

**Translation Purpose Only**

June 8, 2018

**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.  
Goro Toyama  
Chief Executive Officer and Representative Director

Inquiries:  
Mitsui Fudosan Frontier REIT Management Inc.  
Takashi Iwamoto  
Chief Finance Officer and Director  
Tel: +81-3-3289-0440

**Notice Concerning Acquisition of Real Estate Property in Japan**

**<Summit Store Higashi-Nagasaki (land interest)>**

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"), to acquire Summit Store Higashi-Nagasaki (land interest) (the "Property"), as described below.

**1. Acquisition Details**

- (1) Type of Acquired Asset: Real estate property (Proprietary ownership of land with fixed-term business-use leasehold interest)
- (2) Property Name: Summit Store Higashi-Nagasaki (land interest)
- (3) Acquisition Price: ¥2,022 million\*1
- (4) Contract Date: June 8, 2018
- (5) Acquisition Date: June 8, 2018 (Delivery and clearance date)
- (6) Seller: Not disclosed \*2
- (7) Acquisition Financing: Self-financing with own funds
- (8) Payment Method: Single payment at the time of delivery

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

\*2 Undisclosed as the Investment Corporation did not obtain the seller's consent.

**2. Rationale**

The proposed acquisition of the Property is in line with the Investment Corporation's "basic asset management policy" and "investment stance" as provided in its Articles of Incorporation. In its decision to acquire the Property, the Asset Management Company considered, inter alia, the following factors:

### (1) Evaluation of the Site

The Property is located in a residential area in Toshima-ku, Tokyo. The closest train stations are Higashi Nagasaki Station on the Seibu Ikebukuro Line and Senkawa Station on the Tokyo Metro Yurakucho Line and Fukutoshin Line, both of which are two stops (about five minutes) from Ikebukuro Station, one of Japan's largest transportation terminals. The Property is two lots (a total of about 4,000 m<sup>2</sup>) facing a trunk road (Samezu-Oyama Line, Tokyo Metropolitan Road Route 420) that is about 20 m in width (two lanes in each direction). This road is distinctive as it is lined with cherry trees, vestiges of the old Senkawa Canal. This Property has features that make it rare as a roadside commercial facility site. The trade area population, based on the 2015 national census, is 62,000 people within a 1 km radius, or 15,000 people within a 500 m radius, which is a large enough population for the site of a neighborhood commercial facility.

### (2) Features of the facilities on the Property

In addition to a commercial facility that the lessee built in 2013 (Summit Store Higashi-Nagasaki), a medical clinic (dentist), a non-profit facility (Tokyo Police Department Community Safety Center), and a single-level parking lot (total capacity for 47 vehicles) are also located on the site.

## 3. Property Details

### (1) Real Estate Details

Type of asset	Real estate property	
Location (residence indication)	5-18-2, 5-32-6 and 5-32-9 Nagasaki, Toshima-ku, Tokyo	
Land	Lot area	4,400.63 m <sup>2</sup> (registered) *1
	Use	Neighboring commercial area (within 20 meters of the boundary of the road facing the northwest side), Category 1 exclusive district for low-rise residential buildings (over 20 meters of the boundary of the road facing the northwest side)
	Plot ratio	400%, 150%
	Building to land ratio	80%, 60%
	Ownership	Proprietary ownership for land with fixed-term business-use leasehold interest
Acquisition price	¥2,022 million	
Appraisal value	¥2,330 million	
Appraiser	The Tanizawa Sogo Appraisal Co., Ltd.	
PML in earthquake	— *2	
Collateral	None	
Note	None	

\*1 The land area includes private roads on the northern and southern sides of the Property (about 412.84 m<sup>2</sup>).

\*2 As only the land title was acquired, the probable maximum loss (PML) in the event of an earthquake has not been evaluated.

## (2) Lease Details

Lessor	Frontier Real Estate Investment Corporation
Lessee	Not disclosed *1
Type of contract	Fixed-term business-use leasehold interest
Contract term	20 years (April 10, 2013 to April 9, 2033)
Annual rent	Not disclosed *1
Termination during the contract term	Not disclosed *1
Rent revisions	Not disclosed *1
Security deposit	Not disclosed *1
Guarantee deposit	Not disclosed *1
Number of tenants	1
Total leasable floor space	3,952.10 m <sup>2</sup> *2
Total leased floor space	3,952.10 m <sup>2</sup>
Occupancy rate	100.0% (Total leased floor space / Total leasable floor space)

\*1 Undisclosed as the Investment Corporation did not obtain the lessee's consent.

\*2 The private roads are not included in the leasable floor space.

## 4. Significance of the Acquisition

The acquisition of the Property is based on the Investment Corporation's investment policy, the objective of which is to secure stable revenue over the medium to long term. The acquisition of the Property will expand the asset size of the Investment Corporation, as well as maintain and improve the quality, profitability, and stability of its existing portfolio by diversifying and decentralizing its portfolio.

## 5. Seller Profile

The seller is a general business corporation in Japan, however information on the seller's name, etc. is not disclosed as permission has not been given.

## 6. Status of Property Owner

The property is not acquired from a seller that has a capital relationship, personal relationship, business relationship, or other relationship of interest with the Investment Corporation or Asset Management Company.

## 7. Broker Profile

Company name	Mitsui Fudosan Realty Co., Ltd.
Address of head office	2-5, Kasumigaseki 3-chome, Chiyoda-ku, Tokyo, Japan
Representative	Yasuhiko Yamashiro, President and CEO
Business	Real estate brokerage
Capital	¥20,000 million (as of April 1, 2018)
Established	July 15, 1969
Brokerage fees	¥60,720,000 *1
Relationship with the Investment Corporation and/or the Asset Management Company	
Capital relationship	This said company is a wholly-owned (100%) subsidiary of Mitsui Fudosan Co., Ltd., the parent company of the Asset Management Company.
Personal relationship	There is no personal relationship to report between the

		Investment Corporation or Asset Management Company and the said company. There is no personal relationship to report between related parties or affiliates of the Investment Corporation or Asset Management Company and related parties or affiliates of the said company.
	Business relationship	There is no business relationship to report between the Investment Corporation or Asset Management Company and the said company. There is no business relationship to report between related parties or affiliates of the Investment Corporation or Asset Management Company and related parties or affiliates of the said company.
	Status of classification as related parties	The said company is not considered a related party of the Investment Corporation. The said company is a wholly-owned (100%) subsidiary of Mitsui Fudosan Co., Ltd. the parent company of the Asset Management Company, and is considered a related party to it.

\*1 The amount noted here excludes consumption taxes, etc.

#### 8. Transactions with Interested Parties, etc.

Since the broker of the Property falls under the category of “Interested Parties” set forth in the Interested-Party Transaction Regulations of the Asset Management Company, the contract was resolved at the Board of Directors meeting held on June 8, 2018, following the deliberation and resolution of the Compliance Committee meeting held on June 7, 2018 in line with the Interested-Party Transaction Regulations.

#### 9. Outlook

There is a modest acquisitional effect of the Property on the Investment Corporation’s financial results in the 28th fiscal period ending June 30, 2018. However, there is no change in the operating forecast.

#### 10. Summary of Property Appraisal

Property name	Summit Store Higashi-Nagasaki (land interest)	
Appraisal value	¥2,330,000,000	
Appraiser	The Tanizawa Sogo Appraisal Co., Ltd.	
Date of appraisal	April 10, 2018	
Revenue value using DCF method	¥2,330,000,000	
	Discount rate	3.8%

<Reference materials>

Appendix 1: Map indicating location of the Property and photographs of the Property from outside

Appendix 2: Overview of the investment portfolio including the Property

\* 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.

\* Frontier Real Estate Investment Corporation website: <http://www.frontier-reit.co.jp/eng/>

1. Map indicating location of the Property and photographs of the Property from outside

■ Wide area



■ Surrounding area



■External photograph



## 2. Overview of the investment portfolio including the asset to be acquired

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	6.6%
AEON MALL Ibaraki	Ibaraki City, Osaka	August 9, 2004	18,100	5.9%
Papillon Plaza	Fukuoka City, Fukuoka	August 9, 2004	4,810	1.6%
Kamiikedai Tokyu Store	Ota, Tokyo	August 9, 2004	1,490	0.5%
Belltown Tambaguchi Eki-mae Store	Kyoto City, Kyoto	August 29, 2005	2,130	0.7%
AEON MALL NAGOYADOME-mae	Nagoya City, Aichi	March 23, 2006	24,800	8.1%
Summit Store Takinogawa Momiji-bashi	Kita, Tokyo	September 29, 2006	3,100	1.0%
Home Center Kohnan Hiroshima Minami-Machi (land interest)	Hiroshima City, Hiroshima	April 13, 2007	1,940	0.6%
Frespo Tosu (land interest)	Tosu City, Saga	November 8, 2007	3,178	1.0%
You Me Town Hiroshima	Hiroshima City, Hiroshima	February 19, 2008	23,200	7.6%
Queen's Isetan Suginami-momoi	Suginami, Tokyo	July 4, 2008	3,560	1.2%
Mitsui Outlet Park IRUMA	Iruma City, Saitama	July 10, 2008	19,900	6.5%
Costco Wholesale Warehouse Iruma (land interest)	Iruma City, Saitama	July 10, 2008	2,600	0.9%
Desigual Harajuku	Shibuya, Tokyo	October 15, 2008	3,100	1.0%
Ito-Yokado Higashi-yamato	Higashi-yamato City, Tokyo	January 13, 2009	11,600	3.8%
AEON TOWN Tanashi-shibakubo	Nishi-Tokyo City, Tokyo	February 18, 2009	3,100	1.0%
Don Quijote Fukuoka Tenjin	Fukuoka City, Fukuoka	December 16, 2009	3,700	1.2%
Mitsui Shopping Park LaLaport IWATA	Iwata City, Shizuoka	July 2, 2010	15,200	5.0%
GINZA GLASSE	Chuo, Tokyo	July 2, 2010	13,600	4.5%
Shimura Shopping Center	Itabashi, Tokyo	January 18, 2011	4,430	1.5%
Mitsui Shopping Park LaLagarden KASUKABE	Kasukabe City, Saitama	February 16, 2011	10,000	3.3%
Summit Store Yokohama Okano (land interest)	Yokohama City, Kanagawa	February 24, 2012	5,700	1.9%
VIORO	Fukuoka City, Fukuoka	February 28, 2012	10,100	3.3%
QANAT RakuHoku	Kyoto City, Kyoto	July 4, 2012	8,800	2.9%
Ikebukuro Square	Toshima, Tokyo	February 1, 2013	20,400	6.7%
Mitsui Shopping Park ALPARK (East Building)	Hiroshima City, Hiroshima	February 19, 2013	5,400	1.8%
Kohnan Kawasaki-Odasakae Mall (land interest)	Kawasaki City, Kanagawa	January 31, 2014	7,000	2.3%

Mitsui Shopping Park LaLaport SHIN-MISATO Annex	Misato City, Saitama	March 25, 2014	3,930	1.3%
Shinsaibashi Square	Osaka City, Osaka	March 2, 2015	8,620	2.8%
Mitsui Shopping Park LaLaport SHIN-MISATO	Misato City, Saitama	April 1, 2015 August 10, 2016 (additional acquisition)	19,840	6.5%
Costco Wholesale Warehouse Shinmisato (land interest)	Misato City, Saitama	April 1, 2015	3,810	1.3%
KOJIMA × BIC CAMERA Naha Store	Naha City, Okinawa	January 25, 2016	1,850	0.6%
Super Viva Home Zama and Super Sanwa Zama Higashihara (land interest)	Zama City, Kanagawa	July 31, 2017	4,320	1.4%
SAKAE GLOBE	Nagoya City, Aichi	March 28, 2018	9,300	3.1%
Summit Store Higashi-Nagasaki (land interest)	Toshima, Tokyo	June 8, 2018	2,022	0.7%
Total			304,730	100.0

\*1 Acquisition Price amounts are rounded down to the nearest million yen.

\*2 Percentages of Portfolio figures are based on Acquisition Price and are rounded to the nearest decimal place.