



Fukuoka REIT Corporation

Overview of the 40th fiscal period performance [8968] March 1st, 2024 ~ August 31st, 2024





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Security code

March 1st, 2024 ~ August 31st, 2024

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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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Executive summary

Fiscal period ended August 2024 (40th period) dividend surpassed forecast by +250 yen

Internal Growth		Financial Management				
<ul style="list-style-type: none"> Retail properties : Sales at Canal City Hakata exceeded the same period last year. 		<ul style="list-style-type: none"> Total debt : 96,350 mm yen Average interest rate : 0.70% Average remaining duration to maturity : 4.8 years J-REITs' average : 4.0 years (*1) LTV (*2) : 44.8% (35.5%) Net asset value (NAV) per unit (*3) : 194,842 yen (Previous period: ¥189,440) 				
<ul style="list-style-type: none"> Initiatives by each facility <ul style="list-style-type: none"> Canal City Hakata : Sales increase compared with the same period last year: +41.8%. It has been one year since the opening of Alpen FUKUOKA. The facility captured inbound demand, resulting in a significant increase in sales, contributing to overall facility revenue. Konoha Mall Hashimoto : Sales have remained strong, driven by events targeting family groups. 		<ul style="list-style-type: none"> (*1)Indicates the average value of the latest account settlement figures of all investment corporations as of August 2024, calculated by Fukuoka Realty based on their disclosure materials. (*2)LTV = Calculated as the total interest-bearing debt divided by total assets. The LTV, based on appraisal valuation is 35.5%. (*3)NAV per unit = (Net assets + unrealized gains/losses - total dividend amount) ÷ total number of investment units issued at the end of the period. 				
<ul style="list-style-type: none"> Office buildings : End-of-period occupancy rate: 97.7%. Following the previous term, the high occupancy rate has been maintained and rent increases have been achieved. 		<ul style="list-style-type: none"> External : Green Building Certification obtained for 83.9%(As of September 2, 2024) certification DBJ Green Building Certification : Konoha Mall Hashimoto (4 stars) Higashi Hie Business Center II (3 stars) 				
<ul style="list-style-type: none"> Others <ul style="list-style-type: none"> Logistics : Tosu Logistics Center: Achieved a 16% increase in rent. LOGICITY Minato Kashii: Achieved a 19% increase in rent. Hotel : Recovery trend by capturing domestic and overseas demand. 		<ul style="list-style-type: none"> Sustainability 				

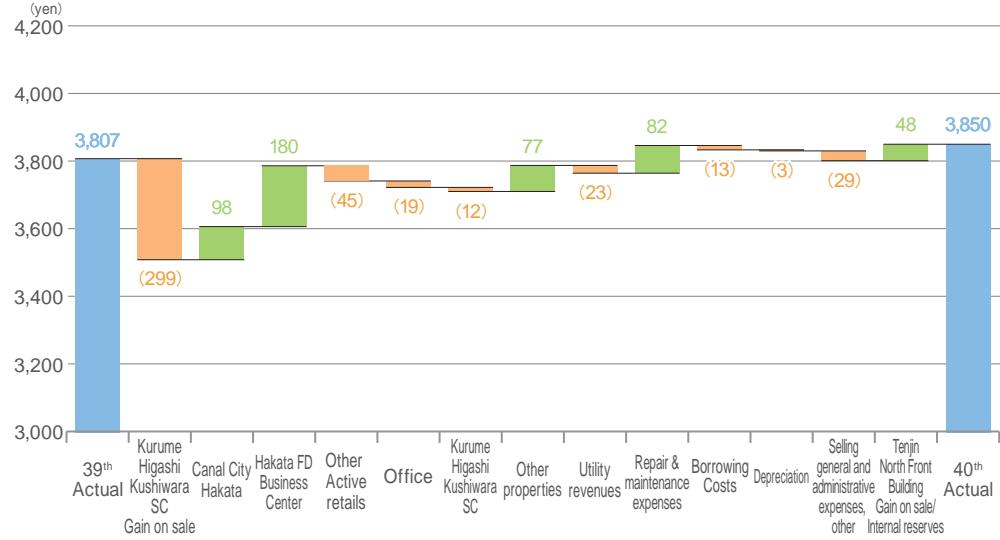
External Growth				
Name of property	(Tentative) Mifune Logistics Center	Acquisition [schedule] date	March 27, 2025	
Address	Mifune-machi, Kamimashiki-gun, Kumamoto	Acquisition [schedule] price	11,000 mm yen	
		NOI yield (*1)	4.4%	
<ul style="list-style-type: none"> (*1) The indicated figure is based on the NOI described in the appraisal report. 				
Name of property	Axion Otemon Premium		Acquisition [schedule] date	March 28, 2025
Address	1-1, 2-chome, Otemon, Chuo Ward, Fukuoka City		Acquisition [schedule] price	1,800 mm yen
			NOI yield (*1)	3.6%
<ul style="list-style-type: none"> (*1) The indicated figure is based on the NOI described in the appraisal report. 				



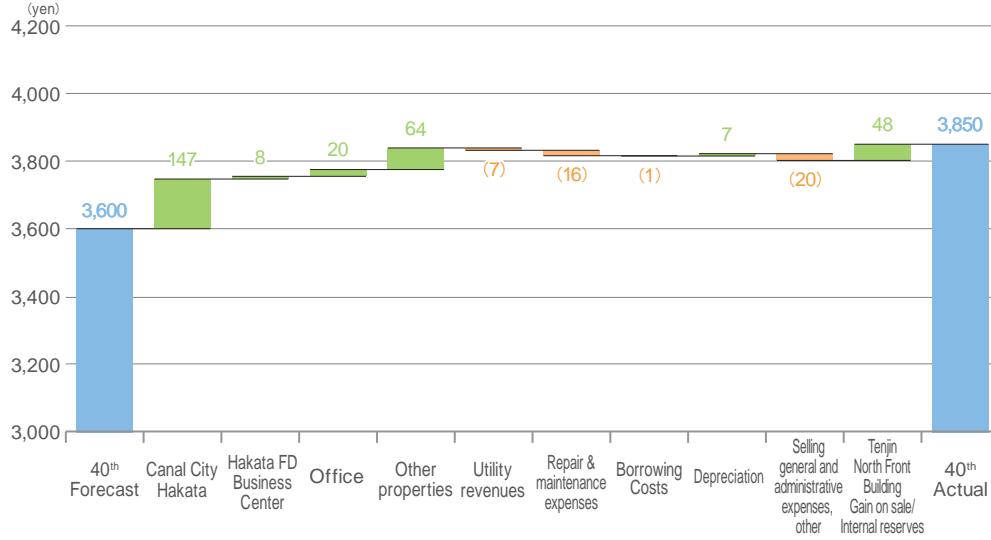
Dividend per unit

Dividend sets new record

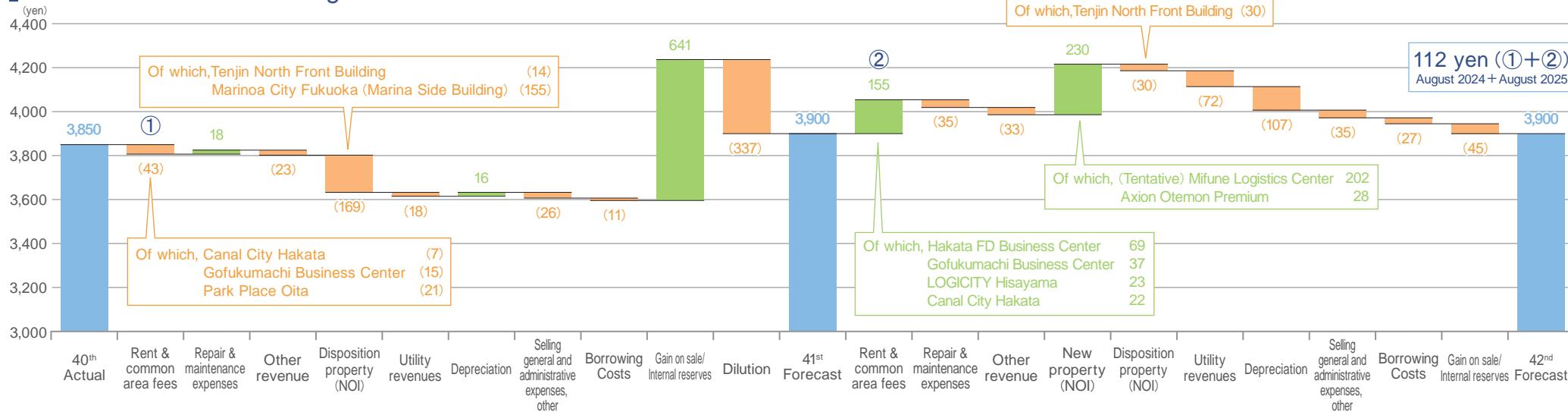
40th (Aug. 2024) Actual (compared with the previous FP)



40th (Aug. 2024) Actual (compared with the forecast)



41st (Feb. 2025) • 42nd (Aug. 2025) Forecast



Future Management Policy

Achieve dividend targets through the steady execution of each strategy.

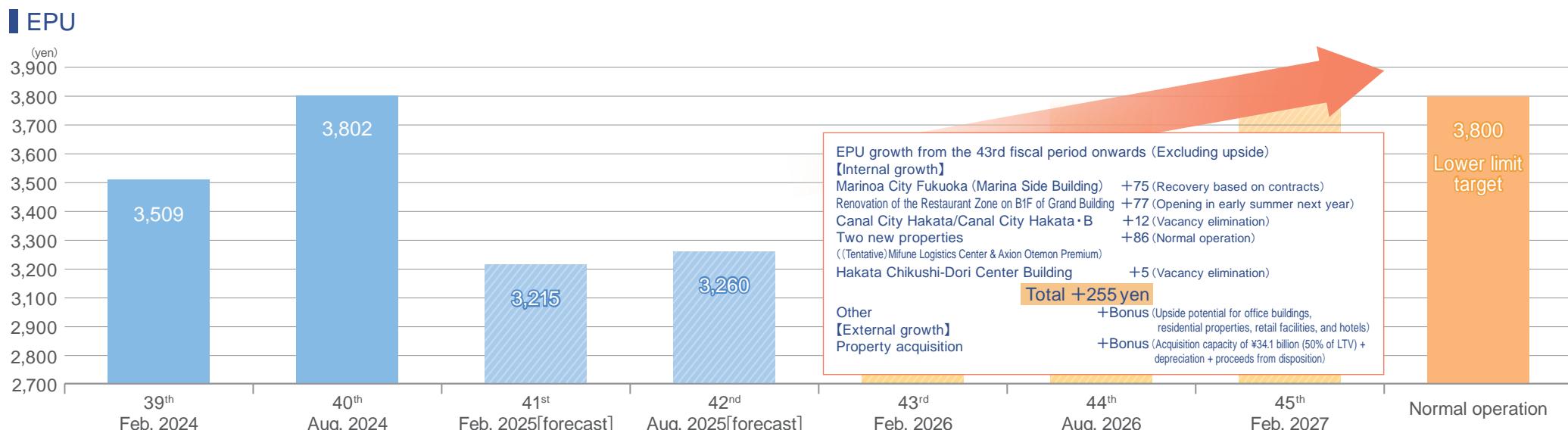
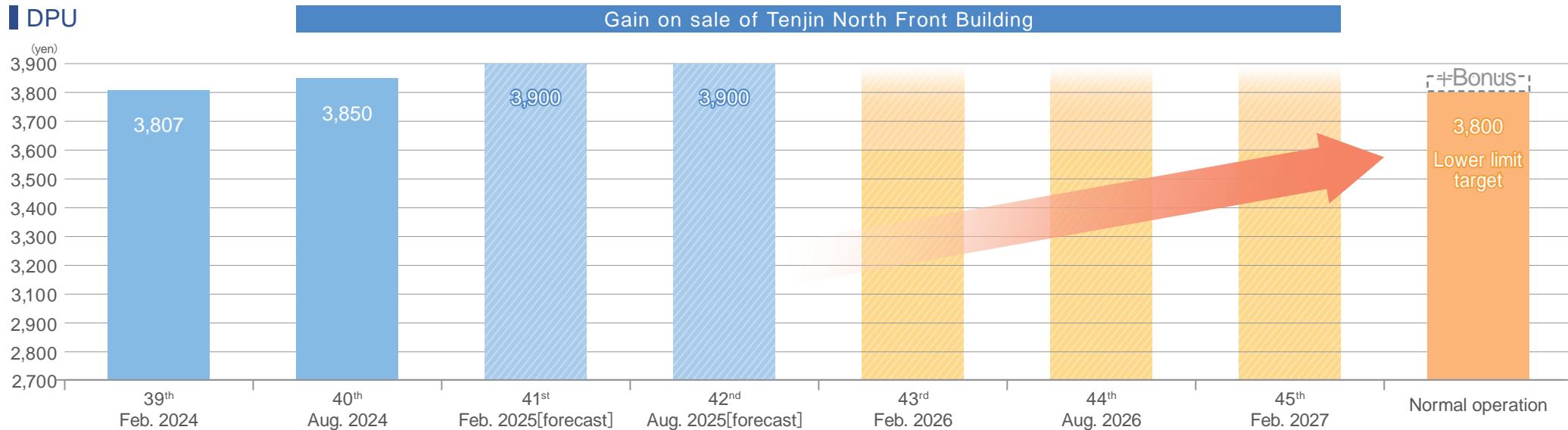


Specific measures

Internal Growth		External Growth	Property Replacement	Utilization of Internal Reserves
■ Retail properties	▪ Grand Building B1F Opening at Canal City Hakata ▪ Capturing inbound demand (China, etc.)	■ Asset size as of August 31, 2024 : 220.7 billion yen ■ Diversification of acquisition methods using SPCs and other approaches. ■ LTV borrowing capacity up to 50% : 22.3 billion yen (After completion of acquisition, transfer, and public offering: ¥34.1 billion)	■ Unrealized gains for the period ended August 31, 2024: 55.9 billion yen ■ Replacement of properties based on portfolio strategy	■ Realization of unrealized gains ▪ Underpinning of dividend ▪ Consideration of internal reserve

Regarding the stabilized DPU target

Aim to recover ¥3,800 based on EPU



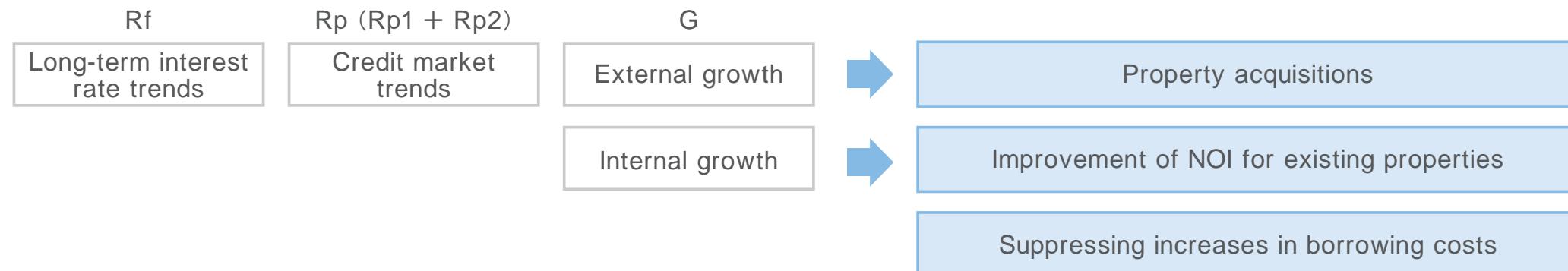
Approach to Improving Investment Unit Price

■ Formula for calculating the investment unit price based on the Dividend Discount Model (DDM)

$$P = \frac{\text{Dividend}}{\text{Investor required return}} = \frac{D}{R_f + (R_{p1} + R_{p2}) - G}$$

Dividend
Controlled
D
Investor required return
R_f + (R_{p1} + R_{p2}) - G
R_f + R_{p1} + (R_{p2} - G)
Uncontrolled Controlled

- P : Investment unit price
- D : Dividend
- R_f : Long-term interest rate
- R_{p1} : Risk premium for the overall REIT market
- R_{p2} : Specific risk premium for Fukuoka REIT Investment Corporation
- G : Expected growth rate



FRC's focus areas for improving investment unit price:

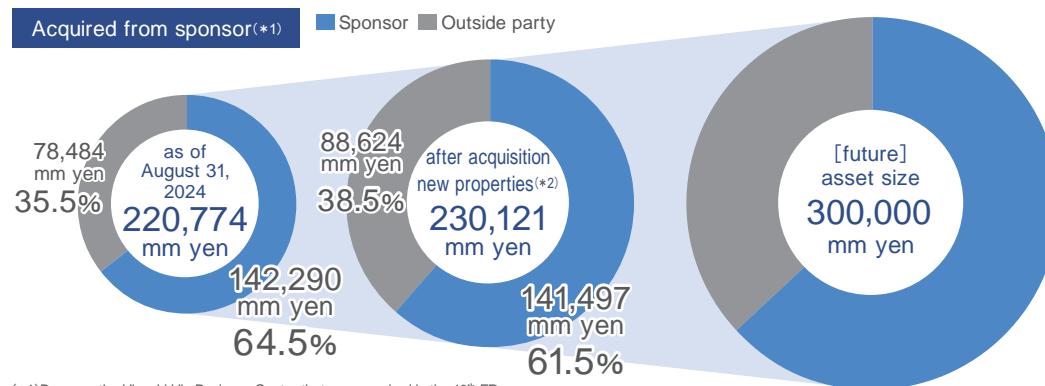
- D : Dividend ↑
- R_{p2} : Specific risk premium for Fukuoka REIT Investment Corporation ↓
- G : Expected growth rate ↑

External Growth Initiatives Policy

As a diversified REIT, we aim for risk diversification through the portfolio and are targeting an asset size of ¥300 billion.

Sponsor pipelines

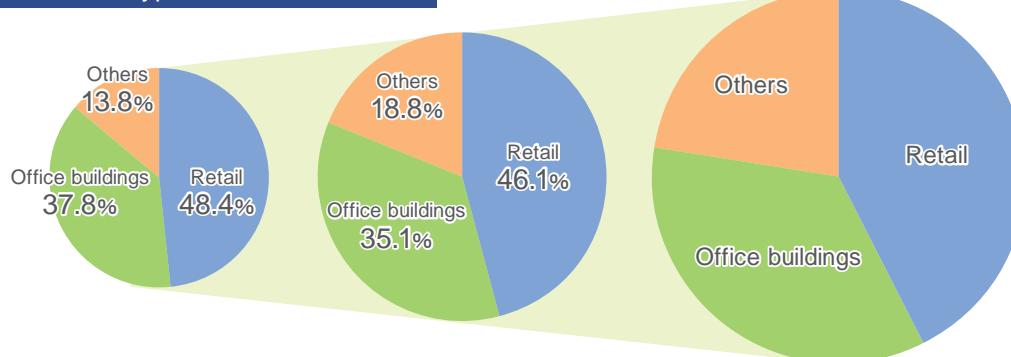
- Several redevelopment projects are underway in the Tenjin and Hakata areas
- Several development of logistics facilities are underway
- Fukuoka Jisho owns 10.73% of FRC's investment units through same-boat investment(as of August 31, 2024)



(*1)Because the Higashi Hie Business Center that was acquired in the 10th FP, August 31, 2009, was acquired from both the outside party and the sponsor, the purchase price has been added to the purchase prices from outside parties and the purchase prices from the sponsor after calculation on a per capita basis. Furthermore, with regard to the number of properties, one property has been added to the number of properties acquired from the sponsor.

(*2)These figures are from after the sale of Tenjin North Front Building.

Investment type (based on acquisition price)



Community-based sourcing strategy

- Acquire properties from external sources by utilizing the information-collecting ability and know-how of the Asset Manager which is well versed in individual conditions in the Fukuoka and Kyushu areas
- Propose wide-ranging CRE strategies by grasping customers' needs as early as possible (ex. leaseback, base consolidation, putting land with leasehold interest off the balance sheet, etc.)
- Powerful companies leading the Kyushu business world provide backup as sponsors of the Asset Manager
- After acquisition, property management that is closely tied to the community and assumes long-term ownership

New acquisition properties

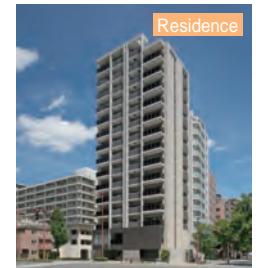
(Tentative) Mifune Logistics Center



Overview (planned)

Location	Mifune-machi, Kamimashiki-gun, Kumamoto
Acquisition date (scheduled)	March 27, 2025
Acquisition price (planned)	11.0 bn yen
Appraisal value	11.3 bn yen
Appraisal NOI yield	4.4%
NOI yield after depreciation	3.2%
Built timing	Building A : Nov.30, 2024 Building B : Aug.31, 2024 Building C1・C2 : Jan.31, 2025 Building D : Mar.14, 2025
Land area	47,922.00 m ²
Total floor space	42,086.38 m ²
Structure	2-story steel frame (Buildings A, C1, C2, and D) 1-story steel frame (Building B)

Axion Otemon Premium



Overview (planned)

Location	2-chome, Otemon, Chuo Ward, Fukuoka City
Acquisition date (scheduled)	March 28, 2025
Acquisition price (planned)	1.80 bn yen
Appraisal value	1.81 bn yen
Appraisal NOI yield	3.6%
NOI yield after depreciation	3.0%
Built timing	January 10, 2018
Land area	393.31 m ²
Total floor space	2,105.10 m ²
Structure	15-story, RC structure building with flat roof

New acquisition property ((Tentative) Mifune Logistics Center)

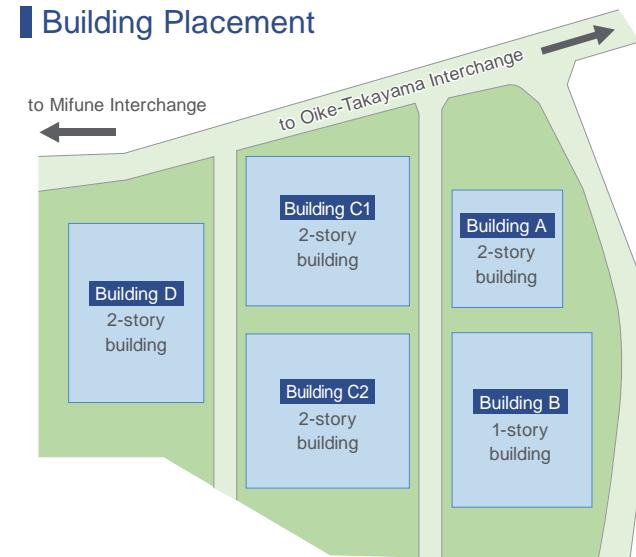
Early securing of a large logistics facility in the Kumamoto metropolitan area which expects demand for logistics from semiconductor-related industries in the future.



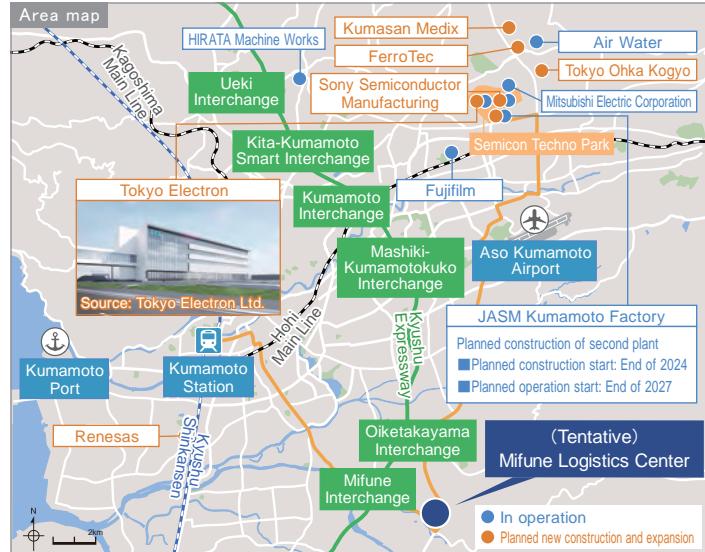
*As of October 1, 2024

Overview(planned)	
Location	Mifune-machi, Kamimashiki-gun, Kumamoto
Acquisition date (scheduled)	March 27, 2025
Acquisition price (planned)	11.0 bn yen
Appraisal value	11.3 bn yen
Appraisal NOI yield	4.4%
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Built timing	Building A : Nov.30, 2024 Building B : Aug.31, 2024 Building C1-C2 : Jan.31, 2025 Building D : Mar.14, 2025
Land area	47,922.00m ²
Total floor space	42,086.38m ²
Structure	2-story steel frame (Buildings A, C1, C2, and D) 1-story steel frame (Building B)

Building Placement



(*The "Kumamoto metropolitan area" refers to the areas designated in the "Kumamoto Metropolitan Area Comprehensive Transportation Strategy" published by the Kumamoto Metropolitan Area Comprehensive Transportation Strategy Council, including Kumamoto City, Uto City, Koshi City, parts of Ujiki City (Shiranui, Matsuhishi, and Ogawa districts), parts of Kikuchi City (Shisui district), Ozu Town, Kikyo Town, Nishihara Village, Mifune Town, Kashima Town, Mashiki Town, and Kosa Town.



Note: JASM is a TSMC subsidiary in Japan in which TSMC holds a majority-stake.

Economic ripple effect in Kumamoto Prefecture

Economic ripple effect of semiconductor-related industry over the next ten years

about
7
trillion yen

Source: Prepared by FukuokaRealty based on "Kyushu Business Review April 2024" published by the Kyushu Economic Research Association.

Building Features

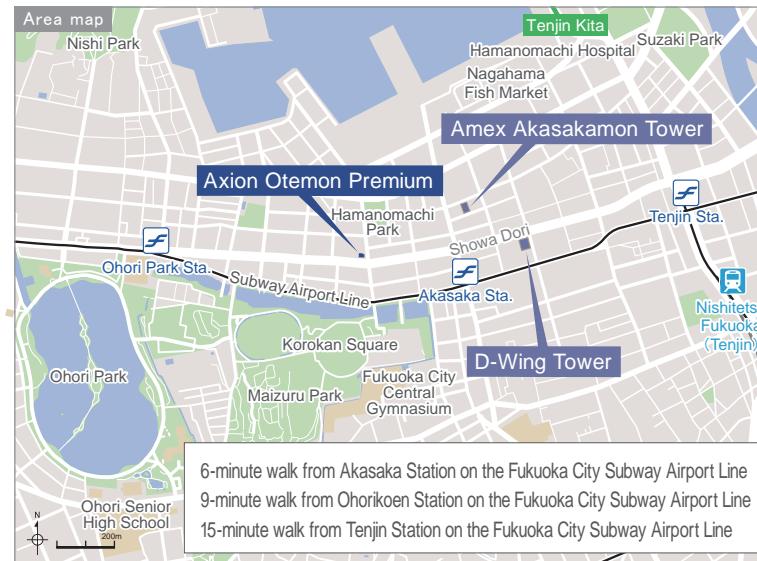
- The property is located in Mifune-machi, a suburban city adjacent to the southeastern side of Kumamoto City, and an emerging area where industrial and commercial facilities are increasingly being built within the Kumamoto metropolitan area (*).
- The facilities offer plentiful storage functions including warehouse floors with an effective ceiling height of approx. 6 to 8m, a floor load capacity of 1.5 to 2.0t/m², and a column spacing of approx. 10 to 13m. The property will be popular among tenants who seek high work efficiency within the warehouse.

Contribution to earnings (assumed)

	42 nd (Aug. 2025)	Normal operation period
NOI (before amortization)	175	244

New acquisition property (Axion Otemon Premium)

Acquisition of high-end rental apartments with high convenience, where rent increases are expected in the future.



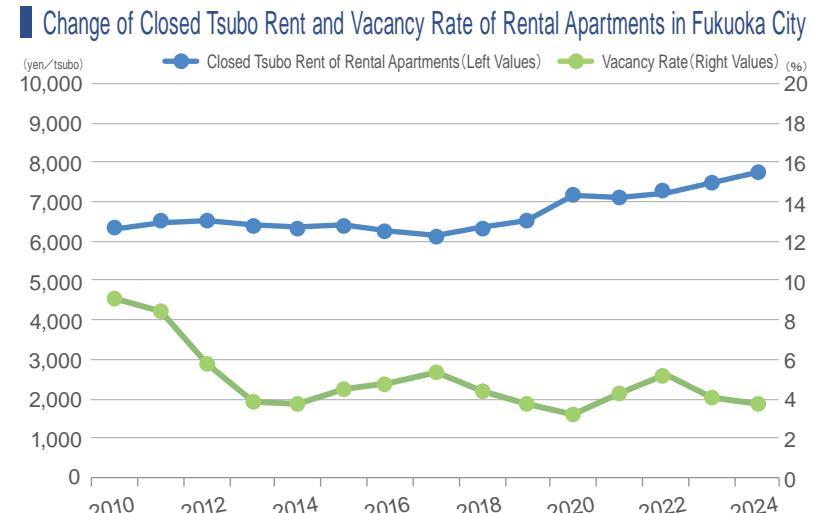
Overview(planned)	
Location	2-chome, Otemon, Chuo Ward, Fukuoka City
Acquisition date (scheduled)	March 28, 2025
Acquisition price (planned)	1.80 bn yen
Appraisal value	1.81 bn yen
Appraisal NOI yield	3.6%
NOI yield after depreciation	3.0%
Built timing	January 10, 2018
Land area	393.31m ²
Total floor space	2,105.10m ²
Structure	15-story, RC structure building with flat roof

Building Features

- Excellent location with easy access to the Tenjin area of the largest city of Kyushu and the vast greenery of nearby Ohori Park.
- A recently constructed 15-story reinforced concrete rental apartment building with 25 3LDK units.
- All units are southern-facing, receive excellent sunlight, and are equipped with sufficiently high specification expected from residences including counter kitchens, walk-in closets, bathroom TVs, bathroom dryers, reheating functions, and more. These make the property highly competitive with similar family-type properties in the surrounding area.

Contribution to earnings (assumed)

	42 nd (Aug. 2025)	Normal operation period
NOI (before amortization)	25	32



*As of January ~ April 2024
Source: Prepared by Fukuoka Realty Co., Ltd. based on data compiled from approximately 29,600 units managed by Miyoshi Real Estate Co., Ltd.

Upside in the future

◎Status of rent increases

Substantial increase in rent at the time of replacement

Contract month	Number of contracted units	Rate of rent increase
January 2024	2	+16.2%
May	1	+17.5%
August	1	+14.6%
September	1	+19.3%
October	2	+17.8%

◎Occupancy rate

Occupancy rate: at acquisition timing 80.9% → 92.3%*

*As of October 1, 2024

Disposition of property (Tenjin North Front Building)

Sold at a disposition price higher than the appraisal value. Securing future source of dividend by realizing unrealized gains.

Overview of Disposition Property (planned)



Location	4-20, 4-chome, Tenjin, Chuo Ward, Fukuoka City, Fukuoka Prefecture
Contract date	August 28, 2024
Planned disposition date	1. August 29, 2024 (5% quasi co-ownership interest) → Completed 2. February 27, 2025 (25% quasi co-ownership interest) 3. August 28, 2025 (22% quasi co-ownership interest) 4. February 26, 2026 (16% quasi co-ownership interest) 5. August 27, 2026 (16% quasi co-ownership interest) 6. February 25, 2027 (16% quasi co-ownership interest)
Book value	2,125 million yen
Appraisal value	5,180 million yen
Planned disposition price	6,350 million yen
Land area	1,154.79 m ²
Total leasable Area	5,261.64 m ²
Building Age	14 years and 5 months

Note: Book value listed is value as of August 2024 (the figures are stated after disposition of 5% quasi co-ownership interest)

Reasons for Disposition

1. Disposing at a planned disposition price higher than the appraisal value

Decided on the disposition at a planned price higher than the appraisal value because the asset value was determined based on rents higher than current market rents.

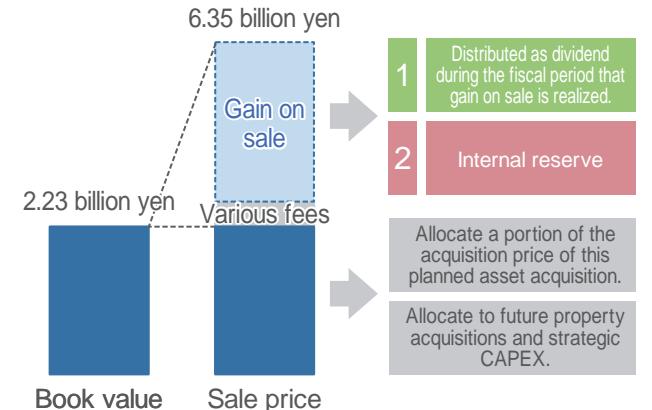
2. Approximately 3.8 billion yen of the gain on sale (planned) will be utilized as we aim for a stable dividend level

Through the utilization of gains on sale over six fiscal periods, we plan to maintain a stable dividend level.

3. Securing foundation for a future-forward dividend strategy

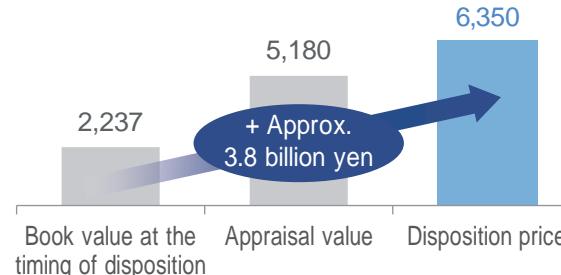
Of the planned gain on sale, the following amounts are planned to be retained as internal reserve: approximately 157 million yen for the fiscal period ended August 2024, approximately 377 million yen for the fiscal period ending February 2025, and approximately 302 million yen for the fiscal period ending August 2025.

Significance of This Property Disposition



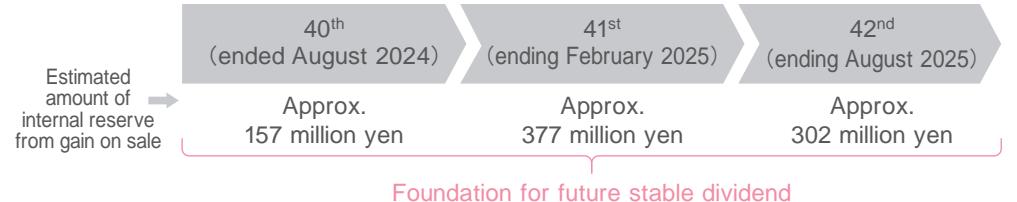
- Stability of dividend through reversal of reserve for reduction entry.
- Strategic capital investment in held properties.
- Allocate funds for future property acquisition.

1 Realization of sale at planned disposition price greater than appraisal value



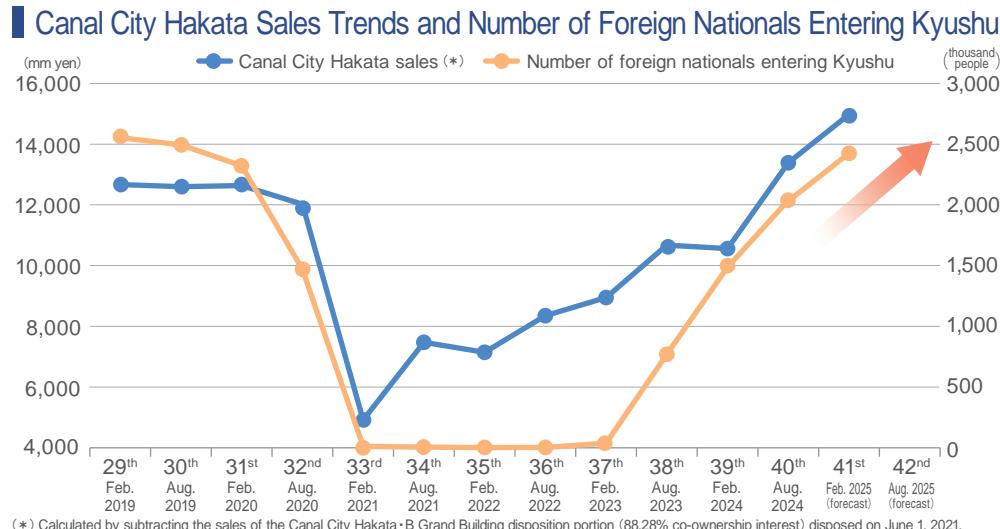
- Planned allocation of a portion of gains on sale over six fiscal periods, 40th(ended August 2024) to 45th(ending February 2027), as dividend
- Aiming for stabilization of dividend

2 Securing source of future dividend through the securing of internal reserve



Initiatives at Canal City Hakata

Sales have exceeded pre-COVID levels. To achieve further internal growth, we will steadily implement our renewal plans.



Situation of inbound

◎Number of foreign nationals entering Kyushu

Country/Region	2018		2024					
	monthly average	Jan.	Feb.	Mar.	Apr.	May	Jun.	
Total number of immigrants	426,357	366,465	373,481	431,267	440,320	429,720	449,709	
Korea	200,805	223,852	218,494	201,409	197,199	212,315	200,428	
China	142,328	40,593	45,588	69,756	84,849	85,094	103,309	
Taiwan	34,460	44,028	45,887	50,816	49,069	48,387	68,716	
Hong Kong	23,792	28,100	29,729	36,230	30,770	34,883	36,827	
Others	24,971	29,892	33,783	73,056	78,433	49,041	40,429	

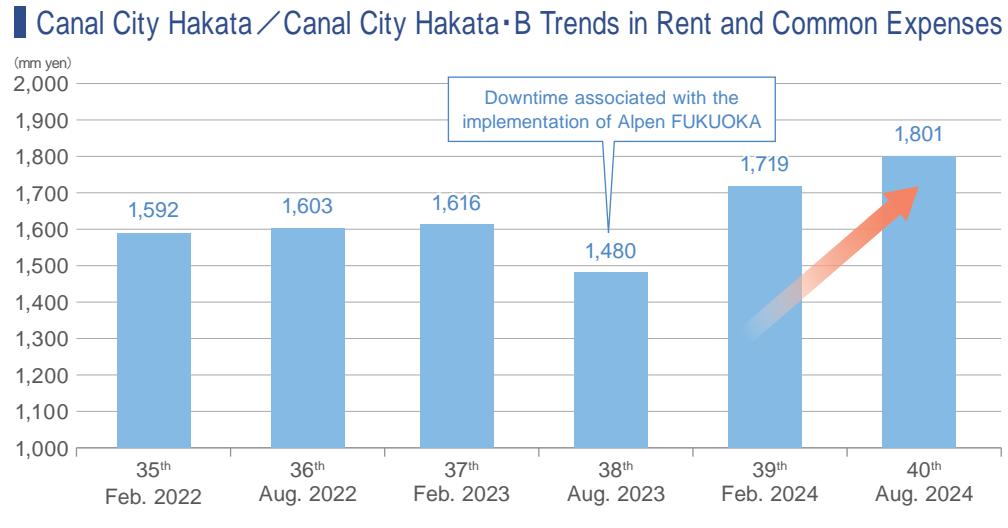
* The number of foreign visitors including cruise ship tourists.

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	2018	2019	2020	2021	2022	2023	2024				
							Total	Jan.~Mar.	Apr.~Jun.	May~Sept.	Oct.~Dec. (scheduled)
Number of port calls	279	229	14	0	2	75	211	32	60	61	58

Source: Prepared by Fukuoka Realty based on data as of October 1, 2024 from the Fukuoka City Port & Airport Bureau



Planning renovating the Grand Building B1F dining zone (Opening in early summer next year)



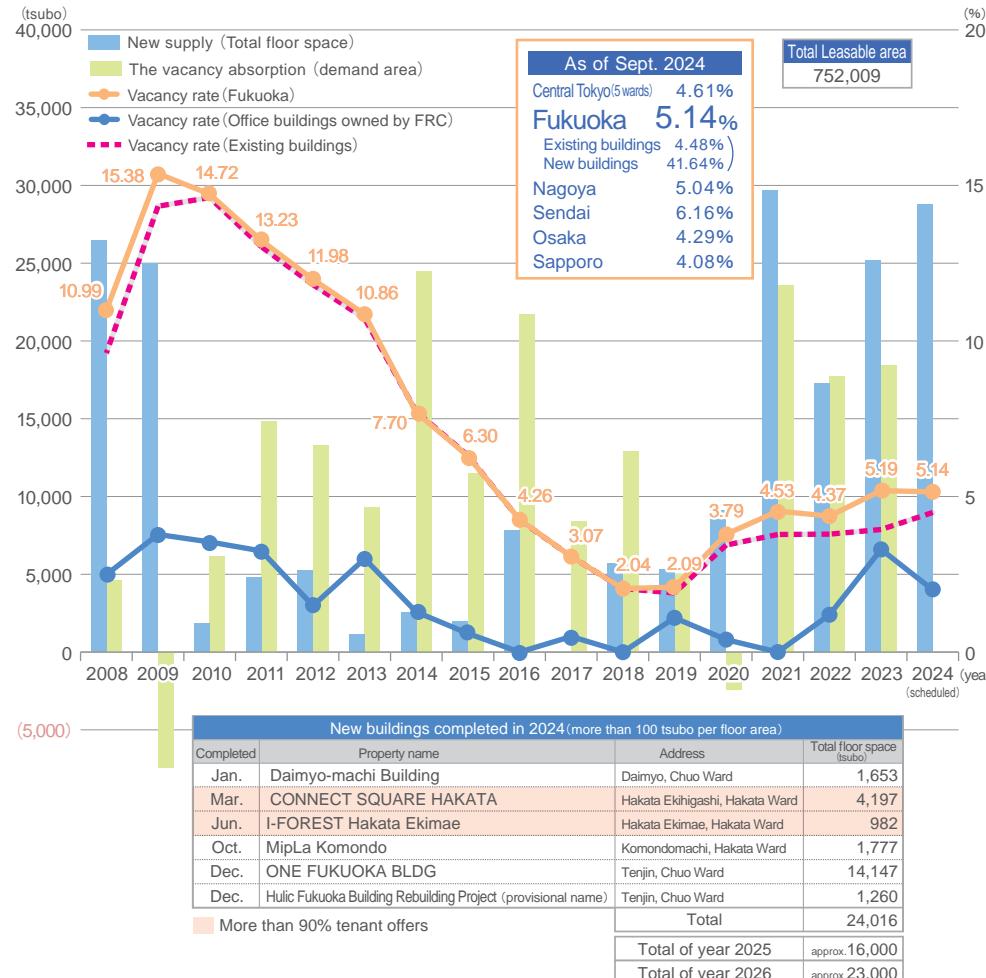
* This is an image perspective and is subject to change.

Trends in the Fukuoka office market

As supply increases, tenant demand remains robust and the upward trend in rent continues.

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

◎New buildings near Hakata Station have been completed with high occupancy rates.



※Statistics from 2008 to 2023 are based on the figures at the end of December. The vacancy rate for 2024 is based on the figures at the end of September.

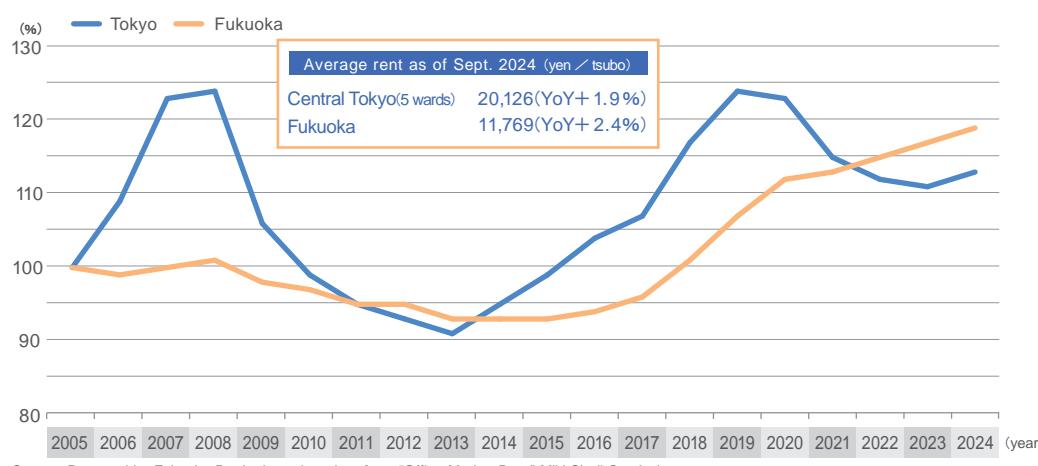
※Office building-related data for each city are data for areas and buildings included in surveys conducted by Miki Shoji Co., Ltd.

※The vacancy absorption (demand area) indicates the sum of vacant area as of the end of December in the previous year and the new supply (leased area) for each year, then subtracts the vacant area as of December of each year. The new supply (leased area) for the years 2024 to 2026 has not been finalized, and both area and completion dates are subject to change.

Source: Prepared by Fukuoka Realty based on data from "Office Market Data" Miki Shoji Co., Ltd.

Fukuoka Business district / Average rents [Y2005=100]

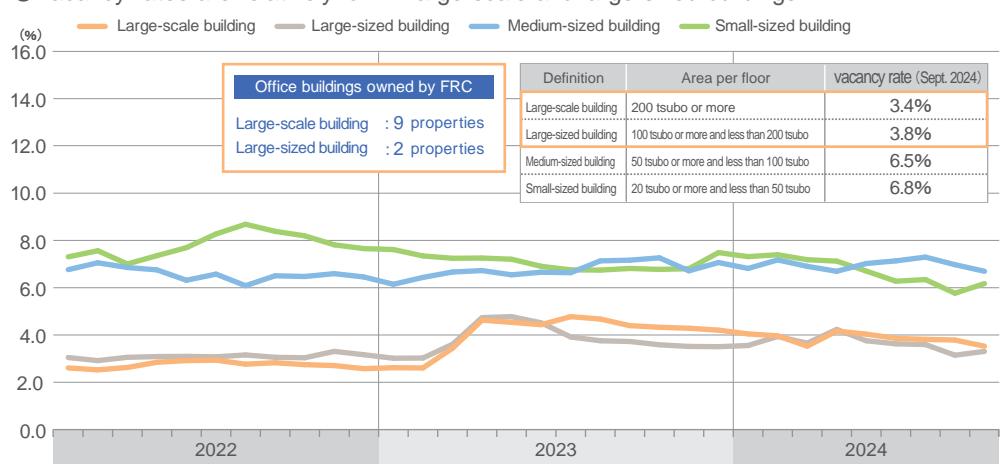
◎Rents continued increasing



Source: Prepared by Fukuoka Realty based on data from "Office Market Data" Miki Shoji Co., Ltd.

Trend of office building vacancy rate in Fukuoka City by size

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



Source: Prepared by Fukuoka Realty based on data "Office Market Monthly Survey(Time Series)" from Sanko Estate Co., Ltd.

Historical and projected office buildings' occupancy rates

Continuing to aim for high occupancy and rent increases.

1 Canal City Business Center Building
Total leasable floor space:23,031.14m²

2 Gofukumachi Business Center
Total leasable floor space:19,905.34m²

3 Sanix Hakata Building
Total leasable floor space:6,293.75m²

4 Taihaku Street Business Center^{(*)1}
Total leasable floor space:11,249.97m²

5 Higashi Hie Business Center
Total leasable floor space:13,482.02m²

6 Tenjin Nishi-Dori Center Building
Total leasable floor space:3,339.32m²

7 Tenjin North Front Building^{(*)3}
Total leasable floor space:4,998.56m²

8 Higashi Hie Business Center II
Total leasable floor space:6,214.77m²

9 Higashi Hie Business Center III
Total leasable floor space:2,981.14m²

10 Tenjin Nishi-Dori Business Center
(Land with leasehold interest)
Leased area (land):1,343.51m²

11 Hakata Chikushi-Dori Center Building
Total leasable floor space:5,994.41m²

12 Kumamoto East Front Building
Total leasable floor space:3,114.07m²

13 Hakata FD Business Center
Total leasable floor space:12,102.05m²

Average occupancy rates
(historical and projected)^{(*)2}
Total leasable floor space:112,706.54m²

Move-in/move-out floor space



* Occupancy rates are calculated as a weighted average during period.

* Total leasable floor space is figured as of the end of period.

(*)1 Residential floor spaces are removed from the total leasable floor space of Taihaku Street Business Center.

(*)2 Average occupancy rates (historical and projected) are calculated excluding Tenjin Nishi-Dori Business Center (Land with leasehold interest).

(*)3 Tenjin North Front Building completed the transfer of a quasi-common interest in the trust beneficiary interest on August 29, 2024, and the figure is calculated by subtracting the 5% from the total leasable area.

Major indicators of owned properties^{(*)4}

Total amount of acquisition	83,450 mm yen
Investment ratio	37.8%
Average age ^{(*)5}	18 years 5 months
Tenants ^{(*)6}	210
Total leasing revenues-real estate in the 40 th FP	3,360 mm yen
Rent gap ^{(*)5}	10.7% ^{(*)7}

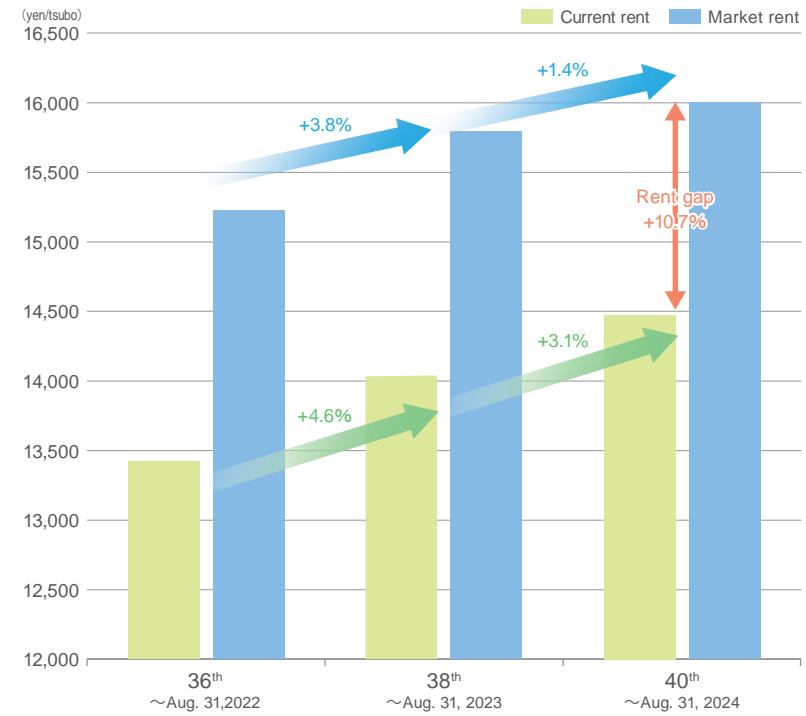
(*)4)The figures are indicated as of the end of period.

(*)5)The average building age and the positive rent gap are calculated excluding Tenjin Nishi-Dori Business Center (Land with leasehold interest).

(*)6)The number of tenants is indicated excluding the residential portion of the Taihaku Street Business Center.

(*)7)Rent gap indicated the gap between current rent: contract rent with common charges and market rent, and is calculated as "market rent - current rent / current rent". Moreover, market rent indicated average of assumed newly closed rent assessed by CBRE as of Aug. 2024.

Rent unit price trends

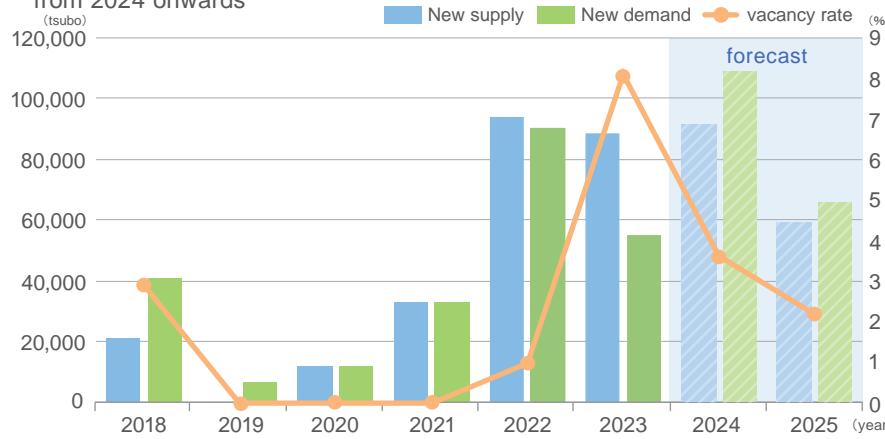


Situation of other assets (Logistics)

Achieved rent increases associated with contract renewals.

Supply and demand of logistic facilities and vacancy rates

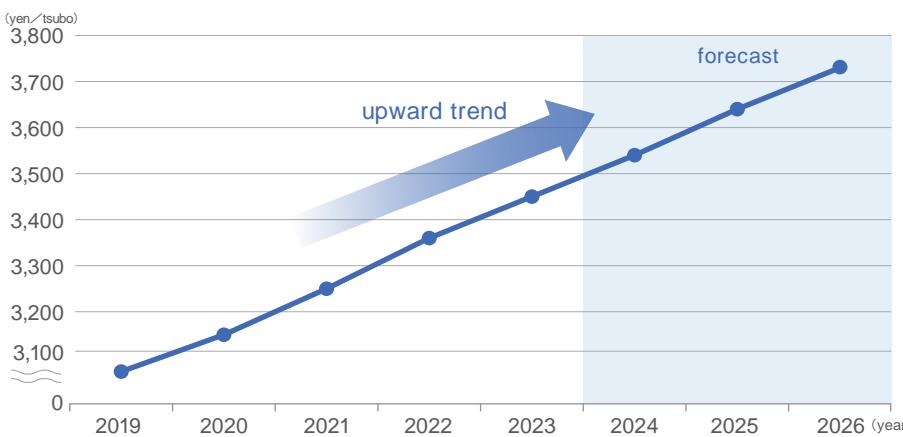
◎ Although the vacancy rate rose temporarily in 2023, it is expected to decline from 2024 onwards



* Medium and large logistics facilities with a total floor space of 5,000 tsubo or more in the Fukuoka metropolitan area are targeted.
Source: Prepared by Fukuoka Realty based on data of CBRE.

Trend in rent unit price

◎ Large supply, but rents expected to increase



* Large multi-tenant logistics facilities with a total floor space of 5,000 tsubo or more in the Fukuoka metropolitan area are targeted.
Source: Prepared by Fukuoka Realty based on data of CBRE.

Contract renewal status



TOSU Logistics Center



LOGICITY Minato Kashii



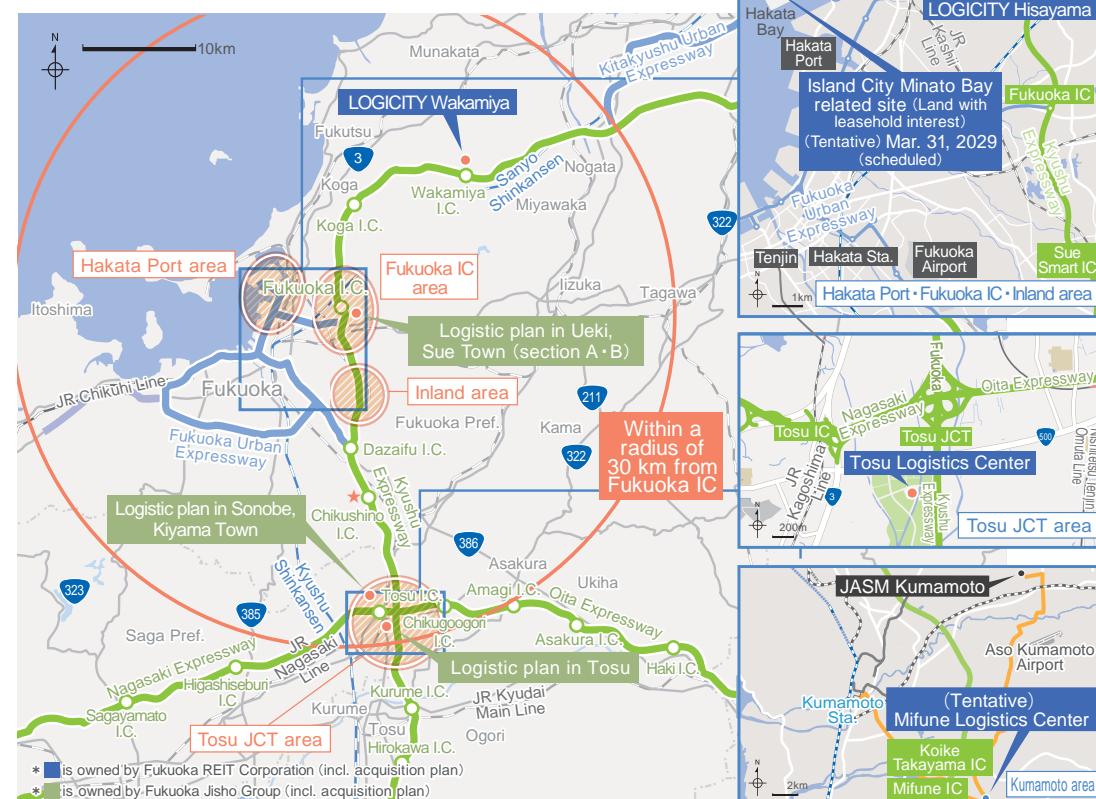
LOGICITY Hisayama

Rent increase rate associated with contract renewals +16%

Rent increase rate associated with contract renewals +19%

Currently negotiating for the contract renewal in February 2025.

Major logistics area



Situation of other assets (Residence, Hotel)

Residential assets are strong, Residential assets are stable while hotel assets are expected to see increases in variable rent.

Residential properties

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

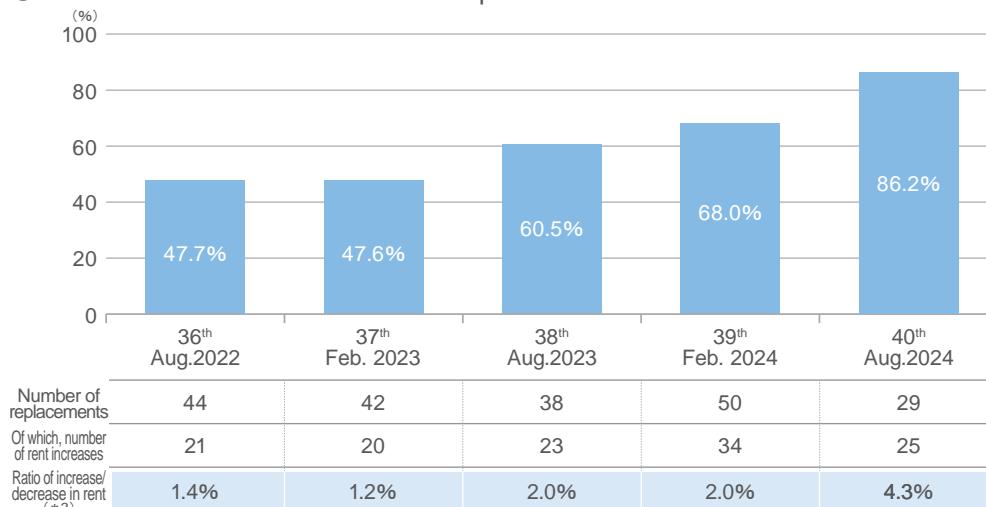
Occupancy rates	36 th (Aug.2022)	37 th (Feb. 2023)	38 th (Aug.2023)	39 th (Feb. 2024)	40 th (Aug.2024)
Amex Akasakamon Tower	96.3%	94.2%	98.6%	98.2%	96.8%
City House Keyaki Dori	97.2%	98.8%	97.0%	97.4%	98.0%
Aqualia Chihaya	98.3%	98.9%	97.8%	98.6%	99.3%
D-Wing Tower (*1)	95.7%	97.3%	97.6%	98.2%	98.5%
Granfore Yakuin Minami	97.2%	98.0%	95.3%	95.3%	98.4%
Axion Befu-Ekimae Premium (*1)	—	—	50.7%	62.7%	98.8%
The weighted average of 6 properties	96.8%	97.3%	97.5%	97.9%	98.3%
Axion Otemon Premium (*2)	—	—	—	—	80.9%

*The occupancy rate is calculated as a weighted average over the period.

(*1) The figure includes the retail portion.

(*2) The occupancy rate for Axion Otemon Premium as of the end of June 2024 is noted. Acquisition is scheduled for March 28, 2025.

◎ Rents continue to increase due to replacement



Overview of Hotel

◎ Fukuoka Washington Hotel has set a new record for ADR (Average Daily Rate).

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

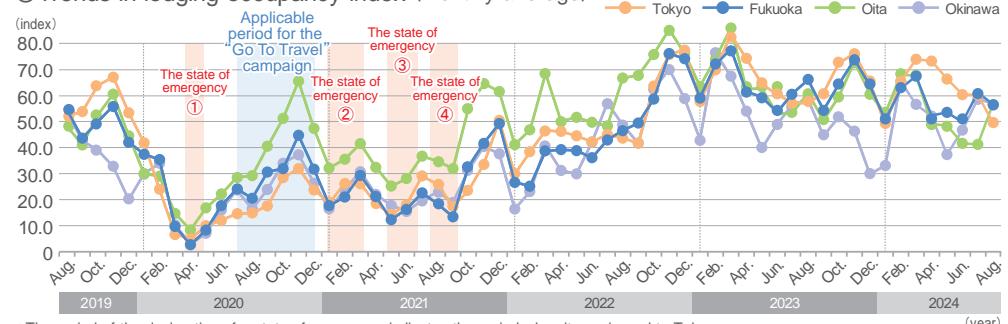
	39 th (Feb. 2024)	40 th (Aug. 2024)
Room occupancy rates	75.8%	75.4%
ADR (*4)	7,098 yen	7,805 yen
RevPAR (*5)	5,384 yen	5,882 yen

* Not disclosed for Fukuoka Washington Hotel as no consent for disclosure has been obtained from the operator.

(*4) 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.

(*5) 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)



Financing condition①

Control of financing costs in response to rising interest rates.

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

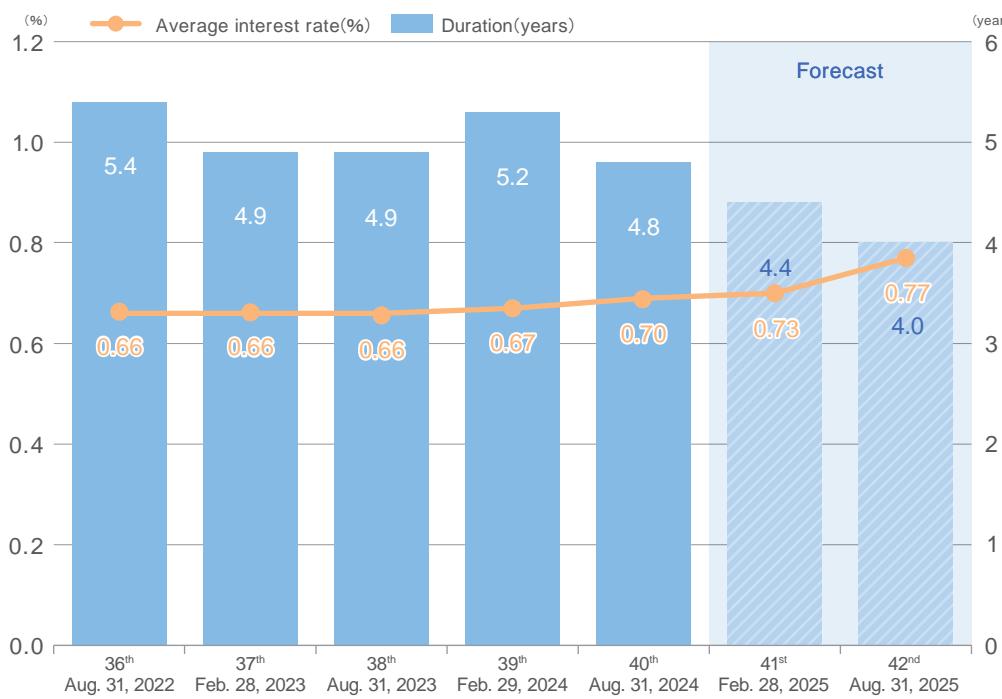
While diversifying debt maturities

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

Average interest rate^{(*)1} and duration



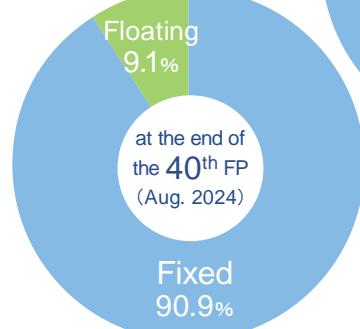
Total amount of borrowings at the end of period 96,350 mm yen

◎Borrowings (long-term) in the 40th period (fiscal period ended August 2024)

Date	Lender	Amount (mm yen)	Term	Interest rate
Sustainable finance Green Loan July 31, 2024	SBI Shinsei Bank	700	8.5-year	1.13176% (Fixed)

Long-term rate

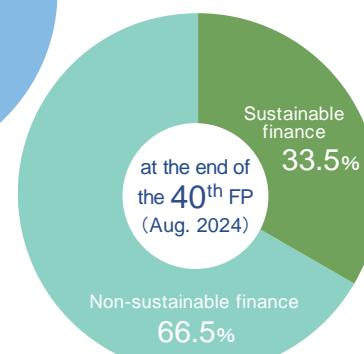
Fixed and floating rate



Long-term 100%

at the end of the 40th FP (Aug. 2024)

Sustainable finance rate



Credit ratings^{(*)2}



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

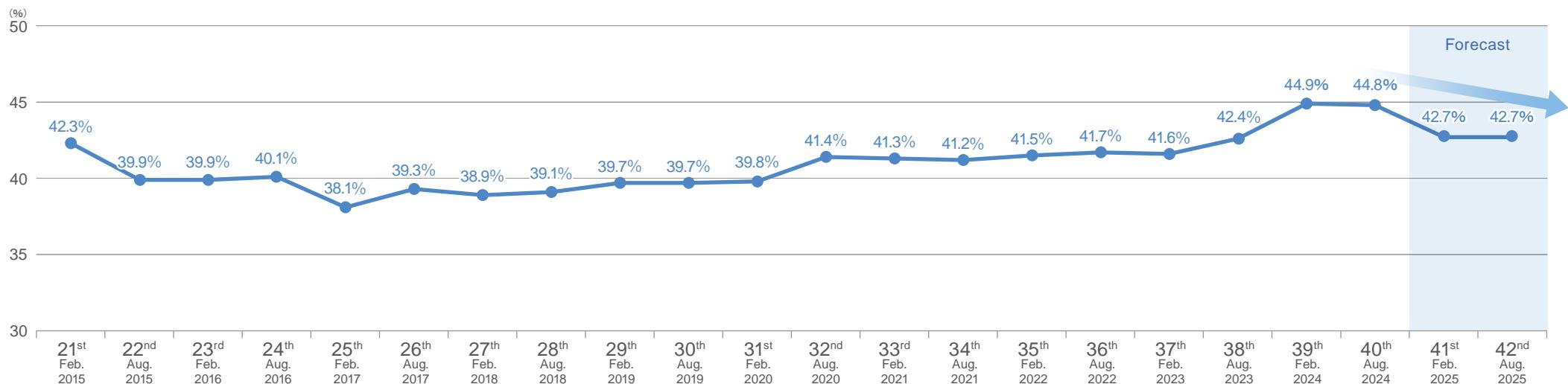
Financing condition②

Control of financing costs in response to rising interest rates.

Diversification of debt maturities (As of August 31, 2024)



LTV



Appraisal value

The unrealized gains^{(*)1} totaled 55,998 million yen at the end of 40th fiscal period (increase of 4,142 million yen compared with previous fiscal period)

Property name		Acquisition price (*)2	Acquisition cap rate	At the end of the 40 th FP (Aug. 31, 2024)				At the end of the 39 th FP (Feb. 29, 2024)				- unit : mm yen
Retail	Office buildings	Others	Appraisal value ①	Book value ②	Difference ①-②	Cap Rate by direct capitalization method ③	Appraisal value ④	Difference ①-④	Cap Rate by direct capitalization method ⑤	Difference ③-⑤	Appraiser	
Canal City Hakata	14,600	6.3%	29,100	29,694	(594)	4.2%	29,000	100	4.2%	0.0%	Tanizawa Sogo Appraisal	
Canal City Hakata -B	21,060	5.4%	21,800	20,474	1,325	4.3%	21,700	100	4.3%	0.0%	Tanizawa Sogo Appraisal	
Park Place Oita	19,610	6.0%	20,300	20,195	104	5.3%	20,200	100	5.4%	(0.1)%	Japan Real Estate Institute	
SunLive City Kokura	6,633	6.6%	8,210	5,430	2,779	5.6%	8,530	(320)	5.6%	0.0%	Japan Real Estate Institute	
Konoha Mall Hashimoto	10,000	5.3%	10,400	9,729	670	4.9%	10,100	300	5.0%	(0.1)%	Tanizawa Sogo Appraisal	
Square Mall Kagoshima Usuki	5,300	6.3%	4,650	4,142	507	5.5%	4,660	(10)	5.5%	0.0%	Japan Real Estate Institute	
Kumamoto Intercommunity SC	2,400	6.5%	2,840	1,883	956	5.4%	2,840	0	5.4%	0.0%	Japan Real Estate Institute	
Hanahata SC	1,130	6.4%	1,250	936	313	5.2%	1,220	30	5.3%	(0.1)%	Tanizawa Sogo Appraisal	
K's Denki Kagoshima	3,550	5.7%	3,550	2,781	768	5.3%	3,490	60	5.4%	(0.1)%	Tanizawa Sogo Appraisal	
Marinoa City Fukuoka (Marina Side Building)	5,250	5.5%	5,223	5,266	(43)	-	5,264	(41)	-	-	Tanizawa Sogo Appraisal	
Total of retail	106,933	-	107,323	100,536	6,786	-	107,004	319	-	-		
Canal City Business Center Building	14,600	6.3%	19,100	12,604	6,495	3.8%	19,100	0	3.8%	0.0%	Tanizawa Sogo Appraisal	
Gofukumachi Business Center	11,200	6.3%	16,700	8,522	8,177	4.0%	16,100	600	4.0%	0.0%	Tanizawa Sogo Appraisal	
Sanix Hakata Building	4,400	5.9%	7,460	3,646	3,813	3.5%	7,210	250	3.6%	(0.1)%	Japan Real Estate Institute	
Taihaku Street Business Center	7,000	6.0%	10,700	5,604	5,095	3.9%	10,400	300	4.0%	(0.1)%	Japan Real Estate Institute	
Higashi Hie Business Center	5,900	6.0%	9,580	4,338	5,241	4.2%	9,220	360	4.2%	0.0%	Tanizawa Sogo Appraisal	
Tenjin Nishi-Dori Center Building	2,600	5.4%	3,460	2,612	847	3.4%	3,400	60	3.5%	(0.1)%	Japan Real Estate Institute	
Tenjin North Front Building ^{(*)3}	2,660	6.1%	5,101	2,125	2,975	3.4%	4,921	180	3.5%	(0.1)%	Japan Real Estate Institute	
Higashi Hie Business Center II	4,230	4.9%	4,880	3,744	1,135	4.2%	4,880	0	4.2%	0.0%	Tanizawa Sogo Appraisal	
Higashi Hie Business Center III	3,290	4.4%	3,520	3,141	378	4.0%	3,520	0	4.0%	0.0%	Tanizawa Sogo Appraisal	
Tenjin Nishi-Dori Business Center (Land with leasehold interest)	7,700	3.5%	8,740	7,754	985	3.0%	8,770	(30)	3.0%	0.0%	Japan Real Estate Institute	
Hakata Chikushi-Dori Center Building	4,320	4.7%	4,560	4,499	60	4.1%	4,560	0	4.1%	0.0%	Tanizawa Sogo Appraisal	
Kumamoto East Front Building	1,450	5.0%	1,510	1,501	8	4.6%	1,500	10	4.6%	0.0%	Tanizawa Sogo Appraisal	
Hakata FD Business Center	14,100	4.1%	16,600	14,020	2,579	3.5%	16,100	500	3.5%	0.0%	Japan Real Estate Institute	
Total of office buildings	83,450	-	111,911	74,115	37,795	-	109,681	2,230	-	-		
Tosu Logistics Center (Logistics)	1,250	5.9%	1,650	1,099	550	4.5%	1,640	10	4.5%	0.0%	Japan Real Estate Institute	
LOGICITY Minato Kashii (Logistics)	8,150	5.2%	11,500	7,592	3,907	3.8%	11,400	100	3.8%	0.0%	Tanizawa Sogo Appraisal	
LOGICITY Hisayama (Logistics)	5,050	5.1%	6,520	4,543	1,976	4.0%	5,930	590	4.0%	0.0%	Tanizawa Sogo Appraisal	
LOGICITY Wakamiya (Logistics)	1,700	6.4%	2,590	2,079	510	5.1%	2,590	0	5.1%	0.0%	Tanizawa Sogo Appraisal	
Amex Akasakamon Tower (Residence)	2,060	5.4%	2,160	1,572	587	3.8%	2,100	60	3.9%	(0.1)%	Daiwa Real Estate Appraisal	
City House Keyaki Dori (Residence)	1,111	5.5%	1,200	835	364	3.8%	1,170	30	3.9%	(0.1)%	Daiwa Real Estate Appraisal	
Aqualia Chihaya (Residence)	1,280	6.8%	2,110	1,122	987	4.1%	2,060	50	4.2%	(0.1)%	Japan Real Estate Institute	
D-Wing Tower (Residence)	2,800	5.9%	4,140	2,691	1,448	3.9%	4,030	110	4.0%	(0.1)%	Tanizawa Sogo Appraisal	
Granfore Yakuin Minami (Residence)	1,100	5.6%	1,480	1,107	372	3.8%	1,430	50	3.9%	(0.1)%	Tanizawa Sogo Appraisal	
Axion Befu-Ekimae Premium (Residence)	1,525	3.4%	1,570	1,635	(65)	3.5%	1,570	0	3.5%	0.0%	Daiwa Real Estate Appraisal	
Hotel FORZA Oita (Hotel)	1,530	6.6%	1,940	1,456	483	5.0%	1,870	70	5.2%	(0.2)%	Japan Real Estate Institute	
Tissage Hotel Naha (Hotel)	2,835	5.3%	2,960	2,667	292	4.7%	2,940	20	4.8%	(0.1)%	Tanizawa Sogo Appraisal	
Total of others	30,391	-	39,820	28,404	11,415	-	38,730	1,090	-	-		
Total properties	220,774	-	259,054	203,056	55,998	-	255,415	3,639	-	-		

(*)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 On August 29, 2024, the transfer of 5% quasi co-ownership interest of the trust beneficiary interest in Tenjin North Front Building was completed. The figure recorded here is after deducting that 5% from the acquisition price and appraised value.

The remaining 95% of the trust beneficiary interest will be transferred for 6,032.5 million yen, as noted on P9.

Statements of Income (compared with the previous fiscal period)

Achieved the dividend target under normal operations of 3,800 yen ahead of schedule.

Account		39 th ~Feb. 29, 2024 A	40 th ~Aug. 31, 2024 B	Difference B - A	- unit : mm yen	
Operating profit and loss	Total operating revenues	9,326	9,652	325		
	Operating revenues excluding gain on sales	9,088	9,456	① 368		
	Gain on sales	237	195	② (42)		
	Total operating expenses	5,864	5,987	③ 123		
	Expenses related to leasing business	5,166	5,268	101		
	Asset management fees	557	579	22		
	Asset custody fees	7	8	0		
	Administrative service fees	58	63	4		
	Director's compensations	3	3	—		
	Other operating expenses	69	65	(4)		
Operating income		3,462	3,664	202		
Non-Operating profit and loss	Total non-operating revenues	0	1	1		
	Total non-operating expenses	431	440	9		
	Interest expenses (incl. investment corporation bonds)	328	337	9		
	Financing related expenses	101	101	0		
	Others	1	1	(0)		
	Ordinary income	3,031	3,225	194		
Profit before income taxes		3,031	3,225	194		
Total income taxes		1	2	1		
Profit		3,030	3,223	192		
Dividend						
Total dividends		3,030	3,064	34		
Dividend per unit (yen)		3,807	3,850	43		

Sign indicates impact on profit (unit : mm yen)

Operating profit and loss	
① Active retail	
-of which, Canal City Hakata/Canal City Hakata·B	+125
Park Place Oita	+91
Konoha Mall Hashimoto	+26
SunLive City Kokura	+19
	(11)
Office buildings	
-of which, Hakata FD Business Center	+214
Office buildings(excl. Hakata FD Business Center)	+197
	+17
Logistics	
-of which, LOGICITY Hisayama	+16
LOGICITY Minato Kashii	+11
	+5
Axion Befu-Ekimae Premium	
Others	+10
Deductions of revenue accompanying disposition of Kurume Higashi Kushiwara SC	+13
	(13)
Total : +368	
(of which, revenues from utilities +60)	
② gain on sale from disposition of Tenjin North Front Building	
Kurume Higashi Kushiwara SC	+195
Absence of gain on sales	(237)
Total : (42)	
③ Increase in outsourcing expenses (23)	
Increase in expenses from utilities (72)	
Decrease in repair & maintenance expenses +31	
Increase in taxes and other public charges (67)	
Increase in depreciation and amortization expenses (2)	
Increase in selling general and administrative expenses (22)	
Decrease in other expenses +33	
Total : (123)	

Statements of Income (compared with the forecast)

Due to increases in sales at Canal City Hakata exceeding expectations, the dividend is forecast to be +250 yen compared with predictions.

Account		- unit : mm yen		
		40 th Forecast at 39 th A	40 th Actual B	Difference B - A
Operating profit and loss	Total operating revenues	9,305	9,652	346
	Operating revenues excluding gain on sales	9,305	9,456	151
	Gain on sales	-	195	195
	Total operating expenses	5,999	5,987	(11)
	Expenses related to leasing business		5,268	
	Asset management fees		579	
	Asset custody fees		8	
	Administrative service fees		63	
	Director's compensations		3	
	Other operating expenses		65	
	Operating income	3,305	3,664	358
	Total non-operating revenues	0	1	1
Non-Operating profit and loss	Total non-operating expenses	439	440	0
	Interest expenses (incl. investment corporation bonds)		337	
	Financing related expenses		101	
	Others		1	
	Ordinary income	2,866	3,225	358
Profit before income taxes		2,866	3,225	358
Total income taxes		1	2	1
Profit		2,865	3,223	357
Dividend	Total dividends	2,865	3,064	199
	Dividend per unit (yen)	3,600	3,850	250

Sign indicates impact on profit (unit : mm yen)		
■ Operating profit and loss		
① Active retail		+147
-of which, Canal City Hakata／Canal City Hakata·B		+130
Park Place Oita		(5)
Konoha Mall Hashimoto		+18
SunLive City Kokura		+2
Office buildings		+6
Others		(1)
Total : +151		
(of which, revenues from utilities (18))		
② gain on sale from disposition of		
Tenjin North Front Building		+195
Total : +195		
③ Decrease in outsourcing expenses		+10
Decrease in expenses from utilities		+9
Increase in repair & maintenance expenses		(24)
Decrease in taxes and other public charges		+13
Decrease in depreciation and amortization expenses		+5
Increase in selling general and administrative expenses		(13)
Decrease in other expenses		+10
Total : +11		

Business forecast (the 41st fiscal period, Feb. 2025)

Revised upward from the previously announced budget of 3,600 yen to 3,900 yen, an increase of 8.3%.

Account	40 th Actual A	41 st Forecast at 39 th B	41 st Forecast at 40 th C	40 th Actual difference C-A	41 st Forecast difference C-B
Operating revenues	9,652	9,242	10,203	551	960
Operating revenues excluding gain on sales	9,456	9,242	9,227	① (228)	(15)
Gain on sales	195	0	975	② 780	975
Operating expenses	5,987	5,941	5,969	③ (18)	27
Operating income	3,664	3,301	4,234	570	933
Non-operating revenues	1	0	0	(1)	—
Non-operating expenses	440	435	454	14	19
Ordinary income	3,225	2,866	3,780	554	913
Profit	3,223	2,865	3,779	556	913
Total dividends	3,064	2,865	3,400	336	535
Dividend per unit (yen)	3,850	3,600	3,900	50	300

- unit : mm yen

Sign indicates impact on profit (unit : mm yen)

■ Difference between the 40th FP actual and the 41st FP forecast

① Active retail	(78)
- of which, Canal City Hakata / Canal City Hakata·B	(27)
Park Place Oita	(36)
Konoha Mall Hashimoto	(17)
SunLive City Kokura	+2
LOGICITY Minato Kashii	+23
Gofukumachi Business Center	(13)
Others	(16)
Deductions due to the sale of Marina City Fukuoka (Marina Side Building) (building)	(144)
Total : (228)	
(of which, revenues from utilities (9))	
② Increase in gain on sale from disposition of Tenjin North Front Building	+780
Total : +780	
③ Decrease in outsourcing expenses	+6
Decrease in expenses from utilities	+9
Decrease in repair & maintenance expenses	+7
Decrease in taxes and other public charges	+8
Decrease in depreciation and amortization expenses	+14
Increase in selling general and administrative expenses	(19)
Increase in other expenses	(6)
Total : +18	

Business forecast (the 42nd fiscal period, Aug. 2025)

Secure 3,900 yen, equal to the February 2025 period.

Account	41 st Forecast at 40 th A	42 nd Forecast at 40 th B	41 st Forecast difference B-A
Operating revenues	10,203	10,449	245
Operating revenues excluding gain on sales	9,227	9,588	① 360
Gain on sales	975	860	② (115)
Operating expenses	5,969	6,266	③ 297
Operating income	4,234	4,182	(51)
Non-operating revenues	0	0	—
Non-operating expenses	454	478	23
Ordinary income	3,780	3,704	(75)
Profit	3,779	3,703	(75)
Total dividends	3,400	3,400	—
Dividend per unit (yen)	3,900	3,900	—

- unit : mm yen

Sign indicates impact on profit (unit : mm yen)

■ Difference between the 41th FP forecast and the 42nd FP forecast

① Active retail	+9
- of which, Canal City Hakata / Canal City Hakata-B	(0)
Park Place Oita	(0)
Konoha Mall Hashimoto	+2
SunLive City Kokura	+7
Office buildings	+122
- of which, Hakata FD Business Center	+59
Gofukumachi Business Center	+32
Office buildings(excl. above 2 properties)	+30
Logistics	+30
- of which, LOGICITY Hisayama	+20
LOGICITY Minato Kashii	+10
New acquisition of property	+215
- of which, (Tentative)Mifune Logistics Center	+186
Axion Otemon Premium	+28
Others	+22
Deductions due to the sale of Tenjin North Front Building	(39)
Total : +360	
(of which, revenues from utilities	+101)
② Decrease in gain on sale from disposition of	(115)
Tenjin North Front Building	
Total : (115)	
③ Increase in outsourcing expenses	(14)
Increase in expenses from utilities	(100)
Increase in repair & maintenance expenses	(25)
Increase in taxes and other public charges	(28)
Increase in depreciation and amortization expenses	(93)
Increase in selling general and administrative expenses	(30)
Increase in other expenses	(4)
Total : (297)	

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Fukuoka REIT

Appendix

Highlights of the 6th Public Offering of New Shares

Public offering conducted in the 41st period.

■ Highlights

1. Expansion of assets through the acquisition of logistics facilities in the Kumamoto area and residences in the Fukuoka metropolitan area, where increased demand is anticipated in the future.
2. Realization of latent profits backed by property sales significantly exceeding appraised values and steady growth in dividend.
3. Internal growth of existing properties primarily in the Fukuoka metropolitan area, where urban growth is continuing.
4. Expansion of a stable financial foundation.
5. Continuous sponsor support and a unified growth strategy across the group.

■ Raised approximately 10.3 billion yen (including 400 million yen through third-party allotment) via the issuance of investment units.

◎ This is the 6th public offering for the first time in approximately six and a half years.

● Number of investment units offered ^{(*)1}	76,000
● Number of investment units outstanding after additional issuance	872,000
● Total issued amount	10.3 bn yen
● Date of issuance resolution	Aug.28, 2024
● Date of issue price determination	Sept.4, 2024
● Payment date	Sept.10, 2024

(*)1)Includes an additional issuance of 3,600 units.

■ Portfolio after new property acquisition

Portfolio as of the end of August 2024		
Number of properties	Planned acquisition price	Average age of properties
35	220,774 mm yen	20 years and 2 months

+

New property acquisition		
Number of properties	Planned acquisition price	Average age of properties ^{(*)2}
2	12,800 mm yen	10 months

||

Planned new acquisition after property acquisition		
Number of properties ^{(*)3}	Acquisition price	Average age of properties ^{(*)2}
36	230,100 mm yen	18 years and 10 months

(*)2)"Average age of properties" is calculated as a weighted average based on the acquisition price of each property as of July 1, 2024.

(*)3)"Number of properties" is the figure after the sale of Tenjin North Front Building.



(Tentative) Mifune Logistics Center



Axion Otemon Premium

Financial highlights

Dividend per unit was 3,850yen

Category	36 th ~ Aug. 31, 2022	37 th ~ Feb. 28, 2023	38 th ~ Aug. 31, 2023	39 th ~ Feb. 29, 2024 A	40 th ~ Aug. 31, 2024 B	Difference B-A	- unit : mm yen	
	41 st ~ Feb. 28, 2025 (forecast)	42 nd ~ Aug. 31, 2025 (forecast)						
Operating revenues	8,830	9,037	9,284	9,326	9,652	325	10,203	10,449
Gain on sales	—	115	432	237	195	(42)	975	860
Leasing NOI	5,370	5,274	5,152	5,531	5,800	269	5,596	5,783
Depreciation and amortization expenses	1,514	1,499	1,531	1,609	1,611	2	1,597	1,691
Operating income	3,181	3,223	3,372	3,462	3,664	202	4,234	4,182
Ordinary income	2,805	2,851	2,988	3,031	3,225	194	3,780	3,704
Profit	2,804	2,849	2,987	3,030	3,223	192	3,779	3,703
Dividend per unit (yen) (①)	3,523	3,580	3,753	3,807	3,850			
Latest dividend forecast per unit (yen)②	3,500	3,520	3,600	3,755	3,600		3,900	3,900
Difference from forecast (yen) ①-②	+23	+60	+153	+52	+250		—	—
Total number of investment units outstanding (at period-end) (units)	796,000	796,000	796,000	796,000	796,000		872,000	872,000
Total assets (at period-end)	201,223	201,442	203,868	214,390	215,083			
Total liabilities (at period-end)	99,480	99,653	101,941	112,421	112,921			
Total net assets (at period-end)	101,743	101,788	101,926	101,969	102,161			
Days in fiscal period (days)	184	181	184	182	184			
Number of investment properties (at period-end)	33	33	35	35	35			
Number of tenants (at period-end)①	1,021	1,007	1,018	1,031	1,043			
Total leasable floor space (at period-end) (m ²)	578,255.35	577,161.81	580,272.77	590,409.24	590,145.62			
Occupancy rate (at period-end) (%)②	99.4	97.9	99.1	98.8	98.9			
FFO (Funds from Operation)③	4,318	4,234	4,086	4,401	4,639			
FFO per unit (yen)	5,425	5,319	5,133	5,529	5,828			

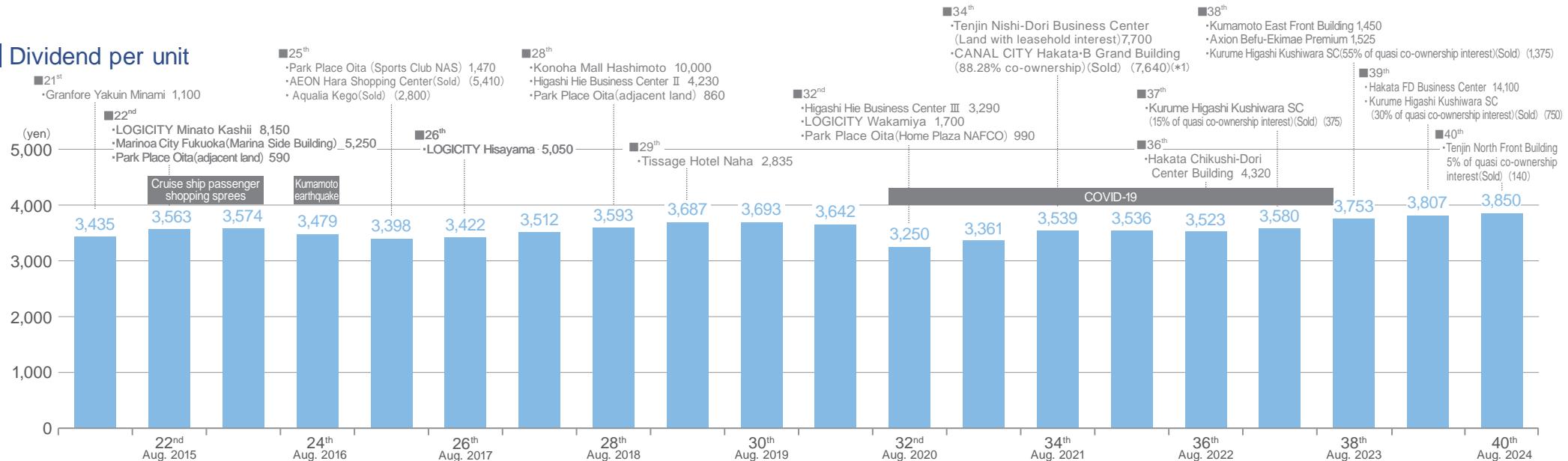
(①) The number of tenants shown is based on the total for properties Fukuoka REIT owns. As for the number of tenants in pass-through master leasing properties, the total number of sections stipulated in the tenancy agreements with end tenants is shown.

(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

Dividend and NAV per unit

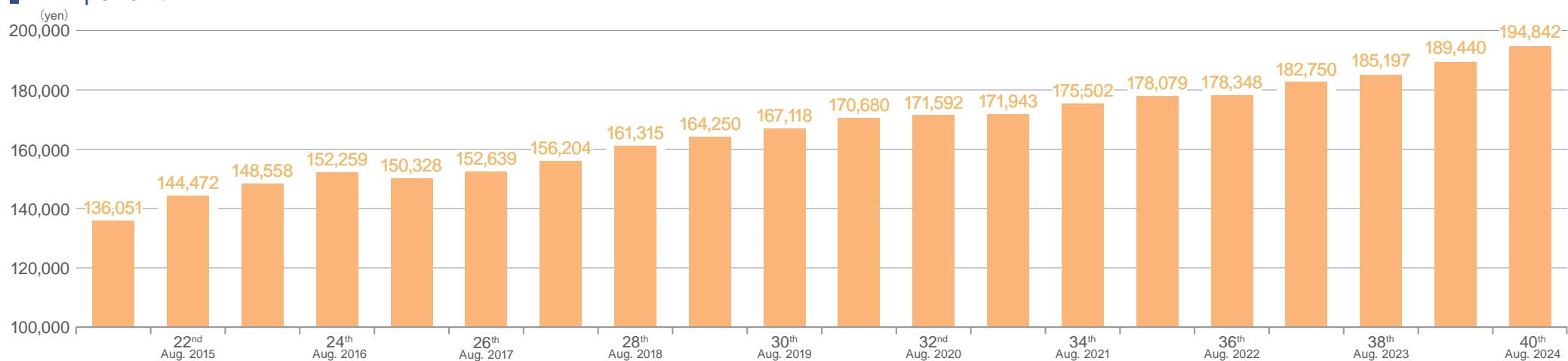
Dividend per unit



*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)



(*2)Market net asset value per unit = (Total net assets + Unrealized gains - Total amount of dividends) / Total number of investment units outstanding

Profile

Special features of Fukuoka REIT Corporation

1

Japan's first region-specific REIT

Asset management leveraging our in-depth knowledge of the real estate environment of Fukuoka and Kyushu region, one of our greatest strengths

2

Excellent portfolio centered on Fukuoka metropolitan area

A portfolio of carefully selected investments in the high growth area of Fukuoka City, attention from around Japan and overseas

3

Solid support from a sponsor company involved in property development

Asset portfolio expansion and high occupancy rates facilitated through coordination with our sponsors

4

Establishment of stable financial base

Conservative control of interest-bearing debt ratio, long-term diversification of repayment deadlines

5

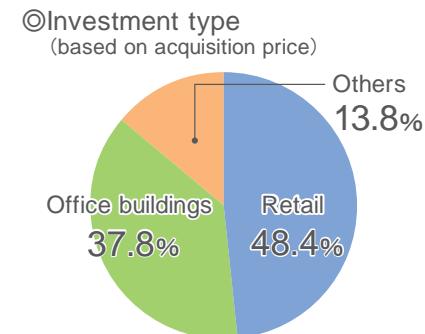
Stable dividends and steady NAV growth since listing

Appropriate management of real estate invested in

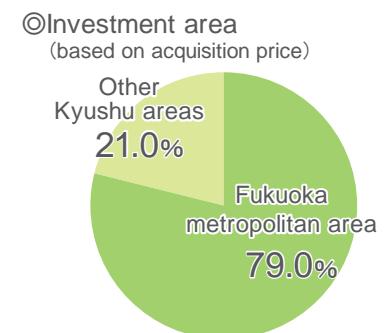
Overview of Fukuoka REIT Corporation

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

Portfolio summary ^{(*)1}	
Number of properties / Asset size ^{(*)2}	35 / 220,774 mm yen
Of which, acquisition from sponsors ^{(*)3}	16 / 142,290 mm yen
Unrealized gains	55,998 mm yen
Total leasable floor space	590,145.62m ²
Occupancy rate	98.9%



Financial highlight ^{(*)1}	
Total debt	96,350 mm yen
LTV	44.8%
Fixed rate	90.9%
Average interest rate	0.70%
Credit ratings	JCR AA-(Stable) R&I A+(Stable)



Investment unit price ^{(*)1}

Unit price	148,400 yen
Outstanding units	796,000 units
Market capitalization	118,126 mm yen (unit price * outstanding units)
Net assets value per unit	128,344 yen
Market net assets value per unit ^{(*)4}	194,842 yen
Dividend (actual)	3,850 yen per unit (Days in fiscal period 184days) at the 40 th FP
Dividend yield	5.1% { (Dividend / days in fiscal period * 365) / Unit price }

(*)1 The figures are as of August 31, 2024 (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



THE BANK OF
FUKUOKA, LTD.



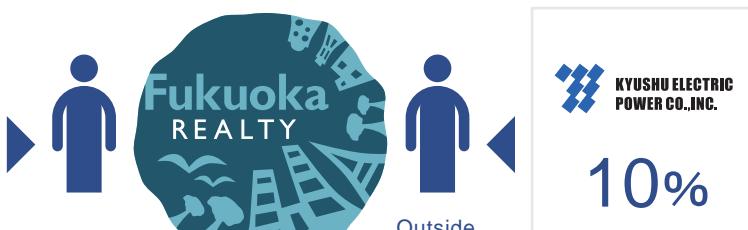
THE NISHI-NIPPON
CITY BANK, LTD.



Development
Bank of Japan Inc.



Fukuoka Jisho
Co., Ltd (*)



Fukuoka Realty Co., Ltd.
(Asset Manager)



Kyushu Electric
Power Co., Inc.



SAIBUGAS HOLDINGS
CO., LTD.



Kyudenko
Corporation



Nishi-Nippon
Railroad Co., Ltd.



Kyushu Railway
Company

(*) 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%

Situation of active retail

- Canal City Hakata
- Canal City Hakata・B



Sales(annual total)(*1)
Sept. 2023 - Aug. 2024

28.3 bn yen
YoY +33.6%
(vs. 2 years ago +64.0%)

A highly entertaining urban multi-purpose retail facility. Successfully attracted inbound demand and domestic customers resulting in strong sales centered around Alpen Fukuoka and the Fukuoka Ramen Stadium.

- Park Place Oita



Sales(annual total)
Sept. 2023 - Aug. 2024

26.1 bn yen
YoY +0.5%
(vs. 2 years ago +6.7%)

A suburban mall anchored by a GMS and tenants involved in daily necessities. Good sales performances of food and home appliances. The mall actively utilizes its website and social media to strengthen information dissemination.

- Konoha Mall Hashimoto



Sales(annual total)
Sept. 2023 - Aug. 2024

16.3 bn yen
YoY +1.3%
(vs. 2 years ago +12.3%)

A daily-life-oriented mall anchored by a supermarket and tenants involved in daily necessities. Good implementation of events targeting family demographics, resulting in strong sales.

- SunLive City Kokura



Sales(annual total)(*2)
Sept. 2023 - Aug. 2024

—
YoY +0.2%
(vs. 2 years ago +1.5%)

A daily-life-oriented mall anchored by a supermarket and tenants involved in daily necessities. Good sales of summer apparel and other items.

Change in sales from a year earlier

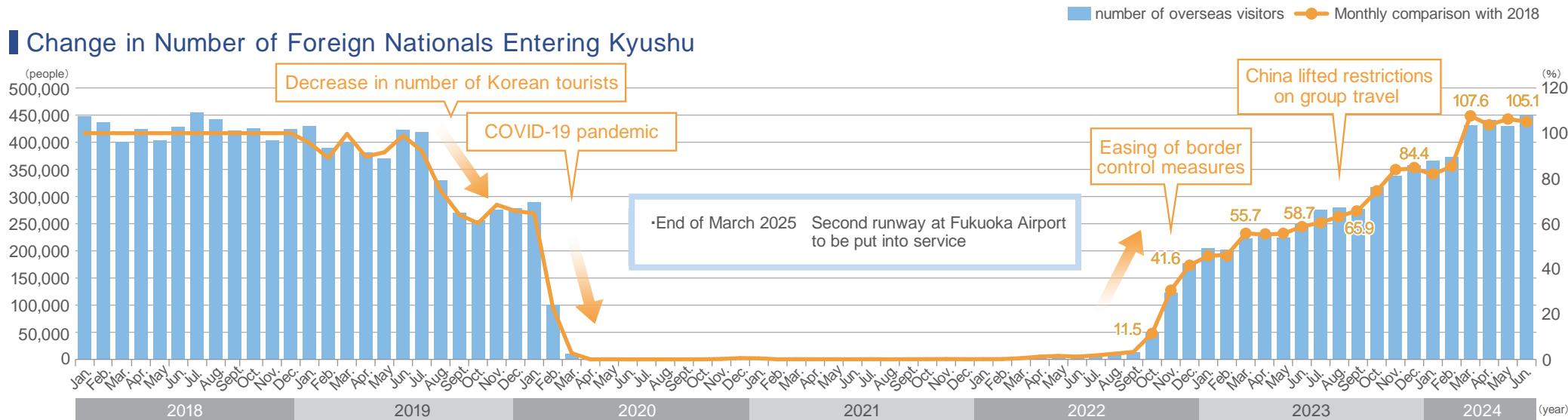
Property name	2023												2024					
	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.
	38 th Aug. 2023						39 th Feb. 2024						40 th Aug. 2024					
Canal City Hakata／Canal City Hakata・B (*1)				+18.0%					+25.4%					+41.8%				
Park Place Oita				+5.9%					(1.2) %					+2.1%				
Konoha Mall Hashimoto				+11.1%					+1.8%					+0.9%				
SunLive City Kokura				+2.1%					(0.2) %					+0.7%				
Other retail properties (*3)				+2.6%					(0.8) %					+8.5%				

(*3) Square Mall Kagoshima Usuki, Kumamoto Intercommunity SC, Hanahata SC, K's Denki Kagoshima, Marina City Fukuoka (Marina Side Building) are listed as other retail properties. The sales of Kurume Higashi Kushiwara SC are subtracted after November 30, 2023, the date of disposition.

Condition of Inbound Tourists

The number of foreign nationals entering Kyushu has almost recovered except for China

Change in Number of Foreign Nationals Entering Kyushu

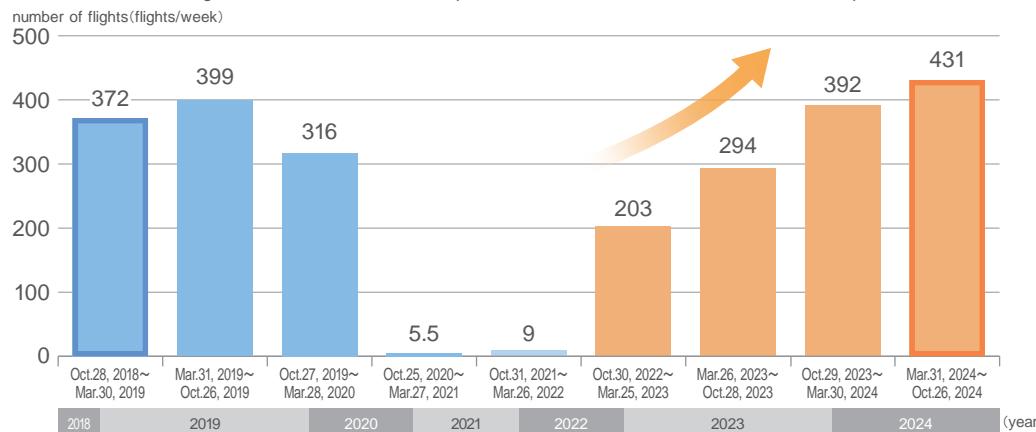


(*)1 The number of foreign visitors for July and August 2024 is a preliminary figure.

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}

◎ The number of flights in summer 2024 is expected to exceed the levels of the same period in 2019.



(*)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 2024)

Country/Region	Jun. 2018	Jun. 2019	Jun. 2024	Jun. 2024 (Comparison with 2018)
Korea	189,739	182,328	200,428	105.6%
China	149,563	142,737	103,309	69.1%
Other Asia	77,793	86,326	126,124	162.1%
Total of Kyushu Region ^{(*)3}	427,996	423,361	449,989	105.1%

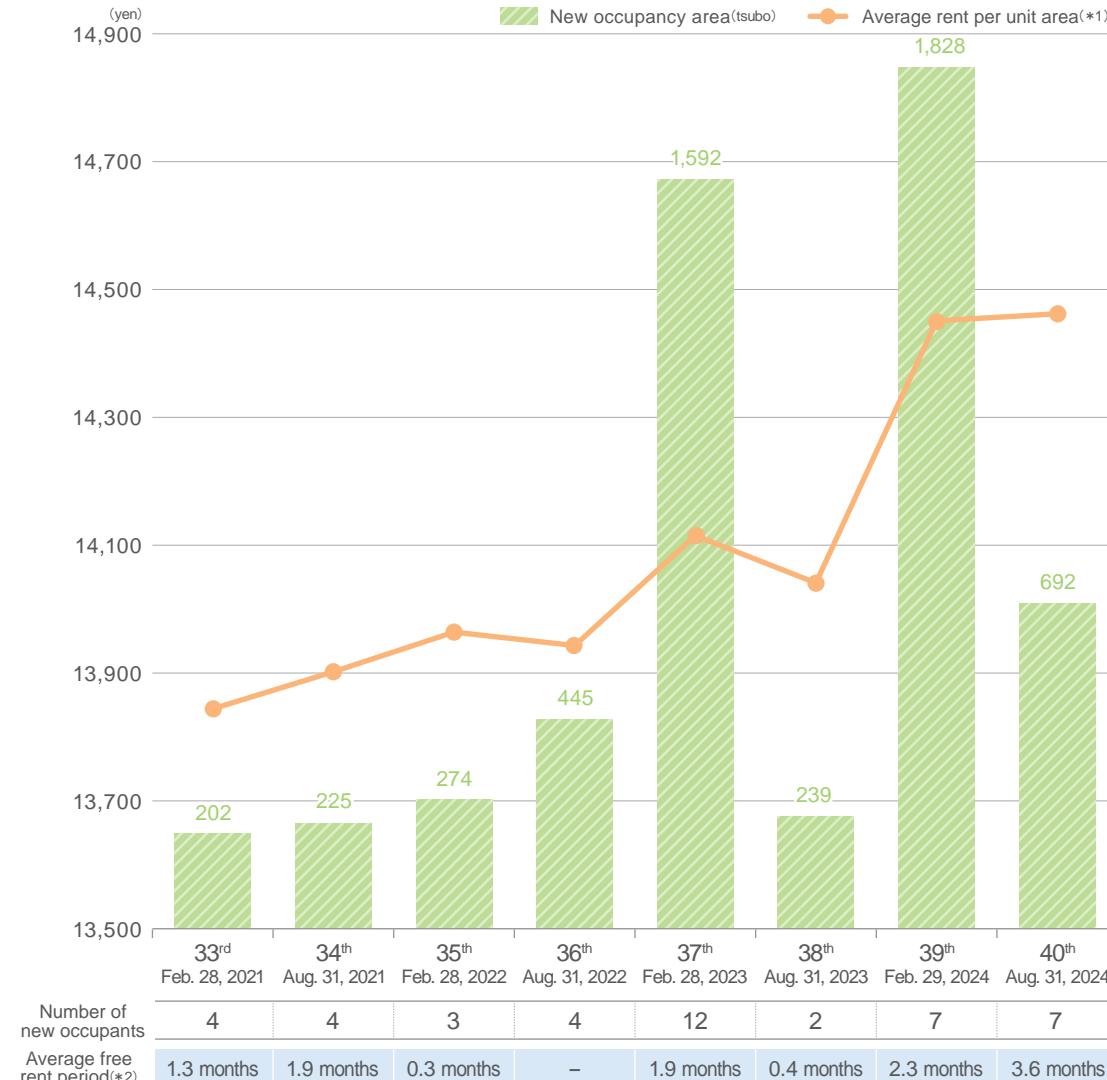
(*)3 The total number for Kyushu includes the number of foreign visitors from regions other than Asia.

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

Office building rent revisions and tenant replacement situation

Continuing negotiations for rent increases.

Trends in new occupancy area and average rent per unit area



(*1) Average rent per unit area = Total rent at period end / Total leased floor area at period end

(*2) The average value of the free rent period is calculated among new contracts.

Examples of rent increases



Replacement with increased rent

Increase rate in rent per unit
Compared to before replacement: +103.1%
Average ratio: +4.2%
Target area: 55 tsubo



Replacement with increased rent

Increase rate in rent per unit
Compared to before replacement: +23.3%
Average ratio: +16.3%
Target area: 114 tsubo



Replacement with increased rent

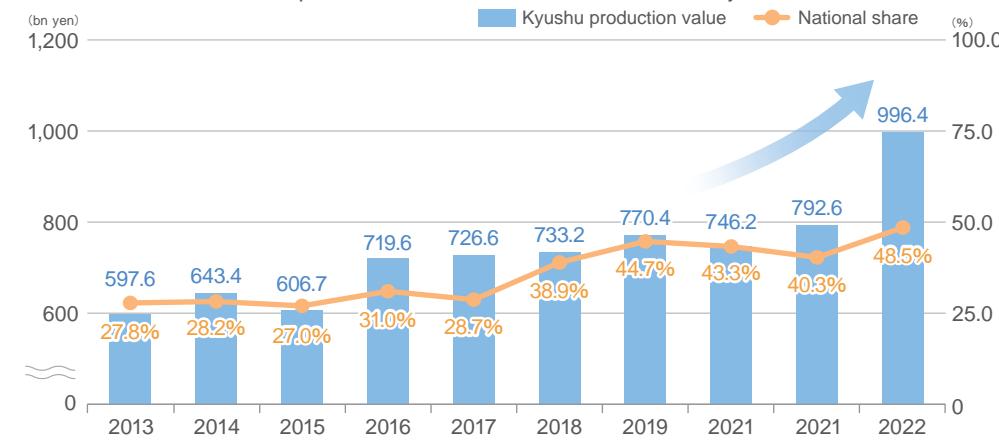
Increase rate in rent per unit
Compared to before replacement: +15.4%
Average ratio: +9.5%
Target area: 58 tsubo

Kyushu Region Thriving in the Semiconductor Industry

The Kyushu region has become an important hub for the semiconductor-related industry, with further development expected in the future.

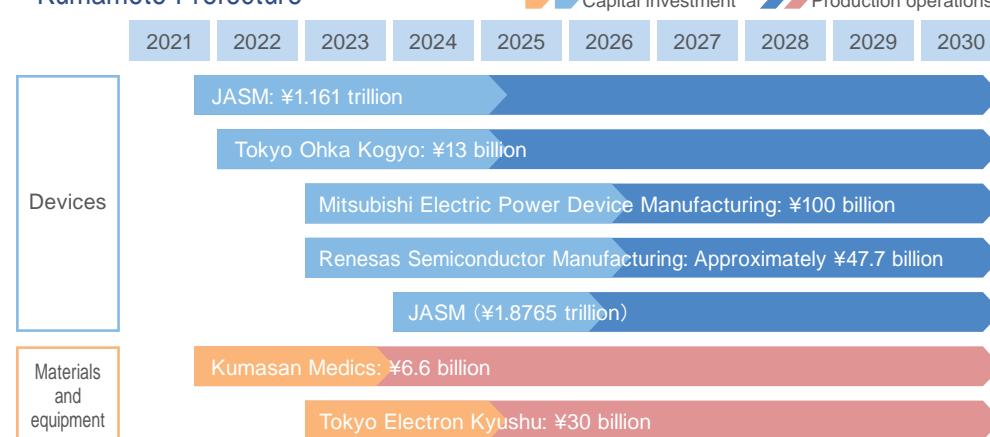
Trends in semiconductor production value and national share in Kyushu

Both the semiconductor production value and national share in Kyushu are on the rise.



(*) Since this is a comprehensive survey of firms above a certain scale, the figures may differ from those in industrial statistics.
Source: Prepared by Fukuoka Realty based on "Trends in Mining and Manufacturing in the Kyushu Region" by the Kyushu Economic and Industrial Bureau.

Main semiconductor-related capital investments and production operations in Kumamoto Prefecture

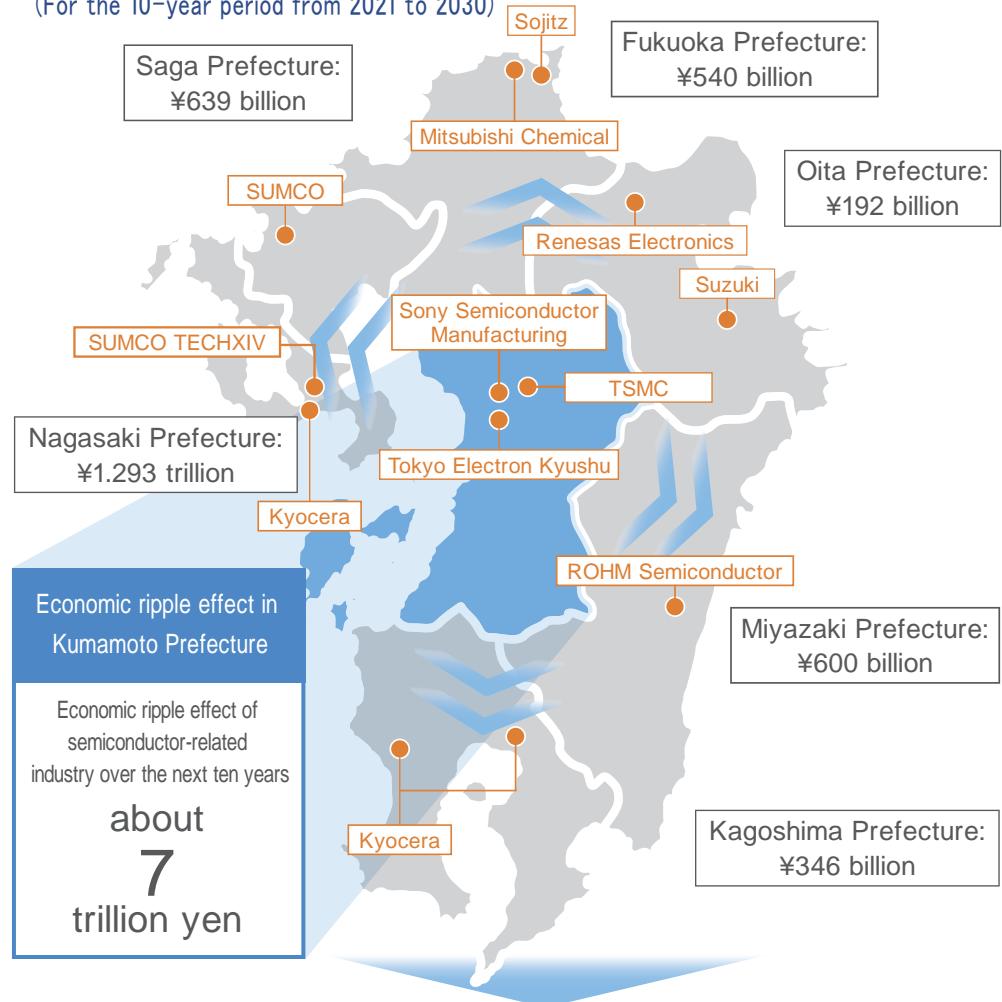


(*)1 The investment amounts listed are the total amounts and total periods for investments spanning multiple prefectures (including those outside Kyushu).

(*)2 The investment amounts disclosed by various companies and public institutions. Exchange rate is noted as ¥135 to \$1 for approximation

Source: Prepared by Fukuoka Realty based on public materials from various companies, the Ministry of Economy, Trade and Industry, etc.

Economic ripple effects from semiconductor-related capital investment in the Kyushu region (For the 10-year period from 2021 to 2030)

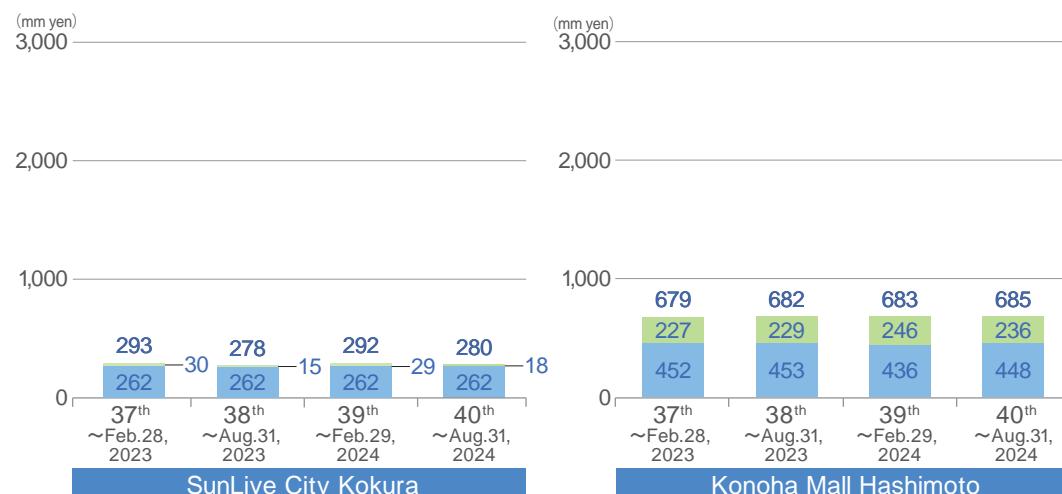
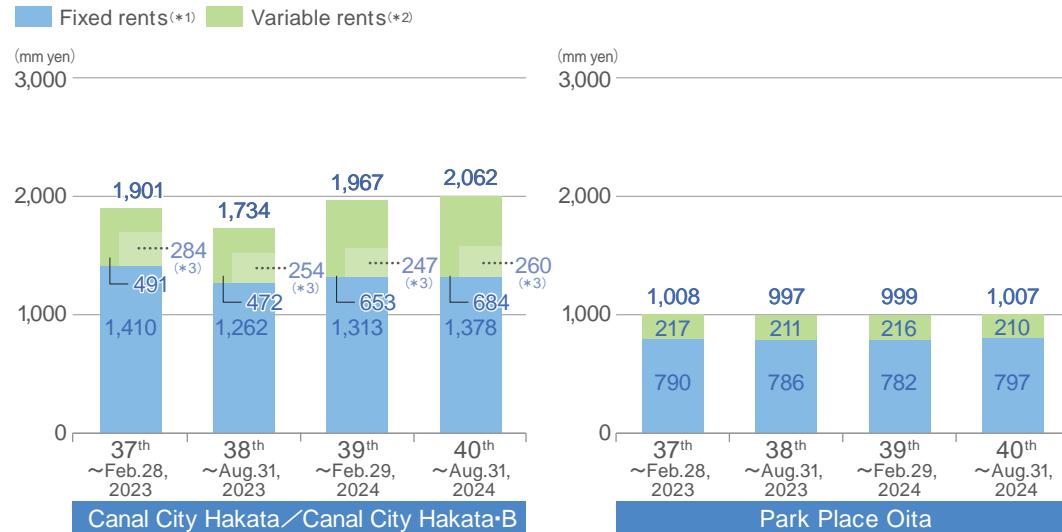


Economic diffusion effects in the Kyushu region: Approximately **¥10.6 trillion**.

Source: Prepared by Fukuoka Realty based on "Kyushu Business Review April 2024" by the Kyushu Economic Research Association.

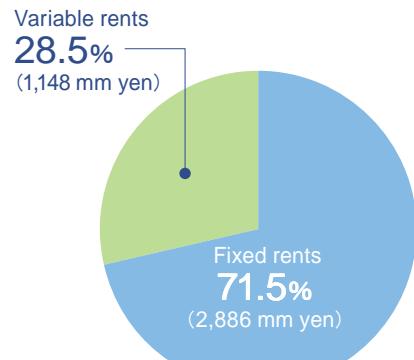
Breakdown of variable rents

■ Breakdown of active retail rents by property



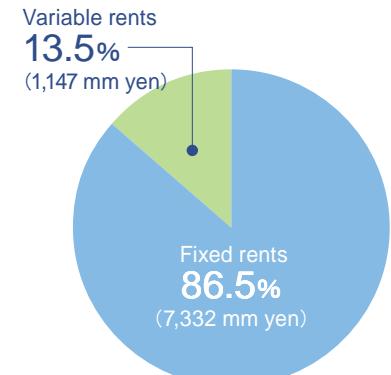
■ Breakdown of active retail rents

◎ The 40th FP



■ Portfolio overall

◎ The 39th FP



◎ The 40th FP

■ Breakdown of Tissage Hotel Naha



* Variable rents are included 6 properties such as 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) The figures are included parking fee in variable rents of Canal City Hakata / Canal City Hakata-B.

Top tenants by leased floor area

Lessee		Tenant	Share of total leased space (*1)	41 st ~Feb. 28, 2025	42 nd ~Aug. 31, 2025	43 rd ~Feb. 28, 2026	Remaining lease term (years) (*2)
1	SunLive Co., Ltd.	SunLive	11.1%	● SunLive City Kokura			17
				● Konoha Mall Hashimoto			6
2	AEON Kyushu Co., Ltd.	AEON	10.0%	● Park Place Oita			0
3	FJ. Entertainment Works Ltd.	—	6.1% ^(注3)	● Marina City Fukuoka (Marina Side Building)			10
4	Canal City OPA Co., Ltd.	OPA	4.4%	● Canal City Hakata			0
				● Canal City Hakata · B			0
5	KASEI inc Co., Ltd.	—	4.2%	● LOGICITY Hisayama			0
6	Fukuoka Logistic System Corporation	—	3.9%	● LOGICITY Minato Kashii			5
				● Canal City Hakata			9
7	Alpen Co., Ltd.	Alpen FUKUOKA Sports Depo, Golf 5	3.7%	● Square Mall Kagoshima Usuki			2
				● Kumamoto Intercommunity SC			2
8	F-LINE CORPORATION	—	3.5%	● LOGICITY Minato Kashii			non-disclosure (*4)
9	Tsukasa Kigyou	—	3.0%	● LOGICITY Wakamiya			6
10	K'S HOLDINGS CORPORATION	K's Denki	2.3%	● Park Place Oita			0

(*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.

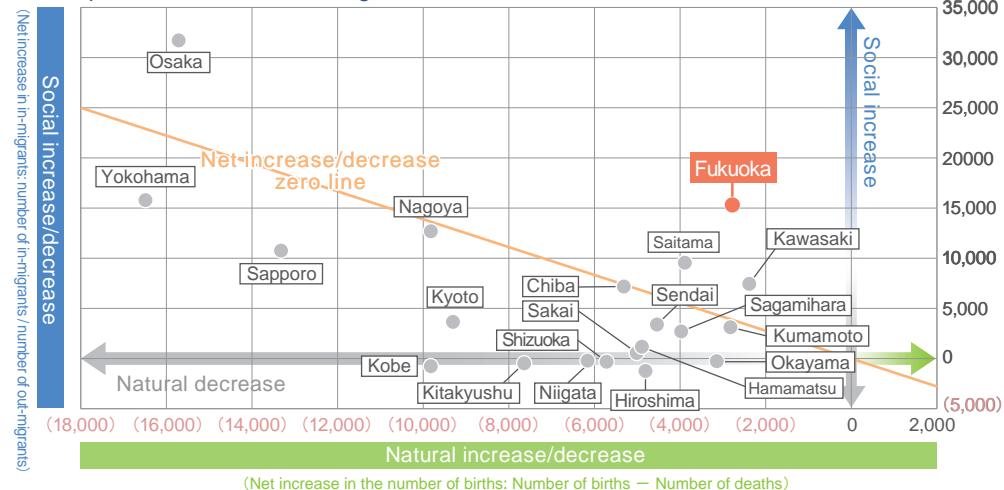
(*2) Remaining lease periods shown are the remaining periods of lease contracts as of August 31, 2024 with periods shorter than one year rounded down to the nearest whole year.

(*3) The 6.1% includes a 0.4% office portion. (6 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.

Current situation of Fukuoka City

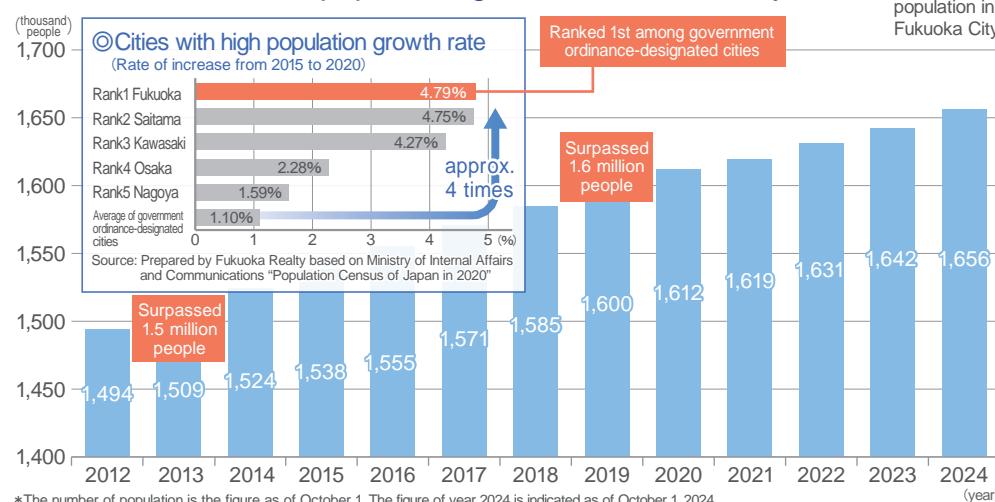
Distribution Chart of Net Increase/Decrease in Population (comparison of ordinance-designated cities) (2023)



(Net increase in the number of births: Number of births - Number of deaths)

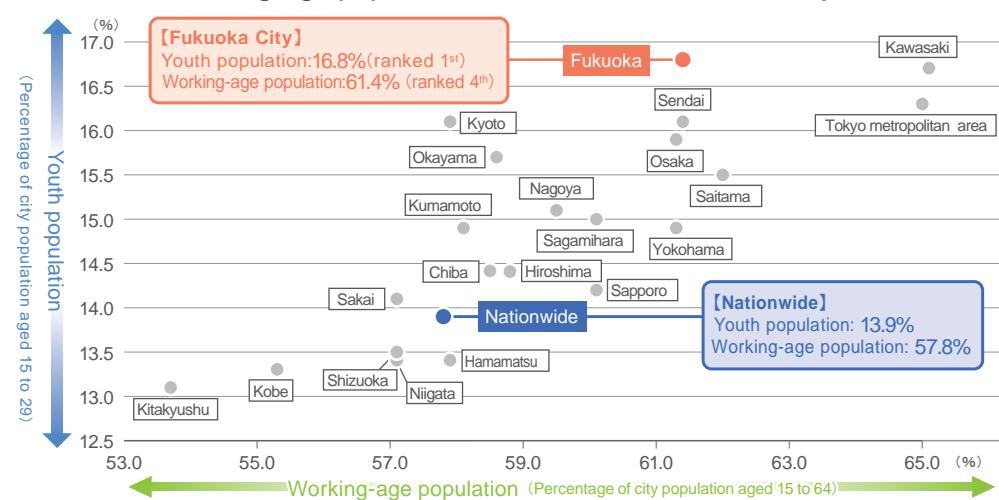
Source: Prepared by Fukuoka Realty based on data from "Population, Demographics and Number of Households Based on the Basic Resident Register (2023)" (Local Administration Bureau, Ministry of Internal Affairs and Communications).

Trends in number of population growth in Fukuoka City



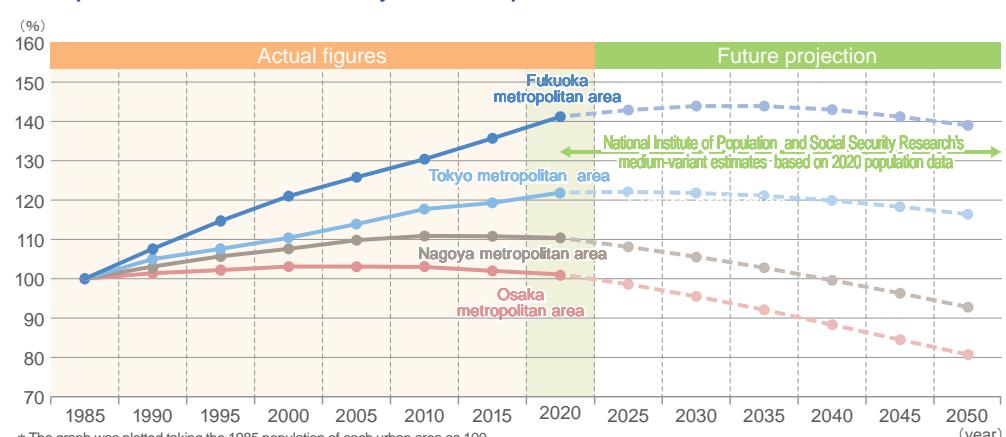
Source: Prepared by Fukuoka Realty based on data from "Estimated Population" (Fukuoka City General Affairs and Planning Bureau).

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)".

Population trends of major metropolitan areas



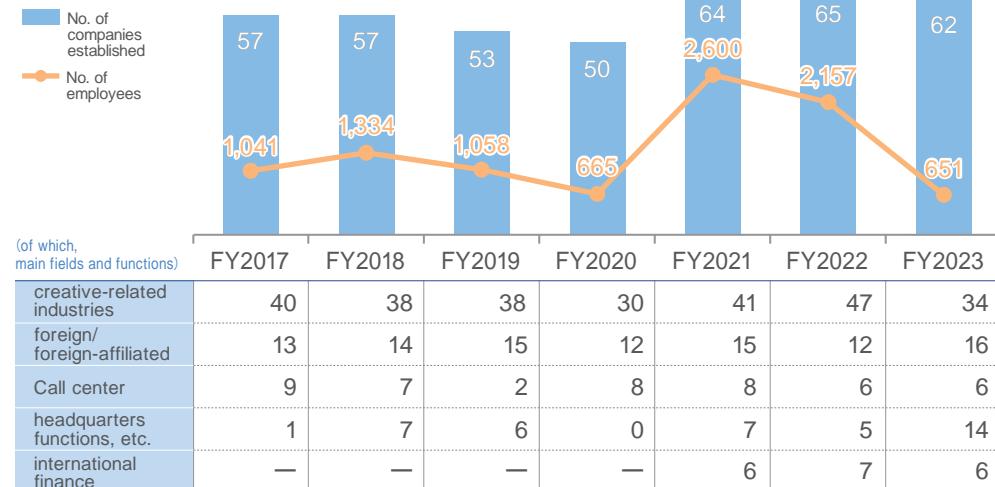
* The graph was plotted taking the 1985 population of each urban area as 100.

* "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, Shingū 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.

Initiatives by Fukuoka City Government and status of office workers

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

◎Strong demand for creative-related industries and call centers



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

* Breakdown of companies is partially duplicated.

(Major Companies Established in 2023)

- Creative industries : Arsaga Partners Inc. •
- Office equipment for HR and accounting : Kubara Honke Group
- International, financial, foreign, and foreign-affiliated : E.SUN Bank •
- NN Life Insurance Co., Ltd. •
- VMO Japan Inc.



Fukuoka Prefecture and Fukuoka City have been selected as special zones for startup finance and asset management. (Jun 2024) NEW

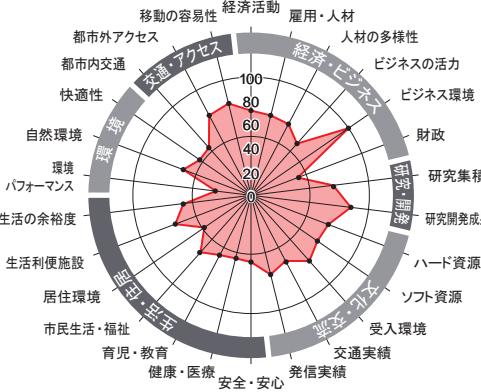
◎Aiming for the expansion of fund supply to growth areas by accelerating the attraction of international financial functions.

(Approved Proposals)

- Easing restrictions on investments in venture funds
- Easing restrictions on startup investments by investment subsidiaries of banking groups
- Support for corporate registration procedures in English
- Assistance for foreigners in opening bank accounts

Business environment of Fukuoka City ranked top in Japan for two consecutive years in "Japan Power Cities: Profiling Urban Attractiveness"

◎Progress of town development due to redevelopments generating a cycle in which people and companies gather



Strengths of Fukuoka City

Category	Indicator group	Rank
Economy and business	Business environment	1st
Transport/access	Ease of travel	2nd
Transport/access	Access to areas outside the city	3rd
Research and development	Results of research and development	4th

Source:Prepared by Fukuoka Realty based on data from "Japan Power Cities DATABOOK 2023" by the Mori Memorial Foundation's Institute for Urban Strategies.

Initiatives Aimed at Attracting Companies to Fukuoka City

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

Aiming for an "international city where global human resources play an active role and continuously create innovation with the concentration of international financial functions unique to Fukuoka"

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

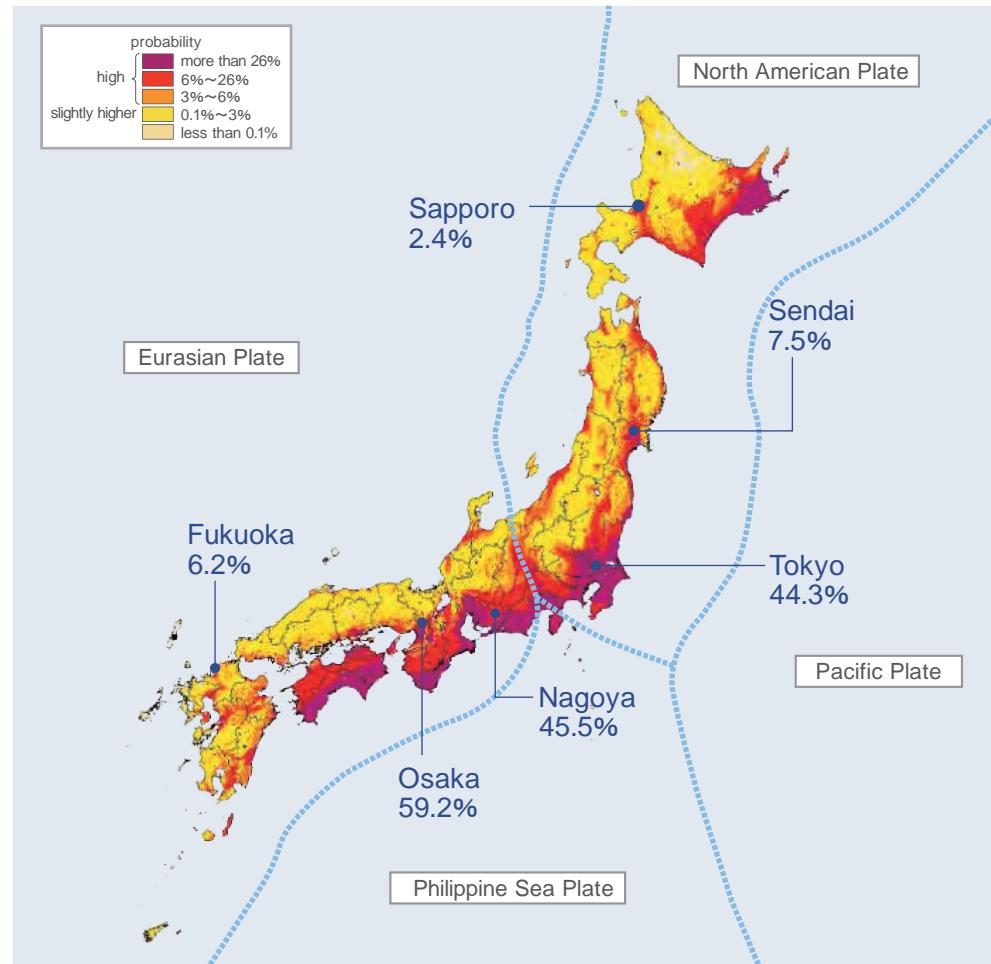
- ✓ Diversification of international financial centers in Japan
(Correction of excess concentration of population and industry in Tokyo)

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]

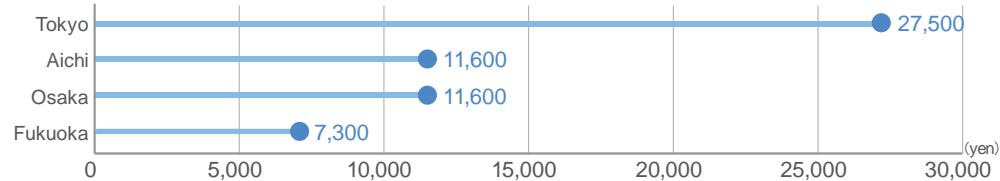


*According to the calculation model, meshes with zero probability are colored in white. Figures for each city are based on the baselines in 2024.
Source: Prepared by Fukuoka Realty based on data from the Office of the Headquarters for Earthquake Research Promotion (Earthquake and Disaster-Reduction Research Division, Research and Development Bureau, Ministry of Education, Culture, Sports, Science and Technology); J-SHS (Japan Seismic Hazard Information Station, National Research Institute for Earth Science and Disaster Resilience); and the website of the Japan Meteorological Agency, Ministry of Land, Infrastructure, Transport and Tourism.

Basic Rate of Earthquake Insurance

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

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



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

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

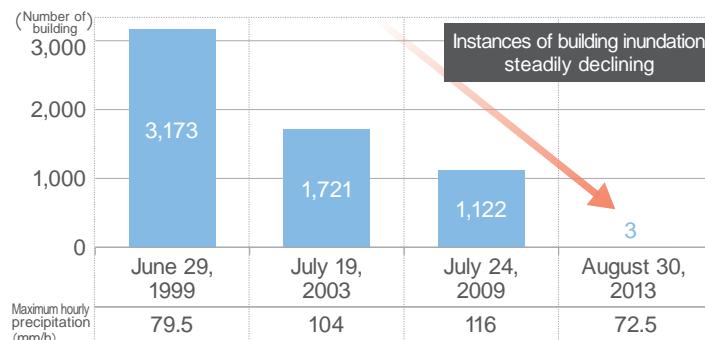
◎Storm water storage facilities

●Capacity of storm water storage facilities

FY1999 No storm water storage facilities → FY2024 128,300 m³ (planned)

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

◎Instances of building inundation in Fukuoka City

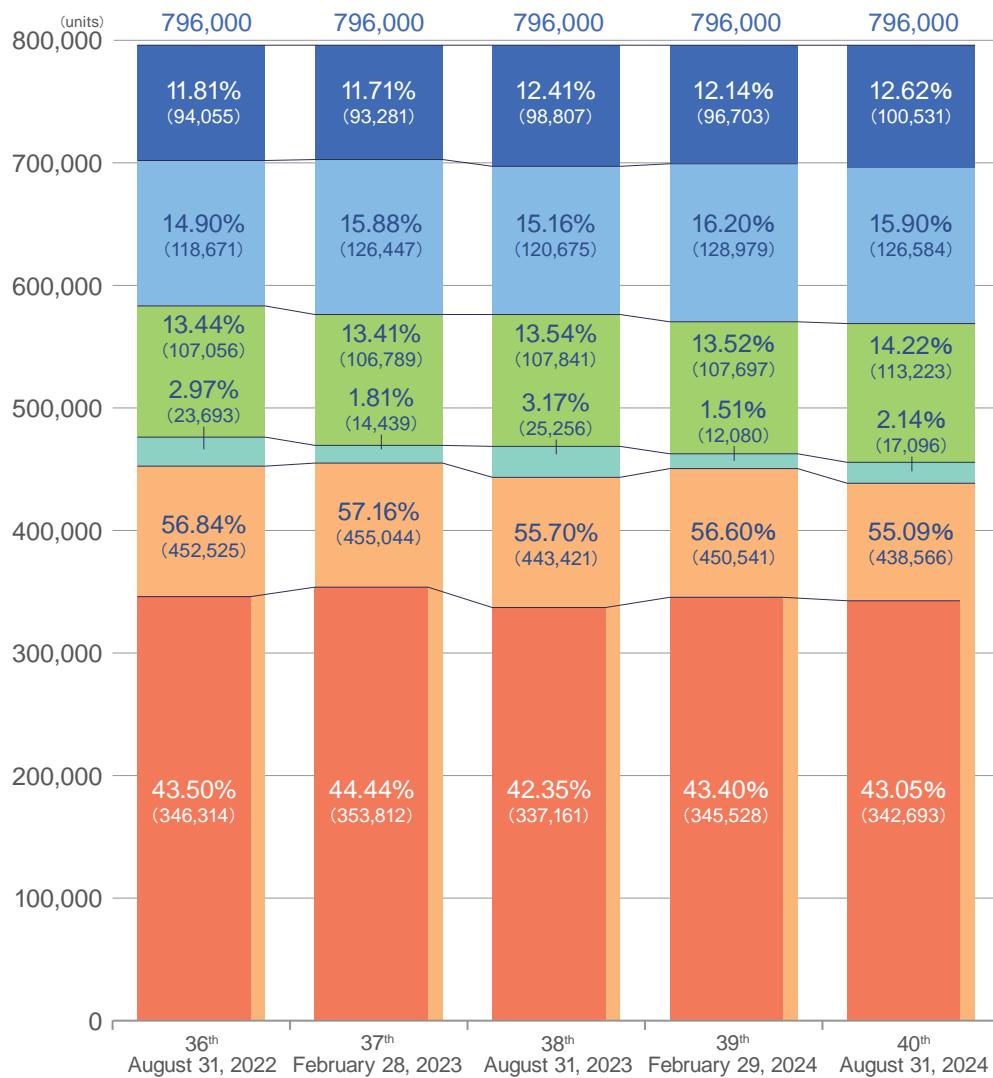


Between FY2000 and FY2023
Storm water drainage capacity has increased significantly

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

Unitholders' data

Distribution by investor category [breakdown of investment units]



Financial institutions Of which held by trust banks Stock brokers Other corporations Foreign corporations Individual+other

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

No. of unitholders and investment units held by unitholder category

(As of August 31, 2024)

[at the end of the 40 th FP]	No. of unitholders	Percentage	Investment units held	Percentage
Individual+other	14,010	95.85%	100,531	12.62%
Foreign corporations	245	1.67%	126,584	15.90%
Other domestic corporations	255	1.74%	113,223	14.22%
Stock brokers	21	0.14%	17,096	2.14%
Financial institutions	85	0.58%	438,566	55.09%
(Of which held by trust banks)	9	0.06%	342,693	43.05%
Total	14,616	100.00%	796,000	100.00%

Major investors [at the end of the 40th FP]

(As of August 31, 2024)

Rank	Name	Investment units held	Percentage
1	Custody Bank of Japan, Ltd.(Trust account)	207,592	26.07%
2	The Master Trust Bank of Japan, Ltd.(Trust account)	87,770	11.02%
3	Fukuoka Jisho Co., Ltd.	85,443	10.73%
4	The Nomura Trust and Banking Co., Ltd. (Investment trust account)	39,079	4.90%
5	STATE STREET BANK WEST CLIENT-TREATY 505234	13,313	1.67%
6	JP MORGAN CHASE BANK 385771	12,856	1.61%
7	MetLife, Inc.	10,227	1.28%
8	Shikoku Railway Company	9,130	1.14%
9	The Joyo Bank,Ltd.	7,670	0.96%
10	BNY GCM CLIENT ACCOUNT JPRD AC ISG(FE-AC)	6,905	0.86%

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.

Balance sheets (compared with the previous fiscal period)

Account		39 th Feb. 29, 2024 A	40 th Aug. 31, 2024 B	Difference B-A
Assets	Total current assets	9,138	10,663	1,524
	Cash and deposits	3,304	3,883	578
	Cash and deposits in trust	4,206	4,670	464
	Operating accounts receivable	954	1,075	121
	Prepaid expenses	288	267	(20)
	Consumption taxes refund receivable	371	–	(371)
	Others	12	765	753
	Total non-current assets	205,231	204,400	(831)
	Total property, plant and equipment	198,286	197,548	(738)
	Buildings	1,893	1,871	(22)
	Structures	23	23	(0)
	Tools and fixtures	2	2	(0)
	Lands	1,684	1,684	(0)
	Buildings in trust	71,643	70,997	(645)
	Structures in trust	1,018	1,004	(14)
	Machinery and equipment in trust	748	715	(33)
	Tools and fixtures in trust	238	250	12
	Lands in trust	121,016	120,960	(56)
	Construction in progress in trust	15	38	22
Total intangible assets	Total intangible assets	5,547	5,546	(0)
	Leasehold right in trust	5,545	5,545	–
	Other intangible assets in trust	1	1	(0)
	Total investment and other assets	1,397	1,305	(91)
Total deferred assets	Deferred tax assets	1	0	(1)
	Lease and guarantee deposits	10	10	–
	Lease and guarantee deposits in trust	335	335	–
	Long-term prepaid expenses	1,050	960	(90)
Total deferred assets		21	20	(1)
Total assets		214,390	215,083	692

- unit : mm yen

Account		39 th Feb. 29, 2024 A	40 th Aug. 31, 2024 B	Difference B-A
Liabilities	Total current liabilities	6,193	7,790	1,596
	Operating accounts payable	871	574	(297)
	Investment corporation bonds scheduled to be redeemed within one year	2,700	3,900	1,200
	Account payable-other	19	13	(5)
	Accrued expenses	463	488	24
	Income taxes payable	3	0	(2)
	Accrued consumption taxes	–	461	461
	Advances received	1,058	1,028	(29)
	Deposits received	1,078	1,323	245
	Total non-current liabilities	106,227	105,131	(1,096)
Total liabilities	Investment corporation bonds	3,000	3,000	–
	Long-term debt	90,650	89,450	(1,200)
	Tenant leasehold and security deposits	835	861	26
	Tenant leasehold and security deposits received in trust	11,742	11,820	77
	Total liabilities	112,421	112,921	500
Net assets	Total unitholders' equity	101,969	102,161	192
	Unitholders' capital	98,938	98,938	–
	Surplus	3,030	3,223	192
	Total net assets	101,969	102,161	192
Total liabilities and net assets		214,390	215,083	692

Cash flow statements (compared with the previous fiscal period)

Category	39 th A ~Feb. 29, 2024	40 th B ~Aug. 31, 2024	- unit : mm yen	
			Difference B-A	
Net cash provided by (used in) operating activities	3,724	4,953		1,229
Profit before income taxes	3,031	3,225		194
Depreciation and amortization expenses	1,609	1,611		2
Amortization of investment corporation bond issuance expenses	1	1		(0)
Interest received	(0)	(0)		(0)
Interest expenses	328	337		9
Gain on sales of real estate property	(237)	(195)		42
Decrease (increase) in operating accounts receivables	(162)	(121)		41
Decrease (increase) in consumption taxes refund receivable	(371)	371		743
Increase (decrease) in accrued consumption taxes	(11)	461		472
Increase (decrease) in operating accounts payable	(62)	5		68
Increase (decrease) in accounts payable-other	2	(5)		(8)
Increase (decrease) in accrued expenses	6	19		12
Increase (decrease) in advances received	(7)	(29)		(22)
Increase (decrease) in deposits expenses	(47)	245		292
Decrease (increase) in prepaid expenses	(28)	20		49
Decrease (increase) in long-term prepaid expenses	(56)	90		146
Others, net	36	(749)		(785)
Subtotal	4,030	5,288		1,258
Interest income received	0	0		0
Interest expenses paid	(305)	(332)		(27)
Income taxes paid	(0)	(3)		(2)
Net cash provided by (used in) investment activities	(13,636)	(881)		12,755
Purchase of property, plant and equipment	(0)	(3)		(3)
Proceeds from sales of property, plant and equipment in trust	815	307		(508)
Purchase of property, plant and equipment in trust	(14,953)	(1,288)		13,664
Purchase of intangible assets in trust	(1)	—		1
Proceeds from tenant leasehold and security deposits	5	35		29
Repayments of tenant leasehold and security deposits	(7)	(9)		(1)
Proceeds from tenant leasehold and security deposits in trust	637	216		(421)
Repayments of tenant leasehold and security deposits in trust	(124)	(138)		(14)
Payments of leasehold and guarantee deposits in trust	(8)	—		8
Proceeds from restricted trust deposits	2	1		(0)
Payments for restricted trust deposits	(2)	(2)		0
Net cash provided by (used in) financial activities	6,912	(3,029)		(9,942)
Proceeds from short-term debt	21,900	—		(21,900)
Repayments of short-term debt	(21,900)	—		21,900
Proceeds from long-term debt	16,400	700		(15,700)
Repayments of long-term debt	(4,500)	(700)		3,800
Redemption of investment corporation bonds	(2,000)	—		2,000
Dividends paid	(2,987)	(3,029)		(42)
Net increase (decrease) in cash and cash equivalents	(2,999)	1,042		4,042
Balance of cash and cash equivalents at beginning of period	10,459	7,460		(2,999)
Balance of cash and cash equivalents at end of period	7,460	8,503		1,042

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	40 th Total A	39 th Total B	Difference A-B	Forecast C (*1)	Difference A-C
		(Length)	40 th FP (Mar.1, 2024 ~ Aug. 31, 2024)						182 days	2 days	4,297
	①Total leasing business revenues	1,118	994	1,186	280	859	4,439	4,314	125	4,297	142
	Leasing revenue-real estate	1,105	957	1,012	280	685	4,041	3,943	98		
	Other leasing revenue-real estate	13	37	173	-	174	398	371	26		
	②Total leasing business expenses	459	565	607	49	566	2,248	2,189	59	2,216	31
	Outsourcing fees	291	376	291	8	304	1,273	1,258	14		
	Repair and maintenance expenses	12	14	40	1	33	103	99	4		
	Expenses for restoration to former state	-	-	-	-	-	-	-	-		
	Tax and other public charges	89	109	97	35	41	373	366	6		
	Insurance premiums and trust compensation	5	7	5	1	2	22	21	0		
	Utilities expenses	25	39	152	-	99	317	284	32		
	Other expenses	33	17	18	2	84	157	157	0		
	③NOI (=①-②)	659	428	578	231	293	2,191	2,125	65	2,081	110
	④Depreciation and amortization expenses	243	197	199	53	101	796	791	5		
	⑤Leasing business profit (=③-④)	415	231	379	177	191	1,395	1,334	60		
	NOI yield (acquisition price)	4.1%	4.1%	5.9%	7.0%	5.9%	4.9%	4.8%	0.1%		
	Capital expenditures	208	301	79	0	33	623	399	224		
Retail (Others)	Category	Square Mall Kagoshima Usuki	Kumamoto Intercommunity SC	Hanahata SC	K's Denki Kagoshima	Marinoa City Fukuoka (Marina Side Building)	40 th Total A	39 th Total B	Difference A-B	Forecast C (*1)	Difference A-C
		(Length)	40 th FP (Mar.1, 2024 ~ Aug. 31, 2024)						182 days	2 days	661
	①Total leasing business revenues	250	89	40	105	177	664	675	(11)	661	3
	Leasing revenue-real estate	220	89	40	105	177	633	648	(14)		
	Other leasing revenue-real estate	30	0	-	0	-	30	26	3		
	②Total leasing business expenses	83	9	6	11	22	133	139	(6)	129	3
	Outsourcing fees	38	2	1	1	1	45	46	(0)		
	Repair and maintenance expenses	2	-	0	0	0	3	8	(4)		
	Expenses for restoration to former state	-	-	-	-	-	-	-	-		
	Tax and other public charges	16	5	3	7	19	52	54	(1)		
	Insurance premiums and trust compensation	0	0	0	0	0	2	2	(0)		
	Utilities expenses	23	-	-	-	-	23	20	2		
	Other expenses	2	0	0	1	0	4	7	(2)		
	③NOI (=①-②)	167	80	34	94	154	531	536	(4)	532	(0)
	④Depreciation and amortization expenses	31	9	4	16	22	83	91	(8)		
	⑤Leasing business profit (=③-④)	136	70	30	78	131	447	444	3		
	NOI yield (acquisition price)	6.3%	6.7%	6.1%	5.3%	5.9%	6.1%	5.9%	0.1%		
	Capital expenditures	14	1	1	-	-	17	6	11		

(*1)Forecast at the financial results of the 39th fiscal period.

Income and expenditure by properties (Office buildings · Others)

- unit : mm yen

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	Hakata FD Business Center	40 th Total A	39 th Total B	Difference A-B	Forecast C (*2)	Difference A-C
	(Length)	40 th FP (Mar.1, 2024 ~ Aug. 31, 2024)													184 days			
① Total leasing business revenues	653	599	209	332	370	86	151	164	98	159	137	48	348	3,360	3,145	215	3,354	6
Leasing revenue-real estate	651	533	197	332	343	86	123	149	94	159	128	43	326	3,168	2,977	191		
Other leasing revenue-real estate	2	66	12	0	26	-	28	14	4	-	9	4	22	191	167	23		
② Total leasing business expenses	233	193	65	91	131	22	46	55	20	24	45	21	114	1,065	1,001	63	1,096	(31)
Outsourcing fees	156	74	18	56	41	1	10	18	7	-	17	9	33	445	437	8		
Repair and maintenance expenses	9	11	2	0	0	2	0	2	0	-	2	0	1	34	68	(33)		
Expenses for restoration to former state	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Tax and other public charges	52	43	28	31	16	18	10	9	7	23	13	5	38	297	238	58		
Insurance premiums and trust compensation	1	2	0	1	1	0	0	0	0	-	0	0	1	13	13	0		
Utilities expenses	7	58	12	-	29	-	23	12	4	-	8	5	28	191	158	33		
Other expenses	6	2	3	1	41	0	0	10	0	0	1	0	11	81	85	(3)		
③ NOI (=①-②)	420	406	144	241	238	63	105	108	78	135	92	27	233	2,295	2,143	152	2,258	37
④ Depreciation and amortization expenses	83	74	28	66	47	10	30	41	19	-	16	10	73	503	498	4		
⑤ Leasing business profit (=③-④)	336	332	115	174	191	53	74	67	58	135	75	16	160	1,792	1,644	147		
NOI yield (acquisition price)	5.8%	7.3%	6.5%	6.9%	8.1%	4.9%	7.5%(*1)	5.2%	4.7%	3.5%	4.3%	3.8%	3.3%	5.5%	5.1%	0.4%		
Capital expenditures	87	9	0	1	106	-	1	-	-	-	40	1	0	249	332	(82)		
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	40 th Total A	39 th Total B	Difference A-B	Forecast C (*2)	Difference A-C	
(Length)	40 th FP (Mar.1, 2024 ~ Aug. 31, 2024)													184 days				
① Total leasing business revenues	65	39	60	117	40	31	63	44	991	953	38	991	0	182 days	2 days			
Leasing revenue-real estate	65	39	58	112	39	30	63	44	943	910	32							
Other leasing revenue-real estate	0	0	1	4	1	1	-	-	48	42	6							
② Total leasing business expenses	16	9	13	26	10	6	10	10	209	226	(17)	215	(5)					
Outsourcing fees	5	2	3	7	2	1	0	0	35	35	0							
Repair and maintenance expenses	0	1	1	2	1	0	0	0	18	15	2							
Expenses for restoration to former state	1	-	1	2	1	0	-	-	8	9	(1)							
Tax and other public charges	5	3	4	8	2	1	7	5	93	90	3							
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	26	4							
Other expenses	1	1	1	2	1	3	2	0	17	43	(26)							
③ NOI (=①-②)	41	185	123	72	49	30	47	91	29	24	52	33	782	726	55	776	5	
④ Depreciation and amortization expenses	9	39	38	15	15	8	12	18	11	7	27	24	228	227	1			
⑤ Leasing business profit (=③-④)	31	146	85	57	33	22	34	72	18	17	25	9	553	498	54			
NOI yield (acquisition price)	6.6%	4.6%	4.9%	8.5%	4.8%	5.5%	7.4%	6.5%	5.4%	3.3%	6.8%	2.4%	5.1%	4.8%	0.4%			
Capital expenditures	-	52	5	1	7	1	2	22	0	-	1	0	95	232	(137)			

(*1)On August 29, 2024, the transfer of 5% quasi-shared interest in the trust beneficiary interest was completed, and the calculation is based on the average acquisition price during the period. (*2)Forecast at the financial results of the 39th fiscal period. (*3)Information is not disclosed because the permission of tenants has not been obtained.

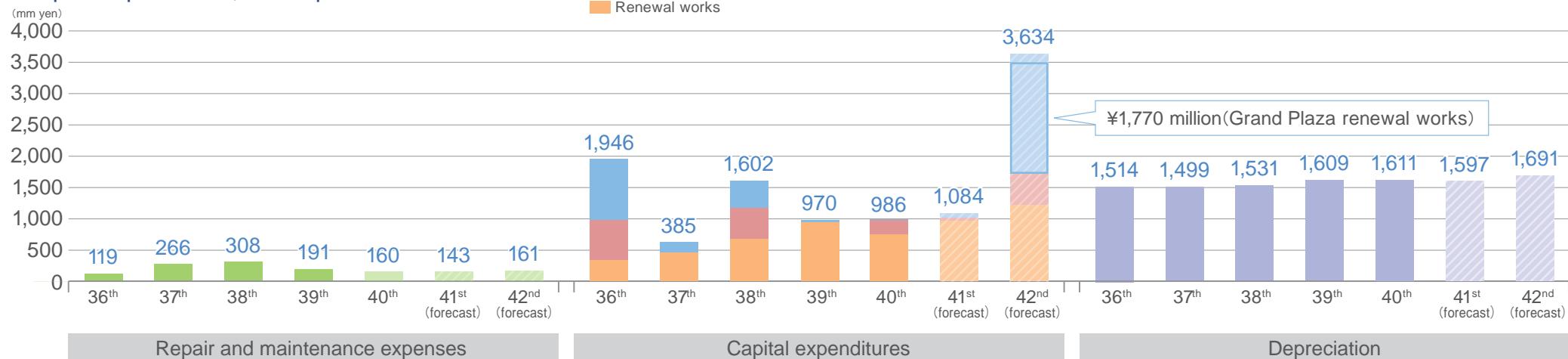
Income and expenditure by properties (Total) /Repair and maintenance expenses, capital expenditures, and depreciation

- unit : mm yen

Category	40 th Total A		39 th Total B		Difference A-B	Forecast C (*)	Difference A-C			
	Mar. 1, 2024 ~Aug. 31, 2024		Sept. 1, 2023 ~Feb. 29, 2024							
	(Length)	184 days	182 days	2 days						
① Total leasing business revenues	9,456		9,088		368	9,305	151			
Leasing revenue-real estate	8,787		8,480		307					
Other leasing revenue-real estate	669		608		60					
② Total leasing business expenses	3,656		3,557		98	3,676	(20)			
Outsourcing fees	1,801		1,777		23					
Repair and maintenance expenses	160		191		(31)					
Expenses for restoration to former state	8		9		(1)					
Tax and other public charges	817		749		67					
Insurance premiums and trust compensation	44		43		0					
Utilities expenses	562		489		72					
Other expenses	261		294		(32)					
③ NOI (=①-②)	5,800		5,531		269	5,628	171			
④ Depreciation and amortization expenses	1,611		1,609		2					
⑤ Leasing business profit (=③-④)	4,188		3,922		266					
NOI yield (acquisition price)	5.3%		5.0%		0.3%					
Capital expenditures	986		970		15					

(*) Forecast at the financial results of the 39th fiscal period.

Repair and maintenance expenses, capital expenditures, and depreciation



Portfolio table①

(As of August 31, 2024)

Real estate property name		Age (*1)	Acquisition price(mm yen)(*2)	Investment ratio	Acquisition timing	Source (*3)	Total leasable floor space (m ²) (*4)	Occupancy rate	Tenants (*5)	Primary tenants
Retail	Canal City Hakata	28yr 4m	32,000	14.5%	Nov.9, 2004	Sponsor	48,176.33	97.7%	23	Alpen FUKUOKA and Washington Hotel
	Canal City Hakata・B	28yr 4m	21,060	9.5%	Mar.2, 2011	Outside party	31,141.44	94.3%	39	OPA and MUJI Canal City Hakata
	Park Place Oita	22yr 5m	19,610	8.9%	Nov.9, 2004	Sponsor	121,183.61	100.0%	99	AEON and K's Denki
	SunLive City Kokura	19yr 5m	6,633	3.0%	Jul.1, 2005	Outside party	61,450.22	100.0%	1	SunLive
	Konoha Mall Hashimoto	13yr 5m	10,000	4.5%	Mar.1, 2018	Sponsor	22,191.52	99.5%	123	SunLive and The Super Sports XEBIO
	Square Mall Kagoshima Usuki	17yr 11m	5,300	2.4%	Sept.28, 2006	Sponsor	14,602.88	99.1%	12	Sports Depo / Golf5 and Edion
	Kumamoto Intercommunity SC	17yr 9m	2,400	1.1%	Nov.30, 2006	Sponsor	6,968.66	100.0%	2	Sports Depo / Golf5 and Starbucks Coffee
	Hanahata SC	17yr 1m	1,130	0.5%	Sept.3, 2007	Sponsor	2,801.15	100.0%	2	BON REPAS and Matsumoto Kiyoshi
	K's Denki Kagoshima	16yr 9m	3,550	1.6%	Mar.27, 2008	Outside party	7,296.17	100.0%	1	K's Denki
	Marinoa City Fukuoka (Marina Side Building)	23yr 10m	5,250	2.4%	May.1, 2015	Sponsor	33,069.82	100.0%	1	FJ. Entertainment Works Ltd.
Total or the weighted average of retail		—	106,933	48.4%	—	—	348,881.80	99.1%	303	—
Office buildings	Canal City Business Center Building	28yr 4m	14,600	6.6%	Nov.9, 2004	Sponsor	23,031.14	99.6%	63	Bell System24 and TOTO
	Gofukumachi Business Center	20yr 10m	11,200	5.1%	Nov.9, 2004	Sponsor	19,905.34	99.1%	35	SMBC CONSUMER FINANCE and Sumitomo Mitsui Banking Corporation
	Sanix Hakata Building	23yr 5m	4,400	2.0%	Sept.30. 2005	Outside party	6,293.75	100.0%	16	SANIX and The Nishi-Nippon City Bank
	Taihaku Street Business Center	22yr 5m	7,000	3.2%	Mar.16, 2006	Sponsor	14,677.35	99.6%	(*6) 71	NTT COMWARE and Tokio Marine & Nichido Outsourcing Management
	Higashi Hie Business Center	15yr 6m	5,900	2.7%	Mar. 13, 2009	Outside party+Sponsor	13,482.02	99.4%	24	Forest Holdings and Fujitsu
	Tenjin Nishi-Dori Center Building	27yr 11m	2,600	1.2%	Feb.1, 2013	Outside party	3,339.32	100.0%	1	The Nishi-Nippon City Bank
	Tenjin North Front Building (*7)	14yr 7m	2,660	1.2%	Mar.28, 2013	Outside party	4,998.56	100.0%	12	Rakuten Card and The Prudential Life Insurance Company, Ltd.
	Higashi Hie Business Center II	8yr 6m	4,230	1.9%	Mar.1, 2018	Sponsor	6,214.77	100.0%	2	Fujitsu Limited and Seven-Eleven Japan Co.,LTD
	Higashi Hie Business Center III	4yr 5m	3,290	1.5%	May.29, 2020	Sponsor	2,981.14	100.0%	6	Mitsui Home Co.,LTD and Dia Nippon Engineering Consultants Co., Ltd.
	Tenjin Nishi-Dori Business Center (Land with leasehold interest)		7,700	3.5%	Jun.1, 2021	Sponsor	1,343.51	100.0%	1	Fukuoka Jisho Co., Ltd
	Hakata Chikushi-Dori Center Building	32yr 7m	4,320	2.0%	Mar.1, 2022	Outside party	5,994.42	88.8%	15	YAMAEHISANO Co.,Ltd and WESCO Inc.
	Kumamoto East Front Building	30yr 8m	1,450	0.7%	Mar.28, 2023	Outside party	3,114.07	87.6%	7	Mitsui Sumitomo Insurance Company, Limited, NICHINOKEN
	Hakata FD Business Center	1yr 6m	14,100	6.4%	Sept. 2023	Sponsor	12,102.05	90.4%	15	Accenture Japan Ltd and State Street Trust and Banking Co., Ltd.
Total or the weighted average of office buildings		—	83,450	37.8%	—	—	117,477.44	97.8%	268	—
Others	Tosu Logistics Center	16yr 3m	1,250	0.6%	Mar.28, 2014	Outside party	4,173.29	100.0%	1	non-disclosure
	LOGICITY Minato Kashii	10yr 4m	8,150	3.7%	Mar.27, 2015	Outside party	43,233.72	100.0%	2	Fukuoka Logistic System and F-LINE CORPORATION
	LOGICITY Hisayama	9yr 7m	5,050	2.3%	Jun.1, 2017	Outside party	24,505.65	100.0%	1	KASEI.inc Co., Ltd.
	LOGICITY Wakamiya	19yr 6m	1,700	0.8%	Jun.30, 2020	Outside party	17,556.32	100.0%	1	Tsukasa Kigyou
	Amex Akasakamon Tower	19yr 1m	2,060	0.9%	Sept.1, 2006	Outside party	4,821.25	95.1%	64	—
	City House Keyaki Dori	16yr 9m	1,111	0.5%	Dec.20, 2007	Outside party	2,710.86	100.0%	42	—
	Aqualia Chihaya	16yr 8m	1,280	0.6%	Mar.1, 2012	Outside party	5,619.69	98.9%	104	—
	D-Wing Tower	18yr 6m	2,800	1.3%	Mar.1, 2013	Outside party	7,187.59	97.1%	132	—
	Granfore Yakuin Minami	16yr 8m	1,100	0.5%	Nov.4, 2014	Outside party	2,496.06	98.0%	97	—
	Axion Befu-Ekimae Premium	1yr 5m	1,525	0.7%	Apr.27, 2023	Outside party	1,937.75	96.3%	26	—
	Hotel FORZA Oita	16yr 0m	1,530	0.7%	Mar.1, 2013	Sponsor	5,785.44	100.0%	1	FJ Hotels
	Tissage Hotel Naha	6yr 6m	2,835	1.3%	Dec.7, 2018	Outside party	3,758.76	100.0%	1	Nest Hotel Japan Corporation
Total or the weighted average of others		—	30,391	13.8%	—	—	123,786.38	99.5%	472	—
Total or the weighted average of all properties		20yr 2m	220,774	100.0%	—	—	590,145.62	98.9%	1,043	—

(*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.

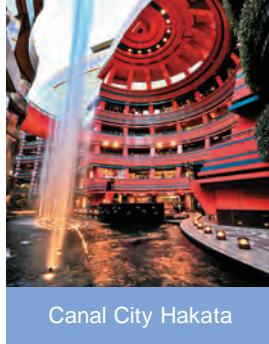
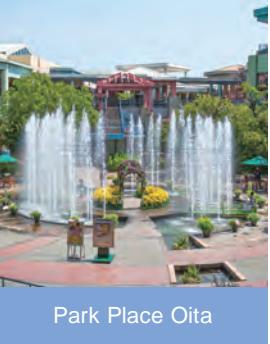
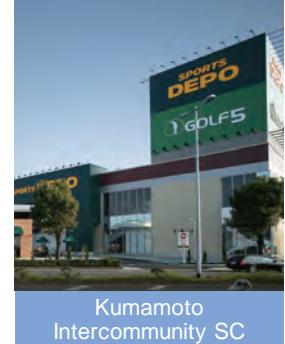
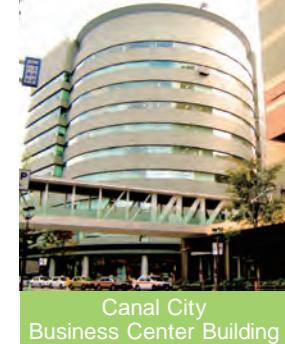
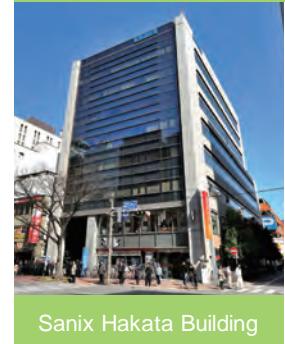
(*4) For the property for which FRC owns the land only, the leasable space of the land is indicated.

(*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 58 residential tenants.

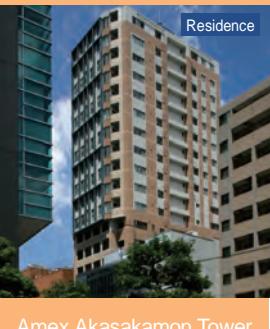
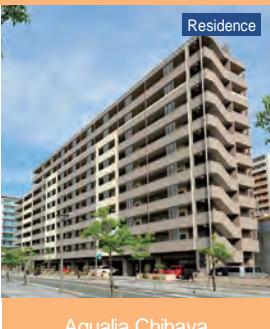
(*7) On August 29, 2024, the transfer of 5% quasi co-ownership interest of the trust beneficiary interest in Tenjin North Front Building was completed. The figure recorded here is after deducting that 5% from the acquisition price and appraised value.

Portfolio table②

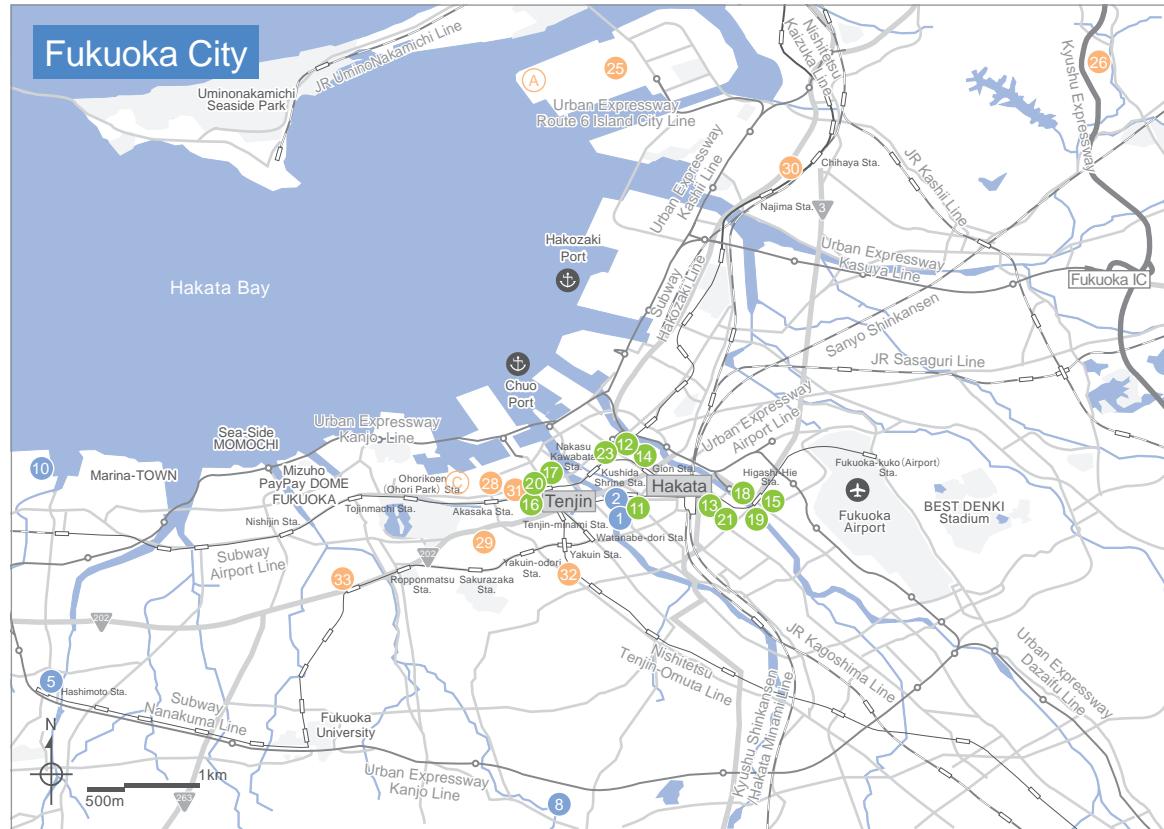
<p>Retail 10 properties</p>      
<p>Office buildings 13 properties</p>      
      

Portfolio table③

Total acquisition price: ¥220.7 billion (as of August 31, 2024)

				<p>Others 12 properties</p>		
						
			<p>3 properties to be acquired</p>			

Portfolio map



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

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

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

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

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

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

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

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

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

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

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

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

21 Hakata Chikushi-Dori Center Building
■Address : 2-chome, Hakataekimami, Hakata Ward, Fukuoka City

22 Kumamoto East Front Building
■Address : 1-chome, Shiriyashiki, Chuo Ward, Kumamoto City

23 Hakata FD Business Center
■Address : Tsunabamachi, Hakata Ward, Fukuoka City

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

25 LOGICITY Minato Kashii
■Address : 2-chome, Minatokashi, Higashi Ward, Fukuoka City

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

27 LOGICITY Wakamiya
■Address : Shimoaruki, Miyawaka City

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

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

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

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

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



Disposition of property (Marinoa City Fukuoka (Marina Side Building) (Building))

Expectations are placed on creating substantial value in the future

■ Overview of disposition property

Property name	Marinoa City Fukuoka (Marina Side Building) (Building)
Location (Address)	12-30, 2-chome, Odo, Nishi Ward, Fukuoka City
Date of agreement	February 29, 2024
Buyer	Fukuoka Jisho Co., Ltd. and Mitsui Fudosan Co., Ltd.
Disposition date	September 2, 2024
Appraisal value	754 mm yen
Book value	772 mm yen as of August 31, 2024
Disposition price	783 mm yen
Difference between the disposition price and the book value	11 mm yen
Acquisition date	May 1, 2015

■ Summary of the asset after disposition

Property name	Marinoa City Fukuoka (Marina Side Building) (Land)
Book value	4,494 mm yen
Land area	26,917.74 m ²



■ Reasons for Disposition

① Aiming to sell for a price higher than book values

- Despite the risks of future declines in profitability and property value due to factors such as aging or changes in the surrounding competitive environment, it may be possible to achieve a sale price exceeding the book value by transferring ownership to Fukuoka Jisho Co., Ltd., which is considering rebuilding Marinoa City Fukuoka entirely.

② Expectation for creating substantial value in the future

- When the complete rebuild of Marinoa City Fukuoka is undertaken, its competitiveness as a commercial facility will improve, resulting in the generation of significant value in the future for the land with leasehold interest owned by FRC.

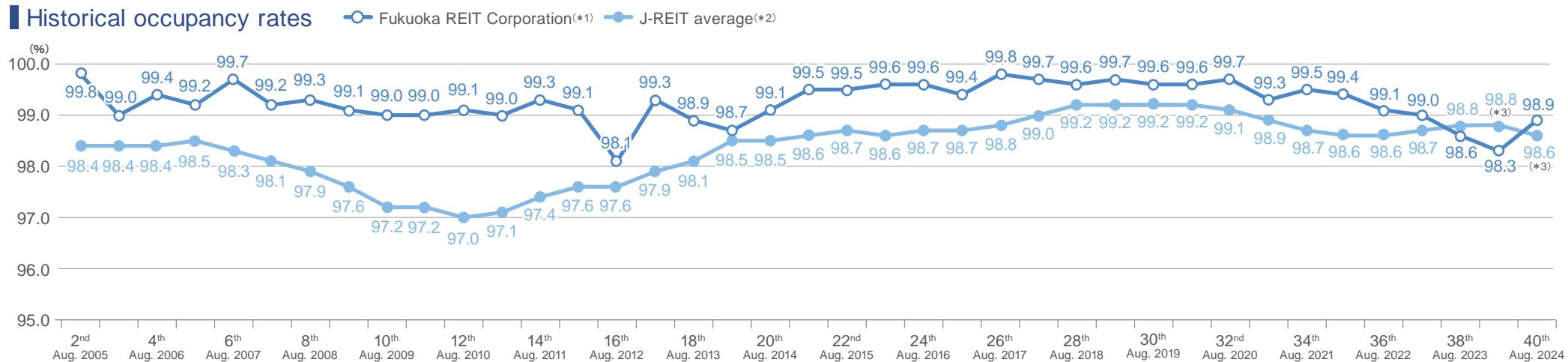
③ Securing a long-term stable cash flow

- Continued ownership of land with leasehold interest allows for the collection of fixed rent not susceptible to fluctuations in end-tenant sales or occupancy rates. This ensures a more stable cash flow over the long term.

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

Portfolio properties' occupancy rates

Recovered to the occupancy rate above J-REIT average



(*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 40th 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.

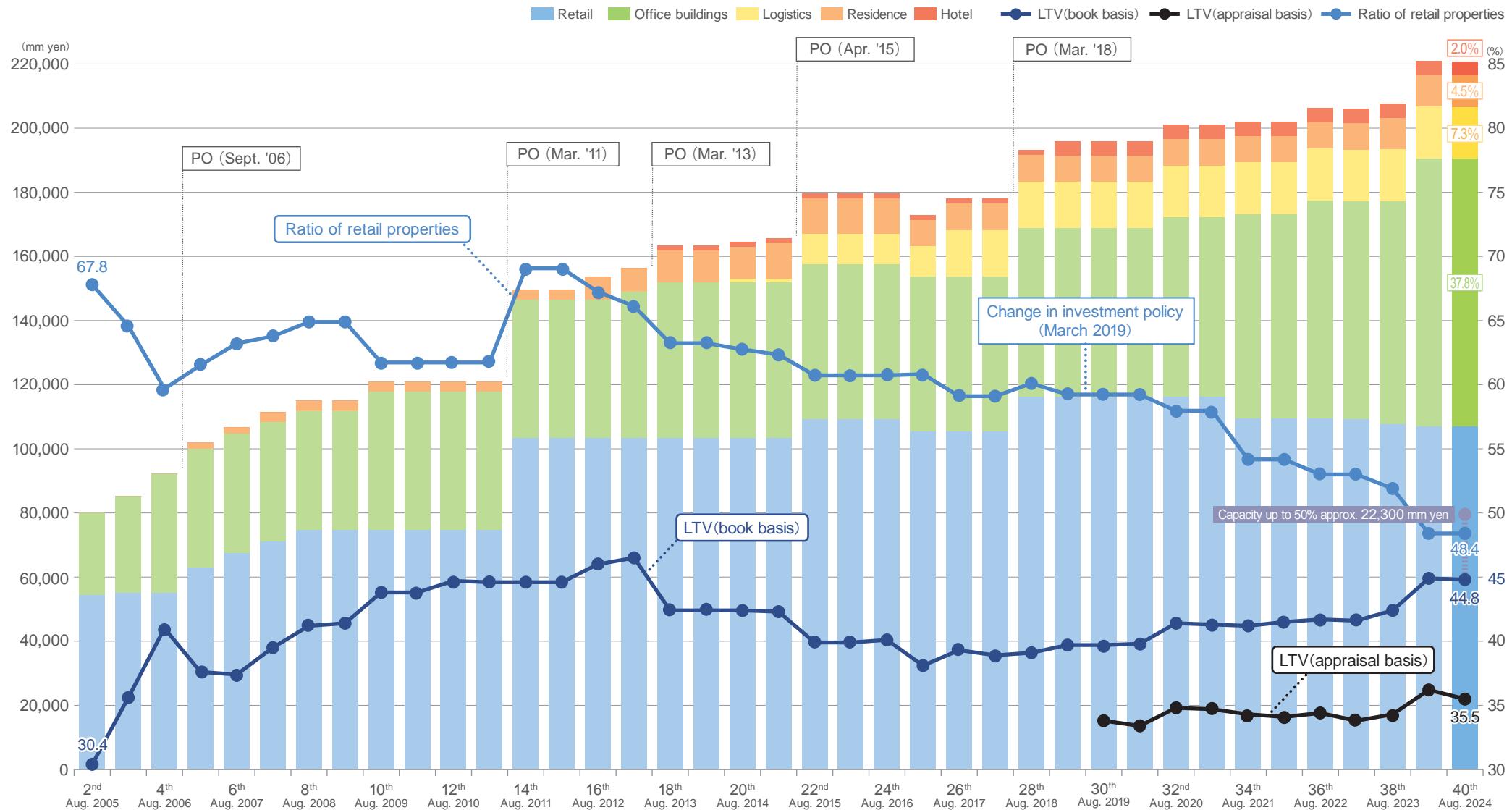
(*2) The overall J-REIT occupancy rate is the occupancy rate at the end of each fiscal period based on the Association for Real Estate Securitization's "AJPI-J-REIT Databook".

(*3) The overall J-REIT occupancy rates for the 38th and 39th fiscal periods are preliminary figures. The figures for the 39th fiscal period are the figures for May 2024.

Occupancy rates [the weighted average during the period]

Category	Investment ratio (based on acquisition price)	36 th ~ Aug. 31, 2022	37 th ~ Feb. 28, 2023	38 th ~ Aug. 31, 2023	39 th ~ Feb. 29, 2024	40 th ~ Aug. 31, 2024
Retail	48.4%	98.8%	98.9%	98.6%	99.1%	99.1%
Office buildings	37.8%	99.4%	98.6%	98.4%	95.1%	97.3%
Others	13.8%	99.4%	99.5%	98.9%	99.0%	99.7%
Total	100.0%	99.1%	99.0%	98.6%	98.3%	98.9%

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



*As the senior equity interest in an anonymous partnership managed by CCH Bridge Y.K. 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.

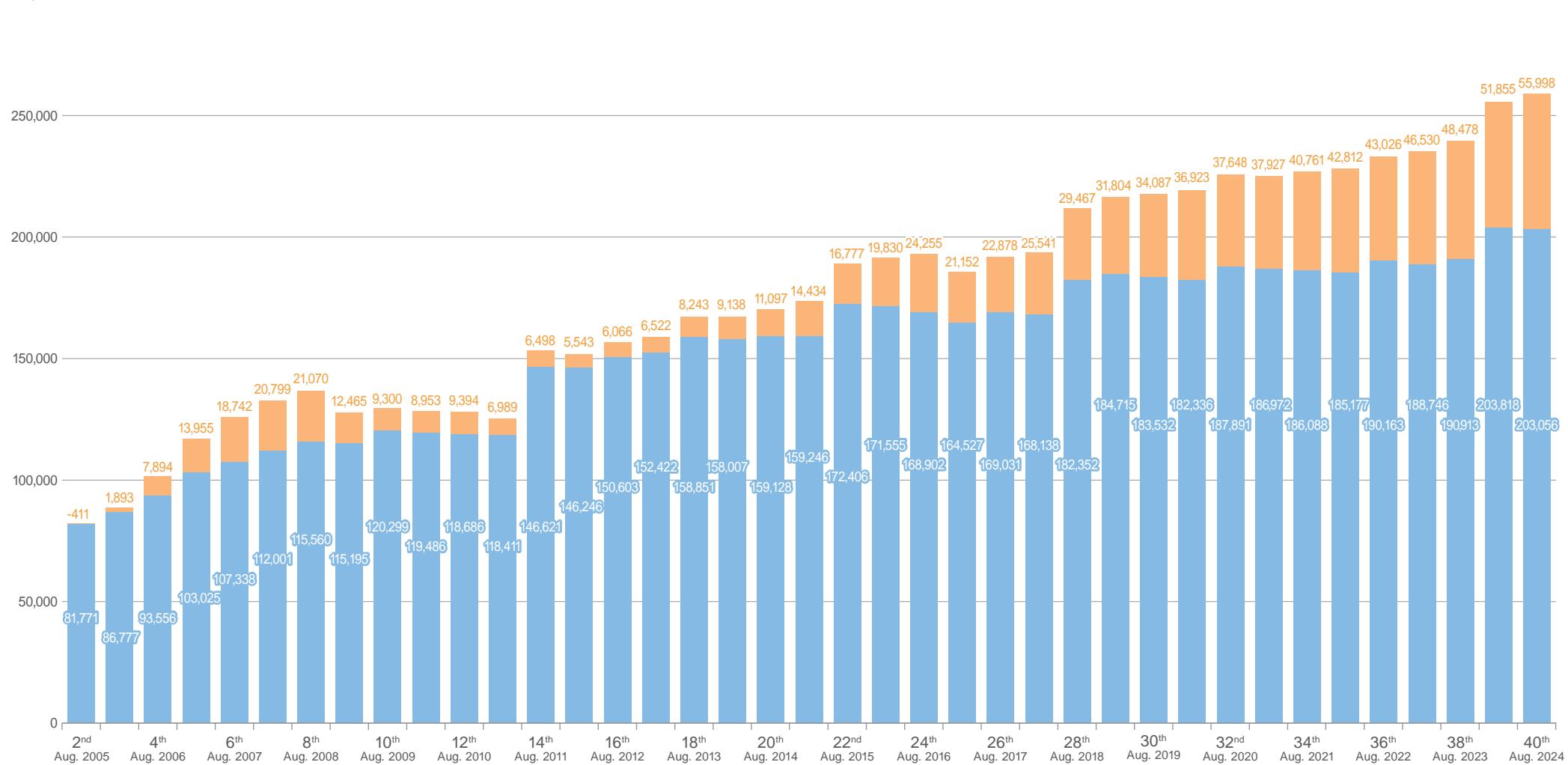
*Properties are classified in accordance with their main use. Fukuoka Washington Hotel, which is a tenant of Canal City Hakata, is included in the Retail category.

Historical appraisal values (unrealized gains)

Unrealized gains: 55,998 million yen, ratio of unrealized gains: 27.6%^{(*)1}

Historical appraisal values

(mm yen) Book value at the end of period^{(*)2} Unrealized gains = (latest appraisal value – book value at the end of period^{(*)2})



(*)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.

List of Interest-bearing debt

■List of borrowings

(As of August 31, 2024)

Category	Lender	Balance (mm yen)	Drawdown Date	Repayment Date	Term (year)	Fixed/ Floating	Average Interest Rate
Current maturity of long-term debt	Development Bank of Japan	2,000	Feb.29, 2016	Feb.28, 2025	9.0	Fixed	0.62000%
	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%
	Sumitomo Mitsui Banking Corporation	500	Mar.30, 2018	Mar.31, 2025	7.0	Fixed	0.50400% (*1)
	SBI Shinsei Bank	300	Mar.30, 2018	Mar.31, 2025	7.0	Fixed	0.40000%
Long-term debt	Sumitomo Mitsui Trust Bank	300	Sept.30, 2016	Mar.30, 2025	9.0	Floating	0.64127%
	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	0.64727%
	Resona Bank	600	Mar.31, 2017	Mar.31, 2027	10.0	Fixed	0.65846%
	Syndicated loan (*3)	6,000	Jun.30, 2017	Jan.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	Sept.29, 2017	Sept.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	0.567700% (*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%
	MUFG Bank	500	Mar.30, 2018	Mar.31, 2028	10.0	Fixed	0.63000%
	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%
	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	0.70727%
	The Bank of Fukuoka	300	Jan.31, 2019	Jan.31, 2029	10.0	Floating	0.70727%
	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)
	The Norinchukin Bank	1,500	Jul.31, 2019	Jan.29, 2027	7.5	Fixed	0.30300%
	MUFG Bank	500	Sept.25, 2019	Sept.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)
	MUFG Bank	1,700	Feb.28, 2020	Feb.28, 2030	10.0	Fixed	0.42000%
	Aozora Bank	1,000	Jan.30, 2020	Jan.28, 2030	10.0	Fixed	0.56922%
	Resona Bank	700	Jan.30, 2020	Jan.28, 2030	10.0	Fixed	0.56922%
	MUFG Bank	500	Jan.30, 2020	Jun.29, 2029	9.0	Fixed	0.60000%
	The Kagoshima Bank	500	Jan.30, 2020	Jan.30, 2028	8.0	Fixed	0.46500%
	Development Bank of Japan	1,500	Jul.31, 2020	Jul.31, 2030	10.0	Fixed	0.53000%

(*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 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 CO₂ 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

Category	Lender	Balance (mm yen)	Drawdown Date	Repayment Date	Term (year)	Fixed/ Floating	Average Interest Rate
Long-term debt	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.30, 2021	Jul.31, 2031	10.0	Fixed	0.49000% (*1)
	Mizuho Trust & Banking	1,000	Mar.31, 2022	Mar.31, 2032	10.0	Floating	0.59727%
	Sumitomo Mitsui Banking Corporation (Green loan)	1,600	Jan.30, 2022	Jan.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	0.59727%
	The Hiroshima Bank	500	Jan.30, 2023	Jan.29, 2029	6.0	Fixed	0.54125%
	The Hiroshima Bank	1,000	Jan.30, 2023	Jan.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%
	The Nishi-Nippon City Bank (Green loan)	2,000	Sept.29, 2023	Sept.30, 2030	7.0	Fixed	0.91900%
	The Nishi-Nippon City Bank (Green loan)	1,900	Sept.29, 2023	Sept.30, 2031	8.0	Fixed	1.01500%
	The Nishi-Nippon City Bank (Green loan)	1,000	Sept.29, 2023	Sept.30, 2033	10.0	Fixed	1.18900%
	SBI Shinsei Bank (Green loan)	600	Sept.29, 2023	Sept.29, 2028	5.0	Fixed	0.76700%
	The Higo Bank (Green loan)	600	Sept.29, 2023	Sept.29, 2028	5.0	Fixed	0.76700%
	The Iyo Bank (Green loan)	500	Sept.29, 2023	Sept.29, 2028	5.0	Fixed	0.76700%
	The Kagoshima Bank (Green loan)	300	Sept.29, 2023	Sept.29, 2028	5.0	Fixed	0.76700%
	The Bank of Fukuoka (Green loan)	2,500	Oct.31, 2023	Oct.31, 2031	8.0	Floating	0.60727%
	MUFG Bank (Green loan)	1,000	Oct.31, 2023	Oct.31, 2030	7.0	Fixed	1.20250%
	Sumitomo Mitsui Banking Corporation (Green loan)	1,000	Oct.31, 2023	Oct.31, 2030	7.0	Fixed	1.20250%
	Mizuho Bank (Green loan)	1,000	Oct.31, 2023	Oct.31, 2031	8.0	Fixed	1.24900%
	The Nishi-Nippon City Bank (Green loan)	1,000	Feb.29, 2024	Feb.28, 2031	7.0	Fixed	0.88900%
	The Nishi-Nippon City Bank (Green loan)	1,000	Feb.29, 2024	Feb.28, 2033	9.0	Fixed	1.07000%
	The Bank of Fukuoka (Green loan)	1,000	Feb.29, 2024	Feb.28, 2031	7.0	Floating	0.67727%
	The Bank of Fukuoka (Green loan)	1,000	Feb.29, 2024	Feb.28, 2033	9.0	Floating	0.71727%
	SBI Shinsei Bank (Green loan)	700	Jul.31, 2024	Jan.31, 2033	8.5	Fixed	1.13176%
Tota							93,350

■Investment corporation bonds

Category	Issue	Balance (mm yen)	Issue date	Maturity Date	Term (year)	Coupon (year)
Investment corporation bonds	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%
Tota		3,000				

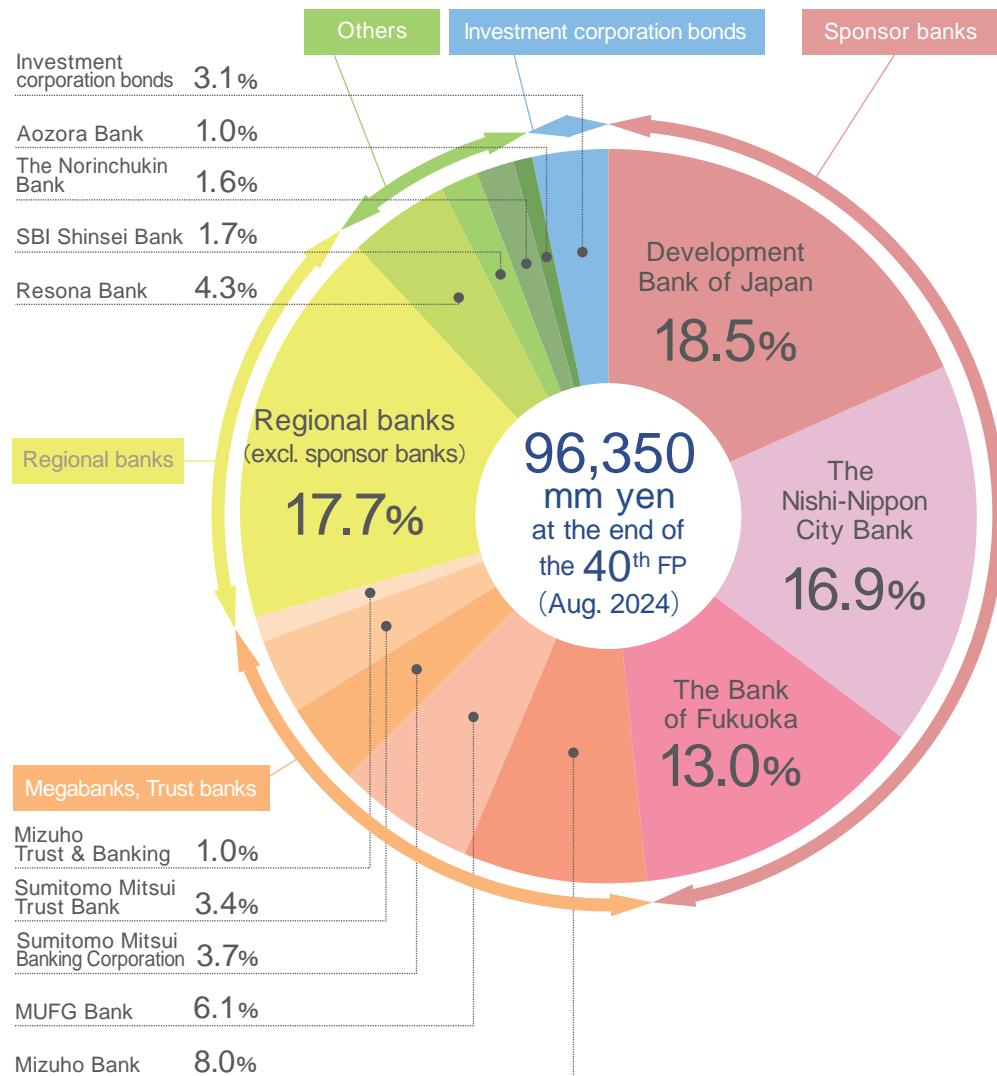
■Committed line of credit

Category	Lender	Credit Limit (mm yen)	Period	
			Start	End
Committed line	Committed line 1 (注9)	6,000	Aug. 1, 2018	Jul.30, 2027
	Committed line 2 (注10)	7,000	Mar. 2, 2020	Feb.28, 2027
Tota		13,000		

Lenders

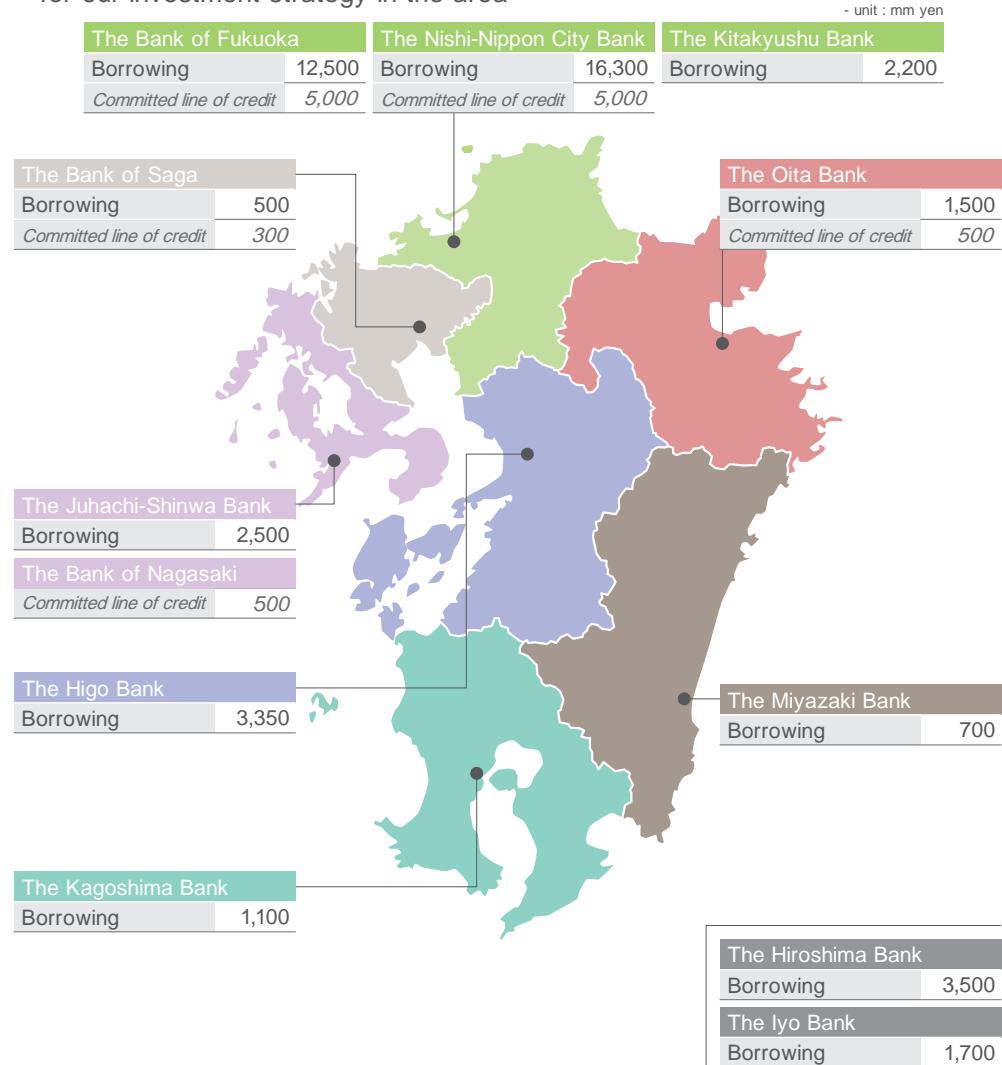
A stable network of sponsor banks and other lenders

Breakdown of debt by lenders



A regional bank transaction network

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



Certification from external organizations and information disclosure

<p>Signatory of:</p>  <p>Principles for Responsible Investment</p>	<p>Principles for Responsible Investment (PRI) (September 2018)</p>	<p>Refers to the six basic principles advocated in 2006 by Kofi Annan, the United Nations Secretary-General at the time, for the purpose of reflecting environmental, social and governance (ESG) factors to the investment process, as well as the international network of financial institutions that affirm the principles. The Asset Manager became a signatory to the Principles for Responsible Investment (PRI) in September 2018 in order to implement practices at an international level when it promotes ESG awareness in real estate investment and management operations.</p>
 <p>TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES</p>	<p>Endorsement of TCFD (Task Force on Climate-related Financial Disclosures) (September 2022)</p>	<p>In September 2022, we endorsed the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures), which was established by the Financial Stability Board (FSB) to examine climate-related disclosures and how financial institutions should respond. At the same time, we joined the TCFD Consortium, an organization of endorsing Japanese companies.</p>
 <p>21世紀 金融行動原則</p>	<p>Principles for Financial Action towards a Sustainable Society (Principles for Financial Action for the 21st Century) (September 2018)</p>	<p>Principles for Financial Action towards a Sustainable Society (Principles for Financial Action for the 21st Century) refers to the principles prepared in October 2011, with the Ministry of the Environment serving as the secretariat, as action guidelines for financial institutions that want to fulfill the responsibilities and roles necessary for forming a sustainable society. The Asset Management Company became a signatory in September 2018, affirming the ideas of the Principles.</p>
 <p>GRESB Public Disclosure 2024</p>	<p>GRESB</p>	<p>GRESB is a benchmark evaluation system that annually assesses the environmental, social and governance (ESG) awareness of real estate companies and funds, as well as the name of the organization that operates it. GRESB was established in 2009 mainly by major European pension funds that led the Principles for Responsible Investment (PRI). FRC has been a participant since 2018. GRESB Real Estate Assessment: "4 stars" and "Green Star" in FY2024. Disclosure Assessment: the highest "A Level" in FY2023.</p>
 <p>DBJ Green Building</p>	<p>DBJ Green Building Certification</p>	<p>The DBJ Green Building Certification is a certification system established in 2011 as an initiative to support real estate featuring "environmental and social considerations" and entities that own and operate such estate. The system evaluates real estate sustainability from five ESG-based perspectives. FRC has acquired the certification for 12 properties.</p>
 <p>CASBEE 不動産総合評議会 2024</p>	<p>CASBEE (Comprehensive Assessment System for Built Environment Efficiency)</p>	<p>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. 4 properties owned by FRC were certified.</p>
 <p>BELS</p>	<p>BELS</p>	<p>BELS is a system in which third parties evaluate and indicate the energy conservation performance of non-residential buildings based on the Evaluation Guidelines for the Building Energy-efficiency Labeling System for Non-Residential Buildings (2013). FRC has acquired the certification for 5 properties.</p>

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		Response to Risks and Opportunities
			2030	2050	
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.
	Reputation	Delayed response to decarbonization causes unit prices to fall, missing external growth opportunities	-	-	Promotion of green lease agreements Promotion of greening
Physical risks	Acute	Delayed response to decarbonization leads to shorter borrowing periods and higher interest rates	S	S	Appeal to investors who value environmental issues Improved portfolio in terms of environmental performance through property replacement
		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.)
	Chronic	More frequent disasters increase disaster preparedness costs	S	M	Conduct BCP training Provide property insurance Hazard risk surveys at the time of property acquisition
		Increased air conditioning usage due to rising temperatures increases utility cost burden	S	S	Implementation of renovation to improve air conditioning efficiency
Opportunities	Higher resource efficiency	Countermeasure costs increase due to sea level rise	S	S	Operation to boost energy efficiency
	Energy sources	Energy procurement costs associated with energy conservation decrease	S	S	
	Products and services	Progress in transition to clean energy leads to reduced carbon tax burden	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
	Markets	Increased supply of ZEB properties in the market boosts opportunities to acquire ZEB properties	-	-	
		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
	Resilience	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 "-".

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°C Scenario	1.5°C 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
		Opportunity	Reflected in carbon tax measure effects and energy procurement costs/rental business opportunities		Increased maintenance and management costs for renewable energy facilities
	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. *Unarticulated 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.

Sustainability

■ Materially significant issues

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

Environment → P59

● Green Building Certification Acquisition Rate



● Initiatives for workstyle reforms NEW

- Revision of the personnel system
- Introduction of a flexible working system, etc.

● Implementation of the hometown tax donation system (Nagasaki City, Kumamoto City) NEW

Support for urban development and regional revitalization in investment areas



● From June 2024, we aim to further strengthen corporate governance under the new structure of the asset management company.



ESG Initiatives (Environment)

Reduction of environmental load

We are working in collaboration with property management companies and building maintenance companies to promote the management and reduction of energy consumption, greenhouse gas emissions, water consumption, and waste emissions.

Energy Efficiency Fukuoka REIT

- Promotion of LED lighting (in common areas, etc.)
- Solar power system
- Greening of common areas, installation of water features, and creation of shaded spaces

Retail



Solar power generation system



Greening of common areas



Creating shade



Water placement



Greening of common areas

- Canal City Hakata (Common Areas and Storage Rooms) By converting all fluorescent lighting to LED, we aim to reduce annual CO2 emissions by 65%.



Common areas



Storage rooms

Main Facilities Advancing LED Lighting in Common Areas

Retail



Park Place Oita



Konoha Mall Hashimoto

Office building



Gofukumachi Business Center



Higashi Hie Business Center I・II・III



Kumamoto East Front Building



Hakata FD Business Center

- LED lighting has already been implemented in logistics facilities and residential properties.

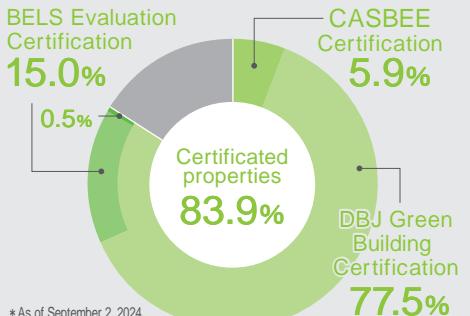
Maintenance and enhancement of environmental and construction performance

By obtaining certifications such as green building certifications and visualizing architectural performance, we aim to maintain and enhance our competitiveness.

Green Building certification

Green Building certification obtained for 83.9% of entire portfolio

Ratio of environmental certification acquisition



DBJ Green Building Certification

12 properties owned by FRC were certified (two properties have been recertified.) (Re-certified in Jun.8, 2024)



Konoha Mall Hashimoto



Higashi Hie Business Center II



DBJ Green Building 2024



DBJ Green Building 2024

CASBEE Certification for Real Estate

4 properties owned by FRC were certified (2 properties have been newly acquired (February 2024)).



Taihaku Street Business Center



Rank S
(office building)



Rank A
(residence)



Taihaku Street Business Center



Rank S

BELS Evaluation

5 properties owned by FRC were certified



Higashi Hie Business Center



Higashi Hie Business Center II



LOGICITY Minato Kashi



LOGICITY Hisayama



Tissage Hotel Naha

ESG Initiatives (Society)

Creation of pleasant workplaces

Initiatives for employees

«Office Environment Improvements and Flexible Workstyle Reforms»

- Introduction of “Office de Yasai” **NEW**
- Introduction of flexible working hours **NEW**
- Child-rearing support (maternity leave, childcare leave system, childcare support system, Introduction of babysitter subsidy vouchers)
- Leave (Voluntary work, nursing care)
- Employee welfare (401K, cumulative investment system, etc.)
- Encouraging use of paid holidays, etc.



«Career development support»

- Employee satisfaction survey (Once a year)
- Career interview and Self-assessment system
- Secondment system (dispatching of employees to sponsor companies)
- Promotion from contract employee to permanent employee status
- System for supporting acquisition of qualifications (Real estate brokers, ARES Certified Masters, etc.)

«Training for employees»

- Regular lectures by Kyushu Economic Research Center
- Compliance training
- ESG training
- Integrated Report training
- In-house recreation, etc.

Create an attractive workplace (tenants)

Initiative for tenants' employees

- Training for tenants' employees
- Emergency drills to improve safety and security of tenants
- Distribution of sustainability guidelines
- Implementation of tenant satisfaction surveys
- Park Place Oita and Konoha Mall Hashimoto have begun a full-scale introduction of a flexible business hours system* for tenants. **NEW**
* This system allows stores to set their opening and closing times at their discretion.
- At Konoha Mall Hashimoto, Wi-Fi has been installed in break rooms as part of employee services, aiming to create a better working environment for employees and improve employee satisfaction (ES). **NEW**



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



Hakata Gion Yamakasa Oiyama (Hachiban Yamakasa Kamikawabata-don) Platform ascent (left): President Yukitaka Ohara

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”



Nagasaki City donation presentation

Kumamoto City donation presentation ceremony

Implementation of Corporate Version of Hometown Tax System

Fukuoka Realty

- Continued Implementation of the Corporate Version of the Hometown Tax Donation System (Nagasaki City, Kumamoto City) **NEW**

Involvement in local community

Initiatives for local communities, etc.

Fukuoka Realty

- Initiatives at each facility in collaboration with local communities (Park Place Oita and Konoha Mall Hashimoto) **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



Father's Day Milking Experience (Park Place Oita)



Radio Exercises (Konoha Mall Hashimoto)

Others

Fukuoka Realty **Fukuoka REIT**

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

ESG Initiatives (Governance)

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



◎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.

Compliance / Risk management

Board Structure (From May 2024) Fukuoka REIT



◎Attendance Status of Board Meetings, etc. (From May 2024)

Title	Name	Total fees(thousand yen)	Attendance at board meetings
Executive director	Yukitaka Ohara	-	100% attendance
Supervisory director	Masahiro Uchida	1,800	100% attendance
Supervisory director	Takashi Tanabe		100% attendance

Board of Directors Structure (From June 2024) Fukuoka Realty

Appointment of Outside Directors (other than interest persons)
Secure transparency and fairness of the Board of Directors



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

- Same-boat investment by sponsor Fukuoka Jisho Co., Ltd., the main sponsor, has 10.731% 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 <small>(*)2</small>	Based on total assets
Management Fee 2	Based on operating revenues
Management Fee 3 <small>(*)2</small>	Based on distributable profit
Management Fee 4	Acquisition fee
Management Fee 5	Transfer fee

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

Regular Compliance Training Fukuoka Realty

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

Oct. 2021~ Sept. 2022	Oct. 2022~ Sept. 2023	Oct. 2023~ Sept. 2024
6 times	7 times	5 times (including e-learning)



Information disclosure and dialogue with stakeholders

Publication of Integrated Report Fukuoka REIT

- Issued annually since 2019
The 6th integrated report is scheduled for release in December 2024
(aim to expand non-financial information)

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)
- Holding of property tours

◎IR for overseas institutional investors

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

◎IR for individual investors

- **In-Person Reports on Investment Performance for Individual Investors (Fukuoka) (May 2024)** NEW
- **In-Person Financial Results Briefing for Individual Investors (Tokyo/Osaka) (June 2024)** NEW
- Fukusho IR Fair Online (July 2024)
- Responding to individual calls,etc.



Fukuoka Stock Exchange IR Fair Online



Financial Results Briefing for Individual Investors



Investment Performance Report (Fukuoka)



Property Tour for Institutional Investors

◎Information Dissemination

- To deepen the understanding of the investment corporation, we are focusing on investor relations (IR) activities.
- Providing information on press releases, various disclosure materials, the investment property portfolio and such through our website.
- Utilizing Facebook and X (formerly Twitter) to share insights on the economy and real estate market in Fukuoka and Kyushu, as well as information on commercial facilities, tourism, etc.



<https://www.fukuoka-reit.jp>

福岡リート投資法人

検索



X @fukuokareit8968

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Status of integration into indexes (as of August 31, 2024)

◎Global indexes, etc

FTSE EPRA/NAREIT Global Real Estate Index

FTSE Developed Small Cap

S&P Global REIT Index

MSCI Japan Small Cap Index

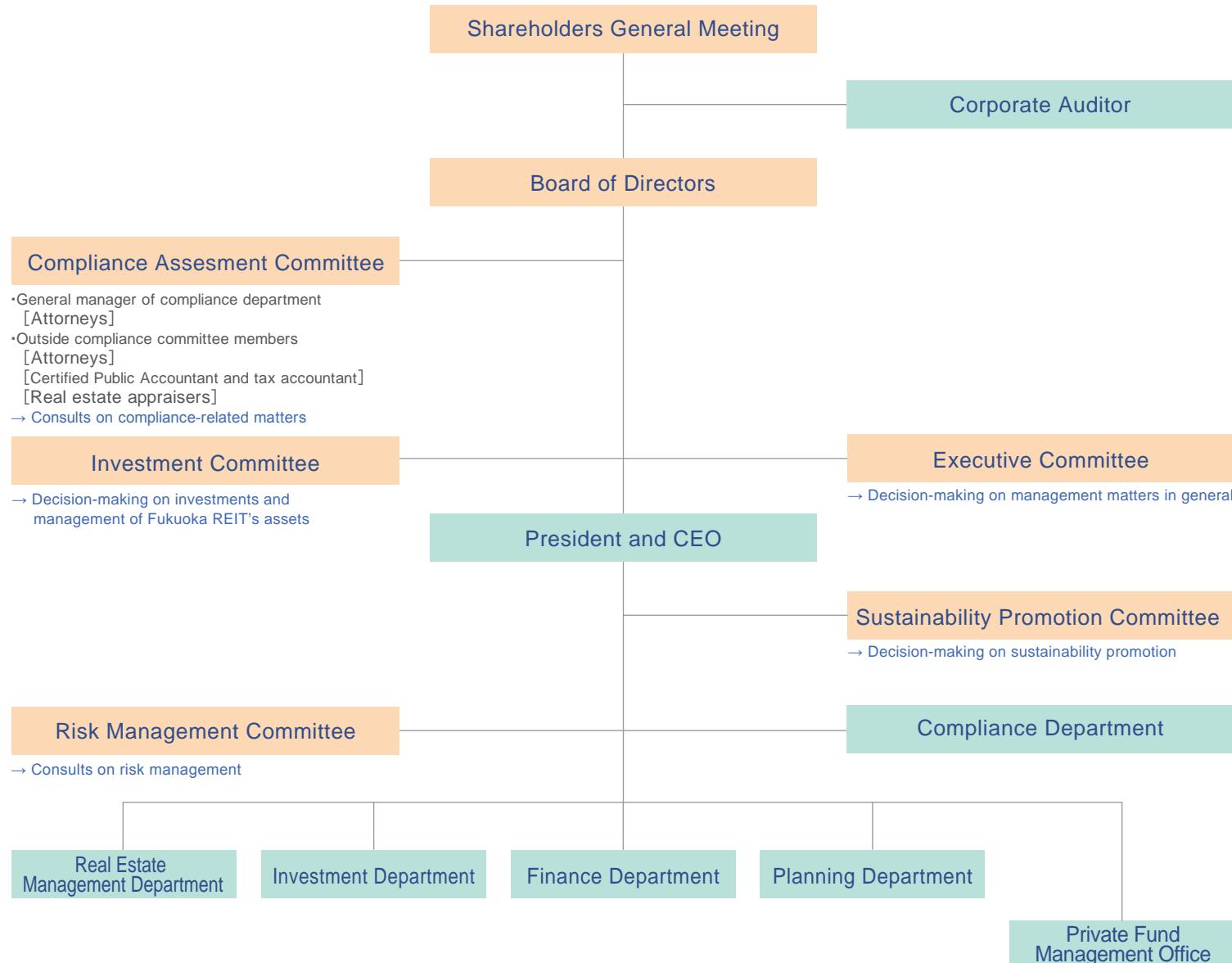
Other Activities

The Kyushu IR Workshop, which started in collaboration with the Japan Investor Relations Association, is entering its 14 year in 2024. 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.

Date	Theme & lecturer
1st workshop July 2024	"The trend of IR with rising expectations for improving corporate value ~ Behavior expected of IR departments and staff ~" Yoshiko Sato, Managing Director, Japan Investor Relations Association

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

Asset management company's organization



Corporate Profile
Established : December 26, 2003
Paid-in capital : 200 million yen
Certifications, etc. :
①Obtained license for real estate transaction services February 27, 2004 / License No. (5) 15052 issued by the Governor of Fukuoka (updated on February 28,2024)
②Certified as discretionary real estate transaction agent under the Building Lots and Buildings Transaction Business Act April 27, 2004 / Certification No. 21 issued by the Minister of Land, Infrastructure, Transportation and Tourism
③Obtained certification to conduct businesses related to investment trust management June 25, 2004 / Certification No. 31 issued by the Prime Minister of Japan
④Registered 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
⑤Registration of change related to investment advisory and agency business January 23, 2023
Numbers of credentialed personnel (As of August 31, 2024)
■ The average number of years of continuous service of permanent employees: 8 years and 3 months
■ Full-time personnel: 48 Gender ratio Male : 39.6% Female : 60.4%
• Employees seconded from sponsors: 2
• Employees seconded to a sponsor: 5
■ Number of credentialed personnel *List of total number of regular employees, contract employees and seconded employees.
• Real estate brokers : 21
• ARES Certified Masters : 23
• Certified Building Administrators : 3
• First-class registered architect : 2
• Real estate appraisers : 3
• Attorney : 1
• MBA : 2
• CMA : 2
• Licensed Representative of Condominium Management Company : 1
• Information Technology Passport Examination : 9

Sponsor pipeline (Fukuoka Jisho Group)

■ Overview of Fukuoka Jisho Co., Ltd. (period ended May 31, 2024)

Name	Fukuoka Jisho Co., Ltd.
Established	July 1961
Industries	Real estate (comprehensive developer)
Representative	Ichiro Enomoto, President and C.E.O
Employees	178

Net sales	45.3 billion yen
Ordinary income	13.7 billion yen
Net income	9.4 billion yen
Total assets	265.9 billion yen
Equity ratio	37.5%

■ 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.

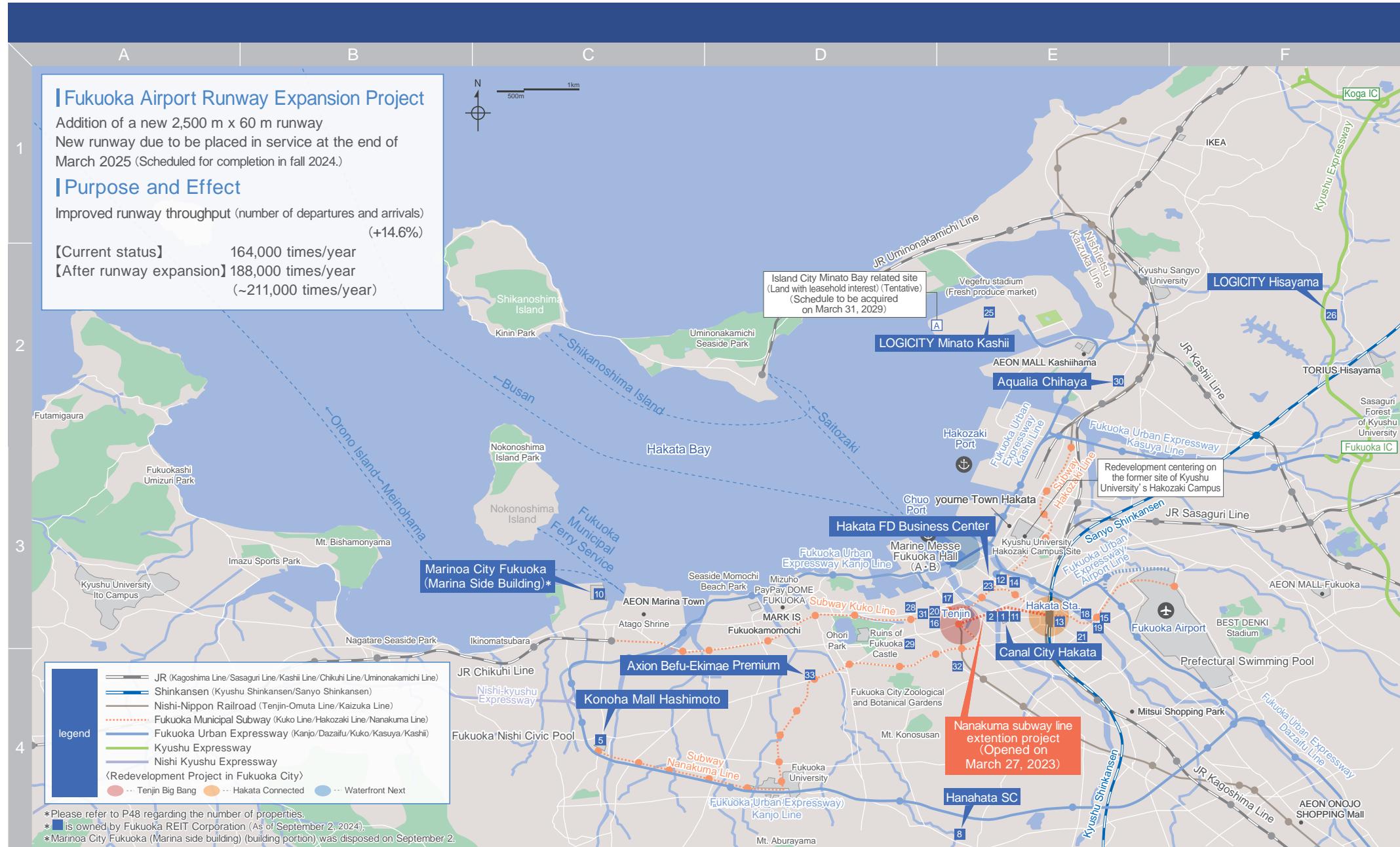
■ Major properties owned by Fukuoka Jisho Group

Use	No.	Name	Year of completion	Total floor space
Office buildings	1	Fukuoka Kogin Building	1970	15,408m ²
	2	Fukuoka Asahi Building	1970	44,762m ²
	3	Hakata Ekimae Business Center	1999	24,731m ²
	4	Naha Business Center	2018	9,054m ²
	5	Tenjin Business Center	2021	61,100m ²
	6	Sumitomo Life Fukuoka Building/ Nishi-dori Business Center Reconstruction Project (provisional name) (*)	May 2025 (scheduled)	42,000m ²
	7	Tenjin Business Center 2nd Phase Project (provisional name)	June 2026 (scheduled)	62,932m ²
Retail	8	Marinoa City Fukuoka (Outlet Building) closed in Aug. 2024	2000(Building I) / 2004(Building II) / 2007(Building III)	46,663m ²
	9	Tenjin Kirameki Dori Building	2003	24,525m ²
Residence	10	Class Keyaki Dori	2008	6,500m ²
	11	CLUB NEXUS Ohori Nishi	October 2024 (scheduled)	2,649m ²
	12	(tentative) Yakuin 2-Chome Rental Apartment	February 2026 (scheduled)	5,449m ²
Hotel	13	Hotel FORZA Sapporo Ekimae	2020	11,344m ²
Logistics	14	LOGICITY Minato Kashii North	2020	47,150m ²
	15	Logistic plan in Tosu	August 2026 (scheduled)	36,288m ²
	16	Logistic plan in Ueki, Sue Town (section A-B)	Not announced	—
	17	Logistic plan in Sonobe, Kiyama Town	Not announced	—
	18	Island city Logistic Plan	2030 (scheduled)	—

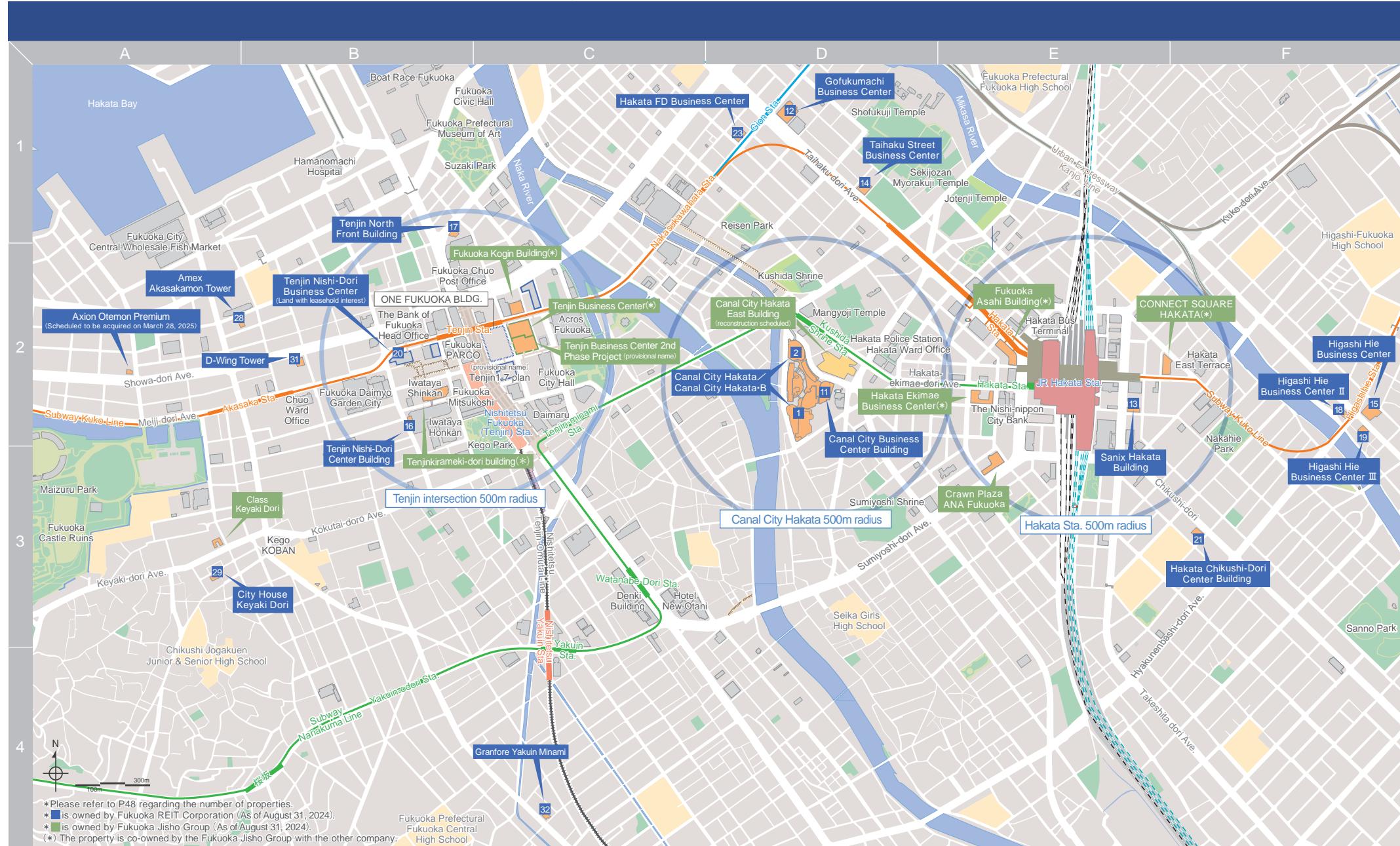
*Includes properties owned by the Fukuoka Jisho Group and properties co-owned with other companies.

(*) FRC acquired land with leasehold interest on June 1, 2021.

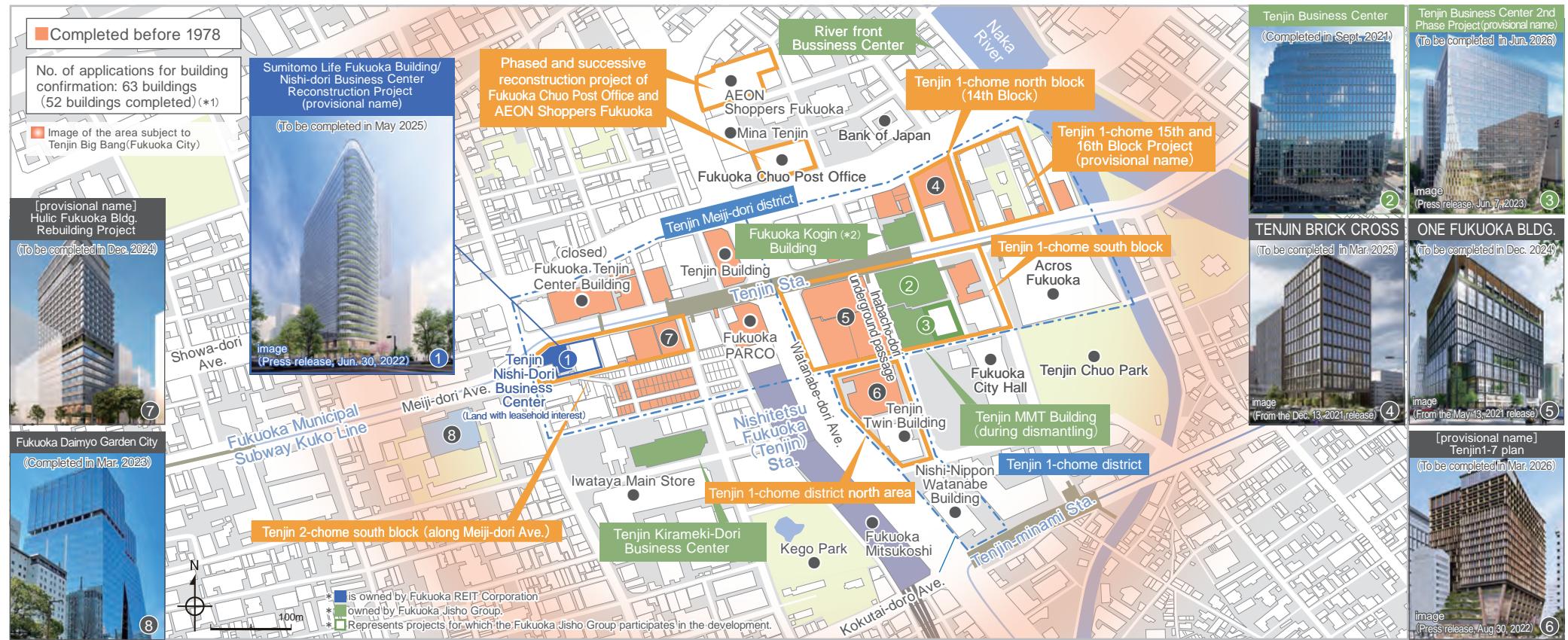
The condition of suburb area in Fukuoka



The condition of Fukuoka city center



Redevelopment in Tenjin area (Tenjin Big Bang)



(*) February 2015 to March 2023 after the start of Tenjin Big Band. Number of completed buildings as of March 31, 2023, announced by Fukuoka City. (**) 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 Band introduction website (<https://www.city.fukuoka.lg.jp/utaku-shi/kaibatsu/sishisei/20152026.html>).

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

- ① Special permission to relax Civil Aeronautics Act-related building height regulations
- Around Fukuoka City Hall approx.67m (15 floors)
- Tenjin Meiji-dori district (West of the center of Watanabe-dori) approx.115m(26 floors)
- Tenjin Meiji-dori district (East of the center of Watanabe-dori) approx.76m (17 floors) ~ approx.100m(22 floors)
- Tenjin 1-chome district approx. 80m (18 floors) ~ approx. 96m (21 floors)

② Deregulation of floor space ratios (Fukuoka City original)

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

◎ Initiatives for becoming an infection-controlling city

● Urban central areas

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

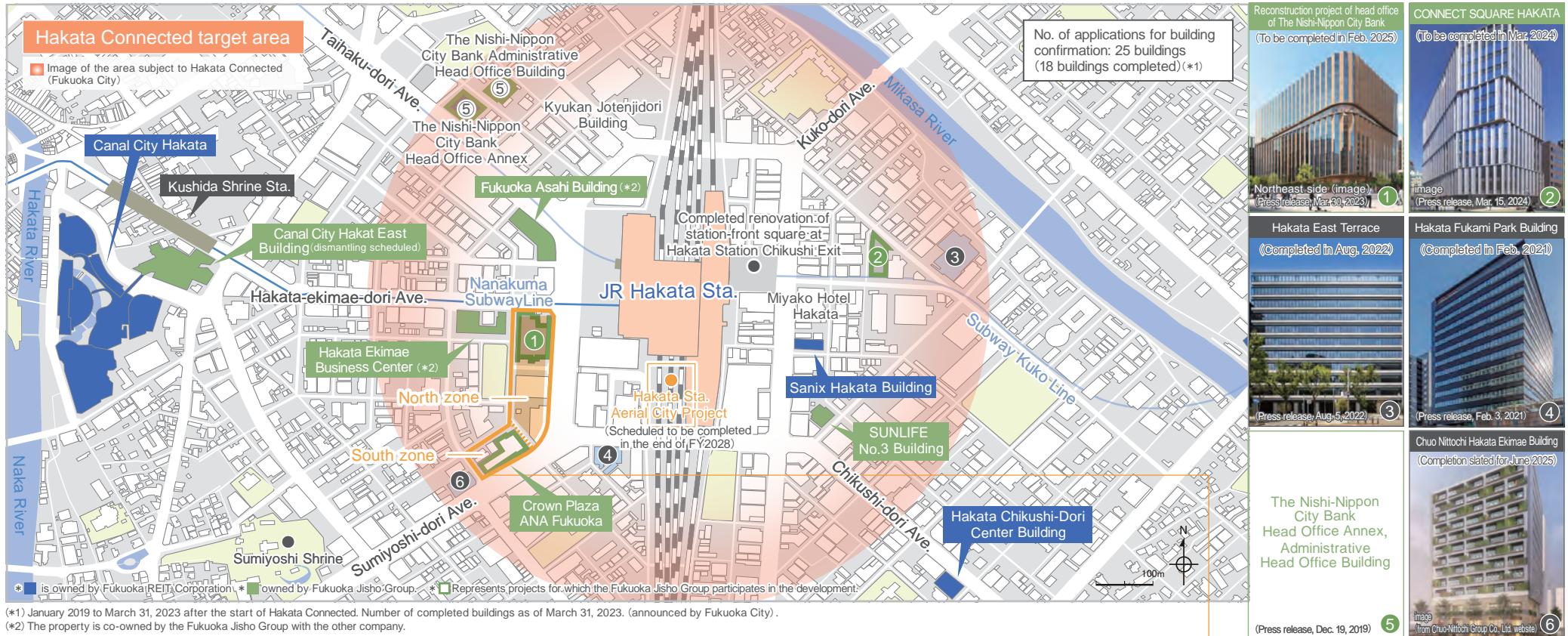
Relaxation of floor area ratio by up to **50%**

Tenjin Big Bang Area

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

Redevelopment in Hakata area (Hakata Connected)

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



Hakata Connected Bonus

④Expand 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)

④New 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)