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For Immediate Release

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Notice Concerning the Decision to Acquire an Investment Asset

Frontier Real Estate Investment Corporation (“Frontier Real Estate Investment” or “the Investment Corporation”) today announced details of its decision to acquire an investment asset. Brief details are as follows.

1. Acquisition Details (Planned)

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|-------------------------------|---|----------------------------------------------------------------------------------------------------------------------|
| (1) Type of Acquisition | : | Real estate (Proprietary ownership in land and building) |
| (2) Property Description | : | A building developed on land previously occupied by the Nagoya Factory |
| (3) Planned Acquisition Price | : | ¥24,100 million (The Investment Corporation intends to acquire the property utilizing cash-on-hand and debt funding) |
| (4) Planned Contract Date | : | February 23, 2005 |
| (5) Planned Completion Date | : | March 2006 |
| (6) Planned Acquisition Date | : | March 2006 (Acquisition on construction completion date) |
| (7) Seller | : | Japan Tobacco Inc. |

Note: The property earmarked for acquisition is yet to be completed; construction is scheduled to commence in March 2005. Under these circumstances, the Investment Corporation has agreed to the execution of a provisional purchase and sale agreement subject to conditions as follows.

- The building shall be completed in accordance with the plans detailed in the provisional purchase and sale agreement for use as a retail facility in strict compliance with the rules and restrictions outlined in the Building Standards Law, the Fire Defense Law and related regulations.
- The fixed-term leasing agreements shall be concluded according to the provisional purchase and sale agreement.

2. Rationale

The proposed property acquisition is in line with the Investment Corporation’s basic asset management policy and investment stance as outlined in its Articles of Incorporation. The Asset Management Company undertook an evaluation based on the following factors:

(1) Location

The property is located in Higashi-ku, adjacent to Nagoya Dome stadium, approximately five kilometers from Nagoya Station. With convenient access, the property faces the Nagoya Beltway, one of the principal roadways in Nagoya, and is approximately a three-minute walk from Nagoya Dome-mae Yada Station on the Meijo Subway Line. The property is also accessible from both Ozone Station on the JR Chuo Line and Yada Station on the Meitetsu Seto Line.

(2) Trading Conditions

The property is located in a densely populated trading area with 274,000 residents within a three kilometer radius and 669,000 within a five kilometer radius. On the basis of distance traveled by car, approximately 130,000 people are within a 10-minute distance and 603,000 are within a 20-minute distance. Leveraging synergy benefits with the adjoining Nagoya Dome stadium, a large number of people is expected to visit the property.

(3) Building Facilities

The building will be a five-story structure. Plans include the construction of a shopping mall from the first to the third floor comprised of the AEON supermarket, a variety of large- to small-scale specialty stores, restaurants, amusement and other facilities. Plans also include the construction of a multi-story parking facility from the fourth floors to the rooftop, as well as outdoor parking. The total capacity will be approximately 2,800 vehicles.

3. Property Details

(1) Real Estate Details

Land details are based on public records from the Land Register. Since the building is yet to be completed and registered, building details are based on records (ERI04042258 dated January 27, 2005) pursuant to Article 6.2-1 of the Building Standards Law.

Type of Asset	Real estate	
Address	Registered	4-102-3 Yada-minami, Higashi-ku, Nagoya-shi, Aichi Prefecture
Land	Lot Area	62,853.81 m ²
	Use	Semi-industrial
	Ownership	Proprietary ownership
Building	Structure / No. of Floors	SRC, SF / 5F
	Construction Commenced	March 2005 (Planned)
	Construction Completion	March 2006 (Planned)
	Floor Area	154,288.07 m ²
	Use	Retail, parking
	Ownership	Proprietary ownership
Acquisition Price (Planned)	¥24,100 million (The final acquisition Price will be determined based on the appraisal value prior to the planned acquisition date)	
Provisional Appraisal Value	¥24,100 million (As of January 31, 2005) Because the building is yet to be completed, the appraisal method was based on the assumption that the	

	building had been completed in order to estimate its value.
Appraiser	Japan Real Estate Institute
Probable Maximum Loss (PML)	Yet to be assessed (Plans are in place to assess PML prior to the planned date of acquisition)
Number of Tenants	1
Total Leasable Floor Space	154,288.07 m ²
Occupancy Rate on Acquisition Date	100%
Projected NOI	5.6% The above figure is calculated by dividing the planned acquisition price by the net rental income based on the capitalization method (direct-reduction method) used by the appraiser in determining the appraisal value.

(2) Lease Details

The Investment Corporation has obtained an acknowledgement from Japan Tobacco Inc., as lessor, and AEON Co., Ltd., as lessee, to disclose details of the lease agreement as follows. Furthermore, the Investment Corporation has also obtained an acknowledgement to take over from Japan Tobacco Inc. the position of lessor as of the property acquisition date.

Tenant Name	AEON Co., Ltd.
Type of Contract	Fixed-Term Lease Agreement
Contract Term	20 years from the commencement of operations
Annual Rent	
Revisions to Contract	Fixed term for the period of the agreement (20 years)
Termination prior to Maturity	Not allowed

Note: The Investment Corporation has not obtained an acknowledgement from the lessor and lessee to disclose details relating to annual rent. As a result, this information has been omitted.

4. The Significance of Acquisition

The acquisition of the property is in accordance with the Memorandum relating to the Development and Sale of Properties Owned by Japan Tobacco Inc., executed among the Investment Corporation, Japan Tobacco Inc. and the Asset Management Company. This acquisition reflects efforts to expand the investment asset scale of the Investment Corporation through the pipeline support of Japan Tobacco Inc.

5. Seller Profile

Company Name	Japan Tobacco Inc.
Head Office Address	2-2-1 Toranomom, Minato-ku, Tokyo
Representative	Katsuhiko Honda, President & CEO
Capital	¥100 billion (As of September 30, 2004)
Principal Shareholders	The Finance Ministry of Japan, others (As of September 30, 2004)
Principal Activities	Active in the tobacco, pharmaceuticals and food industries
Relationship with the Investment Corporation	The Asset Management Company is a wholly owned subsidiary of Japan Tobacco Inc.

6. Interested-Party Transactions

The Investment Corporation contracted to acquire the subject property 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, and 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 obtained the following in connection with the acquisition of the property: (1) prior approval to the acquisition 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 at least two thirds of the Asset Management Company's Board of Directors, as well as unanimous approval from the Asset Management Company's external directors.

7. Outlook

There are no changes to operating forecasts for the second period ending June 30, 2005, following the acquisition of the subject property.

[Attachments]

1. Property location map
2. External façade of the property
3. Overview of the investment portfolio following acquisition

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.

[Attachment 3]**Overview of the investment portfolio following acquisition**

Property Name / Description	Location	Type of Asset	Acquisition Date	Acquisition Price (Millions of Yen)	Percentage of Portfolio (Note 1)
AEON Shinagawa Seaside Shopping Center	Shinagawa-ku, Tokyo	Trust Beneficiary Interest	August 9, 2004	20,100	22.6
MYCAL Ibaraki	Ibaraki-shi, Osaka	Trust Beneficiary Interest	August 9, 2004	18,100	20.4
Joyfultown Okayama	Okayama-shi, Okayama Prefecture	Trust Beneficiary Interest	August 9, 2004	11,000	12.4
Joyfultown Hadano	Hadano-shi, Kanagawa Prefecture	Trust Beneficiary Interest	August 9, 2004	9,300	10.5
Papillon Plaza	Fukuoka-shi, Fukuoka Prefecture	Trust Beneficiary Interest	August 9, 2004	4,810	5.4
Kamiikedai Tokyu Store	Ota-ku, Tokyo	Trust Beneficiary Interest	August 9, 2004	1,490	1.7
A building developed on land previously occupied by the Nagoya Factory	Nagoya-shi, Aichi Prefecture	Real Estate	March 2006 (Planned)	24,100 (Note 2)	27.1
Total				88,900	100.0

Notes:

1. Percentages of portfolio figures are rounded to the nearest first decimal place
2. Planned acquisition price