

June 30, 2015

**To All Concerned Parties**

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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 Borrowings,  
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 borrowings, and to conclude interest rate swap agreement relating to one of the long-term borrowings. The Investment Corporation, additionally, announces it would repay long-term borrowing on July 2, 2015. Details are provided below.

1. The Execution of Long-term Borrowings

(1) Purpose

To appropriate for the repayment of long-term borrowings as of July 2, 2010.

(2) Details

- ① Drawdown Date : July 2, 2015
- ② Loan Type : Unsecured, Unguaranteed
- ③ Lenders, Amount, Maturity Date and Interest Rate:

Lenders	Amount	Maturity Date	Interest Rate
Sumitomo Mitsui Banking Corporation	¥2,000 Million	July 2, 2019	0.27500% (Interest Rate is fixed until the maturity date.)
Sumitomo Mitsui Trust Bank, Limited	¥1,500 Million	July 2, 2019	0.27500% (Interest Rate is fixed until the maturity date.)
Mitsubishi UFJ Trust and Banking Corporation	¥1,000 Million	July 2, 2027	ICE Benchmark Administration("IBA") EUR/JPY LIBOR for 1 month+0.18%(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 June 29, 2015 is 0.06500%.)

(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 to be executed by Mitsubishi UFJ Trust and Banking Corporation on July 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.	0.70600%	"IBA" EUR/JPY LIBOR for 1 month	July 2, 2015	July 2, 2027

(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 0.88600% by executing the interest rate swap agreement. Therefore, the determination of "IBA" EUR/JPY LIBOR for 1 month will not be announced going forward.

## 3. The Repayment of Long-term Borrowings

Details of the repayment of long-term borrowings on July 2, 2015 are as follows.

Lenders	Borrowing Amount	Drawdown Date	Maturity Date	Repayment of Principal	Loan Type
Sumitomo Mitsui Banking Corporation	¥2,000 Million	July 2, 2010	July 2, 2015	Payment in full on the maturity date	Unsecured Unguaranteed
Sumitomo Mitsui Trust Bank, Limited	¥1,500 Million				
Mitsubishi UFJ Trust and Banking Corporation	¥1,000 Million				

## 4. Change in the Balance of Borrowings

(Unit : ¥Million)

	Before This refinance	After This refinance	Variance
Short-term Borrowings	3,500	3,500	—
Long-term Borrowings	68,680	68,680	—
Investment Corporation Bonds	5,000	5,000	—
Borrowings Total	77,180	77,180	—

(\*) 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 March 26, 2015.

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

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