

May 26, 2016

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 G (loan balance: ¥2,350 million) and Term Loan 13 Tranche C (loan balance: ¥2,500 million), which are due for principal repayment on May 31, 2016.

(2) Details of Borrowing

Term Loan 30 Tranche A

|                                |  |
|--------------------------------|--|
| (a) Lenders                    | Aozora Bank, Ltd.  |
| (b) Loan Amount                | ¥1,000 million   |
| (c) Interest Rate              | Base interest rate (JBA 1-month Japanese Yen TIBOR) + 0.60% (Note)   |
| (d) Drawdown Date              | May 31, 2016   |
| (e) Borrowing Method           | Borrowing based on the individual loan agreements with the above lenders scheduled to be concluded on May 27, 2016   |
| (f) Interest Payment Date      | The last day of every month(the first interest payment date shall be June 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, 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/>).

#### Term Loan 30 Tranche B

|                                |  |
|--------------------------------|--|
| (a) Lenders                    | Sumitomo Mitsui Banking Corporation, Resona Bank, Ltd., The Bank of Tokyo-Mitsubishi UFJ, Ltd., and Sumitomo Mitsui Trust Bank, Limited  |
| (b) Loan Amount                | ¥3,850million  |
| (c) Interest Rate              | Base interest rate (JBA 1-month Japanese Yen TIBOR) + 0.80% (Note)   |
| (d) Drawdown Date              | May 31, 2016   |
| (e) Borrowing Method           | Borrowing based on the individual loan agreements with the above lenders scheduled to be concluded on May 27, 2016   |
| (f) Interest Payment Date      | The last day of every month(the first interest payment date shall be June 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, 2024   |
| (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 (¥4,850 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 G

|                              |   |
|------------------------------|---|
| (a) Lenders                  | Aozora Bank, Ltd., Resona Bank, Ltd., and Sumitomo Mitsui Trust Bank, Limited |
| (b) Loan balance             | ¥2,350 million  |
| (c) Drawdown date            | May 31, 2011  |
| (d) Principal repayment date | May 31, 2016  |

#### Term Loan 13 Tranche C

|                              |  |
|------------------------------|--|
| (a) Lenders                  | Sumitomo Mitsui Banking Corporation, Aozora Bank, Ltd., and Resona Bank, Ltd., |
| (b) Loan balance             | ¥2,500 million   |
| (c) Drawdown date            | October 25, 2012   |
| (d) Principal repayment date | May 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  | 10,707                         | 5,857                         | -4,850 |
| Long-term loans                    | 65,554                         | 70,404                        | 4,850  |
| 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 November 2015 (28th Fiscal Period), which was submitted on February 29, 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/>