

May 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 13 Tranche B (loan balance: ¥480 million), Term Loan 18 Tranche B (loan balance: ¥1,520 million) and Term Loan 22 Tranche A (loan balance: ¥2,800 million), which are due for principal repayment on May 29, 2015.

(2) Details of Borrowing

Term Loan 26 Tranche A

(a) Lenders	Sumitomo Mitsui Banking Corporation and Aozora Bank, Ltd.
(b) Loan Amount	¥700 million
(c) Interest Rate	Base interest rate (JBA 1-month Japanese Yen TIBOR) + 0.35% (Note)
(d) Drawdown Date	May 29, 2015
(e) Borrowing Method	Borrowing based on the individual loan agreements with the above lenders scheduled to be concluded on May 27, 2015
(f) Interest Payment Date	The last day of every month(the first interest payment date shall be June 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 29, 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/>).

Term Loan 26 Tranche B

(a) Lenders	ORIX Bank Corporation
(b) Loan Amount	¥480million
(c) Interest Rate	Base interest rate (JBA 1-month Japanese Yen TIBOR) + 0.60% (Note)
(d) Drawdown Date	May 29, 2015
(e) Borrowing Method	Borrowing based on the individual loan agreements with the above lenders scheduled to be concluded on May 27, 2015
(f) Interest Payment Date	The last day of every month(the first interest payment date shall be June 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, 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 26 Tranche C

(a) Lenders	Sumitomo Mitsui Banking Corporation, Resona Bank, Ltd., The Bank of Tokyo-Mitsubishi UFJ, Ltd., Shinsei Bank, Limited and Mizuho Bank, Ltd.
(b) Loan Amount	¥3,620million
(c) Interest Rate	Base interest rate (JBA 1-month Japanese Yen TIBOR) + 0.75% (Note)
(d) Drawdown Date	May 29, 2015
(e) Borrowing Method	Borrowing based on the individual loan agreements with the above lenders scheduled to be concluded on May 27, 2015
(f) Interest Payment Date	The last day of every month(the first interest payment date shall be June 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, 2023
(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 (¥4,800 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 13 Tranche B

(a) Lenders	ORIX Bank Corporation
(b) Loan balance	¥480 million
(c) Drawdown date	October 25, 2012
(d) Principal repayment date	May 29, 2015

Term Loan 18

(a) Lenders	Sumitomo Mitsui Banking Corporation and The Bank of Tokyo-Mitsubishi UFJ
(b) Loan balance	¥1,520 million
(c) Drawdown date	December 17, 2012
(d) Principal repayment date	May 29, 2015

Term Loan 22 Tranche A

(a) Lenders	Sumitomo Mitsui Banking Corporation and Aozora Bank, Ltd., Resona Bank, Ltd., The Bank of Tokyo-Mitsubishi UFJ, Ltd., Shinsei Bank, Limited and Mizuho Bank, Ltd.
(b) Loan balance	¥2,800 million
(c) Drawdown date	December 20, 2013
(d) Principal repayment date	May 29, 2015

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	10,620	5,820	-4,800
Long-term loans	60,691	65,491	4,800
Total loans	71,311	71,311	—
Investment corporation bonds	—	—	—
Total interest-bearing liabilities	71,311	71,311	—

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 Report for the 26th fiscal period (ended November 2014) submitted on February 25, 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/>