

[Translation]

February 28, 2011

To Whom It May Concern:

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Chuo-ku, Tokyo
(Code No. 8803) First Section of Tokyo,
Osaka and Nagoya, and Fukuoka and Sapporo
Contact: Kazuo Yamada, Managing Officer
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**Notice Regarding Determination of Issue Price and Selling Price
for Issuance of New Shares and Secondary Distribution of Shares**

Heiwa Real Estate Co., Ltd. (the “Company”) hereby announces that, in connection with the issuance of new shares through a public offering and third-party allotment and secondary distribution of the Company’s shares pursuant to a resolution dated February 17, 2011 by its board of directors’ meeting, it has determined the issue price, selling price and other items as set forth below.

1. Issuance of new shares through public offering (general offering)

(1) Issue price per share		¥230
(2) Total amount of issue price		¥6,900,000,000
(3) Subscription amount per share		¥220.48
(4) Total subscription amount		¥6,614,400,000
(5) Amount by which stated capital and capital reserve are to be increased	Amount by which stated capital is to be increased	¥3,307,200,000
	Amount by which capital reserve is to be increased	¥3,307,200,000

mentioned transactions.

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|------------------------|---|
| (6) Application period | <u>March 1, 2011 (Tue.) to March 2, 2011 (Wed.)</u> |
| (7) Payment date | <u>March 7, 2011 (Mon.)</u> |

Notes: The underwriters will purchase and underwrite the shares at the subscription amount, and offer the shares at the issue price.

2. Issuance of new shares through third-party allotment to Mitsubishi Estate Co., Ltd.

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|--|---|-----------------------|
| (1) Subscription amount per share | | <u>¥230</u> |
| (2) Total subscription amount | | <u>¥4,600,000,000</u> |
| (3) Amount by which stated capital and capital reserve are to be increased | Amount by which stated capital is to be increased | <u>¥2,300,000,000</u> |
| | Amount by which capital reserve is to be increased | <u>¥2,300,000,000</u> |
| (4) Application period | <u>March 1, 2011 (Tue.) to March 2, 2011 (Wed.)</u> | |
| (5) Payment date | <u>March 7, 2011 (Mon.)</u> | |

3. Secondary distribution of the Company's shares (secondary distribution through over-allotment)

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|-----------------------------------|---|-------------------------|
| (1) Number of shares to be sold | | <u>4,000,000 shares</u> |
| (2) Selling price per share | | <u>¥230</u> |
| (3) Total amount of selling price | | <u>¥920,000,000</u> |
| (4) Application period | <u>March 1, 2011 (Tue.) to March 2, 2011 (Wed.)</u> | |
| (5) Delivery date | <u>March 8, 2011 (Tue.)</u> | |

4. Issuance of new shares through third-party allotment to Nomura Securities Co., Ltd.

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| (1) Subscription amount per share | | <u>¥220.48</u> |
| (2) Total subscription amount | | <u>(up to) ¥881,920,000</u> |
| (3) Amount by which stated capital and capital reserve are to be increased | Amount by which stated capital is to be increased | <u>(up to) ¥440,960,000</u> |
| | Amount by which capital reserve is to be increased | <u>(up to) ¥440,960,000</u> |
| (4) Application period | <u>March 25, 2011 (Fri.)</u> | |
| (5) Payment date | <u>March 28, 2011 (Mon.)</u> | |

mentioned transactions.

<Reference>

1. Calculation of issue price and selling price

(1) Calculation reference date and price	<u>February 28, 2011 (Mon.)</u>	<u>¥238</u>
(2) Discount rate		<u>3.36%</u>

2. Syndicate cover transaction period

From March 3, 2011 (Thu.) to March 18, 2011 (Fri.)

3. Use of funds

Of the net funds from this general offering and capital increase by way of third-party allotment, which are estimated to be a maximum of 11,926,320,000 yen, 5,900,000,000 yen is scheduled to be appropriated for the funds for the part of the redemption of the 7th Series Unsecured Convertible Bond-type Bonds with Stock Acquisition Rights of the Company scheduled to be redeemed on June 22, 2012, and the rest of the funds are scheduled to be appropriated for the repayment of borrowed money during the fiscal year ended March 2011 and the fiscal year ended March 2012. Thereby, the Company intends to reinforce its financial base for further developing the building leasing business including the future Kabuto-cho Redevelopment Project.

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[Provisional Translation Only]

The English translation of the original Japanese document is provided solely for information purposes.

Should there be any discrepancies between this translation and the Japanese original, the latter shall prevail.

mentioned transactions.