



Castle town of Fukuoka/Hakata/
Old map of Neighborhood [Year 1812]



Fukuoka REIT Corporation

Overview of the 31st fiscal period performance [8968] Security code September 1st, 2019~February 29th, 2020



Fukuoka REIT Corporation

Overview of the 31st fiscal period performance

[Security code 8968] September 1st, 2019~February 29th, 2020

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*Regarding rounding of amounts, percentage, and ratios: unless otherwise noted, in these materials, monetary amounts are rounded down to the nearest whole unit, and percentages and ratios are rounded off to one decimal places.

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Topics of the 31st fiscal period or later

Owned properties [The 31st FP]

◎Retail

Canal City Hakata (*1) Year-on-year comparison of sales	96.5%	■ Fewer tourists from South Korea plus self-restraint on going out and fewer inbound tourists due to COVID-19 infection since late February impacted sales.
Other three active retail properties(*2) Year-on-year comparison of sales	97.7%	■ Sales dropped slightly year-on-year, affected by consumption tax hike and weak apparel sales due to warm winter, etc.

*Year-on-year changes for March 2019 through February 2020 are described.

(*1) Combined sales of Canal City Hakata and Canal City Hakata・B.

(*2) The properties refer to Park Place Oita, SunLiveCity Kokura and Konoha Mall Hashimoto.

◎Office buildings

The weighted average occupancy rates during the fiscal period	99.1%	■ Maintained high occupancy rate
Rate of increase in rent per unit area at tenant replacement	+17.8%	■ New move-ins occupying approx. 700 tsubo [approx. 2,314 m ²]
Increase in monthly rent at rent revision	+3.4 mm yen	■ Upward rent revision for 7 straight fiscal periods
Rent gap (*3)	(30.4) %	■ Market rent continued to rise mildly. Promoted upward rent revision to close the gap with portfolio rent.

(*3) Rent gap indicates the gap between current rent : contract rent with common charges and market rent, and is calculated as "current rent - market rent / current rent".

Financial Management [The 31st FP]

◎Promoted long-term, fixed-interest rate debt financing and kept LTV at a conservative level.

◎Lengthened the period of the committed line of credit agreement from 2 years to 3 years with The Nishi-Nippon City Bank serving as the agent. The credit limit of committed line set at 13,000 mm yen.

31 st	Fixed rate	Average remaining duration to maturity	LTV (*4)
	92.4%	6.1 years J-REITs' average : 4.3 years (*5)	39.8% J-REITs' average : 44.1% (*5)

(*4) LTV is calculated as interest-bearing debt amount divided by Total assets.

(*5) Indicates the average value of the latest account settlement figures of all investment corporations as of December 2019, calculated by Fukuoka Realty based on their disclosure materials.

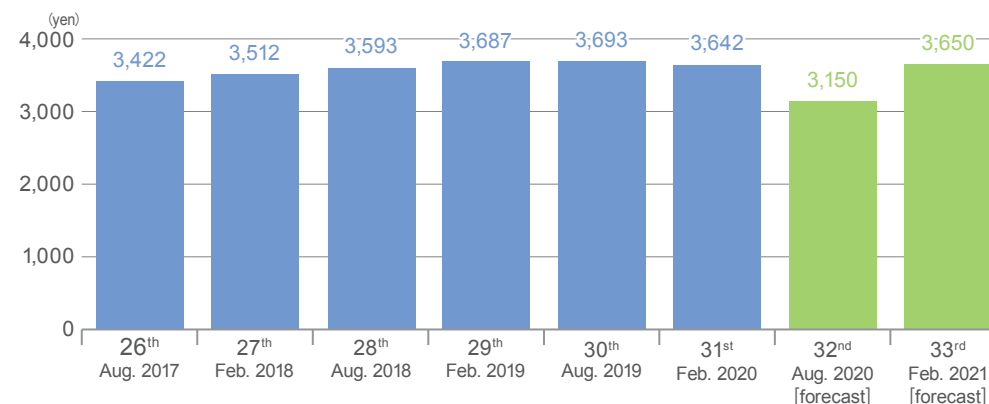
New acquisition properties [The 32nd FP]

◎Two new properties to be acquired in the 32nd fiscal period [total: 4,990 million yen]



Property name	Higashi Hie Business Center III	LOGICITY Wakamiya
Acquisition date (scheduled)	May 29, 2020	Jun. 30, 2020
Source	Sponsor	Outside party
Location	Hakata Ward, Fukuoka City, Fukuoka	Miyawaka City, Fukuoka
Acquisition price	3,290 mm yen	1,700 mm yen
NOI yield (*6)	4.4%	6.7%

(*6) The indicated figure is based on the NOI described in the appraisal report.



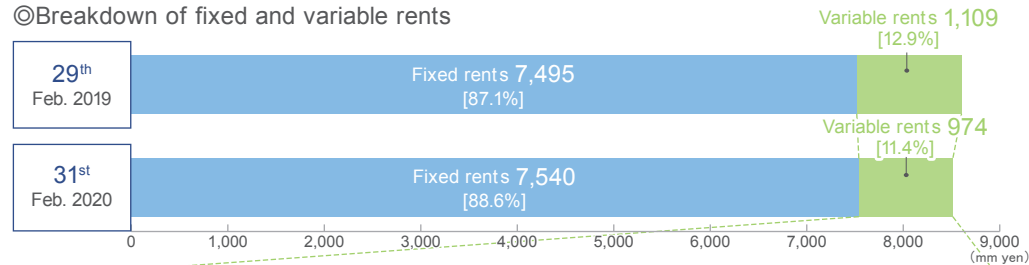
Dividend per unit
The actual of the 31st FP [Feb. 2020] **3,642 yen**
 compared with previous fiscal period (51) yen [(1.4) %]
 compared with forecast (8) yen [(0.2) %]

Actual fixed and variable rents for the 31st FP and projections for the 32nd and the 33rd FP

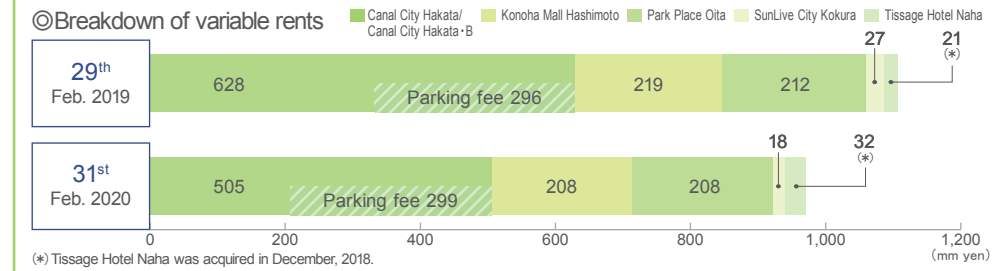
Expected to be affected by the new COVID-19 infections in the rent assumptions for the 32nd and the 33rd fiscal periods

Year-on-year comparison of fixed and variable rents for the 31st fiscal period

◎Breakdown of fixed and variable rents

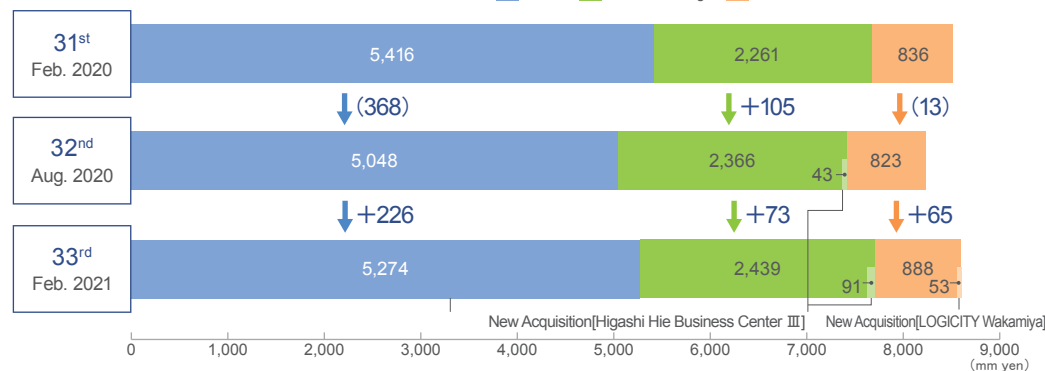


◎Breakdown of variable rents



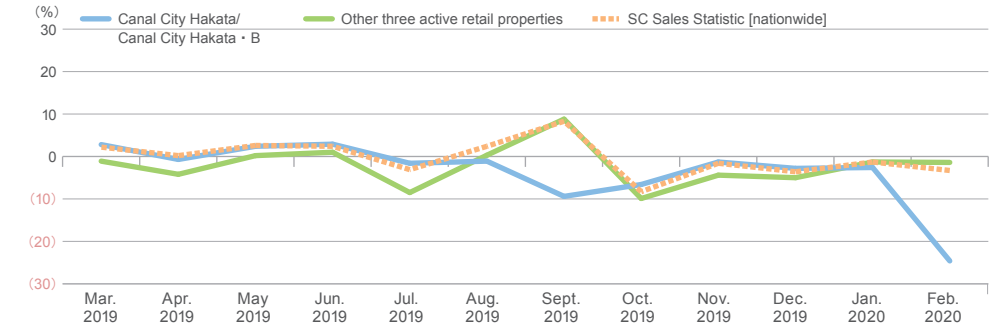
Rents' assumption for the 32nd and the 33rd FP

◎Breakdown of rents by investment type

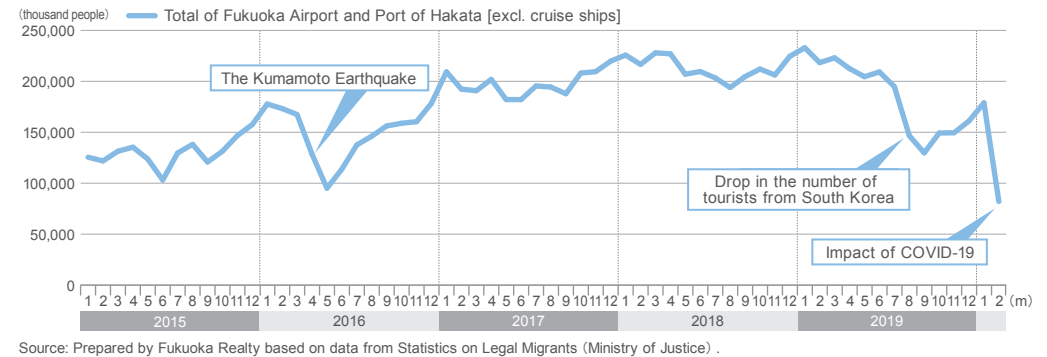


* "Rent" is indicated the total amount of leasing revenues-real estate
 * "Fixed rent" is indicated the amount of "leasing revenues-real estate" - "variable rents".
 * "Variable rents" are the sum of the portion of rents collected from tenants with variable and GOP rents that varies as a function of the tenants' sales. 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) Active retails are five owned properties as large retail facilities, Canal City Hakata, Canal City Hakata・B, Park Place Oita, SunLive City Kokura, Konoha Mall Hashimoto, that is affected by fluctuations in sales of leasing revenues-real estate.

Year-on-year changes in monthly sales of active retail properties (*1)



Change in number of overseas visitors (Fukuoka Airport and Port of Hakata [excl. cruise ships])



- Since February 2020, impact on variable rents linked to sales and earnings of owned properties surfaced due to the government's request for self-restraint and restrictions on travel from abroad, etc. due to the global spread of COVID-19 infection.
- Rents for the 32nd and 33rd fiscal periods are projected assuming that the impact of self-restraint on going out and fewer inbound tourists, etc. on sales and earnings of owned properties will continue through around December 2020.

New acquisition property for the 32nd FP

Higashi Hie Business Center III ~a new office building with high specifications near "Higashi Hie" Station~



◎Overview of the property

Acquisition date (scheduled)	May 29, 2020
Acquisition price (planned)	3,290 mm yen
Source	Fukuoka Jisho Co., Ltd. (Sponsor)
Location	4-45 Higashi-hie, Hakata Ward, Fukuoka City
Built timing	March 2020
Tenants	4 (*1)
NOI yield	4.4% (*2)

- Close to the entrance of the "Higashi Hie" Station, which is located between the "Hakata" Stn. and the "Fukuoka Airport" Stn. of the Fukuoka City Subway Kuko Line, and has an excellent accessibility.

- The Higashi-Hie area where the property is located has seen several office building developments in addition to the property since the completion of Higashi Hie Business Center in February 2009, on top of these, gaining competitiveness as an office area.

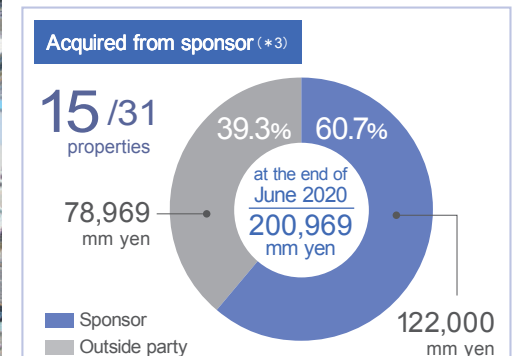
- A new office building with high specifications completed in March 2020

(*1) The number of tenants is indicated as of April 1, 2020.

(*2) The indicated figure is based on the NOI described in the appraisal report as of April 1, 2020.

◎Strong Sponsor Commitment

We will continue to acquire excellent properties developed by the sponsor. Asset size reached 200 billion yen (acquisition price) for the 32nd fiscal period.



(*3) Because the Higashi Hie Business Center that was acquired in the 10th FP, 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.

New acquisition property for the 32nd FP

LOGICITY Wakamiya ~Property acquisition by seizing the need to sell logistics facilities for own use~



- Located in an industrial park that is near Kyushu Expressway Wakamiya Interchange and has a concentration of logistics providers' warehouses along with Toyota Motor Kyushu's automobile plant, the property can operate around the clock.
- The warehouse floor is a single-story building, with berths on three sides to perform distribution functions and all-purpose specifications as to floor load and ceiling height, etc.
- A long-term [10-year], stable fixed-term lease agreement [contract slip] has been concluded through tenant leasing.

◎ Overview of the property

Acquisition date (scheduled)	Jun. 30, 2020
Acquisition price (planned)	1,700 mm yen
Renovation cost (planned)	400 mm yen [Restoration: 100 mm yen, Renewal: 300 mm yen]
Location	1406 Shimoaruki, Miyawaka-City, Fukuoka
Land area	34,827.68 m ²
Total floor space (*1)	17,799.76 m ²
Built timing	Feb. 2005[new construction], Sept. 2012[expansion]
NOI yield (*2)	6.7%
Tenant's name	Tsukasa Kigyou Co.,Ltd
Contract term	10 years [Nov. 2020~Oct. 2030]
Early cancellation and rent revision	Not available

(*1) The figure indicates the area of the main building and may change due to the renovation work to be conducted later.

(*2) The indicated figure is based on the NOI described in the appraisal report "NOI / acquisition price (planned) + renovation cost (planned)."



◎ Outline of the schedule until the start of leasing contract with new tenants

	32 nd FP						33 rd FP					
	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
Acquisition of the Property (*3)	Forward Commitment Term Settlement / Delivery											
Renovation Work							Restoration & Renewal Construction					
Tenant lease agreements (*4)							Lease agreement starts					

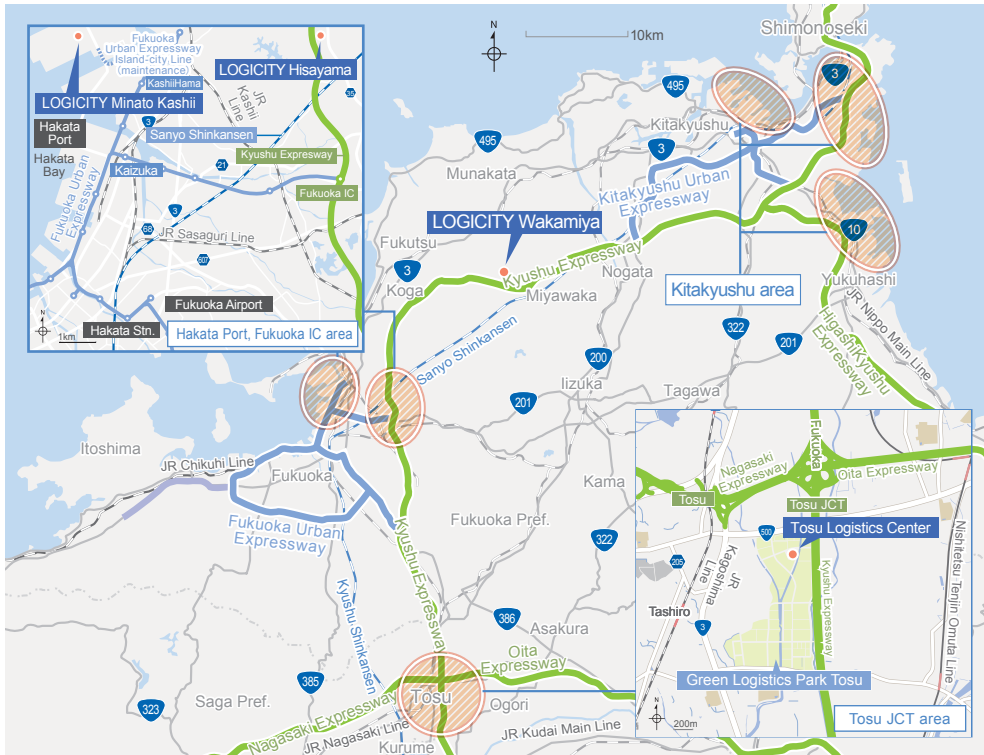
(*3) The real estate sales agreement was already concluded in November 2019.

(*4) The contract slip for lease agreement with the tenant was already concluded in October 2019.

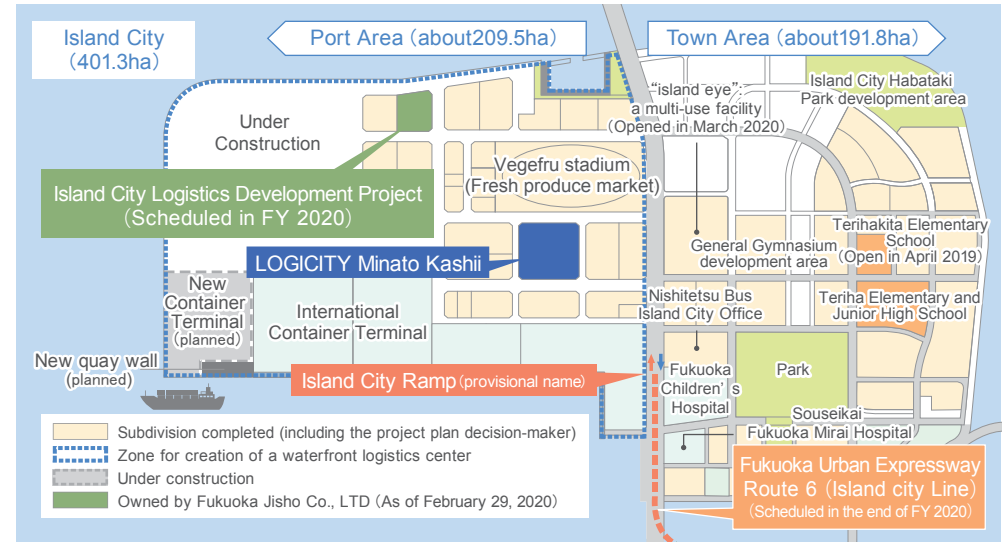
Logistics market in northern part of Kyushu

The supply and demand balance remains tight

Major logistics area



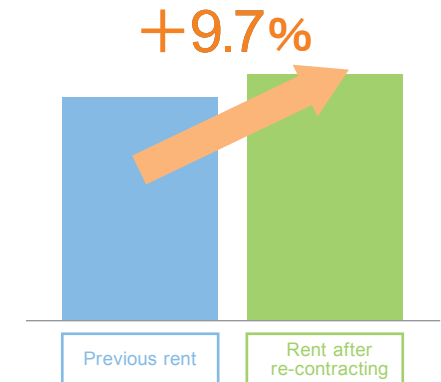
Development of the Island City area



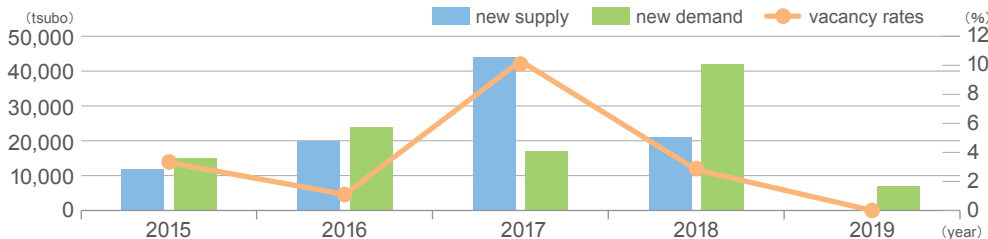
Source: Fukuoka Realty, based on Island City Outline Pamphlet (Fukuoka City, Port and Harbor Bureau)

Internal growth results from re-contracting for LOGICITY Minato Kashii (The 30th fiscal period)

◎Rent increase achieved through re-contracting with a large tenant



Supply and demand of logistic facilities and vacancy rates



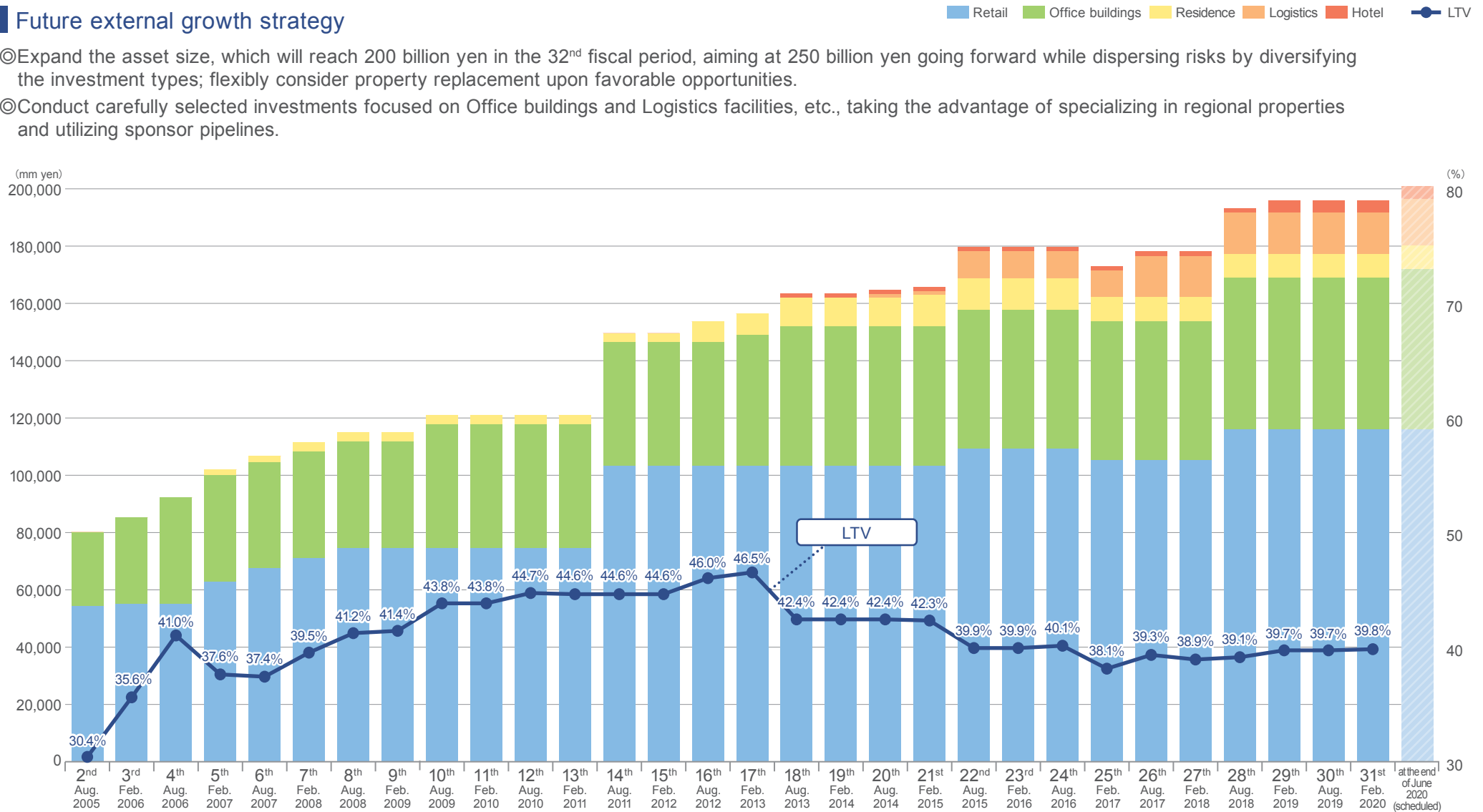
* The figures are covered total floor spaces (more than 5,000m²) which owned by real estate investment company and real estate development company in Fukuoka and Saga. Source: Prepared by Fukuoka Realty Co., Ltd., based on data of CBRE

Historical trends of asset's size by investment type [based on acquisition price]

Asset size will reach 200 billion yen for the 32nd fiscal period

Future external growth strategy

- ◎Expand the asset size, which will reach 200 billion yen in the 32nd fiscal period, aiming at 250 billion yen going forward while dispersing risks by diversifying the investment types; flexibly consider property replacement upon favorable opportunities.
- ◎Conduct carefully selected investments focused on Office buildings and Logistics facilities, etc., taking the advantage of specializing in regional properties and utilizing sponsor pipelines.



*As the senior equity interest in an anonymous partnership managed by CCH Bridge Y.K. was redeemed in the 14th FP, it is excluded from total acquired assets from the 14th FP onward. Since interest in the anonymous partnership managed by Limited Liability Company FRC1 was redeemed on in the 26th FP, it is excluded from total acquired assets from the 26th FP on ward.

Statements of Income (compared with the previous fiscal period)

Dividend per unit was 3,642 yen for the 31st FP: (1.4) % compared with the previous period

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

Sign indicates impact on profit (unit : mm yen)

Account		30 th A ~Aug. 31, 2019	31 st B ~Feb 29, 2020	Difference B-A	
Operating profit and loss	Total operating revenues	9,231	9,162	① (68)	
	Leasing revenues-real estate	8,530	8,515	(15)	
	Other leasing revenues-real estate	700	647	(53)	
	Total operating expenses	5,913	5,888	(24)	
	Expenses related to leasing business	5,250	5,226	② (23)	
	Asset management fees	540	534	(5)	
	Asset custody fees	7	7	(0)	
	Administrative service fees	55	55	(0)	
	Director's compensations	9	9	-	
	Other operating expenses	50	55	5	
	Operating income	3,318	3,273	(44)	
	Non-Operating profit and loss	Total non-operating revenues	0	0	0
		Total non-operating expenses	379	374	(4)
Interest expenses (incl. investment corporation bonds)		279	275	(4)	
Financing related expenses		93	93	(0)	
Others		5	5	-	
Ordinary income	2,939	2,900	(39)		
Profit before income taxes	2,939	2,900	(39)		
Total income taxes	0	1	0		
Profit	2,939	2,899	(40)		
Dividend	Total dividends	2,939	2,899	(40)	
	Dividend per unit (yen)	3,693	3,642	(51)	

■ Operating profit and loss

① Canal City Hakata	(8)
[-of which, a seasonal factor of variable rents	+12]
Canal City Hakata•B	+4
[-of which, a seasonal factor of variable rents	+15]
Park Place Oita	(6)
[-of which, decrease in income from utilities	(14)]
Konoha Mall Hashimoto	(13)
[-of which, decrease in income from utilities	(9)]
Canal City Business Center Building	(18)
Office buildings(others)	+1
[-of which, increase in leasing revenues-real estate	+13]
[-of which, decrease in income from utilities, etc.	(12)]
Tissage Hotel Naha	(19)
Others	(9)
Total :	(68)
② Decrease in outsourcing expenses	+12
Decrease in expenses from utilities	+44
Increase in depreciation and amortization expenses	(8)
Increase in other expenses	(25)
Total :	+23

Statements of Income (compared with the forecast)

Impacted by expanded infection of COVID-19 at Canal City Hakata

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

Sign indicates impact on profit (unit : mm yen)

Account		31 st A Previous Forecast	31 st B ~Feb. 29, 2020	Difference B-A
Operating profit and loss	Total operating revenues	9,270	9,162	① (108)
	Leasing revenues-real estate		8,515	
	Other leasing revenues-real estate		647	
	Total operating expenses	5,989	5,888	② (100)
	Expenses related to leasing business		5,226	
	Asset management fees		534	
	Asset custody fees		7	
	Administrative service fees		55	
	Director's compensations		9	
	Other operating expenses		55	
	Operating income	3,281	3,273	(7)
Non-Operating profit and loss	Total non-operating revenues	0	0	(0)
	Total non-operating expenses	375	374	(0)
	Interest expenses (incl. investment corporation bonds)		275	
	Financing related expenses		93	
	Others		5	
Ordinary income	2,907	2,900	(7)	
Profit before income taxes	2,907	2,900	(7)	
Total income taxes	1	1	(0)	
Profit	2,906	2,899	(6)	

Dividend	Total dividends	2,905	2,899	(6)
	Dividend per unit (yen)	3,650	3,642	(8)

Operating profit and loss

① Canal City Hakata	(18)
Canal City Hakata-B	(44)
SunLive City Kokura	(5)
Konoha Mall Hashimoto	(6)
Canal City Business Center Building	(26)
Office buildings(others)	+7
Tissage Hotel Naha	(14)
Others	(2)
Total :	(108)
② Decrease in repair & maintenance expenses	+69
Decrease in other expenses	+31
Total :	+100

Business forecast (the 32nd fiscal period, Aug. 2020)

Decrease in revenues due to the impacted by the infection of COVID-19

Forecast in the 32nd fiscal period

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

Account	31 st Actual A	32 nd Forecast at 30 th B	32 nd Forecast at 31 st C	31 st Actual difference C-A	32 nd Forecast difference C-B
Operating revenues	9,162	9,350	8,893	① (269)	(457)
Operating expenses	5,888	6,041	6,006	② 117	(35)
Operating income	3,273	3,309	2,887	(386)	(422)
Non-operating revenues	0	0	0	0	-
Non-operating expenses	374	379	378	4	(0)
Ordinary income	2,900	2,930	2,509	(390)	(421)
Profit	2,899	2,929	2,508	(390)	(421)
Total dividends	2,899	2,929	2,507	(391)	(421)
Dividend per unit (yen)	3,642	3,680	3,150	(492)	(530)

Sign indicates impact on profit (unit : mm yen)

■ Difference between the 31st FP actual and the 32nd FP forecast

① Acquired properties at the 32 nd FP	+43
(Higashi Hie Business Center III Acquired in May 2020)	
Canal City Hakata	(100)
[-of which, a seasonal factor of variable rents	(12)]
Canal City Hakata・B	(109)
[-of which, a seasonal factor of variable rents	(15)]
Park Place Oita	(59)
Konoha Mall Hashimoto	(79)
SunLive City Kokura	(18)
Office buildings(excl. Higashi Hie Business Center III)	+71
[-of which, increase in leasing revenues-real estate	+61]
[-of which, increase in income from utilities, etc.	+10]
Tissage Hotel Naha	(17)
Others	(1)
Total :	(269)
② Increase in expenses from utilities	(21)
Increase in repair & maintenance expenses	(48)
Increase in depreciation and amortization expenses	(30)
[-of which, Higashi Hie Business Center III	(12)]
Increase in other expenses	(18)
Total :	(117)

Business forecast (the 33rd fiscal period, Feb. 2021)

Contributed newly acquired 2 properties in the 32nd FP

Forecast in the 33rd fiscal period

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

Account	32 nd Forecast at 31 st A	33 rd Forecast at 31 st B	32 nd Forecast difference B-A
Operating revenues	8,893	9,240	① 346
Operating expenses	6,006	5,951	② (54)
Operating income	2,887	3,288	401
Non-operating revenues	0	0	-
Non-operating expenses	378	382	3
Ordinary income	2,509	2,906	397
Profit	2,508	2,905	397
Total dividends	2,507	2,905	398
Dividend per unit (yen)	3,150	3,650	500

Sign indicates impact on profit (unit : mm yen)

■ Variance from updated the 32nd FP forecast

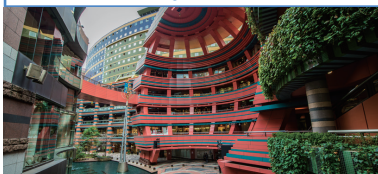
① Acquired properties at the 32 nd FP	
(LOGICITY Wakamiya)Leasing contract will start in Nov. 2020	+53
(Full-period contribution of Higashi Hie Business Center III)	+48
Canal City Hakata	(17)
Canal City Hakata•B	+109
Park Place Oita	+64
Konoha Mall Hashimoto	+69
Office buildings(excl. Higashi Hie Business Center III)	+15
[-of which, increase in leasing revenues-real estate	+25]
[-of which, decrease in income from utilities, etc.	(10)]
Tissage Hotel Naha	+12
Others	(7)
Total :	+346
② Decrease in outsourcing expenses	+15
Decrease in expenses from utilities	+23
Increase in repair & maintenance expenses	(40)
Decrease in depreciation and amortization expenses	+55
[-of which, LOGICITY Wakamiya	(11)]
[-of which, Higashi Hie Business Center III	(6)]
Decrease in other expenses	+1
Total :	+54

Perspectives on business environment surrounding owned properties and future policies

Use of property		Perspective on business environment	Future policies
Retail	Overall	<p>Short term Consumption trends are changing due to self-restraint on going out, etc. in the face of COVID-19 infection.</p> <p>Medium to long term Need to respond to opening of competing facilities and changes in purchase behaviors, tastes and preferences of consumers.</p>	<ul style="list-style-type: none"> ● Closely monitor the impact of COVID-19 infection and work to reinforce tenant relationships. Take necessary measures such as review of sales promotion measures, infection countermeasures and shortening of business hours. ● Investigate renovations designed for vitalizing and differentiating the facilities. Conduct regular tenant replacement to improve facility attractiveness. ● Study tenant response policy in consideration of the maturity of fixed-term lease agreements.
	Canal City Hakata	<p>Short term The number of foreign tourists visiting Japan, which had been increasing through 2018, is dropping sharply.</p> <p>Medium to long term A new station on the Subway Nanakuma Line and directly connected to the facility will open in FY2022. The number of inbound tourists will increase, and diversification of destination cities will continue due to reinforced functions of Fukuoka Airport. Flight slots of Fukuoka Airport will further increase due to service of a parallel taxiway commencing in January 2020 and an additional runway to come in FY2024; a larger number of destination cities will increase the number of inbound tourists; mitigating the risk of concentration on South Korea.</p>	<ul style="list-style-type: none"> ● Study measures to better motivate domestic and foreign customers for facility visits : provide experiential value. ● Review tenant composition for the opening of new subway station, strengthen entertainment, revitalize common areas, and enhance coordination with local communities. ● Reinforce ability to respond to overseas customers in preparation for diversification of inbound tourists
Office buildings		<p>Short term Tight conditions for supply and demand continue, sustaining the trends of low vacancy rates and higher rents.</p> <p>Medium to long term Supply will increase in 2021 and thereafter through large-scale redevelopment projects. →Leading to further vitalization of the Fukuoka office market</p>	<ul style="list-style-type: none"> ● Work to maintain and improve building competitiveness to achieve continuous increase in rents. ● Promote cost reductions by replacing facilities with more energy-efficient ones.
Logistics		<p>Short term Demand remains strong for suitable logistics locations near Fukuoka, keeping vacancy rates of rental logistics facilities at a low level.</p> <p>Medium to long term Supply of large-scale logistics sites in suitable logistics areas is limited.</p>	<ul style="list-style-type: none"> ● Consider measures for value enhancement aligned with the timing of maturity and renewal of lease agreements.
Residence		<p>Short term Population inflow into Fukuoka City continues and the supply of rental condominiums continues at a certain level: population was 1,595 thousand people in December 2019, up 134 thousand people year-on-year.</p> <p>Medium to long term While population is assumed to continue growing, supply will also be maintained, keeping occupancy rates and rent levels stable.</p>	<ul style="list-style-type: none"> ● Maintain property competitiveness through endeavors both in terms of know-how and facilities that address the needs of residents.
Hotel		<p>Short term RevPAR is falling along with a drop in human migration due to COVID-19 infection : business trips and tours, etc.</p> <p>Medium to long term The number of inbound tourists will increase, and diversification of destination cities will continue due to reinforced functions of Fukuoka Airport. With the addition of the second runway completed, Naha Airport will see more visiting tourists.</p>	<ul style="list-style-type: none"> ● Collect information to analyze the current situation, and work to maintain and enhance occupancy rates through coordination with operators. ● Consider measures to improve earnings in preparation of the lifting of request for self-restraints on going out and the return of inbound tourists.

Situation of active retail ①

● Canal City Hakata ● Canal City Hakata・B



Sales (annual total(*1))
Mar. 2019 - Feb. 2020

29.9 bn yen
YoY (3.5)%

Sales were strong at stores newly opened through tenant replacement, but overall building sales dropped due to the closing of the OPA section 2nd floor for renovation (through end of October 2019) and were impacted by a decrease in visitors due to the Japan-South Korea relationship and expanded infection of the novel coronavirus.

● Park Place Oita



Sales (annual total)
Mar. 2019 - Feb. 2020

24.7 bn yen
YoY (1.6)%

Conducted renovation of specialty shops featuring product offerings that are among the largest in Kyushu and continued to hold events with high customer drawing ability like inviting Oita Trinita, a J1 league soccer team, and other topical guests. Charging equipment for electric vehicles and free Wi-Fi service were also introduced in an effort to improve the facilities.

● Konoha Mall Hashimoto



Sales (annual total(*2))
Mar. 2019 - Feb. 2020

15.6 bn yen
YoY (3.1)%

Held a thanksgiving festival as cumulative number of visitors surpassed 50 million in the 9th year since opening. The consumption tax rate hike and sluggish apparel sales due to warm winter temporarily dropped sales, but the property remains supported by customers as a community-based retail facility and achieved better rent terms upon re-contracting with existing tenants.

● SunLive City Kokura



Sales (annual total(*3))
Mar. 2019 - Feb. 2020

—
YoY (2.0)%

Sales declined, impacted by the consumption tax rate hike and sluggish apparel sales due to warm winter. Conducted visitor surveys and discussions with tenants as to tenant replacement, renovation and other initiatives in order to vitalize the facilities going forward.

*Sales figures are rounded down to the nearest 100 mm yen.

(*1) Combined sales of Canal City Hakata and Canal City Hakata・B, properties owned by Fukuoka REIT.

(*2) Sales figures exclude sales at temporary shops set up in common areas during special events.

(*3) Sales figures are omitted because SunLive did not consent to their disclosure.

◎Almost 100% occupancy rates in active retail properties

Property name	Occupancy rate as of Feb. 29, 2020	Tenants
Canal City Hakata	99.8%	48
Canal City Hakata・B	99.5%	46
Park Place Oita	99.9%	103
Konoha Mall Hashimoto	98.7%	124
SunLive City Kokura	100.0%	1

◎Measures to prevent spread of COVID-19 infection

●Shorter business hours and temporary closure, etc. (as of April 10, 2020)

Property name	Contents
Canal City Hakata	Feb. 21~ Suspended events Mar. 4~ Stores ▶ Operate 2 hours shorter Restaurants▶ Operate 1 hour shorter
Canal City Hakata・B	Apr. 9~ Temporarily closed excl. some stores (for the time being)
Park Place Oita	Mar. 4~ Stores ▶ Operate 1 hour shorter Restaurants▶ Operate as usual Mar. 13~ Suspended events Restaurants▶ Operate 1 hour shorter
Konoha Mall Hashimoto	Feb. 21~ Suspended events Mar. 4~ Stores ▶ Operate 1 hour shorter Restaurants▶ Operate 1 hour shorter Apr. 9~ Temporarily closed excl. some stores (for the time being)
SunLive City Kokura	Some events suspended, etc.

Situation of active retail ②

Canal City Hakata

Remarkable tenants

©First in Kyushu area

『THE GUNDAM BASE FUKUOKA』 『GUNDAM Café』



THE GUNDAM BASE FUKUOKA, with its offerings among the largest in Japan and focused on exclusive products, is a flagship shop to demonstrate GUNPLA's attractiveness, including Build Room (for assembling GUNPLA) and an exhibition zone of pro-modelers' works, while GUNDAM Café, an official GUNDAM café full of entertainment, offers the joy of the GUNDAM world atmosphere.

Canal Aqua Panorama in Christmas version

©『Christmas Panorama

～Santa Claus is coming to Canal City Hakata～』



At Canal Aqua Panorama featuring an interlink of images (projection mapping), water shows, music and light, a special performance limited to the Christmas season was performed, with Santa Clause appearing on the stage.

Exhibiting at Travel Expo

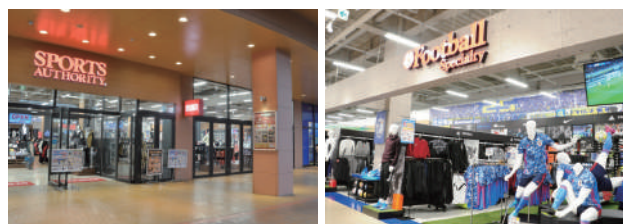
Participated in "ITF 2019" in Taipei, Nov. 2019 and "JAPAN EXPO THAILAND 2020" in Jan. 2020. Distributed pamphlets and coupons at the booth.



Park Place Oita

Remarkable tenants

©Renewal open of SPORTS AUTHORITY



Fully introduced topical items and new corners including Football Specialty, a soccer specialty shop that is among the largest in Kyushu with wide product offerings; CORNERS, a select shop for enjoying cutting-edge sport and fashion goods; and outdoor apparel shops.

Events information



JA's festival hold in Nov. 2019 [1st event collaborated with JA Oita] New year event [DRUM TAO]

Facility improvement



Installed charging equipment for electric vehicles on Dec. 16 to enhance convenience of users of such vehicles

- Location parking lot G : underground parking of AEON supermarket
- Number of installed equipment 5 ordinary chargers
- Available hours 6:00-24:00 /up to 180 minutes for a single charge



Free Wi-Fi service became available within the building

Konoha Mall Hashimoto

Cumulative number of visitors surpassed 50 million!

©September 19, 2019

Cumulative number of visitors surpassed 50 million in the 9th year since opening.

Held "Thanksgiving Sale for Surpassing 50 Million," "General Election for Autumn Umakamon," "Autumn Gourmet LINE Coupon Delivery" and other events over 3 days. In the "General Election for Autumn Umakamon," 10 delicious eateries at Konoha Mall Hashimoto participated in a popularity vote as a campaign pledge.



Situation of tenants

©Improvement in tenant rent terms

Subject for revision	Tenant with improved terms
65 tenants	14 tenants

Events information

Held many events planned by stores



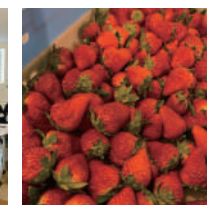
Grimm Land Presents TOMICA & PLARAIL Festival

A corner for playing with TOMICA products for a fee was set up in Garden Court, attracting over 800 people in two days.



SunLive x Koikeya Potato Chips Class for Parent & Child

Held a class, first in Kyushu, for experiencing potato chip seasoning and learning the history and taking quizzes on how potato chips are made.



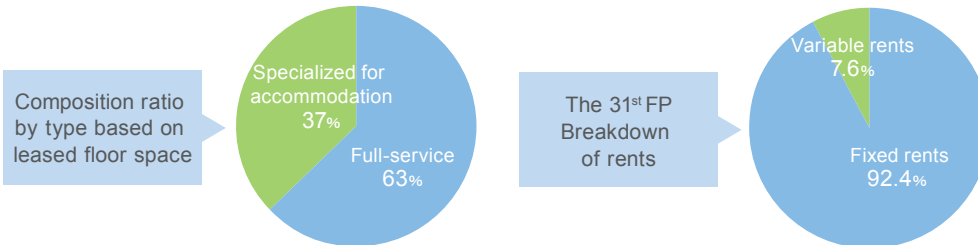
New-Year Offering of Deliciousness

Offered Benihoppe strawberries to visitors free of charge, with the cooperation of Ueki Greengrocer, to contribute to the bustle around the Marche.

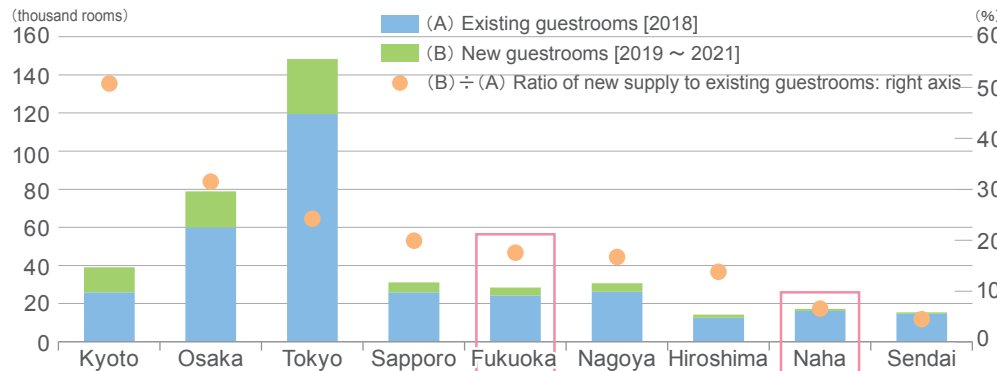
Situation of Hotel

Overview of hotel

Hotel	Grand Hyatt Fukuoka [Canal City Hakata - B]	Fukuoka Washington Hotel [Canal City Hakata]	Hotel FORZA Oita	Tissage Hotel Naha
Type	Full-service	Specialized for accommodation	Specialized for accommodation	Specialized for accommodation
Leasing Form	Fixed+Variable rents	Fixed+Variable rents	Fixed rents	Fixed+Variable rents
Area	Fukuoka City	Fukuoka City	Oita City	Naha City
Rooms	370	423	205	132



New supply of hotel guestrooms by city



Source: Prepared by Fukuoka Realty Co., Ltd., based on BZ Space Autumn 2019 Issue by CBRE.

Canal City Hakata / Canal City Hakata - B

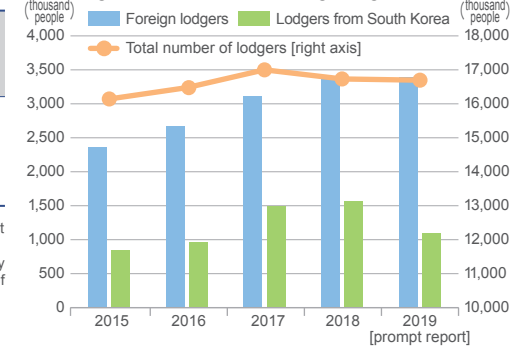
◎Average year-on-year comparison of RevPAR (*1)

Mar. 2019~Feb. 2020
YoY RevPAR (*1)

(4.7) %

*The figure is calculated as the average value for Grand Hyatt Fukuoka and Canal City Fukuoka Washington Hotel.
(*1) Revenue Per Available Room = Total accommodation-category sales over a certain period of time divided by the total number of guest rooms available for sale for the same period.

◎Change in total number of foreign lodgers in Fukuoka



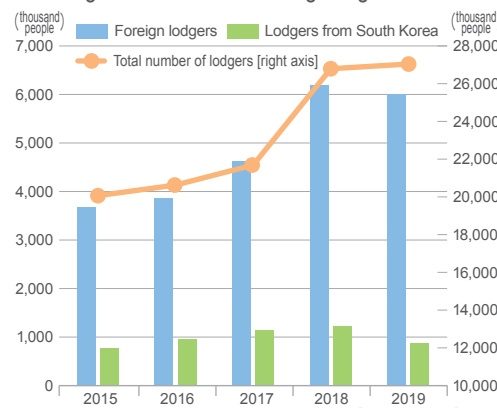
Source: Prepared by Fukuoka Realty based on Statistical Survey on Overnight Travel (Japan Tourism Agency)

Tissage Hotel Naha

	29 th (Feb. 2019)	31 st (Feb. 2020)	year-on-year
Room occupancy rates	86.6%	81.0%	(5.6) %
ADR (*2)	9,378 yen	8,403 yen	(975) yen
RevPAR (*1)	8,123 yen	6,807 yen	(1,316) yen

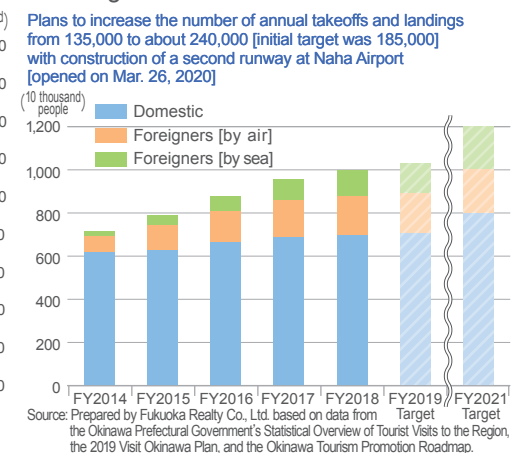
(*2) Average Daily Rate = Total accommodation-category sales over a certain period of time divided by the total number of guest rooms sold over the same period.

◎Change in total number of foreign lodgers in Okinawa



Source: Prepared by Fukuoka Realty based on Statistical Survey on Overnight Travel (Japan Tourism Agency)

◎Change in number of tourists to Okinawa

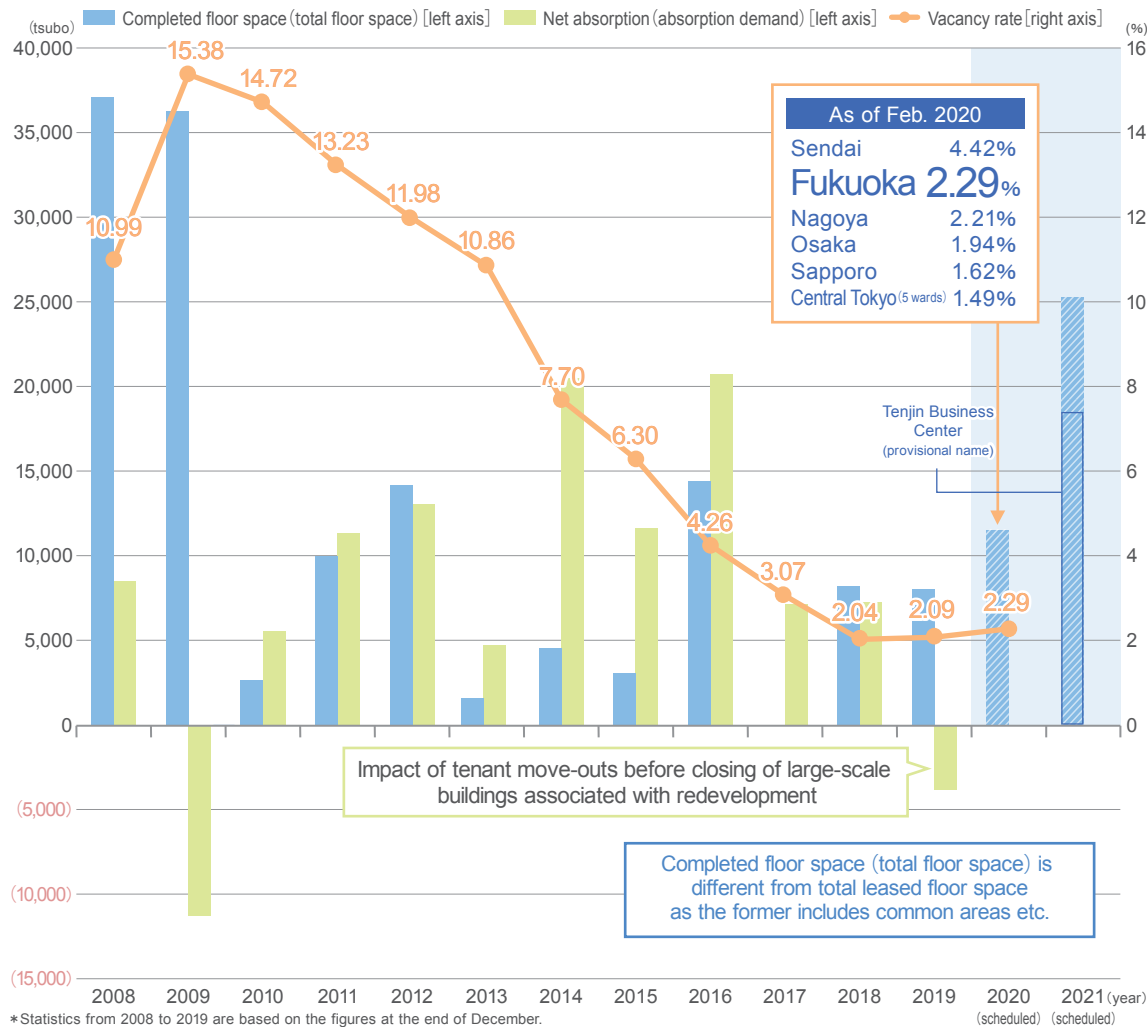


Source: Prepared by Fukuoka Realty Co., Ltd. based on data from the Okinawa Prefectural Government's Statistical Overview of Tourist Visits to the Region, the 2019 Visit Okinawa Plan, and the Okinawa Tourism Promotion Roadmap.

Trends in the Fukuoka office market

Vacancy rate below 3%, rent has risen for 32 consecutive months

Fukuoka business district / Vacancy rates and supply and demand of office buildings

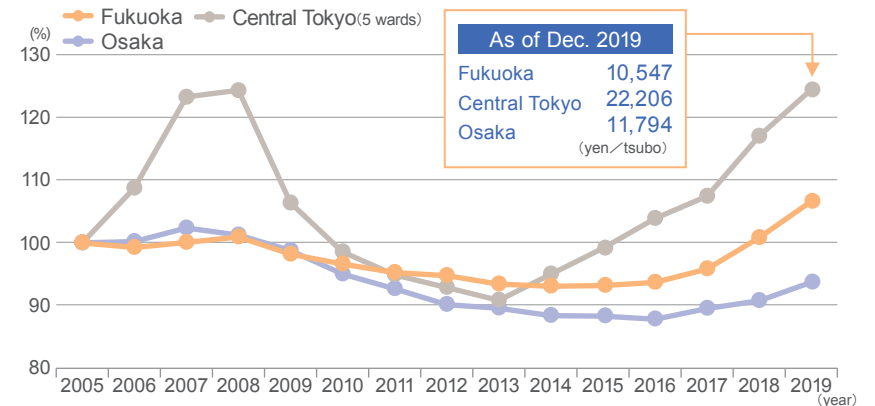


* Statistics from 2008 to 2019 are based on the figures at the end of December.
 * Office building-related data for each city are data for areas and buildings included in surveys conducted by Miki Shoji Co., Ltd.
 * Net absorption (absorption demand) shows the change in the occupied floor space during a specific period. It is calculated by subtracting the occupied floor space on December 31 of the previous year from the occupied floor space on December 31 of the applicable year. Completed floor space (total floor space) figures for 2020 and 2021 have not been finalized, and the floor space and expected completion dates are subject to change.
 Source: Prepared by Fukuoka Realty Co., Ltd based on data from "Office Market Data" Miki Shoji Co., Ltd

Fukuoka business district / Average asking rents

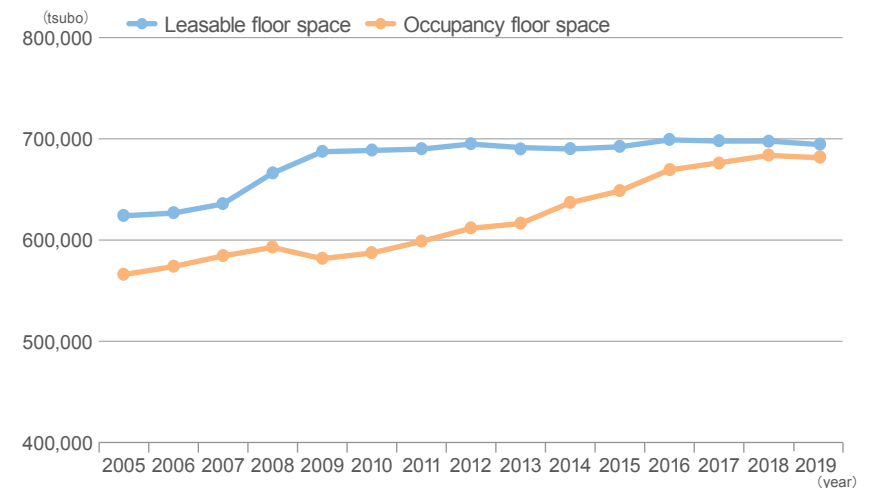
©Average asking rents during the past year [Y2005=100]

Average asking rent of the Fukuoka business district rose 6.6% in the 12 months from February 2019 to February 2020.



* The figures as of December 31 each year.
 Source: Prepared by Fukuoka Realty Co., Ltd based on data from "Office Market Data" Miki Shoji Co., Ltd

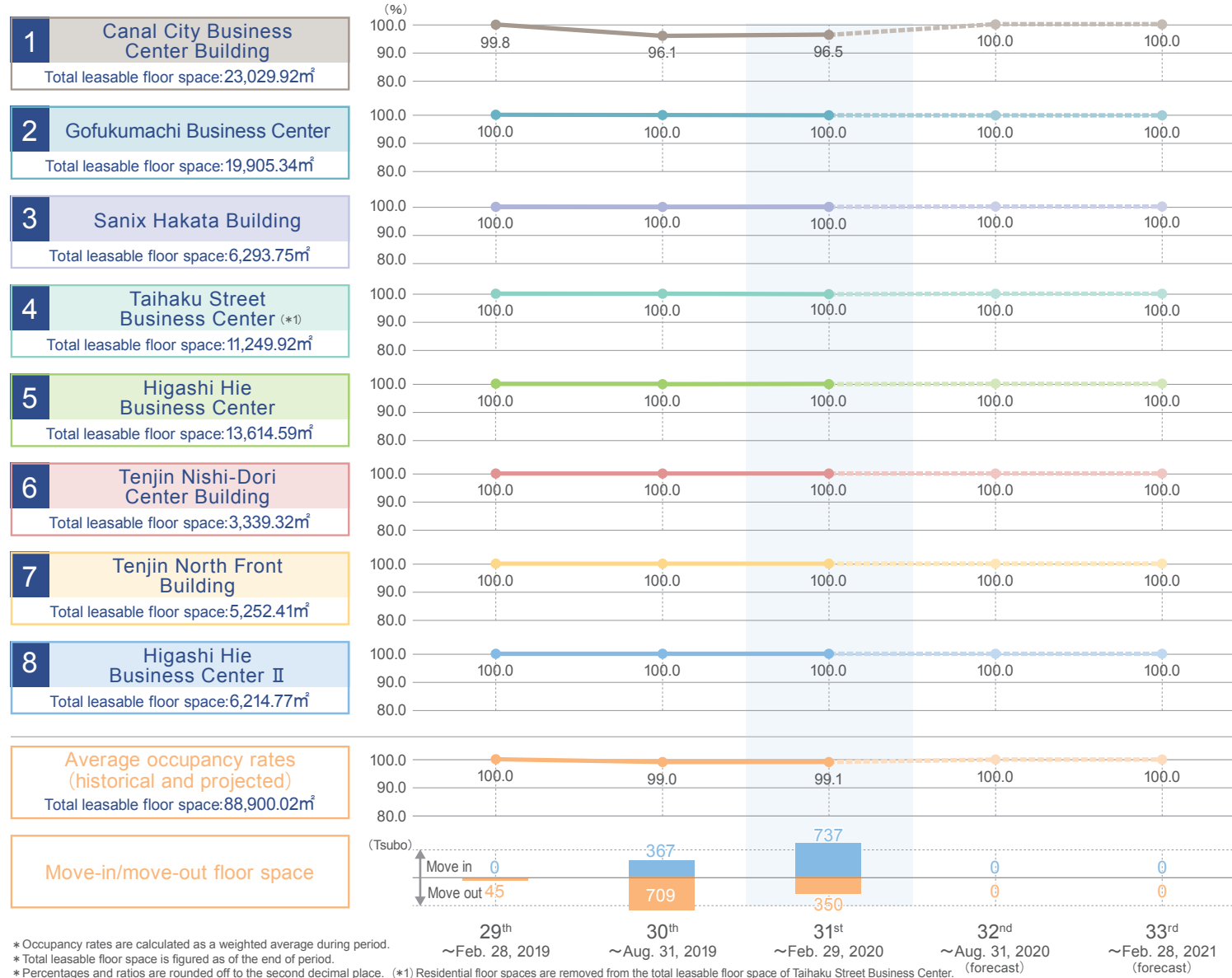
Fukuoka business district / Trend of leasable floor space and occupancy floor space



Source: Prepared by Fukuoka Realty Co., Ltd based on data from "Office Market Data" Miki Shoji Co., Ltd

Historical and projected office buildings' occupancy rates

Maintaining high occupancy levels while steadily increasing rent per unit area



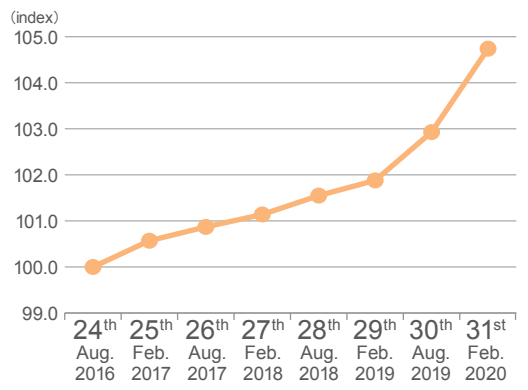
* Occupancy rates are calculated as a weighted average during period.
 * Total leasable floor space is figured as of the end of period.
 * Percentages and ratios are rounded off to the second decimal place. (*1) Residential floor spaces are removed from the total leasable floor space of Taihaku Street Business Center.

Major indicators of owned properties(*2)

Total amount of acquisition	52,730 mm yen
Investment ratio	26.9%
Average age	17 years 3 months
Tenants	225
Total leasing revenues-real estate in the 31st FP	2,261 mm yen
Rent gap	(30.4)% (*3)

(*2) The figures are indicated as of February 29, 2020.
 (*3) Rent gap indicated the gap between current rent: contract rent with common charges and market rent, and is calculated as "current rent - market rent / current rent". Moreover, market rent indicated average of assumed newly closed rent assessed by CBRE as of Feb. 2020.

Trend in rent unit price index of owned properties (*4)

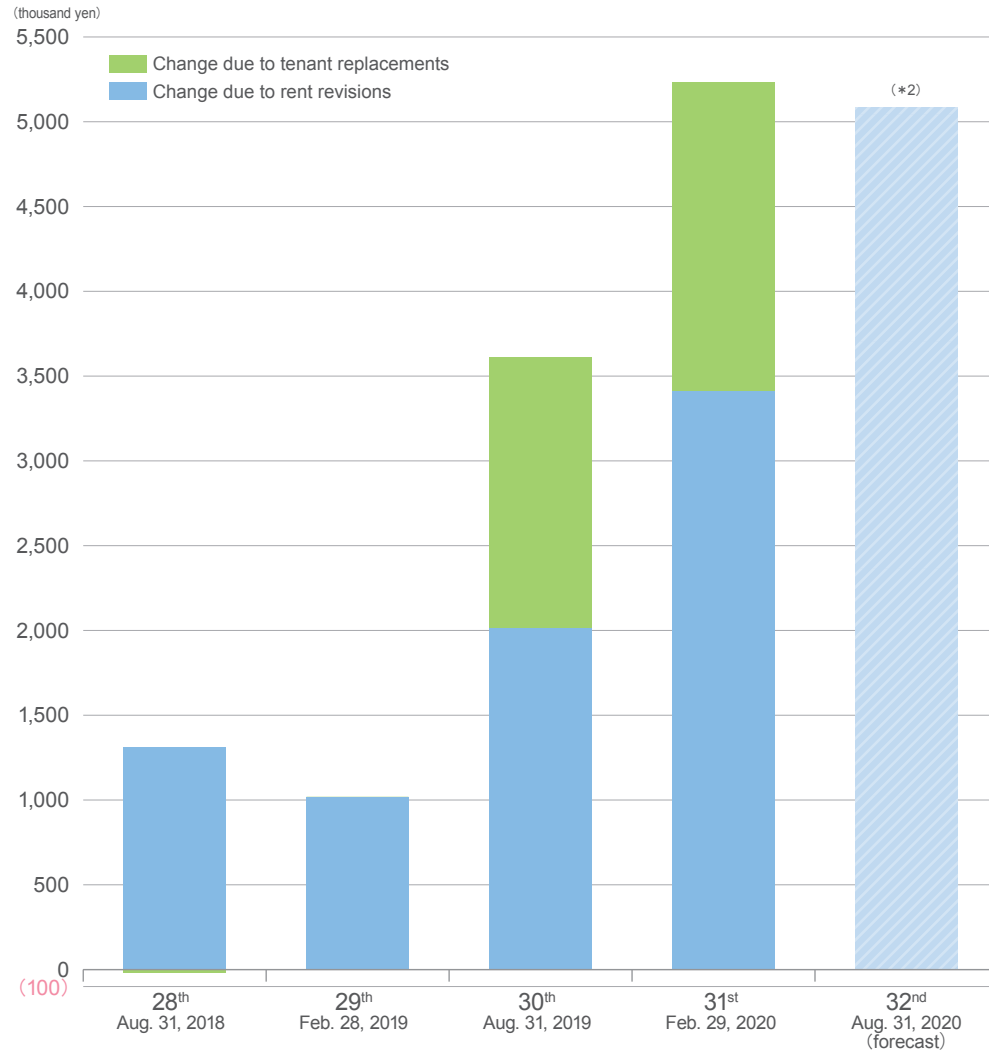


(*4) The rent unit price index is based on the average rent per unit area at the end of each fiscal period compared with the rent per unit area at the end of the 24th fiscal period (August 2016), which is set as 100. This covers all office building properties excluding Higashi Hie Business Center II (But, for Canal City Business Center, only the spaces from the 2nd floor and above are covered).

Office building rent revisions and tenant replacement situation

The amount of rent expanded from the 30th fiscal period

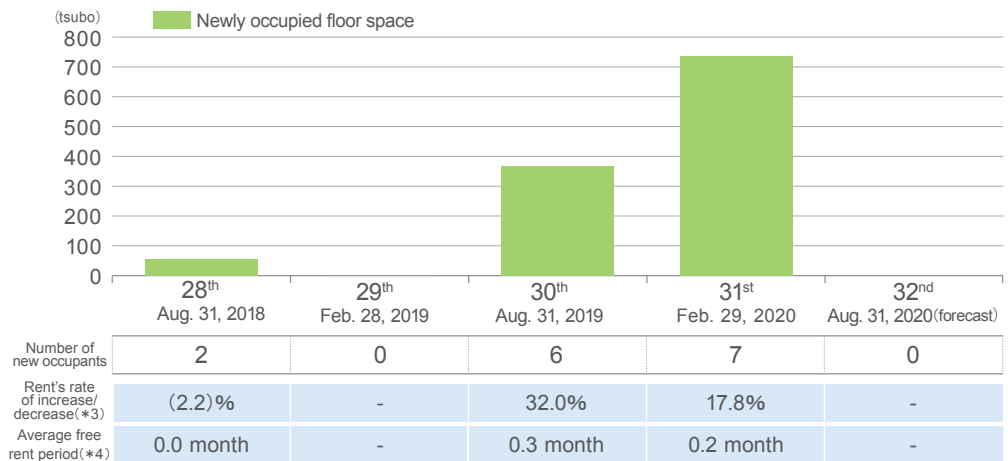
Change in monthly rent due to rent revisions and tenant replacements (*1)



* Covers all office buildings owned at the end of each fiscal period (However, for Canal City Business Center, only the spaces from the 2nd floor and above are covered).
 (*1) There were no revisions to the rent reductions.

(*2) For the 32nd fiscal period, only the figures where a tenancy agreement has been entered into as of the announcement of financial results or agreement regarding changes has been reached with tenants as of the announcement of financial results are stated.

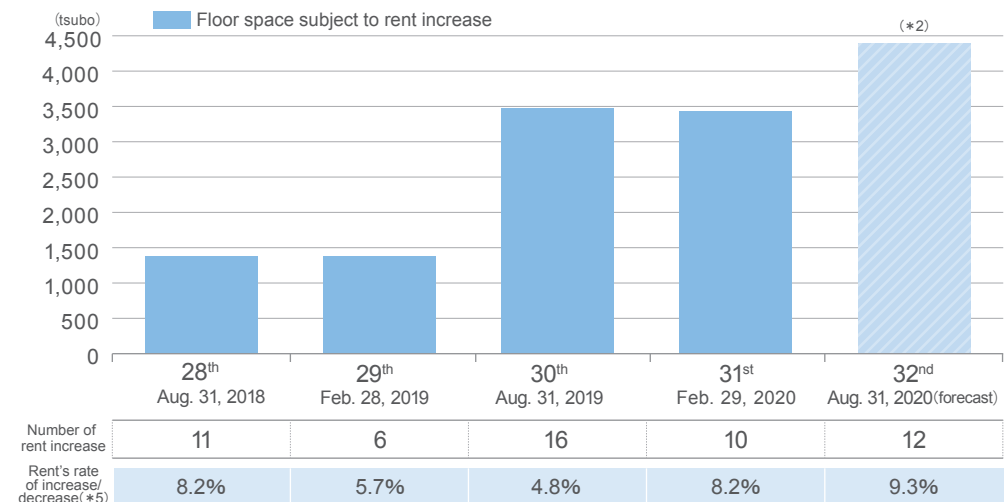
Newly occupied floor space and number of new occupants



(*3) Based on calculation of the rate of change in rent with respect to the contract rent with the previous tenant at the time of tenant replacement.

(*4) Based on calculation of the average over the free rent period of new contract.

Floor space subject to rent increase and number of properties subject to rent increases (*1)

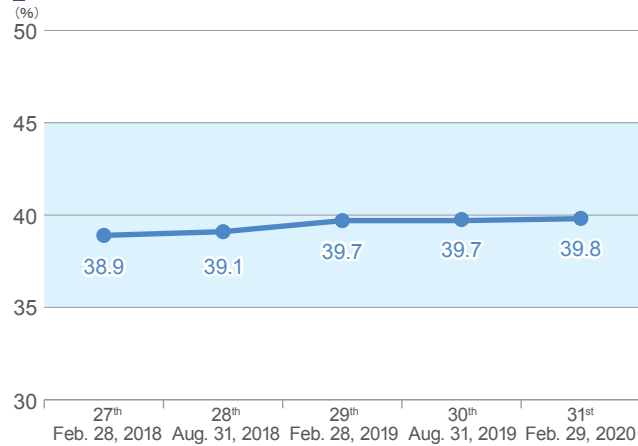


(*5) Rate of increase/decrease calculated based on previous rent at rent revision.

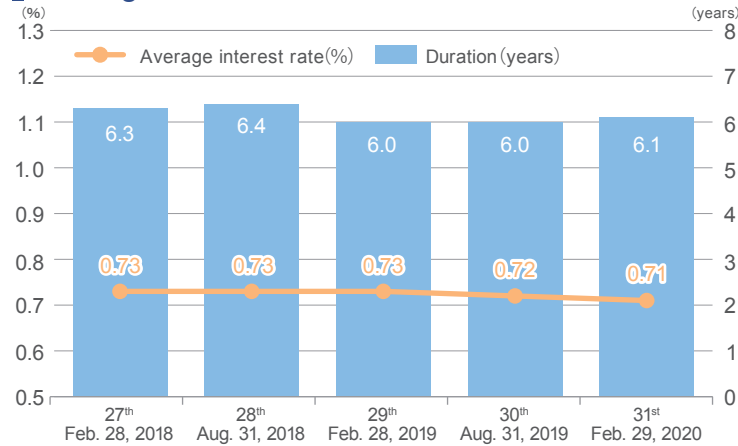
Financing condition

Establishment of stable financial base

LTV

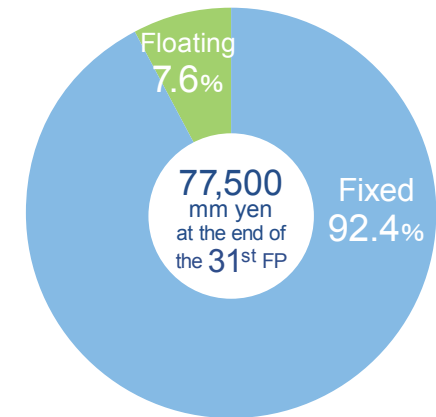


Average interest rate (*1) and duration

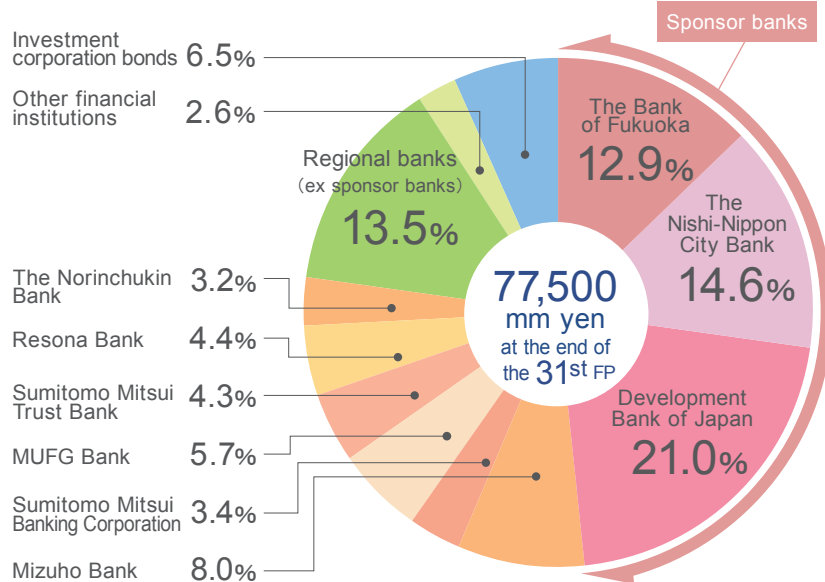


(*1) Interest rates are rounded off to the second decimal place.

Fixed and floating rate

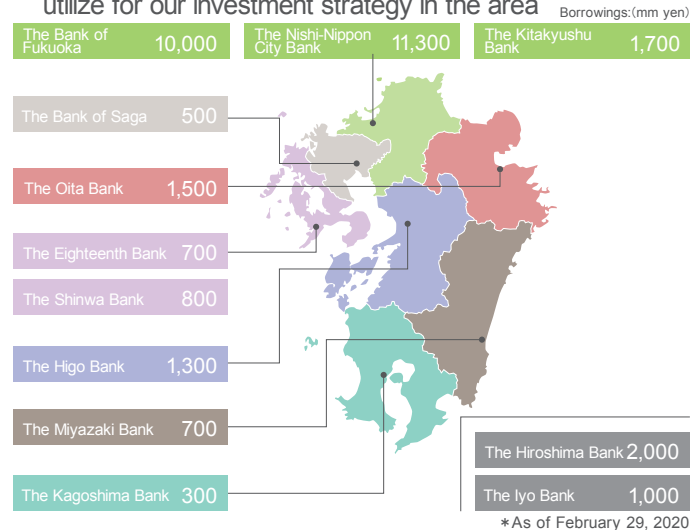


Breakdown of debt by lenders

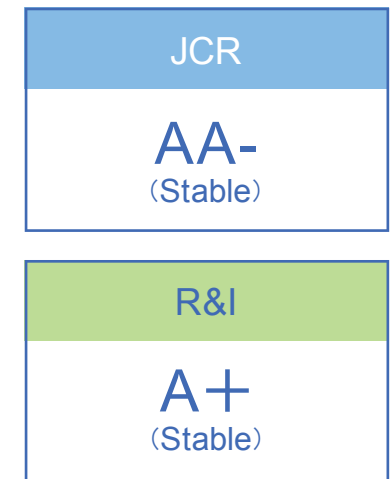


A regional bank transaction network

©Sharing of information networks unique to regional banks to utilize for our investment strategy in the area



Credit ratings (*2)



(*2) JCR: long-term issuer rating obtained from Japan Credit Rating Agency, Ltd.
R&I: issuer rating obtained from Rating and Investment

Key financing events in the 31st fiscal period

Achievement of both interest cost reduction, borrowing term extension and diversification

New financing and repayment results

◎Long-term debt for the 31st fiscal period ended February 2020

Repayment summary		New financing summary		Difference
Total repayment amount	4,700 mm yen	Total repayment amount	4,700 mm yen	—
Average interest rate	0.673%	Average interest rate	0.458%	(0.214)%
Average debt duration	6.8 years	Average debt duration	9.9 years	+3.1 years

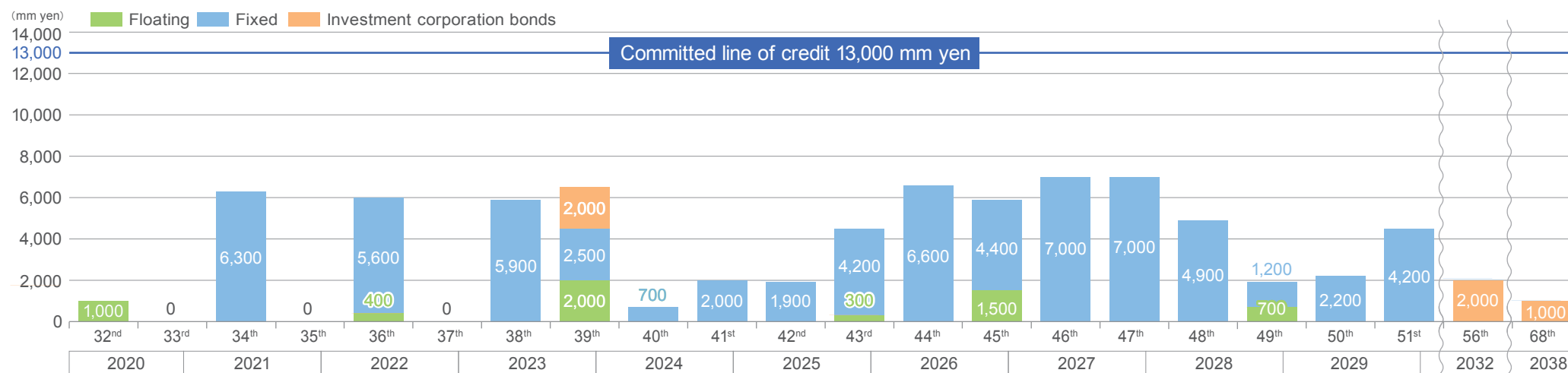
*Amounts are totals, and terms and interest rates are weighted averages. Interest rates are rounded off to the second decimal place.

Extension of commitment line agreement period

◎Changed the period of the commitment line agreement to 3 years with The Nishi-Nippon City Bank serving as the agent

	Lender	Credit Limit	Period	
			Start	End
Committed line of credit 1	The Bank of Fukuoka Resona Bank	6,000 mm yen	Aug. 1, 2018	Jul. 31, 2021
Committed line of credit 2	The Nishi-Nippon City Bank Resona Bank The Oita Bank The Bank of Nagasaki The Bank of Saga	7,000 mm yen	Mar. 2, 2020	Feb. 28, 2023
Total		13,000 mm yen		

Diversification of debt maturities (As of February 29, 2020)



List of Interest-bearing debt

The current maturity of long-term debt is only 1,000 million yen

List of borrowings

Category	Lender	Balance (mm yen)	Drawdown Date	Repayment Date	Term (year)	Fixed/Floating	Average Interest Rate
Current maturity of long-term debt	Aozora Bank	1,000	Jun.28, 2013	Jun.30, 2020	7.0	Floating	0.46727%
	Subtotal	1,000					
Long-term debt	Mizuho Bank, and others (*1)	6,300	Jul.31, 2014	Jul.30, 2021	7.0	Fixed	0.83500% (*2)
	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% (*2)
	Sumitomo Mitsui Trust Bank	1,500	Jul.31, 2015	Jul.31, 2023	8.0	Fixed	0.56400% (*2)
	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	0.41909%
	The Nishi-Nippon City Bank	400	Aug.31, 2015	Aug.31, 2023	8.0	Fixed	0.87000% (*2)
	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	0.41909%
	The Nishi-Nippon City Bank	2,000	Feb.29, 2016	Feb.29, 2024	8.0	Fixed	0.44000% (*2)
	Mizuho Bank	500	Feb.29, 2016	Feb.29, 2024	8.0	Fixed	0.44000% (*2)
	Shinsei Bank	700	Jul.29, 2016	Jul.31, 2024	8.0	Fixed	0.40000%
	Sumitomo Mitsui Trust Bank	300	Sept.30, 2016	Sept.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	Sept.29, 2017	Sept.30, 2027	10.0	Fixed	0.49350% (*2)
	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% (*2)
	Sumitomo Mitsui Trust Bank	1,100	Feb.28, 2018	Feb.26, 2027	9.0	Fixed	0.60000% (*2)
	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% (*2)
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%	
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%	

* For floating-rate debts, the interest rates applicable as of February 29, 2020 are indicated. * All debts have been borrowed with no collateral and no guarantee, to be repaid in lump-sum upon maturity.

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

(*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

(As of February 29, 2020)

Category	Lender	Balance (mm yen)	Drawdown Date	Repayment Date	Term (year)	Fixed/Floating	Average Interest Rate
Long-term debt	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% (*2)
	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% (*2)
	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	0.41909%
	The Bank of Fukuoka	300	Jan.31, 2019	Jan.31, 2029	10.0	Floating	0.41909%
	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% (*2)
	Mizuho Bank, and others (*6)	2,200	Jul.31, 2019	Jul.31, 2029	10.0	Fixed	0.52100% (*2)
	The Norinchukin Bank	1,500	Jul.31, 2019	Jan.29, 2027	7.5	Fixed	0.30300%
MUFG Bank	500	Sept. 25, 2019	Sept.29, 2028	9.0	Fixed	0.48000%	
The Nishi-Nippon City Bank	2,500	Feb. 28, 2020	Feb. 28, 2030	10.0	Fixed	0.48000% (*2)	
Mizuho Bank	1,700	Feb. 28, 2020	Feb. 28, 2030	10.0	Fixed	0.42000%	
Subtotal		71,500					
Total		72,500					

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%
Total		5,000				

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.2, 2020	Feb.28, 2023
Total		13,000		

Appraisal value

Maintained unrealized gains for all properties (*1)

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

	Property name	Acquisition price (*2)	Acquisition cap rate	Appraisal value		Book value at 31 st	Difference		Direct capitalization values			Appraiser
				31 st Feb. 29, 2020	30 th Aug. 31, 2019		From Appraisal value at 30 th	From Book value at 31 st	31 st Cap rate	30 th Cap rate	Difference	
				①	②		③	①-②	①-③	④	⑤	
Retail	Canal City Hakata	32,000	6.0%	31,800	32,000	29,743	(200)	2,056	4.5%	4.5%	0.0%	Tanizawa Sogo Appraisal
	Canal City Hakata・B	28,700	5.4%	29,900	30,100	28,831	(200)	1,068	4.7%	4.7%	0.0%	Tanizawa Sogo Appraisal
	Park Place Oita	18,620	6.0%	20,200	19,800	19,321	400	878	5.4%	5.5%	(0.1)%	Japan Real Estate Institute
	SunLive City Kokura	6,633	6.6%	8,460	8,340	5,535	120	2,924	5.8%	5.9%	(0.1)%	Japan Real Estate Institute
	Konoha Mall Hashimoto	10,000	5.3%	10,500	10,500	10,041	0	458	5.1%	5.1%	0.0%	Tanizawa Sogo Appraisal
	Square Mall Kagoshima Usuki	5,300	6.3%	5,450	5,630	4,343	(180)	1,106	5.7%	5.8%	(0.1)%	Japan Real Estate Institute
	Kumamoto Intercommunity SC	2,400	6.5%	2,860	2,860	1,980	0	879	5.6%	5.6%	0.0%	Japan Real Estate Institute
	Hanahata SC	1,130	6.4%	1,250	1,250	978	0	271	5.4%	5.4%	0.0%	Tanizawa Sogo Appraisal
	Kurume Higashi Kushiwara SC	2,500	6.1%	2,790	2,790	2,042	0	747	5.5%	5.5%	0.0%	Tanizawa Sogo Appraisal
	K's Denki Kagoshima	3,550	5.7%	3,710	3,710	2,974	0	735	5.4%	5.4%	0.0%	Tanizawa Sogo Appraisal
Marinoa City Fukuoka (Marina Side Building)	5,250	5.5%	6,080	6,080	5,430	0	649	4.8%	4.8%	0.0%	Tanizawa Sogo Appraisal	
	Total of retail	116,083	-	123,000	123,060	111,224	(60)	11,775	-	-	-	
Office buildings	Canal City Business Center Building	14,600	6.3%	16,400	15,900	13,046	500	3,353	4.4%	4.5%	(0.1)%	Tanizawa Sogo Appraisal
	Gofukumachi Business Center	11,200	6.3%	14,600	14,300	8,908	300	5,691	4.3%	4.4%	(0.1)%	Tanizawa Sogo Appraisal
	Sanix Hakata Building	4,400	5.9%	6,400	6,360	3,767	40	2,632	4.1%	4.2%	(0.1)%	Japan Real Estate Institute
	Taihaku Street Business Center	7,000	6.0%	8,650	8,640	5,851	10	2,798	4.4%	4.5%	(0.1)%	Japan Real Estate Institute
	Higashi Hie Business Center	5,900	6.0%	8,000	7,650	4,486	350	3,513	4.5%	4.6%	(0.1)%	Tanizawa Sogo Appraisal
	Tenjin Nishi-Dori Center Building	2,600	5.4%	3,100	3,170	2,675	(70)	424	3.9%	4.0%	(0.1)%	Japan Real Estate Institute
	Tenjin North Front Building	2,800	6.1%	4,360	3,990	2,502	370	1,857	4.1%	4.2%	(0.1)%	Japan Real Estate Institute
	Higashi Hie Business Center II	4,230	4.9%	4,590	4,440	4,105	150	484	4.5%	4.6%	(0.1)%	Tanizawa Sogo Appraisal
		Total of office buildings	52,730	-	66,100	64,450	45,344	1,650	20,755	-	-	-
Others	Amex Akasakamon Tower (Residence)	2,060	5.4%	1,840	1,840	1,684	0	155	4.5%	4.5%	0.0%	Daiwa Real Estate Appraisal
	City House Keyaki Dori (Residence)	1,111	5.5%	1,140	1,140	910	0	229	4.5%	4.5%	0.0%	Daiwa Real Estate Appraisal
	Aqualia Chihaya (Residence)	1,280	6.8%	1,820	1,780	1,182	40	637	4.8%	4.9%	(0.1)%	Japan Real Estate Institute
	D-Wing Tower (Residence)	2,800	5.9%	3,560	3,570	2,681	(10)	878	4.5%	4.5%	0.0%	Tanizawa Sogo Appraisal
	Granfore Yakuin Minami (Residence)	1,100	5.6%	1,320	1,310	1,108	10	211	4.4%	4.4%	0.0%	Tanizawa Sogo Appraisal
	Hotel FORZA Oita (Hotel)	1,530	6.6%	1,890	1,860	1,409	30	480	5.1%	5.2%	(0.1)%	Japan Real Estate Institute
	Tissage Hotel Naha (Hotel)	2,835	5.3%	2,990	3,020	2,877	(30)	112	4.9%	4.9%	0.0%	Tanizawa Sogo Appraisal
	Tosu Logistics Center (Logistics)	1,250	5.9%	1,420	1,430	1,177	(10)	242	5.2%	5.2%	0.0%	Japan Real Estate Institute
	LOGICITY Minato Kashii (Logistics)	8,150	5.2%	8,910	8,900	7,862	10	1,047	4.4%	4.4%	0.0%	Tanizawa Sogo Appraisal
LOGICITY Hisayama (Logistics)	5,050	5.1%	5,270	5,260	4,873	10	396	4.6%	4.6%	0.0%	Tanizawa Sogo Appraisal	
	Total of others	27,166	-	30,160	30,110	25,768	50	4,391	-	-	-	
	Total properties	195,979	-	219,260	217,620	182,336	1,640	36,923	-	-	-	

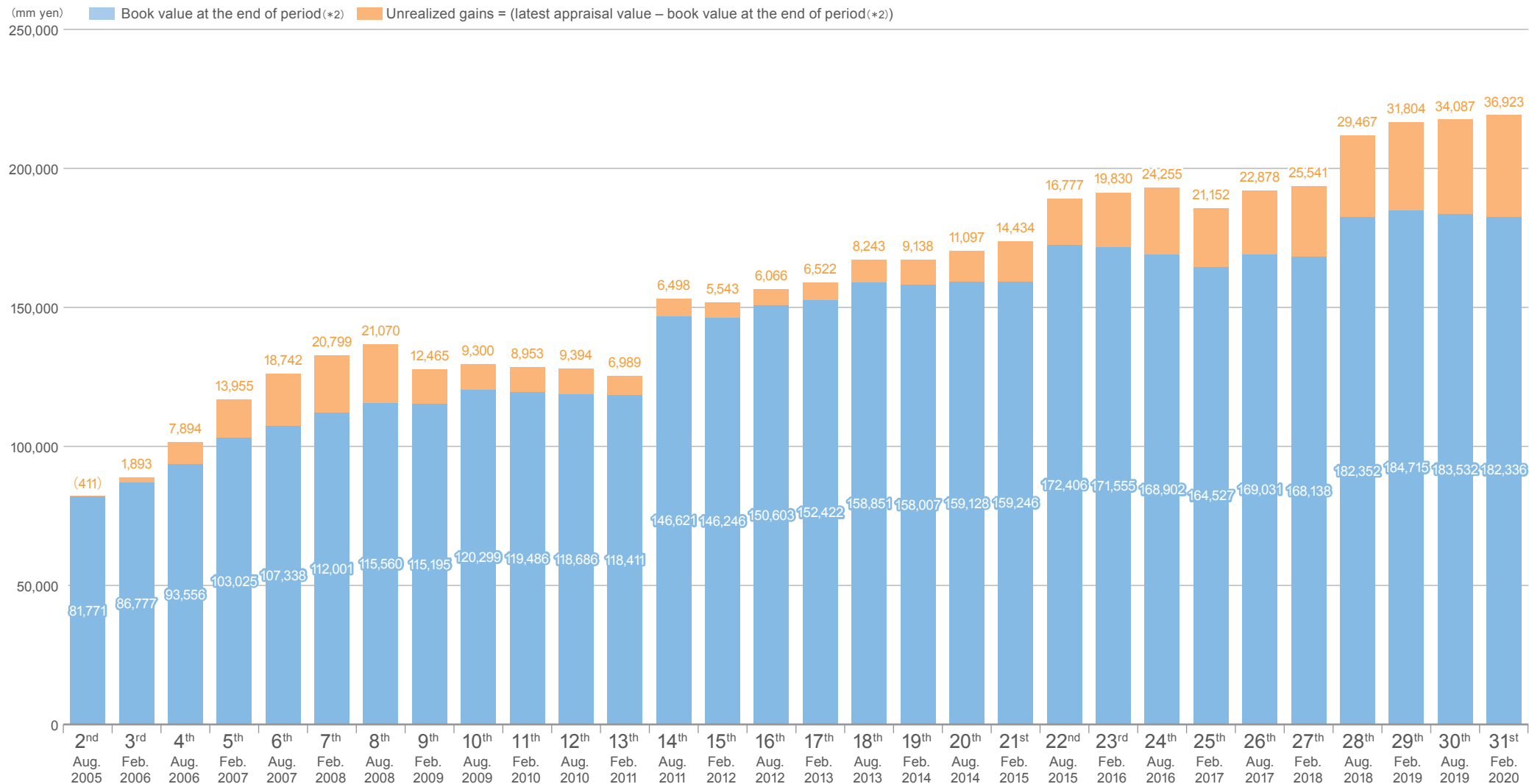
(*1) It does not include "construction in progress in trust" in book value in balance sheet at the end of period.

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

Historical appraisal values (unrealized gains)

Maintained continuously since the 3rd fiscal period (Unrealized gains 36,923 mm yen, 20.3% ratio of unrealized gains at the 31st FP^(*))

Historical appraisal values



(*1) Ratio of unrealized gains = (latest appraisal value – book value at the end of period(*2)) / book value at the end of period.

(*2) Book value at the end of period does not include construction in progress.

The condition of suburb area in Fukuoka



	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025 and beyond
Infrastructure	● Completion of construction of Fukuoka Urban Expressway Route 6 (Island City Line)	● Waterfront district Completion of Marine Messe Fukuoka Building B	● Extension of the subway's Nanakuma Line		● Addition of runways at Fukuoka Airport ● Extension of Fukuoka Urban Expressway Route 3 (Airport Line)	● Redevelopment of waterfront district
Redevelopment (Tenjin area)	● Demolition to start for Tenjin Core Building and Tenjin Daiichi Meiten Building: Tenjin Vivre	● Tenjin IMS to close ● Completion of Tenjin Business Center	● Completion of Daimyo Elementary School site redevelopment construction work		● Completion of Tenjin IMS site construction work ● Opening of Tenjin 1-chome 11th Block Development Project: provisional name	
Redevelopment (Hakata area)	● Demolition to start for The Nishi-Nippon City Bank Head Office Main Building		● Completion of Hakata-Eki Higashi 1-chome Development Project: provisional name	● Completion of new facilities for the Fukuoka Higashi General Prefectural Office Building Site Utilization Project	● Completion of The Nishi-Nippon City Bank New Head Office Building	● Demolition to start for The Nishi-Nippon City Bank Head Office Annex and Administrative Head Office Building

Source: Prepared by Fukuoka Realty Co., Ltd. based on press releases of local government or each company.

Functional Enhancement of Fukuoka Airport

Initiatives to increase runway handling capacity and expand number of routes



Photo provided by: Fukuoka City Office (Panorama of Fukuoka Airport from south to north)

Future increase in number of routes and countries served

	March 2018	FY2023 [Targets]	FY2048 [Targets]
International routes	10 countries • 18 routes	13 countries • 26 routes	25 countries • 67 routes
Domestic routes	23 cities • 26 routes	23 cities • 26 routes	30 cities • 33 routes

Source: Prepared by Fukuoka Realty Co., Ltd. based on the Master Plan of Fukuoka International Airport Co., Ltd.

Current status of Fukuoka Airport

- ◎ Ranking by number of arrivals and departures and number of passengers in FY2018
- Number of arrivals and departures [international and domestic]

Rank	Airport	Number of arrivals and departures (*1)
		Annual
1	TOKYO [Haneda]	455,000
2	TOKYO [Narita]	257,000
3	OSAKA [Kansai]	189,000
4	FUKUOKA	181,000
5	OKINAWA [Naha]	163,000

Source: Prepared by Fukuoka Realty based on data from the "FY2018 Airport Ranking Table" of the Ministry of Land, Infrastructure, Transport and Tourism
(*1) The number of arrivals and departures is calculated by multiplying the number of arrivals by two.

International flights' schedule in summer 2020

Airport [tourists]	Number of arrivals and departures [flights/week]
TOKYO [Narita]	219.5
TOKYO [Haneda]	184.5
OSAKA [Kansai]	36
NAGOYA [Chubu]	7
Regional cities	9
Fukuoka	9
Naha	0
Shinchitose	0
Others	0
Total	456

(As of March 28, 2020)

Source: Prepared by Fukuoka Realty based on data from the "Overview of International flights' schedule in summer 2020" of the Ministry of Land, Infrastructure, Transport and Tourism

Runway handling capacity enhancement (*2)

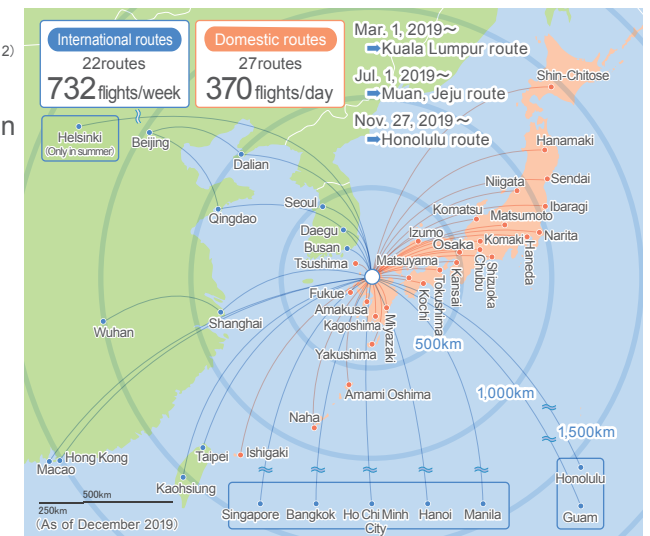
- ◎ Scheduled completion of parallel taxiway duplication [the end of January 2020]

Current 164,000 / per year

After expansion
170,000 / per year

- ◎ Scheduled opening of additional runway [the end of March 2025]

After expansion
188,000 / per year
~ 211,000 (*3) / per year



Source: Prepared by Fukuoka Realty Co., Ltd. based on the Medium-term Business Plan (FY2019-2023) of Fukuoka International Airport Co., Ltd. and data from Fukuoka City Port and Airport Bureau

(*2) The upper limit of the number of arrivals and departures that can be stably handled by the runways without congestion or delays.

(*3) Increase in landing slots to be considered after gaining understanding of the community and taking into account future demand trends

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

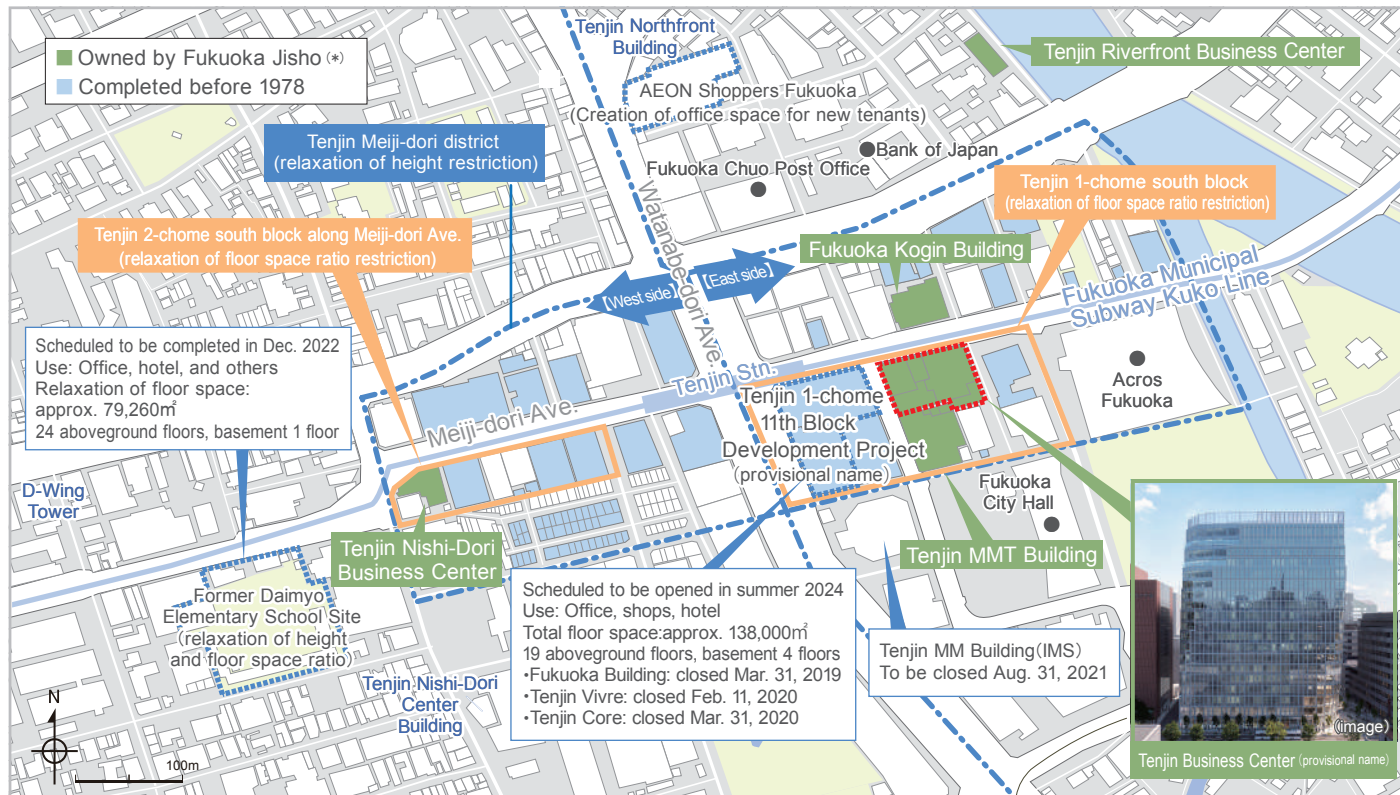
- Tenjin 1-chome south block 800%→1400%
- Tenjin 2-chome south block along Meiji-dori Ave. 700%→1300%
- Former Daimyo Elementary School Site approx.450%→800%

②Relaxation of restrictions

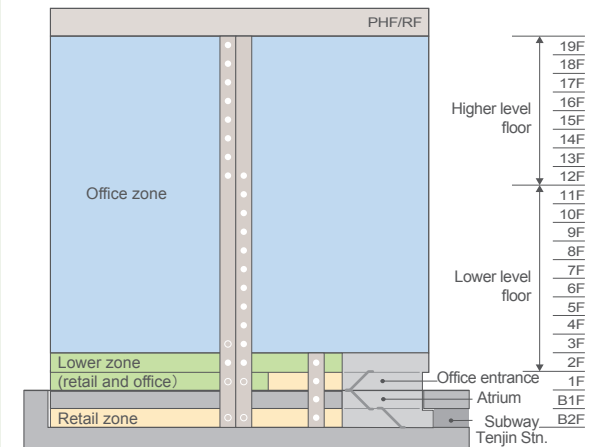
- Tenjin Meiji-dori district approx.67m → approx.76m
- Former Daimyo Elementary School Site approx.76m→ approx.115m

- 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



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 ²
Total floor space	61,116.98m ²
Floors	19 aboveground floors, penthouse 2 floors, basement 2 floors
Use	Office, shops, parking etc.
Height	approx. 89m
Completion	September 2021 (scheduled)

(*) 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 and each company.

Redevelopment in Hakata area (Hakata Connected)

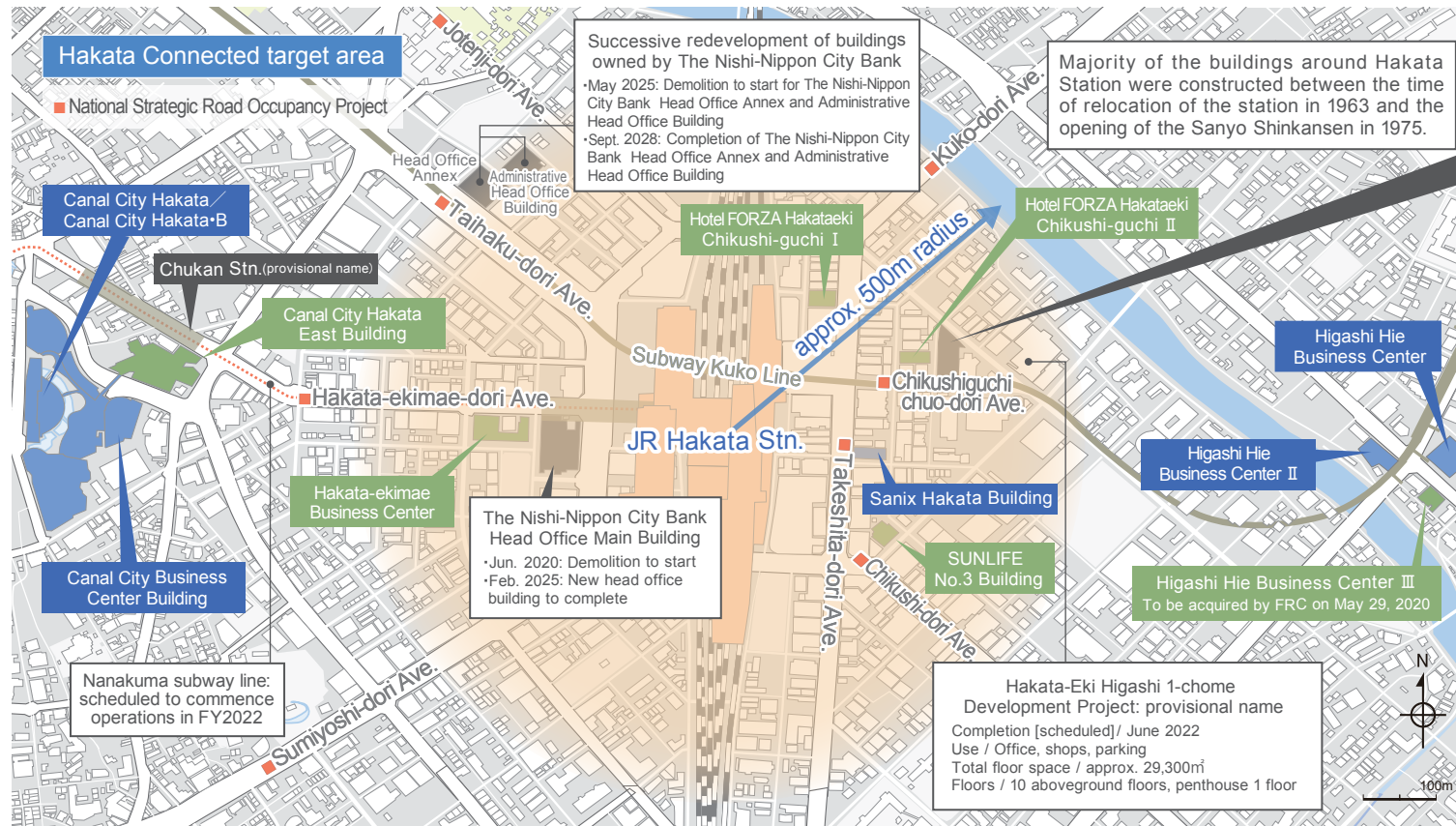
Initiative to expand the vitality and bustle of Hakata Station area out further to the surroundings
(approx. 500m radius from the station, covering about 80 hectares)

◎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 (scheduled)
Use	Office, shops, parking
Land area	2,638.64 m ²
Total floor space	approx.18,700 m ²
Floors	11 aboveground floors, basement 1 floor

Sustainability

Publication of “Integrated Report 2019”: first in the J-REIT industry

FRC published the “Integrated Report 2019,” which integrally provides its financial and non-financial information and encompasses its initiatives for sustainable growth and medium-to long-term corporate value creation, as of January 6, 2020.

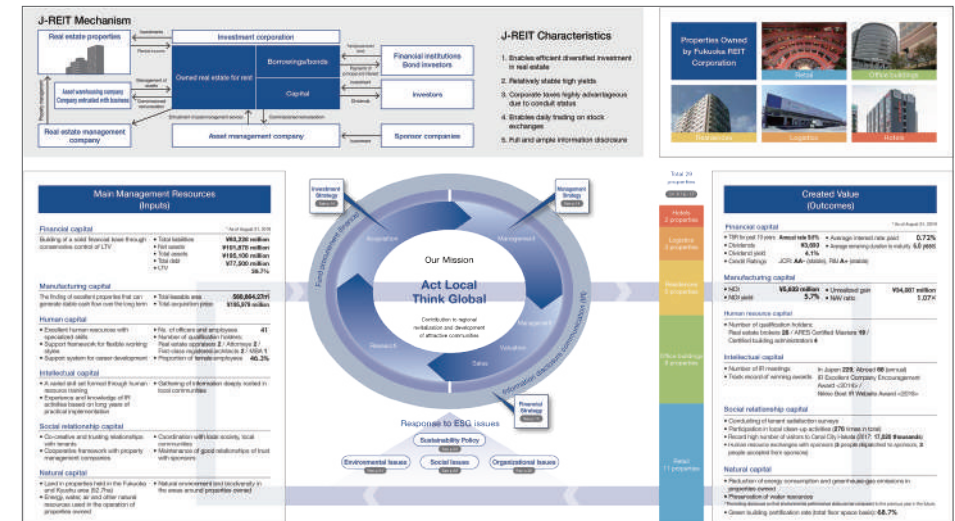
Aimed at demonstrating FRC’s value-creation process in an easy-to-understand manner, the Report presents its history, management philosophy, value-creation activities and the foundations underpinning management, etc.

This report was compiled in reference to “International Integrated Reporting Framework” by the International Integrated Reporting Council (IIRC) and “Guidance for Collaborative Value Creation” by the Ministry of Economy, Trade and Industry.



■ Please refer to the Integrated Report 2019.
 URL : www.fukuoka-reit.jp/eng/ir/pdf/integrated_report_print.pdf

J-REIT Mechanism and Fukuoka REIT Corporation's Business Model



Institution of signatory

Signing of the PRI and PFA21 as of September 2018

© Principles for Responsible Investment (PRI)

© Principles for Financial Action towards a Sustainable Society (Principles for Financial Action for the 21st Century)

Signatory of:



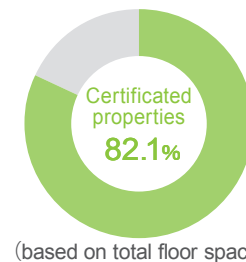
External evaluation

© The GRESB survey 2019



Received the rating of “Green Star” and “4 star” in the GRESB survey 2019

© Green Building certificate acquisition ratio [as of February 29, 2020]
Green Building certification obtained for 82.1% of entire portfolio



- DBJ Green Building certification : total 11 properties
- BELS : total 4 properties





Fukuoka REIT

Appendix

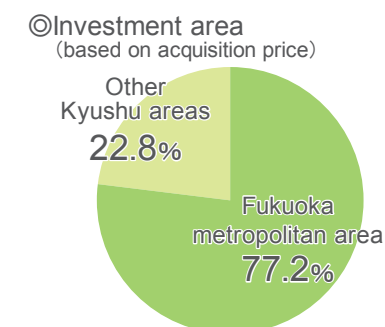
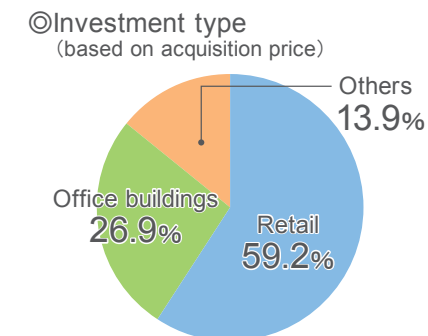
Profile

Special features of Fukuoka REIT Corporation

1	<p>Proven track record over 31 fiscal periods as a region-specific REIT</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>
2	<p>Excellent portfolio centered on Fukuoka metropolitan area</p> <p>A portfolio of carefully selected investments in the high growth area of Fukuoka City attention from around Japan and overseas</p>
3	<p>Solid support from a sponsor company involved in property development</p> <p>Asset portfolio expansion and high occupancy rates facilitated through coordination with our sponsors</p>
4	<p>Establishment of stable financial base</p> <p>Conservative control of interest-bearing debt ratio, long-term diversification of repayment deadlines</p>
5	<p>DPU kept at a constant level ever since the IPO</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	36,923 mm yen
Total leasable floor space	580,662.77 m ²
Occupancy rate	99.7%

Financial highlight (*1)	
Total debt	77,500 mm yen
LTV	39.8%
Fixed rate	92.4%
Average interest rate	0.71%
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	167,900 yen
Outstanding units	796,000 unit
Market capitalization	133,648 mm yen (unit price * outstanding units)
Net assets value per unit	127,937 yen
Market net assets value per unit (*4)	170,680 yen
Dividend (actual)	3,642 yen per unit (Days in fiscal period 182days) at the 31 st FP
Dividend yield	4.4% { (Dividend / days in fiscal period * 365) / Unit price }

(*1) The figures are as of February 29, 2020 (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 asset value per unit = { Total net assets + Unrealized gains - Total amount of dividends } / Total number of investment units outstanding

A real estate investment trust specializing in regional properties

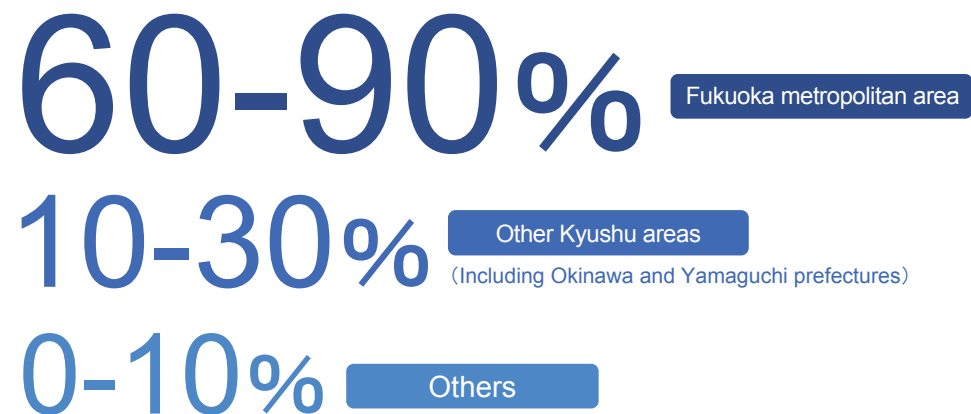
Sponsors



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

Investment policy

◎Investment area



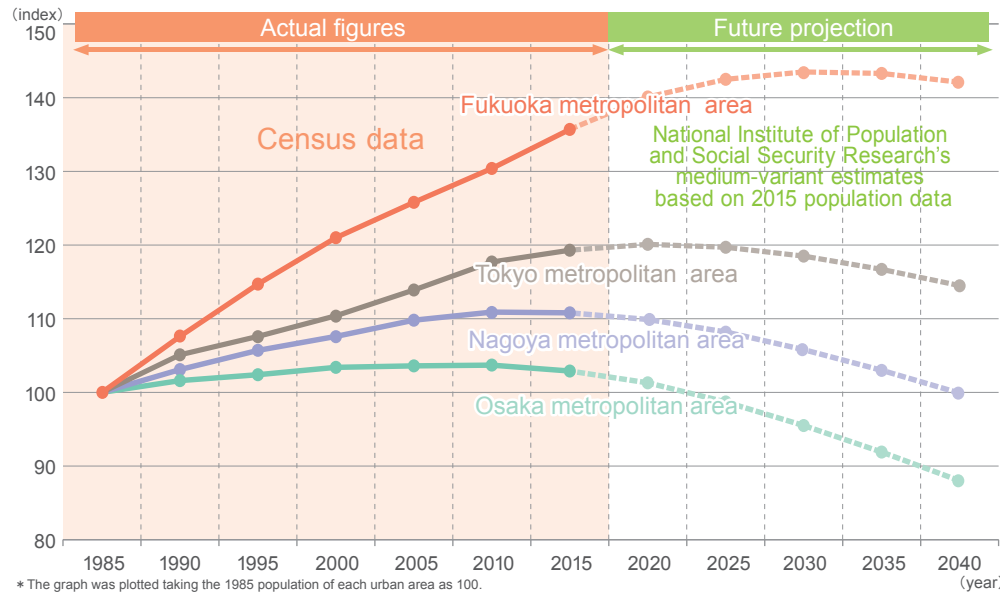
◎Investment type



Population movement of Fukuoka metropolitan area

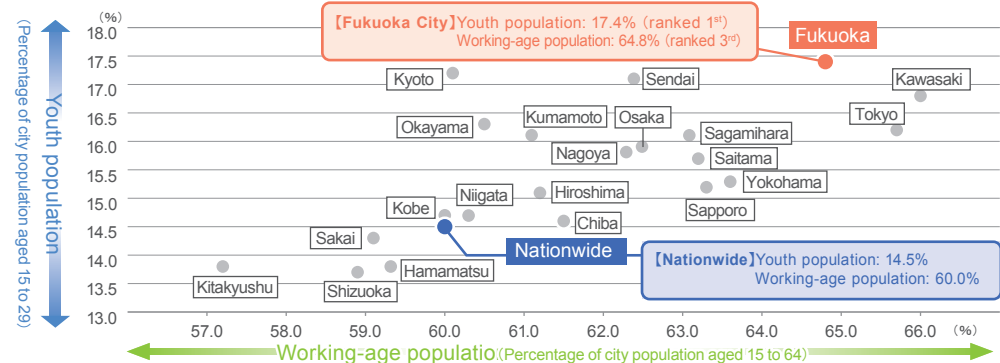
The population of Fukuoka metropolitan area continues to increase

Population trends of major metropolitan areas



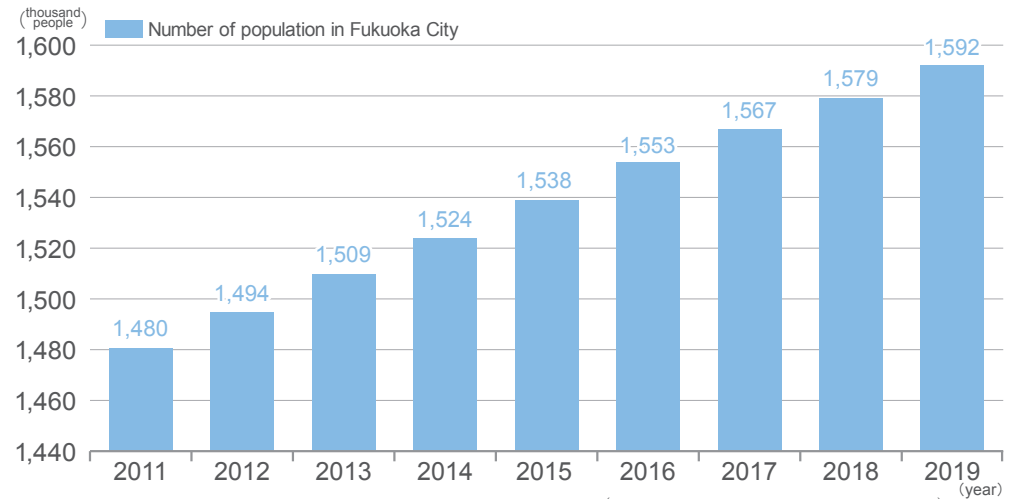
* The graph was plotted taking the 1985 population of each urban area as 100.
 * "Fukuoka metropolitan area" refers to Fukuoka City, Chikushino City, Kasuga City, Onojo City, Munakata City, Dazaifu City, Koga City, Fukuoka City, Itohima City, Nakagawa City, Umi Town, Sasaguri Town, Shime Town, Sue Town, Shingu Town, Hisayama Town, and Kasuya Town.
 * "Greater Tokyo area" refers to Tokyo Metropolitan Area, 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]



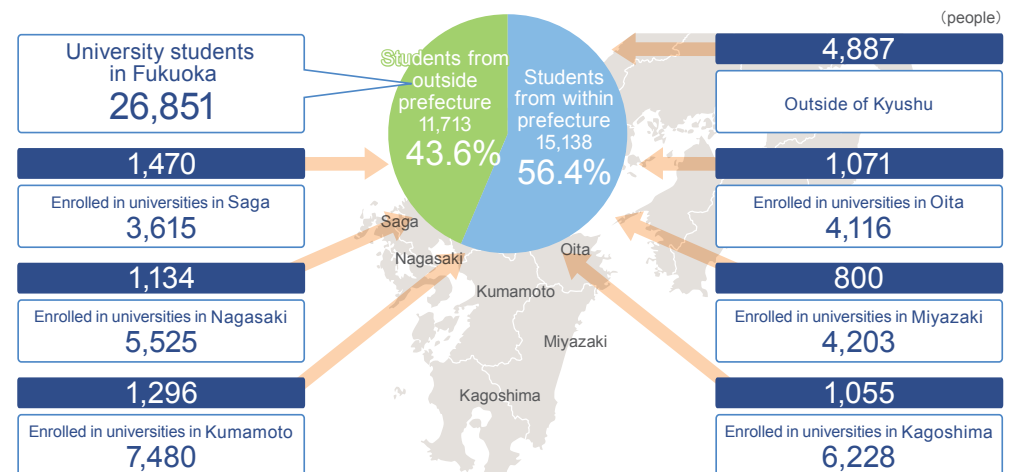
Source: Prepared by Fukuoka Realty based on Ministry of Internal Affairs and Communications "Population Census of Japan"

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

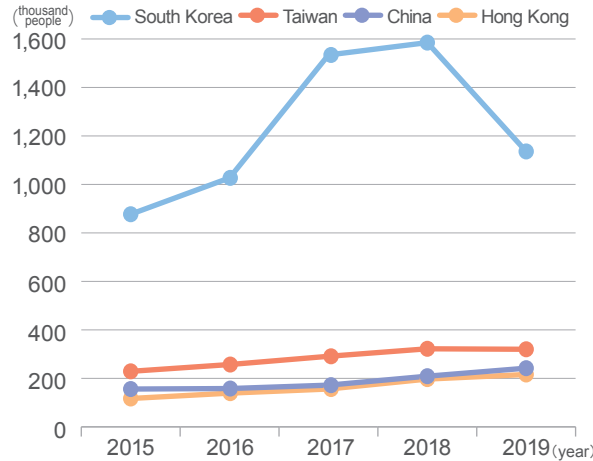


Source: Prepared by Fukuoka Realty Co., Ltd based on data from FY2019 School Basic Survey (Preliminary Results) (Statistic Bureau, Ministry of Internal Affairs and Communications)

Condition of Inbound Tourists to Fukuoka

Number of overseas visitors from China and Southeast Asia increasing although decreased number of overseas visitors from South Korea

Number of foreign tourists [by country]

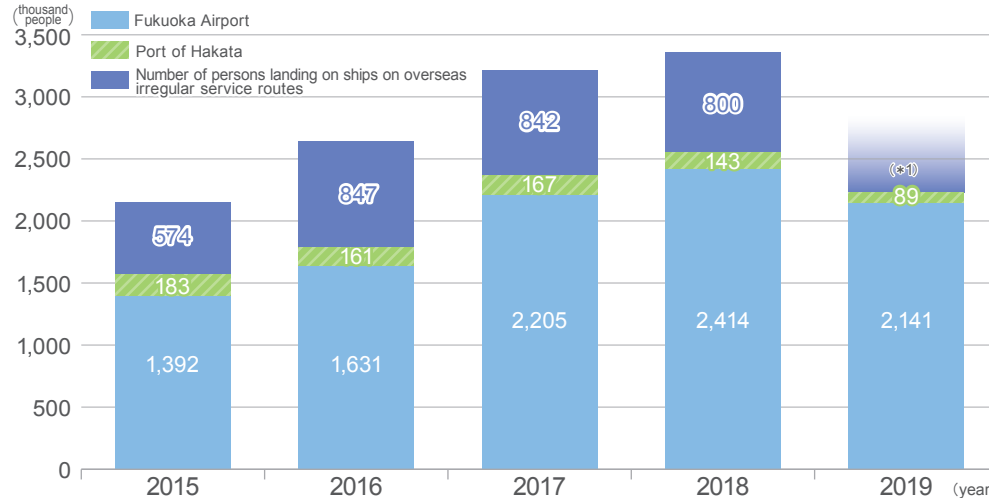


◎Comparison of results in 2019 [year-on-year]

	YoY change in number of visitors	Difference
Malaysia	27,954	327.7%
Thailand	20,358	53.3%
Hong Kong	18,989	9.6%
China	17,736	7.9%
Philippines	13,350	42.2%
Europe/U.S.A/Australia	11,091	12.6%
Vietnam	5,935	23.5%
Others	5,433	24.6%
Singapore	2,581	15.9%
Taiwan	(1,890)	(0.6)%
Korea	(448,492)	(28.3)%
Total	(326,955)	(12.8)%

Source: Prepared by Fukuoka Realty Co., Ltd., based on data from Fukuoka City Economy, Tourism & Culture Bureau "Fukuoka City Tourism / MICE" 2019 edition (Fukuoka City Tourism Statistics)

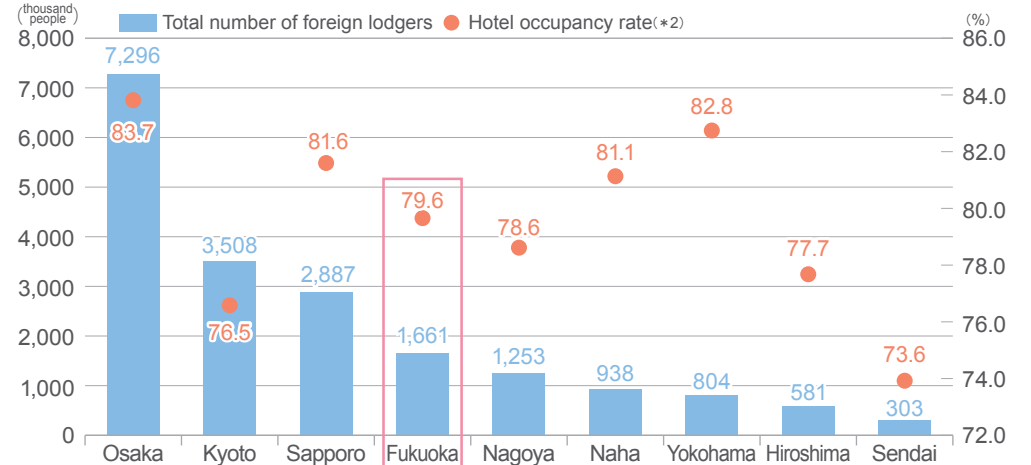
Change in number of overseas visitors



Source: Prepared by Fukuoka Realty based on data from Statistics on Legal Migrants (Ministry of Justice) and "Number of International Vessel Passengers," published by Fukuoka City Port and Airport Bureau

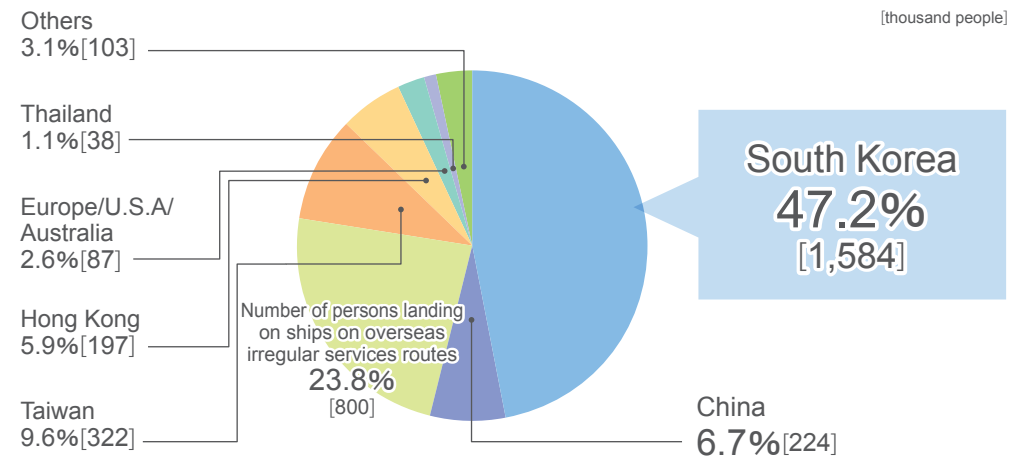
(*) The number of landing passengers on irregular overseas routes in 2019 has not been publicized as of the announcement of financial results and thus is not indicated. The actual number of landing persons for 2019 through August decreased 9.1% year-on-year.

The total number of foreign lodgers and Hotel occupancy rate in 2019



Source: Prepared by Fukuoka Realty based on Statistical Survey on Overnight Travel (Japan Tourism Agency)
(*2) The hotel occupancy rate is calculated by averaging the values for each month.

Breakdown of overseas visitors in 2018

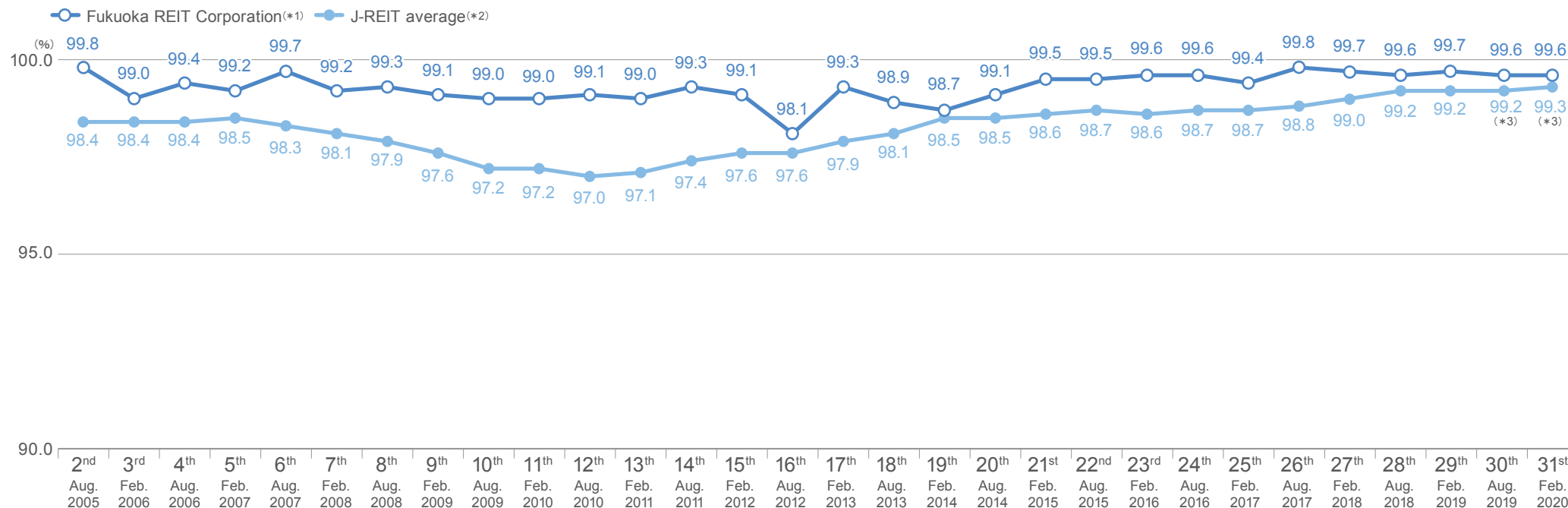


Source: Prepared by Fukuoka Realty based on data from Statistics on Legal Migrants (Ministry of Justice) and Fukuoka City Port and Airport Bureau "Number of International Vessel Passengers"

Portfolio properties' occupancy rates

Maintained high occupancy rates

Historical occupancy rates [the weighted average during the period]



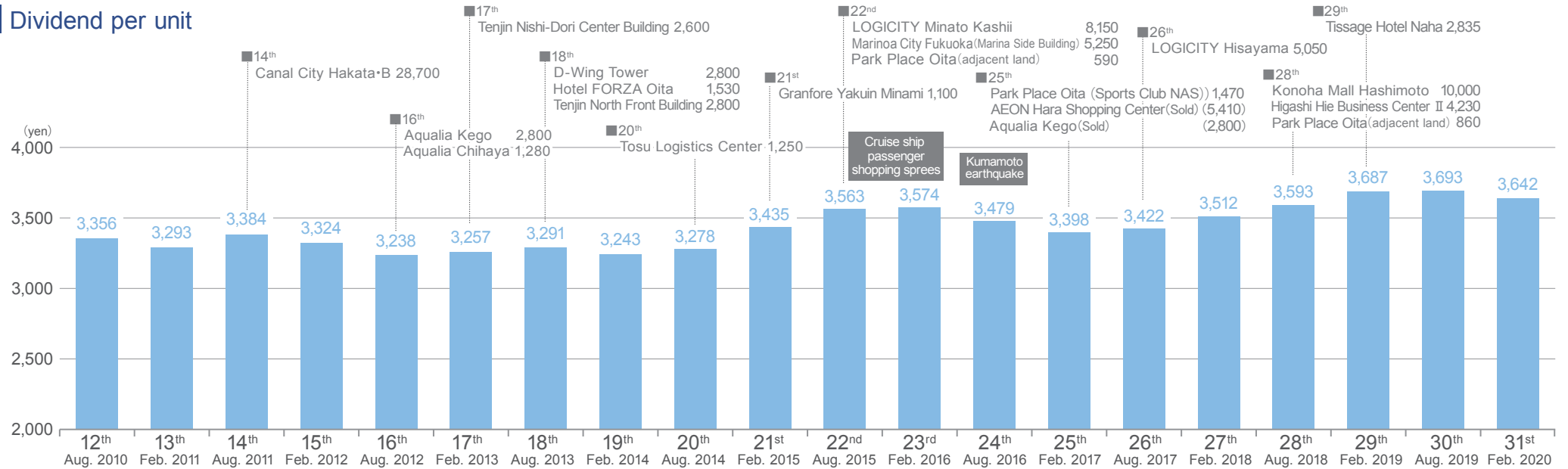
(*1) The investment corporation's occupancy rates in the 2nd fiscal period through the 4th fiscal period were the occupancy rates at the end of each fiscal period. For the 5th fiscal period through the 31st fiscal period, the occupancy rates are the weighted average occupancy rates during the fiscal 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 Database.
 (*3) The overall J-REIT occupancy rates for the 30th and 31st fiscal periods are preliminary figures. The figures for the 31st fiscal period are the figures for November 2019.

Occupancy rates [the weighted average during the period]

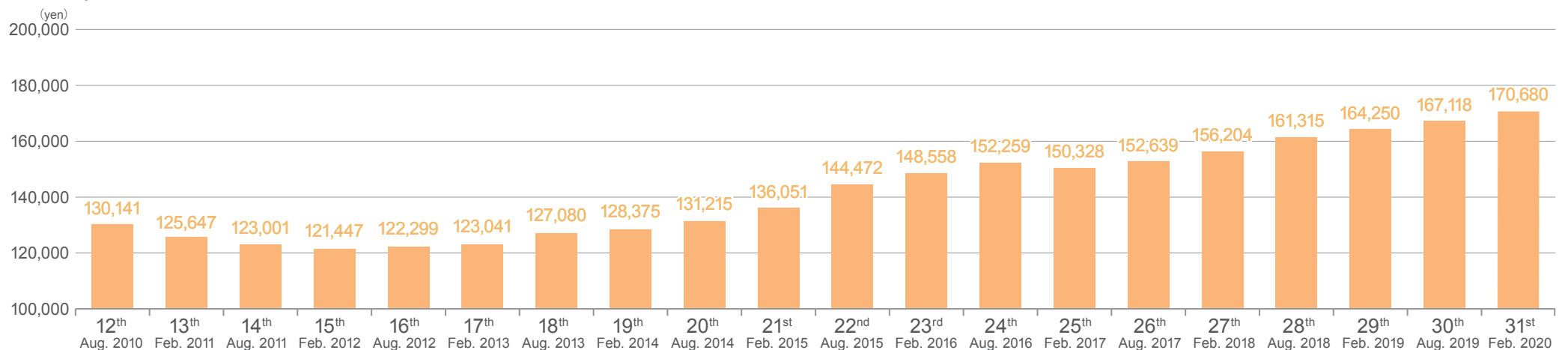
Category	Investment ratio (based on acquisition price)	27 th ~ Feb. 28, 2018	28 th ~ Aug. 31, 2018	29 th ~ Feb. 28, 2019	30 th ~ Aug. 31, 2019	31 st ~ Feb. 29, 2020
Retail	59.2%	99.8%	99.8%	99.8%	99.8%	99.9%
Office buildings	26.9%	99.3%	99.5%	99.8%	99.0%	99.1%
Others	13.9%	99.3%	99.1%	99.1%	99.2%	99.2%
Total	100.0%	99.7%	99.6%	99.7%	99.6%	99.6%

Dividend and NAV per unit

Dividend per unit



NAV per unit (*)



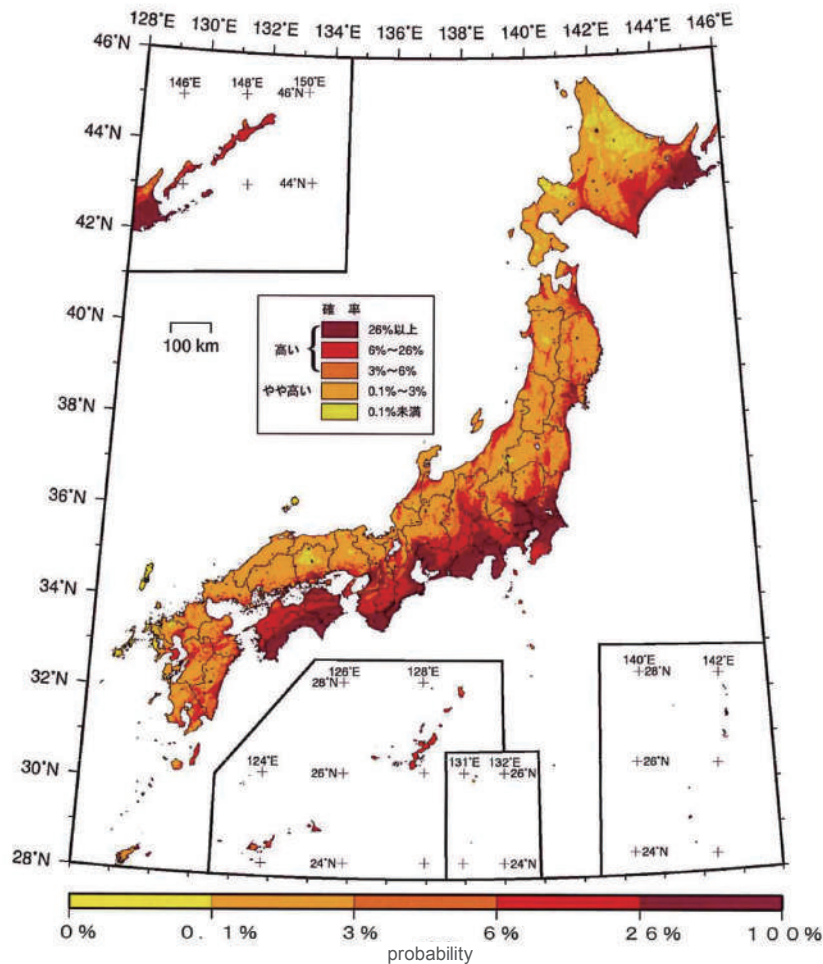
* A 5-for-1 split of investment unit was effected on March 1, 2014. A 5-for-1 split of dividends and NAV per units before the 19th FP.
 (*)Market net asset value per unit= (Total net assets + Unrealized gains - Total amount of dividends) / Total number of investment units outstanding

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



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

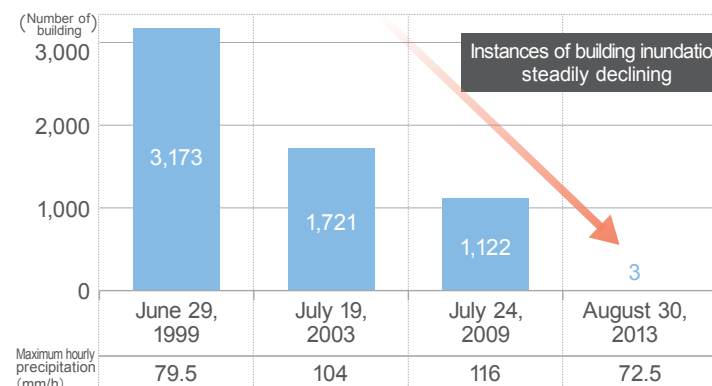
List of storm water storage facilities

	Wards	capacity (m ³)
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
Total		128,300



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 Initiatives [Basic Policy]

Identification of materially significant issues [as of September 2019]

Materially significant issues		Policies and targets	Related SDGs	
Environment	Reduction of environmental load	<ul style="list-style-type: none"> Coordinate with Property Management and Building Management on promotion of management and reduction of energy consumption, greenhouse gas emissions, water consumption, and waste output 	   	
	Maintenance and enhancement of environmental and construction performance	<ul style="list-style-type: none"> Carry out performance and function evaluation of properties on a regular basis and ameliorate any deterioration in performance, etc. Maintain and improve competitiveness by acquiring green building certifications and through visual representation of building performance 	 	
Social	Creation of pleasant workplaces	Asset manager	<ul style="list-style-type: none"> Improve quality of operations by enhancing and expanding employee education system and promoting acquisition of qualifications Continue to improve office environments and work on providing pleasant working environments Give consideration to work-life balance and boost employee satisfaction 	 
		Tenant	<ul style="list-style-type: none"> Promote improvement of employee satisfaction and work towards increasing job satisfaction of tenant employees 	 
	Contribution to boosting attractiveness and vitalization of Fukuoka and Kyushu	<ul style="list-style-type: none"> Enhance dissemination of information regarding strengths and charms of Fukuoka and Kyushu Support research and studies on local economy and industries and promote attractive urban development in collaboration with local business circles 	 	
	Involvement in local community	<ul style="list-style-type: none"> Deepen dialogue and collaboration with local community through participation in community activities and various initiatives using properties under our management to grow and develop together with the local community 	 	
Governance	Information disclosure and dialogue with stakeholders	<ul style="list-style-type: none"> Disclose financial and non-financial information to stakeholders in an appropriate and timely manner Build relationships of trust through proactive dialogue with stakeholders and reflect stakeholder feedback in management strategy 		
	Compliance / Risk management	<ul style="list-style-type: none"> Ensure thorough compliance including compliance with laws and ordinances and elimination of conflict of interest with interested parties, and develop and operate an appropriate internal risk management system to maintain and improve corporate value 		

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 11 properties it owns as "Properties with the best class (or exceptionally high) environmental & social awareness."



5-star	<ul style="list-style-type: none"> ● Canal City Hakata (2018) , ● Canal City Hakata · B (2018)
4-star	<ul style="list-style-type: none"> ● Park Place Oita (2018) , ● Canal City Business Center Building (2018) , ● LOGICITY Hisayama (2017) , ● Konoha Mall Hashimoto (2017)
3-star	<ul style="list-style-type: none"> ● Gofukumachi Business Center (2018) , ● Higashi Hie Business Center (2018) , ● Higashi Hie Business Center II (2017)
1-star	<ul style="list-style-type: none"> ● SunLive City Kokura (2019) , ● Marinao City Fukuoka (Marina Side Building) (2019)

◎BELS (Building-Housing Energy-efficiency Labeling System) Evaluation

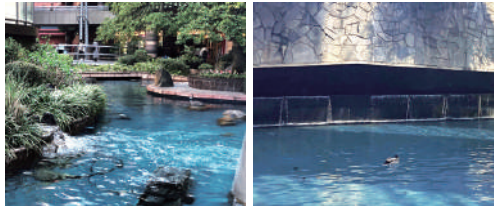
This is a system in which a third party evaluates and announces the energy-conservation performance of non-residential buildings based on the "Guidelines for Evaluation of Energy Conservation Performance of Non-residential Buildings (2013)." Four properties owned by the Fukuoka REIT corporation were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





Environment Initiatives of owned properties

Retail



● Filtration System

◎ At Canal City Hakata

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.



● Greywater plant: kitchen drainage reuse system

◎ At Canal City Hakata and Konoha Mall Hashimoto the kitchen drainage from restaurants are processed to greywater and re-used as washing water for toilets within the buildings.

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.



Initiatives for employees and tenants

◎ Initiatives for employees

《Fukuoka Realty: Numbers of credentialed personnel》

[As of February 29, 2020]

■ The average number of years of continuous service of permanent employees: 8 years and 10 months

■ Full-time personnel: 42 [Male:22 Female:20] *47.6% Female

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

■ Number of credentialed personnel

- | | |
|---|---------------------------------|
| • Real estate brokers : 28 | • Attorneys : 1 |
| • Certified Building Administrators : 5 | • MBA : 1 |
| • First-class registered architect : 2 | • Administrative Scrivener : 1 |
| • Real estate appraisers : 2 | • SME management consultant : 1 |
| • 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.

《Training for employees》

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

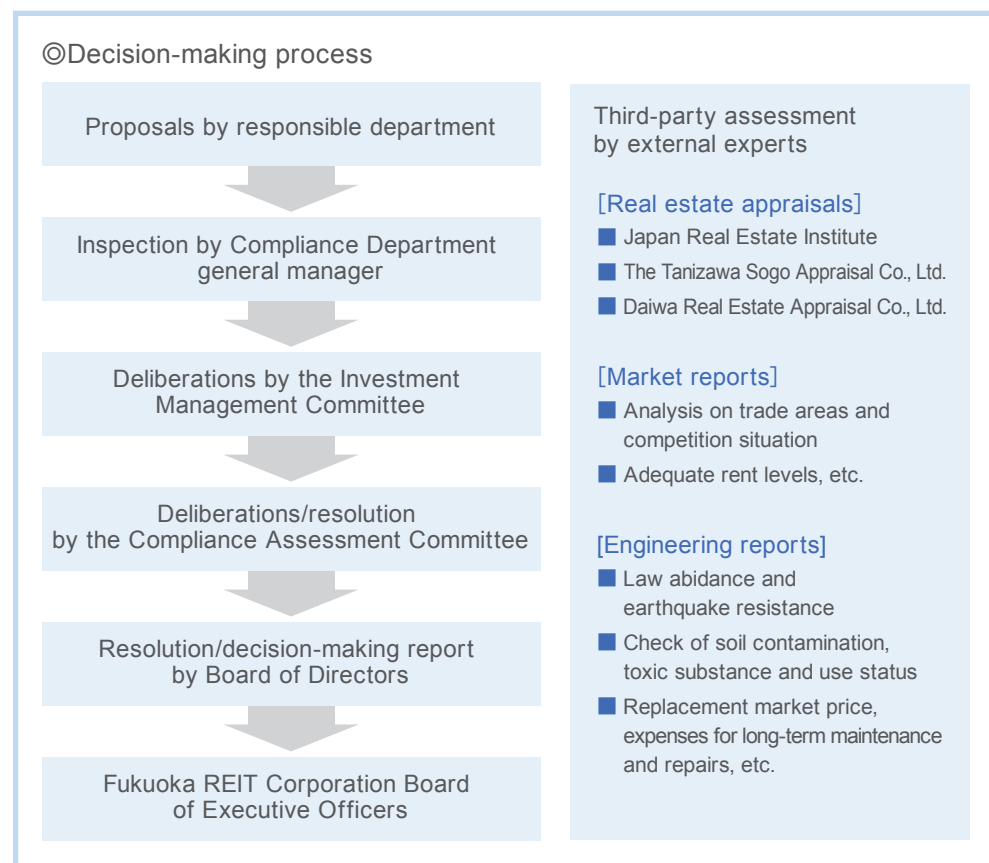
- Offering of training programs tailored to each management level
- System for supporting acquisition of qualifications (Real Estate Securitization Master, Real Estate Transaction Agent, etc.)
- Support for language learning etc.

◎ Initiatives for tenants

- Training for tenants' employees
Held training sessions by foreign lecturers for customer service languages in role playing format: English, Chinese and Korean
- Emergency drills intended to improve tenant safety and security
- Conduct tenant satisfaction surveys
- Distribute sustainability guidebooks
- Hold events to improve sustainability awareness, etc.

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.

Matching unitholder interests and sponsor interests, etc.

- Same-boat investment by sponsor
Fukuoka Jisho Co., Ltd., the main sponsor, has 9.09% of FRC's investment units as of the end of the 31st fiscal period.
- Cumulative investment system for investment units
A cumulative investment system for investment units was introduced for the Asset Manager officers and employees in April 2015 in order to enhance their mindset for FRC's investment unit price and better performance as well as promote their assets formation.

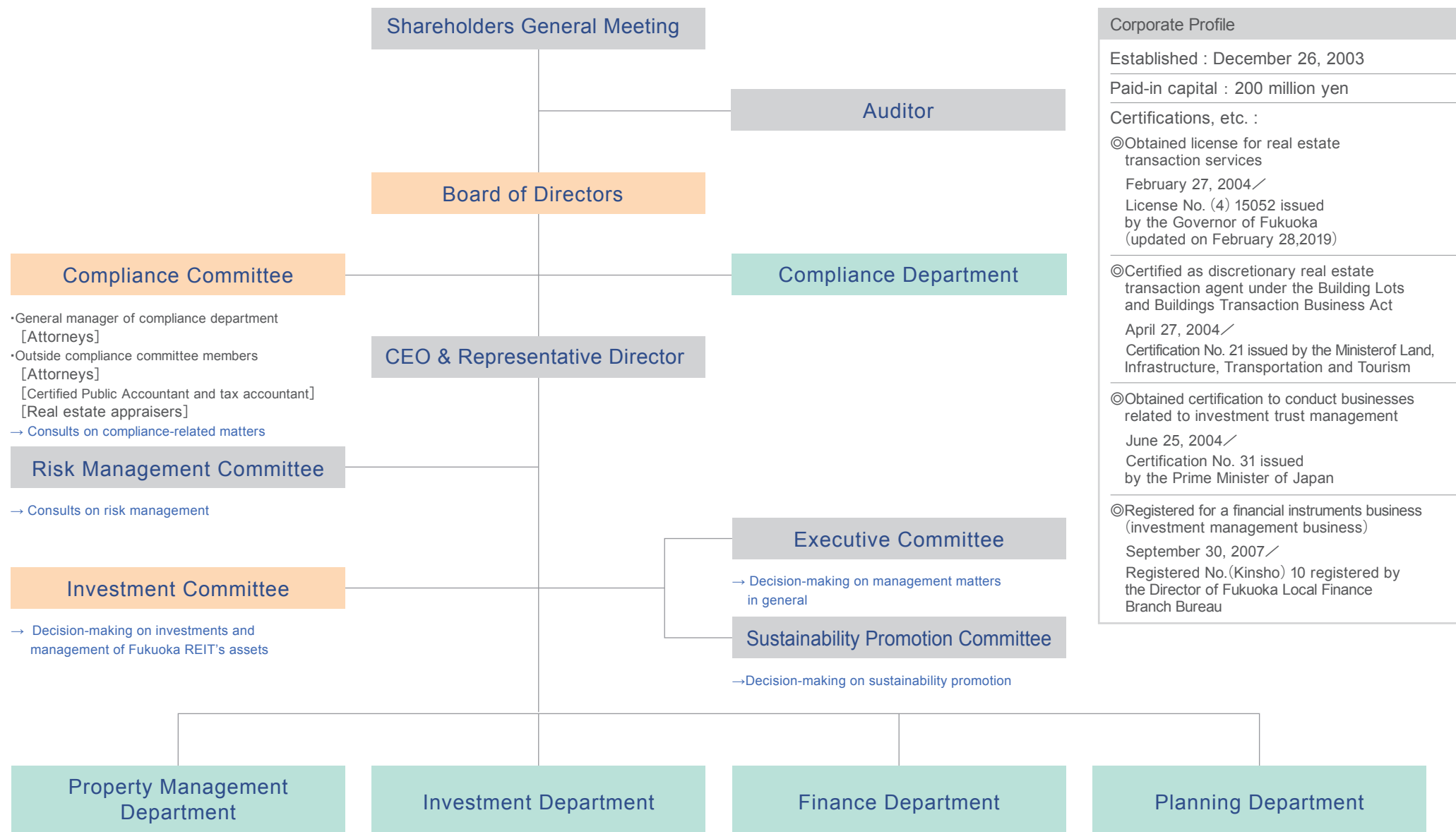
Engagement with investors

- Achievements in IR activities
Number of IR meetings in and outside Japan 282: 221 in Japan and 61 overseas
Number of IR activities for individual investors 16 including unitholder briefings on financial results
*Sum total for the period from March 1, 2019 to February 29, 2020
- Disclosures
Won grand prize in the Fiscal 2019 All Japanese Listed Companies' Website Ranking announced by Nikko Investor Relations Co., Ltd.. Fukuoka REIT Corporation won award for ten consecutive years from 2010.



- The Ministry of the Environment provides the ESG Dialogue Platform
Direct discussions with investors on ESG issues were conducted three times in fiscal 2019, associated with the publication of the Integrated Report 2019 as of January 6, 2020

Asset management company's organization



Corporate Profile

Established : December 26, 2003

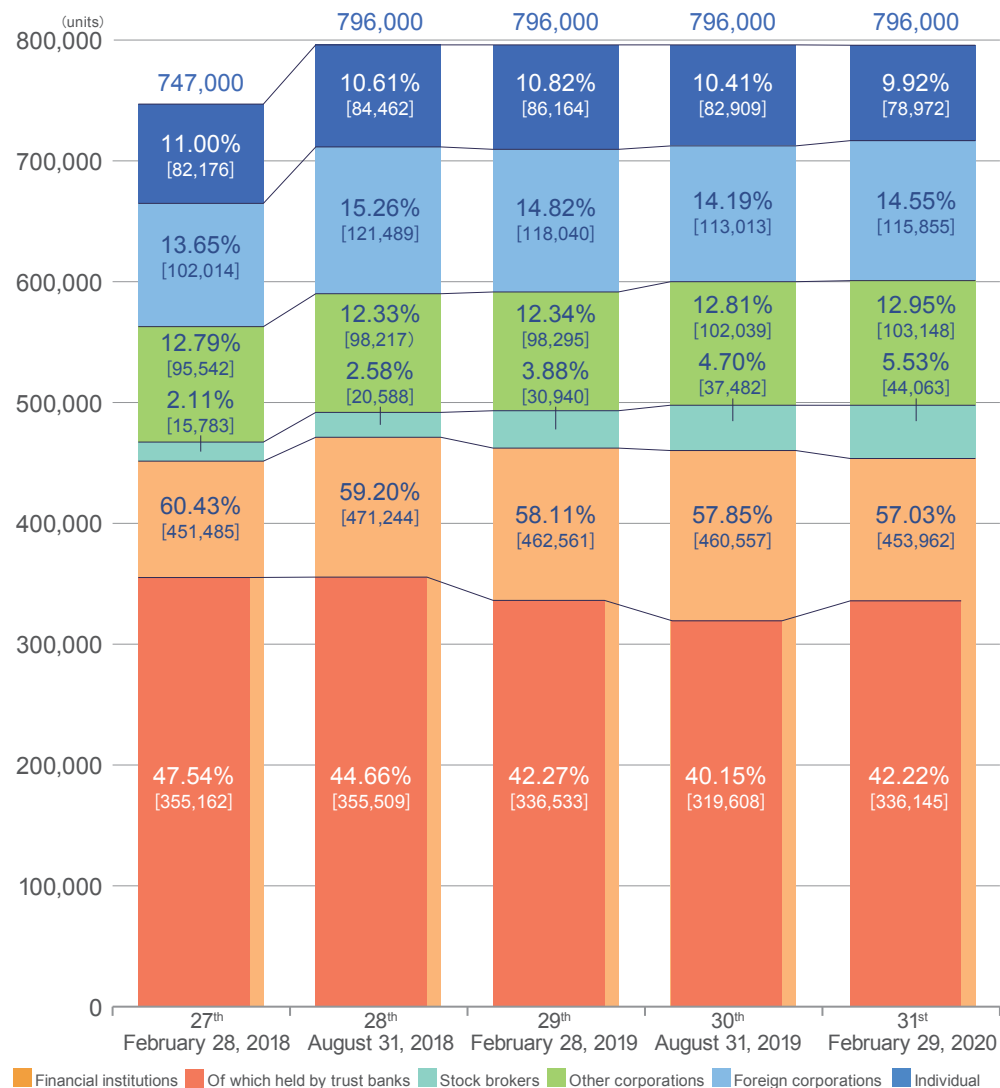
Paid-in capital : 200 million yen

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.

No. of unitholders and investment units held by unitholder category [at the end of the 31st FP]

(As of February 29, 2020)

	No. of unitholders	Percentage	Investment units held	Percentage
Individual	9,942	94.92%	78,972	9.92%
Foreign corporations	199	1.90%	115,855	14.55%
Other corporations	204	1.94%	103,148	12.95%
Stock brokers	21	0.20%	44,063	5.53%
Financial institutions	107	1.02%	453,962	57.03%
(Of which held by trust banks)	13	0.12%	336,145	42.22%
Total	10,473	100.00%	796,000	100.00%

Major investors [at the end of the 31st FP]

(As of February 29, 2020)

Rank	Name	Investment units held	Percentage
1	Japan Trustee Services Bank, Ltd.(Trust account)	161,985	20.34%
2	The Master Trust Bank of Japan, Ltd.(Trust account)	77,411	9.72%
3	Fukuoka Jisho Co., Ltd.	72,386	9.09%
4	The Nomura Trust and Banking Co., Ltd. (Investment trust account)	38,213	4.80%
5	Trust & Custody Service Bank, Ltd. (Securities investment trust account)	23,854	2.99%
6	Mizuho Trust & Banking Co., Ltd.	13,247	1.66%
7	STATE STREET BANK WEST CLIENT - TREATY 505234	12,593	1.58%
8	NORTHERN TRUST CO.(AVFC) RE HCR00	10,261	1.28%
9	Met Life Inc.	10,227	1.28%
10	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	10,105	1.26%

Unit price chart



(*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 3,642 yen

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

Category	27 th ~ Feb. 28, 2018	28 th ~ Aug. 31, 2018	29 th ~ Feb. 28, 2019	30 th ~ Aug. 31, 2019 A	31 st ~ Feb. 29, 2020 B	Difference B-A	32 nd ~ Aug. 31, 2020 (forecast)	33 rd ~ Feb. 28, 2021 (forecast)
Operating revenues	8,194	9,178	9,242	9,231	9,162	(68)	8,893	9,240
Leasing NOI	5,079	5,493	5,591	5,633	5,596	(37)	5,249	5,608
Depreciation and amortization expenses	1,500	1,602	1,622	1,651	1,660	8	1,691	1,635
Operating income	2,965	3,238	3,306	3,318	3,273	(44)	2,887	3,288
Ordinary income	2,624	2,861	2,935	2,939	2,900	(39)	2,509	2,906
Profit	2,623	2,860	2,934	2,939	2,899	(40)	2,508	2,905
Dividend per unit (yen) ①	3,512	3,593	3,687	3,693	3,642			
Latest dividend forecast per unit (yen)②	3,470	3,570	3,600	3,680	3,650		3,150	3,650
Difference from forecast (yen) ① - ②	+42	+23	+87	+13	(8)		-	-
Total number of investment units outstanding (at period-end) (units)	747,000	796,000	796,000	796,000	796,000		796,000	796,000
Total assets (at period-end) (mm yen)	177,283	193,112	195,433	195,106	194,795			
Total liabilities (at period-end) (mm yen)	83,517	91,312	93,559	93,228	92,958			
Total net assets (at period-end) (mm yen)	93,766	101,799	101,874	101,878	101,837			
Days in fiscal period (days)	181	184	181	184	182			
Number of investment properties (at period-end)	26	28	29	29	29			
Number of tenants (at period-end) (*1)	879	1,003	1,011	1,020	1,007			
Total leasable floor space (at period-end) (m ²)	548,564.93 m ²	576,907.98 m ²	580,665.27 m ²	580,664.27 m ²	580,662.77 m ²			
Occupancy rate (at period-end) (%) (*2)	99.6%	99.6%	99.7%	99.6%	99.7%			
FFO (Funds from Operation) (mm yen) (*3)	4,123	4,462	4,557	4,591	4,559			
FFO per unit (yen)	5,520	5,606	5,725	5,767	5,728			

(*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"

(*3) The FFO is calculated by the following method.
"FFO" = Profit + Loss on sale of real estate - Gain on sale of real estate + Depreciation

Balance sheets (compared with the previous fiscal period)

Account		30 th Aug. 31, 2019 A	31 st Feb. 29, 2020 B	Difference B—A
Assets	Total current assets	10,234	11,047	813
	Cash and deposits	3,962	5,417	1,454
	Cash and deposits in trust	5,290	4,664	(626)
	Operating accounts receivable	704	659	(45)
	Prepaid expenses	271	288	16
	Consumption taxes receivable	-	-	-
	Others	5	19	14
	Total non-current assets	184,822	183,704	(1,118)
	Total property, plant and equipment	177,961	176,771	① (1,189)
	Buildings in trust	70,755	69,586	(1,168)
	Structures in trust	1,124	1,101	(23)
	Machinery and equipment in trust	909	931	21
	Tools and fixtures in trust	237	218	(19)
	Lands in trust	104,918	104,918	-
	Construction in progress in trust	15	15	0
	Total intangible assets	5,586	5,580	(5)
	Leasehold right in trust	5,545	5,545	-
	Other intangible assets in trust	40	34	(5)
	Total investment and other assets	1,274	1,351	76
	Deferred tax assets	0	0	0
Lease and guarantee deposits	10	10	-	
Lease and guarantee deposits in trust	327	327	-	
Long-term prepaid expenses	937	1,014	76	
Total deferred assets	49	43	(5)	
Total assets	195,106	194,795	(310)	

■ Assets

① Capital expenditures	+465
Depreciation and amortization expenses	(1,660)
Others	+6
Total	(1,189)

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

Account		30 th Aug. 31, 2019 A	31 st Feb. 29, 2020 B	Difference B—A
Liabilities	Total current liabilities	9,188	4,148	(5,039)
	Operating accounts payable	428	614	186
	Short-term debt	-	-	-
	Current maturities of long-term debt	5,700	1,000	(4,700)
	Account payable-other	10	19	9
	Accrued expenses	371	372	0
	Income taxes payable	0	1	0
	Accrued consumption taxes	261	191	(70)
	Advances received	1,054	1,082	28
	Deposits received	1,361	867	(493)
	Total non-current liabilities	84,039	88,809	4,769
	Investment corporation bonds	5,000	5,000	-
	Long-term debt	66,800	71,500	② 4,700
	Tenant leasehold and security deposits	392	403	10
Tenant leasehold and security deposits received in trust	11,847	11,905	58	
Total liabilities	93,228	92,958	(270)	
Net assets	Total unitholders' equity	101,878	101,837	(40)
	Unitholders' capital	98,938	98,938	-
	Surplus	2,939	2,899	(40)
	Total net assets	101,878	101,837	(40)
Total liabilities and net assets	195,106	194,795	(310)	

■ Liabilities and net assets

② Refinancing of current maturities of long-term debt	+4,700
Total	+4,700

Cash flow statements (compared with the previous fiscal period)

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

Category	30 th A ~Aug. 31, 2019	31 st B ~Feb. 29, 2020	Difference B-A
Net cash provided by (used in) operating activities	4,863	3,985	(877)
Profit before income taxes	2,939	2,900	(39)
Depreciation and amortization expenses	1,651	1,660	8
Amortization of investment corporation bond issuance expenses	2	2	-
Amortization of investment unit issuance expenses	3	3	-
Interest received	(0)	(0)	(0)
Interest expenses	279	275	(4)
Decrease (increase) in operating accounts receivables	(27)	45	73
Decrease (increase) in consumption taxes refund receivable	-	-	-
Increase (decrease) in accrued consumption taxes	62	(70)	(133)
Increase (decrease) in operating accounts payable	(88)	9	98
Increase (decrease) in accounts payable-other	(10)	8	19
Increase (decrease) in accrued expenses	1	2	1
Increase (decrease) in advances received	10	28	17
Increase (decrease) in deposits expenses	258	(493)	(752)
Decrease (increase) in prepaid expenses	25	(16)	(42)
Decrease (increase) in long-term prepaid expenses	34	(76)	(111)
Others, net	(1)	(14)	(13)
Subtotal	5,141	4,263	(877)
Interest income received	0	0	0
Interest expenses paid	(277)	(277)	0
Income taxes paid	(1)	(0)	0
Net cash provided by (used in) investment activities	(1,043)	(220)	822
Purchase of property, plant and equipment in trust	(846)	(289)	557
Purchase of intangible assets in trust	(18)	-	18
Proceeds from tenant leasehold and security deposits	28	24	(4)
Repayments of tenant leasehold and security deposits	(11)	(13)	(2)
Proceeds from tenant leasehold and security deposits in trust	183	198	15
Repayments of tenant leasehold and security deposits in trust	(378)	(139)	238
Proceeds from restricted trust deposits	6	1	(5)
Payments for restricted trust deposits	(7)	(2)	4
Net cash provided by (used in) financial activities	(2,933)	(2,938)	(4)
Proceeds from short-term debt	-	-	-
Repayments of short-term debt	-	-	-
Proceeds from long-term debt	3,700	4,700	1,000
Repayments of long-term debt	(3,700)	(4,700)	(1,000)
Dividends paid	(2,933)	(2,938)	(4)
Net increase (decrease) in cash and cash equivalents	886	826	(59)
Balance of cash and cash equivalents at beginning of period	8,319	9,205	886
Balance of cash and cash equivalents at end of period	9,205	10,032	826

Income and expenditure by properties (Retail)

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

Active retail	Category	Canal City Hakata	Canal City Hakata・B	Park Place Oita	SunLive City Kokura	Konoha Mall Hashimoto	31 st Total A	30 th Total B	Difference A-B	Forecast C(*)	Difference A-C
	(Length)	31 st FP (Sept. 1, 2019 ~Feb. 29, 2020)						184 days	(2) days		
		182 days									
①	Total leasing business revenues	1,238	1,586	1,181	281	821	5,108	5,137	(28)	5,182	(73)
	Leasing revenue-real estate	1,197	1,537	1,008	281	661	4,685	4,685	0		
	Other leasing revenue-real estate	41	48	172	0	160	422	452	(29)		
②	Total leasing business expenses	464	784	612	48	543	2,452	2,474	(21)	2,469	(16)
	Outsourcing fees	309	536	298	8	306	1,458	1,470	(11)		
	Repair and maintenance expenses	11	13	34	2	13	75	78	(2)		
	Expenses for restoration to former state	-	-	-	-	-	-	-	-		
	Tax and other public charges	78	161	94	34	42	411	411	(0)		
	Insurance premiums and trust compensation	7	13	6	1	2	32	30	1		
	Utilities expenses	24	49	145	-	95	315	343	(27)		
	Other expenses	33	9	33	0	81	158	138	19		
③	NOI(=①-②)	774	801	568	233	278	2,656	2,663	(6)	2,712	(56)
④	Depreciation and amortization expenses	248	276	232	47	87	892	888	4		
⑤	Leasing business profit(=③-④)	525	525	336	185	190	1,763	1,775	(11)		
⑥	NOI yield (acquisition price)	4.8%	5.6%	6.1%	7.0%	5.6%	5.5%	5.6%	(0.0)%		
⑦	Capital expenditures	80	106	104	-	0	291	339	(47)		

Retail (Others)	Category	Square Mall Kagoshima Usuki	Kumamoto Intercommunity SC	Hanahata SC	Kurume Higashi Kushiwara SC	K's Denki Kagoshima	Marinoa City Fukuoka (Marina Side Building)	31 st Total A	30 th Total B	Difference A-B	Forecast C(*)	Difference A-C
	(Length)	31 st FP (Sept. 1, 2019 ~Feb. 29, 2020)						184 days	(2) days			
		182 days										
①	Total leasing business revenues	256	90	41	89	111	178	767	765	2	764	2
	Leasing revenue-real estate	223	89	40	88	111	177	730	728	1		
	Other leasing revenue-real estate	33	0	0	1	0	1	37	36	1		
②	Total leasing business expenses	89	10	5	11	10	25	154	155	(1)	161	(7)
	Outsourcing fees	38	2	1	2	1	1	48	48	0		
	Repair and maintenance expenses	2	1	0	1	0	4	10	14	(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	26	-	-	-	-	-	26	29	(2)		
	Other expenses	4	0	0	1	0	0	8	4	4		
③	NOI(=①-②)	166	79	35	78	100	153	613	609	3	602	10
④	Depreciation and amortization expenses	38	12	5	16	22	21	117	117	0		
⑤	Leasing business profit(=③-④)	127	67	29	61	78	131	496	492	3		
⑥	NOI yield (acquisition price)	6.3%	6.6%	6.3%	6.2%	5.7%	5.8%	6.1%	6.1%	0.0%		
⑦	Capital expenditures	1	-	-	-	-	5	7	20	(12)		

(*) Forecast at the financial results of the 30th fiscal period

Income and expenditure by properties (Office buildings - Others)

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

Office buildings

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	31 st Total A
	(Length)	31 st FP (Sept. 1, 2019 ~Feb. 29, 2020) 182 days							
① Total leasing business revenues	607	545	205	311	342	86	143	164	2,406
Leasing revenue-real estate	605	481	190	311	318	86	117	150	2,261
Other leasing revenue-real estate	1	63	15	0	23	-	25	14	144
② Total leasing business expenses	200	176	58	87	137	17	48	55	783
Outsourcing fees	136	73	19	54	42	1	10	19	358
Repair and maintenance expenses	1	5	0	3	6	0	1	-	18
Expenses for restoration to former state	-	-	-	-	-	-	-	-	-
Tax and other public charges	46	36	21	27	16	14	8	10	182
Insurance premiums and trust compensation	1	3	0	1	1	0	0	0	11
Utilities expenses	6	51	14	-	25	-	22	13	135
Other expenses	8	5	1	1	44	0	3	11	78
③ NOI (=①-②)	407	368	146	223	204	69	94	109	1,623
④ Depreciation and amortization expenses	103	103	40	77	41	9	33	40	450
⑤ Leasing business profit (=③-④)	303	264	106	145	163	59	61	68	1,173
⑥ NOI yield (acquisition price)	5.6%	6.6%	6.7%	6.4%	6.9%	5.3%	6.8%	5.2%	6.2%
⑦ Capital expenditures	17	76	1	0	44	-	-	-	140

30 th Total B	Difference A-B	Forecast C (*1)	Difference A-C
184 days	(2) days		
2,424	(17)	2,425	(18)
2,262	(0)		
161	(17)		
786	(3)	808	(25)
357	0		
23	(5)		
-	-		
182	(0)		
10	0		
146	(11)		
65	12		
1,637	(14)	1,617	6
446	3		
1,191	(17)		
6.2%	(0.1)%		
66	74		

Others

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	31 st Total A
	(Length)	31 st FP (Sept. 1, 2019 ~Feb. 29, 2020) 182 days									
① Total leasing business revenues	65	36	59	114	39	63	68				879
Leasing revenue-real estate	64	36	58	109	38	63	68				836
Other leasing revenue-real estate	1	-	0	5	0	-	-				42
② Total leasing business expenses	16	8	12	22	7	9	7				176
Outsourcing fees	5	2	3	7	2	0	0				33
Repair and maintenance expenses	1	0	1	1	0	0	0	Non-disclosure (*2)	Non-disclosure (*2)	Non-disclosure (*2)	11
Expenses for restoration to former state	1	-	0	0	0	-	-				3
Tax and other public charges	5	3	4	7	2	7	5				83
Insurance premiums and trust compensation	0	0	0	0	0	0	0				5
Utilities expenses	0	0	0	2	0	-	-				28
Other expenses	1	1	1	2	1	0	0				10
③ NOI (=①-②)	49	28	46	91	31	53	61	37	186	117	703
④ Depreciation and amortization expenses	19	10	12	17	10	22	24	9	37	37	200
⑤ Leasing business profit (=③-④)	30	17	34	74	21	30	37	28	148	79	502
⑥ NOI yield (acquisition price)	4.8%	5.1%	7.3%	6.5%	5.7%	6.9%	4.3%	6.0%	4.6%	4.7%	5.2%
⑦ Capital expenditures	1	3	-	6	0	13	-	-	-	0	25

30 th Total B	Difference A-B	Forecast C (*1)	Difference A-C
184 days	(2) days		
904	(25)	898	(18)
854	(17)		
50	(7)		
181	(5)	183	(7)
33	(0)		
6	4		
8	(4)		
83	(0)		
5	0		
31	(2)		
12	(1)		
723	(19)	714	(11)
199	0		
523	(20)		
5.3%	(0.1)%		
50	(25)		

(*1) Forecast at the financial results of the 30th fiscal period (*2) Information is not disclosed because the permission of tenants has not been obtained.

Income and expenditure by properties (Total) /Repair and maintenance expenses, capital expenditures, and depreciation

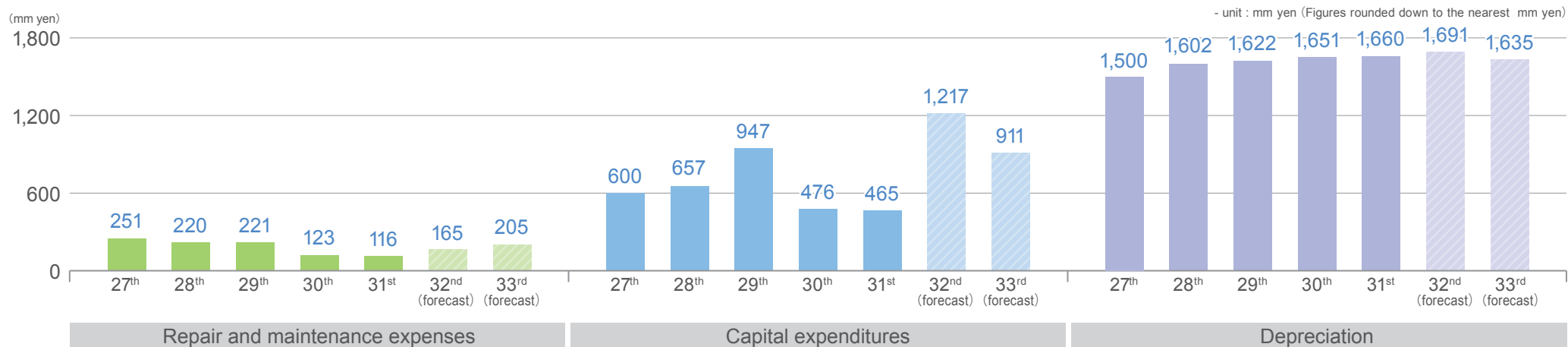
Category	31 st Total A	30 th Total B	Difference A-B
	(Length)	182 days	184 days
① Total leasing business revenues	9,162	9,231	(68)
Leasing revenue-real estate	8,515	8,530	(15)
Other leasing revenue-real estate	647	700	(53)
② Total leasing business expenses	3,566	3,598	(31)
Outsourcing fees	1,898	1,910	(12)
Repair and maintenance expenses	116	123	(6)
Expenses for restoration to former state	3	8	(4)
Tax and other public charges	734	734	(0)
Insurance premiums and trust compensation	51	49	1
Utilities expenses	505	550	(44)
Other expenses	255	221	34
③ NOI(=①-②)	5,596	5,633	(37)
④ Depreciation and amortization expenses	1,660	1,651	8
⑤ Leasing business profit(=③-④)	3,935	3,981	(45)
⑥ NOI yield (acquisition price)	5.7%	5.7%	(0.0)%
⑦ Capital expenditures	465	476	(10)

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

Forecast C (*)	Difference A-C
9,270	(108)
3,624	(58)
5,646	(49)

(*) Forecast at the financial results of the 30th fiscal period

Repair and maintenance expenses, capital expenditures, and depreciation



Portfolio table

(As of February 29, 2020)

	Real estate property name	Age (*1)	Acquisition price (mm yen) (*2)	Investment ratio	Acquisition timing	Source (*3)	Total leasable floor space (m ²)	Occupancy rate	Tenants (*4)	Primary tenants
Retail	Canal City Hakata	23yr10m	32,000	16.3%	Nov. 9, 2004	Sponsor	46,604.75	99.8%	48	Washington Hotel and United Cinema
	Canal City Hakata - B	23yr10m	28,700	14.6%	Mar. 2, 2011	Outside party	68,826.37	99.5%	46	Grand Hyatt Fukuoka and OPA
	Park Place Oita	17yr11m	18,620	9.5%	Nov. 9, 2004	Sponsor	113,834.20	99.9%	103	AEON and K's Denki
	SunLive City Kokura	14yr11m	6,633	3.4%	Jul. 1, 2005	Outside party	61,450.22	100.0%	1	SunLive
	Konoha Mall Hashimoto	8yr11m	10,000	5.1%	Mar. 1, 2018	Sponsor	22,121.04	98.7%	124	SunLive and The Super Sports XEBIO
	Square Mall Kagoshima Usuki	13yr 5m	5,300	2.7%	Sept.28, 2006	Sponsor	14,602.88	100.0%	12	Sports Depo / Golf5 and Edion
	Kumamoto Intercommunity SC	13yr 3m	2,400	1.2%	Nov.30, 2006	Sponsor	6,968.66	100.0%	2	Sports Depo / Golf5 and Starbucks Coffee
	Hanahata SC	12yr 7m	1,130	0.6%	Sept. 3, 2007	Sponsor	2,801.15	100.0%	2	BON REPAS and Matsumoto Kiyoshi
	Kurume Higashi Kushiwara SC	12yr 2m	2,500	1.3%	Feb. 1, 2008	Sponsor	6,467.80	100.0%	1	Sports Depo / Golf5
	K's Denki Kagoshima	12yr 3m	3,550	1.8%	Mar.27, 2008	Outside party	7,296.17	100.0%	1	K's Denki
	Marinoa City Fukuoka (Marina Side Building)	19yr 4m	5,250	2.7%	May 1, 2015	Sponsor	33,069.82	100.0%	1	Fukuoka Jisho Co.,Ltd
Total or the weighted average of retail		—	116,083	59.2%	—	—	384,043.06	99.8%	341	—
Office buildings	Canal City Business Center Building	23yr10m	14,600	7.4%	Nov. 9, 2004	Sponsor	23,029.92	100.0%	63	TOTO and Bell System24
	Gofukumachi Business Center	16yr 4m	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	18yr11m	4,400	2.2%	Sept.30, 2005	Outside party	6,293.75	100.0%	16	SANIX and The Nishi-Nippon City Bank
	Taihaku Street Business Center	17yr11m	7,000	3.6%	Mar.16, 2006	Sponsor	14,677.30	99.1%	69	NTT COMWARE and Tokio Marine & Nichido Outsourcing Management
	Higashi Hie Business Center	11yr 0m	5,900	3.0%	Mar.13, 2009	Outside party+Sponsor	13,614.59	100.0%	27	Fujitsu and Forest Holdings
	Tenjin Nishi-Dori Center Building	23yr 5m	2,600	1.3%	Feb. 1, 2013	Outside party	3,339.32	100.0%	1	The Nishi-Nippon City Bank
	Tenjin North Front Building	10yr 1m	2,800	1.4%	Mar.28, 2013	Outside party	5,252.41	100.0%	11	Rakuten Card and Prudential
	Higashi Hie Business Center II	4yr 0m	4,230	2.2%	Mar. 1, 2018	Sponsor	6,214.77	100.0%	2	FUJITSU KYUSHU SYSTEMS LIMITED and Seven-Eleven Japan Co.,LTD
Total or the weighted average of office buildings		—	52,730	26.9%	—	—	92,327.40	99.9%	225	—
Others	Amex Akasakamon Tower (Residence)	14yr 7m	2,060	1.1%	Sept. 1, 2006	Outside party	4,821.25	95.0%	63	—
	City House Keyaki Dori (Residence)	12yr 3m	1,111	0.6%	Dec.20, 2007	Outside party	2,710.86	93.3%	39	—
	Aqualia Chihaya (Residence)	12yr 2m	1,280	0.7%	Mar. 1, 2012	Outside party	5,619.69	97.9%	103	—
	D-Wing Tower (Residence)	14yr 0m	2,800	1.4%	Mar. 1, 2013	Outside party	7,187.59	97.7%	134	—
	Granfore Yakuin Minami (Residence)	12yr 2m	1,100	0.6%	Nov. 4, 2014	Outside party	2,496.06	97.0%	96	—
	Hotel FORZA Oita (Hotel)	11yr 6m	1,530	0.8%	Mar. 1, 2013	Sponsor	5,785.44	100.0%	1	FJ Hotels
	Tissage Hotel Naha (Hotel)	2yr 0m	2,835	1.4%	Dec. 7, 2018	Outside party	3,758.76	100.0%	1	Nest Hotel Japan Corporation
	Tosu Logistics Center (Logistics)	11yr 9m	1,250	0.6%	Mar.28, 2014	Outside party	4,173.29	100.0%	1	non-disclosure
	LOGICITY Minato Kashii (Logistics)	5yr10m	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)	5yr 1m	5,050	2.6%	Jun. 1, 2017	Outside party	24,505.65	100.0%	1	KASEI inc. Co., Ltd
Total or the weighted average of others		—	27,166	13.9%	—	—	104,292.31	99.2%	441	—
Total or the weighted average of all properties		17yr 4m	195,979	100.0%	—	—	580,662.77	99.7%	1,007	—

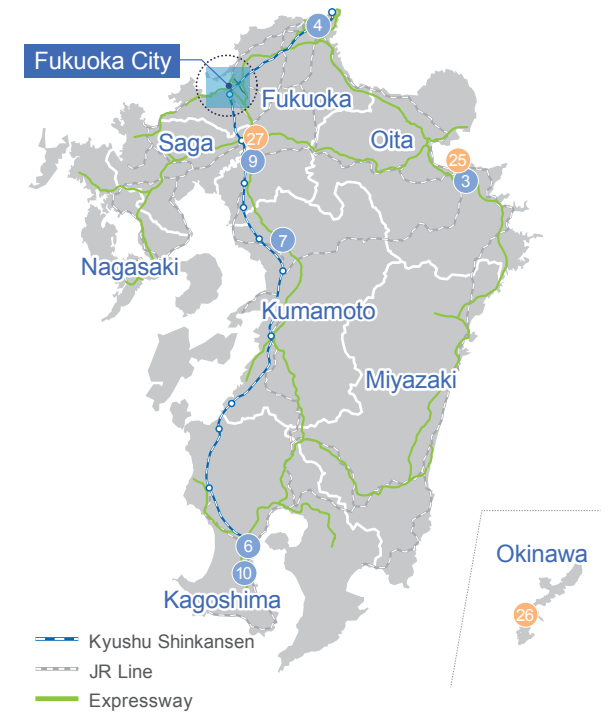
(*1) "Age" as of the end of the fiscal period.

(*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 Kashi

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

29 LOGICITY Hisayama

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

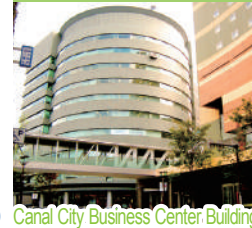
- Retail
- Office buildings
- Others

Portfolio

Retail 11 properties



Office buildings 8 properties



Others 10 properties



Total
29 properties

Total acquisition price
195.9 bn yen

(As of February 29, 2020)
(*) Figures round down to nearest 100 mm yen

Top tenants by leased floor area

	Lessee	Tenant	Share of total leased space (*1)	Legend: ■ Ordinary lease ■ Fixed-term lease			Remaining lease term (years) (*2)
				32 nd ~Aug. 31, 2020	33 rd ~Feb. 28, 2021	34 th ~Aug. 31, 2021	
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.	—	6.1% (*3)	● Marinoa City Fukuoka (Marina Side Building)			15
5	Canal City OPA Co., Ltd.	OPA	4.5%	● Canal City Hakata			3
				● Canal City Hakata · B			2
6	KASEI inc Co., Ltd.	—	4.2%	● LOGICITY Hisayama			4
7	Fukuoka Logistic System Corporation	—	4.0%	● LOGICITY Minato Kashii			4
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			6
				● Kumamoto Intercommunity SC			6
				● Kurume Higashi Kushiwara SC			7
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 February 29, 2020 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 29, 2020 with periods shorter than one year rounded down to the nearest whole year.

(*3)The 6.1% includes a 0.3% office portion. [Six ordinary leases 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

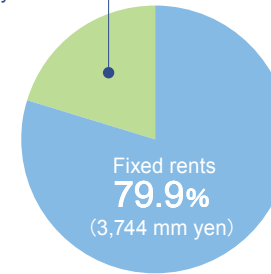
Breakdown of active retail rents by property



Breakdown of active retail rents

◎The 31st FP

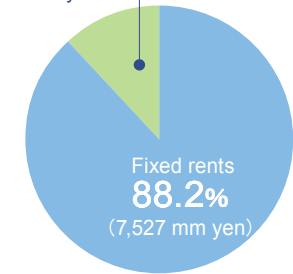
Variable rents
20.1%
(941 mm yen)



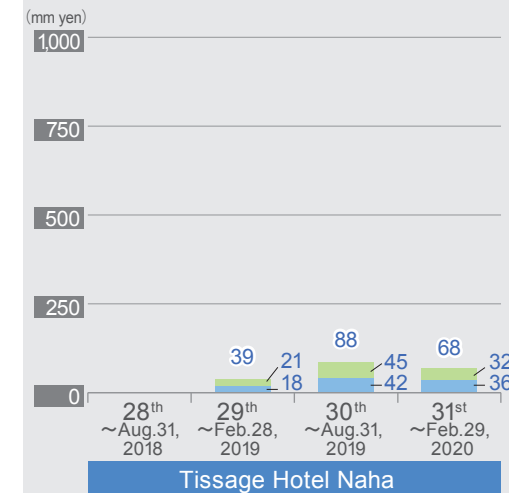
Portfolio overall

◎The 30th FP

Variable rents
11.8%
(1,003 mm yen)

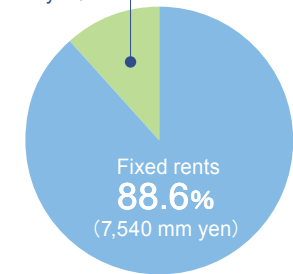


Breakdown of Tissage Hotel Naha



◎The 31st FP

Variable rents
11.4%
(974 mm yen)



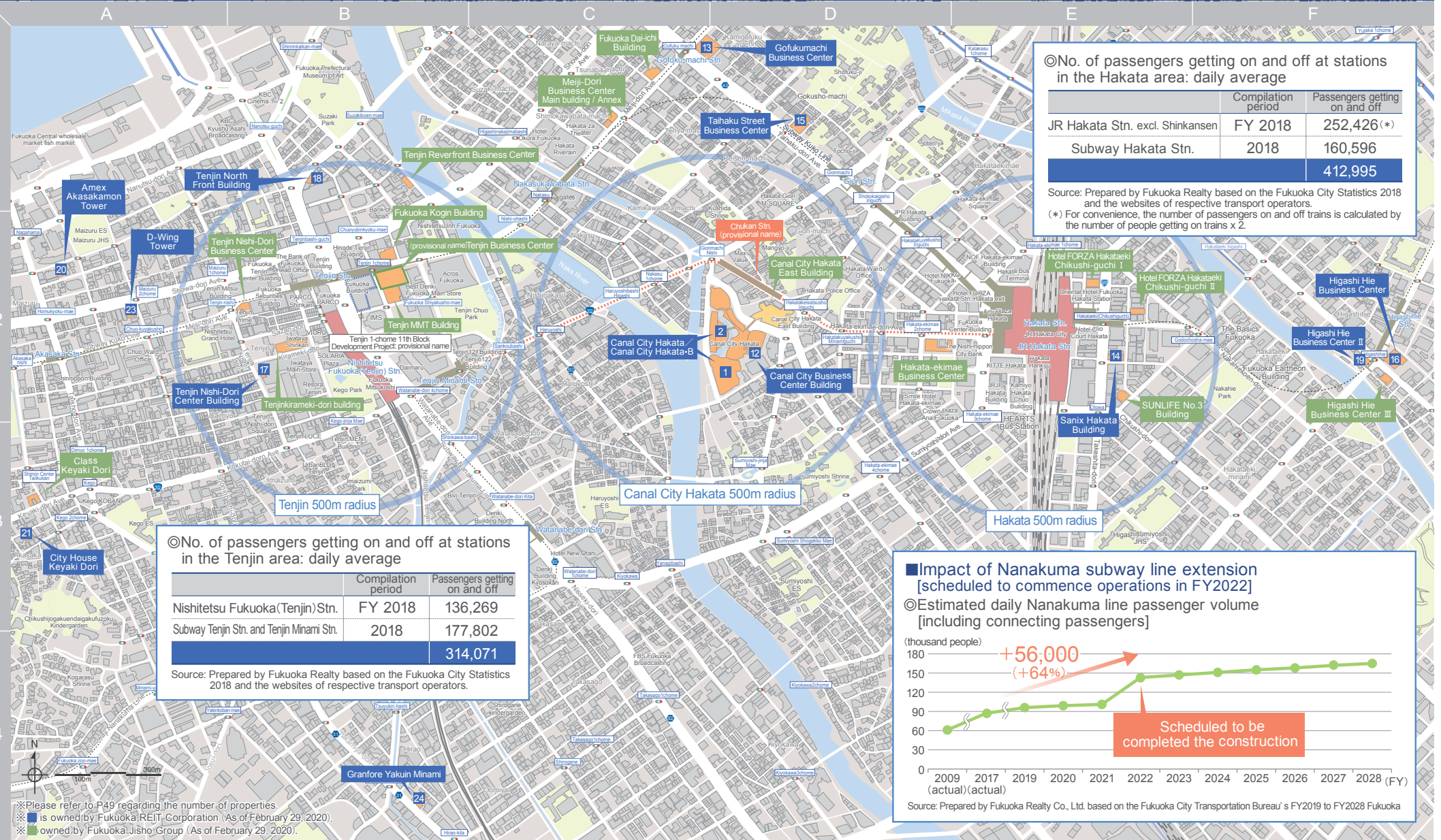
*Variable rents are included Canal City Hakata, Canal City Hakata-B, Park Place Oita, SunLive City Kokura, Konoha Mall Hashimoto and Tissage Hotel Naha.

(*1) "Fixed rent" is indicated the amount of "leasing revenues-real estate" - "variable rent".

(*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



Office demand underpinning the thriving Fukuoka office market

Trend in average net absorption [absorption demand] for the past 10 years



Track record of Fukuoka City in attracting businesses

◎ Local government support for businesses establishing business premises in the area
[A subsidy program for businesses establishing business premises in Fukuoka City, etc.]

● Number of businesses moving into Fukuoka City and the increase in number of persons newly employed by the businesses

	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
Number of companies moving in	35	53	52	62	58	57	57
Number of employees	2,180	2,966	1,290	2,213	2,989	1,041	1,334

[Number of companies moving in by major industry category]

	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
Creative industry	13	18	18	33	28	40	38
Call center	3	7	7	8	12	9	7

● Major companies that have moved in since FY2013

	Creative industry	Call center	Others
FY2018	ZOZO Technologies, Inc. GMO Payment Gateway, Inc.	Merpay, Inc. transcosmos inc.	Accenture Japan Ltd Yahoo Japan Corporation
FY2017	Ateam Inc.	-	-
FY2016	Akatsuki Inc., SAKURA internet Inc.	Mercari, Inc.	-
Up to FY2015	LINE Corporation	Amazon Japan G.K.	Massachusetts Mutual Life Insurance Company

Source: Prepared by Fukuoka Realty Co., Ltd., based on data from Fukuoka City Economy, Tourism & Culture Bureau

Office demand underpinning the office market

◎ Establishment of new business premises [branches, head offices]

- New demand for IT-related business, call centers, shared office spaces, etc.

◎ Expansion, relocation, floor space expansion

- Office expansion needs, relocation demand due to rebuilding

◎ Moving to better locations, etc. [from suburbs to city center]

- Trend of relocating to city center from suburbs with an eye to ease of access and recruiting human resources.
- Relocation from company-owned building

Fukuoka's strengths and challenges

◎ Fukuoka's strengths

- Ease of hiring human resources (high population growth rate and high proportion of young people)
- Abundant human resources due to large number of universities, junior colleges, and professional schools
- Low business costs (office rent, labor costs)
- Highly livable city (living costs, living environments)
- High level of transport convenience (proximity to airport, gateway to Asia)
- Suitability as a backup base (Low earthquake risk, and low risk of disasters occurring at the same time as in the greater Tokyo area)
- Startup assistance (National Strategic Special Zone for Global Startups and Job Creation)

◎ Challenges

- Drying up of space for rent due to tightening office supply
- Shortage of high-grade offices that meet the requirements of foreign-owned businesses in terms of business continuity measures, etc.
 - ➔ Creation of new demand through redevelopment projects

Sponsor pipeline (Fukuoka Jisho Group)

Overview of Fukuoka Jisho Co., Ltd.

Name	Fukuoka Jisho Co., Ltd.
Established	July 1961
Industries	Real estate (comprehensive developer)
Representative	Ichiro Enomoto, President and C.E.O
Employees	216 (as of May 31, 2019)
Net sales	22.7 billion yen (period ended May 31, 2019)
Ordinary income	4.2 billion yen (period ended May 31, 2019)

Development plan of Fukuoka Jisho Group

planned completion	FY2019	FY2020	FY2021
Property name	Hotel FORZA Sapporo Ekimae (provisional name)	Island City Logistics Center (provisional name)	Tenjin Business Center (provisional name)

*The fiscal year reflects the fiscal year of Fukuoka Jisho Co., Ltd. (June 1 - May 31)

Major properties owned by Fukuoka Jisho Group

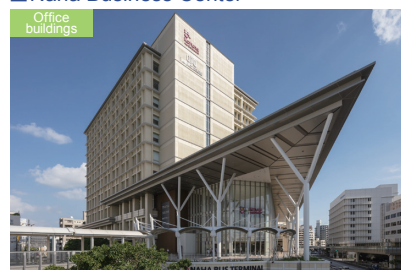
Use	No.	Name	Year of completion	Total floor space
Office buildings	1	Fukuoka Daiichi Building	1961	9,962㎡
	2	Fukuoka Kogin Building	1970	15,160㎡
	3	Meiji-Dori Business Center	1974(Main Building) / 1986(Annex)	9,844㎡
	4	Sun Life No. 3 Building	1978	8,262㎡
	5	Tenjin Nishi-Dori Business Center	1978	10,394㎡
	6	Tenjin MMT Building	1979	19,874㎡
	7	Tenjin Riverfront Business Center	1999	4,106㎡
	8	Hakata Ekimae Business Center	1999	23,542㎡
	9	Naha Business Center	2018	8,994㎡
	10	Tenjin Business Center (provisional name)	FY2021(scheduled)	61,116㎡
Retail	11	Marinoa City Fukuoka(Outlet Building)	2000(Building I) / 2004(Building II) / 2007(Building III)	46,663㎡
	12	Tenjin Kirameki Dori Building	2003	24,525㎡
	13	Canal City Hakata East Building	2011	18,534㎡
Residence	14	Class Keyaki Dori	2008	6,500㎡
Hotel	15	Hotel FORZA Hakataeki Chikushi-guchi I	2012 / 2017(Annex Building)	7,335㎡
	16	Hotel FORZA Hakataeki Chikushi-guchi II	2019	4,876㎡
	17	Hotel FORZA Sapporo Ekimae(provisional name)	FY2019(scheduled)	11,344㎡
Logistics	18	Island City Logistics Center(provisional name)	FY2020(scheduled)	47,150㎡

*Includes properties owned by the Fukuoka Jisho Group and properties co-owned with other companies.

Tenjin Business Center (provisional name)



Naha Business Center



Canal City Hakata East Building



Hotel FORZA Hakataeki Chikushi-guchi I



Island City Logistics Center (provisional name)



*Prepared by Fukuoka Realty based on data from Fukuoka Jisho Co., Ltd.