

August 9, 2004

For Immediate Release

Frontier Real Estate Investment Corporation
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Notice Concerning the Acquisition of Investment Assets

Frontier Real Estate Investment Corporation (“Frontier Real Estate Investment” or “the Investment Corporation”) today announced details of the acquisition of investment assets. Brief details are as follows.

1. Rationale

Pursuant to the Investment Corporation’s basic asset management policy and investment stance as outlined in its Articles of Incorporation, Frontier Real Estate Investment has acquired trust beneficiary interests as detailed below.

The trust beneficiary interests acquired today comprise those assets earmarked for acquisition outlined in the Investment Corporation’s “Prospectus for the Issue of New Investment Units and Secondary Offering,” published in July 2004.

2. Acquisition Details

(1) Type of Acquisition	:	Trust beneficiary interests in six properties	
(2) Property Names	:	AEON Shinagawa Seaside Shopping Center	Property 1
		MYCAL Ibaraki	Property 2
		Joyfultown Okayama	Property 3
		Joyfultown Hadano	Property 4
		Papillon Plaza	Property 5
		Kamiikedai Tokyu Store	Property 6
(3) Acquisition Prices	:	Property 1	¥20,100 million
		Property 2	¥18,100 million
		Property 3	¥11,000 million
		Property 4	¥ 9,300 million
		Property 5	¥ 4,810 million
		Property 6	¥ 1,490 million
		Total	¥64,800 million

- (4) Acquisition Date : August 9, 2004
 (5) Seller : Japan Tobacco Inc.
 (6) Funding : Proceeds from the issue of new investment units

3. Property Details

Property 1: AEON Shinagawa Seaside Shopping Center

Type of Acquisition		Trust beneficiary interest		
Trustee		The Sumitomo Trust & Banking Co., Ltd.		
Registered Address		4-12-5 Higashi Shinagawa, Shinagawa-ku, Tokyo		
Land	Area	Building site	39,985.31 m ²	
		Ownership share	22,599.20 m ² (portion held in common with other owners 0.311465)	
	Use as Determined under Statute	Semi-industrial		
	Ownership	Common ownership		
Building	Structure/No. of Floors	SRF, B2/10F		
	Completed	September 30, 2002		
	Floor Area	Total floor area	285,791.13 m ²	
		Exclusive use area	75,047.77 m ²	
	Use	Retail stores, Parking		
Ownership	Compartmentalized ownership			
Acquisition Price		¥20,100 million		
Appraisal Value		¥20,100 million		
Appraiser		Japan Real Estate Institute		

Property 2: MYCAL Ibaraki

Type of Acquisition		Trust beneficiary interest	
Trustee		The Sumitomo Trust & Banking Co., Ltd.	
Registered Address		(Retail and parking buildings) 8-30 Matsugamoto-cho, Ibaraki-shi, Osaka (Sports building) 1-7-5 Shimohozumi, Ibaraki-shi, Osaka	
Land	Area	64,717.74 m ² (Retail and parking buildings site: 58,666.81 m ² , Sports building site: 4,388.21 m ² , Other: 1,662.72 m ²)	
	Use as Determined under Statute	Semi-industrial	
	Ownership	Proprietary ownership	
Building	Structure/No. of Floors	(Retail bulding) SRC, alloy plating steel sheet roofing B1/5F (Parking building) SF, 6F (Sports building) SRC, alloy plating steel sheet roofing 4F	
	Completed	November 30, 2000	
	Floor Area	83,369.99 m ²	
		55,346.67 m ² 7,479.19 m ²	
	Use	Retail stores, movie theater, library Parking Sports center, public bath, assembly hall	
Ownership	Proprietary ownership		
Acquisition Price		¥18,100 million	
Appraisal Value		¥18,100 million	
Appraiser		Japan Real Estate Institute	

Property 3: Joyfultown Okayama

Type of Acquisition		Trust beneficiary interest
Trustee		The Sumitomo Trust & Banking Co., Ltd.
Registered Address		(Ito-Yokado building) 2-10-2 Shimo-Ishii, Okayama-shi, Okayama Prefecture (Sega building) 2-10-1 Shimo-Ishii, Okayama-shi, Okayama Prefecture
Land	Area	38,005.17 m ²
	Use as Determined under Statute	Retail
	Ownership	Proprietary ownership
Building	Structure/No. of Floors	(Ito-Yokado building) SRC, B1/5F (Sega building) SF, galvanized steel sheet roofing, 3F
	Completed	October 26, 1998 July 10, 1998
	Floor Area	46,121.19 m ² 9,713.66 m ²
	Use	Retail stores Game center, retail stores
	Ownership	Proprietary ownership
Acquisition Price		¥11,000 million
Appraisal Value		¥11,000 million
Appraiser		Japan Real Estate Institute

Property 4: Joyfultown Hadano

Type of Acquisition		Trust beneficiary interest
Trustee		The Sumitomo Trust & Banking Co., Ltd.
Registered Address		12-1 Irifune-cho, Hadano-shi, Kanagawa Prefecture
Land	Area	47,563.40 m ²
	Use as Determined under Statute	Semi-industrial / retail store use in surrounding areas
	Ownership	Proprietary ownership
Building	Structure/No. of Floors	(Main Building) SF, 4F (Annex) SF, 4F
	Completed	November 10, 1995 July 15, 1999
	Floor Area	52,148.39 m ² 19,507.85 m ²
	Use	Retail stores, Parking
	Ownership	Proprietary ownership
Acquisition Price		¥9,300 million
Appraisal Value		¥9,300 million
Appraiser		Japan Real Estate Institute

Property 5: Papillon Plaza

Type of Acquisition		Trust beneficiary interest
Trustee		The Sumitomo Trust & Banking Co., Ltd.
Registered Address		1-2-7 Chiyo, Hakata-ku, Fukuoka-shi, Fukuoka Prefecture
Land	Area	44,458.71 m ²
	Use as Determined under Statute	Class 2 Residential Zone / Retail stores
	Ownership	Proprietary ownership
Building	Structure/No. of Floors	SF, Slate-roofed single-storey structure
	Completed	November 29, 1993
	Floor Area	17,037.66 m ² (13 buildings)
	Use	Retail stores, Office, Storage
	Ownership	Proprietary ownership
Acquisition Price		¥4,810 million
Appraisal Value		¥4,810 million
Appraiser		Japan Real Estate Institute

Property 6: Kamiikedai Tokyu Store

Type of Acquisition		Trust beneficiary interest
Trustee		The Sumitomo Trust & Banking Co., Ltd.
Registered Address		5-23-5 Kamiikedai, Ota-ku, Tokyo
Land	Area	2,361.93 m ²
	Use as Determined under Statute	Retail store use in surrounding areas / semi-industrial
	Ownership	Proprietary ownership
Building	Structure/No. of Floors	SF, 4F
	Completed	March 20, 2002
	Floor Area	6,517.49 m ²
	Use	Retail stores, Parking
	Ownership	Proprietary ownership
Acquisition Price		¥1,490 million
Appraisal Value		¥1,490 million
Appraiser		Japan Real Estate Institute

4. Interested-Party Transactions

1. The Investment Corporation has acquired trust beneficiary interests from Japan Tobacco Inc., an interested party as defined under Article 15 of the Investment Trusts and Investment Corporations Law, and Article 20 of the Implementation Guidelines of the Investment Trusts and Investment Corporations Law. Accordingly, pursuant to internal rules and measures to prevent conflicts of interest as formulated by its Asset Management Company, Frontier REIT Management Inc., the Investment Corporation has obtained the following in connection with the acquisition of trust beneficiary interests: (1) prior approval to the acquisition of trust beneficiary interests from its Board of Directors, (2) unanimous approval from all members of the Asset Management Company's Compliance and Management Evaluation Committee, and (3) approval from two thirds or more of the Asset Management Company's Board of Directors, as well as unanimous approval from the Asset Management Company's external directors. The Asset Management Company is a wholly owned subsidiary of Japan Tobacco Inc.
2. In connection with the acquisition of a trust beneficiary interest in property 1, the Investment Corporation contracted with JT Real Estate Co., Ltd., a wholly owned subsidiary of Japan Tobacco Inc. Under this agreement, JT Real Estate Co., Ltd. is contracted to provided repairs and

maintenance services for a portion of the subject property's facilities.

3. In connection with the trust beneficiary interests in properties 3 through 5, Japan Tobacco Inc. has agreed with the trustee, the Sumitomo Trust & Banking Co., Ltd., to the use of registered trademarks numbers 4054372 and 3264600, Joyfultown and Papillon Plaza, respectively.

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