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For Immediate Release

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Notice Concerning Revisions to Operating Forecasts for the Fiscal Period Ending June 30, 2006

Frontier Real Estate Investment Corporation (“Frontier Real Estate Investment” or “the Investment Corporation”) today announced details of its revised operating forecasts for the fiscal period ending June 30, 2006. Operating forecasts were previously reported in the Investment Corporation’s Financial Report for the Third Fiscal Period (July 1, 2005 through December 31, 2005) dated February 23, 2006.

1. Reasons for Revisions to Operating Forecasts

Frontier Real Estate Investment today acquired AEON Ozone Shopping Center (provisional name, the official name is AEON NAGOYADOME-mae Shopping Center). This property was not previously included in the Investment Corporation’s operating forecasts for the fiscal period ending June 30, 2006 announced on February 23, 2006. As a result of this and other factors, Frontier Real Estate Investment has decided to revise its operating forecasts.

Revisions to operating forecasts for the fiscal period ending June 30, 2006 are based on certain pre-conditions and assumptions identified in the separate document “Pre-Conditions and Assumptions that Support Operating Forecasts” attached.

2. Forecast for the Fourth Fiscal Period Ending June 30, 2006 (January 1, 2006 through June 30, 2006)

	Operating Revenues (Millions of Yen)	Net Income (Millions of Yen)	Distribution per Unit (Not Including Distributions in Excess of Earnings) (Yen)	Distribution in Excess of Earnings per Unit (Yen)
Previous Forecast (A)	2,647	1,270	11,503	-
Revised Forecast (B)	3,067	1,517	13,740	-
Net Change (B) - (A)	420	247	2,237	-
Change (%)	15.8	19.4	19.4	-

Notes:

1. Forecast units outstanding as of the end of the fiscal period: 110,400 units
2. Figures in yen are rounded down

Disclaimer:

Current forecasts are based on certain pre-conditions and assumptions. Actual figures may differ significantly from forecasts due to the purchase and sale of real estate, changes in operating conditions, real estate and other market trends. The Investment Corporation does not guarantee the payment of the aforementioned forecast cash distribution.

Attachment

**Pre-Conditions and Assumptions that Support Operating Forecasts
for the Fourth Fiscal Period Ending June 30, 2006**

	Assumptions
Investment Assets	<p>Operating forecasts are based on investment assets comprising eight properties held as of March 23, 2006, and the assumption no new properties will be added and no existing properties will be removed up to the end of the fourth fiscal period (June 30, 2006).</p> <p>Actual numbers may change due to the acquisition or sale of properties.</p>
Investment Units Issued	<p>Calculations and operating forecasts assume 110,400 investment units issued and outstanding as of March 23, 2006.</p>
Liabilities	<p>Operating forecasts are based on the assumption the Investment Corporation undertook short-term debt financing totaling ¥3,000 million on March 22, 2006 and on the assumption the balance of debt financing shall remain unchanged through June 30, 2006. The liability ratio (debt financing plus security and guarantee deposits received from tenants as a percentage of total assets) as of June 30, 2006 is prospected approximately 36%.</p>
Operating Revenues	<p>Real estate leasing business revenues are based on effective leasing agreements as of March 23, 2006.</p>
Operating Expenses	<p>Principal operating expense, which comprises real estate leasing expense, is calculated on historic levels accounting for variable factors.</p> <p>Property tax, city planning tax and other imposts relating to the Investment Corporation's property holdings (excluding "AEON NAGOYADOME-mae Shopping Center acquired on March 23,2006) will be posted to real estate leasing expenses for the fiscal period under review.</p> <p>Operating forecasts are based on the assumption that the portion of property tax and other imposts application to the Investment Corporation in the first year of acquisition of real estate or beneficiary interests in real estate are included in the acquisition price and not recorded as real estate leasing expenses.</p> <p>Depreciation and amortization expenses in connection with the acquisition of real estate or beneficiary interests in real estate are calculated on a pro rata monthly basis applicable to the period of acquisition.</p>
Distribution per Unit	<p>Cash dividends (distribution per unit) are calculated according to the Investment Corporation's distribution policy described in its Articles of Incorporation.</p> <p>Cash distribution per unit may change for a variety of reasons including changes in the Investment Corporation's investment assets, tenant movements, changes in leasing revenues and the incidence of unforeseen repairs and maintenance.</p>
Distribution in Excess of Earnings per Unit	<p>The Investment Corporation does not currently anticipate cash distributions in excess of earnings per unit.</p>
Others	<p>Calculations and operating forecasts are based on the assumption there will be no changes in legislation, taxation, accounting standards, regulations applying to publicly listed companies, rules and requirements imposed by the Investment Trusts Association, Japan, that would impact the aforementioned forecasts.</p> <p>Calculations and operating forecasts are also based on the assumption there will be no material changes in general economic and real estate market conditions in Japan.</p>