



# Fukuoka REIT Corporation

Overview of the 33<sup>rd</sup> fiscal period performance [8968] Security code September 1<sup>st</sup>, 2020~February 28<sup>th</sup>, 2021





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

These materials may contain future performance, 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 may not necessarily be accurate. Actual results may differ materially due to various factors. Neither Fukuoka REIT Corporation nor Fukuoka Realty 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 or provided by a third party. 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.

The illustration on the cover was created based on an aerial photo of the Tenjin area in the Fukuoka metropolitan area, FRC's investment target area, taken from the northeastern sky.

Please note that, as of April 16, 2021, Tenjin Nishi-Dori Business Center (Land with leasehold interest) is the sole property FRC plans to acquire among the photographed properties, and FRC has no plan to acquire any other.

# Executive summary

Announced a decrease in the ratio of retail properties and an increase in the ratio of office buildings in the portfolio through asset replacement

## Asset replacement

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

Property Name	Tenjin Nishi-Dori Business Center (Land with leasehold interest)	Sponsor support	Property Name	CANAL CITY Hakata-B Grand Building (88.28% co-ownership interest in Grand Building)
Acquisition price (scheduled)	7,700 mm yen	Asset Replacement	Disposition price (scheduled)	7,700 mm yen
Acquisition date (scheduled)	June 1, 2021		Disposition date (scheduled)	June 1, 2021
	Gain on sale 95 mm yen (Prospect)			

## Owned properties

- **Retail properties** More strongly captured domestic demand at city-center retail facilities (Canal City Hakata)  
Maintained a high occupancy rate while replacing tenants  
Ended rent reduction measures and fully collected the rent that had been subject to deferment of payment
- **Office buildings** Achieved upward revision of rents for 9 straight fiscal periods while keeping high occupancy. Completed tenant leasing for Higashi Hie Business Center III  
Change in monthly rent upon rent (revision / tenant) replacement: **+2.8 mm yen**  
Positive rent gap (\*1): **+25.2%**
- **Others** New logistics facility (LOGICITY Wakamiya) started contribution to earnings and stable operation (since November 2020)  
No rent reduction or deferment of rent payment conducted for hotels (33<sup>rd</sup> fiscal period)

(\*1)Positive rent gap indicates the gap between current rent (contract rent with common charges) and market rent, and is calculated as "market rent - current rent" / current rent."

## Financial Management

- Extended the 7,000-million-yen commitment line agreement with The Nishi-Nippon City Bank serving as the agent by 1 year during the ongoing agreement period

Total debt	Committed line	Fixed rate	Average remaining duration to maturity	LTV (*2)
82,400 mm yen	13,000 mm yen	94.1%	5.4 years (*3) J-REITs' average: 4.4 years	41.3% (*3) J-REITs' average: 44.0%

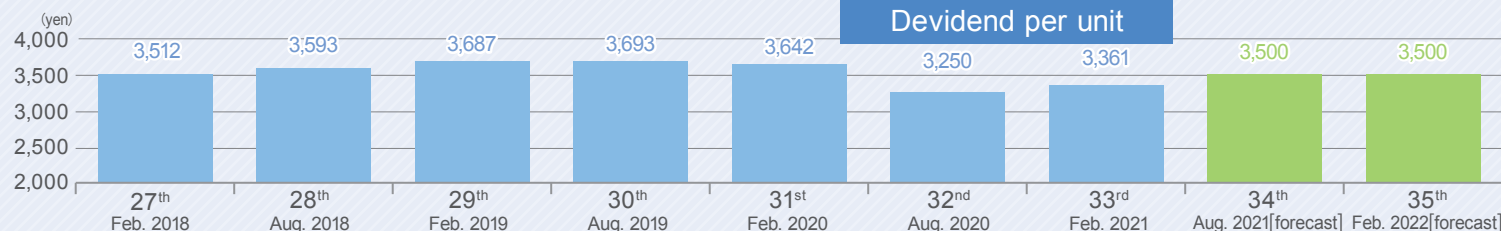
(\*2)LTV is calculated as total interest-bearing debt divided by total assets.

(\*3)Indicates the average value of the latest account settlement figures of all investment corporations as of February 2021, calculated by Fukuoka Realty based on their disclosure materials.

## ESG

- **External evaluation** GRESB 3 Star  
Green Building certification obtained for 79.8% (based on total floor space)
- **Institution of signatory** PRI (as of September 2018) • PFA21 (as of September 2018)
- **Publication of "Integrated Report"** Publicized the second issue in a year (2020), becoming the only J-REIT to do so

## Dividend per unit



### 【Dividend per unit】

The actual of the 33<sup>rd</sup> FP **3,361 yen** (compared with the previous FP +3.4% compared with the forecast +1.8%)  
34<sup>th</sup> Forecast **3,500 yen** (compared with 33<sup>rd</sup> Actual +4.1%)  
35<sup>th</sup> Forecast **3,500 yen**

# Aim of Asset Replacement (announced on March 18, 2021)

## Aim of Asset Replacement

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

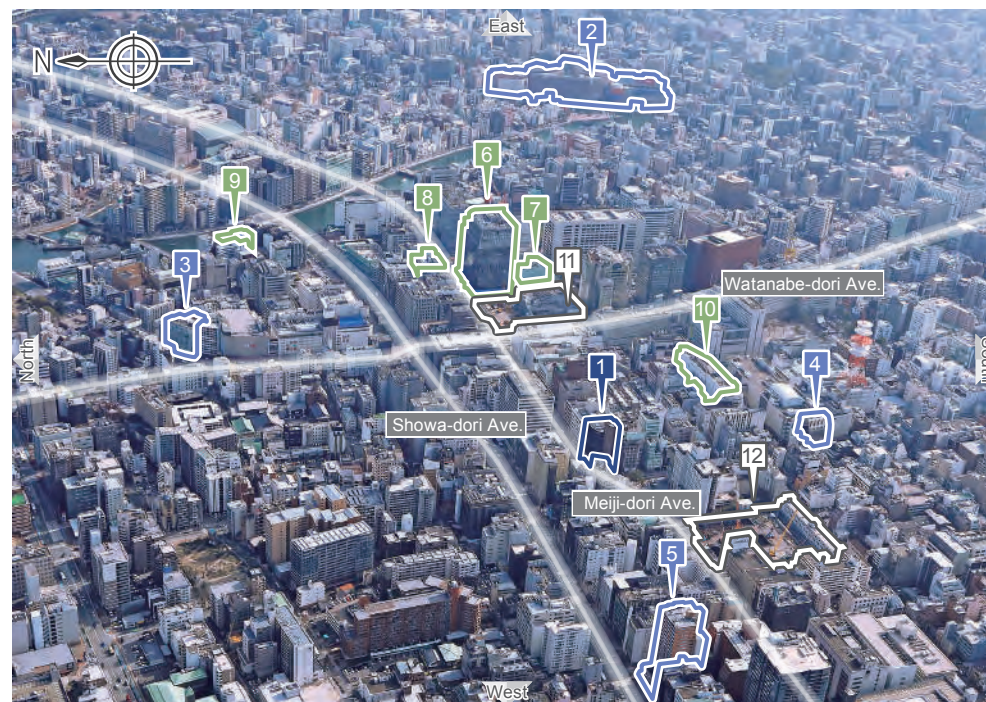
## Overview of Asset Replacement

	Asset to be acquired	Asset to be transferred
Property name	Tenjin Nishi-Dori Business Center (Land with leasehold interest)	CANAL CITY Hakata • B Grand Building (88.28% co-ownership interest in Grand Building)
Investment type	Office building (Land with leasehold interest)	Retail
Acquisition / Transfer date (scheduled)	June 1, 2021	
Acquisition / Disposition price (scheduled)	7,700 mm yen	7,700 mm yen
Appraisal value	7,790 mm yen	7,640 mm yen
Book value (*1)	—	7,510 mm yen
Difference between acquisition / disposition price (scheduled) and appraisal value	(90) mm yen	60 mm yen
NOI yield (*2)	3.5%	5.9%

(\*1) The gain(loss) on disposition including expenses for the disposition, etc. is estimated to be 95 million yen.

(\*2) The figure is calculated based on the NOI of the appraisal value.

## Aerial photograph of Tenjin Area



### Asset to be acquired

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

### Properties owned by Fukuoka RIET Corporation

- 2** Canal City Hakata
- 3** Tenjin Northfront Building
- 4** Tenjin Nishi-Dori Center Building
- 5** D-Wing Tower

### Properties owned by Fukuoka Jisho Group

- 6** Tenjin Business Center (planned completion in Sept. 2021)
- 7** Tenjin MMT Building (during dismantling)
- 8** Fukuoka Kogin Building
- 9** Tenjin Riverfront Business Center
- 10** Tenjinkirameki-dori building

### Other development projects

- 11** Tenjin 1-chome 11th Block Development Project (provisional name)
- 12** Former Daimyo Elementary School Site (provisional name)

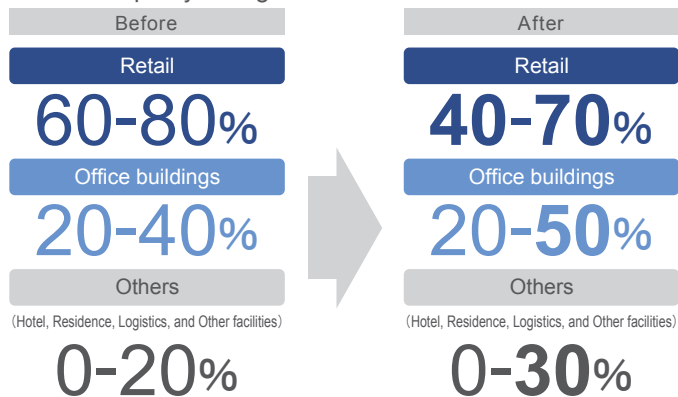


# Investment policy and External Growth Strategy

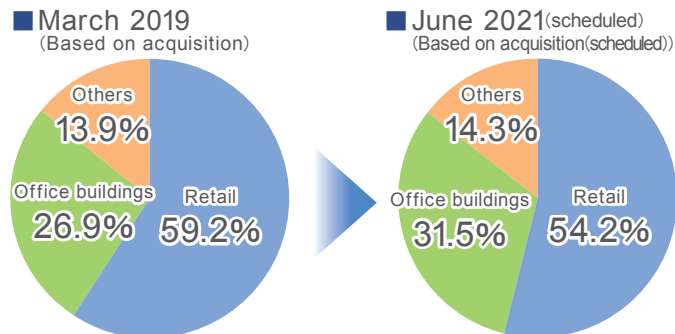
## External Growth Strategy

- Aim for asset size of 250.0 billion yen while striving to disperse risks in each investment type as a general REIT. Continue to flexibly consider property replacements if there are any favorable opportunities
- Continue selective investment mainly in office buildings, logistics and other facilities by utilizing advantage of being a region-specific REIT and the sponsor pipeline

◎Investment policy (Investment ratios by investment type)  
Investment policy changed in March 2019



## Portfolio after asset replacement (investment ratio by investment type)



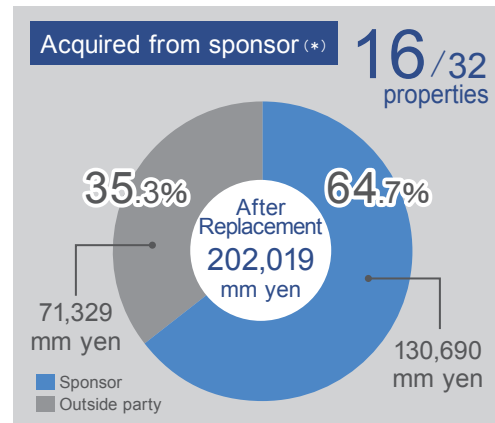
## Continuous External Growth by Actively Leveraging Our Sponsor Support

the 32 <sup>nd</sup> fiscal period (March 1, 2020-August 31, 2020)			June 1, 2021 (scheduled)	
Asset to be acquired	Office buildings	Logistics	Retail	Office buildings
Property Name	Higashi Hie Business Center Ⅲ	LOGICITY Wakamiya	Home Plaza NAFCO at Park Place Oita	Tenjin Nishi-Dori Business Center (Land with leasehold interest)
Acquisition price (scheduled)	3,290 mm yen	1,700 mm yen	990 mm yen	7,700 mm yen
Source	Sponcer	Outside party	Sponcer	Sponcer

## Sponsor pipelines, etc

◎Real estate development by Fukuoka Jisho Group

- Join a number of redevelopment projects in the Tenjin area
- Join a number of redevelopment projects in the Hakata area, and the number of projects in the Hakata area is expected to increase
- Scheduled to continue development of logistics facilities after the development of first logistics facility in September 2020
- Enhancement of coordination of pipeline support by raising ratio of Fukuoka Realty shares held by Fukuoka Jisho Co., Ltd.
- Fukuoka Jisho owns 9.18% of FRC's investment units through same-boat investment (as of February 28, 2021)



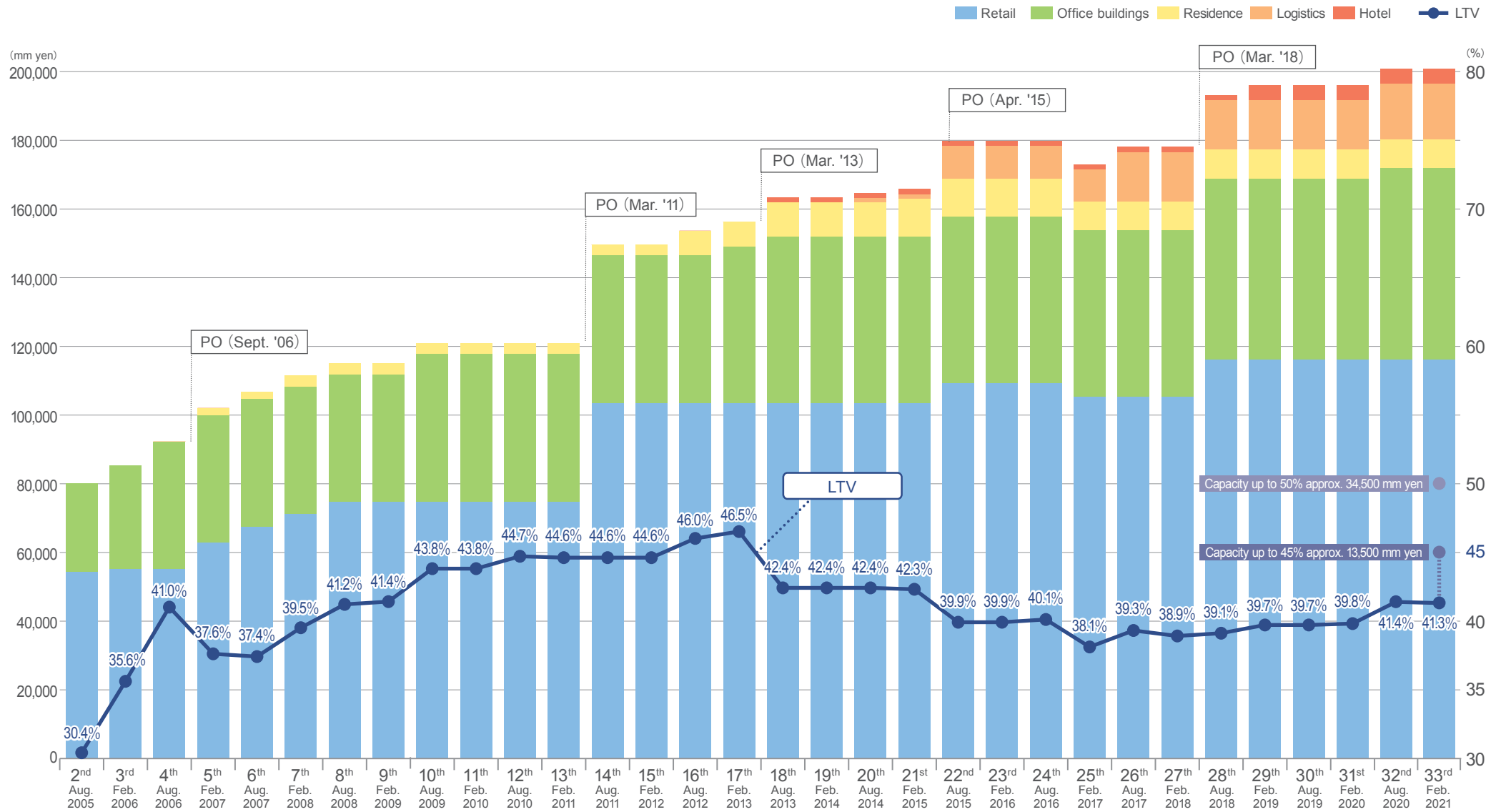
(\*) Because the Higashi Hie Business Center that was acquired in the 10<sup>th</sup> FP, August 31, 2009, was acquired from both the outside party and the sponsor, the purchase price has been added to the purchase prices from outside parties and the purchase prices from the sponsor after calculation on a per capita basis. Furthermore, with regard to the number of properties, one property has been added to the number of properties acquired from the sponsor. Furthermore, the indicated figures are those after the asset replacement scheduled for June 1, 2021, is implemented.

Asset to be transferred	Retail
Property Name	CANAL CITY Hakata-B Grand Building (88.28% co-ownership interest in Grand Building)
Disposition price (scheduled)	7,700 mm yen
Buyer	Outside party



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

Asset size is 201.9 billion yen at the end of the 33<sup>rd</sup> fiscal period (based on acquisition)



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



# New acquisition property for the 34<sup>th</sup> FP

Tenjin Nishi-Dori Business Center (Land with leasehold interest) ~Land of Office Building along Meiji-dori Avenue in the Tenjin Area~

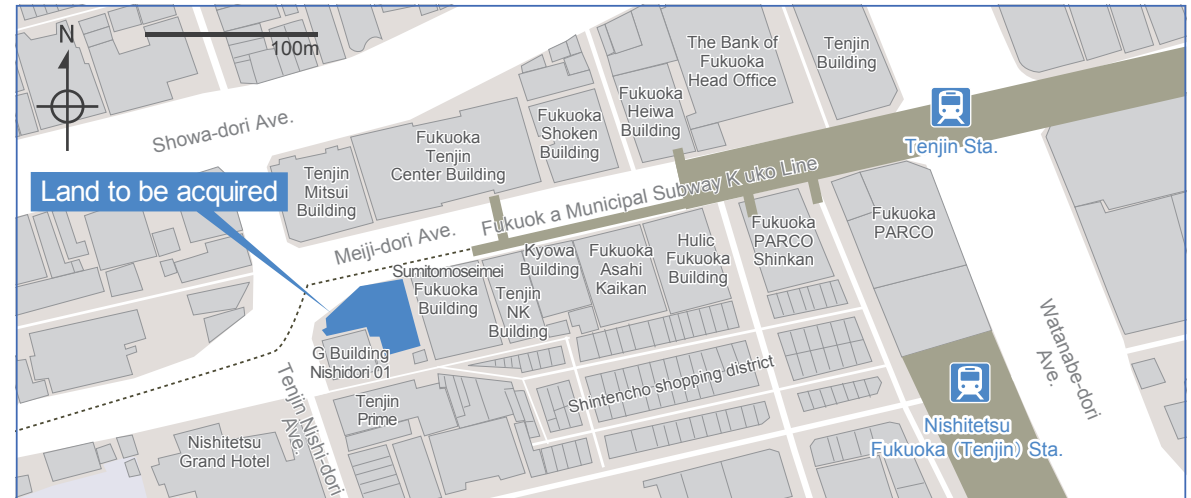
## ◎Overview of the property

Acquisition date (scheduled)	June 1, 2021
Acquisition Price	7,700 mm yen
Appraisal value	7,790 mm yen
Seller	Fukuoka Jisho Co., Ltd.(Sponcer)
Location(address)	2-149 Tenjin, Chuo Ward, Fukuoka City, and 4 lots
Area	1,343.51m <sup>2</sup>
NOI yield(*1)	3.5%

(\*1)The figure is calculated based on the NOI of the appraisal value.



## ◎Subject area



Employed land lease agreement so that stable rental income can be obtained from Fukuoka Jisho Co., Ltd., the lessee, even during the redevelopment at the property and a rental income in line with market fluctuations can be obtained after the completion of the redevelopment (construction completion).

## ◎Assumed development schedule

Year	2021	2022	2023	2024	2025	2026	2027	2028
Assumed schedule	Conclusion of sales agreement → settlement → demolition of existing building → construction start → completion → Redevelopment scheduled for completion							
Rent conditions	Fixed rent(318 mm yen annual)					Variable rent(*2)		
Notes	● Tenjin Big Bang Project to complete(December 2026)							

(\*2)Variable rent will be applied for the period starting on either March 1 or September 1 that will first arrive after nine months have passed since the completion of the redevelopment, and will be calculated by the following formula: Rent after change (variable rent) = Initial rent (fixed rent) x Most recent amount of actual income of the building after redevelopment/Standard amount of rent income of the building after redevelopment



# Property to be transferred in the 34<sup>th</sup> fiscal period and Canal City Hakata as a whole

Collaboration with Hoshino Resorts REIT, Inc. ~ Promoting revitalization of Canal City Hakata as a whole ~

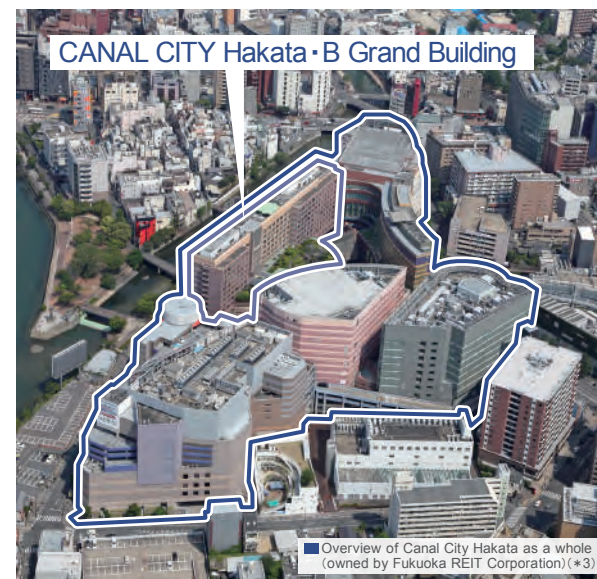
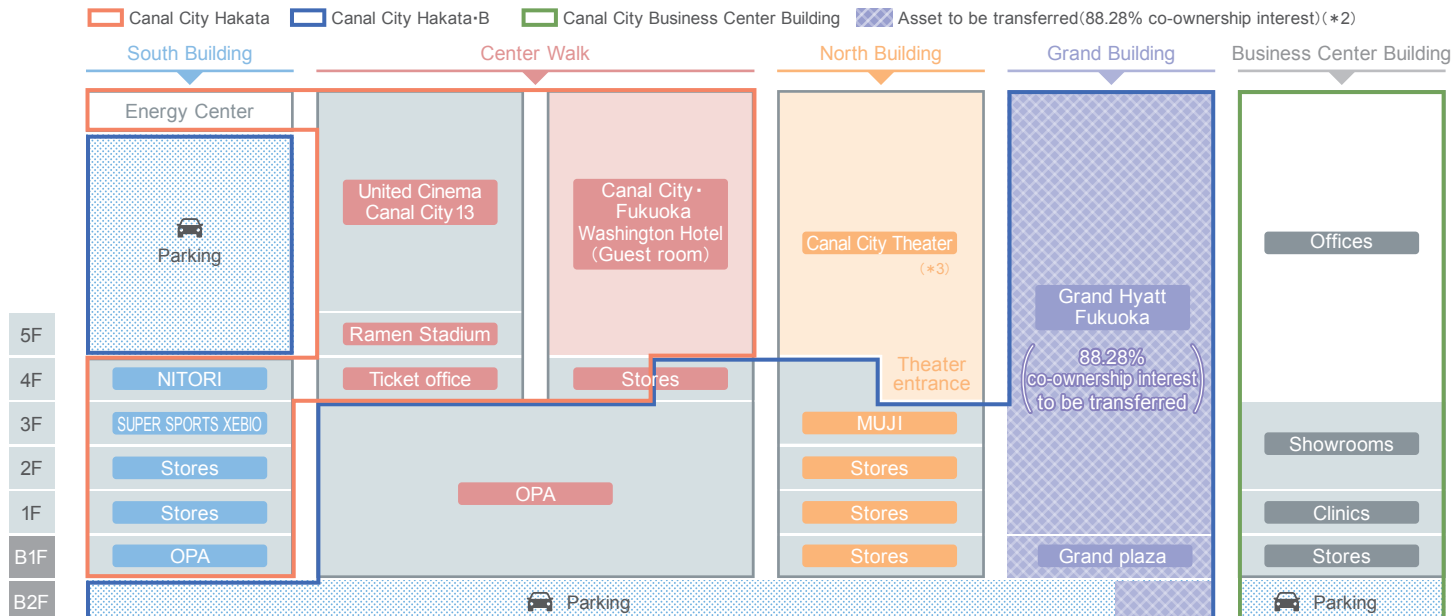
## Overview of CANAL CITY Hakata・B Grand Building (88.28% co-ownership interest in Grand Building)

Transfer date (scheduled)	June 1, 2021
Disposition price (scheduled)	7,700 mm yen
Appraisal value	7,640 mm yen
Book value (*1)	7,510 mm yen
Buyer	Hoshino Resorts REIT, Inc.
Location(address)	1-2-82 Sumiyoshi, Hakata Ward, Fukuoka City

(\*1) The gain(loss) on disposition including expenses for the disposition, etc. is estimated to be 95 million yen.

- Implemented disposition of asset to lower the investment ratio of retail facilities based on the change in investment policy.
- FRC has considered various options including renewal of floors that are not accommodation-category floors, stabilizing earnings through change of use, as well as transfers while engaging in dialogue with its tenants, but as there was an offer to acquire the property from Hoshino Resorts REIT, Inc., the buyer, for some time, and upon comprehensively considering that the transfer would lead to medium- to long-term stability of the portfolio and that the transfer to Hoshino Resorts Group is expected to increase demand from domestic customers as well as other factors, FRC decided to dispose the property based on the judgement that it would lead to the maximization of unitholder value over the medium to long term.
- After the disposition, FRC will cooperate with Hoshino Resorts REIT, Inc. to maximize the synergistic effects of the commercial facilities and the office portion owned by FRC and work to revitalize Canal City Hakata as a whole.
- Fukuoka Jisho Group and Hoshino Resorts Group has concluded a basic agreement on collaboration, and further development and continuous value enhancement of Canal City Hakata can be expected.

## Facility Conceptual Diagram of Canal City Hakata as a whole



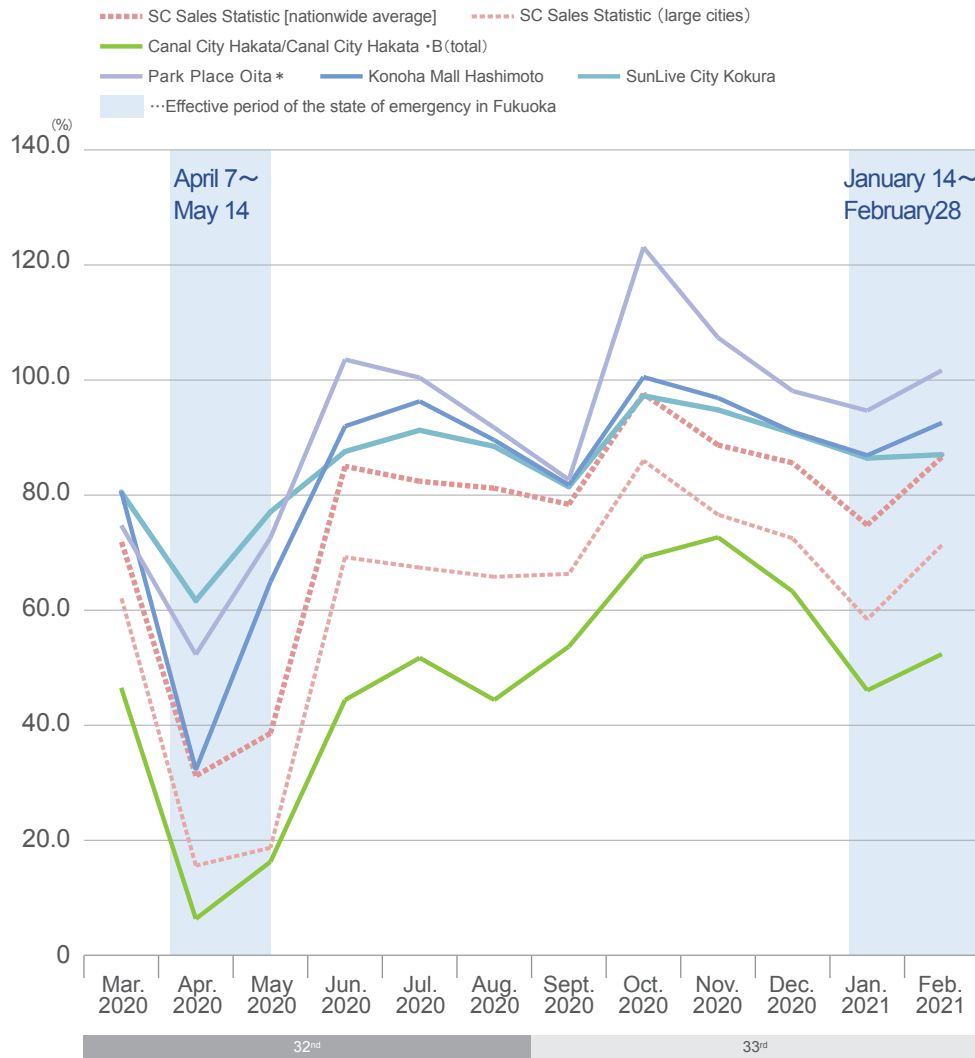
(\*2) After the Disposition, the income and expenditure will belong to Hoshino Resorts REIT, Inc., the buyer, excluding the first floor below ground which the current sublessee as of March 18, 2021, FJ Entertainment Works Co., Ltd. operates as Grand Hyatt Fukuoka, in Grand Building.

(\*3) Fukuoka REIT does not own Canal City Theatre in the North Building and has no plan to acquire it as of April 16, 2021.

\*The facility conceptual diagram conceptually shows the placement of the buildings and the shape and area ratio may differ from the current situation.

# Impact of COVID-19 infection on retail properties

## Year-on-year comparison of sales (March 2020 - February 2021)



Source: Prepared by Fukuoka Realty Co., Ltd. based on data from Sales Statics on the website of the Japan Council of Shopping Centers.  
 \*Sales at the newly acquired Home Plaza NAFCO at Park Place Oita in July 2020 are added.

## Status of Rent Reduction and Deferment of Rent Payment

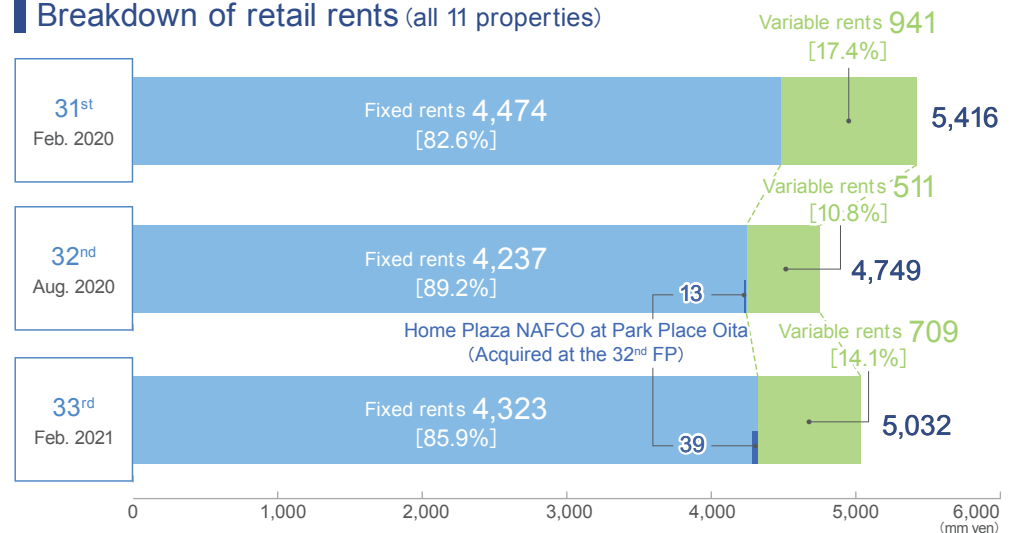
	32 <sup>nd</sup>					33 <sup>rd</sup>					
	Apr.	May	Jun.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
Rent Reduction	259 mm yen					84 mm yen					
	Number of tenants 288 cases (*1)					Number of tenants 49 cases (*1)					
	Subject properties: Properties temporarily closed(*2)					Subject properties: Canal City Hakata (*3) ● Start of rent reduction: Jun. 38cases, Sept. 10cases, Oct. 1case *Rent reduction ended mostly during the 33 <sup>rd</sup> period					
Deferment of Rent Payment	285 cases (*1)					● Already fully collected for all 285 cases ● No new arrangement conducted					

(\*1) The number of tenant cases is a cumulative figure.

(\*2) Canal City Hakata, Canal City Hakata · B, and the Canal City Business Center Building (only some retail stores), Konoha Mall Hashimoto, Marinao City Fukuoka (Marina Side Building) and Park Place Oita are covered.

(\*3) Canal City Hakata, Canal City Hakata · B, and the Canal City Business Center Building (only some retail stores) are covered.

## Breakdown of retail rents (all 11 properties)



\* "Fixed rent" is indicated the amount of "leasing revenues-real estate" - "variable rents".

\* "Variable rents" are the sum of the portion of rents collected from tenants with variable and GOP rents that varies as a function of the tenants' sales. Variable rents are included Canal City Hakata, Canal City Hakata · B, Park Place Oita, SunLive City Kokura and Konoha Mall Hashimoto.



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

Increase in income through new acquisition of properties and recovery in sales of retail properties

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

Sign indicates impact on profit ( unit : mm yen)

Account		32 <sup>nd</sup> A ~Aug. 31, 2020	33 <sup>rd</sup> B ~Feb. 28, 2021	Difference B - A
Operating profit and loss	Total operating revenues	8,518	8,904	① 385
	Leasing revenues-real estate	7,912	8,306	393
	Other leasing revenues-real estate	605	597	(8)
	Total operating expenses	5,551	5,842	290
	Expenses related to leasing business	4,897	5,180	② 283
	Asset management fees	520	524	4
	Asset custody fees	7	7	0
	Administrative service fees	57	58	1
	Director's compensations	9	9	-
	Other operating expenses	60	61	1
<b>Operating income</b>		<b>2,966</b>	<b>3,061</b>	<b>95</b>
Non-Operating profit and loss	Total non-operating revenues	0	1	0
	Total non-operating expenses	379	386	6
	Interest expenses (incl. investment corporation bonds)	278	282	3
	Financing related expenses	94	97	2
Others	5	5	0	
<b>Ordinary income</b>		<b>2,587</b>	<b>2,677</b>	<b>89</b>
<b>Profit before income taxes</b>		<b>2,587</b>	<b>2,677</b>	<b>89</b>
Total income taxes		0	1	0
<b>Profit</b>		<b>2,586</b>	<b>2,675</b>	<b>88</b>

## Operating profit and loss

① Acquired properties at the 32<sup>nd</sup> FP  
 (LOGICITY Wakamiya)Leasing contract started in Nov. 2020 +53  
 (Full-period contribution of Higashi Hie Business Center III) +45  
 Canal City Hakata·B +122  
 Park Place Oita +85  
 Konoha Mall Hashimoto +67  
 Office buildings(excl. Higashi Hie Business Center III) +18  
 [ -of which, increase in leasing revenues-real estate, etc. +26]  
 [ -of which, decrease in income from utilities (7)]

Tissage Hotel Naha (14)  
 Others +9  
**Total : +385**

② Increase in outsourcing expenses (258)  
 Increase in repair & maintenance expenses (118)  
 Decrease in expenses from utilities +27  
 Decrease in depreciation and amortization expenses +62  
 Decrease in other expenses +4  
**Total : (283)**

Dividend	Total dividends	2,587	2,675	88
	Dividend per unit (yen)	3,250	3,361	111

# Statements of Income (compared with the forecast)

Reducing operating expenses led to a dividend 61 yen above the forecast

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

Account		33 <sup>rd</sup> A Forecast at 32 <sup>nd</sup>	33 <sup>rd</sup> B ~Feb. 28, 2021	Difference B - A
Operating profit and loss	Total operating revenues	8,903	8,904	① 0
	Leasing revenues-real estate		8,306	
	Other leasing revenues-real estate		597	
	Total operating expenses	5,889	5,842	② (47)
	Expenses related to leasing business		5,180	
	Asset management fees		524	
	Asset custody fees		7	
	Administrative service fees		58	
	Director's compensations		9	
	Other operating expenses		61	
<b>Operating income</b>		<b>3,013</b>	<b>3,061</b>	<b>48</b>
Non-Operating profit and loss	Total non-operating revenues	1	1	0
	Total non-operating expenses	385	386	0
	Interest expenses (incl. investment corporation bonds)		282	
	Financing related expenses		97	
	Others		5	
<b>Ordinary income</b>		<b>2,628</b>	<b>2,677</b>	<b>48</b>
<b>Profit before income taxes</b>		<b>2,628</b>	<b>2,677</b>	<b>48</b>
Total income taxes		1	1	0
<b>Profit</b>		<b>2,627</b>	<b>2,675</b>	<b>48</b>

Dividend	<b>Total dividends</b>	2,626	2,675	48
	<b>Dividend per unit (yen)</b>	3,300	3,361	61

Sign indicates impact on profit ( unit : mm yen)

## ■ Operating profit and loss

① Canal City Hakata・B	+12
Park Place Oita	(19)
[ -of which, decrease in income from utilities (9)]	
[ -of which, decrease in other miscellaneous revenue (14)]	
Office buildings	+4
Others	+3
<b>Total :</b>	<b>0</b>
② Decrease in outsourcing expenses	+15
Decrease in expenses from utilities	+29
Decrease in depreciation and amortization expenses	+7
Increase in selling general and administrative expenses	(7)
Others	+3
<b>Total :</b>	<b>+47</b>



# Business forecast (the 34<sup>th</sup> fiscal period, Aug. 2021)

By covering the decrease in earnings due to property sale with the increase in revenue from owned properties and gain on sale, dividend per unit is forecast to be 3,500 yen

## Forecast in the 34<sup>th</sup> fiscal period

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

Account	33 <sup>rd</sup> Actual A	34 <sup>th</sup> Forecast at 32 <sup>nd</sup> B	34 <sup>th</sup> Forecast at 33 <sup>rd</sup> C	33 <sup>rd</sup> Actual difference C-A	34 <sup>th</sup> Forecast difference C-B
Operating revenues	8,904	9,127	8,979	75	(148)
Operating revenues excluding gain on sales	8,904	9,127	8,883	① (20)	(243)
Gain on sales	-	-	95	② 95	95
Operating expenses	5,842	5,953	5,803	③ (39)	(150)
Operating income	3,061	3,174	3,176	114	2
Non-operating revenues	1	0	0	(0)	-
Non-operating expenses	386	387	389	3	2
Ordinary income	2,677	2,787	2,787	110	-
Profit	2,675	2,786	2,786	111	-

<b>Total dividends</b>	2,675	2,786	2,786	110	-
<b>Dividend per unit (yen)</b>	3,361	3,500	3,500	139	-

Sign indicates impact on profit (unit : mm yen)

### ■ Difference between the 33<sup>rd</sup> FP actual and the 34<sup>th</sup> FP forecast

① Full-period contribution of LOGICITY Wakamiya	+26
Acquired property at the 34 <sup>th</sup> FP (Tenjin Nishi-Dori Business Center(Land with leasehold interest))	+79
Canal City Hakata	+49
Canal City Hakata•B	(232)
Office buildings(excl. Tenjin Nishi-Dori Business Center (Land with leasehold interest))	+26
[ -of which, increase in leasing revenues-real estate, etc.	+15]
[ -of which, increase in income from utilities	+10]
Tissage Hotel Naha	+14
Others	+18
<b>Total :</b>	<b>(20)</b>
② CANAL CITY Hakata•B Grand Building (88.28% co-ownership interest in Grand Building)Gain on sales	<b>+95</b>
③ Decrease in outsourcing expenses	+44
Increase in expenses from utilities	(45)
Decrease in taxes and other public charges	+14
Decrease in depreciation and amortization expenses	+65
Increase in selling general and administrative expenses	(30)
Increase in other expenses	(9)
<b>Total :</b>	<b>+39</b>

◎ (Canal City Hakata•B) Difference between the 33<sup>rd</sup> FP actual and the 34<sup>th</sup> FP forecast

Decrease in leasing revenues-real estate	(232)
Decrease in outsourcing expenses	+75
Decrease in taxes and other public charges	+32
Decrease in depreciation and amortization expenses	+32
Decrease in other expenses	+11
Decrease in operating income	<b>(82)</b>

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

Dividend per unit is expected to be maintained despite the absence of gain on sale in the previous fiscal period

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

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

Account	34 <sup>th</sup> Forecast at 33 <sup>rd</sup> A	35 <sup>th</sup> Forecast at 33 <sup>rd</sup> B	34 <sup>th</sup> Forecast difference B-A
Operating revenues	8,979	8,724	(255)
Operating revenues excluding gain on sales	8,883	8,724	① (159)
Gain on sales	95	-	(95)
Operating expenses	5,803	5,555	② (247)
Operating income	3,176	3,168	(7)
Non-operating revenues	0	0	-
Non-operating expenses	389	382	(7)
Ordinary income	2,787	2,787	(0)
Profit	2,786	2,786	(0)
<b>Total dividends</b>	<b>2,786</b>	<b>2,786</b>	<b>-</b>
<b>Dividend per unit (yen)</b>	<b>3,500</b>	<b>3,500</b>	<b>-</b>

Sign indicates impact on profit (unit : mm yen)

### ■ Variance from updated the 34<sup>th</sup> FP forecast

① Full-period contribution of Tenjin Nishi-Dori Business Center (Land with leasehold interest)	+79
Canal City Hakata	(19)
Canal City Hakata•B	(215)
SunLive City Kokura	+12
Office buildings(excl. Tenjin Nishi-Dori Business Center (Land with leasehold interest))	+2
[ -of which, increase in leasing revenues-real estate, etc.	+14]
[ -of which, increase in income from utilities	(12)]
Others	(18)
<b>Total :</b>	<b>(159)</b>
② Decrease in outsourcing expenses	+76
Decrease in expenses from utilities	+29
Decrease in taxes and other public charges	+32
Decrease in depreciation and amortization expenses	+68
Decrease in selling general and administrative expenses	+26
Decrease in other expenses	+16
<b>Total :</b>	<b>+247</b>

### ◎ (Canal City Hakata•B) Variance from updated the 34<sup>th</sup> FP forecast

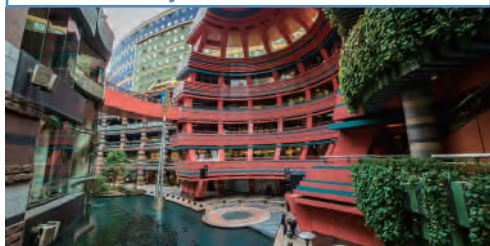
Decrease in leasing revenues-real estate	(215)
Decrease in outsourcing expenses	+79
Decrease in taxes and other public charges	+32
Decrease in depreciation and amortization expenses	+62
Decrease in other expenses	+18
Decrease in operating income	(24)



# Situation of active retail①

Sales are on a recovery trend

- Canal City Hakata
- Canal City Hakata・B



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

**14.1 bn yen**  
YoY (52.9)%

Given two emergency declarations, almost all facilities were closed from April 7 to May 15, 2020, and business hours were shortened in January/February 2021. In October to December, sales recovered to around 70% of year-earlier results due to the success of the “Demon Slayer” movie and “Go To” campaigns. For now, we are working to increase sales to domestic customers with NITORI, a new store, and other measures.

- Park Place Oita



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

**22.5 bn yen**  
YoY (8.6)%

Sales dropped sharply in March to May, impacted by the emergency declaration, but have remained mostly flat year-on-year since June. Stores handling daily necessities and cinemas performed well. We will work increase the number of events and increase eatery sales by further reinforcing infection control measures.

- Konoha Mall Hashimoto



Sales (annual total)  
Mar. 2020 - Feb. 2021

**13.0 bn yen**  
YoY (16.5)%

Given two emergency declarations, almost all facilities were closed from April 7 to May 15, 2020 and business hours were shortened in January and February 2021. Sales have remained roughly at around 90% of year-earlier results since June due to strong sales of fresh food and other daily necessities. Stable sales are expected going forward as new eatery stores are opened even amid the COVID-19 pandemic.

- SunLive City Kokura



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

—  
YoY (14.6)%

Sales dropped sharply in April/May given the emergency declaration twice, but have remained at around 90% of year-earlier results since then. Sales of fresh foods remained strong. Work to further activate the facility by renewing tenants in autumn 2021 as a target and implementing common area renovation plan.

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

(\*)1) Combined sales of Canal City Hakata and Canal City Hakata・B, properties owned by Fukuoka REIT. (\*2) Sales at the newly acquired Home Plaza NAFCO at Park Place Oita in July 2020 are added. (\*3) Sales figures are omitted because SunLive did not consent to their disclosure.

## Year-on-year comparison of sales / Period-end occupancy rates

Property name	Year-on-year comparison of sales		Period-end occupancy rates	
	32 <sup>nd</sup> (Aug. 2020)	33 <sup>rd</sup> (Feb. 2021)	32 <sup>nd</sup> (Aug. 2020)	33 <sup>rd</sup> (Feb. 2021)
Canal City Hakata	35.1%	57.5%	100.0%	97.7%
Canal City Hakata・B	35.1%	61.3%	99.5%	99.5%
Park Place Oita <sup>(*)2</sup>	82.9%	100.2%	100.0%	100.0%
Konoha Mall Hashimoto	75.8%	91.5%	100.0%	97.8%
SunLive City Kokura	81.2%	89.6%	100.0%	100.0%
Other retail properties <sup>(*)4</sup>	90.2%	96.7%	100.0%	100.0%

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

## Infection Control Measures at Retail Properties

### ◎About the measures at Canal City Hakata

Introduced daily endeavors with “Canal City Hakata Morning Routines [Preventive Measures Against COVID-19]” video on YouTube



# Situation of active retail②

Increase visitors from neighboring trade zones; attract customers from wider areas in Japan over the medium to long term by offering experiential value, renovation and tenant replacement

## Canal City Hakata

### Vitalization measures with hit movies and popular characters as a hook

#### Hit movie-related measures

- Lottery using movie ticket stubs
- Shopping card points for repeat viewers
- Interior environmental decoration

Factor of favorable 33<sup>rd</sup> period results



#### EVANGELION

- Aqua Panorama performance
- Official store opening
- Setting large character figures
- Distributing movie screening commemorative original postcards

Contributing to attracting customers in early 34<sup>th</sup> period



#### GUNDAM

- Aqua Panorama performance (April 24~)
- Selling limited plastic models (@"THE GUNDAM BASE FUKUOKA" official store)
- Holding "GUNDAM docks," a large-scale event

Providing experiential value projected for 34<sup>th</sup> period



### e-sports event

Held the final match of "Kyushu E-Sports Student Championship 2021" on April 18 at the special venue in the facility. The championship, held for the first time, was the first e-sports event implemented at Canal City Hakata.

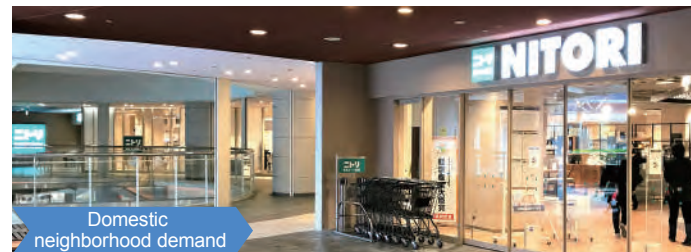
Providing experiential value projected for 34<sup>th</sup> period

### Farmers Marche

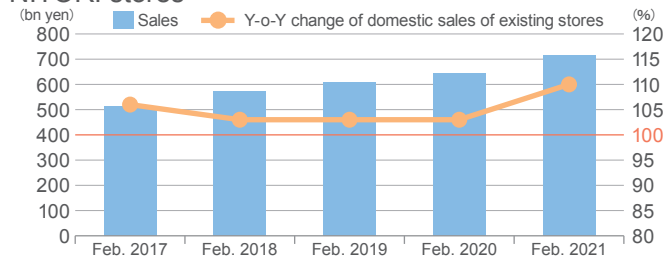
Provided a venue to sell farm products produced at facilities for persons with disabilities (March 20)



### Opening of large-scale NITORI store downtown (approx.3,645m<sup>2</sup>) on March 12



### Year-on-year change of domestic sales of existing NITORI stores



Source: Prepared by Fukuoka Realty Co., Ltd. based on NITORI Co. Ltd. Year-on-Year Change of Domestic Monthly Sales on the website of NITORI Holdings Co., Ltd.

## Store replacement

Newly invited eateries and clinics, etc. to maintain occupancy and promote vitalization even under the COVID-19 pandemic.

### Konoha Mall Hashimoto



### Canal City Hakata・B

Specialty shop for Hiroshima okonomiyaki (savory, Japanese-style pancakes) 「Denkosekka」 (opened first in Kyushu)

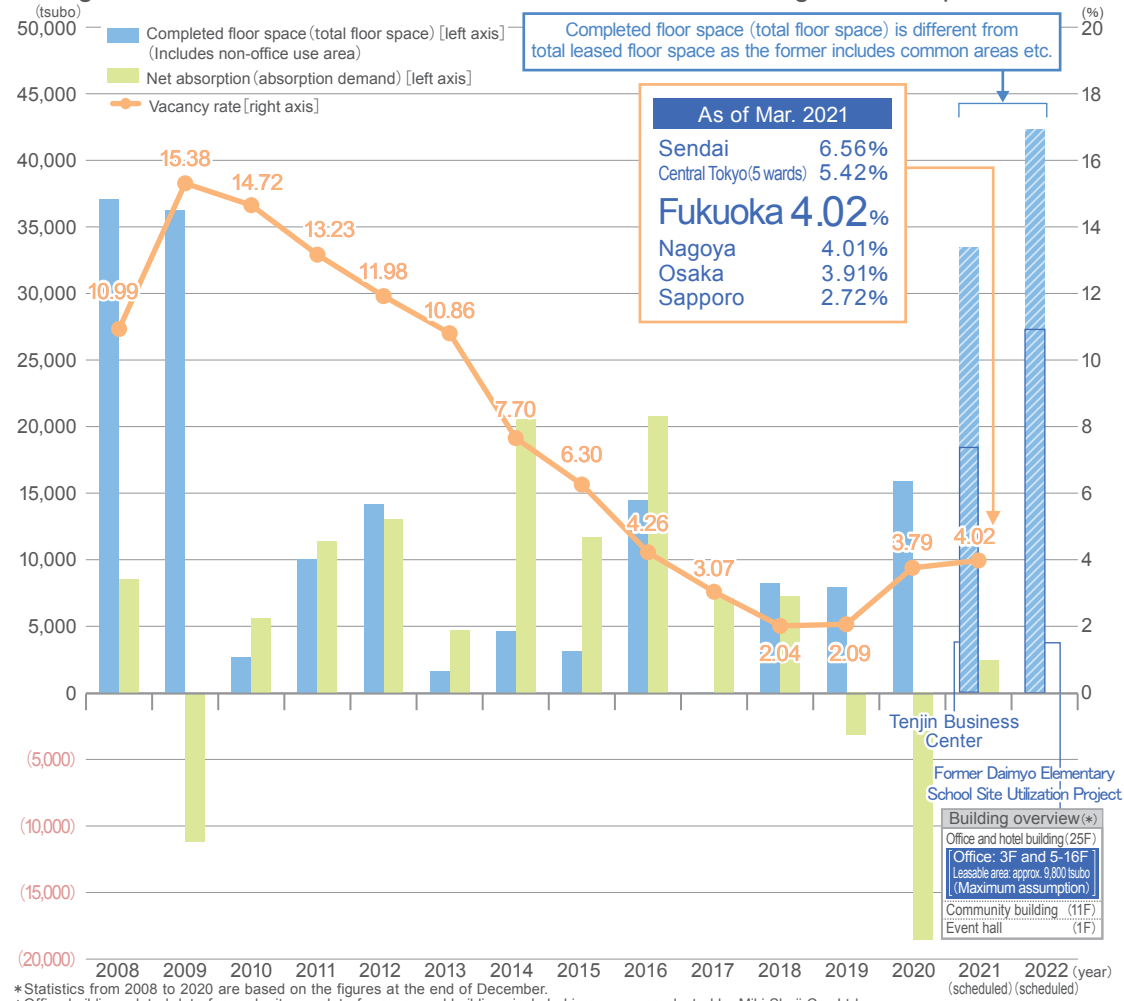




# Trends in the Fukuoka office market

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

◎Progress made in informal determination of tenants for office buildings to be completed in 2021

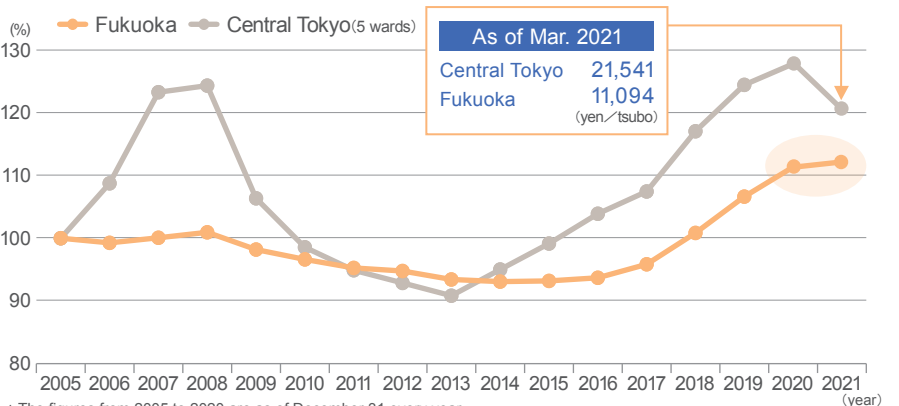


\* Statistics from 2008 to 2020 are based on the figures at the end of December.  
 \* Office building-related data for each city are data for areas and buildings included in surveys conducted by Miki Shoji Co., Ltd.  
 \* Net absorption (absorption demand) shows the change in the occupied floor space during a specific period. It is calculated by subtracting the occupied floor space on December 31 of the previous year from the occupied floor space on December 31 of the applicable year. (The figure for 2021 is as of March 31.) Completed floor space (total floor space) figures for 2021 and 2022 have not been finalized, and the floor space and expected completion dates are subject to change.  
 Source: Prepared by Fukuoka Realty Co., Ltd. based on data from "Office Market Data" Miki Shoji Co., Ltd.  
 (\*) Prepared by Fukuoka Realty Co., Ltd. based on the press releases of Fukuoka City Government and relevant enterprising bodies.

## Fukuoka business district / Average asking rents

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

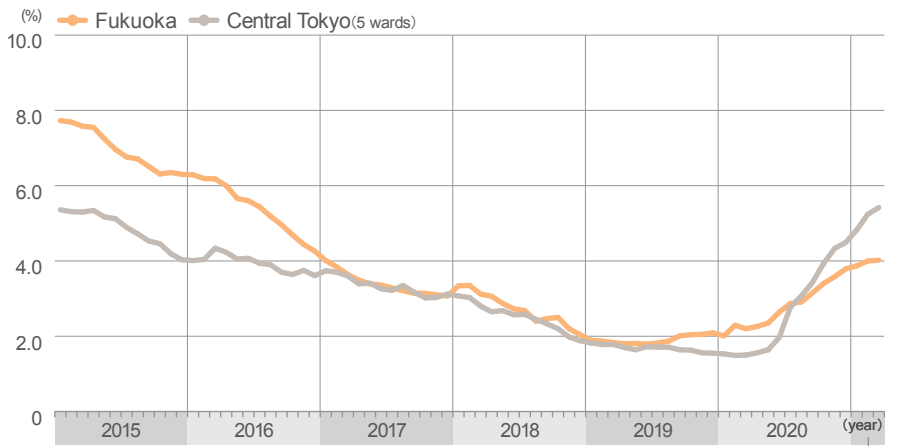
Average asking rent of the Fukuoka business district rose 2.5% in the 12 months from Mar. 2020 to Mar. 2021.



\* The figures from 2005 to 2020 are as of December 31 every year.  
 Source: Prepared by Fukuoka Realty Co., Ltd. based on data from "Office Market Data" Miki Shoji Co., Ltd.

## Fukuoka business district / Average vacancy rate

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

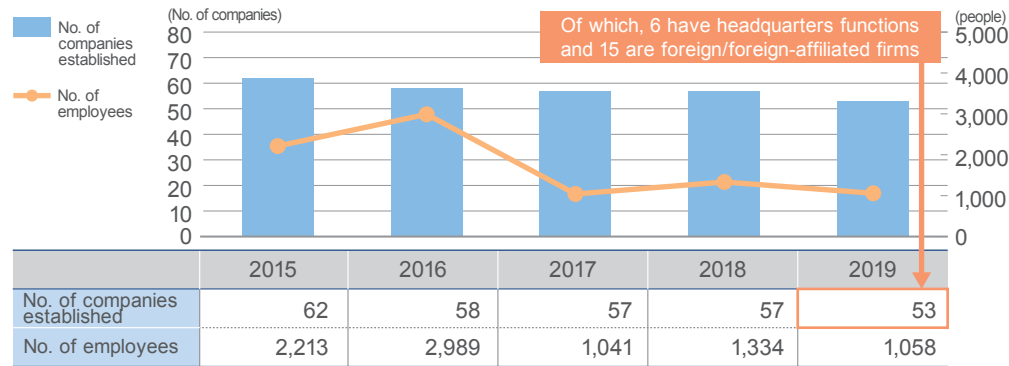


Source: Prepared by Fukuoka Realty Co., Ltd. based on data from "Office Market Data" Miki Shoji Co., Ltd.



# Office demand underpinning the Fukuoka office market

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



(No. by industry)

	2015	2016	2017	2018	2019
Knowledge creation	33	28	40	38	38
Call center	8	12	9	7	2

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

## Companies Subsidized by Fukuoka City Business Establishment Support Program

### Companies subsidized in 2019 (rental type, selected from those granted 10 million yen or more)

Company	Location	Subject fields
ZOZO Technologies, Inc.	Tenjin, Chuo Ward	Knowledge creation
KYUSHU F-LINE CORPORATION / HOUSE Logistics Service Corporation	Minatokashii, Higashi Ward	Logistics
Yahoo Japan Corporation	Tenjin, Chuo Ward	Headquarters functions
Sekisui House, Ltd. / FUKUOKA Shoji Co., Ltd.	Kashiiteruha, Higashi Ward	Large-scale customer attraction facilities
Mercari, Inc.	Hakataekihigashi, Hakata Ward	Call center, etc
SoftBank Group Corp.	Nakasu, Hakata Ward	Call center, etc

### Companies subsidized in 2018 (rental type, selected from those granted 10 million yen or more)

Company	Location	Subject fields
Creditsafe Japan	Kamigofukumachi, Hakata Ward	Call center, etc
TechJIN	Tenjin, Chuo Ward	Knowledge creation
Human Relation Inc.	Tenjin, Chuo Ward	Call center, etc

**Fukuoka City Business Establishment Support Program** A subsidy program for companies establishing a new base in Fukuoka City, covering such fields as knowledge creation, call centers, medicine, healthcare and welfare, environment and energy-related, logistics, headquarters functions, and global business

Source: Prepared by Fukuoka Realty Co., Ltd., based on data from "Business Establishment Support Program Results" by the Fukuoka City Economy, Tourism & Culture Bureau.

## Cases of Office Functions Transfer to Fukuoka

### JAPANET HOLDINGS Co., Ltd. Moving major functions from Tokyo to Fukuoka City (\*)

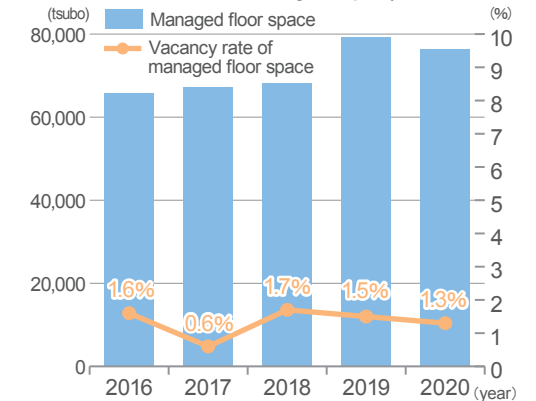
Launched "JAPANET@FUKUOKA", a project to newly make Fukuoka City one of its major bases

Will move 12 divisions including HR and Accounting to the Fukuoka office and increase mid-career employment, creating new employment in Fukuoka and expanding new services, sports, and regional revitalization initiatives all over Japan from Nagasaki, its place of founding, as well as from Kyushu.

(\*) Move-in to Tenjin Business Center (see P60) confirmed

## Leasing Capabilities of Sponsor (Fukuoka Jisho)

© Share of managed office floor space in Fukuoka's business districts exceeds 10%; high occupancy also maintained



\* Figures are as of December 31 of each year.

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

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

### Promotion of Attracting International Financial Functions

- Projects to attract international financial functions to Fukuoka  
Operate one-stop support counter specialized in international finance "Global Finance Centre" and provide support to FinTech operators, etc.
- Promotion of attracting foreign financial institutions, etc.  
Implement promotions for foreign financial institutions, etc. to attract international financial functions
- Projects to enhance living environment for foreign residents in Japan  
Life guidance upon move-in procedures, international exchange in the region, multilingual support at ward offices (like telephone interpretation), surveys on problems, etc.

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

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

# Implementation Status of Remote Work in Fukuoka and Initiatives by Fukuoka City Government

## Rate of remote work implementation by region (2020)

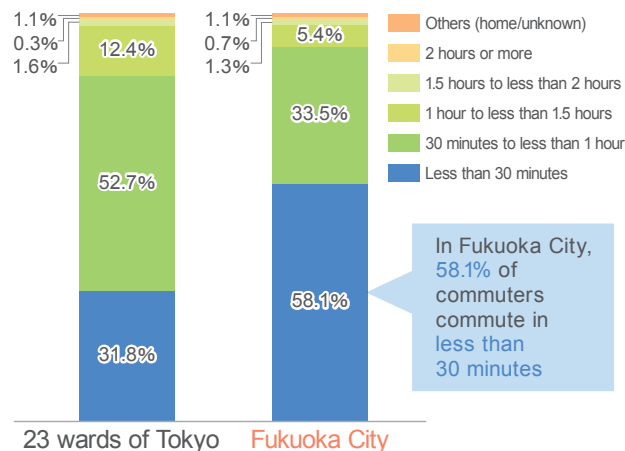
◎The rate of remote work implementation in Fukuoka Prefecture is lower than the Tokyo metropolitan area or Osaka Prefecture.

Implementation rate in November Rank	Prefecture	Implementation rate in April	Implementation rate in November	Change in implementation rate from April
1	Tokyo	49.1%	45.8%	(3.3)%
2	Kanagawa	42.7%	34.9%	(7.8)%
3	Chiba	38.0%	26.2%	(11.8)%
4	Osaka	29.1%	24.4%	(4.7)%
5	Saitama	34.2%	24.0%	(10.2)%
12	Fukuoka	23.8%	16.4%	(7.4)%

Source: Prepared by Fukuoka Realty Co., Ltd. based on data from "Emergency Survey on the Impact of COVID-19 on Telework" and "The Fourth Emergency Survey on the Impact of COVID-19 on Telework (Preliminary Report)," PERSOL RESEARCH AND CONSULTING CO., LTD.

## Comparison of commuting times

(Fukuoka City and 23 wards of Tokyo)



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

## Short commuting time to work and school

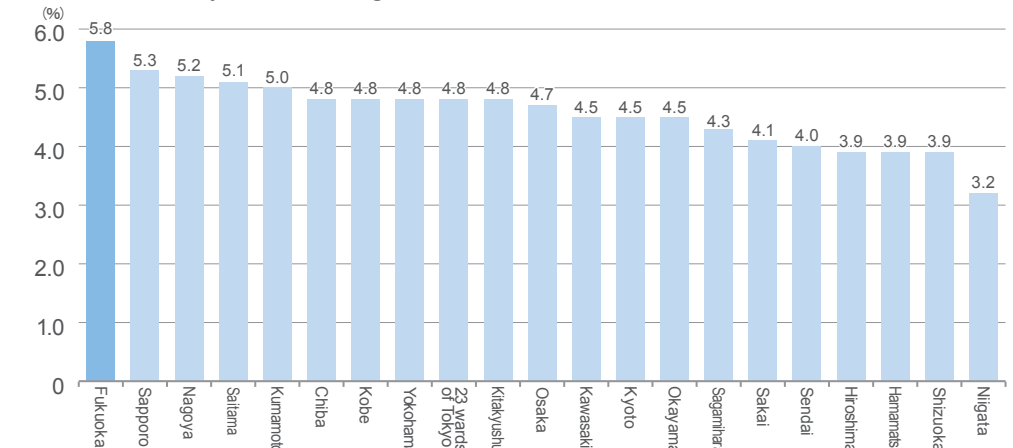
(comparison with the world's cities)

Rank	City
1	Geneva
2	Vienna
3	Frankfurt
4	Barcelona
5	Fukuoka
27	Tokyo

Source: Prepared by Fukuoka Realty Co., Ltd. based on data from "Global Power City Index YEARBOOK 2019" by the Institute for Urban Strategies, The Mori Memorial Foundation

## Comparison of Rate of Business Starts Among Major Urban Areas (2019)

◎Fukuoka City has the highest rate of business starts



Source: Prepared by Fukuoka Realty Co., Ltd., based on data from "The general condition of the Fukuoka city economy" by the Fukuoka City Economy, Tourism & Culture Bureau.

## Initiatives of Startup Support by Fukuoka City Government

### A City of Startups Connected to the World

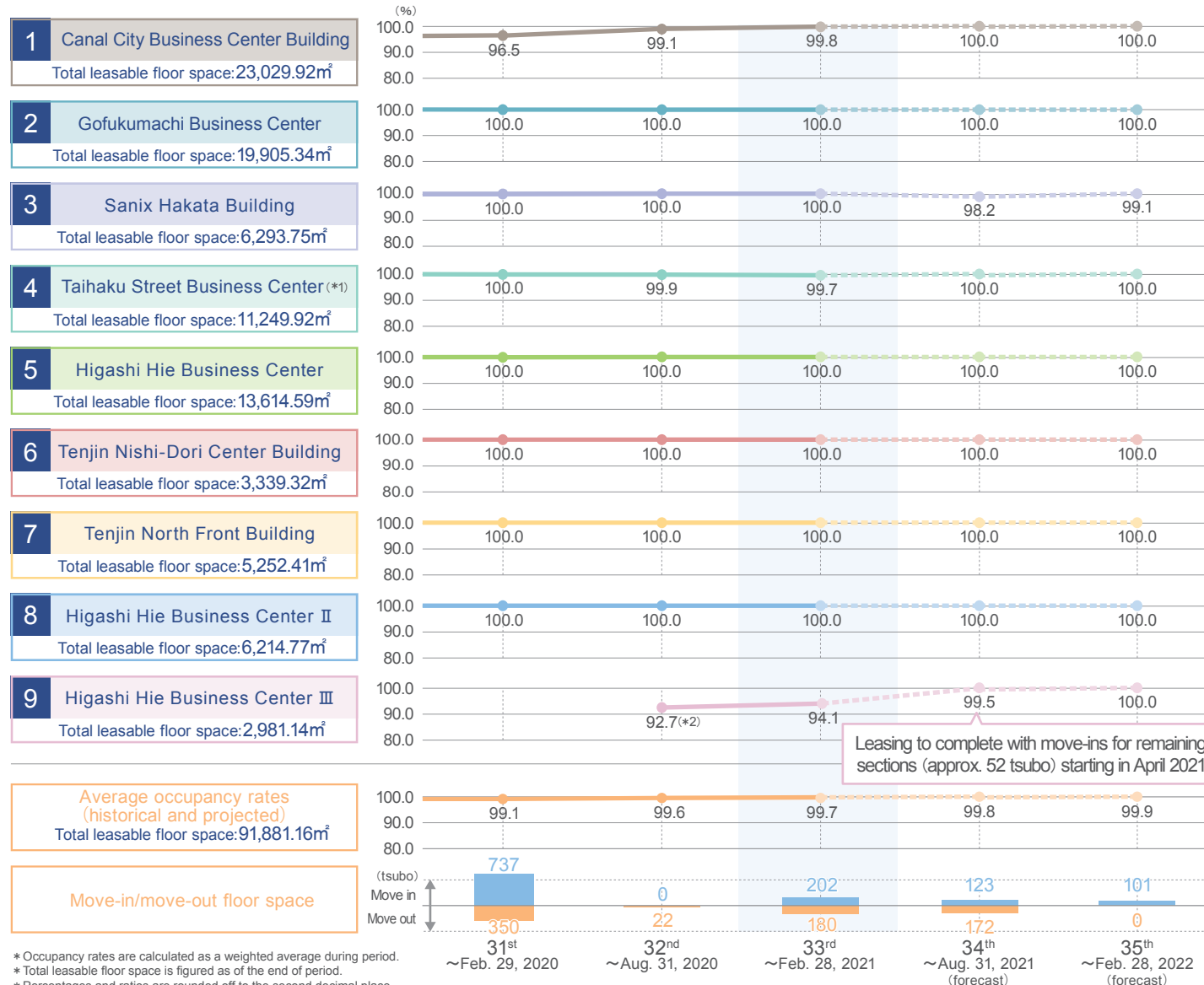
- Promote formation of a base city for startup ecosystem  
Support creation of unicorn companies by utilizing the Cabinet Office's "Strategies for Creation of Startup Ecosystem"
- Programs to support growth of startups aiming for new listing through external human resources  
Support startups aiming at new listing to utilize experienced professionals in solving management issues, etc.
- Operation of startup support facilities  
Operate Fukuoka Growth Next, a startup support facility



Source: Prepared by Fukuoka Realty Co., Ltd., based on Overview of Initial Draft Budget for Fiscal 2021 by the Finance Bureau, Fukuoka City Government dated February 16, 2021.

# Historical and projected office buildings' occupancy rates

Maintaining high occupancy levels while steadily increasing rent per unit area



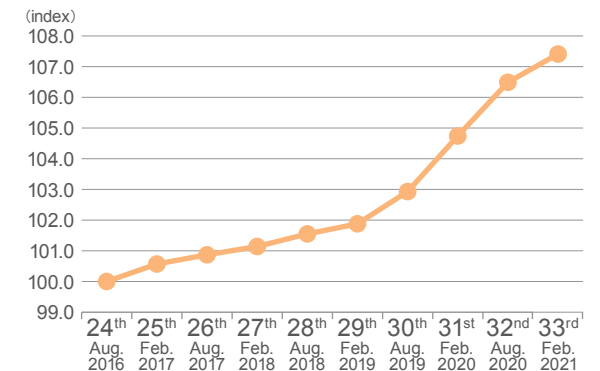
\* Occupancy rates are calculated as a weighted average during period.  
 \* Total leasable floor space is figured as of the end of period.  
 \* Percentages and ratios are rounded off to the second decimal place.  
 (\*1) Residential floor spaces are removed from the total leasable floor space of Taihaku Street Business Center. (\*2) Since Higashi Hie Business Center III was acquired on May 29, 2020, the occupancy rate is shown from the 32<sup>nd</sup> fiscal period.

## Major indicators of owned properties (\*3)

Total amount of acquisition	56,020 mm yen
Investment ratio	27.7%
Average age	17 years 3 months
Tenants	228
Total leasing revenues-real estate in the 33 <sup>rd</sup> FP	2,424 mm yen
Rent positive gap	+25.2% (*4)

(\*3) The figures are indicated as of February 28, 2021.  
 (\*4) Rent positive gap indicated the gap between current rent: contract rent with common charges and market rent, and is calculated as "current rent - market rent / current rent". Moreover, market rent indicated average of assumed newly closed rent assessed by CBRE as of Feb. 2021.

## Trend in rent unit price index of owned properties (\*5)



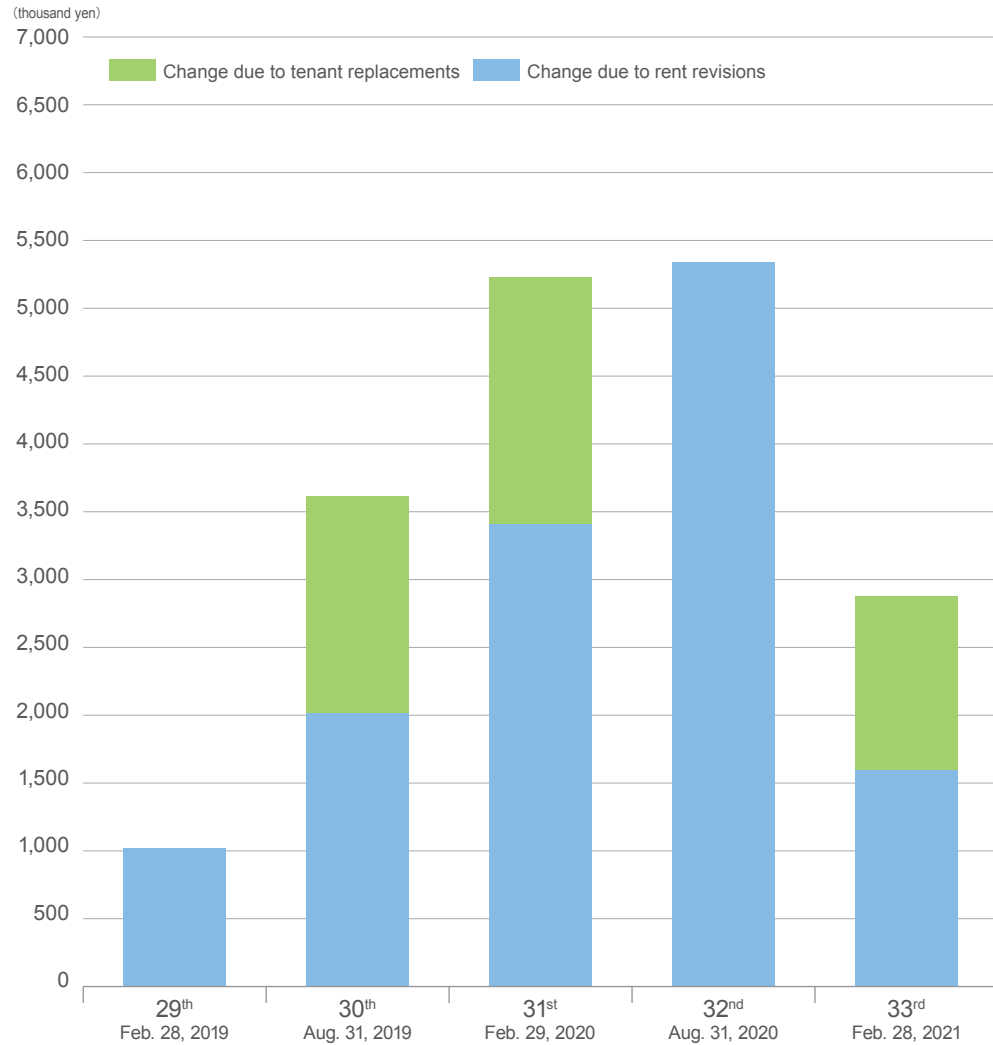
(\*5) The rent unit price index is based on the average rent per unit area at the end of each fiscal period compared with the rent per unit area at the end of the 24<sup>th</sup> fiscal period (August 2016), which is set as 100. This covers all office building properties excluding Higashi Hie Business Center II and Higashi Hie Business Center III (But, for Canal City Business Center Building, only the spaces from the 2<sup>nd</sup> floor and above are covered).



# Office building rent revisions and tenant replacement situation

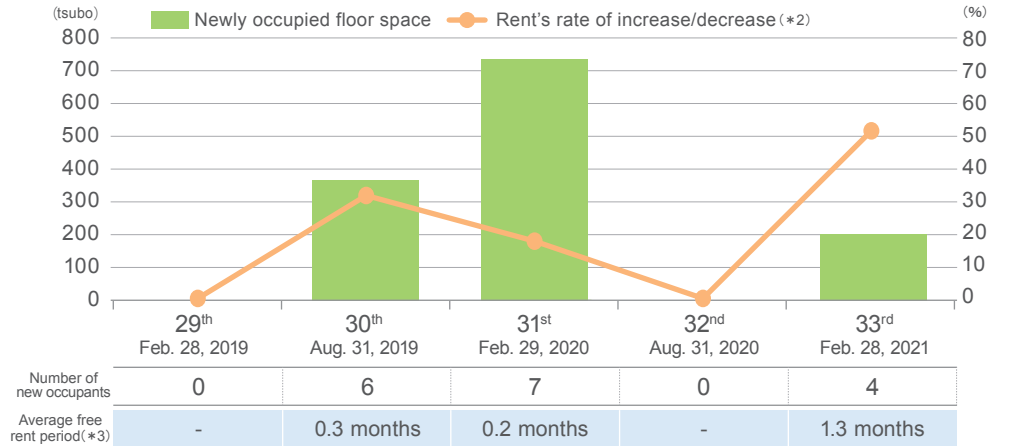
## Increase in rent has continued

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



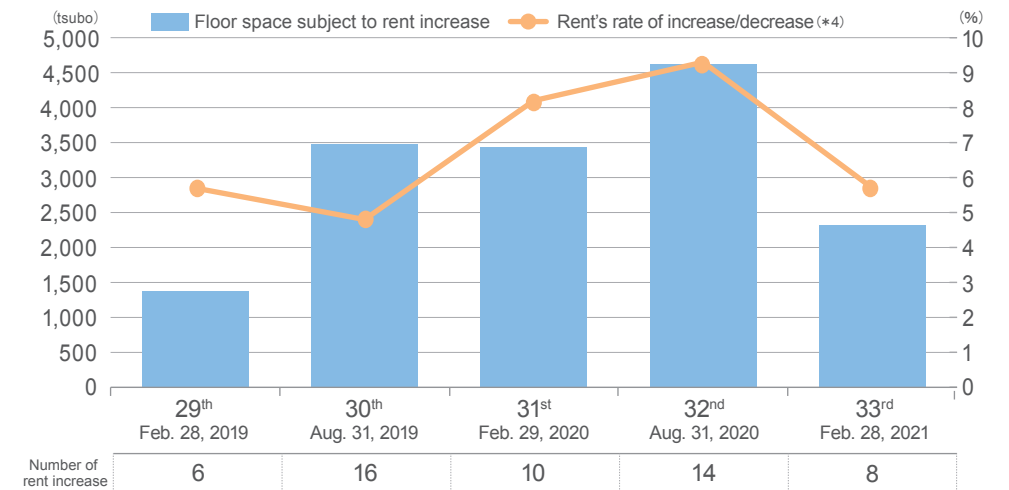
\* Covers all office buildings owned at the end of each fiscal period (However, for Canal City Business Center Building, only the spaces from the 2nd floor and above are covered and Higashi Hie Business Center III is not included).  
 (\*1) There were no revisions to the rent reductions.

### Newly occupied floor space and number of new occupants



(\*2) Based on calculation of the rate of change in rent with respect to the contract rent with the previous tenant at the time of tenant replacement.  
 (\*3) Based on calculation of the average over the free rent period of new contract.

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



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

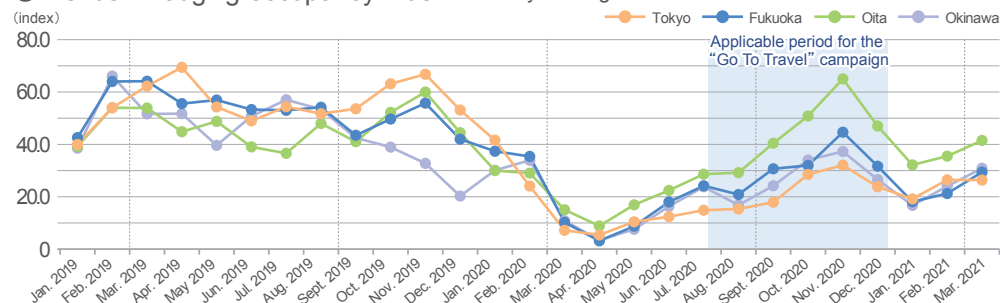
# Situation of other assets (Hotel, Residence)

## Overview of Hotel

Hotel	Grand Hyatt Fukuoka <sup>(*)1</sup> [Canal City Hakata・B]	Fukuoka Washington Hotel [Canal City Hakata]	Hotel FORZA Oita	Tissage Hotel Naha
Type	Full-service	Specialized for accommodation	Specialized for accommodation	Specialized for accommodation
Leasing Form	Fixed+Variable rents	Fixed+Variable rents	Fixed rents	Fixed+Variable rents
Area	Fukuoka City	Fukuoka City	Oita City	Naha City
Rooms	372	423	205	132
Operator	FJ Hotels (Fukuoka Jisho Group)	WHG Nishinihon (Fujita Kanko Group)	FJ Hotels (Fukuoka Jisho Group)	Nest Hotel Japan Corporation

(\*)1 Scheduled to transfer in June 1, 2021.

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



Source: Prepared by Fukuoka Realty Co., Ltd. based on the data of "DATA SALAD", Kyushu Economic Research Center.

## Canal City Hakata / Canal City Hakata・B

### ©Average year-on-year comparison of RevPAR<sup>(\*)2</sup>

	32 <sup>nd</sup> (Aug. 2020)	33 <sup>rd</sup> (Feb. 2021)
year-on-year	(85.0) %	(53.7) %

\*The figure is calculated as the average value for Grand Hyatt Fukuoka and Canal City Fukuoka Washington Hotel.

(\*)2 Revenue Per Available Room = Total accommodation-category sales over a certain period of time divided by the total number of guest rooms available for sale for the same period.  
 (\*)3 Average Daily Rate = Total accommodation-category sales over a certain period of time divided by the total number of guest rooms sold over the same period.

## Tissage Hotel Naha

	32 <sup>nd</sup> (Aug. 2020)	33 <sup>rd</sup> (Feb. 2021)	compared with the previous FP
Room occupancy rates	36.0%	67.9%	+31.9%
ADR <sup>(*)3</sup>	5,031 yen	4,237 yen	(794) yen
RevPAR <sup>(*)2</sup>	1,812 yen	2,878 yen	+1,066 yen

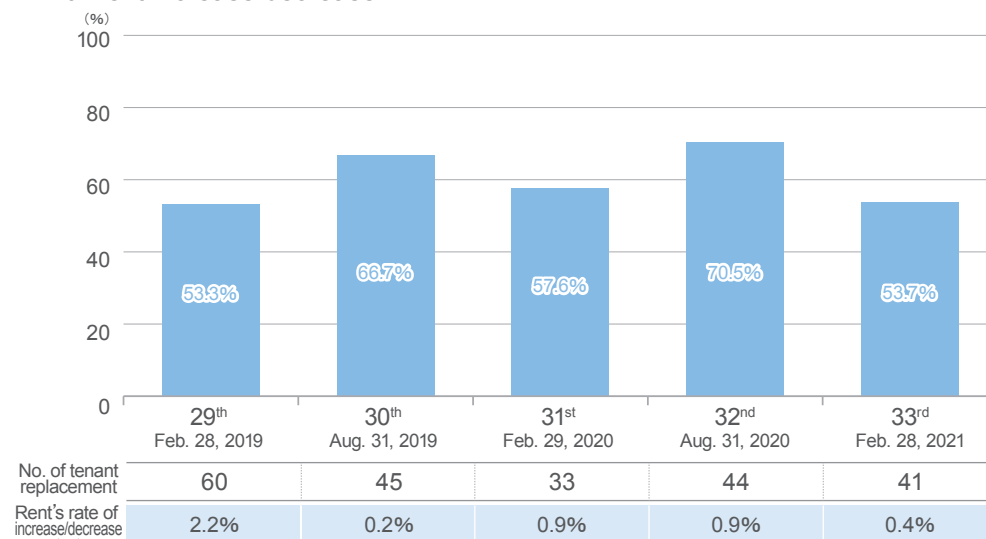
## Residential properties (occupancy rate by property at end of period)

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

occupancy rates	29 <sup>th</sup> (Feb. 2019)	30 <sup>th</sup> (Aug.2019)	31 <sup>st</sup> (Feb. 2020)	32 <sup>nd</sup> (Aug.2020)	33 <sup>rd</sup> (Feb. 2021)
Amex Akasakamon Tower	98.8%	98.5%	95.0%	90.6%	98.8%
City House Keyaki Dori	95.6%	92.3%	93.3%	100.0%	97.8%
Aqualia Chihaya	99.3%	100.0%	97.9%	97.9%	97.9%
D-Wing Tower <sup>(*)4</sup>	95.0%	94.0%	97.7%	96.7%	95.1%
Granfore Yakuin Minami	98.0%	100.0%	97.0%	99.0%	96.0%
The weighted average of 5 properties	97.3%	96.9%	96.6%	96.3%	97.0%

(\*)4 The figure for D-Wing Tower includes the retail portion.

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

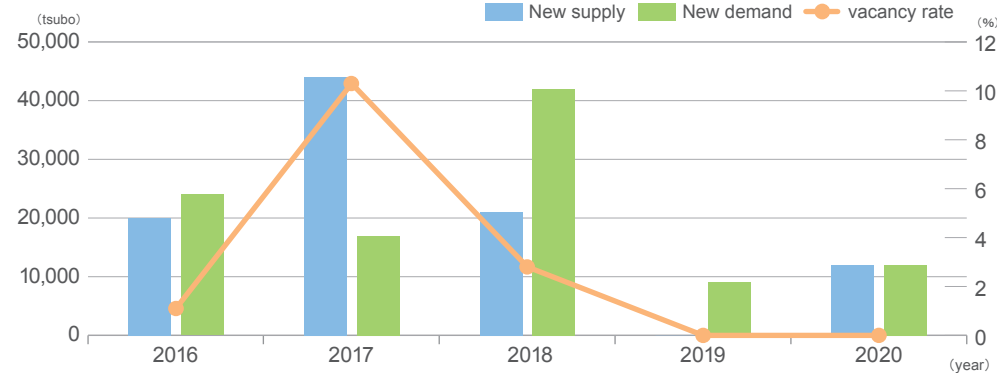


(\*)5 Rate of increase/decrease calculated based on previous rent at tenant replacement.

# Situation of other assets (Logistics)

## Supply and demand of logistic facilities and vacancy rates

◎There continues to be no vacancies

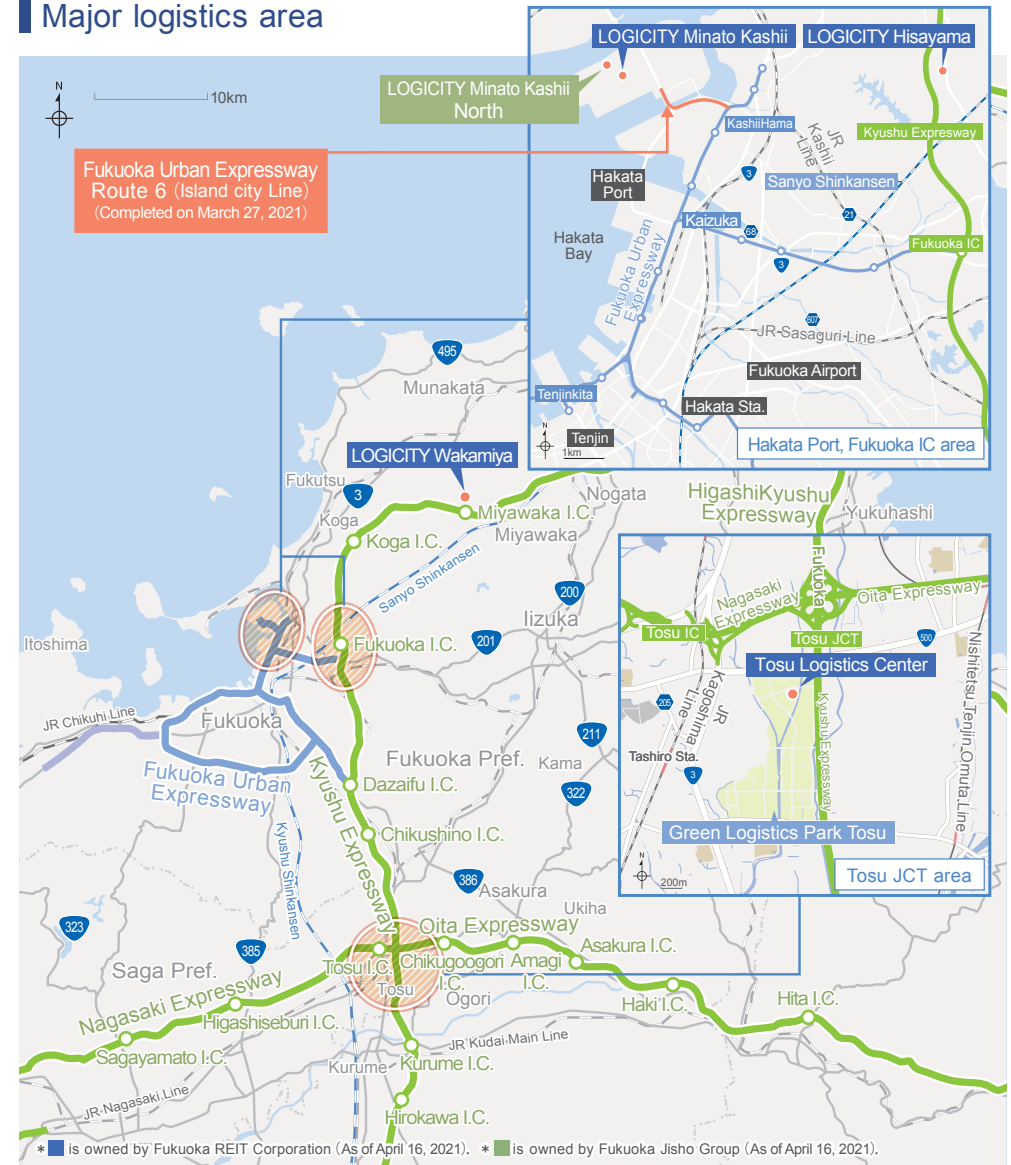


\*The figures are covered total floor spaces (more than 5,000m<sup>2</sup>) which owned by real estate investment company and real estate development company in Fukuoka and Saga.  
Source: Prepared by Fukuoka Realty Co., Ltd. based on data of CBRE

## Overview of Logistics

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

## Major logistics area





# Key financing events in the 33<sup>rd</sup> fiscal period and the 34<sup>th</sup> fiscal period

## Extension of commitment line agreement and long-term financing (10 years) achieved

### Extension of commitment line agreement period (33<sup>rd</sup>)

◎Extended the commitment line agreement with The Nishi-Nippon City Bank serving as the agent by 1 year during the ongoing agreement period, setting the remaining term (commitment period) at 3 years

◎Secured flexible and stable financing means

	Lender	Credit Limit (mm yen)	Period	
			Start	End
Committed line of credit 1	The Bank of Fukuoka Resona Bank	6,000	Aug. 1, 2018	Jul. 31, 2023
Committed line of credit 2	The Nishi-Nippon City Bank Resona Bank The Oita Bank The Bank of Nagasaki The Bank of Saga	7,000	Mar. 2, 2020	Feb. 29, 2024
Total		13,000		

### New Borrowing

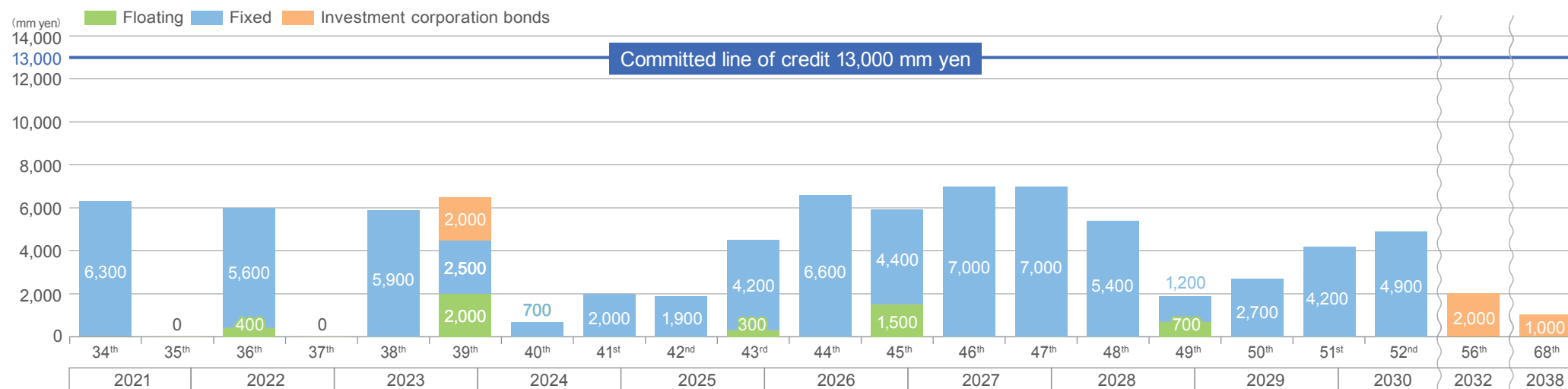
◎Result of long-term financing in the 34<sup>th</sup> fiscal period(Aug. 31, 2021)

Date	Lender	Amount (mm yen)	Term	Interest rate
March 31, 2021	The Juhachi-Shinwa Bank	1,000	10-year	0.59% (Fixed)

The Juhachi-Shinwa Bank Merger Commemorative Business Loan “JS”

The Juhachi-Shinwa Bank will donate a portion of the profits from this loan to Nagasaki University as funds for research and development of a COVID-19 vaccine.

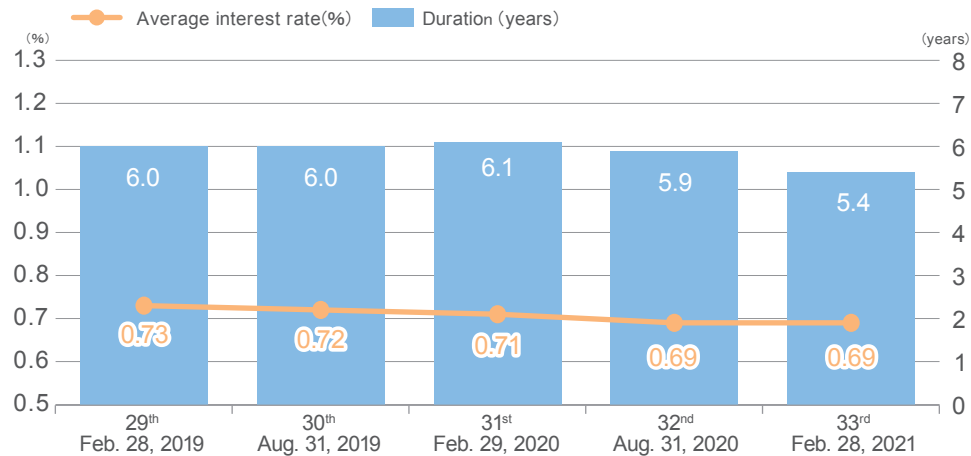
### Diversification of debt maturities (As of February 28, 2021)



# Financing condition①

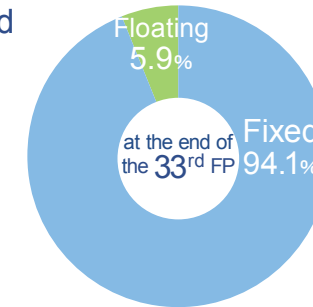
## Establishment of stable financial base

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

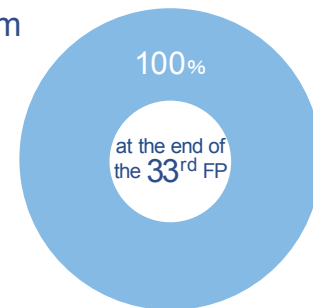


(\*1) Interest rates are rounded off to the second decimal place.

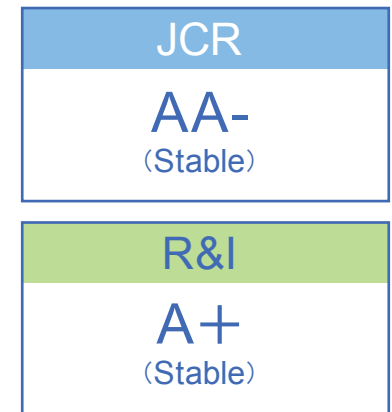
### Fixed and floating rate



### Long-term rate

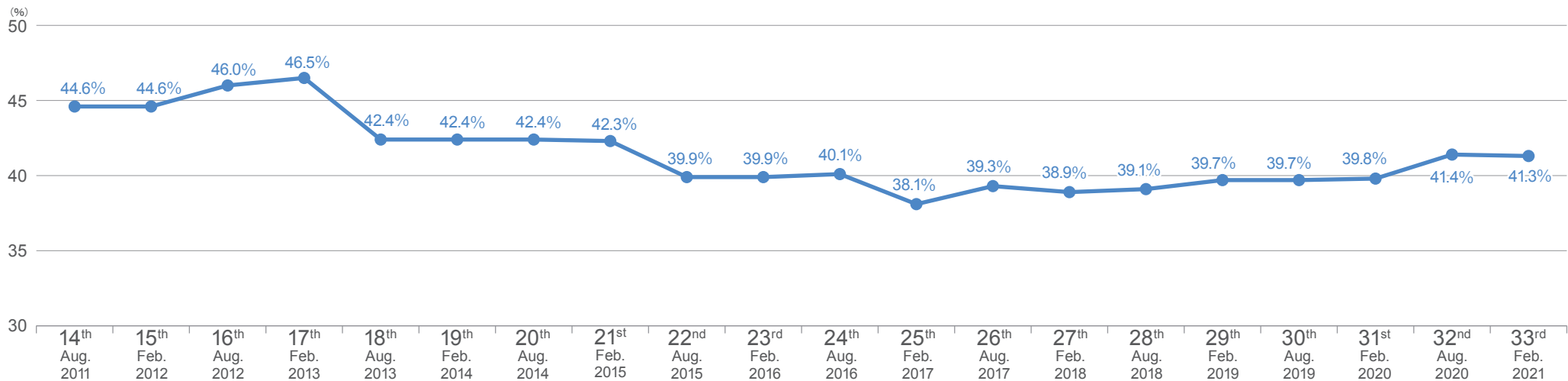


### Credit ratings (\*2)



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

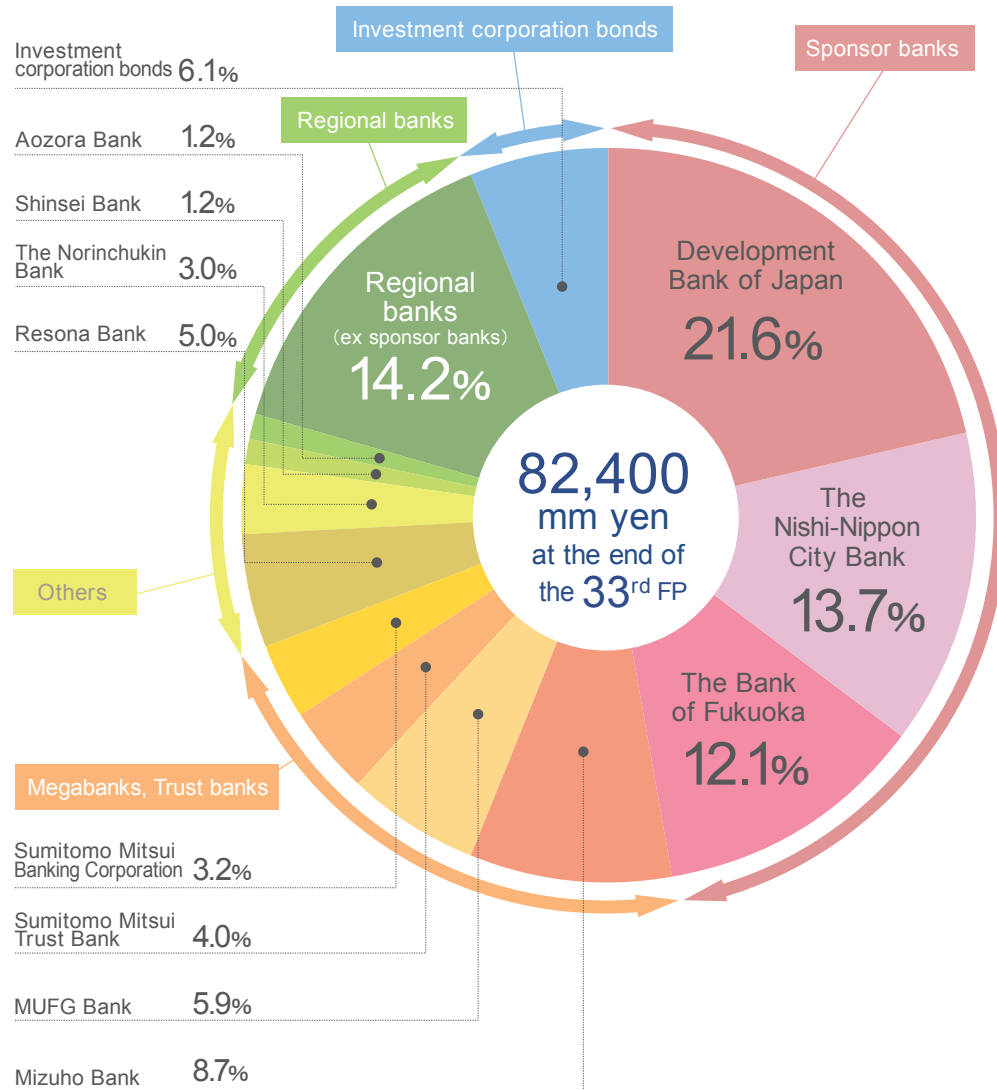
### LTV



# Financing condition②

A stable network of sponsor banks and other lenders

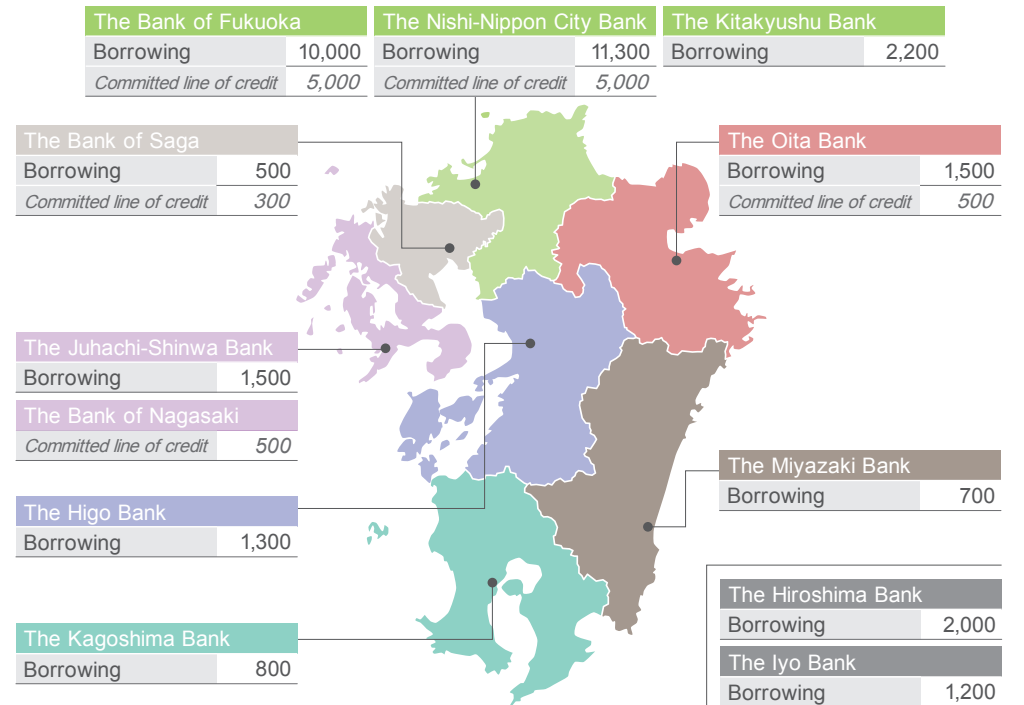
## Breakdown of debt by lenders



## A regional bank transaction network

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

\*As of February 28, 2021  
Borrowings:(mm yen)



## Green finance

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

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



# Appraisal value

Maintained unrealized gains for all properties (\*1)

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

	Property name	Acquisition price (*2)	Acquisition cap rate	Appraisal value		Book value at 33 <sup>rd</sup>	Difference		Direct capitalization values			Appraiser
				33 <sup>rd</sup> Feb. 28, 2021	32 <sup>nd</sup> Aug. 31, 2020		From Appraisal value at 32 <sup>nd</sup>	From Book value at 33 <sup>rd</sup>	33 <sup>rd</sup> Cap rate	32 <sup>nd</sup> Cap rate	Difference	
				①	②		①-②	①-③	④	⑤	④-⑤	
Retail	Canal City Hakata	32,000	6.0%	30,700	31,500	29,584	(800)	1,115	4.5%	4.5%	0.0%	Tanizawa Sogo Appraisal
	Canal City Hakata・B	28,700	5.4%	28,900	29,700	28,701	(800)	198	4.7%	4.7%	0.0%	Tanizawa Sogo Appraisal
	Park Place Oita	19,610	6.0%	21,200	21,300	20,195	(100)	1,004	5.4%	5.4%	0.0%	Japan Real Estate Institute
	SunLive City Kokura	6,633	6.6%	8,440	8,440	5,439	0	3,000	5.8%	5.8%	0.0%	Japan Real Estate Institute
	Konoha Mall Hashimoto	10,000	5.3%	10,300	10,400	9,913	(100)	386	5.1%	5.1%	0.0%	Tanizawa Sogo Appraisal
	Square Mall Kagoshima Usuki	5,300	6.3%	4,960	4,940	4,296	20	663	5.7%	5.7%	0.0%	Japan Real Estate Institute
	Kumamoto Intercommunity SC	2,400	6.5%	2,740	2,750	1,956	(10)	783	5.6%	5.6%	0.0%	Japan Real Estate Institute
	Hanahata SC	1,130	6.4%	1,200	1,250	967	(50)	232	5.4%	5.4%	0.0%	Tanizawa Sogo Appraisal
	Kurume Higashi Kushiwara SC	2,500	6.1%	2,740	2,790	2,010	(50)	729	5.5%	5.5%	0.0%	Tanizawa Sogo Appraisal
	K's Denki Kagoshima	3,550	5.7%	3,660	3,710	2,930	(50)	729	5.4%	5.4%	0.0%	Tanizawa Sogo Appraisal
	Marinoa City Fukuoka (Marina Side Building)	5,250	5.5%	6,080	6,080	5,416	0	663	4.8%	4.8%	0.0%	Tanizawa Sogo Appraisal
<b>Total of retail</b>	<b>117,073</b>	<b>-</b>	<b>120,920</b>	<b>122,860</b>	<b>111,412</b>	<b>(1,940)</b>	<b>9,507</b>	<b>-</b>	<b>-</b>	<b>-</b>		
Office buildings	Canal City Business Center Building	14,600	6.3%	16,800	16,600	12,922	200	3,877	4.4%	4.4%	0.0%	Tanizawa Sogo Appraisal
	Gofukumachi Business Center	11,200	6.3%	15,200	14,900	8,796	300	6,403	4.3%	4.3%	0.0%	Tanizawa Sogo Appraisal
	Sanix Hakata Building	4,400	5.9%	6,510	6,410	3,763	100	2,746	4.1%	4.1%	0.0%	Japan Real Estate Institute
	Taihaku Street Business Center	7,000	6.0%	9,180	9,090	5,698	90	3,481	4.4%	4.4%	0.0%	Japan Real Estate Institute
	Higashi Hie Business Center	5,900	6.0%	8,280	8,030	4,405	250	3,874	4.5%	4.5%	0.0%	Tanizawa Sogo Appraisal
	Tenjin Nishi-Dori Center Building	2,600	5.4%	3,140	3,100	2,663	40	476	3.9%	3.9%	0.0%	Japan Real Estate Institute
	Tenjin North Front Building	2,800	6.1%	4,400	4,380	2,447	20	1,952	4.1%	4.1%	0.0%	Japan Real Estate Institute
	Higashi Hie Business Center II	4,230	4.9%	4,580	4,600	4,023	(20)	556	4.5%	4.5%	0.0%	Tanizawa Sogo Appraisal
	Higashi Hie Business Center III	3,290	4.4%	3,320	3,300	3,275	20	44	4.3%	4.3%	0.0%	Tanizawa Sogo Appraisal
	<b>Total of office buildings</b>	<b>56,020</b>	<b>-</b>	<b>71,410</b>	<b>70,410</b>	<b>47,996</b>	<b>1,000</b>	<b>23,413</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Others	Amex Akasakamon Tower (Residence)	2,060	5.4%	1,840	1,840	1,652	0	187	4.5%	4.5%	0.0%	Daiwa Real Estate Appraisal
	City House Keyaki Dori (Residence)	1,111	5.5%	1,030	1,140	891	(110)	138	4.5%	4.5%	0.0%	Daiwa Real Estate Appraisal
	Aqualia Chihaya (Residence)	1,280	6.8%	1,900	1,860	1,157	40	742	4.7%	4.8%	(0.1) %	Japan Real Estate Institute
	D-Wing Tower (Residence)	2,800	5.9%	3,580	3,500	2,652	80	927	4.5%	4.6%	(0.1) %	Tanizawa Sogo Appraisal
	Granfore Yakuin Minami (Residence)	1,100	5.6%	1,340	1,320	1,088	20	251	4.3%	4.4%	(0.1) %	Tanizawa Sogo Appraisal
	Hotel FORZA Oita (Hotel)	1,530	6.6%	1,890	1,890	1,364	0	525	5.1%	5.1%	0.0%	Japan Real Estate Institute
	Tissage Hotel Naha (Hotel)	2,835	5.3%	2,860	2,880	2,834	(20)	25	4.9%	4.9%	0.0%	Tanizawa Sogo Appraisal
	Tosu Logistics Center (Logistics)	1,250	5.9%	1,320	1,300	1,162	20	157	5.1%	5.2%	(0.1) %	Japan Real Estate Institute
	LOGICITY Minato Kashii (Logistics)	8,150	5.2%	9,100	8,910	7,789	190	1,310	4.3%	4.4%	(0.1) %	Tanizawa Sogo Appraisal
	LOGICITY Hisayama (Logistics)	5,050	5.1%	5,340	5,270	4,800	70	539	4.5%	4.6%	(0.1) %	Tanizawa Sogo Appraisal
	LOGICITY Wakamiya (Logistics)	1,700	6.4%	2,370	2,360	2,167	10	202	5.6%	5.7%	(0.1) %	Tanizawa Sogo Appraisal
<b>Total of others</b>	<b>28,866</b>	<b>-</b>	<b>32,570</b>	<b>32,270</b>	<b>27,563</b>	<b>300</b>	<b>5,006</b>	<b>-</b>	<b>-</b>	<b>-</b>		
<b>Total properties</b>	<b>201,959</b>	<b>-</b>	<b>224,900</b>	<b>225,540</b>	<b>186,972</b>	<b>(640)</b>	<b>37,927</b>	<b>-</b>	<b>-</b>	<b>-</b>		

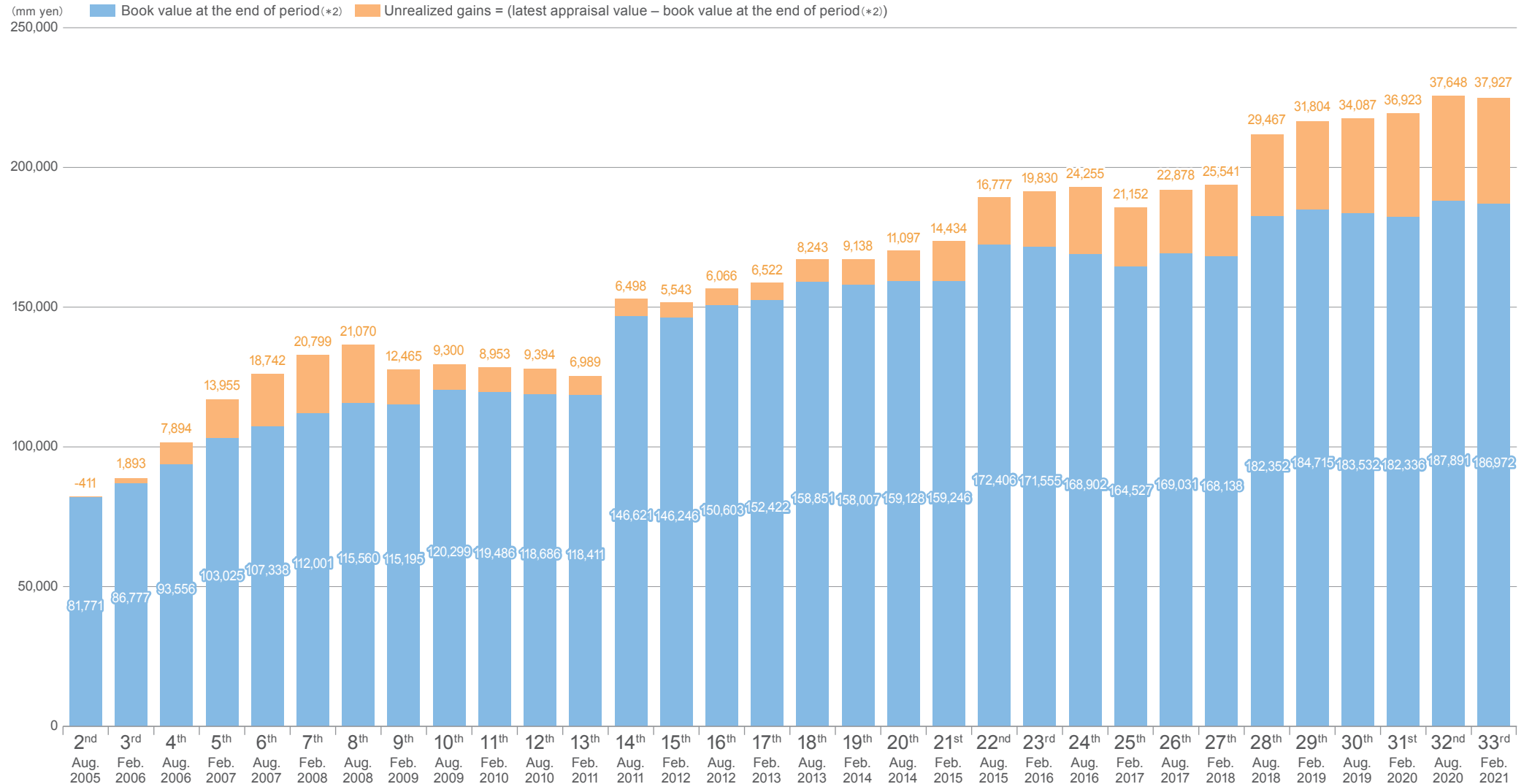
(\*1) Unrealized gain is calculated by subtracting period-end book value (excluding construction in progress in trust) from the latest appraisal value.

(\*2) "Acquisition price" indicates the amount excluding such expenses as fees and taxes and other public charges.

# Historical appraisal values (unrealized gains)

Maintained continuously since the 3<sup>rd</sup> fiscal period (Unrealized gains 37,927 mm yen, 20.3% ratio of unrealized gains at the 33<sup>rd</sup> FP <sup>(\*)</sup>)

## Historical appraisal values



(\*) Ratio of unrealized gains = (latest appraisal value – book value at the end of period(\*2)) / book value at the end of period(\*2).  
 (\*2) Book value at the end of period does not include construction in progress.

# Sustainability

## Materially significant issues

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

### Environment → P36

#### Measures against river flooding caused by typhoons and local heavy rains due to global warming

Following the replacement and new installation of water stops at Canal City Hakata in the 32<sup>nd</sup> fiscal period, newly installed water stops as countermeasure against flooding caused by typhoons at Tissage Hotel Naha in the 33<sup>rd</sup> fiscal period

### Social → P37, 38

#### Support for town creation and vitalization in investment target areas

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



### Governance → P39

#### Changes to the asset management fee structure

- Effective on September 1, 2020 (beginning of the 33<sup>rd</sup> fiscal period)

The Management Fees 1 and 3 were reviewed for the purpose of further reinforcing the linkage between unitholder interest and the asset management fee structure

- Management Fee 1  
Reduced the rate of total assets at the end of the fiscal year from 0.3% to 0.25%
- Management Fee 3  
Raised the rate from 2.0% to 3.6% on the amount available for distribution before payment of the management fee 3

### Certification from external organizations and information disclosure → P35

#### Publication of "Integrated Report 2020": (becoming the only J-REIT to do so)



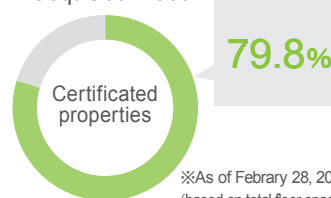
Fukuoka Realty Co., Ltd. Integrated Report Card

- External evaluation
- The GRESB survey 2020



Received the rating of "Green Star" and "3 star" in the GRESB survey 2020

- Green Building certificate
- Green Building certificate acquisition ratio



※As of February 28, 2021 (based on total floor space)



Fukuoka REIT

# Appendix



# Profile

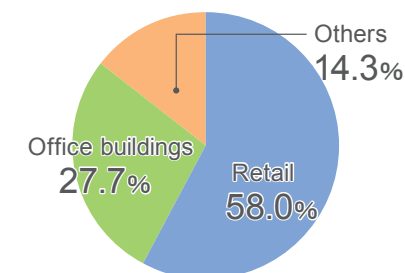
## Special features of Fukuoka REIT Corporation

<b>1</b>	<b>Proven track record over 33<sup>rd</sup> fiscal periods as a region-specific REIT</b> Asset management leveraging our in-depth knowledge of the real estate environment of Fukuoka and Kyushu region, one of our greatest strengths
<b>2</b>	<b>Excellent portfolio centered on Fukuoka metropolitan area</b> A portfolio of carefully selected investments in the high growth area of Fukuoka City attention from around Japan and overseas
<b>3</b>	<b>Solid support from a sponsor company involved in property development</b> Asset portfolio expansion and high occupancy rates facilitated through coordination with our sponsors
<b>4</b>	<b>Establishment of stable financial base</b> Conservative control of interest-bearing debt ratio, long-term diversification of repayment deadlines
<b>5</b>	<b>DPU kept at a constant level ever since the IPO</b> Maintain and improve of the dividend provision through effective asset management

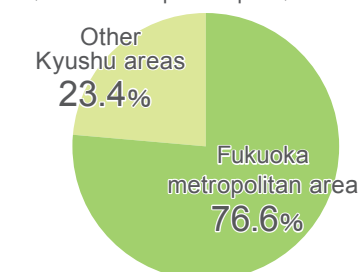
Portfolio summary (*2)	
Number of properties / Asset size (*3)	31 / 201,959 mm yen
Of which, acquisition from sponsors (*4)	15 / 122,990 mm yen
Unrealized gains	37,927 mm yen
Total leasable floor space	608,557.70 m <sup>2</sup>
Occupancy rate	99.5%

Financial highlight (*2)	
Total debt	82,400 mm yen
LTV	41.3%
Fixed rate	94.1%
Average interest rate	0.69%
Credit ratings	JCR AA- (Stable) R&I A+ (Stable)

◎Investment type  
(based on acquisition price)



◎Investment area  
(based on acquisition price)



## Overview of Fukuoka REIT Corporation (\*1)

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

(\*1) The information is as of April 16, 2021.

## Investment unit price (\*2)

Unit price	168,500 yen
Outstanding units	796,000 unit
Market capitalization	134,126 mm yen (unit price * outstanding units)
Net assets value per unit	127,656 yen
Market net assets value per unit (*5)	171,943 yen
Dividend (actual)	3,361 yen per unit (Days in fiscal period 181days) at the 33 <sup>rd</sup> FP
Dividend yield	4.0% { (Dividend / days in fiscal period * 365) / Unit price }

(\*2) The figures are as of February 28, 2021 (excl. average interest rate)

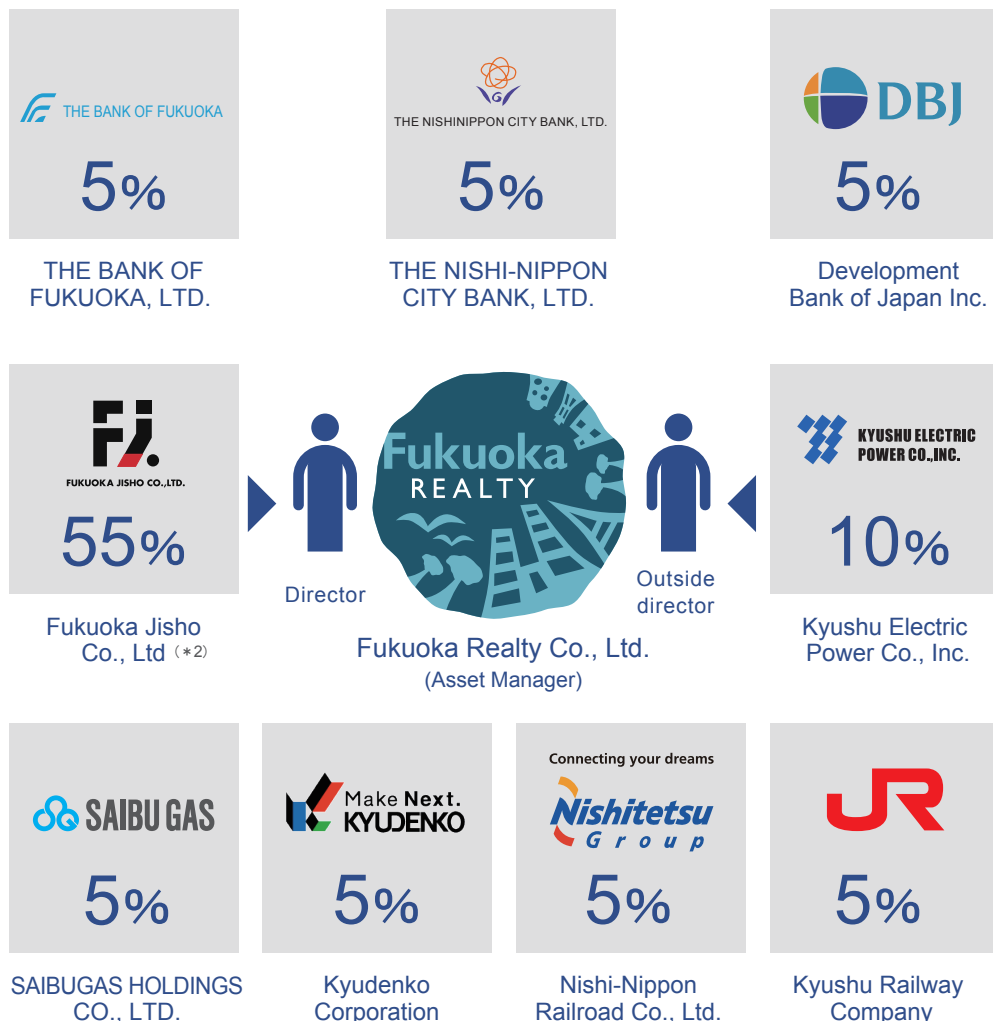
(\*3) The figures are total of acquisition price.

(\*4) Because the Higashi Hie Business Center that was acquired in the 10th fiscal period (period ended August 31, 2009) was acquired from both outside parties and sponsors, the purchase price has been added to the purchase prices from outside parties and the purchase prices from sponsors after calculation on a per capita basis. Furthermore, with regard to the number of properties, one property has been added to the number of properties acquired from sponsors.

(\*5) Market net asset value per unit= (Total net assets + Unrealized gains - Total amount of dividends) / Total number of investment units outstanding

# A real estate investment trust specializing in regional properties

## Sponsors (\*1)

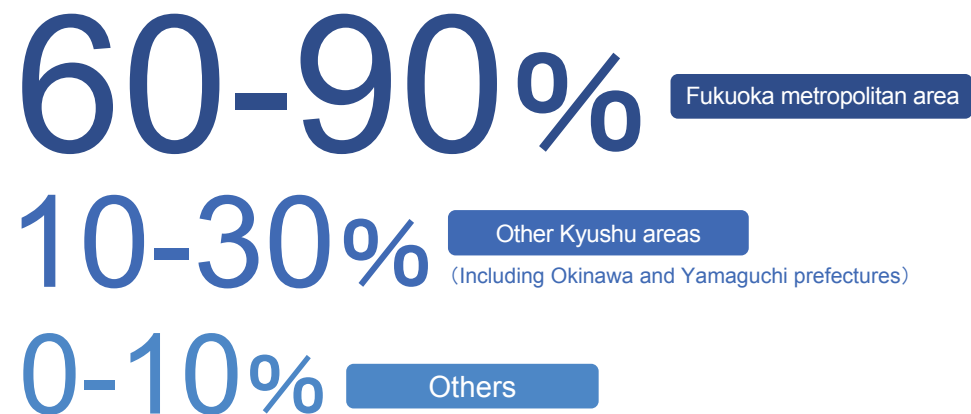


(\*1) The information is as of April 16, 2021.

(\*2) Concluded MOU with Fukuoka REIT and Fukuoka Realty concerning pipeline support.

## Investment policy

### ◎Investment area

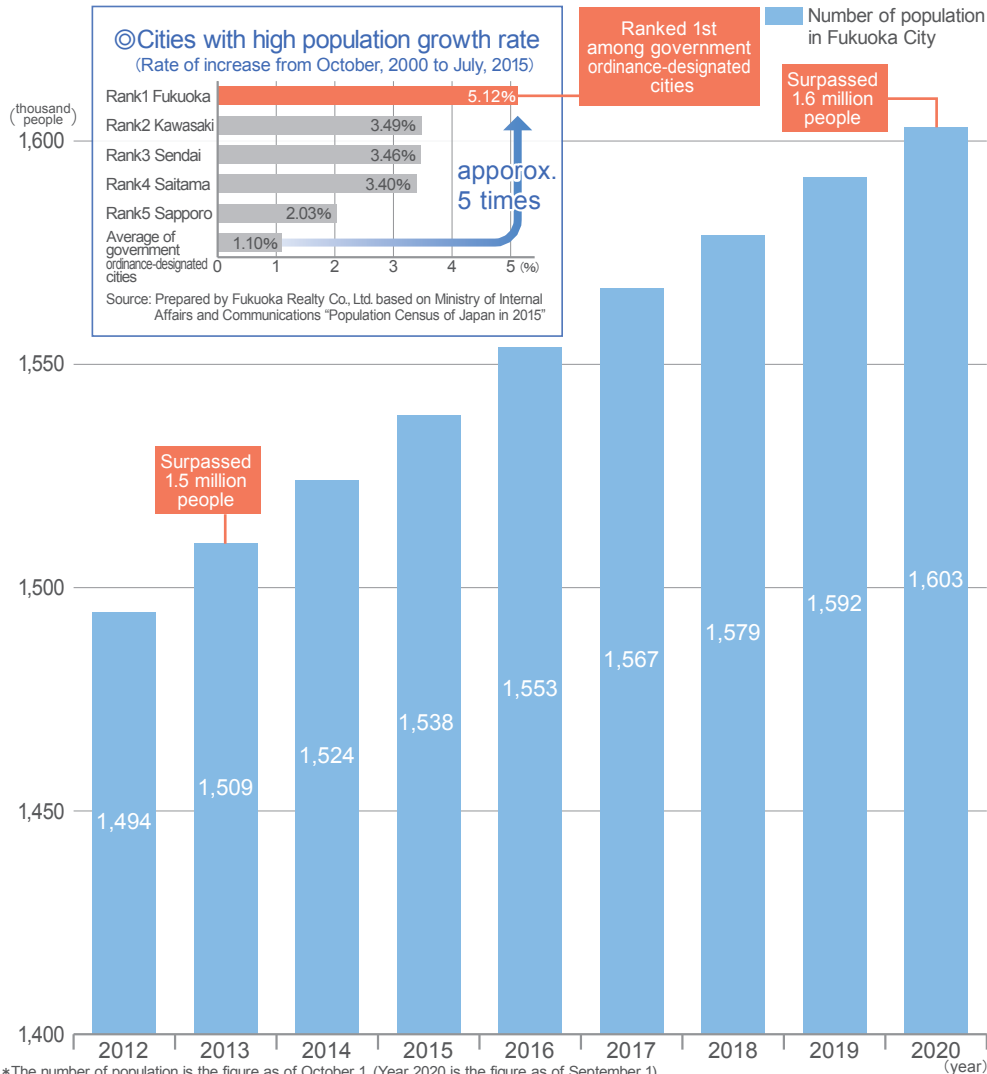


### ◎Investment type



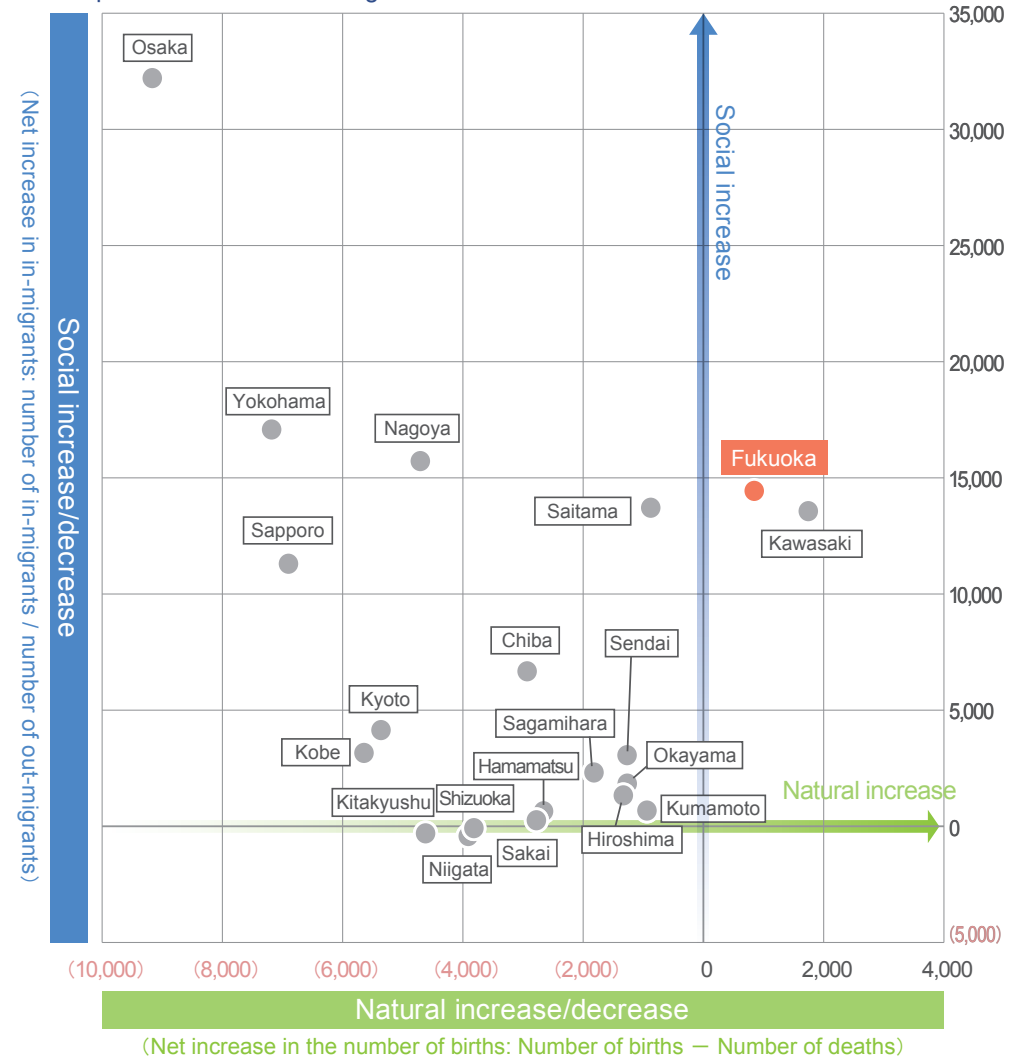
# Current situation of Fukuoka City①

## Trends in number of population growth in Fukuoka City



\*The number of population is the figure as of October 1. (Year 2020 is the figure as of September 1)  
 Source: Prepared by Fukuoka Realty Co., Ltd. based on data from "Estimated Population" (Fukuoka City General Affairs and Planning Bureau) and "Population, Demographics and Number of Households Based on the Basic Resident Register" (Local Administration Bureau, Ministry of Internal Affairs and Communications)

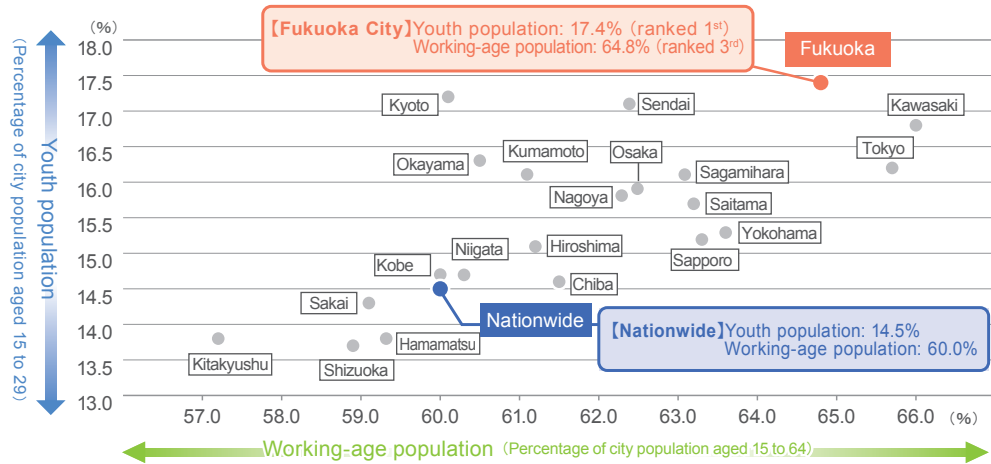
## Distribution Chart of Net Increase/Decrease in Population (comparison of ordinance-designated cities) (2019)



Source: Source: Prepared by Fukuoka Realty Co., Ltd. based on data from "Population, Demographics and Number of Households Based on the Basic Resident Register (2020)" (Local Administration Bureau, Ministry of Internal Affairs and Communications).

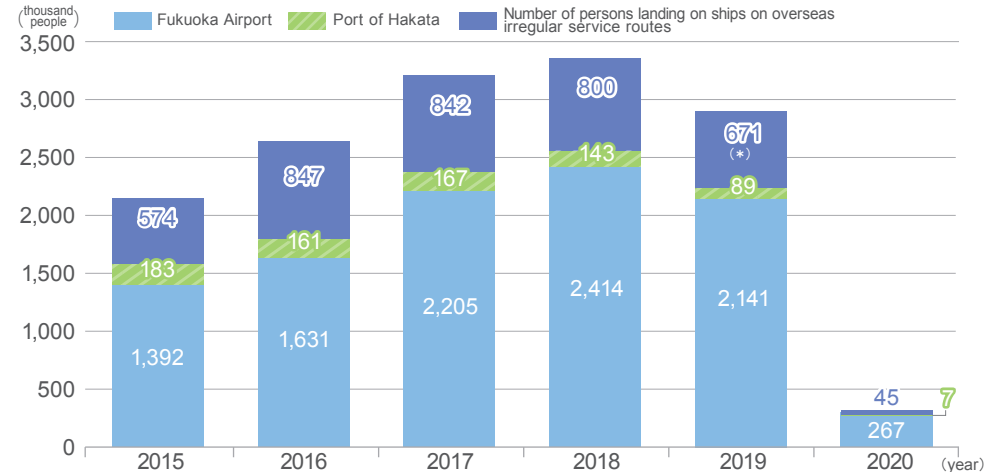
# Current situation of Fukuoka City②

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



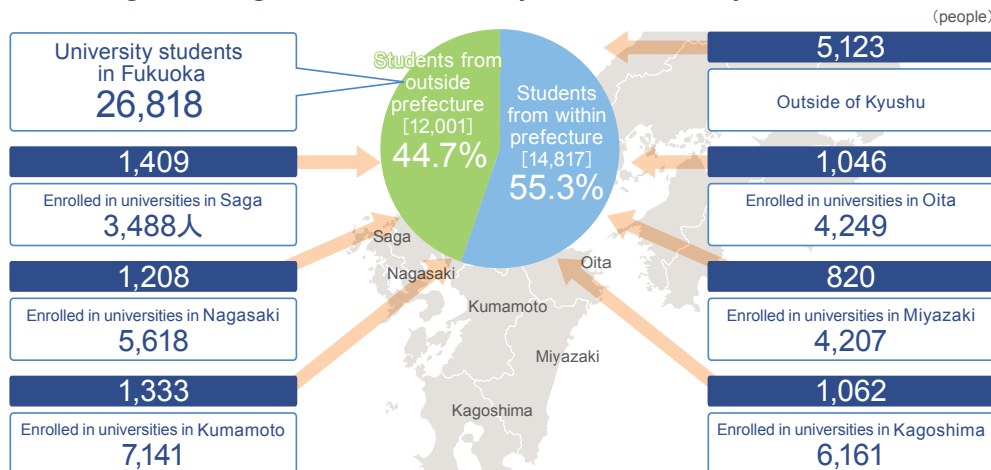
Source: Prepared by Fukuoka Realty Co., Ltd. based on Ministry of Internal Affairs and Communications "Population Census of Japan"

## Change in number of overseas visitors



Source: Prepared by Fukuoka Realty Co., Ltd. based on data from "Statistics on Legal Migrants" (Ministry of Justice) and "Number of Passengers on Overseas Routes" (Port and Airport Bureau, Fukuoka City).  
(\*) The number was 674,000 people (including preliminary figures) as of the 32<sup>nd</sup> fiscal period. However, the final figure is 671,000 people.

## Interregional migration of university students in Kyushu



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

## Two International Convention Centers Opened in Hakata Ward, Fukuoka City (April 2021)

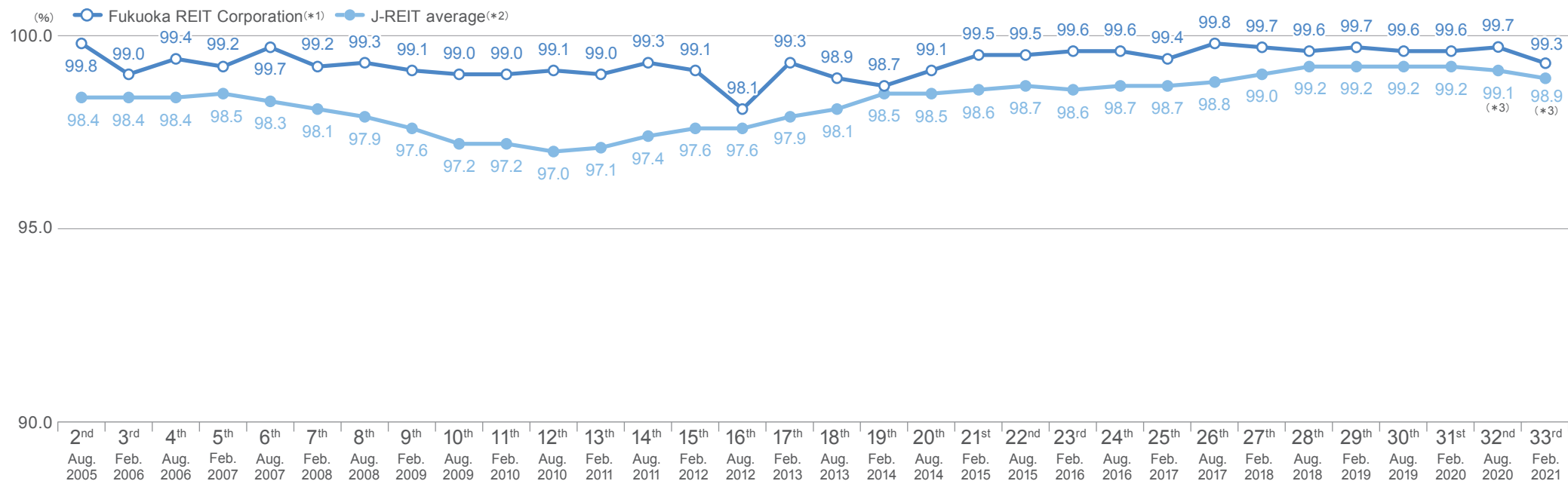
Name	Marine Messe Fukuoka Hall B	Hakata International Exhibition Hall & Conference Center
Total floor space	10,622m <sup>2</sup>	approx. 18,000m <sup>2</sup>
Number of rooms	1 Multi-purpose exhibition hall(5,000m <sup>2</sup> ) 2 large meeting rooms(approx.400m <sup>2</sup> )	2 halls(3,000m <sup>2</sup> ), 16 meeting rooms (approx.40~200m <sup>2</sup> ) (after split)
Scheduled events	Vaccination venues, MICE, The FINA World Championships (2022), etc.	Exhibitions, trade fairs, international / academic conferences, etc.



# Portfolio properties' occupancy rates

## Maintained high occupancy rates

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



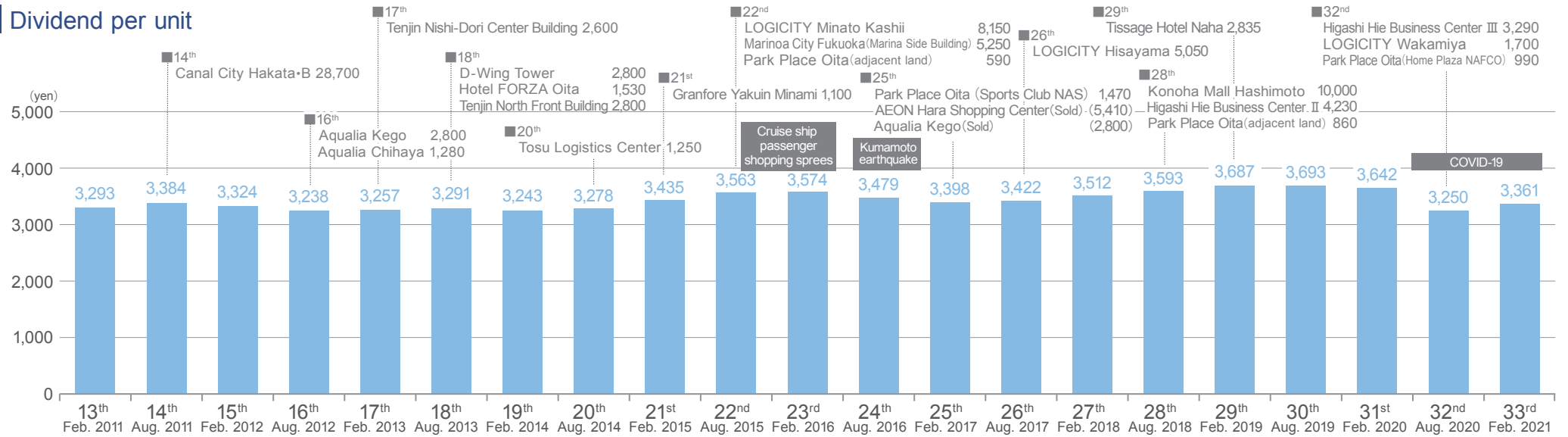
(\*1) The investment corporation's occupancy rates in the 2<sup>nd</sup> fiscal period through the 4<sup>th</sup> fiscal period were the occupancy rates at the end of each fiscal period. For the 5<sup>th</sup> fiscal period through the 33<sup>rd</sup> fiscal period, the occupancy rates are the weighted average occupancy rates during the fiscal periods. The ratio of total leased floor area to leasable floor area is shown.  
 (\*2) The overall J-REIT occupancy rate is the occupancy rate at the end of each fiscal period based on the Association for Real Estate Securitization's AJPI-J-REIT Databook.  
 (\*3) The overall J-REIT occupancy rates for the 32<sup>nd</sup> and 33<sup>rd</sup> fiscal periods are preliminary figures. The figures for the 33<sup>rd</sup> fiscal period are the figures for November 2020.

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

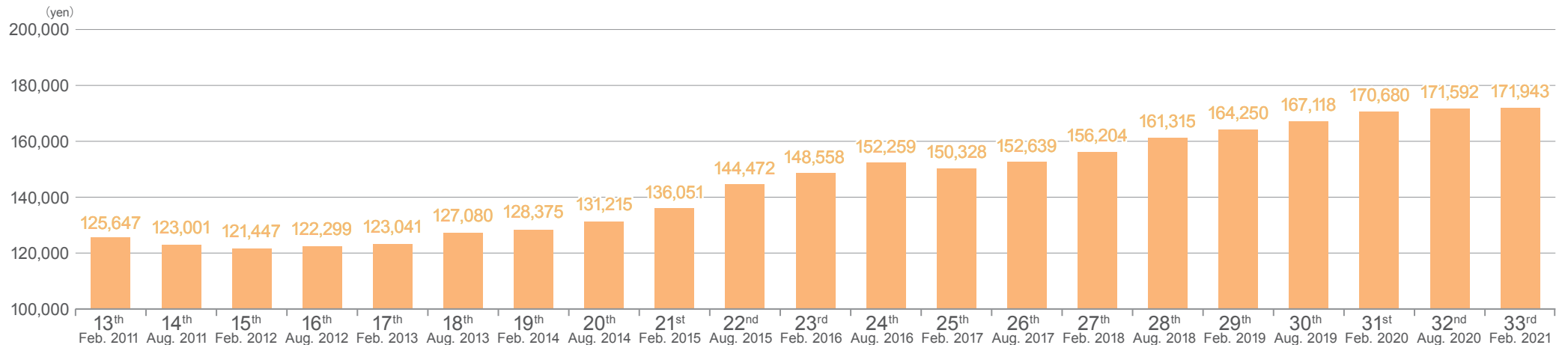
Category	Investment ratio (based on acquisition price)	29 <sup>th</sup>	30 <sup>th</sup>	31 <sup>st</sup>	32 <sup>nd</sup>	33 <sup>rd</sup>
		~ Feb. 28, 2019	~ Aug. 31, 2019	~ Feb. 29, 2020	~ Aug. 31, 2020	~ Feb. 28, 2021
Retail	58.0%	99.8%	99.8%	99.9%	99.8%	99.2%
Office buildings	27.7%	99.8%	99.0%	99.1%	99.5%	99.5%
Others	14.3%	99.1%	99.2%	99.2%	99.1%	99.4%
<b>Total</b>	<b>100.0%</b>	<b>99.7%</b>	<b>99.6%</b>	<b>99.6%</b>	<b>99.7%</b>	<b>99.3%</b>

# Dividend and NAV per unit

## Dividend per unit



## NAV per unit (\*)



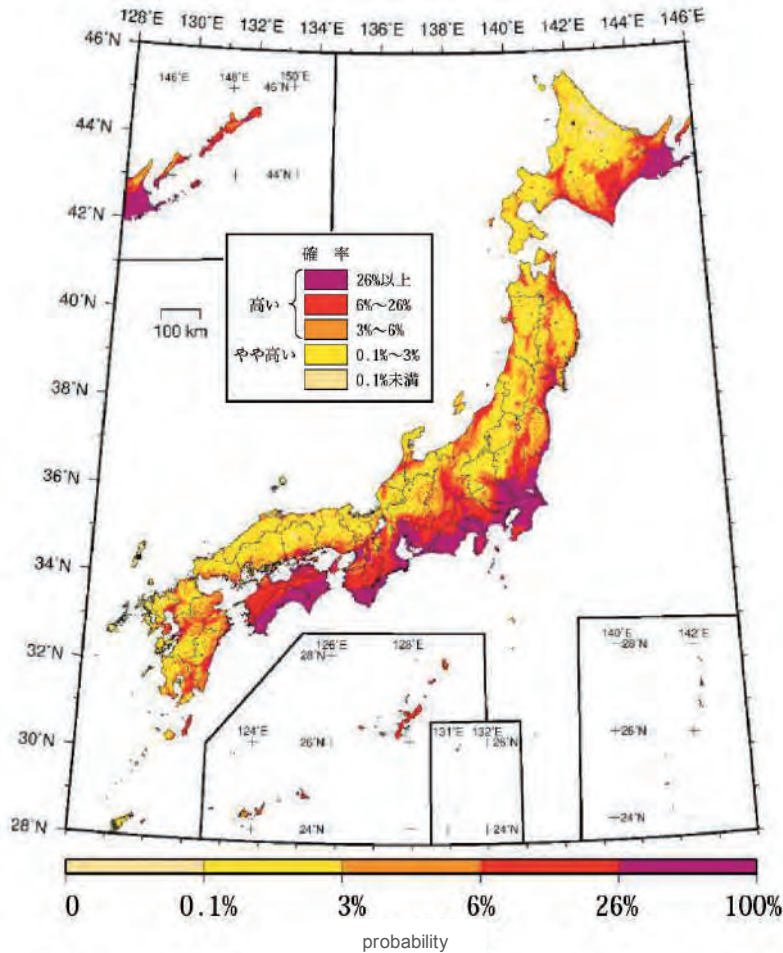
\* A 5-for-1 split of investment unit was effectuated on March 1, 2014. A 5-for-1 split of dividends and NAV per units before the 19<sup>th</sup> FP.  
 (\*)Market net asset value per unit= (Total net assets + Unrealized gains - Total amount of dividends) / Total number of investment units outstanding

# Earthquake risk in Fukuoka, etc.

All properties owned by Fukuoka REIT are covered by earthquake insurance

## Probabilistic earthquake prediction map

Probability of occurrence of an earthquake with a magnitude of nearly 6 or higher in the next 30 years [Average case / all earthquakes]  
[Reference date: January 1, 2020]

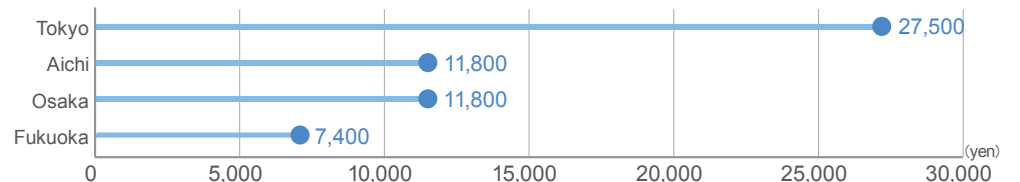


Source: Office of the Headquarters for Earthquake Research Promotion, Earthquake and Disaster-Reduction Research Division, Research and Development Bureau, Ministry of Education, Culture, Sports, Science and Technology

## Basic Rate of Earthquake Insurance

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

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

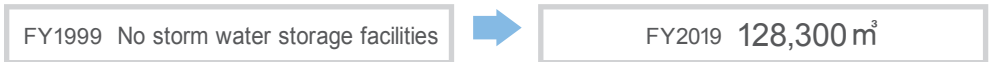


\*The basic rate is per 10 million yen of insurance amount mainly for steel-frame and concrete structure buildings over the insurance period of one year.  
Source: Prepared by Fukuoka Realty Co., Ltd. based on data from Basic Rate of Earthquake Insurance (earthquake insurance contract with coverage starting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

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

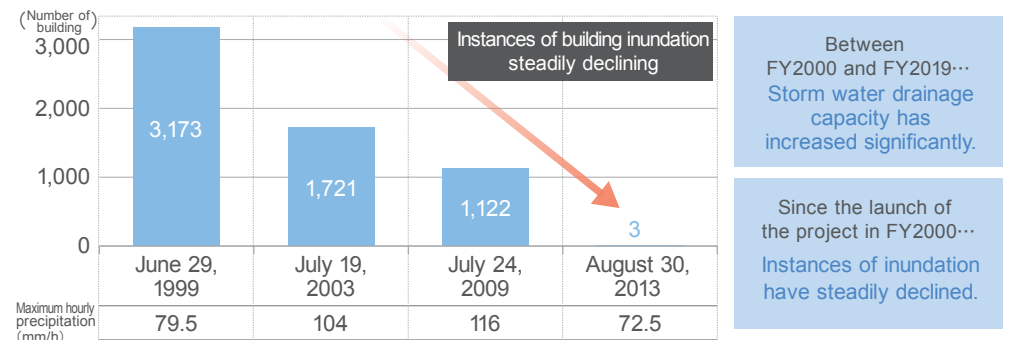
◎Storm water storage facilities

●Capacity of storm water storage facilities



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

◎Instances of building inundation in Fukuoka City



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

# Certification from external organizations and information disclosure

## Institution of signatory

Signing of the PRI and PFA21 as of September 2018

©Principles for Responsible Investment (PRI)

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

Signatory of:



## DBJ Green Building Certification

©DBJ Green Building Certification

Fukuoka REIT has obtained DBJ Green Building Certification, a system by Development Bank of Japan Inc. (DBJ) to certify real estate properties evincing high environmental and social awareness for the following 11 properties.



(based on total floor space)

5-star	● Canal City Hakata (2018) ● Canal City Hakata・B (2018)
4-star	● Park Place Oita (2018) ● Canal City Business Center Building (2018) ● Konoha Mall Hashimoto (2017)
3-star	● LOGICITY Minato Kashii (2020) ● LOGICITY Hisayama (2020) ● Gofukumachi Business Center (2018) ● Higashi Hie Business Center (2018) ● Higashi Hie Business Center II(2017)
1-star	● SunLive City Kokura (2019) ● Marinoa City Fukuoka (Marina Side Building) (2019)

© Green Building certificate acquisition ratio [as of February 28, 2021]

Green Building certification obtained for 79.8% of entire portfolio

Aim to enhance the environmental performance of owned properties through external evaluation in order to help realize a sustainable society and maximize unitholder value over a medium to long term.

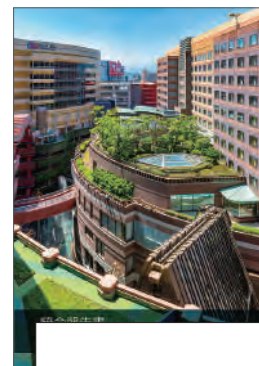
## External evaluation

©The GRESB survey 2020



For the second consecutive year, we participated in GRESB Real Estate Assessment of GRESB (Global Real Estate Sustainability Benchmark) conducted in 2020, Received the rating of “Green Star” and “3 star” in the GRESB survey 2020.

## Publication of “Integrated Report 2020” (the second issue, becoming the only J-REIT to do so)



FRC published the “Integrated Report 2020,” which integrally provides its financial and non-financial information and encompasses its initiatives for sustainable growth and medium-to long-term corporate value creation, as of December 2, 2020.

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

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

◀ Integrated Report Card

©Improvements from the previous report

- Macroeconomic Environment around Fukuoka City
- CEO’s Message ● Strategies of Each Department

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

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





# ESG Initiatives (Environment)

## Installation of Solar Panels

Fukuoka REIT

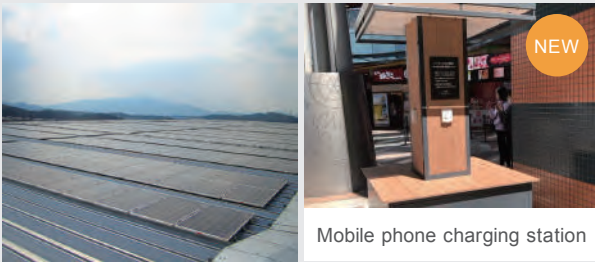
Konoha Mall Hashimoto



Posting power generation, etc. in common areas

LOGICITY Minato Kashii, others

Canal City Hakata



Mobile phone charging station

## Greening

Fukuoka REIT

Canal City Hakata



Park Place Oita



## Countermeasures to Flooding Risks (installation of water stops)

Fukuoka REIT

Canal City Hakata



Tissage Hotel Naha



Newly installed water stops and added automatic doors on the side of the entrance to prevent water intrusion upon typhoons

## Water reuse system

Fukuoka REIT

Canal City Hakata



Rainwater

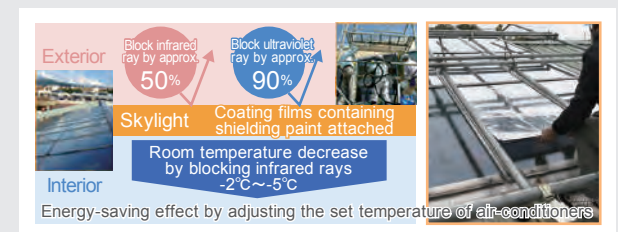
Groundwater

Kitchen drainage

## Reduction of Air-Conditioning Load (shielding paint on skylights)

Fukuoka REIT

Park Place Oita



Energy-saving effect by adjusting the set temperature of air-conditioners

# ESG Initiatives (Society①)

## Consideration for the Elderly, People with Disabilities, etc. Fukuoka REIT

Konoha Mall Hashimoto



Installed intercoms

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

## Child-rearing support Fukuoka REIT

Konoha Mall Hashimoto



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

Installed a wash-basin  
for hands and feet

Parking lot dedicated to  
pregnant women and stroller users

## Promote Co-Creation with Local Communities Fukuoka REIT

Konoha Mall Hashimoto

Canal City Hakata



Library book drop

Acquisition of pedestrian bridge naming rights  
(Use naming rights fee for road maintenance)

Tie-up with local festivals  
(Setting up a yamakas decorative float and  
Aqua Panorama performance)

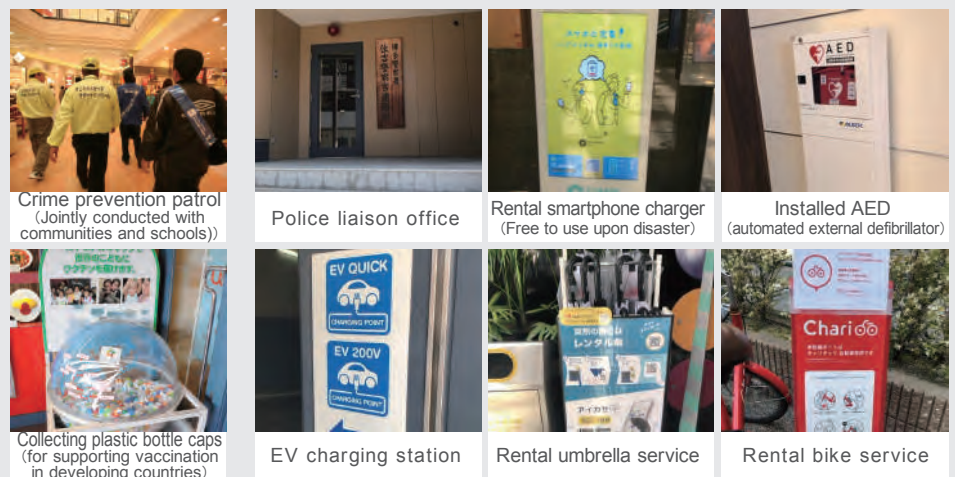
"Park and Ride"  
recommended

"One Person, One Flower" campaign

## Other (crime prevention, disaster response, improved convenience) Fukuoka REIT

Park Place Oita

Canal City Hakata, others



Crime prevention patrol  
(Jointly conducted with  
communities and schools)

Police liaison office

Rental smartphone charger  
(Free to use upon disaster)

Installed AED  
(automated external defibrillator)

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

EV charging station

Rental umbrella service

Rental bike service



# ESG Initiatives (Society②)

## Corporate Version of Hometown Tax System

Fukuoka Realty

NEW

Utilized the Corporate Version of Hometown Tax System for 7 cities (Kurume, Miyawaka, Tosu, Oita, Kumamoto, Kagoshima, and Naha) from the cities where FRC owns properties, with regard to projects related to industry and tourism.

## Initiatives for tenants

Fukuoka REIT

### Support for tenants (restaurant/eatery)

### Lunch box market



Canal City Hakata restaurants sell take-out lunch boxes

- Improve the employee lounge environment
- Emergency drills
- Various training program
- Employee discount

## Anti-infection measures

Fukuoka REIT



Park Place Oita

NEW



Canal City Hakata

NEW

### Retail

#### Major anti-infection measures

- Install alcohol disinfectants and anti-splash screens
- Call for attention to social distancing
- Conduct thorough health management of tenants' employees by taking their temperature, etc.
- Install acrylic plates in the employee lounge
- Conduct antibacterial treatment for handrails and escalator belts, etc.

### Office buildings

#### Major anti-infection measures

- Install alcohol disinfectants at the entrance
- Strengthen ventilation in common areas, etc.
- Post warnings about anti-infection measures in elevators
- Install space sterilization devices
- Broadcast video on efforts with infection control measures

## Other activities

Fukuoka Realty

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



The KYUSHU IR Workshop held online

## Initiatives for employees

Fukuoka Realty

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

(As of February 28, 2021)

- The average number of years of continuous service of permanent employees: 9 years and 1 month
- Full-time personnel: 41 [Male:20 Female:21] ※51.2% Female
- Employees seconded from sponsors: 2
- Employees seconded to a sponsor: 4
- Number of credentialed personnel
- Real estate brokers: 27
- ARES Certified Masters: 23
- Certified Building Administrators: 4
- First-class registered architect: 2
- Real estate appraisers: 3
- Attorneys: 1
- MBA: 1
- Administrative Scrivener: 1
- SME management consultant: 1



### 《Support for flexible working styles》

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

### 《Career development support》

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

### 《Training for employees》

- Regular lectures by Kyushu Economic Research Center
- Compliance training
- ESG training
- Nursing care training
- In-house recreation, etc.
- Offering of training programs tailored to each management level
- System for supporting acquisition of qualifications (Real Estate Securitization Master, Real Estate Transaction Agent, etc.)
- Support for language learning, etc.

# ESG Initiatives (Governance)

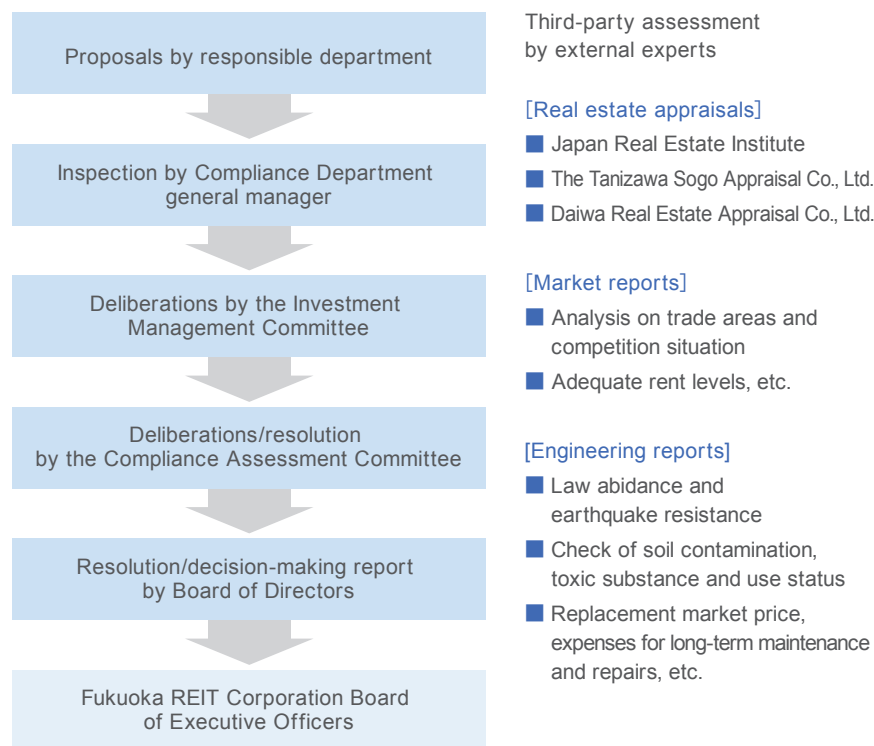
## Governance System

Fukuoka Realty

Fukuoka REIT

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

### 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.

## Matching unitholder interests and sponsor interests, etc.

Fukuoka Realty

Fukuoka REIT

- Same-boat investment by sponsor  
Fukuoka Jisho Co., Ltd., the main sponsor, has 9.18% of FRC's investment units as of the end of the 33<sup>rd</sup> fiscal period.
- Cumulative investment system for investment units (42.9% of the officers and employees participated in the system)  
A cumulative investment system for investment units was introduced for the Asset Manager officers and employees in April 2015 in order to enhance their mindset for FRC's investment unit price and better performance as well as promote their assets formation.

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

Fukuoka Realty

Secure transparency and fairness of the Board of Directors

## Changes to the asset management fee structure

Fukuoka Realty

The Management Fees 1 and 3 were reviewed for the purpose of further reinforcing the linkage between unitholder interest and the asset management fee structure, and the following changes were resolved at the ninth General Meeting of Unitholders held on May 26, 2020 for further enhancing unitholder value. The changes became effective on September 1, 2020 (beginning of the 33<sup>rd</sup> fiscal period)

Asset management fees	Calculation method
Management Fee 1 (based on total assets)	[3 months from the day following the last day of the immediately preceding fiscal period] Total assets at the end of the immediately preceding fiscal period × 0.25% (previously 0.3%) × number of days / 365 [From the day following the last day of the period above to the end of the fiscal period] (Total assets at the end of the immediately preceding fiscal period + value of acquired assets - value of disposed assets) × 0.25% (previously 0.3%) × number of days / 365
Management Fee 2 (based on operating revenue)	Operating revenue for the immediately preceding fiscal period × 2.0%
Management Fee 3 (based on distributable profit)	(Distributable amount before paying Management Fee 3 for the immediately preceding fiscal period) × 3.6% (previously 2.0%)
Management Fee 4 (acquisition fee)	Value of acquired assets × 0.5% (Value of acquired assets × 0.25% in the case of acquisition from interested parties)
Management Fee 5 (transfer fee)	Value of transferred assets × 0.5% (Value of transferred assets × 0.25% in the case of transfer to interested parties)



# IR initiatives

## IR activities under the COVID-19 Pandemic

### ◎IR for domestic institutional investors

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

### ◎IR for overseas institutional investors

- Articipation in global conferences (online) sponsored by securities companies
- Roadshows on financial results (North America, Europe and Asia, etc)
- Timely information disclosure (held simultaneously as the delivery of Japanese press releases)

### ◎IR for individual investors

- Participates in online briefings and fairs
  - Nikkei J-REIT Seminar
  - Live broadcast on the website without audience
  - Kyushu IR Fair Live Streaming
  - Fukusho IR Fair Online
- Responding to individual calls



Nikkei J-REIT Seminar Nov. 2020

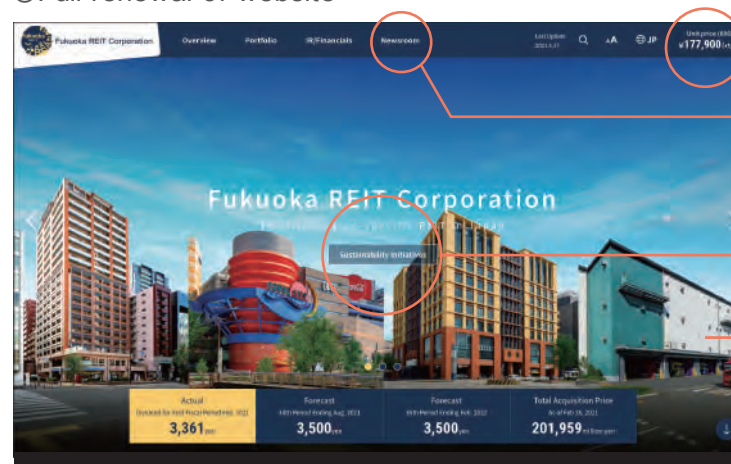
## Status of integration into indexes (as of February 28, 2021)

### ◎Global indexes, etc

FTSE EPRA/NAREIT Global Real Estate Index	S&P Global REIT Index
FTSE Developed Small Cap	MSCI Japan Small Cap Index

## Major Public Relations Activities

### ◎Full renewal of website



Indicates unitholder price in real time

Established a "Newsroom" to facilitate access to latest information including press releases

Integrates information on sustainability

Cover design created by local designers to convey the diversity of a REIT with comprehensive asset types and the characteristics of a REIT specializing in regional properties

FRC's website, which was awarded for the eleventh consecutive year since 2010 in the overall ranking and sector ranking of the All Japanese Listed Companies' Website Ranking conducted by Nikko Investor Relations Co., Ltd., has been renewed for the first time in about 5 years.

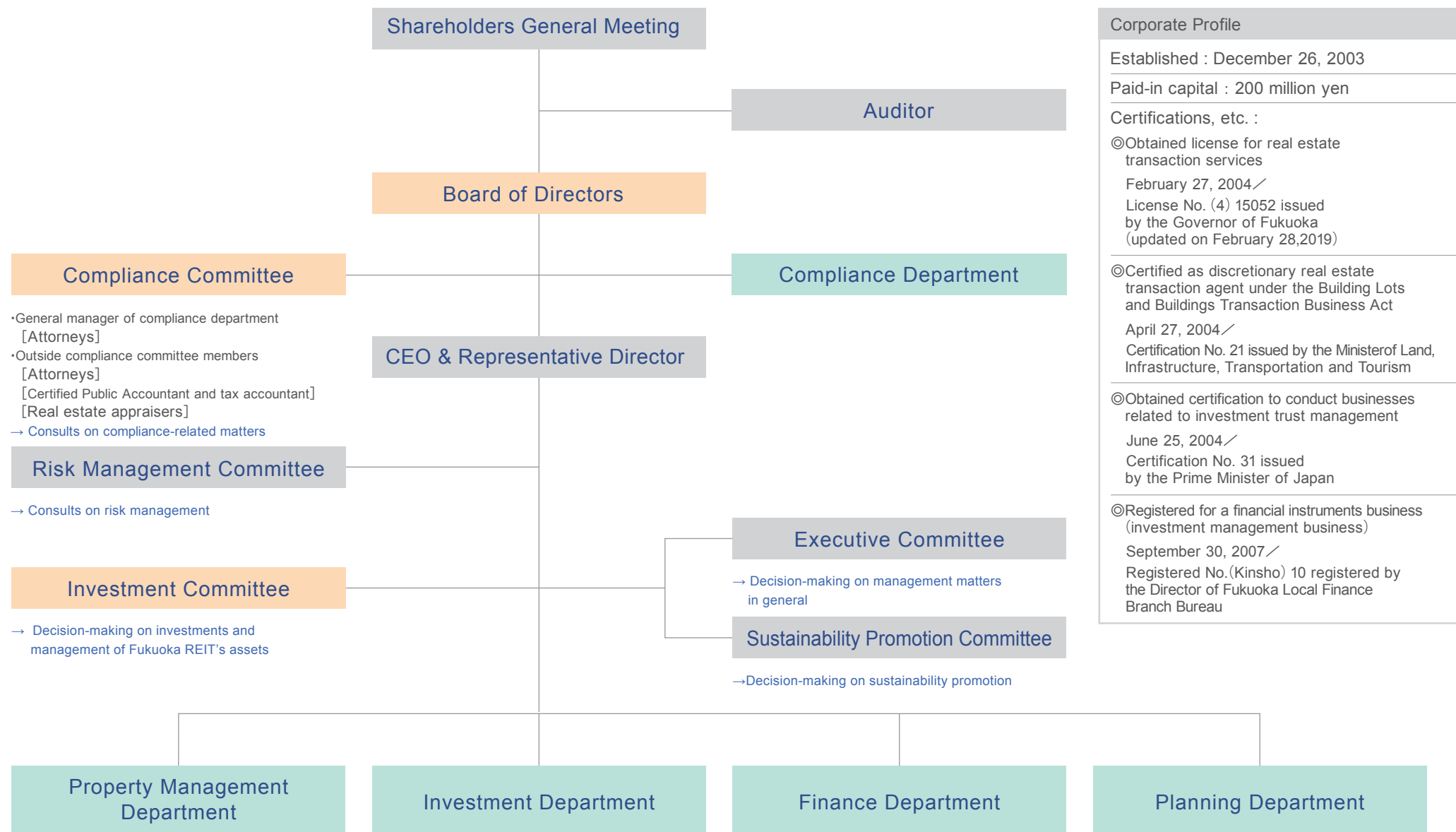


## Other Activities

The Kyushu IR Workshop, which started in collaboration with the Japan Investor Relations Association, is entering its eleventh year in 2021. It is utilized as a venue to study the latest IR trends with IR staff of companies from Fukuoka and Kyushu and to build networks among such companies. In 2020, the workshop was held by partially utilizing online functions due to the impact of COVID-19.

Date	Theme & lecturer
1st workshop August 2020	Initiatives for Constructive Dialogues between Institutional Investors and Issuers Mr. Shunji Okumura, General Manager of Investor Relations Department, Global Investor & Brand Communications Headquarters, OMRON Corporation
2nd Workshop February 2021	Latest IR Trends and Future Prospects: IR Activities Under COVID-19 Ms. Yoshiko Sato, Executive Managing Director, Japan Investor Relations Association

# Asset management company's organization



**Corporate Profile**

Established : December 26, 2003

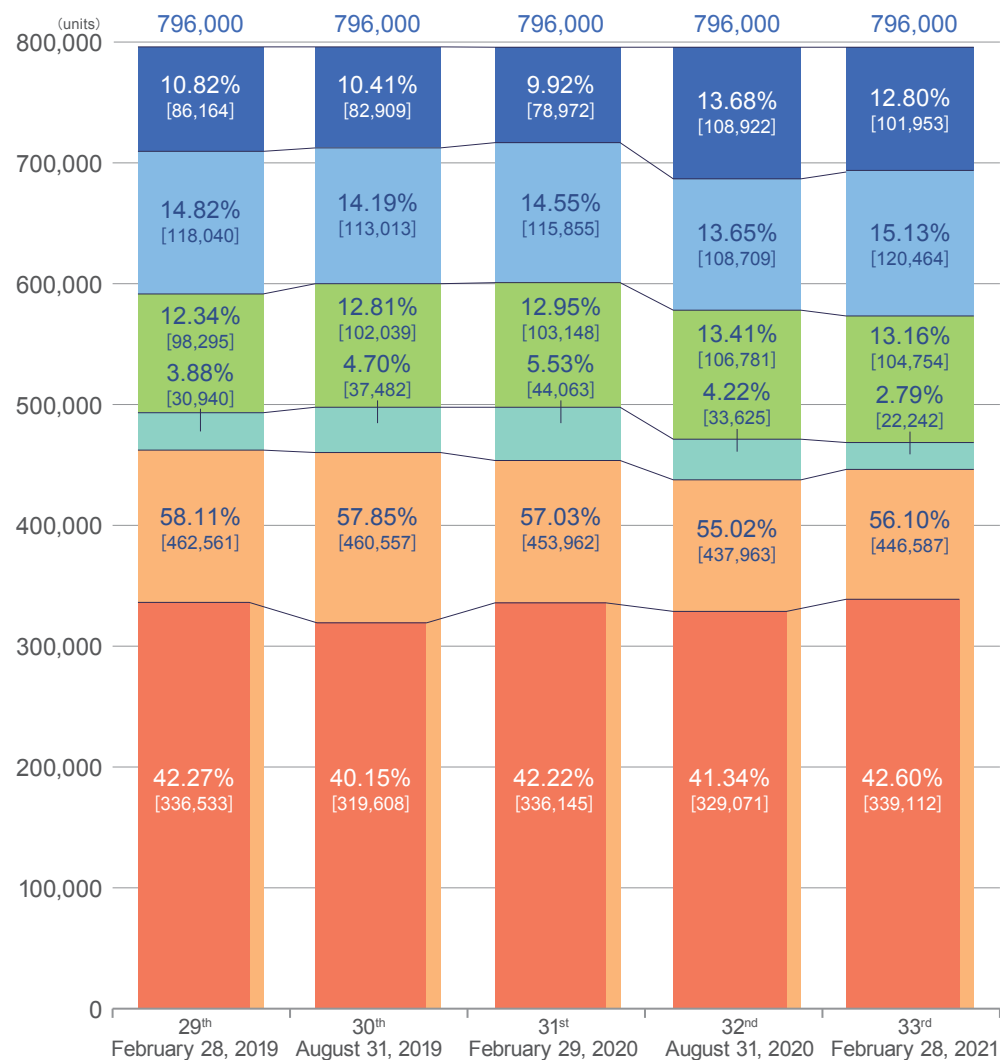
Paid-in capital : 200 million yen

Certifications, etc. :

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

# Unitholders' data

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



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

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

## No. of unitholders and investment units held by unitholder category [at the end of the 33<sup>rd</sup> FP]

(As of February 28, 2021)

	No. of unitholders	Percentage	Investment units held	Percentage
Individual - other	13,226	95.72%	101,953	12.80%
Foreign individuals	226	1.63%	120,464	15.13%
Other domestic corporations	258	1.86%	104,754	13.16%
Stock brokers	23	0.16%	22,242	2.79%
Financial institutions	84	0.60%	446,587	56.10%
(Of which held by trust banks)	11	0.07%	339,112	42.60%
<b>Total</b>	<b>13,817</b>	<b>100.00%</b>	<b>796,000</b>	<b>100.00%</b>

## Major investors [at the end of the 33<sup>rd</sup> FP]

(As of February 28, 2021)

Rank	Name	Investment units held	Percentage
1	Custody Bank of Japan, Ltd.(Trust account)	173,018	21.73%
2	The Master Trust Bank of Japan, Ltd.(Trust account)	101,398	12.73%
3	Fukuoka Jisho Co., Ltd.	73,136	9.18%
4	The Nomura Trust and Banking Co., Ltd. (Investment trust account)	30,703	3.85%
5	Custody Bank of Japan, Ltd. (Securities investment trust account)	19,847	2.49%
6	NORTHERN TRUST CO.(AVFC) RE HCR00	15,518	1.94%
7	The Shinkumi Federation Bank	14,760	1.85%
8	STATE STREET BANK WEST CLIENT - TREATY 505234	11,976	1.50%
9	MetLife, Inc.	10,227	1.28%
10	Shikoku Railway Company	9,130	1.14%

# Unit price chart



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

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



# Financial highlights

Dividend per unit was 3,361 yen

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

Category	29 <sup>th</sup> ~ Feb. 28, 2019	30 <sup>th</sup> ~ Aug. 31, 2019	31 <sup>st</sup> ~ Feb. 29, 2020	32 <sup>nd</sup> ~ Aug. 31, 2020 A	33 <sup>rd</sup> ~ Feb. 28, 2021 B	Difference B-A	34 <sup>th</sup> ~ Aug. 31, 2021 (forecast)	35 <sup>th</sup> ~ Feb. 28, 2022 (forecast)
Operating revenues	9,242	9,231	9,162	8,518	8,904	385	8,979	8,724
Gain on sales	-	-	-	-	-	-	95	-
Leasing NOI	5,591	5,633	5,596	5,307	5,347	39	5,331	5,323
Depreciation and amortization expenses	1,622	1,651	1,660	1,686	1,623	(62)	1,558	1,489
Operating income	3,306	3,318	3,273	2,966	3,061	95	3,176	3,168
Ordinary income	2,935	2,939	2,900	2,587	2,677	89	2,787	2,787
Profit	2,934	2,939	2,899	2,586	2,675	88	2,786	2,786
<b>Dividend per unit (yen) (①)</b>	<b>3,687</b>	<b>3,693</b>	<b>3,642</b>	<b>3,250</b>	<b>3,361</b>			
Latest dividend forecast per unit (yen)(②)	3,600	3,680	3,650	3,150	3,300		3,500	3,500
Difference from forecast (yen) ①-②	+87	+13	(8)	+100	+61		-	-
Total number of investment units outstanding (at period-end) (units)	796,000	796,000	796,000	796,000	796,000		796,000	796,000
Total assets (at period-end)	195,433	195,106	194,795	199,004	199,559			
Total liabilities (at period-end)	93,559	93,228	92,958	97,478	97,944			
Total net assets (at period-end)	101,874	101,878	101,837	101,525	101,614			
Days in fiscal period (days)	181	184	182	184	181			
Number of investment properties (at period-end)	29	29	29	31	31			
Number of tenants (at period-end)(*1)	1,011	1,020	1,007	1,016	1,011			
Total leasable floor space (at period-end) (m <sup>2</sup> )	580,665.27	580,664.27	580,662.77	591,021.51	608,557.70			
Occupancy rate (at period-end) (%)(*2)	99.7	99.6	99.7	99.7	99.5			
FFO (Funds from Operation)(mm yen) (*3)	4,557	4,591	4,559	4,273	4,299			
FFO per unit (yen)	5,725	5,767	5,728	5,368	5,401			

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

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

(\*3) The FFO is calculated by the following method.

"FFO" = Profit + Loss on sale of real estate - Gain on sale of real estate + Depreciation

# Balance sheets (compared with the previous fiscal period)

Account		32 <sup>nd</sup> Aug. 31, 2020 A	33 <sup>rd</sup> Feb. 28, 2021 B	Difference B—A
Assets	Total current assets	9,901	11,157	1,256
	Cash and deposits	3,733	6,596	2,862
	Cash and deposits in trust	4,660	3,742	(917)
	Operating accounts receivable	1,043	528	(515)
	Prepaid expenses	282	287	4
	Consumption taxes receivable	177	-	(177)
	Others	3	3	(0)
	Total non-current assets	189,064	188,369	(695)
	Total property, plant and equipment	182,014	181,419	① (594)
	Buildings	974	1,156	182
	Structures	17	20	3
	Tools and fixtures	-	1	1
	Lands	830	989	158
	Buildings in trust	70,403	69,528	(875)
	Structures in trust	1,229	1,200	(28)
	Machinery and equipment in trust	891	870	(21)
	Tools and fixtures in trust	196	182	(14)
	Lands in trust	107,452	107,452	-
	Construction in progress in trust	18	16	(1)
	Total intangible assets	5,575	5,569	(5)
	Leasehold right in trust	5,545	5,545	-
	Other intangible assets in trust	29	24	(5)
	Total investment and other assets	1,475	1,380	(95)
	Deferred tax assets	0	0	0
	Lease and guarantee deposits	10	10	-
Lease and guarantee deposits in trust	327	327	-	
Long-term prepaid expenses	1,138	1,042	(95)	
Total deferred assets	37	32	(5)	
<b>Total assets</b>	<b>199,004</b>	<b>199,559</b>	<b>554</b>	

## ■ Assets

① Capital expenditures	+687	Others	(4)
Depreciation and amortization expenses (1,623)			
LOGICITY Wakamiya renovation costs, etc +345			
		<b>Total :</b>	<b>(594)</b>

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

Account		32 <sup>nd</sup> Aug. 31, 2020 A	33 <sup>rd</sup> Feb. 28, 2021 B	Difference B—A
Liabilities	Total current liabilities	9,027	9,501	473
	Operating accounts payable	340	561	220
	Current maturities of long-term debt	6,300	6,300	② -
	Account payable-other	12	22	10
	Accrued expenses	355	415	60
	Income taxes payable	0	1	0
	Accrued consumption taxes	-	316	316
	Advances received	1,123	1,088	(34)
	Deposits received	894	793	(100)
	Total non-current liabilities	88,451	88,443	(7)
	Investment corporation bonds	5,000	5,000	-
	Long-term debt	71,100	71,100	② -
	Tenant leasehold and security deposits	366	450	84
	Tenant leasehold and security deposits received in trust	11,984	11,892	(92)
	<b>Total liabilities</b>	<b>97,478</b>	<b>97,944</b>	<b>466</b>

Net assets	Total unitholders' equity	101,525	101,614	88
	Unitholders' capital	98,938	98,938	-
	Surplus	2,587	2,675	88
<b>Total net assets</b>	<b>101,525</b>	<b>101,614</b>	<b>88</b>	

<b>Total liabilities and net assets</b>	<b>199,004</b>	<b>199,559</b>	<b>554</b>
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## ■ Liabilities and net assets

② No debt maturing in the 33<sup>rd</sup> fiscal period

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

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

Category	32 <sup>nd</sup> A ~Aug. 31, 2020	33 <sup>rd</sup> B ~Feb. 28, 2021	Difference B-A
<b>Net cash provided by (used in) operating activities</b>	<b>3,450</b>	<b>5,374</b>	<b>1,923</b>
Profit before income taxes	2,587	2,677	89
Depreciation and amortization expenses	1,686	1,623	(62)
Amortization of investment corporation bond issuance expenses	2	2	-
Amortization of investment unit issuance expenses	3	3	0
Interest received	(0)	(0)	(0)
Interest expenses	278	282	3
Decrease (increase) in operating accounts receivables	(384)	515	899
Decrease (increase) in consumption taxes refund receivable	(177)	177	355
Increase (decrease) in accrued consumption taxes	(191)	316	507
Increase (decrease) in operating accounts payable	(3)	25	28
Increase (decrease) in accounts payable-other	(6)	10	16
Increase (decrease) in accrued expenses	(20)	60	80
Increase (decrease) in advances received	40	(34)	(75)
Increase (decrease) in deposits expenses	26	(100)	(126)
Decrease (increase) in prepaid expenses	5	(4)	(10)
Decrease (increase) in long-term prepaid expenses	(123)	95	219
Others, net	3	6	3
<b>Subtotal</b>	<b>3,726</b>	<b>5,657</b>	<b>1,931</b>
Interest income received	0	0	0
Interest expenses paid	(274)	(282)	(7)
Income taxes paid	(1)	(0)	0
<b>Net cash provided by (used in) investment activities</b>	<b>(7,136)</b>	<b>(842)</b>	<b>6,293</b>
Purchase of property, plant and equipment	(1,809)	(355)	1,454
Purchase of property, plant and equipment in trust	(5,371)	(479)	4,892
Purchase of intangible assets in trust	-	-	-
Proceeds from tenant leasehold and security deposits	29	84	54
Repayments of tenant leasehold and security deposits	(66)	-	66
Proceeds from tenant leasehold and security deposits in trust	316	122	(193)
Repayments of tenant leasehold and security deposits in trust	(238)	(214)	23
Proceeds from restricted trust deposits	5	2	(3)
Payments for restricted trust deposits	(2)	(2)	(0)
<b>Net cash provided by (used in) financial activities</b>	<b>2,000</b>	<b>(2,586)</b>	<b>(4,587)</b>
Proceeds from short-term debt	6,400	-	(6,400)
Repayments of short-term debt	(6,400)	-	6,400
Proceeds from long-term debt	5,900	-	(5,900)
Repayments of long-term debt	(1,000)	-	1,000
Dividends paid	(2,899)	(2,586)	312
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(1,684)</b>	<b>1,944</b>	<b>3,629</b>
Balance of cash and cash equivalents at beginning of period	10,032	8,348	(1,684)
Balance of cash and cash equivalents at end of period	8,348	10,293	1,944

# Income and expenditure by properties (Retail)

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

Active retail	Category	Canal City Hakata	Canal City Hakata・B	Park Place Oita	SunLive City Kokura	Konoha Mall Hashimoto	33 <sup>rd</sup> Total A	32 <sup>nd</sup> Total B	Difference A-B	Forecast C(*)	Difference A-C
	(Length)	33 <sup>rd</sup> FP (Sept. 1, 2020 ~Feb. 28, 2021) 181 days						184 days	(3) days		
	① Total leasing business revenues	1,018	1,429	1,198	262	778	4,688	4,409	278	4,694	(6)
Leasing revenue-real estate	964	1,393	1,037	262	643	4,302	4,030	271			
Other leasing revenue-real estate	54	35	161	0	134	385	378	7			
② Total leasing business expenses	462	792	599	45	517	2,418	2,098	320	2,474	(55)	
Outsourcing fees	298	536	294	7	285	1,422	1,174	247			
Repair and maintenance expenses	21	32	50	1	25	131	42	88			
Expenses for restoration to former state	-	-	-	-	-	-	-	-			
Tax and other public charges	80	165	94	34	42	417	418	(0)			
Insurance premiums and trust compensation	6	11	5	1	2	27	30	(2)			
Utilities expenses	20	40	135	-	85	282	295	(13)			
Other expenses	36	5	18	0	76	136	136	0			
③ NOI (=①-②)	555	636	599	217	260	2,269	2,311	(42)	2,220	48	
④ Depreciation and amortization expenses	223	283	217	47	88	860	902	(41)			
⑤ Leasing business profit (=③-④)	332	353	382	169	171	1,408	1,408	(0)			
⑥ NOI yield (acquisition price)	3.5%	4.4%	6.1%	6.5%	5.2%	4.7%	4.8%	(0.1)%			
⑦ Capital expenditures	194	125	124	-	23	467	660	(192)			

Retail (Others)	Category	Square Mall Kagoshima Usuki	Kumamoto Intercommunity SC	Hanahata SC	Kurume Higashi Kushiwara SC	K's Denki Kagoshima	Marinoa City Fukuoka (Marina Side Building)	33 <sup>rd</sup> Total A	32 <sup>nd</sup> Total B	Difference A-B	Forecast C(*)	Difference A-C
	(Length)	33 <sup>rd</sup> FP (Sept. 1, 2020 ~Feb. 28, 2021) 181 days						184 days	(3) days			
	① Total leasing business revenues	252	89	40	88	112	178	762	748	14	759	3
Leasing revenue-real estate	223	89	40	88	111	177	730	718	11			
Other leasing revenue-real estate	28	-	0	0	1	1	32	29	2			
② Total leasing business expenses	84	10	9	10	14	25	154	149	5	154	0	
Outsourcing fees	38	2	1	2	1	1	48	48	0			
Repair and maintenance expenses	3	0	4	0	4	3	17	13	4			
Expenses for restoration to former state	-	-	-	-	-	-	-	-	-			
Tax and other public charges	17	5	3	5	7	18	56	56	(0)			
Insurance premiums and trust compensation	0	0	0	0	0	0	2	2	(0)			
Utilities expenses	21	-	-	-	-	-	21	23	(2)			
Other expenses	2	1	0	1	0	0	7	4	3			
③ NOI (=①-②)	167	79	31	78	98	152	607	599	8	605	2	
④ Depreciation and amortization expenses	37	12	5	16	22	22	116	116	0			
⑤ Leasing business profit (=③-④)	129	67	25	61	75	130	490	482	8			
⑥ NOI yield (acquisition price)	6.3%	6.7%	5.5%	6.3%	5.5%	5.8%	6.0%	6.0%	0.1%			
⑦ Capital expenditures	26	-	-	-	-	13	40	19	20			

(\*) Forecast at the financial results of the 32<sup>nd</sup> fiscal period.



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

Office buildings

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

Category	Canal City Business Center Building	Gofukumachi Business Center	Sanix Hakata Building	Taihaku Street Business Center	Higashi Hie Business Center	Tenjin Nishi-Dori Center Building	Tenjin North Front Building	Higashi Hie Business Center II	Higashi Hie Business Center III	33 <sup>rd</sup> Total A	32 <sup>nd</sup> Total B	Difference A-B	Forecast C (*1)	Difference A-C
	33 <sup>rd</sup> FP (Sept. 1, 2020 ~Feb. 28, 2021) 181 days										184 days	(3) days		
① Total leasing business revenues	641	557	205	318	351	86	144	162	92	2,560	2,497	63	2,555	4
Leasing revenue-real estate	640	498	191	318	327	86	122	150	88	2,424	2,352	71		
Other leasing revenue-real estate	1	58	14	0	23	-	22	12	3	136	144	(8)		
② Total leasing business expenses	199	172	68	92	134	20	46	54	11	800	775	24	804	(4)
Outsourcing fees	136	73	19	55	42	1	10	18	6	365	354	10		
Repair and maintenance expenses	6	8	8	6	4	3	7	1	-	46	25	21		
Expenses for restoration to former state	-	-	-	-	-	-	-	-	-	-	-	-		
Tax and other public charges	47	37	22	27	16	15	8	9	-	185	185	(0)		
Insurance premiums and trust compensation	1	2	0	1	1	0	0	0	0	10	10	(0)		
Utilities expenses	5	45	12	-	23	-	17	11	4	121	131	(9)		
Other expenses	1	4	4	2	45	0	1	10	0	71	68	2		
③ NOI (=①-②)	442	385	137	225	217	66	97	108	80	1,760	1,721	39	1,751	9
④ Depreciation and amortization expenses	89	80	41	77	41	9	33	40	19	434	465	(31)		
⑤ Leasing business profit (=③-④)	353	304	95	147	175	56	64	67	61	1,326	1,255	70		
⑥ NOI yield (acquisition price)	6.1%	6.9%	6.2%	6.4%	7.4%	5.1%	7.0%	5.1%	4.9%	6.3%	6.3%	0.0%		
⑦ Capital expenditures	21	58	51	1	2	2	11	-	-	151	96	54		

Others

Category	Amex Akasakamon Tower	City House Keyaki Dori	Aqualia Chihaya	D-Wing Tower	Granfore Yakuin Minami	Hotel FORZA Oita	Tissage Hotel Naha	Tosu Logistics Center	LOGICITY Minato Kashii	LOGICITY Hisayama	LOGICITY Wakamiya	33 <sup>rd</sup> Total A	32 <sup>nd</sup> Total B	Difference A-B	Forecast C (*1)	Difference A-C
	33 <sup>rd</sup> FP (Sept. 1, 2020 ~Feb. 28, 2021) 181 days												184 days	(3) days		
① Total leasing business revenues	66	39	60	112	38	63	28					892	863	29	893	(0)
Leasing revenue-real estate	63	39	58	107	37	63	28					849	810	39		
Other leasing revenue-real estate	2	-	1	5	1	-	-					42	52	(9)		
② Total leasing business expenses	17	8	13	23	9	11	7					182	187	(5)	191	(8)
Outsourcing fees	5	2	3	7	2	0	0	Non-disclosure (*2)	Non-disclosure (*2)	Non-disclosure (*2)	Non-disclosure (*2)	33	33	0		
Repair and maintenance expenses	1	1	1	1	1	1	0					15	11	3		
Expenses for restoration to former state	2	-	1	1	0	-	-					7	12	(5)		
Tax and other public charges	5	3	4	7	2	7	5					83	83	(0)		
Insurance premiums and trust compensation	0	0	0	0	0	0	0					5	5	0		
Utilities expenses	0	0	0	2	0	-	-					26	29	(3)		
Other expenses	2	1	1	2	1	0	0					10	12	(1)		
③ NOI (=①-②)	48	30	46	89	29	51	21	37	185	117	51	709	675	34	701	8
④ Depreciation and amortization expenses	19	10	12	17	10	22	24	9	37	38	9	211	201	10		
⑤ Leasing business profit (=③-④)	29	20	34	71	19	29	(2)	28	147	79	41	498	473	24		
⑥ NOI yield (acquisition price)	4.7%	5.5%	7.3%	6.4%	5.3%	6.8%	1.5%	6.0%	4.6%	4.6%	9.1%	5.1%	5.0%	0.1%		
⑦ Capital expenditures	3	0	-	0	0	0	5	3	2	-	10	27	13	13		

(\*1) Forecast at the financial results of the 32<sup>nd</sup> fiscal period. (\*2) Information is not disclosed because the permission of tenants has not been obtained.

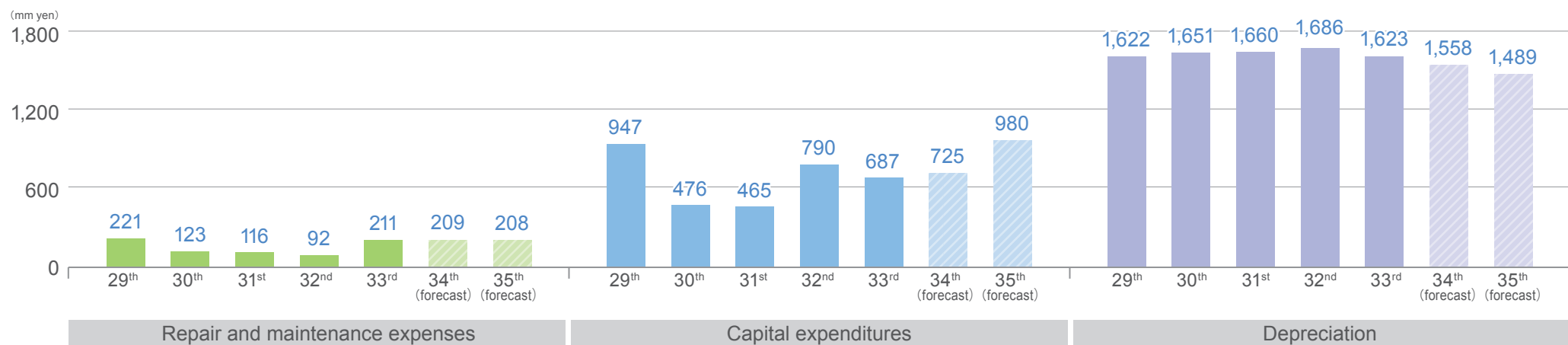
# Income and expenditure by properties (Total) /Repair and maintenance expenses, capital expenditures, and depreciation

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

Category	33 <sup>rd</sup> Total A	32 <sup>nd</sup> Total B	Difference A-B	Forecast C (*)	Difference A-C
	(Length) Sept. 1, 2020 ~ Feb. 28, 2021 181 days	Mar. 1, 2020 ~ Aug. 31, 2020 184 days	(3) days		
① Total leasing business revenues	8,904	8,518	385	8,903	0
Leasing revenue-real estate	8,306	7,912	393		
Other leasing revenue-real estate	597	605	(8)		
② Total leasing business expenses	3,556	3,210	345	3,603	(47)
Outsourcing fees	1,870	1,611	258		
Repair and maintenance expenses	211	92	118		
Expenses for restoration to former state	7	12	(5)		
Tax and other public charges	743	743	(0)		
Insurance premiums and trust compensation	45	49	(3)		
Utilities expenses	452	479	(27)		
Other expenses	226	221	5		
③ NOI (=①-②)	5,347	5,307	39	5,299	48
④ Depreciation and amortization expenses	1,623	1,686	(62)		
⑤ Leasing business profit (=③-④)	3,723	3,621	102		
⑥ NOI yield (acquisition price)	5.3%	5.3%	0.0%		
⑦ Capital expenditures	687	790	(103)		

(\*) Forecast at the financial results of the 32<sup>nd</sup> fiscal period.

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



# List of Interest-bearing debt

## ■ List of borrowings

Category	Lender	Balance (mm yen)	Drawdown Date	Repayment Date	Term (year)	Fixed/Floating	Average Interest Rate
Current maturity of long-term debt	Mizuho Bank, and others (*1)	6,300	Jul.31, 2014	Jul.30, 2021	7.0	Fixed	0.83500% (*2)
Long-term debt	Development Bank of Japan	4,000	Aug.29, 2014	Aug.31, 2022	8.0	Fixed	1.01000%
	Sumitomo Mitsui Banking Corporation	1,600	Jun.30, 2015	Jun.30, 2022	7.0	Fixed	0.79000% (*2)
	Sumitomo Mitsui Trust Bank	1,500	Jul.31, 2015	Jul.31, 2023	8.0	Fixed	0.56400% (*2)
	Development Bank of Japan	4,000	Aug.31, 2015	Aug.31, 2023	8.0	Fixed	0.88000%
	The Bank of Fukuoka	400	Aug.31, 2015	Aug.31, 2022	7.0	Floating	0.42909%
	The Nishi-Nippon City Bank	400	Aug.31, 2015	Aug.31, 2023	8.0	Fixed	0.87000% (*2)
	Development Bank of Japan	2,000	Feb.29, 2016	Feb.28, 2025	9.0	Fixed	0.62000%
	The Bank of Fukuoka	2,000	Feb.29, 2016	Feb.29, 2024	8.0	Floating	0.42909%
	The Nishi-Nippon City Bank	2,000	Feb.29, 2016	Feb.29, 2024	8.0	Fixed	0.44000% (*2)
	Mizuho Bank	500	Feb.29, 2016	Feb.29, 2024	8.0	Fixed	0.44000% (*2)
	Shinsei Bank	700	Jul.29, 2016	Jul.31, 2024	8.0	Fixed	0.40000%
	Sumitomo Mitsui Trust Bank	300	Sept.30, 2016	Sept.30, 2025	9.0	Floating	0.42309%
	Development Bank of Japan, and others (*3)	2,100	Dec.30, 2016	Dec.30, 2025	9.0	Fixed	0.71750%
	The Bank of Fukuoka	1,500	Dec.30, 2016	Dec.30, 2026	10.0	Floating	0.42909%
	Resona Bank	600	Mar.31, 2017	Mar.31, 2027	10.0	Fixed	0.65846%
	The Higo Bank	300	Mar.31, 2017	Mar.31, 2025	8.0	Fixed	0.48130%
	MUFG Bank	800	Mar.31, 2017	Mar.31, 2025	8.0	Fixed	0.48130%
	The Bank of Fukuoka, and others (*4)	6,000	Jun.30, 2017	Jun.30, 2026	9.0	Fixed	0.77677%
	Development Bank of Japan	1,800	Jun.30, 2017	Dec.31, 2026	9.5	Fixed	0.65000%
	The Bank of Fukuoka	2,000	Jul.31, 2017	Jul.31, 2027	10.0	Fixed	0.79195%
	The Nishi-Nippon City Bank	2,000	Jul.31, 2017	Jul.31, 2027	10.0	Fixed	0.89195%
	The Nishi-Nippon City Bank, and others (*5)	1,500	Aug.31, 2017	Aug.31, 2027	10.0	Fixed	0.84952%
	Resona Bank	2,000	Sept.29, 2017	Sept.30, 2027	10.0	Fixed	0.49350% (*2)
	The Bank of Fukuoka	1,500	Dec.29, 2017	Dec.30, 2027	10.0	Fixed	0.81209%
	Development Bank of Japan	500	Dec.29, 2017	Dec.30, 2027	10.0	Fixed	0.68000%
	The Nishi-Nippon City Bank	1,900	Feb.28, 2018	Feb.29, 2028	10.0	Fixed	0.75000% (*2)
	Sumitomo Mitsui Trust Bank	1,100	Feb.28, 2018	Feb.26, 2027	9.0	Fixed	0.60000% (*2)
	MUFG Bank	1,500	Feb.28, 2018	Feb.27, 2026	8.0	Fixed	0.50000%
	Resona Bank	600	Feb.28, 2018	Feb.29, 2028	10.0	Fixed	0.56700% (*2)
	Development Bank of Japan	2,500	Mar. 1, 2018	Mar. 1, 2028	10.0	Fixed	0.72000%
	MUFG Bank	600	Mar.30, 2018	Mar.31, 2026	8.0	Fixed	0.48000%
	The Nishi-Nippon City Bank	600	Mar.30, 2018	Mar.31, 2028	10.0	Fixed	0.80219%
The Bank of Fukuoka	500	Mar.30, 2018	Mar.31, 2028	10.0	Fixed	0.80219%	
Mizuho Bank	500	Mar.30, 2018	Mar.31, 2028	10.0	Fixed	0.63000%	
Sumitomo Mitsui Banking Corporation	500	Mar.30, 2018	Mar.31, 2025	7.0	Fixed	0.50400% (*2)	
MUFG Bank	500	Mar.30, 2018	Mar.31, 2027	9.0	Fixed	0.49000%	
Sumitomo Mitsui Trust Bank	400	Mar.30, 2018	Mar.31, 2027	9.0	Fixed	0.57600% (*2)	
The Oita Bank	400	Mar.30, 2018	Mar.31, 2028	10.0	Fixed	0.64630%	

\* For floating-rate debts, the interest rates applicable as of February 28, 2021 are indicated. \*All debts have been borrowed with no collateral and no guarantee, to be repaid in lump-sum upon maturity.  
 (\*1) The lenders are Mizuho Bank · The Norinchukin Bank · The Hiroshima Bank · The Kitakyushu Bank · The Iyo Bank · The Higo Bank (\*2) FRC has concluded a swap agreement to practically fix interest rate on debt. The indicated interest rate reflects the effect of the swap agreement.  
 (\*3) The lenders are Development Bank of Japan · The Oita Bank · The Kagoshima Bank · The Kitakyushu Bank · The Juhachi-Shinwa Bank · The Hiroshima Bank (\*4) The lenders are The Bank of Fukuoka · The Nishi-Nippon City Bank · The Oita Bank · The Kitakyushu Bank · The Miyazaki Bank · The Juhachi-Shinwa Bank · The Iyo Bank (\*5) The lenders are The Nishi-Nippon City Bank · The Bank of Fukuoka · The Oita Bank · The Kitakyushu Bank · The Juhachi-Shinwa Bank · The Hiroshima Bank  
 (\*6) The lenders are Mizuho Bank · The Bank of Saga · The Higo Bank (\*7) The lenders are The Bank of Fukuoka · Resona Bank (\*8) The lenders are The Nishi-Nippon City Bank · Resona Bank · The Oita Bank · The Bank of Nagasaki · The Bank of Saga

(As of February 28, 2021)

Category	Lender	Balance (mm yen)	Drawdown Date	Repayment Date	Term (year)	Fixed/Floating	Average Interest Rate
Long-term debt	The Hiroshima Bank	400	Mar.30, 2018	Mar.31, 2028	10.0	Fixed	0.64630%
	Shinsei Bank	300	Mar.30, 2018	Mar.31, 2025	7.0	Fixed	0.40000%
	Sumitomo Mitsui Banking Corporation	500	Jan.31, 2019	Jan.31, 2029	10.0	Fixed	0.65528%
	MUFG Bank	500	Jan.31, 2019	Jan.31, 2028	9.0	Fixed	0.59000%
	The Nishi-Nippon City Bank	400	Jan.31, 2019	Jan.31, 2029	10.0	Floating	0.42909%
	The Bank of Fukuoka	300	Jan.31, 2019	Jan.31, 2029	10.0	Floating	0.42909%
	The Oita Bank	200	Feb.28, 2019	Feb.27, 2026	7.0	Fixed	0.33380%
	The Kagoshima Bank	200	Feb.28, 2019	Feb.27, 2026	7.0	Fixed	0.33380%
	The Higo Bank	200	Feb.28, 2019	Feb.27, 2026	7.0	Fixed	0.33380%
	Resona Bank	200	Feb.28, 2019	Feb.28, 2029	10.0	Fixed	0.48845% (*2)
	Mizuho Bank, and others (*6)	2,200	Jul.31, 2019	Jul.31, 2029	10.0	Fixed	0.52100% (*2)
	The Norinchukin Bank	1,500	Jul.31, 2019	Jan.29, 2027	7.5	Fixed	0.30300%
	MUFG Bank	500	Sept. 25, 2019	Sept.29, 2028	9.0	Fixed	0.48000%
	The Nishi-Nippon City Bank	2,500	Feb. 28, 2020	Feb. 28, 2030	10.0	Fixed	0.48000% (*2)
	Mizuho Bank	1,700	Feb. 28, 2020	Feb. 28, 2030	10.0	Fixed	0.42000%
	Aozora Bank	1,000	Jun. 30, 2020	Jun. 28, 2030	10.0	Fixed	0.56922%
	Resona Bank	700	Jun. 30, 2020	Jun. 28, 2030	10.0	Fixed	0.56922%
	MUFG Bank	500	Jun. 30, 2020	Jun. 29, 2029	9.0	Fixed	0.60000%
	The Kagoshima Bank	500	Jun. 30, 2020	Jun. 30, 2028	8.0	Fixed	0.46500%
	Development Bank of Japan	1,500	Jul.31, 2020	Jul.31, 2030	10.0	Fixed	0.53000%
Mizuho Bank	1,000	Jul.31, 2020	Jul.31, 2030	10.0	Fixed	0.47000%	
The Kitakyushu Bank	500	Jul.31, 2020	Jul.31, 2030	10.0	Fixed	0.52630%	
The Iyo Bank	200	Jul.31, 2020	Jul.31, 2030	10.0	Fixed	0.52630%	
<b>Total</b>		<b>77,400</b>					

## ■ Investment corporation bonds

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

## ■ Committed line of credit

Category	Lender	Credit Limit (mm yen)	Period	
			Start	End
Committed line of credit 1	The Bank of Fukuoka, and others (*7)	6,000	Aug.1, 2018	Jul.31, 2023
Committed line of credit 2	The Nishi-Nippon City Bank and others (*8)	7,000	Mar.2, 2020	Feb.29, 2024
<b>Total</b>		<b>13,000</b>		

# Portfolio table

(As of February 28, 2021)

	Real estate property name	Age (*1)	Acquisition price (mm yen) (*2)	Investment ratio	Acquisition timing	Source (*3)	Total leasable floor space (m <sup>2</sup> )	Occupancy rate	Tenants (*4)	Primary tenants
Retail	Canal City Hakata	24yr10m	32,000	15.8%	2004/11/9	Sponsor	46,585.57	97.7%	46	Washington Hotel and United Cinema
	Canal City Hakata・B	24yr10m	28,700	14.2%	2011/3/2	Outside party	68,824.95	99.5%	45	Grand Hyatt Fukuoka and OPA
	Park Place Oita	18yr 11m	19,610	9.7%	2004/11/9	Sponsor	121,212.26	100.0%	104	AEON and K's Denki
	SunLive City Kokura	15yr 11m	6,633	3.3%	2005/7/1	Outside party	61,450.22	100.0%	1	SunLive
	Konoha Mall Hashimoto	9yr 11m	10,000	5.0%	2018/3/1	Sponsor	22,121.05	97.8%	123	SunLive and The Super Sports XEBIO
	Square Mall Kagoshima Usuki	14yr 5m	5,300	2.6%	2006/9/28	Sponsor	14,602.88	100.0%	13	Sports Depo / Golf5 and Edion
	Kumamoto Intercommunity SC	14yr 3m	2,400	1.2%	2006/11/30	Sponsor	6,968.66	100.0%	2	Sports Depo / Golf5 and Starbucks Coffee
	Hanahata SC	13yr 7m	1,130	0.6%	2007/9/3	Sponsor	2,801.15	100.0%	2	BON REPAS and Matsumoto Kiyoshi
	Kurume Higashi Kushiwara SC	13yr 2m	2,500	1.2%	2008/2/1	Sponsor	6,467.80	100.0%	1	Sports Depo / Golf5
	K's Denki Kagoshima	13yr 3m	3,550	1.8%	2008/3/27	Outside party	7,296.17	100.0%	1	K's Denki
	Marinoa City Fukuoka (Marina Side Building)	20yr 4m	5,250	2.6%	2015/5/1	Sponsor	33,069.82	100.0%	1	FJ. Entertainment Works Ltd.
<b>Total or the weighted average of retail</b>	—	<b>117,073</b>	<b>58.0%</b>	—	—	<b>391,400.53</b>	<b>99.5%</b>	<b>339</b>	—	
Office buildings	Canal City Business Center Building	24yr10m	14,600	7.2%	2004/11/9	Sponsor	23,029.92	100.0%	62	TOTO and Bell System24
	Gofukumachi Business Center	17yr 4m	11,200	5.5%	2004/11/9	Sponsor	19,905.34	100.0%	36	SMBC CONSUMER FINANCE and Sumitomo Mitsui Banking Corporation
	Sanix Hakata Building	19yr 11m	4,400	2.2%	2005/9/30	Outside party	6,293.75	100.0%	16	SANIX and The Nishi-Nippon City Bank
	Taihaku Street Business Center	18yr 11m	7,000	3.5%	2006/3/16	Sponsor	14,677.30	98.8%	68	NTT COMWARE and Tokio Marine & Nichido Outsourcing Management
	Higashi Hie Business Center	12yr 0m	5,900	2.9%	2009/3/13	Outside party+Sponsor	13,614.59	100.0%	27	Fujitsu and Forest Holdings
	Tenjin Nishi-Dori Center Building	24yr 5m	2,600	1.3%	2013/2/1	Outside party	3,339.32	100.0%	1	The Nishi-Nippon City Bank
	Tenjin North Front Building	11yr 1m	2,800	1.4%	2013/3/28	Outside party	5,252.41	100.0%	11	Rakuten Card and Prudential
	Higashi Hie Business Center II	5yr 0m	4,230	2.1%	2018/3/1	Sponsor	6,214.77	100.0%	2	FUJITSU KYUSHU SYSTEMS LIMITED and Seven-Eleven Japan Co.,LTD
	Higashi Hie Business Center III	0yr 11m	3,290	1.6%	2020/5/29	Sponsor	2,981.14	94.1%	5	Mitsui Home Co.,LTD and NIPPON ENGINEERING CONSULTANTS CO.,LTD
	<b>Total or the weighted average of office buildings</b>	—	<b>56,020</b>	<b>27.7%</b>	—	—	<b>95,308.54</b>	<b>99.6%</b>	<b>228</b>	—
Others	Amex Akasakamon Tower (Residence)	15yr 7m	2,060	1.0%	2006/9/1	Outside party	4,821.25	98.8%	66	—
	City House Keyaki Dori (Residence)	13yr 3m	1,111	0.6%	2007/12/20	Outside party	2,710.86	97.8%	41	—
	Aqualia Chihaya (Residence)	13yr 2m	1,280	0.6%	2012/3/1	Outside party	5,619.69	97.9%	103	—
	D-Wing Tower (Residence)	15yr 0m	2,800	1.4%	2013/3/1	Outside party	7,187.59	95.1%	132	—
	Granfore Yakuin Minami (Residence)	13yr 2m	1,100	0.5%	2014/11/4	Outside party	2,496.06	96.0%	95	—
	Hotel FORZA Oita (Hotel)	12yr 6m	1,530	0.8%	2013/3/1	Sponsor	5,785.44	100.0%	1	FJ Hotels
	Tissage Hotel Naha (Hotel)	3yr 0m	2,835	1.4%	2018/12/7	Outside party	3,758.76	100.0%	1	Nest Hotel Japan Corporation
	Tosu Logistics Center (Logistics)	12yr 9m	1,250	0.6%	2014/3/28	Outside party	4,173.29	100.0%	1	non-disclosure
	LOGICITY Minato Kashii (Logistics)	6yr10m	8,150	4.0%	2015/3/27	Outside party	43,233.72	100.0%	2	Fukuoka Logistic System and F-LINE CORPORATION
	LOGICITY Hisayama (Logistics)	6yr 1m	5,050	2.5%	2017/6/1	Outside party	24,505.65	100.0%	1	KASEIinc Co., Ltd.
	LOGICITY Wakamiya (Logistics)	16yr 0m	1,700	0.8%	2020/6/30	Outside party	17,556.32	100.0%	1	Tsukasa Kigyou
<b>Total or the weighted average of others</b>	—	<b>28,866</b>	<b>14.3%</b>	—	—	<b>121,848.63</b>	<b>99.4%</b>	<b>444</b>	—	
<b>Total or the weighted average of all properties</b>	<b>18yr 0m</b>	<b>201,959</b>	<b>100.0%</b>	—	—	<b>608,557.70</b>	<b>99.5%</b>	<b>1,011</b>	—	

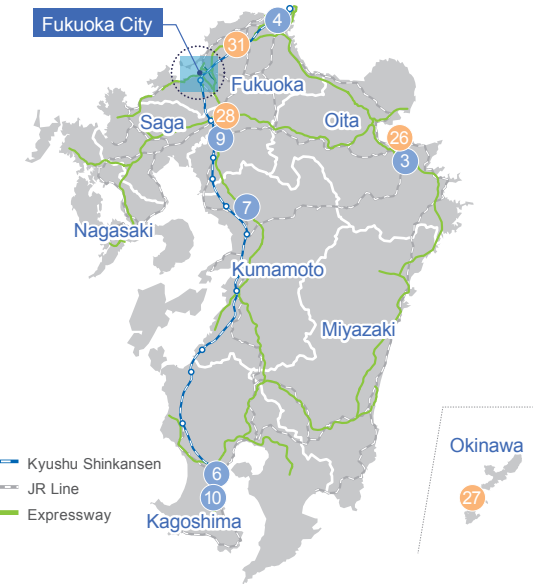
(\*1) The age of the building is listed with the end of the period as the starting date. The total or average figures for all properties are the weighted average.

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

(\*3) Properties acquired through arrangement by a sponsor company are indicate with "sponsor" in the column of seller. (\*4) Parking contracts, etc., are excluded from "Number of tenants".



# Portfolio map



- 21 Amex Akasakamon Tower**  
■Address : 2-chome, Maizuru, Chuo Ward, Fukuoka City
  - 22 City House Keyaki Dori**  
■Address : 2-chome, Kego, Chuo Ward, Fukuoka City
  - 23 Aqualia Chihaya**  
■Address : 4-chome, Chihaya, Higashi Ward, Fukuoka City
  - 24 D-Wing Tower**  
■Address : 2-chome, Daimyo, Chuo Ward, Fukuoka City
  - 25 Granfore Yakuin Minami**  
■Address : 1-chome, Hirao, Chuo Ward, Fukuoka City
  - 26 Hotel FORZA Oita**  
■Address : 1-chome, Chuo-machi, Oita City
  - 27 Tissage Hotel Naha**  
■Address : 2-chome, Nishi, Naha City
  - 28 Tosu Logistics Center**  
■Address : Himekata-cho, Tosu City, Saga.
  - 29 LOGICITY Minato Kashii**  
■Address : 2-chome, Minatokashii, Higashi Ward, Fukuoka City
  - 30 LOGICITY Hisayama**  
■Address : Hisayama-machi, Kasuya-gun, Fukuoka City
  - 31 LOGICITY Wakamiya**  
■Address : Shimoaruki, Miyawaka City
- Retail  
■ Office buildings  
■ Others

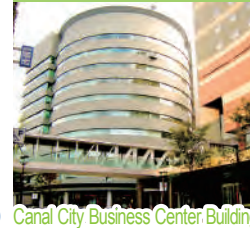
- 1 Canal City Hakata**  
■Address : 1-chome, Sumiyoshi, Hakata Ward, Fukuoka City
- 2 Canal City Hakata•B**  
■Address : 1-chome, Sumiyoshi, Hakata Ward, Fukuoka City
- 3 Park Place Oita**  
■Address : 2-chome, Koen Dori Nishi, Oita City
- 4 SunLive City Kokura**  
■Address : 2-chome, Kami Kuzuhara, Kokura Minami Ward, Kitakyushu City
- 5 Konoha Mall Hashimoto**  
■Address : 2-chome, Hashimoto, Nishi Ward, Fukuoka City
- 6 Square Mall Kagoshima Usuki**  
■Address : 2-chome, Usuki, Kagoshima City
- 7 Kumamoto Intercommunity SC**  
■Address : 1-chome, Kozono, Higashi Ward, Kumamoto City
- 8 Hanahata SC**  
■Address : 4-chome, Hanahata, Minami Ward, Fukuoka City
- 9 Kurume Higashi Kushiwara SC**  
■Address : Higashi kushiwara, Kurume City
- 10 K's Denki Kagoshima**  
■Address : Tokai-cho, Kagoshima City
- 11 Marinao City Fukuoka (Marina Side Building)**  
■Address : 2-chome, Odo, Nishi Ward, Fukuoka City
- 12 Canal City Business Center Building**  
■Address : 1-chome, Sumiyoshi, Hakata Ward, Fukuoka City
- 13 Gofukumachi Business Center**  
■Address : Kami Gofukumachi, Hakata Ward, Fukuoka City
- 14 Sanix Hakata Building**  
■Address : 2-chome, Hakataekihigashi, Hakata Ward, Fukuoka City
- 15 Taihaku Street Business Center**  
■Address : Gokushomachi, Hakata Ward, Fukuoka City
- 16 Higashi Hie Business Center**  
■Address : 3-chome, Higashi-hie, Hakata Ward, Fukuoka City
- 17 Tenjin Nishi-Dori Center Building**  
■Address : 2-chome, Tenjin, Chuo Ward, Fukuoka City
- 18 Tenjin North Front Building**  
■Address : 4-chome, Tenjin, Chuo Ward, Fukuoka City
- 19 Higashi Hie Business Center II**  
■Address : 1-chome, Higashi-hie, Hakata Ward, Fukuoka City
- 20 Higashi Hie Business Center III**  
■Address : 4-chome, Higashi-hie, Hakata Ward, Fukuoka City

# Portfolio

## Retail 11 properties



## Office buildings 9 properties



## Others 11 properties



Total **31** properties  
Total acquisition price  
**201.9** bn yen

(As of February 28, 2021)  
\*Figures round down to nearest 100 mm yen

# Top tenants by leased floor area

				■ Ordinary lease ■ Fixed-term lease (As of February 28, 2021)		
Lessee	Tenant	Share of total leased space (*1)	34 <sup>th</sup> ~Aug. 31, 2021	35 <sup>th</sup> ~Feb. 28, 2022	36 <sup>th</sup> ~Aug. 31, 2022	Remaining lease term (years) (*2)
1	SunLive Co., Ltd.	SunLive	10.7%	● SunLive City Kokura		4
				● Konoha Mall Hashimoto		10
2	AEON Kyushu Co., Ltd.	AEON	9.7%	● Park Place Oita		1
3	FJ. Hotels Co., Ltd	Grand Hyatt Fukuoka	7.3%	● Canal City Hakata · B (*3)		3
		Hotel FORZA Oita		● Hotel FORZA Oita		7
4	FJ. Entertainment Works Ltd.	—	5.8% (*4)	● Marinoa City Fukuoka (Marina Side Building)		14
5	Canal City OPA Co., Ltd.	OPA	4.3%	● Canal City Hakata		2
				● Canal City Hakata · B		1
6	KASEI inc Co., Ltd.	—	4.0%	● LOGICITY Hisayama		3
7	Fukuoka Logistic System Corporation	—	3.8%	● LOGICITY Minato Kashii		3
8	F—LINE CORPORATION	—	3.3%	● LOGICITY Minato Kashii		non-disclosure (*5)
9	Alpen Co., Ltd.	Sports Depo, Golf 5	3.0%	● Square Mall Kagoshima Usuki		5
				● Kumamoto Intercommunity SC		5
				● Kurume Higashi Kushiwara SC		6
10	Tsukasa Kigyou	—	2.9%	● LOGICITY Wakamiya		9

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

(\*2)Remaining lease periods shown are the remaining periods of lease contracts as of February 28, 2021 with periods shorter than one year rounded down to the nearest whole year.

(\*3)The sublease agreement with FJ. Hotels Co., Ltd. will be terminated as of the date of transfer (June 1, 2021) as stated in FRC's press release "Fukuoka REIT Corporation Concludes Agreement to Dispose Asset and Terminate Lease Agreement" announced on March 18, 2021.

(\*4)The 5.8% includes a 0.3% office portion. (5 ordinary leases have been concluded for Canal City Business Center Building.)

(\*5)Information is not disclosed because the permission of tenants has not been obtained.



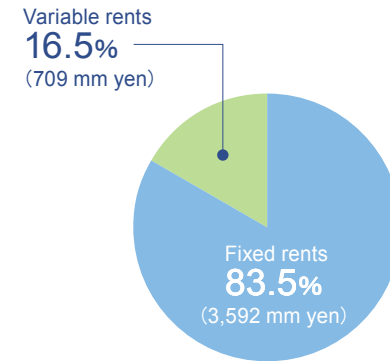
# Breakdown of variable rents

## Breakdown of active retail rents by property



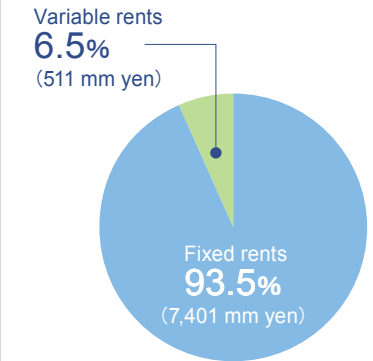
## Breakdown of active retail rents

### ◎The 33<sup>rd</sup> FP

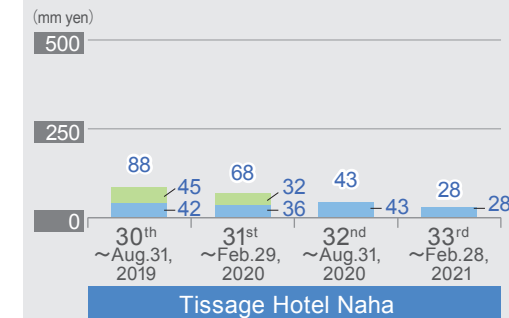


## Portfolio overall

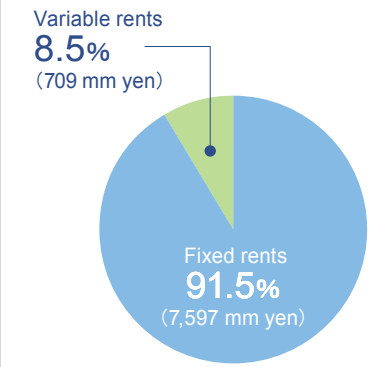
### ◎The 32<sup>nd</sup> FP



## Breakdown of Tissage Hotel Naha



### ◎The 33<sup>rd</sup> FP



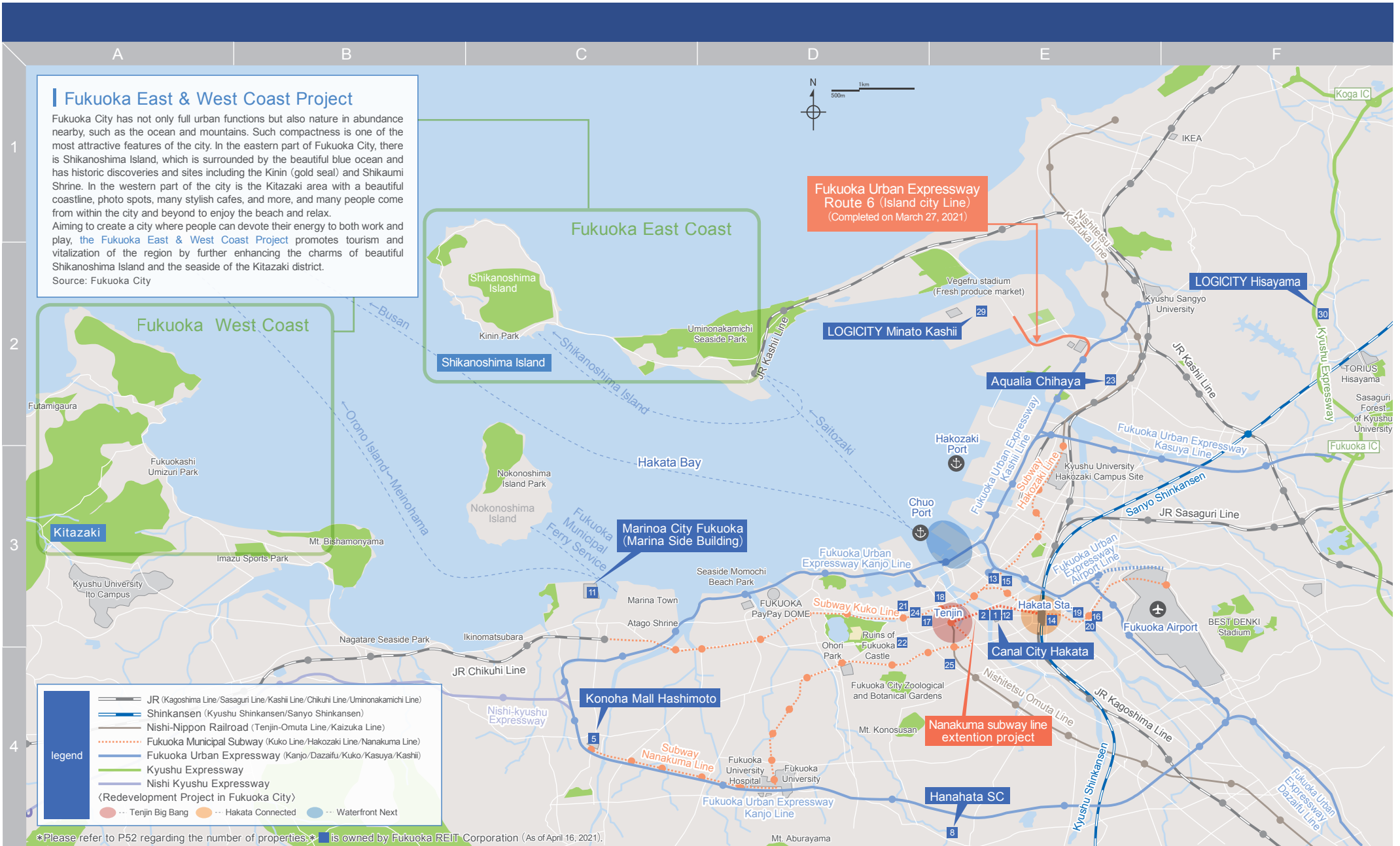
\*Variable rents are included Canal City Hakata, Canal City Hakata•B, Park Place Oita, SunLive City Kokura, Konoha Mall Hashimoto and Tissage Hotel Naha.

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

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



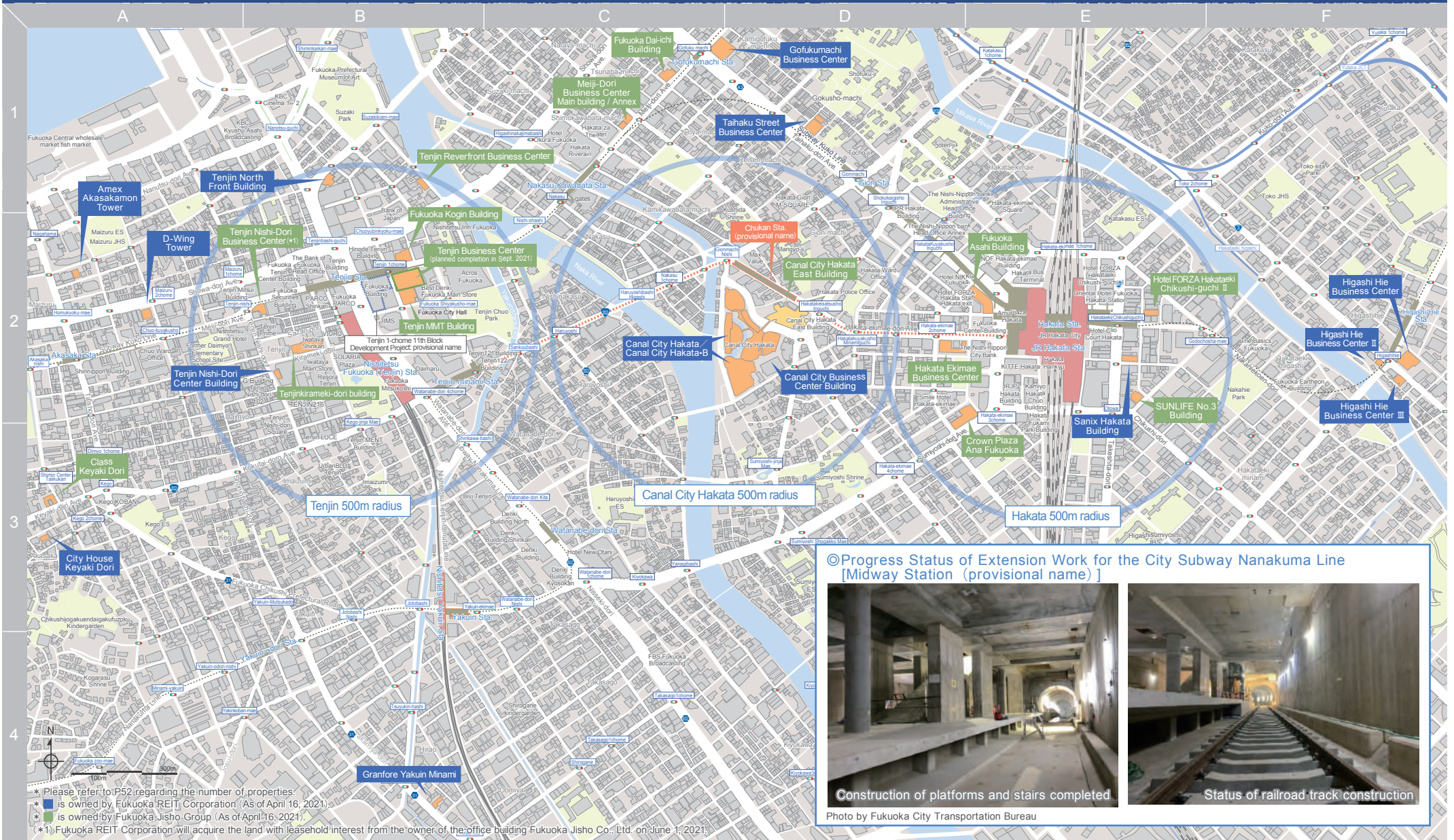
# The condition of suburb area in Fukuoka





# The condition of Fukuoka city center

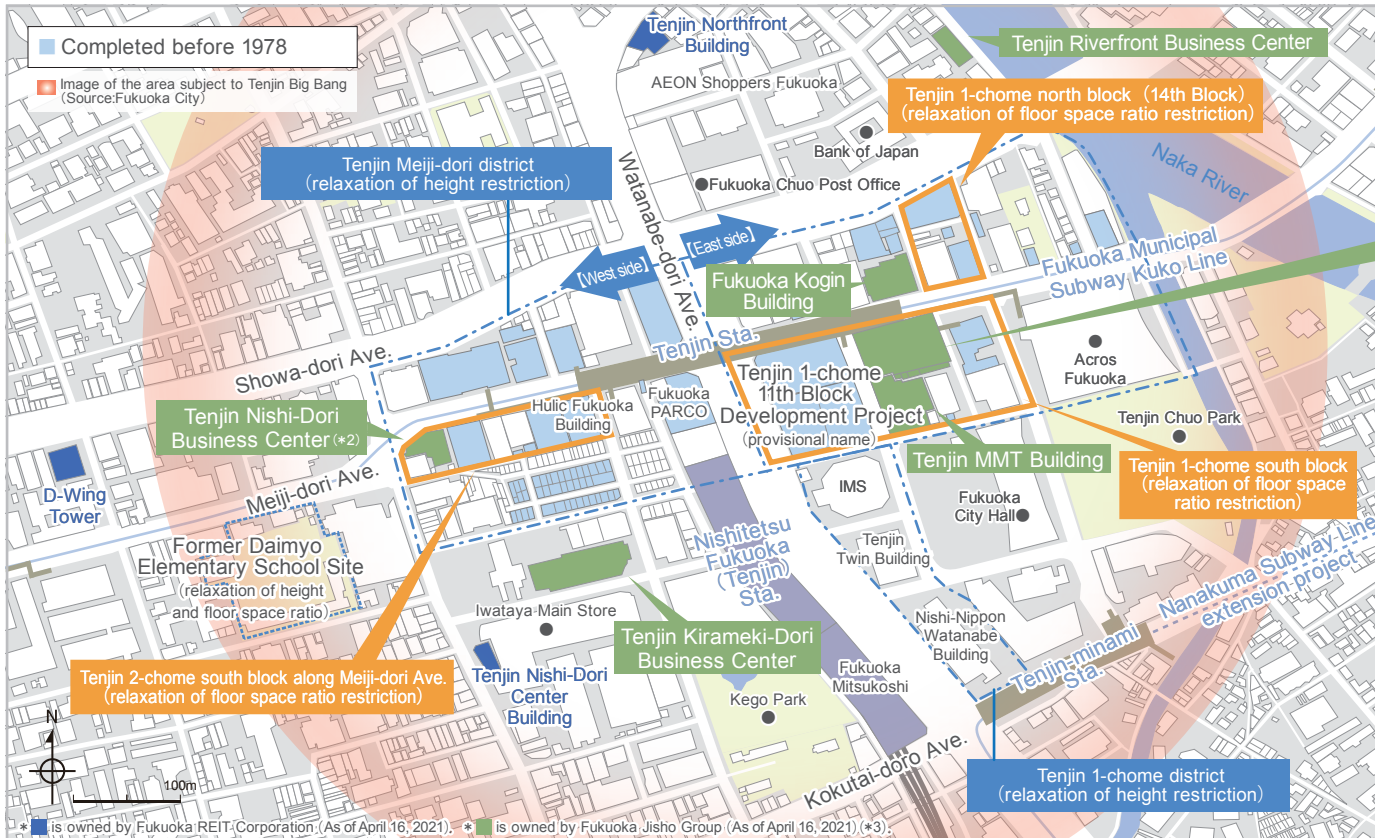
Nanakuma subway line extension project will be completed by FY2022





# Redevelopment in Tenjin area (Tenjin Big Bang)

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



◎ Tenjin Business Center

Entity	Fukuoka Jisho Co.,Ltd
Location	1-Chome, Tenjin, Chuo Ward, Fukuoka City
Land area	3,917.18 m <sup>2</sup>
Total floor space	61,091.35 m <sup>2</sup>
Floors	19 aboveground floors, penthouse 2 floors, basement 2 floors
Use	Office, shops, parking, etc.
Height	approx. 89m
Completion	September 2021 (scheduled)

- ◎ Main deregulation in the Tenjin Meiji-dori area
- ① Relaxation of restrictions
- Around Fukuoka City Hall approx.67m (15 floors)
    - Tenjin Meiji-dori district (West of the center of Watanabe-dori) approx.115m (26 floors)
    - Tenjin 1-chome district (East of the center of Watanabe-dori) approx.76m (17 floors)
    - Tenjin 1-chome district ~approx.100m (22 floors)
    - Tenjin 1-chome district approx. 80m (18 floors) ~ approx. 96m (21 floors)
- ② City original Deregulation of floor space ratios
- Tenjin 1-chome south block 800%→1,400% (maximum)
  - Tenjin 2-chome south block (along Meiji-dori Ave.) 700%→1,300% (maximum)
  - Tenjin 1-chome north block (14th Block) 600%→1,250% (maximum)

◎ Initiatives for becoming an infection-controlling city

● Urban central areas

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

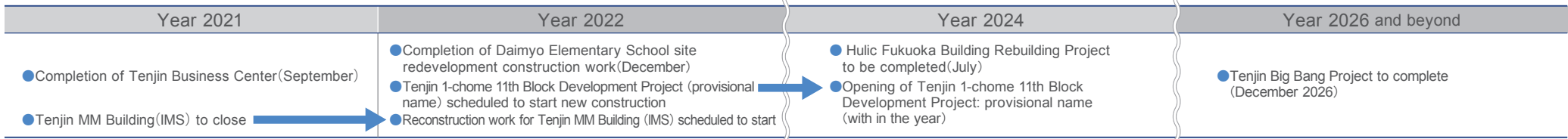
Relaxation of floor area ratio by up to **50%** (Tenjin Big Bang Area)

Completion deadline of buildings that take anti-infection measures is extended to December 31, 2026

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

(\*1) The deadline of phased or successive re-construction projects spreading multiple blocks will be determined individually. (Limited to projects that submit plan summaries to the city government by the end of 2022)  
 (\*2) Fukuoka REIT Corporation will acquire the land with leasehold interest from the owner of the office building Fukuoka Jisho Co., Ltd. on June 1, 2021. (\*3) Includes properties co-owned with other companies  
 Source: Prepared by Fukuoka Realty Co., Ltd. based on Tenjin Meiji-dori Avenue Grand Design 2009 authored by the Tenjin Meiji-dori Development Council and each company

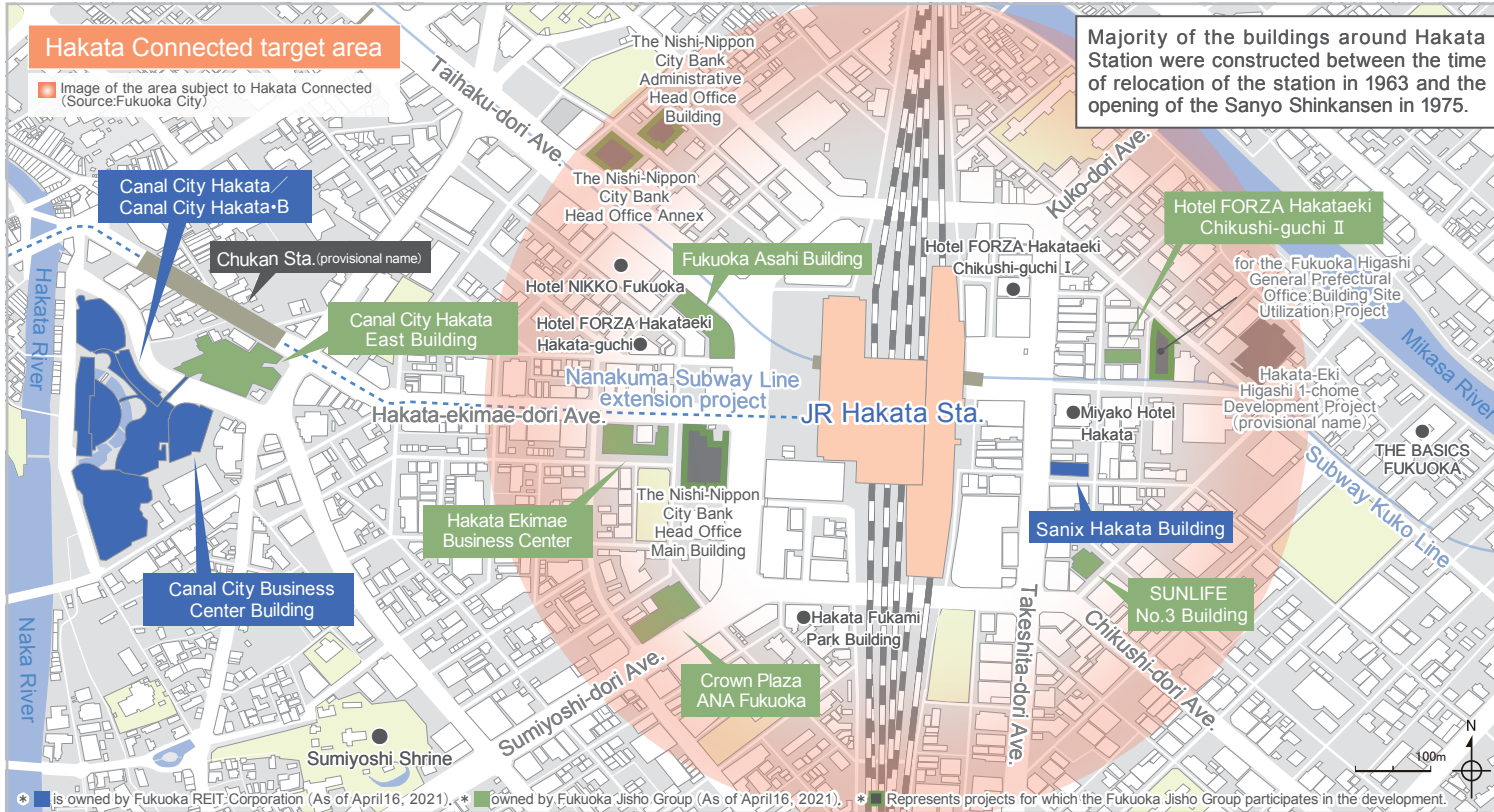
## Redevelopment schedule in Tenjin area



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

# Redevelopment in Hakata area (Hakata Connected)

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



The Nishi-Nippon City Bank Head Office Main Building during dismantling (photo taken on April 9)

## Hakata Connected Bonus

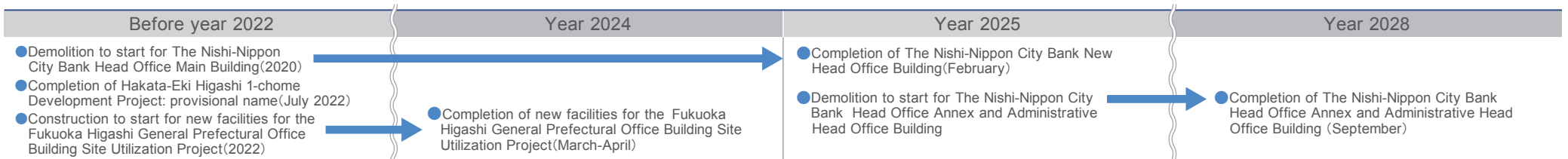
Expand the system to relax the floor area ratio requirement (measure to facilitate renewal of city center functions)

① Increase the floor area ratio (up to 50%) for buildings contributing to expand the bustle, such as creation of open spaces that generate connections and expanse.

Existing system to relax floor area ratio + New incentive Floor area ratio of up to **50%**

- High-quality, high-value-added buildings
- Provide floors for tenant relocation
- \* Solving problems specific to the area around Hakata Station (limited to the period of Hakata Connected)

## Redevelopment schedule in Hakata area



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



# Sponsor pipeline (Fukuoka Jisho Group)

## Overview of Fukuoka Jisho Co., Ltd.

Name	Fukuoka Jisho Co., Ltd.	Net sales	30.3 billion yen (period ended May 31, 2020)
Established	July 1961	Ordinary income	5.8 billion yen (period ended May 31, 2020)
Industries	Real estate (comprehensive developer)	Total assets	198.2 billion yen (period ended May 31, 2020)
Representative	Ichiro Enomoto, President and C.E.O	Borrowings	106.0 billion yen (period ended May 31, 2020)
Employees	213 (as of May 31, 2020)	Equity ratio	31.0% (period ended May 31, 2020)

## Major properties owned by Fukuoka Jisho Group

Use	No.	Name	Year of completion	Total floor space
Office buildings	1	Fukuoka Daiichi Building(during dismantling)	1961	9,962m <sup>2</sup>
	2	Fukuoka Kogin Building	1970	15,160m <sup>2</sup>
	3	Fukuoka Asahi Building	1970	44,762m <sup>2</sup>
	4	Meiji-Dori Business Center	1974(Main Building) / 1986(Annex)	9,844m <sup>2</sup>
	5	Sun Life No. 3 Building	1978	8,262m <sup>2</sup>
	6	Tenjin Nishi-Dori Business Center (*1)	1978	10,394m <sup>2</sup>
	7	Tenjin MMT Building(during dismantling)	1979	19,874m <sup>2</sup>
	8	Tenjin Riverfront Business Center	1999	4,106m <sup>2</sup>
	9	Hakata Ekimae Business Center	1999	23,542m <sup>2</sup>
	10	Naha Business Center	2018	8,994m <sup>2</sup>
	11	Tenjin Business Center	FY2021(scheduled)	61,116m <sup>2</sup>
Retail	12	Marinoa City Fukuoka(Outlet Building)	2000(Building I) / 2004(Building II) / 2007(Building III)	46,663m <sup>2</sup>
	13	Tenjin Kirameki Dori Building	2003	24,525m <sup>2</sup>
	14	Canal City Hakata East Building	2011	18,534m <sup>2</sup>
Residence	15	Class Keyaki Dori	2008	6,500m <sup>2</sup>
Hotel	16	Hotel FORZA Hakataeki Chikushi-guchi II	2019	4,876m <sup>2</sup>
	17	Hotel FORZA Sapporo Ekimae	2020	11,344m <sup>2</sup>
Logistics	18	LOGICITY Minato Kashii North	2020	47,150m <sup>2</sup>

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

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

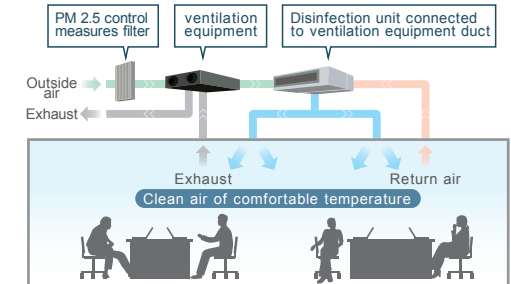
## Tenjin Business Center

### ©Property photography



### ©Infection control measures

Simultaneously conducts ventilation and disinfection to realize comfortable air environment



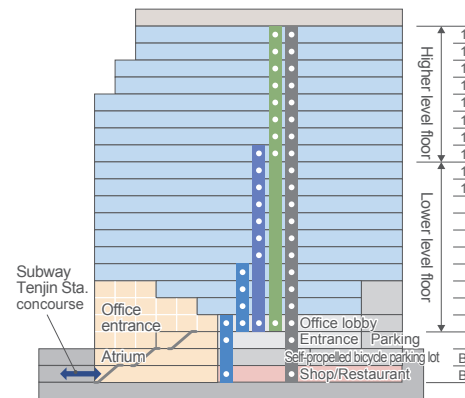
### ©Automatic opening and closing toilet booth

(planned to install in some areas)  
Realized non-contact door opening and closing and locking for the first time in Japan (\*2)

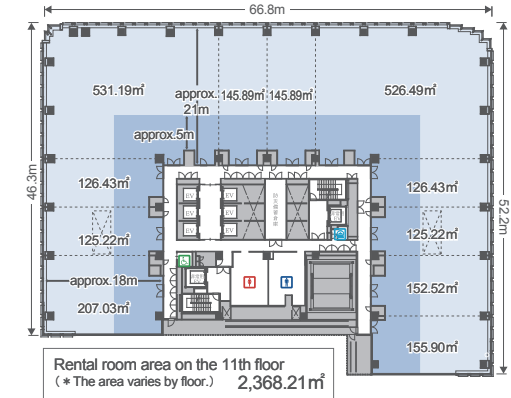


(\*2) As of June 2020

### ©Floor map



### ©Floor plan



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