

May 26, 2011

For Immediate Release

REIT Issuer

HEIWA REAL ESTATE REIT, Inc.

2-5-1 Atago, Minato-ku, Tokyo

Masaaki Higashihara, Executive Director

(Securities Code: 8966)

Asset Management Company

HEIWA REAL ESTATE Asset Management CO., LTD.

Takaya Ichikawa, President & Representative Director

Inquiries: Shinya Ito, General Manager, IR Department

TEL. +81-3-5402-8731

Borrowing of Funds and Repayment of Loans

HEIWA REAL ESTATE REIT, Inc. (the “Investment Corporation”) announced the following decisions regarding the borrowing of funds and repayment of loans.

Details

1. Borrowing of Funds

(1) Reason for Borrowing

These loans will be used to fund the repayment of Term Loan A (loan balance: ¥10,554.7 million), Term Loan B (loan balance: ¥6,130 million) and Term Loan C (loan balance: ¥519.6 million) (total loan balance: ¥17,204.3 million) whose principal repayment dates are May 31, 2011.

(2) Details of Borrowing

Term Loan F

1) Lenders	Aozora Bank, Ltd., Resona Bank, Ltd., Sumitomo Mitsui Banking Corporation, Mizuho Trust and Banking Co., Ltd., The Chuo Mitsui Trust and Banking Company, Limited, The Bank of Tokyo-Mitsubishi UFJ, Ltd.
2) Loan Amount	¥6,554.7 million
3) Interest Rate	TBD (fixed interest rate) (note)
4) Drawdown Date	May 31, 2011
5) Borrowing Method	Borrowing based on the contract of cash loan for consumption that is scheduled to be concluded on May 27, 2011 with the lenders above
6) Interest Payment Dates	The last day of every month and the principal repayment date (however, in the event that one of these days is not a business day, the business day immediately preceding it)
7) Principal Repayment Date	May 31, 2014 (however, in the event that this day is not a business day, the business day immediately preceding it)
8) Principal Repayment Method	Lump-sum repayment on the principal repayment date
9) Collateral and Guarantee	Collateralized and unguaranteed

(Note) The interest rate will be announced once it has been determined.

Term Loan G

1) Lenders	Aozora Bank, Ltd., Resona Bank, Ltd., Sumitomo Mitsui Banking Corporation, Ltd., The Chuo Mitsui Trust & Banking Company, Limited
2) Loan Amount	¥4,000 million
3) Interest Rate	TBD (fixed interest rate) (note)
4) Drawdown Date	May 31, 2011
5) Borrowing Method	Borrowing based on the contract of cash loan for consumption that is scheduled to be concluded on May 27, 2011 with the lenders above
6) Interest Payment Dates	The last day of every month and the principal repayment date (however, in the event that one of these days is not a business day, the business day immediately preceding it)
7) Principal Repayment Date	May 31, 2016 (however, in the event that this day is not a business day, the business day immediately preceding it)
8) Principal Repayment Method	Lump-sum repayment on the principal repayment date
9) Collateral and Guarantee	Collateralized and unguaranteed

(Note) The interest rate will be announced once it has been determined.

Term Loan H

1) Lenders	Aozora Bank, Ltd., Resona Bank, Ltd.
2) Loan Amount	¥6,130 million
3) Interest Rate	Base interest rate (JBA 1-month Japanese Yen TIBOR) + 1.70% (note)
4) Drawdown Date	May 31, 2011
5) Borrowing Method	Borrowing based on the contract of cash loan for consumption that is scheduled to be concluded on May 27, 2011 with the lenders above
6) Interest Payment Dates	The last day of every month and the principal repayment date (however, in the event that one of these days is not a business day, the business day immediately preceding it)
7) Principal Repayment Date	May 31, 2012 (however, in the event that this day is not a business day, the business day immediately preceding it)
8) Principal Repayment Method	Lump-sum repayment on the principal repayment date
9) Collateral and Guarantee	Collateralized and unguaranteed

(Note) The base interest rate applicable to the calculation period for the interest payable on an interest payment date is the 1-month Japanese Yen TIBOR published by JBA two business days preceding the interest payment date. For JBA's Japanese Yen TIBOR, please check with JBA's website (<http://www.zenginkyo.or.jp/en/tibor/>)

Term Loan I

1) Lenders	The Musashino Bank, Ltd.
2) Loan Amount	¥519.6 million
3) Interest Rate	Basic interest rate (JBA 3-month Japanese Yen TIBOR) + 1.30% (note)
4) Drawdown Date	May 31, 2011
5) Borrowing Method	Borrowing based on the contract of cash loan for consumption that is scheduled to be concluded on May 27, 2011 with the lenders above
6) Interest Payment Dates	The last day of every January, April, July and October and the principal repayment date (the first interest payment date shall be the last day of July 2011) (however, in the event that one of these days is not a business day, the business day immediately preceding it)
7) Principal Repayment Date	May 31, 2012 (however, in the event that this day is not a business day, the business day immediately preceding it)
8) Principal Repayment Method	Lump-sum repayment on the principal repayment date
9) Collateral and Guarantee	Collateralized and unguaranteed

(Note) The base interest rate applicable to the calculation period for the interest payable on an interest payment date is the 3-month Japanese Yen TIBOR published by JBA two business days preceding the interest payment date. However, in the event that the calculation period is a period of less than three months, calculations are based on the base interest rate corresponding to that period.

(3) Use of Funds

The total amount of funds that will be procured (¥17,204.3 million) will be allocated to repayment funds for the loans mentioned in the below 2. Repayment of Loans.

2. Repayment of Loans

Term Loan A

1) Lenders	The Chuo Mitsui Trust and Banking Company, Limited, Aozora Bank, Ltd., Mizuho Trust & Banking Co., Ltd., Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Resona Bank, Ltd.
2) Loan Amount	¥10,554.7 million
3) Drawdown Date	August 31, 2010
4) Principal Repayment Date	May 31, 2011

Term Loan B

1) Lenders	Aozora Bank, Ltd.
2) Loan Amount	¥6,130 million
3) Drawdown Date	August 31, 2010
4) Principal Repayment Date	May 31, 2011

Term Loan C

1) Lenders	The Musashino Bank, Ltd.
2) Loan Amount	¥519.6 million
3) Drawdown Date	September 30, 2010
4) Principal Repayment Date	May 31, 2011

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

(Units: million yen)

	Before Drawdown and Repayment	After Drawdown and Repayment	Change
Short-term loans	17,204.3	6,649.6	-10,554.7
Long-term loans (note)	34,985.5	45,540.2	10,554.7
Total loans	52,189.8	52,189.8	—
Investment corporation bonds	10,000.0	10,000.0	—
Total loans and investment corporation bonds	62,189.8	62,189.8	—
Other interest-bearing liabilities	—	—	—
Total interest-bearing liabilities	62,189.8	62,189.8	—

(Note) Long-term loans includes those whose repayments are scheduled within one year.

4. Other

The risks associated with the repayment of the borrowings, etc. 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), which was submitted on February 28, 2011.

- * 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/>