

**EARNINGS BRIEFING FOR THE PERIOD ENDED FEBRUARY 2023**

**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:** Zenji Koike Executive Director

**Asset manager:** Fukuoka Realty Co., Ltd.  
**Representative:** Zenji Koike President and CEO  
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Expected date for submitting securities report: May 30, 2023

Expected commencement date of dividend payments: May 18, 2023

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 2023 (September 1, 2022 to February 28, 2023)

#### (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 2023	9,037	2.3	3,223	1.3	2,851	1.6	2,849	1.6
Period ended August 2022	8,830	2.0	3,181	(0.1)	2,805	(0.4)	2,804	(0.4)

	Profit per unit	Return on net assets	Ratio of ordinary income to total assets	Ratio of ordinary income to operating revenues
Period ended February 2023	3,580 yen	2.8%	1.4%	31.5%
Period ended August 2022	3,523 yen	2.8%	1.4%	31.8%

#### (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 2023	3,580 yen	2,849 mm yen	— yen	— mm yen	3,580 yen	2,849 mm yen	100.0%	2.8%
Period ended August 2022	3,523 yen	2,804 mm yen	— yen	— mm yen	3,523 yen	2,804 mm yen	100.0%	2.8%

#### (3) Financial condition

	Total assets	Net assets	Ratio of net assets to total assets	Net assets per unit
Period ended February 2023	201,442 mm yen	101,788 mm yen	50.5%	127,875 yen
Period ended August 2022	201,223 mm yen	101,743 mm yen	50.6%	127,818 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 2023	4,688 mm yen	(117) mm yen	(2,803) mm yen	10,255 mm yen
Period ended August 2022	4,712 mm yen	(5,498) mm yen	(1,314) mm yen	8,488 mm yen

## 2. Forecast of performance for the period ending August 2023 (March 1, 2023 to August 31, 2023) and the period ending February 2024 (September 1, 2023 to February 29, 2024)

(% 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 2023	9,200	1.8	3,253	0.9	2,866	0.6	2,865	0.5	3,600 yen	— yen
Period ending February 2024	9,280	0.9	3,323	2.2	2,866	—	2,865	—	3,600 yen	— yen

(Reference) Forecast profit per unit: Period ending August 2023 3,600 yen  
Forecast profit per unit: Period ending February 2024 3,600 yen

## 3. Others

- (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 2023 796,000 units
    - As of August 2022 796,000 units
  - (ii) Treasury investment units at end of period:
    - As of February 2023 0 unit
    - As of August 2022 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 2023 (March 1, 2023 to August 31, 2023) and the period ending February 2024 (September 1, 2023 to February 29, 2024)" 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 comprising retail properties and an office building, and manages a total of 33 properties comprising 11 Retail, 11 Office buildings (including land with leasehold interest for an office building) and 11 Others as of the end of the 37th fiscal period (February 28, 2023).

#### (b) Investment environment and portfolio performance

During the fiscal period under review (the 37th fiscal period), the Japanese economy showed a mild pickup trend despite weakness seen in some areas. Although COVID-19 still casts an impact, the economy is expected to keep improving due in part to the effects of various political measures. However, with monetary tightening and other measures continuing globally, a downturn in overseas economies poses a risk of placing downward pressure on the domestic economy. In addition, full attention should be paid to the impacts of rising prices, restrictions on the supply side and changes in the financial and capital markets, etc.

In the Fukuoka and Kyushu area, the core investment target area for FRC, the economy has picked up, with the employment situation improving moderately despite production activities remaining flat. As we foresee, we must be fully wary of rising raw materials and other prices, overseas financial and economic trends, COVID-19 situations and the restrictions on the supply side.

As for land price trends, according to the 2023 Land Market Value Publication, the combined average price for residential and commercial land as well as residential land price and commercial land price increased for the second consecutive year, respectively, on a national basis. Meanwhile, in Fukuoka City, the central area of FRC's investment targets, land prices rose 10.6% year-on-year for commercial land and 8.0% year-on-year for residential land.

Under such circumstances, FRC's portfolio achieved solid performance across all asset types. Among them, Canal City Hakata, a city-center retail property, in particular is on a recovery track as the impact of COVID-19 has faded and the movement of people has resumed driven by tourism demand and other factors.

In the 37th fiscal period, FRC conducted disposition of Kurume Higashi Kushiwara SC (15% co-ownership interest) on February 28, 2023.

When analyzing FRC's portfolio (on an acquisition price basis) as of the end of the 37th fiscal period by investment target area, the investment ratio in the Fukuoka metropolitan area accounted for 77.2%; when analyzing by property type, Retail, Office buildings, and Others accounted for 53.0%, 33.0% and 14.0%, respectively.

Fukuoka Realty Co., Ltd. to which FRC entrusts its asset management (the Asset Manager) has established the Sustainability Policy and Regulations Concerning Sustainability Management to promote sustainability through environmental, social and governance (ESG) considerations. In the 37th fiscal period, FRC has been newly granted certification of the CASBEE for Building Certification for two of its owned properties. In terms of external certifications, FRC has acquired either DBJ Green Building Certification, CASBEE for Building Certification or BELS Evaluation for 80.0% of its portfolio properties on a total floor space basis.

#### (c) Summary of fundraising

The balance of FRC's interest-bearing debt outstanding (including investment corporation bonds) at the end of the 37th fiscal period totaled 83,900 mm yen. The loan-to-value ratio (ratio of interest-bearing debt (including investment corporation bonds) to total assets) was 41.6% and the ratio of fixed-interest rate debt (ratio of fixed-interest rate debt (including investment corporation bonds) to total interest-bearing debt) stood at 93.4% at the end of the 37th fiscal period. 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. FRC will continue its endeavors to reduce refinancing risks by dispersing debt repayment dates and other measures. At the same time, FRC will investigate mitigating the possible increase in financing costs in accordance with higher interest rates going forward, including review of the ratio of fixed-interest rate debt.

Moreover, the credit ratings assigned to FRC as of the end of the 37th 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 9,037 mm yen and operating income after excluding operating expenses such as expenses related to leasing business and asset management fees totaled 3,223 mm yen. Ordinary income was 2,851 mm yen and profit amounted to 2,849 mm yen. Management decided to make a dividend of 3,580 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 metropolitan area since the Fukuoka metropolitan area is expected to have a high population growth rate in the future. In addition to the Fukuoka metropolitan 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 including its sponsors 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:

No relevant items.

(Reference information)

Acquisition of Asset

On March 28, 2023, FRC acquired the following real estate.

Type of asset acquired:	Real estate
Property name:	Kumamoto East Front Building
Use:	Office building
Location:	1-5-15, Shinyashiki, Chuo Ward, Kumamoto City and 2 other lots
Seller:	Not disclosed (Note 1)
Acquisition price:	1,450 mm yen (Note 2)
Acquisition date:	March 28, 2023

(Note 1) The seller is a domestic operating company but is not disclosed as no consent to disclosure has been obtained from the seller. Note that the seller does not fall under the category of related parties of FRC or Fukuoka Realty Co., Ltd., the asset management company of FRC.

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

On March 30, 2023, FRC concluded a sales agreement regarding acquisition of real estate trust beneficiary interest.

Type of asset to be acquired:	Real estate trust beneficiary interest (Note 1)
Property name:	Hakata FD Business Center
Use:	Office building
Location:	10 Tsunabamachi, Hakata Ward, Fukuoka City and 13 other lots
Seller:	Fukuoka Jisho Co., Ltd.
Acquisition price (planned):	14,100 mm yen (Note 2)
Acquisition date (planned):	September 1, 2023

(Note 1) Although the asset to be acquired is actual real estate as of the contract date, the seller plans to place 77% co-ownership interest in the property's building it owns and the land it owns (part of the building's leasehold land; so-called “partial ownership”) in a trust for the trustee by the acquisition date (planned), and FRC plans to acquire the beneficiary interest in said trust.

(Note 2) 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 3) 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.

On March 31, 2023, FRC concluded a sales agreement regarding acquisition of real estate trust beneficiary interest.

Type of asset to be acquired:	Real estate trust beneficiary interest (Note 1)
Property name:	Axion Befu-Ekimae Premium
Use:	Residence
Location:	3-296-1, Befu, Jonan Ward, Fukuoka City and 2 other lots
Seller:	Shibata Industry Co., Ltd.
Acquisition price (planned):	1,525 mm yen (Note 2)
Acquisition date (planned):	April 27, 2023

(Note 1) Although the asset to be acquired is actual real estate as of the contract date, the seller plans to place the property in a trust for the trustee by the acquisition date (planned), and FRC plans to acquire the beneficiary interest in said trust.

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

(c) Performance forecast for the next fiscal period

FRC aims to achieve the following performance goals for the period ending August 2023 (March 1, 2023 to August 31, 2023) and the period ending February 2024 (September 1, 2023 to February 29, 2024). Concerning preconditions for the relevant performance forecast, please refer to “Preconditions for the performance forecast for the period ending August 2023 (March 1, 2023 to August 31, 2023) and the period ending February 2024 (September 1, 2023 to February 29, 2024)” on page 4.

	Period ending August 2023	Period ending February 2024
Operating revenues	9,200 mm yen	9,280 mm yen
Operating income	3,253 mm yen	3,323 mm yen
Ordinary income	2,866 mm yen	2,866 mm yen
Profit	2,865 mm yen	2,865 mm yen
Dividend per unit	3,600 yen	3,600 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 2023 (March 1, 2023 to August 31, 2023) and the period ending February 2024 (September 1, 2023 to February 29, 2024)

Item	Preconditions
Calculation period	38th fiscal period: March 1, 2023 to August 31, 2023 (184 days) 39th fiscal period: September 1, 2023 to February 29, 2024 (182 days)
Assets under management	<ul style="list-style-type: none"> <li>It is assumed that, on top of the 33 properties FRC owns as of February 28, 2023, FRC will acquire Kumamoto East Front Building on March 28, 2023 and Axion Befu-Ekimae Premium on April 27, 2023 for the 38th fiscal period, and will acquire Hakata FD Business Center on September 1, 2023 for the 39th fiscal period.</li> <li>FRC assumes that it will dispose part of Kurume Higashi Kushiwara SC in the 38th and 39th fiscal periods.</li> <li>In practice, the number may fluctuate due to changes in assets under management.</li> </ul>
Total number of investment units outstanding	<ul style="list-style-type: none"> <li>It is assumed that there will be no issuance of new investment units until February 29, 2024.</li> </ul>
Interest-bearing debt and refinancing	<ul style="list-style-type: none"> <li>The balance of interest-bearing debt outstanding at the end of the 38th fiscal period (August 31, 2023) is expected to total 86,850 mm yen. The loan-to-value ratio (interest-bearing debt / total assets × 100) is expected to stand at around 42.6% (as of February 28, 2023, the loan-to-value ratio stands at 41.6%).</li> <li>The balance of interest-bearing debt outstanding at the end of the 39th fiscal period (February 29, 2024) is expected to total 98,850 mm yen. The loan-to-value ratio (interest-bearing debt / total assets × 100) is expected to stand at around 45.7%.</li> </ul>
Operating revenues	<ul style="list-style-type: none"> <li>Of leasing revenues – real estate, revenues from properties FRC has already acquired are calculated based on tenancy agreements that are valid as of April 14, 2023, by taking into account the competitiveness of the properties and the market environment, etc.</li> <li>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.</li> <li>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.</li> </ul>
Operating expenses	<ul style="list-style-type: none"> <li>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.</li> <li>FRC writes off estimated repair costs expected to be required for buildings for the calculation periods (the 38th and 39th 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.</li> <li>Concerning outsourcing expenses, FRC anticipates 1,757 mm yen for the 38th fiscal period and 1,782 mm yen for the 39th fiscal period.</li> <li>Concerning taxes and other public charges, FRC anticipates 755 mm yen for the 38th fiscal period and 752 mm yen for the 39th fiscal period.</li> <li>Concerning depreciation and amortization expenses, FRC anticipates 1,536 mm yen for the 38th fiscal period and 1,612 mm yen for the 39th fiscal period.</li> </ul>
Non-operating expenses	<ul style="list-style-type: none"> <li>Concerning interest expenses (including interest expenses on investment corporation bonds) and expenses related to financing, FRC anticipates 385 mm yen for the 38th fiscal period and 455 mm yen for the 39th fiscal period.</li> </ul>
Dividend per unit	<ul style="list-style-type: none"> <li>Dividend (dividend per unit) is calculated based on the dividend policy stipulated in FRC's Articles of Incorporation.</li> <li>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.</li> </ul>
Dividend in excess of earnings per unit	<ul style="list-style-type: none"> <li>Dividend in excess of earnings (dividend in excess of earnings per unit) is not planned at the moment.</li> </ul>
Others	<ul style="list-style-type: none"> <li>It is assumed that there will be no revisions to laws and regulations, the tax system, and accounting standards that may influence the forecast figures.</li> <li>It is also assumed that there will be no significant unexpected changes in general economic conditions and the real estate market.</li> </ul>

## 2. Financial Statements

## (1) Balance sheet

(thousands of yen)

	36th fiscal period (as of August 31, 2022)		37th fiscal period (as of February 28, 2023)	
<b>Assets</b>				
<b>Current assets</b>				
Cash and deposits		4,203,346		6,069,891
Cash and deposits in trust		4,335,931		4,236,159
Operating accounts receivable		788,376		738,177
Prepaid expenses		227,634		270,539
Consumption taxes receivable		124,948		—
Others		10,223		16,961
<b>Total current assets</b>		9,690,462		11,331,729
<b>Non-current assets</b>				
<b>Property, plant and equipment</b>				
Buildings	1,171,821		1,181,091	
Accumulated depreciation	(53,781)	1,118,039	(68,543)	1,112,547
Structures	20,698		20,698	
Accumulated depreciation	(709)	19,988	(903)	19,795
Tools and fixtures	1,571		1,571	
Accumulated depreciation	(430)	1,140	(547)	1,023
Lands		989,124		989,124
Buildings in trust	104,797,631		104,967,252	
Accumulated depreciation	(38,070,850)	66,726,781	(39,379,429)	65,587,822
Structures in trust	1,976,251		1,974,987	
Accumulated depreciation	(907,404)	1,068,847	(931,405)	1,043,582
Machinery and equipment in trust	1,483,511		1,490,515	
Accumulated depreciation	(745,401)	738,110	(781,851)	708,664
Vehicles and transport equipment in trust	626		626	
Accumulated depreciation	(594)	31	(594)	31
Tools and fixtures in trust	1,473,642		1,489,296	
Accumulated depreciation	(1,241,477)	232,165	(1,257,920)	231,375
Lands in trust		113,715,265		113,501,599
Construction in progress in trust		7,932		8,217
<b>Total property, plant and equipment</b>		184,617,427		183,203,784
<b>Intangible assets</b>				
Leasehold right in trust		5,545,883		5,545,883
Other intangible assets in trust		8,315		5,421
<b>Total intangible assets</b>		5,554,198		5,551,305
<b>Investment and other assets</b>				
Deferred tax assets		13		19
Lease and guarantee deposits		10,000		10,000
Lease and guarantee deposits in trust		327,135		327,135
Long-term prepaid expenses		997,950		994,175
<b>Total investment and other assets</b>		1,335,099		1,331,330
<b>Total non-current assets</b>		191,506,725		190,086,419
<b>Deferred assets</b>				
Investment corporation bond issuance expenses		26,664		24,676
<b>Total deferred assets</b>		26,664		24,676
<b>Total assets</b>		201,223,852		201,442,825

(thousands of yen)

	36th fiscal period (as of August 31, 2022)		37th fiscal period (as of February 28, 2023)	
<b>Liabilities</b>				
<b>Current liabilities</b>				
Operating accounts payable		661,770		662,491
Current maturities of investment corporation bonds		—		2,000,000
Current maturities of long-term debt		5,900,000		10,400,000
Accounts payable-other		16,275		21,315
Accrued expenses		421,792		422,685
Income taxes payable		962		1,079
Accrued consumption taxes		—		366,970
Advances received		1,084,850		1,068,121
Deposits received		1,026,223		924,435
<b>Total current liabilities</b>		<b>9,111,875</b>		<b>15,867,098</b>
<b>Non-current liabilities</b>				
Investment corporation bonds		5,000,000		3,000,000
Long-term debt		73,000,000		68,500,000
Tenant leasehold and security deposits		741,017		758,476
Tenant leasehold and security deposits received in trust		11,627,634		11,528,307
<b>Total non-current liabilities</b>		<b>90,368,652</b>		<b>83,786,783</b>
<b>Total liabilities</b>		<b>99,480,527</b>		<b>99,653,881</b>
<b>Net assets</b>				
Unitholders' equity				
Unitholders' capital		98,938,764		98,938,764
Surplus				
Unappropriated surplus		2,804,559		2,850,179
<b>Total surplus</b>		<b>2,804,559</b>		<b>2,850,179</b>
<b>Total unitholders' equity</b>		<b>101,743,324</b>		<b>101,788,943</b>
<b>Total net assets</b>		<b>101,743,324</b>		<b>101,788,943</b>
<b>Total liabilities and net assets</b>		<b>201,223,852</b>		<b>201,442,825</b>



## (2) Statement of income

(thousands of yen)

	36th fiscal period (March 1, 2022 to August 31, 2022)		37th fiscal period (September 1, 2022 to February 28, 2023)	
Operating revenues				
Leasing revenues – real estate	*1 8,160,720		*1 8,233,996	
Other leasing revenues – real estate	*1 669,929		*1 687,929	
Gain on sales of real estate	—	8,830,650	*2 115,438	9,037,365
Operating expenses				
Expenses related to leasing business	*1, *3 4,974,312		*1, *3 5,147,017	
Asset management fees	534,574		534,370	
Asset custody fees	7,514		7,483	
Administrative service fees	60,087		57,648	
Director's compensations	6,600		3,600	
Other operating expenses	65,669	5,648,758	63,584	5,813,704
Operating income		3,181,891		3,223,660
Non-operating revenues				
Interest received	40		44	
Others	1,191	1,231	991	1,035
Non-operating expenses				
Interest expenses	249,567		245,360	
Interest expenses on investment corporation bonds	29,200		29,200	
Amortization of investment corporation bond issuance expenses	1,172		1,988	
Financing related expenses	97,744		97,103	
Others	37	377,722	37	373,688
Ordinary income		2,805,401		2,851,007
Profit before income taxes		2,805,401		2,851,007
Income taxes-current	968		1,085	
Income taxes-deferred	38	1,007	(5)	1,080
Profit		2,804,394		2,849,927
Surplus brought forward		165		251
Unappropriated surplus		2,804,559		2,850,179

## (3) Statement of changes in net assets

36th fiscal period (March 1, 2022 to August 31, 2022)

(thousands of yen)

	Unitholders' Equity			Total net assets
	Unitholders' capital	Surplus		
		Unappropriated surplus		
Balance as of March 1, 2022	98,938,764	2,814,821	101,753,586	101,753,586
Changes in the current fiscal period				
Dividend of surplus		(2,814,656)	(2,814,656)	(2,814,656)
Profit		2,804,394	2,804,394	2,804,394
Total of changes in the current fiscal period	—	(10,261)	(10,261)	(10,261)
Balance as of August 31, 2022	98,938,764	2,804,559	101,743,324	101,743,324

37th fiscal period (September 1, 2022 to February 28, 2023)

(thousands of yen)

	Unitholders' Equity			Total net assets
	Unitholders' capital	Surplus		
		Unappropriated surplus		
Balance as of September 1, 2022	98,938,764	2,804,559	101,743,324	101,743,324
Changes in the current fiscal period				
Dividend of surplus		(2,804,308)	(2,804,308)	(2,804,308)
Profit		2,849,927	2,849,927	2,849,927
Total of changes in the current fiscal period	—	45,619	45,619	45,619
Balance as of February 28, 2023	98,938,764	2,850,179	101,788,943	101,788,943

## (4) Dividend statement

Item	36th fiscal period (March 1, 2022 to August 31, 2022)	37th fiscal period (September 1, 2022 to February 28, 2023)
I. Unappropriated surplus	2,804,559 thousand yen	2,850,179 thousand yen
II. Total dividend	2,804,308 thousand yen	2,849,680 thousand yen
[Dividend per investment unit]	[3,523 yen]	[3,580 yen]
III. Surplus brought forward	251 thousand yen	499 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 2,804,308 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 2,849,680 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

	(thousands of yen)	
	36th fiscal period (March 1, 2022 to August 31, 2022)	37th fiscal period (September 1, 2022 to February 28, 2023)
Net cash provided by (used in) operating activities		
Profit before income taxes	2,805,401	2,851,007
Depreciation and amortization expenses	1,514,524	1,499,723
Amortization of investment corporation bond issuance expenses	1,172	1,988
Interest received	(40)	(44)
Interest expenses	278,767	274,560
Gain on sales of real estate	—	(115,438)
Decrease (increase) in operating accounts receivables	(176,146)	50,199
Decrease (increase) in consumption taxes refund receivable	92,727	124,948
Increase (decrease) in accrued consumption taxes	—	366,970
Increase (decrease) in operating accounts payable	73,784	59,030
Increase (decrease) in accounts payable-other	(6,115)	4,919
Increase (decrease) in accrued expenses	4,057	3,459
Increase (decrease) in advances received	77,805	(16,729)
Increase (decrease) in deposits expenses	329,077	(101,788)
Decrease (increase) in prepaid expenses	26,658	(42,905)
Decrease (increase) in long-term prepaid expenses	(32,961)	3,774
Others, net	1,417	2,479
Subtotal	4,990,132	4,966,156
Interest income received	40	44
Interest expenses paid	(275,746)	(277,126)
Income taxes paid	(1,665)	(969)
Net cash provided by (used in) operating activities	4,712,760	4,688,104
Net cash provided by (used in) investment activities		
Purchase of property, plant and equipment	(493)	—
Proceeds from sale of property, plant and equipment in trust	—	407,974
Purchase of property, plant and equipment in trust	(5,911,512)	(443,750)
Proceeds from tenant leasehold and security deposits	290,149	142,690
Repayments of tenant leasehold and security deposits	(90)	(125,232)
Proceeds from tenant leasehold and security deposits in trust	309,878	55,365
Repayments of tenant leasehold and security deposits in trust	(183,714)	(154,691)
Proceeds from restricted trust deposits	3,634	6,387
Payments for restricted trust deposits	(6,099)	(6,347)
Net cash provided by (used in) investment activities	(5,498,246)	(117,604)
Net cash provided by (used in) financial activities		
Proceeds from short-term debt	4,000,000	—
Repayments of short-term debt	(4,000,000)	—
Proceeds from long-term debt	7,500,000	—
Repayments of long-term debt	(6,000,000)	—
Dividends paid	(2,814,517)	(2,803,686)
Net cash provided by (used in) financial activities	(1,314,517)	(2,803,686)
Net increase (decrease) in cash and cash equivalents	(2,100,003)	1,766,813
Balance of cash and cash equivalents at beginning of period	10,588,484	8,488,481
Balance of cash and cash equivalents at end of period	8,488,481	10,255,294

## (6) Notes on the going concern assumption

No relevant items.

## (7) Significant accounting policies

Disclosure is omitted, since there are no significant changes from contents disclosed by the latest securities report (submitted on November 28, 2022).

## (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, revenue recognition, 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)			
	36th fiscal period (March 1, 2022 to August 31, 2022)		37th fiscal period (September 1, 2022 to February 28, 2023)	
<b>A. Real estate leasing business revenues</b>				
Leasing revenues – real estate				
Rents	6,784,821		6,864,849	
Common charges	934,731		917,441	
Parking revenues	441,168	8,160,720	451,706	8,233,996
Other leasing revenues – real estate				
Incidental income	649,178		650,853	
Other miscellaneous income	20,750	669,929	37,076	687,929
<b>Total real estate leasing business revenues</b>		<b>8,830,650</b>		<b>8,921,926</b>
<b>B. Expenses related to real estate leasing business</b>				
Expenses related to leasing business				
Outsourcing fees	1,740,908		1,746,745	
Repair and maintenance expenses	119,524		266,909	
Taxes and other public charges	719,695		719,446	
Insurance premiums and trust compensation	42,669		41,241	
Utilities expenses	544,853		579,433	
Depreciation and amortization expenses	1,514,524		1,499,723	
Other expenses related to real estate leasing business	292,136	4,974,312	293,516	5,147,017
<b>Total expenses related to real estate leasing business</b>		<b>4,974,312</b>		<b>5,147,017</b>
<b>C. Revenues and expenses related to real estate leasing business (A - B)</b>		<b>3,856,337</b>		<b>3,774,909</b>

## \*2. Breakdown of gain on sales of real estate

36th fiscal period (March 1, 2022 to August 31, 2022)

Not applicable.

37th fiscal period (September 1, 2022 to February 28, 2023)

Kurume Higashi Kushiwara SC (15% co-ownership interest)

	(thousands of yen)
Proceeds from sales of real estate	411,000
Costs of sale of real estate	292,535
Other selling expenses	3,025
<b>Gain on sales of real estate</b>	<b>115,438</b>

## \*3. Transactions with affiliated companies

(thousands of yen)

	36th fiscal period (March 1, 2022 to August 31, 2022)	37th fiscal period (September 1, 2022 to February 28, 2023)
Expenses related to real estate leasing business	839,311	909,403

## (Per unit information)

	36th fiscal period (March 1, 2022 to August 31, 2022)	37th fiscal period (September 1, 2022 to February 28, 2023)
Net assets per investment unit:	127,818 yen	Net assets per investment unit: 127,875 yen
Profit per investment unit:	3,523 yen	Profit per investment unit: 3,580 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.

	36th fiscal period (March 1, 2022 to August 31, 2022)	37th fiscal period (September 1, 2022 to February 28, 2023)
Profit (thousands of yen)	2,804,394	2,849,927
Amount not attributable to common unitholders (thousands of yen)	—	—
Profit attributable to common investment units (thousands of yen)	2,804,394	2,849,927
Average number of investment units during the fiscal period (units)	796,000	796,000

## (Significant subsequent events)

No relevant items.

## (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, 2023)

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 metropolitan area	—	—
		Other Kyushu areas	—	—
	Office buildings	Fukuoka metropolitan area	—	—
		Other Kyushu areas	—	—
	Others	Fukuoka metropolitan area	—	—
		Other Kyushu areas	2,122	1.1
Subtotal			2,122	1.1
Real estate in trust	Retail	Fukuoka metropolitan area	66,373	32.9
		Other Kyushu areas	36,522	18.1
	Office buildings	Fukuoka metropolitan area	59,021	29.3
		Other Kyushu areas	—	—
	Others	Fukuoka metropolitan area	19,535	9.7
		Other Kyushu areas	5,171	2.6
Subtotal			186,624	92.6
Deposits and other assets			12,695	6.3
Total amount of assets (Note 4)			201,442 [188,755]	100.0 [93.7]

Note 1: "Fukuoka metropolitan 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 2020 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 metropolitan 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, 2023)

	Value on balance sheet (mm of yen)	Percentage of total amount of assets (%)
Total liabilities	99,653	49.5
Total net assets	101,788	50.5

## 2) Investment assets

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

(as of February 28, 2023)

Real estate property name	Acquisition price (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	29,624	29,500	15.5	Tanizawa Sogo Appraisal Co., Ltd.
Canal City Hakata・B	21,060	20,535	21,800	10.2	Tanizawa Sogo Appraisal Co., Ltd.
Park Place Oita	19,610	20,398	20,500	9.5	Japan Real Estate Institute
SunLive City Kokura	6,633	5,497	8,530	3.2	Japan Real Estate Institute
Konoha Mall Hashimoto	10,000	9,934	10,100	4.9	Tanizawa Sogo Appraisal Co., Ltd.
Square Mall Kagoshima Usuki	5,300	4,217	4,710	2.6	Japan Real Estate Institute
Kumamoto Intercommunity SC	2,400	1,910	2,790	1.2	Japan Real Estate Institute
Hanahata SC	1,130	945	1,200	0.5	Tanizawa Sogo Appraisal Co., Ltd.
Kurume Higashi Kushiwara SC (Note 4)	2,125	1,657	2,337	1.0	Tanizawa Sogo Appraisal Co., Ltd.
K's Denki Kagoshima	3,550	2,840	3,490	1.7	Tanizawa Sogo Appraisal Co., Ltd.
Marinoa City Fukuoka (Marina Side Building)	5,250	5,332	5,860	2.5	Tanizawa Sogo Appraisal Co., Ltd.
Retail subtotal:	109,058	102,895	110,817	53.0	
Canal City Business Center Building	14,600	12,630	18,800	7.1	Tanizawa Sogo Appraisal Co., Ltd.
Gofukumachi Business Center	11,200	8,615	15,600	5.4	Tanizawa Sogo Appraisal Co., Ltd.
Sanix Hakata Building	4,400	3,716	6,850	2.1	Japan Real Estate Institute
Taihaku Street Business Center	7,000	5,466	9,830	3.4	Japan Real Estate Institute
Higashi Hie Business Center	5,900	4,314	8,990	2.9	Tanizawa Sogo Appraisal Co., Ltd.
Tenjin Nishi-Dori Center Building	2,600	2,640	3,310	1.3	Japan Real Estate Institute
Tenjin North Front Building	2,800	2,329	4,930	1.4	Japan Real Estate Institute
Higashi Hie Business Center II	4,230	3,861	4,790	2.1	Tanizawa Sogo Appraisal Co., Ltd.
Higashi Hie Business Center III	3,290	3,198	3,450	1.6	Tanizawa Sogo Appraisal Co., Ltd.
Tenjin Nishi-Dori Business Center (Land with leasehold interest)	7,700	7,754	8,500	3.7	Japan Real Estate Institute
Hakata Chikushi-Dori Center Building	4,320	4,491	4,550	2.1	Tanizawa Sogo Appraisal Co., Ltd.
Office buildings subtotal:	68,040	59,021	89,600	33.0	
Amex Akasakamon Tower	2,060	1,588	2,000	1.0	Daiwa Real Estate Appraisal Co., Ltd.
City House Keyaki Dori	1,111	860	1,120	0.5	Daiwa Real Estate Appraisal Co., Ltd.
Aqualia Chihaya	1,280	1,142	2,060	0.6	Japan Real Estate Institute
D-Wing Tower	2,800	2,591	3,940	1.4	Tanizawa Sogo Appraisal Co., Ltd.
Granfore Yakuin Minami	1,100	1,055	1,390	0.5	Tanizawa Sogo Appraisal Co., Ltd.
Hotel FORZA Oita	1,530	1,306	1,900	0.7	Japan Real Estate Institute
Tissage Hotel Naha	2,835	2,739	2,910	1.4	Tanizawa Sogo Appraisal Co., Ltd.
Tosu Logistics Center	1,250	1,125	1,440	0.6	Japan Real Estate Institute
LOGICITY Minato Kashii	8,150	7,645	9,760	4.0	Tanizawa Sogo Appraisal Co., Ltd.
LOGICITY Hisayama	5,050	4,651	5,790	2.5	Tanizawa Sogo Appraisal Co., Ltd.
LOGICITY Wakamiya	1,700	2,122	2,550	0.8	Tanizawa Sogo Appraisal Co., Ltd.
Others subtotal:	28,866	26,830	34,860	14.0	
Total	205,964	188,746	235,277	100.0	



## (Real estate property to be acquired)

Real estate property name	Acquisition price (planned) (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
Island City Minato Bay related site (Land with leasehold interest) (tentative) (Note 5) (Note 6)	8,082	-	8,210	-	Tanizawa Sogo Appraisal Co., Ltd.

Note 1: "Acquisition price" and "Acquisition price (planned)" refer 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 price. The total of individual percentages in the above table may not equal 100%, since the figures are rounded off to one decimal place.

Note 4: The amounts after the disposition of Kurume Higashi Kushiwara SC (15% co-ownership interest) are indicated.

Note 5: The acquisition of the property falls under the category of forward commitment, etc. as provided by the "Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc." set by the Financial Services Agency. As a reservation deposit, FRC paid the amount equivalent to 5% (approximately 4 mm yen) of the purchase price corresponding to its acquisition ratio at the time of applying for purchase to the Fukuoka City Government. If FRC withdraws from the purchase of the property, the deposit shall be used as cancellation penalty.

Note 6: The property is planned for delivery on March 31, 2029 (which may be changed depending on the situation of its foundation enhancement work and other factors).

Note 7: Real estate property to be acquired indicates the property for which contract has been concluded as of the end of the 37th fiscal period.

## (B) Summary of the real estate leasing business

(as of February 28, 2023)

Real estate property name	Number of tenants (Note 1)	Occupancy rate (%) (Note 3)	Total leasable floor space (m <sup>2</sup> )	Total leased floor space (m <sup>2</sup> )	Total leasing revenues (mm of yen) (Note 4)	Percentage of total leasing revenues (%) (Note 5)
Canal City Hakata	1 [23]	81.6	46,585.57	38,020.01	1,011	11.3
Canal City Hakata・B	1 [40]	94.8	31,141.44	29,514.59	958	10.7
Park Place Oita	1 [101]	99.8	121,183.73	120,915.19	1,216	13.6
SunLive City Kokura	1	100.0	61,450.22	61,450.22	293	3.3
Konoha Mall Hashimoto	1 [124]	100.0	22,191.52	22,191.52	844	9.5
Square Mall Kagoshima Usuki	13	100.0	14,602.88	14,602.88	258	2.9
Kumamoto Intercommunity SC	2	100.0	6,968.66	6,968.66	90	1.0
Hanahata SC	2	100.0	2,801.15	2,801.15	40	0.5
Kurume Higashi Kushiwara SC (Note 6)	1	100.0	5,497.63	5,497.63	87	1.0
K's Denki Kagoshima	1	100.0	7,296.17	7,296.17	109	1.2
Marinoa City Fukuoka (Marina Side Building)	1	100.0	33,069.82	33,069.82	178	2.0
Retail subtotal:	25 [309] (Note 2)	97.0	352,788.79	342,327.84	5,089	57.0
Canal City Business Center Building	1 [64]	100.0	23,031.14	23,031.14	657	7.4
Gofukumachi Business Center	35	98.6	19,905.34	19,623.35	597	6.7
Sanix Hakata Building	16	100.0	6,293.75	6,293.75	211	2.4
Taihaku Street Business Center	1 [70]	99.1	14,677.35	14,546.48	330	3.7
Higashi Hie Business Center	1 [25]	100.0	13,482.02	13,482.02	313	3.5
Tenjin Nishi-Dori Center Building	1	100.0	3,339.32	3,339.32	86	1.0
Tenjin North Front Building	12	100.0	5,261.64	5,261.64	146	1.6
Higashi Hie Business Center II	2	100.0	6,214.77	6,214.77	165	1.9
Higashi Hie Business Center III	6	100.0	2,981.14	2,981.14	98	1.1
Tenjin Nishi-Dori Business Center (Land with leasehold interest) (Note 7)	1	100.0	1,343.51	1,343.51	159	1.8
Hakata Chikushi-Dori Center Building	1 [13]	86.7	5,994.41	5,194.67	127	1.4
Office buildings subtotal:	77 [245] (Note 2)	98.8	102,524.39	101,311.79	2,894	32.4
Amex Akasakamon Tower	1 [66]	98.3	4,821.25	4,739.04	66	0.7
City House Keyaki Dori	1 [42]	100.0	2,710.86	2,710.86	39	0.4
Aqualia Chihaya	1 [104]	98.9	5,619.69	5,559.96	60	0.7
D-Wing Tower	1 [136]	99.5	7,187.59	7,149.59	115	1.3
Granfore Yakuin Minami	1 [98]	99.0	2,496.06	2,471.10	39	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	40	0.5
Tosu Logistics Center	1	100.0	4,173.29	4,173.29	Undisclosed (Note 8)	Undisclosed (Note 8)
LOGICITY Minato Kashii	2	100.0	43,233.72	43,233.72	Undisclosed (Note 8)	Undisclosed (Note 8)
LOGICITY Hisayama	1	100.0	24,505.65	24,505.65	Undisclosed (Note 8)	Undisclosed (Note 8)
LOGICITY Wakamiya	1	100.0	17,556.32	17,556.32	Undisclosed (Note 8)	Undisclosed (Note 8)
Others subtotal:	12 [453] (Note 2)	99.8	121,848.63	121,643.73	938	10.5
Total	114 [1,007] (Note 2)	97.9	577,161.81	565,283.36	8,921	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 13 offices and 57 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 total 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: FRC disposed Kurume Higashi Kushiwara SC (15% co-ownership interest) on February 28, 2023.
- Note 7: The number of tenants indicates the number of the lessee of the land with leasehold interest. The total leasable floor space indicates the land area recorded in the real estate registry.
- Note 8: 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 37th 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 37th fiscal period and of capital expenditures associated with renovations, etc. planned as of April 14, 2023 for real estate properties owned by FRC. The planned construction costs indicated below may be partly classified as expenses for accounting purposes. 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	Amount paid in the 37th fiscal period	Total amount already paid
Canal City Hakata	Hakata Ward, Fukuoka City	Replacement of facilities and formation of floor sections	From January 2023 to May 2023	406	—	—
Canal City Hakata-B	Hakata Ward, Fukuoka City	Replacement of lighting equipment at parking lots	From May 2023 to July 2023	51	—	—
Canal City Hakata-B	Hakata Ward, Fukuoka City	Replacement of emergency power generators	From July 2022 to April 2023	50	—	—
Park Place Oita	Oita City, Oita	Replacement of air-conditioning units	From March 2023 to May 2023	147	—	—
Park Place Oita	Oita City, Oita	Replacement of water receiving tanks	From September 2023 to November 2023	99	—	—
SunLive City Kokura	Kokura Minami Ward, Kitakyushu City	Renovation of parking lot on the 3rd floor	From May 2023 to August 2023	85	—	—
Taihaku Street Business Center	Hakata Ward, Fukuoka City	Renovation of external walls of the office building	From May 2023 to August 2023	113	—	—
Taihaku Street Business Center	Hakata Ward, Fukuoka City	Renovation of external walls of the residential tower	From October 2023 to February 2024	87	—	—
Taihaku Street Business Center	Hakata Ward, Fukuoka City	Replacement of central monitoring devices and equipment	From June 2023 to January 2024	78	—	—
D-Wing Tower	Chuo Ward, Fukuoka City	Renovation of external walls	From September 2023 to February 2024	114	—	2
Granfore Yakuin Minami	Chuo Ward, Fukuoka City	Renovation of external walls	From January 2023 to May 2023	80	—	1

## 2) Capital expenditures during the 37th fiscal period

Capital expenditures for the real estate properties owned by FRC totaled 385 mm yen in the 37th fiscal period. Furthermore, FRC incurred construction costs of 662 mm yen in total in the period, including 266 mm yen in repair and maintenance expenses classified as expenses on the statement of income and 10 mm yen in expenses for restoration to former state. The following table provides the overview of major construction work that was completed in the 37th fiscal period.

Real estate property name	Location	Purpose	Period	Construction cost (mm of yen)
Canal City Hakata	Hakata Ward, Fukuoka City	Replacement of air-conditioning units	From March 2022 to February 2023	78
Park Place Oita	Oita City, Oita	Environmental presentation with illumination for winter	From October 2022 to December 2022	14
Park Place Oita	Oita City, Oita	Renovation of restrooms for employees	December 2022	13
Sanix Hakata Building	Hakata Ward, Fukuoka City	Replacement of total heat exchangers	From January 2023 to February 2023	12
Higashi Hie Business Center	Hakata Ward, Fukuoka City	Switching to LED lighting in exclusive areas	From September 2022 to December 2022	57
Aqualia Chihaya	Higashi Ward, Fukuoka City	Replacement of disaster prevention facilities and equipment	February 2023	21