

October 10, 2008

For Immediate Release

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

Asset Management Company:
Mitsui Fudosan Frontier REIT Management Inc.
Yoshiyuki Tanabe
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Notice Concerning Acquisition of Investment Asset

Frontier Real Estate Investment Corporation (the "Investment Corporation") today announced its decision to acquire an investment asset. Brief details are as follows.

1. Planned Acquisition Details

- | | |
|-----------------------------|--|
| (1) Type of Acquired Asset: | Trust beneficiary rights to a real estate property (Trustee: The Chuo Mitsui Trust and Banking Company, Limited) |
| (2) Property Name: | UT STORE HARAJUKU |
| (3) Acquisition Price: | ¥3,100 million (Land: ¥2,907.8 million; Building: ¥192.2 million)* |
| (4) Contract Date: | October 15, 2008 |
| (5) Acquisition Date: | October 15, 2008 (Delivery Date) |
| (6) Seller: | Yokohama Holding Special Purpose Company (SPC)** |
| (7) Acquisition Financing: | Borrowings |
| (8) Payment Method: | Single payment at time of delivery |

* Acquisition price does not include acquisition cost, real property tax, city planning tax, consumption tax, etc.

** Please refer to "5. Seller Profile" below.

2. Rationale

The proposed acquisition of the Property is in line with the Investment Corporation's "basic asset management policy" and "investment stance" as provided in its Articles of Incorporation. In its decision to acquire the Property, Mitsui Fudosan Frontier REIT Management Inc., the Investment Corporation's asset management company (the "Asset Management Company") considered, *inter alia*, the following factors:

(1) Location

The Property is located in Shibuya Ward, Tokyo. Boasting good accessibility from the Jingumae intersection, it is an approximately one-minute walk from a new exit from Meiji-Jingumae Station on the new Tokyo Metro Fukutoshin Line. The Property faces Meiji-dori Avenue and therefore boasts superior visibility. In addition, the Property is in the heart of a commercial zone and can anticipate a high number of customers. Given

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these factors, the Property has high potential for business growth and stability.

(2) Area Characteristics

There are a number of establishments representing renowned Japanese and foreign brand names in the Harajuku/Omotesando area. One of Japan's greatest commercial areas, the Harajuku/Omotesando area offers a wide range of casual through high-end brands as well as many trend-setting brand stores targeting the younger generation.

(3) Features of Building Facilities, Tenants and Stores

The first through third stories of the five above-ground stories of the property house retail stores while the fourth and fifth stories are used for stock rooms and office space. The retail areas are equipped with an atrium-type stairwell to enable accessibility to customers. Currently, the main tenant is UT STORE HARAJUKU, the UNIQLO specialty T-shirt retailer. UT STORE focuses on the sale of T-shirts created in collaboration with notable artists.

3. Property Details

(1) Real Estate Details

Type of Acquisition Asset	Trust beneficiary rights to real estate (Trustee: The Chuo Mitsui trust and Banking Company, Limited)	
Address (as described in the real estate register)	6-10-8 Jingumae, Shibuya Ward, Tokyo	
Land	Lot Area	314.17 m ² (registered)
	Use	Commercial
	Plot Ratio	500%
	Building to Land Ratio	80%
	Ownership	Proprietary ownership
Building	Structure/ Number of Floors	Steel-framed, Flat-roofed building with five above-ground floors
	Construction Completed	October 28, 1998
	Gross Floor Area	1,199.23 m ²
	Use	Retail and office
	Ownership	Proprietary ownership
Architect	Ken Asai Architectural Research Inc.	
Inspection Agency	Shibuya Ward	
Acquisition Price	¥3,100 million	
Appraisal Value	¥3,680 million	
Appraiser	Japan Real Estate Institute	
Probable Maximum Loss (PML)	14%	
Collateral	None	

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(2) Lease Details

(i) Master Lease Agreement

Lessor	The Chuo Mitsui Trust and Banking Company, Limited
Lessee	Frontier Real Estate Investment Corporation
Annual Rent	A sum equal to the annual rent stipulated in the Lease Agreement (Sub-Lease)
Security Deposit	None
Guarantee Deposit	None
Total Leasable Floor Space	1,199.23 m ²
Total Leased Floor Space	1,199.23 m ²
Contract Term	Expiration date of trust beneficiary contract (January 31, 2013)

(ii) Lease Agreement (Sub-Lease)

Lessor	Frontier Real Estate Investment Corporation
Tenant Name *	UNIQLO CO., LTD.
Type of Contract	Building lease
Contract Term	6 years(until September 15, 2014)
Annual Rent	¥152 million
Revisions of Rent	Every two years
Termination during the Contract Term	Nine-month's prior notice is required
Security Deposit	¥200 million
Guarantee Deposit	None
Number of Tenants	1
Total Leasable Floor Space	1,199.23 m ²
Total Leased Floor Space	1,199.23 m ²
Occupation Rate	100% ((Total Leased Floor Space)/(Total Leasable Floor Space))

* The Investment Corporation entered into the master lease agreement and sub-leased the Property to UNIQLO CO., LTD.

4. The Significance of the Acquisition

The acquisition of the Property is based on the Investment Corporation's investment policy, the objective of which is to ensure stable revenues and profit over the medium to long term. The acquisition of the Property will expand the size of the Investment Corporation and maintain and improve the quality of the existing portfolio by diversifying and decentralizing the portfolio.

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5. Seller Profile

Company Name	Yokohama Holding Special Purpose Company
Address of Head Office	6-56-15 Kameido, Koto Ward, Tokyo
Representative	Junichi Naganawa, Director
Share Capital	¥690 million
Major Shareholders	—*
Principal Business	1. Purchase, management and disposal of the specified assets according to the asset liquidation plan under the Law Concerning Asset Liquidation 2. All other businesses relating to the liquidation of the aforementioned specified assets
Relationship with the Investment Corporation and/or the Asset Management Company	None

* Major shareholders are not disclosed as the Investment Corporation did not obtain the Seller's consent.

6. Previous Owners

Property Name (Location)	UT STORE HARAJUKU (6-10-8, Jingumae, Shibuya Ward, Tokyo)	
Status of Property Owner	Last Owner	Owner before Last Owner
Name of Company	Yokohama Holding Special Purpose Company	Total Housing, Inc.
Relationship with Interested Parties	None	None
Background and Purpose of Acquisition	Purchase of trust beneficiary right	Purchase of trust beneficiary right
Acquisition Price (Including Other Expenses)	—*	—*
Acquisition Date	April 26, 2006	September 22, 2004

* Acquisition prices are not disclosed as the Investment Corporation did not obtain the Seller's consent.

7. Broker Profile

Company Name	Mitsui Fudosan Co., Ltd.
Address of Head Office	2-1-1 Nihonbashi Muromachi, Chuo Ward, Tokyo
Representative	Hiromichi Iwasa, President and Chief Executive Officer
Brokerage Fee	¥93 million (excluding taxes)
Relationship with the Investment Corporation and/or the Asset Management Company	Mitsui Fudosan Co., Ltd. is the sole parent company of the Asset Management Company

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8. Execution of the SC Management Agreement

The Investment Corporation has executed a basic agreement concerning SC management with Mitsui Fudosan Co., Ltd. for the purpose of effectively utilizing the expertise of Mitsui Fudosan Co., Ltd., the parent company of the Asset Management Company, in the operation and management of retail facilities. The Investment Corporation will, based on the terms of the aforementioned basic agreement, enter into an SC management agreement that sets out a detailed work schedule (including property management) for the newly acquired Property, namely, UT STORE HARAJUKU.

9. Interested-Party Transactions

For the Brokerage Contract mentioned in Section 7 and the SC Management Agreement in Section 8 above, Mitsui Fudosan Co., Ltd. falls under the category of the "Interested Party" as set forth in the Interested-Party Transaction Regulations of the Asset Management Company. Accordingly, in the course of the Investment Corporation's deciding on the acquisition of the Property, the board of directors of the Asset Management Company has resolved to acquire this new investment asset, after deliberation and approval by the Asset Management Company's Compliance Committee pursuant to the Interested-Party Transaction Regulations.

10. Outlook

The acquisition of the Property has minor impact on the Investment Corporation's business results. Therefore, there is no change in the forecast of the Investment Corporation's operating forecasts for the period ending December 31, 2008.

Attachments

1. Summary of Property Appraisal
2. Map Indicating Location of the Property/Photographs of the Property
3. Overview of the Investment Portfolio following the Acquisition of the Properties

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Attachment 1: Summary of Property Appraisal

Appraiser	Japan Real Estate Institute
Appraisal Value	¥3,680,000,000
Date of Appraisal	August 1, 2008
Direct-Reduction Method Value	¥3,750,000,000
Operating Income	¥152,359,000
Net Operating Income	¥139,836,000
Net Income	¥142,503,000
Cap Rate	3.8%
DCF Value	¥3,680,000,000
Discount Rate	3.6%
Final Cap Rate	4.0%

Attachment 2: Map Indicating Location of the Property/Photographs of the Property



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Attachment 3:

Overview of the Investment Portfolio following the Acquisition of the Property

Property Name	Location	Type of Asset	Acquisition Date	Acquisition Price (Millions of yen)*	Percentage of Portfolio**
AEON, Shinagawa Seaside Shopping Center	Shinagawa Ward, TOKYO	Trust beneficiary rights to real estate	August 9, 2004	20,100	12.6
MYCAL Ibaraki	Ibaraki City, OSAKA	Trust beneficiary rights to real estate	August 9, 2004	18,100	11.3
Joyfultown Okayama	Okayama City, OKAYAMA	Trust beneficiary rights to real estate	August 9, 2004	11,000	6.9
Joyfultown Hadano	Hadano City, KANAGAWA	Trust beneficiary right in real estate	August 9, 2004	9,300	5.8
Papillon Plaza	Fukuoka City, FUKUOKA	Trust beneficiary rights to real estate	August 9, 2004	4,810	3.0
Kamiikedai Tokyu Store	Ota Ward, TOKYO	Trust beneficiary rights to real estate	August 9, 2004	1,490	0.9
Belltown Tambaguchi Eki-mae Store	Kyoto City, KYOTO	Real estate	August 29, 2005	2,130	1.3
AEON NAGOYADOME-mae Shopping Center	Nagoya City, AICHI	Real estate	March 23, 2006	24,800	15.5
Summit Store Takinogawa Momiji-bashi	Kita Ward, TOKYO	Real estate	September 29, 2006	3,100	1.9
Sports Club Renaissance Hiroshima	Hiroshima City, HIROSHIMA	Real estate	April 13, 2007	1,940	1.2
Joyfultown Tosu (Sokochi)	Tosu City, SAGA	Real estate (Sokochi)	November 8, 2007	3,178	2.0
You Me Town Hiroshima	Hiroshima City, HIROSHIMA	Real estate	February 19, 2008	23,200	14.5
WV SAKAE	Nagoya City, AICHI	Trust beneficiary rights to real estate	July 4, 2008	7,300	4.6
Queen's Isetan, Suminami-momoi	Suginami Ward, TOKYO	Trust beneficiary rights to real estate	July 4, 2008	3,560	2.2
Mitsui Outlet Park Iruma	Iruma City, SAITAMA	Real estate	July 10, 2008	19,900	12.5
Costco Wholesale, Warehouse Iruma (Sokochi)	Iruma City, SAITAMA	Real estate (Sokochi)	July 10, 2008	2,600	1.6
UT STORE HARAJUKU	Shibuya Ward, TOKYO	Trust beneficiary rights for real estate	October 15, 2008	3,100	1.9
TOTAL				159,608	100.0

* Acquisition Prices are rounded down to the nearest millions of yen.

** Percentage of Portfolio figures are based on acquisition prices and are rounded up to the first decimal place.

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