

Translation Purposes Only

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HEIWA REAL ESTATE REIT, Inc.

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(Securities Code: 8966)

Asset Management Company

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Changes in Property Management Companies

HEIWA REAL ESTATE REIT, Inc. (the “Investment Corporation”) announced today that it has decided to change property management companies (the “PM Companies”) as follows.

Details

1. Outline of Change

On October 1, 2011, the PM Companies that manage eight office properties owned by the Investment Corporation will be changed as follows:

Contracted Property	Current PM Company	New PM Company
① Of-01 Asahi Life Insurance Gotanda Building	Heiwa Service Co., Ltd.	Heiwa Real Estate Co., Ltd.
② Of-05 Suitengu Heiwa Bldg	Heiwa Service Co., Ltd.	Heiwa Real Estate Co., Ltd.
③ Of-06 NV Tomioka Bldg	Heiwa Service Co., Ltd.	Heiwa Real Estate Co., Ltd.
④ Of-07 Hamamatsucho SS Bldg	Heiwa Service Co., Ltd.	Heiwa Real Estate Co., Ltd.
⑤ Of-08 Kokusai Tameike Bldg	Heiwa Service Co., Ltd.	Heiwa Real Estate Co., Ltd.
⑥ Of-09 Grace Building Sengakujimae	Heiwa Service Co., Ltd.	Heiwa Real Estate Co., Ltd.
⑦ Of-11 Nihonbashi Daiichi Bldg	Heiwa Service Co., Ltd.	Heiwa Real Estate Co., Ltd.
⑧ Of-18 M2 Harajuku	Heiwa Service Co., Ltd.	Heiwa Real Estate Co., Ltd.

2. Reason for the Change

As of now, the property management services (the “PM Services”) of eight office properties listed above are entrusted to Heiwa Service Co., Ltd. (“Heiwa Service”), which is a subsidiary of Heiwa Real Estate Co., Ltd. (“Heiwa Real Estate”).

Heiwa Real Estate, in order to support the Investment Corporation as the sponsor, has conducted organizational changes of the company as of June 28, 2011, and reshuffled the groups in its rental business headquarters, newly established the building leasing group that is the exclusive division for office building leasing, etc. while merging and

reinforcing PM Services, which include Heiwa Real Estate Group's building leasing functions. In addition, Heiwa Real Estate proposed to change the PM Companies with regards to PM Services entrusted to Heiwa Service. Following consideration, it was determined that Heiwa Real Estate's leasing abilities, tenant relations, information channels and building operation and management abilities would contribute to maintaining and improving the high occupancy rate, as well as the efficient operation and management of the properties owned by the Investment Corporation. Therefore, the decision was made to make these changes in PM Companies.

Furthermore, Heiwa Real Estate will supervise the PM Services as well as building leasing services, and Heiwa Service will be re-entrusted with PM Services excluding the building leading services from Heiwa Real Estate. The thinking is to establish a further reinforced cooperation system and promote the operation and management efficiency and improve profitability. The Investment Corporation will aim to further improve the operation and management quality as it is believed that the system where Heiwa Real Estate is applying its group ability for the management of the Investment Corporation is well organized.

3. Profile of New PM Company

Company name	Heiwa Real Estate Co., Ltd.
Headquartered	1-10 Nihonbashi Kabuto-cho, Chuo-ku, Tokyo
Representative	Director and President, Sadao Yoshino
Paid-in capital	¥21,492 million (as of March 31, 2011)
Main business	1. Rental business 2. Real estate development business 3. Housing development business 4. Other business

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.

Heiwa Real Estate Co., Ltd. is a new PM Company that falls under the "interested party" category. Therefore, in accordance with the internal regulations of the Asset Management Company, and upon unanimous approval by the Investment Committee, Compliance Committee and the Board of Directors, the Board of Directors today resolved that Heiwa Real Estate Co., Ltd. would become a PM Company.

5. Future Outlook

The above changes in PM Companies will have a minimal impact on the management situation of the Investment Corporation for the fiscal period ending November 2011 (June 1, 2011 to November 30, 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/english/>