

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 (exterior lighting) (Gofukumachi Business Center)
- 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)



Waste reduction / resource recycling 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)

- Installation of canal water filtration system, greywater plant and water-saving toilets (Canal City Hakata)

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.



• Canal water filtration system (rainwater reuse system)



• Greywater plant (kitchen drainage reuse system)



• Water-saving toilets

Maintenance and enhancement of environmental and construction performance

GRESB2022

- GRESB Real Estate Assessment: Received the rating of “4 stars” and “Green Star” in the GRESB survey 2022
- Disclosure Assessment: Received the highest “A Level”



- DBJ Green Building Certification
12 properties owned by the Fukuoka REIT corporation were certified
Reacquired certification for 6 properties (March 2022)

Canal City Hakata / Canal City Hakata • B



Properties with the best class environmental & social awareness

Park Place Oita



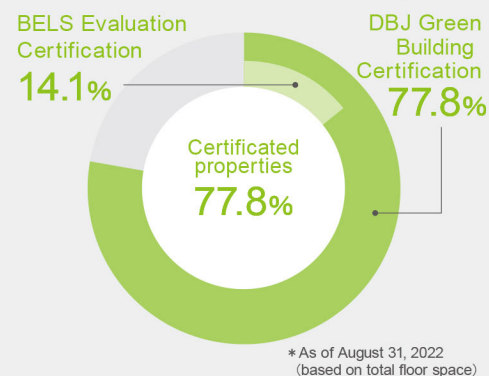
Properties with exceptionally high environmental & social awareness

- BELS Evaluation
Four properties owned by the Fukuoka REIT corporation were certified

Green Building certification

Green Building certification obtained for 77.8% of entire portfolio

Ratio of environmental certification acquisition



ESG Initiatives (Society①)

Creation of pleasant workplaces Fukuoka Realty

Initiatives for employees

《Fukuoka Realty: Numbers of credentialed personnel》

(As of August 31, 2022)

■ The average number of years of continuous service of permanent employees: 9 years and 4 months

■ Full-time personnel: 41 [Male:18 Female:23] * Gender ratio

- Employees seconded from sponsors: 3
- Employees seconded to a sponsor: 8
- Male : 43.9%
- Female : 56.1%

■ Number of credentialed personnel

- Real estate brokers : 23
- ARES Certified Masters : 18
- Certified Building Administrators : 3
- First-class registered architect : 1
- Real estate appraisers : 1
- Licensed Representative of Condominium Management Company : 1
- Attorney : 1
- MBA : 2
- Administrative Scrivener : 1
- SME management consultant : 1
- CMA : 2



Certified as a
“Fukuoka
‘Work-Style Reform’
Promotion Company”
(August 28, 2018)



NEW
Registration with
Fukuoka City
Well-Being & SDGs
Registration System
(July 2022)

《Support for flexible working styles》

- Child-rearing support (maternity leave, childcare leave system)
- Nursing care leave
- Leave for voluntary work
- 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
- Sustainability 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.

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)
- 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; 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
- Special leave for illness after COVID-19 vaccination
- Installation of personal booths, meeting booths, plants, etc.
- Installation of personal lockers



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

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

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.

Implementation of Corporate Version of Hometown Tax System (2022) Fukuoka Realty

Provided support to five prefectures (Kyushu) in total by utilizing the Corporate Version of Hometown Tax System

Provision of regional information

Information provision using website and social media



Participation in local event

Employees participated in the Oiyama event of Hakata Gion Yamakasa Festival, held for the first time in three years. President Zenji Koike served as the leader of the No. 8 Yamakasa float.



Involvement in local community

Initiatives for local communities, etc. Fukuoka Realty

- Environmental awareness-raising activity NEW with local high school
Period: September 17 (Sat) – 25 (Sun)
- 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
- Participates in the Kyushu SDGs Forum



NEW Environmental awareness-raising activity with local high school
Blue Earth Project "eco-friendly water station campaign"



Participation in Clean Day



Real Estate, Finance, and the Economy Gathering



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

Others Fukuoka Realty Fukuoka REIT

- Child-rearing support
- Preventing the spread of new coronavirus infections
- Individual facility initiatives
 - Safety and security activities (anti-crime patrol, AED installation)
 - Local contribution (bike share service, EV charging station), etc.



Gofukumachi Business Center, others
Preventing the spread of new coronavirus infections (antibacterial・deodorant・antiviral treatment)



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 9.18% of FRC's investment units
- Cumulative investment system for investment units
(38.1% 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.

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 36 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)	Noboru Hashimoto	100% attendance
Vice President Board of Directors(Non-Executive)	Yukitaka Ohara	100% attendance
Vice President Board of Directors(Non-Executive)	Masanori Tasaka	100% attendance

Information on attendance at board meetings

Fukuoka REIT

Title	Name	Attendance at board meetings at 36 th
Executive director	Zenji Koike	100% attendance
Supervisory director	Takashi Tanabe	100% attendance
Supervisory director	Yasuo Kawasho	100% attendance

Information Security

Fukuoka Realty

- Established information management regulations (for protection and handling of information assets and prevention of information loss, leakage, etc.)
- Thorough management of information assets (limit access, maintain information systems and ensure safety)

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.

Oct. 2019 – Sept. 2020	Oct. 2020 – Sept. 2021	Oct. 2021 – Sept. 2022
6 times	6 times	6 times

(including e-learning)



Information disclosure and dialogue with stakeholders

Publication of Integrated Report (only J-REIT to do so)

Fukuoka REIT

- Published annually since 2019
- Fourth Integrated Report scheduled to be published in December 2022 (will expand non-financial information)

2021 Report
(published in December 2021)