

June 20, 2006

For Immediate Release

Frontier Real Estate Investment Corporation
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**Notice Concerning Execution of Partial Prepayment of Short-term Borrowings and
determination of Interest Rate Applicable to Short-term Borrowings after Partial Prepayment**

Frontier Real Estate Investment Corporation (“Frontier Real Estate Investment”) decided to repay existing short-term borrowings partially ahead of maturity date and the interest rate applicable to short-term borrowings after partial prepayment has been determined. The details are as follows.

1. Partial Prepayment of Short-term Borrowings

1)	Prepayment date	June 22, 2006
2)	Prepayment amount	JPY 1,000 Million
3)	Borrowing amount	JPY 3,000 Million
4)	Borrowing amount after partial prepayment	JPY 2,000 Million
5)	Lenders	Mizuho Bank, Ltd. The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mitsubishi UFJ Trust and Banking Corporation The Sumitomo Trust and Banking Co., Ltd.
6)	Drawdown date	March 22, 2006
7)	Maturity date	September 22, 2006
8)	Loan type	Unsecured, Unguaranteed

* There is no prepayment penalty.

2. Interest rate applicable to short-term borrowings after partial prepayment

Short-term borrowings JPY 2,000 Million undertaken on June 22, 2006.

Interest Rate : 0.53636% (June 22, 2006 ~ July 24, 2006)

Interest rate on and after July 24, 2006 will be announced when it is determined.

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Reference

1. Outstanding movement of borrowings

	<Before prepayment> As the end of 4th fiscal period (June 30,2006)	<After prepayment> As the end of 4th fiscal period (June 30, 2006)	Variance
Short-term Borrowings	JPY 3,000MM	JPY 2,000MM	△JPY 1,000MM
Borrowings Total	JPY 3,000MM	JPY 2,000MM	△JPY 1,000MM

2. The dept ratio movement

	<Before prepayment> As the end of 4th fiscal period (June 30,2006)	<After prepayment> As the end of 4th fiscal period (June 30, 2006)	Variance (%)
Debt Ratio	35.9%	35.1%	△ 0.8%

* The debt ratio noted above are calculated using the following formula;

$$\text{Debt Ratio} = (\text{Borrowings} + \text{Security Deposit and Guarantee Deposit}) \div \text{Total Assets as the end of fiscal period} \times 100$$

* Percentage figures are rounded to one decimal place.