

November 29, 2017

For Immediate Release

REIT Issuer

HEIWA REAL ESTATE REIT, Inc.

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Masaaki Higashihara, Executive Director

(Securities Code: 8966)

Asset Management Company

HEIWA REAL ESTATE Asset Management CO., LTD.

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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 35 Tranche A

(a) Lender	Mizuho Bank, Ltd.
(b) Loan Amount	¥700 million
(c) Interest Rate	Base interest rate (JBA 1-month Japanese Yen TIBOR) + 0.175% (Note)
(d) Drawdown Date	December 15, 2017
(e) Borrowing Method	Borrowing based on the individual loan agreement with the above lender scheduled to be concluded on December 13, 2017
(f) Interest Payment Date	The last day of every month(the first interest payment date shall be December 29, 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 30, 2018
(h) Principal Repayment Method	Lump-sum repayment on the principal repayment date
(i) Collateral and Guarantee	Unsecured and unguaranteed

Term Loan 35 Tranche B

(a) Lender	Mizuho Bank, Ltd.
(b) Loan Amount	¥800 million
(c) Interest Rate	Base interest rate (JBA 1-month Japanese Yen TIBOR) + 0.550% (Note)
(d) Drawdown Date	December 15, 2017
(e) Borrowing Method	Borrowing based on the individual loan agreement with the above lender scheduled to be concluded on December 13, 2017
(f) Interest Payment Date	The last day of every month(the first interest payment date shall be December 29, 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	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 proceeds from the borrowing described above (1,500 million yen) will be used to partly fund the acquisition of assets of HF RYOGOKU RESIDENCE and HF HACHIOJI RESIDENCE, 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 November 29, 2017.

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	600	1,300	700
Long-term loans due within 1 year	9,550	9,550	-
Long-term loans	66,311	67,111	800
Total loans	76,461	77,961	1,500
Investment corporation bonds	2,800	2,800	-
Total interest-bearing liabilities	79,261	80,761	1,500

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 2017 (31st Fiscal Period), which was submitted on August 28, 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/>