

February 17, 2025

To All Concerned Parties

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

Asset Management Company:
Mitsui Fudosan Frontier REIT Management Inc.
Shigekazu Yokochi
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Notice Concerning Acquisition of Trust Beneficiary Rights to Real Estate Property in Japan
(Mitsui Shopping Park LaLaport AICHI TOGO; a 30% quasi co-ownership stake)

Frontier Real Estate Investment Corporation (the “Investment Corporation”) hereby announces that on February 17, 2025, its asset management company, Mitsui Fudosan Frontier REIT Management Inc. (the “Asset Management Company”), reached the decision to acquire Mitsui Shopping Park LaLaport AICHI TOGO (the “Acquisition”; the property itself is referred to below as the “Asset to Be Acquired”). Because the party transferring the Asset to be Acquired 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 upon the approval of the Investment Corporation’s Board of Directors meeting held on February 10, 2025, following the deliberation and resolution of the Compliance Committee on the same date. The Asset Management Company’s Board of Directors then resolved to conclude the contract associated with the Acquisition at its Board of Directors meeting held today.

1. Outline of the Asset to Be Acquired

(1) Property name	Mitsui Shopping Park LaLaport AICHI TOGO (a 30% quasi co-ownership stake)
(2) Type of asset	Trust beneficiary rights to real estate
(3) Planned acquisition price*1	¥10,950 million (land: ¥5,748 million; buildings: ¥5,201 million)
(4) Contract date	February 17, 2025
(5) Planned acquisition date	March 26, 2025 (delivery and clearance date)
(6) Transferrer*2	Mitsui Fudosan Co., Ltd.
(7) Broker	No
(8) Acquisition financing	Self-financing and loans (planned)
(9) Payment method	Lump sum at the time of delivery

*1. The amount noted here excludes miscellaneous acquisition costs, real property taxes, city planning taxes, consumption taxes, etc.

*2. Please refer to “4. Seller Profile” below.

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. Specifically, the Investment Corporation expects the Acquisition to help expand its asset size while enhancing the diversity of its properties in terms of geographical location and other aspects. Thus, by engaging in this acquisition, the Investment Corporation aims to maintain and improve the quality, profitability and stability of its portfolio. In its decision to acquire this asset, the Asset Management Company also considered, *inter alia*, the following factors:

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(1) Evaluation of the Site

The Asset to Be Acquired is located in Togo-cho, a bedroom community for people who commute to Nagoya and Toyota cities, and boasts quick access to Nisshin Station, the nearest station on the Meitetsu Line, with loop-line buses departing from this station delivering visitors to a terminal directly in front of the property's main building. Moreover, the property is highly accessible via car and expected to attract patrons from a wide area as it is easily accessed by two trunk roads, National Road 153 and Prefectural Road 57. In addition, the number of visitors to the surrounding community is likely to further increase due to the high density of the local population within a 10 km radius and a land readjustment project now under way to redevelop the site and its neighboring area.

(2) Features of the Property

The property is a regional shopping center opened in September 2020 and managed by Mitsui Fudosan Co., Ltd., with its tenants consisting of approximately 200 stores. These tenants comprise a number of outdoor goods retailers, including large-scale Alpen Outdoors and SPORTS DEPO brand outlet stores. The property also boasts TOGO Park, an outdoor facility boasting an open space capable of hosting various events and an extensive lineup of children's playground equipment. Accordingly, the property serves as a place for community residents to interact.

3. Details of the Asset to Be Acquired

Name of asset		Mitsui Shopping Park LaLaport AICHI TOGO (a 30% quasi co-ownership stake)
Type of asset		Trust beneficiary rights to real estate
Trust formation date		March 26, 2025 (planned)
Trustee		Sumitomo Mitsui Trust Bank, Limited (planned)
Trust contract period		March 31, 2035
Location (residence indication)		1, etc., Block 62, Togo Chuo Land Readjustment Project, Togo-cho, Aichi-gun, Aichi Prefecture
Land	Lot area* ¹	89,842.66 m ² * ²
	Use	Neighborhood commercial zone
	Plot ratio	200%
	Building to land ratio	80%
	Ownership	Property ownership, rights to reserved land* ³
Buildings	Structure / Number of floors	Steel frame, flat roof construction, four floors Steel frame, flat roof construction, seven floors Steel frame, flat roof construction, six floors Lightweight steel frame, alloy plate flat roof (registered)
	Construction completed	July 27, 2020
	Gross floor area* ¹	182,989.99 m ² (registered)
	Use	Retail outlets, parking, childcare center
	Ownership	Proprietary ownership
Planned acquisition price		¥10,950 million
Appraisal value		¥11,100 million
Appraiser		Japan Real Estate Institute
PML in earthquake		2.4%
Collateral		None
Lease details		
	Lessor	Sumitomo Mitsui Trust Bank, Limited
	Lessee	Mitsui Fudosan Co., Ltd.
	Type of contract	Building lease contract (fixed-rent master lease contract)
	Contract term	From March 26, 2025 to March 31, 2045
	Annual rent income* ¹	¥2,250 million (fixed rent) and sales-linked rent
	Termination during the contract term	Not allowed for five years
	Rent revision	Not allowed until March 31, 2030, in principle

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	Leasehold deposit*1	¥1,125 million (equivalent to six-month's rent)
	Security deposit	None
	Number of tenants	1
	Total leasable floor space*1	186,029.49 m ²
	Total leased floor space*1	186,029.49 m ²
	Occupancy rate	100% (total leased floor space / total leasable floor space)
Note		- This property is located within the district covered by the Togo Chuo Land Readjustment Project. The current boundaries of the land are set to be readjusted in accordance with Japan's Land Readjustment Act. Accordingly, the trust beneficiaries are expected to acquire the title to the newly readjusted parcel of land in exchange for relinquishing ownership of land they currently hold on the day following the posting of public notice regarding the disposition of the readjusted parcels of land. At the same time, a portion of the land they intend to acquire the title to is now reserved for the project owner under said act. Because the ownership of the reserved land cannot be transferred until the day following the posting of said public notice, the registration of its ownership cannot be amended until that time. Therefore, the trustee intends to acquire trust beneficiary rights to that portion of the land prior to the Acquisition on behalf of the beneficiaries. The boundaries of the property's land are expected to be finalized upon the disposition of the readjusted land. - A portion of the property's land (1,098.84m²) is currently leased to Togo-cho free of charge for use as a road. - When the Investment Corporation acquires its quasi co-ownership stake in the trust beneficiary rights to the property from the seller, a Letter of Agreement between the Quasi Co-Owners will be signed by the seller, the Investment Corporation, and SMFL MIRAI Partners Company, Limited, which is expected to similarly acquire a quasi co-ownership stake in the trust beneficiary rights to the property. According to the Letter of Agreement between the Quasi Co-Owners, if a quasi co-owner wishes to transfer its quasi co-ownership stake in whole or in part, it must offer the right of first refusal for the transfer of these assets to co-signatories. In addition, this letter will entitle the Investment Corporation to exercise sole discretion over matters that need to be decided by the beneficiaries of the trust beneficiary rights to the property, except for decisions with regard to certain important matters. Furthermore, the letter will stipulate that if the trustee returns its quasi co-ownership stake in the property to the beneficiaries, the signatories will refrain from exercising their rights to request the division of the property as defined under Article 256 of the Civil Code for a period of five years from the date at which such quasi co-ownership stake is returned.

*1 Although the Investment Corporation plans to acquire a 30% quasi co-ownership stake in the trust beneficiary rights to the property, the lot area, gross floor area, annual rent income, leasehold deposit, total leasable floor space, and total leased floor space presented above reflect the data for the entire property.

*2 Based on the readjusted land certificate and reserved land certificate.

*3 The rights to reserved land refer to rights to use, profit from, and take over the ownership of the reserved

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land on the day following the posting of the public notice regarding the disposition of the readjusted land allotted to the reserved land.

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4. Seller Profile

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	¥341,800 million (as of September 30, 2024)
Established	July 15, 1941
Net assets	¥3,272,399 million (as of September 30, 2024)
Total assets	¥9,963,369 million (as of September 30, 2024)
Major shareholder and ownership ratio	The Master Trust Bank of Japan, Ltd. (trust account) (17.50%) (as of September 30, 2024)
Business	Acquisition, ownership, disposal, lease, sale, and management of real estate
Relationship with the Investment Corporation and/or the Asset Management Company	
Capital relationship	As of December 31, 2024, the seller held 5.40% of the Investment Corporation's outstanding investment units. Moreover, the seller holds all of the outstanding shares in the Asset Management Company.
Personal relationship	As of December 31, 2024, eight of the Asset Management Company's officers and employees (excluding non-executive directors) were personnel seconded from the seller.
Business relationship	The seller is the contractor for the Investment Corporation's SC management services, provider of new tenant mediation services, broker for real estate transactions, seller for some of the Investment Corporation's real estate holdings, and lessee of the Investment Corporation's real estate holdings.
Status of classification as related parties	The seller is not considered a related party of the Investment Corporation. The seller is the parent company of the Asset Management Company.

5. Status of Previous Property Owners

Name of asset (location)	Mitsui Shopping Park LaLaport AICHI TOGO (a 30% quasi co-ownership stake) (1, etc., Block 62, Togo Chuo Land Readjustment Project, Togo-cho, Aichi-gun, Aichi Prefecture)	
Previous property owners	Immediately previous owner	Owner(s) predating immediately previous owner
Name	Mitsui Fudosan Co., Ltd.	Unnamed party with no special interest
Relationship with party with a special interest	100% parent company of the Asset Management Company	—
Background and purpose of acquisition	For the purpose of development	—
Acquisition price*	—	—
Acquisition date	July 31, 2020 (newly constructed building) November 12, 2017 (land), etc.	—

* This information is omitted because the previous owner held the property for more than one year.

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 to be undertaken (including property management operations) for the Asset to Be Acquired, namely, Mitsui Shopping Park LaLaport AICHI TOGO, will be concluded following the Acquisition.

7. Matters Related to the Forward Commitment

The Acquisition may be designated the "Forward Commitment" as it 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 may be cancelled by either party prior to the transfer of the Asset to Be Acquired to the Investment Corporation if the other party fails to fulfill contractual obligations under the transfer agreement even despite such party having been served with notice allowing a reasonable period of time to do so. (The failure to fulfill contractual obligations includes cases in which a statement or guarantee provided by such party is incorrect or untrue in its important aspects.) Moreover, it is agreed that, if the Forward Commitment is cancelled, the cancelling party may claim compensation for damage from the party at fault. However, it is also agreed that the Investment Corporation's obligation to pay the acquisition price would not arise if it could not fully procure the funds necessary to pay said acquisition price. Thus, the Investment Corporation would not be deemed to be at fault under the Forward Commitment in such case. Accordingly, the Investment Corporation does not consider the Forward Commitment to materially affect its financial status.

8. Outlook

Please refer to the "Forecasts of Results for the 42nd Fiscal Period (January 1, 2025 to June 30, 2025) and for the 43rd Fiscal Period (July 1, 2025 to December 31, 2025)" released in the "Summary of Financial Results for the 41st Fiscal Period" dated today for the impact of the Acquisition on the results for the fiscal periods ending June 30, 2025 and December 31, 2025.

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9. Summary of Property Appraisal

Property name	Mitsui Shopping Park LaLaport AICHI TOGO (a 30% quasi co-ownership stake)
Appraisal value	¥11,100,000,000
Appraiser	Japan Real Estate Institute
Date of appraisal	January 1, 2025

Item	Content	Remarks
Indicated value based on income approach	¥11,100,000,000	Calculated using the capitalization method, with reference to both the value determined using the income approach based on the DCF method and the value indicated by the income approach based on the direct reduction method.
Direct-reduction method value	¥11,190,000,000	
Operating income	¥675,000,000	
Underlying gross income	¥675,000,000	
Loss from vacancy, etc.	¥0	
Operating costs	¥143,777,000	
Maintenance and management fees	¥0	
Utility costs	¥0	
Repair costs	¥20,769,000	Determined by taking into account future management and operation plans, the level of costs incurred by, and engineering reports regarding similar real estate, etc.
Property management fees	¥17,550,000	Determined by taking into account fee rates associated with similar real estate and individual characteristics of the target property, etc.
Tenant advertising costs	¥0	
Taxes and public dues	¥103,982,000	Determined by taking into account tax burden adjustment measures, etc., based on publicly available materials related to taxes and public dues.
Insurance premium	¥1,476,000	Determined by taking into account current insurance premiums and premium rates associated with similar buildings
Other expenses	¥0	
Net operating income	¥531,222,000	
Operating profit on lump-sum payments	¥3,375,000	Assessed based on an assumption that the rate of return on leasehold deposit is 1.0%.
Capital expenditure	¥9,198,000	Assessed based on the volume of capital expenditure undertaken for, age of buildings constructed on, and engineering reports regarding similar real estate, etc.
Net income	¥525,399,000	

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Item			Content	Remarks
		Cap rate	,4.7%	Assessed with reference to the cap rate for real estate with minimal investment risk, adjusted by a spread attributable to features of the target property and other conditions. Due consideration was also given to future uncertainties, transactional yields, etc., of similar real estate.
		DCF value	¥10,980,000,000	
		Discount rate	4.5%	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	4.9%	Assessed by comprehensively taking into account projected future trends in 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		¥10,680,000,000	
		Land ratio	52.5%	
		Building ratio	47.5%	

Note: The Asset to Be Acquired by the Investment Corporation consists of a 30% quasi co-ownership stake in the trust beneficiary rights to the property. Reflecting this, the value stated above for each item as well as operating income, operating costs, net operating income, gross income, and other sub-items pertain only to trust beneficiary rights to trust assets consisting of the 30% quasi co-ownership stake to be acquired.

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 will 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. Map indicating property location / photograph of the property
2. Overview of the investment portfolio after the Acquisition

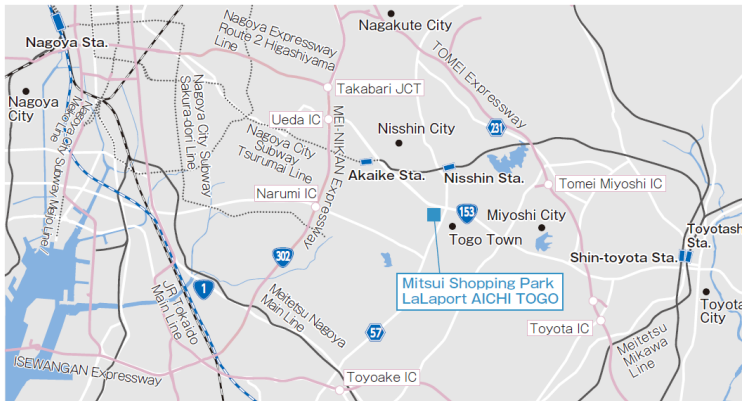
Frontier Real Estate Investment Corporation website: <https://www.frontier-reit.co.jp/en/>

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Attachment 1. Map indicating property location / photographs of the property

Mitsui Shopping Park LaLaport AICHI TOGO (a 30% quasi co-ownership stake)

■ Property location



■ Photograph of the property



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Attachment 2. Overview of the investment portfolio after the Acquisition

Property name	Location	(Planned) acquisition date	(Planned) acquisition price (Millions of yen) *1	Percentage of portfolio *2
AEON STYLE Shinagawa Seaside	Shinagawa, Tokyo	August 9, 2004	20,100	5.3%
AEON MALL Ibaraki	Ibaraki City, Osaka	August 9, 2004	18,100	4.8%
BRANCH Hakata Papillon Garden	Fukuoka City, Fukuoka	August 9, 2004 March 13, 2020 (additional acquisition)	7,905	2.1%
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	6.6%
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	0.8%
You Me Town Hiroshima	Hiroshima City, Hiroshima	February 19, 2008	23,200	6.2%
Mitsui Outlet Park IRUMA	Iruma City, Saitama	July 10, 2008	19,900	5.3%
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	4.0%
GINZA GLASSE	Chuo, Tokyo	July 2, 2010	13,600	3.6%
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	1.5%
VIORO	Fukuoka City, Fukuoka	February 28, 2012	10,100	2.7%
Rakuhoku HANKYU SQUARE	Kyoto City, Kyoto	July 4, 2012	8,800	2.3%
Ikebukuro Square	Toshima, Tokyo	February 1, 2013	20,400	5.4%
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 August 10, 2016 July 1, 2021	34,070	9.1%

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Property name	Location	(Planned) acquisition date	(Planned) acquisition price (Millions of yen) *1	Percentage of portfolio *2
		(additional acquisition)		
Shinsaibashi Square (land interest)	Osaka City, Osaka	March 2, 2015	8,353	2.2%
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	1.1%
SAKAE GLOBE	Nagoya City, Aichi	March 28, 2018 March 22, 2019 (additional acquisition)	15,650	4.2%
Summit Store Higashi-Nagasaki (land interest)	Toshima, Tokyo	June 8, 2018	2,022	0.5%
Ikebukuro GLOBE	Toshima, Tokyo	March 22, 2019 September 5, 2019 (additional acquisition)	20,800	5.5%
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	1.6%
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	2.5%
Yaoko Sagamihara Hikarigaoka	Sagamihara City, Kanagawa	May 1, 2024	2,000	0.5%
Yaoko Nishi-Omiya	Saitama City, Saitama	July 1, 2024	2,500	0.7%
Mitsui Shopping Park LaLaport AICHI TOGO	Aichi-gun, Aichi	March 26, 2025	10,950	2.9%
Total			375,738	100.0%

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

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