Fukuoka REIT Corporation

Overview of the 38th fiscal period performance [Security code 8968] March 1st,2023~August 31st,2023

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 38th fiscal period, which is from March 1st to the end of August this year.

Fukuoka REIT Corporation

Overview of the 38th fiscal period performance [8968] (Security code) March 1st,2023～August 31st,2023

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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.

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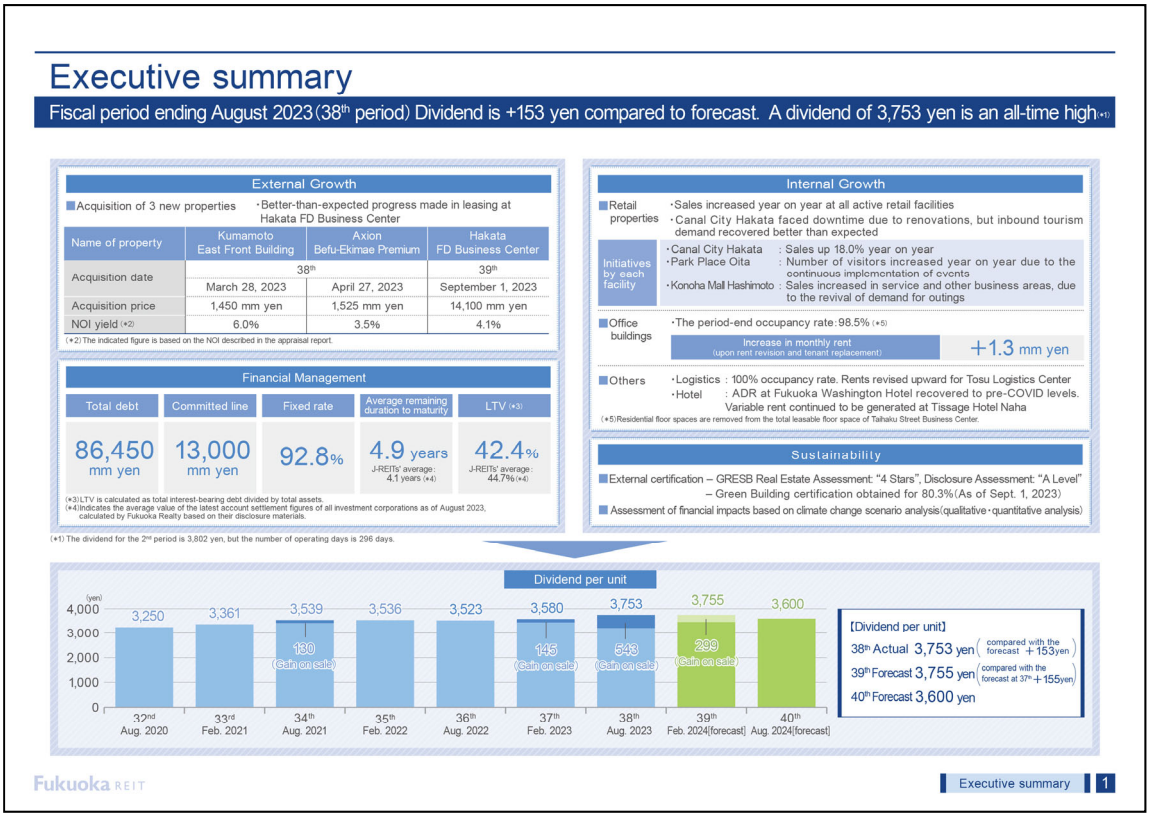


Let's take a look at the executive summary on page 1. I'd like to begin with DPU at the bottom of the page. The dividend payout for the 38th fiscal period was 3,753 yen per unit, beating our own expectations by 153 yen. By the way, this is the largest dividend payout that we have made to our unit holders on a six-months basis to date. And it is in large part due to a rise in rent revenue from Canal City Hakata following the stronger-than-expected recovery in the inbound tourism consumption. As you can see this graph, we expect we can continue to pay the same level of dividend for the 39th fiscal period, 3,755 yen per unit. We expect to pay 3,600 yen per unit for the 40th fiscal period even though we anticipate no gain on sale of a property. I said in the last meeting that our dividend target was 3,600 yen excluding the effect of a gain on sale. We expect to achieve this target for the 40th fiscal period. We are committed to doing everything we can to raise dividend for our unit holders so that we continue to be a stable dividend payer. Also, this time for the first time, we disclose our target for the dividend level that we think should be normal going forward. I will explain it in more detail later on.

Next, please take a look at the upper left part of the page for external growth. We acquired an office building in Kumamoto Prefecture back in March, a residential property in the city of Fukuoka in April, and a newly built office building, Hakata FD Business Center, on September 1st, which is the beginning of the 39th fiscal period. Tenants have been flocking to Hakata FD Business Center at a faster pace than expected and at a comfortably high level of rent, so we are quite confident that this newly office building will be a big revenue driver for the 39th

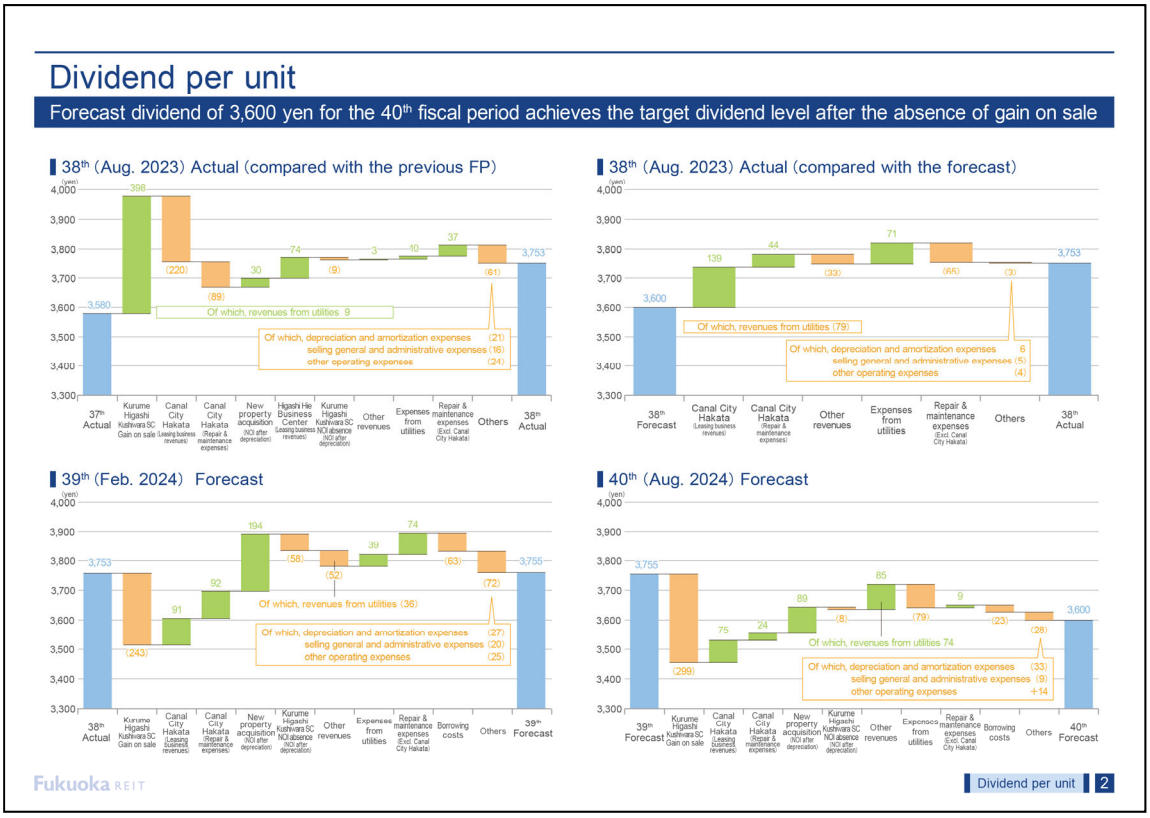
and 40th fiscal periods.

Next to the right is a summary for internal growth. Sales at all of our active retail properties increased from a year earlier. Recovery in sales has been strong at Canal City Hakata, our main retail property, up 18 percent from a year earlier, following the rebound in Korean tourists in particular. I'm going to share with you more details about what's been done for Canal City Hakata later on. Our office buildings were 98.5 percent occupied as of the end of the 38th fiscal period. We continued to raise rent on rent revisions or tenant turnovers by 1.3 million yen on a monthly basis.

When it comes to our finances, as you can see, we remain steadfast to ensure the stability of our financial structure. Total interest-bearing debt stood at about 86.5 billion yen at the end of the 38th fiscal period. We will continue to mitigate refinancing risks 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 by borrowing longer term and/or rebalancing the fixed and floating rates.

Last but not least, here are our sustainability initiatives on the right side of the slide. We received four stars in the GRESB survey for three years in a row. We also achieved a GRESB Public Disclosure Level of "A", the highest level, for our outstanding disclosure of ESG activities, again. Also, 80.3 percent of our properties in the portfolio are now certified as "Green Buildings," as of September 1st, 2023. For this performance overview meeting, we also disclose the results of our qualitative as well as quantitative analyses of financial impact based on the TCFD scenario analysis.

And that is a quick overview of the executive summary.



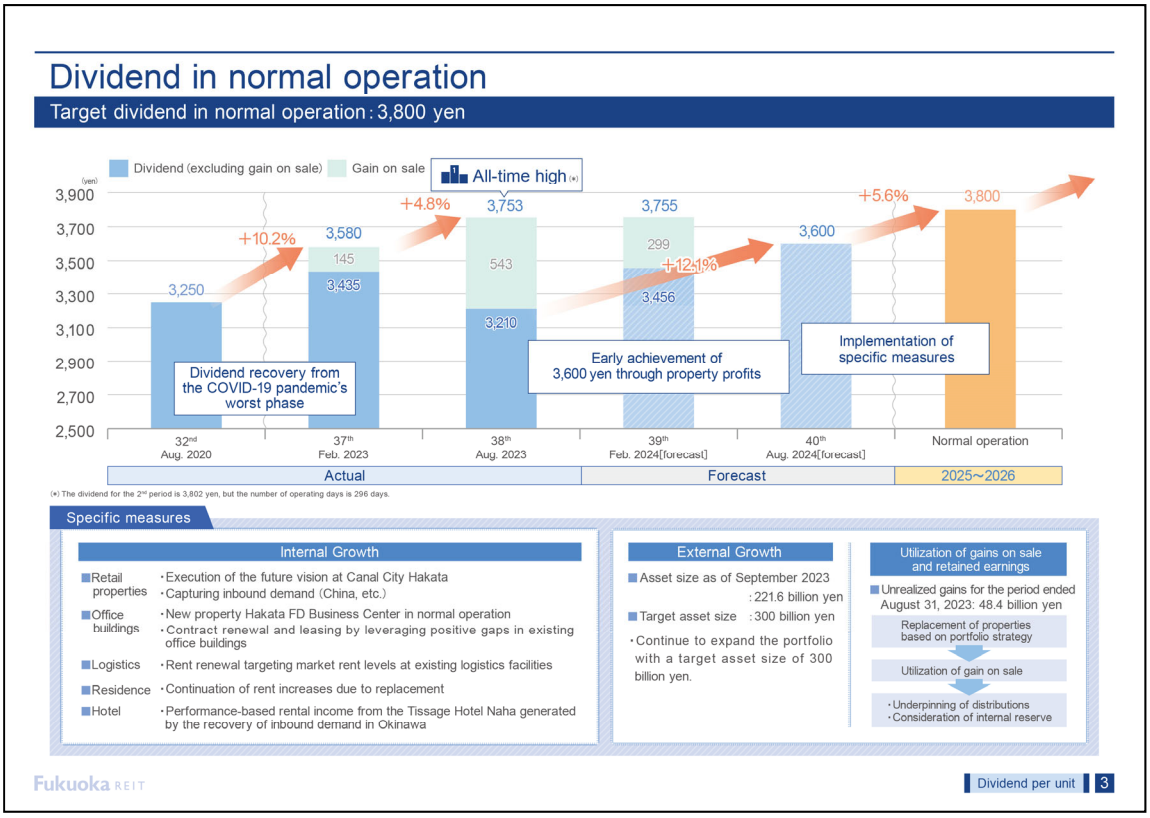
Now let's go to the next page to discuss more details about our dividend payouts. I will talk about why the actual DPU for the 38th fiscal period was better than for the previous period and our own expectations. I will also explain factors that form the basis of our dividend forecast for the 39th and 40th fiscal periods. For the 38th fiscal period, we could successfully raise the DPU by 173 yen from the preceding period to 3,753 yen in large part due to the gain on the disposal of Kurume Higashi Kushiwara Shopping Center, which offset the drop in revenue from Canal City Hakata under renovation and the associated increase in repair expenses, as expected. Also at play were the recovery in inbound tourism consumption in general and the rebound in the number of Korean tourists in particular at Canal City Hakata, the fact that Higashi Hie Business Center's vacancy was completely filled during the previous period, and the properties we acquired in the previous period generating revenue for the full six months.

If you compare the DPU for the 38th period with our own expectations, you can see almost the same factors at play. The biggest one is of course the fact that rent revenue from Canal City Hakata increased following the stronger-than-expected recovery in inbound demand. The DPU beat the expectations by 153 yen per unit.

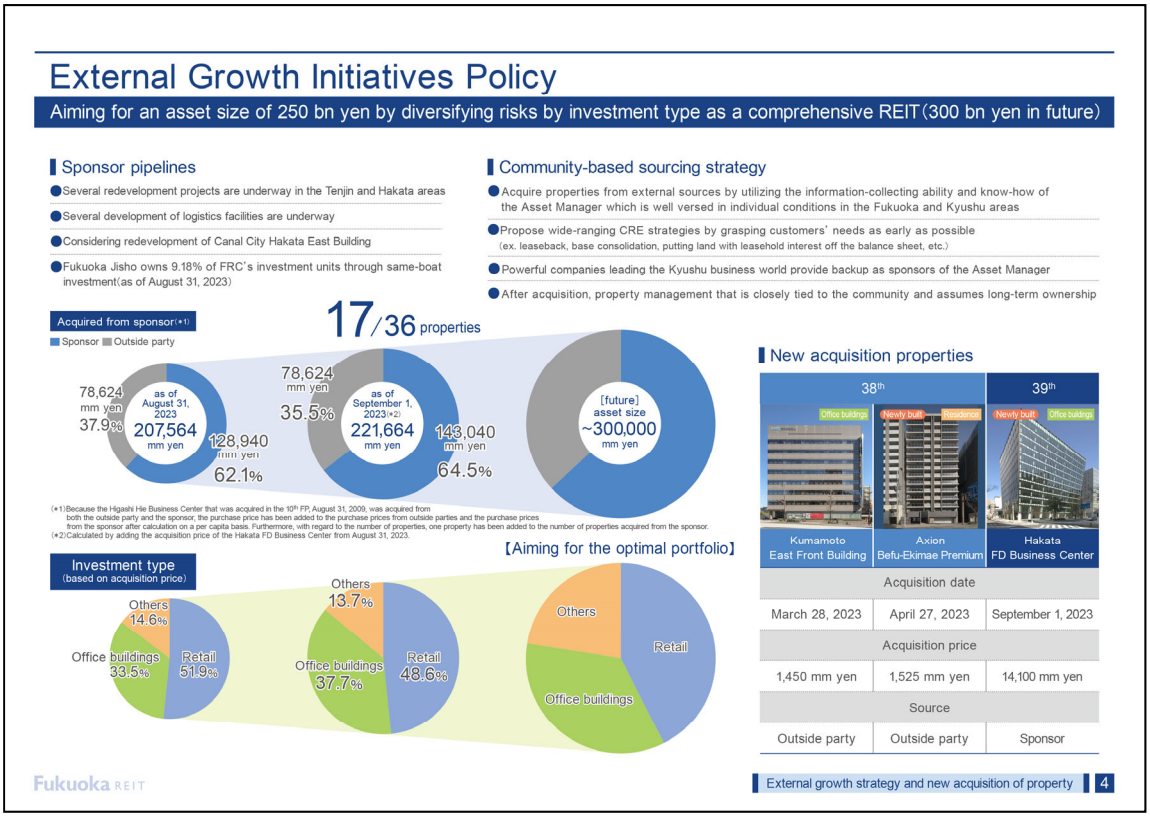
When it comes to the DPU forecast for the 39th fiscal period, we expect that we will pay almost the same level of dividend, 3,755 yen per unit, as the drop in the gain on the disposal of Kurume Higashi Kushiwara Shopping Center is going to

be recouped with an increase in revenue from Canal City Hakata, a cutback on repair expenses, and new properties generating revenue.

For the 40th fiscal period, we expect we can finally meet the target of paying 3,600 yen in DPU without relying on gain on sale of a property, thanks to an increase in revenue from Canal City Hakata as well as revenue from new properties such as Hakata FD Business Center.



Speaking of DPU, this slide explains the dividend level that we think should be normal going forward. If you take a look at this graph, you can see that the DPU recovered more than 10 percent from the 32nd fiscal period's 3,250 yen, when the pandemic's impact was in full force, to 3,580 yen for the 37th fiscal period. In fact, the DPU continued to go up for the 38th fiscal period by 4.8 percent from the preceding period at 3,753 yen. Now, when we exclude the gain on sale, it is 3,210 yen. And we have plans to raise that to 3,600 yen, up 12 percent, in the next twelve months. Furthermore, our target for the dividend level that we think should be normal is 3,800 yen. As described at the bottom of the page, we want to achieve this target by driving both internal and external growth but also by selling properties as well as tapping internal reserves as appropriate.



The next slide, page 4, is about our approach to external growth. Our current asset size is about 221.6 billion yen as of September 1 2023, after the acquisition of Hakata FD Business Center. The percentage of retail properties in the portfolio is below our 50-percent target. As I said before from time to time, our immediate goal is to reach 250 billion yen in asset size and the next target is 300 billion yen.

We will continue to grow our portfolio by acquiring office buildings, logistics facilities, and residential properties not only from our sponsor but also by leveraging our local connections and external sources with a particular focus on sustainability of a property. Also, as a comprehensive REIT, we continue to optimize our portfolio and pay attention to the balance between risk and return.

Leasing progress for Hakata FD Business Center

Succeeded in attracting leading domestic and foreign blue-chip companies and achieved faster leasing progress than expected

Summary of Hakata FD Business Center

Name of property	Hakata FD Business Center
Acquisition date	September 1, 2023
Acquisition price	14,100 mm yen
Appraisal value	15,000 mm yen
Address	Tsunabamachi, Hakata Ward, Fukuoka City
Area (land)	2,202.31㎡
Built timing	February 2023
Total floor space	20,603.46㎡ (77% co-ownership interest)
Acquisition CAP rate	4.1%

*CASBEE Wellness Office Evaluation Certification on February 27, 2023 (S rank, first in Fukuoka)
DBJ Green Building certification obtained on September 1, 2023 (3 stars)
Good Design Award on October 5, 2023

Leasing Status

◎Occupancy rate 86.5% (contracted + applied)(*)

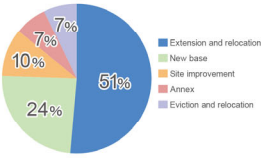
Contracted | Applied | Under consideration

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

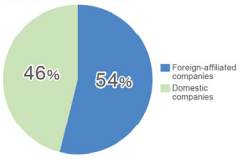
(*) The leasing status is as of September 30, 2023. Occupancy rates are based on assumptions as of January 1, 2024.
The occupancy rate is 60.6% as of October 1, 2023.

Summary of Contracted and Applied Tenants (based on floor space)

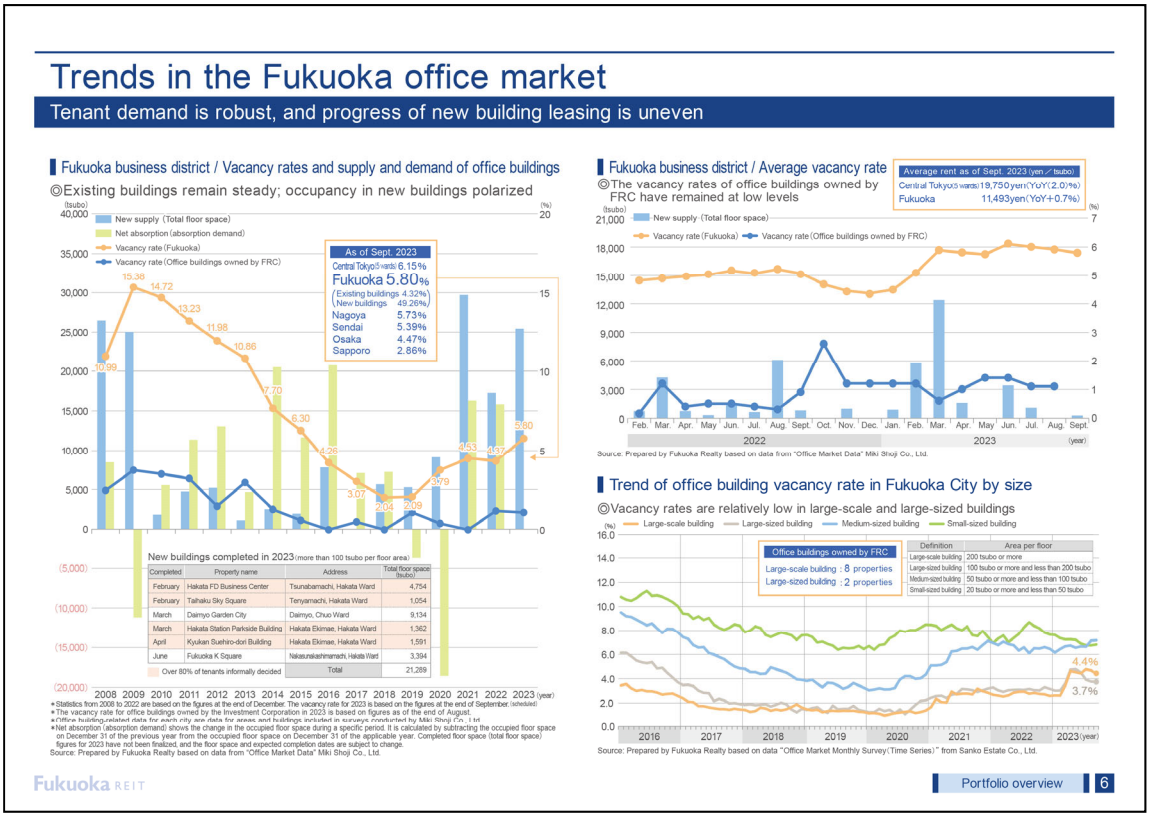
【Reason for Occupancy】



【Domestic or Foreign】

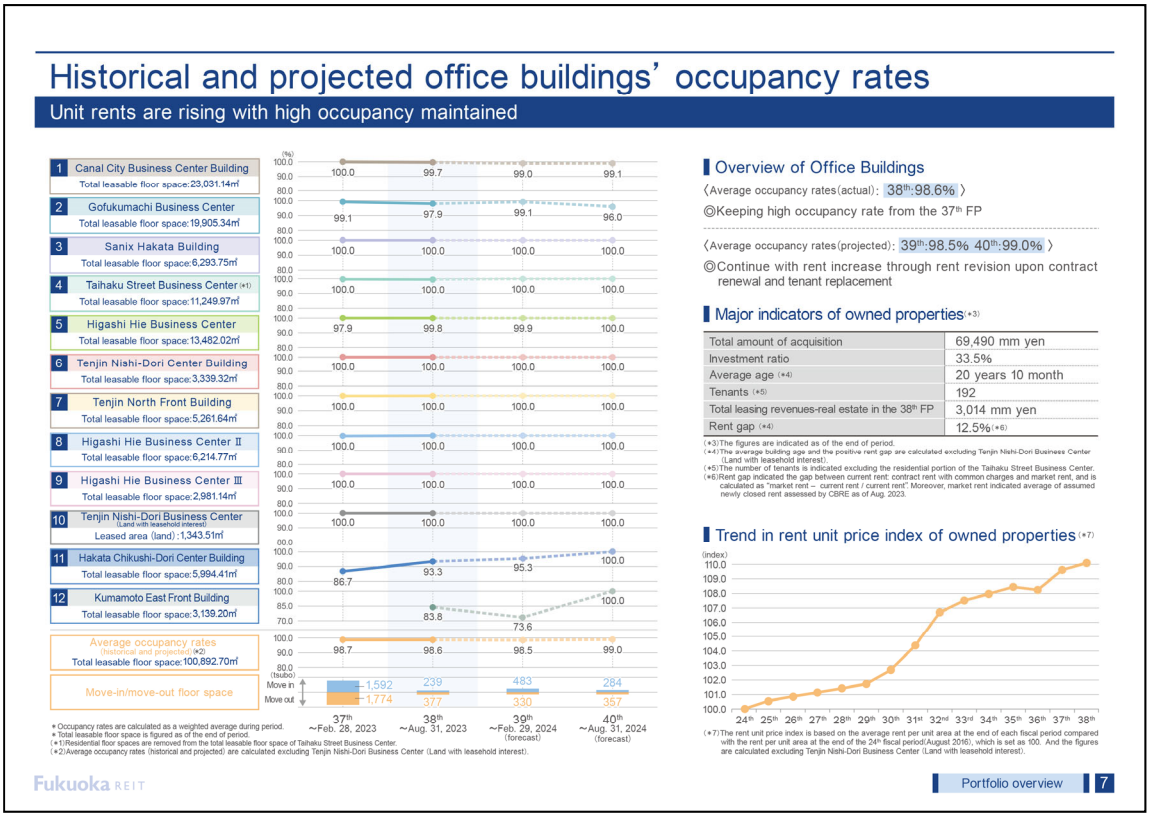


The next slide, page 5, describes the leasing situation of Hakata FD Business Center, which we acquired on September 1, 2023. Its occupancy rate was just 12.2 percent on a signed contract basis in March this year when we made a decision to acquire this property. But since then the building has been attracting a lot of prospective tenants for its prime location, its space per floor, its design, and the powerful support of Fukuoka Jisho. And it's been filled at a stronger and faster pace than we expected. The occupancy rate is at 60.6 percent on a signed contract basis as of October 1st and is expected to go up to 86.5 percent in January next year. The tenant who's going to move in on Levels 8 and 9 will sign the contract at the end of October. As you can see the chart on the right of the slide, we successfully attracted a group of very selective companies as tenants both Japanese and foreign, in finance and consultancy.



The next slide, page 6, is about updates on the office market in Fukuoka. The graph on the left-hand side shows that the vacancy rate for September rose 1.4 percentage points from the end of December last year to 5.8 percent due to the big supply of new office buildings in the city during the first half of this year, while the vacancy rate for existing buildings remained low at 4.32 percent. And just for the reference, the vacancy rate of Metropolitan Tokyo area is at 6.15 percent in September.

And if you look at the upper right corner of the page, you can see average rents as of September this year, within the orange lined box. The September average rent for Fukuoka continued to rise, up 0.7 percent from a year earlier, showing that the office market in Fukuoka remains strong. We'd also like to note that the office buildings owned by Fukuoka REIT are very competitive because they maintain high occupancy rates despite the rising vacancy rates in the market.

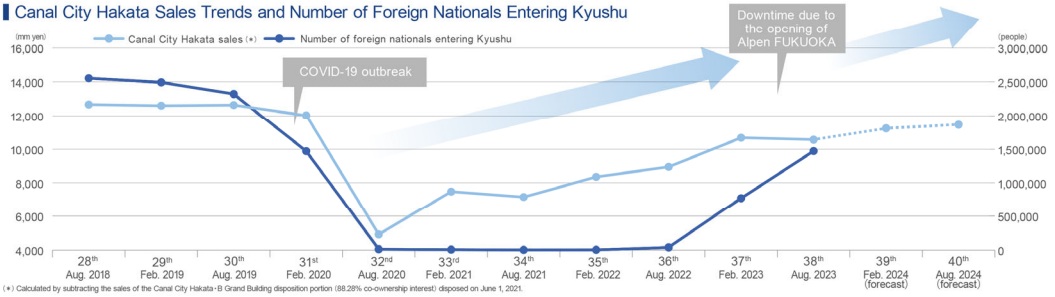


Please go to the next page. It is showing the historical and projected occupancy rates for office buildings in our portfolio. The weighted-average occupancy rate for the twelve office buildings in our portfolio, which excludes the land for Tenjin Nishi-Dori Business Center, remains at a high level of 98.6 percent for the 38th fiscal period. And, according to CBRE's appraisal data, our portfolio rent is still 12.5 percent lower than the market rent, so we will continue to work hard to raise rent, as illustrated in the chart you see at the bottom right of the page.

Initiatives at Canal City Hakata①

With sales on track to recovery to pre-pandemic levels, expectations are placed on further increase in the future

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



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

Situation of inbound

◎Number of foreign nationals entering Kyushu

Country / Region	2018 monthly average	2023 Mar.	Apr.	May	Jun.	Jul.	Aug.
Total number of immigrants	426,357	223,239	234,552	224,506	251,307	266,019	272,036
Korea	200,805	139,161	131,961	135,682	148,940	-	-
China	142,328	2,062	3,025	3,017	9,006	-	-
Taiwan	34,460	23,539	24,303	25,997	36,014	-	-
Hong Kong	23,792	13,780	20,121	21,528	27,374	-	-
Others	24,971	44,697	55,142	38,282	29,973	-	-

*The number of foreign visitors including cruise ship tourists. Figures for July and August 2023 are preliminary figures.
Source: Prepared by Fukuoka Realty based on the data of the Kyushu District Transport Bureau of the Ministry of Land, Infrastructure, Transport and Tourism.

◎Cruise Ship Calls to Hakata Port

year	2016	2017	2018	2019	2020	2021	2022	2023 (scheduled)
Number of port calls	328	326	279	229	14	0	2	84

*The actual number of port calls from January to September 2023 is 49.
Source: Prepared by Fukuoka Realty based on data as of October 12, 2023 from the Fukuoka City Port & Airport Bureau

Factors behind the sales recovery trend after the COVID-19 pandemic was settled

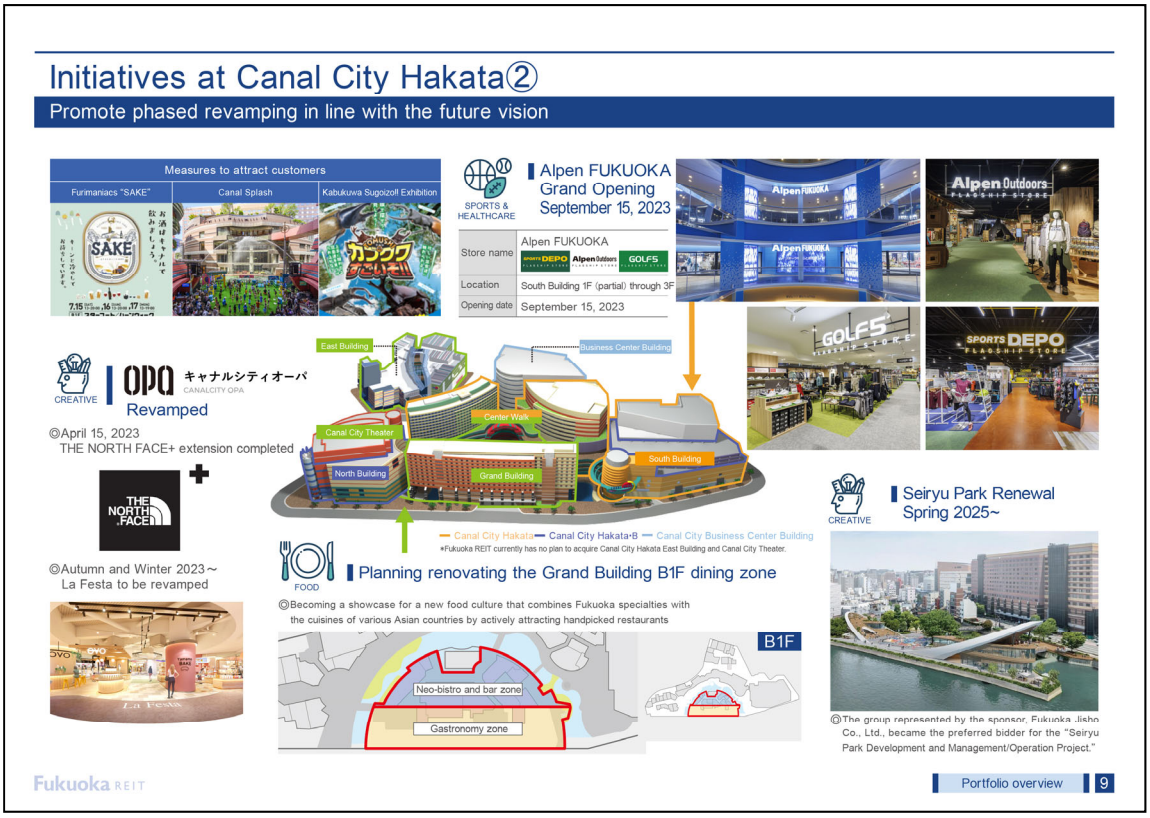
Opening of Kushida Shrine Station
Recovery of domestic customer traffic
Events to attract customers

Expectations for future sales growth

Recovery of inbound tourism
Alpen FUKUOKA Grand Opening
Better traffic flow from surrounding facilities

The next slide, page 8, describes the latest developments surrounding our main retail property, Canal City Hakata. Sales at Canal City Hakata has recovered to 80 percent of pre-COVID levels since the period ended August 2022, when Canal City Hakata's results were hit hard by the pandemic. The recovery was driven by the rebound in domestic traffic, foreign tourist consumption, especially by South Korean tourists, and the opening of a new subway station near Canal City Hakata. We expect to see a further recovery in sales for Canal City Hakata on the back of an anticipated recovery in the number of Chinese tourists, the ongoing renovation project called "Future Vision," and the improved accessibility and traffic from its adjacent facilities.

And as you can see the numbers just below that, there is a huge rebound in Korean tourists whereas the number of visitors from Chinese mainland still remains very small. So, when Chinese tourists begin come back to Fukuoka, it will further boost sales for Canal City Hakata.

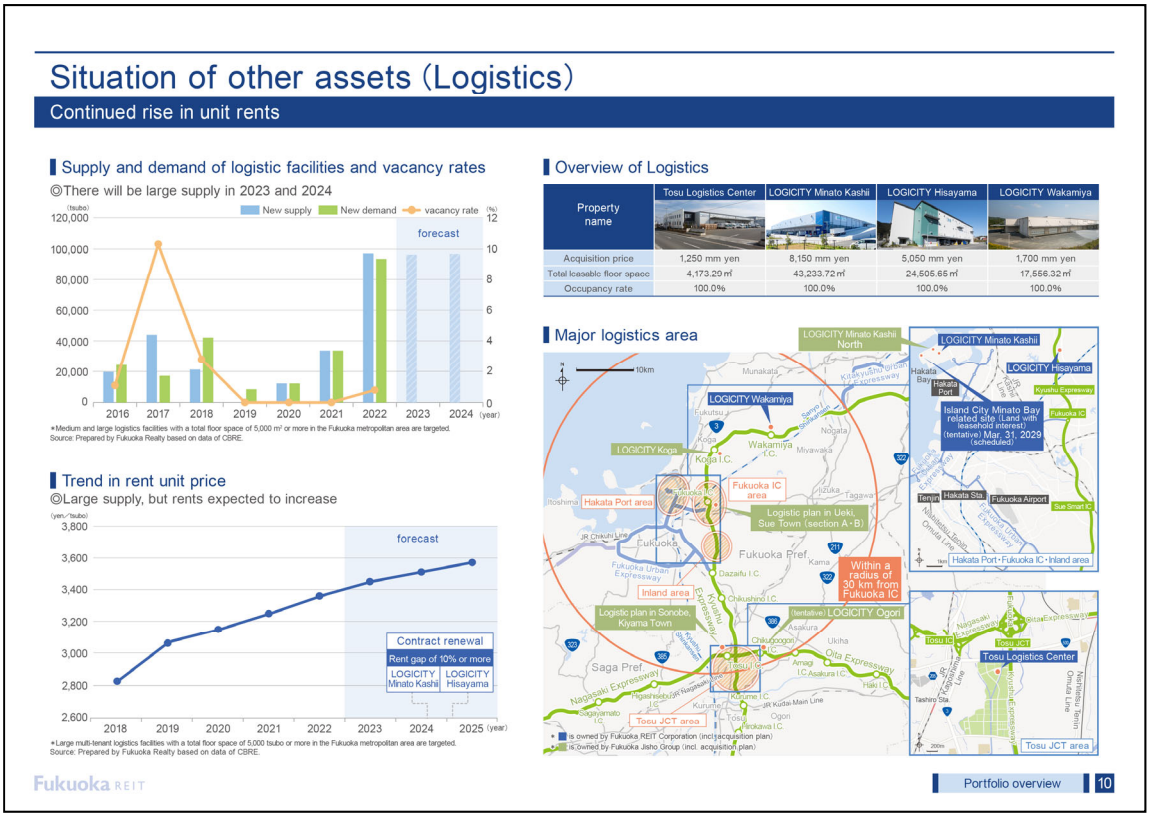


Here are more updates on Canal City Hakata's renovation project or the Future Vision, as we call it. Alpen Fukuoka, a premier general sporting goods store and one of the group's biggest in Kyushu, was opened on Level 1 through Level 3 of the South Building on September 15, and the weekly traffic to Canal City Hakata increased more than expected, by 30 percent, between before and after the store's opening. And for the first time in four years, Canal Splash was back this summer. This is a water attraction with a big fountain and is open during school summer break. So, our activities to increase traffic have also resumed. As for Canal City Opa, American outdoor apparel brand, the North Face's store was renovated and expanded back in April. And from this fall to winter we will renovate the area called La Festa, on the first basement level. This is an area of tenants that sell fashion goods and accessories. These renovations speak to the level of the partnership we have with our major tenants who share the Future Vision for Canal City Hakata.

In addition, I talked about the renovation of the entire dining zone on the first basement level of the Grand Building in the last performance briefing. We are working on the design of the entire floor and have started our leasing activity as well. Construction will begin in early January next year and will be completed in twelve months.

The photo at the bottom right corner of the slide shows a public park located right next to Canal City Hakata. This is Seiryu Park and managed by the City of

Fukuoka. The park is going to be redeveloped as a place of recreation for the community, with the ability to accommodate various events, and is scheduled to be open in the spring of 2025. Our sponsor, Fukuoka Jisho, is leading the consortium for this park-PFI project as they were granted preferential negotiation rights by the city. Once this project is completed, it will significantly improve the accessibility and traffic to Canal City Hakata from Tenjin and boost the attractiveness of the area.



The next slide, page 10, describes the situation of our logistics assets. The logistics property market in Fukuoka has been very bullish with very low vacancy rates between 2019 and 2022. Despite the significant amount of new supply since 2022, CBRE expects only a modest rise in the vacancy rate and that demand continues to be strong. Also, it is very likely that the market continues to be extremely bullish not only in Fukuoka suburban areas but also in Tosu area, Saga Prefecture, and the rent unit price is expected to go up even in the face of the large supply of new logistics facilities. And we will raise rent for our logistics properties at the time of leasing contract renewals. Currently we own four logistics properties and every single one of them is running at 100 percent occupancy.

Situation of other assets (Residence, Hotel)

Residential assets are strong, hotel assets are recovering

Residential properties

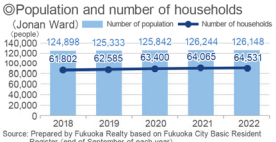
◎Residential properties have continued to operate at a high occupancy rate

Occupancy rates	34th (Aug.2021)	35th (Feb. 2022)	36th (Aug.2022)	37th (Feb. 2023)	38th (Aug.2023)
Amex Akasakamon Tower	96.7%	96.9%	96.3%	94.2%	98.6%
City House Keyaki Dori	94.5%	98.6%	97.2%	98.8%	97.0%
Aqualia Chihaya	98.0%	99.3%	98.3%	98.9%	97.8%
D-Wing Tower(*1)	94.3%	93.4%	95.7%	97.3%	97.6%
Granfore Yakuin Minami	97.7%	98.0%	97.2%	98.0%	95.3%
The weighted average of 5 properties	96.1%	96.7%	96.8%	97.3%	97.5%
			Axion Befu-Ekimae Premium (*1)(*2)		50.7%
The weighted average of 6 properties					94.5%

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

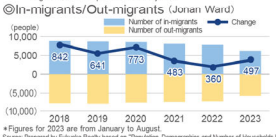
Residential Market in Fukuoka City's Jonan Ward

◎Population and number of households



Source: Prepared by Fukuoka Realty based on Fukuoka City Basic Resident Register (end of September of each year).

◎In-migrants/Out-migrants (Jonan Ward)



*Figures for 2023 are from January to August.
Source: Prepared by Fukuoka Realty based on "Population, Demographics and Number of Households Based on the Basic Resident Register" (Ministry of Internal Affairs and Communications).

Overview of Hotel

◎ADR at Fukuoka Washington Hotel recovered to pre-COVID levels

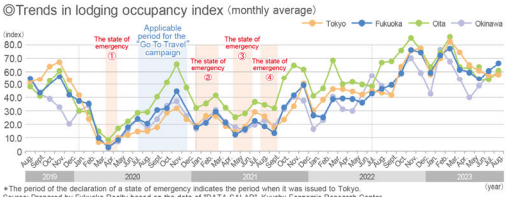
Hotel (Specialized for accommodation)	Fukuoka Washington Hotel [Canal City Hakata]	Hotel FORZA Oita	Tissage Hotel Naha
Rooms	423	205	132
Leasing Form	Fixed+Variable rents	Fixed rents	Fixed+Variable rents
Area	Fukuoka City	Oita City	Naha City
Operator	WHG Nishinihon (Fujita Kanko Group)	FJ Hotels (Fukuoka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

◎Tissage Hotel Naha

	37th (Feb. 2023)	38th (Aug. 2023)
Room occupancy rates	80.6%	71.0%
ADR (*3)	6,257 yen	7,369 yen
RevPAR (*4)	5,045 yen	5,231 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)



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

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Portfolio overview 11

The next slide, page 11, is about the situation of our residences and hotels. The average occupancy rate of our five residential properties remained stably high at 97.5 percent for the 38th fiscal period. And we keep trying to raise rent at the time of tenant turnovers.

Axion Befu Ekimae Premium, which we acquired during the 38th fiscal period, is located in Jonan Ward, where the population and the number of households are growing. Access to the city center from Befu Station, the nearest station of this building, has been improved following the extension of the Fukuoka City Subway Nanakuma Line, and we expect it to be increasingly more popular as a residential area. Because this is a newly built property, the occupancy rate is still just over 50 percent today. But more tenants are moving in as we speak and we are confident that it is going to be fully occupied sooner than expected.

All the hotels in our portfolio are room-only hotels. The ADR of Fukuoka Washington Hotel has recently recovered to the pre-COVID levels. And we had a variable rent revenue from Tissage Hotel Naha for the 38th fiscal period as well despite the fact that recovery in inbound tourists is slower in Okinawa than in other areas. We are of course anticipating a stronger recovery in inbound tourists in Okinawa going forward.

Financing condition①

Establishment of stable financial base

Financial Policy (Basic Policy)

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

◎Current financing policy

While diversifying debt maturities

- ☑Adjust financing periods(used to be 7-10 years)
- ☑Adjust ratio of fixed/floating interest
- ☑Lower spread

Aim to control financing costs through the above

◎Borrowings (long-term) in the 38th period (fiscal period ended August 2023)

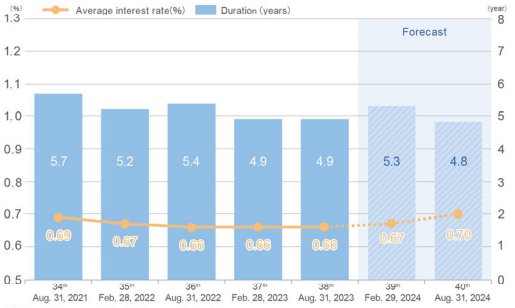
●New Borrowings

Date	Lender	Amount (mm yen)	Term	Interest rate
March 31, 2023	The Higo Bank	700	5.0-year	0.61500%
		750	10.0-year	3-month TIBOR +0.30%
June 30, 2023	The Hiroshima Bank	500	6.0-year	0.54125%
		1,000	7.0-year	0.63500%

●Refinancing

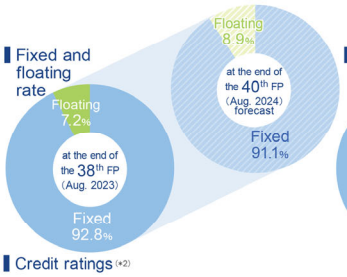
Date	Lender	Amount (mm yen)	Term	Interest rate
Sustainable finance / Green Loan / July 31, 2023	Sumitomo Mitsui Trust Bank	900	5.0-year	0.50100%
		600	8.0-year	0.82900%
Sustainable finance / Green Loan / August 31, 2023	Development Bank of Japan	2,000	6.0-year	0.83750%
		2,000	6.5-year	0.90689%

Average interest rate (*1) and duration

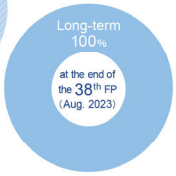


(*1)Interest rates are rounded off to the second decimal place.

Fixed and floating rate



Long-term rate



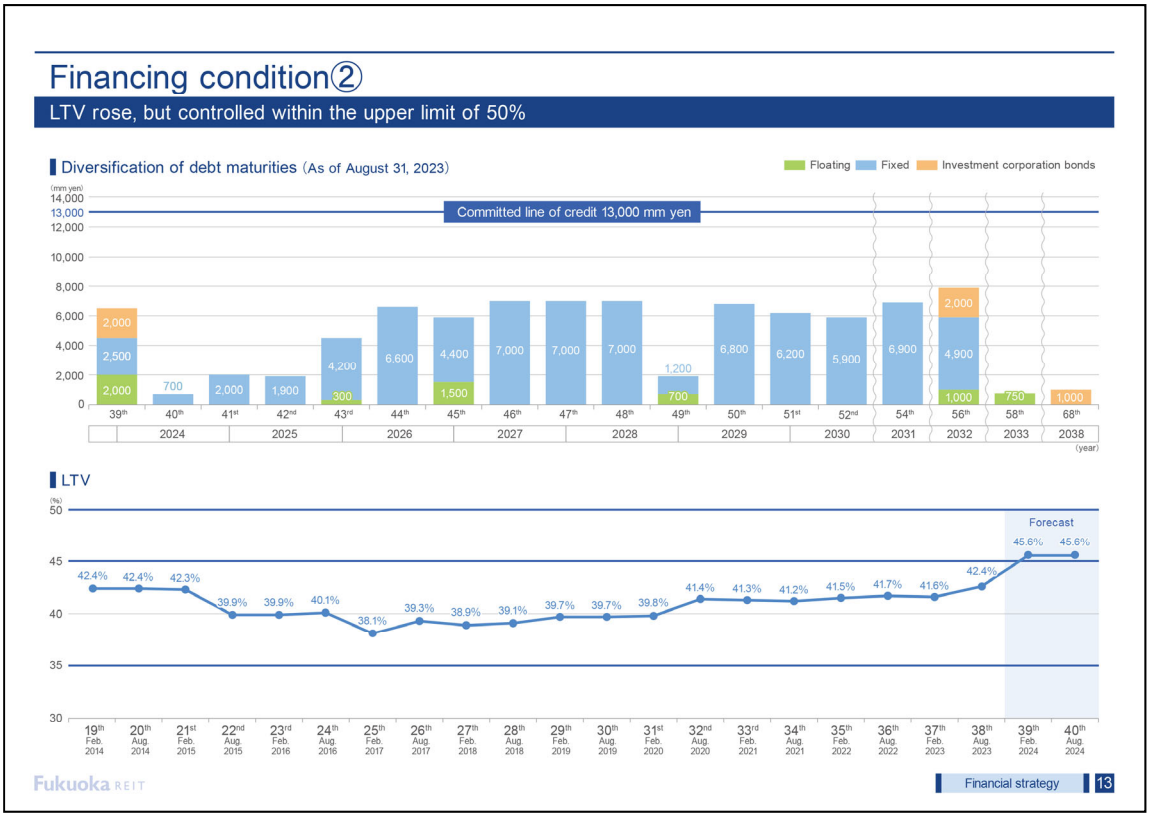
Credit ratings (*2)

JCR	AA− (Stable)	R&I	A+ (Stable)

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

Please go to the next slide. From here I'm going to talk about our finances. Let's take a look at page 12. In anticipation of possible higher financing costs due to the recent rise in base rates, we will make sure to bring our financing costs under control by diversifying debt maturities, adjusting borrowing terms, and rebalancing the fixed and floating rates.

If and when we do refinancing or require a new borrowing going forward, we will borrow for a shorter period of time, not for seven or ten years as we did in the past, and at floating rates at least for some part of the borrowing to minimize any possible impact on the dividend. We stuck to this policy for the borrowings we made during the 38th fiscal period.



When it comes to LTV at the bottom of page 13, it will go up as a result of the new acquisition, Hakata FD Business Center. However, it will still remain below the upper threshold of 50 percent.

Appraisal value

The unrealized gains (*1) totaled 48,478 million yen at the end of 38th fiscal period (increase of 1,947 million yen compared with previous fiscal period)

- unit : mm yen

	Property name	Acquisition price (*2)	Acquisition cap rate	At the end of the 38th FP (Aug. 31, 2023) Appraisal value ①	Book value ②	Difference ①-②	Cap Rate by direct capitalization method ③	At the end of the 37th FP (Feb. 28, 2023) Appraisal value ④	Difference ①-④	Cap Rate by direct capitalization method ⑤	Difference ③-⑤	Appraiser
Retail	Canal City Hakata	32,000	6.0%	29,300	29,899	(599)	4.2%	29,500	(200)	4.2%	0.0%	Tanizawa Sogo Appraisal
	Canal City Hakata・B	21,060	5.4%	21,700	20,506	1,193	4.3%	21,800	(100)	4.3%	0.0%	Tanizawa Sogo Appraisal
	Park Place Oita	19,610	6.0%	20,200	20,374	(174)	5.4%	20,500	(300)	5.4%	0.0%	Japan Real Estate Institute
	SunLive City Kokura	6,633	6.6%	8,540	5,449	3,090	5.6%	8,530	10	5.8%	(0.2)%	Japan Real Estate Institute
	Konoha Mall Hashimoto	10,000	5.3%	10,100	9,893	206	5.1%	10,100	0	5.1%	0.0%	Tanizawa Sogo Appraisal
	Square Mall Kagoshima Usuki	5,300	6.3%	4,700	4,187	512	5.5%	4,710	(10)	5.5%	0.0%	Japan Real Estate Institute
	Kumamoto Intercommunity SC	2,400	6.5%	2,840	1,900	939	5.4%	2,790	50	5.5%	(0.1)%	Japan Real Estate Institute
	Hanahata SC	1,130	6.4%	1,200	941	258	5.4%	1,200	0	5.4%	0.0%	Tanizawa Sogo Appraisal
	Kurume Higashi Kushiwara SC (*3)	750	6.1%	822	580	241	5.5%	825	(3)	5.5%	0.0%	Tanizawa Sogo Appraisal
	K's Denki Kagoshima	3,550	5.7%	3,490	2,819	670	5.4%	3,490	0	5.4%	0.0%	Tanizawa Sogo Appraisal
	Marinoa City Fukuoka (Marina Side Building)	5,250	5.5%	5,860	5,311	548	4.8%	5,860	0	4.8%	0.0%	Tanizawa Sogo Appraisal
	Total of retail	107,683	-	108,752	101,865	6,886	-	109,305	(553)	-	-	
Office buildings	Canal City Business Center Building	14,600	6.3%	19,300	12,646	6,653	3.8%	18,800	500	3.9%	(0.1)%	Tanizawa Sogo Appraisal
	Gofukumachi Business Center	11,200	6.3%	16,000	8,634	7,365	4.0%	15,600	400	4.1%	(0.1)%	Tanizawa Sogo Appraisal
	Sanix Hakata Building	4,400	5.9%	7,010	3,696	3,313	3.7%	6,850	160	3.8%	(0.1)%	Japan Real Estate Institute
	Taihaku Street Business Center	7,000	6.0%	10,100	5,507	4,592	4.1%	9,830	270	4.2%	(0.1)%	Japan Real Estate Institute
	Higashi Hie Business Center	5,900	6.0%	9,240	4,320	4,919	4.2%	8,990	250	4.3%	(0.1)%	Tanizawa Sogo Appraisal
	Tenjin Nishi-Dori Center Building	2,600	5.4%	3,400	2,630	769	3.5%	3,310	90	3.6%	(0.1)%	Japan Real Estate Institute
	Tenjin North Front Building	2,800	6.1%	5,050	2,297	2,752	3.6%	4,930	120	3.7%	(0.1)%	Japan Real Estate Institute
	Higashi Hie Business Center Ⅱ	4,230	4.9%	4,900	3,821	1,078	4.2%	4,790	110	4.3%	(0.1)%	Tanizawa Sogo Appraisal
	Higashi Hie Business Center Ⅲ	3,290	4.4%	3,530	3,179	350	4.0%	3,450	80	4.1%	(0.1)%	Tanizawa Sogo Appraisal
	Tenjin Nishi-Dori Business Center (Land with leasehold interest)	7,700	3.5%	8,770	7,754	1,015	3.0%	8,500	270	3.1%	(0.1)%	Japan Real Estate Institute
	Hakata Chikushi-Dori Center Building	4,320	4.7%	4,580	4,477	102	4.1%	4,550	30	4.2%	(0.1)%	Tanizawa Sogo Appraisal
	Kumamoto East Front Building (*4)	1,450	5.0%	1,510	1,518	(8)	4.6%	1,460	50	4.7%	(0.1)%	Tanizawa Sogo Appraisal
	Total of office buildings	69,400		93,390	60,484	32,905		91,060	2,330			
Others	Tosu Logistics Center (Logistics)	1,250	5.9%	1,640	1,117	522	4.5%	1,440	200	4.7%	(0.2)%	Japan Real Estate Institute
	LOGICITY Minato Kashii (Logistics)	8,150	5.2%	10,000	7,607	2,392	3.8%	9,760	240	3.9%	(0.1)%	Tanizawa Sogo Appraisal
	LOGICITY Hisayama (Logistics)	5,050	5.1%	5,950	4,613	1,336	4.0%	5,790	160	4.1%	(0.1)%	Tanizawa Sogo Appraisal
	LOGICITY Wakamiya (Logistics)	1,700	6.4%	2,590	2,108	481	5.1%	2,550	40	5.2%	(0.1)%	Tanizawa Sogo Appraisal
	Amex Akasakamon Tower (Residence)	2,060	5.4%	2,050	1,597	452	4.0%	2,000	50	4.1%	(0.1)%	Daiwa Real Estate Appraisal
	City House Keyaki Dori (Residence)	1,111	5.5%	1,150	850	299	4.0%	1,120	30	4.1%	(0.1)%	Daiwa Real Estate Appraisal
	Aqualia Chihaya (Residence)	1,280	6.8%	2,060	1,136	923	4.2%	2,060	0	4.2%	0.0%	Japan Real Estate Institute
	D-Wing Tower (Residence)	2,800	5.9%	4,020	2,575	1,444	4.0%	3,940	80	4.1%	(0.1)%	Tanizawa Sogo Appraisal
	Granfore Yakuin Minami (Residence)	1,100	5.6%	1,430	1,125	304	3.9%	1,390	40	4.0%	(0.1)%	Tanizawa Sogo Appraisal
	Axion Befu-Ekimae Premium (Residence) (*4)	1,525	3.4%	1,560	1,651	(91)	3.5%	1,530	30	3.6%	(0.1)%	Daiwa Real Estate Appraisal
	Hotel FORZA Oita (Hotel)	1,530	6.6%	1,860	1,463	396	5.2%	1,900	(40)	5.1%	0.1%	Japan Real Estate Institute
	Tissage Hotel Naha (Hotel)	2,835	5.3%	2,940	2,715	224	4.9%	2,910	30	4.9%	0.0%	Tanizawa Sogo Appraisal
	Total of others	30,391	-	37,250	28,563	8,686	-	36,390	860	-	-	
	Total properties	207,564	-	239,392	190,913	48,478	-	236,755	2,637	-	-	

(*1) Unrealized gain is calculated by subtracting period-end book value (excluding construction in progress in trust) from the latest appraisal value. (*2) "Acquisition price" indicates the amount excluding such expenses as fees and taxes and other public charges.
(*3) For Kurume Higashi Kushiwara SC, having completed the disposition of 70% quasi co-ownership interest in the trust beneficiary interest on August 31, 2023, acquisition price and appraisal value are the figures after subtracting the 70% portion.
(*4) The appraisal value at the end of the 37th fiscal year and the most recent cap rate are figures based on the appraisal at the time of property acquisition.

The next slide, page 14, is about the appraisal value of our portfolio. The total unrealized gains increased 1.9 billion yen from the previous fiscal period to 48.4 billion yen as of the end of the 38th fiscal period, as the headline shows. For some properties, their book value is higher than the appraisal value, but the cap rates for our office buildings, residential properties, and logistic facilities continue to decline.

Sustainability

Strengthening the organization of Sustainability Promotion Office (addition of two members including one dedicated member) (from June 2023)

Materially significant issues

	Materially significant issues	Policies and targets	KPIs and targets
Environment	Reduction of environmental load	● Coordinate with Property Management and Building Management on promotion of management and reduction of energy consumption, greenhouse gas emissions, water consumption, and waste output	● (by 2030) 35% reduction in CO_2 emissions (compared with 2019, basic unit) 75% waste recycling rate
Environment	Maintenance and enhancement of environmental and construction performance	● Carry out performance and function evaluation of properties on a regular basis and ameliorate any deterioration in performance, etc. ● Maintain and improve competitiveness by acquiring green building certifications and through visual representation of building performance	● (by 2030) 85% Green Building Certification rate or higher
Society	Creation of pleasant workplaces (Asset manager)	● 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	● Training per employee (number of times) ● Improve office environment (number of cases)
Society	Creation of pleasant workplaces (Tenant)	● Promote improvement of employee satisfaction and work towards increasing job satisfaction of tenant employees	● Conduct regular tenant satisfaction surveys (all properties)
Society	Contribution to boosting attractiveness and vitalization of Fukuoka and Kyushu	● 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	● Join and participate in local economic organizations ● Host local community events (number of times)
Society	Involvement in local community	● 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	● Join and participate in area management organizations ● Continued participation in activities that contribute to the community (number of times)
Governance	Information disclosure and dialogue with stakeholders	● 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	● Dialogue with investors (number of times) ● ESG training for employees (number of times)
Governance	Compliance / Risk management	● 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	● Compliance training (number of times)

Environment ➡ P29

● Ratio of green buildings certified (as of September 1, 2023)
<80.3% of entire portfolio>

Acquired DBJ Green Building Certification NEW
[Hakata FD Business Center (acquired on September 1)]

DBJ Green Building 2023

Building featuring excellent "environmental and social considerations"

Society ➡ P31

● Implementation of corporate version of Furusato (hometown) tax payment by corporations NEW
(Kikuyo-machi, Ozu-machi, and Koshi City, Kumamoto)

Support for development and revitalization in the areas in which we invest

Donation presentation ceremony (July 31,2023)

From pages 15 to 17, I'm going to talk about what we are doing with respect to sustainability. Sustainability is one of our management priorities, and we've added headcounts to Sustainability Promotion Office, as you can read the headline. When it comes to our actions for the environment, we successfully got a DBJ Green Building certification for Hakata FD Business Center, which we acquired on September 1st, and that raised the percentage of certified "Green Buildings" within our portfolio to 80.3 percent.

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

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

Climate Change Scenario Analysis

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

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

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

Fukuoka REIT

Sustainability 16

The next two slides, pages 16 and 17, describe the results of our qualitative as well as quantitative analyses of financial impact based on the TCFD scenario analysis. Fukuoka REIT has been a TCFD supporter since September last year and already conducted a qualitative assessment of financial impact based on scenario analysis for TCFD. But this time we focused on climate-related risks and opportunities and updated the qualitative assessment of financial impact.

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

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

Financial Impacts

- unit : mm yen

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

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

Fukuoka REIT

Sustainability 17

The next slide, page 17, describes the results of a quantitative analysis of financial impact based on climate-related risk and opportunities. The numbers you see on the slide are only projections calculated based on our past asset management performance and data from climate-related scenarios and studies, and so there is no guarantee that these numbers will actually come true. However, it is vital to quantitatively assess climate-related risks and be ready to address them if we continue to be a viable REIT in the mid-to-long term, and these assessments will be incorporated into our management strategy. Also, we will publish on our website what we are doing in terms of governance, strategy, risk management, and KPIs as well goals within the framework of the TCFD recommendations.

Statements of Income (compared with the previous fiscal period)

Downtime due to revamping of Canal City Hakata covered by gain on sale

- unit : mm yen

	Account	37th ~Feb. 28, 2023 A	38th ~Aug. 31, 2023 B	Difference B - A
Ordinary profit and loss / Operating profit and loss	Total operating revenues	9,037	9,284	247
	Operating revenues excluding gain on sales	8,921	8,852	① (69)
	Gain on sales	115	432	② 316
	Total operating expenses	5,813	5,912	98
	Expenses related to leasing business	5,147	5,231	③ 84
	Asset management fees	534	544	10
	Asset custody fees	7	7	0
	Administrative service fees	57	58	0
	Director's compensations	3	3	-
	Other operating expenses	63	66	2
	Operating income	3,223	3,372	148
Ordinary profit and loss / Non-Operating profit and loss	Total non-operating revenues	1	0	(0)
	Total non-operating expenses	373	385	11
	Interest expenses (incl. investment corporation bonds)	274	284	10
	Financing related expenses	97	98	1
	Others	2	2	-
Ordinary profit and loss	**Ordinary income**	2,851	2,988	137
Profit before income taxes		2,851	2,988	137
Total income taxes		1	0	(0)
Profit		2,849	2,987	137
Dividend	**Total dividends**	2,849	2,987	137
	Dividend per unit (yen)	3,580	3,753	173

Sign indicates impact on profit (unit : mm yen)

■Operating profit and loss

①Contribution of new acquisition properties +57
(2 properties)
Active retail (198)
-of which, Canal City Hakata/Canal City Hakata-B (175)
Park Place Oita (19)
Konoha Mall Hashimoto +11
SunLive City Kokura (15)
Absence of revenue accompanying disposition of (13)
Kurume Higashi Kushiwara SC
Higashi Hie Business Center +59
Office buildings (excl. Higashi Hie Business Center) +16
Tissage Hotel Naha +5
Others +5
Total : (69)
(of which, revenues from utilities +7)

②Increase in gain on sale from disposition of +316
Kurume Higashi Kushiwara SC Total : +316

③Increase in outsourcing expenses (18)
Decrease in expenses from utilities +4
Increase in repair & maintenance expenses (41)
Increase in taxes and other public charges (32)
Increase in depreciation and amortization expenses (31)
Decrease in other expenses +34
(Higashi Hie Business Center Leasing Fee, etc.)
Total : (84)

Fukuoka REIT

Financial statements and business forecasts 18

The next topic I want to talk about is our income statements and dividend payouts for the 38th fiscal period and the forecast for the next two fiscal periods. Let's take a look at page 18 for the results of the 38th fiscal period and compare them with those of the 37th fiscal period.

Factors that affected the operating profit and loss are described in the text within the orange box. Operating revenues excluding gain on sale dropped 69 million yen from the 37th fiscal period. The drop in revenue from Canal City Hakata due to the ongoing renovation was partially offset by incremental revenue from a new acquisition and a recovery in rent revenue from Higashi Hie Business Center. The gain on sale came from the second tranche of the disposition of Kurume Higashi Kushiwara Shopping Center. Operating expenses increased 84 million yen from the previous fiscal period due in large part to an increase in renovation-related repair expenses and acquisition costs for new properties. The DPU for the 38th fiscal period was up 173 yen from the previous period to 3,753 yen.

Statements of Income (compared with the forecast)

Distribution is +153 yen vs. forecast due to the better-than-expected recovery of Canal City Hakata

- unit : mm yen

		Account	38th Forecast at 37th A	38th Actual B	Difference B - A
Ordinary profit and loss	Operating profit and loss	Total operating revenues	9,200	9,284	① 84
		Operating revenues excluding gain on sales	8,767	8,852	84
		Gain on sales	432	432	0
		Total operating expenses	5,946	5,912	② (34)
		Expenses related to leasing business		5,231	
		Asset management fees		544	
		Asset custody fees		7	
		Administrative service fees		58	
		Director's compensations		3	
		Other operating expenses		66	
		Operating income	3,253	3,372	118
	Non-Operating profit and loss	Total non-operating revenues	0	0	(0)
		Total non-operating expenses	387	385	(2)
		Interest expenses (incl. investment corporation bonds)		284	
		Financing related expenses		98	
		Others		2	
		Ordinary income	2,866	2,988	121
Profit before income taxes			2,866	2,988	121
Total income taxes			1	0	(0)
Profit			2,865	2,987	121
Dividend		**Total dividends**	2,865	2,987	121
		Dividend per unit (yen)	3,600	3,753	153

Sign indicates impact on profit (unit : mm yen)

■Operating profit and loss

① Active retail +95
- -of which, Canal City Hakata/Canal City Hakata-B +111
- Park Place Oita (20)
- SunLive City Kokura +4

Office buildings +5
Tissage Hotel Naha (12)
Others (4)
Total : +84
(of which, revenues from utilities (63))

②Increase in outsourcing expenses (7)
Decrease in expenses from utilities +56
Increase in repair & maintenance expenses (17)
Decrease in taxes and other public charges +3
Decrease in depreciation and amortization expenses +4
Increase in other expenses (5)
Total : +34

The next slide, page 19, compares the results of the 38th fiscal period to our own expectations. Again, factors that affected the operating profit and loss are described in the text within the orange box. Operating revenues rose 84 million yen and operating expenses fell 34 million yen. Repair and maintenance expenses went up more than expected, but the increase in rent revenue from Canal City Hakata on the upsurge in customer traffic was more than enough to cover the rising expenses. The actual payout beat our expectations by 153 yen per unit.

Business forecast (the 39th fiscal period, Feb. 2024)

Increased dividend of 3,755 yen due to the acquisition of new properties and opening of Alpen FUKUOKA in Canal City Hakata

- unit : mm yen

Account	38th Actual A	39th Forecast at 37th B	39th Forecast at 38th C	38th Actual difference C-A	39th Forecast difference C-B
Operating revenues	9,284	9,280	9,313	28	33
Operating revenues excluding gain on sales	8,852	9,041	9,075	① 222	33
Gain on sales	432	238	238	② (194)	—
Operating expenses	5,912	5,956	5,888	③ (23)	(67)
Operating income	3,372	3,323	3,424	52	100
Non-operating revenues	0	0	0	0	—
Non-operating expenses	385	457	435	④ 50	(22)
Ordinary income	2,988	2,866	2,990	2	123
Profit	2,987	2,865	2,988	1	123
Total dividends	2,987	2,865	2,988	1	123
Dividend per unit (yen)	3,753	3,600	3,755	2	155

Sign indicates impact on profit (unit : mm yen)

■Difference between the 38th FP actual and the 39th FP forecast

①Contribution of new acquisition properties (3 properties) +253
Active retail +68
-of which, Canal City Hakata／Canal City Hakata-B +72
Park Place Oita (12)
Konoha Mall Hashimoto (6)
SunLive City Kokura +15
Absence of revenue accompanying disposition of Kurume Higashi Kushiwara SC (61)
Office buildings (19)
Others (19)
Total : +222
(of which, revenues from utilities (32))

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

③Increase in outsourcing expenses (16)
Decrease in expenses from utilities +26
Decrease in repair & maintenance expenses +132
Decrease in taxes and other public charges +2
Increase in depreciation and amortization expenses (70)
Increase in selling general and administrative expenses (16)
Increase in other expenses (35)
Total : +23

④Increase in borrowing costs (50)
Total : (50)

Here is our business forecast for the 39th fiscal period on page 20. You can find the main assumptions for the forecast within the green lined box. A gain on sale of Kurume Higashi Kushiwara Shopping Center will become smaller, but we expect that incremental rent revenue from newly acquired properties and an increase in rent revenue from Canal City Hakata following the opening of Alpen Fukuoka will cover the shortfall. The DPU for the 39 fiscal period is expected to go up by 2 yen per unit from the 38th fiscal period to 3,755 yen.

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

Dividend of 3,600 yen is secured after the absence of gain on sale

- unit : mm yen

Account	39th Forecast at 38th A	40th Forecast at 38th B	39th Forecast difference B-A
Operating revenues	9,313	9,322	8
Operating revenues excluding gain on sales	9,075	9,322	① 247
Gain on sales	238	—	② (238)
Operating expenses	5,888	6,002	③ 113
Operating income	3,424	3,319	(104)
Non-operating revenues	0	0	—
Non-operating expenses	435	453	④ 18
Ordinary income	2,990	2,866	(123)
Profit	2,988	2,865	(123)
Total dividends	2,988	2,865	(123)
Dividend per unit (yen)	3,755	3,600	(155)

Sign indicates impact on profit (unit : mm yen)

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

①Contribution of new acquisition properties (3 properties) +132
Active retail +79
-of which, Canal City Hakata/Canal City Hakata-B +60
Park Place Oita +29
SunLive City Kokura (10)
Absence of revenue accompanying disposition of Kurume Higashi Kushiwara SC (13)
Office buildings +27
Others +22
Total : +247
(of which, revenues from utilities +59)

②Decrease in gain on sale from disposition of Kurume Higashi Kushiwara SC (238)
Total : (238)

③Increase in outsourcing expenses (6)
Increase in expenses from utilities (63)
Decrease in repair & maintenance expenses +18
Increase in taxes and other public charges (64)
Increase in depreciation and amortization expenses (24)
Increase in selling general and administrative expenses (7)
Decrease in other expenses +33
Total : (113)

④Increase in borrowing costs (18)
Total : (18)

Fukuoka REIT

Financial statements and business forecasts 21

The next slide, page 21, is about our forecast for the 40th fiscal period. Again, the main assumptions are found within the green lined box. There will be no more gain on sale of Kurume Higashi Kushiwara Shopping Center, but the shortfall will be covered by incremental rent revenue from the newly acquired properties and a further recovery in rent revenue from our Active Retail properties. We expect that the DPU for the 40th fiscal period will meet the lower end of the target of 3,600 yen, which I talked about in the last performance overview briefing.

And that brings to an end to the performance overview for the 38th fiscal period. Thank you very much for watching.

Fukuoka REIT

Appendix

Profile

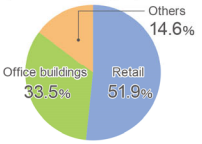
Special features of Fukuoka REIT Corporation

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

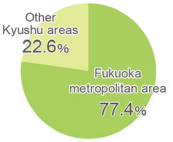
Portfolio summary (*1)	
Number of properties / Asset size (*2)	35 / 207,564 mm yen
Of which, acquisition from sponsors (*3)	16 / 128,940 mm yen
Unrealized gains	48,478 mm yen
Total leasable floor space	580,272.77 ㎡
Occupancy rate	99.1%

Financial highlight (*1)	
Total debt	86,450 mm yen
LTV	42.4%
Fixed rate	92.8%
Average interest rate	0.66%
Credit ratings	JCR AA−(Stable)
	R&I A+ (Stable)

◎Investment type
(based on acquisition price)



◎Investment area
(based on acquisition price)



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.

Investment unit price (*1)

Unit price	162,100 yen
Outstanding units	796,000 units
Market capitalization	129,031 mm yen (unit price * outstanding units)
Net assets value per unit	128,048 yen
Market net assets value per unit (*4)	185,197 yen
Dividend (actual)	3,753 yen per unit (Days in fiscal period 184days) at the 38th FP
Dividend yield	4.6% { (Dividend / days in fiscal period * 365) / Unit price}

(*1) The figures are as of August 31, 2023 (excl. average interest rate)
(*2) The figures are total of acquisition price.
(*3) Because the Higashi Hie Business Center that was acquired in the 10th fiscal period (period ended August 31, 2009) was acquired from both outside parties and sponsors, the purchase price has been added to the purchase prices from outside parties and the purchase prices from sponsors after calculation on a per capita basis. Furthermore, with regard to the number of properties, one property has been added to the number of properties acquired from sponsors.
(*4) Market net asset value per unit= (Total net assets + Unrealized gains - Total amount of dividends) / Total number of investment units outstanding

A real estate investment trust specializing in regional properties

Sponsors

5% THE BANK OF FUKUOKA, LTD.	5% THE NISHI-NIPPON CITY BANK, LTD.	5% Development Bank of Japan Inc.
55% Fukuoka Jisho Co., Ltd (*)		10% Kyushu Electric Power Co., Inc.
5% SAIBUGAS HOLDINGS CO., LTD.	5% Kyudenko Corporation	5% Nishi-Nippon Railroad Co., Ltd. / 5% Kyushu Railway Company

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

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

Investment policy

◎Investment area

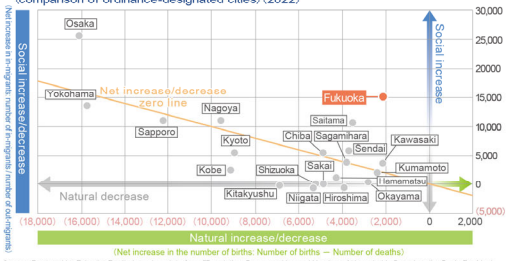
- 60-90% Fukuoka metropolitan area
- 10-30% Other Kyushu areas (Including Okinawa and Yamaguchi prefectures)
- 0-10% Others

◎Investment type

- Others 0-30% (Logistics, Residence, Hotel and Other facilities)
- Office buildings 20-50%
- Retail 40-70%

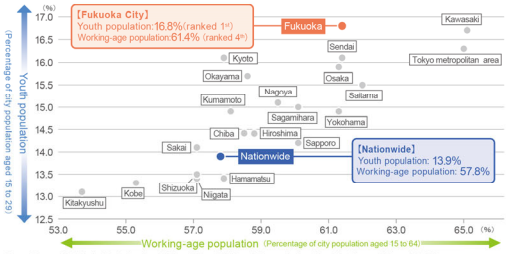
Current situation of Fukuoka City

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



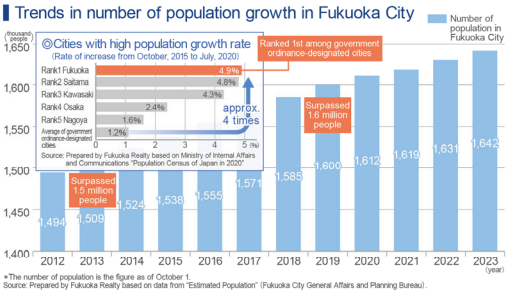
Source: Prepared by Fukuoka Realty based on data from "Population, Demographics and Number of Households Based on the Basic Resident Register (2023)" (Local Administration Bureau, Ministry of Internal Affairs and Communications).

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



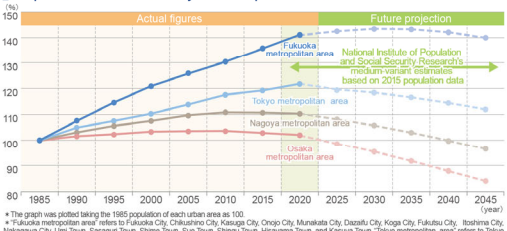
Source: Prepared by Fukuoka Realty based on Ministry of Internal Affairs and Communications "Population Census of Japan (2020)".

Trends in number of population growth in Fukuoka City



*The number of population is the figure as of October 1.
Source: Prepared by Fukuoka Realty based on data from "Estimated Population" (Fukuoka City General Affairs and Planning Bureau).

Population trends of major metropolitan areas

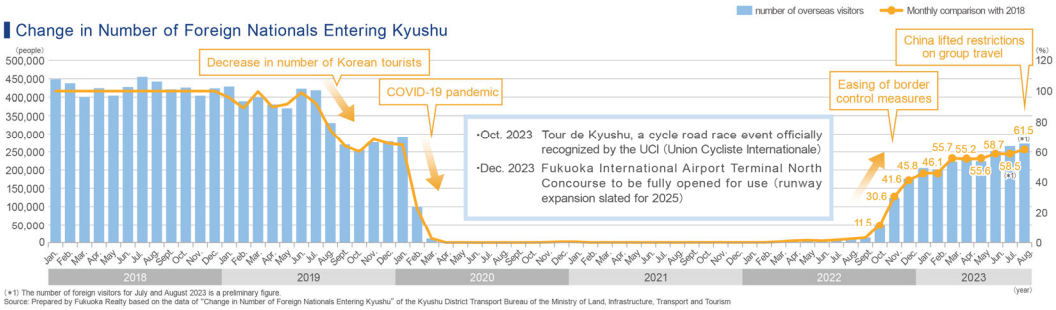


* The graph was plotted taking the 1985 population of each urban area as 100.
* "Fukuoka metropolitan area" refers to Fukuoka City, Chikushino City, Kasuga City, Onojo City, Munakata City, Dazaifu City, Koga City, Fukutsu City, Itoshima City, Nakagawa City, Umi Town, Sasaguri Town, Shime Town, Sue Town, Shingu Town, Hisayama Town, and Kasuya Town. "Tokyo metropolitan area" refers to Tokyo Metropolis, Kanagawa Prefecture, Saitama Prefecture, and Chiba Prefecture. "Nagoya metropolitan area" refers to Aichi Prefecture, Gifu Prefecture, and Mie Prefecture. "Osaka metropolitan area" refers to Osaka Prefecture, Kyoto Prefecture, Hyogo Prefecture, Nara Prefecture and Wakayama Prefecture.
Source: Prepared by Fukuoka Realty based on data from the Ministry of Internal Affairs and Communications, Statistics Bureau "Population Census of Japan (2020)" and National Institute of Population and Social Security Research "Population Projection for Japan by Prefecture".

Condition of Inbound Tourists

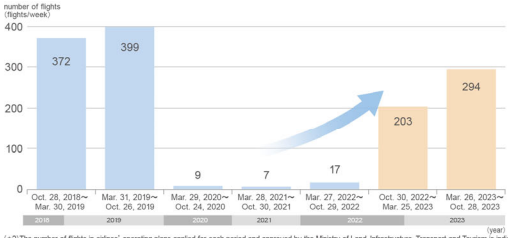
China lifts restrictions on group travel to Japan (from August 2023)

Change in Number of Foreign Nationals Entering Kyushu



(*1) The number of foreign visitors for July and August 2023 is a preliminary figure.
Source: Prepared by Fukuoka Realty based on the data of "Change in Number of Foreign Nationals Entering Kyushu" of the Kyushu District Transport Bureau of the Ministry of Land, Infrastructure, Transport and Tourism

Trend of International Flights (Passenger Flights) at Fukuoka Airport (*2)



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

Number of Foreign Nationals Entering Kyushu from Major Countries

(Regions) (June 2023)

Country / Region	Jun. 2018	Jun. 2019	Jun. 2023	Jun. 2023 (Comparison with 2018)
Korea	189,739	182,328	148,940	78.5%
China	149,563	142,737	9,006	6.0%
Other Asia	77,793	86,326	81,435	104.7%
Total of Kyushu Region (*3)	427,996	423,361	251,307	58.7%

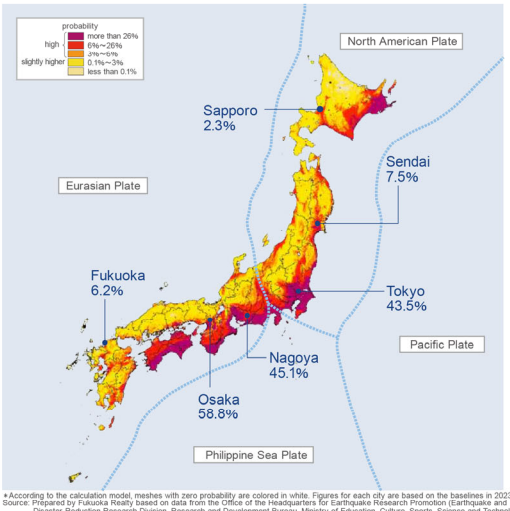
(*3) The total number for Kyushu includes the number of foreign visitors from regions other than Asia.
Source: Prepared by Fukuoka Realty based on the data of "Change in Number of Foreign Nationals Entering Kyushu" of the Kyushu District Transport Bureau of the Ministry of Land, Infrastructure, Transport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

Earthquake risk in Fukuoka, etc.

All properties owned by Fukuoka REIT are covered by earthquake insurance

Probabilistic earthquake prediction map

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

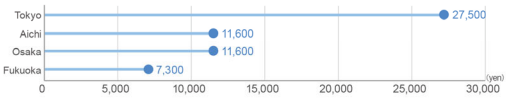


*According to the calculation model, meshes with zero probability are colored in white. Figures for each city are based on the baselines in 2023.
Source: Prepared by Fukuoka Realty based on data from the Office of the Headquarters for Earthquake Research Promotion (Earthquake and Disaster-Reduction Research Division, Research and Development Bureau, Ministry of Education, Culture, Sports, Science and Technology); J-SHIS (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]

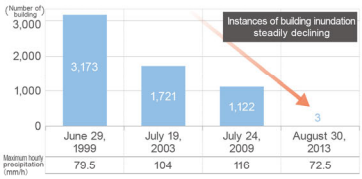
◎Storm water storage facilities

●Capacity of storm water storage facilities

FY1999 No storm water storage facilities → FY2023 128,300 m² (planned)

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 FY2023
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 Storm Water Emergency Control Plan.

Certification from external organizations and information disclosure

Signatory of: PRI Principles for Responsible Investment	Principles for Responsible Investment (PRI) (September 2018)	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.
TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES	Endorsement of TCFD (Task Force on Climate-related Financial Disclosures) (September 2022)	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.
PFA21 Principles for Financial Action for the 21st Century	Principles for Financial Action towards a Sustainable Society (Principles for Financial Action for the 21st Century) (September 2018)	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.
GRESB REAL ESTATE	GRESB	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.
DBJ Green Building	DBJ Green Building Certification	The DBJ Green Building Certification is a certification system established in 2011 as an initiative to support real estate featuring "environmental and social considerations" and entities that own and operate such estate. The system evaluates real estate sustainability from five ESG-based perspectives. FRC has acquired the certification for 13 properties.
CASBEE	CASBEE (Comprehensive Assessment System for Built Environment Efficiency)	CASBEE (Comprehensive Assessment System for Built Environment Efficiency) is a method for evaluating and rating the environmental performance of buildings. It is a system that comprehensively evaluates the quality of buildings including not only environmental consideration such as using materials and equipment that save energy or achieve smaller environmental loads but also features like interior comfort and scenic aesthetics. 2 properties owned by FRC were certified.
BELS	BELS	BELS is a system in which third parties evaluate and indicate the energy conservation performance of non-residential buildings based on the Evaluation Guidelines for the Building Energy-efficiency Labeling System for Non-Residential Buildings (2013). FRC has acquired the certification for 5 properties.

ESG Initiatives (Environment)

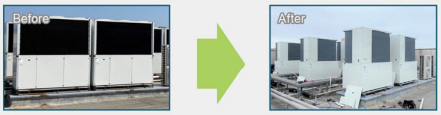
Reduction of environmental load

Enhancing energy efficiency

- Utilization of renewable energy (common areas, etc.) NEW Fukuoka REIT
- Reduction in Air Conditioning Load (applied coating film containing a shading agent)
- Greening of common spaces / Arrangement of water areas / Creation of shaded spaces
- Installation of charging station for electric vehicles
- Installation of electronic circuit breaker
- Water and energy conservation Measures

Gofukumachi Business Center

〈Gas Heat Pump (GHP) air conditioner replacement〉 NEW



Park Place Oita

☑Contributing to reducing running costs and CO2 emissions by replacing with energy-saving equipment

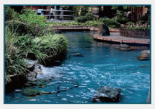
Waste reduction / resource recycling / water resources, etc.

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)

Maintenance and enhancement of environmental and construction performance

Green Building certification

Green Building certification obtained for 80.3% of entire portfolio

■Ratio of environmental certification acquisition

●DBJ Green Building Certification
13 properties owned by FRC were certified (One property has been newly acquired, and two properties have been recertified.)

GRESB2023

●GRESB Real Estate Asssessment: Received the rating of "4 stars" and "Green Star"

●Disclosure Assessment: Received the highest "A Level"

Conducting periodic property performance and functional assessments

Examples of Gofukumachi Business Center initiatives
〈Upgrading of an automatic fire alarm equipment receiver (emergency broadcasting panel)〉 NEW

☑It plays an important role in the safety and security of tenants by guiding them to evacuate in the event of a fire through early detection and sounding.

ESG Initiatives（Society①）

Creation of pleasant workplaces Fukuoka Realty

Initiatives for employees

《Fukuoka Realty: Numbers of credentialed personnel》
(As of August 31, 2023)

■The average number of years of continuous service of permanent employees: 8 years and 3 months

■Full-time personnel: 47 [Male:21 Female:26]
- Employees seconded from sponsors：3
- Employees seconded to a sponsor：9

＊Gender ratio
Male ：44.7%
Female：55.3%

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

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

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

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

SDGs in Fukuoka Prefecture Entry into registration system (February 2023)

《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.

《Career development support》
- Employee satisfaction survey
- Self-assessment system
- Career interview
- Secondment system (dispatching of employees to sponsor companies)
- Promotion from contract employee to permanent employee status

《Training for employees》
- Regular lectures by Kyushu Economic Research Center
- Compliance training
- ESG training
- Integrated Report training
- In-house recreation, etc.
- Offering of training programs tailored to each management level
- System for supporting acquisition of qualifications (Real estate brokers, ARES Certified Masters, etc.)
- Support for language learning, etc.

Other Initiatives

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

personal booths, meeting booths

plants, etc.

Installation of personal lockers

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
- Implementation of tenant satisfaction surveys
- Park Place Oita and Konoha Mall Hashimoto introduced "Flexible Business Hours System(＊)" for tenants on a trial basis. NEW

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

ESG Initiatives（Society②）

Contribute to increased attractiveness and vitalization of Fukuoka and Kyushu area

Provision of regional information Fukuoka Realty

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

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

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

Implementation of Corporate Version of Hometown Tax System Fukuoka Realty

Continue to implement the corporate version of the hometown tax payment system NEW
（Kikuyo-machi, Ozu-machi, and Koshi City, Kumamoto）

●Participation in local event（Yamakasa）

Employees of the Company participated in the Hakata Gion Yamakasa Oiyama, the first regular event held in four years（Hachiban Yamakasa Kamikawabata Dori）

●Implementation of corporate version of Furusato（hometown）tax payment by corporations

Donations to 3 municipalities in Kumamoto NEW
（Photo: Presentation ceremony in Koshi City）

Involvement in local community

Initiatives for local communicaties, etc. Fukuoka Realty

- Regional collaboration events（9 sake breweries from Fukuoka/Kyushu, Furimaniacs "SAKE" and "SDGs WEEK," a hands-on experience of the recycling of waste plastic, etc. were organized）. NEW
- Participates in Hakata Town Planning Promotion Council（Clean Day, etc.）
- Participates in Fukuoka Directive Council
- Hosts the Kyushu IR Workshop
- Hosted the Real Estate, Finance and Economic Networking

Others Fukuoka Realty Fukuoka REIT

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

Furimaniacs "SAKE" NEW

「SDGs WEEK」NEW

Participation in Clean Day

Hosted the Real Estate, Finance and Economic Networking

Parking lot dedicated to pregnant women and stroller users

Crime prevention patrol（Jointly conducted with communities and schools）

AED installation

Bike share service

EV charging station

ESG Initiatives（Governance）

Compliance / Risk management

Governance System Fukuoka Realty Fukuoka REIT

Fukuoka Realty has established a Basic Policy on Compliance, as well as compliance regulations and other internal rules to prevent conflicts of interest. We conduct with stakeholders in an appropriate manner based on the 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 (*1)

Proposals by responsible department
↓
Inspection by Compliance Department general manager
↓
Deliberations by the Investment Management Committee
↓
Deliberations/resolution by the Compliance Assessment Committee
↓
Resolution/decision-making report by Board of Directors
↓
Fukuoka REIT Corporation Board of Executive Officers

◎Third-party assessment by external experts

[Real estate appraisals]
- Japan Real Estate Institute
- The Tanizawa Sogo Appraisal Co., Ltd.
- Daiwa Real Estate Appraisal Co., Ltd.

[Market reports]
- Analysis on trade areas and competition situation
- Adequate rent levels, etc.

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

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

Conjunction with investors' and sponsors' profit

Fukuoka Realty Fukuoka REIT

- Same-boat investment by sponsor
  Fukuoka Jisho Co., Ltd.: the main sponsor. has 9.18% of FRC's investment units
- Cumulative investment system for investment units
  (About 1/3 of officers and employees participate in this system)
  A cumulative investment system for investment units was introduced for the Asset Manager officers and employees in April 2015 in order to enhance their mindset for FRC's investment unit price and better performance as well as promote their assets formation.

Management Fee Structure Fukuoka Realty

Unitholder interest-linked asset management fees

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

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

Appointment of Outside Directors (other than interested persons) Fukuoka Realty

Secure transparency and fairness of the Board of Directors

Title	Name	Attendance at board meetings at 38th
President and CEO	Zenji Koike	100% attendance
Vice President Board of Directors/Non-Executive	Hiroshi Shimuta	100% attendance
Vice President Board of Directors/Non-Executive	Yukitaka Ohara	100% attendance
Vice President Board of Directors/Non-Executive	Masanori Kozuma	100% attendance
Vice President Board of Directors/Non-Executive	Kazuomi Kamikawa	100% attendance

Information on attendance at board meetings at 38th, etc. Fukuoka REIT

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

Information Security Fukuoka Realty

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

Customer-oriented Business Operations Fukuoka Realty

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

Regular Compliance Training Fukuoka Realty

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

Oct. 2020 – Sept. 2021	Oct. 2021 – Sept. 2022	Oct. 2022 – Sept. 2023
6 times	6 times	7 times

(including e-learning)

Information disclosure and dialogue with stakeholders

Publication of Integrated Report

Fukuoka REIT

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

Integrated Report 2022
(published in December 2022)

- ESG interview
  (from December 2022)
  Conducted more than ten times

IR initiatives

Major IR activities implemented

◎IR for domestic institutional investors

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

◎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 NEW

- **In-person financial results presentation for individual unitholders (Fukuoka)(June 2023)**
  For the first time since the COVID-19 pandemic, an in-person presentation for individual unitholders was held in Fukuoka.
- Fukusho IR Fair Online(July 2023)
- Responding to individual calls,etc.

In-person financial results presentation for individual unitholders(June 2023) NEW

Fukusho IR Fair Online(July 2023)

Major achievements in public relations activities

◎Posted interviews with President Zenji Koike in an ad in local business magazine Fukuoka Keizai (EX2023) and in Jutaku Shimpo (June 27, 2023 issue) , etc.

Fukuoka Keizai (EX2023)

JUTAKU-SHIMPO(June 27, 2023 issue)

Status of integration into indexes

(as of August 31, 2023)

◎Global indexes, etc

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

Other Activities

The Kyushu IR Workshop, which started in collaboration with the Japan Investor Relations Association, is entering its 13 year in 2023. 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.

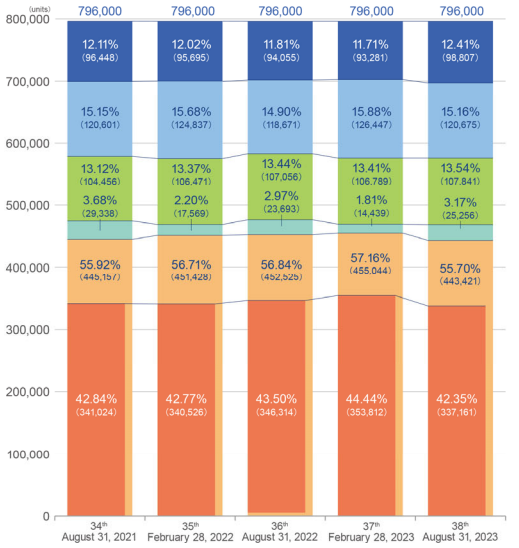
the 1st IR Kyushu Subcommittee (July 2023)

Date	Theme & lecturer
1st workshop July 2023	"IR Leading to Sustainable Evaluations :Trends in IR and Disclosure in FY2023" Executive Director, Japan Investor Relations Association Ms. Yoshiko Sato

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

Unitholders' data

Distribution by investor category [breakdown of investment units]



*Percentages and ratio are rounded off to two decimal places.

No. of unitholders and investment units held by unitholder category [at the end of the 38th FP]

(As of August 31, 2023)

	No. of unitholders	Percentage	Investment units held	Percentage
Individual・other	13,572	95.82%	98,807	12.41%
Foreign corporations	238	1.68%	120,675	15.16%
Other domestic corporations	252	1.77%	107,841	13.54%
Stock brokers	19	0.13%	25,256	3.17%
Financial institutions	83	0.58%	443,421	55.70%
(Of which held by trust banks)	8	0.05%	337,161	42.35%
Total	14,164	100.00%	796,000	100.00%

Major investors [at the end of the 38th FP]

(As of August 31, 2023)

Rank	Name	Investment units held	Percentage
1	Custody Bank of Japan, Ltd.(Trust account)	207,964	26.12%
2	The Master Trust Bank of Japan, Ltd.(Trust account)	86,725	10.89%
3	Fukuoka Jishu Co., Ltd.	73,136	9.18%
4	The Nomura Trust and Banking Co., Ltd. (Investment trust account)	35,601	4.47%
5	The Shinkumi Federation Bank	14,760	1.85%
6	STATE STREET BANK WEST CLIENT-TREATY 505234	13,184	1.65%
7	JP MORGAN CHASE BANK 385771	10,671	1.34%
8	MetLife, Inc.	10,227	1.28%
9	SSBTC CLIENT OMNIBUS ACCOUNT	9,718	1.22%
10	Shikoku Railway Company	9,130	1.14%

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 3,753 yen

- unit : mm yen

Category	34th ~ Aug. 31, 2021	35th ~ Feb. 28, 2022	36th ~ Aug. 31, 2022	37th ~ Feb. 28, 2023 A	38th ~ Aug. 31, 2023 B	Difference B−A	39th ~ Feb. 29, 2024 (forecast)	40th ~ Aug. 31, 2024 (forecast)
Operating revenues	8,867	8,658	8,830	9,037	9,284	247	9,313	9,322
Gain on sales	104	-	-	115	432	316	238	-
Leasing NOI	5,336	5,334	5,370	5,274	5,152	(122)	5,484	5,650
Depreciation and amortization expenses	1,552	1,486	1,514	1,499	1,531	31	1,601	1,626
Operating income	3,204	3,185	3,181	3,223	3,372	148	3,424	3,319
Ordinary income	2,817	2,816	2,805	2,851	2,988	137	2,990	2,866
Profit	2,816	2,814	2,804	2,849	2,987	137	2,988	2,865
Dividend per unit (yen) (①)	3,539	3,536	3,523	3,580	3,753			
Latest dividend forecast per unit (yen)②	3,500	3,500	3,500	3,520	3,600		3,755	3,600
Difference from forecast (yen) ①−②	+39	+36	+23	+60	+153		-	-
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)	199,804	198,745	201,223	201,442	203,868			
Total liabilities (at period-end)	98,049	96,991	99,480	99,653	101,941			
Total net assets (at period-end)	101,755	101,753	101,743	101,788	101,926			
Days in fiscal period (days)	184	181	184	181	184			
Number of investment properties (at period-end)	32	32	33	33	35			
Number of tenants (at period-end)(*1)	1,010	1,016	1,021	1,007	1,018			
Total leasable floor space (at period-end) (㎡)	572,215.71㎡	572,288.25㎡	578,255.35㎡	577,161.81㎡	580,272.77㎡			
Occupancy rate (at period-end) (%) (*2)	99.5%	99.4%	99.4%	97.9%	99.1%			
FFO (Funds from Operation)(*3)	4,265	4,301	4,318	4,234	4,086			
FFO per unit (yen)	5,358	5,403	5,425	5,319	5,133			

(*1) The number of tenants shown is based on the total for properties Fukuoka REIT owns. As for the number of tenants in pass-through master leasing properties, the total number of sections stipulated in the tenancy agreements with end tenants is shown.
(*2) "Occupancy rate"="Total leased floor space at period-end"／"Total leasable floor space at period-end"
(*3) The FFO is calculated by the following method.
"FFO" = Profit + Loss on sale of real estate - Gain on sale of real estate + Depreciation

Balance sheets (compared with the previous fiscal period)

- unit : mm yen

	Account	37th Feb. 28, 2023 A	38th Aug. 31, 2023 B	Difference B−A
Assets	Total current assets	11,331	11,591	259
	Cash and deposits	6,069	6,267	197
	Cash and deposits in trust	4,236	4,243	6
	Operating accounts receivable	738	791	52
	Prepaid expenses	270	259	(10)
	Others	16	29	12
	Total non-current assets	190,086	192,254	2,167
	Total property, plant and equipment	183,203	185,374	2,170
	Buildings	1,112	1,918	805
	Structures	19	23	3
	Tools and fixtures	1	0	(0)
	Lands	989	1,684	695
	Buildings in trust	65,587	66,140	552
	Structures in trust	1,043	1,033	(10)
	Machinery and equipment in trust	708	703	(5)
	Tools and fixtures in trust	231	238	7
	Lands in trust	113,501	113,622	120
	Construction in progress in trust	8	9	0
	Total intangible assets	5,551	5,548	(2)
	Leasehold right in trust	5,545	5,545	-
	Other intangible assets in trust	5	2	(2)
	Total investment and other assets	1,331	1,331	0
	Deferred tax assets	0	0	(0)
	Lease and guarantee deposits	10	10	-
	Lease and guarantee deposits in trust	327	327	-
	Long-term prepaid expenses	994	994	0
	Total deferred assets	24	22	(1)
	Total assets	201,442	203,868	2,425

	Account	37th Feb. 28, 2023 A	38th Aug. 31, 2023 B	Difference B−A
Liabilities	Total current liabilities	15,867	10,625	(5,241)
	Operating accounts payable	662	771	108
	Investment corporation bonds scheduled to be redeemed within one year	2,000	2,000	-
	Current maturities of long-term debt	10,400	5,200	(5,200)
	Account payable-other	21	16	(4)
	Accrued expenses	422	433	11
	Income taxes payable	1	0	(0)
	Accrued consumption taxes	366	11	(355)
	Advances received	1,068	1,065	(2)
	Deposits received	924	1,125	201
	Total non-current liabilities	83,786	91,316	7,529
	Investment corporation bonds	3,000	3,000	-
	Long-term debt	68,500	76,250	7,750
	Tenant leasehold and security deposits	758	837	78
	Tenant leasehold and security deposits received in trust	11,528	11,229	(298)
	Total liabilities	99,653	101,941	2,287
Net assets	Total unitholders' equity	101,788	101,926	137
	Unitholders' capital	98,938	98,938	-
	Surplus	2,850	2,987	137
	Total net assets	101,788	101,926	137
	Total liabilities and net assets	201,442	203,868	2,425

Cash flow statements (compared with the previous fiscal period)

- unit : mm yen

Category	37th A ~Feb. 28, 2023	38th B ~Aug. 31, 2023	Difference B－A
Net cash provided by (used in) operating activities	4,688	3,939	(748)
Profit before income taxes	2,851	2,988	137
Depreciation and amortization expenses	1,499	1,531	31
Amortization of investment corporation bond issuance expenses	1	1	-
Interest received	(0)	(0)	(0)
Interest expenses	274	284	10
Gain on sales of real estate property	(115)	(432)	(316)
Decrease (increase) in operating accounts receivables	50	(52)	(103)
Decrease (increase) in consumption taxes refund receivable	124	-	(124)
Increase (decrease) in accrued consumption taxes	366	(355)	(722)
Increase (decrease) in operating accounts payable	59	31	(27)
Increase (decrease) in accounts payable-other	4	(4)	(9)
Increase (decrease) in accrued expenses	3	5	1
Increase (decrease) in advances received	(16)	(2)	14
Increase (decrease) in deposits expenses	(101)	201	303
Decrease (increase) in prepaid expenses	(42)	10	53
Decrease (increase) in long-term prepaid expenses	3	(0)	(3)
Others, net	2	12	10
Subtotal	4,966	4,219	(747)
Interest income received	0	0	0
Interest expenses paid	(277)	(278)	(1)
Income taxes paid	(0)	(1)	(0)
Net cash provided by (used in) investment activities	(117)	(3,436)	(3,318)
Purchase of property, plant and equipment	-	(1,539)	(1,539)
Proceeds from sales of property, plant and equipment in trust	407	1,495	1,087
Purchase of property, plant and equipment in trust	(443)	(3,172)	(2,728)
Purchase of intangible assets in trust	-	-	-
Proceeds from tenant leasehold and security deposits	142	94	(47)
Repayments of tenant leasehold and security deposits	(125)	(16)	108
Proceeds from tenant leasehold and security deposits in trust	55	195	140
Repayments of tenant leasehold and security deposits in trust	(154)	(494)	(339)
Proceeds from restricted trust deposits	6	1	(4)
Payments for restricted trust deposits	(6)	(2)	4
Net cash provided by (used in) financial activities	(2,803)	(298)	2,504
Proceeds from short-term debt	-	3,000	3,000
Repayments of short-term debt	-	(3,000)	(3,000)
Proceeds from long-term debt	-	8,450	8,450
Repayments of long-term debt	-	(5,900)	(5,900)
Dividends paid	(2,803)	(2,848)	(45)
Net increase (decrease) in cash and cash equivalents	1,766	204	(1,562)
Balance of cash and cash equivalents at beginning of period	8,488	10,255	1,766
Balance of cash and cash equivalents at end of period	10,255	10,459	204

Income and expenditure by properties (Retail)

- unit : mm yen

Active retail

Category	Canal City Hakata	Canal City Hakata・B	Park Place Oita	SunLive City Kokura	Konoha Mall Hashimoto	38th Total A	37th Total B	Difference A−B	Forecast C (*1)	Difference A−C
(Length)	38th FP (Mar. 1, 2023 ~Aug. 31, 2023)									
	184 days						181 days	3 days		
①Total leasing business revenues	850	942	1,197	278	856	4,126	4,324	(198)	4,030	95
Leasing revenue-real estate	826	908	997	278	682	3,693	3,882	(189)		
Other leasing revenue-real estate	23	34	199	-	173	432	441	(9)		
②Total leasing business expenses	525	568	631	47	574	2,347	2,305	42	2,384	(36)
Outsourcing fees	284	375	291	8	306	1,266	1,258	7		
Repair and maintenance expenses	88	34	32	1	38	195	169	26		
Expenses for restoration to former state	-	-	-	-	-	-	-	-		
Tax and other public charges	85	104	99	34	42	366	359	7		
Insurance premiums and trust compensation	5	7	5	1	2	21	21	(0)		
Utilities expenses	29	43	175	-	107	356	350	6		
Other expenses	32	3	26	0	77	141	146	(5)		
③NOI(=①-②)	325	373	566	230	282	1,778	2,018	(240)	1,646	131
④Depreciation and amortization expenses	233	190	205	52	100	782	774	7		
⑤Leasing business profit(=③-④)	91	183	360	178	182	995	1,244	(248)		
NOI yield (acquisition price)	2.0%	3.6%	5.8%	6.9%	5.7%	4.0%	4.5%	(0.5)%		
Capital expenditures	508	161	187	5	60	923	185	738		

Retail (Others)

Category	Square Mall Kagoshima Usuki	Kumamoto Intercommunity SC	Hanahata SC	Kurume Higashi Kushiwara SC	K's Denki Kagoshima	Marinoa City Fukuoka (Marina Side Building)	38th Total A	37th Total B	Difference A−B	Forecast C (*1)	Difference A−C
(Length)	38th FP (Mar. 1, 2023 ~Aug. 31, 2023)										
	184 days							181 days	3 days		
①Total leasing business revenues	253	89	40	74	105	177	742	765	(22)	742	(0)
Leasing revenue-real estate	222	89	40	74	105	177	711	728	(17)		
Other leasing revenue-real estate	31	0	-	-	0	-	31	36	(5)		
②Total leasing business expenses	86	9	5	7	11	25	145	153	(7)	144	1
Outsourcing fees	38	2	1	2	1	1	48	48	(0)		
Repair and maintenance expenses	5	0	0	-	1	3	11	12	(0)		
Expenses for restoration to former state	-	-	-	-	-	-	-	-	-		
Tax and other public charges	16	5	3	4	7	18	56	57	(0)		
Insurance premiums and trust compensation	0	0	0	0	0	0	2	2	0		
Utilities expenses	24	-	-	-	-	-	24	26	(2)		
Other expenses	0	0	0	-	0	0	3	6	(3)		
③NOI(=①-②)	167	80	35	67	94	151	596	611	(15)	598	(2)
④Depreciation and amortization expenses	31	9	5	13	22	22	105	108	(3)		
⑤Leasing business profit(=③-④)	136	70	29	53	72	129	491	503	(11)		
NOI yield (acquisition price)	6.3%	6.7%	6.2%	6.3%(*2)	5.3%	5.8%	6.0%	6.1%	(0.0)%		
Capital expenditures	1	-	1	-	0	1	4	17	(13)		

(*1)Forecast at the financial results of the 37th fiscal period. (*2)For Kurume Higashi Kushiwara SC, since the disposition of the 55% quasi co-ownership interest portion took place at the end of the fiscal period (on August, 2023), the calculation is done without subtracting it from the acquisition price.

Income and expenditure by properties（Office buildings・Others）

- unit : mm yen

Office buildings

Category	Canal City Business Center building	Gofukumachi Business Center	Sanix Hakata Building	Taihaku Street Business Center	Higashi Hie Business Center	Tenjin Nishi-Dori Center building	Tenjin North Front building	Higashi Hie Business Center Ⅱ	Higashi Hie Business Center Ⅲ	Tenjin Nishi-Dori Business Center (Land with leasehold interest)	Hakata Chikushi-Dori Center Building	Kumamoto East Front building	38th Total A	37th Total B	Difference A−B	Forecast C (*1)	Difference A−C
(Length)	38th FP (Mar. 1, 2023 ～Aug. 31, 2023)																
	184 days													181 days	3 days		
①Total leasing business revenues	656	594	209	331	372	86	152	162	98	159	146	44	3,014	2,894	120	3,009	5
Leasing revenue-real estate	652	525	197	331	343	86	123	149	94	159	132	40	2,836	2,731	104		
Other leasing revenue-real estate	3	69	12	0	29	-	28	12	3	-	13	4	178	162	15		
②Total leasing business expenses	240	184	69	107	147	20	54	53	20	21	51	14	984	985	(0)	987	(2)
Outsourcing fees	158	74	19	56	42	1	10	18	7	-	18	7	416	405	10		
Repair and maintenance expenses	19	4	9	18	12	1	8	1	0	-	7	1	85	66	19		
Expenses for restoration to former state	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Tax and other public charges	50	40	25	29	16	16	9	9	7	21	12	-	238	214	23		
Insurance premiums and trust compensation	1	2	0	1	1	0	0	0	0	-	0	0	12	11	1		
Utilities expenses	0	60	12	-	29	-	24	11	4	-	0	3	164	169	(4)		
Other expenses	1	1	1	2	44	0	0	10	0	0	3	0	67	118	(51)		
③NOI(=①-②)	416	409	140	223	225	66	98	109	77	137	94	30	2,030	1,909	120	2,021	8
④Depreciation and amortization expenses	81	71	29	64	44	10	32	40	19	-	16	10	419	404	15		
⑤Leasing business profit(=③-④)	335	337	111	159	181	55	65	68	58	137	78	19	1,610	1,504	105		
NOI yield（acquisition price）	5.7%	7.3%	6.4%	6.4%	7.7%	5.1%	7.0%	5.2%	4.7%	3.6%	4.4%	4.9%	5.9%	5.6%	0.2%		
Capital expenditures	97	90	8	106	49	0	0	0	-	-	2	-	355	128	227		

Others

Category	Tosu Logistics Center	LOGICITY Minato Kashii	LOGICITY Hisayama	LOGICITY Wakamiya	Amex Akasakamon Tower	City House Keyaki Dori	Aqualia Chihaya	D-Wing Tower	Granfore Yakuin Minami	Axion Befu-Ekimae Premium	Hotel FORZA Oita	Tissage Hotel Naha	38th Total A	37th Total B	Difference A−B	Forecast C (*1)	Difference A−C
(Length)	38th FP (Mar. 1, 2023 ～Aug. 31, 2023)																
	184 days													181 days	3 days		
①Total leasing business revenues	Non-disclosure (*2)	Non-disclosure (*2)	Non-disclosure (*2)	Non-disclosure (*2)	67	39	60	117	38	13	63	45	969	938	30	984	(15)
Leasing revenue-real estate					66	39	58	112	37	10	63	45	913	891	22		
Other leasing revenue-real estate					1	0	2	5	1	2	-	-	55	46	8		
②Total leasing business expenses					17	8	15	24	13	2	30	10	221	203	18	222	(0)
Outsourcing fees					5	2	3	7	2	0	0	0	35	34	0		
Repair and maintenance expenses					1	0	2	1	1	-	1	3	16	19	(2)		
Expenses for restoration to former state					1	-	3	2	3	0	-	-	10	10	0		
Tax and other public charges					5	3	4	8	2	-	7	5	90	88	1		
Insurance premiums and trust compensation					0	0	0	0	0	0	0	0	5	5	0		
Utilities expenses					0	0	0	2	0	0	-	-	30	32	(2)		
Other expenses					1	1	1	2	2	0	20	0	33	12	20		
③NOI(=①-②)	38	188	125	72	50	30	44	92	25	11	32	34	747	735	12	762	(14)
④Depreciation and amortization expenses	9	38	38	15	14	10	12	18	10	6	25	24	224	212	11		
⑤Leasing business profit(=③-④)	29	149	87	56	36	19	32	74	14	4	7	10	523	523	0		
NOI yield（acquisition price）	6.2%	4.6%	5.0%	8.5%	4.9%	5.5%	7.0%	6.6%	4.7%	2.1%	4.3%	2.5%	5.0%	5.1%	(0.1)%		
Capital expenditures	1	-	0	1	23	0	6	3	79	-	201	0	318	54	263		

(*1)Forecast at the financial results of the 37th fiscal period. (*2)Information is not disclosed because the permission of tenants has not been obtained.

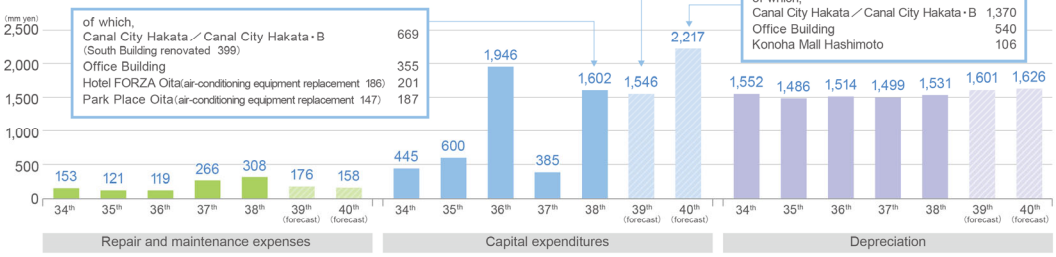
Income and expenditure by properties (Total) /Repair and maintenance expenses, capital expenditures, and depreciation

- unit : mm yen

Total	Category	38th Total A	37th Total B	Difference A−B	Forecast C (*)	Difference A−C
	(Length)	Mar. 1, 2023 ~Aug. 31, 2023	Sept. 1, 2022 ~Feb. 28, 2023			
		184 days	181 days	3 days		
	①Total leasing business revenues	8,852	8,921	(69)	8,767	84
	Leasing revenue-real estate	8,154	8,233	(79)		
	Other leasing revenue-real estate	697	687	9		
	②Total leasing business expenses	3,700	3,647	53	3,734	(34)
	Outsourcing fees	1,765	1,746	18		
	Repair and maintenance expenses	308	266	41		
	Expenses for restoration to former state	10	10	0		
	Tax and other public charges	752	719	32		
	Insurance premiums and trust compensation	42	41	1		
	Utilities expenses	575	579	(4)		
	Other expenses	245	283	(38)		
	③NOI(=①-②)	5,152	5,274	(122)	5,033	118
	④Depreciation and amortization expenses	1,531	1,499	31		
	⑤Leasing business profit(=③-④)	3,620	3,774	(154)		
	NOI yield (acquisition price)	4.9%	5.1%	(0.2)%		
	Capital expenditures	1,602	385	1,216		

(*)Forecast at the financial results of the 37th fiscal period.

Repair and maintenance expenses, capital expenditures, and depreciation



Portfolio table①

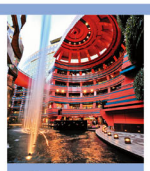
(As of August 31, 2023)

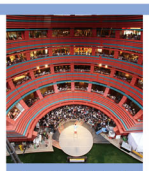
	Real estate property name	Age (*1)	Acquisition price(mm yen)(*2)	Investment ratio	Acquisition timing	Source (*3)	Total leasable floor space (㎡) (*4)	Occupancy rate	Tenants (*5)	Primary tenants
Retail	Canal City Hakata	27yr 4m	32,000	15.4%	2004/11/9	Sponsor	48,176.33	97.6%	22	Washington Hotel and United Cinema
	Canal City Hakata・B	27yr 4m	21,060	10.1%	2011/3/2	Outside party	31,141.44	96.7%	42	OPA and MUJI Canal City Hakata
	Park Place Oita	21yr 5m	19,610	9.4%	2004/11/9	Sponsor	121,184.13	99.9%	101	AEON and K's Denki
	SunLive City Kokura	18yr 5m	6,633	3.2%	2005/7/1	Outside party	61,450.22	100.0%	1	SunLive
	Konoha Mall Hashimoto	12yr 5m	10,000	4.8%	2018/3/1	Sponsor	22,191.52	100.0%	124	SunLive and The Super Sports XEBIO
	Square Mall Kagoshima Usuki	16yr11m	5,300	2.6%	2006/9/28	Sponsor	14,602.88	100.0%	13	Sports Depo / Golf5 and Edion
	Kumamoto Intercommunity SC	16yr 9m	2,400	1.2%	2006/11/30	Sponsor	6,968.66	100.0%	2	Sports Depo / Golf5 and Starbucks Coffee
	Hanahata SC	16yr 1m	1,130	0.5%	2007/9/3	Sponsor	2,801.15	100.0%	2	BON REPAS and Matsumoto Kiyoshi
	Kurume Higashi Kushiwara SC	15yr 8m	750	0.4%	2008/2/1	Sponsor	1,940.34	100.0%	1	Sports Depo / Golf5
	K's Denki Kagoshima	15yr 9m	3,550	1.7%	2008/3/27	Outside party	7,296.17	100.0%	1	K's Denki
	Marinoa City Fukuoka (Marina Side Building)	22yr10m	5,250	2.5%	2015/5/1	Sponso	33,069.82	100.0%	1	F.J. Entertainment Works Ltd.
	Total or the weighted average of retail	–	107,683	51.9%	–	–	350,822.66	99.3%	310	–
Office buildings	Canal City Business Center Building	27yr 4m	14,600	7.0%	2004/11/9	Sponsor	23,031.14	100.0%	64	Bell System24 and TOTO
	Gofukumachi Business Center	19yr10m	11,200	5.4%	2004/11/9	Sponsor	19,905.34	97.7%	34	SMBC CONSUMER FINANCE and Sumitomo Mitsui Banking Corporation
	Sanix Hakata Building	22yr 5m	4,400	2.1%	2005/9/30	Outside party	6,293.75	100.0%	16	SANIX and The Nishi-Nippon City Bank
	Taihaku Street Business Center	21yr 5m	7,000	3.4%	2006/3/16	Sponsor	14,677.35	99.2%	(*6)70	NTT COMWARE and Tokio Marine & Nichido Outsourcing Management
	Higashi Hie Business Center	14yr 6m	5,900	2.8%	2009/3/13	Outside party+Sponsor	13,482.02	99.4%	24	Forest Holdings and Fujitsu
	Tenjin Nishi-Dori Center Building	26yr11m	2,600	1.3%	2013/2/1	Outside party	3,339.32	100.0%	1	The Nishi-Nippon City Bank
	Tenjin North Front Building	13yr 7m	2,800	1.3%	2013/3/28	Outside party	5,261.64	100.0%	12	Rakuten Card and The Prudential Life Insurance Company, Ltd.
	Higashi Hie Business Center Ⅱ	7yr 6m	4,230	2.0%	2018/3/1	Sponsor	6,214.77	100.0%	2	Fujitsu Limited and Seven-Eleven Japan Co.,LTD
	Higashi Hie Business Center Ⅲ	3yr 5m	3,290	1.6%	2020/5/29	Sponsor	2,981.14	100.0%	6	Mitsui Home Co.,LTD and NIPPON ENGINEERING CONSULTANTS CO.,LTD
	Tenjin Nishi-Dori Business Center(Land with leasehold interest)	–	7,700	3.7%	2021/6/1	Sponsor	1,343.51	100.0%	1	Fukuoka Jisho Co., Ltd
	Hakata Chikushi-Dori Center Building	31yr 7m	4,320	2.1%	2022/3/1	Outside party	5,994.41	92.8%	13	YAMAEHISANO Co.,Ltd and WESCO Inc.
	Kumamoto East Front Building	29yr 8m	1,450	0.7%	2023/3/28	Outside party	3,139.20	82.0%	6	Mitsui Sumitomo Insurance Company, Limited, NICHINOKEN
	Total or the weighted average of office buildings	–	69,490	33.5%	–	–	105,663.59	98.4%	249	–
Others	Tosu Logistics Center	15yr 3m	1,250	0.6%	2014/3/28	Outside party	4,173.29	100.0%	1	non-disclosure
	LOGICITY Minato Kashii	9yr 4m	8,150	3.9%	2015/3/27	Outside party	43,233.72	100.0%	2	Fukuoka Logistic System and F-LINE CORPORATION
	LOGICITY Hisayama	8yr 7m	5,050	2.4%	2017/6/1	Outside party	24,505.65	100.0%	1	KASEIInc Co., Ltd.
	LOGICITY Wakamiya	18yr 6m	1,700	0.8%	2020/6/30	Outside party	17,556.32	100.0%	1	Tsukasa Kigyou
	Amex Akasakamon Tower	18yr 1m	2,060	1.0%	2006/9/1	Outside party	4,821.25	100.0%	67	–
	City House Keyaki Dori	15yr 9m	1,111	0.5%	2007/12/20	Outside party	2,710.86	100.0%	42	–
	Aqualia Chihaya	15yr 8m	1,280	0.6%	2012/3/1	Outside party	5,619.69	95.7%	101	–
	D-Wing Tower	17yr 6m	2,800	1.3%	2013/3/1	Outside party	7,187.59	96.1%	131	–
	Granfore Yakuin Minami	15yr 8m	1,100	0.5%	2014/11/4	Outside party	2,496.06	97.0%	96	–
	Axion Befu-Ekimae Premium	0yr 5m	1,525	0.7%	2023/4/27	Outside party	1,937.89	55.1%	15	–
	Hotel FORZA Oita	15yr 0m	1,530	0.7%	2013/3/1	Sponsor	5,785.44	100.0%	1	FJ Hotels
	Tissage Hotel Naha	5yr 6m	2,835	1.4%	2018/12/7	Outside party	3,758.76	100.0%	1	Nest Hotel Japan Corporation
	Total or the weighted average of others	–	30,391	14.6%	–	–	123,786.52	98.8%	459	–
Total or the weighted average of all properties		20yr11m	207,564	100.0%	–	–	580,272.77	99.1%	1,018	–

(*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 indicate with "sponsor" in the column of seller.
(*4) For the property for which FRC owns the land only, the leasable space of the land is indicated.
(*5) Parking contracts, etc., are excluded from "Number of tenants".
(*6) The Taihaku Street Business Center is an office building combined with a residential tower. There are 13 office tenants and 57 residential tenants.

Portfolio table②

Retail
11 properties

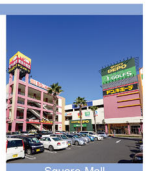

Canal City Hakata


Canal City Hakata・B

Park Place Oita

SunLive City Kokura

Konoha Mall Hashimoto


Square Mall Kagoshima Usuki

Kumamoto Intercommunity SC

Hanahata SC

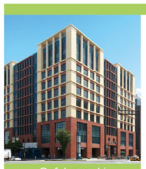
Kurume Higashi Kushiwara SC

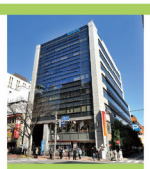
K' s Denki Kagoshima

Marinoa City Fukuoka
(Marina Side Building)

Office buildings
13 properties

Canal City Business Center Building


Gofukumachi Business Center

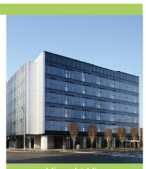

Sanix Hakata Building

Taihaku Street Business Center

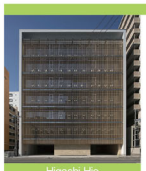
Higashi Hie Business Center

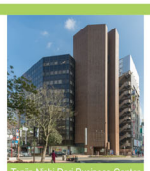
Tenjin Nishi-Dori Center Building

Tenjin North Front Building

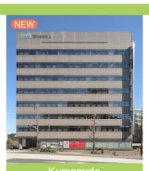

Higashi Hie Business Center Ⅱ

Portfolio table③

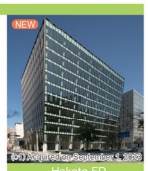

Higashi Hie Business Center Ⅲ


Tenjin Nishi-Dori Business Center
(Land with leasehold interest)

Hakata Chikushi-Dori Center Building



Kumamoto East Front Building



Hakata FD Business Center (*1)

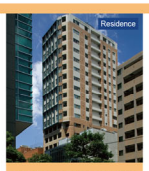
Others
12 properties

Tosu Logistics Center

LOGICITY Minato Kashii

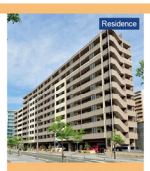
LOGICITY

LOGICITY Wakamiya

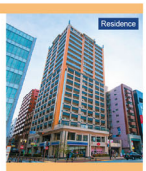


Amex Akasakamon Tower

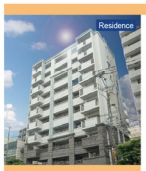
City House Keyaki Dori



Aqualia Chihaya



D-Wing Tower



Granfore Yakuin Minami

Axion Befu-Ekimae Premium

Hotel FORZA Oita

Tissage Hotel Naha

1 property
to be acquired

Island City Minato Bay related site
(Land with leasehold interest) (tentative) (*2)

Total acquisition price
221.6 bn yen
(As of September 1, 2023)

Portfolio map

■ Retail ■ Office buildings ■ Others

1 Canal City Hakata
■Address : 1-chome, Sumiyoshi, Hakata Ward, Fukuoka City

2 Canal City Hakata・B
■Address : 1-chome, Sumiyoshi, Hakata Ward, Fukuoka City

3 Park Place Oita
■Address : 2-chome, Koen Dori Nishi, Oita City

4 SunLive City Kokura
■Address : 2-chome, Kami Kuzuhara, Kokura Minami Ward, Kitakyushu City

5 Konoha Mall Hashimoto
■Address : 2-chome, Hashimoto, Nishi Ward, Fukuoka City

6 Square Mall Kagoshima Usuki
■Address : 2-chome, Usuki, Kagoshima City

7 Kumamoto Intercommunity SC
■Address : 1-chome, Kozono, Higashi Ward, Kumamoto City

8 Hanahata SC
■Address : 4-chome, Hanahata, Minami Ward, Fukuoka City

9 Kurume Higashi Kushiwara SC
■Address : Higashi kushihara, Kurume City

10 K's Denki Kagoshima
■Address : Tokai-cho, Kagoshima City

11 Marinoa City Fukuoka (Marina Side Building)
■Address : 2-chome, Odo, Nishi Ward, Fukuoka City

12 Canal City Business Center Building
■Address : 1-chome, Sumiyoshi, Hakata Ward, Fukuoka City

13 Gofukumachi Business Center
■Address : Kami Gofukumachi, Hakata Ward, Fukuoka City

14 Sanix Hakata Building
■Address : 2-chome, Hakataekihigashi, Hakata Ward, Fukuoka City

15 Taihaku Street Business Center
■Address : Gokushomachi, Hakata Ward, Fukuoka City

16 Higashi Hie Business Center
■Address : 3-chome, Higashi-hie, Hakata Ward, Fukuoka City

17 Tenjin Nishi-Dori Center Building
■Address : 2-chome, Tenjin, Chuo Ward, Fukuoka City

18 Tenjin North Front Building
■Address : 4-chome, Tenjin, Chuo Ward, Fukuoka City

19 Higashi Hie Business Center Ⅱ
■Address : 1-chome, Higashi-hie, Hakata Ward, Fukuoka City

20 Higashi Hie Business Center Ⅲ
■Address : 4-chome, Higashi-hie, Hakata Ward, Fukuoka City

21 Tenjin Nishi-Dori Business Center (Land with leasehold interest)
■Address : 2-chome, Tenjin, Chuo Ward, Fukuoka City

22 Hakata Chikushi-Dori Center Building
■Address : 2-chome, Hakataekiminami, Hakata Ward, Fukuoka City

NEW Acquired on March 29, 2023
23 Kumamoto East Front Building
■Address : 1-chome, Shinyashiki, Chuo Ward, Kumamoto City

NEW Acquired on September 1, 2023
24 Hakata FD Business Center
■Address : Tsunabamachi, Hakata Ward, Fukuoka City

25 Tosu Logistics Center
■Address : Himekata-cho, Tosu City, Saga Pref.

26 LOGICITY Minato Kashii
■Address : 2-chome, Minatokashii, Higashi Ward, Fukuoka City

27 LOGICITY Hisayama
■Address : Hisayama-machi, Kasuya-gun, Fukuoka Pref.

28 LOGICITY Wakamiya
■Address : Shimoaruki, Miyawaka City

29 Amex Akasakamon Tower
■Address : 2-chome, Maizuru, Chuo Ward, Fukuoka City

30 City House Keyaki Dori
■Address : 2-chome, Kego, Chuo Ward, Fukuoka City

31 Aqualia Chihaya
■Address : 4-chome, Chihaya, Higashi Ward, Fukuoka City

32 D-Wing Tower
■Address : 2-chome, Daimyo, Chuo Ward, Fukuoka City

33 Granfore Yakuin Minami
■Address : 1-chome, Hirao, Chuo Ward, Fukuoka City

NEW Acquired on April 27, 2023
34 Axion Befu-Ekimae Premium
■Address : 3-chome, Befu, Jonan Ward, Fukuoka City

35 Hotel FORZA Oita
■Address : 1-chome, Chuo-machi, Oita City

36 Tissage Hotel Naha
■Address : 2-chome, Nishi, Naha City

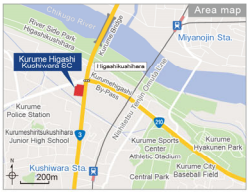
Scheduled to be acquired on March 31, 2029
A Island City Minato Bay related site (Land with leasehold interest)(tentative)
■Address : 3-chome, Minatokashii, Higashi Ward, Fukuoka City

Disposition of property (Kurume Higashi Kushiwara SC)

Overview of disposition property (planned)

Location	Higashi Kushihara Machi, Kurume City, Fukuoka Prefecture
Date of agreement	October 26, 2022
Buyer	Non-disclosure (*)
Disposition date (scheduled)	1st (15% quasi co-ownership interest) / February 28, 2023 (Completed) 2nd (55% quasi co-ownership interest) / August 31, 2023 (Completed) 3rd (30% quasi co-ownership interest) / November 30, 2023
Appraisal value	2,740 million yen (as of Aug. 31, 2022)
Book value	1,966 million yen (as of Aug. 31, 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㎡
Total floor area	6,467.80㎡

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



Reasons for Disposition

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

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

②Decreasing 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.

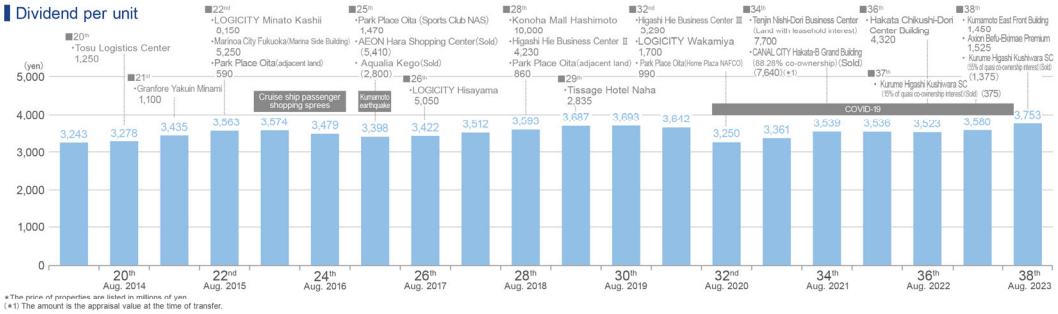
③Use of disposition capital

- 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

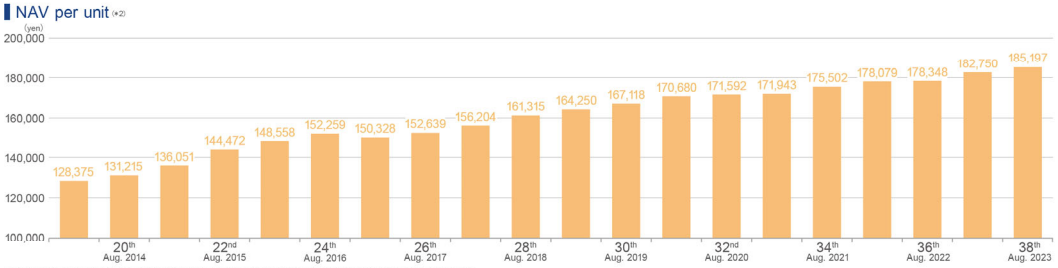
Dividend and NAV per unit

Dividend per unit



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

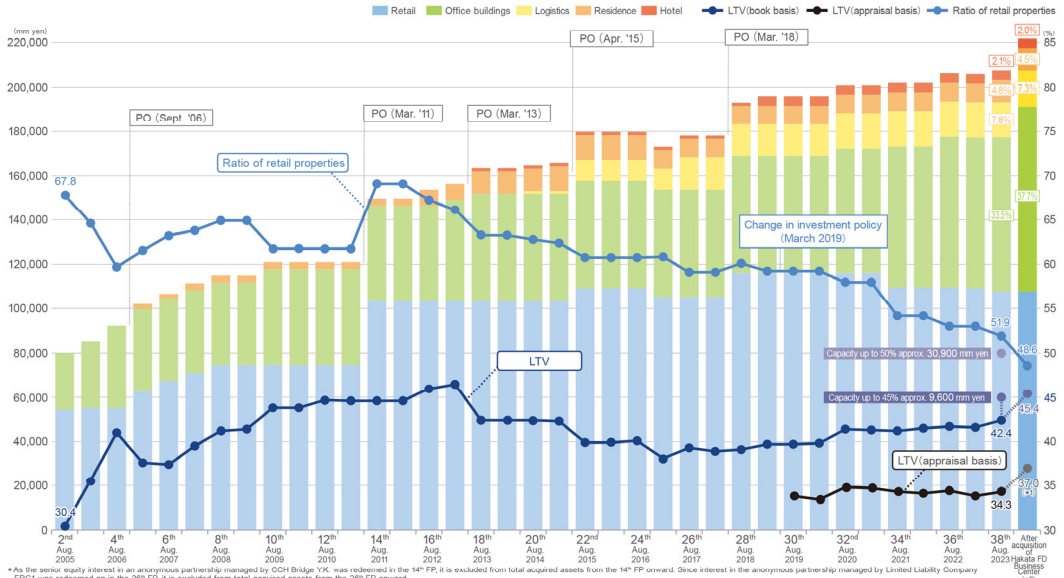
NAV per unit (*2)



*A 5-for-1 split of investment unit was effectuated on March 1, 2014. A 5-for-1 split of dividends and NAV per units before the 19th FP.
(*2)Market net asset value per unit= (Total net assets + Unrealized gains - Total amount of dividends) / Total number of investment units outstanding

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

Ratio of retail properties in the portfolio fell below 50%



*As the senior equity interest in an anonymous partnership managed by CCH Bridge 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 FRC1 was redeemed on in the 26th FP, it is excluded from total acquired assets from the 26th 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.

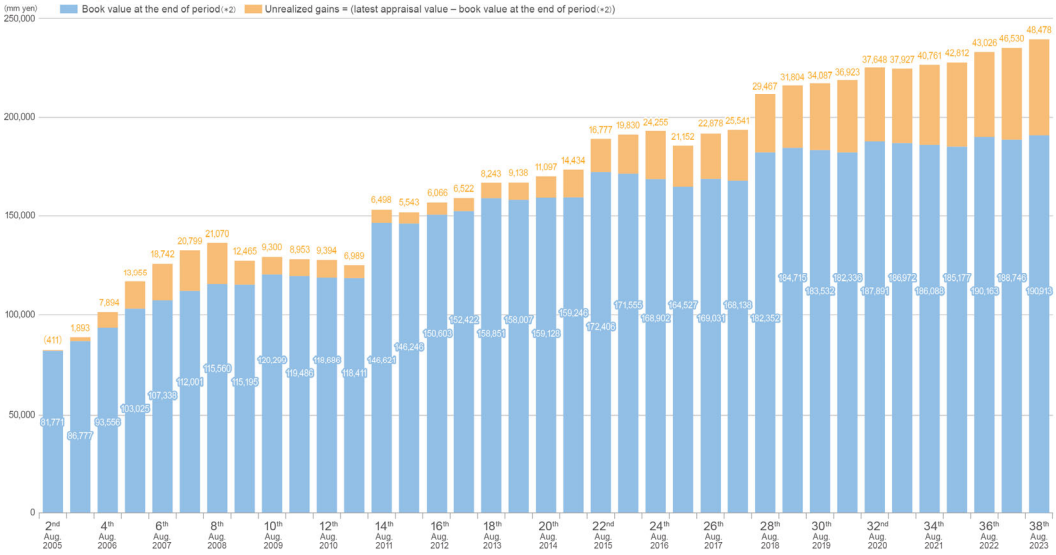
(*1)Unrealized gain on LTV (appraisal basis) after acquisition of the Hakata FD Business Center is calculated by the difference between the appraisal value at the time of acquisition and the acquisition price.

(*2)Calculated by adding the acquisition price of the Hakata FD Business Center from the end of the 38th fiscal year. In addition, the 30% quasi-co-ownership interest in Kurume Higashi-Kushihara SC, which is scheduled to be transferred on November 30, 2023, has not been deducted.

Historical appraisal values (unrealized gains)

Unrealized gains: 48,478 million yen, ratio of unrealized gains: 25.4%(*1)

Historical appraisal values

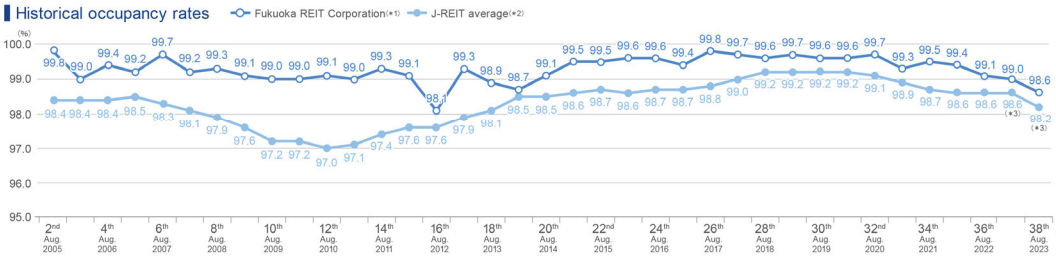


(*1)Ratio of unrealized gains = (latest appraisal value – book value at the end of period(*2)) ／book value at the end of period(*2).
(*2)Book value at the end of period does not include construction in progress.

Portfolio properties' occupancy rates

Maintained a higher occupancy rate than the J-REIT average

Historical occupancy rates



(*1) The investment corporation' s occupancy rates in the 2nd fiscal period through the 4th fiscal period were the occupancy rates at the end of each fiscal period. For the 5th fiscal period through the 38th fiscal period, the occupancy rates are the weighted average occupancy rates during the fiscal periods. The ratio of total leased floor area to leasable floor area is shown.
(*2) The overall J-REIT occupancy rate is the occupancy rate at the end of each fiscal period based on the Association for Real Estate Securitization' s "AJPI-J-REIT Databook".
(*3) The overall J-REIT occupancy rates for the 37th and 38th fiscal periods are preliminary figures. The figures for the 38th fiscal period are the figures for May 2023.

Occupancy rates [the weighted average during the period]

Category	Investment ratio (based on acquisition price)	34th ~ Aug. 31, 2021	35th ~ Feb. 28, 2022	36th ~ Aug. 31, 2022	37th ~ Feb. 28, 2023	38th ~ Aug. 31, 2023
Retail	51.9%	99.5%	99.3%	98.8%	98.9%	98.6%
Office buildings	33.5%	99.8%	99.8%	99.4%	98.6%	98.4%
Others	14.6%	99.3%	99.4%	99.4%	99.5%	98.9%
Total	100.0%	99.5%	99.4%	99.1%	99.0%	98.6%

Top tenants by leased floor area

Ordinary lease / Fixed-term lease (As of August 31, 2023)

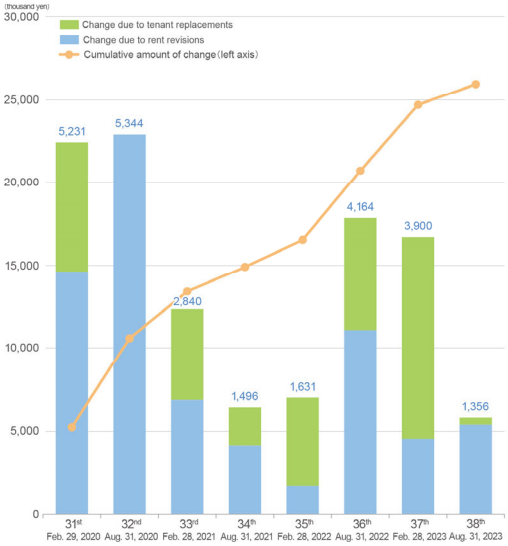
	Lessee	Tenant	Share of total leased space (*1)	39th ~Feb. 29, 2024	40th ~Aug. 31, 2024	41st ~Feb. 28, 2025	Remaining lease term (years) (*2)
1	SunLive Co., Ltd.	SunLive	11.3%	SunLive City Kokura			18
				Konoha Mall Hashimoto			7
2	AEON Kyushu Co., Ltd.	AEON	10.2%	Park Place Oita			0
3	FJ. Entertainment Works Ltd.	—	6.2%(*3)	Marinoa City Fukuoka (Marina Side Building)			11
4	Canal City OPA Co., Ltd.	OPA	4.5%	Canal City Hakata			0
				Canal City Hakata・B			1
5	KASEI inc Co., Ltd.	—	4.3%	LOGICITY Hisayama			1
6	Alpen Co., Ltd.	Alpen FUKUOKA Sports Depo, Golf 5	4.1%	Canal City Hakata			10
				Square Mall Kagoshima Usuki			3
				Kumamoto Intercommunity SC			3
				Kurume Higashi Kushiwara SC			4
7	Fukuoka Logistic System Corporation	—	4.0%	LOGICITY Minato Kashii			1
8	F－LINE CORPORATION	—	3.5%	LOGICITY Minato Kashii			non-disclosure (*4)
9	Tsukasa Kigyou	—	3.1%	LOGICITY Wakamiya			7
10	K'S HOLDINGS CORPORATION	K's Denki	2.4%	Park Place Oita			1

(*1)Share of total leased space is calculated using the formula "Leased floor area by tenant / Total leased floor space," with residential space excluded from leased floor space by tenant.
(*2)Remaining lease periods shown are the remaining periods of lease contracts as of August 31, 2023 with periods shorter than one year rounded down to the nearest whole year.
(*3)The 6.2% includes a 0.4% office portion. (7 ordinary leases have been concluded for Canal City Business Center Building and 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 increase the amount in line with rent revisions

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

	31st Feb. 29, 2020	32nd Aug. 31, 2020	33rd Feb. 28, 2021	34th Aug. 31, 2021	35th Feb. 28, 2022	36th Aug. 31, 2022	37th Feb. 28, 2023	38th Aug. 31, 2023
Number of new occupants	7	0	4	4	3	4	12	2
Average free rent period (*3)	0.2 months	-	1.3 months	1.9 months	0.3 months	-	1.9 months	0.4 months

(*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

	31st Feb. 29, 2020	32nd Aug. 31, 2020	33rd Feb. 28, 2021	34th Aug. 31, 2021	35th Feb. 28, 2022	36th Aug. 31, 2022	37th Feb. 28, 2023	38th Aug. 31, 2023
Number of contruct changes	30	36	20	31	35	37	28	38
Of which, number of revisions to increase	15	19	8	6	6	12	7	7
Ratio of revisions to increase	50.0%	52.8%	40.0%	19.4%	17.1%	32.4%	25.0%	18.4%

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

Breakdown of variable rents

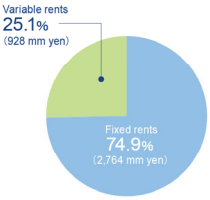
Breakdown of active retail rents by property

Fixed rents(*1) Variable rents(*2) Rents of transferred portion(*3)

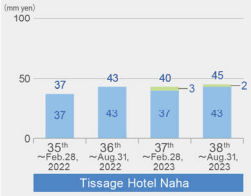
*Variable rents are included Canal City Hakata, Canal City Hakata・B, Park Place Oita, SunLive City Kokura, Konoha Mall Hashimoto, and Tissage Hotel Naha.
(*1) "Fixed rent" is indicated the amount of "leasing revenues-real estate" - "variable rent".
(*2) Variable rents are the sum of the portion of rents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

Breakdown of active retail rents

◎The 38th FP

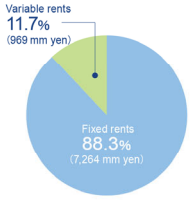


Breakdown of Tissage Hotel Naha

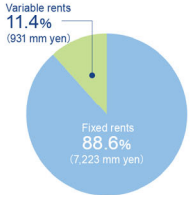


Portfolio overall

◎The 37th FP



◎The 38th FP

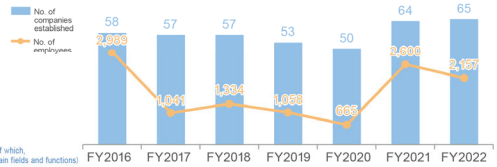


Initiatives by Fukuoka City Government and status of office workers

Driving up future office demand

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



(of which, main fields and functions)	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
creative-related industries	28	40	38	38	30	41	47
foreign/ foreign-affiliated	18	13	14	15	12	15	12
Call center	12	9	7	2	8	8	6
headquarters functions, etc.	3	1	7	6	0	7	5
international finance	—	—	—	—	—	6	7

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

(Key Companies Establishing Fukuoka Locations in FY2022)

- International Finance, Foreign & Foreign-affiliated ／M-DAQ Japan K.K. Codo Advisory, Inc.
- Creative-related ／COMICSMART INC., Smaregi, Inc., PlatinumGames Inc.

(Key Companies Establishing Fukuoka Locations in FY2023)

- E. Sun Bank (Taiwan) : Opened Fukuoka Branch as its second base in Japan (September 1)
- NN Life Insurance Co., Ltd.: Established "Technology Operation Center Fukuoka" as part of its BCP (Business Continuity Plan) (September 1)

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

Initiatives Aimed at Attracting Companies to Fukuoka City

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

Effects of concentrated priority attraction areas

Asset management business	☑Providing growth capital from outside sources to startups and local companies ☑Promoting attraction and corporate growth through fund function initiatives
FinTech	☑Creating innovations and providing advanced financial services ☑Active participation of engineers and science/ engineering personnel
BCP response operations	☑Diversification of international financial centers in Japan (Correction of excess concentration of population and industry in Tokyo)

Fukuoka City tops list of business opening rate in Japan for 4 consecutive years

Business Opening Rate FY2021 6.3%

1st

21 major urban areas

Source: Prepared by Fukuoka Realty based on data from "The general condition of the Fukuoka City Economy March 2023" 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

福岡市 FUKUOKA CITY　STARTUP CAFE　fgn. FUKUOKA GROWTH NEXT　Fukuoka 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."

Situation of active retail

Overall sales are increasing

●Canal City Hakata
●Canal City Hakata・B

Sales (annual total(*1)) Sept. 2022 - Aug. 2023
21.2 bn yen
YoY +22.8%
(vs. 2 years ago +29.8%)

A highly entertaining urban multi-purpose retail facility.Sales are on a recovery trend due to inbound tourism demand from Asia, excluding China, etc.

●Park Place Oita

Sales (annual total(*2)) Sept. 2022 - Aug. 2023
26.0 bn yen
YoY +6.2%
(vs. 2 years ago +7.9%)

A suburban mall anchored by a GMS and tenants involved in daily necessities.Stronger efforts to draw customers through continuous implementation of participatory events.

●Konoha Mall Hashimoto

Sales (annual total) Sept. 2022 - Aug. 2023
16.1 bn yen
YoY +10.8%
(vs. 2 years ago +16.9%)

A daily-life-oriented mall anchored by a supermarket and tenants involved in daily necessities.A resurgence in demand for travel and outings led to higher sales at stores in the service category.

●SunLive City Kokura

Sales (annual total(*3)) Sept. 2022 - Aug. 2023
—
YoY +1.3%
(vs. 2 years ago +17.9%)

A daily-life-oriented mall anchored by a supermarket and tenants involved in daily necessities.Restaurants that match the characteristics of the facilities are performing well.

(*1)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.
(*2)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.
(*3)Sales figures are omitted because SunLive did not consent to their disclosure.

Change in sales from a year earlier

···Effective period of the priority measures to prevent the spread of disease in Fukuoka

Property name	2022		2023
	3/6 Mar. Apr. May Jun. Jul. Aug. Sept. Oct. Nov. Dec.	Jan. Feb. Mar. Apr. May Jun. Jul. Aug.	
	36th Aug. 2022	37th Feb. 2023	38th Aug. 2023
Canal City Hakata／Canal City Hakata・B (*1)	+16.8%	+27.8%	+18.0%
Park Place Oita (*2)	+2.0%	+6.4%	+5.9%
Konoha Mall Hashimoto	+8.3%	+10.5%	+11.1%
SunLive City Kokura	+18.2%	+0.4%	+2.1%
Other retail properties (*4)	+2.4%	+1.5%	+2.6%

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

List of Interest-bearing debt

■List of borrowings

(As of August 31, 2023)

Category	Lender	Balance (mm yen)	Drawdown Date	Repayment Date	Term (year)	Fixed/ Floating	Average Interest Rate
Current maturity of long-term debt	The Bank of Fukuoka	2,000	Feb.29,2016	Feb.29,2024	8.0	Floating	0.42000%
	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)
	SBI Shinsei Bank	700	Jul.29,2016	Jul.31,2024	8.0	Fixed	0.40000%
Long-term debt	Development Bank of Japan	2,000	Feb.29,2016	Feb.28,2025	9.0	Fixed	0.62000%
	Sumitomo Mitsui Trust Bank	300	Sep.30,2016	Sep.30,2025	9.0	Floating	0.41855%
	Syndicated loan (*2)	2,100	Dec.30,2016	Dec.30,2025	9.0	Fixed	0.71750%
	The Bank of Fukuoka	1,500	Dec.30,2016	Dec.30,2026	10.0	Floating	0.42455%
	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%
	MUFG 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	0.84952%
	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	0.81209%
	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.26,2027	9.0	Fixed	0.60000% (*1)
	MUFG 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%
	MUFG 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)
	MUFG 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%
	SBI 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%
	MUFG Bank	500	Jan.31,2019	Jan.31,2028	9.0	Fixed	0.59000%
	The Nishi-Nippon City Bank	400	Jan.31,2019	Jan.31,2029	10.0	Floating	0.42000%
	The Bank of Fukuoka	300	Jan.31,2019	Jan.31,2029	10.0	Floating	0.42000%
	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	0.48845% (*1)
	Syndicated loan (Green loan) (*5)	2,200	Jul.31,2019	Jul.31,2029	10.0	Fixed	0.52100% (*1)
Long-term debt	The Norinchukin Bank	1,500	Jul.31,2019	Jan.29,2027	7.5	Fixed	0.30300%
	MUFG 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%
	Aozora 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%
	MUFG 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 Juhachi-Shinwa Bank (donation-type loan)	1,000	Mar.31,2021	Mar.31,2031	10.0	Fixed	0.59000%
	Syndicated loan (*6)	5,300	Jul.31,2021	Jul.31,2031	10.0	Fixed	0.49000% (*1)
	Mizuho Trust & Banking	1,000	Mar.31,2022	Mar.31,2032	10.0	Floating	0.37455%
	Sumitomo Mitsui Banking Corporation	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)
	The Higo Bank	700	Mar.31,2023	Mar.31,2028	5.0	Fixed	0.61500%
	The Higo Bank	750	Mar.31,2023	Mar.31,2033	10.0	Floating	0.37455%
	The Hiroshima Bank	500	Jun.30,2023	Jun.29,2029	6.0	Fixed	0.54125%
	The Hiroshima Bank	1,000	Jun.30,2023	Jun.28,2030	7.0	Fixed	0.63500%
	Sumitomo Mitsui Trust Bank (Green loan)	900	Jul.31,2023	Jul.31,2028	5.0	Fixed	0.50100%
	Sumitomo Mitsui Trust Bank (Green loan)	600	Jul.31,2023	Jul.31,2031	8.0	Fixed	0.82900%
	Development Bank of Japan (Green loan)	2,000	Aug.31,2023	Aug.31,2029	6.0	Fixed	0.83750%
	Development Bank of Japan (Green loan)	2,000	Aug.31,2023	Feb.28,2030	6.5	Fixed	0.90689%
	Total	81,450					

■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

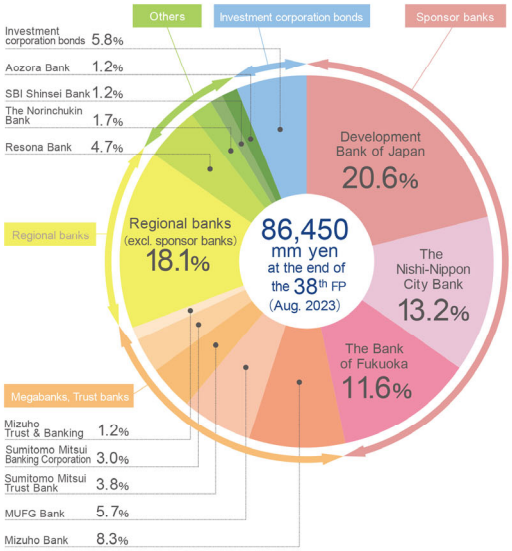
Category	Lender	Credit Limit (mm yen)	Period	
			Start	End
Committed line	Committed line 1 (*9)	6,000	Aug. 1, 2018	Jul.31, 2025
	Committed line 2 (*10)	7,000	Mar. 2, 2020	Feb.28, 2026
	Total	13,000		

* For floating-rate debts, the interest rates applicable as of August 31, 2023 are indicated. *All debts have been borrowed with no collateral and no guarantee, 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 Juhachi-Shinwa Bank・The Hiroshima Bank
(*3) The lenders are The Bank of Fukuoka・The Nishi-Nippon City Bank・The Oita Bank・The Kitakyushu Bank・The Miyazaki Bank・The Juhachi-Shinwa Bank・The Iyo Bank (*4)The lenders are The Nishi-Nippon City Bank・The Bank of Fukuoka・The Oita Bank・The Kitakyushu Bank・The Juhachi-Shinwa Bank・The Hiroshima Bank
(*5) The lenders are Mizuho Bank・The Bank of Saga・The Higo Bank (*6) The lenders are Mizuho Bank・The Hiroshima Bank・The Kitakyushu Bank・The Iyo Bank・The Higo Bank (*7) The lenders are Development Bank of Japan・The Nishi-Nippon City Bank・The Bank of Fukuoka
(*8)If the CO_2 reduction target is achieved, a preferential interest rate is applied from August 2031 until the repayment date from the interest rate of the initial loan. (*9)The lenders are The Bank of Fukuoka・Resona Bank (*10)The lenders are The Nishi-Nippon City Bank・Resona Bank・The Oita Bank・The Bank of Nagasaki・The Bank of Saga

Lenders

A stable network of sponsor banks and other lenders

Breakdown of debt by lenders

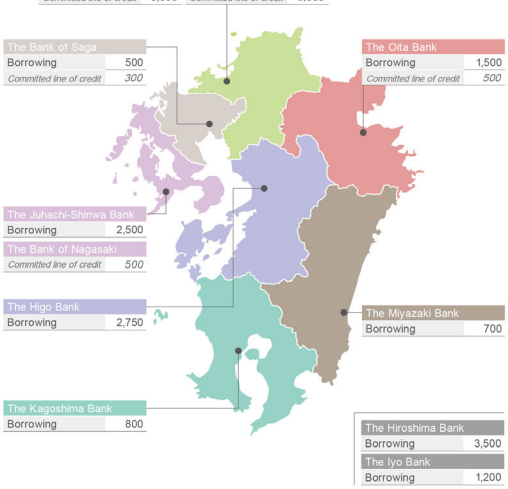


A regional bank transaction network

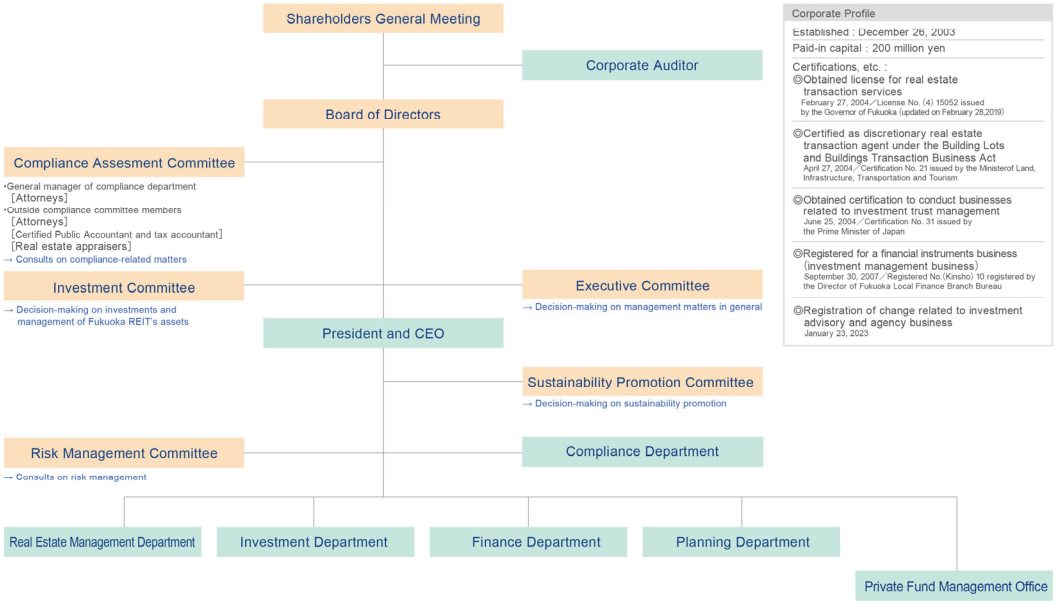
◎Sharing of information networks unique to regional banks to utilize for our investment strategy in the area

- unit : mm yen

The Bank of Fukuoka		The Nishi-Nippon City Bank		The Kitakyushu Bank	
Borrowing	10,000	Borrowing	11,400	Borrowing	2,200
Committed line of credit	*5,000*	*Committed line of credit*	*5,000*		



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)

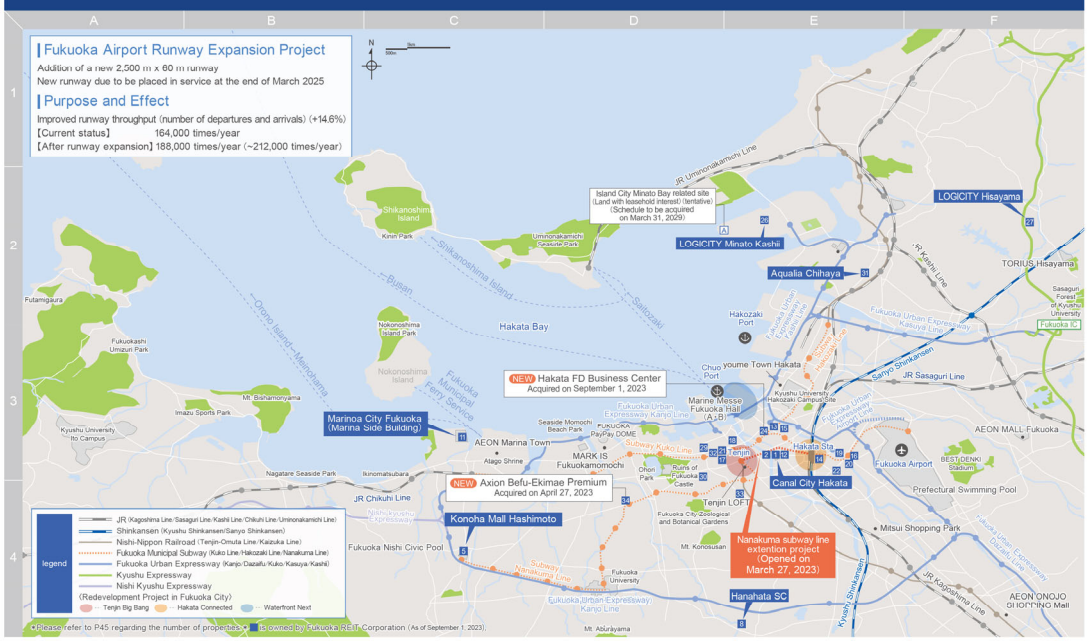
◎Certified as discretionary real estate transaction agent under the Building Lots and Buildings Transaction Business Act
April 27, 2004／Certification No. 21 issued by the Ministerof Land, Infrastructure, Transportation and Tourism

◎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

◎Registration of change related to investment advisory and agency business
January 23, 2023

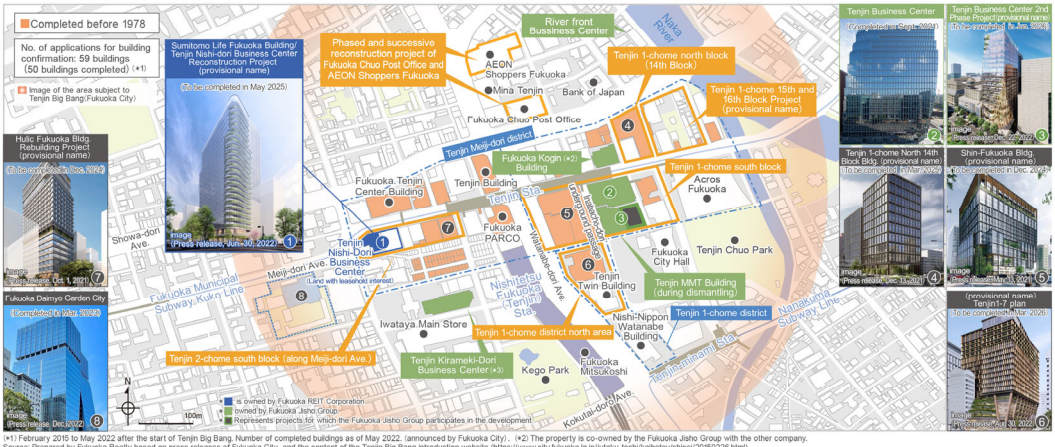
The condition of suburb area in Fukuoka



The condition of Fukuoka city center

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

Redevelopment in Tenjin area (Tenjin Big Bang)



(*1) February 2015 to May 2022 after the start of Tenjin Big Bang. Number of completed buildings as of May 2022. (announced by Fukuoka City). (*2) The property is co-owned by the Fukuoka Jisho Group with the other company.
Source: Prepared by Fukuoka Realty based on press releases of Fukuoka City and the content of the Tenjin Big Bang introduction website (https://www.city.fukuoka.lg.jp/jutaku-toshi/kaihatsu/shisei/20150226.html).

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

①Special 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)

②Deregulation 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.

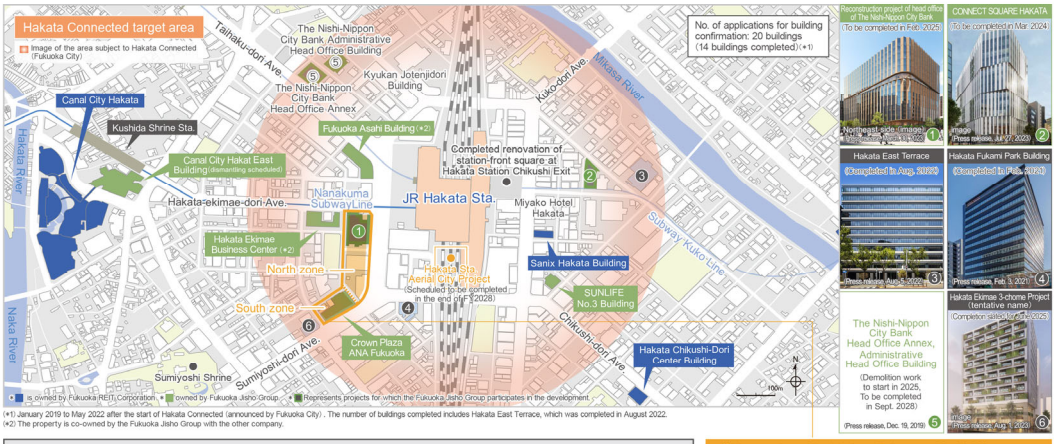
Relaxation of floor area ratio by up to 50%

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)

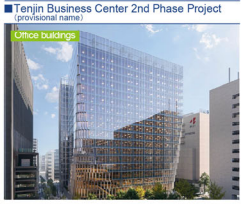
Overview of Fukuoka Jisho Co., Ltd. (period ended May 31, 2023)

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

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

■Tenjin Business Center

■Tenjin Business Center 2nd Phase Project (provisional name)



■LOGICITY Minato Kashii North

■Class Keyaki Dori

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

Major properties owned by Fukuoka Jisho Group

Use	No.	Name	Year of completion	Total floor space
Office buildings	1	Fukuoka Kogin Building	1970	15,160㎡
	2	Fukuoka Asahi Building	1970	44,762㎡
	3	Hakata Ekimae Business Center	1999	23,542㎡
	4	Naha Business Center	2018	8,994㎡
	5	Tenjin Business Center	2021	61,100㎡
	6	Sumitomo Life Fukuoka Building/ Tenjin Nishi-dori Business Center Reconstruction Project (provisional name) (*)	May 2025 (scheduled)	42,000㎡
	7	Tenjin Business Center 2nd Phase Project (provisional name)	June 2026 (scheduled)	62,932㎡
Retail	8	Marinoa City Fukuoka (Outlet Building)	2000(Building Ⅰ) / 2004(Building Ⅱ) / 2007(Building Ⅲ)	46,663㎡
	9	Tenjin Kirameki Dori Building	2003	24,525㎡
	10	Canal City Hakata East Building (dismantling scheduled)	2011	18,534㎡
Residence	11	Class Keyaki Dori	2008	6,500㎡
	12	Imagawa 1-chome rental apartment (provisional name)	July 2024 (scheduled)	2,648㎡
Hotel	13	Hotel FORZA Sapporo Ekimae	2020	11,344㎡
Logistics	14	LOGICITY Minato Kashii North	2020	47,150㎡
	15	LOGICITY Koga	March 2023	49,545㎡
	16	LOGICITY Ogori (provisional name)	July 2024 (scheduled)	28,364㎡
	17	Logistic plan in Ueki, Sue Town (section A-B)	Not announced	—
	18	Logistic plan in Sonobe, Kiyama Town	Not announced	—
	19	Island city Logistic Plan	2030 (scheduled)	—

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