

March 15, 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

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### Notice Concerning Borrowing of Funds

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

#### Details

#### 1. Borrowing of Funds

##### (1) Details of Borrowing

##### Term Loan 37

(a) Lender	Sumitomo Mitsui Banking Corporation
(b) Loan Amount	¥900 million
(c) Interest Rate	Base interest rate (JBA 1-month Japanese Yen TIBOR) + 0.630% (Note)
(d) Drawdown Date	March 28, 2018
(e) Borrowing Method	Borrowing based on the individual loan agreement with the above lender scheduled to be concluded on March 26, 2018
(f) Interest Payment Date	The last day of every month(the first interest payment date shall be April 30, 2018) 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, 2025
(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/>).

## (2) Reason for Borrowing

The total amount of proceeds from the borrowing described above (900 million yen) will be used to partly fund the acquisition of assets of ARK Mori Building, and the expenses associated with the acquisition.

\*For more details about the acquisition of the specified asset, please refer to the press release “Notice Concerning Asset Acquisition and Transfer” separately announced on March 15, 2018.

## 2. 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	1,500	1,500	-
Long-term loans due within 1 year	9,350	9,350	-
Long-term loans	67,111	68,011	900
Total loans	77,961	78,861	900
Investment corporation bonds	2,800	2,800	-
Total interest-bearing liabilities	80,761	81,661	900

## 3. Other

The risks associated with the borrowing of funds 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/>