

June 23, 2017

For Immediate Release

REIT Issuer

HEIWA REAL ESTATE REIT, Inc.

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Masaaki Higashihara, Executive Director

(Securities Code: 8966)

Asset Management Company

HEIWA REAL ESTATE Asset Management CO., LTD.

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Notice Concerning Issuance of Investment Corporation Bonds and Partial Early Repayment of Loan

HEIWA REAL ESTATE REIT, Inc. (the “Investment Corporation”) announced today that it has decided to issue publicly offered investment corporation bonds (totaling 2,800 million yen) and make the partial early repayment of the loan based on the comprehensive resolution adopted at the board of directors’ meeting held on May 26, 2016 as below.

Details

1. Details of the bonds

(1) The 1st unsecured investment corporation bonds

(1) Name of the investment corporation bonds	HEIWA REAL ESTATE REIT, Inc. The 1st unsecured investment corporation bonds (hereinafter called the “1st bonds”) (Special pari passu conditions among specified investment corporation bonds)
(2) Issue amount	1,000 million yen
(3) Form of bond certificate	Subject to the provisions of the Act on Book-Entry Transfer of Company Bonds, Shares, etc., HEIWA REAL ESTATE REIT, Inc. will not issue investment corporation bond certificates for the 1st bonds.
(4) Issuance price	100 yen per 100 yen face value
(5) Redemption price	100 yen per 100 yen face value
(6) Interest rate	0.300% per annum
(7) Amount per offering	100 million yen
(8) Offering method	Public offering
(9) Offering period	June 23, 2017
(10) Payment date	June 30, 2017
(11) Collateral and guarantee	The 1st bonds will be issued on an unsecured, unguaranteed basis without the backing of specific assets.

(12) Redemption method and maturity date	The total amount of the 1st bonds will be redeemed on June 30, 2022. The 1st bonds may be repurchased and cancelled at any time on and after the following day of the payment date, unless otherwise provided by law or the service regulations and other rules specified by the transfer agent, Japan Securities Depository Center, Inc.
(13) Interest payment date	June 30 and December 30 every year
(14) Financial covenants	Negative pledge clause is attached.
(15) Rating	A (Japan Credit Rating Agency, Ltd)
(16) Fiscal agent, issuing agent and payment agent	Resona Bank, Limited
(17) Underwriter	SMBC Nikko Securities Inc. Mizuho Securities Co., Ltd. Daiwa Securities Co., Ltd. Nomura Securities Co., Ltd.

(2) The 2nd unsecured investment corporation bond

(1) Name of the investment corporation bonds	HEIWA REAL ESTATE REIT, Inc. The 2nd unsecured investment corporation bonds (hereinafter called the “2nd bonds”) (Special pari passu conditions among specified investment corporation bonds)
(2) Issue amount	1,800 million yen
(3) Form of bond certificate	Subject to the provisions of the Act on Book-Entry Transfer of Company Bonds, Shares, etc., HEIWA REAL ESTATE REIT, Inc. will not issue investment corporation bond certificates for the 2nd bonds.
(4) Issuance price	100 yen per 100 yen face value
(5) Redemption price	100 yen per 100 yen face value
(6) Interest rate	0.650% per annum
(7) Amount per offering	100 million yen
(8) Offering method	Public offering
(9) Offering period	June 23, 2017
(10) Payment date	June 30, 2017
(11) Collateral and guarantee	The 2nd bonds will be issued on an unsecured, unguaranteed basis without the backing of specific assets.
(12) Redemption method and maturity date	The total amount of the 2nd bonds will be redeemed on June 30, 2027. The 2nd bonds may be repurchased and cancelled at any time on and after the following day of the payment date, unless otherwise provided by law or the service regulations and other rules specified by the transfer agent, Japan Securities Depository Center, Inc.
(13) Interest payment date	June 30 and December 30 every year
(14) Financial covenants	Negative pledge clause is attached.
(15) Rating	A (Japan Credit Rating Agency, Ltd)
(16) Fiscal agent, issuing agent and payment agent	Resona Bank, Limited
(17) Underwriter	SMBC Nikko Securities Inc. Mizuho Securities Co., Ltd. Daiwa Securities Co., Ltd. Nomura Securities Co., Ltd.

2. Reason for the issuance

The Investment Corporation will issue the bonds to extend the terms of interest-bearing debt, disperse repayment dates and diversify financing methods, aiming to build a stronger foundation for financial affairs and reduce borrowing costs.

3. Amount of funds to be raised, use of proceeds and scheduled timing of expenditure

- (i) Amount of funds to be raised (estimated amount of net proceeds: deducting issuance related expenses from the payment amount, and rounding down the amounts less than 1 million.)

2,778 million yen

- (ii) Specific use of proceeds and scheduled timing of expenditure

The Investment Corporation plans to allocate the proceeds on July 7, 2017 to the early repayment of the borrowings detailed in the following section 4. The difference (22 million yen) between the amount of funds to be procured and funds for the repayment will be allotted from cash on hand.

4. Details of the partial and early repayment

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(a) Lender	Sumitomo Mitsui Trust Bank, Limited.
(b) Loan balance	3,000 million yen
(c) Early repayment amount	2,800 million yen
(d) Loan balance after repayment	200 million yen
(e) Interest rate	0.20500% (Base interest rate (JBA 1-month Japanese Yen TIBOR) + 0.0175%) (Note)
(f) Drawdown date	January 20, 2017
(g) Scheduled date of early repayment	July 7, 2017
(h) Principal repayment date	February 28, 2018
(i) Principal repayment method	Lump-sum repayment on the principal repayment date
(j) Collateral and Guarantee	Unsecured and unguaranteed

(Note) Applicable interest rate as of today is indicated

5. Status of interest-bearing liabilities after the issuance of corporate bonds and the partial and early repayment of loan (As of July 7, 2017)

(Unit: million yen, fractions of 1 unit have been rounded off)

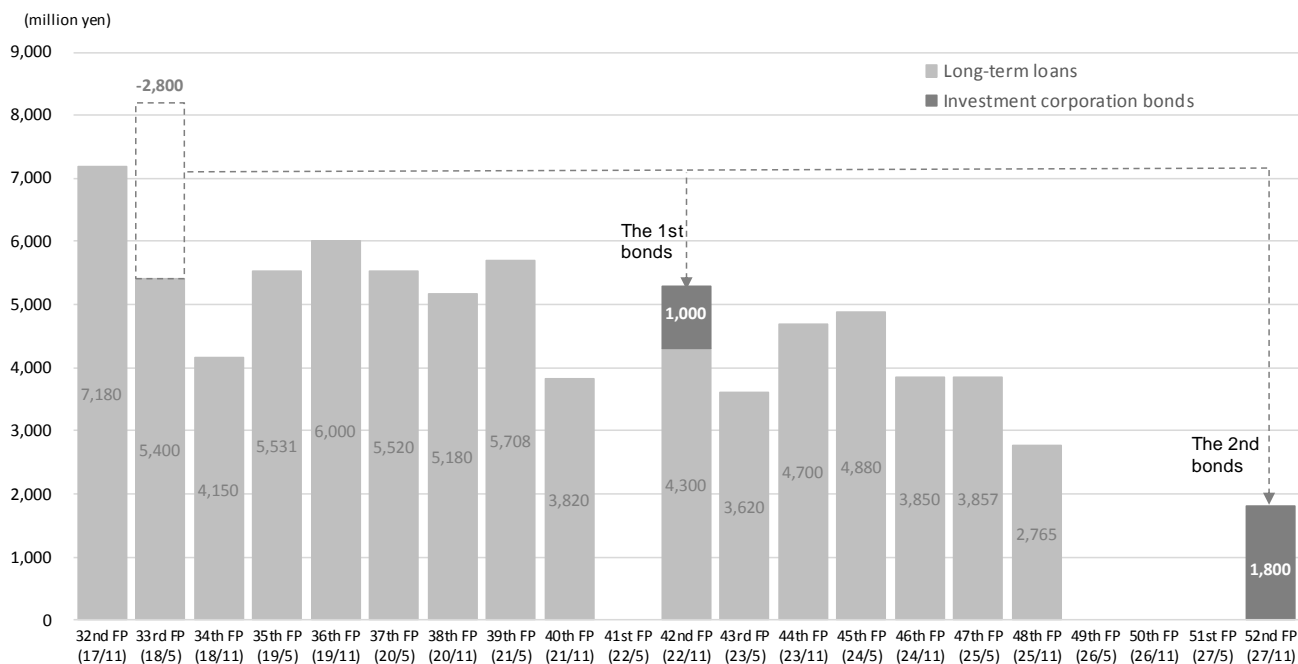
	Before the issuance of the investment corporation bonds and repayment	After the issuance of the investment corporation bonds and repayment	Change
Short-term borrowing	-	-	-
Long-term loans due within 1 year	15,380	12,580	-2,800
Long-term borrowing	63,881	63,881	-
Total loans	79,261	76,461	-2,800
Corporate bonds	-	2,800	+2,800
Total interest-bearing debt	79,261	79,261	-

6. Other

The risks associated with the establishment of commitment line agreements 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 2016 (30th Fiscal Period), which was submitted on February 27, 2017.

[Reference]

Maturity ladder after the issuance of the 1st bonds and the 2nd bonds, and the partial and early repayment of loan.



* 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/>