

October 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 14 (loan balance: ¥4,080 million) and Term Loan13 Tranche D (loan balance: ¥3,100 million), which are due for principal repayment on October 31, 2017.

##### (2) Details of Borrowing

###### Term Loan 34 Tranche A

(a) Lenders	The Bank of Tokyo-Mitsubishi UFJ, Ltd.
(b) Loan Amount	¥600 million
(c) Interest Rate	Base interest rate (JBA 1-month Japanese Yen TIBOR) + 0.175% (Note)
(d) Drawdown Date	October 31, 2017
(e) Borrowing Method	Borrowing based on the individual loan agreements with the above lenders scheduled to be concluded on October 27, 2017
(f) Interest Payment Date	The last day of every month(the first interest payment date shall be November 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	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 34 Tranche B

(a) Lenders	Aozora Bank, Ltd., Resona Bank, Ltd., Sumitomo Mitsui Banking Corporation and The Bank of Tokyo-Mitsubishi UFJ, Ltd.
(b) Loan Amount	¥2,880million
(c) Interest Rate	Base interest rate (JBA 1-month Japanese Yen TIBOR) + 0.400% (Note)
(d) Drawdown Date	October 31, 2017
(e) Borrowing Method	Borrowing based on the individual loan agreements with the above lenders scheduled to be concluded on October 27, 2017
(f) Interest Payment Date	The last day of every month(the first interest payment date shall be November 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, 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 34 Tranche C

(a) Lenders	Aozora Bank, Ltd., Resona Bank, Ltd., Sumitomo Mitsui Banking Corporation and Mizuho Bank, Ltd.
(b) Loan Amount	¥3,700million
(c) Interest Rate	Base interest rate (JBA 1-month Japanese Yen TIBOR) + 0.770% (Note)
(d) Drawdown Date	October 31, 2017
(e) Borrowing Method	Borrowing based on the individual loan agreements with the above lenders scheduled to be concluded on October 27, 2017
(f) Interest Payment Date	The last day of every month(the first interest payment date shall be November 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, 2026
(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 (¥7,180 million) will be used to fund the repayment of the existing loan outlined in “2. Loan for Repayment” below.

## 2. Loan for Repayment

### Term Loan 14

(a) Lenders	Aozora Bank, Ltd. and Resona Bank, Ltd.,
(b) Loan balance	¥4,080 million
(c) Drawdown date	May 31, 2012
(d) Principal repayment date	October 31, 2017

### Term Loan 13 Tranche D

(a) Lenders	Sumitomo Mitsui Banking Corporation , Aozora Bank, Ltd. and Resona Bank, Ltd.,
(b) Loan balance	¥3,100 million
(c) Drawdown date	October 25, 2012
(d) Principal repayment date	October 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	—	600	600
Long-term loans due within 1 year	12,580	5,400	-7,180
Long-term loans	63,881	70,461	6,580
Total loans	76,461	76,461	—
Investment corporation bonds	2,800	2,800	—
Total interest-bearing liabilities	79,261	79,261	—

## 4. 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/>