

Translation Purpose Only

August 15, 2019

To All Concerned Parties

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

Asset Management Company:
Mitsui Fudosan Frontier REIT Management Inc.
Goro Toyama
Chief Executive Officer and Representative Director

Inquiries:
Mitsui Fudosan Frontier REIT Management Inc.
Takashi Iwamoto
Chief Finance Officer and Director
Tel: +81-3-3289-0440

Notice Concerning Operating Forecasts for the Fiscal Period Ending December 31, 2019 and the Fiscal Period Ending June 30, 2020

Frontier Real Estate Investment Corporation (the "Investment Corporation") hereby announces details of its operating forecasts for the fiscal period ending December 31, 2019 (from July 1, 2019 through December 31, 2019) and the fiscal period ending June 30, 2020 (from January 1, 2020 through June 30, 2020).

1. Operating Forecasts for the Fiscal Period Ending December 31, 2019 (from July 1, 2019 through December 31, 2019) and the Fiscal Period Ending June 30, 2020 (from January 1, 2020 through June 30, 2020)

	Operating Revenue	Operating Income	Ordinary Income	Net Income	Distribution per Unit*	Distribution in Excess of Earnings per Unit
Fiscal Period Ending December 31, 2019	Millions of yen 10,531	Millions of yen 5,746	Millions of yen 5,462	Millions of yen 5,461	Yen 10,520	Yen —
Fiscal Period Ending June 30, 2020	Millions of yen 10,748	Millions of yen 5,768	Millions of yen 5,495	Millions of yen 5,494	Yen 10,580	Yen —

*Excluding distribution in excess of earnings

Notes:

1. The expected number of units outstanding as of December 31, 2019: 519,000 units
The expected number of units outstanding as of June 30, 2020: 519,000 units
2. All amounts except Distribution per Unit are rounded down to the nearest 1 million yen.

Note: This press release is aimed at publicly announcing the operating forecasts of the Investment Corporation for the Fiscal Period Ending December 31, 2019 and the Fiscal Period Ending June 30, 2020, and has not been prepared for the purpose of soliciting investments. Prior to making investment judgments, investors are advised to read the prospectus prepared and submitted by the Investment Corporation to describe the details of investment units, as well as any revisions, and engage in investment at their own discretion and responsibility.

Translation Purpose Only

3. Distribution per Unit is rounded down to the nearest 10 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.
5. Upon recognizing the emergence of any factors that necessitate revision of the operating forecasts, the Investment Corporation will make timely disclosure.

2. Reasons for Announcing Operating Forecasts

The Investment Corporation intends to update its operating forecasts for the fiscal period ending December 31, 2019 (from July 1, 2019 through December 31, 2019) and the fiscal period ending June 30, 2020 (from January 1, 2020 through June 30, 2020) once it has assessed the impact of its decisions with regard to the issuance of new investment units and the acquisition of assets as stated in “Notice Concerning Issuance of New Investment Units and Secondary Offering” and “Notice Concerning Acquisition of Real Estate Property in Japan (Ikebukuro GLOBE (50% Co-Ownership): Additional Acquisition),” both of which were released today.

In addition, the calculations of the aforementioned operating forecasts are based on pre-conditions and assumptions described in the exhibit “Pre-Conditions and Assumptions for Operating Forecasts for the Fiscal Period ending December 31, 2019 and the Fiscal Period ending June 30, 2020.”

Frontier Real Estate Investment Corporation website: <https://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.

Note: This press release is aimed at publicly announcing the operating forecasts of the Investment Corporation for the Fiscal Period Ending December 31, 2019 and the Fiscal Period Ending June 30, 2020, and has not been prepared for the purpose of soliciting investments. Prior to making investment judgments, investors are advised to read the prospectus prepared and submitted by the Investment Corporation to describe the details of investment units, as well as any revisions, and engage in investment at their own discretion and responsibility.

Translation Purpose Only

Exhibit

Pre-Conditions and Assumptions for Operating Forecasts for the Fiscal Period ending December 31, 2019 and the Fiscal Period ending June 30, 2020

	Pre-Conditions & Assumptions
Calculation Period	<ul style="list-style-type: none"> • 31st Fiscal period ending December 31, 2019 (July 1, 2019 to December 31, 2019) (184 days) • 32nd Fiscal period ending June 30, 2020 (January 1, 2020 to June 30, 2020) (182 days)
Investment Assets	<ul style="list-style-type: none"> • The pre-conditions assume a total of 36 properties, including Ikebukuro GLOBE (50% co-ownership) (additional acquisition) (“New Property”) that is to be acquired on September 5, 2019 in addition to the properties the Investment Corporation owns as of August 15, 2019 (total of 36 properties, “Existing Properties”). 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 32nd fiscal period (June 30, 2020). • Actual numbers may change due to future acquisitions and/or disposals of existing properties, if any.
Loan to Value Ratio	<ul style="list-style-type: none"> • The balance of borrowings, etc. *, as of August 15, 2019 is ¥113,900 million. In addition, the Investment Corporation will execute total of ¥3,000 million borrowings on September 4, 2019 to acquire a portion of the payment for the acquisition of the New Property. * Borrowings, etc. includes investment corporation bonds. The same shall apply hereinafter. • It is assumed that refinancing and partial self-financing will be executed, or partial funds will be acquired through the new issuance of investment units, for the repayment of borrowings due by June 30, 2020. • The loan to value ratios (LTVs*) as of December 31, 2019 and June 30, 2020 are expected to be approximately 45% and 45%, respectively. * $LTV = (\text{Borrowings, etc.} + \text{Security deposits} - \text{Unrestricted cash and deposits}^{**}) / (\text{Total assets} - \text{Unrestricted cash and deposits})$ ** Unrestricted cash and deposits is calculated by subtracting planned distributions for the next fiscal period and deposits in trust accounts such as tenant leaseholds, etc. from cash and deposits on the balance sheet of each fiscal period. • Actual LTVs as of December 31, 2019 and June 30, 2020 may change depending on the pricing of investment units to be newly issued by the Investment Corporation.

Note: This press release is aimed at publicly announcing the operating forecasts of the Investment Corporation for the Fiscal Period Ending December 31, 2019 and the Fiscal Period Ending June 30, 2020, and has not been prepared for the purpose of soliciting investments. Prior to making investment judgments, investors are advised to read the prospectus prepared and submitted by the Investment Corporation to describe the details of investment units, as well as any revisions, and engage in investment at their own discretion and responsibility.

Translation Purpose Only

	Pre-Conditions & Assumptions
Operating Revenue	<ul style="list-style-type: none"> The pre-conditions assume lease business revenue from the total of 36 properties, as the New Property is added to the Existing Properties. For the Existing Properties, it is calculated based on individual lease contracts that are valid as of August 15, 2019 and estimated fluctuating factors. For the New Property, it is calculated based on individual lease contracts that are expected to be valid on New Property acquisition date and information provided by the current owner of the New Property.
Operating Expenses	<ul style="list-style-type: none"> Property taxes, city planning taxes, etc., are expected to be ¥1,015 million for the 31st fiscal period and ¥1,084 million for the 32nd fiscal period. However, should properties be newly acquired during the 31st and the 32nd 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. For the Ikebukuro GLOBE (50% co-ownership), SAKAE GLOBE (40% quasi co-ownership) and Shinsaibashi MG Building (60% co-ownership), which were acquired in March 2019, and New Property, municipal property tax and other monies for settlement are not calculated as operating expenses but are included in their acquisition cost, which will be booked from the 32nd fiscal period. Repairs and maintenance are expected to be ¥350 million for the 31st fiscal period and ¥425 million for the 32nd fiscal period. However, actual repairs and maintenance may be substantially different from the expected amount due to changes in outlay date or certain unanticipated factors. Depreciation and amortization are expected to be ¥1,925 million for the 31st fiscal period and ¥1,954 million for the 32nd fiscal period. Other expenses related to rent business (property management expenses, etc.) for the Existing Properties, are calculated based on actual figures and estimated fluctuating factors. For the New Property, the calculation is based on individual lease contracts that are expected to be valid on New Property acquisition date and information provided by the current owner of the New Property.
Non-operating Expenses	<ul style="list-style-type: none"> It is assumed that non-operating expenses, which include interest charged on borrowings, security deposits, investment corporation bonds and so on, will be ¥285 million for the 31st fiscal period and ¥273 million for the 32nd fiscal period.

Note: This press release is aimed at publicly announcing the operating forecasts of the Investment Corporation for the Fiscal Period Ending December 31, 2019 and the Fiscal Period Ending June 30, 2020, and has not been prepared for the purpose of soliciting investments. Prior to making investment judgments, investors are advised to read the prospectus prepared and submitted by the Investment Corporation to describe the details of investment units, as well as any revisions, and engage in investment at their own discretion and responsibility.

Translation Purpose Only

	Pre-Conditions & Assumptions
Distribution per Unit (excluding distributions in excess of earnings)	<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.• The number of units issued and outstanding as of August 15, 2019 is 496,000 units. Following the Board of Directors meeting held on August 15, 2019, the Board of Directors has resolved to issue 21,900 new units and a maximum third-party allotment (over-allotment) of 1,100 units. Accordingly, the pre-condition assumes that the number of units issued and outstanding is 519,000 in total. In addition, the number of units by third-party allotment is based on the assumption that a maximum of 1,100 units will be issued.• It is assumed that no additional units will be issued until the end of the 32nd fiscal period (June 30, 2020).• 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, or rules and requirements imposed by the Investment Trusts Association, Japan, that would impact the aforementioned forecasts.• Calculations and operating forecasts are also based on the assumption that there will be no material changes in the general economic and real estate market conditions in Japan.

Note: This press release is aimed at publicly announcing the operating forecasts of the Investment Corporation for the Fiscal Period Ending December 31, 2019 and the Fiscal Period Ending June 30, 2020, and has not been prepared for the purpose of soliciting investments. Prior to making investment judgments, investors are advised to read the prospectus prepared and submitted by the Investment Corporation to describe the details of investment units, as well as any revisions, and engage in investment at their own discretion and responsibility.