

**Summary of Financial Results for the 29th Fiscal Period**  
**(July 1, 2018 to December 31, 2018)**  
**<Under Japanese GAAP>**

Name of REIT Issuer : Frontier Real Estate Investment Corporation  
 Stock Exchange Listing : Tokyo Stock Exchange  
 Securities Code : 8964  
 Website : <http://www.frontier-reit.co.jp/eng/>  
 Representative : Takao Iwadou, Executive Director  
 Name of Asset Manager : Mitsui Fudosan Frontier REIT Management Inc.  
 Representative : Goro Toyama,  
 Chief Executive Officer and Representative Director  
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 Scheduled date to file securities report : March 27, 2019  
 Scheduled date to commence distribution payments : March 12, 2019

(Amounts of less than one million yen are rounded down, ratios are rounded off, unless otherwise stated)

**1. Performance for the 29th Fiscal Period ( July 1, 2018 to December 31, 2018 )**

**(1) Business Results**

(% show period-on-period changes)

	Operating Revenue		Operating Income		Ordinary Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Period ended, December 31, 2018	10,349	1.1	5,451	0.7	5,177	0.9	5,099	0.9
June 30, 2018	10,240	1.0	5,411	1.5	5,131	1.9	5,056	0.5

	Net Income per Unit	Return on Equity (Note)	Ordinary Income to Total Assets	Ordinary Income to Operating Revenue
	yen	%	%	%
Period ended, December 31, 2018	10,281	3.4	1.8	50.0
June 30, 2018	10,193	3.3	1.9	50.1

Note: Return on Equity = Net income / ((Net assets at beginning of period + Net assets at end of period)/2)×100

**(2) Distributions**

(Ratios are rounded down)

	Distribution per Unit	Total Distributions	Distribution in Excess of Earnings per Unit	Total Distributions in Excess of Earnings	Payout Ratio (Note)	Distribution to Net Assets
	yen	Millions of yen	yen	Millions of yen	%	%
Period ended, December 31, 2018	10,282	5,099	0	0	100.0	3.3
June 30, 2018	10,194	5,056	0	0	100.0	3.3

Note: Payout ratio = Total Distributions / Net Income×100

### (3) Financial Position

	Total Assets	Net Assets	Equity Ratio (Note)	Net Assets per Unit
Period ended,	Millions of yen	Millions of yen	%	yen
December 31, 2018	280,006	151,879	54.2	306,207
June 30, 2018	280,956	151,835	54.0	306,120

Note: Equity Ratio = Net assets / Total assets×100

### (4) Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Period
Period ended,	Millions of yen	Millions of yen	Millions of yen	Millions of yen
December 31, 2018	7,008	(1,210)	(5,079)	10,239
June 30, 2018	7,430	(11,716)	2,972	9,521

## 2. Forecast of Results for the 30th Fiscal Period (January 1, 2019 to June 30, 2019)

(Percentages show period-on-period changes)

	Operating Revenue		Operating Income		Ordinary Income		Net Income		Distribution per Unit (Note3)	Distribution in Excess of Earnings per Unit
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen	yen
Period ended, June 30, 2019	10,242	(1.0)	5,471	0.4	5,208	0.6	5,207	2.1	10,490	0

Notes:

1. The aforementioned forecast is based on the "Pre-Conditions and Assumptions for Operating Forecasts for the 30th Fiscal Period (January 1, 2019 to June 30, 2019)" on Page 3.
2. Forecast for the 30th fiscal period may differ significantly from actual results due to changes in operating conditions and a variety of factors. Accordingly, the Investment Corporation does not guarantee the payment of the forecast distribution amount.
3. Amount of less than ten yen is rounded down.

**Pre-Conditions and Assumptions for Operating Forecasts  
for the 30th Fiscal Period (January 1, 2019 to June 30, 2019)**

	<b>Pre-Conditions &amp; Assumptions</b>
<b>Investment Assets</b>	<ul style="list-style-type: none"> <li>• The Investment Corporation owns total 35 properties as of February 15, 2019.</li> <li>• 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).</li> <li>• Actual numbers may change due to the future acquisitions and/or disposals of existing properties, if any.</li> </ul>
<b>Loan to Value Ratio</b>	<ul style="list-style-type: none"> <li>• The balance of borrowings, etc. as of February 15, 2019 is ¥ 93,400 million.</li> <li>• It is assumed that refinancing and partial self-financing will be executed for the repayment of borrowings due by June 30, 2019.</li> <li>• 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</li> </ul>
<b>Operating Revenue</b>	<ul style="list-style-type: none"> <li>• 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 February 15, 2019, and estimated fluctuating factors.</li> </ul>
<b>Operating Expenses</b>	<ul style="list-style-type: none"> <li>• Regarding property taxes, city planning taxes, etc. 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.</li> <li>• Regarding repairs and maintenance, 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 repairs and maintenance may be substantially different from the expected amount due to outlay date or certain unanticipated factors.</li> <li>• Depreciation and amortization 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).</li> <li>• Other expenses related to rent business (property management expenses, etc.) is calculated based on actual figures and estimated fluctuating factors.</li> </ul>

	<b>Pre-Conditions &amp; Assumptions</b>
<b>Non-operating Expenses</b>	<ul style="list-style-type: none"> <li>• 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.</li> </ul>
<b>Distribution per Unit</b>	<ul style="list-style-type: none"> <li>• Cash dividends (distribution per unit) are calculated according to the Investment Corporation's distribution policy described in its Articles of Incorporation.</li> <li>• The number of the outstanding investment units is based on the number as of February 15, 2019, which are 496,000 units.</li> <li>• It is assumed that there will be neither additional nor withdraw of reserve for reduction.</li> <li>• 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.</li> </ul>
<b>Distribution in Excess of Earnings per Unit</b>	<ul style="list-style-type: none"> <li>• The Investment Corporation does not currently anticipate cash distributions in excess of earnings per unit.</li> </ul>
<b>Others</b>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> </ul>

## Balance Sheet

(Thousands of Yen)

	The 29th Period As of December 31, 2018	The 28th Period As of June 30, 2018
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	¥ 7,136,838	¥ 5,975,247
Cash and deposits in trust	3,602,749	4,043,830
Operating accounts receivable	149,260	134,962
Prepaid expenses	34,357	14,027
<b>Total current assets</b>	<b>10,923,206</b>	<b>10,168,068</b>
<b>Non-current assets</b>		
Property, plant and equipment		
Buildings	55,864,345	55,807,044
Accumulated depreciation	(20,846,879)	(19,824,108)
Buildings, net	35,017,465	35,982,935
Structures	1,129,080	1,128,567
Accumulated depreciation	(831,930)	(801,481)
Structures, net	297,150	327,085
Tools, furniture and fixtures	61,762	60,834
Accumulated depreciation	(36,549)	(33,454)
Tools, furniture and fixtures, net	25,212	27,380
Land	75,062,270	75,054,834
Buildings in trust	51,024,745	50,817,840
Accumulated depreciation	(19,501,740)	(18,534,888)
Buildings in trust, net	31,523,005	32,282,951
Structures in trust	850,335	848,562
Accumulated depreciation	(533,588)	(509,327)
Structures in trust, net	316,747	339,235
Machinery and equipment in trust	715,519	715,519
Accumulated depreciation	(540,121)	(511,384)
Machinery and equipment in trust, net	175,397	204,134
Tools, furniture and fixtures in trust	74,810	72,974
Accumulated depreciation	(40,199)	(35,552)
Tools, furniture and fixtures in trust, net	34,610	37,422
Land in trust	126,449,450	126,449,450
Construction in progress in trust	44,506	30,669
Total property, plant and equipment	268,945,817	270,736,099
Intangible assets		
Other	915	1,143
Total intangible assets	915	1,143
Investments and other assets		
Long-term prepaid expenses	65,676	30
Lease and guarantee deposits	10,000	10,000
Lease and guarantee deposits in trust	20,400	20,400
Deferred tax assets	12	8
Total investments and other assets	96,089	30,439
<b>Total non-current assets</b>	<b>269,042,823</b>	<b>270,767,683</b>
<b>Deferred assets</b>		
Investment corporation bonds issuance costs	40,288	20,972
<b>Total deferred assets</b>	<b>40,288</b>	<b>20,972</b>
<b>Total assets</b>	<b>¥280,006,317</b>	<b>¥280,956,724</b>

(Thousands of Yen)

	The 29th Period As of December 31, 2018	The 28th Period As of June 30, 2018
<b>Liabilities</b>		
<b>Current liabilities</b>		
Operating accounts payable	¥ 1,050,085	¥ 986,294
Short-term loans payable	2,000,000	6,000,000
Current portion of long-term loans payable	9,000,000	4,700,000
Accounts payable –other	26,456	35,124
Accrued expenses	255,216	270,497
Income taxes payable	866	779
Accrued consumption taxes	205,271	165,354
Advances received	1,116,222	1,115,997
Deposits received	5,858	3,071
Provision for loss on disaster	-	74,545
Other	32,414	32,400
<b>Total current liabilities</b>	<b>13,692,390</b>	<b>13,384,064</b>
<b>Non-current liabilities</b>		
Investment corporation bonds	5,000,000	3,000,000
Long-term loans payable	77,400,000	79,700,000
Tenant leasehold and security deposits	16,562,241	17,063,725
Tenant leasehold and security deposits in trust	15,464,678	15,964,114
Other	7,857	9,280
<b>Total non-current liabilities</b>	<b>114,434,777</b>	<b>115,737,120</b>
<b>Total liabilities</b>	<b>128,127,167</b>	<b>129,121,184</b>
<b>Net assets</b>		
<b>Unitholders' equity</b>		
Unitholders' capital	146,590,931	146,590,931
Surplus		
Voluntary retained earnings		
Reserve for reduction entry	188,321	188,321
Total voluntary retained earnings	188,321	188,321
Unappropriated retained earnings	5,099,897	5,056,287
Total surplus	5,288,218	5,244,608
<b>Total unitholders' equity</b>	<b>151,879,150</b>	<b>151,835,539</b>
<b>Total net assets</b>	<b>151,879,150</b>	<b>151,835,539</b>
<b>Total liabilities and net assets</b>	<b>¥280,006,317</b>	<b>¥280,956,724</b>

## Statement of Income and Retained Earnings

(Thousands of Yen)

	For the 29th Period from July 1, 2018 to December 31, 2018	For the 28th Period from January 1, 2018 to June 30, 2018
<b>Operating revenue</b>		
Rent revenue – real estate	¥10,325,846	¥10,185,495
Rent revenue – other	23,169	55,034
Total operating revenue	10,349,016	10,240,530
<b>Operating expenses</b>		
Expenses related to rent business	4,243,196	4,185,468
Asset management fee	515,037	497,956
Asset custody fee	14,047	13,639
Administrative service fees	22,609	23,895
Directors' compensations	6,600	6,600
Other operating expenses	95,854	101,215
Total operating expenses	4,897,345	4,828,774
<b>Operating income</b>	5,451,670	5,411,755
<b>Non-operating income</b>		
Interest income	18	54
Reversal of distribution payable	604	1,531
Insurance income	2,462	4,793
Other	604	15
Total non-operating income	3,690	6,394
<b>Non-operating expenses</b>		
Interest expenses	244,219	262,523
Interest expenses on investment corporation bonds	18,762	10,532
Amortization of investment corporation bond issuance costs	1,459	764
Other	13,061	12,967
Total non-operating expenses	277,502	286,787
<b>Ordinary income</b>	5,177,858	5,131,361
<b>Extraordinary losses</b>		
Loss on disaster	77,158	-
Provision for loss on disaster	-	74,545
Total extraordinary losses	77,158	74,545
<b>Income before income taxes</b>	5,100,700	5,056,816
Income taxes – current	869	787
Income taxes – deferred	(4)	5
Total income taxes	865	792
<b>Net income</b>	5,099,834	5,056,023
<b>Retained earnings brought forward</b>	63	263
<b>Unappropriated retained earnings</b>	¥ 5,099,897	¥ 5,056,287

## Statement of Cash Flows

(Thousands of Yen)

	For the 29th Period from July 1, 2018 to December 31, 2018	For the 28th Period from January 1, 2018 to June 30, 2018
<b>Cash flows from operating activities</b>		
Income before income taxes	¥ 5,100,700	¥ 5,056,816
Depreciation and amortization	2,081,038	2,078,725
Amortization of investment corporation bond issuance costs	1,459	764
Increase (decrease) in provision for loss on disaster	-	74,545
Interest income	(18)	(54)
Interest expenses	262,981	273,055
Loss on disaster	77,158	-
Decrease (increase) in operating accounts receivable	(14,297)	11,470
Decrease (increase) in prepaid expenses	(85,976)	15,884
Increase (decrease) in operating accounts payable	(57,091)	163,950
Increase (decrease) in accrued expenses	(4,099)	6,899
Increase (decrease) in accrued consumption taxes	39,783	(21,840)
Increase (decrease) in advances received	(2,880)	39,358
Other, net	(4,537)	(3,210)
Subtotal	7,394,220	7,696,364
Interest income received	18	54
Interest expenses paid	(263,721)	(264,679)
Payments for loss on disaster	(121,229)	-
Income taxes paid	(782)	(896)
Net cash provided by (used in) operating activities	7,008,505	7,430,842
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(31,953)	(2,137,385)
Purchase of property, plant and equipment in trust	(182,898)	(9,483,512)
Purchase of intangible assets	-	(329)
Repayments of tenant leasehold and security deposits	(493,984)	(455,573)
Proceeds from tenant leasehold and security deposits	-	35,000
Repayments of tenant leasehold and security deposits in trust	(514,857)	(253,781)
Proceeds from tenant leasehold and security deposits in trust	15,421	604,416
Payments for restricted bank deposits in trust	(9,407)	(25,616)
Proceeds from reversal of restricted bank deposits in trust	6,876	-
Net cash provided by (used in) investing activities	(1,210,803)	(11,716,781)
<b>Cash flows from financing activities</b>		
Proceeds from short-term loans payable	7,000,000	30,000,000
Repayment of short-term loans payable	(11,000,000)	(28,500,000)
Proceeds from long-term loans payable	4,200,000	16,000,000
Repayment of long-term loans payable	(2,200,000)	(9,500,000)
Proceeds from issuance of investment corporation bonds	2,000,000	-
Payments for investment corporation bond issuance costs	(21,106)	-
Dividends paid	(5,058,616)	(5,027,807)
Net cash provided by (used in) financing activities	(5,079,723)	2,972,192
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>717,979</b>	<b>(1,313,746)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>9,521,205</b>	<b>10,834,951</b>
<b>Cash and cash equivalents at end of period (Note)</b>	<b>¥10,239,184</b>	<b>¥ 9,521,205</b>

Note: There are restricted cash ¥497 million (28th) and ¥500 million (29th) for repayments of lease and guarantee deposits received.