

ESG Initiatives (Environment)

Installation of Solar Panels

Fukuoka REIT

Konoha Mall Hashimoto



Posting power generation, etc. in common areas

LOGICITY Minato Kashii, others

Canal City Hakata



Mobile phone charging station

Greening

Fukuoka REIT

Canal City Hakata



Park Place Oita



Countermeasures to Flooding Risks (installation of water stops)

Fukuoka REIT

Canal City Hakata



Tissage Hotel Naha



Newly installed water stops and added automatic doors on the side of the entrance to prevent water intrusion upon typhoons

Water reuse system

Fukuoka REIT

Canal City Hakata



Rainwater

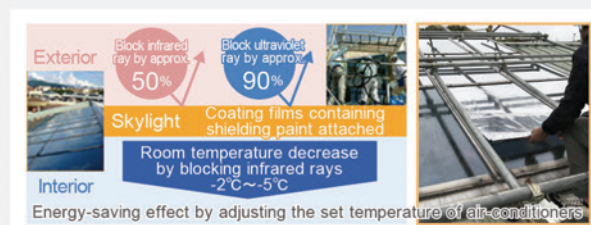
Groundwater

Kitchen drainage

Reduction of Air-Conditioning Load (shielding paint on skylights)

Fukuoka REIT

Park Place Oita



ESG Initiatives (Society①)

Consideration for the Elderly, People with Disabilities, etc. Fukuoka REIT

Konoha Mall Hashimoto

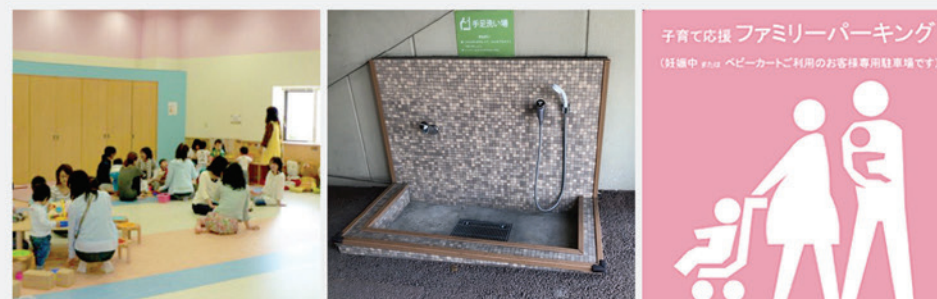


Installed intercoms

Certified as excellent type for the Welfare Town Creation Ordinance (by Fukuoka City Government)

Child-rearing support Fukuoka REIT

Konoha Mall Hashimoto



Children's Plaza in Hashimoto, Nishi Ward
Tenant moved in

Installed a wash-basin
for hands and feet

Parking lot dedicated to
pregnant women and stroller users

Promote Co-Creation with Local Communities Fukuoka REIT

Konoha Mall Hashimoto

Canal City Hakata



Library book drop

Acquisition of pedestrian bridge naming rights
(Use naming rights fee for road maintenance)

"Park and Ride"
recommended

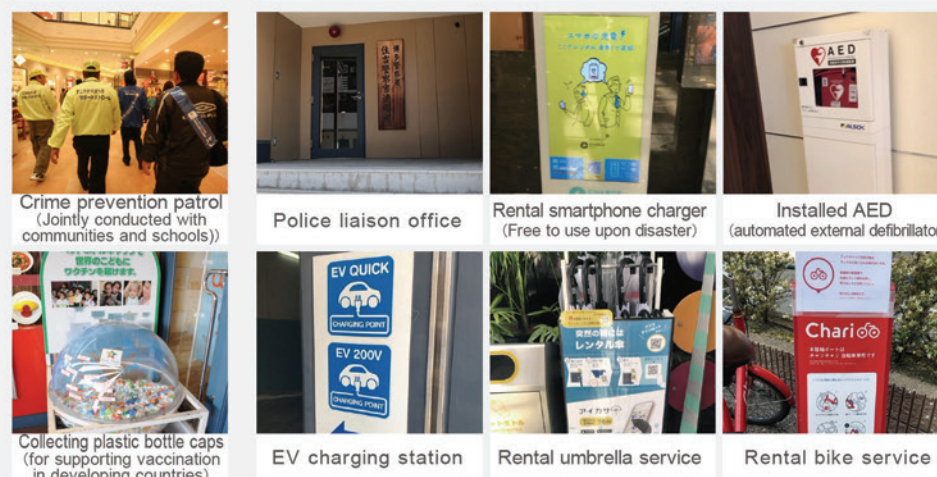
"One Person, One Flower" campaign

Tie-up with local festivals
(Setting up a yamakas decorative float and
Aqua Panorama performance)

Other (crime prevention, disaster response, improved convenience) Fukuoka REIT

Park Place Oita

Canal City Hakata, others



Crime prevention patrol
(Jointly conducted with
communities and schools))

Police liaison office

Rental smartphone charger
(Free to use upon disaster)

Installed AED
(automated external defibrillator)

Collecting plastic bottle caps
(for supporting vaccination
in developing countries)

EV charging station

Rental umbrella service

Rental bike service

ESG Initiatives (Society②)

Corporate Version of Hometown Tax System

Fukuoka Realty
NEW

Utilized the Corporate Version of Hometown Tax System for 7 cities (Kurume, Miyawaka, Tosu, Oita, Kumamoto, Kagoshima, and Naha) from the cities where FRC owns properties, with regard to projects related to industry and tourism.

Initiatives for tenants

Fukuoka REIT

Support for tenants (restaurant/eatery)

Lunch box market



Canal City Hakata restaurants sell take-out lunch boxes

- Improve the employee lounge environment
- Emergency drills
- Various training program
- Employee discount

Anti-infection measures

Fukuoka REIT



Park Place Oita NEW



Canal City Hakata NEW

Retail

Major anti-infection measures

- Install alcohol disinfectants and anti-splash screens
- Call for attention to social distancing
- Conduct thorough health management of tenants' employees by taking their temperature, etc.
- Install acrylic plates in the employee lounge NEW
- Conduct antibacterial treatment for handrails and escalator belts, etc. NEW

Office buildings

Major anti-infection measures

- Install alcohol disinfectants at the entrance
- Strengthen ventilation in common areas, etc.
- Post warnings about anti-infection measures in elevators
- Install space sterilization devices NEW
- Broadcast video on efforts with infection control measures NEW

Other activities

Fukuoka Realty

- Participates in Hakata Town Planning Promotion Council (as director)
- Participates in Fukuoka Directive Council
- Hosts the Kyushu IR Workshop
- Hosted the Real Estate, Finance and Economic Networking (2019)
- Participates in the ESG Dialogue Platform by the Ministry of the Environment
- Participates in the Kyushu SDGs Forum
- Hosts the Fukuoka International Architectural Design Competition



The KYUSHU IR Workshop held online

Initiatives for employees

Fukuoka Realty

《Fukuoka Realty: Numbers of credentialed personnel》

(As of February 28, 2021)

- The average number of years of continuous service of permanent employees: 9 years and 1 month
- Full-time personnel: 41 [Male:20 Female:21] ※51.2% Female
- Employees seconded from sponsors: 2
- Employees seconded to a sponsor: 4

■ Number of credentialed personnel

- | | |
|---|---------------------------------|
| • Real estate brokers : 27 | • Attorneys : 1 |
| • ARES Certified Masters : 23 | • MBA : 1 |
| • Certified Building Administrators : 4 | • Administrative Scrivener : 1 |
| • First-class registered architect : 2 | • SME management consultant : 1 |
| • Real estate appraisers : 3 | |



《Support for flexible working styles》

- Child-rearing support (maternity leave, childcare leave system)
- Nursing care leave
- Leave for voluntary work
- No overtime days
- 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, etc.

《Training for employees》

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

- Offering of training programs tailored to each management level
- System for supporting acquisition of qualifications (Real Estate Securitization Master, Real Estate Transaction Agent, etc.)
- Support for language learning, etc.

ESG Initiatives (Governance)

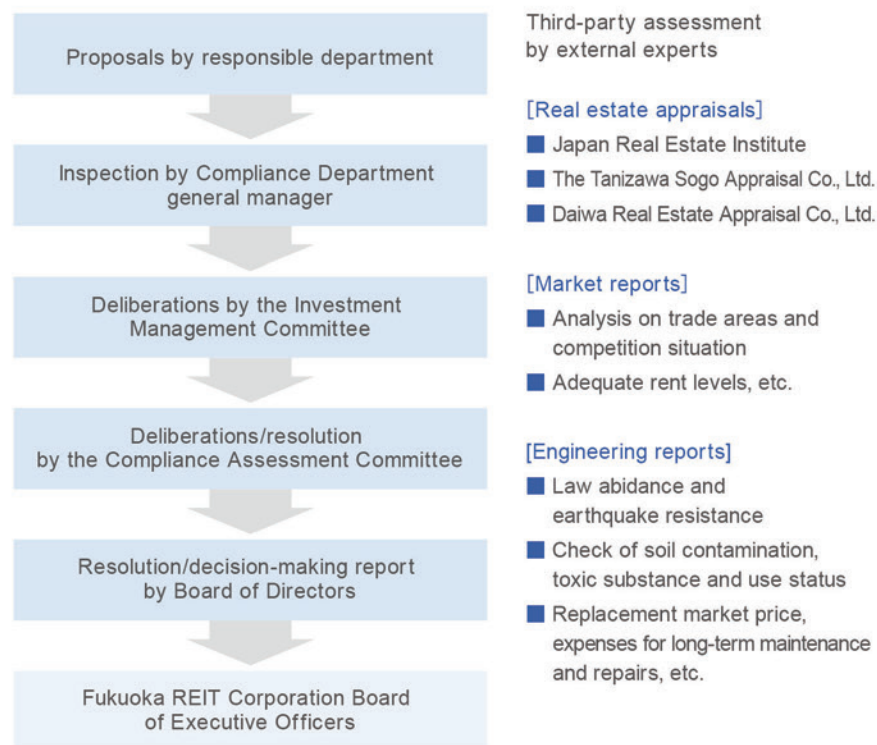
Governance System

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 conflict of interest risk management pertaining to our dealings 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



(*) 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.

Matching unitholder interests and sponsor interests, etc.

Fukuoka Realty

Fukuoka REIT

- Same-boat investment by sponsor
Fukuoka Jisho Co., Ltd., the main sponsor, has 9.18% of FRC's investment units as of the end of the 33rd fiscal period.
- Cumulative investment system for investment units (42.9% of the officers and employees participated in the system)
A cumulative investment system for investment units was introduced for the Asset Manager officers and employees in April 2015 in order to enhance their mindset for FRC's investment unit price and better performance as well as promote their assets formation.

Appointment of Outside Directors (other than interested persons)

Fukuoka Realty

Secure transparency and fairness of the Board of Directors

Changes to the asset management fee structure

Fukuoka Realty

The Management Fees 1 and 3 were reviewed for the purpose of further reinforcing the linkage between unitholder interest and the asset management fee structure, and the following changes were resolved at the ninth General Meeting of Unitholders held on May 26, 2020 for further enhancing unitholder value. The changes became effective on September 1, 2020 (beginning of the 33rd fiscal period)

| Asset management fees | Calculation method |
|--|--|
| Management Fee 1 (based on total assets) | [3 months from the day following the last day of the immediately preceding fiscal period] Total assets at the end of the immediately preceding fiscal period × 0.25% (previously 0.3%) × number of days / 365 [From the day following the last day of the period above to the end of the fiscal period] (Total assets at the end of the immediately preceding fiscal period + value of acquired assets - value of disposed assets) × 0.25% (previously 0.3%) × number of days / 365 |
| Management Fee 2 (based on operating revenue) | Operating revenue for the immediately preceding fiscal period × 2.0% |
| Management Fee 3 (based on distributable profit) | (Distributable amount before paying Management Fee 3 for the immediately preceding fiscal period) × 3.6% (previously 2.0%) |
| Management Fee 4 (acquisition fee) | Value of acquired assets × 0.5% (Value of acquired assets × 0.25% in the case of acquisition from interested parties) |
| Management Fee 5 (transfer fee) | Value of transferred assets × 0.5% (Value of transferred assets × 0.25% in the case of transfer to interested parties) |