

November 29, 2013

**For Immediate Release**

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

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**Notice of Disposition of Investment Assets (WV SAKAE and AEON Hadano Shopping Center)**

Frontier Real Estate Investment Corporation (the "Investment Corporation") today announced its decision to dispose investment assets. Brief details are as follows.

1. Planned Disposition Details

(1) Property Name: WV SAKAE

1) Type of disposed Asset: Trust beneficiary rights in a real estate property

2) Disposition Price: ¥5,200 million

\*The above figure does not include real property tax, city planning tax, consumption tax etc.

3) Book value: ¥7,000 million (as of June 30, 2013)

4) Difference between disposition price and book value:

-¥1,800 million

(above said "2) Disposition price" - "3) Book value")

\*The above figure is for reference only and based on the book value as of June 30, 2013, and will differ from the actual figures at the time of disposition.

5) Contract Date: November 29, 2013

6) Delivery Date: November 29, 2013

7) Buyer: RT Development Co., Ltd.

(please see "5. Buyer Profile" in the following section)

8) Intermediary: TOBU Properties Co., Ltd.

(please see "6. Intermediary Profile" in the following section)

\*Total brokerage fee is not disclosed as the Investment Corporation has not obtained consent for disclosure from the intermediary.

9) Method of settlement: Single payment at the time of delivery

(2) Property Name: AEON Hadano Shopping Center

1) Type of disposed Asset: Trust beneficiary rights in a real estate property

2) Disposition Price: ¥11,800 million

\*The above figure does not include real property tax, city planning tax, consumption tax etc.

3) Book value: ¥8,060 million (as of June 30, 2013)

4) Difference between disposition price and book value:

¥3,740 million

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(above said “2) Disposition price” - “3) Book value”)

\*The above figures are for reference only and based on the book value as of June 30, 2013, and will differ from the actual figures at the time of disposition.

- 5) Contract Date: November 29, 2013
- 6) Delivery Date: (a) November 29, 2013: 55% of trust beneficiary right in real estate property  
(b) June 20, 2014\* : 25% of trust beneficiary right in real estate property  
(c) November 28, 2014\*: 20% of trust beneficiary right in real estate property  
\*Delivery date may change to the date which the buyer and the Investment Corporation agrees on.
- 7) Buyer: Godo Kaisha Double O1  
(please see “5. Buyer Profile” in the following section)
- 8) Intermediary: NA
- 9) Method of settlement: Payments at each time of delivery
- 10) Outline of forward commitment etc.:

Of this disposition, the portions for the delivery dates (b) and (c) fall under the category of forward commitment, etc. (a contract which the delivery date lies ahead and to be settled and delivered after a month has passed since the contract is executed, to be called “Forward Commitment”), and the Investment Corporation will have quasi co-ownership of the beneficiary rights of the property to be disposed along with the Buyer until the delivery dates (b) and (c). In addition, there is a possibility that delivery is not implemented, in which case the Investment Corporation will have the quasi co-ownership beneficiary rights of the property to be disposed along with the Buyer.

Forward Commitment may be cancelled upon violation of legal obligations and when a serious hitch that effects the execution of the contract has occurred. When the Forward Commitment is cancelled, the company responsible for the cause is to compensate for the expense and damage caused to the other party. However, the Forward Commitment is one where the Investment Corporation disposes its property and financing is not necessary, thus impact on the financial statement of the Investment Corporation is considered to be low.

- 11) Agreement of quasi co-ownership:

The Investment Corporation has concluded “Agreement of quasi co-ownership” between the Buyer and the trustee at the time of disposition. The Investment Corporation agrees on rights and obligations between the quasi co-owner such as; decision making process for the beneficiary regarding the property, disposition restrictions for the property, consultation policy of how to dispose the property to a third party or to the Investment Corporation in case the property is not disposed to the Buyer,.

## 2. Rationale for Disposition

### (1) WV SAKAE

Five years have passed since the Investment Corporation acquired WV SAKAE (“SAKAE”), and the remaining lease period with Marui Co., Ltd, the main tenant ( expiration date: January 2017) is a little over 3 years. Accordingly, the Investment Corporation has prudently investigated the risk scenarios and its impact which may be caused in the future, taking into account the market environment surrounding it as well as its specifications and building age, etc.

As a result of these investigations, although the property still enjoys competitiveness both location wise and property speculation wise, the Investment Corporation has judged that it is more desirable to dispose “SAKAE” at

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over a certain amount and collect funds although it will generate considerable loss on sale, in contrast to the future risk associated with continuing to own it.

However, as it is anticipated that the disposition of "SAKAE" will generate considerable loss on sale and will effect the financial results of the Investment Corporation and the disposition will also cause profit depress in the upcoming fiscal periods, it has been decided to dispose another property, AEON Hadano Shopping Center ("HADANO"), that should generate gain on sale along with the disposition of "SAKAE" so as to continue stable distribution for this and upcoming fiscal periods of the Investment Corporation.

### (2) AEON Hadano Shopping Center

At "HADANO", a large-scale renovation work was conducted in July 2011 jointly with AEON Retail Co., Ltd., the tenant. The Investment Corporation also bore the construction cost, which made it possible to raise rent while successfully increasing facility sales as well as property performances. Moreover, as a result of the renovation, the appraisal value of "HADANO" stood at 11.8 billion yen as of the end of June 2013, much higher than before the renovation, and its unrealized gains (difference between the appraisal value and the book value) also expanded significantly.

On the other hand, eighteen years have passed since the property was built, and it is anticipated to require additional investment in addition to ordinary repairs and CAPEX work in order to maintain and enhance the facility competitiveness in the years ahead. This and other factors have caused the Investment Corporation to judge that cash flows from the property would highly likely diminish gradually going forward.

### (3) Disposition of the Two Properties

The Investment Corporation considers that, although its asset size will decrease after the disposition of the two properties, the disposition will give only a limited impact on the quality and balance of its portfolio and expects strong pipeline and support from its sponsor, Mitsui Fudosan as before.

In addition, the Investment Corporation has agreed with the buyer, upon the execution of the sales agreement of "HADANO", that the property will be sold in 3 stages in the current fiscal period through the 20th and 21st fiscal periods of the Investment Corporation. Such a transfer in stages allows the Investment Corporation to offset the gain and loss to be generated by the disposition of the two properties in the current fiscal period, while practically covering the decrease in rental income in association with the disposition of the two properties by the gain on sale of "HADANO" in the 20th and 21st fiscal periods. Moreover, the Investment Corporation considers it possible to accumulate part of the gain on sale as internal reserves..

## 3. Future Management Policy

The Investment Corporation has made it a basic policy to secure stable earnings over a medium to long term and continue to deliver stable distributions (the "Basic Policy") and, having established a stable revenue base centering on properties with fixed rents under long-term lease agreements, have achieved cash distributions of over 18,000 yen per unit for ten consecutive fiscal periods.

Reaching the tenth year next August since listing, the Investment Corporation believes that it is necessary to flexibly and promptly respond to changes in external and internal environments in order to maintain the Basic Policy going forward.

The Investment Corporation is investigating such approaches as: while maintaining conservative financial operations and stable revenue base; the enhancement of facility competitiveness and maximization of asset values through strategic renovation investment for existing properties; and the acquisition of new properties which can take advantage of economic growth of Japan, which together will lead to enhancement of the portfolio and reinforcement of the revenue base.

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### 4. Property Details

#### (1) Property Name : WV SAKAE

Type of Disposition Asset		Trust beneficiary rights in a real estate property
Location (residential address indication)		3-27-1, Sakae, Naka-ku, Nagoya City, Aichi
Land	Lot Area	1,105.24m <sup>2</sup> (registered)
	Use	Commercial district
	Ownership	Property ownership
Building	Structure / Number of Floors	Steel construction, steel frame and reinforced concrete construction, and reinforced concrete construction; six-stories above ground and two-stories below ground
	Construction Completed	January 4, 2007
	Gross Floor Area	7,196.65m <sup>2</sup>
	Use*	Retail and parking
	Ownership	Property ownership
Acquisition Price		¥7,300 million
Appraisal Value		¥6,180 million(As of November 11, 2013)
Appraiser		Japan Real Estate Institute
Probable Maximum Loss (PML)		13%
Collateral		None
Tenancy Situation etc.		<ul style="list-style-type: none"> <li>● Total number of lessees : 5</li> <li>● Total rental revenues : ¥474 million/year</li> <li>● Total rentable area : 4,611.39 m<sup>2</sup></li> <li>● Total leased area : 4,611.39 m<sup>2</sup></li> <li>● Occupancy rate : 100%</li> <li>● Total lease deposit amount : ¥348 million</li> </ul>

#### (2) Property Name : AEON Hadano Shopping Center

Type of Disposition Asset		Trust beneficiary rights in a real estate property
Location (residential address indication)		12-1 Irifune-cho, Hadano City, Kanagawa
Land	Lot Area	47,490.68m <sup>2</sup> (registered)
	Use	Semi-industrial / retail store use in surrounding areas
	Ownership	Property ownership
Building	Structure / Number of Floors	1)(Main Building) Steel frame and flat roof construction; four above ground floors 2)(Annex) Steel frame and flat roof construction; four above ground floors
	Construction Completed	1) November 10, 1995 2) July 15, 1999
	Gross Floor Area	1) 52,148.39m <sup>2</sup> 2) 19,507.85m <sup>2</sup>
	Use*	Retail and parking
	Ownership	Property ownership
Acquisition Price		¥9,300 million
Appraisal Value		¥11,800 million(As of November 11, 2013)
Appraiser		Japan Real Estate Institute
Probable Maximum Loss (PML)		23%
Collateral		None
Tenancy Situation etc.		<ul style="list-style-type: none"> <li>● Total number of lessees : 1</li> <li>● Total rental revenues : ¥868 million/year</li> <li>● Total rentable area : 79,655.99 m<sup>2</sup></li> <li>● Total leased area : 79,655.99 m<sup>2</sup></li> <li>● Occupancy rate : 100%</li> <li>● Total lease deposit amount : ¥656 million</li> </ul>

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## 5. Buyer Profile

## (1) WV SAKAE

Name	RT Development Co., Ltd. ("RT")
Address of Head Office	RT Building, 1-30-22 Sakae, Naka-ku, Nagoya-shi, Aichi
Representative	Kazumasa Ito, Representative Director
Description of Business	1.Selling, leasing and management of real estate 2.Construction and management of golf course 3.Construction, management of hotel and selling of its sectional ownership 4.Construction and selling of condominiums and second house 5.Construction and management of hotel, restaurant and sports facilities 6. All other business incidental or relating to any business of the foregoing items
Capital	¥100 million
Date of Establishment	January 13, 1989
Relationship with the Investment Corporation and/or the Asset Management Company	
Capital Relationship	There are no capital relationships to be described between RT and the Investment Corporation and/or the Asset Management Company.
Personnel Relationship	There are no personnel relationships to be described between RT and the Investment Corporation and/or the Asset Management Company.
Business Relationship	There are no business relationships to be described between RT and the Investment Corporation and/or the Asset Management Company.
Status of Classification as Related Party	RT does not constitute a related party of the Investment Corporation and/or the Asset Management company.

## (2) AEON Hadano Shopping Center

Name	Godo Kaisha Double O1 ("Double O1")
Address of Head Office	Nihombashi 1-chome Building, 1-4-1 Nihombashi, Chuo-ku, Tokyo
Representative	Hideki Koizumi
Description of Business	1. Acquisition and holding of real estate 2. Leasing and management of real estate 3. Acquisition, holding and disposition of trust beneficiary rights in a real estate property 4. All other business incidental or relating to any business of the foregoing items
Capital	¥100,000
Date of Establishment	November 1, 2013
Relationship with the Investment Corporation and/or the Asset Management Company	
Capital Relationship	There are no capital relationships to be described between Double O1 and the Investment Corporation and/or the Asset Management Company.
Personnel Relationship	There are no personnel relationships to be described between Double O1 and the Investment Corporation and/or the Asset Management Company.
Business Relationship	There are no business relationships to be described between Double O1 and the Investment Corporation and/or the Asset Management Company.
Status of Classification as Related Party	Double O1 does not constitute a related party of the Investment Corporation and/or the Asset Management company.

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## 6. Intermediary Profile

## (1) WV SAKAE

Name	TOBU Properties Co., Ltd. ( "TOBU" )
Address of Head Office	1-1-2 Oshiage, Sumida-ku, Tokyo
Representative	Michio Hirano, Representative Director
Description of Business	1. Transaction, brokerage, leasing, agency and appraisal of real estate and incidental money lending business 2. Consultancy on real estate 3. Construction, maintenance, repair, renovation of buildings and contracting 4. Management, administration and consigned operation of vehicles and bicycles parking lots, and sales of automotive and bicycle goods 5. Brokerage and agency of trust beneficiary rights transaction 6. Guidance, brokerage and agency of corporate mergers and alliance and transfer of goodwill and negotiable securities
Capital	¥100 million
Date of Establishment	October 16, 2009
Relationship with the Investment Corporation and/or the Asset Management Company	
Capital Relationship	There are no capital relationships to be described between TOBU and the Investment Corporation and/or the Asset Management Company.
Personnel Relationship	There are no personnel relationships to be described between TOBU and the Investment Corporation and/or the Asset Management Company.
Business Relationship	There are no business relationships to be described between TOBU and the Investment Corporation and/or the Asset Management Company.
Status of Classification as Related Party	TOBU does not constitute a related party of the Investment Corporation and/or the Asset Management company.

## (2) AEON Hadano Shopping Center

None

## 7. Retained Profits

The Investment Corporation is considering to internally retain a certain portion of the profits from the current disposition. The internal retain will be utilized for future stable management and stable distributions.

## 8. Outlook

As for the influence of disposition of assets, please refer to the "Notice Concerning Modifications of Operating Forecasts for the 19th Fiscal Period ending December 31, 2013" also released today.

Operating forecasts for the 20th fiscal period ending June 30, 2014, will be announced after thorough investigation.

## Attachment

## 1. Overview of the Investment Portfolio following the Disposition of Assets

This document is released to media organizations through the "Kabuto Club" (the press club of the Tokyo Stock Exchange), the Ministry of Land, Infrastructure, Transport and Tourism Press Club, and the Press Club for the Ministry of Land, Infrastructure, Transport and Tourism Construction Paper.

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Attachment 1: Overview of the Investment Portfolio following the Disposition of Assets

Property Name	Location	Acquisition Date	Acquisition Price (Millions of yen)*	Percentage of Portfolio (%)**
AEON Shinagawa Seaside Shopping Center	Shinagawa-ku, TOKYO	August 9, 2004	20,100	7.9
AEON Ibaraki Shopping Center	Ibaraki City, OSAKA	August 9, 2004	18,100	7.1
Joyfultown Okayama	Okayama City, OKAYAMA	August 9, 2004	11,000	4.3
AEON Hadano Shopping Center***	Hadano City, KANAGAWA	August 9, 2004	0	0.0
Papillon Plaza	Fukuoka City, FUKUOKA	August 9, 2004	4,810	1.9
Kamiikedai Tokyu Store	Ota-ku, TOKYO	August 9, 2004	1,490	0.6
Belltown Tambaguchi Eki-mae Store	Kyoto City, KYOTO	August 29, 2005	2,130	0.8
AEON Mall NAGOYADOME-mae	Nagoya City, AICHI	March 23, 2006	24,800	9.7
Summit Store Takinogawa Momiji-bashi	Kita-ku, TOKYO	September 29, 2006	3,100	1.2
Sports Club Renaissance Hiroshima	Hiroshima City, HIROSHIMA	April 13, 2007	1,940	0.8
Frespo Tosu (land interest)	Tosu City, SAGA	November 8, 2007	3,178	1.2
You Me Town Hiroshima	Hiroshima City, HIROSHIMA	February 19, 2008	23,200	9.1
WV SAKAE****	Nagoya City, AICHI	July 4, 2008	0	0.0
Queen's Isetan Suginami-momoi	Suginami-ku, TOKYO	July 4, 2008	3,560	1.4
Mitsui Outlet Park Iruma	Iruma City, SAITAMA	July 10, 2008	19,900	7.8
Costco Wholesale Warehouse Iruma (land interest)	Iruma City, SAITAMA	July 10, 2008	2,600	1.0
Desigual Harajuku	Shibuya-ku, TOKYO	October 15, 2008	3,100	1.2
Ito-Yokado Higashi-yamato	Higashi-yamato City, TOKYO	January 13, 2009	11,600	4.5
AEON Town Tanashi-shibakubo	Nishi-tokyo City, TOKYO	February 18, 2009	3,100	1.2
TSUTAYA Fukuoka Tenjin	Fukuoka City, FUKUOKA	December 16, 2009	3,700	1.5
Mitsui Shopping Park LaLaport Iwata	Iwata City, SHIZUOKA	July 2, 2010	15,200	6.0
GINZA GLASSE	Chuo-ku, TOKYO	July 2, 2010	13,600	5.3
Shimura Shopping Center	Itabashi-ku, TOKYO	January 18, 2011	4,430	1.7
Mitsui Shopping Park LaLagarden Kasukabe	Kasukabe City, SAITAMA	February 16, 2011	10,000	3.9
Summit Store Yokohama Okano (land interest)	Yokohama City, KANAGAWA	February 24, 2012	5,700	2.2
VIORO	Fukuoka City, FUKUOKA	February 28, 2012	10,100	4.0
QANAT RakuHoku	Kyoto City, KYOTO	July 4, 2012	8,800	3.5
Ikebukuro Square	Toshima-ku, TOKYO	February 1, 2013	20,400	8.0
Mitsui Shopping Park Alpark (East Building)	Hiroshima City, HIROSHIMA	February 19, 2013	5,400	2.1
Total			255,038	100.0

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\* Acquisition Price amounts are rounded down to the nearest millions in yen.

\*\* Percentage of Portfolio figures are based on acquisition (planned) prices and are rounded up or down to the nearest second decimal place.

\*\*\* As of November 29, 2013, the Investment Corporation transferred 55% of its trust beneficiary rights in real estate for AEON Hadano Shopping Center. Moreover, the Investment Corporation and the buyer, Double O1, has agreed to transfer 25% of the trust beneficiary rights in real estate on June 20, 2014 and 20% of the trust beneficiary rights in real estate on December 31, 2014, thus the above numbers are recorded assuming full disposition . ( Disposition date may be changed to the date the buyer and the Investment Corporation agrees on.)

\*\*\*\* WV SAKAE was disposed on November 29, 2013.