

March 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 Sale of Trust Beneficiary Rights to a Real Estate Property in Japan**  
**(Queen's Isetan Suginami-Momoi)**

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 March 15, 2024, to sell Queen's Isetan Suginami-Momoi (the "Property," the "Sale") as described below.

1. Details of Assets to Be Sold

- (1) Property name: Queen's Isetan Suginami-Momoi
- (2) Type of asset: Trust beneficiary rights to real estate
- (3) Planned sale price: ¥4,700 million<sup>1</sup>
  - (i) ¥2,086 million (a 44.4% quasi co-ownership stake in trust beneficiary rights to real estate)
  - (ii) ¥2,613 million (a 56.6% quasi co-ownership stake in trust beneficiary rights to real estate)
- (4) Book value: ¥3,266 million (as of December 31, 2023)<sup>2</sup>
- (5) Difference between planned sale price and book value: ¥1,433 million<sup>3</sup>
- (6) Contract date: March 15, 2024
- (7) Delivery date:
  - (i) May 1, 2024: (a 44.4% quasi co-ownership stake in trust beneficiary rights to real estate)
  - (ii) July 1, 2024: (a 56.6% quasi co-ownership stake in trust beneficiary rights to real estate)
- (8) Buyer: Not disclosed<sup>4</sup>
- (9) Broker: Yes
- (10) Method of settlement: Payment on each delivery date
- (11) Quasi co-ownership agreement: The Investment Corporation will enter into a quasi co-ownership agreement with the buyer and the trustee in conjunction with the sale of the assets listed above in order to ensure that all the parties will be in agreement regarding the rights of each co-owner to other parties as well as their obligations to one another. Matters stipulated in this agreement will include decision-making methods employed by beneficiaries to the assets to be sold and transfer restrictions placed on these assets.

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1. The amount noted 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, 2023, and is provided for reference purposes only; it differs from the gain/loss on sale.
4. Not disclosed as the Investment Corporation has not obtained the buyer's permission to do so. The buyer has no capital relationship, personal relationship, business relationship or other relationship of interest with the Investment Corporation or Asset Management Company.

### 2. Reasons for the Sale

The proposed sale is in line with the Investment Corporation's "Basic Policy of Asset Management" as stipulated in its Articles of Incorporation, and falls under portfolio replacement measures aimed at enhancing the quality of portfolio over the medium to long term. The Property has operated steadily since its acquisition by the Asset Management Company in 2008. Although its location is believed to provide the Property with ongoing competitiveness, we have engaged in discussions with the buyer and, as a consequence, reached an agreement regarding its sale at a price that exceeds appraisal value. This decision takes into account our projection that the Property's potential for profit growth will be limited due to such factors as the passage of 19 years since its completion and changes in the neighboring commercial environment.

This Sale is expected to result in the realization of unrealized gain which will, in turn, enable us to deliver robust unitholder returns, while helping to achieve an even more stable stream of future distributions since part of the gain on property sales will be retained as internal reserves. Accordingly, we have determined that this Sale will help the Investment Corporation create medium- to long-term improvement in unitholder value.

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

Name of asset	Queen's Isetan Suginami-Momoi
Type of asset	Trust beneficiary rights to real estate
Location (residence indication)	3-5-1 Momoi, Suginami City, Tokyo
Acquisition price	¥3,560 million
Appraisal value	¥4,470 million
Appraiser	Japan Real Estate Institute
Lease details	
Number of tenants	1
Total rent revenue	¥224 million/year
Leasehold and security deposits	¥280 million
Leasable floor space	5,212.70 m <sup>2</sup>
Leased floor space	5,212.70 m <sup>2</sup>
Occupancy rate	100% (total leased floor space / total leasable floor space)

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### 4. Buyer Profile

Although the buyer is a business corporation in Japan, the remainder of its profile (name included) is not being disclosed as the Investment Corporation has not obtained the buyer's permission to do so. The buyer has no capital relationship, personal relationship, business relationship or other relationship of interest with the Investment Corporation or Asset Management Company.

### 5. Broker Profile

The broker has no capital relationship, personal relationship, business relationship or other relationship of interest with the Investment Corporation or Asset Management Company.

### 6. Matters Related to Forward Commitment

The Sale falls under the category of forward commitments, etc. (contracts for forward and future 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 an amount equivalent to the purchase price of trust beneficiary rights to real estate properties in question in the percentages specified below.

(i) Cancellation prior to delivery date (i): 20% of the sum of the planned sale price

(ii) Cancellation on or after delivery date (i) until delivery date (ii): 20% of the planned sale price (ii)

In addition, this Forward Commitment does not necessitate financing by the Investment Corporation since it pertains only to the Sale of the latter's assets. Therefore, the likelihood of a significant direct negative impact on the Investment Corporation's financial status is considered to be low. This Forward Commitment is also premised on asset replacement involving the acquisition of the Yaoko Sagamihara Hikarigaoka Store and the Yaoko Nishiomiya Store, both of which are outlined in a press release issued today under the title "Notice Concerning Acquisition of Real Estate Properties in Japan." Because of this premise, this Forward Commitment allows for cancellation by either party if the agreement regarding the acquisition of these two properties is cancelled or otherwise terminated.

### 7. Outlook

For details on the expected effect of the Sale on the results for the 40th fiscal period, ending June 30, 2024, and the 41st period, ending December 31, 2024, please refer to "Notice Concerning the Revision of Operating Forecasts for the Fiscal Period Ending June 30, 2024 and the Fiscal Period Ending December 31, 2024" which was published today.

### 8. Summary of Property Appraisal

Property name	Queen's Isetan Suginami-Momoi
Appraisal value	¥4,470,000,000
Appraiser	Japan Real Estate Institute
Date of appraisal	December 31, 2023

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Item	Content	Remarks	
Indicated value by income approach		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	¥4,490,000,000	
	Operating income	¥224,342,000	
	Underlying gross income	¥224,342,000	
	Loss from vacancy, etc.	¥0	
	Operating costs	¥27,992,000	
	Maintenance and management fees	¥300,000	
	Utility costs	¥0	
	Repair costs	¥2,658,000	
	Property management fees	¥4,487,000	
	Tenant advertising costs	¥0	
	Taxes and public dues	¥20,396,000	
	Insurance premium	¥151,000	
	Other expenses	¥0	
	Net operating income	¥196,350,000	
	Operating profit on lump-sum payments	¥2,804,000	
	Capital expenditure	¥1,376,000	
	Net income	¥197,778,000	
	Cap rate	4.4%	
	DCF value	¥4,450,000,000	
	Discount rate	4.1%	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	4.5%	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 investment yields, etc., of similar real estate.
	Indicated value by cost approach	¥3,440,000,000	
Land ratio	93.2%		
Building ratio	6.8%		

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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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Attachment

1. Overview of the investment portfolio after the asset replacement

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

## Translation Purpose Only

### Attachment 1. Overview of the investment portfolio after the asset replacement<sup>1</sup>

Property name	Location	(Planned) acquisition date	(Planned) acquisition price <sup>3</sup> (Millions of yen)	Percentage of portfolio <sup>4</sup>
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 (initial acquisition) 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	0.8%
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%
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	0.8%
AEON TOWN Tanashi-Shibakubo	Nishi-Tokyo City, Tokyo	February 18, 2009	3,100	0.8%
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%
Mitsui Shopping Park LaLaport SHIN-MISATO	Misato City, Saitama	Annex Building: March 25, 2014 Main Building: April 1, 2015	34,070	9.3%

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Property name	Location	(Planned) acquisition date	(Planned) acquisition price <sup>3</sup> (Millions of yen)	Percentage of portfolio <sup>4</sup>
		August 10, 2016 July 1, 2021 (additional acquisition)		
Shinsaibashi Square (land interest) <sup>2</sup>	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%
Yaoko Sagamihara Hikarigaoka Store	Sagamihara City, Kanagawa	May 1, 2024	2,000	0.5%
Yaoko Nishiomiya Store	Saitama City, Saitama	July 1, 2024	2,500	0.7%
Total			364,788	100.0%

1. The above table represents portfolio overview after the acquisition of the Yaoko Sagamihara Hikarigaoka Store and the Yaoko Nishiomiya Store as outlined in a press release issued today under the title “Notice Concerning Acquisition of Real Estate Properties in Japan (Yaoko Sagamihara Hikarigaoka Store and Yaoko Nishiomiya Store).”

2. The existing building portion of this property is set to be sold on March 29, 2024. After that, the property will remain in the above portfolio in the form of land interest ownership. For more details, please refer to a press release issued on February 15, 2024 under the title “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).”

3. (Planned) acquisition price amounts are rounded down to the nearest million yen.

4. Percentage of portfolio figures are based on (Planned) acquisition price and are rounded to the nearest first decimal place.