

Translation for Reference Purposes Only

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For Immediate Release

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**Notice Concerning Modifications of Operating Forecasts for the 18th Fiscal Period ending
June 30, 2013**

Frontier Real Estate Investment Corporation (the "Investment Corporation") hereby today announces the modifications of its operating forecasts for the 18th fiscal period ending June 30, 2013.

1. Reasons for Announcement

As the Investment Corporation has decided the acquisition of "Ikebukuro Square" and "Mitsui Shopping Park ALPARK (East Building)", which was not included in pre-conditions and assumptions for the operating forecasts for the 18th fiscal period ending June 30, 2013, released on December 25, 2012, the Investment Corporation has decided to announce modifications of operating forecasts for the 18th fiscal period commencing from January 1, 2013 through June 30, 2013.

The Investment Corporation also announces the "Operating Forecasts for the 19th Fiscal Period ending December 31, 2013", which are based on the same pre-conditions and assumptions set forth for the operating forecasts for the 18th fiscal period.

Operating forecasts for the 18th fiscal period and for the 19th fiscal period(Reference) are based on certain pre-conditions and assumptions set forth in exhibit "Pre-Conditions and Assumptions for Modifications of Operating Forecasts for the 18th Fiscal Period ending June 30, 2013 and for the 19th Fiscal Period ending December 31, 2013(Reference)" attached hereto.

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**2. Modifications of Operating Forecasts for the 18th Fiscal Period ending June 30, 2013
(from January 1, 2013 through June 30, 2013)**

	Operating Revenues	Operating Income	Ordinary Income	Net Income	Distribution per Unit	Distribution in Excess of Earnings per Unit
Previous Forecasts (A)	¥ 8,886 Million	¥ 4,535 Million	¥ 4,097 Million	¥ 4,096 Million	¥ 18,000	¥ —
Modified Forecasts (B)	¥ 9,658 Million	¥ 5,022 Million	¥ 4,507 Million	¥ 4,506 Million	¥ 18,100	¥ —
Variance (B-A)	¥ 772 Million	¥ 487 Million	¥ 410 Million	¥ 410 Million	¥ 100	—
Increase-Decrease Rate	8.7%	10.7%	10.0%	10.0%	0.6%	—

【Reference】

**Operating Forecasts for the 19th Fiscal Period ending December 31, 2013
(from July 1, 2013 through December 31, 2013)**

Operating Revenues	Operating Income	Ordinary Income	Net Income	Distribution per Unit	Distribution in Excess of Earnings per Unit
¥ 9,831 Million	¥ 5,031 Million	¥ 4,552 Million	¥ 4,550 Million	¥ 18,300	—

Notes:

1. The expected number of units outstanding at the end of the 18th fiscal period: 248,000 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.
5. The Investment Corporation will immediately announce the modifications of its operating forecasts for the 18th fiscal period ending June 30, 2013, or operating forecasts for the 19th fiscal period ending December 31, 2013(Reference), if any matters which should be announced, occur.

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Exhibit

**Pre-Conditions and Assumptions for Modifications to
Operating Forecasts for the 18th Fiscal Period ending June 30, 2013,
and for the 19th Fiscal Period ending December 31, 2013 (Reference)**

	Pre-Conditions & Assumptions
Investment Assets	<ul style="list-style-type: none">• The pre-condition assumes the total of 29 properties including Mitsui Shopping Park ALPARK(East Building) that is to be acquired on February 19, 2013 ("New Property") in addition to the properties the Investment Corporation owns as of February 15, 2013 (total of 28 properties, "Existing Properties"). It is assumed that there will be no change in the number of the investment assets, due to acquisitions excluding the New Property and/or disposals of Existing Properties, until the end of the 19th fiscal period (December 31, 2013).• 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 February 15, 2013 is 227,500 units. Following the Board of Directors meeting held on February 15, 2013, the Board of Directors has resolved an additional issue of 19,500 units and a third-party allotment (over-allotment) of maximum of 1,000 units. Accordingly, the pre-condition assumes that the number of units issued and outstanding is 248,000 total. In addition, the number of units by a third-party allotment is based on the assumption that all of maximum 1,000 units are issued.• It is assumed that there will be no additional issue of units, until the end of the 19th fiscal period (December 31, 2013).

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	Pre-Conditions & Assumptions
Liabilities	<ul style="list-style-type: none"> • The balance of borrowings as of February 15, 2013 is ¥ 86,400 million. In addition, part of the short-term borrowings (¥ 2,000 Million) will be repayed on February 19, 2013. Though the funds by the additionally issued units is appropriated for the repayment of new borrowings (4,000 million) executed on February 19, 2013 for the payment of the acquisition cost of New Property, remaining funds will be appropriated for the repayment of the other borrowings. • It is assumed that refinancing and self-financing (partial) will be executed for the repayment of borrowings due by December 31, 2013. • The loan to value ratio (LTV) as of June 30, 2013 is expected to be approximately 42%. • (Reference) The loan to value ratio (LTV) as of December 31, 2013 is expected to be approximately 41%. <p style="text-align: center;">* LTV = (Borrowings + Security deposits – Unrestricted cash and deposits) / (Total assets – Unrestricted cash and deposits)</p> <ul style="list-style-type: none"> • Actual LTV as of June 30, 2013 and December 31, 2013 may change depending on the issue price of additionally issued units, etc.
Operating Revenues	<ul style="list-style-type: none"> • This assumes lease business revenue from the total of 29 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 15, 2013 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.

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	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 18th and 19th 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 18th fiscal period, which is ¥ 985 million ((Reference)19th fiscal period; ¥ 985 million), will be posted to leasing business expenses. However, should properties be newly acquired during the 18th and the 19th 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 Ikebukuro Square, which acquired on February 1, 2013 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 (¥ 2,231 million for the 18th fiscal period, (Reference) ¥ 2,264 million for the 19th 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 ¥ 476 million for the 18th period. ((Reference) ¥ 482 million for the 19th period) • It is assumed that there will be ¥ 42 million temporary expenses as expenses associated with the issuance of new units resolved in Board of Directors meeting held on February 15, 2013.
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.

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	Pre-Conditions & Assumptions
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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