

July 17, 2014

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.
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 and the Repayment of Short-term and 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 short-term and long-term borrowings, and to conclude interest rate swap agreement relating to the long-term borrowing. The Investment Corporation, additionally, announces it would repay short-term and long-term borrowings on July 22, 2014. Details are provided below.

1. The Execution of Short-term and Long-term Borrowings

(1) Purpose

To appropriate for the repayment of short-term borrowings as of April 21, 2014 and June 19, 2014, and long-term borrowing as of July 19, 2012.

(2) Details

Details of Short-term Borrowings:

- ① Drawdown Date : July 22, 2014
- ② Loan Type : Unsecured, Unguaranteed
- ③ Lenders, Amount, Maturity Date and Interest Rate:

Lenders	Amount	Maturity Date	Interest Rate
Sumitomo Mitsui Banking Corporation	¥1,500 Million	August 19, 2014	0.26636% (Interest Rate is fixed until the maturity date.)
Mizuho Bank, Ltd.	¥500 Million	August 19, 2014	0.24636% (Interest Rate is fixed until the maturity date.)

Details of Long-term Borrowing:

- ① Drawdown Date : July 22, 2014
- ② Loan Type : Unsecured, Unguaranteed
- ③ Lender, Amount, Maturity Date and Interest Rate:

Lender	Amount	Maturity Date	Interest Rate
Mizuho Bank, Ltd.	¥1,300 Million	July 19, 2022	Base interest rate(JBA 1 month yen TIBOR)+0.14%(Note1,Note2)

(Note1) Interest payment dates are the 19th of every month (if such date is not a business day, the following business day).

Interest rate is calculated based on JBA 1 month yen TIBOR which is announced two business days prior to the first day of the applicable period.

(Note2) The Investment Corporation has concluded 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 July 22, 2014.

(2) Details

Notional Amount	Counterparty	Interest Rate(Note3)		Commencement Date	Termination Date
		Fixed Payment	Variable Receipt		
¥1,300 Million	Nomura Securities Co.,Ltd.	0.45750%	JBA 1 month yen TIBOR	July 22, 2014	July 19, 2022

(Note3) Fixed interest payment and variable interest receipt are due on 19th 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 0.59750% by executing the interest rate swap agreement. Therefore, the determination of JBA 1 month yen TIBOR will not be announced going forward.

3. The Repayment of Short-term and Long-term Borrowings

Details of the repayment of short-term and long-term borrowings on July 22, 2014 are as follows.

Lenders	Borrowing Amount	Drawdown Date	Maturity Date	Repayment of Principal	Loan Type
Sumitomo Mitsui Banking Corporation	¥1,500 Million	June 19, 2014	July 22, 2014	Payment in full on the maturity date	Unsecured Unguaranteed
Mizuho Bank, Ltd.	¥500 Million	April 21, 2014			
	¥1,300 Million	July 19, 2012			

4. Change in the Balance of Borrowings

	Before This refinance	After This refinance	Variance
Short-term Borrowings	¥ 2,000 Million	¥ 2,000 Million	—
Long-term Borrowings	¥ 63,920 Million	¥ 63,920 Million	—
Investment Corporation Bonds	¥ 5,000 Million	¥ 5,000 Million	—
Borrowings Total	¥ 70,920 Million	¥ 70,920 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 March 27, 2014.

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

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

Disclaimer

This information was originally publicized in the original Japanese language and has been translated for reference purposes only. Frontier Real Estate Investment Corporation guarantees neither the completeness nor the accuracy of this English translation. For complete and accurate information, please refer to the press release in Japanese. In addition, this press release is not prepared as an inducement or invitation for investment. All readers are advised to consult their own investment advisors before investing in the Investment Corporation. Investment decisions are made at the investor's sole discretion and responsibility and are made at their own risk. The Investment Corporation and its affiliates disclaim any responsibility or liability for the consequence of investment in the Investment Corporation.