



# Fukuoka REIT Corporation

Overview of the 34<sup>th</sup> fiscal period performance Security code [8968] March 1<sup>st</sup>, 2021~August 31<sup>st</sup>, 2021



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[Security code 8968] March 1<sup>st</sup>, 2021~August 31<sup>st</sup>, 2021

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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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# Executive summary

Despite a state of emergency being declared twice for Fukuoka Prefecture, dividend per unit for the 34<sup>th</sup> period surpassed the forecast by 1.1%

## Asset replacement (June 1, 2021)

- Capture the medium- to long-term growth potential of office buildings in the Tenjin area
- Reduce the risk of having a full-service hotel that is subject to large impact of COVID-19

|                   |   |  |                   |  |
|-------------------|---|--|-------------------|--|
| Property Name     | Tenjin Nishi-Dori Business Center<br>(Land with leasehold interest) |  | Property Name     | CANAL CITY Hakata-B Grand Building<br>(88.28% co-ownership interest in Grand Building) |
| Acquisition price | 7,700 mm yen  |  | Disposition price | 7,700 mm yen   |

## New acquisition of property (scheduled on March 1, 2022)

|                              |                                      |
|------------------------------|--------------------------------------|
| Property name                | Hakata Chikushi-Dori Center Building |
| Location                     | Hakata Ward, Fukuoka City            |
| Acquisition price(scheduled) | 4,320 mm yen                         |
| Appraisal value              | 4,540 mm yen                         |
| NOI yield (*1)               | 5.3%                                 |



(\*1) The indicated figure is based on the NOI described in the appraisal report.

## Owned properties

- Retail properties Conducted workplace vaccination mainly at major facilities for tenants' employees

|                              |                       |  |
|------------------------------|-----------------------|--|
| Initiatives by each facility | • Canal City Hakata   | : Launched a project team for drastic investigation on anti-infection measures, attraction of visitors and renovations, etc. after COVID-19 is contained |
|                              | • Park Place Oita     | : "A playground for children" is planned to reinforce attraction of families   |
|                              | • SunLive City Kokura | : Renovation of common spaces in line with invitation of strong tenants  |

- Office buildings Continued to achieve upward revision of rents, with the period-end occupancy rate at 100.0%
- Others FRC owns only hotels specialized for accommodation and has kept close coordination of information with the operators. Occupancy rate for residence is 96.1%, and rent increase due to tenant replacements has continued. Vacancy rate of 0% has continued for logistics facilities in Northern Kyushu(\*2)

(\*2) Medium- to large-scale rental logistics facilities that have a total floor space of at least 5,000 m<sup>2</sup> in Fukuoka and Saga Prefectures.

## Financial Management

- Procured 6,300 mm yen at 0.51% on average interest rate with a debt duration of 10 years(\*3)

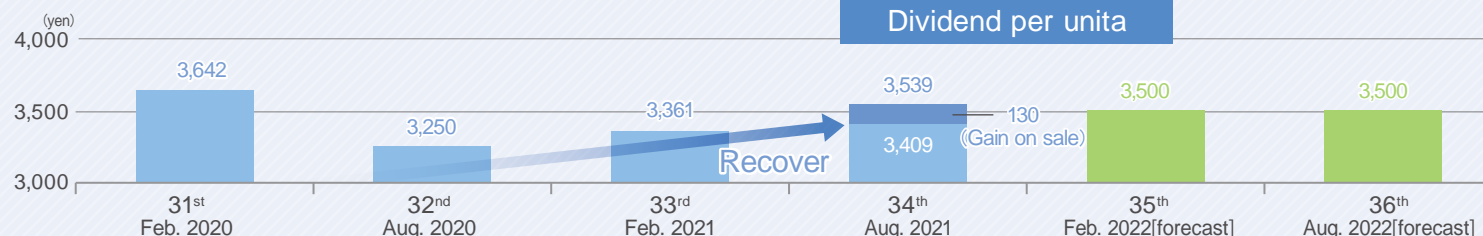
| Total debt    | Committed line | Fixed rate | Average remaining duration to maturity   | LTV (*4)                              |
|---------------|----------------|------------|--|---------------------------------------|
| 82,400 mm yen | 13,000 mm yen  | 94.1%      | 5.7年 (*5)<br>J-REITs' average: 4.3 years | 41.2% (*5)<br>J-REITs' average: 44.4% |

(\*3) Interest rates are rounded off to the second decimal place. (\*4) LTV is calculated as total interest-bearing debt divided by total assets. (\*5) Indicates the average value of the latest account settlement figures of all investment corporations as of August 2021, calculated by Fukuoka Realty based on their disclosure materials.

## E S G

- External evaluation **NEW** GRESB2021 "4 Stars" • Green Building certification obtained for 78.8% (based on total floor space)

## Dividend per unit



【Dividend per unit】  
 The actual of the 34<sup>th</sup> FP **3,539 yen** (compared with the previous FP +5.3%)  
 35<sup>th</sup> Forecast **3,500 yen** (compared with the forecast +1.1%)  
 36<sup>th</sup> Forecast **3,500 yen**

# New acquisition of property for the 36<sup>th</sup> FP

## Hakata Chikushi-Dori Center Building

### Overview of the property

|                              |  |
|------------------------------|--|
| Acquisition date(scheduled)  | March 1, 2022  |
| Acquisition price(scheduled) | 4,320 mm yen   |
| Appraisal value              | 4,540 mm yen   |
| Location                     | 2-5 Hakataeki-minami, Hakata Ward, Fukuoka City              |
| Built timing                 | January 1992   |
| Total floor space            | 8,621.96m <sup>2</sup>                                       |
| Tenants                      | 12   |
| NOI yield(*1)                | 5.3%(assumed NOI yield for the 36 <sup>th</sup> period:3.9%) |
| Positive rent gap(*2)        | +33.9%   |

(\*1)The indicated figure is based on the NOI described in the appraisal report.

(\*2)Rent positive gap indicated the gap between current rent (contract rent with common charges) and market rent, and is calculated as "market rent – current rent / current rent". Moreover, market rent indicated average of assumed newly closed rent assessed by CBRE as of August 2021.



### Area map



### Features of the property

An acquisition of the property by utilizing the information ability and know-how of the Asset Manager

- The property to achieve internal growth after the acquisition is expected
- Located about an eight-minute walk from JR "Hakata" Station in an area where hotels and government offices are concentrated
- Highly competitive in the area, with a standard floor rental room area of over 240 tsubos

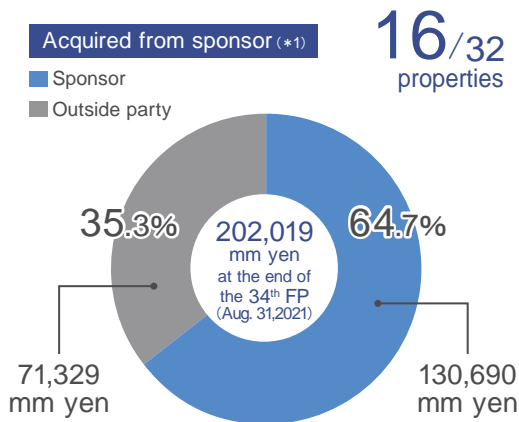
# External Growth Initiatives

Aiming for an asset size of 250 billion yen by diversifying risks by investment type as a comprehensive REIT

## Sponsor pipelines, etc

- Several redevelopment projects are underway in the Tenjin and Hakata areas
- Scheduled to continue development of logistics facilities after the development of first logistics facility in September 2020
- Fukuoka Jisho owns 9.18% of FRC's investment units through same-boat investment (as of August 31, 2021)

(\*1) Because the Higashi Hie Business Center that was acquired in the 10<sup>th</sup> FP, August 31, 2009, was acquired from both the outside party and the sponsor, the purchase price has been added to the purchase prices from outside parties and the purchase prices from the sponsor 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 the sponsor.

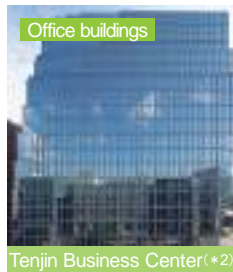


## Community-based sourcing strategy

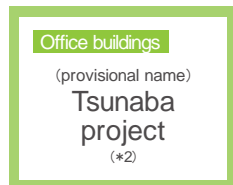
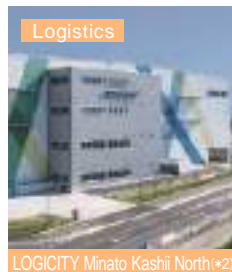
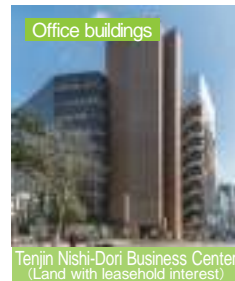
- Acquire properties from external sources by utilizing the information ability and know-how of the Asset Manager which is well versed in individual conditions in the Fukuoka and Kyushu area
- Propose wide-ranging CRE strategies by grasping customers' needs as early as possible (ex. leaseback, base consolidation, putting land with leasehold interest off the balance sheet, etc.)
- Powerful companies leading the Kyushu business world provide backup as sponsors of the Asset Manager
- Following acquisition, community-based operation in a meticulous and stable manner is possible



## Major income-generating properties



## Major development properties



Involved from the development stage, adding a viewpoint of sustainability

(\*2) The above properties are owned by Fukuoka Jisho, and FRC has no plan to acquire them at present. For details of the sponsor pipeline, please see page 59.

## Open bid

## Solution proposal

## Internal Growth

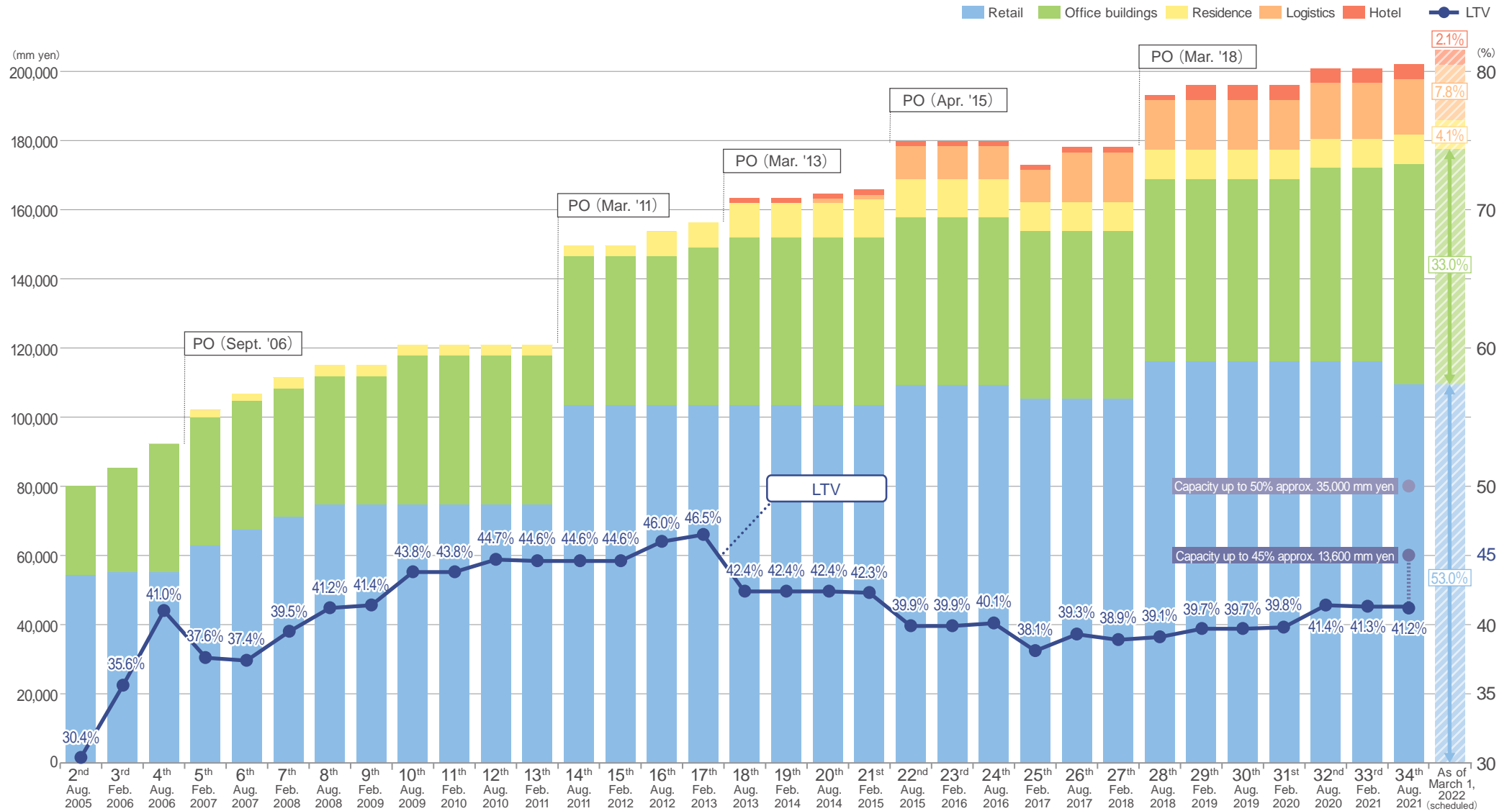
Limited opportunities for acquisition

Propose solutions to win trust and "achieve transactions," and "enhance property value" by pursuing internal growth



# Historical trends of asset's size by investment type (based on acquisition)

Asset size is 202.0 billion yen at the end of the 34<sup>th</sup> fiscal period (based on acquisition)



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

\* Properties are classified in accordance with their main use. Fukuoka Washington Hotel, which is a tenant of Canal City Hakata, is included in the Retail category.

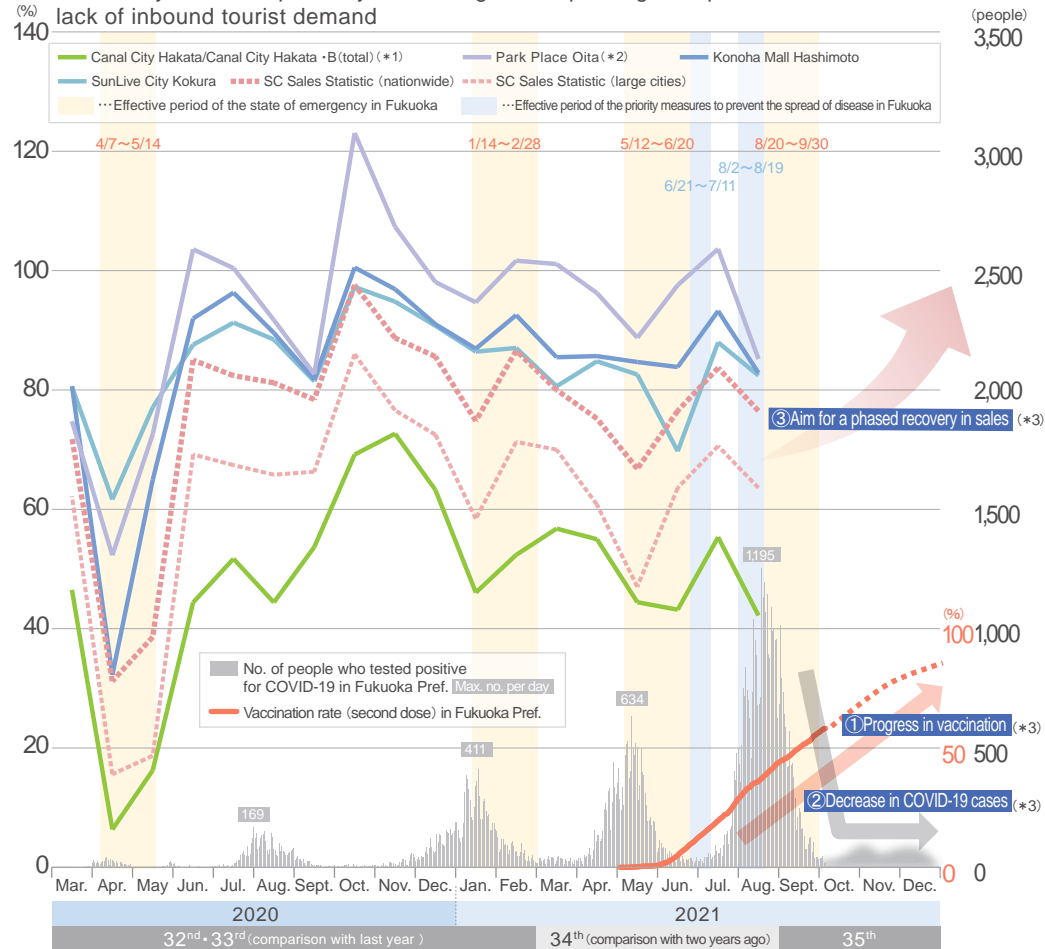


# Impact of COVID-19 infection

Active retail properties are also anticipated to recover as COVID-19 is contained

## Trends in sales in comparison with last year (for 32<sup>nd</sup> and 33<sup>rd</sup> periods) and two years ago (for 34<sup>th</sup> period)

- Community-based suburban SCs have surpassed the national average
- Canal City Hakata repeatedly seesawing due to prolonged impact of COVID-19 and lack of inbound tourist demand



Source: Prepared by Fukuoka Realty based on data from Sales Statistics on the Japan Council of Shopping Centers website, the Government CIO Portal, and the Fukuoka Prefecture website.

(\*1) Sales of the portion to be disposed (88.28% co-ownership interest) of Canal City Hakata-B Grand Building, which is part of Canal City Hakata-B, are excluded from June 1, 2021, the disposition date.

(\*2) Sales at the newly acquired Home Plaza NAFCO at Park Place Oita in July 2020 are added.

(\*3) Sales in September 2021 and thereafter are an illustrative indication of the targeted recovery and are not based on performance forecasts, etc.

The graphs of vaccination rate and COVID-19 cases in October 2021 and thereafter are also illustrative indications only, and may differ from actual results.

## Occupancy rates

| Property name                | Period-end occupancy rates      |                                 |
|------------------------------|---------------------------------|---------------------------------|
|                              | 33 <sup>rd</sup><br>(Feb. 2021) | 34 <sup>th</sup><br>(Aug. 2021) |
| Canal City Hakata            | 97.7%                           | 97.9%                           |
| Canal City Hakata·B          | 99.5%                           | 98.1%                           |
| Park Place Oita              | 100.0%                          | 99.9%                           |
| Konoha Mall Hashimoto        | 97.8%                           | 98.7%                           |
| SunLive City Kokura          | 100.0%                          | 100.0%                          |
| Other retail properties (*4) | 100.0%                          | 100.0%                          |

(\*4) Square Mall Kagoshima Usuki, Kumamoto Intercommunity SC, Hanahata SC, Kurume Higashi Kushiwara SC, K's Denki Kagoshima, Marinao City Fukuoka (Marina Side Building) are listed as other retail properties.

## Status of Rent Reduction and Deferment of Rent Payment

- In the 34<sup>th</sup> fiscal period, the amount and number of rent reductions and exemptions decreased. Deferment of payment was not conducted.

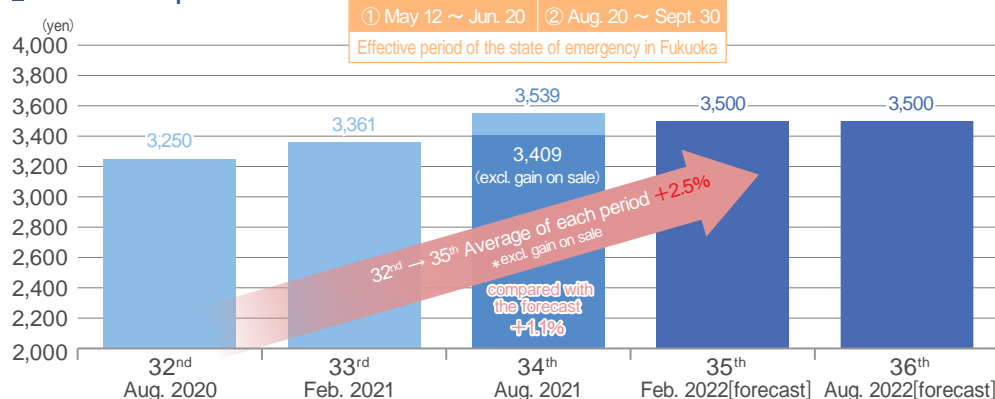
|                                | 32 <sup>nd</sup>   |              | 33 <sup>rd</sup> | 34 <sup>th</sup> | 35 <sup>th</sup><br>(forecast) | 36 <sup>th</sup><br>(forecast) |
|--------------------------------|--------------------|--------------|------------------|------------------|--------------------------------|--------------------------------|
|                                | Apr. , May<br>2020 | Jun.<br>Aug. |                  |                  |                                |                                |
| Rent Reduction                 | 259 mm yen         |              | 84 mm yen        | 27 mm yen        | 12 mm yen                      | 0.5 mm yen                     |
| Number of tenants (*5)         | 288 cases          |              | 49 cases         | 19 cases         | 10 cases                       | 2 cases                        |
| Deferment of Rent Payment (*5) | 285 cases          |              | —                | —                | —                              | —                              |

(\*5) The number of tenant cases is a cumulative figure.

# Dividend per unit

Dividend per unit recovered to 3,500 yen

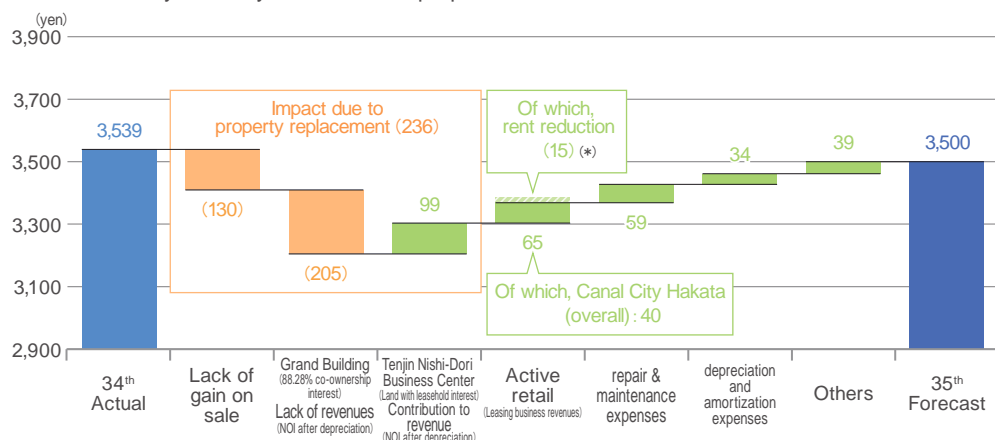
## Dividend per unit



- Despite a state of emergency being declared twice for Fukuoka Prefecture, which was not assumed at the beginning of the 33<sup>rd</sup> period, dividend per unit came to surpass the forecast for the 34<sup>th</sup> period by 1.1%. Although the impact of COVID-19 is assumed to linger in the 35<sup>th</sup> period and thereafter, dividend forecast per unit remains unchanged at 3,500 yen.
- When gain on sale is excluded, dividend is assumed to recover by 2.5% on average for each period (32<sup>nd</sup> through 35<sup>th</sup>)

## Variation factors in dividends (35<sup>th</sup> Forecast)

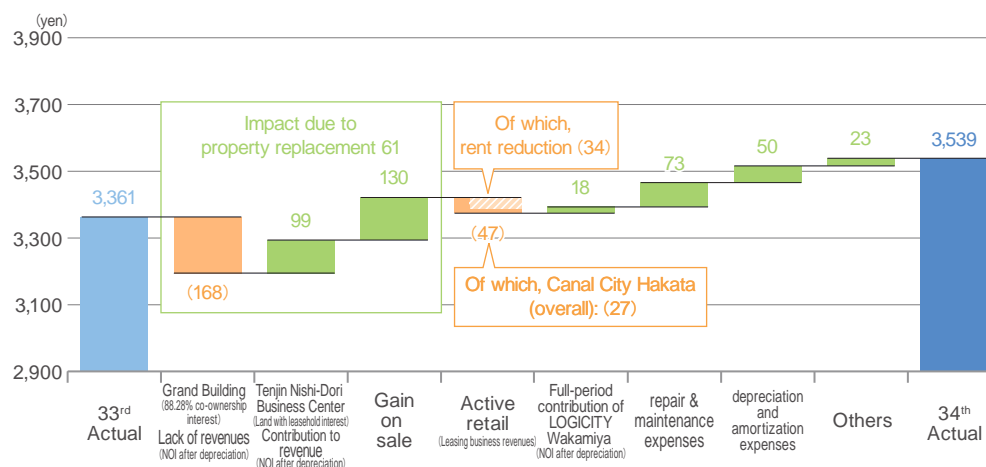
- Forecast to be 3,500 yen, as lack of gain on sale and lack of NOI due to asset replacement will be covered by recovery of active retail properties



\*Active retail refers to Canal City Hakata, Canal City Hakata · B, Park Place Oita, Konoha Mall Hashimoto and SunLive City Kokura. \*Canal City Hakata (as a whole) refers to Canal City Hakata and Canal City Hakata · B.  
\*The amounts of impact of newly acquired properties and the disposed property are stated based on NOI after depreciation. (\*) The currently estimated amount is indicated. Besides, rent reduction, etc. will be made in response to the impact of possible spread of COVID-19.

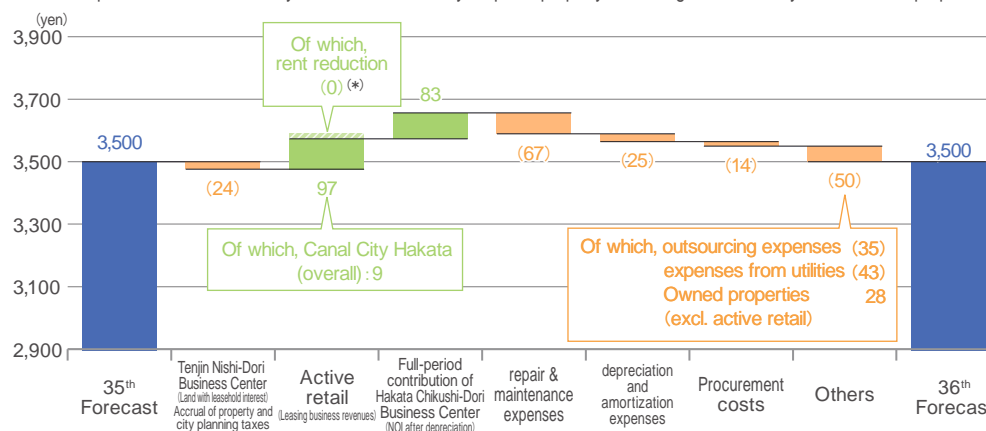
## Variation factors in dividends (34<sup>th</sup> Actual)

- Reached 3,539 yen, +178 yen period-on-period, as the impact of lack of NOI due to asset replacement was reduced by gain on sale and full-period earning contributions of newly acquired properties earnings



## Variation factors in dividends (36<sup>th</sup> Forecast)

- Forecast to be 3,500 yen, as accrual of property and city planning taxes for newly acquired property and increase in repair and other expenses will be covered by contributions of newly acquired property to earnings and recovery of active retail properties





# Statements of Income (compared with the previous fiscal period)

Gain on sale and reduced expenses absorbed decrease in revenues due to property sale, with dividends up 5.3% period-on-period

- unit : mm yen

Sign indicates impact on profit ( unit : mm yen)

| Account                           |   | 33 <sup>rd</sup> A<br>~Feb. 28, 2021 | 34 <sup>th</sup> B<br>~Aug. 31, 2021 | Difference<br>B - A |
|-----------------------------------|---|--------------------------------------|--------------------------------------|---------------------|
| Operating profit and loss         | Total operating revenues                                  | 8,904                                | 8,867                                | (36)                |
|                                   | Operating revenues excluding gain on sales                | 8,904                                | 8,762                                | ① (141)             |
|                                   | Gain on sale  | -                                    | 104                                  | ② 104               |
|                                   | Total operating expenses                                  | 5,842                                | 5,662                                | (179)               |
|                                   | Expenses related to leasing business                      | 5,180                                | 4,978                                | ③ (201)             |
|                                   | Asset management fees                                     | 524                                  | 531                                  | 7                   |
|                                   | Asset custody fees  | 7                                    | 7                                    | 0                   |
|                                   | Administrative service fees                               | 58                                   | 58                                   | 0                   |
|                                   | Director's compensations                                  | 9                                    | 9                                    | -                   |
|                                   | Other operating expenses                                  | 61                                   | 75                                   | 14                  |
| <b>Operating income</b>           |   | <b>3,061</b>                         | <b>3,204</b>                         | <b>142</b>          |
| Non-Operating profit and loss     | Total non-operating revenues                              | 1                                    | 0                                    | (0)                 |
|                                   | Total non-operating expenses                              | 386                                  | 387                                  | 1                   |
|                                   | Interest expenses<br>(incl. investment corporation bonds) | 282                                  | 286                                  | 4                   |
|                                   | Financing related expenses                                | 97                                   | 98                                   | 0                   |
|                                   | Others  | 5                                    | 2                                    | (3)                 |
| <b>Ordinary income</b>            |   | <b>2,677</b>                         | <b>2,817</b>                         | <b>140</b>          |
| <b>Profit before income taxes</b> |   | <b>2,677</b>                         | <b>2,817</b>                         | <b>140</b>          |
| Total income taxes                |   | 1                                    | 1                                    | (0)                 |
| <b>Profit</b>                     |   | <b>2,675</b>                         | <b>2,816</b>                         | <b>141</b>          |

|          |                                |       |       |     |
|----------|--------------------------------|-------|-------|-----|
| Dividend | <b>Total dividends</b>         | 2,675 | 2,817 | 141 |
|          | <b>Dividend per unit (yen)</b> | 3,361 | 3,539 | 178 |

## Operating profit and loss

|  |              |
|--|--------------|
| ① New acquisition property   | +79          |
| (Tenjin Nishi-Dori Business Center(Land with leasehold interest))                        |              |
| Full-period contribution of LOGICITY Wakamiya  | +26          |
| Canal City Hakata  | (22)         |
| Canal City Hakata•B  | (263)        |
| [ Grand Building (88.28% co-ownership interest) (263)]                                   |              |
| Lack of revenues due to disposition  |              |
| Park Place Oita  | (15)         |
| Office buildings(excl. Tenjin Nishi-Dori Business Center (Land with leasehold interest)) | +35          |
| Tissage Hotel Naha   | +14          |
| Others   | +4           |
| <b>Total :</b>   | <b>(141)</b> |
| ② CANAL CITY Hakata•B Grand Building (88.28% co-ownership interest)                      | +104         |
| ③ Decrease in outsourcing expenses   | +94          |
| Increase in expenses from utilities  | (25)         |
| Decrease in taxes and other public charges   | +19          |
| Decrease in depreciation and amortization expenses                                       | +70          |
| Decrease in repair & maintenance expenses  | +57          |
| Increase in other expenses   | (16)         |
| <b>Total :</b>   | <b>+201</b>  |

# Statements of Income (compared with the forecast)

Decrease in revenues due to the impact of the declaration of a state of emergency was absorbed by cost reductions, etc. Dividend per unit came to +1.1% from forecast

- unit : mm yen

Sign indicates impact on profit ( unit : mm yen)

| Account   |  | 34 <sup>th</sup> A<br>Forecast at 33 <sup>rd</sup> | 34 <sup>th</sup> B<br>~Aug. 31, 2021 | Difference<br>B - A |     |
|---|--|--|--------------------------------------|---------------------|-----|
| Operating profit and loss                                 | Total operating revenues                   | 8,979  | 8,867                                | (112)               |     |
|   | Operating revenues excluding gain on sales | 8,883  | 8,762                                | ① (120)             |     |
|   | Gain on sale                               | 95   | 104                                  | ② 8                 |     |
|   | Total operating expenses                   | 5,803  | 5,662                                | ③ (140)             |     |
|   | Expenses related to leasing business       |  | 4,978                                |                     |     |
|   | Asset management fees                      |  | 531                                  |                     |     |
|   | Asset custody fees                         |  | 7                                    |                     |     |
|   | Administrative service fees                |  | 58                                   |                     |     |
|   | Director's compensations                   |  | 9                                    |                     |     |
|   | Other operating expenses                   |  | 75                                   |                     |     |
|   | <b>Operating income</b>                    | <b>3,176</b>                                       | <b>3,204</b>                         | <b>28</b>           |     |
|   | Non-Operating profit and loss              | Total non-operating revenues                       | 0                                    | 0                   | (0) |
|   |  | Total non-operating expenses                       | 389                                  | 387                 | (1) |
| Interest expenses<br>(incl. investment corporation bonds) |  |  | 286                                  |                     |     |
| Financing related expenses                                |  |  | 98                                   |                     |     |
| Others  |  |  | 2                                    |                     |     |
| <b>Ordinary income</b>                                    | <b>2,787</b>                               | <b>2,817</b>                                       | <b>29</b>                            |                     |     |
| <b>Profit before income taxes</b>                         | <b>2,787</b>                               | <b>2,817</b>                                       | <b>29</b>                            |                     |     |
| Total income taxes  | 1  | 1  | 0                                    |                     |     |
| <b>Profit</b>   | <b>2,786</b>                               | <b>2,816</b>                                       | <b>30</b>                            |                     |     |

## Operating profit and loss

|                       |              |
|-----------------------|--------------|
| ① Canal City Hakata   | (72)         |
| Canal City Hakata-B   | (31)         |
| Park Place Oita       | (20)         |
| Konoha Mall Hashimoto | (3)          |
| Office buildings      | +8           |
| Others                | (2)          |
| <b>Total :</b>        | <b>(120)</b> |

|  |           |
|--|-----------|
| ② CANAL CITY Hakata-B Grand Building<br>(88.28% co-ownership interest in Grand Building) | <b>+8</b> |
|--|-----------|

|   |             |
|---|-------------|
| ③ Decrease in outsourcing expenses                      | +51         |
| Decrease in expenses from utilities                     | +20         |
| Decrease in depreciation and amortization expenses      | +5          |
| Decrease in repair & maintenance expenses               | +56         |
| Decrease in taxes and other public charges              | +5          |
| Decrease in selling general and administrative expenses | +9          |
| Increase in other expenses                              | (6)         |
| <b>Total :</b>  | <b>+140</b> |

|          |                         |       |       |    |
|----------|-------------------------|-------|-------|----|
| Dividend | Total dividends         | 2,786 | 2,817 | 31 |
|          | Dividend per unit (yen) | 3,500 | 3,539 | 39 |

# Business forecast (the 35<sup>th</sup> fiscal period, Feb. 2022)

Absence of gain on sale and the impact of asset replacement were absorbed by reduced expenses, etc., with dividend per unit at 3,500 yen

## Forecast in the 35<sup>th</sup> fiscal period

- unit : mm yen

| Account                                       | 34 <sup>th</sup><br>Actual<br>A | 35 <sup>th</sup><br>Forecast<br>at 33 <sup>rd</sup><br>B | 35 <sup>th</sup><br>Forecast<br>at 34 <sup>th</sup><br>C | 34 <sup>th</sup><br>Actual<br>difference<br>C-A | 35 <sup>th</sup><br>Forecast<br>difference<br>C-B |
|---|---------------------------------|--|--|---|---|
| Operating revenues                            | 8,867                           | 8,724  | 8,621  | (246)   | (103)   |
| Operating revenues<br>excluding gain on sales | 8,762                           | 8,724  | 8,621  | ① (141)   | (103)   |
| Gain on sales                                 | 104                             | -  | -  | ② (104)   | -   |
| Operating expenses                            | 5,662                           | 5,555  | 5,464  | ③ (198)   | (90)  |
| Operating income                              | 3,204                           | 3,168  | 3,156  | (47)  | (12)  |
| Non-operating revenues                        | 0                               | 0  | 0  | 0   | -   |
| Non-operating expenses                        | 387                             | 382  | 370  | (17)  | (12)  |
| Ordinary income                               | 2,817                           | 2,787  | 2,787  | (30)  | (0)   |
| Profit  | 2,816                           | 2,786  | 2,786  | (30)  | (0)   |
| <b>Total dividends</b>                        | <b>2,817</b>                    | <b>2,786</b>   | <b>2,786</b>   | <b>(31)</b>                                     | <b>-</b>  |
| <b>Dividend per unit (yen)</b>                | <b>3,539</b>                    | <b>3,500</b>   | <b>3,500</b>   | <b>(39)</b>                                     | <b>-</b>  |

Sign indicates impact on profit (unit : mm yen)

### ■ Difference between the 34<sup>th</sup> FP actual and the 35<sup>th</sup> FP forecast

|  |              |
|--|--------------|
| ① Full-period contribution of Tenjin Nishi-Dori Business Center (Land with leasehold interest) | +79          |
| Canal City Hakata  | (11)         |
| Canal City Hakata-B  | (220)        |
| [Grand Building (88.28% co-ownership interest)]  | (263)        |
| Lack of revenues due to disposition  |              |
| Park Place Oita  | +3           |
| Konoha Mall Hashimoto  | +16          |
| Office buildings(excl. Tenjin Nishi-Dori Business Center (Land with leasehold interest))       | +2           |
| [-of which, increase in leasing revenues-real estate, etc.]                                    | +7           |
| [-of which, decrease in income from utilities]   | (5)          |
| Tissage Hotel Naha   | (6)          |
| Others   | (6)          |
| <b>Total :</b>   | <b>(141)</b> |
| ② CANAL CITY Hakata-B Grand Building (88.28% co-ownership interest)                            | (104)        |
| ③ Decrease in outsourcing expenses   | +54          |
| Decrease in expenses from utilities  | +5           |
| Decrease in repair & maintenance expenses  | +47          |
| Decrease in taxes and other public charges   | +11          |
| Decrease in depreciation and amortization expenses   | +63          |
| Decrease in selling general and administrative expenses  | +13          |
| Decrease in other expenses   | +1           |
| <b>Total :</b>   | <b>+198</b>  |



# Business forecast (the 36<sup>th</sup> fiscal period, Aug. 2022)

Dividend forecast to be 3,500 yen, with newly acquired property contributing to earnings to cover increase in expenses

## Forecast in the 36<sup>th</sup> fiscal period

- unit : mm yen

| Account                        | 35 <sup>th</sup><br>Forecast at 34 <sup>th</sup><br>A | 36 <sup>th</sup><br>Forecast at 34 <sup>th</sup><br>B | 35 <sup>th</sup><br>Forecast difference<br>B-A |
|--------------------------------|---|---|--|
| Operating revenues             | 8,621   | 8,834   | ① 213  |
| Operating expenses             | 5,464   | 5,665   | ② 200  |
| Operating income               | 3,156   | 3,169   | 12   |
| Non-operating revenues         | 0   | 0   | -  |
| Non-operating expenses         | 370   | 382   | 11   |
| Ordinary income                | 2,787   | 2,787   | 0  |
| Profit                         | 2,786   | 2,786   | 0  |
| <b>Total dividends</b>         | 2,786   | 2,786   | -  |
| <b>Dividend per unit (yen)</b> | 3,500   | 3,500   | -  |

Sign indicates impact on profit (unit : mm yen)

### ■ Variance from updated the 35<sup>th</sup> FP forecast

|   |              |
|---|--------------|
| ① Acquired property at the 36 <sup>th</sup> FP<br>(Hakata Chikushi-Dori Center Building)          | +112         |
| Active retail   | +77          |
| -of which, Canal City Hakata/Canal City Hakata-B  | +7           |
| Park Place Oita   | +20          |
| Konoha Mall Hashimoto   | +19          |
| SunLive City Kokura   | +29          |
| Office buildings  | +6           |
| Tissage Hotel Naha  | +6           |
| Others  | +10          |
| <b>Total :</b>  | <b>+213</b>  |
| ② Increase in outsourcing expenses  | (44)         |
| Increase in expenses from utilities   | (41)         |
| Increase in taxes and other public charges  | (18)         |
| [ Tenjin Nishi-Dori Business Center(Land with leasehold interest)                                 | (19)]        |
| Increase in depreciation and amortization expenses  | (38)         |
| Increase in repair & maintenance expenses   | (57)         |
| Decrease in other expenses  | +2           |
| <b>Total :</b>  | <b>(200)</b> |
| -of which, Acquired property at the 36 <sup>th</sup> FP<br>(Hakata Chikushi-Dori Business Center) | (45)         |
| Active retail   | (59)         |

# Situation of active retail①

## Impact of COVID-19 is limited on community-based retail properties

### ● Canal City Hakata ● Canal City Hakata・B



Sales (annual total<sup>(\*)1</sup>)  
Sept. 2020 - Aug. 2021

**16.3 bn yen**  
vs. 2 years ago (47.4)%  
(YoY (18.0)%)

Continued to be affected by the decrease in the number of visitors to city-center retail facilities as a whole and reduced tourism demand under the COVID-19 pandemic. Work to deepen the fundamental customer base by capturing neighborhood customers (through tenant replacement, sales promotion and announcement activities, etc.), and aim to recover future sales through such initiatives as supporting vaccination of tenants' employees.

### ● Park Place Oita



Sales (annual total<sup>(\*)2</sup>)  
Sept. 2020 - Aug. 2021

**24.1 bn yen**  
vs. 2 years ago (3.1)%  
(YoY +7.0%)

Remained strong as it is a suburban mall anchored by a GMS and tenants involved in daily necessities as well as because no state of emergency was declared in Oita Prefecture for the past 12 months. Aim to increase sales by thoroughly implementing anti-COVID-19 measures, tenant replacement and various renovation work, etc. on a continuous basis.

### ● Konoha Mall Hashimoto



Sales (annual total)  
Sept. 2020 - Aug. 2021

**13.8 bn yen**  
vs. 2 years ago (13.4)%  
(YoY +1.0%)

Remained stronger compared with city-center retail facilities as it is a community-based mall anchored by a supermarket and tenants involved in daily necessities, although impacted by the declaration of a state of emergency in Fukuoka Prefecture. Conducted tenant replacement for the Hashimoto Marche zone in autumn 2021, reinforcing attractiveness of food-related offerings.

### ● SunLive City Kokura



Sales (annual total<sup>(\*)3</sup>)  
Sept. 2020 - Aug. 2021

**—**  
vs. 2 years ago (15.1)%  
(YoY (5.6)%)

A community-based mall anchored by a supermarket and tenant involved in daily necessities. Remained stronger compared with city-center retail facilities despite a temporary decrease in sales associated with tenant replacement and renovation on top of the impact of the state of emergency declared in Fukuoka Prefecture.

(\*)1 Combined sales of Canal City Hakata and Canal City Hakata・B, properties owned by Fukuoka REIT. Sales of the portion to be disposed (88.28% co-ownership interest) of Canal City Hakata-B Grand Building, which is part of Canal City Hakata-B, are excluded from June 1, 2021, the disposition date.  
(\*)2 Sales at the newly acquired Home Plaza NAFCO at Park Place Oita in July 2020 are added. (\*)3 Sales figures are omitted because SunLive did not consent to their disclosure.

## Change in sales from a year earlier (from 2 years ago)

| Property name   | 32 <sup>nd</sup>        | 33 <sup>rd</sup>        | 34 <sup>th</sup>                 | [ 34 <sup>th</sup> ]        |
|---|-------------------------|-------------------------|----------------------------------|-----------------------------|
|   | YoY comparison of sales | YoY comparison of sales | Change in sales from 2 years ago | [ YoY comparison of sales ] |
| Canal City Hakata / Canal City Hakata・B <sup>(*)1</sup> | (64.9) %                | (40.0) %                | (50.5) %                         | [ +41.0% ]                  |
| Park Place Oita <sup>(*)2</sup>                         | (17.1) %                | +0.2%                   | (4.6) %                          | [ +15.1% ]                  |
| Konoha Mall Hashimoto                                   | (24.2) %                | (8.5) %                 | (14.1) %                         | [ +13.4% ]                  |
| SunLive City Kokura                                     | (18.8) %                | (10.4) %                | (18.6) %                         | [ + 0.3% ]                  |
| Other retail properties <sup>(*)4</sup>                 | (8.3) %                 | (1.7) %                 | (5.9) %                          | [ + 2.7% ]                  |

(\*)4 Square Mall Kagoshima Usuki, Kumamoto Intercommunity SC, Hanahata SC, Kurume Higashi Kushiwara SC, K's Denki Kagoshima, Marinao City Fukuoka (Marina Side Building) are listed as other retail properties.

### ◎ Other retail properties (Fixed rents)

Sales of roadside retail facilities remained strong due to growing demand for home appliances and golf goods under the COVID-19 pandemic



Kumamoto Intercommunity SC

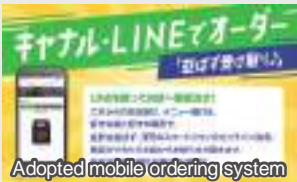



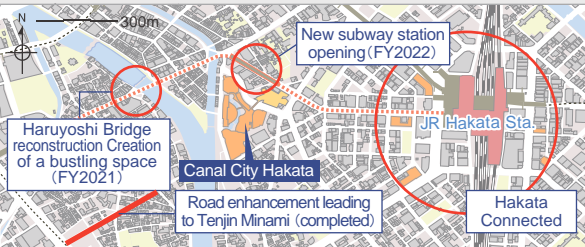


K's Denki Kagoshima

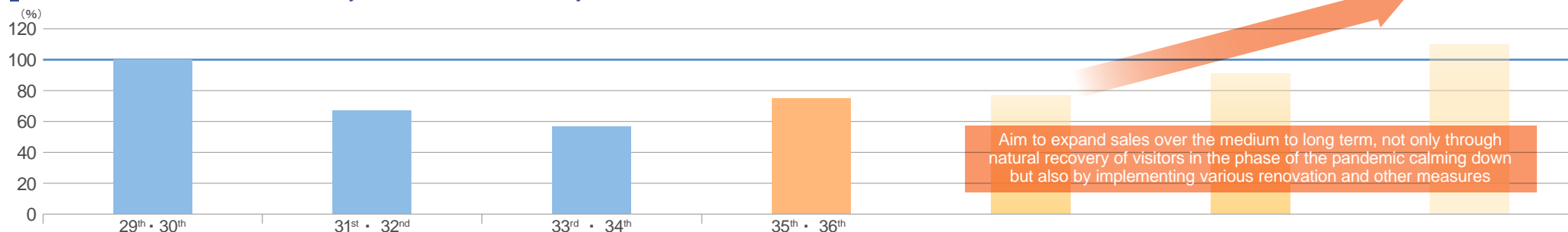
# Situation of active retail②

## Current situation at Canal City Hakata (overall)

- Continued endeavors to attract domestic and neighboring customers in the 34<sup>th</sup> period, given the prolonged impact of COVID-19.
- In the 35<sup>th</sup> and 36<sup>th</sup> periods, aim for a phased recovery in the number of domestic visitors while paying close attention to anti-infection measures, and assume sales recovering by about 75% from the 29<sup>th</sup> and 30<sup>th</sup> periods (not anticipating foreign tourists)

|                      | 34 <sup>th</sup>   | 35 <sup>th</sup>   | 36 <sup>th</sup>   | 37 <sup>th</sup> ~   |   |
|----------------------|--|--|--|--|---|
| Short-term responses | <ul style="list-style-type: none"> <li>● <b>Anti-infection measures</b> <ul style="list-style-type: none"> <li>Adopted mobile ordering system</li> <li>Conducted antibacterial coating for handrails, etc./video streaming</li> <li>Thoroughly conducted disinfection and temperature measurement</li> <li>Held events while avoiding crowding</li> </ul> </li> <li>● <b>Tenant support</b> <ul style="list-style-type: none"> <li>Issued coupons to employees of housed tenants</li> <li>Guided customers via events in the facilities and decorations</li> </ul> </li> <li>● <b>Attraction of domestic and neighboring customers</b> <ul style="list-style-type: none"> <li>Held open market and flea market</li> <li>Offered discounts for visitors using ETC</li> <li>Issued coupon booklet</li> </ul> </li> </ul> |  <p>Adopted mobile ordering system</p>  <p>FLEA MANIACS</p>  | <ul style="list-style-type: none"> <li>● <b>Phased resumption of customer-attracting events</b></li> </ul> <p>Hold customer-attracting events in a phased manner in association with easing of movement restrictions and take advantage of facilities being located in the center of Fukuoka's urban areas. Work to create visit opportunities by providing experiential value, a strength of Canal City Hakata.</p>  <p>*Reference photos (past events, etc.)</p> |  |   |
|                      | Medium- to long-term responses   | <ul style="list-style-type: none"> <li>● <b>Workplace vaccination for tenant employees</b></li> </ul> <p>Conducted COVID-19 vaccination for about 2,350 applicants at special venues in the facilities (in July and August 2021)</p> <p>A vaccination venue▶<br/>(The Asset Manager employees also cooperated at reception, etc.)</p>  | <ul style="list-style-type: none"> <li>● <b>Renewal of merchandise through renovation</b></li> </ul> <p>Major tenant replacement and renovation are under study at any time. Conduct renovation in response to changes in consumer behavior.</p>   | <ul style="list-style-type: none"> <li>● <b>Changes in the external environment</b></li> </ul> <ul style="list-style-type: none"> <li>The entire area is expected to be vitalized with a subway station opening for better access to the neighborhood, among other factors.</li> <li>Progress is being made in infrastructure improvement and other preparations, such as the holding of international events (like the FINA World Championships) and addition of international convention centers.</li> <li>Implement various initiatives mentioned above, while discerning the impact of LaLaport Fukuoka (to be opened in spring 2022)</li> </ul> |  <p>Map showing infrastructure projects: Haruyoshi Bridge reconstruction, New subway station opening (FY2022), Road enhancement leading to Tenjin Minami (completed), and Hakata Connected.</p> |

### Trends in sales of Canal City Hakata /Canal City Hakata・B (\*)



(\*) Sales at the portion to be disposed (88.28% co-ownership interest) of Canal City Hakata-B Grand Building, which is part of Canal City Hakata-B, are not included. The graph indicates the ratio to combined sales for the 29<sup>th</sup> and 30<sup>th</sup> periods set at 100%.



# Situation of active retail③

Anticipate increase in rents through facility renovations, etc.

- Community-based malls with a large selection of daily necessities remained strong even under the COVID-19 pandemic.
- Various renovation works to further motivate customers to visit were investigated and conducted.
- Negotiations with tenants were conducted and settled smoothly.

## SunLive City Kokura (completed in September 2021)

- Renovated common spaces (passages, toilets, food court, etc.)
- At the same time, the supermarket section was renovated by the master lessee and strong subtenants were invited
- Expects percentage-of-sales rent (75 million yen annually), which surpasses the percentage-of-sales rent that regularly accrued in the past (60 million yen annually; not accrued since 32<sup>nd</sup> period).

Opening day of "UNIQLO" store  
(relocated from neighborhood to open on September 23, 2021)



## Konoha Mall Hashimoto (completed in October 2021)

- Expanded and renovated Hashimoto Marche, a food and goods sales zone that performs solid even under the COVID-19 pandemic, at the opportunity of the 10th anniversary.
- Invited 9 new stores, with annual rent expected to increase by approx. 28 million yen.



## Park Place Oita (scheduled for spring 2022)

- A "playground from children's perspective" is planned to reinforce attraction of family household customers.
- Strengthen the functions for children playing fun and safe to enhance competitive advantage
- Disseminate "bustle" and "excitement" of the zone throughout the building  
→ Expect to improve NOI by 20 million yen annually by attracting more customers and replacing tenants, etc.

◎Subject section:  
Shangri-La on the 3rd floor

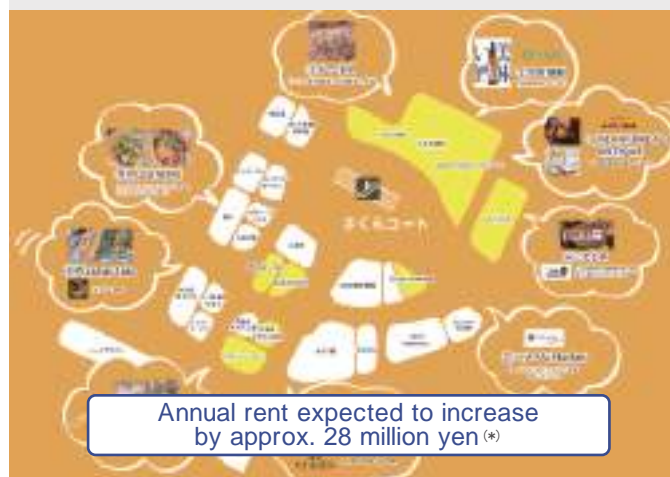


◎Overview

- Newly establish a playground for children with the themes of "adventure," "thinking" and "curiosity."
- Planning and supervision: DENTSU LIVE INC.
- Design: Mr. Keiichiro Sako, SAKO Architects DENTSU LIVE INC.
- Advisor and sound supervision: Mr. Tetsuya Sato, Sony Marketing Inc.
- Area: approx. 2,256 m<sup>2</sup> (approx. 684 tsubos)



Annual rent (target) : up 75 million yen



Annual rent expected to increase by approx. 28 million yen (\*)



Annual NOI expected to increase by approx. 20 million yen (\*)

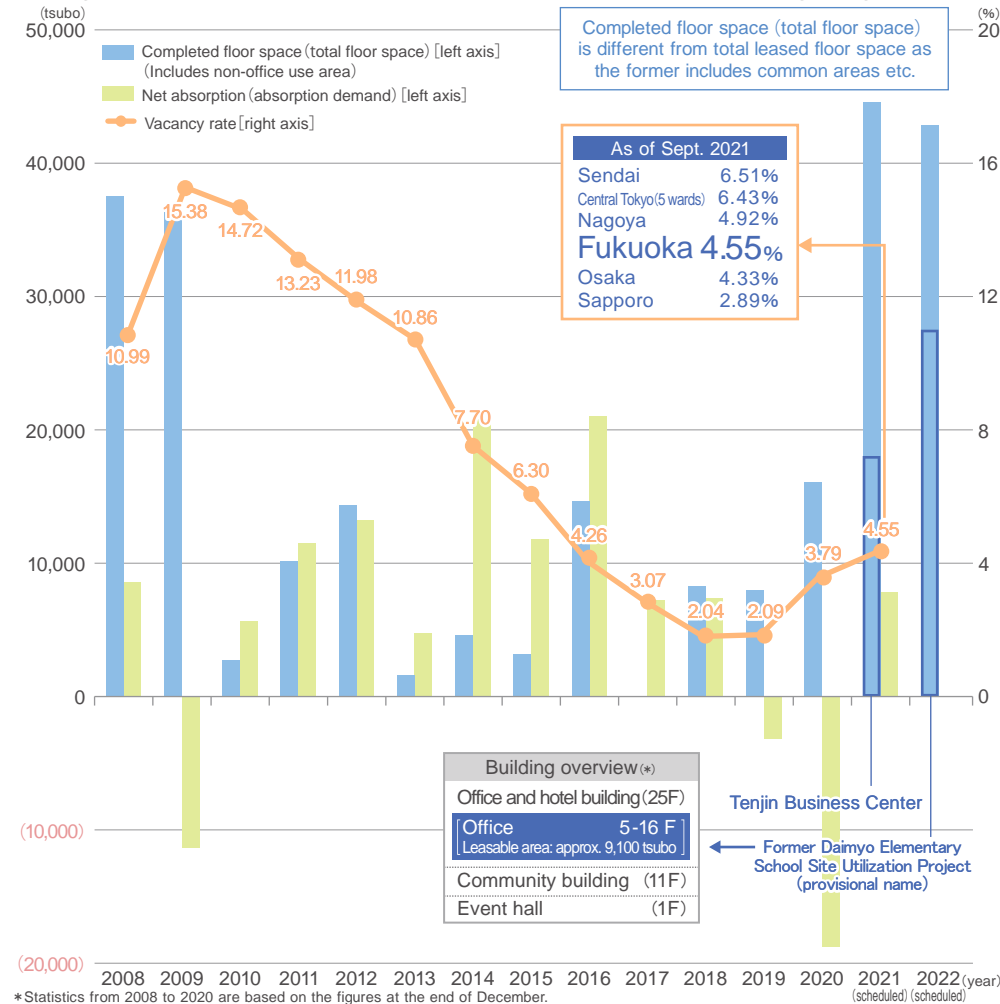
(\*) The increase in NOI and rent is calculated as increase in percentage-of-sales rent, etc. based on expected sales increase, and may differ from actual results.

# Trends in the Fukuoka office market

The competitiveness of office buildings owned by FRC is relatively high

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

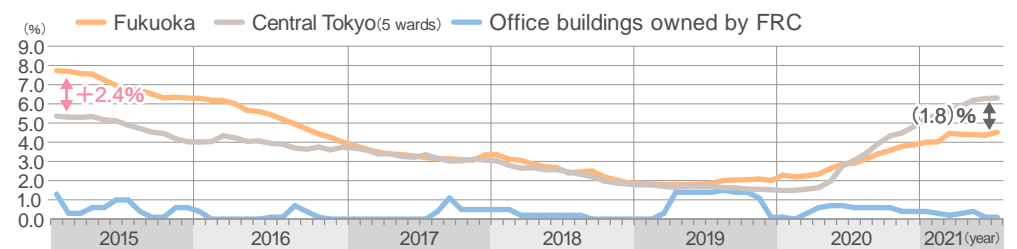
◎Progress made in informal determination of tenants for office buildings at good locations



\* Statistics from 2008 to 2020 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. (The figure for 2021 is as of August 31.)  
 Completed floor space (total floor space) figures for 2021 and 2022 have not been finalized, and the floor space and expected completion dates are subject to change.  
 Source: Prepared by Fukuoka Realty based on data from "Office Market Data" Miki Shoji Co., Ltd.  
 (\*) Prepared by Fukuoka Realty based on the press releases of Fukuoka City Government and relevant enterprising bodies.

## Fukuoka business district / Average vacancy rate

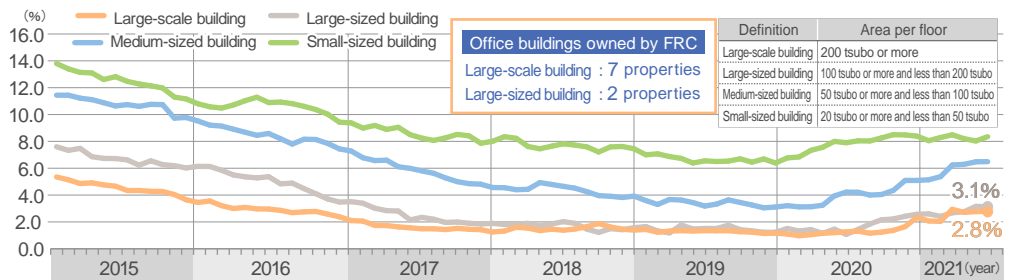
◎Average vacancy rate in Fukuoka's business districts is rising only moderately



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

## Trend of office building vacancy rate in Fukuoka City by size

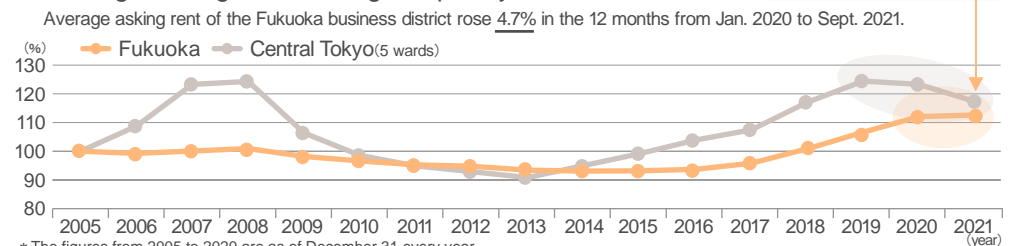
◎Vacancy rates are relatively low in large-scale and large-sized buildings



Source: Prepared by Fukuoka Realty based on data "Office Market Monthly Survey (Time Series)" from Sanko Estate Co., Ltd.

## Fukuoka business district / Average asking rents

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



\* The figures from 2005 to 2020 are as of December 31 every year.

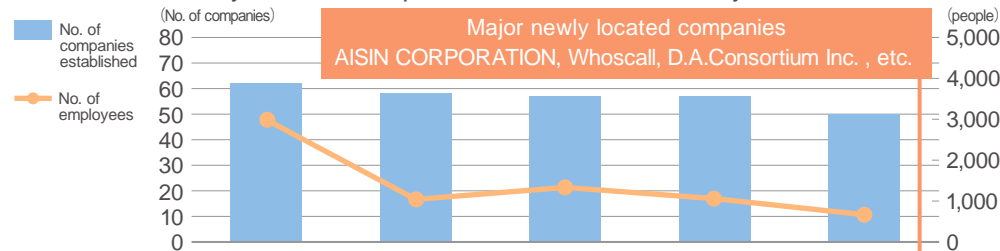
Source: Prepared by Fukuoka Realty based on data from "Office Market Data" Miki Shoji Co., Ltd.

# Initiatives by Fukuoka City Government and Status of Office Workers

## Office demand in Fukuoka will remain solid going forward

### Change in the number of companies with headquarters functions/ in growth area established in Fukuoka City

◎Number of newly located companies remained at as many as 50 in 2020



|                              | 2016  | 2017  | 2018  | 2019  | 2020 |
|------------------------------|-------|-------|-------|-------|------|
| No. of companies established | 58    | 57    | 57    | 53    | 50   |
| No. of employees             | 2,989 | 1,041 | 1,334 | 1,058 | 665  |

(No. by industry)

|                    |    |    |    |    |    |
|--------------------|----|----|----|----|----|
| Knowledge creation | 28 | 40 | 38 | 38 | 30 |
| Call center        | 12 | 9  | 7  | 2  | 8  |

Source: Prepared by Fukuoka Realty based on data from "Headquarters functions/in growth area" by the Fukuoka City Economy, Tourism & Culture Bureau.

### Initiatives of Attracting International Financial Functions by Fukuoka City Government

#### Promotion of Attracting International Financial Functions

#### ● Projects to attract international financial functions to Fukuoka

Operate one-stop support counter specialized in international finance "Global Finance Centre" and provide support to FinTech operators, etc.

#### ● Promotion of attracting foreign financial institutions, etc.

Implement promotions for foreign financial institutions, etc. to attract international financial functions

**The first invitee: MCP Holdings Limited opening an office in Fukuoka City**  
~Establishing a base for supervising operations in Japan~

#### ● Projects to enhance living environment for foreign residents in Japan

Life guidance upon move-in procedures, international exchange in the region, multilingual support at ward offices (like telephone interpretation), surveys on problems, etc.

Source: Prepared by Fukuoka Realty based on Overview of Initial Draft Budget for Fiscal 2021 by the Finance Bureau, Fukuoka City Government dated February 16, 2021, and the press announcement by the Economy, Tourism & Culture Bureau, Fukuoka City Government dated February 12, 2021.

### Shared Office Serving to Accept Decentralized Relocations of Companies, Etc.

#### Rental office "CROSSCOOP Fukuoka Tenjin" opened in Tenjin Business Center

Socialwire Co., Ltd. has decided to open a shared office in Tenjin Business Center to proactively invite companies in Japan as well as from abroad including Asia, taking advantage of the location characteristics of Fukuoka City as a gateway for Asia. In doing so, the company considered the accelerating promotion of remote work and decentralized offices, and investigated the feasibility of "regional decentralization" and "popularization of satellite offices."



Source: Prepared by Fukuoka Realty based on press releases of Social Wire and Fukuoka Jisho dated June 1, 2021.

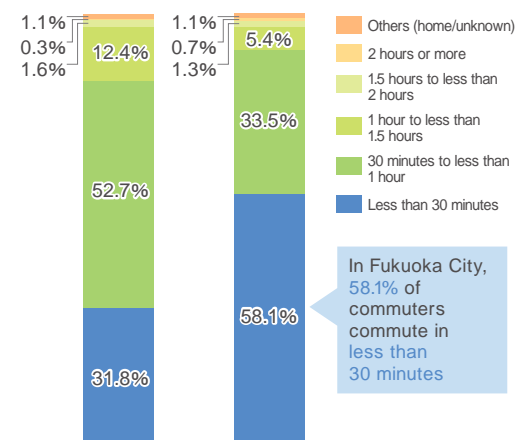
### Rate of remote work implementation by region

◎The need for office use is higher than in the Tokyo metropolitan area and Osaka Prefecture

| Implementation rate in Jul. and Aug. 2021 RANK | Prefecture | Implementation rate in Apr. 2020 | Implementation rate in Jul. and Aug. 2021 |
|--|------------|----------------------------------|---|
| 1  | Tokyo      | 49.1%                            | 47.3%                                     |
| 2  | Kanagawa   | 42.7%                            | 42.0%                                     |
| 3  | Chiba      | 38.0%                            | 35.6%                                     |
| 4  | Saitama    | 34.2%                            | 32.1%                                     |
| 5  | Osaka      | 29.1%                            | 27.5%                                     |
| 10   | Fukuoka    | 23.8%                            | 20.9%                                     |

Source: Prepared by Fukuoka Realty based on data from "Emergency Survey on the Impact of COVID-19 on Telework" PERSOL RESEARCH AND CONSULTING CO., LTD.

### Comparison of commuting times (Fukuoka City and 23 wards of Tokyo)

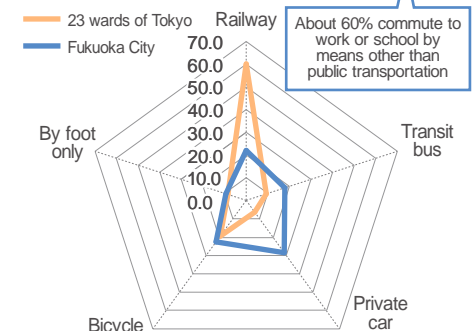


23 wards of Tokyo Fukuoka City

Source: Prepared by Fukuoka Realty based on data from 2018 Housing and Land Survey by the Statistics Bureau of the Ministry of Internal Affairs and Communications.

### Transportation used for commuting to work or school (Fukuoka City and 23 wards of Tokyo)

| City              | Railway | Transit bus | Private car | Bicycle | By foot only |
|-------------------|---------|-------------|-------------|---------|--------------|
| Fukuoka City      | 22.0%   | 17.9%       | 28.5%       | 22.6%   | 9.4%         |
| 23 wards of Tokyo | 60.1%   | 9.3%        | 6.4%        | 19.5%   | 8.5%         |

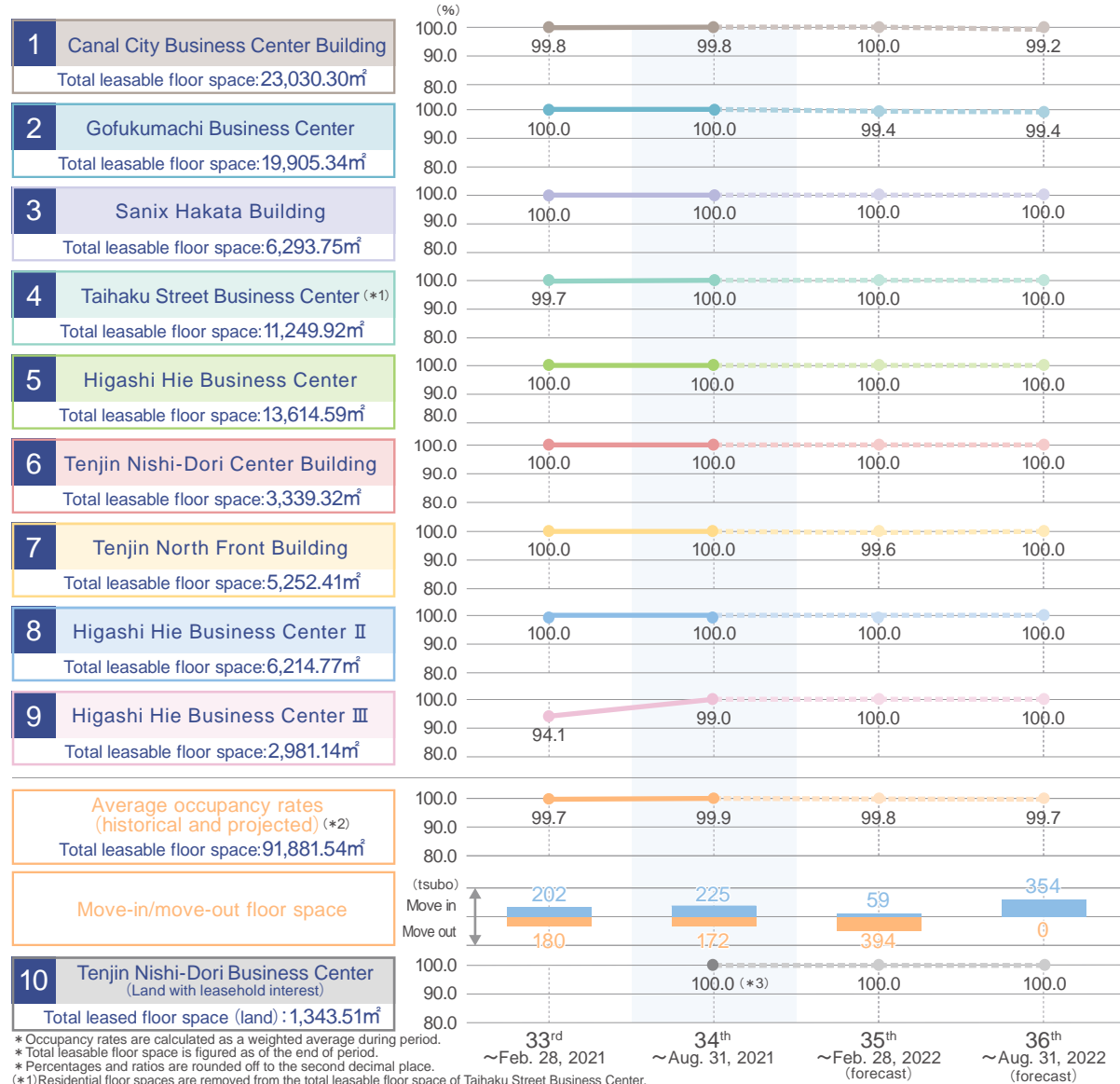


Source: Prepared by Fukuoka Realty based on data from the National Census (2010), Statistics Bureau, Ministry of Internal Affairs and Communications.



# 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.  
 (\*2) Average occupancy rates (historical and projected) are calculated excluding Tenjin Nishi-Dori Business Center (Land with leasehold interest).  
 (\*3) Since Tenjin Nishi-Dori Business Center (Land with leasehold interest) was acquired on June 1, 2021, the occupancy rate is shown from the 34<sup>th</sup> fiscal period.

## Overview of Office Buildings

⊙ Average occupancy rates (projected): 35<sup>th</sup>: 99.8% 36<sup>th</sup>: 99.7%

⊙ There were tenant move-outs in the 34<sup>th</sup> period, but the vacancies were filled without any downtime due to existing tenants requiring expanded floor space

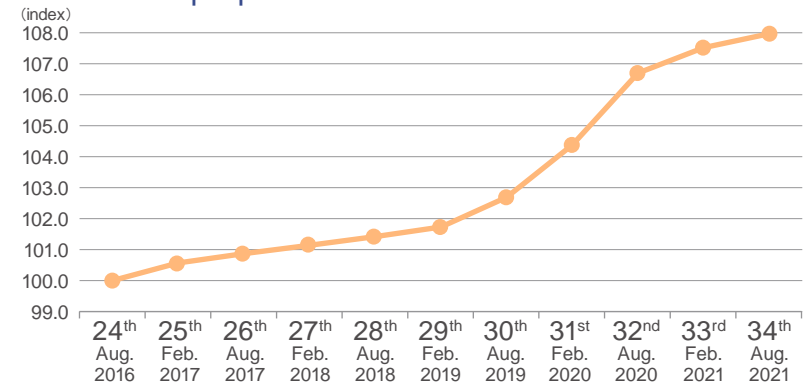
⊙ Rent per unit increased as rent continued to rise through rent revision and tenant replacement

## Major indicators of owned properties(\*4)

|   |                   |
|---|-------------------|
| Total amount of acquisition                       | 63,720 mm yen     |
| Investment ratio                                  | 31.5%             |
| Average age(*5)                                   | 17 years 9 months |
| Tenants   | 231               |
| Total leasing revenues-real estate in the 33rd FP | 2,675 mm yen      |
| Positive rent gap(*5)                             | +24.5% (*6)       |

(\*4) The figures are indicated as of August 31, 2021.  
 (\*5) The average building age and the positive rent gap are calculated excluding Tenjin Nishi-Dori Business Center (Land with leasehold interest).  
 (\*6) Positive rent gap indicated the gap between current rent, contract rent with common charges and market rent, and is calculated as "market rent - current rent / current rent". Moreover, market rent indicated average of assumed newly closed rent assessed by CBRE as of Aug. 2021.

## Trend in rent unit price index of owned properties (\*7)



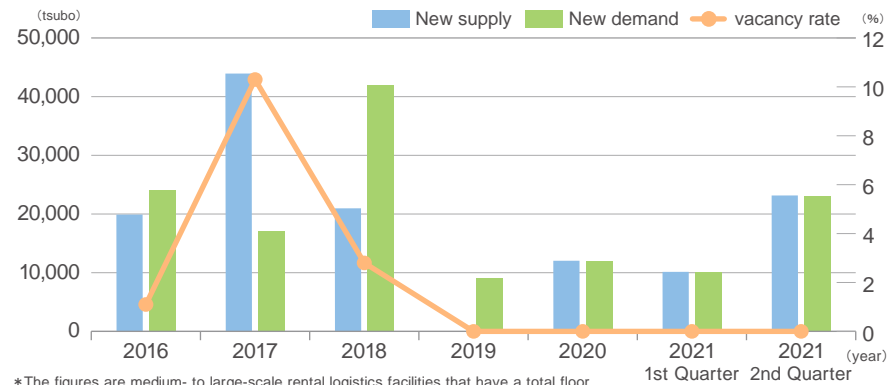
(\*7) The rent unit price index is based on the average rent per unit area at the end of each fiscal period compared with the rent per unit area at the end of the 24<sup>th</sup> fiscal period (August 2016), which is set as 100. And the figures are calculated excluding Tenjin Nishi-Dori Business Center (Land with leasehold interest).

# Situation of other assets (Logistics)

Demand for logistic facilities is strong

## Supply and demand of logistic facilities and vacancy rates

© 0% vacancy rate continues in 2021

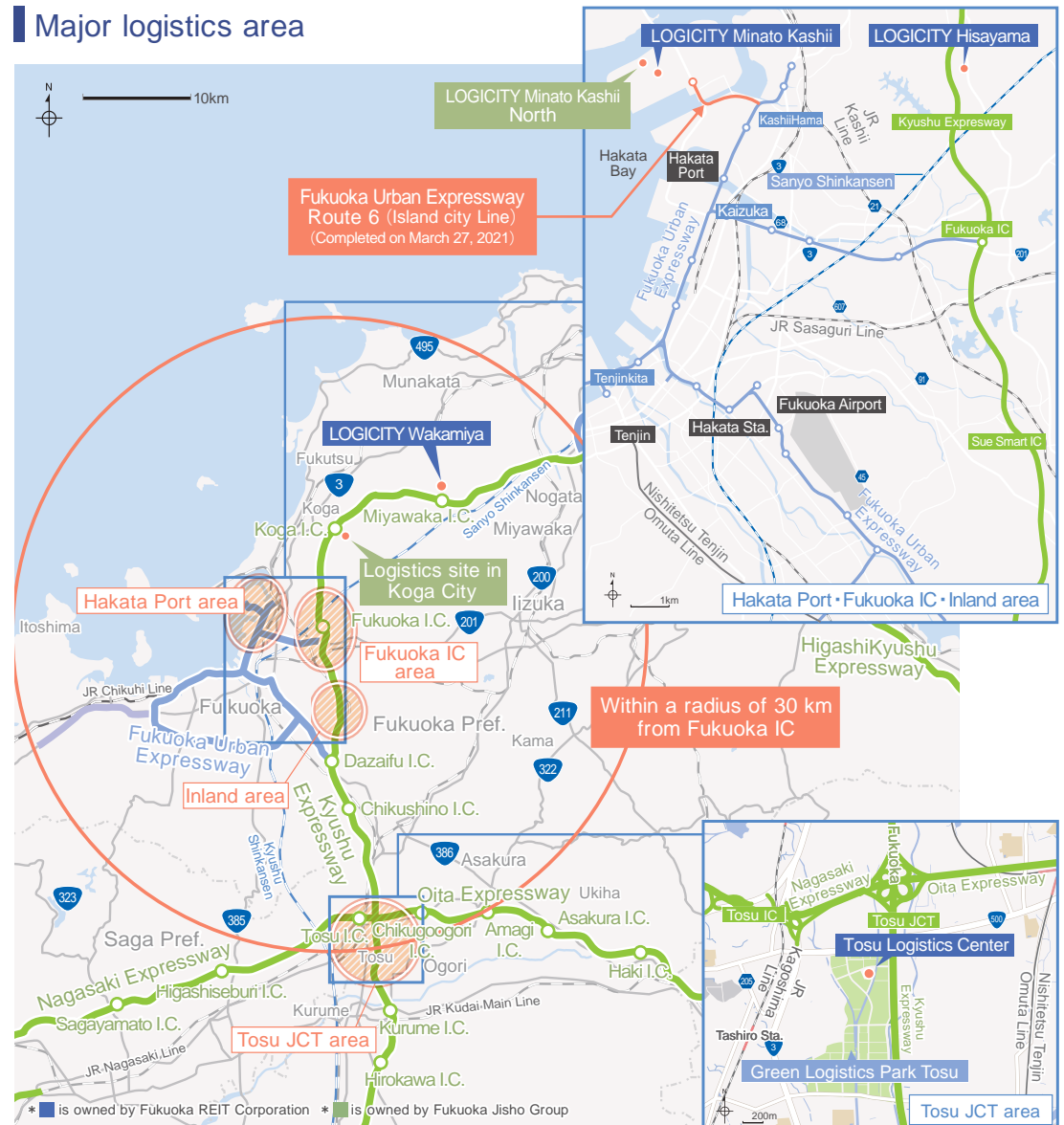


\*The figures are medium- to large-scale rental logistics facilities that have a total floor space of at least 5,000 m<sup>2</sup> in Fukuoka and Saga Prefectures.  
Source: Prepared by Fukuoka Realty based on data of CBRE

## Overview of Logistics

| Property name              | Tosu Logistics Center   | LOGICITY Minato Kashii   | LOGICITY Hisayama        | LOGICITY Wakamiya   |
|----------------------------|-------------------------|--------------------------|--------------------------|---|
| Built timing               | May 2008                | April 2014               | January 2015             | February 2005<br>October 2020 (Renovation work carried out) |
| Acquisition price          | 1,250 mm yen            | 8,150 mm yen             | 5,050 mm yen             | 1,700 mm yen  |
| Total leasable floor space | 4,173.29 m <sup>2</sup> | 43,233.72 m <sup>2</sup> | 24,505.65 m <sup>2</sup> | 17,556.32 m <sup>2</sup>                                    |
| Acquisition timing         | March 2014              | March 2015               | June 2017                | June 2020   |
| Occupancy rate             | 100.0%                  | 100.0%                   | 100.0%                   | 100.0%  |

## Major logistics area



# Situation of other assets (Hotel, Residence)

For hotels, FRC now owns only those specialized for accommodation, leading to reduced risks

## Overview of Hotel

|   | Fukuoka Washington Hotel<br>[Canal City Hakata]                                   | Hotel FORZA<br>Oita   | Tissage Hotel<br>Naha   |
|---|---|---|---|
| Hotel<br>(Specialized for<br>accommodation) |  |  |  |
| Rooms                                       | 423   | 205   | 132   |
| Leasing Form                                | Fixed+Variable rents  | Fixed rents   | Fixed+Variable rents  |
| Area  | Fukuoka City  | Oita City   | Naha City   |
| Operator                                    | WHG Nishinihon<br>(Fujita Kanko Group)  | FJ Hotels<br>(Fukuoka Jisho Group)  | Nest Hotel Japan<br>Corporation   |

## ◎Tissage Hotel Naha

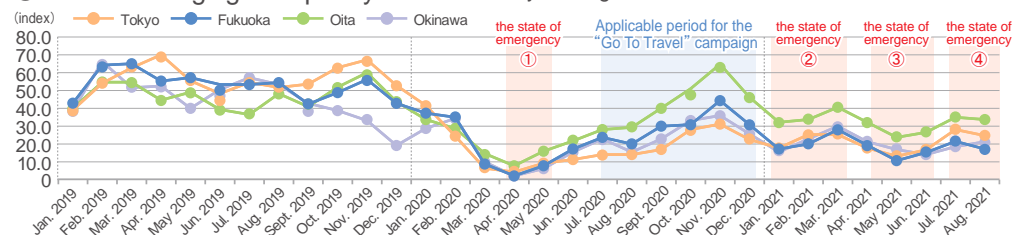
|                      | 33 <sup>rd</sup><br>(Feb. 2021) | 34 <sup>th</sup><br>(Aug.2021) |
|----------------------|---------------------------------|--------------------------------|
| Room occupancy rates | 67.9%                           | 69.9%                          |
| ADR (*1)             | 4,236 yen                       | 3,840 yen                      |
| RevPAR(*2)           | 2,878 yen                       | 2,686 yen                      |

\* Not disclosed for Fukuoka Washington Hotel as no consent for disclosure has been obtained from the operator.

(\*1) 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.

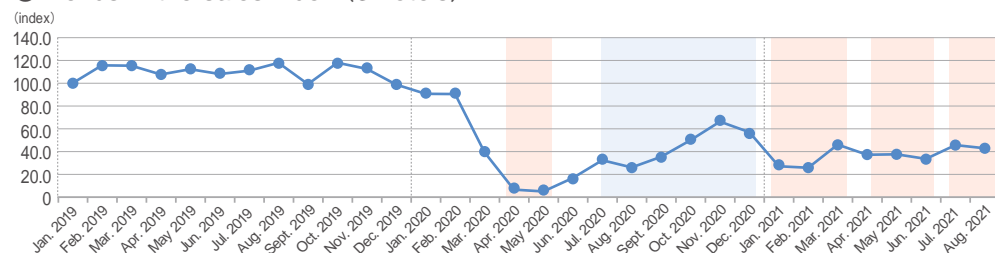
(\*2) Revenue Per Available Room = Total accommodation-category sales over a certain period of time divided by the total number of guest rooms available for sale for the same period.

## ◎Trends in lodging occupancy index (monthly average)



\* The period of the declaration of a state of emergency indicates the period when it was issued to Tokyo.  
Source: Prepared by Fukuoka Realty based on the data of "DATA SALAD", Kyushu Economic Research Center.

## ◎Trends in the sales index (3 hotels) (\*3)



(\*3) The sales index represents the indexed value of combined sales for each month, with the combined sales amount of the three hotels (Fukuoka Washington Hotel, Hotel FORZA Oita and Tissage Hotel Naha) in January 2019 set at 100.

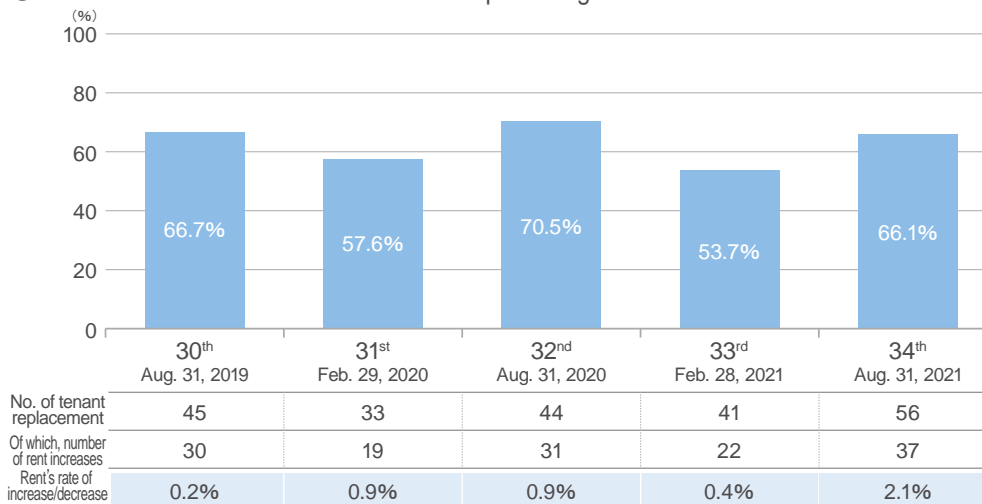
## Residential properties

◎Residential properties have continued to operate at a high occupancy rate.

| occupancy rates                      | 30 <sup>th</sup><br>(Aug.2019) | 31 <sup>st</sup><br>(Feb. 2020) | 32 <sup>nd</sup><br>(Aug.2020) | 33 <sup>rd</sup><br>(Feb. 2021) | 34 <sup>th</sup><br>(Aug.2021) |
|--------------------------------------|--------------------------------|---------------------------------|--------------------------------|---------------------------------|--------------------------------|
| Amex Akasakamon Tower                | 96.1%                          | 94.6%                           | 89.8%                          | 96.2%                           | 96.7%                          |
| City House Keyaki Dori               | 92.2%                          | 92.9%                           | 97.2%                          | 97.6%                           | 94.5%                          |
| Aqualia Chihaya                      | 99.1%                          | 98.8%                           | 96.9%                          | 98.6%                           | 98.0%                          |
| D-Wing Tower (*4)                    | 94.6%                          | 95.6%                           | 97.9%                          | 95.3%                           | 94.3%                          |
| Granfore Yakuin Minami               | 99.3%                          | 98.7%                           | 98.0%                          | 96.9%                           | 97.7%                          |
| The weighted average of 5 properties | 96.2%                          | 96.2%                           | 95.9%                          | 96.7%                           | 96.1%                          |

\* The occupancy rate is calculated as a weighted average over the period.  
(\*4) The figure for D-Wing Tower includes the retail portion.

## ◎Rate of increase/decrease in new rent and percentage of cases with rent increase/decrease



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

# Key financing events in the 34<sup>th</sup> fiscal period

Conducted refinancing to extend debt duration while improving interest rate conditions

## New Borrowing (Refinancing)

◎Procured 6,300 mm yen in total at fixed interest rates (0.50587% on average) with a debt duration of 10 years

| Date                                      | Lender  | Amount (mm yen) | Term    | Interest rate         |
|---|---|-----------------|---------|-----------------------|
| March 31, 2021                            | The Juhachi-Shinwa Bank   | 1,000           | 10-year | 0.59000% (Fixed)      |
| July 30, 2021                             | Mizuho Bank, The Hiroshima Bank, The Kitakyushu Bank, The Iyo Bank, The Higo Bank | 5,300           | 10-year | 0.49000% (Fixed) (*1) |
| Total and the weighted average rates (*2) |   | 6,300           | 10-year | 0.50587%              |
| Before refinancing                        |   | 6,300           | 7-year  | 0.83500% (Fixed) (*1) |

(\*1)FRC has concluded a swap agreement to practically fix interest rate on debt.

(\*2)Amounts are totals, and terms and interest rates are weighted averages.

## Commitment Line Period Maintained (3 Years)

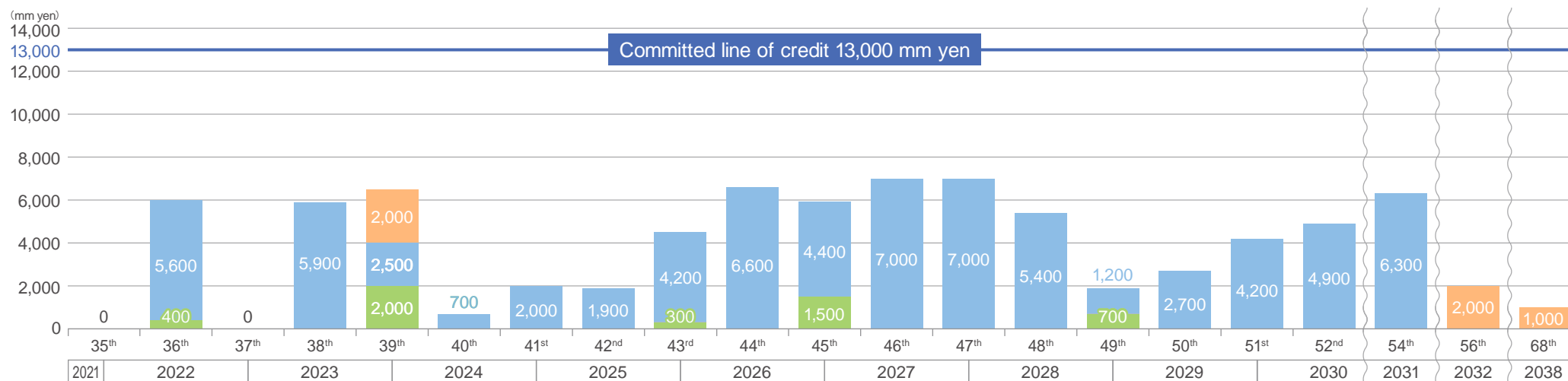
◎Extended the period of the commitment line agreement with The Bank of Fukuoka serving as the agent by 1 year, keeping the commitment period at 3 years

◎Secured flexible and stable financing means

|                            | Lender   | Credit Limit (mm yen) | Period End                  |
|----------------------------|--|-----------------------|-----------------------------|
| Committed line of credit 1 | The Bank of Fukuoka, Resona Bank   | 6,000                 | <b>New</b><br>July 31, 2024 |
| 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                 | February 29, 2024           |
| Total                      |  | 13,000                |                             |

## Diversification of debt maturities (As of August 31, 2021)

■ Floating ■ Fixed ■ Investment corporation bonds

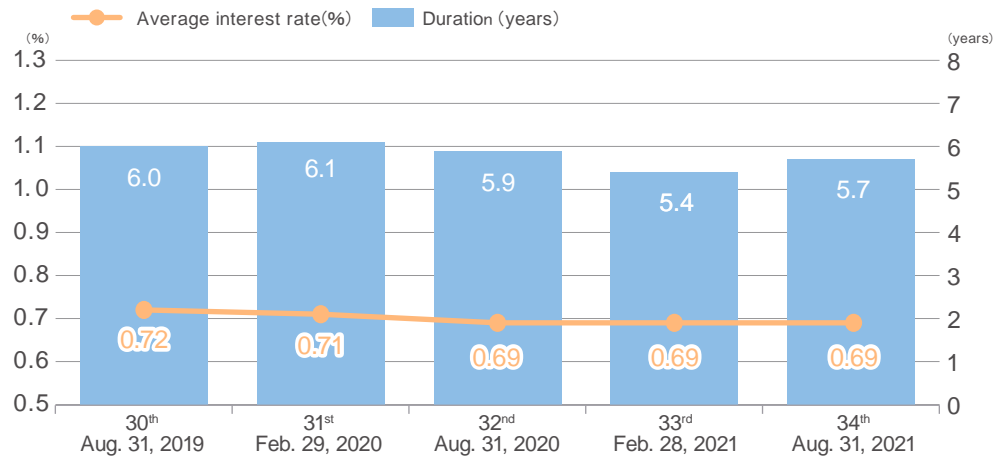




# Financing condition①

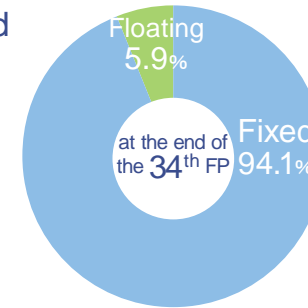
## Establishment of stable financial base

### Average interest rate (\*1) and duration

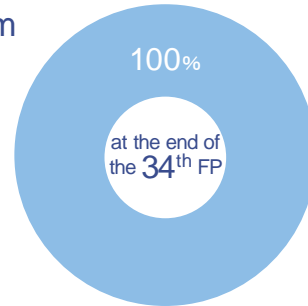


(\*1) Interest rates are rounded off to the second decimal place.

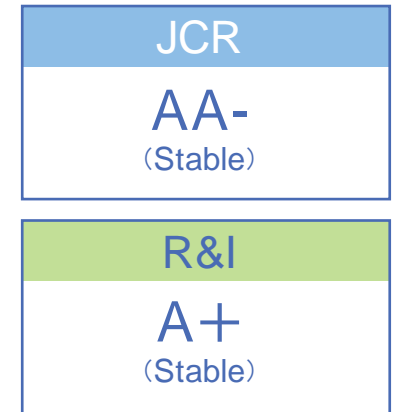
### Fixed and floating rate



### Long-term rate

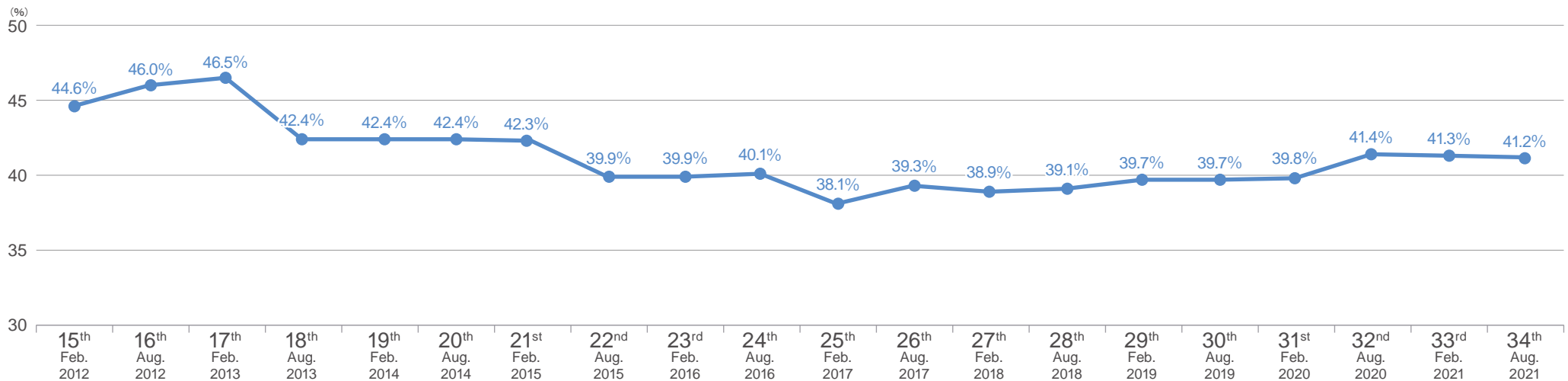


### Credit ratings (\*2)



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

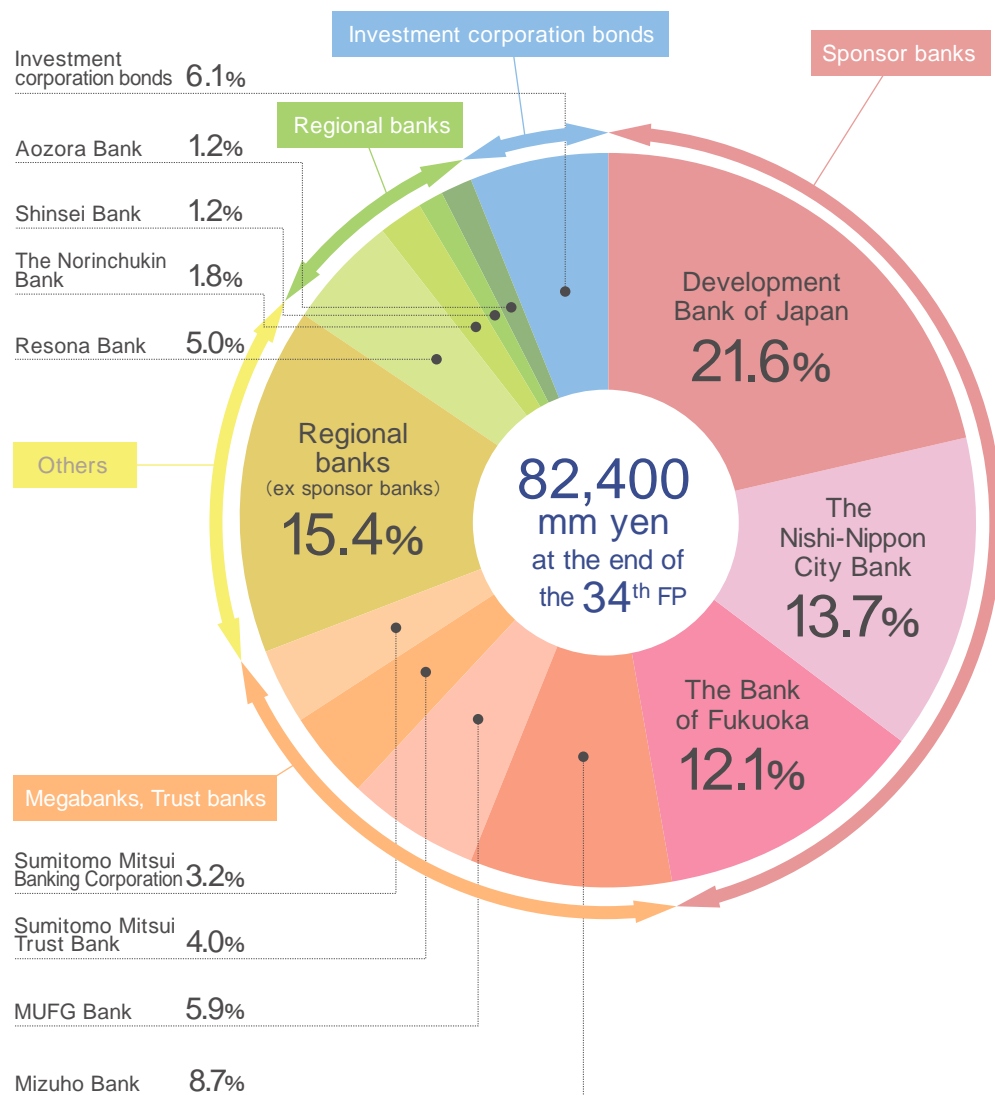
### LTV



# Financing condition②

A stable network of sponsor banks and other lenders

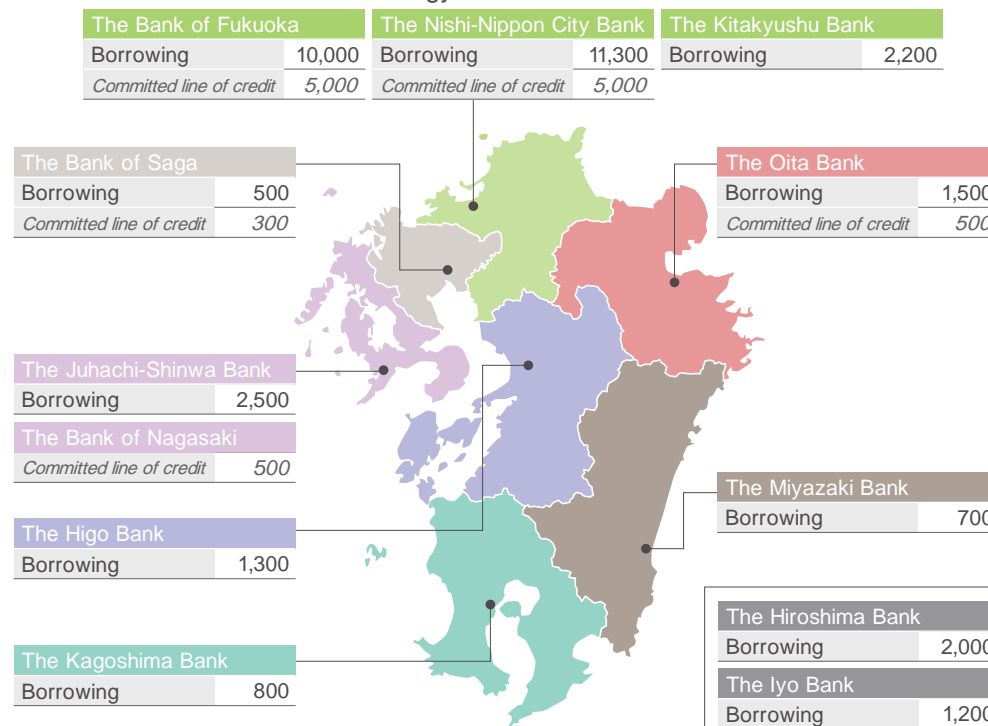
## Breakdown of debt by lenders



## A regional bank transaction network

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

\*As of August 31, 2021  
Borrowings:(mm yen)



## Green finance

| Category                    | Lender   | Balance (mm yen) | Average Interest Rate | Drawdown Date | Repayment Date | Description   |
|-----------------------------|--|------------------|-----------------------|---------------|----------------|---|
| Long-term debt (Green Loan) | Mizuho Bank<br>The Bank of Saga<br>The Higo Bank | 2,200            | 0.521%<br>(*1)        | Jul. 31 2019  | Jul. 31 2029   | No collateral, No guarantee<br>Lump-sum upon maturity<br>Fixed interest rate<br>Green loan rating : Green 1(*2) |

(\*1)FRC has concluded a swap agreement to practically fix interest rate on debt. The indicated interest rate reflects the effect of the swap agreement.  
(\*2)FRC was assigned the comprehensive assessment of Green 1, the highest rank, regarding the compatibility to the Green Loan Principles from Japan Credit Rating Agency, Ltd. (JCR).

# Appraisal value

Maintained unrealized gains for all properties (\*1)

- unit : mm yen

|   | Property name                       | Acquisition price<br>(*2) | Acquisition cap rate | Appraisal value                        |  |  | Difference  |  | Direct capitalization values      |                                   |                             | Appraiser                   |
|---|-------------------------------------|---------------------------|----------------------|--|--|--|---|--|-----------------------------------|-----------------------------------|-----------------------------|-----------------------------|
|   |                                     |                           |                      | 34 <sup>th</sup><br>Aug. 31, 2021<br>① | 33 <sup>rd</sup><br>Feb. 28, 2021<br>② | Book value<br>at 34 <sup>st</sup><br>③ | From<br>Appraisal<br>value at 33 <sup>rd</sup><br>①-② | From<br>Book value<br>at 34 <sup>th</sup><br>①-③ | 34 <sup>th</sup><br>Cap rate<br>④ | 33 <sup>rd</sup><br>Cap rate<br>⑤ | Difference<br>④-⑤           |                             |
| Retail  | Canal City Hakata                   | 32,000                    | 6.0%                 | 30,600                                 | 30,700                                 | 29,476                                 | (100)   | 1,123  | 4.5%                              | 4.5%                              | 0.0%                        | Tanizawa Sogo Appraisal     |
|   | Canal City Hakata・B (*3)            | 21,060                    | 5.4%                 | 21,400                                 | 21,200                                 | 20,997                                 | 200   | 402  | 4.6%                              | 4.7%                              | (0.1)%                      | Tanizawa Sogo Appraisal     |
|   | Park Place Oita                     | 19,610                    | 6.0%                 | 21,200                                 | 21,200                                 | 20,112                                 | 0   | 1,087  | 5.4%                              | 5.4%                              | 0.0%                        | Japan Real Estate Institute |
|   | SunLive City Kokura                 | 6,633                     | 6.6%                 | 8,440                                  | 8,440                                  | 5,393                                  | 0   | 3,046  | 5.8%                              | 5.8%                              | 0.0%                        | Japan Real Estate Institute |
|   | Konoha Mall Hashimoto               | 10,000                    | 5.3%                 | 10,500                                 | 10,300                                 | 9,848                                  | 200   | 651  | 5.1%                              | 5.1%                              | 0.0%                        | Tanizawa Sogo Appraisal     |
|   | Square Mall Kagoshima Usuki         | 5,300                     | 6.3%                 | 4,960                                  | 4,960                                  | 4,258                                  | 0   | 701  | 5.7%                              | 5.7%                              | 0.0%                        | Japan Real Estate Institute |
|   | Kumamoto Intercommunity SC          | 2,400                     | 6.5%                 | 2,740                                  | 2,740                                  | 1,943                                  | 0   | 796  | 5.6%                              | 5.6%                              | 0.0%                        | Japan Real Estate Institute |
|   | Hanahata SC                         | 1,130                     | 6.4%                 | 1,200                                  | 1,200                                  | 961                                    | 0   | 238  | 5.4%                              | 5.4%                              | 0.0%                        | Tanizawa Sogo Appraisal     |
|   | Kurume Higashi Kushiwara SC         | 2,500                     | 6.1%                 | 2,740                                  | 2,740                                  | 1,995                                  | 0   | 744  | 5.5%                              | 5.5%                              | 0.0%                        | Tanizawa Sogo Appraisal     |
|   | K's Denki Kagoshima                 | 3,550                     | 5.7%                 | 3,660                                  | 3,660                                  | 2,907                                  | 0   | 752  | 5.4%                              | 5.4%                              | 0.0%                        | Tanizawa Sogo Appraisal     |
| Marinoa City Fukuoka (Marina Side Building)                           | 5,250                               | 5.5%                      | 5,900                | 6,080                                  | 5,395                                  | (180)                                  | 504   | 4.8%   | 4.8%                              | 0.0%                              | Tanizawa Sogo Appraisal     |                             |
|   | <b>Total of retail</b>              | <b>109,433</b>            | <b>-</b>             | <b>113,340</b>                         | <b>113,220</b>                         | <b>103,293</b>                         | <b>120</b>  | <b>10,046</b>                                    | <b>-</b>                          | <b>-</b>                          | <b>-</b>                    |                             |
| Office buildings  | Canal City Business Center Building | 14,600                    | 6.3%                 | 17,400                                 | 16,800                                 | 12,846                                 | 600   | 4,553  | 4.3%                              | 4.4%                              | (0.1)%                      | Tanizawa Sogo Appraisal     |
|   | Gofukumachi Business Center         | 11,200                    | 6.3%                 | 15,600                                 | 15,200                                 | 8,767                                  | 400   | 6,832  | 4.2%                              | 4.3%                              | (0.1)%                      | Tanizawa Sogo Appraisal     |
|   | Sanix Hakata Building               | 4,400                     | 5.9%                 | 6,510                                  | 6,510                                  | 3,744                                  | 0   | 2,765  | 4.1%                              | 4.1%                              | 0.0%                        | Japan Real Estate Institute |
|   | Taihaku Street Business Center      | 7,000                     | 6.0%                 | 9,190                                  | 9,180                                  | 5,632                                  | 10  | 3,557  | 4.4%                              | 4.4%                              | 0.0%                        | Japan Real Estate Institute |
|   | Higashi Hie Business Center         | 5,900                     | 6.0%                 | 8,270                                  | 8,280                                  | 4,364                                  | (10)  | 3,905  | 4.4%                              | 4.5%                              | (0.1)%                      | Tanizawa Sogo Appraisal     |
|   | Tenjin Nishi-Dori Center Building   | 2,600                     | 5.4%                 | 3,140                                  | 3,140                                  | 2,653                                  | 0   | 486  | 3.9%                              | 3.9%                              | 0.0%                        | Japan Real Estate Institute |
|   | Tenjin North Front Building         | 2,800                     | 6.1%                 | 4,490                                  | 4,400                                  | 2,414                                  | 90  | 2,075  | 4.1%                              | 4.1%                              | 0.0%                        | Japan Real Estate Institute |
|   | Higashi Hie Business Center II      | 4,230                     | 4.9%                 | 4,690                                  | 4,580                                  | 3,982                                  | 110   | 707  | 4.4%                              | 4.5%                              | (0.1)%                      | Tanizawa Sogo Appraisal     |
|   | Higashi Hie Business Center III     | 3,290                     | 4.4%                 | 3,380                                  | 3,320                                  | 3,256                                  | 60  | 123  | 4.2%                              | 4.3%                              | (0.1)%                      | Tanizawa Sogo Appraisal     |
| Tenjin Nishi-Dori Business Center (Land with leasehold interest) (*4) | 7,700                               | 3.5%                      | 7,790                | 7,790                                  | 7,754                                  | 0                                      | 35  | 3.5%   | 3.5%                              | 0.0%                              | Japan Real Estate Institute |                             |
|   | <b>Total of office buildings</b>    | <b>63,720</b>             | <b>-</b>             | <b>80,460</b>                          | <b>79,200</b>                          | <b>55,418</b>                          | <b>1,260</b>  | <b>25,041</b>                                    | <b>-</b>                          | <b>-</b>                          | <b>-</b>                    |                             |
| Others  | Amex Akasakamon Tower (Residence)   | 2,060                     | 5.4%                 | 1,880                                  | 1,840                                  | 1,635                                  | 40  | 244  | 4.4%                              | 4.5%                              | (0.1)%                      | Daiwa Real Estate Appraisal |
|   | City House Keyaki Dori (Residence)  | 1,111                     | 5.5%                 | 1,040                                  | 1,030                                  | 882                                    | 10  | 157  | 4.4%                              | 4.5%                              | (0.1)%                      | Daiwa Real Estate Appraisal |
|   | Aqualia Chihaya (Residence)         | 1,280                     | 6.8%                 | 1,950                                  | 1,900                                  | 1,146                                  | 50  | 803  | 4.6%                              | 4.7%                              | (0.1)%                      | Japan Real Estate Institute |
|   | D-Wing Tower (Residence)            | 2,800                     | 5.9%                 | 3,660                                  | 3,580                                  | 2,635                                  | 80  | 1,024  | 4.4%                              | 4.5%                              | (0.1)%                      | Tanizawa Sogo Appraisal     |
|   | Granfore Yakuin Minami (Residence)  | 1,100                     | 5.6%                 | 1,330                                  | 1,340                                  | 1,079                                  | (10)  | 250  | 4.2%                              | 4.3%                              | (0.1)%                      | Tanizawa Sogo Appraisal     |
|   | Hotel FORZA Oita (Hotel)            | 1,530                     | 6.6%                 | 1,890                                  | 1,890                                  | 1,360                                  | 0   | 529  | 5.1%                              | 5.1%                              | 0.0%                        | Japan Real Estate Institute |
|   | Tissage Hotel Naha (Hotel)          | 2,835                     | 5.3%                 | 2,880                                  | 2,860                                  | 2,810                                  | 20  | 69   | 4.9%                              | 4.9%                              | 0.0%                        | Tanizawa Sogo Appraisal     |
|   | Tosu Logistics Center (Logistics)   | 1,250                     | 5.9%                 | 1,360                                  | 1,320                                  | 1,153                                  | 40  | 206  | 5.0%                              | 5.1%                              | (0.1)%                      | Japan Real Estate Institute |
|   | LOGICITY Minato Kashii (Logistics)  | 8,150                     | 5.2%                 | 9,210                                  | 9,100                                  | 7,755                                  | 110   | 1,454  | 4.2%                              | 4.3%                              | (0.1)%                      | Tanizawa Sogo Appraisal     |
|   | LOGICITY Hisayama (Logistics)       | 5,050                     | 5.1%                 | 5,450                                  | 5,340                                  | 4,762                                  | 110   | 687  | 4.4%                              | 4.5%                              | (0.1)%                      | Tanizawa Sogo Appraisal     |
| LOGICITY Wakamiya (Logistics)   | 1,700                               | 6.4%                      | 2,400                | 2,370                                  | 2,153                                  | 30                                     | 246   | 5.5%   | 5.6%                              | (0.1)%                            | Tanizawa Sogo Appraisal     |                             |
|   | <b>Total of others</b>              | <b>28,866</b>             | <b>-</b>             | <b>33,050</b>                          | <b>32,570</b>                          | <b>27,376</b>                          | <b>480</b>  | <b>5,673</b>                                     | <b>-</b>                          | <b>-</b>                          | <b>-</b>                    |                             |
|   | <b>Total properties</b>             | <b>202,019</b>            | <b>-</b>             | <b>226,850</b>                         | <b>224,990</b>                         | <b>186,088</b>                         | <b>1,860</b>  | <b>40,761</b>                                    | <b>-</b>                          | <b>-</b>                          | <b>-</b>                    |                             |

(\*1) Unrealized gain is calculated by subtracting period-end book value (excluding construction in progress in trust) from the latest appraisal value. (\*2) "Acquisition price" indicates the amount excluding such expenses as fees and taxes and other public charges.

(\*3) Excludes the Grand Building portion (88.28% co-ownership interest) disposed in the 34th fiscal period. (\*4) The previous fiscal period's appraisal value and direct capitalization method's Cap Rate were the figures based on the appraisal value at the time of property acquisition.

# Sustainability

GRESB2021 “4 Stars” (announced on October 15, 2021)

## Materially significant issues

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

### Environment → P31

#### External evaluation

- The GRESB Real Estate Assessment 2021
  - Received a “4 Stars” and a “Green Star” in GRESB rating **NEW**

\* It was a “3Stars” and a “Green Star” in the GRESB Real Estate Assessment 2020

#### 《Major initiatives》

Added performance components (such as self-diagnosis of energy conservation and data collection)  
Increased the participation rate of ESG training sessions for employees (100% participation)



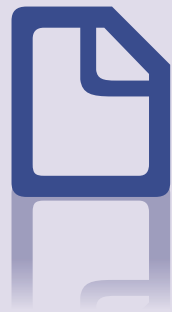
GRESB  
★★★★☆ 2021

### Social → P32-33

- COVID-19 vaccination for applicants **NEW**
  - Conducted vaccination for employees of the Asset Manager and tenants of retail facilities at a venue in Canal City Hakata
- Anti-COVID-19 measures
  - Installed AI thermographic cameras at entrances for tenants’ employees
  - Conducted high-performance antivirus and antibacterial coating
  - Conducted ventilation by periodically keeping doorways open
  - Installed disinfectants at doorways and toilets, etc.







Fukuoka REIT

# Appendix

# Profile

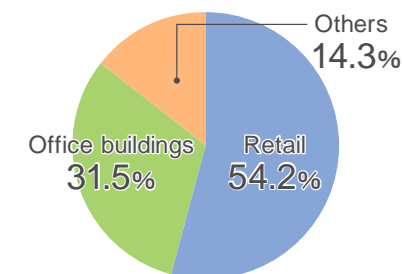
## Special features of Fukuoka REIT Corporation

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

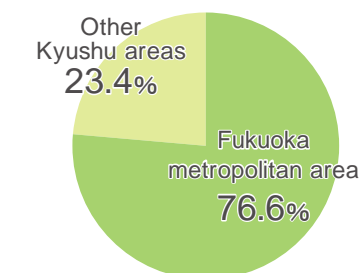
| Portfolio summary (*1)                   |                           |
|--|---------------------------|
| Number of properties / Asset size (*2)   | 32 / 202,019 mm yen       |
| Of which, acquisition from sponsors (*3) | 16 / 130,690 mm yen       |
| Unrealized gains                         | 40,761 mm yen             |
| Total leasable floor space               | 572,215.71 m <sup>2</sup> |
| Occupancy rate                           | 99.5%                     |

| Financial highlight (*1) |                                    |
|--------------------------|------------------------------------|
| Total debt               | 82,400 mm yen                      |
| LTV                      | 41.2%                              |
| Fixed rate               | 94.1%                              |
| Average interest rate    | 0.69%                              |
| Credit ratings           | JCR AA-(Stable)<br>R&I A+ (Stable) |

◎Investment type  
(based on acquisition price)



◎Investment area  
(based on acquisition price)



## 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., THE BANK OF FUKUOKA, LTD., THE NISHI-NIPPON CITY BANK, LTD., Nishi-Nippon Railroad Co., Ltd., SAIBUGAS HOLDINGS CO., LTD. Kyudenko Corporation, Kyushu Railway Company, Development Bank of Japan Inc. |

## Investment unit price (\*1)

|                                       |   |
|---------------------------------------|---|
| Unit price                            | 175,500 yen   |
| Outstanding units                     | 796,000 unit  |
| Market capitalization                 | 139,698 mm yen (unit price * outstanding units)                               |
| Net assets value per unit             | 127,833 yen   |
| Market net assets value per unit (*4) | 175,502 yen   |
| Dividend (actual)                     | 3,539 yen per unit (Days in fiscal period 184days) at the 34 <sup>th</sup> FP |
| Dividend yield                        | 4.0% { (Dividend / days in fiscal period * 365) / Unit price}                 |

(\*1) The figures are as of August 31, 2021 (excl. average interest rate)

(\*2) The figures are total of acquisition price.

(\*3) Because the Higashi Hie Business Center that was acquired in the 10<sup>th</sup> 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

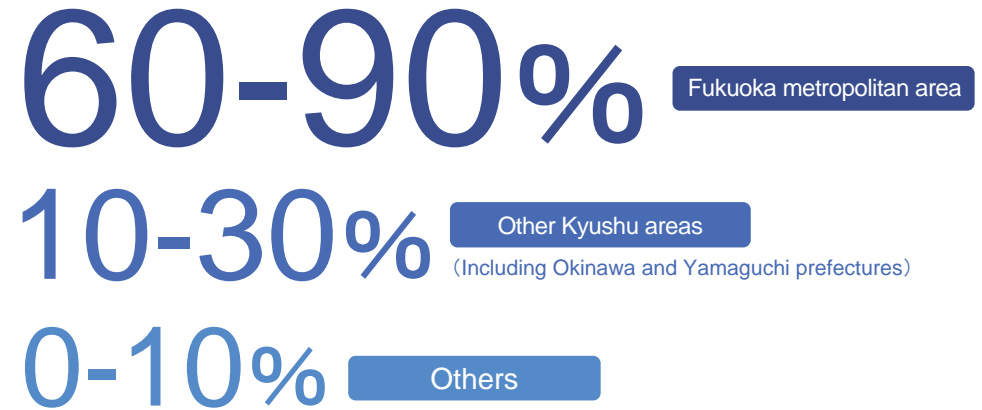
## Sponsors



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

## Investment policy

### ◎Investment area

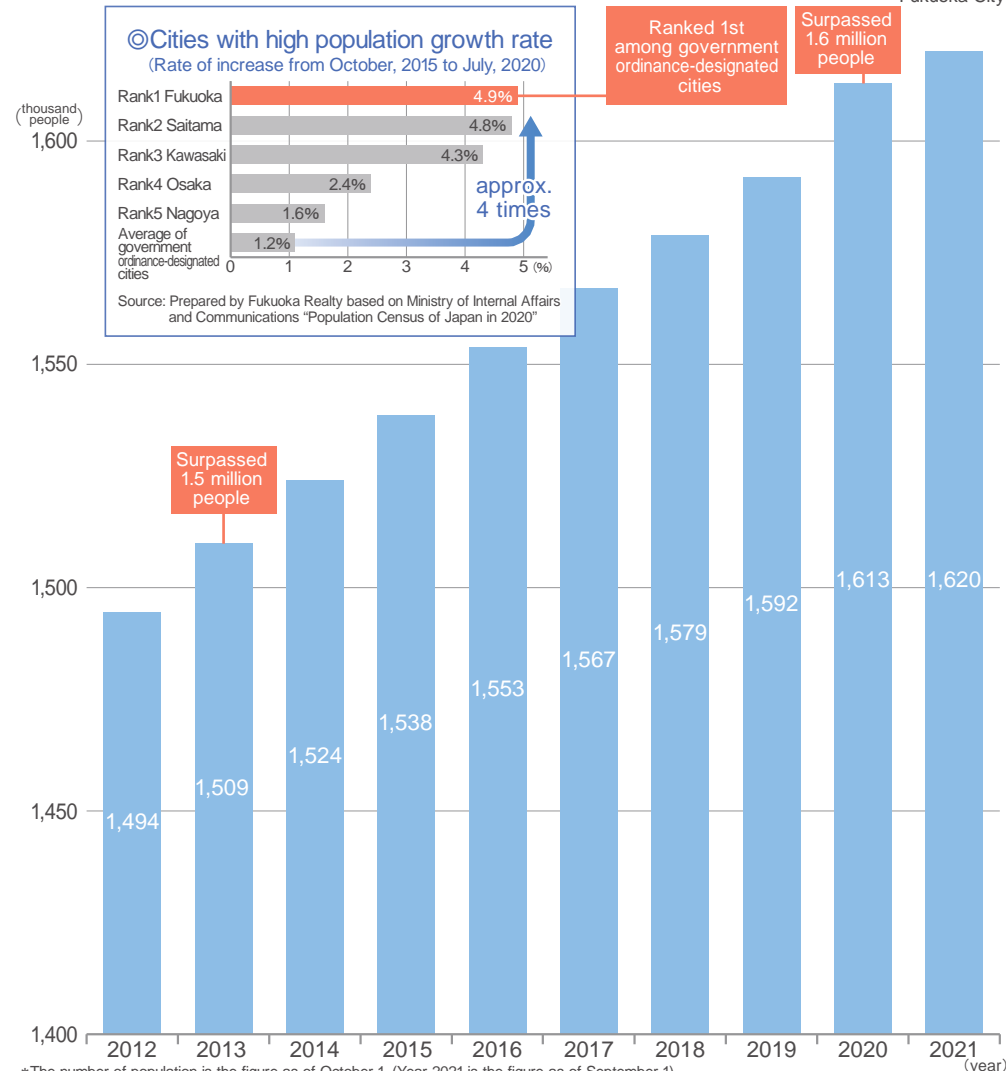


### ◎Investment type

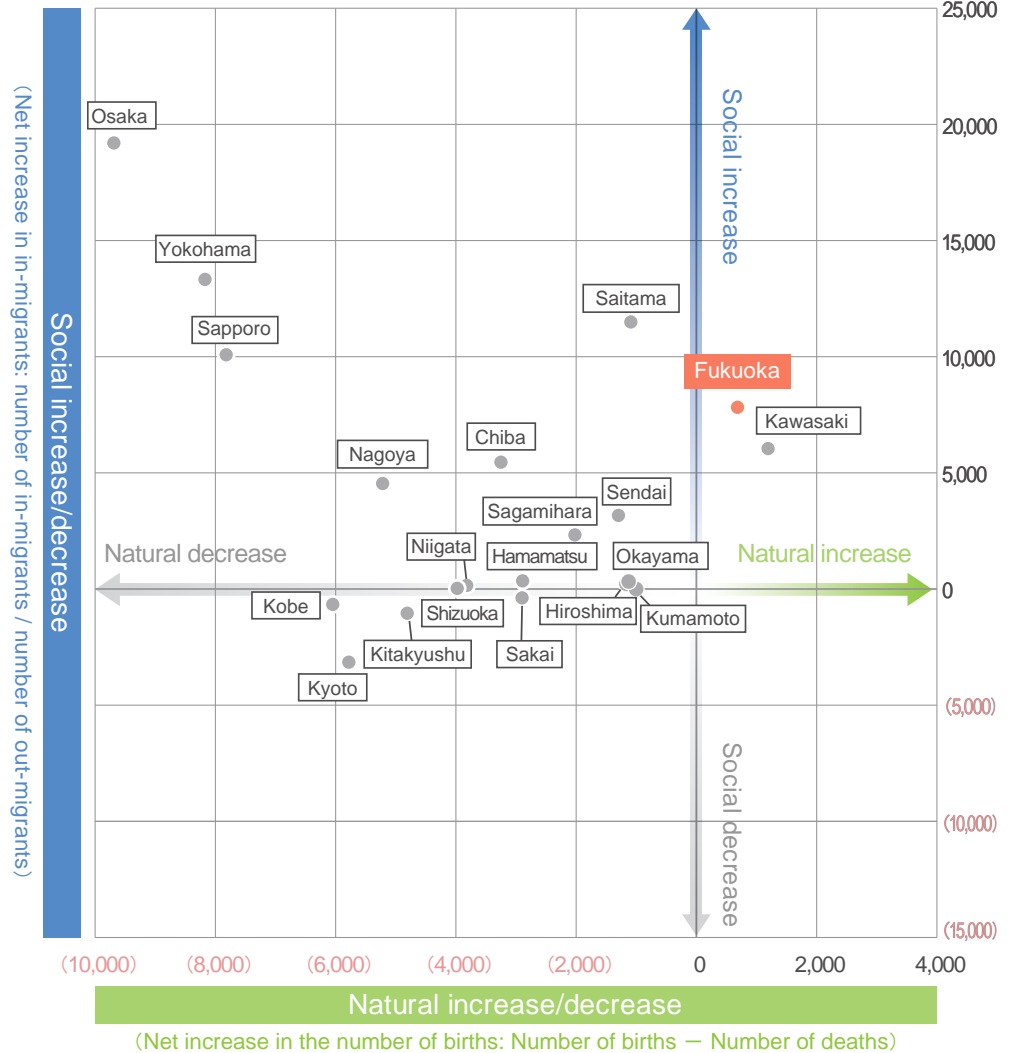


# Current situation of Fukuoka City①

## Trends in number of population growth in Fukuoka City



## Distribution Chart of Net Increase/Decrease in Population (comparison of ordinance-designated cities) (2020)



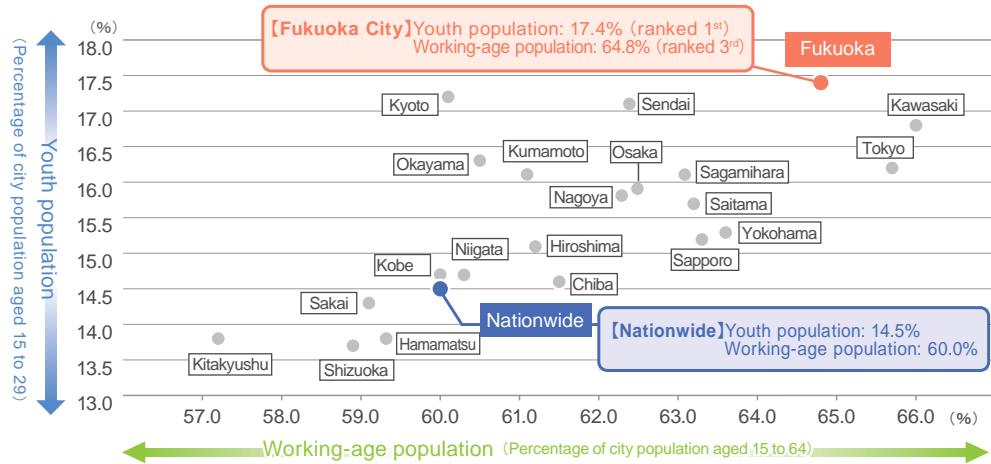
\*The number of population is the figure as of October 1. (Year 2021 is the figure as of September 1)  
 Source: Prepared by Fukuoka Realty based on data from "Estimated Population" (Fukuoka City General Affairs and Planning Bureau) and "Population, Demographics and Number of Households Based on the Basic Resident Register" (Local Administration Bureau, Ministry of Internal Affairs and Communications)

Source: Source: Prepared by Fukuoka Realty based on data from "Population, Demographics and Number of Households Based on the Basic Resident Register (2021)" (Local Administration Bureau, Ministry of Internal Affairs and Communications).



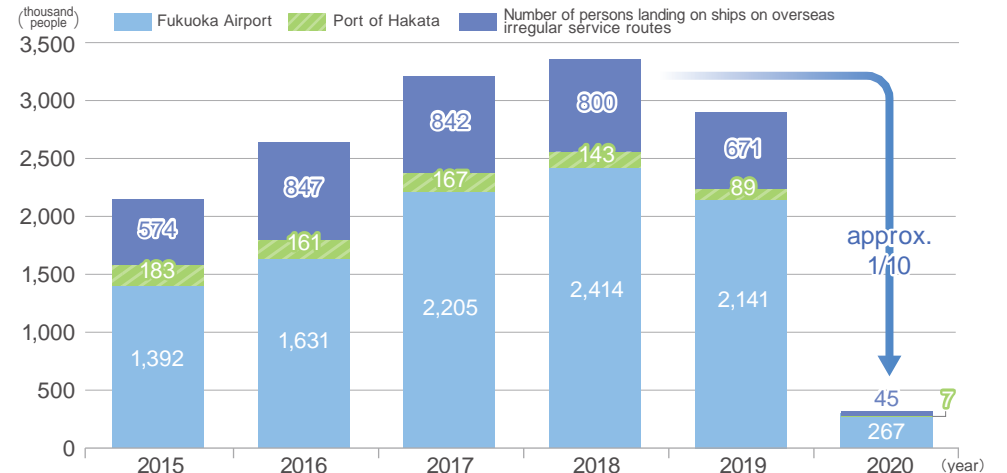
# Current situation of Fukuoka City②

## Youth and working-age population ratios of nationwide and major cities (2015)



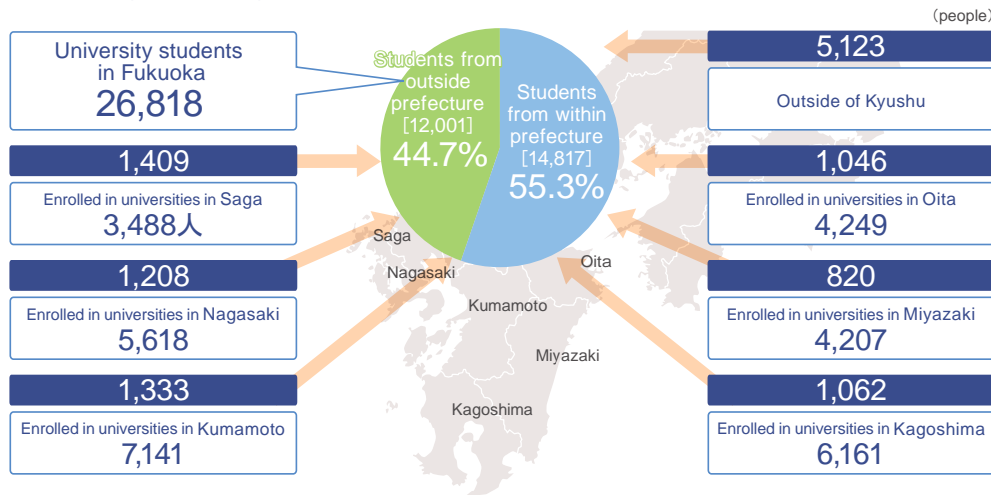
Source: Prepared by Fukuoka Realty based on Ministry of Internal Affairs and Communications "Population Census of Japan".

## Change in number of overseas visitors



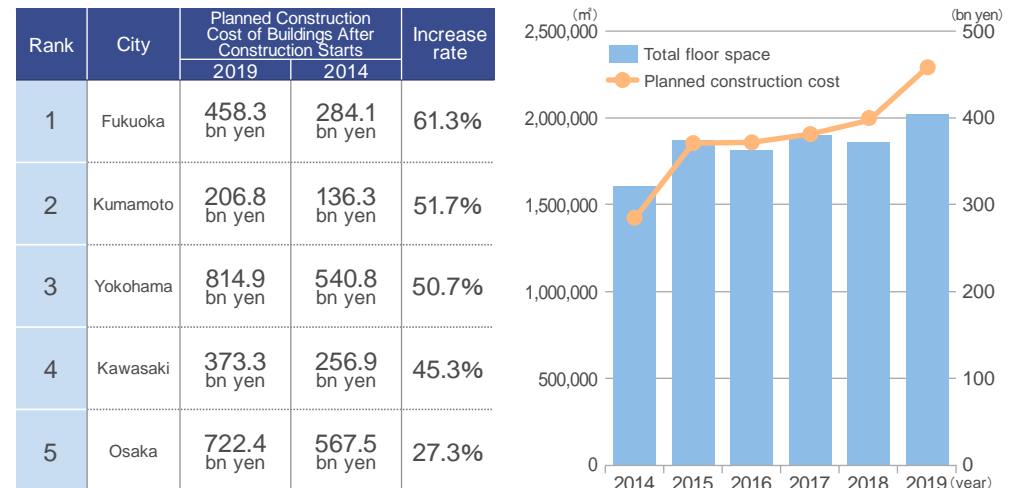
Source: Prepared by Fukuoka Realty based on data from "Statistics on Legal Migrants" (Ministry of Justice) and "Number of Passengers on Overseas Routes" (Port and Airport Bureau, Fukuoka City).

## Interregional migration of university students in Kyushu



Source: Prepared by Fukuoka Realty, based on data from FY2020 School Basic Survey (Preliminary Results) (Statistic Bureau, Ministry of Internal Affairs and Communications).

## Increase Rate in Planned Construction Cost of Buildings After Construction Starts (ordinance-designated cities)



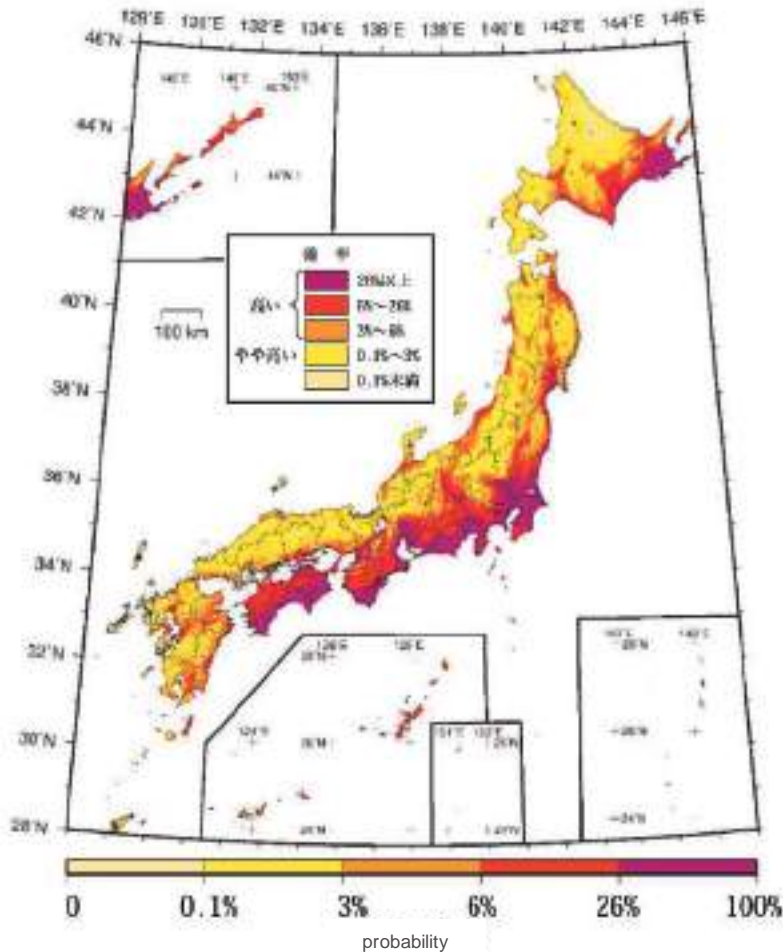
Source: Prepared by Fukuoka Realty based on data from Survey of Building Construction Work Started by the Ministry of Land, Infrastructure, Transport and Tourism.

# 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, 2020]

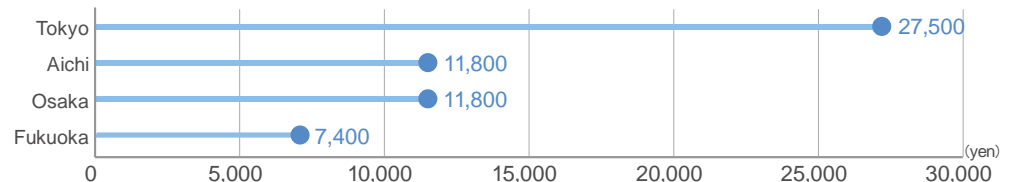


Source: Office of the Headquarters for Earthquake Research Promotion, Earthquake and Disaster-Reduction Research Division, Research and Development Bureau, Ministry of Education, Culture, Sports, Science and Technology

## Basic Rate of Earthquake Insurance

◎Earthquake insurance with coverage starting on January 1, 2021 and thereafter

●In Fukuoka Prefecture, earthquake insurance can be bought at a relatively smaller cost than in other areas. FRC has bought earthquake insurance for all of its owned properties.



\*The basic rate is per 10 million yen of insurance amount mainly for steel-frame and concrete structure buildings over the insurance period of one year.  
Source: Prepared by Fukuoka Realty based on data from Basic Rate of Earthquake Insurance (earthquake insurance contract with coverage starting on January 1, 2021 and thereafter) by the Ministry of Finance.

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

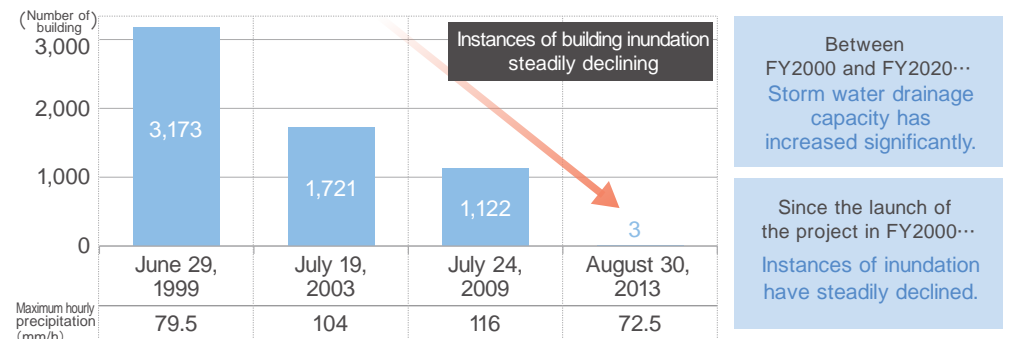
◎Storm water storage facilities

●Capacity of storm water storage facilities



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

◎Instances of building inundation in Fukuoka City (Zero since 2014)



\*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 based on data from the "Storm Water Management Action Plan 2026" pamphlet about the Fukuoka City Storm Water Emergency Control Plan.

# Certification from external organizations and information disclosure

Signatory of:



©Principles for Responsible Investment (PRI)  
(as of September 2018)

Refers to the six basic principles advocated in 2006 by Kofi Annan, the United Nations Secretary-General at the time, for the purpose of reflecting environmental, social and governance (ESG) factors to the investment process, as well as the international network of financial institutions that affirm the principles.  
The Asset Manager became a signatory to the Principles for Responsible Investment (PRI) in September 2018 in order to implement practices at an international level when it promotes ESG awareness in real estate investment and management operations.



©Principles for Financial Action towards a Sustainable Society (Principles for Financial Action for the 21st Century)  
(as of September 2018)

Principles for Financial Action towards a Sustainable Society (Principles for Financial Action for the 21st Century) refers to the principles prepared in October 2011, with the Ministry of the Environment serving as the secretariat, as action guidelines for financial institutions that want to fulfill the responsibilities and roles necessary for forming a sustainable society.  
The Asset Management Company became a signatory in September 2018, affirming the ideas of the Principles.



©GRESB

GRESB is a benchmark evaluation system that annually assesses the environmental, social and governance (ESG) awareness of real estate companies and funds, as well as the name of the organization that operates it. GRESB was established in 2009 mainly by major European pension funds that led the Principles for Responsible Investment (PRI).  
FRC has been a participant since 2018.



©DBJ Green Building Certification

The DBJ Green Building Certification is a certification system established in 2011 as an initiative to support real estate featuring "environmental and social considerations" and entities that own and operate such estate. The system evaluates real estate sustainability from five ESG-based perspectives.  
FRC has acquired the certification for 12 properties.



©BELS

BELS is a system in which third parties evaluate and indicate the energy conservation performance of non-residential buildings based on the Evaluation Guidelines for the Building Energy-efficiency Labeling System for Non-Residential Buildings (2013).  
FRC has acquired the certification for 4 properties.

# ESG Initiatives (Environment)

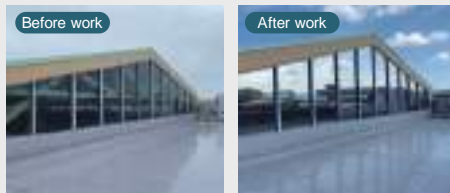
## Reduction of environmental load

### Enhancing energy efficiency Fukuoka REIT

- Replacement of air-conditioning equipment (34<sup>th</sup> period; Sanix Hakata Building) NEW  
Replaced air-conditioning units in common spaces (already replaced in tenants' exclusive areas in 32<sup>nd</sup> and 33<sup>rd</sup> periods), with power consumption expected to decrease by about 18%.
- Promotion of replacement of lighting with LED lamps (34<sup>th</sup> period; Tenjin North Front Building) NEW  
Replaced lighting equipment in common spaces with LED lamps
- Utilization of renewable energy (solar power generation panels installed at Konoha Mall Hashimoto, LOGICITY Minato Kashii and LOGICITY Hisayama)
- Attachment of heat-shielding sheets for the top light section on the rooftop (34<sup>th</sup> term; Park Place Oita) NEW
- Greening of common spaces · Arrangement of water areas · Creation of shaded spaces
- Installation of charging station for electric vehicles

### Waste reduction / resource recycling Fukuoka REIT

- Greywater plant (kitchen drainage reuse system)  
Kitchen water from restaurants is processed into greywater and re-used as water for washing toilets within the building (Canal City Hakata)
- Separate collection of garbage
- Collection of secondhand clothing (Konoha Mall Hashimoto) NEW



Attachment of heat-shielding sheets for the food court's top light section (Park Place Oita)



Campaign examples at Konoha Mall Hashimoto (September 2021)

By greening common spaces, creating shaded spaces and arranging water areas, etc., facilitates easing of heat island phenomenon and purifying air as well as provides a peaceful venue for employees and visiting customers and a habitat for living creatures.

## Maintenance and enhancement of environmental and construction performance

### GRESB2021

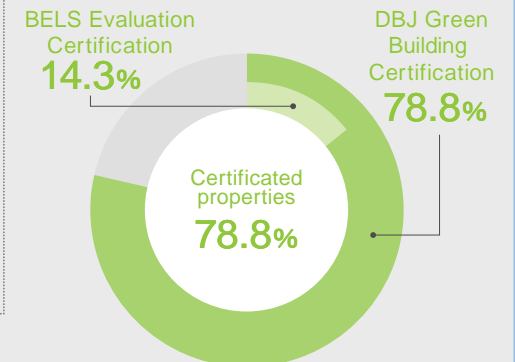
Received the rating of “Green Star” and “4 stars” in the GRESB survey 2021 NEW  
Will further strengthen ESG endeavors.



### Environmental certification (By property)

Green Building certification obtained for 78.8% of entire portfolio

#### Ratio of environmental certification acquisition



\* As of August 31, 2021 (based on total floor space)

- DBJ Green Building Certification  
” 12 properties owned by the Fukuoka REIT corporation were certified. Reacquired certification for two properties. (June 2021) NEW

#### Konoha Mall Hashimoto



DBJ Green Building  
2020

Properties with exceptionally high environmental & social awareness

#### Higashi Hie Business Center II



DBJ Green Building  
2020

Properties with excellent environmental & social awareness

- BELS Evaluation  
” Four properties owned by the Fukuoka REIT corporation were certified.



# ESG Initiatives (Society①)

## Creation of pleasant workplaces (Asset manager)

### Initiatives for employees Fukuoka Realty

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

(As of August 31, 2021)

- The average number of years of continuous service of permanent employees: 9 years and 6 months
- Full-time personnel: 40 [Male:20 Female:20] ※50.0% Female
- Employees seconded from sponsors : 2
- Employees seconded to a sponsor : 4
- Number of credentialed personnel
- Real estate brokers : 28
- ARES Certified Masters : 25
- Certified Building Administrators : 4
- First-class registered architect : 3
- Real estate appraisers : 3
- Attorneys : 1
- MBA : 2
- Administrative Scrivener : 1
- SME management consultant : 1
- CMA : 2



#### 《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.

#### 《Training for employees》

- Regular lectures by Kyushu Economic Research Center
- Compliance training
- ESG training
- Nursing care training
- In-house recreation, etc.

#### 《Career development support》

- Employee satisfaction survey
- Self-assessment system
- Career interview
- Secondment system (dispatching of employees to sponsor companies)
- Promotion from contract employee to permanent employee status, etc.

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

### Initiatives for health management and prevention of infection spread Fukuoka Realty

- Initiatives to prevent infectious diseases such as influenza (Implementation of influenza vaccination and full coverage of vaccination costs)
- Initiatives for preventing spread of COVID-19 (such as installation of thermographic monitors to measure temperature at office entrances NEW; installation of anti-splash panels and ozone sterilization equipment; desk arrangement in office spaces with social distance in mind; distribution of masks, thermometers and antiseptic solution; periodical disinfection of tables, chairs and door knobs, etc.)

- Mandatory health checkups and comprehensive medical examinations
- Health counseling by public health nurses
- Application system to restrict excessive overtime work
- Assistance for use of sports clubs
- COVID-19 vaccination at workplaces NEW
- Special leave for illness after COVID-19 vaccination



Installation of thermographic monitors to measure temperature (Fukuoka Realty office entrances)

## Create an attractive workplace (tenants) Fukuoka REIT

- Training for tenants' employees
- Emergency drills to improve safety and security of tenants
- Tenant satisfaction surveys
- Distribution of sustainability guidelines
- Support for tenants' employees and part-time job recruitment (posted on property websites)
- Improvement of employee lounge
- Improved the lounge environment at Konoha Mall Hashimoto with a focus on the health and comfort of tenants' employees. Similar arrangement is under study for other facilities.
- Support of COVID-19 vaccination for applicants NEW (provision of venues for vaccination, etc.)



# ESG Initiatives (Society②)

## Contribute to increased attractiveness and vitalization of Fukuoka and Kyushu area

### Provision of regional information Fukuoka Realty

Information provision using website, social media, financial results briefing materials, etc.  
Exchange of information and opinions with the governments, major companies and research institutes in the region

### Implementation of Corporate Version of Hometown Tax System Fukuoka Realty

Provided support to 7 districts in total by utilizing the Corporate Version of Hometown Tax System

### Linking with and provision of venues for various regional events and festivals Fukuoka Realty Fukuoka REIT

Support for Yamakasa Festival, Hakata Dontaku, Nakasu Jazz, Funa Norikomi (boat boarding); Kabuki stars unveiling their arrival) and locally based professional sports, etc.

#### ● Support for locally based professional sports

- Participation in Avispa Fukuoka Supporters' Association
- Installation of supporting monuments for Oita Trinita football club

#### ● Information provision on regional events through social media



"Victory Bell" for Oita Trinita

#### ● Information provision on initiatives of local governments



Posting on the integrated report

## Involvement in local community

### Initiatives for local communicaties, etc. Fukuoka Realty

- Participates in Hakata Town Planning Promotion Council (as director)
- Participates in Fukuoka Directive Council
- Hosts the Kyushu IR Workshop
- Hosted the Real Estate, Finance and Economic Networking (2019)
- Participates in the ESG Dialogue Platform by the Ministry of the Environment
- Participates in the Kyushu SDGs Forum
- Hosts the Fukuoka International Architectural Design Competition

### Others Fukuoka Realty Fukuoka REIT

- Preventing the spread of new coronavirus infections
- Consideration for the elderly, physically challenged, etc.
- Child-rearing support
- Participation in community cleanup activities by employees of the asset management company
- Safty Town Council

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

#### ● Consideration for the Elderly, People with Disabilities, etc.

##### Konoha Mall Hashimoto



Installed intercoms

Certified as excellent type for the Welfare Town Creation Ordinance (by Fukuoka City Government)

#### ● Other (crime prevention, disaster response, improved convenience)

##### Park Place Oita



Crime prevention patrol (Jointly conducted with communities and schools)

Police liaison office

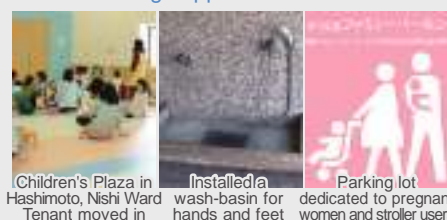
##### Canal City Hakata, others



Rental smartphone charger (Free to use upon disaster)

Installed AED (automated external defibrillator)

#### ● Child-rearing support



Children's Plaza in Hashimoto, Nishi Ward Tenant moved in

Installed a wash-basin for hands and feet

Parking lot dedicated to pregnant women and stroller users



Collecting plastic bottle caps (for supporting vaccination in developing countries)

EV charging station



Rental umbrella service

Rental bike service

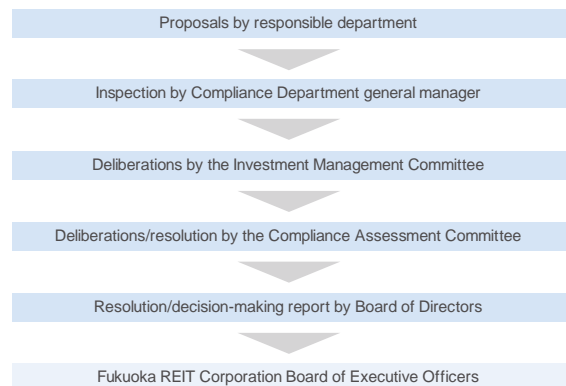
# ESG Initiatives (Governance)

## Compliance / Risk management

### Governance System Fukuoka Realty Fukuoka REIT

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 Department general manager and deliberations conducted by the Compliance Assessment Committee (consisting of the Compliance Department general manager and three outside experts).

#### ◎Decision-making process



#### ◎Third-party assessment by external experts

##### [Real estate appraisals]

- Japan Real Estate Institute
- The Tanizawa Sogo Appraisal Co., Ltd.
- Daiwa Real Estate Appraisal Co., Ltd.

##### [Market reports]

- Analysis on trade areas and competition situation
- Adequate rent levels, etc.

##### [Engineering reports]

- Law abidance and earthquake resistance
- Check of soil contamination, toxic substance and use status
- Replacement market price, expenses for long-term maintenance and repairs, etc.

(\*) 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. Fukuoka Realty Fukuoka REIT

- Same-boat investment by sponsor  
Fukuoka Jisho Co., Ltd., the main sponsor, has 9.18% of FRC's investment units
- Cumulative investment system for investment units  
(40.5% of the officers and employees participated in the system)  
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.

### Appointment of Outside Directors Fukuoka Realty (other than interested persons)

Secure transparency and fairness of the Board of Directors

### Changes to the asset management fee structure Fukuoka Realty Fukuoka REIT

The Management Fees 1 and 3 were reviewed for the purpose of further reinforcing the linkage between unitholder interest and the asset management fee structure, and the following changes were resolved at the ninth General Meeting of Unitholders held on May 2020 for further enhancing unitholder value. The changes became effective on September 1, 2020 (beginning of the 33<sup>rd</sup> fiscal period)

| Asset management fees                            | Calculation method   |
|--|--|
| Management Fee 1 (based on total assets)         | [3 months from the day following the last day of the immediately preceding fiscal period]<br>Total assets at the end of the immediately preceding fiscal period × 0.25% (previously 0.3%) × number of days / 365<br>【From the day following the last day of the period above to the end of the fiscal period】<br>(Total assets at the end of the immediately preceding fiscal period + value of acquired assets - value of disposed assets) × 0.25% (previously 0.3%) × number of days / 365 |
| Management Fee 3 (based on distributable profit) | (Distributable amount before paying Management Fee 3 for the immediately preceding fiscal period) × 3.6% (previously 2.0%)   |

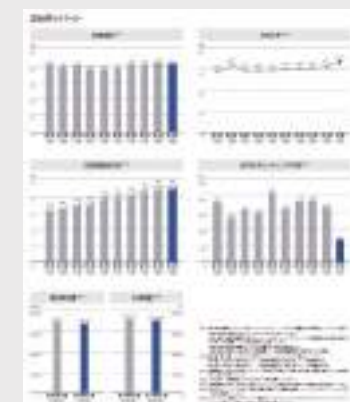
### Information on attendance at board meetings Fukuoka REIT

|                      |                 | 34 <sup>th</sup> period<br>Total fees<br>(thousand yen) | Attendance at board meetings<br>(Sep. 2020 - Aug. 2021; held 6 times in total) |
|----------------------|-----------------|---|--|
| Executive director   | Etsuo Matsuyuki | 6,000   | 6 times(100% attendance)   |
| Supervisory director | Takashi Tanabe  | 3,600   | 6 times(100% attendance)   |
| Supervisory director | Yasuo Kawasho   |   | 6 times(100% attendance)   |

## Information disclosure to and communication with stakeholders

### Publication of integrated report (sole J-REIT with such publication) Fukuoka REIT

- Published second issue in 2020.
- Expanded information disclosure from the first issue.
- Communicates with stakeholders based on the report.



### Website renewal Fukuoka REIT NEW

- Considered better visibility and usability
- Arranged the top page to show real-time investment unit prices, etc.
- Improved user flows to press releases, etc.



# IR initiatives

## IR activities under the COVID-19 Pandemic

### ◎IR for domestic institutional investors

- Financial results briefing for analysts and institutional investors (Following on-line live streaming) Post the video on the website the next day.
- Roadshows on financial results (conference calls)

### ◎IR for overseas institutional investors

- Participation in global conferences (online) sponsored by securities companies
- Roadshows on financial results (Asia)
- Timely information disclosure (held simultaneously as the delivery of Japanese press releases)

### ◎IR for individual investors

- Participates in online briefings and fairs
  - Nikko Web IR Day (August - September 2021)
  - Nikkei J-REIT Seminar (August 2021)
  - Fukusho IR Fair Online (July 2021)
  - Radio NIKKEI 「Asazai」 (April 2021)
- Responding to individual calls



Nikko Web IR Day Aug. - Sept. 2021

## Status of integration into indexes (as of August 31, 2021)

### ◎Global indexes, etc

|  |                               |
|--|-------------------------------|
| FTSE EPRA/NAREIT<br>Global Real Estate Index | S&P Global REIT<br>Index      |
| FTSE Developed<br>Small Cap                  | MSCI Japan<br>Small Cap Index |

## Major Public Relations Activities



◎Advertising (ZAIKAIKYUSHU)  
Posted an interview article with Zenji Koike, President and CEO of Fukuoka Realty, in a local economic magazine (September 2021 issue)



◎TV coverage ("PASSION ~ Passionate Person~" by Fukuoka Broadcasting System Corp. (FBS))

The Asset Manager was covered in a local TV station's interstitial program, which casts a spotlight on business managers in Fukuoka to introduce their passion for business and provide a corporate overview. On the air, Fukuoka Realty was introduced, with a focus on the interview with President and CEO Zenji Koike.

\*The photo is a scene taken during the interview. (Broadcast in September 2021)

## Other Activities

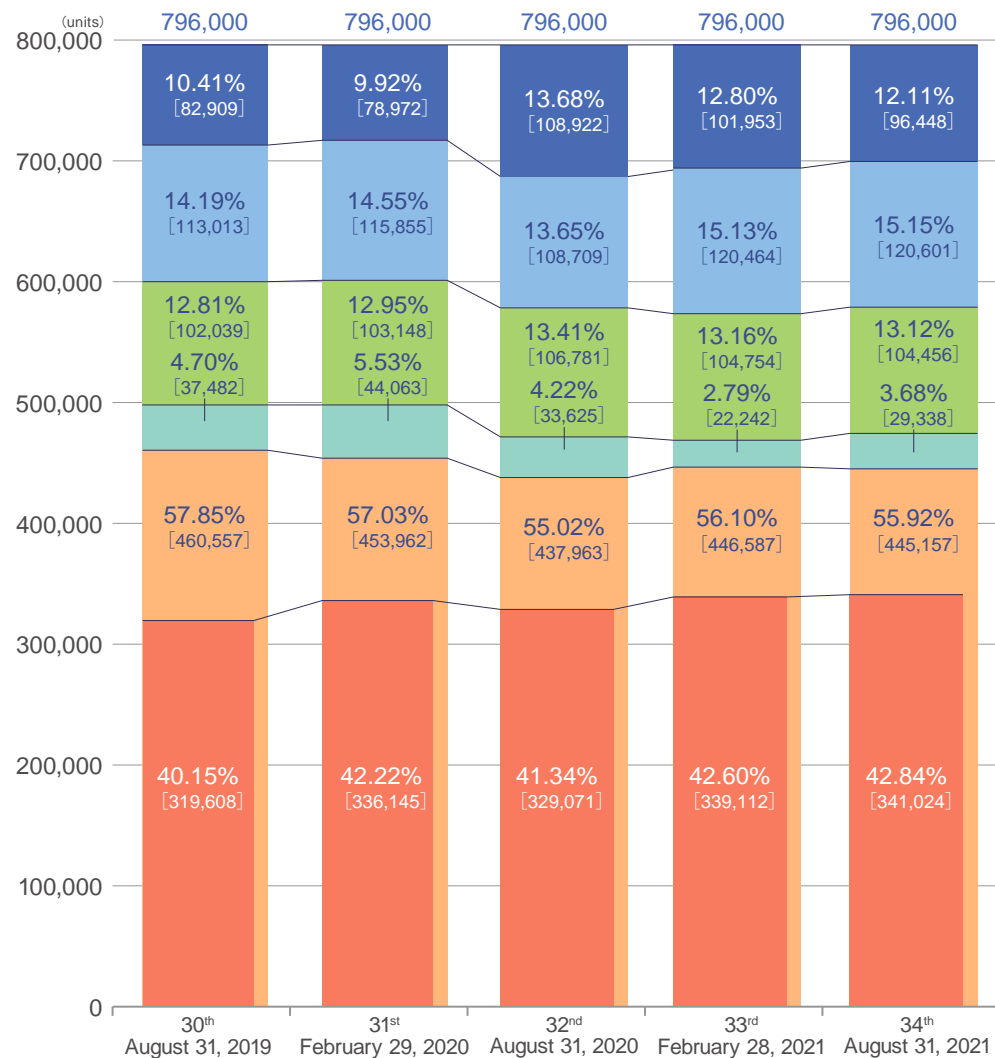
The Kyushu IR Workshop, which started in collaboration with the Japan Investor Relations Association, is entering its eleventh year in 2021. More than 900 people have participated in a total of 31 sessions. It is utilized as a venue to study the latest IR trends with IR staff of companies from Fukuoka and Kyushu and to build networks among such companies. This year, the workshop was held by utilizing online functions as a measure to prevent the spread of COVID-19.

| Date                           | Theme & lecturer   |
|--------------------------------|--|
| 1st<br>workshop<br>August 2021 | IR Trends in 2021<br>~Against the Backdrop of the Revised Corporate Governance Code~<br>Ms. Yoshiko Sato,<br>Executive Managing Director, Japan Investor Relations Association |
|                                | Co-Creation IR Activities by the MARUI GROUP<br>Ms. Nahoko Kutsukake,<br>Investor Relations, IR Department, MARUI GROUP CO., LTD.  |



# Unitholders' data

Distribution by investor category [breakdown of investment units]



Financial institutions Of which held by trust banks Stock brokers Other corporations Foreign corporations Individual

\* 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 34<sup>th</sup> FP] (As of August 31, 2021)

|                                | No. of unitholders | Percentage     | Investment units held | Percentage     |
|--------------------------------|--------------------|----------------|-----------------------|----------------|
| Individual • other             | 12,736             | 95.71%         | 96,448                | 12.11%         |
| Foreign individuals            | 218                | 1.63%          | 120,601               | 15.15%         |
| Other domestic corporations    | 248                | 1.86%          | 104,456               | 13.12%         |
| Stock brokers                  | 24                 | 0.18%          | 29,338                | 3.68%          |
| Financial institutions         | 80                 | 0.60%          | 445,157               | 55.92%         |
| (Of which held by trust banks) | 9                  | 0.06%          | 341,024               | 42.84%         |
| <b>Total</b>                   | <b>13,306</b>      | <b>100.00%</b> | <b>796,000</b>        | <b>100.00%</b> |

Major investors [at the end of the 34<sup>th</sup> FP] (As of August 31, 2021)

| Rank | Name  | Investment units held | Percentage |
|------|---|-----------------------|------------|
| 1    | Custody Bank of Japan, Ltd.(Trust account)                        | 176,957               | 22.23%     |
| 2    | The Master Trust Bank of Japan, Ltd.(Trust account)               | 99,091                | 12.44%     |
| 3    | Fukuoka Jisho Co., Ltd.   | 73,136                | 9.18%      |
| 4    | The Nomura Trust and Banking Co., Ltd. (Investment trust account) | 31,279                | 3.92%      |
| 5    | Custody Bank of Japan, Ltd. (Securities investment trust account) | 20,590                | 2.58%      |
| 6    | The Shinkumi Federation Bank                                      | 14,760                | 1.85%      |
| 7    | STATE STREET BANK WEST CLIENT-TREATY 505234                       | 12,410                | 1.55%      |
| 8    | NORTHERN TRUST CO.(AVFC) RE HCR00                                 | 11,504                | 1.44%      |
| 9    | MetLife, Inc.   | 10,227                | 1.28%      |
| 10   | Shikoku Railway Company   | 9,130                 | 1.14%      |



# 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 3,539 yen

| Category   | 30 <sup>th</sup> | 31 <sup>st</sup> | 32 <sup>nd</sup> | 33 <sup>rd</sup>     | 34 <sup>th</sup>     | Difference<br>B-A | - unit : mm yen               |                               |
|--|------------------|------------------|------------------|----------------------|----------------------|-------------------|-------------------------------|-------------------------------|
|  | ~ Aug. 31, 2019  | ~ Feb. 29, 2020  | ~ Aug. 31, 2020  | ~ Feb. 28, 2021<br>A | ~ Aug. 31, 2021<br>B |                   | 35 <sup>th</sup>              | 36 <sup>th</sup>              |
|  |                  |                  |                  |                      |                      |                   | ~ Feb. 28, 2022<br>(forecast) | ~ Aug. 31, 2022<br>(forecast) |
| Operating revenues   | 9,231            | 9,162            | 8,518            | 8,904                | 8,867                | (36)              | 8,621                         | 8,834                         |
| Gain on sales  | -                | -                | -                | -                    | 104                  | 104               | -                             | -                             |
| Leasing NOI  | 5,633            | 5,596            | 5,307            | 5,347                | 5,336                | (10)              | 5,316                         | 5,382                         |
| Depreciation and amortization expenses                               | 1,651            | 1,660            | 1,686            | 1,623                | 1,552                | (70)              | 1,489                         | 1,527                         |
| Operating income   | 3,318            | 3,273            | 2,966            | 3,061                | 3,204                | 142               | 3,156                         | 3,169                         |
| Ordinary income  | 2,939            | 2,900            | 2,587            | 2,677                | 2,817                | 140               | 2,787                         | 2,787                         |
| Profit   | 2,939            | 2,899            | 2,586            | 2,675                | 2,816                | 141               | 2,786                         | 2,786                         |
| <b>Dividend per unit (yen) (①)</b>                                   | <b>3,693</b>     | <b>3,642</b>     | <b>3,250</b>     | <b>3,361</b>         | <b>3,539</b>         |                   |                               |                               |
| Latest dividend forecast per unit (yen)(②)                           | 3,680            | 3,650            | 3,150            | 3,300                | 3,500                |                   | 3,500                         | 3,500                         |
| Difference from forecast (yen) (①-②)                                 | +13              | (8)              | +100             | +61                  | +39                  |                   | -                             | -                             |
| Total number of investment units outstanding (at period-end) (units) | 796,000          | 796,000          | 796,000          | 796,000              | 796,000              |                   | 796,000                       | 796,000                       |
| Total assets (at period-end)   | 195,106          | 194,795          | 199,004          | 199,559              | 199,804              |                   |                               |                               |
| Total liabilities (at period-end)                                    | 93,228           | 92,958           | 97,478           | 97,944               | 98,049               |                   |                               |                               |
| Total net assets (at period-end)                                     | 101,878          | 101,837          | 101,525          | 101,614              | 101,755              |                   |                               |                               |
| Days in fiscal period (days)   | 184              | 182              | 184              | 181                  | 184                  |                   |                               |                               |
| Number of investment properties (at period-end)                      | 29               | 29               | 31               | 31                   | 32                   |                   |                               |                               |
| Number of tenants (at period-end)(*1)                                | 1,020            | 1,007            | 1,016            | 1,011                | 1,010                |                   |                               |                               |
| Total leasable floor space (at period-end) (m <sup>2</sup> )         | 580,664.27       | 580,662.77       | 591,021.51       | 608,557.70           | 572,215.71           |                   |                               |                               |
| Occupancy rate (at period-end) (%)(*2)                               | 99.6             | 99.7             | 99.7             | 99.5                 | 99.5                 |                   |                               |                               |
| FFO (Funds from Operation)(mm yen) (*3)                              | 4,591            | 4,559            | 4,273            | 4,299                | 4,265                |                   |                               |                               |
| FFO per unit (yen)   | 5,767            | 5,728            | 5,368            | 5,401                | 5,358                |                   |                               |                               |

(\*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                                    | 33 <sup>rd</sup><br>Feb. 28, 2021<br>A | 34 <sup>th</sup><br>Aug. 31, 2021<br>B | Difference<br>B—A |
|--|--|--|-------------------|
| <b>Total current assets</b>                | 11,157                                 | 11,833                                 | 675               |
| Cash and deposits                          | 6,596                                  | 6,948                                  | 352               |
| Cash and deposits in trust                 | 3,742                                  | 4,015                                  | 273               |
| Operating accounts receivable              | 528                                    | 593                                    | 64                |
| Prepaid expenses                           | 287                                    | 272                                    | (14)              |
| Consumption taxes receivable               | -                                      | -                                      | -                 |
| Others                                     | 3                                      | 2                                      | (0)               |
| <b>Total non-current assets</b>            | 188,369                                | 187,941                                | (427)             |
| <b>Total property, plant and equipment</b> | 181,419                                | 181,007                                | (412)             |
| Buildings                                  | 1,156                                  | 1,142                                  | (13)              |
| Structures                                 | 20                                     | 20                                     | (0)               |
| Tools and fixtures                         | 1                                      | 1                                      | (0)               |
| Lands                                      | 989                                    | 989                                    | -                 |
| Buildings in trust                         | 69,528                                 | 65,904                                 | (3,623)           |
| Structures in trust                        | 1,200                                  | 1,076                                  | (124)             |
| Machinery and equipment in trust           | 870                                    | 791                                    | (78)              |
| Tools and fixtures in trust                | 182                                    | 227                                    | 44                |
| Lands in trust                             | 107,452                                | 110,373                                | 2,921             |
| Construction in progress in trust          | 16                                     | 480                                    | 463               |
| <b>Total intangible assets</b>             | 5,569                                  | 5,561                                  | (8)               |
| Leasehold right in trust                   | 5,545                                  | 5,545                                  | -                 |
| Other intangible assets in trust           | 24                                     | 15                                     | (8)               |
| <b>Total investment and other assets</b>   | 1,380                                  | 1,373                                  | (6)               |
| Deferred tax assets                        | 0                                      | 0                                      | (0)               |
| Lease and guarantee deposits               | 10                                     | 10                                     | -                 |
| Lease and guarantee deposits in trust      | 327                                    | 327                                    | -                 |
| Long-term prepaid expenses                 | 1,042                                  | 1,036                                  | (6)               |
| <b>Total deferred assets</b>               | 32                                     | 29                                     | (2)               |
| <b>Total assets</b>                        | 199,559                                | 199,804                                | 245               |

- unit : mm yen

| Account  | 33 <sup>rd</sup><br>Feb. 28, 2021<br>A | 34 <sup>th</sup><br>Aug. 31, 2021<br>B | Difference<br>B—A |
|--|--|--|-------------------|
| <b>Total current liabilities</b>                         | 9,501                                  | 9,566                                  | 65                |
| Operating accounts payable                               | 561                                    | 452                                    | (108)             |
| Current maturities of long-term debt                     | 6,300                                  | 6,000                                  | (300)             |
| Account payable-other                                    | 22                                     | 17                                     | (5)               |
| Accrued expenses   | 415                                    | 420                                    | 4                 |
| Income taxes payable                                     | 1                                      | 0                                      | (0)               |
| Accrued consumption taxes                                | 316                                    | 705                                    | 388               |
| Advances received  | 1,088                                  | 1,057                                  | (31)              |
| Deposits received  | 793                                    | 912                                    | 118               |
| <b>Total non-current liabilities</b>                     | 88,443                                 | 88,482                                 | 39                |
| Investment corporation bonds                             | 5,000                                  | 5,000                                  | -                 |
| Long-term debt   | 71,100                                 | 71,400                                 | 300               |
| Tenant leasehold and security deposits                   | 450                                    | 450                                    | 0                 |
| Tenant leasehold and security deposits received in trust | 11,892                                 | 11,631                                 | (260)             |
| <b>Total liabilities</b>                                 | 97,944                                 | 98,049                                 | 104               |

|                                  |         |         |     |
|----------------------------------|---------|---------|-----|
| <b>Total unitholders' equity</b> | 101,614 | 101,755 | 141 |
| Unitholders' capital             | 98,938  | 98,938  | -   |
| Surplus                          | 2,675   | 2,817   | 141 |
| <b>Total net assets</b>          | 101,614 | 101,755 | 141 |

|   |         |         |     |
|---|---------|---------|-----|
| <b>Total liabilities and net assets</b> | 199,559 | 199,804 | 245 |
|---|---------|---------|-----|

# Cash flow statements (compared with the previous fiscal period)

- unit : mm yen

| Category  | 33 <sup>rd</sup> A<br>~Feb. 28, 2021 | 34 <sup>th</sup> B<br>~Aug. 31, 2021 | Difference<br>B-A |
|---|--------------------------------------|--------------------------------------|-------------------|
| <b>Net cash provided by (used in) operating activities</b>    | <b>5,374</b>                         | <b>4,724</b>                         | <b>(649)</b>      |
| Profit before income taxes                                    | 2,677                                | 2,817                                | 140               |
| Depreciation and amortization expenses                        | 1,623                                | 1,552                                | (70)              |
| Amortization of investment corporation bond issuance expenses | 2                                    | 2                                    | -                 |
| Amortization of investment unit issuance expenses             | 3                                    | -                                    | (3)               |
| Interest received   | (0)                                  | (0)                                  | (0)               |
| Interest expenses   | 282                                  | 286                                  | 4                 |
| Gain on sales of real estate property                         | -                                    | (104)                                | (104)             |
| Decrease (increase) in operating accounts receivables         | 515                                  | (64)                                 | (579)             |
| Decrease (increase) in consumption taxes refund receivable    | 177                                  | -                                    | (177)             |
| Increase (decrease) in accrued consumption taxes              | 316                                  | 388                                  | 72                |
| Increase (decrease) in operating accounts payable             | 25                                   | 19                                   | (5)               |
| Increase (decrease) in accounts payable-other                 | 10                                   | (6)                                  | (16)              |
| Increase (decrease) in accrued expenses                       | 60                                   | 3                                    | (56)              |
| Increase (decrease) in advances received                      | (34)                                 | (31)                                 | 2                 |
| Increase (decrease) in deposits expenses                      | (100)                                | 118                                  | 219               |
| Decrease (increase) in prepaid expenses                       | (4)                                  | 14                                   | 18                |
| Decrease (increase) in long-term prepaid expenses             | 95                                   | 6                                    | (88)              |
| Others, net   | 6                                    | 6                                    | 0                 |
| <b>Subtotal</b>   | <b>5,657</b>                         | <b>5,012</b>                         | <b>(645)</b>      |
| Interest income received                                      | 0                                    | 0                                    | 0                 |
| Interest expenses paid  | (282)                                | (285)                                | (3)               |
| Income taxes paid   | (0)                                  | (1)                                  | (0)               |
| <b>Net cash provided by (used in) investment activities</b>   | <b>(842)</b>                         | <b>(1,425)</b>                       | <b>(583)</b>      |
| Purchase of property, plant and equipment                     | (355)                                | (0)                                  | 354               |
| Proceeds from sales of property, plant and equipment in trust | -                                    | 7,608                                | 7,608             |
| Purchase of property, plant and equipment in trust            | (479)                                | (8,771)                              | (8,292)           |
| Purchase of intangible assets in trust                        | -                                    | -                                    | -                 |
| Proceeds from tenant leasehold and security deposits          | 84                                   | 0                                    | (84)              |
| Repayments of tenant leasehold and security deposits          | -                                    | (0)                                  | (0)               |
| Proceeds from tenant leasehold and security deposits in trust | 122                                  | 460                                  | 337               |
| Repayments of tenant leasehold and security deposits in trust | (214)                                | (721)                                | (506)             |
| Proceeds from restricted trust deposits                       | 2                                    | 3                                    | 1                 |
| Payments for restricted trust deposits                        | (2)                                  | (4)                                  | (2)               |
| <b>Net cash provided by (used in) financial activities</b>    | <b>(2,586)</b>                       | <b>(2,674)</b>                       | <b>(87)</b>       |
| Proceeds from short-term debt                                 | -                                    | -                                    | -                 |
| Repayments of short-term debt                                 | -                                    | -                                    | -                 |
| Proceeds from long-term debt                                  | -                                    | 6,300                                | 6,300             |
| Repayments of long-term debt                                  | -                                    | (6,300)                              | (6,300)           |
| Dividends paid  | (2,586)                              | (2,674)                              | (87)              |
| <b>Net increase (decrease) in cash and cash equivalents</b>   | <b>1,944</b>                         | <b>624</b>                           | <b>(1,320)</b>    |
| Balance of cash and cash equivalents at beginning of period   | 8,348                                | 10,293                               | 1,944             |
| Balance of cash and cash equivalents at end of period         | 10,293                               | 10,917                               | 624               |

# Income and expenditure by properties (Retail)

- unit : mm yen

| Active retail   | Category                                  | Canal City Hakata  | Canal City Hakata・B        | Park Place Oita | SunLive City Kokura         | Konoha Mall Hashimoto | 34 <sup>th</sup> Total A                    | 33 <sup>rd</sup> Total B | Difference A-B           | Forecast C (*1) | Difference A-C  |                |
|-----------------|---|--|----------------------------|-----------------|-----------------------------|-----------------------|---|--------------------------|--------------------------|-----------------|-----------------|----------------|
|                 | (Length)                                  | 34 <sup>th</sup> FP<br>(Mar. 1, 2021 ~Aug. 31, 2021)<br>184 days |                            |                 |                             |                       |   | 181 days                 | 3 days                   |                 |                 |                |
|                 |   |  |                            |                 |                             |                       |   |                          |                          |                 |                 |                |
|                 | ① Total leasing business revenues         | 996  | 1,166                      | 1,183           | 262                         | 778                   | 4,386                                       | 4,688                    | (301)                    | 4,513           | (126)           |                |
|                 | Leasing revenue-real estate               | 962  | 1,132                      | 1,017           | 262                         | 631                   | 4,006                                       | 4,302                    | (296)                    |                 |                 |                |
|                 | Other leasing revenue-real estate         | 33   | 33                         | 165             | 0                           | 147                   | 380   | 385                      | (5)                      |                 |                 |                |
|                 | ② Total leasing business expenses         | 442  | 630                        | 598             | 46                          | 527                   | 2,245                                       | 2,418                    | (173)                    | 2,335           | (89)            |                |
|                 | Outsourcing fees                          | 283  | 436                        | 293             | 7                           | 296                   | 1,317                                       | 1,422                    | (105)                    |                 |                 |                |
|                 | Repair and maintenance expenses           | 11   | 8                          | 31              | 2                           | 18                    | 71  | 131                      | (59)                     |                 |                 |                |
|                 | Expenses for restoration to former state  | -  | -                          | -               | -                           | -                     | -   | -                        | -                        |                 |                 |                |
|                 | Tax and other public charges              | 79   | 130                        | 99              | 34                          | 41                    | 386   | 417                      | (31)                     |                 |                 |                |
|                 | Insurance premiums and trust compensation | 6  | 10                         | 5               | 1                           | 2                     | 26  | 27                       | (1)                      |                 |                 |                |
|                 | Utilities expenses                        | 22   | 35                         | 146             | -                           | 90                    | 295   | 282                      | 13                       |                 |                 |                |
|                 | Other expenses                            | 39   | 9                          | 21              | 0                           | 77                    | 148   | 136                      | 11                       |                 |                 |                |
|                 | ③ NOI (=①-②)                              | 553  | 535                        | 585             | 216                         | 251                   | 2,141                                       | 2,269                    | (127)                    | 2,178           | (36)            |                |
|                 | ④ Depreciation and amortization expenses  | 211  | 249                        | 202             | 47                          | 89                    | 800   | 860                      | (60)                     |                 |                 |                |
|                 | ⑤ Leasing business profit (=③-④)          | 342  | 285                        | 382             | 168                         | 161                   | 1,340                                       | 1,408                    | (67)                     |                 |                 |                |
|                 | ⑥ NOI yield (acquisition price)           | 3.5%   | 5.1%(*2)                   | 6.0%            | 6.5%                        | 5.0%                  | 4.8%  | 4.7%                     | 0.1%                     |                 |                 |                |
|                 | ⑦ Capital expenditures                    | 102  | 47                         | 144             | 6                           | 24                    | 325   | 467                      | (141)                    |                 |                 |                |
| 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) | 34 <sup>th</sup> Total A | 33 <sup>rd</sup> Total B | Difference A-B  | Forecast C (*1) | Difference A-C |
|                 | (Length)                                  | 34 <sup>th</sup> FP<br>(Mar. 1, 2021 ~Aug. 31, 2021)<br>184 days |                            |                 |                             |                       |   | 181 days                 | 3 days                   |                 |                 |                |
|                 |   |  |                            |                 |                             |                       |   |                          |                          |                 |                 |                |
|                 |   | ① Total leasing business revenues                                | 253                        | 89              | 40                          | 88                    | 111   | 761                      | 762                      | (1)             | 760             | 0              |
|                 |   | Leasing revenue-real estate                                      | 223                        | 89              | 40                          | 88                    | 111   | 730                      | 730                      | 0               |                 |                |
|                 |   | Other leasing revenue-real estate                                | 30                         | 0               | -                           | -                     | 0   | 30                       | 32                       | (1)             |                 |                |
|                 |   | ② Total leasing business expenses                                | 82                         | 10              | 10                          | 10                    | 11  | 147                      | 154                      | (7)             | 146             | 1              |
|                 |   | Outsourcing fees   | 38                         | 2               | 1                           | 2                     | 1   | 48                       | 48                       | (0)             |                 |                |
|                 |   | Repair and maintenance expenses                                  | 1                          | 1               | 5                           | 0                     | 0   | 10                       | 17                       | (7)             |                 |                |
|                 |   | Expenses for restoration to former state                         | -                          | -               | -                           | -                     | -   | -                        | -                        | -               |                 |                |
|                 |   | Tax and other public charges                                     | 16                         | 5               | 3                           | 5                     | 7   | 56                       | 56                       | (0)             |                 |                |
|                 |   | Insurance premiums and trust compensation                        | 0                          | 0               | 0                           | 0                     | 0   | 2                        | 2                        | (0)             |                 |                |
|                 |   | Utilities expenses   | 23                         | -               | -                           | -                     | -   | 23                       | 21                       | 1               |                 |                |
|                 | Other expenses                            | 1  | 0                          | 0               | 1                           | 0                     | 6   | 7                        | (1)                      |                 |                 |                |
|                 | ③ NOI (=①-②)                              | 171  | 79                         | 30              | 77                          | 100                   | 613   | 607                      | 5                        | 613             | (0)             |                |
|                 | ④ Depreciation and amortization expenses  | 38   | 12                         | 5               | 16                          | 22                    | 117   | 116                      | 0                        |                 |                 |                |
|                 | ⑤ Leasing business profit (=③-④)          | 133  | 66                         | 24              | 61                          | 77                    | 495   | 490                      | 4                        |                 |                 |                |
|                 | ⑥ NOI yield (acquisition price)           | 6.5%   | 6.6%                       | 5.4%            | 6.2%                        | 5.6%                  | 6.1%  | 6.0%                     | 0.1%                     |                 |                 |                |
|                 | ⑦ Capital expenditures                    | 0  | -                          | -               | 1                           | -                     | 4   | 40                       | (36)                     |                 |                 |                |

(\*1) Forecast at the financial results of the 33<sup>rd</sup> fiscal period. (\*2) The Grand Building portion (88.28% co-ownership interest) that was disposed in the 34<sup>th</sup> fiscal period is included in NOI under the amount for three months and excluded entirely from the acquisition price.

# Income and expenditure by properties (Office buildings - Others)

- unit : mm yen

| Category                                  | Canal City Business Center Building                | Gofukumachi Business Center | Sanix Hakata Building | Taihaku Street Business Center | Higashi Hie Business Center | Tenjin Nishi-Dori Center Building | Tenjin North Front Building | Higashi Hie Business Center II | Higashi Hie Business Center III | Tenjin Nishi-Dori Business Center (Land with leasehold interest) | 34 <sup>th</sup> Total A | 33 <sup>rd</sup> Total B | Difference A-B | Forecast C (*1) | Difference A-C |
|---|--|-----------------------------|-----------------------|--------------------------------|-----------------------------|-----------------------------------|-----------------------------|--------------------------------|---------------------------------|--|--------------------------|--------------------------|----------------|-----------------|----------------|
|   | 34 <sup>th</sup> FP (Mar. 1, 2021 ~ Aug. 31, 2021) |                             |                       |                                |                             |                                   |                             |                                |                                 |  |                          | 181 days                 | 3 days         | 2,666           | 8              |
|   | (Length)   | 184 days                    |                       |                                |                             |                                   |                             |                                |                                 |  |                          |                          |                |                 |                |
| ① Total leasing business revenues         | 650  | 571                         | 205                   | 322                            | 353                         | 86                                | 146                         | 164                            | 95                              | 79   | 2,675                    | 2,560                    | 114            | 2,666           | 8              |
| Leasing revenue-real estate               | 648  | 509                         | 192                   | 321                            | 328                         | 86                                | 122                         | 150                            | 91                              | 79   | 2,530                    | 2,424                    | 105            |                 |                |
| Other leasing revenue-real estate         | 1  | 62                          | 13                    | 1                              | 25                          | -                                 | 23                          | 13                             | 3                               | -  | 145                      | 136                      | 8              |                 |                |
| ② Total leasing business expenses         | 211  | 181                         | 64                    | 90                             | 130                         | 19                                | 49                          | 54                             | 20                              | -  | 822                      | 800                      | 22             | 850             | (27)           |
| Outsourcing fees                          | 144  | 73                          | 19                    | 55                             | 42                          | 1                                 | 11                          | 19                             | 7                               | -  | 375                      | 365                      | 10             |                 |                |
| Repair and maintenance expenses           | 8  | 14                          | 4                     | 3                              | 4                           | 2                                 | 9                           | 0                              | 0                               | -  | 47                       | 46                       | 1              |                 |                |
| Expenses for restoration to former state  | -  | -                           | -                     | -                              | -                           | -                                 | -                           | -                              | -                               | -  | -                        | -                        | -              |                 |                |
| Tax and other public charges              | 47   | 36                          | 22                    | 27                             | 16                          | 15                                | 8                           | 9                              | 7                               | -  | 191                      | 185                      | 6              |                 |                |
| Insurance premiums and trust compensation | 1  | 2                           | 0                     | 1                              | 1                           | 0                                 | 0                           | 0                              | 0                               | -  | 10                       | 10                       | (0)            |                 |                |
| Utilities expenses                        | 6  | 50                          | 12                    | -                              | 24                          | -                                 | 19                          | 12                             | 4                               | -  | 130                      | 121                      | 8              |                 |                |
| Other expenses                            | 2  | 2                           | 3                     | 2                              | 41                          | 0                                 | 0                           | 11                             | 1                               | -  | 66                       | 71                       | (4)            |                 |                |
| ③ NOI (=①-②)                              | 438  | 390                         | 140                   | 232                            | 222                         | 67                                | 96                          | 110                            | 74                              | 79   | 1,852                    | 1,760                    | 91             | 1,816           | 36             |
| ④ Depreciation and amortization expenses  | 82   | 70                          | 42                    | 77                             | 41                          | 9                                 | 33                          | 40                             | 19                              | -  | 418                      | 434                      | (16)           |                 |                |
| ⑤ Leasing business profit (=③-④)          | 356  | 319                         | 98                    | 154                            | 181                         | 57                                | 63                          | 69                             | 55                              | 79   | 1,434                    | 1,326                    | 108            |                 |                |
| ⑥ NOI yield (acquisition price)           | 6.0%   | 7.0%                        | 6.4%                  | 6.6%                           | 7.5%                        | 5.2%                              | 6.9%                        | 5.2%                           | 4.5%                            | 4.1%   | 6.1%                     | 6.3%                     | (0.2)%         |                 |                |
| ⑦ Capital expenditures                    | 6  | 41                          | 24                    | 12                             | 0                           | -                                 | -                           | -                              | -                               | -  | 85                       | 151                      | (66)           |                 |                |

| 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   | LOGICITY Wakamiya   | 34 <sup>th</sup> Total A | 33 <sup>rd</sup> Total B | Difference A-B | Forecast C (*1) | Difference A-C |
|---|--|------------------------|-----------------|--------------|------------------------|------------------|--------------------|-----------------------|------------------------|---------------------|---------------------|--------------------------|--------------------------|----------------|-----------------|----------------|
|   | 34 <sup>th</sup> FP (Mar. 1, 2021 ~ Aug. 31, 2021) |                        |                 |              |                        |                  |                    |                       |                        |                     |                     | 181 days                 | 3 days                   | 943            | (3)             |                |
|   | (Length)   | 184 days               |                 |              |                        |                  |                    |                       |                        |                     |                     |                          |                          |                |                 |                |
| ① Total leasing business revenues         | 66   | 37                     | 60              | 112          | 39                     | 63               | 43                 |                       |                        |                     |                     | 939                      | 892                      | 46             | 943             | (3)            |
| Leasing revenue-real estate               | 65   | 37                     | 58              | 106          | 37                     | 63               | 43                 |                       |                        |                     |                     | 890                      | 849                      | 41             |                 |                |
| Other leasing revenue-real estate         | 1  | 0                      | 2               | 6            | 1                      | -                | -                  |                       |                        |                     |                     | 48                       | 42                       | 5              |                 |                |
| ② Total leasing business expenses         | 16   | 7                      | 18              | 33           | 12                     | 10               | 7                  |                       |                        |                     |                     | 209                      | 182                      | 27             | 201             | 8              |
| Outsourcing fees                          | 5  | 2                      | 3               | 7            | 2                      | 0                | 0                  | Non-disclosure (*2)   | Non-disclosure (*2)    | Non-disclosure (*2) | Non-disclosure (*2) | 34                       | 33                       | 0              |                 |                |
| Repair and maintenance expenses           | 1  | 0                      | 5               | 2            | 0                      | 0                | 0                  |                       |                        |                     |                     | 23                       | 15                       | 7              |                 |                |
| Expenses for restoration to former state  | 1  | -                      | 2               | 5            | 2                      | -                | -                  |                       |                        |                     |                     | 12                       | 7                        | 5              |                 |                |
| Tax and other public charges              | 5  | 3                      | 4               | 7            | 2                      | 7                | 5                  |                       |                        |                     |                     | 88                       | 83                       | 4              |                 |                |
| Insurance premiums and trust compensation | 0  | 0                      | 0               | 0            | 0                      | 0                | 0                  |                       |                        |                     |                     | 5                        | 5                        | 0              |                 |                |
| Utilities expenses                        | 0  | 0                      | 0               | 2            | 0                      | -                | -                  |                       |                        |                     |                     | 28                       | 26                       | 1              |                 |                |
| Other expenses                            | 1  | 1                      | 1               | 6            | 3                      | 0                | 0                  |                       |                        |                     |                     | 17                       | 10                       | 6              |                 |                |
| ③ NOI (=①-②)                              | 49   | 30                     | 42              | 79           | 27                     | 52               | 35                 | 35                    | 186                    | 119                 | 70                  | 729                      | 709                      | 19             | 741             | (11)           |
| ④ Depreciation and amortization expenses  | 19   | 10                     | 12              | 18           | 10                     | 22               | 24                 | 9                     | 37                     | 38                  | 14                  | 217                      | 211                      | 5              |                 |                |
| ⑤ Leasing business profit (=③-④)          | 30   | 19                     | 29              | 61           | 17                     | 30               | 11                 | 26                    | 148                    | 81                  | 56                  | 512                      | 498                      | 14             |                 |                |
| ⑥ NOI yield (acquisition price)           | 4.8%   | 5.4%                   | 6.6%            | 5.7%         | 4.9%                   | 6.9%             | 2.5%               | 5.7%                  | 4.6%                   | 4.7%                | 8.4%                | 5.1%                     | 5.1%                     | 0.0%           |                 |                |
| ⑦ Capital expenditures                    | 1  | 1                      | 1               | 1            | 1                      | 18               | -                  | -                     | 4                      | -                   | 0                   | 30                       | 27                       | 2              |                 |                |

(\*1) Forecast at the financial results of the 33<sup>rd</sup> fiscal period. (\*2) Information is not disclosed because the permission of tenants has not been obtained.

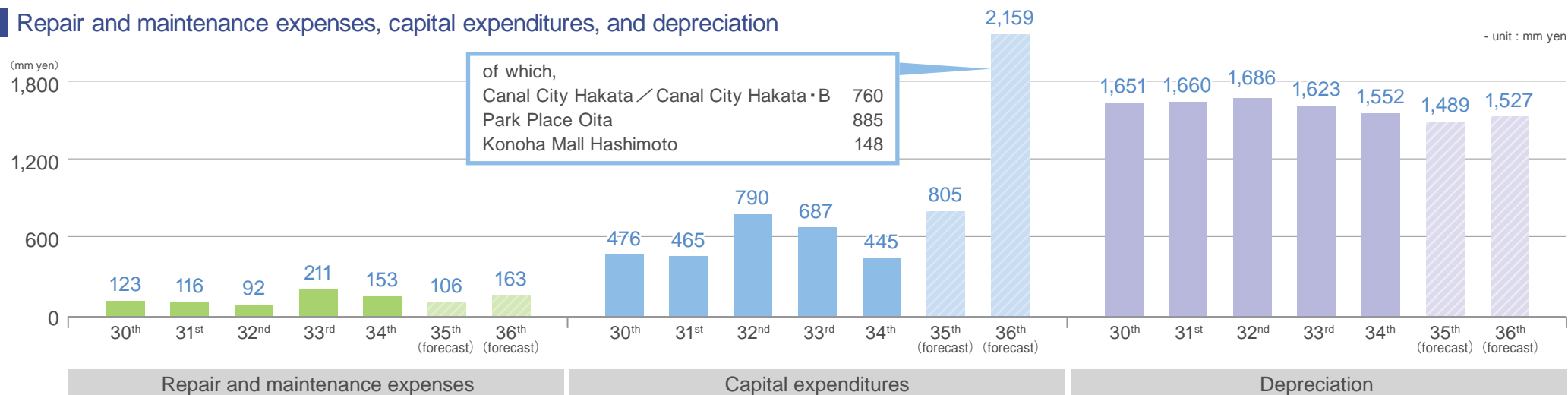


# Income and expenditure by properties (Total) /Repair and maintenance expenses, capital expenditures, and depreciation

| Category                                  | 34 <sup>th</sup> Total A | 33 <sup>rd</sup> Total B     | Difference A-B                | Forecast C (*) |       |
|---|--------------------------|------------------------------|-------------------------------|----------------|-------|
|   | (Length)                 | Mar. 1, 2021 ~ Aug. 31, 2021 | Sept. 1, 2020 ~ Feb. 28, 2021 | Difference A-C |       |
|   |                          | 184 days                     | 181 days                      | 3 days         |       |
| ① Total leasing business revenues         | 8,762                    | 8,904                        | (141)                         | 8,883          | (120) |
| Leasing revenue-real estate               | 8,157                    | 8,306                        | (148)                         |                |       |
| Other leasing revenue-real estate         | 605                      | 597                          | 7                             |                |       |
| ② Total leasing business expenses         | 3,425                    | 3,556                        | (130)                         | 3,552          | (126) |
| Outsourcing fees                          | 1,775                    | 1,870                        | (94)                          |                |       |
| Repair and maintenance expenses           | 153                      | 211                          | (57)                          |                |       |
| Expenses for restoration to former state  | 12                       | 7                            | 5                             |                |       |
| Tax and other public charges              | 723                      | 743                          | (19)                          |                |       |
| Insurance premiums and trust compensation | 44                       | 45                           | (0)                           |                |       |
| Utilities expenses                        | 477                      | 452                          | 25                            |                |       |
| Other expenses                            | 238                      | 226                          | 12                            |                |       |
| ③ NOI (=①-②)                              | 5,336                    | 5,347                        | (10)                          | 5,331          | 5     |
| ④ Depreciation and amortization expenses  | 1,552                    | 1,623                        | (70)                          |                |       |
| ⑤ Leasing business profit (=③-④)          | 3,784                    | 3,723                        | 60                            |                |       |
| ⑥ NOI yield (acquisition price)           | 5.4%                     | 5.3%                         | 0.0%                          |                |       |
| ⑦ Capital expenditures                    | 445                      | 687                          | (241)                         |                |       |

(\*) Forecast at the financial results of the 33<sup>rd</sup> fiscal period.

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



# Portfolio table①

(As of August 31, 2021)

|  | Real estate property name  | Age (*1)       | Acquisition price(mm yen)(*2) | Investment ratio | Acquisition timing | Source (*3)           | Total leasable floor space (m)(*4) | Occupancy rate | Tenants (*5) | Primary tenants  |
|--|--|----------------|-------------------------------|------------------|--------------------|-----------------------|------------------------------------|----------------|--------------|--|
| Retail   | Canal City Hakata  | 25yr 4m        | 32,000                        | 15.8%            | 2004/11/9          | Sponsor               | 46,585.57                          | 97.9%          | 46           | Washington Hotel and United Cinema                             |
|  | Canal City Hakata・B  | 25yr 4m        | 21,060                        | 10.4%            | 2011/3/2           | Outside party         | 31,139.07                          | 98.1%          | 45           | OPA and MUJI Canal City Hakata                                 |
|  | Park Place Oita  | 19yr 5m        | 19,610                        | 9.7%             | 2004/11/9          | Sponsor               | 121,212.26                         | 99.9%          | 104          | AEON and K's Denki   |
|  | SunLive City Kokura  | 16yr 5m        | 6,633                         | 3.3%             | 2005/7/1           | Outside party         | 61,450.22                          | 100.0%         | 1            | SunLive  |
|  | Konoha Mall Hashimoto  | 10yr 5m        | 10,000                        | 5.0%             | 2018/3/1           | Sponsor               | 22,121.05                          | 98.7%          | 124          | SunLive and The Super Sports XEBIO                             |
|  | Square Mall Kagoshima Usuki                                      | 14yr11m        | 5,300                         | 2.6%             | 2006/9/28          | Sponsor               | 14,602.88                          | 100.0%         | 13           | Sports Depo / Golf5 and Edion                                  |
|  | Kumamoto Intercommunity SC                                       | 14yr 9m        | 2,400                         | 1.2%             | 2006/11/30         | Sponsor               | 6,968.66                           | 100.0%         | 2            | Sports Depo / Golf5 and Starbucks Coffee                       |
|  | Hanahata SC  | 14yr 1m        | 1,130                         | 0.6%             | 2007/9/3           | Sponsor               | 2,801.15                           | 100.0%         | 2            | BON REPAS and Matsumoto Kiyoshi                                |
|  | Kurume Higashi Kushiwara SC                                      | 13yr 8m        | 2,500                         | 1.2%             | 2008/2/1           | Sponsor               | 6,467.80                           | 100.0%         | 1            | Sports Depo / Golf5  |
|  | K's Denki Kagoshima  | 13yr 9m        | 3,550                         | 1.8%             | 2008/3/27          | Outside party         | 7,296.17                           | 100.0%         | 1            | K's Denki  |
|  | Marinoya City Fukuoka (Marina Side Building)                     | 20yr10m        | 5,250                         | 2.6%             | 2015/5/1           | Sponsor               | 33,069.82                          | 100.0%         | 1            | FJ. Entertainment Works Ltd.                                   |
| <b>Total or the weighted average of retail</b>           | —  | <b>109,433</b> | <b>54.2%</b>                  | —                | —                  | <b>353,714.65</b>     | <b>99.4%</b>                       | <b>340</b>     | —            |  |
| Office buildings   | Canal City Business Center Building                              | 25yr 4m        | 14,600                        | 7.2%             | 2004/11/9          | Sponsor               | 23,030.30                          | 100.0%         | 62           | TOTO and Bell System24   |
|  | Gofukumachi Business Center                                      | 17yr10m        | 11,200                        | 5.5%             | 2004/11/9          | Sponsor               | 19,905.34                          | 100.0%         | 36           | SMBC CONSUMER FINANCE and Sumitomo Mitsui Banking Corporation  |
|  | Sanix Hakata Building  | 20yr 5m        | 4,400                         | 2.2%             | 2005/9/30          | Outside party         | 6,293.75                           | 100.0%         | 16           | SANIX and The Nishi-Nippon City Bank                           |
|  | Taihaku Street Business Center                                   | 19yr 5m        | 7,000                         | 3.5%             | 2006/3/16          | Sponsor               | 14,677.30                          | 99.2%          | 69           | NTT COMWARE and Tokio Marine & Nichido Outsourcing Management  |
|  | Higashi Hie Business Center                                      | 12yr 6m        | 5,900                         | 2.9%             | 2009/3/13          | Outside party+Sponsor | 13,614.59                          | 100.0%         | 27           | Fujitsu and Forest Holdings                                    |
|  | Tenjin Nishi-Dori Center Building                                | 24yr11m        | 2,600                         | 1.3%             | 2013/2/1           | Outside party         | 3,339.32                           | 100.0%         | 1            | The Nishi-Nippon City Bank                                     |
|  | Tenjin North Front Building                                      | 11yr 7m        | 2,800                         | 1.4%             | 2013/3/28          | Outside party         | 5,252.41                           | 100.0%         | 11           | Rakuten Card and Prudential                                    |
|  | Higashi Hie Business Center II                                   | 5yr 6m         | 4,230                         | 2.1%             | 2018/3/1           | Sponsor               | 6,214.77                           | 100.0%         | 2            | Fujitsu Limited and Seven-Eleven Japan Co.,LTD                 |
|  | Higashi Hie Business Center III                                  | 1yr 5m         | 3,290                         | 1.6%             | 2020/5/29          | Sponsor               | 2,981.14                           | 100.0%         | 6            | Mitsui Home Co.,LTD and NIPPON ENGINEERING CONSULTANTS CO.,LTD |
|  | Tenjin Nishi-Dori Business Center (Land with leasehold interest) | —              | 7,700                         | 3.8%             | 2021/6/1           | Sponsor               | 1,343.51                           | 100.0%         | 1            | Fukuoka Jisho Co., Ltd   |
| <b>Total or the weighted average of office buildings</b> | —  | <b>63,720</b>  | <b>31.5%</b>                  | —                | —                  | <b>96,652.43</b>      | <b>99.9%</b>                       | <b>231</b>     | —            |  |
| Others   | Amex Akasakamon Tower (Residence)                                | 16yr 1m        | 2,060                         | 1.0%             | 2006/9/1           | Outside party         | 4,821.25                           | 95.4%          | 64           | —  |
|  | City House Keyaki Dori (Residence)                               | 13yr 9m        | 1,111                         | 0.5%             | 2007/12/20         | Outside party         | 2,710.86                           | 95.6%          | 40           | —  |
|  | Aqualia Chihaya (Residence)                                      | 13yr 8m        | 1,280                         | 0.6%             | 2012/3/1           | Outside party         | 5,619.69                           | 96.5%          | 101          | —  |
|  | D-Wing Tower (Residence)   | 15yr 6m        | 2,800                         | 1.4%             | 2013/3/1           | Outside party         | 7,187.59                           | 94.4%          | 130          | —  |
|  | Granfore Yakuin Minami (Residence)                               | 13yr 8m        | 1,100                         | 0.5%             | 2014/11/4          | Outside party         | 2,496.06                           | 98.0%          | 97           | —  |
|  | Hotel FORZA Oita (Hotel)   | 13yr 0m        | 1,530                         | 0.8%             | 2013/3/1           | Sponsor               | 5,785.44                           | 100.0%         | 1            | FJ Hotels  |
|  | Tissage Hotel Naha (Hotel)                                       | 3yr 6m         | 2,835                         | 1.4%             | 2018/12/7          | Outside party         | 3,758.76                           | 100.0%         | 1            | Nest Hotel Japan Corporation                                   |
|  | Tosu Logistics Center (Logistics)                                | 13yr 3m        | 1,250                         | 0.6%             | 2014/3/28          | Outside party         | 4,173.29                           | 100.0%         | 1            | non-disclosure   |
|  | LOGICITY Minato Kashii (Logistics)                               | 7yr 4m         | 8,150                         | 4.0%             | 2015/3/27          | Outside party         | 43,233.72                          | 100.0%         | 2            | Fukuoka Logistic System and F-LINE CORPORATION                 |
|  | LOGICITY Hisayama (Logistics)                                    | 6yr 7m         | 5,050                         | 2.5%             | 2017/6/1           | Outside party         | 24,505.65                          | 100.0%         | 1            | KASEI, Inc. Co., Ltd.  |
|  | LOGICITY Wakamiya (Logistics)                                    | 16yr 6m        | 1,700                         | 0.8%             | 2020/6/30          | Outside party         | 17,556.32                          | 100.0%         | 1            | Tsukasa Kigyou   |
| <b>Total or the weighted average of others</b>           | —  | <b>28,866</b>  | <b>14.3%</b>                  | —                | —                  | <b>121,848.63</b>     | <b>99.2%</b>                       | <b>439</b>     | —            |  |
| <b>Total or the weighted average of all properties</b>   | <b>18yr 3m</b>   | <b>202,019</b> | <b>100.0%</b>                 | —                | —                  | <b>572,215.71</b>     | <b>99.5%</b>                       | <b>1,010</b>   | —            |  |

(\*1) The age of the building is listed with the end of the period as the starting date. For the property for which FRC owns the land only, "-" is indicated. The total or average figures for all properties are the weighted average.

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

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

(\*4) For the property for which FRC owns the land only, the leasable space of the land is indicated.

(\*5) Parking contracts, etc., are excluded from "Number of tenants".

# Portfolio table②

## Retail 11 properties



Canal City Hakata



Canal City Hakata · B



Park Place Oita



SunLive City Kokura



Konoha Mall Hashimoto



Square Mall Kagoshima Usuki



Kumamoto Intercommunity SC



Hanahata SC



Kurume Higashi Kushiwara SC



K' s Denki Kagoshima



Marinea City Fukuoka (Marina Side Building)



Canal City Business Center Building



Gofukumachi Business Center



Sanix Hakata Building



Taihaku Street Business Center

## Office buildings 10 properties



Higashi Hie Business Center



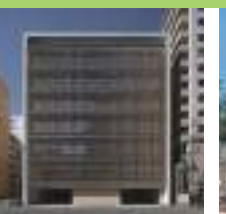
Tenjin Nishi-Dori Center Building



Tenjin North Front Building



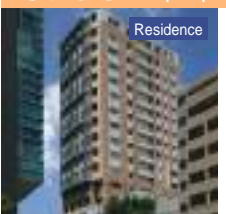
Higashi Hie Business Center II



Higashi Hie Business Center III



Tenjin Nishi-Dori Business Center (Land with leasehold interest)



Amex Akasakamon Tower



City House Keyaki Dori

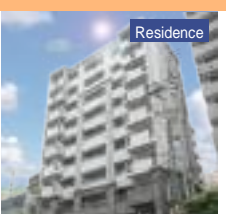


Aqualia Chihaya

## Others 11 properties



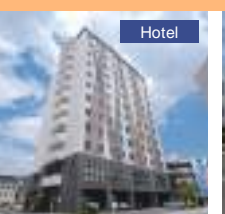
D-Wing Tower



Granfore Yakuin Minami



Hotel FORZA Oita



Tissage Hotel Naha



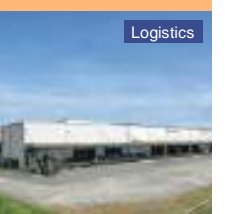
Tosu Logistics Center



LOGICITY Minato Kashii



LOGICITY Hisayama

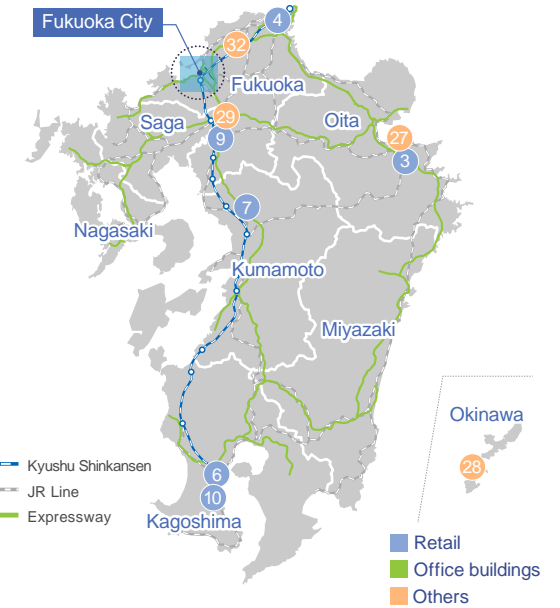


LOGICITY Wakamiya

Total **32** properties  
 Total acquisition price  
**202.0** bn yen  
 (As of August 31, 2021)



# 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 Center II

■Address : 4-chome, Higashi-hie, Hakata Ward, Fukuoka City

## 20 Higashi Hie Business Center III

■Address : 4-chome, Higashi-hie, Hakata Ward, Fukuoka City

## 23 City House Keyaki Dori

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

## 24 Aqualia Chihaya

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

## 25 D-Wing Tower

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

## 26 Granfore Yakuin Minami

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

## 27 Hotel FORZA Oita

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

## 28 Tissage Hotel Naha

■Address : 2-chome, Nishi, Naha City

## 29 Tosu Logistics Center

■Address : Himekata-cho, Tosu City, Saga

## 30 LOGICITY Minato Kashii

■Address : 2-chome, Minatokashii, Higashi Ward, Fukuoka City

## 31 LOGICITY Hisayama

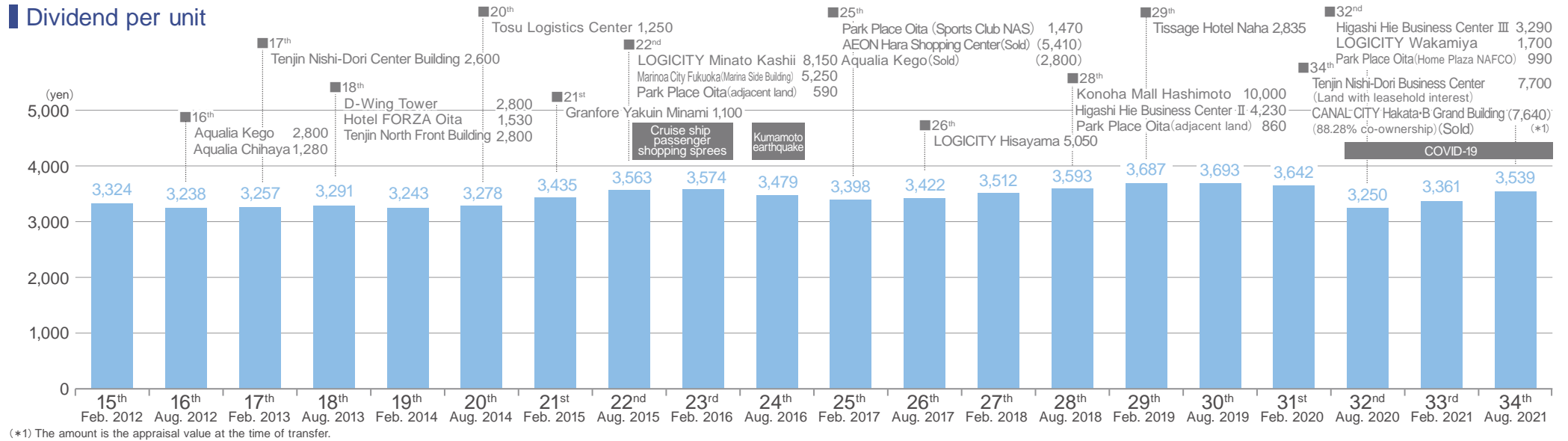
■Address : Hisayama-machi, Kasuya-gun, Fukuoka City

## 32 LOGICITY Wakamiya

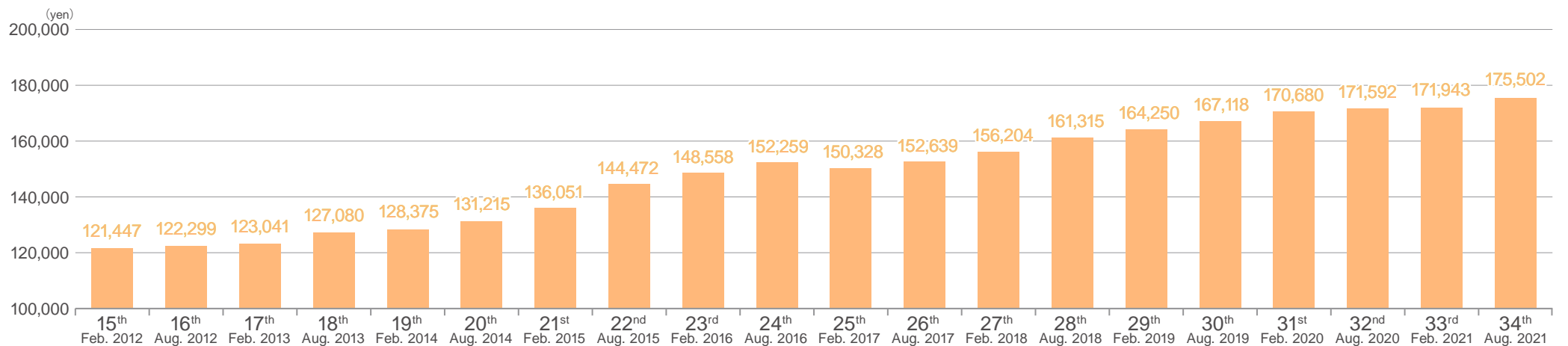
■Address : Shimoaruki, Miyawaka City

# Dividend and NAV per unit

## Dividend per unit



## NAV per unit (\*2)



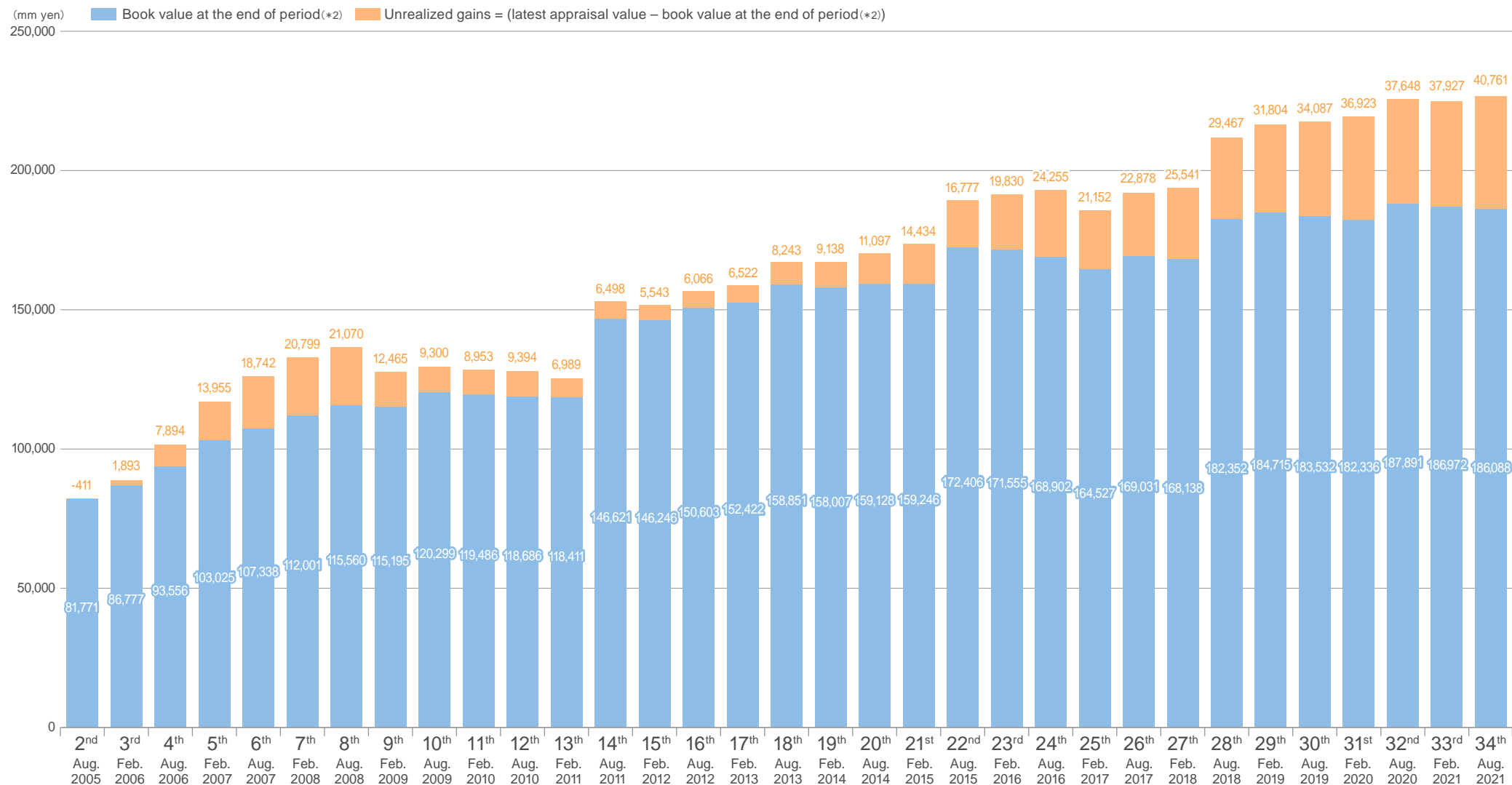
\* A 5-for-1 split of investment unit was effectuated on March 1, 2014. A 5-for-1 split of dividends and NAV per units before the 19<sup>th</sup> FP.  
 (\*2) Market net asset value per unit = (Total net assets + Unrealized gains - Total amount of dividends) / Total number of investment units outstanding



# Historical appraisal values (unrealized gains)

Unrealized gain increased due to lower cap rate (Unrealized gains 40,761 mm yen (an increase of 1,860 mm yen) , ratio of unrealized gain 21.9% (\*1))

## Historical appraisal values



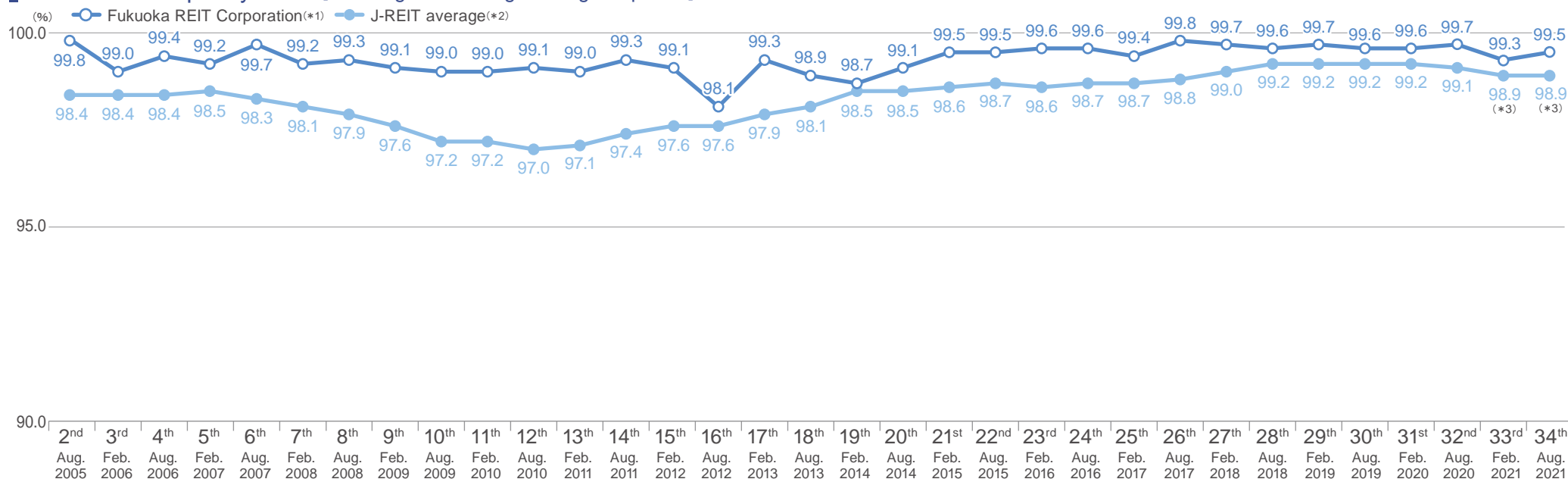
(\*1) Ratio of unrealized gains = (latest appraisal value – book value at the end of period(\*2)) / book value at the end of period(\*2).

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

# Portfolio properties' occupancy rates

## Maintained high occupancy rates

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



(\*1) The investment corporation's occupancy rates in the 2<sup>nd</sup> fiscal period through the 4<sup>th</sup> fiscal period were the occupancy rates at the end of each fiscal period. For the 5<sup>th</sup> fiscal period through the 34<sup>th</sup> fiscal period, the occupancy rates are the weighted average occupancy rates during the fiscal periods. The ratio of total leased floor area to leasable floor area is shown.  
 (\*2) The overall J-REIT occupancy rate is the occupancy rate at the end of each fiscal period based on the Association for Real Estate Securitization's AJPI-J-REIT Databook.  
 (\*3) The overall J-REIT occupancy rates for the 33<sup>rd</sup> and 34<sup>th</sup> fiscal periods are preliminary figures. The figures for the 34<sup>th</sup> fiscal period are the figures for May 2021.

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

| Category         | Investment ratio<br>(based on acquisition price) | 30 <sup>th</sup> | 31 <sup>st</sup> | 32 <sup>nd</sup> | 33 <sup>rd</sup> | 34 <sup>th</sup> |
|------------------|--|------------------|------------------|------------------|------------------|------------------|
|                  |  | ~ Aug. 31, 2019  | ~ Feb. 29, 2020  | ~ Aug. 31, 2020  | ~ Feb. 28, 2021  | ~ Aug. 31, 2021  |
| Retail           | 54.2%  | 99.8%            | 99.9%            | 99.8%            | 99.2%            | 99.5%            |
| Office buildings | 31.5%  | 99.0%            | 99.1%            | 99.5%            | 99.5%            | 99.8%            |
| Others           | 14.3%  | 99.2%            | 99.2%            | 99.1%            | 99.4%            | 99.3%            |
| <b>Total</b>     | <b>100.0%</b>                                    | <b>99.6%</b>     | <b>99.6%</b>     | <b>99.7%</b>     | <b>99.3%</b>     | <b>99.5%</b>     |

# Top tenants by leased floor area

| Rank | Lessee                              | Tenant                 | Share of total leased space<br>(*1) | Lease Type                                    |                                    | Remaining lease term<br>(years) (*2) |
|------|-------------------------------------|------------------------|-------------------------------------|---|------------------------------------|--------------------------------------|
|      |                                     |                        |                                     | Ordinary lease                                | Fixed-term lease                   |                                      |
|      |                                     |                        |                                     | 35 <sup>th</sup><br>~Feb. 28, 2022            | 36 <sup>th</sup><br>~Aug. 31, 2022 | 37 <sup>th</sup><br>~Feb. 28, 2023   |
| 1    | SunLive Co., Ltd.                   | SunLive                | 11.4%                               | ● SunLive City Kokura                         |                                    | 3                                    |
|      |                                     |                        |                                     | ● Konoha Mall Hashimoto                       |                                    | 9                                    |
| 2    | AEON Kyushu Co., Ltd.               | AEON                   | 10.3%                               | ● Park Place Oita                             |                                    | 0                                    |
| 3    | FJ. Entertainment Works Ltd.        | —                      | 6.2%<br>(*3)                        | ● Marinao City Fukuoka (Marina Side Building) |                                    | 13                                   |
| 4    | Canal City OPA Co., Ltd.            | OPA                    | 4.6%                                | ● Canal City Hakata                           |                                    | 2                                    |
|      |                                     |                        |                                     | ● Canal City Hakata · B                       |                                    | 0                                    |
| 5    | KASEI inc Co., Ltd.                 | —                      | 4.3%                                | ● LOGICITY Hisayama                           |                                    | 3                                    |
| 6    | Fukuoka Logistic System Corporation | —                      | 4.0%                                | ● LOGICITY Minato Kashii                      |                                    | 3                                    |
| 7    | F—LINE CORPORATION                  | —                      | 3.5%                                | ● LOGICITY Minato Kashii                      |                                    | non-disclosure<br>(*4)               |
| 8    | Alpen Co., Ltd.                     | Sports Depo,<br>Golf 5 | 3.2%                                | ● Square Mall Kagoshima Usuki                 |                                    | 5                                    |
|      |                                     |                        |                                     | ● Kumamoto Intercommunity SC                  |                                    | 5                                    |
|      |                                     |                        |                                     | ● Kurume Higashi Kushiwara SC                 |                                    | 6                                    |
| 9    | Tsukasa Kigyou                      | —                      | 3.1%                                | ● LOGICITY Wakamiya                           |                                    | 9                                    |
| 10   | K'S HOLDINGS CORPORATION            | K's Denki              | 2.4%                                | ● Park Place Oita                             |                                    | 0                                    |

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

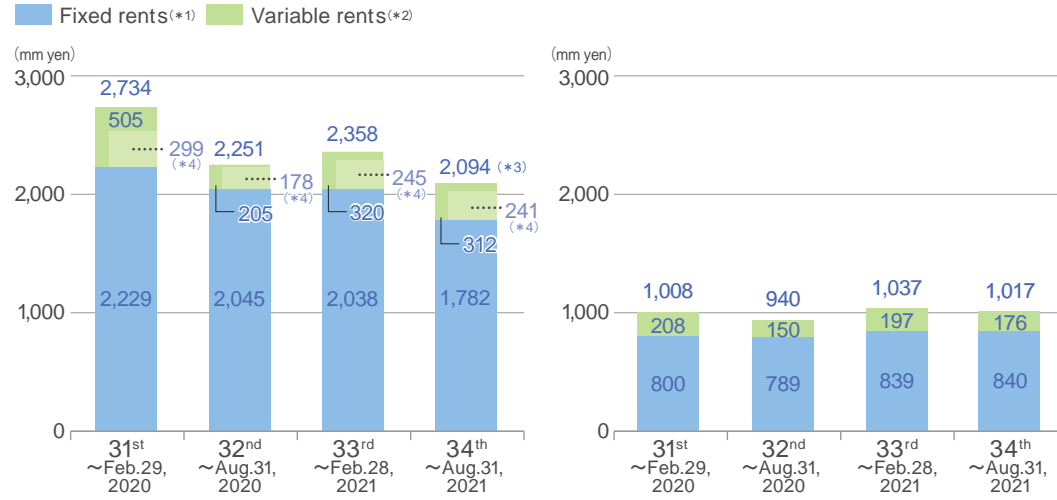
(\*2) Remaining lease periods shown are the remaining periods of lease contracts as of August 31, 2021 with periods shorter than one year rounded down to the nearest whole year.

(\*3) The 6.2% includes a 0.4% office portion. (6 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.

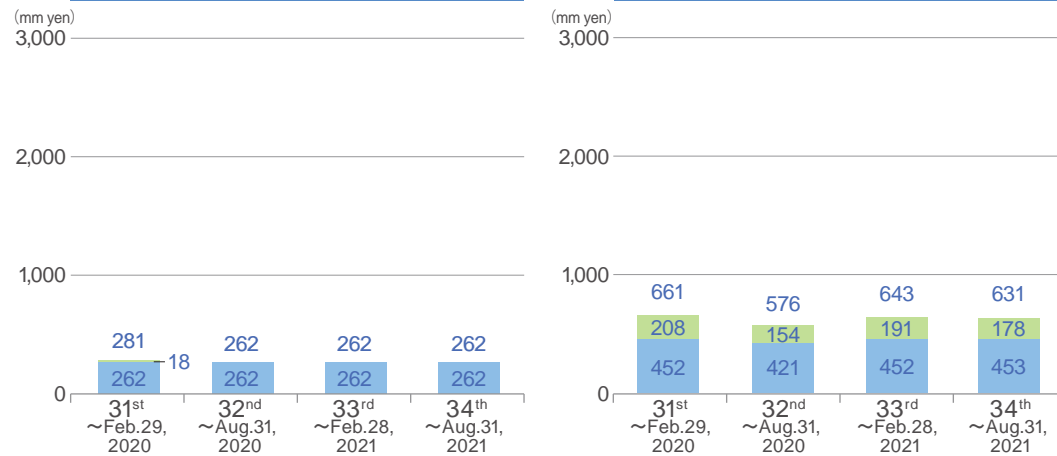
# Breakdown of variable rents

## Breakdown of active retail rents by property



Canal City Hakata/Canal City Hakata·B

Park Place Oita

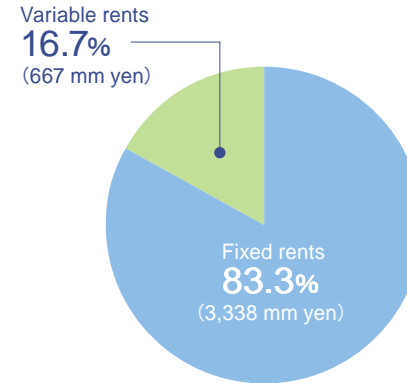


SunLive City Kokura

Konoha Mall Hashimoto

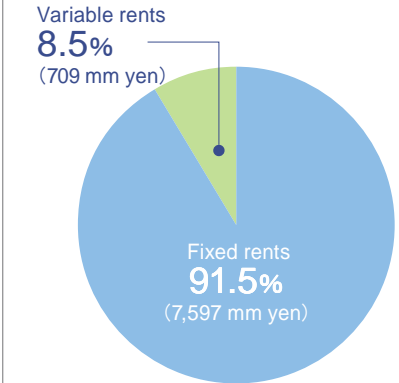
## Breakdown of active retail rents

◎The 34<sup>th</sup> FP

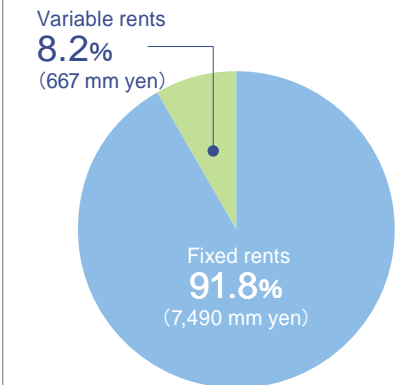


## Portfolio overall

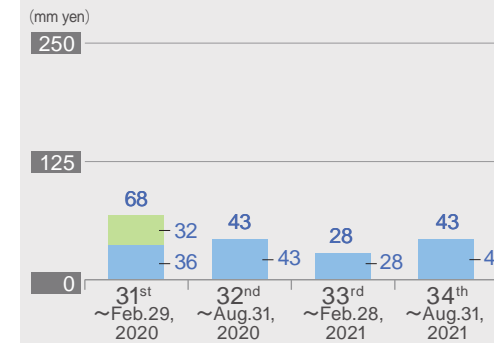
◎The 33<sup>rd</sup> FP



◎The 34<sup>th</sup> FP



## Breakdown of Tissage Hotel Naha



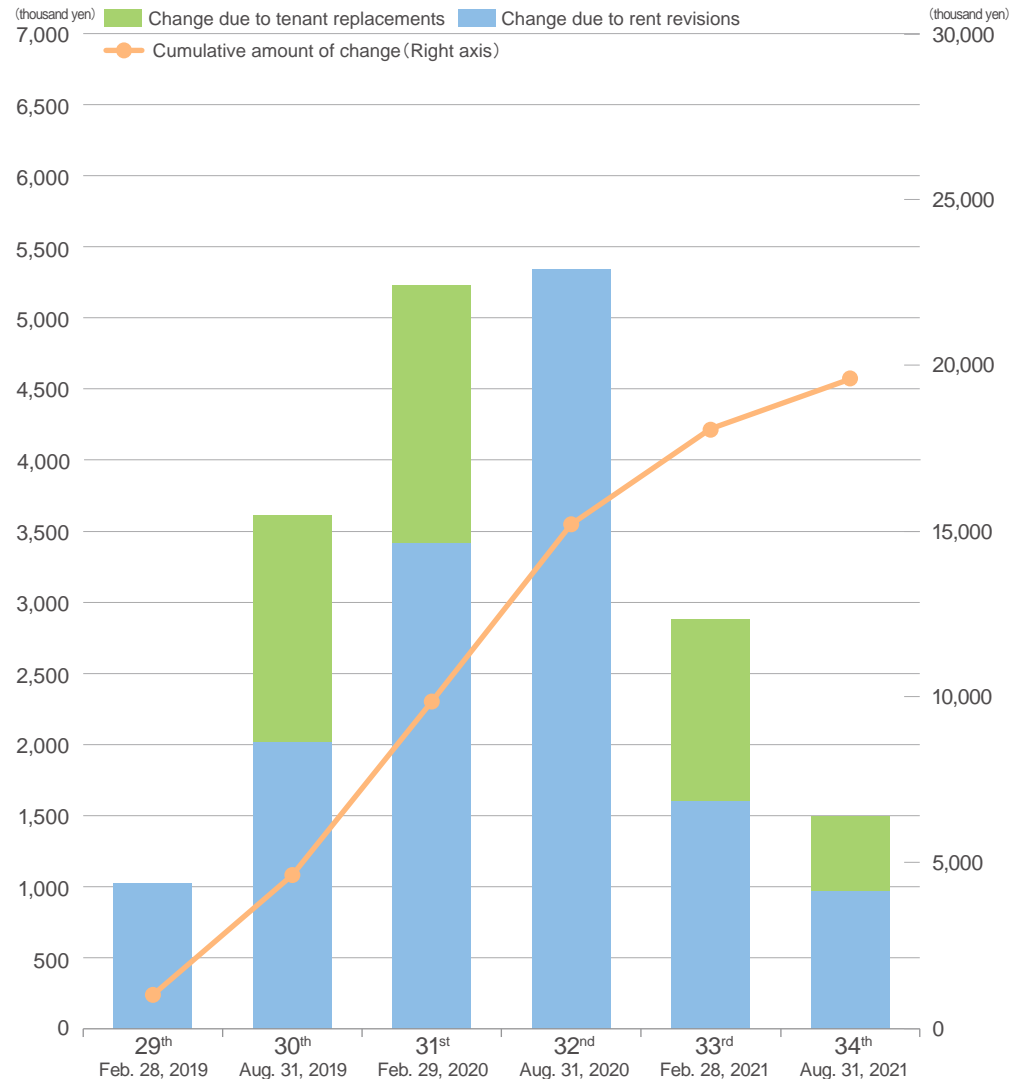
Tissage Hotel Naha

(\*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) Sales of the portion to be disposed (88.28% co-ownership interest) of Canal City Hakata-B Grand Building, which is part of Canal City Hakata-B, are excluded from June 1, 2021, the disposition date.  
 (\*4) The figures are included parking fee in variable rents of Canal City Hakata / Canal City Hakata·B.

# Office building rent revisions and tenant replacement situation

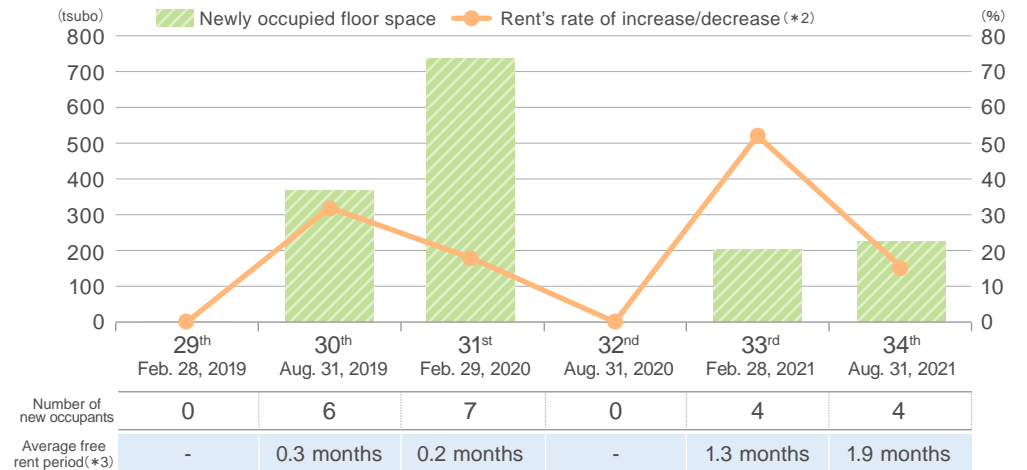
## Negotiations on rent increase remain underway

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



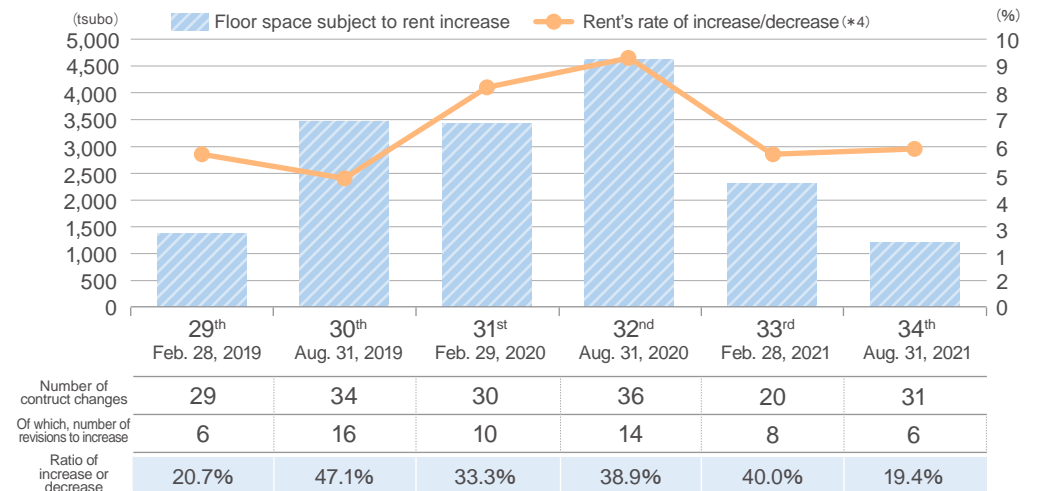
\* Covers all office buildings owned at the end of each fiscal period (However, for Canal City Business Center Building, only the spaces from the 2nd floor and above are covered).  
 (\*1) There were no revisions to the rent reductions.

Newly occupied floor space and number of new occupants



(\*2) 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.  
 (\*3) 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)



(\*4) Rate of increase/decrease calculated based on previous rent at rent revision.



# List of Interest-bearing debt

## 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 | Sumitomo Mitsui Banking Corporation | 1,600            | Jun.30, 2015  | Jun.30, 2022   | 7.0         | Fixed          | 0.79000% (*1)         |
|                                    | Development Bank of Japan           | 4,000            | Aug.29, 2014  | Aug.31, 2022   | 8.0         | Fixed          | 1.01000%              |
|                                    | The Bank of Fukuoka                 | 400              | Aug.31, 2015  | Aug.31, 2022   | 7.0         | Floating       | 0.40727%              |
| Long-term debt                     | Sumitomo Mitsui Trust Bank          | 1,500            | Jul.31, 2015  | Jul.31, 2023   | 8.0         | Fixed          | 0.56400% (*1)         |
|                                    | Development Bank of Japan           | 4,000            | Aug.31, 2015  | Aug.31, 2023   | 8.0         | Fixed          | 0.88000%              |
|                                    | The Nishi-Nippon City Bank          | 400              | Aug.31, 2015  | Aug.31, 2023   | 8.0         | Fixed          | 0.87000% (*1)         |
|                                    | Development Bank of Japan           | 2,000            | Feb.29, 2016  | Feb.28, 2025   | 9.0         | Fixed          | 0.62000%              |
|                                    | The Bank of Fukuoka                 | 2,000            | Feb.29, 2016  | Feb.29, 2024   | 8.0         | Floating       | 0.40727%              |
|                                    | The Nishi-Nippon City Bank          | 2,000            | Feb.29, 2016  | Feb.29, 2024   | 8.0         | Fixed          | 0.44000% (*1)         |
|                                    | Mizuho Bank                         | 500              | Feb.29, 2016  | Feb.29, 2024   | 8.0         | Fixed          | 0.44000% (*1)         |
|                                    | Shinsei Bank                        | 700              | Jul.29, 2016  | Jul.31, 2024   | 8.0         | Fixed          | 0.40000%              |
|                                    | Sumitomo Mitsui Trust Bank          | 300              | Sept.30, 2016 | Sept.30, 2025  | 9.0         | Floating       | 0.41309%              |
|                                    | Syndicated loan (*2)                | 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       | 0.41909%              |
|                                    | 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%              |
|                                    | Syndicated loan (*3)                | 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%              |
|                                    | Syndicated loan (*4)                | 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% (*1)         |
|                                    | The Bank of Fukuoka                 | 1,500            | Dec.29, 2017  | Dec.30, 2027   | 10.0        | Fixed          | 0.81209%              |
|                                    | Development Bank of Japan           | 500              | Dec.29, 2017  | Dec.30, 2027   | 10.0        | Fixed          | 0.68000%              |
|                                    | The Nishi-Nippon City Bank          | 1,900            | Feb.28, 2018  | Feb.29, 2028   | 10.0        | Fixed          | 0.75000% (*1)         |
|                                    | Sumitomo Mitsui Trust Bank          | 1,100            | Feb.28, 2018  | Feb.26, 2027   | 9.0         | Fixed          | 0.60000% (*1)         |
|                                    | MUFG Bank                           | 1,500            | Feb.28, 2018  | Feb.27, 2026   | 8.0         | Fixed          | 0.50000%              |
|                                    | Resona Bank                         | 600              | Feb.28, 2018  | Feb.29, 2028   | 10.0        | Fixed          | 0.56700% (*1)         |
|                                    | Development Bank of Japan           | 2,500            | Mar. 1, 2018  | Mar. 1, 2028   | 10.0        | Fixed          | 0.72000%              |
|                                    | MUFG Bank                           | 600              | Mar.30, 2018  | Mar.31, 2026   | 8.0         | Fixed          | 0.48000%              |
|                                    | The Nishi-Nippon City Bank          | 600              | Mar.30, 2018  | Mar.31, 2028   | 10.0        | Fixed          | 0.80219%              |
|                                    | The Bank of Fukuoka                 | 500              | Mar.30, 2018  | Mar.31, 2028   | 10.0        | Fixed          | 0.80219%              |
|                                    | Mizuho Bank                         | 500              | Mar.30, 2018  | Mar.31, 2028   | 10.0        | Fixed          | 0.63000%              |
|                                    | Sumitomo Mitsui Banking Corporation | 500              | Mar.30, 2018  | Mar.31, 2025   | 7.0         | Fixed          | 0.50400% (*1)         |
| MUFG Bank                          | 500                                 | Mar.30, 2018     | Mar.31, 2027  | 9.0            | Fixed       | 0.49000%       |                       |
| Sumitomo Mitsui Trust Bank         | 400                                 | Mar.30, 2018     | Mar.31, 2027  | 9.0            | Fixed       | 0.57600% (*1)  |                       |
| The Oita Bank                      | 400                                 | Mar.30, 2018     | Mar.31, 2028  | 10.0           | Fixed       | 0.64630%       |                       |
| The Hiroshima Bank                 | 400                                 | Mar.30, 2018     | Mar.31, 2028  | 10.0           | Fixed       | 0.64630%       |                       |
| Shinsei Bank                       | 300                                 | Mar.30, 2018     | Mar.31, 2025  | 7.0            | Fixed       | 0.40000%       |                       |

\* For floating-rate debts, the interest rates applicable as of August 31, 2021 are indicated. \*All debts have been borrowed with no collateral and no guarantee, to be repaid in lump-sum upon maturity.

(\*1) FRC has concluded a swap agreement to practically fix interest rate on debt. The indicated interest rate reflects the effect of the swap agreement. (\*2) The lenders are Development Bank of Japan・The Oita Bank・The Kagoshima Bank・The Kitakyushu Bank・The Juhachi-Shinwa Bank・The Hiroshima Bank

(\*3) The lenders are The Bank of Fukuoka・The Nishi-Nippon City Bank・The Oita Bank・The Kitakyushu Bank・The Miyazaki Bank・The Juhachi-Shinwa Bank・The Iyo Bank (\*4) The lenders are The Nishi-Nippon City Bank・The Bank of Fukuoka・The Oita Bank・The Kitakyushu Bank・The Juhachi-Shinwa Bank・The Hiroshima Bank

(\*5) The lenders are Mizuho Bank・The Bank of Saga・The Higo Bank (\*6) The lenders are Mizuho Bank・The Hiroshima Bank・The Kitakyushu Bank・The Iyo Bank・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 August 31, 2021)

| Category       | Lender                              | Balance (mm yen) | Drawdown Date  | Repayment Date | Term (year) | Fixed/Floating | Average Interest Rate |
|----------------|-------------------------------------|------------------|----------------|----------------|-------------|----------------|-----------------------|
| Long-term debt | 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       | 0.40909%              |
|                | The Bank of Fukuoka                 | 300              | Jan.31, 2019   | Jan.31, 2029   | 10.0        | Floating       | 0.40909%              |
|                | The Oita Bank                       | 200              | Feb.28, 2019   | Feb.27, 2026   | 7.0         | Fixed          | 0.33380%              |
|                | The Kagoshima Bank                  | 200              | Feb.28, 2019   | Feb.27, 2026   | 7.0         | Fixed          | 0.33380%              |
|                | The Higo Bank                       | 200              | Feb.28, 2019   | Feb.27, 2026   | 7.0         | Fixed          | 0.33380%              |
|                | Resona Bank                         | 200              | Feb.28, 2019   | Feb.28, 2029   | 10.0        | Fixed          | 0.48845% (*1)         |
|                | Syndicated loan (Green loan) (*5)   | 2,200            | Jul.31, 2019   | Jul.31, 2029   | 10.0        | Fixed          | 0.52100% (*1)         |
|                | The Norinchukin Bank                | 1,500            | Jul.31, 2019   | Jan.29, 2027   | 7.5         | Fixed          | 0.30300%              |
|                | 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% (*1)         |
|                | Mizuho Bank                         | 1,700            | Feb. 28, 2020  | Feb. 28, 2030  | 10.0        | Fixed          | 0.42000%              |
|                | Aozora Bank                         | 1,000            | Jun. 30, 2020  | Jun. 28, 2030  | 10.0        | Fixed          | 0.56922%              |
|                | Resona Bank                         | 700              | Jun. 30, 2020  | Jun. 28, 2030  | 10.0        | Fixed          | 0.56922%              |
|                | MUFG Bank                           | 500              | Jun. 30, 2020  | Jun. 29, 2029  | 9.0         | Fixed          | 0.60000%              |
|                | The Kagoshima Bank                  | 500              | Jun. 30, 2020  | Jun. 30, 2028  | 8.0         | Fixed          | 0.46500%              |
|                | Development Bank of Japan           | 1,500            | Jul.31, 2020   | Jul.31, 2030   | 10.0        | Fixed          | 0.53000%              |
|                | Mizuho Bank                         | 1,000            | Jul.31, 2020   | Jul.31, 2030   | 10.0        | Fixed          | 0.47000%              |
|                | The Kitakyushu Bank                 | 500              | Jul.31, 2020   | Jul.31, 2030   | 10.0        | Fixed          | 0.52630%              |
|                | The Iyo Bank                        | 200              | Jul.31, 2020   | Jul.31, 2030   | 10.0        | Fixed          | 0.52630%              |
|                | The Juhachi-Shinwa Bank             | 1,000            | Mar.31, 2021   | Mar.31, 2031   | 10.0        | Fixed          | 0.59000%              |
|                | Syndicated loan (*6)                | 5,300            | Jul.30, 2021   | Jul.31, 2031   | 10.0        | Fixed          | 0.49000% (*1)         |
| <b>Total</b>   |                                     | <b>77,400</b>    |                |                |             |                |                       |

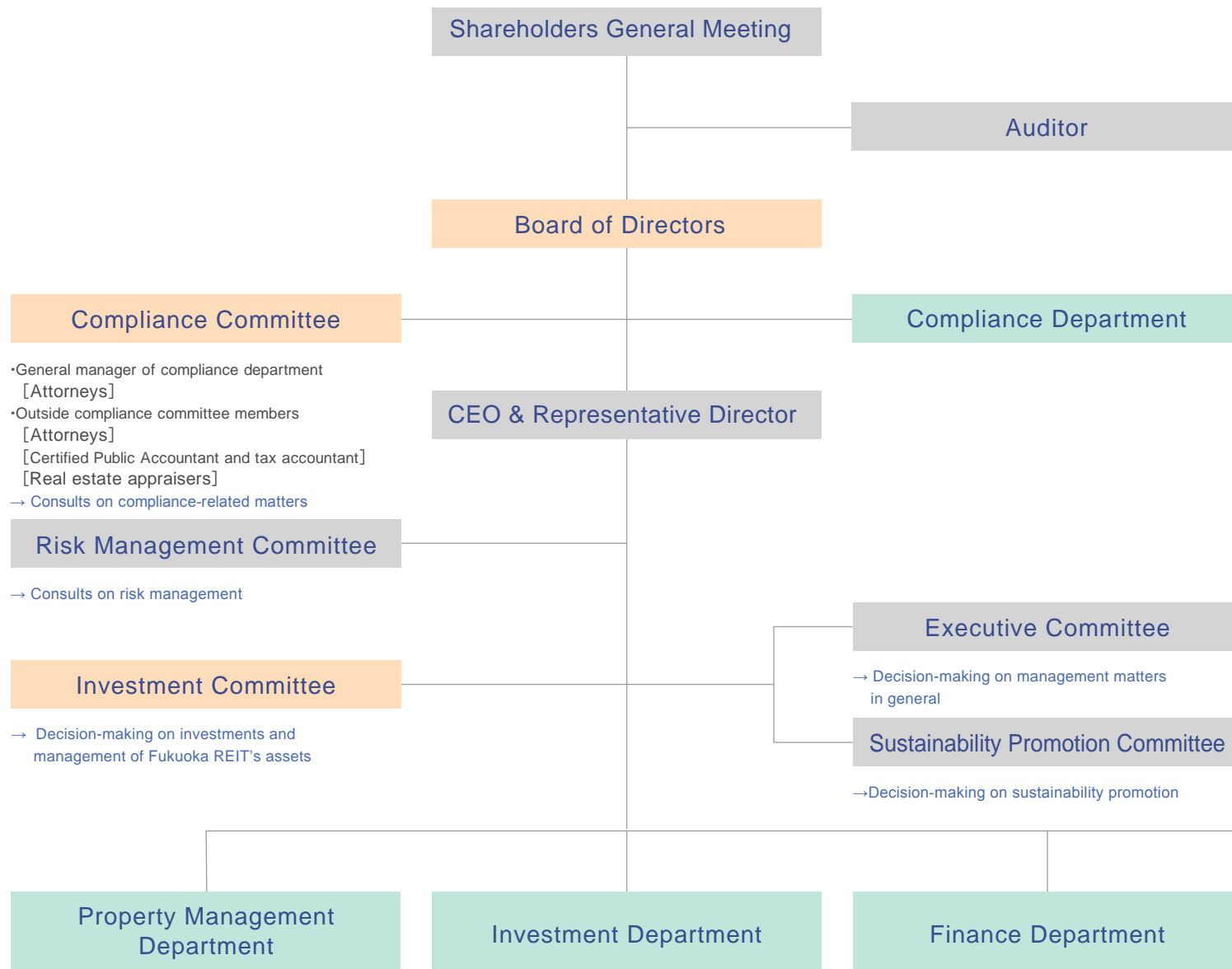
## Investment corporation bonds

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

## Committed line of credit

| Category       | Lender                | Credit Limit (mm yen) | Period   |           |
|----------------|-----------------------|-----------------------|----------|-----------|
|                |                       |                       | Start    | End       |
| Committed line | Committed line 1 (*7) | 6,000                 | 2018/8/1 | 2024/7/31 |
|                | Committed line 2 (*8) | 7,000                 | 2020/3/2 | 2024/2/29 |
| <b>Total</b>   |                       | <b>13,000</b>         |          |           |

# 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

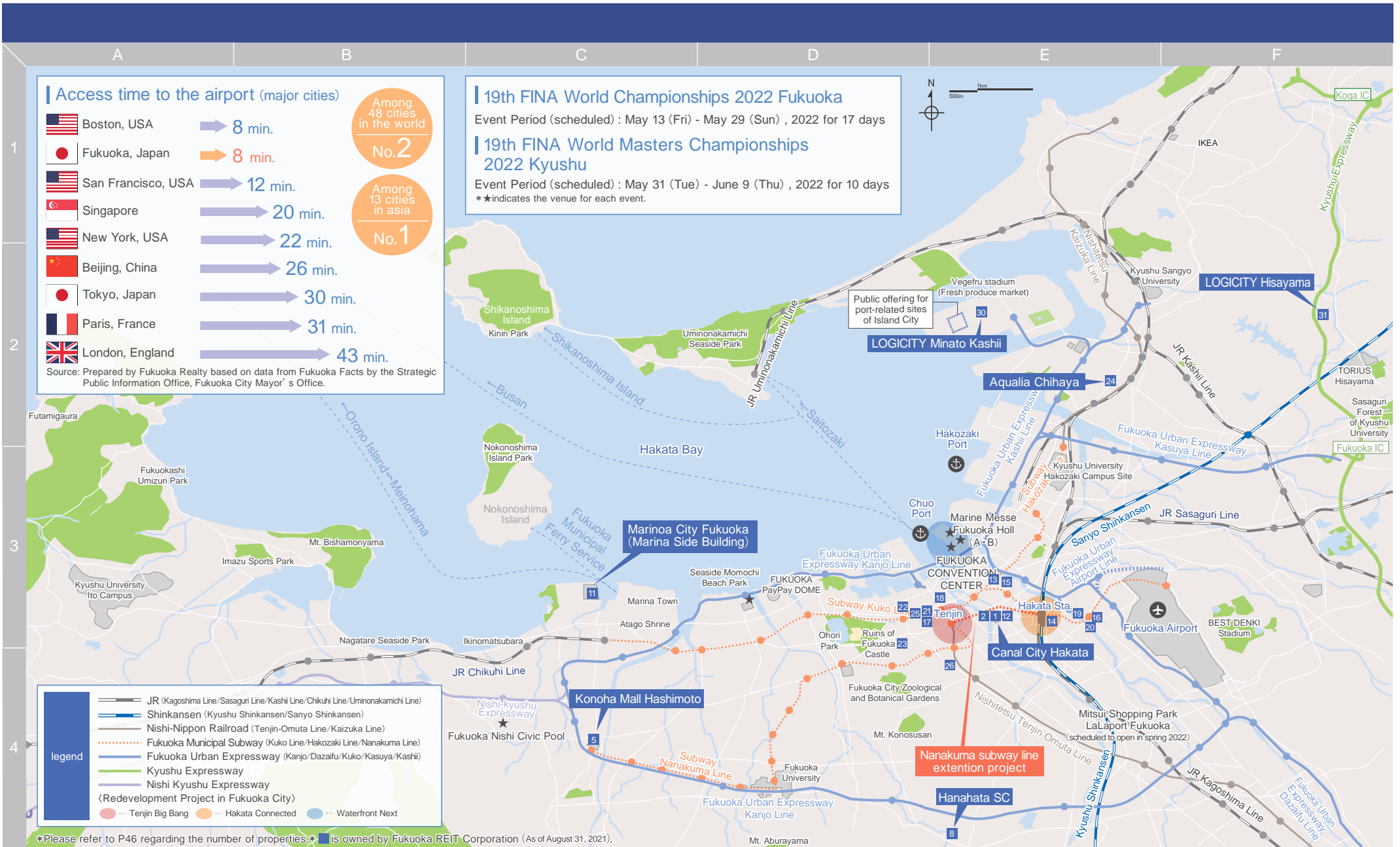
■ Change of President and CEO (June 2021)



Executive director of Fukuoka REIT Corporation  
Etsuo Matsuyuki

President and CEO of Fukuoka Realty  
Zenji Koike

# The condition of suburb area in Fukuoka



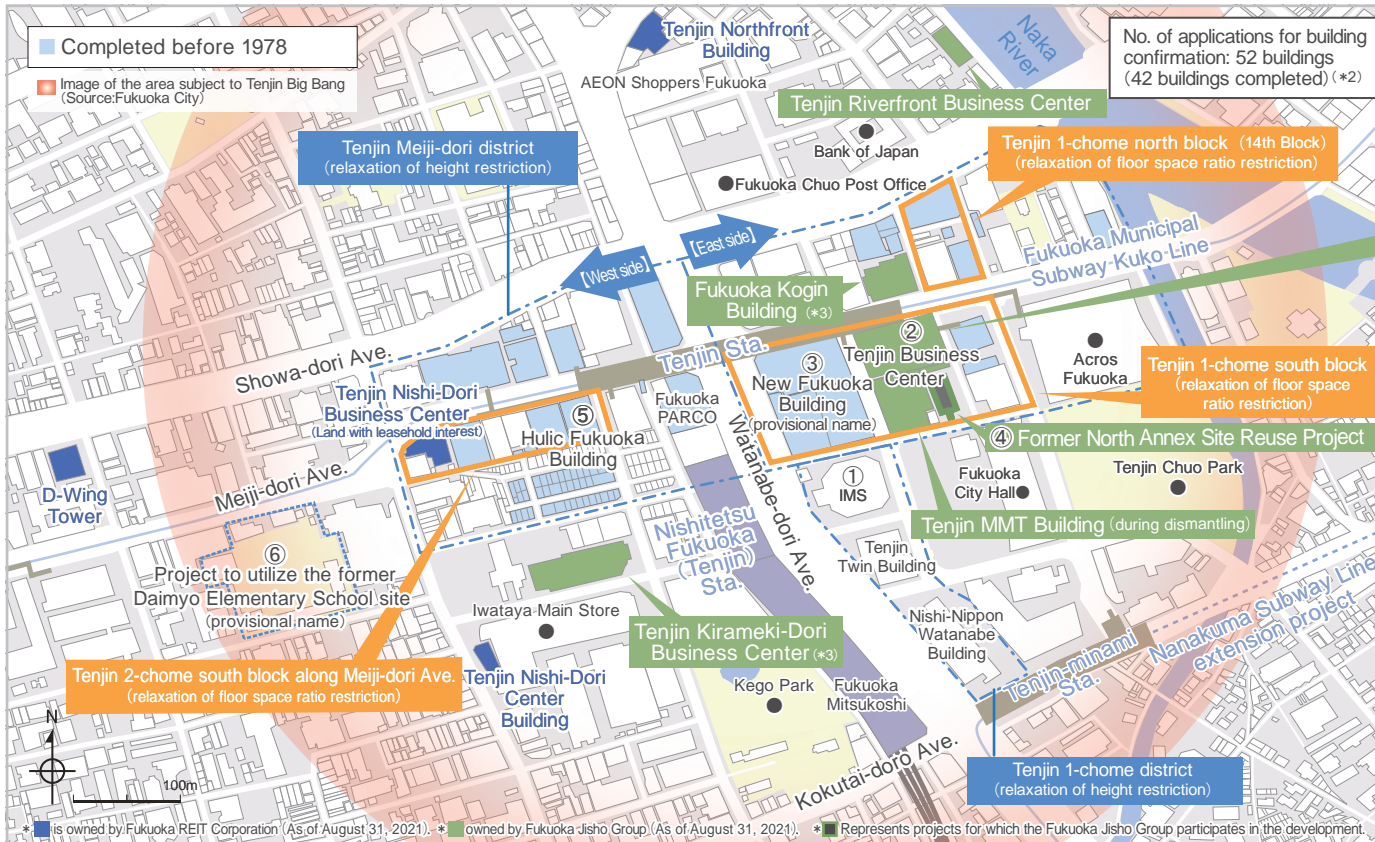






# Redevelopment in Tenjin area (Tenjin Big Bang)

2-year extension until the end of Tenjin Big Bang project in the end of Year 2026 <sup>(\*)1</sup>



(\*)1 The deadline of phased or successive re-construction projects spreading multiple blocks will be determined individually. (Limited to projects that submit plan summaries to the city government by the end of 2022)  
 (\*2) February 2015 to February 2021 after the start of Tenjin Big Bang (announced by Fukuoka City). (\*3) The property is co-owned by the Fukuoka Jisho Group with the other company.  
 Source: Prepared by Fukuoka Realty based on Tenjin Meiji-dori Avenue Grand Design 2009 authored by the Tenjin Meiji-dori Development Council and each company

◎Tenjin Business Center

|                   |  |
|-------------------|--|
| Entity            | Fukuoka Jisho Co.,Ltd  |
| Location          | 1-Chome, Tenjin, Chuo Ward, Fukuoka City                     |
| Land area         | 3,917.18㎡  |
| Total floor space | 61,100.34㎡   |
| Floors            | 19 aboveground floors, penthouse 2 floors, basement 2 floors |
| Use               | Office, shops, parking, etc.                                 |
| Height            | approx. 89m  |
| Completion        | September 2021 (scheduled)                                   |

◎Main deregulation in the Tenjin Meiji-dori area

①Relaxation of restrictions

- Around Fukuoka City Hall approx.67m (15 floors)
  - Tenjin Meiji-dori district (West of the center of Watanabe-dori) approx.115m (26 floors)
  - Tenjin 1-chome district (East of the center of Watanabe-dori) approx.76m (17 floors)
  - Tenjin 1-chome district approx. 80m (18 floors) ~ approx. 96m (21 floors)

②City original Deregulation of floor space ratios

- Tenjin 1-chome south block 800%→1,400%(maximum)
- Tenjin 2-chome south block (along Meiji-dori Ave.) 700%→1,300%(maximum)
- Tenjin 1-chome north block (14th Block) 600%→1,250%(maximum)

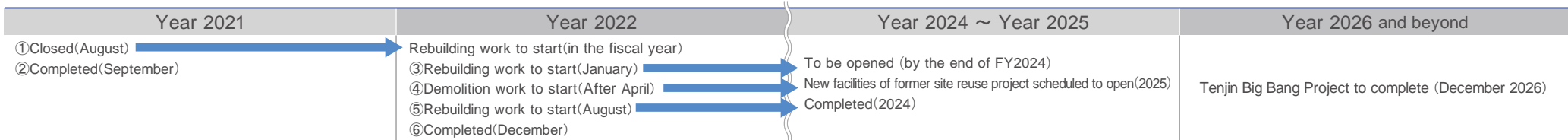
◎Initiatives for becoming an infection-controlling city

- Urban central areas  
 Anti-infection measures in central urban areas were added as a new item of floor area ratio assessment to the measures facilitate renewal of city center functions.

Relaxation of floor area ratio by up to (Tenjin Big Bang Area) **50%** Completion deadline of buildings that take anti-infection measures is extended to December 31, 2026

\*The deadline of phased or successive re-construction projects spreading multiple blocks will be determined individually. (Limited to projects that submit plan summaries to the city government by the end of 2022)

## Redevelopment schedule in Tenjin area (schedules for 2022 and beyond are tentative)

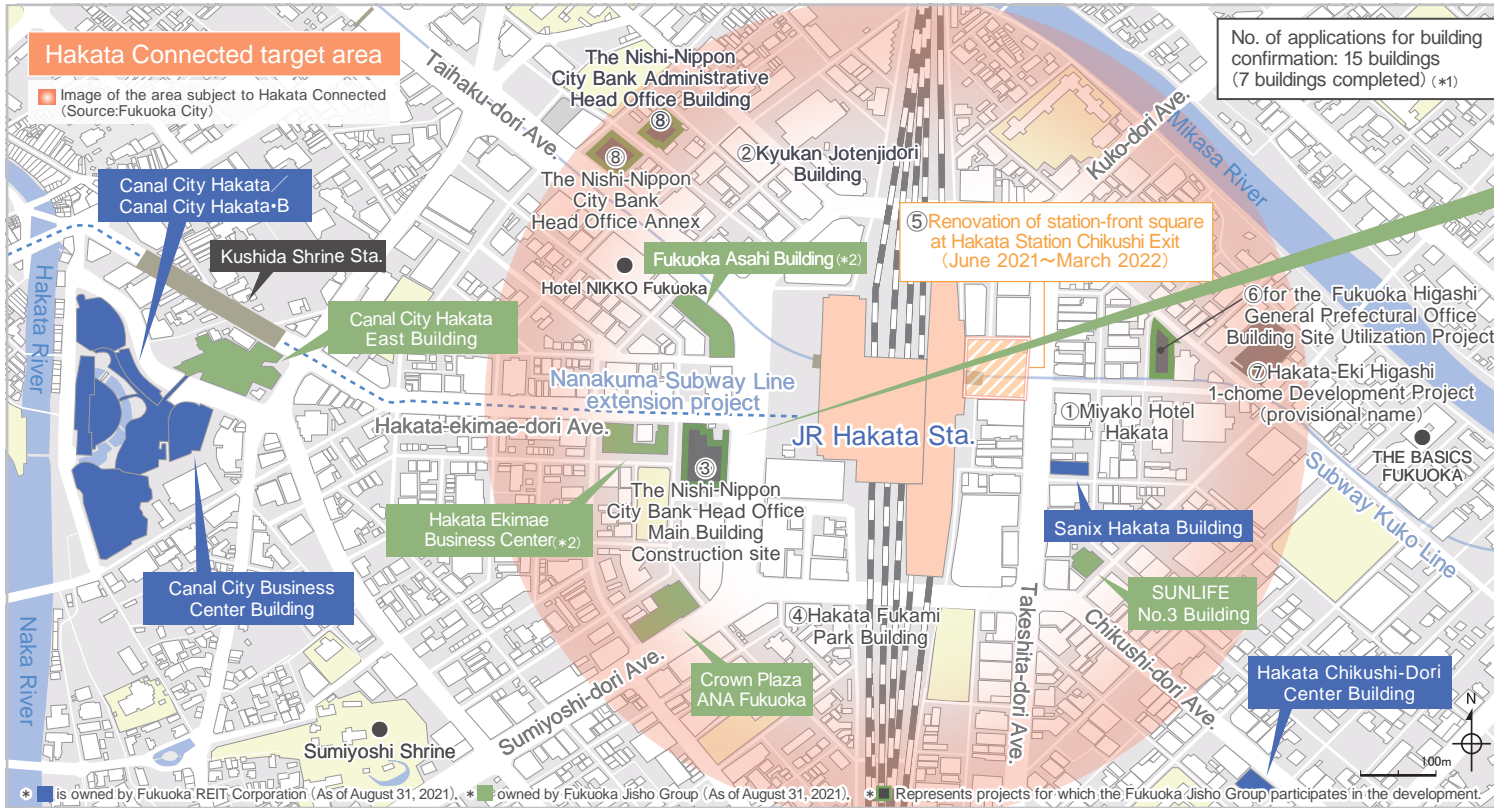


Source: Prepared by Fukuoka Realty based on press releases of each company.



# 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)



The Nishi-Nippon City Bank Head Office Main Building Construction site (photo taken on Sept. 8)

### Hakata Connected Bonus

Expand the system to relax the floor area ratio requirement (measure to facilitate renewal of city center functions)

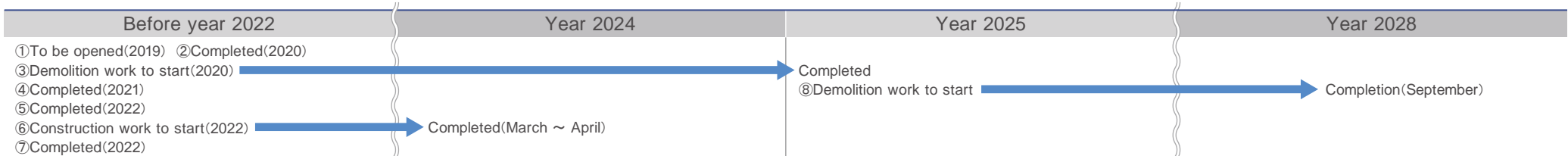
Increase the floor area ratio (up to 50%) for buildings contributing to expand the bustle, such as creation of open spaces that generate connections and expanse.

|   |   |  |
|---|---|--|
| Existing system to relax floor area ratio | + | New incentive Floor area ratio of up to <b>50%</b> |
|---|---|--|

- High-quality, high-value-added buildings
- Provide floors for tenant relocation

\* Solving problems specific to the area around Hakata Station (limited to the period of Hakata Connected)

## Redevelopment schedule in Hakata area (schedules for 2022 and beyond are tentative)



Source: Prepared by Fukuoka Realty based on press releases of each company.

# Sponsor pipeline (Fukuoka Jisho Group)

## Overview of Fukuoka Jisho Co., Ltd. (period ended May 31, 2021)

|                |                                       |                 |                   |
|----------------|---------------------------------------|-----------------|-------------------|
| Name           | Fukuoka Jisho Co., Ltd.               | Net sales       | 20.4 billion yen  |
| Established    | July 1961                             | Ordinary income | 6.2 billion yen   |
| Industries     | Real estate (comprehensive developer) | Total assets    | 202.9 billion yen |
| Representative | Ichiro Enomoto, President and C.E.O   | Borrowings      | 113.7 billion yen |
| Employees      | 188                                   | Equity ratio    | 35.1%             |

## Major properties owned by Fukuoka Jisho Group

| Use              | No. | Name                                     | Year of completion   | Total floor space |
|------------------|-----|--|--|-------------------|
| Office buildings | 1   | Fukuoka Kogin Building                   | 1970   | 15,160㎡           |
|                  | 2   | Fukuoka Asahi Building                   | 1970   | 44,762㎡           |
|                  | 3   | Sun Life No. 3 Building                  | 1978   | 8,262㎡            |
|                  | 4   | Tenjin Nishi-Dori Business Center (*)    | 1978   | 10,394㎡           |
|                  | 5   | Tenjin Riverfront Business Center        | 1999   | 4,106㎡            |
|                  | 6   | Hakata Ekimae Business Center            | 1999   | 23,542㎡           |
|                  | 7   | Naha Business Center                     | 2018   | 8,994㎡            |
|                  | 8   | Tenjin Business Center                   | 2021   | 61,100㎡           |
|                  | 9   | Tenjin MMT Building (during dismantling) | -  | -                 |
|                  | 10  | Tsunaba Project (provisional name)       | -  | -                 |
| 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 Sapporo Ekimae               | 2020   | 11,344㎡           |
| Logistics        | 16  | LOGICITY Minato Kashii North             | 2020   | 47,150㎡           |
|                  | 17  | Logistics site in Koga city              | -  | -                 |

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

(\*1) Fukuoka REIT Corporation acquired the land with leasehold interest from the owner of the office building Fukuoka Jisho Co., Ltd. on June 1, 2021.

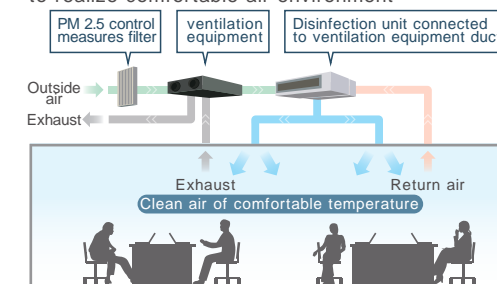
## Tenjin Business Center

### Property photography



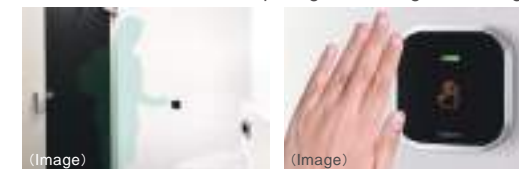
### Infection control measures

Simultaneously conducts ventilation and disinfection to realize comfortable air environment



### Automatic opening and closing toilet booth (install in some areas)

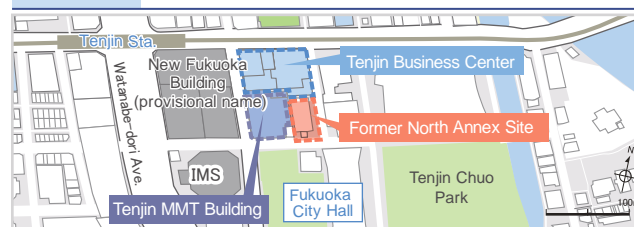
Realized non-contact door opening and closing and locking



## Granted preferential negotiation rights for Former North Annex Site Reuse Project by City of Fukuoka (to be opened around November 2025)

### A group represented by Fukuoka Jisho Co., Ltd. Perspective drawing

|                        |  |
|------------------------|--|
| Representative company | Fukuoka Jisho Co., Ltd.  |
| Constituent companies  | Kyushu Electric Power Co., Inc., Kyudenko Corporation,<br>MAEDA CORPORATION Shun Architect Office<br>Asahi Co., Ltd. Sunlife Co., Ltd. |



Source: Prepared by Fukuoka Realty based on the notice "Preferential Negotiation Rights Holder for Former North Annex Site Reuse Project Determined" dated July 1, 2021, by the Finance Bureau, City of Fukuoka.



# Asset Replacement (conducted on June 1, 2021)

## Aim of Asset Replacement

- Conducted asset replacement based on investment policy changed in March 2019 (lowering the investment ratio of retail facilities and heightening the investment ratio of office buildings)
- Take in medium- to long-term office building market growth in the Tenjin area
- Realize continuous sponsor support
- Capture domestic demand further and contribute to future growth of Canal City Hakata as a whole
- Reduce risks of having a full-service hotel which is largely impacted by COVID-19
- Secure gain on sale by selling at a price above the appraisal value
- Improve stability in dividends

## Overview of Asset Replacement

|                               | Asset to be acquired  | Asset to be transferred  |
|-------------------------------|---|--|
| Property name                 | Tenjin Nishi-Dori Business Center<br>(Land with leasehold interest) | CANAL CITY Hakata • B Grand Building<br>(88.28% co-ownership interest) |
| Investment type               | Office building<br>(Land with leasehold interest)                   | Retail   |
| Acquisition/ Transfer date    | June 1, 2021  |  |
| Acquisition/Disposition price | 7,700 mm yen  | 7,700 mm yen   |
| Appraisal value               | 7,790 mm yen  | 7,640 mm yen   |
| NOI yield (*)                 | 3.5%  | 5.9%   |

(\*)The figure is calculated based on the NOI of the appraisal value.

## Aerial photograph of Tenjin Area



| Asset to be acquired   | Properties owned by Fukuoka Jisho Group    | Other development projects                                 |
|--|--|--|
| 1 Tenjin Nishi-Dori Business Center (Land with leasehold interest) | 6 Tenjin Business Center                   | 11 New Fukuoka Building (provisional name)                 |
| 2 Canal City Hakata  | 7 Tenjin MMT Building (during dismantling) | 12 Former Daimyo Elementary School Site (provisional name) |
| 3 Tenjin Northfront Building                                       | 8 Fukuoka Kogin Building                   |  |
| 4 Tenjin Nishi-Dori Center Building                                | 9 Tenjin Riverfront Business Center        |  |
| 5 D-Wing Tower   | 10 Tenjinkirameki-dori building            |  |