

**Translation for Reference Purposes Only**

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**For Immediate Release**

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**Notice Concerning Modifications to Operating Forecasts for the 15th Fiscal Period  
ending December 31, 2011**

Frontier Real Estate Investment Corporation (the "Investment Corporation") hereby announces the modifications to its operating forecasts for the 15th fiscal period ending December 31, 2011.

**1. Reasons for Announcement**

As the Investment Corporation has executed the renewal construction of AEON Hadano Shopping Center, the influence by which was included in pre-conditions and assumptions for the operating forecasts for the 15th fiscal period ending December 31, 2011 released on June 27, 2011, details of construction expenses and conditions of leasing have been fixed today. As a result of these factors, the Investment Corporation has decided to announce modifications to operating forecasts for the 15th fiscal period commencing from July 1, 2011 through December 31, 2011.

Operating forecasts for the 15th fiscal period are based on certain pre-conditions and assumptions set forth in exhibit "Pre-Conditions and Assumptions for Operating Forecasts for the 15th Fiscal Period ending December 31, 2011" attached hereto.

**2. Modifications to Operating Forecasts for the 15th Fiscal Period ending December 31, 2011  
(from July 1, 2011 through December 31, 2011)**

	Operating Revenues	Operating Income	Ordinary Income	Net Income	Distribution per Unit	Distribution in Excess of Earnings per Unit
Previous Forecasts (A)	¥ 7,974 Million	¥ 4,065 Million	¥ 3,590 Million	¥ 3,589 Million	¥ 18,500	¥ —
Modified Forecasts (B)	¥8,028 Million	¥ 4,065 Million	¥ 3,591 Million	¥ 3,590 Million	¥ 18,500	¥ —
Variance (B-A)	¥ 53 Million	¥ 0 Million	¥ 0 Million	¥ 0 Million	¥ 0	—
Increase-Decrease Rate	0.7%	0%	0%	0%	0%	—

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Notes:

1. The expected number of units outstanding at the end of the 15th 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 Modifications to  
Operating Forecasts for 15th Fiscal Period ending December 31, 2011**

	<b>Pre-Conditions &amp; Assumptions</b>
<b>Investment Assets</b>	<ul style="list-style-type: none"><li>• The Investment Corporation owns total 24 properties as of August 5, 2011.</li><li>• 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 15th fiscal period (December 31, 2011).</li><li>• Actual numbers may change due to the future acquisitions and/or disposals of existing properties, if any.</li></ul>
<b>Investment Units Issued</b>	<ul style="list-style-type: none"><li>• The number of the outstanding investment units is based on the number as of August 5, 2011, which are 194,000 units.</li></ul>
<b>Liabilities</b>	<ul style="list-style-type: none"><li>• The balance of borrowings, etc. as of August 5, 2011 is ¥ 66,080 million.</li><li>• It is assumed that refinancing will be executed for the repayment of borrowings due by December 31, 2011.</li><li>• The loan to value ratio (LTV*) as of December 31, 2011 is expected to be approximately 46%. * LTV = (Borrowings, etc. + Security deposits – Unrestricted cash and deposits) / (Total assets – Unrestricted cash and deposits)</li></ul>
<b>Operating Revenues</b>	<ul style="list-style-type: none"><li>• This assumes lease business revenue from existing portfolio assets of 24 properties. It is calculated based on the individual lease contracts which is valid as of August 5, 2011 and estimated fluctuating factors.</li><li>• A lump-sum payment of \$47million to be received from AEON Retail Co., Ltd. concerning renewal construction of AEON Hadano Shopping Center is included.</li></ul>

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	<b>Pre-Conditions &amp; Assumptions</b>
<b>Operating Expenses</b>	<ul style="list-style-type: none"> <li>• The leasing business expenses (subcontracting expenses, etc.), which are major operating expenses, is calculated based on actual figures and estimated fluctuating factors.</li> <li>• Regarding repair expenses, the amount estimated based on planned construction projects during the 15th fiscal period is budgeted as expenses.</li> <li>• Regarding property tax, city planning tax and other imposts relating to the properties owned by the Investment Corporation, the portion allocated to the 15th fiscal period, which is ¥ 896 million, will be posted to leasing business expenses. However, should properties be newly acquired during the 15th 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.</li> <li>• Depreciation expenses are calculated using the straight-line method. It includes ancillary expenses and additional future capital expenses (¥ 1,960 million for the 15th fiscal period).</li> </ul>
<b>Non-operating Expenses</b>	<ul style="list-style-type: none"> <li>• It is assumed that non-operating expenses, which include interests charged on borrowings, security deposits, investment corporation bonds and so on, will be ¥477 million for the 15th period.</li> </ul>
<b>Distribution per Unit</b>	<ul style="list-style-type: none"> <li>• Cash dividends (distribution per unit) are calculated according to the Investment Corporation's distribution policy described in its Articles of Incorporation.</li> <li>• 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.</li> </ul>
<b>Distribution in Excess of Earnings per Unit</b>	<ul style="list-style-type: none"> <li>• The Investment Corporation does not currently anticipate cash distributions in excess of earnings per unit.</li> </ul>
<b>Others</b>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> </ul>

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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/>

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