

For Immediate Release

6-8-7 Ginza, Chuo-ku, Tokyo
 Frontier Real Estate Investment Corporation
 Hirohiko Kamei, Executive Director
 (Securities Code : 8964)

Asset Management Company:
 Mitsui Fudosan Frontier REIT Management Inc.
 Hiroshi Tanaka
 Chief Executive Officer and Representative Director

Inquiries:
 Mitsui Fudosan Frontier REIT Management Inc.
 Tatsu Makino
 Vice President, Finance Division and Director
 Tel: +81-3-3289-0440

Notice Concerning Modifications of Operating Forecasts
for the 20th Fiscal Period ending June 30, 2014

Frontier Real Estate Investment Corporation (the "Investment Corporation") hereby today announces the modifications of its operating forecasts for the 20th fiscal period ending June 30, 2014.

1. Reasons for Announcement

As the Investment Corporation has decided the acquisition of "(Provisional name)Kohnan Kawasaki-minami (Land interest)" and "Mitsui Shopping Park LaLaport SHIN-MISATO Annex", which was not included in pre-conditions and assumptions for the operating forecasts for the 20th fiscal period ending June 30, 2014, released on December 25, 2013, the Investment Corporation has decided to announce modifications of operating forecasts for the 20th fiscal period commencing from January 1, 2014 through June 30, 2014.

Operating forecasts for the 20th fiscal period is based on certain pre-conditions and assumptions set forth in exhibit "Pre-Conditions and Assumptions for Modifications of Operating Forecasts for the 20th Fiscal Period ending June 30, 2014" attached hereto.

2. Modifications of Operating Forecasts for the 20th Fiscal Period ending June 30, 2014
(from January 1, 2014 through June 30, 2014)

	Operating Revenues	Operating Income	Ordinary Income	Net Income	Distribution per Unit	Distribution in Excess of Earnings per Unit
Previous Forecasts (A)	¥ 10,364 Million	¥ 5,496 Million	¥ 5,048 Million	¥ 5,047 Million	¥ 9,600	¥ —
Modified Forecasts (B)	¥ 10,536 Million	¥ 5,621 Million	¥ 5,171 Million	¥ 5,170 Million	¥ 9,900	¥ —
Variance (B-A)	¥ 172 Million	¥ 125 Million	¥ 123 Million	¥ 123 Million	¥ 300	—
Increase-Decrease Rate	1.7%	2.3%	2.4%	2.4%	3.1%	—

Translation for Reference Purposes Only

Notes:

1. The expected number of units outstanding at the end of the 20th fiscal period: 496,000 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.

Translation for Reference Purposes Only

Exhibit

**Pre-Conditions and Assumptions for Modifications to
Operating Forecasts for the 20th Fiscal Period ending June 30, 2014**

	Pre-Conditions & Assumptions
Investment Assets	<ul style="list-style-type: none"> The pre-condition assumes a total of 30 properties including Mitsui Shopping Park LaLaport SHIN-MISATO Annex that is to be acquired on March 25, 2014 ("New Property") in addition to the properties the Investment Corporation owns as of February 14, 2014 (total of 29 properties, "Existing Properties"). As for AEON Hadano Shopping Center, it is assumed that 25% of the property is to be disposed on June 20, 2014. It is assumed that there will be no change in the number of the investment assets, due to acquisitions and/or disposals excluding above-mentioned acquisition and disposal, until the end of the 20th fiscal period (June 30, 2014). 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 the outstanding investment units is based on the number as of February 14, 2014, which are 496,000 units.
Liabilities	<ul style="list-style-type: none"> The balance of borrowings, etc. as of February 14, 2014 is ¥ 70,180 million. It is assumed that refinancing and self-financing (partial) will be executed for the repayment of borrowings due by June 30, 2014. The loan to value ratio (LTV*) as of June 30, 2014 is expected to be approximately 39%. <ul style="list-style-type: none"> * LTV = (Borrowings, etc. + Security deposits – Unrestricted cash and deposits) / (Total assets – Unrestricted cash and deposits)
Operating Revenues	<ul style="list-style-type: none"> This assumes lease business revenue from the total of 30 properties, adding New Property to the Existing Properties. For Existing Properties, it is calculated based on the individual lease contracts which is valid as of February 14, 2014 and estimated fluctuating factors. For New Property, it is calculated based on the individual lease contract that is expected to be valid on New Property acquisition date and information provided by the current owner of the New Property. As for AEON Hadano Shopping Center, it is assumed that 25% of the property is to be disposed on June 20, 2014.

Translation for Reference Purposes Only

	Pre-Conditions & Assumptions
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 Property, it is calculated based on the individual lease contract that is expected to be valid on New Property acquisition date and information provided by the current owner of the New Property.• Regarding repair expenses, the amount estimated based on planned construction projects during the 20th 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 20th fiscal period, which is ¥1,039 million, will be posted to leasing business expenses. However, should properties be newly acquired during the 20th 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 the '(Provisional name)Kohnan Kawasaki-minami(Land Interest)', which acquired on January 31, 2014 and 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 (¥ 2,205 million for the 20th 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, investment corporation bonds and so on, will be ¥ 455 million for the 20th 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, changes in leasing revenues due to tenant movements, etc. and/or the incidence of unforeseen repairs and maintenance.• As profits from sale of "AEON Hadano Shopping Center" is expected to be the amount of ¥ 968million (anticipated), the Investment Corporation intends to retain ¥ 240million (anticipated) as reserve for reduction by applying the "Special Provisions on Taxation in the case of advance acquisition of land and such in 2009" in the Article 66-2 of the Act on Special Measures Law and the "Special Provisions of Taxation for Investment Corporations" in the Article 67-15 of the Act on Special Measures Law. Actual numbers may change• It is assumed that there will be no withdraw of reserve for reduction.

Translation for Reference Purposes Only

	Pre-Conditions & Assumptions
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/>

Disclaimer

This information was originally publicized in the original Japanese language and has been translated for reference purposes only. Frontier Real Estate Investment Corporation guarantees neither the completeness nor the accuracy of this English translation. For complete and accurate information, please refer to the press release in Japanese. In addition, this press release is not prepared as an inducement or invitation for investment. All readers are advised to consult their own investment advisors before investing in the Investment Corporation. Investment decisions are made at the investor's sole discretion and responsibility and are made at their own risk. The Investment Corporation and its affiliates disclaim any responsibility or liability for the consequence of investment in the Investment Corporation.