[Translation]

December 21, 2018

To Whom It May Concern

Hiroyuki Iwakuma, Representative Director and President
Heiwa Real Estate Co., Ltd.
1-10, Nihonbashi Kabuto-cho, Chuo-ku, Tokyo
(Code No. 8803) First Section of Tokyo and Nagoya; Fukuoka and Sapporo

Efforts to Strengthen Corporate Governance
(Notice on Addition of Requirements for Chairmen of Nominating Committee and Compensation Committee and Increase in Members of Independent Committee based on Measures Against Large-Scale Purchases of Shares of the Company (Takeover Defense Measures))

Heiwa Real Estate Co., Ltd. (the "Company") announces that at a meeting of the Board of Directors held today, it has made a decision as follows with respect to the topics mentioned in the title.

1. Addition of requirements for the chairmen of the Nominating Committee and the Compensation Committee

To secure the objectivity and transparency of the personnel affairs of directors and statutory auditors and compensation for directors, the Company has established the Nominating Committee and the Compensation Committee, the majority of which consists of external directors, as a voluntary advisory body to the Board of Directors. However, to further strengthen its corporate governance, the Company has revised the Rules of the Nominating Committee and the Rules of the Compensation Committee effective today to stipulate that both committees will be chaired by an external director. In addition, associated with this revision, the Company has appointed External Director Kiichiro Masui as the chairman of the Nominating Committee. The Compensation Committee is already chaired by External Director Kunitaro Saida.

(Reference) Nominating Committee Members (four)

Chairman	Kiichiro Masui (External Director)
Member	Kunitaro Saida (External Director)
Member	Junji Ota (External Director)
Member	Hiroyuki Iwakuma (Representative Director and President)

(Reference) Compensation Committee Members (three)

Chairman	Kunitaro Saida (External Director)
Member	Motoya Aizawa (External Director)
Member	Hiroyuki Iwakuma (Representative Director and President)

2. An increase in the members of the Independent Committee based on takeover defense measures

With respect to the Independent Committee established based on “Measures Against Large-Scale Purchases of Shares of the Company (Takeover Defense Measures)” (hereinafter referred to as the “Plan”), which was approved at the 98th Ordinary General Shareholders’ Meeting held on June 26, 2018, the Company has newly and additionally appointed External Director Junji Ota as a member, effective today.

In the Plan, the Company has established the Independent Committee for the purpose of preventing an arbitrary judgment by the Board of Directors regarding the triggering of countermeasures and preventing the triggering of excessive countermeasures. This time, the Company has decided to further strengthen the function of the Independent Committee by increasing the number of the members by one, to four.

<Biographical Outline of the Newly Appointed Member of the Independent Committee>

Name (Date of Birth)	Career summary	
Junji Ota (Born on February 21, 1948)	April 1971	Joined Nippon Steel Corporation (current NIPPON STEEL & SUMITOMO METAL CORPORATION)
	June 2001	Director, Member of the Board, Head of Division, Group Companies Planning Div. of Nippon Steel Corporation
	April 2003	Director, Member of the Board, Head of Division, Corporate Planning Div. of Nippon Steel Corporation
	April 2005	Managing Director, Member of the Board of Nippon Steel Corporation
	June 2008	Senior Auditor of Nippon Steel Corporation
	May 2011	Chairman of Japan Audit & Supervisory Board Member Association, Public Interest Incorporated Association
	June 2012	Senior Advisor of Nippon Steel Corporation (current NIPPONSTEEL & SUMITOMO METAL CORPORATION); External Auditor of Nippon Steel Engineering Co., Ltd. (current Nippon Steel & Sumikin Engineering Co., Ltd.); External Auditor of Enterprise Turnaround Initiative Corporation of Japan (current Regional Economy Vitalization Corporation of Japan)
	July 2014	Advisor of NIPPON STEEL & SUMITOMO METAL CORPORATION

	November2014	Chief Advisor of Japan Audit & Supervisory Board Member Association, Public Interest Incorporated Association
	July 2016	Public Governor, Chair of Selfregulation Board & Vice-Chairman of Japan Securities Dealers Association (present post)
	June 2018	External Director of the Company (present post) External Director of Toshiba Corporation (present post)

For details of the Plan, please refer to “Continuation of Measures Against Large-Scale Purchases of Shares of the Company (Takeover Defense Measures”) dated May 16, 2018.
(Company website) https://www.heiwa-net.co.jp/english/pdf/2018May03.pdf

(Reference) Independent Committee Members (four)

Kunitaro Saida (External Director)
Kiichiro Masui (External Director)
Junji Ota (External Director)
Chikami Tsubaki (External Statutory Auditor)