

February 14, 2011

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.
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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 (Property ownership in land and buildings) |
| (2) Property Name: | Mitsui Shopping Park LaLagarden KASUKABE |
| (3) Acquisition Price: | ¥10,000 million (Land: ¥4,810 million; Building: ¥5,190 million)* |
| (4) Contract Date: | February 14, 2011 |
| (5) Acquisition Date: | February 16, 2011 (Delivery and clearance date) |
| (6) Seller: | Kasukabe Development Special Purpose Company ** |
| (7) Acquisition Financing: | Self-financing and borrowings |
| (8) Payment Method: | Single payment at the time of delivery |

* Acquisition price 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 in Kasukabe City, Saitama. It is situated in four-minute walking distance from Kasukabe station of Tobu Isesaki Line and Tobu Noda Line.

The property enjoys sufficient trade area population of approximately 153,000 within a 3km radius and 283,000 within a 5km radius.

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(2) Features of the Property

85 stores including food supermarket LIVRE Keisei as a core tenant, UNIQLO, Akachan Honpo, MUJI, LIBRO, The GAP Generation and cinema complex as quasi-core tenants occupy the facility. There is also a parking space (both multilevel and flat) with parking capacity of approximately 1,000 cars.

3. Property Details

(1) Real Estate Details

Type of Acquisition Asset	Real estate (Property ownership in land and buildings)	
Address (as described in the real estate register)	1-1-1, Minami, Kasukabe City, Saitama	
Land	Lot Area	22,380.27m ² (registered)
	Use	Commercial district
	Plot Ratio	400%
	Building to Land Ratio	80%
	Ownership	Proprietary ownership
Buildings	Structure/ Number of Floors	Steel-framed flat-roof construction / Six above-ground floors (Retail) Steel-framed flat-roof construction / Six above-ground floors (Parking)
	Construction Completed	October 18, 2007
	Gross Floor Area	56,897.33 m ² (registered)
	Use	Retail, cinema complex and parking
	Ownership	Proprietary ownership
Architect	The Zenitaka First-class Architects Office Co., Ltd.	
Builder	The Zenitaka Corporation	
Inspection Agency	Japan Constructive Inspect Association	
Acquisition Price	¥10,000 million	
Appraisal Value	¥10,000 million	
Appraiser	Japan Real Estate Institute	
Probable Maximum Loss (PML)	13%	
Collateral	None	

(2) Lease Details

Lessor	Frontier Real Estate Investment Corporation
Lessee	Mitsui Fudosan Co., Ltd.
Type of Contract	Building lease
Contract Term	20 years (until February 15, 2031)
Annual Rent	¥741 million
Revisions of Rent	Only after 10 years
Termination during the Contract Term	Only after 5 years
Security Deposit	¥370 million
Guarantee Deposit	None
Number of Tenants	1
Total Leasable Floor Space	63,415.76 m ²
Total Leased Floor Space	63,415.76 m ²
Occupation Rate	100% ((Total Leased Floor Space)/(Total Leasable Floor Space))

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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 revenues and profit 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	Kasukabe Development Special Purpose Company
Address of Head Office	3-1-20 Nihombashi-muromachi, Chuo-ku, Tokyo
Representative	Makoto Sugai, Director
Share Capital	¥ 100,000
Major Shareholders	Mitsui Fudosan Co., Ltd.
Principal Business	1. Operations related to takeover, management and disposal of specified asset complying with asset liquidation plan based on asset liquidation laws 2. All other operations related to liquidation of aforementioned specified asset
Relationship with the Investment Corporation and/or the Asset Management Company	The seller is a special purpose company to which Mitsui Fudosan Co., Ltd, the parent company of the Asset Management Company, makes a preferred equity investment.

6. Previous Owner

Property Name (Location)	Mitsui Shopping Park LaLagarden KASUKABE (1-1-1, Minami, Kasukabe City, Saitama)	
Status of Previous Owner	Last Owner	Owner before Last Owner
Name of Company	Kasukabe Development Special Purpose Company	—
Relationship with Interested Parties	A special purpose company to which Mitsui Fudosan Co., Ltd., the parent company of the Asset Management Company, makes a preferred equity investment.	—
Background and purpose of Acquisition	For the purpose of development	—
Acquisition Price	—	—
Acquisition Date	October 18, 2007 (newly-built buildings) October 13, 2006 (land)*	—

7. Brokers Profile

Not applicable

8. Execution of the 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

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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.

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 of acquisition of the property by the Investment Corporation, the board of directors of the Asset Management Company has resolved to acquire this new investment asset, after deliberation and approval by the Asset Management Company’s Compliance Committee 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” set forth in the Interested-Party Transaction Regulations of the Asset Management Company. Accordingly, in the course of the execution of the SC management agreement with Mitsui Fudosan Co., Ltd., the board of directors of the Asset Management Company has resolved to execute this agreement after deliberation and approval by the Asset Management Company’s Compliance Committee pursuant to the Interested-Party Transaction Regulations.

10. Outlook

For operating forecasts for the fourteenth period ending June 30, 2011, please refer to the “Notice Concerning Modifications to Operating Forecasts for the 14th Fiscal Period ending June 30, 2011”, 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

Attachment 1: Summary of Property Appraisal

Appraiser	Japan Real Estate Institute
Appraisal Value	¥10,000,000,000
Date of Appraisal	January 31, 2011
Direct-Reduction Method Value	¥10,100,000,000
Operating Income	¥741,600,000
Net Operating Income	¥633,409,000
Net Income	¥623,781,000
Cap Rate	6.2%
DCF Value	¥9,940,000,000
Discount Rate	6.0%
Terminal Cap Rate	6.4%

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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	Acquisition Date	Acquisition Price (Millions of yen)*	Percentage of Portfolio**
AEON, Shinagawa Seaside Shopping Center	Shinagawa-ku, TOKYO	August 9, 2004	20,100	9.1
MYCAL Ibaraki	Ibaraki City, OSAKA	August 9, 2004	18,100	8.2
Joyfultown Okayama	Okayama City, OKAYAMA	August 9, 2004	11,000	5.0
Joyfultown Hadano	Hadano City, KANAGAWA	August 9, 2004	9,300	4.2
Papillon Plaza	Fukuoka City, FUKUOKA	August 9, 2004	4,810	2.2
Kamiikedai Tokyu Store	Ota-ku, TOKYO	August 9, 2004	1,490	0.7
Belltown Tambaguchi Eki-mae Store	Kyoto City, KYOTO	August 29, 2005	2,130	1.0
AEON NAGOYADOME-mae Shopping Center	Nagoya City, AICHI	March 23, 2006	24,800	11.2
Summit Store Takinogawa Momiji-bashi	Kita-ku, TOKYO	September 29, 2006	3,100	1.4
Sports Club Renaissance Hiroshima	Hiroshima City, HIROSHIMA	April 13, 2007	1,940	0.9
Frespo Tosu (Land interest)	Tosu City, SAGA	November 8, 2007	3,178	1.4
You Me Town Hiroshima	Hiroshima City, HIROSHIMA	February 19, 2008	23,200	10.5
WV SAKAE	Nagoya City, AICHI	July 4, 2008	7,300	3.3
Queen's Isetan, Suminami-momoi	Suginami-ku, TOKYO	July 4, 2008	3,560	1.6
Mitsui Outlet Park Iruma	Iruma City, SAITAMA	July 10, 2008	19,900	9.0
Costco Wholesale, Warehouse Iruma (Land interest)	Iruma City, SAITAMA	July 10, 2008	2,600	1.2
UT STORE HARAJUKU	Shibuya-ku, TOKYO	October 15, 2008	3,100	1.4
Ito-Yokado Higashi-yamato	Higashi-yamato City, TOKYO	January 13, 2009	11,600	5.2
MaxValu, Tanashi-shibakubo	Nishi-tokyo City, TOKYO	February 18, 2009	3,100	1.4
TSUTAYA Fukuoka Tenjin	Fukuoka City, FUKUOKA	December 16, 2009	3,700	1.7
Mitsui Shopping Park LaLaport Iwata	Iwata City, SHIZUOKA	July 2, 2010	15,200	6.9
GINZA GLASSE	Chuo-ku, TOKYO	July 2, 2010	13,600	6.1
Shimura Shopping Center	Itabashi-ku, TOKYO	January 18, 2011	4,430	2.0
Mitsui Shopping Park LaLagarden KASUKABE	Kasukabe City, SAITAMA	February 16, 2011	10,000	4.5
Total			221,238	100.0

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

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