

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

	11th Feb. 2010	12th Aug. 2010	13th Feb. 2011	14th Aug. 2011	15th Feb. 2012	16th Aug. 2012	17th Feb. 2013	18th Aug. 2013	19th Feb. 2014	20th Aug. 2014	21st Feb. 2015	22nd Aug. 2015	23rd Feb. 2016	24th Aug. 2016	25th Feb. 2017	26th Aug. 2017	27th Feb. 2018	28th Aug. 2018	29th Feb. 2019	30th Aug. 2019	31st Feb. 2020	32nd Aug. 2020
<b>Financial information</b>																						
<b>Earnings</b> (Millions of yen)																						
Operating revenue	5,640	5,663	5,662	7,045	6,931	7,094	7,200	7,565	7,574	7,779	7,789	8,423	8,343	8,234	9,730	8,122	8,194	9,178	9,242	9,231	9,162	8,518
Operating income	2,408	2,412	2,317	2,729	2,637	2,595	2,622	2,848	2,801	2,824	2,860	3,167	3,141	3,069	4,585	2,920	2,965	3,238	3,306	3,318	3,273	2,966
Ordinary income	1,863	1,797	1,763	2,083	2,046	2,005	2,005	2,272	2,239	2,263	2,370	2,663	2,670	2,616	4,199	2,562	2,624	2,861	2,935	2,939	2,900	2,587
Profit	1,862	1,796	1,762	2,082	2,045	1,992	2,004	2,271	2,238	2,262	2,369	2,661	2,669	938	4,198	2,556	2,623	2,860	2,934	2,939	2,899	2,586
NOI	3,698	3,637	3,537	4,406	4,351	4,372	4,444	4,751	4,732	4,800	4,829	5,229	5,237	5,164	5,010	4,998	5,079	5,493	5,591	5,633	5,596	5,307
<b>Financial conditions</b> (Millions of yen)																						
Total assets	130,705	132,349	132,497	155,657	155,792	159,601	160,574	167,857	167,492	167,824	167,369	181,597	181,445	179,513	175,063	178,063	177,283	193,112	195,433	195,106	194,795	199,004
Net assets	62,126	62,061	62,026	71,259	71,222	71,170	71,182	81,712	81,679	81,703	81,811	93,804	93,812	92,081	93,681	93,699	93,766	101,799	101,874	101,878	101,837	101,525
Interest-bearing debt	57,225	59,150	59,075	69,500	69,425	73,350	74,675	71,100	71,025	71,150	70,775	72,400	72,325	71,950	66,675	69,900	68,900	75,500	77,500	77,500	77,500	82,400
Interest-bearing debt ratio (%)	43.8	44.7	44.6	44.6	44.6	46.0	46.5	42.4	42.4	42.4	42.3	39.9	39.9	40.1	38.1	39.3	38.9	39.1	39.7	39.7	39.8	41.4
Depreciation	954	953	958	1,164	1,177	1,242	1,268	1,343	1,354	1,387	1,390	1,458	1,471	1,470	1,455	1,474	1,500	1,602	1,622	1,651	1,660	1,686
Capital expenditures	141	154	685	254	1,031	1,285	431	612	848	740	328	445	630	665	1,789	741	600	657	947	476	465	790
<b>Cash flow</b> (Millions of yen)																						
Cash flow provided by (used in) operating activities	3,150	2,394	2,545	3,294	3,677	3,617	3,120	3,609	3,699	3,890	3,735	4,167	4,174	4,336	3,685	3,590	4,292	4,149	4,832	4,863	3,985	3,450
Cash flow provided by (used in) investing activities	(233)	(3,398)	(162)	(20,086)	(566)	(6,016)	(3,067)	(7,897)	(916)	(2,312)	(1,452)	(14,488)	(606)	(772)	4,220	(6,029)	(478)	(15,326)	(3,604)	(1,043)	(220)	(7,136)
Cash flow provided by (used in) financing activities	(1,928)	56	(1,871)	17,548	(2,153)	1,881	(666)	4,651	(2,359)	(2,115)	(2,635)	10,934	(2,747)	(3,043)	(7,872)	667	(3,555)	11,734	(859)	(2,933)	(2,938)	2,000
Cash and cash equivalents at year-end	6,877	5,928	6,440	7,197	8,154	7,637	7,024	7,387	7,810	7,273	6,920	7,533	8,353	8,873	8,905	7,134	7,392	7,950	8,319	9,205	10,032	8,348
<b>Per-unit indicators</b> (Yen)																						
Dividend per unit	3,479	3,356	3,293	3,384	3,324	3,238	3,257	3,291	3,243	3,278	3,435	3,563	3,574	3,479	3,398	3,422	3,512	3,593	3,687	3,693	3,642	3,250
EPS per unit	3,479	3,356	3,293	3,384	3,324	3,238	3,257	3,291	3,243	3,278	3,434	3,563	3,573	1,256	5,621	3,422	3,512	3,593	3,687	3,692	3,642	3,249
BPS per unit	116,070	115,947	115,884	115,822	115,762	115,676	115,696	118,423	118,376	118,410	118,567	125,574	125,585	123,267	125,410	125,434	125,524	127,888	127,982	127,987	127,937	127,544
NAV per unit	129,320	130,141	125,647	123,001	121,447	122,299	123,041	127,080	128,375	131,215	136,051	144,472	148,558	152,259	150,328	152,639	156,204	161,315	164,250	167,118	170,680	171,592
FFO per unit	5,263	5,137	5,083	5,276	5,237	5,258	5,319	5,238	5,207	5,288	5,450	5,515	5,543	5,448	5,351	5,395	5,520	5,606	5,725	5,767	5,728	5,368
<b>Investment unit information</b>																						
Investment unit price (Yen)	98,200	107,400	120,800	108,400	107,200	109,600	153,600	145,000	171,400	199,000	227,000	188,700	194,200	186,100	177,100	164,300	173,100	170,400	169,300	178,300	167,900	136,500
Total number of investment units issued	535,250	535,250	535,250	615,250	615,250	615,250	615,250	690,000	690,000	690,000	690,000	747,000	747,000	747,000	747,000	747,000	747,000	796,000	796,000	796,000	796,000	796,000
<b>Non-financial information</b>																						
Number of employees	35	36	36	37	38	35	36	40	40	34	35	38	41	39	40	38	38	39	41	41	42	41
Percentage of female employees(%)	40.0	36.1	36.1	37.8	39.5	42.9	36.1	37.5	35.0	38.2	40.0	44.7	43.9	48.7	45.0	44.7	44.7	46.2	46.3	46.3	47.6	51.2
Average number of years of employment (Years/Months)	3.10	4.2	4.6	4.10	5.2	5.8	5.7	6.1	6.2	7.1	7.5	6.0	6.2	6.5	6.9	6.11	7.7	7.10	7.11	8.6	8.10	8.10
The number of IR meetings (Note 1)	N/A	122	154	147	106	126	116	169	129	148	149	133	54									

\* Gains and losses on the sale of the Aeon Hara Shopping Center and Aqualia Kego, which were transferred in the 25th fiscal period, were handled in the following manner due to differing tax and accounting standards.  
 1) An amount equivalent to impairment losses on the Aeon Hara Shopping Center booked in the profit and loss statement in the 24th fiscal period was booked as an allowance for a temporary difference adjustment on the statement concerning the allotment of funds, for the 25th fiscal period.  
 2) Gains on the sale of Aqualia Kego were recorded on the profit and loss statement for the 25th fiscal period.  
 3) The return of allowances for a temporary difference adjustment was booked on the statement concerning the allotment of funds, for the 25th fiscal period.  
 \* Dividends per unit are calculated as follows.  
 24th fiscal period: [net profit] + [reserve for temporary difference adjustment] - [earnings carried forward to the next period]  
 25th fiscal period: [net profit] - [return of reserve for temporary difference adjustment] - [earnings carried forward to the next period]  
 \* The Investment Corporation undertook a five-for-one split effective March 1, 2014. Dividends and NAV per unit up to the 19th fiscal period have been retroactively adjusted to reflect this split.  
 (Note 1) The number of IR meetings convened in Japan and abroad from the 11th to 20th fiscal periods is not recorded, as records do not exist for these periods.

**Asset type**

Refers to the type of asset application, such as office buildings, retail facilities, and residences.

**BPS**

An abbreviation of Book-Value Per Share. This shows net assets per unit and is viewed as an indicator for stability.  
Calculation method for BPS: net assets/total number of units issued

**Cap rate**

This is also referred to as the return yield and represents the return on a real estate investment used when determining the appraisal price or theoretical price of a real estate property. In general, NOI or NCF (Net Cash Flow) divided by the cap rate is considered the theoretical price of a real estate property. The cap rate varies depending on the characteristics of a property, such as whether it is new or older, grade and size, as well as factors such as proximity to transportation and location.

**Capital expenditure**

This refers not only to the maintenance and repair of real estate or equipment, but also the costs of maintaining and improving the value of these assets, which are recorded by the investment corporation as assets and are subject to depreciation.

**Commitment line**

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

**Conflict of interest**

In general, this refers to when an act is in one's own interest, while at the same time disadvantageous to the interests of another. For a J-REIT, this often refers to a conflict between a unitholder and the interests of the investment corporation or asset management company.

**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.  
FRC has obtained a long-term issuer rating from Japan Credit Rating Agency, Ltd. and an issuer rating from Rating and Investment Information Inc.

**Earthquake PML**

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

**Engineering reports**

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

**EPS**

An abbreviation of Earnings Per Share. This shows net profit per unit and is viewed as an indicator of a company's ability to generate earnings.  
Calculation method for EPS: net profit/ total number of units issued

**ESG**

ESG is an abbreviation for Environment, Social, and Governance. The idea that a company needs to maintain focus on these three concepts to ensure long-term growth is gaining ground throughout the world. With an emphasis on sustainability, ESG management is focused on pursuing strategies with the environment and society in mind.

**External growth/Internal growth**

For J-REITs, per-unit profit growth achieved through new real estate acquisitions is referred to as external growth. This growth is achieved by the investment corporation acquiring new real estate that is expected to produce high yields at relatively low funding costs. The acquisition of new real estate can also expand the scale of the business and diversify risk, with reduced transaction costs thanks to scale merits also contributing to growth. In contrast, internal growth is profit growth achieved through the efficient management of existing real estate.

**FFO/FFO ratio**

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

Calculation method for FFO: net profit – gains/losses from the sale of real estate + depreciation; FFO per unit: FFO/total number of units issued  
The FFO ratio is similar to PER. A lower value indicates an attractive share price versus fund profitability.  
Calculation method for FFO ratio: Investment unit price/FFO per unit

**Green bonds**

These are bonds issued by companies and local governments in order to raise the funds necessary for green projects in Japan and overseas.

**Green loan**

A loan in which the use of funds is limited to environmentally friendly businesses.

**Interest-bearing debt**

This refers to liabilities with interest that must be repaid. Specifically, this refers to long- and short-term loans from banks and funds procured on the market, including through the issuance of corporate bonds.

**Investment corporation bonds**

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

**IR**

IR refers to Investor Relations, which is essentially public relations activities aimed at investors. These include the provision of information necessary to making sound financial decisions, including financial conditions at the company, to shareholders and investors.

**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 for LTV (%): Interest-bearing debt /total assets multiplied by 100

**Materiality**

Materiality involves the identification of related important issues and an evaluation of the impact of corporate activity on social issues. The process involves prioritizing and providing an easy-to-understand picture of the importance of each of the issues being confronted.

**NOI**

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

**NOI yield**

This refers to annual NOI divided by property price and is an indicator for the investment yield of the real estate leasing business. It can also be used as a REIT investment metric. A higher NOI yield indicates greater profitability, with greater dividends to the investor.  
Calculation method for NOI yield: NOI/acquisition price multiplied by 100

**NAV/NAV ratio**

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 book value of the property owned and the appraised value.  
Calculation method for NAV: Net assets + unrealized gains or losses – dividends  
NAV/unit is NAV/total number of units issued  
NAV ratio is somewhat similar to PBR (stock price/net asset ratio) taking into account the market value of real estate. It can be used to assess whether an investment unit is under or overvalued.  
Calculation method for NAV ratio: investment unit price/NAV per unit

**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.

**Public offering (PO)**

This is one way to secure financing. A public offering targets general investors as shareholders, offering new shares for an established price based on current market value.

**Real Estate Securitization Master Certification System**

An educational program conducted by the Association for Real Estate Securitization. Certification that the recipient has broad practical expertise across the real estate and finance fields.

**Renewable energy**

Unlike limited fossil-based energy resources such as natural gas, crude oil, and coal, renewable energy sources are always present in nature, and include solar, wind and geothermal resources.

**Replacement cost**

This refers to the construction costs required if a building is re-built to a structure equivalent to the current building. Replacement cost is often used in engineering reports.

**Sponsor**

A J-REIT sponsor is a shareholder of the company (asset management company) managing the assets of the investment corporation. Sponsors (shareholders) of Fukuoka Realty include leading companies in the Kyushu Economy, such as Fukuoka Jisho Co., Ltd., and Kyushu Electric Power Co., Inc.

**Stakeholder engagement**

Efforts undertaken by a company to better understand matters that are of interest to stakeholders in the conduct of activities and decision-making.

**Sustainability**

Sustainability is often used in reference to environmental issues, but has recently become a key word in reference to corporate social responsibilities.

**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 for TSR (%): (Dividends per unit + increase in investment unit price)/initial investment unit price multiplied by 100

\* 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 places.

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