

EARNINGS BRIEFING FOR THE PERIOD ENDED FEBRUARY 2021

Name of issuer: Fukuoka REIT Corporation (FRC)
Code number: 8968
URL: <https://www.fukuoka-reit.jp/en/>
Stock listings: Tokyo Stock Exchange, and Fukuoka Stock Exchange

Representative: Etsuo Matsuyuki Executive Director

Asset manager: Fukuoka Realty Co., Ltd.
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Expected date for submitting securities report: May 31, 2021
 Expected commencement date of dividend payments: May 18, 2021
 Supplementary documents for earnings briefing: Yes
 Analyst meeting (for institutional investors and analysts): Yes

(Figures rounded down to nearest mm yen)

1. Performance and situation of assets for the period ended February 2021 (September 1, 2020 to February 28, 2021)

(1) Performance

(% shows percentage change from previous period)

	Operating revenues		Operating income		Ordinary income		Profit	
	mm of yen	%	mm of yen	%	mm of yen	%	mm of yen	%
Period ended February 2021	8,904	4.5	3,061	3.2	2,677	3.5	2,675	3.4
Period ended August 2020	8,518	(7.0)	2,966	(9.4)	2,587	(10.8)	2,586	(10.8)

	Profit per unit	Return on net assets	Ratio of ordinary income to total assets	Ratio of ordinary income to operating revenues
Period ended February 2021	3,361 yen	2.6%	1.3%	30.1%
Period ended August 2020	3,249 yen	2.5%	1.3%	30.4%

(2) Dividends

	Dividend per unit (excl. dividend in excess of earnings)	Total dividend (excl. dividend in excess of earnings)	Dividend in excess of earnings per unit	Total dividend in excess of earnings	Dividend per unit (incl. dividend in excess of earnings)	Total dividend (incl. dividend in excess of earnings)	Payout ratio	Ratio of dividend to net assets
Period ended February 2021	3,361 yen	2,675 mm yen	— yen	— mm yen	3,361 yen	2,675 mm yen	100.0%	2.6%
Period ended August 2020	3,250 yen	2,587 mm yen	— yen	— mm yen	3,250 yen	2,587 mm yen	100.0%	2.5%

(3) Financial condition

	Total assets	Net assets	Ratio of net assets to total assets	Net assets per unit
Period ended February 2021	199,559 mm yen	101,614 mm yen	50.9%	127,656 yen
Period ended August 2020	199,004 mm yen	101,525 mm yen	51.0%	127,544 yen

(4) Cash flows condition

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Balance of cash and cash equivalents at end of period
Period ended February 2021	5,374 mm yen	(842) mm yen	(2,586) mm yen	10,293 mm yen
Period ended August 2020	3,450 mm yen	(7,136) mm yen	2,000 mm yen	8,348 mm yen

2. Forecast of performance for the period ending August 2021 (March 1, 2021 to August 31, 2021) and the period ending February 2022 (September 1, 2021 to February 28, 2022)

(% shows percentage change from previous period)

	Operating revenues		Operating income		Ordinary income		Profit		Dividend per unit (excl. dividend in excess of earnings)	Dividend in excess of earnings per unit
	mm of yen	%	mm of yen	%	mm of yen	%	mm of yen	%		
Period ending August 2021	8,979	0.8	3,176	3.7	2,787	4.1	2,786	4.2	3,500 yen	— yen
Period ending February 2022	8,724	(2.8)	3,168	(0.2)	2,787	(0.0)	2,786	(0.0)	3,500 yen	— yen

(Reference) Forecast profit per unit: Period ending August 2021 3,500 yen
Forecast profit per unit: Period ending February 2022 3,500 yen

3. Other

- (1) Changes in accounting policies, changes in accounting estimates and restatement of accounting errors
- (i) Changes in accounting policies accompanying amendments to accounting standards, etc.: No
 - (ii) Changes in accounting policies other than above (i): No
 - (iii) Changes in accounting estimates: No
 - (iv) Restatement of accounting errors: No
- (2) Number of investment units outstanding
- (i) Number of investment units outstanding at end of period (including treasury investment units):
 - As of February 2021 796,000 units
 - As of August 2020 796,000 units
 - (ii) Treasury investment units at end of period:
 - As of February 2021 0 unit
 - As of August 2020 0 unit

Note: Regarding the number of investment units, a basis for calculating profit per unit, please refer to "Per unit information," on page 12.

* Statement on Implementation Status of Audit Procedure

This Earnings Briefing ("Kessan Tanshin" in Japanese) report is not subject to audit procedures by public accountants or audit corporations.

* On the adequate use of performance forecasts and other items warranting special mention

Forecast figures are calculated based on information available on the date of release of the forecast and contain uncertain factors to a large extent. Actual operating revenues, operating income, ordinary income, profit, and dividend per unit may differ due to changes in the business environment. The forecast should not be construed as a guarantee of actual dividend. Concerning details of the preconditions for the above forecast figures please refer to "1. Management Situation, (2) Forecast for the next fiscal period – Preconditions for the performance forecast for the period ending August 2021 (March 1, 2021 to August 31, 2021) and the period ending February 2022 (September 1, 2021 to February 28, 2022)" on page 4.

1. Management Situation

(1) Summary of the current fiscal period

(a) Brief history of the investment corporation

Fukuoka REIT Corporation (hereinafter "FRC") was established on July 2, 2004 based on the "Act on Investment Trusts and Investment Corporations" (Act No. 198 in 1951 including later revisions) and listed on the Tokyo Stock Exchange Inc. and the Fukuoka Stock Exchange on June 21, 2005 as the nation's first real estate investment trust specializing in regional properties (code number: 8968). FRC invests in real estate throughout all of Kyushu (including Okinawa Prefecture) with a central focus on Fukuoka City and Yamaguchi Prefecture (hereinafter the "Fukuoka/Kyushu area") by turning regional characteristics in the real estate industry into strengths.

FRC started asset management activities on November 9, 2004 after acquisition of four properties such as Retail in Canal City Hakata (excluding some areas of specialty shops, hotels, theaters, offices and common space), a commercial complex where specialty shops, cinema complex, theaters, amusement facilities, hotels and offices are integrally developed (hereinafter "Canal City Hakata"). As of the end of the 33rd fiscal period (February 28, 2021), FRC manages a total of 31 properties comprising 11 Retail, 9 Office buildings and 11 Others.

(b) Investment environment and portfolio performance

During the fiscal period under review (the 33rd fiscal period), the Japanese economy continued to show a pickup trend amid a severe situation still persisting under the impact of the novel coronavirus (COVID-19) infection despite weakness in some areas. As for the outlook, the economy is expected to further pick up due in part to the effects of various political measures, although attention should be paid to the impact of changes in the financial and capital markets, etc.

In the Fukuoka and Kyushu area, the core investment target area for FRC, the economy is picking up amid a severe situation, with public spending at a high level. The pickup trend in consumer spending has come to a temporary pause, however, and supply-and-demand conditions for labor and compensation of employees are both on a weak note. As we foresee, we must be wary of the impact of the trend of COVID-19 on corporate and household sentiments, among other factors.

As for land price trends, the national average price in combined average for residential and commercial land took a downward turn for the first time in 6 years, with residential land price and commercial land price dropping for the first time in 5 years and 7 years, respectively, according to the 2021 Land Market Value Publication. Meanwhile, in Fukuoka City, the central area of FRC's investment targets, land prices continued rising for 9 consecutive years, up 6.6% year-on-year for commercial land and up 3.3% year-on-year for residential land.

Under such circumstances, FRC's portfolio achieved a solid performance in the asset types of office buildings, logistics facilities, and residential properties. Sales of Canal City Hakata and other major retail properties increased period-on-period, counter to the emergency declaration period against the spread of COVID-19 in the 32nd fiscal period, while hotels failed to recover as demand from tourists, etc. did not return strongly.

When analyzing FRC's portfolio (on an acquisition price basis) as of the end of the 33rd fiscal period by investment target area, the investment ratio in the Fukuoka urban area accounted for 76.6%; when analyzing by property type, Retail, Office buildings, and Others accounted for 58.0%, 27.7% and 14.3%, respectively.

On top of these efforts, FRC is engaged in promoting sustainability through environmental, social and governance (ESG) considerations based on its Sustainability Policy. For this purpose, the Sustainability Promotion Committee has been established at Fukuoka Realty Co., Ltd. to which FRC entrusts its asset management (the Asset Manager). The Committee, which comprises President/CEO and general managers of Property Management Department, Investment Department, Finance Department, Planning Department and Compliance Department of the Asset Manager, investigates specific targets and measures and supervises the progress in implementation of the measures with regard to the internal system, cooperation with related parties outside the company and information disclosure policy, etc. On the implementation side, FRC has established the Sustainability Promotion Office under the sustainability officer (general manager of the Planning Department), who is the person responsible for the practical aspects concerning the targets set at the Sustainability Promotion Committee, and the Office is engaged in continuous operations related to the GRESB Real Estate Assessment (with Green Star rating), the Principles for Responsible Investment (PRI) and the Principles for Financial Action for the 21st Century (PFA21) and other initiatives.

(c) Summary of fundraising

The balance of FRC's interest-bearing debt outstanding (including investment corporation bonds) at the end of the 33rd fiscal period totaled 82,400 mm yen, with the loan-to-value ratio (ratio of interest-bearing debt (including investment corporation bonds) to total assets) at 41.3% and the ratio of fixed-interest rate debt (ratio of interest-bearing debt with fixed interest rates (including investment corporation bonds) to total interest-bearing debt) at 94.1% as of the same date. In addition, with regard to the commitment line agreement (credit limit: 7,000 mm yen) with The Nishi-Nippon City Bank, Ltd. serving as the agent, FRC extended the commitment period by a year, lengthening the remaining term of commitment to three years.

Going forward, FRC will continue its endeavors to reduce refinancing risks by dispersing debt repayment dates and extending debt duration. At the same time, FRC will work to mitigate risks of rising interest rates by shifting to fixed-interest rate borrowings and through other measures.

Moreover, the credit ratings assigned to FRC as of the end of the current fiscal period are as follows.

Credit Rating Agency	Rating Type	Rating	Rating Outlook
Rating and Investment Information, Inc. (R&I)	Issuer Rating	A+	Stable
Japan Credit Rating Agency, Ltd. (JCR)	Long-term Issuer Rating	AA-	Stable

(d) Summary of performance and dividend

As a result of these management efforts, operating revenues totaled 8,904 mm yen and operating income after excluding operating expenses such as expenses related to leasing business and asset management fees totaled 3,061 mm yen. Ordinary income was 2,677 mm yen and profit amounted to 2,675 mm yen. Management decided to make a dividend of 3,361 yen per unit to meet the requirements of special tax measures for an investment corporation (as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation of Japan [Act No. 26 in 1957 including later revisions]). Under this act, an investment corporation is allowed to deduct the maximum amount of dividends paid to investors from its taxable income.

(2) Forecast for the next fiscal period

(a) Portfolio management policy

FRC will further reinforce management and leasing capabilities by cooperating with property management companies including sponsor companies, and secure and maintain the stable operation of the properties by making the most use of their advantages.

FRC will make investments based on the basic policy stipulated in its Articles of Incorporation and its basic philosophy: focusing on "specialized areas in which FRC can demonstrate its competitive edge" that are in "high growth potential markets." By geographic location, of Fukuoka and Kyushu areas, FRC will invest 60% to 90% of its assets in the Fukuoka urban area since the Fukuoka urban area is expected to have a high population growth rate in the future. In addition to the Fukuoka urban area, management has decided to actively acquire properties in major cities if there are regions or properties where FRC can generate investment merits from community-oriented viewpoints. FRC will acquire high-quality properties with adequate use of its advantages, such as information gathering ability in the areas, good knowledge of regional properties and close relations with the local business community and governments, so that investors can continue to invest in FRC with assurance. Meanwhile, FRC will build stronger relationships with financial institutions to realize stable fundraising and try to maintain a solid financial structure.

(b) Significant events that have occurred after the end of the current fiscal period:

1) Disposition of Asset

On March 18, 2021, FRC concluded a sales agreement regarding disposal of real estate trust beneficiary interest.

Type of asset to be disposed:	Real estate trust beneficiary interest
Property name:	Canal City Hakata·B Grand Building (Note 1)
Use:	Retail
Location:	2-82, 1-chome, Sumiyoshi, Hakata Ward, Fukuoka City
Buyer:	Hoshino Resorts REIT, Inc.
Disposition price (planned):	7,700 mm yen (Note 2)
Disposition date (planned):	June 1, 2021
Impact on earnings:	FRC plans to record gain on sales of real estate of approximately 95 million yen as operating revenues for the fiscal period ending August 2021.

(Note 1) FRC will dispose of the beneficiary interest of a trust with 88.28% co-ownership interest in Grand Building, one of the compartmentalized buildings, as trust property. The trust will be arising by splitting the trust that has been established based on the real estate management and disposition trust agreement for Canal City Hakata·B.

(Note 2) The disposition price (planned) does not include disposition expenses, the amount equivalent to the settlement of property taxes and city planning taxes, etc. and consumption taxes.

(Note 3) The beneficiary interest disposition agreement for the property (the "Disposition Agreement") falls under the category of forward commitment, etc. (a postdated transaction agreement where the settlement and delivery are to take place one month or more after the conclusion of the agreement as well as other similar agreements). The Disposition Agreement states that, in the event either FRC or the buyer fails to fulfill the obligations of the Disposition Agreement and the affected party demands to fulfill it within a reasonable period of time and the other party fails to fulfill it within the specified period of time, the affected party may cancel the sales agreement as long as the property has not yet been transferred. In addition, FRC or the buyer will be liable to compensate for damages, etc. suffered by the other party in relation to the breach of the Disposition Agreement, but the compensation amount shall be up to 20% of the total sales price at a maximum.

2) Acquisition of Asset

On March 18, 2021, FRC concluded a sales agreement regarding acquisition of real estate trust beneficiary interest.

Type of asset to be acquired:	Real estate trust beneficiary interest
Property name:	Tenjin Nishi-Dori Business Center (Land with leasehold interest)
Use:	Office
Location:	2-149, Tenjin, Chuo Ward, Fukuoka City and 4 other lots
Seller:	Fukuoka Jisho Co., Ltd.
Acquisition price (planned):	7,700 mm yen (Note 1)
Acquisition date (planned):	June 1, 2021

(Note 1) The acquisition price (planned) does not include acquisition expenses and the amount equivalent to the settlement of property taxes and city planning taxes, etc.

(Note 2) The beneficiary interest disposition agreement for the acquisition of the property (the "Acquisition Agreement") falls under the category of forward commitment, etc. (a postdated transaction agreement where the settlement and delivery are to take place one month or more after the conclusion of the agreement as well as other similar agreements). FRC shall be able to cancel the Acquisition Agreement without penalty if it becomes impossible to achieve the purpose of the agreement due to a cause not attributable to FRC. In the Transaction Agreement FRC will not pay any deposit.

(c) Performance forecast for the next fiscal period

FRC aims to achieve the following performance goals for the period ending August 2021 (March 1, 2021 to August 31, 2021) and the period ending February 2022 (September 1, 2021 to February 28, 2022). Concerning preconditions for the forecast, please refer to "Preconditions for the performance forecast for the period ending August 2021 (March 1, 2021 to August 31, 2021) and the period ending February 2022 (September 1, 2021 to February 28, 2022)" on page 4.

	Period ending August 2021	Period ending February 2022
Operating revenues	8,979 mm yen	8,724 mm yen
Operating income	3,176 mm yen	3,168 mm yen
Ordinary income	2,787 mm yen	2,787 mm yen
Profit	2,786 mm yen	2,786 mm yen
Dividend per unit	3,500 yen	3,500 yen
Dividend in excess of earnings per unit	— yen	— yen

Note: The above forecast figures are calculated based on certain preconditions. The forecast should not be construed as a guarantee of actual performance since actual operating revenues, operating income, ordinary income, profit, dividend per unit and dividend in excess of earnings per unit may differ due to changes in the business environment.

Preconditions for the performance forecast for the period ending August 2021 (March 1, 2021 to August 31, 2021) and the period ending February 2022 (September 1, 2021 to February 28, 2022)

Item	Preconditions
Calculation period	34th fiscal period: March 1, 2021 to August 31, 2021 (184 days) 35th fiscal period: September 1, 2021 to February 28, 2022 (181 days)
Assets under management	<ul style="list-style-type: none"> It is assumed that there will be 32 properties comprising the 31 properties FRC owns as of February 28, 2021 plus Tenjin Nishi-Dori Business Center (Land with leasehold interest), which FRC plans to acquire on June 1, 2021. Furthermore, the planned disposition of Canal City Hakata·B Grand Building scheduled for June 1, 2021 represents a split and disposition of the trust for the 88.28% co-ownership interest in Grand Building, which is one of the compartmentalized buildings of Canal City Hakata·B. Accordingly, it does not change the number of properties. In practice, the number may fluctuate due to changes in assets under management.
Total number of investment units outstanding	<ul style="list-style-type: none"> It is assumed that there will be no issuance of new investment units until February 28, 2022.
Interest-bearing debt and refinancing	<ul style="list-style-type: none"> The balance of interest-bearing debt outstanding at the end of the 34th fiscal period (August 31, 2021) is expected to total 82,400 mm yen. The loan-to-value ratio (interest-bearing debt / total assets × 100) is expected to stand at around 41.3% (as of February 28, 2021, the loan-to-value ratio stands at 41.3%). The balance of interest-bearing debt outstanding at the end of the 35th fiscal period (February 28, 2022) is expected to total 82,400 mm yen, the same as the end of the 34th fiscal period (August 31, 2021). The loan-to-value ratio (interest-bearing debt / total assets × 100) is expected to stand at around 41.3%.
Operating revenues	<ul style="list-style-type: none"> Of leasing revenues – real estate, revenues from properties FRC has already acquired are calculated based on tenancy agreements that are valid as of April 15, 2021 by taking into account the competitiveness of the properties and the market environment, etc. Of leasing revenues – real estate, revenues from lease contracts with variable rent such as percentage-of-sales rent and percentage-of-GOP rent are calculated based on past results by taking into account such fluctuation factors as sales and GOP of the relevant tenants. For leasing revenues – real estate, tenant vacancies are taken into account to a certain extent. It is assumed that there will be no rent arrears or non-payments by tenants. With the impact of the spread of COVID-19 in Japan and abroad prolonging, the situation requires FRC to anticipate that a certain degree of impact will continue in the 34th and 35th fiscal periods on its retail properties and hotels for which percentage-of-sales rents, etc. are established. In estimating the sales, etc. of such properties, FRC assumes that, while domestic tourism will recover gradually, inbound tourism will not recover until the 35th fiscal period. However, actual sales may fluctuate depending on when the COVID-19 pandemic is contained. Gain on sales of real estate, etc. from the disposition of Canal City Hakata·B Grand Building scheduled for June 1, 2021 is expected to be 95 mm yen.
Operating expenses	<ul style="list-style-type: none"> When acquiring properties, the property taxes and city planning taxes for the assets will be proportionally calculated according to the holding period and adjusted with the former owner. However, the adjusted amount of the property taxes and city planning taxes to be borne by FRC for the initial year will not be written off since they will be included in the acquisition cost. FRC writes off estimated repair costs expected to be required for buildings for the calculation periods (the 34th and 35th fiscal periods). Actual repair costs may differ significantly from the estimated amounts since there is the possibility that repair costs are incurred urgently due to damages to buildings caused by unforeseeable factors, repair costs generally differ largely from period to period, and repair costs are not regularly incurred. Concerning outsourcing expenses, FRC anticipates 1,826 mm yen for the 34th fiscal period and 1,750 mm yen for the 35th fiscal period. Concerning taxes and other public charges, FRC anticipates 728 mm yen for the 34th fiscal period and 695 mm yen for the 35th fiscal period. Concerning depreciation and amortization expenses, FRC anticipates 1,558 mm yen for the 34th fiscal period and 1,489 mm yen for the 35th fiscal period.
Non-operating expenses	<ul style="list-style-type: none"> Concerning interest expenses (including interest expenses on investment corporation bonds) and expenses related to financing, FRC anticipates 387 mm yen for the 34th fiscal period and 380 mm yen for the 35th fiscal period.
Dividend per unit	<ul style="list-style-type: none"> Dividend (dividend per unit) is calculated based on the dividend policy stipulated in FRC's Articles of Incorporation. Dividend per unit may fluctuate due to fluctuations in leasing revenues caused by changes in assets under management and tenants or various factors including unexpected occurrences of repair. Dividend per unit may fluctuate depending on when the spread will actually be contained.
Dividend in excess of earnings per unit	<ul style="list-style-type: none"> Dividend in excess of earnings (dividend in excess of earnings per unit) is not planned at the moment.
Other	<ul style="list-style-type: none"> It is assumed that there will be no significant revisions to laws and regulations, the tax system, and accounting standards that may influence the forecast figures. It is also assumed that there will be no significant unexpected changes in general economic conditions and the real estate market.

2. Financial Statements

(1) Balance sheet

(thousands of yen)

Account	32nd fiscal period (as of August 31, 2020)		33rd fiscal period (as of February 28, 2021)	
Assets				
Current assets				
Cash and deposits		3,733,612		6,596,412
Cash and deposits in trust		4,660,047		3,742,580
Operating accounts receivable		1,043,924		528,707
Prepaid expenses		282,717		287,185
Consumption taxes receivable		177,613		—
Others		3,570		3,007
Total current assets		9,901,484		11,157,893
Non-current assets				
Property, plant and equipment				
Buildings	974,393		1,166,235	
Accumulated depreciation	—	974,393	(9,712)	1,156,522
Structures	17,045		20,698	
Accumulated depreciation	—	17,045	(129)	20,569
Tools and fixtures	—		1,571	
Accumulated depreciation	—	—	(78)	1,492
Lands		830,254		989,124
Buildings in trust	103,899,463		104,526,979	
Accumulated depreciation	(33,495,971)	70,403,492	(34,998,550)	69,528,428
Structures in trust	2,047,268		2,049,545	
Accumulated depreciation	(817,728)	1,229,539	(848,800)	1,200,744
Machinery and equipment in trust	1,487,396		1,509,292	
Accumulated depreciation	(595,564)	891,831	(639,038)	870,254
Vehicles and transport equipment in trust	747		747	
Accumulated depreciation	(676)	70	(709)	37
Tools and fixtures in trust	1,391,058		1,393,755	
Accumulated depreciation	(1,194,239)	196,818	(1,210,954)	182,801
Lands in trust		107,452,281		107,452,281
Construction in progress in trust		18,319		16,791
Total property, plant and equipment		182,014,046		181,419,047
Intangible assets				
Leasehold right in trust		5,545,883		5,545,883
Other intangible assets in trust		29,519		24,044
Total intangible assets		5,575,402		5,569,927
Investment and other assets				
Deferred tax assets		14		63
Lease and guarantee deposits		10,000		10,000
Lease and guarantee deposits in trust		327,135		327,135
Long-term prepaid expenses		1,138,352		1,042,944
Total investment and other assets		1,475,502		1,380,143
Total non-current assets		189,064,950		188,369,118
Deferred assets				
Investment corporation bond issuance expenses		34,142		32,040
Investment unit issuance expenses		3,835		—
Total deferred assets		37,978		32,040
Total assets		199,004,413		199,559,052

(thousands of yen)

Account	32nd fiscal period (as of August 31, 2020)		33rd fiscal period (as of February 28, 2021)	
Liabilities				
Current liabilities				
Operating accounts payable		340,991		561,673
Current maturities of long-term debt		6,300,000		6,300,000
Accounts payable-other		12,612		22,905
Accrued expenses		355,374		415,653
Income taxes payable		967		1,835
Accrued consumption taxes		—		316,581
Advances received		1,123,558		1,088,923
Deposits received		894,072		793,952
Total current liabilities		9,027,577		9,501,526
Non-current liabilities				
Investment corporation bonds		5,000,000		5,000,000
Long-term debt		71,100,000		71,100,000
Tenant leasehold and security deposits		366,654		450,791
Tenant leasehold and security deposits received in trust		11,984,384		11,892,365
Total non-current liabilities		88,451,039		88,443,156
Total liabilities		97,478,617		97,944,683
Net assets				
Unitholders' equity				
Unitholders' capital		98,938,764		98,938,764
Surplus				
Unappropriated surplus		2,587,031		2,675,604
Total surplus		2,587,031		2,675,604
Total unitholders' equity		101,525,796		101,614,369
Total net assets		101,525,796		101,614,369
Total liabilities and net assets		199,004,413		199,559,052

(2) Statement of income

(thousands of yen)

Account	32nd fiscal period (March 1, 2020 to August 31, 2020)		33rd fiscal period (September 1, 2020 to February 28, 2021)	
Operating revenues				
Leasing revenues – real estate	*1 7,912,804		*1 8,306,678	
Other leasing revenues – real estate	*1 605,527	8,518,332	*1 597,438	8,904,117
Operating expenses				
Expenses related to leasing business	*1, *2 4,897,107		*1, *2 5,180,315	
Asset management fees	520,263		524,777	
Asset custody fees	7,344		7,401	
Administrative service fees	57,100		58,665	
Director's compensations	9,600		9,600	
Other operating expenses	60,308	5,551,725	61,374	5,842,134
Operating income		2,966,606		3,061,982
Non-operating revenues				
Interest received	44		47	
Others	502	546	1,357	1,404
Non-operating expenses				
Interest expenses	249,252		253,182	
Interest expenses on investment corporation bonds	29,200		29,200	
Amortization of investment corporation bond issuance expenses	2,102		2,102	
Amortization of investment unit issuance expenses	3,835		3,835	
Financing related expenses	94,848		97,663	
Others	37	379,275	37	386,021
Ordinary income		2,587,877		2,677,366
Profit before income taxes		2,587,877		2,677,366
Income taxes-current	974		1,842	
Income taxes-deferred	3	978	(49)	1,793
Profit		2,586,899		2,675,572
Surplus brought forward		132		31
Unappropriated surplus		2,587,031		2,675,604

(3) Statement of changes in net assets

32nd fiscal period (March 1, 2020 to August 31, 2020)

(thousands of yen)

Item	Unitholders' Equity			Total net assets
	Unitholders' capital	Surplus		
		Unappropriated surplus		
Balance as of March 1, 2020	98,938,764	2,899,164		101,837,928
Changes in the current fiscal period				
Dividend of surplus		(2,899,032)		(2,899,032)
Profit		2,586,899		2,586,899
Total of changes in the current fiscal period	—	(312,132)		(312,132)
Balance as of August 31, 2020	98,938,764	2,587,031		101,525,796

33rd fiscal period (September 1, 2020 to February 28, 2021)

(thousands of yen)

Item	Unitholders' Equity			Total net assets
	Unitholders' capital	Surplus		
		Unappropriated surplus		
Balance as of September 1, 2020	98,938,764	2,587,031		101,525,796
Changes in the current fiscal period				
Dividend of surplus		(2,587,000)		(2,587,000)
Profit		2,675,572		2,675,572
Total of changes in the current fiscal period	—	88,572		88,572
Balance as of February 28, 2021	98,938,764	2,675,604		101,614,369

(4) Dividend statement

Account	32nd fiscal period (March 1, 2020 to August 31, 2020)	33rd fiscal period (September 1, 2020 to February 28, 2021)
I. Unappropriated surplus	2,587,031 thousand yen	2,675,604 thousand yen
II. Total	2,587,000 thousand yen	2,675,356 thousand yen
[Dividend per investment unit]	[3,250 yen]	[3,361 yen]
III. Surplus brought forward	31 thousand yen	248 thousand yen

Method for calculating dividends	The amount of dividends shall be decided in accordance with the dividend policy stipulated in Article 38-1-2 of FRC's Articles of Incorporation and must exceed 90% of FRC's distributable profits as stipulated in Article 67-15-1 of the Special Taxation Measures Act. Following the above policy, FRC shall decide to distribute 2,587,000 thousand yen, which is almost the entire amount of unappropriated surplus, as earnings dividends. Moreover, dividend in excess of earnings as stipulated in Article 38-2 of FRC's Articles of Incorporation will not be provided.	The amount of dividends shall be decided in accordance with the dividend policy stipulated in Article 38-1-2 of FRC's Articles of Incorporation and must exceed 90% of FRC's distributable profits as stipulated in Article 67-15-1 of the Special Taxation Measures Act. Following the above policy, FRC shall decide to distribute 2,675,356 thousand yen, which is almost the entire amount of unappropriated surplus, as earnings dividends. Moreover, dividend in excess of earnings as stipulated in Article 38-2 of FRC's Articles of Incorporation will not be provided.
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(Note) Amounts other than the amounts of dividend per investment units are rounded down to the nearest thousand yen.

(5) Cash flows statement

Account	(thousands of yen)	
	32nd fiscal period (March 1, 2020 to August 31, 2020)	33rd fiscal period (September 1, 2020 to February 28, 2021)
Net cash provided by (used in) operating activities		
Profit before income taxes	2,587,877	2,677,366
Depreciation and amortization expenses	1,686,347	1,623,716
Amortization of investment corporation bond issuance expenses	2,102	2,102
Amortization of investment unit issuance expenses	3,835	3,835
Interest received	(44)	(47)
Interest expenses	278,452	282,382
Decrease (increase) in operating accounts receivables	(384,662)	515,217
Decrease (increase) in consumption taxes refund receivable	(177,613)	177,613
Increase (decrease) in accrued consumption taxes	(191,370)	316,581
Increase (decrease) in operating accounts payable	(3,385)	25,185
Increase (decrease) in accounts payable-other	(6,241)	10,287
Increase (decrease) in accrued expenses	(20,452)	60,503
Increase (decrease) in advances received	40,659	(34,635)
Increase (decrease) in deposits expenses	26,365	(100,119)
Decrease (increase) in prepaid expenses	5,534	(4,468)
Decrease (increase) in long-term prepaid expenses	(123,914)	95,407
Others, net	3,154	6,766
Subtotal	3,726,644	5,657,694
Interest income received	44	47
Interest expenses paid	(274,651)	(282,607)
Income taxes paid	(1,048)	(974)
Net cash provided by (used in) operating activities	3,450,990	5,374,159
Net cash provided by (used in) investment activities		
Purchase of property, plant and equipment	(1,809,655)	(355,262)
Purchase of property, plant and equipment in trust	(5,371,496)	(479,144)
Proceeds from tenant leasehold and security deposits	29,788	84,136
Repayments of tenant leasehold and security deposits	(66,382)	—
Proceeds from tenant leasehold and security deposits in trust	316,851	122,888
Repayments of tenant leasehold and security deposits in trust	(238,343)	(214,907)
Proceeds from restricted trust deposits	5,296	2,016
Payments for restricted trust deposits	(2,074)	(2,470)
Net cash provided by (used in) investment activities	(7,136,015)	(842,743)
Net cash provided by (used in) financial activities		
Proceeds from short-term debt	6,400,000	—
Repayments of short-term debt	(6,400,000)	—
Proceeds from long-term debt	5,900,000	—
Repayments of long-term debt	(1,000,000)	—
Dividends paid	(2,899,126)	(2,586,536)
Net cash provided by (used in) financial activities	2,000,873	(2,586,536)
Net increase (decrease) in cash and cash equivalents	(1,684,151)	1,944,879
Balance of cash and cash equivalents at beginning of period	10,032,589	8,348,438
Balance of cash and cash equivalents at end of period	8,348,438	10,293,317

(6) Notes on the going concern assumption

No relevant items.

(7) Significant accounting policies

The disclosure is omitted, since there are no significant changes from contents disclosed by the latest securities report (submitted on November 30, 2020).

(8) Notes to financial statements

FRC omits the disclosure of notes to balance sheet, statement of changes in net assets, and cash flows statement, as well as notes on lease transactions, financial instruments, securities, derivative transactions, related-party transactions, tax-effect accounting, retirement benefits, asset retirement obligations, rental properties, segment information and equity method income, etc. since it does not find substantial need for disclosure in the earnings briefing.

(Notes to statement of income)

*1. Breakdown of revenues and expenses related to real estate leasing business

	(thousands of yen)			
	32nd fiscal period (March 1, 2020 to August 31, 2020)		33rd fiscal period (September 1, 2020 to February 28, 2021)	
A. Real estate leasing business revenues				
Leasing revenues – real estate				
Rents	6,531,941		6,830,181	
Common charges	1,056,349		1,075,140	
Parking revenues	324,513	7,912,804	401,356	8,306,678
Other leasing revenues – real estate				
Incidental income	568,375		552,811	
Other miscellaneous income	37,152	605,527	44,627	597,438
Total real estate leasing business revenues		8,518,332		8,904,117
B. Expenses related to real estate leasing business				
Expenses related to leasing business				
Outsourcing fees	1,611,755		1,870,563	
Repair and maintenance expenses	92,463		211,326	
Taxes and other public charges	743,726		743,094	
Insurance premiums and trust compensation	49,290		45,880	
Utilities expenses	479,907		452,048	
Depreciation and amortization expenses	1,686,347		1,623,716	
Other expenses related to real estate leasing business	233,617	4,897,107	233,685	5,180,315
Total expenses related to real estate leasing business		4,897,107		5,180,315
C. Revenues and expenses related to real estate leasing business (A - B)		3,621,224		3,723,801

*2. Transactions with affiliated companies

	(thousands of yen)	
Item	32nd fiscal period (March 1, 2020 to August 31, 2020)	33rd fiscal period (September 1, 2020 to February 28, 2021)
Expenses related to real estate leasing business	970,797	966,563

(Per unit information)

32nd fiscal period (March 1, 2020 to August 31, 2020)		33rd fiscal period (September 1, 2020 to February 28, 2021)	
Net assets per investment unit:	127,544 yen	Net assets per investment unit:	127,656 yen
Profit per investment unit:	3,249 yen	Profit per investment unit:	3,361 yen

Note 1: Profit per investment unit is calculated by dividing profit by the day-weighted average number of investment units outstanding during the fiscal period. Diluted profit per investment unit is not shown since there are no potential investment units.

Note 2: Calculation of profit per investment unit is based on the following.

Account	32nd fiscal period (March 1, 2020 to August 31, 2020)	33rd fiscal period (September 1, 2020 to February 28, 2021)
Profit (thousands of yen)	2,586,899	2,675,572
Amount not attributable to common unitholders (thousands of yen)	—	—
Profit attributable to common investment units (thousands of yen)	2,586,899	2,675,572
Average number of investment units during the fiscal period (units)	796,000	796,000

(Significant subsequent events)

1) Disposition of Asset

On March 18, 2021, FRC concluded a sales agreement regarding disposal of real estate trust beneficiary interest.

Type of asset to be disposed:	Real estate trust beneficiary interest
Property name:	Canal City Hakata・B Grand Building (Note 1)
Use:	Retail
Location:	2-82, 1-chome, Sumiyoshi, Hakata Ward, Fukuoka City
Buyer:	Hoshino Resorts REIT, Inc.
Disposition price (planned):	7,700 mm yen (Note 2)
Disposition date (planned):	June 1, 2021
Impact on earnings:	FRC plans to record gain on sales of real estate of approximately 95 million yen as operating revenues for the fiscal period ending August 2021.

(Note 1) FRC will dispose of the beneficiary interest of a trust with 88.28% co-ownership interest in Grand Building, one of the compartmentalized buildings, as trust property. The trust will be arising by splitting the trust that has been established based on the real estate management and disposition trust agreement for Canal City Hakata・B.

(Note 2) The disposition price (planned) does not include disposition expenses, the amount equivalent to the settlement of property taxes and city planning taxes, etc. and consumption taxes.

(Note 3) The beneficiary interest disposition agreement for the property (the "Disposition Agreement") falls under the category of forward commitment, etc. (a postdated transaction agreement where the settlement and delivery are to take place one month or more after the conclusion of the agreement as well as other similar agreements). The Disposition Agreement states that, in the event either FRC or the buyer fails to fulfill the obligations of the Disposition Agreement and the affected party demands to fulfill it within a reasonable period of time and the other party fails to fulfill it within the specified period of time, the affected party may cancel the sales agreement as long as the property has not yet been transferred. In addition, FRC or the buyer will be liable to compensate for damages, etc. suffered by the other party in relation to the breach of the Disposition Agreement, but the compensation amount shall be up to 20% of the total sales price at a maximum.

2) Acquisition of Asset

On March 18, 2021, FRC concluded a sales agreement regarding acquisition of real estate trust beneficiary interest.

Type of asset to be acquired:	Real estate trust beneficiary interest
Property name:	Tenjin Nishi-Dori Business Center (Land with leasehold interest)
Use:	Office
Location:	2-149, Tenjin, Chuo Ward, Fukuoka City and 4 other lots
Seller:	Fukuoka Jisho Co., Ltd.
Acquisition price (planned):	7,700 mm yen (Note 1)
Acquisition date (planned):	June 1, 2021

(Note 1) The acquisition price (planned) does not include acquisition expenses and the amount equivalent to the settlement of property taxes and city planning taxes, etc.

(Note 2) The beneficiary interest disposition agreement for the acquisition of the property (the "Acquisition Agreement") falls under the category of forward commitment, etc. (a postdated transaction agreement where the settlement and delivery are to take place one month or more after the conclusion of the agreement as well as other similar agreements). FRC shall be able to cancel the Acquisition Agreement without penalty if it becomes impossible to

achieve the purpose of the agreement due to a cause not attributable to FRC. In the Transaction Agreement FRC will not pay any deposit.

- (9) Change in the number of investment units outstanding
No relevant items.

3. Reference Information

(1) Information on the prices, etc. of investment assets

1) Investment situation

(as of February 28, 2021)

Type of asset	Use	Location (Note 1)	Total value of properties owned (mm of yen) (Note 2)	Percentage of total assets (%) (Note 3)
Real estate	Retail	Fukuoka urban area	—	—
		Other Kyushu areas	—	—
	Office buildings	Fukuoka urban area	—	—
		Other Kyushu areas	—	—
	Others	Fukuoka urban area	—	—
		Other Kyushu areas	2,167	1.1
	Subtotal			2,167
Real estate in trust	Retail	Fukuoka urban area	74,583	37.4
		Other Kyushu areas	36,828	18.5
	Office buildings	Fukuoka urban area	47,996	24.1
		Other Kyushu areas	—	—
	Others	Fukuoka urban area	20,033	10.0
		Other Kyushu areas	5,362	2.7
	Subtotal			184,804
Deposits and other assets			12,586	6.3
Total amount of assets (Note 4)			199,559 [186,988]	100.0 [93.7]

Note 1: "Fukuoka urban area" refers to cities, towns and villages where 10% or more of the population commute to Fukuoka City for school and work, according to the 2015 census, which states "the number of workers and students aged 15 years or older (students including those aged 14 years or younger: particular reference) including commuting between their homes and places of work or school" conducted by Fukuoka City and the Statistics Bureau of the Ministry of Internal Affairs and Communications. "Other Kyushu areas" refers to all other parts of Kyushu (excluding the Fukuoka urban area).

Note 2: "Total value of properties owned" is based on the value on the balance sheet (the value of real estate and real estate in trust is the book value after depreciation).

Note 3: Concerning the "Percentage of total assets," the figures are rounded off to one decimal place. The total of individual percentages in the above table may not equal 100%.

Note 4: Figures in parentheses for "Total amount of assets" refer to the value and percentage of real estate owned in effect to the total amount of assets.

(as of February 28, 2021)

	Value on balance sheet (mm of yen)	Percentage of total amount of assets (%)
Total amount of liabilities	97,944	49.1
Total amount of net assets	101,614	50.9

2) Investment assets

(A) Values and investment ratios at end of period are as follows.

(as of February 28, 2021)

Real estate property name	Acquisition value (mm of yen) (Note 1)	Value on balance sheet (mm of yen)	Period-end appraisal value (mm of yen) (Note 2)	Investment ratio (%) (Note 3)	Real estate appraiser
Canal City Hakata	32,000	29,584	30,700	15.8	Tanizawa Sogo Appraisal Co., Ltd.
Canal City Hakata・B	28,700	28,701	28,900	14.2	Tanizawa Sogo Appraisal Co., Ltd.
Park Place Oita	19,610	20,195	21,200	9.7	Japan Real Estate Institute
SunLive City Kokura	6,633	5,439	8,440	3.3	Japan Real Estate Institute
Konoha Mall Hashimoto	10,000	9,913	10,300	5.0	Tanizawa Sogo Appraisal Co., Ltd.
Square Mall Kagoshima Usuki	5,300	4,296	4,960	2.6	Japan Real Estate Institute
Kumamoto Intercommunity SC	2,400	1,956	2,740	1.2	Japan Real Estate Institute
Hanahata SC	1,130	967	1,200	0.6	Tanizawa Sogo Appraisal Co., Ltd.
Kurume Higashi Kushiwara SC	2,500	2,010	2,740	1.2	Tanizawa Sogo Appraisal Co., Ltd.
K's Denki Kagoshima	3,550	2,930	3,660	1.8	Tanizawa Sogo Appraisal Co., Ltd.
Marinoa City Fukuoka (Marina Side Building)	5,250	5,416	6,080	2.6	Tanizawa Sogo Appraisal Co., Ltd.
Retail subtotal:	117,073	111,412	120,920	58.0	
Canal City Business Center Building	14,600	12,922	16,800	7.2	Tanizawa Sogo Appraisal Co., Ltd.
Gofukumachi Business Center	11,200	8,796	15,200	5.5	Tanizawa Sogo Appraisal Co., Ltd.
Sanix Hakata Building	4,400	3,763	6,510	2.2	Japan Real Estate Institute
Taihaku Street Business Center	7,000	5,698	9,180	3.5	Japan Real Estate Institute
Higashi Hie Business Center	5,900	4,405	8,280	2.9	Tanizawa Sogo Appraisal Co., Ltd.
Tenjin Nishi-Dori Center Building	2,600	2,663	3,140	1.3	Japan Real Estate Institute
Tenjin North Front Building	2,800	2,447	4,400	1.4	Japan Real Estate Institute
Higashi Hie Business Center II	4,230	4,023	4,580	2.1	Tanizawa Sogo Appraisal Co., Ltd.
Higashi Hie Business Center III	3,290	3,275	3,320	1.6	Tanizawa Sogo Appraisal Co., Ltd.
Office buildings subtotal:	56,020	47,996	71,410	27.7	
Amex Akasakamon Tower	2,060	1,652	1,840	1.0	Daiwa Real Estate Appraisal Co., Ltd.
City House Keyaki Dori	1,111	891	1,030	0.6	Daiwa Real Estate Appraisal Co., Ltd.
Aqualia Chihaya	1,280	1,157	1,900	0.6	Japan Real Estate Institute
D-Wing Tower	2,800	2,652	3,580	1.4	Tanizawa Sogo Appraisal Co., Ltd.
Granfore Yakuin Minami	1,100	1,088	1,340	0.5	Tanizawa Sogo Appraisal Co., Ltd.
Hotel FORZA Oita	1,530	1,364	1,890	0.8	Japan Real Estate Institute
Tissage Hotel Naha	2,835	2,834	2,860	1.4	Tanizawa Sogo Appraisal Co., Ltd.
Tosu Logistics Center	1,250	1,162	1,320	0.6	Japan Real Estate Institute
LOGICITY Minato Kashii	8,150	7,789	9,100	4.0	Tanizawa Sogo Appraisal Co., Ltd.
LOGICITY Hisayama	5,050	4,800	5,340	2.5	Tanizawa Sogo Appraisal Co., Ltd.
LOGICITY Wakamiya	1,700	2,167	2,370	0.8	Tanizawa Sogo Appraisal Co., Ltd.
Others subtotal:	28,866	27,563	32,570	14.3	
Total	201,959	186,972	224,900	100.0	

Note 1: "Acquisition value" refers to the amount (purchasing prices shown on the purchasing contracts) not including expenses for the acquisition of relevant properties (agency fees and taxes and other public charges).

Note 2: "Period-end appraisal value" refers to the evaluation value based on appraisals by a real estate appraiser in conformity with the method and standards for asset evaluation stipulated in FRC's Articles of Incorporation and rules stipulated by the Investment Trusts Association, Japan.

Note 3: "Investment ratio" is obtained by dividing each property's acquisition value by the total acquisition value. The total of individual percentages in the above table may not equal 100%, since the figures are rounded off to one decimal place.

(B) Summary of the real estate leasing business

(as of February 28, 2021)

Real estate property name	Number of tenants (Note 1)	Occupancy rate (%) (Note 3)	Total leasable floor space (m ²)	Total leased floor space (m ²)	Total leasing revenues (mm of yen) (Note 4)	Percentage of total leasing revenues (%) (Note 5)
Canal City Hakata	1 [46]	97.7	46,585.57	45,501.63	1,018	11.4
Canal City Hakata・B	1 [45]	99.5	68,824.95	68,473.81	1,429	16.1
Park Place Oita	1 [104]	100.0	121,212.26	121,198.96	1,198	13.5
SunLive City Kokura	1	100.0	61,450.22	61,450.22	262	2.9
Konoha Mall Hashimoto	1 [123]	97.8	22,121.05	21,631.32	778	8.7
Square Mall Kagoshima Usuki	13	100.0	14,602.88	14,602.88	252	2.8
Kumamoto Intercommunity SC	2	100.0	6,968.66	6,968.66	89	1.0
Hanahata SC	2	100.0	2,801.15	2,801.15	40	0.5
Kurume Higashi Kushiwara SC	1	100.0	6,467.80	6,467.80	88	1.0
K's Denki Kagoshima	1	100.0	7,296.17	7,296.17	112	1.3
Marinoa City Fukuoka (Marina Side Building)	1	100.0	33,069.82	33,069.82	178	2.0
Retail subtotal:	25 [339] (Note 2)	99.5	391,400.53	389,462.42	5,450	61.2
Canal City Business Center Building	1 [62]	100.0	23,029.92	23,029.92	641	7.2
Gofukumachi Business Center	36	100.0	19,905.34	19,905.34	557	6.3
Sanix Hakata Building	16	100.0	6,293.75	6,293.75	205	2.3
Taihaku Street Business Center	1 [68]	98.8	14,677.30	14,505.95	318	3.6
Higashi Hie Business Center	1 [27]	100.0	13,614.59	13,614.59	351	4.0
Tenjin Nishi-Dori Center Building	1	100.0	3,339.32	3,339.32	86	1.0
Tenjin North Front Building	11	100.0	5,252.41	5,252.41	144	1.6
Higashi Hie Business Center II	2	100.0	6,214.77	6,214.77	162	1.8
Higashi Hie Business Center III	5	94.1	2,981.14	2,806.28	92	1.0
Office buildings subtotal:	74 [228] (Note 2)	99.6	95,308.54	94,962.33	2,560	28.8
Amex Akasakamon Tower	1 [66]	98.8	4,821.25	4,765.43	66	0.7
City House Keyaki Dori	1 [41]	97.8	2,710.86	2,650.79	39	0.4
Aqualia Chihaya	1 [103]	97.9	5,619.69	5,500.23	60	0.7
D-Wing Tower	1 [132]	95.1	7,187.59	6,837.60	112	1.3
Granfore Yakuin Minami	1 [95]	96.0	2,496.06	2,396.22	38	0.4
Hotel FORZA Oita	1	100.0	5,785.44	5,785.44	63	0.7
Tissage Hotel Naha	1	100.0	3,758.76	3,758.76	28	0.3
Tosu Logistics Center	1	100.0	4,173.29	4,173.29	Undisclosed (Note 6)	Undisclosed (Note 6)
LOGICITY Minato Kashii	2	100.0	43,233.72	43,233.72	Undisclosed (Note 6)	Undisclosed (Note 6)
LOGICITY Hisayama	1	100.0	24,505.65	24,505.65	Undisclosed (Note 6)	Undisclosed (Note 6)
LOGICITY Wakamiya	1	100.0	17,556.32	17,556.32	Undisclosed (Note 6)	Undisclosed (Note 6)
Others subtotal:	12 [444] (Note 2)	99.4	121,848.63	121,163.45	892	10.0
Total	111 [1,011] (Note 2)	99.5	608,557.70	605,588.20	8,904	100.0

Note 1: "Number of tenants" is based on the total number of sections stipulated in the tenancy agreements for retail and office buildings among relevant properties. For the number of tenants in pass-through master leasing properties, the number of sections stipulated in the tenancy agreements with end tenants is shown in parentheses. The Taihaku Street Business

- Center is an office building with a residential tower. Its number of end tenants comprises 12 offices and 56 residences.
- Note 2: The subtotal and total of all the tenants in other than pass-through master leasing properties and the number of sections stipulated in the tenancy agreements with end tenants for pass-through master leasing properties is shown in parentheses in the totals column for "Number of tenants."
- Note 3: "Occupancy rate" refers to the percentage of total leased floor space to total leasable floor space and the figures are rounded off to one decimal place.
- Note 4: "Total leasing revenues" is the total of real estate leasing revenues and other revenues from real estate rent in the current fiscal period.
- Note 5: "Percentage of total leasing revenues" is obtained by dividing each property's total leasing revenues by the total amount of total leasing revenues. The total of individual percentages in the above table may not equal 100%, since the figures are rounded off to one decimal place.
- Note 6: The figures are not disclosed as no consent to disclosure has been obtained from the tenants.

(2) Status of capital expenditures

1) Capital expenditures after the end of the 33rd fiscal period and planned capital expenditures

The following table provides amounts of major items of capital expenditures associated with renovations, etc. conducted after the end of the 33rd fiscal period and of capital expenditures associated with renovations, etc. planned as of April 15, 2021 for real estate properties owned by FRC. The planned construction costs indicated below may be partly classified as expenses. In addition, FRC will implement renewal construction work in order to maintain and improve the competitiveness of properties in the market as well as tenant satisfaction, on top of the construction, facilities and replacement work for which expenditures will be made regularly.

Real estate property name	Location	Purpose	Schedule	Planned construction cost (mm of yen)		
				Total	Construction cost	Amount already paid
Canal City Hakata	Hakata Ward, Fukuoka City	Replacement of mechanical security system monitoring terminals	From August 2021 to February 2022	28	—	—
Canal City Hakata·B	Hakata Ward, Fukuoka City	Replacement of mechanical security system monitoring terminals	From August 2021 to February 2022	57	—	—
Park Place Oita	Oita City, Oita	Rooftop painting	From April 2021 to May 2021	48	—	—
SunLive City Kokura	Kokura Minami Ward, Kitakyushu City	Renovation of common spaces	From June 2021 to September 2021	258	—	—
Square Mall Kagoshima Usuki	Kagoshima City, Kagoshima	Renovation of external walls	From October 2021 to February 2022	32	—	—
Sanix Hakata Building	Hakata Ward, Fukuoka City	Replacement of air-conditioning units	From March 2021 to April 2021	16	—	—

2) Capital expenditures during the 33rd fiscal period

Capital expenditures for the real estate properties owned by FRC totaled 687 mm yen in the 33rd period. Furthermore, FRC incurred construction costs of 905 mm yen in total in the period, including 211 mm yen in repair and maintenance expenses classified as expenses on the statement of income and 7 mm yen in expenses for restoration to former state. The following table provides the overview of major construction work that was completed in the 33rd fiscal period.

Real estate property name	Location	Purpose	Period	Construction cost (mm of yen)
Canal City Hakata	Hakata Ward, Fukuoka City	Formation of tenant sections	From August 2020 to January 2021	99
Canal City Hakata·B	Hakata Ward, Fukuoka City	Replacement of central monitoring equipment	From April 2020 to September 2020	27
Park Place Oita	Oita City, Oita	Replacement of air-conditioning units	November 2020	113
Square Mall Kagoshima Usuki	Kagoshima City, Kagoshima	Renovation of external walls	From November 2020 to February 2021	24
Gofukumachi Business Center	Hakata Ward, Fukuoka City	Replacement of air-conditioning units	February 2021	38
Sanix Hakata Building	Hakata Ward, Fukuoka City	Replacement of air-conditioning units	From October 2020 to December 2020	43