

December 21, 2006

For Immediate Release

2-17-22 Akasaka, Minato-ku, Tokyo
Frontier Real Estate Investment Corporation
Shunpei Nishikata, Executive Director
(Securities Code : 8964)

Asset Management Company:
2-17-22 Akasaka, Minato-ku, Tokyo
Frontier REIT Management Inc.
Shinichi Totani
Chief Executive Officer And Representative Director

Inquiries:
Frontier REIT Management Inc.
Izumi Maeda, Chief Financial Officer, Finance Div.
TEL: +81-3-3588-1440

Notice Concerning Operating Forecasts for the Fiscal Period Ending June 30, 2007

Frontier Real Estate Investment Corporation (“Frontier Real Estate Investment” or “the Investment Corporation”) today announced details of its operating forecasts for the fiscal period ending June 30, 2007.

1. Reasons for Announcement

As pre-conditions and assumptions for the six fiscal period ending June 30, 2007 was largely set, Frontier Real Estate Investment has decided to make an announcement of operating forecasts for the sixth fiscal period commencing January 1, 2007 through June 30, 2007.

Operating forecasts for the fiscal period ending June 30, 2007 are based on certain pre-conditions and assumptions identified in the separate document “Pre-Conditions and Assumptions that Support Operating Forecasts” attached.

Operating forecast for the fifth fiscal period ending December 31, 2006 (July 1 ,2006 through December 31, 2006) which was released on August 17, 2006 is no change as of today.

2. Forecast for the Fourth Fiscal Period Ending June 30, 2007 (January 1, 2007 through June 30, 2007)

Millions of yen rounded down, unless otherwise stated

Operating Revenues (Millions of Yen)	Current Profit (Millions of Yen)	Net Income (Millions of Yen)	Distribution per Unit (Yen)	Distribution in Excess of Earnings per Unit (Yen)
3,556	1,900	1,898	17,200	-

Notes:

1. Forecast units outstanding as of the end of the fiscal period: 110,400 units.
2. Distribution per Unit is stated in units of ¥100 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 Sixth Fiscal Period Ending June 30, 2007**

	Assumptions
Investment Assets	<p>Operating forecasts are based on premise that investment assets comprising nine properties held as of December 21, 2006 will remain unchanged throughout the sixth fiscal period.</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 December 21, 2006.</p>
Liabilities	<p>The balance of short-term debt financing as of December 21, 2006 is ¥3,000 million.</p> <p>Operating forecasts are based on the assumption that the balance of debt financing shall remain unchanged through to the end of the sixth fiscal period (June 30, 2007).</p> <p>The liability ratio (debt financing plus security and guarantee deposits received from tenants as a percentage of total assets) as of June 30, 2007 is prospected approximately 35%.</p>
Operating Revenues	<p>Real estate leasing business revenues are based on effective leasing agreements as of December 21, 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 will be posted to real estate leasing expenses for the fiscal period under review.</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>