

Sustainability



Planning Department

General Manager of Planning
Department and Sustainability
Promotion Office
Fukuoka Realty Co., Ltd.

Keitaro Otsubo

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

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

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

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

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

We are currently advancing activities centered on the following themes.

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

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



Sustainability Workshop

First Phase: A New Step Toward Value Creation

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

This workshop involved the following three key points.

1. Consider the relationships between sustainability and daily operations

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

2. Deepen understanding toward materiality for Fukuoka Realty

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

3. Establish a vision for sustainability management

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

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



Climate Change

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

FRC's Recognition of Climate Change

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

TCFD Endorsement (and Participation in the TCFD Consortium)

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

Governance

System for Promoting Sustainability

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

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

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

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

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

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

Role of Management

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

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

Oversight by the Board of Directors

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

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

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

Strategy

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

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

Scope of Analysis

In the most recent scenario analysis, the focus is on FRC's real estate leasing business.

The analysis timeline is set for 2030 (medium term) and 2050 (long term).

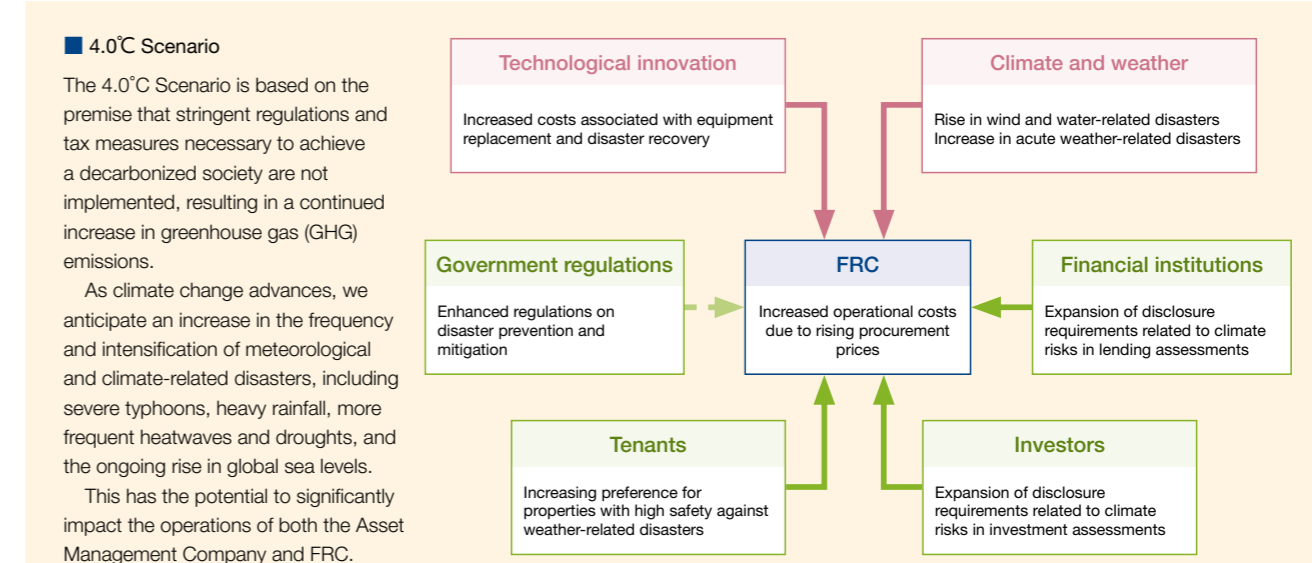
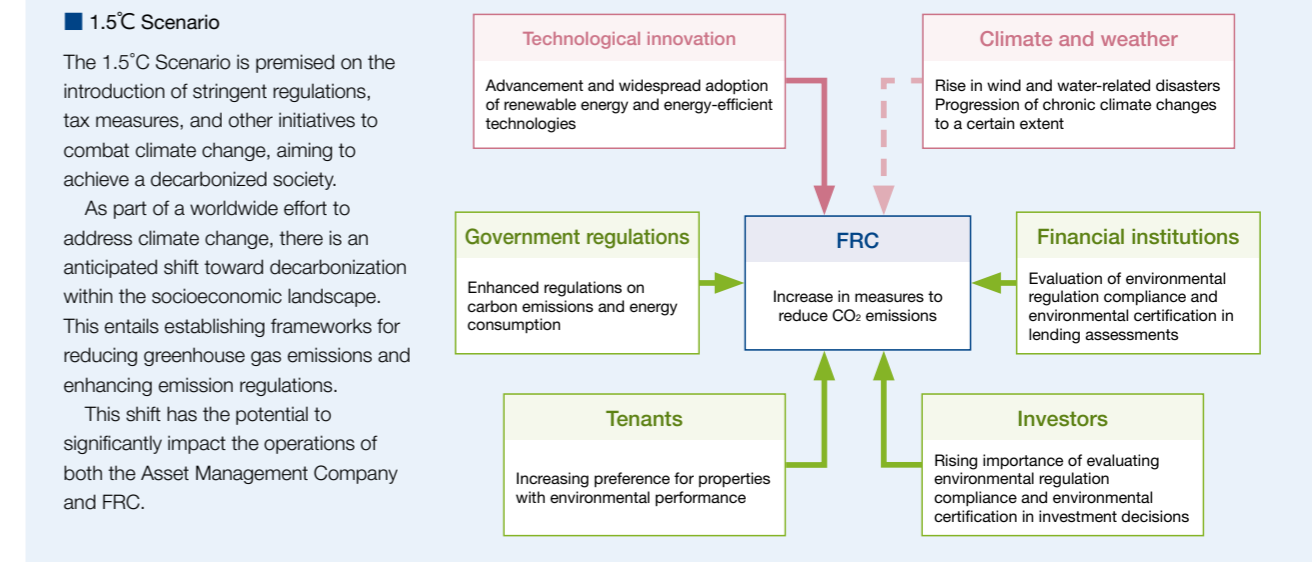
External Scenario Referenced

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

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

Envisioned Worldview in Each Scenario

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



Climate Change

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

Identification of Risks and Opportunities

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

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

■ Risks and Opportunities

Note: Items for which evaluation or calculation is difficult are indicated with "-".

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

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

■ Financial Impact (Millions of yen)

Note: Items not yet calculated are represented as "-".

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

This simulation reflects only the aspects deemed calculable at present and does not assess all climate-related risks associated with FRC. Moving forward, we will strive to evolve our analysis in response to developments in global and Japanese climate-related risks.

The simulation was conducted by considering FRC's existing financial information, taking into account information provided by

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

Concrete Initiatives in Response to Risks and Opportunities

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

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

Risk Management

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

■ Process of Identifying and Evaluating Risk

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

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

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

■ Process of Managing Risks

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

opportunities of high priority in business and financial planning, as deliberated in the Sustainability Promotion Committee.

The countermeasure plans formulated by the designated departments or individuals are reviewed and approved in internal forums such as the Sustainability Promotion Committee, depending on their content, before being implemented.

Regular progress reports on the implemented measures are submitted to the Committee, where the advancement of responses to risks and opportunities is monitored and verified.

■ Integration into Comprehensive Risk Management

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

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

Metrics and Targets

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

■ Reduction of Environmental Load

• 35% reduction in CO₂ emissions by 2030 [See p.36](#)

■ Maintenance and Enhancement of Environmental and Construction Performance

• 85% Green Building Certification rate or higher by 2030 [See p.39](#)

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

Environmental Response

Environmental Performance Data

Related Materiality

Addressing climate change

Related SDGs

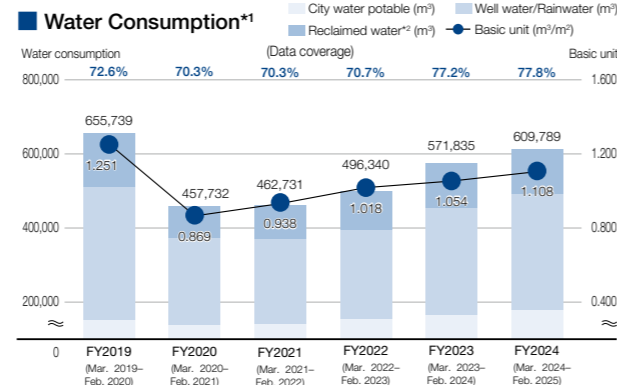
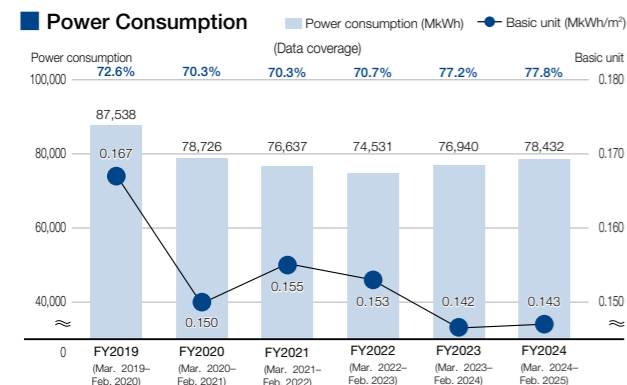


■ GHG Emissions (Scope 1 + 2)	2019	2020	2021	2022	2023	2024
CO ₂ emissions intensity (t-CO ₂ /m ²)	0.0610	0.0549	0.0545	0.0524	0.0514	0.0480
Scope 1 + 2 (t-CO ₂)	11,059	9,986	9,260	8,815	8,768	8,260
Scope 1 t-CO ₂	60	64	53	53	53	50
Scope 2 t-CO ₂	10,999	9,923	9,207	8,762	8,715	8,210

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

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

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



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

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

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

Environmental Initiatives

Related Materiality

Resource circulation and efficient utilization

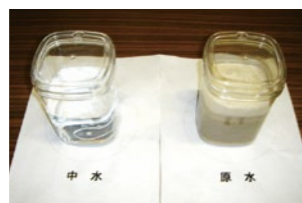
Related SDGs



Retail facilities

Greywater Plant (kitchen drainage reuse system)

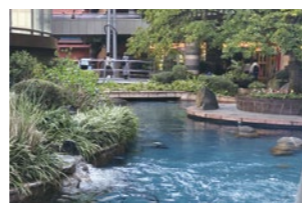
At Canal City Hakata and Konoha Mall Hashimoto, kitchen wastewater discharged by restaurants is collected and processed as reclaimed water. It is then used as tap water in on-site restrooms.



Retail facilities

Canal Water Filtration System (rainwater reuse system)

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



Office buildings

Energy-Saving Measures by Switching to LED lighting

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

<Office buildings already converted to LED>

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



Example of shifting to LED lighting at Sanix Hakata Building

Others (logistics facilities)

Introducing Renewable Energy Equipment

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



Solar panels



LOGICITY Hisayama

Green Finance

IC

Investment Corporation (FRC)

AMC

Asset Management Company

Related Materiality

Natural disaster preparedness

Related SDGs



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

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

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

Total Properties Owned (acquisition price)



As of August 31, 2025

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

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

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

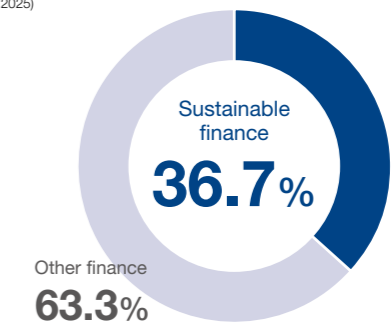
Lender	Amount procured (Millions of yen)	Procurement date	Repayment due date	Interest rate
The Nishi-Nippon City Bank	2,000	September 29, 2023	September 30, 2030	0.91900%
The Nishi-Nippon City Bank	1,900	September 29, 2023	September 30, 2031	1.01500%
The Nishi-Nippon City Bank	1,000	September 29, 2023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

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

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

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

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



Glossary Green finance

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

Sustainable finance

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

Environmental Response

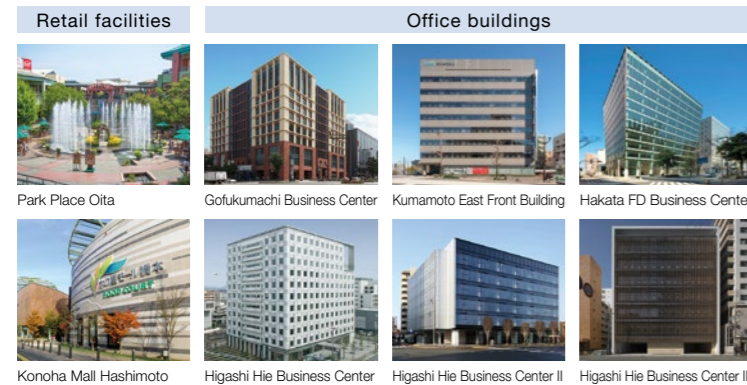
Initiatives for Facility and Building Management

Related Materiality • Addressing climate change

Related SDGs  

LED Conversion of Common Areas

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



Initiatives for Disaster Risk

Related Materiality • Natural disaster preparedness

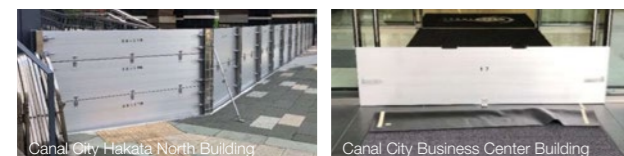
Related SDGs 

Countermeasures to Flooding Risks

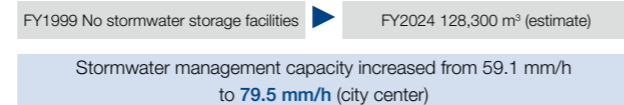
Severe damage from flooding in Fukuoka City on June 29, 1999, contributed to the formulation of the Storm Water Management Action Plan and the upgrading of rainwater drainage facilities in the areas where the flooding was particularly harsh. Ongoing efforts to implement antiflooding measures have greatly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

Replacing and Installing New Water Stops (July 2020)

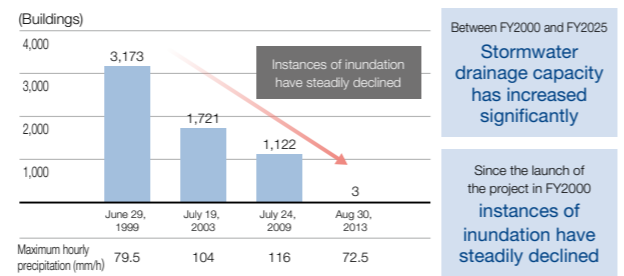
We reviewed the specifications and installation locations of existing water stops throughout the Canal City Hakata premises and either repaired or installed equipment as part of our countermeasures to river flooding as a result of typhoons and locally heavy rains, which appear likely to come more frequently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



Capacity of Stormwater Storage Facilities of Fukuoka City



Inundation Instances of Fukuoka City



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

Earthquake Risk Countermeasures

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

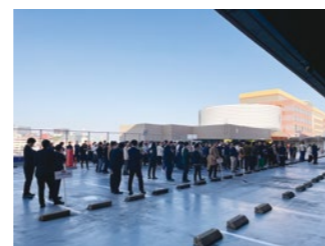
Glossary Earthquake PML

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

Other Disaster Prevention Measures

Emergency Drills

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



Initiatives We Support and External Certifications

Related Materiality • Business operations for resolving environmental issues

Related SDGs  

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

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

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

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



Other Initiatives We Support

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

Signatory of:



Participation in GRESB Assessment 2025

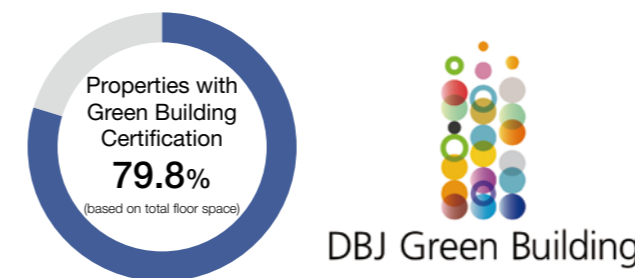
The Global Real Estate Sustainability Benchmark (GRESB) was established in 2009, primarily by leading European pension fund groups that endorse the Principles for Responsible Investment (PRI). GRESB serves as the annual benchmark assessment for measuring environmental, social, and governance (ESG) considerations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



Ratio of Properties Certified as Green Buildings

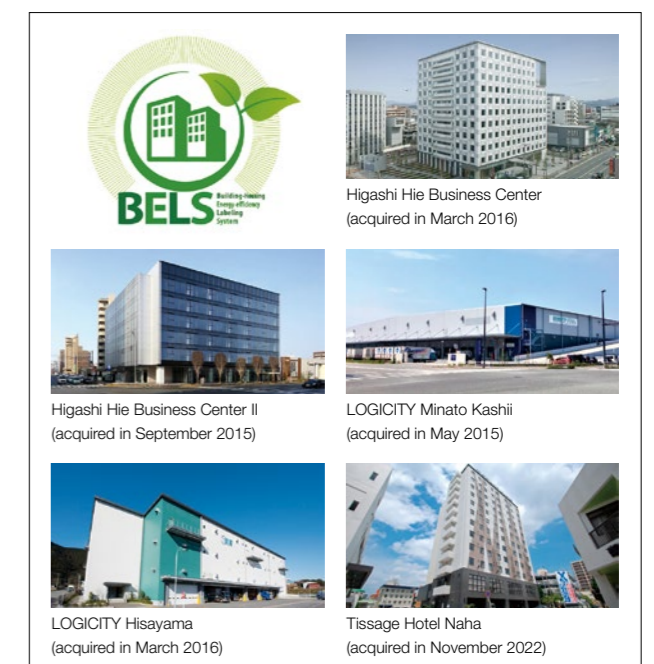
As of August 31, 2025, the ratio of properties within the entire portfolio certified as green buildings was 79.8%.

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



- ★★★★★ Canal City Hakata (2024)
Canal City Hakata·B (2024)
- ★★★★★ Park Place Oita (2024)
Konoha Mall Hashimoto (2024)
- ★★★★ Hakata FD Business Center (2023)
Canal City Business Center Building (2024)
Gofukumachi Business Center (2024)
Higashi Hie Business Center (2024)
LOGICITY Minato Kashii (2023)
LOGICITY Hisayama (2023)
Higashi Hie Business Center II (2024)
- ★ SunLive City Kokura (2019)

In addition, the Building Energy-Efficiency Labeling System (BELS) is a system in which third parties evaluate, indicate, and certify the energy conservation performance of non-residential buildings, based on the Evaluation Guidelines for the Building Energy-Efficiency Labeling System for Non-Residential Buildings (2013). FRC has acquired certification for five of its owned properties.



Social Response

IC Investment Corporation (FRC) AMC Asset Management Company

Initiatives for Employees and Tenants

Related Materiality: Creation of pleasant workplaces (Fukuoka Realty), Improvement in tenant engagement

Related SDGs: 3, 4, 8

Initiatives for Employees AMC

Fukuoka Realty:
Number of credentialed personnel As of August 31, 2025

Average number of years of continuous service of permanent employees
8 years and 7 months

Full-time personnel
51 Gender ratio Male: 43.1% Female: 56.9%

Number of credentialed personnel (total number of people)

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

Support for flexible work styles

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

Employee training

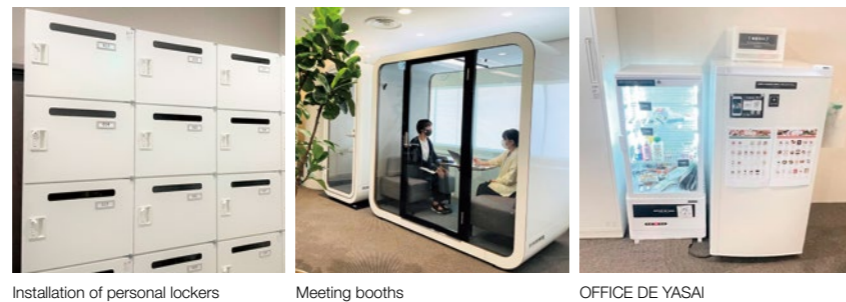
- Regular lectures by Kyushu Economic Research Center
- Compliance training
- ESG training
- Nursing care training
- In-house recreation etc.

Career development support

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

Health management/Improvement of office environment

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



A Comfortable Working Environment AMC



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

Initiatives for Tenants IC

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

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

Initiatives for Local Communities

Related Materiality: Contribute to increased attractiveness and vitalization of Fukuoka and Kyushu

Related SDGs: 9, 11, 17

Initiatives for Local Communities IC AMC



At Park Place Oita, we established a "Safety Town Council" that partners with related institutions and groups to conduct crime-prevention patrols.
Asset Management Company executives and employees actively participate in cleanup activities, of which there had been 336 as of October 16, 2025.
Raising the float in the Hakata Gion Yamakasa Oiyama event (Hachiban Yamakasa, Kamikawabata Shopping Arcade) (Left) Yukioka Ohara, President & CEO (Fukuoka Realty)



At Park Place Oita, a Father's Day milking experience was held, while at Konoha Mall Hashimoto, radio callisthenics took place.
Continuing to participate in hometown tax payments

Gatherings for Real Estate, Finance, and the Economy AMC

We have held gatherings annually since 2008 with the cooperation of the Japan Real Estate Institute (not held in 2020 due to concerns over COVID-19). Local real estate companies, financial institutions, and government agencies participate in the conference, which contributes to networking and further stimulation of the local economy. It has been designated as a continuing education course for The Association for Real Estate Securitization (ARES) masters.



The Kyushu Economic Research Center AMC

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



Other Activities AMC

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

Details of Study Groups Held in 2025

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

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

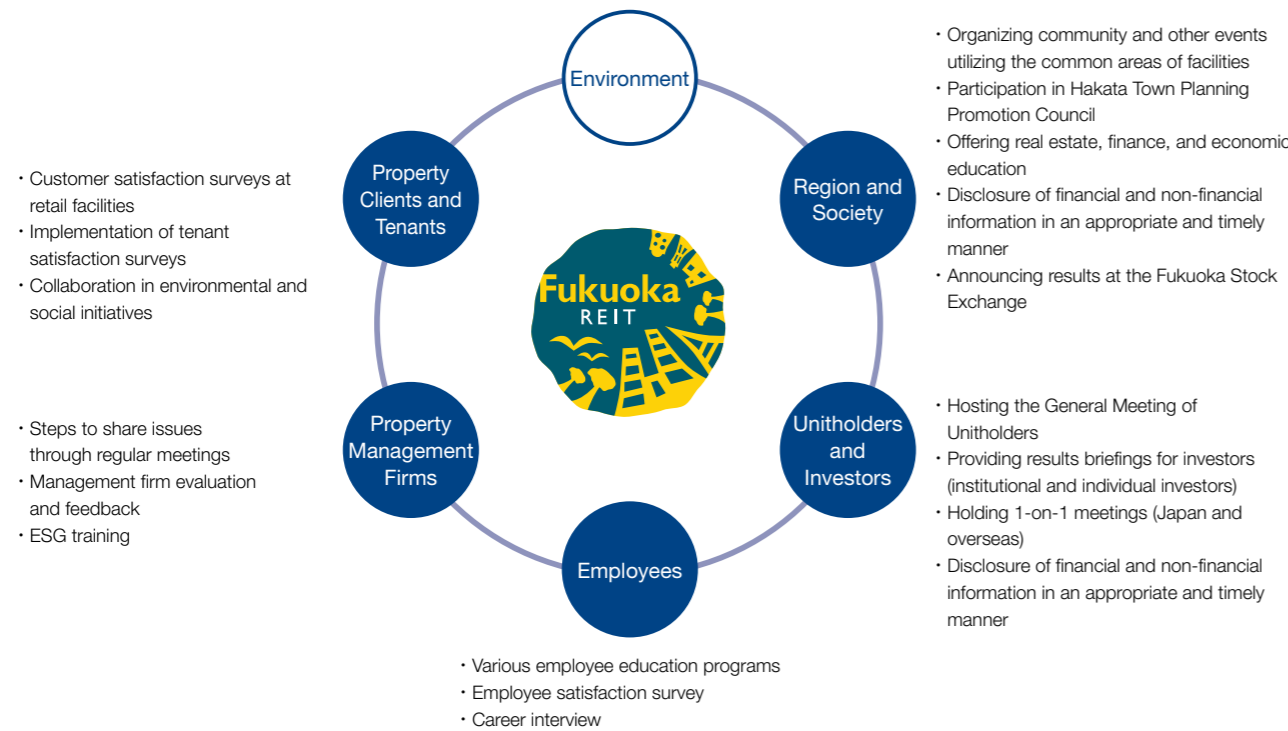


Corporate Governance

Stakeholder Engagement

Related Materiality Information disclosure and dialogue with stakeholders Related SDGs 17

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



Dialogue with Unitholders and Investors

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

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



Dialogue with Employees

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

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



Risk Management and Compliance Initiatives

Related Materiality Compliance/Risk management Related SDGs 16

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

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

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

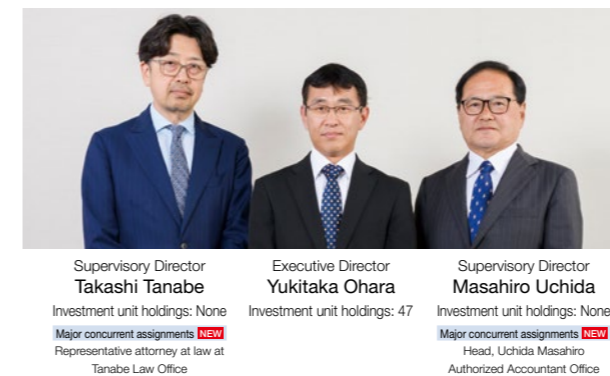


Managing Conflicts of Interest

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

Fukuoka REIT Corporation, Directors

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



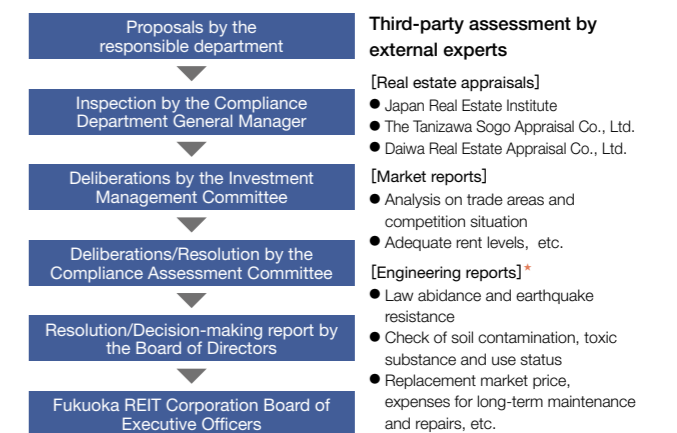
Asset Management Fee Structure

Asset management fees linked to unitholder interests

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

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

Decision-Making Process*



* The prior consent of the Investment Corporation's Board of Directors is obtained in cases falling under the provisions of Article 201-2 (1) of the Act on Investment Trusts and Investment Corporations.

Training Records

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

Fukuoka Realty Co., Ltd., Directors



Vice President of Board of Directors (Non-Executive) Hiroshi Shimuta Major concurrent assignments NEW Senior Vice President of Fukuoka Jisho Co., Ltd.	Director Hiroyuki Ayabe	President and CEO Yukitaka Ohara	Vice President of Board of Directors (Non-Executive) Masanori Kozuma Major concurrent assignments NEW Executive Officer of Kyushu Electric Power Company, Incorporated General Manager of Urban Development Business Division	Corporate Auditor (Non-Executive) Kazuomi Kamikawa Major concurrent assignments NEW External Auditor of Andou Construction Co., Ltd.
--	-----------------------------------	--	--	--

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