

January 10, 2014

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: Trust beneficiary rights in a real estate property
- (2) Property Name: (Provisional name)Kohnan Kawasaki-minami (Land interest)
- (3) Acquisition Price: ¥7,000 million*
- (4) Contract Date: January 10, 2014
- (5) Acquisition Date: January 31, 2014 (Delivery and clearance date)
- (6) Seller: Not disclosed**
- (7) Acquisition Financing: Self-financing
- (8) Payment Method: Single payment at the time of delivery

* Acquisition price does not include acquisition cost, real property tax, city planning tax, etc.

** Seller is not disclosed as the Investment Corporation did not obtain the consent.

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) Acquisition of the land interest of a retail facility before opening date

A home center is scheduled to be constructed and managed by Kohnan Shoji Co., Ltd, whilst construction work not started at the date of contract. However, a fixed term land lease for business purposes has been agreed upon between the trustee and Kohnan Shoji Co., Ltd and rent has already

Translation for Reference Purposes Only

begun from January 1, 2014. Also, the Building Certificate under the Building Standard Law has already been received as of December 26, 2013 and rent is agreed to be doubled from October 1, 2014 at the latest. Therefore, the risk regarding the completion of the building and the opening of the facility having a significant impact on the Investment Corporation's financial results is considered to be minimal. Additionally, being able to start negotiation under conditions where acquisition date will be before facility opening date, it is considered that the acquisition was committed smoothly and rationally for the Investment Corporation, utilizing the Asset Management Company's original resources.

(2) Location

The Property is located in Kawasaki Ward, Kawasaki City, Kanagawa Prefecture, and is approximately a 12-minute walk from Kawasaki-Shinmachi Station on the JR Nambu Line and 15-minute walk from Hama-Kawasaki Station on the JR Nambu Line. It is adjacent to Ito Yokado Kawasaki Store and Sports Depo Kawasaki Store and large-scaled condominiums. The trade area population is sufficient at 14,000 within a 500m radius, 54,000 within a 1km radius and 308,000 within a 3km radius, and is on an increasing trend.

(3) Features of the Facility built on the Property

A three-story retail facility is scheduled to be constructed by Kohnan Shoji Co., Ltd on the Property. It is a retail facility that will be occupied by home center Kohnan as the core tenant on the first floor, and a total of 15 shops such as electronics retailer Nojima, along with one-price shops, general merchandise shops and shoe shops etc on the second floor. The third floor is planned to be parking space.

3. Property Details

(1) Real Estate Details

Type of Acquisition Asset	Trust beneficiary rights in a real estate property	
Trustee	Mizuho Trust & Banking Co., Ltd.	
Trust Contract Period	until January 30, 2036	
Address (as described in the real estate register)	2-1-1 Odasakae, Kawasaki-ku, Kawasaki-shi, Kanagawa	
Land	Lot Area	23,485.49m ² (registered)
	Use	Neighboring commercial district
	Plot Ratio	200%
	Building to Land Ratio	90%
	Ownership	Proprietary ownership of land with fixed term land lease right for business purposes
Acquisition Price	¥7,000 million	
Appraisal Value	¥7,260 million	
Appraiser	Morii Appraisal & Investment Consulting, Inc.	
Probable Maximum Loss (PML)	— *	
Collateral	None	
Note	1. As a result of soil environment assessment of the land from 2006 to 2007 by Kawasaki City, traces of tetrachloroethylene, arsenic, boron and lead were confirmed on the site and in some of the ground water that exceeds the standards stipulated in the Soil Contamination Countermeasures Act. In 2011, it was designated by Kawasaki City as an Area for which Notification is Required Upon Change to Form or Nature as a result of filing by Kanagawa Prefecture, the owner in 2011. The Seller is currently conducting	

Translation for Reference Purposes Only

	<p>soil contamination countermeasure work. The Investment Corporation has reached an agreement with the Seller that the Seller shall bear all responsibilities and expenses for the soil contamination countermeasure work until the area designation is lifted. Thus, it is deemed that there will be no additional expenses for the Investment Corporation concerning the soil contamination countermeasure work.</p> <p>2. A home center is scheduled to be constructed and managed by Kohnan Shoji Co., Ltd. Construction is planned to start mid to late January, and the retail facility to open in the beginning of October, 2014.</p>
--	---

* PML is not calculated as it is an acquisition of land interest only.

(2) Lease Details

Lessor	Mizuho Trust & Banking Co., Ltd.
Lessee	Kohnan Shoji Co., Ltd.
Type of Contract	Fixed term land lease for business purposes
Contract Term	23 years (From January 31, 2013 until January 30, 2036)
Annual Rent*	Not disclosed*
Revisions of Rent	Not changeable
Termination during the Contract Term	Not cancellable
Security Deposit	Not disclosed**
Guarantee Deposit	None
Number of Tenants	1
Total Leasable Floor Space	23,485.49 m ²
Total Leased Floor Space	23,485.49 m ²
Occupation Rate	100% ((Total Leased Space)/(Total Leasable Space))

* Annual Rent is not disclosed as the Investment Corporation did not obtain lessee's consent.

Rent has already been applied beginning from January 1, 2014 and will be doubled on the earlier date of either October 1, 2014 or retail facility opening date.

** Security Deposit is not disclosed as the Investment Corporation did not obtain lessee's consent.

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

The seller is a domestic institution, but is undisclosed as permission to disclose its name, etc. has not been obtained.

6. Status of the Seller

The acquisition is not one from a related party of the Investment Corporation and/or the Asset Management Company with capital, personnel and/or business relationships etc.

7. Broker Profile

Not applicable

8. Outlook

The impact resulting from the acquisition of the Property on the Investment Corporation's operating forecasts for the 20th fiscal period ending June 30, 2014 is minimal. However, it is planned to be reviewed including the impact of the acquisition and to be released on February 14, 2014, the same time as the operation results for the 19th fiscal period ending December 31, 2013.

Attachments

1. Summary of Property Appraisal
2. Map Indicating Location of the Planned Acquisition Property / CG and 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, Transport and Tourism Press Club, and the Press Club for the Ministry of Land, Infrastructure, Transport and Tourism Construction Paper.

Frontier Real Estate Investment Corporation 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.

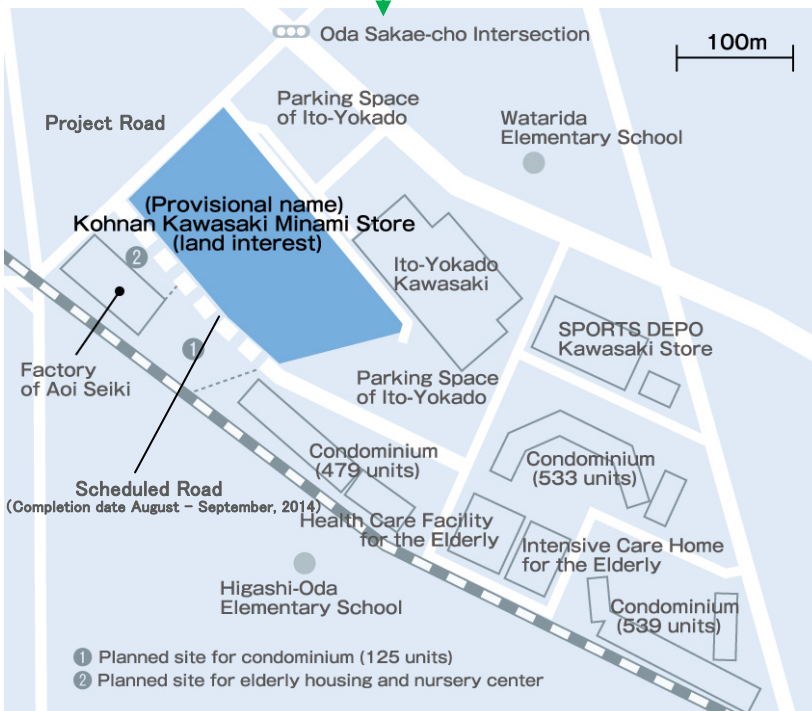
Translation for Reference Purposes Only

Attachment 1: Summary of Property Appraisal

Appraiser	Morii Appraisal & Investment Consulting, Inc.
Appraisal Value	¥7,260,000,000
Date of Appraisal	December 31, 2013
DCF Value	¥7,260,000,000
Discount Rate	5.1%

Attachment 2:

Map Indicating Location of the Planned Acquisition Property, Photographs and CG of the Property





* The above CG is of the current planning stage and subjected to change.

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	7.6
AEON Ibaraki Shopping Center	Ibaraki City, OSAKA	August 9, 2004	18,100	6.8
Joyfultown Okayama	Okayama City, OKAYAMA	August 9, 2004	11,000	4.1
AEON Hadano Shopping Center***	Hadano City, KANAGAWA	August 9, 2004	4,185	1.6
Papillon Plaza	Fukuoka City, FUKUOKA	August 9, 2004	4,810	1.8
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	0.8
AEON Mall NAGOYADOME-mae	Nagoya City, AICHI	March 23, 2006	24,800	9.3
Summit Store Takinogawa Momiji-bashi	Kita-ku, TOKYO	September 29, 2006	3,100	1.2
Sports Club Renaissance Hiroshima	Hiroshima City, HIROSHIMA	April 13, 2007	1,940	0.7
Frespo Tosu (land interest)	Tosu City, SAGA	November 8, 2007	3,178	1.2
You Me Town Hiroshima	Hiroshima City, HIROSHIMA	February 19, 2008	23,200	8.7
Queen's Isetan Suginami-momoi	Suginami-ku, TOKYO	July 4, 2008	3,560	1.3
Mitsui Outlet Park Iruma	Iruma City, SAITAMA	July 10, 2008	19,900	7.5
Costco Wholesale Warehouse Iruma (land interest)	Iruma City, SAITAMA	July 10, 2008	2,600	1.0
Desigual Harajuku	Shibuya-ku, TOKYO	October 15, 2008	3,100	1.2
Ito-Yokado Higashi-yamato	Higashi-yamato City, TOKYO	January 13, 2009	11,600	4.4
AEON Town Tanashi-shibakubo	Nishi-tokyo City, TOKYO	February 18, 2009	3,100	1.2
TSUTAYA Fukuoka Tenjin	Fukuoka City, FUKUOKA	December 16, 2009	3,700	1.4
Mitsui Shopping Park LaLaport Iwata	Iwata City, SHIZUOKA	July 2, 2010	15,200	5.7
GINZA GLASSE	Chuo-ku, TOKYO	July 2, 2010	13,600	5.1
Shimura Shopping Center	Itabashi-ku, TOKYO	January 18, 2011	4,430	1.7
Mitsui Shopping Park LaLagarden Kasukabe	Kasukabe City, SAITAMA	February 16, 2011	10,000	3.8
Summit Store Yokohama Okano (land interest)	Yokohama City, KANAGAWA	February 24, 2012	5,700	2.1
VIORO	Fukuoka City, FUKUOKA	February 28, 2012	10,100	3.8
QANAT RakuHoku	Kyoto City, KYOTO	July 4, 2012	8,800	3.3
Ikebukuro Square	Toshima-ku, TOKYO	February 1, 2013	20,400	7.7
Mitsui Shopping Park Alpark (East Building)	Hiroshima City, HIROSHIMA	February 19, 2013	5,400	2.0
(Provisional name)Kohnan Kawasaki-minami(land interest)	Kawasaki City, Kanagawa	January 31, 2014	7,000	2.6
Total			266,223	100.0

Translation for Reference Purposes Only

- * (Planned) Acquisition Price amounts are rounded down to the nearest millions in yen.
- ** Percentage of Portfolio figures are based on acquisition (planned) prices and are rounded up or down to the nearest second decimal place.
- *** As of November 29, 2013, the Investment Corporation transferred 55% of its trust beneficiary rights in real estate for AEON Hadano Shopping Center. The Acquisition Price is equivalent to 45% of the trust beneficiary rights in real estate which the Investment Corporation owns as of January 10, 2014. Moreover, the Investment Corporation and the buyer, Double O1, has agreed to transfer 25% of the trust beneficiary rights in real estate on June 20, 2014 and 20% of the trust beneficiary rights in real estate on November 28, 2014. (Disposition date may be changed to the date the buyer and the Investment Corporation agrees on.)