

May 26, 2017

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 15 (loan balance: ¥2,295 million) and Term Loan 21 Tranche A (loan balance: ¥1,970 million), which are due for principal repayment on May 31, 2017.

(2) Details of Borrowing

Term Loan 33 Tranche A

(a) Lender	The Nomura Trust and Banking Co., Ltd and Mitsubishi UFJ Trust and Banking Corporation
(b) Loan Amount	¥1,500 million
(c) Interest Rate	Base interest rate (JBA 1-month Japanese Yen TIBOR) + 0.20% (Note)
(d) Drawdown Date	May 31, 2017
(e) Borrowing Method	Borrowing based on the individual loan agreement with the above lender scheduled to be concluded on May 29, 2017
(f) Interest Payment Date	The last day of every month(the first interest payment date shall be June 30, 2017) 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 33 Tranche B

(a) Lender	Sumitomo Mitsui Banking Corporation, Resona Bank, Ltd., Shinsei Bank, Limited and Mitsubishi UFJ Trust and Banking Corporation
(b) Loan Amount	¥2,765 million
(c) Interest Rate	Base interest rate (JBA 1-month Japanese Yen TIBOR) + 0.77% (Note)
(d) Drawdown Date	May 31, 2017
(e) Borrowing Method	Borrowing based on the individual loan agreement with the above lender scheduled to be concluded on May 29, 2017
(f) Interest Payment Date	The last day of every month (the first interest payment date shall be June 30, 2017) 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	November 28, 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 (¥4,265 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 15

(a) Lenders	Sumitomo Mitsui Banking Corporation, Resona Bank, Ltd., and Shinsei Bank, Limited
(b) Loan balance	¥2,295 million
(c) Drawdown date	October 31, 2012
(d) Principal repayment date	May 31, 2017

Term Loan 21 Tranche A

(a) Lenders	The Nomura Trust and Banking Co., Ltd and Mitsubishi UFJ Trust and Banking Corporation
(b) Loan balance	¥1,970 million
(c) Drawdown date	October 31, 2013
(d) Principal repayment date	May 31, 2017

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	14,445	10,180	-4,265
Long-term loans	64,816	69,081	4,265
Total loans	79,261	79,261	—
Investment corporation bonds	—	—	—
Total interest-bearing liabilities	79,261	79,261	—

3. 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 November 2016 (30th Fiscal Period), which was submitted on February 27, 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/>