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Provisional translation only

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Notice Concerning Asset Acquisition (Silent Partnership Equity Interests)

(Limited Liability Company FRC2）

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 silent partnership equity interests today.

1. Outline of acquisition

(1)	Property to be acquired:	Equity interests in silent partnership that invests mainly in trust beneficiary interests of domestic real estate
(2)	Name of Asset:	Silent partnership equity interests in Limited Liability Company FRC2（Note1）
(3)	Property held in trust:	ABAS CHIKUGOMACHI, ABAS KANAYAMACHI (hereinafter “Properties held in trust”) (Note2)
(4)	Investment Amount:	161 million yen (20.6% of total amount of equity investment in silent partnership)
(5)	Date of Silent Partnership Agreement:	October 29, 2025 (scheduled)
(6)	Equity Interests Acquisition Date:	October 30, 2025 (scheduled)
(7)	Funds for Acquisition:	Cash on Hand

(Note1) The silent partnership equity interest pertains to a silent partnership for Limited Liability Company FRC2 (hereinafter “FRC2”). Regarding the details for the silent partnership equity interest, please kindly refer to “3. Overview of Asset to be acquired (1) Summary of the Silent Partnership Equity Interests”. Regarding the details for the Limited Liability Company, please kindly refer to “3. Overview of Asset to be acquired (2) Summary of Operator”.

(Note2) FRC2 will acquire equity interests in the silent partnership as of November 4, 2025.

2. Reason for acquisition

The properties held in trust fall under the category of assets subject to asset management as provided for under the Articles of Incorporation of the Investment Corporation and conforms to the investment criteria of the Investment Corporation, and thus acquisition was determined based on the conclusion that the asset is appropriate for the portfolio quality from growth of asset size and stabilize earnings into the future.

This acquisition leverages the established residential convenience of Nagasaki City's urban center, which is expected to further improve under the city's "Network-type Compact City Nagasaki" initiative, driving stable rental demand. In particular, the properties held in trust are located in Chikugo-machi and Kanaya-machi, areas that boast excellent access to public facilities such as the City Hall and Prefectural Government Office, as well as the downtown area, ensuring stable demand due to their prime location. This acquisition represents FRC's first investment project in Nagasaki City, demonstrating a commitment to portfolio expansion while continuing to evaluate potential investment opportunities across the Kyushu region.

FRC expects to receive dividends as the investment profit backed by rental income, etc. In connection with the acquisition, FRC2 will acquire the silent anonymous partnership equity interests. FRC will be granted by the LLC a preferential negotiation right concerning the acquisition of the trust beneficiary interests (hereinafter referred to as the "Preferential Negotiation Right") (Regarding the details, please kindly refer to "3. Overview of Asset to be acquired (1) Summary of the Silent Partnership Equity Interests Overview of the Preferential Negotiation Right". The Preferential Negotiation Right is deemed as a right owned by FRC, and FRC is not obliged to acquire the trust beneficiary interests.

Regarding the acquisition, FRC has evaluated the points regarding the individual characteristics of the properties held in trust which are mentioned as following.

ABAS CHIKUGOMACHI and ABAS KANAYAMACHI are both conveniently located within walking distance of the "Nagasaki Ekimae" and "Sakuramachi" tram stops on the Nagasaki Electric Tramway, providing excellent accessibility for work and school commute. The properties are well-positioned to attract residential demand from single occupants who prioritize convenient access to public transportation, especially those working in the business area along National Route 34 or at nearby institutions such as Nagasaki City Hall.

In particular, the area surrounding the "Sakuramachi" tram stop features an urban streetscape characterized by office buildings with retail spaces and residential apartments. The vicinity is experiencing significant development, including the construction of a large-scale integrated facility at the former Nagasaki Broadcasting Headquarters site in the northern area (scheduled for completion in 2028) and planned new facilities at the former site of Nagasaki City Hall's main building in the southeastern area. These initiatives are expected to further enhance the vibrancy of the district in the coming years.

ABAS CHIKUGOMACHI (completed in 2011, comprising 84 units) offers a mix of 1R, 2DK, and 2LDK units, catering to demand primarily from singles, DINKs (dual-income households with no kids), and families. The property features extensive amenities, including a reheating function for bathtubs, bathroom heating/drying systems, package lockers, and free internet access.

ABAS KANAYAMACHI (completed in 2008, comprising 72 units) provides 1K and 2DK units, with demand expected primarily from singles and DINKs households. The property boasts high-quality features such as intercom systems with monitors and dual IH stovetops.

Both properties benefit from their proximity to tram stops as well as well-rounded features, making them highly competitive. Both properties' urban locations also ensure stable demand for rental housing close to the city center.

3. Overview of Asset to be acquired

(1) Summary of the Silent Partnership Equity Interests

<table>
<tr><td>Operator</td><td>FRC2</td></tr>
<tr><td>Term of the silent partnership agreement</td><td>Until October 31, 2028</td></tr>
<tr><td>Total amount of silent partnership equity</td><td>783 million yen</td></tr>
<tr><td>Overview of silent partnership agreement</td><td>Overview of silent partnership agreement is the following.
<table>
<tr><td colspan="2">FRC2</td></tr>
<tr><td rowspan="2">Trust beneficiary interests
in real estate in trust, etc.
2,480 million yen
(Note1) (Note2)</td><td>Non-recourse loans
1,697 million yen</td></tr>
<tr><td>Silent partnership equity, etc.
783 million yen
(Note3)</td></tr>
</table>
(Note1) FRC2 will be acquired the trust beneficiary interest in real estate in trust as of November 4, 2025.
(Note2) The amount of the trust beneficiary interests in real estate in trust, etc. mentioned above includes the cost of acquiring the Trust Beneficiary Interests, the establishment cost of silent partnership, and the reserve fund. The appraised value of the Property is 2,401 million yen.
(Note3) The Investment Corporation is scheduled to invest 161 million yen (20.6%) in the silent partnership equity, etc.
*Calculation Period：From February 1 to the end of April, from May 1 to the end of July, from August 1 to the end of October, from November 1 to the end of January of each year and every three months.　However, the first calculation period shall commerce from the Due Date for Investment Payment(November 4, 2025) to the end of January 2026, and the termination date shall be the last date of the final calculation period.
*Distribution of Profit and Loss：
The operator shall distribute the profits or the losses to the silent partners according to their respective investment ratio as of the end of each calculation period.</td></tr>
<tr><td>Others</td><td>Overview of the Preferential Negotiation Right
<table>
<tr><td>Contents</td><td>FRC is provided with the right to negotiate the acquisition of the trust beneficiary interests prior to other potential buyers. FRC is not obliged to acquire the trust beneficiary Interests. The purchase price is determined based on appropriate due diligence conducted in accordance with the guidelines established by the asset management company.</td></tr>
</table></td></tr>
</table>

	Exercise period	In the case where the Preferential Negotiation Right is exercised to purchase all or a part of the trust beneficiary interest or the properties held in trust, it must be a price reasonably estimated to achieve the target internal rate of return (IRR) and exceed the book value of the trust beneficiary interest or the properties held in trust.

(2) Summary of Operator

Name	FRC2
Address	2-5 Kasumigaseki 3-chome, Chiyoda City, Tokyo, Japan
Nature of business	1. Real estate acquisition, ownership, disposal, management and leasing 2. Real estate trust beneficiary interest acquisition, ownership and disposal 3. Others 4. Any ancillary business related to the above items
Representative title	Representative Member: General Incorporated Association FRC2 Executive Member: Takeshi Tei
Specified capital	100,000 yen
Establishment	July 31, 2025
Total assets	2,480 million yen (scheduled)
	100,000 yen (scheduled)
Relationship with FRC and asset manager	

Capital relationship Personnel relationship Business relationship	There is no relationship to note between FRC, the asset management company and the concerned company. Furthermore, there is no capital-related, personnel-related or transactional relationship to note between affiliates or affiliated companies of FRC,the asset management company and the concerned company.
Related-party status	The concerned company does not fall under the category of a related party of FRC or the asset management company. In addition, any associated persons and associated companies of the concerned company does not fall under the category of a related party of FRC or the asset management company.

(3) Summary of properties held in trust

<Property 1>

Property Name	ABAS CHIKUGOMACHI	
Property to be acquired	Real estate trust beneficiary interest	
Acquisition Price	1,330 million yen	
Trustee	SMBC Trust Bank Ltd. (scheduled)	
Term of real estate trust	November 4, 2025 to October 31, 2035 (scheduled)	
Location	4-1 Chikugo-machi, Nagasaki City, Nagasaki	
Land	Area	675.02 ㎡
	Zoning	Commercial area
	Floor area ratio	500%
	Building coverage	80%
	Ownership Type	Ownership

Building	Structure/floor	Reinforced concrete, Flat roof, 13-story
	Built	January 14, 2011
	Total floor area	3,361.59 ㎡
	Use	Multi-unit Residential Building
	Ownership Type	Ownership
Constructor	OYAMA KENSETSU Co.,Ltd.	
Designer	Architectural firm of the first-class Naoki Kinoshita	
Building design office engaged in structural engineering data	PAL Co.,Ltd	
Organization that authorized building construction	JAPAN ERI CO.,LTD.	
Appraisal value	1,430 million yen (as of June 30, 2025)	
Appraiser	Japan Valuers Co., Ltd.	
Collateral after acquisition	A pledge is scheduled to be established over the trust beneficiary interest, with the lender of a non-recourse loan to the operator serving as the pledgee	
MLPM Company	Fukutoku Living Co., Ltd.	
Master Lease Type	Pass-Through	
Earthquake PML	3.1% (based on the assessment by JCIA Japan Construction Inspection Association Co., Ltd.)	
Special notations	None	
Status of leasing (Note 1)	Total number of tenants	1 (82) (Note 2)
	Total rent income (annual)	77 million yen (Note 3)
	Security deposits	12 million yen (Note 4)
	Leasable area	3,293.88 ㎡ (Note 5)
	Total leased area	3,203.40 ㎡ (Note 5)
	Occupancy rate	97.3% (Note 6)

*All figures for area, 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 appraiser. 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 content as of the end of May 2025 is indicated.

(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 the end of May 2025.

(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 the end of May 2025.

(Note4) The figure is the sum of the amounts indicated in the lease agreements concluded with tenants as of the end of May 2025. Moreover, the figure has been rounded off to the nearest million yen. Parking lot, etc. are not included.

(Note5) Total leasable area is the area that can be leased to tenants and total leased area is the total contract area indicated in the lease agreement concluded with tenants as of the end of May 2025. and the total contract area indicated in the building lease agreement with condition precedent concluded. Moreover, parking lot, etc. are not included.

(Note6) The figure indicates the ratio of the total leased area to the leasable area and has been rounded to the first decimal place. Parking, etc. are not included.

<Property 2>

Property Name	ABAS KANAYAMACHI	
Property to be acquired	Real estate trust beneficiary interest	
Acquisition Price	880 million yen	
Trustee	SMBC Trust Bank Ltd. (scheduled)	
Term of real estate trust	November 4, 2025 to October 31, 2035 (scheduled)	
Location	9-26 Kanaya-machi, Nagasaki City, Nagasaki	
Land	Area	478.60 ㎡
	Zoning	Commercial area
	Floor area ratio	500%
	Building coverage	80%
	Ownership Type	Ownership
Building	Structure/floor	Reinforced concrete, Flat roof, 13-story
	Built	January 30, 2008
	Total floor area	2,371.02 ㎡
	Use	Multi-unit Residential Building
	Ownership Type	Ownership
Constructor	OYAMA KENSETSU Co.,Ltd.	
Designer	Okamura Sekkei Co.,Ltd.	
Building design office engaged in structural engineering data	Okamura Sekkei Co.,Ltd., PAL Co.,Ltd	
Organization that authorized building construction	Nagasaki City	
Appraisal value	971 million yen (as of June 30, 2025)	
Appraiser	Japan Valuers Co., Ltd.	
Collateral after acquisition	A pledge is scheduled to be established over the trust beneficiary interest, with the lender of a non-recourse loan to the operator serving as the pledgee	
MLPM Company	Fukutoku Living Co., Ltd.	
Master Lease Type	Pass-Through	
Earthquake PML	3.4% (based on the assessment by JCIA Japan Construction Inspection Association Co., Ltd.)	
Special notations	None	
Status of leasing (Note 1)	Total number of tenants	1 (71) (Note 2)
	Total rent income (annual)	55 million yen (Note 3)
	Security deposits	8 million yen (Note 4)
	Leasable area	2,266.32 ㎡ (Note 5)
	Total leased area	2,230.07 ㎡ (Note 5)
	Occupancy rate	98.4% (Note 6)

*All figures for area, 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 appraiser. 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 content as of the end of May 2025 is indicated.

(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 the end of May 2025.

(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 the end of May 2025.

(Note4) The figure is the sum of the amounts indicated in the lease agreements concluded with tenants as of the end of May 2025. Moreover, the figure has been rounded off to the nearest million yen. Parking lot, etc. are not included.

(Note5) Total leasable area is the area that can be leased to tenants and total leased area is the total contract area indicated in the lease agreement concluded with tenants as of the end of May 2025. and the total contract area indicated in the building lease agreement with condition precedent concluded. Moreover, parking lot, etc. are not included.

(Note6) The figure indicates the ratio of the total leased area to the leasable area and has been rounded to the first decimal place. Parking, etc. are not included.

4. Transaction with Related Parties

Neither the LLC nor the owner of the trust beneficiary interests is a related party of FRC or Asset Management Company.

5. Form of payment

FRC is scheduled to pay the operator the entire amount of the initial investment for the silent partnership in full on the scheduled settlement date for the acquisition of silent partnership equity interest (October 30, 2025) from cash on hand.

6. The date of acquisition

Decision date for acquisition (Of which equity interest in silent partnership)	October 17, 2025
Date of execution of silent partnership agreement	October 29, 2025 (scheduled)
Date of equity investment in silent partnership	October 30, 2025 (scheduled)
Trust beneficiary interests and etc. transfer date	November 4, 2025 (scheduled)

7. Outlook

The impact of the transaction on FRC's operating forecast for the fiscal period ending February 2026 (September 1, 2025 - February 28, 2026) and the fiscal period ending August 2026 (March 1, 2026 – August 31, 2026) , which was announced in the "Earnings Briefing for the Period Ended August 2025" dated October 17, 2025 is considered to be minimal, and FRC will not revise the forecast at present.

*Fukuoka REIT Corporation's website is https://www.fukuoka-reit.jp/en/index.html

＜Reference＞

Reference 1: Overview of Appraisal Reports

Reference 2: Map and Pictures of the properties held in trust

*Reference 1: Overview of Appraisal Reports

Property name	ABAS CHIKUGOMACHI

Appraisal value	1,430,000 thousand yen
Appraiser	Japan Valuers Co., Ltd.
Pricing date	June 30, 2025

Category	Figures	Reasons, etc.
Income capitalization approach value	1,430,000 thousand yen	
Value calculated using the direct capitalization method	1,430,000 thousand yen	
Gross operating revenue	86,290 thousand yen	
Maximum gross operating revenue	89,886 thousand yen	Based on the market rent level
Shortfall attributed to vacancies	3,596 thousand yen	
Operating expenses	17,306 thousand yen	
Repair and maintenance expenses	1,375 thousand yen	Based on past performance, etc.
PM fees	1,726 thousand yen	
Utilities Expenses	837 thousand yen	Based on the similar cases
Repair and Maintenance Expenses	3,019 thousand yen	Based on the similar cases and ER
Tenants' Leasing Expenses etc.	1,876 thousand yen	Assumed about 1.5-month tenant replacement
Taxes and fees	6,580 thousand yen	Based on the property taxes notice, etc
Damage Insurances	518 thousand yen	Based on the similar cases
Other expenses	1,375 thousand yen	Based on past performance, etc.
Net operating income	68,983 thousand yen	
Profit through mangement of temporary deposits, etc.	123 thousand yen	
Capital expenditure	4,955 thousand yen	
Net cash flow	64,151 thousand yen	
Capitalization Rage	4.5%	Evaulated considering the location, etc. of the property, future uncertainties, comparable cases,
Value through DCF method	1,420,000 thousand yen	
Discount rate	4.2%	
Termial cap rate	4.6%	
Value through cost method	716,000 thousand yen	
Percentage of leased land	60.8%	
Percentage of building	39.2%	

Other matters noted by the appraiser in inconducting appraisal	Not listed

Property name	ABAS KANAYAMACHI

Appraisal value	971,000 thousand yen
Appraiser	Japan Valuers Co., Ltd.
Pricing date	June 30, 2025

Category	Figures	Reasons, etc.
Income capitalization approach value	971,000 thousand yen	
Value calculated using the direct capitalization method	971,000 thousand yen	
Gross operating revenue	61,037 thousand yen	
Maximum gross operating revenue	63,809 thousand yen	Based on the market rent level
Shortfall attributed to vacancies	2,772 thousand yen	
Operating expenses	13,920 thousand yen	
Repair and maintenance expenses	1,399 thousand yen	Based on past performance, etc.
PM fees	1,221 thousand yen	
Utilities Expenses	740 thousand yen	Based on the similar cases
Repair and Maintenance Expenses	2,311 thousand yen	Based on the similar cases and ER
Tenants' Leasing Expenses etc.	1,338 thousand yen	Assumed about 1.5-month tenant replacement
Taxes and fees	5,135 thousand yen	Based on the property taxes notice, etc
Damage Insurances	379 thousand yen	Based on the similar cases
Other expenses	1,399 thousand yen	Based on past performance, etc.
Net operating income	47,117 thousand yen	
Profit through mangement of temporary deposits, etc.	78 thousand yen	
Capital expenditure	3,489 thousand yen	
Net cash flow	43,706 thousand yen	
Capitalization Rage	4.5%	Evaulated considering the location, etc. of the property, future uncertainties, comparable cases,
Value through DCF method	971,000 thousand yen	
Discount rate	4.2%	
Termial cap rate	4.6%	
Value through cost method	574,000 thousand yen	
Percentage of leased land	73.0%	
Percentage of building	27.0%	

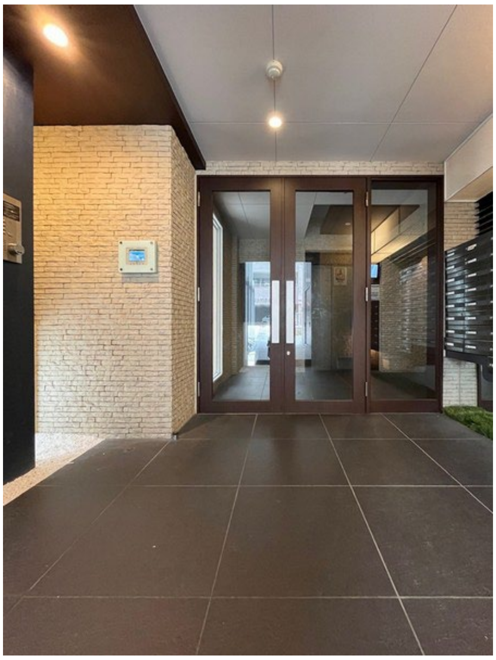
Other matters noted by the appraiser in inconducting appraisal	Not listed

* Reference 2: Map and Pictures of the properties held in trust

〈Map of properties held in trust〉

<Pictures of properties held in trust>

(1) ABAS CHIKUGOMACHI



(2) ABAS KANAYAMACHI