

Translation Purposes Only

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For Immediate Release

REIT Issuer

HEIWA REAL ESTATE REIT, Inc.

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(Securities Code: 8966)

Asset Management Company

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Notice Concerning Purchase of Interest Rate Caps

HEIWA REAL ESTATE REIT, Inc. (the “Investment Corporation”) announced today it purchased interest rate caps, as described below.

Details

1. Reason for Purchasing Interest Rate Caps

The Investment Corporation purchased interest rate caps covering variable interest rate loan agreement (Term Loan 19) to reduce the risk of increased interest payments as a result of future rises in interest rates.

2. Details of Interest Rate Caps

(1) Loan	Term Loan 19
(2) Seller	The Bank of Tokyo-Mitsubishi UFJ, Ltd.
(3) Notional Principal	6,070 million yen
(4) Start Date	July 31, 2013
(5) End Date	March 30, 2020
(6) Capped Interest Rate	JBA 3-month Japanese Yen TIBOR (JBA 2-month Japanese Yen TIBOR for the period from January 31, 2020 to March 31, 2020)
(7) Interest Rate Reset Date	The last day of every January, April, July and October (however, in the event one of these days is not a business day, the business day immediately preceding it)
(8) Strike Rate	0.10000%
(9) Cap Fee	289,781,800 yen (4.77400% of notional principal)

[Reference]

If an interest rate cap is purchased and the capped interest rate exceeds the strike rate, the seller of the interest rate cap shall pay the Investment Corporation an amount corresponding to the difference between the capped interest rate and strike rate. The purchase of the interest rate caps for Term Loan 19 (6,070 million yen) will allow expectations for the effect practically similar to setting ceilings to interest payments for the subject loans.

### 3. Future Outlook

The purchase of interest rate caps will have a minimal impact on the management situation of the Investment Corporation for the fiscal period ending May 2013 (December 1, 2012 to May 31, 2013) and the fiscal period ending November 2013 (June 1, 2013 to November 30, 2013) and no change has been made to the performance forecasts for the fiscal periods.

### 4. Other

The risks associated with the purchase of the interest rate caps described above do not change from those detailed in “Investment Risks” in the periodic securities report (*yuka shoken hokokusho*) for the fiscal period ended November 2012 (22nd Fiscal Period), which was submitted on February 27, 2013.

\* 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/>