

Translation Purposes Only

March 28, 2011

For Immediate Release

REIT Issuer

HEIWA REAL ESTATE REIT, Inc.

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(Securities Code: 8966)

Asset Management Company

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Borrowing of Funds and Early Repayment of Loan

HEIWA REAL ESTATE REIT, Inc. (the “Investment Corporation”) announced the following decision today to borrow funds and repay a loan in advance of the principal repayment date.

Details

1. Borrowing of Funds

(1) Reason for Borrowing

Since merging with Japan Single-residence REIT Inc. (“JSR”) in October 2010, the Investment Corporation has been pursuing reduction of financial costs and improvement of borrowing terms and conditions, as well as striving to establish a stable financial base through such means as diversifying repayment dates and strengthening the bank formation. As part of such efforts, the Investment Corporation will use this loan to fund the repayment of Term Loan D (loan balance: ¥6,070 million) in advance of the principal repayment date (June 30, 2011).

Of the Investment Corporation’s loans, Term Loan D has a relatively high loan interest rate. Therefore, repayment of such would translate into a reduction of financial costs. Moreover, the Investment Corporation believes that receiving a syndicated loan from a bank syndicate of which its sponsor HEIWA REAL ESTATE Co., Ltd.’s main financing banks Sumitomo Mitsui Banking Corporation and Resona Bank, Ltd. are members would serve to strengthen the bank formation. (For details on Term Loan D, please refer to JSR’s “Notice Concerning New Borrowing” dated June 28, 2010. The press release is available for viewing on the Investment Corporation’s website.)

(2) Details of Borrowing

(a) Lenders	Sumitomo Mitsui Banking Corporation; Resona Bank, Ltd.; Mizuho Trust & Banking Co., Ltd.
(b) Loan Amount	¥6,070 million
(c) Interest Rate	Japanese Yen TIBOR for the period corresponding to the interest calculation period + 1.20% (Note)
(d) Drawdown Date	March 31, 2011

(e) Borrowing Method	Borrowing based on the contract of cash loan for consumption that is scheduled to be concluded on March 29, 2011 with the lenders above
(f) Interest Payment Dates	The last day of every January, April, July and October (the first interest payment date shall be the last day of April 2011) and the principal repayment date (however, in the event that this day is not a business day, the business day immediately preceding it)
(g) Principal Repayment Date	March 31, 2013 (however, in the event that this day is not a business day, the business day immediately preceding it)
(h) Principal Repayment Method	Lump-sum repayment on the principal repayment date
(i) Collateral	Yes

(Note) The interest rate will be announced when such has been settled.

(3) Use of Funds

The entire amount of funds that will be procured (¥6,070 million) will be used to fund the early repayment of Term Loan D outlined in “2. Loan Subject to Repayment” below.

2. Loan Subject to Repayment

Term Loan D

(a) Lender	The Tokyo Star Bank, Ltd.
(b) Loan Balance	¥6,070 million
(c) Drawdown Date	June 30, 2010
(d) Principal Repayment Date	June 30, 2011
(e) Scheduled Date of Early Repayment	March 31, 2011

3. Status of Interest-Bearing Liabilities After Drawdown and Repayment of Existing Loan

(Unit: million yen)

	Before Drawdown and Repayment	After Drawdown and Repayment	Change
Short-term loans	23,274	17,204	-6,070
Long-term loans	28,916	34,986	6,070
Total loans	52,190	52,190	-
Investment corporation bonds	10,000	10,000	-
Total loans and investment corporation bonds	62,190	62,190	-
Other interest-bearing liabilities	-	-	-
Total interest-bearing liabilities	62,190	62,190	-

4. Other

The risks associated with the borrowing and the repayment of an existing loan, etc. 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).

*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/>