

December 1, 2014

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: Shinya Ito, General Manager, Planning & Finance Department

TEL. +81-3-3669-8771

Borrowing of Funds

HEIWA REAL ESTATE REIT, Inc. (the “Investment Corporation”) announced that it today decided to borrow funds as described below.

Details

1. Borrowing of Funds

(1) Reason for Borrowing

The proceeds from the borrowing will be used to partly fund the acquisition of new specified assets, etc.

(2) Details of Borrowing

Term Loan 25 Tranche A

(a) Lender	Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, The Bank of Fukuoka, Mitsubishi UFJ Trust and Banking Corporation and The 77 Bank, Ltd.
(b) Loan Amount	¥1,300 million
(c) Interest Rate	Base interest rate (JBA 1-month Japanese Yen TIBOR)+0.35% (Note )
(d) Drawdown Date	December 4, 2014
(e) Borrowing Method	Borrowing based on the individual loan agreement with the above lenders scheduled to be concluded on December 1, 2014
(f) Interest Payment Date	The last day of every month(the first interest payment date shall be the last day of December, 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, 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 25 Tranche B

(a) Lender	Sumitomo Mitsui Banking Corporation, Aozora Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited, The Bank of Fukuoka, Mitsubishi UFJ Trust and Banking Corporation and The 77 Bank, Ltd.
(b) Loan Amount	¥1,300 million
(c) Interest Rate	Base interest rate (JBA 1-month Japanese Yen TIBOR)+0.40% (Note )
(d) Drawdown Date	December 4, 2014
(e) Borrowing Method	Borrowing based on the individual loan agreement with the above lenders scheduled to be concluded on December 1, 2014
(f) Interest Payment Date	The last day of every month(the first interest payment date shall be the last day of December, 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, 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 25 Tranche C

(a) Lender	Development Bank of Japan
(b) Loan Amount	¥900 million
(c) Interest Rate	TBD (fixed interest rate) (Note )
(d) Drawdown Date	December 4, 2014
(e) Borrowing Method	Borrowing based on the individual loan agreement with the above lender scheduled to be concluded on December 1, 2014
(f) Interest Payment Date	The last day of every January and July(the first interest payment date shall be the last day of January, 2015) 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 interest rate will be announced when determined.

### (3) Use of Funds

The total amount of proceeds from the borrowing described above (¥3,500 million) will be used to partly fund the acquisition of DAIWA UENO BUILDING, KOJIMACHI HF BUILDING, HF KUDAN-MINAMI BUILDING and HF SENDAI RESIDENCE EAST, the specified assets, and the expenses associated with the acquisition.

## 2. Status of Interest-Bearing Liabilities After the Borrowings

(Unit: million yen; rounded down to the nearest specified unit)

	Before the Borrowings	After the Borrowings	Change
Short-term loans	—	—	—
Long-term loans to be repaid within a year	10,620	10,620	—
Long-term loans	58,391	61,891	3,500
Total loans	69,011	72,511	3,500
Investment corporation bonds	—	—	—
Total interest-bearing liabilities	69,011	72,511	3,500

## 3. Other

The risks associated with the borrowing described above do not change from those detailed in “Investment Risks” in the Securities Registration Statement which was submitted on November 7, 2014.

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