

EARNINGS BRIEFING FOR THE PERIOD ENDED AUGUST 2021

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

Representative: Etsuo Matsuyuki Executive Director

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Representative: Zenji Koike President & CEO
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Expected date for submitting securities report: November 29, 2021

Expected commencement date of dividend payments: November 18, 2021

Supplementary documents for earnings briefing Yes

Analyst meeting (for institutional investors and analysts) Yes

(Figures rounded down to nearest mm yen)

1. Performance and situation of assets for the period ended August 2021
 (March 1, 2021 to August 31, 2021)

(1) Performance

(% shows percentage change from previous period)

| | Operating revenues | | Operating income | | Ordinary income | | Profit | |
|----------------------------|--------------------|-------|------------------|-----|-----------------|-----|-----------|-----|
| | mm of yen | % | mm of yen | % | mm of yen | % | mm of yen | % |
| Period ended August 2021 | 8,867 | (0.4) | 3,204 | 4.7 | 2,817 | 5.2 | 2,816 | 5.3 |
| Period ended February 2021 | 8,904 | 4.5 | 3,061 | 3.2 | 2,677 | 3.5 | 2,675 | 3.4 |

| | Profit per unit | Return on net assets | Ratio of ordinary income to total assets | Ratio of ordinary income to operating revenues |
|----------------------------|-----------------|----------------------|--|--|
| Period ended August 2021 | 3,538 yen | 2.8% | 1.4% | 31.8% |
| Period ended February 2021 | 3,361 yen | 2.6% | 1.3% | 30.1% |

(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 August 2021 | 3,539 yen | 2,817 mm yen | — yen | — mm yen | 3,539 yen | 2,817 mm yen | 100.0% | 2.8% |
| Period ended February 2021 | 3,361 yen | 2,675 mm yen | — yen | — mm yen | 3,361 yen | 2,675 mm yen | 100.0% | 2.6% |

(3) Financial condition

| | Total assets | Net assets | Ratio of net assets to total assets | Net assets per unit |
|----------------------------|----------------|----------------|-------------------------------------|---------------------|
| Period ended August 2021 | 199,804 mm yen | 101,755 mm yen | 50.9% | 127,833 yen |
| Period ended February 2021 | 199,559 mm yen | 101,614 mm yen | 50.9% | 127,656 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 August 2021 | 4,724 mm yen | (1,425) mm yen | (2,674) mm yen | 10,917 mm yen |
| Period ended February 2021 | 5,374 mm yen | (842) mm yen | (2,586) mm yen | 10,293 mm yen |

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

(% shows percentage change from previous period)

| | Operating revenues | | Operating income | | Ordinary income | | Profit | | Dividend per unit (excl. dividend in excess of earnings) | Dividend in excess of earnings per unit |
|-----------------------------|--------------------|-------|------------------|-------|-----------------|-------|-----------|-------|---|---|
| | mm of yen | % | mm of yen | % | mm of yen | % | mm of yen | % | | |
| Period ending February 2022 | 8,621 | (2.8) | 3,156 | (1.5) | 2,787 | (1.1) | 2,786 | (1.1) | 3,500 yen | — yen |
| Period ending August 2022 | 8,834 | 2.5 | 3,169 | 0.4 | 2,787 | 0.0 | 2,786 | 0.0 | 3,500 yen | — yen |

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

3. Other

- (1) Changes in accounting policies, changes in accounting estimates and restatement of accounting errors
- (i) Changes in accounting policies accompanying amendments to accounting standards, etc.: No
 - (ii) Changes in accounting policies other than above (i): No
 - (iii) Changes in accounting estimates: No
 - (iv) Restatement of accounting errors: No
- (2) Number of investment units outstanding
- (i) Number of investment units outstanding at end of period (including treasury investment units):
 - As of August 2021 796,000 units
 - As of February 2021 796,000 units
 - (ii) Treasury investment units at end of period:
 - As of August 2021 0 unit
 - As of February 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 11.

* 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 February 2022 (September 1, 2021 to February 28, 2022) and the period ending August 2022 (March 1, 2022 to August 31, 2022)" 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 34th fiscal period (August 31, 2021).

(b) Investment environment and portfolio performance

During the fiscal period under review (the 34th fiscal period), the Japanese economy continued to show a pickup trend amid a severe situation still persisting under the impact of the novel coronavirus (COVID-19) infection. As for the outlook, with measures taken to prevent the spread of infection and vaccination promoted, the economy is expected to keep picking up due in part to the effects of various political measures and improvements in overseas economies. Attention should be paid, however, to the impact the infection trend will pose on the economy both in and outside Japan and the influence of changes in the financial and capital markets, etc.

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

As for land price trends, the national average price in combined average for residential and commercial land dropped for the second consecutive year, although at a decelerating rate of decrease, according to the 2021 Land Price Survey. By land type, residential land price dropped at a lower pace and commercial land price showed a higher rate of decrease. Meanwhile, in Fukuoka City, the central area of FRC's investment targets, land prices continued rising for 9 consecutive years, up 7.7% year-on-year for commercial land and up 4.4% year-on-year for residential land.

Under such circumstances, FRC's portfolio achieved solid performance in the asset types of office buildings, logistic facilities, and residential properties. On the other hand, the impact of the spread of COVID-19 was not contained at Canal City Hakata and other major retail properties, while hotels failed to recover as tourism demand, etc. did not return strongly.

In the 34th fiscal period, FRC disposed Canal City Hakata· B Grand Building (88.28% co-ownership interest in Grand Building) and acquired Tenjin Nishi-Dori Business Center (Land with leasehold interest) on June 1, 2021, and concluded on August 30, 2021 an agreement regarding acquisition of Hakata Chikushi-Dori Center Building (scheduled for acquisition on March 1, 2022).

When analyzing FRC's portfolio (on an acquisition price basis) as of the end of the 34th 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

In the 34th fiscal period, FRC conducted long-term borrowings totaling 6,300 mm yen to fund the repayment of existing debt that matured in the period. As a result, the balance of FRC's interest-bearing debt outstanding (including investment corporation bonds) at the end of the 34th 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 41.2% 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: 6,000 mm yen) with The Bank of Fukuoka, Ltd. serving as the agent,

FRC extended the commitment period by a year, lengthening the remaining term of commitment to three years.

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

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

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

(d) Summary of performance and dividend

As a result of these management efforts, operating revenues totaled 8,867 mm yen and operating income after excluding operating expenses such as expenses related to leasing business and asset management fees totaled 3,204 mm yen. Ordinary income was 2,817 mm yen and profit amounted to 2,816 mm yen. Management decided to make a dividend of 3,539 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 February 2022 (September 1, 2021 to February 28, 2022) and the period ending August 2022 (March 1, 2022 to August 31, 2022). Concerning preconditions for the forecast, please refer to “Preconditions for the performance forecast for the period ending February 2022 (September 1, 2021 to February 28, 2022) and the period ending August 2022 (March 1, 2022 to August 31, 2022)” on page 3.

| | Period ending February 2022 | Period ending August 2022 |
|---|-----------------------------|---------------------------|
| Operating revenues | 8,621 mm yen | 8,834 mm yen |
| Operating income | 3,156 mm yen | 3,169 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 February 2022 (September 1, 2021 to February 28, 2022) and the period ending August 2022 (March 1, 2022 to August 31, 2022)

| Item | Preconditions |
|--|--|
| Calculation period | 35th fiscal period: September 1, 2021 to February 28, 2022 (181 days) 36th fiscal period: March 1, 2022 to August 31, 2022 (184 days) |
| Assets under management | <ul style="list-style-type: none"> It is assumed that there will be 33 properties comprising the 32 properties FRC owns as of August 31, 2021 plus Hakata Chikushi-Dori Center Building, which FRC plans to acquire on March 1, 2022. 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 August 31, 2022. |
| Interest-bearing debt and refinancing | <ul style="list-style-type: none"> The balance of interest-bearing debt outstanding at the end of the 35th fiscal period (February 28, 2022) is expected to total 82,400 mm yen. The loan-to-value ratio (interest-bearing debt / total assets × 100) is expected to stand at around 41.2% (as of August 31, 2021, the loan-to-value ratio stands at 41.2%). 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 41.7%. |
| 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 October 15, 2021 by taking into account the competitiveness of the properties and the market environment, etc. Of leasing revenues– real estate, revenues from lease contracts with variable rent such as percentage-of-sales rent and percentage-of-GOP rent are calculated based on past results by taking into account such fluctuation factors as sales and GOP of the relevant tenants. For leasing revenues – real estate, tenant vacancies are taken into account to a certain extent. It is assumed that there will be no rent arrears or non-payments by tenants. With the impact of the spread of COVID-19 in Japan and abroad prolonging, the situation requires FRC to anticipate that a certain degree of impact will continue in the 35th and 36th 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 36th fiscal period. However, actual sales may fluctuate depending on when the COVID-19 pandemic is contained. |
| 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 35th and 36th 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 1,720 mm yen for the 35th fiscal period and 1,764 mm yen for the 36th fiscal period. Concerning taxes and other public charges, FRC anticipates 711 mm yen for the 35th fiscal period and 729 mm yen for the 36th fiscal period. Concerning depreciation and amortization expenses, FRC anticipates 1,489 mm yen for the 35th fiscal period and 1,527 mm yen for the 36th 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 368 mm yen for the 35th fiscal period and 379 mm yen for the 36th fiscal period. |
| Dividend per unit | <ul style="list-style-type: none"> Dividend (dividend per unit) is calculated based on the dividend policy stipulated in FRC's Articles of Incorporation. Dividend per unit may fluctuate due to fluctuations in leasing revenues caused by changes in assets under management and tenants or various factors including unexpected occurrences of repair. Dividend per unit may fluctuate depending on when the spread of COVID-19 will actually be contained. |
| Dividend in excess of earnings per unit | <ul style="list-style-type: none"> Dividend in excess of earnings (dividend in excess of earnings per unit) is not planned at the moment. |
| Other | <ul style="list-style-type: none"> It is assumed that there will be no significant revisions to laws and regulations, the tax system, and accounting standards that may influence the forecast figures. It is also assumed that there will be no significant unexpected changes in general economic conditions and the real estate market. |

2. Financial Statements

(1) Balance sheet

(thousands of yen)

| Account | 33rd fiscal period (as of February 28, 2021) | | 34th fiscal period (as of August 31, 2021) | |
|---|---|-------------|---|-------------|
| | | | | |
| Assets | | | | |
| Current assets | | | | |
| Cash and deposits | | 6,596,412 | | 6,948,985 |
| Cash and deposits in trust | | 3,742,580 | | 4,015,688 |
| Operating accounts receivable | | 528,707 | | 593,014 |
| Prepaid expenses | | 287,185 | | 272,674 |
| Others | | 3,007 | | 2,891 |
| Total current assets | | 11,157,893 | | 11,833,253 |
| Non-current assets | | | | |
| Property, plant and equipment | | | | |
| Buildings | 1,166,235 | | 1,167,104 | |
| Accumulated depreciation | (9,712) | 1,156,522 | (24,360) | 1,142,744 |
| Structures | 20,698 | | 20,698 | |
| Accumulated depreciation | (129) | 20,569 | (322) | 20,376 |
| Tools and fixtures | 1,571 | | 1,571 | |
| Accumulated depreciation | (78) | 1,492 | (195) | 1,375 |
| Lands | | 989,124 | | 989,124 |
| Buildings in trust | 104,526,979 | | 101,200,889 | |
| Accumulated depreciation | (34,998,550) | 69,528,428 | (35,296,331) | 65,904,558 |
| Structures in trust | 2,049,545 | | 1,933,215 | |
| Accumulated depreciation | (848,800) | 1,200,744 | (856,694) | 1,076,521 |
| Machinery and equipment in trust | 1,509,292 | | 1,459,851 | |
| Accumulated depreciation | (639,038) | 870,254 | (668,138) | 791,713 |
| Vehicles and transport equipment in trust | 747 | | 626 | |
| Accumulated depreciation | (709) | 37 | (594) | 31 |
| Tools and fixtures in trust | 1,393,755 | | 1,428,616 | |
| Accumulated depreciation | (1,210,954) | 182,801 | (1,201,413) | 227,203 |
| Lands in trust | | 107,452,281 | | 110,373,363 |
| Construction in progress in trust | | 16,791 | | 480,002 |
| Total property, plant and equipment | | 181,419,047 | | 181,007,013 |
| Intangible assets | | | | |
| Leasehold right in trust | | 5,545,883 | | 5,545,883 |
| Other intangible assets in trust | | 24,044 | | 15,584 |
| Total intangible assets | | 5,569,927 | | 5,561,467 |
| Investment and other assets | | | | |
| Deferred tax assets | | 63 | | 13 |
| Lease and guarantee deposits | | 10,000 | | 10,000 |
| Lease and guarantee deposits in trust | | 327,135 | | 327,135 |
| Long-term prepaid expenses | | 1,042,944 | | 1,036,131 |
| Total investment and other assets | | 1,380,143 | | 1,373,280 |
| Total non-current assets | | 188,369,118 | | 187,941,761 |
| Deferred assets | | | | |
| Investment corporation bond issuance expenses | | 32,040 | | 29,938 |
| Total deferred assets | | 32,040 | | 29,938 |
| Total assets | | 199,559,052 | | 199,804,953 |

(thousands of yen)

| Account | 33rd fiscal period (as of February 28, 2021) | | 34th fiscal period (as of August 31, 2021) | |
|--|---|-------------|---|-------------|
| Liabilities | | | | |
| Current liabilities | | | | |
| Operating accounts payable | | 561,673 | | 452,735 |
| Current maturities of long-term debt | | 6,300,000 | | 6,000,000 |
| Accounts payable-other | | 22,905 | | 17,146 |
| Accrued expenses | | 415,653 | | 420,218 |
| Income taxes payable | | 1,835 | | 944 |
| Accrued consumption taxes | | 316,581 | | 705,556 |
| Advances received | | 1,088,923 | | 1,057,228 |
| Deposits received | | 793,952 | | 912,833 |
| Total current liabilities | | 9,501,526 | | 9,566,664 |
| Non-current liabilities | | | | |
| Investment corporation bonds | | 5,000,000 | | 5,000,000 |
| Long-term debt | | 71,100,000 | | 71,400,000 |
| Tenant leasehold and security deposits | | 450,791 | | 450,811 |
| Tenant leasehold and security deposits received in trust | | 11,892,365 | | 11,631,661 |
| Total non-current liabilities | | 88,443,156 | | 88,482,473 |
| Total liabilities | | 97,944,683 | | 98,049,137 |
| Net assets | | | | |
| Unitholders' equity | | | | |
| Unitholders' capital | | 98,938,764 | | 98,938,764 |
| Surplus | | | | |
| Unappropriated surplus | | 2,675,604 | | 2,817,051 |
| Total surplus | | 2,675,604 | | 2,817,051 |
| Total unitholders' equity | | 101,614,369 | | 101,755,815 |
| Total net assets | | 101,614,369 | | 101,755,815 |
| Total liabilities and net assets | | 199,559,052 | | 199,804,953 |

(2) Statement of income

(thousands of yen)

| Account | 33rd fiscal period (September 1, 2020 to February 28, 2021) | | 34th fiscal period (March 1, 2021 to August 31, 2021) | |
|--|---|-----------|---|-----------|
| | | | | |
| Operating revenues | | | | |
| Leasing revenues – real estate | *1 8,306,678 | | *1 8,157,755 | |
| Other leasing revenues – real estate | *1 597,438 | | *1 605,165 | |
| Gain on sales of real estate | — | 8,904,117 | *2 104,254 | 8,867,174 |
| Operating expenses | | | | |
| Expenses related to leasing business | *1, *3 5,180,315 | | *1, *3 4,978,758 | |
| Asset management fees | 524,777 | | 531,986 | |
| Asset custody fees | 7,401 | | 7,544 | |
| Administrative service fees | 58,665 | | 58,810 | |
| Director's compensations | 9,600 | | 9,600 | |
| Other operating expenses | 61,374 | 5,842,134 | 75,780 | 5,662,481 |
| Operating income | | 3,061,982 | | 3,204,693 |
| Non-operating revenues | | | | |
| Interest received | 47 | | 54 | |
| Others | 1,357 | 1,404 | 504 | 559 |
| Non-operating expenses | | | | |
| Interest expenses | 253,182 | | 257,612 | |
| Interest expenses on investment corporation bonds | 29,200 | | 29,200 | |
| Amortization of investment corporation bond issuance expenses | 2,102 | | 2,102 | |
| Amortization of investment unit issuance expenses | 3,835 | | — | |
| Financing related expenses | 97,663 | | 98,492 | |
| Others | 37 | 386,021 | 39 | 387,447 |
| Ordinary income | | 2,677,366 | | 2,817,806 |
| Profit before income taxes | | 2,677,366 | | 2,817,806 |
| Income taxes-current | 1,842 | | 952 | |
| Income taxes-deferred | (49) | 1,793 | 50 | 1,003 |
| Profit | | 2,675,572 | | 2,816,802 |
| Surplus brought forward | | 31 | | 248 |
| Unappropriated surplus | | 2,675,604 | | 2,817,051 |

(3) Statement of changes in net assets

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

(thousands of yen)

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

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

(thousands of yen)

| Item | 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 |

(4) Dividend statement

| Account | 33rd fiscal period (September 1, 2020 to February 28, 2021) | 34th fiscal period (March 1, 2021 to August 31, 2021) |
|-----------------------------------|---|---|
| I. Unappropriated surplus | 2,675,604 thousand yen | 2,817,051 thousand yen |
| II. Total | 2,675,356 thousand yen | 2,817,044 thousand yen |
| [Dividend per investment unit] | [3,361 yen] | [3,539 yen] |
| III. Surplus brought forward | 248 thousand yen | 7 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 2,675,356 thousand yen, which is almost the entire amount of unappropriated surplus, as earnings dividends. Moreover, dividend in excess of earnings as stipulated in Article 38-2 of FRC's Articles of Incorporation will not be provided. | 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. |
|----------------------------------|--|--|

(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) | | |
|---|---|---|
| Account | 33rd fiscal period (September 1, 2020 to February 28, 2021) | 34th fiscal period (March 1, 2021 to August 31, 2021) |
| Net cash provided by (used in) operating activities | | |
| Profit before income taxes | 2,677,366 | 2,817,806 |
| Depreciation and amortization expenses | 1,623,716 | 1,552,759 |
| Amortization of investment corporation bond issuance expenses | 2,102 | 2,102 |
| Amortization of investment unit issuance expenses | 3,835 | — |
| Interest received | (47) | (54) |
| Interest expenses | 282,382 | 286,812 |
| Gain on sales of real estate | — | (104,254) |
| Decrease (increase) in operating accounts receivables | 515,217 | (64,306) |
| Decrease (increase) in consumption taxes refund receivable | 177,613 | — |
| Increase (decrease) in accrued consumption taxes | 316,581 | 388,975 |
| Increase (decrease) in operating accounts payable | 25,185 | 19,627 |
| Increase (decrease) in accounts payable-other | 10,287 | (6,134) |
| Increase (decrease) in accrued expenses | 60,503 | 3,749 |
| Increase (decrease) in advances received | (34,635) | (31,695) |
| Increase (decrease) in deposits expenses | (100,119) | 118,880 |
| Decrease (increase) in prepaid expenses | (4,468) | 14,511 |
| Decrease (increase) in long-term prepaid expenses | 95,407 | 6,812 |
| Others, net | 6,766 | 6,897 |
| Subtotal | 5,657,694 | 5,012,488 |
| Interest income received | 47 | 54 |
| Interest expenses paid | (282,607) | (285,996) |
| Income taxes paid | (974) | (1,844) |
| Net cash provided by (used in) operating activities | 5,374,159 | 4,724,702 |
| Net cash provided by (used in) investment activities | | |
| Purchase of property, plant and equipment | (355,262) | (400) |
| Proceeds from sales of property, plant and equipment in trust | — | 7,608,310 |
| Purchase of property, plant and equipment in trust | (479,144) | (8,771,773) |
| Proceeds from tenant leasehold and security deposits | 84,136 | 80 |
| Repayments of tenant leasehold and security deposits | — | (60) |
| Proceeds from tenant leasehold and security deposits in trust | 122,888 | 460,486 |
| Repayments of tenant leasehold and security deposits in trust | (214,907) | (721,189) |
| Proceeds from restricted trust deposits | 2,016 | 3,283 |
| Payments for restricted trust deposits | (2,470) | (4,575) |
| Net cash provided by (used in) investment activities | (842,743) | (1,425,837) |
| 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 | (2,586,536) | (2,674,475) |
| Net cash provided by (used in) financial activities | (2,586,536) | (2,674,475) |
| Net increase (decrease) in cash and cash equivalents | 1,944,879 | 624,389 |
| Balance of cash and cash equivalents at beginning of period | 8,348,438 | 10,293,317 |
| Balance of cash and cash equivalents at end of period | 10,293,317 | 10,917,706 |

(6) Notes on the going concern assumption

No relevant items.

(7) Significant accounting policies

The disclosure is omitted, since there are no significant changes from contents disclosed by the latest securities report (submitted on May 31, 2021).

(8) Notes to financial statements

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

(Notes to statement of income)

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

| | (thousands of yen) | | | |
|---|---|-----------|---|-----------|
| | 33rd fiscal period (September 1, 2020 to February 28, 2021) | | 34th fiscal period (March 1, 2021 to August 31, 2021) | |
| A. Real estate leasing business revenues | | | | |
| Leasing revenues – real estate | | | | |
| Rents | 6,830,181 | | | 6,755,878 |
| Common charges | 1,075,140 | | | 1,007,813 |
| Parking revenues | 401,356 | 8,306,678 | 394,063 | 8,157,755 |
| Other leasing revenues – real estate | | | | |
| Incidental income | 552,811 | | | 581,258 |
| Other miscellaneous income | 44,627 | 597,438 | 23,906 | 605,165 |
| Total real estate leasing business revenues | 8,904,117 | | 8,762,920 | |
| B. Expenses related to real estate leasing business | | | | |
| Expenses related to leasing business | | | | |
| Outsourcing fees | 1,870,563 | | | 1,775,633 |
| Repair and maintenance expenses | 211,326 | | | 153,469 |
| Taxes and other public charges | 743,094 | | | 723,140 |
| Insurance premiums and trust compensation | 45,880 | | | 44,998 |
| Utilities expenses | 452,048 | | | 477,384 |
| Depreciation and amortization expenses | 1,623,716 | | | 1,552,759 |
| Other expenses related to real estate leasing business | 233,685 | 5,180,315 | 251,371 | 4,978,758 |
| Total expenses related to real estate leasing business | 5,180,315 | | 4,978,758 | |
| C. Revenues and expenses related to real estate leasing business (A - B) | 3,723,801 | | 3,784,162 | |

*2. Breakdown of gain on sales of real estate

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

Not applicable.

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 |

*3. Transactions with affiliated companies

(thousands of yen)

| Item | 33rd fiscal period (September 1, 2020 to February 28, 2021) | 34th fiscal period (March 1, 2021 to August 31, 2021) |
|--|---|---|
| Expenses related to real estate leasing business | 966,563 | 853,139 |

(Per unit information)

| 33rd fiscal period (September 1, 2020 to February 28, 2021) | | 34th fiscal period (March 1, 2021 to August 31, 2021) | |
|--|-------------|--|-------------|
| Net assets per investment unit: | 127,656 yen | Net assets per investment unit: | 127,833 yen |
| Profit per investment unit: | 3,361 yen | Profit per investment unit: | 3,538 yen |

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

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

| Account | 33rd fiscal period (September 1, 2020 to February 28, 2021) | 34th fiscal period (March 1, 2021 to August 31, 2021) |
|--|---|---|
| Profit (thousands of yen) | 2,675,572 | 2,816,802 |
| Amount not attributable to common unitholders (thousands of yen) | — | — |
| Profit attributable to common investment units (thousands of yen) | 2,675,572 | 2,816,802 |
| 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 August 31, 2021)

| Type of asset | Use | Location (Note 1) | Total value of properties owned (mm of yen) (Note 2) | Percentage of total assets (%) (Note 3) |
|---------------------------------|------------------|--------------------|--|---|
| Real estate | Retail | Fukuoka urban area | — | — |
| | | Other Kyushu areas | — | — |
| | Office buildings | Fukuoka urban area | — | — |
| | | Other Kyushu areas | — | — |
| | Others | Fukuoka urban area | — | — |
| | | Other Kyushu areas | 2,153 | 1.1 |
| | Subtotal | | | 2,153 |
| Real estate in trust | Retail | Fukuoka urban area | 66,680 | 33.4 |
| | | Other Kyushu areas | 36,612 | 18.3 |
| | Office buildings | Fukuoka urban area | 55,418 | 27.7 |
| | | Other Kyushu areas | — | — |
| | Others | Fukuoka urban area | 19,898 | 10.0 |
| | | Other Kyushu areas | 5,324 | 2.7 |
| | Subtotal | | | 183,934 |
| Deposits and other assets | | | 13,716 | 6.9 |
| Total amount of assets (Note 4) | | | 199,804 [186,568] | 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 2015 census, which states "the number of workers and students aged 15 years or older (students including those aged 14 years or younger: particular reference) including commuting between their homes and places of work or school" conducted by Fukuoka City and the Statistics Bureau of the Ministry of Internal Affairs and Communications. "Other Kyushu areas" refers to all other parts of Kyushu (excluding the Fukuoka urban area).

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

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

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

(as of August 31, 2021)

| | Value on balance sheet (mm of yen) | Percentage of total amount of assets (%) |
|-------------------|------------------------------------|--|
| Total liabilities | 98,049 | 49.1 |
| Total net assets | 101,755 | 50.9 |

2) Investment assets

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

(as of August 31, 2021)

| Real estate property name | Acquisition value (mm of yen) (Note 1) | Value on balance sheet (mm of yen) | Period-end appraisal value (mm of yen) (Note 2) | Investment ratio (%) (Note 3) | Real estate appraiser |
|---|--|--|--|--|--|
| Canal City Hakata | 32,000 | 29,476 | 30,600 | 15.8 | Tanizawa Sogo Appraisal Co., Ltd. |
| Canal City Hakata・B (Note 4) | 21,060 | 20,997 | 21,400 | 10.4 | Tanizawa Sogo Appraisal Co., Ltd. |
| Park Place Oita | 19,610 | 20,112 | 21,200 | 9.7 | Japan Real Estate Institute |
| SunLive City Kokura | 6,633 | 5,393 | 8,440 | 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 | 4,258 | 4,960 | 2.6 | Japan Real Estate Institute |
| Kumamoto Intercommunity SC | 2,400 | 1,943 | 2,740 | 1.2 | Japan Real Estate Institute |
| Hanahata SC | 1,130 | 961 | 1,200 | 0.6 | Tanizawa Sogo Appraisal Co., Ltd. |
| Kurume Higashi Kushiwara SC | 2,500 | 1,995 | 2,740 | 1.2 | Tanizawa Sogo Appraisal Co., Ltd. |
| K's Denki Kagoshima | 3,550 | 2,907 | 3,660 | 1.8 | Tanizawa Sogo Appraisal Co., Ltd. |
| Marinoa City Fukuoka (Marina Side Building) | 5,250 | 5,395 | 5,900 | 2.6 | Tanizawa Sogo Appraisal Co., Ltd. |
| Retail subtotal: | 109,433 | 103,293 | 113,340 | 54.2 | |
| Canal City Business Center Building | 14,600 | 12,846 | 17,400 | 7.2 | Tanizawa Sogo Appraisal Co., Ltd. |
| Gofukumachi Business Center | 11,200 | 8,767 | 15,600 | 5.5 | Tanizawa Sogo Appraisal Co., Ltd. |
| Sanix Hakata Building | 4,400 | 3,744 | 6,510 | 2.2 | Japan Real Estate Institute |
| Taihaku Street Business Center | 7,000 | 5,632 | 9,190 | 3.5 | Japan Real Estate Institute |
| Higashi Hie Business Center | 5,900 | 4,364 | 8,270 | 2.9 | Tanizawa Sogo Appraisal Co., Ltd. |
| Tenjin Nishi-Dori Center Building | 2,600 | 2,653 | 3,140 | 1.3 | Japan Real Estate Institute |
| Tenjin North Front Building | 2,800 | 2,414 | 4,490 | 1.4 | Japan Real Estate Institute |
| Higashi Hie Business Center II | 4,230 | 3,982 | 4,690 | 2.1 | Tanizawa Sogo Appraisal Co., Ltd. |
| Higashi Hie Business Center III | 3,290 | 3,256 | 3,380 | 1.6 | Tanizawa Sogo Appraisal Co., Ltd. |
| Tenjin Nishi-Dori Business Center (Land with leasehold interest) | 7,700 | 7,754 | 7,790 | 3.8 | Japan Real Estate Institute |
| Office buildings subtotal: | 63,720 | 55,418 | 80,460 | 31.5 | |
| Amex Akasakamon Tower | 2,060 | 1,635 | 1,880 | 1.0 | Daiwa Real Estate Appraisal Co., Ltd. |
| City House Keyaki Dori | 1,111 | 882 | 1,040 | 0.5 | Daiwa Real Estate Appraisal Co., Ltd. |
| Aqualia Chihaya | 1,280 | 1,146 | 1,950 | 0.6 | Japan Real Estate Institute |
| D-Wing Tower | 2,800 | 2,635 | 3,660 | 1.4 | Tanizawa Sogo Appraisal Co., Ltd. |
| Granfore Yakuin Minami | 1,100 | 1,079 | 1,330 | 0.5 | Tanizawa Sogo Appraisal Co., Ltd. |
| Hotel FORZA Oita | 1,530 | 1,360 | 1,890 | 0.8 | Japan Real Estate Institute |
| Tissage Hotel Naha | 2,835 | 2,810 | 2,880 | 1.4 | Tanizawa Sogo Appraisal Co., Ltd. |
| Tosu Logistics Center | 1,250 | 1,153 | 1,360 | 0.6 | Japan Real Estate Institute |
| LOGICITY Minato Kashii | 8,150 | 7,755 | 9,210 | 4.0 | Tanizawa Sogo Appraisal Co., Ltd. |
| LOGICITY Hisayama | 5,050 | 4,762 | 5,450 | 2.5 | Tanizawa Sogo Appraisal Co., Ltd. |
| LOGICITY Wakamiya | 1,700 | 2,153 | 2,400 | 0.8 | Tanizawa Sogo Appraisal Co., Ltd. |
| Others subtotal: | 28,866 | 27,376 | 33,050 | 14.3 | |
| Total | 202,019 | 186,088 | 226,850 | 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.

Note 4: The amounts after the disposition of Canal City Hakata-B Grand Building (88.28% co-ownership interest in Grand Building) are indicated. As for the acquisition value, the appraisal value at the time of disposition is subtracted from the initial acquisition value.

(B) Summary of the real estate leasing business

(as of August 31, 2021)

| Real estate property name | Number of tenants (Note 1) | Occupancy rate (%) (Note 3) | Total leasable floor space (m ²) | Total leased floor space (m ²) | Total leasing revenues (mm of yen) (Note 4) | Percentage of total leasing revenues (%) (Note 5) |
|---|-------------------------------|-----------------------------------|---|---|---|--|
| Canal City Hakata | 1 [46] | 97.9 | 46,585.57 | 45,589.93 | 996 | 11.4 |
| Canal City Hakata-B (Note 6) | 1 [45] | 98.1 | 31,139.07 | 30,538.60 | 1,166 | 13.3 |
| Park Place Oita | 1 [104] | 99.9 | 121,212.26 | 121,131.26 | 1,183 | 13.5 |
| SunLive City Kokura | 1 | 100.0 | 61,450.22 | 61,450.22 | 262 | 3.0 |
| Konoha Mall Hashimoto | 1 [124] | 98.7 | 22,121.05 | 21,838.30 | 778 | 8.9 |
| Square Mall Kagoshima Usuki | 13 | 100.0 | 14,602.88 | 14,602.88 | 253 | 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 | 88 | 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 [340] (Note 2) | 99.4 | 353,714.65 | 351,754.79 | 5,147 | 58.7 |
| Canal City Business Center Building | 1 [62] | 100.0 | 23,030.30 | 23,030.30 | 650 | 7.4 |
| Gofukumachi Business Center | 36 | 100.0 | 19,905.34 | 19,905.34 | 571 | 6.5 |
| Sanix Hakata Building | 16 | 100.0 | 6,293.75 | 6,293.75 | 205 | 2.3 |
| Taihaku Street Business Center | 1 [69] | 99.2 | 14,677.30 | 14,566.29 | 322 | 3.7 |
| Higashi Hie Business Center | 1 [27] | 100.0 | 13,614.59 | 13,614.59 | 353 | 4.0 |
| Tenjin Nishi-Dori Center Building | 1 | 100.0 | 3,339.32 | 3,339.32 | 86 | 1.0 |
| Tenjin North Front Building | 11 | 100.0 | 5,252.41 | 5,252.41 | 146 | 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 | 95 | 1.1 |
| Tenjin Nishi-Dori Business Center (Land with leasehold interest) (Note 7) | 1 | 100.0 | 1,343.51 | 1,343.51 | 79 | 0.9 |
| Office buildings subtotal: | 76 [231] (Note 2) | 99.9 | 96,652.43 | 96,541.42 | 2,675 | 30.5 |
| Amex Akasakamon Tower | 1 [64] | 95.4 | 4,821.25 | 4,597.83 | 66 | 0.8 |
| City House Keyaki Dori | 1 [40] | 95.6 | 2,710.86 | 2,591.32 | 37 | 0.4 |
| Aqualia Chihaya | 1 [101] | 96.5 | 5,619.69 | 5,420.29 | 60 | 0.7 |
| D-Wing Tower | 1 [130] | 94.4 | 7,187.59 | 6,782.40 | 112 | 1.3 |
| Granfore Yakuin Minami | 1 [97] | 98.0 | 2,496.06 | 2,446.14 | 39 | 0.4 |
| Hotel FORZA Oita | 1 | 100.0 | 5,785.44 | 5,785.44 | 63 | 0.7 |
| Tissage Hotel Naha | 1 | 100.0 | 3,758.76 | 3,758.76 | 43 | 0.5 |
| Tosu Logistics Center | 1 | 100.0 | 4,173.29 | 4,173.29 | Undisclosed (Note 8) | Undisclosed (Note 8) |
| LOGICITY Minato Kashii | 2 | 100.0 | 43,233.72 | 43,233.72 | Undisclosed (Note 8) | Undisclosed (Note 8) |
| LOGICITY Hisayama | 1 | 100.0 | 24,505.65 | 24,505.65 | Undisclosed (Note 8) | Undisclosed (Note 8) |
| LOGICITY Wakamiya | 1 | 100.0 | 17,556.32 | 17,556.32 | Undisclosed (Note 8) | Undisclosed (Note 8) |
| Others subtotal: | 12 [439] (Note 2) | 99.2 | 121,848.63 | 120,851.16 | 939 | 10.7 |
| Total | 113 [1,010] (Note 2) | 99.5 | 572,215.71 | 569,147.37 | 8,762 | 100.0 |

Note 1: "Number of tenants" is based on the total number of sections stipulated in the tenancy agreements for retail and office

buildings among relevant properties. For the number of tenants in pass-through master leasing properties, the number of sections stipulated in the tenancy agreements with end tenants is shown in parentheses. The Taihaku Street Business Center is an office building with a residential tower. Its number of end tenants comprises 12 offices and 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: FRC disposed Canal City Hakata-B Grand Building (88.28% co-ownership interest in Grand Building) on June 1, 2021.

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 34th 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 34th fiscal period and of capital expenditures associated with renovations, etc. planned as of October 15, 2021 for real estate properties owned by FRC. The planned construction costs indicated below may be partly classified as expenses. In addition, FRC will implement renewal construction work in order to maintain and improve the competitiveness of properties in the market as well as tenant satisfaction, on top of the construction, facilities and replacement work for which expenditures will be made regularly.

| Real estate property name | Location | Purpose | Schedule | Planned construction cost (mm of yen) | | |
|---------------------------|-------------------------------------|---------------------------------------|-----------------------------------|---------------------------------------|------------------------|------------------------|
| | | | | Total | Const- ruction cost | Amount already paid |
| Canal City Hakata | Hakata Ward, Fukuoka City | Replacement of piping | From August 2021 to April 2022 | 597 | — | — |
| Park Place Oita | Oita City, Oita | Renovation of common spaces | From September 2021 to April 2022 | 650 | 25 | 27 |
| Park Place Oita | Oita City, Oita | Replacement of air-conditioning units | From March 2022 to April 2022 | 126 | — | — |
| SunLive City Kokura | Kokura Minami Ward, Kitakyushu City | Renovation of common spaces | From June 2021 to September 2021 | 189 | 4 | 4 |

2) Capital expenditures during the 34th fiscal period

Capital expenditures for the real estate properties owned by FRC totaled 445 mm yen in the 34th period. Furthermore, FRC incurred construction costs of 611 mm yen in total in the period, including 153 mm yen in repair and maintenance expenses classified as expenses on the statement of income and 12 mm yen in expenses for restoration to former state. The following table provides the overview of major construction work that was completed in the 34th 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 October 2020 to April 2021 | 22 |
| Canal City Hakata | Hakata Ward, Fukuoka City | Repair of facilities | From July 2017 to July 2021 | 57 |
| Gofukumachi Business Center | Hakata Ward, Fukuoka City | Replacement of air-conditioning units | From July 2021 to August 2021 | 35 |
| Sanix Hakata Building | Hakata Ward, Fukuoka City | Replacement of air-conditioning units | From March 2021 to April 2021 | 16 |
| Hotel FORZA Oita | Oita City, Oita | Replacement of air-conditioning units | April 2021 | 18 |