

Translation Purposes Only

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REIT Issuer

HEIWA REAL ESTATE REIT, Inc.

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Management Status Forecasts for Fiscal Period Ending May 2013 and Fiscal Period Ending November 2013

HEIWA REAL ESTATE REIT, Inc. (the “Investment Corporation”) announced the outlook for its management status (forecast figures) for the fiscal period ending May 2013 (23rd Fiscal Period: December 1, 2012 to May 31, 2013) and the fiscal period ending November 2013 (24th Fiscal Period: June 1, 2013 to November 30, 2013), as described below.

Details

1. Management Status Forecasts for Fiscal Period Ending May 2013 (23rd Fiscal Period) and Fiscal Period Ending November 2013 (24th Fiscal Period)

	Operating revenue (million yen)	Operating income (million yen)	Ordinary income (million yen)	Net income (million yen)	Distribution per unit (yen)
Period ending May 2013 (23rd Fiscal Period)	4,553	1,821	1,132	1,132	1,640
Period ending November 2013 (24th Fiscal Period)	4,535	1,955	1,273	1,272	1,600

(Note) Funds for payment of distributions for the fiscal period ending May 2013 (23rd Fiscal Period) include allotment (¥172 million) from earnings brought forward in the previous fiscal period and so differs from net income.

(Actual Results of Previous Period)

Period ended May 2012 (21st Fiscal Period)	4,223	1,810	1,073	1,073	1,550
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[Reference]

Period ending May 2013:

Forecast number of investment units issued and outstanding at end of period: 795,447 units

Forecast net income per unit: ¥1,423

Period ending November 2013:

Forecast number of investment units issued and outstanding at end of period: 795,447 units

Forecast net income per unit: ¥1,600

[Notes]

1. The above figures are as of the date of this document and based on the assumptions described in the attachment “Key Assumptions of the Management Status Forecasts for the Fiscal Period Ending May 2013 (23rd Fiscal Period) and the Fiscal Period Ending November 2013 (24th Fiscal Period).” Therefore, actual operating revenue, operating income, ordinary income, net income and distributions per unit may vary. These forecasts are not guarantees of actual distributions.
2. The Investment Corporation may revise forecasts in the future in the event of significant discrepancy with the figures above is expected.
3. The Investment Corporation currently owns 88 properties of real estate and trust beneficiary rights in real estate. In addition, three properties of trust beneficiary rights in real estate are scheduled to be acquired by the end of May 2013 (end of the 23rd Fiscal Period) as indicated in the attachment “Key Assumptions of the Management Status Forecasts for the Fiscal Period Ending May 2013 (23rd Fiscal Period) and the Fiscal Period Ending November 2013 (24th Fiscal Period).”
4. Amounts are rounded down to the nearest specified unit.

* 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/>

[Reference] Key Assumptions of the Management Status Forecasts for the Fiscal Period Ending May 2013 (23rd Fiscal Period) and the Fiscal Period Ending November 2013 (24th Fiscal Period)

Item	Assumptions																				
Accounting period	23rd Fiscal Period: Fiscal period ending May 2013 (from December 1, 2012 to May 31, 2013) (182 days) 24th Fiscal Period Fiscal period ending November 2013 (from June 1, 2013 to November 30, 2013) (183 days)																				
Assets under management	<ul style="list-style-type: none"> • In addition to the 88 properties of real estate and trust beneficiary interest in real estate (the “Acquired Assets”), the Investment Corporation is scheduled to acquire the three properties indicated below by the end of the fiscal period ending May 2013. • Assumes that Kobe Kyukyoryuchi Heiwa Building, Mita Heiwa Building (<i>leasehold land</i>) and Sakae Minami Heiwa Building (the “Assets Scheduled for Acquisition”) will be acquired on December 17, 2012. • The management status forecasts assume the Assets Scheduled for Acquisition will have been acquired on the above date and that there will be no transfer of assets under management (acquisition of new properties, sale of existing properties, etc.) until the last day of the fiscal period ending November 2013 (24th Fiscal Period). • Actual results may vary due to transfer of assets under management. 																				
Number of investment units	<ul style="list-style-type: none"> • The number of investment units issued and outstanding as of November 22, 2012 is 695,897 units. In addition to this, of the new investment units resolved to be issued through offering at the Board of Directors meeting held on November 22, 2012 (the “Issuance of New Investment Units”), it is assumed that 99,550 units, the sum of the 90,500 units to be issued for public offering and the maximum number of 9,050 units through third-party allotment (the “Third-Party Allotment”), will be issued. For details on the Issuance of New Investment Units, please refer to the press release titled “Notice Concerning Issuance of New Investment Units and Secondary Offering” announced today. • Assumes that there will be no issuance of investment units until the last day of the fiscal period ending November 2013 (24th Fiscal Period) other than the issuance indicated above. • Net income per unit and distributions are calculated with the assumption that the number of investment units at the end of each period is 795,447 units, which includes units from the Issuance of New Investment Units and the Third-Party Allotment. 																				
Operating revenue	<ul style="list-style-type: none"> • Operating revenue is calculated by assuming the assets under management above. • Operating revenue is calculated based on the Acquired Assets’ historical data, and takes into account the status of agreement cancellation notices received to date, current market environment and other factors. 																				
Operating expenses	<ul style="list-style-type: none"> • Operating expenses are calculated by assuming the assets under management above. • Major operating expenses are assumed as follows. <table border="0" style="margin-left: 20px; width: 100%;"> <tr> <td colspan="2">[Fiscal period ending May 2013 (23rd Fiscal Period)]</td> </tr> <tr> <td style="padding-left: 20px;">Taxes and dues (fixed property tax, city planning tax, etc.)</td> <td style="text-align: right;">¥276 million</td> </tr> <tr> <td style="padding-left: 20px;">Repair expenses</td> <td style="text-align: right;">¥357 million</td> </tr> <tr> <td style="padding-left: 20px;">Management consignment expenses</td> <td style="text-align: right;">¥480 million</td> </tr> <tr> <td style="padding-left: 20px;">Depreciation</td> <td style="text-align: right;">¥772 million</td> </tr> <tr> <td colspan="2">[Fiscal period ending November 2013 (24th Fiscal Period)]</td> </tr> <tr> <td style="padding-left: 20px;">Taxes and dues (fixed property tax, city planning tax, etc.)</td> <td style="text-align: right;">¥328 million</td> </tr> <tr> <td style="padding-left: 20px;">Repair expenses</td> <td style="text-align: right;">¥134 million</td> </tr> <tr> <td style="padding-left: 20px;">Management consignment expenses</td> <td style="text-align: right;">¥465 million</td> </tr> <tr> <td style="padding-left: 20px;">Depreciation</td> <td style="text-align: right;">¥774 million</td> </tr> </table> • With regard to fixed property tax, city planning tax, etc. a method where, of the tax assessed and determined, the amount pertaining to the period of calculation is processed as rental business expenses is employed. Furthermore, in general, with regard to transaction of real estate, etc., fixed property tax, city planning tax, etc., are calculated based on a time distribution with the previous owner and are settled at the time of acquisition, but because the amount to be paid as settlement is counted as acquisition cost, such is not recorded as an expense. The amount of fixed property tax, city planning tax, etc. that is expected to be counted as cost for acquisition of real estate, etc. is forecast to be ¥6 million. • Repair expenses are expensed in the amount of routine repairs estimated to be necessary in the fiscal periods under review based on the repair plan for each property. • Actual operating expenses may vary significantly from the forecast amount due to emergency repair expenses possibly arising from unexpected factors. 	[Fiscal period ending May 2013 (23rd Fiscal Period)]		Taxes and dues (fixed property tax, city planning tax, etc.)	¥276 million	Repair expenses	¥357 million	Management consignment expenses	¥480 million	Depreciation	¥772 million	[Fiscal period ending November 2013 (24th Fiscal Period)]		Taxes and dues (fixed property tax, city planning tax, etc.)	¥328 million	Repair expenses	¥134 million	Management consignment expenses	¥465 million	Depreciation	¥774 million
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Non-operating expenses	<ul style="list-style-type: none"> Expected interest expenses and borrowing related expenses are ¥679 million for the fiscal period ending May 2013 (23rd Fiscal Period) and ¥669 million for the fiscal period ending November 2013 (24th Fiscal Period). Also, as expenses for the Issuance of New Investment Units and the second offering announced in the press release titled “Notice Concerning Issuance of New Investment Units and Secondary Offering” dated November 22, 2012, ¥8 million is expected for the period ending May 2013 (23rd Fiscal Period) and ¥8 million for the fiscal period ending November 2013 (24th Fiscal Period)
Interest-bearing liabilities	<ul style="list-style-type: none"> The Investment Corporation’s balance of interest-bearing liabilities as of November 22, 2012 is ¥63,858 million. Calculated based on the assumption that the balance of interest-bearing liabilities will be ¥65,113 million as of the end of the fiscal period ending May 2013 (23rd Fiscal Period) by newly borrowing ¥1,690 million as part of funds to acquire the Assets Scheduled for Acquisition in December 2012 and repaying ¥40 million as agreed and making an early repayment, by allotting part of proceeds from the Third-Party Allotment, of ¥395 million of existing borrowings in January 2013, and ¥65,073 million as of the end of the fiscal period ending November 2013 (24th Fiscal Period) by repaying ¥40 million of existing borrowings in July 2013. Assumes that all borrowings due for repayment in March 2013 and October 2013 will be refinanced.
Distribution per unit	<ul style="list-style-type: none"> Calculated based on the policy for cash distributions stipulated in the articles of incorporation. Actual distributions per unit may vary as a result of factors including changes to assets under management, fluctuation in rental revenue due to tenant changes, etc. and incurrence of unexpected repairs In addition to ¥1,132 million of net income expected for the fiscal period ending May 2013 (23rd Fiscal Period), ¥172 million will be allotted from earnings brought forward in the previous fiscal period and so total distributions of ¥1,304 million (distribution per unit of ¥1,640) is assumed. Total distributions of ¥1,272 million (distribution per unit of ¥1,600) is scheduled for the fiscal period ending November 2013 (24th Fiscal Period) by allotting ¥1,272 million of expected net income, and it is assumed there will be no allotment of earnings brought forward in the previous fiscal period.
Distribution in excess of earnings per unit	<ul style="list-style-type: none"> There are currently no plans to make distributions in excess of earnings.
Other	<ul style="list-style-type: none"> Assumes there are no revisions to laws and ordinances, the tax system, accounting standards, the regulations of Tokyo Stock Exchange, Inc. and the rules of The Investment Trusts Association, Japan, etc. that will affect the abovementioned forecast figures. Assumes there will be no major unforeseen changes in general economic trends, real estate market conditions, etc.