

February 15, 2013

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:
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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 (Co-ownership of property ownership in land (partial ownership) and compartmentalized ownership of building)
- (2) Property Name: Mitsui Shopping Park ALPARK (East Building)
- (3) Acquisition Price: ¥5,400 million (Land: ¥2,268 million; Building: ¥3,132 million)*
- (4) Contract Date: February 15, 2013
- (5) Acquisition Date: February 19, 2013 (Delivery and clearance date)
- (6) Seller: Alpark 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 in Hiroshima City's western gateway, Nishi Ward, and is a three-minute walk from Shin-Inokuchi Station on the JR Sanyo Main Line as well as Shoko Center-Iriguchi Station on the

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Hiroden Miyajima Line. Also, access to the Property by car is excellent as it is easily accessible from National Route 2 running east and west on the Property's north side, which allows the trade area to stretch out eastward and westward.

The trade area population is sufficient at 285,000 within a 5km radius and 752,000 within a 10km radius. The shopping park benefits from the residential areas that are located along JR Sanyo Main Line and the Hiroden Line as well as in the mountainous areas to the north.

(2) Features of the Property

Since opening in 1990, Mitsui Shopping Park ALPARK has been expanded and renovated to date where there are now a total of 158 tenant shops (of which 140 are located in the East Building), and is the largest commercial complex in the Chugoku and Shikoku region. The facility is comprised of several buildings, and East Building which the Investment Corporation will newly acquire is located in the center, housing a variety of tenants that target families including Akachanhonpo, g.u., COMME ÇA ISM and UNIQLO.

3. Property Details

(1) Real Estate Details

Type of Acquisition Asset	Real estate (Co-ownership of property ownership in land (partial ownership) and compartmentalized ownership of building)	
Location (residential address indication)	2-26-1 Kusatsushinmachi, Nishi-ku, Hiroshima-shi, Hiroshima	
Land	Lot Area	Site of single building 16,682.75m ² (registered) Site of property ownership 15,033.90m ² (registered)
	Use	Commercial district
	Plot Ratio	400%
	Building to Land Ratio	80%
	Ownership	Property ownership (co-ownership)
Building	Structure / Number of Floors*	Steel-framed reinforced concrete, flat roof construction / Two below-ground and ten above-ground floors
	Construction Completed**	April 10, 1990
	Gross Floor Area	Total of single property* 64,720.87m ² (registered) Exclusive use area** 60,383.72m ² (registered)
	Use**	Retail, parking lot
	Ownership	Co-ownership of compartmentalized ownership (7,504,832 of 8,128,925)
Architect	Fujita Engineering Company Limited Hiroshima Branch First-Class Architect Office	
Builders	Consortium of Fujita Engineering Company Limited, Mitsui Fudosan Kensetsu Co., Ltd. and Hiroden Construction Co., Ltd.	
Inspection Agency	Hiroshima City Nishi Ward Office	
Acquisition Price	¥5,400 million	
Appraisal Value	¥5,400 million	
Appraiser	Japan Real Estate Institute	
Probable Maximum Loss (PML)	12%	
Collateral	None	
Note	1. The Property consists of co-ownership (ownership ratio: 7,504,832 of 8,128,925) of the exclusive use areas (the "Exclusive Use Areas") of a single building (the "Building")	

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	<p>and part of the site of the Building.</p> <ol style="list-style-type: none">2. The seller does not possess ownership of all the divided sites (so-called partial ownership), nor are the rights of site registered, but rather it is prescribed in the management contract between compartmental owners that compartmental owners are able to mutually use land of which other compartmental owners have ownership or rents within the scope of ownership of each exclusive use area.3. The management contract between compartmental owners forbids the mutual segregated disposal of co-ownership of exclusive use areas and common use area and rights of site use.4. The management contract between compartmental owners stipulates that when a compartmental owner of the Building is to transfer its compartmental ownership, it is to preferentially make an offer to the seller, etc. before other parties.5. The seller has exchanged a letter of agreement with the other co-owners of the Exclusive Use Areas (the "Letter of Agreement between the Co-Owners"). According to the Letter of Agreement between the Co-Owners, when the other co-owners of the Exclusive Use Areas are to transfer their co-ownership, they are to preferentially make an offer to the seller, etc. before other parties, and if such parties wish to make the acquisition, negotiations are to preferentially take place with these parties. Also, claims on division of co-ownership parts are not to be made for five years from the date of conclusion of the Letter of Agreement between the Co-Owners (however, there is no registration). The Investment Corporation will inherit this letter of agreement in acquiring the Property.6. There is a revolving mortgage on the co-ownership interest of one of the other co-owners of the Exclusive Use Areas, but the holder of the revolving mortgage has consented that if division is to take place by means of actual division, the security interest will not be effective beyond the scope of acquisition through the actual division, and that it will not exercise its security interest, execute subrogation rights or other rights beyond the scope.
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*Indicated items are of the Building's entirety.

**Indicated items are of all of the Exclusive Use Areas.

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(2) Lease Details

Lessor	Frontier Real Estate Investment Corporation
Lessee	Mitsui Fudosan Co., Ltd.
Type of Contract	Building lease contract
Contract Term*	20 years (until February 18, 2033)
Annual Rent*	¥529 million (fixed rent) + sales-linked rent
Rent Revisions*	Only after 10 years
Termination Prior to Maturity*	Only after 5 years
Security Deposit*	¥264 million
Guarantee Deposit*	None
Number of Tenants	1
Total Leasable Floor Space*	65,603.50m ²
Total Leased Floor Space*	65,603.50m ²
Occupancy Rate*	100% (Total leased floor space / Total leasable floor space)

* The Property is a co-ownership interest of the Exclusive Use Areas. Since the above tenant is also renting all of the Exclusive Use Areas from the other co-owners of the Exclusive Use Areas including the seller, the total of the Exclusive Use Areas is indicated in total leasable floor space, total leased floor space and occupancy rate. However, since it has been agreed upon by the above tenant, the Investment Corporation and the other co-owners that the right to claim rent and all monetary claims and monetary liabilities such as for the return of security deposits will be attributed to the co-owners in segments, only that which is attributable to the Investment Corporation according to the lease contract concluded with the above tenant is indicated in contract term, annual rent, rent revisions, termination prior to maturity, security deposit and guarantee deposit, and these do not include that which is attributable to the other co-owners of the Exclusive Use Areas.

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	Alpark Co., Ltd.
Address of Head Office	2-26-1 Kusatsushinmachi, Nishi-ku, Hiroshima-shi, Hiroshima
Representative	Masahiro Oori, President
Share Capital	¥110 million
Major Shareholder	Mitsui Fudosan Co., Ltd.
Principle Business	Business pertaining to the ownership, sale, brokerage, management, leasing and appraisal of real estate
Relationship with the Investment Corporation and/or the Asset Management Company	
Capital Relationship	Alpark Co., Ltd. is a subsidiary of Mitsui Fudosan Co., Ltd., the parent company (100%) of the Asset Management Company.
Personnel Relationship	There are no personnel relationships to be described between Alpark Co., Ltd. and the Investment Corporation and/or the Asset Management Company. Also, there are no noteworthy personnel relationships between affiliated persons or affiliated companies of Alpark Co., Ltd. and the affiliated persons or affiliated companies of the Investment

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	Corporation and/or the Asset Management Company.
Business Relationship	There are no business relationships to be described between Alpark Co., Ltd. and the Investment Corporation and/or the Asset Management Company. Also, there are no noteworthy business relationships between affiliated persons or affiliated companies of Alpark Co., Ltd. and the affiliated persons or affiliated companies of the Investment Corporation and/or the Asset Management Company.
Status of Classification as Related Party	Alpark Co., Ltd. does not constitute a related party of the Investment Corporation and/or the Asset Management company. Also, affiliated persons or affiliated companies of Alpark Co., Ltd. do not constitute a related party of the Investment Corporation and/or the Asset Management Company.

6. Status of Property Owner

Property Name (Location)	Mitsui Shopping Park ALPARK (East Building) (2-26-1 Kusatsushinmachi, Nishi-ku, Hiroshima-shi, Hiroshima)	
Status of Property Owner	Current Owner	Previous Holder of Trust Beneficiary Right
Name of Company	Alpark Co., Ltd.	—
Relationship with Interested Parties	Subsidiary of Mitsui Fudosan Co., Ltd., the parent company (100%) of the Asset Management Company	—
Background and Purpose of Acquisition	For the purpose of development	—
Acquisition Price*	—	—
Acquisition Date	April 10, 1990 (newly built) April 21, 1988 (part of land) May 6, 1988 (part of land)	—

* 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.

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

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by the Asset Management Company's Compliance Committee on February 12, 2013 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 18th fiscal period ending June 30, 2013, and 19th fiscal period ending December 31, 2013, please refer to the "Notice Concerning Modifications of Operating Forecasts for the 18th Fiscal Period ending June 30, 2013" 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	¥5,400,000,000
Date of Appraisal	December 31, 2012
Direct-Reduction Method Value	¥5,420,000,000
Net Operating Income	¥373,595,000
Net Income	¥352,600,000
Cap Rate	6.5%
DCF Value	¥5,380,000,000
Discount Rate	6.3%
Terminal Cap Rate	6.8%

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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	7.5
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	9,300	3.5
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
WV SAKAE	Nagoya City, AICHI	July 4, 2008	7,300	2.7
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 Rakuoku	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
Total			271,638	100.0

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- * 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.
- *** Along with tenant relocation, the property name of UT STORE HARAJUKU was changed to Desigual Harajuku, as of November 27, 2012.