



**Moody's Investors Service**

# NEWS

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## **Moody's places Frontier's A1 on review; direction uncertain**

Tokyo, February 19, 2008 -- Moody's Investors Service has placed its A1 issuer rating of Frontier Real Estate Investment Corporation ("FRI") on review; the direction of the review is uncertain at this time. The review follows the announcement that FRI and its asset management company, Frontier REIT Management Inc. ("Asset Management Company"), and Mitsui Fudosan Co., Ltd. ("Mitsui Fudosan") will undertake a series of joint activities including an acquisition of all shares issued by Asset Management Company.

According to FRI's press release of February 18, 2008, the agreement will entail (among other things) Mitsui Fudosan acquiring from Japan Tobacco Inc. all of the shares issued by the Asset Management Company and appointing its directors, officers, and other personnel. FRI will make a third-party allocation of new investment units to Mitsui Fudosan. Mitsui Fudosan and other related parties will grant preferential negotiation rights for property acquisitions to FRI. Mitsui Fudosan will provide expertise in retail facility operations and management to FRI.

In our review, through interviews with Asset Management Company, Moody's will assess the company's new portfolio, financial strategies, and management style, and examine the impact on its creditworthiness.

Frontier Real Estate Investment Corporation is a listed J-REIT, which invests in and manages commercial properties. Its operating revenues totaled about JPY 3.7 billion in the fiscal term ended December 2007.

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