

February 22, 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 (Property ownership in land with business-use leasehold) |
| (2) Property Name:          | Summit Store Yokohama Okano (Land interest)                          |
| (3) Acquisition Price:      | ¥5,700 million *   |
| (4) Contract Date:          | February 24, 2012  |
| (5) Acquisition Date:       | February 24, 2012 (Delivery and clearance date)                      |
| (6) Seller:                 | Furukawa Electric Co., Ltd. **                                       |
| (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, 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 Nishi-ku, Yokohama-shi, Kanagawa. It is situated in the central area of Yokohama-shi, nine-minute walking distance from Hiranumabashi station on the Sotetsu Main Line

Translation for Reference Purposes Only

and ten-minute walking distance from Nishi-Yokohama station on the Sotetsu Main Line.

The Property enjoys a favorable market volume with dense trade area population of 54,000 within a 1km radius and 159,000 within a 2km radius. There is an increasing population trend in each trade area.

(2) Features of the Facility built on the Property

The Facility is a two-story, neighborhood trade area type commercial facility that opened on November 30, 2011. The facility is occupied by 25 retail stores, including clothing retailer Summit Colmo, DVD/CD rental and sale chain store Geo and food supermarket Summit Store at its core. A portion of second floor and the roof are used as parking space with parking capacity for 356 cars. The bicycle parking space has parking capacity for 310 bicycles.

3. Property Details

(1) Real Estate Details

|  |   |                                       |
|--|---|---------------------------------------|
| Type of Acquisition Asset                          | Real estate<br>(Property ownership in land with business-use leasehold)   |                                       |
| Address (as described in the real estate register) | 2-5-1 Okano, Nishi-ku, Yokohama-shi, Kanagawa   |                                       |
| Land   | Lot Area  | 14,394.09 m <sup>2</sup> (registered) |
|  | Use   | Industrial district                   |
|  | Plot Ratio  | 200%                                  |
|  | Building to Land Ratio  | 60%                                   |
|  | Ownership   | Proprietary ownership                 |
| Acquisition Price                                  | ¥5,700 million  |                                       |
| Appraisal Value                                    | ¥5,700 million  |                                       |
| Appraiser  | Morii Appraisal & Investment Consulting, Inc.   |                                       |
| Probable Maximum Loss (PML)                        | - *   |                                       |
| Collateral   | None  |                                       |
| Note   | <ol style="list-style-type: none"> <li>As a result of the previous owner's soil environment assessment of the land, lead traces that exceed the standards stipulated in the Soil Contamination Countermeasures Law were confirmed from a part of the property. Furthermore, the Investment Corporation has received a report stating that there are no health risks at the property under its current condition as measures such as covering with asphalt have been taken.</li> <li>Upon the acquisition of the property, the Investment Corporation received a report stating that when soil is removed, in case of building reconstruction in the future, relevant parties must comply with applicable laws and regulations and appropriately process the soil as well as a cost estimation for countermeasures against soil contamination from an independent specialized agency. The Investment Corporation has taken into account the cost estimation in deciding on the acquisition price.</li> </ol> |                                       |

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

Translation for Reference Purposes Only

(2) Lease Details

|                                      |  |
|--------------------------------------|--|
| Lessor                               | Frontier Real Estate Investment Corporation                    |
| Lessee                               | Summit, Inc.   |
| Type of Contract                     | Commercial lease for business                                  |
| Contract Term                        | 21 years and 8 months (until November 31, 2031)                |
| Annual Rent                          | ¥292 million   |
| Revisions of Rent                    | Every three year   |
| Termination during the Contract Term | Not cancellable  |
| Security Deposit                     | ¥557 million *   |
| Guarantee Deposit                    | None   |
| Number of Tenants                    | 1  |
| Total Leasable Floor Space           | 14,394.09 m <sup>2</sup>                                       |
| Total Leased Floor Space             | 14,394.09 m <sup>2</sup>                                       |
| Occupation Rate                      | 100% ((Total Leased Floor Space)/(Total Leasable Floor Space)) |

\* ¥300 million out of ¥557 million security deposit will be written off, where ¥15 million will be written off at the end of March annually, starting on March 31, 2012.

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   | Furukawa Electric Co., Ltd.  |
| Address of Head Office   | 2-2-3 Marunouchi, Chiyoda-ku, Tokyo  |
| Representative   | Masao Yoshida, President   |
| Share Capital  | ¥ 69,395 million   |
| Major Shareholders   | The Master Trust Bank of Japan, Ltd. (Trust account)   |
| Principal Business   | Telecommunications, manufacturing and sales of non-ferrous metal products and other products |
| Relationship with the Investment Corporation and/or the Asset Management Company | Not applicable   |

6. Brokers Profile

|  |                                    |
|--|------------------------------------|
| Company Name   | Mizuho Trust & Banking Co., Ltd.   |
| Address of Head Office   | 1-2-1 Yaesu, Chuo-ku, Tokyo        |
| Representative   | Takashi Nonaka,<br>President & CEO |
| Broker's Fee   | — *                                |
| Relationship with the Investment Corporation and/or the Asset Management Company | Not applicable                     |

\* Details of the broker's fee will not be disclosed since we could not obtain the brokers' consent.

## 7. Outlook

Since the acquisition of the Property has little impact on the asset management status of the Investment Corporation, there is no change in the forecast of the Investment Corporation's operating forecasts for the period ending June 30, 2012.

### 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, 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/>

### **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   | ¥5,700,000,000                                |
| Date of Appraisal | February 1, 2012                              |
| DCF Value         | ¥5,700,000,000                                |
| Discount Rate     | 5.2%  |

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



Translation for Reference Purposes Only

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

| Property Name                                     | Location                   | Acquisition Date   | Acquisition (planned) Price (Millions of yen)* | Percentage of Portfolio** |
|---|----------------------------|--------------------|--|---------------------------|
| AEON, Shinagawa Seaside Shopping Center           | Shinagawa-ku, TOKYO        | August 9, 2004     | 20,100   | 8.9                       |
| AEON, Ibaraki Shopping Center                     | Ibaraki City, OSAKA        | August 9, 2004     | 18,100   | 8.0                       |
| Joyfultown Okayama                                | Okayama City, OKAYAMA      | August 9, 2004     | 11,000   | 4.8                       |
| AEON, Hadano Shopping Center                      | Hadano City, KANAGAWA      | August 9, 2004     | 9,300  | 4.1                       |
| Papillon Plaza                                    | Fukuoka City, FUKUOKA      | August 9, 2004     | 4,810  | 2.1                       |
| 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  | 0.9                       |
| AEON Mall NAGOYADOME-mae                          | Nagoya City, AICHI         | March 23, 2006     | 24,800   | 10.9                      |
| 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   | 10.2                      |
| WV SAKAE  | Nagoya City, AICHI         | July 4, 2008       | 7,300  | 3.2                       |
| Queen's Isetan, Suginami-momoi                    | Suginami-ku, TOKYO         | July 4, 2008       | 3,560  | 1.6                       |
| Mitsui Outlet Park Iruma                          | Iruma City, SAITAMA        | July 10, 2008      | 19,900   | 8.8                       |
| 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  | 1.4                       |
| Ito-Yokado Higashi-yamato                         | Higashi-yamato City, TOKYO | January 13, 2009   | 11,600   | 5.1                       |
| AEON Town Tanashi-shibakubo                       | Nishi-tokyo City, TOKYO    | February 18, 2009  | 3,100  | 1.4                       |
| TSUTAYA Fukuoka Tenjin                            | Fukuoka City, FUKUOKA      | December 16, 2009  | 3,700  | 1.6                       |
| Mitsui Shopping Park LaLaport Iwata               | Iwata City, SHIZUOKA       | July 2, 2010       | 15,200   | 6.7                       |
| GINZA GLASSE                                      | Chuo-ku, TOKYO             | July 2, 2010       | 13,600   | 6.0                       |
| Shimura Shopping Center                           | Itabashi-ku, TOKYO         | January 18, 2011   | 4,430  | 2.0                       |
| LaLa Garden Kasukabe                              | Kasukabe City, SAITAMA     | February 16, 2011  | 10,000   | 4.4                       |
| Summit Store Yokohama Okano (Land interest)       | Yokohama City, KANAGAWA    | February 24, 2012  | 5,700  | 2.5                       |
| Total   |                            |                    | 226,938  | 100.0                     |

\* Acquisition Prices 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.