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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 Conclusion of Interest Rate Swap Agreements

HEIWA REAL ESTATE REIT, Inc. (the “Investment Corporation”) announced today it has concluded interest-rate swap agreements, as described below.

#### Details

#### 1. Reason for Conclusion of Interest Rate Swap Agreements

To fix the interest rate for the loan amount concerning Term Loan 26 Tranche B (loan amount: ¥480 million), Term Loan 28 Tranche A (loan amount: ¥940 million), Term Loan 29 Tranche B (loan amount: ¥1,400 million), Term Loan 34 Tranche B (loan amount: ¥2,880 million) and Term Loan 34 Tranche C (loan amount: ¥3,700 million) to hedge the risk of interest rate fluctuation.

#### 2. Details of Interest Rate Swap Agreements

(a) Loan	Term Loan 26 Tranche B Term Loan 28 Tranche A Term Loan 29 Tranche B
(b) Counterparty	Morgan Stanley MUFG Securities Co., Ltd.
(c) Notional Principal	¥2,820 million
(d) Interest Rate (Note 1)	Fixed interest rate payable at 0.06700% Variable interest rate receivable at JBA 1-month Japanese Yen TIBOR (Note 2)
(e) Start Date	November 30, 2017
(f) End Date	October 31, 2021
(g) Interest Payment Date	The last day of every month 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)

(Note 1) According to this interest rate swap agreement, the Floating Interest Rate of Term Loan 26 Tranche B is set at a fixed interest rate of 0.66700%, the Floating Interest Rate of Term Loan 28 Tranche A is set at a fixed interest rate of 0.61700% and the Floating Interest Rate of Term Loan 29 Tranche B is set at a fixed interest rate of 0.61700%.

(Note 2) The base interest rate applicable to the calculation period for the interest rate receivable 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

JBATA's Japanese Yen TIBOR, please check with JBATA's website (<http://www.jbatibor.or.jp/english/rate/>).

(a) Loan	Term Loan 34 Tranche B
(b) Counterparty	Morgan Stanley MUFG Securities Co., Ltd.
(c) Notional Principal	¥2,880 million
(d) Interest Rate (Note 1)	Fixed interest rate payable at 0.07700% Variable interest rate receivable at JBA 1-month Japanese Yen TIBOR (Note 2)
(e) Start Date	November 30, 2017
(f) End Date	May 31, 2022
(g) Interest Payment Date	The last day of every month 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)

(Note 1) According to this interest rate swap agreement, the Floating Interest Rate of Term Loan 30 Tranche B is set at a fixed interest rate of 0.47700%.

(Note 2) The base interest rate applicable to the calculation period for the interest rate receivable 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 JBATA's Japanese Yen TIBOR, please check with JBATA's website (<http://www.jbatibor.or.jp/english/rate/>).

(a) Loan	Term Loan 34 Tranche C
(b) Counterparty	Morgan Stanley MUFG Securities Co., Ltd.
(c) Notional Principal	¥3,700 million
(d) Interest Rate (Note 1)	Fixed interest rate payable at 0.20750% Variable interest rate receivable at JBA 1-month Japanese Yen TIBOR (Note 2)
(e) Start Date	November 30, 2017
(f) End Date	May 31, 2026
(g) Interest Payment Date	The last day of every month 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)

(Note 1) According to this interest rate swap agreement, the Floating Interest Rate of Term Loan 31 Tranche B is set at a fixed interest rate of 0.97750%.

(Note 2) The base interest rate applicable to the calculation period for the interest rate receivable 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 JBATA's Japanese Yen TIBOR, please check with JBATA's website (<http://www.jbatibor.or.jp/english/rate/>).

### 3. Future Outlook

The conclusion of interest rate swap agreement will have a minimal impact on the management status forecasts of the Investment Corporation for the 32<sup>nd</sup> and 33<sup>rd</sup> fiscal periods published in the 31<sup>st</sup> Fiscal Period Financial Report dated July 18, 2017 and no change has been made to the performance forecasts.

### 4. Other

The risks associated with the conclusion of the interest rate swap agreements described above do not change from those detailed in "Investment Risks" in the Securities Report, 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/>