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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 35 Tranche B (loan amount: 800 million yen), Term Loan 37 (loan amount: 900 million yen) and Term Loan 40 Tranche A (loan amount: 2,400 million yen) to hedge the risk of interest rate fluctuation.

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

(a) Loan	Term Loan 35 Tranche B
(b) Counterparty	Daiwa Securities Co. Ltd.
(c) Notional Principal	800 million yen
(d) Interest Rate (Note 1)	Fixed interest rate payable at 0.13740% Variable interest rate receivable at JBA 1-month Japanese Yen TIBOR (Note 2)
(e) Start Date	December 28, 2018
(f) End Date	October 31, 2024
(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 35 Tranche B is set at a fixed interest rate of 0.68740%

(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 37
(b) Counterparty	Daiwa Securities Co. Ltd.
(c) Notional Principal	900 million yen
(d) Interest Rate (Note 1)	Fixed interest rate payable at 0.15630% Variable interest rate receivable at JBA 1-month Japanese Yen TIBOR (Note 2)
(e) Start Date	December 28, 2018
(f) End Date	May 31, 2025
(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 37 is set at a fixed interest rate of 0.78630%.

(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 40 Tranche A
(b) Counterparty	Morgan Stanley MUFG Securities Co., Ltd.
(c) Notional Principal	2,400 million yen
(d) Interest Rate (Note 1)	Fixed interest rate payable at 0.07800% Variable interest rate receivable at JBA 1-month Japanese Yen TIBOR (Note 2)
(e) Start Date	December 28, 2018
(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 40 Tranche A is set at a fixed interest rate of 0.34800%.

(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 35th fiscal period 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 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/>