

November 18, 2016

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
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Notice Concerning Issuance of Investment Corporation Bonds

Frontier Real Estate Investment Corporation (the "Investment Corporation") hereby announces it decided to issue investment corporation bonds today. Details are provided below.

1. Summary of investment corporation bonds

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| (1) Name of the investment corporation bonds: | Frontier Real Estate Investment Corporation 2nd Series Unsecured Investment Corporation Bonds
(with special pari passu conditions among specified investment corporation bonds)
("Investment Corporation Bonds" hereafter) |
| (2) Total amount of investment corporation bonds to be issued: | ¥3 billion |
| (3) Form of certificates of investment corporation bonds to be issued: | Subject to the provision of the Act on Book-Entry Transfer of Corporate Bonds, Shares, etc. bond certificates for the Investment Corporation Bonds will not be issued. |
| (4) Payment amount: | ¥100 per ¥100 of each investment corporation bond |
| (5) Redemption amount: | ¥100 per ¥100 of each investment corporation bond |
| (6) Interest rate: | 0.708% per annum |
| (7) Denomination of each bond: | ¥100 million |
| (8) Method of offering: | Primary offering |
| (9) Subscription date: | November 18, 2016 (Friday) |
| (10) Payment date: | November 25, 2016 (Friday) |
| (11) Collateral: | No secured mortgage or guarantee is applicable to, and no assets are specifically reserved as collateral for, the Investment Corporation Bonds. |

Translation Purpose Only

- (12) Redemption method and date: The total amount of Investment Corporation Bonds will be redeemed on November 25, 2031.
The Investment Corporation Bonds may be repurchased and cancelled at any time after the payment date, unless otherwise specified by the relevant transfer agent.
- (13) Interest payment date: May 25 and November 25 of each year
- (14) Financial covenant: Negative pledge clause is applicable
- (15) Ratings: AA (Japan Credit Rating Agency, Ltd.)
- (16) Fiscal agent, issuing agent and paying agent: Sumitomo Mitsui Trust Bank, Limited
- (17) Underwriters: SMBC Nikko Securities Inc.
Nomura Securities Co., Ltd.
Mizuho Securities Co., Ltd.

2. Reason for issuance

Through the issuance of the Investment Corporation Bonds, the Investment Corporation aims to extend the period of interest-bearing debts and diversify fund-raising means for the purpose of establishing stronger financial grounds.

3. Amount, use and scheduled dates of expenditure of capital to be procured

- (1) Amount of capital to be procured (estimated net proceeds)

¥2,974 million

- (2) Specific use and scheduled dates of expenditure of capital to be procured

The procured fund will be allocated by November 30, 2016 to part of repayment of short-term borrowings scheduled on November 21, 2016. For details of the short-term borrowings scheduled to be repaid on November 21, 2016, please refer to "Notice Concerning the Execution of Short-term and Long-term Borrowings, and the Repayment of Short-term Borrowings" dated November 17, 2016.

4. Change in the balance of borrowings after the issuance of Investment Corporation Bonds

(Millions of yen)

	Before Issuance	After Issuance(**)	Variance
Short-term Borrowings	10,000	7,000	(3,000)
Long-term Borrowings(*)	77,400	77,400	—
Investment Corporation Bonds	—	3,000	+3,000
Borrowings, etc. Total	87,400	87,400	—

(*) Long-term Borrowings include the balance of borrowings due within one year.

(**)The table above shows the status after the repayment of 3,000 million yen in a short-term Borrowings.

Translation Purpose Only

5. Others

Regarding the redemption risk of Investment Corporation Bonds, there is no important change to the “Investment risks” description in the latest securities registration statement submitted on September 28, 2016.

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

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

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