

October 27, 2021

For Immediate Release

REIT Issuer

HEIWA REAL ESTATE REIT, Inc.

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Aya Motomura, 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) Details of Borrowings

Term Loan 54

Lender	Resona Bank, Limited.
Loan Amount	1,000 million yen
Interest Rate	Base interest rate (JBA 3-month Japanese Yen TIBOR) + 0.620% (Note 1)
Drawdown Date	October 29, 2021
Borrowing Method	Borrowing based on the individual loan agreements with the above lender scheduled to be concluded on October 27, 2021
Interest Payment Date	The last day of every January, April, July and October (the first interest payment date shall be January 31, 2022) 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)
Principal Repayment Date	November 30, 2029
Principal Repayment Method	Lump-sum repayment on the principal repayment date
Collateral and Guarantee	Unsecured and unguaranteed

Term Loan 55 Tranche A

Lender	Sumitomo Mitsui Banking Corporation
Loan Amount	480 million yen
Interest Rate	Base interest rate (JBA 1-month Japanese Yen TIBOR) + 0.200% (Note 2)
Drawdown Date	October 29, 2021
Borrowing Method	Borrowing based on the individual loan agreements with the above lender scheduled to be concluded on October 27, 2021

Interest Payment Date	The last day of every month(the first interest payment date shall be November 30, 2021) 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)
Principal Repayment Date	October 31, 2022
Principal Repayment Method	Lump-sum repayment on the principal repayment date
Collateral and Guarantee	Unsecured and unguaranteed

Term Loan 55 Tranche B

Lender	MUFG Bank, Ltd., The Nomura Trust and Banking Co., Ltd.
Loan Amount	780 million yen
Interest Rate	Base interest rate (JBA 3-month Japanese Yen TIBOR) + 0.310% (Note 1)
Drawdown Date	October 29, 2021
Borrowing Method	Borrowing based on the individual loan agreement with the above lender scheduled to be concluded on October 27, 2021
Interest Payment Date	The last day of every January, April, July and October (the first interest payment date shall be January 31, 2022) 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)
Principal Repayment Date	October 31, 2024
Principal Repayment Method	Lump-sum repayment on the principal repayment date
Collateral and Guarantee	Unsecured and unguaranteed

Term Loan 55 Tranche C

Lender	MUFG Bank, Ltd.
Loan Amount	900 million yen
Interest Rate	Base interest rate (JBA 3-month Japanese Yen TIBOR) + 0.450% (Note 1)
Drawdown Date	October 29, 2021
Borrowing Method	Borrowing based on the individual loan agreement with the above lender scheduled to be concluded on October 27, 2021
Interest Payment Date	The last day of every January, April, July and October (the first interest payment date shall be January 31, 2022) 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)
Principal Repayment Date	November 30, 2026
Principal Repayment Method	Lump-sum repayment on the principal repayment date
Collateral and Guarantee	Unsecured and unguaranteed

Term Loan 55 Tranche D

Lender	Sumitomo Mitsui Banking Corporation, Resona Bank, Limited., Aozora Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited, Mizuho Bank, Ltd., Shinsei Bank, Limited
Loan Amount	3,860 million yen
Interest Rate	Base interest rate (JBA 3-month Japanese Yen TIBOR) + 0.600% (Note 1)
Drawdown Date	October 29, 2021
Borrowing Method	Borrowing based on the individual loan agreement with the above lender scheduled to be concluded on October 27, 2021
Interest Payment Date	The last day of every January, April, July and October (the first interest payment date shall be January 31, 2022) 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)
Principal Repayment Date	October 31, 2028
Principal Repayment Method	Lump-sum repayment on the principal repayment date
Collateral and Guarantee	Unsecured and unguaranteed

(Note 1) The base interest rate applicable to the calculation period for the interest payable on an interest payment date is the 3-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/>).

(Note 2) The base interest rate applicable to the calculation period for the interest payable on an interest payment date is the 3-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/>).

(2) Reason for Borrowings

Term Loan 54 (loan amount: 1,000 million yen) will be used to partly fund the acquisition of Faret East 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 Acquisition of Assets (HF SOKA RESIDENCE and Faret East Building)” announced on September 24, 2021

Term Loan 55 will be used to fund the repayment of Term Loan 23 Tranche B (loan balance: 800 million yen), Term Loan 26 Tranche B (loan balance: 480 million yen), Term Loan 28 Tranche A (loan balance: 940 million yen), Term Loan 29 Tranche B (loan balance: 1,400 million yen), and Term Loan 40 Tranche A (loan balance: 2,400 million yen), which are due for principal repayment on October 29, 2021.

2. Loans for Repayment

Term Loan 23 Tranche B

Lenders	MUFG Bank, Ltd.
Loan Balance	800 million yen
Drawdown Date	May 30, 2014
Principal Repayment Date	October 29, 2021

Term Loan 26 Tranche B

Lenders	ORIX Bank Corporation
Loan Balance	480 million yen
Drawdown Date	May 29, 2015
Principal Repayment Date	October 29, 2021

Term Loan 28 Tranche A

Lenders	Aozora Bank, Ltd.
Loan Balance	940 million yen
Drawdown Date	October 30, 2015
Principal Repayment Date	October 29, 2021

Term Loan 29 Tranche B

Lenders	Sumitomo Mitsui Banking Corporation, Aozora Bank, Ltd., MUFG Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited, Mizuho Bank, Ltd., The Nomura Trust and Banking Co., Ltd., Shinsei Bank, Limited
Loan Balance	1,400 million yen

Drawdown Date	December 18, 2015
Principal Repayment Date	October 29, 2021

Term Loan 40 Tranche A

Lenders	Sumitomo Mitsui Banking Corporation, Resona Bank, Limited., MUFG Bank, Ltd., Sumitomo Mitsui Trust Bank
Loan Balance	2,400million yen
Drawdown Date	October 31, 2018
Principal Repayment Date	October 29, 2021

3. Status of Interest-Bearing Liabilities after Borrowing of Funds

(Unit: million yen, fractions of one unit have been rounded off)

	Before Borrowing and Repayment	After Borrowing and Repayment	Change
Long-term loans due within 1 year	11,869	5,849	-6,020
Long-term loans	70,088	77,108	7,020
Total loans	81,957	82,957	1,000
Investment corporation bonds	7,900	7,900	-
Total interest-bearing liabilities	89,857	90,857	1,000

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 2021 (39th Fiscal Period), which was submitted on August 26, 2021.

* Investment Corporation Website: <https://www.heiwa-re.co.jp/en/>