

February 14, 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: Real estate (Property ownership in land and buildings)
- (2) Property Name: Mitsui Shopping Park LaLaport SHIN-MISATO Annex
- (3) Planned Acquisition Price: ¥3,930 million (Land: ¥2,204.73 million; Building: ¥1,725.27 million)*
- (4) Contract Date: February 14, 2014
- (5) Acquisition Date: March 25, 2014 (Delivery and clearance date)
- (6) Seller: Mitsui Fudosan 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 third floor portion of the Property is directly connected by a pedestrian deck to Shin-Misato Station on the JR Musashino Line, a station which has an increasing number of passengers with the opening of "Mitsui Shopping Park LaLaport SHIN-MISATO" ("LaLaport SHIN-MISATO"). In addition, accessible via Joban Expressway Misato Interchange and Tokyo-Gaikan Expressway Misato-nishi Interchange, etc., the

Translation for Reference Purpose Only

location is one that can be anticipated to attract customers from a wide area.

In the Property's surrounding area, several large *danchi* (housing complexes), such as Misato Danchi, can be found from the progress in conversion of land into building lots during the period of rapid economic growth, and there has recently been progress in conversion of land into building lots mainly along railway lines due in part to the opening of Tsukuba Express in the southern part of Misato City. The trade area population is on an increasing trend and, with also the opening of Yoshikawaminami Station next to Shin-Misato Station in 2012 and condominium supply in the neighborhood, the current increase in trade area population can be anticipated to continue.

(2) Features of the Property

The Property is a store that opened in April 2012 on the land adjacent to LaLaport SHIN-MISATO, which opened in September 2009 and has 178 stores, as part of a regional shopping center developed and operated by Mitsui Fudosan Co., Ltd. The Property stands roughly at the center of "SHIN-MISATO LaLa City," which was a development of the approximately 51.1ha former site of the Musashino Soshajo yard for freight trains that closed down in 1986, surrounded by LaLaport SHIN-MISATO, IKEA Shinmisato and Costco Wholesale Shinmisato Warehouse, forming one of Japan's largest commercial clusters and also a large-scale mixed-use development of residential and distribution facilities, etc. comprising a total of 12 blocks in the station vicinity.

The Property is occupied by "Forever 21," a popular American fast fashion brand that operates over 500 stores worldwide. The store is one of the brand's largest in Japan, second to the Shibuya Store, and is positioned as its flagship store in the North Kanto area.

3. Property Details

(1) Real Estate Details

Type of Acquisition Asset	Real estate (Property ownership in land and buildings)	
Location (residential address indication)	2-1-1, LaLa City, Shin Misato, Misato-shi, Saitama	
Land	Lot Area	3,305m ² (registered)
	Use	Commercial district
	Plot Ratio	400%
	Building to Land Ratio	80%
	Ownership	Property ownership
Building	Structure / Number of Floors	Steel-framed, flat roof construction / Four above-ground floors
	Construction Completed	April 13, 2012
	Gross Floor Area	7,772.99m ² (registered)
	Use	Retail, parking lot
	Ownership	Property ownership
Architect	The Zenitaka Corporation First-Class Architect Office	
Builders	The Zenitaka Corporation	
Inspection Agency	Japan Constructive Inspect Association	
Planned Acquisition Price	¥3,930 million	
Appraisal Value	¥3,930 million	
Appraiser	Japan Real Estate Institute	
Probable Maximum Loss (PML)	12%	
Collateral	None	

Translation for Reference Purpose Only

(2) Lease Details

Lessor	Frontier Real Estate Investment Corporation
Lessee	Mitsui Fudosan Co., Ltd.
Type of Contract	Fixed - building lease contract (Pass-through master lease contract)
Contract Term*	20 years (until March 31, 2034)
Annual Rent	Not disclosed**
Termination Prior to Maturity	Only after 5 years with a one year notice period
Security Deposit	Not disclosed**
Guarantee Deposit	None
Number of Tenants***	1(2)
Total Leasable Floor Space****	6,714.62m ²
Total Leased Floor Space****	6,714.62m ²
Occupancy Rate	100% (Total leased floor space / Total leasable floor space)

* Contract term with the end tenants are 3~10years.

** Annual Rent and Security Deposit are not disclosed as the Investment Corporation did not obtain lessee's consent.

*** Figures in case arc shows the number of tenants based on lease contract between Mitsui Fudosan, Co., Ltd., the master lesser, and end tenants.

**** Total leasable floor space shows the area leasable to end tenants, and total leased floor space shows the area based on least contract with end tenants.

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	Mitsui Fudosan Co., Ltd.
Address of Head Office	2-1-1 Nihonbashi Muromachi, Chuo-ku, Tokyo
Representative	President and Executive Officer Masanobu Komoda
Share Capital	¥174,296 million
Total Assets	¥4,516,632 million (as of December 31, 2013)
Net Assets	¥1,302,627 million (as of December 31, 2013)
Major Shareholder	The Master Trust Bank of Japan (trust account)
Principle Business	Acquisition, holding, disposal, leasing, selling and management of real estate
Relationship with the Investment Corporation and/or the Asset Management Company	
Capital Relationship	As of the end of December 2013, Mitsui Fudosan owns 5.887% of the Investment Corporation's investment units issued and outstanding. Also, Mitsui Fudosan owns all of the shares issued by the Asset Management Company.
Personnel Relationship	As of the end of December 2013, eight of the staff members of the Asset Management Company are seconded employees from Mitsui Fudosan (excluding part-time directors).
Business Relationship	As of the period ended December 31, 2013, Mitsui Fudosan is the party commissioned with SC management, agent for new tenants and real estate, etc. transaction broker for the Investment Corporation, and is the lessee, etc. of real estate held by the Investment Corporation.

Translation for Reference Purpose Only

Status of Classification as Related Party	Mitsui Fudosan does not constitute a related party of the Investment Corporation. Also, Mitsui Fudosan is the parent company of the Asset Management Company.
---	---

6. Status of Property Owner

Property Name (Location)	Mitsui Shopping Park LaLaport SHIN-MISATO Annex (2-1-1, LaLa City, Shin Misato, Misato-shi, Saitama)	
Status of Property Owner	Previous Owner	Owner before the Previous Owner
Name of Company	Mitsui Fudosan Co., Ltd.	—
Relationship with Interested Parties	Parent company (100%) of the Asset Management Company	—
Background and Purpose of Acquisition	For the purpose of development	—
Acquisition Price*	—	—
Acquisition Date	April 13, 2012 (newly built) July 20, 2006 (land)	—

* Undisclosed as the previous owner 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 by the Asset Management Company's Compliance Committee on February 12, 2014 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 will 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.

Translation for Reference Purpose Only

10. Impact on Financial Status of the Investment Corporation in the Event of Failure to Fulfill Forward Commitment, Etc.

The acquisition of the Property falls under the category of forward commitments, etc. (refers to contracts for forward and future transactions, for which settlement and delivery take place one or more months after their signing) (the "Forward Commitment"). The Forward Commitment states that, in the event of a material violation of contractual obligations by one party and the transaction of the Property fails to be executed on the term of payment for reasons attributable to one party, the other party shall have the right to cancel the Forward Commitment and, in the event of cancellation of the Forward Commitment, the party which received damages due to violation of the contract has the right to claim compensation for damages. However, total penalty charge due to cancellation is to be less than 10% of the transaction price. Furthermore, concerning the Forward Commitment, (1) The financing for acquisition is scheduled to be cash on hand and borrowings, but the acquisition price is within the range that can be financed by cash on hand and there is thus no borrowing risk, and (2) In light of the planned acquisition price, even if a penalty charge does arise, the amount will be no more than 393 million yen and within the range of the net income in the Investment Corporation's operating forecasts for the 20th fiscal period ending June 30, 2014. Therefore, the possibility of serious impact on the financial status of the Investment Corporation is thought to be low.

11. Outlook

For the Investment Corporation's operating forecasts for the 20th fiscal period ending June 30, 2014 including the effect of the acquisition of the Property, please refer to the "Notice Concerning Modifications of Operating Forecasts for the 20th Fiscal Period ending June 30, 2014" 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	¥3,930,000,000
Date of Appraisal	January 10, 2014
Direct-Reduction Method Value	¥3,950,000,000
Net Operating Income	¥213,023,000
Net Income	¥213,409,000
Cap Rate	5.4%
DCF Value	¥3,900,000,000
Discount Rate	5.1%
Terminal Cap Rate	5.6%

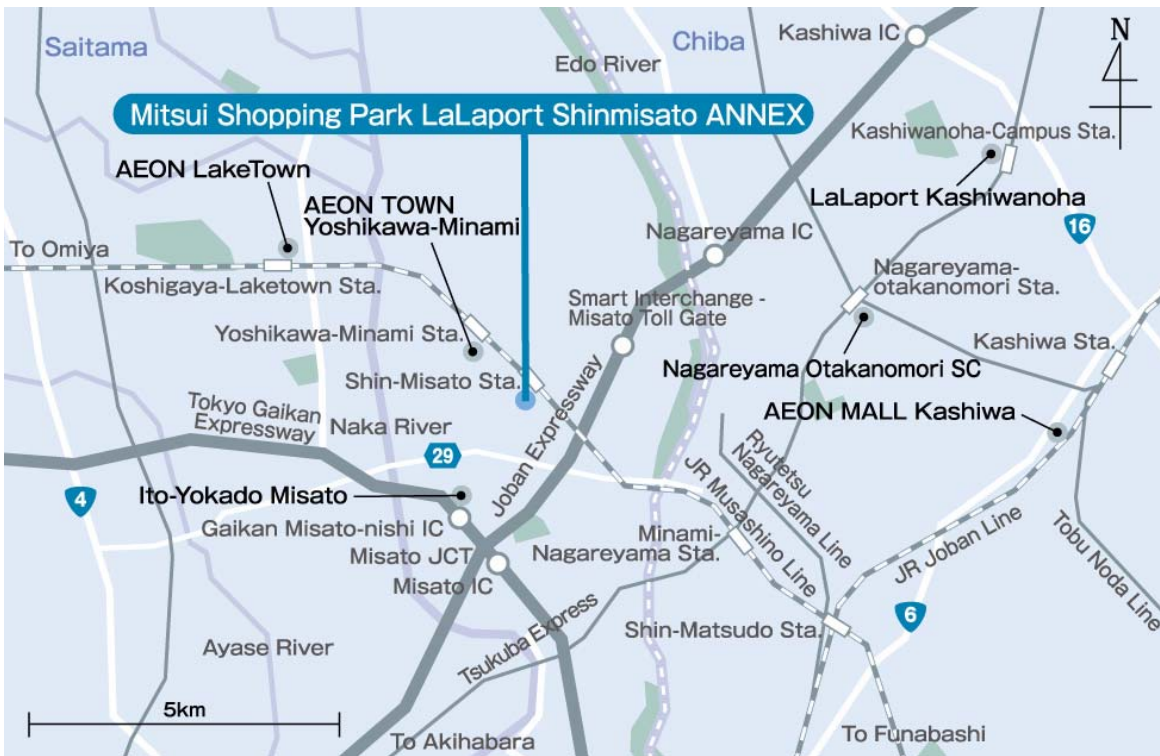
Translation for Reference Purpose Only

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

■ Wide Area



■ Surrounding Area



■ Neighborhood Area



Translation for Reference Purpose Only

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	7.4
AEON Ibaraki Shopping Center	Ibaraki City, OSAKA	August 9, 2004	18,100	6.7
Joyfultown Okayama	Okayama City, OKAYAMA	August 9, 2004	11,000	4.1
AEON Hadano Shopping Center***	Hadano City, KANAGAWA	August 9, 2004	4,185	1.5
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	9.2
Summit Store Takinogawa Momiji-bashi	Kita-ku, TOKYO	September 29, 2006	3,100	1.1
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	8.6
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	7.4
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	1.1
Ito-Yokado Higashi-yamato	Higashi-yamato City, TOKYO	January 13, 2009	11,600	4.3
AEON Town Tanashi-shibakubo	Nishi-tokyo City, TOKYO	February 18, 2009	3,100	1.1
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	5.6
GINZA GLASSE	Chuo-ku, TOKYO	July 2, 2010	13,600	5.0
Shimura Shopping Center	Itabashi-ku, TOKYO	January 18, 2011	4,430	1.6
Mitsui Shopping Park LaLagarden Kasukabe	Kasukabe City, SAITAMA	February 16, 2011	10,000	3.7
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	3.7
QANAT Rakuoku	Kyoto City, KYOTO	July 4, 2012	8,800	3.3
Ikebukuro Square	Toshima-ku, TOKYO	February 1, 2013	20,400	7.6
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
Mitsui Shopping Park LaLaport SHIN-MISATO Annex	Misato City, Saitama	March 25, 2014	3,930	1.5
Total			270,153	100.0

Translation for Reference Purpose Only

- * Acquisition (planned) 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 and assumed that the acquisition will take 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.)