

ESG Initiatives (Environment)

Reduction of environmental load

Enhancing energy efficiency Fukuoka REIT

- Installation of electromagnetic water meter **NEW**
- Utilization of renewable energy (common areas, etc.)
- Reduction in Air Conditioning Load (applied coating film containing a shading agent)
- Greening of common spaces / Arrangement of water areas / Creation of shaded spaces
- Installation of electronic circuit breaker



Park Place Oita

<Upgrading of emergency power generator> **NEW**

- DC power supply device (Canal City Hakata)
- Power supply for starting emergency power generator in the event of emergencies.



Waste reduction / resource recycling / water resources, etc. Fukuoka REIT

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



• Addition of plants (Konoha Mall Hashimoto) **NEW**

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

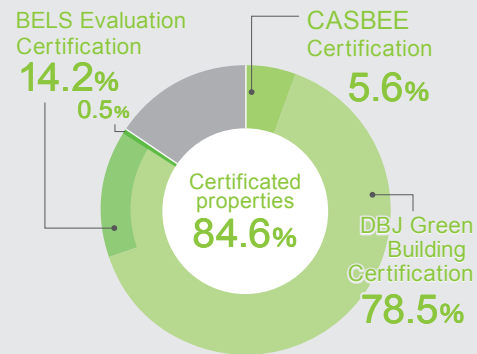


Maintenance and enhancement of environmental and construction performance

Green Building certification

Green Building certification obtained for 84.6% of entire portfolio

Ratio of environmental certification acquisition



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

【Newly acquired in Sept. 2023】 【Re-certified in Dec. 2023】



Hakata FD Business Center LOGICITY Minato Kashii

【Re-certified in Dec. 2023】



LOGICITY Hisayama

* As of February 29, 2024 (based on total floor space)

• CASBEE Certification for Real Estate

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



• BELS Evaluation

5 properties owned by FRC were certified



ESG Initiatives (Society①)

Creation of pleasant workplaces

Fukuoka Realty

Initiatives for employees

《Fukuoka Realty: Numbers of credentialed personnel》

(As of February 29, 2024)

■ The average number of years of continuous service of permanent employees: 8 years and 0 months

■ Full-time personnel: 48 [Male:24 Female:24] *Gender ratio
 • Employees seconded from sponsors : 3 Male : 50.0%
 • Employees seconded to a sponsor : 8 Female : 50.0%

■ Number of credentialed personnel

• Real estate brokers : 23	• Attorney : 1
• ARES Certified Masters : 21	• MBA : 2
• Certified Building Administrators : 5	• CMA : 2
• First-class registered architect : 3	• Licensed Representative of Condominium Management Company : 1
• Real estate appraisers : 3	• Information Technology Passport Examination : 3

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

《Support for flexible working styles》

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

《Career development support》

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

《Training for employees》

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

- Offering of training programs tailored to each management level
- System for supporting acquisition of qualifications (Real estate brokers, ARES Certified Masters, etc.)
- Support for language learning, etc.

Other Initiatives

《health management・Improvement of office environment》

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

《Certification and registration, etc.》

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

Create an attractive workplace (tenants)

Fukuoka REIT

- Training for tenants' employees
- Emergency drills to improve safety and security of tenants
- Distribution of sustainability guidelines
- Support for tenants' employees and part-time job recruitment (posted on property websites)
- Training aimed at improving skills (inbound customer service training *Korea, China) **NEW**
- Thank-you party for tenant staff (Canal City Hakata, Park Place Oita) **NEW**
- Improvement of employee lounge
- Implementation of tenant satisfaction surveys
- Park Place Oita and Konoha Mall Hashimoto introduced "Flexible Business Hours System (*)" for tenants on a trial basis.

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



Inbound customer service training



Thank-you party for staff

ESG Initiatives (Society②)

Contribute to increased attractiveness and vitalization of Fukuoka and Kyushu area

Provision of regional information Fukuoka Realty

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

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

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

Implementation of Corporate Version of Hometown Tax System Fukuoka Realty

Continue to implement the corporate version of the hometown tax payment system NEW
(Kumamoto City and Nagasaki City)

●O-Vision Ice Arena Fukuoka



Held an ice skating class for adults and children as part of the welfare program for all officers and employees NEW

●Support for locally based professional sports



Endorsed urban development through sports through the "season seat sponsor" of Avispa Fukuoka

Involvement in local community

Initiatives for local communicaties, etc. Fukuoka Realty

- Initiatives at each facility in collaboration with local communities (Canal City Hakata 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



Canal City Hakata
Gospel illumination event held by a local high school NEW



Konoha Mall Hashimoto
Tie-up with a local elementary school "Seiryu Marche" NEW



Konoha Mall Hashimoto
SDGs plastic bottle cap art NEW



Participation in Clean Day



Hosted the Real Estate, Finance and Economic Networking

Others Fukuoka Realty Fukuoka REIT

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



Child-rearing support
Parking lot dedicated to pregnant women and stroller users



Park Place Oita
Crime prevention patrol (Jointly conducted with communities and schools)



Canal City Hakata, others
AED installation



Canal City Hakata, others
bike share service



Canal City Hakata, others
EV charging station

ESG Initiatives (Governance)

Compliance / Risk management

Governance System

Fukuoka Realty

Fukuoka REIT

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

◎Decision-making process (*1)



◎Third-party assessment by external experts

[Real estate appraisals]

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

[Market reports]

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

[Engineering reports]

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

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

Conjunction with investors' and sponsors' profit

Fukuoka Realty

Fukuoka REIT

- Same-boat investment by sponsor
Fukuoka Jisho Co., Ltd., the main sponsor, has 9.81% of FRC's investment units
- Cumulative investment system for investment units
(About 1/3 of officers and employees participate in this system)
A cumulative investment system for investment units was introduced for the Asset Manager officers and employees in April 2015 in order to enhance their mindset for FRC's investment unit price and better performance as well as promote their assets formation.

Management Fee Structure

Fukuoka Realty

Unitholder interest-linked asset management fees

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

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

Appointment of Outside Directors (other than interested persons)

Fukuoka Realty

Secure transparency and fairness of the Board of Directors

Title	Name	Attendance at board meetings at 39 th
President and CEO	Zenji Koike	100% attendance
Vice President Board of Directors(Non-Executive)	Hiroshi Shimuta	100% attendance
Vice President Board of Directors(Non-Executive)	Yukitaka Ohara	100% attendance
Vice President Board of Directors(Non-Executive)	Masanori Kozuma	100% attendance
Vice President Board of Directors(Non-Executive)	Kazuomi Kamikawa	100% attendance

Information on attendance at board meetings at 39th, etc.

Fukuoka REIT

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

Information Security

Fukuoka Realty

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

Customer-oriented Business Operations

Fukuoka Realty

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

Regular Compliance Training

Fukuoka Realty

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

Apr. 2021 – Mar. 2022	Apr. 2022 – Mar. 2023	Apr. 2023 – Mar. 2024
6 times	6 times	7 times

(including e-learning)

Information disclosure and dialogue with stakeholders



Publication of Integrated Report

Fukuoka REIT

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

Integrated Report 2023
(published in December 2023)

- ESG interview
Conducted 8 times
(February 2024)