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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 executed a provisional purchase and sale agreement in connection with the following property. Brief details are as follows.

1. Overview of the Provisional Purchase and Sale Agreement

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|-------------------------------|---|--|
| (1) Type of Acquisition | : | Real estate (Proprietary ownership in land and building) or a trust beneficiary interest |
| (2) Property Name | : | (Provisional Name) Summit Shin-Takinogawa Store |
| (3) Planned Acquisition Price | : | ¥2,900 million (The Investment Corporation intends to acquire the property utilizing cash-on-hand or debt funding) |
| (4) Planned Contract Date | : | October 31, 2005 |
| (5) Planned Completion Date | : | September 2006 |
| (6) Planned Acquisition Date | : | September 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 November 2005. Under these circumstances, the Investment Corporation has agreed to the execution of the provisional purchase and sale agreement subject to conditions as follows.

- The building shall be completed in accordance with the plans detailed in 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 a residential area and is approximately 700 meters west from Oji Station on the JR Keihin Tohoku Line and the Nanboku Metro Line. Located in a corner plot of a major intersection, the property is highly visible and also offers convenient car access, a key factor for retail facilities.

(2) Trading Conditions

The property is located in a densely populated trading area with approximately 15,000 people within a half kilometer radius, 56,000 within one kilometer and 239,000 within two kilometers. The region is therefore considered ideal for use as a supermarket and seller of household goods.

(3) Building Facilities

Building plans are in place for the construction of two stories below ground and four above ground comprised of a supermarket run by Summit Inc., which maintains the bulk of its operations in the metropolitan area. Also there are plans from the second floor to the fourth floor to build a parking facility with capacity for 46 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 (eHo.05.A-01232900-02 dated October 22, 2005) pursuant to Article 6.2-1 of the Building Standards Law.

Type of Asset	Real estate and trust beneficiary interest	
Address	Registered	4-1-15 Takinogawa, Kita-ku, Tokyo
Land	Lot Area	1,905.97 m ²
	Use	Retail, class 1 residential, class 1 exclusive residential zone for medium- and high-rise buildings
	Plot Ratio	400%, 300%, 150%
	Building-to-Land Ratio	80%, 60%, 60%
	Ownership	Proprietary ownership
Building	Structure / No. of Floors	SRC, SF / B2, 4F
	Construction Commenced	November 2005 (Planned)
	Construction Completion	September 2006 (Planned)
	Floor Area	6,407.21 m ²
	Use	Retail, parking
	Ownership	Proprietary ownership
Acquisition Price (Planned)	¥2,900 million (The final acquisition price will be determined based on the appraisal value prior to the planned acquisition date)	
Provisional Appraisal Value	¥2,900 million (As of October 1, 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	6,407.21 m ²
Total Leased Floor Space	6,407.21 m ²
Occupancy Rate on Acquisition Date	100%
Projected NOI	6.3% 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 Summit Inc., as lessee, to disclose details of the lease agreement as follows.

Tenant Name	Summit Inc.
Type of Contract	Fixed-Term Lease Agreement
Contract Term	20 years from the commencement of operations
Annual Rent	¥198,480,000
Revisions to Contract	Fixed term for the period of the agreement (20 years)
Termination prior to Maturity	Not allowed

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, 2005)
Principal Shareholders	The Finance Ministry of Japan, others (As of September 30, 2005)
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 ~~has~~ 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 third period ending December 31, 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	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	21.4
MYCAL Ibaraki	Ibaraki-shi, Osaka	Trust Beneficiary Interest	August 9, 2004	18,100	19.3
Joyfultown Okayama	Okayama-shi, Okayama Prefecture	Trust Beneficiary Interest	August 9, 2004	11,000	11.7
Joyfultown Hadano	Hadano-shi, Kanagawa Prefecture	Trust Beneficiary Interest	August 9, 2004	9,300	9.9
Papillon Plaza	Fukuoka-shi, Fukuoka Prefecture	Trust Beneficiary Interest	August 9, 2004	4,810	5.1
Kamiikedai Tokyu Store	Ota-ku, Tokyo	Trust Beneficiary Interest	August 9, 2004	1,490	1.6
Belltown Tambaguchi Eki-mae Store	Kyoto-shi, Kyoto	Real Estate	August 29, 2005	2,130	2.3
(Provisional Name) AEON Ozone Shopping Center	Nagoya-shi, Aichi Prefecture	Real Estate	March 2006 (Planned)	24,100 (Note 2)	25.7
(Provisional Name) Summit Shin Takinogawa Store	Kita-ku, Tokyo	Real Estate and Trust Beneficiary Interest	September 2006 (Planned)	2,900 (Note 2)	3.1
Total				93,930	100.0

Notes:

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