



Fukuoka REIT Corporation
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(Securities Code: 8968)

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Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units

Fukuoka REIT Corporation (FRC) announces it has resolved at the Board of Directors Meeting held today to issue new investment units and conduct a secondary offering as described below.

1. Issuance of New Investment Units through Public Offering (Primary Offering)

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| (1) Number of units to be offered: | 72,400 units |
| (2) Issue price (offer price): | To be determined
In accordance with the methods stated in Article 25 of the Japan Securities Dealers Association's Rules Concerning Underwriting, Etc. of Securities, the issue price (offer price) of the public offering shall provisionally be calculated by multiplying the value from the closing price of FRC's investment unit (the "Investment Unit") from regular transaction on the Tokyo Stock Exchange (TSE) on the pricing date (or the closing date on the day immediately preceding the pricing date in the event there is no closing price) by a factor of 0.90~1.00 (amounts less than ¥1 omitted), and shall be determined in consideration of demand and other factors between Sept. 4, 2024 (Wed.) and Sept. 9, 2024 (Mon.) |
| (3) Total Issue price (offer price): | To be determined |
| (4) Paid-in amount (issue value): | To be determined
In accordance with the methods stated in Article 25 of the Japan Securities Dealers Association's Rules Concerning Underwriting, Etc. of Securities, the price shall be determined by a resolution of the FRC's board of directors meeting on a date. |
| (5) Total paid-in amount (issue value): | To be determined |
| (6) Offering method: | The investment units shall be offered as a primary offering, and underwritten in full by SMBC Nikko Securities Inc. ("Lead Manager"), as well as Nomura Securities Co., Ltd., Mizuho Securities Co., Ltd., Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., Nishi-Nippon City Tokai Tokyo Securities Co., Ltd., |

Disclaimer: This document is a press release to publicly announce the issuance of new investment units, and has not been prepared for the purpose of enticing investment. When applying to purchase investment units issued by FRC, please do so based on your own judgment and responsibility, without failing to read the prospectus on issuing new investment units and its corrections prepared by FRC.

- (7) Underwriting agreement: Fukuoka Securities Co., Ltd. and Okasan Securities Co., Ltd., (The six companies, collectively with Lead Manager, as “Underwriters”).
The underwriters shall purchase and underwrite the Investment units at the paid-in amount (issue value) determined on the pricing date, and conduct offering at a different price (issue price) from the paid-in amount (issue value). Underwriters shall pay FRC the total paid-in amount (issue value) on the payment date mentioned under (11) below. The difference between the total amount of issue price (offer price) and the total paid-in amount (issue value) in the primary offering shall be the proceeds to be taken by the underwriters. FRC will pay no underwriting commission to the underwriters.
- (8) Subscription unit: One unit or more in multiples of one unit
- (9) Subscription period: The first business day following the issue price determination date
- (10) Payment period for deposit in securities: From the business day immediately following the issue price determination date to the second business days following the issue price determination date
- (11) Payment date: At any day between September 10, 2024 (Tue.) and September 13, 2024 (Fri.). However, the payment date shall be a date four business days after the issue price determination date.
- (12) Delivery date: The delivery date shall be the business day following the payment date stated in (11) above.
- (13) The issue price (offer price), the paid-in amount (issue value), and other necessary items relating to the issuance of new investment units shall be decided at a meeting of FRC’s board of directors to be held in the future.
- (14) Each of the provisions above shall be subject to the condition that the securities registration statement filed in accordance with the FIEA takes effect.

2. Secondary offering of Investment Units (secondary offering by way of over-allotment)

- (1) Seller: SMBC Nikko Securities Inc.
- (2) Number of investment units to be sold: 3,600 units
The number of investment units to be offered indicates the upper limit. The number may decrease due to demand for the primary offering, etc., and the secondary offering by over-allotment may not be conducted at all. The number of investment units to be offered shall be determined at a meeting of FRC’s board of directors held on the issue price determination date, taking into account demand for the primary offering and other factors.
- (3) Selling price: To be determined
To be decided at a meeting of FRC’s board of directors held on the issue price determination date. The selling price shall be the same as the issue price (offer price) in the primary offering.
- (4) Total selling price: To be determined
- (5) Method of offering: Upon the primary offering, taking into account the demand conditions and other factors of the primary offering, SMBC Nikko Securities Inc. shall conduct, separate from the primary offering, a domestic secondary offering of Fukuoka Realty Co., Ltd (“FR”) with 3,600 units set as the maximum number (the “Borrowed Investment Units”). However, the

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- borrowing shall be subject to the condition that 7,600 units shall be sold to FR in the primary offering as described in <Reference> 6. below.
- (6) Subscription unit: One unit or more in multiples of one unit
 - (7) Subscription period: The same as the primary offering subscription period
 - (8) Payment period for deposit in securities: The same as the primary offering payment period for deposit in securities
 - (9) Delivery date: The same as the primary offering delivery date
 - (10) The secondary offering price and other matters necessary for the secondary offering of investment units through over-allotment will be decided at a meeting of FRC's board of directors to be held in the future.
 - (11) When the primary offering is suspended, the secondary offering through over-allotment shall also be suspended.
 - (12) Each of the provisions above shall be subject to the condition that the securities registration statement filed in accordance with the FIEA takes effect.

3. Issuance of New Investment Units to be Offered by Way of Third-Party Allotment

- (1) Number of investment units to be offered: 3,600 units
- (2) Paid-in amount (issue value): To be determined
The price shall be determined by a resolution of the FRC's board of directors meeting on a date. The paid-in amount (issue value) shall be the same as the paid-in amount (issue value) of the primary offering.
- (3) Total paid-in amount (issue value): To be determined
- (4) Allottee and number of investment units to be allotted: SMBC Nikko Securities Inc. 3,600 units
- (5) Subscription units: One unit or more in multiples of one unit
- (6) Subscription period (Subscription date): Any date between October 7, 2024 (Mon.) and October 11, 2024 (Fri.)
However, this shall be the business day following the thirtieth day (or the preceding business day in the case where the thirtieth day is not a business day) from the day following the day of the application period for the primary offering and secondary offering through over-allotment.
- (7) Payment date: Any date between October 8, 2024 (Tue.) and October 15, 2024 (Tue.)
However, that this shall be the second business day following the thirtieth day (or the preceding business day in the case where the thirtieth day is not a business day) from the day following the day of the application period for the primary offering and secondary offering through over-allotment.
- (8) Investment units, for which no application for subscription is made by the end of the application period stated in item (6) above (the application deadline) will not be issued.
- (9) The amount to be paid in (issue value) and other matters necessary for the issuance of new investment units through private placement will be decided at future meetings of FRC's board of directors.
- (10) When the primary offering is suspended, the secondary offering through over-allotment shall also be suspended.
- (11) Each of the provisions above shall be subject to the condition that the securities registration statement filed in accordance with the FIEA takes effect.

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<Reference>

1. Secondary Offering through Over-Allotment, etc.

SMBC Nikko Securities Inc., the lead manager of the primary offering, may conduct a secondary offering of investment units (However, such the borrowing shall be subject to the condition that the investment units (7,600 units are sold to the Asset Manager in the public offering.) (secondary offering through over-allotment), separate from the primary offering, by borrowing from FR a maximum of 3,600 units, taking demand and other factors in the primary offering into consideration. The number of investment units to be offered by means of secondary offering through over-allotment will be 3,600 units. This is the maximum number of units to be allocated for the secondary offering. The number may decrease or the secondary offering through over-allotment may not be conducted at all, depending on demand and other factors.

In connection with the secondary offering through over-allotment, FRC's board of directors at its meeting held on August 28, 2024 (Wed.) resolved to issue 3,600 units to SMBC Nikko Securities Inc. by means of third-party allotment as the payment date any days from October 8, 2024 (Tue.) to October 15, 2024 (Tue.). However, that this shall be the second business day following the thirtieth day (or the preceding business day in the case where the thirtieth day is not a business day) from the day following the day of the application period for the primary offering and secondary offering through over-allotment.

During the period from the date immediately after the last day of the subscription period for both the primary offering and the secondary offering, SMBC Nikko Securities Inc. may purchase investment units on the TSE in a quantity up to a number specified in the secondary offering through over-allotment ("Syndicate Cover Transactions") with the goal of returning the borrowed investment units. All investment units acquired by SMBC Nikko Securities Inc. through syndicate cover transactions will be used to return the borrowed investment units. During the syndicate cover transaction period, SMBC Nikko Securities Inc. may not perform any syndicate cover transactions or terminate syndicate cover transactions in a quantity lower than the number of units issued in the secondary offering through over-allotment based on its own discretion.

In addition, SMBC Nikko Securities Inc. may engage in stabilizing transactions in connection with the primary offering and the secondary offering through over-allotment. SMBC Nikko Securities Inc. may use all or part of the investment units purchased through such stabilizing transactions for returning borrowed investment units.

In response to the allotment through private placement, SMBC Nikko Securities Inc. plans to acquire investment units in the number determined by deducting the number of investment units purchased through stabilizing transactions and the syndicate cover transactions and used to return the borrowed investment units from the number of investment units to be offered in the secondary offering through over-allotment. For that reason, subscriptions may not be made for all or part of the investment units to be issued through private placement. As a result, the final number of investment units issued in private placement may decrease to the extent set by the number of the unsubscribed investment units or the issuance of investment units through private placement may not take place at all due to the forfeiture of subscription rights.

Whether or not the secondary offering through over-allotment will take place, and how many investment units will be issued in the event the secondary offering through over-allotment is conducted will be decided on the pricing date. SMBC Nikko Securities Inc. will not borrow Investment Units from FR if the secondary offering through over-allotment does not take place. In this case, the issuance of new investment units through private placement will not take place at all due to forfeiture because SMBC Nikko Securities Inc. will not accept allotment through private placement and not apply for subscription. Moreover, no Syndicate Cover Transactions will take place on the TSE.

2. Change in the total number of outstanding investment units after this issuance of new investment units

Present total number of outstanding units:	796,000 units
Increase in the number of investment units associated with the issuance of new investment units in the primary offering:	72,400 units
Total number of outstanding investment units: after the issuance of new investment units in the primary offering:	868,400 units
Increase in the number of investment units	

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associated with the third-party allotment: 3,600 units (Note)
Total number of outstanding investment units: 872,000 units (Note)
after the third-party allotment

(Note) The numbers of investment units stated above assume that SMBC Nikko Securities Inc. subscribes to all of the investment units in private placement, and that all such investment units are issued. Subscriptions may not be made for all or part of the investment units issued through private placement. As a result, the final number of investment units issued through private placement may decrease to the extent set by the number of unsubscribed investment units or the issuance of investment units through private placement may not take place at all due to the forfeiture of subscription rights. Please refer to the subsection in section “1. Secondary Offering through Over-Allotment, etc.” above for details.

3. Purpose and Reason for the Issuance

Following consideration, taking into account real estate sales market conditions, investment unit market trends, level of dividend per unit, etc. with the aim of achieving external growth by acquiring new specified assets (meaning as set forth in Article 2, Paragraph 1 of the Act on Investment Trusts and Investment Corporations. The same shall apply hereinafter.) (Note) and financing and for the purpose of stabilizing the financial base by lowering the ratio of interest-bearing debt to total assets (LTV), we have determined that the contribute to the medium- to long-term profits of unitholders and therefore decided to issue new investment units.

(Note) Please refer to “Fukuoka REIT Corporation Concludes Agreement to Purchase a New Property (Trust beneficiary interest in domestic real estate)” in the press release dated today for the detail of new specified assets. The same shall apply hereinafter.

4. Electronic delivery of prospectus

In principle, the prospectus for this offering (the primary offering, the secondary offering by over-allotment, and third-party allotment may be collectively referred to as the “Offering.” The same shall apply hereinafter.) will be provided not in writing, but entirely by electronic delivery (Note).

(Note) FRC terms the provision of matters described in a prospectus by way of electromagnetic method “electronic delivery of prospectus.” The prospectus provider shall be deemed to have delivered the prospectus if it has obtained the consent of the prospectus recipient and has provided the information contained in the prospectus by electromagnetic means (Article 27-30-9, Paragraph 1 of the Financial Instruments and Exchange Act and Article 32-2, Paragraph 1 of the Cabinet Office Ordinance on Disclosure of Information of Regulated Securities, etc.). Investors are unable to choose to receive a written prospectus. If consent cannot be obtained from investors, or if consent is withdrawn (Article 32-2, Paragraph 7 of the Cabinet Office Order on Disclosure of Information on Regulated Securities) when an underwriter, etc. issues a prospectus by electronic means, the prospectus cannot be delivered by electronic means to the said investors, but underwriters, etc. will sell investment units in the offering only to the investors whose consent have been obtained and not withdrawn.

5. Amount of Proceeds, Their Use and Planned Disbursement Date

(1) Amount of proceeds (estimated net proceeds)

11,009,000,000yen (maximum)

(Note) The amount above is the sum of the estimated net proceeds of 10,488,000,000 yen from the primary offering and the estimated maximum net proceeds of 521,000,000 yen from the issuance of new investment units through private placement. The amount stated above is also an estimate based on the closing price for ordinary transactions in Investment Units on the TSE on August 16, 2024 (Fri.)

(2) Specific use of proceeds and their planned disbursement date

The proceeds (10,488,000,000 yen) to be received from the primary offering will be used to partially fund acquisitions of specified assets (including expenses related to acquisition. The same shall apply hereinafter.) in the press release “Fukuoka REIT Corporation Concludes Agreement to Purchase a New Property (Trust beneficiary interest in domestic real estate)” dated today. The remainder of the proceeds, if any, as well as the maximum proceeds from the issuance of new investment units by way of the third-party allotment of 521,000,000 yen that was resolved on the same date as the primary offering will be retained as cash on hand to be allocated to part of the funds for future acquisition of specified assets or repayments of borrowings.

The timing and amount of acquisition of the specified assets are as follows.

Property Name	Acquisition Timing	Acquisition Price
(Tentative) Mifune Logistics Center (Note1)	March 27, 2025	11,000,000,000 yen (Note2)
Axion Otomon Premium	March 28, 2025	1,800,000,000 yen

(Note1) The property has not yet been completed as of today. FRC intends to acquire the property on March 27, 2025, subject to completion of the building. However, FRC may not be able to acquire the property as scheduled due to delays, changes, or cancellation of the development.

(Note 2) If the existing tenant lease agreements (each lease reservation agreement initially executed with each tenant) are

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changed due to additional facility construction work, etc. by the seller on the building, and the rent in such agreements is increased, the seller shall discuss with FRC to increase the purchase price by the amount agreed upon by both parties.
(Note3) Procured funds are planned to be deposited in financial institutions until its payment for intended use.

6. Designation of a party to receive the allocation

Underwriters will sell 7,600 of the investment units offered through the primary offering to FR as the buyer designated by FRC.

7. Outlook

For operating results forecast after the said issuance of new investment units, please refer to “Notice on Revisions to Forecasts of Performance for the Fiscal Period Ending August 2024 and for the Fiscal Period Ending February 2025 and Announcement of Forecast of performance for the Fiscal Period Ending August 2025” in the press release dated today.

8. Financial results and status of equity finance of last three fiscal periods, etc.

(1) Financial results of last three fiscal periods

	February 2023	August 2023	February 2024
Profit per unit (Note1)	3,580 yen	3,752 yen	3,806 yen
Dividend per unit	3,580 yen	3,753 yen	3,807 yen
Payout ratio (Note2)	100.0%	100.0%	100.0%
Net asset per unit	127,875 yen	128,048 yen	128,102 yen

(Note1) Profit per unit is calculated by dividing profit by the weighted average number of investment units based on the number of days in the period.

(Note2) Payout ratio shows figures that have been calculated using the following formula and rounded to the first decimal place as a percentage (%). Total dividends (excluding total dividends in excess of earnings) ÷ Profit × 100

(2) Recent investment unit prices

1) Investment unit prices of last three fiscal periods

	February 2023	August 2023	February 2024
Opening price	169,800 yen	163,400 yen	163,200 yen
High	176,100 yen	168,200 yen	174,700 yen
Low	160,400 yen	157,000 yen	156,200 yen
Closing price	164,600 yen	162,100 yen	165,700 yen

(Note) The above figures represent estimated amounts calculated based on the closing price of FRC investment units for ordinary trading on the Tokyo Stock Exchange.

2) Investment unit prices of last six months

(High and low are compared to the closing price on each trading day of the relevant trading month.)

	March 2024	April 2024	May 2024	June 2024	July 2024	August 2024
Opening price	165,600 yen	172,500 yen	169,700 yen	161,000 yen	155,700 yen	155,800 yen
High	176,000 yen	173,200 yen	170,800 yen	161,100 yen	160,200 yen	157,400 yen
Low	165,500 yen	166,500 yen	158,800 yen	156,800 yen	155,700 yen	147,800 yen
Closing price	171,700 yen	169,700 yen	161,500 yen	157,600 yen	156,800 yen	157,100 yen

(Note1) The investment unit price for August 2024 is the price as of August 27, 2024.

(Note2) The above figures represent estimated amounts calculated based on the closing price of FRC investment units for ordinary trading on the Tokyo Stock Exchange.

3) Investment unit price on one business day prior to be the issuance resolution date

	August 27, 2024
Opening price	155,400 yen
High	157,500 yen
Low	155,300 yen

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Closing price	157,100 yen
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- (3) Status of equity finance of last three fiscal periods
Not applicable.

9. Other (Restrictions on sale, additional issuance of investment units, etc.)

- (1) In connection with the primary offering, Fukuoka Jisho Co., Ltd. agree with the lead manager not to sell the investment units owned by it prior to the public offering for a period of 90 days after the delivery and settlement date from the pricing date without prior written consent from the lead manager agrees not to sell the investment units owned by Fukuoka Jisho Co., Ltd. the lead manager will have the authority to cancel the restrictions above, in whole or in part, at their discretion.
- (2) In connection with the primary offering, FR will enter into an agreement with the lead manager not to sell the investment units that it plans to acquire through primary offering (except for the loan of the investment units to SMBC Nikko Securities Inc. in connection with the secondary offering through over-allotment) without the prior written consent of the lead manager in the period beginning with the pricing date and ending on the date 180 days after the delivery date of the investment units. In the event of the above, the lead manager will have the authority to cancel any such agreement, in whole or in part, during the restriction period, or shorten the restriction period at their discretion.
- (3) In connection with the primary offering, FRC will enter into an agreement with the lead manager stating that no issuance of investment units or the like will be conducted without the prior written consent of the lead manager in the period beginning with the pricing date and ending on the date 90 days after the delivery date of the investment units. In the event of the above, the lead manager will have the authority to cancel any such agreement, in whole or in part, during the restriction period, or shorten the restriction period at their discretion.

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