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Provisional translation only



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Notice on Disposition of Property (Domestic real estate)

Fukuoka REIT Corporation (FRC) announces that Fukuoka Realty Co., Ltd. (FR), the asset management company to which FRC entrusts the management of its assets, decided today to dispose the following domestic real estate (the "Disposition").

1. Summary of Disposition

Property Name	Kurume Higashi Kushiwara SC
Disposition Property	Real estate trust beneficiary interest
Disposition Price (planned) (Note1)	Total 2,740 million yen (each co-ownership interest(15% co-ownership interest, 55% co-ownership interest, 30% co-ownership interest) planned to be disposed divided by three times. Each disposition price (estimated) is the following. 1 st / 411 mm yen (15% co-ownership interest) 2 nd / 1,507 mm yen (55% co-ownership interest) 3 rd / 822 mm yen (30% co-ownership interest)
Book Value (Note2)	1,966 million yen
Appraisal Value	2,740 million yen
Difference between the disposition price and the book value (Note3)	773 million yen
Buyer	Non-disclosure (Note4)
Scheduled date of execution of disposition agreement	October 26, 2022
Disposition Date (scheduled)	1 st (15% co-ownership interest) / February 28, 2023 2 nd (55% co-ownership interest) / August 31, 2023 3 rd (30% co-ownership interest) / November 30, 2023

(Note1) Disposition price does not include disposition expenses, amounts equivalent to the settlement of the property taxes and city planning taxes, consumption taxes on the building and other expenses.

(Note2) Figures of the book value are indicated as of the end of August 2022.

(Note3) The figures calculated as the difference between the estimated disposition price and the book value (as of the end of August 2022), and is different from the gain or loss on sale.

(Note4) Not stated because the consent of the buyer cannot be obtained.

2. Reason for Disposition

Kurume Higashi-Kushiwara SC (the "Property") has contributed to the continuation of stable dividends by FRC since its acquisition in February 2008 as a roadside community shopping center located close to the center of Kurume City, Fukuoka Prefecture, and with excellent transportation access and competitiveness.

Although FRC believes that the Property will continue to be competitive, it has decided to dispose it for the following reasons under the recognition that that it will contribute to the best interests of unitholders in the medium to long term.

- (1) Based on the investment guidelines of FRC revised in March 2019, diversify risks by diversifying investment types (lowering the ratio of investment in retail facilities).
- (2) The disposition price greatly exceeds the Property's book value, and in order to continue stable dividends, FRC consulted with the buyer and obtained an agreement on disposition in stages over three terms.
- (3) FRC will dispose it and use the obtained funds obtained for capital investment in internal growth. The proceeds from the sale will be used to fund renewal of existing properties while maintaining stable dividends.

3. Detail of the Property for Disposition

Property Name		Kurume Higashi Kushiwara SC
Types of Assets		Real Estate Trust Beneficiary Interest
Disposition Price (planned)		2,740 million yen (total)
Trust Trustee		Sumitomo Mitsui Trust Bank, Limited
Trust Agreement Period Expiration Date		January 31, 2028
Location (address)		370-3 Higashi-Kushihara-cho, Kurume City Fukuoka Prefecture
Land	Area	7,182.44 m ²
	Areas of use	Semi-industrial area
	Form of Ownership	Ownership
Building	Structure/Number of Floors	Steel-framed flat roof, three floors
	Date of construction	December 3, 2007
	Total floor area	6,467.82 m ²
	Form of Ownership	Ownership
Appraisal value		2,740 million yen (as of August 31, 2022)
Appraiser		The Tanizawa Sogo Appraisal Co., Ltd.
Collateral		None
Special notations		<ul style="list-style-type: none"> - The Disposition falls under the category of a forward commitment, etc. (meaning a sales contract dated earlier and for which settlement and delivery of the Property are to be made after one month or more has elapsed from the conclusion of the contract and other similar agreements). - Under this contract, FRC and the buyer may terminate this agreement by paying to the other party an amount equivalent to 20% of the total purchase price for the purchase and sale that has not been completed at the time of such approval with the consent of the other party after the consultation. - Under this contract, in the event either FRC or the buyer breaches its obligations under this agreement, the other party

		<p>may terminate this agreement in whole or in part if such breach is not resolved within thirty days, in principle, from the date of receipt of notice from the other party. In this case, the counterparty shall be paid the amount equivalent to 20% of the total purchase price pertaining to the sales and purchase that have not been completed at the time of such termination as a penalty.</p> <p>- Notwithstanding the provisions regarding the above termination, this agreement may not be terminated in respect of the beneficial interest in respect of which such transfer became effective in any event after disposition of each beneficial interest became effective.</p> <p>- FRC intends to enter into an agreement between the sub-co-owner of trust beneficial interest with the buyer, FR and the Trustee and agree on the following matters.</p> <p>1) Exercise of the right to order as a beneficiary, acceptance to the Trustee, consent to the Trustee, and other decision-making relating to the matters concerning the management of the Property shall be made at the buyer, irrespective of the share ownership, except for certain matters.</p> <p>2) Certain matters, such as the conclusion, change or cancellation of the lease contract for the Property, the sale of the premises and other dispositions, shall not be undertaken without the consent of all quasi-co-owners.</p> <p>3) Each sub-co-owner may not transfer, pledge or otherwise dispose of his/her beneficial interest without the prior consent of the other sub-co-owners, unless FRC assigns the beneficial interest to the buyer pursuant to this agreement.</p> <p>4) Each quasi-co-owner agrees not to request a division of the trust beneficial interest in the Property for a period of five years from the effective date of this agreement. In addition, in the event that any of the quasi-co-owners does not manifest his/her intention to refuse to renew the Special Clause on non-partition by the expiration date of the term one year prior to the date of the expiration date of the term, the term shall be renewed for five years counting from the date of expiration of the term only if it is not contrary to laws and regulations, and the same shall apply thereafter.</p>				
Status of leasing	Tenants	1				
	Total rent income (annually)	176 million yen (Note1)				
	Security deposit	146 million yen (Note2)				
	Total leasable area	6,467.80 m ² (Note3)				
	Total leased area	6,467.80 m ² (Note3)				
	Trends in occupancy rates over the past five years (Note5)	Aug.2018	Aug.2019	Aug.2020	Aug.2021	Aug. 2022
	100.0%	100.0%	100.0%	100.0%	100.0%	

*All figures for area, use, structure, etc. are based on the indications on the registry.

(Note1) Total rent income for the one-year period from September 1, 2021, to August 31, 2022 (total of rent and

common service expenses). The figure has been rounded down to the nearest million yen.

(Note2) Figures are indicated as of the end of August 2022. The figure has been rounded off to the nearest million yen.

(Note3) The leasable area is the total floor area of the building, and the total lease area is the contract area indicated in the lease agreement concluded as of the end of August 2022.

(Note4) The figure indicates the ratio of the total eased area to the leasable area, and has been rounded to the first decimal place.

4. Overview of Buyer

The buyer is a domestic business company, but the name is not disclosed because the consent of the buyer cannot be obtained. The buyer does not fall under the category of interested party stipulated in the Act on Investment Trusts and FRC or related party stipulated in the Regulations for Interested-Party Transactions of FR as of today. In addition, there is no notable capital relationship, personal relationship or business relationship between the buyer, FRC and FR. The buyer does not fall under the category of related party of FRC or FR.

5. Sales Agent Profile

None

6. Form of payment

The estimated disposition price will be settled on each scheduled disposition date by receiving an amount calculated.

7. Transactions with interested parties

The Disposition is not a transaction with any person who has a special interest with FRC or FR.

8. Date of disposition

Date of assignment decision	October 19, 2022
Date of execution of transfer agreement	October 26, 2022
Payment date	1 st (15% co-ownership interest) February 28, 2023 2 nd (55% co-ownership interest) August 31, 2023 3 rd (30% co-ownership interest) November 30, 2023
Delivery date of the Property	1 st (15% co-ownership interest) February 28, 2023 2 nd (55% co-ownership interest) August 31, 2023 3 rd (30% co-ownership interest) November 30, 2023

9. Outlook

For the impact of the Disposition on the financial results for the fiscal periods ending February 28, 2023 (September 1, 2022 – February 28, 2023), and August 31, 2023 (March 1, 2023 – August 31, 2023), please refer to “Forecast for the Fiscal Period Ending February 28, 2023, and the Fiscal Period Ending August 31, 2023” in “Earnings Briefing for the Period Ended August 2022” announced today.

10. Outline of appraisal report

Property Name	Kurume Higashi Kushiwara SC	
Appraisal value	2,740,000 thousand yen	
Appraiser	The Tanizawa Sogo Appraisal Co., Ltd.	
Pricing date	August 31, 2022	
Category	Figures	Reasons, etc.
Income Capitalization Approach Value	2,740,000 thousand yen	
Value Calculated Using the Direct Capitalization Method	2,790,000 thousand yen	
Gross Operating Revenue	176,085 thousand yen	
Maximum Gross Operating Revenue	176,085 thousand yen	
Shortfall Attributed to Vacancies	0 thousand yen	
Operating Expenses	18,394 thousand yen	
PM Fees	5,282 thousand yen	
Repair and Maintenance Expenses	2,175 thousand yen	
Taxes and Fees	10,362 thousand yen	
Damage Insurances	398 thousand yen	
Other Expenses	176 thousand yen	
Net Operating Income	157,691 thousand yen	
Profit through Mangement of Temporary Deposits, etc.	1,467 thousand yen	
Net Cash Flow	153,504 thousand yen	
Capitalization Rate	5.5%	
Value through DCF mothod	2,720,000 thousand yen	
Discount Rate	Years 1-5 5.3% Years 6- 5.5%	
Termial Cap Rate	5.7%	
Value through cost method	2,690,000 thousand yen	
Percentage of Leased Land	73.4%	
Percentage of Building	26.6%	
Other matters noted by the appraiser in inconducting appraisal	Not listed	

*FRC's website is <https://www.fukuoka-reit.jp/en/index.html>

(Attachments)

Reference 1: Outlook of the Property

Reference 2: Location of the Property

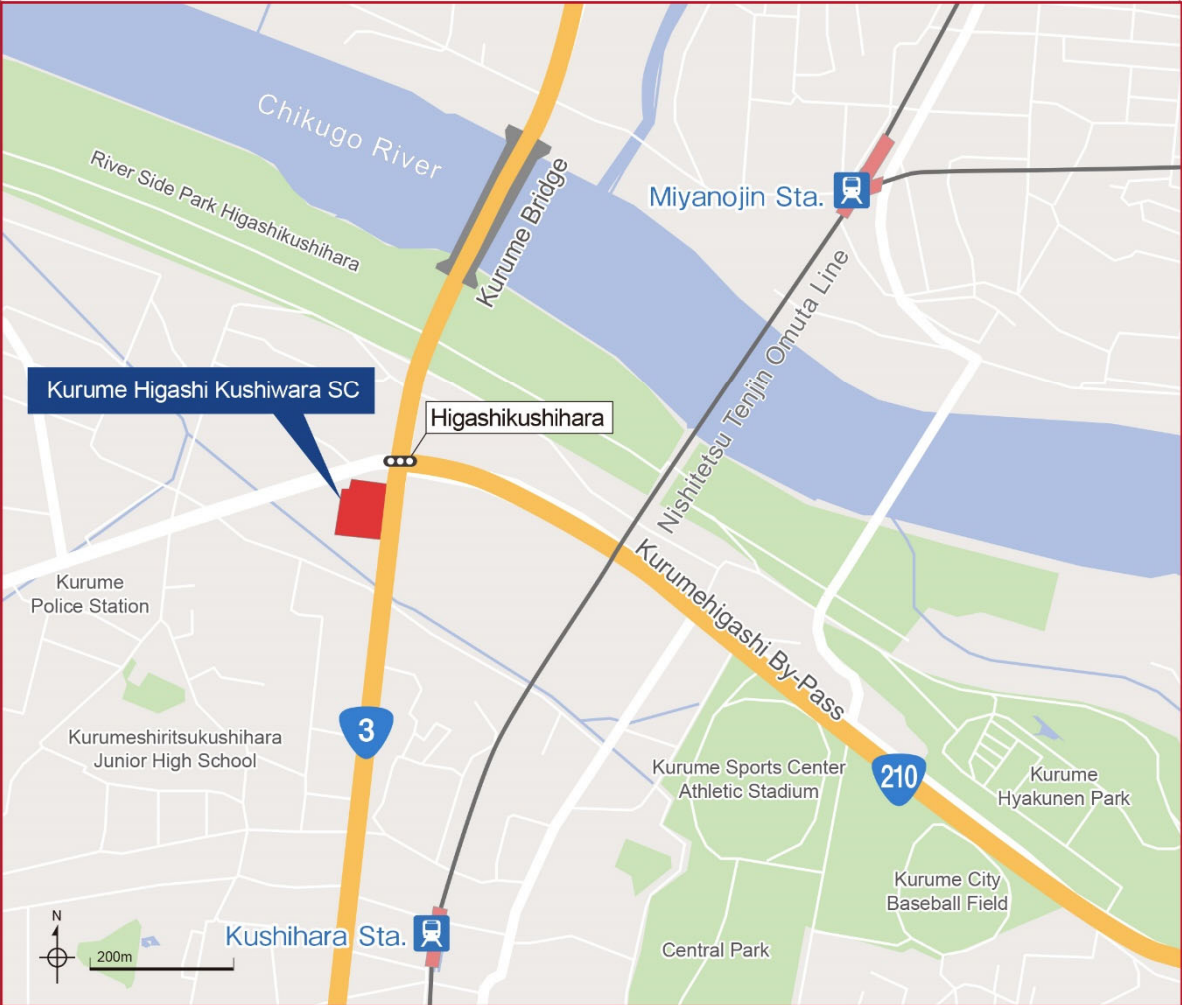
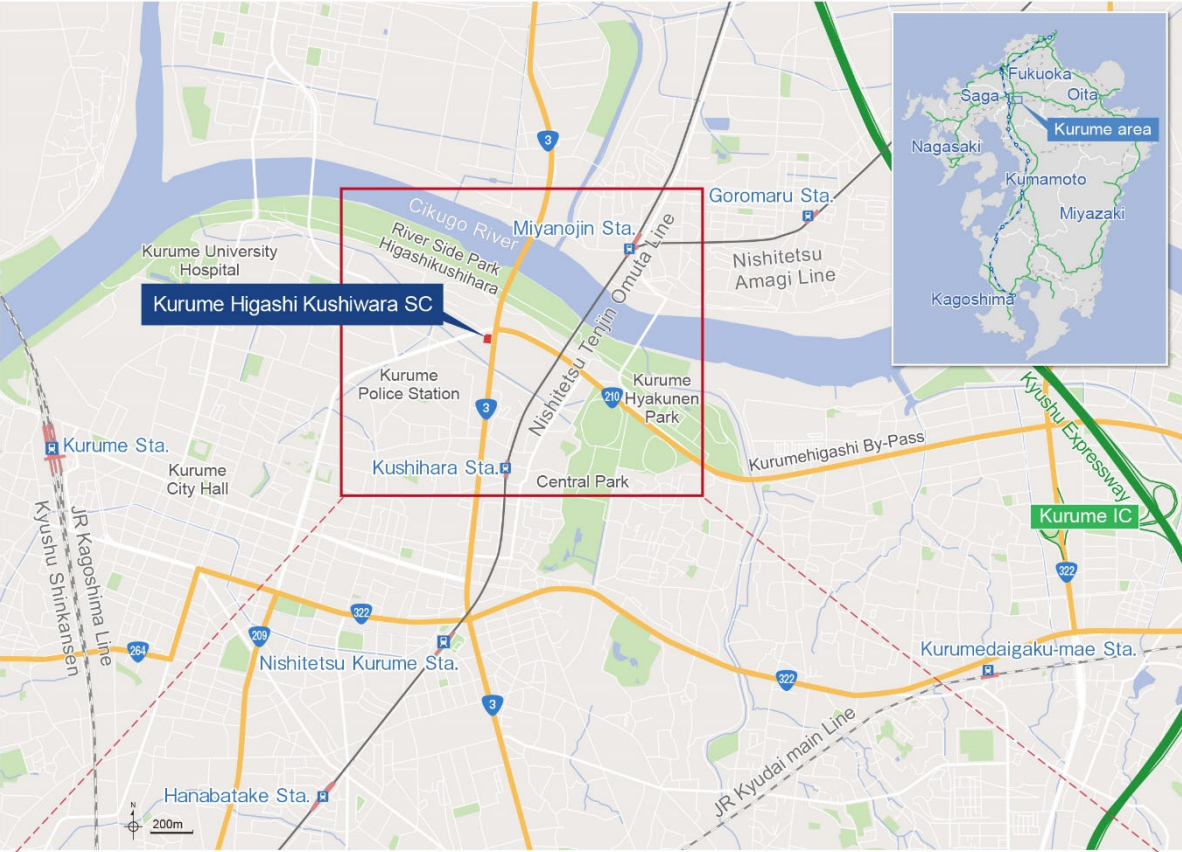
Reference 3: Map of FRC's Portfolio after the disposition

Reference 4: List of FRC's Portfolio after the disposition

Reference 1: Outlook of the Property

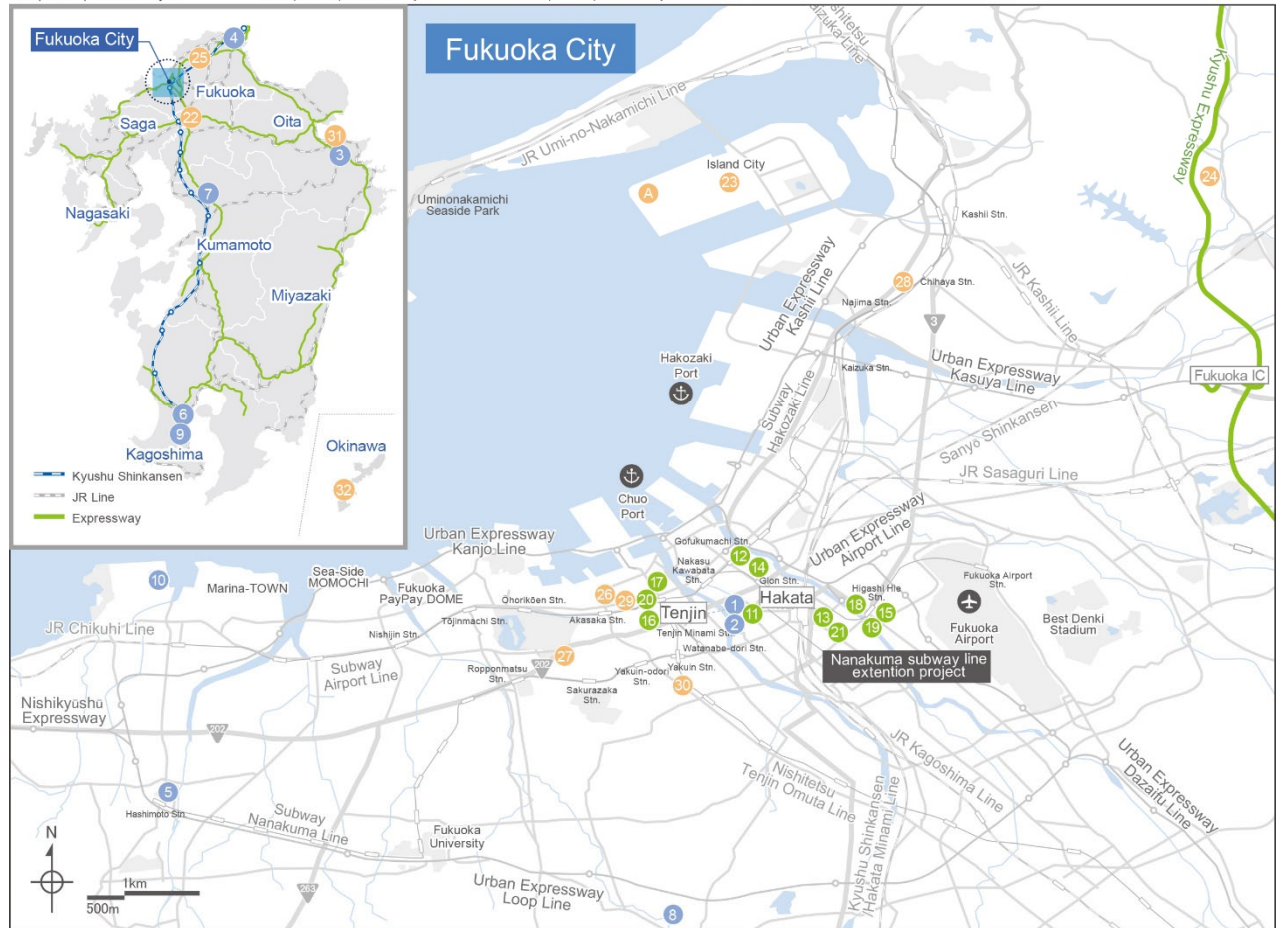


Reference 2: Location of the Property



Reference 3: Map of FRC's Portfolio after the disposition

- | | | | | |
|---|---|---|---|--|
| <p>1 Canal City Hakata
 ■Address : 1-chome, Sumiyoshi, Hakata Ward, Fukuoka City
 ■Acquisition date : Nov. 9, 2004
 ■Acquisition price : 32 bn yen</p> <p>6 Square Mall Kagoshima Usuki
 ■Address : 2-chome, Usuki, Kagoshima City
 ■Acquisition date : Sept. 28, 2006
 ■Acquisition price : 4.6 bn yen</p> <p>11 Canal City Business Center Building
 ■Address : 1-chome, Sumiyoshi, Hakata Ward, Fukuoka City
 ■Acquisition date : Nov. 9, 2004
 ■Acquisition price : 4.3 bn yen</p> <p>16 Tenjin Nishi-Dori Center Building
 ■Address : 2-chome, Tenjin, Chuo Ward, Fukuoka City
 ■Acquisition date : Feb. 1, 2013
 ■Acquisition price : 4.3 bn yen</p> <p>21 Hakata Chikushi-Dori Center Building
 ■Address : 2-chome, Hakataekiminami, Hakata Ward, Fukuoka City
 ■Acquisition date : March 1, 2022
 ■Acquisition price : 1.5 bn yen</p> <p>28 Amex Akasakamon Tower
 ■Address : 2-chome, Maizuru, Chuo Ward, Fukuoka City
 ■Acquisition date : Sept. 1, 2006
 ■Acquisition price : 2.8 bn yen</p> <p>31 Hotel FORZA Oita
 ■Address : 1-chome, Chuo-machi, Oita City
 ■Acquisition date : Mar. 1, 2013
 ■Acquisition price : 1.5 bn yen</p> | <p>2 Canal City Hakata•B
 ■Address : 1-chome, Sumiyoshi, Hakata Ward, Fukuoka City
 ■Acquisition date : Mar. 2, 2011
 ■Acquisition price : 21 bn yen</p> <p>7 Kumamoto Intercommunity SC
 ■Address : 1-chome, Kozono, Higashi Ward, Kumamoto City
 ■Acquisition date : Nov. 30, 2006
 ■Acquisition price : 2.4 bn yen</p> <p>12 Gofukumachi Business Center
 ■Address : Kami Gofukumachi, Hakata Ward, Fukuoka City
 ■Acquisition date : Nov. 9, 2004
 ■Acquisition price : 11.2 bn yen</p> <p>17 Tenjin North Front Building
 ■Address : 4-chome, Tenjin, Chuo Ward, Fukuoka City
 ■Acquisition date : Mar. 28, 2013
 ■Acquisition price : 2.8 bn yen</p> <p>22 Tosu Logistics Center
 ■Address : Himekatama-cho, Tosu City, Saga
 ■Acquisition date : Mar. 28, 2014
 ■Acquisition price : 1.2 bn yen</p> <p>27 City House Keyaki Dori
 ■Address : 2-chome, Kego, Chuo Ward, Fukuoka City
 ■Acquisition date : Dec. 20, 2007
 ■Acquisition price : 2.8 bn yen</p> <p>32 Tissage Hotel Naha
 ■Address : 2-chome, Nishi, Naha City
 ■Acquisition date : Dec. 7, 2018
 ■Acquisition price : 2.8 bn yen</p> | <p>3 Park Place Oita
 ■Address : 2-chome, Koen Dori Nishi, Oita City
 ■Acquisition date : Nov. 9, 2004 / May 28, 2015 Sept. 1, 2016 / Jul. 6, 2018 Jul. 1, 2020
 ■Acquisition price : 19.6 bn yen</p> <p>8 Hanahata SC
 ■Address : 4-chome, Hanahata, Minami Ward, Fukuoka City
 ■Acquisition date : Sept. 3, 2007
 ■Acquisition price : 4.4 bn yen</p> <p>13 Sanix Hakata Building
 ■Address : 2-chome, Hakataekihigashi, Hakata Ward, Fukuoka City
 ■Acquisition date : Sept. 30, 2005
 ■Acquisition price : 4.4 bn yen</p> <p>18 Higashi Hie Business Center II
 ■Address : 1-chome, Higashi-hie, Hakata Ward, Fukuoka City
 ■Acquisition date : Mar. 1, 2018
 ■Acquisition price : 4.2 bn yen</p> <p>23 LOGICITY Minato Kashii
 ■Address : 2-chome, Minatokashi, Higashi Ward, Fukuoka City
 ■Acquisition date : Mar. 27, 2015
 ■Acquisition price : 8.1 bn yen</p> <p>28 Aqualia Chihaya
 ■Address : 4-chome, Chihaya, Higashi Ward, Fukuoka City
 ■Acquisition date : Mar. 1, 2012
 ■Acquisition price : 1.2 bn yen</p> <p>A Island City Minato Bay related site (Land with leasehold interest)(tentative)
 ■Address : 3-chome, Minatokashi, Higashi Ward, Fukuoka City
 ■Acquisition date : Mar. 2029(scheduled)
 ■Acquisition price : 8 bn yen (scheduled)</p> | <p>4 SunLive City Kokura
 ■Address : 2-chome, Kami Kuzuhara, Kokura Minami Ward, Kitakyushu City
 ■Acquisition date : Jul. 1, 2005
 ■Acquisition price : 6.6 bn yen</p> <p>9 K's Denki Kagoshima
 ■Address : Tokai-cho, Kagoshima City
 ■Acquisition date : Mar. 27, 2008
 ■Acquisition price : 3.5 bn yen</p> <p>14 Taihaku Street Business Center
 ■Address : Gokushomachi, Hakata Ward, Fukuoka City
 ■Acquisition date : Mar. 16, 2006
 ■Acquisition price : 7 bn yen</p> <p>19 Higashi Hie Business Center III
 ■Address : 4-chome, Higashi-hie, Hakata Ward, Fukuoka City
 ■Acquisition date : May 29, 2020
 ■Acquisition price : 3.2 bn yen</p> <p>24 LOGICITY Hisayama
 ■Address : Hisayama-machi, Kasuya-gun, Fukuoka City
 ■Acquisition date : June 1, 2017
 ■Acquisition price : 5.0 bn yen</p> <p>29 D-Wing Tower
 ■Address : 2-chome, Daimyo, Chuo Ward, Fukuoka City
 ■Acquisition date : Mar. 1, 2013
 ■Acquisition price : 2.8 bn yen</p> | <p>5 Konoha Mall Hashimoto
 ■Address : 2-chome, Hashimoto, Nishi Ward, Fukuoka City
 ■Acquisition date : Mar. 1, 2018
 ■Acquisition price : 10 bn yen</p> <p>10 Marina City Fukuoka (Marina Side Building)
 ■Address : 2-chome, Odo, Nishi Ward, Fukuoka City
 ■Acquisition date : May 1, 2015
 ■Acquisition price : 5.2 bn yen</p> <p>15 Higashi Hie Business Center
 ■Address : 3-chome, Higashi-hie, Hakata Ward, Fukuoka City
 ■Acquisition date : Mar. 13, 2009
 ■Acquisition price : 7.7 bn yen</p> <p>20 Tenjin Nishi-Dori Business Center (Land with leasehold interest)
 ■Address : 2-chome, Tenjin, Chuo Ward, Fukuoka City
 ■Acquisition date : June 1, 2021
 ■Acquisition price : 7.7 bn yen</p> <p>25 LOGICITY Wakamiya
 ■Address : Shimoaruki, Miyawaka City
 ■Acquisition date : June 30, 2020
 ■Acquisition price : 1.7 bn yen</p> <p>30 Granfore Yakuin Minami
 ■Address : 1-chome, Hirao, Chuo Ward, Fukuoka City
 ■Acquisition date : Nov. 4, 2014
 ■Acquisition price : 1.1 bn yen</p> |
|---|---|---|---|--|
- Retail ■ Office buildings ■ Others
 (*) Figures rounded down to nearest 100mm yen



Reference 4: List of FRC's Portfolio after the disposition

Use	Property Name	Acquisition Date	Acquisition Price (mm yen)(Note1)	Investment Ratio (Note2)	
Retail	Canal City Hakata	Nov. 9, 2004	32,000	15.7%	
	Canal City Hakata • B	Mar. 2, 2011	21,060	10.3%	
	Park Place Oita	Nov. 9, 2004	19,610	9.6%	
	SunLive City Kokura	Jul. 1, 2005	6,633	3.3%	
	Konoha Mall Hashimoto	Mar. 1, 2018	10,000	4.9%	
	Square Mall Kagoshima Usuki	Sep. 28, 2006	5,300	2.6%	
	Kumamoto Intercommunity SC	Nov. 30, 2006	2,400	1.2%	
	Hanahata SC	Sep. 3, 2007	1,130	0.6%	
	K's Denki Kagoshima	Mar. 27, 2008	3,550	1.7%	
	Marinoa City Fukuoka (Marina Side Building)	May 1, 2015	5,250	2.6%	
Office buildings	Canal City Business Center Building	Nov. 9, 2004	14,600	7.2%	
	Gofukumachi Business Center	Nov. 9, 2004	11,200	5.5%	
	Sanix Hakata Building	Sep. 30, 2005	4,400	2.2%	
	Taihaku Street Business Center	Mar. 16, 2006	7,000	3.4%	
	Higashi Hie Business Center	Mar. 13, 2009	5,900	2.9%	
	Tenjin Nishi-Dori Center Building	Feb. 1, 2013	2,600	1.3%	
	Tenjin North Front Building	Mar. 28, 2013	2,800	1.4%	
	Higashi Hie Business Center II	Mar. 1, 2018	4,230	2.1%	
	Higashi Hie Business Center III	May 29, 2020	3,290	1.6%	
	Tenjin Nishi-Dori Business Center (Land with leasehold interest)	Jun. 1, 2021	7,700	3.8%	
	Hakata Chikushi-Dori Center Building	Mar. 1, 2022	4,320	2.1%	
Others	Logistics	Tosu Logistics Center	Mar. 28, 2014	1,250	0.6%
		LOGICITY Minato Kashii	Mar. 27, 2015	8,150	4.0%
		LOGICITY Hisayama	Jun. 1, 2017	5,050	2.5%
		LOGICITY Wakamiya	Jun. 30, 2020	1,700	0.8%
	Residence	Amex Akasakamon Tower	Sep. 1, 2006	2,060	1.0%
		City House Keyaki Dori	Dec. 20, 2007	1,111	0.5%
		Aqualia Chihaya	Mar. 1, 2012	1,280	0.6%
		D-Wing Tower	Mar. 1, 2013	2,800	1.4%
		Granfore Yakuin Minami	Nov. 4, 2014	1,100	0.5%
	Others	Hotel FORZA Oita	Mar. 1, 2013	1,530	0.8%
Tissage Hotel Naha		Dec. 7, 2018	2,835	1.4%	
Total of all properties		—	203,839	100.0%	

(Note1) All figures in the Acquisition Price (planned) column indicate the acquisition price written in the sales agreement between FRC and the seller, and exclude charges, taxes and other expenses.

(Note2) The ratio is rounded off to one decimal places.