as a result of consulting with the PM companies as well as competing companies regarding the terms and conditions of the agreement, giving due consideration to such factors as the current market rent conditions and the leasing conditions, etc.

## 3. Profile of New PM Company

Company name	Haseko Livenet, Inc.
Headquartered	2-31-19 Shiba, Minato-ku, Tokyo
Representative	Hiroshi Kinoshita
Paid-in capital	¥1 billion
Major shareholders	Haseko Anesis Corporation (100%)
Main business	1. Contracted real estate leasing management and associated consulting services 2. Real estate buying, selling, leasing and associated brokerage, agency and intermediary services 3. Services related to the provision of real estate information

## 4. Transactions with Interested Parties

The provisions of the Asset Management Company's internal regulations stipulate that 1) any company etc. that holds more than 10% of the voting rights of the Asset Management Company's shareholders, 2) any company etc. in which such a company etc. holds more than 50% of the voting rights of its shareholders, and 3) any company etc. to which the said parties provide advice and other services concerning the management and administration of its assets are categorized as "interested parties," in addition to the interested parties defined in the Financial Instruments and Exchange Act and the Act on Investment Trusts and Investment Corporations, and regulates transactions involving conflicts of interest with such interested parties.

Haseko Livenet, Inc. and Apamanshop Sublease Co., Ltd. do not fall under the "interested party" category.

## 5. Future Outlook

The change in the PM Companies and the revisions of the master lease agreements will have a minimal impact on the

management situation of the Investment Corporation for the fiscal period ending November 2011, and no change is made to the performance forecast for the fiscal period.

\*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/>