Translation for Reference Purposes Only

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For Immediate Release

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Notice Concerning Operating Forecasts for the Fiscal Period Ending December 31, 2008

Frontier Real Estate Investment Corporation (the "Investment Corporation") hereby today announces details of its operating forecasts for the fiscal period ending December 31, 2008.

1. Reasons for Announcement

As pre-conditions and assumptions for the ninth fiscal period ending December 31, 2008 was largely set, the Investment Corporation has decided to make an announcement of operating forecasts for the ninth fiscal period commencing July 1, 2008 through December 31, 2008.

Operating forecasts for the fiscal period ending December 31, 2008 are based on certain pre-conditions and assumptions identified in the separate document "Pre-Conditions and Assumptions that Support Operating Forecasts for the Ninth Fiscal Period Ending December 31, 2008" attached.

Operating forecast for the eighth fiscal period ending June 30, 2008 (January 1, 2008 through June 30, 2008) which was released on February 18, 2008 is no change as of today.

2. Forecast for the Ninth Fiscal Period Ending December 31, 2008

(July 1, 2008 through December 31, 2008)

(Millions of yen rounded down, unless otherwise stated)

Operating Revenues	Operating Income	Current Profit	Net Income	Distribution per Unit	Distribution in Excess of Earnings per Unit
¥ 5,498 Million	¥ 3,074 Million	¥ 2,875 Million	¥ 2,874 Million	¥ 17,900	—

Notes:

1. Forecast units outstanding as of the end of the fiscal period: 160,000 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.

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Attachment

Pre-Conditions and Assumptions that Support Operating Forecasts for the Ninth Fiscal Period Ending December 31, 2008

	Assumptions
Investment Assets	・ The owned assts consist of 12 properties owned by the Investment Corporation as of July 1, 2008 plus the "WV SAKAE" and the "Queen's Isetan, Suginami-momoi" the acquisition of which are expected to occur on July 4, 2008, and the "Mitsui Outlet Park Iruma" and the "Costco Wholesale, Warehouse Iruma (sokochi)" the acquisition of which are expected to occur on July 10, 2008, totaling 16 properties. ・ It is assumed that there will be no change in the investment assets (16 properties) before the end of the ninth fiscal period on December 31, 2008. ・ Actual numbers may change due to the acquisition of new properties, except as stated above 4 new properties, or sale of existing properties.
Investment Units Issued	・ The issued and outstanding investment units consist of 125,000 units as of July 1,2008 plus 35,000 investments units to be issued pursuant to decisions of a Board of Directors' Meeting held on July 1, 2008 through a public offering, totaling 160,000 investment units.
Liabilities	・ The balance of short-term debt financing as of July 1, 2008 is ¥12,900 million. The Investment Corporation plans to finance by short-term debt on July 3, 2008 (¥11,000 million) and July 9, 2008 (¥22,600 million) to acquire new properties. It is assumed that short-term debt will be repaid partially using procurement funds by a public offering. ・ 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, 2008 is expected to be approximately 37%. ・ Depending on the issue value of new investment units to be issued this time, the above said loan to value ratio may vary.
Operating Revenues	・This assumes rental business revenue from a total of 16 properties, with assets planned for acquisition added to those management assets currently held. Rental business revenue for existing portfolio assets is calculated based on individual lease contracts effective as of July 1, 2008 and estimated fluctuating factors. In the case of assets planned for acquisition, the Investment Corporation calculates the rental business revenue of each property based on the relevant lease contract scheduled to become effective as of the acquisition date and information provided by the property's current owner.

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	Assumptions
Operating Expenses	・For current properties, rental expenses, which are major operating expenses, are calculated based on past data and estimated fluctuating factors. In the case of assets planned for acquisition, the Investment Corporation calculates the rental expenses based on relevant contracts scheduled to become effective as of the acquisition date and information provided by the property's current owner. ・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 (¥ 520 million for the ninth fiscal period). ・However, should real estate, etc. be newly acquired during the period appertaining to the accounting period and municipal property tax and other monies for settlement be generated between the Investment Corporation and the seller, the aforementioned monies will be included in the acquisition cost of the said real estate. ・Please note that adjustments for Property Taxes paid to the assignor in respect of You-Me Town Hiroshima, which was acquired during the eighth period, are included in the acquisition price and not recorded as operating expenses. ・Depreciation expenses are calculated using the straight-line method, including ancillary expenses and additional future capital expenditure (¥ 1,275 million for the ninth fiscal period).
Distribution per Unit	・Cash dividends (distribution per unit) are calculated according to the Investment Corporation's distribution policy described in its Articles of Incorporation. ・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.
Distribution in Excess of Earnings per Unit	・The Investment Corporation does not currently anticipate cash distributions in excess of earnings per unit.
Others	・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. ・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.

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- 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.
- Frontier Real Estate Investment website : http://www.frontier-reit.co.jp/eng/