

March 27, 2008

For Immediate Release

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

Asset Management Company:
Frontier REIT Management Inc.
Shinichi Totani
Chief Executive Officer And Representative Director

Inquiries:
Frontier REIT Management Inc.
Tatsu Makino, Chief Financial Officer And Director
TEL: +81-3-3588-1440

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 (the "Investment Corporation") decided to repay existing short-term borrowings on February 18, 2008 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)Details

Prepayment Date	March 31, 2008
Prepayment Amount	¥ 9,600 Million
Lenders and Prepayment Amount by Lenders	Mizuho Bank, Ltd. ¥ 3,200 Million The Bank of Tokyo-Mitsubishi UFJ, Ltd. ¥ 3,200 Million Mitsubishi UFJ Trust and Banking Corporation. ¥ 1,600 Million The Sumitomo Trust & Banking Co., Ltd. ¥ 1,600 Million
Borrowing Amount after Prepayment	¥ 6,300 Million
Lenders and Borrowing Amount by Lenders	Mizuho Bank, Ltd. ¥ 2,100 Million The Bank of Tokyo-Mitsubishi UFJ, Ltd. ¥ 2,100 Million Mitsubishi UFJ Trust and Banking Corporation. ¥ 1,050 Million The Sumitomo Trust & Banking Co., Ltd. ¥ 1,050 Million
Funds for Prepayment	Proceeds from a third party allocation of new investment units

Note: There is no prepayment penalty.

(2)Details of short-term borrowings on February 18, 2008

Drawdown Date	February 18, 2008
Borrowing Total Amount	¥ 15,900 Million
Lenders and Borrowing Amount by Lenders	Mizuho Bank, Ltd. ¥ 5,300 Million The Bank of Tokyo-Mitsubishi UFJ, Ltd. ¥ 5,300 Million Mitsubishi UFJ Trust and Banking Corporation. ¥ 2,650 Million The Sumitomo Trust & Banking Co., Ltd. ¥ 2,650 Million
Maturity Date	April 30, 2008
Repayment of Principal	Payment in full on the maturity date
Lone Type	Unsecured, Unguaranteed

Translation Purpose Only

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

Drawdown Date (Prepayment Date)	February 18,2008 (March 31, 2008)		
Borrowing Total Amount	¥ 6,300 Million		
Lenders and Borrowing Amount by Lenders	Mizuho Bank, Ltd.	¥ 2,100 Million	
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	¥ 2,100 Million	
	Mitsubishi UFJ Trust and Banking Corporation.	¥ 1,050 Million	
	The Sumitomo Trust & Banking Co., Ltd.	¥ 1,050 Million	
Interest Rate	1.07417% (March 31, 2008 ~ April 29, 2008)		

<Reference: Outstanding movement of borrowings>

	Before Partial Prepayment	After Partial Prepayment	Variance
Short-term Borrowings	¥ 22,500 Million	¥ 12,900 Million	¥ 9,600 Million
Borrowings Total	¥ 22,500 Million	¥ 12,900 Million	¥ 9,600 Million

- 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.
- Frontier Real Estate Investment website : <http://www.frontier-reit.co.jp/eng/>

Disclaimer

This information was originally publicized in the original Japanese language and has been translated for reference purposes only. Frontier Real Estate Investment Corporation guarantees neither the completeness nor the accuracy of this English translation. For complete and accurate information, please refer to the press release in Japanese. In addition, this press release is not prepared as an inducement or invitation for investment. All readers are advised to consult their own investment advisors before investing in the Investment Corporation. Investment decisions are made at the investor's sole discretion and responsibility and are made at their own risk. The Investment Corporation and its affiliates disclaim any responsibility or liability for the consequence of investment in the Investment Corporation.