

May 8, 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 of Partial Early Repayment of Loans

HEIWA REAL ESTATE REIT, Inc. (the “Investment Corporation”) announced the following decision to make partial early repayment of loans along with the transfer of asset announced in the press release “Notice concerning Transfer of Asset (HIROKOJI AQUA PLACE)” dated today, as described below.

Details

1. Loans for Partial Early Repayment

Term Loan 21 Tranche B

| | |
|---------------------------------------|---|
| (a) Lender | Sumitomo Mitsui Banking Corporation, Aozora Bank, Ltd, Resona Bank, Ltd and MUFG Bank, Ltd. |
| (b) Loan balance | 3,950 million yen |
| (c) Early repayment amount | 350 million yen |
| (d) Loan balance after repayment | 3,600 million yen |
| (e) Interest rate | 1.20000% (Base interest rate (JBA 3-month Japanese Yen TIBOR) + 0.700%) (Note) |
| (f) Drawdown date | October 31, 2013 |
| (g) Scheduled date of early repayment | May 31, 2018 |
| (h) Principal repayment date | October 31, 2020 |
| (i) Principal repayment method | Lump-sum repayment on the principal repayment date |
| (j) Collateral and Guarantee | Unsecured and unguaranteed |

(Note) This borrowing is originally floating rate basis, which is swapped into fixed rate to hedge against risks of interest rate fluctuations. This rate is the fixed rate after the swap transactions.

Term Loan 23 Tranche A

| | |
|---------------------------------------|---|
| (a) Lender | Sumitomo Mitsui Banking Corporation, Aozora Bank, Ltd, Resona Bank, Ltd, MUFG Bank, Ltd., Mizuho Trust & Banking Co., Ltd. and Sumitomo Mitsui Trust Bank, Limited. |
| (b) Loan balance | 4,708.7 million yen |
| (c) Early repayment amount | 924.5 million yen |
| (d) Loan balance after repayment | 3,784.2 million yen |
| (e) Interest rate | 1.16000% (Base interest rate (JBA 1-month Japanese Yen TIBOR) + 0.700%) (Note) |
| (f) Drawdown date | May 30, 2014 |
| (g) Scheduled date of early repayment | May 31, 2018 |
| (h) Principal repayment date | May 31, 2021 |
| (i) Principal repayment method | Lump-sum repayment on the principal repayment date |
| (j) Collateral and Guarantee | Unsecured and unguaranteed |

(Note) This borrowing is originally floating rate basis, which is swapped into fixed rate to hedge against risks of interest rate fluctuations.
This rate is the fixed rate after the swap transactions.

Term Loan 23 Tranche B

| | |
|---------------------------------------|--|
| (a) Lender | MUFG Bank, Ltd. |
| (b) Loan balance | 1,000 million yen |
| (c) Early repayment amount | 200 million yen |
| (d) Loan balance after repayment | 800 million yen |
| (e) Interest rate | 1.20000% (Base interest rate (JBA 1-month Japanese Yen TIBOR) + 0.700%) (Note) |
| (f) Drawdown date | May 30, 2014 |
| (g) Scheduled date of early repayment | May 31, 2018 |
| (h) Principal repayment date | October 29, 2021 |
| (i) Principal repayment method | Lump-sum repayment on the principal repayment date |
| (j) Collateral and Guarantee | Unsecured and unguaranteed |

(Note) This borrowing is originally floating rate basis, which is swapped into fixed rate to hedge against risks of interest rate fluctuations.
This rate is the fixed rate after the swap transactions.

Term Loan 24 Tranche C

| | |
|---------------------------------------|---|
| (a) Lender | Sumitomo Mitsui Banking Corporation, Aozora Bank, Ltd, Mizuho Trust & Banking Co., Ltd. and the Bank of Fukuoka, Ltd. |
| (b) Loan balance | 2,400 million yen |
| (c) Early repayment amount | 480 million yen |
| (d) Loan balance after repayment | 1,920 million yen |
| (e) Interest rate | 1.17500% (Base interest rate (JBA 1-month Japanese Yen TIBOR) + 0.800%) (Note) |
| (f) Drawdown date | October 31, 2014 |
| (g) Scheduled date of early repayment | May 31, 2018 |
| (h) Principal repayment date | October 31, 2022 |
| (i) Principal repayment method | Lump-sum repayment on the principal repayment date |
| (j) Collateral and Guarantee | Unsecured and unguaranteed |

(Note) This borrowing is originally floating rate basis, which is swapped into fixed rate to hedge against risks of interest rate fluctuations.
This rate is the fixed rate after the swap transactions.

Term Loan 26 Tranche C

| | |
|---------------------------------------|---|
| (a) Lender | Sumitomo Mitsui Banking Corporation, Resona Bank, Ltd, MUFG Bank, Ltd., Shinsei Bank, Limited and Mizuho Bank, Ltd. |
| (b) Loan balance | 3,620 million yen |
| (c) Early repayment amount | 740 million yen |
| (d) Loan balance after repayment | 2,880 million yen |
| (e) Interest rate | 1.18750% (Base interest rate (JBA 1-month Japanese Yen TIBOR) + 0.750%) (Note) |
| (f) Drawdown date | May 29, 2015 |
| (g) Scheduled date of early repayment | May 31, 2018 |
| (h) Principal repayment date | May 31, 2023 |
| (i) Principal repayment method | Lump-sum repayment on the principal repayment date |
| (j) Collateral and Guarantee | Unsecured and unguaranteed |

(Note) This borrowing is originally floating rate basis, which is swapped into fixed rate to hedge against risks of interest rate fluctuations.
This rate is the fixed rate after the swap transactions.

Term Loan 27 Tranche B

| | |
|---------------------------------------|--|
| (a) Lender | Sumitomo Mitsui Banking Corporation, Aozora Bank, Ltd, Resona Bank, Ltd, MUFG Bank, Ltd., Mizuho Trust & Banking Co., Ltd., Sumitomo Mitsui Trust Bank, Limited. and Mizuho Bank, Ltd. |
| (b) Loan balance | 4,700 million yen |
| (c) Early repayment amount | 300 million yen |
| (d) Loan balance after repayment | 4,400 million yen |
| (e) Interest rate | 1.13300% (Base interest rate (JBA 1-month Japanese Yen TIBOR) + 0.750%) (Note) |
| (f) Drawdown date | October 29, 2015 |
| (g) Scheduled date of early repayment | May 31, 2018 |
| (h) Principal repayment date | October 31, 2023 |
| (i) Principal repayment method | Lump-sum repayment on the principal repayment date |
| (j) Collateral and Guarantee | Unsecured and unguaranteed |

(Note) This borrowing is originally floating rate basis, which is swapped into fixed rate to hedge against risks of interest rate fluctuations.
This rate is the fixed rate after the swap transactions.

2. Status of interest-bearing liabilities after the partial and early repayment of loan (As of May 31, 2018)

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

| | Before Repayment | After Repayment | Change |
|-----------------------------------|------------------|-----------------|---------|
| Short-term borrowing | 500 | 500 | - |
| Long-term loans due within 1 year | 9,350 | 9,350 | - |
| Long-term borrowing | 68,011 | 65,016 | - 2,994 |
| Total loans | 77,861 | 74,866 | - 2,994 |
| Corporate bonds | 3,800 | 3,800 | - |
| Total interest-bearing debt | 81,661 | 78,666 | - 2,994 |

3. Other

The risks associated with the early repayment of loans 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.

以 上

* 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/>