

Sustainability

Materially significant issues

Materially significant issues		Policies and targets	KPIs and targets
Environment	Reduction of environmental load	<ul style="list-style-type: none"> Coordinate with Property Management and Building Management on promotion of management and reduction of energy consumption, greenhouse gas emissions, water consumption, and waste output 	<ul style="list-style-type: none"> (by 2030) 35% reduction in CO2 emissions (compared with 2019, basic unit) 75% waste recycling rate
	Maintenance and enhancement of environmental and construction performance	<ul style="list-style-type: none"> Carry out performance and function evaluation of properties on a regular basis and ameliorate any deterioration in performance, etc. Maintain and improve competitiveness by acquiring green building certifications and through visual representation of building performance 	<ul style="list-style-type: none"> (by 2030) 85% Green Building Certification rate or higher
Society	Creation of pleasant workplaces (Asset manager)	<ul style="list-style-type: none"> Improve quality of operations by enhancing and expanding employee education system and promoting acquisition of qualifications Continue to improve office environments and work on providing pleasant working environments Give consideration to work-life balance and boost employee satisfaction 	<ul style="list-style-type: none"> Training per employee (number of times) Improve office environment (number of cases)
	Creation of pleasant workplaces (Tenant)	<ul style="list-style-type: none"> Promote improvement of employee satisfaction and work towards increasing job satisfaction of tenant employees 	<ul style="list-style-type: none"> Conduct regular tenant satisfaction surveys (all properties)
	Contribution to boosting attractiveness and vitalization of Fukuoka and Kyushu	<ul style="list-style-type: none"> Enhance dissemination of information regarding strengths and charms of Fukuoka and Kyushu Support research and studies on local economy and industries and promote attractive urban development in collaboration with local business circles 	<ul style="list-style-type: none"> Join and participate in local economic organizations Host local community events (number of times)
	Involvement in local community	<ul style="list-style-type: none"> Deepen dialogue and collaboration with local community through participation in community activities and various initiatives using properties under our management to grow and develop together with the local community 	<ul style="list-style-type: none"> Join and participate in area management organizations Continued participation in activities that contribute to the community (number of times)
Governance	Information disclosure and dialogue with stakeholders	<ul style="list-style-type: none"> Disclose financial and non-financial information to stakeholders in an appropriate and timely manner Build relationships of trust through proactive dialogue with stakeholders and reflect stakeholder feedback in management strategy 	<ul style="list-style-type: none"> Dialogue with investors (number of times) Sustainability training for employees (number of times)
	Compliance / Risk management	<ul style="list-style-type: none"> Ensure thorough compliance including compliance with laws and ordinances and elimination of conflict of interest with interested parties, and develop and operate an appropriate internal risk management system to maintain and improve corporate value 	<ul style="list-style-type: none"> Compliance training (number of times)



- Initiatives for workstyle reforms **NEW**
 - Revision of the personnel system
 - Introduction of a flexible working system, etc.

- Implementation of the hometown tax donation system (Nagasaki City, Kumamoto City) **NEW**
Support for urban development and regional revitalization in investment areas

Nagasaki City donation presentation ceremony

Kumamoto City donation presentation ceremony

- From June 2024, we aim to further strengthen corporate governance under the new structure of the asset management company.

Vice President Board of Directors (Non-Executive) Kozuma

President and CEO Ohara

Corporate Auditor (Non-Executive) Kamikawa

Vice President Board of Directors (Non-Executive) Shimuta

ESG Initiatives (Environment)

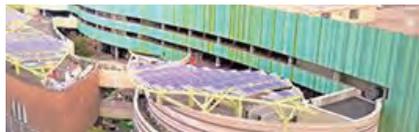
Reduction of environmental load

We are working in collaboration with property management companies and building maintenance companies to promote the management and reduction of energy consumption, greenhouse gas emissions, water consumption, and waste emissions.

Energy Efficiency Fukuoka REIT

- Promotion of LED lighting (in common areas, etc.)
- Solar power system
- Greening of common areas, installation of water features, and creation of shaded spaces

• Retail



Solar power generation system



Greening of common areas



Water placement

• Office building



Creating shade



Greening of common areas

● Main Facilities Advancing LED Lighting in Common Areas

• Retail



Park Place Oita



Konoha Mall Hashimoto



Gofukumachi Business Center



Higashi Hie Business Center II-III



Kumamoto East Front Building



Hakata FD Business Center

• LED lighting has already been implemented in logistics facilities and residential properties.

- Canal City Hakata (Common Areas and Storage Rooms) By converting all fluorescent lighting to LED, we aim to reduce annual CO2 emissions by 65%.



Common areas



Storage rooms



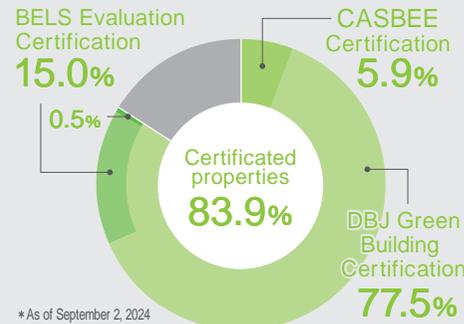
Maintenance and enhancement of environmental and construction performance

By obtaining certifications such as green building certifications and visualizing architectural performance, we aim to maintain and enhance our competitiveness.

Green Building certification

Green Building certification obtained for 83.9% of entire portfolio

■ Ratio of environmental certification acquisition



* As of September 2, 2024 (based on total floor space)

• DBJ Green Building Certification

12 properties owned by FRC were certified (two properties have been recertified.) (Re-certified in Jun.8, 2024)



Konoha Mall Hashimoto



Higashi Hie Business Center II



DBJ Green Building 2024



DBJ Green Building 2024

• CASBEE Certification for Real Estate

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



Taihaku Street Business Center



Rank S (office building)



Rank A (residence)



Taihaku Street Business Center



Rank S

• BELS Evaluation

5 properties owned by FRC were certified



Higashi Hie Business Center



Higashi Hie Business Center II



LOGICITY Minato Kashii



LOGICITY Hisayama



Tissage Hotel Naha

ESG Initiatives (Society)

Creation of pleasant workplaces

Initiatives for employees

《Office Environment Improvements and Flexible Workstyle Reforms》

- Introduction of “Office de Yasai” **NEW**
- Introduction of flexible working hours **NEW**
- Child-rearing support (maternity leave, childcare leave system, childcare support system, Introduction of babysitter subsidy vouchers)
- Leave (Voluntary work, nursing care)
- Employee welfare (401K, cumulative investment system, etc.)
- Encouraging use of paid holidays, etc.



《Career development support》

- Employee satisfaction survey (Once a year)
- Career interview and Self-assessment system
- Secondment system (dispatching of employees to sponsor companies)
- Promotion from contract employee to permanent employee status
- System for supporting acquisition of qualifications (Real estate brokers, ARES Certified Masters, etc.)

《Training for employees》

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

Create an attractive workplace (tenants)

Initiative for tenants' employees

- Training for tenants' employees
- Emergency drills to improve safety and security of tenants
- Distribution of sustainability guidelines
- Implementation of tenant satisfaction surveys
- Park Place Oita and Konoha Mall Hashimoto have begun a full-scale introduction of a flexible business hours system* for tenants. **NEW**
* This system allows stores to set their opening and closing times at their discretion.
- At Konoha Mall Hashimoto, Wi-Fi has been installed in break rooms as part of employee services, aiming to create a better working environment for employees and improve employee satisfaction (ES). **NEW**



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**

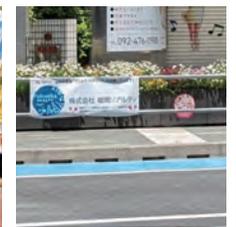
Support for Yamakasa Festival, Hakata Dontaku, Nakasu Jazz, Funa Norikomi (boat boarding; Kabuki stars unveiling their arrival) and locally based professional sports, etc.
Local companies and regional supporters supported “O-Vision Ice Arena Fukuoka” and “the sponsors of Avispa Fukuoka”

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

Continued Implementation of the Corporate Version of the Hometown Tax Donation System (Nagasaki City, Kumamoto City) **NEW**



Hakata Gion Yamakasa Oiyama (Hachiban Yamakasa Kamikawabata-dori) Platform ascent (left): President Yukitaka Ohara



14th Hakata Ekimae Dontaku Street sponsorship



Nagasaki City donation presentation



Kumamoto City donation presentation ceremony

Involvement in local community

Initiatives for local communities, etc. **Fukuoka Realty**

- Initiatives at each facility in collaboration with local communities (Park Place Oita 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

Others **Fukuoka Realty** **Fukuoka REIT**

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



Father's Day Milking Experience (Park Place Oita)



Radio Exercises (Konoha Mall Hashimoto)

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.

Board Structure (From May 2024)

Fukuoka REIT



Attendance Status of Board Meetings, etc. (From May 2024)

Title	Name	Total fees(thousand yen)	Attendance at board meetings
Executive director	Yukitaka Ohara	-	100% attendance
Supervisory director	Masahiro Uchida	1,800	100% attendance
Supervisory director	Takashi Tanabe		100% attendance

Board of Directors Structure (From June 2024)

Fukuoka Realty

Appointment of Outside Directors (other than interest persons)
Secure transparency and fairness of the Board of Directors



Conjunction with investors' and sponsors' profit

Fukuoka Realty Fukuoka REIT

- Same-boat investment by sponsor
Fukuoka Jisho Co., Ltd., the main sponsor, has 10.731% 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.

Regular Compliance Training

Fukuoka Realty

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

Oct. 2021~ Sept. 2022	Oct. 2022~ Sept. 2023	Oct. 2023~ Sept. 2024
6 times	7 times	5 times

(including e-learning)



Information disclosure and dialogue with stakeholders

Publication of Integrated Report

Fukuoka REIT

- Issued annually since 2019
- The 6th integrated report is scheduled for release in December 2024
(aim to expand non-financial information)