

February 27, 2012

For Immediate Release

6-8-7 Ginza, Chuo-ku, Tokyo
Frontier Real Estate Investment Corporation
Hirohiko Kamei, Executive Director
(Securities Code: 8964)

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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 (Trust beneficiary rights in a real estate property)
- (2) Property Name: VIORO
- (3) Acquisition Price: ¥10,100 million (Land: ¥8,040 million; Building: ¥2,060 million)*
- (4) Contract Date: February 28, 2012
- (5) Acquisition Date: February 28, 2012 (Delivery and clearance date)
- (6) Seller: Fukuoka Retail Holdings Godo Kaisha**
- (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 in the Tenjin area of Fukuoka City, the commercial center of Kyushu. It is situated close to Nishitetsu Fukuoka (Tenjin) station and also about a four-minute walking distance from Tenjin station on the Fukuoka City Subway Kuko Line. Facing a corner plot of Kirameki Dori,

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which has busy traffic even for the Tenjin area, it is situated in what can be said to be a prime location even for the Tenjin area. As the surrounding area has a concentration of retail facilities, including Iwataya Department Store (main building and annex), Solaria Plaza and Resola Tenjin (houses Barneys New York, Louis Vuitton and other stores), the Property has potential for stability and growth as a retail facility.

(2) Features of the Property

The Property is an urban retail facility with United Arrows as the anchor tenant occupying the floors from first floor below ground through first floor above ground, and houses a concentration of other highly-popular apparel shops, such as Ships and American Rag Cie, highly-fashionable clothing and variety stores, eating and drinking establishments, etc. totaling fifty stores. The floors from second floor below ground through seventh floor above ground are used as retail space, and the second floor below ground is connected to the Kirameki Underground Passage, which is connected to the Tenjin Underground Shopping Mall.

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)		2-10-3 Tenjin, Chuo-ku, Fukuoka-shi, Fukuoka
Land	Lot Area	1,505.15m ² (registered)
	Use	Commercial district
	Plot Ratio	700%
	Building to Land Ratio	80%
	Ownership	Proprietary ownership
Building	Structure / Number of Floors	Steel-framed reinforced concrete, flat-roof construction / Three below-ground and eight above-ground floors
	Construction Completed	August 28, 2006
	Gross Floor Area	10,830.09m ² (registered)
	Use	Retail
	Ownership	Proprietary ownership
Architect		Takenaka Corporation
Builder		Takenaka Corporation
Inspection Agency		Japan ERI Co., Ltd.
Acquisition Price		¥10,100 million
Appraisal Value		¥10,900 million
Appraiser		The Tanizawa Sogo Appraisal Co., Ltd.
Probable Maximum Loss (PML)		1%
Collateral		None

(2) Lease Details

Lessor	Mizuho Trust & Banking Co., Ltd.
Lessee	Tokyo Tatemono Co., Ltd.
Type of Contract	Building lease contract (Pass-through master lease contract)
Contract Term*	2 years (Until February 28, 2014)
Annual Rent**	¥733 million(fixed rent) + sales linked rent
Security Deposit	¥502 million
Guarantee Deposit	None
Number of Tenants***	1 (50)
Total Leasable Floor Space****	5,832.53m ²
Total Leased Floor Space****	5,832.53m ²
Occupancy Rate	100% (Total Leased Floor Space / Total Leasable Floor Space)

* The contract term of end tenants is 1-5 years.

** Fixed rent (including CAM) is based on lease contracts to end tenants. Sales linked rent is estimated to be approximately 10% of the fixed rent.

*** The number of tenants based on lease contracts between the master lessee Tokyo Tatemono Co., Ltd. and end tenants follows in parentheses.

****Total Leasable Floor Space shows the area leasable to end tenants and Total Leased Floor Space shows the area based on lease contracts with end tenants concluded as of today, both on an aggregate basis.

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	Fukuoka Retail Holdings Godo Kaisha
Address of Head Office	c/o Sakura Horwath & Co. office 1-11 Kanda-Jimbocho, Chiyoda-ku, Tokyo
Representative	Representative partner: Yaesu Holdings D Ippan Shadan Hojin
Share Capital	¥100,000
Major Shareholders	-*
Principal Business	1. Acquisition, holding and disposal of real estate 2. Leasing and management of real estate 3. Acquisition, holding and disposal of trust beneficiary rights in a real estate property 4. Business incidental or relating to any business of the foregoing items
Relationship with the Investment Corporation and/or the Asset Management Company	Not applicable

* Major shareholders are not disclosed as the Investment Corporation did not obtain the seller's consent.

6. Broker Profile

Not applicable

7. 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.

8. Interested-Party Transaction

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.

9. Outlook

For the Investment Corporation's operating forecasts for the 16th fiscal period ending June 30, 2012, please refer to the "Notice Concerning Modifications to Operating Forecasts for the 16th Fiscal Period ending June 30, 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, Transport and Tourism Press Club, and the Press Club for the Ministry of Land, Infrastructure, Transport and Tourism Construction Paper.

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.

Attachment 1: Summary of Property Appraisal

Appraiser	The Tanizawa Sogo Appraisal Co., Ltd.
Appraisal Value	¥10,900,000,000
Date of Appraisal	February 15, 2012
Direct-Reduction Method Value	¥11,300,000,000
Net Operating Income	¥527,824,853
Net Income	¥529,729,738
Cap Rate	4.7%
DCF Value	¥10,700,000,000
Discount Rate	4.8%
Terminal Cap Rate	5.0%

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



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	8.5
AEON Ibaraki Shopping Center	Ibaraki City, OSAKA	August 9, 2004	18,100	7.6
Joyfultown Okayama	Okayama City, OKAYAMA	August 9, 2004	11,000	4.6
AEON Hadano Shopping Center	Hadano City, KANAGAWA	August 9, 2004	9,300	3.9
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	10.5
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	9.8
WV SAKAE	Nagoya City, AICHI	July 4, 2008	7,300	3.1
Queen's Isetan Suginami-momoi	Suginami-ku, TOKYO	July 4, 2008	3,560	1.5
Mitsui Outlet Park Iruma	Iruma City, SAITAMA	July 10, 2008	19,900	8.4
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	4.9
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	1.6
Mitsui Shopping Park LaLaport Iwata	Iwata City, SHIZUOKA	July 2, 2010	15,200	6.4
GINZA GLASSE	Chuo-ku, TOKYO	July 2, 2010	13,600	5.7
Shimura Shopping Center	Itabashi-ku, TOKYO	January 18, 2011	4,430	1.9
Mitsui Shopping Park LaLagarden Kasukabe	Kasukabe City, SAITAMA	February 16, 2011	10,000	4.2
Summit Store Yokohama Okano (land interest)	Yokohama City, KANAGAWA	February 24, 2012	5,700	2.4
VIORO	Fukuoka City, FUKUOKA	February 28, 2012	10,100	4.3
Total			237,038	100.0

* 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.