

February 23, 2018

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 Fund and Repayment of Loan

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

Details

1. Borrowing of Fund

(1) Reason for Borrowing

The proceeds from the borrowing will be used to fund the repayment of Term Loan 32 (loan balance: ¥200 million), which is due for principal repayment on February 28, 2018.

(2) Details of Borrowing

Term Loan 36

(a) Lender	Sumitomo Mitsui Trust Bank, Limited
(b) Loan Amount	¥200 million
(c) Interest Rate	Base interest rate (JBA 1-month Japanese Yen TIBOR) + 0.175% (Note)
(d) Drawdown Date	February 28, 2018
(e) Borrowing Method	Borrowing based on the individual loan agreements with the above lender scheduled to be concluded on February 26, 2018
(f) Interest Payment Date	The last day of every month(the first interest payment date shall be March 31, 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	February 28, 2019
(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 Fund

The total amount of the fund to be procured (¥200 million) will be used to fund the repayment of the existing loan outlined in “2. Loan for Repayment” below.

## 2. Loan for Repayment

### Term Loan 32

(a) Lender	Sumitomo Mitsui Trust Bank, Limited
(b) Loan balance	¥200 million
(c) Drawdown date	January 20, 2017
(d) Principal repayment date	February 28, 2018

## 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	1,300	1,500	200
Long-term loans due within 1 year	9,550	9,350	-200
Long-term loans	67,111	67,111	—
Total loans	77,961	77,961	—
Investment corporation bonds	2,800	2,800	—
Total interest-bearing liabilities	80,761	80,761	—

## 4. 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 May 2017 (31st Fiscal Period), which was submitted on August 28, 2017.

\* 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/>