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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 21 Tranche A (loan amount: ¥1,970 million) announced in the press release “Borrowing of Funds and Repayment of Loans” dated October 28, 2013, Term Loan 23 Tranche A (loan amount: ¥4,708.7 million) and Term Loan 23 Tranche B (loan amount: ¥1,000 million) announced in the press release “Borrowing of Funds and Repayment of Loans” dated May 26, 2014 to hedge the risk of interest rate fluctuation..

2. Details of Interest Rate Swap Agreements

(a) Loan	Term Loan 21 Tranche A
(b) Counterparty	Shinsei Bank, Limited
(c) Notional Principal	¥1,900 million
(d) Interest Rate (Note 1)	Fixed interest rate payable at 0.22700% Variable interest rate receivable at JBA 3-month Japanese Yen TIBOR (Note 2)
(e) Start Date	July 31, 2014
(f) End Date	May 31, 2017
(g) Interest Payment Date	The last day of every January, April, July and October, 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 21 Tranche A is set at a fixed interest rate of 0.60700%.

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

in the event that the calculation period is a period of less than three months, the calculations are made based on the base interest rate corresponding to that period. For JBATA's Japanese Yen TIBOR, please check with JBATA's website (<http://www.jbatibor.or.jp/english/rate/>).

(a) Loan	Term Loan 23 Tranche A
(b) Counterparty	Shinsei Bank, Limited
(c) Notional Principal	¥4,708.7 million
(d) Interest Rate (Note 1)	Fixed interest rate payable at 0.46000% Variable interest rate receivable at JBA 1-month Japanese Yen TIBOR (Note 2)
(e) Start Date	June 30, 2014
(f) End Date	May 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 23 Tranche A is set at a fixed interest rate of 1.16000%.

(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 23 Tranche B
(b) Counterparty	Shinsei Bank, Limited
(c) Notional Principal	¥4,708.7 million
(d) Interest Rate (Note 1)	Fixed interest rate payable at 0.50000% Variable interest rate receivable at JBA 1-month Japanese Yen TIBOR (Note 2)
(e) Start Date	June 30, 2014
(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 23 Tranche B is set at a fixed interest rate of 1.20000%.

(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 agreements will have a minimal impact on the management situation of the Investment Corporation for the fiscal period ending May 2014 (December 1, 2013 to May 31, 2014) and the fiscal period ending November 2014 (June 1, 2014 to November 30, 2014) and no change has been made to the performance forecasts for the fiscal periods.

### 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 November 2013 (24th Fiscal Period), which was submitted on February 27, 2014.

\* 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/>