

June 21, 2007

**For Immediate Release**

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Frontier Real Estate Investment Corporation  
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**Notice Concerning Operating Forecasts for the Fiscal Period Ending December 31, 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 December 31, 2007.

**1. Reasons for Announcement**

As pre-conditions and assumptions for the seventh fiscal period ending December 31, 2007 was largely set, Frontier Real Estate Investment has decided to make an announcement of operating forecasts for the seventh fiscal period commencing July 1, 2007 through December 31, 2007.

Operating forecasts for the fiscal period ending December 31, 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 sixth fiscal period ending June 30, 2007 (January 1, 2007 through June 30, 2007) which was released on December 21, 2006 is no change as of today.

**2. Forecast for the Seventh Fiscal Period Ending December 31, 2007 (July 1, 2007 through December 31, 2007)**

Millions of yen rounded down, unless otherwise stated

Operating Revenues (Millions of Yen)	Operating Income (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)
3,632	1,957	1,934	1,933	17,500	-

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.
3. 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.

This document is released to media organizations through the “Kabuto Club”(the press club of the Tokyo Stock Exchange), the Ministry of Land, Infrastructure and Transport Press Club, and the Press Club for the Ministry of Land, Infrastructure and Transport Construction Paper.

Attachment

**Pre-Conditions and Assumptions that Support Operating Forecasts  
for the Seventh Fiscal Period Ending December 31, 2007**

	Assumptions
Investment Assets	<p>Operating forecasts are based on premise that investment assets comprising ten properties held as of June 21, 2007 will remain unchanged throughout the seventh 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 June 21, 2007.</p>
Liabilities	<p>The balance of short-term debt financing as of June 21, 2007 is ¥4,800 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 seventh fiscal period (December 31, 2007).</p> <p>The loan to value ratio (debt financing plus security and guarantee deposits received from tenants as a percentage of total assets) as of December 31, 2007 is prospected approximately 36%.</p>
Operating Revenues	<p>Real estate leasing business revenues are based on effective leasing agreements as of June 21, 2007.</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 (hereinafter called "Property Taxes") will be posted to real estate leasing expenses for the fiscal period under review (490 million yen for the seventh fiscal period). Please note that adjustments for Property Taxes paid to the assignor in respect of Sports Club Renaissance Hiroshima, which was acquired during the sixth period, are included in the acquisition price and not recorded as operating expenses.</p> <p>Depreciation expenses are calculated using the straight-line method, including ancillary expenses and additional future capital expenditure (854 million yen for the seventh fiscal period).</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>