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For Immediate Release

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**Notice Concerning Acquisition of an Investment Asset
(Summit Store Takinogawa momiji-bashi)**

Pursuant to the “Notice Concerning the Decision to Acquire an Investment Asset” dated October 31, 2005, Frontier Real Estate Investment Corporation (“Frontier Real Estate Investment” or “the Investment Corporation”) today acquired the property then provisionally named “Summit Shin-Takinogawa Store”. Brief details are as follows.

1. Acquisition Details

- (1) Type of Acquisition : Real estate (Proprietary ownership in land and building)
- (2) Property Name : Summit Store Takinogawa momiji-bashi
(Former Provisional Name: Summit Shin-Takinogawa Store)
- (3) Acquisition Price : ¥3,100 million (excluding acquisition costs, municipal property tax, city planning tax, and consumption tax)
- (4) Contract Completion Date : September 29, 2006
- (5) Handover Date : September 29, 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 ¥3,100 million (¥ 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 7.2-5 of the Building Standards Law (TBTC 05C0177-II) dated September 25, 2006).

Type of Asset	Real estate	
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 Completed	September 29, 2006
	Floor Area	6,455.43 m ²
	Use	Retail, parking
	Architect	Sumitomo Mitsui Construction Co., Ltd. first-class Architect Office
	Builder	Sumitomo Mitsui Construction Co., Ltd. Tokyo branch
	Inspection Agency	E Homes Co., Ltd. (beginning) Tokyo Bldg-Tech Center Co., Ltd. (after engineering change) (Note)
Ownership	Proprietary ownership	
Acquisition Price	¥3,100 million	
Appraisal Value	¥3,100 million (as of August 30, 2006)	
Appraiser	Japan Real Estate Institute	
Probable Maximum Loss (PML)	12% (according to Shimizu Corporation building assessment reports)	
Number of Tenants	1	
Total Leasable Floor Space	6,455.43 m ²	
Occupancy Rate	100% (As of operation commencement date, March 24, 2006)	
Guarantee	No Guarantee	

Note: Intermediate and final inspections were conducted by Tokyo Bldg-Tech Center Co., Ltd.

(2) Lease Details

Tenant Name	Summit Inc.
Type of Contract	Fixed-term lease agreement
Contract Term	20 years from September 30, 2006 (commencement of operations date)
Annual Rent	¥198,480,000
Revisions to Contract	Fixed term for the period of the agreement (20 years)
Termination Prior to Maturity	Not allowed
Deposit	¥198,480,000
Security Deposit	¥411,294,200 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 in place for the construction of two stories below ground and four above ground comprised of a supermarket run by Summit Inc., from the first basement floor through ground floor. From the second floor to the fourth floor are used for a parking lot with capacity for 47 vehicles..

4. Seller Profile

Company Name	Japan Tobacco Inc.
Head Office Address	2-2-1 Toranomom, Minato-ku, Tokyo
Representative	Hiroshi Kimura, President & CEO
Capital	¥100 billion (As of March 31, 2006)
Principal Shareholders	The Finance Ministry of Japan, others (As of March 31, 2006)
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

There are no changes to operating for the fifth period ending December 31, 2006 following the acquisition of the subject property.

[Attachment]

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	¥3,100,000,000	
Date of Value Estimate	August 30, 2006	
	Figures	Remarks
Direct-Reduction Method		
(1) Revenue (1+2+3)	¥198,480,000	
1. Potential Revenue (Rental revenues, common service revenues, other revenues)	¥198,480,000	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)	¥17,415,800	
4. Maintenance and Management	¥1,985,000	Property management fee
5. Taxes and Public Dues	¥14,752,800	Land: Based on taxation standards for fiscal 2006 Building: Based on replacement cost
6. Casualty Insurance Premiums	¥678,000	Based on replacement cost
7. Other Expenses	¥0	
(3) Operating Income ((1) - (2))	¥181,064,200	
(4) Income from Security and Guarantee Deposits	¥12,006,973	Based on an investment yield of 2.0%
(5) Capital Expenditure	¥780,000	Based on building status assessment report average over 12 years
(6) Net Income ((3)+(4)+(5))	¥192,291,173	
(7) Cap Rate	6.20%	Based on an overall evaluation of property location, building condition and related factors
Direct-Reduction Method Value	¥3,100,000,000	
DCF Value	¥3,100,000,000	
	Discount Rate	5.40%
	Final Cap Rate	6.50%
Cumulative Value at Cost	¥2,830,000,000	
	Land Ratio	71.25%
	Building Ratio	28.75%

[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	17.4
MYCAL Ibaraki	Ibaraki-shi, Osaka	Trust Beneficiary Interest	August 9, 2004	18,100	15.7
Joyfultown Okayama	Okayama-shi, Okayama Prefecture	Trust Beneficiary Interest	August 9, 2004	11,000	9.5
Joyfultown Hadano	Hadano-shi, Kanagawa Prefecture	Trust Beneficiary Interest	August 9, 2004	9,300	8.0
Papillon Plaza	Fukuoka-shi, Fukuoka Prefecture	Trust Beneficiary Interest	August 9, 2004	4,810	4.2
Kamiikedai Tokyu Store	Ota-ku, Tokyo	Trust Beneficiary Interest	August 9, 2004	1,490	1.3
Belltown Tanbaguchi Eki-mae Store	Kyoto-shi, Kyoto	Real Estate	August 29, 2005	2,130	1.8
AEON NAGOYADOME-mae Shopping Center	Nagoya-shi, Aichi Prefecture	Real Estate	March 23, 2006	24,800	21.5
Summit Store Takinogawa Momiji- bashi	Kita-ku, Tokyo	Real Estate and Trust Beneficiary Interest	September 29, 2006	3,100	2.7
(Provisional Name) You Me Town Hiroshima	Hiroshima-shi, Hiroshima Prefecture	Real Estate or Trust Beneficiary Interest	February 2008 (Planned)	20,700 (Note 2)	17.9
Total	—	—	—		100.0

Notes:

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