

Translation Purpose Only

July 31, 2017

To All Concerned Parties

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

Asset Management Company:
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Goro Toyama
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Notice Concerning Acquisition of Investment Asset

< Super Viva Home Zama and Super Sanwa Zama Higashihara (land interest) >

Today, Frontier Real Estate Investment Corporation (the “Investment Corporation”) hereby announces the decision of Mitsui Fudosan Frontier REIT Management Inc., the Investment Corporation’s asset management company (the “Asset Management Company”), to acquire Super Viva Home Zama and Super Sanwa Zama Higashihara (land interest) (the “Property”), as described below.

1. Acquisition Details

- (1) Type of Acquired Asset: Real estate (Trust beneficiary rights in a real estate property)
- (2) Property Name: Super Viva Home Zama and Super Sanwa Zama Higashihara (land interest)
- (3) Acquisition price: ¥4,320 million*
- (4) Contract Date: July 31, 2017
- (5) Acquisition date: July 31, 2017 (Delivery and clearance date)
- (6) Seller: Not disclosed**
- (7) Acquisition Financing: Self-financing of own funds
- (8) Payment Method: Single payment at the time of delivery

* The amount noted here excludes miscellaneous acquisition costs, real estate taxes, and city planning taxes.

** Undisclosed as the Investment Corporation did not obtain the seller’s consent.

2. Rationale

The proposed acquisition of the Properties 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 Properties, the Asset Management Company considered, *inter alia*, the following factors:

(1) Features of the Property

The Property is located in Zama City, Kanagawa Prefecture on a site that is an approximately 17-minute walk from Sagamino Station on the Sotetsu Main Line. The Property is easy to access from National Route 246 and is adjacent to Costco Wholesale Zama Warehouse. The trade area population is substantial, with 4,000 people living within a 500-meter radius, 25,000 people in a 1-km radius and 247,000 people in a 3-km radius. These trade areas are also growing. The acquisition unit cost of 149,342 yen/m² for the Property is the same level as the price of the public land closest to the Property (142,000 yen/m²).

(2) Features of the facilities on the Property

Two two-story commercial facilities with a steel structure are operated on the Property. Super Vivahome, a home center, opened a branch in one building on October 19, 2011, and Super Sanwa opened a branch in the second building on November 3, 2011. The second floors of both buildings are connected and operated together. There are parking spaces for 772 vehicles, including parking available on the ground level and second floors of the buildings.

3. Property Details

(1) Real Estate Details

| | | |
|----------------------------------|--|--|
| Type of Acquisition Asset | Trust beneficiary rights in a real estate property | |
| Location (registered indication) | 1-6000-1 Higashihara, Zama City, Kanagawa | |
| Land | Lot Area | 28,926.76 m ² (registered) |
| | Use | Quasi-industrial area |
| | Plot Ratio | 200% |
| | Building to Land Ratio | 60% |
| | Ownership | Proprietary ownership for land with fixed-term business-use leasehold interest |
| Acquisition Price | ¥4,320 million | |
| Appraisal Value | ¥4,550 million | |
| Appraiser | Japan Real Estate Institute | |
| Probable Maximum Loss (PML) | — * | |
| Collateral | None | |
| Note | The Investment Corporation and the lessee of the Property have agreed that when the lessee decides to transfer buildings on the Property or trust beneficial interests that have the said buildings as assets in trust, the lessee shall notify the Investment Corporation of this intent in writing, and the lessee shall have preferential negotiating rights with the Investment Corporation for the six-month period starting on the day the Investment Corporation receives this notification or the day on which the Investment Corporation notifies the lessee in writing that it does not want to make the purchase, whichever date arrives first. | |

*As only the land title was acquired, the probable maximum loss (PML) in the event of an earthquake has not been evaluated.

(2) Lease Details

| | |
|--------------------------------------|---|
| Lessor | Sumitomo Mitsui Trust Bank, Limited |
| Lessee | Sumitomo Mitsui Finance and Leasing Company, Limited |
| Type of Contract | Fixed-term business-use land lease agreement |
| Contract Term | 30 years (July 31, 2014 to July 30, 2044) |
| Annual Rent | Not disclosed* |
| Rent revision | Not possible in principle |
| Termination during the Contract Term | Not possible until July 30, 2030 Agreement can be terminated from July 31, 2030 with one-year advance notice |
| Security Deposit | Not disclosed* |
| Guarantee Deposit | None |
| Number of Tenants | 1 |
| Total Leasable Floor Space | 28,926.76 m ² |
| Total Leased Floor Space | 28,926.76 m ² |
| Occupancy Rate | 100% (Total Leased Floor Space/Total Leasable Floor Space) |

* Undisclosed as the Investment Corporation did not obtain the lessee's consent.

4. Significance of the Acquisition

The acquisition of the Property is based on the Investment Corporation's investment policy, the objective of which is to secure properties that will generate stable revenue over the medium to long term. The acquisition of the Property will expand the asset size of the Investment Corporation, as well as maintain and improve the quality of its existing portfolio by diversifying and decentralizing its portfolio.

5. Seller Profile

The seller is a general business corporation in Japan, however information on the seller's name, etc. is not disclosed as permission has not been given.

6. Status of Property Owner

The property is not acquired from a seller that has a capital relationship, personal relationship, business relation, or other relation of interest with the Investment Corporation or Asset Management Company.

7. Broker Profile

| | | |
|--|--|---|
| Company Name | SMBC Trust Bank Ltd. | |
| Address of Head Office | Nishi-Shimbashi Square, 19F 1-3-1, Nishi-Shimbashi, Minato-ku, Tokyo | |
| Representative | Representative Director, President and Chief Executive Officer Hidetoshi Furukawa | |
| Capital | ¥87,550,000,000 | |
| Established | February 25, 1986 | |
| Principle Business | Banking industry | |
| Brokerage fees | Not disclosed* | |
| Relationship with the Investment Corporation | Capital Relationship | There is no capital relationship to report between the Investment Corporation or Asset Management |

| | | |
|-------------------------------------|---|---|
| and/or the Asset Management Company | | Company and the broker. There is no capital relationship to report between related parties or affiliates of the Investment Corporation or Asset Management Company and related parties or affiliates of the said company. |
| | Personal Relationship | There is no personal relationship to report between the Investment Corporation or Asset Management Company and the broker. There is no personal relationship to report between related parties or affiliates of the Investment Corporation or Asset Management Company and related parties or affiliates of the said company. |
| | Business Relationship | There is no business relationship to report between the Investment Corporation or Asset Management Company and the broker. There is no business relationship to report between related parties or affiliates of the Investment Corporation or Asset Management Company and related parties or affiliates of the said company. |
| | Status of Classification as Related Parties | The said company is not considered a related party of the Investment Corporation or Asset Management Company. Related parties or affiliates of the said company are not considered related parties of the Investment Corporation or Asset Management Company. |

*Undisclosed as the Investment Corporation did not obtain the broker's consent.

8. Outlook

There is a modest acquisitional effect of the Property on the Investment Corporation's financial results in the 27th fiscal period ending December 31, 2017. However, there is no change in the operating forecast.

9. Summary of Property Appraisal

| | |
|-------------------|-----------------------------|
| Property Name | Japan Real Estate Institute |
| Appraisal Value | ¥4,550,000,000 |
| Date of Appraisal | July 20, 2017 |
| DCF Value | ¥4,550,000,000 |
| Discount Rate | 4.0% |

Attachments

1. Map Indicating Location of the Property / Photographs of the Property

2. Overview of the Investment Portfolio following the Acquisition of the Property

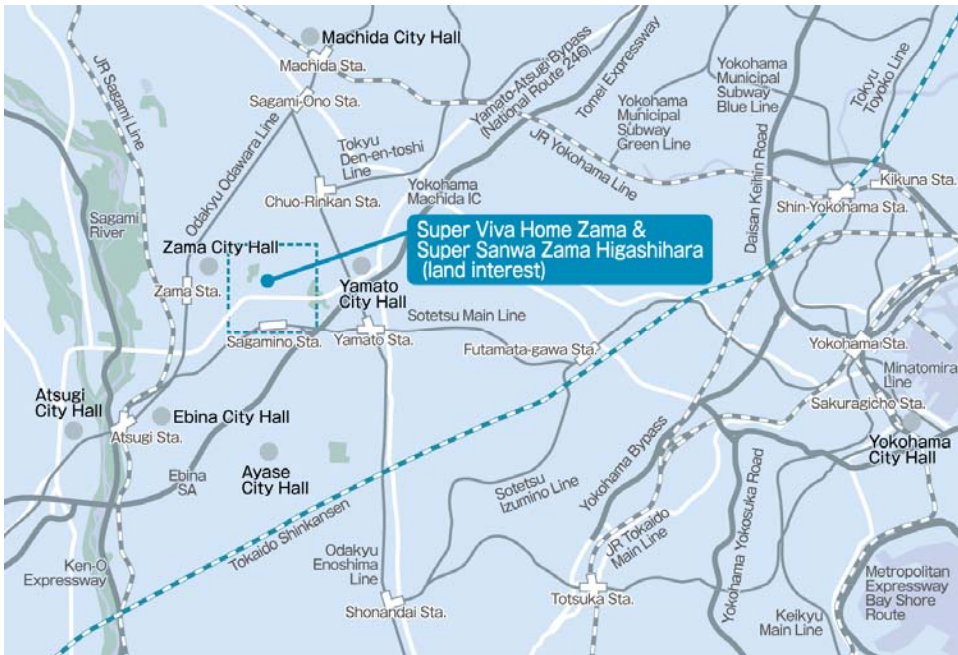
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Frontier Real Estate Investment Corporation website: <http://www.frontier-reit.co.jp/eng/>

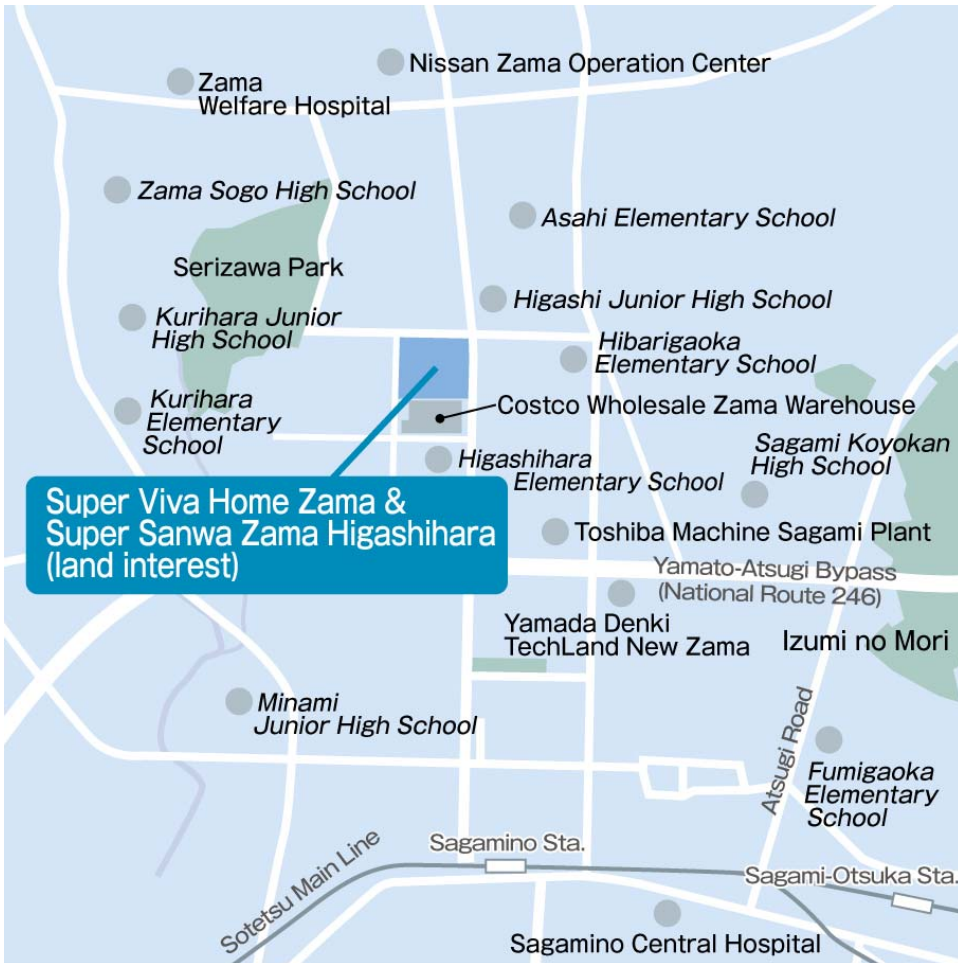
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1: Map Indicating Location of the Property / Photographs of the Property
(Wide Area)



(Detailed map of the Surrounding Area)



(Photographs of the Property)



2: Overview of the Investment Portfolio following the Acquisition of the Property

| Property Name | Location | Acquisition Date | Acquisition Price (Millions of yen)* | Percentage of Portfolio (%) ** |
|--|----------------------------|--------------------|--------------------------------------|--------------------------------|
| AEON Shinagawa Seaside Shopping Center | Shinagawa City, TOKYO | August 9, 2004 | 20,100 | 6.9% |
| AEON MALL Ibaraki | Ibaraki City, OSAKA | August 9, 2004 | 18,100 | 6.2% |
| Papillon Plaza | Fukuoka City, FUKUOKA | August 9, 2004 | 4,810 | 1.6% |
| Kamiikedai Tokyu Store | Ota City, TOKYO | August 9, 2004 | 1,490 | 0.5% |
| Belltown Tambaguchi Eki-mae Store | Kyoto City, KYOTO | August 29, 2005 | 2,130 | 0.7% |
| AEON Mall NAGOYADOME-mae | Nagoya City, AICHI | March 23, 2006 | 24,800 | 8.5% |
| Summit Store Takinogawa Momiji-bashi | Kita City, TOKYO | September 29, 2006 | 3,100 | 1.1% |
| (Provisional name) Home Center Kohnan Hiroshima-Shi Minami-Machi (land interest) | Hiroshima City, HIROSHIMA | April 13, 2007 | 1,940 | 0.7% |
| Frespo Tosu (land interest) | Tosu City, SAGA | November 8, 2007 | 3,178 | 1.1% |
| You Me Town Hiroshima | Hiroshima City, HIROSHIMA | February 19, 2008 | 23,200 | 7.9% |
| Queen's Isetan Suginami-momoi | Suginami City, TOKYO | July 4, 2008 | 3,560 | 1.2% |
| Mitsui Outlet Park Iruma | Iruma City, SAITAMA | July 10, 2008 | 19,900 | 6.8% |
| Costco Wholesale Warehouse Iruma (land interest) | Iruma City, SAITAMA | July 10, 2008 | 2,600 | 0.9% |
| Desigual Harajuku | Shibuya City, TOKYO | October 15, 2008 | 3,100 | 1.1% |
| Ito-Yokado Higashi-yamato | Higashi-yamato City, TOKYO | January 13, 2009 | 11,600 | 4.0% |
| AEON TOWN Tanashi-shibakubo | Nishi-tokyo City, TOKYO | February 18, 2009 | 3,100 | 1.1% |
| TSUTAYA BOOK STORE TENJIN | Fukuoka City, FUKUOKA | December 16, 2009 | 3,700 | 1.3% |
| Mitsui Shopping Park LaLaport IWATA | Iwata City, SHIZUOKA | July 2, 2010 | 15,200 | 5.2% |
| GINZA GLASSE | Chuo City, TOKYO | July 2, 2010 | 13,600 | 4.6% |
| Shimura Shopping Center | Itabashi City, TOKYO | January 18, 2011 | 4,430 | 1.5% |
| Mitsui Shopping Park LaLagarden KASUKABE | Kasukabe City, SAITAMA | February 16, 2011 | 10,000 | 3.4% |
| Summit Store Yokohama Okano (land interest) | Yokohama City, KANAGAWA | February 24, 2012 | 5,700 | 1.9% |
| VIORO | Fukuoka City, FUKUOKA | February 28, 2012 | 10,100 | 3.4% |
| QANAT RakuHoku | Kyoto City, KYOTO | July 4, 2012 | 8,800 | 3.0% |
| Ikebukuro Square | Toshima City, TOKYO | February 1, 2013 | 20,400 | 7.0% |
| Mitsui Shopping Park ALPARK (East Building) | Hiroshima City, HIROSHIMA | February 19, 2013 | 5,400 | 1.8% |
| Kohnan Kawasaki-Odasakae Mall (land interest) | Kawasaki City, KANAGAWA | January 31, 2014 | 7,000 | 2.4% |

| | | | | |
|--|----------------------|----------------------------------|---------|-------|
| Mitsui Shopping Park LaLaport SHIN-MISATO Annex | Misato City, SAITAMA | March 25, 2014 | 3,930 | 1.3% |
| Shinsaibashi Square | Osaka City, OSAKA | March 2, 2015 | 8,620 | 2.9% |
| Mitsui Shopping Park LaLaport SHIN-MISATO | Misato City, SAITAMA | April 1, 2015 August 10, 2016 | 19,840 | 6.8% |
| Costco Wholesale Warehouse Shinmisato (land interest) | Misato City, SAITAMA | April 1, 2015 | 3,810 | 1.3% |
| KOJIMA x BIC CAMERA Naha Store | Naha City, OKINAWA | January 25, 2016 | 1,850 | 0.6% |
| Super Viva Home Zama branch and Super Sanwa Zama Higashihara (land interest) | Zama City KANAGAWA | July 31, 2017 | 4,320 | 1.5% |
| Total | | | 293,408 | 100.0 |

* Acquisition Price amounts are rounded down to the nearest million yen.

** Percentages of Portfolio figures are based on Acquisition Price and are rounded to the nearest decimal place.