

November 18, 2015

**To All Concerned Parties**

6-8-7 Ginza, Chuo-ku, Tokyo  
Frontier Real Estate Investment Corporation  
Kazuichi Nagata, Executive Director  
(Securities Code: 8964)

Asset Management Company:  
Mitsui Fudosan Frontier REIT Management Inc.  
Hiroshi Tanaka  
Chief Executive Officer and Representative Director

Inquiries:  
Mitsui Fudosan Frontier REIT Management Inc.  
Akiko Kaito  
Chief Finance Officer and Director  
Tel: +81-3-3289-0440

**Notice Concerning the Execution and the Repayment of Long-term Borrowings,  
and the Conclusion of Interest Rate Swap Agreement**

Frontier Real Estate Investment Corporation (the "Investment Corporation") hereby announces that it has decided to execute long-term borrowing, and to conclude interest rate swap agreement relating to the long-term borrowing. The Investment Corporation, additionally, announces it would repay long-term borrowings on November 19, 2015. Details are provided below.

1. The Execution of Long-term Borrowing

(1) Purpose

To appropriate for the repayment of long-term borrowings as of November 19, 2010 and February 24, 2012.

(2) Details

- ① Drawdown Date : November 19, 2015
- ② Loan Type : Unsecured, Unguaranteed
- ③ Lender, Amount, Maturity Date and Interest Rate:

Lender	Amount	Maturity Date	Interest Rate
The Hachijuni Bank, Ltd.	¥1,000 Million	May 19, 2022	ICE Benchmark Administration("IBA") EUR/JPY LIBOR for 3 month+0.05%(Note1,Note2)

(Note1) The base interest rate for the applicable rate is calculated based on "IBA" EUR/JPY LIBOR for 3 month which IBA releases at 11:00 am (GMT) on the two bank business days in London before the interest payment date. (The "IBA" EUR/JPY LIBOR for 3 month on November 17, 2015 is 0.07357%.)

(Note2) The Investment Corporation has conclude interest rate swap agreement to fix the interest rates on or after the drawdown date. Details are provided in the following section.

## 2. The Conclusion of Interest Rate Swap Agreement

### (1) Purpose

To hedge against risks of interest rate fluctuations on the aforementioned long-term borrowing to be executed by The Hachijuni Bank, Ltd. on November 19, 2015.

### (2) Details

Notional Amount	Counterparty	Interest Rate(Note3)		Commencement Date	Termination Date
		Fixed Payment	Variable Receipt		
¥1,000 Million	Nomura Securities Co.,Ltd.	0.20190%	"IBA" EUR/JPY LIBOR for 3 month	November 19, 2015	May 19, 2022

(Note3) Fixed interest payment and variable interest receipt are due on 19th of February, May, August and November of every year (if such date is not a business day, the following business day).

### (3) Fixed Interest Rate after the Conclusion of Interest Rate Swap Agreement

Interest rate of the aforementioned long-term borrowing will be fixed at 0.25190% by executing the interest rate swap agreement. Therefore, the determination of "IBA" EUR/JPY LIBOR for 3 month will not be announced going forward.

## 3. The Repayment of Long-term Borrowings

Details of the repayment of long-term borrowings on November 19, 2015 are as follows.

Lenders	Borrowing Amount	Drawdown Date	Maturity Date	Repayment of Principal	Loan Type
The Hachijuni Bank, Ltd.	¥500 Million	November 19, 2010	November 19, 2015	Payment in full on the maturity date	Unsecured Unguaranteed
	¥500 Million	February 24, 2012			

## 4. Change in the Balance of Borrowings

(Unit : ¥Million)

	Before This refinance	After This refinance	Variance
Short-term Borrowings	5,000	5,000	—
Long-term Borrowings	67,060	67,060	—
Investment Corporation Bonds	5,000	5,000	—
Borrowings Total	77,060	77,060	—

(\*) Long-term Borrowings include the balance of borrowings due within one year.

5. Others

Regarding the loan repayment risk, there is no important change to the “Investment risks” description in the latest securities registration statement submitted on September 29, 2015.

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Frontier Real Estate Investment website: <http://www.frontier-reit.co.jp/eng/>

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