

November 27, 2018

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) Details of Borrowing

Term Loan 40 -1

(a) Lender	Mizuho Bank, Ltd,
(b) Loan Amount	1,000 million yen
(c) Interest Rate	Base interest rate (JBA 1-month Japanese Yen TIBOR) + 0.500% (Note)
(d) Drawdown Date	December 14, 2018
(e) Borrowing Method	Borrowing based on the individual loan agreement with the above lender scheduled to be concluded on December 12, 2018
(f) Interest Payment Date	The last day of every month(the first interest payment date shall be December 28, 2018) 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, 2025
(h) Principal Repayment Method	Lump-sum repayment on the principal repayment date
(i) Collateral and Guarantee	Unsecured and unguaranteed

Term Loan 40 -2

(a) Lender	The Bank of Fukuoka, Ltd.
(b) Loan Amount	700 million yen
(c) Interest Rate	Base interest rate (JBA 1-month Japanese Yen TIBOR) + 0.500% (Note)
(d) Drawdown Date	December 14, 2018
(e) Borrowing Method	Borrowing based on the individual loan agreement with the above lender scheduled to be concluded on December 12, 2018

(f) Interest Payment Date	The last day of every month(the first interest payment date shall be December 28, 2018) 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, 2025
(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/>).

(2) Reason for Borrowing

The total amount of proceeds from the borrowing described above (1,700 million yen) will be used to partly fund the acquisition of assets of HAMACHO HEIWA BUILDING, HF MITA RESIDENCE II, HF MONZEN-NAKACHO RESIDENCE and HF MINAMI-SUNAMACHI 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” announced on November 27, 2018.

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	500	500	-
Long-term loans due within 1 year	13,631	13,631	-
Long-term loans	62,836	64,536	1,700
Total loans	76,967	78,667	1,700
Investment corporation bonds	3,800	3,800	-
Total interest-bearing liabilities	80,767	82,467	1,700

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 2018 (33rd Fiscal Period), which was submitted on August 30, 2018.

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