

January 21, 2015

**To All Concerned Parties**

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Frontier Real Estate Investment Corporation  
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(Securities Code: 8964)

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**Notice Concerning Conclusion of Interest Rate Swap Agreements**

Frontier Real Estate Investment Corporation (the "Investment Corporation") hereby announces that it has decided to conclude interest rate swap agreements relating to the long-term borrowings stated in the press release announced on January 6, 2015. Details are provided below.

1. The Conclusion of Interest Rate Swap Agreements

(1) Purpose

To hedge against risks of interest rate fluctuations on the following long-term borrowings executed on January 7, 2015.

[Details of Long-term Borrowings]

Long-term Borrowing 1 :

- ① Drawdown Date : January 7, 2015
- ② Loan Type : Unsecured, Unguaranteed
- ③ Lender, Amount, Maturity Date and Interest Rate:

Lender	Amount	Maturity Date	Interest Rate
The Norinchukin Bank	¥1,000 Million	January 23, 2018	0.09623%(Note1) (January 7, 2015 ~ January 22, 2015)

(Note1) Interest Rate = ICE Benchmark Administration("IBA") EUR/JPY LIBOR for 1 month + 0.03%

Long-term Borrowing 2 :

- ① Drawdown Date : January 7, 2015
- ② Loan Type : Unsecured, Unguaranteed
- ③ Lender, Amount, Maturity Date and Interest Rate:

Lender	Amount	Maturity Date	Interest Rate
The Norinchukin Bank	¥1,000 Million	January 23, 2023	0.16623%(Note2) (January 7, 2015 ~ January 22, 2015)

(Note2) Interest Rate = ICE Benchmark Administration("IBA") EUR/JPY LIBOR for 1 month + 0.10%

(2) Details

Notional Amount	Counterparty	Interest Rate(Note3)		Commencement Date	Termination Date
		Fixed Payment	Variable Receipt(Note4)		
¥1,000 Million	Nomura Securities Co.,Ltd.	0.05890%	ICE Benchmark Administration("IBA") EUR/JPY LIBOR for 1 month	January 23, 2015	January 23, 2018
¥1,000 Million	Nomura Securities Co.,Ltd.	0.23300%	ICE Benchmark Administration("IBA") EUR/JPY LIBOR for 1 month	January 23, 2015	January 23, 2023

(Note3) Fixed interest payment and variable interest receipt are due on 23th of every month (if such date is not a business day, the following business day).

(Note4) 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 January 20, 2015 is 0.07571%.)

(3) Fixed Interest Rate after the Conclusion of Interest Rate Swap Agreement

Interest rate of the aforementioned long-term borrowing 1 will be fixed at 0.08890% and the aforementioned long-term borrowing 2 will be fixed at 0.33300% by executing the interest rate swap agreements. Therefore, the determination of "IBA" EUR/JPY LIBOR for 1 month will not be announced going forward.

2. 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.

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/>

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