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Provisional translation only



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Fukuoka REIT Corporation Concludes Agreement to Purchase a New Property  
(Trust beneficiary interest in domestic real estate)

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

1. Summary of Acquisition

Property name	Use	Location	Acquisition Price (planned)	Acquisition Date (scheduled)	Seller	Sales Agent
Hakata FD Business Center (Note)	Office building	2-chome, Tsunabamachi, Hakata Ward, Fukuoka	14,100 mm yen	September 1, 2023	Fukuoka Jisho Co., Ltd.	Not present
Axion Befu-Ekimae Premium	Residence	3-chome, Befu, Jonan Ward, Fukuoka	1,525 mm yen	April 27, 2023	Shibata Industry Co., Ltd.	Present

(Note) Of the building, FRC plans to acquire 77% co-ownership interest owned by the seller and trust beneficiary interest in the land (a part of the building's leasehold land, so-called "partial ownership") held by the seller .

2. Reason for Acquisition

FRC invests in a diverse range of properties, including retail facilities, office buildings, and others (logistics facilities, residential properties, hotels, etc.) in the Fukuoka and Kyushu regions as its main investment target area. As for investment type, FRC is proactively considering investing in office buildings, logistic facilities and residences, and these acquisitions of an office building and a residence are in line with such investment policy. Hakata FD Business Center and Axion Befu-Ekimae Premium (hereafter, the "property" individually or generally), which will be acquired this time are both newly built properties. Hakata FD Business Center is a highly rare office building with large sections located in the Gofukumachi area, a major business area following Tenjin and Hakata. Axion Befu-Ekimae Premium is a rental condominium mainly for DINKs and families that is

approximately a two-minute walk from Befu Station on the Fukuoka City Subway Nanakuma Line whose convenience increased with the opening of an extension on March 27, 2023. This acquisition of Hakata FD Business Center utilizes a pipeline with the sponsor, Fukuoka Jisho Co., Ltd., and Axion Befu-Ekimae Premium is an acquisition from an external party and utilizes the information and know-how of the asset management company, which is well versed in the individual circumstances of the Fukuoka and Kyushu regions. FRC anticipates that the acquisition of the property will contribute to further enhancement of its portfolio and securing of stable earnings in the future.

### 3. Detail of Property for Acquisition

#### A. Hakata FD Business Center

##### (1) Overview of Acquisition

1) Property to be acquired (Note1):	Real estate trust beneficiary interest (Trustee: Sumitomo Mitsui Trust Bank, Limited (planned))
2) Property name:	Hakata FD Business Center
3) Acquisition price (planned) (Note2):	14,100 million yen
4) Appraisal value:	15,000 million yen (as of March 1, 2023)
5) Acquisition cap rate (Note3):	4.1%
6) Acquisition date (scheduled):	September 1, 2023
7) Seller:	Fukuoka Jisho Co., Ltd.
8) Funding:	Borrowing (Note4) and Cash on hand
9) Payment method:	For details, please refer to the “Special notations” column in 3.A (8) Form of payment below.
10) Others:	The beneficiary interest transfer agreement for the acquisition of the property (the “Transfer Agreement”) falls under the category of forward commitment, etc. (a postdated transaction agreement where the settlement and delivery are to take place one month or more after the conclusion of agreement as well as other similar agreements. The same shall apply hereafter.). For details, please refer to the “Special notations” column in 3.A (3) Form of payment below.

(Note 1) Although the asset to be acquired are in the form of actual real estate at present, the seller plans to place it in a trust for the trustee and FRC plans to acquire the beneficiary interest in said trust by the planned acquisition date. In addition, of the building, FRC plans to acquire 77% co-ownership interest held by the seller and trust beneficiary interest in the land owned (a part of the building’s leasehold land, so-called “partial ownership”) by the seller.

(Note2) The acquisition price (planned) does not include acquisition expenses, amounts equivalent to the settlement of property taxes and city planning taxes, consumption taxes on the building and other expenses.

(Note3) The acquisition CAP is calculated by the direct capitalization method:  $NCF / \text{The acquisition price (planned)} \times 100$  (%) of the appraisal assessment.

(Note4) The detail of the borrowings is yet to be determined at this point in time and will be announced once determined.

##### (2) Points Valued in Deciding on the property

###### 1) Main evaluation points

Located in the Gofokumachi area, a major business area following Tenjin and Hakata, Hakata FD Business Center is a rare office building with large sections and among the top properties in Fukuoka City implementing thorough infection control measures. It is approximately a one-minute walk from Gofokumachi Station on the Fukuoka City Subway Hakozaki Line and approximately a four-minute walk from Nakasu-Kawabata Station on the Fukuoka City Subway Kuko Line. The glass curtain wall is arranged in a ripple shape, and the building has a symbolic design based on the idea of a crystal. In terms

of seismic performance, it adopts additional vibration control using oil dampers and has secured strength 1.25 times the standard set by the Building Standards Act. Moreover, the property is newly built, having been completed in February 2023. Because of its rarity as an office building with large sections located in the Gofukumachi area, a major business area following Tenjin and Hakata, we believe that its occupancy rate can be improved.

## 2) Location conditions

The Gofukumachi area where the property is located is adjacent to the Tenjin and Hakata-Ekimae areas, which are the main office areas in Fukuoka City. Offices in the area concentrate along the main arterial roads Meiji-dori Street and Taihaku-dori Street, and the property is located near the Gofukumachi intersection where these two streets intersect. The availability of two subway lines, the Fukuoka City Subway Hakozaki Line (Gofukumachi Station) and the Fukuoka City Subway Kuko Line (Nakasu-Kawabata Station), allows the property to facilitate excellent access to Tenjin, Hakata and Fukuoka Airport, as well as accommodate various office-related needs.

## 3) Building properties etc.

The property has an office floor with a maximum area of 475 tsubo, rare for the Gofukumachi area, as well as a ceiling height of 2,800 mm and an OA floor of 100 mm. It has a column-free structure, and sections as small as 28 tsubo can be formed to accommodate needs. A two-line power-receiving system adopted at different substations can also respond to accidents at substations, and the building is fully equipped with BCP facilities that are also capable of supplying power through emergency power generators in the event of failure of standby power. In addition, infection control measures are implemented in consideration of safety and security by securing approximately 1.75 times the amount of statutory ventilation with the installation of streamer disinfection units and the combined use of mechanical ventilation and natural ventilation.

### (3) Overview of the property

Property name	Hakata FD Business Center	
Type of the specified asset	Real estate trust beneficiary interest	
Trustee	Sumitomo Mitsui Trust Bank, Limited (planned)	
Trust period	From September 1, 2023 to August 31, 2033 (scheduled)	
Acquisition price (planned)	14,100 million yen	
Location (address)	Outside 13 10 Tsunabamachi, Hakata Ward, Fukuoka	
Land	Area	2,202.31 m <sup>2</sup>
	Zoning	Commercial area
	Floor area ratio	500% ・ 600%
	Building coverage ratio	80%
	Type of ownership	Ownership
Building	Structure/ floor	12-story, SRC/RC structure building with flat roof
	Built	February 20, 2023
	Total floor area	20,603.46 m <sup>2</sup>
	Use	Office building, shop
	Type of ownership	Ownership (77% co-ownership interest owned)
Constructor	SHIMIZU CORPORATION Kyushu Branch	
Designer	Shimz DESIGN	
Building design office engaged in structural	SHIMIZU CORPORATION Kyushu Branch Shimz DESIGN	

engineering data		
Organization that authorized building construction	Kyushu Housing Guarantee Inc.	
Appraisal value	15,000 million yen (As of March 1, 2023)	
Appraiser	Japan Real Estate Institute	
Collateral after acquisition	None	
Property management company	Fukuoka Jisho Co., Ltd.	
Type of master lease	Pass-through	
Earthquake PML	2.3% (based on the assessment by Tokio Marine dR Co., Ltd. )	
Special notations	<ul style="list-style-type: none"> <li>• The Transfer Agreement falls under the category of forward commitment, etc. According to the Transfer Agreement, FRC can terminate the Transfer Agreement without paying a penalty in the event that the purpose of the agreement becomes unattainable from a reasonable and objective viewpoint for reasons not attributable to FRC between the date of conclusion of the Transfer Agreement and the planned acquisition date. FRC shall not pay the deposit under the Transfer Agreement.</li> <li>• Fukuoka Jisho Co., Ltd., the seller, has concluded a co-ownership agreement with other co-owners. It consequently has agreed not to transfer the property and the rights, etc. for the property held by each co-owner to a third party without the prior consent of the counterparty (excluding trust transfer to the trustee and transfer of trust beneficiary interests to FRC upon the acquisition of the property) and to grant preferential negotiation rights to the counterparty when transferring them. Upon the acquisition of the property by FRC, the trustee is scheduled to succeed the position of Fukuoka Jisho Co., Ltd. in said agreement.</li> </ul>	
Status of leasing (Note1)	Total number of tenants	1 (7) (Note2)
	Total rent income (annually)	430 million yen (Note3)
	Security deposits	340 million yen (Note4)
	Total leasable area	15,716.95 m <sup>2</sup> (Note5)
	Total leased area	8,581.90 m <sup>2</sup> (Note5)
	Occupancy rate	54.6%(Note6)

\*All figures for space, floor space, location, use, structure etc. are based on the indications on the registry.

\* The earthquake PML figure is based on the earthquake risk assessment report by the indicated estimator. The figure is a representation of the reporter's opinion, and does not guarantee the accuracy of its content.

(Note1) As for the status of leasing, the details are indicated as of March 30, 2023. The details include tenants who have already applied (or are scheduled to enter into an agreement).

(Note2) As the property will be leased through a pass-through master lease, the total number of tenants is indicated as 1. The total end-tenants that have concluded contracts or have applied for contracts (scheduled to conclude contracts) are indicated as of March 30, 2023. The number of end-tenants that have concluded contracts is 3.

(Note3) The figure is calculated by multiplying by 12 the total monthly rent indicated in the lease agreement with the tenant and the lease application received as of March 30, 2023. The figure is equivalent to the co-ownership interest (77%) in the building that FRC will be acquired. When calculated by multiplying by 12 the total monthly rent indicated in the lease agreements with tenants as of March 30, 2023, the figure of the co-ownership interest in the building (77%) is 95 million yen. The figures are rounded to the nearest million yen and do not include parking lots, etc.

(Note4) The figure is calculated the total rent indicated in the lease agreement with the tenant and the lease application received as of March 30, 2023. The figure of the co-ownership interest in the building (77%) is 31 million yen. The figures are rounded to the nearest million yen and do not include parking lots, etc.

(Note5) Total leasable area is the area that can be leased to tenants. The total leased area is the sum of the contracted area indicated in the lease agreements with tenants as of March 30, 2023 or the lease application forms received. The total contracted floor area indicated in the lease agreements with tenants as of March 30, 2023 is 1,925.08 m<sup>2</sup>. Parking lots, etc. are not included.

(Note6) The figure is the ratio of total leased area to total leasable area. The figure is rounded to the first decimal place. The ratio of the total contracted area indicated in the lease agreements with tenants as of March 30, 2023 is 12.2%. Parking lots, etc. are not included.

#### (4) Overview of Building Status Assessment Report

Surveyor	Date of survey report	Urgent and short-term repair and replacement expenses (Note1)	Long-term repair and replacement expenses (Note2)
Tokio Marine dR Co., Ltd.	March 9 , 2023	—	16 million yen

(Note1) Urgent and short-term repair and replacement expenses refer to the amount indicated in the report as repair and replacement expenses that will be required urgently or within roughly one year.

(Note2) Long-term repair and replacement expenses refer to the amount indicated in the report as average repair and replacement expenses for 12 years. The indicated figure has been rounded off to the nearest million yen.

#### (5) Profile of Previous Owner

Company name	Fukuoka Jisho Co., Ltd
Location	1-2-25 Sumiyoshi, Hakata Ward, Fukuoka City
Nature of business	Real estate development, leasing, brokerage and management
Representative title and name	Ichiro Enomoto, President and C.E.O
Specified capital	100 mm yen (As of May 31, 2022)
Established	July 19, 1961
Total assets	224,594 mm yen (As of May 31, 2022)
Total net assets	78,312 mm yen (As of May 31, 2022)
Relationship with FRC and the asset management company	
Capital relationship	The seller is a shareholder of FRC's asset management company, Fukuoka Realty Co., Ltd., with equity of 55%. The company also owns 73,136 investment units of FRC (As of August 31, 2022).
Personnel relationship	The seller has dispatched two part-time directors to the asset management company.
Business relationship	The seller has such transactions with FRC and the asset management company as property management services, brokerage of real estate transactions and lease of properties owned by FRC. There is no relationship to note between the affiliates or affiliated companies of the seller and the affiliates or affiliated companies of FRC and the asset management company.
Related parties or not	The seller falls within the scope of related parties of FRC. The seller falls within the scope of parent company, etc., designated in the Financial Instruments and Exchange Act, of the asset

		management company
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(6) Condition of property acquirer

Property name	Hakata FD Business Center	
Status of previous owners	Owner	Previous owner
Company name	Fukuoka Jisho Co., Ltd.	Except relationship with special interest parties
Relationship with special interested parties	A shareholder of the asset management company (with equity of 55%)	—
Background and reason of acquisition, etc.	For the purpose of development	—
Acquisition price	Descriptions omitted because there is no owner before previous owner for the building	—
Acquisition timing	Dec.2013, Mar. 2015, Feb. 2017, Nov. 2018, Apr. 2019 (land) Feb. 2023 (building newly constructed)	—

(7) Sales Agent Profile

None

(8) Form of payment

FRC is scheduled to pay the acquisition fee in full on the scheduled acquisition date of the Property (September 1, 2023). Proceeds from issuance of investment units through borrowings, and cash on hand.

(9) Transaction with Interested Parties

1) Fukuoka Jisho Co., Ltd., the seller of the Property, falls within the scope of interested parties of the asset management company. Accordingly, the asset management company has conducted discussions at and obtained approvals of its Investment Management Committee, Compliance Assessment Committee and Board of Directors concerning the acquisition price and other terms of the property, pursuant to the regulations and other rules of the asset management company.

2) FRC plans to conclude a management consignment agreement with Fukuoka Jisho Co., Ltd. to entrust property management of the property. The same discussions and approvals as in the above 1) have been conducted/obtained for conclusion of the agreement

(10) Acquisition on Schedule

March 30, 2023	Decision of acquisition
March 30, 2023	Conclusion of agreement
September 1, 2023	Payment (scheduled)
September 1, 2023	Delivery of the property (scheduled)

B. Axion Befu-Ekimae Premium

(1) Overview of Acquisition

1) Property to be acquired (Note1): Real estate trust beneficiary interest  
(Trustee: Sumitomo Mitsui Trust Bank, Limited (planned))

- 2) Property name: Axion Befu-Ekimae Premium  
 3) Acquisition price (planned) (Note2): 1,525 million yen  
 4) Appraisal value: 1,530 million yen (as of March 10, 2023)  
 5) Acquisition cap rate (Note3): 3.4%  
 6) Acquisition date (scheduled): April 27, 2023  
 7) Seller: Shibata Industry Co., Ltd.  
 8) Funding: Borrowing (Note4) and Cash on hand  
 9) Payment method: For details, see 3. B (8) for form of payment

(Note1) As of today, the property is real estate property, however, the seller will transfer the property in trust for a trustee and FRC will acquire the beneficiary interest in such trust by the scheduled acquisition date.

(Note2) The acquisition price (planned) does not include acquisition expenses, amounts equivalent to the settlement of property taxes and city planning taxes, consumption taxes on the building and other expenses.

(Note3) The acquisition CAP is calculated by the direct capitalization method:  $NCF / \text{The acquisition price (planned)} \times 100 (\%)$  of the appraisal assessment.

(Note4) The detail of the borrowings is yet to be determined at this point in time and will be announced once determined.

## (2) Points Valued in Deciding on the property

### 1) Location conditions

The property is located near Befu Station on the Fukuoka City Subway Nanakuma Line at approximately a two-minute walk. It boasts excellent proximity to the city center as it takes only approximately 10 minutes to Tenjin-Minami Station and approximately 14 minutes to Hakata Station. In addition, the surrounding area is a quiet residential district lined with medium- to high-rise condominiums. This is an area where demand from those with relatively high household income and those placing importance on the convenience of commuting, such as dual-income families working in Hakata and Tenjin and doctors working at Fukuoka University Hospital, can be expected. We believe that its preference as a residential area will further increase with the extension of the Fukuoka City Subway Nanakuma Line.

### 2) Building properties etc.

The property is a newly built luxury rental condominium for families with a reinforced concrete structure and 14 floors above ground consisting of 26 three-bedroom units and a retail section. All units are corner rooms, with the main balconies facing west and spanning over 8 meters. The facilities of the exclusive areas, such as the interphone with a monitor, dishwasher and bathroom heating and drying unit, have specifications of for-sale condominiums and boast a high-grade facility level. Furthermore, the property has been differentiated from other properties, such as through special specifications on the upper floors where kitchens and toilets have been upgraded and the hot water supply of bathtubs is equipped with microbubble functions, etc., to capture target residents. Accordingly, we believe that it possesses strong advantages over competing properties in the neighboring area.

## (3) Overview of the property

Property name	Axion Befu-Eimae Premium	
Type of the specified asset	Real estate trust beneficiary interest	
Trustee	Sumitomo Mitsui Trust Bank, Limited (planned)	
Trust period	From April 27, 2023 to April 30, 2033 (scheduled)	
Acquisition price (planned)	1,525 million yen	
Location (address)	Outside 2 1-296 3-chome Befu, Jonan Ward, Fukuoka City	
Land	Area	494.74 m <sup>2</sup>
	Zoning	Commercial area
	Floor area ratio	400%

	Building coverage ratio	80%
	Type of ownership	Ownership
Building	Structure/ floor	14-story, SRC/RC structure building with flat roof
	Built	March 7, 2023
	Total floor area	2,010.53 m <sup>2</sup>
	Use	Apartment
	Type of ownership	Ownership
Constructor	Hirota Construction Company	
Designer	Eiwa Design Consultant Co.	
Building design office engaged in structural engineering data	Tanaka Construction Design Co.,Ltd.	
Organization that authorized building construction	JAPAN ERI CO.,LTD.	
Appraisal value	1,530 million yen (As of March 10, 2023)	
Appraiser	Daiwa Real Estate Appraisal Co., Ltd.	
Collateral after acquisition	Fixed collateral has been set up on this land with the current owner as the debtor.(It will be canceled before acquisition.)	
Property management company	Miyoshi Asset Management Co., Ltd.	
Type of master lease	Pass-through	
Earthquake PML	2.4% (based on the assessment by Tokio Marine dR Co., Ltd.)	
Special notations	<p>Regarding the boundary violation by the concrete block wall established at the property into the adjacent land and the boundary violation by the concrete block wall established on the adjacent land into the land of the property, an agreement to carry out either (1) or (2) below by June 27, 2023, at the responsibility and expense of the seller has been reached. Moreover, there has been no dispute, etc. with the owner or occupant of the adjacent land.</p> <p>(1) To submit a report proving completion of amelioration to FRC after ameliorating the boundary violation into the adjacent land</p> <p>(2) A memorandum shall be concluded with the owner of the adjacent land which states that amelioration of the boundary violation will be conducted when each concrete block wall is rebuilt or repaired and that a third party will succeed the position stated in the memorandum when each owned land is transferred to said third party. Moreover, a copy of said memorandum shall be submitted to FRC.</p>	
Status of leasing (Note1)	Total number of tenants	1 (11) (Note2)
	Total rent income	24 million yen (Note3)



	(annually)	
	Security deposits	23 million yen (Note4)
	Total leasable area	1,939.85 m <sup>2</sup> (Note5)
	Total leased area	783.86 m <sup>2</sup> (Note5)
	Occupancy rate	40.4% (Note6)

\*All figures for space, floor space, location, use, structure etc. are based on the indications on the registry.

\* The earthquake PML figure is based on the earthquake risk assessment report by the indicated estimator. The figure is a representation of the reporter's opinion, and does not guarantee the accuracy of its content.

(Note1) As for the status of leasing, the details are indicated as of March 30, 2023. The details include tenants who have already applied (or are scheduled to enter into an agreement).

(Note2) As the property will be leased through a pass-through master lease, the total number of tenants is indicated as 1. The total end-tenants that have concluded contracts or have applied for contracts (scheduled to conclude contracts) are indicated as of March 30, 2023. The number of end-tenants that have concluded contracts is 9.

(Note3) The figure is calculated by multiplying by 12 the total monthly rent indicated in the lease agreements with tenants as of March 30, 2023 and the residential lease agreement occupancy applications received by the tenants. When calculated by multiplying by 12 the total monthly rent indicated in the lease agreements with tenants as of March 30, 2023, the figure is 19 million yen.

(Note4) The figure is the sum of the amounts indicated in the lease agreements with tenants as of March 30, 2023 and the residential lease agreement applications that have been received. The figure of total amount is indicated the lease agreements with tenants as of March 30, 2023. The figure is 19 million yen. The figures are rounded to the nearest million yen and do not include parking lots, etc.

(Note5) Total leasable area is the area that can be leased to tenants. The total leased area is the sum of the contracted area indicated in the lease agreements with tenants as of March 30, 2023 or the lease application forms received. The total contracted floor area indicated in the lease agreements with tenants as of March 30, 2023 is 641.34 m<sup>2</sup>. Parking lots, etc. are not included.

(Note6) The figure is the ratio of total leased area to total leasable area. The figure is rounded to the first decimal place. The ratio of the total contracted area indicated in the lease agreements with tenants as of March 30, 2023 is 33.1%. Parking lots, etc. are not included.

#### (4) Overview of Building Status Assessment Report

Surveyor	Date of survey report	Urgent and short-term repair and replacement expenses (Note1)	Long-term repair and replacement expenses (Note2)
Tokio Marine dR Co., Ltd.	March 23 , 2023	—	606 thousand yen

(Note1) Urgent and short-term repair and replacement expenses refer to the amount indicated in the report as repair and replacement expenses that will be required urgently or within roughly one year.

(Note2) Long-term repair and replacement expenses refer to the amount indicated in the report as average repair and replacement expenses for 12 years. The indicated figure has been rounded off to the nearest million yen.

#### (5) Profile of Previous Owner

Company name	Shibata Industry Co., Ltd.
Location	18-2 3-chome Hakataeki-minami, Hakata Ward, Fukuoka City
Nature of business	(1) Supply, delivery, inspection and maintenance of gas (2) Overall gas fitting work

	(3) Sale of gas equipment (4) Real estate business
Representative title and name	Yasunori Shibata, President
Specified capital	15,000,000 yen (As of September 30, 2022)
Established	April 1, 1957
Total assets	Total assets are not disclosed as no consent to disclosure has been obtained from the seller.
Total net assets	Total net assets are not disclosed as no consent to disclosure has been obtained from the seller.
Relationship with FRC and the asset management company	
Capital relationship	There is no relationship to note between the affiliates or affiliated companies of the seller and the affiliates or affiliated companies of FRC and the asset management company.
Personnel relationship	There is no relationship to note between the affiliates or affiliated companies of the seller and the affiliates or affiliated companies of FRC and the asset management company.
Business relationship	There is no relationship to note between the affiliates or affiliated companies of the seller and the affiliates or affiliated companies of FRC and the asset management company.
Related parties or not	The seller does not fall within the scope of related parties of FRC and the asset management company.

(6) Condition of property acquirer

The acquisition is not from a party having special interests with FRC or the asset management company.

(7) Sales Agent Profile

The intermediary party in the acquisition of the Property does not have any special interests with FRC and the asset management company.

(8) Form of payment

FRC is scheduled to pay the acquisition fee in full on the scheduled acquisition date of the Property (April 27, 2023). Proceeds from issuance of investment units through borrowings, and cash on hand.

(9) Acquisition on Schedule

March 30, 2023	Decision of acquisition
March 31, 2023	Conclusion of agreement (scheduled)
April 27, 2023	Payment (scheduled)
April 27, 2023	Delivery of the property (scheduled)

4. Outlook

There is no impact on the transaction on FRC's operating forecast for the fiscal period ending February 2023 (September 1, 2022 – February 28, 2023), which were announced in the "Earnings Briefing for the Period Ended August 2022" dated October 19, 2022 as of acquisition timing on April 27, 2023 and September 1, 2023. FRC will not revise the operating forecast for the fiscal period ending August 2023 (March 1, 2023 – August 31, 2023) is considered to be minimal. The operating forecast for February 2024 (September 1, 2023 – February 28, 2024) will be announced on April 14, 2023.

## 5. Outline of appraisal report

### Hakata FD Business Center

Property name	Hakata FD Business Center
Appraisal value	15,000,000 thousand yen
Appraiser	Japan Real Estate Institute
Pricing date	March 1, 2023

Category	Figures	Reasons, etc.
Income Capitalization Approach Value	15,000,000 thousand yen	
Value Calculated Using the Direct Capitalization Method	15,200,000 thousand yen	
Gross Operating Revenue	814,788 thousand yen	
Maximum Gross Operating Revenue	859,293 thousand yen	Based on the market rent level
Shortfall Attributed to Vacancies	44,505 thousand yen	
Operating Expenses	235,194 thousand yen	
Maintenance and Management Fees • PM Fees (Note)	67,858 thousand yen	Based on the similar cases and the estimate
Utilities Expenses	65,843 thousand yen	Based on the similar cases
Repair and Maintenance Expenses	3,730 thousand yen	Based on the similar cases and ER
Tenants' Leasing Expenses etc.	7,640 thousand yen	Assumed annual 10.0% tenant replacement
Taxes and Fees	88,284 thousand yen	Based on the property taxes notice, etc
Damage Insurance	1,839 thousand yen	Based on the estimate
Other Expenses	0 thousand yen	
Neto Operating Income	579,594 thousand yen	
Profit through Management of Temporary Deposits	6,533 thousand yen	
Capital Expenditure Reserve	9,140 thousand yen	
Net Cash Flow	576,987 thousand yen	
Capitalization Rate	3.8%	Evaluated considering the location, etc. of the property, future uncertainties, comparable cases, etc.
Value through DCF method	14,700,000 thousand yen	
Discount Rate	3.4%	
Terminal Cap Rate	3.8%	
Value through cost method	14,600,000 thousand yen	
Percentage of Leased Land	55.2%	
Percentage of Building	44.8%	

Other matters noted by the appraiser in inconducting appraisal	Not listed
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(Note) Since disclosing the amounts of maintenance and management fees and PM fee separately could affect other transactions of the parties entrusted with the building management and property management, eventually posing a problem for FRC's efficient entrustment of affairs and possibly damaging the interests of unitholders, maintenance and management fees and PM fee are indicated as a sum.

Axion Befu-Ekimae Premium

Property name	Axion Befu-Ekimae Premium
Appraisal value	1530,000 thousand yen
Appraiser	Daiwa Real Estate Appraisal
Pricing date	March 10, 2023

Category	Figures	Reasons, etc.
Income Capitalization Approach Value	1,530,000 thousand yen	
Value Calculated Using the Direct Capitalization Method	1,450,000 thousand yen	
Gross Operating Revenue	64,494 thousand yen	
Maximum Gross Operating Revenue	66,390 thousand yen	Based on the market rent level
Shortfall Attributed to Vacancies	1,895 thousand yen	
Operating Expenses	10,942 thousand yen	
Maintenane and Management Fees	1,337 thousand yen	Based on the similar cases
PM Fees	1,556 thousand yen	Based on the similar cases and the estimate
Utilities Expenses	703 thousand yen	Based on the similar cases
Repair and Maintenance Expenses	1,174 thousand yen	Based on the similar cases and ER
Tenants' Leasing Expenses etc.	1,189 thousand yen	Assumed 1-month rent for a new tenant
Taxes and Fees	4,106 thousand yen	Based on the property taxes notice, etc
Damage Insurance	311 thousand yen	Based on the estimate
Other Expenses	563 thousand yen	Based on the estimate
Neto Operating Income	53,551 thousand yen	
Profit through Management of Temporary Deposits	79 thousand yen	
Capital Expenditure Reserve	1,524 thousand yen	
Net Cash Flow	52,107 thousand yen	
Capitalization Rage	3.6%	Evaluated considering the location, etc. of the property, future uncertainties, comparable cases, etc.
Value through DCF method	1,570,000 thousand yen	
Discount Rate	3.4%	
Terminal Cap Rate	3.8%	
Value through cost method	1,400,000 thousand yen	
Percentage of Leased Land	56.7%	
Percentage of Building	43.3%	

Other matters noted by the appraiser in inconducting appraisal	Not listed
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\*FRC's website is <http://www.fukuoka-reit.jp/eng>

(Attachments)

Reference 1: Outlook of the Property

Reference 2: Location of the Property

Reference 3: Map of FRC's Portfolio

Reference 4: List of FRC's Portfolio

Reference 1: Outlook of the Property

- Hakata FD Business Center

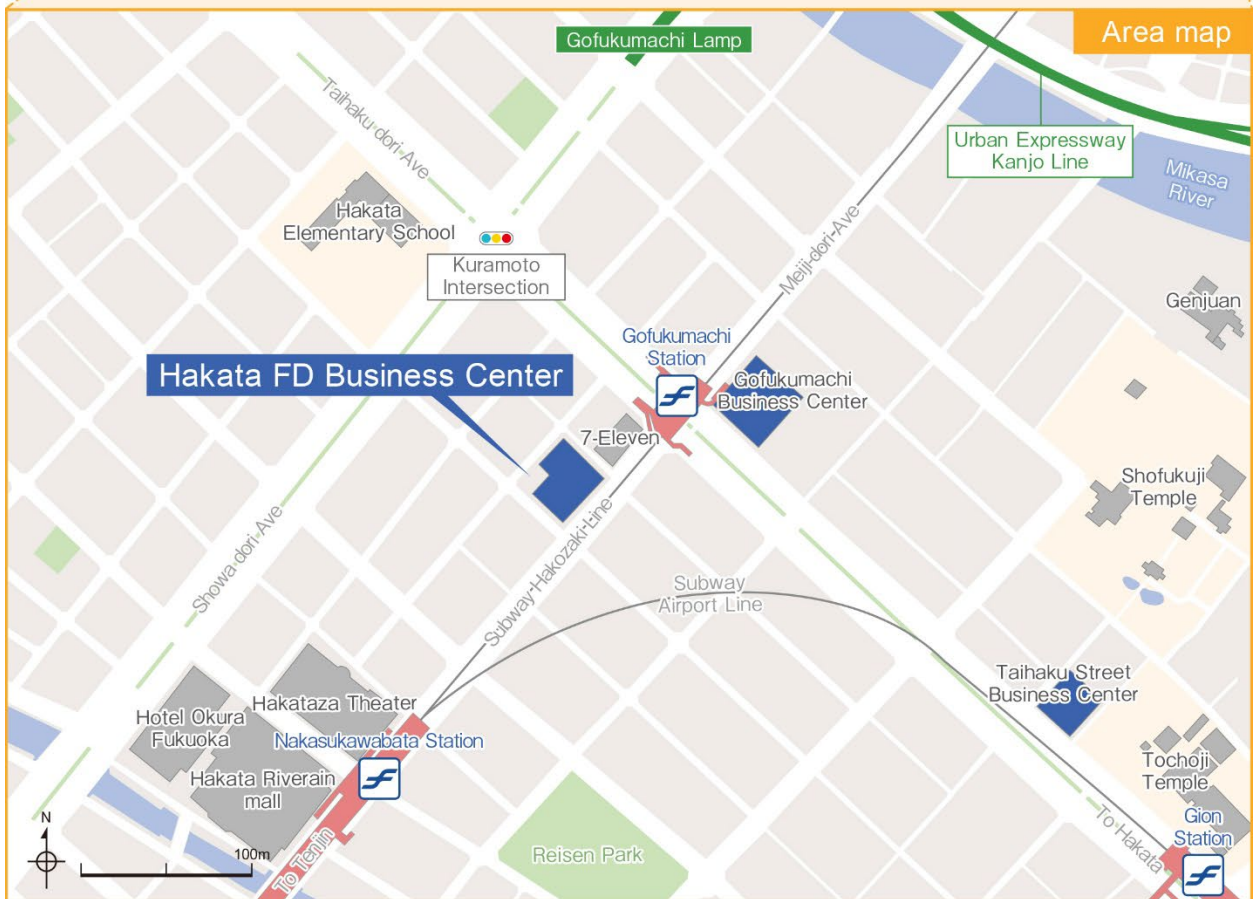


• Axion Befu-Ekimae Premium



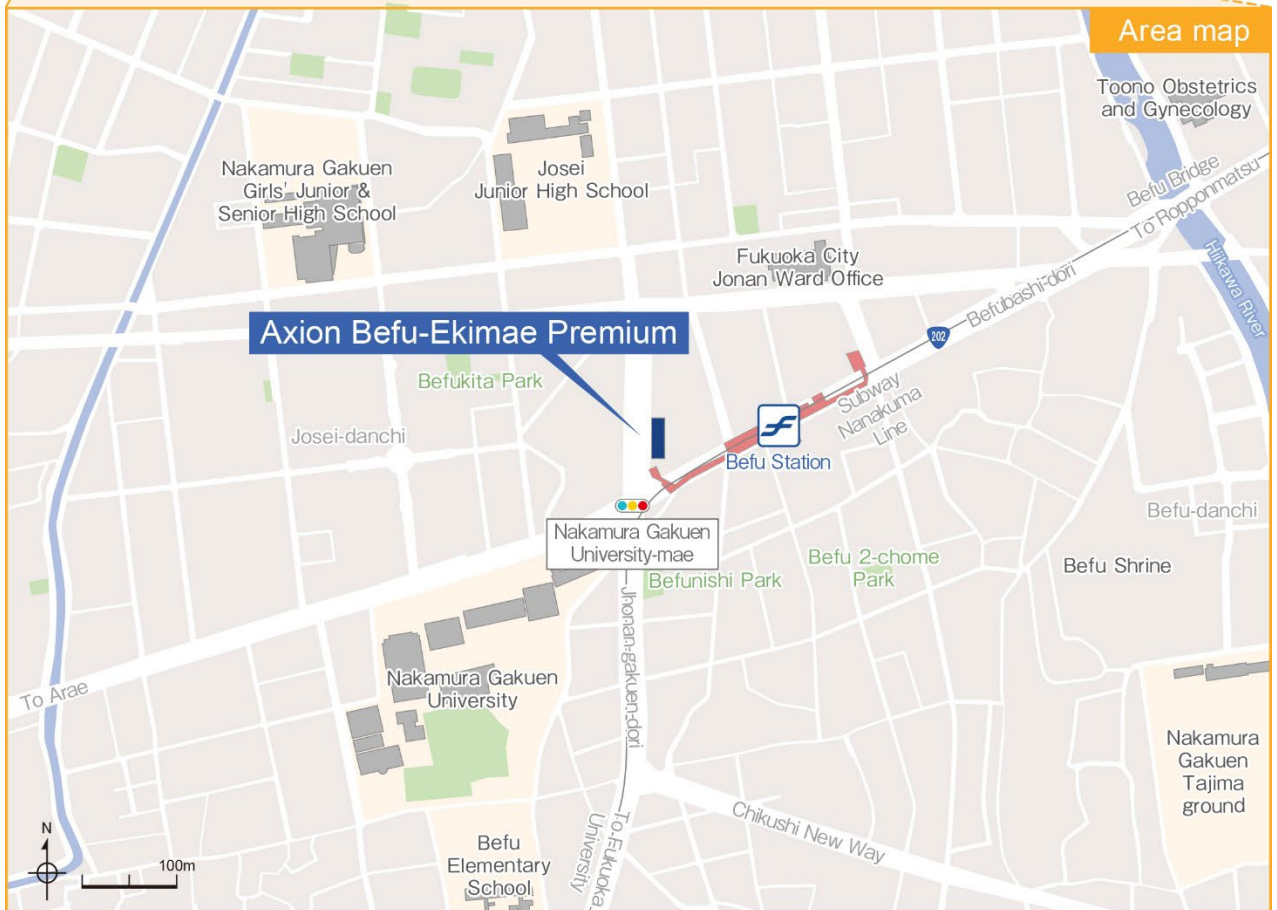
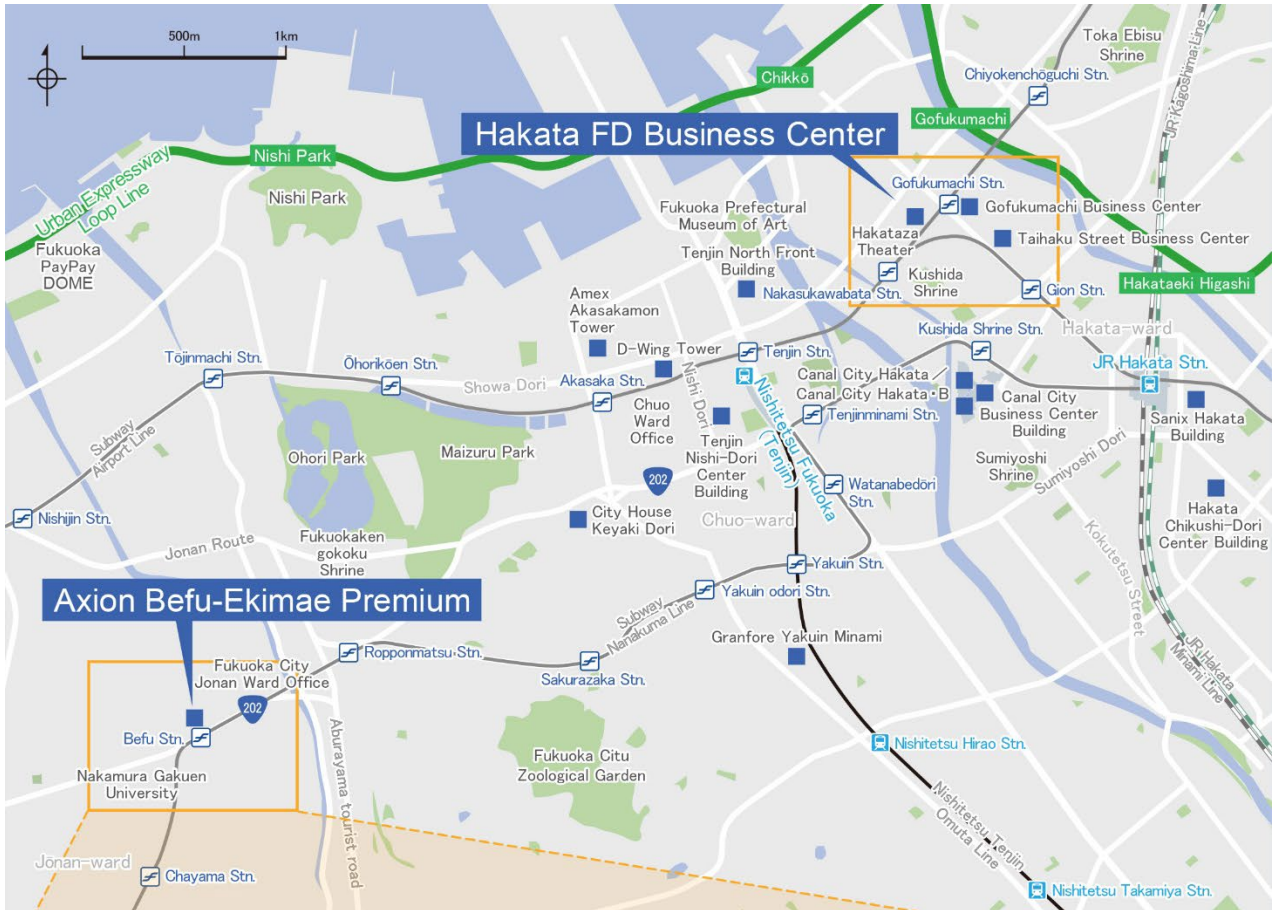
Reference 2: Location of the Property

- Hakata FD Business Center





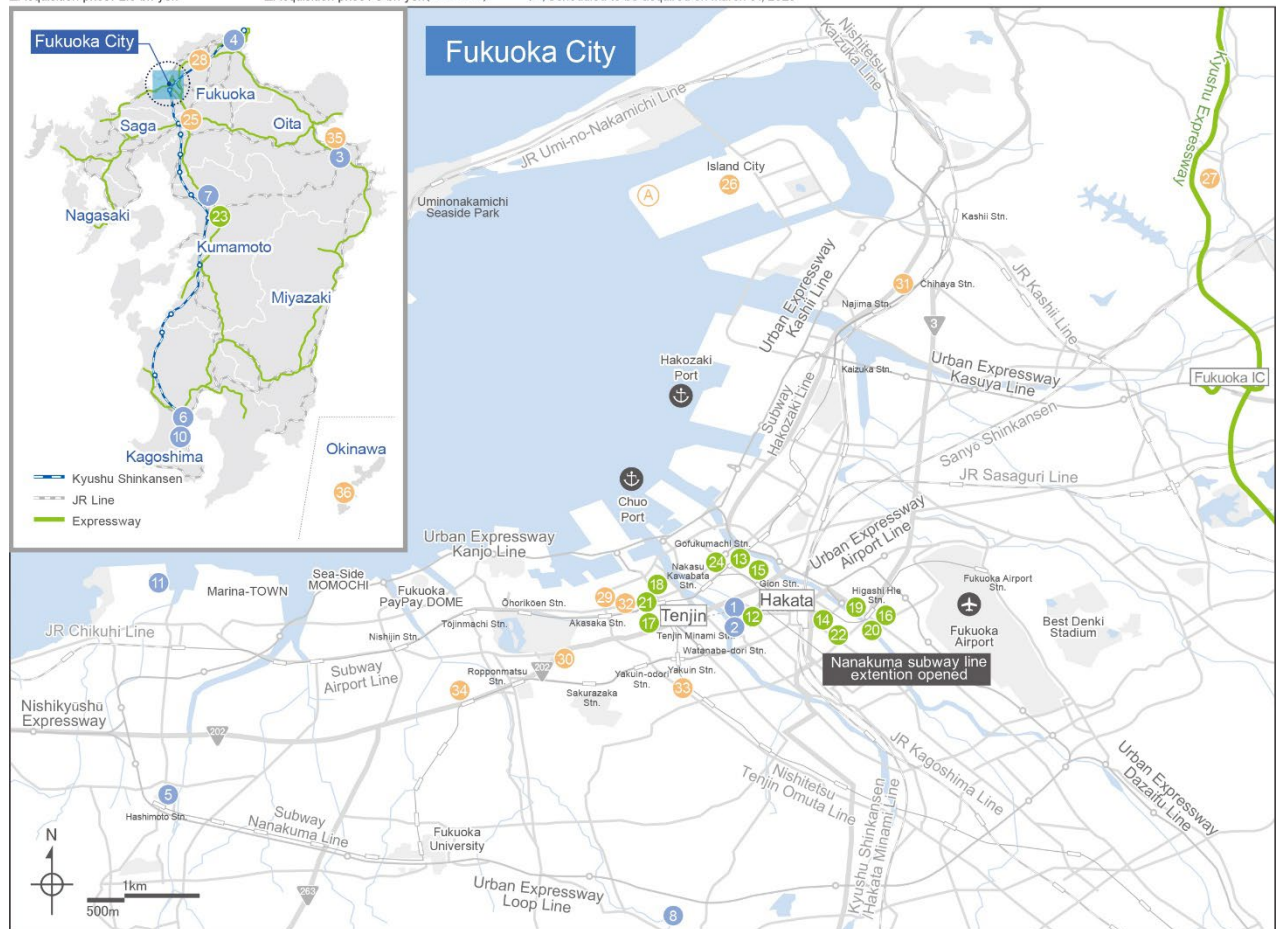
• Axion Befu-Ekimae Premium



# Reference 3: Map of FRC's Portfolio

- |                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                              |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>1 Canal City Hakata</b><br/>                 ■Address : 1-chome, Sumiyoshi, Hakata Ward, Fukuoka City<br/>                 ■Acquisition date : Nov. 9, 2004<br/>                 ■Acquisition price : 32 bn yen</p>                                             | <p><b>2 Canal City Hakata•B</b><br/>                 ■Address : 1-chome, Sumiyoshi, Hakata Ward, Fukuoka City<br/>                 ■Acquisition date : Mar. 2, 2011<br/>                 ■Acquisition price : 21 bn yen</p>                                                                         | <p><b>3 Park Place Oita</b><br/>                 ■Address : 2-chome, Koen Dori Nishi, Oita City<br/>                 ■Acquisition date : Nov. 9, 2004 / May 28, 2015<br/>                 ■Acquisition price : 19.6 bn yen</p>               | <p><b>4 SunLive City Kokura</b><br/>                 ■Address : 2-chome, Kami Kuzuhara, Kokura Minami Ward, Kitakyushu City<br/>                 ■Acquisition date : Jul. 1, 2005<br/>                 ■Acquisition price : 6.6 bn yen</p>                      | <p><b>5 Konoha Mall Hashimoto</b><br/>                 ■Address : 2-chome, Hashimoto, Nishi Ward, Fukuoka City<br/>                 ■Acquisition date : Mar. 1, 2018<br/>                 ■Acquisition price : 10 bn yen</p>                 |
| <p><b>6 Square Mall Kagoshima Usuki</b><br/>                 ■Address : 2-chome, Usuki, Kagoshima City<br/>                 ■Acquisition date : Sept. 28, 2006<br/>                 ■Acquisition price : 5.9 bn yen</p>                                               | <p><b>7 Kumamoto Intercommunity SC</b><br/>                 ■Address : 1-chome, Kozono, Higashi Ward, Kumamoto City<br/>                 ■Acquisition date : Nov. 30, 2006<br/>                 ■Acquisition price : 2.4 bn yen</p>                                                                 | <p><b>8 Hanahata SC</b><br/>                 ■Address : 4-chome, Hanahata, Minami Ward, Fukuoka City<br/>                 ■Acquisition date : Sept. 3, 2007<br/>                 ■Acquisition price : 1.1 bn yen</p>                         | <p><b>9 Kurume Higashi Kushiwara SC</b><br/>                 ■Address : Higashi kushiwara, Kurume City<br/>                 ■Acquisition date : Feb. 1, 2008<br/>                 ■Acquisition price : 2.5 bn yen</p>                                           | <p><b>10 K's Denki Kagoshima</b><br/>                 ■Address : Tokai-cho, Kagoshima City<br/>                 ■Acquisition date : Mar. 27, 2008<br/>                 ■Acquisition price : 3.5 bn yen</p>                                   |
| <p><b>11 Marinaoia City Fukuoka (Marina Side Building)</b><br/>                 ■Address : 2-chome, Odo, Nishi Ward, Fukuoka City<br/>                 ■Acquisition date : May 1, 2015<br/>                 ■Acquisition price : 5.2 bn yen</p>                       | <p><b>12 Canal City Business Center Building</b><br/>                 ■Address : 1-chome, Sumiyoshi, Hakata Ward, Fukuoka City<br/>                 ■Acquisition date : Nov. 9, 2004<br/>                 ■Acquisition price : 14.6 bn yen</p>                                                      | <p><b>13 Gofukumachi Business Center</b><br/>                 ■Address : Kami Gofukumachi, Hakata Ward, Fukuoka City<br/>                 ■Acquisition date : Nov. 9, 2004<br/>                 ■Acquisition price : 11.2 bn yen</p>         | <p><b>14 Sanix Hakata Building</b><br/>                 ■Address : 2-chome, Hakataekihigashi, Hakata Ward, Fukuoka City<br/>                 ■Acquisition date : Sept. 30, 2005<br/>                 ■Acquisition price : 4.4 bn yen</p>                        | <p><b>15 Taihaku Street Business Center</b><br/>                 ■Address : Gokushomachi, Hakata Ward, Fukuoka City<br/>                 ■Acquisition date : Mar. 16, 2006<br/>                 ■Acquisition price : 7 bn yen</p>            |
| <p><b>16 Higashi Hie Business Center</b><br/>                 ■Address : 2-chome, Higashi-hie, Hakata Ward, Fukuoka City<br/>                 ■Acquisition date : Mar. 13, 2009<br/>                 ■Acquisition price : 5.9 bn yen</p>                              | <p><b>17 Tenjin Nishi-Dori Center Building</b><br/>                 ■Address : 2-chome, Tenjin, Chuo Ward, Fukuoka City<br/>                 ■Acquisition date : Feb. 1, 2013<br/>                 ■Acquisition price : 2.6 bn yen</p>                                                              | <p><b>18 Tenjin North Front Building</b><br/>                 ■Address : 4-chome, Tenjin, Chuo Ward, Fukuoka City<br/>                 ■Acquisition date : Mar. 28, 2013<br/>                 ■Acquisition price : 2.8 bn yen</p>            | <p><b>19 Higashi Hie Business Center II</b><br/>                 ■Address : 1-chome, Higashi-hie, Hakata Ward, Fukuoka City<br/>                 ■Acquisition date : Mar. 28, 2018<br/>                 ■Acquisition price : 4.2 bn yen</p>                     | <p><b>20 Higashi Hie Business Center III</b><br/>                 ■Address : 4-chome, Higashi-hie, Hakata Ward, Fukuoka City<br/>                 ■Acquisition date : Mar. 29, 2020<br/>                 ■Acquisition price : 3.2 bn yen</p> |
| <p><b>21 Tenjin Nishi-Dori Business Center (Land with leasehold interest)</b><br/>                 ■Address : 2-chome, Tenjin, Chuo Ward, Fukuoka City<br/>                 ■Acquisition date : Mar. 1, 2021<br/>                 ■Acquisition price : 7.7 bn yen</p> | <p><b>22 Hakata Chikushi-Dori Center Building</b><br/>                 ■Address : 2-chome, Hakataekiminami, Hakata Ward, Fukuoka City<br/>                 ■Acquisition date : March 1, 2022<br/>                 ■Acquisition price : 4.3 bn yen</p>                                               | <p><b>23 Kumamoto East Front Building</b><br/>                 ■Address : 1-chome, Shinyashiki, Kumamoto Chuo Ward, Kumamoto<br/>                 ■Acquisition date : Mar. 28, 2023<br/>                 ■Acquisition price : 1.4 bn yen</p> | <p><b>24 Hakata FD Business Center</b><br/>                 ■Address : 2-chome, Tsunabamachi, Hakata Ward, Fukuoka City<br/>                 ■Acquisition date : Sept. 1, 2023(scheduled)<br/>                 ■Acquisition price : 14.1 bn yen (scheduled)</p> | <p><b>25 Tosu Logistics Center</b><br/>                 ■Address : 2-chome, Tsunakata-ma-cho, Tosu City, Saga<br/>                 ■Acquisition date : Mar. 28, 2014<br/>                 ■Acquisition price : 1.2 bn yen</p>                |
| <p><b>26 LOGICITY Minato Kashi</b><br/>                 ■Address : 2-chome, Minatokashi, Higashi Ward, Fukuoka City<br/>                 ■Acquisition date : Mar. 27, 2015<br/>                 ■Acquisition price : 8.1 bn yen</p>                                   | <p><b>27 LOGICITY Hisayama</b><br/>                 ■Address : Hisayama-machi, Kasuya-gun, Fukuoka City<br/>                 ■Acquisition date : June 1, 2017<br/>                 ■Acquisition price : 5.0 bn yen</p>                                                                              | <p><b>28 LOGICITY Wakamiya</b><br/>                 ■Address : Shimoaruki, Miyawaka City<br/>                 ■Acquisition date : June 30, 2020<br/>                 ■Acquisition price : 1.7 bn yen</p>                                     | <p><b>29 Amex Akasakamon Tower</b><br/>                 ■Address : 2-chome, Maizuru, Chuo Ward, Fukuoka City<br/>                 ■Acquisition date : Sept. 1, 2006<br/>                 ■Acquisition price : 2 bn yen</p>                                      | <p><b>30 City House Keyaki Dori</b><br/>                 ■Address : 2-chome, Kego, Chuo Ward, Fukuoka City<br/>                 ■Acquisition date : Dec. 20, 2007<br/>                 ■Acquisition price : 1.1 bn yen</p>                   |
| <p><b>31 Aqualia Chihaya</b><br/>                 ■Address : 4-chome, Chihaya, Higashi Ward, Fukuoka City<br/>                 ■Acquisition date : Mar. 1, 2012<br/>                 ■Acquisition price : 1.2 bn yen</p>                                              | <p><b>32 D-Wing Tower</b><br/>                 ■Address : 2-chome, Daimyo, Chuo Ward, Fukuoka City<br/>                 ■Acquisition date : Mar. 1, 2013<br/>                 ■Acquisition price : 2.8 bn yen</p>                                                                                   | <p><b>33 Granfore Yakuin Minami</b><br/>                 ■Address : 1-chome, Hirao, Chuo Ward, Fukuoka City<br/>                 ■Acquisition date : Nov. 4, 2014<br/>                 ■Acquisition price : 1.1 bn yen</p>                   | <p><b>34 Axion Befu-Ekimae Premium</b><br/>                 ■Address : 3-chome, Befu, Jonan Ward, Fukuoka City<br/>                 ■Acquisition date : Apr. 27, 2023(scheduled)<br/>                 ■Acquisition price : 1.5 bn yen (scheduled)</p>           | <p><b>35 Hotel FORZA Oita</b><br/>                 ■Address : 1-chome, Chuo-machi, Oita City<br/>                 ■Acquisition date : Mar. 1, 2013<br/>                 ■Acquisition price : 1.5 bn yen</p>                                  |
| <p><b>36 Tissage Hotel Naha</b><br/>                 ■Address : 2-chome, Nishi, Naha City<br/>                 ■Acquisition date : Dec. 7, 2018<br/>                 ■Acquisition price : 2.8 bn yen (scheduled)</p>                                                  | <p><b>A Island City Minato Bay related site (Land with leasehold interest)(tentative)(*)</b><br/>                 ■Address : 3-chome, Minatokashi, Higashi Ward, Fukuoka City<br/>                 ■Acquisition date : Mar. 2029<br/>                 ■Acquisition price : 8 bn yen (scheduled)</p> |                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                              |

■ Retail ■ Office buildings ■ Others  
 (\*): Figures rounded down to nearest 100mm yen  
 (\*) Scheduled to be acquired on March 31, 2029



Reference 4: List of FRC's Portfolio

Use	Property Name	Acquisition Date (scheduled)	Acquisition Price (planned) (mm yen) (Note1)	Investment Ratio (Note2)
Retail	Canal City Hakata	Nov. 9, 2004	32,000	14.3%
	Canal City Hakata • B	Mar. 2, 2011	21,060	9.4%
	Park Place Oita	Nov. 9, 2004	19,610	8.8%
	SunLive City Kokura	Jul. 1, 2005	6,633	3.0%
	Konoha Mall Hashimoto	Mar. 1, 2018	10,000	4.5%
	Square Mall Kagoshima Usuki	Sep. 28, 2006	5,300	2.4%
	Kumamoto Intercommunity SC	Nov. 30, 2006	2,400	1.1%
	Hanahata SC	Sep. 3, 2007	1,130	0.5%
	Kurume Higashi Kushiwara SC	Feb. 1, 2008	2,125	1.0%
	K's Denki Kagoshima	Mar. 27, 2008	3,550	1.6%
	Marinoa City Fukuoka (Marina Side Building)	May 1, 2015	5,250	2.4%
Office buildings	Canal City Business Center Building	Nov. 9, 2004	14,600	6.5%
	Gofukumachi Business Center	Nov. 9, 2004	11,200	5.0%
	Sanix Hakata Building	Sep. 30, 2005	4,400	2.0%
	Taihaku Street Business Center	Mar. 16, 2006	7,000	3.1%
	Higashi Hie Business Center	Mar. 13, 2009	5,900	2.6%
	Tenjin Nishi-Dori Center Building	Feb. 1, 2013	2,600	1.2%
	Tenjin North Front Building	Mar. 28, 2013	2,800	1.3%
	Higashi Hie Business Center II	Mar. 1, 2018	4,230	1.9%
	Higashi Hie Business Center III	May 29, 2020	3,290	1.5%
	Tenjin Nishi-Dori Business Center (Land with leasehold interest)	Jun. 1, 2021	7,700	3.5%
	Hakata Chikushi-Dori Center Building	Mar. 1, 2022	4,320	1.9%
	Kumamoto East Front Building	March 28, 2023	1,450	0.7%
	Hakata FD Business Center	Sep. 1, 2023	14,100	6.3%
	Others	Amex Akasakamon Tower	Sep. 1, 2006	2,060
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	1.3%
Granfore Yakuin Minami		Nov. 4, 2014	1,100	0.5%
Axion Befu-Ekimae Premium		Apr. 27, 2023	1,525	0.7%
Hotel FORZA Oita		Mar. 1, 2013	1,530	0.7%
Tissage Hotel Naha		Dec. 7, 2018	2,835	1.3%
Tosu Logistics Center		Mar. 28, 2014	1,250	0.6%
LOGICITY Minato Kashii		Mar. 27, 2015	8,150	3.7%
LOGICITY Hisayama		Jun. 1, 2017	5,050	2.3%
LOGICITY Wakamiya		Jun. 30, 2020	1,700	0.8%
Total of all properties		—	223,039	100.0%

(Note 1) 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. (Note 2) The ratio is rounded off to one decimal places. (Note 3) Kurume Higashi Kushiwara SC completed the transfer of its 15% co-ownership interest in the trust beneficiary right on February 28, 2023, and it is excluded the initial acquisition prices.