

Translation Purpose Only

July 15, 2016

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.
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Notice Concerning Change in Tenant
<Sports Club Renaissance Hiroshima>

Frontier Real Estate Investment Corporation (the "Investment Corporation") hereby announces the decision of Mitsui Fudosan Frontier REIT Management Inc., the Investment Corporation's asset management company (the "Asset Management Company"), to conclude a new contract to set up a fixed-term land lease for business purposes with a new tenant (the "New Contract") as of today, in association with the termination of a fixed-term building lease contract with an existing tenant (the "Existing Contract") of Sports Club Renaissance Hiroshima owned by the Investment Corporation (the "Property"), as described below.

1. Background in Change of Tenant

Although the Property has been leased as a sports facility since the acquisition in April 2007, the Existing Contract's period will expire and the building has aged. Thus, multilateral considerations on the future management scenario have been made.

As a result, it has been judged that concluding a new contract with a new tenant and managing the Property as a land interest, without owning the building, will be the best option.

2. Existing Contract Details

Name of Tenant	RENAISSANCE INC. (the "Renaissance")
Type of Contract	Fixed-term building lease contract
Expiration Date	July 31, 2016
Annual Rent	¥143 million
Leased Floor Space	4,678.10m ²
Ratio to Total Rentable Area of the Property	100.0%
Ratio to Total Rentable Area of the Investment Corporation	0.3%

3. New Contract Detail

Name of Tenant	Kohnan Shoji Co., Ltd. (the "Kohnan")
Type of Contract	Fixed-term land lease contract for business purposes
Contract Period	From August 1, 2016 to July 31, 2037 (Note 1)
Annual Rent	Not disclosed (Note 2)
Termination during the Contract term	Not allowed in principle
Rent Revisions	First revision on July 1, 2018 and every 3 years thereafter (linked to taxes and public dues)
Security Deposit	Not disclosed (Note 2)

Guarantee Deposit	None
Total Number of Tenants	1
Leased Floor Space	6,055.14m ² (registered land area)
Ratio to Total Rentable Area of the Property	100.0%
Ratio to Total Rentable Area of the Investment Corporation	0.4%
Special Agreement Concerning the Demolition of Existing Building	As for the demolition of the existing building scheduled to be conducted by Kohnan for the purpose of new construction of a building as of today, the demolition shall be made at the responsibility and cost of Kohnan, and the Investment Corporation agrees to it in advance. The extent of the demolition work of the existing building shall be decided upon discussion between the Investment Corporation and Kohnan.

(Note 1) Contract period is 21 years, but the initial rent payment date is July 1, 2017.

(Note 2) Undisclosed as the Investment Corporation did not obtain the lessee's consent.

4. Future Schedule (planned)

July 2016	Close business of Sports Club Renaissance Hiroshima
August 2016	Commencement of the New Contract with Kohnan
July 2017	Opening of Home Center Kohnan Hiroshima-Shi Minami-Machi (Provisional name)

5. Outlook

Due to the demolition scheduled for the existing building, loss on retirement of the amount equivalent to the book value (assumed book value: ¥134 million) is expected for the period ending December 31, 2016. Furthermore, as indicated in "3. New Contract Detail, Special Agreement Concerning the Demolition of Existing Building" above, demolition of the existing building is scheduled to be conducted at the responsibility and cost of Kohnan.

For the impact of the change in tenant on the Investment Corporation's financial results for the 25th fiscal period ending December 31, 2016, please refer to "Notice Concerning Operating Forecasts for the Fiscal Period ending December 31, 2016" separately announced today.

6. Other

In association with the change in tenant, the name of the Property will be changed to "(Provisional name)Home Center Kohnan Hiroshima-Shi Minami-Machi (land interest)" on August 1, 2016.

Attachments

1. Map Indicating Location of the Property and CG of the Property after Change in Tenant

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

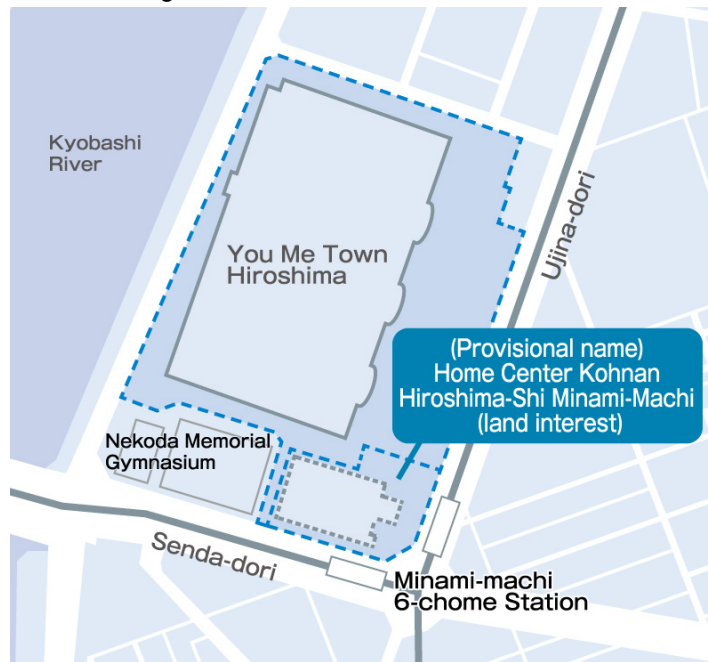
Frontier Real Estate Investment Corporation website: <http://www.frontier-reit.co.jp/eng/>

1. Map Indicating Location of the Property and CG of the Property after Change in Tenant

■ Wide Area



■ Surrounding Area



■ CG of the Property after Change in Tenant

