

June 29, 2011

For Immediate Release

REIT Issuer

HEIWA REAL ESTATE REIT, Inc.

2-5-1 Atago, Minato-ku, Tokyo

Masaaki Higashihara, Executive Director

(Securities Code: 8966)

Asset Management Company

HEIWA REAL ESTATE Asset Management CO., LTD.

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Organizational Changes in Asset Management Company, Change in Directors, Change in Key Employees and Changes in the Internal Rules, “Management Guidelines”

Heiwa Real Estate REIT, Inc. (the “Investment Corporation”) announced that the HEIWA REAL ESTATE Asset Management CO., LTD. (“Asset Management Company”) today decided to conduct organizational changes, change in directors and change in key employees. Moreover, with regards to the change in directors involving the appointment of new directors, proposals to appoint the said new directors were approved and passed at the general meeting of shareholders held today. Furthermore, the Investment Corporation also announced that a decision was made to make changes to the internal rules of the Asset Management Company known as the “Heiwa Real Estate REIT, Inc.’s Management Guidelines” (“the Management Guidelines”).

Details

1. Reason for the Organizational Change

The “Real Estate Investment Department” will be established within the Investment Management Division as of July 1, 2011 in order to establish a structure where proactive pursuit of external growth will be realized more than ever before by conducting real estate investment operations under an independent department at the Asset Management Company. Furthermore, the names of the current “Office Investment Management Department” and “Residence Investment Management Department” will be changed to “Office Asset Management Department” and “Residence Asset Management Department,” respectively, as departments that specialize in asset management operations. This should help create a structure in which the Asset Management Company’s leasing and management operations are further enhanced.

Moreover, the Asset Management Company’s parent company, Heiwa Real Estate Co., Ltd. (“Heiwa Real Estate”), also conducted organizational changes, etc. as of June 28, 2011, by merging functions that were dispersed in various areas and increasing their specialization, etc. The purpose is to further enhance the planning function, etc. of portfolio strategies in the real estate rental business, the real estate acquisition function and the leasing function. As a result, Heiwa Real Estate’s structure for supporting the Investment Corporation was enhanced.

Through these recent organizational changes, the Investment Corporation would like to further strengthen its business alliance with Heiwa Real Estate as a member the Heiwa Real Estate Group.

(For details of the organizational changes, please see Attachment 1.)

2. Change in Directors

(1) Newly Appointed Directors (as of June 29, 2011)

Director Yuji Tomiyasu

Director (Non-Executive) Koji Itabashi

Note: Biographies of the newly appointed directors are described in Attachment 2.

(2) Retiring Directors (as of June 29, 2011)

Director Takanori Higuchi

Director (Non-Executive) Kazuo Yamada

(3) Assignments of Newly Appointed Directors (as of June 29, 2011)

Name	New Title
Yuji Tomiyasu	Director, Business Planning Division

(4) Changes in Assignments of Directors (as of July 1, 2011)

Name	New Title	Former Title
Nobuhiro Seo	Director, Investment Management Division/Real Estate Investment Department	Director, Investment Management Division/Office Investment Management Department

With respect to this matter, the appropriate filings will be made with the commissioner of the Financial Services Agency in accordance with the provisions of the Financial Instruments and Exchange Act, with the Minister of Land, Infrastructure, Transport and Tourism in accordance with the terms of approval related to transaction agency services, and with the governor of Tokyo in accordance with the provisions of the Building Lots and Buildings Transaction Business Act.

3. Changes in Key Employees (as of July 1, 2011)

Name	New Title	Current Title
Nobuhiro Seo	Director, Investment Management Division/ Real Estate Investment Department	Director, Investment Management Division/ Office Investment Management Department
Hiroshi Watanabe	General Manager, Investment Management Division, Office Asset Management Department/Residence Asset Management Department	General Manager, Investment Management Division, Residence Investment Management Department

With respect to this matter, the appropriate filings will be made with the commissioner of the Financial Services Agency in accordance with the provisions of the Financial Instruments and Exchange Act.

4. Changes in the Management Guidelines (as of July 1, 2011)

(1) Major Reasons for Changes

With respect to the decision-making process pertaining to investment management, the order of deliberations of the Compliance Committee and the Investment Committee will be changed with consideration of their functions in order to raise the efficiency of deliberations.

Furthermore, in order to enhance the compliance management structure, the Compliance Committee will be required to introduce external committee members. Furthermore, deliberations methods, etc. will be changed.

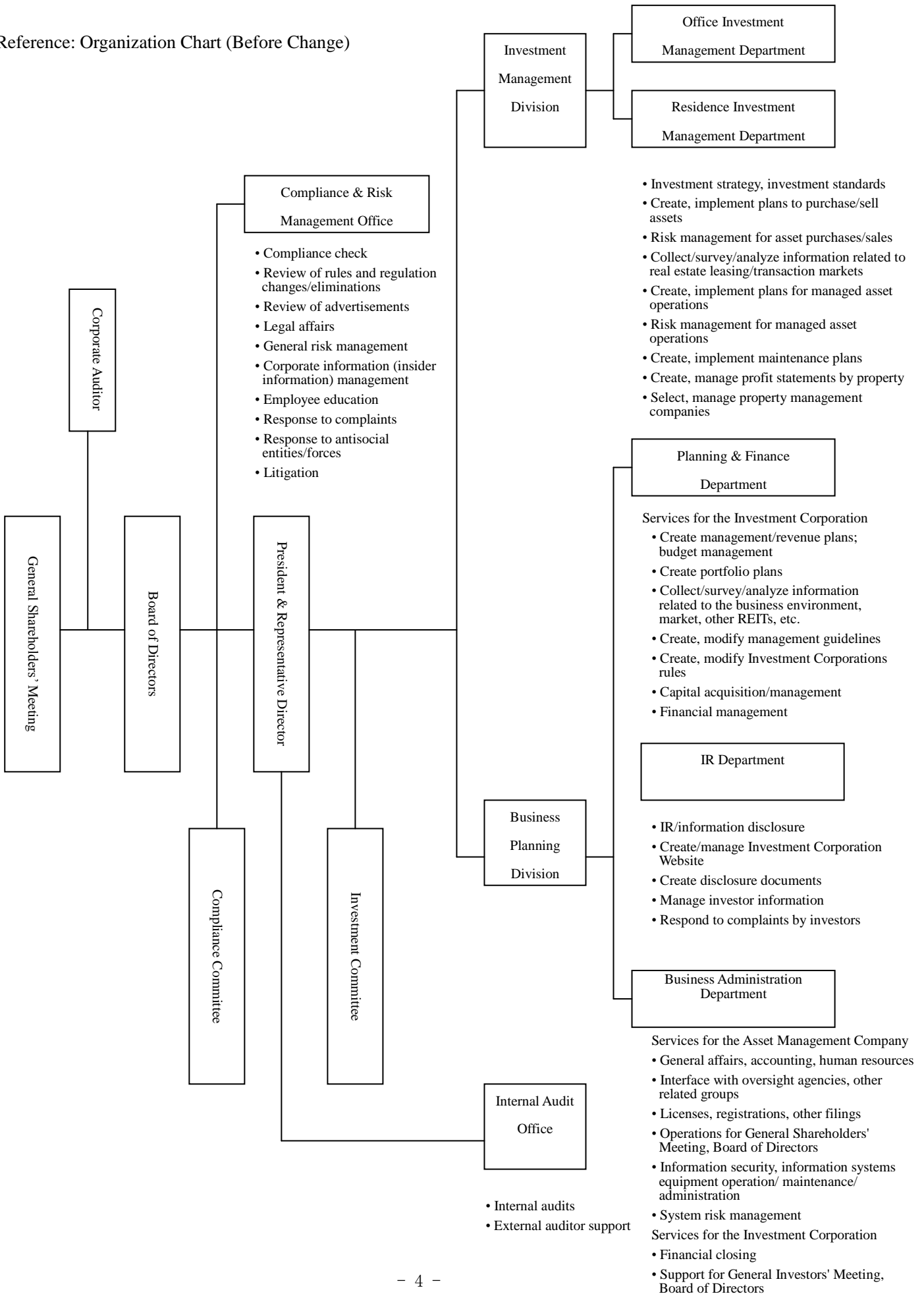
In addition, alongside the abovementioned organizational changes, the members of both Committees will be changed, among others.

(2) Details of Changes

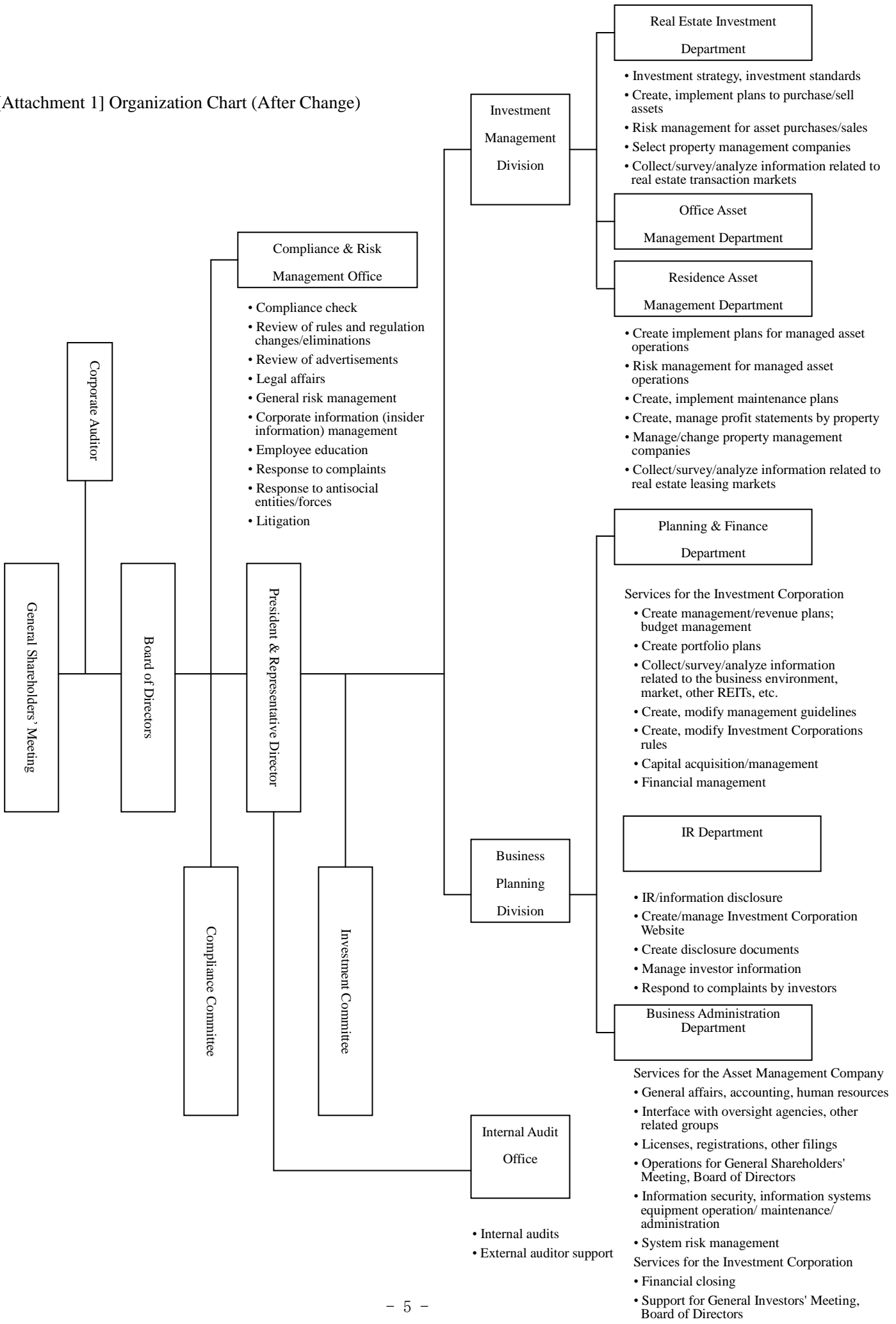
Please see Attachment 3 for major points of change.

- * 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/>

Reference: Organization Chart (Before Change)

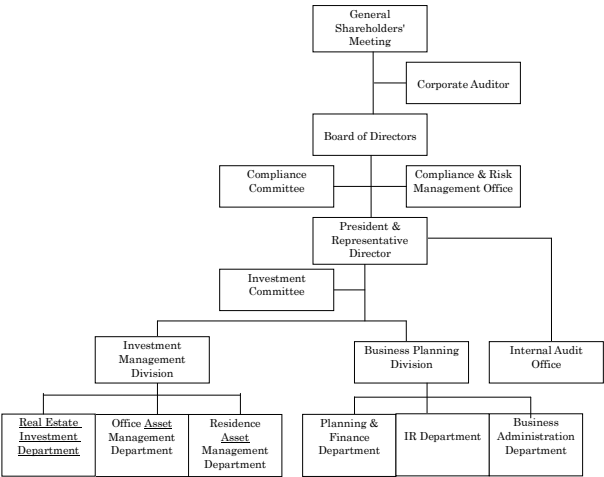
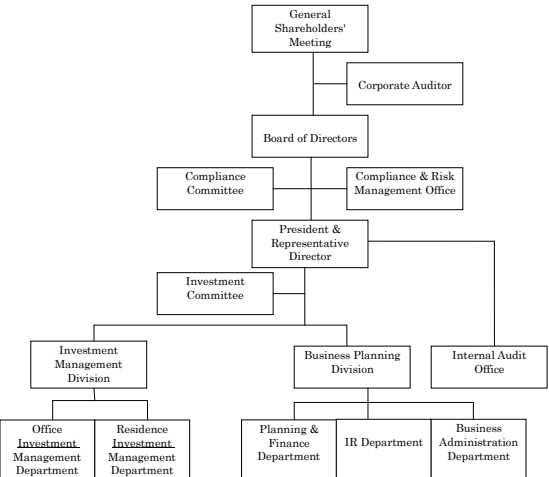


[Attachment 1] Organization Chart (After Change)

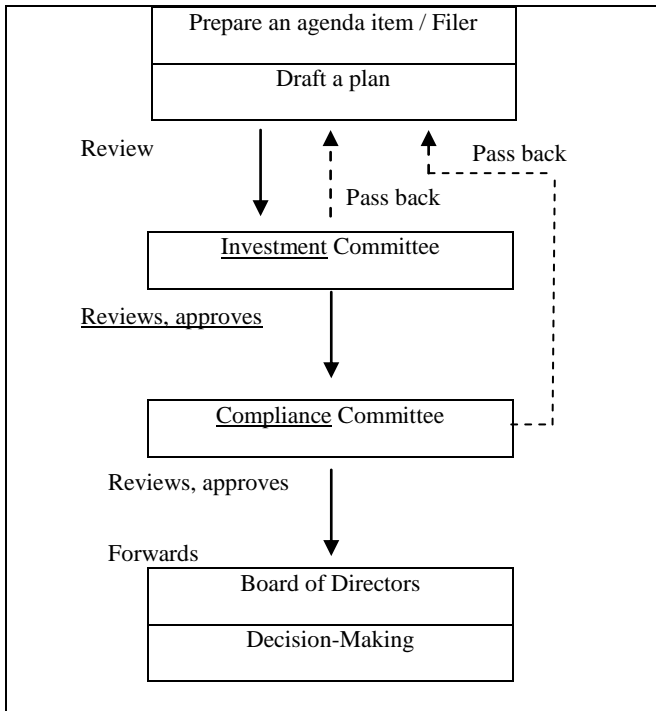


[Attachment 2] Biographies of Newly Appointed Directors

Title	Name	Career Highlights	
Director	Yuji Tomiyasu	April 1994 April 2007 July 2009 Oct. 2009 June 2010 Oct. 2010 April 2011 June 2011	Joined Heiwa Real Estate Co., Ltd. Named Section Manager of the Housing Development Department – I Named Section Manager of the Asset Development Division Named Section Manager of the General Affairs Division; Also appointed Director (Non-Executive) of Canal Investment Trust Co., Ltd. (presently HEIWA REAL ESTATE Asset Management CO., LTD.) Named Section Manager of the Planning Finance Group, General Affairs Division, Heiwa Real Estate Co., Ltd. Appointed Assistant President of HEIWA REAL ESTATE Asset Management CO., LTD. (present title) Named Deputy General Manager of the Planning Finance Group, General Affairs Division, Heiwa Real Estate Co., Ltd. Named Deputy General Manager of the Planning Finance Group, General Affairs and Planning Division (present title)
Director (Non-Executive)	Koji Itabashi	April 1979 Dec. 2003 June 2005 June 2009 June 2010 Sep. 2010 June 2011	Joined the Tokyo Stock Exchange Group, Inc. Named Supervisor/Chief Listing Examiner of the Listing Examination Department Seconded to the Japan Securities Depository Center, Inc. and named General Manager of the General Administration Division Joined Heiwa Real Estate Co., Ltd. and appointed General Manager of the General Affairs Division Named Leader of the General Affairs Group, General Affairs Division Appointed Director (Non-Executive) of Japan Single-residence Asset Management Corp. Appointed Managing Officer, Deputy Chief Director of the General Affairs and Planning Division and Leader of the Planning Finance Group, Heiwa Real Estate Co., Ltd. (present title)

After Change	Before Change												
<p>XII. Governance</p> <p>1. Organizations of the Company</p> <p>(1) Organization Chart</p>  <p>(2) Board of Directors (Omitted)</p> <p>(3) Investment Committee</p> <p>The Company established an Investment Committee which is an organization that is under the jurisdiction of the President and Representative Director. An overview of the Committee is as follows:</p> <table border="1" data-bbox="151 1086 782 2020"> <tr> <td>Members</td> <td>President and Representative Director (Chairman), Executive Managing Director, Investment Management Division General Manager, Business Planning Division General Manager, Business Planning Division Assistant General Manager, <u>Chief Compliance Officer, Real Estate Investment Department General Manager, Office Asset Management Department General Manager, Residence Asset Management Department General Manager and Planning & Finance Department General Manager.</u> If the Chairman deems necessary, <u>external members, such as real estate investment experts or appraisers,</u> can be appointed as committee members <u>in addition to these members.</u></td> </tr> <tr> <td>Details of <u>Principal</u> Deliberations</td> <td>(Omitted)</td> </tr> <tr> <td>Deliberation Methods, etc.</td> <td>A resolution is passed by the approval of <u>two-thirds of members, including the Chairman,</u> at a session where more than three-fourths of all members are present, including the Chairman. However, with respect to <u>approval of transactions with interested parties, only those agenda that are resolved based on the unanimous approval of all members can</u> be forwarded to the <u>Compliance Committee.</u></td> </tr> </table>	Members	President and Representative Director (Chairman), Executive Managing Director, Investment Management Division General Manager, Business Planning Division General Manager, Business Planning Division Assistant General Manager, <u>Chief Compliance Officer, Real Estate Investment Department General Manager, Office Asset Management Department General Manager, Residence Asset Management Department General Manager and Planning & Finance Department General Manager.</u> If the Chairman deems necessary, <u>external members, such as real estate investment experts or appraisers,</u> can be appointed as committee members <u>in addition to these members.</u>	Details of <u>Principal</u> Deliberations	(Omitted)	Deliberation Methods, etc.	A resolution is passed by the approval of <u>two-thirds of members, including the Chairman,</u> at a session where more than three-fourths of all members are present, including the Chairman. 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Members	President and Representative Director (Chairman), Executive Managing Director, Investment Management Division General Manager, Business Planning Division General Manager, Business Planning Division Assistant General Manager, <u>Chief Compliance Officer, Real Estate Investment Department General Manager, Office Asset Management Department General Manager, Residence Asset Management Department General Manager and Planning & Finance Department General Manager.</u> If the Chairman deems necessary, <u>external members, such as real estate investment experts or appraisers,</u> can be appointed as committee members <u>in addition to these members.</u>												
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Members	President and Representative Director (Chairman), Executive Managing Director, <u>Chief Compliance Officer,</u> Investment Management Division General Manager, Business Planning Division General Manager, Business Planning Division Assistant General Manager, Office <u>Investment</u> Management Department General Manager, Residence <u>Investment</u> Management Department General Manager, <u>Planning & Finance Department General Manager.</u> <u>Furthermore,</u> if the Chairman deems necessary, <u>directors/employees other than those stated above and/or external experts</u> can be appointed as committee members.												
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<p>(4) Compliance Committee The Company established a Compliance Committee which is an organization that is under the jurisdiction of the Board of Directors. An overview of the Committee is as follows:</p>		<p>(4) Compliance Committee The Company established a Compliance Committee which is an organization that is under the jurisdiction of the Board of Directors. An overview of the Committee is as follows:</p>	
Members	<p>Chief Compliance Officer (Committee Chairman), <u>President and Representative Director</u>, Executive Managing Director, Business Planning Division General Manager, Business Planning Division Assistant General Manager, Planning & Finance Department General Manager, IR Department General Manager, Business Administration Department General Manager and <u>external members</u>. <u>Moreover, external members refers to persons appointed as committee members based on approval by the Board of Directors, out of experts who are well-versed in matters related to compliance, and who have never been a director/employee of the Company or a director/employee of shareholders of the Company.</u></p>	Members	<p>Chief Compliance Officer (Committee Chairman), Executive Managing Director, Business Planning Division General Manager, Business Planning Division Assistant General Manager, Planning & Finance Department General Manager, IR Department General Manager, Business Administration Department General Manager. <u>Furthermore, if the Chairman deems necessary, directors/employees other than those stated above and/or external experts can be appointed as committee members after gaining approval from the Board of Directors.</u></p>
Details of Principal Deliberations	(Omitted)	Details of Deliberations	(Omitted)
Deliberation Methods, etc.	<p>A resolution is passed by the approval of <u>two-thirds of members, including the Chairman and external members</u>, at a session where more than three-fourths of all members are present, including the Chairman and external members. <u>However, with respect to approval of transactions with interested parties, only those agenda that is resolved based on the unanimous approval of all members can be forwarded to the Board of Directors.</u></p>	Deliberation Methods, etc.	<p>A resolution is passed by the approval of <u>all members</u> at a session where more than three-fourths of all members are present, including the Chairman. <u>If the unanimous approval of all members cannot be obtained, or affirmations are required to start a new business, conclude an important agreement, file applications for permits or notices to government agencies or ministries, or carry out a transaction with a interested party (excluding transactions set forth under the conflict of interest prevention bylaws which have the same terms, etc. as a past transaction, and for which a new judgment is not required) after conducting deliberations, an external lawyer's judgment will be sought. Agendas that are not unanimously approved by all members can be approved based on the judgment of the Chairman and can be forwarded to the Investment Committee, if more than two-thirds of all members, including the Chairman, approve, and provided that the Chairman has discussed related issues with an external lawyer and has confirmed that there are no compliance issues involved.</u></p>
<p>2. Decision-Making Process (A) The following provides an overview of the process from preparing and submitting a review document for making decisions regarding assets under management to the decision itself:</p>		<p>2. Decision-Making Process (A) The following provides an overview of the process from preparing and submitting a review document for making decisions regarding <u>management of</u> assets under management to the decision itself:</p>	



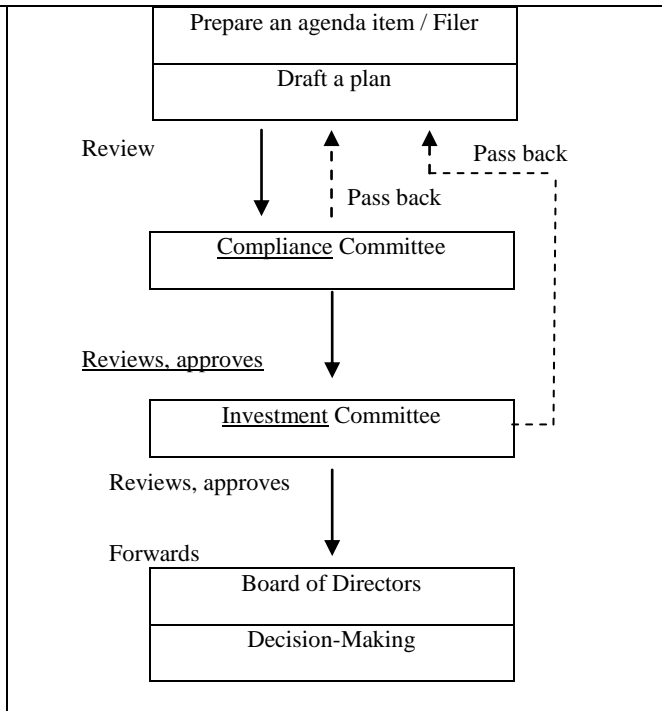
(1) The General Manager of the Planning & Finance Department, the General Manager of the Office Asset Management Department and the General Manager of the Residence Asset Management Department prepare review documents for the said policy or plan for submission to the Investment Committee when establishing or altering the management guidelines, portfolio plans, current business plans, maintenance plans, etc.

(2) The Investment Committee deliberates the said policy or plan and if there are issues, it is returned to the head of the related division for revision(s). If the said policy or plan has passed through the Investment Committee, it shall be allowed to be submitted to the Compliance Committee.

(3) With respect to the said policy or plan which has passed through the Investment Committee, the Compliance Committee deliberates whether there are any compliance issues in light of related laws and regulations, the “Management Guidelines” and internal rules. Any measures judged to have issues during deliberations are returned to the General Manager of the related division for revision(s).

(Deleted)

(4) The General Manager of the related division refers to the Board of Directors the policy or plan that has passed through the Compliance Committee and attaches results of deliberations conducted at sessions of the Investment Committee and Compliance Committee alongside it. The Board of Directors then makes a final decision concerning the said policy or plan.



(1) The General Manager of the Planning & Finance Department and (or) the General Manager of the Office Investment Management Department/Residence Investment Management Department creates a review document for submission to the Compliance Committee when establishing or altering the management guidelines, portfolio plans, current business plans, maintenance plans, etc.

(New provision)

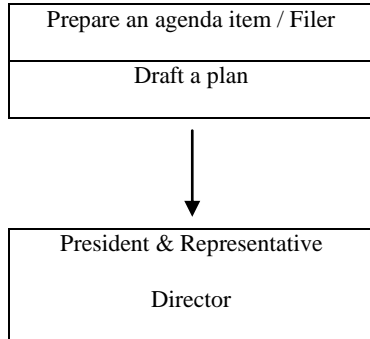
(2) The chair of the Compliance Committee (Chief Compliance Officer) calls a meeting of the Compliance Committee to verify whether there are any compliance issues (legal/regulatory) or transactions between interested parties and Heiwa Real Estate REIT, Inc.

(3) Only agenda recognized by the Compliance Committee as having no issues are passed to the Investment Committee. If it finds issues, they are returned to the General Manager of the related division for revision(s).

(4) The Investment Committee deliberates on agenda that have passed through the Compliance Committee. If it finds issues, they are returned to the General Manager of the related division for revision(s). The Investment Committee must be unanimous in its approval of transactions with interested parties. Agendas passed by the Investment Committee are forwarded to the Board of Directors for a final decision. The Board of Directors must be unanimous in its approval of transactions with interested parties.

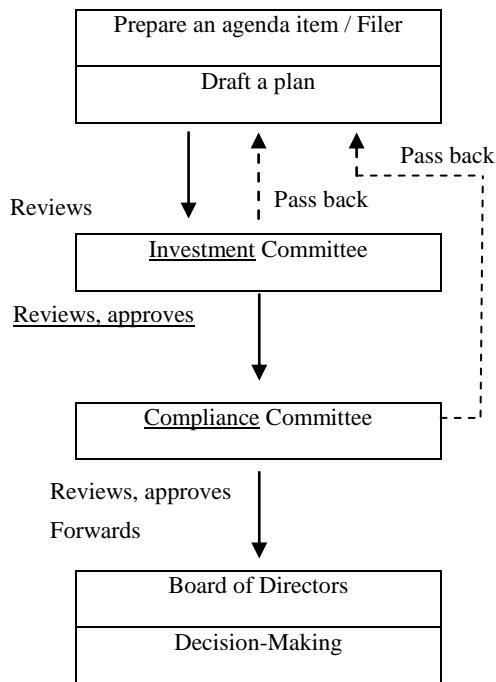
(B) The following provides an overview of the process from preparing and submitting a review document for making decisions regarding acquisition or sale, etc. of assets under management:

Planning Stage



Approves

Agreement-Signing Stage



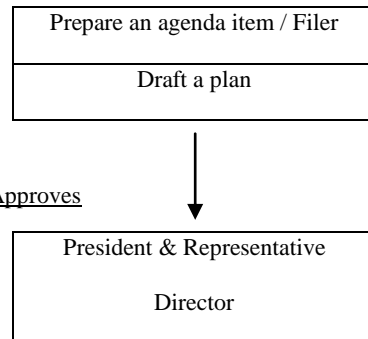
(1) The General Manager of the Real Estate Investment Department creates an investment asset acquisition/sale review document for submission to the President and Representative Director, based on management guidelines, portfolio plans and current asset management plans.

(2) (Omitted)

(3) After approval by the President and Representative Director, the Real Estate Investment Department issues a Request for Settlement/Purchase Certificate or Sales Term Sheet, and begins negotiations with the seller or purchaser.

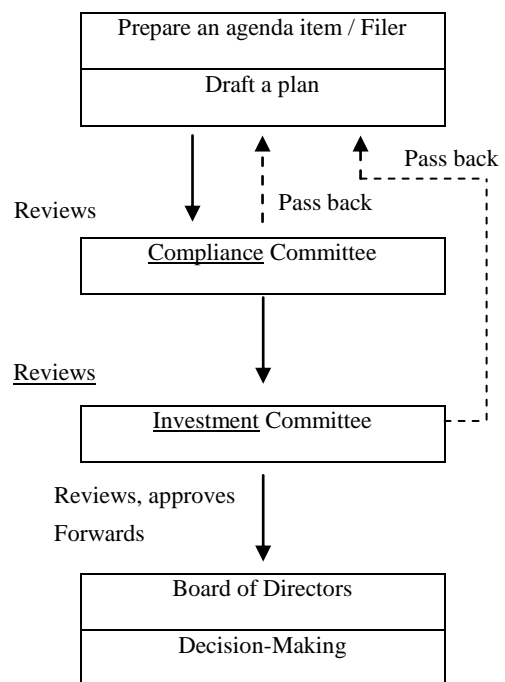
(B) The following provides an overview of the process from preparing and submitting a review document for making decisions regarding acquisition or sale, etc. of assets under management:

Planning Stage



Approves

Agreement-Signing Stage



(1) The General Manager of the Office Investment Management Department and (or) General Manager of the Residence Investment Management Department (“originating department”) creates an investment asset acquisition/sale review document for submission to the President and Representative Director, based on management guidelines and current asset management plans.

(2) (Omitted)

(3) After approval by the President and Representative Director, the originating department issues a Request for Settlement/Purchase Certificate or Sales Term Sheet, and begins negotiations with the seller or purchaser.

<p>(4) The General Manager of <u>the Real Estate Investment Department</u> creates a review document for executing the purchase/sales agreement, and submits it together with a copy of the approved review document (2., above) to the <u>Investment Committee</u>.</p> <p><u>(5) The Investment Committee deliberates on the results of due diligence and the terms of the transaction based on the internal approval memo referred to in the previous paragraph. Transactions deemed as having issues by the Investment Committee are sent back to the General Manager of the Investment Management Division for revision(s). Transactions that have passed through the Investment Committee are allowed to be submitted to the Compliance Committee.</u></p> <p>(Deleted)</p> <p>(6) <u>Based on internal approval memos that have passed through the Investment Committee and based on the results of due diligence and compliance check lists, the Compliance Committee deliberates that the details of the internal approval memo approved by the President and Representative Director and the actual agreement are consistent, and that the terms of the transaction are legal and appropriate. Transactions deemed as having compliance issues by the Compliance Committee are sent back to the General Manager of the Investment Management Division for revision(s). Transactions that have passed through the Compliance Committee are forwarded to the Board of Directors for a final decision.</u></p> <p>(C) Processes for deciding the execution of management or leasing of investment assets, or any other processes that are not referred to under 2. of these Guidelines, shall follow investment asset management bylaws and other related bylaws.</p>	<p>(4) The General Manager of <u>the originating department</u> creates a review document for executing the purchase/sales agreement, and submits it together with a copy of the approved review document (2., above) to the <u>Compliance Committee</u>.</p> <p>(New provision)</p> <p><u>(5) The Chair of the Compliance Committee (Chief Compliance Officer) calls for a meeting of the Compliance Committee. Based on the results of due diligence and compliance checks, the Committee confirms that the details of the review documents approved by the President and Representative Director and the actual agreement are consistent, and that the terms of the transaction are legal and appropriate. Only those agendas found by the Compliance Committee as having no issues are referred to the Investment Committee. Any agenda deemed as having an issue by the Compliance Committee are sent back to the General Manager of the Investment Management Division for revision(s).</u></p> <p>(6) The <u>Investment Committee deliberates on agenda</u> that have passed through the <u>Compliance Committee, discussing the results of due diligence and the terms of the related agreement. Investment Committee resolutions must be unanimous to pass. The Investment Committee must also be unanimous in its approval of transactions with interested parties. Agenda deemed as having issues are sent back to the General Manager of the Investment Management Division for revision(s). Agenda found by the Investment Committee as having no issues are forwarded to the Board of Directors for a final decision. The Board of Directors must be unanimous in its approval of transactions with interested parties.</u></p> <p>(New provision)</p>
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