



Fukuoka REIT Corporation

Overview of the 36th fiscal period performance [8968] Security code March 1st, 2022~August 31st, 2022

Hello, everyone. I'm Zenji Koike. I'm CEO of Fukuoka Realty. Thank you very much for tuning in to the performance overview of Fukuoka REIT Corporation for the 36th fiscal period between March 1 and August 31, 2022. Let's get started.



Fukuoka REIT Corporation

Overview of the 36th fiscal period performance [8968]^{Security code} March 1st, 2022~August 31st, 2022

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* Regarding rounding of amounts, percentage, and ratios unless otherwise noted, in these materials, monetary amounts are rounded down to the nearest whole unit, and percentages and ratios are rounded off to one decimal places.
* The figure in tsubo is obtained by converting the square-meter figure to tsubo, rounded down to the nearest whole number.

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Executive summary

Distribution for the 36th Fiscal Period is +23 yen compared to the forecast



Let me start with the executive summary on page 1 and go straight to talk about the dividends. You'll find the numbers at the bottom of the page. The dividend payout for the 36th fiscal period was 3,523 yen per unit, beating our own expectations by 23 yen. The payout has been on a steady path to recovery, as shown in this chart, since the 32nd fiscal period's 3,250 yen per unit, and we've managed to pay above the 3,500 yen-level for the 36th fiscal period as well. We also expect to be able to pay above that level for the next two fiscal periods. The forecast for the 37th period is 3,520 yen per unit; and the forecast for the 38th period is 3,540 yen per unit, up 20 yen per unit from the 37th period.

Next, please take a look at the upper left part of the page. When it comes to external growth, we acquired Hakata Chikushi-Dori Center Building at 4 billion 320 million yen on March 1. With respect to the performance of our existing properties, our active retail has seen a recovery in sales across the board. And as the government opens up the borders to let in more foreign tourists and tries to stimulate domestic tourism demand with subsidies, we can expect that the sales will further increase going forward. For Canal City Hakata, a leading property in our active retail, the extensive renovation project has entered the execution phase. I will give you more details about the future vision for Canal City Hakata later in my presentation.

Our office buildings were 99.7 percent occupied for the 36th fiscal period, and we continued to raise rent on rent revisions by 4.2 million yen on a monthly basis. Although there was a large displacement of space at Higashi Hie Business Center in September, some of the space has already been filled and some of their tenants agreed to pay higher rent. I will give you more detail on that later as

well.

If you look to the right, here is our financial dashboard. As you can see, we remain steadfast to ensure the stability of our financial structure. Total interest-bearing debt stood at 83.9 billion yen at the end of the 36th fiscal period. And we will continue to mitigate refinancing risk through diversifying repayment dates and other means. We will also consider ways to mitigate risk of higher funding costs as result of rising interest rates; rebalancing the fixed and floating rates is one of the options.

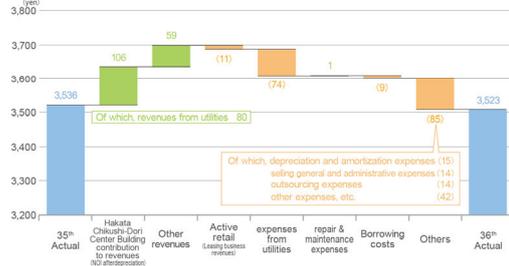
Last but not least, here are our sustainability initiatives at the bottom. We expressed support for the TCFD recommendations in September, and we conducted a review of financial impact based on the scenario analysis. We also received four stars in the GRESB survey 2022 as we did last year. This year we achieved a GRESB Public Disclosure Level of "A" for our outstanding disclosure of ESG activities. We will continue to disclose more non-financial information such as green performance data through the publication of our integrated report and other means.

So, that's a quick overview of the executive summary.

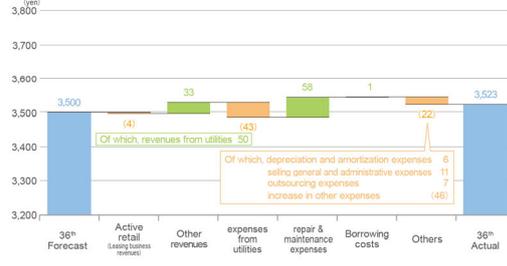
Dividend per unit

36th Actual was 3,523 yen, 37th Forecast projects a decrease to 3,520 yen and 38th Forecast projects an increase to 3,540 yen

36th Actual (compared with the previous FP)



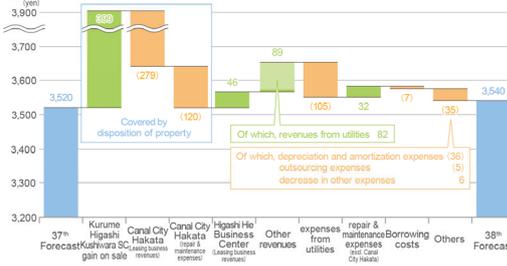
36th Actual (compared with the forecast)



37th Forecast



38th Forecast



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Financial statements and business forecasts | 2

Now let's go to the next page to discuss more details about our dividend payouts. These are the factors that determined our dividend payout for the last fiscal period as well as form the basis of the dividend forecast for the next two fiscal periods. First, when we compare the 36th fiscal period against the preceding period, the increase in other expenses was almost offset by revenue growth driven by the full-period contribution of Hakata Chikushi-Dori Center Building. And when we compare the last fiscal period's payout against our own forecast, the actual payout beat our expectations because of the rent increases that were included in Other Revenues and a decline in repair expenses.

For the 37th fiscal period, we expect that a drop in revenue for Canal City Hakata and an increase in repair expenses that are rolled over from the preceding period will be offset by the gain on the disposal of Kurume Higashikushiwara SC. Leasing revenue will suffer a loss due to a displacement in Higashi Hie Business Center, but other revenues will increase thanks to an increase in operating revenues from other properties in our portfolio. All in all, we expect to pay a dividend of 3,520 yen per unit.

For the 38th fiscal period, the drop in revenue for Canal City Hakata and the increase in repair expenses will continue to be offset by the gain on the disposal of Kurume Higashikushiwara SC. Furthermore, we expect an increase in leasing revenue in part driven by strong leasing performance of Higashi Hie Business Center. And that's why we expect to raise dividend by 20 yen per unit from the preceding period to 3,540 yen per unit. And from that fiscal period on, we believe we will be ready to raise dividend on a consistent basis.

Statements of Income (compared with the previous fiscal period)

Absorbed increased costs through newly acquired property's contribution to revenue

- unit : mm yen

Account		35 th ~Feb. 28, 2022 A	36 th ~Aug. 31, 2022 B	Difference B - A
Operating profit and loss Ordinary profit and loss	Total operating revenues	8,658	8,830	171
	Operating revenues excluding gain on sale	8,658	8,830	① 171
	Gain on sale	-	-	-
	Total operating expenses	5,472	5,648	175
	Expenses related to leasing business	4,810	4,974	② 163
	Asset management fees	526	534	8
	Asset custody fees	7	7	0
	Administrative service fees	57	60	2
	Director's compensations	9	6	(3)
	Other operating expenses	61	65	3
	Operating income	3,185	3,181	(3)
	Non-Operating profit and loss	Total non-operating revenues	0	1
Total non-operating expenses		370	377	7
Interest expenses (incl. investment corporation bonds)		271	278	7
Financing related expenses		96	97	1
Others		2	1	(0)
Ordinary income	2,816	2,805	(11)	
Profit before income taxes	2,816	2,805	(11)	
Total income taxes	1	1	0	
Profit	2,814	2,804	(10)	
Dividend	Total dividends	2,814	2,804	(10)
	Dividend per unit (yen)	3,536	3,523	(13)

Sign indicates impact on profit (unit : mm yen)

Operating profit and loss

① New acquisition of Hakata Chikushi-Dori Center Building +133

Active retail +14

-of which, Canal City Hakata / Canal City Hakata-B (9)

Park Place Oita (30)

Koncha Mall Hachimoto (1)

SunLive City Kokura +8

Office buildings (excl. Hakata Chikushi-Dori Center Building) +28

Others +19

Total : +171

(of which, revenues from utilities +63)

② Increase in outsourcing expenses (29)

Increase in expenses from utilities (68)

Decrease in repair & maintenance expenses +1

Increase in taxes and other public charges (7)

Increase in depreciation and amortization expenses (28)

Increase in other expenses (32)

Total : (163)

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Financial statements and business forecasts | 3

On the next page, page 3, we compare the income statements and dividend payouts between the 36th fiscal period and the previous period. Factors that affected the operating revenues and expenses are described in the text within the orange box. Operating revenues increased from the previous fiscal period by 171 million yen, most of which, 133 million yen, came from the full-period contribution of newly acquired Hakata Chikushi-Dori Center Building and the rest came from revenue growth from the existing properties. Park Place Oita, one of our active retail properties, has seen a recovery in sales since the previous period and that is now expected to translate into a recovery in operating revenues going forward.

Operating expenses, too, increased from the previous period by 163 million yen driven in large part by increases in outsourcing expenses and depreciation and amortization expenses. An increase in utilities expenses was offset by a corresponding increase in utilities charges that we collect from our tenants, so virtually no impact on operating profit. With SG&A expenses and non-operating expenses in addition to these, we paid a dividend of 3,523 yen per unit for the 36th fiscal period.

Statements of Income (compared with the forecast)

Due to factors such as increased office building and residential rent and an improvement in utility income and expenditures, the forecast was surpassed by 23 yen

- unit : mm yen

Account		36 th Forecast at 35 th A	36 th Actual B	Difference B - A
Operating profit and loss	Total operating revenues	8,807	8,830	① 22
	Leasing revenues - real estate		8,160	
	Other leasing revenues - real estate		669	
	Total operating expenses	5,640	5,648	② 8
	Expenses related to leasing business		4,974	
	Asset management fees		534	
	Asset custody fees		7	
	Administrative service fees		60	
	Director's compensations		6	
	Other operating expenses		65	
	Operating income	3,167	3,181	13
Non-Operating profit and loss	Total non-operating revenues	0	1	0
	Total non-operating expenses	361	377	(3)
	Interest expenses (incl. investment corporation bonds)		278	
	Financing related expenses		97	
	Others		1	
	Ordinary income	2,787	2,805	17
	Profit before income taxes	2,787	2,805	17
	Total income taxes	1	1	(0)
	Profit	2,786	2,804	17
Dividend	Total dividends	2,786	2,804	18
	Dividend per unit (yen)	3,500	3,523	23

Sign indicates impact on profit (unit : mm yen)

Operating profit and loss

① Active retail (3)

- of which Canal City Hakata / Canal City Hakata-B +9
- Konoha Mall Hashimoto +6
- SunLive City Kokura (20)

Office buildings +13

Others +12

Total : +22

(of which, revenues from utilities +40)

② Decrease in outsourcing expenses +6

Increase in expenses from utilities (34)

Decrease in repair & maintenance expenses +46

Increase in taxes and other public charges (4)

Decrease in depreciation and amortization expenses +5

Decrease in selling general and administrative expenses +9

Increase in other expenses (36)

Total : (8)

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Financial statements and business forecasts 4

The next page, page 4, compares the income statements and dividend payouts between the 36th fiscal period and our own forecast. Again, factors that affected the operating revenues and expenses are described in the text within the orange box. Operating revenues beat our forecast by 22 million yen and operating expenses were 8 million yen above the forecast. Rent increases for our office buildings as well as residential properties and a lower-than-expected increase in utilities expenses are the main factors. Profit before income taxes came in 17 million yen above the forecast and the DPU was 23 yen above the forecast.

Business forecast (the 37th fiscal period, Feb. 2023)

Canal City Hakata mostly absorbed the negative impact of repair expenses through gain on sale

Forecast in the 37th fiscal period

- unit : mm yen

Account	36 th Actual A	37 th Forecast at 35 th B	37 th Forecast at 36 th C	36 th Actual difference C-A	37 th Forecast difference C-B
Operating revenues	8,830	8,749	8,915	84	166
Operating revenues excluding gain on sales	8,830	8,749	8,800	① (30)	51
Gain on sales	-	-	115	② 115	115
Operating expenses	5,648	5,589	5,737	③ 88	148
Operating income	3,181	3,159	3,177	(3)	17
Non-operating revenues	1	0	0	(0)	-
Non-operating expenses	377	372	375	(2)	2
Ordinary income	2,805	2,787	2,803	(2)	15
Profit	2,804	2,786	2,801	(2)	15
Total dividends	2,804	2,786	2,801	(2)	15
Dividend per unit (yen)	3,523	3,500	3,520	(3)	20

Sign indicates impact on profit (unit: mm yen)

■ Difference between the 36 th FP actual and the 37 th FP forecast		
① Active retail		+41
of which, Canal City Hakata-/Canal City Hakata-B	(66)	
Park Place Oita	+54	
Konoha Mall Hashimoto	+28	
SunLive City Kokura	+24	
Higashi Hie Business Center	(71)	
Hakata Chikushi-Dori Center Building	(7)	
Office buildings(excl. Higashi Hie Business Center and Hakata Chikushi-Dori Center Building)	+21	
Others	(14)	
	Total :	(30)
	(of which, revenues from utilities	+45)
② Kurume Higashi Kushiwara SC gain on sale (15% co-ownership interest)	+115	
	Total :	+115
③ Increase in outsourcing expenses	(7)	
Increase in expenses from utilities	(48)	
Increase in repair & maintenance expenses	(74)	
Decrease in depreciation and amortization expenses	+9	
Decrease in selling general and administrative expenses	+4	
Decrease in other expenses	+28	
	Total :	(88)

Let's talk about our business forecast for the 37th fiscal period on page 5. You can find the main assumptions for the forecast within the orange box. We expect that a drop in revenue for Canal City Hakata and an increase in repair expenses that are rolled over from the preceding period will be almost offset by the gain on the disposal of Kurume Higashikushiwara SC. The disposal phase will be divided into three fiscal periods so that we pay stable dividend. The first tranche of the disposal, the 15% of our ownership share, will be completed during the current fiscal period. And we expect to pay 3,520 yen per unit, almost the same level of dividend as we did in the previous period.

Business forecast (the 38th fiscal period, Aug. 2023)

Due to factors such as favorable leasing and rent increase in office buildings, the dividend increased by 20 yen

Forecast in the 38th fiscal period

- unit : mm yen

Account	37 th Forecast at 36 th A	38 th Forecast at 36 th B	37 th Forecast difference B-A
Operating revenues	8,915	9,119	204
Operating revenues excluding gain on sales	8,800	8,686	① (113)
Gain on sales	115	433	② 317
Operating expenses	5,737	5,920	③ 182
Operating income	3,177	3,199	21
Non-operating revenues	0	0	-
Non-operating expenses	375	381	5
Ordinary income	2,803	2,819	15
Profit	2,801	2,817	15
Total dividends	2,801	2,817	15
Dividend per unit (yen)	3,520	3,540	20

Sign indicates impact on profit (unit : mm yen)

■ Difference between the 37th FP forecast and the 38th FP forecast

① Active retail	(193)
of which, Canal City I Iakata/Canal City I Iakata-D	(222)
Park Place Oita	+40
Konoha Mall Hashimoto	+3
SunLive City Kokura	(14)
Higashi Hie Business Center	+37
Office buildings(excl. Higashi Hie Business Center)	+34
Others	+9
Total	(113)
(of which, revenues from utilities	+65)
② Kurume Higashi Kushiwara SC gain on sale (55% co-ownership interest)	+317
Total	+317
③ Increase in outsourcing expenses	(4)
Increase in expenses from utilities	(83)
Increase in repair & maintenance expenses	(70)
Increase in taxes and other public charges	(35)
Increase in depreciation and amortization expenses	(29)
Increase in selling general and administrative expenses	(2)
Decrease in other expenses	+41
Total	(182)

Onto page 6, this is our business forecast for the 38th fiscal period. Here, you can find the main assumptions for the forecast within the green box. We expect an increase in leasing revenue from Higashi Hie Business Center, driven by early signings that make up for the displaced space and rent increases for new tenants. Furthermore, the second tranche of the disposal of Kurume Higashikushiwara SC will offset losses from Canal City Hakata so that we will continue to pay stable dividend. Net profit for the 38th fiscal period is expected to go up 15 million yen from the forecast for the 37th fiscal period, and we are planning to pay a dividend of 3,540 yen per unit, up 20 yen per unit, compared to the 37th fiscal period.

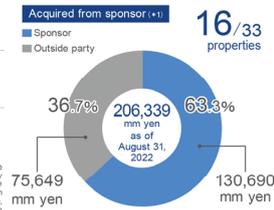
External Growth Initiatives

Aiming for an asset size of 250 billion yen by diversifying risks by investment type as a comprehensive REIT

Sponsor pipelines

- Several redevelopment projects are underway in the Tenjin and Hakata areas
- Completed development of logistics facilities in September 2020. Scheduled to continue development of logistics facilities
- Fukuoka Jisho owns 9.18% of FRC's investment units through same-boat investment (as of August 31, 2022)

(*1) Because the Higashi He Business Center that was acquired in the QP in August 31, 2020, was acquired from both the outside party and the sponsor, the purchase price has been added to the purchase price from outside parties and the purchase price from the sponsor after calculation on a per capita basis. Furthermore, with regard to the number of properties, one property has been added to the number of properties acquired from the sponsor.



Community-based sourcing strategy

- Acquire properties from external sources by utilizing the information ability and know-how of the Asset Manager which is well versed in individual conditions in the Fukuoka and Kyushu area
- Propose wide-ranging CRE strategies by grasping customers' needs as early as possible (ex. leaseback, base consolidation, putting land with leasehold interest off the balance sheet, etc.)
- Powerful companies leading the Kyushu business world provide backup as sponsors of the Asset Manager
- Following acquisition, community-based operation in a meticulous and stable manner is possible



Major income-generating properties		Major development properties	
Tenjin Business Center (*2)	Naha Business Center (*2)	Sumitomo Life Fukuoka Building Tenjin North Business Center Redevelopment Project (provisional name) (*3)	Project for Ethenka Utilization of the Fukuoka Prefecture East General Office Site (*3)
LOGICITY Minato Kashi North (*2)	Hakata Houshoba project (provisional name) (*2)	LOGICITY Koga Aoyagi (provisional name) (*2)	

(*1) For details of the sponsor pipeline, please see page 63.
 (*2) The above properties are owned by Fukuoka Jisho, and FRC has no plan to acquire them at present.
 (*3) Property to be developed by Fukuoka Jisho and its business partners. At present, FRC has no plans to acquire it.



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External growth strategy and new acquisition of property | 7

Let's turn our focus to external growth on page 7. Our current asset size as of August 31st, 2022 is about 206.3 billion yen, and we continue to work hard to reach our target, 250 billion yen in asset size. We will also continue to work closely with our sponsor not only in acquiring existing profitable buildings but also in developing new, sustainable, high quality, and high-performing properties including office buildings and logistics facilities. We have local connections, deliver a variety of solutions that cater to the local needs, and try to acquire high quality properties locally. We are also planning to acquire other stable assets such as residential properties in addition to office buildings and logistics facilities, tapping external sources.

Acquisition of property (March, 2029)

Joint project with our sponsor Fukuoka Jisho

Summary of property to be acquired

Seller	Fukuoka City
Name of property	Island City Minato Bay related site (Land with leasehold interest) (tentative)
Scheduled acquisition date	March 31, 2029
Acquisition price (planned)	8,082 million yen
Appraisal value	8,210 million yen (as of August 31, 2022)
Address	Part of 32-1, Minato Kashii 3-chome, Higashi-ku, Fukuoka City
Area (land)	Approximately 39,142 m ² (Total area planned for subdivision: Approximately 41,181 m ²)
Acquisition CAP rate (*1)	3.4%
Land leasehold	Fukuoka Jisho Co., Ltd. (planned)

(*1) "Acquisition CAP rate" is calculated by the direct capitalization method (DCF) in the appraisal report. (calculated acquisition price = 100 (%))

Significance of acquisition

- The property is in an area that will continue to develop as a logistics hub, driving growth in Fukuoka.
- This acquisition will further enhance our portfolio and ensure stable future earnings as a comprehensive REIT.

Points valued in deciding on the property

- High scarcity of large-scale logistics facilities (Land with leasehold interest) of over 10,000 tsubo in the Hakata port area
- 24-hour operation available as an area dedicated to logistics
- Good accessibility, such as being close to Hakata Port, Fukuoka Airport, Fukuoka IC, and the entrance/exit of Fukuoka City Expressway No. 6 (Island City Line), which was newly established in March 2021

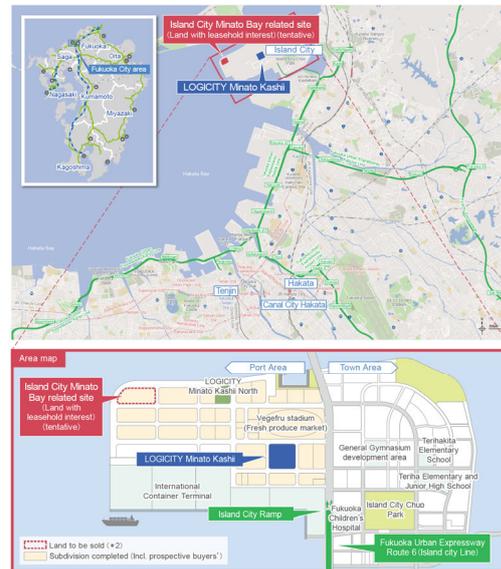
Outlook of land to be acquired, etc.



(*2) This shows the appearance of the entire plan land including land to be sold. This property to be acquired by FRC is scheduled to become a land portion after subdivision equivalent to 95.00% of the total planned land for subdivision, but its location has not yet been determined.

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Location of the land to be acquired



External growth strategy and new acquisition of property 8

The next slide, page 8, is about a new asset acquisition, which we announced in a press release on June 14. We have been working with our sponsor, Fukuoka Jisho, and we are named preferred bidder for a major logistics facility development in the Island City Port and Harbor sites in Fukuoka City. We will pay 8 billion 82 million yen for the land on which Fukuoka Jisho is going to develop logistics facilities. We are going to lease the land to Fukuoka Jisho.

As described in the slide, this acquisition will be significant because we believe that Island City will continue to thrive as a logistics hub that spurs economic growth for Fukuoka and it is important for Fukuoka REIT to have more logistics facilities in our portfolio. In fact, we own logistics facilities in the same area, all of which enjoy high occupancy rates. The expected acquisition date is March 2029, six and a half years from today.

Leasing progress for Higashi Hie Business Center

Aiming to quickly improve NOI with favorable leasing and rent increase

Overview of Higashi Hie Business Center

Acquisition price	5,900 mm yen
Built timing	February 2009
Total leasable floor space	13,614.59 m ² (4,118 tsubo)



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Leasing progress

Area of lease cancellation: 1,447 tsubo
Recession date : September 30, 2022

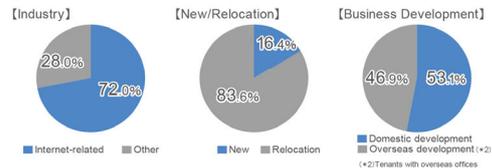
	36 th	37 th (forecast) (at 35 th)	37 th (forecast) (at 36 th)	38 th (forecast) (at 36 th)
Property occupancy rate at the end of the period (overall)	100.0%	82.4%	87.5%	87.5%
Backfilled ratio	—	50.0%	62.3%	62.3%
Backfilled area (assumed)	—	723 tsubo	902 tsubo	—
Total revenues from real estate leasing	357 mm yen	253 mm yen	285 mm yen	322 mm yen

[Contract status]

New tenants	floor area	rents	Downtime term and Free rent term	[prospective tenants]	
				prospective tenants	floor area
Company A	429 tsubo	Market rent unit price 15,000 yen~ 16,000 yen (*)	3 months~ 4 months	Company F	190 tsubo
Company B	115 tsubo			Company G	130 tsubo
Company C	231 tsubo			Company H	80 tsubo
Company D	42 tsubo			Company I	80 tsubo
Company E	84 tsubo			total	approx. 500 tsubo
total	902 tsubo				

(*) "Market rent unit price" indicates the assumed newly closed rent unit price (with common charges) per tsubo assessed by CBRE as of August 2022, presented in a range.

Overview of new tenants (incl. prospective tenants)



Portfolio overview | 9

In the next slide, page 9, I want to give you more details about the leasing development for Higashi Hie Business Center, which I talked about in the last performance overview session. Higashi Hie Business Center suffered a large displacement of approximately 4,800 square meters or 35% of the building's rentable area as of at the end of September. However, the vacant space has been filled more quickly than we anticipated thanks to its prime location, high-spec characteristics, and our focused efforts to find new tenants. Already 62.3 percent of the vacant space has been filled, compared to the previous forecast of 50 percent. We successfully cut short the period during which rent revenue is not earned such as a free rent period. Furthermore, we thought that it would be a perfect opportunity for us to fill the rent gap, and as expected, we have successfully signed new leasing agreements at the market-level rent, which is above our portfolio average rent unit price ranging between 12,500 and 13,000 yen. Of course, we are currently negotiating with prospective tenants to fill up the remaining space as quickly as possible.

Trends in the Fukuoka office market

The market vacancy rate increased to the 5% range, but occupancy rates of large-scale buildings and large-sized buildings remain steady

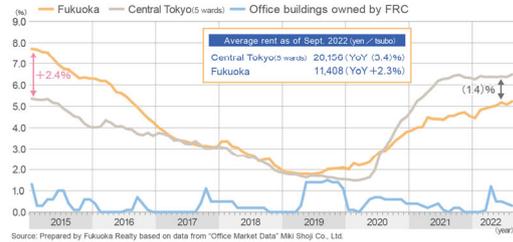
Fukuoka business district / Vacancy rates and supply and demand of office buildings

©The vacancy rate has increased mainly due to supply factors



Fukuoka business district / Average vacancy rate

©The vacancy rates of office buildings owned by FRC have remained at low levels



Trend of office building vacancy rate in Fukuoka City by size

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



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Portfolio overview | 10

The next slide, page 10, is about updates on the office market in Fukuoka. As the chart on the left shows, there has been consistent supply of new office space since 2021. But the rise in the vacancy rate has been minimal and it is at 5.08 percent as of September 2022, while the vacancy rate in Central Tokyo is hovering high at around 6.49 percent. More recently the rise in the average vacancy rate in Fukuoka has been more moderate than the rise in Tokyo as indicated in the chart on the right side of the slide. And the fact that our office buildings have this really low vacancy rate shows that they are highly competitive properties in the market.

Historical and projected office buildings' occupancy rates

Aiming to reduce rent gap and complete leasing at an early stage despite some move-outs



Overview of Office Buildings

- (Average occupancy rates(actual): 36th:99.6%)
- ① Continue with rent increase through rent revision upon contract renewal and tenant replacement
- ② Acquired Hakata Chikushi-Dori Center Building in Mar. 2022
- ③ Keeping high occupancy rate from the 35th FP
- (Average occupancy rates(projected): 37th:97.4% 38th:98.2%)
- ④ Almost all tenants for the 37th period have already made informal determination
- ⑤ Aiming for early leasing completion of Higashi Hie Business Center and Hakata Chikushi-Dori Center Building

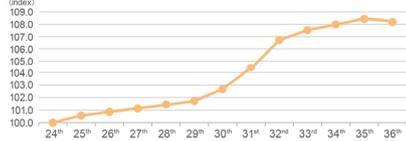
Major indicators of owned properties

Total amount of acquisition	68,040 mm yen
Investment ratio	33.0%
Average age	19 years 7 months
Tenants	190
Total leasing revenues-real estate in the 36 th FP	2,924 mm yen
Positive rent gap	+17.7% ^(*)

(*) The figures are indicated as of August 31, 2022.
 (**) The average building age and the positive rent gap are calculated excluding Tenjin Nishi-Dori Business Center (Land with leasehold interest).
 (***) The number of tenants is indicated excluding the residential portion of the Taihaku Street Business Center.
 (****) Positive rent gap indicated the gap between current rent contract rent with common charges and market rent, and is calculated as "market rent - current rent / current rent". Moreover, market rent indicated average of assumed newly closed rent assessed by CBRE as of Aug. 2022.

Trend in rent unit price index of owned properties

Although the overall rent unit price index declined, the unit rent of existing properties steadily increased



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

Please go to the next slide, page 11. This slide shows the historical and projected occupancy rates for office buildings in our portfolio. The weighted-average occupancy rate for the ten office buildings in our portfolio, which excludes the land for Tenjin Nishi-Dori Business Center, remains at an extremely high level of 99.6 percent for the 36th fiscal period. As I mentioned earlier, there was a large displacement in Higashi Hie Business Center in the 37th fiscal period and there will be some displacement in Hakata Chikushi-Dori Center Building, too, but we are working very hard to narrow the rent gap and fill those vacancies as immediately as possible. According to CBRE's latest appraisal data, our portfolio rent is still 17.7 percent lower than the market rent, so we will continue to work hard to raise rent as we have been doing as illustrated in the chart at the bottom right of the slide.

Situation of active retail

Overall sales are recovering



^(*) Combined sales of Canal City Hakata and Canal City Hakata-B, properties owned by Fukuoka REIT. Sales of the portion to be disposed (88.28% co-ownership interest) of Canal City Hakata B Grand Building, which is part of Canal City Hakata B, are excluded from June 1, 2021, the disposition date.
^(*) Sales at the newly acquired Home Plaza NATCO at Park Place Oita in July 2020 are added. From March 2021, six stores that had not previously received sales disclosure have been added to the list because sales are now disclosed by tenants.
^(*) Sales figures are omitted because SunLive did not consent to their disclosure.

Change in sales from a year earlier

Property name	2021									2022								
	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.
Canal City Hakata / Canal City Hakata-B ^(*)			34 th							35 th					36 th			
			Aug. 2021							Feb. 2022					Aug. 2022			
			+41.0%							(4.0) %					+16.8%			
Park Place Oita ^(*)			+15.1%							+1.3%					+2.0%			
Konoha Mall Hashimoto			+13.4%							+2.8%					+8.3%			
SunLive City Kokura			+0.3%							+14.7%					+18.2%			
Other retail properties ^(*)			+2.7%							+0.5%					+2.4%			

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

The next slide, page 12, describes the current situation of our active retail properties. As the table at the bottom of the slide shows, our active retail sales are generally on the path to recovery. We call these properties “active retail” because they pay a performance-based rent. They have been and are right now undergoing renovations or holding events to increase traffic and improve competitiveness as consumer demand recovers. And we absolutely believe that these measures will drive internal growth in the mid-to-long term. Furthermore, we will make sure that we seize every opportunity to improve and increase sales as the government tries to stimulate tourism demand through opening up the borders and providing subsidies.

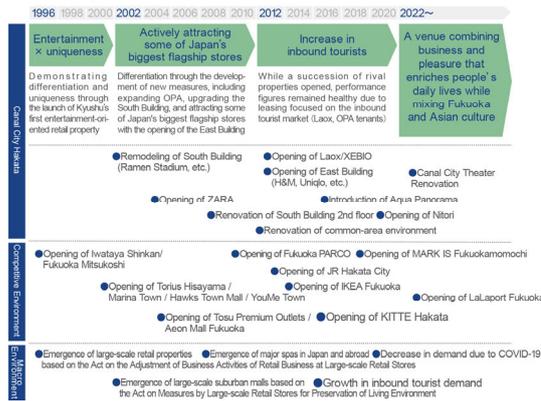
Future vision of Canal City Hakata①

Plan to differentiate of positioning

Positioning transition of Canal City Hakata



Canal City Hakata to Date



Fukuoka REIT

The Future of Canal City Hakata

1st Step Launch a future-oriented project	We will start a future-oriented project to evolve the property. The renovations in 2023 that are the project's first phase will embody our vision for the property's exciting evolution, building expectation for the major transformation process that is now beginning.
2nd Step Develop the area through changes involving with the surrounding environment of facility	With dynamic sites starting to appear in Haruyoshi, as typified by the Riverfront Next project undertaken by Fukuoka City, an increase in traffic from Tenjin is expected. Facilities will be upgraded to make Canal City Hakata a thriving site attracting a flow of people. We will also seek to secure tenants in industries aligned with current key concepts like digital technology and sustainability, of which implementation is a medium- to long-term objective.
3rd Step Constantly evolve	We will continue the advancement of our goal to form our future vision. To embody this, proposal functions for food, clothing and shelter aiming to enhance the wellbeing of consumers will be strengthened. With the upgrading of Seiryu Park to be completed at the same time as the opening of park facilities, the excitement offered by the property will become an increasingly integral part of the nearby area.
4th Step Countdown to completion	The entire property will be transformed into a next-generation facility with the evolution of offices and environment to provide new value, in addition to renovations centering on retail properties implemented until now. We will also splendidly promote the countdown to completion.
Final Step CANAL Re-BORN FINISH	The project, started in 2023, will be complete. A strong base of circulation in Seiryu Park, Canal Main Building, and the East Building will be made, increasing the potential for visitors to spend more time roaming in central Fukuoka between Tenjin and Hakata, and the property is expected to expand the entire Fukuoka-Hakata area and create an atmosphere with greater bustle.

Portfolio overview | 13

On the next slide, I want to give you an update on the project in which we are going to transform Canal City Hakata for the next generation. The external environment that surrounds Canal City Hakata is going through yet another significant transformation. Canal City Hakata's original brand concept was "the pursuit of entertainment and uniqueness" when it was open in 1996. In and around 2002, it sought to become a hub for largest flagship stores in Japan. And since 2012 it has been reshaping itself as "the destination retail facility for inbound tourists," and as such, has suffered a tremendous impact from the pandemic.

That is why it is all the more important that we create our vision for the future of Canal City Hakata as we celebrate its 25th anniversary and when that inbound demand evaporates. What you see on the slide is the overview of "Canal City Hakata Transformation Project," which we put together with our sponsor and property management company. Our new brand concept is "a place where 'work' and 'play' fuse into one and that produces a fusion of Fukuoka and Asian cultures and enriches people's lives." With this new concept, Canal City Hakata will go through steps of transformation as described on the right side of the slide.

Future vision of Canal City Hakata ②

A venue combining business and pleasure that enriches people's daily lives while mixing Fukuoka and Asian culture

Value Provision



Building a community by connecting a variety of people
By creating a space combining business, residential, and leisure activities where people can interact casually, we will build a local community that brings together a variety of people

Integrating the uniqueness of Asia and Fukuoka and creating opportunities for shared creation

We will create a unique culture that actively incorporates Asian culture and mixes it with the distinctive character of Fukuoka and also generates opportunities for shared creation



Encouraging new interests and offering people creative activities
By creating opportunities to experience various cultural activities, we will encourage people to take an interest in new things and take part in activities

Establishing an infrastructure and system that will create a unique culture

We will provide an activity hub/laboratory for people who want to try new challenges and create a new culture through initiatives specific to Canal City Hakata



Developing a stimulating environment that will make activities more dynamic
We will support continued motivation and growth by creating opportunities for awareness/ discovery and venues for learning, such as co-creation programs

Supporting proactive communication and promoting the spread of a unique culture

We will promote culture by leveraging Canal City Hakata's assets and announcing/communicating activities in collaboration with the local community

What We Aim to Achieve with Canal City Hakata

Creating and communicating a unique culture



①Becoming a hub where artists, creators, and open-minded people from Japan and elsewhere in Asia gather by serving as an activity base and creating opportunities to present artistic works



②Becoming a showcase for a new food culture that combines Fukuoka specialties with the cuisines of various Asian countries by actively attracting handpicked restaurants



③Becoming the center of a community that enables people to enjoy new experiences and try out activities that interest them, in order to create broader awareness of sports culture



Fukuoka REIT

Portfolio overview | 14

Here are more details about the new concept on page 14. “Connect,” “Facilitate,” and “Empower” are the value proposition we promise to provide so that people who visit Canal City Hakata can feel, experience, and interact with fascinating culture. And this unique and original culture produced by Canal City Hakata will be constituted of creative arts, food, and sports and healthcare, attract more people, and help increase sales.

There are new tenants who believe in our vision and agree to open a store in this new, transformed Canal City Hakata. We just cannot disclose any names at this moment for confidentiality reasons, but we will let you know as soon as we are allowed to do so.

Disposition of property (Kurume Higashi Kushiwara SC)

Aim to stabilize dividend level

Overview of disposition property (planned)

Location	370-3 Higashi-Kushihara-cho, Kurume City, Fukuoka Prefecture
Scheduled date of agreement	October 26, 2022 (planned)
Buyer	Non-disclosure (*)
Disposition Date (scheduled)	1st (15% co-ownership interest) / February 28, 2023 2nd (55% co-ownership interest) / August 31, 2023 3rd (30% co-ownership interest) / November 30, 2023
Appraisal value	2,740 million yen (as of Aug. 2022)
Book Value	1,966 million yen (as of Aug. 2022)
Disposition Price (planned)	2,740 million yen ①411 million yen ②1,507 million yen ③822 million yen
Acquisition Date	February 1, 2008
Acquisition Price	2,500 million yen
Land area	7,182.44 m ²
Total floor area	6,467.80 m ²

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



Reasons for Disposition

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

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

② Decreasing the commercial property investment ratio

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

③ Use of disposition capital

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

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

Fukuoka REIT

Portfolio overview 15

The next slide is about the disposal of one of our retail assets, Kurume Higashikushiwara SC, which we announced in a press release today. There are three reasons for disposing this asset: One, cash in unrealized gains to pay stable dividend; Two, lower the allocation for retail properties; and Three, reinvest the gains for internal growth. As I explained earlier, part of the gains will be used for internal growth as the Canal City Hakata project enters the execution phase and the fact that the disposal takes place in three installments enables us to pay stable dividend. So, we are confident that the decision to dispose this asset will serve the best interest of our unit holders in the short and mid-to-long terms by providing a stable return for them.

Situation of other assets (Residence, Hotel)

Operation of residential properties are steady, for hotels, FRC owns only those specialized for accommodation

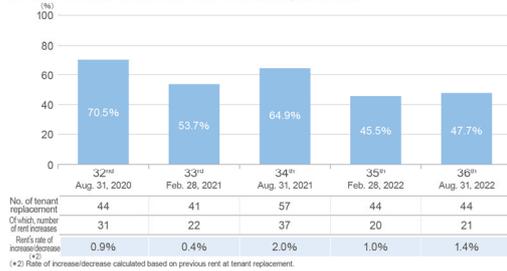
Residential properties

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

Occupancy rates	32 nd (Aug.2020)	33 rd (Feb.2021)	34 th (Aug.2021)	35 th (Feb.2022)	36 th (Aug.2022)
Amex Akasakamon Tower	89.8%	96.2%	96.7%	96.9%	96.3%
City House Keyaki Don	97.2%	97.6%	94.5%	98.6%	97.2%
Aquala Chihaya	96.9%	98.6%	98.0%	99.3%	98.3%
D-Wing Tower (+1)	97.9%	95.3%	94.3%	93.4%	95.7%
Granfore Yakuin Minami	98.0%	96.9%	97.7%	98.0%	97.2%
The weighted average of 5 properties	95.9%	96.7%	96.1%	96.7%	96.8%

*The occupancy rate is calculated as a weighted average over the period.
(+1) The figure for D-Wing Tower includes the retail portion.

©Rents continue to increase due to tenant replacements



Fukuoka REIT

Overview of Hotel

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

©Tissage Hotel Naha

	35 th (Feb. 2022)	36 th (Aug. 2022)
Room occupancy rates	76.2%	81.1%
ADR (+3)	3,773 yen	4,533 yen
RevPAR (+4)	2,873 yen	3,678 yen

* Not disclosed for Fukuoka Washington Hotel as no consent for disclosure has been obtained from the operator.
(+3) Average Daily Rate = Total accommodation-category sales over a certain period of time divided by the total number of guest rooms sold over the same period.
(+4) Revenue Per Available Room = Total accommodation-category sales over a certain period of time divided by the total number of guest rooms available for sale for the same period.

©Trends in lodging occupancy index (monthly average)



Portfolio overview | 17

The next slide, page 17, is about the situation of our residences and hotels. The average occupancy rate of our five residential properties remained high at 96.8 percent for the 36th fiscal period. We keep trying to raise rent at the time of tenant replacements and rent revisions. All the hotels in our portfolio are room-only hotels. They continue struggling despite some signs of recovery from the previous period especially in terms of bookings on hand. We remain hopeful that our hotels' performance will get back on track following a recovery in domestic and foreign tourism demand.

Key financing events in the 36th fiscal period

First syndicated sustainability-linked loan for a J-REIT

New borrowings and refinance

- ◎ New borrowings (1.0 billion yen)
- ◎ Refinancing through green loans (1.6 billion yen)
- ◎ Refinancing through Sustainability Link Loan (4.9 billion yen)

Date	Lender	Amount (mm yen)	Term	Interest rate
March 31, 2022	NEW Mizuho Trust & Banking	1,000	10-year	3-month TIBOR +0.30%
June 30, 2022	Sustainable finance Green Loan Sumitomo Mitsui Banking Corporation	1,600	7-year	0.72625% (Fixed)
August 31, 2022	Sustainable finance Sustainability-linked loan Development Bank of Japan The Nih-Nippon City Bank The Bank of Fukuoka	4,900	10-year	0.91875% (Fixed) ^(*)

(*) If CO2 savings target is met, the preferential rate from the initial borrowing rate will be applied between August 2031 and the repayment date.

Commitment Line Period Maintained (3 Years)

- ◎ Secured flexible and stable financing means

	Lender	Credit Limit (mm yen)	Period End
Committed line of credit 1	The Bank of Fukuoka, Resona Bank	6,000	NEW July 31, 2025
Committed line of credit 2	The Nishi-Nippon City Bank, Resona Bank, The Oita Bank, The Bank of Nagasaki, The Bank of Saga	7,000	February 28, 2025
	Total	13,000	

Diversification of debt maturities (As of August 31, 2022)



Fukuoka REIT

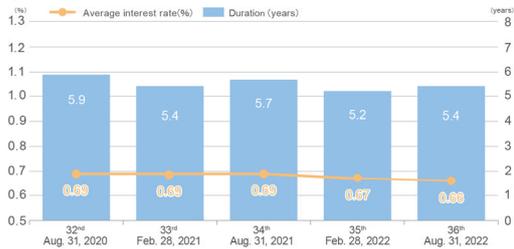
Financial strategy | 18

Let's go to the next slide. From here I'm going to talk about our finances. Let me start with the key financing events in the 36th fiscal period on page 18. As you can read the text on the upper left corner, we borrowed one billion yen; it's a new borrowing, and refinanced 1.6 billion yen of debt as a green loan and another 4.9 billion yen of debt as a sustainability-linked loan. This sustainability-linked loan is the first syndicated loan to a J-REIT and serves as a catalyst for promoting sustainability and protecting the environment. Fukuoka REIT Corporation and Fukuoka Realty work as one team together with our sponsor banks including Development Bank of Japan, Nishi-Nippon City Bank, and Bank of Fukuoka. Also, we signed an agreement to extend the term of the committed line of credit by one year, setting the remaining term to three years. That allows us to remain on solid financial footing and have access to fast funding availability.

Financing condition

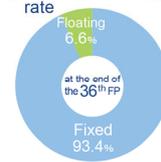
Establishment of stable financial base

Average interest rate ^(*) and duration

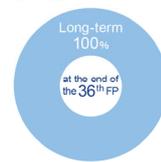


(*) Interest rates are rounded off to the second decimal place.

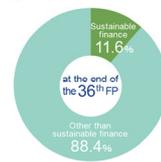
Fixed and floating rate



Long-term rate



Sustainable finance rate

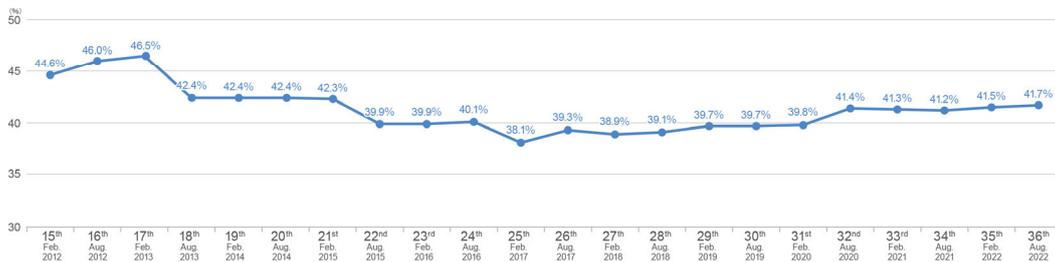


Credit ratings ^(**)



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

LTV



Fukuoka REIT

Financial strategy | 19

The next slide, page 19, is about our financing capacity. Our average debt duration is 5.4 years with a 0.66 percent interest rate on average for the 36th fiscal period. According to the latest securities firm report, the average debt duration across the J-REIT industry is 4.3 years. That means that we have access to longer-term borrowings. We firmly stick to our policy of hedging the risk of rising rates, diversifying debt maturities, extending the borrowing term as long as possible, and lowering interest cost as much as possible. Our LTV remains at the low level of 41.7 percent for the 36th fiscal period, so we have no problem in using debt to finance the acquisition of investment properties. The percentage of the so-called “sustainability borrowings” is more than 10 percent of our total debt for the 36th fiscal period and is likely to go up as we become more committed to ESG in financing activities. When it comes to the credit ratings, we keep JCR’s AA- (Double A Minus) credit rating.

Appraisal value

The unrealized gains (*) totaled 43,026 million yen at the end of 36th fiscal period (increase of 214 million yen compared with previous fiscal period)

- unit: mm yen

Property name	Acquisition price (+2)	Acquisition cap rate	At the end of the 36 th FP (Aug. 31, 2022)				At the end of the 35 th FP (Feb. 28, 2022)				Appraiser
			Appraisal value (1)	Book value (2)	Difference (1)-(2)	Cap Rate by direct capitalization method (3)	Appraisal value (4)	Difference (1)-(4)	Cap Rate by direct capitalization method (5)	Difference (3)-(5)	
Retail											
Canal City Hakata	32,000	6.0%	30,600	29,757	842	4.5%	30,600	0	4.5%	0.0%	Tanizawa Sogo Appraisal
Canal City Hakata-B	21,060	5.4%	21,400	20,701	698	4.6%	21,400	0	4.6%	0.0%	Tanizawa Sogo Appraisal
Park Place Oita	19,610	6.0%	20,500	20,555	(55)	5.4%	20,600	(100)	5.4%	0.0%	Japan Real Estate Institute
SunLive City Kokura	6,633	6.6%	8,520	5,548	2,971	5.8%	8,510	10	5.8%	0.0%	Japan Real Estate Institute
Konoha Mall Hashimoto	10,000	5.3%	10,000	10,018	(18)	5.1%	10,500	(500)	5.1%	0.0%	Tanizawa Sogo Appraisal
Square Mall Kagoshima Usuki	5,300	6.3%	4,650	4,234	415	5.5%	4,970	(320)	5.7%	(0.2)%	Japan Real Estate Institute
Kumamoto Intercommunity SC	2,400	6.5%	2,740	1,921	818	5.6%	2,740	0	5.6%	0.0%	Japan Real Estate Institute
Hanahata SC	1,130	6.4%	1,200	950	249	5.4%	1,200	0	5.4%	0.0%	Tanizawa Sogo Appraisal
Kurume Higashi Kushiwara SC	2,500	6.1%	2,740	1,966	773	5.5%	2,740	0	5.5%	0.0%	Tanizawa Sogo Appraisal
K's Denki Kagoshima	3,550	5.7%	3,660	2,863	796	5.4%	3,660	0	5.4%	0.0%	Tanizawa Sogo Appraisal
Marinoa City Fukuoka (Maina Side Building)	5,250	5.5%	5,890	5,352	537	4.8%	5,890	0	4.8%	0.0%	Tanizawa Sogo Appraisal
Total of retail	109,433		111,900	103,669	8,030		112,610	(910)			
Office buildings											
Canal City Business Center Building	14,600	6.3%	17,400	12,706	4,693	4.3%	17,400	0	4.3%	0.0%	Tanizawa Sogo Appraisal
Gofukumachi Business Center	11,200	6.3%	15,600	8,979	6,920	4.2%	15,500	100	4.2%	0.0%	Tanizawa Sogo Appraisal
Sarix Hakata Building	4,400	5.9%	6,890	3,731	3,158	3.9%	6,720	170	4.0%	(0.1)%	Japan Real Estate Institute
Taihaku Street Business Center	7,000	6.0%	9,770	5,524	4,245	4.3%	9,540	230	4.3%	0.0%	Japan Real Estate Institute
Higashi Hie Business Center	5,900	6.0%	8,230	4,288	3,941	4.4%	8,270	(40)	4.4%	0.0%	Tanizawa Sogo Appraisal
Tenjin Nishi-Dori Center Building	2,600	5.4%	3,360	2,650	709	3.7%	3,270	90	3.8%	(0.1)%	Japan Real Estate Institute
Tenjin North Front Building	2,800	6.1%	4,880	2,350	2,529	3.8%	4,640	240	4.0%	(0.2)%	Japan Real Estate Institute
Higashi Hie Business Center II	4,230	4.9%	4,660	3,901	758	4.4%	4,700	(40)	4.4%	0.0%	Tanizawa Sogo Appraisal
Higashi Hie Business Center III	3,290	4.4%	3,360	3,218	161	4.2%	3,360	0	4.2%	0.0%	Tanizawa Sogo Appraisal
Tenjin Nishi-Dori Business Center (part with leasehold interest)	7,700	3.5%	8,230	7,754	495	3.4%	8,020	230	3.5%	(0.1)%	Japan Real Estate Institute
Hakata Chikushi-Dori Center Building (*3)	4,320	4.7%	4,540	4,499	40	4.3%	4,540	0	4.3%	0.0%	Tanizawa Sogo Appraisal
Total of office buildings	68,040		86,960	59,306	27,653		85,980	980			
Others											
Tosu Logistics Center (Logistics)	1,250	5.9%	1,420	1,134	285	4.8%	1,390	30	4.9%	(0.1)%	Japan Real Estate Institute
LOGICITY Minato Kashii (Logistics)	8,150	5.2%	9,670	7,680	1,989	4.0%	9,440	230	4.1%	(0.1)%	Tanizawa Sogo Appraisal
LOGICITY Hisayama (Logistics)	5,050	5.1%	5,650	4,688	961	4.2%	5,560	90	4.3%	(0.1)%	Tanizawa Sogo Appraisal
LOGICITY Wakamya (Logistics)	1,700	6.4%	2,490	2,128	361	5.3%	2,450	40	5.4%	(0.1)%	Tanizawa Sogo Appraisal
Annex Akasakamon Tower (Residence)	2,060	5.4%	1,950	1,599	350	4.2%	1,920	30	4.3%	(0.1)%	Daiva Real Estate Appraisal
City House Keyaki Dori (Residence)	1,111	5.5%	1,090	866	223	4.2%	1,070	20	4.3%	(0.1)%	Daiva Real Estate Appraisal
Aquaia Chihaya (Residence)	1,280	6.8%	2,040	1,129	910	4.4%	2,040	0	4.4%	0.0%	Japan Real Estate Institute
U-Wing Tower (Residence)	2,800	5.9%	3,880	2,605	1,274	4.2%	3,740	140	4.3%	(0.1)%	Tanizawa Sogo Appraisal
Granfore Yakui Minami (Residence)	1,100	5.6%	1,370	1,064	305	4.1%	1,360	10	4.1%	0.0%	Tanizawa Sogo Appraisal
Hotel FORZA Oita (Hotel)	1,530	6.6%	1,890	1,329	560	5.1%	1,890	0	5.1%	0.0%	Japan Real Estate Institute
Tisageo Hotel Naha (Hotel)	2,835	5.3%	2,880	2,762	117	4.9%	2,880	0	4.9%	0.0%	Tanizawa Sogo Appraisal
Total of others	28,866		34,330	26,887	7,342		33,740	590			
Total properties	206,339		233,190	180,163	43,026		232,530	660			

(*) Unrealized gain is calculated by subtracting period-end book value (excluding construction in progress in transit) from the latest appraisal value.
 (**) "Acquisition price" indicates the amount excluding such expenses as fees and taxes and other public charges. (*3) The figures of appraisal value and cap rate by direct capitalization method are the appraisal values as of acquisition.

The next slide, page 20, is about the appraisal value of our portfolio. For the 36th fiscal period, some of our properties saw their book value exceeding their appraisal value because of the capex investment. But almost all the properties we own have unrealized gains and the total unrealized gains stood at approximately 43 billion yen as of the end of the 36th fiscal period. We will continue to act in the best interest of our unit holders in the mid-to-long term and pay stable dividend by realizing those gains as necessary.

Sustainability

Materially significant issues

Materially significant issues	Policies and targets	KPIs and targets
Environment	Reduction of environmental load	<ul style="list-style-type: none"> ● (by 2030) 35% reduction in CO2 emissions (compared with 2019, basic unit) 75% waste recycling rate
	Maintenance and enhancement of environmental and construction performance	<ul style="list-style-type: none"> ● (by 2030) 85% Green Building Certification rate or higher
Society	Creation of pleasant workplaces (Asset manager)	<ul style="list-style-type: none"> ● Improve quality of operations by enhancing and expanding employee education system and promoting acquisition of qualifications ● Continue to improve office environments and work on providing pleasant working environments ● Give consideration to work-life balance and boost employee satisfaction
	Creation of pleasant workplaces (Tenant)	<ul style="list-style-type: none"> ● Promote improvement of employee satisfaction and work towards increasing job satisfaction of tenant employees
	Contribution to boosting attractiveness and vitalization of Fukuoka and Kyushu	<ul style="list-style-type: none"> ● Enhance dissemination of information regarding strengths and charms of Fukuoka and Kyushu ● Support research and studies on local economy and industries and promote attractive urban development in collaboration with local business circles
Governance	Involvement in local community	<ul style="list-style-type: none"> ● Deepen dialogue and collaboration with local community through participation in community activities and various initiatives using properties under our management to grow and develop together with the local community
	Information disclosure and dialogue with stakeholders	<ul style="list-style-type: none"> ● Disclose financial and non-financial information to stakeholders in an appropriate and timely manner ● Build relationships of trust through proactive dialogue with stakeholders and reflect stakeholder feedback in management strategy
	Compliance / Risk management	<ul style="list-style-type: none"> ● Ensure thorough compliance including compliance with laws and ordinances and elimination of conflict of interest with interested parties, and develop and operate an appropriate internal risk management system to maintain and improve corporate value

Environment → P30

- Endorsement of TCFD (Task Force on Climate-Related Financial Disclosures) (Sept. 2022) **NEW**



- Promotion of LED conversion (exterior lighting) **NEW**
Reduced energy consumption by converting exterior office lights to LED (Gofukumachi Business Center)

Society → P31

- Registration with Fukuoka City Well-Being & SDGs Registration System (Jul. 2022) **NEW**



Society → P32

- Environmental awareness-raising activity with local high school **NEW**
Implementation of Blue Earth Project (eco-friendly water station campaign) (Canal City Hakata)
With the participation of restaurants in the facility, customers who brought their own bottles were offered free drinking water



Last but not least, I'm going to talk about what we are doing with respect to sustainability, which is one of our management priorities. When it comes to the environment, we expressed support for the TCFD recommendations in September. We also created climate change resilience policy and conducted a review of financial impact based on the scenario analysis. You can read the results of the review on the next page. Please have a look at them later.

As for actions for society, we were registered as a master on the Well-Being and SDGs Register of Fukuoka City - a public assessment program for businesses seeking to measure employee satisfaction and improve work environment.

We understand that sustainability continues to be one of the important criteria for real estate investment, so we want to continue to discuss with our investors how to move forward. And that brings to an end to the performance overview for the 36th fiscal period. Thank you very much for watching.

Assessment of Financial Impacts Based on Scenario Analysis

Creation of Climate Change and Resilience Policy (August 2022)

Climate Change Scenario Analysis

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

		Risk/Opportunity Factors		Financial Impacts		4°C Scenario			1.5°C Scenario		
						Short-term	Medium-term	Long-term	Short-term	Medium-term	Long-term
Transition risks	Policy and law	axation of CO2 emissions due to introduction of carbon tax, etc.	Increased taxation on CO2 emissions for owned properties	S	S	S	S	S	M	M	
		Stricter energy-saving standards for existing real estate and introduction of carbon emission-related restrictions, etc.	Increased renovation costs for purpose of compliance Increased environmental certification acquisition costs	S	S	S	S	S	M	L	
		Stricter mandatory emissions reporting requirements in Energy Efficiency Act	Increased payments, etc. to external companies for purpose of handling reporting	S	S	S	S	S	S	S	
	Technology	Evolution/spread of renewable energy and energy-saving technology	Increased costs of introducing new technology to prevent facilities in owned properties becoming technologically obsolete	S	S	S	S	S	M	L	
		Changing social values relating to environmental performance	Increased financing costs for properties with poor environmental performance	S	S	S	S	S	S	S	
		Decrease in asset value due to delayed environmental compliance at owned properties	Relative decrease in institutional investors' investment appetite due to delayed environmental compliance	S	S	S	S	S	S	S	
	Market	Increased importance of transition risks	Increased financing costs due to properties being assessed as having high transition risks	S	S	S	S	S	S	S	
		Increased value related to environmental performance	Reduced property value and average rents due to environmental certifications such as DBJ Green Building Certification not being acquired	S	S	S	S	S	M	L	
		Tenant needs relating to environmental performance	Decreased revenue due to owned properties' environmental performance becoming relatively low, creating stranded assets	S	S	S	S	S	M	L	
Physical risks	Acute	Damage to owned properties due to typhoons/heavy rain	Increased repair costs and insurance premiums: loss of sales opportunities due to flooding, decreased asset value of owned properties with high flooding risks, increased countermeasure costs	S	S	M	S	S	S		
	Chronic	Flooding at owned properties in low-elevation areas due to sea level rise	Increased flooding countermeasure costs	S	S	M	S	S	S		
		Increased need for A/C due to rising temperatures	Increased A/C operation, maintenance, and repair costs	S	S	M	S	S	S		
Opportunities	Energy sources	Introduction of renewable energy at sites	Reduction in externally procured utility costs	S	S	S	S	S	S		
	Products and services	Attracting tenants, occupants, and users by offering low-emission facilities and services	Increased revenue by attracting tenants and occupants	S	S	S	S	M	L		
	Markets	Expanding the client base by continuing to provide rental properties aligned with changing tenant and occupant tastes	Increased revenue from higher rents and improved tenant acquisition and retention	S	S	S	S	M	L		
		Expanding the investor base	Use of green bonds: increased financing by adapting/appealing to investors who prioritize environmental issues, decreased financing costs	S	S	S	S	S	S		



Fukuoka REIT

Appendix

Profile

Special features of Fukuoka REIT Corporation

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

Overview of Fukuoka REIT Corporation

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

Portfolio summary ^(*)	
Number of properties / Asset size ^(*)	33 / 206,339 mm yen
Of which, acquisition from sponsors ^(*)	16 / 130,690 mm yen
Unrealized gains	43,026 mm yen
Total leasable floor space	578,255.35 m ²
Occupancy rate	99.4%

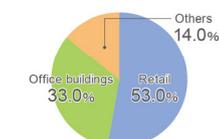
Financial highlight ^(*)	
Total debt	83,900 mm yen
LTV	41.7%
Fixed rate	93.4%
Average interest rate	0.66%
Credit ratings	JCR AA-(Stable) R&I A+ (Stable)

Investment unit price ^(*)

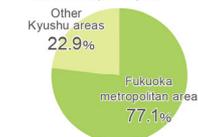
Unit price	170,300 yen
Outstanding units	796,000 unit
Market capitalization	135,558 mm yen (unit price * outstanding units)
Net assets value per unit	127,818 yen
Market net assets value per unit ^(*)	178,348 yen
Dividend (actual)	3,523 yen per unit (Days in fiscal period 184days) at the 36 th FP
Dividend yield	4.1% (Dividend / days in fiscal period * 365) / Unit price

^(*) The figures are as of August 31, 2022 (exact average interest rate)
^(*) The figures are total of acquisition price.
^(*) Because the Higashi-Ho Business Center that was acquired in the 10th fiscal period (period ended August 31, 2006) was acquired from both outside parties and sponsors, the purchase price has been added to the purchase prices from outside parties and the purchase prices from sponsors after calculation on a per capita basis. Furthermore, with regard to the number of properties, one property has been added to the number of properties acquired from sponsors.
^(*) Market net asset value per unit^{*} (Total net assets + Unrealized gains - Total amount of dividends) / Total number of investment units outstanding

◎ Investment type (based on acquisition price)



◎ Investment area (based on acquisition price)



A real estate investment trust specializing in regional properties

Sponsors

THE BANK OF FUKUOKA, LTD.
5%

THE NISHI-NIPPON CITY BANK, LTD.
5%

DBJ
5%
Development Bank of Japan Inc.

FJ.
FUKUOKA JISHO CO., LTD.
55%

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

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

SAIBUGAS HOLDINGS CO., LTD.
5%

Make Next. KYUDENKO
5%
Kyudenko Corporation

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

JR
5%
Kyushu Railway Company

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

Fukuoka REIT

Investment policy

Investment area

60-90% Fukuoka metropolitan area

10-30% Other Kyushu areas
(including Okinawa and Yamaguchi prefectures)

0-10% Others

Investment type

Others 0-30%
(Logistics, Residence, Hotel and Other facilities)

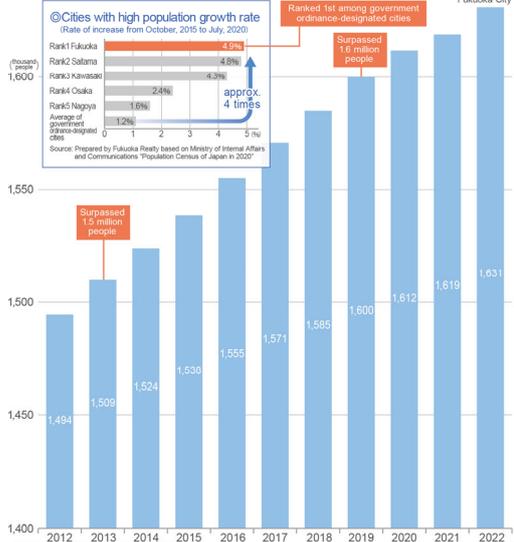
Office buildings 20-50%

Retail 40-70%

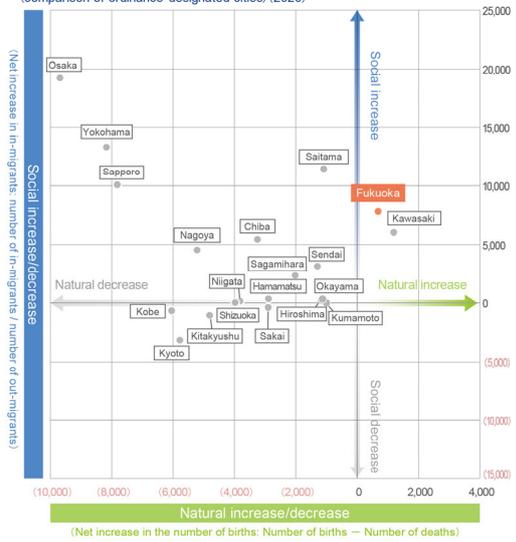
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Current situation of Fukuoka City①

Trends in number of population growth in Fukuoka City



Distribution Chart of Net Increase/Decrease in Population (comparison of ordinance-designated cities) (2020)

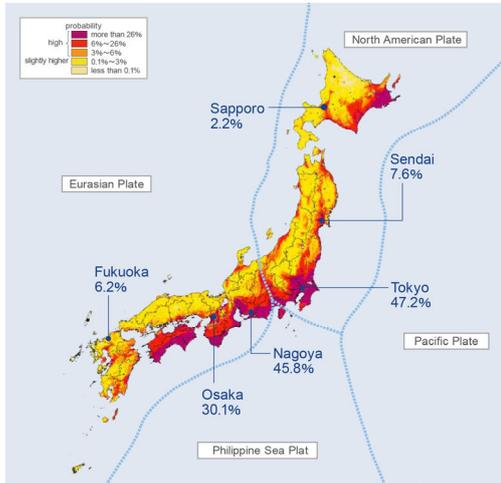


Earthquake risk in Fukuoka, etc.

All properties owned by Fukuoka REIT are covered by earthquake insurance

Probabilistic earthquake prediction map

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



Source: Prepared by Fukuoka Realty based on data 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); J-SHS (Japan Seismic Hazard Information Station, National Research Institute for Earth Science and Disaster Resilience); and the website of the Japan Meteorological Agency, Ministry of Land, Infrastructure, Transport and Tourism.

Basic Rate of Earthquake Insurance

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

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



*The basic rate is per 10 million yen of insurance amount mainly for steel-frame and concrete structure buildings over the insurance period of one year. Source: Created by Fukuoka Realty based on data from specially created earthquake insurance site (General Insurance Association of Japan)

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

Storm water storage facilities

Capacity of storm water storage facilities

FY1999 No storm water storage facilities → FY2022 128,300 m³

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

Instances of building inundation in Fukuoka City



Between FY2000 and FY2022 Storm water drainage capacity has increased significantly

Since the launch of the project in FY2000 Instances of inundation have steadily declined

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

Certification from external organizations and information disclosure

Endorsement of TCFF (Task Force on Climate-Related Financial Disclosures) (Sept. 2022)

 <p>TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES</p>	<p>Endorsement of TCFD (Task Force on Climate-Related Financial Disclosures) (September 2022)</p>	<p>In September 2022, we endorsed the recommendations of the TCFD (Task Force on Climate-Related Financial Disclosures), which was established by the Financial Stability Board (FSB) to examine climate-related disclosures and how financial institutions should respond. At the same time, we joined the TCFD Consortium, an organization of endorsing Japanese companies.</p>
<p>Signatory of:</p>  <p>PRI Principles for Responsible Investment</p>	<p>Principles for Responsible Investment (PRI) (September 2018)</p>	<p>Refers to the six basic principles advocated in 2006 by Kofi Annan, the United Nations Secretary-General at the time, for the purpose of reflecting environmental, social and governance (ESG) factors to the investment process, as well as the international network of financial institutions that affirm the principles. The Asset Manager became a signatory to the Principles for Responsible Investment (PRI) in September 2018 in order to implement practices at an international level when it promotes ESG awareness in real estate investment and management operations.</p>
 <p>PFA21 Principles for Financial Action for the 21st Century</p>	<p>Principles for Financial Action towards a Sustainable Society (Principles for Financial Action for the 21st Century) (September 2018)</p>	<p>Principles for Financial Action towards a Sustainable Society (Principles for Financial Action for the 21st Century) refers to the principles prepared in October 2011, with the Ministry of the Environment serving as the secretariat, as action guidelines for financial institutions that want to fulfill the responsibilities and roles necessary for forming a sustainable society. The Asset Management Company became a signatory in September 2018, affirming the ideas of the Principles.</p>
 <p>GRESB</p>	<p>GRESB</p>	<p>GRESB is a benchmark evaluation system that annually assesses the environmental, social and governance (ESG) awareness of real estate companies and funds, as well as the name of the organization that operates it. GRESB was established in 2009 mainly by major European pension funds that led the Principles for Responsible Investment (PRI). FRC has been a participant since 2018.</p>
 <p>DBJ Green Building</p>	<p>DBJ Green Building Certification</p>	<p>The DBJ Green Building Certification is a certification system established in 2011 as an initiative to support real estate featuring "environmental and social considerations" and entities that own and operate such estate. The system evaluates real estate sustainability from five ESG-based perspectives.</p>
 <p>BELS</p>	<p>BELS</p>	<p>BELS is a system in which third parties evaluate and indicate the energy conservation performance of non-residential buildings based on the Evaluation Guidelines for the Building Energy-efficiency Labeling System for Non-Residential Buildings (2013). FRC has acquired the certification for 4 properties.</p>

ESG Initiatives (Environment)

Reduction of environmental load

Enhancing energy efficiency Fukuoka REIT

- Replacement of air-conditioning equipment (Sanix Hakata Building, etc.)
- Promotion of replacement of lighting with LED lamps (exterior lighting) (Gofukumachi Business Center)
- Utilization of renewable energy (solar power generation panels installed at Konoha Mall Hashimoto LOGICITY Minato Kasai and LOGICITY Hisayama)
- Attachment of heat-shielding sheets for the top light section on the rooftop (Park Place Oita)
- Greening of common spaces • Arrangement of water areas • Creation of shaded spaces
- Installation of charging station for electric vehicles
- Installation of electronic circuit breaker (Aqualia Chihaya)



Waste reduction / resource recycling Fukuoka REIT

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

● Installation of canal water filtration system, greywater plant and water-saving toilets (Canal City Hakata)

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



- Canal water filtration system (rainwater reuse system)
- Greywater plant (kitchen drainage reuse system)
- Water-saving toilets

Maintenance and enhancement of environmental and construction performance

GRESB2022

- GRESB Real Estate Assessment: Received the rating of "4 stars" and "Green Star" in the GRESB survey 2022
- Disclosure Assessment: Received the highest "A Level"



Green Building certification

Green Building certification obtained for 77.8% of entire portfolio

■ Ratio of environmental certification acquisition

BELS Evaluation Certification 14.1%

DBJ Green Building Certification 77.8%

* As of August 31, 2022 (based on total floor space)

DBJ Green Building Certification

12 properties owned by the Fukuoka REIT corporation were certified
Reacquired certification for 6 properties (March 2022)



Canal City Hakata / Canal City Hakata-B

DBJ Green Building 2021

Properties with the best class environmental & social awareness



Park Place Oita

DBJ Green Building 2021

Properties with exceptionally high environmental & social awareness

BELS Evaluation

Four properties owned by the Fukuoka REIT corporation were certified

ESG Initiatives (Society①)

Creation of pleasant workplaces Fukuoka Realty

Initiatives for employees

《Fukuoka Realty: Numbers of credentialed personnel》
(As of August 31, 2022)

■ The average number of years of continuous service of permanent employees: 9 years and 4 months

■ Full-time personnel: 41 [Male:18 Female:23] * Gender ratio
 * Employees seconded from sponsors: 3 Male : 43.9%
 * Employees seconded to a sponsor: 8 Female : 56.1%

■ Number of credentialed personnel

• Real estate brokers : 23	• Attorney : 1
• ARES Certified Masters : 18	• MBA : 2
• Certified Building Administrators : 3	• Administrative Scrivener : 1
• First-class registered architect : 1	• SME management consultant : 1
• Real estate appraisers : 1	• CMA : 2
• Licensed Representative of Condominium Management Company : 1	



Certified as a "Fukuoka 'Work-Style Reform' Promotion Company" (August 28, 2018)

Registration with Fukuoka City Well-Being & SDGs Registration System (July 2022)

《Support for flexible working styles》

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

《Training for employees》

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

《Career development support》

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

《Offering of training programs tailored to each management level》

- System for supporting acquisition of qualifications (Real Estate Transaction Agent, ARES Certified Masters, etc.)
- 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)
- Initiatives for preventing spread of COVID-19 (such as installation of thermographic monitors to measure temperature at office entrances, installation of anti-splash panels and ozone sterilization equipment; distribution of masks, thermometers and antiseptic solution; periodical disinfection of tables, chairs and door knobs, etc.)
- 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
- COVID-19 vaccination at workplaces
- Special leave for illness after COVID-19 vaccination
- Installation of personal booths, meeting booths, plants, etc.
- Installation of personal lockers



Improvement of office environment
NEW meeting booths

Create an attractive workplace (tenants) Fukuoka REIT

- Training for tenants' employees
- Emergency drills to improve safety and security of tenants
- Distribution of sustainability guidelines
- Support for tenants' employees and part-time job recruitment (posted on property websites)

- Improvement of employee lounge
- Improved the lounge environment at Konoha Mall Hashimoto with a focus on the health and comfort of tenants' employees. Similar arrangement is under study for other facilities.
- Support of COVID-19 vaccination for applicants (provision of venues for vaccination, etc.)
- Implementation of tenant satisfaction surveys

ESG Initiatives (Society②)

Contribute to increased attractiveness and vitalization of Fukuoka and Kyushu area

Provision of regional information Fukuoka Realty

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

Provision of regional information

Information provision using website and social media



Participation in local event

Employees participated in the Oiyama event of Hakata Gion Yamakasa Festival, held for the first time in three years. President Zonji Kojiki served as the leader of the No. 8 Yamakasa float.



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

Support for Yamakasa Festival, Hakata Dontaku, Nakasu Jazz, Funa Norikomi (boat boarding, Kabuki stars unveiling their arrival) and locally based professional sports, etc.
*Excluding cases where the event was cancelled due to COVID-19.

Implementation of Corporate Version of Hometown Tax System (2022) Fukuoka Realty

Provided support to five prefectures (Kyushu) in total by utilizing the Corporate Version of Hometown Tax System

Involvement in local community

Initiatives for local communities, etc. Fukuoka Realty

- Environmental awareness-raising activity NEW Fukuoka Realty with local high school
Period: September 17 (Sat) – 25 (Sun)
- Participates in Hakata Town Planning Promotion Council (Clean Day, etc.)
- Participates in Fukuoka Directive Council
- Hosts the Kyushu IR Workshop
- Hosted the Real Estate, Finance and Economic Networking
- Participates in the Kyushu SDGs Forum



Others Fukuoka Realty Fukuoka REIT

- Child-rearing support
- Preventing the spread of new coronavirus infections
- Individual facility initiatives
- Safety and security activities (anti-crime patrol, AED installation)
- Local contribution (bike share service, EV charging station), etc.



ESG Initiatives (Governance)

Compliance / Risk management

Governance System Fukuoka Realty Fukuoka REIT

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

Decision-making process (*)



Third-party assessment by external experts

Real estate appraisals

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

Market reports

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

Engineering reports

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

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

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

- Game-boat investment by sponsor
Fukuoka Jisho Co., Ltd., the main sponsor, has 9.18% of FRC's investment units
- Cumulative investment system for investment units
(38.1% of the officers and employees participated in the system)

A cumulative investment system for investment units was introduced for the Asset Manager officers and employees in April 2015 in order to enhance their mindset for FRC's investment unit price and better performance as well as promote their assets formation.

Management Fee Structure Fukuoka Realty

Unitholder interest-linked asset management fees

Management Fee 1 <small>(*)2</small>	Based on total assets
Management Fee 2	Based on operating revenues
Management Fee 3 <small>(*)2</small>	Based on distributable profit
Management Fee 4	Acquisition fee
Management Fee 5	Transfer fee

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

Appointment of Outside Directors Fukuoka Realty

(other than interested persons)

Secure transparency and fairness of the Board of Directors

Title	Name	Attendance at board meetings at 3P*
President and CEO	Zenji Kolke	100% attendance
Visa President Board of Director/Non-Executive	Hiroshi Shimuta	100% attendance
Visa President Board of Director/Non-Executive	Noboru Hashimoto	100% attendance
Visa President Board of Director/Non-Executive	Yukitaka Ohara	100% attendance
Visa President Board of Director/Non-Executive	Masanori Tasaka	100% attendance

Information on attendance at board meetings Fukuoka REIT

Title	Name	Attendance at board meetings at 3P*
Executive director	Zenji Kolke	100% attendance
Supervisory director	Takashi Tanabe	100% attendance
Supervisory director	Yasuo Kawasho	100% attendance

Information Security Fukuoka Realty

- Established information management regulations (for protection and handling of information assets and prevention of information loss, leakage, etc.)
- Thorough management of information assets (limit access, maintain information systems and ensure safety)

Customer-oriented Business Operations Fukuoka Realty

- Adopted the Principles for Customer-Oriented Business Conduct published by the Financial Services Agency on March 30, 2017, and established Policies for Customer-Oriented Business Operations (September 20, 2017)
- Disclosed the status of initiatives regarding customer-oriented business operations on our website

Regular Compliance Training Fukuoka Realty

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

Oct. 2019 – Sept. 2020	Oct. 2020 – Sept. 2021	Oct. 2021 – Sept. 2022
6 times	6 times	6 times <small>(including e-learning)</small>

Information disclosure and dialogue with stakeholders

Publication of Integrated Report Fukuoka REIT

- Published annually since 2019
- Fourth Integrated Report scheduled to be published in December 2022 (will expand non-financial information)
- 2021 Report (published in December 2021)

IR Initiatives

Major IR activities implemented

©IR for domestic institutional investors

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

©IR for overseas institutional investors

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

©IR for individual investors

- Fukusho IR Fair Online (August 2022)
- Information distribution on YouTube (August 2022)
- Responding to individual calls



Fukusho IR Fair Online (August 2022)

Information distribution on YouTube (August 2022)

Status of integration into indexes (as of August 31, 2022)

©Global indexes, etc

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

Fukuoka REIT

Major achievements in public relations activities

©Interview article

Zenji Koike, President and CEO of Fukuoka Realty, was interviewed by REIT information portal "Japan-REIT.com" for a series interviewing key people at REITs (posted July 2022)

REITキーマンに聞く 1

今回は、株式会社福岡リアルティ 代表取締役社長 古池 善司氏に業界動向や福岡リート投資法人の特徴に関してインタビュー形式でお話をいただきました。

第1部：REIT市場・業界動向について
株式市場は急激な暴落の強化への懸念から不安定な動きが続く中、J-REIT市場は比較的好転をみせた期間となっています。・・・

第2部：福岡リート投資法人について
福岡リート投資法人は社会的価値の高い物件であり、福岡・九州という成長余力のある地域を投資対象エリアとしています。・・・

©Advertising

Posted an ad for Fukuoka Realty in Star Flyer's in-flight magazine "Mother Comet" (August 2022 issue)



Other Activities

The Kyushu IR Workshop, which started in collaboration with the Japan Investor Relations Association, is entering its twelve year in 2022. It is utilized as a venue to study the latest IR trends with IR staff of companies from Fukuoka and Kyushu and to build networks among such companies. This year, the workshop was held both in-person and by utilizing online functions as a measure to prevent the spread of COVID-19.

Date	Theme & lecturer
1st workshop July 2022	"The Future of Information Disclosure and Investor Dialogue: Focus on ESG, Post-COVID and Human Capital" Professor Shoichi Tsumuraya, Graduate School of Business Administration, Hitotsubashi University (Visiting researcher, Japan Investor Relations Association)

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

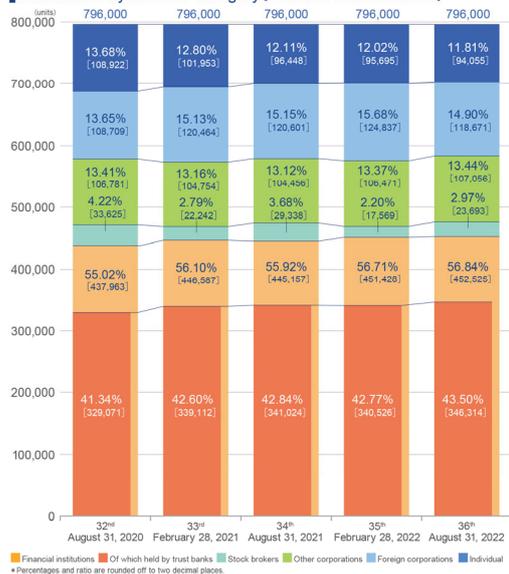


Appendix

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Unitholders' data

■ Distribution by investor category [breakdown of investment units]



■ No. of unitholders and investment units held by unitholder category [at the end of the 36th FP]

	No. of unitholders	Percentage	Investment units held	Percentage
Individual • other	12,973	95.71%	94,055	11.81%
Foreign individuals	231	1.70%	118,671	14.90%
Other domestic corporations	245	1.80%	107,056	13.44%
Stock brokers	24	0.17%	23,693	2.97%
Financial institutions	81	0.59%	452,525	56.84%
(Of which held by trust banks)	7	0.05%	346,314	43.50%
Total	13,554	100.00%	796,000	100.00%

■ Major investors [at the end of the 36th FP]

Rank	Name	Investment units held	Percentage
1	Custody Bank of Japan, Ltd.(Trust account)	211,859	26.61%
2	The Master Trust Bank of Japan, Ltd.(Trust account)	94,254	11.84%
3	Fukuoka Jisho Co., Ltd.	73,136	9.18%
4	The Nomura Trust and Banking Co., Ltd. (Investment trust account)	33,813	4.24%
5	The Shinkumi Federation Bank	14,760	1.85%
6	STATE STREET BANK WEST CLIENT-TREATY 505234	12,804	1.60%
7	MetLife, Inc.	10,227	1.28%
8	SSBTC CLIENT OMNIBUS ACCOUNT	9,329	1.17%
9	Shikoku Railway Company	9,130	1.14%
10	JP MORGAN CHASE BANK 385771	8,886	1.11%

Unit price chart



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

Financial highlights

Dividend per unit was 3,523 yen

Category	- unit : mm yen					Difference B-A	- unit : mm yen	
	32 nd ~ Aug. 31, 2020	33 rd ~ Feb. 28, 2021	34 th ~ Aug. 31, 2021	35 th ~ Feb. 28, 2022 A	36 th ~ Aug. 31, 2022 B		37 th ~ Feb. 28, 2023 (forecast)	38 th ~ Aug. 31, 2023 (forecast)
Operating revenues	8,518	8,904	8,867	8,658	8,830	171	8,915	9,119
Gain on sales	-	-	104	-	-	-	115	433
Leasing NOI	5,307	5,347	5,336	5,334	5,370	35	5,238	4,973
Depreciation and amortization expenses	1,686	1,623	1,552	1,486	1,514	28	1,505	1,534
Operating income	2,966	3,061	3,204	3,185	3,181	(3)	3,177	3,199
Ordinary income	2,587	2,677	2,817	2,816	2,805	(11)	2,803	2,819
Profit	2,586	2,675	2,816	2,814	2,804	(10)	2,801	2,817
Dividend per unit (yen) (1)	3,250	3,361	3,539	3,536	3,523			
Latest dividend forecast per unit (yen) (2)	3,150	3,300	3,500	3,500	3,500		3,520	3,540
Difference from forecast (yen) (1)-(2)	+100	+61	+39	+36	+23		-	-
Total number of investment units outstanding (at period-end) (units)	796,000	796,000	796,000	796,000	796,000		796,000	796,000
Total assets (at period-end)	199,004	199,559	199,804	198,745	201,223			
Total liabilities (at period-end)	97,478	97,944	98,049	96,991	99,480			
Total net assets (at period-end)	101,525	101,614	101,755	101,753	101,743			
Days in fiscal period (days)	184	181	184	181	184			
Number of investment properties (at period-end)	31	31	32	32	33			
Number of tenants (at period-end) (*1)	1,016	1,011	1,010	1,016	1,021			
Total leasable floor space (at period-end) (m ²)	591,021.51 m ²	608,557.70 m ²	572,215.71 m ²	572,288.25 m ²	578,255.35 m ²			
Occupancy rate (at period-end) (%) (*2)	99.7%	99.5%	99.5%	99.4%	99.4%			
FFO (Funds from Operation) (mm yen) (*3)	4,273	4,299	4,265	4,301	4,318			
FFO per unit (yen)	5,368	5,401	5,358	5,403	5,425			

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

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

(*3) The FFO is calculated by the following method.
FFO = Profit + Loss on sale of real estate - Gain on sale of real estate - Depreciation

Balance sheets (compared with the previous fiscal period)

Account	35 th Feb. 28, 2022 A	36 th Aug. 31, 2022 B	Difference B-A
Total current assets	11,736	9,690	(2,046)
Cash and deposits	6,860	4,203	(2,657)
Cash and deposits in trust	3,775	4,335	560
Operating accounts receivable	612	788	176
Prepaid expenses	254	227	(26)
Consumption taxes receivable	217	124	(92)
Others	15	10	(5)
Total non-current assets	186,990	191,506	4,525
Total property, plant and equipment	180,121	184,817	4,495
Buildings	1,132	1,118	(14)
Structures	20	19	(0)
Tools and fixtures	1	1	(0)
Lands	989	989	-
Buildings in trust	65,074	66,726	1,652
Structures in trust	1,054	1,068	14
Machinery and equipment in trust	754	738	(16)
Tools and fixtures in trust	220	232	11
Lands in trust	110,373	113,715	3,341
Construction in progress in trust	500	7	(492)
Total intangible assets	5,557	5,554	(2)
Leasehold right in trust	5,545	5,545	-
Other intangible assets in trust	11	8	(2)
Total investment and other assets	1,302	1,335	32
Deferred tax assets	0	0	(0)
Lease and guarantee deposits	10	10	-
Lease and guarantee deposits in trust	327	327	-
Long-term prepaid expenses	964	997	32
Total deferred assets	27	26	(1)
Total assets	198,745	201,223	2,478

- unit : mm yen

Account	35 th Feb. 28, 2022 A	36 th Aug. 31, 2022 B	Difference B-A
Total current liabilities	8,639	9,111	472
Operating accounts payable	495	661	165
Current maturities of long-term debt	6,000	5,900	(100)
Account payable-other	22	16	(6)
Accrued expenses	414	421	7
Income taxes payable	1	0	(0)
Accrued consumption taxes	-	-	-
Advances received	1,007	1,084	77
Deposits received	697	1,020	329
Total non-current liabilities	88,352	90,368	2,016
Investment corporation bonds	5,000	5,000	-
Long-term debt	71,400	73,000	1,600
Tenant leasehold and security deposits	450	741	290
Tenant leasehold and security deposits received in trust	11,501	11,627	126
Total liabilities	96,991	99,480	2,488
Total unitholders' equity	101,753	101,743	(10)
Unitholders' capital	98,938	98,938	-
Surplus	2,814	2,804	(10)
Total net assets	101,753	101,743	(10)
Total liabilities and net assets	198,745	201,223	2,478

Cash flow statements (compared with the previous fiscal period)

- unit : million yen

Category	35 th A ~Feb. 28, 2022	36 th B ~Aug. 31, 2022	Difference B - A
Net cash provided by (used in) operating activities	3,146	4,712	1,566
Profit before income taxes	2,816	2,805	(11)
Depreciation and amortization expenses	1,486	1,514	28
Amortization of investment corporation bond issuance expenses	2	1	(1)
Interest received	(1)	(1)	0
Interest expenses	271	276	5
Gain on sales of real estate property	-	-	-
Decrease (increase) in operating accounts receivables	(19)	(176)	(156)
Decrease (increase) in consumption taxes refund receivable	(217)	92	310
Increase (decrease) in accrued consumption taxes	(705)	-	705
Increase (decrease) in operating accounts payable	(29)	73	103
Increase (decrease) in accounts payable-other	5	(6)	(11)
Increase (decrease) in accrued expenses	(3)	4	7
Increase (decrease) in advances received	(50)	77	127
Increase (decrease) in deposits expenses	(215)	329	544
Decrease (increase) in prepaid expenses	18	26	8
Decrease (increase) in long-term prepaid expenses	71	(32)	(104)
Others, net	(9)	1	10
Subtotal	3,420	4,990	1,569
Interest income received	0	0	(1)
Interest expenses paid	(273)	(275)	(2)
Income taxes paid	(1)	(1)	0
Net cash provided by (used in) investment activities	(658)	(5,498)	(4,839)
Purchase of property, plant and equipment	(5)	(1)	4
Proceeds from sales of property, plant and equipment in trust	-	-	-
Purchase of property, plant and equipment in trust	(522)	(5,911)	(5,389)
Purchase of intangible assets in trust	-	-	-
Proceeds from tenant leasehold and security deposits	0	280	280
Repayments of tenant leasehold and security deposits	(1)	(1)	0
Proceeds from tenant leasehold and security deposits in trust	109	309	200
Repayments of tenant leasehold and security deposits in trust	(239)	(183)	56
Proceeds from restricted trust deposits	4	3	(1)
Payments for restricted trust deposits	(6)	(6)	0
Net cash provided by (used in) financial activities	(2,816)	(1,314)	1,501
Proceeds from short-term debt	-	4,000	4,000
Repayments of short-term debt	-	(4,000)	(4,000)
Proceeds from long-term debt	-	7,500	7,500
Repayments of long-term debt	-	(6,000)	(6,000)
Dividends paid	(2,816)	(2,814)	2
Net increase (decrease) in cash and cash equivalents	(329)	(2,100)	(1,770)
Balance of cash and cash equivalents at beginning of period	10,917	10,588	(329)
Balance of cash and cash equivalents at end of period	10,588	8,488	(2,100)

Income and expenditure by properties (Retail)

- unit: million yen

Category	Canal City Hakata	Canal City Hakata・B	Park Place Oita	SunLive City Kokura	Konoha Mall Hashimoto	36 th Total A	35 th Total B	Difference A-B	Forecast C(※)	Difference A-C
	(Length)	36 th FP (Mar. 1, 2022 ~Aug. 31, 2022) 184 days					181 days	3 days		
① Total leasing business revenues	1,016	929	1,164	270	816	4,196	4,206	(9)	4,200	(3)
① Leasing revenue-real estate	984	899	976	270	648	3,777	3,805	(28)		
Other leasing revenue-real estate	31	29	187	-	170	419	400	18		
② Total leasing business expenses	474	559	582	47	549	2,214	2,174	39	2,174	39
Outsourcing fees	291	375	281	8	300	1,256	1,245	10		
Repair and maintenance expenses	10	16	5	2	20	55	72	(16)		
Expenses for restoration to former state	-	-	-	-	-	-	-	-		
Tax and other public charges	82	100	99	34	41	359	375	(15)		
Insurance premiums and bad compensation	5	8	5	1	2	23	23	0		
Utilities expenses	25	32	166	-	105	328	293	34		
Other expenses	60	26	24	1	78	190	154	26		
③ NOI (=①-②)	541	369	581	222	267	1,982	2,031	(49)	2,025	(43)
④ Depreciation and amortization expenses	227	189	209	52	96	774	748	26		
⑤ Leasing business profit (=③-④)	314	179	371	170	171	1,207	1,282	(75)		
NOI yield (acquisition price)	3.4%	3.5%	5.9%	6.7%	5.3%	4.4%	4.5%	(0.1)%		
Capital expenditures	660	41	783	9	285	1,739	509	1,230		

Category	Square Mall Kagoshima Usuki	Kumamoto Intercommunity SC	Hanahata SC	Kurume Higashi Kushiwara SC	K's Denki Kagoshima	Marinoa City Fukuoka (Marina Side Building)	36 th Total A	35 th Total B	Difference A-B	Forecast C(※)	Difference A-C
	(Length)	36 th FP (Mar. 1, 2022 ~Aug. 31, 2022) 184 days					181日	3日			
① Total leasing business revenues	255	89	40	88	111	177	762	760	1	757	4
Leasing revenue-real estate	223	89	40	88	111	177	730	730	(0)		
Other leasing revenue-real estate	32	0	0	-	0	0	32	30	2		
② Total leasing business expenses	67	11	9	12	10	32	152	144	18	161	1
Outsourcing fees	35	2	1	2	1	1	45	48	(3)		
Repair and maintenance expenses	5	1	2	1	0	10	22	7	15		
Expenses for restoration to former state	-	-	-	-	-	-	-	-	-		
Tax and other public charges	16	5	3	5	7	18	57	56	0		
Insurance premiums and bad compensation	0	0	0	0	0	0	0	0	0		
Utilities expenses	25	-	-	-	-	-	25	22	2		
Other expenses	0	0	1	2	0	0	6	6	(0)		
③ NOI (=①-②)	187	78	32	76	100	144	609	616	(16)	596	3
④ Depreciation and amortization expenses	38	12	5	16	22	22	117	117	0		
⑤ Leasing business profit (=③-④)	129	66	27	59	78	121	482	499	(16)		
NOI yield (acquisition price)	6.3%	6.6%	5.8%	6.1%	5.7%	5.5%	6.0%	6.1%	(0.2)%		
Capital expenditures	20	2	-	0	-	1	24	34	(10)		

(※) Forecast at the financial results of the 30th fiscal period.

Income and expenditure by properties (Office buildings・Others)

- unit: million yen

Category	Canal City Business Center Building	Gofukumachi Business Center	Sanex Hakata Building	Tahaku Street Business Center	Higashi He Business Center	Tenjin Nishi-Dori Center Building	Tenjin North Front Building	Higashi He Business Center II	Higashi He Business Center III	Tenjin Nishi-Dori Business Center (part with leased-out interest)	Hakata Chikuishi-Dori Center Building	36 th Total A	35 th Total B	Difference A-B	Forecast C (+)	Difference A-C
	(Length)	36 th FP (Mar. 1, 2022 ~ Aug. 31, 2022)											181 days	3 days		
① Total leasing business revenues	649	590	211	325	357	86	148	164	98	159	133	2,924	2,762	161	2,910	13
Leasing revenue-real estate	646	522	196	325	328	86	123	149	94	159	124	2,750	2,620	138		
Other leasing revenue-real estate	2	67	14	0	28	-	24	14	4	-	8	165	141	23		
② Total leasing business expenses	215	192	60	94	136	19	44	53	20	18	32	689	810	78	902	(13)
Outsourcing fees	153	74	19	55	41	1	10	18	7	-	18	401	382	18		
Repair and maintenance expenses	2	9	1	5	6	1	2	0	0	-	-	29	25	3		
Expenses for restoration to former state	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Tax and other public charges	48	37	23	27	16	15	9	9	7	18	-	214	191	22		
Insurance premiums and hotel compensation	1	2	0	1	1	0	0	0	0	-	0	10	9	0		
Utilities expenses	7	60	14	-	27	-	21	12	5	-	9	158	132	26		
Other expenses	2	7	1	3	42	0	0	10	0	-	4	72	68	6		
③ NOI (≒①-②)	433	397	150	231	221	67	103	111	78	140	100	2,035	1,951	83	2,007	27
④ Depreciation and amortization expenses	81	75	28	60	41	10	32	40	19	-	15	404	403	1		
⑤ Leasing business profit (≒③-④)	351	324	122	170	179	56	71	70	59	140	84	1,630	1,548	82		
NOI yield (acquisition price)	5.9%	7.1%	6.9%	6.6%	7.5%	5.2%	7.4%	5.3%	4.8%	3.6%	4.7%	6.0%	6.1%	(0.1)%		
Capital expenditures	10	41	40	29	2	15	0	0	0	-	3	144	40	104		

Category	Tosu Logistics Center	LOGICITY Minato Kashi	LOGICITY Hisayama	LOGICITY Wakamiya	Amex Akasakamon Tower	City House Keyaki Dori	Aqualia Chihaya	D-Wing Tower	Granfore Yakuni Minami	Hotel FORZA Oita	Tissage Hotel Naha	36 th Total A	35 th Total B	Difference A-B	Forecast C (+)	Difference A-C	
	(Length)	36 th FP (Mar. 1, 2022 ~ Aug. 31, 2022)											181 days	3 days			
① Total leasing business revenues					66	39	60	112	39	63	43	946	929	17	939	7	
Leasing revenue-real estate					64	39	58	107	37	63	43	893	864	9			
Other leasing revenue-real estate					1	0	1	4	1	-	0	52	45	7			
② Total leasing business expenses					10	7	13	26	10	9	6	193	194	(1)	194	(0)	
Outsourcing fees					5	2	3	7	2	0	0	34	33	0			
Repair and maintenance expenses					1	0	1	2	0	0	1	11	16	(4)			
Expenses for restoration to former state					1	-	2	3	2	-	-	9	7	1			
Tax and other public charges					5	3	4	7	2	7	5	88	88	0			
Insurance premiums and hotel compensation					0	0	0	0	0	0	0	5	5	0			
Utilities expenses					0	0	0	2	0	-	-	32	27	4			
Other expenses					1	1	1	2	1	0	0	11	14	(3)			
③ NOI (≒①-②)					38	187	125	71	46	85	28	753	734	18	744	8	
④ Depreciation and amortization expenses					9	38	38	15	19	10	12	217	216	0			
⑤ Leasing business profit (≒③-④)					28	149	87	56	29	21	34	535	518	17			
NOI yield (acquisition price)					6.1%	4.6%	5.0%	8.4%	4.8%	5.7%	7.3%	6.1%	6.9%	2.4%	5.2%	5.1%	0.1%
Capital expenditures					-	2	1	-	1	4	6	3	4	12	-	15	22

(*) 1) Forecast at the financial results of the 35th fiscal period. (*) 2) Information is not disclosed because the permission of tenants has not been obtained.

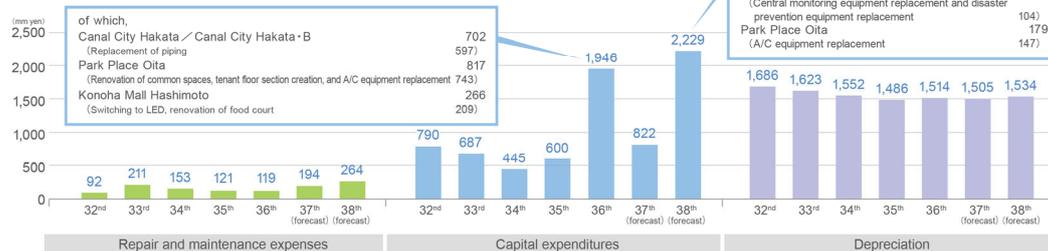
Income and expenditure by properties (Total) / Repair and maintenance expenses, capital expenditures, and depreciation

- unit : mm yen

Category (Length)	36 th Total A	35 th Total B	Difference A-B	Forecast C (*)	Difference A-C
	Mar. 1, 2022 ~Aug. 31, 2022 184 days	Sept. 1, 2021 ~Feb. 28, 2022 181 days		3 days	
① Total leasing business revenues	8,830	8,658	171	8,807	22
Leasing revenue-real estate	8,160	8,040	119		
Other leasing revenue-real estate	669	618	51		
② Total leasing business expenses	3,459	3,323	135	3,436	23
Outsourcing fees	1,740	1,711	29		
Repair and maintenance expenses	119	121	(1)		
Expenses for restoration to former state	9	7	1		
Tax and other public charges	719	711	7		
Insurance premiums and trust compensation	42	41	0		
Utilities expenses	544	476	68		
Other expenses	282	254	28		
③ NOI (= ①-②)	5,370	5,334	35	5,371	(0)
④ Depreciation and amortization expenses	1,514	1,486	28		
⑤ Leasing business profit (= ③-④)	3,856	3,848	7		
NOI yield (acquisition price)	5.2%	5.3%	(0.1)%		
Capital expenditures	1,946	600	1,346		

(*) Forecast at the financial results of the 30th fiscal period.

Repair and maintenance expenses, capital expenditures, and depreciation



Portfolio table^①

(As of August 31, 2022)

Real estate property name	Age (※1)	Acquisition price(mil.¥)(※2)	Investment ratio	Acquisition timing	Source (※3)	Total leasable floor space (㎡)(※4)	Occupancy rate	Tenants (※5)	Primary tenants
Retail									
Canal City Hakata	26yr 4m	32,000	15.5%	Nov. 9, 2004	Sponsor	46,585.57	97.7%	43	Washington Hotel and United Cinema
Canal City Hakata-B	26yr 4m	21,060	10.2%	Mar. 2, 2011	Outside party	31,141.44	96.0%	42	OPA and MUJI Canal City Hakata
Park Place Oita	20yr 5m	19,610	9.5%	Nov. 9, 2004	Sponsor	121,184.09	99.8%	103	AEON and K's Denki
SunLive City Kokura	17yr 5m	6,633	3.2%	Jul. 1, 2005	Outside party	61,450.22	100.0%	1	SunLive
Konoha Mall Hashimoto	11yr 5m	10,000	4.8%	Mar. 1, 2018	Sponsor	22,191.19	100.0%	124	SunLive and The Super Sports XEBIO
Square Mall Kagoshima Usuki	15yr 11m	5,300	2.6%	Sept. 28, 2006	Sponsor	14,602.88	100.0%	13	Sports Depo / GolfS and Edon
Kumamoto Intercommunity SC	15yr 8m	2,400	1.2%	Nov. 30, 2006	Sponsor	6,968.66	100.0%	2	Sports Depo / GolfS and Starbucks Coffee
Hanahata SC	15yr 1m	1,130	0.5%	Sept. 3, 2007	Sponsor	2,801.15	100.0%	2	BON REPAS and Matsumoto Kiyoshi
Kurume Higashi Kushivara SC	14yr 8m	2,500	1.2%	Feb. 1, 2008	Sponsor	6,467.80	100.0%	1	Sports Depo / GolfS
K's Denki Kagoshima	14yr 8m	3,550	1.7%	Mar. 27, 2008	Outside party	7,296.17	100.0%	1	K's Denki
Marinoia City Fukuoka (Marina Side Bldg)	21yr 10m	5,250	2.5%	May 1, 2015	Sponsor	33,069.82	100.0%	1	FJ Entertainment Works Ltd.
Total or the weighted average of retail		109,433	53.0%			353,758.99	99.3%	333	
Office buildings									
Canal City Business Center Building	6yr 4m	14,600	7.1%	Nov. 9, 2004	Sponsor	23,031.14	100.0%	64	Be! System24 and TOTO
Gofukumachi Business Center	19yr 10m	11,200	5.4%	Nov. 9, 2004	Sponsor	19,905.34	100.0%	36	SMBG CONSUMER FINANCE and Sunlomo Mitsu Banking Corporation
Sanix Hakata Building	21yr 5m	4,400	2.1%	Sept. 30, 2005	Outside party	6,293.75	100.0%	16	SANIX and The Nish-Nippon City Bank
Tahaku Street Business Center	20yr 5m	7,000	3.4%	Mar. 16, 2006	Sponsor	14,677.35	99.5%	71 (※6)	NTT COMWARE and Toko Marine & Nichibo Outsourcing Management
Higashi Hi Business Center	13yr 6m	5,900	2.9%	Mar. 13, 2009	Outside party+Sponsor	13,614.59	100.0%	27	Forest Holdings and Fujitsu
Tenjin Nish-Dori Center Building	25yr 11m	2,600	1.3%	Feb. 1, 2013	Outside party	3,339.32	100.0%	1	The Nish-Nippon City Bank
Tenjin North Front Building	12yr 7m	2,800	1.4%	Mar. 28, 2013	Outside party	5,252.41	100.0%	11	Rakuten Card and The Prudential Life Insurance Company, Ltd.
Higashi Hi Business Center II	6yr 6m	4,230	2.1%	Mar. 1, 2018	Sponsor	6,214.77	100.0%	2	Fujitsu Limited and Seven-Eleven Japan Co., Ltd.
Higashi Hi Business Center III	2yr 5m	3,290	1.6%	May 29, 2020	Sponsor	2,981.14	100.0%	6	Mitsui Home Co., Ltd. and NIPPON ENGINEERING CONSULTANTS CO., LTD.
Tenjin Nish-Dori Business Center (Land only leasehold interest)	—	7,700	3.7%	Jun. 1, 2021	Sponsor	1,343.51	100.0%	1	Fukuoka Jisho Co., Ltd.
Hakata Chikushi-Dori Center Building	30yr 7m	4,320	2.1%	Mar. 1, 2022	Outside party	5,994.41	96.7%	13	Fujitsu Japan Solutions Kyushu Limited, YAMAEHISANO Co., Ltd.
Total or the weighted average of office buildings		68,040	33.0%			102,647.73	99.7%	248	
Others									
Tosu Logistics Center	14yr 3m	1,250	0.6%	Mar. 28, 2014	Outside party	4,173.29	100.0%	1	non-disclosure
LOGICITY Minato Kashi	8yr 4m	8,150	3.9%	Mar. 27, 2015	Outside party	43,233.72	100.0%	2	Fukuoka Logistic System and F-LINE CORPORATION
LOGICITY Hisayama	7yr 7m	6,080	2.4%	Jun. 1, 2017	Outside party	24,608.66	100.0%	1	KABELinc Co., Ltd.
LOGICITY Wakamiya	17yr 6m	1,700	0.8%	Jun. 30, 2020	Outside party	17,556.32	100.0%	1	Tsukasa Kogyo
Amex Akasakamon Tower	17yr 1m	2,060	1.0%	Sept. 1, 2006	Outside party	4,921.25	94.1%	64	—
City House Keyaki Dori	14yr 9m	1,111	0.5%	Dec. 20, 2007	Outside party	2,710.86	100.0%	42	—
Aqualia Chihaya	14yr 8m	1,280	0.6%	Mar. 1, 2012	Outside party	5,619.69	98.9%	104	—
D-Wing Tower	16yr 6m	2,800	1.4%	Mar. 1, 2013	Outside party	7,187.59	93.2%	127	—
Granfore Yakuin Minami	14yr 8m	1,100	0.5%	Nov. 4, 2014	Outside party	2,496.06	97.0%	96	—
Hotel FORZA Oita	14yr 0m	1,530	0.7%	Mar. 1, 2013	Sponsor	5,785.44	100.0%	1	FJ Hotels
Message Hotel Naha	4yr 6m	2,835	1.4%	Dec. 7, 2018	Outside party	3,755.76	100.0%	1	Nest Hotel Japan Corporation
Total or the weighted average of others		23,555	14.0%			121,815.63	99.3%	440	
Total or the weighted average of all properties		199 6m	208,339	100.0%		578,255.35	99.4%	1,021	

(※1) The age of the building is listed with the end of the period as the starting date. For the property for which FRC owns the land only, "-" is indicated. The total or average figures for all properties are the weighted average.
 (※2) Acquisition price does not include fees, public charge and expenses.
 (※3) Properties acquired through arrangement by a sponsor company are indicated with "sponsor" in the column of seller.
 (※4) For the property for which FRC owns the land only, the leasable space of the land is indicated.
 (※5) Parking contracts, etc. are excluded from "number of tenants".
 (※6) The Tahaku Street Business Center is an office building combined with a residential tower. There are 13 office tenants and 58 residential tenants.

Portfolio table②

Retail 11 properties



Office buildings 11 properties



Others 11 properties



total acquisition price
206.3bn yen
 (As of August 31, 2022)

Portfolio map



- | | | | | | | |
|---|---|--|--|--|--|---|
| <p>1 Canal City Hakata
Address: 1-chome, Sanyoshi, Hakata Ward, Fukuoka City</p> <p>2 Canal City Hakata-B
Address: 1-chome, Sanyoshi, Hakata Ward, Fukuoka City</p> <p>3 Park Place Oita
Address: 2-chome, Koen Dori Nishi, Oita City</p> <p>4 SunLive City Kokura
Address: 2-chome, Kami Kakurazaka, Kokura Minami Ward, Kitakyushu City</p> | <p>5 Konoha Mall Hashimoto
Address: 2-chome, Hashimoto, Nishi Ward, Fukuoka City</p> <p>6 Square Mall Kagoshima Usuki
Address: 2-chome, Usuki, Kagoshima City</p> <p>7 Kumamoto Intercommunity SC University
Address: 1-chome, Kozono, Higashi Ward, Kumamoto City</p> <p>8 Hanahata SC
Address: 1-chome, Hanahata, Minami Ward, Fukuoka City</p> | <p>9 Kurume Higashi Kushiwara SC
Address: Higashi Kushiwara, Kurume City</p> <p>10 K's Denki Kagoshima
Address: Tokai-cho, Kagoshima City</p> <p>11 Marina City Fukuoka (Name Site Sale)
Address: 2-chome, Odo, Nishi Ward, Fukuoka City</p> <p>12 Canal City Business Center Building
Address: 1-chome, Sanyoshi, Hakata Ward, Fukuoka City</p> | <p>13 Gokumachi Business Center
Address: 4-chome, Gokumachi, Hakata Ward, Fukuoka City</p> <p>14 Sanix Hakata Building
Address: 2-chome, Hakataekihigashi, Hakata Ward, Fukuoka City</p> <p>15 Taihaku Street Business Center
Address: Gokumachi, Hakata Ward, Fukuoka City</p> <p>16 Higashi Hie Business Center
Address: 3-chome, Higashi-hie, Hakata Ward, Fukuoka City</p> | <p>17 Tenjin Nishi-Dori Center Building
Address: 2-chome, Tenjin, Chuo Ward, Fukuoka City</p> <p>18 Tenjin North Front Building
Address: 4-chome, Tenjin, Chuo Ward, Fukuoka City</p> <p>19 Higashi Hie Business Center II
Address: 1-chome, Higashi-hie, Hakata Ward, Fukuoka City</p> <p>20 Higashi Hie Business Center III
Address: 4-chome, Higashi-hie, Hakata Ward, Fukuoka City</p> <p>21 Tenjin Nishi-Dori Business Center (Land with leasehold interest)
Address: 2-chome, Tenjin, Chuo Ward, Fukuoka City</p> <p>22 Hakata Chikushi-Dori Center Building
Address: 2-chome, Hakataekihigashi, Hakata Ward, Fukuoka City</p> <p>23 Tosu Logistics Center
Address: Himekita-cho, Tosu City, Saga Pref.</p> | <p>24 LOGICITY Minato Kashii
Address: 2-chome, Minato-kashi, Higashi Ward, Fukuoka City</p> <p>25 LOGICITY Hisayama
Address: Hisayama-machi, Kasuya-gun, Fukuoka Pref.</p> <p>26 LOGICITY Wakamiya
Address: Shimoaraki, Miyazaki City</p> <p>27 Amex Akasakamon Tower
Address: 2-chome, Higashi, Chuo Ward, Fukuoka City</p> <p>28 City House Keyaki Dori
Address: 2-chome, Kege, Chuo Ward, Fukuoka City</p> <p>29 Aqualia Chihaya
Address: 4-chome, Chihaya, Higashi Ward, Fukuoka City</p> <p>30 D-Wing Tower
Address: 2-chome, Sanyo, Chuo Ward, Fukuoka City</p> | <p>31 Granfore Yakuin Minami
Address: 1-chome, Hase, Chuo Ward, Fukuoka City</p> <p>32 Hotel FORZA Oita
Address: 1-chome, Chuo-machi, Oita City</p> <p>33 Tissage Hotel Naha
Address: 1-chome, Chuo-machi, Naha City</p> <p>34 Island City Minato Bay related site (Land with leasehold interest)(tentative)
Address: 2-chome, Minato-kashi, Higashi Ward, Fukuoka City</p> |
|---|---|--|--|--|--|---|

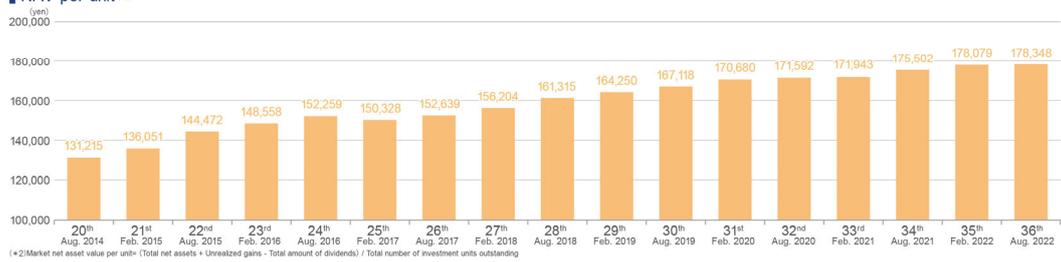
Fukuoka REIT

Dividend and NAV per unit

Dividend per unit

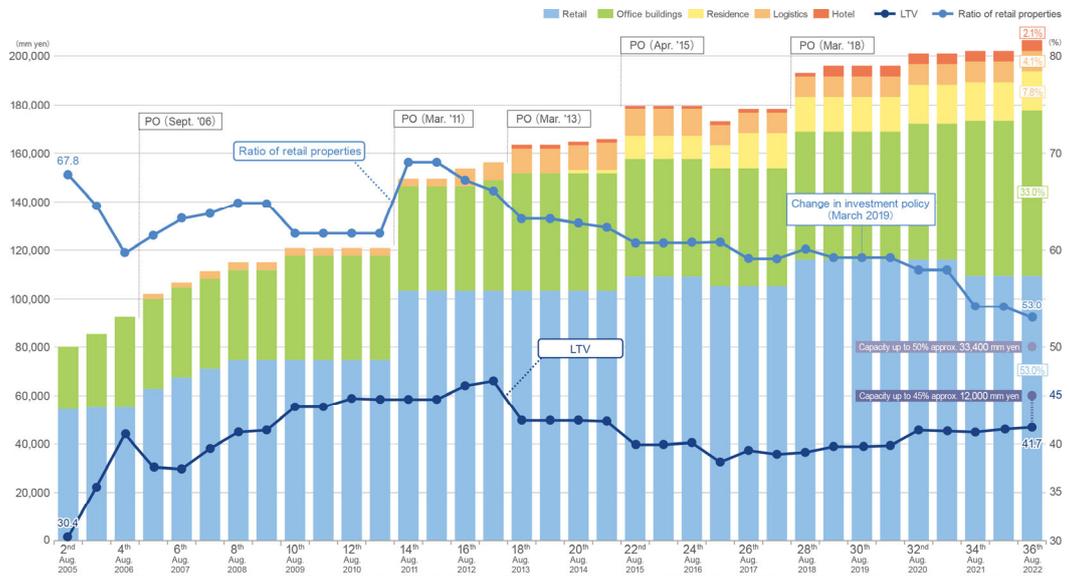


NAV per unit (*2)



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

Aiming for an asset size of 250 billion yen

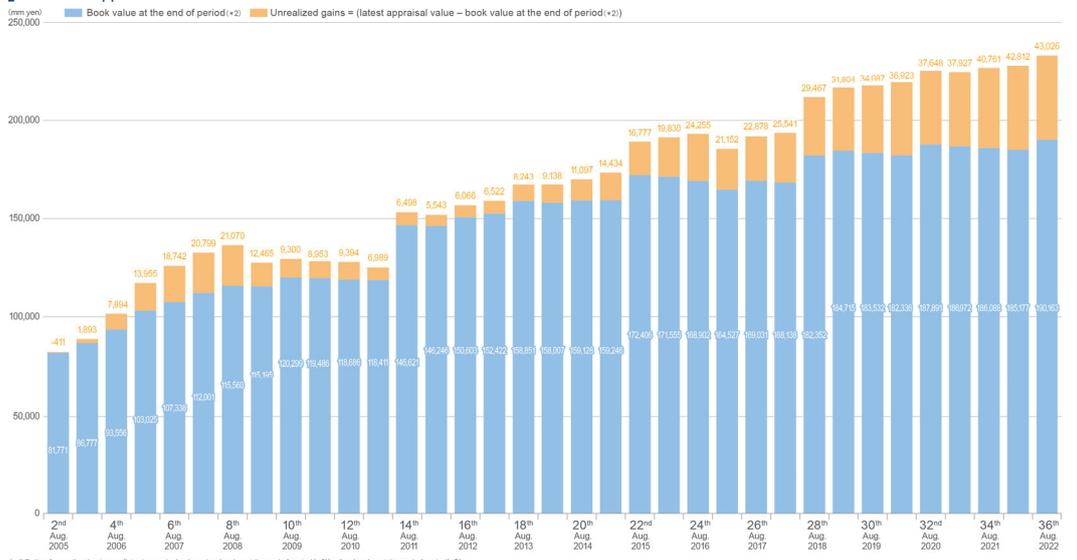


*As the senior equity interest in an anonymous partnership managed by CCH Bridge YK. was redeemed in the 14th FP, it is excluded from total acquired assets from the 14th FP onward. Since interest in the anonymous partnership managed by Limited Liability Company FRCI was redeemed on in the 20th FP, it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

Historical appraisal values (unrealized gains)

Unrealized gains: 43,026 million yen, ratio of unrealized gains: 22.6% (*1)

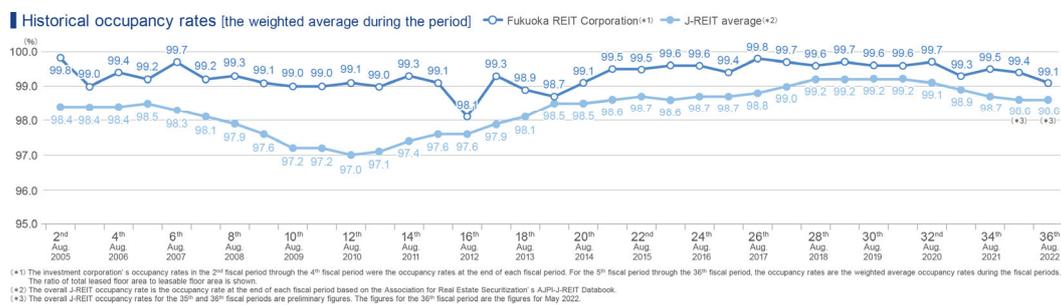
Historical appraisal values



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

Portfolio properties' occupancy rates

Maintained a higher occupancy rate than the J-REIT average



Occupancy rates [the weighted average during the period]

Category	Investment ratio (based on acquisition price)	32 nd ~ Aug. 31, 2020	33 rd ~ Feb. 28, 2021	34 th ~ Aug. 31, 2021	35 th ~ Feb. 28, 2022	36 th ~ Aug. 31, 2022
Retail	53.0%	99.8%	99.2%	99.5%	99.3%	98.8%
Office buildings	33.0%	99.5%	99.5%	99.8%	99.8%	99.4%
Others	14.0%	99.1%	99.4%	99.3%	99.4%	99.4%
Total	100.0%	99.7%	99.3%	99.5%	99.4%	99.1%

Top tenants by leased floor area

■ Ordinary lease ■ Fixed-term lease (As of August 31, 2022)

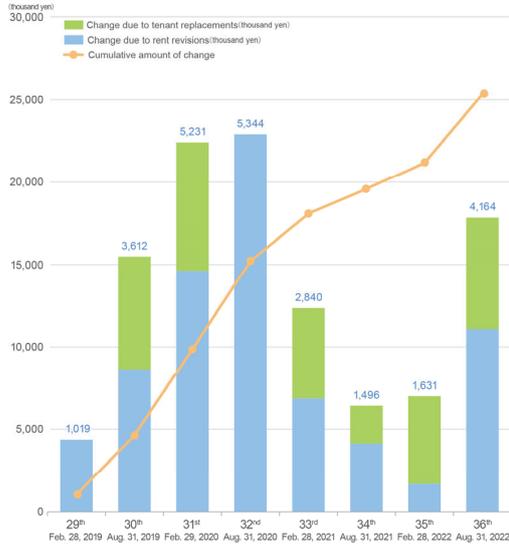
Rank	Lessee	Tenant	Share of total leased space (*)	Lease Period			Remaining lease term (years) (**)
				37 th ~Feb. 28, 2023	38 th ~Aug. 31, 2023	39 th ~Feb. 29, 2024	
1	SunLive Co., Ltd.	SunLive	11.3%	● SunLive City Kokura			19
				● Konoha Mall Hashimoto			8
2	AEON Kyushu Co., Ltd.	AEON	10.2%	● Park Place Oita			0
3	FJ. Entertainment Works Ltd.	—	6.2% (+3)	● Marinao City Fukuoka (Marina Side Building)			12
4	Canal City OPA Co., Ltd.	OPA	4.5%	● Canal City Hakata			1
				● Canal City Hakata - B			2
5	KASEI inc Co., Ltd.	—	4.3%	● LOGICITY Hisayama			2
6	Fukuoka Logistic System Corporation	—	4.0%	● LOGICITY Minato Kashii			2
7	F-LINE CORPORATION	—	3.5%	● LOGICITY Minato Kashii			non-disclosure (+4)
8	Alpen Co., Ltd.	Sports Depo, Golf 5	3.2%	● Square Mall Kagoshima Usuki			4
				● Kumamoto Intercommunity SC			4
				● Kurume Higashi Kushiwara SC			5
9	Tsukasa Kigyou	—	3.1%	● LOGICITY Wakamiya			8
10	K'S HOLDINGS CORPORATION	K's Denki	2.4%	● Park Place Oita			2

(*) Share of total leased space is calculated using the formula "Leased floor area by tenant / Total leased floor space," with residential space excluded from leased floor space by tenant.
 (**) Remaining lease periods shown are the remaining periods of lease contracts as of August 31, 2022 with periods shorter than one year rounded down to the nearest whole year.
 (+3) The 6.2% includes a 0.6% office portion. (6 ordinary leases have been concluded for Canal City Business Center Building and Canal City Hakata-B, Park Place Oita.)
 (+4) Information is not disclosed because the permission of tenants has not been obtained.

Office building rent revisions and tenant replacement situation

Continue to realize rent increase

Change in monthly rent due to rent revisions and tenant replacements ⁽⁺¹⁾



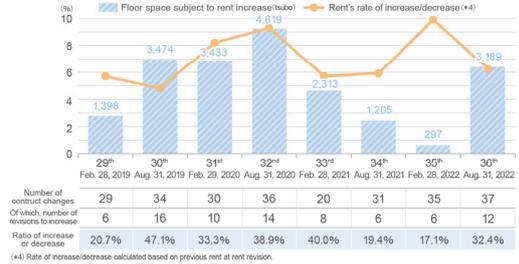
* Covers all office buildings owned at the end of each fiscal period (However, for Canal City Business Center Building, only the spaces from the 2nd floor and above are covered).
 (+1) There were no revisions to the rent reductions.

Newly occupied floor space and number of new occupants



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

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



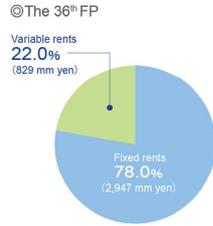
(+4) Rate of increase/decrease calculated based on previous rent at rent revision.

Breakdown of variable rents

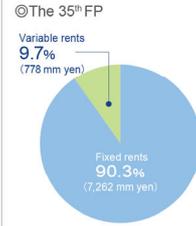
Breakdown of active retail rents by property



Breakdown of active retail rents



Portfolio overall



Breakdown of Tissage Hotel Naha



* Variable rents are included in Canal City Hakata, Canal City Hakata-B, Park Place Oita, SunLive City Kokura, Konoha Mall Hashimoto, and Tissage Hotel Naha.
 (*1) "Fixed rent" is indicated the amount of "leasing revenues-real estate" - "variable rent". (*2) Variable rents are the sum of the portion of rents collected from tenants with variable and GOP rents that varies as a function of the tenants' sales.
 (*3) Rents of the portion to be disposed (88.28% co-ownership interest) of Canal City Hakata-B, Grand Building, which is part of Canal City Hakata-B, and is not received after June 1, 2021, the date of disposition.
 (*4) The figures are included parking fee in variable rents of Canal City Hakata / Canal City Hakata-B.

Initiatives by Fukuoka City Government and status of office workers

Driving up future office demand

Initiatives Aimed at Attracting Companies to Fukuoka City

©Global financial city vision ("TEAM FUKUOKA"; launched September 2020)



国際金融機能誘致
TEAM FUKUOKA

Photo provided by Fukuoka City



Photo provided by Fukuoka City

With the aim of attracting international financial functions to Fukuoka, TEAM FUKUOKA was launched to conduct promotional activities and create an environment that will generate momentum for the city as a whole by leveraging the characteristics of industrial, academic, and government partners.

M-DAQ, a globally expanding Singapore FinTech company offering financial services using foreign exchange, and E.SUN Bank, a leading financial institution in Taiwan that holds the largest share in financing for SMEs, have decided to open offices in Fukuoka City.

©Focusing on attracting head office functions of companies with a strong job creation effect and major development centers in creative-related industries will lead to further job creation by businesses with high added value.

(Key Companies Establishing Fukuoka Locations in FY2021)

- Japanet Holdings Co., Ltd. (some head office functions)
- MCP Holdings Limited (international finance / Hong Kong)
- SmartHR (creative-related industries)
- Howden (foreign or foreign-owned / England)

Source: Created by Fukuoka Realty based on Fukuoka City press releases.

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

©Strong demand for creative-related industries and call centers



Source: Prepared by Fukuoka Realty based on data from "Headquarters functions in growth areas" by the Fukuoka City Economy, Tourism & Culture Bureau

Fukuoka City tops list of business opening rate in Japan for three consecutive years



Source: Prepared by Fukuoka Realty based on data from "The general condition of the Fukuoka City Economy, March 2022" by the Fukuoka City Economy, Tourism & Culture Bureau.

Fukuoka City Special Zone for Global Startups & Job Creation (National Strategic Special Zone)

Initiatives to support startups

- Tax Reduction for Startups (municipal tax, national tax)
- Startup Visa
- Startup Café
- Fukuoka Growth Next
- Global Startup Center

Source: Prepared by Fukuoka Realty based on the section of Fukuoka City's official site featuring "National Strategic Special Zone for Global Startups & Job Creation."

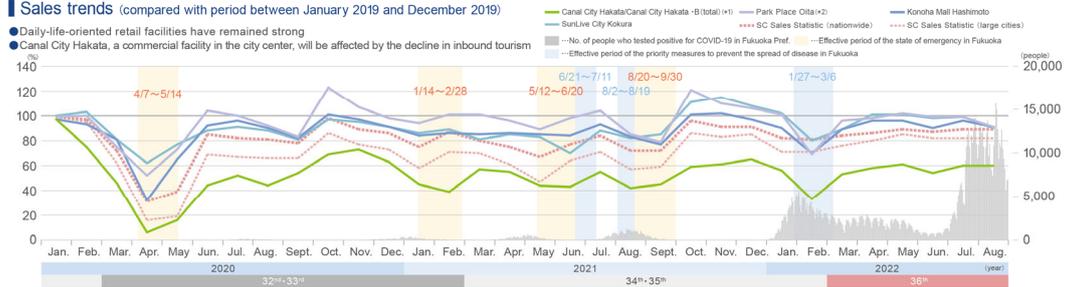
Impact of COVID-19 infection

Daily shopping-oriented mall sales recovered to around the pre-pandemic level

Sales trends (compared with period between January 2019 and December 2019)

● Daily-life-oriented retail facilities have remained strong

● Canal City Hakata, a commercial facility in the city center, will be affected by the decline in inbound tourism



Source: Prepared by Fukuoka Realty based on data from Sales Statistics on the Japan Council of Shopping Centers website, the Government CIC Portal, and the Fukuoka Prefecture website.
 (x1) Sales of the portion to be disposed (88.3% co-ownership interest) of Canal City Hakata B Grand Building, which is part of Canal City Hakata B, are excluded from June 1, 2021, the disposition date.
 (x2) Sales at the newly acquired Home Plaza NAFCO at Park Place Oita in July 2020 are added. From March 2021, six stores that had not previously received sales disclosure have been added to the list because sales are now disclosed by tenants.

Status of Rent Reduction and Deferment of Rent Payment due to COVID-19

	32 nd		33 rd	34 th	35 th	36 th	37 th (forecast)	38 th (forecast)
	Apr. 2020	May 2020 ~Aug.						
Rent Reduction	259 mm yen	84 mm yen	27 mm yen	13 mm yen	12 mm yen	5 mm yen	—	—
Number of tenants (x3)	200 cases	49 cases	19 cases	13 cases	7 cases	3 cases	—	—
Deferment of Rent Payment (x3)	285 cases	—	—	—	—	—	—	—

(x3) The number of tenant cases is a cumulative figure.

Occupancy rates

● Remained stable

Property name	Period-end occupancy rates	
	35 th (Feb. 2022)	36 th (Aug. 2022)
Canal City Hakata	97.8%	97.7%
Canal City Hakata·B	97.9%	96.0%
Park Place Oita	99.5%	99.8%
Konoha Mall Hashimoto	97.0%	100.0%
SunLive City Kokura	100.0%	100.0%
Other retail properties (x4)	100.0%	100.0%

(x4) Square Mall Kagoshima Usuki, Kumamoto Intercommunity SC, Hanabata SC, Kurume Higashi Kushiwara SC, K's Denki Kagoshima, Marinao City Fukuoka (Marina Side Building) are listed as other retail properties.

Strategies to strengthen active retail

Boosted customer visits from nearby trade areas with renovations and events

Canal City Hakata

● Special event “Canal Birthday Party” for 26th anniversary

- Stage performances by 32 groups
- Booked young singers, celebrities, comedians, etc. to attract young people



● Opening of Bandai Namco Cross Store

- A hands-on facility where customers can see, feel and experience Bandai Namco Group characters, products, events, food and beverages, etc.



● “Canall Fun! Fun! Fantasy!” Disney promotion

- To be held for approximately one year from July 22, 2022 (Friday)
- Features a Disney character photo spot and special Disney interior decorations



Park Place Oita

● Shangri-la Zone renovation

- Opened on April 22, 2022, as a 20th anniversary project
- Increased appeal of children’s playground, attracting more families



Konoha Mall Hashimoto

● Food court renovation

- Renovated the food court to fix seat shortage during busy weekend times and improve environment
- Increased seating capacity
- Added highchairs for young families and terrace seating



Kids box seats



Baby food seats



Garden court seats

List of Interest-bearing debt

List of borrowings

Category	Lender	Balance (mm yen)	Drawdown Date	Repayment Date	Term (year)	Fixed/Floating	Average Interest Rate
Current maturity of long-term debt	Sumitomo Mitsui Trust Bank	1,500	Jul 31, 2015	Jul 31, 2023	8.0	Fixed	0.56400% (*1)
	Development Bank of Japan	4,000	Aug 31, 2015	Aug 31, 2023	8.0	Fixed	0.88000%
	The Nishi-Nippon City Bank	400	Aug 31, 2015	Aug 31, 2023	8.0	Fixed	0.87000% (*1)
	Development Bank of Japan	2,000	Feb 29, 2016	Feb 29, 2025	9.0	Fixed	0.62000%
	The Bank of Fukuoka	2,000	Feb 29, 2016	Feb 29, 2024	8.0	Floating	0.41504%
	The Nishi-Nippon City Bank	2,000	Feb 29, 2016	Feb 29, 2024	8.0	Fixed	0.44000% (*1)
	Mizuho Bank	500	Feb 29, 2016	Feb 29, 2024	8.0	Fixed	0.44000% (*1)
	Shinsei Bank	700	Jul 29, 2016	Jul 31, 2024	8.0	Fixed	0.40000%
	Sumitomo Mitsui Trust Bank	300	Sep 30, 2016	Sep 30, 2025	9.0	Floating	0.41127%
	Syndicated loan (*2)	2,100	Dec 30, 2016	Dec 30, 2025	9.0	Fixed	0.71750%
Long-term debt	The Bank of Fukuoka	1,500	Dec 30, 2016	Dec 30, 2026	10.0	Floating	0.41727%
	Resona Bank	600	Mar 31, 2017	Mar 31, 2027	10.0	Fixed	0.65846%
	The Higo Bank	300	Mar 31, 2017	Mar 31, 2025	8.0	Fixed	0.48130%
	MJFG Bank	800	Mar 31, 2017	Mar 31, 2025	8.0	Fixed	0.48130%
	Syndicated loan (*3)	6,000	Jun 30, 2017	Jun 30, 2026	9.0	Fixed	0.77677%
	Development Bank of Japan	1,800	Jun 30, 2017	Dec 31, 2026	9.5	Fixed	0.65000%
	The Bank of Fukuoka	2,000	Jul 31, 2017	Jul 31, 2027	10.0	Fixed	0.79195%
	The Nishi-Nippon City Bank	2,000	Jul 31, 2017	Jul 31, 2027	10.0	Fixed	0.89195%
	Syndicated loan (*4)	1,500	Aug 31, 2017	Aug 31, 2027	10.0	Fixed	0.59492%
	Resona Bank	2,000	Sep 29, 2017	Sep 30, 2027	10.0	Fixed	0.49350% (*1)
	The Bank of Fukuoka	1,500	Dec 29, 2017	Dec 30, 2027	10.0	Fixed	0.81200%
	Development Bank of Japan	500	Dec 29, 2017	Dec 30, 2027	10.0	Fixed	0.68000%
	The Nishi-Nippon City Bank	1,900	Feb 28, 2018	Feb 29, 2028	10.0	Fixed	0.75000% (*1)
	Sumitomo Mitsui Trust Bank	1,100	Feb 28, 2018	Feb 28, 2027	9.0	Fixed	0.60000% (*1)
	MJFG Bank	1,500	Feb 28, 2018	Feb 27, 2026	8.0	Fixed	0.50000%
	Resona Bank	600	Feb 28, 2018	Feb 29, 2028	10.0	Fixed	0.56700% (*1)
	Development Bank of Japan	2,500	Mar 1, 2018	Mar 1, 2028	10.0	Fixed	0.72000%
	MJFC Bank	600	Mar 30, 2018	Mar 31, 2026	8.0	Fixed	0.48000%
	The Nishi-Nippon City Bank	600	Mar 30, 2018	Mar 31, 2028	10.0	Fixed	0.80219%
	The Bank of Fukuoka	500	Mar 30, 2018	Mar 31, 2028	10.0	Fixed	0.80219%
Mizuho Bank	500	Mar 30, 2018	Mar 31, 2028	10.0	Fixed	0.63000%	
Sumitomo Mitsui Banking Corporation	500	Mar 30, 2018	Mar 31, 2025	7.0	Fixed	0.50400% (*1)	
MJFG Bank	500	Mar 30, 2018	Mar 31, 2027	9.0	Fixed	0.49000%	
Sumitomo Mitsui Trust Bank	400	Mar 30, 2018	Mar 31, 2027	9.0	Fixed	0.57600% (*1)	
The Oita Bank	400	Mar 30, 2018	Mar 31, 2028	10.0	Fixed	0.64630%	
The Hiroshima Bank	400	Mar 30, 2018	Mar 31, 2028	10.0	Fixed	0.64630%	
Shinsei Bank	300	Mar 30, 2018	Mar 31, 2025	7.0	Fixed	0.40000%	
Sumitomo Mitsui Banking Corporation	500	Jan 31, 2019	Jan 31, 2029	10.0	Fixed	0.65528%	
MJFG Bank	500	Jan 31, 2019	Jan 31, 2029	9.0	Fixed	0.59000%	
The Nishi-Nippon City Bank	400	Jan 31, 2019	Jan 31, 2029	10.0	Floating	0.41727%	

* For floating-rate debts, the interest rates applicable as of August 31, 2022 are indicated. * All debts have been borrowed with no collateral and no guarantees, to be repaid in lump-sum upon maturity.
 (*1) FRC has concluded a swap agreement to practically fix interest rate on debt. The indicated interest rate reflects the effect of the swap agreement. (*2) The lenders are Development Bank of Japan - The Oita Bank - The Kagoshima Bank - The Kitakyushu Bank - The Aomori Bank - The Aichi Bank - The Chubu Bank - The Hokkaido Bank - The Hokuriku Bank - The Kansai Bank - The Kyushu Bank - The San'yū Bank - The Tohoku Bank - The Tokai Bank - The Truist Bank - The West Japan Bank - The Yamaguchi Bank.
 (*3) The lenders are The Bank of Fukuoka - The Nishi-Nippon City Bank - The Oita Bank - The Kitakyushu Bank - The Mizuho Bank - The San'yū Bank - The Aomori Bank - The Aichi Bank - The Chubu Bank - The Hokkaido Bank - The Hokuriku Bank - The Kansai Bank - The Kyushu Bank - The San'yū Bank - The Tohoku Bank - The Tokai Bank - The Truist Bank - The West Japan Bank - The Yamaguchi Bank.
 (*4) The lenders are Mizuho Bank - The Bank of Sagai - The Higo Bank. (*5) The lenders are Mizuho Bank - The Hiroshima Bank - The Kitakyushu Bank - The Iyo Bank - The Higo Bank.
 (*6) If the COI reduction target is achieved, a preferential interest rate is applied from August 2023 until the repayment date from the interest rate of the initial loan. (*7) The lenders are The Bank of Fukuoka - Resona Bank. (*8) The lenders are The Bank of Fukuoka - Resona Bank. (*9) The lenders are The Nishi-Nippon City Bank - Resona Bank. (*10) The lenders are The Bank of Nagasaki - The Bank of Saga.

(As of August 31, 2022)

Category	Lender	Balance (mm yen)	Drawdown Date	Repayment Date	Term (year)	Fixed/Floating	Average Interest Rate
Long-term debt	The Bank of Fukuoka	300	Jan 31, 2019	Jan 31, 2029	10.0	Floating	0.41727%
	The Oita Bank	200	Feb 28, 2019	Feb 27, 2026	7.0	Fixed	0.33380%
	The Kagoshima Bank	200	Feb 28, 2019	Feb 27, 2026	7.0	Fixed	0.33380%
	The Higo Bank	200	Feb 28, 2019	Feb 27, 2026	7.0	Fixed	0.33380%
	Resona Bank	200	Feb 28, 2019	Feb 28, 2029	10.0	Fixed	0.40845% (*1)
	Syndicated loan (Green loan) (*5)	2,200	Jul 31, 2019	Jul 31, 2029	10.0	Fixed	0.52100% (*1)
	The Norinchukin Bank	1,500	Jul 31, 2019	Jan 29, 2027	7.5	Fixed	0.30300%
	MJFG Bank	500	Sep 25, 2019	Sep 29, 2028	9.0	Fixed	0.48000%
	The Nishi-Nippon City Bank	2,500	Feb 28, 2020	Feb 28, 2030	10.0	Fixed	0.48000% (*1)
	Mizuho Bank	1,700	Feb 28, 2020	Feb 28, 2030	10.0	Fixed	0.42000%
	Azora Bank	1,000	Jun 30, 2020	Jun 28, 2030	10.0	Fixed	0.56922%
	Resona Bank	700	Jun 30, 2020	Jun 28, 2030	10.0	Fixed	0.56922%
	MJFG Bank	500	Jun 30, 2020	Jun 29, 2029	9.0	Fixed	0.60000%
	The Kagoshima Bank	500	Jun 30, 2020	Jun 30, 2028	8.0	Fixed	0.46500%
	Development Bank of Japan	1,500	Jul 31, 2020	Jul 31, 2030	10.0	Fixed	0.53000%
	Mizuho Bank	1,000	Jul 31, 2020	Jul 31, 2030	10.0	Fixed	0.47000%
	The Kitakyushu Bank	500	Jul 31, 2020	Jul 31, 2030	10.0	Fixed	0.52630%
	The Iyo Bank	200	Jul 31, 2020	Jul 31, 2030	10.0	Fixed	0.52630%
	The Aomori Bank	1,000	Mar 31, 2021	Mar 31, 2031	10.0	Fixed	0.59000%
	Syndicated loan (*6)	5,300	Jul 30, 2021	Jul 31, 2031	10.0	Fixed	0.49000% (*1)
Mizuho Trust & Banking	1,000	Mar 31, 2022	Mar 31, 2032	10.0	Floating	0.36727%	
Sumitomo Mitsui Banking Corporation (Green loan)	1,600	Jun 30, 2022	Jun 29, 2029	7.0	Fixed	0.72625%	
Syndicated loan (sustainability-linked loan) (*7)	4,900	Aug 31, 2022	Aug 31, 2032	10.0	Fixed	0.91875% (*8)	
Total		78,900					

Investment corporation bonds

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

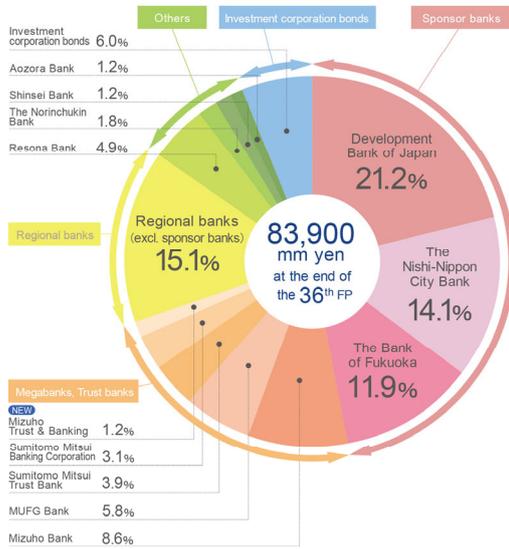
Committed line of credit

Category	Lender	Credit Limit (mm yen)	Period	
			Start	End
Committed line	Committed line 1 (*9)	6,000	Aug 1, 2018	Jul 31, 2025
	Committed line 2 (*10)	7,000	Mar 2, 2020	Feb 28, 2025
Total		13,000		

Lenders

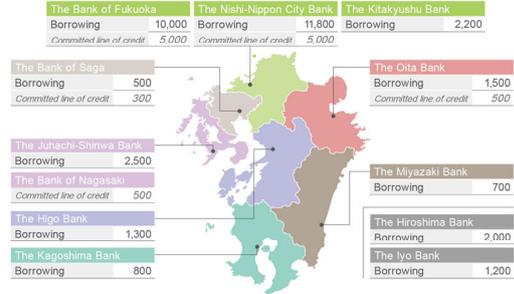
A stable network of sponsor banks and other lenders

Breakdown of debt by lenders



A regional bank transaction network

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

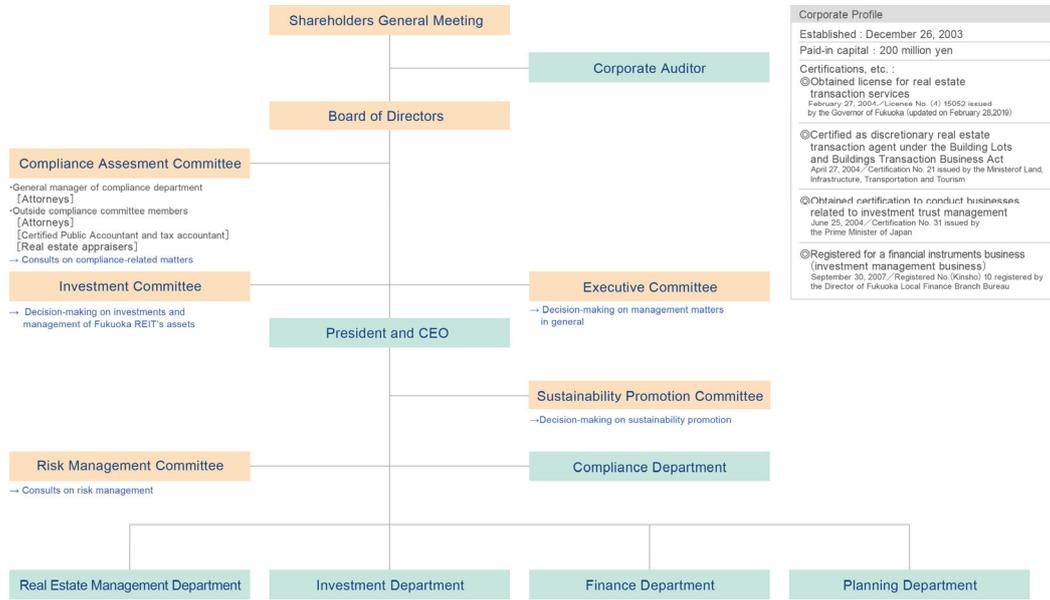


Sustainable finance

Category	Lender	Balance (mm yen)	Average Interest Rate	Date	Term	Description
Long-term debt (Green Loan)	Mizuho Bank The Bank of Saga The Higo Bank	2,200	0.52100% (+1)	July 31, 2019	10 years	Green loan rating: Green 1(+2)
Long-term debt (donation-type loan)	The Juhachi-Shinwa Bank	1,000	0.59000%	March 31, 2021	10 years	Part of the interest is donated to Nagasaki University to fund COVID-19 vaccine development research, etc.
NEW long-term debt (Green Loan)	Sumitomo Mitsui Banking Corporation	1,600	0.72625%	June 30, 2022	7 years	Green loan rating: Green 1(+2)
NEW long-term debt (sustainability-linked loan)	Development Bank of Japan The Nishi-Nippon City Bank The Bank of Fukuoka	4,900	0.91875% (+3)	August 31, 2022	10 years	Third-party opinion on sustainability-linked loan(+4)

(+1) FRC has concluded a swap agreement to practically fix interest rate on debt. The indicated interest rate reflects the effect of the swap agreement.
 (+2) FRC was assigned the comprehensive assessment of Green 1, the highest rank, regarding the compatibility to the Green Loan Principles from Japan Credit Rating Agency, Ltd. (JCR).
 (+3) If the CO₂ reduction target is achieved, a preferential interest rate is applied from August 2021 until the repayment date from the interest rate of the initial loan.
 (+4) A third-party opinion has been obtained from the Japan Credit Rating Agency, Ltd. (JCR).

Asset management company's organization



Corporate Profile	
Established :	December 26, 2003
Paid-in capital :	200 million yen
Certifications, etc. :	
◎Obtained license for real estate transaction services	February 27, 2004 / License No. (4) 15052 issued by the Governor of Fukuoka (updated on February 28, 2019)
◎Certified as discretionary real estate transaction agent under the Building Lots and Buildings Transaction Business Act	April 27, 2004 / Certification No. 21 issued by the Minister of Land, Infrastructure, Transportation and Tourism
◎Obtained certification to conduct businesses related to investment trust management	June 25, 2004 / Certification No. 31 issued by the Prime Minister of Japan
◎Registered for a financial instruments business (investment management business)	September 30, 2007 / Registered No. (Kinsho) 10 registered by the Director of Fukuoka Local Finance Branch Bureau

The condition of suburb area in Fukuoka



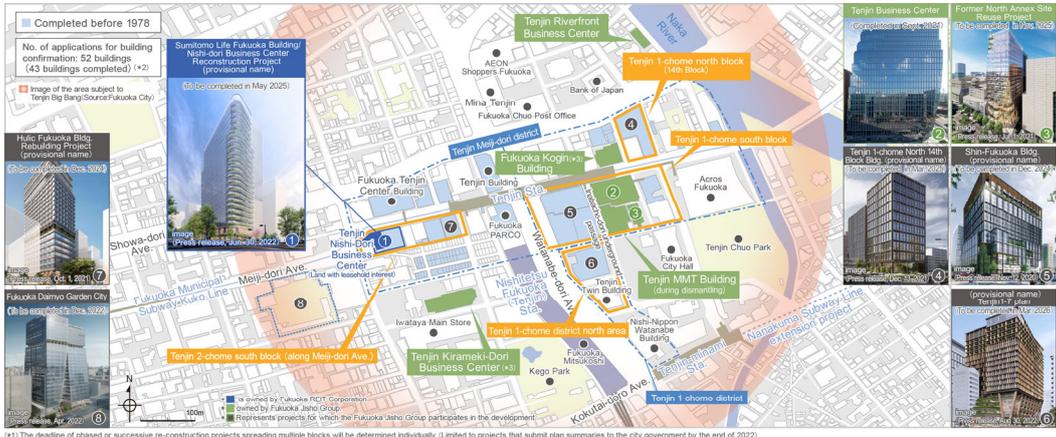
The condition of Fukuoka city center

Nanakuma subway line extension project will be opened on March 27, 2023



Redevelopment in Tenjin area (Tenjin Big Bang)

Until the end of Tenjin Big Bang project in the end of Year 2026 (※1)



(※1) The deadline of phased or successive re-construction projects spreading multiple blocks will be determined individually. (Limited to projects that submit plan summaries to the city government by the end of 2022)
 (※2) February 2016 to February 2021 after the start of Tenjin Big Bang. Number of completed buildings as of Sept. 30, 2021, (announced by Fukuoka City). (※3) The property is co-owned by the Fukuoka Ashio Group with the other company.
 Source: Prepared by Fukuoka Realty based on press releases of Fukuoka City, and the content of the Tenjin Big Bang introduction website (<https://www.city.fukuoka.lg.jp/jishu-boei/kaitaku/tenjin/>).

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

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

- Around Fukuoka City Hall approx. 67m (15 floors)
- Tenjin Meiji-dori district (West of the center of Watanabe-dori) approx. 115m (26 floors)
- Tenjin Meiji-dori district (East of the center of Watanabe-dori) approx. 76m (17 floors) ~ approx. 100m (22 floors)
- Tenjin 1-chome district approx. 80m (18 floors) ~ approx. 96m (21 floors)

(2) Deregulation of floor space ratios (Fukuoka City original)

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

◎Initiatives for becoming an infection-controlling city

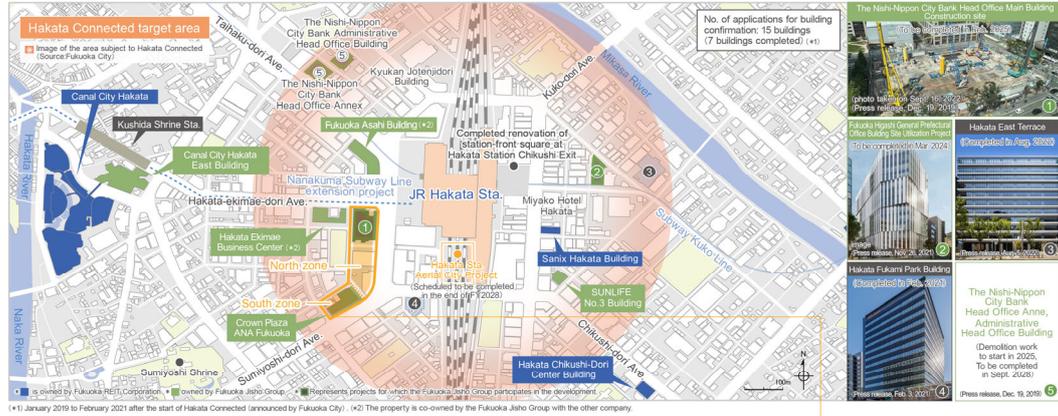
Urban central areas Anti-infection measures in central urban areas were added as a new item of floor area ratio assessment to the measures facilitate renewal of city center functions.

Relaxation of floor area ratio by up to **50%**

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

Redevelopment in Hakata area (Hakata Connected)

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



Hakata Connected Bonus

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

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

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

- High-quality, high-value-added buildings
- Provide floors for tenant relocation

*Solving problems specific to the area around Hakata Station (limited to the period of Hakata Connected)

◎New project (decided on February 28, 2022)
 "District Project for Hakata-Ekimae 3-Chome District"

- Creation of bustle by securing spaces to wander and open spaces
- Creation of a place for relaxation through greening

City's own mitigation of floor space ratio restriction

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

Sponsor pipeline (Fukuoka Jisho Group)

Overview of Fukuoka Jisho Co., Ltd. (period ended May 31, 2022)

Name	Fukuoka Jisho Co., Ltd.	Net sales	23.5 billion yen
Established	July 1961	Ordinary income	6.6 billion yen
Industries	Real estate (comprehensive developer)	Total assets	224.6 billion yen
Representative	Ichiro Enomoto, President and C.E.O	Borrowings	117.8 billion yen
Employees	183	Equity ratio	34.9%

Tenjin Business Center



Hakata Ekimae Business Center



Tenjin Riverfront Business Center



Naha Business Center



LOGICITY Minato Kashii North



LOGICITY Koga Aoyagi (provisional name)



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

Major properties owned by Fukuoka Jisho Group

Use	No.	Name	Year of completion	Total floor space
Office buildings	1	Fukuoka Kogin Building	1970	15,160m ²
	2	Fukuoka Asahi Building	1970	44,762m ²
	3	Sun Life No. 3 Building	1978	8,262m ²
	4	Sumitomo Life Fukuoka Building/ Naha-dori Business Center Reconstruction Project (provisional name) (*)	May 2025(scheduled)	42,000m ²
	5	Tenjin Riverfront Business Center	1999	4,106m ²
	6	Hakata Ekimae Business Center	1999	23,542m ²
	7	Naha Business Center	2018	8,994m ²
	8	Tenjin Business Center	2021	61,100m ²
	9	Tenjin MMT Building (during dismantling)	-	-
	10	Hakata Tsunaba Project (provisional name)	2023(scheduled)	-
Retail	11	Marinoa City Fukuoka (Outlet Building)	2000(Building I) / 2004(Building II) / 2007(Building III)	46,663m ²
	12	Tenjin Kirameki Dori Building	2003	24,525m ²
	13	Canal City Hakata East Building	2011	18,534m ²
Residence	14	Class Keyaki Dori	2008	6,500m ²
Hotel	15	Hotel FORZA Sapporo Ekimae	2020	11,344m ²
Logistics	16	LOGICITY Minato Kashii North (provisional name)	2020	47,150m ²
	17	LOGICITY Koga Aoyagi (provisional name)	March 2023(scheduled)	49,461m ²

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

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