

November 22, 2012

For Immediate Release

REIT Issuer

HEIWA REAL ESTATE REIT, Inc.

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Masaaki Higashihara, Executive Director

(Securities Code: 8966)

Asset Management Company

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Notice Concerning Issuance of New Investment Units and Secondary Offering

HEIWA REAL ESTATE REIT, Inc. (the “Investment Corporation”) announced that a resolution was made at the Board of Directors meeting held on November 22, 2012 concerning the issuance of new investment units and secondary offering, as described below.

Details

1. Issuance of new investment units through public offering (primary offering)

(1) Number of new investment issues to be issued:

90,500 units

(2) Paid-in amount (issue value):

To be determined

The paid-in amount (issue value) shall be determined at a Board of Directors meeting to be held on a date between December 4, 2012 (Tue) to December 7, 2012 (Fri) (the “Pricing Date”) in accordance with the method stated in Article 25 of the Regulations Concerning Underwriting, etc. of Securities provided by the Japan Securities Dealers Association.

(3) Paid-in amount (total of issue value):

To be determined

(4) Offering method:

The offering shall be a primary offering in which all investment units subject to the primary offering shall be purchased and underwritten by SMBC Nikko Securities Inc. and Daiwa Securities Co. Ltd. (the two companies will be collectively referred to as the “Joint Managing Underwriters”) as well as

Nomura Securities Co., Ltd., Mizuho Securities Co., Ltd., Aizawa Securities Co., Ltd., Ichiyoshi Securities, Co., Ltd., Iwai Cosmo Securities Co., Ltd., SMBC Friend Securities Co., Ltd., Okasan Securities Co., Ltd., Takagi Securities Co., Ltd., Tokai Tokyo Securities Co., Ltd., Toyo Securities Co., Ltd. and Mito Securities Co., Ltd. (the Joint Managing Underwriters and these 11 companies will together be referred to as the “Underwriters”).

Furthermore, the issue price (offer price) shall be determined in accordance with the method stated in Article 25 of the Regulations Concerning Underwriting, etc. of Securities provided by the Japan Securities Dealers Association by taking the price arrived at when the closing price in regular trading of the investment units of the Investment Corporation (the “Investment Units”) on the Tokyo Stock Exchange, Inc. on the Pricing Date (when there is no closing price on that day, the closing price on the most recent day preceding that day) is multiplied by a factor between 0.90 and 1.00 (price shall be rounded down to the nearest 1 yen) as the provisional condition, then taking the demand conditions and other factors into account.

(5) Underwriting agreement details:

The Underwriters shall pay in the total paid-in amount (issue value) on the payment date stated in (9) below, and the difference between the total issue price (offer price) and total paid-in amount (issue value) shall be the proceeds of the Underwriters. The Investment Corporation shall not pay an underwriting fee to the Underwriters.

(6) Subscription unit:

1 unit or more in multiples of 1 unit

(7) Subscription period:

The subscription period shall be between the business day following the Pricing Date and the date that marks two business days after the Pricing Date.

(8) Advances on subscription:

Advances on subscription shall be the same amount as the issue price.

(9) Payment date:

The payment date shall be the date five business days after the Pricing Date.

(10) Transfer date:

The transfer date shall be the business day following the payment day

(11) The issue price (offer price), paid-in amount (issue value) and other matters necessary for this issuance of new investment units shall be determined at a future Board of Directors meeting. However, any changes before final determination, etc. are judged at the discretion of the Executive Director.

(12) Each of the items above is subject to the condition that the securities registration statement filed in accordance with the Financial Instruments and Exchange Act takes effect.

Note: This documents is intended to serve as a press release to make available the information on public offerings and secondary offering of units only. This documents should not be construed as an offer to sell or solicitation of an offer to purchase any unit or other investment of the Investment Corporation. Prospective investors are advised to read the Investment Corporation’s prospectus for new unit issuance and secondary offering (and its amendments, if any) and make any investment decisions at their own risk and responsibility. - 2 -

2. Secondary offering (secondary offering through over-allotment)

(1) Seller:

SMBC Nikko Securities Inc.

(2) Number of investment units to be sold:

9,050 units

The number of investment units to be sold indicates the maximum number of investment units of the secondary offering through over-allotment conducted by SMBC Nikko Securities Inc. taking the demand conditions and other factors into account, upon the primary offering. There may be cases where the number is reduced in light of demand conditions and other factors, or there may be cases where the secondary offering through over-allotment itself does not take place at all. The number of investment units to be sold shall be determined on the Pricing Date, taking the demand conditions and other factors into account.

(3) Selling price:

To be determined

(The selling price shall be determined on the Pricing Date. The selling price shall be the same price as the issue price (offer price) of the primary offering.)

(4) Total selling price:

To be determined

(5) Offering method:

Upon the primary offering, taking the demand conditions and other factors of the primary offering into account, SMBC Nikko Securities Inc. will conduct, separate from the primary offering, a secondary offering of the Investment Units that it is to borrow from the Investment Corporation's unitholder, Heiwa Real Estate Co., Ltd. ("Heiwa Real Estate"), with 9,500 units as the maximum number (the "Borrowed Investment Units").

(6) Subscription unit:

1 unit or more in multiples of 1 unit

(7) Subscription period:

The subscription period shall be the same as the subscription period of the primary offering as indicated in 1. (7) above.

(8) Advances on subscription:

Advances on subscription shall be the same amount as the selling price.

(9) Transfer date:

The transfer date shall be the same as the transfer date of the primary offering as indicated in 1. (10) above.

(10) The selling price and other matters necessary for this secondary offering of the Investment Units through over-allotment shall be determined at a future Board of Directors meeting. However, any changes before final determination, etc. are judged at the discretion of the Executive Director.

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(11) Each of the items above is subject to the condition that the securities registration statement filed in accordance with the Financial Instruments and Exchange Act takes effect.

3. Issuance of new Investment units by way of third-party allotment

(1) Number of new investment issues to be issued:

9,050 units

(2) Paid-in amount (issue value):

To be determined

(The paid-in amount (issue value) shall be determined on the Pricing Date. The issue price shall be the same price as the issue price of the primary offering.)

(3) Paid-in amount (total issue value):

To be determined

(4) Allottee and number of investment units to be allotted:

SMBC Nikko Securities Inc.

9,050 units

(5) Subscription unit:

1 unit or more in multiples of 1 unit

(6) Subscription period (subscription date):

The date two business days after the 30th day from the day immediately following the expiration date of the subscription period for the public offering and the secondary offering through over-allotment.

(7) Payment date:

The date three business days after the 30th day from the day immediately following the expiration date of the subscription period for the public offering and the secondary offering through over-allotment.

(8) If some or all of the investment units are not applied for by the end of the subscription period (subscription date) set forth in (6) above, the issuance of those units not applied for shall be cancelled.

(9) The paid-in amount (issue value) and other matters necessary for this issuance of new investment units by way of third-party allotment shall be determined at a future Board of Directors meeting. However, any changes before final determination, etc. are judged at the discretion of the Executive Director.

(10) Each of the items above is subject to the condition that the securities registration statement filed in accordance with the Financial Instruments and Exchange Act takes effect.

<Reference>

1. Secondary offering through over-allotment

(1) Upon the primary offering, taking the demand conditions and other factors of the primary offering into account, SMBC Securities Inc. may offer the Borrowed Investment Units from the Investment Corporation's unitholder,

Heiwa Real Estate, the maximum units of 9,050 units (secondary offering through over-allotment). 9,050 units have
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been currently scheduled for the offering through the over-allotment but this is the maximum number of issuance and it may decrease or issuance will not take place at all depending on the condition.

In association with this secondary offering through over-allotment, the Investment Corporation has resolved to issue new investment units of 9,050 by way of the third-party allotment (the "Third-Party Allotment"), by the Board of Directors meeting on November 22, 2012 to grant SMBC Nikko Securities Inc. an option to purchase new investment units through over-allotment to return the borrowed investment units. The payment date of the Third-Party Allotment shall be the date three business days after the 30th day from the day immediately following the expiration date of the subscription period for the public offering and the secondary offering through over-allotment (the "Third-Party Allotment Payment Date").

In order to return the Borrowed Investment Units, there may be cases where SMBC Nikko Securities Inc. may also acquire the Investment Units up to the number of investment units for the secondary offering through the over-allotment at the Tokyo Stock Exchange (the "Syndicated Cover Transaction") during the period from the day following the close of the subscription period for the primary offering and the secondary offering through over-allotment until the date three business days after the Third-Party Allotment Payment Date (the "Syndicated Cover Transaction Period"). All of the Investment Units acquired by SMBC Nikko Securities Inc. through the Syndicated Cover Transaction will be used for returning the Borrowed Investment Units. There may be cases where SMBC Nikko Securities Inc. does not conduct the Syndicated Cover Transaction at all or completes the Syndicated Cover Transaction with the number of investment units which are less than the number of investment units offered through the secondary offering through over-allotment, at its own discretion.

Furthermore, SMBC Nikko Securities Inc. may be required to conduct stabilizing transactions in relation to the public offering and issuance of the Investment Units through over-allotment. The all or a part of the Investment Units purchased through such stabilizing transactions may be used for returning the Borrowed Investment Units.

For the number of investment units as a result of reducing the number of investment units acquired through the stabilizing transactions and Syndicated Cover Transaction and used to return the Borrowed Investment Units from the number of investment units for the secondary offering through over-allotment, SMBC Nikko Inc. intends to acquire the investment units depending on the allotment of the Third-Party Allotment. Thus, there may be the case where there will be no subscription to the Investment Units offered in the Third-Party Allotment in whole or in part, and the final number of investment units placed by the Third-Party Allotment decrease to that extent due to forfeiture, or such allotment itself will not take place at all.

Whether the offering of the investment units through over-allotment or not, or the number of the investment units through the over-allotment if offering through the over-allotment takes place will be determined on the Pricing Date. If the offering through the over-allotment does not take place, SMBC Nikko Securities Inc. will not borrow the Investment Units from the unitholders. As a result, SMBC Nikko Securities Inc. neither copes with the issuance of the investment units through the Third-Party Allotment nor makes application, and the new investment units through the Third-Party Allotment will not take place at all due to forfeiture. Moreover, the Syndicate Cover Transaction will not take place at the Tokyo Stock Exchange

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(2) The transaction in (1) above will be conducted upon consultation between SMBC Nikko Securities Inc. and Daiwa Securities Co. Ltd.

2. Number of issued investment units after new issue

Number of issued investment units	695,897 units
Increase in investment units through public offering	90,500 units
Total number of issued investment units after offering	786,397 units
Increase in investment units through third-party allotment	9,050 units (Note)
Total number of issued investment units after third-party allotment	795,447 units (Note)

(Note) The above is the number of units when SMBC Nikko Securities Inc. applies and issues the units out of the total number of new investment units issued by way of third-party allotment.

3. Purpose and rationale of issuance

The decision to issue new investment units was made after considering trends in the real estate transaction market, trends in the investment unit market, the distribution level, the total asset-to-debt ratio (LTV), etc., in order to achieve steady growth of the asset size, construct a strategic portfolio and increase the stability of the financial base through the acquisition of new special assets with funds procured by issuing the new investment units.

4. Amount of funds to be procured, intended use and payment schedule

(1) Amount of funds to be procured (approximate net balance)

¥5,019,000,000 (maximum)

(Note) The sum of the total net amount of ¥4,563,000,000 the Investment Corporation will receive from the public offering and the amount of ¥456,000,000 to be received from the issuance of new investment units through the Third-Party Allotment is indicated. The amount is the forecast calculated with the closing price of the regular transaction of the Investment Units at Tokyo Stock Exchange dated November 9, 2012.

(2) Concrete intended use of the funds to be procured and payment schedule

The amount of ¥4,563,000,000 to be received by the public offering will be appropriated to part of the funds to acquire special assets. The maximum amount of ¥456,000,000 to be procured by the issuance of new investment units through the Third-Party Allotment will be appropriated to part of funds to acquire special assets. Remaining proceeds, if any, will be used for the expenses associated with the acquisition of special assets, expenses associated with the primary offering and the issuance of new investment units through Third-Party Allotment, and repayment of loans, in that order.

For details on the special assets, please refer to “Acquisition of Asset (Kobe Kyukyoryuchi Heiwa Building and 2 Other Properties)” announced today.

5. Designated destination of distribution

N/A

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6. Management status outlook

No change will be made to the management status forecast for the fiscal period ending November 2012 (the 22nd fiscal period from June 1, 2012 to November 30, 2012) in the financial report for the fiscal period ended May 2012 dated July 18, 2012 as a result of the issuance of new investment units. As for the management status forecast following the issuance of new investment units, please refer to “Management Status Forecasts for Fiscal Period Ending May 2013 (23rd Fiscal Period) and Fiscal Period Ending November 2013 (24th Fiscal Period)” announced today.

7. Operating results of the last three fiscal terms and status of the equity finance, etc.

(1) Operating results of past three fiscal terms

	Period ended May 2011	Period ended November 2011	Period ended May 2012
Net income per unit (Notes 1 and 2)	-¥8,085	¥1,574	¥1,541
Distributions per unit (Note 2)	¥1,550	¥1,574	¥1,550
Actual payment ratio	—	99.9%	100.5%
Net asset per unit	¥102,175	¥102,200	¥102,138

(Note 1) Net income per unit is calculated by dividing net income by the weighted average (number of days in the period) number of investment units.

(Note 2) Of the ¥10,026 million of gain on negative goodwill from the period ended November 2010, ¥6,705 million was used for distributions for the period ended May 2011 and ¥500 million to the period ended May 2012, with the aim of maintaining and increasing stable distributions.

(Note 3) In actual payment ratio, digit smaller than what are indicated have been rounded off.

Actual payment ratio = Total amount of distributions / Net income × 100

(2) Recent price of the investment unit

a) Status of the recent three fiscal terms

	Period ended May 2011	Period ended November 2011	Period ended May 2012
Opening price	¥51,000	¥49,300	¥37,200
High	¥54,800	¥49,000	¥49,250
Low	¥47,600	¥36,200	¥35,850
Closing price	¥49,300	¥36,650	¥43,300

(Note 1) Opening price indicates the price for regular transactions of the Investment Units at the Tokyo Stock Exchange at 9 A.M. of the first transaction date of each period (if the price is not determined at that period, the price when it is determined is indicated).

(Note 2) High and low are based on the closing price of the Investment Units at the Tokyo Stock Exchange.

b) Status of the recent six months

	June 2012	July	August	September	October	November (Note 2)
Opening price	¥43,000	¥47,000	¥46,850	¥48,950	¥52,000	¥55,200
High	¥46,400	¥46,900	¥49,000	¥52,600	¥56,400	¥56,400
Low	¥40,000	¥44,950	¥46,200	¥48,200	¥51,400	¥52,200
Closing price	¥46,400	¥46,850	¥49,000	¥52,600	¥55,300	¥55,600

(Note 1) Opening price indicates the price for regular transactions of the Investment Units at the Tokyo Stock Exchange at 9 A.M. of the first transaction date of each period (if the price is not determined at that period, the price when it is determined is indicated).

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(Note 2) High and low are based on the closing price of the Investment Units at the Tokyo Stock Exchange.

(Note 3) The investment unit price for November 2012 is for that of November 21, 2012.

c) Investment unit price on the business day preceding the resolution day of issuance

	November 21, 2012
Opening price	¥55,500
High	¥55,700
Low	¥55,200
Closing price	¥55,600

(3) Status of the equity finance for the recent three fiscal terms

N/A

8. Restrictions on disposition, additional issuance, etc.

(1) As of November 22, 2012, unitholders Heiwa Real Estate and the Asset Management Company own 135,845 units and 3,334 units respectively of the Investment Units. Upon the offering, both companies have agreed with the Joint Managing Underwriters not to sell, etc. the Investment Units they own as of November 22, 2012 (however, excluding the lending of the Investment Units upon the offering through over-allotment, etc.), for the period of 180 days after the transfer date starting from the Pricing Date, without prior written approval of the Joint Managing Underwriters.

(2) Upon the offering, the Investment Corporation has agreed with the Joint Managing Underwriters not to issue, etc. investment units (however, excluding cases of issuance, etc. such as the primary offering, the third-party allotment and issuance of the Investment Units through dividing into equal units), for the period of 90 days after the transfer date starting from the Pricing Date, without prior written approval of the Joint Managing Underwriters.

(3) For (1) and (2) above, the Joint Managing Underwriters retain the right to terminate part or all of the aforementioned agreement under their own discretion during the restriction period, or to shorten the restriction period.

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* Investment Corporation Website: <http://www.heiwa-re.co.jp/english/>

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