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### Editorial Policy

We have issued our Integrated Report since fiscal 2019 with the aim of imparting knowledge concerning the value creation process of the Investment Corporation and the Asset Management Company. The Report has been positioned as an important tool for engaging with our unitholders, investors, and other stakeholders. The International Reporting Framework recommended by the IFRS Foundation and the



Ministry of Economy, Trade and Industry's Guidance for Collaborative Value Creation have been referenced in the preparation of this Report to ensure ease of understanding.

Through this Report, we aim to increase understanding of our efforts to enhance corporate value based on the basic philosophies of the Investment Corporation and the Asset Management Company as well as the value we create in working to realize a sustainable society. We will continue striving to make the Report an effective tool for facilitating constructive dialogue.

### International Initiatives We Focus On

#### Sustainable Development Goals (SDGs)

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



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#### Positioning of This Report



#### Period covered by the report

From September 1, 2022, to August 31, 2023

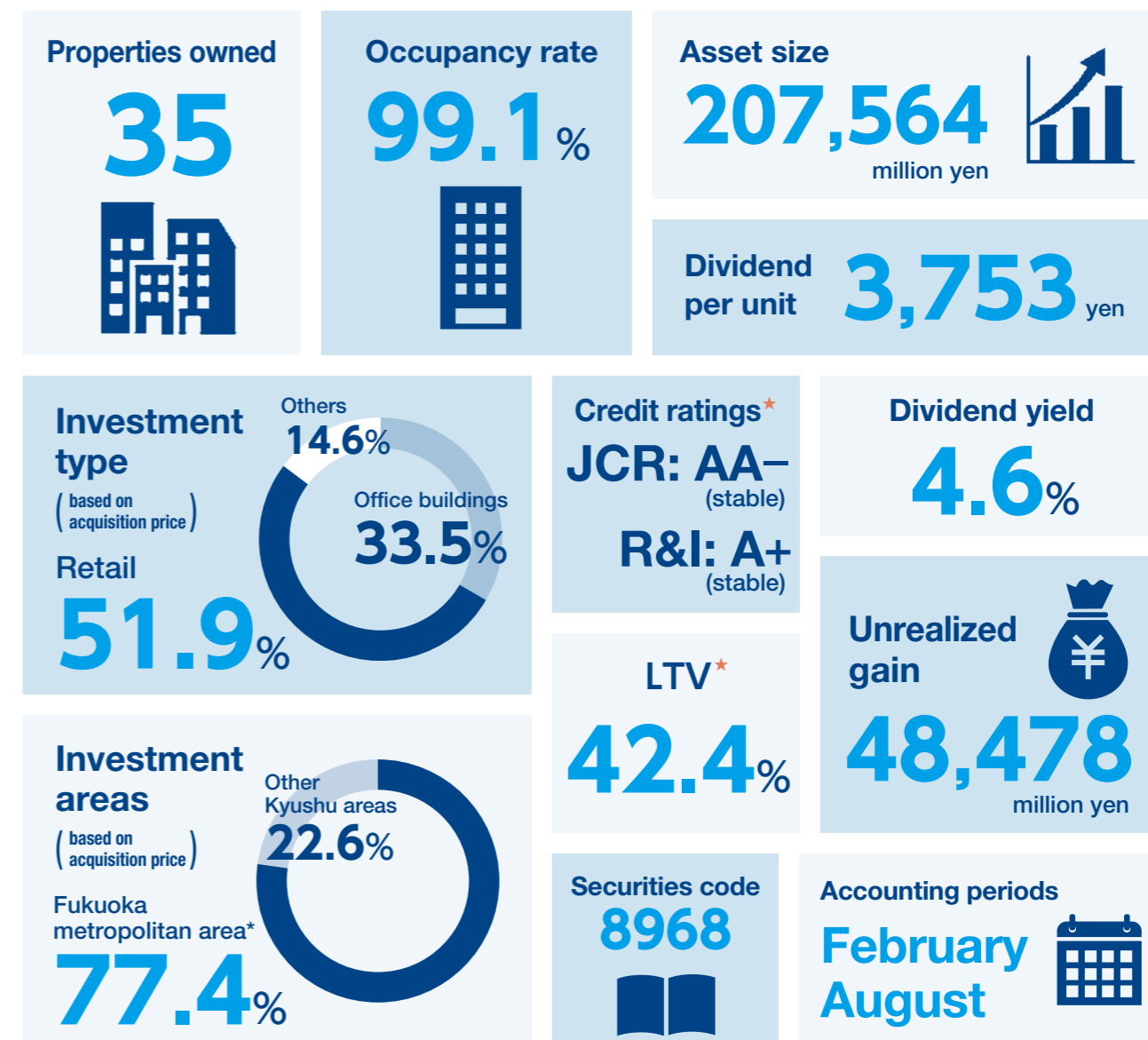
(Some recent activities after the period covered are included.)

#### Principles for Responsible Investment (PRI)

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



## Fukuoka REIT Corporation in Numbers



\* The Fukuoka metropolitan area includes Fukuoka City, Chikushino City, Kasuga City, Onojo City, Munakata City, Dazaifu City, Koga City, Fukuoka City, Itoshima City, Nakagawa City, Umi Town, Sasaguri Town, Shime Town, Sue Town, Shingu Town, Hisayama Town, and Kasuya Town. As of August 31, 2023

#### Glossary Credit rating

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

#### LTV

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

#### Task Force on Climate-related Financial Disclosures (TCFD)

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



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

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

These materials have not been prepared to entice investment.

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

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Note: Regarding amount, percentage, and ratio rounding: Unless otherwise noted, in these materials, monetary amounts are rounded down to the nearest whole unit, and percentages and ratios are rounded off to one decimal place.

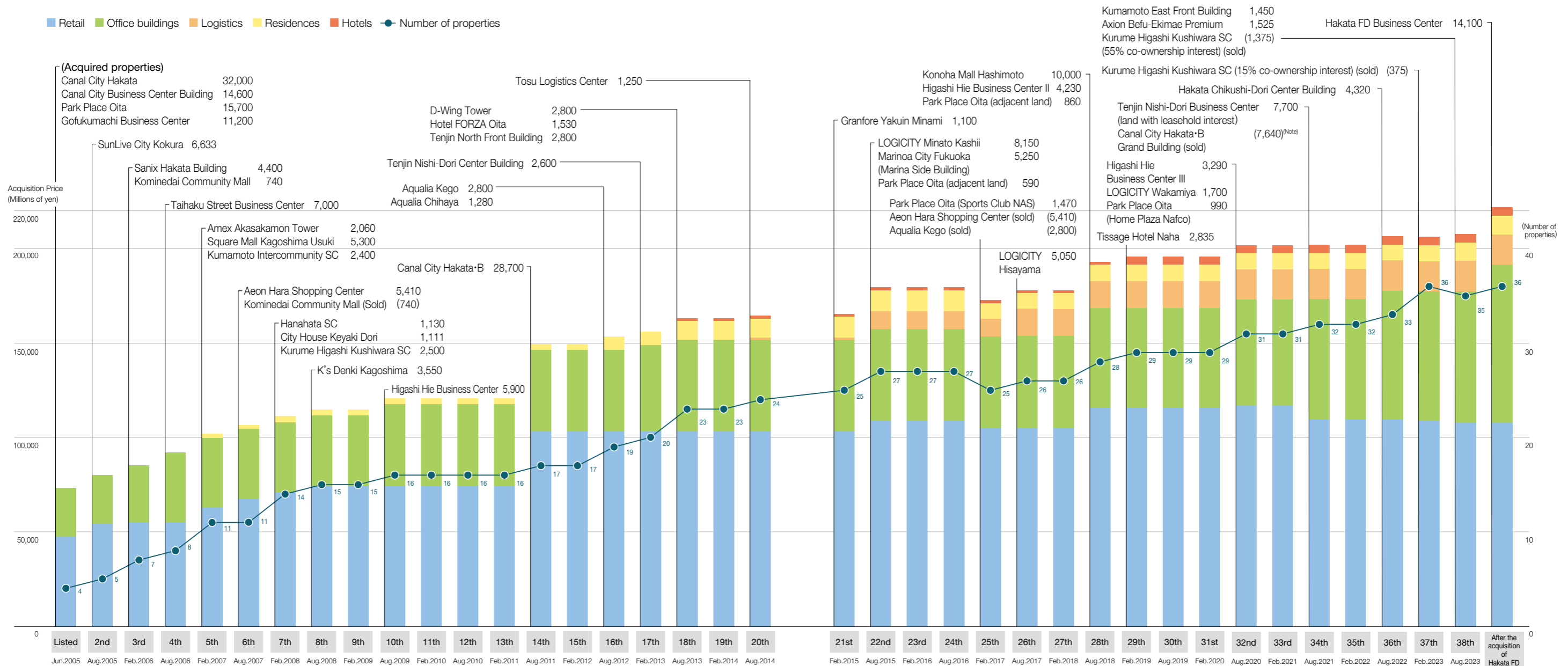
# Overview of Fukuoka REIT Corporation/History of Asset Portfolio Expansion

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

Name	Fukuoka REIT Corporation	Asset manager	Fukuoka Realty Co., Ltd.
Representative	Zenji Koike, Executive Director	Sponsors (Shareholders of the Asset Management Company)	Fukuoka Jisho Co., Ltd. Kyushu Electric Power Co., Inc. SAIBU GAS HOLDINGS CO., LTD. THE BANK OF FUKUOKA, LTD. Kyudenko Corporation Kyushu Railway Company THE NISHI-NIPPON CITY BANK, LTD. Development Bank of Japan Inc. Nishi-Nippon Railroad Co., Ltd.
Security code	8968		
Listed date	June 21, 2005 (Tokyo Stock Exchange, Fukuoka Stock Exchange)		
Fiscal periods	February and August		

## Trends in Asset Size (based on acquisition price)

■ Retail ■ Office buildings ■ Logistics ■ Residences ■ Hotels ● Number of properties



\* Amounts indicate acquisition price.  
Note: FRC has co-ownership interest in the amount of 88.28%, and the amount indicates the appraisal value at the time of transfer.

## FRC's Characteristics

FRC has the following five main strengths.

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

## Glossary

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

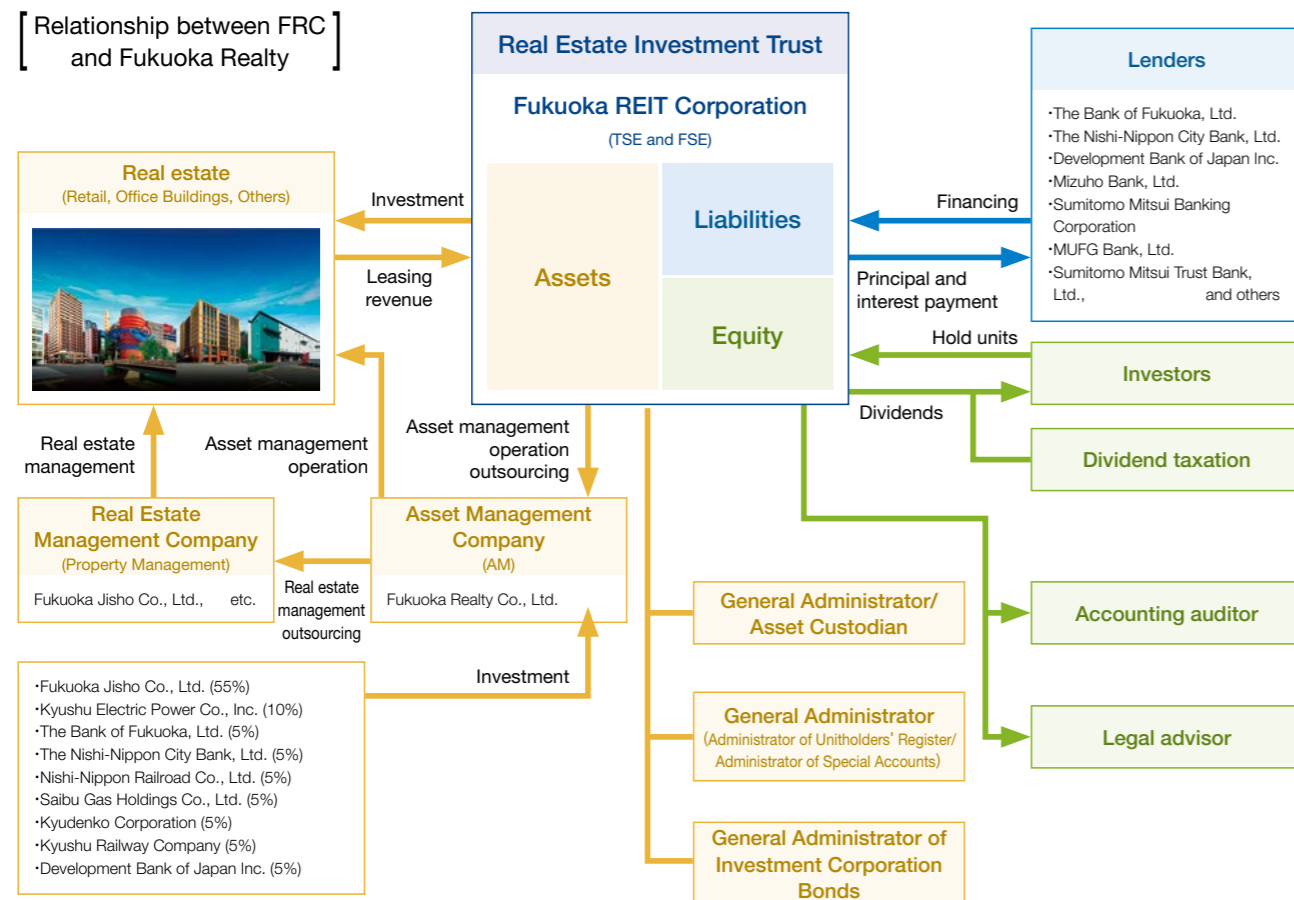
[Calculation method] NAV: Net assets + Unrealized gains or losses - Dividends  
Market net assets value per unit: NAV / Total number of units issued

# Relationship with Fukuoka Realty Co., Ltd.

## Structure of FRC

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

### Relationship between FRC and Fukuoka Realty



### Basic Policy "Act Local, Think Global"

FRC and Fukuoka Realty take advantage of their strengths in having extensive knowledge and a deep understanding of the Fukuoka and Kyushu regions and the characteristics of the local real estate to invest in properties for rent there. By effectively managing these invested properties, we aim to secure stable earnings over the medium to long term while making efforts to keep providing stable dividend distributions into the future.

#### Act Local

Real estate is a local business

- Distinctive capability for gathering qualitative information on the real estate market (speed, in-depth information)
- Specialization in local properties
- Solid network among local governments and the business world

#### Our Mission

Region-Specific REIT

Featuring our expertise on local real estate markets, Fukuoka and Kyushu, maximize profits of investors

#### Think Global

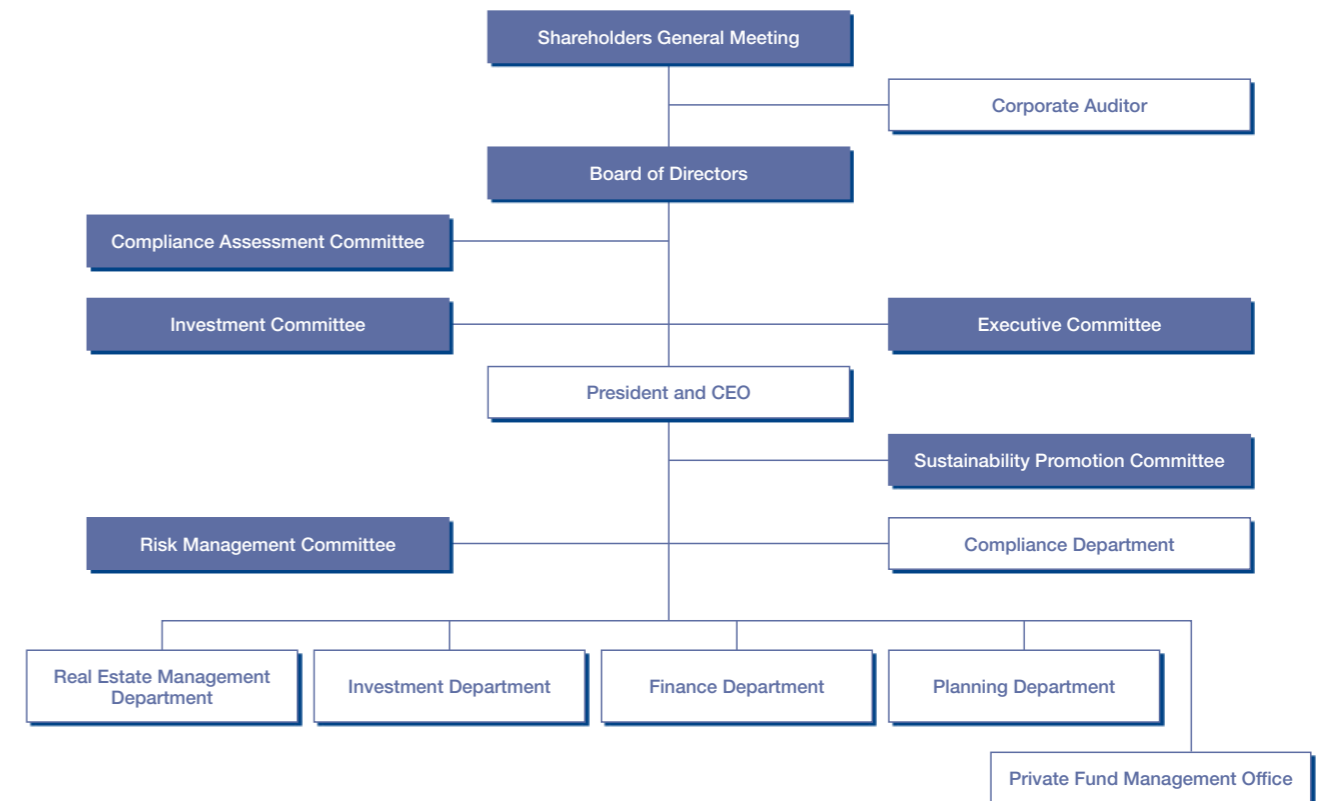
Capital market theory

- Accountability and transparent dialogue with investors
- Proactive policy to comply
- Fund management skills

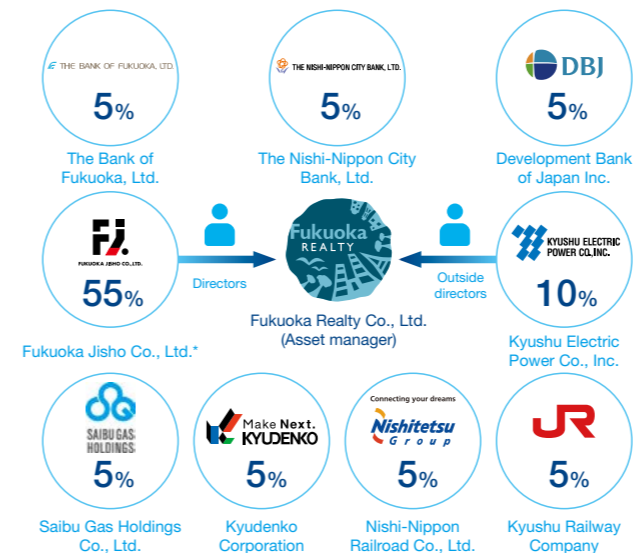
## Organizational Structure of Fukuoka Realty

### ◎Institutional Design

Located in Fukuoka City and comprising 47 employees with a variety of experience in real estate, finance, and other fields, Fukuoka Realty possesses a high level of expertise and makes full use of information unique to the local area in managing FRC's assets.



### ◎The Shareholder (Sponsor) Structure



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

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

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

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

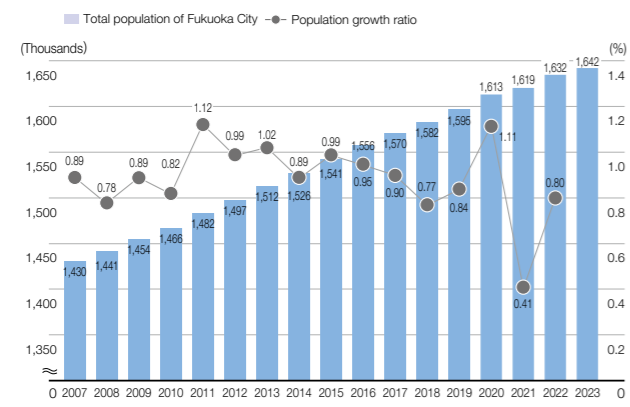
# Macroeconomic Environment around Fukuoka

Fukuoka City, where population concentration is increasing, is expected to continue developing. Compared to the national average, it has a high proportion of young people and working-age population, which leads to demand for office buildings and residences, making it a promising area for investment.

## Population Continues to Grow in Fukuoka City

The total population of Fukuoka City has increased consistently since 1985, and as of May 1, 2020, the estimated population exceeded 1.60 million. This total population makes the city the fifth most populous among government-designated cities, following Yokohama, Osaka, Nagoya, and Sapporo. According to estimates from the National Institute of Population and Social Security Research, the population of Fukuoka City is expected to continue growing until 2035.

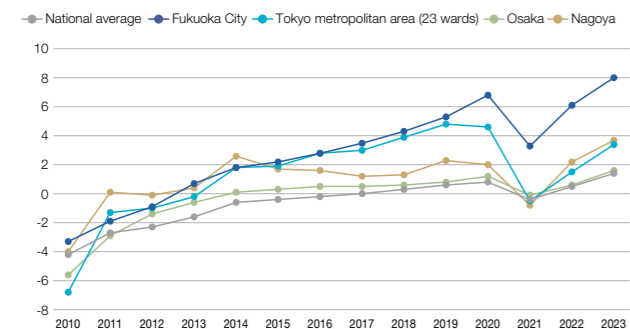
### Total Population and Population Growth Ratio of Fukuoka City



Note: Total population figures from 2007 to 2022 are based on figures as of December 1 each year. The total population figure for 2023 is based on the figure as of October 1, 2023.  
Source: Prepared by Fukuoka Realty Co., Ltd., based on data from Fukuoka City Estimated Population and Fukuoka City Registered Population, published by Fukuoka City

### Residential Land: Year-on-Year Rates of Change in Publicly Announced Prices

Demand for residential land has been strong, particularly in highly convenient areas, due to robust housing demand amid ongoing improvement in the employment and income environment. According to annual fluctuation rates in official land prices in residential areas announced by the Ministry of Land, Infrastructure, Transport and Tourism for 2023, the national average was 1.4%, the second consecutive year of positive growth. In Fukuoka City, land prices began to rise in 2013 due to strong housing demand brought about by population inflow, and the rate of land price increase has risen every year up until 2023.

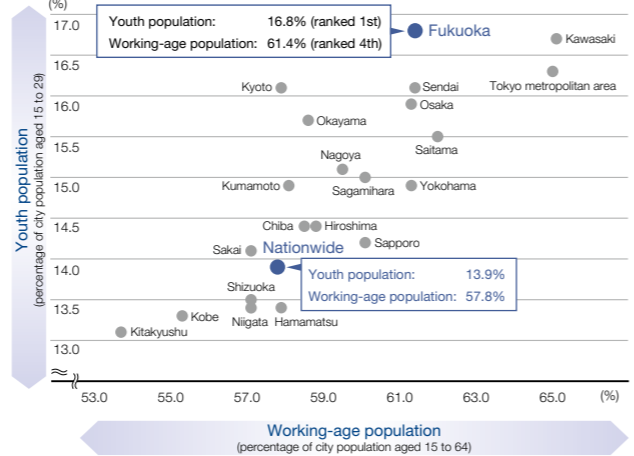


Note: The publicly announced price indicates the land price disclosed by the Ministry of Land, Infrastructure, Transport and Tourism as of January 1 of each year.  
Source: Prepared by Fukuoka Realty Co., Ltd., based on data from the Ministry of Land, Infrastructure, Transport and Tourism Land Price Survey 2010-2023.

## Fukuoka's Youthful Population

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

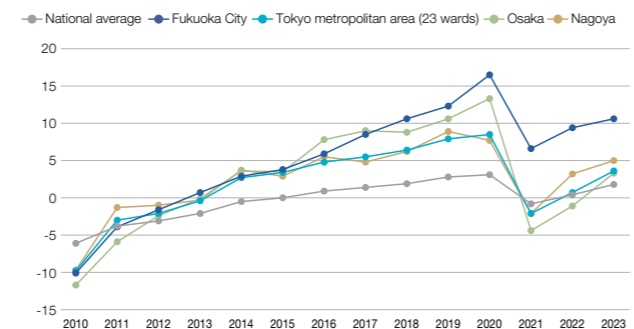
### Youth and Working-Age Population Ratios Nationwide and in Major Cities (2020)



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

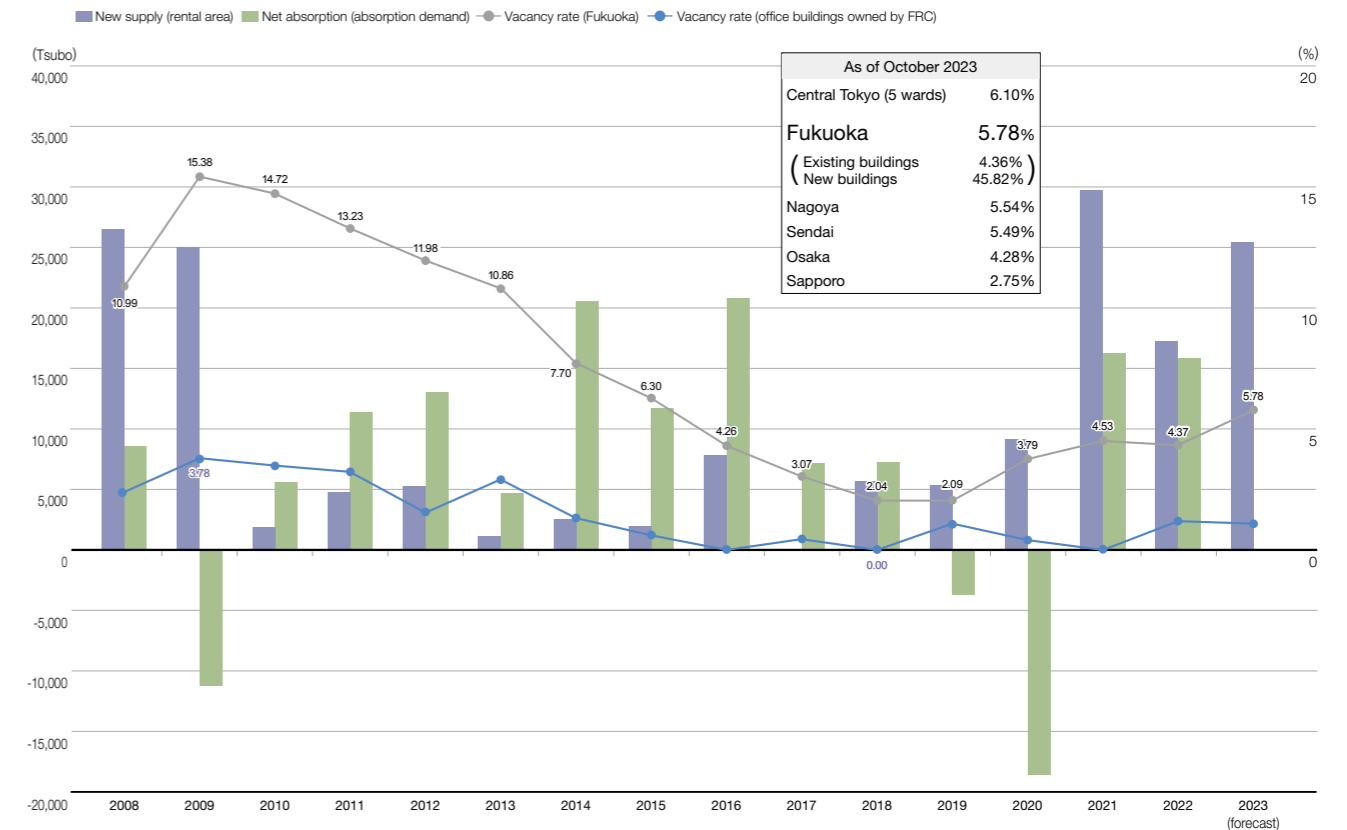
### Commercial Land: Year-on-Year Rates of Change in Publicly Announced Prices

For commercial land, according to annual fluctuation rates in official prices announced by the Ministry of Land, Infrastructure, Transport and Tourism for 2023, the national average was 1.8%, representing a second consecutive year of positive growth. In Fukuoka City, land prices began to rise in 2013 ahead of other cities. Alongside the robust office market, progress has been made in redevelopment projects, and the rate of increase has exceeded that of other cities since 2018.



Note: The publicly announced price indicates the land price disclosed by the Ministry of Land, Infrastructure, Transport and Tourism as of January 1 of each year.  
Source: Prepared by Fukuoka Realty Co., Ltd., based on data from the Ministry of Land, Infrastructure, Transport and Tourism Land Price Survey 2010-2023.

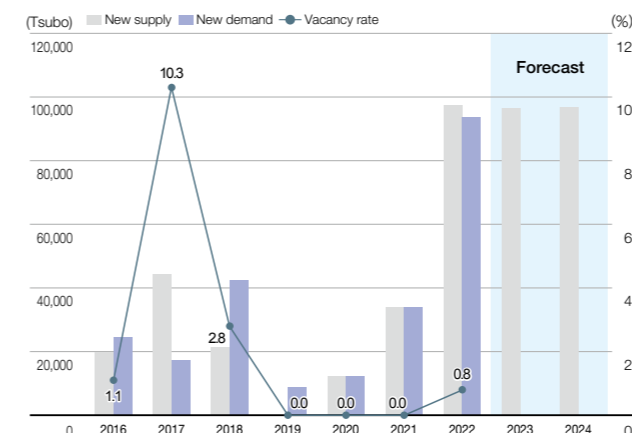
## Fukuoka Business District: Vacancy Rates and Supply and Demand of Office Buildings



Notes:  
1. The vacancy rates from 2008 to 2022 are based on the figures as of December 31. The vacancy rate in 2023 is based on the figure as of October 31, 2023.  
2. The vacancy rate of office buildings owned by FRC in 2023 is based on the figure as of August 31, 2023.  
3. Office building-related data for each city are the data for areas and buildings included in surveys conducted by Miki Shoji Co., Ltd.  
4. Net absorption (absorption demand) shows the change in the occupied floor space during a specific period. It is calculated by subtracting the occupied floor space on December 31 of the applicable year from the occupied floor space on December 31 of the previous year. New supply (rental floor space) figures for 2023 have not been finalized, and the floor space and expected completion dates are subject to change.  
Source: Prepared by Fukuoka Realty Co., Ltd., based on data from Miki Shoji Co., Ltd., Office Market Data

## Supply/Demand and Vacancy Rates for Logistics Facilities

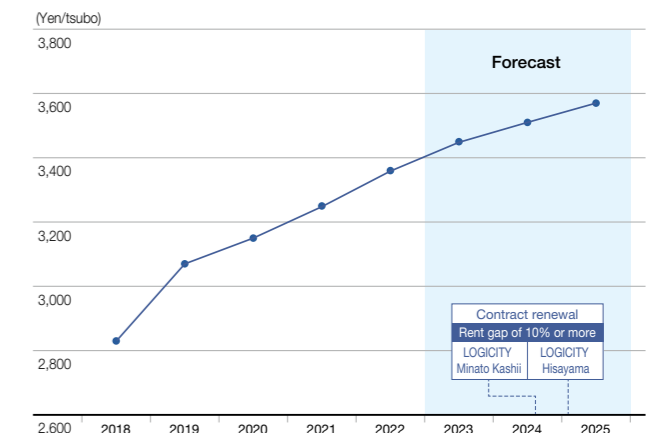
Demand is expected to remain steady in 2023 and 2024, despite substantial supply.



Note: Refers to medium and large logistics facilities with a total floor space of 5,000 m<sup>2</sup> or more in the Fukuoka metropolitan area.  
Source: Prepared by Fukuoka Realty Co., Ltd., based on data from CBRE K.K.

## Trend in Rent Unit Price

Demand is high in the vicinity of Fukuoka City, and rental prices are generally on the rise.



Note: Refers to large multi-tenant facilities with a total floor space of 5,000 tsubo or more in the Fukuoka metropolitan area.  
Source: Prepared by Fukuoka Realty Co., Ltd., based on data from CBRE K.K.



**As I enter my third year as President, I am acutely aware of how the COVID-19 pandemic has forced a reexamination of our values and conventional wisdom.**

I have now been serving as the President of Fukuoka Realty Co., Ltd., the asset management company for Fukuoka REIT Corporation (FRC), for a full two years. When I initially took office, we were amid the COVID-19 pandemic. However, I am pleased to report that the situation is gradually returning to pre-pandemic levels. Throughout the pandemic, we observed divergent responses and measures on a country-by-country basis, leading to significant ramifications across various industries. Even in the real estate sector, it became imperative for us to reassess the magnitude of risks inherent in the rental property business. Notably, the hospitality and retail sectors bore the brunt of the pandemic's impact. Conversely, the residential and logistics facilities sectors experienced relatively minimal disruption. The logistics facilities segment, in particular, benefited from the surge in e-commerce, driving an increase in demand. The office buildings sector underwent a reevaluation as workstyles diversified and remote work gained prominence. This led companies to reconsider the need for expansive office spaces.

Moreover, the COVID-19 pandemic has led to a complete reset of all our values and conventional wisdom. The pace of structural changes in our business operations, consumer

mindset, and work practices has accelerated. This has given rise to shifts away from pre-COVID-19 norms, demanding a commitment to adapt to emerging information and evolving paradigms. As an example, the way consumption takes place and the perception of value in physical retail spaces have changed, and as such, we anticipate a range of changes in the value and functions sought after in urban areas. For us, this underscores the necessity of contemplating real estate acquisitions from a long-term ownership perspective and pondering how to effectively manage and enhance their value as properties cherished by the local community and the city's residents once they are in our possession.

Sales at Canal City Hakata are approaching pre-COVID-19 levels. However, the current status of inbound tourism reveals that while South Korean tourists have nearly fully rebounded, group tourists from mainland China have not yet returned. Inbound visitor numbers remain at approximately 60%–70% of their pre-COVID-19 levels, indicating a decline in this segment. Inbound tourism from mainland China heavily relied on cruise ship visitors, so a substantial recovery is anticipated once these group tourists are permitted to return. Nonetheless, there are lingering uncertainties about whether everything will return to the same levels of pre-pandemic prosperity, stemming from the perception that COVID-19 has altered our worldview, leading to shifts in consumption patterns and behavior.

**Fukuoka's real estate market is robust, so we can expect to see internal growth. However, rising property prices have prompted a strategic reassessment for external growth.**

The real estate market in Fukuoka City is showing resilience. In our property portfolio, we see potential for rent increases in office buildings, residences, and logistics facilities. According to Office Market Data issued by Miki Shoji Co., Ltd., the average vacancy rate for office buildings in the Fukuoka business district stood at 5.78% as of October. This can be attributed to the impact of newly constructed office buildings in areas such as Tenjin Big Bang, which were completed with vacancies. While the overall vacancy rate in Fukuoka City has been increasing, it is important to note that the rental rates have not experienced a decline. Historically, office rental rates in Fukuoka City have shown a consistent upward trend. In this sense, we believe that in properties owned, particularly those located in prime city-center locations with favorable specifications, there is room for rent increases, contributing to internal growth.

It appears highly likely that the 10-year Japanese government bond yields will increase to around 1%. We will carefully consider appropriate measures in response to this. In our refinancing efforts, we will focus on controlling the cost of financing by reviewing terms such as the loan duration and comparing them to the conditions before refinancing. Our aim is to minimize the impact of rising interest rates to the greatest extent possible. Our relationships with financial institutions, including our sponsor banks, are exceptionally strong, and we believe that we will continue to achieve stable funding in the future.

The challenges currently recognized by FRC and Fukuoka Realty Co., Ltd., center on the persistent upward trajectory of real estate prices in Fukuoka, resulting in a highly competitive acquisition landscape. We are currently navigating a demanding phase in achieving the conventional method of external growth for REITs, which involves the steady acquisition of new properties to expand our asset base. Moreover, there is a rising investor demand for sustainability-driven initiatives. As a result, we believe it is opportune to explore new growth strategies as a REIT, focusing not only on acquiring properties but also on property rotation at suitable valuations and realizing latent gains in existing properties to ensure the continuous and stable distribution of income to investors while aligning with evolving sustainability expectations.

To continue contributing to urban development and regional betterment in the Fukuoka and Kyushu regions, which we target for investment, it is essential to receive fair recognition as a REIT and to sustain our growth in the future. It is also necessary to undertake property rotations as needed and to embark on new initiatives. To achieve these objectives, it is

crucial to sustain dividend growth while contributing to the growth of key metrics such as the investment unit price, which in turn contributes to the growth of our market capitalization. This is essential to garner continued support from investors. We believe that internal growth in our properties owned is particularly achievable in the office building, residence, and logistics facility segments. In office buildings, there is a positive rental gap (difference from market rent) of 12.5% in the properties held by FRC, which we consider to be a promising source of future internal growth. In the continuously growing population of Fukuoka, we believe that there is still room for rent increases in the residential property market. The logistics facility market has seen a consistent upward trend in rental rates, so we anticipate room for growth in this segment. In the retail sector, our flagship property, Canal City Hakata, prompts considerations regarding the future recovery of inbound tourism and the impact of renovations. Nevertheless, we see potential for positive developments in this regard.

**Sustainable management is imperative. Our future growth strategy necessitates proactive initiatives and new endeavors.**

We recognize the urgency of addressing sustainability and believe it is crucial to act promptly and decisively. In terms of the impact on real estate, we anticipate changes that transcend conventional paradigms and norms, underscoring the necessity of mitigating associated risks. Our commitment to sustainability is a key issue (materiality) for FRC that we will continue to focus on. In June 2023, we strengthened our Sustainability Promotion Office and established a new framework. We appointed a dedicated female expert as the office manager, who previously served as the deputy manager of the Real Estate Management Department and has a deep understanding of the intricacies of our properties owned. This experienced manager is acutely aware of the significance of balancing costs and returns when advancing sustainability initiatives. At present, we are actively involved in both qualitative and quantitative analyses aligned with the Task Force on Climate-related Financial Disclosures (TCFD) framework, which we endorsed in September 2022. This includes an examination of financial impacts derived from climate change scenario analyses. We view endeavors such as these and transparent information disclosure as integral components of our operations.

We are dedicated to maintaining strong communication with all our stakeholders and embracing a customer-centric approach to our operations (fiduciary duty). We constantly reflect on what serves the best interests of our investors. Consequently, we believe it is vital to efficiently manage our operations internally, while also taking compliance into account, to serve the interests of our unitholders effectively.

The acquisition strategy of FRC is centered on the “act local” aspect of our mission, “Act Local, Think Global.” When looking at the entire Kyushu region, one example of this approach is our keen interest in the expansion of Taiwan Semiconductor Manufacturing Company into Kumamoto, as it holds potential for future growth. Our sponsor, Fukuoka Jisho Co., Ltd., shares our proactive approach to various real estate developments, and we plan to collaborate with them on various information gathering initiatives and long-term efforts as a REIT.

Recently, I visited three cities and towns in Kumamoto—Kikuyo Town, Otsu City, and Koshi City—inspired by our participation in hometown tax payments. The purpose was to extend support to municipalities across Kyushu as a REIT that focuses on Fukuoka and Kyushu. Last year, I had the opportunity to meet with the governors of Kumamoto and Kagoshima prefectures, when we exchanged views on urban development. While we own properties in the capitals of various Kyushu prefectures, we recognize that these connections alone might not provide us with a comprehensive understanding of the regional circumstances.

To foster future growth, engaging in direct dialogue with government officials and exchanging ideas about what is needed for urban development and regional contributions in Kyushu will be invaluable for us. In addition, it is crucial to extend our focus to regions not currently covered by our REIT investments. We maintain a strong relationship with our main sponsor, Fukuoka Jisho. We believe that it is essential to focus on gathering information, identifying local challenges, and understanding what kind of real estate the region requires over the long term for the locations that Fukuoka Jisho aims to develop. More specifically, this includes industrial properties such as factories, public facilities, and ventures in the agricultural sector that could potentially be integrated into our REIT scheme in the future. We believe it is essential to possess the capacity to thoroughly research these possibilities.

**Strengthening human capital is crucial for the growth of FRC.**

The essence of our business lies in our human capital. Our goal is to attract and retain talented individuals who contribute to the company and stay with us for the long term. However, in today's environment, talent mobility has increased significantly, and the barriers to changing jobs are lower than in the past. As a result, we understand that a certain level of employee turnover is unavoidable. On the other hand, in terms of new hires, we are fortunate to attract individuals with diverse experiences and are committed to bringing in fresh talent to strengthen our organizational capabilities. For this purpose, we are reviewing our human resources system to make it more aligned with current needs.

While the enhancement of human capital is garnering societal attention, we believe there is still much more for us to accomplish in this regard. To achieve this, it is essential to consistently implement measures such as creating a comfortable working environment, providing rewarding conditions and personnel systems, and investing in education and development for growth.

As we approach our 20th anniversary in December 2023, we are determined to foster a strong sense of loyalty and dedication among our employees. Our goal is to create an organization where individuals can achieve personal growth, career advancement, and a stable foundation for their lives. In the ever-changing landscape of society and technological advancements, including regenerative AI, it is crucial for each of us to stay well-informed and grounded, and identify how we can contribute through real estate, including our ESG initiatives. Sincerity and dedication are our guiding principles in approaching all endeavors. We emphasize the importance of enhancing the value of each individual real estate property, making informed decisions about new real estate investments, and pursuing investments that align with our capabilities.

We remain committed to diligent efforts for growth, adopting various functional strategies while maintaining fiscal responsibility.

I have learned many valuable lessons in my two years as president. Drawing from these experiences, my personal goal moving forward is to continue putting in more effort and striving for growth. This is a significant challenge that I have set for myself. I would like to express my sincere gratitude to all our stakeholders for their ongoing support.

**Zenji Koike** President and CEO, Fukuoka Realty Co., Ltd.

Place of birth: Fukuoka City Hobbies: Running, golf

**Profile**

- 1988 Joined Fukuoka SOGO Bank (currently The Nishi-Nippon City Bank, Ltd.)
- 1991 Joined Fukuoka Jisho Co., Ltd.
- 2013 Appointed as Chairman of Canal Entertainment Works Co., Ltd. (currently F.J. Entertainment Works Ltd.)
- 2017 Appointed as Senior Executive Officer of Fukuoka Jisho Co., Ltd. Appointed as Chairman of Sunlife Co., Ltd.
- 2021 Joined Fukuoka Realty Co., Ltd. Appointed as President and CEO of Fukuoka Realty Co., Ltd. (current position)
- 2022 Appointed as Executive Director of FRC in May (current position)

**◎Approach to human capital at Fukuoka Realty Co., Ltd.**

At Fukuoka Realty, human capital is recognized as the most important asset. Efforts are made to create a workplace where diverse values and expertise are enhanced, allowing each employee to make the most of their abilities and expertise, irrespective of age, gender, or career background.

For instance, steps are being taken to improve the office environment, with a focus on providing and promoting a comfortable working atmosphere, while personnel systems are undergoing reform. Furthermore, the education system for employees is being expanded, and qualification acquisition is actively encouraged to enhance the quality of operations.

Specific initiatives being undertaken are outlined below.

**◎Extending the tenure of full-time officers and employees of the Asset Management Company**

In 2018, Fukuoka Realty was certified as a “Fukuoka ‘Work Style Reform’ Promotion Company” and has since been committed to expanding and enhancing work-style reforms.

As of August 31, 2023

Number of full-time officers and employees*1	47
Average number of years of employment	8 years and 3 months

\*1. The number of full-time officers and employees indicates the total number of directors and auditors, permanent employees, contract employees, temporary employees, secondees, etc., who are employed on a full-time basis at Fukuoka Realty Co., Ltd.

**◎Ratio of male and female full-time officers and employees**

In line with efforts to improve the workplace environment for both men and women and promote their active participation, personnel systems are being expanded, and a strategic shift in employee mindset is being fostered. Training programs tailored to respective positions are being conducted accordingly.

As of August 31, 2023

Full-Time Officers and Employees: Percentage of male and female employees*2	Male: 44.7% Female: 55.3%
--	---------------------------

\*2. The gender ratio is calculated as the ratio of males and females to the number of full-time personnel.

**◎Increasing the percentage of qualified employees**

To support employees in acquiring the skills and knowledge necessary for their tasks, a one-time bonus is provided for obtaining certifications recognized by the company. Furthermore, a variety of training programs are implemented through external organizations.

As of August 31, 2023

Number of credentialed personnel					
Real estate brokers:	23	CMAs:	3	MBA's:	2
ARES Certified Masters:	22	First-class registered architects:	3	Attorney:	1
Certified Building Administrators:	5	Real estate appraisers:	3	Licensed Representative of Condominium Management Company:	1

**◎Systems supporting work-life balance (maternity, childcare, and caregiving)**

In addition to organizational support, training programs are designed to assist employees in achieving a balance between work and family life. The objective is to prevent them from being compelled to leave their positions due to childcare or caregiving responsibilities by providing the essential skills to sustain their work, along with insights from experienced colleagues.

**Past seminars**

- Training to learn how to balance caregiving and work responsibilities
- Seminar for women working with time constraints, including those returning from childcare leave and using flexible hours (working mothers).



# Promote Attractive Urban Development in the Fukuoka and Kyushu Areas



Related Stakeholders

<p><b>Clients/Tenants</b> Total tenants in all properties: 1,018</p> <ul style="list-style-type: none"> <li>Customer satisfaction surveys at retail facilities</li> <li>Tenant satisfaction surveys</li> </ul>	<p><b>Region and Society</b> Population of the 6 prefectures we have properties in: Approx. 11,722,000</p> <ul style="list-style-type: none"> <li>Organizing community and other events utilizing facility common areas</li> <li>Active participation in the Hakata Town Planning Promotion Council's activities</li> <li>Announcement of financial results by the Fukuoka Stock Exchange</li> </ul>	<p><b>Employees</b> Number of full-time officers and employees: 47</p> <ul style="list-style-type: none"> <li>Various employee education systems</li> <li>Employee satisfaction surveys</li> <li>Career interviews with employees</li> </ul>	<p><b>Unitholders/Financial Institutions</b> No. of unitholders: 14,164 No. of financial institutions we deal with: 22</p> <ul style="list-style-type: none"> <li>General Meeting of Unitholders</li> <li>Results briefings for investors</li> <li>1-on-1 meetings (Japan and overseas)</li> </ul>	<p><b>Sponsors</b> Sponsors: 9</p> <ul style="list-style-type: none"> <li>Contribution of excellent properties</li> <li>Ongoing information exchange</li> <li>Human resource exchanges</li> </ul>	<p><b>Environment/Nature</b> Property location/Six prefectures (Fukuoka/Saga/Kumamoto/Oita/Kagoshima/Okinawa)</p> <ul style="list-style-type: none"> <li>Environmental preservation (Electricity and water conservation)</li> <li>Green Building certification</li> </ul>
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**Glossary** **TSR**  
An abbreviation for Total Shareholder Return. This can also be called total shareholder (investor) yield and reflects combined capital gains and dividends, reflecting the overall investment yield for investors. [Calculation method] TSR (%) = ((Dividend per unit + Increase in investment unit price) / Initial investment unit price) × 100

Note: As of August 31, 2023



Investment Strategy [See p.20](#)

Management Strategy [See p.21](#)

Financial Strategy [See p.22](#)

Fund procurement (financing)

Information communication (IR/SR)

### Research

Human resources who are familiar with the area and have built trusting relationships collect high-quality information on properties from sponsors and the community

Strengths and characteristics of the value-creation process

- Property appraisal skills unique to a local person
- Robust network
- Market research and analysis

Related capital

- Intellectual capital (information-gathering ability)
- Human capital (know-how)
- Social relationship capital (relationships of trust, cooperation and collaboration)

Challenges and initiatives to further strengthen value creation

- Employment of exceptional human resources required for suitable business execution
- Asset portfolio expansion and realization of high occupancy rates

[See p.20](#)

### Acquisition

Acquisition of excellent real estate in the Fukuoka and Kyushu areas through sponsor companies and local communities

- Discovery and acquisition of properties that can generate stable cash flow
- Improvement of property value

- Financial capital (financing ability)
- Manufacturing capital (excellent properties)
- Human capital (discerning eye, expertise)

- Diversification in fund procurement
- Discovery of excellent properties using networks we created

[See p.20](#)

### Management

Constant forward-looking management with an attention to detail unique to a region-specific REIT

- Stable cash flow
- Derive maximum value from our real estate portfolio over the long term

- Human capital (know-how)
- Social relationship capital (relationships of trust, cooperation and collaboration)
- Natural capital (natural environment)

- Maintenance of NOI in existing properties
- Essential environmental initiatives

[See p.21](#)

### Management, Valuation, and Sales/ Replacement

Portfolio management from a medium- to long-term perspective and appropriate financial strategies

- Sound financial position
- Realization of stable distributions and dividends

- Financial capital (management know-how/performance)
- Human capital (know-how)
- Social relationship capital (relationships of trust, cooperation, and collaboration)

- Management focused on long-term fixed interest rate entities and financial stability
- Management that emphasizes the best interests of unitholders

[See p.22](#)

#### Related Stakeholders

**Clients/Tenants**  
Total tenants in all properties: 1,018

- Customer satisfaction surveys at retail facilities
- Tenant satisfaction surveys

**Region and Society**  
Population of the 6 prefectures we have properties in: Approx. 11,722,000

- Organizing community and other events utilizing facility common areas
- Active participation in the Hakata Town Planning Promotion Council's activities
- Announcement of financial results by the Fukuoka Stock Exchange

**Employees**  
Number of full-time officers and employees: 47

- Various employee education systems
- Employee satisfaction surveys
- Career interviews with employees

**Unitholders/Financial Institutions**  
No. of unitholders: 14,164  
No. of financial institutions we deal with: 22

- General Meeting of Unitholders
- Results briefings for investors
- 1-on-1 meetings (Japan and overseas)

**Sponsors**  
Sponsors: 9

- Contribution of excellent properties
- Ongoing information exchange
- Human resource exchanges

**Environment/Nature**  
Property location/Six prefectures (Fukuoka/Saga/Kumamoto/Oita/Kagoshima/Okinawa)

- Environmental preservation (Electricity and water conservation)
- Green Building certification