

Fukuoka REIT Corporation

Overview of the 39th fiscal period performance [8968] Security code September 1st, 2023~February 29th, 2024

Hello, everyone. I'm Zenji Koike. I'm CEO of Fukuoka Realty. Thank you very much for tuning in to the performance overview of Fukuoka REIT Corporation for the 39th fiscal period, which is from September 1st last year to the end of February this year.



Fukuoka REIT Corporation

Overview of the 39th fiscal period performance [8968]^{Security code} September 1st, 2023~February 29th, 2024

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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 place.
*Figures in tsobos are based on area converted to tsubo and rounded down to the nearest tsubo.

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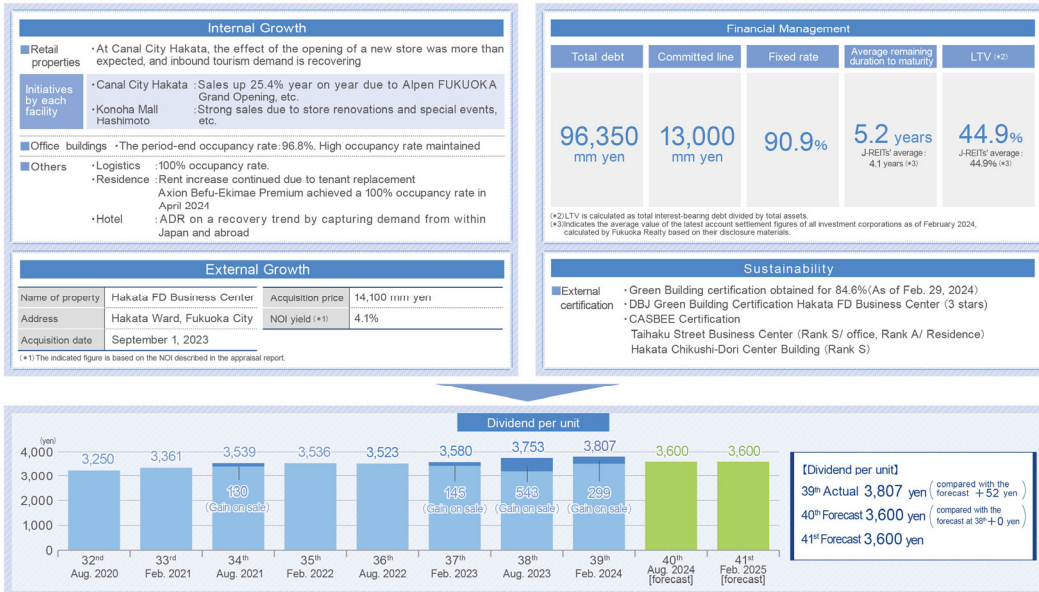
The cover is based on the image of the Fukuoka Metropolitan Area, and the properties are not planned to be acquired by FRC.

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Executive summary

Fiscal period ending February 2024 (39th period) Dividend is +52 yen compared to forecast. A dividend of 3,807 yen is an all-time high



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Executive summary 1

Let's take a look at the executive summary on page 1. I'd like to begin with DPU at the bottom of the page. The dividend payout for the 39th fiscal period was 3,807 yen per unit, beating our own expectations by 52 yen. By the way, this is the largest dividend payout that we have made to our unit holders on a six-months basis to date and even surpassing a previous high recorded six months ago. And it is in large part due to a rise in rent revenue from Canal City Hakata following the recovery in the inbound tourism consumption and the stronger-than-expected sales at a premier general sporting goods store, Alpen Fukuoka, which was open last September.

As you can see this graph, we expect to pay 3,600 yen per unit for the 40th fiscal period even though we anticipate no gain on sale of a property. For the 41st fiscal period, we still expect to pay the same amount, 3,600 yen per unit despite the loss of rent revenue from Marinao City Fukuoka, of which we announced the disposition of our ownership share of its buildings in a press release back in February. For this, as I said previously, our dividend target is set at 3,600 yen excluding the effect of a gain on sale. We expect to achieve this target for the 40th fiscal period. And we are committed to doing everything we can to raise dividend for our unit holders so that we continue to be a stable dividend payer.

Next, please take a look at the upper left part of the page for internal growth. I mentioned earlier that the recovery in sales was very strong at Canal City Hakata, our main retail property, up 25.4 percent from a year earlier, thanks in large part to the new store opening. The other active retail, grocery and general merchandise stores continue to deliver stable sales numbers as well. I'm going to share with you more details about what's been done for Canal City Hakata

later on. Our office buildings were 96.8 percent occupied as of the end of the 39th fiscal period. When it comes to Other Assets, and here I'm talking about our residential properties, Axion Befu-Ekimae Premium, which is a newly built apartment, achieved full occupancy in April this year, just twelve months after the acquisition. And this is exactly as we expected.

When it comes to external growth, the acquisition of Hakata FD Business Center, a newly built office building, was completed on September 1st, which is the beginning of the 39th fiscal period. I will give you more details on this property later, but let me just point out that its current occupancy rate is at 88.4 percent including contract already signed. There are a lot of inquiries for the remaining space, and we hope that this property will achieve full occupancy rather quickly.

With respect to our financial management, as you can see, we remain steadfast to ensure the stability of our financial structure. Total interest-bearing debt stood at about 96.4 billion yen at the end of the 39th fiscal period. We will continue to mitigate refinancing risks through the diversification of repayment dates and other means. Cash management helped us make some repayments of our loans and thus bring down our LTV below the 45 percent level, which we consider to be normal. We will also consider ways to mitigate the risk of higher funding costs, which is due to rising interest rates, by borrowing longer term and/or rebalancing the fixed and floating rates.

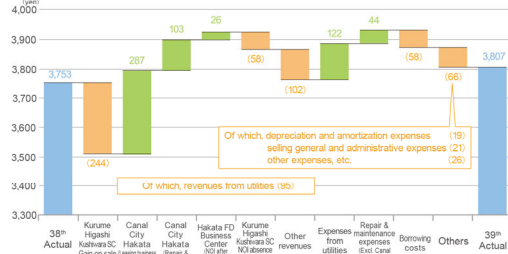
Last but not least, let me talk about our sustainability initiatives. As for external certification, another building in our portfolio got a DBJ Green Building certification and two more buildings received CASBEE certification in the past fiscal period. And that means that 84.6 percent of our properties are now certified as "Green Buildings," as of the end of February this year.

And this is a quick overview of the executive summary.

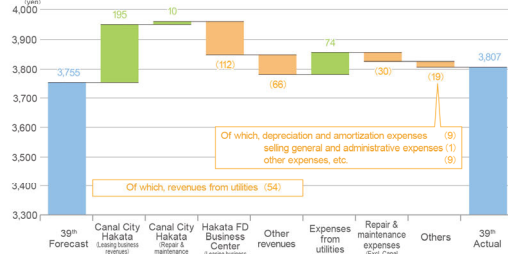
Dividend per unit

Dividend forecast for the 41st fiscal period remains at 3,600 yen even after the disposition of Marinoa City Fukuoka (Marina Side Building)

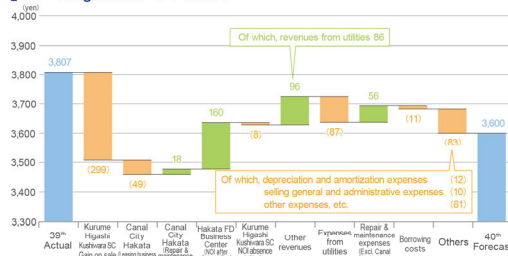
39th (Feb. 2024) Actual (compared with the previous FP)



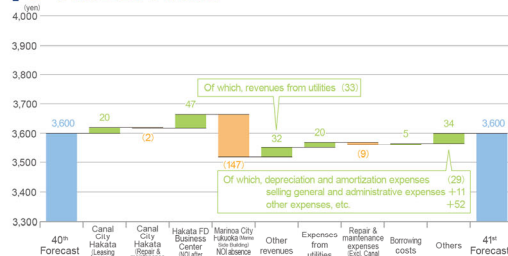
39th (Feb. 2024) Actual (compared with the forecast)



40th (Aug. 2024) Forecast



41st (Feb. 2025) Forecast



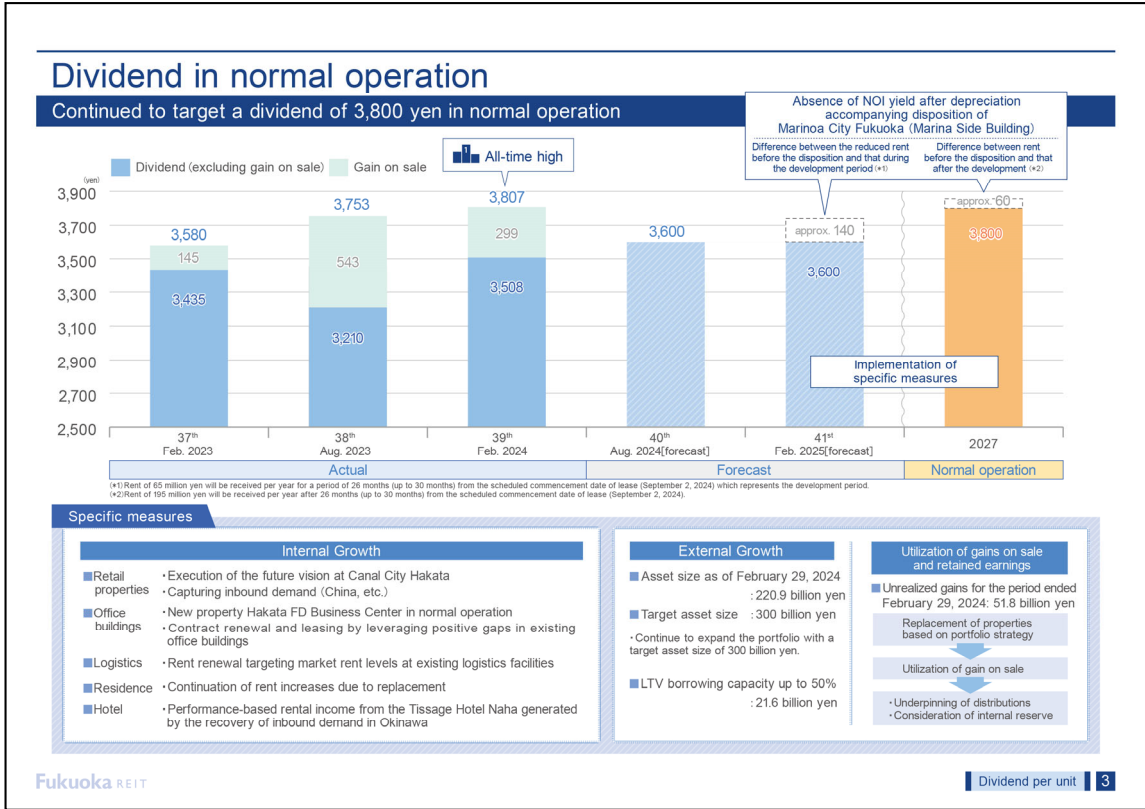
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Dividend per unit | 2

Now let's go to the next page to discuss more details about the dividend we paid for the past fiscal period, the 39th period, and I will also explain factors that form the basis of our dividend forecast for the 40th and 41st fiscal periods. The DPU for the 39th fiscal period was a record high 3,807 yen thanks to an increase in rent revenue from Canal City Hakata, which was driven by the opening of Alpen Fukuoka, and our efforts to cutback on repair expenses, despite the drop in the gain on the sale of a property, that is, the disposition of Kurume Higashi Kushiwara Shopping Center, in the 38th fiscal period.

Now, when you compare the DPU for the 39th fiscal period with our own expectations, we beat our own expectations by 52 yen per unit. The rent revenue from Canal City Hakata increased following the stronger-than-expected recovery in inbound tourism consumption and impact of the opening of Alpen Fukuoka. But we had weaker-than-expected rent revenue from Hakata FD Business Center because we had made a decision not to change the existing free-rent accounting method for the mid-to-long-term benefit of our unit holders.

When it comes to the DPU forecast for the 40th fiscal period, we expect that we will meet the lower-end target of 3,600 yen in DPU without relying on a gain on the sale of a property, thanks to an expected contribution of Hakata FD Business Center to our rent revenues. For the 41st fiscal period, we also expect to maintain our 3,600-yen target because of an expected increase in rent revenue from Hakata FD Business Center despite the loss of NOI due to the disposition of our ownership share of the buildings of Marinoa City Fukuoka.



Speaking of DPU, this slide explains the dividend level that we think should be normal going forward. As I mentioned in the last performance overview briefing, our target for the dividend level that we think should be normal is 3,800 yen. For the 40th fiscal period, as I said earlier, we expect to meet our DPU target of 3,600 yen without relying on a gain on the sale of a property. For the 41st fiscal period, despite the loss of NOI due to the disposition of our ownership share of the buildings of Marinao City Fukuoka, we'll be able to pay the 3,600 yen DPU.

Like I said, our target for the dividend level that we think should be normal is 3,800 yen. We expect to meet that target in 2027 when we start to collect the regular rent for a full fiscal period after the end of the reduced-rent period in which the construction at Marinao City Fukuoka takes place. As described at the bottom of the page, we make sure that we meet this target by not only driving both internal and external growth but also by selling properties as well as tapping our internal reserves as appropriate.

External Growth Initiatives Policy

Aiming for an asset size of 250 bn yen by diversifying risks by investment type as a comprehensive REIT (300 bn yen in future)

Sponsor pipelines

- Several redevelopment projects are underway in the Tenjin and Hakata areas
- Several development of logistics facilities are underway
- Considering redevelopment of Canal City Hakata East Building
- Fukuoka Jisho owns 9.81% of FRC's investment units through same-boat investment (as of February 29, 2024)

Community-based sourcing strategy

- Acquire properties from external sources by utilizing the information-collecting ability and know-how of the Asset Manager which is well versed in individual conditions in the Fukuoka and Kyushu areas
- Propose wide-ranging CRE strategies by grasping customers' needs as early as possible (ex. leaseback, base consolidation, putting land with leasehold interest off the balance sheet, etc.)
- Powerful companies leading the Kyushu business world provide backup as sponsors of the Asset Manager
- After acquisition, property management that is closely tied to the community and assumes long-term ownership

New acquisition properties



39th floor
Newly built
Office building

Hakata FD Business Center

Acquisition date
September 1, 2023

Source

Sponsor

Acquisition price
14,100 mm yen

Occupancy ratio trends of Hakata FD Business Center



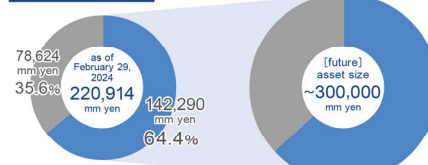
Leasing Status

◎Occupancy rate 88.4% (contracted + applied) (*1)

Floor	Contracted	Applied
12F	Financial institution (Foreign-affiliated)	
11F		
10F	Vacant	
9F		
8F	Consulting business (Foreign-affiliated)	
7F	IT business	Vacant
6F	Industrial systems business	Telecommunications business (Foreign-affiliated)
5F	Energy business	Trading company
4F	Office equipment/OA-related business	Manufacturer
3F	Independent administrative institution	
2F	Entrance hall	Business process outsourcing business
1F		Restaurant

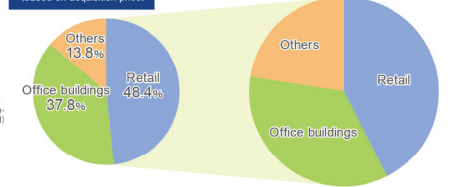
(*1) The leasing status is as of March 31, 2024.

Acquired from sponsor (*2) | Sponsor | Outside party



(*2) Because the Higashi He Business Center that was acquired in the 10th FP (August 31, 2018), was acquired from both the outside party and the sponsor, the purchase price has been added to the purchase price from outside parties and the purchase price 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.

Investment type (based on acquisition price)



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External growth strategy and new acquisition of property | 4

The next slide, page 4, is about our approach to external growth. Since the acquisition in September last year, the occupancy rate of Hakata FD Business Center has been growing and it stood at 86.5 percent as of the end of February this year. And the latest figure is 88.4 percent and that includes contracts already signed. We expect that its occupancy rate will further go up to 90 percent on weighted average in the 40th fiscal period. As shown below, the tenants include quality companies, domestic and foreign, such as financial institutions or consulting firms.

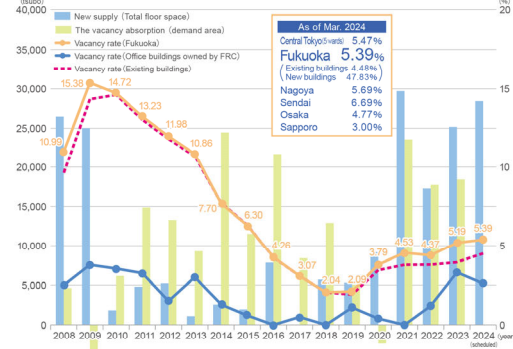
Our current asset size is about 220.9 billion yen as of the end of February 2024. The percentage of retail properties in the portfolio is below our 50-percent target. As I said before from time to time, our immediate goal is to reach 250 billion yen in asset size and the next target is 300 billion yen. We will continue to grow our portfolio by acquiring office buildings, logistics facilities, and residential properties not only from our sponsor but also by leveraging our local connections and external sources with a particular focus on sustainability of a property. Also, as a comprehensive REIT, we continue to optimize our portfolio and pay attention to the balance between risk and return.

Trends in the Fukuoka office market

The vacancy rates of existing buildings remain at low levels. The average rent continues to increase with the rent-raising trend

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

© Tenant demand is strong, surpassing that of the previous year

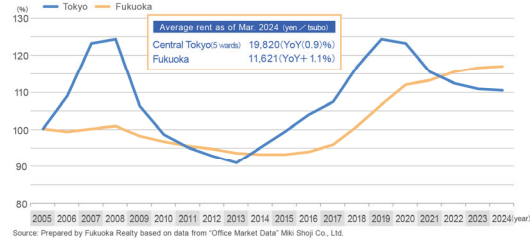


Completed	Property name	Address	Total floor space (sqm)
Jan.	Daimyo-machi Building	Daimyo, Chuo Ward	1,653
Mar.	CONNECT SQUARE HAKATA	Hakata Ebizenhi, Hakata Ward	4,197
Jun.	Iyo Bank Fukuoka Building (provisional name)	Hakata Ebizen, Hakata Ward	962
Oct.	Komonda Office Project (provisional name)	Komondomachi, Hakata Ward	3,777
Dec.	New Fukuoka Building (provisional name)	Terjin, Chuo Ward	14,000
Dec.	Hulu Fukuoka Building Rebuilding Project (provisional name)	Terjin, Chuo Ward	1,260
	Total		23,869
	Total of year 2025		16,000
	Total of year 2026		31,000

Statistics from 2008 to 2023 are based on the figures at the end of December. The vacancy rate for 2024 is based on the figures at the end of March. Office building-related data for each city are data for areas and buildings included in surveys conducted by Miki Shoji Co., Ltd. The vacancy absorption demand area indicates the sum of vacant area as of the end of December in the previous year and the new supply (leased area) for each year, then subtracts the vacant area as of December of each year. The new supply (leased area) for the years 2024 to 2026 has not been finalized, and both area and completion dates are subject to change. Source: Prepared by Fukuoka Realty based on data from "Office Market Data" Miki Shoji Co., Ltd.

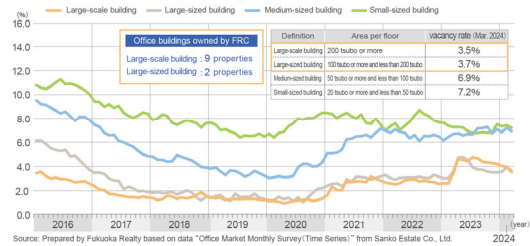
Fukuoka Business district / Average rents [Y2005=100]

© Rents continued increasing



Trend of office building vacancy rate in Fukuoka City by size

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



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Portfolio overview | 5

The next slide, page 5, is about updates on the office market in Fukuoka. The graph on the left-hand side shows that because of the big supply of new office buildings during the first half of 2023, the average vacancy rate for Fukuoka's office buildings has been hovering above 5 percent since then and stays above that level in March this year, according to the latest available data. However, as the red dotted line indicates, the vacancy rate for existing buildings has remained low, and we have confirmed that there is almost no major displacement in the existing buildings in the wake of the big supply.

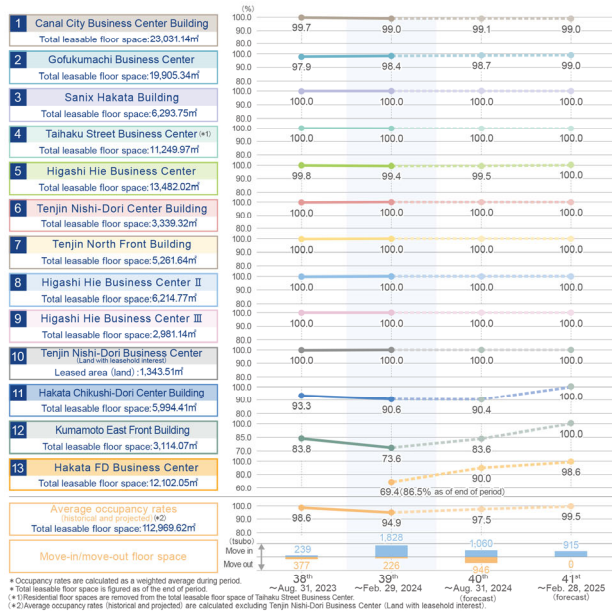
There will be more big, new office buildings to be built and open in Fukuoka, such as Tenjin Big Bang project, and that will probably push up the vacancy rates in the city, but we think that that will cause only a short spike and it will take some time for these new buildings to be fully occupied.

When it comes to our vacancy rates, that's the blue line in the graph, the average vacancy rate of the office buildings owned by Fukuoka REIT has been trending well below the market despite the blip in 2023, when we acquired Hakata FD Business Center. But since then the property's occupancy has improved and the average occupancy of our portfolio remains at high levels, showcasing the competitiveness of our office buildings.

And if you look at the upper right corner of the page, you can see average rents as of March this year, within the orange lined box. The average rent for Fukuoka continued to rise, up 1.1 percent from a year earlier, showing that the office market in Fukuoka remains strong.

Historical and projected office buildings' occupancy rates

The occupancy rate is expected to be stabilized by early leasing despite the temporary impact of acquisitions of new properties



Overview of Office Buildings

(Average occupancy rates (actual): 39th: 94.9% (96.8% as of end of period))

© Acquired Hakata FD Business Center in September, 2023

(Average occupancy rates (projected): 40th: 97.5% 41th: 99.5%)

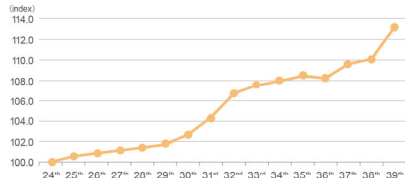
© Aiming to complete early leasing at Hakata FD Business Center and Kumamoto East Front Building

Major indicators of owned properties⁽⁺³⁾

Total amount of acquisition	83,590 mm yen
Investment ratio	37.8%
Average age ⁽⁺⁴⁾	17 years 11 months
Tenants ⁽⁺⁵⁾	204
Total leasing revenues-real estate in the 39 th FP	3,145 mm yen
Rent gap ⁽⁺⁶⁾	11.1% ⁽⁺⁶⁾

⁽⁺³⁾The figures are indicated as of the end of period.
⁽⁺⁴⁾The average building age and the positive rent gap are calculated excluding Tenjin Nishi-Dori Business Center (Land with leasehold interest).
⁽⁺⁵⁾The number of tenants is indicated excluding the residential portion of the Taihaku Street Business Center.
⁽⁺⁶⁾Rent gap indicated the gap between current rent/contract rent with common charges and market rent, and is calculated as "market rent - current rent / current rent". Moreover, market rent indicated average of assumed newly closed rent assessed by CBRE as of Feb. 2024.

Trend in rent unit price index of owned properties⁽⁺⁷⁾



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

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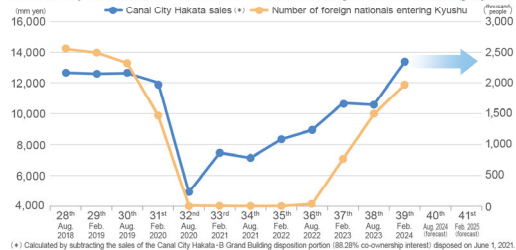
Portfolio overview 6

Please go to the next page. It is showing the historical and projected occupancy rates for office buildings in our portfolio. The weighted-average occupancy rate for the twelve office buildings in our portfolio, which excludes the land for Tenjin Nishi-Dori Business Center, slightly declined to 94.9 percent for the 39th fiscal period following the acquisition of Hakata FD Business Center. But the occupancy of Hakata FD Business Center has improved since then, so we expect that the weighted average occupancy rate will bounce back to 99.5 percent for the 41st fiscal period. And, according to CBRE's appraisal data, our portfolio rent is still 11.1 percent lower than the market rent, so we will continue to work hard to raise rent.

Initiatives at Canal City Hakata

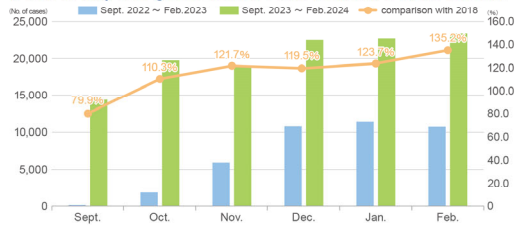
The initial stage of renewal has been completed. Opening of Alpen FUKUOKA drives up the inbound demand

Canal City Hakata Sales Trends and Number of Foreign Nationals Entering Kyushu



(*) Calculated by subtracting the sales of the Canal City Hakata-B Grand Building disposition portion (88.28% co-ownership interest) disposed on June 1, 2021.

Use of duty-free goods counters (after the opening of Alpen FUKUOKA)



Situation of inbound

©Number of foreign nationals entering Kyushu

Country / Region	2018	2023					2024	
	monthly average	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	
Total number of immigrants	426,357	277,730	317,407	338,833	358,231	339,650	341,619	
Korea	200,805	158,127	182,072	189,745	212,854	—	—	
China	142,328	18,389	21,260	21,699	28,846	—	—	
Taiwan	34,480	40,960	41,837	43,241	41,306	—	—	
Hong Kong	23,792	23,830	26,006	31,421	34,616	—	—	
Others	24,971	36,424	46,232	52,727	40,609	—	—	

* The number of foreign visitors including cruise ship tourists. Figures for January and February 2024 are preliminary figures. Source: Prepared by Fukuoka Realty based on the data of the Kyushu District Transport Bureau of the Ministry of Land, Infrastructure, Transport and Tourism.

©Cruise Ship Calls to Hakata Port

year	2018	2019	2020	2021	2022	2023	2024		
	Number of port calls						Jan.	Feb.	Mar.~Dec.(scheduled)
	279	229	14	0	2	75	7	10	171

Source: Prepared by Fukuoka Realty based on data as of April 1, 2024 from the Fukuoka City Port & Airport Bureau

Planning renovating the Grand Building B1F dining zone



* This is an image perspective and is subject to change.

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Portfolio overview 7

The next slide, page 7, describes the latest developments surrounding our main retail property, Canal City Hakata. We are yet to see a strong recovery in the number of Chinese tourists, but sales at Canal City Hakata has already recovered and exceeded the pre-COVID levels today. We believe that this success is attributed to the great progress we made with regards to our renovation project “Future Vision” such as the opening of Alpen Fukuoka. Speaking of Alpen Fukuoka, this store attracts not only domestic customers but also foreign customers as well, and this is reflected in the growing traffic to the duty-free goods counters in Canal City Hakata since the opening of the store. As for the renovation of the entire dining zone on the first basement level of the Grand Building, the project is going as planned. We’ve already signed contracts with a number of tenants. The entire floor including the common space is going to be renovated to deliver exceptional dining experience. The basement level renovation will be completed and open next year.

Disposition of property (Marinoa City Fukuoka (Marina Side Building) (Building))

Expectations are placed on creating substantial value in the future

Overview of disposition property (planned)

Property name	Marinoa City Fukuoka (Marina Side Building) (Building)
Location (Address)	12-30, 2-chome, Odo, Nishi Ward, Fukuoka City
Date of agreement	February 29, 2024
Buyer (*1)	Fukuoka Jisho Co., Ltd. and not disclosed company
Disposition date (scheduled)	September 2, 2024
Appraisal value	754 mm yen
Book value	771 mm yen as of August 31, 2024 (estimated) 795 mm yen as of February 29, 2024
Disposition price (planned)	783 mm yen
Difference between the disposition price (planned) and the book value (*2)	11 mm yen (difference from the estimated book value as of August 31, 2024) (12 mm yen (difference from the book value as of February 29, 2024)
Acquisition date	May 1, 2015

Summary of the asset after disposition (planned)

Property name	Marinoa City Fukuoka (Marina Side Building) (Land)
Book value	4,494 mm yen
Land area	26,917.74 m ²

(*1) Not stated because the consent of the buyer cannot be obtained.
(*2) The figures calculated as the difference between the disposition price (planned) and each book value (as of the end of Aug. and Feb. 2024, however the book value as of Aug. 2024 is estimated), and is different from the gain or loss on sale.



Reasons for Disposition

- ① Aiming to sell for a price higher than book values
 - Despite the risks of future declines in profitability and property value due to factors such as aging or changes in the surrounding competitive environment, it may be possible to achieve a sale price exceeding the book value by transferring ownership to Fukuoka Jisho Co., Ltd., which is considering rebuilding Marinoa City Fukuoka entirely.
- ② Expectation for creating substantial value in the future
 - When the complete rebuild of Marinoa City Fukuoka is undertaken, its competitiveness as a commercial facility will improve, resulting in the generation of significant value in the future for the land with leasehold interest owned by FRC.
- ③ Securing a long-term stable cash flow
 - Continued ownership of land with leasehold interest allows for the collection of fixed rent not susceptible to fluctuations in end-tenant sales or occupancy rates. This ensures a more stable cash flow over the long term.

We aim to provide revenue that is stable over the medium to long term to investors and accommodate the best interests of investors

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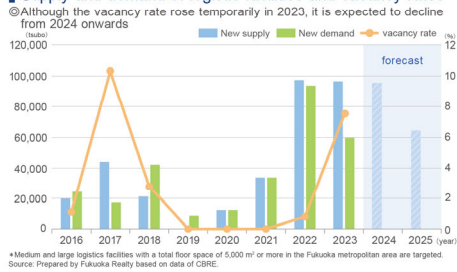
Portfolio overview | 8

The next slide, page 8, shows details about the disposition of Marinoa City Fukuoka. We announced in a press release weeks ago that we decided to dispose our ownership share of the buildings of Marinoa City Fukuoka in September this year and we would just continue to own the land with leasehold interest. We made the decision to dispose this property for reasons described on the right side of the page, but primarily because we can expect to have a huge benefit from owning the land due to the possible redevelopment of its entire premise in the future. And that will provide us with long-term, stable cash flow.

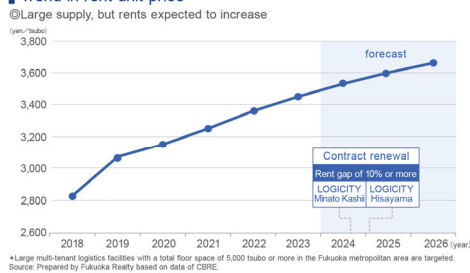
Situation of other assets (Logistics)

Continued rise in unit rents

Supply and demand of logistic facilities and vacancy rates



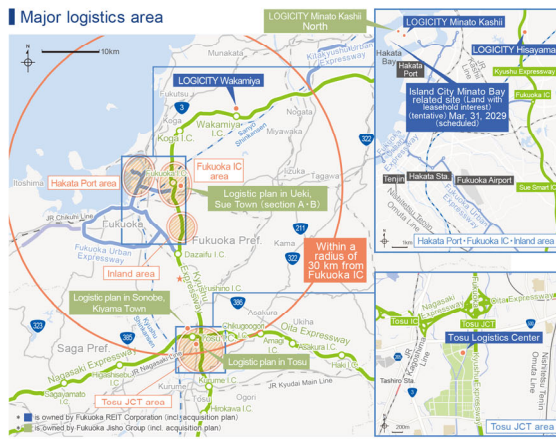
Trend in rent unit price



Overview of Logistics

Property name	Tosu Logistics Center	LOGICITY Minato Kashi	LOGICITY Hisayama	LOGICITY Wakamiya
Acquisition price	1,250 mm yen	8,150 mm yen	5,050 mm yen	1,700 mm yen
Total leasable floor space	4,173.20 m ²	43,233.72 m ²	24,606.66 m ²	17,666.32 m ²
Occupancy rate	100.0%	100.0%	100.0%	100.0%

Major logistics area



The next slide, page 9, describes the situation of our logistics assets. The logistics property market in Fukuoka saw a spike in the vacancy rates in the wake of a relatively large amount of new supply in 2023; however, the vacancy rates are expected to come down in 2024, according to CBRE. That is why we expect that the average rent per tsubo will continue to rise going forward, as shown in the graph at the bottom left. And we will raise rent for our logistics properties at the time of leasing contract renewals. Currently we own four logistics properties and every single one of them is running at 100 percent occupancy.

Situation of other assets (Residence, Hotel)

Residential assets are strong, hotel assets are recovering

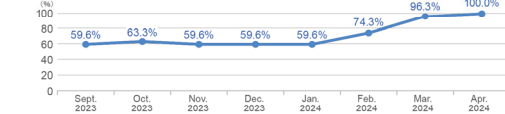
Residential properties

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

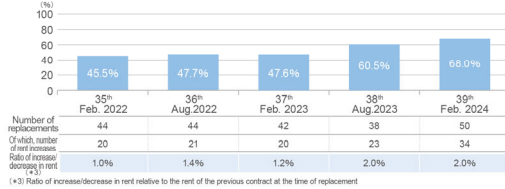
Occupancy rates	35 th (Feb. 2022)	36 th (Aug. 2022)	37 th (Feb. 2023)	38 th (Aug. 2023)	39 th (Feb. 2024)
Amex Akasakamon Tower	96.9%	96.3%	94.2%	98.6%	98.2%
City House Keyaki Dori	98.6%	97.2%	98.8%	97.0%	97.4%
Aqualia Chihaya	99.3%	98.3%	99.9%	97.6%	98.0%
D-Wing Tower (+)	93.4%	95.7%	97.3%	97.6%	98.2%
Granfore Yakuin Minami	98.0%	97.2%	98.0%	95.3%	95.3%
The weighted average of 5 properties	96.7%	96.8%	97.3%	97.5%	97.9%
	Axion Befu-Ekimae Premium (+1) (+2)				50.7%
The weighted average of 6 properties	94.5%				

* The occupancy rate is calculated as a weighted average over the period.
 (+1) The figure includes the retail portion.
 (+2) Since Axion Befu-Ekimae Premium was acquired as of April 27, 2023, occupancy rates are shown for the period from April to August 2023.

©Occupancy ratio trends of Axion Befu-Ekimae Premium



©Rents continue to increase due to replacement



(*)3 Rate of increase/decrease in rent relative to the rent of the previous contract at the time of replacement

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Overview of Hotel

©ADR at Fukuoka Washington Hotel recovered to Y2019 level

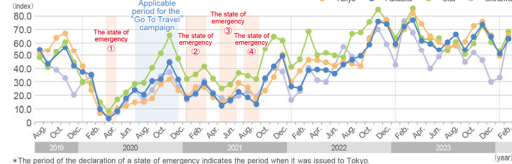
Hotel (Specialized for accommodation)	Fukuoka Washington Hotel (Canal City Hakata)	Hotel FORZA Oita	Tissage Hotel Naha
Rooms	423	205	132
Leasing Form	Fixed+Variable rents	Fixed rents	Fixed+Variable rents
Area	Fukuoka City	Oita City	Naha City
Operator	WHG Nishinoh (Fujita Kanako Group)	FJ Hotels (Fukuoka Jisho Group)	Nest Hotel Japan Corporation

©Tissage Hotel Naha

	38 th (Aug. 2023)	39 th (Feb. 2024)
Room occupancy rates	71.0%	75.8%
ADR (+4)	7,369 yen	7,098 yen
RevPAR (+5)	5,231 yen	5,384 yen

* Not disclosed for Fukuoka Washington Hotel as no consent for disclosure has been obtained from the operator.
 (+4) 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.
 (+5) Revenue Per Available Room = Total accommodation-category sales over a certain period of time divided by the total number of guest rooms available for sale for the same period.

©Trends in lodging occupancy index (monthly average)



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

Portfolio overview 10

The next slide, page 10, is about the situation of our residences and hotels. The average occupancy rate of our five residential properties remained stably high at 97.9 percent for the 39th fiscal period. Axion Befu Ekimae Premium, which we acquired in the 38th fiscal period, is a newly built apartment. This property, as we expected at the time of acquisition, achieved full occupancy in April this year, just one year after we acquired this building. We also keep trying to raise rent for our existing residential properties at the time of tenant turnovers.

All the hotels in our portfolio are room-only hotels. The ADR of Fukuoka Washington Hotel has recently recovered and exceeded the pre-COVID levels. The recovery in inbound tourists in Okinawa is still slower than in other areas, and we anticipate that a stronger recovery in inbound tourists will boost performance of Tissage Hotel Naha.

Financing condition①

Establishment of stable financial base

Financial Policy (Basic Policy)

Enhance financial soundness by realizing low financing costs while reducing the impact of future changes in the financial environment under good relationships with financial institutions to realize stable financing

© Current financing policy

While diversifying debt maturities

- Adjust financing periods (used to be 7-10 years)
- Adjust ratio of fixed/floating interest
- Lower spread Aim to control financing costs through the above

© Borrowings (long-term) in the 39th period (fiscal period ended February 2024)

New Borrowings

Date	Lender	Amount (mm yen)	Term	Interest rate
	The Nishi-Nippon City Bank	2,000	7.0-year	0.91900%
		1,900	8.0-year	1.01500%
		1,000	10.0-year	1.18900%
Sustainable finance				
Green Loan				
September 29, 2023	EBI Chintai Bank	600	5.0-year	0.76700%
	The Higo Bank	600	5.0-year	0.76700%
	The Iyo Bank	500	5.0-year	0.76700%
	The Kagoshima Bank	300	5.0-year	0.76700%
Sustainable finance				
Green Loan				
October 31, 2023	The Bank of Fukuoka	2,500	8.0-year	3-month TIBOR +0.25%
	MUFJ Bank	1,000	7.0-year	1.20250%
	Saitama Trust Banking Corporation	1,000	7.0-year	1.20250%
	Mizuho Bank	1,000	8.0-year	1.24900%

Refinancing

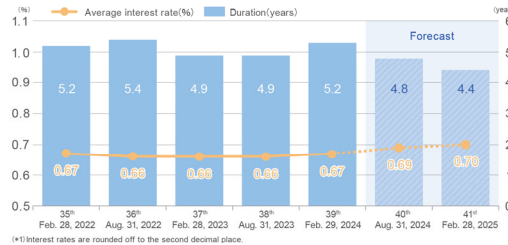
Date	Lender	Amount (mm yen)	Term	Interest rate
	The Nishi-Nippon City Bank	1,000	7.0-year	0.88900%
		1,000	9.0-year	1.07000%
Sustainable finance				
Green Loan				
February 29, 2024	The Bank of Fukuoka	1,000	7.0-year	3-month TIBOR +0.23%
		1,000	9.0-year	3-month TIBOR +0.27%

Repayment

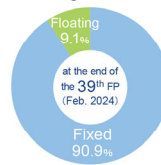
Repayment date	Lenders, etc.	Amount (mm yen)	Term	Interest rate
February 29, 2024	The first series of unsecured bonds	2,000	10.0-year	1.32000%
	Mizuho Bank	500	8.0-year	0.44000%

Total amount of borrowings at the end of period 96,350 mm yen

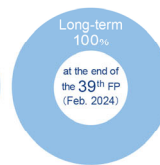
Average interest rate (*1) and duration



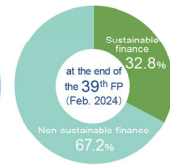
Fixed and floating rate



Long-term rate



Sustainable finance rate



Credit ratings (*2)

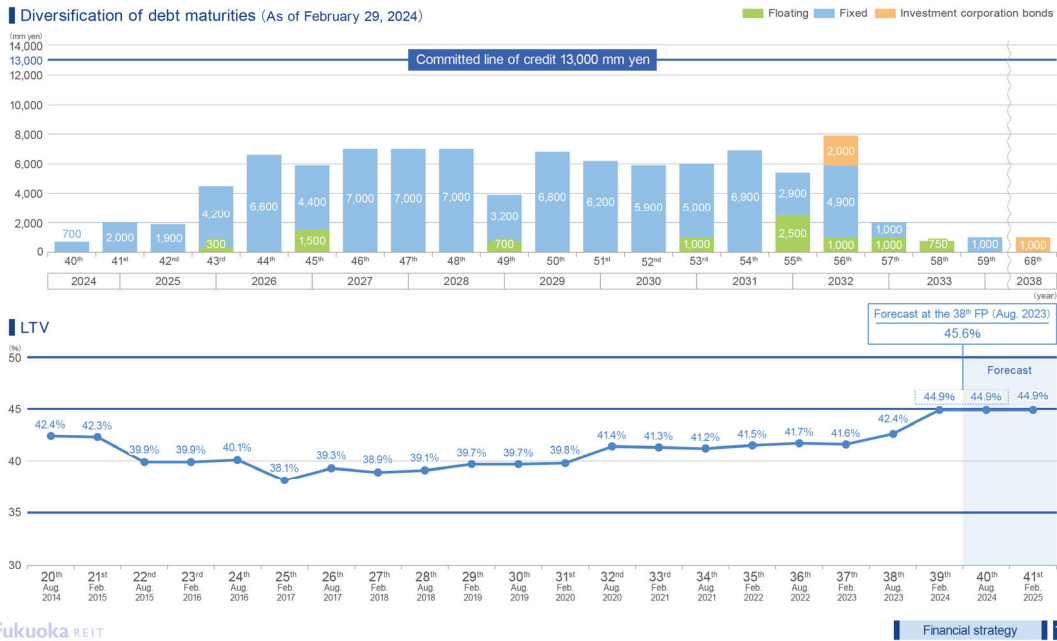


(*2) JCR: long-term issuer rating obtained from Japan Credit Rating Agency, Ltd. R&I: issuer rating obtained from Rating and Investment Information, Inc.

Please go to the next slide. From here I'm going to talk about our finances. Let's take a look at page 11. In anticipation of possible higher financing costs due to the recent rise in base rates, we will make sure to bring our financing costs under control by diversifying debt maturities, adjusting borrowing terms, and rebalancing the fixed and floating rates. For the 39th fiscal period, we secured new loans to finance the acquisition of Hakata FD Business Center and did some refinancing. And of course we successfully managed the financing costs under control by sticking to our borrowing policy. I also like to note that all the borrowings we secured during the 39th fiscal period were so-called Green Loans.

Financing condition②

LTV rose, but controlled within the upper limit of 50%



When it comes to LTV at the bottom of page 12, it will go up following the acquisition of Hakata FD Business Center. However, it is expected to stay below 45 percent, which we think should be the right level, because we manage to repay some of the loans.

Appraisal value

The unrealized gains (+/-) totaled 51,855 million yen at the end of 39th fiscal period (increase of 3,377 million yen compared with previous fiscal period)

- unit : mm yen

Property name	Acquisition price (+2)	Acquisition cap rate	At the end of the 39 th FP (Feb. 29, 2024)				At the end of the 38 th FP (Aug. 31, 2023)				Appraiser
			Appraisal value	Book value	Difference	Cap Rate by direct capitalization method (+3)	Appraisal value	Difference	Cap Rate by direct capitalization method (+3)	Difference	
			(1)	(2)	(1)-(2)	(4)	(1)-(4)	(5)	(3)-(5)		
Retail											
Canal City Hakata	32,000	6.0%	29,000	29,730	(730)	4.2%	29,300	(300)	4.2%	0.0%	Tanizawa Sogo Appraisal
Canal City Hakata -B	21,060	5.4%	21,700	20,389	1,310	4.3%	21,700	0	4.3%	0.0%	Tanizawa Sogo Appraisal
Park Place Oita	19,610	6.0%	20,200	20,316	(116)	5.4%	20,200	0	5.4%	0.0%	Japan Real Estate Institute
SunLIVE City Kokura	6,633	6.6%	6,530	5,483	3,046	5.6%	6,540	(10)	5.6%	0.0%	Japan Real Estate Institute
Konona Itai Haeatomoto	10,000	5.3%	10,100	9,799	300	5.0%	10,100	0	5.1%	(0.1)%	Tanizawa Sogo Appraisal
Square Mall Kagoshima Usuki	5,300	6.3%	4,660	4,158	501	5.5%	4,700	(40)	5.5%	0.0%	Japan Real Estate Institute
Kumamoto Intercommunity SC	2,400	6.5%	2,840	1,892	947	5.4%	2,840	0	5.4%	0.0%	Japan Real Estate Institute
Hanahata SC	1,130	6.4%	1,220	939	280	5.3%	1,200	20	5.4%	(0.1)%	Tanizawa Sogo Appraisal
K's Denki Kagoshima	3,550	5.7%	3,490	2,797	692	5.4%	3,490	0	5.4%	0.0%	Tanizawa Sogo Appraisal
Marinno City Fukuoka (Marina Side Building)	5,250	5.5%	5,264	5,298	(257)	-	5,660	(596)	4.8%	-	Tanizawa Sogo Appraisal
Total of retail	108,933	-	107,004	100,163	6,207	-	107,930	(926)	-	-	
Office buildings											
Canal City Business Center Building	14,600	6.3%	19,100	12,601	6,498	3.8%	19,300	(200)	3.8%	0.0%	Tanizawa Sogo Appraisal
Gokukumachi Business Center	11,200	6.3%	16,100	8,686	7,513	4.0%	16,000	100	4.0%	0.0%	Tanizawa Sogo Appraisal
Sanix Hakata Building	4,400	5.9%	7,210	3,674	3,535	3.6%	7,010	200	3.7%	(0.1)%	Japan Real Estate Institute
Tahaku Street Business Center	7,000	6.0%	10,400	5,669	4,730	4.0%	10,100	300	4.1%	(0.1)%	Japan Real Estate Institute
Higashi Hie Business Center	5,900	6.0%	9,220	4,279	4,940	4.2%	9,240	(20)	4.2%	0.0%	Tanizawa Sogo Appraisal
Teijin Nish-Dori Center Building	2,600	5.4%	3,400	2,622	777	3.5%	3,400	0	3.5%	0.0%	Japan Real Estate Institute
Teijin North Front Building	2,800	6.1%	5,180	2,266	2,913	3.5%	5,050	130	3.6%	(0.1)%	Japan Real Estate Institute
Higashi Hie Business Center II	4,230	4.9%	4,880	3,785	1,094	4.2%	4,900	(20)	4.2%	0.0%	Tanizawa Sogo Appraisal
Higashi Hie Business Center III	3,290	4.4%	3,520	3,160	359	4.0%	3,530	(10)	4.0%	0.0%	Tanizawa Sogo Appraisal
Teijin Nish-Dori Business Center (Land with leasehold interest)	7,700	3.5%	8,770	7,754	1,015	3.0%	8,770	0	3.0%	0.0%	Japan Real Estate Institute
Hakata Chikushi-Dori Center Building	4,320	4.7%	4,560	4,476	83	4.1%	4,580	(20)	4.1%	0.0%	Tanizawa Sogo Appraisal
Kumamoto East Front Building	1,450	5.0%	1,500	1,510	(10)	4.6%	1,510	(10)	4.6%	0.0%	Tanizawa Sogo Appraisal
Hakata FD Business Center (+3)	14,100	4.1%	16,100	14,093	2,006	3.5%	15,000	1,100	3.8%	(0.3)%	Japan Real Estate Institute
Total of office buildings	83,690	-	100,940	74,481	36,458	-	108,390	1,660	-	-	
Others											
Tosu Logistics Center (Logistics)	1,250	5.9%	1,640	1,108	531	4.5%	1,640	0	4.5%	0.0%	Japan Real Estate Institute
LOGICITY Minato Kashi (Logistics)	8,150	5.2%	11,490	7,579	3,920	3.8%	10,000	1,490	3.8%	0.0%	Tanizawa Sogo Appraisal
LOGICITY Hisayama (Logistics)	5,050	5.1%	6,930	4,575	1,354	4.0%	6,950	(20)	4.0%	0.0%	Tanizawa Sogo Appraisal
LOGICITY Wakamiya (Logistics)	1,700	6.4%	2,590	2,093	496	5.1%	2,590	0	5.1%	0.0%	Tanizawa Sogo Appraisal
Amex Akasakamon Tower (Residence)	2,060	5.4%	2,100	1,683	516	3.9%	2,050	50	4.0%	(0.1)%	Daiva Real Estate Appraisal
City House Kayaki Dori (Residence)	1,111	5.5%	1,170	842	327	3.9%	1,150	20	4.0%	(0.1)%	Daiva Real Estate Appraisal
Aquasha Chihaya (Residence)	1,280	6.8%	2,060	1,133	926	4.2%	2,060	0	4.2%	0.0%	Japan Real Estate Institute
D-Wing Tower (Residence)	2,800	5.9%	4,030	2,687	1,342	4.0%	4,020	10	4.0%	0.0%	Tanizawa Sogo Appraisal
Granforte Yukuin Minami (Residence)	1,100	5.6%	1,430	1,118	311	3.9%	1,430	0	3.9%	0.0%	Tanizawa Sogo Appraisal
Axion Befu-Ekimae Premium (Residence)	1,525	3.4%	1,570	1,643	(73)	3.5%	1,560	10	3.5%	0.0%	Daiva Real Estate Appraisal
Hotel FORZA Oita (Hotel)	1,530	6.6%	1,870	1,484	385	5.2%	1,860	10	5.2%	0.0%	Japan Real Estate Institute
Tissage Hotel Naha (Hotel)	2,835	5.3%	2,940	2,691	248	4.8%	2,940	0	4.9%	(0.1)%	Tanizawa Sogo Appraisal
Total of others	30,391	-	38,730	28,541	10,188	-	37,250	1,480	-	-	
Total properties	220,914	-	255,674	203,218	51,855	-	253,670	2,104	-	-	

* (1) Unrealized gain is calculated by subtracting period-end book value (excluding construction in progress in trust) from the latest appraisal value. * (2) "Acquisition price" indicates the amount excluding such expenses as fees and taxes and other public charges.
* (3) The appraisal value at the end of the 38th fiscal period and the most recent cap rate are figures based on the appraisal at the time of property acquisition.

The next slide, page 13, is about the appraisal value of our portfolio. The total unrealized gains increased 3.3 billion yen from the previous fiscal period to 51.8 billion yen as of the end of the 39th fiscal period, as the headline shows. For some properties, their book value is higher than the appraisal value, but the cap rates for our properties, especially for office buildings and residences, continue to decline.

Sustainability

Green Building certification obtained for 84.6% (As of Feb. 29, 2024)

Materially significant issues

Materially significant issues	Policies and targets	KPIs and targets	
Environment	Reduction of environmental load	<ul style="list-style-type: none"> Coordinate with Property Management and Building Management on promotion of management and reduction of energy consumption, greenhouse gas emissions, water consumption, and waste output 	<ul style="list-style-type: none"> (by 2030) 35% reduction in CO2 emissions (compared with 2019, basic unit) 75% waste recycling rate
	Maintenance and enhancement of environmental and construction performance	<ul style="list-style-type: none"> Carry out performance and function evaluation of properties on a regular basis and ameliorate any deterioration in performance, etc. Maintain and improve competitiveness by acquiring green building certifications and through visual representation of building performance 	<ul style="list-style-type: none"> (by 2030) 85% Green Building Certification rate or higher
Society	Creation of pleasant workplaces (Asset manager)	<ul style="list-style-type: none"> Improve quality of operations by enhancing and expanding employee education system and promoting acquisition of qualifications Continue to improve office environments and work on providing pleasant working environments Give consideration to work-life balance and boost employee satisfaction 	<ul style="list-style-type: none"> Training per employee (number of times) Improve office environment (number of cases)
	Creation of pleasant workplaces (Tenant)	<ul style="list-style-type: none"> Promote improvement of employee satisfaction and work towards increasing job satisfaction of tenant employees 	<ul style="list-style-type: none"> Conduct regular tenant satisfaction surveys (all properties)
	Contribution to boosting attractiveness and vitalization of Fukuoka and Kyushu	<ul style="list-style-type: none"> Enhance dissemination of information regarding strengths and charms of Fukuoka and Kyushu Support research and studies on local economy and industries and promote attractive urban development in collaboration with local business circles 	<ul style="list-style-type: none"> Join and participate in local economic organizations Host local community events (number of times)
Governance	Involvement in local community	<ul style="list-style-type: none"> Deepen dialogue and collaboration with local community through participation in community activities and various initiatives using properties under our management to grow and develop together with the local community 	<ul style="list-style-type: none"> Join and participate in area management organizations Continued participation in activities that contribute to the community (number of times)
	Information disclosure and dialogue with stakeholders	<ul style="list-style-type: none"> Disclose financial and non-financial information to stakeholders in an appropriate and timely manner Build relationships of trust through proactive dialogue with stakeholders and reflect stakeholder feedback in management strategy 	<ul style="list-style-type: none"> Dialogue with investors (number of times) Sustainability training for employees (number of times)
	Compliance / Risk management	<ul style="list-style-type: none"> Ensure thorough compliance including compliance with laws and ordinances and elimination of conflict of interest with interested parties, and develop and operate an appropriate internal risk management system to maintain and improve corporate value 	<ul style="list-style-type: none"> Compliance training (number of times)



I'm going to talk about what we are doing with respect to sustainability on page 14. Sustainability is and continues to be one of our management priorities. In addition to the fact that we successfully got a DBJ Green Building certification for Hakata FD Business Center, more existing buildings in our portfolio received CASBEE certification in the past fiscal period. And that means that 84.6 percent of our properties are now certified as "Green Buildings," as of the end of February this year.

Statements of Income (compared with the previous fiscal period)

Dividend increases +54 yen compared with the previous fiscal period due to the opening of Alpen FUKUOKA at Canal City Hakata, etc.

- unit : mm yen

Account		38 th ~Aug. 31, 2023 A	39 th ~Feb. 29, 2024 B	Difference B - A
Operating profit and loss	Total operating revenues	9,284	9,326	41
	Operating revenues excluding gain on sales	8,852	9,088	① 236
	Gain on sales	432	237	② (194)
	Total operating expenses	5,912	5,864	③ (47)
	Expenses related to leasing business	5,231	5,166	(65)
	Asset management fees	544	557	13
	Asset custody fees	7	7	(0)
	Administrative service fees	58	58	0
	Director's compensations	3	3	-
	Other operating expenses	66	69	3
	Operating income	3,372	3,462	89
Non-Operating profit and loss	Total non-operating revenues	0	0	0
	Total non-operating expenses	385	431	46
	Interest expenses (incl. investment corporation bonds)	284	328	43
	Financing related expenses	98	101	3
	Others	2	1	(0)
	Ordinary income	2,988	3,031	43
	Profit before income taxes	2,988	3,031	43
	Total income taxes	0	1	0
	Profit	2,987	3,030	43
Dividend	Total dividends	2,987	3,030	42
	Dividend per unit (yen)	3,753	3,807	54

Operating profit and loss

① Active retail +188
 -of which, Canal City Hakata-/Canal City Hakata-B +228
 Park Place Oita (37)
 Kenoha Mall Hashimoto (16)
 SunLive City Kokura +14
 Hakata FD Business Center +151
 Absence of revenue accompanying disposition of (61)
 Kurume Higashi Kushiwara SC
 Office buildings (excl. Hakata FD Business Center) (20)
 Tissage Hotel Naha (12)
 Others (10)
Total : +236
 (of which, revenues from utilities (76))

② Decrease in gain on sale from disposition of (194)
 Kurume Higashi Kushiwara SC **Total : (194)**

③ Increase in outsourcing expenses (12)
 Decrease in expenses from utilities +85
 Decrease in repair & maintenance expenses +116
 Decrease in taxes and other public charges +2
 Increase in depreciation and amortization expenses (77)
 Increase in selling general and administrative expenses (17)
 Increase in other expenses (50)
Total : +47

Fukuoka REIT

Financial statements and business forecasts | 15

The last topics I want to cover today are our results for the 39th fiscal period as compared to the previous fiscal period and our own expectations and the guidance for the 40th and 41st fiscal periods. Please refer to the slides from page 15 to page 18.

In this slide, page 15, we are showing our results for the 39th fiscal period as compared to the results six months before. Factors that affected the operating profit and loss are described in the text within the orange box on the right. Operating revenues excluding gain on sale increased 236 million yen from the 38th fiscal period. The decline in the gain on sale of a property was more than absorbed by an increase in rent revenue from Canal City Hakata with the new opening of Alpen Fukuoka and the contribution made by the newly acquired property. The decline in the gain on the sale of a property means the disposition of Kurume Higashi Kushiwara Shopping Center.

Operating expenses decreased 47 million yen from the previous fiscal period due in large part to a decline in repair expenses related to the renovation of Canal City Hakata despite a rise in acquisition costs of the new properties. The DPU for the 39th fiscal period was up 54 yen from the previous period to 3,807 yen.

Statements of Income (compared with the forecast)

Dividend is +52 yen vs. forecast due to the better-than-expected increase in sales of Canal City Hakata

- unit : mm yen

Sign indicates impact on profit (unit : mm yen)

Account		39 th Forecast at 39 th A	39 th Actual B	Difference B - A
Operating profit and loss	Total operating revenues	9,313	9,326	① 13
	Operating revenues excluding gain on sales	9,075	9,088	13
	Gain on sales	238	237	(0)
	Total operating expenses	5,888	5,864	② (24)
	Expenses related to leasing business		5,166	
	Asset management fees		557	
	Asset custody fees		7	
	Administrative service fees		58	
	Director's compensations		3	
	Other operating expenses		69	
	Operating income	3,424	3,462	37
Non-Operating profit and loss	Total non-operating revenues	0	0	(0)
	Total non-operating expenses	435	431	(4)
	Interest expenses (incl. investment corporation bonds)		328	
	Financing related expenses		101	
	Others		1	
	Ordinary income	2,990	3,031	41
	Profit before income taxes	2,990	3,031	41
	Total income taxes	1	1	0
	Profit	2,988	3,030	41
Dividend	Total dividends	2,988	3,030	41
	Dividend per unit (yen)	3,755	3,807	52

Operating profit and loss		
① Active retail		+120
-of which, Canal City Hakata/Canal City Hakata-B		+155
Park Plaza Oita		(24)
Konoha Mall Hashimoto		(9)
SunLive City Kokura		(1)
Hakata FD Business Center		(89)
Office buildings (excl. Hakata FD Business Center)		(3)
Tissage Hotel Naha		(6)
Others		(9)
	Total	+13
	(of which, revenues from utilities)	(43)
② Decrease in outsourcing expenses		+4
Decrease in expenses from utilities		+59
Increase in repair & maintenance expenses		(15)
Increase in depreciation and amortization expenses		(7)
Increase in other expenses		(17)
	Total	+24

Fukuoka REIT

Financial statements and business forecasts 16

The next slide, page 16, compares the results for the 39th fiscal period to our own expectations. Again, factors that affected the operating profit and loss are described in the text within the orange box. Operating revenues rose 13 million yen and operating expenses fell 24 million yen. The increase in rent revenue from Canal City Hakata was more than expected, but the rent revenue from Hakata FD Business Center fell short of our expectations because we made a decision not to change the existing free-rent accounting method. And that is why the actual payout beat our expectations only by 52 yen per unit.

Business forecast (the 40th fiscal period, Aug. 2024)

3,600 yen in dividend is secured after the absence of a gain on sale

- unit : mm yen

Account	39 th Actual A	40 th Forecast at 39 th B	40 th Forecast at 39 th C	39 th Actual difference C-A	40 th Forecast difference C-B
Operating revenues	9,326	9,322	9,305	(21)	(16)
Operating revenues excluding gain on sales	9,088	9,322	9,305	① 216	(16)
Gain on sales	237	-	-	② (237)	-
Operating expenses	5,864	6,002	5,999	③ 135	(2)
Operating income	3,462	3,319	3,305	(156)	(14)
Non-operating revenues	0	0	0	0	-
Non-operating expenses	431	453	439	④ 8	(14)
Ordinary income	3,031	2,866	2,866	(164)	-
Profit	3,030	2,865	2,865	(164)	-
Total dividends	3,030	2,865	2,865	(164)	-
Dividend per unit (yen)	3,807	3,600	3,600	(207)	-

Sign indicates impact on profit (unit : mm yen)

■ Difference between the 39th FP actual and the 40th FP forecast

① Active retail	(16)
- of which, Canal City Hakata / Canal City Hakata-B	(39)
Park Place Ota	+31
Konoha Mall Hashimoto	+5
SunLive City Kokura	(14)
Hakata FD Business Center	+192
Absence of revenue accompanying disposition of Kurume Higashi Kushiwara SC	(13)
Office buildings (except Hakata FD Business Center)	+16
LOGICITY Minato Kashi	+14
Tissage Hotel Naha	+11
Axion Befu-Ekimae Premium	+9
Others	+3
Total	+216
(of which, revenues from utilities)	(+79)
② Decrease in gain on sale from disposition of Kurume Higashi Kushiwara SC	(237)
Total	(237)
③ Increase in outsourcing expenses	(33)
Increase in expenses from utilities	(88)
Decrease in repair & maintenance expenses	+58
Increase in taxes and other public charges	(81)
Increase in depreciation and amortization expenses	(7)
Increase in selling general and administrative expenses	(8)
Decrease in other expenses	+24
Total	(135)
④ Increase in borrowing costs	(8)
Total	(8)

Fukuoka REIT

Financial statements and business forecasts | 17

Here is our business forecast for the 40th fiscal period on page 17. You can find the main assumptions for the forecast within the green lined box. There will be no gain on the sale of a property for the 40th fiscal period, but we expect that an incremental rent revenue from Hakata FD Business Center will partially cover the shortfall. The DPU for the 40th fiscal period is expected to 3,600 yen, and that means that we will finally meet the lower-end target of 3,600 yen in DPU without relying on a gain on the sale of a property.

Business forecast (the 41st fiscal period, Feb. 2025)

3,600 yen in dividend is secured after the disposition of Marinao City Fukuoka (Marina Side Building) (building)

- unit : mm yen

Account	40 th Forecast at 39 th A	41 st Forecast at 39 th B	40 th Forecast difference B-A
Operating revenues	9,305	9,242	① (62)
Operating revenues excluding gain on sales	9,305	9,242	(62)
Gain on sales	-	0	0
Operating expenses	5,999	5,941	② (58)
Operating income	3,305	3,301	(4)
Non-operating revenues	0	0	-
Non-operating expenses	439	435	③ (4)
Ordinary income	2,866	2,866	-
Profit	2,865	2,865	-
Total dividends	2,865	2,865	-
Dividend per unit (yen)	3,600	3,600	-

■ Difference between the 40 th FP forecast and the 41 st FP forecast	
① Active retail	+21
- of which, Canal City Hakata./Canal City Hakata-B	+16
Park Place Oita	(16)
Konoha Mall Hashimoto	+8
SunLive City Kokura	+13
Marinao City Fukuoka (Marina Side Building)	(139)
Hakata FD Business Center	+34
Office buildings(excl. Hakata FD Business Center)	(2)
LOGICITY Minato Kashi	+23
Others	+1
Total	(62)
(of which, revenues from utilities (25))	
② Decrease in outsourcing expenses	+15
Decrease in expenses from utilities	+13
Increase in repair & maintenance expenses	(9)
Increase in depreciation and amortization expenses	(4)
Decrease in selling general and administrative expenses	+8
Decrease in other expenses	+35
Total	+58
③ Decrease in borrowing costs	+4
(Ups and downs factors (±3 days))	
Total	+4

Sign indicates impact on profit (unit : mm yen)

Fukuoka REIT

Financial statements and business forecasts | 18

The next slide, page 18, is about our forecast for the 41st fiscal period. Again, the main assumptions are found within the green lined box. The rent revenue from Marinao City Fukuoka will decline due to the disposition of our ownership share of its buildings; however, an incremental revenue from Hakata FD Business Center, the effect of the rent hikes in our logistics assets, and the cutback on expenses will cover the shortfall. We expect that the DPU for the 41st fiscal period is going to continue to meet our lower-end target of 3,600 yen.

And that brings to an end to the performance overview for the 39th fiscal period. Thank you very much for watching.



Fukuoka REIT

Appendix

Financial highlights

Dividend per unit was 3,807 yen

Category	- unit : mm yen					Difference B-A	- unit : mm yen	
	35 th ~ Feb. 28, 2022	36 th ~ Aug. 31, 2022	37 th ~ Feb. 28, 2023	38 th ~ Aug. 31, 2023 A	39 th ~ Feb. 29, 2024 B		40 th ~ Aug. 31, 2024 (forecast)	41 st ~ Feb. 28, 2025 (forecast)
Operating revenues	8,658	8,830	9,037	9,284	9,326	41	9,305	9,242
Gain on sales	-	-	115	432	237	(194)	-	0
Leasing NOI	5,334	5,370	5,274	5,152	5,531	379	5,628	5,620
Depreciation and amortization expenses	1,486	1,514	1,499	1,531	1,609	77	1,617	1,621
Operating income	3,185	3,181	3,223	3,372	3,462	89	3,305	3,301
Ordinary income	2,816	2,805	2,851	2,988	3,031	43	2,866	2,866
Profit	2,814	2,804	2,849	2,987	3,030	43	2,865	2,865
Dividend per unit (yen) (1)	3,536	3,523	3,580	3,753	3,807			
Latest dividend forecast per unit (yen) (2)	3,500	3,500	3,520	3,600	3,755		3,600	3,600
Difference from forecast (yen) (1)-(2)	+36	+23	+60	+153	+52		-	-
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)	198,745	201,223	201,442	203,868	214,390			
Total liabilities (at period-end)	96,991	99,480	99,653	101,941	112,421			
Total net assets (at period-end)	101,753	101,743	101,788	101,926	101,969			
Days in fiscal period (days)	181	184	181	184	182			
Number of investment properties (at period-end)	32	33	33	35	35			
Number of tenants (at period-end) (+1)	1,016	1,021	1,007	1,018	1,031			
Total leasable floor space (at period-end) (m ²)	572,288.25	578,255.35	577,161.81	580,272.77	590,409.24			
Occupancy rate (at period-end) (%) (+2)	99.4	99.4	97.9	99.1	98.8			
FFO (Funds from Operation) (+3)	4,301	4,318	4,234	4,086	4,401			
FFO per unit (yen)	5,403	5,425	5,319	5,133	5,529			

(+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

Profile

Special features of Fukuoka REIT Corporation

- 1 Japan's first region-specific REIT**
 Asset management leveraging our in-depth knowledge of the real estate environment of Fukuoka and Kyushu region, one of our greatest strengths
- 2 Excellent portfolio centered on Fukuoka metropolitan area**
 A portfolio of carefully selected investments in the high growth area of Fukuoka City attention from around Japan and overseas
- 3 Solid support from a sponsor company involved in property development**
 Asset portfolio expansion and high occupancy rates facilitated through coordination with our sponsors
- 4 Establishment of stable financial base**
 Conservative control of interest-bearing debt ratio, long-term diversification of repayment deadlines
- 5 Stable dividends and steady NAV growth since listing**
 Appropriate management of real estate invested in

Overview of Fukuoka REIT Corporation

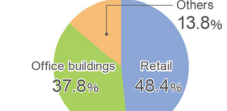
Name	Fukuoka REIT Corporation
Security code	8968
Listed date	June 21, 2005 (Tokyo Stock Exchange, Fukuoka Stock Exchange)
Fiscal period	February - August
Asset manager	Fukuoka Realty Co., Ltd.
Sponsors	Fukuoka Jisho Co., Ltd., Kyushu Electric Power Co., Inc., THE BANK OF FUKUOKA, LTD., THE NISHI-NIPPON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

Fukuoka REIT

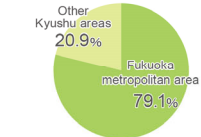
Portfolio summary ^{(*)1}	
Number of properties / Asset size ^{(*)2}	35 / 220,914 mm yen
Of which, acquisition from sponsors ^{(*)3}	16 / 142,290 mm yen
Unrealized gains	51,855 mm yen
Total leasable floor space	590,409.24 m ²
Occupancy rate	98.8%

Financial highlight ^{(*)1}	
Total debt	96,350 mm yen
LTV	44.9%
Fixed rate	90.9%
Average interest rate	0.67%
Credit ratings	JCR AA-(Stable) R&I A+(Stable)

◎ Investment type (based on acquisition price)



◎ Investment area (based on acquisition price)



Investment unit price ^{(*)1}

Unit price	165,700 yen
Outstanding units	796,000 units
Market capitalization	131,897 mm yen (unit price * outstanding units)
Net assets value per unit	128,102 yen
Market net assets value per unit ^{(*)4}	189,440 yen
Dividend (actual)	3,807 yen per unit (Days in fiscal period 182days) at the 39 th FP
Dividend yield	4.6% ((Dividend / days in fiscal period * 365) / Unit price)

^{(*)1} The figures are as of February 29, 2024 (excl. average interest rate)
^{(*)2} The figures are total of acquisition price.
^{(*)3} Because the figures in the Business Census that was acquired in the 10th fiscal period (period ended August 31, 2009) was acquired from both outside parties and sponsors, the purchase price has been added to the purchase prices from outside parties and the purchase prices from sponsors after calculation on a per capita basis. Furthermore, with regard to the number of properties, one property has been added to the number of properties acquired from sponsors.
^{(*)4} Market net asset value per unit² (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

THE BANK OF FUKUOKA, LTD.
5%
THE BANK OF FUKUOKA, LTD.

THE NISHI-NIPPON CITY BANK, LTD.
5%
THE NISHI-NIPPON CITY BANK, LTD.

DBJ
5%
Development Bank of Japan Inc.

FJ
55%
Fukuoka Jisho Co., Ltd. (*)

Director
Fukuoka Realty Co., Ltd. (Asset Manager)
Outside director

KYUSHU ELECTRIC POWER CO., INC.
10%
Kyushu Electric Power Co., Inc.

SAIBUGAS HOLDINGS CO., LTD.
5%

Make Next. KYUDENKO
5%
Kyudenko Corporation

Connecting your dreams
Nishitetsu Group
5%
Nishi-Nippon Railroad Co., Ltd.

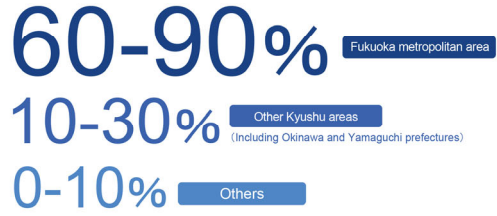
JR
5%
Kyushu Railway Company

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

Fukuoka REIT

Investment policy

Investment area



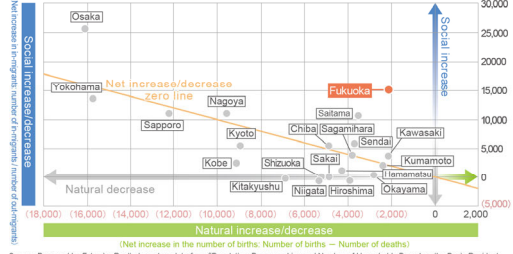
Investment type



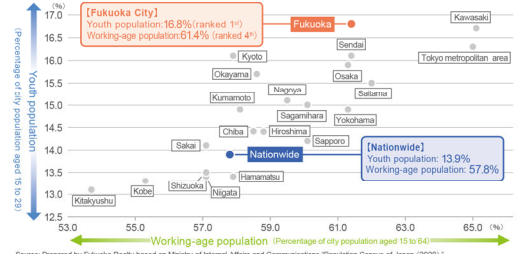
Appendix | 22

Current situation of Fukuoka City

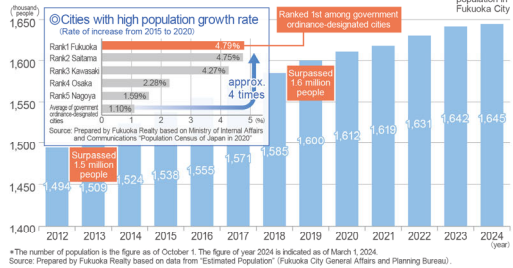
Distribution Chart of Net Increase/Decrease in Population (comparison of ordinance-designated cities) (2022)



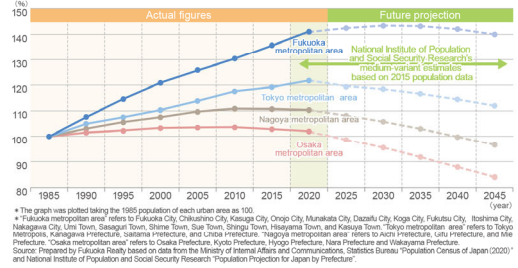
Youth and working-age population ratios of nationwide and major cities (2020)



Trends in number of population growth in Fukuoka City

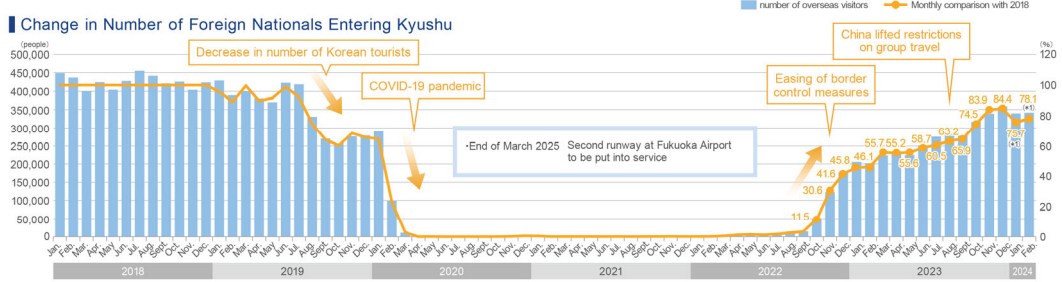


Population trends of major metropolitan areas



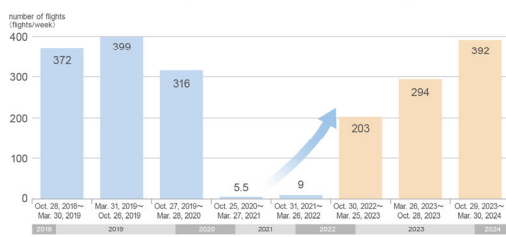
Condition of Inbound Tourists

The number of foreign nationals entering Kyushu has almost recovered except for China



(*1) The number of foreign visitors for January and February 2024 is a preliminary figure. Source: Prepared by Fukuoka Realty based on the data of "Change in Number of Foreign Nationals Entering Kyushu" of the Kyushu District Transport Bureau of the Ministry of Land, Infrastructure, Transport and Tourism

Trend of International Flights (Passenger Flights) at Fukuoka Airport^(*)



(*2) The number of flights in airlines' operating plans applied for each period and approved by the Ministry of Land, Infrastructure, Transport and Tourism is indicated. Source: Prepared by Fukuoka Realty based on the data of "Overview of Regular International Flights" of the Ministry of Land, Infrastructure, Transport and Tourism

Number of Foreign Nationals Entering Kyushu from Major Countries (Regions) (December 2023)

Country / Region	Dec. 2018	Dec. 2019	Dec. 2023	Dec. 2023 (Comparison with 2018)
Korea	227,548	74,557	212,854	93.5%
China	114,271	103,299	28,846	25.2%
Other Asia	72,040	88,641	104,645	145.3%
Total of Kyushu Region^(*)	424,325	278,363	358,231	84.4%

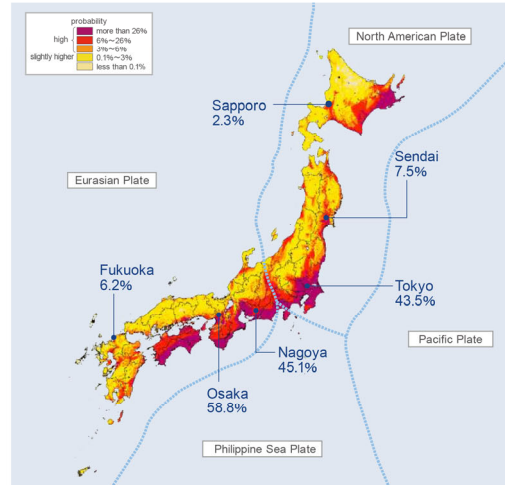
(*3) The total number for Kyushu includes the number of foreign visitors from regions other than Asia. Source: Prepared by Fukuoka Realty based on the data of "Change in Number of Foreign Nationals Entering Kyushu" of the Kyushu District Transport Bureau of the Ministry of Land, Infrastructure, Transport and Tourism

Earthquake risk in Fukuoka, etc.

All properties owned by Fukuoka REIT are covered by earthquake insurance

Probabilistic earthquake prediction map

Probability of occurrence of an earthquake with a magnitude of nearly 6 or higher within the next 30 years [Average case / all earthquakes]

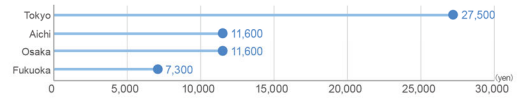


*According to the calculation model, areas with zero probability are colored in white. Figures for each city are based on the baseline in 2023. Source: Prepared by Fukuoka Realty based on data from the Office of the Headquarters for Earthquake Research Promotion (Earthquake and Disaster-Prevention Research Division, Research and Development Bureau, Ministry of Education, Culture, Sports, Science and Technology); J-SIS (Japan Seismic Hazard Information Station, National Research Institute for Earth Science and Disaster Resilience); and the website of the Japan Meteorological Agency, Ministry of Land, Infrastructure, Transport and Tourism.

Basic Rate of Earthquake Insurance

©Earthquake insurance with coverage starting on October 1, 2022 and thereafter

● In Fukuoka Prefecture, earthquake insurance can be bought at a relatively smaller cost than in other areas



*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: Created by Fukuoka Realty based on data from specially created earthquake insurance site (General Insurance Association of Japan).

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

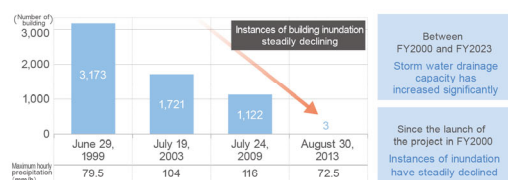
©Storm water storage facilities

●Capacity of storm water storage facilities

FY1999 No storm water storage facilities → FY2024 128,300 m³ (planned)








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

Instances of building inundation in Fukuoka City



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

Certification from external organizations and information disclosure

<p>Signatory of:</p>  <p>Principles for Responsible Investment</p>	<p>Principles for Responsible Investment (PRI) (September 2018)</p>	<p>Refers to the six basic principles advocated in 2006 by Kofi Annan, the United Nations Secretary-General at the time, for the purpose of reflecting environmental, social and governance (ESG) factors to the investment process, as well as the international network of financial institutions that affirm the principles. The Asset Manager became a signatory to the Principles for Responsible Investment (PRI) in September 2018 in order to implement practices at an international level when it promotes ESG awareness in real estate investment and management operations.</p>
 <p>TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES</p>	<p>Endorsement of TCFD (Task Force on Climate-related Financial Disclosures) (September 2022)</p>	<p>In September 2022, we endorsed the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures), which was established by the Financial Stability Board (FSB) to examine climate-related disclosures and how financial institutions should respond. At the same time, we joined the TCFD Consortium, an organization of endorsing Japanese companies.</p>
 <p>Principles for Financial Action towards a Sustainable Society (Principles for Financial Action for the 21st Century)</p>	<p>Principles for Financial Action towards a Sustainable Society (Principles for Financial Action for the 21st Century) (September 2018)</p>	<p>Principles for Financial Action towards a Sustainable Society (Principles for Financial Action for the 21st Century) refers to the principles prepared in October 2011, with the Ministry of the Environment serving as the secretariat, as action guidelines for financial institutions that want to fulfill the responsibilities and roles necessary for forming a sustainable society. The Asset Management Company became a signatory in September 2018, affirming the ideas of the Principles.</p>
 <p>G R E S B G R E S B</p>	<p>GRESB</p>	<p>GRESB is a benchmark evaluation system that annually assesses the environmental, social and governance (ESG) awareness of real estate companies and funds, as well as the name of the organization that operates it. GRESB was established in 2009 mainly by major European pension funds that led the Principles for Responsible Investment (PRI). FRC has been a participant since 2018. GRESB Real Estate Assessment: "4 stars" and "Green Star", Disclosure Assessment: the highest "A Level"</p>
 <p>DBJ Green Building</p>	<p>DBJ Green Building Certification</p>	<p>The DBJ Green Building Certification is a certification system established in 2011 as an initiative to support real estate featuring "environmental and social considerations" and entities that own and operate such estate. The system evaluates real estate sustainability from five ESG-based perspectives. FRC has acquired the certification for 13 properties.</p>
 <p>CASBEE</p>	<p>CASBEE (Comprehensive Assessment System for Built Environment Efficiency)</p>	<p>CASBEE (Comprehensive Assessment System for Built Environment Efficiency) is a method for evaluating and rating the environmental performance of buildings. It is a system that comprehensively evaluates the quality of buildings including not only environmental consideration such as using materials and equipment that save energy or achieve smaller environmental loads but also features like interior comfort and scenic aesthetics. 4 properties owned by FRC were certified.</p>
 <p>BELS</p>	<p>BELS</p>	<p>BELS is a system in which third parties evaluate and indicate the energy conservation performance of non-residential buildings based on the Evaluation Guidelines for the Building Energy-efficiency Labeling System for Non-Residential Buildings (2013). FRC has acquired the certification for 5 properties.</p>

Assessment of Financial Impacts Based on Climate Change Scenario Analysis (qualitative analysis)

Updating qualitative analysis of risks and opportunities and financial impacts in line with the recommendations of the TCFD (Task Force on Climate-related Disclosures)

Climate Change Scenario Analysis

We conducted an analysis to be used for the purpose of assessing the validity of current climate change measures and developing future strategies. We assessed risks, opportunities, and financial impacts as shown in the table below.

	Risk/Opportunity Factors and Financial Impacts	Severity		Response to Risks and Opportunities	
		2030	2050		
Transition risks	Policy and law	Carbon tax burden increases with the introduction of carbon pricing	S	M	Promotion of CO2 reduction targets Energy-saving retrofits/introduction of renewable energy Operation to boost energy efficiency
	Technology	Increased costs for energy conservation/energy creation in existing properties (energy-saving, power storage, ZEB/ZEH conversion, photovoltaics, etc.)	L	L	Develop long-term renovation plans, eyeing the useful life of buildings Utilize subsidies, etc. Improved portfolio in terms of environmental performance through acquiring properties, including ZEB and ZEH
	Market	Market preferences cause vacancy rates to rise/rents to fall for non-decarbonization-compatible properties	S	S	Promote environmental certification acquisition Identify tenant needs through satisfaction surveys, etc.
	Reputation	Delayed response to decarbonization causes unit prices to fall, missing external growth opportunities	-	-	Promotion of green lease agreements Promotion of greening Appeal to investors who value environmental issues Improved portfolio in terms of environmental performance through property replacement
Physical risks	Acute	More frequent disasters increase costs of damages/recovery	L	L	Risk monitoring of property location Implementation of disaster countermeasures (installation of watertight panels, waterproofing for central monitoring, effectiveness of power receiving and transforming facilities, etc.) Conduct BCP training Provide property insurance Hazard risk surveys at the time of property acquisition
		More frequent disasters increase disaster preparedness costs	S	M	
	Chronic	Increased air conditioning usage due to rising temperatures increases utility cost burden	S	S	Implementation of renovation to improve air conditioning efficiency Operation to boost energy efficiency
		Countermeasure costs increase due to sea level rise	S	S	
Opportunities	Higher resource efficiency	Energy procurement costs associated with energy conservation decrease	S	S	
	Energy sources	Progress in transition to clean energy leads to reduced carbon tax burden	S	S	Energy-saving retrofits/introduction of renewable energy Improved portfolio in terms of environmental performance through acquiring ZEB/ZEH properties, etc. Lower prices for high-efficiency equipment
	Products and services	Increased supply of ZEB properties in the market boosts opportunities to acquire ZEB properties	-	-	
		Market preferences increase occupancy/rents for decarbonized properties	S	M	Promote environmental certification acquisition Identify tenant needs through satisfaction surveys, etc.
	Markets	Successful decarbonization response expands borrowers and financing opportunities	S	S	Utilization of green finance
		Successful decarbonization response helps tap new investor base	-	-	Appeal to investors who value environmental issues
Resilience	Successful disaster preparedness measures reduce costs of damages caused by disasters/disaster recovery	M	M	Risk monitoring of property location Implementation of disaster countermeasures (installation of watertight panels, waterproofing for central monitoring, effectiveness of power receiving and transforming facilities, etc.) Risk transfer through property insurance	

*Items that are difficult to evaluate or calculate are indicated by "-".

Assessment of Financial Impacts Based on Climate Change Scenario Analysis (quantitative analysis)

Performing quantitative analysis of financial impacts based on scenario analysis in line with the recommendations of the TCFD (October 2023)

Financial Impacts

- unit : mm yen

Scenario	Financial Impact		4°C Scenario	1.5°C Scenario	Supplement
Transition risks/ Opportunities	Carbon tax burden increases	Risk	-	(352)	Increased carbon tax burden
		Countermeasure effects	-	188	Reduction due to retrofits for energy conservation/energycreation (on-site)-compatible
	Increased costs for retrofitting existing properties to make them energy conservation-/energycreation (on-site)-compatible	Risk	-	(783)	Increased CAPEX
		Opportunity	Reflected in carbon tax measure effects and energy procurement costs/rental business opportunities		
	Energy procurement costs decrease with retrofits	Countermeasure effects/opportunity	-	119	Reduction due to retrofits for energy conservation/energycreation (on-site)-compatible
Vacancy rates for non-decarbonization-compatible properties increase/rents for compatible properties increase	Risk	-	(91)	Decrease in leasing business revenues if no measures are taken	
	Opportunity	-	329	Increase in leasing business revenues when energy-saving/energy- (on-site) retrofit measures are taken	
Physical risks/ Opportunities	Damage from flooding/disaster recovery costs increase	Risk	(169)	(56)	Increased probability of torrential rains, resulting in direct damage from flooding and indirect damage from business shutdowns, etc.
		Countermeasure effects	38	13	Risk transfer of direct/indirect losses due to flooding through property insurance Diminishing risk effect thanks to flooding countermeasures
	Flood control costs increase	Risk	(103)	(65)	Increased non-life insurance premiums Increased CAPEX due to flood control construction
	Increased utility cost burden due to increased air conditioning usage	Risk	(14)	(3)	Increased utility costs due to more frequent use of air conditioning
		Countermeasure effects	-	2	Reduction due to retrofits for energy conservation/energy-creation (on-site)
Countermeasure costs increase due to sea level rise	Risk	-	-	No events were identified at this time that could have a significant impact on properties located in inundation zones, such as a decline in property values due to sea level rise or countermeasure costs incurred	

*For figures less than a unit, the amount is rounded to the nearest round. *Unarticulated items are "-".
 *This estimate reflects only the portion that is judged to be calculable at this time, and does not evaluate all climate-related risks posed by FRC. In the future, we will try to develop our analysis in response to trends in global and Japan climate-related risks.
 *This estimate was made by taking into account the existing financial information of FRC and the information indicated by climate-related scenarios and literature. The unit is based on the impact amount on a cash basis (million yen) per year, and the time axis is assumed to be as of 2050. The accuracy cannot be guaranteed at this time. In addition, the countermeasures assumed are based on trial calculations and are not planned or decided to be implemented.

ESG Initiatives (Environment)

Reduction of environmental load

Enhancing energy efficiency

- Installation of electromagnetic water meter **NEW**
- Utilization of renewable energy (common areas, etc.)
- Reduction in Air Conditioning Load (applied coating film containing a shading agent)
- Greening of common spaces / Arrangement of water areas / Creation of shaded spaces
- Installation of electronic circuit breaker

<Upgrading of emergency power generator>

- DC power supply device (Canal City Hakata)
- Power supply for starting emergency power generator in the event of emergencies.

Upgrade work → **After upgrade**

Waste reduction / resource recycling / water resources, etc.

- Separate collection of garbage
- Conversion of raw garbage into animal feed (Canal City Hakata, Park Place Oita)
- Collection of secondhand clothing (Canal City Hakata, Konoha Mall Hashimoto)

● Addition of plants (Konoha Mall Hashimoto) NEW

● Canal City Hakata has worked to reduce water consumption through a canal water filtration system (rainwater reuse system), a greywater plant (kitchen drainage reuse system), water-saving toilets, etc.

Maintenance and enhancement of environmental and construction performance

Green Building certification

Green Building certification obtained for 84.6% of entire portfolio

Ratio of environmental certification acquisition

- BELS Evaluation Certification: 14.2%
- CASBEE Certification: 5.6%
- DBJ Green Building Certification: 78.5%
- Certified properties: 84.6%

DBJ Green Building Certification

- 13 properties owned by FRC were certified (One property has been newly acquired, and two properties have been recertified.)
- [Newly acquired in Sept. 2023] [Re-certified in Dec. 2023]

Hakata FD Business Center, LOGICITY Minato Kasai, LOGICITY Hisayama

CASBEE Certification for Real Estate

4 properties owned by FRC were certified (2 properties have been newly acquired (February 2024)).

Taihaku Street Business Center (Rank S), Rank S (office building), Rank A (residence), Hakata Chikushi-Dori Center Building (Rank S), Rank S

RFL S Evaluation

5 properties owned by FRC were certified

Higashi Hie Business Center, Higashi Hie Business Center II, LOGICITY Minato Kasai, LOGICITY Hisayama, Tissage Hotel Naha

ESG Initiatives (Society①)

Creation of pleasant workplaces Fukuoka Realty

Initiatives for employees

(Fukuoka Realty: Numbers of credentialed personnel)
(As of February 29, 2024)

- The average number of years of continuous service of permanent employees: 8 years and 0 months
- Full-time personnel: 48 [Male:24 Female:24] * Gender ratio
 - Employees seconded from sponsors: 3 Male : 50.0%
 - Employees seconded to a sponsor: 8 Female : 50.0%
- Number of credentialed personnel

• Real estate brokers : 23	• Attorney : 1
• ARES Certified Masters : 21	• MBA : 2
• Certified Building Administrators : 5	• Licensed Representative of Condominium Management Company : 1
• First-class registered architect : 3	• Information Technology Passport Examination : 3
• Real estate appraisers : 3	

* The total number of permanent employees, contract employees and employees seconded from other companies.

(Support for flexible working styles)

- Child-rearing support (maternity leave, childcare leave system, childcare support system)
- Nursing care leave
- Leave for voluntary work
- 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

(Training for employees)

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

(Offering of training programs tailored to each management level)

- System for supporting acquisition of qualifications (Real estate brokers, ARES Certified Masters, etc.)
- Support for language learning, etc.

Other Initiatives

(health management・Improvement of office environment)

- Initiatives to prevent infectious diseases such as influenza (Implementation of influenza vaccination and full coverage of vaccination costs)
- Mandatory health checkups and comprehensive medical examinations
- Application system to restrict excessive overtime work
- Assistance for use of sports clubs
- Installation of personal booths, meeting booths, plants, etc.
- Installation of personal lockers


(Certification and registration, etc.)

- Certified as a "Fukuoka 'Work-Style Reform' Promotion Company" (August 2018)
- Registration with Fukuoka City Well-Being & SDGs Registration System (July 2022)
- SDGs in Fukuoka Prefecture Entry into registration system (February 2023)


Create an attractive workplace (tenants) Fukuoka REIT

- Training for tenants' employees
- Emergency drills to improve safety and security of tenants
- Distribution of sustainability guidelines
- Support for tenants' employees and part-time job recruitment (posted on property websites)
- Training aimed at improving skills (inbound customer service training * Korea, China) NEW
- Thank-you party for tenant staff (Canal City Hakata, Park Place Oita) NEW
- Improvement of employee lounge
- Implementation of tenant satisfaction surveys
- Park Place Oita and Konoha Mall Hashimoto introduced "Flexible Business Hours System (v)" for tenants on a trial basis.

* System in which opening and closing hours are set at the discretion of the store



Inbound customer service training



Thank-you party for staff

ESG Initiatives (Society②)

Contribute to increased attractiveness and vitalization of Fukuoka and Kyushu area

Provision of regional information Fukuoka Realty

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

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

Support for Yamakasa Festival, Hakata Dontaku, Nakasu Jazz, Funa Norikomi (boat boarding; Kabuki stars unveiling their arrival) and locally based professional sports, etc.
Local companies and regional supporters supported "O-Vision Ice Arena Fukuoka" and "the sponsors of Avispa Fukuoka"

Implementation of Corporate Version of Hometown Tax System Fukuoka Realty

Continue to implement the corporate version of the hometown tax payment system NEW
(Kumamoto City and Nagasaki City)

O-Vision Ice Arena Fukuoka



Held an ice skating class for adults and children as part of the welfare program for all officers and employees NEW

Support for locally based professional sports



Endorsed urban development through sports through the "season seat sponsor" of Avispa Fukuoka

Involvement in local community

Initiatives for local communities, etc. Fukuoka Realty

- Initiatives at each facility in collaboration with local communities (Canal City Hakata and Konohe Mall Hashimoto) NEW
- Participates in Hakata Town Planning Promotion Council (Clean Day, etc.)
- Participates in Fukuoka Directive Council
- Hosts the Kyushu IR Workshop
- Hosted the Real Estate, Finance and Economic Networking



Canal City Hakata

Gospel illumination event held by a local high school NEW



Konohe Mall Hashimoto

Tie-up with a local elementary school "Seiryu Marche" NEW



Konohe Mall Hashimoto

SDGs plastic bottle cap art NEW



Participation in Clean Day



Hosted the Real Estate, Finance and Economic Networking

Others Fukuoka Realty Fukuoka REIT

- Child-rearing support
- Individual facility initiatives
- Safety and security activities (crime prevention patrol, AED installation)
- Local contribution (bike share service, EV charging station), etc.



Child-rearing support

Parking lot dedicated to pregnant women and stroller users



Park Place Ota

Crime prevention patrol (jointly conducted with communities and schools)



Canal City Hakata, others

AED installation



Canal City Hakata, others

bike share service



Canal City Hakata, others

EV charging station

ESG Initiatives (Governance)

Compliance / Risk management

Governance System Fukuoka Realty Fukuoka REIT

Fukuoka Realty has established a Basic Policy on Compliance, as well as compliance regulations and other internal rules to prevent conflicts of interest. We conduct with stakeholders in an appropriate manner based on the above-mentioned 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).



② Third-party assessment by external experts

[Real estate appraisals]

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

[Market reports]

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

[Engineering reports]

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

^{(*)1} The prior consent of the investment corporation's Board of Directors is obtained in cases falling under the provisions of Article 20(2)(1) of the Act on Investment Trusts and Investment Corporations.

Conjunction with investors' and sponsors' profit Fukuoka Realty Fukuoka REIT

- Same-boat investment by sponsor
Fukuoka Jisho Co., Ltd., the main sponsor, has 9.81% of FRC's investment units
- Cumulative investment system for investment units
(About 1/3 of officers and employees participate in this 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.

Management Fee Structure Fukuoka Realty

Unitholder interest-linked asset management fees

Management Fee 1 ^{(*)2}	Based on total assets
Management Fee 2	Based on operating revenues
Management Fee 3 ^{(*)2}	Based on distributable profit
Management Fee 4	Acquisition fee
Management Fee 5	Transfer fee

^{(*)2} We reduced the ratio of Management Fee 1 and increased the ratio of Management Fee 3 as of the fiscal period ended February 2021.

Appointment of Outside Directors Fukuoka Realty

Secure transparency and fairness of the Board of Directors

Title	Name	Attendance at board meetings at 3P (other than interested persons)
President and CEO	Zenji Koike	100% attendance
Vice President Board of Directors Non-Executive	Hiroshi Shimuta	100% attendance
Vice President Board of Directors Non-Executive	Yukitaka Ohara	100% attendance
Vice President Board of Directors Non-Executive	Masanori Kozuma	100% attendance
Vice President Board of Directors Non-Executive	Kazuomi Kamikawa	100% attendance

Information on attendance at board meetings at 39th, etc. Fukuoka REIT

Title	Name	Total fees (thousand yen)	Attendance at board meetings
Executive director	Zenji Koike	-	100% attendance
Supervisory director	Yasuo Kawabata	3,600	100% attendance
Supervisory director	Takashi Tanabe		100% attendance

Information Security Fukuoka Realty

- Established information management regulations (for protection and handling of information assets and prevention of information loss, leakage, etc.) (June 10, 2014)

Customer-oriented Business Operations Fukuoka Realty

- Adopted the Principles for Customer-Oriented Business Conduct published by the Financial Services Agency on March 30, 2017, and established Policies for Customer-Oriented Business Operations (September 20, 2017)

• Disclosed the status of initiatives regarding customer-oriented business operations on our website

Regular Compliance Training Fukuoka Realty

We regularly carried out training for all officers and employees to enhance their awareness.

Apr. 2021 – Mar. 2022	Apr. 2022 – Mar. 2023	Apr. 2023 – Mar. 2024
6 times	6 times	7 times (including e-learning)

Information disclosure and dialogue with stakeholders



Publication of Integrated Report Fukuoka REIT

- Published fifth integrated report in December 2023 (aim to expand non-financial information)

Integrated Report 2023 (published in December 2023)

- ESG interview
Conducted 8 times (February 2024)

IR initiatives

Major IR activities implemented

©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 (face to face and conference calls)
- Holding of property tours

©IR for overseas institutional investors

- Roadshows on financial results (Asia, etc.)
- Timely information disclosure in English (held simultaneously as the delivery of Japanese press releases)

©IR for individual investors

- Kyushu IR Fair 2023(November 2023)
- In-person financial results presentation for individual unitholders (Tokyo)(December 2023) NEW
- For the first time in 4 years since the COVID-19 pandemic, an in-person presentation for individual unitholders was held in Tokyo.
- J-REIT Fan in Fukuoka 2023 (December 2023)
- J-REIT Online IR seminar(December 2023)
- Fukusho IR Fair Online(January 2024)
- Responding to individual calls,etc.



Kyushu IR Fair 2023



In-person financial results presentation for individual unitholders



J-REIT Fan in Fukuoka 2023



J-REIT Online IR seminar



Fukusho IR Fair Online



Property tour for institutional investors

Fukuoka REIT

Major achievements in public relations activities

©Website recognition NEW

FRC's website was selected as a AAA website in the Fiscal 2023 All Japanese Listed Companies' Website Ranking (overall and sector rankings) announced by Nikko Investor Relations Co., Ltd. (Targets of the survey: All listed companies in Japan (3,970 companies)) FRC has won the award in the ranking (overall ranking) for 14 consecutive years since 2010. (12 times as a AAA site and 2 times as a AA site) In addition, FRC won first place in the "REIT/Infrastructure Investment Corporation" sector of the sector ranking comprised of 34 sectors.



2023 日興アイ・アール 総会部門



2023 日興アイ・アール 業務創部門

©Advertising (Local economic magazine)

Posted interviews with President and CEO Zenji Koike in Fukuoka Keizai (November 2023 issue) and Zaikai Kyushu (January 2024 issue)



Zaikai Kyushu(January 2024 issue)



Fukuoka Keizai (November 2023 issue)

Status of integration into indexes (as of February 29, 2024)

©Global indexes, etc

FTSE EPRA/NAREIT Global Real Estate Index

FTSE Developed Small Cap

S&P Global REIT Index

MSCI Japan Small Cap Index

Other Activities

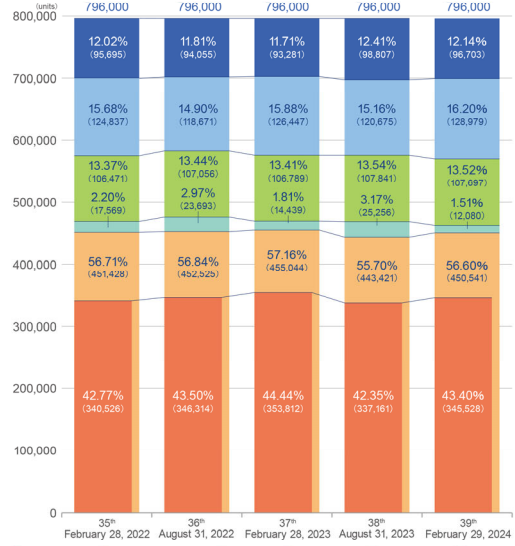
The Kyushu IR Workshop, which started in collaboration with the Japan Investor Relations Association, is entering its 14 year in 2024. It is utilized as a venue to study the latest IR trends with IR staff of companies from Fukuoka and Kyushu and to build networks among such companies.

Date	Theme & lecturer
1st workshop July 2023	"IR Leading to Continuous Evaluation: Trends in IR and Disclosure in FY2023" Executive Managing Director, Japan Investor Relations Association Yoshiko Sato
2nd workshop November 2023	"IR Activities of YASKAWA Electric Corporation (Expansion of Information Disclosure and Opportunity for Dialogue)" Head of IR Promotion Section, Corporate Communications Division/IR Division, Corporate Branding Division, YASKAWA Electric Corporation Daisuke Nakamura
3rd workshop February 2024	"How Should We Face Human Capital Management?" Professor at Graduate School of Business Administration, Hitotsubashi University Visiting researcher at Japan Investor Relations Association Shoichi Tsumuraya

*Information on the lecturers is that for the workshops held by the IR Kyushu Subcommittee.

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-other
 * 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 39th FP]

	No. of unitholders	Percentage	Investment units held	Percentage
Individual - other	13,356	95.69%	96,703	12.14%
Foreign corporations	244	1.74%	128,979	16.20%
Other domestic corporations	251	1.79%	107,697	13.52%
Stock brokers	21	0.15%	12,080	1.51%
Financial institutions	85	0.60%	450,541	56.60%
(Of which held by trust banks)	9	0.06%	345,528	43.40%
Total	13,957	100.00%	796,000	100.00%

■ Major investors [at the end of the 39th FP]

Rank	Name	Investment units held	Percentage
1	Custody Bank of Japan, Ltd. (Trust account)	214,864	26.99%
2	The Master Trust Bank of Japan, Ltd. (Trust account)	85,925	10.79%
3	Fukuoka Jishu Co., Ltd.	78,136	9.81%
4	The Nomura Trust and Banking Co., Ltd. (Investment trust account)	37,279	4.68%
5	The Shinkumi Federation Bank	14,760	1.85%
6	STATE STREET BANK WEST CLIENT-TREATY 505234	13,294	1.67%
7	JP MORGAN CHASE BANK 385771	11,833	1.48%
8	MetLife, Inc.	10,227	1.28%
9	Shikoku Railway Company	9,130	1.14%
10	The Joyo Bank, Ltd.	7,670	0.96%

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.

Balance sheets (compared with the previous fiscal period)

Account	38 th Aug. 31, 2023 A	39 th Feb. 29, 2024 B	Difference B-A
Total current assets	11,591	9,138	(2,453)
Cash and deposits	6,267	3,304	(2,962)
Cash and deposits in trust	4,243	4,206	(36)
Operating accounts receivable	791	954	162
Prepaid expenses	259	288	28
Consumption taxes refund receivable	-	371	371
Others	29	12	(17)
Total non-current assets	192,254	205,231	12,977
Total property, plant and equipment	185,374	198,286	12,912
Buildings	1,918	1,893	(25)
Structures	23	23	(0)
Tools and fixtures	0	2	1
Lands	1,684	1,684	-
Buildings in trust	66,140	71,643	5,503
Structures in trust	1,033	1,018	(14)
Machinery and equipment in trust	703	748	45
Tools and fixtures in trust	238	238	0
Lands in trust	113,622	121,016	7,394
Construction in progress in trust	9	15	6
Total intangible assets	5,548	5,547	(0)
Leasehold right in trust	5,545	5,545	-
Other intangible assets in trust	2	1	(0)
Total investment and other assets	1,331	1,397	66
Deferred tax assets	0	1	1
Lease and guarantee deposits	10	10	-
Lease and guarantee deposits in trust	327	335	8
Long-term prepaid expenses	994	1,050	56
Total deferred assets	22	21	(1)
Total assets	203,868	214,390	10,522

- unit : mm yen

Account	38 th Aug. 31, 2023 A	39 th Feb. 29, 2024 B	Difference B-A
Total current liabilities	10,625	6,193	(4,431)
Operating accounts payable	771	871	100
Investment corporation bonds scheduled to be redeemed within one year	2,000	-	(2,000)
Current maturities of long-term debt	5,200	2,700	(2,500)
Account payable-other	16	19	2
Accrued expenses	433	463	29
Income taxes payable	0	3	2
Accrued consumption taxes	11	-	(11)
Advances received	1,065	1,058	(7)
Deposits received	1,125	1,078	(47)
Total non-current liabilities	91,316	106,227	14,911
Investment corporation bonds	3,000	3,000	-
Long-term debt	76,250	90,650	14,400
Tenant leasehold and security deposits	837	835	(1)
Tenant leasehold and security deposits received in trust	11,229	11,742	513
Total liabilities	101,941	112,421	10,479
Total unitholders' equity	101,926	101,969	42
Unitholders' capital	98,938	98,938	-
Surplus	2,987	3,030	42
Total net assets	101,926	101,969	42
Total liabilities and net assets	203,868	214,390	10,522

Cash flow statements (compared with the previous fiscal period)

- unit : mm yen

Category	36 th A ~Aug. 31, 2023	36 th B ~Feb. 29, 2024	Difference B-A
Net cash provided by (used in) operating activities	3,939	3,724	(214)
Profit before income taxes	2,988	3,031	43
Depreciation and amortization expenses	1,531	1,609	77
Amortization of investment corporation bond issuance expenses	1	1	(0)
Interest received	(0)	(0)	0
Interest expenses	284	328	43
Gain on sales of real estate property	(432)	(237)	194
Decrease (increase) in operating accounts receivables	(52)	(162)	(110)
Decrease (increase) in consumption taxes refund receivable	-	(371)	(371)
Increase (decrease) in accrued consumption taxes	(355)	(11)	344
Increase (decrease) in operating accounts payable	31	(62)	(94)
Increase (decrease) in accounts payable-other	(4)	2	7
Increase (decrease) in accrued expenses	5	6	1
Increase (decrease) in advances received	(2)	(7)	(4)
Increase (decrease) in deposits expenses	201	(47)	(248)
Decrease (increase) in prepaid expenses	10	(28)	(39)
Decrease (increase) in long-term prepaid expenses	(0)	(56)	(56)
Others, net	12	36	23
Subtotal	4,219	4,030	(188)
Interest income received	0	0	(0)
Interest expenses paid	(278)	(305)	(26)
Income taxes paid	(1)	(0)	0
Net cash provided by (used in) investment activities	(3,436)	(13,636)	(10,200)
Purchase of property, plant and equipment	(1,539)	(0)	1,539
Proceeds from sales of property, plant and equipment in trust	1,495	815	(680)
Purchase of property, plant and equipment in trust	(3,172)	(14,953)	(11,781)
Purchase of intangible assets in trust	-	(1)	(1)
Proceeds from tenant leasehold and security deposits	94	5	(89)
Repayments of tenant leasehold and security deposits	(16)	(7)	8
Proceeds from tenant leasehold and security deposits in trust	195	637	441
Repayments of tenant leasehold and security deposits in trust	(484)	(124)	369
Payments of leasehold and guarantee deposits in trust	-	(8)	(8)
Proceeds from restricted trust deposits	1	2	0
Payments for restricted trust deposits	(2)	(2)	(0)
Net cash provided by (used in) financial activities	(233)	3,012	724
Proceeds from short-term debt	3,000	21,900	18,900
Repayments of short-term debt	(3,000)	(21,900)	(18,900)
Proceeds from long-term debt	8,450	16,400	7,950
Repayments of long-term debt	(5,900)	(4,500)	1,400
Redemption of investment corporation bonds	-	(2,000)	(2,000)
Dividends paid	(2,848)	(2,987)	(138)
Net increase (decrease) in cash and cash equivalents	204	(2,899)	(3,203)
Balance of cash and cash equivalents at beginning of period	10,255	10,459	204
Balance of cash and cash equivalents at end of period	10,459	7,460	(2,999)

Income and expenditure by properties (Retail)

- unit: mm yen

Category	Canal City Hakata	Canal City Hakata-B	Park Place Oita	SunLive City Kokura	Konoha Mall Hashimoto	39 th Total A	39 th Total B	Difference A-B	Forecast C (+2)	Difference A-C
	(Length)	39 th FP (Sept. 1, 2023 ~Feb. 29, 2024)								
① Total leasing business revenues	1,070	951	1,160	292	840	4,314	4,126	188	4,194	120
Leasing revenue-real estate	1,052	915	999	292	683	3,943	3,693	249		
Other leasing revenue-real estate	17	36	160	-	156	371	432	(60)		
② Total leasing business expenses	473	550	583	49	532	2,189	2,347	(158)	2,235	(45)
Outsourcing fees	290	374	280	8	304	1,258	1,266	(7)		
Repair and maintenance expenses	16	23	38	3	16	99	195	(96)		
Expenses for restoration to former state	-	-	-	-	-	-	-	-		
Tax and other public charges	85	104	99	34	42	366	366	(0)		
Insurance premiums and busi compensation	5	7	5	1	2	21	21	(0)		
Utilities expenses	25	30	134	-	87	284	356	(71)		
Other expenses	50	3	24	-	78	157	141	16		
③ NOI (=①-②)	597	401	577	242	308	2,125	1,779	347	1,959	168
④ Depreciation and amortization expenses	239	190	206	53	101	791	792	8		
⑤ Leasing business profit (=③-④)	357	210	370	189	206	1,334	995	338		
NOI yield (acquisition price)	3.7%	3.8%	5.9%	7.3%	6.2%	4.8%	4.0%	0.8%		
Capital expenditures	69	82	153	86	6	399	923	(524)		

Category	Square Mall Kagoshima Usuki	Kumamoto Intercommunity SC	Hanahata SC	Kurume Higashi Kasiiwara SC (+1)	K's Denki Kagoshima	Marinoa City Fukuoka (Marina Side Building)	39 th Total A	39 th Total B	Difference A-B	Forecast C (+2)	Difference A-C
	(Length)	39 th FP (Sept. 1, 2023 ~Feb. 29, 2024)			39 th FP (Sept. 1, 2023 ~Feb. 28, 2023)	39 th FP (Sept. 1, 2023 ~Feb. 29, 2024)					
① Total leasing business revenues	248	89	40	13	105	177	675	742	(66)	679	(3)
Leasing revenue-real estate	222	89	40	13	105	177	648	711	(62)		
Other leasing revenue-real estate	26	0	-	0	-	-	26	31	(4)		
② Total leasing business expenses	81	10	5	3	13	23	139	145	(6)	146	(6)
Outsourcing fees	38	2	1	0	1	1	46	48	(1)		
Repair and maintenance expenses	2	0	0	-	3	1	8	11	(2)		
Expenses for restoration to former state	-	-	-	-	-	-	-	-	-		
Tax and other public charges	16	5	3	2	7	18	54	56	(2)		
Insurance premiums and busi compensation	0	0	0	0	0	0	2	2	(0)		
Utilities expenses	20	-	-	-	-	-	20	24	(3)		
Other expenses	2	1	0	1	1	0	7	3	4		
③ NOI (=①-②)	166	79	35	9	92	153	536	596	(60)	533	2
④ Depreciation and amortization expenses	31	9	4	2	22	22	91	105	(13)		
⑤ Leasing business profit (=③-④)	135	69	31	7	60	130	444	491	(47)		
NOI yield (acquisition price)	6.3%	6.6%	6.2%	5.1%	5.2%	5.8%	5.9%	6.0%	(0.1)%		
Capital expenditures	2	0	1	-	0	0	6	4	2		

(*1) Disposed on November 30, 2023. (*2) Forecast at the financial results of the 39th fiscal period.

Income and expenditure by properties (Office buildings - Others)

Category	Office buildings														Others				-		
	(Length)	Canal City Business Center	Gokumachi Business Center	Sanix Hakata building	Tahsaku Street Business Center	Higashi He Business Center	Tenjin Nishi-Dori Building	Tenjin North Front Building	Higashi He Business Center II	Higashi He Business Center III	Brilliant-Dori Business Center (leased period)	Hakata Chikushi-Dori Center building	Kumamoto East Front Building	Hakata FD Business Center	39 th Total A	38 th Total B	Difference A-B	Forecast C (※)	Difference A-C		
		39 th FP (Sept. 1, 2023 ~Feb. 29, 2024)														182 days		184 days	(2) days		
① Total leasing business revenues		652	586	207	333	368	86	150	161	97	159	140	47	151	3,145	3,014	130	3,238	(93)		
Leasing revenue-real estate		650	525	197	333	343	86	123	149	94	159	132	43	139	2,977	2,836	141				
Other leasing revenue-real estate		1	61	10	0	25	-	27	12	3	-	8	4	11	167	178	(11)				
② Total leasing business expenses		225	177	69	102	143	19	50	57	19	21	42	17	56	1,001	984	17	995	6		
Outsourcing fees		156	74	19	56	42	1	10	18	7	-	18	8	23	437	416	21				
Repair and maintenance expenses		9	5	10	13	13	0	6	5	0	-	1	1	0	68	85	(17)				
Expenses for restoration to former state		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
Tax and other public charges		50	40	25	29	16	16	9	9	7	21	12	-	-	238	238	(0)				
Insurance/premiums and bus/computer		1	2	0	1	1	0	0	0	0	-	0	0	1	13	12	1				
Utilities expenses		7	50	11	-	26	-	21	11	4	-	0	4	11	150	164	(6)				
Other expenses		1	3	1	1	4	0	1	0	0	-	0	1	18	65	67	(17)				
③ NOI (=①-②)		427	409	138	230	225	67	100	104	78	137	98	30	24	2,143	2,030	113	2,243	(100)		
④ Depreciation and amortization expenses		81	73	25	67	45	10	30	41	19	-	16	10	73	498	419	78				
⑤ Leasing business profit (=③-④)		345	335	110	163	179	56	70	63	59	137	82	19	21	1,644	1,610	34				
NOI yield (acquisition price)		5.9%	7.3%	6.3%	6.6%	7.6%	5.2%	7.2%	4.9%	4.8%	3.6%	4.6%	4.2%	1.3%	5.1%	5.9%	(0.7)%				
Capital expenditures		37	26	7	228	4	2	0	5	-	-	14	2	1	332	355	(23)				
Category		Tsuyu Logistics Center	LOGICITY Minato Kashi	LOGICITY Hisayama	LOGICITY Wakamiya	Amex Akasaka Tower	City House Koyaki Dori	Aqualia Chihaya	D-Wing Tower	Graifore Yakuh Minami	Axon Belu-Ekinae Premium	Hotel FORZA Oita	Tesage Hotel Naha	39 th Total A	38 th Total B	Difference A-B	Forecast C (※)	Difference A-C			
(Length)		39 th FP (Sept. 1, 2023 ~Feb. 29, 2024)														182 days		184 days	(2) days		
① Total leasing business revenues							67	39	60	117	39	21	61	33	993	969	(15)	963	(9)		
Leasing revenue-real estate							66	39	58	112	37	19	61	33	910	913	(2)				
Other leasing revenue-real estate							1	-	1	5	2	1	-	-	42	55	(12)				
② Total leasing business expenses							15	8	13	26	14	4	38	9	226	221	5	224	2		
Outsourcing fees							5	2	3	7	2	1	0	0	35	35	0				
Repair and maintenance expenses							0	1	1	3	3	0	-	2	15	16	(1)				
Expenses for restoration to former state							1	-	2	3	3	0	-	-	9	10	(1)				
Tax and other public charges							5	3	4	8	2	-	7	5	90	90	(0)				
Insurance/premiums and bus/computer							0	0	0	0	0	0	0	0	5	5	0				
Utilities expenses							0	0	0	2	0	0	-	-	26	30	(4)				
Other expenses							1	1	1	1	2	2	33	0	43	33	10				
③ NOI (=①-②)							52	30	46	91	25	16	22	24	726	747	(20)	738	(12)		
④ Depreciation and amortization expenses							9	38	38	15	15	9	12	17	11	7	27	24	227	224	3
⑤ Leasing business profit (=③-④)							31	148	80	64	36	21	33	73	14	8	(6)	0	498	523	(24)
NOI yield (acquisition price)							6.6%	4.6%	4.7%	8.2%	5.1%	5.6%	7.2%	6.5%	4.6%	2.2%	3.0%	1.7%	4.8%	5.0%	(0.2)%
Capital expenditures							-	10	-	-	1	1	9	126	3	0	78	0	232	318	(85)

* 1) Forecast at the financial results of the 39th fiscal period. * 2) Information is not disclosed because the permission of tenants has not been obtained.

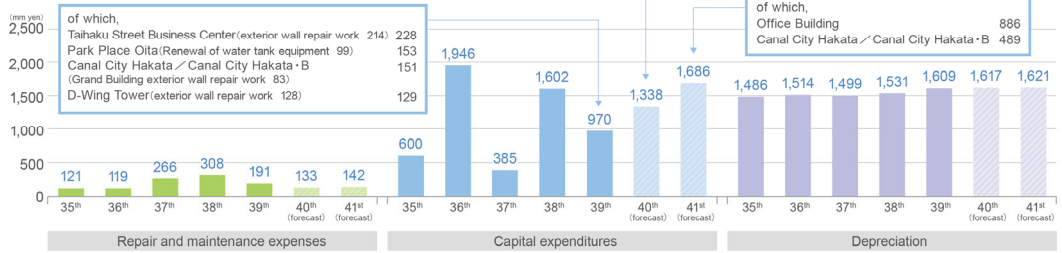
Income and expenditure by properties (Total) /Repair and maintenance expenses, capital expenditures, and depreciation

- unit : mm yen

Category	39 th Total A	38 th Total B	Difference A-B	Forecast C (*)	Difference A-C
	Sept. 1, 2023 ~Feb. 29, 2024 182 days	Mar. 1, 2023 ~Aug. 31, 2023 184 days			
1 Total leasing business revenues	9,088	8,852	236	9,075	13
Leasing revenue-real estate	8,480	8,154	325		
Other leasing revenue-real estate	608	697	(89)		
2 Total leasing business expenses	3,557	3,700	(142)	3,590	(32)
Outsourcing fees	1,777	1,765	12		
Repair and maintenance expenses	191	308	(116)		
Expenses for restoration to former state	9	10	(0)		
Tax and other public charges	749	752	(2)		
Insurance premiums and trust compensation	43	42	1		
Utilities expenses	489	575	(85)		
Other expenses	294	245	49		
3 NOI (=1-2)	5,531	5,152	379	5,484	46
4 Depreciation and amortization expenses	1,609	1,531	77		
5 Leasing business profit (=3-4)	3,922	3,620	301		
NOI yield (acquisition price)	5.0%	4.9%	0.1%		
Capital expenditures	970	1,602	(631)		

(*) Forecast at the financial results of the 38th fiscal period.

Repair and maintenance expenses, capital expenditures, and depreciation



Fukuoka REIT

Appendix 40

Portfolio table①

(As of February 29, 2024)

Real estate property name	Age (※1)	Acquisition price(million ¥)※2	Investment ratio	Acquisition timing	Source (※3)	Total leasable floor space (㎡)※4	Occupancy rate	Tenants (※5)	Primary tenants
Retail									
Canal City Hakata	27yr 10m	32,000	14.5%	Nov. 9, 2004	Sponsor	48,176.33	99.5%	24	Alpen FUKUOKA and Washington Hotel
Canal City Hakata-B	27yr 10m	21,060	9.5%	Mar. 2, 2011	Outside party	31,141.44	93.8%	37	OPA and MUJI Canal City Hakata
Park Place Oita	21yr 11m	19,610	8.9%	Nov. 9, 2004	Sponsor	121,184.16	99.8%	99	AEON and K's Denki
SunLive City Kokura	18yr 11m	6,633	3.0%	Jul. 1, 2005	Outside party	61,450.22	100.0%	1	SunLive
Konoha Mall Hashimoto	12yr 11m	10,000	4.5%	Mar. 1, 2018	Sponsor	22,191.52	99.2%	121	SunLive and The Super Sports XEBIO
Square Mall Kagoshima Usuki	17yr 5m	5,300	2.4%	Sept. 28, 2006	Sponsor	14,502.88	99.1%	12	Sports Depp / Coffe and Edion
Kumamoto Intercommunity SC	17yr 3m	2,400	1.1%	Nov. 30, 2006	Sponsor	6,968.68	100.0%	2	Sports Depp / Coffe and Etorbuoka Coffee
Hanahata SC	16yr 7m	1,130	0.5%	Sept. 3, 2007	Sponsor	2,801.15	100.0%	2	BON REPAS and Matsumoto Kiyoshi
K's Denki Kagoshima	16yr 3m	3,550	1.6%	Mar. 27, 2008	Outside party	7,296.17	100.0%	1	K's Denki
Marmoa City Fukuoka (Mina Side Bldg)	23yr 4m	5,250	2.4%	May 1, 2015	Sponsor	33,069.82	100.0%	1	FJ Entertainment Works Ltd.
Total of the weighted average of retail		103,333	43.1%			2,163,383.5	99.2%	300	
Office buildings									
Canal City Business Center Building	27yr 10m	14,800	6.6%	Nov. 9, 2004	Sponsor	23,031.14	98.6%	62	Bell System24 and TOTO
Gofukumachi Business Center	20yr 4m	11,200	5.1%	Nov. 9, 2004	Sponsor	19,905.34	99.1%	35	SBC CONSUMER FINANCE and Sumitomo Mitsui Banking Corporation
Sarax Hukaria Building	22yr 11m	4,400	2.0%	Sept. 30, 2005	Outside party	6,293.75	100.0%	16	SANIX and The Nishi-Nippon City Bank
Taihaku Street Business Center	21yr 11m	7,000	3.2%	Mar. 16, 2006	Sponsor	14,677.35	99.3%	(※6) 70	NTT COMMWARE and Teiko Marine & Nichido Outsourcing Management
Higashi Hie Business Center	15yr 0m	5,900	2.7%	Mar. 13, 2009	Outside party+Sponsor	13,482.02	99.4%	24	Forest Holdings and Fujitsu
Tenjin Nishi-Dori Center Building	27yr 5m	2,600	1.2%	Feb. 1, 2013	Outside party	3,339.32	100.0%	1	The Nishi-Nippon City Bank
Tenjin North Front Building	14yr 1m	2,800	1.3%	Mar. 28, 2013	Outside party	5,261.64	100.0%	12	Rakuten Card and The Prudential Life Insurance Company Ltd.
Higashi Hie Business Center II	8yr 0m	4,230	1.9%	Mar. 1, 2018	Sponsor	6,214.77	100.0%	2	Fujitsu Limited and Seven-Eleven Japan Co., Ltd
Higashi Hie Business Center III	3yr 11m	3,290	1.5%	May 29, 2020	Sponsor	2,981.14	100.0%	6	Mitsui Home Co. LTD and Dia Nippon Engineering Consultants Co., Ltd
Tenjin-Nishidori Business Center (new building)	—	7,700	3.5%	Jun. 1, 2021	Sponsor	1,343.51	100.0%	1	Fukuoka Jisho Co., Ltd
Hakata Chikushi-Dori Center Building	32yr 1m	4,320	2.0%	Mar. 1, 2022	Outside party	5,994.41	89.6%	13	YAMAEHISANO Co. Ltd and WESCO Inc.
Kumamoto East Front Building	30yr 2m	1,450	0.7%	Mar. 28, 2023	Outside party	3,114.07	75.4%	6	Mitsui Sumitomo Insurance Company, Limited, NICHINOKEN
Hakata FD Business Center	1yr 0m	14,100	6.4%	Sept. 1, 2023	Sponsor	12,102.05	86.5%	13	Accenture Japan Ltd and Ricoh Japan Co., Ltd.
Total of the weighted average of office buildings		63,590	37.6%			117,740.51	96.8%	261	
Others									
Tosu Logistics Center	15yr 8m	1,250	0.6%	Mar. 28, 2014	Outside party	4,173.29	100.0%	1	non-disclosure
LOGICITY Minato Kashi	9yr 10m	8,150	3.7%	Mar. 27, 2015	Outside party	43,233.72	100.0%	2	Fukuoka Logistic System and F.LINE CORPORATION
LOGICITY Hisayama	9yr 1m	5,050	2.3%	Jun. 1, 2017	Outside party	24,505.65	100.0%	1	KASEI Inc. Co., Ltd.
LOGICITY Wakamiya	19yr 0m	1,700	0.8%	Jun. 30, 2020	Outside party	17,556.32	100.0%	1	Tsukasa Kigyoyu
Amex Akasakamon Tower	18yr 7m	2,060	0.9%	Sept. 1, 2006	Outside party	4,821.25	97.0%	65	—
City House Keyaki Dori	16yr 3m	1,111	0.5%	Dec. 20, 2007	Outside party	2,710.86	97.8%	41	—
Aqualia Chihaya	16yr 2m	1,280	0.6%	Mar. 1, 2012	Outside party	5,619.89	98.9%	104	—
D-Wing Tower	16yr 0m	2,600	1.3%	Mar. 1, 2013	Outside party	7,167.59	98.9%	135	—
Granforte Yakui Minami	16yr 7m	1,100	0.5%	Nov. 4, 2014	Outside party	2,498.06	99.0%	98	—
Axion Befu-Ekima Premium	0yr 11m	1,525	0.7%	Apr. 27, 2023	Outside party	1,937.75	74.3%	20	—
Hotel FORZA Oita	15yr 6m	1,530	0.7%	Mar. 1, 2013	Sponsor	5,785.44	100.0%	1	FJ Hotels
Tissage Hotel Naha	8yr 0m	2,835	1.3%	Dec. 7, 2018	Outside party	3,758.76	100.0%	1	Nest Hotel Japan Corporation
Total of the weighted average of others		30,391	13.6%			123,786.38	99.3%	470	
Total of the weighted average of all properties	19yr 8m	220,014	100.0%			690,409.24	99.8%	1,031	

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

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

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

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










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

(※6) The Taihaku Street Business Center is an office building combined with a residential tower. There are 13 office tenants and 57 residential tenants.

Portfolio table②

Retail 10 properties	 Canal City Hakata	 Canal City Hakata - B	 Park Place Oita	 SunLive City Kokura	 Konoha Mall Hashimoto	 Square Mall Kagoshima Usuki
 Kumamoto Intercommunity SC	 Hanahata SC	 K's Denki Kagoshima	 Mannoa City Fukuoka <small>Mannoa City Building</small>	Office buildings 13 properties	 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

Portfolio table③

 <p>Tenjin Nishi-Dori Business Center <small>Land with warehouse interest</small></p>	 <p>Hakata Chikushi-Dori Center Building</p>	 <p>Kumamoto East Front Building</p>	 <p>Hakata FD Business Center</p>	<p>Others 12 properties</p>	 <p>Tosu Logistics Center</p>	 <p>LOGICITY Minato Kashi</p>
 <p>LOGICITY Hisayama</p>	 <p>LOGICITY Wakamiya</p>	 <p>Amex Akasakamon Tower</p>	 <p>City House Keyaki Dori</p>	 <p>Aqualia Chihaya</p>	 <p>D-Wing Tower</p>	 <p>Granfore Yakuh Minami</p>
 <p>Axion Befu-Ekimae Premium</p>	 <p>Hotel FORZA Oita</p>	 <p>Tissage Hotel Naha</p>	<p>1 property to be acquired</p>	 <p>Island City Minato Bay related site <small>Land with warehouse interest (tentative)</small></p>	<p>Total acquisition price 220.9 bn yen <small>(As of February 29, 2024)</small></p>	

Portfolio map



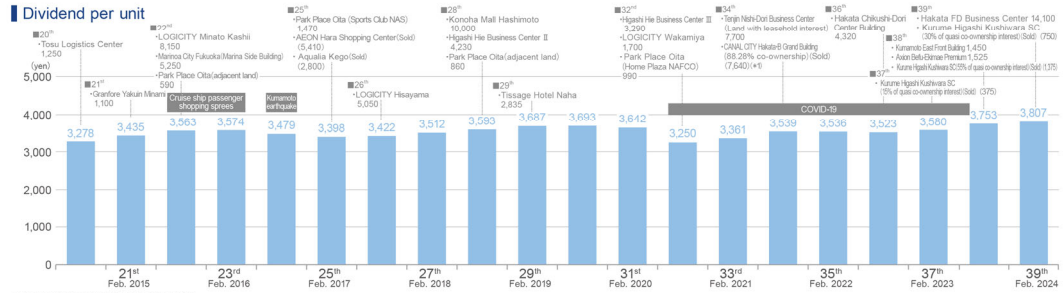
- 1 Canal City Hakata**
Address: 1-chome, Sumiyoshi, Hakata Ward, Fukuoka City
- 2 Canal City Hakata-B**
Address: 1-chome, Sumiyoshi, Hakata Ward, Fukuoka City
- 3 Park Place Oita**
Address: 2-chome, Koen Dori Nishi, Oita City
- 4 SunLive City Kokura**
Address: 2-chome, Kami-kojiyama, Kokura Minami Ward, 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: 1-chome, Hanahata, Minami Ward, Fukuoka City
- 9 K's Denki Kagoshima**
Address: Tokai-cho, Kagoshima City
- 10 Marina City Fukuoka (Marina Side Sales)**
Address: 2-chome, Odo, Nishi Ward, Fukuoka City
- 11 Canal City Business Center Building**
Address: 1-chome, Sumiyoshi, Hakata Ward, Fukuoka City
- 12 Gofukumachi Business Center**
Address: Kami Gofukumachi, Hakata Ward, Fukuoka City
- 13 K's Denki Kagoshima**
Address: Tokai-cho, Kagoshima City
- 14 Sanix Hakata Building**
Address: 2-chome, Hakataishi Higashi, 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 Sanix Hakata Building**
Address: 2-chome, Hakataishi Higashi, Hakata Ward, Fukuoka City
- 19 Taihaku Street Business Center**
Address: Gokushomachi, Hakata Ward, Fukuoka City
- 20 Higashi Hie Business Center**
Address: 3-chome, Higashi-Hie, Hakata Ward, Fukuoka City
- 21 Tenjin Nishi-Dori Center Building**
Address: 2-chome, Tenjin, Chuo Ward, Fukuoka City
- 22 Hakata Chikushi-Dori Center Building**
Address: 2-chome, Hakataishimomae, Hakata Ward, Fukuoka City
- 23 Kumamoto East Front Building**
Address: 1-chome, Shinyashiki, Chuo Ward, Kumamoto City
- 24 Hakata FD Business Center**
Address: Tsunobanmachi, Hakata Ward, Fukuoka City
- 25 Tosu Logistics Center**
Address: Himelata-cho, Tosu City, Saga Pref.
- 26 LOGICITY Minato Kashii**
Address: 2-chome, Minato-kashi, Higashi Ward, Fukuoka City
- 27 LOGICITY Hisayama**
Address: Higashimachi, Hisayama-gun, Fukuoka Pref.
- 28 LOGICITY Wakamiya**
Address: Shimozaki, Miyazaki City
- 29 Tenjin Nishi-Dori Business Center**
Address: 2-chome, Tenjin, Chuo Ward, Fukuoka City
- 30 Amex Akasakamon Tower**
Address: 2-chome, Mizunuma, Chuo Ward, Fukuoka City
- 31 D-Wing Tower**
Address: 2-chome, Daimeya, Chuo Ward, Fukuoka City
- 32 Granfore Yakuin Minami**
Address: 1-chome, Hiraou, Chuo Ward, Fukuoka City
- 33 Axion Befu-Ekimae Premium**
Address: 3-chome, Befu, Jonan Ward, Fukuoka City
- 34 Hotel FORZA Oita**
Address: 1-chome, Chuocho, Oita City
- 35 Tissage Hotel Naha**
Address: 2-chome, Naha, Naha City



- 36 City House Keyaki Dori**
Address: 2-chome, Kege, Chuo Ward, Fukuoka City
 - 37 Aqualia Chihaya**
Address: 4-chome, Chihaya, Higashi Ward, Fukuoka City
 - 38 Hotel FORZA Oita**
Address: 1-chome, Chuocho, Oita City
 - 39 Tissage Hotel Naha**
Address: 2-chome, Naha, Naha City
- Retail ■ Office buildings ■ Others

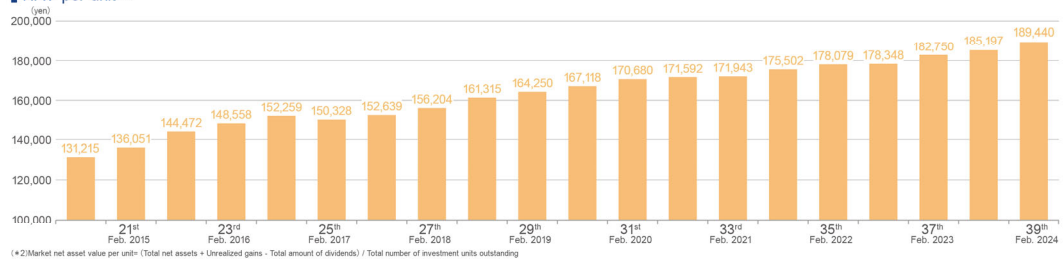
Dividend and NAV per unit

Dividend per unit



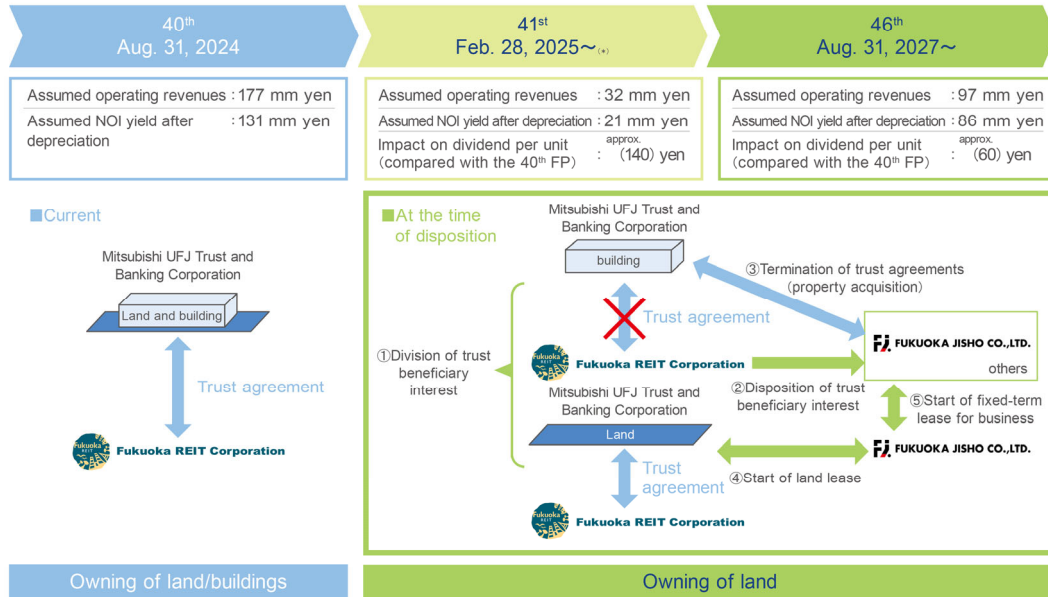
* The price of properties are listed in millions of yen.
 (*) The amount is the appraisal value at the time of transfer.

NAV per unit (*)



Disposition of property (Marinoa City Fukuoka (Marina Side Building) (Building)②)

Securing a long-term stable cash flow



(*) This figure is after deducting expenses and other costs related to the disposition.

Disposition of property (Kurume Higashi Kushiwara SC)

Completion of disposition (November 30, 2023)

Overview of disposition property

Location	Higashi Kushiwara Machi, Kurume City, Fukuoka Prefecture
Date of agreement	October 26, 2022
Buyer	Non-disclosure (*)
Disposition date	1st (15% quasi co-ownership interest) / February 28, 2023 (Completed) 2nd (55% quasi co-ownership interest) / August 31, 2023 (Completed) 3rd (30% quasi co-ownership interest) / November 30, 2023 (Completed)
Appraisal value	2,740 mm yen (as of Aug. 31, 2022)
Book value	1,966 mm yen (as of Aug. 31, 2022)
Disposition price	2,740 mm yen ① 411 mm yen ② 1,507 mm yen ③ 822 mm yen
Acquisition date	February 1, 2008
Acquisition price	2,500 mm yen
Land area	7,182.44 m ²
Total floor area	6,467.80 m ²

(*) Not stated because the consent of the buyer cannot be obtained.



Reasons for Disposition

① Achieving unrealized gains (total amount: 773 mm yen) and stabilizing dividend level

- We achieved unrealized gains with which the planned disposition price significantly exceeded the book value.
- By transferring the asset in stages across three fiscal periods, we balanced large-scale renovation of other owned properties with stable dividends.

② Decreasing the commercial property investment ratio

- Based on the management guidelines (revised March 2019), we will disperse risk for the time being by targeting a reduction of the commercial property investment ratio to less than 50%.
- This will create opportunities for more leeway when considering acquisition of properties belonging to investment types other than commercial properties.

③ Use of disposition capital

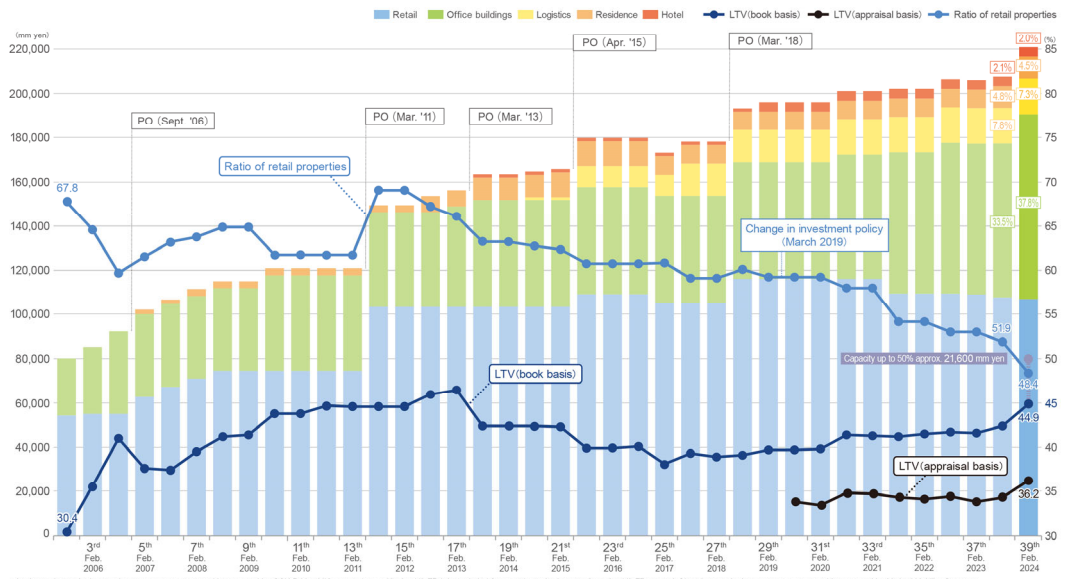
- Disposition capital will be used for capital investment for the purpose of internal growth.



We aim to provide revenue that is stable over the medium to long term to investors and accommodate the best interests of investors

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

Ratio of retail properties in the portfolio fell below 50%

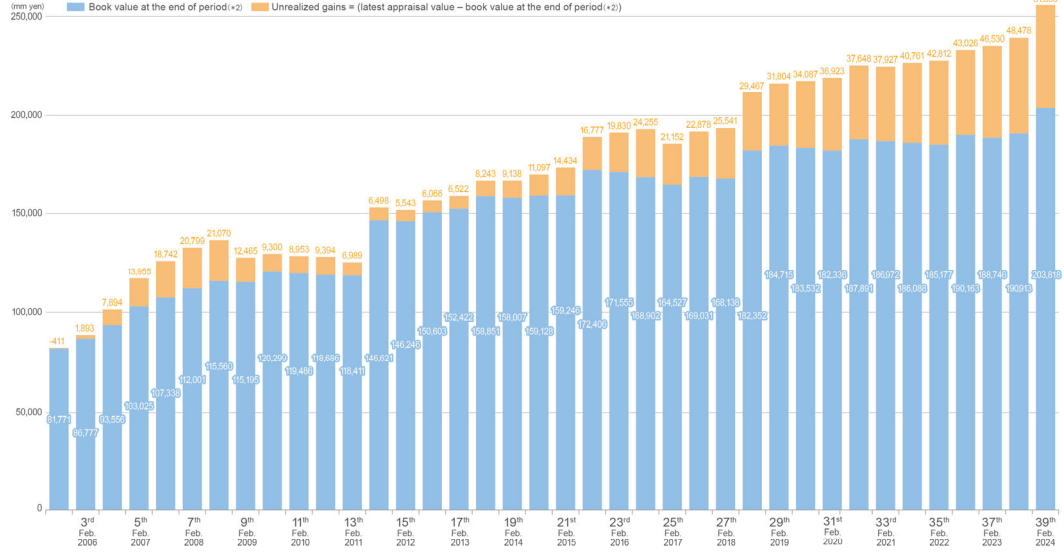


*As the senior equity interest in an anonymous partnership managed by CCH Bridge YX, was redeemed in the 14th FP, it is excluded from total acquired assets from the 14th FP onward. Since interest in the anonymous partnership managed by Limited Liability Company FFCI was redeemed on in the 20th FP, it is excluded from total acquired assets from the 20th FP onward.
 *Properties are classified in accordance with their main use. Fukuoka Washington Hotel, which is a tenant of Canal City Hakata, is included in the Retail category.

Historical appraisal values (unrealized gains)

Unrealized gains: 51,855 million yen, ratio of unrealized gains: 25.4% ^(*)

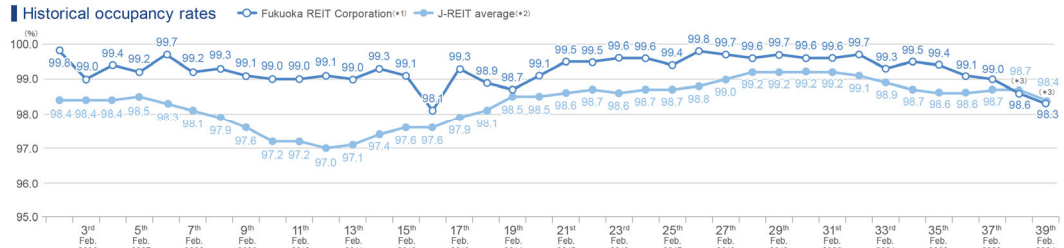
Historical appraisal values



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

Portfolio properties' occupancy rates

Average occupancy rate at the end of the period was 98.8%.



(*)1 The investment corporation's occupancy rates in the 2nd fiscal period through the 4th fiscal period were the occupancy rates at the end of each fiscal period. For the 5th fiscal period through the 39th fiscal period, the occupancy rates are the weighted average occupancy rates during the fiscal periods. The ratio of total leased floor area to leaseable floor area is shown.
 (*)2 The overall J-REIT occupancy rate is the occupancy rate at the end of each fiscal period based on the Association for Real Estate Securitization's "AJPI-J-REIT Database".
 (*)3 The overall J-REIT occupancy rates for the 35th and 39th fiscal periods are preliminary figures. The figures for the 39th fiscal period are the figures for November 2023.

Occupancy rates [the weighted average during the period]

Category	Investment ratio (based on acquisition price)	35 th ~ Feb. 28, 2022	36 th ~ Aug. 31, 2022	37 th ~ Feb. 28, 2023	38 th ~ Aug. 31, 2023	39 th ~ Feb. 29, 2024
Retail	48.4%	99.3%	98.8%	98.9%	98.6%	99.1%
Office buildings	37.8%	99.8%	99.4%	98.6%	98.4%	95.1%
Others	13.8%	99.4%	99.4%	99.5%	98.9%	99.0%
Total	100.0%	99.4%	99.1%	99.0%	98.6%	98.3%

Top tenants by leased floor area

■ Ordinary lease ■ Fixed-term lease (As of February 29, 2024)

Rank	Lessee	Tenant	Share of total leased space (*)	Lease Term		Remaining lease term (years) (**)
				40 th ~Aug. 31, 2024	41 st ~Feb. 28, 2025	
1	SunLive Co., Ltd.	SunLive	11.1%	● SunLive City Kokura		17
				● Konoha Mall Hashimoto		7
2	AEON Kyushu Co., Ltd.	AEON	10.0%	● Park Place Oita		0
3	FJ. Entertainment Works Ltd.	—	6.1% (**)	● Marinao City Fukuoka (Marina Side Building)		11
4	Canal City OPA Co., Ltd.	OPA	4.4%	● Canal City Hakata		1
				● Canal City Hakata - B		1
5	KASEI inc Co., Ltd.	—	4.2%	● LOGICITY Hisayama		0
6	Fukuoka Logistic System Corporation	—	4.0%	● LOGICITY Minato Kashii		0
7	Alpen Co., Ltd.	Alpen FUKUOKA Sports Depo, Golf 5	3.7%	● Canal City Hakata		9
				● Square Mall Kagoshima Usuki		2
				● Kumamoto Intercommunity SC		2
8	F-LINE CORPORATION	—	3.5%	● LOGICITY Minato Kashii		non-disclosure (***)
9	Tsukasa Kigyou	—	3.0%	● LOGICITY Wakamiya		6
10	K'S HOLDINGS CORPORATION	K's Denki	2.4%	● Park Place Oita		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.

(**) Remaining lease periods shown are the remaining periods of lease contracts as of February 29, 2024 with periods shorter than one year rounded down to the nearest whole year.

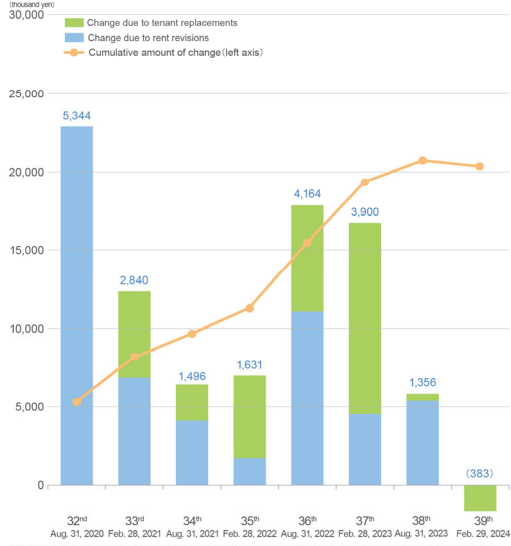
(***) The 6.1% includes a 0.4% office portion. (5 ordinary leases have been concluded for Canal City Business Center Building and Park Place Oita.)

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

Office building rent revisions and tenant replacement situation

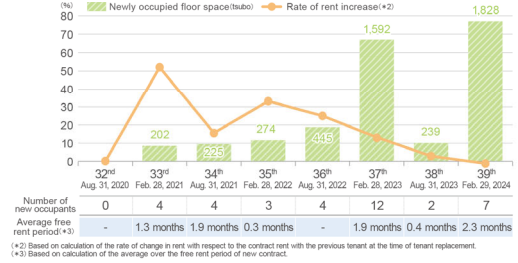
70% of tenants renewing contracts have increased base rents or revised rents in the past

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



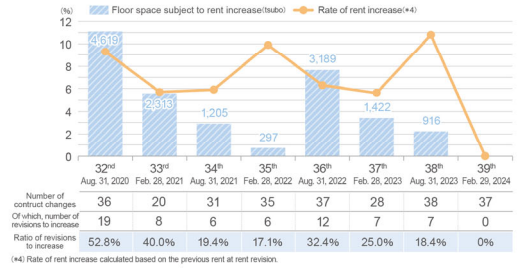
* Covers all office buildings owned at the end of each fiscal period (However, for Canal City Business Center Building, only the spaces from the 2nd floor and above are covered).
 (*1) There were no revisions to the rent reductions.

Newly occupied floor space and number of new occupants



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

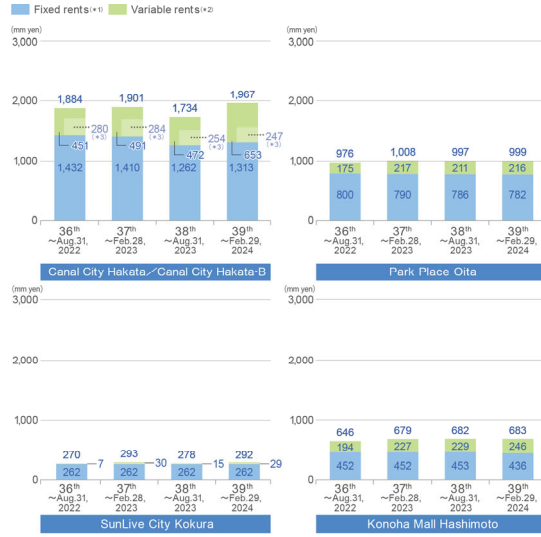
Floor space subject to rent increase and number of properties subject to rent increases



(*4) Rate of rent increase calculated based on the previous rent at rent revision.

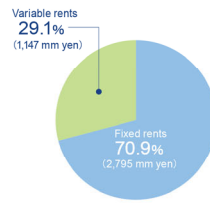
Breakdown of variable rents

Breakdown of active retail rents by property

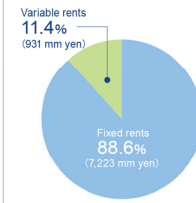


* Variable rents are included in properties such as Canal City Hakata, Canal City Hakata-B, Park Place Oita, SunLive City Kokura, Konoha Mall Hashimoto, and Tissage Hotel Naha.
 (*1) "Fixed rent" is indicated the amount of "leasing revenues real estate" - "variable rent".
 (*2) Variable rents are the 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.

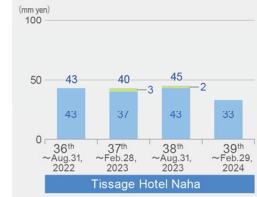
Breakdown of active retail rents ©The 39th FP



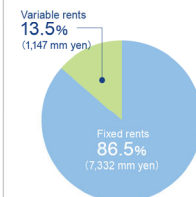
Portfolio overall ©The 38th FP



Breakdown of Tissage Hotel Naha



©The 39th FP



Initiatives by Fukuoka City Government and status of office workers

Submission of a proposal for the Financial Services Agency's "Special Zones for Finance and Asset Management" jointly by Fukuoka Prefecture and Fukuoka City
 © Aiming for the expansion of fund supply to growth areas by accelerating the attraction of international financial functions

福岡県と福岡市の共同発表



Photo provided by Fukuoka City

Main contents	
• Promotion of nurturing and growth of startups and growth industries	
• Concentration of various finance-related players including asset management business and fintech	
• Establishment of markets contributing to the resolution of social issues	

Initiatives Aimed at Attracting Companies to Fukuoka City

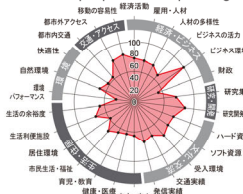
© Global financial city vision ("TEAM FUKUOKA", launched September 2020)
 Aiming for an "international city where global human resources play an active role and continuously create innovation with the concentration of international financial functions unique to Fukuoka"

Effects of concentrated priority attraction areas

Asset management business	<ul style="list-style-type: none"> Providing growth capital from outside sources to startups and local companies Promoting attraction and corporate growth through fund function initiatives
FinTech	<ul style="list-style-type: none"> Creating innovations and providing advanced financial services Active participation of engineers and science/engineering personnel
BCP response operations	<ul style="list-style-type: none"> Diversification of international financial centers in Japan (Correction of excess concentration of population and industry in Tokyo)

Fukuoka REIT

Business environment of Fukuoka City ranked top in Japan for two consecutive years in "Japan Power Cities: Profiling Urban Attractiveness"
 © Progress of town development due to redevelopments generating a cycle in which people and companies gather



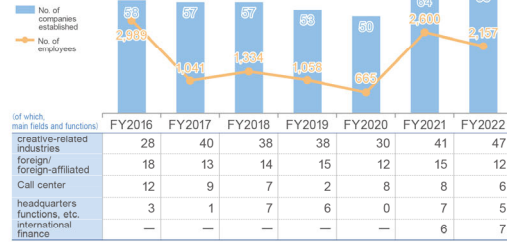
Strengths of Fukuoka City

Category	Indicator group	Rank
Economy and business	Business environment	1st
Transport/access	Ease of travel	2nd
Transport/access	Access to areas outside the city	3rd
Research and development	Results of research and development	4th

Source: Prepared by Fukuoka Realty based on data from "Japan Power Cities DATABOOK 2023" by the Mori Memorial Foundation's Institute for Urban Strategies.

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

© Strong demand for creative-related industries and call centers



Source: Prepared by Fukuoka Realty based on data from "The actual number of established companies in Headquarters functions/in growth area" by the Fukuoka City Economy, Tourism & Culture Bureau.
 * Breakdown of companies is partially duplicated.

Situation of active retail

Overall sales are increasing



Sales (annual total)^(*)
Mar. 2023 - Feb. 2024
23.9 bn yen
YoY +22.0%
(vs. 2 years ago +49.6%)

A highly entertaining urban multi-purpose retail facility. Strong sales due to the grand opening of Alpen FUKUOKA in September 2023 and the recovery of inbound demand.



Sales (annual total)
Mar. 2023 - Feb. 2024
25.9 bn yen
YoY +2.2%
(vs. 2 years ago +6.6%)

A suburban mall anchored by a GMS and tenants involved in daily necessities. Store replacement was conducted. Stronger efforts continued to draw customers through implementation of participatory events, etc.



Sales (annual total)
Mar. 2023 - Feb. 2024
16.3 bn yen
YoY +6.2%
(vs. 2 years ago +16.2%)

A daily-life-oriented mall anchored by a supermarket and tenants involved in daily necessities. Store renovations and special events, etc. led to strong sales.



Sales (annual total)^(**)
Mar. 2023 - Feb. 2024
—
YoY +0.9%
(vs. 2 years ago +9.3%)

A daily-life-oriented mall anchored by a supermarket and tenants involved in daily necessities. Store renovations and special events, etc. are performing well.

^(*) Combined sales of Canal City Hakata and Canal City Hakata-B, properties owned by Fukuoka REIT. Sales of the portion to be disposed (88.28% co-ownership interest) of Canal City Hakata-B Grand Building, which is part of Canal City Hakata-B, are excluded from June 1, 2021, the disposition date.
^(**) Sales figures are omitted because SunLive did not consent to their disclosure.

Change in sales from a year earlier

Property name	2022				2023								2024				
	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.
	37 th Feb. 2023				38 th Aug. 2023								39 th Feb. 2024				
Canal City Hakata / Canal City Hakata-B ^(*)	+27.8%				+18.0%								+25.4%				
Park Place Oita	+6.4%				+5.9%								(1.2) %				
Konoha Mall Hashimoto	+10.5%				+11.1%								+1.8%				
SunLive City Kokura	+0.4%				+2.1%								(0.2) %				
Other retail properties ^(**)	+1.5%				+2.6%								(0.8) %				

^(*) Square Mall Kagoshima Utsuki, Kumamoto Intersuburb SC, Hanabata SC, Kurume Higashi Kushivara SC, K's Denki Kagoshima, Marina City Fukuoka (Marina Side Building) are listed as other retail properties. The sales of Kurume Higashi Kushivara SC are subtracted after November 30, 2023, the date of disposition.

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	SBI Shinsei Bank	700	Jul 29, 2016	Jul 31, 2024	8.0	Fixed	0.40000%
	Development Bank of Japan	2,000	Feb 29, 2016	Feb 29, 2025	9.0	Fixed	0.60000%
	Sumitomo Mitsui Trust Bank	300	Sept 30, 2016	Sept 30, 2025	9.0	Floating	0.42400%
	Syndicated loan (*)2	2,100	Dec 30, 2016	Dec 30, 2025	9.0	Fixed	0.71750%
	The Bank of Fukuoka	1,500	Dec 30, 2016	Dec 30, 2026	10.0	Floating	0.40000%
	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%
	Mizuho Bank	900	Mar 31, 2017	Mar 31, 2026	9.0	Fixed	0.48130%
	Syndicated loan (*)3	6,000	Jun 30, 2017	Jun 30, 2026	9.0	Fixed	0.77677%
	Development Bank of Japan	1,800	Jun 30, 2017	Dec 31, 2026	9.5	Fixed	0.65000%
Long-term debt	The Bank of Fukuoka	2,000	Jul 31, 2017	Jul 31, 2027	10.0	Fixed	0.79195%
	The Nishi-Nippon City Bank	2,000	Jul 31, 2017	Jul 31, 2027	10.0	Fixed	0.89195%
	Syndicated loan (*)4	1,500	Aug 31, 2017	Aug 31, 2027	10.0	Fixed	0.84952%
	Resona Bank	2,000	Sept 29, 2017	Sept 30, 2027	10.0	Fixed	0.46350% (*)1
	The Bank of Fukuoka	1,500	Dec 29, 2017	Dec 30, 2027	10.0	Fixed	0.81209%
	Development Bank of Japan	500	Dec 29, 2017	Dec 30, 2027	10.0	Fixed	0.60000%
	The Nishi-Nippon City Bank	1,900	Feb 29, 2018	Feb 29, 2028	10.0	Fixed	0.75000% (*)1
	Sumitomo Mitsui Trust Bank	1,100	Feb 28, 2018	Feb 26, 2027	9.0	Fixed	0.60000% (*)1
	MUFG Bank	1,500	Feb 28, 2018	Feb 27, 2028	10.0	Fixed	0.50000%
	Resona Bank	600	Feb 28, 2018	Feb 29, 2028	10.0	Fixed	0.56700% (*)1

(As of February 29, 2024)

Category	Lender	Balance (mm yen)	Drawdown Date	Repayment Date	Term (year)	Fixed/Floating	Average Interest Rate
Long-term debt	Development Bank of Japan	1,500	Jul 31, 2020	Jul 31, 2030	10.0	Fixed	0.53000%
	Mizuho Bank	1,000	Jul 31, 2020	Jul 31, 2030	10.0	Fixed	0.47000%
	The Kitakyushu Bank	500	Jul 31, 2020	Jul 31, 2030	10.0	Fixed	0.52630%
	The Iyo Bank	200	Jul 31, 2020	Jul 31, 2030	10.0	Fixed	0.52630%
	The Jūhachi-Shūwa Bank (donation-type loan)	1,000	Mar 31, 2021	Mar 31, 2031	10.0	Fixed	0.56000%
	Syndicated loan (*)6	5,300	Jul 31, 2021	Jul 31, 2031	10.0	Fixed	0.49000% (*)1
	Mizuho Trust & Banking	1,000	Mar 31, 2022	Mar 31, 2032	10.0	Floating	0.38000%
	Sumitomo Mitsui Banking Corporation (Green loan)	1,600	Jun 30, 2022	Jun 29, 2029	7.0	Fixed	0.12620%
	Syndicated loan (sustainability-linked loan) (*)7	4,900	Aug 31, 2022	Aug 31, 2032	10.0	Fixed	0.91875% (*)8
	The Higo Bank	700	Mar 31, 2023	Mar 31, 2028	5.0	Fixed	0.61500%
Investment corporation bonds	The Higo Bank	750	Mar 31, 2023	Mar 31, 2033	10.0	Floating	0.38000%
	The Hiroshima Bank	500	Jun 30, 2023	Jun 29, 2029	6.0	Fixed	0.64125%
	The Hiroshima Bank	1,000	Jun 30, 2023	Jun 29, 2030	7.0	Fixed	0.63500%
	Sumitomo Mitsui Trust Bank (Green loan)	900	Jul 31, 2023	Jul 31, 2028	5.0	Fixed	0.50100%
	Sumitomo Mitsui Trust Bank (Green loan)	600	Jul 31, 2023	Jul 31, 2031	8.0	Fixed	0.62900%
	Development Bank of Japan (Green loan)	2,000	Aug 31, 2023	Aug 31, 2029	6.0	Fixed	0.63750%
	Development Bank of Japan (Green loan)	2,000	Aug 31, 2023	Feb 28, 2030	6.5	Fixed	0.90689%
	The Nishi-Nippon City Bank (Green loan)	2,000	Sept 29, 2023	Sept 30, 2030	7.0	Fixed	0.91900%
	The Nishi-Nippon City Bank (Green loan)	1,900	Sept 29, 2023	Sept 30, 2031	8.0	Fixed	1.01500%
	The Nishi-Nippon City Bank (Green loan)	1,000	Sept 29, 2023	Sept 30, 2033	10.0	Fixed	1.18900%

Total 93,350

Category	Issue	Balance (mm yen)	Issue date	Maturity Date	Term (year)	Coupon (year)
Investment corporation bonds	The second series of unsecured bonds	2,000	Jul 31, 2017	Jul 30, 2032	15.0	1.00000%
	The third series of unsecured bonds	1,000	Jul 31, 2018	Jul 30, 2038	20.0	1.20000%
	Total	3,000				

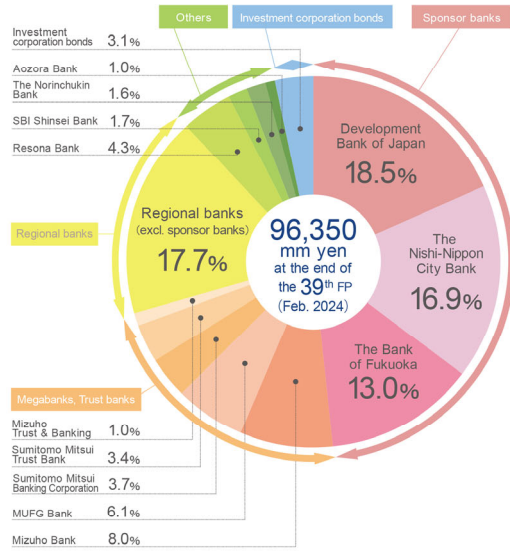
Committed line of credit						
Category	Lender	Credit Limit (mm yen)	Period			
			Start	End		
Committed line	Committed line 1 (*)9	6,000	Aug. 1, 2018	Jul 31, 2026		
	Committed line 2 (*)10	7,000	Mar. 2, 2020	Feb. 28, 2027		
Total		13,000				

(*)1 FRC has concluded a swap agreement to practically fix interest rate on debt. The indicated interest rate reflects the effect of the swap agreement. (*)2 The lenders are Development Bank of Japan - The Oita Bank - The Kagoshima Bank - The Kitakyushu Bank - The Jūhachi-Shūwa Bank - The Hiroshima Bank.
 (*)3 The lenders are The Bank of Fukuoka - The Nishi-Nippon City Bank - The Oita Bank - The Kitakyushu Bank - The Miyazaki Bank - The Iyo Bank. (*)4 The lenders are The Nishi-Nippon City Bank - The Bank of Fukuoka - The Oita Bank - The Kitakyushu Bank - The Hiroshima Bank.
 (*)5 The lenders are Mizuho Bank - The Bank of Sapporo - The Higo Bank. (*)6 The lenders are Mizuho Bank - The Hiroshima Bank - The Kitakyushu Bank - The Iyo Bank - The Higo Bank.
 (*)7 The lenders are Development Bank of Japan - The Nishi-Nippon City Bank - The Bank of Fukuoka.
 (*)8 If the CO2 reduction target is achieved, a preferential interest rate is applied from the interest rate of the initial loan. (*)9 The lenders are The Bank of Fukuoka - Resona Bank. (*)10 The lenders are The Nishi-Nippon City Bank - Resona Bank - The Oita Bank - The Bank of Nagasaki - The Bank of Saga

Lenders

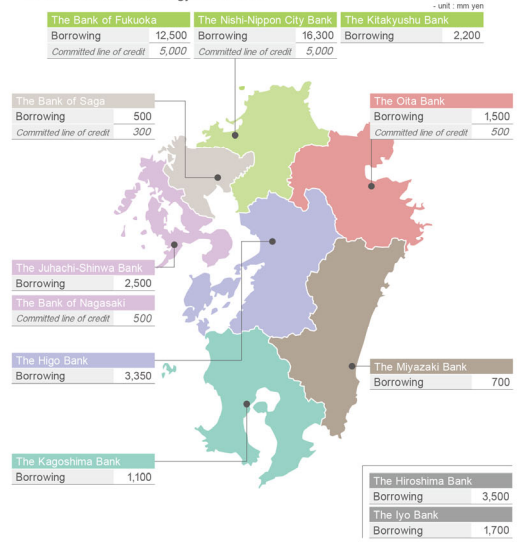
A stable network of sponsor banks and other lenders

Breakdown of debt by lenders



A regional bank transaction network

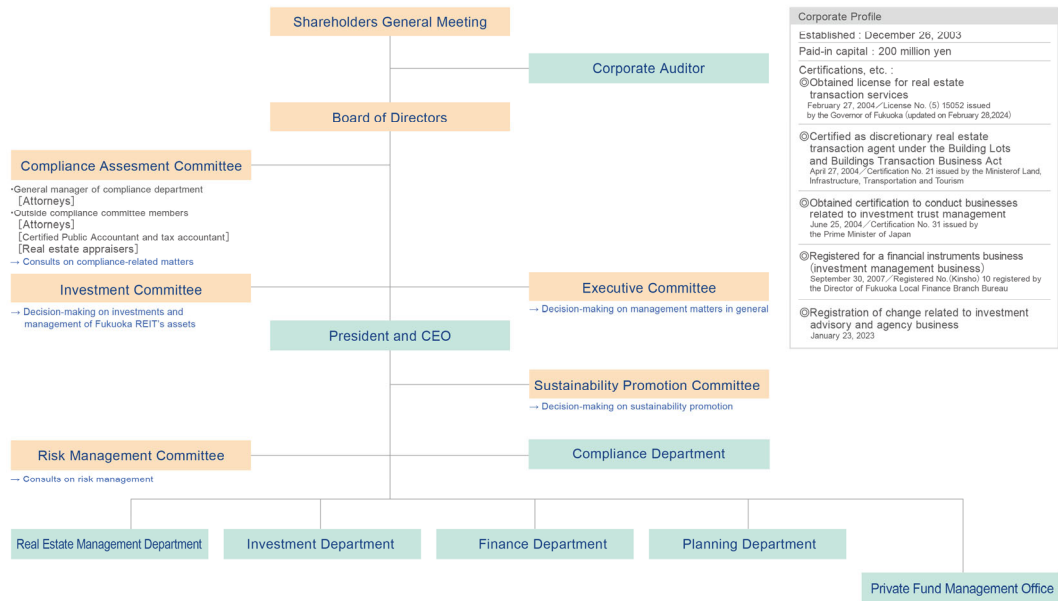
© Sharing of information networks unique to regional banks to utilize for our investment strategy in the area



Fukuoka REIT

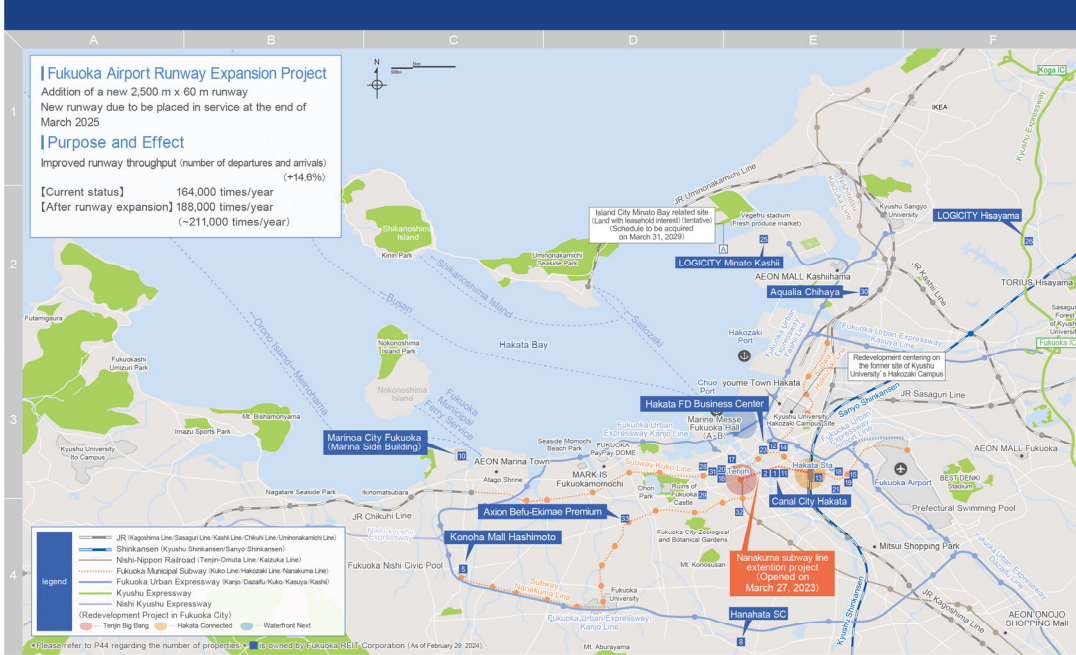
Appendix 57

Asset management company's organization



Corporate Profile
Established : December 26, 2003
Paid-in capital : 200 million yen
Certifications, etc. :
<ul style="list-style-type: none"> ⓄObtained license for real estate transaction services February 27, 2004 / License No. (S) 15052 issued by the Governor of Fukuoka (updated on February 28, 2024) Ⓞ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. (Knaoh) 10 registered by the Director of Fukuoka Local Finance Branch Bureau ⓄRegistration of change related to investment advisory and agency business January 23, 2023

The condition of suburb area in Fukuoka

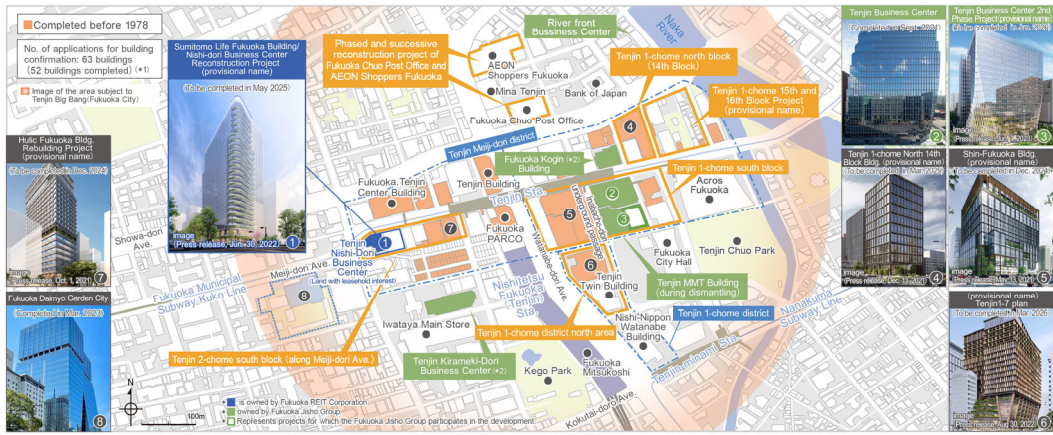


The condition of Fukuoka city center

First anniversary of the extension opening of the subway Nanakuma Line



Redevelopment in Tenjin area (Tenjin Big Bang)



(*)1 February 2019 to March 31, 2023 after the start of Tenjin Big Bang. Number of completed buildings as of March 31, 2023. (announced by Fukuoka City). (x2) The property is co-owned by the Fukuoka Jisho Group with the other company. Source: Prepared by Fukuoka Realty based on press releases of Fukuoka City and the content of the Tenjin Big Bang introduction website (<https://www.city.fukuoka.lg.jp/utaku-toshi/kaihatsushisei/20150226.htm>).

◎Main deregulation in the Tenjin Big Bang area (National Strategic Special Zone)

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

- Around Fukuoka City Hall (approx. 67m (15 floors))
 - Tenjin Mei-dori district (West of the center of Watanabe-dori) approx. 115m (26 floors)
 - Tenjin Mei-dori district (East of the center of Watanabe-dori) approx. 76m (17 floors) ~ approx. 100m (22 floors)
 - Tenjin 1-chome district approx. 90m (18 floors) ~ approx. 98m (21 floors)

② Deregulation of floor space ratios (Fukuoka City original)

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

◎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

Redevelopment in Hakata area (Hakata Connected)

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

Hakata Connected target area

■ Stage of the area subject to Hakata Connected (Fukuoka City)

● is owned by Fukuoka REIT Corporation ● is owned by Fukuoka Jisho Group ● Represents projects for which the Fukuoka Jisho Group participates in the development

(*)1 January 2019 to March 31, 2023 after the start of Hakata Connected. Number of completed buildings as of March 31, 2023. (announced by Fukuoka City).

(*)2 The property is co-owned by the Fukuoka Jisho Group with the other company.

Hakata Connected Bonus

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

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

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

Completed buildings

1. Canal City Hakata (Completed in Aug. 2012)

2. Canal City Hakata East Building (Remaining scheduled)

3. Hakata Ekimae Business Center (+2) (Completed in Aug. 2022)

4. Crown Plaza ANA Fukuoka (Completed in Aug. 2022)

5. The Nishi-Nippon City Bank Administrative Head Office Building (Demolition work to start in 2025; To be completed in Sept. 2028)

6. Hakata Ekimae 3-chome Project (tentative name) (Completion scheduled in 2023)

Other buildings and projects:

- Kushida Shrine Sta.
- Sanix Hakata Building
- SUNLIFE Neo3 Building
- Hakata Chikushi-Dori Center Building
- Myako Hotel Hakata
- Completed renovation of station-front square at Hakata Station Chikushi Exit
- Sanix Hakata Building
- SUNLIFE Neo3 Building
- Hakata Chikushi-Dori Center Building
- Myako Hotel Hakata
- Completed renovation of station-front square at Hakata Station Chikushi Exit

CONNECT SQUARE HAKATA

1. Hakata East Terrace (Completed in Aug. 2022)

2. Hakata Fukuami Park Building (Completed in Feb. 2024)

3. Hakata East Terrace (Completed in Aug. 2022)

4. Hakata Fukuami Park Building (Completed in Feb. 2024)

5. Hakata East Terrace (Completed in Aug. 2022)

6. Hakata Fukuami Park Building (Completed in Feb. 2024)

City's own mitigation of floor space ratio restriction

- North zone 800%—1,350% (maximum)
- South zone 600%—1,000% (maximum)

Appendix 62

Sponsor pipeline (Fukuoka Jisho Group)

Overview of Fukuoka Jisho Co., Ltd. (period ended May 31, 2023)

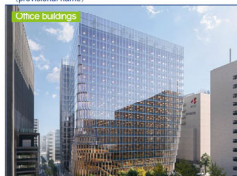
Name	Fukuoka Jisho Co., Ltd.
Established	July 1961
Industries	Real estate (comprehensive developer)
Representative	Ichiro Enomoto, President and C.E.O
Employees	176

Net sales	20.2 billion yen
Ordinary income	5.8 billion yen
Net income	10.4 billion yen
Total assets	239.6 billion yen
Equity ratio	37.1%

Tenjin Business Center



Tenjin Business Center 2nd Phase Project (provisional name)



LOGICITY Minato Kashii North



Class Keyaki Dori



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

Major properties owned by Fukuoka Jisho Group

Use	No.	Name	Year of completion	Total floor space
Office buildings	1	Fukuoka Kogin Building	1970	15,160m ²
	2	Fukuoka Asahi Building	1970	44,762m ²
	3	Hakata Ekimae Business Center	1999	23,542m ²
	4	Naha Business Center	2018	8,994m ²
	5	Tenjin Business Center	2021	61,100m ²
	6	Sumitomo Life Fukuoka Building/ Nishi-dori Business Center Reconstruction Project (provisional name) (*)	May 2025 (scheduled)	42,000m ²
	7	Tenjin Business Center 2nd Phase Project (provisional name)	June 2026 (scheduled)	62,932m ²
Retail	8	Marinoia City Fukuoka (Outlet Building)	2000(Building I) / 2004(Building II) / 2007(Building III)	46,663m ²
	9	Tenjin Kirameki Dori Building	2003	24,525m ²
Residence	10	Class Keyaki Dori	2008	6,500m ²
	11	Imagawa 1-chome rental apartment (provisional name)	July 2024 (scheduled)	2,848m ²
Hotel	12	Hotel FORZA Sapporo Ekimae	2020	11,344m ²
	13	LOGICITY Minato Kashii North	2020	47,150m ²
Logistics	14	Logistic plan in Tosu	August 2026 (scheduled)	36,288m ²
	15	Logistic plan in Ueki, Sue Town (section A-B)	Not announced	—
	16	Logistic plan in Sonobe, Kiyama Town	Not announced	—
	17	Island city Logistic Plan	2030 (scheduled)	—

*Includes properties owned by the Fukuoka Jisho Group and properties co-owned with other companies.
(*) FRC acquired land with leasehold interest on June 1, 2021.