

EARNINGS BRIEFING FOR THE PERIOD ENDED AUGUST 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: Yukitaka Ohara Executive Director

Asset manager: Fukuoka Realty Co., Ltd.
Representative: Yukitaka Ohara President and CEO
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Expected date for submitting securities report: November 26, 2024

Expected commencement date of dividend payments: November 18, 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 August 2024 (March 1, 2024 to August 31, 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 August 2024	9,652	3.5	3,664	5.8	3,225	6.4	3,223	6.4
Period ended February 2024	9,326	0.5	3,462	2.7	3,031	1.5	3,030	1.4

	Profit per unit (yen)	Return on net assets (%)	Ratio of ordinary income to total assets (%)	Ratio of ordinary income to operating revenues (%)
Period ended August 2024	4,049	3.2	1.5	33.4
Period ended February 2024	3,806	3.0	1.4	32.5

(2) Dividends

	Dividend per unit (excl. dividend in excess of earnings) (yen)	Total dividend (excl. dividend in excess of earnings) (mm yen)	Dividend in excess of earnings per unit (yen)	Total dividend in excess of earnings (mm yen)	Dividend per unit (incl. dividend in excess of earnings) (yen)	Total dividend (incl. dividend in excess of earnings) (mm yen)	Payout ratio (%)	Ratio of dividend to net assets (%)
Period ended August 2024	3,850	3,064	—	—	3,850	3,064	95.1	3.0
Period ended February 2024	3,807	3,030	—	—	3,807	3,030	100.0	3.0

(Note) Dividend per unit for the period ended August 31, 2024 is calculated based on the amount obtained by deducting 157 million yen from unappropriated retained earnings for the fiscal period after deducting provision for reserve for reduction.

(3) Financial condition

	Total assets (mm yen)	Net assets (mm yen)	Ratio of net assets to total assets (%)	Net assets per unit (yen)
Period ended August 2024	215,083	102,161	47.5	128,344
Period ended February 2024	214,390	101,969	47.6	128,102

(4) Cash flows condition

	Cash flows from operating activities (mm yen)	Cash flows from investing activities (mm yen)	Cash flows from financing activities (mm yen)	Balance of cash and cash equivalents at end of period (mm yen)
Period ended August 2024	4,953	(881)	(3,029)	8,503

Period ended February 2024	3,724	(13,636)	6,912	7,460
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2. Forecast of performance for the period ending February 2025 (September 1, 2024 to February 28, 2025) and the period ending August 2025 (March 1, 2025 to August 31, 2025)

(% shows percentage change from previous period)

	Operating revenues		Operating income		Ordinary income		Profit		Dividend per unit (excl. dividend in excess of earnings) yen	Dividend in excess of earnings per unit yen
	mm of yen	%	mm of yen	%	mm of yen	%	mm of yen	%		
Period ending February 2025	10,203	5.7	4,234	15.6	3,780	17.2	3,779	17.3	3,900	—
Period ending August 2025	10,449	2.4	4,182	(1.2)	3,704	(2.0)	3,703	(2.0)	3,900	—

(Reference) Forecast profit per unit: Period ending February 2025 4,334 yen

Forecast profit per unit: Period ending August 2025 4,247 yen

(Note) Dividends per unit are calculated by deducting the estimated reserve for tax purpose reduction entry per unit (377 mm yen) for Feb. 2025 from the estimated profit per unit for the current period and for tax purpose reduction entry per unit (302 mm yen) for Aug. 2025 from the estimated profit per unit for the current period.

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 August 2024 796,000 units
 - As of February 2024 796,000 units
- (ii) Treasury investment units at end of period:
 - As of August 2024 0 unit
 - As of February 2024 0 unit

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

* Statement on Implementation Status of Audit Procedure

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

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

Forecast figures are calculated based on information available on the date of release of the forecast and contain uncertain factors to a large extent. Actual operating revenues, operating income, ordinary income, profit, and dividend per unit may differ due to changes in the business environment. The forecast should not be construed as a guarantee of actual dividend. Concerning details of the preconditions for the above forecast figures please refer to "1. Management Situation, (2) Forecast for the next fiscal period – Preconditions for the performance forecast for the period ending February 2025 (September 1, 2024 to February 28, 2025) and the period ending August 2025 (March 1, 2025 to August 31, 2025)" on page 5.

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 40th fiscal period (August 31, 2024).

(b) Investment environment and portfolio performance

The Japanese economy showed a mild recovery during the fiscal period under review (the 40th 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 continued high level of interest rates in Europe and the U.S. and the effects associated with the ongoing stagnation of the real estate market in China, 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.

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 recovering mildly, despite being affected by rising prices. The pick-up in production activities has slowed. The employment situation has been improving moderately. As we foresee, with the employment and income environment improving, the economy is expected to remain on a moderate recovery trend due to various political measures proving effective, among other factors. However, we need to pay close attention to the effects of downturns in overseas economies, rising prices, and fluctuations in financial and capital markets.

As for land price trends, according to the 2024 Prefectural Land Price Survey, nationwide land prices for all-use averages, residential land, and commercial land all rose for the third consecutive year, and the rate of increase expanded. Meanwhile, in the city of Fukuoka, the central area of FRC’s investment targets, land prices rose 13.2% year-on-year for commercial land and 9.5% year-on-year for residential land.

Under such circumstances, FRC’s portfolio as a whole achieved a generally solid performance during the 40th fiscal period. Among them, Canal City Hakata, a city-center retail property, in addition to the continued recovery in inbound tourism from Asia (except for China).

In the 40th fiscal period, on August 28, 2024, FRC entered into an agreement for the acquisition of (tentative) Mifune Logistics Center (to be acquired on March 27, 2025) and Axion Otomon Premium (to be acquired on March 28, 2025), and on August 29, 2024, disposed of Tenjin North Front Building (5% quasi-co-ownership interests). Furthermore, on September 2, 2024, in the following period, FRC completed disposition of Marina City Fukuoka (Marina Side Building) (Building).

When analyzing FRC’s portfolio (on an acquisition price basis) as of the end of the 40th fiscal period by investment target area, the investment ratio in the Fukuoka metropolitan area accounted for 79.0%; 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 40th 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 84.7% of its portfolio properties against its 2030 target of 85% or higher.

(c) Summary of fundraising

In the 40th fiscal period, as FRC conducted refinancing of 700 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 44.8% 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 40th fiscal period. 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.

On August 28, 2024, the Board of Directors of FRC resolved to issue new investment units and conduct a secondary offering of investment units for the purpose of using the proceeds to acquire new specified assets.

Moreover, the credit ratings assigned to FRC as of the end of the 40th 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 9,652 mm yen and operating income after excluding operating expenses such as expenses related to leasing business and asset management fees totaled 3,664 mm yen. Ordinary income was 3,225 mm yen and profit amounted to 3,223 mm yen. Management decided to make a dividend of 3,850 yen per unit to meet the requirements of special tax measures for an investment corporation (as stipulated in Article 65-7 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:

Issuance of new investment units

The issuance of new investment units through a public offering and third-party allotment for the purpose of acquiring real estate trust beneficiary interests (note), which were resolved at the Board of Directors meetings held on August 28, 2024 and September 4, 2024, were paid in on September 10, 2024 and October 8, 2024. As a result, the total unitholders' capital was 109,264,428,550 yen and the total number of investment units issued was 872,000 units as of October 8, 2024.

Issuance of new investment units through public offering

Number of investment units issued : 72,400 units
Issue price : 140,400 yen
Total issue price : 10,164,960,000 yen
Issue value : 135,864 yen
Total issue value : 9,836,553,600 yen
Payment date : September 10, 2024
Initial date of dividend calculation : September 1, 2024

Issuance of new investment units through third-party allotment

Number of new investment units issued : 3,600 units
Paid-in amount (issue value) : 135,864 yen
Total paid-in amount (issue value) : 489,110,400 yen
Payment date : October 8, 2024
Initial date of dividend calculation : September 1, 2024
Allottee : SMBC Nikko Securities Inc.

(Note) As of the date of this document, the properties are physical real estate, but by the scheduled acquisition date, the seller will place each property in trust for a trustee, and FRC will acquire the beneficiary interest in such trust.

(Reference information)

Disposition of Asset

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

Type of asset disposed : Real estate trust beneficiary interest
Property name : Marinao City Fukuoka (Marina Side Building) (Building)
Use : Retail
Location : 2-12-30 Odo, Nishi Ward, Fukuoka City

Buyer : Fukuoka Jisho Co., Ltd. and Mitsui Fudosan Co., Ltd.
Disposition price : 783 mm yen (Note 1)
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) The disposition price does not include disposition expenses and the amount equivalent to the settlement of property taxes and city planning taxes, etc.

(Note 2) Upon the disposition, the trust beneficiary interest in the property will first be divided into beneficial interests in the land and building, of which only the trust beneficiary interest in the building will be transferred to the transferee, and then the trust will be terminated and the transferee will own the building, while the trustee and Fukuoka Jisho Co., Ltd. will enter into a land lease agreement which will allow FRC to continue to hold the trust beneficiary right pertaining to the land with leasehold interest in the property.

Based on the sales agreement concluded on August 28, 2024, the real estate trust beneficiary rights will be transferred.

Type of asset disposed : Real estate trust beneficiary interest
Property name : Tenjin North Front Building
Use : Office
Location : 4-4-20 Tenjin, Chuo Ward, Fukuoka City
Buyer : ORIX JREIT Inc.
Disposition price : 6,350 mm yen (Note 1)
Impact on profit and loss: We plan to record a gain on sales of real estate and other assets of approximately 975 million yen as operating revenue in the fiscal year ending February 2025 and 860 million yen as operating revenue in the fiscal year ending August 2025.

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

(Note 2) Each will be transferred in six installments in the form of quasi-co-ownership interests (5% quasi-co-ownership, 25% quasi-co-ownership, 22% quasi-co-ownership, 16% quasi-co-ownership, 16% quasi-co-ownership, and 16% quasi-co-ownership). Of this, 5% of the quasi-co-ownership was transferred on August 29, 2024.

Acquisition of Asset

The proceeds from the issuance of new investment units will be used to partially fund the acquisition of real estate trust beneficiary interests in the following two properties.

Type of asset to be acquired : Real estate trust beneficiary interest
Property name : (tentative) Mifune Logistics Center (Note 1)
Use : Logistics
Location : Other 407 Bishamon Kinokura, Kamimashiki-gun Mifune-machi, Kumamoto
Seller : Not disclosed (Note 2)
Acquisition price (planned) : 11,000 million yen (Note 3)(Note 4)
Acquisition date (scheduled) : March 27, 2025

Type of asset to be acquired : Real estate trust beneficiary interest
Property name : Axion Otemon Premium
Use : Residence
Location : 1-1-2 Oemon, Chuo Ward, Fukuoka
Seller : Not disclosed (Note 2)
Acquisition price (planned) : 1,800 million yen (Note 3)
Acquisition date (scheduled) : March 28, 2025

(Note 1) The property has not yet been completed as of today. FRC intends to acquire the property on March 27, 2025, subject to completion of the building. However, FRC may not be able to acquire the property as scheduled due to delays, changes, or cancellation of the development.

(Note 2) The name of the seller is not disclosed as no consent to disclosure has been obtained from the seller. Each asset was acquired from a different domestic business company.

(Note 3) The planned acquisition price is the amount (sales price stated in the sales contract, etc.) that does not include the various expenses required for the acquisition of the real estate (sales intermediary fee, taxes and public charges, etc.).

(Note 4) If the existing tenant lease agreements (meaning each lease reservation agreement initially conducted with each tenant) are changed due to additional building construction work, etc. by the seller, and the rent in such agreements is increased, the seller shall discuss with FRC to increase the purchase price by the amount agreed upon by both parties. The seller shall consult with FRC about increasing the purchase price by the amount determined by mutual agreement between the seller and FRC.

(Note 5) This transaction agreement constitutes forward commitment, etc. According to the transaction agreement, if it becomes objectively and reasonably impossible to achieve its purpose due to reasons beyond the control of FRC, FRC may cancel the transaction agreement without paying a penalty. FRC will not pay a deposit under this transaction agreement from the date of conclusion of the Sales Agreement to the scheduled acquisition date.

(c) Performance forecast for the next fiscal period

FRC aims to achieve the following performance goals for the period ending February 2025 (September 1, 2024 to February

28, 2025) and the period ending August 2025 (March 1, 2025 to August 31, 2025). Concerning preconditions for the relevant performance forecast, please refer to "Preconditions for the performance forecast for the period ending February 2025 (September 1, 2024 to February 28, 2025) and the period ending August 2025 (March 1, 2025 to August 31, 2025)" on page 5.

	Period ending February 2025	Period ending August 2025
Operating revenues	10,203 mm yen	10,449 mm yen
Operating income	4,234 mm yen	4,182 mm yen
Ordinary income	3,780 mm yen	3,704 mm yen
Profit	3,779 mm yen	3,703 mm yen
Dividend per unit	3,900 yen	3,900 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 2025 (September 1, 2024 to February 28, 2025) and the period ending August 2025 (March 1, 2025 to August 31, 2025).

Item	Preconditions
Calculation period	41 st fiscal period: September 1, 2024 to February 28, 2025 (181 days) 42 nd fiscal period: March 1, 2025 to August 31, 2025 (184 days)
Assets under management	- It is assumed that FRC will acquire (tentative) Mifune Logistics Center on March 27, 2025 and Axion Otemon Premium on March 28, 2025 in the 42nd fiscal period, in addition to the 35 properties FRC owns as of August 31, 2024. - FRC completed disposition of Marinoa City Fukuoka (Marina Side Building) on September 2, 2024. - Concerning Tenjin North Front Building, FRC expects that it will dispose of 25% quasi-co-ownership interest on February 27, 2025 and 22% quasi-co-ownership interest on August 28, 2025. - In practice, the number may fluctuate due to changes in assets under management.
Total number of investment units outstanding	Total number of investment units outstanding is assumed to be 872,000 units, including new investment units paid-in by September 10, 2024 (72,400 units) and new investment units paid-in by October 8, 2024 (3,600 units).
Interest-bearing debt and refinancing	- 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 42.7%. - The balance of interest-bearing debt outstanding at the end of the 42nd fiscal period (August 31, 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 42.7%.
Operating revenues	- Of leasing revenues – real estate, revenues from properties FRC has already acquired are calculated based on tenancy agreements that are valid as of October 18, 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	- 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 41st and 42nd 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 1,795 mm yen for the 41st fiscal period and 1,809 mm yen for the 42nd fiscal period. - Concerning taxes and other public charges, FRC anticipates 808 mm yen for the 41st fiscal period and 836 mm yen for the 42nd fiscal period. - Concerning depreciation and amortization expenses, FRC anticipates 1,597 mm yen for the 41st fiscal period and 1,691 mm yen for the 42nd fiscal period.
Non-operating expenses	Concerning interest expenses (including interest expenses on investment corporation bonds) and expenses related to financing, FRC anticipates 448 mm yen for the 41st fiscal period and 472 mm yen for the 42nd fiscal period.
Dividend per unit	- 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. - The "Special Provisions for Taxation in the Case of Replacement of Certain Assets" stipulated in Article 65-7 of the Act on Special Measures on Taxation as announced in the "Notice on Disposition of Property (Trust beneficiary interest in domestic real estate)" dated August 28, 2024, which are expected to be recorded in the fiscal years ending February 2025 and August 2025, will be subject to the "Special Provisions for Taxation in the Case of Replacement of Certain Assets" stipulated in Article 65-7 of the Act on Special Measures on Taxation. It is assumed that internal reserves (377 million yen in the fiscal year ending February 2025 and 302 million yen in the fiscal year ending August 2025) will be paid. Please note that the amount of the reduced reserve is subject to change depending on the operational situation.
Dividend in excess of earnings per unit	Dividend in excess of earnings (dividend in excess of earnings per unit) is not planned at the moment.
Others	- 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)

	39th fiscal period (as of February 29, 2024)		40th fiscal period (as of August 31, 2024)	
Assets				
Current assets				
Cash and deposits		3,304,641		3,883,372
Cash and deposits in trust		4,206,465		4,670,968
Operating accounts receivable		954,107		1,075,216
Prepaid expenses		288,720		267,795
Consumption taxes receivable		371,690		—
Others		12,477		765,716
Total current assets		9,138,073		10,663,069
Non-current assets				
Property, plant and equipment				
Buildings	2,012,675		2,015,825	
Accumulated depreciation	(119,317)	1,893,357	(144,743)	1,871,081
Structures	24,857		24,857	
Accumulated depreciation	(1,431)	23,425	(1,696)	23,161
Machinery and equipment	0		0	
Accumulated depreciation	—	0	—	0
Tools and fixtures	3,513		3,513	
Accumulated depreciation	(806)	2,706	(1,068)	2,444
Lands		1,684,370		1,684,369
Buildings in trust	113,422,114		114,250,463	
Accumulated depreciation	(41,778,221)	71,643,893	(43,252,548)	70,997,915
Structures in trust	1,983,032		1,995,629	
Accumulated depreciation	(964,144)	1,018,887	(991,543)	1,004,086
Machinery and equipment in trust	1,602,321		1,599,795	
Accumulated depreciation	(853,366)	748,954	(884,306)	715,488
Vehicles and transport equipment in trust	626		626	
Accumulated depreciation	(594)	31	(594)	31
Tools and fixtures in trust	1,500,654		1,525,053	
Accumulated depreciation	(1,261,849)	238,805	(1,274,240)	250,812
Lands in trust		121,016,223		120,960,079
Construction in progress in trust		15,885		38,646
Total property, plant and equipment		198,286,541		197,548,117
Intangible assets				
Leasehold right in trust		5,545,883		5,545,883
Other intangible assets in trust		1,711		1,058
Total intangible assets		5,547,594		5,546,941
Investment and other assets				
Deferred tax assets		1,847		7
Lease and guarantee deposits		10,000		10,000
Lease and guarantee deposits in trust		335,492		335,492
Long-term prepaid expenses		1,050,380		960,295
Total investment and other assets		1,397,720		1,305,796
Total non-current assets		205,231,856		204,400,855
Deferred assets				
Investment corporation bond issuance expenses		21,027		20,021
Total deferred assets		21,027		20,021
Total assets		214,390,957		215,083,946

(thousands of yen)

	39th fiscal period (as of February 29, 2024)		40th fiscal period (as of August 31, 2024)	
Liabilities				
Current liabilities				
Operating accounts payable		871,427		574,175
Current maturities of long-term debt		2,700,000		3,900,000
Accounts payable-other		19,422		13,921
Accrued expenses		463,375		488,071
Income taxes payable		3,306		750
Accrued consumption taxes		—		461,561
Advances received		1,058,145		1,028,457
Deposits received		1,078,148		1,323,247
Total current liabilities		6,193,826		7,790,185
Non-current liabilities				
Investment corporation bonds		3,000,000		3,000,000
Long-term debt		90,650,000		89,450,000
Tenant leasehold and security deposits		835,295		861,609
Tenant leasehold and security deposits received in trust		11,742,547		11,820,191
Total non-current liabilities		106,227,842		105,131,801
Total liabilities		112,421,668		112,921,986
Net assets				
Unitholders' equity				
Unitholders' capital		98,938,764		98,938,764
Surplus				
Unappropriated surplus		3,030,524		3,223,195
Total surplus		3,030,524		3,223,195
Total unitholders' equity		101,969,288		102,161,959
Total net assets		101,969,288		102,161,959
Total liabilities and net assets		214,390,957		215,083,946

(2) Statement of income

(thousands of yen)

	39th fiscal period (September 1, 2023 to February 29, 2024)		40th fiscal period (March 1, 2024 to August 31, 2024)	
Operating revenues				
Leasing revenues – real estate	*1 8,480,341		*1 8,787,411	
Other leasing revenues – real estate	*1 608,442		*1 669,410	
Gain on sales of real estate	*2 237,704	9,326,487	*2 195,590	9,652,412
Operating expenses				
Expenses related to leasing business	*1, *3 5,166,743		*1, *3 5,268,036	
Asset management fees	557,556		579,790	
Asset custody fees	7,603		8,105	
Administrative service fees	58,817		63,115	
Director's compensations	3,600		3,600	
Other operating expenses	69,974	5,864,295	65,336	5,987,984
Operating income		3,462,192	3,664,427	
Non-operating revenues				
Interest received	44		571	
Others	679	724	1,269	1,841
Non-operating expenses				
Interest expenses	303,409		321,891	
Interest expenses on investment corporation bonds	24,655		16,000	
Amortization of investment corporation bond issuance expenses	1,660		1,005	
Financing related expenses	101,441		101,629	
Others	52	431,219	22	440,549
Ordinary income		3,031,697		3,225,719
Profit before income taxes		3,031,697		3,225,719
Income taxes-current	3,313		837	
Income taxes-deferred	(1,838)	1,475	1,839	2,676
Profit		3,030,221		3,223,043
Surplus brought forward		302		152
Unappropriated surplus		3,030,524		3,223,195

(3) Statement of changes in net assets

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

(thousands of yen)

	Unitholders' Equity			(thousands of yen)
	Unitholders' capital	Surplus	Total unitholders' equity	Total net assets
		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 August 31, 2023	98,938,764	3,030,524	101,969,288	101,969,288

40th fiscal period (March 1, 2024 to August 31, 2024)

(thousands of yen)

	Unitholders' Equity			(thousands of yen)
	Unitholders' capital	Surplus	Total unitholders' equity	Total net assets
		Unappropriated surplus		
Balance as of March 1, 2024	98,938,764	3,030,524	101,969,288	101,969,288
Changes in the current fiscal period				
Dividend of surplus		(3,030,372)	(3,030,372)	(3,030,372)
Profit		3,223,043	3,223,043	3,223,043
Total of changes in the current fiscal period	—	192,671	192,671	192,671
Balance as of August 31, 2024	98,938,764	3,223,195	102,161,959	102,161,959

(4) Dividend statement

Item	39th fiscal period (September 1, 2023 to February 29, 2024)	40th fiscal period (March 1, 2024 to August 31, 2024)
I. Unappropriated surplus	3,030,524 thousand yen	3,223,195 thousand yen
II. Total dividend	3,030,372 thousand yen	3,064,600 thousand yen
[Dividend per investment unit]	[3,807 yen] —	[3,850 yen] 157,000 thousand yen
III. Surplus brought forward	152 thousand yen	1,595 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 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.	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 3,064,600 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 unit are rounded down to the nearest thousand yen.

(5) Cash flows statement

	(thousands of yen)	
	39th fiscal period (September 1, 2023 to February 29, 2024)	40th fiscal period (March 1, 2024 to August 31, 2024)
Net cash provided by (used in) operating activities		
Profit before income taxes	3,031,697	3,225,719
Depreciation and amortization expenses	1,609,261	1,611,769
Amortization of investment corporation bond issuance expenses	1,660	1,005
Interest received	(44)	(571)
Interest expenses	328,065	337,891
Gain on sales of real estate	(237,704)	(195,590)
Decrease (increase) in operating accounts receivables	(162,985)	(121,108)
Decrease (increase) in consumption taxes refund receivable	(371,690)	371,690
Increase (decrease) in accrued consumption taxes	(11,301)	461,561
Increase (decrease) in operating accounts payable	(62,642)	5,698
Increase (decrease) in accounts payable-other	2,953	(5,583)
Increase (decrease) in accrued expenses	6,714	19,217
Increase (decrease) in advances received	(7,322)	(29,688)
Increase (decrease) in deposits expenses	(47,599)	245,099
Decrease (increase) in prepaid expenses	(28,756)	20,924
Decrease (increase) in long-term prepaid expenses	(56,135)	90,084
Others, net	36,328	(749,226)
Subtotal	4,030,497	5,288,894
Interest income received	44	571
Interest expenses paid	(305,150)	(332,413)
Income taxes paid	(868)	(3,393)
Net cash provided by (used in) operating activities	3,724,522	4,953,658
Net cash provided by (used in) investment activities		
Purchase of property, plant and equipment	(357)	(3,517)
Proceeds from sale of property, plant and equipment in trust	815,522	307,477
Purchase of property, plant and equipment in trust	(14,953,253)	(1,288,627)
Purchase of intangible assets in trust	(1,323)	—
Proceeds from tenant leasehold and security deposits	5,901	35,326
Repayments of tenant leasehold and security deposits	(7,679)	(9,012)
Proceeds from tenant leasehold and security deposits in trust	637,210	216,161
Repayments of tenant leasehold and security deposits in trust	(124,208)	(138,516)
Payments of leasehold and guarantee deposits in trust	(8,357)	—
Proceeds from restricted trust deposits	2,522	1,679
Payments for restricted trust deposits	(2,439)	(2,050)
Net cash provided by (used in) investment activities	(13,636,461)	(881,080)
Net cash provided by (used in) financial activities		
Proceeds from short-term debt	21,900,000	—
Repayments of short-term debt	(21,900,000)	—
Proceeds from long-term debt	16,400,000	700,000
Repayments of long-term debt	(4,500,000)	(700,000)
Redemption of investment corporation bonds	(2,000,000)	—
Dividends paid	(2,987,237)	(3,029,715)
Net cash provided by (used in) financial activities	6,912,762	(3,029,715)
Net increase (decrease) in cash and cash equivalents	(2,999,175)	1,042,863
Balance of cash and cash equivalents at beginning of period	10,459,366	7,460,191
Balance of cash and cash equivalents at end of period	7,460,191	8,503,054

- (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 May 30, 2024).

- (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)			
	39th fiscal period (September 1, 2023 to February 29, 2024)		40th fiscal period (March 1, 2024 to August 31, 2024)	
A. Real estate leasing business revenues				
Leasing revenues – real estate				
Rents	7,167,168		7,456,578	
Common charges	890,497		893,659	
Parking revenues	422,675	8,480,341	437,173	8,787,411
Other leasing revenues – real estate				
Incidental income	582,646		648,610	
Other miscellaneous income	25,795	608,442	20,799	669,410
Total real estate leasing business revenues		9,088,783		9,456,821
B. Expenses related to real estate leasing business				
Expenses related to leasing business				
Outsourcing fees	1,777,909		1,801,118	
Repair and maintenance expenses	191,999		160,862	
Taxes and other public charges	749,471		817,401	
loss insurance premium	43,802		44,145	
Utilities expenses	489,833		562,758	
Depreciation and amortization expenses	1,609,261		1,611,769	
Other expenses related to real estate leasing business	304,466	5,166,743	269,981	5,268,036
Total expenses related to real estate leasing business		5,166,743		5,268,036
C. Revenues and expenses related to real estate leasing business (A - B)		3,922,039		4,188,784

*2. Breakdown of gain on sales of real estate

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

Kurume Higashi Kushiwara SC (30% quasi-co-ownership interests)

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

40th fiscal period (March 1, 2024 to August 31, 2024)
Tenjin North Front Building (5% quasi-co-ownership interests)

	(thousands of yen)
Proceeds from sales of real estate	317,500
Costs of sale of real estate	111,886
Other selling expenses	10,022
Gain on sales of real estate	195,590

*3. Transactions with affiliated companies

	(thousands of yen)	
	39th fiscal period (September 1, 2023 to February 29, 2024)	40th fiscal period (March 1, 2024 to August 31, 2024)
Expenses related to real estate leasing business	891,822	918,125

(Per unit information)

39th fiscal period (September 1, 2023 to February 29, 2024)	40th fiscal period (March 1, 2024 to August 31, 2024)
Net assets per investment unit: 128,102 yen	Net assets per investment unit: 128,344 yen
Profit per investment unit: 3,806 yen	Profit per investment unit: 4,049 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.

	39th fiscal period (September 1, 2023 to February 29, 2024)	40th fiscal period (March 1, 2024 to August 31, 2024)
Profit (thousands of yen)	3,030,221	3,223,043
Amount not attributable to common unitholders (thousands of yen)	—	—
Profit attributable to common investment units (thousands of yen)	3,030,221	3,223,043
Average number of investment units during the fiscal period (units)	796,000	796,000

(Significant subsequent events)

Issuance of new investment units

The issuance of new investment units through a public offering and third-party allotment for the purpose of acquiring real estate trust beneficiary interests (Note), which were resolved at the Board of Directors meetings held on August 28, 2024 and September 4, 2024, were paid in on September 10, 2024 and October 8, 2024.

As a result, the total unitholders' capital was 109,264,428,550 yen and the total number of investment units issued was 872,000 units as of October 8, 2024.

Issuance of new investment units through public offering

Number of investment units issued	: 72,400 units
Issue price	: 140,400 yen
Total issue price	: 10,164,960,000 yen
Issue value	: 135,864 yen
Total issue value	: 9,836,553,600 yen
Payment date	: September 10, 2024
Initial date of dividend calculation	: September 1, 2024

Issuance of new investment units through third-party allotment

Number of new investment units issued	: 3,600 units
Paid-in amount (issue value)	: 135,864 yen
Total paid-in amount (issue value)	: 489,110,400 yen
Payment date	: October 8, 2024
Initial date of dividend calculation	: September 1, 2024
Allottee	: SMBC Nikko Securities Inc.

(Note) As of the date of this document, (tentative) Mifune Logistics Center and Axion Otemon Premium are physical real estate, but by the scheduled acquisition date, the seller will place each property in trust for a trustee, and FRC will acquire the beneficiary interest in such trust.

- (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, 2024)

(as of August 31, 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	1,501	0.7
	Others	Fukuoka metropolitan area	—	—
		Other Kyushu areas	2,079	1.0
	Subtotal		3,581	1.7
Real estate in trust	Retail	Fukuoka metropolitan area	66,102	30.7
		Other Kyushu areas	34,434	16.0
	Office buildings	Fukuoka metropolitan area	72,614	33.8
		Other Kyushu areas	—	—
	Others	Fukuoka metropolitan area	21,100	9.8
		Other Kyushu areas	5,223	2.4
	Subtotal		199,475	92.7
Deposits and other assets			12,027	5.6
Total amount of assets (Note 4)			215,083 [203,095]	100.0 [94.4]

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 August 31, 2024)

	Value on balance sheet (mm of yen)	Percentage of total amount of assets (%)
Total liabilities	112,921	52.5
Total net assets	102,161	47.5

2) Investment assets

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

(as of August 31, 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	29,694	29,100	14.5	Tanizawa Sogo Appraisal Co., Ltd.
Canal City Hakata・B	21,060	20,474	21,800	9.5	Tanizawa Sogo Appraisal Co., Ltd.
Park Place Oita	19,610	20,195	20,300	8.9	Japan Real Estate Institute
SunLive City Kokura	6,633	5,430	8,210	3.0	Japan Real Estate Institute
Konoha Mall Hashimoto	10,000	9,729	10,400	4.5	Tanizawa Sogo Appraisal Co., Ltd.
Square Mall Kagoshima Usuki	5,300	4,142	4,650	2.4	Japan Real Estate Institute
Kumamoto Intercommunity SC	2,400	1,883	2,840	1.1	Japan Real Estate Institute
Hanahata SC	1,130	936	1,250	0.5	Tanizawa Sogo Appraisal Co., Ltd.
K's Denki Kagoshima	3,550	2,781	3,550	1.6	Tanizawa Sogo Appraisal Co., Ltd.
Marinoa City Fukuoka (Marina Side Building) (Note 4)	5,250	5,266	5,223	2.4	Tanizawa Sogo Appraisal Co., Ltd.
Retail subtotal:	106,933	100,536	107,323	48.4	
Canal City Business Center Building	14,600	12,604	19,100	6.6	Tanizawa Sogo Appraisal Co., Ltd.
Gofukumachi Business Center	11,200	8,522	16,700	5.1	Tanizawa Sogo Appraisal Co., Ltd.
Sanix Hakata Building	4,400	3,646	7,460	2.0	Japan Real Estate Institute
Taihaku Street Business Center	7,000	5,604	10,700	3.2	Japan Real Estate Institute
Higashi Hie Business Center	5,900	4,338	9,580	2.7	Tanizawa Sogo Appraisal Co., Ltd.
Tenjin Nishi-Dori Center Building	2,600	2,612	3,460	1.2	Japan Real Estate Institute
Tenjin North Front Building (Note 5)	2,660	2,125	5,101	1.2	Japan Real Estate Institute
Higashi Hie Business Center II	4,230	3,744	4,880	1.9	Tanizawa Sogo Appraisal Co., Ltd.
Higashi Hie Business Center III	3,290	3,141	3,520	1.5	Tanizawa Sogo Appraisal Co., Ltd.
Tenjin Nishi-Dori Business Center (Land with leasehold interest)	7,700	7,754	8,740	3.5	Japan Real Estate Institute
Hakata Chikushi-Dori Center Building	4,320	4,499	4,560	2.0	Tanizawa Sogo Appraisal Co., Ltd.
Kumamoto East Front Building	1,450	1,501	1,510	0.7	Tanizawa Sogo Appraisal Co., Ltd.
Hakata FD Business Center (Note 6)	14,100	14,020	16,600	6.4	Japan Real Estate Institute
Office buildings subtotal:	83,450	74,115	111,911	37.8	
Amex Akasakamon Tower	2,060	1,572	2,160	0.9	Daiwa Real Estate Appraisal Co., Ltd.
City House Keyaki Dori	1,111	835	1,200	0.5	Daiwa Real Estate Appraisal Co., Ltd.
Aqualia Chihaya	1,280	1,122	2,110	0.6	Japan Real Estate Institute
D-Wing Tower	2,800	2,691	4,140	1.3	Tanizawa Sogo Appraisal Co., Ltd.
Granfore Yakuin Minami	1,100	1,107	1,480	0.5	Tanizawa Sogo Appraisal Co., Ltd.
Axion Befu-Ekimae Premium	1,525	1,635	1,570	0.7	Daiwa Real Estate Appraisal Co., Ltd.
Hotel FORZA Oita	1,530	1,456	1,940	0.7	Japan Real Estate Institute
Tissage Hotel Naha	2,835	2,667	2,960	1.3	Tanizawa Sogo Appraisal Co., Ltd.
Tosu Logistics Center	1,250	1,099	1,650	0.6	Japan Real Estate Institute
LOGICITY Minato Kashii	8,150	7,592	11,500	3.7	Tanizawa Sogo Appraisal Co., Ltd.

LOGICITY Hisayama	5,050	4,543	6,520	2.3	Tanizawa Sogo Appraisal Co., Ltd.
LOGICITY Wakamiya	1,700	2,079	2,590	0.8	Tanizawa Sogo Appraisal Co., Ltd.
Others subtotal:	30,391	28,404	39,820	13.8	
Total	220,774	203,056	259,054	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
(tentative) Mifune Logistics Center (Note 7)	11,000	—	11,300 (Note 8)	—	Tanizawa Sogo Appraisal Co., Ltd.
Axion Otomon Premium (Note 7)	1,800	—	1,810 (Note 8)	—	Tanizawa Sogo Appraisal Co., Ltd.
(tentative) Island City Minato Bay related site (Land with leasehold interest) (Note 7) (Note 9) (Note 10)	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 was transferred on September 2, 2024. The land continued to be held (26,917.74 m²) is 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 August 31, 2024 was 743 million yen, and the appraisal value of the land only as of August 31, 2024 was 4,480 million yen, the sum of which is shown in the appraisal value at the end of the period.

Note 5: The amounts after the disposition of Tenjin North Front Building (5% the quasi-co-ownership) are indicated.

Note 6: Of the building, FRC acquired 77% the quasi-co-ownership 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 7: 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.

Note 8: The period-end appraisal value indicates the figure as of July 1, 2024.

Note 9: 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 10: 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 11: 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 40th fiscal period.

(B) Summary of the real estate leasing business

(as of August 31, 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[23]	97.7	48,176.33	47,078.25	1,118	11.8
Canal City Hakata・B	1[39]	94.3	31,141.44	29,361.00	994	10.5
Park Place Oita	1[99]	100.0	121,183.61	121,142.74	1,186	12.5
SunLive City Kokura	1	100.0	61,450.22	61,450.22	280	3.0
Konoha Mall Hashimoto	1[123]	99.5	22,191.52	22,080.43	859	9.1
Square Mall Kagoshima Usuki	12	99.1	14,602.88	14,469.18	250	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
K's Denki Kagoshima	1	100.0	7,296.17	7,296.17	105	1.1
Marinoa City Fukuoka (Marina Side Building)	1	100.0	33,069.82	33,069.82	177	1.9
Retail subtotal:	23 [303] (Note 2)	99.1	348,881.80	345,717.62	5,104	54.0
Canal City Business Center Building	1 [63]	99.6	23,031.14	22,936.00	653	6.9
Gofukumachi Business Center	35	99.1	19,905.34	19,732.18	599	6.3
Sanix Hakata Building	16	100.0	6,293.75	6,293.75	209	2.2
Taihaku Street Business Center	1 [71]	99.6	14,677.35	14,622.30	332	3.5
Higashi Hie Business Center	1 [24]	99.4	13,482.02	13,396.20	370	3.9
Tenjin Nishi-Dori Center Building	1	100.0	3,339.32	3,339.32	86	0.9
Tenjin North Front Building(Note 6)	12	100.0	4,998.56	4,998.56	151	1.6
Higashi Hie Business Center II	2	100.0	6,214.77	6,214.77	164	1.7
Higashi Hie Business Center III	6	100.0	2,981.14	2,981.14	98	1.0
Tenjin Nishi-Dori Business Center (Land with leasehold interest) (Note 7)	1	100.0	1,343.51	1,343.51	159	1.7
Hakata Chikushi-Dori Center Building	1 [15]	88.8	5,994.42	5,325.69	137	1.5
Kumamoto East Front Building	7	87.6	3,114.07	2,726.39	48	0.5
Hakata FD Business Center	1 [15]	90.4	12,102.05	10,935.51	348	3.7
Office buildings subtotal:	85 [268] (Note 2)	97.8	117,477.44	114,845.32	3,360	35.5
Amex Akasakamon Tower	1 [64]	95.1	4,821.25	4,586.50	65	0.7
City House Keyaki Dori	1 [42]	100.0	2,710.86	2,710.86	39	0.4
Aqualia Chihaya	1 [104]	98.9	5,619.69	5,559.96	60	0.6
D-Wing Tower	1 [132]	97.1	7,187.59	6,981.92	117	1.2
Granfore Yakuin Minami	1 [97]	98.0	2,496.06	2,446.30	40	0.4
Axion Befu-Ekimae Premium	1 [26]	96.3	1,937.75	1,866.63	31	0.3
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	44	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:	13 [472] (Note 2)	99.5	123,786.38	123,165.35	991	10.5
Total	121 [1,043] (Note 2)	98.9	590,145.62	583,728.29	9,456	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 58 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 Tenjin North Front Building (5% of the quasi-co-ownership) on August 29, 2024.
- 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 40th 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 40th fiscal period and of capital expenditures associated with renovations, etc. planned as of October 18, 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	Renovation of external walls of Grand Building (Third phase)	From January 2024 to November 2024	94	—	—
Canal City Hakata-B	Hakata Ward, Fukuoka City	Renovation of Grand Building (B1 floor)	From July 2023 to July 2025	1,770	21	31
Canal City Hakata-B	Hakata Ward, Fukuoka City	Renovation of external walls of Grand Building (Third phase)	From January 2024 to November 2024	121	—	—
Konoha Mall Hashimoto	Nishi Ward, Fukuoka City	Toilet and sanitation facility renovation work (2nd phase)	From October 2024 to February 2025	89	—	0
Canal City Business Center Building	Hakata Ward, Fukuoka City	Renewal of water tank	From September 2024 to February 2025	64	—	—
Gofukumachi Business Center	Hakata Ward, Fukuoka City	Air conditioning equipment renewal work	From March 2025 to August 2025	420	—	—
Gofukumachi Business Center	Hakata Ward, Fukuoka City	Renewal of central monitoring equipment	From November 2024 to April 2025	71	—	—
LOGICITY Wakamiya	Miyawaka City, Fukuoka	Renovation of external walls	From December 2024 to February 2025	64	—	—

2) Capital expenditures during the 40th fiscal period

Capital expenditures for the real estate properties owned by FRC totaled 986 mm yen in the 40th fiscal period. Furthermore, FRC incurred construction costs of 1,155 mm yen in total in the period, including 160 mm yen in repair and maintenance expenses classified as expenses on the statement of income and 8 mm yen in expenses for restoration to former state. The following table provides the overview of major construction work that was completed in the 40th fiscal period.

Real estate property name	Location	Purpose	Period	Construction cost (mm of yen)
Canal City Hakata	Hakata Ward, Fukuoka City	Renewal of central monitoring equipment	From April 2023 to April 2024	173
Canal City Hakata-B	Hakata Ward, Fukuoka City	Renewal of central monitoring equipment	From April 2023 to April 2024	223
Canal City Hakata-B	Hakata Ward, Fukuoka City	Renewal of LED in common areas	From April 2024 to August 2024	37
Park Place Oita	Oita City, Oita	Renewal of Electrical room equipment	April 2024	40
Higashi Hie Business Center	Hakata Ward, Fukuoka City	Installment of LEDs in exclusive areas	From January 2024 to March 2024	101
LOGICITY Minato Kashii	Higashi Ward, Fukuoka City	Renewal of LED on the 2nd floor and common area	From December 2023 to April 2024	52