Translation for Reference Purposes Only

December 27, 2016

To All Concerned Parties

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

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Notice Concerning Operating Forecasts for the Fiscal Period ending June 30, 2017

Frontier Real Estate Investment Corporation (the "Investment Corporation") hereby today announces details of its operating forecasts for the fiscal period ending June 30, 2017 (from January 1, 2017 through June 30, 2017).

1. Reasons for Announcement

As pre-conditions and assumptions for the fiscal period ending June 30, 2017 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 June 30, 2017 are based on certain pre-conditions and assumptions set forth in exhibit "Pre-Conditions and Assumptions for Operating Forecasts for the Fiscal Period ending June 30, 2017" attached hereto.

2. Operating Forecasts for the Fiscal Period ending June 30, 2017 (from January 1, 2017 through June 30, 2017)

Operating Revenues	Operating Income	Ordinary Income	Net Income	Distribution per Unit	Distribution in Excess of Earnings per Unit
¥ 9,958 Million	¥ 5,203 Million	¥ 4,870 Million	¥ 4,869 Million	¥ 9,800	—

Notes:

1. The expected number of units outstanding as of June 30, 2017: 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.

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Exhibit

Pre-Conditions and Assumptions for Operating Forecasts
for the Fiscal Period ending June 30, 2017

	Pre-Conditions & Assumptions
Investment Assets	・ The Investment Corporation owns total 32 properties as of December 27, 2016. ・ 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 indicated fiscal period (June 30, 2017). ・ 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 December 27, 2016, which are 496,000 units.
Liabilities	・ The balance of borrowings, etc. as of December 27, 2016 is ¥ 86,400 million. ・ It is assumed that refinancing and partial self-financing will be executed for the repayment of borrowings due by June 30, 2017. ・ The loan to value ratio (LTV*) as of June 30, 2017 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 December 27, 2016, and estimated fluctuating factors.

	Pre-Conditions & Assumptions
Operating Expenses	・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 June 30, 2017 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 June 30, 2017, which is ¥ 1,046 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 (¥ 2,120 million for the fiscal period ending June 30, 2017).
Non-operating Expenses	・It is assumed that non-operating expenses, which include interests charged on borrowings, security deposits, investment corporation bonds and so on, will be ¥ 333 million for the fiscal period ending June 30, 2017.
Distribution per Unit	・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	・The Investment Corporation does not currently anticipate cash distributions in excess of earnings per unit.

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	Pre-Conditions & Assumptions
Others	・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/