

Translation Purposes Only

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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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Partial Early Repayment of Loans, and Cancellation and Execution of Agreements on Grant of Security Interests

HEIWA REAL ESTATE REIT, Inc. (the “Investment Corporation”) announced the following decision today to repay some of its loans in advance of the principal repayment date and to cancel and execute agreements on grant of security interests.

Details

1. Partial Early Repayment of Loans

(1) Details of Early Repayment

- (a) Loans Subject to Early Repayment and Repayment Amount: ¥7,923 million of the ¥20,637.5 million total amount of loans outlined in “(2) Details of Loans Subject to Partial Early Repayment” below
- (b) Date of Early Repayment: February 28, 2011
- (c) Funds for Repayment: Part of the ¥8,035 million in proceeds from the transfer of 3 properties of the Investment Corporation’s portfolio assets – Of-19 Sannomiya Sanwa Toyo Building, Re-27 Glenpark Ikedayama and Re-28 Rune Higashiterao (Please refer to the “Transfer of Assets” press release dated today for details of the transfer of portfolio assets.)

(2) Details of Loans Subject to Partial Early Repayment

Term Loan D

(a) Lender	The Tokyo Star Bank, Ltd.
(b) Loan Amount	¥13,250 million
(c) Early Repayment Amount	¥7,180 million
(d) Loan Balance After Repayment	¥6,070 million
(e) Drawdown Date	June 30, 2010
(f) Principal Repayment Date	June 30, 2011

Term Loan 7

(a) Lenders	Aozora Bank, Ltd.; Sumitomo Mitsui Banking Corporation; Resona Bank, Ltd.; The Norinchukin Bank; The Nishi-Nippon City Bank, Ltd.; Sampo Japan Insurance Inc.; The Hokkaido Bank, Ltd.
(b) Loan Amount	¥7,387.5 million
(c) Early Repayment Amount	¥743 million
(d) Loan Balance After Repayment	¥6,644.5 million
(e) Drawdown Date	October 27, 2010
(f) Principal Repayment Date	October 31, 2011

(3) Status of Interest-Bearing Liabilities After Repayment

(Unit: million yen)

	Before Repayment	After Repayment	Change
Short-term loans	30,454	23,274	-7,180
Long-term loans	29,659	28,916	-743
Total loans	60,113	52,190	-7,923
Investment corporation bonds	10,000	10,000	-
Total loans and investment corporation bonds	70,113	62,190	-7,923
Other interest-bearing liabilities	-	-	-
Total interest-bearing liabilities	70,113	62,190	-7,923

(4) Other

The risks associated with repayment, etc. of funds borrowed as described above do not change from that detailed in “Investment Risks” in the periodic securities report (*yuka shoken hokokusho*) for the fiscal period ended November 2010 (18th Fiscal Period).

2. Cancellation and Execution of Agreements on Grant of Security Interests

Concerning Of-19 Sannomiya Sanwa Toyo Building and Re-28 Rune Higashiterao of the transfer assets, the agreement on grant of a revolving mortgage with Aozora Bank, Ltd.; Sumitomo Mitsui Banking Corporation; Resona Bank, Ltd.; The Norinchukin Bank; The Nishi-Nippon City Bank, Ltd.; Sampo Japan Insurance Inc.; and The Hokkaido Bank, Ltd. as the security interest holders will be cancelled upon the transfer. In addition, concerning the 7 properties Re-53 Single-residence Shijyo Kawaramachi, Re-54 La Residence de Sendagi, Re-60 Single-residence Karasuma Kuramaguchi, Re-63 Single-residence Higashishinjuku, Re-65 Single-residence Kitayobancho, Re-66 Single-residence Atagobashi and Re-68 Single-residence Asakusabashi, the agreement on grant of a pledge with The Tokyo Star Bank, Ltd. as the security interest holder will be canceled, and a new agreement on grant of a fixed pledge with Aozora Bank, Ltd.; Sumitomo Mitsui Banking Corporation; Resona Bank, Ltd.; The Norinchukin Bank; The Nishi-Nippon City Bank, Ltd.; Sampo Japan Insurance Inc.; and The Hokkaido Bank, Ltd. as the security interest holders will be executed.

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