

Translation Purpose Only

March 4, 2011

For Immediate Release

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

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Notice Concerning Issue of Investment Corporation Bonds

Frontier Real Estate Investment Corporation (the "Investment Corporation") hereby announces that it has decided to issue investment corporation bonds as of today. Details are provided below.

1. Summary of investment corporation bonds

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| (1) Name of the investment corporation bonds: | Frontier Real Estate Investment Corporation 1st Unsecured Investment Corporation Bonds
(with special pari passu conditions among specified investment corporation bonds)
("Investment Corporation Bonds" hereafter) |
| (2) Total amount of investment corporation bonds to be issued: | ¥5 billion |
| (3) Form of certificates of investment corporation bonds to be issued: | The Law Concerning Book-Entry Transfer of Corporate Bonds applies to all of the Investment Corporation Bonds, so investment corporation bond certificates will not be issued. |
| (4) Payment amount: | ¥100 per ¥100 par value of each investment corporation bonds |
| (5) Redemption amount: | ¥100 per ¥100 par value of each investment corporation bonds |
| (6) Interest rate: | 1.07% per annum |
| (7) Unit price: | ¥100 million |
| (8) Method of offering: | Public offering |
| (9) Subscription date: | March 4, 2011 (Friday) |
| (10) Payment date: | March 11, 2011 (Friday) |
| (11) Collateral: | No secured mortgage or guarantee is applicable to, and no assets are specifically reserved as collateral for, the Investment Corporation Bonds. |

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- (12) Method and date of redemption: The entire amount of Investment Corporation Bonds will be redeemed on March 11, 2016.
The Investment Corporation Bonds may be repurchased and cancelled at any time after the date of payment, unless specified to the contrary by the relevant transfer agent.
- (13) Interest payment dates: March 11 and September 11 of each year
- (14) Financial covenant: Negative pledge applies
- (15) Ratings: AA- (Rating & Investment Information, Inc.)
A+ (Standard & Poor's Ratings Services)
- (16) Fiscal agent, issuing agent and paying agent: Sumitomo Mitsui Banking Corporation
- (17) Underwriting securities companies: Nikko Cordial Securities Inc. and Mizuho Securities Co., Ltd.

2. Reason for issue

Through the issue of the Investment Corporation Bonds, the Investment Corporation aims to extend the term for interest-bearing debts and diversifying fund-raising means for the purpose of establishing strong financial grounds.

3. Amount, use and expected dates of expenditure of capital to be procured

- (1) Amount of capital to be procured (estimated amount net of costs and expenses)

¥4,970 million

- (2) Specified use and expected dates of expenditure of capital to be procured

Capital to be procured will be allocated for the partial repayment in March and April 2011 of short-term borrowings executed on February 16, 2011. Regarding short-term borrowings executed on February 16, 2011, please refer to the press release "Notice Concerning the Execution of New Borrowings" announced on February 14, 2011.

4. Change in the balance of borrowings after the issue of Investment Corporation Bonds

	Before Issue	After Issue	Variance
Short-term Borrowings	¥ 27,200 Million	¥ 27,200 Million	—
Long-term Borrowings	¥ 40,040 Million	¥ 40,040 Million	—
Investment Corporation Bonds	—	¥ 5,000 Million	+ ¥ 5,000 Million
Borrowings Total	¥ 67,240 Million	¥ 72,240 Million	+ ¥ 5,000 Million

(*) Long-term Borrowings include the balance of borrowings due within one year.

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5. Others

Regarding the Investment Corporation Bonds redemption risk, there is no important change to the “Investment risks” description in the latest securities registration statement submitted on September 29, 2010.

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/>

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