

October 27, 2016

For Immediate Release

REIT Issuer

HEIWA REAL ESTATE REIT, Inc.

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Masaaki Higashihara, Executive Director

(Securities Code: 8966)

Asset Management Company

HEIWA REAL ESTATE Asset Management CO., LTD.

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Notice Concerning Borrowing of Funds (Finalized of the terms of the borrowing)

With reference to the new loans announced in our press release “Borrowing of Funds and Repayment of Loans” dated October 17, 2016, HEIWA REAL ESTATE REIT, Inc. (the “Investment Corporation”) informed you that the terms of the borrowing are finalized today , as described below.

Details

1. Borrowing of Funds

Term Loan 31 Tranche A

(a) Lenders	Sumitomo Mitsui Banking Corporation, Resona Bank, Ltd., and The Bank of Tokyo-Mitsubishi UFJ, Ltd.,
(b) Loan Amount	¥2,000 million
(c) Interest Rate	Base interest rate (JBA 1-month Japanese Yen TIBOR) + 0.20% (Note)
(d) Drawdown Date	October 31, 2016
(e) Borrowing Method	Borrowing based on the individual loan agreements with the above lenders scheduled to be concluded on October 27, 2016
(f) Interest Payment Date	The last day of every month(the first interest payment date shall be November 30, 2016) 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, 2018
(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 31 Tranche B

(a) Lenders	Sumitomo Mitsui Banking Corporation, Aozora Bank, Ltd, Resona Bank, Ltd., The Bank of Tokyo-Mitsubishi UFJ, Ltd., and ORIX Bank Corporation
(b) Loan Amount	¥3,857million
(c) Interest Rate	Base interest rate (JBA 1-month Japanese Yen TIBOR) + 0.80% (Note)
(d) Drawdown Date	October 31, 2016
(e) Borrowing Method	Borrowing based on the individual loan agreements with the above lenders scheduled to be concluded on October 27, 2016
(f) Interest Payment Date	The last day of every month(the first interest payment date shall be November 30, 2016) 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. 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 2016 (29th Fiscal Period), which was submitted on August 30, 2016.

\* 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/>