

December 12, 2014

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 and the Repayment of Long-term 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 long-term borrowing, and to conclude interest rate swap agreement relating to the long-term borrowing. The Investment Corporation, additionally, announces it would repay long-term borrowing on December 16, 2014. Details are provided below.

1. The Execution of Long-term Borrowing

(1) Purpose

To appropriate for the repayment of long-term borrowing as of December 16, 2009.

(2) Details

① Drawdown Date : December 16, 2014

② Loan Type : Unsecured, Unguaranteed

③ Lender, Amount, Maturity Date and Interest Rate:

Lender	Amount	Maturity Date	Interest Rate
The Gunma Bank, Ltd.	¥1,000 Million	December 16, 2020	ICE Benchmark Administration("IBA") EUR/JPY LIBOR for 3 month+0.05%(Note1,Note2)

(Note1) The base interest rate for the applicable rate is calculated based on "IBA" EUR/JPY LIBOR for 3 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 3 month on December 11, 2014 is 0.11000%.)

(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.

2. 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 December 16, 2014.

(2) Details

Notional Amount	Counterparty	Interest Rate(Note3)		Commencement Date	Termination Date
		Fixed Payment	Variable Receipt		
¥1,000 Million	Mitsubishi UFJ Trust and Banking Corporation	0.22100%	"IBA" EUR/JPY LIBOR for 3 month	December 16, 2014	December 16, 2020

(Note3) Fixed interest payment and variable interest receipt are due on 16th of June, September, December, and March of every year (if such date is not a business day in Tokyo, 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 0.27100% by executing the interest rate swap agreement. Therefore, the determination of "IBA" EUR/JPY LIBOR for 3 month will not be announced going forward.

3. The Repayment of Long-term Borrowing

Details of the repayment of long-term borrowing on December 16, 2014 are as follows.

Lender	Borrowing Amount	Drawdown Date	Maturity Date	Repayment of Principal	Loan Type
The Gunma Bank, Ltd.	¥1,000 Million	December 16, 2009	December 16, 2014	Payment in full on the maturity date	Unsecured Unguaranteed

4. Change in the Balance of Borrowings

	Before This refinance	After This refinance	Variance
Short-term Borrowings	¥ 2,500 Million	¥ 2,500 Million	—
Long-term Borrowings	¥ 62,800 Million	¥ 62,800 Million	—
Investment Corporation Bonds	¥ 5,000 Million	¥ 5,000 Million	—
Borrowings Total	¥ 70,300 Million	¥ 70,300 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 September 25, 2014.

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

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