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For Immediate Release

6-8-7 Ginza, Chuo-ku, Tokyo
Frontier Real Estate Investment Corporation
Hirohiko Kamei, 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.
Tatsu Makino
Vice President, Finance Division and Director
Tel: +81-3-3289-0440

**Notice Concerning the Execution of Short-term and Long-term Borrowings
and the Repayment 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 short-term borrowings on August 20, 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 May 21, 2012.

(2) Details

- ① Drawdown Date : August 20, 2012
- ② Loan Type : Unsecured, Unguaranteed
- ③ Lenders, Amount, Maturity Date and Interest Rate:

Lenders	Amount	Maturity Date	Interest Rate
Sumitomo Mitsui Banking Corporation	¥3,500 Million	October 19, 2012	0.35500%(*) (August 20, 2012 ~ September 18, 2012)
	¥1,000 Million	August 20, 2020	1.01125% (Interest Rate is fixed until the maturity date)
Mitsubishi UFJ Trust and Banking Corporation	¥1,200 Million	February 19, 2013	0.35500%(*) (August 20, 2012 ~ September 18, 2012)

(*) Interest rate on and after September 19, 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 August 20, 2012 are as follows.

Lenders	Borrowing Amount	Drawdown Date	Maturity Date	Repayment of Principal	Loan Type
Sumitomo Mitsui Banking Corporation	¥4,500 Million	May 21, 2012	August 20, 2012	Payment in full on the maturity date	Unsecured Unguaranteed
Mitsubishi UFJ Trust and Banking Corporation	¥1,700 Million				

3. Change in the Balance of Borrowings

	Before This refinance	After This refinance	Variance
Short-term Borrowings	¥ 13,400 Million	¥ 11,900 Million	-1,500 Million
Long-term Borrowings	¥ 50,360 Million	¥ 51,360 Million	+1,000 Million
Investment Corporation Bonds	¥ 5,000 Million	¥ 5,000 Million	—
Borrowings Total	¥ 68,760 Million	¥ 68,260 Million	-500 Million

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

4. 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.

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

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