

**EARNINGS BRIEFING FOR THE PERIOD ENDED FEBRUARY 2022**

**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.  
**Representative:** Zenji Koike President & CEO  
**Contact:** Keishi Tamura General Manager of Planning Dept.  
 Phone: +81-92-272-3900

Expected date for submitting securities report: May 31, 2022

Expected commencement date of dividend payments: May 18, 2022

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 2022**  
 (September 1, 2021 to February 28, 2022)

**(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 2022	8,658	(2.3)	3,185	(0.6)	2,816	(0.0)	2,814	(0.1)
Period ended August 2021	8,867	(0.4)	3,204	4.7	2,817	5.2	2,816	5.3

	Profit per unit	Return on net assets	Ratio of ordinary income to total assets	Ratio of ordinary income to operating revenues
Period ended February 2022	3,536 yen	2.8%	1.4%	32.5%
Period ended August 2021	3,538 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 2022	3,536 yen	2,814 mm yen	— yen	— mm yen	3,536 yen	2,814 mm yen	100.0%	2.8%
Period ended August 2021	3,539 yen	2,817 mm yen	— yen	— mm yen	3,539 yen	2,817 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 2022	198,745 mm yen	101,753 mm yen	51.2%	127,831 yen
Period ended August 2021	199,804 mm yen	101,755 mm yen	50.9%	127,833 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 2022	3,146 mm yen	(658) mm yen	(2,816) mm yen	10,588 mm yen
Period ended August 2021	4,724 mm yen	(1,425) mm yen	(2,674) mm yen	10,917 mm yen

## 2. Forecast of performance for the period ending August 2022 (March 1, 2022 to August 31, 2022) and the period ending February 2023 (September 1, 2022 to February 28, 2023)

(% 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 ended August 2022	8,807	1.7	3,167	(0.6)	2,787	(1.0)	2,786	(1.0)	3,500 yen	— yen
Period ending February 2023	8,749	(0.7)	3,159	(0.3)	2,787	0.0	2,786	0.0	3,500 yen	— yen

(Reference) Forecast profit per unit: Period ending August 2022 3,500 yen  
Forecast profit per unit: Period ending February 2023 3,500 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.: Yes
- (ii) Changes in accounting policies other than above (i): No
- (iii) Changes in accounting estimates: No
- (iv) Restatement of accounting errors: No

(Note) For details, please refer to "Notes on Changes in Accounting Policies" on page 11.

### (2) Number of investment units outstanding

- (i) Number of investment units outstanding at end of period (including treasury investment units):

As of February 2022 796,000 units  
As of August 2021 796,000 units

- (ii) Treasury investment units at end of period:

As of February 2022 0 unit  
As of August 2021 0 unit

Note: Regarding the number of investment units, a basis for calculating profit per unit, please refer to "Per unit information" on page 13.

#### \* 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 2022 (March 1, 2022 to August 31, 2022) and the period ending February 2023 (September 1, 2022 to February 28, 2023)" on page 3.

## 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 32 properties comprising 11 Retail, 10 Office buildings (including land with leasehold interest for an office building) and 11 Others as of the end of the 35th fiscal period (February 28, 2022).

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

During the fiscal period under review (the 35th fiscal period), the Japanese economy continued to show a pickup trend, although weakness was seen in some areas amid a severe situation still persisting under the impact of the novel coronavirus (COVID-19) infection. As for the outlook, with social and economic activities maintained, the economy is expected to pick up due in part to the effects of various political measures and improvements in overseas economies. Attention should be paid, however, to the impact of restrictions on the supply side, downward risks due to the trends of raw material prices and changes in the financial and capital markets, etc., as well as to the impact of the spread of the infection.

In the Fukuoka and Kyushu area, the core investment target area for FRC, the economy was in a severe situation due to the impact of COVID-19, and supply-and-demand conditions for labor and compensation of employees were both on a weak note. As a whole, however, the economy is on a pick-up trend centering on exports and production. As we foresee, we must be wary of the restrictions under the influence of COVID-19, and the impact of rising raw material prices, etc. on the economic conditions.

As for land price trends, the national average price in combined average for residential and commercial land took an upward turn for the first time in two years, according to the 2022 Land Market Value Publication. In Fukuoka City, the central area of FRC's investment targets, land prices also remained solid, rising at a higher pace. By land type, commercial land price rose for the first time in two years on national average and climbed by 9.4% year-on-year in Fukuoka City, showing a larger rate of increase to become the prefectural government city with the highest rate of increase in Japan for two consecutive years. As for residential land price, it turned to an increase for the first time in two years on national average, bolstered by such factors as improvement in business sentiment, ongoing low-interest environment and political measures to support housing purchase, while rising 6.1% year-on-year in Fukuoka City to show a higher rate of increase.

Under such circumstances, FRC's portfolio achieved solid performance in the asset types of office buildings, logistic facilities, residential properties and retail properties rooted in the spheres of people's daily lives. On the other hand, the impact of COVID-19 continued to linger at Canal City Hakata, a city-center retail property, while hotels remained unable to recover as tourism demand, etc. did not return strongly. As for Hakata Chikushi-Dori Center Building, for which FRC concluded a purchase agreement in the previous fiscal period, the acquisition completed on March 1, 2022, the beginning of the 36th fiscal period.

When analyzing FRC's portfolio (on an acquisition price basis) as of the end of the 35th 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 54.2%, 31.5% and 14.3%, respectively.

On top of these efforts, 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. By setting up the Sustainability Promotion Committee, which comprises President/CEO, full-time directors and general managers of Real Estate Management Department, Investment Department, Finance Department, Planning Department and Compliance Department, 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, 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, concurrently serves as general manager of Sustainability Promotion Office, which 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 35th 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 41.5% 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 35th 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 8,658 mm yen and operating income after excluding operating expenses such as expenses related to leasing business and asset management fees totaled 3,185 mm yen. Ordinary income was 2,816 mm yen and profit amounted to 2,814 mm yen. Management decided to make a dividend of 3,536 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 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.

## (c) Performance forecast for the next fiscal period

FRC aims to achieve the following performance goals for the period ending August 2022 (March 1, 2022 to August 31, 2022) and the period ending February 2023 (September 1, 2022 to February 28, 2023). Concerning preconditions for the relevant performance forecast, please refer to "Preconditions for the performance forecast for the period ending August 2022 (March 1, 2022 to August 31, 2022) and the period ending February 2023 (September 1, 2022 to February 28, 2023)" on page 3.

	Period ending August 2022	Period ending February 2023
Operating revenues	8,807 mm yen	8,749 mm yen
Operating income	3,167 mm yen	3,159 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 2022 (March 1, 2022 to August 31, 2022) and the period ending February 2023 (September 1, 2022 to February 28, 2023)

Item	Preconditions
Calculation period	36th fiscal period: March 1, 2022 to August 31, 2022 (184 days) 37th fiscal period: September 1, 2022 to February 28, 2023 (181 days)
Assets under management	<ul style="list-style-type: none"> <li>It is assumed that there will be 33 properties comprising the 32 properties FRC owns as of February 28, 2022, plus Hakata Chikushi-Dori Center Building, which FRC acquired on March 1, 2022.</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 28, 2023.</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 36th fiscal period (August 31, 2022) is expected to total 83,900 mm yen. The loan-to-value ratio (interest-bearing debt / total assets × 100) is expected to stand at around 42.2% (as of February 28, 2022, the loan-to-value ratio stands at 41.5%).</li> <li>The balance of interest-bearing debt outstanding at the end of the 37th fiscal period (February 28, 2023) is expected to total 83,900 mm yen. The loan-to-value ratio (interest-bearing debt / total assets × 100) is expected to stand at around 42.2%.</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, 2022, 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> <li>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 36th and 37th 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 37th fiscal period. However, actual sales may fluctuate depending on when the COVID-19 pandemic is contained.</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 36th and 37th 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 1,747 mm yen for the 36th fiscal period and 1,752 mm yen for the 37th fiscal period.</li> <li>Concerning taxes and other public charges, FRC anticipates 723 mm yen for the 36th fiscal period and 723 mm yen for the 37th fiscal period.</li> <li>Concerning depreciation and amortization expenses, FRC anticipates 1,519 mm yen for the 36th fiscal period and 1,512 mm yen for the 37th 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 378 mm yen for the 36th fiscal period and 370 mm yen for the 37th 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> <li>Dividend per unit may fluctuate depending on when the spread of COVID-19 will actually be contained.</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 significant 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)

	34th fiscal period (as of August 31, 2021)		35th fiscal period (as of February 28, 2022)	
<b>Assets</b>				
<b>Current assets</b>				
Cash and deposits		6,948,985		6,860,969
Cash and deposits in trust		4,015,688		3,775,847
Operating accounts receivable		593,014		612,230
Prepaid expenses		272,674		254,292
Consumption taxes receivable		—		217,676
Others		2,891		15,550
<b>Total current assets</b>		11,833,253		11,736,566
<b>Non-current assets</b>				
<b>Property, plant and equipment</b>				
Buildings	1,167,104		1,171,821	
Accumulated depreciation	(24,360)	1,142,744	(39,043)	1,132,777
Structures	20,698		20,698	
Accumulated depreciation	(322)	20,376	(516)	20,182
Tools and fixtures	1,571		1,571	
Accumulated depreciation	(195)	1,375	(312)	1,258
Lands		989,124		989,124
Buildings in trust	101,200,889		101,745,620	
Accumulated depreciation	(35,296,331)	65,904,558	(36,671,427)	65,074,192
Structures in trust	1,933,215		1,939,630	
Accumulated depreciation	(856,694)	1,076,521	(884,785)	1,054,845
Machinery and equipment in trust	1,459,851		1,461,684	
Accumulated depreciation	(668,138)	791,713	(707,143)	754,541
Vehicles and transport equipment in trust	626		626	
Accumulated depreciation	(594)	31	(594)	31
Tools and fixtures in trust	1,428,616		1,443,100	
Accumulated depreciation	(1,201,413)	227,203	(1,222,570)	220,530
Lands in trust		110,373,363		110,373,363
Construction in progress in trust		480,002		500,610
<b>Total property, plant and equipment</b>		181,007,013		180,121,458
<b>Intangible assets</b>				
Leasehold right in trust		5,545,883		5,545,883
Other intangible assets in trust		15,584		11,234
<b>Total intangible assets</b>		5,561,467		5,557,117
<b>Investment and other assets</b>				
Deferred tax assets		13		52
Lease and guarantee deposits		10,000		10,000
Lease and guarantee deposits in trust		327,135		327,135
Long-term prepaid expenses		1,036,131		964,988
<b>Total investment and other assets</b>		1,373,280		1,302,176
<b>Total non-current assets</b>		187,941,761		186,980,752
<b>Deferred assets</b>				
Investment corporation bond issuance expenses		29,938		27,836
<b>Total deferred assets</b>		29,938		27,836
<b>Total assets</b>		199,804,953		198,745,156

(thousands of yen)

	34th fiscal period (as of August 31, 2021)		35th fiscal period (as of February 28, 2022)	
<b>Liabilities</b>				
<b>Current liabilities</b>				
Operating accounts payable		452,735		495,811
Current maturities of long-term debt		6,000,000		6,000,000
Accounts payable-other		17,146		22,767
Accrued expenses		420,218		414,713
Income taxes payable		944		1,659
Accrued consumption taxes		705,556		—
Advances received		1,057,228		1,007,044
Deposits received		912,833		697,145
<b>Total current liabilities</b>		9,566,664		8,639,141
<b>Non-current liabilities</b>				
Investment corporation bonds		5,000,000		5,000,000
Long-term debt		71,400,000		71,400,000
Tenant leasehold and security deposits		450,811		450,958
Tenant leasehold and security deposits received in trust		11,631,661		11,501,470
<b>Total non-current liabilities</b>		88,482,473		88,352,428
<b>Total liabilities</b>		98,049,137		96,991,569
<b>Net assets</b>				
<b>Unitholders' equity</b>				
Unitholders' capital		98,938,764		98,938,764
<b>Surplus</b>				
Unappropriated surplus		2,817,051		2,814,821
<b>Total surplus</b>		2,817,051		2,814,821
<b>Total unitholders' equity</b>		101,755,815		101,753,586
<b>Total net assets</b>		101,755,815		101,753,586
<b>Total liabilities and net assets</b>		199,804,953		198,745,156

## (2) Statement of income

(thousands of yen)

	34th fiscal period (March 1, 2021 to August 31, 2021)		35th fiscal period (September 1, 2021 to February 28, 2022)	
Operating revenues				
Leasing revenues – real estate	*1 8,157,755		*1 8,040,738	
Other leasing revenues – real estate	*1 605,165		*1 618,096	
Gain on sales of real estate	*2 104,254	8,867,174	—	8,658,835
Operating expenses				
Expenses related to leasing business	*1, *3 4,978,758		*1, *3 4,810,362	
Asset management fees	531,986		526,058	
Asset custody fees	7,544		7,431	
Administrative service fees	58,810		57,769	
Director's compensations	9,600		9,600	
Other operating expenses	75,780	5,662,481	61,771	5,472,993
Operating income		3,204,693		3,185,841
Non-operating revenues				
Interest received	54		55	
Others	504	559	567	623
Non-operating expenses				
Interest expenses	257,612		242,524	
Interest expenses on investment corporation bonds	29,200		29,200	
Amortization of investment corporation bond issuance expenses	2,102		2,102	
Financing related expenses	98,492		96,157	
Others	39	387,447	37	370,022
Ordinary income		2,817,806		2,816,442
Profit before income taxes		2,817,806		2,816,442
Income taxes-current	952		1,667	
Income taxes-deferred	50	1,003	(39)	1,628
Profit		2,816,802		2,814,814
Surplus brought forward		248		7
Unappropriated surplus		2,817,051		2,814,821



## (3) Statement of changes in net assets

34th fiscal period (March 1, 2021 to August 31, 2021)

(thousands of yen)

	Unitholders' Equity			Total net assets
	Unitholders' capital	Surplus		
		Unappropriated surplus		
Balance as of March 1, 2021	98,938,764	2,675,604		101,614,369
Changes in the current fiscal period				
Dividend of surplus		(2,675,356)		(2,675,356)
Profit		2,816,802		2,816,802
Total of changes in the current fiscal period	—	141,446		141,446
Balance as of August 31, 2021	98,938,764	2,817,051		101,755,815

35th fiscal period (September 1, 2021 to February 28, 2022)

(thousands of yen)

	Unitholders' Equity			Total net assets
	Unitholders' capital	Surplus		
		Unappropriated surplus		
Balance as of September 1, 2021	98,938,764	2,817,051		101,755,815
Changes in the current fiscal period				
Dividend of surplus		(2,817,044)		(2,817,044)
Profit		2,814,814		2,814,814
Total of changes in the current fiscal period	—	(2,229)		(2,229)
Balance as of February 28, 2022	98,938,764	2,814,821		101,753,586

## (4) Dividend statement

Item	34th fiscal period (March 1, 2021 to August 31, 2021)	35th fiscal period (September 1, 2021 to February 28, 2022)
I. Unappropriated surplus	2,817,051 thousand yen	2,814,821 thousand yen
II. Total dividend [Dividend per investment unit]	2,817,044 thousand yen [3,539 yen]	2,814,656 thousand yen [3,536 yen]
III. Surplus brought forward	7 thousand yen	165 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 2,817,044 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 2,814,656 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)	
	34th fiscal period (March 1, 2021 to August 31, 2021)	35th fiscal period (September 1, 2021 to February 28, 2022)
Net cash provided by (used in) operating activities		
Profit before income taxes	2,817,806	2,816,442
Depreciation and amortization expenses	1,552,759	1,486,407
Amortization of investment corporation bond issuance expenses	2,102	2,102
Interest received	(54)	(55)
Interest expenses	286,812	271,724
Gain on sales of real estate	(104,254)	—
Decrease (increase) in operating accounts receivables	(64,306)	(19,216)
Decrease (increase) in consumption taxes refund receivable	—	(217,676)
Increase (decrease) in accrued consumption taxes	388,975	(705,556)
Increase (decrease) in operating accounts payable	19,627	(29,962)
Increase (decrease) in accounts payable-other	(6,134)	5,577
Increase (decrease) in accrued expenses	3,749	(3,258)
Increase (decrease) in advances received	(31,695)	(50,183)
Increase (decrease) in deposits expenses	118,880	(215,687)
Decrease (increase) in prepaid expenses	14,511	18,381
Decrease (increase) in long-term prepaid expenses	6,812	71,142
Others, net	6,897	(9,271)
Subtotal	5,012,488	3,420,911
Interest income received	54	55
Interest expenses paid	(285,996)	(273,972)
Income taxes paid	(1,844)	(952)
Net cash provided by (used in) operating activities	4,724,702	3,146,040
Net cash provided by (used in) investment activities		
Purchase of property, plant and equipment	(400)	(5,092)
Proceeds from sales of property, plant and equipment in trust	7,608,310	—
Purchase of property, plant and equipment in trust	(8,771,773)	(522,327)
Proceeds from tenant leasehold and security deposits	80	176
Repayments of tenant leasehold and security deposits	(60)	(30)
Proceeds from tenant leasehold and security deposits in trust	460,486	109,679
Repayments of tenant leasehold and security deposits in trust	(721,189)	(239,871)
Proceeds from restricted trust deposits	3,283	4,978
Payments for restricted trust deposits	(4,575)	(6,343)
Net cash provided by (used in) investment activities	(1,425,837)	(658,830)
Net cash provided by (used in) financial activities		
Proceeds from long-term debt	6,300,000	—
Repayments of long-term debt	(6,300,000)	—
Dividends paid	(2,674,475)	(2,816,432)
Net cash provided by (used in) financial activities	(2,674,475)	(2,816,432)
Net increase (decrease) in cash and cash equivalents	624,389	(329,222)
Balance of cash and cash equivalents at beginning of period	10,293,317	10,917,706
Balance of cash and cash equivalents at end of period	10,917,706	10,588,484

(6) Notes on the going concern assumption  
No relevant items.

(7) Significant accounting policies

<p>1. Depreciation method for non-current assets</p>	<p>(1) Property, plant and equipment Depreciation is calculated using the straight-line method. The useful lives of major categories of property, plant and equipment including trust assets are as follows:</p> <table data-bbox="624 405 1197 555"> <tr> <td>Buildings:</td> <td>10 - 65 years</td> </tr> <tr> <td>Structures:</td> <td>15 - 60 years</td> </tr> <tr> <td>Machinery and equipment:</td> <td>15 - 30 years</td> </tr> <tr> <td>Vehicles and transport equipment:</td> <td>7 years</td> </tr> <tr> <td>Tools and fixtures:</td> <td>5 - 20 years</td> </tr> </table> <p>(2) Intangible assets Intangible assets are amortized utilizing the straight-line method.</p> <p>(3) Long-term prepaid expenses Long-term prepaid expenses are amortized utilizing the straight-line method.</p>	Buildings:	10 - 65 years	Structures:	15 - 60 years	Machinery and equipment:	15 - 30 years	Vehicles and transport equipment:	7 years	Tools and fixtures:	5 - 20 years
Buildings:	10 - 65 years										
Structures:	15 - 60 years										
Machinery and equipment:	15 - 30 years										
Vehicles and transport equipment:	7 years										
Tools and fixtures:	5 - 20 years										
<p>2. Accounting for deferred assets</p>	<p>Investment corporation bond issuance expenses Investment corporation bond issuance expenses are amortized utilizing the straight-line method over the period through redemption.</p>										
<p>3. Standards for recognition of revenues and expenses</p>	<p>(1) Standards for revenue recognition The details of main performance obligations concerning revenues generated from contracts between FRC and its customers and the ordinary time to fulfil said performance obligations (ordinary time to recognize revenues) are as follows.</p> <p>1) Sales of real estate property FRC recognizes revenues from sales of real estate property when the purchaser who is a customer obtains control of the relevant real estate property as a result of FRC fulfilling its delivery obligations stipulated in the transaction agreement of the real estate property.</p> <p>2) Utilities income FRC recognizes utilities income in accordance with the supply of electricity and water, etc. to the lessee who is a customer based on the lease agreement of real estate, etc. and details of agreements incidental to it. Of the utilities income, in the case that FRC deems itself to be an agent, the net amount obtained by deducting the amount it pays to other parties from the amount it receives as charges for electricity and gas, etc. supplied by the said other parties is recognized as revenue.</p> <p>(2) Accounting treatment of property taxes, etc. In connection with property taxes, city planning taxes and depreciated asset taxes, FRC uses the method of charging the corresponding amounts of assessed taxes to the current fiscal period as expenses related to leasing business. The amount equivalent to property taxes, etc. for the initial fiscal year paid to the seller as settlement money upon acquisition of real estate or trust beneficiary interests in real estate as entrusted property are not expensed but capitalized as part of the acquisition cost of the relevant property. The amount equivalent to property taxes, etc. capitalized in the acquisition cost of real estate, etc. was 20,322 thousand yen for the 34th fiscal period. No amount equivalent to property taxes, etc. was capitalized in the acquisition cost of real estate, etc. for the 35th fiscal period.</p>										
<p>4. Method of hedge accounting</p>	<p>(1) Method of hedge accounting Deferred hedge accounting is applied for interest rate swap transactions. However, special accounting is applied for interest rate swap transactions that satisfy the requirements for special accounting.</p> <p>(2) Hedging instruments and hedged items Hedging instruments: interest rate swap transactions Hedged items: interest rates of borrowings</p> <p>(3) Hedging policy FRC conducts derivative transactions to hedge interest rate fluctuation risks for floating-rate borrowings based on FRC's Articles of Incorporation.</p> <p>(4) Method for assessing the effectiveness of hedging Assessment of the effectiveness of hedging is omitted as requirements are satisfied for special accounting for interest rate swap transactions.</p>										

5. Scope of funds (cash and cash equivalents) in cash flow statement	The funds (cash and cash equivalents) in the cash flow statement consist of cash on hand and cash in trust; deposits that can be withdrawn at any time and deposits in trust; and short-term investments with a maturity of 3 months or less from the date of acquisition, which are readily convertible to cash and bear only an insignificant risk of value fluctuation.
6. Other items fundamental to preparing the financial statements	<p>(1) Accounting methods for trust beneficiary interests in real estate as entrusted property  Regarding trust beneficiary interests in owned real estate as entrusted property, all asset and liability accounts of the entrusted properties as well as all revenue and expense accounts generated by the entrusted properties are recorded in relevant accounts on the balance sheet and statement of income. Furthermore, the following material accounts are separately stated on the balance sheet for entrusted properties recorded in relevant accounts.</p> <ol style="list-style-type: none"> <li>1) Cash and deposits in trust</li> <li>2) Buildings in trust, structures in trust, machinery and equipment in trust, vehicles and transport equipment in trust, tools and fixtures in trust, lands in trust and construction in progress in trust</li> <li>3) Leasehold right in trust</li> <li>4) Other intangible assets in trust</li> <li>5) Lease and guarantee deposits in trust</li> <li>6) Tenant leasehold and security deposits received in trust</li> </ol> <p>(2) Accounting for consumption taxes  National and local consumption taxes are accounted with the consumption taxes excluded.</p>

(8) Notes on Changes in Accounting Policies

(Application of Accounting Standard for Revenue Recognition, etc.)

FRC has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, issued on March 31, 2020), etc. from the beginning of the 35th fiscal period, and decided to recognize revenues at the amount expected to be received in exchange for the promised goods or services when control of the goods or services is transferred to the customer. The impact of this change on the financial statements is immaterial.

Furthermore, in accordance with the transitional treatment stipulated in Paragraph 89-3 of the Accounting Standard for Revenue Recognition, the note related to Revenue Recognition for the previous fiscal period is not indicated.

(Application of Accounting Standard for Fair Value Measurement, etc.)

FRC has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, issued on July 4, 2019), etc. from the beginning of the 35th fiscal period, and decided to adopt the new accounting policies set forth by said Accounting Standard, etc. going forward in accordance with the transitional treatment as stipulated in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, issued on July 4, 2019). The impact of this change on the financial statements is immaterial.

## (9) 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)			
	34th fiscal period (March 1, 2021 to August 31, 2021)		35th fiscal period (September 1, 2021 to February 28, 2022)	
A. Real estate leasing business revenues				
Leasing revenues – real estate				
Rents	6,755,878		6,677,000	
Common charges	1,007,813		944,582	
Parking revenues	394,063	8,157,755	419,155	8,040,738
Other leasing revenues – real estate				
Incidental income	581,258		571,819	
Other miscellaneous income	23,906	605,165	46,277	618,096
Total real estate leasing business revenues		8,762,920		8,658,835
B. Expenses related to real estate leasing business				
Expenses related to leasing business				
Outsourcing fees	1,775,633		1,711,225	
Repair and maintenance expenses	153,469		121,025	
Taxes and other public charges	723,140		711,798	
Insurance premiums and trust compensation	44,998		41,708	
Utilities expenses	477,384		476,400	
Depreciation and amortization expenses	1,552,759		1,486,407	
Other expenses related to real estate leasing business	251,371	4,978,758	261,797	4,810,362
Total expenses related to real estate leasing business		4,978,758		4,810,362
C. Revenues and expenses related to real estate leasing business (A - B)		3,784,162		3,848,472

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

34th fiscal period (March 1, 2021 to August 31, 2021)

Canal City Hakata: B Grand Building (88.28% co-ownership interest in Grand Building)

	(thousands of yen)
Proceeds from sales of real estate	7,700,000
Costs of sale of real estate	7,504,056
Other selling expenses	91,689
Gain on sales of real estate	104,254

35th fiscal period (September 1, 2021 to February 28, 2022)

Not applicable.

## \*3. Transactions with affiliated companies

	(thousands of yen)	
	34th fiscal period (March 1, 2021 to August 31, 2021)	35th fiscal period (September 1, 2021 to February 28, 2022)
Expenses related to real estate leasing business	853,139	775,891

## (Notes on revenue recognition)

35th fiscal period (September 1, 2021 to February 28, 2022)

Breakdown information on revenue from contracts with customers

(thousands of yen)

	Revenues from contracts with customers (Note)	Sales to external customers
Proceeds from sales of real estate	—	—
Utilities income	427,510	427,510
Others	98,934	8,231,324
Total	526,445	8,658,835

Note: Leasing business revenues subject to the "Accounting Standard for Lease Transactions" (ASBJ Statement No.13) and transfer of real estate property subject to the "Practical Guidelines on Accounting by Transferors for Securitization of Real Estate Using Special Purpose Companies" (Accounting System Committee Report No.15 of the Japanese Institute of Certified Public Accountants) are excluded from "Revenues from contracts with customers" as such revenues are not covered by the Accounting Standard for Revenue Recognition. Revenues generated from contracts with customers mainly represent Proceeds from sales of real estate and utilities income.

## (Per unit information)

34th fiscal period (March 1, 2021 to August 31, 2021)	35th fiscal period (September 1, 2021 to February 28, 2022)
Net assets per investment unit: 127,833 yen	Net assets per investment unit: 127,831 yen
Profit per investment unit: 3,538 yen	Profit per investment unit: 3,536 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.

	34th fiscal period (March 1, 2021 to August 31, 2021)	35th fiscal period (September 1, 2021 to February 28, 2022)
Profit (thousands of yen)	2,816,802	2,814,814
Amount not attributable to common unitholders (thousands of yen)	—	—
Profit attributable to common investment units (thousands of yen)	2,816,802	2,814,814
Average number of investment units during the fiscal period (units)	796,000	796,000

## (Significant subsequent events)

No relevant items.

## (10) 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, 2022)

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	2,143	1.1
	Subtotal			2,143
Real estate in trust	Retail	Fukuoka urban area	66,351	33.4
		Other Kyushu areas	36,598	18.4
	Office buildings	Fukuoka urban area	55,054	27.7
		Other Kyushu areas	—	—
	Others	Fukuoka urban area	19,759	9.9
		Other Kyushu areas	5,269	2.7
	Subtotal			183,034
Deposits and other assets			13,567	6.8
Total amount of assets (Note 4)			198,745 [185,678]	100.0 [93.4]

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 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 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, 2022)

	Value on balance sheet (mm of yen)	Percentage of total amount of assets (%)
Total liabilities	96,991	48.8
Total net assets	101,753	51.2



## 2) Investment assets

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

(as of February 28, 2022)

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	29,324	30,600	15.8	Tanizawa Sogo Appraisal Co., Ltd.
Canal City Hakata・B	21,060	20,849	21,400	10.4	Tanizawa Sogo Appraisal Co., Ltd.
Park Place Oita	19,610	19,955	20,600	9.7	Japan Real Estate Institute
SunLive City Kokura	6,633	5,591	8,510	3.3	Japan Real Estate Institute
Konoha Mall Hashimoto	10,000	9,848	10,500	5.0	Tanizawa Sogo Appraisal Co., Ltd.
Square Mall Kagoshima Usuki	5,300	4,252	4,970	2.6	Japan Real Estate Institute
Kumamoto Intercommunity SC	2,400	1,931	2,740	1.2	Japan Real Estate Institute
Hanahata SC	1,130	956	1,200	0.6	Tanizawa Sogo Appraisal Co., Ltd.
Kurume Higashi Kushiwara SC	2,500	1,982	2,740	1.2	Tanizawa Sogo Appraisal Co., Ltd.
K's Denki Kagoshima	3,550	2,885	3,660	1.8	Tanizawa Sogo Appraisal Co., Ltd.
Marinoa City Fukuoka (Marina Side Building)	5,250	5,373	5,890	2.6	Tanizawa Sogo Appraisal Co., Ltd.
Retail subtotal:	109,433	102,950	112,810	54.2	
Canal City Business Center Building	14,600	12,777	17,400	7.2	Tanizawa Sogo Appraisal Co., Ltd.
Gofukumachi Business Center	11,200	8,711	15,500	5.5	Tanizawa Sogo Appraisal Co., Ltd.
Sanix Hakata Building	4,400	3,719	6,720	2.2	Japan Real Estate Institute
Taihaku Street Business Center	7,000	5,555	9,540	3.5	Japan Real Estate Institute
Higashi Hie Business Center	5,900	4,328	8,270	2.9	Tanizawa Sogo Appraisal Co., Ltd.
Tenjin Nishi-Dori Center Building	2,600	2,645	3,270	1.3	Japan Real Estate Institute
Tenjin North Front Building	2,800	2,382	4,640	1.4	Japan Real Estate Institute
Higashi Hie Business Center II	4,230	3,942	4,700	2.1	Tanizawa Sogo Appraisal Co., Ltd.
Higashi Hie Business Center III	3,290	3,237	3,380	1.6	Tanizawa Sogo Appraisal Co., Ltd.
Tenjin Nishi-Dori Business Center (Land with leasehold interest)	7,700	7,754	8,020	3.8	Japan Real Estate Institute
Office buildings subtotal:	63,720	55,054	81,440	31.5	
Amex Akasakamon Tower	2,060	1,617	1,920	1.0	Daiwa Real Estate Appraisal Co., Ltd.
City House Keyaki Dori	1,111	873	1,070	0.5	Daiwa Real Estate Appraisal Co., Ltd.
Aqualia Chihaya	1,280	1,135	2,040	0.6	Japan Real Estate Institute
D-Wing Tower	2,800	2,622	3,740	1.4	Tanizawa Sogo Appraisal Co., Ltd.
Granfore Yakuin Minami	1,100	1,071	1,360	0.5	Tanizawa Sogo Appraisal Co., Ltd.
Hotel FORZA Oita	1,530	1,339	1,890	0.8	Japan Real Estate Institute
Tissage Hotel Naha	2,835	2,786	2,880	1.4	Tanizawa Sogo Appraisal Co., Ltd.
Tosu Logistics Center	1,250	1,144	1,390	0.6	Japan Real Estate Institute
LOGICITY Minato Kashii	8,150	7,715	9,440	4.0	Tanizawa Sogo Appraisal Co., Ltd.
LOGICITY Hisayama	5,050	4,724	5,560	2.5	Tanizawa Sogo Appraisal Co., Ltd.
LOGICITY Wakamiya	1,700	2,143	2,450	0.8	Tanizawa Sogo Appraisal Co., Ltd.
Others subtotal:	28,866	27,173	33,740	14.3	
Total	202,019	185,177	227,990	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, 2022)

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 [44]	97.8	46,585.57	45,573.70	990	11.4
Canal City Hakata・B	1 [45]	97.9	31,141.44	30,478.72	940	10.9
Park Place Oita	1 [102]	99.5	121,212.26	120,639.37	1,194	13.8
SunLive City Kokura	1	100.0	61,450.22	61,450.22	262	3.0
Konoha Mall Hashimoto	1 [123]	97.0	22,191.17	21,526.54	818	9.4
Square Mall Kagoshima Usuki	13	100.0	14,602.88	14,602.88	251	2.9
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	90	1.0
K's Denki Kagoshima	1	100.0	7,296.17	7,296.17	111	1.3
Marinoa City Fukuoka (Marina Side Building)	1	100.0	33,069.82	33,069.82	177	2.0
Retail subtotal:	25 [335] (Note 2)	99.2	353,787.14	350,875.03	4,967	57.4
Canal City Business Center Building	1 [62]	100.0	23,030.30	23,030.30	650	7.5
Gofukumachi Business Center	36	100.0	19,905.34	19,905.34	572	6.6
Sanix Hakata Building	16	100.0	6,293.75	6,293.75	208	2.4
Taihaku Street Business Center	1 [70]	99.2	14,677.35	14,554.76	323	3.7
Higashi Hie Business Center	1 [27]	100.0	13,614.59	13,614.59	353	4.1
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	145	1.7
Higashi Hie Business Center II	2	100.0	6,214.77	6,214.77	164	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 6)	1	100.0	1,343.51	1,343.51	159	1.8
Office buildings subtotal:	76 [232] (Note 2)	99.9	96,652.48	96,529.89	2,762	31.9
Amex Akasakamon Tower	1 [66]	98.8	4,821.25	4,765.43	67	0.8
City House Keyaki Dori	1 [42]	100.0	2,710.86	2,710.86	41	0.5
Aqualia Chihaya	1 [104]	98.9	5,619.69	5,559.96	60	0.7
D-Wing Tower	1 [135]	98.9	7,187.59	7,106.79	110	1.3
Granfore Yakuin Minami	1 [95]	95.9	2,496.06	2,393.12	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	37	0.4
Tosu Logistics Center	1	100.0	4,173.29	4,173.29	Undisclosed (Note 7)	Undisclosed (Note 7)
LOGICITY Minato Kashii	2	100.0	43,233.72	43,233.72	Undisclosed (Note 7)	Undisclosed (Note 7)
LOGICITY Hisayama	1	100.0	24,505.65	24,505.65	Undisclosed (Note 7)	Undisclosed (Note 7)
LOGICITY Wakamiya	1	100.0	17,556.32	17,556.32	Undisclosed (Note 7)	Undisclosed (Note 7)
Others subtotal:	12 [449] (Note 2)	99.8	121,848.63	121,549.34	929	10.7
Total	113 [1,016] (Note 2)	99.4	572,288.25	568,954.26	8,658	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 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 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 7: 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 35th 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 35th fiscal period and of capital expenditures associated with renovations, etc. planned as of April 14, 2022 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	Amount paid in the 35th fiscal period	Total amount already paid
Canal City Hakata	Hakata Ward, Fukuoka City	Replacement of piping	From August 2021 to April 2022	609	—	—
Park Place Oita	Oita City, Oita	Renovation of common spaces	From September 2021 to April 2022	650	27	54
Konoha Mall Hashimoto	Nishi Ward, Fukuoka City	Improvement of food court environment	From February 2022 to April 2022	62	—	—
Konoha Mall Hashimoto	Nishi Ward, Fukuoka City	Switching to LED lighting throughout the building	From June 2022 to August 2022	149	—	—
Gofukumachi Business Center	Hakata Ward, Fukuoka City	Replacement of air-conditioning units	From December 2021 to March 2022	38	—	—
Aqualia Chihaya	Higashi Ward, Fukuoka City	Replacement of disaster prevention facilities and equipment	From June 2022 to August 2022	30	—	—

## 2) Capital expenditures during the 35th fiscal period

Capital expenditures for the real estate properties owned by FRC totaled 600 mm yen in the 35th fiscal period. Furthermore, FRC incurred construction costs of 729 mm yen in total in the period, including 121 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 35th fiscal period.

Real estate property name	Location	Purpose	Period	Construction cost (mm of yen)
Canal City Hakata	Hakata Ward, Fukuoka City	Water supply piping for guestrooms	From June 2021 to October 2021	22
Park Place Oita	Oita City, Oita	Renovation of external walls	From January 2022 to February 2022	21
SunLive City Kokura	Kokura Minami Ward, Kitakyushu City	Renovation of common spaces	From June 2021 to September 2021	189
Konoha Mall Hashimoto	Nishi Ward, Fukuoka City	Formation of tenant sections	From May 2021 to September 2021	77
Square Mall Kagoshima Usuki	Kagoshima City, Kagoshima	Renovation of external walls	From November 2021 to February 2022	32