

September 30, 2021

To All Concerned Parties

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

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**Notice Concerning Submission of Amended Shelf Registration Statement for
Issuance of Green Bonds**

Frontier Real Estate Investment Corporation (the “Investment Corporation”) hereby announces that today it submitted an amended shelf registration statement (current shelf registration statement was submitted on October 21, 2020) for the issuance of the Frontier Real Estate Investment Corporation Unsecured Investment Corporation Bonds (with special pari passu conditions among specified Investment Corporation Bonds [Green Bonds] [hereinafter, “Green Bonds”]) to the Kanto Local Finance Bureau. Details are provided below.

1. Content of amended shelf registration statement for Green Bonds issuance

Today, the Investment Corporation submitted an amended shelf registration statement for these Green Bonds to the Kanto Local Finance Bureau.

The Investment Corporation plans to use the net proceeds from the Green Bonds in their entirety as funds to repay loans (including their refinancing) taken on to acquire specific assets (hereinafter, “Green eligible assets”) that met the criteria for eligibility (refer below to “3. Overview of Green Finance Framework [Criteria for Eligibility]”).

2. Purpose and background of Green Bonds issuance

The Investment Corporation, together with Mitsui Fudosan Frontier REIT Management Inc. (hereinafter, “the Asset Management Company”), the asset management company serving the Investment Corporation, recognizes that real estate management is an initiative always undertaken within society, the economy and the earth. Moreover, to be a J-REIT that can be held by investors for the long term, we understand that it is essential to reduce environmental impact, build sustainable relationships with various stakeholders of the Investment Corporation, and set up a governance structure. Taking into consideration the role that the Asset Management Company should play in its relationship with stakeholders, we determined that establishing and implementing the Sustainability Policy, centered on the aim of managing assets with attention to the environment, society and governance (ESG), would maximize the Investment Corporation’s unitholder value.

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In addition to going further in its pursuit of initiatives related to reducing environmental impact and building sustainable relationships with various stakeholders as stipulated in the Sustainability Policy, the Investment Corporation considered raising funds through the issuance of this Green Bonds and has decided to submit an amended shelf registration statement for the issuance of the Green Bonds with the aim of building a more solid financial foundation through efforts to expand the breadth of its investors by spurring demand among investors with a strong interest in ESG and to diversify its financing methods.

3. Overview of Green Finance Framework

【Criteria for Eligibility】

The Investment Corporation devised the Green Finance Framework (hereinafter, “the Green Finance Framework”), aligned with Green Bond Principles 2021 (Note 1), Green Bond Guidelines (2020 version) (Note 2), Green Loan Principles 2021 (Note 3) and Green Loan and Sustainability Linked Loan Guidelines (2020 version) (Note 4), and stipulated the Green eligible assets.

The Investment Corporation plans to use the funds raised with Green Bonds or Green Loans to acquire Green buildings that meet the following eligibility criteria, to make repairs, or to refinance such loans.

(1) Green Buildings

Properties that have acquired or plan to acquire any of the certifications ① to ④ below, from third-party institutions (hereinafter, “Green Building Certification”)

- ① 3 to 5 stars in the DBJ Green Building Certification
- ② B+ to S rank in the CASBEE real estate certification
- ③ 3 to 5 stars in the BELS evaluation
- ④ Silver to Platinum in the LEED rating system

(2) Repair work

Any of the following repair work:

- Repair work carried out to improve the rank in certifications ① to ④ in (1) above by one rank or more and to renew or acquire environmental certification
- Repair work to facilities and other aimed at making beneficial improvements for the environment, such as improving energy efficiency and water consumption performance (work resulting in a 30% or more improvement in performance)

(Note 1) Green Bond Principles 2021 are guidelines for the issuance of green bonds established by the Green Bond Principles Executive Committee, a private organization for which the International Capital Market Association (ICMA) serves as secretariat; hereinafter, “Green Bond Principles.”

(Note 2) The Green Bond Guidelines (2020 version; hereinafter, “Green Bond Guidelines”) were established and published in March 2017 and revised in March 2020 by Japan’s Ministry of the Environment. These Guidelines, in accordance with the Green Bond Principles, provide illustrative examples of specific approaches and interpretations tailored to the Japanese market and thus serve as a reference for issuers, investors and other market participants in their decision-making on green bonds, with the aim of spurring green bond issuance and investment

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in Japan.

(Note 3) The Green Loan Principles 2021 are guidelines for loans whose use is restricted to projects with environmental objectives, established by the Loan Market Association (LMA), the Asia Pacific Loan Market Association (APLMA) and the Loan Syndication & Trading Association (LSTA); hereinafter, “Green Loan Principles.”

(Note 4) The Green Loan and Sustainability Linked Loan Guidelines (2020 version; hereinafter, “Green Loan and Sustainability Linked Loan Guidelines”) are guidelines established and released by Japan’s Ministry of the Environment in March 2020. The Guidelines, in accordance with the Green Loan Principles for green loans, seek to provide borrowers, lenders and other market participants with illustrative examples of specific approaches and interpretations tailored to the Japanese market to aid with decision-making regarding green loans, thereby spurring utilization of green loans in Japan.

【Eligibility Criteria and Process for Selection】

The criteria for eligibility are discussed by the Sustainability Committee, which is chaired by the Chief Executive Officer and Representative Director of the Asset Management Company, and decided by the authority of the Chief Executive Officer and Representative Director. The person in charge of finances at the Asset Management Company considers whether projects that will utilize the proceeds meet the criteria for eligibility, carries out an evaluation and makes selections.

【Management of Proceeds】

The proceeds from green financing is promptly or swiftly used to acquire eligible green assets, to repay loans used to acquire eligible green assets, or to redeem investment corporation bonds issued to acquire eligible green assets.

When some of the proceeds is not allocated, the liability amount calculated by multiplying the total acquisition cost for the eligible green assets held by the Investment Corporation by the fiscal period-end LTV that can be calculated at the confirmation point (hereinafter, the “eligible green liability amount”) is set as the maximum for green financing, and the green financing balance is managed so that it does not exceed the eligible green liability amount.

【Reporting】

<Reporting on status of financing allocations>

The properties eligible for allocations will be disclosed on the Investment Corporation’s website, in press releases or by other means when funding is raised.

When a property eligible for allocation is sold, it will be disclosed in a press release that the property received green financing. As long as there is a green financing balance, even after the sale, the following items as of the end of June every year will be disclosed on the Investment Corporation’s website.

- Total acquisition cost for eligible green assets
- LTV

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- Eligible green liability amount
- Green financing balance

<Reporting on the effect of environmental improvements>

As long as there is a green financing balance, the following items will be disclosed on the Investment Corporation's website every year to the extent that such is operationally possible.

- Status of the acquisition of green building certification (number of properties, gross floor area, percentage acquired [based on gross floor area])
- Name of buildings eligible as a green asset, type of green building certification, evaluation and date certification was acquired (renewed)
- Details of repair work and target properties if financing is allocated to repair work (name, quantitative indicators related to environment before and after repair work, or type of green building certification and evaluation before and after repair work)

4. Evaluation by Outside Organizations of Green Finance Framework

The Investment Corporation obtained a Green 1 (F) rating from Japan Credit Rating Agency, Ltd. (JCR) in the JCR Green Finance Framework Evaluation (Note 1), which is its highest rating in this third-party evaluation of its Green Finance Framework. Please see below for details.

JCR Green Finance Framework Evaluation: <https://www.jcr.co.jp/en/greenfinance/>

When obtaining third-party evaluation for the Green Finance Framework, JCR, which is the issuance supporter, receives notification from Green Finance Organization Japan on the decision as to whether it will be eligible for subsidies under the Ministry of the Environment's FY2020 Financial Support Program for Green Bond Issuance (Note 2).

(Note 1) "JCR Green Finance Framework Evaluation" is a third-party evaluation on the policy for the issuance of green bonds or the borrowing of green loans (green finance policy) of an issuer or a borrower based on the Green Bond Principles formulated by the ICMA, the Green Loan Principles established by the LMA and others, and the Green Bond Guidelines and the Green Loan and Sustainability Linked Loan Guidelines established by the Ministry of the Environment. In this evaluation, JCR conducts a "Greenness Evaluation" to assess whether the projects stated in the green finance policy of the issuer or the borrower qualify as green projects, and to assess the use of the money raised (the percentage of money allocated to green projects), and also carries out a "Management, Operation and Transparency Evaluation" to assess the management and operation system and transparency of the issuer or the borrower. The overall evaluation results of these assessments are used to determine the "JCR Green Finance Framework Evaluation." To distinguish the "JCR Green Finance Framework Evaluation" from the assessment of individual bonds or borrowings, an "F" is added to the end of the assessment symbol.

(Note 2) "Financial Support Program for Green Bond Issuance" refers to the program that provides

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subsidies for the expenses incurred by a registered issuance supporter that support companies, municipalities and other bodies that seek to issue green bonds in granting outside review, consultation on establishing a green bond framework, etc. The requirements for the eligible green bonds are that the entire proceeds of the bonds are to be used for green projects and that it has to satisfy all the following criteria at the time of issuance.

- (1) At least one of the following must be satisfied at the time of issuance of the green bonds:
 - ① A project that contributes mainly to domestic decarbonization (renewable energy, energy efficiency, etc.)
 - Projects for which equal to or more than half of the proceeds, or equal to or more than half of the number of projects, are for domestic decarbonization-related projects.
 - ② Has significant effects on decarbonization and vitalization of local economy
 - Decarbonization effects – Those whose subsidy amount per ton of domestic CO₂ reduction is less than the specified amount
 - Effects of vitalization of local economy – Projects that are expected to contribute to the revitalization of the local economy as part of the ordinance and plan, etc. decided by the municipality
 - Projects in which municipalities can be expected to invest, etc.
- (2) The green bond framework has to be confirmed by an external review organization for compliance with the Green Bond Guidelines before issuance.
- (3) It must not be a so-called green-wash bond (a bond that claims to be a "green bond" even though it does not actually improve the environment or the funds raised are not properly allocated to environmental projects).

Frontier Real Estate Investment Corporation website: <https://www.frontier-reit.co.jp/en/>

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