

**Summary of Financial Results for the 32nd Fiscal Period**  
**(January 1, 2020 to June 30, 2020)**  
**<Under Japanese GAAP>**

Name of REIT Issuer : Frontier Real Estate Investment Corporation  
 Stock Exchange Listing : Tokyo Stock Exchange  
 Securities Code : 8964  
 Website : <https://www.frontier-reit.co.jp/eng/>  
 Representative : Takao Iwadou, Executive Director  
 Name of Asset Manager : Mitsui Fudosan Frontier REIT Management Inc.  
 Representative : Shintaro Ono,  
 Chief Executive Officer and Representative Director  
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 Scheduled date to file securities report : September 29, 2020  
 Scheduled date to commence distribution payments : September 8, 2020

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

**1. Performance for the 32nd Fiscal Period (January 1, 2020 to June 30, 2020)**

**(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, June 30, 2020	10,603	0.9	5,770	(0.1)	5,500	0.7	5,499	0.7
December 31, 2019	10,505	(0.4)	5,777	17.6	5,464	17.0	5,463	17.0

	Net Income per Unit	Return on Equity (Note)	Ordinary Income to Total Assets	Ordinary Income to Operating Revenue
	yen	%	%	%
Period ended, June 30, 2020	10,664	3.4	1.8	51.9
December 31, 2019	10,696	3.5	1.8	52.0

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 (excluding distributions in excess of earnings)	Total Distributions (excluding distributions in excess of earnings)	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, June 30, 2020	10,766	5,498	-	-	99.9	3.4
December 31, 2019	10,526	5,462	-	-	99.9	3.4

Note: Payout ratio = Total Distributions (excluding distributions in excess of earnings) / 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
June 30, 2020	311,051	159,111	51.2	311,514
December 31, 2019	308,815	161,575	52.3	311,320

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, 2020	7,394	(8,151)	(2,978)	9,881
December 31, 2019	7,497	(11,686)	3,600	13,616

## 2. Forecasts of Results for the 33rd Fiscal Period (July 1, 2020 to December 31, 2020) and for the 34th Fiscal Period (January 1, 2021 to June 30, 2021)

(% show period-on-period changes)

	Operating Revenue		Operating Income		Ordinary Income		Net Income		Distribution per Unit (excluding distributions in excess of earnings) (Note3)	Distribution in Excess of Earnings per Unit
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen	yen
Period ended,										
December 31, 2020	10,682	0.7	5,438	(5.8)	5,164	(6.1)	5,163	(6.1)	10,110	-
June 30, 2021	10,719	0.3	5,631	3.5	5,363	3.8	5,362	3.8	10,490	-

Notes:

- The aforementioned forecasts are based on the "Pre-Conditions and Assumptions for Operating Forecasts for the 33rd Fiscal Period (July 1, 2020 to December 31, 2020) and for the 34th Fiscal Period (January 1, 2021 to June 30, 2021)" on Page 3.
- Forecasts for the 33rd fiscal period and for the 34th 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.
- Amount of less than ten yen is rounded down.

**Pre-Conditions and Assumptions for Operating Forecasts**  
**for the 33rd Fiscal Period (July 1, 2020 to December 31, 2020)**  
**and for the 34th Fiscal Period (January 1, 2021 to June 30, 2021)**

	<b>Pre-Conditions &amp; Assumptions</b>
<b>Calculation Period</b>	<ul style="list-style-type: none"> <li>• 33rd Fiscal period ending December 31, 2020 (July 1, 2020 to December 31, 2020) (184 days)</li> <li>• 34th Fiscal period ending June 30, 2021 (January 1, 2021 to June 30, 2021) (181 days)</li> </ul>
<b>Investment Assets</b>	<ul style="list-style-type: none"> <li>• The Investment Corporation owns total 37 properties as of August 17, 2020.</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 34th fiscal period (June 30, 2021).</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 August 17, 2020 is ¥ 117,900 million.</li> <li>• It is assumed that refinancing and partial self-financing will be executed for the repayment of borrowings due by June 30, 2021.</li> <li>• The loan to value ratio (LTV*) as of December 31, 2020 and June 30, 2021 are expected to be approximately 47% and 47%, respectively.  * LTV = (Borrowings, etc. + Security deposits – Unrestricted cash and deposits**) / (Total assets – Unrestricted cash and deposits)  ** Unrestricted cash and deposits is calculated by subtracting planned distributions for the next fiscal period and deposits in trust account such as tenant leaseholds, etc. from cash and deposits on the balance sheet of each fiscal periods.</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 37 properties. It is calculated based on the individual lease contracts, which is valid as of August 17, 2020, and estimated fluctuating factors.</li> <li>• Considering the impact of new coronavirus infectious disease (COVID-19), a risk of decreased lease business revenue of ¥ 330 million for the 33rd fiscal period and ¥ 235 million for the 34th fiscal period.</li> </ul>

	<b>Pre-Conditions &amp; Assumptions</b>
<b>Operating Expenses</b>	<ul style="list-style-type: none"> <li>• Property taxes, city planning taxes, etc. are expected to be ¥ 1,108 million for the 33rd fiscal period and ¥ 1,169 million for the 34th fiscal period. However, should properties be newly acquired during the 33rd and the 34th 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. For TENJIN216, La La Chance HIROSHIMA Geihinkan (land interest) and BRANCH Hakata Papillon Garden (building), acquired on March 2020, municipal property taxes and other monies for settlement are not calculated as operating expenses but are included in their acquisition costs, which will be booked from the 34th fiscal period.</li> <li>• Repairs and maintenance are expected to be ¥ 558 million for the 33rd fiscal period and ¥ 356 million for the 34th 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 expected to be ¥ 2,035 million for the 33rd fiscal period and ¥ 2,042 million for the 34th 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>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 ¥ 276 million for the 33rd fiscal period and ¥ 268 million for the 34th fiscal period.</li> </ul>
<b>Distribution per Unit (excluding distributions in excess of earnings)</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 August 17, 2020, which are 510,768 units.</li> <li>• Cash distribution per unit may change for a variety of reasons including changes in the Investment Corporation's investment assets, changes in rent 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>• Excluding above, it is assumed that impact of COVID-19 will not be significantly wider than current estimate and that will not last longer. In reality, potential for the expansion and protraction of the impact of COVID-19 cannot be ruled out.</li> <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 32nd Period As of June 30, 2020	The 31st Period As of December 31, 2019
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	¥ 6,161,159	¥ 10,231,095
Cash and deposits in trust	4,175,756	3,877,168
Operating accounts receivable	237,254	150,201
Prepaid expenses	27,379	31,286
Other	89,003	48,113
<b>Total current assets</b>	<b>10,690,552</b>	<b>14,337,866</b>
<b>Non-current assets</b>		
Property, plant and equipment		
Buildings	55,884,384	55,459,257
Accumulated depreciation	(22,803,749)	(21,794,707)
Buildings, net	33,080,635	33,664,550
Structures	1,143,429	1,143,429
Accumulated depreciation	(924,804)	(893,681)
Structures, net	218,624	249,747
Machinery and equipment	117,419	117,419
Accumulated depreciation	(25,752)	(14,010)
Machinery and equipment, net	91,667	103,409
Tools, furniture and fixtures	63,076	63,076
Accumulated depreciation	(44,921)	(41,670)
Tools, furniture and fixtures, net	18,154	21,405
Land	99,882,195	96,498,617
Buildings in trust	55,741,792	51,621,748
Accumulated depreciation	(21,616,456)	(20,715,393)
Buildings in trust, net	34,125,335	30,906,355
Structures in trust	749,737	749,737
Accumulated depreciation	(508,577)	(488,154)
Structures in trust, net	241,159	261,582
Machinery and equipment in trust	740,027	740,027
Accumulated depreciation	(614,646)	(590,552)
Machinery and equipment in trust, net	125,381	149,474
Tools, furniture and fixtures in trust	78,786	78,786
Accumulated depreciation	(46,427)	(41,008)
Tools, furniture and fixtures in trust, net	32,358	37,778
Land in trust	132,411,601	132,411,601
Construction in progress in trust	-	28,301
Total property, plant and equipment	300,227,114	294,332,824
Intangible assets		
Other	22	460
Total intangible assets	22	460
Investments and other assets		
Long-term prepaid expenses	34,584	41,267
Lease and guarantee deposits	10,000	10,000
Lease and guarantee deposits in trust	20,980	20,980
Deferred tax assets	16	16
Other	18	18
Total investments and other assets	65,599	72,282
<b>Total non-current assets</b>	<b>¥300,292,736</b>	<b>¥294,405,566</b>

<b>Deferred assets</b>		
Investment corporation bonds issuance costs	¥ 68,451	¥ 71,638
<b>Total deferred assets</b>	<u>68,451</u>	<u>71,638</u>
<b>Total assets</b>	<u>¥311,051,741</u>	<u>¥308,815,071</u>

(Thousands of Yen)

	The 32nd Period As of June 30, 2020	The 31st Period As of December 31, 2019
<b>Liabilities</b>		
<b>Current liabilities</b>		
Operating accounts payable	¥ 1,037,050	¥ 1,213,070
Short-term loans payable	1,000,000	2,000,000
Current portion of long-term loans payable	8,000,000	9,000,000
Accounts payable – other	28,177	30,236
Accrued expenses	283,372	274,682
Income taxes payable	943	936
Accrued consumption taxes	78,915	103,059
Advances received	1,187,126	1,184,937
Deposits received	7,318	5,323
Other	33,000	32,760
<b>Total current liabilities</b>	<b>11,655,902</b>	<b>13,845,005</b>
<b>Non-current liabilities</b>		
Investment corporation bonds	11,000,000	11,000,000
Long-term loans payable	97,900,000	90,900,000
Tenant leasehold and security deposits	16,090,141	16,380,823
Tenant leasehold and security deposits in trust	15,291,589	15,111,972
Other	2,498	1,886
<b>Total non-current liabilities</b>	<b>140,284,229</b>	<b>133,394,682</b>
<b>Total liabilities</b>	<b>151,940,132</b>	<b>147,239,688</b>
<b>Net assets</b>		
<b>Unitholders' equity</b>		
Unitholders' capital	156,459,426	156,459,426
Deduction from unitholders' capital	(2,847,059)	(347,200)
Unitholders' capital, net	153,612,367	156,112,226
Surplus		
Unappropriated retained earnings	5,499,241	5,463,156
Total surplus	5,499,241	5,463,156
<b>Total unitholders' equity</b>	<b>159,111,608</b>	<b>161,575,383</b>
<b>Total net assets</b>	<b>159,111,608</b>	<b>161,575,383</b>
<b>Total liabilities and net assets</b>	<b>¥311,051,741</b>	<b>¥308,815,071</b>

## Statement of Income and Retained Earnings

	(Thousands of Yen)	
	For the 32nd Period from January 1, 2020 to June 30, 2020	For the 31st Period from July 1, 2019 to December 31, 2019
<b>Operating revenue</b>		
Rent revenue – real estate	¥10,523,656	¥10,474,580
Rent revenue – other	79,683	31,058
Total operating revenue	10,603,340	10,505,638
<b>Operating expenses</b>		
Expenses related to rent business	4,132,721	4,028,581
Asset management fee	551,541	542,926
Asset custody fee	15,440	14,996
Administrative service fees	25,957	23,453
Directors' compensations	7,500	6,600
Other operating expenses	99,317	111,560
Total operating expenses	4,832,478	4,728,118
<b>Operating income</b>	5,770,861	5,777,519
<b>Non-operating income</b>		
Interest income	55	17
Reversal of distribution payable	640	726
Insurance income	3,762	12,474
Other	3,618	39
Total non-operating income	8,078	13,257
<b>Non-operating expenses</b>		
Interest expenses	225,188	242,180
Interest expenses on investment corporation bonds	34,525	21,142
Amortization of investment corporation bond issuance costs	3,187	1,747
Investment unit issuance expenses	-	47,756
Other	16,009	13,901
Total non-operating expenses	278,910	326,728
<b>Ordinary income</b>	5,500,030	5,464,049
<b>Income before income taxes</b>	5,500,030	5,464,049
Income taxes – current	951	939
Income taxes – deferred	(0)	(2)
Total income taxes	951	936
<b>Net income</b>	5,499,078	5,463,112
<b>Retained earnings brought forward</b>	162	44
<b>Unappropriated retained earnings</b>	¥ 5,499,241	¥ 5,463,156



## Statement of Cash Flows

(Thousands of Yen)

	For the 32nd Period from January 1, 2020 to June 30, 2020	For the 31st Period from July 1, 2019 to December 31, 2019
<b>Cash flows from operating activities</b>		
Income before income taxes	¥ 5,500,030	¥ 5,464,049
Depreciation and amortization	2,006,595	1,925,805
Amortization of investment corporation bond issuance costs	3,187	1,747
Investment unit issuance expenses	-	47,756
Interest income	(55)	(17)
Interest expenses	259,713	263,323
Decrease (increase) in operating accounts receivable	(87,052)	16,752
Decrease (increase) in prepaid expenses	10,590	1,618
Increase (decrease) in operating accounts payable	9,023	156,368
Increase (decrease) in accrued expenses	18,913	13,008
Increase (decrease) in accrued consumption taxes	(24,143)	(134,835)
Increase (decrease) in advances received	1,214	14,563
Other, net	(46,188)	(1,034)
Subtotal	7,651,827	7,769,104
Interest income received	55	17
Interest expenses paid	(256,565)	(271,106)
Income taxes paid	(945)	(886)
Net cash provided by (used in) operating activities	7,394,372	7,497,128
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(3,703,921)	(10,615,655)
Purchase of property, plant and equipment in trust	(4,383,300)	(741,519)
Repayments of tenant leasehold and security deposits	(501,925)	(493,984)
Proceeds from tenant leasehold and security deposits	218,744	482,721
Repayments of tenant leasehold and security deposits in trust	(56,556)	(512,981)
Proceeds from tenant leasehold and security deposits in trust	239,939	197,078
Payments for restricted bank deposits in trust	(19,584)	(7,013)
Proceeds from reversal of restricted bank deposits in trust	55,340	5,000
Payments for lease and guarantee deposits in trust	-	(580)
Net cash provided by (used in) investing activities	(8,151,265)	(11,686,934)
<b>Cash flows from financing activities</b>		
Proceeds from short-term loans payable	3,000,000	22,500,000
Repayment of short-term loans payable	(4,000,000)	(31,500,000)
Proceeds from long-term loans payable	11,500,000	8,500,000
Repayment of long-term loans payable	(5,500,000)	(6,500,000)
Proceeds from issuance of investment corporation bonds	-	6,000,000
Payments for investment corporation bond issuance costs	(957)	(33,599)
Proceeds from issuance of investment units	-	9,868,495
Payments of investment unit issuance expenses	(16,074)	(31,681)
Purchase of treasury investment units	(2,499,859)	-
Distributions of earnings paid	(5,461,807)	(4,855,336)
Distributions in excess of earnings paid	-	(347,200)
Net cash provided by (used in) financing activities	(2,978,699)	3,600,677
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(3,735,592)</b>	<b>(589,128)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>13,616,712</b>	<b>14,205,840</b>
<b>Cash and cash equivalents at end of period (Note)</b>	<b>¥ 9,881,120</b>	<b>¥13,616,712</b>

Note: There are restricted cash ¥491 million (31st) and ¥455 million (32nd) for repayments of lease and guarantee deposits received.