

October 17, 2016

For Immediate Release

REIT Issuer

HEIWA REAL ESTATE REIT, Inc.

9-1 Nihonbashi Kabuto-cho, Chuo-ku, Tokyo

Masaaki Higashihara, Executive Director

(Securities Code: 8966)

Asset Management Company

HEIWA REAL ESTATE Asset Management CO., LTD.

Takaya Ichikawa, President & Representative Director

Inquiries: Yoshio Ito, General Manager, Planning & Finance Department

TEL. +81-3-3669-8771

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 funds to be procured will be allocated to the repayment of Term Loan 11 (loan balance: ¥5,857 million) which are due for principal repayment on October 31, 2016.

(2) Details of Borrowing

Term Loan 31 Tranche A

(a) Lenders	Loan syndicate with The Bank of Sumitomo Mitsui Banking Corporation as arranger
(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	Loan syndicate with The Bank of Sumitomo Mitsui Banking Corporation as arranger
(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/>).

(3) Use of Funds

The total amount of the funds to be procured (¥5,857 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 11

(a) Lenders	Sumitomo Mitsui Banking Corporation, Aozora Bank, Ltd., and Resona Bank, Ltd.,
(b) Loan balance	¥5,857 million
(c) Drawdown date	October 31, 2011
(d) Principal repayment date	October 31, 2016

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	10,122	4,265	-5,857
Long-term loans	66,139	71,996	5,857
Total loans	76,261	76,261	—
Investment corporation bonds	—	—	—
Total interest-bearing liabilities	76,261	76,261	—

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 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/>