

HEIWA REAL ESTATE Announces Capital and Business Alliance Agreement with TAISEI and Others—No Immediate Impact on Rating

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on the conclusions of a capital and business alliance agreement between HEIWA REAL ESTATE CO., LTD. (security code: 8803) and TAISEI CORPORATION (security code: 1801), and a capital and business alliance agreement among HEIWA REAL ESTATE CO., LTD., TAISEI CORPORATION and Mitsubishi Estate Company, Limited. (security code: 8802).

- (1) HEIWA REAL ESTATE CO., LTD. (the "Company") entered into a capital and business alliance agreement with TAISEI CORPORATION ("TAISEI") as of today. In conjunction with the conclusion, the Company, TAISEI CORPORATION, and Mitsubishi Estate Company, Limited ("Mitsubishi Estate") entered into a capital and business alliance agreement among the three companies with respect to this capital and business alliance agreement and also the capital and business alliance agreement dated February 17, 2011 between the Company and Mitsubishi Estate. Under the capital and business alliance agreement, TAISEI will acquire common shares of the Company from Simplex Asset Management Co., Ltd., Simplex Asset Management (HK) Company Limited, and Mitsubishi Estate, respectively, becoming the largest shareholder with 20.12% of the voting rights (planned), and the Company will become an equity-method affiliate of TAISEI.
- (2) JCR believes that there is no need to immediately review the Company's rating as a result of the conclusion of the capital and business alliance agreements. Although TAISEI will become the largest shareholder of the Company and the Company will become an equity-method affiliate of TAISEI, TAISEI's policy is to maintain the Company's listing and management independence. JCR will pay attention to whether the business alliance will generate business synergies for the Company, such as the promotion of the redevelopment project in the Nihonbashi Kabutocho district together with Mitsubishi Estate, as well as mutual cooperation in the investment business in logistics facilities, a new asset class.

Mikiya Kubota, Takeshi Rikawa

<Reference>

Issuer: HEIWA REAL ESTATE CO., LTD.

Long-term Issuer Rating: BBB+ Outlook: Positive

Issuer: TAISEI CORPORATION

Long-term Issuer Rating: AA- Outlook: Stable

Issuer: Mitsubishi Estate Company, Limited

Long-term Issuer Rating: AA+ Outlook: Stable

Japan Credit Rating Agency, Ltd.

Jiji Press Building, 5-15-8 Ginza, Chuo-ku, Tokyo 104-0061, Japan
Tel. +81 3 3544 7013, Fax. +81 3 3544 7026

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