

June 25, 2012

For Immediate Release

6-8-7 Ginza, Chuo-ku, Tokyo
Frontier Real Estate Investment Corporation
Hirohiko Kamei, 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 Acquisition of Investment Asset

Frontier Real Estate Investment Corporation (the "Investment Corporation") today announced its decision to acquire an investment asset. Brief details are as follows.

1. Planned Acquisition Details

- (1) Type of Acquired Asset: Real estate (trust beneficiary rights in a domestic real estate property)
- (2) Property Name: QANAT Rakuhoku
- (3) Acquisition Price: ¥8,800 million (Land: ¥5,297.6 million; Building: ¥3,502.4 million)*
- (4) Contract Date: June 25, 2012
- (5) Acquisition Date: July 4, 2012 (Delivery and clearance date)
- (6) Seller: Mitsui Fudosan Co., Ltd.**
- (7) Acquisition Financing: Self-financing and borrowings
- (8) Payment Method: Single payment at the time of delivery

* Acquisition Price amount does not include acquisition cost, real property tax, city planning tax, consumption tax, etc.

** For details regarding seller's profile, please see Item 5. in the following section.

2. Rationale

The proposed acquisition of the Property is in line with the Investment Corporation's "basic asset management policy" and "investment stance" as provided in its Articles of Incorporation. In its decision to acquire the Property, Mitsui Fudosan Frontier REIT Management Inc., the Investment Corporation's asset management company (the "Asset Management Company") considered, *inter alia*, the following factors:

(1) Location

The Property is located approximately 8km northeast of JR Kyoto Station and is about a 15-minute walk from Demachiyonagi Station on the Keihan Electric Railway and Eizan Electric Railway lines in a green neighborhood facing Takano River which flows into Kamo River. Access by automobile is

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excellent as the property faces Kawabata-dori Street and is also close to Higashioji-dori Street and National Route 367.

The Property enjoys favorable population density with a trade area population of 40,000 within a 1km radius and 203,000 within a 3km radius while competition in the area is moderate as the city of Kyoto limits development of large-scale commercial facilities through ordinances and such.

(2) Features of the Property

The Property is categorized as Neighborhood Shopping Center with the food supermarket Izumiya as the core shop and about 70 other various types of shops centering of those targeting families such as UNIQLO, ABC Mart and Kiddy Land. As large-scale shopping centers are rare in the area and the parking lot has the capacity to hold around 800 cars (including the parking lot of the adjacent hotel), this commercial facility boasts high value.

3. Property Details

(1) Real Estate Details

Type of Acquisition Asset	Trust beneficiary rights in a real estate property	
Address (as described in the real estate register)	36-1, 2, 3, 4, 7, Takano Nishibira-cho, Sakyo-ku, Kyoto-shi, Kyoto	
Land	Lot Area	12,879.72m ² (registered)
	Use	Neighboring commercial district
	Plot Ratio	300%
	Building to Land Ratio*	80%
	Ownership	Proprietary ownership
Building	Structure / Number of Floors	Steel-framed reinforced concrete, flat-roof construction / One below-ground and four above-ground floors
	Construction Completed	November 29, 2000
	Gross Floor Area	46,750.90m ² (registered)
	Use	Retail, parking lot
	Ownership	Proprietary ownership
Architect	Kajima Corporation Co., Ltd. First-Class Architect Office	
Builder	Kajima Corporation	
Inspection Agency	Kyoto Organization of Confirmation and Inspection	
Acquisition Price	¥8,800 million	
Appraisal Value	¥8,800 million	
Appraiser	Japan Real Estate Institute	
Probable Maximum Loss (PML)	9%	
Collateral	None	

* The building to land ratio is limited to 40% as properties up to 20m northwest of the public road are prescribed as category 4 scenic zones.

(2) Lease Details

Lessor	Sumitomo Mitsui Trust Bank Limited
Lessee	Izumiya Co., Ltd.
Type of Contract	Building lease contract
Contract Term	20 years (until November 29, 2020)
Annual Rent*	¥578 million (fixed rent) + sales linked rent
Rent Revisions	Every three years
Termination Prior to Maturity	Not cancellable

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Security Deposit	¥1,100 million
Guarantee Deposit	None
Number of Tenants	1
Total Leasable Floor Space	48,303.21m ²
Total Leased Floor Space	48,303.21m ²
Occupancy Rate	100% (Total Leased Floor Space / Total Leasable Floor Space)

* Sales linked rent is not anticipated.

4. The Significance of the Acquisition

The acquisition of the Property is based on the Investment Corporation's investment policy, the objective of which is to ensure stable earnings over the medium to long term. The acquisition of the Property will expand the size of the Investment Corporation and maintain and improve the quality of the existing portfolio by diversifying and decentralizing the portfolio.

5. Seller Profile

Company Name	Mitsui Fudosan Co., Ltd.
Address of Head Office	2-1-1 Nihonbashi Muromachi, Chuo-ku, Tokyo
Representative	President and Executive Officer Masanobu Komoda
Share Capital	¥174,296 million
Major Shareholders	The Master Trust Bank of Japan (trust account)
Principal Business	Acquisition, holding, disposal, leasing, selling and management of real estate
Relationship with the Investment Corporation and/or the Asset Management Company	Parent company (100%) of the Asset Management Company
Relationship with the Investment Corporation and/or the Asset Management Company	
Capital Relationship	As of the end of December 2011, Mitsui Fudosan owns 7.53% of the Investment Corporation's investment units issued and outstanding. Also, Mitsui Fudosan owns all of the shares issued by the Asset Management Company.
Personnel Relationship	As of the end of December 2011, eight of the staff members of the Asset Management Company are seconded employees from Mitsui Fudosan (excluding part-time directors).
Business Relationship	As of the period ended December 31, 2011, there are no business relationships to be described between Mitsui Fudosan and the Investment Corporation and/or the Asset Management Company. Also, there are no noteworthy business relationships between affiliated persons or affiliated companies of Mitsui Fudosan and the affiliated persons or affiliated companies of the Investment Corporation and/or the Asset Management Company.
Status of Classification as Related Party	Mitsui Fudosan does not constitute a related party of the Investment Corporation. Also, Mitsui Fudosan is the parent company of the Asset Management Company.

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6. Status of Property Owner

Property Name (Location)	QANAT Rakuhoku (quasi-co-ownership of trust beneficiary interest in real estate (half of ownership ratio)) (36-1, 2, 3, 4, 7, Takano Nishibira-cho, Sakyo-ku, Kyoto-shi, Kyoto)	
Status of Property Owner	Current Holder of Trust Beneficiary Right	Previous Holder of Trust Beneficiary Right
Name of Company	Mitsui Fudosan Co., Ltd.	—
Relationship with Interested Parties	Parent company (100%) of the Asset Management Company	—
Background and Purpose of Acquisition	Acquisition of beneficiary interest	—
Acquisition Price*	—	—
Acquisition Date	May 30, 2008	—

* Undisclosed as the current holder of trust beneficiary right has owned the property for over a year.

Property Name (Location)	QANAT Rakuhoku (quasi-co-ownership of trust beneficiary interest in real estate (half of ownership ratio)) (36-1, 2, 3, 4, 7, Takano Nishibira-cho, Sakyo-ku, Kyoto-shi, Kyoto)		
Status of Property Owner	Current Holder of Trust Beneficiary Right	Previous Holder of Trust Beneficiary Right	Holder before Previous Holder of Trust Beneficiary Right
Name of Company	Mitsui Fudosan Co., Ltd.	Japan Retail Facility Fund Investment Corporation	Rakuhoku Properties Zwei Limited
Relationship with Interested Parties	Parent company (100%) of the Asset Management Company	An investment corporation established and funded by Mitsui Fudosan Co., Ltd., the parent company (100%) of the Asset Management Company	A TMK of which Mitsui Fudosan Co., Ltd., the parent company (100%) of the Asset Management Company, invests through silent partnership
Background and Purpose of Acquisition	Acquisition of beneficiary interest	Acquisition of beneficiary interest	Acquisition of beneficiary interest
Acquisition Price*	—	—	—
Acquisition Date	March 21, 2008	May 31, 2006	May 30, 2005

* Undisclosed as the current holder of trust beneficiary right has owned the property for over a year.

7. Broker Profile

Not applicable

8. Execution of SC Management Agreement

The Investment Corporation has executed a basic agreement concerning SC management with Mitsui Fudosan Co., Ltd., the parent company of the Asset Management Company, for the purpose of effectively utilizing the expertise of Mitsui Fudosan Co., Ltd. in operation and management of retail facilities. The Investment Corporation will, based on the terms of the aforementioned basic agreement, enter into an SC management agreement that sets out detailed work (including property management) for the Property.

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9. Interested-Party Transaction

The seller of the Property falls under the category of the “Interested Parties” set forth in the Interested-Party Transaction Regulations of the Asset Management Company. Accordingly, in the course of deciding the acquisition of the Property by the Investment Corporation, the board of directors of the Asset management Company has resolved to acquire the new investment asset, after deliberation and approval by the Asset Management Company’s Compliance Committee on June 22, 2012 pursuant to the Interested-Party Transaction Regulations.

Regarding the execution of the SC management agreement stated in the previous section, Mitsui Fudosan Co., Ltd. falls under the category of the “Interested Parties.” Therefore, the contract will be concluded with a decision following similar procedures. Mitsui Fudosan has re-commissioned a part of the SC management business to Frontier REIT SC Management, a Mitsui Fudosan Group company that specializes in the particular business.

10. Outlook

For the Investment Corporation’s operating forecasts for the 17th fiscal period ending December 31, 2012, please refer to the “Notice Concerning Operating Forecasts for the 17th Fiscal Period ending December 31, 2012,” also released today.

Attachments

1. Summary of Property Appraisal
 2. Map Indicating Location of the Property / Photographs of the Property
 3. Overview of the Investment Portfolio following the Acquisition of the Property
- 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/>

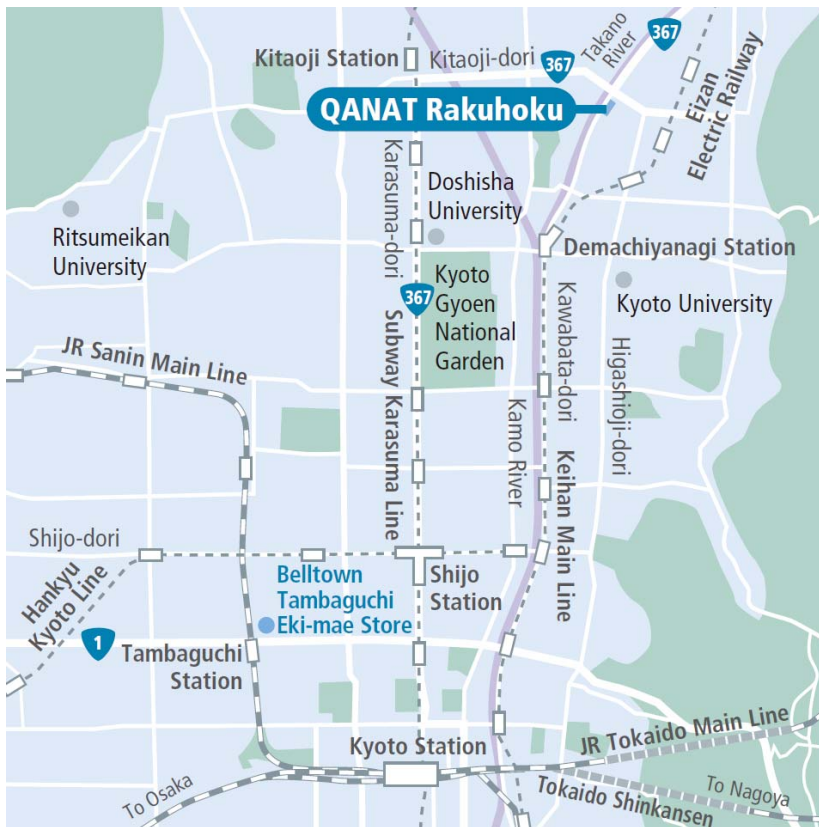
Attachment 1: Summary of Property Appraisal

Appraiser	Japan Real Estate Institute
Appraisal Value	¥8,800,000,000
Date of Appraisal	June 1, 2012
Direct-Reduction Method Value	¥8,830,000,000
Net Operating Income	¥492,411,000
Net Income	¥494,610,000
Cap Rate	5.6%
DCF Value	¥8,760,000,000
Discount Rate	5.2%
Terminal Cap Rate	5.6%

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Attachment 2: Map Indicating Location of the Property / Photographs of the Property



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Attachment 3: Overview of the Investment Portfolio following the Acquisition of the Property

Property Name	Location	(Planned) Acquisition Date	(Planned) Acquisition Price (Millions of yen)*	Percentage of Portfolio (%)**
AEON Shinagawa Seaside Shopping Center	Shinagawa-ku, TOKYO	August 9, 2004	20,100	8.2
AEON Ibaraki Shopping Center	Ibaraki City, OSAKA	August 9, 2004	18,100	7.4
Joyfultown Okayama	Okayama City, OKAYAMA	August 9, 2004	11,000	4.5
AEON Hadano Shopping Center	Hadano City, KANAGAWA	August 9, 2004	9,300	3.8
Papillon Plaza	Fukuoka City, FUKUOKA	August 9, 2004	4,810	2.0
Kamiikedai Tokyu Store	Ota-ku, TOKYO	August 9, 2004	1,490	0.6
Belltown Tambaguchi Eki-mae Store	Kyoto City, KYOTO	August 29, 2005	2,130	0.9
AEON Mall NAGOYADOME-mae	Nagoya City, AICHI	March 23, 2006	24,800	10.1
Summit Store Takinogawa Momiji-bashi	Kita-ku, TOKYO	September 29, 2006	3,100	1.3
Sports Club Renaissance Hiroshima	Hiroshima City, HIROSHIMA	April 13, 2007	1,940	0.8
Frespo Tosu (land interest)	Tosu City, SAGA	November 8, 2007	3,178	1.3
You Me Town Hiroshima	Hiroshima City, HIROSHIMA	February 19, 2008	23,200	9.4
WV SAKAE	Nagoya City, AICHI	July 4, 2008	7,300	3.0
Queen's Isetan Suginami-momoi	Suginami-ku, TOKYO	July 4, 2008	3,560	1.4
Mitsui Outlet Park Iruma	Iruma City, SAITAMA	July 10, 2008	19,900	8.1
Costco Wholesale Warehouse Iruma (land interest)	Iruma City, SAITAMA	July 10, 2008	2,600	1.1
UT STORE HARAJUKU	Shibuya-ku, TOKYO	October 15, 2008	3,100	1.3
Ito-Yokado Higashi-yamato	Higashi-yamato City, TOKYO	January 13, 2009	11,600	4.7
AEON Town Tanashi-shibakubo	Nishi-tokyo City, TOKYO	February 18, 2009	3,100	1.3
TSUTAYA Fukuoka Tenjin	Fukuoka City, FUKUOKA	December 16, 2009	3,700	1.5
Mitsui Shopping Park LaLaport Iwata	Iwata City, SHIZUOKA	July 2, 2010	15,200	6.2
GINZA GLASSE	Chuo-ku, TOKYO	July 2, 2010	13,600	5.5
Shimura Shopping Center	Itabashi-ku, TOKYO	January 18, 2011	4,430	1.8
Mitsui Shopping Park LaLagarden Kasukabe	Kasukabe City, SAITAMA	February 16, 2011	10,000	4.1
Summit Store Yokohama Okano (land interest)	Yokohama City, KANAGAWA	February 24, 2012	5,700	2.3
VIORO	Fukuoka City, FUKUOKA	February 28, 2012	10,100	4.1
QANAT Rakuoku	Kyoto City, KYOTO	July 4, 2012	8,800	3.6
Total			245,838	100.0

* Acquisition Price amounts are rounded down to the nearest millions in yen.

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** Percentage of Portfolio figures are based on acquisition (planned) prices and are rounded up or down to the nearest second decimal place.

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