

Translation for Reference Purposes Only

June 14, 2010

For Immediate Release

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Notice Concerning Operating Forecasts for the 13th Fiscal Period ending December 31, 2010

Frontier Real Estate Investment Corporation (the "Investment Corporation") hereby today announces details of its operating forecasts for the 13th fiscal period ending December 31, 2010.

1. Reasons for Announcement

As pre-conditions and assumptions for the 13th fiscal period ending December 31, 2010 was largely set, the Investment Corporation has decided to make an announcement of operating forecasts for the 13th fiscal period commencing from July 1, 2010 through December 31, 2010.

Operating forecasts for the 13th fiscal period are based on certain pre-conditions and assumptions set forth in exhibit "Pre-Conditions and Assumptions for Operating Forecasts for the 13th Fiscal Period Ending December 31, 2010" attached hereto.

After thorough review, there is no change in the Operating Forecast for the 12th fiscal period ending June 30, 2010 (from January 1, 2010 through June 30, 2010) which was released on December 25, 2009.

**2. Operating Forecasts for the 13th Fiscal Period ending December 31, 2010
(from July 1, 2010 through December 31, 2010)**

Operating Revenues	Operating Income	Ordinary Income	Net Income	Distribution per Unit	Distribution in Excess of Earnings per Unit
¥ 7,400 Million	¥ 3,885 Million	¥ 3,479 Million	¥ 3,478 Million	¥ 17,900	—

Notes:

1. The expected number of units outstanding at the end of the 13th fiscal period: 194,000 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. The figures above are based on certain pre-conditions and assumptions as of today. Actual figures may differ significantly from forecasts due to the future acquisitions and/or sales of properties, real estate market trends and/or changes in environment surrounding the Investment Corporation. The Investment Corporation does not guarantee the amount of the expected cash distribution per unit in this forecast.

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Exhibit

Pre-Conditions and Assumptions for Operating Forecasts
for 13th Fiscal Period ending December 31, 2010

	Pre-Conditions & Assumptions
Investment Assets	<ul style="list-style-type: none"> • The pre-condition assumes the total of 22 properties including Mitsui Shopping Park Lalaport Iwata and Ginza Glasse that are to be acquired on July 2, 2010 (“New Properties”) in addition to the properties the Investment Corporation owns as of June 14, 2010 (total of 20 properties, “Existing Properties”). It is assumed that there will be no change in the number of the investment assets, due to acquisitions and/or disposals, until the end of the 13th fiscal period (December 31, 2010). • Actual numbers may change due to the future acquisitions and/or disposals of existing properties, if any.
Investment Units Issued	<ul style="list-style-type: none"> • The number of units issued and outstanding as of June 14, 2010 is 160,000 units, Following the Board of Directors meeting held on June 14, 2010, the Board of Directors has resolved an additional issue of 32,000 units and a third-party allotment (over-allotment) of maximum of 2,000 units. Accordingly, the pre-condition assumes that the number of units issued and outstanding is 194,000 total. In addition, the number of units by a third-party allotment is based on the assumption that all of maximum 2,000 units are issued.
Liabilities	<ul style="list-style-type: none"> • The balance of borrowings as of June 14, 2010 is ¥ 44,400 million. The pre-condition assumes that new borrowings will be executed for the partial payment of the acquisition cost of new properties. • It is assumed that refinancing and self-financing (partial) will be executed for the repayment of borrowings due by December 31, 2010. • The loan to value ratio (LTV) as of December 31, 2010 is expected to be approximately 43%. <ul style="list-style-type: none"> * $LTV = \frac{\text{Borrowings} + \text{Security deposits} - \text{Unrestricted cash and deposits}}{\text{Total assets} - \text{Unrestricted cash and deposits}}$ • Actual LTV as of December 31, 2010 may change depending on the issue price of additionally issued units, etc.

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	Pre-Conditions & Assumptions
Operating Revenues	<ul style="list-style-type: none"> • This assumes lease business revenue from the total of 22 properties, adding New Properties to the Existing Properties. For Existing Properties, it is calculated based on the individual lease contracts which is valid as of June 14, 2010 and estimated fluctuating factors. For New Properties, it is calculated based on the individual lease contracts that are expected to be valid on New Properties acquisition dates and information provided by the current owner of the New Properties.
Operating Expenses	<ul style="list-style-type: none"> • The leasing business expenses (subcontracting expenses, etc.) are major operating expenses. For Existing Properties, it is calculated based on actual figures and estimated fluctuating factors. For New Properties, it is calculated based on the individual lease contracts that are expected to be valid on New Properties acquisition dates and information provided by the current owner of the New Properties. • Regarding repair expenses, the amount estimated based on planned construction projects during the 13th fiscal period is budgeted as expenses. • Regarding property tax, city planning tax and other imposts relating to the properties owned by the Investment Corporation, the portion allocated to the 13th fiscal period, which is ¥ 776 million, will be posted to leasing business expenses. However, should properties be newly acquired during the 13th 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. For New Properties, municipal property tax and other monies for settlement are not calculated as operating expenses but are included in their acquisition cost. • Depreciation expenses are calculated using the straight-line method. It includes ancillary expenses and additional future capital expenses (¥ 1,785 million for the 13th fiscal period).
Non-operating Expenses	<ul style="list-style-type: none"> • It is assumed that non-operating expenses, which include interests charged on borrowings, security deposits and so on, will be ¥391 million for the 13th period. • It is assumed that there will be ¥18 million temporary expenses as part of expenses associated with the issuance of new units resolved in Board of Directors meeting held on June 14, 2010.

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	Pre-Conditions & Assumptions
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, changes in leasing revenues due to tenant movements, etc. and/or 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 that 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, which would impact the aforementioned forecasts.• Calculations and operating forecasts are also based on the assumption that there will be no material changes in general economic and real estate market conditions in Japan.

- 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/>

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