

Translation Purpose Only

February 8, 2016

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. Purpose

To appropriate for a part of the payment of newly acquired property (KOJIMA × BIC CAMERA Naha Store), stated in the press release "Notice Concerning Acquisition of Investment Asset" announced on January 25, 2016. (Note 1)

(Note 1) As the Investment Corporation acquired KOJIMA × BIC CAMERA Naha Store by cash on hand on January 25, 2016, this new borrowing will be executed to cover the decreased amount in cash on hand due to utilization on February 10, 2016.

Actually, the borrowing will be appropriated for a part of the acquisition cost and the related costs.

2. Details of Long-term Borrowing

(1) Drawdown Date : February 10, 2016

(2) Loan Type : Unsecured, Unguaranteed

(3) Lender, Amount, Maturity Date and Interest Rate :

Lender	Amount	Maturity Date	Interest Rate
The Daishi Bank, Ltd.	¥1,000 Million	February 10, 2023	ICE Benchmark Administration("IBA") EUR/JPY LIBOR for 1 month+0.07%(Note2,Note3)

(Note2) 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 5, 2016 is -0.00271%.)

(Note3) 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.

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3. 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 Daishi Bank, Ltd. on February 10, 2016.

(2) Details

Notional Amount	Counterparty	Interest Rate(Note4)		Commencement Date	Termination Date
		Fixed Payment	Variable Receipt		
¥1,000 Million	Sumitomo Mitsui Trust Bank, Limited	-0.02195%	"IBA" EUR/JPY LIBOR for 1 month	February 10, 2016	February 10, 2023

(Note4) Fixed interest payment and variable interest receipt are due on 10th 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 0.04805% 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	3,000	3,000	—
Long-term Borrowings	69,060	70,060	+1,000
Investment Corporation Bonds	5,000	5,000	—
Borrowings Total	77,060	78,060	+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 29, 2015.

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

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