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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 in a real estate property (Trustee: The Chuo Mitsui Trust and Banking Company, Limited) |
| (2) Property Name:          | Ito-Yokado, Higashi-yamato   |
| (3) Acquisition Price:      | ¥11,600 million (Land: ¥6,817.1 million; Building: ¥4,782.9 million)*  |
| (4) Contract Date:          | December 15, 2008  |
| (5) Acquisition Date:       | January 13, 2009 (Delivery Date)   |
| (6) Seller:                 | Mikanohara Beta Three Ltd. **  |
| (7) Acquisition Financing:  | Borrowings   |
| (8) Payment Method:         | Single payment at the 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 Higashi-yamato City, Tokyo. It is an approximately one kilometer from Tamagawa-zyousui Station and Higashi-yamatoshi Station on the Seibu Haishima Line. The site is surrounded by commuter arteries, with Shin-Oume Kaido highway and Oume Kaido highway running eastward and westward as well as Imokubo Kaido highway and Fuchu Kaido highway running northward

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and southward.

(2) Area Characteristics

The population within a one kilometer radius is approximately 26,000, approximately 210,000 within a three kilometer radius, and approximately 540,000 within a five kilometer radius. Located in a suburban area of Tokyo, the site enjoys good market volume with residential areas extending evenly around the property.

(3) Features of Building Facilities

The first through second stories of the property's five above-ground stories house retail stores, providing easy accessibility to customers. Parking lots are located on the third through fifth stories, as well as there being a separate multistory parking structure. The parking spaces are connected by escalators or bridges and thus offer great convenience.

3. Property Details

(1) Real Estate Details

|  |  |   |
|--|--|---|
| Type of Acquisition Asset                          | Trust beneficiary rights in real estate<br>(Trustee: The Chuo Mitsui trust and Banking Company, Limited) |   |
| Address (as described in the real estate register) | 142-1 Sakuragaoka, Higashi-yamato City, Tokyo  |   |
| Land   | Lot Area   | 28,829.71 m <sup>2</sup> (registered)   |
|  | Use  | Industrial  |
|  | Plot Ratio   | 200%  |
|  | Building to Land Ratio   | 60%   |
|  | Ownership  | Proprietary ownership   |
| Building   | Structure/<br>Number of Floors   | Steel-framed and reinforced concrete construction, Flat-roofed building with five above-ground floors |
|  | Construction Completed   | November 13, 2003   |
|  | Gross Floor Area   | 53,374.72 m <sup>2</sup>  |
|  | Use  | Retail and parking  |
|  | Ownership  | Proprietary ownership   |
| Architect  | Nihon Sekkei, Inc.   |   |
| Inspection Agency                                  | The Building Center of Japan   |   |
| Acquisition Price                                  | ¥11,600 million  |   |
| Appraisal Value                                    | ¥12,600 million  |   |
| Appraiser  | Japan Real Estate Institute  |   |
| Probable Maximum Loss (PML)                        | 12%  |   |
| Collateral   | None   |   |

(2) Lease Details

|                  |  |
|------------------|--|
| Lessor           | The Chuo Mitsui Trust and Banking Company, Limited |
| Lessee           | Ito-Yokado Co., Ltd.                               |
| Type of Contract | Building lease                                     |
| Contract Term    | 20 years(until November 12, 2023)                  |
| Annual Rent      | ¥760 million                                       |

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|                                      |  |
|--------------------------------------|--|
| Revisions of Rent                    | Every three years  |
| Termination during the Contract Term | Only after 15 years  |
| Security Deposit                     | ¥380 million   |
| Guarantee Deposit                    | None   |
| Number of Tenants                    | 1  |
| Total Leasable Floor Space           | 53,374.72 m <sup>2</sup>                                       |
| Total Leased Floor Space             | 53,374.72 m <sup>2</sup>                                       |
| Occupation Rate                      | 100% ((Total Leased Floor Space)/(Total Leasable Floor Space)) |

#### 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.

#### 5. Seller Profile

|  |  |
|--|--|
| Company Name   | Mikanohara Beta Three Ltd.   |
| Address of Head Office   | 2-1-1, Nihonbashi-muromachi Chuo Ward, Tokyo   |
| Representative   | Akira Sugai, Director  |
| Share Capital  | ¥3 million   |
| Major Shareholders   | —*   |
| Principal Business   | Real estate acquisition, ownership, disposal, leasing, subdivision for sale and management |
| 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. Broker Profile

|  |   |
|--|---|
| Company Name   | Mitsui Fudosan Co., Ltd.  |
| Address of Head Office   | 2-1-1 Nihonbashi Muromachi, Chuo Ward, Tokyo  |
| Representative   | Hikomichi Iwasa, President and Chief Executive Officer                              |
| Brokerage Fee  | ¥116 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 |

#### 7. Interested-Party Transactions

For the Brokerage Contract mentioned in Section 6, 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.

#### 8. Outlook

The acquisition of the Property is planned at January 13, 2009. Therefore, there is no change in the forecast of the Investment Corporation's operating forecasts for the period ending December 31, 2008.

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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

Attachment 1: Summary of Property Appraisal

|                               |                             |
|-------------------------------|-----------------------------|
| Appraiser                     | Japan Real Estate Institute |
| Appraisal Value               | ¥12,600,000,000             |
| Date of Appraisal             | November 1, 2008            |
| Direct-Reduction Method Value | ¥12,700,000,000             |
| Operating Income              | ¥760,000,000                |
| Net Operating Income          | ¥643,189,000                |
| Net Income                    | ¥633,028,000                |
| Cap Rate                      | 5.0%                        |
| DCF Value                     | ¥12,400,000,000             |
| Discount Rate                 | 4.8%                        |
| Final Cap Rate                | 5.1%                        |

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 in real estate | August 9, 2004     | 20,100                               | 11.7                      |
| MYCAL Ibaraki                               | Ibaraki City, OSAKA        | Trust beneficiary rights in real estate | August 9, 2004     | 18,100                               | 10.6                      |
| Joyfultown Okayama                          | Okayama City, OKAYAMA      | Trust beneficiary rights in real estate | August 9, 2004     | 11,000                               | 6.4                       |
| Joyfultown Hadano                           | Hadano City, KANAGAWA      | Trust beneficiary right in real estate  | August 9, 2004     | 9,300                                | 5.4                       |
| Papillon Plaza                              | Fukuoka City, FUKUOKA      | Trust beneficiary rights in real estate | August 9, 2004     | 4,810                                | 2.8                       |
| Kamiikedai Tokyu Store                      | Ota Ward, TOKYO            | Trust beneficiary rights in real estate | August 9, 2004     | 1,490                                | 0.9                       |
| Belltown Tambaguchi Eki-mae Store           | Kyoto City, KYOTO          | Real estate                             | August 29, 2005    | 2,130                                | 1.2                       |
| AEON NAGOYADOME-mae Shopping Center         | Nagoya City, AICHI         | Real estate                             | March 23, 2006     | 24,800                               | 14.5                      |
| Summit Store Takinogawa Momiji-bashi        | Kita Ward, TOKYO           | Real estate                             | September 29, 2006 | 3,100                                | 1.8                       |
| Sports Club Renaissance Hiroshima           | Hiroshima City, HIROSHIMA  | Real estate                             | April 13, 2007     | 1,940                                | 1.1                       |
| Joyfultown Tosu (Sokochi)                   | Tosu City, SAGA            | Real estate (Sokochi)                   | November 8, 2007   | 3,178                                | 1.9                       |
| You Me Town Hiroshima                       | Hiroshima City, HIROSHIMA  | Real estate                             | February 19, 2008  | 23,200                               | 13.6                      |
| WV SAKAE                                    | Nagoya City, AICHI         | Trust beneficiary rights in real estate | July 4, 2008       | 7,300                                | 4.3                       |
| Queen's Isetan, Suminami-momoi              | Suginami Ward, TOKYO       | Trust beneficiary rights in real estate | July 4, 2008       | 3,560                                | 2.1                       |
| Mitsui Outlet Park Iruma                    | Iruma City, SAITAMA        | Real estate                             | July 10, 2008      | 19,900                               | 11.6                      |
| Costco Wholesale, Warehouse Iruma (Sokochi) | Iruma City, SAITAMA        | Real estate (Sokochi)                   | July 10, 2008      | 2,600                                | 1.5                       |
| UT STORE HARAJUKU                           | Shibuya Ward, TOKYO        | Trust beneficiary rights in real estate | October 15, 2008   | 3,100                                | 1.8                       |
| Ito-Yokado Higashi-yamato                   | Higashi-yamato City, TOKYO | Trust beneficiary rights in real estate | January 13, 2009   | 11,600                               | 6.8                       |
| TOTAL                                       |                            |   |                    | 171,208                              | 100.0                     |

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

\*\* Percentage of Portfolio figures are based on acquisition prices and are rounded up or down to the nearest second decimal place.