

October 28, 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 10 (loan balance: ¥5,731 million), which are due for principal repayment on October 31, 2014.

(2) Details of Borrowing

Term Loan 24 Tranche A

(a) Lenders	ORIX Bank Corporation
(b) Loan Amount	¥800 million
(c) Interest Rate	0.75% (Fixed interest rate)
(d) Drawdown Date	October 31, 2014
(e) Borrowing Method	Borrowing based on the individual loan agreements with the above lender scheduled to be concluded on October 29, 2014
(f) Interest Payment Date	The last day of every month(the first interest payment date shall be November 28, 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, 2019
(h) Principal Repayment Method	Lump-sum repayment on the principal repayment date
(i) Collateral and Guarantee	Unsecured and unguaranteed

### Term Loan 24 Tranche B

(a) Lenders	Sumitomo Mitsui Banking Corporation, The Norinchukin Bank, The Bank of Fukuoka and Sompo Japan Nipponkoa Insurance Inc.
(b) Loan Amount	¥2,531 million
(c) Interest Rate	Base interest rate (JBA 1-month Japanese Yen TIBOR) + 0.45% (Note)
(d) Drawdown Date	October 31, 2014
(e) Borrowing Method	Borrowing based on the individual loan agreements with the above lenders scheduled to be concluded on October 29, 2014
(f) Interest Payment Date	The last day of every month(the first interest payment date shall be November 28, 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, 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 24 Tranche C

(a) Lenders	Sumitomo Mitsui Banking Corporation, Aozora Bank, Ltd., Mizuho Trust and Banking Co., Ltd. and The Bank of Fukuoka
(b) Loan Amount	¥2,400 million
(c) Interest Rate	Base interest rate (JBA 1-month Japanese Yen TIBOR) + 0.80% (Note)
(d) Drawdown Date	October 31, 2014
(e) Borrowing Method	Borrowing based on the individual loan agreements with the above lenders scheduled to be concluded on October 29, 2014
(f) Interest Payment Date	The last day of every month(the first interest payment date shall be November 28, 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, 2022
(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 (¥5,731 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 10

(a) Lenders	Sumitomo Mitsui Banking Corporation, Aozora Bank, Ltd., Mizuho Trust and Banking Co., Ltd., The Norinchukin Bank, The Bank of Fukuoka, ORIX Bank Corporation and Sompo Japan Insurance Inc.(Note)
(b) Loan balance	¥5,731 million
(c) Drawdown date	October 31, 2011
(d) Principal repayment date	October 31, 2014

(Note) Sompo Japan Insurance Inc. changed its name to Sompo Japan Nipponkoa Insurance Inc..

### 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	16,351	10,620	-5,731
Long-term loans	52,660	58,391	5,731
Total loans	69,011	69,011	—
Investment corporation bonds	—	—	—
Total interest-bearing liabilities	69,011	69,011	—

### 4. Others

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 25th fiscal period (ended May 2014) submitted on August 27, 2014.

\* Investment Corporation Website: <http://www.heiwa-re.co.jp/english/>