

April 26, 2018

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

HEIWA REAL ESTATE REIT, Inc. (the “Investment Corporation”) announced today that it has decided to issue publicly offered investment corporation bonds 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

The 3rd unsecured investment corporation bonds

(1) Name of the investment corporation bonds	HEIWA REAL ESTATE REIT, Inc. The 3rd unsecured investment corporation bonds (hereinafter called the “3rd 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) Issue price	100 yen per 100 yen of each bond
(5) Redemption price	100 yen per 100 yen of each bond
(6) Interest rate	0.700% per annum
(7) Amount per offering	100 million yen
(8) Offering method	Public offering
(9) Offering period	April 26, 2018
(10) Payment date	May 7, 2018
(11) Collateral and guarantee	The 3rd bonds will be issued on an unsecured, unguaranteed basis without the backing of specific assets.

(12) Redemption method and date	The total amount of the 3rd bonds will be redeemed on May 2, 2028. The 3rd 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	May 31 and November 30 every year (the first interest payment date shall be November 30, 2018)
(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. Daiwa Securities Co., Ltd. Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.

2. Purpose and 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.

3. Amount of funds to be raised, use of proceeds

(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.)

988 million yen

(ii) Specific use of proceeds

The Investment Corporation plans to allocate the proceeds to the early repayment of the borrowings.

4. Status of interest-bearing liabilities after the issuance of corporate bonds (As of May 7, 2018)

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

	Before the issuance of the investment corporation bonds	After the issuance of the investment corporation bonds	Change
Short-term borrowing	1,500	1,500	-
Long-term loans due within 1 year	9,350	9,350	-
Long-term borrowing	68,011	68,011	-
Total loans	78,861	78,861	-
Corporate bonds	2,800	3,800	1,000
Total interest-bearing debt	81,661	82,661	1,000

5. Other

The risks associated with the issuance of Investment Corporation Bonds as 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 2017 (32nd Fiscal Period), which was submitted on February 28, 2018.

* 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/>