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For Immediate Release

REIT Issuer

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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 24 Tranche C (loan amount: ¥2,400 million) announced in the press release “Borrowing of Funds and Repayment of Loans” dated October 28, 2014 to hedge the risk of interest rate fluctuation.

2. Details of Interest Rate Swap Agreements

(a) Loan	Term Loan 24 Tranche B
(b) Counterparty	Nomura Securities Co.,Ltd.
(c) Notional Principal	¥2,400 million
(d) Interest Rate (Note 1)	Fixed interest rate payable at 0.37500% Variable interest rate receivable at JBA 1-month Japanese Yen TIBOR (Note 2)
(e) Start Date	December 30, 2014
(f) End Date	October 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 24 Tranche C is set at a fixed interest rate of 1.17500%.

(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 2015 (December 1, 2014 to May 31, 2015) and the fiscal period ending November 2015 (June 1, 2015 to November 30, 2015) 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 Securities Registration Statement, which was submitted on November 7, 2014.

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* Investment Corporation Website: <http://www.heiwa-re.co.jp/english/>