

February 15, 2024

**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  
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**Notice Concerning the Partial Transfer of Trust Beneficiary Rights to a Real Estate Property in Japan and the Signing of a Fixed-Term Business-Use Land Lease Contract (Shinsaibashi Square)**

Frontier Real Estate Investment Corporation (the “Investment Corporation”) hereby announces the February 15, 2024 decision of Mitsui Fudosan Frontier REIT Management Inc., the Investment Corporation’s asset management company (the “Asset Management Company”), to transfer the existing building portion of Shinsaibashi Square (the “Property”) as detailed below. (The transfer of this asset shall be hereinafter referred to as the “Transfer.”) Moreover, the Asset Management Company also decided to sign a fixed-term business-use land lease contract pertaining to the land portion of the Property. (The Transfer of the Property and the signing of this contract shall be hereinafter collectively referred to as the “Initiative.”) The party receiving the transfer (the “Transferee”) is one of the signatories to the contract and because it is defined as a related party of the Asset Management Company as set out in the latter’s internal rules regarding transactions with related parties, authorization had to be obtained from the Investment Corporation. Said authorization was granted based on the approval of the Investment Corporation’s Board of Directors meeting held on February 13, 2024, following the deliberation and resolution of the Compliance Committee on February 8, 2024. The Asset Management Company’s Board of Directors then resolved to conclude the contract associated with the Initiative at its Board of Directors meeting held today.

1. Outline of the Asset to Be Transferred

(1) Property name	Shinsaibashi Square (building portion)* <sup>1</sup>
(2) Type of asset	Trust beneficiary rights to real estate
(3) Planned transfer price	¥217 million* <sup>2</sup>
(4) Book value	¥172 million (as of December 31, 2023)* <sup>3</sup>
(5) Difference between planned transfer price and book value	¥44 million* <sup>4</sup>
(6) Contract date	February 15, 2024
(7) Planned transfer date	March 29, 2024
(8) Transferee	Mitsui Fudosan Co., Ltd.
(9) Broker	None
(10) Payment method	Single payment at the time of delivery

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\*1 The Transfer pertains only to the existing building portion of the Property and excludes the land portion. As of the planned transfer date, trust beneficiary rights to the entire Property will be divided into (i) trust beneficiary rights to the land (the “Beneficiary Rights to Land Interest”) and (ii) trust beneficiary rights to the existing buildings (the “Beneficiary Rights to the Buildings”), with only the latter subject to the Transfer.

\*2 The amount noted here excludes real property taxes, city planning taxes, consumption taxes, etc.

\*3 The figure is rounded down to the nearest million yen.

\*4 A reference figure calculated based on difference between the planned transfer price and the book value as of December 31, 2023. This may differ from actual gains or losses on the transfer of the Property.

### 2. Reasons for the Initiative

Since acquiring the Property in March 2015, the Investment Corporation has continued stably operating said Property. However, Mitsui Fudosan Co., Ltd. (“Mitsui Fudosan”), the parent company of the Asset Management Company, suggested that it could purchase the existing buildings of the Property and obtain fixed-term land lease rights so that a new building could be constructed on the land in the future, with the Investment Corporation continuing to hold the land interest and stably securing ground rents. This suggestion has been the subject of multi-faceted discussions by all parties, with changes in the external environment and other factors taken into account. It was concluded that, moving forward, the construction of a new building by Mitsui Fudosan, along with the continued holding of the land interest by the Investment Corporation, would be the best scenario for the management of the Property in terms of avoiding various risks associated with real estate development as well as raising the competitiveness and profitability of Shinsaibashi Square. This conclusion is backed by a comparison between the current NOI yield of the Property and an estimate of its future NOI yield. While the current NOI yield amounts to a mere 3.8%,<sup>\*1</sup> the expected NOI yield in 2028 and later (from the 48th fiscal period of the Investment Corporation onward) is estimated at around 17.2%.<sup>\*2</sup>

After comprehensive deliberation based on the above factors, the Investment Corporation decided to undertake this Initiative in line with the Investment Corporation’s “Basic Policy of Asset Management” as stipulated in its Articles of Incorporation.

\*1 The figure represents the ratio of total NOI earned during fiscal periods ended June 30, 2023 and December 31, 2023 (annual NOI) to the acquisition price of the Property. Also, the figure is rounded to the nearest first decimal place.

\*2 The figure represents the ratio of estimated annual NOI (provisionally calculated by the Asset Management Company assuming future upward rent revisions) to acquisition price for the land interest of the Property and is rounded to the nearest first decimal place. However, the realization of this NOI yield is in no way guaranteed. The actual NOI yield may fluctuate due to such reasons as changes in property and other taxes.

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

Property name		Shinsaibashi Square (building portion)
Type of asset		Trust beneficiary rights to real estate*1
Location (residence indication)		North wing: 2-8-21, Shinsaibashi-Suji, Chuo Ward, Osaka City, Osaka South wing: 2-8-20, Shinsaibashi-Suji, Chuo Ward, Osaka City, Osaka
Land*1	Lot area	—
	Use	—
	Plot ratio	—
	Building to land ratio	—
	Ownership	—
Building	Structure / Number of floors	North wing: Steel frame, flat roof construction, three floors (registered) South wing: Steel frame, flat roof construction, two floors (registered)
	Construction completed	September 1, 2014
	Gross floor area	North wing: 1,105.72 m <sup>2</sup> (registered) South wing: 527.03 m <sup>2</sup> (registered)
	Use	Stores
	Ownership	Property ownership
Acquisition price		¥267 million
Appraisal value*2		¥217 million
Appraiser		Japan Real Estate Institute
Lease details		
	Number of tenants	2
	Total rent income	Not disclosed*3
	Leasehold deposit and security deposit	Not disclosed*3
	Total leasable floor space	1,750.53 m <sup>2</sup>
	Total leased floor space	1,750.53 m <sup>2</sup>
	Occupancy rate	100.0% (total leased floor space / total leasable floor space)

\*1 The Transfer pertains only to the existing building portion of the Property and excludes land portion, with Beneficiary Rights to the Buildings constituting the asset to be transferred.

\*2 The existing buildings consist of north and south wings. As the Transfer is intended to transfer both wings as a single asset, the individual appraisal value for each wing has not been obtained.

\*3 Undisclosed as the Investment Corporation has not obtained the lessee's permission.

### 4. Content of the Asset to Be Held by the Investment Corporation after the Transfer

The Investment Corporation has agreed with Mitsui Fudosan to grant the latter fixed-term business-use land lease rights to the land interest, which will be continuously held by the Investment Corporation upon the Transfer. Accordingly, the both companies will sign a fixed-term business-use land lease contract in conjunction with the signing of the property transfer contract pertaining to the Transfer. In addition, upon the completion of the Transfer, the Investment Corporation intends to cancel the shopping center (SC)

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management contract that has been in effect for the Property in accordance with provisions of the Basic Agreement Concerning Shopping Center Management signed with Mitsui Fudosan.

The content of the asset to be held by the Investment Corporation is as described below.

Property name		Shinsaibashi Square (land interest)
Type of asset		Trust beneficiary rights to real estate*1
Location (residence indication)		2-1-5 and 2-1-12, Shinsaibashi-Suji, Chuo Ward, Osaka City, Osaka
Land	Lot area	1002.66 m <sup>2</sup>
	Use	Commercial district
	Plot ratio	1000%
	Building to land ratio	100%
	Ownership	Ownership of land with fixed-term business-use land lease rights
Collateral		None
Lease details		
	Lessor	Sumitomo Mitsui Trust Bank, Limited
	Lessee	Mitsui Fudosan Co., Ltd.
	Type of contract	Fixed-term business-use land lease contract
	Contract term	From March 29, 2024 to November 30, 2048
	Annual rent	Not disclosed*2
	Termination during the contract term	Not allowed in principle
	Rent revision	None
	Leasehold deposit	Not disclosed*2
	Security deposit	None
	Number of tenants	1
	Total leasable land	1002.66 m <sup>2</sup>
	Total leased land	1002.66 m <sup>2</sup>
	Occupancy rate	100% (total leased land / total leasable land)
Note		The lessor is in agreement with Mitsui Fudosan, the lessee, regarding matters described below. If Mitsui Fudosan intends to transfer a building on the Property or trust beneficiary rights it holds to said building (the "Building, etc."), Mitsui Fudosan shall notify the lessor of its intention in writing 180 days prior to the desired date of transfer. Should the lessor or the Investment Corporation notify Mitsui Fudosan of its intention to become the Transferee within 60 days of receiving said notification, it shall be eligible for preferential negotiations regarding the transfer of the Building, etc., for 60 days following said notification.

\*1 The asset to be held by the Investment Corporation consists of a land interest.

\*2 These items include information for which the lessee bears secrecy obligations to its business partners as well as a figure that could be used to calculate said information. If this information were to be disclosed by the Investment Corporation, the lessee would be in the violation of said secrecy obligations or otherwise inflict detrimental consequences to itself. Similarly, the disclosure of these items could cause the lessee to hold the Investment Corporation accountable to these consequences and, therefore, be detrimental to the Investment Corporation. It was thus concluded by the Asset Management Company that the annual rent and leasehold deposit must not be disclosed as the disclosure may damage the interests of unitholders and other investors. Please also refer to "8.

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Schedule” below for the overview of the annual rent’s impact on distribution per unit.

### 5. Profile of the Transferee

Company name	Mitsui Fudosan Co., Ltd.
Address	2-1-1 Nihonbashi-Muromachi, Chuo-ku, Tokyo
Name and title of representative	Takashi Ueda, President and CEO
Capital	¥341,000 million (as of September 30, 2023)
Established	July 15, 1941
Net assets	¥3,175,075 million (as of September 30, 2023)
Total assets	¥9,527,121 million (as of September 30, 2023)
Major shareholders and ownership ratio	The Master Trust Bank of Japan, Ltd. (trust account), 17.14% (as of September 30, 2023)
Business	Acquisition, ownership, disposal, rental, sale, and management of real estate
Relationship with the Investment Corporation and/or the Asset Management Company	
Capital relationship	As of December 31, 2023, Mitsui Fudosan held 5.40% of the Investment Corporation’s outstanding investment units. Moreover, the Transferee holds all of the outstanding shares in the Asset Management Company.
Personnel relationship	As of December 31, 2023, nine of the Asset Management Company’s officers and employees (excluding non-executive directors) had been sent from Mitsui Fudosan.
Business relationship	Mitsui Fudosan is the contractor for the Investment Corporation’s SC management services, provider of new tenant mediation services, broker for real estate transactions, seller for a portion of the Investment Corporation’s real estate, and a lessee of some of the Investment Corporation’s real estate.
Status of classification as related parties	Mitsui Fudosan does not constitute a related party of the Investment Corporation. Mitsui Fudosan is the parent company of the Asset Management Company.

### 6. Interested-Party Transaction

The Transferee named above, with whom the Asset Management Company expects to sign the fixed-term land lease contract, falls under the category of “Interested Parties” as set forth in the Interested-Party Transaction Regulations of the Asset Management Company. Accordingly, in line with these regulations, the Asset Management Company obtained authorization from the Investment Corporation, based on the approval granted by the Investment Corporation’s Board of Directors meeting held on February 13, 2024, following the deliberation and resolution of the Compliance Committee on February 8, 2024. The Asset Management Company’s Board of Directors then resolved to conclude the contract associated with the Initiative at its Board of Directors meeting held on February 15, 2024.

The Investment Corporation has concluded a Basic Agreement Concerning Shopping Center Management with Mitsui Fudosan Co., Ltd. for the operation and management of retail facilities, with the aim of utilizing the latter’s expertise. Upon the completion of the Transfer, the Investment Corporation plans to cancel the SC management contract that has been in effect for the Property in accordance with provisions of the Basic Agreement Concerning Shopping Center Management.

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### 7. Impact on the Financial Status of the Investment Corporation in the Event of Failure to Fulfill Forward Commitments, Etc.

The Transfer falls under the category of forward commitments, etc. (refers to contracts for forward and future transactions, for which settlement and delivery take place one or more months after their signing) (the “Forward Commitments”).

The Forward Commitments may be cancelled by either party under certain circumstances, including the failure of the other party to fulfill its contractual obligations when such party is served with notice allowing a reasonable period of time to do so. Moreover, it is agreed that, if the Forward Commitment is cancelled, the cancelling party may claim compensation for damage from the party at fault. In addition, the Forward Commitment involves only the transfer of assets held by the Investment Corporation. Accordingly, this Forward Commitment does not necessitate financing by the Investment Corporation and, therefore, the likelihood of a significant direct negative impact on its financial status is considered to be low.

### 8. Schedule (Time Frame for Outcomes of the Initiative)



Note: The diagram presented above is designed to provide readers with an easy-to-understand illustration of the time frame pertaining to changes in rent income from the leasing of the Property, pre-change NOI and estimated post-change NOI from the Property, and the provisionally calculated impact of these changes on distribution per unit. All of the above figures are provisionally calculated based on certain assumptions formulated as of today. The actual amount of NOI and the impact on distribution per unit could differ from the figures presented above. In addition, the above presented timing of changes in rent income merely reflects a schedule formulated for the purposes of illustration as of today and, therefore, may be subject to change going forward. The diagram is in no way intended to provide guarantee or promise with regard to a future rise in NOI from the Property or distribution per unit.

### 9. Outlook

Please refer to the “Forecasts of Results for the 40th Fiscal Period (January 1, 2024 to June 30, 2024) and for the 41st Fiscal Period (July 1, 2024 to December 31, 2024)” released in the “Summary of Financial Results for the 39th Fiscal Period (July 30, 2023 to December 31, 2023)” dated today for the impact of the Initiative on the operating results for the fiscal period ending June 30, 2024 and the fiscal period ending December 31, 2024.

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10. Summary of Property Appraisal

Property name	Shinsaibashi Square	
Appraisal value (building portion)	¥217,000,000	
Appraiser	Japan Real Estate Institute	
Date of appraisal	November 30, 2023	
Appraisal value (building and land portions)	¥10,900,000,000	
	Land ratio	98.01%
	Building ratio	1.99%

Item	Content	Remarks
Indicated value by income approach	¥10,900,000,000*1	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	¥11,000,000,000*1	
Operating income	Not disclosed*2	
Gross potential income	Not disclosed*2	
Loss from vacancy, etc.	Not disclosed*2	
Operating costs	Not disclosed*2	
Maintenance and management fees	Not disclosed*2	
Utility costs	Not disclosed*2	
Repair costs	Not disclosed*2	
Property management fees	Not disclosed*2	
Tenant advertising costs	Not disclosed*2	
Taxes and public dues	Not disclosed*2	
Insurance premium	Not disclosed*2	
Other expenses	Not disclosed*2	
Net operating income	¥317,446,000*1	
Operating profit on lump-sum payments	Not disclosed*2	
Capital expenditure	Not disclosed*2	
Net income	¥319,131,000*1	
Cap rate	2.9%	
DCF value	¥10,700,000,000*1	
Discount rate	2.7%	Assessed by comprehensively taking into account the individual characteristics, etc., of the target property, with reference to investment yields, etc., of similar real estate.

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Item		Content	Remarks
	Terminal cap rate	3.0%	Assessed by comprehensively taking into account the future trends of investment 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 transactional yields, etc., of similar real estate.
Indicated value by cost approach		¥11,000,000,000*1	
	Land ratio	98.01%	
	Building ratio	1.99%	

Other matters considered by the appraiser in carrying out the appraisal	Due to the site characteristics, building use, and other attributes of the real estate property in question, 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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\*1 Although the asset to be transferred by the Investment Corporation consists only of the building portion, the appraisal information stated above pertains to the entire Property (land and building portions).

\*2 Undisclosed as the Investment Corporation has not obtained the current lessee's permission.

Attachment

Overview of the investment portfolio after the Initiative

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



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### Attachment: Overview of the investment portfolio after the Initiative

Property name	Location	Acquisition date	Acquisition price (Millions of yen) *1	Percentage of portfolio *2
AEON STYLE Shinagawa Seaside	Shinagawa, Tokyo	August 9, 2004	20,100	5.5%
AEON MALL Ibaraki	Ibaraki City, Osaka	August 9, 2004	18,100	5.0%
BRANCH Hakata Papillon Garden	Fukuoka City, Fukuoka	August 9, 2004 March 13, 2020 (additional acquisition)	7,905	2.2%
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	6.8%
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	0.5%
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	6.4%
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	5.5%
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	1.0%
Mitsui Shopping Park LaLaport IWATA	Iwata City, Shizuoka	July 2, 2010	15,200	4.2%
GINZA GLASSE	Chuo, Tokyo	July 2, 2010	13,600	3.7%
Shimura Shopping Center	Itabashi, Tokyo	January 18, 2011	4,430	1.2%
Mitsui Shopping Park LaLagarden KASUKABE	Kasukabe City, Saitama	February 16, 2011	10,000	2.7%
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	2.8%
Rakuhoku HANKYU SQUARE	Kyoto City, Kyoto	July 4, 2012	8,800	2.4%
Ikebukuro Square	Toshima, Tokyo	February 1, 2013	20,400	5.6%
Kohnan Kawasaki-Odasakae Mall (land interest)	Kawasaki City, Kanagawa	January 31, 2014	7,000	1.9%

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Property name	Location	Acquisition date	Acquisition price (Millions of yen) *1	Percentage of portfolio *2
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	9.4%
Shinsaibashi Square (land interest)*3	Osaka City, Osaka	March 2, 2015	8,353	2.3%
Costco Wholesale Warehouse Shin-Misato (land interest)	Misato City, Saitama	April 1, 2015	3,810	1.0%
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	4.3%
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	5.7%
Shinsaibashi MG Building	Osaka City, Osaka	March 22, 2019	5,840	1.6%
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	1.5%
Takeshita-dori Square	Shibuya, Tokyo	July 1, 2021	6,190	1.7%
Mitsui Shopping Park LaLaport IZUMI	Izumi City, Osaka	October 2, 2023	5,198	1.4%
Shin-Kawasaki Square	Kawasaki City, Kanagawa	December 22, 2023	9,400	2.6%
Total			363,848	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.

\*3 Acquisition price is the price allocated to the land portion at the time of acquisition based on the total acquisition price for the land and buildings.