



Fukuoka REIT Corporation

1-2-25 Sumiyoshi, Hakata Ward, Fukuoka City, Fukuoka, Japan

<https://www.fukuoka-reit.jp/en/>



✕ @fukuokareit8968

facebook.com/fukuokarealty

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To help stakeholders better understand the Investment Corporation and its operations, FRC is focusing efforts on its IR activities. We use our website to post press releases and various disclosure materials and provide information on our portfolio of investment properties and other items. In addition, FRC uses social media such as Facebook and X (formerly Twitter) to disseminate a wide range of information on the Fukuoka and Kyushu regions, including information on the region's economies, real estate markets, retail facilities, tourist attractions, and much more. We invite you to make use of these information resources.



Fukuoka REIT Corporation

Integrated Report 2025



Mission

Act Local, Think Global

Vision

Becoming a sustainability leader in the real estate asset management industry while aiming for sustainable growth in partnership with the Fukuoka and Kyushu regions

Based in the Fukuoka and Kyushu regions, recognized as the gateway to Asia, we operate under the guiding principle of “Act Local, Think Global.” By integrating both domestic and international perspectives, we aim to provide stakeholders with a supportive working environment, enhanced living conditions, and vibrant urban development. Through these initiatives, we strive to lead sustainability efforts in the real estate asset management industry. In addition, in collaboration with the Fukuoka and Kyushu regions, which prioritize harmony with nature, we are committed to achieving continuous and sustainable growth.

Value

Society



Building thriving Fukuoka and Kyushu regions in collaboration with diverse domestic and international companies

Through initiatives that incorporate a variety of perspectives, we create spaces where tenants and employees can work comfortably, fostering a society in the Fukuoka and Kyushu regions where people can fully realize their value.

Environment



Committed to a future where people and nature coexist in harmony in the Fukuoka and Kyushu regions

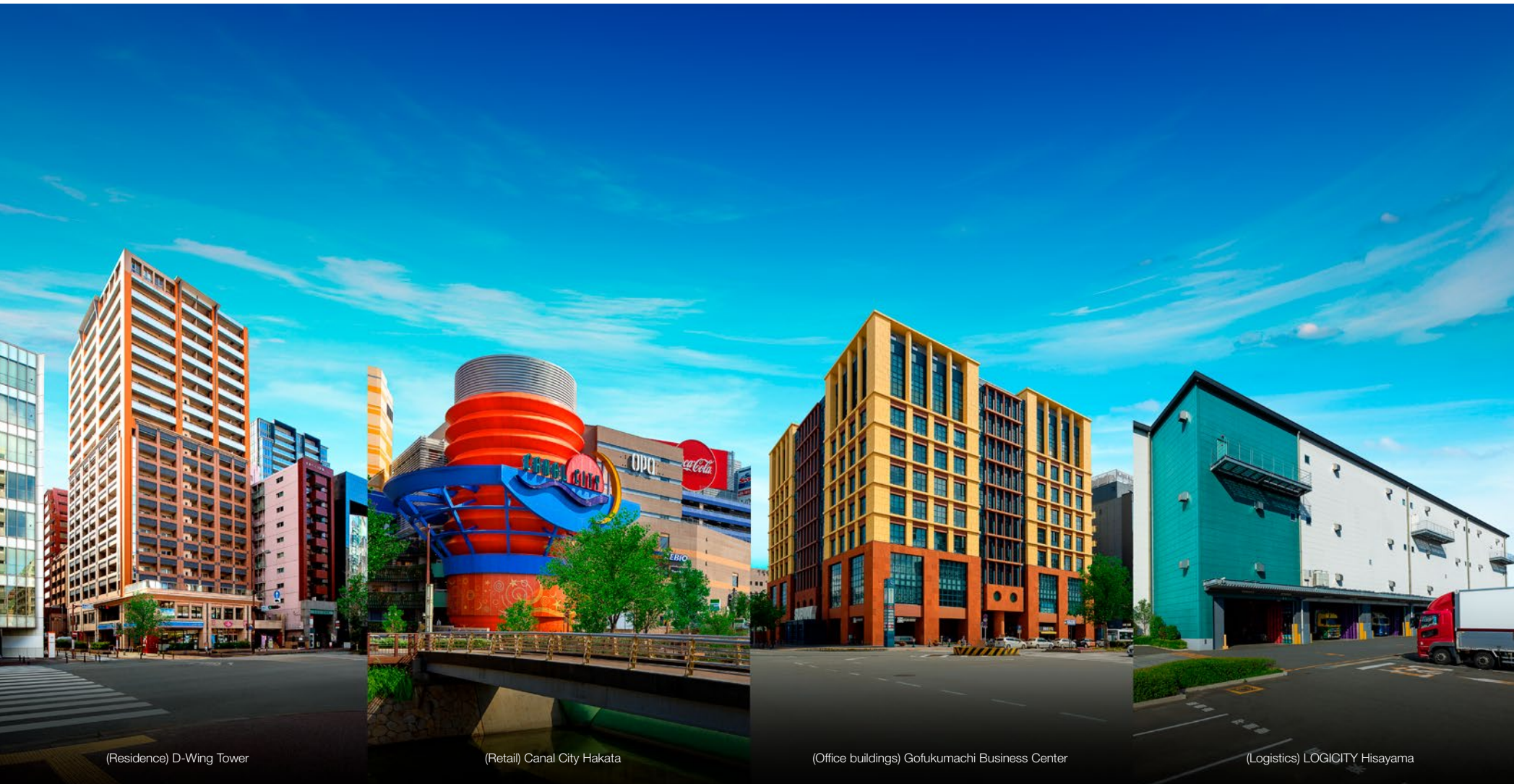
We set clear goals and promote disaster preparedness and climate change adaptation, monitoring progress with data for effective implementation, all while contributing to the realization of a future where the people of the Fukuoka and Kyushu regions can coexist with nature.

Governance



Fostering autonomous compliance based on a fundamental understanding of regulations and rules

We focus on continuously strengthening compliance awareness, ensuring every employee understands its importance and adheres to standards.



(Residence) D-Wing Tower

(Retail) Canal City Hakata

(Office buildings) Gofukumachi Business Center

(Logistics) LOGICITY Hisayama

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Editorial Policy

We have issued our Integrated Report since fiscal 2019 with the aim of imparting knowledge concerning the value creation process of Fukuoka REIT Corporation (hereafter, FRC or the Investment Corporation) and Fukuoka Realty Co., Ltd. (hereafter, the Asset Management Company.) The Report has been positioned as an important tool for engaging with unitholders, investors, and other stakeholders. The International Reporting Framework recommended by the IFRS Foundation and Japan's Ministry of Economy, Trade and Industry's Guidance for Collaborative Value Creation have been referenced in the preparation of this Report to ensure ease of understanding. Starting with this edition, we have also clearly outlined the relevant materiality and SDGs for each of the Investment Corporation's and Asset Management Company's sustainability initiatives. Through this Report, we aim to increase understanding of our efforts to enhance corporate value based on the basic philosophies of the Investment



Corporation and Asset Management Company as well as the value we create in working to realize a sustainable society. We will continue to make the Report an effective tool for facilitating constructive dialogue.

Positioning of This Report

Financial Information

- Earnings report
- Securities report
- Asset management report
- Operating systems report

Integrated Report

Non-Financial Information

- Financial briefing materials
- Online disclosure of sustainability information
- Corporate profile
- PR information disclosure

Period covered by the Report

From September 1, 2024, to August 31, 2025

(Some recent activities after the period covered are included.)

Regarding Issuance of the Fukuoka REIT Corporation Integrated Report 2025

In preparing our Integrated Report 2025, we strengthened measures aimed at promoting the widespread application of sustainability management. As an asset management company based in the Fukuoka and Kyushu regions, we have clarified our mission, vision, and values to achieve sustainable growth under our core philosophy, "Act Local, Think Global." In addition, we have provided specific details on various systems and initiatives that support the success of diverse human resources, which are the source of our value creation. Moving forward, we will continue to engage in proactive dialogue with our stakeholders through the Integrated Report, website, and other disclosures. We appreciate your continued support.



Note: Regarding amount, percentage, and ratio rounding: 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 place.

International Initiatives We Focus On

Sustainable Development Goals (SDGs)

The SDGs refer to the international goals set forth in the 2030 Agenda for Sustainable Development adopted at the United Nations Summit in September 2015 as the successor to the Millennium Development Goals (MDGs) established in 2001. Given the medium- to long-term expectations stakeholders have for the resolution of these challenges, our priority issues (materiality) were established in September 2019 and reviewed in fiscal 2024 with reference to the SDGs.

Principles for Responsible Investment (PRI)

PRI comprises an international network of financial institutions working to realize six principles for the finance industry with the aim of encouraging the incorporation of environmental, social, and governance (ESG) issues into investment decision-making processes. Fukuoka Realty Co., Ltd., endorsed and became a signatory to PRI in September 2018 to promote the consideration of ESG issues in real estate investment management operations and practices that conform to international standards.

Task Force on Climate-related Financial Disclosures (TCFD)

Cognizant of the fact that climate change is a major issue facing the international community, in September 2022 we became a signatory to the Task Force on Climate-related Financial Disclosures (TCFD) established by the Financial Stability Board (FSB), having endorsed the recommendations of the TCFD that were announced in June 2017. We will strive to disclose the impact of climate change and implement specific measures based on the recommendations of the TCFD in addition to reducing environmental impact and contributing to the local community on an ongoing basis.



Signatory of:



These materials might contain future performance projections, plans, management targets, and strategies. These forward-looking descriptions are based on present assumptions on future events and trends in the business environment, but such assumptions might not necessarily be accurate. Actual results could differ materially due to various factors. Neither Fukuoka REIT Corporation nor Fukuoka Realty Co., Ltd., shall be liable for the accuracy, rationality, and completeness of information contained in these materials, whether they were prepared by Fukuoka REIT Corporation or Fukuoka Realty Co., Ltd., or provided by a third party.

Note that all information in this document is current at the time of preparation and is subject to change without prior notice.

These materials have not been prepared to entice investment.

When applying to purchase investment units issued by Fukuoka REIT Corporation, do so based on your own judgment and responsibility.

Any unauthorized reprinting, use, reproduction, distribution, or modification of all or part of the content contained in this Report is expressly prohibited.

Overview of Fukuoka REIT Corporation

FRC's Characteristics

FRC has the following five main strengths.

- 1

Japan's first region-specific REIT
Asset management leveraging our in-depth knowledge of the real estate environment of the Fukuoka and Kyushu regions
- 2

Excellent portfolio centered on the Fukuoka metropolitan area
A portfolio of carefully selected investments in the high growth area of Fukuoka City, which is gaining attention in Japan and abroad
- 3

Solid support from a sponsor company involved in property development
Asset portfolio expansion and high occupancy rates facilitated through coordination with our sponsors
- 4

Establishment of a stable financial base
Conservative control of the interest-bearing debt ratio and long-term diversification of repayment deadlines
- 5

Stable dividends and steady NAV[★] growth since listing
Appropriate management of real estate investments

FRC was listed as the first region-specific REIT in Japan on June 21, 2005, based on our intention to draw funds to the region by introducing excellent properties in Fukuoka and Kyushu to investors locally and around the world. We capitalize on distinctive regional features, a characteristic of the real estate industry, centering our operations on Fukuoka and the broader Kyushu region, as well as Yamaguchi and Okinawa prefectures. Our portfolio primarily comprises retail facilities and office buildings. Driven by the core philosophy of "Act Local, Think Global," our mission is to pursue the best interests of unitholders.



Name	Fukuoka REIT Corporation
Representative	Yukitaka Ohara, Executive Director
Security code	8968
Listed date	June 21, 2005 (Tokyo Stock Exchange, Fukuoka Stock Exchange)
Accounting periods	February and August
Asset manager	Fukuoka Realty Co., Ltd.
Sponsors (Shareholders of the Asset Management Company)	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. SAIBU GAS HOLDINGS CO., LTD. Kraftia Corporation Kyushu Railway Company Development Bank of Japan Inc.

Glossary ▶ **NAV**
NAV is an abbreviation for Net Asset Value at an investment trust. Net assets are defined as total investment trust balance sheet assets minus liabilities, with the base price based on the number of units. For REITs, the term net assets refers to net assets plus unrealized gains or losses reflecting the difference between the book value of the property owned and the appraised value.

[Calculation method] NAV: Net assets + Unrealized gains or losses - Dividends
Market net assets value per unit: NAV / Total number of units issued

Fukuoka REIT Corporation by the Numbers

As of August 31, 2025

Properties owned

37



Occupancy rate

99.6%



Asset size
(based on acquisition price)

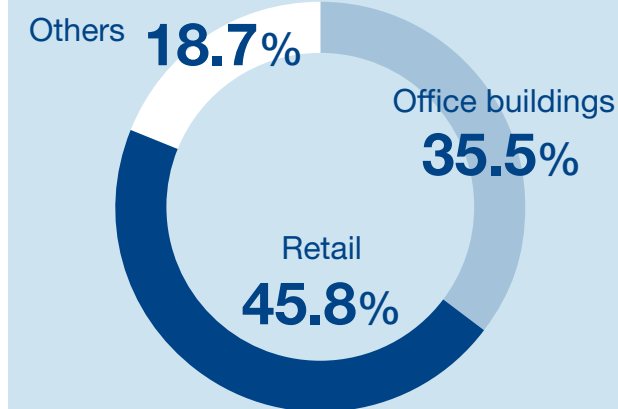
231,590
million yen



Dividend per unit

4,203 yen

Investment type
(based on acquisition price)



Credit ratings[★]

JCR AA-
(stable)

R&I A+
(stable)

Dividend yield

4.5%

LTV[★]

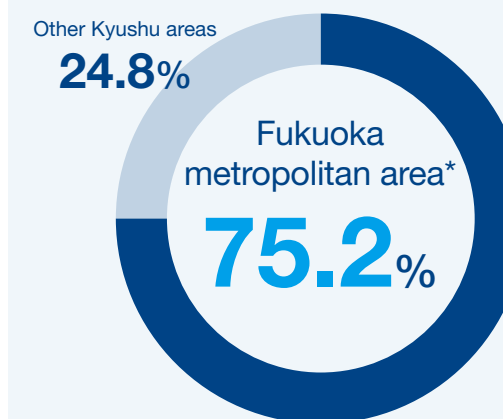
42.5%

Unrealized gain

60,547 million yen



Investment areas
(based on acquisition price)



Securities code

8968



Accounting periods

February
August



Glossary ▶ **Credit rating**

A grade that reflects the safety and creditworthiness of a company and its ability to pay the principal and interest of bonds issued by the company based on an analysis of the company's performance and financial condition.

LTV

An abbreviation for Loan to Value and an indicator of a company's borrowing ratio as well as a measure of stability in borrowing. The lower the value, the greater the degree of safety against redemption of debt.

[Calculation method] LTV (%): (Interest-bearing debt / Total assets) × 100

* The Fukuoka metropolitan area includes Fukuoka City, Chikushino City, Kasuga City, Onojo City, Munakata City, Dazaifu City, Koga City, Fukuoka City, Itoshima City, Nakagawa City, Umi Town, Sasaguri Town, Shime Town, Sue Town, Shingu Town, Hisayama Town, and Kasuya Town.

CEO's Message



I very much appreciate your continued understanding and support for the business activities of both Fukuoka REIT Corporation and Fukuoka Realty Co., Ltd.

Progress since taking office and efforts to enhance unitholder value

Roughly one year has passed since assuming the position of President and CEO of Fukuoka Realty Co., Ltd. One especially memorable event over this period was the public offering (PO) conducted in September 2024, shortly after my appointment. While there were concerns that the PO would potentially dilute unitholder value, we devised a strategy to pair property acquisitions and dispositions in a bid to “steadily increase dividends” and “secure financial flexibility by lowering the Loan-to-Value (LTV) ratio.” FRC’s investment unit price did indeed exhibit a temporary downturn following the PO. However, the price has subsequently climbed and recently (as of August 29, 2025) reached a level 16.5% higher than the price recorded on the date of my appointment on June 21, 2024. This significantly outperforms the Tokyo Stock Exchange REIT Index, which improved 11.0% over the same period. At the same time, the Investment Corporation’s market capitalization has increased approximately 27% from 126.1 billion yen to 160.3 billion yen. This is ostensibly due to the support and understanding of investors as well as the daily efforts of all officers and employees, who remain deeply rooted in local communities, for which I am extremely grateful. Over and above the aforementioned, FRC decided to undertake the acquisition of its own investment equity for the first time in April 2025. This initiative stems from our commitment to prioritize the allocation of cash generated (proceeds from the disposition of properties + depreciation) toward measures that contribute to the enhancement of unitholder value over the medium to long term. I am confident that this type of capital policy, which is designed to improve the efficiency of funds, has been favorably received by investors.

Fostering a corporate culture while engaging in internal reform (DX)

We recognize that sharing a common mindset while working toward a single uniform goal are critical to achieving sustainable growth. With this in mind, we took steps to ensure that our core

philosophy, “Act Local, Think Global,” was more relatable and readily accepted by each and every officer and employee, and redefined our mission, vision, and values. After holding multiple retreats with senior management, we announced details of deliberations to all officers and employees in June 2025. Our goal going forward is to further instill this common mindset and vision throughout the Investment Corporation and Asset Management Company as a whole.

<Fostering a corporate culture —Toward an “Open & Simple” organization—>

We place particular value on an “Open & Simple” approach. In adopting an “Open” approach, we recognize the critical need to ensure that internal issues, the status of management, and the decision-making process are as transparent as possible. In this vein, we are fostering a culture where every officer and employee takes ownership, shares insights, and works in unison to reach the most appropriate solution. In following a “Simple” approach, we place considerable emphasis on consistently asking the question “What is most important?” This is especially valuable in an era when business activities are distinguished by their volatility, uncertainty, complexity, and ambiguity (VUCA). It is against this backdrop that we hold stakeholders, beginning with tenants, most dear. Tenants are the bedrock on which our business exists, and as such we instill in all officers and employees the paramount importance of enhancing tenant and stakeholder value.

<Internal reform —Promoting digital transformation (DX)—>

We are also focusing our efforts on DX in a bid to improve the efficiency of our operations as well as productivity. Our goals in particular are to strengthen collaboration between systems that previously relied heavily on manual labor, reduce human error, and streamline operations. Initiatives such as the renewal of accounting systems and the application of AI tools to improve operating efficiency are already underway. Other initiatives include setting aside specified internal times for DX consultation and putting in place an environment in which all officers and employees can actively embrace new technologies.

Evolution of our investment strategy and future outlook

It is vital that we take full advantage of our strength as a region-specific REIT that focuses on the Fukuoka and Kyushu regions while remaining flexible when responding to various issues, including changes in the market environment. As far as our future growth is concerned, we will strengthen our portfolio through the replacement of properties. In addition to engaging in sound management as a listed REIT from a financing perspective, we have adopted flexible financing strategies, including the use of SPCs, to achieve both capital efficiency and profitability. Moreover, we are improving the value

of existing properties and bolstering sustainability activities while pursuing sustainable growth in concert with local communities.

Sustainability initiatives with a view to coexisting with the community

Addressing environmental, social, and governance (ESG) concerns is an essential prerequisite for modern-day companies. As an entity that is deeply rooted in the Fukuoka and Kyushu regions, I believe that our defining focus lies not only in the environment and governance, but also in fulfilling our social responsibility, and in particular, coexisting with the community. With this in mind, we held workshops last fiscal year to remind all officers and employees that sustainability is a natural element of their daily activities as opposed to an extraordinary issue. These workshops are a valuable opportunity for officers and employees to consider the long-term perspective (impact path) of how sustainability activities ultimately connect to specific aspects of FRC’s and Fukuoka Realty’s business operations. While recently inspecting several facilities within the portfolio, I witnessed a growing number of instances where officers and employees instinctively pick up trash. In this regard, affection toward the properties we own and attention toward contributing to the community are increasingly part and parcel of our daily activities. I feel an enormous sense of pride that this embodies our core value of “loving the properties we manage.” At the same time, we are making steady progress toward our goal of obtaining Green Building certification for at least 85% of our properties by 2030. We have also set a CO₂ emissions reduction target of 35% compared with the level recorded in 2019 by 2030. To this end, we are advancing a host of concrete measures, including the collation of environmental data and work to install LED lighting while collaborating with tenants as well as property management and building maintenance companies.

<Coexisting with the community>

As a region-specific REIT, our greatest strength stems from our close ties with the Fukuoka and Kyushu regions. Two key features set us apart. One is our disparity with other companies in Fukuoka and the other is our disparity with other REITs. In the case of the former, frequent opportunities to interact with overseas investors allow us to stand out. We take great pride in our role as a major gateway that connects overseas investors with the Fukuoka and Kyushu regions. Among companies in Fukuoka and Kyushu, few engage in our level of dialogue with markets abroad. In contrast, FRC continues to build strong ties with overseas investors through regular dialogue and IR activities. We adopted the word “Global” as a part of our mission to reflect not only the goal of attracting overseas investment but also our thoughts toward expanding business in the future. Our activities go well beyond simply investing in real estate as a REIT. I like to think of ourselves as a guide for the Fukuoka and Kyushu regions, conveying to the world the diverse values of

each region. Our goal is to further unlock Kyushu’s infinite appeal, including its nature, history, culture, architecture, landmarks, and cuisine, in an effort to help develop the entire region. In addition to collaborating closely with leading local companies such as Fukuoka Jisho Co., Ltd., a comprehensive developer and our sponsor, as well as government and local authorities, we are working to coexist with the community by participating in projects that revitalize the region, including upgrading and expanding night markets and renovating parks (e.g., the Seiryu Park Development, Management and Operation Project).

Enhancing transparency while fulfilling our responsibility to stakeholders

We recognize that enhancing management transparency is of the utmost importance if we are to garner the trust of stakeholders. With the exception of personnel and other highly confidential matters, we internally share the details of Investment as well as Executive Committee meetings with all officers and employees to ensure that they understand the logic behind decisions made and to promote swift implementation. We also vigorously engage in the external disclosure of information and constantly consider how to clearly impart information such as our vision and thoughts. Working in concert with the region, FRC and Fukuoka Realty remain committed to achieving a sustainable society and maximizing unitholder value. As we work toward achieving these goals, we kindly ask for your continued support and understanding.

Yukitaka Ohara President and CEO, Fukuoka Realty Co., Ltd.
Place of Birth: Chiba Prefecture Hobby: Running

Profile

April	1997	Joined The Industrial Bank of Japan, Limited (currently Mizuho Bank, Ltd.)
January	2004	Joined Fukuoka Realty Co., Ltd. Appointed as Head of Acquisition Office of Investment Department
April	2005	Appointed as Senior Manager of Investment Department
October	2007	Appointed as General Manager of Investment Department
June	2013	Appointed as General Manager of Planning Department
February	2015	Seconded to Fukuoka Jisho Co., Ltd. Appointed as Deputy General Manager of Building Business Division
June	2017	Appointed as Executive Officer Appointed as Vice President of Kitakyushu Murasakigawa Development Co., Ltd.
March	2019	Appointed as Vice President of Walk Asset Management Co., Ltd.
June	2020	Appointed as Senior Executive Officer of Fukuoka Jisho Co., Ltd.
August	2020	Appointed as Vice President of FJ Asset Management Co., Ltd.
June	2021	Appointed as Vice President, Board of Directors of Fukuoka Realty Co., Ltd. Appointed as Corporate Auditor of Kyushu Leasing Service Co., Ltd.
February	2022	Appointed as Vice President of FJ Logi Co., Ltd.
May	2022	Appointed as Substitute Executive Director of Fukuoka REIT Corporation
June	2022	Appointed as Vice President of The Kyushu Card Co., Ltd.
June	2023	Appointed as Vice President of FJ Urban Operations Co., Ltd.
May	2024	Appointed as Executive Director of Fukuoka REIT Corporation (current position)
June	2024	Appointed as President and CEO of Fukuoka Realty Co., Ltd. (current position)

Fukuoka REIT Corporation: Our 20-Year History as a Listed Company

2005	● Acquired Properties: SunLive City Kokura, Sanix Hakata Building
2006	● 10th anniversary of Canal City Hakata ● Acquired Properties: Taihaku Street Business Center, Amex Akasakamon Tower, Square Mall Kagoshima Usuki, Kumamoto Intercommunity SC
2007	● Acquired Properties: Hanahata SC, City House Keyaki Dori
2008	● Acquired Properties: Kurume Higashi Kushiwara SC, K's Denki Kagoshima
2009	● Acquired Properties: Higashi Hie Business Center
2011	● Acquired Properties: Canal City Hakata・B
2012	● Canal City Hakata South Building LAOX/XEBIO opens ● Acquired Properties: Aqualia Chihaya
2013	● Issued the first investment corporation bond★ ● Acquired Properties: Tenjin Nishi-Dori Center Building, D-Wing Tower, Hotel FORZA Oita, Tenjin North Front Building
2014	● Executed a 5-for-1 investment unit split ● Acquired Properties: Tosu Logistics Center, Granfore Yakuin Minami
2015	● 10th anniversary of Fukuoka REIT Corporation ● Acquired Properties: LOGICITY Minato Kashii, Marinoa City Fukuoka (Marina Side Building)
2016	● 20th anniversary of Canal City Hakata ● Introduced the largest 3D projection mapping display in Japan and the new Aqua Panorama water fountain at Canal City Hakata

2017	● Issued the second investment corporation bond ● 15th anniversary renewal of Park Place Oita ● Recorded the highest Canal City Hakata visitor count in history (17.02 million for fiscal 2017) ● Acquired Properties: LOGICITY Hisayama
2018	● Issued the third investment corporation bond ● Acquired Properties: Konoha Mall Hashimoto, Higashi Hie Business Center II, Tissage Hotel Naha
2019	● First company in Kyushu to undertake a Green Loan
2020	● Became the first J-REIT to issue an integrated report ● Acquired Properties: Higashi Hie Business Center III, LOGICITY Wakamiya
2021	● 25th anniversary of Canal City Hakata ● Acquired Properties: Tenjin Nishi-Dori Business Center (land with leasehold interest)
2022	● Acquired Properties: Hakata Chikushi-Dori Center Building, Island City Minato Bay related site (land with leasehold interest) (tentative, MOU signed) ● Transferred Properties: Kurume Higashi Kushiwara SC (transferred in three installments)
2023	● Acquired Properties: Kumamoto East Front Building, Hakata FD Business Center, Axion Befu-Ekimae Premium
2024	● Transferred Properties: Marinoa City Fukuoka (Marina Side Building), Tenjin North Front Building (transferred in six installments)
2025	● Acquired Properties: LOGICITY Kumamoto Mifune, Axion Otemon Premium ● Acquired own investment equity ● Acquired assets (silent partnership equity interests)

Unit Price Chart



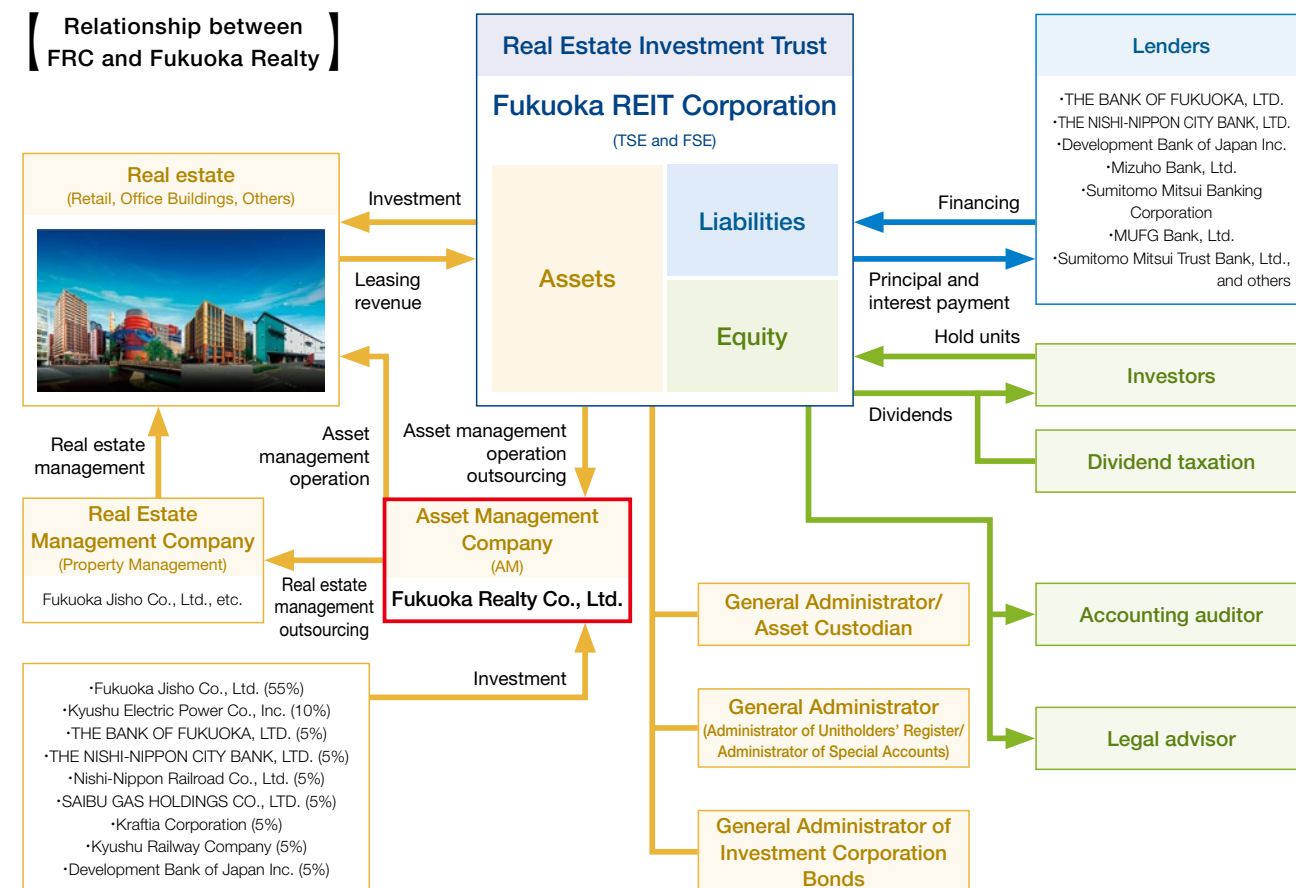
*1 A 5-for-1 split of Fukuoka REIT investment units was effectuated on March 1, 2014. Accordingly, investment unit prices and issuance prices until February 25, 2014, have been divided by 5.
*2 Turnover by February 25, 2014, was multiplied by 5.
Note: Additional new investment units were issued through third-party allotment on October 8, 2024.

Glossary Investment corporation bonds
These are bonds issued by investment corporations in accordance with the Act on Investment Trusts and Investment Corporations and are equivalent to corporate bonds. Investment corporation bonds are issued to secure financing, with funds used to acquire real estate, undertake repairs on existing buildings, repay borrowings, and fund reimbursements.

Relationship with Fukuoka Realty Co., Ltd.

Structure of FRC

J-REIT, or Japan Real Estate Investment Trust, refers to a publicly traded real estate investment trust. It pools funds from investors and utilizes them to invest in real estate assets such as retail, office buildings, and residences. Profits generated from rental income and other sources are distributed to investors. Fukuoka REIT Corporation (FRC), as Japan's first region-specific REIT, was listed on the Tokyo Stock Exchange (TSE) and the Fukuoka Stock Exchange (FSE) on June 21, 2005, becoming the 17th J-REIT to be listed in the country. The Asset Management Company of FRC, Fukuoka Realty is entrusted with the key operations of “acquiring and selling assets,” “asset rental management,” and “financing” in accordance with the Basic Policy of “Act Local, Think Global.”



Column: **Investment Types of J-REITs**

J-REITs can be broadly categorized into two types: single-use specialized and multiple-use.

Single-Use Specialized

These J-REITs focus on properties with specific uses, such as office buildings, retail facilities, residential properties, logistics facilities, hotels, and healthcare facilities.

Multiple-Use

Multiple-use J-REITs are divided into comprehensive types, which invest in properties with three or more uses, and combined types, which focus on properties with two uses. **FRC is classified as a comprehensive type.**

J-REITs specialized in
single-use properties

Office buildings

Residential properties

Hotels

Retail facilities

Logistics facilities

Healthcare facilities

J-REITs with a portfolio of multiple-use properties

Comprehensive

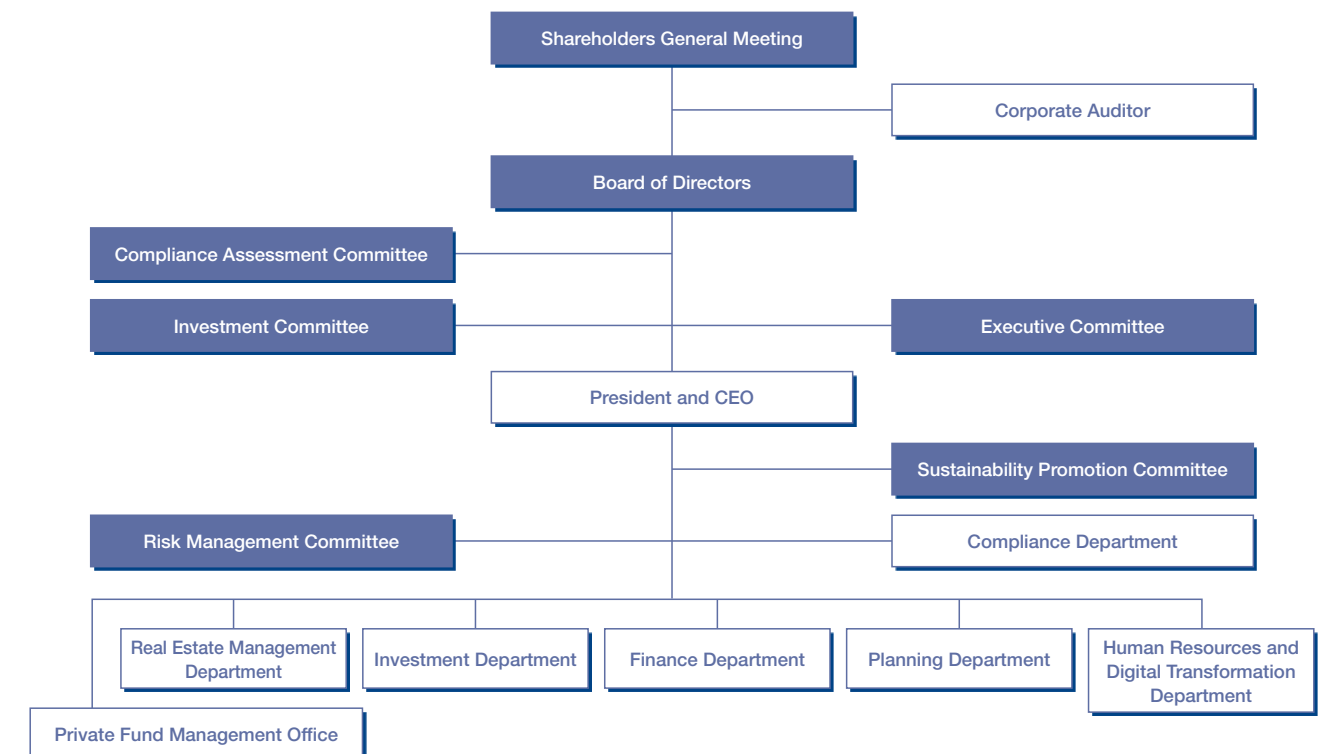
Combined

Organizational Structure of Fukuoka Realty

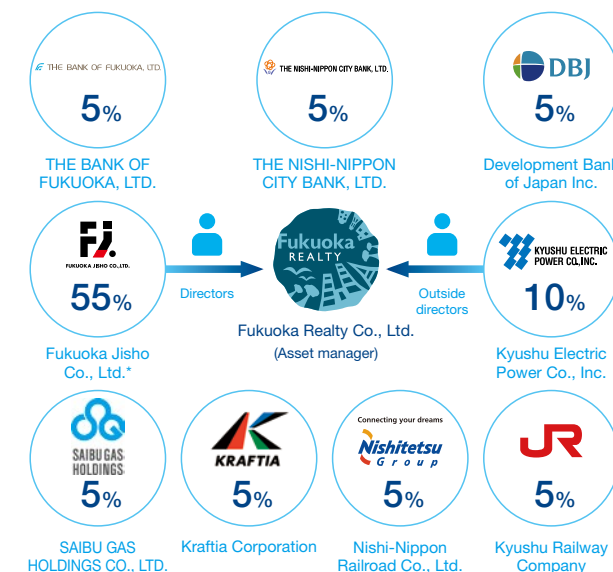
© Company Structure

Located in Fukuoka City and comprising 48 employees with a variety of experience in real estate, finance, and other fields, Fukuoka Realty possesses a high level of expertise and makes full use of information unique to the local area in managing FRC's assets.

In November 2024, we established the Human Resources and Digital Transformation Department. Moving forward, we will focus on strengthening HR functions and promoting digital transformation to enhance management strategies and improve internal engagement.



© The Shareholder (Sponsor) Structure



* Concluded a contract with FRC and Fukuoka Realty concerning pipeline support.

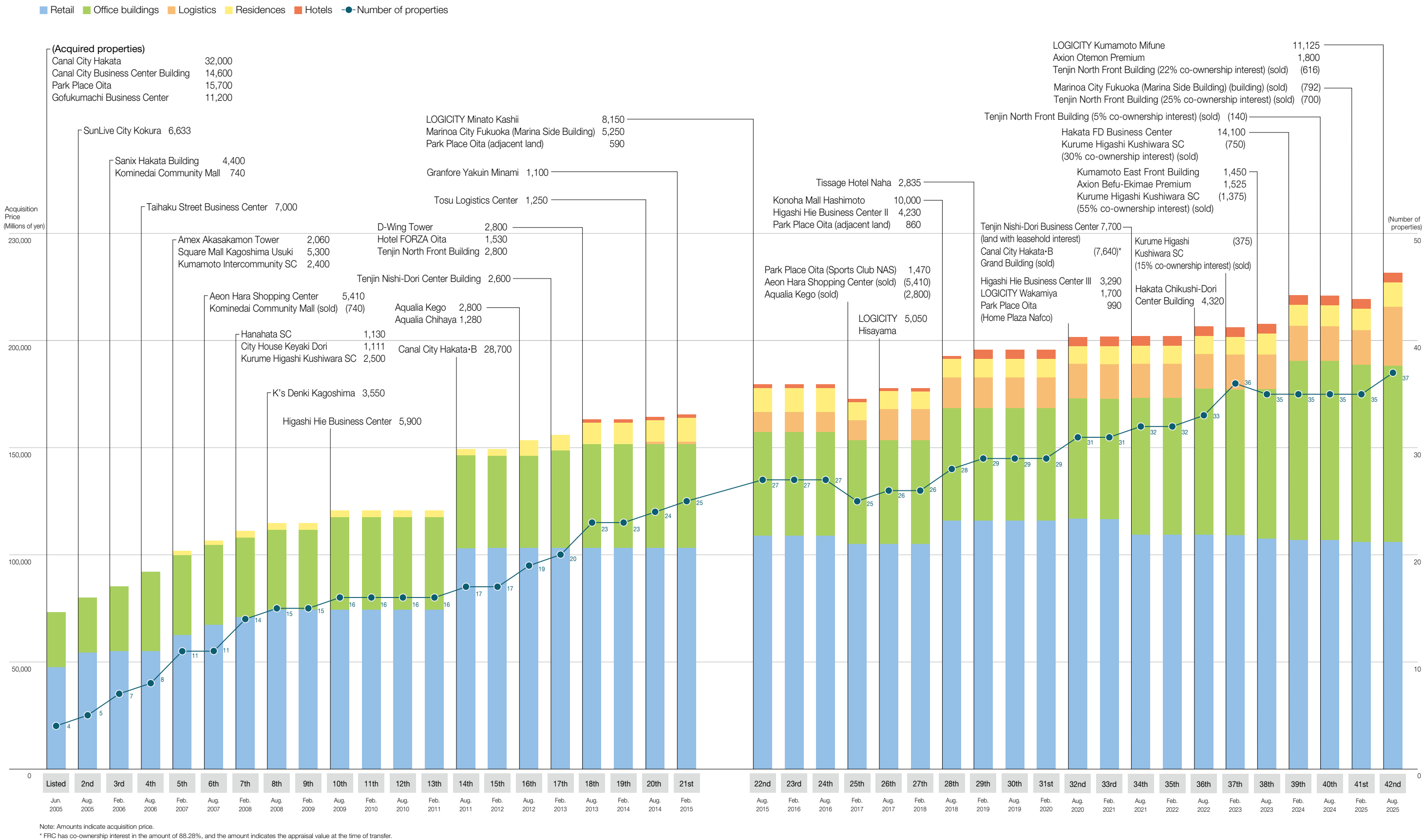
Glossary **Pipeline support agreement**
Pipeline support agreements refer to contracts that provide the opportunity to acquire a property from a sponsor in advance of and in priority to a third party.

In addition, leading companies in the Fukuoka and Kyushu regions that are in agreement with FRC's concept participate as shareholders (sponsors) of Fukuoka Realty. FRC aims to achieve sustainable growth as a REIT through the expanded scale of its assets via the contribution of excellent properties from among our sponsors and by actively leveraging their support, including the provision of relevant information.

With regard to the properties owned and developed by the sponsor companies, Fukuoka Jisho Co., Ltd., FRC, and Fukuoka Realty Co., Ltd., have concluded a pipeline support* memorandum of understanding (MOU) to seek stable and continuous acquisition opportunities.

History of Asset Portfolio Expansion

Trends in Asset Size (based on acquisition price)



Value-Creation Story



Promote Attractive Urban Development in the Fukuoka and Kyushu Regions



Macro environment surrounding Fukuoka See p.20

• Ongoing population growth in Fukuoka • Ratio of young and working-age people

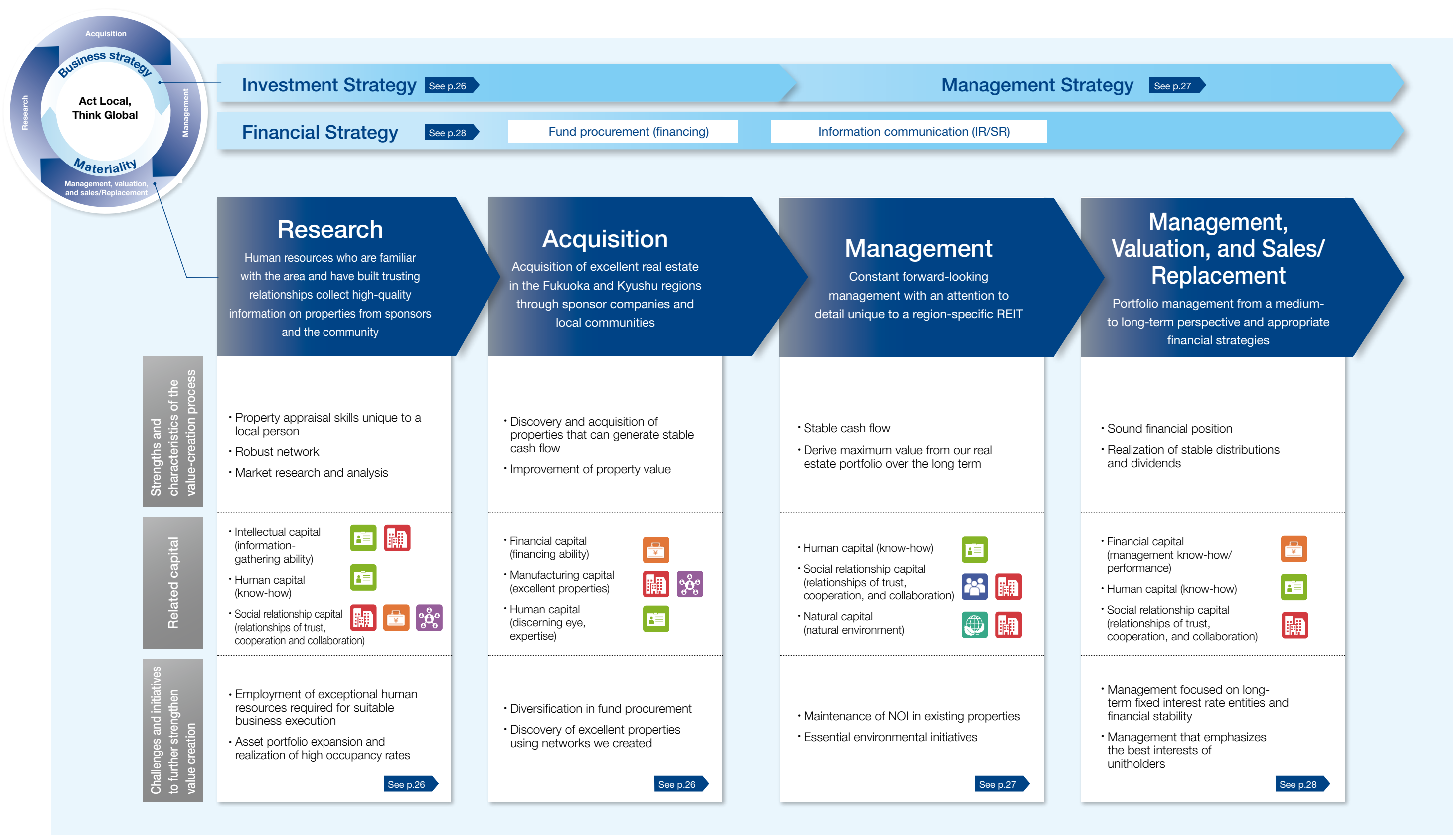
Related Stakeholders

Clients/Tenants Total tenants in all properties: 1,095 • Customer satisfaction surveys at retail facilities • Tenant satisfaction surveys	Region and Society Population of the 6 prefectures we have properties in: Approx. 11,610,000 • Organizing community and other events utilizing facility common areas • Active participation in the Hakata Town Planning Promotion Council's activities • Announcement of financial results by the Fukuoka Stock Exchange	Employees Number of full-time officers and employees: 51 • Various employee education systems • Employee satisfaction surveys • Career interviews with employees	Unitholders/Financial Institutions No. of unitholders: 15,973 No. of financial institutions we deal with: 22 • General Meeting of Unitholders • Results briefings for investors • 1-on-1 meetings (Japan and overseas)	Sponsors Sponsors: 9 • Contribution of excellent properties • Ongoing information exchange • Human resource exchanges	Environment/Nature Property location/6 prefectures (Fukuoka/Saga/Kumamoto/Oita/Kagoshima/Okinawa) • Environmental preservation (Electricity and water conservation) • Green Building certification
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As of August 31, 2025

Who We Are
Growth Strategy
Sustainability
Data Section

Value-Creation Activities



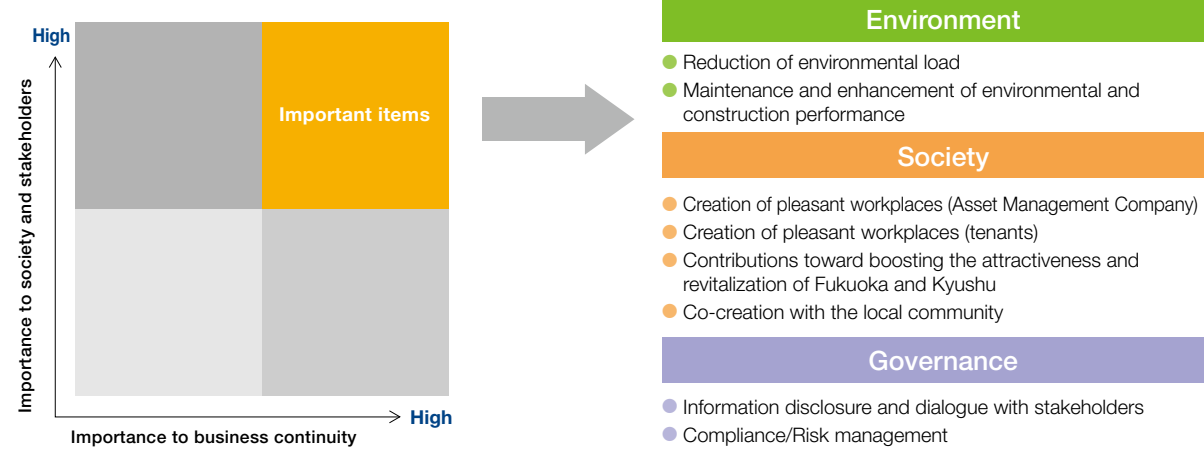
Materiality

Fukuoka REIT Corporation and Fukuoka Realty Co., Ltd., consider it essential to take into account environmental, social, and governance (ESG) factors in addition to pursuing profitability to achieve the best interests of unitholders over the medium to long term. Accordingly, we strive to respond to various ESG-related issues within our real estate investment and management processes.

Identifying Materiality

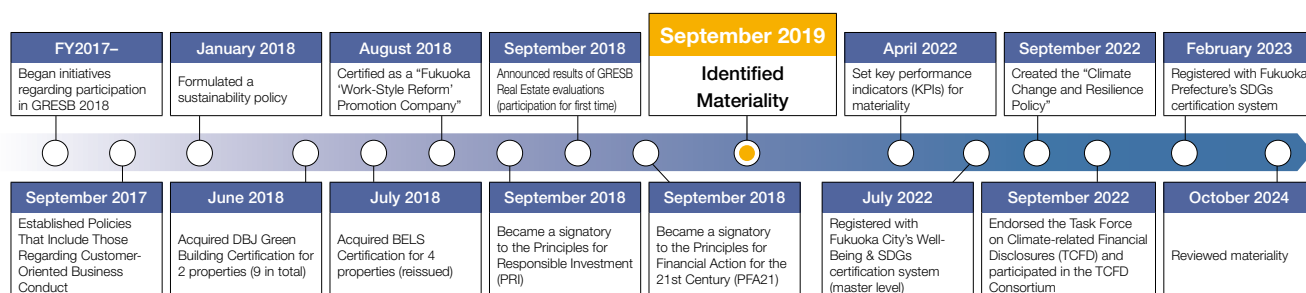
Fukuoka Realty, the Asset Management Company, has identified materiality in its sustainability initiatives based on the demands and expectations of stakeholders and the expected impact on and importance to FRC's business.

Mapping of Issues

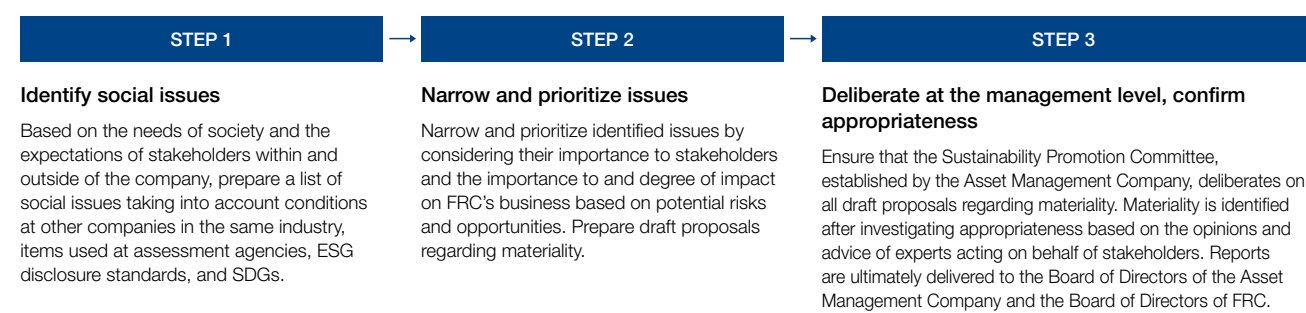


We have identified nine material issues through the process below from environmental, social, and governance perspectives that are of high importance to society and stakeholders and to business continuity.

Historical Background Behind the Identification of Materiality



Process for Identifying Materiality



Materiality

In October 2024, we undertook a review of the materiality identified in 2019. As part of our efforts to strengthen our sustainability management, we considered such factors as changes in the external social environment, internal environmental analysis, and stakeholder expectations. This review aims to clarify our vision and values for sustainable management, and to establish the direction of our future sustainability strategy, in line with the materiality review process.

	Materiality	Policies and targets	KPIs and targets	Related SDGs
Environment	Addressing climate change	• Coordinate with property management and building management companies to manage and reduce greenhouse gas emissions, contributing to the preservation of nature in Fukuoka and Kyushu.	• (By 2030) 35% reduction in CO ₂ emissions (compared with 2019, basic unit)	7 AFFORDABLE AND CLEAN ENERGY, 11 SUSTAINABLE CITIES AND COMMUNITIES
	Resource circulation and efficient utilization	• Coordinate with property management and building management companies to enhance the efficient use of resources (energy and water) and promote the recycling of waste and water, contributing to the preservation of nature in Fukuoka and Kyushu.	• (By 2030) 75% recycling rate for waste	12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION
	Natural disaster preparedness	• Contribute to the safety and security of tenants and the local community by conducting regular risk assessments of owned properties to maintain and enhance real estate resilience.		13 CLIMATE ACTION
	Business operations for resolving environmental issues	• Enhance asset value by conducting regular performance and functionality assessments of owned properties, and updating outdated features. • Increase asset value and improve appeal to tenants by obtaining Green Building Certification and visualizing building performance.	• (By 2030) 85% Green Building Certification rate or higher	7 AFFORDABLE AND CLEAN ENERGY, 13 CLIMATE ACTION
Society	Creation of pleasant workplaces (Asset Management Company)	• Strengthen human capital management by incorporating diverse perspectives and providing a work environment that enhances employee performance. • Improve business quality and strengthen operational capabilities by enhancing employee education systems and encouraging qualification acquisition.	• Training per employee (number of times) • Office environment improvements (number of instances)	4 QUALITY EDUCATION, 8 DECENT WORK AND ECONOMIC GROWTH
	Improvement in tenant engagement	• Increase tenant satisfaction and achieve stable property operations by establishing an engagement cycle with tenants, understanding the diverse business needs of domestic and international clients, and improving facility management.	• Conduct regular tenant satisfaction surveys (all properties)	3 GOOD HEALTH AND WELL-BEING, 8 DECENT WORK AND ECONOMIC GROWTH
	Contributions toward boosting the attractiveness and revitalization of Fukuoka and Kyushu	• Aim to create a society where the people of Fukuoka and Kyushu can showcase their competitiveness and uniqueness, ultimately enhancing asset value, by attracting domestic and international tenants through the dissemination of information about the strengths and appeal of Fukuoka and Kyushu, and by collaborating with the local business community to foster regional economic development.	• Join and participate in local economic organizations • Host community exchange events (number of events) • Join and participate in area management organizations • Continued participation in activities that contribute to the community (number of times)	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 11 SUSTAINABLE CITIES AND COMMUNITIES, 17 PARTNERSHIPS FOR THE GOALS
Governance	Compliance/Risk management	• Aim to maintain corporate value and increase trust from stakeholders by ensuring compliance with laws and regulations, eliminating conflicts of interest in transactions with stakeholders, and developing and operating internal systems for appropriate risk management, while also strengthening employee awareness of compliance.	• Compliance training (number of times)	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
	Information disclosure and dialogue with stakeholders	• Build trust with stakeholders by disclosing financial and non-financial information in a timely and appropriate manner, ensuring strict compliance with the Corporate Governance Code, and engaging in proactive dialogue. Incorporate the feedback and requests received into business strategies.	• Dialogue with investors (number of times) • Employee ESG training (number of times)	17 PARTNERSHIPS FOR THE GOALS

Process for Revising Materiality

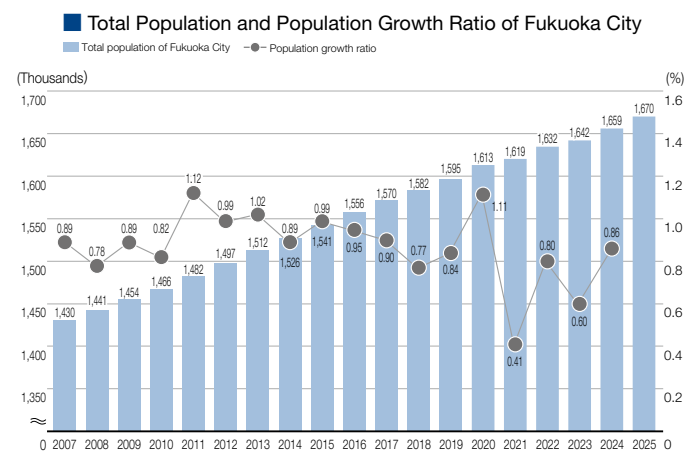


External Environment: Macroeconomic Landscape of Fukuoka and Kyushu

Attractive urban development in the Fukuoka and Kyushu regions requires a combination of **urban growth and higher quality of life**. The features of Fukuoka and Kyushu as the areas targeted for investment by FRC include a growing population in Fukuoka City, geographical advantages from a low earthquake risk perspective, booming semiconductor-related industries, and expanding needs for logistics facilities. In addition, Fukuoka City itself is seeing large-scale redevelopment projects, including Tenjin Big Bang and Hakata Connected. We therefore assume that this location has significant potential as a region.

Population Continues to Grow in Fukuoka City

The total population of Fukuoka City exceeded 1.6 million on May 1, 2020, and has consistently increased since 1985. This total population makes the city the fifth most populous among government-designated cities, following Yokohama, Osaka, Nagoya, and Sapporo. According to the National Institute of Population and Social Security Research, Fukuoka City's population is projected to continue growing until 2035.

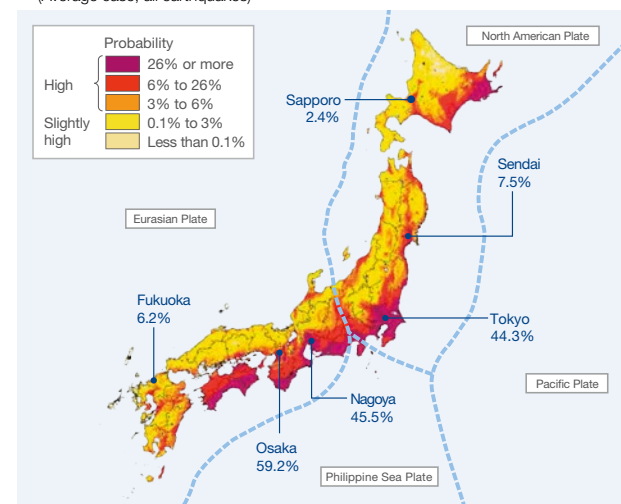


Note: Total population figures from 2007 to 2024 are based on figures as of December 1 each year. The total population figure for 2025 is based on the figure as of October 1, 2025.
Source: Prepared by Fukuoka Realty Co., Ltd., based on data from Fukuoka City Estimated Population and Fukuoka City Registered Population, published by Fukuoka City.

Earthquake Risks in Fukuoka and Kyushu

Probabilistic Seismic Hazard Map

© Probability of experiencing tremors of intensity 6 or higher within the next 30 years (Average case, all earthquakes)

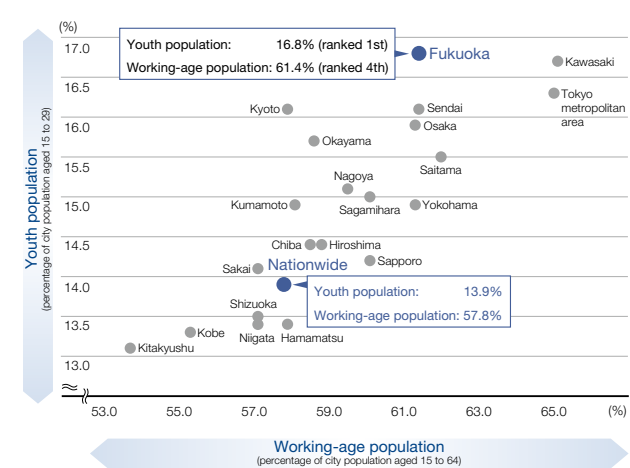


Note: The areas with a probability of zero are displayed in white due to the model calculation conditions. The values for each city are based on data from 2024.
Source: The Headquarters for Earthquake Research Promotion (Research Center for Earthquake and Volcano Sciences, Ministry of Education, Culture, Sports, Science and Technology), Japan Seismic Hazard Information Station (J-SHIS; National Research Institute for Earth Science and Disaster Resilience), and data from the Ministry of Land, Infrastructure, Transport and Tourism and the Japan Meteorological Agency websites. Data used in this map was compiled by Fukuoka Realty Co., Ltd.

A Hub for Young People

Fukuoka City stands out for its high proportion of young people in its population compared to other cities. Among the cities listed in the following table, Fukuoka City ranks first with a youth population rate of 16.8% (percentage of city population aged 15 to 29) and fourth with a working-age population ratio of 61.4% (percentage of city population aged 15 to 64).

Youth and Working-Age Population Ratios Nationwide and in Major Cities (2020)

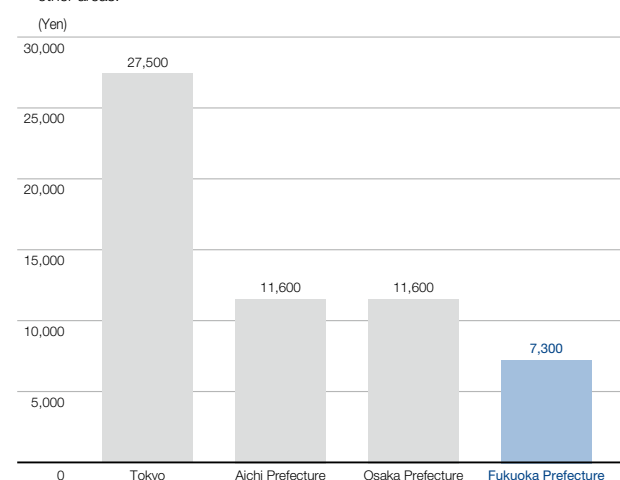


Source: Prepared by Fukuoka Realty Co., Ltd., based on data from the Population Census, Statistics Bureau, Ministry of Internal Affairs and Communications

Basic Earthquake Insurance Rates

© Earthquake insurance contracts starting from October 1, 2022

● Fukuoka Prefecture offers relatively lower costs for earthquake insurance compared to other areas.

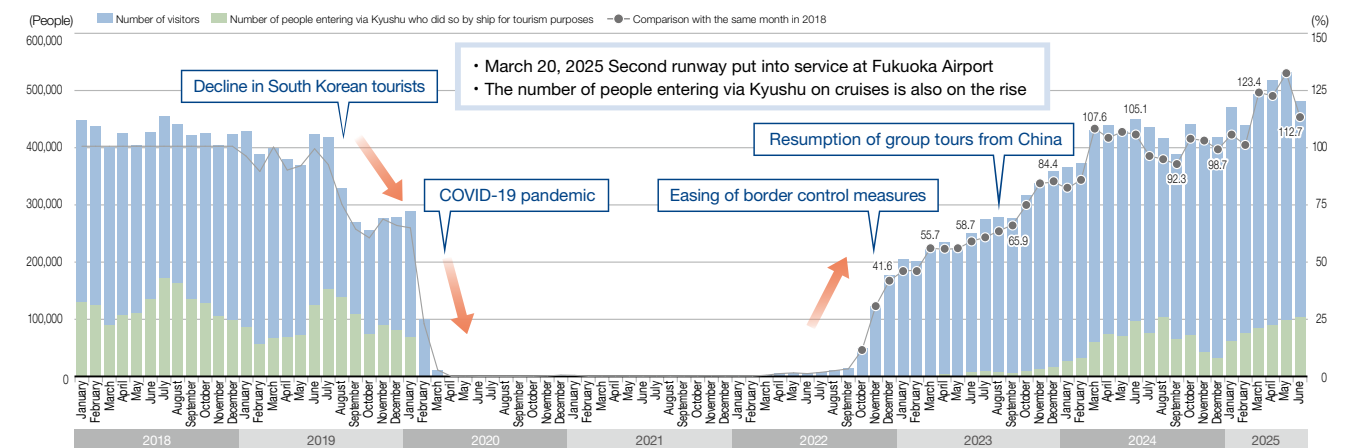


Note: These are the basic insurance rates for buildings primarily made of steel and concrete, based on an insurance amount of 10 million yen per year of coverage.
Source: Prepared by Fukuoka Realty Co., Ltd., based on data from the General Insurance Rating Organization of Japan.

Inbound Situation

The number of foreign visitors to Kyushu now exceeds the number prior to the COVID-19 pandemic and has reached record highs.

Trend of Foreign Visitors to Kyushu



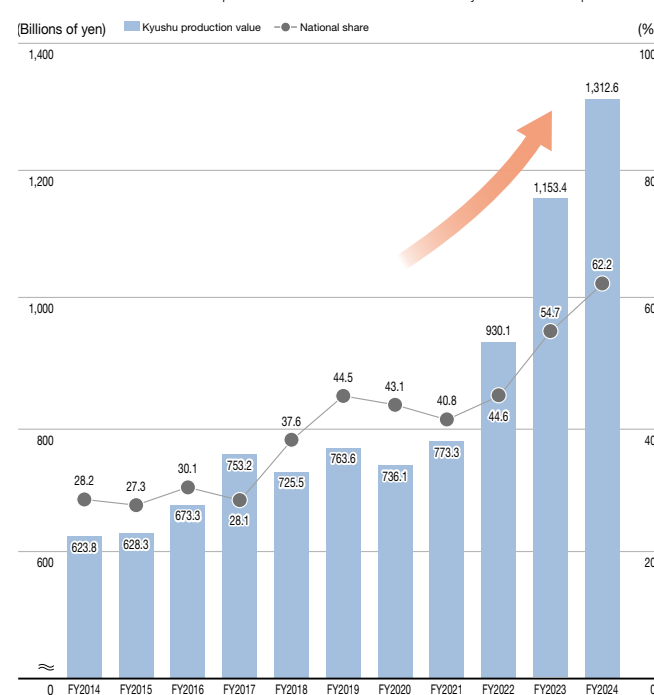
Source: Prepared by Fukuoka Realty Co., Ltd., based on data from the Kyushu Transport Bureau, Ministry of Land, Infrastructure, Transport and Tourism, "Trends in the number of foreign nationals entering Kyushu."

Kyushu Region Thriving in the Semiconductor Industry

The Kyushu region has become a key hub for the semiconductor-related industry, with further development expected in the future.

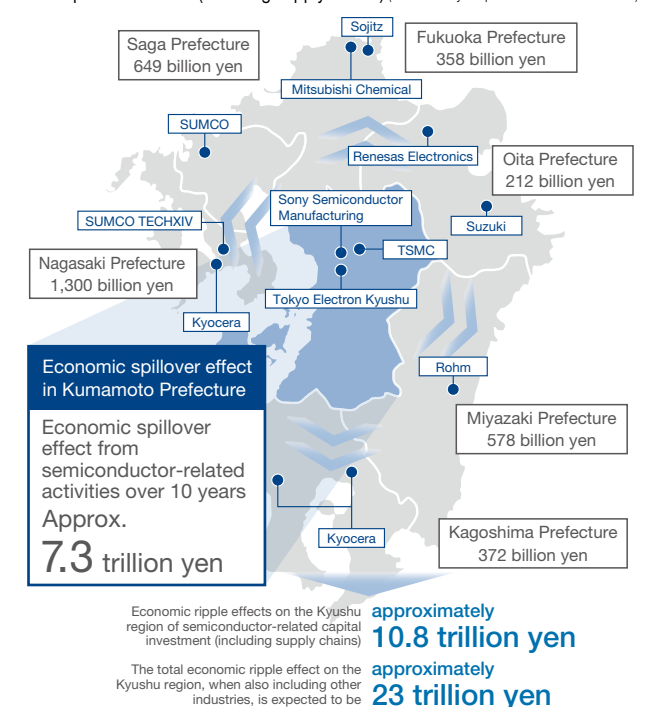
Trend of Semiconductor Production Value and National Share in Kyushu

© Both the semiconductor production value and national share in Kyushu are on an upward trend



Note: Because this is a comprehensive survey of firms above a certain scale, the figures might differ from those in industrial statistics.
Source: Prepared by Fukuoka Realty based on data from the Ministry of Economy, Trade and Industry's "Yearbook of Current Production Statistics."

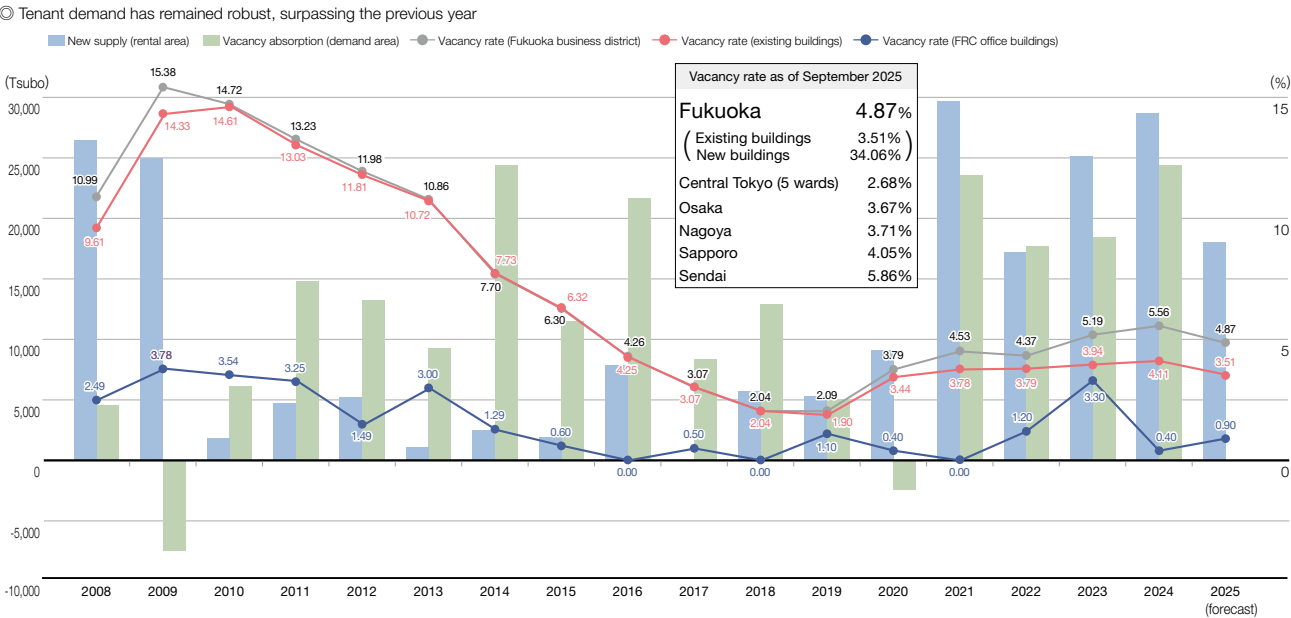
Economic Ripple Effects on the Kyushu Region of Semiconductor-Related Capital Investment (including supply chains) (For the 10-year period from 2021 to 2030)



Source: Prepared by Fukuoka Realty based on materials created by the Kyushu Economic Research Center and press releases.

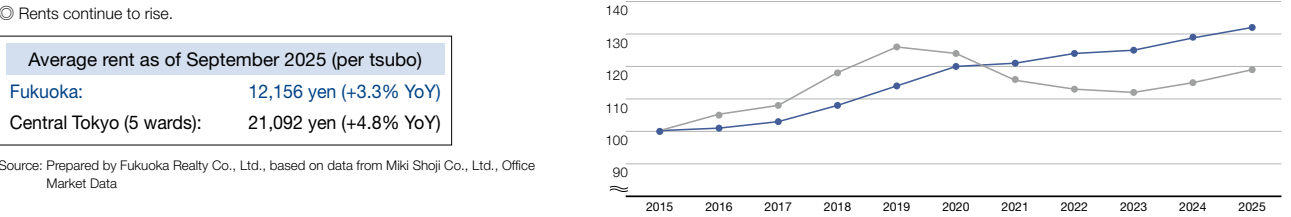
External Environment: Macroeconomic Landscape of Fukuoka and Kyushu

Fukuoka Business District: Vacancy Rates and Supply and Demand of Office Buildings



Notes:
1. The vacancy rates from 2008 to 2024 are based on the figures as of December 31. The vacancy rate in 2025 is based on the figure as of September 30, 2025.
2. Office building-related data for each city are the data for areas and buildings included in surveys conducted by Miki Shoji Co., Ltd.
3. Vacancy absorption (demand area) is calculated by adding the new supply (rental area) for each year to the vacant space as of December 31 of the previous year, then subtracting the vacant space as of December 31 of the current year.
Source: Prepared by Fukuoka Realty Co., Ltd., based on data from Miki Shoji Co., Ltd., Office Market Data

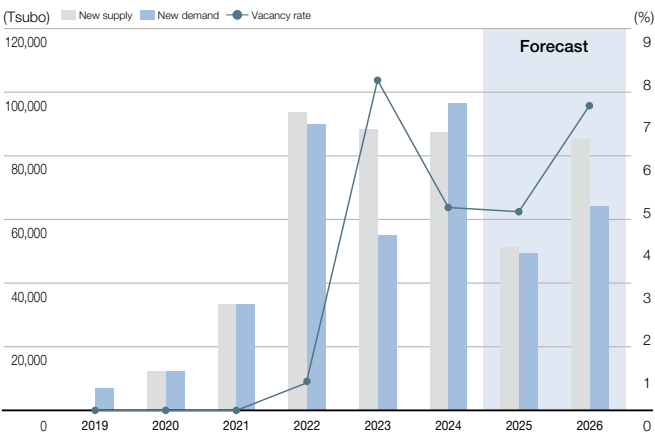
Fukuoka Business District/Trend of Average Asking Rent (Index: 100 in 2015)



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

Supply/Demand and Vacancy Rates for Logistics Facilities

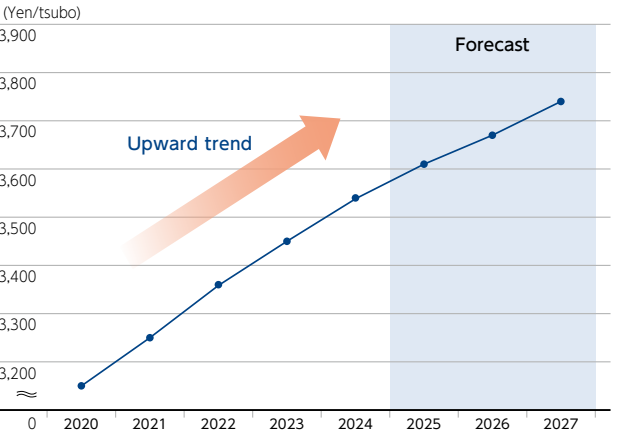
○ Vacancy rates will increase until 2026 due to large supply, but demand will be solid



Note: Large multi-tenant (LMT) facilities with a total floor area of 5,000 tsubo or more in the Fukuoka metropolitan area are targeted, specifically those that were planned and designed with the assumption of multiple tenant use at the time of development.
Source: Prepared by Fukuoka Realty Co., Ltd., based on CBRE's regular survey of Fukuoka's logistics market (August 2025).

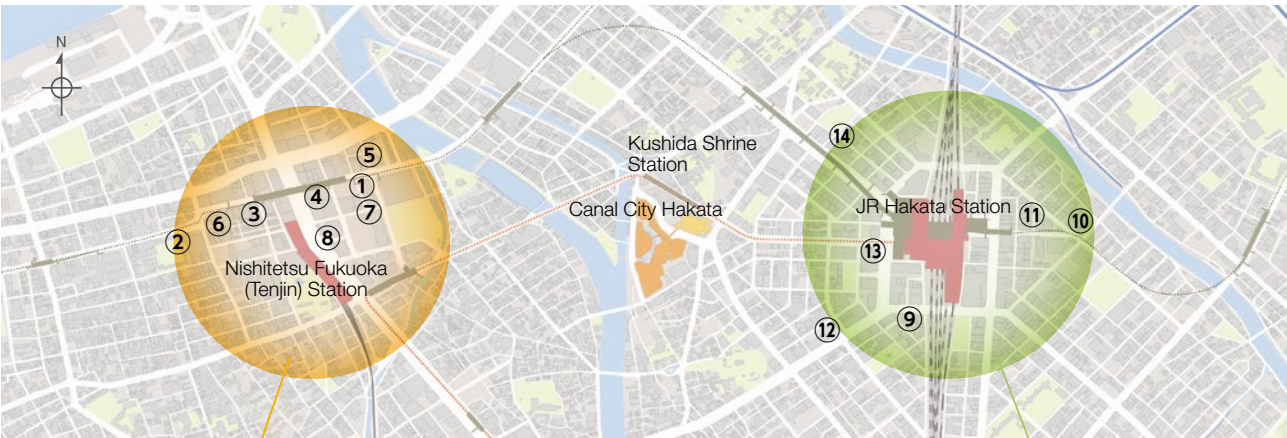
Trend in Rent Unit Price

○ Rents on an upward trend, backed by solid demand



Note: Large multi-tenant (LMT) facilities with a total floor area of 5,000 tsubo or more in the Fukuoka metropolitan area are targeted, specifically those that were planned and designed with the assumption of multiple tenant use at the time of development.
Source: Prepared by Fukuoka Realty Co., Ltd., based on CBRE's regular survey of Fukuoka's logistics market (August 2025).

Redevelopment Project



Note: Focus areas

Tenjin Big Bang

Redevelopment Projects

Name	Completion month
① Tenjin Business Center	September 2021
② Fukuoka Daimyo Garden City	March 2023
③ HULIC SQUARE FUKUOKA TENJIN	December 2024
④ ONE FUKUOKA Building	December 2024
⑤ Tenjin Brick Cross	April 2025
⑥ Tenjin Sumitomo Life FJ Business Center	June 2025
⑦ Tenjin Business Center Phase 2 Project (provisional name)	June 2026 (scheduled)
⑧ Tenjin 1-7 plan (provisional name)	December 2026 (scheduled)

Source: Created by Fukuoka Realty Co., Ltd., based on each project's press release.

Hakata Connected

Redevelopment Projects

Name	Completion month
⑨ Hakata Fukami Park Building	February 2021
⑩ Hakata East Terrace	August 2022
⑪ CONNECT SQUARE HAKATA	March 2024
⑫ Chuo Nittochi Hakata Ekimae Building	June 2025
⑬ Nishi-Nippon City Building	March 2026 (scheduled)
⑭ The Nishi-Nippon City Bank Administrative Head Office Building	September 2028 (scheduled)

Source: Created by Fukuoka Realty Co., Ltd., based on each project's press release.

Main Deregulation in the Tenjin Big Bang Area (National Strategic Special Zone)

① Special permission to relax Civil Aeronautics Act-related building height regulations

- Around Fukuoka City Hall approx. 67 m (15 floors)

➡

● Tenjin Meiji-dori district (west of the center of Watanabe-dori) approx. 115 m (26 floors)

● Tenjin Meiji-dori district (east of the center of Watanabe-dori) approx. 76 m (17 floors) ~ approx. 100 m (22 floors)

● Tenjin 1-chome district approx. 80 m (18 floors) ~ approx. 96 m (21 floors)

② Deregulation of floor space ratios (Fukuoka City original)

- 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)
- Tenjin 1-chome district north area

800%→1,400% (maximum)

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 enhancing the vibrancy, 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 50%

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

Note: The projects are designed to solve problems specific to the area around Hakata Station (limited to the period of Hakata Connected)

Risks and Opportunities

To achieve sustainable growth, FRC keeps close track of highly significant risks and opportunities while extracting significant risks and assessing their impact on the Investment Corporation and its stakeholders.

● Measures to Address Risks ● Opportunities

Significant risks	Impact on stakeholders	Response to risks and opportunities
Risks from Natural Disasters • Response to climate change Related Materiality • Addressing climate change • Resource circulation and efficient utilization • Natural disaster preparedness	• Buildings might be lost: Suffering deterioration or damage due to the occurrence of natural disasters, such as earthquakes, storms, and floods, or experiencing severe weather due to climate change, their value could be affected, with a decrease in rent due to the non-operation of properties	● Consider that it is possible to purchase insurance at a relatively low cost compared to other areas; arrange earthquake insurance coverage for all properties ● Improve resilience (e.g., ability to respond to disasters) by engaging in a variety of activities; this includes conducting disaster drills at each property, stockpiling emergency food supplies, strengthening flood countermeasures, and formulating a business continuity plan (BCP) See p.38
Environment-Related Risks • Reduction of environmental load • Soil pollution and toxic substances Related Materiality • Resource circulation and efficient utilization • Business operations for resolving environmental issues	• Increase in property management costs due to more stringent environmental laws and regulations, such as the strengthening of the Building Energy Conservation Law • Risk of damage to the health of building users due to the presence of toxic substances in the soil or in building materials, and other items, of properties owned; risk of bearing the cost of compensation for damage to health or for removal of toxic substances	● Work to maintain and improve environmental performance through renovation opportunities for properties owned; acquire Green Building and other certifications to obtain the results of environmental/social initiatives in visual form and improve property competitiveness See p.39 ● Aim to reduce vacancy rates by pursuing healthy and comfortable conditions in properties owned and by increasing leasing demand for properties with high environmental performance ● Conduct thorough physical investigations at the time of property acquisition; acquire properties after confirming the presence or absence of toxic substances and taking appropriate measures
Human Resources–Related Risks • Deterioration in the caliber of human resources • Dependence on human resources Related Materiality • Creation of pleasant workplaces (Asset Management Company)	• Risk of deterioration in the organizational strength of Fukuoka Realty Co., Ltd. (Asset Management Company), due to a failure to maintain the human resources base, in terms of such factors as ability, experience, and know-how of the Asset Management Company for smooth business operations • Heavy reliance on FRC's directors and auditors as well as on the human resources of the Asset Management Company with the risk that the outflow of these human resources could have an adverse effect on operations	● Improve organizational strength and increase employee loyalty by hiring and fostering excellent human resources ● Improve employee motivation by realizing a work-life balance and the stabilization of work through health management See p.40
Infectious Disease, Epidemic, and Other Related Risks • Pandemic Related Materiality • Business operations for resolving environmental issues • Creation of pleasant workplaces (Asset Management Company) • Improvement in tenant engagement	• Risk that such external factors as infectious diseases and epidemics in Japan and overseas could interfere with the normal operation and management of FRC's properties • Decrease in rental income from real estate due to such factors as a downturn in visitors, which might have an adverse effect on, for example, earnings	● Implement infectious disease countermeasures and put in place a facility environment that provides peace of mind for tenants and consumers ● Set up satellite offices at the Asset Management Company and introduce a telework system with a view to ensuring business continuity
Property Concentration Risks • Regions (Fukuoka/Kyushu) • Retail facilities Related Materiality • Contributions to boosting the attractiveness and revitalization of Fukuoka and Kyushu	• As FRC's properties owned are concentrated in Fukuoka and Kyushu, the vacancy rate might increase due to a worsening economic situation in that region, and profitability could deteriorate due to a decrease in rent • Possibility of adverse effects on profits due to overall consumer consumption as well as other overall trends in the retail industry that reflect the nature of retail facilities as a main investment target	● Invest in various types of properties to reduce the risk of portfolio fluctuation by diversifying rental market cycles and tenant industries See pp.12–13 See pp.44–45 ● In retail facilities, such as Canal City Hakata/Canal City Hakata・B, operate bustling facilities by replacing tenants and providing new experiences and other value, thereby reducing the risk of profit fluctuation by dispersing tenants ● Revitalize the entire region and connect this growth to the growth of properties owned

● Measures to Address Risks ● Opportunities

Significant risks	Impact on stakeholders	Response to risks and opportunities
Risks from Changes in Business Conditions • Increase in vacancy rates • Decrease in rent Related Materiality • Improvement in tenant engagement	• Vacancy rate increases associated with worsening real estate market conditions; decrease in dividends due to rent decreases • Rent reduction, rent nonpayment, and vacating risks due to deterioration of a lessee's financial situation	● Consider extending lease agreement terms and the fixing of such items as rent, according to property characteristics ● Appropriate occupancy screening when tenants move in as well as monitoring of operating status and thorough credit management during the lease period ● Deposits and security deposits against items including rent delinquency; collateral by such means as guarantor companies ● Treat deterioration in the real estate market as an opportunity to acquire excellent properties and execute strategic investments through appropriate financial management utilizing information-gathering capabilities
Market-Related Risks • Increase in interest rates • Fluctuations in the investment unit price Related Materiality • Information disclosure and dialogue with stakeholders	• Risk of increase in interest payment due to increase in interest rates caused by market trends at the time of borrowing • Risk that FRC's investment unit price might fluctuate due to factors that include unitholder supply and demand, interest rate conditions, economic conditions, and real estate market conditions • Risk of not being able to acquire planned assets because additional units cannot be issued at the desired time and under desired conditions due to fluctuations in unit price	● Long-term fixing of interest-bearing debt and repayment period limit diversification ● Conservative interest-bearing debt management and commitment lines* to ensure flexibility and agility in funding ● Conduct proactive IR activities See p.28
Risks from Property Degradation, Deterioration • Increase in repair and maintenance expenses • Decline in property competitiveness Related Materiality • Natural disaster preparedness • Business operations for resolving environmental issues	• Increase in expenses required for such items as large-scale repairs, due to the deterioration of properties, and large capital expenditures could reduce cash flows • Possibility of tenants vacating and a reduction in rent due to a loss of property competitiveness resulting from changes in the surrounding environment	● Maintain/improve property competitiveness through appropriate maintenance and repair work, value-up investment, and extending the number of service life years ● Based on an understanding of conditions including real estate market trends and the capital market environment, if the strategic holding of a property becomes less significant from the perspective of property performance, competitiveness, and future profitability, consider replacement of that property if it is determined that selling it is in the interest of unitholders
Regulatory Risks • New laws and regulations • Changes in the tax system Related Materiality • Compliance/Risk management	• Possibility of restrictions on property rights or increased management costs due to the introduction or amendment of laws and regulations • Possibility of an increased burden from taxes and fees due to tax reform	● In addition to receiving information from such sources as Fukuoka Realty's affiliated organizations, tax accountants, and law firms, participate in external training, obtain information, and take measures to reduce any impact from an early stage
IT-Related Risks • Information leaks Related Materiality • Compliance/Risk management	• Risk of leakage of personal and confidential information due to delays in strengthening cybersecurity	● Strengthen confidential information management systems by introducing two-factor authentication for software as well as applications and by conducting training on cybersecurity and information management ● Enable property differentiation by introducing advanced technologies into properties owned
Compliance Risks • Violations of organizational laws and regulations • Conflicts of interest* Related Materiality • Compliance/Risk management	• If Fukuoka Realty (Asset Management Company) violates its duty of care as a good manager (duty of care) and its duty to faithfully perform tasks for FRC (duty of fidelity) under the law or specified contracts, the possibility exists that this could adversely affect FRC's survival and profitability • Potential conflict of interest issues with sponsor	● Prevent violations including those of laws and regulations as well as transactions involving conflicts of interest, through deliberations and audits by the Compliance Assessment Committee ● Improve employee awareness of compliance by conducting regular compliance trainings See p.43

Glossary **Commitment lines**
This refers to the upper loan limit a borrower can receive at any time without going through a defined review, within a range agreed upon in advance with the bank. Commitment in this case indicates a contracted promise. The borrower can secure stable working capital regardless of business conditions.

Conflicts of interest
In general, this refers to when an act is in one's own interest, while at the same time disadvantageous to the interests of another. For a J-REIT, this often refers to a conflict between a unitholder and the interests of the Investment Corporation or the Asset Management Company.

Investment Strategy



Investment Department
Executive Officer and General Manager of the Investment Department
Fukuoka Realty Co., Ltd.
Hideya Kanno

Based on a thorough understanding of the local characteristics of real estate, which is a very regional-specific business, and the features of each particular area, the Investment Department's mission is to invest in high-quality real estate and secure stable earnings over the medium to long term. To achieve that mission, I believe it is important to make the most of our local information-gathering capabilities, market insights, and strong network. At the same time, the real estate market is facing a challenging environment due to concerns surrounding increasing construction costs and interest rates. As a result, opportunities to acquire investment properties remain limited. Under these circumstances, I believe it is essential to go beyond existing frameworks and develop more flexible investment strategies that keep pace with the changing times.

By anticipating changes in the market environment and responding rapidly and flexibly, we will promote the diversification of asset types and engage in strategic portfolio replacement through the continuous acquisition and transfer of assets. This will enable us to work on the steady expansion of our asset scale, and in going beyond existing frameworks allow us to introduce flexible capital strategies, including the use of special purpose corporations (SPCs). In doing so, we will actively develop new opportunities from a long-term perspective. We are also taking full advantage of the regional characteristics of Fukuoka and Kyushu to venture into new areas that will contribute to the development of the local economy. For example, we are advancing research into capital investments that will form the foundation of the region, such as factories and industrial parks, and are developing ongoing activities with a view to acquiring investment real estate in the years to come. Through this process we are not merely “acquiring” properties. By focusing on the essence of value creation—“what to acquire, how to acquire it, and for what purpose”—we are strengthening the diversity and resilience of our portfolio as a whole and working toward the development of a flexible and sustainable investment strategy. As an important measure reflecting the increasing diversity of our investment targets, we have also adopted diversification in terms of our fund procurement strategies. Maintaining the solid management of a listed REIT as a foundation, we are working to engage in flexible investments that go beyond conventional boundaries. While optimizing the balance between capital efficiency and profitability, we aim to stabilize and improve investment returns.

Another important strategy is our commitment to sustainability, which involves incorporating environmental, social, and governance (ESG) factors into our investment decisions. At this

point, the link between properties with green specifications and price competitiveness might not be clearly evident. However, contributing to a sustainable society remains essential for increasing long-term corporate value. In anticipation of future market demands, we will continue to invest in environmentally friendly properties and improve the environmental performance of our existing portfolio, thereby contributing to the realization of a sustainable society. Not shying away from change and always seeking to optimize our investment strategies, I would like us to remain a “value creation partner” that paves the way to the future. More than just a real estate investment company, we as a whole will push ahead in a bid to contribute to the development of local communities and by association provide stable returns to our investors.

Silent partnership investment in SPCs

In October 2025, we acquired silent partnership equity interests in two conveniently located rental apartment properties in the center of Nagasaki City, which is thriving due to redevelopment.

■ ABAS CHIKUGOMACHI



Overview	
Address	4-1 Chikugo-machi, Nagasaki-shi, Nagasaki
Built	January 2011
Acquisition price	1,330 million yen
Appraisal value	1,430 million yen
Total floor area	3,361.59 m ²
Site area	675.02 m ²
Structure	Steel-framed reinforced concrete, flat roof, 13 floors
Number of tenants	Total of 84 units (1K 36, 2DK 12, and 2LDK 36 units)

■ ABAS KANAYAMACHI



Overview	
Address	9-26 Kanaya-machi, Nagasaki-shi, Nagasaki
Built	January 2008
Acquisition price	880 million yen
Appraisal value	970 million yen
Total floor area	2,371.02 m ²
Site area	478.60 m ²
Structure	Steel-framed reinforced concrete, flat roof, 13 floors
Number of tenants	Total of 72 units (1K 36, 2DK 36 units)

Management Strategy



Real Estate Management Department
General Manager of the Real Estate Management Department
Fukuoka Realty Co., Ltd.
Takafumi Fujita

As FRC's Asset Management Company, Fukuoka Realty's Real Estate Management Department develops unique strategies for a wide range of assets, including retail facilities, office buildings, logistics facilities, residential properties, and hotels, mainly in Kyushu and Fukuoka. Taking into account the changing market environment and regional characteristics, we are working to improve the value of real estate and maximize unitholder value over the medium to long term.

As some of the properties under ownership were built several years ago and require large-scale equipment and facility upgrades, we have formulated a maintenance plan for the next 10 years, which we are currently refining into an immediate and specific three-year plan. In Canal City Hakata, plans for large-scale investments include the renewal of elevators and escalators, renovation of restrooms, and upgrading of lighting and electrical equipment in common areas, some of which have already begun. We are also working with external experts to consider ways to level out costs and implement projects more efficiently. Because large-scale investments might temporarily increase capital expenditures with the possibility of negatively impacting dividends, we carefully consider the need to maintain and improve dividends in fundraising and allocation activities, while working to achieve both efficient capital management and stable returns.

In our retail facilities, we are strengthening our ability to respond to local characteristics and customer needs while working to improve efforts aimed at attracting customers and maximizing operating revenues. At Canal City Hakata, we are leveraging the property's heightened ability to attract customers from both Japan and overseas while strengthening promotions for which we are utilizing social media and overseas influencers. We are deploying detailed sales promotion strategies tailored to the target customers of each facility. This includes utilizing TV commercials and radio ads in the case of Park Place Oita and placing emphasis on sales promotions aimed at point card users at Konoha Mall Hashimoto. In addition to promoting the introduction and reviews of sales-based rents and revising the fixed rents at Konoha Mall Hashimoto in light of soaring prices, we have implemented a percentage of sales system whereby rents increase in line with tenant sales, thereby achieving both stable income and growth potential in a bid to maximize operating revenues.

At the same time, to address the labor shortages faced by our tenants, which is a common issue faced by all facilities, we are strengthening our collaboration with property management companies and promoting new initiatives, such as considering support services to provide human resources. We are also

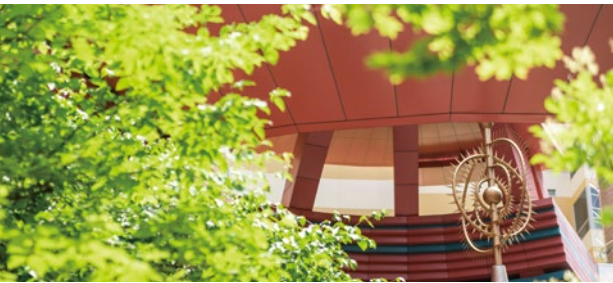
working to improve the overall appeal of our facilities by creating comfortable environments for both tenant employees and visitors, including the provision of rooms where employees can take breaks and nursing spaces.

From an office building perspective, redevelopment is underway in the Tenjin and Hakata areas of Fukuoka City. As the supply of new buildings in central Fukuoka City continues to increase, our office buildings possess a competitive advantage in terms of their location, size, and specifications. By means of ongoing negotiations to increase rents, we have also achieved favorable leasing results.

Even in well-located residential properties that are more than 17 years old, such as Amex Akasakamon Tower and D-Wing Tower in Fukuoka City, we have been able to increase rents by combining appropriate renovations and facility updates in conjunction with replacement. At D-Wing Tower, we are working to improve profitability through fair property valuations and renovation investments to, for example, achieve rent increase rates of more than 30%.

Against the backdrop of Fukuoka's growth potential and expanding inbound tourism demand, we consider hotels as an important option in future portfolio expansion. Despite facing challenges, such as changes in the market environment and intensifying competition, in the case of Tissage Hotel Naha that is currently under our management, the hotel is exploring the possibility of further expansion by focusing on the abundant tourist attractions that are spread throughout Kyushu.

Maintaining the soundness of our portfolio as a whole, strengthening the relationships with our tenants, and working toward sustainability are all important pillars for improving real estate value and maximizing unitholder value over the medium to long term. Pursuing greater efficiency and feasibility with a limited number of staff, Fukuoka Realty is committed to achieving sustainable growth by deploying a flexible management strategy tailored to market and customer needs.



Financial Strategy



Finance Department

Director and General Manager of Finance Department, Executive in-charge of Human Resources and Digital Transformation Department
Fukuoka Realty Co., Ltd.

Hiroyuki Ayabe

I believe that one of the core missions of the Finance Department is to seamlessly procure and effectively invest capital while drawing from dialogue with the capital markets. Today's rising interest rates and other notable changes in the external environment, however, have triggered the growing need to build a firm financial foundation and to engage in strategic capital investment. We have therefore broadly structured our financial strategy on the following three pillars.

- **Build a stable financing base**
- **Strategically allocate funds (cash allocation)**
- **Engage in ongoing IR activities**

Based on these three pillars, we are working to secure sustainable growth for the Investment Corporation and to maximize unitholder value. The core of our financial strategy, however, lies primarily in establishing a stable financing base.

Our current Loan-to-Value (LTV) ratio stands below the targeted range of between 35% and 45%, which ensures our financial strength. The strength of a company's financial standing is extremely important for enhancing its creditworthiness among financial institutions and for ensuring the freedom of future financing. Faced with the difficulty of avoiding higher financing costs going forward, today's rising interest rates present us with a challenge. Although our current average financing cost lies around 0.8%, should we be forced to refinance all of our existing loans, we estimate that this average will increase to 1.5% to 1.6%. We must therefore focus our efforts on coming in as far below this estimate as possible.

From a long-term perspective, interest-bearing debt will also expand as our asset portfolio grows in the future. In addition to spreading out repayment maturities and controlling fixed rates, we must therefore also consider ways to diversify our financing options. Although loans from financial institutions will account for the majority of financing for the time being, we believe that using a range of financing options, including the issuance of corporate bonds, will enable us to further enhance our financing stability. Moreover, we assume that effectively and strategically allocating the funds we procure will serve as an important aspect that directly connects to greater unitholder value.

Furthermore, the primary sources of cash flow for the Investment Corporation are depreciation and amortization expenses and property sale proceeds. Our options for utilizing this cash include such financial strategies (capitalization) as dividends, the repayment of loans, and acquisition of own investment equity (buybacks), as well as investment strategies (reinvestment), including capital expenditures (CAPEX) and property acquisitions

(the replacement of properties). Based on the aforementioned, we recognize the critical need to consider approaches from among these options, and prioritize allocating cash to measures that help improve unitholder value over the medium to long term.

With this in mind, we undertook a comprehensive assessment of the market environment and the level of our NAV ratio (PBR), and made the decision to acquire own investment equity in April 2025. Since the Investment Corporation maintains a NAV ratio well below 1 times, we believe that acquiring own investment equity is a better approach to effectively increasing yields as opposed to acquiring new properties, and that doing so will contribute more to returns for all existing unitholders. We also feel that acquiring own investment equity is an effective means of sending a strong message to the market, and of fulfilling our responsibilities to unitholders.

As the third pillar, ongoing IR activities (stronger dialogue with all investors) is essential. In specific terms, we will work diligently to listen to feedback from investors in an effort to continuously determine whether our financial strategies and initiatives match their expectations. We will also seek to accurately ascertain the respective needs and investment stances of institutional, individual, and overseas investors, as well as actively provide information through IR activities all while engaging in dialogue in a bid to achieve important targets, including consistent dividend growth and curtailing excessive fluctuations in investment unit prices. At the same time, we will strengthen our approach to individual investors who utilize the new NISA and similar systems, and intend to convey the appeal of the Investment Corporation to a broad range of investors.

Our sustainability initiatives are another area in which we will engage vigorously in disclosure of pertinent information. When seen from a short-term perspective, some aspects of our sustainability initiatives struggle to directly connect to dividends, which means gaining the understanding of investors requires detailed explanations and adequate time. When seen from a long-term perspective, however, the lower environmental impacts and contributions to society resulting from these initiatives are essential elements of enhancing property competitiveness and growing corporate value for the Investment Corporation. Similarly, we consider the costs involved in ESG as investments for the future as opposed to simple expenditures. For this reason, we will pursue the intrinsic sustainability of our properties as real estate by continuously using older properties over the long term while engaging in proper maintenance and repair, and working toward appropriate disclosure.

The environment in which the Investment Corporation operates is constantly evolving. Accordingly, we will calmly analyze each change and push forward financial strategies as appropriate as we proceed in a manner that provides our unitholders with peace of mind while achieving both stable dividends over the long term and sustainable growth.

Human Resources and Digital Transformation Strategy



Human Resources and Digital Transformation Department

General Manager of the Human Resources and Digital Transformation Department
Fukuoka Realty Co., Ltd.

Tatsuro Mimaki

As the foundation for supporting Fukuoka Realty's sustainable growth, the Human Resources and Digital Transformation Department is advancing human capital management in lockstep with our promotion of digital transformation. We see it as our core mission to draw out the most from the capabilities, experiences, and skills of each employee while linking this potential to the company's growth. At the same time, our goal is to balance greater employee satisfaction with higher operational efficiency.

Human Resources Strategy

We are expanding opportunities for our employees to play an active role through improvements to our personnel systems and to the workplace environment. Because we are a relatively small organization with just over 50 employees, we adopt a detailed approach when addressing their respective needs while administering flexible, highly responsive systems. Leveraging these characteristics, we focus especially on the two themes of recruitment and dialogue. Here, we support seamless onboarding by emphasizing dialogue from the hiring stage, engaging in detailed follow-up from job offer to entry, providing extensive training, and conducting interviews. At the same time, we undertake vigorous follow-up during the second and third years after entry, and seek to build mechanisms that support retention and participation over the medium to long term.

Meanwhile, our hiring efforts have focused on recruiting mid-career employees. Taking into consideration the differences in industry experience and skills, the need for basic skill training has continued to emerge. To ensure that employees fully understand our business, we have looked carefully into cross-departmental training programs and have categorized business skills, management know-how, financial knowledge, and other areas into basic and specialized fields. In this manner, we have built a system that enables systematic learning. We also leverage external programs and encourage self-led career development with a target investment of more than 100,000 yen per person per year.

In addition, we see greater employee engagement as directly connected to the company's performance, and therefore seek to obtain feedback from the front lines through dialogue and questionnaires. In response to concerns that employees are unsure of what to learn, for example, we prepared an organizational training chart and have proposed recommended training programs for each position. We prepared items for a questionnaire, which we distribute once or twice a year, in reference to the standards

of a "Great Place to Work," and revise our personnel systems and their administration based on the results. As far as work styles are concerned, we introduced flextime work and refreshment leave in an effort to address today's more diverse lifestyles. As part of our personnel evaluations, we actively recognize cross-departmental activities and efforts to take on the challenge of new initiatives, which seeks to foster a culture that optimizes the overall organization while allowing for failure.

Digital Transformation Strategy

Our digital transformation strategy promotes business process reforms utilizing digital technologies on the basis of improving efficiency for and standardizing operations. As part of this strategy, we are working to shift our diverse range of property management data away from a focus on manual Excel operations and are looking into the introduction of external platforms. By standardizing business processes and data structures, we are organizing systems that handle property information and rent data in an integrated manner, and are endeavoring to establish an environment that allows everyone to easily access essential data under the slogan of "Open & Simple."

During the current fiscal year, we introduced AI and various application tools in an effort to reduce high-workload operations that can lead to work stoppages. This effort both increased operational speed and stability, and has allowed us to allocate our limited human resources to higher-value-added work. We also share digital transformation success stories within the company and horizontally deploy effective techniques, which helps raise the overall level of literacy across the organization. Moreover, we also actively incorporate external cases, and explore the best approaches from among the various options.

We are also focused on providing digital transformation training to our employees, and offer them learning opportunities regarding digital tool application methods. This includes how to link these to their practical use. When we discover new issues among everyday operations, we rapidly explore and execute improvement measures, and flexibly correct implementation approaches based on the outcomes of improvements. Going forward, we will move beyond simple efficiency enhancements to include fully digitalized operation designs (application of electronic contract systems and digitalization of asset management operations) in order to promote flexible work styles that are unrestricted by place or time. By encouraging frontline-led improvement proposals and having individuals actively embed a culture of digital transformation, we will link our human resources and digital transformation strategies, seek to improve both engagement and productivity, and contribute to the sustainable growth of Fukuoka Realty.

Sustainability



Aim for sustainable growth alongside Fukuoka and Kyushu as a leading company in sustainability within the real estate asset management industry

As the General Manager of the Planning Department and Sustainability Promotion Office, I have prioritized the need to fulfill our Corporate Social Responsibility (CSR) and to address Environment, Social, and Governance (ESG) concerns in my efforts to formulate management policies, oversee decision-making bodies such as the Board of Directors of FRC and Fukuoka Realty, and manage accounting and financial reporting for FRC. I also do so when seeking to ensure that systems are established in accordance with relevant laws and regulations, and that operations are conducted smoothly.

In particular, I believe that revising today's increasingly diverse and complex business processes is a key issue. As such, we are promoting greater efficiency by improving internal workflows and using digital transformation. We have, for example, reduced workloads for employees by systematizing accounting processing and data sharing, which has served to improve productivity. These activities are also positioned as an important aspect of infrastructure building that supports the creation of pleasant workplaces.

We believe that the "creation of social value through activities that contribute to the community" and "contributions to revitalizing the regional economy" are important missions. To maximize the appeal of Fukuoka and Kyushu, we are building strategic partnerships by participating in local economic organizations, holding events, and engaging in interactive activities. For example, during the sustainability workshop we held in November of last year, we used an impact pass designed in-house to investigate the impact that our business activities have on communities and our stakeholders. The next step in this endeavor is to apply this process to individual operations and promote ownership.

As far as the environment is concerned, we are working to maintain and improve our sustainability ratings (i.e., GRESB) and are therefore focused on optimizing energy efficiency based on regional characteristics, as well as on reducing waste. These initiatives seek to do more than just improve our scores, however. They are also positioned as approaches to pursue more fundamental actions on the environment.

We are currently advancing activities centered on the following themes.

- **Energy efficiency improvement: Collect data and plan improvement measures**
- **Sustainable urban function development: Promote measures aimed at harmonizing with communities**

Through these activities, we aim to balance our contributions to the global environment with sustainable business growth for FRC. In the future, we intend to make every effort to ensure that environmentally friendly real estate management models spread broadly throughout society and that we can create greater social value together with our stakeholders and local communities. We will secure stable profits and consistently contribute to local communities as an investment corporation through these activities.



Sustainability Workshop

First Phase: A New Step Toward Value Creation

On November 8, 2024, we held a sustainability workshop for all officers and employees. This workshop deepened the company's principle of sustainability management and offered opportunities to explore concrete actions.

This workshop involved the following three key points.

1. Consider the relationships between sustainability and daily operations

Intentionally linking sustainability to regular operations is essential. We believe it is important for officers and employees to consistently strengthen efforts aimed at addressing ESG concerns as part of the duties for which they are responsible.

2. Deepen understanding toward materiality for Fukuoka Realty

Properly understanding materiality for the company and formulating specific strategies will contribute to stable growth and value creation as an investment corporation. We believe it is important to maintain profitability from the perspective of investors while fulfilling our social responsibility in anticipation of the future.

3. Establish a vision for sustainability management

Based on our mission of "Act Local, Think Global," we believe it is important to rediscover the vision that drives sustainable growth for the real estate industry as an asset management company that represents Fukuoka and Kyushu, and to take the stance of becoming the cornerstone on which both regional economic development and greater revenues as an investment corporation stand.

Centered on our principle of "Act Local, Think Global," we have made steady progress toward achieving sustainable management. We feel that the ideas and policies formed through our continued efforts to organize this workshop will become incorporated into the operations of the Investment Corporation, and will generate long-term value from both financial and non-financial perspectives.



Climate Change

Related Materiality Addressing climate change/Resource circulation and efficient utilization/Natural disaster preparedness

FRC's Recognition of Climate Change

In the Investment Corporation and Asset Management Company, we acknowledge the scientifically proven progression of climate change, as outlined in the Paris Agreement (2015), the IPCC Special Report (2018), and the IPCC Sixth Assessment Report (Working Group I, 2021). We recognize climate change as a significant (material) challenge that brings about dramatic changes to the natural environment and social structures, exerting a profound impact on the management and overall business of FRC. Based on this recognition, the Asset Management Company established the Policy on Climate Change and Resilience in September 2022. This policy outlines our approach to responding to risks and opportunities associated with climate change, as well as initiatives to ensure the resilience (strength and buoyancy) of operations and strategies relative to climate-related issues.

Governance

System for Promoting Sustainability

The Asset Management Company has established the Sustainability Policy and related internal regulations as specific practical guidelines to consistently and systematically promote sustainability initiatives, as well as the Sustainability Promotion Committee. This Committee meets at least twice a year in principle to examine goals and measures related to climate change issues and determine the progress of initiatives. It comprises the President and CEO, the Executive Officers, and the general managers of each division. The President and CEO makes final decisions regarding sustainability, while the general manager of the Planning Department holds the role of Sustainability Officer.

In addition, to streamline the execution of sustainability initiatives, we have established the Sustainability Promotion Office. Comprising sustainability representatives from diverse departments, this office operates in accordance with decisions made by the ultimate authority on sustainability. This structure enables the effective implementation of activities associated with sustainability promotion.

The Asset Management Company positions climate-related issues as one of its sustainability challenges and has established the following governance structure to address climate-related risks and opportunities associated with FRC.

The President and CEO holds the highest authority for climate-related issues, serving as the ultimate decision-maker for sustainability. The executive overseeing climate-related matters is the general manager of the Planning Department, responsible for the supervision of sustainability promotion.

This executive consistently reports to the President and CEO within the Sustainability Promotion Committee, covering various aspects such as identifying and assessing the impacts of climate change, managing

TCFD Endorsement (and Participation in the TCFD Consortium)

The Asset Management Company expressed its support for the Task Force on Climate-related Financial Disclosures (TCFD) in September 2022 to promote disclosure of information related to climate-related issues. Alongside this endorsement, we are also a member of the TCFD Consortium. Within this consortium, which includes numerous companies and organizations endorsing TCFD in Japan, discussions take place on how information on climate-related issues should be disclosed and used.

risks and opportunities, providing updates on initiatives related to adaptation and mitigation, and reporting on climate change responses, including the establishment of indicators and goals. The Sustainability Promotion Committee deliberates on each agenda item with the participants, and final decisions rest with the President and CEO.

Role of Management

The President and CEO serves as the chairperson of the Sustainability Promotion Committee and, as the ultimate decision-maker for sustainability (also the highest authority for climate-related issues), makes final decisions regarding the implementation of related measures.

The President and CEO also periodically reports on specific targets, proposals, and progress on sustainability initiatives determined by the Sustainability Promotion Committee to the Board of Directors of both the Investment Corporation and FRC.

Oversight by the Board of Directors

The President and CEO serves as the chair of the Board of Directors for the Asset Management Company.

The Board of Directors is responsible for making the final decision on the formulation and revision of the Sustainability Policy, which represents the specific operational guidelines for sustainability for the Asset Management Company.

Furthermore, the Board of Directors monitors and supervises the sustainability initiatives of the Asset Management Company by receiving reports from the Sustainability Promotion Committee and offering guidance as necessary.

Strategy

The Asset Management Company has established a process to identify, assess, and manage the impacts of climate-related risks and opportunities on its business activities, strategies, and financial plans. Ongoing analyses are being conducted.

The Asset Management Company, in conjunction with its commitment to the TCFD in September 2022, released the results of its first scenario analysis. It subsequently conducted a second scenario analysis, reassessing risks and opportunities.

Scope of Analysis

In the most recent scenario analysis, the focus is on FRC's real estate leasing business. The analysis timeline is set for 2030 (medium term) and 2050 (long term).

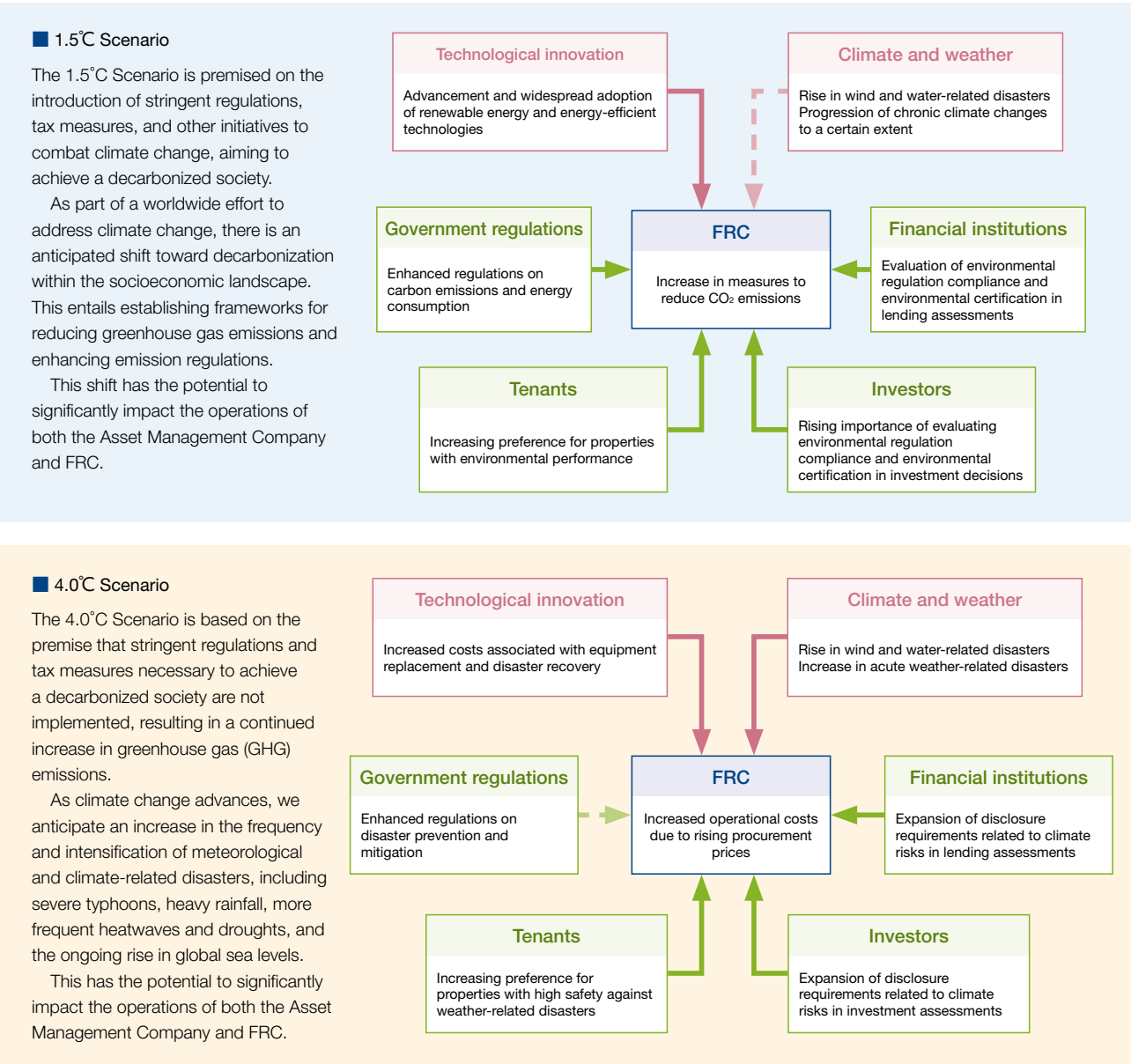
External Scenario Referenced

In accordance with the TCFD recommendations, it is advisable to articulate the resilience of one's own strategy, taking into account multiple scenarios, including those aligning with the goal of limiting global warming to below 2°C. The scenarios referenced by the Asset Management Company in conducting the scenario analysis are shown on the right.

Risk type	Source	1.5°C Scenario	4.0°C Scenario
Transition risk	International Energy Agency (IEA) World Energy Outlook 2020	IEA NZE2050	IEA STEPS
Physical risk	Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report	IPCC RCP2.6	IPCC RCP8.5

Envisioned Worldview in Each Scenario

Based on each scenario, the Asset Management Company envisions the following worldview.



Climate Change

Related Materiality Addressing climate change/Resource circulation and efficient utilization/Natural disaster preparedness

Identification of Risks and Opportunities

Fukuoka Realty identified risks and opportunities based on various scenarios and assessed their potential impact on the business as follows. For financial impacts, both qualitative and quantitative assessments were conducted, referencing the scenarios mentioned above and literature from industry associations.

[Qualitative analysis results of climate-related risks, opportunities, and their financial impacts]

Risk and opportunity factors and financial impacts			Importance		Response to risks and opportunities
			2030	2050	
Transition risk	Policy and legal	The introduction of carbon pricing results in an increased carbon tax burden.	Low	Medium	Advancement of CO ₂ reduction goals/Energy-efficient renovations/Introduction of renewable energy/Efficient energy management
	Technology	Expenses increase for energy-saving and energy-creating measures for existing properties, including energy conservation, energy storage, ZEB/ZEH conversion, and solar power generation.	High	High	Establishment of long-term renovation plans considering the useful life span/Utilization of subsidies/Improvement of portfolio environmental performance through acquisition of ZEB/ZEH properties
	Market	Market preferences lead to an increase in vacancy rates and a decline in rents for properties not aligned with decarbonization.	Low	Low	Promotion of environmental certifications/Understanding of tenant needs through satisfaction surveys/Advocacy of Green Lease agreements/Promotion of green initiatives/Appealing to investors who prioritize environmental issues/Improvement of portfolio environmental performance through property replacement
	Reputation	Delayed adoption of decarbonization measures results in a decline in investment unit prices and missed opportunities for external growth.	-	-	
Physical risk	Acute	Increased frequency of disasters results in a rise in damage costs and disaster recovery expenses.	High	High	Risk monitoring of property locations/Implementation of disaster preparedness measures (e.g., installation of water stoppers, waterproofing of central monitoring, reinforcement of power receiving and transforming facilities)/Conducting BCP training/Insurance coverage for damages/Conducting hazard risk assessments at the time of property acquisition
		Increased frequency of disasters leads to a rise in disaster preparedness expenses.	Low	Medium	
	Chronic	The rise in air-conditioning usage due to increasing temperatures results in higher utility costs.	Low	Low	Implementation of air-conditioning efficiency improvement renovations/Efficient energy management
		Expenses for addressing the impacts of rising sea levels increase.	Low	Low	
Opportunities	Resource efficiency	Implementation of energy-saving measures leads to a reduction in energy procurement costs.	Low	Low	Energy-efficient renovations/Introduction of renewable energy/Improvement of portfolio environmental performance through acquisition of ZEB/ZEH properties/Decrease in the cost of high-efficiency equipment
	Energy sources	As the transition to clean energy progresses, the carbon tax burden decreases.	Low	Low	
	Products and services	The increased supply of ZEB properties in the market leads to an increased opportunity for acquiring such properties.	-	-	
	Market	Market preferences lead to an increase in vacancy rates and a decline in rents for properties not aligned with decarbonization.	Low	Medium	Promotion of acquisition of environmental certifications/Understanding tenant needs through satisfaction surveys and other measures
		The success of decarbonization measures leads to an expansion of lending partners and opportunities.	Low	Low	Utilization of green finance
		The success of decarbonization measures opens up new investor segments.	-	-	Appealing to investors who prioritize environmental issues
	Resilience	The success of disaster preparedness measures results in a reduction in damage costs and disaster recovery expenses.	Medium	Medium	Risk monitoring of property locations/Implementation of disaster preparedness measures (e.g., installation of water stoppers, waterproofing of central monitoring, reinforcement of power receiving and transforming facilities)/Risk mitigation through insurance coverage

[Quantitative analysis results of climate-related risks, opportunities, and their financial impacts]

Financial Impact (Millions of yen)			Note: Items not yet calculated are represented as "-".		
Scenario	Details of financial impact		1.5°C	4.0°C	Additional information
Transition risks and opportunities	Carbon tax burden increases.	Risk	(352)	-	Increase in carbon tax burden
		Countermeasure effects	188	-	Reduction through energy-saving and energy-generating (on-site) renovations
	Increased costs for energy-efficient retrofitting and energy-generating on-site renovations for existing properties.	Risk	(783)	-	Increase in CAPEX investment Rise in maintenance costs for energy-generating facilities
		Opportunity	Reflected in the effects of carbon tax countermeasures, energy procurement costs, and opportunities in the real estate leasing business		
	Energy procurement costs decrease with renovations.	Countermeasure effects and opportunity	119	-	Reduction through energy-saving and energy-generating (on-site) renovations
	Vacancy rates increase and rents decline for properties not aligned with decarbonization.	Risk	(91)	-	Decrease in real estate leasing business income if no measures are taken
Opportunity		329	-	Increase in real estate leasing business income with the implementation of energy-saving and energy-generating (on-site) renovations	
Physical risks and opportunities	Damage costs and disaster recovery expenses increase due to water damage.	Risk	(56)	(169)	Increased probability of heavy rainfall leading to direct damages from floods and indirect losses such as business interruptions
		Countermeasure effects	13	38	Risk mitigation through insurance for direct and indirect damages from flooding Effects of reducing risk by implementing flood prevention measures
	Expenses for water damage prevention measures increase.	Risk	(65)	(103)	Increase in insurance premiums Rise in CAPEX investment for flood prevention projects
	Utility costs increase due to the rise in air-conditioning usage.	Risk	(3)	(14)	Increase in utility costs due to the rise in air-conditioning usage
		Countermeasure effects	2	-	Reduction through energy-saving and energy-generating (on-site) renovations
	Expenses for addressing the impacts of rising sea levels increase.	Risk	-	-	At present, no significant impact has been identified regarding the depreciation of asset values or the incurrence of costs for properties in flood-prone areas due to rising sea levels

This simulation reflects only the aspects deemed calculable at present and does not assess all climate-related risks associated with FRC. Moving forward, we will strive to evolve our analysis in response to developments in global and Japanese climate-related risks. The simulation was conducted by considering FRC's existing financial information, taking into account information provided by

climate-related scenarios and literature. The unit is primarily in the form of impact amounts (millions of yen) per year on a cash basis, and the time frame assumes the year 2050. Note that the accuracy of the calculations cannot be guaranteed at present. In addition, the assumed countermeasures are based on simulation and are not decisions or plans that have been executed.

Concrete Initiatives in Response to Risks and Opportunities

We aim to achieve the current CO₂ reduction targets associated with transition risk. We will pursue energy-efficient upgrades, including LED conversions, and enhance energy efficiency during facility updates. In addition, we will explore initiatives such as the integration of solar power generation and consider transitioning to ZEB and ZEH. Furthermore, we will look into the greening of externally sourced energy.

We are currently mitigating physical risk through insurance coverage. We will also conduct ongoing risk monitoring, including the review of hazard maps, and implement necessary measures as required. By conducting BCP exercises and addressing various operational aspects, our goal is to effectively mitigate risks.

Risk Management

The process by which the Asset Management Company manages climate change-related risks is as follows.

Process of Identifying and Evaluating Risk

The risks and opportunities related to climate change are addressed through a climate-related working group. This group, led by the executive responsible for climate-related issues, convenes representatives from various departments believed to be necessary for the identification and assessment of climate-related risks. The process involves listing and identifying risk items, qualitatively assessing business impacts, and evaluating risk significance. The outcomes are then deliberated and assessed, and subsequently presented to the Sustainability Promotion Committee for consideration.

The Sustainability Promotion Committee deliberates on climate-related risks identified by the working group that need to be prioritized based on the likelihood of occurrence and impact and draws up risk management responses in order of priority. The Committee also deliberates on climate-related opportunities and establishes prioritization for business strategy.

Furthermore, the Committee reports on the deliberation and review process to the Board of Directors.

Process of Managing Risks

The executive with ultimate responsibility for climate-related issues designates responsible departments or individuals and instructs the formulation of countermeasures for climate-related risks and

opportunities of high priority in business and financial planning, as deliberated in the Sustainability Promotion Committee. The countermeasure plans formulated by the designated departments or individuals are reviewed and approved in internal forums such as the Sustainability Promotion Committee, depending on their content, before being implemented. Regular progress reports on the implemented measures are submitted to the Committee, where the advancement of responses to risks and opportunities is monitored and verified.

Integration into Comprehensive Risk Management

In the Asset Management Company, based on the Risk Management Regulations, each department head is designated as a risk management officer. The Risk Management Committee has been established to monitor the risk management status overseen by these officers. The Committee convenes at least once every three months in principle, focusing on identifying, understanding, and managing various potential risks.

The executive with ultimate responsibility for climate-related issues instructs the inclusion of significant climate-related risks in business and financial planning within the existing company-wide risk management program through the executive in charge of climate-related issues. This directive aims to integrate the process of identifying, assessing, and managing risks within the Risk Management Committee.

Metrics and Targets

The Asset Management Company has established key performance indicators (KPIs) and goals to manage and monitor risks and opportunities. These metrics, targets, and results are outlined below.

Reduction of Environmental Load

• 35% reduction in CO₂ emissions by 2030 (compared with 2019, basic unit)

Maintenance and Enhancement of Environmental and Construction Performance

• 85% Green Building Certification rate or higher by 2030

Reference: <https://www.fukuoka-reit.jp/en/about/sustainability.html>

Environmental Response

Environmental Performance Data

Related
Materiality

•Addressing climate change

Related
SDGs

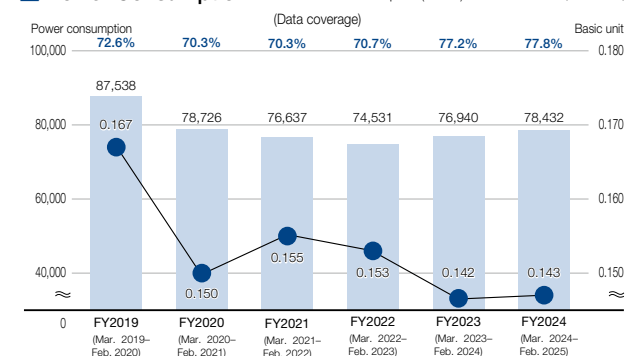
■ GHG Emissions (Scope 1 + 2)	2019	2020	2021	2022	2023	2024
CO ₂ emissions intensity (t-CO ₂ /m ²)	0.0610	0.0549	0.0545	0.0524	0.0514	0.0480
Scope 1 + 2 (t-CO ₂)	11,059	9,986	9,260	8,815	8,768	8,260
Scope 1 t-CO ₂	60	64	53	53	53	50
Scope 2 t-CO ₂	10,999	9,923	9,207	8,762	8,715	8,210

For the fiscal period ended February 2025, CO₂ emissions were reduced by 21.2% compared with the fiscal period ended February 2019.

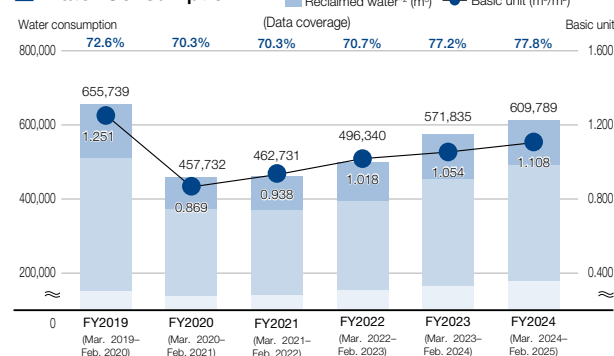
* In FY2024, the properties covered by Scope 1 + 2 included 22 buildings, comprising four retail facilities, 10 office buildings, two logistics facilities, and six residential properties.

* The emissions intensity for the entire Scope 1 + 2 portfolio is calculated by dividing the total emissions of the covered properties by their total floor area (common areas).

Power Consumption



Water Consumption*



For fiscal 2024, power consumption was reduced by 14.7% and water consumption was reduced by 11.4% compared with fiscal 2019.

Note: As of December 1, 2025, due to the addition of past data and a review of the aggregation scope, corrections have been made retroactively. Up to fiscal 2022, the total value for 15 properties is provided, including five retail facilities, nine office buildings, and one logistics facility. From fiscal 2023 on, the total value for 23 properties is provided, including two retail facilities, two office buildings, two hotels, and two logistics facilities. The basic unit is calculated by adjusting the total floor area (m²) by the occupancy rate. The data coverage ratio is calculated by the proportion of the area of the data collection target properties to the total portfolio properties (excluding land with leasehold interest) as of the fiscal year-end. For Canal City Hakata, Canal City Hakata-B, and Canal City Business Center Building, the total electricity and water usage of the entire Canal City Hakata, including the parts not owned by the Investment Corporation, are summed, with the ownership ratio applied. The figure for Park Place Oita covers only the main building section and excludes the section for independently run stores. The figure for Taihaku Street Business Center covers only the office tower and excludes the residential tower. For Tenjin North Front Building and Hakata FD Business Center, the total electricity and water usage for the entire facility are summed, with the ownership ratio applied. Water consumption excludes some well water volumes for which data cannot be obtained. Data from the past six years is published.

*1 Includes treated water volume. *2 Includes externally purchased greywater.

Environmental Initiatives

Related
Materiality

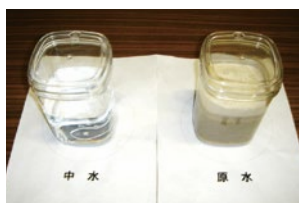
•Resource circulation and efficient utilization

Related
SDGs

Retail facilities

Greywater Plant (kitchen drainage reuse system)

At Canal City Hakata and Konoha Mall Hashimoto, kitchen wastewater discharged by restaurants is collected and processed as reclaimed water. It is then used as tap water in on-site restrooms.



Office buildings

Energy-Saving Measures by Switching to LED lighting

We are focusing on shifting to LED-based lighting in each property to reduce energy consumption.

<Office buildings already converted to LED>

- Gofukumachi Business Center (e.g., interior shared spaces, some external areas, exterior wall lighting)
- Sanix Hakata Building (interior recessed lighting)
- Taihaku Street Business Center (e.g., entrance, interior shared spaces)
- Tenjin North Front Building (common spaces)

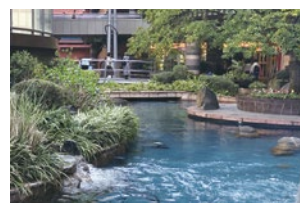


Example of shifting to LED lighting at Sanix Hakata Building

Retail facilities

Canal Water Filtration System (rainwater reuse system)

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



Others (logistics facilities)

Introducing Renewable Energy Equipment

At LOGICITY Minato Kashii and LOGICITY Hisayama, we have installed solar panels on the rooftops to generate renewable energy and contribute to the formation of a recycling-based society.



Solar panels



LOGICITY Hisayama

Green Finance

IC

Investment Corporation (FRC)

AMC

Asset Management Company

Related
Materiality

•Natural disaster preparedness

Related
SDGs

With the goal of further promoting ESG activities and expanding financing options through an enhanced investor base, FRC established the Green Finance* Framework in 2019 in line with the Green Bond Principles 2018, the Green Bond Guidelines 2017 from the Ministry of the Environment, and the Green Loan Principles to ensure implementation of green financing, including sustainability-linked loans and green loans. The funds procured through green finance will be allocated toward the acquisition of Eligible Green Assets, the repayment of borrowings required in the acquisition of Eligible Green Assets, or the redemption of Investment Corporation bonds issued and outstanding.

Eligible Green Assets are specified assets held by FRC that have received or are scheduled to receive one of the following certifications from third-party organizations at the time of procurement or the reporting date.

- (1) DBJ Green Building certification of 3, 4, or 5 stars
- (2) CASBEE certification of S, A, or B+ rank
- (3) BELS evaluation of 3, 4, or 5 stars

Total Properties Owned (acquisition price)



After procuring green finance, FRC will announce the total amount of Eligible Green Assets, the amount of related liabilities, and the amount of funds from green finance as of the end of each fiscal period (February and August each year). FRC will also announce the following indicators related to Eligible Green Assets as of the end of February each year.

• The number of properties classified as Eligible Green Assets, and the number and type of environmental certifications obtained.

Sustainable Finance* (Period: September 1, 2023–August 31, 2025)

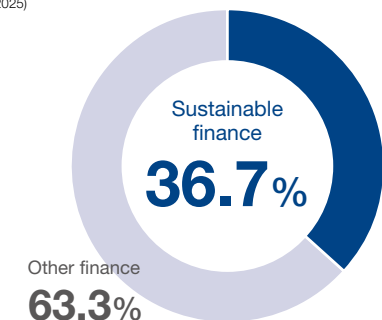
Lender	Amount procured (Millions of yen)	Procurement date	Repayment due date	Interest rate
The Nishi-Nippon City Bank	2,000	September 29, 2023	September 30, 2030	0.91900%
The Nishi-Nippon City Bank	1,900	September 29, 2023	September 30, 2031	1.01500%
The Nishi-Nippon City Bank	1,000	September 29, 2023	September 30, 2033	1.18900%
SBI Shinsei Bank	600	September 29, 2023	September 29, 2028	0.76700%
Higo Bank	600	September 29, 2023	September 29, 2028	0.76700%
The Iyo Bank	500	September 29, 2023	September 29, 2028	0.76700%
Kagoshima Bank	300	September 29, 2023	September 29, 2028	0.76700%
The Bank of Fukuoka	2,500	October 31, 2023	October 31, 2031	0.33091%
MUFG Bank	1,000	October 31, 2023	October 31, 2030	1.20250%
Sumitomo Mitsui Banking Corporation	1,000	October 31, 2023	October 31, 2030	1.20250%
Mizuho Bank	1,000	October 31, 2023	October 31, 2031	1.24900%
The Nishi-Nippon City Bank	1,000	February 29, 2024	February 28, 2031	0.88900%
The Nishi-Nippon City Bank	1,000	February 29, 2024	February 28, 2031	1.07000%
The Bank of Fukuoka	1,000	February 29, 2024	February 28, 2031	0.33091%
The Bank of Fukuoka	1,000	February 29, 2024	February 28, 2033	0.37091%
SBI Shinsei Bank	700	July 31, 2024	January 31, 2033	1.13176%

Lender	Amount procured (Millions of yen)	Procurement date	Repayment due date	Interest rate
Development Bank of Japan	1,000	February 28, 2025	February 28, 2030	1.38500%
Development Bank of Japan	1,000	February 28, 2025	February 28, 2031	1.46000%
Higo Bank	300	March 31, 2025	March 29, 2030	1.37000%
SBI Shinsei Bank	300	March 31, 2025	September 30, 2032	1.48508%
Sumitomo Mitsui Banking Corporation	500	March 31, 2025	September 30, 2031	1.66938%

Summary				
Unsecured, no guarantee, lump-sum repayment at maturity, fixed interest rate, Green Loan rating: Green 1*				

* FRC has received the highest "Green 1" rating from Japan Credit Rating Agency for our adherence to the Green Loan Principles.

Sustainable Finance Ratio as of the End of the 42nd Fiscal Period (August 2025)



Glossary Green finance

Green finance refers to financing focused on the efforts of companies and organizations in environmental sectors such as climate change, global warming countermeasures, and renewable energy, including loans (green loans) and bonds (green bonds).

Sustainable finance

A collective term for various investment and financing methods that emphasize not only the E (Environment) of ESG but also the S (Social) and G (Governance), as well as the financial systems that support them.

Environmental Response

Initiatives for Facility and Building Management

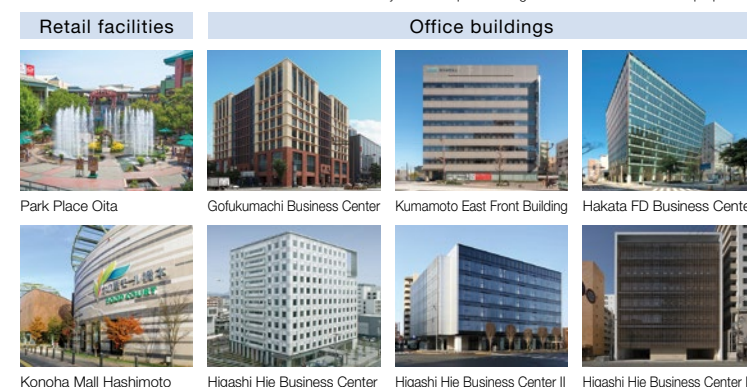
Related
Materiality

•Addressing climate change

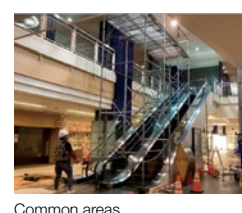
Related
SDGs

LED Conversion of Common Areas

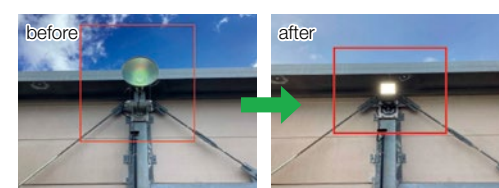
- Key facilities where LED conversion in common areas has been implemented
- Note: LED conversion has already been completed in logistics facilities and residential properties.



- At Canal City Hakata (common areas and backyard), all fluorescent lighting will be converted to LED, aiming to reduce annual CO₂ emissions by 65%.



Common areas



Backyard

Initiatives for Disaster Risk

Related
Materiality

•Natural disaster preparedness

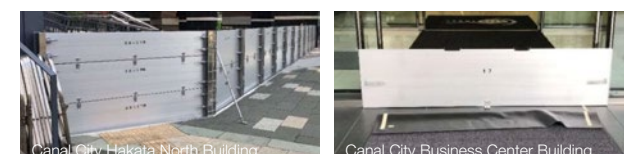
Related
SDGs

Countermeasures to Flooding Risks

Severe damage from flooding in Fukuoka City on June 29, 1999, contributed to the formulation of the Storm Water Management Action Plan and the upgrading of rainwater drainage facilities in the areas where the flooding was particularly harsh. Ongoing efforts to implement antiflooding measures have greatly improved flood safety within the city limits.

Replacing and Installing New Water Stops (July 2020)

We reviewed the specifications and installation locations of existing water stops throughout the Canal City Hakata premises and either repaired or installed equipment as part of our countermeasures to river flooding as a result of typhoons and locally heavy rains, which appear likely to come more frequently and increase in severity due to global warming.



Earthquake Risk Countermeasures

Fukuoka Prefecture is an area in which there are relatively few earthquakes. According to the probabilistic earthquake prediction map from the 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, the probability of an earthquake with an intensity of 6 or greater over the next 30 years is lower in Fukuoka Prefecture than in the Kanto, Chubu, and Kansai areas. FRC establishes the insurance value of each property based on its replacement value, earthquake PML* value, and other factors, and maintains earthquake insurance for all its properties (buildings). In addition, FRC continues to conduct annual property surveys through external organizations to estimate earthquake damage to properties based on various scenarios.

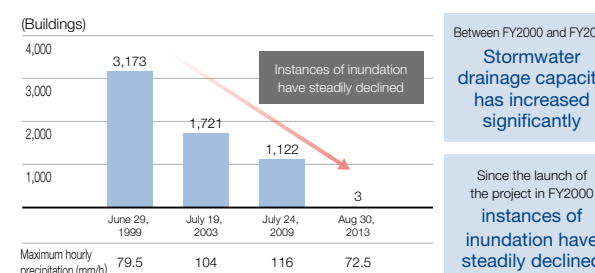
Glossary ▶ Earthquake PML

Refers to the probable maximum loss as a percentage of the expected maximum damage (Probable Maximum Loss) caused by an earthquake. The higher the PML value, the higher the building's seismic risk.
[Calculation method] PML = Expected maximum damage / Replacement cost

Capacity of Stormwater Storage Facilities of Fukuoka City



Inundation Instances of Fukuoka City



Source: Prepared by Fukuoka Realty Co., Ltd., based on data from the "Storm Water Management Action Plan 2026" pamphlet about the Fukuoka City StormWater Emergency Control Plan.

Other Disaster Prevention Measures

Emergency Drills

We have conducted comprehensive disaster drills at Canal City Hakata since 2017, with all tenants participating (not held in 2020 or 2021 due to COVID-19). The drills were conducted in June 2025.



Initiatives We Support and External Certifications

IC

Investment Corporation (FRC)

AMC

Asset Management Company

Related
Materiality

•Business operations for resolving environmental issues

Related
SDGs

FRC makes continuous improvements through feedback on the results it receives from acquiring external certifications.

Endorsement of the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

In September 2022, we announced our endorsement of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), which was established by the Financial Stability Board (FSB) to examine climate-related disclosures and how financial institutions should respond.

At the same time, we became a member of the TCFD Consortium, a group of companies in Japan that supports the TCFD.



Other Initiatives We Support

In September 2018, Fukuoka Realty Co., Ltd., endorsed the basic philosophies of the Principles for Responsible Investment (PRI) and the Principles for Financial Action for the 21st Century (PFA21) and became a signatory to these initiatives. Through ESG-conscious asset management, the company is contributing to the achievement of a sustainable society.

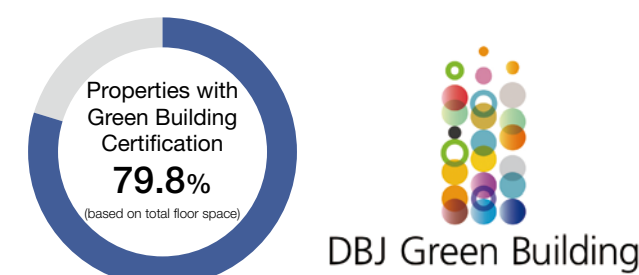
Signatory of:



Ratio of Properties Certified as Green Buildings

As of August 31, 2025, the ratio of properties within the entire portfolio certified as green buildings was 79.8%.

A total of 12 owned properties has received DBJ Green Building Certification from the Development Bank of Japan (DBJ), which recognizes real estate that demonstrates outstanding consideration for the environment and society. These properties are evaluated as buildings that prioritize environmental and social considerations.



★★★★★ Canal City Hakata (2024)
Canal City Hakata-B (2024)

★★★★★ Park Place Oita (2024)
Konoha Mall Hashimoto (2024)

★★★★ Hakata FD Business Center (2023)
Canal City Business Center Building (2024)
Gofukumachi Business Center (2024)
Higashi Hie Business Center (2024)
LOGICITY Minato Kashii (2023)
LOGICITY Hisayama (2023)
Higashi Hie Business Center II (2024)

★ SunLive City Kokura (2019)

Participation in GRESB Assessment 2025

The Global Real Estate Sustainability Benchmark (GRESB) was established in 2009, primarily by leading European pension fund groups that endorse the Principles for Responsible Investment (PRI). GRESB serves as the annual benchmark assessment for measuring environmental, social, and governance (ESG) considerations in real estate companies and funds. The organization conducting and overseeing this assessment is also named GRESB. In the GRESB Real Estate Assessment conducted in 2025, FRC achieved a rating of 4 Stars and Green Star. In addition, we obtained the highest level, A Level, in the GRESB Public Disclosure Assessment.



In addition, the Building Energy-Efficiency Labeling System (BELS) is a system in which third parties evaluate, indicate, and certify 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 certification for five of its owned properties.



Social Response

Initiatives for Employees and Tenants

Related
Materiality

• Creation of pleasant workplaces (Fukuoka Realty)
• Improvement in tenant engagement

Related
SDGs

Initiatives for Employees AMC

Fukuoka Realty:

Number of credentialed personnel As of August 31, 2025

Average number of years of continuous service of permanent employees

8 years and 7 months

Full-time personnel

51 Gender ratio Male: 43.1% Female: 56.9%

Number of credentialed personnel (total number of people)

• Real estate broker	24
• ARES Certified Masters	20
• Certified Building Administrators	3
• Attorneys (including persons who have completed their training as legal apprentices (persons planning to register as attorneys))	3
• Real estate appraisers	2
• CMAs	2
• First-class registered architects	2
• MBAs	2
• Licensed Representative of Condominium Management Company	1

Support for flexible work styles

- Introduction of flextime
- Child-rearing support (maternity leave, childcare leave system)
- Nursing care leave
- Leave for voluntary work
- Employee welfare (e.g., 401K, cumulative investment system)
- Encouraging use of paid holidays etc.

Employee training

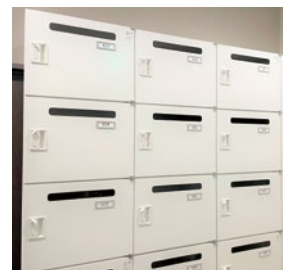
- Regular lectures by Kyushu Economic Research Center
- Compliance training
- ESG training
- Nursing care training
- In-house recreation etc.

Career development support

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

Health management/Improvement of office environment

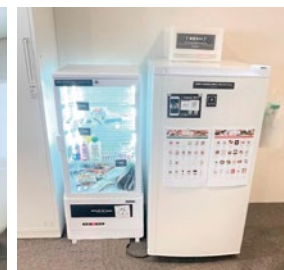
- Initiatives to prevent infectious diseases such as influenza (Implementation of influenza vaccination and full coverage of vaccination costs)
- Mandatory health checkups and comprehensive medical examinations
- Health counseling by public health nurses
- Application system to restrict excessive overtime work
- Assistance for use of sports clubs
- Installation of personal booths, meeting booths, plants, etc.
- Installation of personal lockers
- Installation of ceiling-mounted projectors
- Introduction of OFFICE DE YASAI



Installation of personal lockers



Meeting booths



OFFICE DE YASAI

A Comfortable Working Environment AMC



Certified as a "Fukuoka 'Work-Style Reform' Promotion Company" (August 2018)



Registration with Fukuoka City Well-Being & SDGs Registration System (July 2022)



Registration with Fukuoka Prefecture SDGs Registration System (February 2023)

Initiatives for Tenants IC

With a focus on the health and comfort of tenant employees, we are improving the employee lounge environments within retail facilities and renovating office building common areas. Moreover, FRC is engaging in a variety of initiatives for tenants as a part of efforts to promote sustainability.

- Improvement of employee lounge
- Implementation of tenant satisfaction surveys
- Distribution of sustainability guidebooks
- ESG training etc.

Initiatives for Local Communities

Related
Materiality

• Contribute to increased attractiveness and vitalization of Fukuoka and Kyushu

Related
SDGs

Initiatives for Local Communities IC AMC

Safety Town Council



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

Participation in Cleanup Days



Asset Management Company executives and employees actively participate in cleanup activities, of which there had been 336 as of October 16, 2025.

Participation in Community Events (Hakata Gion Yamakasa)



Raising the float in the Hakata Gion Yamakasa Oiyama event (Hachiban Yamakasa, Kamikawabata Shopping Arcade) (Left) Yukioka Ohara, President & CEO (Fukuoka Realty)

Various Events Held



At Park Place Oita, a Father's Day milking experience was held, while at Konoha Mall Hashimoto, radio callisthenics took place.

Support for Community Development and Revitalization in Investment Areas



Continuing to participate in hometown tax payments



Kumamoto City Award Presentation

Gatherings for Real Estate, Finance, and the Economy AMC

We have held gatherings annually since 2008 with the cooperation of the Japan Real Estate Institute (not held in 2020 due to concerns over COVID-19).

Local real estate companies, financial institutions, and government agencies participate in the conference, which contributes to networking and further stimulation of the local economy.

It has been designated as a continuing education course for The Association for Real Estate Securitization (ARES) masters.



The Kyushu Economic Research Center AMC

Fukuoka Realty Co., Ltd., and the Kyushu Economic Research Center have concluded a memorandum of understanding in a bid to promote increased cooperation in macroeconomic analysis of the Kyushu economy. Through this initiative, both signatories to the memorandum will share information on the current state of the Fukuoka-Kyushu economy as well as issues to be faced, thereby revitalizing economic activity throughout the region. In addition, study groups on seasonal topics that are specific to Fukuoka and Kyushu are held on a regular basis.



Other Activities AMC

• Kyushu IR Group

The Kyushu IR Group, which entered its 15th year in 2025, was established in cooperation with the Japan Investor Relations Association. The Group assists in learning about the latest IR trends with IR employees of companies located in Fukuoka and Kyushu and fosters the forming of networks between participating companies. Impacted by COVID-19, the study groups have been held in a hybrid style that combines online tools with face-to-face interaction.

■ Details of Study Groups Held in 2025

Date	Theme and lecturer
August 2025	"Increasing IR Activity Operating Efficiency" Yoko Setoguchi, Principal IR Office, LIXIL Corporation

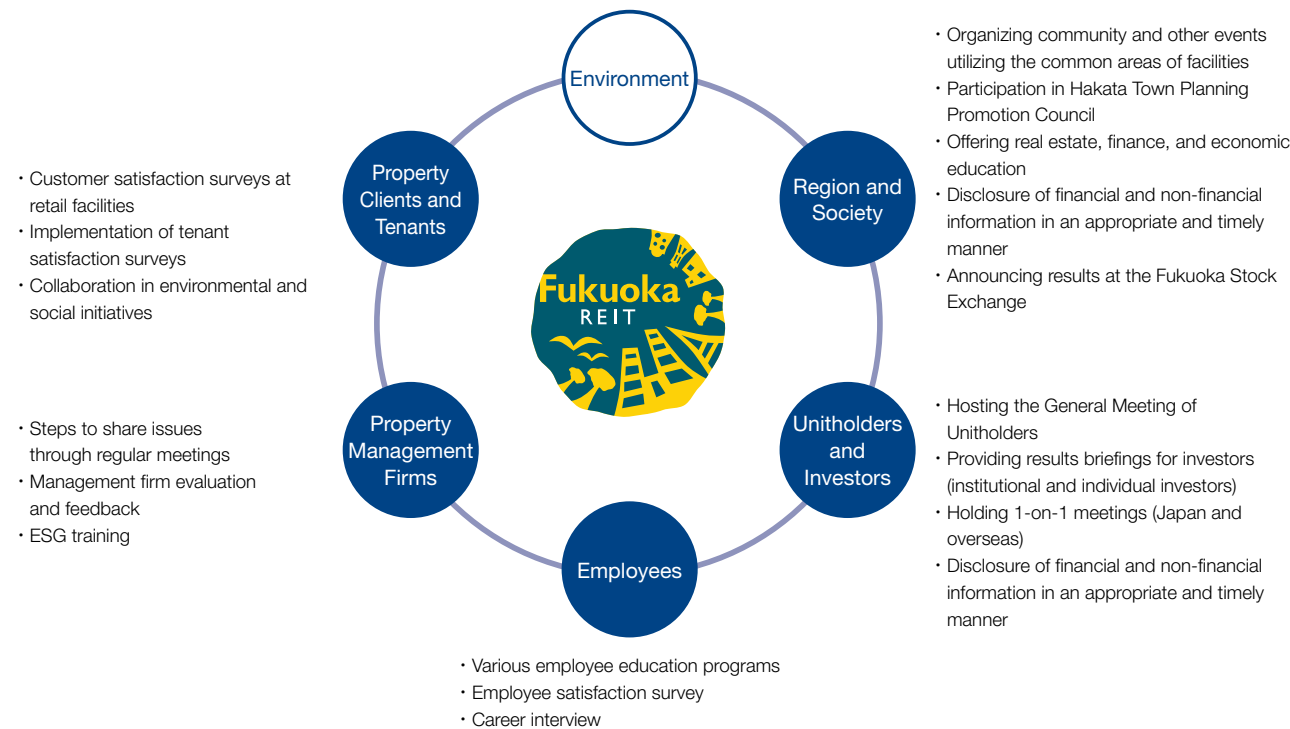
Note: Information on lecturers is current as of the time of the respective Kyushu IR Group meetings.



Corporate Governance

Stakeholder Engagement

FRC engages in proactive dialogue with its various stakeholders aimed at sustainable growth and higher corporate value. At the same time, FRC recognizes that fulfilling its required social responsibilities leads to sustainable business activities. Valuing our relationships of trust with stakeholders, we will leverage this concept in our ESG initiatives.



Dialogue with Unitholders and Investors

FRC works to disclose information in a timely manner to reflect the importance of dialogue with its unitholders and investors. In our IR activities, we held an in-person financial results briefing for individual investors in Fukuoka for the first time since the onset of the COVID-19 pandemic.

- General Meeting of Unitholders (once every two years)
- Results briefings for analysts and institutional investors
- IR for overseas institutional investors
- IR for individual investors
- Enhanced IR tools, information disclosure, etc.



Dialogue with Employees

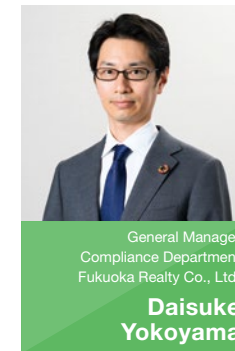
FRC and Fukuoka Realty Co., Ltd., recognize that human resources are our greatest asset. As part of our efforts to create comfortable and healthy workplaces, we are endeavoring to improve the efficiency of our operations by enhancing the office environment and our systems. In addition, we provide IR information internally and disseminate details of results announcements online as part of our efforts to facilitate internal communication.

- Employee satisfaction survey
- President interviews, career interviews
- Internal IR
- Counseling with public health nurses, etc.



Risk Management and Compliance Initiatives

As the asset management company for a listed REIT, we strive to improve compliance and governance by establishing appropriate structures and operations to pursue the best interests of our unitholders. To achieve this, both Fukuoka Realty and FRC have established a basic compliance policy that must be followed by executive officers, supervisory directors, and other employees. This policy aims to realize fair and proper management while fulfilling our social responsibilities.



We also recognize that managing transactions between FRC and related stakeholders, such as our sponsor, in a way that prevents conflicts of interest, is a critical governance issue. To address this, we have set and implemented conflict-of-interest prevention rules for transactions with related parties, thereby establishing an effective system for preventing conflicts of interest. In addition, through regular internal audits, we conduct self-assessments of the appropriateness of these transaction processes. In doing so, we ensure objectivity by seeking external expert advice and evaluations to avoid falling into self-serving judgments.

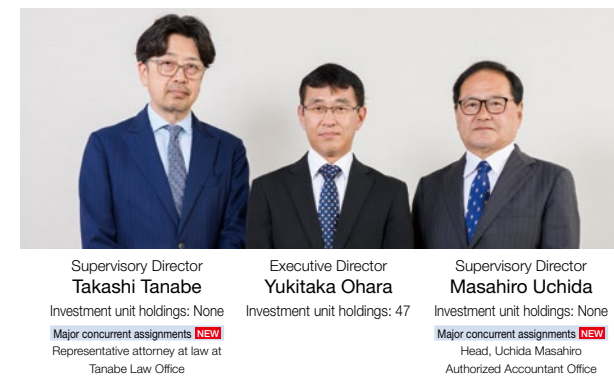
Furthermore, by ensuring that every employee maintains a strong sense of compliance in their work, we believe that rigorous information management is upheld, and incidents that could lead to serious accidents are prevented. We regularly hold compliance training to reinforce this approach.

Managing Conflicts of Interest

When a transaction such as the purchase and sale of a property between FRC and a stakeholder, including a sponsor, takes place, the Asset Management Company must address any possibility of prioritizing the interests of interested parties over investors. Fukuoka Realty Co., Ltd., has accordingly established the Basic Policy on Compliance, as well as compliance regulations and other internal rules to prevent any conflict of interest. Based on these rules, we obtain a preliminary assessment from the Compliance Department General Manager and ensure deliberations by the Compliance Assessment Committee, consisting of the Compliance Department General Manager and three outside experts in order to engage in the management of any conflict of interest pertaining to our dealings with stakeholders in an appropriate manner.

Fukuoka REIT Corporation, Directors

The term of office for all executive directors and supervisory directors was set as two years from May 29, 2024.



Glossary **Engineering reports**
Reports outlining the results of a physical survey of a property. These often include surveys on building conditions, soil contamination, long-term repair and refurbishing costs, and earthquake risk.

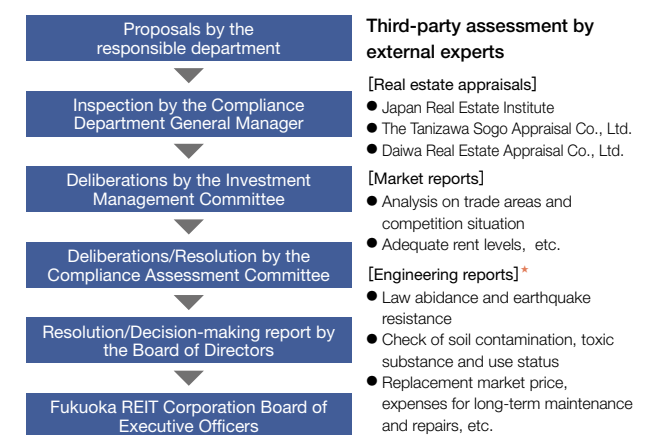
Asset Management Fee Structure

Asset management fees linked to unitholder interests

Management Fee 1*	Based on total assets
Management Fee 2	Based on operating revenues
Management Fee 3*	Based on distributable profit
Management Fee 4	Acquisition fee
Management Fee 5	Transfer fee

* We reduced the ratio of Management Fee 1 and increased the ratio of Management Fee 3 as of the fiscal period ended February 2021.

Decision-Making Process*



* 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.

Training Records

	Oct. 2022– Sept. 2023	Oct. 2023– Sept. 2024	Oct. 2024– Sept. 2025
Compliance training (including e-learning)	7 times	5 times	7 times
Sustainability training	4 times	4 times	4 times

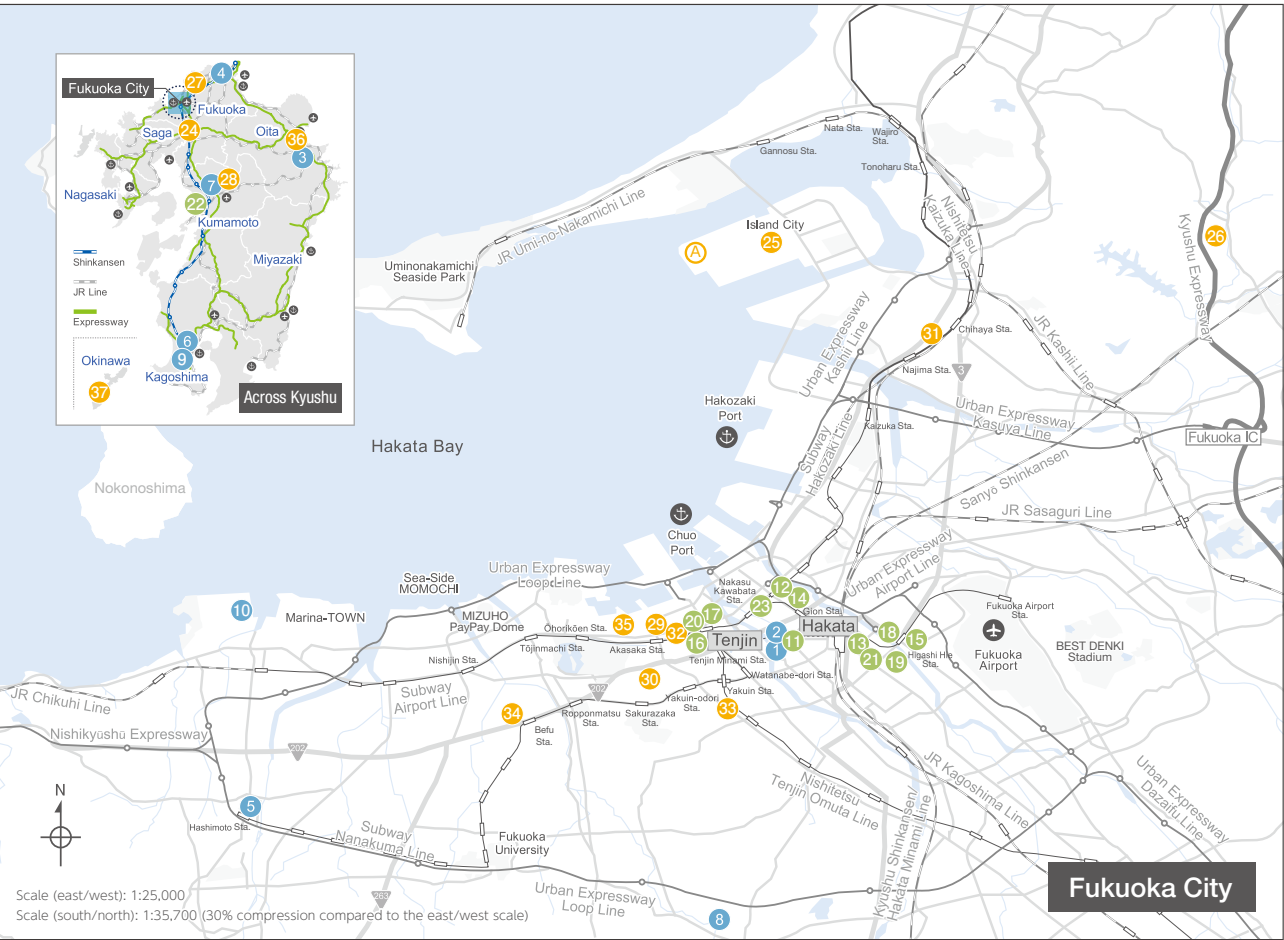
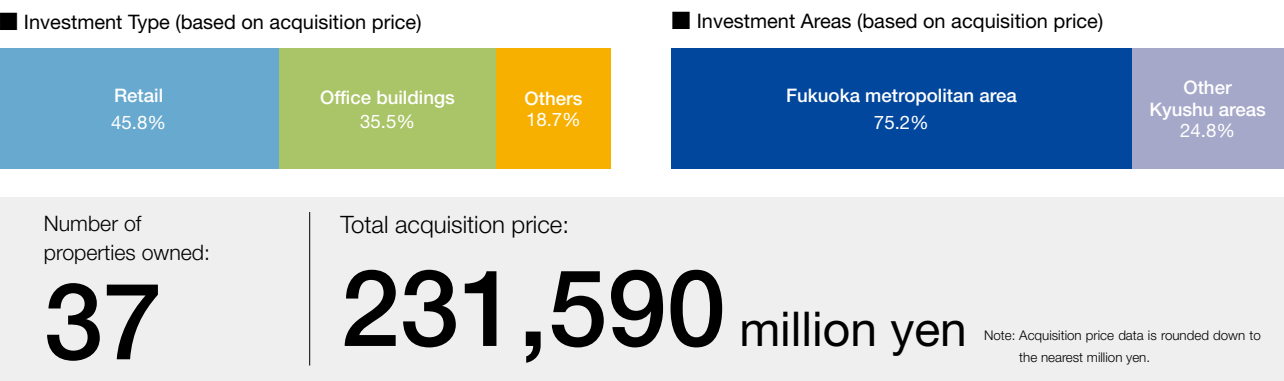
Fukuoka Realty Co., Ltd., Directors



Overview of Properties Owned

FRC carefully selects and invests in properties with the potential to generate stable cash flow over the long term. It owns properties with widely divergent uses, mainly retail and office buildings, to diversify risks within the region.

Asset Ratio (As of August 31, 2025)



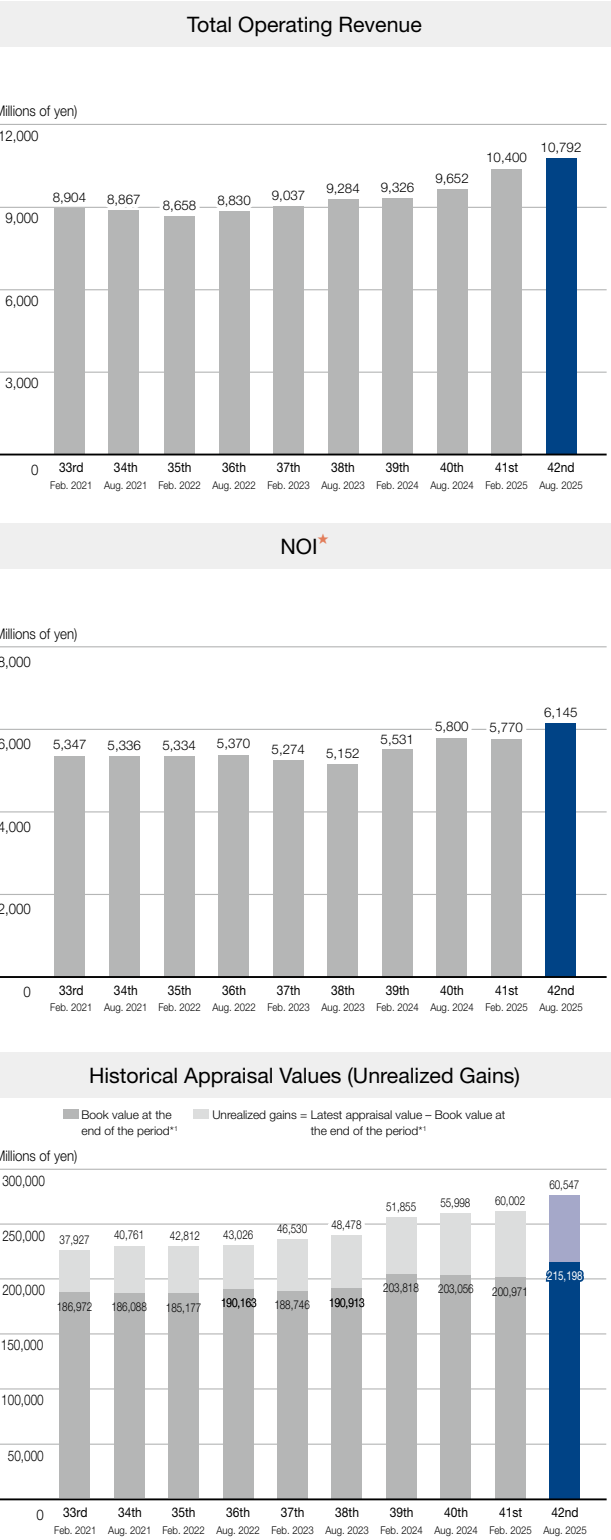
As far as properties are concerned, we owned 10 retail facilities, 13 office buildings, and 14 other properties (including logistics facilities, residences, and hotels) as of August 31, 2025.

Plans are in place to acquire Island City Minato Bay related site (land with leasehold interest) (tentative) on March 31, 2029.

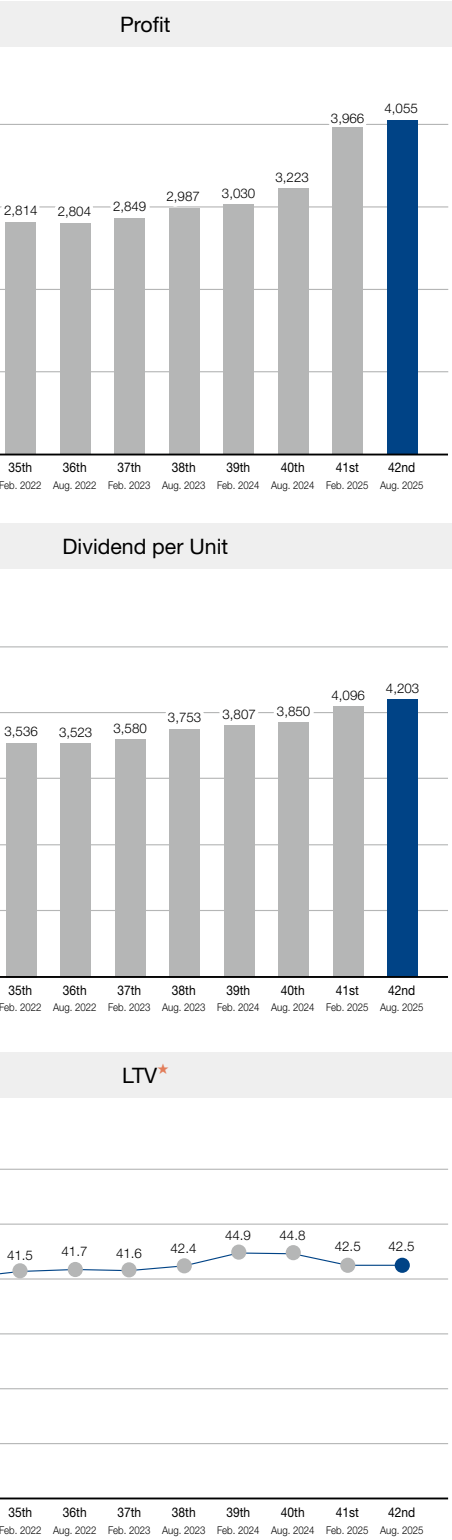


Financial/Non-Financial Highlights (5-Year Graph)

Financial Highlights

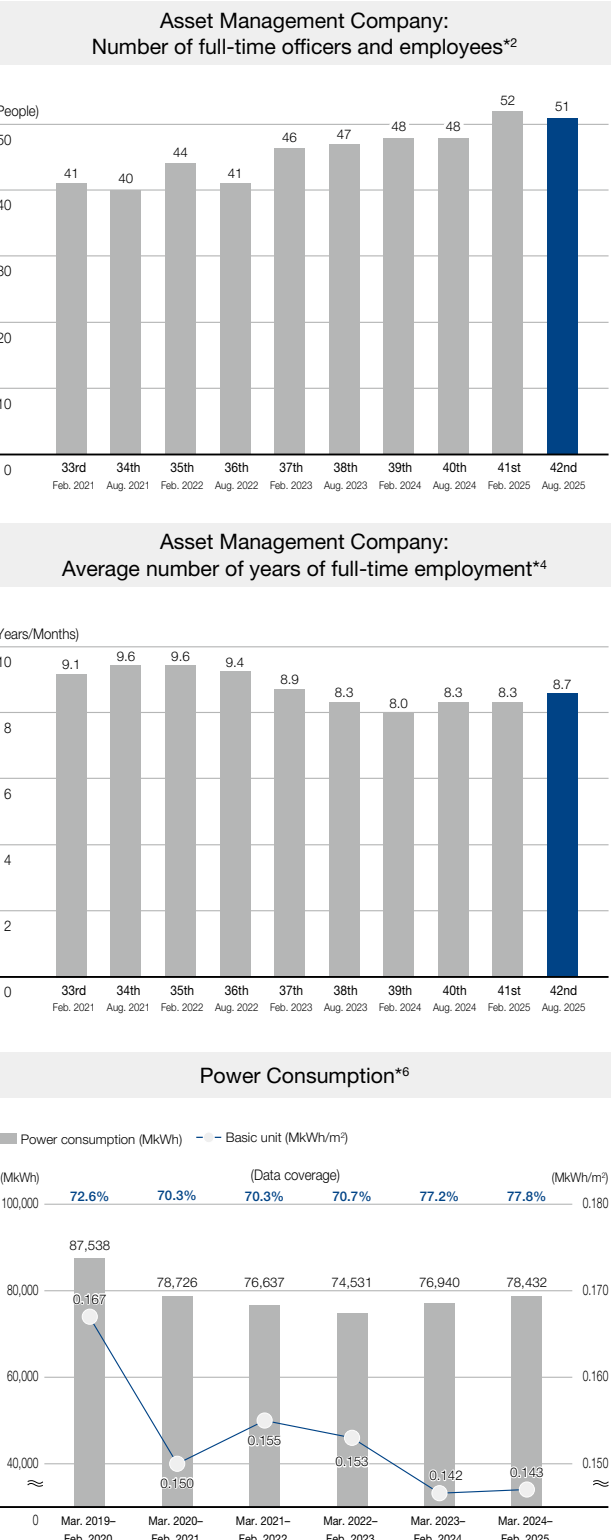


Glossary ▶ NOI
An abbreviation for Net Operating Income. This reflects net income stemming from the real estate leasing and REIT business, deducting expenses such as administrative costs and property taxes from rents in a given fiscal period. Costs not related to cash expenditures, including depreciation, interest paid on borrowings, or taxes, are not deducted.
This is used to assess real estate and REIT asset value and is similar to EBITDA, which focuses on operating cash flow in assessing corporate value.
When determining the theoretical real estate property price, it is a common practice to divide NOI by the capitalization yield (cap rate).



LTV
An abbreviation for Loan to Value and an indicator of a company's borrowing ratio as well as a measure of stability in borrowing. The lower the value, the greater the degree of safety against redemption of debt.
[Calculation method] LTV (%) = (Interest-bearing debt / Total assets) × 100

Non-Financial Highlights



*1. Book value at the end of period does not include construction in progress. *2. The number of full-time officers and employees indicates the total number of directors and auditors, permanent employees, contract employees, temporary employees, secondees, etc., who are employed on a full-time basis at Fukuoka Realty Co., Ltd. *3. The gender ratio is calculated as the ratio of males and females to the number of full-time personnel.
*4. Average number of years of employment is calculated as the average service years of permanent and contract employees of Fukuoka Realty Co., Ltd. *5. The number of IR meetings in Japan and abroad shows the total number of IR meetings, based on the dates on which they were held, with institutional investors and analysts through interviews and telephone conferences generally regarding the results for the previous period.
*6. As of December 1, 2025, due to the addition of past data and a review of the aggregation scope, corrections have been made retroactively. Up to fiscal 2022, the total value for 15 properties is provided, including five retail facilities, nine office buildings, and one logistics facility. From fiscal 2023 on, the total value for 23 properties is provided, including two retail facilities, two office buildings, two hotels, and two logistics facilities. The basic unit is calculated by adjusting the total floor area (m²) by the occupancy rate. The data coverage ratio is calculated by the proportion of the area of the data collection target properties to the total portfolio properties (excluding land with leasehold interest) as of the fiscal year-end. For Canal City Hakata, Canal City Hakata-B, and Canal City Business Center Building, the total electricity and water usage of the entire Canal City Hakata, including the parts not owned by the Investment Corporation, are summed, with the ownership ratio applied. The figure for Park Place Oita covers only the main building section and excludes the section for independently run stores. The figure for Taihaku Street Business Center covers only the office tower and excludes the residential tower. For Tenjin North Front Building and Hakata FD Business Center, the total electricity and water usage for the entire facility are summed, with the ownership ratio applied. Water consumption excludes some well water volumes for which data cannot be obtained. Data from the past six years is published.
*7. Includes treated water volume. *8. Includes externally purchased greywater.

Financial/Non-Financial Highlights (11-Year/22-Period Summary)

	21st Feb. 2015	22nd Aug. 2015	23rd Feb. 2016	24th Aug. 2016	25th Feb. 2017	26th Aug. 2017	27th Feb. 2018	28th Aug. 2018	29th Feb. 2019	30th Aug. 2019	31st Feb. 2020	32nd Aug. 2020	33rd Feb. 2021	34th Aug. 2021	35th Feb. 2022	36th Aug. 2022	37th Feb. 2023	38th Aug. 2023	39th Feb. 2024	40th Aug. 2024	41st Feb. 2025	42nd Aug. 2025
Financial Information																						
Earnings (Millions of yen)																						
Operating revenue	7,789	8,423	8,343	8,234	9,730	8,122	8,194	9,178	9,242	9,231	9,162	8,518	8,904	8,867	8,658	8,830	9,037	9,284	9,326	9,652	10,400	10,792
Operating income	2,860	3,167	3,141	3,069	4,585	2,920	2,965	3,238	3,306	3,318	3,273	2,966	3,061	3,204	3,185	3,181	3,223	3,372	3,462	3,664	4,408	4,526
Ordinary income	2,370	2,663	2,670	2,616	4,199	2,562	2,624	2,861	2,935	2,939	2,900	2,587	2,677	2,817	2,816	2,805	2,851	2,988	3,031	3,225	3,967	4,056
Profit	2,369	2,661	2,669	938	4,198	2,556	2,623	2,860	2,934	2,939	2,899	2,586	2,675	2,816	2,814	2,804	2,849	2,987	3,030	3,223	3,966	4,055
NOI	4,829	5,229	5,237	5,164	5,010	4,998	5,079	5,493	5,591	5,633	5,596	5,307	5,347	5,336	5,334	5,370	5,274	5,152	5,531	5,800	5,770	6,145
Financial conditions (Millions of yen)																						
Total assets	167,369	181,597	181,445	179,513	175,063	178,063	177,283	193,112	195,433	195,106	194,795	199,004	199,559	199,804	198,745	201,223	201,442	203,868	214,390	215,083	226,966	226,809
Net assets	81,811	93,804	93,812	92,081	93,681	93,699	93,766	101,799	101,874	101,878	101,837	101,525	101,614	101,755	101,753	101,743	101,788	101,926	101,969	102,161	113,389	113,373
Interest-bearing debt	70,775	72,400	72,325	71,950	66,675	69,900	68,900	75,500	77,500	77,500	72,500	82,400	82,400	82,400	82,400	83,900	83,900	86,450	96,350	96,350	96,350	96,350
Interest-bearing debt ratio (%)	42.3	39.9	39.9	40.1	38.1	39.3	38.9	39.1	39.7	39.7	39.8	41.4	41.3	41.2	41.5	41.7	41.6	42.4	44.9	44.8	42.5	42.5
Depreciation and amortization expenses	1,390	1,458	1,471	1,470	1,455	1,474	1,500	1,602	1,622	1,651	1,660	1,686	1,623	1,552	1,486	1,514	1,499	1,531	1,609	1,611	1,595	1,686
Capital expenditures	328	445	630	665	1,789	741	600	657	947	476	465	790	687	445	600	1,946	385	1,602	970	986	1,611	2,419
Cash flow (Millions of yen)																						
Cash flow provided by (used in) operating activities	3,735	4,167	4,174	4,336	3,685	3,590	4,292	4,149	4,832	4,863	3,985	3,450	5,374	4,724	3,146	4,712	4,688	3,939	3,724	4,953	4,251	4,642
Cash flow provided by (used in) investing activities	(1,452)	(14,488)	(606)	(772)	4,220	(6,029)	(478)	(15,326)	(3,604)	(1,043)	(220)	(7,136)	(842)	(1,425)	(658)	(5,498)	(117)	(3,436)	(13,636)	(881)	1,676	(14,392)
Cash flow provided by (used in) financing activities	(2,635)	10,934	(2,747)	(3,043)	(7,872)	667	(3,555)	11,734	(859)	(2,933)	(2,938)	2,000	(2,586)	(2,674)	(2,816)	(1,314)	(2,803)	(298)	6,912	(3,029)	7,250	(4,071)
Cash and cash equivalents at year-end	6,920	7,533	8,353	8,873	8,905	7,134	7,392	7,950	8,319	9,205	10,032	8,348	10,293	10,917	10,588	8,488	10,255	10,459	7,460	8,503	21,681	7,859
Per-unit indicators (Yen)																						
Dividend per unit	3,435	3,563	3,574	3,479	3,398	3,422	3,512	3,593	3,687	3,693	3,642	3,250	3,361	3,539	3,536	3,523	3,580	3,753	3,807	3,850	4,096	4,203
EPS* per unit	3,434	3,649	3,573	1,256	5,621	3,422	3,512	3,593	3,687	3,692	3,642	3,249	3,361	3,538	3,536	3,523	3,580	3,752	3,806	4,049	4,571	4,661
BPS* per unit	118,567	125,574	125,585	123,267	125,410	125,434	125,524	127,888	127,982	127,987	127,936	127,544	127,656	127,833	127,831	127,818	127,875	128,048	128,102	128,344	130,034	130,491
NAV per unit	136,051	144,472	148,558	152,259	150,328	152,639	156,204	161,315	164,250	167,118	170,680	171,592	171,943	175,502	178,079	178,348	182,750	185,197	189,440	194,842	194,747	195,977
FFO* per unit	5,450	5,525	5,543	5,448	5,351	5,395	5,520	5,606	5,725	5,767	5,728	5,368	5,401	5,358	5,403	5,425	5,319	5,133	5,529	5,828	5,242	5,601
Investment unit information																						
Investment unit price (Yen)	227,000	188,700	194,200	186,100	177,100	164,300	173,100	170,400	169,300	178,300	167,900	136,500	168,500	175,500	156,800	170,300	164,600	162,100	165,700	148,400	144,000	184,500
Total number of investment units issued	690,000	747,000	747,000	747,000	747,000	747,000	747,000	796,000	796,000	796,000	796,000	796,000	796,000	796,000	796,000	796,000	796,000	796,000	796,000	796,000	872,000	868,820
Non-Financial Information																						
Number of full-time officers and employees*	35	38	41	39	40	38	38	39	41	41	42	41	41	40	44	41	46	47	48	48	52	51
Years of service (Years/Months)*	7.5	6.0	6.2	6.5	6.9	6.11	7.7	7.10	7.11	8.6	8.10	8.10	9.1	9.6	9.6	9.4	8.9	8.3	8.0	8.3	8.3	8.7
Number of IR meetings (Japan and overseas)	122	154	147	106	126	116	169	129	148	149	133	54	114	90	105	101	116	95	108	95	95	105

Notes:

1. Gains and losses on the sale of the Aeon Hara Shopping Center and Aqualia Kego, which were transferred in the 25th fiscal period, were handled in the following manner due to differing tax and accounting standards.

1) An amount equivalent to impairment losses on the Aeon Hara Shopping Center booked in the profit and loss statement in the 24th fiscal period was booked as an allowance for a temporary difference adjustment on the statement concerning the allotment of funds for the 25th fiscal period.

2) Gains on the sale of Aqualia Kego were recorded on the profit and loss statement for the 25th fiscal period.

3) The return of allowances for a temporary difference adjustment was booked on the statement concerning the allotment of funds for the 25th fiscal period.

2. Dividend per unit is calculated as follows.

24th fiscal period: [Net profit] + [Reserve for temporary difference adjustment] – [Earnings carried forward to the next period]

25th fiscal period: [Net profit] – [Return of reserve for temporary difference adjustment] – [Earnings carried forward to the next period]

3. The number of IR meetings in Japan and abroad shows the total number of IR meetings, based on the dates on which they were held, with institutional investors and analysts through interviews and telephone conferences generally regarding the results for the previous period.

* The number of full-time officers and employees indicates the total number of directors and auditors, permanent employees, contract employees, temporary employees, secondees, etc., who are employed on a full-time basis at Fukuoka Realty Co., Ltd. Average number of years of employment is calculated as the average service years of permanent and contract employees of Fukuoka Realty Co., Ltd.

Glossary **EPS**

An abbreviation of Earnings per Share. This shows net profit per unit and is viewed as an indicator of a company's ability to generate earnings.

[Calculation method] EPS: Net profit / Total number of units issued

BPS

An abbreviation of Book Value per Share. This shows net assets per unit and is viewed as an indicator for stability.

[Calculation method] BPS: Net assets / Total number of units issued

FFO

An abbreviation of Funds from Operations. This shows how much cash flow is generated from rental income. The larger the FFO per unit, the greater the company's profitability.

[Calculation method] FFO: Net profit + Depreciation and amortization expenses + Impairment loss – Gains/losses from the sale of real estate

FFO per unit: FFO / Total number of units issued