

February 18, 2008

Company: Mitsui Fudosan Co., Ltd.
Representative: Hiromichi Iwasa
(President & CEO)
Securities code: 8801 (First Section, TSE; OSE)

**Notice Regarding Acquisition of All Shares in Frontier REIT Management Inc.,
and Capital Increase by Frontier Real Estate Investment Corporation Via
Private Placement of Shares**

Mitsui Fudosan Co., Ltd. (Mitsui Fudosan) has reached a basic agreement to purchase all of the issued shares in Frontier REIT Management Inc. (FRM), which is the asset management arm of Frontier Real Estate Investment Corporation (Frontier Investment). The shares will be purchased from Japan Tobacco Inc. (JT). Mitsui Fudosan has also reached a basic agreement to purchase shares in Frontier Investment, which will increase its capital via private placement.

The Mitsui Fudosan Group is seeking to further strengthen its three core real estate businesses—holding, trading, and management—while targeting growth based on a good balance between the three. This strategy conforms to our long-term business plan, entitled New Challenge Plan 2016, announced in May 2007.

With respect to our mainstay business in retail facilities, we are actively rolling out a variety of projects aimed at boosting growth. These include (1) “regional shopping centers” (retail facilities in principal cities, notably LaLaport); (2) “neighborhood shopping centers” (retail facilities in neighborhood communities, notably LaLa Garden); (3) “outlet malls” (in six locations around Japan, notably Mitsui Outlet Park); and (4) “urban retail facilities” (such as Tokyo Midtown and COREDO Nihonbashi).

As the “No. 1 company in Japan’s real estate investment market,” the Group is also expanding its business in property development and sales for investors. We are also broadening our management business by increasing assets under management in line with growth in J-REITs and private funds.

To date, the Group has participated in the formation of Nippon Building Fund (listed in September 2001) and Nippon Accommodations Fund (listed in August 2006) and has supported the subsequent growth of those entities through the provision of various services. In April 2006, we established Nippon Shopping Facilities Fund Inc. and have started preparing to list that entity as an REIT specializing in retail facilities. In these ways, we have worked relentlessly to upgrade our portfolio in order to realize an asset scale that is attractive to investors.

Mitsui Fudosan’s plan is to swiftly and progressively realize its Group business strategy of “balanced growth across its three core businesses” by building a collaborative relationship with Frontier Investment, which already has a robust foundation. At the same time, we intend to use our experience and know-how,

amassed over many years in developing and operating retail facilities, to not only achieve external and internal growth of the “new” Frontier Investment but also contribute to the further advancement of the J-REIT market.

Details of the aforementioned agreements are given below.

Agreement with JT

Mitsui Fudosan will purchase all of the issued shares in FRM, currently held by JT (purchase scheduled for March 24, 2008).

Agreement with FRM

- (1) Mitsui Fudosan will dispatch four directors, including one representative director, to FRM (on or after March 24, 2008).
- (2) FRM will change its name (provisionally) to Mitsui Fudosan Frontier REIT Management Co., Ltd. (on or after March 24, 2008)
- (3) Mitsui Fudosan will provide FRM with advisory services related to acquisition of real estate as requested.

Agreement with Frontier Investment

- (1) Mitsui Fudosan will purchase 14,600 share lots (equivalent to ¥9.6 billion) issued by Frontier Investment in a private placement arrangement (payment scheduled for March 24, 2008).
- (2) The two parties will sign various agreements, including a contract conferring preferential negotiating rights concerning four properties.
* The management of one of aforementioned properties is entrusted to Mitsui Fudosan Investment Advisors, Inc. (wholly owned subsidiary of Mitsui Fudosan). Effective February 18, 2008, Mitsui Fudosan Investment Advisors, Inc. and Frontier Investment have signed a preferential negotiating rights contract concerning that property.
- (3) Mitsui Fudosan will provide property management services to Frontier Investment as requested.
* Details of property management services are given below:
 - Management planning
 - Instructional and other implementation services
 - Leasing-related services
 - Operational control-related services
 - Accounting support services

A policy decision has been made to dissolve Nippon Shopping Facilities Fund Inc. (unlisted) and Mitsui Fudosan Retail Properties Fund Management Co., Ltd. (the asset management arm of Nippon Shopping Facilities Fund Inc.), effective February 18, 2008.

[Reference]

1. Profile of Mitsui Fudosan

- (1) Company name: Mitsui Fudosan Co., Ltd.
- (2) Main business: Leasing of office buildings and retail facilities, sale of commercial facilities, consulting related to real estate development, etc.
- (3) Date of establishment: July 15, 1941
- (4) Head office: 1-1, Nihonbashi-Muromachi 2-chome, Chuo-ku, Tokyo
- (5) Representative: Hiromichi Iwasa, President and CEO

2. Profile of Frontier Investment

- (1) Company name: Frontier Real Estate Investment Corporation
- (2) Main business: Investment in and management of real estate, real estate-based securities, and other assets specified under the Investment Trust and Investment Corporation Law of Japan
- (3) Date of establishment: May 12, 2004
- (4) Head office: 17-22, Akasaka 2-chome, Minato-ku, Tokyo
- (5) Representative: Shunpei Nishikata, Executive Director

3. Profile of Frontier REIT Management

- (1) Company name: Frontier REIT Management Inc.
- (2) Main business: Investment management and real estate management pursuant to the Financial Instruments and Exchange Law, real estate transactions, discretionary agency services stipulated under Article 50-2-1-1 of the Real Estate Transaction Business Act, etc.
- (3) Date of establishment: August 26, 2003
- (4) Head office: 17-22, Akasaka 2-chome, Minato-ku, Tokyo
- (5) Representative: Shinichi Totani, CEO and Representative Director

(Disclaimer)

The above press release was originally written in Japanese, with the English translation prepared independently by Mitsui Fudosan Co., Ltd. If questions arise regarding any of the details contained in the release, the Japanese-language original shall take precedence.