

**Summary of Financial Results for the 22nd Fiscal Period**  
**(January 1, 2015 to June 30, 2015)**  
**<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 : Kazuichi Nagata, Executive Director  
 Name of Asset Manager : Mitsui Fudosan Frontier REIT Management Inc.  
 Representative : Hiroshi Tanaka,  
 Chief Executive Officer and Representative Director  
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 Scheduled date to file securities report : September 29, 2015  
 Scheduled date to commence distribution payments : September 8, 2015

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

**1. Performance for the 22nd Fiscal Period ( January 1, 2015 to June 30, 2015 )**

**(1) Business Results**

(% show period-on-period changes)

	Operating Revenue		Operating Income		Ordinary Income		Net Income	
Period ended,	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2015	9,853	(5.2)	5,067	(7.0)	4,643	(7.3)	4,642	(7.3)
December 31, 2014	10,390	(2.3)	5,451	(5.2)	5,008	(5.6)	5,007	(5.7)

	Net Income per Unit	Return on Equity (Note)	Ordinary Income to Total Assets	Ordinary Income to Operating Revenue
Period ended,	yen	%	%	%
June 30, 2015	9,359	3.1	1.7	47.1
December 31, 2014	10,095	3.3	1.9	48.2

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 (Note1)	Distribution to Net Assets
Period ended,	yen	Millions of yen	yen	Millions of yen	%	%
June 30, 2015	9,360	4,642	0	0	100.0	3.0
December 31, 2014	9,707	4,814	0	0	96.1	3.1

Notes:

1. Payout ratio = Total Distributions / Net Income×100
2. Part of unappropriated retained earnings, 192million yen for the 21st fiscal period (July 1, 2014 to December 31, 2014), is internally reserved.

### (3) Financial Position

	Total Assets	Net Assets	Equity Ratio (Note)	Net Assets per Unit
Period ended,	Millions of yen	Millions of yen	%	yen
June 30, 2015	269,014	151,762	56.4	305,972
December 31, 2014	263,035	151,934	57.8	306,320

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
June 30, 2015	6,739	(19,838)	2,066	8,023
December 31, 2014	8,660	225	(5,683)	19,056

## 2. Forecast of Results for the 23rd Fiscal Period (July 1, 2015 to December 31, 2015)

(Percentages show period-on-period changes)

	Operating Revenue		Operating Income		Ordinary Income		Net Income		Distribution per Unit	Distribution in Excess of Earnings per Unit
Period ended,	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen	yen
December 31, 2015	9,985	1.3	5,085	0.4	4,669	0.6	4,667	0.6	9,400	0

Notes:

1. The aforementioned forecast is based on the "Pre-Conditions and Assumptions for Operating Forecasts for the 23rd Fiscal Period (July 1, 2015 to December 31, 2015)" on Page 3.
2. Forecast for the 23rd 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.

**Pre-Conditions and Assumptions for Operating Forecasts**  
**for the 23rd Fiscal Period (July 1, 2015 to December 31, 2015)**

	Pre-Conditions & Assumptions
<b>Investment Assets</b>	<ul style="list-style-type: none"> <li>The Investment Corporation owns total 32 properties as of August 14, 2015.</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 23rd fiscal period (December 31, 2015).</li> <li>Actual numbers may change due to the future acquisitions and/or disposals of existing properties, if any.</li> </ul>
<b>Investment Units Issued</b>	<ul style="list-style-type: none"> <li>The number of the outstanding investment units is based on the number as of August 14, 2015, which are 496,000 units.</li> </ul>
<b>Liabilities</b>	<ul style="list-style-type: none"> <li>The balance of loans, etc. as of August 14, 2015 is ¥ 77,180 million.</li> <li>It is assumed that refinancing will be executed for the repayment of loans due by December 31, 2015.</li> <li>The loan to value ratio (LTV*) as of December 31, 2015 is expected to be approximately 41%.  <math display="block">\text{* LTV} = (\text{Loans, etc.} + \text{Security deposits} - \text{Unrestricted cash and deposits}) / (\text{Total assets} - \text{Unrestricted cash and deposits})</math> </li> </ul>
<b>Operating Revenue</b>	<ul style="list-style-type: none"> <li>This assumes rent revenue from existing portfolio assets of 32 properties. It is calculated based on the individual lease contracts which is valid as of August 14, 2015 and estimated fluctuating factors.</li> </ul>
<b>Operating Expenses</b>	<ul style="list-style-type: none"> <li>The expenses related to rent business (subcontracting expenses, etc.), which are major operating expenses, is calculated based on actual figures and estimated fluctuating factors.</li> <li>Regarding repair expenses, the amount estimated based on planned construction projects during the 23rd fiscal period is budgeted as expenses.</li> <li>Regarding property taxes, city planning taxes and other imposts relating to the properties owned by the Investment Corporation, the portion allocated to the 23rd fiscal period, which is ¥ 1,036 million, will be posted to expenses related to rent business. However, should properties be newly acquired during the 23rd 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>Depreciation is calculated by the straight-line method. It includes ancillary expenses and additional future capital expenses (¥ 2,197 million for the 23rd fiscal period).</li> </ul>
<b>Non-operating Expenses</b>	<ul style="list-style-type: none"> <li>It is assumed that non-operating expenses, which include interests charged on loans, security deposits, investment corporation bonds and so on, will be ¥ 419 million for the 23rd fiscal period.</li> </ul>

	Pre-Conditions & Assumptions
Distribution per Unit	<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>• Cash distribution per unit may change for a variety of reasons including changes in the Investment Corporation's investment assets, changes in Irent revenues due to tenant movements, etc. and/or the incidence of unforeseen repairs and maintenance.</li> <li>• It is assumed that there will be neither additional nor withdraw of reserve for reduction.</li> </ul>
Distribution in Excess of Earnings per Unit	<ul style="list-style-type: none"> <li>• The Investment Corporation does not currently anticipate cash distributions in excess of earnings per unit.</li> </ul>
Others	<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 22nd Period As of June 30, 2015	The 21st Period As of December 31, 2014
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	¥ 5,795,666	¥ 16,432,256
Cash and deposits in trust	3,682,448	3,091,718
Operating accounts receivable	156,493	161,392
Prepaid expenses	40,541	40,601
Deferred tax assets	10	21
Other	162,604	23,485
<b>Total current assets</b>	<b>9,837,765</b>	<b>19,749,476</b>
<b>Non-current assets</b>		
Property, plant and equipment		
Buildings	55,425,217	55,338,601
Accumulated depreciation	(13,670,935)	(12,597,927)
Buildings, net	41,754,282	42,740,673
Structures	1,148,777	1,146,921
Accumulated depreciation	(603,290)	(561,946)
Structures, net	545,486	584,975
Tools, furniture and fixtures	31,804	29,972
Accumulated depreciation	(19,613)	(18,070)
Tools, furniture and fixtures, net	12,190	11,902
Land	71,448,200	71,445,467
Buildings in trust	49,764,858	47,362,923
Accumulated depreciation	(14,655,747)	(13,670,563)
Buildings in trust, net	35,109,111	33,692,360
Structures in trust	945,297	906,940
Accumulated depreciation	(456,207)	(428,770)
Structures in trust, net	489,090	478,170
Machinery and equipment in trust	669,558	669,558
Accumulated depreciation	(311,141)	(277,150)
Machinery and equipment in trust, net	358,416	392,407
Tools, furniture and fixtures in trust	73,085	67,007
Accumulated depreciation	(27,547)	(23,066)
Tools, furniture and fixtures in trust, net	45,538	43,941
Land in trust	109,338,522	93,756,336
Construction in progress in trust	-	54,177
Total property, plant and equipment	259,100,839	243,200,411
Intangible assets		
Other	2,582	841
Total intangible assets	2,582	841
Investments and other assets		
Long-term prepaid expenses	38,483	47,431
Lease and guarantee deposits	10,000	10,000
Lease and guarantee deposits in trust	20,400	20,400
Total investments and other assets	68,883	77,831
<b>Total non-current assets</b>	<b>259,172,305</b>	<b>243,279,085</b>
<b>Deferred assets</b>		
Investment corporation bonds issuance costs	4,099	7,174
<b>Total deferred assets</b>	<b>4,099</b>	<b>7,174</b>
<b>Total assets</b>	<b>¥ 269,014,169</b>	<b>¥ 263,035,736</b>

(Thousands of Yen)

	The 22nd Period As of June 30, 2015	The 21st Period As of December 31, 2014
<b>Liabilities</b>		
<b>Current liabilities</b>		
Operating accounts payable	¥ 889,221	¥ 648,514
Short-term loans payable	3,500,000	2,500,000
Current portion of long-term loans payable	7,240,000	10,240,000
Current portion of investment corporation bonds	5,000,000	-
Accounts payable—other	47,342	37,081
Accrued expenses	285,248	277,058
Income taxes payable	645	669
Accrued consumption taxes	101,353	269,338
Advances received	1,137,437	1,046,299
Deposits received	1,862	2,785
Other	21,302	1,430
<b>Total current liabilities</b>	<b>18,224,412</b>	<b>15,023,176</b>
<b>Non-current liabilities</b>		
Investment corporation bonds	-	5,000,000
Long-term loans payable	61,440,000	52,560,000
Tenant leasehold and security deposits	18,564,611	18,843,570
Tenant leasehold and security deposits in trust	18,994,939	19,643,454
Other	27,717	30,793
<b>Total non-current liabilities</b>	<b>99,027,267</b>	<b>96,077,818</b>
<b>Total Liabilities</b>	<b>117,251,679</b>	<b>111,100,995</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	528,821	336,249
Total voluntary retained earnings	528,821	336,249
Unappropriated retained earnings	4,642,737	5,007,559
Total surplus	5,171,558	5,343,809
<b>Total unitholders' equity</b>	<b>151,762,490</b>	<b>151,934,740</b>
<b>Total net assets</b>	<b>151,762,490</b>	<b>151,934,740</b>
<b>Total liabilities and net assets</b>	<b>¥ 269,014,169</b>	<b>¥263,035,736</b>

## Statement of Income and Retained Earnings

	(Thousands of Yen)	
	For the 22nd Period from January 1, 2015 to June 30, 2015	For the 21st Period from July 1, 2014 to December 31, 2014
<b>Operating revenue</b>		
Rent revenue – real estate	¥ 9,763,448	¥ 9,549,441
Rent revenue – other	89,922	48,774
Gain on sales of real estate properties	-	791,801
Total operating revenue	9,853,371	10,390,017
<b>Operating expenses</b>		
Expenses related to rent business	4,244,625	4,381,655
Asset management fee	413,853	427,900
Asset custody fee	13,151	13,247
Administrative service fees	22,181	20,487
Directors' compensations	6,600	6,600
Other operating expenses	85,043	89,042
Total operating expenses	4,785,456	4,938,932
<b>Operating income</b>	5,067,914	5,451,084
<b>Non-operating income</b>		
Interest income	1,843	1,713
Interest on securities	915	2,013
Insurance income	-	1,357
Reversal of distribution payable	1,573	1,729
Other	-	53
Total non-operating income	4,332	6,868
<b>Non-operating expenses</b>		
Interest expenses	380,689	396,782
Interest expenses on investment corporation bonds	26,530	26,969
Amortization of investment corporation bonds issuance costs	3,074	3,074
Other	18,684	22,591
Total non-operating expenses	428,978	449,418
<b>Ordinary income</b>	4,643,268	5,008,534
<b>Income before income taxes</b>	4,643,268	5,008,534
Income taxes – current	836	1,053
Income taxes – deferred	11	(8)
Total income taxes	847	1,045
<b>Net income</b>	4,642,421	5,007,489
<b>Retained earnings brought forward</b>	316	70
<b>Unappropriated retained earnings</b>	¥ 4,642,737	¥ 5,007,559

## Statement of Cash Flows

(Thousands of Yen)

	For the 22nd period from January 1, 2015 to June 30, 2015	For the 21st Period from July 1, 2014 to December 31, 2014
<b>Cash flows from operating activities</b>		
Income before income taxes	¥ 4,643,268	¥ 5,008,534
Depreciation and amortization	2,167,209	2,159,839
Amortization of investment corporation bonds issuance costs	3,074	3,074
Interest income	(2,759)	(3,727)
Interest expenses	407,220	423,752
Decrease (increase) in operating accounts receivable	4,898	(3,647)
Decrease (increase) in prepaid expenses	9,008	18,288
Increase (decrease) in operating accounts payable	98,642	(212,792)
Increase (decrease) in accrued expenses	(6,931)	(11,733)
Increase (decrease) in accrued consumption taxes	(169,311)	163,393
Decrease (increase) in consumption taxes receivable	(148,375)	-
Increase (decrease) in advances received	88,062	(32,659)
Decrease due to sales of property, plant and equipment in trust	-	1,556,398
Other, net	35,343	32,995
Subtotal	7,129,351	9,101,716
Interest income received	3,224	3,486
Interest expenses paid	(392,098)	(443,547)
Income taxes paid	(1,000)	(719)
Net cash provided by (used in) operating activities	6,739,476	8,660,936
<b>Cash flows from investing activities</b>		
Payments into time deposits	(1,000,000)	-
Purchase of short-term investment securities	(400,000)	(400,000)
Proceeds from redemption of short-term investment securities	400,000	400,000
Purchase of property, plant and equipment	(30,352)	(17,909)
Purchase of property, plant and equipment in trust	(17,893,681)	(225,704)
Repayments of tenant leasehold and security deposits	(278,959)	(263,076)
Repayments of tenant leasehold and security deposits in trust	(1,272,416)	(883,799)
Proceeds from tenant leasehold and security deposits in trust	623,900	32,705
Proceeds from bank deposits in trust accounts corresponding to tenant leasehold and security deposits in trust	12,848	1,582,900
Net cash provided by (used in) investing activities	(19,838,660)	225,114
<b>Cash flows from financing activities</b>		
Proceeds from short-term loans payable	11,000,000	6,500,000
Repayment of short-term loans payable	(10,000,000)	(6,000,000)
Proceeds from long-term loans payable	9,000,000	5,300,000
Repayment of long-term loans payable	(3,120,000)	(6,420,000)
Dividends paid	(4,813,827)	(5,063,849)
Net cash provided by (used in) financing activities	2,066,172	(5,683,849)
<b>Net increase (decrease) in cash and cash equivalents</b>	(11,033,011)	3,202,201
<b>Cash and cash equivalents at beginning of period</b>	19,056,434	15,854,233
<b>Cash and cash equivalents at end of period (Note)</b>	¥ 8,023,423	¥19,056,434

Note: There are restricted cash ¥467million for repayments of lease and guarantee deposits received (21st), and restricted cash ¥454million for repayments of lease and guarantee deposits received and time deposits ¥1,000million (22nd).