

February 16, 2009

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.
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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: | Maxvalu, Tanashi-shibakubo |
| (3) Acquisition Price: | ¥ 3,100 million (Land: ¥ 2,424.2 million; Building: ¥ 675.8 million)* |
| (4) Contract Date: | February 18, 2009 |
| (5) Acquisition Date: | February 18, 2009 (Delivery Date) |
| (6) Seller: | Mitsui Fudosan Co., 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 Nishi-tokyo City, Tokyo. It is an approximately one kilometer in a southwesterly direction from Tanashi Station on the Seibu Shinjuku Line. The site is surrounded by single-family houses and housing complex, especially at the back of the site, there is a residential area developed around same time as this property was build.

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(2) Area Characteristics

The population within a one kilometer radius is approximately 34,000, approximately 300,000 within a three kilometer radius, and approximately 840,000 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

At the first floor of the two-story building, there is a food supermarket “MaxValu”, and at the second floor some specialty shops such as “Daiso”, “ABC—MART” and “Honeys” have branched out to the building. Also, this building is fully-equipped with parking lots for 248 cars, which are located on the roof of the building as well as outside.

3. Property Details

(1) Real Estate Details

Type of Acquisition Asset		Trust beneficiary rights in real estate (Trustee: The Chuo Mitsui trust and Banking Company, Limited)
Address (as described in the real estate register)		1-12-5 Shibakubocho, Nishi-tokyo City, Tokyo
Land	Lot Area	8,703.21 m ² (registered)
	Use	Semi-Industrial
	Plot Ratio	200%
	Building to Land Ratio	60%
	Ownership	Proprietary ownership
Building	Structure/ Number of Floors	Steel-framed and Flat-roofed building with two above-ground floors
	Construction Completed	March 7, 2005
	Gross Floor Area	7,593.28 m ²
	Use	Retail and parking
	Ownership	Proprietary ownership
Architect		Ohmoto Gumi Co., Ltd.
Inspection Agency		Urban housing Evaluation Center
Acquisition Price		¥ 3,100 million
Appraisal Value		¥ 3,120 million
Appraiser		Japan Real Estate Institute
Probable Maximum Loss (PML)		11%
Collateral		None

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(2) Lease Details

Lessor	The Chuo Mitsui Trust and Banking Company, Limited
Lessee	AEON Retail Co., Ltd.
Type of Contract	Building lease
Contract Term	20 years(until March 18, 2025)
Annual Rent*	¥ 230 million
Revisions of Rent	None
Termination during the Contract Term	Only after 10 years
Security Deposit	¥ 100 million
Guarantee Deposit	None
Number of Tenants	1
Total Leasable Floor Space	8,785.30 m ²
Total Leased Floor Space	8,785.30 m ²
Occupation Rate	100% (Total Leased Floor Space / Total Leasable Floor Space)

*Annual rent consists of a fixed rent and a sales-linked rent, but the amount shown here excludes the sales-linked rent.

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	Mitsui Fudosan Co., Ltd.
Address of Head Office	2-1-1 Nihonbashi-Muromachi, Chuo-ku, Tokyo
Representative	Hironichi Iwasa, President and Chief Executive Officer
Share Capital	¥174,296 million
Major Shareholders	The Master Trust Bank of Japan, Ltd. (trust account)
Principal Business	Real estate acquisition, ownership, disposal, leasing, subdivision for sale and management
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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6. Previous Owners

Property Name (Location)	Maxvalu, Tanashi-shibakubo (1-12-5 Shibakubocho, Nishi-tokyo City, Tokyo)	
Status of Property Owner	Last Owner	Owner before Last Owner
Name of Company	Mitsui Fudosan Co., Ltd.	Nippon Shopping Facilities Fund Inc.
Relationship with Interested Parties	The sole parent company of the Asset Management Company	Investment corporation established through investment by the sole parent company of the Asset Management Company
Background and purpose of Acquisition	Purchase of trust beneficiary right	Purchase of trust beneficiary right
Acquisition Price (Including other expenses) *	¥ 3,142 million	— **
Acquisition Date	March 19, 2008	May 26, 2006

* "Other expenses" above only includes the consumption tax equivalent.

** Entry is omitted because the owner before the last possessed the trust beneficiary right for over 1 year.

7. Broker Profile

No broker was involved in this transaction.

8. Execution of the SC management agreement

The Investment Corporation has executed a basic agreement concerning SC management with Mitsui Fudosan Co., Ltd., the parent company of the Asset Management Company, for the purpose of effectively utilizing the expertise of Mitsui Fudosan Co., Ltd. in 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 detailed work (including property management) for the property.

9. Interested-Party Transaction

The previous holder of trust beneficiary rights in the property falls under the category of the "Interested Parties" set forth in the Interested-Party Transaction Regulations of the Asset Management Company. Accordingly, in the course of deciding of acquisition of the property by the Investment Corporation, 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.

In addition, the SC Management Agreement mentioned in Section 8 above will be entered into after going through the same procedures as for the acquisition of the property, since Mitsui Fudosan Co., Ltd. falls under the category of the "Interested Parties" set forth in the Interested-Party Transaction Regulations of the Asset Management Company.

10. Outlook

The impact of this acquisition is little. Therefore, there is no change in the forecast of the Investment Corporation's operating forecasts for the period ending June 30, 2009.

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
- Places where this notice will be delivered: the Kabuto Club; the Ministry of Land, Infrastructure, Transport and Tourism Press Club; and the Ministry of Land, Infrastructure, Transport and Tourism Press Club for Construction Publications.
 - Investment Corporation Website: <http://www.frontier-reit.co.jp/eng/>

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Attachment 1: Summary of Property Appraisal

	Japan Real Estate Institute
Appraisal Value	¥ 3,120,000,000
Date of Appraisal	January 31, 2009
Direct-Reduction Method Value	¥ 3,120,000,000
Operating Income	¥ 229,992,000
Net Operating Income	¥ 200,748,000
Net Income	¥ 199,925,000
Cap Rate	6.4%
DCF Value	¥ 3,120,000,000
Discount Rate	6.1%
Final Cap Rate	6.5%

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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-ku, TOKYO	Trust beneficiary rights in real estate	9-Aug-04	20,100	11.5
MYCAL Ibowaki	Ibaraki City, OSAKA	Trust beneficiary rights in real estate	9-Aug-04	18,100	10.4
Joyfultown Okayama	Okayama City, OKAYAMA	Trust beneficiary rights in real estate	9-Aug-04	11,000	6.3
Joyfultown Hadano	Hadano City, KANAGAWA	Trust beneficiary right in real estate	9-Aug-04	9,300	5.3
Papillon Plaza	Fukuoka City, FUKUOKA	Trust beneficiary rights in real estate	9-Aug-04	4,810	2.8
Kamiikedai Tokyu Store	Ota-ku, TOKYO	Trust beneficiary rights in real estate	9-Aug-04	1,490	0.9
Belltown Tambaguchi Eki-mae Store	Kyoto City, KYOTO	Real estate	29-Aug-05	2,130	1.2
AEON NAGOYADOME-mae Shopping Center	Nagoya City, AICHI	Real estate	23-Mar-06	24,800	14.2
Summit Store Takinogawa Momiji-bashi	Kita-ku, TOKYO	Real estate	29-Sep-06	3,100	1.8
Sports Club Renaissance Hiroshima	Hiroshima City, HIROSHIMA	Real estate	13-Apr-07	1,940	1.1
Joyfultown Tosu (Sokochi)	Tosu City, SAGA	Real estate (Sokochi)	8-Nov-07	3,178	1.8
You Me Town Hiroshima	Hiroshima City, HIROSHIMA	Real estate	19-Feb-08	23,200	13.3
WV SAKAE	Nagoya City, AICHI	Trust beneficiary rights in real estate	4-Jul-08	7,300	4.2
Queen's Isetan, Suminami-momoi	Suginami-ku, TOKYO	Trust beneficiary rights in real estate	4-Jul-08	3,560	2.0
Mitsui Outlet Park Iruma	Iruma City, SAITAMA	Real estate	10-Jul-08	19,900	11.4
Costco Wholesale, Warehouse Iruma (Sokochi)	Iruma City, SAITAMA	Real estate (Sokochi)	10-Jul-08	2,600	1.5
UT STORE HARAJUKU	Shibuya-ku, TOKYO	Trust beneficiary rights in real estate	15-Oct-08	3,100	1.8
Ito-Yokado Higashi-yamato	Higashi-yamato City, TOKYO	Trust beneficiary rights in real estate	13-Jan-09	11,600	6.7
MaxValu, Tanashi-shibakubo	Nishi-tokyo City, Tokyo	Trust beneficiary rights in real estate	18-Feb-09	3,100	1.8
TOTAL				174,308	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.