

Translation Purpose Only

July 15, 2016

To All Concerned Parties

6-8-7 Ginza, Chuo-ku, Tokyo
Frontier Real Estate Investment Corporation
Kazuichi Nagata, 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.
Akiko Kaito
Chief Finance Officer and Director
Tel: +81-3-3289-0440

Notice Concerning Operating Forecasts for the Fiscal Period ending December 31, 2016

Frontier Real Estate Investment Corporation (the "Investment Corporation") hereby announces details of its operating forecasts for the fiscal period ending December 31, 2016 (from July 1, 2016 through December 31, 2016).

1. Reasons for Announcement

As pre-conditions and assumptions for the fiscal period ending December 31, 2016 was largely set, the Investment Corporation has decided to make an announcement of operating forecasts for the indicated period.

Operating forecasts for the fiscal period ending December 31, 2016 are based on certain pre-conditions and assumptions set forth in exhibit "Pre-Conditions and Assumptions for Operating Forecasts for the Fiscal Period ending December 31, 2016" attached hereto.

**2. Operating Forecasts for the Fiscal Period ending December 31, 2016
(from July 1, 2016 through December 31, 2016)**

Operating Revenues	Operating Income	Ordinary Income	Net Income	Distribution per Unit	Distribution in Excess of Earnings per Unit
¥ 9,988 Million	¥ 5,209 Million	¥ 4,720 Million	¥ 4,719 Million	¥ 9,500	—

Notes:

1. The expected number of units outstanding as of December 31, 2016: 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 Purpose Only**Exhibit****Pre-Conditions and Assumptions for Operating Forecasts**
for the Fiscal Period ending December 31, 2016

	Pre-Conditions & Assumptions
Investment Assets	<ul style="list-style-type: none">• It is assumed that 50% co-ownership of Mitsui Shopping Park LaLaport SHIN-MISATO (Main Building) is additionally to be acquired on August 10, 2016 (the “additional acquisition”) and that there will be no change in the number of the investment assets due to acquisitions and/or disposals excluding this additional acquisition, until the end of the indicated fiscal period (December 31, 2016). The pre-condition assumes a total of 32 properties including the additional acquisition as of December 31, 2016 in addition to properties the Investment Corporation owns as of July 15, 2016.• For Sports Club Renaissance Hiroshima, as a lease contract with the existing tenant, RENAISSANCE INC., will terminate on July 31, 2016 and the fixed-term land lease contract for business purposes has been concluded with a new tenant, Kohnan Shoji Co., Ltd., on July 15, 2016, the property will be managed as a land interest on and after August 1, 2016.• Actual numbers may change due to the future acquisitions and/or disposals of existing properties, if any.
Investment Units Issued	The number of the outstanding investment units is based on the number as of July 15, 2016, which are 496,000 units.
Liabilities	<ul style="list-style-type: none">• The balance of borrowings, etc. as of July 15, 2016 is ¥ 74,400 million.• It is assumed that refinancing and partial self-financing will be executed for the repayment of borrowings due by December 31, 2016.• It is assumed that borrowings and partial self-financing will be executed for the financing of the additional acquisition.• The loan to value ratio (LTV*) as of December 31, 2016 is expected to be approximately 42%. * LTV = (Borrowings, etc. + Security deposits – Unrestricted cash and deposits) / (Total assets – Unrestricted cash and deposits)
Operating Revenues	The pre-condition assumes lease business revenue from the aforementioned investment assets of 32 properties. It is calculated based on the individual lease contracts, which is valid as of July 15, 2016, and estimated fluctuating factors.

Translation Purpose Only

	Pre-Conditions & Assumptions
Operating Expenses	<ul style="list-style-type: none">• The leasing business expenses (subcontracting expenses, etc.), which are major operating expenses, is calculated based on actual figures and estimated fluctuating factors.• Regarding repair expenses, the amount estimated based on planned construction projects during the fiscal period ending December 31, 2016 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 fiscal period ending December 31, 2016, which is ¥ 997 million, will be posted to leasing business expenses.• Depreciation expenses are calculated using the straight-line method. It includes ancillary expenses and additional future capital expenses (¥ 2,174 million for the fiscal period ending December 31, 2016).
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 ¥ 345 million for the fiscal period ending December 31, 2016.• It is assumed that loss on retirement of Sports Club Renaissance Hiroshima will be ¥ 134 million
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.• It is assumed that there will be neither additional nor withdraw of reserve for reduction.
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.

Translation Purpose Only

	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/>

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.