

October 26, 2015

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 9 (loan balance: ¥2,820 million) and Term Loan 12 (loan balance: ¥3,000 million), which are due for principal repayment on October 30, 2015.

(2) Details of Borrowing

Term Loan 28 Tranche A

(a) Lenders	Aozora Bank, Ltd.
(b) Loan Amount	¥940 million
(c) Interest Rate	Base interest rate (JBA 1-month Japanese Yen TIBOR) + 0.55% (Note)
(d) Drawdown Date	October 30, 2015
(e) Borrowing Method	Borrowing based on the individual loan agreements with the above lenders scheduled to be concluded on October 28, 2015
(f) Interest Payment Date	The last day of every month(the first interest payment date shall be November 30, 2015) 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/>).

#### Term Loan 28 Tranche B

(a) Lenders	Sumitomo Mitsui Banking Corporation, Resona Bank, Ltd., The Bank of Tokyo-Mitsubishi UFJ, Ltd.,
(b) Loan Amount	¥4,880million
(c) Interest Rate	Base interest rate (JBA 1-month Japanese Yen TIBOR) + 0.80% (Note)
(d) Drawdown Date	October 30, 2015
(e) Borrowing Method	Borrowing based on the individual loan agreements with the above lenders scheduled to be concluded on October 28, 2015
(f) Interest Payment Date	The last day of every month(the first interest payment date shall be November 30, 2015) 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, 2024
(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 (¥5,820 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 9

(a) Lenders	Sumitomo Mitsui Banking, Aozora Bank, Ltd. and Resona Bank, Ltd.,
(b) Loan balance	¥2,820 million
(c) Drawdown date	October 27, 2010
(d) Principal repayment date	October 15, 2015

#### Term Loan 18

(a) Lenders	Sumitomo Mitsui Banking Corporation and The Bank of Tokyo-Mitsubishi UFJ
(b) Loan balance	¥3,000 million
(c) Drawdown date	March 30, 2012
(d) Principal repayment date	October 30, 2015

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

#### (1) Status of Interest-Bearing Liabilities after Borrowing of Funds and repayment of Loans

(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	11,620	5,800	-5,820
Long-term loans	65,241	71,061	5,820
Total loans	76,861	76,861	—
Investment corporation bonds	—	—	—
Total interest-bearing liabilities	76,861	76,861	—

\* The status of the interest-bearing debt is a situation of October 30,2015.

#### (2) Status of Interest-Bearing Liabilities after Partial Early Repayment of Loans\*

(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	11,657	10,707	-950
Long-term loans	65,204	61,654	-3,550
Total loans	76,861	72,361	-4,500
Investment corporation bonds	—	—	—
Total interest-bearing liabilities	76,861	72,361	-4,500

\*For details, please refer to the “Notice Concerning Borrowing of Funds and Partial Early Repayment of Loans” on October 15, 2015.

\* The status of the interest-bearing debt is a situation of November 16, 2015.

### 4. Other

The risks associated with the borrowing of funds and the early 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 27th fiscal period (ended May 2015) submitted on August 26, 2015.

\* 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/>