

December 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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Notice Concerning Borrowing of Funds

HEIWA REAL ESTATE REIT, Inc. (the “Investment Corporation”) announced today the following decision 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 32

(a) Lender	Sumitomo Mitsui Trust Bank, Limited.
(b) Loan Amount	¥3,000 million
(c) Interest Rate	Base interest rate (JBA 1-month Japanese Yen TIBOR) + 0.175% (Note)
(d) Drawdown Date	January 20, 2017
(e) Borrowing Method	Borrowing based on the individual loan agreement with the above lender scheduled to be concluded on January 18, 2017
(f) Interest Payment Date	The last day of every month(the first interest payment date shall be February 28, 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	February 28, 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/>).

(3) Use of Funds

The total amount of proceeds from the borrowing described above (3,000 million yen) will be used to partly fund the acquisition of trust beneficiary interest of ACROSS SHINKAWA BUILDING, and the expenses associated with the acquisition.

*For more details about the acquisition of the specified asset, please refer to the press release “Notice Concerning Asset Acquisition and Transfer” separately announced on October 17, 2016.

2. 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	11,445	11,445	—
Long-term loans	64,817	67,817	3,000
Total loans	76,261	79,261	3,000
Investment corporation bonds	—	—	—
Total interest-bearing liabilities	76,261	79,261	3,000

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 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/>