

## **Translation Purpose Only**

February 26, 2015

### **To All Concerned Parties**

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

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### **Notice Concerning the Execution of New Borrowing and the Conclusion of Interest Rate Swap Agreement**

Frontier Real Estate Investment Corporation (the "Investment Corporation") hereby announces that it has decided to execute new long-term borrowing, and to conclude interest rate swap agreement relating to the long-term borrowing. Details are provided below.

#### 1. Rational

To appropriate for the payment of newly acquired property (Shinsaibashi Square), stated in the press release "Notice Concerning Acquisition of Investment Asset" announced on December 22, 2014.

#### 2. The Execution of Long-term Borrowing

##### Details of Long-term Borrowing

- ① Drawdown Date : March 2, 2015
- ② Loan Type : Unsecured, Unguaranteed
- ③ Lender, Amount, Maturity Dates and Interest Rate : See accompanying table

| <b>Lender</b>         | <b>Amount</b>  | <b>Maturity Date</b> | <b>Interest Rate</b>   |
|-----------------------|----------------|----------------------|--|
| Resona Bank, Limited. | ¥1,000 Million | March 4, 2024        | ICE Benchmark Administration("IBA")<br>EUR/JPY LIBOR for<br>1 month+0.09%(Note1,Note2) |

(Note1) The base interest rate for the applicable rate is calculated based on "IBA" EUR/JPY LIBOR for 1 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 1 month on February 25, 2015 is 0.07071%.)

(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.

## Translation Purpose Only

### 3. The Conclusion of Interest Rate Swap Agreement

#### (1) Purpose

To hedge against risks of interest rate fluctuations on the aforementioned long-term borrowing executed on March 2, 2015.

#### (2) Details

| Notional Amount | Counterparty               | Interest Rate(Note3) |                                 | Commencement Date | Termination Date |
|-----------------|----------------------------|----------------------|---------------------------------|-------------------|------------------|
|                 |                            | Fixed Payment        | Variable Receipt                |                   |                  |
| ¥1,000 Million  | Nomura Securities Co.,Ltd. | 0.37490%             | "IBA" EUR/JPY LIBOR for 1 month | March 2, 2015     | March 4, 2024    |

(Note3) Fixed interest payment and variable interest receipt are due on 2nd of every month (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 0.46490% by executing the interest rate swap agreement. Therefore, the determination of "IBA" EUR/JPY LIBOR for 1 month will not be announced going forward.

### 4. Change in the balance of borrowings

(Unit : ¥Million)

|                              | Before This Financing | After This Financing | Variance |
|------------------------------|-----------------------|----------------------|----------|
| Short-term Borrowings        | 500                   | 500                  | —        |
| Long-term Borrowings         | 64,800                | 65,800               | +1,000   |
| Investment Corporation Bonds | 5,000                 | 5,000                | —        |
| Borrowings Total             | 70,300                | 71,300               | +1,000   |

(\*) 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 25, 2014.

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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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