

## **Distribution Policy**

Frontier Real Estate Investment Corporation

Frontier Real Estate Investment Corporation ("FRI") shall, in principle, make distributions based on the following policy (Articles of Incorporation, Article 37).

### 1. Profit Distribution

(1) Of the total cash distributions to be made to unitholders, the amount of profit stipulated by the Investment Trust Act shall be the balance sheet value of net assets less total unitholders' capital. This is calculated in accordance with generally accepted corporate accounting practices in Japan.

(2) The distribution amount shall, in principle, be an amount determined by FRI that is greater than 90 percent of the distributable profit as prescribed by Article 67-15-1 of the Special Taxation Measures Law. (In cases where the calculation of this amount changes as a result of revisions to the law or other factors, the amount after the change is used. The same applies throughout the remainder of "Distribution Policy.")

Moreover, as necessary, FRI may accumulate, reserve, or otherwise dispose of funds as needed for such purposes as long-term repairs deemed necessary by FRI for maintaining or improving the value of assets under management, payment reserves, reserves for distributions, and other similar reserves or allowances.

### 2. Cash Distribution Exceeding Profit

Should FRI deem it appropriate, including cases in which doing so will allow FRI to reduce its income tax burden or other expenses, FRI may distribute an amount it decides upon as cash exceeding profit.

### 3. Distribution Method

Distributions shall be made in cash and, in principle, distributed within three months from the end of the applicable fiscal period. Distributions shall be made to unitholders who are recorded in the final unitholders' register of the applicable fiscal period or to registered investment unit pledgees in accordance with the number of investment units held or pledged.

### 4. Expiration Period for Distributions

If a unitholder fails to collect a distribution within three years following the date that payments commenced, FRI shall no longer be held responsible for paying said distribution. Moreover, no interest will be added to unpaid distributions.

## 5. Other

FRI shall comply with the regulations stipulated by the Investment Trusts Association, Japan, and other relevant rules when making cash distributions.