

ESG Initiatives (Environment)

Reduction of environmental load

Enhancing energy efficiency Fukuoka REIT

- Replacement of air-conditioning equipment (Sanix Hakata Building, etc.)
- Promotion of replacement of lighting with LED lamps (35th period; Park Place Oita) NEW
Changing lighting for parking to LED
- 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 (Park Place Oita)
- Greening of common spaces • Arrangement of water areas • Creation of shaded spaces
- Installation of charging station for electric vehicles
- Installation of electronic circuit breaker (Aqualia Chihaya) NEW

Waste reduction / resource recycling Fukuoka REIT

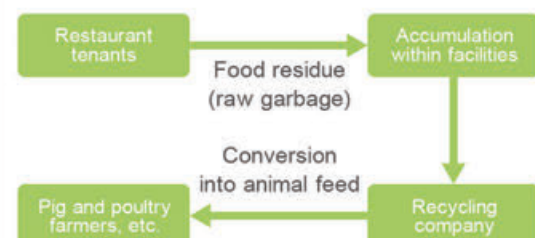
- Greywater plant (kitchen drainage reuse system)
Kitchen water from restaurants is processed into greywater and re-used as water for washing toilets within the building (Canal City Hakata)
- Separate collection of garbage
- Conversion of raw garbage into animal feed (Canal City Hakata, Park Place Oita)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

Raw garbage recycling NEW

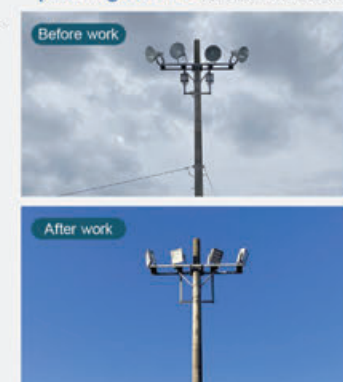
(Canal City Hakata, Park Place Oita)

Consignment of the collection of raw garbage from each restaurant to a recycling company, which recycles it into animal feed

Food recycling flow chart



Changing lighting for parking to LED NEW



Maintenance and enhancement of environmental and construction performance

GRESB2021

Received the rating of “4 stars” and “Green Star” in the GRESB survey 2021



Environmental certification (By property)

Green Building certification obtained for 77.8% of entire portfolio



* As of March 31, 2022 (based on total floor space)

DBJ Green Building Certification

12 properties owned by the Fukuoka REIT corporation were certified
Reacquired certification for 6 properties (March 2022) NEW

Canal City Hakata / Canal City Hakata・B



Park Place Oita



BELS Evaluation

Four properties owned by the Fukuoka REIT corporation were certified

Improvement of disaster prevention-related facilities

Renewal of the P.A. system (Konoha Mall Hashimoto) NEW

ESG Initiatives (Society①)

Creation of pleasant workplaces Fukuoka Realty

Initiatives for employees

《Fukuoka Realty: Numbers of credentialed personnel》

(As of February 28, 2022)

■ The average number of years of continuous service of permanent employees: 9 years and 6 months

■ Full-time personnel: 44 [Male:21 Female:23] ※52.3% Female

- Employees seconded from sponsors: 3
- Employees seconded to a sponsor: 4

■ Number of credentialed personnel

- | | |
|---|---------------------------------|
| • Real estate brokers : 28 | • Attorney : 1 |
| • ARES Certified Masters : 22 | • MBA : 2 |
| • Certified Building Administrators : 4 | • Administrative Scrivener : 1 |
| • First-class registered architect : 2 | • CMA : 2 |
| • Real estate appraisers : 3 | • SME management consultant : 1 |
| • Licenced Representative of Condominium Management Company : 1 | |



《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.

Initiatives for health management and prevention of infection spread

- 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; 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.)
- Employee satisfaction surveys (outsourced in 2022) NEW

- 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
- Special leave for illness after COVID-19 vaccination
- Installation of phone booths, lounge space and plants NEW



Improvement of office environment NEW

Create an attractive workplace (tenants) Fukuoka REIT

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

- Improvement of employee lounge
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 (provision of venues for vaccination, etc.)
- Implementation of tenant satisfaction surveys (outsourced in 2022 for all properties) NEW

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 (2022) Fukuoka Realty NEW

Provided support to five prefectures (Kyushu) 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.
*Excluding cases where the event was cancelled due to COVID-19.

Donation presentation ceremony NEW



Corporate Version of Hometown Tax System (Kumamoto prefecture)

Support for locally based professional sports



- Avispa Fukuoka season seat sponsor NEW
- Installation of supporting monuments for Oita Trinita football club

Information provision on regional events through social media



Announcement of financial results at the Fukuoka Stock Exchange

Involvement in local community

Initiatives for local communicaties, 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
- 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
- Social studies class with tenants and local elementary school (sale of vegetables) NEW

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

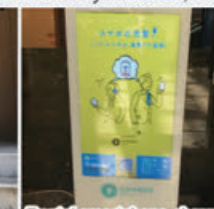


Crime prevention patrol (Jointly conducted with communities and schools)

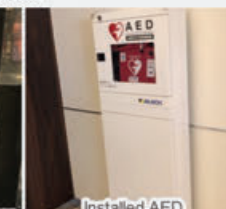
Canal City Hakata, others



Police liaison office



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 bike service



Social studies class (sale of vegetables) NEW

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

(41.5% 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 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 General Meeting of Unitholders held on May 2020. 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)	<p>[3 months from the day following the last day of the immediately preceding fiscal period]</p> <p>Total assets at the end of the immediately preceding fiscal period × 0.25% (previously 0.3%) × number of days / 365</p> <p>[From the day following the last day of the period above to the end of the fiscal period]</p> <p>(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)	(Distributable amount before paying Management Fee 3 for the immediately preceding fiscal period) × 3.6% (previously 2.0%)

Information on attendance at board meetings

Fukuoka REIT

35 th period			
		Total fees (thousand yen)	Attendance at board meetings
Executive director	Etsuo Matsuyuki	6,000	100% attendance
Supervisory director	Takashi Tanabe	3,600	100% attendance
Supervisory director	Yasuo Kawasho		100% attendance

Information disclosure to and communication with stakeholders

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

Fukuoka REIT

NEW

Published third issue in December 2021

Expanded information disclosure from previous issue (Energy data coverage expansion, etc.)



Website renewal

Fukuoka REIT

Considered better visibility and usability

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



AAA website in the Fiscal 2021 All Japanese Listed Companies' Website Ranking (overall and sector rankings)

NEW

*For details of "Major achievements in public relations activities", please see page 32.