

Sustainability

Materially significant issues

	Materially significant issues	Policies and targets	KPIs and targets
Environment	Addressing climate change	<ul style="list-style-type: none"> Coordinate with property management companies and building management companies to manage and reduce greenhouse gas emissions, contributing to the preservation of the nature of Fukuoka and Kyushu 	<ul style="list-style-type: none"> (by 2030) 35% reduction in CO₂ emissions (compared with 2019, basic unit)
	Resource circulation and efficient utilization	<ul style="list-style-type: none"> Coordinate with property management companies and building management companies to efficiently use resources (energy and water) and promote the recycling of waste and water, contributing to the preservation of the nature of Fukuoka and Kyushu 	<ul style="list-style-type: none"> (by 2030) 75% waste recycling rate
	Natural disaster preparedness	<ul style="list-style-type: none"> Contribute to the safety and security of tenants and the local community by conducting regular risk assessments of owned properties and maintaining and enhancing real estate resilience 	<ul style="list-style-type: none"> (by 2030) 85% Green Building Certification rate or higher
	Business operations aimed at solving environmental problems	<ul style="list-style-type: none"> Enhance asset value by conducting regular performance and functionality assessments of owned properties and updating outdated features Increase asset value and improve appeal to tenants by obtaining green building certifications and visualizing building performance 	
Society	Creation of pleasant workplaces (Asset manager)	<ul style="list-style-type: none"> Strengthen human capital management by incorporating diverse perspectives and providing a comfortable work environment that enhances employee performance Improve the quality of operations and strengthen operational capabilities by enhancing and expanding employee education systems and encouraging employees to acquire qualifications 	<ul style="list-style-type: none"> Training per employee (number of times) Improve office environment (number of cases)
	Improvement of tenant engagement	<ul style="list-style-type: none"> Increase tenant satisfaction and achieve stable property operations by establishing an engagement cycle with tenants, understanding the diverse business needs of domestic and international clients, and improving facility management 	<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"> Aim to create a society where the people of Fukuoka and Kyushu can showcase their competitiveness and uniqueness, ultimately enhancing asset value, by attracting domestic and international tenants through the dissemination of information about the strengths and appeal of Fukuoka and Kyushu and by collaborating with the local business community to foster regional economic development 	<ul style="list-style-type: none"> Join and participate in local economic organizations Host local community events (number of times) Join and participate in area management organizations Continued participation in activities that contribute to the community (number of times)
Governance	Compliance / Risk management	<ul style="list-style-type: none"> Aim to maintain corporate value and increase trust from stakeholders by ensuring compliance with laws and regulations, eliminating conflicts of interest in transactions with stakeholders, and developing and operating internal systems for appropriate risk management, while also strengthening employee compliance awareness 	<ul style="list-style-type: none"> Compliance training (number of times)
	Information disclosure and dialogue with stakeholders	<ul style="list-style-type: none"> Build trust with stakeholders by disclosing financial and non-financial information in a timely and appropriate manner, disclosing information in strict compliance with the Corporate Governance Code, and engaging in proactive dialogue. Incorporate the feedback and requests received into business strategies 	<ul style="list-style-type: none"> Dialogue with unitholders (number of times) Employee ESG training (number of times)

Environment

- Green Building Certification obtained for 84.8% **NEW** (As of February 28, 2025)
- Obtained S Rank CASBEE Real Estate Certification **NEW** (Newly acquired in January 2025)



Kumamoto East Front Building



Rank S

Social

- Held sustainability workshop **NEW**



We held a workshop for all employees to raise awareness regarding the promotion of sustainability management (November 2024)

Governance

- Conducted compliance training (41st fiscal period: 4 times)
- Dialogues with unitholders: 253 per year (April 2024 to March 2025)
- Conducted employee ESG training (41st fiscal period: 3 times)



ESG initiatives (Environment)

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



Creating shade



Greening of common areas



Canal City Hakata



Common areas

- Canal City Hakata (common areas and storage rooms) : By converting all fluorescent lighting to LED lighting, we aim to reduce annual CO2 emissions by 65%.

● Main Facilities Advancing LED Lighting in Common Areas

• Retail



Park Place Oita



Konoha Mall Hashimoto

• Office building



Gofukumachi Business Center



LOGICITY Hisayama

• Logistics



Higashi Hie Business Center I・II・III



Kumamoto East Front Building



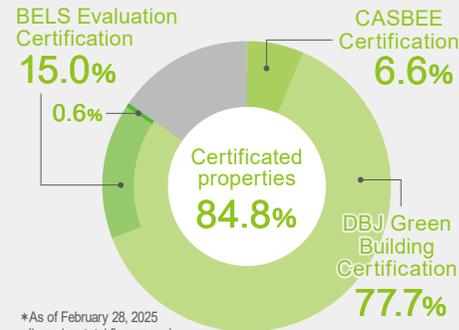
Hakata FD Business Center

- Complete switchover to LED lighting for residential properties

Green Building certification

Green Building certification obtained for 84.8% of entire portfolio

■ Ratio of environmental certification acquisition



*As of February 28, 2025 (based on total floor space)



Canal City Hakata



Park Place Oita



Gofukumachi Business Center



Canal City Business Center Building

- CASBEE Certification for Real Estate 5 properties owned by FRC were certified (of which, 1 property has been newly acquired (January 2025)). Third Rank S certification, following Taihaku Street Business Center (office portion) and Hakata Chikushi-Dori Center Building



Kumamoto East Front Building



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 (Asset manager)

Initiatives for employees

《Flexible Workstyle Reforms and Office Environment Improvements》

- Introduction of refreshment leave **NEW**
- Introduction of flexible working hours
- 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.
- Introduction of "Office de Yasai"

《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.

Improvement of tenant engagement

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

【Canal City Hakata】

- Holding of staff parties **NEW**
- A staff member of one of the building's tenants won the Kyushu Roleplaying Contest and went on to win the grand prize in the National Convention **NEW**
- Renovation of employee break room **NEW**



Staff party



Roleplaying Contest



2nd floor women's break room (after renovation)

Contribution 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 government, 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.

Support for "O-Vision Ice Arena Fukuoka" and "the sponsors of Avispa Fukuoka" in cooperation with local and regional supporters



Skating event at O-Vision Ice Arena 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)

Initiatives for local communities **Fukuoka Realty**

- Initiatives at each facility in collaboration with local communities (Park Place Oita and Konoha Mall Hashimoto) **NEW**
- Participation in Hakata Town Planning Promotion Council (Clean Day, etc.)
- Participation in Fukuoka Directive Council
- Hosts the Kyushu IR Workshop
- Hosts the Real Estate, Finance and Economic Networking

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

- Initiatives at each facility
- Safety and security activities (crime prevention patrol, AED installation)
- Local contribution (bike share service, EV charging station), etc.
- Child-rearing support (Maternity parking, parking for baby carts), etc.



Park Place Oita: Invited Santa Claus to visit day cares, nursery schools, and private residences



Konoha Mall Hashimoto: Japanese taiko drum performance with local university students

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

Fukuoka REIT



Attendance Status of Board Meetings, etc. (Sept. 2024 ~ Feb. 2025)

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		80% attendance

Board of Directors Structure

Fukuoka Realty

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



Conjunction with unitholders' profit

Fukuoka Realty Fukuoka REIT

- Same-boat investment
Fukuoka Jisho Co., Ltd. owns 11.24% of FRC's investment units
- Cumulative investment system for investment units
(About 1/3 of all employees participate in this system)
A cumulative investment system for investment units was introduced for the Asset Manager's employees in April 2015 in order to enhance their mindset towards increasing profitability and fostering asset accumulation.

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 carry out training for all employees to increase awareness.

Apr. 2022~ Mar. 2023	Apr. 2023~ Mar. 2024	Apr. 2024~ Mar. 2025
6 times	7 times	6 times

(including e-learning)



Information disclosure and dialogue with stakeholders

Publication of Integrated Report

Fukuoka REIT

- Issued annually since 2019
Released 6th integrated report in December 2024
(With an aim to expand non-financial information)