



Fukuoka REIT

# Appendix

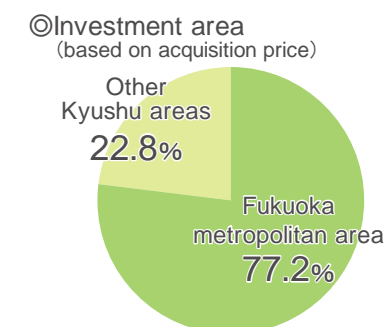
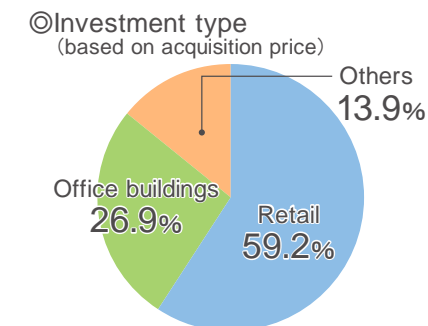
# Profile

## Special features of Fukuoka REIT Corporation

<b>1</b>	<p><b>Proven track record over 30 fiscal periods as a region-specific REIT</b></p> <p>Asset management leveraging our in-depth knowledge of the real estate environment of Fukuoka and Kyushu region, one of our greatest strengths</p>
<b>2</b>	<p><b>Excellent portfolio centered on Fukuoka metropolitan area</b></p> <p>A portfolio of carefully selected investments in the high growth area of Fukuoka City attention from around Japan and overseas</p>
<b>3</b>	<p><b>Solid support from a sponsor company involved in property development</b></p> <p>Asset portfolio expansion and high occupancy rates facilitated through coordination with our sponsors</p>
<b>4</b>	<p><b>Establishment of stable financial base</b></p> <p>Conservative control of interest-bearing debt ratio, long-term diversification of repayment deadlines</p>
<b>5</b>	<p><b>DPU kept at a constant level ever since the IPO</b></p> <p>Maintain and improve of the dividend provision through effective asset management</p>

Portfolio summary (*1)	
Number of properties / Asset size (*2)	29/195,979 mm yen
Of which, acquisition from sponsors (*3)	14/118,710 mm yen
Unrealized gains	34,087 mm yen
Total leasable floor space	580,664.27 m <sup>2</sup>
Occupancy rate	99.6%

Financial highlight (*1)	
Total debt	77,500 mm yen
LTV	39.7%
Fixed rate	90.2%
Average interest rate	0.72%
Credit ratings	JCR AA- (Stable) R&I A+ (Stable)



## Overview of Fukuoka REIT Corporation

Name	Fukuoka REIT Corporation
Security code	8968
Listed date	June 21, 2005 (Tokyo Stock Exchange, Fukuoka Stock Exchange)
Fiscal period	February - August
Asset manager	Fukuoka Realty Co., Ltd.
Sponsors	Fukuoka Jisho Co., Ltd., Kyushu Electric Power Co., Inc., Nishi-Nippon Railroad Co., Ltd., ROYAL HOLDINGS Co., Ltd., THE BANK OF FUKUOKA, LTD., THE NISHI-NIPPON CITY BANK, LTD., SAIBU GAS CO., LTD., Kyudenko Corporation, Kyushu Railway Company, Development Bank of Japan Inc.

## Investment unit price (\*1)

Unit price	178,300 yen
Outstanding units	796,000 unit
Market capitalization	141,926 mm yen (unit price * outstanding units)
Net assets value per unit	127,987 yen
Market net assets value per unit (*4)	170,811 yen
Dividend (actual)	3,693 yen per unit (Days in fiscal period 184days) at the 30 <sup>th</sup> FP
Dividend yield	4.1% { (Dividend / days in fiscal period * 365) / Unit price }

(\*1) The figures are as of August 31, 2019 (excl. average interest rate) (\*2) The figures are total of acquisition price.  
 (\*3) Because the Higashi Hie Business Center that was acquired in the 10th fiscal period (period ended August 31, 2009) was acquired from both outside parties and sponsors, the purchase price has been added to the purchase prices from outside parties and the purchase prices from sponsors after calculation on a per capita basis. Furthermore, with regard to the number of properties, one property has been added to the number of properties acquired from sponsors.  
 (\*4) Market net assets value per unit = { (Total appraisal value at the end of period based on appraisal reports - Total book value at the end of period based on balance sheet) + (Net assets at the end of period) } / (Total number of investment units outstanding)

# A real estate investment trust specializing in regional properties

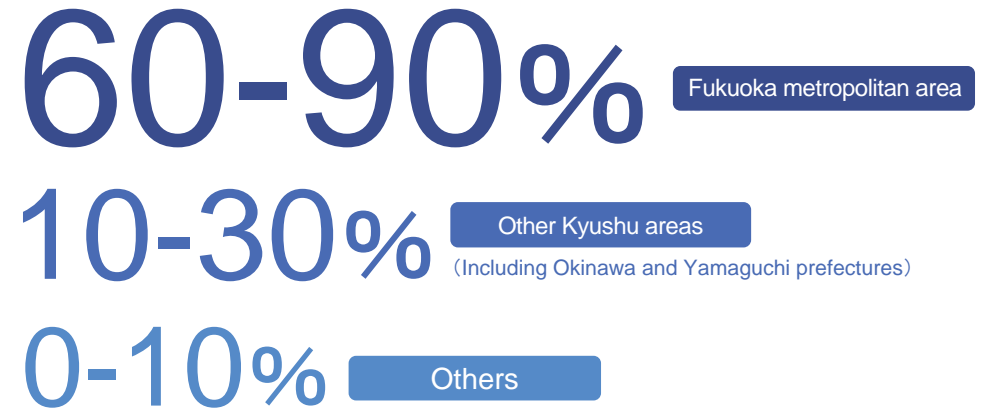
## Sponsors



(\*) Concluded MOU with Fukuoka REIT and Fukuoka Realty concerning pipeline support.

## Investment policy

### Investment area



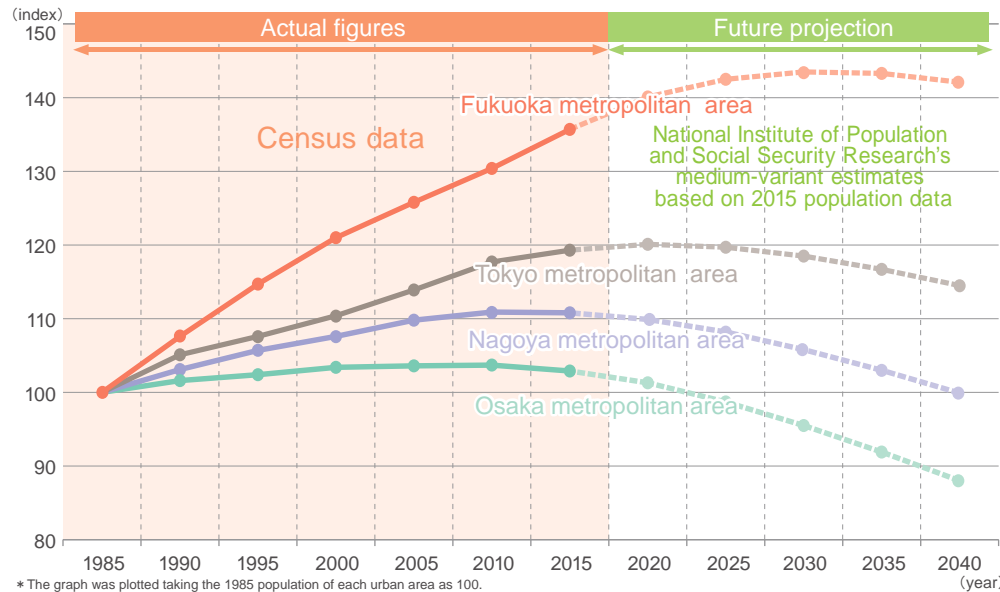
### Investment type



# Population movement of Fukuoka metropolitan area

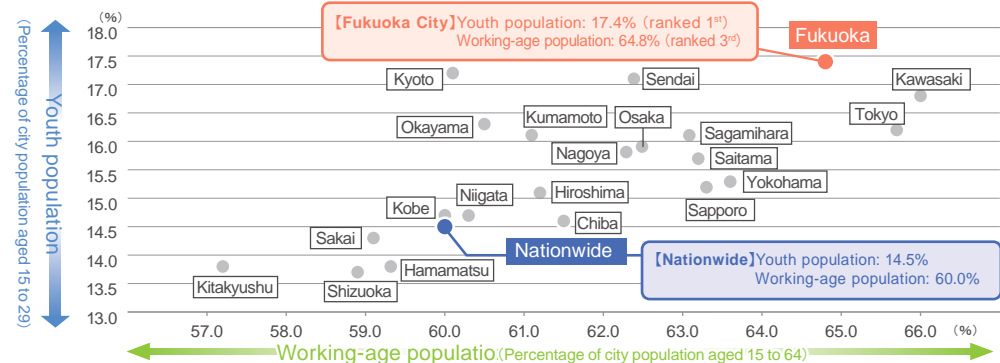
The population of Fukuoka metropolitan area continues to increase

## Population trends of major metropolitan areas



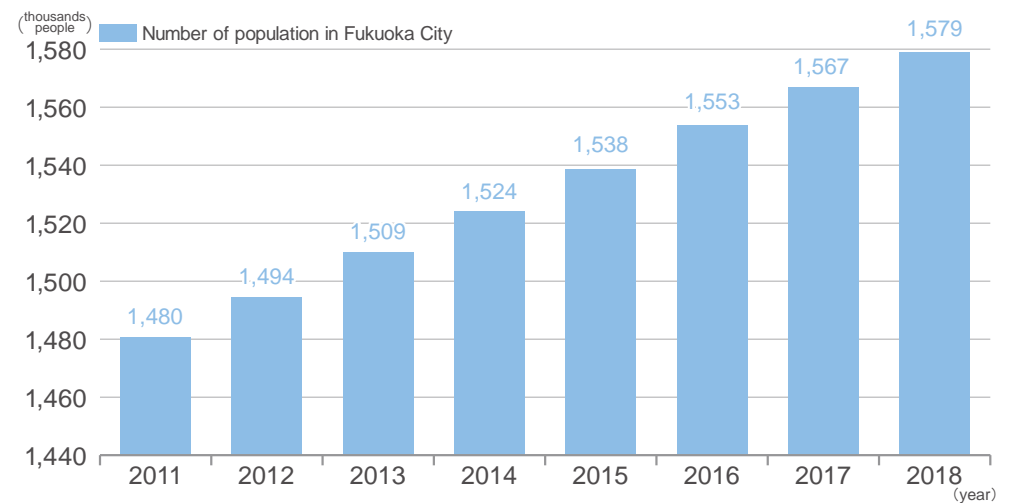
\* The graph was plotted taking the 1985 population of each urban area as 100.  
 \* "Fukuoka metropolitan area" refers to Fukuoka City, Chikushino City, Kasuga City, Onojo City, Munakata City, Dazaifu City, Koga City, Fukuetsu City, Itooshima City, Nakagawa City, Umi Town, Sasaguri Town, Shime Town, Sue Town, Shingu Town, Hisayama Town, and Kasuya Town.  
 \* "Greater Tokyo area" refers to Tokyo Metropolitan, Kanagawa Prefecture, Saitama Prefecture, and Chiba Prefecture. "Nagoya urban area" refers to Aichi Prefecture, Gifu Prefecture, and Mie Prefecture. "Osaka urban area" refers to Osaka Prefecture, Kyoto Prefecture, Hyogo Prefecture, and Nara Prefecture.  
 Source: Prepared by Fukuoka Realty Co., Ltd., based on data from the Ministry of Internal Affairs and Communications, Statistics Bureau "Population Census of Japan," and National Institute of Population and Social Security Research "Population Projection for Japan by Prefecture" (2018 estimate), and March 2012 Fukuoka City General Affairs and Planning Bureau "Fukuoka City as Seen by Data."

## Youth and working-age population ratios of nationwide and major cities [2015]



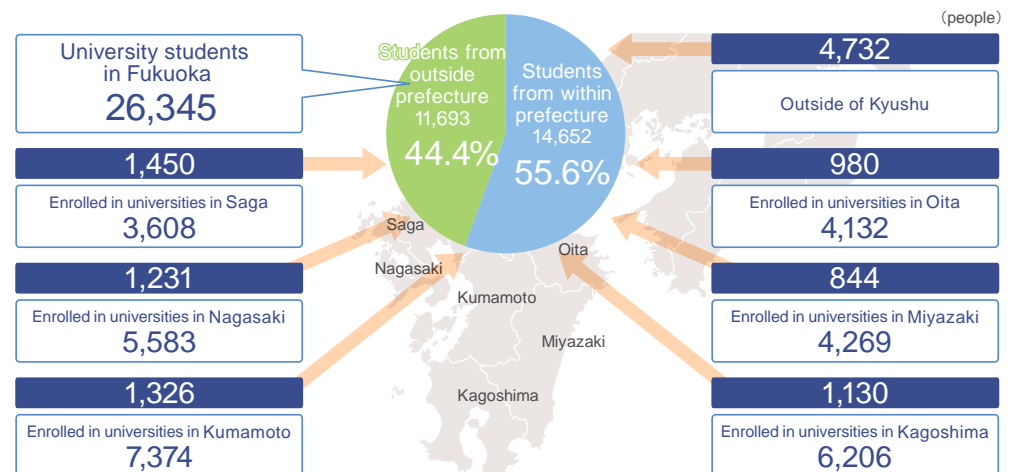
Source: Prepared by Fukuoka Realty based on Ministry of Internal Affairs and Communications "Population Census of Japan"

## Number of population growth in Fukuoka City



Source: Prepared by Fukuoka Realty Co., Ltd. based on data from "Estimated Population" (Fukuoka City General Affairs and Planning Bureau)

## Interregional migration of university students in Kyushu

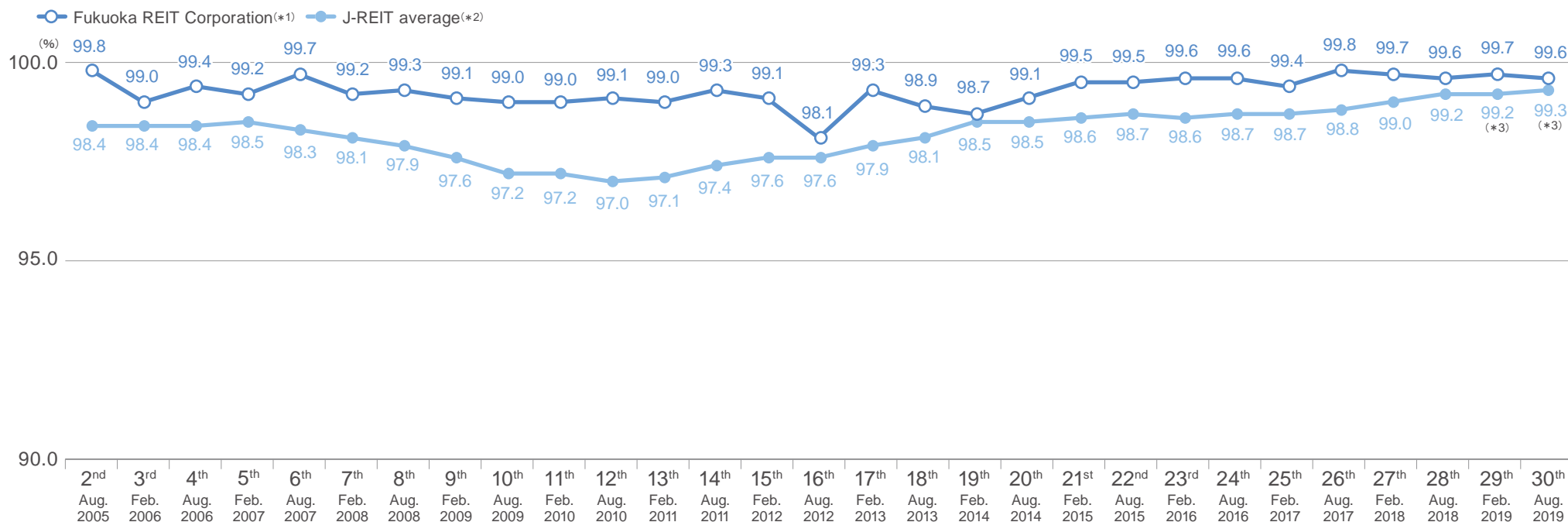


Source: Prepared by Fukuoka Realty Co., Ltd based on data from FY2018 School Basic Survey (Preliminary Results) (Statistic Bureau, Ministry of Internal Affairs and Communications)

# Portfolio properties' occupancy rates

## Maintained high occupancy rates

### Historical occupancy rates [the weighted average during the period]



(\*1) The investment corporation's occupancy rates in the 2<sup>nd</sup> fiscal period through the 4<sup>th</sup> fiscal period were the occupancy rates at the end of each fiscal period. For the 5<sup>th</sup> fiscal period through the 29<sup>th</sup> fiscal period, the occupancy rates are the weighted average occupancy rates during the fiscal periods. The ratio of total leased floor area to leasable floor area is shown.

(\*2) The overall J-REIT occupancy rate is the occupancy rate at the end of each fiscal period based on the Association for Real Estate Securitization's AJPI-J-REIT Databook.

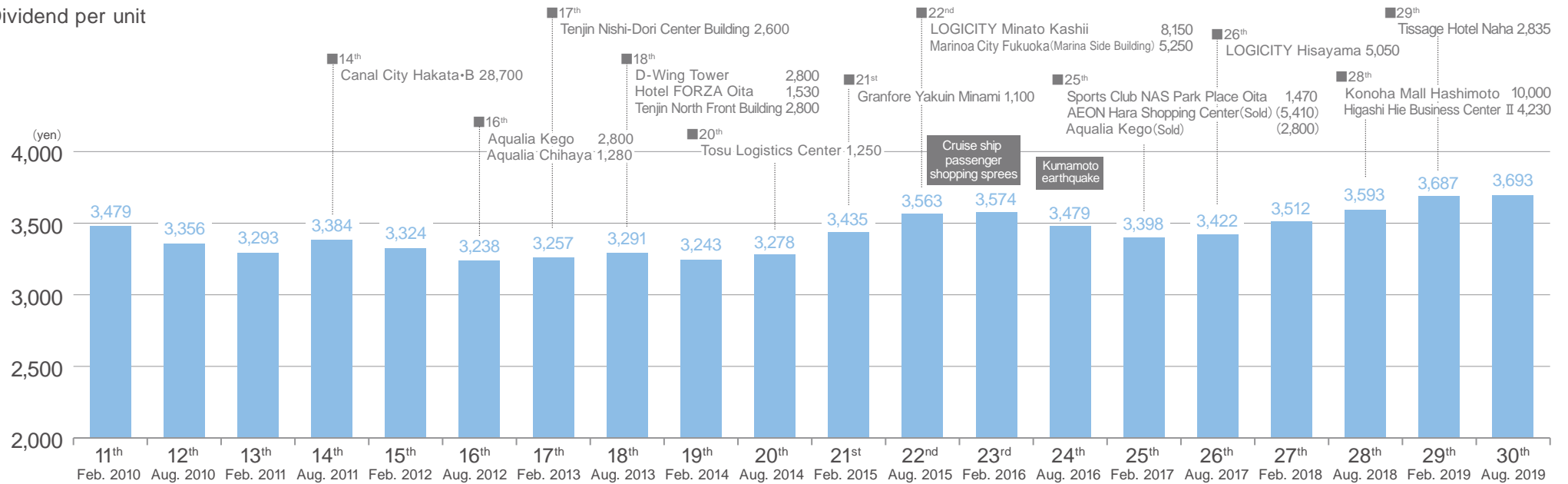
(\*3) The overall J-REIT occupancy rates for the 29<sup>th</sup> and 30<sup>th</sup> fiscal periods are preliminary figures. The figures for the 30<sup>th</sup> fiscal period are the figures for May 2019.

### Occupancy rates [the weighted average during the period]

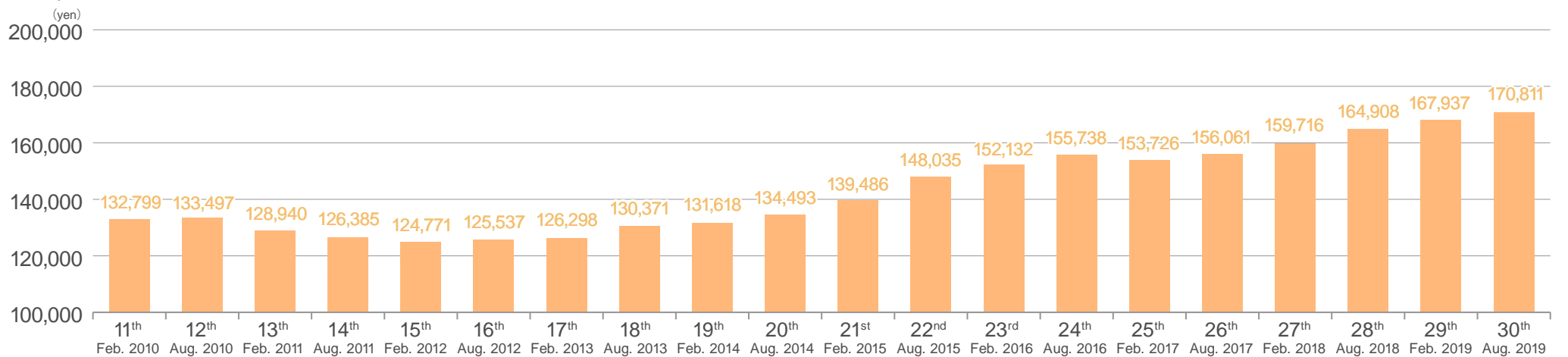
Category	Investment ratio (based on acquisition price)	26 <sup>th</sup>	27 <sup>th</sup>	28 <sup>th</sup>	29 <sup>th</sup>	30 <sup>th</sup>
		~ Aug. 31, 2017	~ Feb. 28, 2018	~ Aug. 31, 2018	~ Feb. 28, 2019	~ Aug. 31, 2019
Retail	59.2%	100.0%	99.8%	99.8%	99.8%	99.8%
Office buildings	26.9%	99.9%	99.3%	99.5%	99.8%	99.0%
Others	13.9%	98.9%	99.3%	99.1%	99.1%	99.2%
<b>Total</b>	<b>100.0%</b>	<b>99.8%</b>	<b>99.7%</b>	<b>99.6%</b>	<b>99.7%</b>	<b>99.6%</b>

# Dividend and NAV per unit

◎Dividend per unit



◎NAV per unit (\*)



\* A 5-for-1 split of investment unit was effectuated on March 1, 2014. A 5-for-1 split of dividends and NAV per units before the 19th FP.

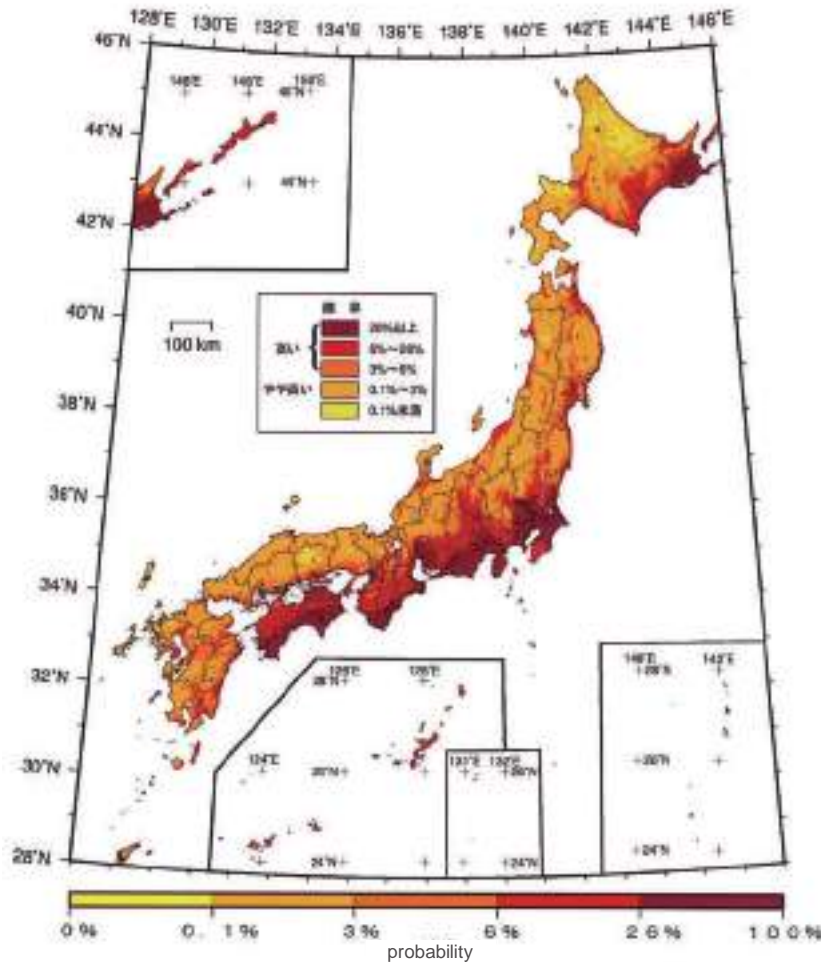
(\*)Market net assets value per unit = ((Total appraisal value at the end of period based on appraisal reports - Total book value at the end of period based on balance sheet) + (Net assets at the end of period)) / (Total number of investment units outstanding)

# Earthquake risk in Fukuoka, etc

All properties owned by Fukuoka REIT are covered by earthquake insurance

## Probabilistic earthquake prediction map

Probability of occurrence of an earthquake with a magnitude of nearly 6 or higher in the next 30 years [Average case / all earthquakes] [Reference date: January 1, 2018] [Updated in January, 2019]



\*The mesh for zero probability based on the model calculation conditions is shown in white.  
Source: Office of the Headquarters for Earthquake Research Promotion, Earthquake and Disaster-Reduction Research Division, Research and Development Bureau, Ministry of Education, Culture, Sports, Science and Technology

## Example of measures taken by the Fukuoka City government against other natural disasters [Fukuoka City flooding countermeasures]

### Storm water storage facilities

#### Capacity of storm water storage facilities

FY1999 No storm water storage facilities → FY2018(estimated) approx 128,000 m<sup>3</sup>

Storm water management capacity increased from 59.1mm/h to 79.5mm/h (city center)

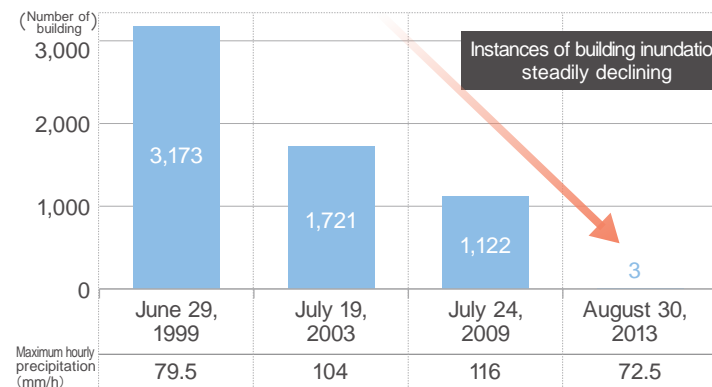
#### List of storm water storage facilities

	Wards	capacity (m <sup>3</sup> )
Chubu No.2/No.7 main pipelines	Chuo ward	60,000
Sanno storm water regulating reservoir	Hakata ward	30,500
Hie No. 9 main pipeline	Hakata ward	15,800
Hie No. 12 main pipeline	Hakata ward	2,200
Hie No. 13 main pipeline	Hakata ward	12,300
Higashi Hie regulating reservoir	Hakata ward	7,500
<b>Total</b>		<b>128,300</b>



Photo provided by: Fukuoka City Office

### Instances of building inundation in Fukuoka City



Between FY2000 and FY2018...  
Storm water drainage capacity has increased significantly.

Since the launch of the project in FY2000...  
Instances of inundation have steadily declined

\*Number of buildings: Total number of buildings inundated above and below floor level; Period: June 29, 1999 to December 31, 2018  
Source: Prepared by Fukuoka Realty Co., Ltd. based on data from the "Storm Water Management Action Plan 2026" pamphlet about the Fukuoka City Storm Water Emergency Control Plan.

# ESG (Environment)

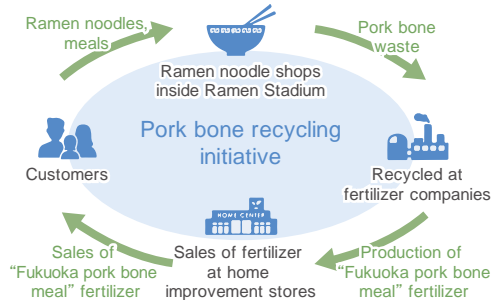
## Environment Initiatives of owned properties

**Retail** At commercial premises, we aim to create environment-friendly facilities and are implementing initiatives for energy and resource saving.



### ©Canal Water Filtration System

Canal City Hakata's symbolic canal has both a recreational function and as a source of water to fight fires in the case of an emergency. At all times, this canal holds roughly 1,200 tons of water, and this water uses rainwater in order to conserve resources.



### ©Recycling of pork bones at Ramen Stadium

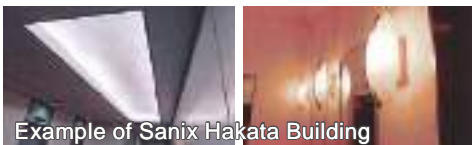
Ramen Stadium at Canal City Hakata is a member of the group of shops collaborating on promoting the recycling of pork bones, which is promoted by the Fukuoka Research Commercialization Center for Recycling Systems, and the pork bones used to make ramen broth at Ramen Stadium are being recycled thereby contributing to the creation of a circular economy.

## Office buildings

### ©Progress with switch to LED lighting

Switch to LED lighting

- Gofukumachi Business Center (Interior shared spaces, some external areas, etc.)
- Sanix Hakata Building (Interior recessed lighting)
- Taihaku Street Business Center (Entrance, interior shared spaces, etc.)

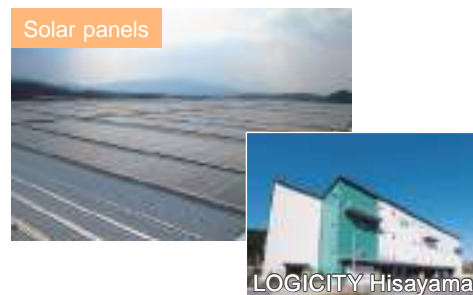


Example of Sanix Hakata Building

## Others (Logistics)

### ©Utilization of renewable energy

Solar panels have been installed on the roofs of LOGICITY Minato Kashii and LOGICITY Hisayama.



LOGICITY Hisayama

## Certification from external organizations

### ©DBJ Green Building Certification

Fukuoka REIT has obtained DBJ Green Building Certification, a system by Development Bank of Japan Inc. (DBJ) to certify real estate properties evincing high environmental and social awareness, for the following nine properties it owns as "Properties with the best class (or exceptionally high) environmental & social awareness."



2018	● Canal City Hakata ● Canal City Hakata • B
2018	● Park Place Oita ● Canal City Business Center Building
2018	● Gofukumachi Business Center ● Higashi Hie Business Center
2017	● Konoha Mall Hashimoto ● LOGICITY Hisayama
2017	● Higashi Hie Business Center II

### ©BELS (Building-Housing Energy-efficiency Labeling System) Evaluation

This is a system in which a third party evaluates and announces the energy-conservation performance of non-residential buildings based on the "Guidelines for Evaluation of Energy Conservation Performance of Non-residential Buildings (2013)." Four properties owned by the Fukuoka REIT corporation were certified.





# ESG (Society)

## Initiatives for employees and tenants

### ◎Initiatives for employees

#### 《Fukuoka Realty: Numbers of credentialed personnel》

\*August 31, 2019

the average number of years of continuous service of permanent employees: 8 years and 1 month

■ Full-time personnel: 41 [Male:22 Female:19]  
\* 46.3% Female

- Employees seconded from sponsors : 2
- Employees seconded to a sponsor : 3

#### ■ Number of credentialed personnel

- Real estate brokers : 28      • MBA : 1
- Certified Building Administrators : 4      • Administrative Scrivener : 1
- First-class registered architect : 2      • SME management consultant : 1
- Real estate appraisers : 2
- Attorneys : 2
- ARES Certified Masters : 19

#### 《Support for flexible working styles》

- Child-rearing support (maternity leave, childcare leave system)
- Nursing care leave
- Leave for voluntary work
- No overtime days
- Employee welfare (401K, cumulative investment system, etc.)
- Encouraging use of paid holidays etc.

#### 《Career development support》

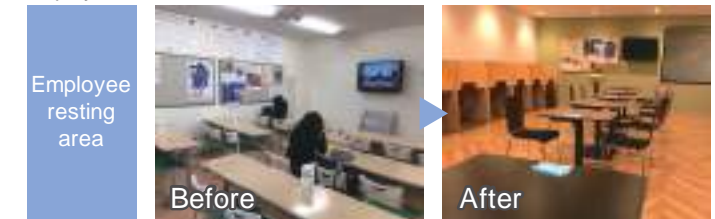
- Employee satisfaction survey
- Self-assessment system
- Career interview
- Secondment system (dispatching of employees to sponsor companies)
- Promotion from contract employee to permanent employee status, etc.
- Offering of training programs tailored to each management level
- System for supporting acquisition of qualifications (Real Estate Securitization Master, Real Estate Transaction Agent, etc.)
- Support for language learning etc.

#### 《Training for employees》

- Regular lectures by Kyushu Economic Research Center
- Compliance training
- ESG training
- Nursing care training
- Overseas inspection tour (Shenzhen) etc.

### ◎Initiatives for tenants

Improved the employee lounge environment at Company-owned Konoha Mall Hashimoto with focus on health and comfort of tenants' employees.



Fukuoka REIT engages in a variety of initiatives for tenants to promote their understanding on sustainability.

- Emergency drills intended to improve tenant safety and security
- Conduct tenant satisfaction surveys
- Distribute sustainability guidebooks
- Hold events to improve sustainability awareness
- Conduct sustainability training, etc.

## Initiatives to local communities

### Environment promotion event



At Canal City Hakata, Employees participate in sprinkling water events to cool down sidewalks and streets to promote well-being.

### Safety Town Council



At Park Place Oita, we established a "Safety Town Council" that partners with related institutions and groups to conduct crime-prevention patrols and proactively strives to prevent youth misconduct.

### Clean-up days



Employees actively participate in community clean-up activities.

### Participation of local communities' events



Every year, male employees of the Company participate in the Hakata Gion Yamakasa festival (Hachiban Yamakasa, Kazariyama, Kamikawabata-dori; CEO Etsuo Matsuyuki rode on a float in 2018)

### Supporting local vitalization

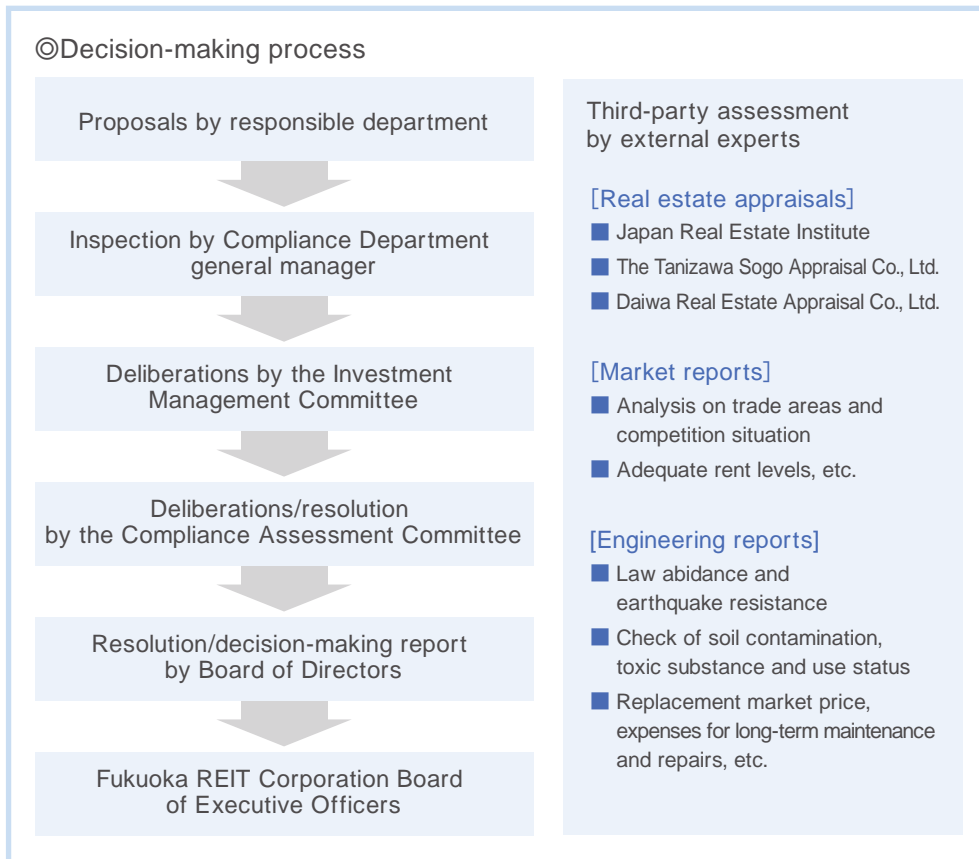


OnRAMP was established by DOGAN Advisors, Inc. and Fukuoka Realty Corporation and is operated by General Incorporated Association OnRAMP.

# ESG (Governance)

## Governance System

Fukuoka Realty has established a Basic Policy on Compliance, as well as compliance regulations and other internal rules to prevent conflicts of interest. We conduct conflict of interest risk management pertaining to our dealings with stakeholders in an appropriate manner based on the abovementioned rules and regulations with preliminary assessment carried out by the Compliance Department general manager and deliberations conducted by the Compliance Assessment Committee (consisting of the Compliance Department general manager and three outside experts).



(\*) The prior consent of the investment corporation's Board of Directors is obtained in cases falling under the provisions of Article 201-2 (1) of the Act on Investment Trusts and Investment Corporations.

## Governance structure



## Risk management

Fukuoka Realty has established a system for comprehensively managing risks by setting up the Risk Management Committee as the organization to manage various risks. In terms of the basic policy on risk management and the risk items to be managed, the Company has established the Risk Management Regulations and the Risk Management Committee monitors whether the risks are under control.

## Compliance training

We carry out periodic compliance training to improve awareness within the company and to maintain the compliance system



Joint training with sponsor



In-house training (Group discussion)

# IR initiatives

## IR activities

### ◎For institutional investors

- Results briefing(Tokyo)
- Domestic roadshows: 208 times(\*)
- Property tours



Analysts and institutional investors meeting for 29<sup>th</sup> FP(Tokyo)

(\*)Total from September 1, 2018~August 31, 2019

### ◎For overseas investors

- Participation of domestic global conference(Tokyo, Fukuoka)
- Overseas roadshows: 46 times(\*)
- Property tours
- Expansion of English version disclosures(ESG summary etc)
- Advertising targeting overseas audiences



●Recorded discussion with Fukuoka Mayor Soichiro Takashima

### ◎For individual investors 17 times(\*)

- Kyushu IR fair 2018
- J-REIT fair 2018
- TSE IR Festa 2019
- FSE IR Festa
- Results Briefings for individual investors (Tokyo, Fukuoka), etc.



Results Briefings for individual investors(Tokyo)

### ◎Internal IR activities

Live streaming of financial results presentation



- Live streaming of financial results presentation for analysts to the Fukuoka office

### ◎Other activities



- The general manager of the Finance Department spoke at the "Introduction to IR" seminar organized by the Japan Investor Relations Association

### ◎Website



- Won grand prize in the Fiscal 2018 All Japanese Listed Companies' Website Ranking announced by Nikko Investor Relations Co., Ltd. (from 3,785 listed companies) . Fukuoka REIT Corporation won award for nine consecutive years from 2010.

## The Ministry of the Environment provides the ESG Dialogue Platform



The Ministry of the Environment provides the ESG Dialogue Platform as an Environmental Reporting Platform Development Pilot Project for the purpose of supporting effective disclosure of environmental information and substantive dialogue between parties including companies and investors. In fiscal 2019 we participated in "ESG consultation meetings" targeted at companies that aim to directly engage in dialogue with investors concerning ESG-related issues.

## Status of integration into indexes

### ◎Global indexes, etc. [as of August 31, 2019]

FTSE EPRA / NAREIT Global Real Estate Index

Russell Global Index

S&P Global REIT Index / S&P Developed REIT Index

MSCI Small Cap Index

## Other activities

### ◎IR Kyushu Workshop

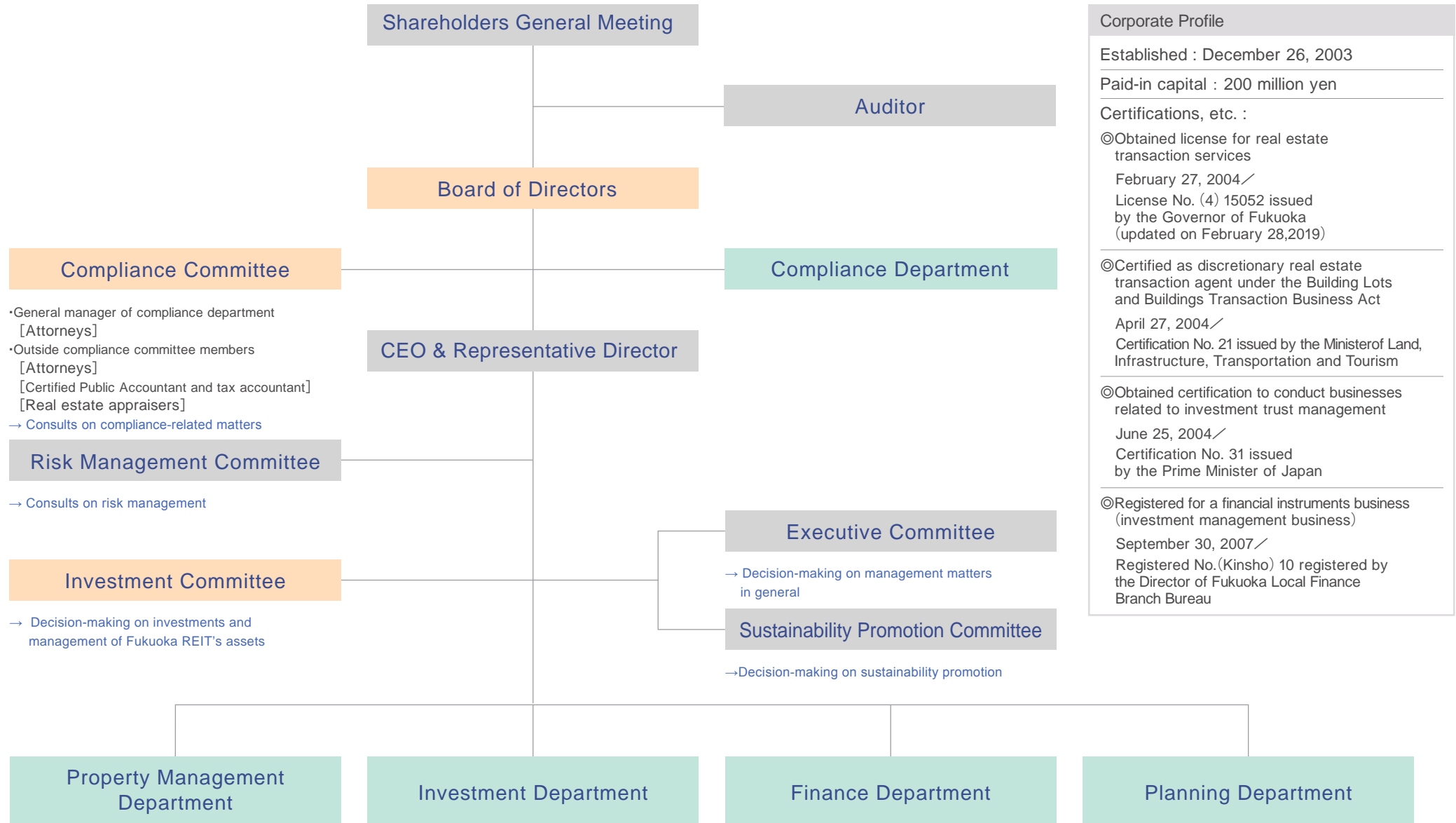
The 9th IR Workshop series, which was started in fiscal 2011. Fukuoka REIT, together with listed companies having their head offices in Fukuoka or Kyushu for the purpose of engaging in research in the latest IR theories and techniques with IR representatives.



### ● Theme FY2019

Schedule	Theme & lecturers
Part 1 August 2019	"ESG information disclosure and internal consensus" Ms. Noriko Okada Executive Vice President, Corporate Communication Division, Sysmex Corporation
Part 2 November 2019 (planned)	"The types of non-financial information that investors seek" (tentative title) Mr. Minoru Matsubara Chief Manager, Responsible Investment Group, Asset Management Division, Resona Bank, Limited
Part 3 TBD	TBD

# Asset management company's organization



**Corporate Profile**

Established : December 26, 2003

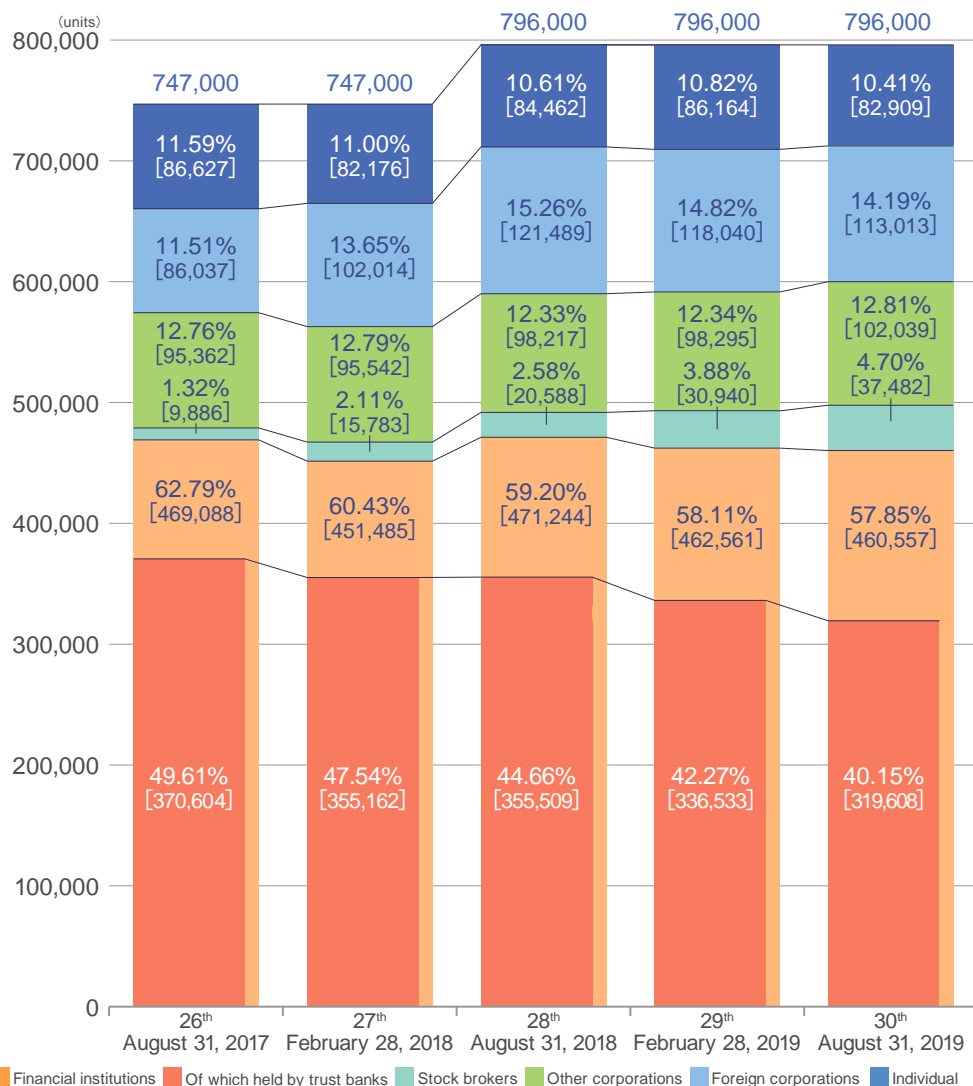
Paid-in capital : 200 million yen

Certifications, etc. :

- ◎Obtained license for real estate transaction services  
February 27, 2004 /  
License No. (4) 15052 issued by the Governor of Fukuoka (updated on February 28,2019)
- ◎Certified as discretionary real estate transaction agent under the Building Lots and Buildings Transaction Business Act  
April 27, 2004 /  
Certification No. 21 issued by the Minister of Land, Infrastructure, Transportation and Tourism
- ◎Obtained certification to conduct businesses related to investment trust management  
June 25, 2004 /  
Certification No. 31 issued by the Prime Minister of Japan
- ◎Registered for a financial instruments business (investment management business)  
September 30, 2007 /  
Registered No.(Kinsho) 10 registered by the Director of Fukuoka Local Finance Branch Bureau

# Unitholders' data

## Distribution by investor category [breakdown of investment units]



\* Percentages and ratio are rounded off to two decimal places.

## Major investors [at the end of the 30<sup>th</sup> FP]

(As of August 31, 2019)			
Rank	Name	Investment units held	Percentage of total number of investment units outstanding
1	Japan Trustee Services Bank, Ltd. (Trust account)	157,261	19.75%
2	The Master Trust Bank of Japan, Ltd. (Trust account)	79,364	9.97%
3	Fukuoka Jisho Co., Ltd.	71,736	9.01%
4	The Nomura Trust and Banking Co., Ltd. (Investment trust account)	33,084	4.15%
5	Trust & Custody Service Bank, Ltd. (Securities investment trust account)	21,658	2.72%
6	Rakuten General Insurance Co., Ltd.	13,562	1.70%
7	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	12,007	1.50%
8	STATE STREET BANK WEST CLIENT - TREATY 505234	10,879	1.36%
9	Met Life Inc.	10,227	1.28%
10	NORTHERN TRUST CO. (AVFC) RE HCR00	9,457	1.18%

# Unit price chart

— Investment unit price (\*1) ■ Turnover (\*2) ■ Market capitalization (as of Aug. 31, 2019): 141,926 mm yen



(\*1) A 5-for-1 split of Fukuoka REIT investment units was effectuated on March 1, 2014. Accordingly, investment unit prices and issuance prices until February 25, 2014 have been divided by 5.

(\*2) Turnover by February 25, 2014 was multiplied by 5.

# Financial highlights

Dividend per unit was 3,693 yen

- unit : mm yen (Figures rounded down to the nearest mm yen)

Category	26 <sup>th</sup> ~ Aug. 31, 2017	27 <sup>th</sup> ~ Feb. 28, 2018	28 <sup>th</sup> ~ Aug. 31, 2018	29 <sup>th</sup> ~ Feb. 28, 2019 A	30 <sup>th</sup> ~ Aug. 31, 2019 B	Difference B-A	31 <sup>st</sup> ~ Feb. 29, 2020 (forecast)	32 <sup>nd</sup> ~ Aug. 31, 2020 (forecast)
Operating revenues	8,122	8,194	9,178	9,242	9,231	(11)	9,270	9,350
Leasing NOI	4,998	5,079	5,493	5,591	5,633	+41	5,646	5,670
Depreciation and amortization expenses	1,474	1,500	1,602	1,622	1,651	+29	1,662	1,680
Operating income	2,920	2,965	3,238	3,306	3,318	+12	3,281	3,309
Ordinary income	2,562	2,624	2,861	2,935	2,939	+3	2,907	2,930
Profit	2,556	2,623	2,860	2,934	2,939	+4	2,906	2,929
<b>Dividend per unit (yen) ①</b>	<b>3,422</b>	<b>3,512</b>	<b>3,593</b>	<b>3,687</b>	<b>3,693</b>			
Latest dividend forecast per unit (yen) ②	3,400	3,470	3,570	3,600	3,680		3,650	3,680
Difference from forecast (yen) ②-①	+22	+42	+23	+87	+13		-	-
Total number of investment units outstanding(at period-end)(units)	747,000	747,000	796,000	796,000	796,000		796,000	796,000
Total assets (at period-end) (mm yen)	178,063	177,283	193,112	195,433	195,106			
Total liabilities (at period-end) (mm yen)	84,364	83,517	91,312	93,559	93,228			
Total net assets (at period-end) (mm yen)	93,699	93,766	101,799	101,874	101,878			
Days in fiscal period (days)	184	181	184	181	184			
Number of investment properties (at period-end)	26	26	28	29	29			
Number of tenants (at period-end) (*1)	877	879	1,003	1,011	1,020			
Total leasable floor space (at period-end) (m <sup>2</sup> )	548,564.96	548,564.93	576,907.98	580,665.27	580,664.27			
Occupancy rate (at period-end) (%) (*2)	99.8	99.6	99.6	99.7	99.6			

(\*1) The number of tenants shown is based on the total for properties Fukuoka REIT owns. As for the number of tenants in pass-through master leasing properties, the total number of sections stipulated in the tenancy agreements with end tenants is shown.

(\*2) "Occupancy rate"="Total leased floor space at period-end"/ "Total leasable floor space at period-end"

# Balance sheets (compared with the previous fiscal period)

Account		29 <sup>th</sup> Feb. 28, 2019 A	30 <sup>th</sup> Aug. 31, 2019 B	Difference B—A
Assets	Total current assets	9,345	10,234	889
	Cash and deposits	3,570	3,962	392
	Cash and deposits in trust	4,796	5,290	494
	Operating accounts receivable	676	704	27
	Prepaid expenses	297	271	(25)
	Consumption taxes receivable	-	-	-
	Others	4	5	0
	Total non-current assets	186,032	184,822	(1,210)
	Total property, plant and equipment	179,150	177,961	① (1,189)
	Buildings in trust	71,881	70,755	(1,126)
	Structures in trust	1,143	1,124	(18)
	Machinery and equipment in trust	938	909	(28)
	Tools and fixtures in trust	261	237	(23)
	Lands in trust	104,918	104,918	-
	Construction in progress in trust	7	15	8
	Total intangible assets	5,572	5,586	13
	Leasehold right in trust	5,545	5,545	-
	Other intangible assets in trust	26	40	13
	Total investment and other assets	1,309	1,274	(34)
	Deferred tax assets	0	0	(0)
Lease and guarantee deposits	10	10	-	
Lease and guarantee deposits in trust	327	327	-	
Long-term prepaid expenses	972	937	(34)	
Total deferred assets	55	49	(5)	
<b>Total assets</b>	<b>195,433</b>	<b>195,106</b>	<b>(326)</b>	

## ■ Assets

① Capital expenditures	+476
Depreciation and amortization expenses (1,651)	
Others	(14)
<b>Total :</b>	<b>(1,189)</b>

- unit : mm yen (Figures rounded down to the nearest mm yen)

Account		29 <sup>th</sup> Feb. 28, 2019 A	30 <sup>th</sup> Aug. 31, 2019 B	Difference B—A
Liabilities	Total current liabilities	12,041	9,188	(2,853)
	Operating accounts payable	905	428	(477)
	Short-term debt	-	-	-
	Current maturities of long-term debt	8,400	5,700	(2,700)
	Account payable-other	20	10	(10)
	Accrued expenses	368	371	3
	Income taxes payable	1	0	(0)
	Accrued consumption taxes	199	261	62
	Advances received	1,043	1,054	10
	Deposits received	1,103	1,361	258
	Total non-current liabilities	81,517	84,039	2,522
	Investment corporation bonds	5,000	5,000	-
	Long-term debt	64,100	66,800	② 2,700
	Tenant leasehold and security deposits	375	392	17
Tenant leasehold and security deposits received in trust	12,041	11,847	(194)	
<b>Total liabilities</b>	<b>93,559</b>	<b>93,228</b>	<b>(330)</b>	

Account		29 <sup>th</sup> Feb. 28, 2019 A	30 <sup>th</sup> Aug. 31, 2019 B	Difference B—A
Net assets	Total unitholders' equity	101,874	101,878	4
	Unitholders' capital	98,938	98,938	-
	Surplus	2,935	2,939	4
<b>Total net assets</b>	<b>101,874</b>	<b>101,878</b>	<b>4</b>	

**Total liabilities and net assets**      195,433      195,106      (326)

## ■ Liabilities and net assets

② Refinancing of current maturities of long-term debt	+3,700
Transfer to long-term debt of current maturities	(1,000)
<b>Total :</b>	<b>+2,700</b>



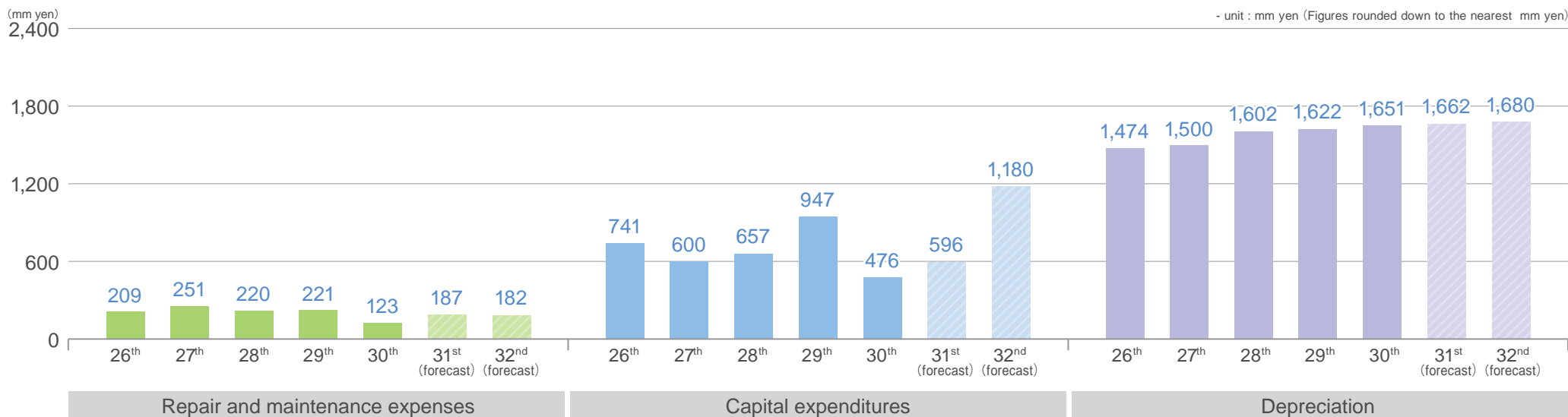
# Cash flow statements (compared with previous fiscal period)

- unit : mm yen (Figures rounded down to the nearest mm yen)

Category	29 <sup>th</sup> A ~Feb. 28, 2019	30 <sup>th</sup> B ~Aug. 31, 2019	Difference B-A
<b>Net cash provided by (used in) operating activities</b>	<b>4,832</b>	<b>4,863</b>	<b>30</b>
Profit before income taxes	2,935	2,939	3
Depreciation and amortization expenses	1,622	1,651	29
Amortization of investment corporation bond issuance expenses	2	2	-
Amortization of investment unit issuance expenses	3	3	-
Interest received	(0)	(0)	(0)
Interest expenses	275	279	4
Decrease (increase) in operating accounts receivables	(134)	(27)	106
Decrease (increase) in consumption taxes refund receivable	598	-	(598)
Increase (decrease) in accrued consumption taxes	199	62	(136)
Increase (decrease) in operating accounts payable	(10)	(88)	(78)
Increase (decrease) in accounts payable-other	2	(10)	(13)
Increase (decrease) in accrued expenses	5	1	(4)
Increase (decrease) in advances received	(5)	10	16
Increase (decrease) in deposits expenses	(224)	258	482
Decrease (increase) in prepaid expenses	(43)	25	68
Decrease (increase) in long-term prepaid expenses	(121)	34	156
Others, net	3	(1)	(5)
<b>Subtotal</b>	<b>5,109</b>	<b>5,141</b>	<b>31</b>
Interest income received	0	0	0
Interest expenses paid	(276)	(277)	(1)
Income taxes paid	(0)	(1)	(0)
<b>Net cash provided by (used in) investment activities</b>	<b>(3,604)</b>	<b>(1,043)</b>	<b>2,561</b>
Purchase of property, plant and equipment in trust	(3,601)	(846)	2,755
Purchase of intangible assets in trust	(15)	(18)	(2)
Proceeds from tenant leasehold and security deposits	0	28	28
Repayments of tenant leasehold and security deposits	-	(11)	(11)
Proceeds from tenant leasehold and security deposits in trust	149	183	34
Repayments of tenant leasehold and security deposits in trust	(135)	(378)	(243)
Proceeds from restricted trust deposits	5	6	1
Payments for restricted trust deposits	(6)	(7)	(0)
<b>Net cash provided by (used in) financial activities</b>	<b>(859)</b>	<b>(2,933)</b>	<b>(2,074)</b>
Proceeds from short-term debt	4,800	-	(4,800)
Repayments of short-term debt	(4,800)	-	4,800
Proceeds from long-term debt	2,500	3,700	1,200
Repayments of long-term debt	(500)	(3,700)	(3,200)
Dividends paid	(2,859)	(2,933)	(74)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>368</b>	<b>886</b>	<b>517</b>
<b>Balance of cash and cash equivalents at beginning of period</b>	<b>7,950</b>	<b>8,319</b>	<b>368</b>
<b>Balance of cash and cash equivalents at end of period</b>	<b>8,319</b>	<b>9,205</b>	<b>886</b>

# Repair and maintenance expenses, capital expenditures, and depreciation

## Repair and maintenance expenses, capital expenditures, and depreciation



### ©Major capital expenditures in the 30<sup>th</sup> fiscal period

- unit : mm yen (Figures rounded down to the nearest mm yen)

Property	Purpose	Construction cost
Canal City Hakata	Work on water supply pipes, etc.	24
Canal City Hakata • B	Work on tenant space alterations, Hot water pump upgrade work, etc.	83
Park Place Oita	Upgrade of air-conditioning equipment, Exterior wall repairs, etc.	122
Tenjin North Front Building	Renovation of common areas, etc.	25
LOGICITY Minato Kashii	Zoning-related construction work, etc.	40

### ©Major capital expenditures in the 31<sup>st</sup> fiscal period and the 32<sup>nd</sup> fiscal period

- unit : mm yen (Figures rounded down to the nearest mm yen)

Property	Purpose	Planned construction cost		
		Total amount	Construction cost in the 30 <sup>th</sup>	Paid in total amount
Canal City Hakata	Exterior wall repairs(*), Electronic security system monitoring terminal upgrade work, etc.	307	1	2
Canal City Hakata • B	Exterior wall repairs(*), Electronic security system monitoring terminal upgrade work, etc.	556	3	4
Park Place Oita	Renovation of common areas, Upgrade of air-conditioning equipment, Exterior wall repairs, etc.	441	-	-
Canal City Business Center Building	Exterior wall repairs(*), etc.	71	0	0
Gofukumachi Business Center	Maintenance of multi-storey parking lot equipment, etc.	100	-	-

(\*) Upon completion of the aforementioned exterior wall refurbishment, approx. 90% of the exterior wall refurbishment work planned for all of Canal City Hakata will be completed.

# Income and expenditure by properties (Retail①)

- unit : mm yen (Figures rounded down to the nearest mm yen)

Category	Canal City Hakata	Canal City Hakata・B	Park Place Oita	SunLive City Kokura	Konoha Mall Hashimoto	30 <sup>th</sup> Total A	29 <sup>th</sup> Total B	Difference A-B	Forecast C (*1)	Difference A-C
	30 <sup>th</sup> FP (Mar. 1, 2019 ~ Aug. 31, 2019)						181 days	3 days		
(Length)	184 days									
① Total leasing business revenues	1,247	1,582	1,188	284	835	5,137	5,219	(82)	5,178	(40)
Leasing revenue-real estate	1,210	1,523	1,001	284	665	4,685	4,812	(127)		
Other leasing revenue-real estate	36	58	187	-	170	452	406	45		
② Total leasing business expenses	467	785	632	46	543	2,474	2,500	(25)	2,551	(77)
Outsourcing fees	312	536	303	8	308	1,470	1,470	0		
Repair and maintenance expenses	12	12	45	0	7	78	136	(57)		
Expenses for restoration to former state	-	-	-	-	-	-	-	-		
Tax and other public charges	78	161	94	34	42	411	360	50		
Insurance premiums and trust compensation	6	13	6	1	2	30	35	(4)		
Utilities expenses	25	49	161	-	107	343	355	(11)		
Other expenses	31	11	20	0	74	138	141	(2)		
③ NOI (=①-②)	779	797	556	238	292	2,663	2,719	(56)	2,626	36
④ Depreciation and amortization expenses	246	273	232	47	87	888	875	12		
⑤ Leasing business profit (=③-④)	532	523	323	190	204	1,775	1,844	(69)		
⑥ NOI yield (acquisition price)	4.9%	5.6%	6.0%	7.2%	5.8%	5.6%	5.7%	(0.1) %		
⑦ Capital expenditures	52	139	122	2	21	339	740	(401)		

(\*) Forecast at the financial results of 29<sup>th</sup> fiscal period

# Income and expenditure by properties (Retail②)

- unit : mm yen (Figures rounded down to the nearest mm yen)

Category	Square Mall Kagoshima Usuki	Kumamoto Inter-Community SC	Hanahata SC	Kurume Higashi Kushiwara SC	K' s Denki Kagoshima	Marinoa City Fukuoka (Marina Side Building)	30 <sup>th</sup> Total A	29 <sup>th</sup> Total B	Difference A-B	Forecast C (*1)	Difference A-C
	30 <sup>th</sup> FP (Mar. 1, 2019 ~ Aug. 31, 2019)							181 days	3 days		
(Length)	184 days										
① Total leasing business revenues	257	90	40	88	111	177	765	767	(1)	766	(0)
Leasing revenue-real estate	221	89	40	88	111	177	728	727	1		
Other leasing revenue-real estate	35	0	0	-	0	0	36	39	(3)		
② Total leasing business expenses	97	9	6	8	10	23	155	166	(10)	159	(3)
Outsourcing fees	38	2	1	2	1	1	48	48	0		
Repair and maintenance expenses	10	0	1	-	-	2	14	17	(3)		
Expenses for restoration to former state	-	-	-	-	-	-	-	-	-		
Tax and other public charges	17	5	3	5	7	18	56	56	(0)		
Insurance premiums and trust compensation	0	0	0	0	0	0	2	2	(0)		
Utilities expenses	29	-	-	-	-	-	29	30	(1)		
Other expenses	1	0	0	0	0	0	4	9	(5)		
③ NOI (=①-②)	160	80	34	79	101	153	609	600	8	606	2
④ Depreciation and amortization expenses	38	12	5	16	22	21	117	116	0		
⑤ Leasing business profit (=③-④)	121	68	28	62	78	131	492	484	8		
⑥ NOI yield (acquisition price)	6.1%	6.7%	6.1%	6.3%	5.7%	5.9%	6.1%	6.0%	0.1%		
⑦ Capital expenditures	7	-	-	-	-	12	20	35	(15)		

(\*) Forecast at the financial results of 29<sup>th</sup> fiscal period

# Income and expenditure by properties (Office buildings)

- unit : mm yen (Figures rounded down to the nearest mm yen)

Category	Canal City Business Center Building	Gofukumachi Business Center	Sanix Hakata Building	Taihaku Street Business Center	Higashi Hie Business Center	Tenjin Nishi-Dori Center Building	Tenjin North Front Building	Higashi Hie Business Center II	30 <sup>th</sup> Total A	29 <sup>th</sup> Total B	Difference A-B	Forecast C (*1)	Difference A-C
	30 <sup>th</sup> FP (Mar. 1, 2019 ~ Aug. 31, 2019)									181 days	3 days		
(Length)	184 days												
① Total leasing business revenues	626	545	201	310	345	86	142	166	2,424	2,405	18	2,439	(15)
Leasing revenue-real estate	619	477	184	310	319	86	114	150	2,262	2,262	0		
Other leasing revenue-real estate	6	67	17	0	26	-	27	16	161	143	18		
② Total leasing business expenses	194	174	61	98	137	16	46	56	786	784	1	810	(24)
Outsourcing fees	136	73	19	55	41	1	10	19	357	356	0		
Repair and maintenance expenses	1	2	0	11	5	0	1	0	23	41	(18)		
Expenses for restoration to former state	-	-	-	-	-	-	-	-	-	-	-		
Tax and other public charges	46	36	21	27	16	14	8	10	182	166	15		
Insurance premiums and trust compensation	1	3	0	1	1	0	0	0	10	11	(0)		
Utilities expenses	6	57	15	-	27	-	24	14	146	150	(4)		
Other expenses	1	1	3	3	44	0	0	10	65	57	8		
③ NOI (=①-②)	431	370	140	211	207	69	95	110	1,637	1,620	17	1,629	8
④ Depreciation and amortization expenses	103	101	40	77	40	9	33	40	446	444	2		
⑤ Leasing business profit (=③-④)	328	268	100	134	167	60	62	69	1,191	1,176	14		
⑥ NOI yield (acquisition price)	5.9%	6.6%	6.4%	6.1%	7.0%	5.4%	6.8%	5.2%	6.2%	6.1%	0.1%		
⑦ Capital expenditures	10	0	-	11	18	-	25	-	66	115	(49)		

(\*) Forecast at the financial results of 29<sup>th</sup> fiscal period

# Income and expenditure by properties (Others)

- unit : mm yen (Figures rounded down to the nearest mm yen)

Category	Amex Akasakamon Tower	City House Keyaki Dori	Aqualia Chihaya	D-Wing Tower	Granfore Yakuin Minami	Hotel FORZA Oita	Tissage Hotel Naha	Tosu Logistics Center	LOGICITY Minato Kashii	LOGICITY Hisayama	30 <sup>th</sup> Total A	29 <sup>th</sup> Total B	Difference A-B	Forecast C (*1)	Difference A-C
	30 <sup>th</sup> FP (Mar. 1, 2019 ~ Aug. 31, 2019)														
(Length)	184 days											181 days	3 days		
① Total leasing business revenues	67	36	60	113	38	63	88				904	850	53	920	(16)
Leasing revenue-real estate	65	36	58	107	38	63	88				854	802	51		
Other leasing revenue-real estate	1	0	1	5	0	-	-				50	48	2		
② Total leasing business expenses	17	8	14	25	7	9	7				181	200	(18)	189	(8)
Outsourcing fees	5	2	3	7	2	0	0				33	32	0		
Repair and maintenance expenses	0	0	1	1	0	0	-	Non-disclosure (*2)	Non-disclosure (*2)	Non-disclosure (*2)	6	25	(19)		
Expenses for restoration to former state	1	-	2	3	1	-	-				8	8	(0)		
Tax and other public charges	5	3	4	7	2	7	5				83	77	6		
Insurance premiums and trust compensation	0	0	0	0	0	0	0				5	5	(0)		
Utilities expenses	0	0	0	2	0	-	-				31	32	(1)		
Other expenses	1	1	1	3	0	0	0				12	17	(4)		
③ NOI (=①-②)	50	28	46	87	31	53	80	37	185	123	723	650	72	731	(8)
④ Depreciation and amortization expenses	19	10	12	17	9	22	24	9	37	37	199	186	13		
⑤ Leasing business profit (=③-④)	31	18	33	69	21	31	56	28	147	85	523	464	58		
⑥ NOI yield (acquisition price)	4.9%	5.1%	7.2%	6.2%	5.6%	7.0%	5.7%	6.0%	4.5%	4.9%	5.3%	5.1%	0.2%		
⑦ Capital expenditures	1	0	0	-	1	6	0	-	40	-	50	54	(3)		

(\*1) Forecast at the financial results of 29<sup>th</sup> fiscal period (\*2) Information is not disclosed because the permission of tenants has not been obtained.

# Income and expenditure by properties (Total)

- unit : mm yen (Figures rounded down to the nearest mm yen)

Category	30 <sup>th</sup> Total A	29 <sup>th</sup> Total B	Difference A-B	Forecast C (* )	Difference A-C
	(Length) 184 days	181 days	3 days		
① Total leasing business revenues	9,231	9,242	(11)	9,305	(73)
Leasing revenue-real estate	8,530	8,604	(74)		
Other leasing revenue-real estate	700	637	62		
② Total leasing business expenses	3,598	3,651	(53)	3,662	(64)
Outsourcing fees	1,910	1,908	2		
Repair and maintenance expenses	123	221	(98)		
Expenses for restoration to former state	8	8	(0)		
Tax and other public charges	734	661	72		
Insurance premiums and trust compensation	49	55	(5)		
Utilities expenses	550	569	(18)		
Other expenses	221	225	(4)		
③ NOI (=①-②)	5,633	5,591	41	5,642	(8)
④ Depreciation and amortization expenses	1,651	1,622	29		
⑤ Leasing business profit (=③-④)	3,981	3,968	12		
⑥ NOI yield (acquisition price)	5.7%	5.8%	(0.0) %		
⑦ Capital expenditures	476	947	(470)		

(\*) Forecast at the financial results of 29<sup>th</sup> fiscal period

# List of borrowings

(As of August 31, 2019)

Category	Lender	Balance (mm yen)	Drawdown Date	Repayment Date	Term (year)	Fixed/Floating	Average Interest Rate
Current maturities of long-term debt	MUFG Bank	500	Sep.25, 2014	Sep.25, 2019	5.0	Fixed	0.52000%
	The Nishi-Nippon City Bank	2,500	Feb.1, 2013	Feb.29, 2020	7.1	Fixed	0.77500% (*1)
	Mizuho Bank	1,700	Feb.28, 2013	Feb.29, 2020	7.0	Floating	0.56727%
	Aozora Bank	1,000	Jun.28, 2013	Jun.30, 2020	7.0	Floating	0.46727%
	Subtotal	5,700					
Long-term debt	Mizuho Bank, and others (*2)	6,300	Jul.31, 2014	Jul.30, 2021	7.0	Fixed	0.83500% (*1)
	Development Bank of Japan	4,000	Aug.29, 2014	Aug.31, 2022	8.0	Fixed	1.01000%
	Sumitomo Mitsui Banking Corporation	1,600	Jun.30, 2015	Jun.30, 2022	7.0	Fixed	0.79000% (*1)
	Sumitomo Mitsui Trust Bank	1,500	Jul.31, 2015	Jul.31, 2023	8.0	Fixed	0.56400% (*1)
	Development Bank of Japan	4,000	Aug.31, 2015	Aug.31, 2023	8.0	Fixed	0.88000%
	The Bank of Fukuoka	400	Aug.31, 2015	Aug.31, 2022	7.0	Floating	0.41727%
	The Nishi-Nippon City Bank	400	Aug.31, 2015	Aug.31, 2023	8.0	Fixed	0.87000% (*1)
	Development Bank of Japan	2,000	Feb.29, 2016	Feb.28, 2025	9.0	Fixed	0.62000%
	The Bank of Fukuoka	2,000	Feb.29, 2016	Feb.29, 2024	8.0	Floating	0.41727%
	The Nishi-Nippon City Bank	2,000	Feb.29, 2016	Feb.29, 2024	8.0	Fixed	0.44000% (*1)
	Mizuho Bank	500	Feb.29, 2016	Feb.29, 2024	8.0	Fixed	0.44000% (*1)
	Shinsei Bank	700	Jul.29, 2016	Jul.31, 2024	8.0	Fixed	0.40000%
	Sumitomo Mitsui Trust Bank	300	Sep.30, 2016	Sep.30, 2025	9.0	Floating	0.41127%
	Development Bank of Japan, and others (*3)	2,100	Dec.30, 2016	Dec.30, 2025	9.0	Fixed	0.71750%
	The Bank of Fukuoka	1,500	Dec.30, 2016	Dec.30, 2026	10.0	Floating	0.41727%
	Resona Bank	600	Mar.31, 2017	Mar.31, 2027	10.0	Fixed	0.65846%
	The Higo Bank	300	Mar.31, 2017	Mar.31, 2025	8.0	Fixed	0.48130%
	MUFG Bank	800	Mar.31, 2017	Mar.31, 2025	8.0	Fixed	0.48130%
	The Bank of Fukuoka, and others (*4)	6,000	Jun.30, 2017	Jun.30, 2026	9.0	Fixed	0.77677%
	Development Bank of Japan	1,800	Jun.30, 2017	Dec.31, 2026	9.5	Fixed	0.65000%
	The Bank of Fukuoka	2,000	Jul.31, 2017	Jul.31, 2027	10.0	Fixed	0.79195%
	The Nishi-Nippon City Bank	2,000	Jul.31, 2017	Jul.31, 2027	10.0	Fixed	0.89195%
	The Nishi-Nippon City Bank, and others (*5)	1,500	Aug.31, 2017	Aug.31, 2027	10.0	Fixed	0.84952%
	Resona Bank	2,000	Sep.29, 2017	Sep.30, 2027	10.0	Fixed	0.49350% (*1)
	The Bank of Fukuoka	1,500	Dec.29, 2017	Dec.30, 2027	10.0	Fixed	0.81209%
	Development Bank of Japan	500	Dec.29, 2017	Dec.30, 2027	10.0	Fixed	0.68000%
	The Nishi-Nippon City Bank	1,900	Feb.28, 2018	Feb.29, 2028	10.0	Fixed	0.75000% (*1)
Sumitomo Mitsui Trust Bank	1,100	Feb.28, 2018	Feb.26, 2027	9.0	Fixed	0.60000% (*1)	
MUFG Bank	1,500	Feb.28, 2018	Feb.27, 2026	8.0	Fixed	0.50000%	
Resona Bank	600	Feb.28, 2018	Feb.29, 2028	10.0	Fixed	0.56700% (*1)	
Development Bank of Japan	2,500	Mar. 1, 2018	Mar. 1, 2028	10.0	Fixed	0.72000%	
MUFG Bank	600	Mar.30, 2018	Mar.31, 2026	8.0	Fixed	0.48000%	

\* For floating-rate debts, the interest rates applicable as of August 31, 2019 are indicated. \* All debts have been borrowed with no collateral and no guarantee, to be repaid in lump-sum upon maturity.

(\*1) FRC has concluded a swap agreement to practically fix interest rate on debt. The indicated interest rate reflects the effect of the swap agreement. (\*2) The lenders are Mizuho Bank · The Norinchukin Bank · The Hiroshima Bank · The Kitakyushu Bank · The Iyo Bank · The Higo Bank

(\*3) The lenders are Development Bank of Japan · The Oita Bank · The Kagoshima Bank · The Kitakyushu Bank · The Eighteenth Bank · The Shinwa Bank · The Hiroshima Bank (\*4) The lenders are The Bank of Fukuoka · The Nishi-Nippon City Bank · The Oita Bank · The Kitakyushu Bank · The Miyazaki Bank · The Shinwa Bank · The Iyo Bank · The Eighteenth Bank (\*5) The lenders are The Nishi-Nippon City Bank · The Bank of Fukuoka · The Oita Bank · The Kitakyushu Bank · The Eighteenth Bank · The Shinwa Bank · The Hiroshima Bank

(\*6) The lenders are Mizuho Bank · The Bank of Saga · The Higo Bank (\*7) The lenders are The Bank of Fukuoka · Resona Bank (\*8) The lenders are The Nishi-Nippon City Bank · Resona Bank · The Oita Bank · The Bank of Nagasaki · The Bank of Saga

Category	Lender	Balance (mm yen)	Drawdown Date	Repayment Date	Term (year)	Fixed/Floating	Average Interest Rate
Long-term debt	The Nishi-Nippon City Bank	600	Mar.30, 2018	Mar.31, 2028	10.0	Fixed	0.80219%
	The Bank of Fukuoka	500	Mar.30, 2018	Mar.31, 2028	10.0	Fixed	0.80219%
	Mizuho Bank	500	Mar.30, 2018	Mar.31, 2028	10.0	Fixed	0.63000%
	Sumitomo Mitsui Banking Corporation	500	Mar.30, 2018	Mar.31, 2025	7.0	Fixed	0.50400% (*1)
	MUFG Bank	500	Mar.30, 2018	Mar.31, 2027	9.0	Fixed	0.49000%
	Sumitomo Mitsui Trust Bank	400	Mar.30, 2018	Mar.31, 2027	9.0	Fixed	0.57600% (*1)
	The Oita Bank	400	Mar.30, 2018	Mar.31, 2028	10.0	Fixed	0.64630%
	The Hiroshima Bank	400	Mar.30, 2018	Mar.31, 2028	10.0	Fixed	0.64630%
	Shinsei Bank	300	Mar.30, 2018	Mar.31, 2025	7.0	Fixed	0.40000%
	Sumitomo Mitsui Banking Corporation	500	Jan.31, 2019	Jan.31, 2029	10.0	Fixed	0.65528%
	MUFG Bank	500	Jan.31, 2019	Jan.31, 2028	9.0	Fixed	0.59000%
	The Nishi-Nippon City Bank	400	Jan.31, 2019	Jan.31, 2029	10.0	Floating	0.41727%
	The Bank of Fukuoka	300	Jan.31, 2019	Jan.31, 2029	10.0	Floating	0.41727%
	The Oita Bank	200	Feb.28, 2019	Feb.27, 2026	7.0	Fixed	0.33380%
	The Kagoshima Bank	200	Feb.28, 2019	Feb.27, 2026	7.0	Fixed	0.33380%
	The Higo Bank	200	Feb.28, 2019	Feb.27, 2026	7.0	Fixed	0.33380%
	Resona Bank	200	Feb.28, 2019	Feb.28, 2029	10.0	Fixed	0.48845% (*1)
Mizuho Bank, and others (*6)	2,200	Jul.31, 2019	Jul.31, 2029	10.0	Fixed	0.52100% (*1)	
The Norinchukin Bank	1,500	Jul.31, 2019	Jan.29, 2027	7.5	Fixed	0.30300%	
Subtotal	66,800						
<b>Total</b>	<b>72,500</b>						

## Investment corporation bonds

Category	Issue	Balance (mm yen)	Issue date	Maturity Date	Term (year)	Coupon (year)
Investment corporation bonds	The first series of unsecured bonds	2,000	Dec.30,2013	Dec.29, 2023	10.0	1.32000%
	The second series of unsecured bonds	2,000	Jul.31, 2017	Jul.30, 2032	15.0	1.00000%
	The third series of unsecured bonds	1,000	Jul.31, 2018	Jul.30, 2038	20.0	1.20000%
<b>Total</b>		<b>5,000</b>				

## Committed line of credit

Category	Lender	Credit Limit (mm yen)	Period	
			Start	End
Committed line of credit 1	The Bank of Fukuoka, and others (*7)	6,000	Aug.1, 2018	Jul.31, 2021
Committed line of credit 2	The Nishi-Nippon City Bank and others (*8)	7,000	Mar.1, 2018	Feb.28, 2020
<b>Total</b>		<b>13,000</b>		



# Portfolio table

(As of August 31, 2019)

	Real estate property name	Age (*1)	Acquisition Price (mm yen) (*2)	Investment ratio	Acquisition timing	Source (*3)	Total leasable floor space (m <sup>2</sup> )	Occupancy rate	Tenants (*4)	Primary tenants
Retail	Canal City Hakata	23yr 4m	32,000	16.3%	Nov. 9, 2004	Sponsor	46,604.75	100.0%	51	Washington Hotel and United Cinema
	Canal City Hakata・B	23yr 4m	28,700	14.6%	Mar. 2, 2011	Outside party	68,826.37	99.4%	48	Grand Hyatt Fukuoka and OPA
	Park Place Oita	17yr 5m	18,620	9.5%	Nov. 9, 2004	Sponsor	113,834.19	100.0%	106	AEON and K' s Denki
	SunLive City Kokura	14yr 5m	6,633	3.4%	Jul. 1, 2005	Outside party	61,450.22	100.0%	1	SunLive
	Konoha Mall Hashimoto	8yr 5m	10,000	5.1%	Mar. 1, 2018	Sponsor	22,121.03	100.0%	127	SunLive and The Super Sports XEBIO
	Square Mall Kagoshima Usuki	12yr11m	5,300	2.7%	Sep.28, 2006	Sponsor	14,602.88	100.0%	12	Sports Depo / Golf5 and Edion
	Kumamoto Intercommunity SC	12yr 9m	2,400	1.2%	Nov.30, 2006	Sponsor	6,968.66	100.0%	2	Sports Depo / Golf5 and Starbucks Coffee
	Hanahata SC	12yr 1m	1,130	0.6%	Sep. 3, 2007	Sponsor	2,801.15	100.0%	2	BON REPAS and Matsumoto Kiyoshi
	Kurume Higashi Kushiwara SC	11yr 8m	2,500	1.3%	Feb. 1, 2008	Sponsor	6,467.80	100.0%	1	Sports Depo / Golf5
	K' s Denki Kagoshima	11yr 9m	3,550	1.8%	Mar.27, 2008	Outside party	7,296.17	100.0%	1	K' s Denki
Marinoa City Fukuoka (Marina Side Building)	18yr10m	5,250	2.7%	May 1, 2015	Sponsor	33,069.82	100.0%	1	Fukuoka Jisho Co.,Ltd	
	<b>Total or the weighted average of retail</b>	—	<b>116,083</b>	<b>59.2%</b>	—	—	<b>384,043.04</b>	<b>99.9%</b>	<b>352</b>	—
Office buildings	Canal City Business Center Building	23yr 4m	14,600	7.4%	Nov. 9, 2004	Sponsor	23,031.44	94.4%	60	TOTO and Bell System24
	Gofukumachi Business Center	15yr10m	11,200	5.7%	Nov. 9, 2004	Sponsor	19,905.34	100.0%	36	SMBC CONSUMER FINANCE and Sumitomo Mitsui Banking Corporation
	Sanix Hakata Building	18yr 5m	4,400	2.2%	Sep.30, 2005	Outside party	6,293.75	100.0%	16	SANIX and The Nishi-Nippon City Bank
	Taihaku Street Business Center	17yr 5m	7,000	3.6%	Mar.16, 2006	Sponsor	14,677.30	99.6%	70	NTT COMWARE and Tokyo Marine & Nichido Outsourcing Management
	Higashi Hie Business Center	10yr 6m	5,900	3.0%	Mar.13, 2009	Outside party + Sponsor	13,614.59	100.0%	26	Fujitsu and Forest Holdings
	Tenjin Nishi-Dori Center Building	22yr11m	2,600	1.3%	Feb. 1, 2013	Outside party	3,339.32	100.0%	1	The Nishi-Nippon City Bank
	Tenjin North Front Building	9yr 7m	2,800	1.4%	Mar.28, 2013	Outside party	5,252.41	100.0%	11	Rakuten Card and Prudential
	Higashi Hie Business Center II	3yr 6m	4,230	2.2%	Mar. 1, 2018	Sponsor	6,214.77	100.0%	2	FUJITSU KYUSHU SYSTEMS LIMITED and Seven-Eleven Japan Co.,LTD
	<b>Total or the weighted average of office buildings</b>	—	<b>52,730</b>	<b>26.9%</b>	—	—	<b>92,328.92</b>	<b>98.6%</b>	<b>222</b>	—
Others	Amex Akasakamon Tower (Residence)	14yr 1m	2,060	1.1%	Sep. 1, 2006	Outside party	4,821.25	98.5%	66	—
	City House Keyaki Dori (Residence)	11yr 9m	1,111	0.6%	Dec.20, 2007	Outside party	2,710.86	92.3%	39	—
	Aqualia Chihaya (Residence)	11yr 8m	1,280	0.7%	Mar. 1, 2012	Outside party	5,619.69	100.0%	105	—
	D-Wing Tower (Residence)	13yr 6m	2,800	1.4%	Mar. 1, 2013	Outside party	7,187.59	94.0%	131	—
	Granfore Yakuin Minami (Residence)	11yr 8m	1,100	0.6%	Nov. 4, 2014	Outside party	2,496.06	100.0%	99	—
	Hotel FORZA Oita (Hotel)	11yr 0m	1,530	0.8%	Mar. 1, 2013	Sponsor	5,785.44	100.0%	1	FJ Hotels
	Tissage Hotel Naha (Hotel)	1yr 6m	2,835	1.4%	Dec. 7, 2018	Outside party	3,758.76	100.0%	1	Nest Hotel Japan Corporation
	Tosu Logistics Center (Logistics)	11yr 3m	1,250	0.6%	Mar.28, 2014	Outside party	4,173.29	100.0%	1	non-disclosure
	LOGICITY Minato Kashii (Logistics)	5yr 4m	8,150	4.2%	Mar.27, 2015	Outside party	43,233.72	100.0%	2	Fukuoka Logistic System and F-LINE CORPORATION
	LOGICITY Hisayama (Logistics)	4yr 7m	5,050	2.6%	Jun. 1, 2017	Outside party	24,505.65	100.0%	1	KASEI inc. Co., Ltd
	<b>Total or the weighted average of others</b>	—	<b>27,166</b>	<b>13.9%</b>	—	—	<b>104,292.31</b>	<b>99.3%</b>	<b>446</b>	—
	<b>Total or the weighted average of all properties</b>	<b>16yr 10m</b>	<b>195,979</b>	<b>100.0%</b>	—	—	<b>580,664.27</b>	<b>99.6%</b>	<b>1,020</b>	—

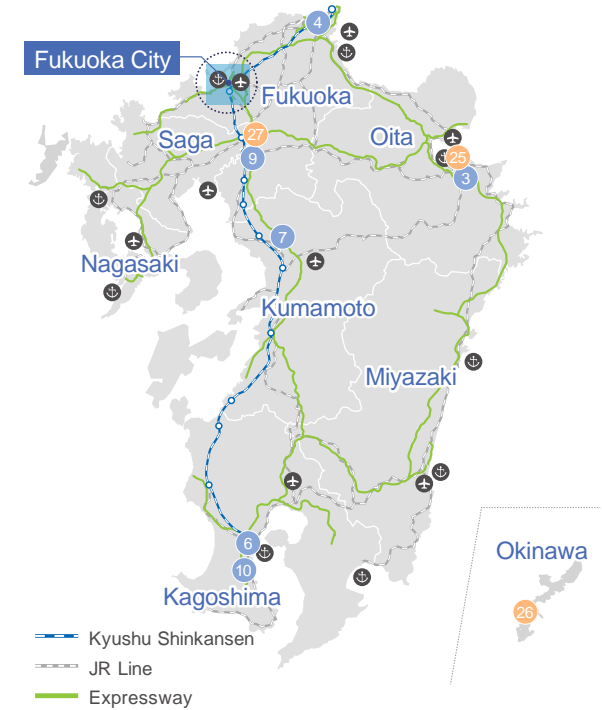
(\*1) "Age" as of the end of the fiscal period.

(\*2) Acquisition price does not include fees, public charge and expenses.

(\*3) Properties acquired through arrangement by a sponsor company are indicate with "sponsor" in the column of seller.

(\*4) Parking contracts, etc., are excluded from "Number of tenants".

# Portfolio map



## 1 Canal City Hakata

■Address : 1-chome, Sumiyoshi, Hakata Ward, Fukuoka City

## 2 Canal City Hakata•B

■Address : 1-chome, Sumiyoshi, Hakata Ward, Fukuoka City

## 3 Park Place Oita

■Address : 2-chome, Koen Dori Nishi, Oita City

## 4 SunLive City Kokura

■Address : 2-chome, Kami Kuzuhara, Kokura Minami Ward, Kitakyushu City

## 5 Konoha Mall Hashimoto

■Address : 2-chome, Hashimoto, Nishi Ward, Fukuoka City

## 6 Square Mall Kagoshima Usuki

■Address : 2-chome, Usuki, Kagoshima City

## 7 Kumamoto Intercommunity SC

■Address : 1-chome, Kozono, Higashi Ward, Kumamoto City

## 8 Hanahata SC

■Address : 4-chome, Hanahata, Minami Ward, Fukuoka City

## 9 Kurume Higashi Kushiwara SC

■Address : Higashi kushiwara, Kurume City

## 10 K's Denki Kagoshima

■Address : Tokai-cho, Kagoshima City

## 11 Marinao City Fukuoka (Marina Side Building)

■Address : 2-chome, Odo, Nishi Ward, Fukuoka City

## 12 Canal City Business Center Building

■Address : 1-chome, Sumiyoshi, Hakata Ward, Fukuoka City

## 13 Gofukumachi Business Center

■Address : Kami Gofukumachi, Hakata Ward, Fukuoka City

## 14 Sanix Hakata Building

■Address : 2-chome, Hakataekihigashi, Hakata Ward, Fukuoka City

## 15 Taihaku Street Business Center

■Address : Gokushomachi, Hakata Ward, Fukuoka City

## 16 Higashi Hie Business Center

■Address : 3-chome, Higashi-hie, Hakata Ward, Fukuoka City

## 17 Tenjin Nishi-Dori Center Building

■Address : 2-chome, Tenjin, Chuo Ward, Fukuoka City

## 18 Tenjin North Front Building

■Address : 4-chome, Tenjin, Chuo Ward, Fukuoka City

## 19 Higashi Hie Business CenterII

■Address : 1-chome, Higashi-hie, Hakata Ward, Fukuoka City

## 20 Amex Akasakamon Tower

■Address : 2-chome, Maizuru, Chuo Ward, Fukuoka City

## 22 Aqualia Chihaya

■Address : 4-chome, Chihaya, Higashi Ward, Fukuoka City

## 23 D-Wing Tower

■Address : 2-chome, Daimyo, Chuo Ward, Fukuoka City

## 24 Granfore Yakuin Minami

■Address : 1-chome, Hirao, Chuo Ward, Fukuoka City

## 25 Hotel FORZA Oita

■Address : 1-chome, Chuo-machi, Oita City

## 26 Tissage Hotel Naha

■Address : 2-chome, Nishi, Naha City

## 27 Tosu Logistics Center

■Address : Himekatama-cho Aza, Tosu City, Saga

## 28 LOGICITY Minato Kashii

■Address : 2-chome, Minatokashi, Chuo Ward, Fukuoka City

## 29 LOGICITY Hisayama

■Address : Hisayama-machi, Kasuya-gun, Fukuoka City

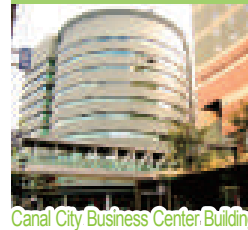
- Retail
- Office buildings
- Others

# Portfolio

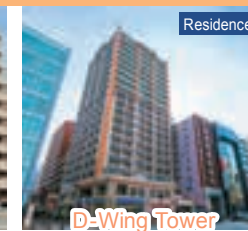
## Retail 11 properties



## Office buildings 8 properties



## Others 10 properties



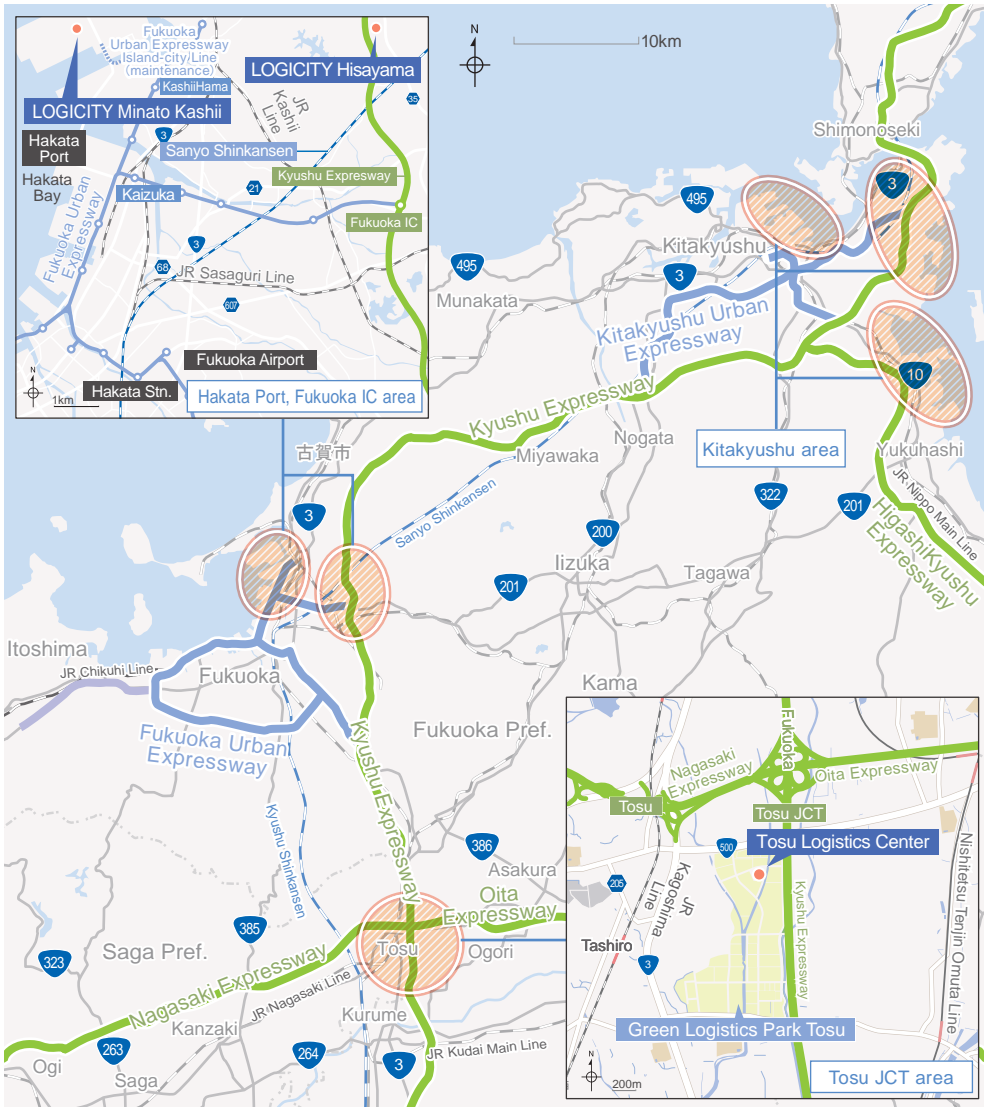
Total  
**29** properties

Total acquisition price  
**195.9** bn yen

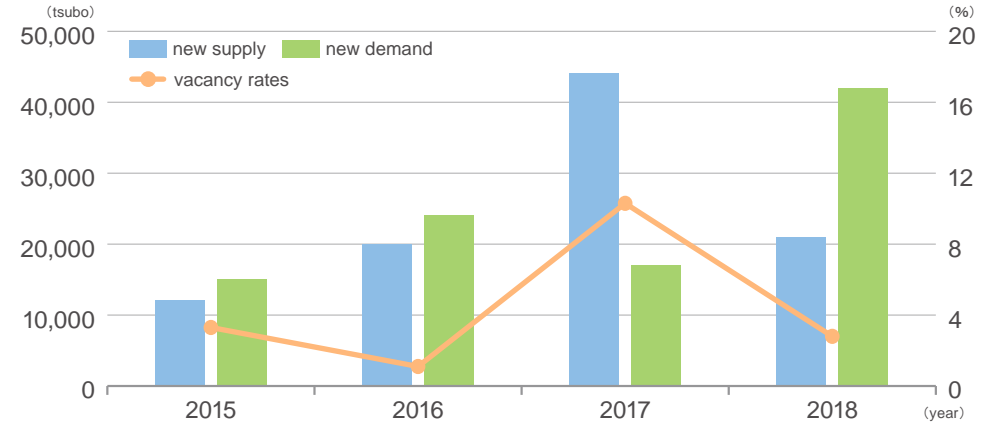
(As of August 31, 2019)  
(\*): Figures round down to nearest 100mm yen

# Logistics market in Northern part of Kyushu

## Major logistics area

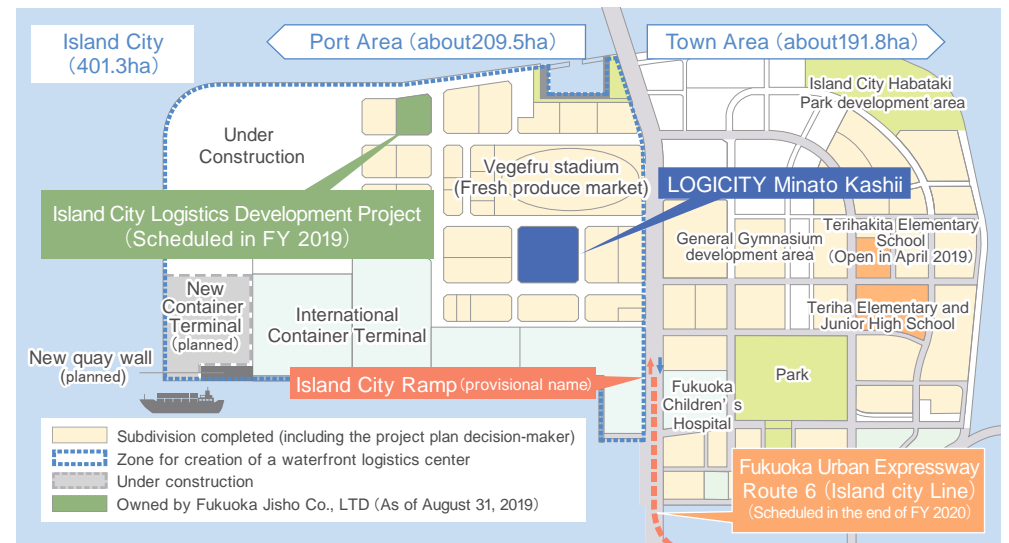


## Supply and demand of logistic facilities and vacancy rates



\* The figures are covered total floor spaces (more than 5,000m<sup>2</sup>) which owned by real estate investment company and real estate development company in Fukuoka and Saga.  
Source: Prepared by Fukuoka Realty Co., Ltd., based on data of CBRE

## Development of the Island City area



Source: Fukuoka Realty, based on Island City Outline Pamphlet (Fukuoka City, Port and Harbor Bureau)

# Top tenants by leased floor area

				<span style="color: #4F81BD;">■</span> Ordinary lease <span style="color: #92D050;">■</span> Fixed-term lease		
Lessee	Tenant	Share of total leased space (*1)	31 <sup>st</sup> ~Feb. 29, 2020	32 <sup>nd</sup> ~Aug. 31, 2020	33 <sup>rd</sup> ~Feb. 28, 2021	Remaining lease term (years) (*2)
1	SunLive Co., Ltd.	SunLive	11.2%	●SunLive City Kokura		5
				●Konoha Mall Hashimoto		11
2	AEON Kyushu Co., Ltd.	AEON	10.1%	●Park Place Oita		2
3	FJ Hotels Co., Ltd	Grand Hyatt Fukuoka	7.7%	●Canal City Hakata · B		4
		Hotel FORZA Oita		●Hotel FORZA Oita		8
4	Fukuoka Jisho Co., Ltd.	—	6.0% (*3)	●Marinoa City Fukuoka (Marina Side Building)		15
5	Canal City OPA Co., Ltd.	OPA	4.5%	●Canal City Hakata		4
				●Canal City Hakata · B		2
6	KASEI inc Co., Ltd.	—	4.2%	●LOGICITY Hisayama		5
7	Fukuoka Logistic System Corporation	—	4.0%	●LOGICITY Minato Kashii		5
8	F—LINE CORPORATION	—	3.5%	●LOGICITY Minato Kashii		non-disclosure (*4)
9	Alpen Co., Ltd.	Sports Depo, Golf 5	3.2%	●Square Mall Kagoshima Usuki		7
				●Kumamoto Intercommunity SC		7
				●Kurume Higashi Kushiwara SC		8
10	K's Holdings Corporation	K's Denki	2.4%	●Park Place Oita		2

(\*1)Share of total leased space is calculated using the formula "Leased floor area by tenant / Total leased floor space," as of August 31, 2019 with residential space excluded from leased floor space by tenant.

(\*2)Remaining lease periods shown are the remaining periods of lease contracts as of February 28, 2019 with periods shorter than one year rounded down to the nearest whole year.

(\*3)The 6.0% includes a 0.3% of office portion. [Five ordinary leases (with automatic renewal provisions for periods of one or two years) have been concluded for Canal City Business Center Building.]

(\*4)Information is not disclosed because the permission of tenants has not been obtained.

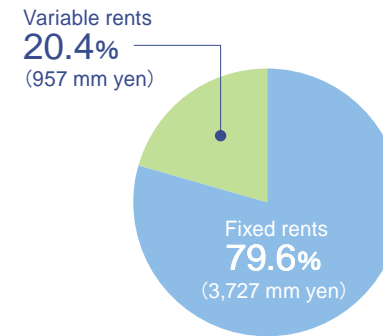
# Breakdown of variable rents

## Breakdown of active retail rents by property



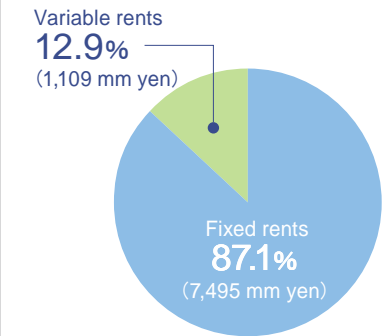
## Breakdown of active retail rents

◎30<sup>th</sup>

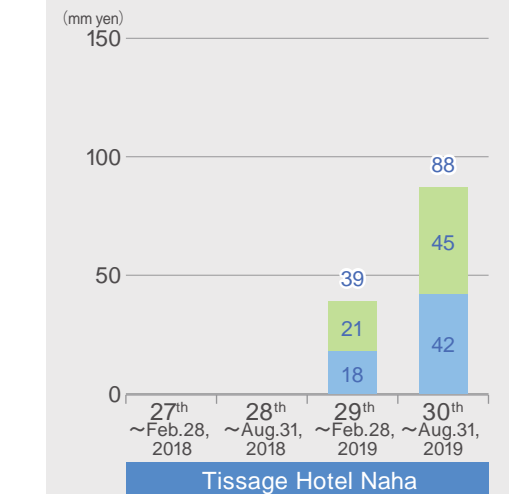


## Portfolio overall

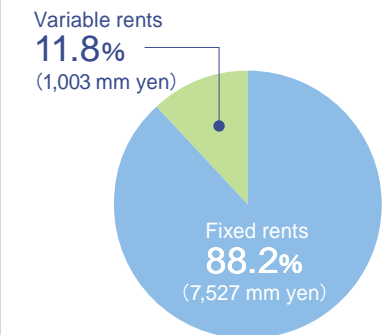
◎29<sup>th</sup>



## Breakdown of Tissage Hotel Naha



◎30<sup>th</sup>



\*Variable rents are included Canal City Hakata, Canal City Hakata·B, Park Place Oita, SunLive City Kokura, Konoha Mall Hashimoto and Tissage Hotel Naha.

(\*1) The fixed rent is the total of (among the real estate leasing revenue), ①Fixed monthly rent; ②Of the tenant rents with a revenue ratio (calculated by multiplying the ratio to the monthly revenue of applicable tenants) established, GOP rents and the minimum guaranteed rent portion in the case that minimum guaranteed rent has been established; ③Common expenses; and ④Amount paid by Park Place Oita and Konoha Mall Hashimoto's parking lot tenants.

(\*2) Variable rents are the sum of the portion of rents collected from tenants with variable and GOP rents that varies as a function of the tenants' sales. (\*3) The figures are included parking fee in variable rents of Canal City Hakata / Canal City Hakata·B.

# The condition of Fukuoka city center

Nanakuma subway line extension project will be completed by FY2022



©Progress of Nanakuma Subway Line extension project



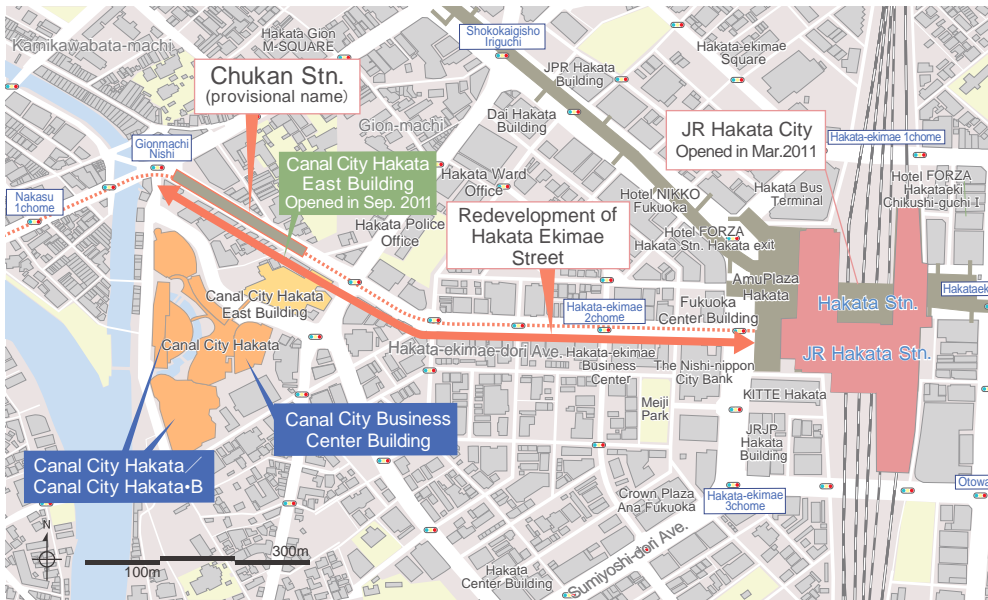
Current extent of obstruction to Hakata Ekimae-dori Ave (from the Hakata Station side)

Progress with invert concrete work

Photo provided by: Fukuoka City Transportation Bureau

# Connection from Hakata area / Tenjin area

## Enhanced accessibility between Hakata Station and Canal City Hakata



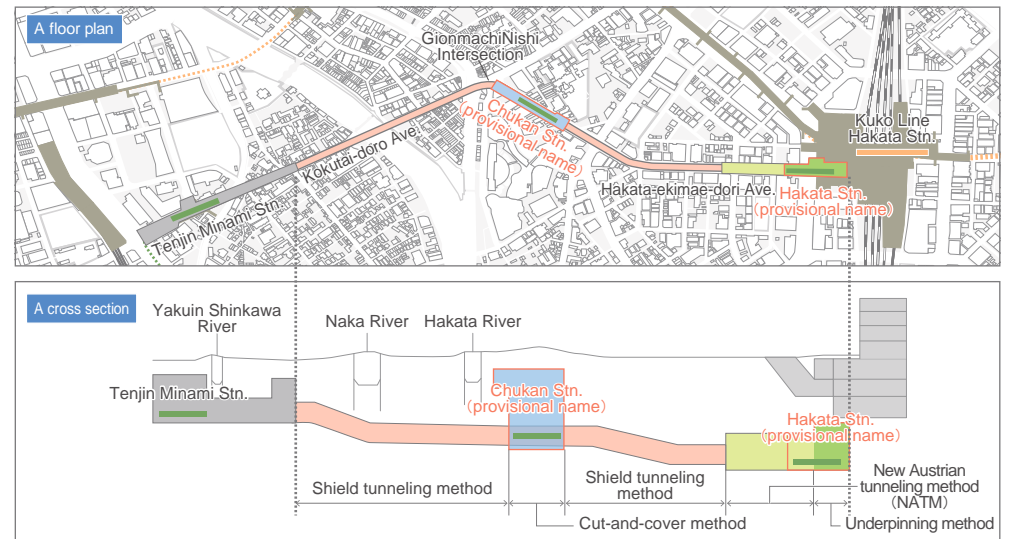
- Canal City Hakata East Building opened in September 2011
- Redevelopment of Hakata Ekimae Street  
Number of lanes to be reduced from 5 lanes to 3, and sidewalks to be widened and enhanced
- The Hakata Town Planning Promotion Council's "Activities to make the area around Hakata Station more appealing to explore on foot"  
Hakata Street Bar, Cafe and Restaurant (National Strategic Road Occupancy Project), etc.

◎Pedestrian traffic volume on Hakata Ekimae Street (unit:people)



Source: Prepared by Fukuoka Realty Co., Ltd. based on the Hakata Town Planning Promotion Council's FY2018 Business Report

## Impact of Nanakuma subway line extension [scheduled to commence operations in FY2022]



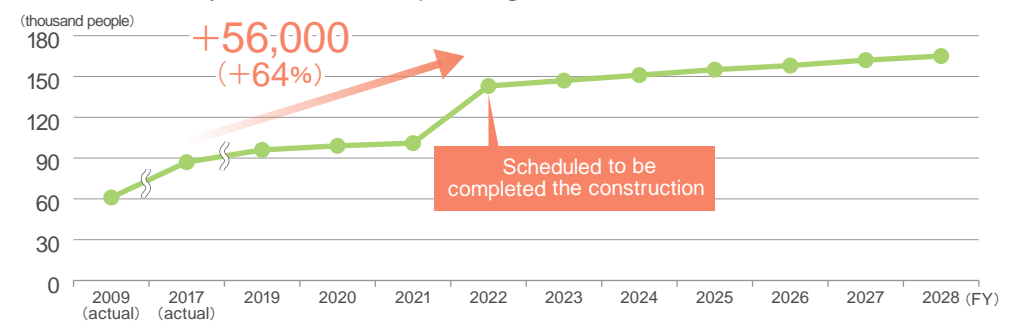
### 《Travel to Hakata Station from the southwest》

- Travel time to Hakata Station reduced by 14 minutes
- Direct connection to Hakata Station with no need to change trains at Tenjin
- Convenient for transferring to JR lines and Fukuoka Airport

### 《Traveling within the inner-city area》

Subways are reliably punctual and especially effective in inner-city areas where there is heavy traffic congestion.

◎Estimated daily Nanakuma line passenger volume [including connecting passengers]



Source: Prepared by Fukuoka Realty Co., Ltd. based on the Fukuoka City Transportation Bureau's FY2019 to FY2028 Fukuoka



# Redevelopment in Tenjin area (Tenjin Big Bang)

## Preparation made for functional renewal of buildings in the Tenjin district

◎Creation of an attractive environment that promotes Tenjin as a start-up location

### Issues pertaining to functional renewal in the Tenjin district

- ① Problem of existing noncompliant buildings (use exceeding the current designated floor space ratio)
- ② Problem of building height restrictions under the Civil Aeronautics Act

### ①Deregulation of floor space ratios through a district development plan

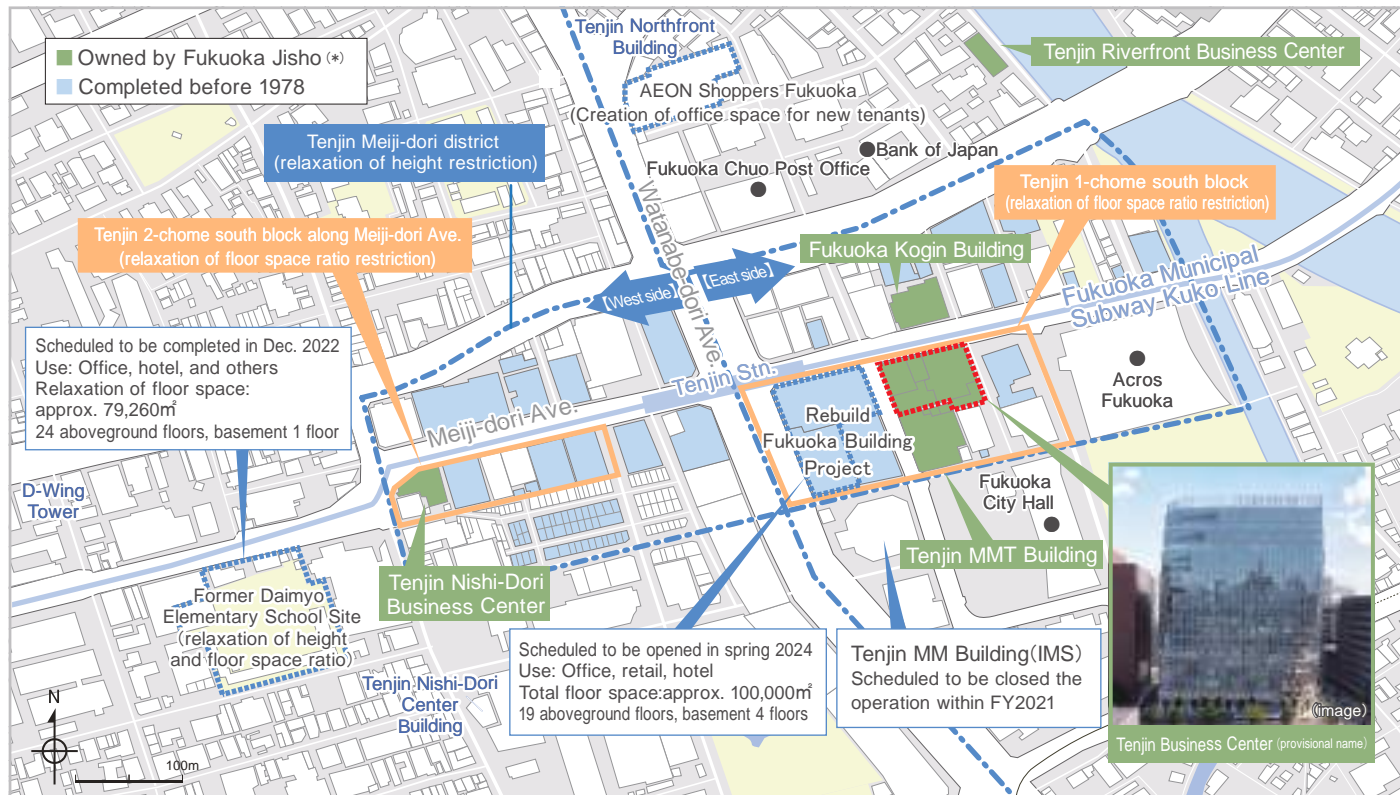
- Tenjin 1-chome south block 800%→1400%(max.)
  - Tenjin 2-chome south block along Meiji-dori Ave. 700%→1300%(max.)
- 
- Former Daimyo Elementary School Site approx.450%→800%

### ②Relaxation of restrictions

- Tenjin Meiji-dori district approx.67m → approx.76m
- Former Daimyo Elementary School Site approx.76m→ approx.115m

- Tenjin Meiji-dori district approx.76m→From the Watanabe-dori Street center line  
[West side] approx.115m  
[East side] approx.76~100m

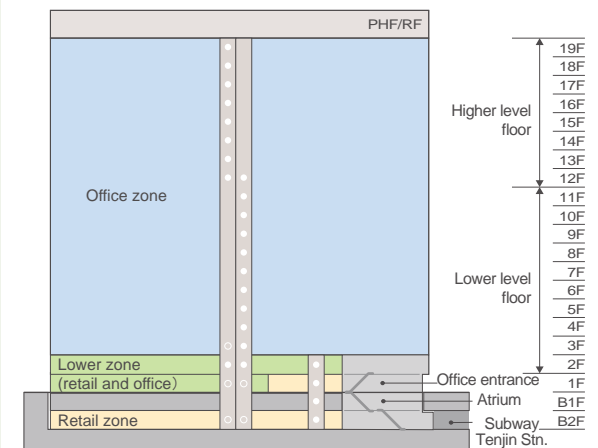
- Waterfront district approx.70~90m→approx.100m
- Area surrounding Hakata Station  
To be reconsidered in light of surrounding existing buildings at the time of submission of a specific zone



(\*) Includes properties co-owned with other companies

Source: Prepared by Fukuoka Realty Co., Ltd. based on Tenjin Meiji-dori Avenue Grand Design 2009 authored by the Tenjin Meiji-dori Development Council

## Tenjin Business Center (provisional name) floor map



## ◎Tenjin Business Center (provisional name)

Entity	Fukuoka Jisho Co.,Ltd
Location	1-Chome, Tenjin, Chuo Ward, Fukuoka City
Land area	3,917.18m <sup>2</sup>
Total floor space	61,116.98m <sup>2</sup>
Floors	19 aboveground floors, penthouse 2 floors, basement 2 floors
Use	Office, shops, parking etc.
Height	approx. 89m
Completion	September 2021 (planned)

# Redevelopment in Hakata area (Hakata Connected)

Initiative to expand the vitality and bustle of Hakata Station area out further to the surroundings (approx. 500m radius from the station, covering about 80 hectares)

## ◎Hakata Connected Bonus

### ①Expansion of floor area ratio relaxation policy

(Policy to Encourage the Upgrading of Central Urban Functions in Fukuoka City)

- Buildings that contribute to an increase in bustle including those with plazas etc. that facilitate linkages and ripple effects, to be granted a maximum floor area ratio of 50%
- From the perspective of further creation of bustle and pedestrian movement, even roofed plazas to be given maximum 250% increase in public open space evaluation

### ②Prioritized introduction of certified buildings to tenants

### ③Promotion of certified buildings by the administration

### ④Dedicated Hakata Connected Bonus financing products

## ◎Special approval pertaining to Civil Aeronautics Act building height restrictions

Municipal support for special approval pertaining to Civil Aeronautics Act building height restrictions for each individual plan

## Project for effective utilization of the Fukuoka Prefecture East General Office site

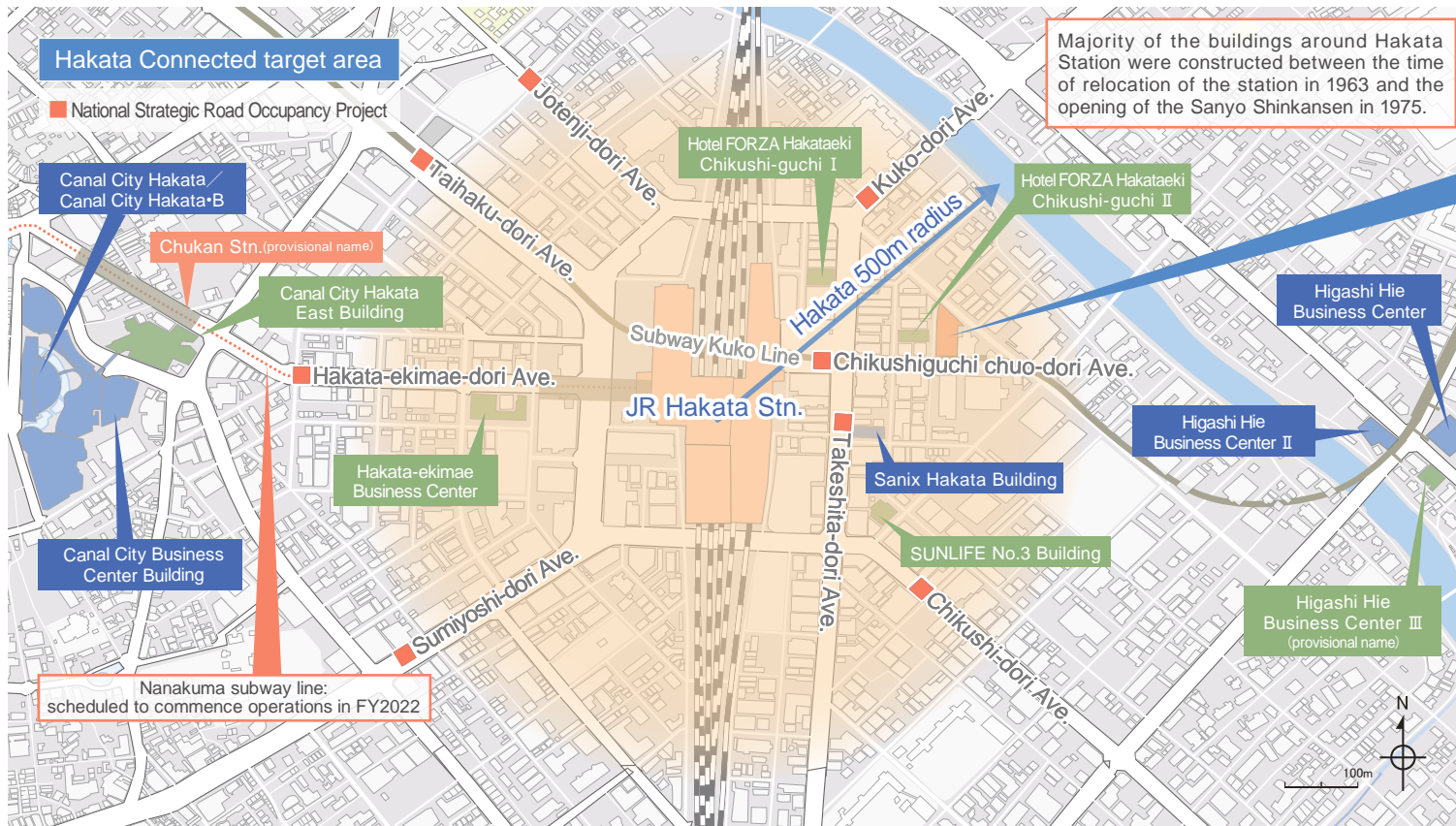
Development of high-performance office building that would energize area to the east of Hakata Station

### ●Composition of the group of companies

Representative company: Kyushu Railway Company  
Members: Fukuoka Jisho Co., Ltd., ASO Corporation

\*Currently, these companies are Preferred Negotiation Right Holders but the project has not been finalized.

### ●Land owner: Fukuoka Prefecture (Lease period: 70 years)



\*Subject to change depending on future negotiations, etc.

Completion	March - April 2024 (planned)
Use	Office, shops, parking
Land area	2,638.64 m <sup>2</sup>
Total floor space	approx.18,700 m <sup>2</sup>
Floors	11 aboveground floors, basement 1 floors