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For Immediate Release

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Frontier Real Estate Investment Corporation
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(Securities Code: 8964)

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**Notice Concerning the Execution of Short-term and Long-term Borrowings along with
the Repayment and Prepayment of Short-term Borrowings**

Frontier Real Estate Investment Corporation (the "Investment Corporation") hereby announces that it has decided to execute short-term and long-term borrowings. The Investment Corporation, additionally, announces it would repay and prepay short-term borrowings on July 19, 2012. Details are provided below.

1. The Execution of Short-term and Long-term Borrowings

(1) Rational

To appropriate for the repayment of short-term borrowings as of February 20, 2012, June 19, 2012, and July 11, 2012.

(2) Details

- ① Drawdown Date : July 19, 2012
- ② Loan Type : Unsecured, Unguaranteed
- ③ Lenders, Amount, Maturity Date and Interest Rate:

Lenders	Amount	Maturity Date	Interest Rate
Sumitomo Mitsui Banking Corporation	¥1,000 Million	September 19, 2012	0.35500%(*) (July 19, 2012 ~ August 19, 2012)
	¥1,000 Million	September 19, 2012	0.33000%(*) (July 19, 2012 ~ August 19, 2012)
Mizuho Corporate Bank, Ltd.	¥1,300 Million	July 22, 2014	0.34500%(*) (July 19, 2012 ~ August 19, 2012)

(*) Interest rate on and after August 20, 2012 will be announced when they are determined.

Translation Purpose Only

2. The Repayment of Short-term Borrowings

Details of the repayment of short-term borrowings on July 19, 2012 are as follows.

Lenders	Borrowing Amount	Drawdown Date	Maturity Date	Repayment of Principal	Loan Type
Sumitomo Mitsui Banking Corporation	¥5,000 Million(*)	February 20, 2012	July 19, 2012	Payment in full on the maturity date	Unsecured Unguaranteed
	¥1,000 Million	July 11, 2012			
Mizuho Corporate Bank, Ltd.	¥1,300 Million	June 19, 2012			

(*)Proceeds from issuance of new investment units, cash on hand, and short-term borrowing in the previous section will be allocated for the repayment.

Regarding the proceeds from issuance of new investment units, please refer to the press release "Notice Concerning Issue of New Investment Units and Secondary Offering" announced on June 25, 2012, and the press release "Notice of Decision of Price etc. Concerning New Investment Units and Secondary Offering" announced on July 3, 2012.

3. Outline of the Prepayment

(1)Details of the prepayment

Lender	Prepayment Amount	Prepayment Date	Prepayment Resource
Sumitomo Mitsui Banking Corporation	¥8,000 Million	July 19, 2012	Proceeds from issuance of new investment units

※There are no break-funding costs upon this prepayment.

(2)Details of the original borrowing to be repaid this time, before its due date.

Lender	Borrowing Amount	Drawdown Date	Maturity Date	Loan Type
Sumitomo Mitsui Banking Corporation	¥8,000 Million	February 28, 2012	February 28, 2013	Unsecured Unguaranteed

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4. Change in the Balance of Borrowings

	Before This refinance	After This refinance	Variance
Short-term Borrowings	¥ 26,700 Million	¥ 13,400 Million	-13,300 Million
Long-term Borrowings	¥ 49,060 Million	¥ 50,360 Million	+1,300 Million
Investment Corporation Bonds	¥ 5,000 Million	¥ 5,000 Million	-
Borrowings Total	¥ 80,760 Million	¥ 68,760 Million	-12,000 Million

(*) 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 June 25, 2012.

This document is released to media organizations through the "Kabuto Club"(the press club of the Tokyo Stock Exchange), the Ministry of Land, Infrastructure and Transport Press Club, and the Press Club for the Ministry of Land, Infrastructure and Transport Construction Paper.

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

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