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For Immediate Release

Frontier Real Estate Investment Corporation
2-17-22 Akasaka, Minato-ku, Tokyo
Hideo Demura, Executive Director
(Securities Code: 8964)

Inquiries:
Frontier REIT Management Inc.
Noboru Ichikura, General Manager, Finance Div.
TEL: +81-3-3588-1440

**Notice Concerning Acquisition of an Investment Asset
(AEON Nagoya Dome-mae Shopping Center)**

Pursuant to the “Notice Concerning the Decision to Acquire an Investment Asset” dated February 18, 2005, Frontier Real Estate Investment Corporation (“Frontier Real Estate Investment” or “the Investment Corporation”) today acquired the property then provisionally named “The Former Nagoya Factory Development Building”.

Brief details are as follows.

1. Acquisition Details

- (1) Type of Acquisition : Real estate (proprietary ownership in land and building)
- (2) Property Name : AEON Nagoya Dome-mae Shopping Center
(Former provisional names:
AEON Ozone Shopping Center
A building developed on land previously occupied by the Nagoya Factory)
- (3) Acquisition Price : ¥24,800 million (excluding acquisition costs, municipal property tax, city planning tax and consumption tax)
- (4) Contract Completion Date : March 23, 2006
- (5) Handover Date : March 23, 2006 (Property completion date)
- (6) Seller : Japan Tobacco Inc.
- (7) Acquisition Financing : Utilizing cash-on-hand and debt funding

2. Acquisition Price

Pursuant to the Purchase and Sale Agreement, the Investment Corporation and the seller have agreed on an acquisition price of ¥24,800 million (¥700 million more than the appraisal value and the initial estimated acquisition price.)

3. Property Details

- (1) Real Estate Details

Land details are based on public records from the Land Register. Building records are based on records pursuant to Article 7.2-1 of the Building Standards Law (ERI 06003014 dated March 14, 2006).

Type of Asset	Real estate	
Address	Registered	4-102-3 Yada-minami, Higashi-ku, Nagoya-shi, Aichi Prefecture
Land	Lot Area	62,733.87 m ² (Note)
	Use	Semi-industrial
	Plot Ratio	200% (30m from the west roadway boundary is 300%)
	Building-to-Land Ratio	70% (10% added to the corner plot)
	Ownership	Proprietary ownership
Building	Structure / No. of Floors	SRC, SF / 5F
	Construction Completed	March 23, 2006
	Floor Area	154,766.57 m ²
	Use	Retail, parking
	Ownership	Proprietary ownership
Acquisition Price	¥24,800 million	
Appraisal Value	¥24,800 million (as of February 28, 2006)	
Appraiser	Japan Real Estate Institute	
Probable Maximum Loss (PML)	13% (according to Shimizu Corporation building assessment reports)	
Number of Tenants	1	
Total Leasable Floor Space	154,766.57 m ²	
Occupancy Rate	100% (As of operation commencement date, March 24, 2006)	
Guarantee	Setting up of land and building mortgage planned	
Planning Management	JT Development Consulting Inc.	
Building Verifier	Japan ERI Co., Ltd.	

Note: Under a land-use lease contract concluded with the city of Nagoya (based on the Nagoya Municipal Road Traffic Law No. 180, 1952, and including subsequent amendments), part of the land acquired (covering a total area of 2,269.02 m²) is deemed to be public highway for use free of charge. Maintenance of said highway is to be undertaken by the city of Nagoya.

(2) Lease Details

Tenant Name	AEON Co., Ltd.
Type of Contract	Fixed-term lease agreement
Contract Term	20 years from March 24, 2006 (commencement of operations date)
Annual Rent	¥1,547,380,000
Revisions to Contract	Fixed term for the period of the agreement (20 years)
Termination Prior to Maturity	Not allowed
Deposit	¥1,922,331,060
Security Deposit	¥7,689,324,240 Note: Returned in equal amounts (240 payments) by the end of each month over the 20 years from the commencement of the lease or later.

(3) Overview of Facilities

The building is a five-story structure, divided into a shopping mall on floors one through three comprised of the AEON supermarket, a variety of large- to small-scale specialty stores, restaurants, amusement and other facilities. A multi-story parking facility on floors four through to the rooftop, as well as outdoor parking, provides spaces for approximately 2,800 vehicles.

4. 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.

5. Interested-Party Transactions

The Investment Corporation has 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 more than two thirds of the Asset Management Company's Board of Directors, as well as unanimous approval from the Asset Management Company's external directors.

6. Outlook

Refer to the press release titled "Notice Concerning Revisions to Operating Forecasts for the Fiscal Period Ending June 30, 2006" released today, which includes the impact of the subject property.

[Attachments]

1. Property appraisal
2. 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 1]

Property appraisal

Appraiser	Japan Real Estate Institute	
Profit Price	¥24,800,000,000	
Date of Value Estimate	February 28, 2006	
	Figures	Remarks
Direct-Reduction Method		
(1) Revenue (1+2+3)	¥1,547,380,000	
1. Potential Revenue (Rental revenues, common service revenues, other revenues)	¥1,547,380,000	Annual rent recorded under the fixed-lease agreement
2. Loss on Vacant Areas	¥0	Not recorded. Building tenanted in full
3. Loss on Doubtful Accounts	¥0	Not recorded in light of tenant standing
(2) Expenses (4+5+6+7)	¥205,596,600	
4. Maintenance and Management	¥15,474,000	Property management fee
5. Taxes and Public Dues	¥183,395,600	Land: Based on taxation standards for fiscal 2005 Building: Based on replacement cost
6. Casualty Insurance Premiums	¥6,727,000	Based on replacement cost
7. Other Expenses	¥0	
(3) Operating Income ((1) – (2))	¥1,341,783,400	
(4) Income from Security and Guarantee Deposits	¥189,132,797	Based on an investment yield of 2.0%
(5) Capital Expenditure	¥41,634,000	Based on building status assessment report average over 12 years
(6) Net Income ((3)+(4)+(5))	¥1,489,282,197	
(7) Cap Rate	6.00%	Based on an overall evaluation of property location, building condition and related factors
Direct-Reduction Method Value	¥24,800,000,000	
DCF Value	¥24,800,000,000	
	Discount Rate	5.20%
	Final Cap Rate	5.90%
Cumulative Value at Cost	¥24,600,000,000	
	Land Ratio	58.95%
	Building Ratio	41.05%

[Attachment 2]

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	Shingawa-ku, Tokyo	Trust Beneficiary Interest	August 9, 2004	20,100	21.2
MYCAL Ibaraki	Ibaraki-shi, Osaka	Trust Beneficiary Interest	August 9, 2004	18,100	19.1
Joyfultown Okayama	Okayama-shi, Okayama Prefecture	Trust Beneficiary Interest	August 9, 2004	11,000	11.6
Joyfultown Hadano	Hadano-shi, Kanagawa Prefecture	Trust Beneficiary Interest	August 9, 2004	9,300	9.8
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
<u>Belltown Tanbaguchi Eki-mae Store</u>	Kyoto-shi, Kyoto	Real Estate	August 29, 2005	2,130	2.3
<u>AEON NAGOYADOME-mae Shopping Center</u>	Nagoya-shi, Aichi Prefecture	Real Estate	March 23, 2006	24,800	26.2
(Provisional Name) <u>Summit Shin Takinogawa Store</u>	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