Translation Purpose Only

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To All Concerned Parties

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(Securities Code: 8964)

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Notice Concerning Operating Forecasts for the Fiscal Period ending June 30, 2019

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

1. Reasons for Announcement

As pre-conditions and assumptions for the fiscal period ending June 30, 2019 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, 2019 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, 2019" attached hereto.

2. Operating Forecasts for the Fiscal Period ending June 30, 2019
(from January 1, 2019 through June 30, 2019)

Operating Revenue	Operating Income	Ordinary Income	Net Income	Distribution per Unit	Distribution in Excess of Earnings per Unit
Millions of yen	Millions of yen	Millions of yen	Millions of yen	yen	
10,242	5,471	5,208	5,207	10,490	—

Notes:

1. The expected number of units outstanding as of June 30, 2019: 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 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.

Exhibit

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

	Pre-Conditions & Assumptions
Investment Assets	・ The Investment Corporation owns total 35 properties as of December 25, 2018. ・ 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 30th fiscal period (June 30, 2019). ・ Actual numbers may change due to the future acquisitions and/or disposals of existing properties, if any.
Loan to Value Ratio	・ The balance of borrowings, etc. as of December 25, 2018 is ¥ 93,400 million. ・ It is assumed that refinancing and partial self-financing will be executed for the repayment of borrowings due by June 30, 2019. ・ On the assumption that there will be no change in the number of the investment assets, the loan to value ratio (LTV*) as of June 30, 2019 is expected to be approximately 43%. * LTV = (Borrowings, etc. + Security deposits – Unrestricted cash and deposits**) / (Total assets – Unrestricted cash and deposits) ** Unrestricted cash and deposits = Cash and cash equivalents at the end of the period –distributions for the period
Operating Revenue	・ The pre-condition assumes lease business revenue from the aforementioned investment assets of 35 properties. It is calculated based on the individual lease contracts, which is valid as of December 25, 2018, and estimated fluctuating factors.

	Pre-Conditions & Assumptions
Operating Expenses	・ Regarding real estate taxes, city planning taxes and other imposts relating to the aforementioned investment assets of 35 properties, the portion allocated to the 30th fiscal period, which is ¥ 1,078 million, will be posted to leasing business expenses. However, should properties be newly acquired during the 30th fiscal period and municipal property taxes and other monies for settlement occur between the Investment Corporation and the seller, the aforementioned monies will be included in its acquisition cost. ・ Regarding repair expenses, the amount estimated based on planned construction projects during the 30th fiscal period is budgeted as expenses (¥ 341 million for the 30th fiscal period). However, actual repair expenses may be substantially different from the expected amount due to outlay date or certain unanticipated factors. ・ Depreciation expenses are calculated using the straight-line method. It includes ancillary expenses regarding the future acquisitions and additional future capital expenses estimated based on planned construction projects during the 30th fiscal period (¥ 1,975 million for the 30th fiscal period). ・ Other expenses related to rent business (commissions and fees, etc.) is calculated based on actual figures and estimated fluctuating factors.
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 ¥ 263 million for the 30th fiscal period.
Distribution per Unit	・ Cash dividends (distribution per unit) are calculated according to the Investment Corporation's distribution policy described in its Articles of Incorporation. ・ The number of the outstanding investment units is based on the number as of December 25, 2018, which are 496,000 units. ・ It is assumed that there will be neither additional nor withdraw of reserve for reduction. ・ 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.

	Pre-Conditions & Assumptions
Distribution in Excess of Earnings per Unit	・ The Investment Corporation does not currently anticipate cash distributions in excess of earnings per unit.
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/

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