

**Summary of Financial Results for the 33rd Fiscal Period**  
**(July 1, 2020 to December 31, 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 : March 30, 2021  
 Scheduled date to commence distribution payments : March 9, 2021

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

**1. Performance for the 33rd Fiscal Period (July 1, 2020 to December 31, 2020)**

**(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	%
December 31, 2020	10,850	2.3	5,606	(2.9)	5,337	(3.0)	5,336	(3.0)
June 30, 2020	10,603	0.9	5,770	(0.1)	5,500	0.7	5,499	0.7

	Net Income per Unit	Return on Equity (Note)	Ordinary Income to Total Assets	Ordinary Income to Operating Revenue
Period ended,	yen	%	%	%
December 31, 2020	10,447	3.4	1.7	49.2
June 30, 2020	10,664	3.4	1.8	51.9

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
Period ended,	yen	Millions of yen	yen	Millions of yen	%	%
December 31, 2020	10,448	5,336	-	-	100.0	3.3
June 30, 2020	10,766	5,498	-	-	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
December 31, 2020	309,407	158,948	51.4	311,195
June 30, 2020	311,051	159,111	51.2	311,514

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, 2020	8,015	(1,217)	(6,497)	10,181
June 30, 2020	7,394	(8,151)	(2,978)	9,881

## 2. Forecasts of Results for the 34th Fiscal Period (January 1, 2021 to June 30, 2021) and for the 35th Fiscal Period (July 1, 2021 to December 31, 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
Period ended,	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen	yen
June 30, 2021	10,664	(1.7)	5,645	0.7	5,387	0.9	5,386	0.9	10,540	-
December 31, 2021	10,794	1.2	5,655	0.2	5,389	0.0	5,388	0.0	10,550	-

Notes:

- The aforementioned forecasts are based on the "Pre-Conditions and Assumptions for Operating Forecasts for the 34th Fiscal Period (January 1, 2021 to June 30, 2021) and for the 35th Fiscal Period (July 1, 2021 to December 31, 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 34th Fiscal Period (January 1, 2021 to June 30, 2021)**  
**and for the 35th Fiscal Period (July 1, 2021 to December 31, 2021)**

	Pre-Conditions & Assumptions
<b>Calculation Period</b>	<ul style="list-style-type: none"> <li>• 34th Fiscal period ending June 30, 2021 (January 1, 2021 to June 30, 2021) (181 days)</li> <li>• 35th Fiscal period ending December 31, 2021 (July 1, 2021 to December 31, 2021) (184 days)</li> </ul>
<b>Investment Assets</b>	<ul style="list-style-type: none"> <li>• The Investment Corporation owns total 37 properties as of February 15, 2021.</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 35th fiscal period (December 31, 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 February 15, 2021 is ¥ 116,400 million.</li> <li>• It is assumed that refinancing and partial self-financing will be executed for the repayment of borrowings due by December 31, 2021.</li> <li>• The loan to value ratio (LTV*) as of June 30, 2021 and December 31, 2021 are expected to be approximately 46% and 46%, 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 February 15, 2021, and estimated fluctuating factors.</li> <li>• Considering the impact of new coronavirus infectious disease (COVID-19), a risk of decreased lease business revenue of ¥ 271 million for the 34th fiscal period and ¥ 151 million for the 35th fiscal period.</li> </ul>

	Pre-Conditions & Assumptions
Operating Expenses	<ul style="list-style-type: none"> <li>Property taxes, city planning taxes, etc. are expected to be ¥ 1,136 million for the 34th fiscal period and ¥ 1,135 million for the 35th fiscal period. However, should properties be newly acquired during the 34th and the 35th 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>Repairs and maintenance are expected to be ¥ 348 million for the 34th fiscal period and ¥ 406 million for the 35th 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 ¥ 2,049 million for the 34th fiscal period and ¥ 2,058 million for the 35th 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>
Non-operating Expenses	<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 ¥ 258 million for the 34th fiscal period and ¥ 265 million for the 35th fiscal period.</li> </ul>
Distribution per Unit (excluding distributions in excess of earnings)	<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, 2021, which are 510,768 units.</li> <li>It is assumed that there will be no change in the number of the outstanding investment units due to issuance of new investment units and/or investment unit buyback and cancellation, until the end of the 35th fiscal period (December 31, 2021).</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>
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>Excluding above, it is assumed that impact of COVID-19 will not be significantly wider than current estimate.</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 33rd Period As of December 31, 2020	The 32nd Period As of June 30, 2020
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	¥ 6,521,809	¥ 6,161,159
Cash and deposits in trust	4,120,605	4,175,756
Operating accounts receivable	212,431	237,254
Prepaid expenses	30,674	27,379
Other	-	89,003
<b>Total current assets</b>	<b>10,885,521</b>	<b>10,690,552</b>
<b>Non-current assets</b>		
Property, plant and equipment		
Buildings	55,897,924	55,884,384
Accumulated depreciation	(23,817,700)	(22,803,749)
Buildings, net	32,080,223	33,080,635
Structures	1,148,991	1,143,429
Accumulated depreciation	(956,204)	(924,804)
Structures, net	192,786	218,624
Machinery and equipment	117,419	117,419
Accumulated depreciation	(37,494)	(25,752)
Machinery and equipment, net	79,925	91,667
Tools, furniture and fixtures	71,395	63,076
Accumulated depreciation	(48,520)	(44,921)
Tools, furniture and fixtures, net	22,875	18,154
Land	99,896,587	99,882,195
Buildings in trust	55,869,553	55,741,792
Accumulated depreciation	(22,539,688)	(21,616,456)
Buildings in trust, net	33,329,865	34,125,335
Structures in trust	749,737	749,737
Accumulated depreciation	(529,000)	(508,577)
Structures in trust, net	220,736	241,159
Machinery and equipment in trust	755,449	740,027
Accumulated depreciation	(638,874)	(614,646)
Machinery and equipment in trust, net	116,574	125,381
Tools, furniture and fixtures in trust	99,306	78,786
Accumulated depreciation	(51,734)	(46,427)
Tools, furniture and fixtures in trust, net	47,571	32,358
Land in trust	132,411,601	132,411,601
Total property, plant and equipment	298,398,749	300,227,114
Intangible assets		
Other	17	22
Total intangible assets	17	22
Investments and other assets		
Long-term prepaid expenses	26,603	34,584
Lease and guarantee deposits	10,000	10,000
Lease and guarantee deposits in trust	20,980	20,980
Deferred tax assets	7	16
Other	18	18
Total investments and other assets	57,608	65,599
<b>Total non-current assets</b>	<b>¥298,456,375</b>	<b>¥300,292,736</b>

<b>Deferred assets</b>			
Investment corporation bonds issuance costs	¥	65,264	¥ 68,451
<b>Total deferred assets</b>		65,264	68,451
<b>Total assets</b>		¥309,407,161	¥311,051,741

(Thousands of Yen)

	The 33rd Period As of December 31, 2020	The 32nd Period As of June 30, 2020
<b>Liabilities</b>		
<b>Current liabilities</b>		
Operating accounts payable	¥ 1,281,551	¥ 1,037,050
Short-term loans payable	1,000,000	1,000,000
Current portion of long-term loans payable	9,500,000	8,000,000
Accounts payable – other	34,683	28,177
Accrued expenses	265,238	283,372
Income taxes payable	751	943
Accrued consumption taxes	507,343	78,915
Advances received	1,195,841	1,187,126
Deposits received	5,459	7,318
Other	33,000	33,000
<b>Total current liabilities</b>	<b>13,823,870</b>	<b>11,655,902</b>
<b>Non-current liabilities</b>		
Investment corporation bonds	11,000,000	11,000,000
Long-term loans payable	95,400,000	97,900,000
Tenant leasehold and security deposits	15,472,065	16,090,141
Tenant leasehold and security deposits in trust	14,760,745	15,291,589
Other	1,552	2,498
<b>Total non-current liabilities</b>	<b>136,634,363</b>	<b>140,284,229</b>
<b>Total liabilities</b>	<b>150,458,233</b>	<b>151,940,132</b>
<b>Net assets</b>		
<b>Unitholders' equity</b>		
Unitholders' capital	156,459,426	156,459,426
Deduction from unitholders' capital	(2,847,059)	(2,847,059)
Unitholders' capital, net	153,612,367	153,612,367
Surplus		
Unappropriated retained earnings	5,336,560	5,499,241
Total surplus	5,336,560	5,499,241
<b>Total unitholders' equity</b>	<b>158,948,927</b>	<b>159,111,608</b>
<b>Total net assets</b>	<b>158,948,927</b>	<b>159,111,608</b>
<b>Total liabilities and net assets</b>	<b>¥309,407,161</b>	<b>¥311,051,741</b>

## Statement of Income and Retained Earnings

(Thousands of Yen)

	For the 33rd Period from July 1, 2020 to December 31, 2020	For the 32nd Period from January 1, 2020 to June 30, 2020
<b>Operating revenue</b>		
Rent revenue – real estate	¥10,605,996	¥10,523,656
Rent revenue – other	244,360	79,683
Total operating revenue	10,850,356	10,603,340
<b>Operating expenses</b>		
Expenses related to rent business	4,529,897	4,132,721
Asset management fee	555,930	551,541
Asset custody fee	15,552	15,440
Administrative service fees	25,411	25,957
Directors' compensations	8,400	7,500
Other operating expenses	108,961	99,317
Total operating expenses	5,244,153	4,832,478
<b>Operating income</b>	5,606,202	5,770,861
<b>Non-operating income</b>		
Interest income	17	55
Reversal of distribution payable	623	640
Insurance income	4,132	3,762
Other	338	3,618
Total non-operating income	5,112	8,078
<b>Non-operating expenses</b>		
Interest expenses	220,974	225,188
Interest expenses on investment corporation bonds	34,904	34,525
Amortization of investment corporation bond issuance costs	3,187	3,187
Other	15,238	16,009
Total non-operating expenses	274,304	278,910
<b>Ordinary income</b>	5,337,010	5,500,030
<b>Income before income taxes</b>	5,337,010	5,500,030
Income taxes – current	754	951
Income taxes – deferred	9	(0)
Total income taxes	763	951
<b>Net income</b>	5,336,246	5,499,078
<b>Retained earnings brought forward</b>	313	162
<b>Unappropriated retained earnings</b>	¥ 5,336,560	¥ 5,499,241



## Statement of Cash Flows

(Thousands of Yen)

	For the 33rd Period from July 1, 2020 to December 31, 2020	For the 32nd Period from January 1, 2020 to June 30, 2020
<b>Cash flows from operating activities</b>		
Income before income taxes	¥ 5,337,010	¥ 5,500,030
Depreciation and amortization	2,033,887	2,006,595
Amortization of investment corporation bond issuance costs	3,187	3,187
Interest income	(17)	(55)
Interest expenses	255,878	259,713
Decrease (increase) in operating accounts receivable	24,923	(87,052)
Decrease (increase) in prepaid expenses	4,685	10,590
Increase (decrease) in operating accounts payable	199,251	9,023
Increase (decrease) in accrued expenses	(6,562)	18,913
Increase (decrease) in accrued consumption taxes	428,428	(24,143)
Increase (decrease) in advances received	7,753	1,214
Other, net	(11,697)	(46,188)
Subtotal	8,276,729	7,651,827
Interest income received	17	55
Interest expenses paid	(260,649)	(256,565)
Income taxes paid	(945)	(945)
Net cash provided by (used in) operating activities	8,015,151	7,394,372
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(145,470)	(3,703,921)
Purchase of property, plant and equipment in trust	(34,815)	(4,383,300)
Repayments of tenant leasehold and security deposits	(501,287)	(501,925)
Proceeds from tenant leasehold and security deposits	-	218,744
Repayments of tenant leasehold and security deposits in trust	(540,987)	(56,556)
Proceeds from tenant leasehold and security deposits in trust	10,043	239,939
Payments for restricted bank deposits in trust	(10,043)	(19,584)
Proceeds from reversal of restricted bank deposits in trust	4,678	55,340
Net cash provided by (used in) investing activities	(1,217,882)	(8,151,265)
<b>Cash flows from financing activities</b>		
Proceeds from short-term loans payable	2,000,000	3,000,000
Repayment of short-term loans payable	(2,000,000)	(4,000,000)
Proceeds from long-term loans payable	2,500,000	11,500,000
Repayment of long-term loans payable	(3,500,000)	(5,500,000)
Payments for investment corporation bond issuance costs	-	(957)
Payments of investment unit issuance expenses	-	(16,074)
Purchase of treasury investment units	-	(2,499,859)
Distributions of earnings paid	(5,497,135)	(5,461,807)
Net cash provided by (used in) financing activities	(6,497,135)	(2,978,699)
<b>Net increase (decrease) in cash and cash equivalents</b>	300,134	(3,735,592)
<b>Cash and cash equivalents at beginning of period</b>	9,881,120	13,616,712
<b>Cash and cash equivalents at end of period (Note)</b>	¥10,181,254	¥ 9,881,120

Note: There are restricted cash ¥455 million (32nd) and ¥461 million (33rd) for repayments of lease and guarantee deposits received.