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Provisional translation only



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Notice Concerning Borrowing of Funds

Fukuoka REIT Corporation (FRC) announces that it will conduct the borrowing of funds as described below. The borrowing is a green loan (the “Green Loan”) to be taken out based on the green finance framework established by FRC. Please refer to the attachment for more information of the green loan.

1. Borrowing of funds

1) Reason for borrowings

Refinancing on existing borrowing

2) Outline of borrowings

Borrowing (short-term debt)

- | | |
|----------------------|---|
| 1. Lender: | The Nishi-Nippon City Bank, Ltd., Resona Bank, Limited, The Oita Bank, Ltd., The Bank of Nagasaki, Ltd., The Bank of Saga, Ltd. |
| 2. Amount: | 0.5 billion yen |
| 3. Interest rate: | Base interest rate (JBA 1-month Japanese Yen TIBOR) + 0.35% (Note 1) |
| 4. Borrowing date: | June 30, 2022 |
| 5. Borrowing method: | Submitted loan application form based on commitment line contract as of February 26, 2020 |
| 6. Repayment date: | July 29, 2022 |
| 7. Repayment method: | Lump-sum upon maturity |
| 8. Description: | No collateral, No guarantee |

Borrowing 2 (long-term debt (Note 2))

- | | |
|----------------------|--|
| 1. Lender: | Sumitomo Mitsui Banking Corporation |
| 2. Amount: | 1.6 billion yen |
| 3. Interest rate: | To be announced (Note 3) Fixed interest rate |
| 4. Drawdown date: | June 30, 2022 |
| 5. Borrowing method: | Loan agreement concluded on June 28, 2022 |
| 6. Repayment date: | June 29, 2029 |
| 7. Repayment method: | Lump-sum upon maturity |
| 8. Description: | No collateral, No guarantee |

(Note 1) The applied base interest rate is the JBA Japanese Yen TIBOR two business days before the borrowing date.

Moreover, JBA Japanese Yen TIBOR can be checked on the website of JBA TIBOR Administration.

<http://www.jbatibor.or.jp/english/rate/>

(Note 2) Borrowings by green loan as refinancing of borrowings associated with the acquisition of Canal City Hakata.

(Note 3) Interest rate will be announced once determined.

3) Outline of refinancing

Refinancing 1 (short-term debt)

1. Lender: The Nishi-Nippon City Bank, Ltd., Resona Bank, Limited, The Oita Bank, Ltd., The Bank of Nagasaki, Ltd., The Bank of Saga, Ltd.
2. Amount: 0.5 billion yen
3. Repayment date: June 30, 2022
4. Repayment method: Lump-sum upon maturity
5. Description: No collateral, No guarantee
6. Disclosed date: May 24, 2022

Refinancing 2 (long-term debt)

1. Lender: Sumitomo Mitsui Banking Corporation
2. Amount: 1.6 billion yen
3. Repayment date: June 30, 2022
4. Repayment method: Lump-sum upon maturity
5. Description: No collateral, No guarantee
6. Disclosed date: June 23, 2015 and June 26, 2015 (determination of interest rate)

2. Status of Debt after Borrowing

(mm yen)			
	Before borrowing	After borrowing	Change
Short-term debt (Note 4)	500	500	0
Long-term debt	78,400	78,400	0
Of which, long-term debt payable due within one year	[6,000]	[4,400]	[(1,600)]
Total	78,900	78,900	0
Investment corporation bonds	5,000	5,000	0
Total Interest-bearing debt	83,900	83,900	0

(Note 4) The borrowings are used from committed credit line [13,000 mm yen]

3. Others

Concerning risks related to repayments of this borrowing, etc., there are no material changes from the “Investment risks” disclosed in the latest Securities Report for the 35th Fiscal Period (submitted on May 31, 2022).

*FRC’s website is [Fukuoka REIT Corporation \(fukuoka-reit.jp\)](http://www.fukuoka-reit.jp)

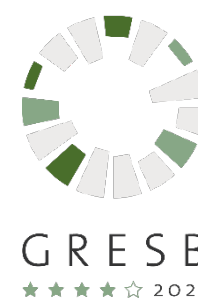
<Reference>

1. Purpose and background of borrowing through green loans

FRC and its asset management company Fukuoka Realty Co., Ltd. (the “Asset Management Company”) are engaged in maximizing unitholder interests over the medium to long term as their mission. To achieve this mission, they consider it essential to promote sustainability through securing environmental, social and governance (ESG) awareness, on top of pursuing profitability as the primary objective. As a policy for specifically implementing this thinking, the Asset Management Company established its “Sustainability Policy” in January 2018.

In addition, FRC has developed in-house systems to promote the above policies and has strengthened efforts on ESG, such as promoting the acquisition of DBJ Green Building Certification, participating in GRESB and becoming a signatory of the Principles for Responsible Investment (PRI).

FRC’s efforts have been highly evaluated by third-party organizations, resulting in the acquisition of “Green Star” in GRESB 2018, and acquired 4-star in “GRESB Rating”, a relative evaluation based on the global ranking of the comprehensive score of each participant.



Furthermore, FRC is pressing ahead with acquisition of various environmental certifications concerning the environmental performance of individual facilities it owns, including “DBJ Green Building Certification” by Development Bank of Japan Inc. and “BELS Evaluation”. As for DBJ Green Building Certification, FRC obtained the certification for 12 properties in total as of February 28, 2022 (5-star rank for two properties, 4-star rank for two properties, 3-star rank for six properties and 1-star rank for two properties). The ratio of properties that have obtained green building certification to the entire portfolio is 78.8% (based on total floor area). Regarding BELS Evaluation, a total of four properties have been certified.

FRC decided to conduct borrowings through green loans with an aim to further promote ESG activities as well as expand fund procurement methods with the expansion of its investor base.

2. Green finance framework and green loans

1) Green finance framework

FRC has established the green finance framework in line with the “Green Bond Principles”, “Green Loan Principles”, “Green Bond Guidelines” and “Green loan and Sustainability Linked Loan Guidelines” set forth by the Ministry of the Environment to conduct green finance including green loans. Furthermore, FRC has obtained from Japan Credit Rating Agency Ltd. (JCR) an overall evaluation of “Green 1 (F),” which is the highest rank in the “JCR Green Finance Framework Evaluation,” with “g1 (F)” for “Greenness Evaluation (use of proceeds)” and “m1 (F)” for “Management, Operation and Transparency Evaluation.” (Note 5).

In this green finance framework, FRC created the following framework to ensure that the borrowings or investment corporation bonds it procures are eligible for green finance.

(Note 5) Please refer to Japan Credit Rating Agency, Ltd. (<https://www.jcr.co.jp/en/>) for more detail.

① Use of funds procured through green finance

The funds procured through green finance will be allocated to the acquisition of assets defined in “2.” (the “Eligible Green Projects”), repayment of borrowings required in the acquisition of Eligible Green Projects or redemption of investment corporation bonds issued and outstanding.

② Eligible Green Projects

Eligible Green Projects are assets that have received or scheduled to receive one of the following certifications of third-party certification organizations as of the date of procurement in green finance or reporting among the specified assets owned by FRC.

- (i) 3, 4 or 5 stars in DBJ Green Building Certification
- (ii) B+, A or S rank in CASBEE Certification
- (iii) 3, 4 or 5 stars in BELS Evaluation

③ Maximum procurement amount in green finance

The amount of debt (the “Debt of Eligible Green Projects”) calculated by multiplying the total acquisition price of Eligible Green Projects by LTV as of the end of the latest fiscal period is set as the maximum procurement amount in green finance.

Total owned properties (based on acquisition price)



④ Reporting

After the procurement through green financing, FRC will announce the following indicators as of the end of each fiscal period (every February and August).

- The total amount of Eligible Green Projects, Eligible Green Project liability and the amount of procurement through green finance
- Number of properties, number of environmental certifications acquired and type of Eligible Green Project

2) Green loans

Based on the green finance framework established by FRC, the entire amount of funds procured through the Green Loan is scheduled to be allocated to part of the funds for repayment of long-term borrowings procured for the acquisition of the Eligible Green Project (Canal City Hakata), a project that satisfies the Eligibility Criteria. Canal City Hakata has acquired a 5-star rank of the DBJ Green Building Certification.