

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

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

**Representative:** Zenji Koike Executive Director

**Asset manager:** Fukuoka Realty Co., Ltd.  
**Representative:** Zenji Koike President and CEO  
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Expected date for submitting securities report: November 29, 2023

Expected commencement date of dividend payments: November 17, 2023

Supplementary documents for earnings briefing: Yes

Analyst meeting (for institutional investors and analysts): Yes

(Figures rounded down to nearest mm yen)

**1. Performance and situation of assets for the period ended August 2023**  
 (March 1, 2023 to August 31, 2023)

**(1) Performance**

(% shows percentage change from previous period)

	Operating revenues		Operating income		Ordinary income		Profit	
	mm of yen	%	mm of yen	%	mm of yen	%	mm of yen	%
Period ended August 2023	9,284	2.7	3,372	4.6	2,988	4.8	2,987	4.8
Period ended February 2023	9,037	2.3	3,223	1.3	2,851	1.6	2,849	1.6

	Profit per unit	Return on net assets	Ratio of ordinary income to total assets	Ratio of ordinary income to operating revenues
Period ended August 2023	3,752 yen	2.9%	1.5%	32.2%
Period ended February 2023	3,580 yen	2.8%	1.4%	31.5%

**(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 2023	3,753 yen	2,987 mm yen	— yen	— mm yen	3,753 yen	2,987 mm yen	100.0%	2.9%
Period ended February 2023	3,580 yen	2,849 mm yen	— yen	— mm yen	3,580 yen	2,849 mm yen	100.0%	2.8%

**(3) Financial condition**

	Total assets	Net assets	Ratio of net assets to total assets	Net assets per unit
Period ended August 2023	203,868 mm yen	101,926 mm yen	50.0%	128,048 yen
Period ended February 2023	201,442 mm yen	101,788 mm yen	50.5%	127,875 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 2023	3,939 mm yen	(3,436) mm yen	(298) mm yen	10,459 mm yen
Period ended February 2023	4,688 mm yen	(117) mm yen	(2,803) mm yen	10,255 mm yen

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

(% shows percentage change from previous period)

	Operating revenues		Operating income		Ordinary income		Profit		Dividend per unit (excl. dividend in excess of earnings)	Dividend in excess of earnings per unit
	mm of yen	%	mm of yen	%	mm of yen	%	mm of yen	%		
Period ending February 2024	9,313	0.3	3,424	1.5	2,990	0.1	2,988	0.1	3,755 yen	— yen
Period ending August 2024	9,322	0.1	3,319	(3.1)	2,866	(4.1)	2,865	(4.1)	3,600 yen	— yen

(Reference) Forecast profit per unit: Period ending February 2024 3,755 yen  
Forecast profit per unit: Period ending August 2024 3,600 yen

## 3. Others

- (1) Changes in accounting policies, changes in accounting estimates and restatement of accounting errors
- (i) Changes in accounting policies accompanying amendments to accounting standards, etc.: No
  - (ii) Changes in accounting policies other than above (i): No
  - (iii) Changes in accounting estimates: No
  - (iv) Restatement of accounting errors: No
- (2) Number of investment units outstanding
- (i) Number of investment units outstanding at end of period (including treasury investment units):
    - As of August 2023 796,000 units
    - As of February 2023 796,000 units
  - (ii) Treasury investment units at end of period:
    - As of August 2023 0 unit
    - As of February 2023 0 unit

Note: Regarding the number of investment units, a basis for calculating profit per unit, please refer to "Per unit information" on page 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 2024 (September 1, 2023 to February 29, 2024) and the period ending August 2024 (March 1, 2024 to August 31, 2024)" 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 35 properties comprising 11 Retail, 12 Office buildings (including land with leasehold interest for an office building) and 12 Others as of the end of the 38th fiscal period (August 31, 2023).

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

The Japanese economy showed a mild recovery during the fiscal period under review (the 38th fiscal period). With the employment and income environment improving, the economy is expected to continue recovering moderately due to various political measures proving effective, among other factors. However, a downturn in overseas economies, including the impact of global monetary tightening and concerns about the outlook of the Chinese economy, poses a risk of placing downward pressure on the domestic economy. In addition, full attention should be paid to the impacts of rising prices 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, with the employment situation improving moderately despite production activities remaining flat. As we foresee, we must be fully wary of such factors as rising raw material and other costs, overseas financial and economic trends, and labor shortage.

As for land price trends, according to the 2023 Prefectural Land Price Survey, the combined average price for residential and commercial land as well as residential land price and commercial land price increased for the second consecutive year, respectively, on a national basis, with the rate of increase expanding. Meanwhile, in Fukuoka City, the central area of FRC’s investment targets, land prices rose 11.2% year-on-year for commercial land and 8.2% year-on-year for residential land.

Under such circumstances, FRC’s portfolio as a whole achieved generally solid performance. Among them, Canal City Hakata, a city-center retail property, in particular showed results that mainly reflected the recovery in inbound tourism from Asia except for China.

In the 38th fiscal period, FRC acquired Kumamoto East Front Building on March 28, 2023, and Axion Befu-Ekimae Premium on April 27, 2023, and conducted disposition of Kurume Higashi Kushiwara SC (55% co-ownership interest) on August 31, 2023. Furthermore, at the beginning of the 39th fiscal period, FRC completed acquisition of Hakata FD Business Center on September 1, 2023.

When analyzing FRC’s portfolio (on an acquisition price basis) as of the end of the 38th fiscal period by investment target area, the investment ratio in the Fukuoka metropolitan area accounted for 77.4%; when analyzing by property type, Retail, Office buildings, and Others accounted for 51.9%, 33.5% and 14.6%, respectively.

Fukuoka Realty Co., Ltd. to which FRC entrusts its asset management (the Asset Manager) has established the Sustainability Policy and Regulations Concerning Sustainability Management to promote sustainability through environmental, social and governance (ESG) considerations. In terms of external certifications, FRC has acquired either DBJ Green Building Certification, CASBEE for Building Certification or BELS Evaluation for 79.7% of its portfolio properties on a total floor space basis as of the end of the 38th fiscal period.

#### (c) Summary of fundraising

In the 38th fiscal period, FRC conducted refinancing of 5,500 mm yen as well as new financing of 2,950 mm yen and repayment of 400 mm yen. These led to the balance of its interest-bearing debt outstanding (including investment corporation bonds) at the end of the period totaling 86,450 mm yen. The loan-to-value ratio (ratio of interest-bearing debt (including investment corporation bonds) to total assets) was 42.4% 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 92.8% at the end of the 38th fiscal period. 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. While endeavoring to reduce refinancing risks by dispersing debt repayment dates and other measures, FRC will investigate mitigating the possible increase in financing costs in accordance with higher interest rates, including reduction of financing periods.

Moreover, the credit ratings assigned to FRC as of the end of the 38th 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 9,284 mm yen and operating income after excluding operating expenses such as expenses related to leasing business and asset management fees totaled 3,372 mm yen. Ordinary income was 2,988 mm yen and profit amounted to 2,987 mm yen. Management decided to make a dividend of 3,753 yen per unit to meet the requirements of special tax measures for an investment corporation (as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation of Japan [Act No. 26 in 1957 including later revisions]). Under this act, an investment corporation is allowed to deduct the maximum amount of dividends paid to investors from its taxable income.

## (2) Forecast for the next fiscal period

## (a) Portfolio management policy

FRC will further reinforce management and leasing capabilities by cooperating with property management companies including sponsor companies, and secure and maintain the stable operation of the properties by making the most use of their advantages.

FRC will make investments based on the basic policy stipulated in its Articles of Incorporation and its basic philosophy: focusing on “specialized areas in which FRC can demonstrate its competitive edge” that are in “high growth potential markets.” By geographic location, of Fukuoka and Kyushu areas, FRC will invest 60% to 90% of its assets in the Fukuoka metropolitan area since the Fukuoka metropolitan area is expected to have a high population growth rate in the future. In addition to the Fukuoka metropolitan area, management has decided to actively acquire properties in major cities if there are regions or properties where FRC can generate investment merits from community-oriented viewpoints. FRC will acquire high-quality properties with adequate use of its advantages, such as information gathering ability in the areas, good knowledge of regional properties and close relations with the local business community including its sponsors and governments, so that investors can continue to invest in FRC with assurance. Meanwhile, FRC will build stronger relationships with financial institutions to realize stable fundraising and try to maintain a solid financial structure.

## (b) Significant events that have occurred after the end of the current fiscal period:

No relevant items.

## (Reference information)

## Acquisition of Asset

On September 1, 2023, FRC acquired the following real estate trust beneficiary interest.

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

(Note 1) FRC acquired the beneficiary interest in trust for the 77% co-ownership interest in the property's building the seller owns and the land it owns (part of the building's leasehold land; so-called “partial ownership”).

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

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

FRC aims to achieve the following performance goals for the period ending February 2024 (September 1, 2023 to February 29, 2024) and the period ending August 2024 (March 1, 2024 to August 31, 2024). Concerning preconditions for the relevant performance forecast, please refer to “Preconditions for the performance forecast for the period ending February 2024 (September 1, 2023 to February 29, 2024) and the period ending August 2024 (March 1, 2024 to August 31, 2024)” on page 3.

	Period ending February 2024	Period ending August 2024
Operating revenues	9,313 mm yen	9,322 mm yen
Operating income	3,424 mm yen	3,319 mm yen
Ordinary income	2,990 mm yen	2,866 mm yen
Profit	2,988 mm yen	2,865 mm yen
Dividend per unit	3,753 yen	3,600 yen
Dividend in excess of earnings per unit	— yen	— yen

Note: The above forecast figures are calculated based on certain preconditions. The forecast should not be construed as a guarantee of actual performance since actual operating revenues, operating income, ordinary income, profit, dividend per unit and dividend in excess of earnings per unit may differ due to changes in the business environment.

Preconditions for the performance forecast for the period ending February 2024 (September 1, 2023 to February 29, 2024) and the period ending August 2024 (March 1, 2024 to August 31, 2024)

Item	Preconditions
Calculation period	39th fiscal period: September 1, 2023 to February 29, 2024 (182 days) 40th fiscal period: March 1, 2024 to August 31, 2024 (184 days)
Assets under management	<ul style="list-style-type: none"> <li>It is assumed that assets under management will comprise the 35 properties FRC owns as of August 31, 2023 plus Hakata FD Business Center, which FRC acquired on September 1, 2023.</li> <li>FRC assumes that it will dispose 30% co-ownership interest of Kurume Higashi Kushiwara SC on November 30, 2023.</li> <li>In practice, the number may fluctuate due to changes in assets under management.</li> </ul>
Total number of investment units outstanding	<ul style="list-style-type: none"> <li>It is assumed that there will be no issuance of new investment units until August 31, 2024.</li> </ul>
Interest-bearing debt and refinancing	<ul style="list-style-type: none"> <li>The balance of interest-bearing debt outstanding at the end of the 39th fiscal period (February 29, 2024) is expected to total 98,850 mm yen. The loan-to-value ratio (interest-bearing debt / total assets × 100) is expected to stand at around 45.6%.</li> <li>The balance of interest-bearing debt outstanding at the end of the 40th fiscal period (August 31, 2024) is expected to total 98,850 mm yen. The loan-to-value ratio (interest-bearing debt / total assets × 100) is expected to stand at around 45.6%.</li> </ul>
Operating revenues	<ul style="list-style-type: none"> <li>Of leasing revenues – real estate, revenues from properties FRC has already acquired are calculated based on tenancy agreements that are valid as of October 18, 2023, by taking into account the competitiveness of the properties and the market environment, etc.</li> <li>Of leasing revenues – real estate, revenues from lease contracts with variable rent such as percentage-of-sales rent and percentage-of-GOP rent are calculated based on past results by taking into account such fluctuation factors as sales and GOP of the relevant tenants.</li> <li>For leasing revenues – real estate, tenant vacancies are taken into account to a certain extent. It is assumed that there will be no rent arrears or non-payments by tenants.</li> </ul>
Operating expenses	<ul style="list-style-type: none"> <li>When acquiring properties, the property taxes and city planning taxes for the assets will be proportionally calculated according to the holding period and adjusted with the former owner. However, the adjusted amount of the property taxes and city planning taxes to be borne by FRC for the initial year will not be written off since they will be included in the acquisition cost.</li> <li>FRC writes off estimated repair costs expected to be required for buildings for the calculation periods (the 39th and 40th fiscal periods). Actual repair costs may differ significantly from the estimated amounts since there is the possibility that repair costs are incurred urgently due to damages to buildings caused by unforeseeable factors, repair costs generally differ largely from period to period, and repair costs are not regularly incurred.</li> <li>Concerning outsourcing expenses, FRC anticipates 1,782 mm yen for the 39th fiscal period and 1,789 mm yen for the 40th fiscal period.</li> <li>Concerning taxes and other public charges, FRC anticipates 749 mm yen for the 39th fiscal period and 813 mm yen for the 40th fiscal period.</li> <li>Concerning depreciation and amortization expenses, FRC anticipates 1,601 mm yen for the 39th fiscal period and 1,626 mm yen for the 40th fiscal period.</li> </ul>
Non-operating expenses	<ul style="list-style-type: none"> <li>Concerning interest expenses (including interest expenses on investment corporation bonds) and expenses related to financing, FRC anticipates 433 mm yen for the 39th fiscal period and 452 mm yen for the 40th fiscal period.</li> </ul>
Dividend per unit	<ul style="list-style-type: none"> <li>Dividend (dividend per unit) is calculated based on the dividend policy stipulated in FRC's Articles of Incorporation.</li> <li>Dividend per unit may fluctuate due to fluctuations in leasing revenues caused by changes in assets under management and tenants or various factors including unexpected occurrences of repair.</li> </ul>
Dividend in excess of earnings per unit	<ul style="list-style-type: none"> <li>Dividend in excess of earnings (dividend in excess of earnings per unit) is not planned at the moment.</li> </ul>
Others	<ul style="list-style-type: none"> <li>It is assumed that there will be no revisions to laws and regulations, the tax system, and accounting standards that may influence the forecast figures.</li> <li>It is also assumed that there will be no significant unexpected changes in general economic conditions and the real estate market.</li> </ul>

## 2. Financial Statements

## (1) Balance sheet

(thousands of yen)

	37th fiscal period (as of February 28, 2023)		38th fiscal period (as of August 31, 2023)	
<b>Assets</b>				
<b>Current assets</b>				
Cash and deposits		6,069,891		6,267,244
Cash and deposits in trust		4,236,159		4,243,120
Operating accounts receivable		738,177		791,122
Prepaid expenses		270,539		259,963
Others		16,961		29,755
<b>Total current assets</b>		11,331,729		11,591,207
<b>Non-current assets</b>				
<b>Property, plant and equipment</b>				
Buildings	1,181,091		2,012,318	
Accumulated depreciation	(68,543)	1,112,547	(93,923)	1,918,394
Structures	20,698		24,857	
Accumulated depreciation	(903)	19,795	(1,167)	23,690
Machinery and equipment	—		0	
Accumulated depreciation	—	—	—	0
Tools and fixtures	1,571		1,571	
Accumulated depreciation	(547)	1,023	(665)	906
Lands		989,124		1,684,370
Buildings in trust	104,967,252		106,613,034	
Accumulated depreciation	(39,379,429)	65,587,822	(40,472,531)	66,140,502
Structures in trust	1,974,987		1,977,417	
Accumulated depreciation	(931,405)	1,043,582	(944,053)	1,033,364
Machinery and equipment in trust	1,490,515		1,522,289	
Accumulated depreciation	(781,851)	708,664	(818,780)	703,508
Vehicles and transport equipment in trust	626		626	
Accumulated depreciation	(594)	31	(594)	31
Tools and fixtures in trust	1,489,296		1,489,624	
Accumulated depreciation	(1,257,920)	231,375	(1,251,116)	238,508
Lands in trust		113,501,599		113,622,069
Construction in progress in trust		8,217		9,186
<b>Total property, plant and equipment</b>		183,203,784		185,374,532
<b>Intangible assets</b>				
Leasehold right in trust		5,545,883		5,545,883
Other intangible assets in trust		5,421		2,528
<b>Total intangible assets</b>		5,551,305		5,548,411
<b>Investment and other assets</b>				
Deferred tax assets		19		9
Lease and guarantee deposits		10,000		10,000
Lease and guarantee deposits in trust		327,135		327,135
Long-term prepaid expenses		994,175		994,244
<b>Total investment and other assets</b>		1,331,330		1,331,388
<b>Total non-current assets</b>		190,086,419		192,254,332
<b>Deferred assets</b>				
Investment corporation bond issuance expenses		24,676		22,687
<b>Total deferred assets</b>		24,676		22,687
<b>Total assets</b>		201,442,825		203,868,228

(thousands of yen)

	37th fiscal period (as of February 28, 2023)		38th fiscal period (as of August 31, 2023)	
<b>Liabilities</b>				
<b>Current liabilities</b>				
Operating accounts payable		662,491		771,072
Current maturities of investment corporation bonds		2,000,000		2,000,000
Current maturities of long-term debt		10,400,000		5,200,000
Accounts payable-other		21,315		16,957
Accrued expenses		422,685		433,746
Income taxes payable		1,079		861
Accrued consumption taxes		366,970		11,301
Advances received		1,068,121		1,065,467
Deposits received		924,435		1,125,748
<b>Total current liabilities</b>		<b>15,867,098</b>		<b>10,625,155</b>
<b>Non-current liabilities</b>				
Investment corporation bonds		3,000,000		3,000,000
Long-term debt		68,500,000		76,250,000
Tenant leasehold and security deposits		758,476		837,073
Tenant leasehold and security deposits received in trust		11,528,307		11,229,544
<b>Total non-current liabilities</b>		<b>83,786,783</b>		<b>91,316,617</b>
<b>Total liabilities</b>		<b>99,653,881</b>		<b>101,941,773</b>
<b>Net assets</b>				
Unitholders' equity				
Unitholders' capital		98,938,764		98,938,764
Surplus				
Unappropriated surplus		2,850,179		2,987,690
<b>Total surplus</b>		<b>2,850,179</b>		<b>2,987,690</b>
<b>Total unitholders' equity</b>		<b>101,788,943</b>		<b>101,926,454</b>
<b>Total net assets</b>		<b>101,788,943</b>		<b>101,926,454</b>
<b>Total liabilities and net assets</b>		<b>201,442,825</b>		<b>203,868,228</b>

## (2) Statement of income

(thousands of yen)

	37th fiscal period (September 1, 2022 to February 28, 2023)		38th fiscal period (March 1, 2023 to August 31, 2023)	
Operating revenues				
Leasing revenues – real estate	*1 8,233,996		*1 8,154,854	
Other leasing revenues – real estate	*1 687,929		*1 697,523	
Gain on sales of real estate	*2 115,438	9,037,365	*2 432,324	9,284,702
Operating expenses				
Expenses related to leasing business	*1, *3 5,147,017		*1, *3 5,231,929	
Asset management fees	534,370		544,383	
Asset custody fees	7,483		7,616	
Administrative service fees	57,648		58,481	
Director's compensations	3,600		3,600	
Other operating expenses	63,584	5,813,704	66,055	5,912,065
Operating income		3,223,660		3,372,637
Non-operating revenues				
Interest received	44		46	
Others	991	1,035	523	569
Non-operating expenses				
Interest expenses	245,360		255,474	
Interest expenses on investment corporation bonds	29,200		29,200	
Amortization of investment corporation bond issuance expenses	1,988		1,988	
Financing related expenses	97,103		98,436	
Others	37	373,688	37	385,136
Ordinary income		2,851,007		2,988,069
Profit before income taxes		2,851,007		2,988,069
Income taxes-current	1,085		868	
Income taxes-deferred	(5)	1,080	9	878
Profit		2,849,927		2,987,191
Surplus brought forward		251		499
Unappropriated surplus		2,850,179		2,987,690

## (3) Statement of changes in net assets

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

(thousands of yen)

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

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

(thousands of yen)

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

## (4) Dividend statement

Item	37th fiscal period (September 1, 2022 to February 28, 2023)	38th fiscal period (March 1, 2023 to August 31, 2023)
I. Unappropriated surplus	2,850,179 thousand yen	2,987,690 thousand yen
II. Total dividend [Dividend per investment unit]	2,849,680 thousand yen [3,580 yen]	2,987,388 thousand yen [3,753 yen]
III. Surplus brought forward	499 thousand yen	302 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 2,849,680 thousand yen, which is almost the entire amount of unappropriated surplus, as earnings dividends. Moreover, dividend in excess of earnings as stipulated in Article 38-2 of FRC's Articles of Incorporation will not be provided.	The amount of dividends shall be decided in accordance with the dividend policy stipulated in Article 38-1-2 of FRC's Articles of Incorporation and must exceed 90% of FRC's distributable profits as stipulated in Article 67-15-1 of the Special Taxation Measures Act. Following the above policy, FRC shall decide to distribute 2,987,388 thousand yen, which is almost the entire amount of unappropriated surplus, as earnings dividends. Moreover, dividend in excess of earnings as stipulated in Article 38-2 of FRC's Articles of Incorporation will not be provided.
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(Note) Amounts other than the amounts of dividend per investment unit are rounded down to the nearest thousand yen.

## (5) Cash flows statement

(thousands of yen)

	37th fiscal period (September 1, 2022 to February 28, 2023)	38th fiscal period (March 1, 2023 to August 31, 2023)
Net cash provided by (used in) operating activities		
Profit before income taxes	2,851,007	2,988,069
Depreciation and amortization expenses	1,499,723	1,531,607
Amortization of investment corporation bond issuance expenses	1,988	1,988
Interest received	(44)	(46)
Interest expenses	274,560	284,674
Gain on sales of real estate	(115,438)	(432,324)
Decrease (increase) in operating accounts receivables	50,199	(52,945)
Decrease (increase) in consumption taxes refund receivable	124,948	—
Increase (decrease) in accrued consumption taxes	366,970	(355,668)
Increase (decrease) in operating accounts payable	59,030	31,361
Increase (decrease) in accounts payable-other	4,919	(4,706)
Increase (decrease) in accrued expenses	3,459	5,120
Increase (decrease) in advances received	(16,729)	(2,653)
Increase (decrease) in deposits expenses	(101,788)	201,313
Decrease (increase) in prepaid expenses	(42,905)	10,576
Decrease (increase) in long-term prepaid expenses	3,774	(68)
Others, net	2,479	12,758
Subtotal	4,966,156	4,219,055
Interest income received	44	46
Interest expenses paid	(277,126)	(278,734)
Income taxes paid	(969)	(1,086)
Net cash provided by (used in) operating activities	4,688,104	3,939,280
Net cash provided by (used in) investment activities		
Purchase of property, plant and equipment	—	(1,539,902)
Proceeds from sale of property, plant and equipment in trust	407,974	1,495,942
Purchase of property, plant and equipment in trust	(443,750)	(3,172,032)
Proceeds from tenant leasehold and security deposits	142,690	94,927
Repayments of tenant leasehold and security deposits	(125,232)	(16,330)
Proceeds from tenant leasehold and security deposits in trust	55,365	195,388
Repayments of tenant leasehold and security deposits in trust	(154,691)	(494,151)
Proceeds from restricted trust deposits	6,387	1,962
Payments for restricted trust deposits	(6,347)	(2,204)
Net cash provided by (used in) investment activities	(117,604)	(3,436,400)
Net cash provided by (used in) financial activities		
Proceeds from short-term debt	—	3,000,000
Repayments of short-term debt	—	(3,000,000)
Proceeds from long-term debt	—	8,450,000
Repayments of long-term debt	—	(5,900,000)
Dividends paid	(2,803,686)	(2,848,807)
Net cash provided by (used in) financial activities	(2,803,686)	(298,807)
Net increase (decrease) in cash and cash equivalents	1,766,813	204,072
Balance of cash and cash equivalents at beginning of period	8,488,481	10,255,294
Balance of cash and cash equivalents at end of period	10,255,294	10,459,366

## (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, 2023).

## (8) Notes to financial statements

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

## (Notes to statement of income)

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

	(thousands of yen)			
	37th fiscal period (September 1, 2022 to February 28, 2023)		38th fiscal period (March 1, 2023 to August 31, 2023)	
<b>A. Real estate leasing business revenues</b>				
Leasing revenues – real estate				
Rents	6,864,849		6,827,162	
Common charges	917,441		902,307	
Parking revenues	451,706	8,233,996	425,384	8,154,854
Other leasing revenues – real estate				
Incidental income	650,853		670,653	
Other miscellaneous income	37,076	687,929	26,869	697,523
<b>Total real estate leasing business revenues</b>		<b>8,921,926</b>		<b>8,852,377</b>
<b>B. Expenses related to real estate leasing business</b>				
Expenses related to leasing business				
Outsourcing fees	1,746,745		1,765,556	
Repair and maintenance expenses	266,909		308,710	
Taxes and other public charges	719,446		752,259	
Insurance premiums and trust compensation	41,241		42,576	
Utilities expenses	579,433		575,322	
Depreciation and amortization expenses	1,499,723		1,531,607	
Other expenses related to real estate leasing business	293,516	5,147,017	255,896	5,231,929
<b>Total expenses related to real estate leasing business</b>		<b>5,147,017</b>		<b>5,231,929</b>
<b>C. Revenues and expenses related to real estate leasing business (A - B)</b>		<b>3,774,909</b>		<b>3,620,448</b>

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

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

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

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

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

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

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

\*3. Transactions with affiliated companies

	(thousands of yen)	
	37th fiscal period (September 1, 2022 to February 28, 2023)	38th fiscal period (March 1, 2023 to August 31, 2023)
Expenses related to real estate leasing business	909,403	874,958

(Per unit information)

37th fiscal period (September 1, 2022 to February 28, 2023)	38th fiscal period (March 1, 2023 to August 31, 2023)
Net assets per investment unit: 127,875 yen	Net assets per investment unit: 128,048 yen
Profit per investment unit: 3,580 yen	Profit per investment unit: 3,752 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.

	37th fiscal period (September 1, 2022 to February 28, 2023)	38th fiscal period (March 1, 2023 to August 31, 2023)
Profit (thousands of yen)	2,849,927	2,987,191
Amount not attributable to common unitholders (thousands of yen)	—	—
Profit attributable to common investment units (thousands of yen)	2,849,927	2,987,191
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, 2023)

Type of asset	Use	Location (Note 1)	Total value of properties owned (mm of yen) (Note 2)	Percentage of total assets (%) (Note 3)
Real estate	Retail	Fukuoka metropolitan area	—	—
		Other Kyushu areas	—	—
	Office buildings	Fukuoka metropolitan area	—	—
		Other Kyushu areas	1,518	0.7
	Others	Fukuoka metropolitan area	—	—
		Other Kyushu areas	2,108	1.0
Subtotal			3,627	1.8
Real estate in trust	Retail	Fukuoka metropolitan area	66,552	32.6
		Other Kyushu areas	35,312	17.3
	Office buildings	Fukuoka metropolitan area	58,966	28.9
		Other Kyushu areas	—	—
	Others	Fukuoka metropolitan area	21,158	10.4
		Other Kyushu areas	5,296	2.6
Subtotal			187,286	91.9
Deposits and other assets			12,954	6.4
Total amount of assets (Note 4)			203,868 [190,922]	100.0 [93.7]

Note 1: "Fukuoka metropolitan area" refers to cities, towns and villages where 10% or more of the population commute to Fukuoka City for school and work, according to the 2020 census, which states "the number of workers and students aged 15 years or older (students including those aged 14 years or younger: particular reference) including commuting between their homes and places of work or school" conducted by Fukuoka City and the Statistics Bureau of the Ministry of Internal Affairs and Communications. "Other Kyushu areas" refers to all other parts of Kyushu (excluding the Fukuoka metropolitan area).

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

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

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

(as of August 31, 2023)

	Value on balance sheet (mm of yen)	Percentage of total amount of assets (%)
Total liabilities	101,941	50.0
Total net assets	101,926	50.0

## 2) Investment assets

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

(as of August 31, 2023)

Real estate property name	Acquisition price (mm of yen) (Note 1)	Value on balance sheet (mm of yen)	Period-end appraisal value (mm of yen) (Note 2)	Investment ratio (%) (Note 3)	Real estate appraiser
Canal City Hakata	32,000	29,899	29,300	15.4	Tanizawa Sogo Appraisal Co., Ltd.
Canal City Hakata・B	21,060	20,506	21,700	10.1	Tanizawa Sogo Appraisal Co., Ltd.
Park Place Oita	19,610	20,374	20,200	9.4	Japan Real Estate Institute
SunLive City Kokura	6,633	5,449	8,540	3.2	Japan Real Estate Institute
Konoha Mall Hashimoto	10,000	9,893	10,100	4.8	Tanizawa Sogo Appraisal Co., Ltd.
Square Mall Kagoshima Usuki	5,300	4,187	4,700	2.6	Japan Real Estate Institute
Kumamoto Intercommunity SC	2,400	1,900	2,840	1.2	Japan Real Estate Institute
Hanahata SC	1,130	941	1,200	0.5	Tanizawa Sogo Appraisal Co., Ltd.
Kurume Higashi Kushiwara SC (Note 4)	750	580	822	0.4	Tanizawa Sogo Appraisal Co., Ltd.
K's Denki Kagoshima	3,550	2,819	3,490	1.7	Tanizawa Sogo Appraisal Co., Ltd.
Marinoa City Fukuoka (Marina Side Building)	5,250	5,311	5,860	2.5	Tanizawa Sogo Appraisal Co., Ltd.
Retail subtotal:	107,683	101,865	108,752	51.9	
Canal City Business Center Building	14,600	12,646	19,300	7.0	Tanizawa Sogo Appraisal Co., Ltd.
Gofukumachi Business Center	11,200	8,634	16,000	5.4	Tanizawa Sogo Appraisal Co., Ltd.
Sanix Hakata Building	4,400	3,696	7,010	2.1	Japan Real Estate Institute
Taihaku Street Business Center	7,000	5,507	10,100	3.4	Japan Real Estate Institute
Higashi Hie Business Center	5,900	4,320	9,240	2.8	Tanizawa Sogo Appraisal Co., Ltd.
Tenjin Nishi-Dori Center Building	2,600	2,630	3,400	1.3	Japan Real Estate Institute
Tenjin North Front Building	2,800	2,297	5,050	1.3	Japan Real Estate Institute
Higashi Hie Business Center II	4,230	3,821	4,900	2.0	Tanizawa Sogo Appraisal Co., Ltd.
Higashi Hie Business Center III	3,290	3,179	3,530	1.6	Tanizawa Sogo Appraisal Co., Ltd.
Tenjin Nishi-Dori Business Center (Land with leasehold interest)	7,700	7,754	8,770	3.7	Japan Real Estate Institute
Hakata Chikushi-Dori Center Building	4,320	4,477	4,580	2.1	Tanizawa Sogo Appraisal Co., Ltd.
Kumamoto East Front Building	1,450	1,518	1,510	0.7	Tanizawa Sogo Appraisal Co., Ltd.
Office buildings subtotal:	69,490	60,484	93,390	33.5	
Amex Akasakamon Tower	2,060	1,597	2,050	1.0	Daiwa Real Estate Appraisal Co., Ltd.
City House Keyaki Dori	1,111	850	1,150	0.5	Daiwa Real Estate Appraisal Co., Ltd.
Aqualia Chihaya	1,280	1,136	2,060	0.6	Japan Real Estate Institute
D-Wing Tower	2,800	2,575	4,020	1.3	Tanizawa Sogo Appraisal Co., Ltd.
Granfore Yakuin Minami	1,100	1,125	1,430	0.5	Tanizawa Sogo Appraisal Co., Ltd.
Axion Befu-Ekimaie Premium	1,525	1,651	1,560	0.7	Daiwa Real Estate Appraisal Co., Ltd.
Hotel FORZA Oita	1,530	1,463	1,860	0.7	Japan Real Estate Institute
Tissage Hotel Naha	2,835	2,715	2,940	1.4	Tanizawa Sogo Appraisal Co., Ltd.
Tosu Logistics Center	1,250	1,117	1,640	0.6	Japan Real Estate Institute
LOGICITY Minato Kashii	8,150	7,607	10,000	3.9	Tanizawa Sogo Appraisal Co., Ltd.

LOGICITY Hisayama	5,050	4,613	5,950	2.4	Tanizawa Sogo Appraisal Co., Ltd.
LOGICITY Wakamiya	1,700	2,108	2,590	0.8	Tanizawa Sogo Appraisal Co., Ltd.
Others subtotal:	30,391	28,563	37,250	14.6	
Total	207,564	190,913	239,392	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
Hakata FD Business Center (Note 5)	14,100	-	15,000	-	Japan Real Estate Institute
Island City Minato Bay related site (Land with leasehold interest) (tentative) (Note 6) (Note 7)	8,082	-	8,210	-	Tanizawa Sogo Appraisal Co., Ltd.

Note 1: "Acquisition price" and "Acquisition price (planned)" refer to the amount (purchasing prices shown on the purchasing contracts) not including expenses for the acquisition of relevant properties (agency fees and taxes and other public charges).

Note 2: "Period-end appraisal value" refers to the evaluation value based on appraisals by a real estate appraiser in conformity with the method and standards for asset evaluation stipulated in FRC's Articles of Incorporation and rules stipulated by the Investment Trusts Association, Japan.

Note 3: "Investment ratio" is obtained by dividing each property's acquisition value by the total acquisition price. The total of individual percentages in the above table may not equal 100%, since the figures are rounded off to one decimal place.

Note 4: The amounts after the disposition of Kurume Higashi Kushiwara SC (70% co-ownership interest) are indicated.

Note 5: The period-end appraisal value indicates the appraisal value as of March 1, 2023.

Note 6: The acquisition of the property falls under the category of forward commitment, etc. as provided by the "Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc." set by the Financial Services Agency. As a reservation deposit, FRC paid the amount equivalent to 5% (approximately 4 mm yen) of the purchase price corresponding to its acquisition ratio at the time of applying for purchase to the Fukuoka City Government. If FRC withdraws from the purchase of the property, the deposit shall be used as cancellation penalty.

Note 7: The property is planned for delivery on March 31, 2029 (which may be changed depending on the situation of its foundation enhancement work and other factors).

Note 8: Real estate properties to be acquired indicate the properties for which contracts or letters of agreement have been concluded as of the end of the 38th fiscal period.

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

(as of August 31, 2023)

Real estate property name	Number of tenants (Note 1)	Occupancy rate (%) (Note 3)	Total leasable floor space (m <sup>2</sup> )	Total leased floor space (m <sup>2</sup> )	Total leasing revenues (mm of yen) (Note 4)	Percentage of total leasing revenues (%) (Note 5)
Canal City Hakata	1 [22]	97.6	48,176.33	46,998.43	850	9.6
Canal City Hakata・B	1 [42]	96.7	31,141.44	30,114.41	942	10.6
Park Place Oita	1 [101]	99.9	121,184.13	121,023.76	1,197	13.5
SunLive City Kokura	1	100.0	61,450.22	61,450.22	278	3.1
Konoha Mall Hashimoto	1 [124]	100.0	22,191.52	22,191.52	856	9.7
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 (Note 6)	1	100.0	1,940.34	1,940.34	74	0.8
K's Denki Kagoshima	1	100.0	7,296.17	7,296.17	105	1.2
Marinoa City Fukuoka (Marina Side Building)	1	100.0	33,069.82	33,069.82	177	2.0
Retail subtotal:	25 [310] (Note 2)	99.3	350,822.66	348,457.36	4,868	55.0
Canal City Business Center Building	1 [64]	100.0	23,031.14	23,031.14	656	7.4
Gofukumachi Business Center	34	97.7	19,905.34	19,450.19	594	6.7
Sanix Hakata Building	16	100.0	6,293.75	6,293.75	209	2.4
Taihaku Street Business Center	1 [70]	99.2	14,677.35	14,566.60	331	3.7
Higashi Hie Business Center	1 [24]	99.4	13,482.02	13,396.20	372	4.2
Tenjin Nishi-Dori Center Building	1	100.0	3,339.32	3,339.32	86	1.0
Tenjin North Front Building	12	100.0	5,261.64	5,261.64	152	1.7
Higashi Hie Business Center II	2	100.0	6,214.77	6,214.77	162	1.8
Higashi Hie Business Center III	6	100.0	2,981.14	2,981.14	98	1.1
Tenjin Nishi-Dori Business Center (Land with leasehold interest) (Note 7)	1	100.0	1,343.51	1,343.51	159	1.8
Hakata Chikushi-Dori Center Building	1 [13]	92.8	5,994.41	5,561.39	146	1.7
Kumamoto East Front Building	6	82.0	3,139.20	2,572.89	44	0.5
Office buildings subtotal:	82 [249] (Note 2)	98.4	105,663.59	104,012.54	3,014	34.1
Amex Akasakamon Tower	1 [67]	100.0	4,821.25	4,821.25	67	0.8
City House Keyaki Dori	1 [42]	100.0	2,710.86	2,710.86	39	0.4
Aqualia Chihaya	1 [101]	95.7	5,619.69	5,380.69	60	0.7
D-Wing Tower	1 [131]	96.1	7,187.59	6,907.14	117	1.3
Granfore Yakuin Minami	1 [96]	97.0	2,496.06	2,421.34	38	0.4
Axion Befu-Ekimae Premium	1 [15]	55.1	1,937.89	1,068.48	13	0.2
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	45	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 [459] (Note 2)	98.8	123,786.52	122,322.94	969	10.9
Total	120 [1,018] (Note 2)	99.1	580,272.77	574,792.84	8,852	100.0

- Note 1: "Number of tenants" is based on the total number of sections stipulated in the tenancy agreements for retail and office buildings among relevant properties. For the number of tenants in pass-through master leasing properties, the number of sections stipulated in the tenancy agreements with end tenants is shown in parentheses. The Taihaku Street Business Center is an office building with a residential tower. Its number of end tenants comprises 13 offices and 57 residences.
- Note 2: The subtotal and total of all the tenants in other than pass-through master leasing properties and the number of sections stipulated in the tenancy agreements with end tenants for pass-through master leasing properties is shown in parentheses in the total column for "Number of tenants."
- Note 3: "Occupancy rate" refers to the percentage of total leased floor space to total leasable floor space and the figures are rounded off to one decimal place.
- Note 4: "Total leasing revenues" is the total of real estate leasing revenues and other revenues from real estate rent in the current fiscal period.
- Note 5: "Percentage of total leasing revenues" is obtained by dividing each property's total leasing revenues by the total amount of total leasing revenues. The total of individual percentages in the above table may not equal 100%, since the figures are rounded off to one decimal place.
- Note 6: FRC disposed Kurume Higashi Kushiwara SC (55% co-ownership interest) on August 31, 2023.
- Note 7: The number of tenants indicates the number of the lessee of the land with leasehold interest. The total leasable floor space indicates the land area recorded in the real estate registry.
- Note 8: The figures are not disclosed as no consent to disclosure has been obtained from the tenants.

## (2) Status of capital expenditures

## 1) Capital expenditures after the end of the 38th 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 38th fiscal period and of capital expenditures associated with renovations, etc. planned as of October 18, 2023, for real estate properties owned by FRC. The planned construction costs indicated below may be partly classified as expenses for accounting purposes. In addition, FRC will implement renewal construction work in order to maintain and improve the competitiveness of properties in the market as well as tenant satisfaction, on top of the construction, facilities and replacement work for which expenditures will be made regularly.

Real estate property name	Location	Purpose	Schedule	Planned construction cost (mm of yen)		
				Total	Amount paid in the 38th fiscal period	Total amount already paid
Canal City Hakata	Hakata Ward, Fukuoka City	Replacement of central monitoring devices and equipment	From April 2023 to April 2024	173	—	—
Canal City Hakata-B	Hakata Ward, Fukuoka City	Renovation of 1st basement floor of Grand Building	From August 2022 to August 2024	771	1	3
Canal City Hakata-B	Hakata Ward, Fukuoka City	Replacement of central monitoring devices and equipment	From April 2023 to April 2024	223	—	—
Konoha Mall Hashimoto	Nishi Ward, Fukuoka City	Second phase of renovation of toilet and sanitary facilities	From March 2024 to July 2024	49	—	—
SunLive City Kokura	Kokura Minami Ward, Kitakyushu City	Renovation of parking lot on the 3rd floor	From September 2023 to November 2023	85	—	—
Gofukumachi Business Center	Hakata Ward, Fukuoka City	Replacement of LED lighting in exclusive areas	From August 2023 to February 2024	103	—	—
Taihaku Street Business Center	Hakata Ward, Fukuoka City	Renovation of external walls of the office building	From May 2023 to October 2023	113	—	—
Taihaku Street Business Center	Hakata Ward, Fukuoka City	Renovation of external walls of the residential tower	From August 2023 to February 2024	87	—	—
Higashi Hie Business Center	Hakata Ward, Fukuoka City	Switching to LED lighting in exclusive areas	From August 2023 to December 2023	101	—	—
D-Wing Tower	Chuo Ward, Fukuoka City	Renovation of external walls	From July 2023 to February 2024	128	—	2
Hotel FORZA Oita	Oita City, Oita	Replacement of air-conditioning units	From August 2023 to October 2023	65	—	—

## 2) Capital expenditures during the 38th fiscal period

Capital expenditures for the real estate properties owned by FRC totaled 1,602 mm yen in the 38th fiscal period. Furthermore, FRC incurred construction costs of 1,921 mm yen in total in the period, including 308 mm yen in repair and maintenance expenses classified as expenses on the statement of income and 10 mm yen in expenses for restoration to former state. The following table provides the overview of major construction work that was completed in the 38th fiscal period.

Real estate property name	Location	Purpose	Period	Construction cost (mm of yen)
Canal City Hakata	Hakata Ward, Fukuoka City	Replacement of facilities and formation of floor sections	From January 2023 to August 2023	399
Canal City Hakata-B	Hakata Ward, Fukuoka City	Replacement of lighting equipment at parking lots	From May 2023 to August 2023	49
Canal City Hakata-B	Hakata Ward, Fukuoka City	Replacement of emergency power generators	April 2023	50
Park Place Oita	Oita City, Oita	Replacement of air-conditioning units	From April 2023 to May 2023	147
Konoha Mall Hashimoto	Nishi Ward, Fukuoka City	First phase of renovation of toilet and sanitary facilities	From July 2023 to August 2023	31
Gofukumachi Business Center	Hakata Ward, Fukuoka City	Replacement of automatic fire alarm equipment	May 2023	49
Granfore Yakuin Minami	Chuo Ward, Fukuoka City	Renovation of external walls	From January 2023 to June 2023	80
Hotel FORZA Oita	Oita City, Oita	Replacement of air-conditioning units	From May 2023 to July 2023	186