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Provisional translation only



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Notice Concerning Partial Amendments to the Asset Management Company's Internal Regulations  
(Asset Management Guidelines)

Fukuoka REIT Corporation (FRC) announced that Fukuoka Realty Co., Ltd., the asset management company to which FRC entrusts management of its assets, today decided to partly amend the asset management guidelines (the "Asset Management Guidelines"), its internal regulations, as described below (the "Amendments").

1. Reasons and Major Points of Amendments to the Asset Management Guidelines

FRC aims to invest in a variety of properties, including retail facilities, office buildings, and other types (logistics, residences, etc.), geographically limiting its target investment area to the Fukuoka and Kyushu area.

The Amendments will be made in order to create opportunities for FRC to acquire properties of higher quality, in light of the current investment environment in which competition for acquisition of properties FRC aims to invest in has been intensifying. The major point of the Amendments is, concerning investment in development properties, clarification of the investment policy pertaining to properties under development/to be developed in the future.

For details of the Amendments, please refer to the attached "Comparison of the Asset Management Guidelines before and after the Amendments."

2. Date of the Amendments to the Asset Management Guidelines

June 23, 2022

3. Others

An extraordinary report on this matter was submitted to the Kanto Local Finance Bureau as of June 23, 2022.

4. Future Outlook

The partial amendments to the Asset Management Guidelines will have no impact on the operating results of FRC.

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

Attachment:

Comparison of Asset Management Guidelines before and after the Amendments

(Note) The following table describes only the parts with amendments, for both before and after the amendments, and the descriptions for other parts are omitted. Furthermore, underlined parts are amended.

Before	After
<p>1. Basic Asset Management Policy for Fukuoka REIT Corporation</p> <p>(1) Management Philosophy</p> <p>1) As a rule, Fukuoka REIT Corporation (FRC) sets the entire Kyushu region centering on Fukuoka (including Okinawa Prefecture) and Yamaguchi Prefecture (the “Fukuoka and Kyushu areas”) as its investment target area.</p> <p>2) With its strength in knowing the local characteristics of real estate, which is a region-specific business, FRC invests in real estate for rent in the abovementioned investment target area. Through such, FRC aims to <u>maximize the profit of its unitholders</u> by providing stable earnings over the medium to long term. (Our Mission)</p> <p>3) FRC focuses on Kyushu, particularly the Fukuoka metropolitan area, and manages assets by utilizing the information and expertise of the asset management company knowledgeable in individual circumstances of the Kyushu area. (Act Local (management that leverages geographical advantages))</p> <p>FRC seeks to <u>maximize the profit of its unitholders</u> while securing stable earnings over the medium to long term, based on the strengths including the following realized as a result of the above.</p> <p>(a) Speed and density of information</p> <p>(b) Feel for the local market (quickly catching information on properties, land characteristics, tenants, etc.)</p> <p>(c) Powerful local network across a broad area including administrative and economic authorities</p> <p>(d) Real estate management structure with a long-term commitment to the local community (risk responses based on swift decision-making)</p> <p>(2) Types, purpose and scope of assets for investment</p> <p>5) In addition to the specified assets set forth in 2) to 4) above, FRC may, with regard to investment in</p>	<p>1. Basic Asset Management Policy for Fukuoka REIT Corporation</p> <p>(1) Management Philosophy</p> <p>1) As a rule, Fukuoka REIT Corporation (FRC) sets the entire Kyushu region centering on Fukuoka (including Okinawa Prefecture) and Yamaguchi Prefecture (the “Fukuoka and Kyushu areas”) as its investment target area.</p> <p>2) With its strength in knowing the local characteristics of real estate, which is a region-specific business, FRC invests in real estate for rent in the abovementioned investment target area. Through such, FRC aims to <u>secure the best interests of its unitholders</u> by providing stable earnings over the medium to long term. (Our Mission)</p> <p>3) FRC focuses on Kyushu, particularly the Fukuoka metropolitan area, and manages assets by utilizing the information and expertise of the asset management company knowledgeable in individual circumstances of the Kyushu area. (Act Local (management that leverages geographical advantages))</p> <p>FRC seeks to <u>secure the best interests of its unitholders</u> while securing stable earnings over the medium to long term, based on the strengths including the following realized as a result of the above.</p> <p>(a) Speed and density of information</p> <p>(b) Feel for the local market (quickly catching information on properties, land characteristics, tenants, etc.)</p> <p>(c) Powerful local network across a broad area including administrative and economic authorities</p> <p>(d) Real estate management structure with a long-term commitment to the local community (risk responses based on swift decision-making)</p> <p>(2) Types, purpose and scope of assets for investment</p> <p>5) In addition to the specified assets set forth in 2) to 4) above, FRC may, with regard to investment in real estate, etc., invest in the following assets when</p>

<p>real estate, etc., invest in the following assets when necessary.</p> <p>(Omitted)</p> <p>(f) Carbon dioxide equivalent quota and other similar items based on Article 2, Paragraph 6 of the Act on Promotion of Global Warming Countermeasures (Act No. 117 of 1998, as amended) or emission rights (including emission rights pertaining to greenhouse gas).</p> <p>(3) Investment targets and their acquisition methods</p> <p>2) Investment type</p> <p>As FRC limits its investment target area, it flexibly targets all properties in terms of investment type (with a comprehensive portfolio). Since risks/returns differ for each investment type, diversification is achieved. As a rule, investment ratio for each investment type shall be within the following investment ratios.</p> <p>3) Method of acquisition of investment target</p> <p>(c) <u>Acquisition of new development properties with the support of the Fukuoka Jisho Group</u>  <u>FRC advances acquisition of new development properties with the support of the Fukuoka Jisho Group, which is centered on Fukuoka Jisho Co., Ltd. and has strong development/management capabilities across Kyushu as a comprehensive developer. When the Fukuoka Jisho Group newly develops retail facilities, etc. in the investment target area and establishes a business foundation at an early stage with steady facility operation, once it realizes securement of stable rental revenue, FRC may conclude a real estate sale/purchase contract even for properties yet to be operated or properties to be constructed/under construction if the following conditions are fulfilled.</u></p> <p>(i) <u>Risks concerning completion/delivery of the building have been eliminated on the condition that delivery is made after completion.</u></p>	<p>necessary.</p> <p>(Omitted)</p> <p>(f) Carbon dioxide equivalent quota and other similar items based on Article 2, Paragraph 7 of the Act on Promotion of Global Warming Countermeasures (Act No. 117 of 1998, as amended) or emission rights (including emission rights pertaining to greenhouse gas).</p> <p>(3) Investment targets and their acquisition methods</p> <p>2) Investment type</p> <p>As FRC limits its investment target area, it flexibly targets all properties in terms of investment type (with a comprehensive portfolio). Since risks/returns differ for each investment type, diversification is achieved. As a rule, investment ratio for each investment type shall be within the following investment ratios. <u>When the investment target is land with leasehold interest, classification of purpose of use shall be decided by reference to the purpose of use of the buildings (including those to be developed) on the land.</u></p> <p>3) Method of acquisition of investment target</p> <p>(c) <u>Investment in development properties</u>  <u>FRC may invest in properties under development/to be developed in the future (“development properties”) to secure opportunities to acquire quality properties.</u>  <u>Specifically, first, when the property is a development property with the support of the Fukuoka Jisho Group or a development property under a tie-up with an outside developer, etc. and if FRC is not the ordering party of the contracts pertaining to the development of residential land or construction of buildings, FRC may conclude a sale/purchase contract and invest as long as the following conditions of (i) through (iii) are fulfilled. Concerning the conclusion of the sale/purchase contract, terms of cancellation, particularly whether to specify the cancellation penalty and the amount, and other matters shall be considered. In addition, possible material impact on FRC’s financial base shall also be carefully considered.</u></p> <p>(i) <u>Sufficient tenant occupancy after the start of</u></p>
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<p><u>(ii) Risks concerning the development site (soil contamination, etc.) have been addressed.</u></p> <p><u>(iii) FRC shall not be liable for any risks including legal compliance of the building after completion. Specifically, FRC shall develop/acquire excellent properties that can be its investment target by formulating a development program for retail facilities, etc. with the Fukuoka Jisho Group, newly selecting land, setting up a project including the building planning, construction and tenant leasing.</u></p> <p><u>(d) Acquisition of new development projects through a tie-up with outside developers, etc.</u>  <u>FRC may conclude a real estate sale/purchase contract even for properties yet to be operated or properties to be constructed/under construction if the following conditions are fulfilled. Concerning the conclusion of the contract, terms of cancellation, particularly whether to specify the cancellation penalty and the amount, and other matters shall be considered. In addition, possible material impact on FRC's financial base shall also be carefully considered.</u></p> <p><u>(i) Sufficient tenant occupancy after the start of operation or completion is expected and stable earnings are expected to be secured.</u></p> <p><u>(ii) Risks concerning completion/delivery of the building have been eliminated on the condition that delivery is made after completion.</u></p> <p><u>(iii) Risks concerning the development site (soil contamination, etc.) have been addressed, and FRC shall not be liable for any risks including legal compliance of the building after completion.</u></p>	<p><u>operation or completion is expected and stable earnings are expected to be secured.</u></p> <p><u>(ii) Risks concerning completion/delivery of the building have been eliminated on the condition that delivery is made after completion.</u></p> <p><u>(iii) Risks concerning the development site (soil contamination, etc.) have been addressed, and FRC shall not be liable for any risks including legal compliance of the building after completion.</u></p> <p><u>Secondly, when FRC is the ordering party of the contracts pertaining to the development of residential land or construction of buildings, if FRC or the beneficiary of the real estate trust beneficiary interest owned by FRC acquires land for development site solely or jointly with a third party, and FRC, the beneficiary or the third party constructs a building as the ordering party of the contracts pertaining to the development of residential land or construction of buildings solely or jointly and then acquires the entirety or part of the building, FRC may conclude a sale/purchase contract for acquiring land pertaining development properties solely or jointly and conclude a contract pertaining to the development of residential land or construction of buildings with FRC or the beneficiary of the real estate trust beneficiary interest owned by FRC as the ordering party, as long as the investment does not have an excessive impact on the entire portfolio even fully taking into account the fact that the investment does not immediately generate cash flows, after careful evaluation of responses to risks concerning the development property (development risk, permission/authorization risk, completion risk, tenant risk, price fluctuation risk), interest rate fluctuation risk during the development, risk of occurrence of major natural disasters, etc. as well as comprehensive consideration of the impact from such on the investment amount, construction period, distribution and such, provided that the following conditions of (i) through (vi) are fulfilled.</u></p> <p><u>(i) Risks concerning the development site (soil contamination, etc.) have been addressed.</u></p> <p><u>(ii) Considering laws and regulations, etc., acquisition of building certification is</u></p>
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	<p><u>reasonably expected.</u></p> <p><u>(iii) Building plans for which contracts can be concluded have been drawn up.</u></p> <p><u>(iv) Securement of tenants after completion is probable.</u></p> <p><u>(v) Fund procurement is probable, and the economics of procurement terms are reasonably expected.</u></p> <p><u>(vi) As for development properties assumed to be rebuilt, feasibility of rebuilding plan can be confirmed taking into account the probabilities of tenant move-outs, building demolition and other factors.</u></p>				
<p>2. Portfolio Building Policy for FRC</p> <p>(1) Property investment standards</p> <table border="1" data-bbox="204 757 810 1205"> <tr> <td data-bbox="204 757 379 1205">Investment in development projects</td> <td data-bbox="379 757 810 1205"><u>FRC is not expected to acquire land and construct a building by itself as a rule. However, with regard to a property being developed by a third party, FRC may conclude a contract assuming the acquisition after the completion of the building, after taking into account the completion/delivery risks. FRC may also build an extension to or expand retail facilities, etc. it owns by itself.</u></td> </tr> </table>	Investment in development projects	<u>FRC is not expected to acquire land and construct a building by itself as a rule. However, with regard to a property being developed by a third party, FRC may conclude a contract assuming the acquisition after the completion of the building, after taking into account the completion/delivery risks. FRC may also build an extension to or expand retail facilities, etc. it owns by itself.</u>	<p>2. Portfolio Building Policy for FRC</p> <p>(1) Property investment standards</p> <table border="1" data-bbox="842 757 1449 1767"> <tr> <td data-bbox="842 757 1018 1767">Investment in development projects</td> <td data-bbox="1018 757 1449 1767"><u>With regard to a development property of a third party, FRC may conclude a sale/purchase contract assuming the acquisition after the completion of the building, after taking into account the completion/delivery risks. Furthermore, FRC may acquire raw land and construct a new building with FRC or the beneficiary of the real estate trust beneficiary interest owned by FRC as the ordering party, after taking into account various risks associated with real estate development (development risk, permission/authorization risk, completion risk, tenant risk, price fluctuation risk, interest rate fluctuation risk during the development, risk of occurrence of major natural disasters, etc.), as long as such risk does not have an excessive impact on the entire portfolio. In addition, FRC may build an extension to or expand properties it owns by itself.</u></td> </tr> </table>	Investment in development projects	<u>With regard to a development property of a third party, FRC may conclude a sale/purchase contract assuming the acquisition after the completion of the building, after taking into account the completion/delivery risks. Furthermore, FRC may acquire raw land and construct a new building with FRC or the beneficiary of the real estate trust beneficiary interest owned by FRC as the ordering party, after taking into account various risks associated with real estate development (development risk, permission/authorization risk, completion risk, tenant risk, price fluctuation risk, interest rate fluctuation risk during the development, risk of occurrence of major natural disasters, etc.), as long as such risk does not have an excessive impact on the entire portfolio. In addition, FRC may build an extension to or expand properties it owns by itself.</u>
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<p>Supplementary Provisions</p> <p>(Omitted)</p> <p>The Asset Management Guidelines were revised as of June 24, 2021.</p>	<p>Supplementary Provisions</p> <p>(Omitted)</p> <p>The Asset Management Guidelines were revised as of June 24, 2021.</p> <p><u>The Asset Management Guidelines were revised as of June 23, 2022.</u></p>				