

February 15, 2022

**To All Concerned Parties**

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

Asset Management Company:  
Mitsui Fudosan Frontier REIT Management Inc.  
Shintaro Ono  
Chief Executive Officer and Representative Director

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**Notice Concerning Sale of Trust Beneficiary Rights to Real Estate Property in Japan**  
**(Ito-Yokado Higashi-Yamato)**

Frontier Real Estate Investment Corporation (the "Investment Corporation") hereby announces the decision of Mitsui Fudosan Frontier REIT Management Inc., the Investment Corporation's asset management company (the "Asset Management Company"), reached on February 15, 2022, to sell Ito-Yokado Higashi-Yamato (the "Property," the "Sale").

1. Details of Assets to Be Sold

- (1) Property name: Ito-Yokado Higashi-Yamato
- (2) Type of asset: Trust beneficiary rights to real estate
- (3) Planned sale price: ¥9,500 million<sup>1</sup>
  - a. ¥950 million (10% quasi co-ownership stake of the trust beneficiary rights to real estate)
  - b. ¥1,900 million (20% quasi co-ownership stake of the trust beneficiary rights to real estate)
  - c. ¥6,650 million (70% quasi co-ownership stake of the trust beneficiary rights to real estate)
- (4) Book value: ¥9,320 million (as of December 31, 2021)<sup>2</sup>
- (5) Difference between planned sale price and book value: ¥180 million<sup>3</sup>
- (6) Contract date: February 15, 2022
- (7) Delivery date:
  - a. June 24, 2022 (10% quasi co-ownership stake of the trust beneficiary rights to real estate)
  - b. December 23, 2022 (20% quasi co-ownership stake of the trust beneficiary rights to real estate)
  - c. June 23, 2023 (70% quasi co-ownership stake of the trust beneficiary rights to real estate)
- (8) Buyer: Hulic Co., Ltd.
- (9) Broker: None
- (10) Method of settlement: Payment at the time of each delivery
- (11) Impact on Investment Corporation's financial status should there be a failure of the forward commitment, etc.:

The Sale falls under the category of forward commitments, etc. (contracts for forward and future

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transactions in which settlement and delivery take place one or more months after their signing) (the "Forward Commitment").

The Forward Commitment may be cancelled under certain circumstances, including the violation of legal obligations or when a serious obstacle to the execution of the contract arises. If the Forward Commitment is cancelled, the party responsible for the cancellation is to pay a penalty to the other party in one of the amounts shown in a. through c., below. As this Forward Commitment is one in which the Investment Corporation is disposing of its own property and financing is not necessary, the likelihood of a significant direct negative impact on the financial status of the Investment Corporation is considered to be low.

a. Before delivery date a.

20% of the total planned sale price

b. After delivery date a., until delivery date b.

20% of the sum of planned sale price b. and planned sale price c.

c. After delivery date b., until delivery date c.

20% of planned sale price c.

(12) Agreement between quasi co-owners: At the time of the asset delivery, the Investment Corporation will exchange letters of agreement with the buyer and the trust beneficiaries, forming an agreement regarding such matters as methods of decision-making among the beneficiaries of the assets and the mutual rights and obligations, etc., of the quasi co-owners, such as restrictions on transferring the assets.

1. The amount noted here excludes real property taxes, city planning taxes, consumption taxes, etc.

2. Rounded down to the nearest million yen.

3. This figure is calculated as the difference between the planned sale price and the book value as of December 31, 2021, and is provided for reference purposes only; it differs from the gain on sale.

## 2. Reasons for the Sale

Since the Investment Corporation acquired the Property in January 2009, it has operated as one of the core retail facilities of Higashi-Yamato City. However, as the lease agreement with the current lessee is nearing its end in November 2023, the Investment Corporation has carefully considered its management policy for the Property going forward, taking into account discussions with the current lessee aimed at forming a new agreement, changes in the environment surrounding the Property in recent years and the aging of the Property.

The Investment Corporation believes that the location of the Property is still competitive. However, to ensure stable distributions, the Investment Corporation has reached an agreement with a buyer regarding the sale of the Property in stages, over three fiscal periods, at a price that exceeds the Property's appraisal value and book value. As such, rather than continue to hold the Property, the Investment Corporation has determined that selling it and using the funds obtained from the sale for future property acquisitions and other purposes will better contribute to the enhancement of unitholder value and has decided to carry out the Sale. The gain on property sales will be retained as internal reserves to further stabilize future distributions.

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### 3. Details of the Asset to Be Sold

Name of asset	Ito-Yokado Higashi-Yamato
Type of asset	Trust beneficiary rights to real estate
Location (residence indication)	2-142-1 Sakuragaoka, Higashi-Yamato City, Tokyo
Acquisition price	¥11,600 million
Appraisal value	¥9,490 million
Appraiser	Japan Real Estate Institute
Lease details	
Number of tenants	1
Total rent revenue	¥760 million/year
Leasehold and security deposits	¥380 million
Total leasable floor space	53,374.72 m <sup>2</sup>
Total leased floor space	53,374.72 m <sup>2</sup>
Occupancy rate	100% (total leased floor space / total leasable floor space)

### 4. Buyer Profile

Company name	Hulic Co., Ltd.
Address	7-3 Nihonbashi Odenmachi, Chuo-ku, Tokyo
Name and title of representative	Manabu Yoshidome, President and Representative Director
Capital	¥111,609 million (as of December 31, 2021)
Established	March 26, 1957
Net assets	¥638,332 million (as of December 31, 2021)
Total assets	¥2,207,325 million (as of December 31, 2021)
Major shareholders and ownership ratio	The Master Trust Bank of Japan, Ltd. (Trust Account) (8.15%) (as of December 31, 2021)
Business	Real estate trading, leasing, leasing management and agency and brokerage services
Relationship with the Investment Corporation and/or the Asset Management Company	
Capital relationship	There are no notable capital relationships between the company and the Investment Corporation or the Asset Management Company. Also, there are no noteworthy capital relationships between any affiliated persons or affiliated companies of the company and any affiliated persons or affiliated companies of the Investment Corporation or the Asset Management Company.
Personal relationship	There are no notable personal relationships between the company and the Investment Corporation or the Asset Management Company. Also, there are no noteworthy personal relationships between any affiliated persons or affiliated companies of the company and any affiliated persons or affiliated companies of the Investment Corporation or the Asset Management Company.
Business relationship	There are no notable business relationships between the company and the Investment Corporation or the Asset Management Company. Also, there are no noteworthy business relationships between any affiliated persons or affiliated companies of the company and any affiliated persons or affiliated companies of the Investment Corporation or the Asset Management Company.
Status of classification as related parties	The company does not constitute a related party of the Investment Corporation or the Asset Management Company. Also, none of the company's affiliated persons or affiliated companies constitutes a related party of the Investment Corporation or the Asset Management Company.

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### 5. Outlook

For details on the expected effect of the Sale on the results for the 36th fiscal period, ending June 30, 2022, and the 37th fiscal period, ending December 31, 2022, please refer to “Forecasts of Results for the 36th Fiscal Period and for the 37th Fiscal Period” in the “Summary of Financial Results for the 35th Fiscal Period,” published today.

### 6. Summary of Property Appraisal

Property name	Ito-Yokado Higashi-Yamato
Appraisal value	¥9,490,000,000
Appraiser	Japan Real Estate Institute
Date of appraisal	December 31, 2021

Item	Content	Remarks
Indicated value by income approach	¥9,490,000,000	Calculated using the capitalization method, with reference to both the value indicated by the income approach obtained by the DCF method and the value indicated by the income approach obtained by the direct reduction method.
Direct-reduction method value	¥9,560,000,000	
Operating income	¥760,000,000	
Underlying gross income	¥760,000,000	
Loss from vacancy, etc.	¥0	
Operating costs	¥122,993,000	
Maintenance and management fees	¥60,000	
Utility costs	¥0	
Repair costs	¥26,879,000	
Property management fees	¥15,200,000	
Tenant advertising costs	¥0	
Taxes and public dues	¥79,860,000	
Insurance premium	¥994,000	
Other expenses	¥0	
Net operating income	¥637,007,000	
Operating profit on lump-sum payments	¥3,800,000	
Capital expenditure	¥67,276,000	
Net income	¥573,531,000	
Cap rate	6.0%	
DCF value	¥9,410,000,000	
Discount rate	5.8%	Assessed by comprehensively taking into account the individual characteristics, etc., of the target property, with reference to investment yields, etc., of similar real estate.
Terminal cap rate	6.2%	Assessed by comprehensively taking into account the future trends of investment

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Item		Content	Remarks
			yields, risks associated with the target property as an investment target, the general outlook for future economic growth and trends in real estate prices and rents, etc., with reference to investment yields, etc., of similar real estate.
Indicated value by cost approach		¥10,300,000,000	
	Land ratio	58.6%	
	Building ratio	41.4%	

Other matters considered by the appraiser in carrying out the appraisal	Due to the site characteristics, building use, and other attributes of the entire property, demand would primarily come from corporate investors with the ability to raise capital and who, in general, tend to prioritize revenue potential in their transactions. Given this, the appraisal value was determined through a combination of the direct reduction method and the DCF method, with the cost approach value used as a reference.
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### Attachments

1. Overview of the investment portfolio after the Sale

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

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### Attachment 1. Overview of the investment portfolio after the Sale

Property name	Location	Acquisition date	Acquisition price <sup>1</sup> (Millions of yen)	Percentage of portfolio <sup>2</sup>
AEON STYLE Shinagawa Seaside	Shinagawa, Tokyo	August 9, 2004	20,100	5.8%
AEON MALL Ibaraki	Ibaraki City, Osaka	August 9, 2004	18,100	5.2%
BRANCH Hakata Papillon Garden	Fukuoka City, Fukuoka	August 9, 2004 (initial acquisition) March 13, 2020 (additional acquisition)	7,905	2.3%
Kamiikedai Tokyu Store	Ota, Tokyo	August 9, 2004	1,490	0.4%
Belltown Tambaguchi Eki-Mae Store	Kyoto City, Kyoto	August 29, 2005	2,130	0.6%
AEON MALL NAGOYADOME-Mae	Nagoya City, Aichi	March 23, 2006	24,800	7.1%
Summit Store Takinogawa Momiji-Bashi	Kita, Tokyo	September 29, 2006	3,100	0.9%
Home Center Kohnan Hiroshima Minami-Machi (land interest)	Hiroshima City, Hiroshima	April 13, 2007	1,940	0.6%
Frespo Tosu (land interest)	Tosu City, Saga	November 8, 2007	3,178	0.9%
You Me Town Hiroshima	Hiroshima City, Hiroshima	February 19, 2008	23,200	6.6%
Queen's Isetan Suginami-Momoi	Suginami, Tokyo	July 4, 2008	3,560	1.0%
Mitsui Outlet Park IRUMA	Iruma City, Saitama	July 10, 2008	19,900	5.7%
Costco Wholesale Warehouse Iruma (land interest)	Iruma City, Saitama	July 10, 2008	2,600	0.7%
Desigual Harajuku	Shibuya, Tokyo	October 15, 2008	3,100	0.9%
AEON TOWN Tanashi-Shibakubo	Nishi-Tokyo City, Tokyo	February 18, 2009	3,100	0.9%
Don Quijote Fukuoka Tenjin	Fukuoka City, Fukuoka	December 16, 2009	3,700	1.1%
Mitsui Shopping Park LaLaport IWATA	Iwata City, Shizuoka	July 2, 2010	15,200	4.3%
GINZA GLASSE	Chuo, Tokyo	July 2, 2010	13,600	3.9%
Shimura Shopping Center	Itabashi, Tokyo	January 18, 2011	4,430	1.3%
Mitsui Shopping Park LaLagarden KASUKABE	Kasukabe City, Saitama	February 16, 2011	10,000	2.9%
Summit Store Yokohama Okano (land interest)	Yokohama City, Kanagawa	February 24, 2012	5,700	1.6%
VIORO	Fukuoka City, Fukuoka	February 28, 2012	10,100	2.9%
Rakuhoku HANKYU SQUARE	Kyoto City, Kyoto	July 4, 2012	8,800	2.5%
Ikebukuro Square	Toshima, Tokyo	February 1, 2013	20,400	5.8%
Kohnan Kawasaki-Odasakae Mall (land interest)	Kawasaki City, Kanagawa	January 31, 2014	7,000	2.0%

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Property name	Location	Acquisition date	Acquisition price <sup>1</sup> (Millions of yen)	Percentage of portfolio <sup>2</sup>
Mitsui Shopping Park LaLaport SHIN-MISATO	Misato City, Saitama	Annex Building: March 25, 2014 Main Building: April 1, 2015 August 10, 2016 July 1, 2021 (additional acquisition)	34,070	9.7%
Shinsaibashi Square	Osaka City, Osaka	March 2, 2015	8,620	2.5%
Costco Wholesale Warehouse Shin-Misato (land interest)	Misato City, Saitama	April 1, 2015	3,810	1.1%
KOJIMA × BIC CAMERA Naha Store	Naha City, Okinawa	January 25, 2016	1,850	0.5%
Super Viva Home Zama and Super Sanwa Zama Higashihara (land interest)	Zama City, Kanagawa	July 31, 2017	4,320	1.2%
SAKAE GLOBE	Nagoya City, Aichi	March 28, 2018 March 22, 2019 (additional acquisition)	15,650	4.5%
Summit Store Higashi-Nagasaki (land interest)	Toshima, Tokyo	June 8, 2018	2,022	0.6%
Ikebukuro GLOBE	Toshima, Tokyo	March 22, 2019 September 5, 2019 (additional acquisition)	20,800	6.0%
Shinsaibashi MG Building	Osaka City, Osaka	March 22, 2019	5,840	1.7%
TENJIN216	Fukuoka City, Fukuoka	March 4, 2020	2,550	0.7%
La La Chance HIROSHIMA Geihinkan (land interest)	Hiroshima City, Hiroshima	March 13, 2020	1,040	0.3%
Ginza 5-chome GLOBE	Chuo, Tokyo	July 1, 2021	5,620	1.6%
Takeshita-dori Square	Shibuya, Tokyo	July 1, 2021	6,190	1.8%
Total			349,516	100.0%

1. Acquisition price amounts are rounded down to the nearest million yen.

2. Percentage of portfolio figures are based on acquisition price and are rounded to the nearest first decimal place.