

May 26, 2014

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 Repayment of Loans

HEIWA REAL ESTATE REIT, Inc. (the “Investment Corporation”) announced today the following decision to borrow funds and make repayment of loans, as described below.

Details

1. Borrowing of Funds

(1) Reason for Borrowing

The proceeds from the borrowing will be used to fund the repayment of Term Loan F (loan balance: ¥5,708.7 million), which are due for principal repayment on May 30, 2014.

(2) Details of Borrowing

Term Loan 23 Tranche A

(a) Lenders	Sumitomo Mitsui Banking Corporation, Aozora Bank, Ltd., Resona Bank, Limited, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mizuho Trust & Banking Co., Ltd., Sumitomo Mitsui Trust Bank, Limited
(b) Loan Amount	¥4,708.7 million
(c) Interest Rate	Base interest rate (JBA 1-month Japanese Yen TIBOR) + 0.70% (Note)
(d) Drawdown Date	May 30, 2014
(e) Borrowing Method	Borrowing based on the individual loan agreements with the above lenders scheduled to be concluded on May 28, 2014
(f) Interest Payment Date	The last day of every month(the first interest payment date shall be June 30, 2014) 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)
(g) Principal Repayment Date	May 31, 2021
(h) Principal Repayment Method	Lump-sum repayment on the principal repayment date
(i) Collateral and Guarantee	Unsecured 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 released by JBA TIBOR Administration (the “JBATA”) two business days preceding the first day of each interest calculation period. For JBA’s Japanese Yen TIBOR, please check with JBATA’s website (<http://www.jbatibor.or.jp/english/rate/>).

#### Term Loan 23 Tranche B

(a) Lenders	The Bank of Tokyo-Mitsubishi UFJ, Ltd.
(b) Loan Amount	¥1,000 million
(c) Interest Rate	Base interest rate (JBA 1-month Japanese Yen TIBOR) + 0.70% (Note)
(d) Drawdown Date	May 30, 2014
(e) Borrowing Method	Borrowing based on the individual loan agreements with the above lenders scheduled to be concluded on May 28, 2014
(f) Interest Payment Date	The last day of every month (the first interest payment date shall be June 30, 2014) 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)
(g) Principal Repayment Date	October 31, 2021
(h) Principal Repayment Method	Lump-sum repayment on the principal repayment date
(i) Collateral and Guarantee	Unsecured 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 released by JBA TIBOR Administration (the “JBATA”) two business days preceding the first day of each interest calculation period. For JBA’s Japanese Yen TIBOR, please check with JBATA’s website (<http://www.jbatibor.or.jp/english/rate/>).

#### (3) Use of Funds

The total amount of the funds to be procured (¥5,708.7 million) will be used to fund the repayment of the existing loans outlined in “2. Loans for Repayment” below.

#### 2. Loans for Repayment

##### Term Loan F

(a) Lenders	Aozora Bank, Ltd., Resona Bank, Ltd., Sumitomo Mitsui Banking Corporation, Mizuho Trust and Banking Co., Ltd., Sumitomo Mitsui Trust Bank, Limited, The Bank of Tokyo-Mitsubishi UFJ, Ltd.
(b) Loan balance	¥5,708.7 million
(c) Drawdown date	May 31, 2011
(d) Principal repayment date	May 30, 2014

#### 3. Status of Interest-Bearing Liabilities after Borrowing of Funds and Repayment

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

	Before Borrowing and Repayment	After Borrowing and Repayment	Change
Short-term loans	—	—	—
Long-term loans due within 1 year	11,439	5,731	-5,708
Long-term loans	57,572	63,280	5,708
Total loans	69,011	69,011	—
Investment corporation bonds	—	—	—
Total interest-bearing liabilities	69,011	69,011	—

#### 4. Other

The risks associated with the borrowing of funds and repayment of loans as described above do not change from those detailed in “Investment Risks” in the securities registration statement (*yuka shoken hokokusho*) for the 24th fiscal period (ended November 2013) submitted on February 27, 2014.

\* 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/>