

EARNINGS BRIEFING FOR THE PERIOD ENDED FEBRUARY 2024

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.
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Expected date for submitting securities report: May 30, 2024

Expected commencement date of dividend payments: May 17, 2024

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 2024 (September 1, 2023 to February 29, 2024)

(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 2024	9,326	0.5	3,462	2.7	3,031	1.5	3,030	1.4
Period ended August 2023	9,284	2.7	3,372	4.6	2,988	4.8	2,987	4.8

	Profit per unit	Return on net assets	Ratio of ordinary income to total assets	Ratio of ordinary income to operating revenues
Period ended February 2024	3,806 yen	3.0%	1.4%	32.5%
Period ended August 2023	3,752 yen	2.9%	1.5%	32.2%

(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 2024	3,807 yen	3,030 mm yen	— yen	— mm yen	3,807 yen	3,030 mm yen	100.0%	3.0%
Period ended August 2023	3,753 yen	2,987 mm yen	— yen	— mm yen	3,753 yen	2,987 mm yen	100.0%	2.9%

(3) Financial condition

	Total assets	Net assets	Ratio of net assets to total assets	Net assets per unit
Period ended February 2024	214,390 mm yen	101,969 mm yen	47.6%	128,102 yen
Period ended August 2023	203,868 mm yen	101,926 mm yen	50.0%	128,048 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 2024	3,724 mm yen	(13,636) mm yen	6,912 mm yen	7,460 mm yen
Period ended August 2023	3,939 mm yen	(3,436) mm yen	(298) mm yen	10,459 mm yen

2. Forecast of performance for the period ending August 2024 (March 1, 2024 to August 31, 2024) and the period ending February 2025 (September 1, 2024 to February 28, 2025)

(% 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 2024	9,305	(0.2)	3,305	(4.5)	2,866	(5.4)	2,865	(5.4)	3,600 yen	— yen
Period ending February 2025	9,242	(0.7)	3,301	(0.1)	2,866	—	2,865	—	3,600 yen	— yen

(Reference) Forecast profit per unit: Period ending August 2024 3,600 yen
Forecast profit per unit: Period ending February 2025 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 2024 796,000 units
 - As of August 2023 796,000 units
 - (ii) Treasury investment units at end of period:
 - As of February 2024 0 unit
 - As of August 2023 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 2024 (March 1, 2024 to August 31, 2024) and the period ending February 2025 (September 1, 2024 to February 28, 2025)" 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 35 properties comprising 10 Retail, 13 Office buildings (including land with leasehold interest for an office building) and 12 Others as of the end of the 39th fiscal period (February 29, 2024).

(b) Investment environment and portfolio performance

The Japanese economy showed a mild recovery during the fiscal period under review (the 39th fiscal period), while coming to a standstill in some parts. As we foresee, with the employment and income environment improving, the economy is expected to continue recovering moderately due to various political measures proving effective, among other factors. However, a downturn in overseas economies, including the impact of global monetary tightening and concerns about the outlook for the Chinese economy, poses a risk of placing downward pressure on the domestic economy. In addition, full attention should be paid to the impacts on the economy of rising prices, developments in the Middle East, and changes in the financial and capital markets, etc., as well as the 2024 Noto Peninsula earthquake.

In the Fukuoka and Kyushu area, the core investment target area for FRC, the economy has been recovering mildly despite weaknesses in some spots. Private consumption has been on a solid trend while affected by rising prices. Recent production activities have been relatively weak. The employment and income situation has been improving moderately. As we foresee, we must pay attention to the impacts of such factors as trends in overseas economies and prices, rising costs and their spillover effects, labor demand and supply, income formation of employees, and others on local economic and financial circumstances.

As for land price trends, according to the 2024 Prefectural Land Price Survey, the combined average price for residential and commercial land as well as residential land price and commercial land price increased for the third consecutive year, respectively, on a national basis, with the rate of increase expanding. Meanwhile, in the city of Fukuoka, the central area of FRC’s investment targets, land prices rose 12.6% year-on-year for commercial land and 9.6% year-on-year for residential land.

Under such circumstances, FRC’s portfolio as a whole achieved a generally solid performance during the 39th fiscal period. Among them, Canal City Hakata, a city-center retail property, in particular showed results that reflected new store replacement associated with the renovation of the South Building, in addition to the continued recovery in inbound tourism from Asia (except for China).

In addition, FRC acquired Hakata FD Business Center on September 1, 2023, and disposed of Kurume Higashi Kushiwara SC (30% co-ownership interest) on November 30, 2023.

When analyzing FRC’s portfolio (on an acquisition price basis) as of the end of the 39th fiscal period by investment target area, the investment ratio in the Fukuoka metropolitan area accounted for 79.1%; when analyzing by property type, Retail, Office buildings, and Others accounted for 48.4%, 37.8% and 13.8%, 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. During the 39th fiscal period, FRC acquired new DBJ Green Building Certification for one property and CASBEE for Building for two properties in its portfolio. As a result, FRC has acquired green building certifications for 84.6% of its portfolio properties against its 2030 target of 85% or higher.

(c) Summary of fundraising

In the 39th fiscal period, FRC conducted new financing of 12,400 mm yen and repayment of 2,500 mm yen as well as refinancing of 4,000 mm yen. These led to the balance of its interest-bearing debt outstanding (including investment corporation bonds) at the end of the period totaling 96,350 mm yen. The loan-to-value ratio (ratio of interest-bearing debt (including investment corporation bonds) to total assets) was 44.9% 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 90.9% at the end of the 39th fiscal period. In addition, with regard to the commitment line agreement (credit limit: 7,000 mm yen) with The Nishi-Nippon City Bank serving as the agent, FRC extended the commitment period by a year, lengthening the remaining term of commitment to three years. While endeavoring to reduce refinancing risks by dispersing debt repayment dates and other measures, FRC will investigate ways to mitigate the possible increase in financing costs in accordance with higher interest rates, including reducing financing periods.

Moreover, the credit ratings assigned to FRC as of the end of the 39th 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 9,326 mm yen and operating income after excluding operating expenses such as expenses related to leasing business and asset management fees totaled 3,462 mm yen. Ordinary income was 3,031 mm yen and profit amounted to 3,030 mm yen. Management decided to make a dividend of 3,807 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)

Disposition of Asset

On September 2, 2024, FRC disposed the following real estate trust beneficiary interest.

Type of asset acquired:	Real estate trust beneficiary interest (Note 1)
Property name:	Marinoa City Fukuoka (Marina Side Building) (Building)
Use:	Retail
Location:	2-12-30 Odo, Nishi Ward, Fukuoka City
Seller:	Fukuoka Jisho Co., Ltd. and not disclosed company (Note 1)
Disposition price (planned):	783 mm yen (Note 2)
Scheduled date of disposition:	September 2, 2024
Impact on profit and loss:	We plan to record a gain on sales of real estate and other assets of approximately 0 million yen as operating revenue in the fiscal year ending February 2025.

(Note 1) Not stated because the consent of the buyer cannot be obtained.

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

(Note 3) The beneficiary interest transfer agreement for the disposition (the “Transfer Agreement”) falls under forward commitment, etc. (a postdated transaction agreement where the settlement and delivery are to take place one month or more after the conclusion of agreement as well as other similar agreements). Under the Transfer Agreement, in the event that either FRC or the buyer breaches its obligations under the Transfer Agreement, the other party may cancel the Transfer Agreement in whole or in part if the party breaching its obligations under the Transfer Agreement is given notice in writing specifically indicating the breach and such breach is not resolved within 30 days of receiving the notice.

(c) Performance forecast for the next fiscal period

FRC aims to achieve the following performance goals for the period ending August 2024 (March 1, 2024 to August 31, 2024) and the period ending February 2025 (September 1, 2024 to February 28, 2025). Concerning preconditions for the relevant performance forecast, please refer to “Preconditions for the performance forecast for the period ending August 2024 (March 1, 2024 to August 31, 2024) and the period ending February 2025 (September 1, 2024 to February 28, 2025)” on page 4.

	Period ending August 2024	Period ending February 2025
Operating revenues	9,305 mm yen	9,242 mm yen
Operating income	3,305 mm yen	3,301 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 2024 (March 1, 2024 to August 31, 2024) and the period ending February 2025 (September 1, 2024 to February 28, 2025)

Item	Preconditions
Calculation period	40th fiscal period: March 1, 2024 to August 31, 2024 (184 days) 41st fiscal period: September 1, 2024 to February 28, 2025 (181 days)
Assets under management	<ul style="list-style-type: none"> It is assumed that assets under management will comprise the 35 properties FRC owns as of February 29, 2024. FRC assumes that it will dispose Marinoa City Fukuoka (Marina Side Building) on September 2, 2024. In practice, the number may fluctuate due to changes in assets under management.
Total number of investment units outstanding	<ul style="list-style-type: none"> It is assumed that there will be no issuance of new investment units until February 28, 2025.
Interest-bearing debt and refinancing	<ul style="list-style-type: none"> The balance of interest-bearing debt outstanding at the end of the 40th fiscal period (August 31, 2024) is expected to total 96,350 mm yen. The loan-to-value ratio (interest-bearing debt / total assets × 100) is expected to stand at around 44.9%. The balance of interest-bearing debt outstanding at the end of the 41st fiscal period (February 28, 2025) is expected to total 96,350 mm yen. The loan-to-value ratio (interest-bearing debt / total assets × 100) is expected to stand at around 44.9%.
Operating revenues	<ul style="list-style-type: none"> Of leasing revenues – real estate, revenues from properties FRC has already acquired are calculated based on tenancy agreements that are valid as of April 16, 2024, by taking into account the competitiveness of the properties and the market environment, etc. Of leasing revenues – real estate, revenues from lease contracts with variable rent such as percentage-of-sales rent and percentage-of-GOP rent are calculated based on past results by taking into account such fluctuation factors as sales and GOP of the relevant tenants. For leasing revenues – real estate, tenant vacancies are taken into account to a certain extent. It is assumed that there will be no rent arrears or non-payments by tenants.
Operating expenses	<ul style="list-style-type: none"> When acquiring properties, the property taxes and city planning taxes for the assets will be proportionally calculated according to the holding period and adjusted with the former owner. However, the adjusted amount of the property taxes and city planning taxes to be borne by FRC for the initial year will not be written off since they will be included in the acquisition cost. FRC writes off estimated repair costs expected to be required for buildings for the calculation periods (the 40th and 41st fiscal periods). Actual repair costs may differ significantly from the estimated amounts since there is the possibility that repair costs are incurred urgently due to damages to buildings caused by unforeseeable factors, repair costs generally differ largely from period to period, and repair costs are not regularly incurred. Concerning outsourcing expenses, FRC anticipates 1,811 mm yen for the 40th fiscal period and 1,796 mm yen for the 41st fiscal period. Concerning taxes and other public charges, FRC anticipates 831 mm yen for the 40th fiscal period and 831 mm yen for the 41st fiscal period. Concerning depreciation and amortization expenses, FRC anticipates 1,617 mm yen for the 40th fiscal period and 1,621 mm yen for the 41st fiscal period.
Non-operating expenses	<ul style="list-style-type: none"> Concerning interest expenses (including interest expenses on investment corporation bonds) and expenses related to financing, FRC anticipates 438 mm yen for the 40th fiscal period and 434 mm yen for the 41st fiscal period.
Dividend per unit	<ul style="list-style-type: none"> Dividend (dividend per unit) is calculated based on the dividend policy stipulated in FRC's Articles of Incorporation. Dividend per unit may fluctuate due to fluctuations in leasing revenues caused by changes in assets under management and tenants or various factors including unexpected occurrences of repair.
Dividend in excess of earnings per unit	<ul style="list-style-type: none"> Dividend in excess of earnings (dividend in excess of earnings per unit) is not planned at the moment.
Others	<ul style="list-style-type: none"> 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. It is also assumed that there will be no significant unexpected changes in general economic conditions and the real estate market.

2. Financial Statements

(1) Balance sheet

(thousands of yen)

	38th fiscal period (as of August 31, 2023)		39th fiscal period (as of February 29, 2024)	
Assets				
Current assets				
Cash and deposits		6,267,244		3,304,641
Cash and deposits in trust		4,243,120		4,206,465
Operating accounts receivable		791,122		954,107
Prepaid expenses		259,963		288,720
Consumption taxes receivable		—		371,690
Others		29,755		12,477
Total current assets		11,591,207		9,138,073
Non-current assets				
Property, plant and equipment				
Buildings	2,012,318		2,012,675	
Accumulated depreciation	(93,923)	1,918,394	(119,317)	1,893,357
Structures	24,857		24,857	
Accumulated depreciation	(1,167)	23,690	(1,431)	23,425
Machinery and equipment	0		0	
Accumulated depreciation	—	0	—	0
Tools and fixtures	1,571		3,513	
Accumulated depreciation	(665)	906	(806)	2,706
Lands		1,684,370		1,684,370
Buildings in trust	106,613,034		113,422,114	
Accumulated depreciation	(40,472,531)	66,140,502	(41,778,221)	71,643,893
Structures in trust	1,977,417		1,983,032	
Accumulated depreciation	(944,053)	1,033,364	(964,144)	1,018,887
Machinery and equipment in trust	1,522,289		1,602,321	
Accumulated depreciation	(818,780)	703,508	(853,366)	748,954
Vehicles and transport equipment in trust	626		626	
Accumulated depreciation	(594)	31	(594)	31
Tools and fixtures in trust	1,489,624		1,500,654	
Accumulated depreciation	(1,251,116)	238,508	(1,261,849)	238,805
Lands in trust		113,622,069		121,016,223
Construction in progress in trust		9,186		15,885
Total property, plant and equipment		185,374,532		198,286,541
Intangible assets				
Leasehold right in trust		5,545,883		5,545,883
Other intangible assets in trust		2,528		1,711
Total intangible assets		5,548,411		5,547,594
Investment and other assets				
Deferred tax assets		9		1,847
Lease and guarantee deposits		10,000		10,000
Lease and guarantee deposits in trust		327,135		335,492
Long-term prepaid expenses		994,244		1,050,380
Total investment and other assets		1,331,388		1,397,720
Total non-current assets		192,254,332		205,231,856
Deferred assets				
Investment corporation bond issuance expenses		22,687		21,027
Total deferred assets		22,687		21,027
Total assets		203,868,228		214,390,957

(thousands of yen)

	38th fiscal period (as of August 31, 2023)		39th fiscal period (as of February 29, 2024)	
Liabilities				
Current liabilities				
Operating accounts payable		771,072		871,427
Current maturities of investment corporation bonds		2,000,000		—
Current maturities of long-term debt		5,200,000		2,700,000
Accounts payable-other		16,957		19,422
Accrued expenses		433,746		463,375
Income taxes payable		861		3,306
Accrued consumption taxes		11,301		—
Advances received		1,065,467		1,058,145
Deposits received		1,125,748		1,078,148
Total current liabilities		10,625,155		6,193,826
Non-current liabilities				
Investment corporation bonds		3,000,000		3,000,000
Long-term debt		76,250,000		90,650,000
Tenant leasehold and security deposits		837,073		835,295
Tenant leasehold and security deposits received in trust		11,229,544		11,742,547
Total non-current liabilities		91,316,617		106,227,842
Total liabilities		101,941,773		112,421,668
Net assets				
Unitholders' equity				
Unitholders' capital		98,938,764		98,938,764
Surplus				
Unappropriated surplus		2,987,690		3,030,524
Total surplus		2,987,690		3,030,524
Total unitholders' equity		101,926,454		101,969,288
Total net assets		101,926,454		101,969,288
Total liabilities and net assets		203,868,228		214,390,957

(2) Statement of income

(thousands of yen)

	38th fiscal period (March 1, 2023 to August 31, 2023)		39th fiscal period (September 1, 2023 to February 29, 2024)	
Operating revenues				
Leasing revenues – real estate	*1 8,154,854		*1 8,480,341	
Other leasing revenues – real estate	*1 697,523		*1 608,442	
Gain on sales of real estate	*2 432,324	9,284,702	*2 237,704	9,326,487
Operating expenses				
Expenses related to leasing business	*1, *3 5,231,929		*1, *3 5,166,743	
Asset management fees	544,383		557,556	
Asset custody fees	7,616		7,603	
Administrative service fees	58,481		58,817	
Director's compensations	3,600		3,600	
Other operating expenses	66,055	5,912,065	69,974	5,864,295
Operating income		3,372,637		3,462,192
Non-operating revenues				
Interest received	46		44	
Others	523	569	679	724
Non-operating expenses				
Interest expenses	255,474		303,409	
Interest expenses on investment corporation bonds	29,200		24,655	
Amortization of investment corporation bond issuance expenses	1,988		1,660	
Financing related expenses	98,436		101,441	
Others	37	385,136	52	431,219
Ordinary income		2,988,069		3,031,697
Profit before income taxes		2,988,069		3,031,697
Income taxes-current	868		3,313	
Income taxes-deferred	9	878	(1,838)	1,475
Profit		2,987,191		3,030,221
Surplus brought forward		499		302
Unappropriated surplus		2,987,690		3,030,524

(3) Statement of changes in net assets

38th fiscal period (March 1, 2023 to August 31, 2023)

(thousands of yen)

	Unitholders' Equity			Total net assets
	Unitholders' capital	Surplus		
		Unappropriated surplus		
Balance as of March 1, 2023	98,938,764	2,850,179	101,788,943	101,788,943
Changes in the current fiscal period				
Dividend of surplus		(2,849,680)	(2,849,680)	(2,849,680)
Profit		2,987,191	2,987,191	2,987,191
Total of changes in the current fiscal period	—	137,511	137,511	137,511
Balance as of August 31, 2023	98,938,764	2,987,690	101,926,454	101,926,454

39th fiscal period (September 1, 2023 to February 29, 2024)

(thousands of yen)

	Unitholders' Equity			Total net assets
	Unitholders' capital	Surplus		
		Unappropriated surplus		
Balance as of September 1, 2023	98,938,764	2,987,690	101,926,454	101,926,454
Changes in the current fiscal period				
Dividend of surplus		(2,987,388)	(2,987,388)	(2,987,388)
Profit		3,030,221	3,030,221	3,030,221
Total of changes in the current fiscal period	—	42,833	42,833	42,833
Balance as of February 29, 2024	98,938,764	3,030,524	101,969,288	101,969,288

(4) Dividend statement

Item	38th fiscal period (March 1, 2023 to August 31, 2023)	39th fiscal period (September 1, 2023 to February 29, 2024)
I. Unappropriated surplus	2,987,690 thousand yen	3,030,524 thousand yen
II. Total dividend	2,987,388 thousand yen	3,030,372 thousand yen
[Dividend per investment unit]	[3,753 yen]	[3,807 yen]
III. Surplus brought forward	302 thousand yen	152 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 2,987,388 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 3,030,372 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 unit are rounded down to the nearest thousand yen.

(5) Cash flows statement

(thousands of yen)

	38th fiscal period (March 1, 2023 to August 31, 2023)	39th fiscal period (September 1, 2023 to February 29, 2024)
Net cash provided by (used in) operating activities		
Profit before income taxes	2,988,069	3,031,697
Depreciation and amortization expenses	1,531,607	1,609,261
Amortization of investment corporation bond issuance expenses	1,988	1,660
Interest received	(46)	(44)
Interest expenses	284,674	328,065
Gain on sales of real estate	(432,324)	(237,704)
Decrease (increase) in operating accounts receivables	(52,945)	(162,985)
Decrease (increase) in consumption taxes refund receivable	—	(371,690)
Increase (decrease) in accrued consumption taxes	(355,668)	(11,301)
Increase (decrease) in operating accounts payable	31,361	(62,642)
Increase (decrease) in accounts payable-other	(4,706)	2,953
Increase (decrease) in accrued expenses	5,120	6,714
Increase (decrease) in advances received	(2,653)	(7,322)
Increase (decrease) in deposits expenses	201,313	(47,599)
Decrease (increase) in prepaid expenses	10,576	(28,756)
Decrease (increase) in long-term prepaid expenses	(68)	(56,135)
Others, net	12,758	36,328
Subtotal	4,219,055	4,030,497
Interest income received	46	44
Interest expenses paid	(278,734)	(305,150)
Income taxes paid	(1,086)	(868)
Net cash provided by (used in) operating activities	3,939,280	3,724,522
Net cash provided by (used in) investment activities		
Purchase of property, plant and equipment	(1,539,902)	(357)
Proceeds from sale of property, plant and equipment in trust	1,495,942	815,522
Purchase of property, plant and equipment in trust	(3,172,032)	(14,953,253)
Purchase of intangible assets in trust	—	(1,323)
Proceeds from tenant leasehold and security deposits	94,927	5,901
Repayments of tenant leasehold and security deposits	(16,330)	(7,679)
Proceeds from tenant leasehold and security deposits in trust	195,388	637,210
Repayments of tenant leasehold and security deposits in trust	(494,151)	(124,208)
Payments of leasehold and guarantee deposits in trust	—	(8,357)
Proceeds from restricted trust deposits	1,962	2,522
Payments for restricted trust deposits	(2,204)	(2,439)
Net cash provided by (used in) investment activities	(3,436,400)	(13,636,461)
Net cash provided by (used in) financial activities		
Proceeds from short-term debt	3,000,000	21,900,000
Repayments of short-term debt	(3,000,000)	(21,900,000)
Proceeds from long-term debt	8,450,000	16,400,000
Repayments of long-term debt	(5,900,000)	(4,500,000)
Redemption of investment corporation bonds	—	(2,000,000)
Dividends paid	(2,848,807)	(2,987,237)
Net cash provided by (used in) financial activities	(298,807)	6,912,762
Net increase (decrease) in cash and cash equivalents	204,072	(2,999,175)
Balance of cash and cash equivalents at beginning of period	10,255,294	10,459,366
Balance of cash and cash equivalents at end of period	10,459,366	7,460,191

- (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 29, 2023).
- (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)			
	38th fiscal period (March 1, 2023 to August 31, 2023)		39th fiscal period (September 1, 2023 to February 29, 2024)	
A. Real estate leasing business revenues				
Leasing revenues – real estate				
Rents	6,827,162		7,167,168	
Common charges	902,307		890,497	
Parking revenues	425,384	8,154,854	422,675	8,480,341
Other leasing revenues – real estate				
Incidental income	670,653		582,646	
Other miscellaneous income	26,869	697,523	25,795	608,442
Total real estate leasing business revenues		8,852,377		9,088,783
B. Expenses related to real estate leasing business				
Expenses related to leasing business				
Outsourcing fees	1,765,556		1,777,909	
Repair and maintenance expenses	308,710		191,999	
Taxes and other public charges	752,259		749,471	
Insurance premiums and trust compensation	42,576		43,802	
Utilities expenses	575,322		489,833	
Depreciation and amortization expenses	1,531,607		1,609,261	
Other expenses related to real estate leasing business	255,896	5,231,929	304,466	5,166,743
Total expenses related to real estate leasing business		5,231,929		5,166,743
C. Revenues and expenses related to real estate leasing business (A - B)		3,620,448		3,922,039

*2. Breakdown of gain on sales of real estate

38th fiscal period (March 1, 2023 to August 31, 2023)

Kurume Higashi Kushiwara SC (55% co-ownership interest)

	(thousands of yen)
Proceeds from sales of real estate	1,507,000
Costs of sale of real estate	1,063,617
Other selling expenses	11,057
Gain on sales of real estate	432,324

39th fiscal period (September 1, 2023 to February 29, 2024)

Kurume Higashi Kushiwara SC (30% co-ownership interest)

	(thousands of yen)
Proceeds from sales of real estate	822,000
Costs of sale of real estate	577,817
Other selling expenses	6,477
<u>Gain on sales of real estate</u>	<u>237,704</u>

*3. Transactions with affiliated companies

	(thousands of yen)	
	38th fiscal period (March 1, 2023 to August 31, 2023)	39th fiscal period (September 1, 2023 to February 29, 2024)
Expenses related to real estate leasing business	874,958	891,822

(Per unit information)

38th fiscal period (March 1, 2023 to August 31, 2023)		39th fiscal period (September 1, 2023 to February 29, 2024)	
Net assets per investment unit:	128,048 yen	Net assets per investment unit:	128,102 yen
Profit per investment unit:	3,752 yen	Profit per investment unit:	3,806 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.

	38th fiscal period (March 1, 2023 to August 31, 2023)	39th fiscal period (September 1, 2023 to February 29, 2024)
Profit (thousands of yen)	2,987,191	3,030,221
Amount not attributable to common unitholders (thousands of yen)	—	—
Profit attributable to common investment units (thousands of yen)	2,987,191	3,030,221
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 29, 2024)

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	1,510	0.7
	Others	Fukuoka metropolitan area	—	—
		Other Kyushu areas	2,093	1.0
Subtotal			3,603	1.7
Real estate in trust	Retail	Fukuoka metropolitan area	66,147	30.9
		Other Kyushu areas	34,648	16.2
	Office buildings	Fukuoka metropolitan area	72,970	34.0
		Other Kyushu areas	—	—
	Others	Fukuoka metropolitan area	21,163	9.9
		Other Kyushu areas	5,284	2.5
Subtotal			200,214	93.4
Deposits and other assets			10,572	4.9
Total amount of assets (Note 4)			214,390 [203,834]	100.0 [95.1]

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 29, 2024)

	Value on balance sheet (mm of yen)	Percentage of total amount of assets (%)
Total liabilities	112,421	52.4
Total net assets	101,969	47.6

2) Investment assets

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

(as of February 29, 2024)

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	29,730	29,000	14.5	Tanizawa Sogo Appraisal Co., Ltd.
Canal City Hakata・B	21,060	20,389	21,700	9.5	Tanizawa Sogo Appraisal Co., Ltd.
Park Place Oita	19,610	20,316	20,200	8.9	Japan Real Estate Institute
SunLive City Kokura	6,633	5,483	8,530	3.0	Japan Real Estate Institute
Konoha Mall Hashimoto	10,000	9,799	10,100	4.5	Tanizawa Sogo Appraisal Co., Ltd.
Square Mall Kagoshima Usuki	5,300	4,158	4,660	2.4	Japan Real Estate Institute
Kumamoto Intercommunity SC	2,400	1,892	2,840	1.1	Japan Real Estate Institute
Hanahata SC	1,130	939	1,220	0.5	Tanizawa Sogo Appraisal Co., Ltd.
K's Denki Kagoshima	3,550	2,797	3,490	1.6	Tanizawa Sogo Appraisal Co., Ltd.
Marinoa City Fukuoka (Marina Side Building) (Note 4)	5,250	5,289	5,264	2.4	Tanizawa Sogo Appraisal Co., Ltd.
Retail subtotal:	106,933	100,796	107,004	48.4	
Canal City Business Center Building	14,600	12,601	19,100	6.6	Tanizawa Sogo Appraisal Co., Ltd.
Gofukumachi Business Center	11,200	8,586	16,100	5.1	Tanizawa Sogo Appraisal Co., Ltd.
Sanix Hakata Building	4,400	3,674	7,210	2.0	Japan Real Estate Institute
Taihaku Street Business Center	7,000	5,669	10,400	3.2	Japan Real Estate Institute
Higashi Hie Business Center	5,900	4,279	9,220	2.7	Tanizawa Sogo Appraisal Co., Ltd.
Tenjin Nishi-Dori Center Building	2,600	2,622	3,400	1.2	Japan Real Estate Institute
Tenjin North Front Building	2,800	2,266	5,180	1.3	Japan Real Estate Institute
Higashi Hie Business Center II	4,230	3,785	4,880	1.9	Tanizawa Sogo Appraisal Co., Ltd.
Higashi Hie Business Center III	3,290	3,160	3,520	1.5	Tanizawa Sogo Appraisal Co., Ltd.
Tenjin Nishi-Dori Business Center (Land with leasehold interest)	7,700	7,754	8,770	3.5	Japan Real Estate Institute
Hakata Chikushi-Dori Center Building	4,320	4,476	4,560	2.0	Tanizawa Sogo Appraisal Co., Ltd.
Kumamoto East Front Building	1,450	1,510	1,500	0.7	Tanizawa Sogo Appraisal Co., Ltd.
Hakata FD Business Center (Note 5)	14,100	14,093	16,100	6.4	Japan Real Estate Institute
Office buildings subtotal:	83,590	74,481	109,940	37.8	
Amex Akasakamon Tower	2,060	1,583	2,100	0.9	Daiwa Real Estate Appraisal Co., Ltd.
City House Keyaki Dori	1,111	842	1,170	0.5	Daiwa Real Estate Appraisal Co., Ltd.
Aqualia Chihaya	1,280	1,133	2,060	0.6	Japan Real Estate Institute
D-Wing Tower	2,800	2,687	4,030	1.3	Tanizawa Sogo Appraisal Co., Ltd.
Granfore Yakuin Minami	1,100	1,118	1,430	0.5	Tanizawa Sogo Appraisal Co., Ltd.
Axion Befu-Ekimae Premium	1,525	1,643	1,570	0.7	Daiwa Real Estate Appraisal Co., Ltd.
Hotel FORZA Oita	1,530	1,484	1,870	0.7	Japan Real Estate Institute
Tissage Hotel Naha	2,835	2,691	2,940	1.3	Tanizawa Sogo Appraisal Co., Ltd.
Tosu Logistics Center	1,250	1,108	1,640	0.6	Japan Real Estate Institute
LOGICITY Minato Kashii	8,150	7,579	11,400	3.7	Tanizawa Sogo Appraisal Co., Ltd.

LOGICITY Hisayama	5,050	4,575	5,930	2.3	Tanizawa Sogo Appraisal Co., Ltd.
LOGICITY Wakamiya	1,700	2,093	2,590	0.8	Tanizawa Sogo Appraisal Co., Ltd.
Others subtotal:	30,391	28,541	38,730	13.8	
Total	220,914	203,818	255,674	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 6) (Note 7)	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 building is scheduled to be transferred on September 2, 2024. The land continued to be held (26,917.74 m²) will be leased to Fukuoka Jisho Co., Ltd., one of the companies to which the building was transferred. The appraisal value of the building only as of February 1, 2024 was 754 million yen, and the appraisal value of the land only as of February 29, 2024 was 4,510 million yen, the sum of which is shown in the appraisal value at the end of the period.

Note 5: Of the building, FRC acquired 77% co-ownership interest owned and trust beneficiary interest in the land (a part of the building's leasehold land, so-called "partial ownership") In addition, the figures reflect the percentage of ownership. The same applies below.

Note 6: 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 7: 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 8: Real estate property to be acquired indicate the property for which contracts or letters of agreement have been concluded as of the end of the 39th fiscal period.

(B) Summary of the real estate leasing business

(as of February 29, 2024)

Real estate property name	Number of tenants (Note 1)	Occupancy rate (%) (Note 3)	Total leasable floor space (m ²)	Total leased floor space (m ²)	Total leasing revenues (mm of yen) (Note 4)	Percentage of total leasing revenues (%) (Note 5)
Canal City Hakata	1 [24]	99.5	48,176.33	47,953.27	1,070	11.8
Canal City Hakata・B	1 [37]	93.8	31,141.44	29,214.26	951	10.5
Park Place Oita	1 [99]	99.8	121,184.16	120,995.81	1,160	12.8
SunLive City Kokura	1	100.0	61,450.22	61,450.22	292	3.2
Konoha Mall Hashimoto	1 [121]	99.2	22,191.52	22,023.34	840	9.2
Square Mall Kagoshima Usuki	12	99.1	14,602.88	14,469.18	248	2.7
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	0.4
Kurume Higashi Kushiwara SC (Note 6)	—	—	—	—	13	0.1
K's Denki Kagoshima	1	100.0	7,296.17	7,296.17	105	1.2
Marinoa City Fukuoka (Marina Side Building)	1	100.0	33,069.82	33,069.82	177	1.9
Retail subtotal:	23 [300] (Note 2)	99.2	348,882.35	346,241.88	4,990	54.9
Canal City Business Center Building	1 [62]	98.6	23,031.14	22,709.44	652	7.2
Gofukumachi Business Center	35	99.1	19,905.34	19,732.18	586	6.5
Sanix Hakata Building	16	100.0	6,293.75	6,293.75	207	2.3
Taihaku Street Business Center	1 [70]	99.3	14,677.35	14,573.54	333	3.7
Higashi Hie Business Center	1 [24]	99.4	13,482.02	13,396.20	368	4.1
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	150	1.7
Higashi Hie Business Center II	2	100.0	6,214.77	6,214.77	161	1.8
Higashi Hie Business Center III	6	100.0	2,981.14	2,981.14	97	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]	89.6	5,994.41	5,368.83	140	1.6
Kumamoto East Front Building	6	75.4	3,114.07	2,347.23	47	0.5
Hakata FD Business Center	1 [13]	86.5	12,102.05	10,466.76	151	1.7
Office buildings subtotal:	84 [261] (Note 2)	96.8	117,740.51	114,028.31	3,145	34.6
Amex Akasakamon Tower	1 [65]	97.0	4,821.25	4,674.95	67	0.7
City House Keyaki Dori	1 [41]	97.8	2,710.86	2,650.06	39	0.4
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	7,111.59	117	1.3
Granfore Yakuin Minami	1 [98]	99.0	2,496.06	2,471.10	39	0.4
Axion Befu-Ekimae Premium	1 [20]	74.3	1,937.75	1,439.91	21	0.2
Hotel FORZA Oita	1	100.0	5,785.44	5,785.44	61	0.7
Tissage Hotel Naha	1	100.0	3,758.76	3,758.76	33	0.4
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:	13 [470] (Note 2)	99.3	123,786.38	122,920.75	953	10.5
Total	120 [1,031] (Note 2)	98.8	590,409.24	583,190.94	9,088	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 (30% co-ownership interest) on November 30, 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 39th 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 39th fiscal period and of capital expenditures associated with renovations, etc. planned as of April 16, 2024, 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 39th fiscal period	Total amount already paid
Canal City Hakata	Hakata Ward, Fukuoka City	Replacement of central monitoring devices and equipment	From April 2023 to April 2024	173	—	—
Canal City Hakata	Hakata Ward, Fukuoka City	Renovation of external walls of Grand Building (Third phase)	From January 2024 to November 2024	94	—	—
Canal City Hakata-B	Hakata Ward, Fukuoka City	Replacement of central monitoring devices and equipment	From April 2023 to April 2024	223	—	—
Canal City Hakata-B	Hakata Ward, Fukuoka City	Renovation of external walls of Grand Building (Third phase)	From January 2024 to November 2024	121	—	—
Canal City Hakata-B	Hakata Ward, Fukuoka City	4th floor section A equipment renewal work	From July 2024 to February 2025	84	—	—
Higashi Hie Business Center	Hakata Ward, Fukuoka City	Switching to LED lighting in exclusive areas	From August 2023 to March 2024	101	—	—
Tenjin Nishi-Dori Center Building	Chuo Ward, Fukuoka City	Renovation of external walls of Grand Building	From October 2024 to February 2025	144	—	—
Tenjin Nishi-Dori Center Building	Chuo Ward, Fukuoka City	Elevator renewal work	From October 2024 to December 2024	81	—	—
LOGICITY Wakamiya	Miyawaka City, Fukuoka	Renovation of external walls of Grand Building	From August 2024 to December 2024	63	—	—

2) Capital expenditures during the 39th fiscal period

Capital expenditures for the real estate properties owned by FRC totaled 970 mm yen in the 39th fiscal period. Furthermore, FRC incurred construction costs of 1,172 mm yen in total in the period, including 191 mm yen in repair and maintenance expenses classified as expenses on the statement of income and 9 mm yen in expenses for restoration to former state. The following table provides the overview of major construction work that was completed in the 39th fiscal period.

Real estate property name	Location	Purpose	Period	Construction cost (mm of yen)
Canal City Hakata	Hakata Ward, Fukuoka City	Renovation of external walls of Grand Building (First and second phase)	From May 2023 to November 2023	36
Canal City Hakata-B	Hakata Ward, Fukuoka City	Renovation of external walls of Grand Building (First and second phase)	From May 2023 to November 2023	47
Park Place Oita	Oita City, Oita	Renewal of water tank equipment	From December 2023 to February 2024	99
SunLiveCity Kokura	Kitakyushu City, Fukuoka	Renovation of 3rd floor parking lot	From September 2023 to December 2023	85
Taihaku Street Business Center	Hakata Ward, Fukuoka City	Renovation of external walls of office building	From May 2023 to December 2023	127
Taihaku Street Business Center	Hakata Ward, Fukuoka City	Renovation of external walls of residence	From August 2023 to February 2024	87
D-Wing Tower	Chuo Ward, Fukuoka City	Renovation of external walls	From July 2023 to February 2024	128
Hotel FORZA Oita	Oita City, Oita	Replacement of air-conditioning units	From August 2023 to October 2023	65