

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 June 30, 2009

Frontier Real Estate Investment Corporation (the "Investment Corporation") hereby today announces details of its operating forecasts for the fiscal period ending June 30, 2009.

1. Reasons for Announcement

As pre-conditions and assumptions for the tenth fiscal period ending June 30, 2009 was largely set, the Investment Corporation has decided to make an announcement of operating forecasts for the tenth fiscal period commencing from January 1, 2009 through June 30, 2009.

Operating forecasts for the fiscal period ending June 30, 2009 are based on certain pre-conditions and assumptions set forth in exhibit "Pre-Conditions and Assumptions that Support Operating Forecasts for the Tenth Fiscal Period Ending June 30, 2009" attached hereto.

Operating forecast for the ninth fiscal period ending December 31, 2008 (from July 1, 2008 through December 31, 2008) which was released on July 1, 2008 is no change as of today.

**2. Forecast for the Tenth Fiscal Period Ending June 30, 2009
(from January 1, 2009 through June 30, 2009)**

| Operating Revenues | Operating Income | Current Profit | Net Income | Distribution per Unit | Distribution in Excess of Earnings per Unit |
|---------------------------|-------------------------|-----------------------|-------------------|------------------------------|--|
| ¥ 6,067 Million | ¥ 3,211 Million | ¥ 2,889 Million | ¥ 2,888 Million | ¥ 18,000 | — |

Notes:

1. The predicted number of units outstanding at the end of the fiscal period: 160,000 units
2. All amounts except Distribution per unit are rounded down to the nearest 1 million yen.
3. Distribution per unit is rounded down to the nearest 100 yen.
4. Current forecasts are based on certain pre-conditions and assumptions. Actual figures may differ significantly from forecasts due to the future 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 expected cash distribution per unit in this forecast

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Exhibit

Pre-Conditions and Assumptions that Support Operating Forecasts
for the Tenth Fiscal Period Ending June 30, 2009

| | Assumptions |
|--------------------------------|---|
| Investment Assets | <ul style="list-style-type: none">• The owned assets consist of 17 properties owned by the Investment Corporation as of December 24, 2008 plus "Ito-Yokado, Higashi-Yamato (IY Higashi-Yamato)", the acquisition of which are expected to occur on January 13, 2009, totaling 18 properties.• It is assumed that there will be no change in the investment assets (except the acquisition of the "IY Higashi-Yamato") before June 30, 2009 (the end of the tenth fiscal period).• Actual numbers may change due to the acquisition of new properties, except "IY Higashi-Yamato" described above, or sale of existing properties. |
| Investment Units Issued | <ul style="list-style-type: none">• The issued and outstanding investment units are based on the number as of December 24, 2008, which is 160,000 units. |
| Liabilities | <ul style="list-style-type: none">• The balance of short-term debt financing as of December 24, 2008 is ¥40,500 million. And it is assumed that the balance as of the end of tenth period, June 30, 2009 will remain at the same level.• The loan to value ratio (debt financing plus security and guarantee deposits received from tenants as a percentage of total assets) as of June 30, 2009 is expected to be approximately 46%. |
| Operating Revenues | <ul style="list-style-type: none">• This assumes leasing business revenue from existing portfolio assets of 17 properties (hereinafter called "owned properties") and "IY Higashi-Yamato". As for "IY Higashi-Yamato", the calculation of its leasing business revenue is based on the relevant lease contract scheduled to become effective as of the acquisition date and information provided by the property's current owner. As for the rest (owned properties), It is calculated based on the individual lease contracts effective as of December 24, 2008 and estimated fluctuating factors. |

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| | Assumptions |
|--|--|
| Operating Expenses | <ul style="list-style-type: none"> • As for “IY Higashi-Yamato”, the calculation of its leasing business expenses, which are major operating expenses, is based on relevant contracts scheduled to become effective as of the acquisition date and information provided by the property’s current owner. As for the rest (owned properties), the leasing business expenses are calculated based on previous data and estimated fluctuating factors. • Regarding property tax, city planning tax and other imposts relating to the properties owned by the Investment Corporation (hereinafter called “Property Taxes”), the portion allocated to the tenth fiscal period, which is ¥ 715 million, will be posted to real estate leasing expenses. • However, should real estate, etc. be newly acquired during the period appertaining to the fiscal period and municipal property tax and other monies for settlement occur between the Investment Corporation and the seller, the aforementioned monies will be included in its acquisition cost. • Depreciation expenses are calculated using the straight-line method. It includes ancillary expenses and additional future capital expenditure (¥ 1,410 million for the tenth fiscal period). |
| Distribution per Unit | <ul style="list-style-type: none"> • 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 | <ul style="list-style-type: none"> • The Investment Corporation does not currently anticipate cash distributions in excess of earnings per unit. |
| Others | <ul style="list-style-type: none"> • 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/>

Disclaimer

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