

# ESG Initiatives (Environment)

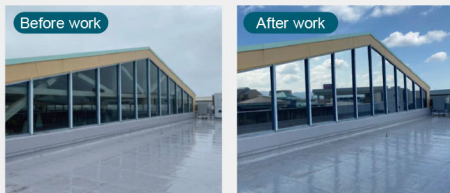
## Reduction of environmental load

### Enhancing energy efficiency Fukuoka REIT

- Replacement of air-conditioning equipment (34<sup>th</sup> period; Sanix Hakata Building) **NEW**  
Replaced air-conditioning units in common spaces (already replaced in tenants' exclusive areas in 32<sup>nd</sup> and 33<sup>rd</sup> periods), with power consumption expected to decrease by about 18%.
- Promotion of replacement of lighting with LED lamps (34<sup>th</sup> period; Tenjin North Front Building) **NEW**  
Replaced lighting equipment in common spaces with LED lamps
- Utilization of renewable energy (solar power generation panels installed at Konoha Mall Hashimoto, LOGICITY Minato Kashii and LOGICITY Hisayama)
- Attachment of heat-shielding sheets for the top light section on the rooftop (34<sup>th</sup> term; Park Place Oita) **NEW**
- Greening of common spaces • Arrangement of water areas • Creation of shaded spaces
- Installation of charging station for electric vehicles

### Waste reduction / resource recycling Fukuoka REIT

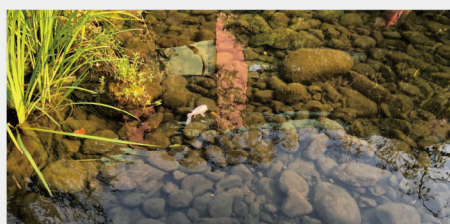
- Greywater plant (kitchen drainage reuse system)  
Kitchen water from restaurants is processed into greywater and re-used as water for washing toilets within the building (Canal City Hakata)
- Separate collection of garbage
- Collection of secondhand clothing (Konoha Mall Hashimoto) **NEW**



Attachment of heat-shielding sheets for the food court's top light section (Park Place Oita)



Campaign examples at Konoha Mall Hashimoto (September 2021)



By greening common spaces, creating shaded spaces and arranging water areas, etc., facilitates easing of heat island phenomenon and purifying air as well as provides a peaceful venue for employees and visiting customers and a habitat for living creatures.

## Maintenance and enhancement of environmental and construction performance

### GRESB2021

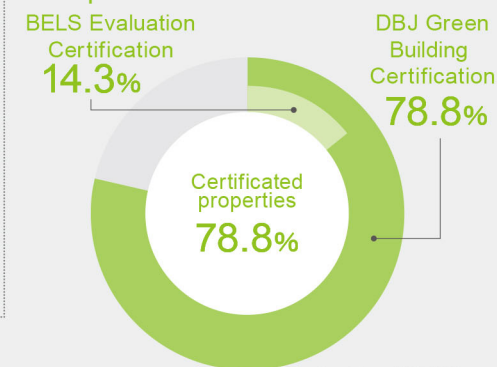
Received the rating of "Green Star" and "4 stars" in the GRESB survey 2021 **NEW**  
Will further strengthen ESG endeavors.



### Environmental certification (By property)

Green Building certification obtained for 78.8% of entire portfolio

#### Ratio of environmental certification acquisition



\* As of August 31, 2021  
(based on total floor space)

#### DBJ Green Building Certification

" 12 properties owned by the Fukuoka REIT corporation were certified.

Reacquired certification for two properties. (June 2021) **NEW**

#### Konoha Mall Hashimoto



DBJ Green Building  
2020

Properties with exceptionally high environmental & social awareness

#### Higashi Hie Business Center II



DBJ Green Building  
2020

Properties with excellent environmental & social awareness

#### BELS Evaluation

" Four properties owned by the Fukuoka REIT corporation were certified.

# ESG Initiatives (Society①)

## Creation of pleasant workplaces (Asset manager)

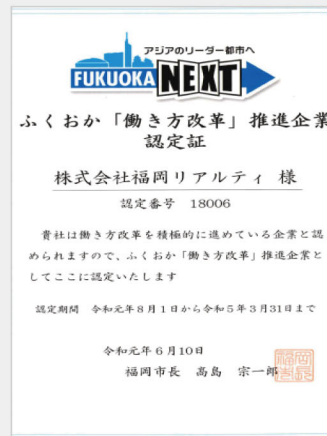
### Initiatives for employees Fukuoka Realty

#### 《Fukuoka Realty: Numbers of credentialed personnel》

(As of August 31, 2021)

- The average number of years of continuous service of permanent employees: 9 years and 6 months
- Full-time personnel: 40 [Male:20 Female:20] ※50.0% Female
  - Employees seconded from sponsors: 2
  - Employees seconded to a sponsor: 4
- Number of credentialed personnel
 

• Real estate brokers : 28	• Attorneys : 1
• ARES Certified Masters : 25	• MBA : 2
• Certified Building Administrators : 4	• Administrative Scrivener : 1
• First-class registered architect : 3	• SME management consultant : 1
• Real estate appraisers : 3	• CMA : 2



#### 《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.

#### 《Training for employees》

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

#### 《Career development support》

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

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

### Initiatives for health management and prevention of infection spread Fukuoka Realty

- Initiatives to prevent infectious diseases such as influenza (Implementation of influenza vaccination and full coverage of vaccination costs)
- Initiatives for preventing spread of COVID-19 (such as installation of thermographic monitors to measure temperature at office entrances **NEW**; installation of anti-splash panels and ozone sterilization equipment; desk arrangement in office spaces with social distance in mind; distribution of masks, thermometers and antiseptic solution; periodical disinfection of tables, chairs and door knobs, etc.)

- Mandatory health checkups and comprehensive medical examinations
- Health counseling by public health nurses
- Application system to restrict excessive overtime work
- Assistance for use of sports clubs
- COVID-19 vaccination at workplaces **NEW**
- Special leave for illness after COVID-19 vaccination

## Create an attractive workplace (tenants) Fukuoka REIT

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

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



Installation of thermographic monitors to measure temperature (Fukuoka Realty office entrances)



# ESG Initiatives (Society②)

## Contribute to increased attractiveness and vitalization of Fukuoka and Kyushu area

### Provision of regional information Fukuoka Realty

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

### Implementation of Corporate Version of Hometown Tax System Fukuoka Realty

Provided support to 7 districts in total by utilizing the Corporate Version of Hometown Tax System

### 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.

### Support for locally based professional sports

- Participation in Avispa Fukuoka Supporters' Association
- Installation of supporting monuments for Oita Trinita football club

### Information provision on regional events through social media



キャナルシティ博多では、7月1日(木)~7月14日(水)の期間、飾り山笠を奉納します。飾り山笠公開期間中、アクアパノラマ「YAMAKASA」の上演も行います。詳しくはこちら⇒[canalcity.co.jp/news/event/2241](https://canalcity.co.jp/news/event/2241)



"Victory Bell" for Oita Trinita

### Information provision on initiatives of local governments

国際金融機能誘致 TEAM FUKUOKA 設立

日本政府が外資系金融機関や海外の金融人材の受け入れ拡大を目指すことを受け、福岡への国際金融機能の誘致に携わる多様な主体が、情報の共有・交換を進め、それぞれの特色を活かしながら取り組んでいくために、産学官によるオール福岡の推進組織「TEAM FUKUOKA」が2020年9月29日に設立されました。



Posting on the integrated report

## Involvement in local community

### Initiatives for local communities, etc. 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

### Others Fukuoka Realty Fukuoka REIT

- Preventing the spread of new coronavirus infections
- Consideration for the elderly, physically challenged, etc.
- Child-rearing support
- Participation in community cleanup activities by employees of the asset management company
- Safty Town Council

At Park Place Oita, we established a "Safty Town Council" that partners with related institutions and groups to conduct crime-prevention patrols and proactively strives to prevent youth misconduct.

### Consideration for the Elderly, People with Disabilities, etc.

#### Konoha Mall Hashimoto



Installed intercoms



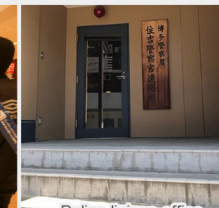
Certified as excellent type for the Welfare Town Creation Ordinance (by Fukuoka City Government)

### Other (crime prevention, disaster response, improved convenience)

#### Park Place Oita

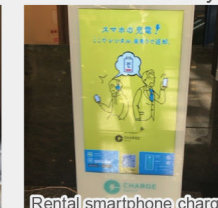


Crime prevention patrol (Jointly conducted with communities and schools)

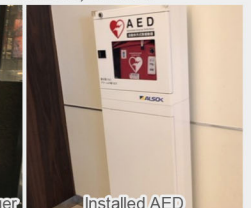


Police liaison office

#### Canal City Hakata, others



Rental smartphone charger (Free to use upon disaster)

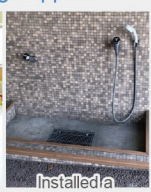


Installed AED (automated external defibrillator)

### Child-rearing support



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



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



EV charging station



Rental umbrella service



Rental bike service

# ESG Initiatives (Governance)

## Compliance / Risk management

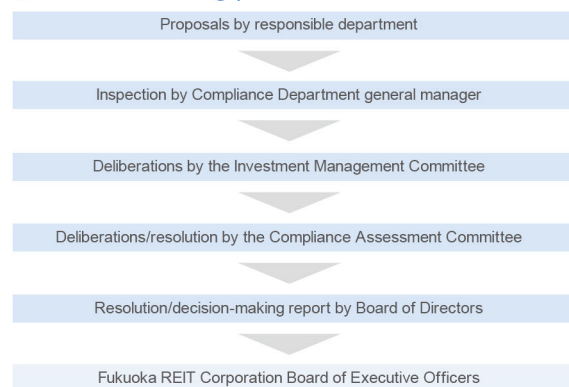
### Governance System

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 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



#### 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.

(\*) 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
- Cumulative investment system for investment units  
(40.5% 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

Fukuoka Realty

Secure transparency and fairness of the Board of Directors

### Changes to the asset management fee structure

Fukuoka Realty

Fukuoka REIT

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 2020 for further enhancing unitholder value. The changes became effective on September 1, 2020 (beginning of the 33<sup>rd</sup> fiscal period)

Asset management fees	Calculation method
Management Fee 1 (based on total assets)	<p>[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</p>
Management Fee 3 (based on distributable profit)	<p>(Distributable amount before paying Management Fee 3 for the immediately preceding fiscal period) × 3.6% (previously 2.0%)</p>

### Information on attendance at board meetings

Fukuoka REIT

		34 <sup>th</sup> period Total fees (thousand yen)	Attendance at board meetings (Sep. 2020 - Aug. 2021; held 6 times in total)
Executive director	Etsuo Matsuyuki	6,000	6 times (100% attendance)
Supervisory director	Takashi Tanabe		6 times (100% attendance)
Supervisory director	Yasuo Kawasho	3,600	6 times (100% attendance)

## Information disclosure to and communication with stakeholders

### Publication of integrated report (sole J-REIT with such publication)

Fukuoka REIT

Published second issue in 2020.  
Expanded information disclosure from the first issue.  
Communicates with stakeholders based on the report.



### Website renewal

Fukuoka REIT NEW

Considered better visibility and usability  
Arranged the top page to show real-time investment unit prices, etc.  
Improved user flows to press releases, etc.

