

August 23, 2022

Provisional translation only



Fukuoka REIT Corporation
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Notice Concerning Borrowing of Funds (Sustainability-Linked Loan)

Fukuoka REIT Corporation (FRC) announces that it will conduct the borrowing of funds, as described below. The borrowing is a syndicated Sustainability-Linked Loan (SLL) to be provided by three sponsor banks of Fukuoka Realty Co., Ltd. (FR), the asset manager of FRC.

1. Borrowing of funds

1) Reason for borrowing

Refinancing on existing borrowing

2) Outline of borrowing

Borrowing (long-term debt)

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|----------------------|--|
| 1. Lender: | Development Bank of Japan Inc., The Nishi-Nippon City Bank, Ltd.,
The Bank of Fukuoka, Ltd. |
| 2. Amount: | 4.9 billion yen |
| 3. Interest rate: | To be announced (Note 1) Fixed interest rate |
| 4. Borrowing date: | August 31, 2022 |
| 5. Borrowing method: | Submitted loan application form based on Loan agreement concluded
on August 29, 2022 |
| 6. Repayment date: | August 31, 2032 |
| 7. Repayment method: | Lump-sum upon maturity |
| 8. Description: | No collateral, No guarantee |

(Note 1) Interest rate will be announced once determined.

The loan is borrowed under an SLL. A 35% reduction in CO₂ emissions (basic unit) compared with fiscal 2019 by fiscal 2030 will be set as a Sustainability Performance Target (SPT), and the achievement of the target will be linked to the conditions of the loan. When the SPT is achieved, the contract will offer a preferential interest rate from the interest rate determined at the time of borrowing from August 2031 until the repayment date. In concluding the SLL agreement, we obtained third-party opinions from Japan Credit Rating Agency, Ltd. on the compatibility with the SLL Principles and the Ministry of the Environment's SLL Guidelines regarding the ambition and significance of the SPT. For more information, please refer to the website of Japan Rating Agency, Ltd. (<https://www.jcr.co.jp/en/>)

3) Outline of refinancing

(1) Refinancing (short-term debt)

1. Lender: The Nishi-Nippon City Bank, Ltd., Resona Bank, Limited, The Oita Bank, Ltd., The Bank of Nagasaki, Ltd., The Bank of Saga, Ltd.
2. Amount: 0.5 billion yen
3. Repayment date: August 31, 2022
4. Repayment method: Lump-sum upon maturity
5. Description: No collateral, No guarantee
6. Disclosed date: July 19, 2022

(2) Refinancing (long-term debt)

1. Lender: Development Bank of Japan Inc.
2. Amount: 4 billion yen
3. Repayment date: August 31, 2022
4. Repayment method: Lump-sum upon maturity
5. Description: No collateral, No guarantee
6. Disclosed date: August 19, 2014

(3) Refinancing (long-term debt)

1. Lender: The Bank of Fukuoka, Ltd.
2. Amount: 0.4 billion yen
3. Repayment date: August 31, 2022
4. Repayment method: Lump-sum upon maturity
5. Description: No collateral, No guarantee
6. Disclosed date: August 26, 2015 and August 27, 2015 (Determination of Interest Rate)

2. Status of Debt after Borrowing

	(mm yen)		
	Before borrowing	After borrowing	Change
Short-term debt (Note 2)	500	0	(500)
Long-term debt	78,400	78,900	500
Of which, long-term debt payable due within one year	[5,900]	[5,900]	0
Total	78,900	78,900	0
Investment corporation bonds	5,000	5,000	0
Total Interest-bearing debt	83,900	83,900	0

(Note 2) The borrowings are used from committed credit line [13,000 mm yen]

3. Purpose and background of syndication-based SLL borrowing

FRC and FR are secured the best interests of its unitholders over the medium to long term as their mission. To achieve this mission, they consider it essential to promote sustainability through securing environmental, social and governance (ESG) awareness, on top of pursuing profitability as the primary objective. As a policy for specifically implementing this thinking, FR established its "Sustainability Policy" in January 2018.

In addition, with the intention of "introducing excellent local real estate properties to investors around the world and attracting funds locally", FRC is the first region-specific REIT in Japan listed from Fukuoka and Kyushu, and FR is jointly sponsored by leading companies in the Kyushu economic community.

The syndicated SLL is structured under collaboration between Development Bank of Japan Inc., The Nishi-Nippon City Bank, Ltd., and The Bank of Fukuoka, Ltd., with Development Bank of Japan Inc. as the sustainability coordinator. We will work in close cooperation to reduce CO₂ emissions set as SPT as promotion of sustainability through consideration for the environment.

4. Others

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

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