

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
 Chief Executive Officer and Representative Director

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Notice Concerning Acquisition of Real Estate Properties in Japan
(Yaoko Sagamihara Hikarigaoka Store and Yaoko Nishiomiya Store)

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 acquire the Yaoko Sagamihara Hikarigaoka Store and the Yaoko Nishiomiya Store (collectively or individually, the “Acquisition;” the two aforementioned properties are hereinafter collectively referred to as the “Assets to Be Acquired”) as described below.

1. Details of Assets to Be Acquired

(1) Property name	Yaoko Sagamihara Hikarigaoka Store	Yaoko Nishiomiya Store
(2) Type of Asset to be acquired	Real estate	Real estate
(3) Planned acquisition price ¹	¥2,000 million (Land: ¥1,604 million, Building: ¥396 million)	¥2,500 million (Land: ¥2,060 million, Building: ¥440 million)
(4) Contract date	March 15, 2024	
(5) Planned acquisition date	May 1, 2024 (Delivery and clearance date)	July 1, 2024 (Delivery and clearance date)
(6) Seller	Not disclosed ²	
(7) Broker	Yes	
(8) Acquisition financing	Self-financing (planned)	
(9) Payment method	Single payment at the time of delivery	

- The amount noted here excludes miscellaneous acquisition costs, real property taxes, city planning taxes, consumption taxes, etc.
- Not disclosed as the Investment Corporation has not obtained the seller’s permission to do so. The seller has no capital relationship, personal relationship, business relationship or other relationship of interest with the Investment Corporation or Asset Management Company.

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2. Rationale

The proposed acquisition 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. In its decision to acquire these assets, the Asset Management Company also considered, *inter alia*, the following factors:

Yaoko Sagamihara Hikarigaoka Store

(1) Evaluation of the Site

This property is located in Sagamihara City, Kanagawa Prefecture and is about 18 minutes by foot from Kamimizo Station of the JR Sagami Line. This location boasts easy access from neighboring retail trading areas supported by local residential districts consisting mainly of single-family houses and spreading alongside crossroads of Prefectural Road 507 that stretches between the JR Sagami Line (which includes Kamimizo and Hashimoto stations) and the JR Yokohama Line (which includes Fuchinobe and Yano stations). The population within a 1 km radius of the retail trading area is estimated at 34,000 and at 209,000 within a 3 km radius. This suggests a sufficient population, backed by robust residential density, which is a hallmark of a metropolitan bedroom community. In sum, the property's location is highly favorable due to the presence of neighboring residential areas surrounded by multiple stations along both the JR Sagami Line and the JR Yokohama Line.

In addition, a future plan calling for establishing a new Linear Central Bullet Train station is expected to involve areas near Hashimoto Station of the JR Sagami Line. We therefore consider the property's location to be quite promising as this plan may well help increase the potential of areas surrounding the property.

(2) Features of the Property

The property is a medium-scale shopping center opened in June 2014, consisting of Yaoko, which serves as a core retail facility, as well as Daiso, Paseos and other stores whose differing styles complement each other quite effectively. As a large proportion of shoppers visit the property by car due to its location alongside Prefectural Road 507, it is equipped with a large single-story parking lot capable of housing 150 cars. This parking lot also makes the property stand out from neighboring streets.

Yaoko Nishiomiya Store

(1) Evaluation of the Site

The location of this property includes areas subject to the Specific Land Readjustment Project for West Omiya, which currently targets districts near Nishi-Omiya Station of the JR Kawagoe Line. The property is a 14-minute walk from Nishi-Omiya Station. Moreover, the nearby Miyamae Interchange directly connects to the intersection of National Roads 16 and 17, both of which function as arteries of the Tokyo metropolitan area. As such, the property boasts smooth access to interregional trunk roads. The retail trading area population within a 1 km radius is estimated at 11,000 and at 143,000 within a 3 km radius, suggesting a sufficient population. Furthermore, amid recent progress in the construction of single-family houses and condominiums under the aforementioned project, the local population grew robustly by 153% and 106% within radiuses of 1 km and 3 km, respectively, over the course of the 2015–2020 period (based on the 2020 national census). We have thus concluded that the property's location will remain favorable thanks to expected local population growth.

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(2) Features of the Property

The property is a medium-scale shopping center opened in January 2019, consisting of Yaoko, which serves as a core retail facility, as well as Seims, Seria and other stores whose differing styles complement each other quite effectively. As much of the land directly borders the nearest main road, the property is highly visible from the local neighborhood. Moreover, it is equipped with a large single-story parking lot capable of housing 119 cars. Taking these features into account, we have concluded that the property boasts robust competitiveness in Saitama City, where car ownership is high, since it boasts smooth road access and a convenient parking lot.

3. Details of the Assets to Be Acquired

Name of asset		Yaoko Sagamihara Hikarigaoka Store
Type of asset		Real estate
Location (residence indication)		2-18-160 Hikarigaoka, Sagamihara City, Kanagawa
Land	Lot area	9,798.48 m ² (registered)
	Use	Category 2 residential district, Category 1 exclusive district for low-rise residential buildings
	Plot ratio	200%, 100%
	Building to land ratio	60%, 50%
	Ownership	Property ownership
Building	Structure / Number of floors	Steel frame, alloy plate roof, two floors (registered)
	Construction completed	June 17, 2014
	Gross floor area	4,772.17 m ² (registered)
	Use	Stores
	Ownership	Proprietary ownership
Planned acquisition price		¥2,000 million
Appraisal value		¥2,140 million
Appraiser		Daiwa Real Estate Appraisal Co., Ltd.
PML in earthquake		11%
Collateral		None
Lease details		
	Lessor	Investment Corporation
	Lessee	Not disclosed*
	Type of contract	Fixed-term building lease contract (fixed-rent master lease contract)
	Contract term	Not disclosed*
	Annual rent	Not disclosed*
	Termination during the contract term	Not disclosed*
	Rent revision	Not disclosed*
	Leasehold deposit	Not disclosed*
	Security deposit	Not disclosed*
	Number of tenants	1
	Total leasable floor space *5	4,772.17 m ²
	Total leased floor space *5	4,772.17 m ²
	Occupancy rate	100% (total leased floor space / total leasable floor space)
Note		None

* Not disclosed as the Investment Corporation has not obtained the lessee's permission to do so.

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Name of asset		Yaoko Nishiomiya Store
Type of asset		Real estate
Location (registered indication)		4-5-1 Nishiomiya, Nishi Ward, Saitama City, Saitama, etc.
Land	Lot area	14,763.00 m ² (registered)
	Use	Category 2 residential district, Category 1 exclusive district for low-rise residential buildings
	Plot ratio	200%
	Building to land ratio	60%
	Ownership	Property ownership
Building	Structure / Number of floors	Steel frame, alloy plate roof, single floor (registered)
	Construction completed	January 23, 2019, expanded on January 8, 2021
	Gross floor area	4,288.93 m ² (registered)
	Use	Stores
	Ownership	Proprietary ownership
Planned acquisition price		¥2,500 million
Appraisal value		¥2,660 million
Appraiser		Daiwa Real Estate Appraisal Co., Ltd.
PML in earthquake		10%
Collateral		None
Lease details		
	Lessor	Investment Corporation
	Lessee	Not disclosed*
	Type of contract	Fixed-term building lease contract (fixed-rent master lease contract)
	Contract term	Not disclosed*
	Annual rent	Not disclosed*
	Termination during the contract term	Not disclosed*
	Rent revision	Not disclosed*
	Leasehold deposit	Not disclosed*
	Security deposit	Not disclosed*
	Number of tenants	1
	Total leasable floor space *5	4,288.93 m ²
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	Occupancy rate	100% (total leased floor space / total leasable floor space)
Note		None

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4. Seller Profile and the Status of Assets to Be Acquired in Connection with Previous Property Owners, etc.
Although the seller 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 seller's permission to do so. The seller 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. SC Management Agreement

The Investment Corporation has concluded a Basic Agreement Concerning Shopping Center Management for the operation and management of its retail facilities with Mitsui Fudosan Co., Ltd., the parent company of the Asset Management Company, with the aim of utilizing Mitsui Fudosan's expertise. Based on the stipulations of the basic agreement, an amended SC management agreement laying out the precise scope of the operations (including property management operations) for the Assets to Be Acquired, namely, the Yaoko Sagamihara Hikarigaoka Store and the Yaoko Nishiomiya Store, will be concluded following the Acquisition.

7. Matters Related to Forward Commitment

The Acquisition 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 equivalent to 20% of the real estate purchase price to the other party. In addition, this Forward Commitment is premised on asset replacement involving the sale of Queen's Isetan Sugunami-Momoi outlined in a press release issued today under the title "Notice Concerning Sale of Trust Beneficiary Rights to a Real Estate Property in Japan." Because of this premise, this Forward Commitment allows for cancelation by either party if the agreement regarding the sale of trust beneficiary rights to the aforementioned properties is cancelled or otherwise terminated. Accordingly, this Forward Commitment does not necessitate additional 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. Outlook

For details on the expected effect of the Acquisition 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.

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9. Summary of Property Appraisal

Property name	Yaoko Sagamihara Hikarigaoka Store
Appraisal value	¥2,140,000,000
Appraiser	Daiwa Real Estate Appraisal Co., Ltd.
Date of appraisal	February 16, 2024

Item	Content	Remarks
Indicated value by income approach	¥2,140,000,000	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	¥2,180,000,000	
Operating income	Not disclosed	
Underlying gross income	Not disclosed	
Loss from vacancy, etc.	Not disclosed	
Operating costs	Not disclosed	
Maintenance and management fees	Not disclosed	
Utility costs	Not disclosed	
Repair costs	Not disclosed	
Property management fees	Not disclosed	
Tenant advertising costs	Not disclosed	
Taxes and public dues	Not disclosed	
Insurance premium	Not disclosed	
Other expenses	Not disclosed	
Net operating income	¥92,654,000	
Operating profit on lump-sum payments	Not disclosed	
Capital expenditure	Not disclosed	
Net income	¥91,663,000	
Cap rate	4.2%	Assessed by taking into account various factors associated with the target property while making comparisons with transactions involving similar real estate.
DCF value	¥2,120,000,000	
Discount rate	4.0%	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	4.4%	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

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Item		Content	Remarks
			rents, etc., with reference to transactional yields, etc. of similar real estate.
Indicated value by cost approach		¥2,100,000,000	
	Land ratio	80.2%	
	Building ratio	19.8%	

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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Property name	Yaoko Nishiomiya Store
Appraisal value	¥2,660,000,000
Appraiser	Daiwa Real Estate Appraisal Co., Ltd.
Date of appraisal	February 16, 2024

Item	Content	Remarks
Indicated value by income approach	¥2,660,000,000	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	¥2,720,000,000	
Operating income	Not disclosed*	
Underlying gross income	Not disclosed*	
Loss from vacancy, etc.	Not disclosed*	
Operating costs	Not disclosed*	
Maintenance and management fees	Not disclosed*	
Utility costs	Not disclosed*	
Repair costs	Not disclosed*	
Property management fees	Not disclosed*	
Tenant advertising costs	Not disclosed*	
Taxes and public dues	Not disclosed*	
Insurance premium	Not disclosed*	
Other expenses	Not disclosed*	
Net operating income	¥111,312,000	
Operating profit on lump-sum payments	Not disclosed*	
Capital expenditure	Not disclosed*	
Net income	¥111,364,000	
Cap rate	4.1%	Assessed by taking into account various factors associated with the target property while making comparisons with transactions involving similar real estate.
DCF value	¥2,640,000,000	
Discount rate	3.9%	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	4.3%	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	¥2,660,000,000	
Land ratio	82.4%	

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Item	Content	Remarks
Building ratio	17.6%	

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. Maps of the surrounding areas of the Assets to Be Acquired and exterior photographs of the assets
2. Overview of the investment portfolio after the asset replacement

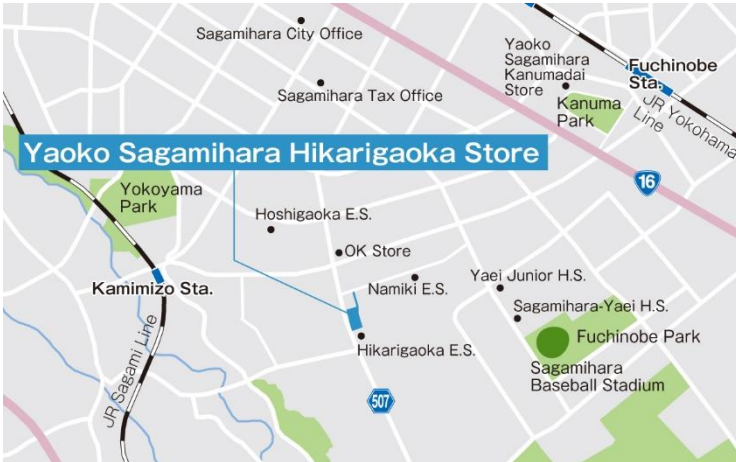
Frontier Real Estate Investment Corporation website: <https://www.frontier-reit.co.jp/en/>

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Attachment 1. Maps of the surrounding areas of the Assets to Be Acquired and exterior photographs of the assets

Yaoko Sagamihara Hikarigaoka Store

■ Surrounding area



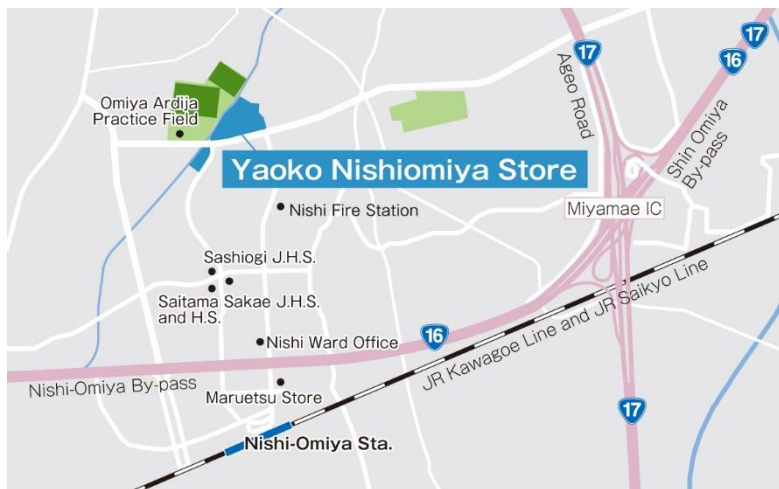
■ Property exterior



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Yaoko Nishiomiya Store

■ Surrounding area



■ Property exterior



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Attachment 2. Overview of the investment portfolio after the asset replacement¹

Property name	Location	(Planned) acquisition date	(Planned) acquisition price ³ (Millions of yen)	Percentage of portfolio ⁴
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 ³ (Millions of yen)	Percentage of portfolio ⁴
		August 10, 2016 July 1, 2021 (additional acquisition)		
Shinsaibashi Square (land interest) ²	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%
Takehita 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 Hikaigaoka 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%

- The above table represents portfolio
- io overview after the sale of Queen's Isetan Suginami-Momoi as outlined in a press release issued today under the title "Notice Concerning Sale of Trust Beneficiary Rights to a Real Estate Property in Japan)."
- 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)."
- (Planned) acquisition price amounts are rounded down to the nearest million yen.
- Percentage of portfolio figures are based on (Planned) acquisition price and are rounded to the nearest first decimal place.