

Translation for Reference Purposes Only

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For Immediate Release

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**Notice Concerning Modifications to Operating Forecasts for the 14th Fiscal Period ending
June 30, 2011**

Frontier Real Estate Investment Corporation (the "Investment Corporation") hereby today announces the modifications to its operating forecasts for the 14th fiscal period ending June 30, 2011.

1. Reasons for Announcement

As the Investment Corporation has decided the acquisition of Mitsui Shopping Park LaLagarden KASUKABE, which was not included in pre-conditions and assumptions for the operating forecasts for the 14th fiscal period ending June 30, 2011 released on January 13, 2011, the Investment Corporation has decided to announce modifications to operating forecasts for the 14th fiscal period commencing from January 1, 2011 through June 30, 2011.

Operating forecasts for the 14th fiscal period are based on certain pre-conditions and assumptions set forth in exhibit "Pre-Conditions and Assumptions for Operating Forecasts for the 14th Fiscal Period Ending June 30, 2011" attached hereto.

**2. Modifications to Operating Forecasts for the 14th Fiscal Period ending June 30, 2011
(from January 1, 2011 through June 30, 2011)**

	Operating Revenues	Operating Income	Ordinary Income	Net Income	Distribution per Unit	Distribution in Excess of Earnings per Unit
Previous Forecasts (A)	¥ 7,545 Million	¥ 3,876 Million	¥ 3,479 Million	¥ 3,478 Million	¥ 17,900	¥ —
Modified Forecasts (B)	¥ 7,821 Million	¥ 4,044 Million	¥ 3,574 Million	¥ 3,573 Million	¥ 18,400	¥ —
Variance (B-A)	¥ 276 Million	¥ 168 Million	¥ 95 Million	¥ 95 Million	¥ 500	—
Increase-Decrease Rate	3.7%	4.3%	2.7%	2.7%	2.8%	—

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Notes:

1. The expected number of units outstanding at the end of the 14th 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 14th Fiscal Period ending June 30, 2011**

	Pre-Conditions & Assumptions
Investment Assets	<ul style="list-style-type: none"> • The pre-condition assumes the total of 24 properties including Mitsui Shopping Center LaLagarden KASUKABE that is to be acquired on February 16, 2011 (“New Property”) in addition to the properties the Investment Corporation owns as of February 14, 2011 (total of 23 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 14th fiscal period (June 30, 2011). • 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, 2011, which are 194,000 units.
Liabilities	<ul style="list-style-type: none"> • The balance of borrowings as of February 14, 2011 is ¥ 57,240 million. The pre-condition assumes that new borrowings will be executed for payment of the acquisition cost of new properties. • It is assumed that refinancing will be executed for the repayment of borrowings due by June 30, 2011. • The loan to value ratio (LTV) as of June 30, 2011 is expected to be approximately 47%. * 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 24 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, 2011 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 14th 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 14th fiscal period, which is ¥ 900 million, will be posted to leasing business expenses. However, should properties be newly acquired during the 14th 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 expenses (¥ 1,919 million for the 14th 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 ¥479 million for the 14th 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.
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.

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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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