



# Fukuoka REIT Corporation

Overview of the 30<sup>th</sup> fiscal period performance [8968] Security code March 1<sup>st</sup>, 2019~August 31<sup>st</sup>, 2019





# Fukuoka REIT Corporation

Overview of the 30<sup>th</sup> fiscal period performance

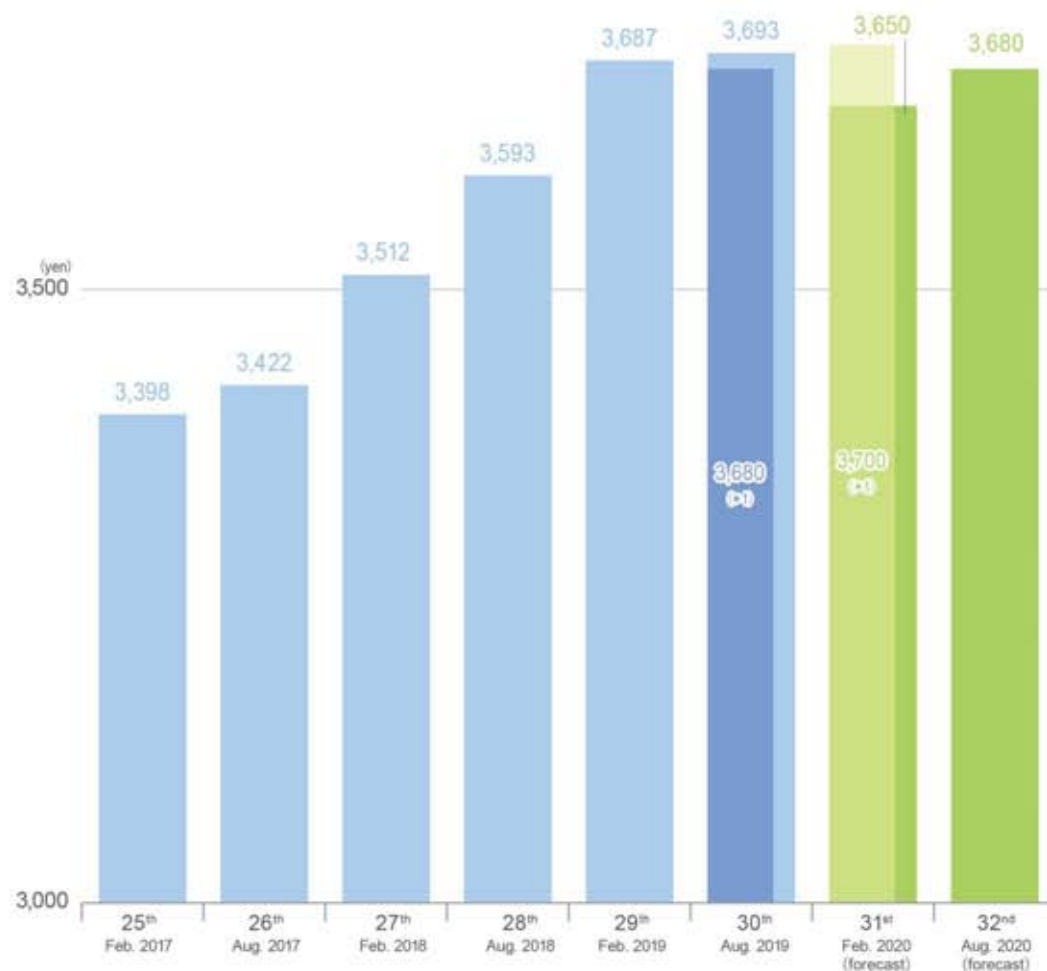
[Security code 8968] March 1<sup>st</sup>, 2019~August 31<sup>st</sup>, 2019

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\*Regarding rounding of amounts, percentage, and ratios: unless otherwise noted, in these materials, monetary amounts are rounded down to the nearest whole unit, and percentages and ratios are rounded off to one decimal places.

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# Topics of the 30<sup>th</sup> fiscal period



Dividend per unit  
The actual of 30<sup>th</sup> FP (Aug. 2019) **3,693 yen** compared with previous fiscal period +6yen  
compared with forecast +13yen

(※1) Forecast at the financial results of 29<sup>th</sup> fiscal period

## Internal Growth

### ◎ Canal City Hakata

- While some tenants were affected by the decline in the number of tourists from South Korea from July, new Aqua Panorama content and new stores have successfully attracted more customers.
- We expect a possible reduction in tourist arrivals from South Korea after the 31<sup>st</sup> FP

### ◎ Office buildings

- Achieved record rent increase following rent revision, and steady rent increases are also expected in the 31<sup>st</sup> fiscal period and beyond.

Monthly rent increase following rent revision (30<sup>th</sup> FP) **2.0mm yen**

- Though downtime occurred during tenant switchovers, rent per unit area increased with tenant replacements

Rate of increase in rent through tenant replacement (30<sup>th</sup> FP) **32.0%**

- ◎ Property profitability enhanced through utility expense reductions

## External Growth

- ◎ Full-year contribution from Tissage Hotel Naha, acquired in December 2018 (29<sup>th</sup> FP)

- ◎ Consider continuation of carefully selected investments in line with the investment ratio changes by investment type

## Financial Management

### ◎ Green finance

Drafted green finance framework and procured green loans worth 2.2 bn yen

Average interest rate paid (※2)	Average remaining duration to maturity	Fixed rate	LTV (30 <sup>th</sup> Aug. 2019)
<b>0.72%</b>	<b>6.0 years</b>	<b>90.2%</b>	<b>39.7%</b>

(※2) Interest rates are rounded off to the second decimal place.

# Statements of Income (compared with previous fiscal period)

Dividend is 3,693 yen, up 6 yen compared to previous fiscal period, despite municipal property taxation on properties acquired in 28<sup>th</sup> and 29<sup>th</sup> fiscal periods

- unit : mm yen (Figures rounded down to the nearest mm yen)

Sign indicates impact on profit (unit : mm yen)

Account		29 <sup>th</sup> A ~Feb. 28, 2019	30 <sup>th</sup> B ~Aug. 31, 2019	Difference B - A
Ordinary profit and loss	Total operating revenues	9,242	9,231	① (11)
	Leasing revenues-real estate	8,604	8,530	(74)
	Other leasing revenues-real estate	637	700	62
	Total operating expenses	5,936	5,913	(23)
	Expenses related to leasing business	5,274	5,250	② (23)
	Asset management fees	532	540	8
	Asset custody fees	7	7	0
	Administrative service fees	54	55	1
	Director's compensations	9	9	-
	Other operating expenses	59	50	(8)
	<b>Operating income</b>	<b>3,306</b>	<b>3,318</b>	<b>12</b>
	Total non-operating revenues	2	0	(1)
	Total non-operating expenses	372	379	③ 6
	Interest expenses (incl. investment corporation bonds)	275	279	4
	Financing related expenses	91	93	1
	Others	5	5	-
<b>Ordinary income</b>		<b>2,935</b>	<b>2,939</b>	<b>3</b>
<b>Profit before income taxes</b>		<b>2,935</b>	<b>2,939</b>	<b>3</b>
Total income taxes		1	0	(0)
<b>Profit</b>		<b>2,934</b>	<b>2,939</b>	<b>4</b>

Dividend	Total dividends	2,934	2,939	4
	Dividend per unit (yen)	3,687	3,693	6

## ■ Operating profit and loss

① Full-period contribution of Tissage Hotel Naha	+48
Canal City Hakata	(47)
[-of which, a seasonal factor of variable rents (32)]	
Canal City Hakata・B	(36)
[-of which, a seasonal factor of variable rents (37)]	
Park Place Oita	+10
[-of which, increase in income from utilities +11]	
Canal City Business Center Building	(7)
Office buildings(others)	+26
[-of which, increase in leasing revenues-real estate +12]	
[-of which, increase in income from utilities, etc. +14]	
Others	(5)
<b>Total : (11)</b>	

② Decrease in expenses from utilities	+18
Decrease in repair & maintenance expenses	+98
Increase in taxes and fees	(72)
[-of which, acquired properties at the 28 <sup>th</sup> FP and the 29 <sup>th</sup> FP (58)]	
Increase in depreciation and amortization expenses	(29)
[-of which, acquired a property at the 29 <sup>th</sup> FP (12)]	
Decrease in other expenses	+8
<b>Total : +23</b>	

## ■ Non-Operating profit and loss

③ Increase in non-operating expenses	(6)
[-of which, increase in debt-related expenses (6)]	

# Statements of Income (compared with forecast)

The dividend of 3,693 yen is 13 yen higher than forecast

- unit : mm yen (Figures rounded down to the nearest mm yen)

Account			30 <sup>th</sup> A Previous Forecast	30 <sup>th</sup> B ~Aug. 31, 2019	Difference B－A	
Ordinary profit and loss	Operating profit and loss	Total operating revenues	9,305	9,231	① (73)	
		Leasing revenues-real estate		8,530		
		Other leasing revenues-real estate		700		
		Total operating expenses		5,993		5,913
		Expenses related to leasing business		5,250		
		Asset management fees		540		
		Asset custody fees		7		
		Administrative service fees		55		
		Director's compensations		9		
		Other operating expenses		50		
		Operating income		3,311		3,318
	Non-Operating profit and loss	Total non-operating revenues	0	0	(0)	
		Total non-operating expenses	381	379	(2)	
		Interest expenses (incl. investment corporation bonds)		279		
		Financing related expenses		93		
		Others		5		
		Ordinary income	2,930	2,939	9	
	Profit before income taxes			2,930	2,939	9
	Total income taxes			1	0	(0)
	Profit			2,929	2,939	9

Dividend	Total dividends	2,929	2,939	10
	Dividend per unit (yen)	3,680	3,693	13

Sign indicates impact on profit (unit : mm yen)

## ■ Operating profit and loss

① Canal City Hakata・B	(25)
Park Place Oita	(12)
[-of which, decrease in income from utilities (11)]	
SunLive City Kokura	(8)
Konoha Mall Hashimoto	+3
[-of which, decrease in income from utilities (2)]	
Canal City Business Center Building	(14)
Others	(17)
[-of which, decrease in income from utilities (12)]	
<b>Total : (73)</b>	
② Decrease in expenses from utilities	+34
Decrease in repair & maintenance expenses	+19
Decrease in other expenses	+27
<b>Total : +80</b>	



# Business forecast (the 31<sup>st</sup> fiscal period, Feb. 2020)

Dividend revised to 3,650 yen in anticipation of possible drop in the number of travelers to Japan from South Korea

## Forecast in the 31<sup>st</sup> fiscal period

- unit : mm yen (Figures rounded down to the nearest mm yen)

Account	30 <sup>th</sup> Actual A	31 <sup>st</sup> Forecast at 29 <sup>th</sup> B	31 <sup>st</sup> Forecast at 30 <sup>th</sup> C	30 <sup>th</sup> Actual difference C-A	31 <sup>st</sup> Forecast difference C-B
Operating revenues	9,231	9,321	9,270	① 39	(50)
Operating expenses	5,913	5,993	5,989	② 76	(3)
Operating income	3,318	3,328	3,281	(36)	(46)
Non-operating revenues	0	0	0	0	-
Non-operating expenses	379	382	375	(4)	(7)
Ordinary income	2,939	2,946	2,907	(32)	(39)
Profit	2,939	2,945	2,906	(33)	(39)

<b>Total dividends</b>	2,939	2,945	2,905	(34)	(39)
<b>Dividend per unit (yen)</b>	3,693	3,700	3,650	(43)	(50)

Sign indicates impact on profit (unit : mm yen)

### ■ Difference between the 30<sup>th</sup> FP actual and the 31<sup>st</sup> FP forecast

① Canal City Hakata	+9
[ -of which, a seasonal factor of variable rents	+16]
Canal City Hakata-B	+48
[ -of which, a seasonal factor of variable rents	+24]
Park Place Oita	(8)
[ -of which, decrease in income from utilities	(10)]
Office buildings	+1
[ -of which, increase in leasing revenues-real estate	+19]
[ -of which, decrease in income from utilities, etc.	(18)]
Others	(11)
<b>Total :</b>	<b>+39</b>
② Decrease in expenses from utilities	+39
Increase in repair & maintenance expenses	(64)
Increase in depreciation and amortization expenses	(10)
Increase in selling general and administrative expenses	(38)
Increase in other expenses	(3)
<b>Total :</b>	<b>(76)</b>

# Business forecast (the 32<sup>nd</sup> fiscal period, Aug. 2020)

Operating revenues expected to increase due to office rent increases

## Forecast in the 32<sup>nd</sup> fiscal period

- unit : mm yen (Figures rounded down to the nearest mm yen)

Account	31 <sup>st</sup> Forecast at 30 <sup>th</sup> A	32 <sup>nd</sup> Forecast at 30 <sup>th</sup> B	31 <sup>st</sup> Forecast difference B-A
Operating revenues	9,270	9,350	① 80
Operating expenses	5,989	6,041	② 52
Operating income	3,281	3,309	27
Non-operating revenues	0	0	-
Non-operating expenses	375	379	4
Ordinary income	2,907	2,930	23
Profit	2,906	2,929	23
<b>Total dividends</b>	<b>2,905</b>	<b>2,929</b>	<b>23</b>
<b>Dividend per unit (yen)</b>	<b>3,650</b>	<b>3,680</b>	<b>30</b>

Sign indicates impact on profit (unit : mm yen)

### ■ Variance from updated the 31<sup>st</sup> FP forecast

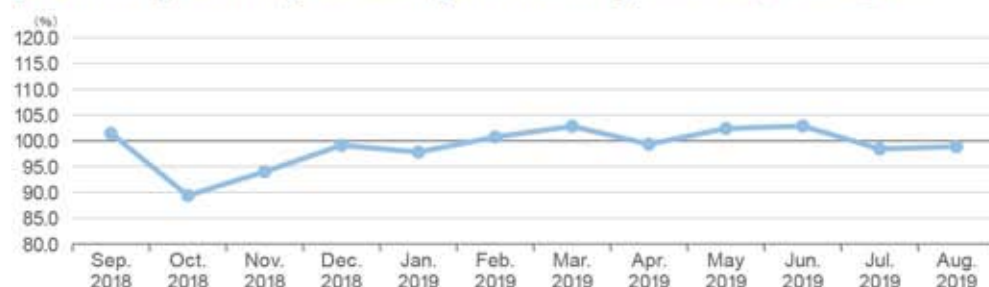
① Canal City Hakata	(24)
[ -of which, a seasonal factor of variable rents	(16)]
Canal City Hakata-B	(20)
[ -of which, a seasonal factor of variable rents	(24)]
Park Place Oita	+33
[ -of which, increase in income from utilities	+19]
Office buildings	+64
[ -of which, increase in leasing revenues-real estate	+45]
[ -of which, increase in income from utilities, etc.	+19]
Tissage Hotel Naha	+10
Others	+17
<b>Total :</b>	<b>+80</b>
② Increase in expenses from utilities	(38)
Increase in depreciation and amortization expenses	(18)
Decrease in other expenses	+4
<b>Total :</b>	<b>(52)</b>

# Current situation at Canal City Hakata (overall)①

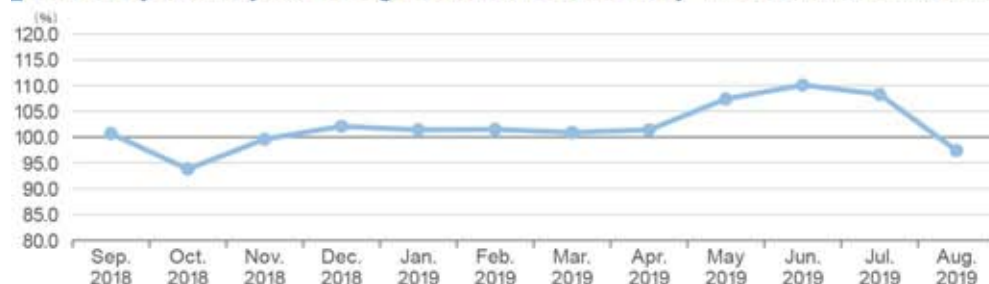
While some tenants were affected by the decline in tourist arrivals from South Korea from July, the number of visitors and sales were strong in general



## Rate of year-on-year change in monthly sales (Sep. 2018 - Aug. 2019) (\*)



## Rate of year-on-year change in number of monthly visitors (Sep. 2018 - Aug. 2019)



Source: Prepared by Fukuoka Realty based on data from Fukuoka Jisho Co., Ltd.

## Rents of Canal City Hakata/Canal City Hakata・B



(\*)2) The fixed rent is the total of (among the real estate leasing revenue), ①Fixed monthly rent; ②Of the tenant rents with a revenue ratio (calculated by multiplying the ratio to the monthly revenue of applicable tenants) established, GOP rents and the minimum guaranteed rent portion in the case that minimum guaranteed rent has been established; ③Common expenses.

(\*)3) Variable rents are the sum of the portion of rents collected from tenants with variable and GOP rents that varies as a function of the tenants' sales.

(\*)4) The figures are included parking fee in variable rents of Canal City Hakata / Canal City Hakata・B.

## Canal Aqua Panorama Vol.10 "Evangelion Angel Attack on Hakata"



Started screening Canal Aqua Panorama Vol.10 "Evangelion Angel Attack on Hakata" from June 1, 2019. The official store selling Evangelion-related merchandise was also opened. Post-performance visitor numbers have increased since opening day.



## Current situation at Canal City Hakata (overall)②

Aiming to be an international SC (shopping center) that is the most fun in Asia

#### Provision of experiential value and collaboration with the canal area community



This year's Canal Splash also featured "Bubble Splash". A large number of children enjoyed some summer fun, cooling down by getting drenched while playing in water-based attractions including a fountain spouting water up to a height of approximately 25m.



A night market organized in collaboration with the Fukuoka Freedom Night Market held at Seiryu Park to Canal City Hakata. This year a new special night market called Canal Night Parking was held in a parking space for a limited number of days.  
(9/12~9/16, 9/26~9/29, 10/18~10/20)

## Collaborations with popular content providers

©Kirby Café



The store for a limited number of days was opened on August 8, 2019. Many of the menu items are available only in Hakata. Experience the worldview of "Kirby's Dream Land". The "Kirby Café The Store", where you can purchase Kirby merchandise, also opened on the same day!  
(North Building B1 floor)

©GUMDAM



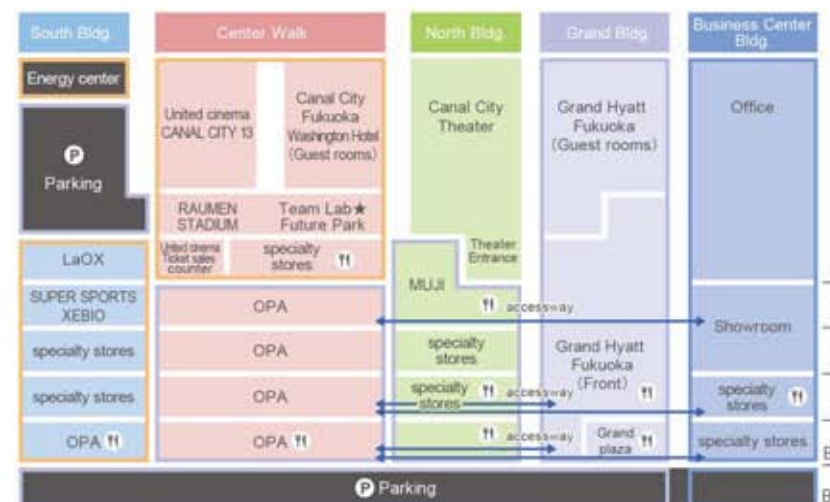
THE GUNDAM BASE FUKUOKA, the second flagship store in Japan and first in Kyushu, and GUNDAM Café targeting Gundam fans will open on November 30, 2019.  
(South Building 1F floor)

Cashless QR code/  
barcode payment services

Canal City Hakata began introducing smartphone QR code and barcode settlement services in April 2019. The services introduced so far are LINE Pay, PayPay, Rakuten Pay (app-based settlements), Origami Pay, pring, d Barai, and Merpay, thus enabling customers to use numerous different domestic payment methods.



\*Fukuoka REIT currently has no plan to acquire Canal City Hakata East Building and Canal City Theater



\*Above-ground and underground parking lots able to accommodate total of approx. 1,300 vehicles



# Situation of Park Place Oita and Konoha Mall Hashimoto



\*Sales figures are rounded down to the nearest 100 mm yen.

Sales (annual total)  
Sep. 2018 - Aug. 2019

24.9 bn yen  
YoY (0.8) %

Revenue was stable due to switchover to popular tenants capable of generating buzz and the holding of events that attract large numbers of customers. Introduced new parking lot management system from March 2019 to enhance visitor convenience.

## Introduced new parking lot management system

©Improvements have been made to make it easy to discover vacant parking spots at a glance



Advance notification through guidance signs.



Guidance lights lead you to vacant spots.



Parking information is updated in real time on the Park Place Oita website. Customers can easily obtain parking information on their smartphones.

## HAPPY DREAM CIRCUS



Being held from August 30, 2019 to November 5, 2019 at a special venue set up at the No. 3 parking space of Park Place Oita. Park Place Oita has been implementing a special program in which visitors can enjoy discounts and other services by showing their circus tickets.

## Park Place Oita : Implement of events



\*Sales figures are rounded down to the nearest 100 mm yen.

(\*) Sales figures exclude sales at temporary shops set up in common areas during special events.

Sales (annual total)(\*)  
Sep. 2018 - Aug. 2019

15.9 bn yen  
YoY (1.2) %

Though sales dipped temporarily due to the impact of a neighboring store that opened in June 2019, visitor numbers in the 30<sup>th</sup> fiscal period have increased robustly (up 101.3% year on year). The facility received its 50 millionth visitor on September 19, 2019 (in its eighth year of operations).

## Air play space "TOBANNE"



Marked its first anniversary in August 2019 and the number of users has exceeded 50,000. Introduced Tobanne Card which lets customers accumulate points that can be exchanged for benefits. The 15th of every month has been newly established as Tobanne Day when points are doubled.

## Konoha Mall Hashimoto : Implement of events



Held workshops focusing on tips for summer vacation research topics and summer vacation craft-work, and a total of about 6,000 people participated over a total of 38 days.



Free movie showing at a "garden theater" by setting a large-screen on Garden Court lawn.



Established "Omoide Yokocho" an alley of old-fashioned confectionary shops and temple fair-style stalls and a weekend "Hashimoto Night Market" where visitors can enjoy activities such as fishing or winning prizes at a shooting gallery for only 100 yen.

## Area map



## Improved convenience



Introduced electronic money payments and a total of nine QR code payment services in April 2019. Started experimental introduction from August 2019 of an "order and pay from your table" service allowing customers to order and pay for meals in advance and receive notification when their orders are ready using the LINE official account.



# Situation of SunLive City Kokura and Tissage Hotel Naha



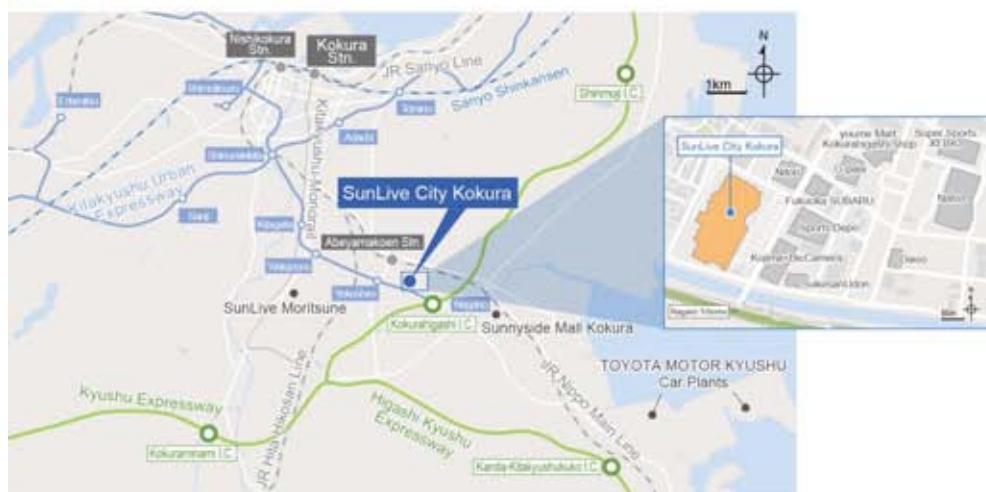
Sales (annual total)\*1)  
Sep. 2018 - Aug. 2019

YoY (3.9) %

As temperatures were low due to the impact of typhoons and the delayed ending of the rainy season, summer wear sales slumped. Revenue also fell compared to the previous year due to the impact of a closing sale at a local department store at the beginning of the year as well as a change in store opening times.

(\*1) Sales figures are omitted because SunLive did not consent to their disclosure.

## Location environment



Shopping center with about 110 specialty stores centered on a Sunlive supermarket (opened in 2005, large-scale renovation carried out in 2014)

## Population and number of households in trade area (2015 Population Census of Japan)

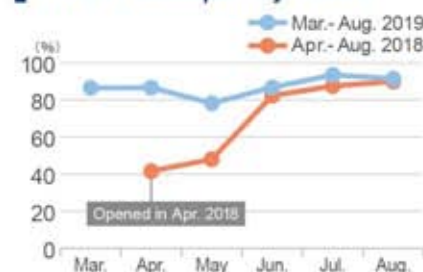
	Within 3 km	Within 5 km	Within 7 km
Total population	approx.101,000	approx.267,000	approx.401,000
Number of households	approx.42,000	approx.119,000	approx.181,000



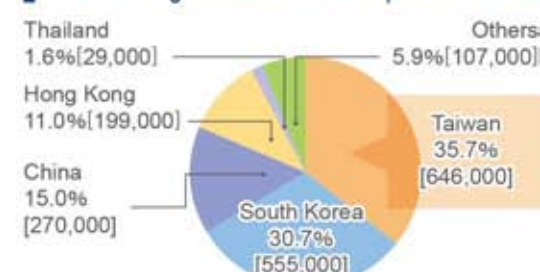
	29 <sup>th</sup> (Feb. 2019)	30 <sup>th</sup> (Aug. 2019)
Room occupancy rates	86.6%	87.2%
ADR (*2)	9,378 yen	9,379 yen
RevPAR (*3)	8,123 yen	8,176 yen

(\*2) Average Daily Rate = Total accommodation-category sales over a certain period of time divided by the total number of guest rooms sold over the same period.  
(\*3) Revenue Per Available Room = Total accommodation-category sales over a certain period of time divided by the total number of guest rooms available for sale for the same period. Note that RevPAR can also be calculated by multiplying ADR with the number of occupied guest rooms.

## Room occupancy rates

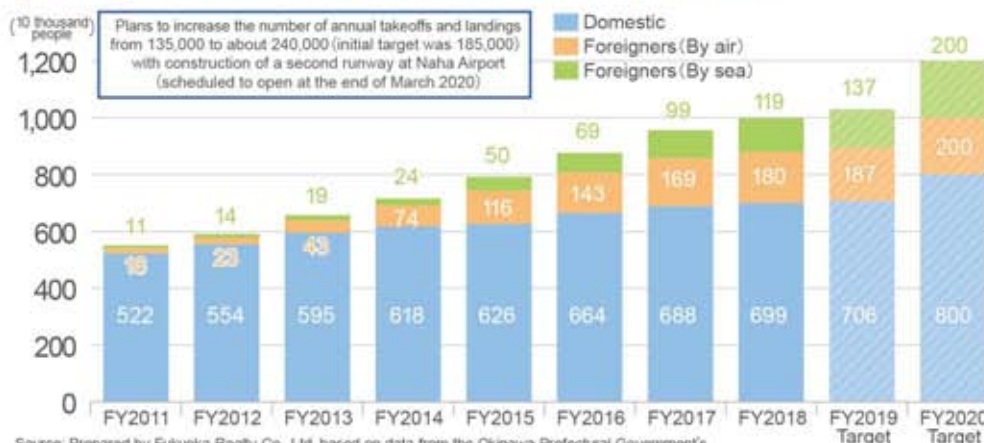


## Ratio of foreign visitors to Okinawa prefecture [2018]



\*Cruise ship tourist landing figures are not included.  
Source: Prepared by Fukuoka Realty Co., Ltd. based on data from Statistics on Legal Migrants (Ministry of Justice)

## Change in number of tourists to Okinawa prefecture



Source: Prepared by Fukuoka Realty Co., Ltd. based on data from the Okinawa Prefectural Government's Statistical Overview of Tourist Visits to the Region, the 2019 Visit Okinawa Plan, and the Okinawa Tourism Promotion Roadmap.

# Fukuoka office market

Vacancy rate below 2%, rent has risen for 26 consecutive months

## Fukuoka business district / Vacancy rates and supply and demand of office buildings

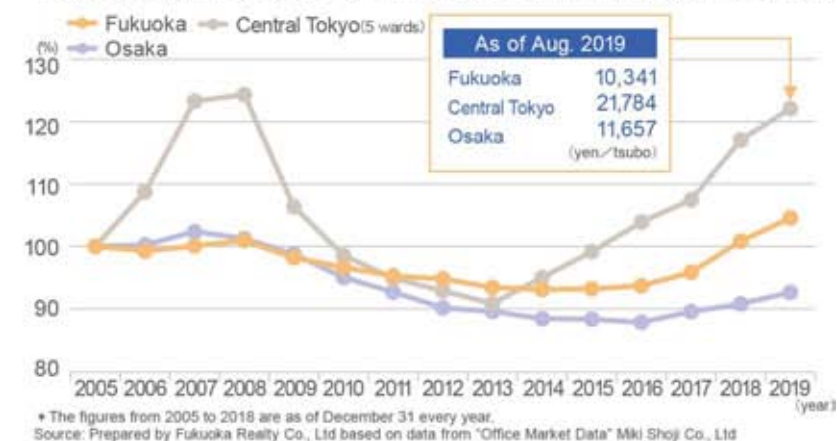


\* Statistics from 2008 to 2018 are based on the figures at the end of December.  
 \* Office building-related data for each city are data for areas and buildings included in surveys conducted by Miki Shoji Co., Ltd.  
 \* Net absorption (absorption demand) shows the change in the occupied floor space during a specific period. It is calculated by subtracting the occupied floor space on December 31 of the previous year from the occupied floor space on December 31 of the applicable year. Completed floor space (total floor space) figures for 2019, 2020, and 2021 have not been finalized, and the floor space and expected completion dates are subject to change.  
 Source: Prepared by Fukuoka Realty Co., Ltd based on data from "Office Market Data" Miki Shoji Co., Ltd

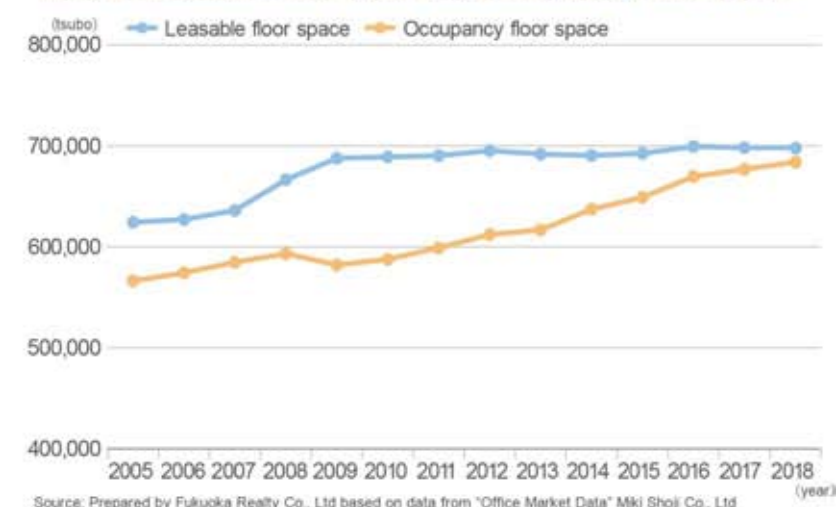
## Fukuoka business district / Average asking rents

©Average asking rents during the past year [Y2005=100]

Average asking rent of the Fukuoka business district rose 5.2% in the 12 months from August 2018 to August 2019.



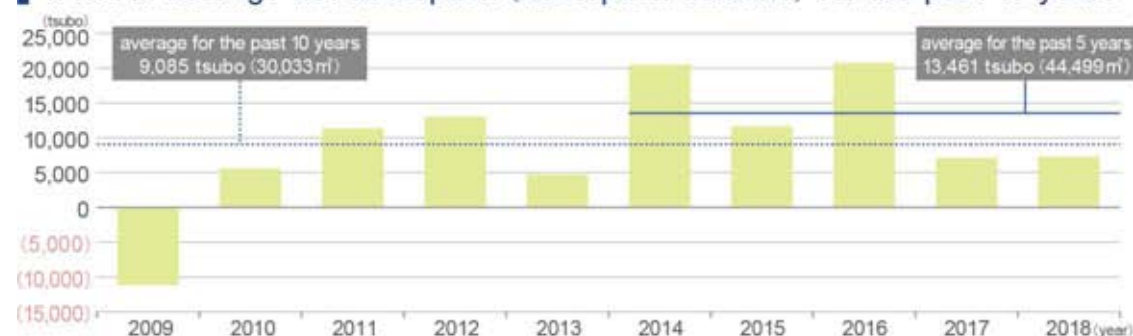
## Fukuoka business district / Trend of leasable floor space and occupancy floor space





# Office demand underpinning the thriving Fukuoka office market

## Trend in average net absorption (absorption demand) for the past 10 years



Source: Prepared by Fukuoka Realty Co., Ltd based on data from "Office Market Data" Miki Shoji Co., Ltd

## Track record of Fukuoka City in attracting businesses

◎Local government support for businesses establishing business premises in the area  
(A subsidy program for businesses establishing business premises in Fukuoka City, etc.)

●Number of businesses moving into Fukuoka City and the increase in number of persons newly employed by the businesses

	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
Number of companies moving in	35	53	52	62	58	57	57
Number of employees	2,180	2,966	1,290	2,213	2,989	1,041	1,334

(Number of companies moving in by major industry category)

	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
Creative industry	13	18	18	33	28	40	38
Call center	3	7	7	8	12	9	7

●Major companies that have moved in since FY2013

	Creative industry	Call center	Others
FY2018	ZOZO Technologies, Inc. GMO Payment Gateway, Inc.	Merpay, Inc. transcosmos inc.	Accenture Japan Ltd Yahoo Japan Corporation
FY2017	Ateam Inc.	-	-
FY2016	Akatsuki Inc., SAKURA internet Inc.	Mercari, Inc.	-
Up to FY2015	LINE Corporation	Amazon Japan G.K.	Massachusetts Mutual Life Insurance Company

Source: Prepared by Fukuoka Realty Co., Ltd., based on data from Fukuoka City Economy, Tourism & Culture Bureau

## Office demand underpinning the office market

◎Establishment of new business premises (branches, head offices)

• New demand for IT-related business, call centers, shared office spaces, etc.

◎Expansion, relocation, floor space expansion

• Office expansion needs, relocation demand due to rebuilding

◎Moving to better locations, etc. (from suburbs to city center)

• Trend of relocating to city center from suburbs with an eye to ease of access and recruiting human resources.  
• Relocation from company-owned building

## Fukuoka's strengths and challenges

◎Fukuoka's strengths

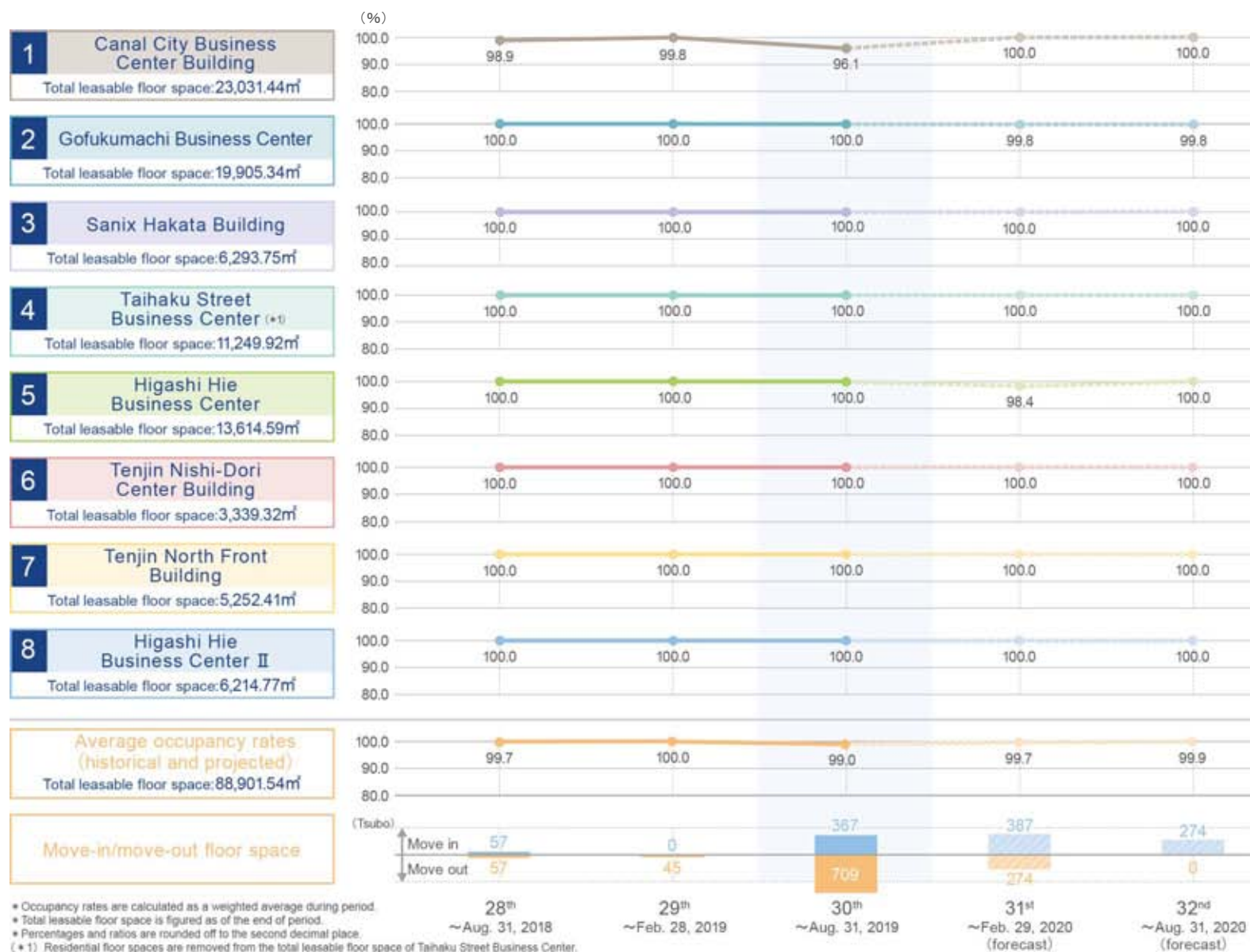
- Ease of hiring human resources (high population growth rate and high proportion of young people)
- Abundant human resources due to large number of universities, junior colleges, and professional schools
- Low business costs (office rent, labor costs)
- Highly livable city (living costs, living environments)
- High level of transport convenience (proximity to airport, gateway to Asia)
- Suitability as a backup base (Low earthquake risk, and low risk of disasters occurring at the same time as in the greater Tokyo area)
- Startup assistance (National Strategic Special Zone for Global Startups and Job Creation)

◎Challenges

- Drying up of space for rent due to tightening office supply
- Shortage of high-grade offices that meet the requirements of foreign-owned businesses in terms of business continuity measures, etc.  
→ Creation of new demand through redevelopment projects

# Historical and projected office buildings' occupancy rates

Maintaining high occupancy levels while steadily increasing rent per unit area



## Major tenant replacements

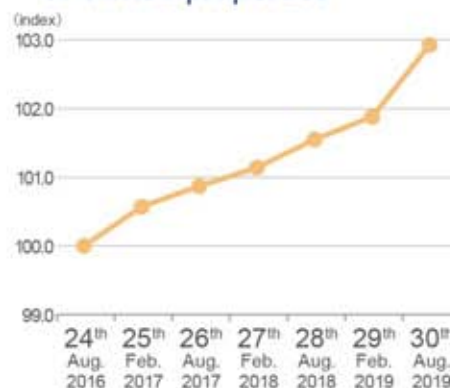
### Sanix Hakata Building(30<sup>th</sup> fiscal period)

Move-in floor space	approx.160 tsubo
Monthly rent growth rate	48.4%
Free rent	0 month

### Canal City Business Center Building(31<sup>st</sup> fiscal period)

Move-in floor space	approx.280 tsubo
Monthly rent growth rate	28.6%
Free rent	0 month

## Trend in rent unit price index of owned properties (\*2)



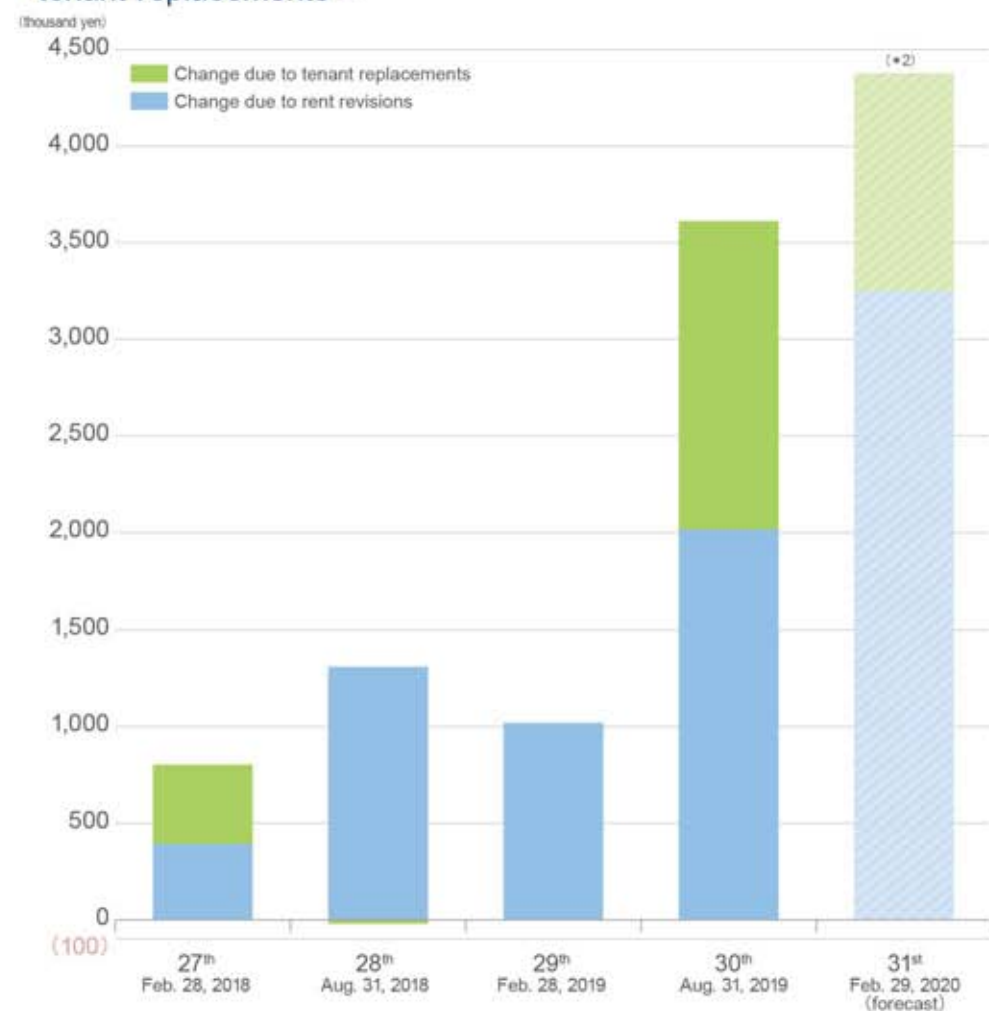
(\*2) The rent unit price index is based on the average rent per unit area at the end of each fiscal period compared with the rent per unit area at the end of the 24th fiscal period (August 2016), which is set as 100. This covers all office building properties excluding Higashi Hie Business Center II (But, for Canal City Business Center, only the spaces from the 2nd floor and above are covered).



# Office building rent revisions and tenant replacement situation

The amount of rent increase expanded from the 30<sup>th</sup> fiscal period

## Change in monthly rent due to rent revisions and tenant replacements (\*1)



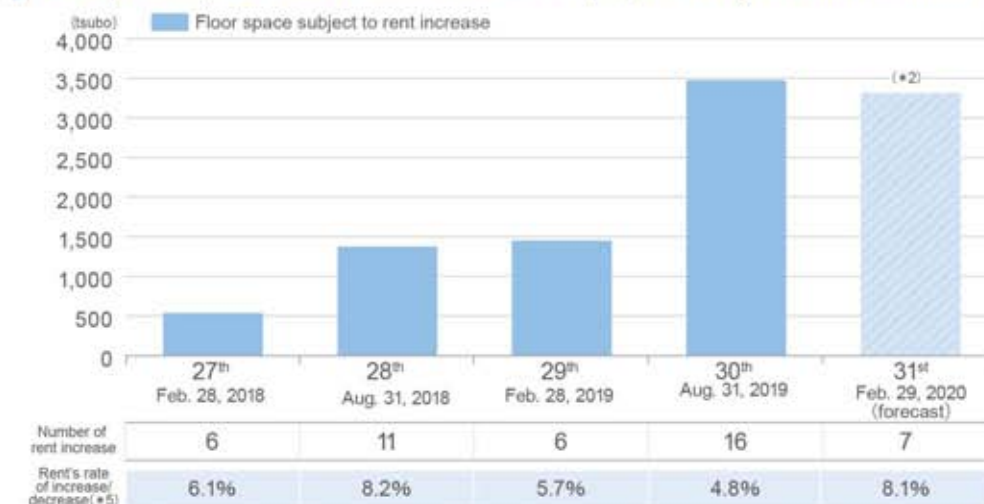
\* Covers all office buildings owned at the end of each fiscal period (However, for Canal City Business Center, only the spaces from the 2nd floor and above are covered).  
 (\*1) There were no revisions to the rent reductions.  
 (\*2) For the 31<sup>st</sup> period, only the figures where a tenancy agreement has been entered into as of August 31, 2019, or agreement regarding changes has been reached with tenants as of August 31, 2019, are stated.

## Newly occupied floor space and number of new occupants



(\*3) Based on calculation of the rate of change in rent with respect to the contract rent with the previous tenant at the time of tenant replacement.  
 (\*4) Based on calculation of the average over the free rent period of new contracts.

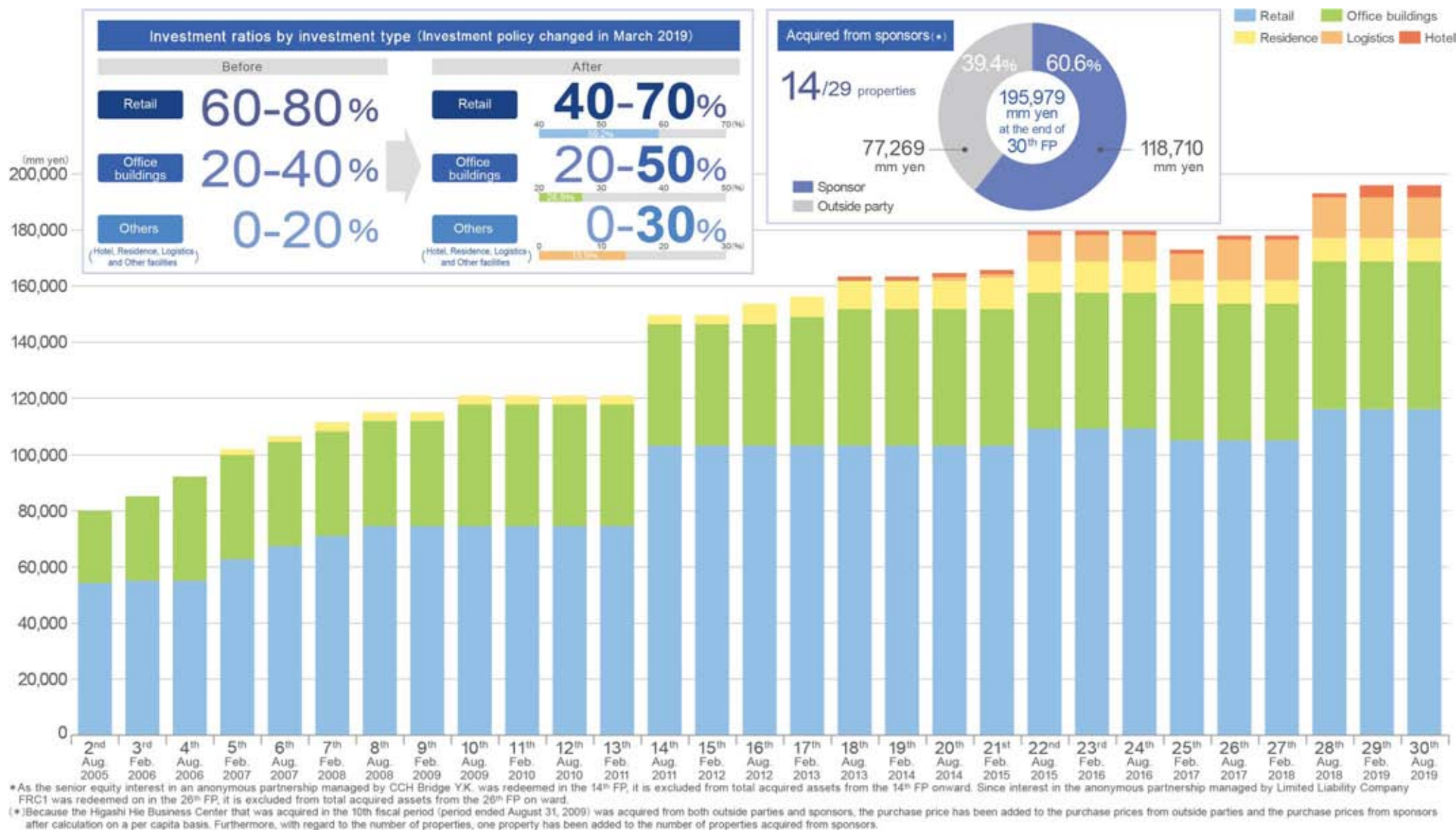
## Floor space subject to rent increase and number of properties subject to rent increases (\*1)



(\*5) Rate of increase/decrease calculated based on previous rent at the time of rent revision.

# Historical trends of asset's size by investment type (based on acquisition price)

Expansion of asset size to 195,979 million yen (29 properties)





# Sponsor pipeline ( Fukuoka Jisho Group )

## Overview of Fukuoka Jisho Co., Ltd.

Name	Fukuoka Jisho Co., Ltd.
Established	July 19, 1961
Industries	Real estate (comprehensive developer)
Representative	President and C.E.O Ichiro Enomoto
Employees	216 (as of May 31, 2019)
Net sales	22.7 billion yen (period ended May 31, 2019)
Ordinary income	4.2 billion yen (period ended May 31, 2019)

■ Tenjin Business Center (provisional name)



■ Naha Business Center



■ Higashi Hie Business Center III (provisional name)



■ Canal City Hakata East Building



■ Hotel FORZA Hakataeki Chikushi-guchi I



■ Island City Logistics Center (provisional name)



\*Prepared by Fukuoka Realty based on data from Fukuoka Jisho Co., Ltd.

## Major properties owned by Fukuoka Jisho Group

Use	No.	Name	Year of completion	Total floor space
Office buildings	1	Fukuoka Daiichi Building	1961	9,962㎡
	2	Fukuoka Kogin Building	1970	15,160㎡
	3	Meiji-Dori Business Center	1974(Main Building) / 1986(Annex)	9,844㎡
	4	Sun Life No. 3 Building	1978	8,262㎡
	5	Tenjin Nishi-Dori Business Center	1978	10,394㎡
	6	Tenjin MMT Building	1979	19,874㎡
	7	Tenjin Riverfront Business Center	1999	4,106㎡
	8	Hakata Ekimae Business Center	1999	24,731㎡
	9	Naha Business Center	2018	9,054㎡
	10	Higashi Hie Business Center III (provisional name)	FY2019(planned)	4,677㎡
	11	Tenjin Business Center (provisional name)	FY2021(planned)	61,116㎡
Retail	12	Marinoa City Fukuoka (Outlet Building)	2000(Building I) / 2004(Building II) / 2007(Building III)	48,330㎡
	13	Tenjin Kirameki Dori Building	2003	24,525㎡
	14	Canal City Hakata East Building	2011	18,534㎡
Residence	15	Class Keyaki Dori	2008	6,500㎡
Hotel	16	Hotel FORZA Hakataeki Chikushi-guchi I	2012 / 2017 (Annex Building)	7,335㎡
	17	Hotel FORZA Hakataeki Chikushi-guchi II	FY2019(planned)	4,876㎡
	18	Hotel FORZA Sapporo Ekimae (provisional name)	FY2020(planned)	11,346㎡
Logistics	19	Island City Logistics Center (provisional name)	FY2019(planned)	47,150㎡

\*Includes properties owned by the Fukuoka Jisho Group and properties co-owned with other companies.

## Development plan of Fukuoka Jisho Group

planned completion	FY2019	FY2020	FY2021
Property name	Higashi Hie Business Center III (provisional name) Hotel FORZA Hakataeki Chikushi-guchi II Island City Logistics Center (provisional name)	Hotel FORZA Sapporo Ekimae (provisional name)	Tenjin Business Center (provisional name)

\*The fiscal year reflects the fiscal year of Fukuoka Jisho Co., Ltd. (June 1-May 31)

# Key financing events in the 30<sup>th</sup> fiscal period

Achievement of both interest cost reduction, borrowing term extension and diversification

## Long-term financing and repayments from the 30<sup>th</sup> fiscal period onward

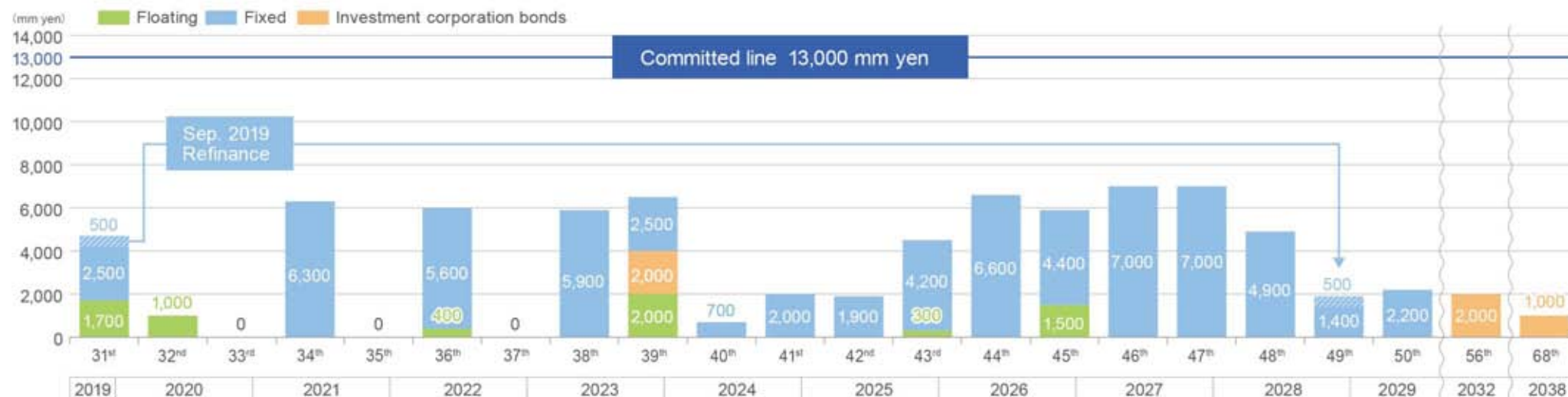
Date	Lender	Amount (mm yen)	Term	Interest rate	Fixed/Floating
July 31, 2019 (30 <sup>th</sup> FP)	Mizuho Bank The Bank of Saga The Higo Bank	2,200	10-year	0.521% (*1)	Fixed
	The Norinchukin Bank	1,500	7.5-year	0.303%	Fixed
September 25, 2019 (31 <sup>st</sup> FP)	MUFG Bank	500	9-year	0.480%	Fixed
Total and the weighted average rates (*2)		4,200	9.0-year	0.438% (*3)	

(\*1) FRC has concluded a swap agreement to practically fix interest rate on debt. The indicated interest rate reflects the effect of the swap agreement.  
(\*2) Amounts are totals, and terms and interest rates are weighted averages. (\*3) Interest rates are rounded off to the second decimal place.

The loan from Mizuho Bank, The Bank of Saga, and The Higo Bank is a syndicated green loan based on Green Loan Principles. It is the first green loan for a company headquartered in Kyushu and the first syndicated green loan for a J-REIT.

## Diversification of debt maturities [As of August 31, 2019]

©As the one-year term of the commitment line contract, with Fukuoka Bank as the agent, has passed on July 31, 2019, we extended the contract to July 31, 2021.



## Green finance

### (1) Green Finance Framework

Fukuoka REIT has established the green finance framework in line with the "Green Bond Principles 2018" and "Green Bond Guidelines 2017 by Ministry of the Environment" set forth by the Ministry of the Environment to conduct green finance including green loans.

### (2) Eligible Green Projects

Eligible Green Projects as of 30<sup>th</sup> fiscal period — 10 properties 138.4 bn yen (\*4)

### (3) Maximum procurement amount in green finance

Maximum procurement amount as of 30<sup>th</sup> fiscal period — 54.9 bn yen

Eligible Green Projects: 138.4 bn yen (\*4) × Total assets LTV 39.7%

(\*4) Stated based on the acquisition price.



# Financing condition

A stable network of sponsor banks and other lenders

## LTV

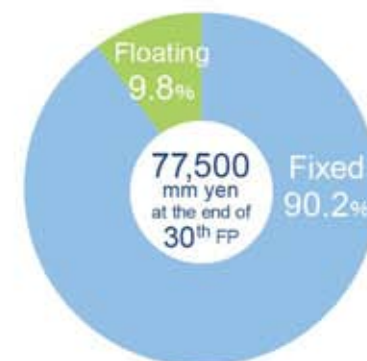


## Average interest rate (\*1) and duration

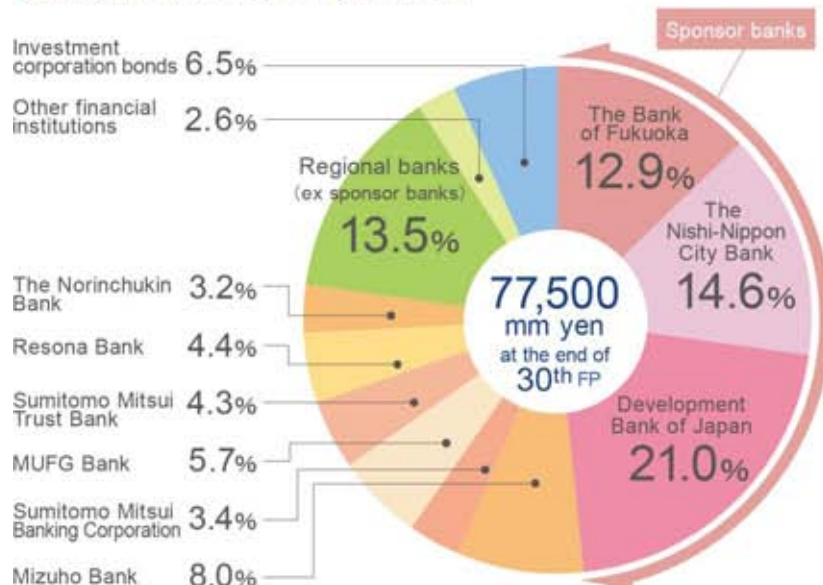


(\*1) Interest rates are rounded off to the second decimal place.

## Fixed and floating rate

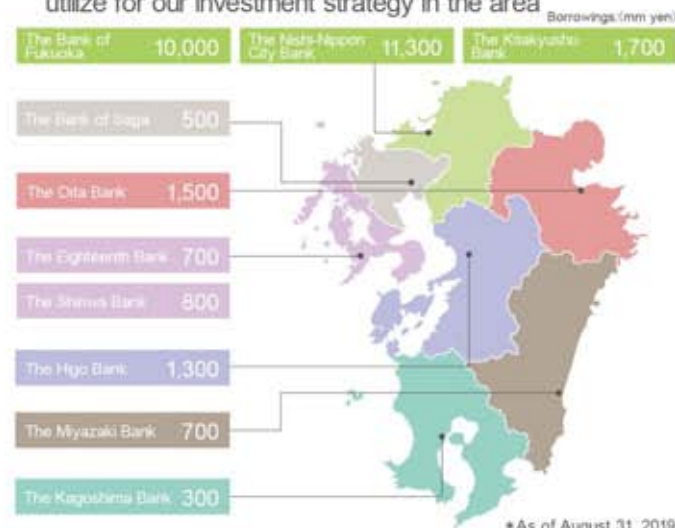


## Breakdown of debt by lenders

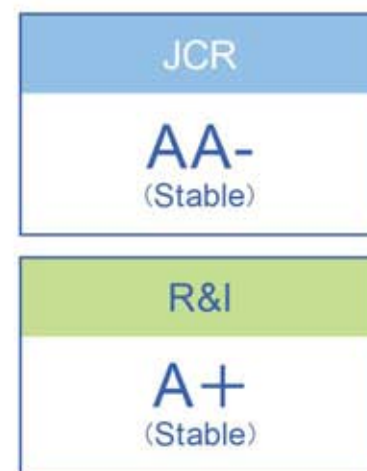


## A regional bank transaction network

©Sharing of information networks unique to regional banks to utilize for our investment strategy in the area



## Credit ratings (\*2)



(\*2) JCR: long-term issuer rating obtained from Japan Credit Rating Agency, Ltd.  
R&I: issuer rating obtained from Rating and Investment

# Appraisal value

Maintained unrealized gains for all properties (\*1)

- unit : mm yen (Figures rounded down to the nearest mm yen)

	Property name	Acquisition price (*2)	Acquisition cap rate	Appraisal value		Book value at 30 <sup>th</sup>	Difference		Direct capitalization values			Appraiser
				30 <sup>th</sup> Aug. 31, 2019	29 <sup>th</sup> Feb. 28, 2019		From Appraisal value at 29 <sup>th</sup>	From Book value at 30 <sup>th</sup>	30 <sup>th</sup> Cap rate	29 <sup>th</sup> Cap rate	Difference	
				①	②	③	①-②	①-③	④	⑤	④-⑤	
Retail	Canal City Hakata	32,000	6.0%	32,000	32,000	29,911	0	2,088	4.5%	4.5%	0.0%	Tanizawa Sogo Appraisal
	Canal City Hakata・B	28,700	5.4%	30,100	30,000	29,001	100	1,098	4.7%	4.7%	0.0%	Tanizawa Sogo Appraisal
	Park Place Oita	18,620	6.0%	19,800	19,800	19,449	0	350	5.5%	5.5%	0.0%	Japan Real Estate Institute
	SunLive City Kokura	6,633	6.6%	8,340	8,340	5,582	0	2,757	5.9%	5.9%	0.0%	Japan Real Estate Institute
	Konoha Mall Hashimoto	10,000	5.3%	10,500	10,600	10,129	(100)	370	5.1%	5.1%	0.0%	Tanizawa Sogo Appraisal
	Square Mall Kagoshima Usuki	5,300	6.3%	5,630	5,620	4,380	10	1,249	5.8%	5.8%	0.0%	Japan Real Estate Institute
	Kumamoto Intercommunity SC	2,400	6.5%	2,860	2,860	1,993	0	866	5.6%	5.6%	0.0%	Japan Real Estate Institute
	Hanahata SC	1,130	6.4%	1,250	1,250	984	0	265	5.4%	5.4%	0.0%	Tanizawa Sogo Appraisal
	Kurume Higashi Kushiwara SC	2,500	6.1%	2,790	2,790	2,059	0	730	5.5%	5.5%	0.0%	Tanizawa Sogo Appraisal
	K's Denki Kagoshima	3,550	5.7%	3,710	3,710	2,997	0	712	5.4%	5.4%	0.0%	Tanizawa Sogo Appraisal
	Marinoa City Fukuoka (Marina Side Building)	5,250	5.5%	6,080	6,060	5,446	20	633	4.8%	4.8%	0.0%	Tanizawa Sogo Appraisal
	<b>Total of retail</b>	<b>116,083</b>	<b>-</b>	<b>123,060</b>	<b>123,030</b>	<b>111,934</b>	<b>30</b>	<b>11,125</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Office buildings	Canal City Business Center Building	14,600	6.3%	15,900	15,800	13,132	100	2,767	4.5%	4.5%	0.0%	Tanizawa Sogo Appraisal
	Gofukumachi Business Center	11,200	6.3%	14,300	14,300	8,935	0	5,364	4.4%	4.4%	0.0%	Tanizawa Sogo Appraisal
	Sanix Hakata Building	4,400	5.9%	6,360	5,980	3,805	380	2,554	4.2%	4.2%	0.0%	Japan Real Estate Institute
	Taihaku Street Business Center	7,000	6.0%	8,640	8,410	5,929	230	2,710	4.5%	4.6%	(0.1)%	Japan Real Estate Institute
	Higashi Hie Business Center	5,900	6.0%	7,650	7,580	4,483	70	3,166	4.6%	4.6%	0.0%	Tanizawa Sogo Appraisal
	Tenjin Nishi-Dori Center Building	2,600	5.4%	3,170	3,100	2,685	70	484	4.0%	4.1%	(0.1)%	Japan Real Estate Institute
	Tenjin North Front Building	2,800	6.1%	3,990	3,900	2,535	90	1,454	4.2%	4.3%	(0.1)%	Japan Real Estate Institute
	Higashi Hie Business Center II	4,230	4.9%	4,440	4,440	4,146	0	293	4.6%	4.6%	0.0%	Tanizawa Sogo Appraisal
	<b>Total of office buildings</b>	<b>52,730</b>	<b>-</b>	<b>64,450</b>	<b>63,510</b>	<b>45,654</b>	<b>940</b>	<b>18,795</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Others	Amex Akasakamon Tower (Residence)	2,060	5.4%	1,840	1,840	1,702	0	137	4.5%	4.5%	0.0%	Daiwa Real Estate Appraisal
	City House Keyaki Dori (Residence)	1,111	5.5%	1,140	1,140	917	0	222	4.5%	4.5%	0.0%	Daiwa Real Estate Appraisal
	Aqualia Chihaya (Residence)	1,280	6.8%	1,780	1,720	1,194	60	585	4.9%	5.0%	(0.1)%	Japan Real Estate Institute
	D-Wing Tower (Residence)	2,800	5.9%	3,570	3,560	2,692	10	877	4.5%	4.5%	0.0%	Tanizawa Sogo Appraisal
	Granfore Yakuin Minami (Residence)	1,100	5.6%	1,310	1,310	1,118	0	191	4.4%	4.4%	0.0%	Tanizawa Sogo Appraisal
	Hotel FORZA Oita (Hotel)	1,530	6.6%	1,860	1,820	1,418	40	441	5.2%	5.3%	(0.1)%	Japan Real Estate Institute
	Tissage Hotel Naha (Hotel)	2,835	5.3%	3,020	3,030	2,901	(10)	118	4.9%	4.9%	0.0%	Tanizawa Sogo Appraisal
	Tosu Logistics Center (Logistics)	1,250	5.9%	1,430	1,430	1,186	0	243	5.2%	5.2%	0.0%	Japan Real Estate Institute
	LOGICITY Minato Kashii (Logistics)	8,150	5.2%	8,900	8,880	7,900	20	999	4.4%	4.4%	0.0%	Tanizawa Sogo Appraisal
	LOGICITY Hisayama (Logistics)	5,050	5.1%	5,260	5,250	4,911	10	348	4.6%	4.6%	0.0%	Tanizawa Sogo Appraisal
	<b>Total of others</b>	<b>27,166</b>	<b>-</b>	<b>30,110</b>	<b>29,980</b>	<b>25,943</b>	<b>130</b>	<b>4,166</b>	<b>-</b>	<b>-</b>	<b>-</b>	
	<b>Total properties</b>	<b>195,979</b>	<b>-</b>	<b>217,620</b>	<b>216,520</b>	<b>183,532</b>	<b>1,100</b>	<b>34,087</b>	<b>-</b>	<b>-</b>	<b>-</b>	

(\*1) It does not include "construction in progress in trust" in book value in balance sheet at the end of period.

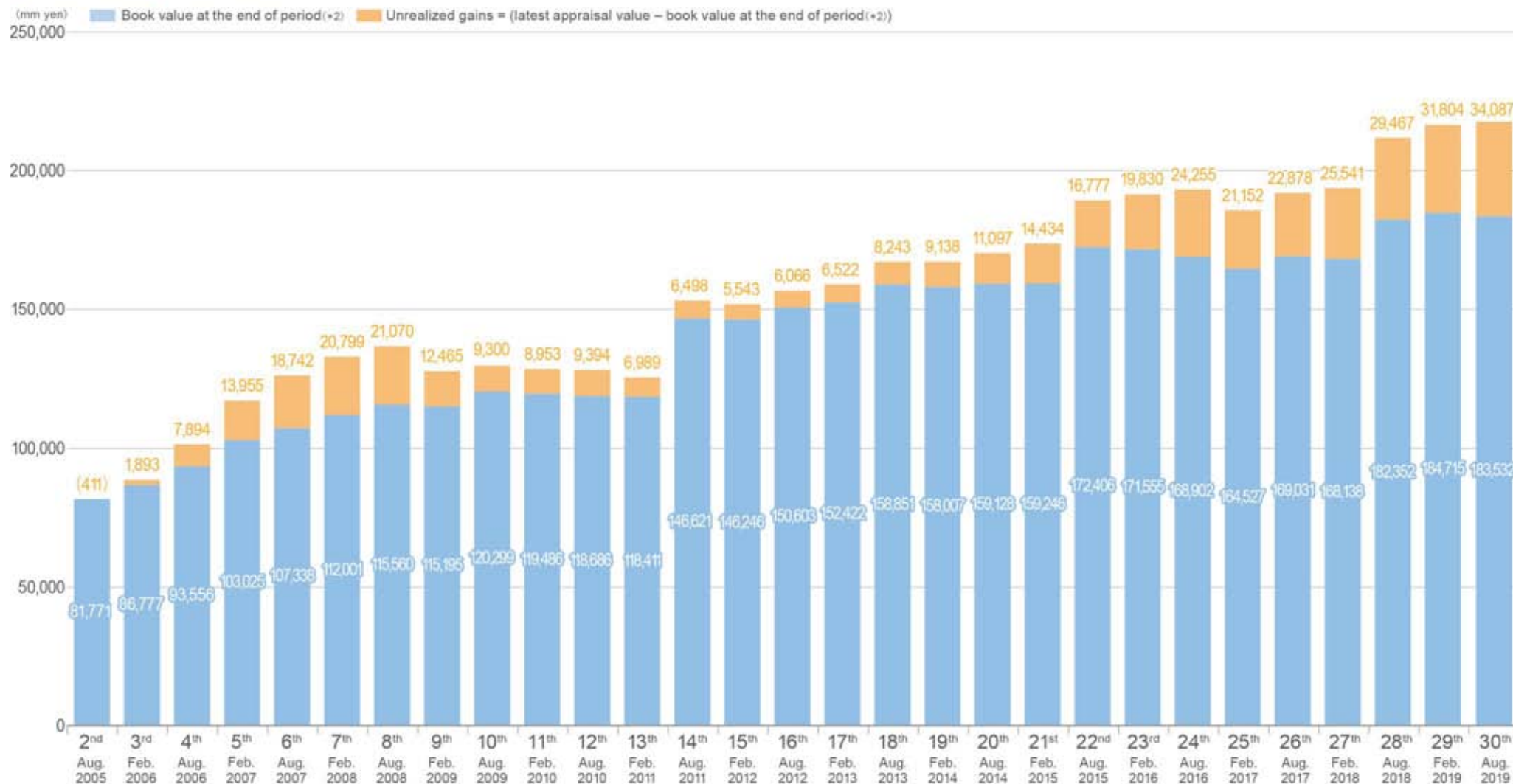
(\*2) "Acquisition price" does not include fees, public charge and expenses.



# Historical appraisal values (unrealized gains)

Maintained continuously since the 3<sup>rd</sup> fiscal period (Unrealized gains 34,087 mm yen, 18.6% ratio of unrealized gains at the 30<sup>th</sup>(※1))

## Historical appraisal values



(※1) Ratio of unrealized gains = (latest appraisal value – book value at the end of period(※2)) / book value at the end of period.

(※2) Book value at the end of period does not include construction in progress.

# The condition of suburb area in Fukuoka



	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025 and beyond
Infrastructure	<ul style="list-style-type: none"> <li>Start of Fukuoka Airport operation business</li> <li>Completion of new passenger terminal building</li> <li>Duplication of Fukuoka Airport parallel taxiway</li> </ul>	<ul style="list-style-type: none"> <li>Completion of construction of Fukuoka Urban Expressway Route 6 (Island City Line)</li> </ul>	<ul style="list-style-type: none"> <li>Completion of Phase 2 of exhibition center</li> </ul>	<ul style="list-style-type: none"> <li>Extension of the subway's Nanakuma Line</li> </ul>		<ul style="list-style-type: none"> <li>Addition of runways at Fukuoka Airport</li> <li>Extension of Fukuoka Urban Expressway Route 3 (Airport Line)</li> </ul>	<ul style="list-style-type: none"> <li>Redevelopment of waterfront district</li> </ul>
Redevelopment (Tenjin area)	<ul style="list-style-type: none"> <li>Demolition of Fukuoka Building to commence</li> </ul>	<ul style="list-style-type: none"> <li>Demolition of Tenjin Core Building to commence</li> </ul>	<ul style="list-style-type: none"> <li>Tenjin IMS to close</li> <li>Completion of Tenjin Business Center</li> </ul>	<ul style="list-style-type: none"> <li>Completion of Daimyo Elementary School site redevelopment construction work</li> </ul>	<ul style="list-style-type: none"> <li>Completion of phase 1 of reconstruction of city block where Fukuoka Building is located</li> </ul>	<ul style="list-style-type: none"> <li>Completion of Tenjin IMS site construction work</li> </ul>	
Events	<ul style="list-style-type: none"> <li>Rugby World Cup 2019</li> <li>World Figure Skating individual country competitions</li> <li>Fukuoka the venue for the meeting of G20 finance ministers and Central Bank Governors' Meeting</li> </ul>	<ul style="list-style-type: none"> <li>Tokyo 2020 Olympic Games</li> </ul>	<ul style="list-style-type: none"> <li>FINA World Aquatics Championships</li> </ul>				



# Current situation of Fukuoka and Kyushu

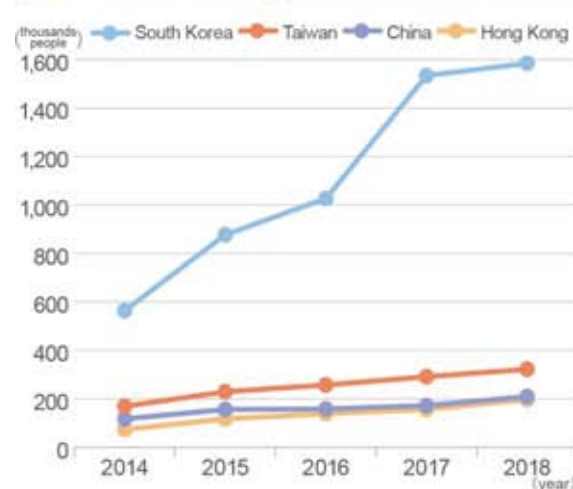
## Number of overseas visitors from China and Southeast Asia increasing

### Change in number of overseas visitors[Fukuoka City]



Source: Prepared by Fukuoka Realty based on data from Statistics on Legal Migrants (Ministry of Justice) and "Number of International Vessel Passengers," published by Fukuoka City Port and Airport Bureau.

### Number of foreign tourists to Fukuoka city



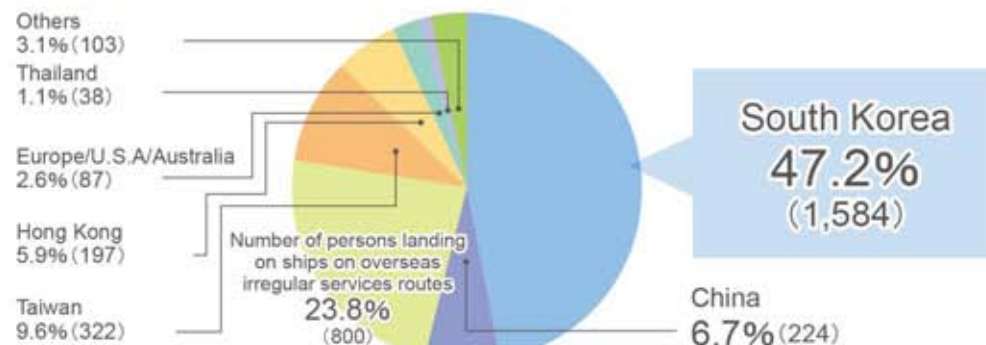
Source: Prepared by Fukuoka Realty Co., Ltd., based on data from Fukuoka City Economy, Tourism & Culture Bureau "Fukuoka City Tourism / MiCE" 2019 edition (Fukuoka City Tourism Statistics).

#### Comparison of results

[for the periods Jan. 2018 - Jul. 2018 and Jan. 2019 - Jul. 2019]

	YoY change in number of visitors	(percentage change)
China	14,723	11.8%
Malaysia	13,101	290.0%
Philippines	8,833	50.6%
Hong Kong	5,930	5.0%
Thailand	4,048	17.2%
Vietnam	3,801	27.3%
Singapore	451	5.7%
Europe/U.S.A/Australia	13	0.0%
Others	2,478	20.1%
Taiwan	(7,607)	(3.9)%
Korea	(67,636)	(7.2)%
Total	(21,865)	(1.4)%

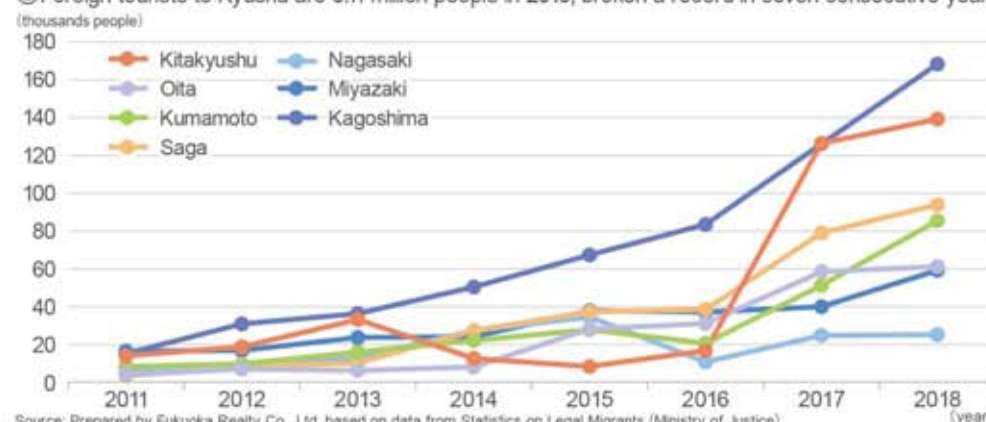
### Breakdown of overseas visitors [2018](thousands people)



Source: Prepared by Fukuoka Realty based on data from Statistics on Legal Migrants (Ministry of Justice) and Fukuoka City Port and Airport Bureau "Number of International Vessel Passengers"

### Number of foreign visitors entering Japan from airports in Kyushu, and share of total number of arrivals from overseas to Fukuoka Prefecture

◎Foreign tourists to Kyushu are 5.11 million people in 2018, broken a record in seven consecutive years



Source: Prepared by Fukuoka Realty Co., Ltd. based on data from Statistics on Legal Migrants (Ministry of Justice) and Ministry of Land, Infrastructure, Transport and Tourism

### Share of arrivals from overseas by air and sea to Fukuoka Prefecture



Source: Prepared by Fukuoka Realty Co., Ltd. based on data from the Kyushu Tourism Promotion Organization's Big Data-based Survey of Foreign Visitors to Kyushu



# Functional Enhancement of Fukuoka Airport

Initiatives to increase runway handling capacity and expand number of routes



Photo provided by: Fukuoka City Office (Panorama of Fukuoka Airport from south to north)

## Future increase in number of routes and countries served

	March 2018	FY2023 (Targets)	FY2048 (Targets)
International routes	10 countries • 18 routes	13 countries • 26 routes	25 countries • 67 routes
Domestic routes	23 cities • 26 routes	23 cities • 26 routes	30 cities • 33 routes

Source: Prepared by Fukuoka Realty Co., Ltd. based on the Master Plan of Fukuoka International Airport Co., Ltd.

## Current status of Fukuoka Airport

◎ Ranking by number of arrivals and departures and number of passengers in FY2018

● Number of arrivals and departures (international and domestic)

Rank	Airport	Number of arrivals and departures (*1) Annual
1	TOKYO (Haneda)	455,000
2	TOKYO (Narita)	257,000
3	OSAKA (Kansai)	189,000
4	FUKUOKA	181,000
5	OKINAWA (Naha)	163,000

● Passengers (international and domestic)

Rank	Airport	Number of passengers Annual
1	TOKYO (Haneda)	85,692,000
2	TOKYO (Narita)	41,238,000
3	OSAKA (Kansai)	29,312,000
4	FUKUOKA	24,845,000
5	SAPPORO (New Chitose)	23,634,000

Source: Prepared by Fukuoka Realty based on data from the "FY2018 Airport Ranking Table" of the Ministry of Land, Infrastructure, Transport and Tourism.  
(\*1) The number of arrivals and departures is calculated by multiplying the number of arrivals by two.

## Runway handling capacity enhancement (\*2)

◎ Scheduled completion of parallel taxiway duplication (the end of January 2020)

Current 164,000 / per year

After expansion

170,000 / per year

◎ Scheduled opening of additional runway (the end of March 2025)

After expansion

188,000 / per year

~ 211,000 (\*3) / per year



Source: Prepared by Fukuoka Realty Co., Ltd. based on the Medium-term Business Plan (FY2019-2023) of Fukuoka International Airport Co., Ltd. and data from Fukuoka City Port and Airport Bureau


(\*2) The upper limit of the number of arrivals and departures that can be stably handled by the runways without congestion or delays.

(\*3) Increase in landing slots to be considered after gaining understanding of the community and taking into account future demand trends



# Sustainability

## Identification of materially significant issues [as of September 2019]

materially significant issues			Policies and targets	Related SDGs
Environment	Reduction of environmental load		<ul style="list-style-type: none"> <li>Coordinate with Property Management and Building Management on promotion of management and reduction of energy consumption, greenhouse gas emissions, water consumption, and waste output</li> </ul>	   
	Maintenance and enhancement of environmental and construction performance		<ul style="list-style-type: none"> <li>Carry out performance and function evaluation of properties on a regular basis and ameliorate any deterioration in performance, etc.</li> <li>Maintain and improve competitiveness by acquiring green building certifications and through visual representation of building performance</li> </ul>	 
Social	Creation of pleasant workplaces	Asset manager	<ul style="list-style-type: none"> <li>Improve quality of operations by enhancing and expanding employee education system and promoting acquisition of qualifications</li> <li>Continue to improve office environments and work on providing pleasant working environments</li> <li>Give consideration to work-life balance and boost employee satisfaction</li> </ul>	 
		Tenant	<ul style="list-style-type: none"> <li>Promote improvement of employee satisfaction and work towards increasing job satisfaction of tenant employees</li> </ul>	 
	Contribution to boosting attractiveness and vitalization of Fukuoka and Kyushu		<ul style="list-style-type: none"> <li>Enhance dissemination of information regarding strengths and charms of Fukuoka and Kyushu</li> <li>Support research and studies on local economy and industries and promote attractive urban development in collaboration with local business circles</li> </ul>	 
	Involvement in local community		<ul style="list-style-type: none"> <li>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</li> </ul>	 
Governance	Information disclosure to and dialogue with stakeholders		<ul style="list-style-type: none"> <li>Disclose financial and non-financial information to stakeholders in an appropriate and timely manner</li> <li>Build relationships of trust through proactive dialogue with stakeholders and reflect stakeholder feedback in management strategy</li> </ul>	
	Compliance / Risk management		<ul style="list-style-type: none"> <li>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</li> </ul>	

## Institution of signatory

Signing of the PRI and PFA21 as of September 2018

©Principles for Responsible Investment (PRI)

©Principles for Financial Action towards a Sustainable Society  
(Principles for Financial Action for the 21st Century)

Signatory of:



## External evaluation

©The GRESB survey 2019



Received the rating of "Green Star" and "4 star" in the GRESB survey 2019

©Green Building certificate acquisition ratio [as of August 31, 2019]

Green Building certification obtained for 68.7% of entire portfolio



- DBJ Green Building certification : total 9 properties
- BELS : total 4 properties





Fukuoka REIT

# Appendix



# Profile

## Special features of Fukuoka REIT Corporation

1	<b>Proven track record over 30 fiscal periods as a region-specific REIT</b> Asset management leveraging our in-depth knowledge of the real estate environment of Fukuoka and Kyushu region, one of our greatest strengths
2	<b>Excellent portfolio centered on Fukuoka metropolitan area</b> A portfolio of carefully selected investments in the high growth area of Fukuoka City attention from around Japan and overseas
3	<b>Solid support from a sponsor company involved in property development</b> Asset portfolio expansion and high occupancy rates facilitated through coordination with our sponsors
4	<b>Establishment of stable financial base</b> Conservative control of interest-bearing debt ratio, long-term diversification of repayment deadlines
5	<b>DPU kept at a constant level ever since the IPO</b> Maintain and improve of the dividend provision through effective asset management

Portfolio summary (*1)	
Number of properties / Asset size (*2)	29/195,979 mm yen
Of which, acquisition from sponsors (*3)	14/118,710 mm yen
Unrealized gains	34,087 mm yen
Total leasable floor space	580,664.27 m <sup>2</sup>
Occupancy rate	99.6%

Financial highlight (*1)	
Total debt	77,500 mm yen
LTV	39.7%
Fixed rate	90.2%
Average interest rate	0.72%
Credit ratings	JCR AA—(Stable) R&I A+ (Stable)



## Overview of Fukuoka REIT Corporation

Name	Fukuoka REIT Corporation
Security code	8968
Listed date	June 21, 2005 (Tokyo Stock Exchange, Fukuoka Stock Exchange)
Fiscal period	February・August
Asset manager	Fukuoka Realty Co., Ltd.
Sponsors	Fukuoka Jisho Co., Ltd., Kyushu Electric Power Co., Inc., Nishi-Nippon Railroad Co., Ltd., ROYAL HOLDINGS Co., Ltd., THE BANK OF FUKUOKA, LTD., THE NISHI-NIPPON CITY BANK, LTD., SAIBU GAS CO., LTD., Kyudenko Corporation, Kyushu Railway Company, Development Bank of Japan Inc.

## Investment unit price (\*1)

Unit price	178,300 yen
Outstanding units	796,000 unit
Market capitalization	141,926 mm yen (unit price * outstanding units)
Net assets value per unit	127,987 yen
Market net assets value per unit (*4)	170,811 yen
Dividend (actual)	3,693 yen per unit (Days in fiscal period 184days) at the 30 <sup>th</sup> FP
Dividend yield	4.1% { (Dividend / days in fiscal period * 365) / Unit price }

(\*1) The figures are as of August 31, 2019 (excl. average interest rate) (\*2) The figures are total of acquisition price.  
 (\*3) Because the Higashi He Business Center that was acquired in the 10<sup>th</sup> fiscal period (period ended August 31, 2009) was acquired from both outside parties and sponsors, the purchase price has been added to the purchase prices from outside parties and the purchase prices from sponsors after calculation on a per capita basis. Furthermore, with regard to the number of properties, one property has been added to the number of properties acquired from sponsors.  
 (\*4) Market net assets value per unit = { (Total appraisal value at the end of period based on appraisal reports - Total book value at the end of period based on balance sheet) + (Net assets at the end of period) } / (Total number of investment units outstanding)

# A real estate investment trust specializing in regional properties

## Sponsors



(\*) Concluded MOU with Fukuoka REIT and Fukuoka Realty concerning pipeline support.

## Investment policy

### ◎Investment area



### ◎Investment type

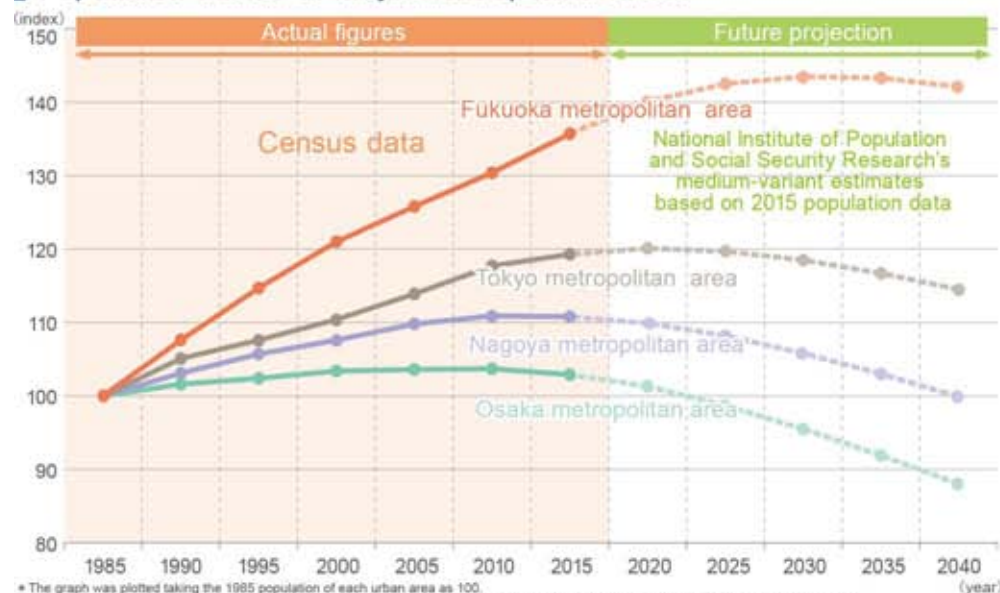




# Population movement of Fukuoka metropolitan area

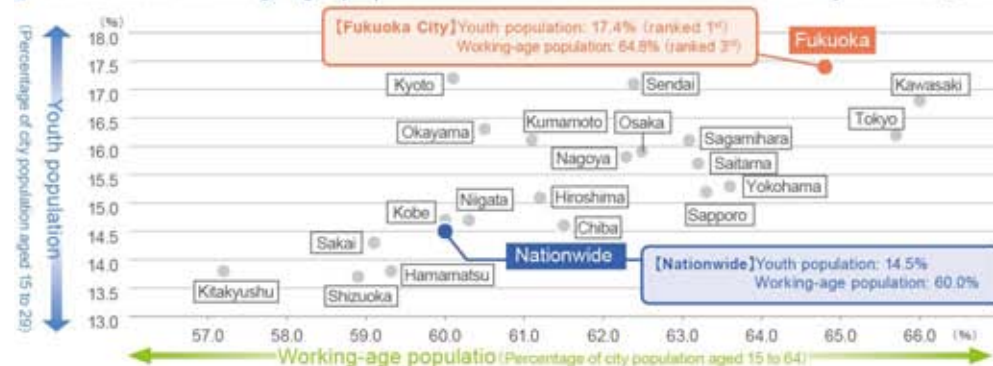
The population of Fukuoka metropolitan area continues to increase

## Population trends of major metropolitan areas



\* The graph was plotted taking the 1985 population of each urban area as 100.  
 \* "Fukuoka metropolitan area" refers to Fukuoka City, Chikushino City, Kasuga City, Onojo City, Munakata City, Dazaifu City, Koga City, Fukuoka City, Itoshima City, Nakagawa City, Umi Town, Sasaguri Town, Shimo Town, Suit Town, Shingu Town, Hisayama Town, and Kasuya Town.  
 \* "Greater Tokyo area" refers to Tokyo Metropolitan Area, Kanagawa Prefecture, and Chiba Prefecture. "Nagoya urban area" refers to Aichi Prefecture, Gifu Prefecture, and Mie Prefecture. "Osaka urban area" refers to Osaka Prefecture, Kyoto Prefecture, Hyogo Prefecture, and Nara Prefecture.  
 Source: Prepared by Fukuoka Realty Co., Ltd., based on data from the Ministry of Internal Affairs and Communications, Statistics Bureau "Population Census of Japan," and National Institute of Population and Social Security Research "Population Projection for Japan by Prefecture" (2018 estimate), and March 2012 Fukuoka City General Affairs and Planning Bureau "Fukuoka City as Seen by Data."

## Youth and working-age population ratios of nationwide and major cities [2015]



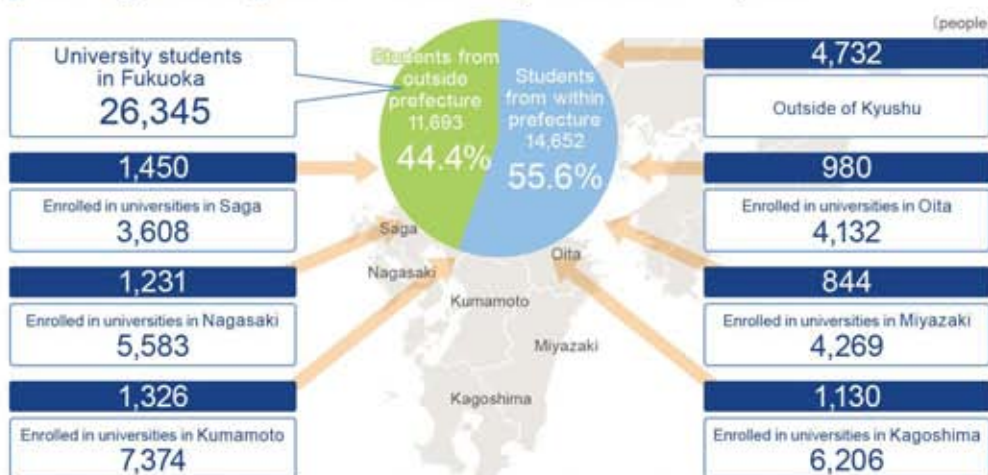
Source: Prepared by Fukuoka Realty based on Ministry of Internal Affairs and Communications "Population Census of Japan"

## Number of population growth in Fukuoka City



Source: Prepared by Fukuoka Realty Co., Ltd. based on data from "Estimated Population" (Fukuoka City General Affairs and Planning Bureau)

## Interregional migration of university students in Kyushu

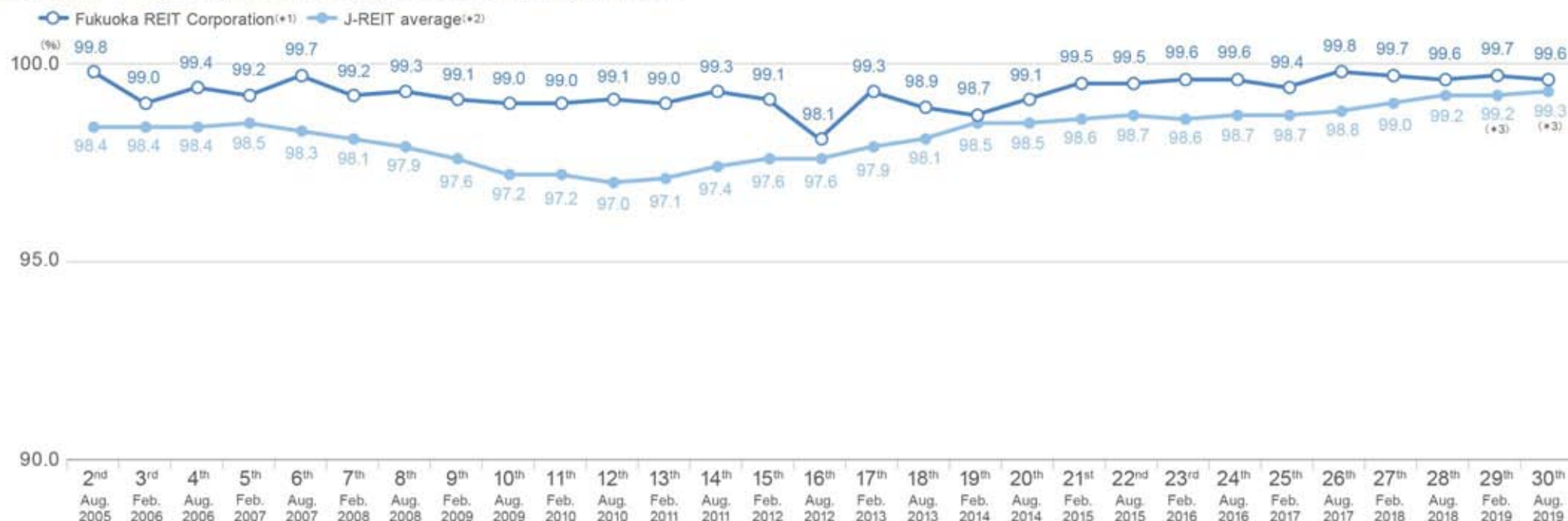


Source: Prepared by Fukuoka Realty Co., Ltd. based on data from FY2018 School Basic Survey (Preliminary Results) (Statistic Bureau, Ministry of Internal Affairs and Communications)

# Portfolio properties' occupancy rates

Maintained high occupancy rates

## Historical occupancy rates [the weighted average during the period]



(\*1) The investment corporation's occupancy rates in the 2<sup>nd</sup> fiscal period through the 4<sup>th</sup> fiscal period were the occupancy rates at the end of each fiscal period. For the 5<sup>th</sup> fiscal period through the 29<sup>th</sup> fiscal period, the occupancy rates are the weighted average occupancy rates during the fiscal periods. The ratio of total leased floor area to leasable floor area is shown.

(\*2) The overall J-REIT occupancy rate is the occupancy rate at the end of each fiscal period based on the Association for Real Estate Securitization's AJPI-J-REIT Databook.

(\*3) The overall J-REIT occupancy rates for the 29<sup>th</sup> and 30<sup>th</sup> fiscal periods are preliminary figures. The figures for the 30<sup>th</sup> fiscal period are the figures for May 2019.

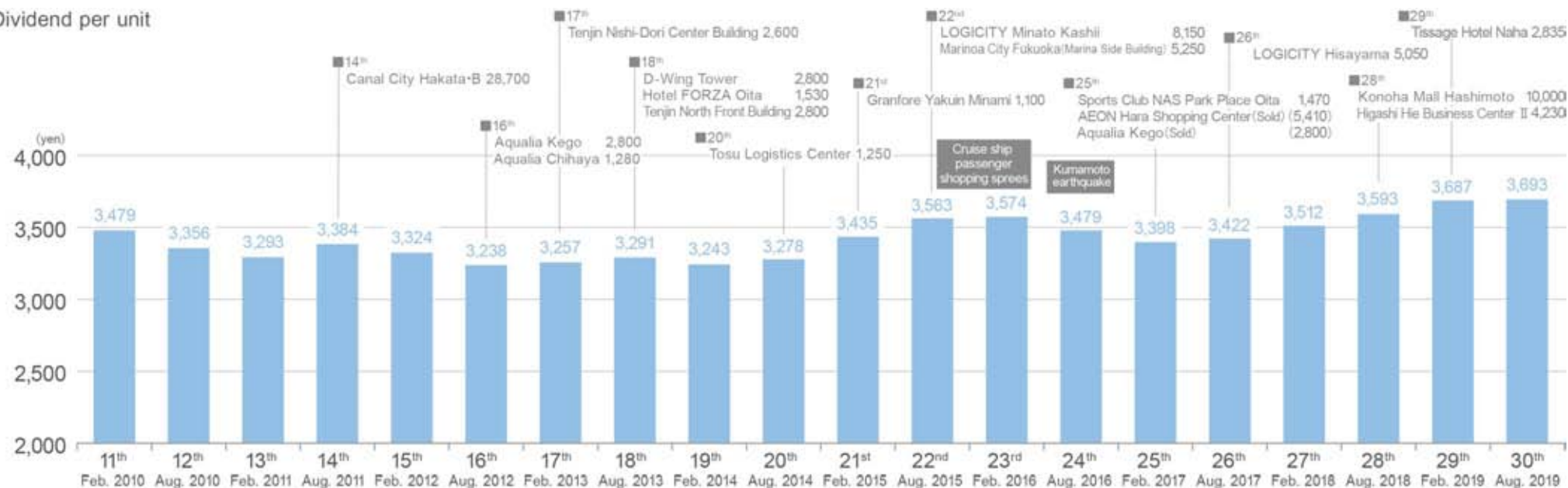
## Occupancy rates [the weighted average during the period]

Category	Investment ratio (based on acquisition price)	26 <sup>th</sup> ~ Aug. 31, 2017	27 <sup>th</sup> ~ Feb. 28, 2018	28 <sup>th</sup> ~ Aug. 31, 2018	29 <sup>th</sup> ~ Feb. 28, 2019	30 <sup>th</sup> ~ Aug. 31, 2019
Retail	59.2%	100.0%	99.8%	99.8%	99.8%	99.8%
Office buildings	26.9%	99.9%	99.3%	99.5%	99.8%	99.0%
Others	13.9%	98.9%	99.3%	99.1%	99.1%	99.2%
Total	100.0%	99.8%	99.7%	99.6%	99.7%	99.6%

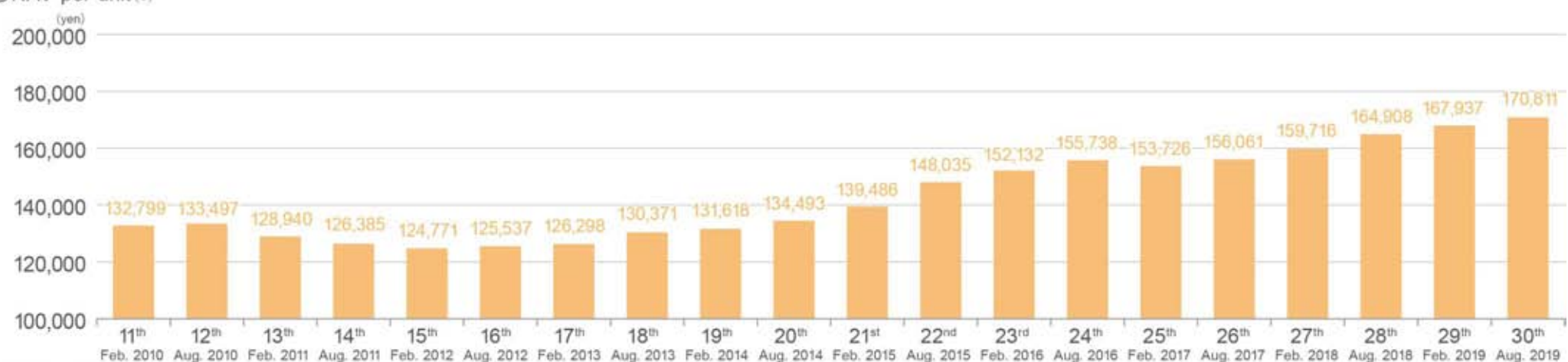


# Dividend and NAV per unit

◎Dividend per unit



◎NAV per unit (¥)



\* A 5-for-1 split of investment unit was effectuated on March 1, 2014. A 5-for-1 split of dividends and NAV per units before the 19<sup>th</sup> FP.

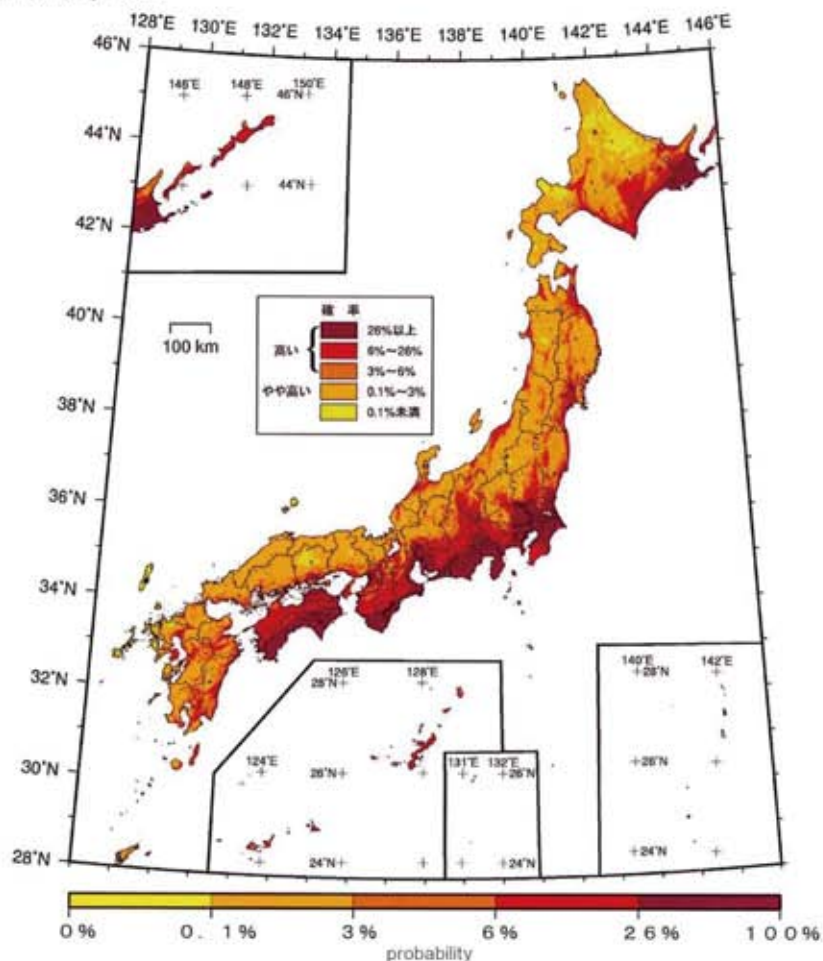
(\*) Market net assets value per unit = { (Total appraisal value at the end of period based on appraisal reports - Total book value at the end of period based on balance sheet) + (Net assets at the end of period) } / (Total number of investment units outstanding)

# Earthquake risk in Fukuoka, etc

All properties owned by Fukuoka REIT are covered by earthquake insurance

## Probabilistic earthquake prediction map

Probability of occurrence of an earthquake with a magnitude of nearly 6 or higher in the next 30 years [Average case / all earthquakes] [Reference date: January 1, 2018] [Updated in January, 2019]



\*The mesh for zero probability based on the model calculation conditions is shown in white.  
Source: Office of the Headquarters for Earthquake Research Promotion, Earthquake and Disaster-Reduction Research Division, Research and Development Bureau, Ministry of Education, Culture, Sports, Science and Technology

## Example of measures taken by the Fukuoka City government against other natural disasters [Fukuoka City flooding countermeasures]

### ◎Storm water storage facilities

#### ●Capacity of storm water storage facilities

FY1999 No storm water storage facilities → FY2018(estimated) approx 128,000 m<sup>3</sup>

Storm water management capacity increased from 59.1mm/h to 79.5mm/h (city center)

#### ●List of storm water storage facilities

	Wards	capacity (m <sup>3</sup> )
Chubu No.2/No.7 main pipelines	Chuo ward	60,000
Sanno storm water regulating reservoir	Hakata ward	30,500
Hie No. 9 main pipeline	Hakata ward	15,800
Hie No. 12 main pipeline	Hakata ward	2,200
Hie No. 13 main pipeline	Hakata ward	12,300
Higashi Hie regulating reservoir	Hakata ward	7,500
<b>Total</b>		<b>128,300</b>



Photo provided by: Fukuoka City Office

### ◎Instances of building inundation in Fukuoka City



\*Number of buildings: Total number of buildings inundated above and below floor level. Period: June 29, 1999 to December 31, 2018  
Source: Prepared by Fukuoka Realty Co., Ltd. based on data from the "Storm Water Management Action Plan 2026" pamphlet about the Fukuoka City Storm Water Emergency Control Plan.



# ESG (Environment)

## Environment Initiatives of owned properties

- **Retail** At commercial premises, we aim to create environment-friendly facilities and are implementing initiatives for energy and resource saving.



### © Canal Water Filtration System

Canal City Hakata's symbolic canal has both a recreational function and as a source of water to fight fires in the case of an emergency. At all times, this canal holds roughly 1,200 tons of water, and this water uses rainwater in order to conserve resources.



### © Recycling of pork bones at Ramen Stadium

Ramen Stadium at Canal City Hakata is a member of the group of shops collaborating on promoting the recycling of pork bones, which is promoted by the Fukuoka Research Commercialization Center for Recycling Systems, and the pork bones used to make ramen broth at Ramen Stadium are being recycled thereby contributing to the creation of a circular economy.

## ■ Office buildings

### © Progress with switch to LED lighting

Switch to LED lighting

- Gofukumachi Business Center (Interior shared spaces, some external areas, etc.)
- Sanix Hakata Building (Interior recessed lighting)
- Taihaku Street Business Center (Entrance, interior shared spaces, etc.)



Example of Sanix Hakata Building

## ■ Others (Logistics)

### © Utilization of renewable energy

Solar panels have been installed on the roofs of LOGICITY Minato Kashii and LOGICITY Hisayama.



LOGICITY Hisayama

## ■ Certification from external organizations

### © DBJ Green Building Certification

Fukuoka REIT has obtained DBJ Green Building Certification, a system by Development Bank of Japan Inc. (DBJ) to certify real estate properties evincing high environmental and social awareness, for the following nine properties it owns as "Properties with the best class (or exceptionally high) environmental & social awareness."



DBJ Green Building

2018	∞∞∞	● Canal City Hakata ● Canal City Hakata • B
2018	∞∞	● Park Place Oita ● Canal City Business Center Building
2018	∞	● Gofukumachi Business Center ● Higashi Hie Business Center
2017	∞∞	● Konoha Mall Hashimoto ● LOGICITY Hisayama
2017	∞	● Higashi Hie Business Center II

### © BELS (Building-Housing Energy-efficiency Labeling System) Evaluation

This is a system in which a third party evaluates and announces the energy-conservation performance of non-residential buildings based on the "Guidelines for Evaluation of Energy Conservation Performance of Non-residential Buildings (2013)." Four properties owned by the Fukuoka REIT corporation were certified.



# ESG (Society)

## Initiatives for employees and tenants

### ◎Initiatives for employees

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

\*August 31, 2019

the average number of years of continuous service of permanent employees: 8 years and 1 month

■Full-time personnel: 41 [Male:22 Female:19]  
\*46.3% Female

- Employees seconded from sponsors:2
- Employees seconded to a sponsor:3

#### ■Number of credentialed personnel

- Real estate brokers:28
- MBA:1
- Certified Building Administrators:4
- Administrative Scrivener:1
- First-class registered architect:2
- SME management consultant:1
- Real estate appraisers:2
- Attorneys:2
- ARES Certified Masters:19

#### 《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.
- 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.

#### 《Training for employees》

- Regular lectures by Kyushu Economic Research Center
- Compliance training
- ESG training
- Nursing care training
- Overseas inspection tour (Shenzhen) etc.

### ◎Initiatives for tenants

Improved the employee lounge environment at Company-owned Konoha Mall Hashimoto with focus on health and comfort of tenants' employees.



Fukuoka REIT engages in a variety of initiatives for tenants to promote their understanding on sustainability.

- Emergency drills intended to improve tenant safety and security
- Conduct tenant satisfaction surveys
- Distribute sustainability guidebooks
- Hold events to improve sustainability awareness
- Conduct sustainability training, etc.

## Initiatives to local communities

### Environment promotion event



At Canal City Hakata, Employees participate in sprinkling water events to cool down sidewalks and streets to promote well-being.

### Safety Town Council



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

### Clean-up days



Employees actively participate in community clean-up activities.

### Participation of local communities' events



Every year, male employees of the Company participate in the Hakata Gion Yamakasa festival (Hachiban Yamakasa, Kazariyama, Kamikawabata-dori; CEO Etsuo Matsuyuki rode on a float in 2018).

### Supporting local vitalization



OnRAMP was established by DOGAN Advisors, Inc. and Fukuoka Realty Corporation and is operated by General Incorporated Association OnRAMP.



# ESG (Governance)

## Governance System

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



(\*) 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.

## Governance structure



Supervisory Director  
Yasuo Kawasho

CEO and Representative Director  
Etsuo Matsuyuki

Supervisory Director  
Hiroyasu Shindo

## Risk management

Fukuoka Realty has established a system for comprehensively managing risks by setting up the Risk Management Committee as the organization to manage various risks. In terms of the basic policy on risk management and the risk items to be managed, the Company has established the Risk Management Regulations and the Risk Management Committee monitors whether the risks are under control.

## Compliance training

We carry out periodic compliance training to improve awareness within the company and to maintain the compliance system



Joint training with sponsor



In-house training (Group discussion)

# IR initiatives

## IR activities

### ©For institutional investors

- Results briefing(Tokyo)
- Domestic roadshows: 208 times(\*)
- Property tours



Analysts and institutional investors meeting for 29th FP(Tokyo)

(\*) Total from September 1, 2018~August 31, 2019

### ©For overseas investors

- Participation of domestic global conference(Tokyo, Fukuoka)
- Overseas roadshows: 46 times(\*)
- Property tours
- Expansion of English version disclosures(ESG summary etc)
- Advertising targeting overseas audiences



Recorded discussion with Fukuoka Mayor Soichiro Takashima

### ©For individual investors 17 times(\*)

- Kyushu IR fair 2018
- J-REIT fair 2018
- TSE IR Festa 2019
- FSE IR Festa
- Results Briefings for individual investors (Tokyo, Fukuoka), etc.



Results Briefings for individual investors(Tokyo)

### ©Internal IR activities

#### Live streaming of financial results presentation



- Live streaming of financial results presentation for analysts to the Fukuoka office

### ©Other activities



- The general manager of the Finance Department spoke at the "Introduction to IR" seminar organized by the Japan Investor Relations Association

### ©Website



- Won grand prize in the Fiscal 2018 All Japanese Listed Companies' Website Ranking announced by Nikko Investor Relations Co., Ltd. (from 3,785 listed companies). Fukuoka REIT Corporation won award for nine consecutive years from 2010.

## The Ministry of the Environment provides the ESG Dialogue Platform



The Ministry of the Environment provides the ESG Dialogue Platform as an Environmental Reporting Platform Development Pilot Project for the purpose of supporting effective disclosure of environmental information and substantive dialogue between parties including companies and investors. In fiscal 2019 we participated in "ESG consultation meetings" targeted at companies that aim to directly engage in dialogue with investors concerning ESG-related issues.

## Status of integration into indexes

### ©Global indexes, etc. [as of August 31, 2019]

FTSE EPRA / NAREIT Global Real Estate Index

Russell Global Index

S&P Global REIT Index / S&P Developed REIT Index

MSCI Small Cap Index

## Other activities

### ©IR Kyushu Workshop

The 9th IR Workshop series, which was started in fiscal 2011. Fukuoka REIT, together with listed companies having their head offices in Fukuoka or Kyushu for the purpose of engaging in research in the latest IR theories and techniques with IR representatives.

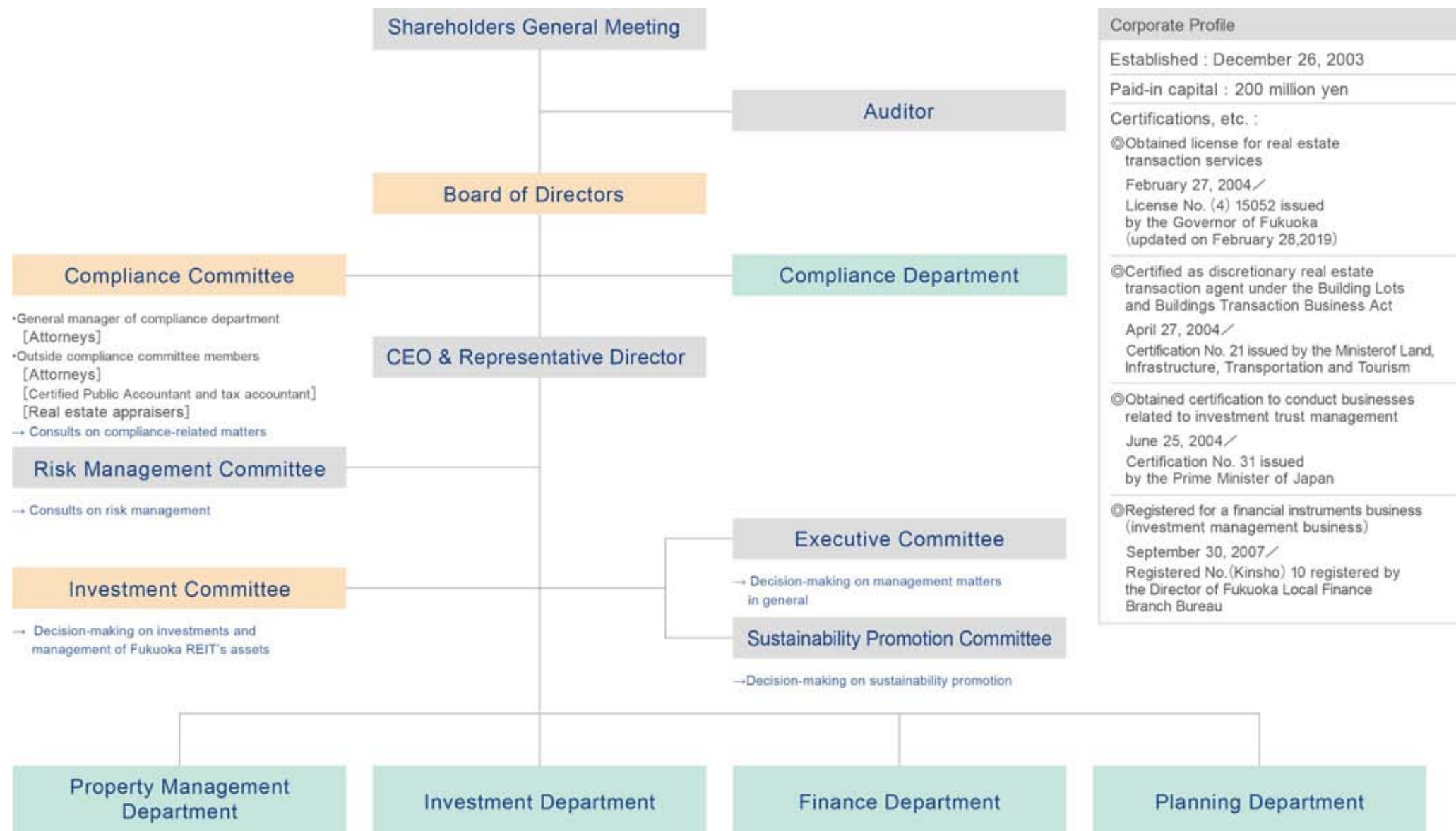
### • Theme FY2019

Schedule	Theme & lecturers
Part 1 August 2019	"ESG information disclosure and internal consensus" Ms. Noriko Okada Executive Vice President, Corporate Communication Division, Sysmex Corporation
Part 2 November 2019 (planned)	"The types of non-financial information that investors seek" (tentative title) Mr. Minoru Matsubara Chief Manager, Responsible Investment Group, Asset Management Division, Resona Bank, Limited
Part 3 TBD	TBD





# Asset management company's organization



## Corporate Profile

Established : December 26, 2003

Paid-in capital : 200 million yen

Certifications, etc. :

◎Obtained license for real estate transaction services

February 27, 2004 /

License No. (4) 15052 issued by the Governor of Fukuoka (updated on February 28, 2019)

◎Certified as discretionary real estate transaction agent under the Building Lots and Buildings Transaction Business Act

April 27, 2004 /

Certification No. 21 issued by the Minister of Land, Infrastructure, Transportation and Tourism

◎Obtained certification to conduct businesses related to investment trust management

June 25, 2004 /

Certification No. 31 issued by the Prime Minister of Japan

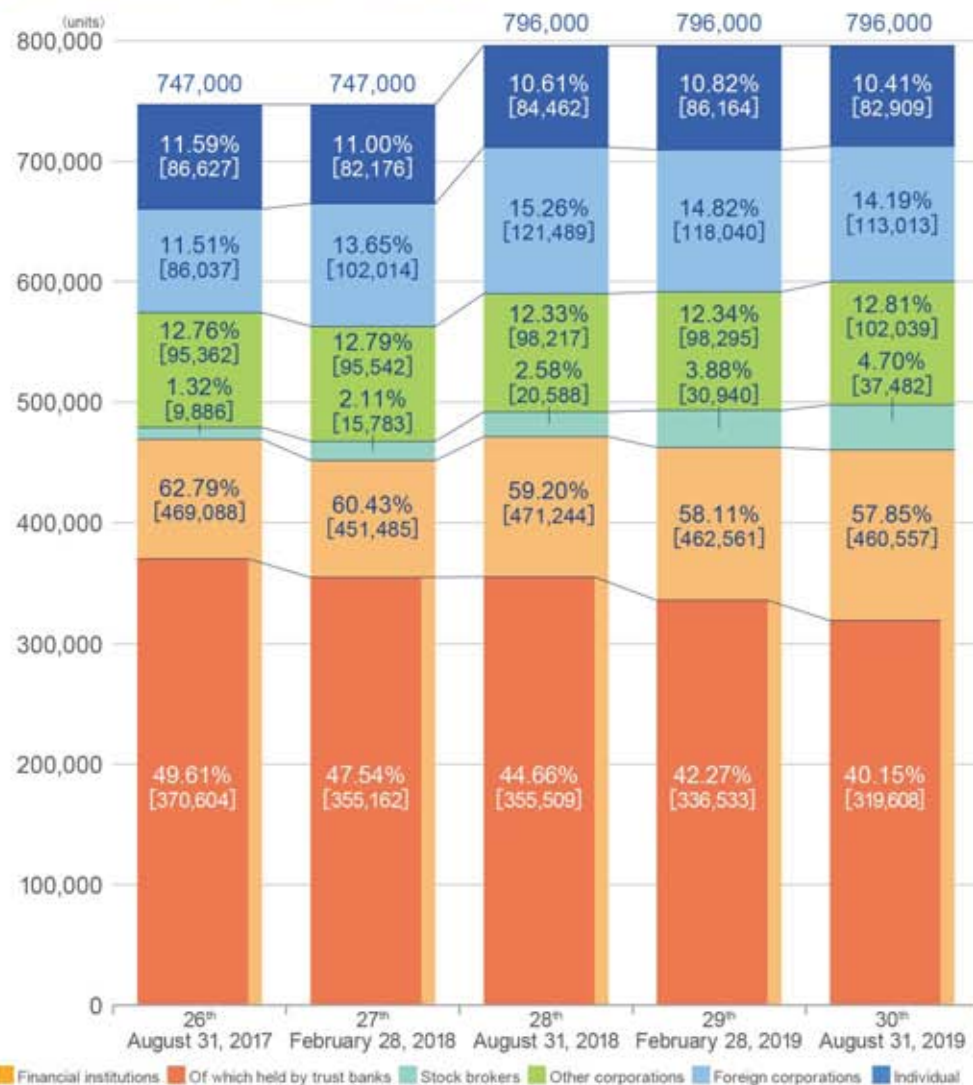
◎Registered for a financial instruments business (investment management business)

September 30, 2007 /

Registered No. (Kinsho) 10 registered by the Director of Fukuoka Local Finance Branch Bureau

# Unitholders' data

Distribution by investor category [breakdown of investment units]



\* Percentages and ratio are rounded off to two decimal places.

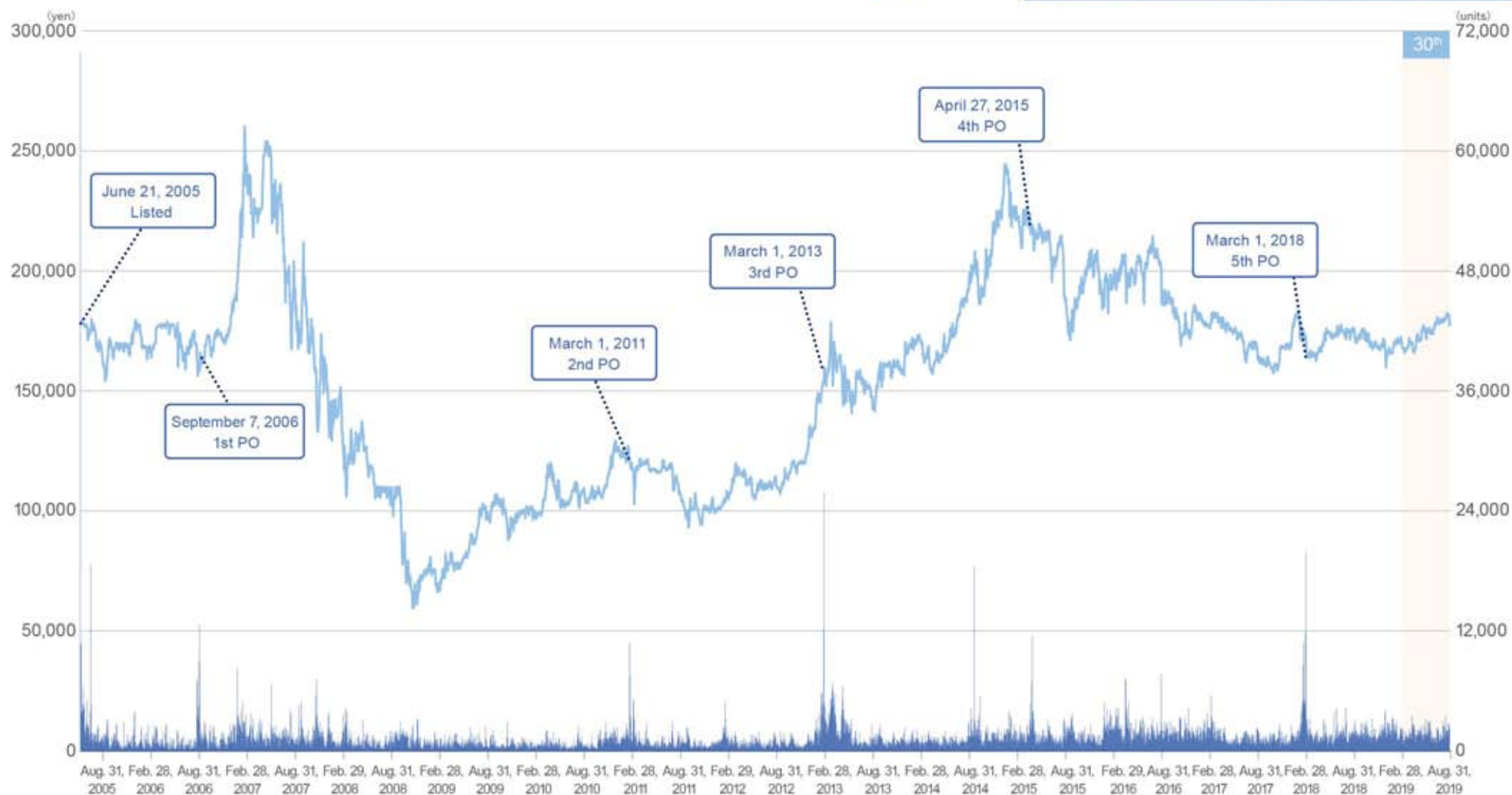
Major investors [at the end of the 30<sup>th</sup> FP]

(As of August 31, 2019)			
Rank	Name	Investment units held	Percentage of total number of investment units outstanding
1	Japan Trustee Services Bank, Ltd. (Trust account)	157,261	19.75%
2	The Master Trust Bank of Japan, Ltd. (Trust account)	79,364	9.97%
3	Fukuoka Jisho Co., Ltd.	71,736	9.01%
4	The Nomura Trust and Banking Co., Ltd. (Investment trust account)	33,084	4.15%
5	Trust & Custody Service Bank, Ltd. (Securities investment trust account)	21,658	2.72%
6	Rakuten General Insurance Co., Ltd.	13,562	1.70%
7	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	12,007	1.50%
8	STATE STREET BANK WEST CLIENT - TREATY 505234	10,879	1.36%
9	Met Life Inc.	10,227	1.28%
10	NORTHERN TRUST CO. (AVFC) RE HCR00	9,457	1.18%



# Unit price chart

— Investment unit price (\*1) ■ Turnover (\*2) ■ Market capitalization (as of Aug. 31, 2019): 141,926 mm yen



(\*1) A 5-for-1 split of Fukuoka REIT investment units was effectuated on March 1, 2014. Accordingly, investment unit prices and issuance prices until February 25, 2014 have been divided by 5.

(\*2) Turnover by February 25, 2014 was multiplied by 5.

# Financial highlights

Dividend per unit was 3,693 yen

- unit : mm yen (Figures rounded down to the nearest mm yen)

Category	26 <sup>th</sup> ~ Aug. 31, 2017	27 <sup>th</sup> ~ Feb. 28, 2018	28 <sup>th</sup> ~ Aug. 31, 2018	29 <sup>th</sup> ~ Feb. 28, 2019 A	30 <sup>th</sup> ~ Aug. 31, 2019 B	Difference B-A	31 <sup>st</sup> ~ Feb. 29, 2020 (forecast)	32 <sup>nd</sup> ~ Aug. 31, 2020 (forecast)
Operating revenues	8,122	8,194	9,178	9,242	9,231	(11)	9,270	9,350
Leasing NOI	4,998	5,079	5,493	5,591	5,633	+41	5,646	5,670
Depreciation and amortization expenses	1,474	1,500	1,602	1,622	1,651	+29	1,662	1,680
Operating income	2,920	2,965	3,238	3,306	3,318	+12	3,281	3,309
Ordinary income	2,562	2,624	2,861	2,935	2,939	+3	2,907	2,930
Profit	2,556	2,623	2,860	2,934	2,939	+4	2,906	2,929
<b>Dividend per unit (yen) ①</b>	<b>3,422</b>	<b>3,512</b>	<b>3,593</b>	<b>3,687</b>	<b>3,693</b>			
Latest dividend forecast per unit (yen) ②	3,400	3,470	3,570	3,600	3,680		3,650	3,680
Difference from forecast (yen) ①-②	+22	+42	+23	+87	+13		-	-
Total number of investment units outstanding (at period-end) (units)	747,000	747,000	796,000	796,000	796,000		796,000	796,000
Total assets (at period-end) (mm yen)	178,063	177,283	193,112	195,433	195,106			
Total liabilities (at period-end) (mm yen)	84,364	83,517	91,312	93,559	93,228			
Total net assets (at period-end) (mm yen)	93,699	93,766	101,799	101,874	101,878			
Days in fiscal period (days)	184	181	184	181	184			
Number of investment properties (at period-end)	26	26	28	29	29			
Number of tenants (at period-end) (* 1)	877	879	1,003	1,011	1,020			
Total leasable floor space (at period-end) (m <sup>2</sup> )	548,564.96	548,564.93	576,907.98	580,665.27	580,664.27			
Occupancy rate (at period-end) (%) (* 2)	99.8	99.6	99.6	99.7	99.6			

(\* 1) The number of tenants shown is based on the total for properties Fukuoka REIT owns. As for the number of tenants in pass-through master leasing properties, the total number of sections stipulated in the tenancy agreements with end tenants is shown.

(\* 2) "Occupancy rate"="Total leased floor space at period-end"/"Total leasable floor space at period-end"



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Assets	Total current assets	9,345	10,234	889
	Cash and deposits	3,570	3,962	392
	Cash and deposits in trust	4,796	5,290	494
	Operating accounts receivable	676	704	27
	Prepaid expenses	297	271	(25)
	Consumption taxes receivable	-	-	-
	Others	4	5	0
	Total non-current assets	186,032	184,822	(1,210)
	Total property, plant and equipment	179,150	177,961	① (1,189)
	Buildings in trust	71,881	70,755	(1,126)
	Structures in trust	1,143	1,124	(18)
	Machinery and equipment in trust	938	909	(28)
	Tools and fixtures in trust	261	237	(23)
	Lands in trust	104,918	104,918	-
	Construction in progress in trust	7	15	8
	Total intangible assets	5,572	5,586	13
	Leasehold right in trust	5,545	5,545	-
	Other intangible assets in trust	26	40	13
	Total investment and other assets	1,309	1,274	(34)
	Deferred tax assets	0	0	(0)
	Lease and guarantee deposits	10	10	-
	Lease and guarantee deposits in trust	327	327	-
	Long-term prepaid expenses	972	937	(34)
	Total deferred assets	55	49	(5)
Total assets	195,433	195,106	(326)	

Account		29 <sup>th</sup> ~Feb. 28, 2019 A	30 <sup>th</sup> ~Aug. 31, 2019 B	Difference B—A
Liabilities	Total current liabilities	12,041	9,188	(2,853)
	Operating accounts payable	905	428	(477)
	Short-term debt	-	-	-
	Current maturities of long-term debt	8,400	5,700	(2,700)
	Account payable-other	20	10	(10)
	Accrued expenses	368	371	3
	Income taxes payable	1	0	(0)
	Accrued consumption taxes	199	261	62
	Advances received	1,043	1,054	10
	Deposits received	1,103	1,361	258
	Total non-current liabilities	81,517	84,039	2,522
	Investment corporation bonds	5,000	5,000	-
	Long-term debt	64,100	66,800	② 2,700
	Tenant leasehold and security deposits	375	392	17
	Tenant leasehold and security deposits received in trust	12,041	11,847	(194)
Total liabilities		93,559	93,228	(330)

Net assets	Total unitholders' equity	101,874	101,878	4
	Unitholders' capital	98,938	98,938	-
	Surplus	2,935	2,939	4
	<b>Total net assets</b>	<b>101,874</b>	<b>101,878</b>	<b>4</b>

<b>Total liabilities and net assets</b>	195,433	195,106	(326)
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## ■ Assets

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① Capital expenditures	+476
Depreciation and amortization expenses	(1,651)
Others	(14)
<b>Total</b>	<b>(1,189)</b>

① Capital expenditures	+476
Depreciation and amortization expenses (1,651)	
Others	(14)
<b>Total :</b>	<b>(1,189)</b>

■ Liabilities and net assets	
② Refinancing of current maturities of long-term debt	+3,700
Transfer to long-term debt of current maturities	(1,000)
Total	+2,700

② Refinancing of current maturities of long-term debt	+3,700
Transfer to long-term debt of current maturities	(1,000)
<b>Total</b>	<b>+2,700</b>

# Cash flow statements(compared with previous fiscal period)

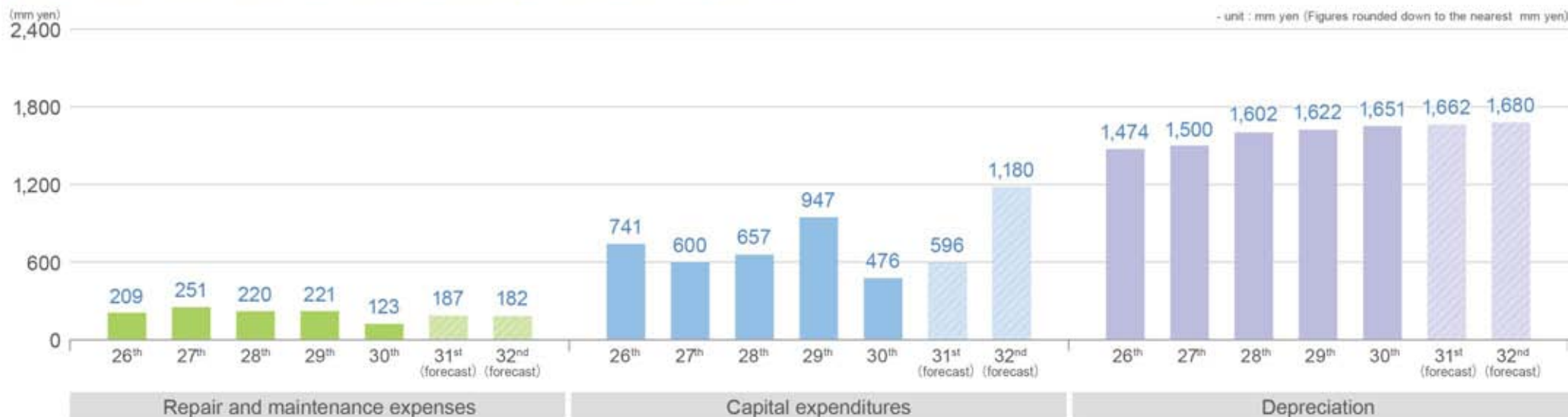
- unit : mm yen (Figures rounded down to the nearest mm yen)

Category	29 <sup>th</sup> A ~Feb. 28, 2019	30 <sup>th</sup> B ~Aug. 31, 2019	Difference B-A
<b>Net cash provided by (used in) operating activities</b>	<b>4,832</b>	<b>4,863</b>	<b>30</b>
Profit before income taxes	2,935	2,939	3
Depreciation and amortization expenses	1,622	1,651	29
Amortization of investment corporation bond issuance expenses	2	2	-
Amortization of investment unit issuance expenses	3	3	-
Interest received	(0)	(0)	(0)
Interest expenses	275	279	4
Decrease (increase) in operating accounts receivables	(134)	(27)	106
Decrease (increase) in consumption taxes refund receivable	598	-	(598)
Increase (decrease) in accrued consumption taxes	199	62	(136)
Increase (decrease) in operating accounts payable	(10)	(88)	(78)
Increase (decrease) in accounts payable-other	2	(10)	(13)
Increase (decrease) in accrued expenses	5	1	(4)
Increase (decrease) in advances received	(5)	10	16
Increase (decrease) in deposits expenses	(224)	258	482
Decrease (increase) in prepaid expenses	(43)	25	68
Decrease (increase) in long-term prepaid expenses	(121)	34	156
Others, net	3	(1)	(5)
<b>Subtotal</b>	<b>5,109</b>	<b>5,141</b>	<b>31</b>
Interest income received	0	0	0
Interest expenses paid	(276)	(277)	(1)
Income taxes paid	(0)	(1)	(0)
<b>Net cash provided by (used in) investment activities</b>	<b>(3,604)</b>	<b>(1,043)</b>	<b>2,561</b>
Purchase of property, plant and equipment in trust	(3,601)	(846)	2,755
Purchase of intangible assets in trust	(15)	(18)	(2)
Proceeds from tenant leasehold and security deposits	0	28	28
Repayments of tenant leasehold and security deposits	-	(11)	(11)
Proceeds from tenant leasehold and security deposits in trust	149	183	34
Repayments of tenant leasehold and security deposits in trust	(135)	(378)	(243)
Proceeds from restricted trust deposits	5	6	1
Payments for restricted trust deposits	(6)	(7)	(0)
<b>Net cash provided by (used in) financial activities</b>	<b>(859)</b>	<b>(2,933)</b>	<b>(2,074)</b>
Proceeds from short-term debt	4,800	-	(4,800)
Repayments of short-term debt	(4,800)	-	4,800
Proceeds from long-term debt	2,500	3,700	1,200
Repayments of long-term debt	(500)	(3,700)	(3,200)
Dividends paid	(2,859)	(2,933)	(74)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>368</b>	<b>886</b>	<b>517</b>
<b>Balance of cash and cash equivalents at beginning of period</b>	<b>7,950</b>	<b>8,319</b>	<b>368</b>
<b>Balance of cash and cash equivalents at end of period</b>	<b>8,319</b>	<b>9,205</b>	<b>886</b>



# Repair and maintenance expenses, capital expenditures, and depreciation

## Repair and maintenance expenses, capital expenditures, and depreciation



### ©Major capital expenditures in the 30<sup>th</sup> fiscal period

- unit : mm yen (Figures rounded down to the nearest mm yen)

Property	Purpose	Construction cost
Canal City Hakata	Work on water supply pipes, etc.	24
Canal City Hakata • B	Work on tenant space alterations, Hot water pump upgrade work, etc.	83
Park Place Oita	Upgrade of air-conditioning equipment, Exterior wall repairs, etc.	122
Tenjin North Front Building	Renovation of common areas, etc.	25
LOGICITY Minato Kashii	Zoning-related construction work, etc.	40

### ©Major capital expenditures in the 31<sup>st</sup> fiscal period and the 32<sup>nd</sup> fiscal period

- unit : mm yen (Figures rounded down to the nearest mm yen)

Property	Purpose	Planned construction cost		
		Total amount	Construction cost in the 30 <sup>th</sup>	Paid in total amount
Canal City Hakata	Exterior wall repairs(*), Electronic security system monitoring terminal upgrade work, etc.	307	1	2
Canal City Hakata • B	Exterior wall repairs(*), Electronic security system monitoring terminal upgrade work, etc.	556	3	4
Park Place Oita	Renovation of common areas, Upgrade of air-conditioning equipment, Exterior wall repairs, etc.	441	-	-
Canal City Business Center Building	Exterior wall repairs(*), etc.	71	0	0
Gofukumachi Business Center	Maintenance of multi-storey parking lot equipment, etc.	100	-	-

(\*) Upon completion of the aforementioned exterior wall refurbishment, approx. 90% of the exterior wall refurbishment work planned for all of Canal City Hakata will be completed.

# Income and expenditure by properties (Retail①)

- unit : mm yen (Figures rounded down to the nearest mm yen)

Category	Canal City Hakata	Canal City Hakata・B	Park Place Oita	SunLive City Kokura	Konoha Mall Hashimoto	30 <sup>th</sup> Total A	29 <sup>th</sup> Total B	Difference A-B	Forecast C (*1)	Difference A-C
	30 <sup>th</sup> FP (Mar. 1, 2019 ~ Aug. 31, 2019)									
	(Length)	184 days						181 days	3 days	
①Total leasing business revenues		1,247	1,582	1,188	284	835	5,137	5,219	(82)	5,178 (40)
Leasing revenue-real estate		1,210	1,523	1,001	284	665	4,685	4,812	(127)	
Other leasing revenue-real estate		36	58	187	-	170	452	406	45	
②Total leasing business expenses		467	785	632	46	543	2,474	2,500	(25)	2,551 (77)
Outsourcing fees		312	536	303	8	308	1,470	1,470	0	
Repair and maintenance expenses		12	12	45	0	7	78	136	(57)	
Expenses for restoration to former state		-	-	-	-	-	-	-	-	
Tax and other public charges		78	161	94	34	42	411	360	50	
Insurance premiums and trust compensation		6	13	6	1	2	30	35	(4)	
Utilities expenses		25	49	161	-	107	343	355	(11)	
Other expenses		31	11	20	0	74	138	141	(2)	
③NOI (=①-②)		779	797	556	238	292	2,663	2,719	(56)	2,626 36
④Depreciation and amortization expenses		246	273	232	47	87	888	875	12	
⑤Leasing business profit (=③-④)		532	523	323	190	204	1,775	1,844	(69)	
⑥NOI yield (acquisition price)		4.9%	5.6%	6.0%	7.2%	5.8%	5.6%	5.7%	(0.1)%	
⑦Capital expenditures		52	139	122	2	21	339	740	(401)	

(\*) Forecast at the financial results of 29<sup>th</sup> fiscal period



# Income and expenditure by properties (Retail②)

- unit : mm yen (Figures rounded down to the nearest mm yen)

Category	(Length)	Square Mall Kagoshima Usuki	Kumamoto Inter- community SC	Hanahata SC	Kurume Higashi Kushiwara SC	K's Denki Kagoshima	Marinoa City Fukuoka (Marina Side Building)	30 <sup>th</sup> Total A	29 <sup>th</sup> Total B	Difference A-B	Forecast C (*1)	Difference A-C
		30 <sup>th</sup> FP (Mar. 1, 2019 ~ Aug. 31, 2019)										
		184 days							181 days	3 days		
①Total leasing business revenues		257	90	40	88	111	177	765	767	(1)	766	(0)
Leasing revenue-real estate		221	89	40	88	111	177	728	727	1		
Other leasing revenue-real estate		35	0	0	-	0	0	36	39	(3)		
②Total leasing business expenses		97	9	6	8	10	23	155	166	(10)	159	(3)
Outsourcing fees		38	2	1	2	1	1	48	48	0		
Repair and maintenance expenses		10	0	1	-	-	2	14	17	(3)		
Expenses for restoration to former state		-	-	-	-	-	-	-	-	-		
Tax and other public charges		17	5	3	5	7	18	56	56	(0)		
Insurance premiums and trust compensation		0	0	0	0	0	0	2	2	(0)		
Utilities expenses		29	-	-	-	-	-	29	30	(1)		
Other expenses		1	0	0	0	0	0	4	9	(5)		
③NOI(=①-②)		160	80	34	79	101	153	609	600	8	606	2
④Depreciation and amortization expenses		38	12	5	16	22	21	117	116	0		
⑤Leasing business profit(=③-④)		121	68	28	62	78	131	492	484	8		
⑥NOI yield (acquisition price)		6.1%	6.7%	6.1%	6.3%	5.7%	5.9%	6.1%	6.0%	0.1%		
⑦Capital expenditures		7	-	-	-	-	12	20	35	(15)		

(\*) Forecast at the financial results of 29<sup>th</sup> fiscal period

# Income and expenditure by properties (Office buildings)

- unit : mm yen (Figures rounded down to the nearest mm yen)

Category		Canal City Business Center Building	Gofukumachi Business Center	Sanix Hakata Building	Taihaku Street Business Center	Higashi Hie Business Center	Tenjin Nishi-Dori Center Building	Tenjin North Front Building	Higashi Hie Business Center II	30 <sup>th</sup> Total A	29 <sup>th</sup> Total B	Difference A－B	Forecast C (＊1)	Difference A－C
		30 <sup>th</sup> FP(Mar. 1, 2019 ～ Aug. 31, 2019)												
(Length)		184 days									181 days	3 days		
①Total leasing business revenues		626	545	201	310	345	86	142	166	2,424	2,405	18	2,439	(15)
	Leasing revenue-real estate	619	477	184	310	319	86	114	150	2,262	2,262	0		
	Other leasing revenue-real estate	6	67	17	0	26	-	27	16	161	143	18		
②Total leasing business expenses		194	174	61	98	137	16	46	56	786	784	1	810	(24)
	Outsourcing fees	136	73	19	55	41	1	10	19	357	356	0		
	Repair and maintenance expenses	1	2	0	11	5	0	1	0	23	41	(18)		
	Expenses for restoration to former state	-	-	-	-	-	-	-	-	-	-	-		
	Tax and other public charges	46	36	21	27	16	14	8	10	182	166	15		
	Insurance premiums and trust compensation	1	3	0	1	1	0	0	0	10	11	(0)		
	Utilities expenses	6	57	15	-	27	-	24	14	146	150	(4)		
	Other expenses	1	1	3	3	44	0	0	10	65	57	8		
③NOI(=①-②)		431	370	140	211	207	69	95	110	1,637	1,620	17	1,629	8
④Depreciation and amortization expenses		103	101	40	77	40	9	33	40	446	444	2		
⑤Leasing business profit(=③-④)		328	268	100	134	167	60	62	69	1,191	1,176	14		
⑥NOI yield (acquisition price)		5.9%	6.6%	6.4%	6.1%	7.0%	5.4%	6.8%	5.2%	6.2%	6.1%	0.1%		
⑦Capital expenditures		10	0	-	11	18	-	25	-	66	115	(49)		

(\*) Forecast at the financial results of 29<sup>th</sup> fiscal period



# Income and expenditure by properties(Others)

- unit : mm yen (Figures rounded down to the nearest mm yen)

Category		Amex Akasakamon Tower	City House Keyaki Dori	Aqualia Chihaya	D-Wing Tower	Granfore Yakuin Minami	Hotel FORZA Oita	Tissage Hotel Naha	Tosu Logistics Center	LOGICITY Minato Kashii	LOGICITY Hisayama	30 <sup>th</sup> Total A	29 <sup>th</sup> Total B	Difference A－B	Forecast C（＊1）	Difference A－C
(Length)		30 <sup>th</sup> FP (Mar. 1, 2019 ～ Aug. 31, 2019)														
		184 days											181 days	3 days		
①Total leasing business revenues		67	36	60	113	38	63	88	Non-disclosure（＊2）	Non-disclosure（＊2）	Non-disclosure（＊2）	904	850	53	920	(16)
Leasing revenue-real estate		65	36	58	107	38	63	88				854	802	51		
Other leasing revenue-real estate		1	0	1	5	0	-	-				50	48	2		
②Total leasing business expenses		17	8	14	25	7	9	7				181	200	(18)	189	(8)
Outsourcing fees		5	2	3	7	2	0	0				33	32	0		
Repair and maintenance expenses		0	0	1	1	0	0	-				6	25	(19)		
Expenses for restoration to former state		1	-	2	3	1	-	-				8	8	(0)		
Tax and other public charges		5	3	4	7	2	7	5				83	77	6		
Insurance premiums and trust compensation		0	0	0	0	0	0	0	5	5	(0)					
Utilities expenses		0	0	0	2	0	-	-	31	32	(1)					
Other expenses		1	1	1	3	0	0	0	12	17	(4)					
③NOI(=①-②)		50	28	46	87	31	53	80	37	185	123	723	650	72	731	(8)
④Depreciation and amortization expenses		19	10	12	17	9	22	24	9	37	37	199	186	13		
⑤Leasing business profit(=③-④)		31	18	33	69	21	31	56	28	147	85	523	464	58		
⑥NOI yield（acquisition price）		4.9%	5.1%	7.2%	6.2%	5.6%	7.0%	5.7%	6.0%	4.5%	4.9%	5.3%	5.1%	0.2%		
⑦Capital expenditures		1	0	0	-	1	6	0	-	40	-	50	54	(3)		

(\*1) Forecast at the financial results of 29<sup>th</sup> fiscal period (\*2) Information is not disclosed because the permission of tenants has not been obtained.

# Income and expenditure by properties (Total)

- unit : mm yen (Figures rounded down to the nearest mm yen)

Total	Category		30 <sup>th</sup> Total A	29 <sup>th</sup> Total B	Difference A-B	Forecast C (*1)	Difference A-C
	(Length)		184 days	181 days	3 days		
	①Total leasing business revenues		9,231	9,242	(11)	9,305	(73)
	Leasing revenue-real estate		8,530	8,604	(74)		
	Other leasing revenue-real estate		700	637	62		
	②Total leasing business expenses		3,598	3,651	(53)	3,662	(64)
	Outsourcing fees		1,910	1,908	2		
	Repair and maintenance expenses		123	221	(98)		
	Expenses for restoration to former state		8	8	(0)		
	Tax and other public charges		734	661	72		
	Insurance premiums and trust compensation		49	55	(5)		
	Utilities expenses		550	569	(18)		
	Other expenses		221	225	(4)		
	③NOI(=①-②)		5,633	5,591	41	5,642	(8)
	④Depreciation and amortization expenses		1,651	1,622	29		
	⑤Leasing business profit(=③-④)		3,981	3,968	12		
	⑥NOI yield (acquisition price)		5.7%	5.8%	(0.0) %		
	⑦Capital expenditures		476	947	(470)		

(\*) Forecast at the financial results of 29<sup>th</sup> fiscal period

# List of borrowings

(As of August 31, 2019)

Category	Lender	Balance (mm yen)	Drawdown Date	Repayment Date	Term (year)	Fixed/ Floating	Average Interest Rate
Current maturities of long-term debt	MUFG Bank	500	Sep.25, 2014	Sep.25, 2019	5.0	Fixed	0.52000%
	The Nishi-Nippon City Bank	2,500	Feb.1, 2013	Feb.29, 2020	7.1	Fixed	0.77500% (*1)
	Mizuho Bank	1,700	Feb.28, 2013	Feb.29, 2020	7.0	Floating	0.56727%
	Aozora Bank	1,000	Jun.28, 2013	Jun.30, 2020	7.0	Floating	0.46727%
	Subtotal	5,700					
Long-term debt	Mizuho Bank, and others (*2)	6,300	Jul.31, 2014	Jul.30, 2021	7.0	Fixed	0.83500% (*1)
	Development Bank of Japan	4,000	Aug.29, 2014	Aug.31, 2022	8.0	Fixed	1.01000%
	Sumitomo Mitsui Banking Corporation	1,600	Jun.30, 2015	Jun.30, 2022	7.0	Fixed	0.79000% (*1)
	Sumitomo Mitsui Trust Bank	1,500	Jul.31, 2015	Jul.31, 2023	8.0	Fixed	0.56400% (*1)
	Development Bank of Japan	4,000	Aug.31, 2015	Aug.31, 2023	8.0	Fixed	0.88000%
	The Bank of Fukuoka	400	Aug.31, 2015	Aug.31, 2022	7.0	Floating	0.41727%
	The Nishi-Nippon City Bank	400	Aug.31, 2015	Aug.31, 2023	8.0	Fixed	0.87000% (*1)
	Development Bank of Japan	2,000	Feb.29, 2016	Feb.28, 2025	9.0	Fixed	0.62000%
	The Bank of Fukuoka	2,000	Feb.29, 2016	Feb.29, 2024	8.0	Floating	0.41727%
	The Nishi-Nippon City Bank	2,000	Feb.29, 2016	Feb.29, 2024	8.0	Fixed	0.44000% (*1)
	Mizuho Bank	500	Feb.29, 2016	Feb.29, 2024	8.0	Fixed	0.44000% (*1)
	Shinsei Bank	700	Jul.29, 2016	Jul.31, 2024	8.0	Fixed	0.40000%
	Sumitomo Mitsui Trust Bank	300	Sep.30, 2016	Sep.30, 2025	9.0	Floating	0.41127%
	Development Bank of Japan, and others (*3)	2,100	Dec.30, 2016	Dec.30, 2025	9.0	Fixed	0.71750%
	The Bank of Fukuoka	1,500	Dec.30, 2016	Dec.30, 2026	10.0	Floating	0.41727%
	Resona Bank	600	Mar.31, 2017	Mar.31, 2027	10.0	Fixed	0.65846%
	The Higo Bank	300	Mar.31, 2017	Mar.31, 2025	8.0	Fixed	0.48130%
	MUFG Bank	800	Mar.31, 2017	Mar.31, 2025	8.0	Fixed	0.48130%
	The Bank of Fukuoka, and others (*4)	6,000	Jun.30, 2017	Jun.30, 2026	9.0	Fixed	0.77677%
	Development Bank of Japan	1,800	Jun.30, 2017	Dec.31, 2026	9.5	Fixed	0.65000%
	The Bank of Fukuoka	2,000	Jul.31, 2017	Jul.31, 2027	10.0	Fixed	0.79195%
	The Nishi-Nippon City Bank	2,000	Jul.31, 2017	Jul.31, 2027	10.0	Fixed	0.89195%
	The Nishi-Nippon City Bank, and others (*5)	1,500	Aug.31, 2017	Aug.31, 2027	10.0	Fixed	0.84952%
	Resona Bank	2,000	Sep.29, 2017	Sep.30, 2027	10.0	Fixed	0.49350% (*1)
	The Bank of Fukuoka	1,500	Dec.29, 2017	Dec.30, 2027	10.0	Fixed	0.81209%
	Development Bank of Japan	500	Dec.29, 2017	Dec.30, 2027	10.0	Fixed	0.68000%
	The Nishi-Nippon City Bank	1,900	Feb.28, 2018	Feb.29, 2028	10.0	Fixed	0.75000% (*1)
	Sumitomo Mitsui Trust Bank	1,100	Feb.28, 2018	Feb.26, 2027	9.0	Fixed	0.60000% (*1)
	MUFG Bank	1,500	Feb.28, 2018	Feb.27, 2026	8.0	Fixed	0.50000%
	Resona Bank	600	Feb.28, 2018	Feb.29, 2028	10.0	Fixed	0.56700% (*1)
	Development Bank of Japan	2,500	Mar. 1, 2018	Mar. 1, 2028	10.0	Fixed	0.72000%
	MUFG Bank	600	Mar.30, 2018	Mar.31, 2026	8.0	Fixed	0.48000%

\* For floating-rate debts, the interest rates applicable as of August 31, 2019 are indicated.

\* All debts have been borrowed with no collateral and no guarantee, to be repaid in lump-sum upon maturity.

(\*1) FRC has concluded a swap agreement to practically fix interest rate on debt. The indicated interest rate reflects the effect of the swap agreement. (\*2) The lenders are Mizuho Bank • The Norinchukin Bank • The Hiroshima Bank • The Kitakyushu Bank • The Iyo Bank • The Higo Bank • The Shinwa Bank • The Iyo Bank • The Eighteenth Bank • The Shinwa Bank • The Hiroshima Bank • (\*4) The lenders are The Bank of Fukuoka • The Nishi-Nippon City Bank • The Oita Bank • The Kitakyushu Bank • The Miyazaki Bank • The Shinwa Bank • The Iyo Bank • The Eighteenth Bank • (\*5) The lenders are The Nishi-Nippon City Bank • The Bank of Fukuoka • The Oita Bank • The Kitakyushu Bank • The Hiroshima Bank • (\*6) The lenders are Mizuho Bank • The Bank of Saga • The Higo Bank • (\*7) The lenders are The Bank of Fukuoka • Resona Bank • (\*8) The lenders are The Nishi-Nippon City Bank • Resona Bank • The Oita Bank • The Bank of Nagasaki • The Bank of Saga

Category	Lender	Balance (mm yen)	Drawdown Date	Repayment Date	Term (year)	Fixed/ Floating	Average Interest Rate
Long-term debt	The Nishi-Nippon City Bank	600	Mar.30, 2018	Mar.31, 2028	10.0	Fixed	0.80219%
	The Bank of Fukuoka	500	Mar.30, 2018	Mar.31, 2028	10.0	Fixed	0.80219%
	Mizuho Bank	500	Mar.30, 2018	Mar.31, 2028	10.0	Fixed	0.63000%
	Sumitomo Mitsui Banking Corporation	500	Mar.30, 2018	Mar.31, 2025	7.0	Fixed	0.50400% (*1)
	MUFG Bank	500	Mar.30, 2018	Mar.31, 2027	9.0	Fixed	0.49000%
	Sumitomo Mitsui Trust Bank	400	Mar.30, 2018	Mar.31, 2027	9.0	Fixed	0.57600% (*1)
	The Oita Bank	400	Mar.30, 2018	Mar.31, 2028	10.0	Fixed	0.64630%
	The Hiroshima Bank	400	Mar.30, 2018	Mar.31, 2028	10.0	Fixed	0.64630%
	Shinsei Bank	300	Mar.30, 2018	Mar.31, 2025	7.0	Fixed	0.40000%
	Sumitomo Mitsui Banking Corporation	500	Jan.31, 2019	Jan.31, 2029	10.0	Fixed	0.65528%
	MUFG Bank	500	Jan.31, 2019	Jan.31, 2028	9.0	Fixed	0.59000%
	The Nishi-Nippon City Bank	400	Jan.31, 2019	Jan.31, 2029	10.0	Floating	0.41727%
	The Bank of Fukuoka	300	Jan.31, 2019	Jan.31, 2029	10.0	Floating	0.41727%
	The Oita Bank	200	Feb.28, 2019	Feb.27, 2026	7.0	Fixed	0.33380%
	The Kagoshima Bank	200	Feb.28, 2019	Feb.27, 2026	7.0	Fixed	0.33380%
	The Higo Bank	200	Feb.28, 2019	Feb.27, 2026	7.0	Fixed	0.33380%
	Resona Bank	200	Feb.28, 2019	Feb.28, 2029	10.0	Fixed	0.48845% (*1)
	Mizuho Bank, and others (*6)	2,200	Jul.31, 2019	Jul.31, 2029	10.0	Fixed	0.52100% (*1)
	The Norinchukin Bank	1,500	Jul.31, 2019	Jan.29, 2027	7.5	Fixed	0.30300%
	Subtotal	66,800					
Total		72,500					

## Investment corporation bonds

Category	Issue	Balance (mm yen)	Issue date	Maturity Date	Term (year)	Coupon (year)
Investment corporation bonds	The first series of unsecured bonds	2,000	Dec.30, 2013	Dec.29, 2023	10.0	1.32000%
	The second series of unsecured bonds	2,000	Jul.31, 2017	Jul.30, 2032	15.0	1.00000%
	The third series of unsecured bonds	1,000	Jul.31, 2018	Jul.30, 2038	20.0	1.20000%
Total		5,000				

## Committed line of credit

Category	Lender	Credit Limit (mm yen)	Period	
			Start	End
Committed line of credit 1	The Bank of Fukuoka, and others (*7)	6,000	Aug.1, 2018	Jul.31, 2021
Committed line of credit 2	The Nishi-Nippon City Bank, and others (*8)	7,000	Mar.1, 2018	Feb.28, 2020
Total		13,000		



# Portfolio table

(As of August 31, 2019)

	Real estate property name	Age (* 1)	Acquisition Price (mm yen) (* 2)	Investment ratio	Acquisition timing	Source (* 3)	Total leasable floor space (m <sup>2</sup> )	Occupancy rate	Tenants (* 4)	Primary tenants
Retail	Canal City Hakata	23yr 4m	32,000	16.3%	Nov. 9, 2004	Sponsor	46,604.75	100.0%	51	Washington Hotel and United Cinema
	Canal City Hakata・B	23yr 4m	28,700	14.6%	Mar. 2, 2011	Outside party	68,826.37	99.4%	48	Grand Hyatt Fukuoka and OPA
	Park Place Oita	17yr 5m	18,620	9.5%	Nov. 9, 2004	Sponsor	113,834.19	100.0%	106	AEON and K's Denki
	SunLive City Kokura	14yr 5m	6,633	3.4%	Jul. 1, 2005	Outside party	61,450.22	100.0%	1	SunLive
	Konoha Mall Hashimoto	8yr 5m	10,000	5.1%	Mar. 1, 2018	Sponsor	22,121.03	100.0%	127	SunLive and The Super Sports XEBIO
	Square Mall Kagoshima Usuki	12yr11m	5,300	2.7%	Sep.28, 2006	Sponsor	14,602.88	100.0%	12	Sports Depo / Golf5 and Edion
	Kumamoto Intercommunity SC	12yr 9m	2,400	1.2%	Nov.30, 2006	Sponsor	6,968.66	100.0%	2	Sports Depo / Golf5 and Starbucks Coffee
	Hanahata SC	12yr 1m	1,130	0.6%	Sep. 3, 2007	Sponsor	2,801.15	100.0%	2	BON REPAS and Matsumoto Kiyoshi
	Kurume Higashi Kushiwara SC	11yr 8m	2,500	1.3%	Feb. 1, 2008	Sponsor	6,467.80	100.0%	1	Sports Depo / Golf5
	K's Denki Kagoshima	11yr 9m	3,550	1.8%	Mar.27, 2008	Outside party	7,296.17	100.0%	1	K's Denki
	Marinoa City Fukuoka (Marina Side Building)	18yr10m	5,250	2.7%	May 1, 2015	Sponsor	33,069.82	100.0%	1	Fukuoka Jisho Co.,Ltd
	Total or the weighted average of retail	—	116,083	59.2%	—	—	384,043.04	99.9%	352	—
Office buildings	Canal City Business Center Building	23yr 4m	14,600	7.4%	Nov. 9, 2004	Sponsor	23,031.44	94.4%	60	TOTO and Bell System24
	Gofukumachi Business Center	15yr10m	11,200	5.7%	Nov. 9, 2004	Sponsor	19,905.34	100.0%	36	SMBC CONSUMER FINANCE and Sumitomo Mitsui Banking Corporation
	Sanix Hakata Building	18yr 5m	4,400	2.2%	Sep.30, 2005	Outside party	6,293.75	100.0%	16	SANIX and The Nishi-Nippon City Bank
	Taihaku Street Business Center	17yr 5m	7,000	3.6%	Mar.16, 2006	Sponsor	14,677.30	99.6%	70	NTT COMWARE and Tokyo Marine & Nichido Outsourcing Management
	Higashi Hie Business Center	10yr 6m	5,900	3.0%	Mar.13, 2009	Outside party + Sponsor	13,614.59	100.0%	26	Fujitsu and Forest Holdings
	Tenjin Nishi-Dori Center Building	22yr11m	2,600	1.3%	Feb. 1, 2013	Outside party	3,339.32	100.0%	1	The Nishi-Nippon City Bank
	Tenjin North Front Building	9yr 7m	2,800	1.4%	Mar.28, 2013	Outside party	5,252.41	100.0%	11	Rakuten Card and Prudential
	Higashi Hie Business Center II	3yr 6m	4,230	2.2%	Mar. 1, 2018	Sponsor	6,214.77	100.0%	2	FUJITSU KYUSHU SYSTEMS LIMITED and Seven-Eleven Japan Co.,LTD
	Total or the weighted average of office buildings	—	52,730	26.9%	—	—	92,328.92	98.6%	222	—
Others	Amex Akasakamon Tower (Residence)	14yr 1m	2,060	1.1%	Sep. 1, 2006	Outside party	4,821.25	98.5%	66	—
	City House Keyaki Dori (Residence)	11yr 9m	1,111	0.6%	Dec.20, 2007	Outside party	2,710.86	92.3%	39	—
	Aqualia Chihaya (Residence)	11yr 8m	1,280	0.7%	Mar. 1, 2012	Outside party	5,619.69	100.0%	105	—
	D-Wing Tower (Residence)	13yr 6m	2,800	1.4%	Mar. 1, 2013	Outside party	7,187.59	94.0%	131	—
	Granfore Yakuin Minami (Residence)	11yr 8m	1,100	0.6%	Nov. 4, 2014	Outside party	2,496.06	100.0%	99	—
	Hotel FORZA Oita (Hotel)	11yr 0m	1,530	0.8%	Mar. 1, 2013	Sponsor	5,785.44	100.0%	1	FJ Hotels
	Tissage Hotel Naha (Hotel)	1yr 6m	2,835	1.4%	Dec. 7, 2018	Outside party	3,758.76	100.0%	1	Nest Hotel Japan Corporation
	Tosu Logistics Center (Logistics)	11yr 3m	1,250	0.6%	Mar.28, 2014	Outside party	4,173.29	100.0%	1	non-disclosure
	LOGICITY Minato Kashii (Logistics)	5yr 4m	8,150	4.2%	Mar.27, 2015	Outside party	43,233.72	100.0%	2	Fukuoka Logistic System and F-LINE CORPORATION
	LOGICITY Hisayama (Logistics)	4yr 7m	5,050	2.6%	Jun. 1, 2017	Outside party	24,505.65	100.0%	1	KASEI inc. Co., Ltd
	Total or the weighted average of others	—	27,166	13.9%	—	—	104,292.31	99.3%	446	—
	Total or the weighted average of all properties	16yr10m	195,979	100.0%	—	—	580,664.27	99.6%	1,020	—

(\* 1) "Age" as of the end of the fiscal period.

(\* 2) Acquisition price does not include fees, public charge and expenses.

(\* 3) Properties acquired through arrangement by a sponsor company are indicate with "sponsor" in the column of seller.

(\* 4) Parking contracts, etc., are excluded from "Number of tenants".

# Portfolio map



## 1 Canal City Hakata

■Address : 1-chome, Sumiyoshi, Hakata Ward, Fukuoka City

## 2 Canal City Hakata・B

■Address : 1-chome, Sumiyoshi, Hakata Ward, Fukuoka City

## 3 Park Place Oita

■Address : 2-chome, Koen Dori Nishi, Oita City

## 4 SunLive City Kokura

■Address : 2-chome, Kami Kuzuhara, Kokura Minami Ward, Kitakyushu City

## 5 Konoha Mall Hashimoto

■Address : 2-chome, Hashimoto, Nishi Ward, Fukuoka City

## 6 Square Mall Kagoshima Usuki

■Address : 2-chome, Usuki, Kagoshima City

## 7 Kumamoto Intercommunity SC

■Address : 1-chome, Kozono, Higashi Ward, Kumamoto City

## 8 Hanahata SC

■Address : 4-chome, Hanahata, Minami Ward, Fukuoka City

## 9 Kurume Higashi Kushiwara SC

■Address : Higashi kushiwara, Kurume City

## 10 K's Denki Kagoshima

■Address : Tokai-cho, Kagoshima City

## 11 Marinao City Fukuoka (Marina Side Building)

■Address : 2-chome, Odo, Nishi Ward, Fukuoka City

## 12 Canal City Business Center Building

■Address : 1-chome, Sumiyoshi, Hakata Ward, Fukuoka City

## 13 Gofukumachi Business Center

■Address : Kami Gofukumachi, Hakata Ward, Fukuoka City

## 14 Sanix Hakata Building

■Address : 2-chome, Hakataekihigashi, Hakata Ward, Fukuoka City

## 15 Taihaku Street Business Center

■Address : Gokushomachi, Hakata Ward, Fukuoka City

## 16 Higashi Hie Business Center

■Address : 3-chome, Higashi-hie, Hakata Ward, Fukuoka City

## 17 Tenjin Nishi-Dori Center Building

■Address : 2-chome, Tenjin, Chuo Ward, Fukuoka City

## 18 Tenjin North Front Building

■Address : 4-chome, Tenjin, Chuo Ward, Fukuoka City

## 19 Higashi Hie Business CenterII

■Address : 1-chome, Higashi-hie, Hakata Ward, Fukuoka City

## 20 Amex Akasakamon Tower

■Address : 2-chome, Maizuru, Chuo Ward, Fukuoka City

## 21 Aqualia Chihaya

■Address : 4-chome, Chihaya, Higashi Ward, Fukuoka City

## 22 D-Wing Tower

■Address : 2-chome, Daimyo, Chuo Ward, Fukuoka City

## 23 Granfore Yakuin Minami

■Address : 1-chome, Hiras, Chuo Ward, Fukuoka City

## 24 Hotel FORZA Oita

■Address : 1-chome, Chuo-machi, Oita City

## 25 Tissage Hotel Naha

■Address : 2-chome, Nishi, Naha City

## 26 Tosu Logistics Center

■Address : Himakatama-cho Aza, Tosu City, Saga

## 27 LOGICITY Minato Kashii

■Address : 2-chome, Minatokashi, Chuo Ward, Fukuoka City

## 28 LOGICITY Hisayama

■Address : Hisayama-machi, Kasuya-gun, Fukuoka City

■Retail  
■Office buildings  
■Others



# Portfolio

## Retail 11 properties



## Office buildings 8 properties



## Others 10 properties



Total  
**29** properties

Total acquisition price  
**195.9** bn yen

(As of August 31, 2019;  
(\*) Figures round down to nearest 100mm yen

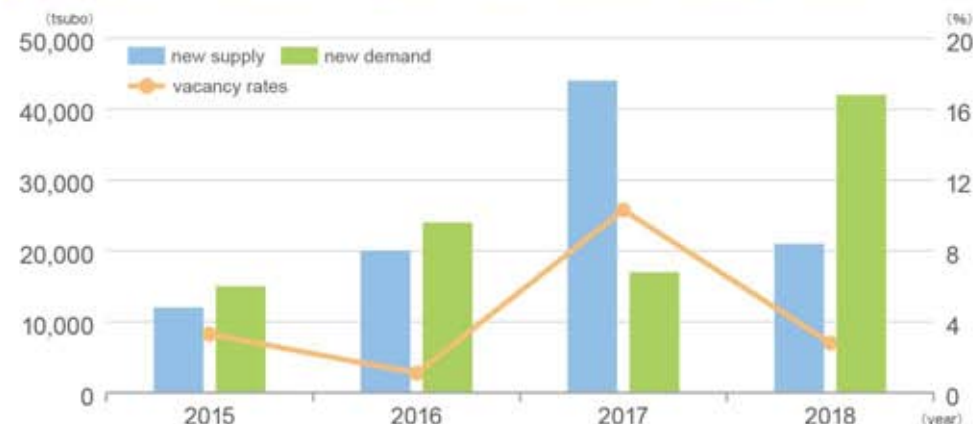


# Logistics market in Northern part of Kyushu

## Major logistics area



## Supply and demand of logistic facilities and vacancy rates



\* The figures are covered total floor spaces (more than 5,000㎡) which owned by real estate investment company and real estate development company in Fukuoka and Saga.  
Source: Prepared by Fukuoka Realty Co., Ltd., based on data of CBRE

## Development of the Island City area



Source: Fukuoka Realty, based on Island City Outline Pamphlet (Fukuoka City, Port and Harbor Bureau)

# Top tenants by leased floor area

				<div> <div></div> Ordinary lease <div></div> Fixed-term lease </div>		
Lessee	Tenant	Share of total leased space (※1)	31 <sup>st</sup> ~Feb. 29, 2020	32 <sup>nd</sup> ~Aug. 31, 2020	33 <sup>rd</sup> ~Feb. 28, 2021	Remaining lease term (years) (※2)
1	SunLive Co., Ltd.	SunLive	11.2%	●SunLive City Kokura		5
				●Konoha Mall Hashimoto		11
2	AEON Kyushu Co., Ltd.	AEON	10.1%	●Park Place Oita		2
3	FJ Hotels Co., Ltd	Grand Hyatt Fukuoka	7.7%	●Canal City Hakata・B		4
		Hotel FORZA Oita		●Hotel FORZA Oita		8
4	Fukuoka Jisho Co., Ltd.	—	6.0% (※3)	●Marinoa City Fukuoka (Marina Side Building)		15
5	Canal City OPA Co., Ltd.	OPA	4.5%	●Canal City Hakata		4
				●Canal City Hakata・B		2
6	KASEI inc Co., Ltd.	—	4.2%	●LOGICITY Hisayama		5
7	Fukuoka Logistic System Corporation	—	4.0%	●LOGICITY Minato Kashii		5
8	F—LINE CORPORATION	—	3.5%	●LOGICITY Minato Kashii		non-disclosure (※4)
9	Alpen Co., Ltd.	Sports Depo, Golf 5	3.2%	●Square Mall Kagoshima Usuki		7
				●Kumamoto Intercommunity SC		7
				●Kurume Higashi Kushiwara SC		8
10	K's Holdings Corporation	K's Denki	2.4%	●Park Place Oita		2

(※1)Share of total leased space is calculated using the formula "Leased floor area by tenant / Total leased floor space," as of August 31, 2019 with residential space excluded from leased floor space by tenant.

(※2)Remaining lease periods shown are the remaining periods of lease contracts as of February 28, 2019 with periods shorter than one year rounded down to the nearest whole year.

(※3)The 6.0% includes a 0.3% office portion. [Five ordinary leases (with automatic renewal provisions for periods of one or two years) have been concluded for Canal City Business Center Building]

(※4)Information is not disclosed because the permission of tenants has not been obtained.



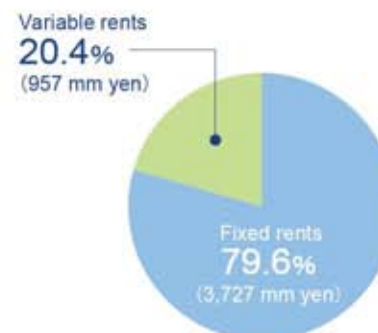
# Breakdown of variable rents

## Breakdown of active retail rents by property

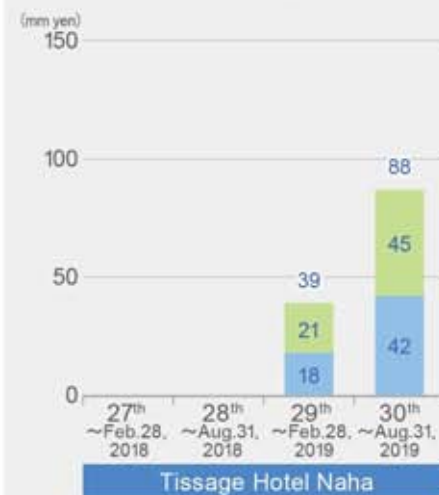


## Breakdown of active retail rents

◎30<sup>th</sup>



## Breakdown of Tissage Hotel Naha



## Portfolio overall

◎29<sup>th</sup>



◎30<sup>th</sup>



\*Variable rents are included Canal City Hakata, Canal City Hakata-B, Park Place Oita, SunLive City Kokura, Konoha Mall Hashimoto and Tissage Hotel Naha.

(\*1) The fixed rent is the total of (among the real estate leasing revenue), ① Fixed monthly rent; ② Of the tenant rents with a revenue ratio (calculated by multiplying the ratio to the monthly revenue of applicable tenants) established, GOP rents and the minimum guaranteed rent portion in the case that minimum guaranteed rent has been established; ③ Common expenses; and ④ Amount paid by Park Place Oita and Konoha Mall Hashimoto's parking lot tenants.

(\*2) Variable rents are the sum of the portion of rents collected from tenants with variable and GOP rents that varies as a function of the tenants' sales. (\*3) The figures are included parking fee in variable rents of Canal City Hakata / Canal City Hakata-B.



# The condition of Fukuoka city center

Nanakuma subway line extension project will be completed by FY2022





# Connection from Hakata area / Tenjin area

## Enhanced accessibility between Hakata Station and Canal City Hakata



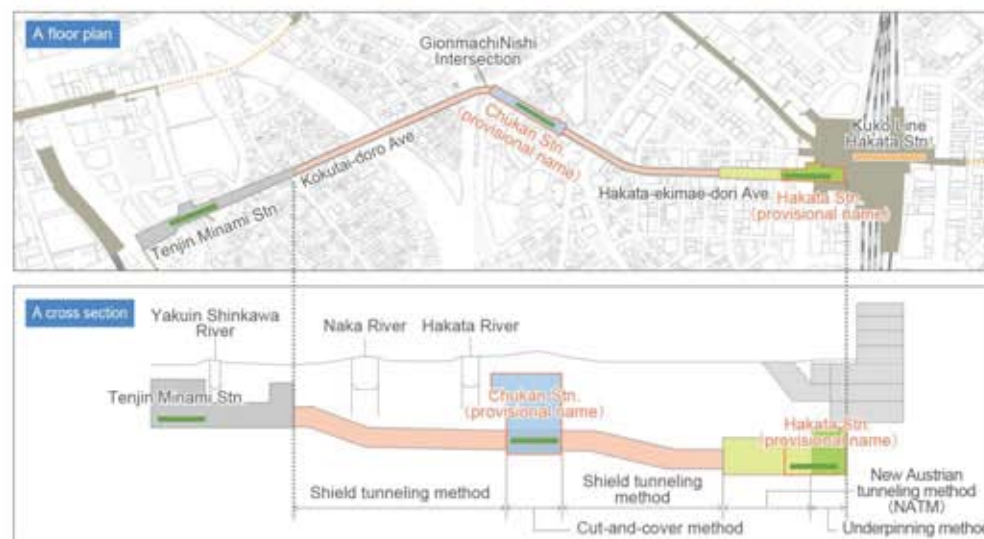
- Canal City Hakata East Building opened in September 2011
- Redevelopment of Hakata Ekimae Street  
Number of lanes to be reduced from 5 lanes to 3, and sidewalks to be widened and enhanced
- The Hakata Town Planning Promotion Council's "Activities to make the area around Hakata Station more appealing to explore on foot"  
Hakata Street Bar, Cafe and Restaurant (National Strategic Road Occupancy Project), etc.

◎Pedestrian traffic volume on Hakata Ekimae Street (unit:people)



Source: Prepared by Fukuoka Realty Co., Ltd. based on the Hakata Town Planning Promotion Council's FY2018 Business Report

## Impact of Nanakuma subway line extension [scheduled to commence operations in FY2022]



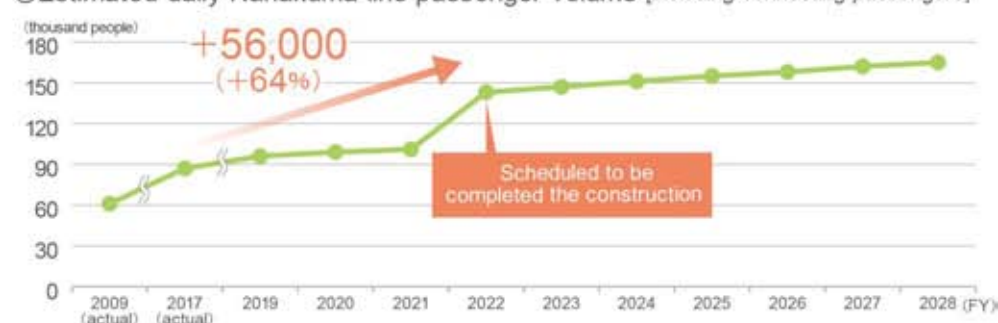
《Travel to Hakata Station from the southwest》

- Travel time to Hakata Station reduced by 14 minutes
- Direct connection to Hakata Station with no need to change trains at Tenjin
- Convenient for transferring to JR lines and Fukuoka Airport

《Traveling within the inner-city area》

Subways are reliably punctual and especially effective in inner-city areas where there is heavy traffic congestion.

◎Estimated daily Nanakuma line passenger volume [including connecting passengers]

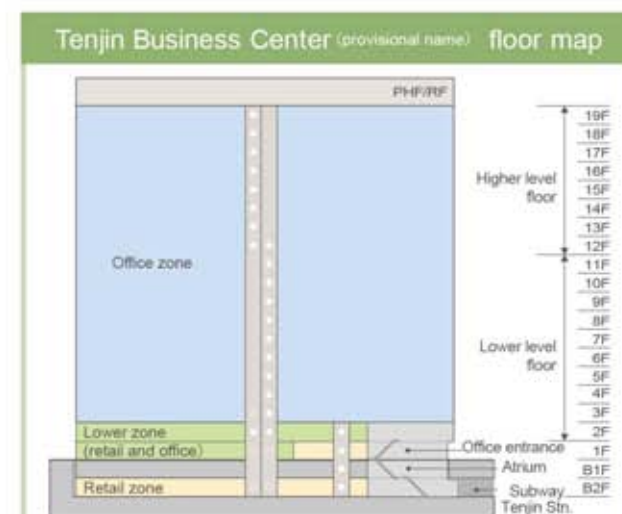
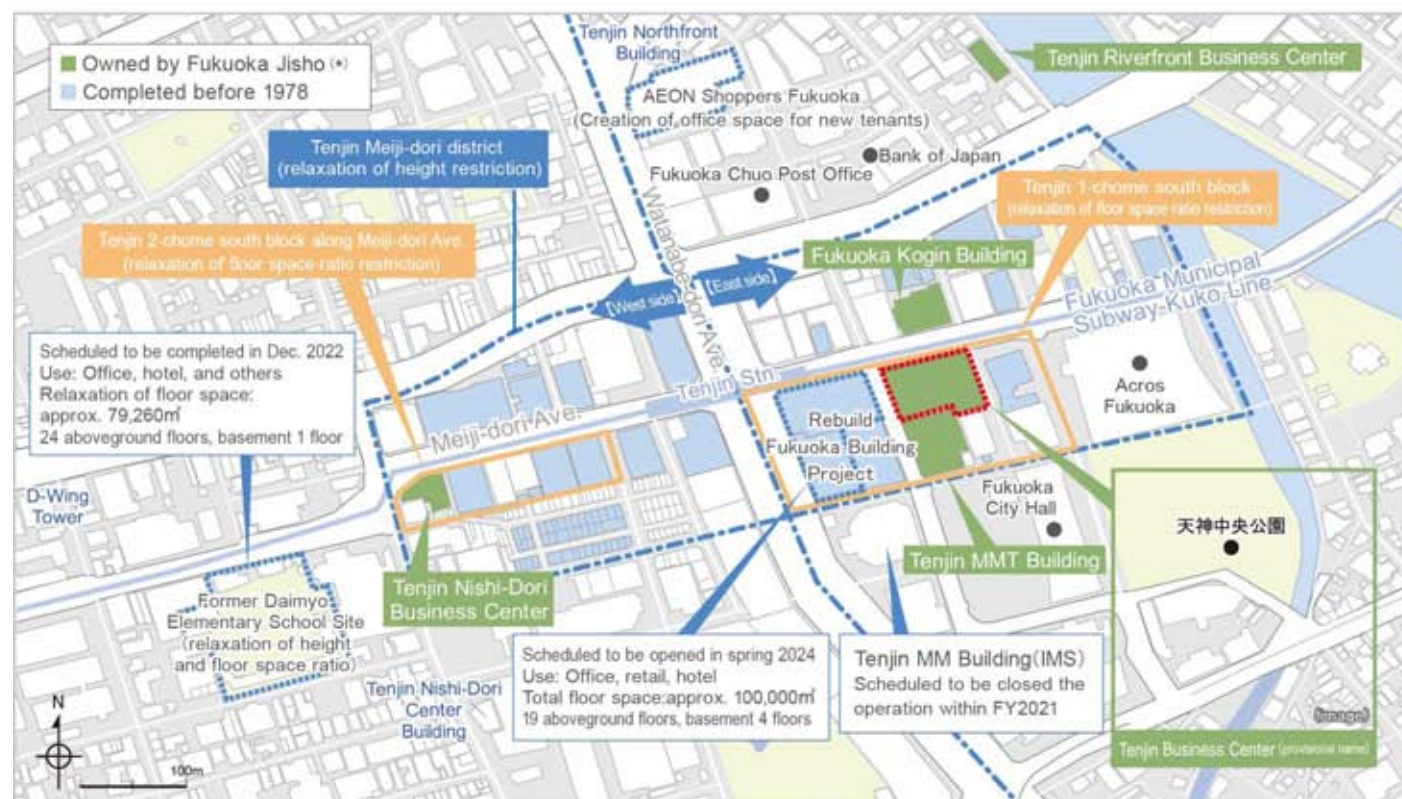


Source: Prepared by Fukuoka Realty Co., Ltd. based on the Fukuoka City Transportation Bureau's FY2019 to FY2028 Fukuoka

# Redevelopment in Tenjin area (Tenjin Big Bang)

## Preparation made for functional renewal of buildings in the Tenjin district

◎Creation of an attractive environment that promotes Tenjin as a start-up location



◎Tenjin Business Center (provisional name)

Entity	Fukuoka Jisho Co.,Ltd
Location	1-Chome, Tenjin, Chuo Ward, Fukuoka City
Land area	3,917.18㎡
Total floor space	61,116.98㎡
Floors	19 aboveground floors, penthouse 2 floors, basement 2 floors
Use	Office, shops, parking etc.
Height	approx. 89m
Completion	September 2021 (planned)

(★) Includes properties co-owned with other companies

Source: Prepared by Fukuoka Realty Co., Ltd. based on Tenjin Meiji-dori Avenue Grand Design 2009 authored by the Tenjin Meiji-dori Development Council



# Redevelopment in Hakata area (Hakata Connected)

Initiative to expand the vitality and bustle of Hakata Station area out further to the surroundings (approx. 500m radius from the station, covering about 80 hectares)

## ◎Hakata Connected Bonus

### ①Expansion of floor area ratio relaxation policy

(Policy to Encourage the Upgrading of Central Urban Functions in Fukuoka City)

- Buildings that contribute to an increase in bustle including those with plazas etc. that facilitate linkages and ripple effects, to be granted a maximum floor area ratio of 50%

- From the perspective of further creation of bustle and pedestrian movement, even roofed plazas to be given maximum 250% increase in public open space evaluation

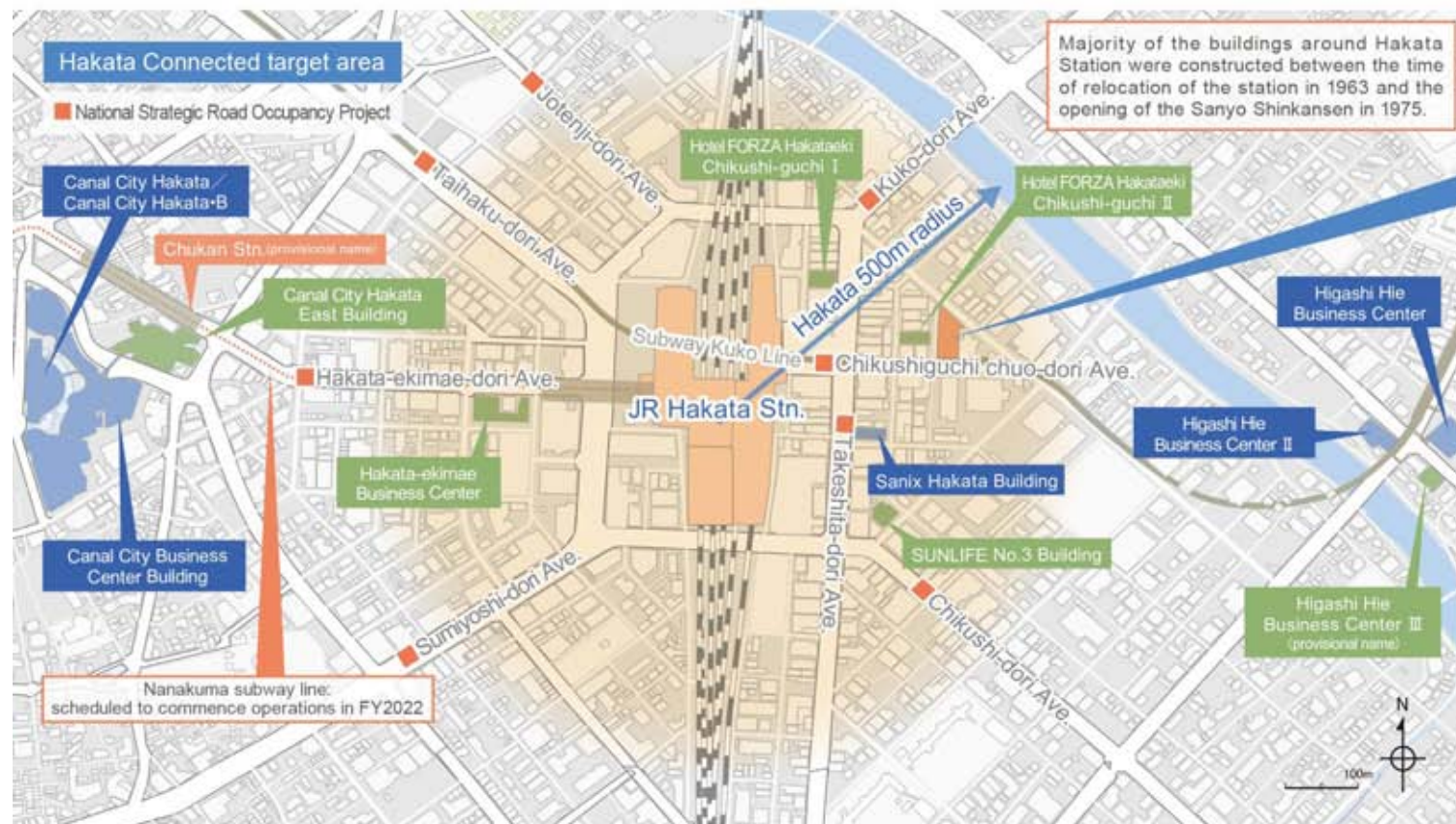
### ②Prioritized introduction of certified buildings to tenants

### ③Promotion of certified buildings by the administration

### ④Dedicated Hakata Connected Bonus financing products

## ◎Special approval pertaining to Civil Aeronautics Act building height restrictions

Municipal support for special approval pertaining to Civil Aeronautics Act building height restrictions for each individual plan



## Project for effective utilization of the Fukuoka Prefecture East General Office site

Development of high-performance office building that would energize area to the east of Hakata Station

### •Composition of the group of companies

Representative company: Kyushu Railway Company  
Members: Fukuoka Jisho Co., Ltd., ASO Corporation

\*Currently, these companies are Preferred Negotiation Right Holders but the project has not been finalized

### •Land owner: Fukuoka Prefecture (Lease period: 70 years)



\*Subject to change depending on future negotiations, etc.

Completion	March - April 2024 (planned)
Use	Office, shops, parking
Land area	2,638.64 m <sup>2</sup>
Total floor space	approx. 18,700 m <sup>2</sup>
Floors	11 aboveground floors, basement 1 floors