

EARNINGS BRIEFING FOR THE PERIOD ENDED FEBRUARY 2025

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: May 29, 2025

Expected commencement date of dividend payments: May 16, 2025

Supplementary documents for earnings briefing: Yes

Analyst meeting (for institutional investors and analysts): Yes

(Figures rounded down to nearest mm yen)

1. Performance and situation of assets for the period ended February 2025 (September 1, 2024 to February 28, 2025)

(1) Performance

(% shows percentage change from previous period)

	Operating revenues		Operating income		Ordinary income		Profit	
	mm of yen	%	mm of yen	%	mm of yen	%	mm of yen	%
Period ended February 2025	10,400	7.7	4,408	20.3	3,967	23.0	3,966	23.1
Period ended August 2024	9,652	3.5	3,664	5.8	3,225	6.4	3,223	6.4

	Profit per unit (yen)	Return on net assets (%)	Ratio of ordinary income to total assets (%)	Ratio of ordinary income to operating revenues (%)
Period ended February 2025	4,571	3.7	1.8	38.2
Period ended August 2024	4,049	3.2	1.5	33.4

(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 February 2025	4,096	3,571	—	—	4,096	3,571	90.0	3.2
Period ended August 2024	3,850	3,064	—	—	3,850	3,064	95.1	3.0

(Note 1) Dividend per unit for the fiscal year ended February 2025 are calculated based on the amount obtained by deducting 396 million yen as provision of reserve for tax purpose reduction entry from unappropriated retained earnings for the fiscal period.

(Note 2) Dividend per unit for the fiscal year ended August 2025 are calculated based on the amount obtained by 157 deducting 396 million yen as provision of reserve for tax purpose reduction entry from unappropriated retained earnings for the fiscal period.

(Note 3) The dividend payout ratio for the fiscal period ended February 2025 is calculated using the following formula: Dividend payout ratio = Total dividends (excluding dividends in excess of earnings)/Net income × 100

(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 February 2025	226,966	113,389	50.0	130,034

Period ended August 2024	215,083	102,161	47.5	128,344
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(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 February 2025	4,251	1,676	7,250	21,681
Period ended August 2024	4,953	(881)	(3,029)	8,503

2. Forecast of performance for the period ending August 2025 (March 1, 2025 to August 31, 2025) and the period ending February 2026 (September 1, 2025 to February 28, 2026)

(% 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 yen	%	mm yen	%	mm yen	%	mm yen	%		
Period ending August 2025	10,722	3.1	4,453	1.0	3,974	0.2	3,972	0.1	4,100	—
Period ending February 2026	10,573	(1.4)	4,376	(1.7)	3,877	(2.4)	3,875	(2.4)	4,000	—

(Reference) Forecast profit per unit: period ending August 2025 4,556 yen

Forecast profit per unit: period ending February 2026 4,444 yen

(Note) Dividend per unit for the period ending August 2025 are calculated based on the amount obtained by deducting 397 million yen, for the period ending February 2026 are calculated based on the amount obtained by deducting 387 million yen as provision of reserve for tax purpose reduction entry from unappropriated retained earnings for the fiscal 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 the period (including treasury investment units):

As of February 2025 872,000 units

As of August 2024 796,000 units

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

As of February 2025 0 unit

As of August 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 12.

*** Statement on Implementation Status of Audit Procedure**

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

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

Forecast figures are calculated based on information available on the date of release of the forecast and contain uncertain factors to a large extent. Actual operating revenues, operating income, ordinary income, profit, and dividend per unit may differ due to changes in the business environment. The forecast should not be construed as a guarantee of actual dividend. Concerning details of the preconditions for the above forecast figures please refer to "1. Management Situation, (2) Forecast for the next fiscal period – Preconditions for the performance forecast for the period ending August 2025 (March 1, 2025 to August 31, 2025) and the period ending February 2026 (September 1, 2025 to February 28, 2026)" on page 4.

1. Management Situation**(1) Summary of the current fiscal period**

- (a) Brief history of the investment corporation

Fukuoka REIT Corporation (hereinafter "FRC") was established on July 2, 2004, based on the "Act on Investment

Trusts and Investment Corporations" (Act No. 198 in 1951 including later revisions) and listed on the Tokyo Stock Exchange, Inc. and the Fukuoka Stock Exchange on June 21, 2005 as the nation's first real estate investment trust specializing in regional properties (code number: 8968). FRC invests in real estate throughout all of Kyushu (including Okinawa Prefecture) with a central focus on Fukuoka City and Yamaguchi Prefecture (hereinafter the "Fukuoka/Kyushu area") by turning regional characteristics in the real estate industry into strengths.

FRC started asset management activities on November 9, 2004, after acquisition of four properties comprising retail properties and an office building and manages a total of 35 properties comprising 10 Retail, 13 Office buildings (including land with leasehold interest for retail and office building) and 12 Others as of the end of the 41st fiscal period (February 28, 2025).

(b) Investment environment and portfolio performance

The Japanese economy showed a mild recovery during the fiscal period under review (the 41st 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 of rising prices, trends of U.S. policies, including trade policies, developments in the Middle East, and changes in the financial and capital markets, among others.

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. Production activities are showing a gradual recovery trend, supported by the rebound in automobile manufacturing. Concurrently, the employment situation exhibits a slow but steady improvement, with the active job openings-to-applicants ratio remaining relatively unchanged. 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 fourth 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 11.3% year-on-year for commercial land and 9.0% year-on-year for residential land.

Under such circumstances, FRC's portfolio as a whole achieved a generally solid performance during the 41st 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).

During the 41st fiscal period, FRC disposed of Marinoa City Fukuoka (Marina Side Building) (Building) on September 2, 2024, and a 25% co-ownership interest in the Tenjin North Front Building on February 27, 2025. Furthermore, in the following period, FRC acquired LOGICITY Kumamoto Mifune (Note) on March 27, 2025, and Axion Otemon Premium on March 28, 2025.

When analyzing FRC's portfolio (on an acquisition price basis) as of the end of the 41st fiscal period by investment target area, the investment ratio in the Fukuoka metropolitan area accounted for 78.9%; when analyzing by property type, Retail, Office buildings, and Others accounted for 48.4%, 37.7% and 13.9%, 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 41st fiscal period, FRC acquired CASBEE for Building for a property in its portfolio. As a result, FRC has acquired green building certifications for 84.8% of its portfolio properties against its 2030 target of 85% or higher.

(Note) The name of the property has been changed from (tentative name) Mifune Logistics Center to LOGICITY Kumamoto Mifune. The same applies hereinafter.

(c) Summary of fundraising

For the purpose of funding the new acquisition of specified properties, FRC issued 72,400 new investment units on September 10, 2024, through a public offering, raising 9,836 mm yen, and 3,600 new investment units on October 8, 2024, through a third-party allotment, raising 489 mm yen. FRC also refinanced 2,000 mm yen. This 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 42.5% 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 41st 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.

Moreover, the credit ratings assigned to FRC as of the end of the 41st 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 10,400 mm yen and operating income after excluding operating expenses such as expenses related to leasing business and asset management fees totaled 4,408 mm yen. Ordinary income was 3,967 mm yen and profit amounted to 3,966 mm yen. Management decided to make a dividend of 4,096 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. At FRC, we will strive to acquire high-quality assets that offer secure investment opportunities for investors, utilizing to the fullest extent our inherent advantages, including local information gathering expertise, familiarity with the local area, and established networks within the local economic and administrative spheres, as well as our sponsor. 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:

Approval of acquisition of treasury investment units

Based on Article 80-2 of the Act on Investment Trusts and Investment Corporations, as applied under Article 80-5, Paragraph 2 of the same Act, the Board of Directors resolved at its meeting on April 16, 2025, to determine the following matters regarding the acquisition of treasury investment units: All treasury investment units acquired are scheduled to be cancelled within the period ending August 2025.

(Reasons for acquiring treasury investment units)

FRC has extensively deliberated on the acquisition of treasury investment units, taking into account the fluctuations in investment unit prices, the application of available funds, including proceeds from asset sales equivalent to their book value, its financial standing, and the prevailing market environment. The acquisition of treasury investment units was determined to be beneficial, as this action, including cancellation, allows for unitholder return and the potential for increasing dividends per unit and net asset value per unit, which are expected to contribute to the medium- to long-term improvement of unitholder value.

(Details on the matters related to the acquisition)

- Maximum number of investment units to be acquired: 4,000 (maximum)

Percentage of total outstanding units (excluding treasury units): 0.46%

- Total acquisition amount: 500 million yen (maximum)

- Acquisition method: Market purchases on the Tokyo Stock Exchange based on a discretionary trading agreement with a securities company

- Acquisition period: April 17, 2025 – May 31, 2025

(Reference information)

Disposition of Asset

Type of asset acquired: Real estate trust beneficiary interest

Property name: Tenjin North Front Building

Use: Office

Location: 4-20 4-Chome Tenjin Chuo-Ward Fukuoka City

Seller: ORIX JREIT Inc.

Disposition price: 6,350 million yen (Note 1)

Disposition date: March 27, 2025

(Note 1) Disposition price does not include disposition expenses, amounts equivalent to the settlement of the property taxes and city planning taxes, consumption taxes on the building and other expenses.

(Note 2) It is decided to transfer the entire interest in six times of co-ownership interest and refers to the completion of the second disposition of 25% quasi co-ownership interest. The first disposition (5% quasi co-ownership interest) was completed on August 29, 2024, the third disposition (22% quasi co-ownership interest) is scheduled on August 28, 2025, the

fourth disposition (16% quasi co-ownership interest) is scheduled on February 26, 2026, the fifth disposition (16% quasi co-ownership interest) is scheduled on August 27, 2026, and the sixth disposition (16% quasi co-ownership interest) is scheduled on February 25, 2027.

Acquisition of Asset

Type of asset acquired: Real estate trust beneficiary interest

Property name: LOGICITY Kumamoto Mifune

Use: Logistics facility

Location: Outside, 407-1 Bishamon, Kinokura, Kamimashiki-gun Mifune-machi, Kumamoto

Seller: Not disclosed (Note 1)

Acquisition price: 11,125 million yen (Note 2)

Acquisition date: March 27, 2025

Type of asset acquired: Real estate trust beneficiary interest

Property name: Axion Otemon Premium

Use: residence

Location: 1-1 2-Chome Chuo-Ward Fukuoka City

Seller: Not disclosed (Note 1)

Acquisition price: 1,800 million yen (Note 2)

Acquisition date: March 28, 2025

(Note 1) 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 2) The acquisition price does not include acquisition-related 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 August 2025 (March 1, 2025 to August 31, 2025) and the period ending February 2026 (September 1, 2025 to February 28, 2026). Concerning preconditions for the relevant performance forecast, please refer to "Preconditions for the performance forecast for the period ending August 2025 (March 1, 2025 to August 31, 2025) and the period ending February 2026 (September 1, 2025 to February 28, 2026)" on page 4.

	Period ending August 2025	Period ending February 2026
Operating revenues	10,722 mm yen	10,573 mm yen
Operating income	4,453 mm yen	4,376 mm yen
Ordinary income	3,974 mm yen	3,877 mm yen
Profit	3,972 mm yen	3,875 mm yen
Dividend per unit	4,100 yen	4,000 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 guarantee of actual performance since actual operating revenues, operating income, ordinary income, profit, dividend per unit and dividend in excess of earnings per unit may differ due to changes in the business environment.

Preconditions for the performance forecast for the period ending August 2025 (March 1, 2025 to August 31, 2025) and the period ending February 2026 (September 1, 2025 to February 28, 2026)

Item	Preconditions
Calculation period	42nd fiscal period: March 1, 2025 to August 31, 2025 (184 days) 43rd fiscal period: September 1, 2025 to February 28, 2026 (181 days)
Assets under management	<ul style="list-style-type: none"> It is assumed that assets under management will comprise the 35 properties FRC owns as of February 28, 2025. Assumes the acquisition of LOGICITY Kumamoto Mifune on March 27, 2025 and Axion Otemon Premium on March 28, 2025. For Tenjin North Front Building, we expect to transfer 22% of the quasi-co-ownership interest on August 28, 2025 and 16% of the quasi-co-ownership interest on February 26, 2026. In practice, the number may fluctuate due to changes in assets under management.
Total number of investment units outstanding	<ul style="list-style-type: none"> It is assumed that there will be no change in the number of investment units due to the issuance of new investment units, etc. by the end of the fiscal period ending February 2026, based on the 872,000 units issued and outstanding as of the end of February 2025. The acquisition and cancellation of own investment units described in “(2) Outlook for the next fiscal period (B) Material facts occurring after the end of the fiscal period” in “1.”
Interest-bearing debt and refinancing	<ul style="list-style-type: none"> 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 42.5%. The balance of interest-bearing debt outstanding at the end of the 43rd fiscal period (February 28, 2026) 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 42.4%.
Operating revenues	<ul style="list-style-type: none"> Of leasing revenues – real estate, revenues from properties FRC has already acquired are calculated based on tenancy agreements that are valid as of April 16, 2025, by taking into account the competitiveness of the properties and the market environment, etc. Of leasing revenues – real estate, revenues from lease contracts with variable rent such as percentage-of-sales rent and percentage-of-GOP rent are calculated based on past results by taking into account such fluctuation factors as sales and GOP of the relevant tenants. For leasing revenues – real estate, tenant vacancies are taken into account to a certain extent. It is assumed that there will be no rent arrears or non-payments by tenants.
Operating expenses	<ul style="list-style-type: none"> When acquiring properties, the property taxes and city planning taxes for the assets will be proportionally calculated according to the holding period and adjusted with the former owner. However, the adjusted amount of the property taxes and city planning taxes to be borne by FRC for the initial year will not be written off since they will be included in the acquisition cost. FRC writes off estimated repair costs expected to be required for buildings for the calculation periods (the 42nd and 43rd 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 1,701 mm yen for the 42nd fiscal period and 1,696 mm yen for the 43rd fiscal period. Concerning taxes and other public charges, FRC anticipates 845 mm yen for the 42nd fiscal period and 842 mm yen for the 43rd fiscal period. Concerning depreciation and amortization expenses, FRC anticipates 1,693 mm yen for the 42nd fiscal period and 1,751 mm yen for the 43rd fiscal period.
Non-operating expenses	<ul style="list-style-type: none"> Concerning interest expenses (including interest expenses on investment corporation bonds) and expenses related to financing, FRC anticipates 482 mm yen for the 42nd fiscal period and 493 mm yen for the 43rd fiscal period.
Dividend per unit	<ul style="list-style-type: none"> Dividend (dividend per unit) is calculated based on the dividend policy stipulated in FRC's Articles of Incorporation. Dividend per unit may fluctuate due to fluctuations in leasing revenues caused by changes in assets under management and tenants or various factors including unexpected occurrences of repair. With respect to the gains anticipated from the segmented transfer of Tenjin North Front Building, to be recorded in the period ending August 2025 and the period ending February 2026, FRC intends to utilize the “Special Provisions for Taxation in the Case of Replacement of Certain Assets” as defined in Article 65-7 of the Act on Special Measures Concerning Taxation, and to appropriate a portion of said gains as a reserve for tax purpose reduction entry (amounting to 397 million yen in the period ending August 2025 and 387 million yen in the period ending February 2026). Please note that the amount of the reserve for tax purpose reduction entry may be subject to change depending on investment performance.
Dividend in excess of earnings per unit	<ul style="list-style-type: none"> Dividend in excess of earnings (dividend in excess of earnings per unit) is not planned at the moment.
Others	<ul style="list-style-type: none"> It is assumed that there will be no revisions to laws and regulations, the tax system, and accounting standards that may influence the forecast figures. It is also assumed that there will be no significant unexpected changes in general economic conditions and the real estate market.

2. Financial Statements

(1) Balance sheet

(thousands of yen)

	40th fiscal period (as of August 31, 2024)		41st fiscal period (as of February 28, 2025)	
Assets				
Current assets				
Cash and deposits		3,883,372		17,444,889
Cash and deposits in trust		4,670,968		4,287,670
Operating accounts receivable		1,075,216		1,124,076
Prepaid expenses		267,795		269,548
Consumption taxes receivable				
Others		765,716		723,850
Total current assets		10,663,069		23,850,035
Non-current assets				
Property, plant and equipment				
Buildings	2,015,825		2,017,025	
Accumulated depreciation	(144,743)	1,871,081	(170,258)	1,846,766
Structures	24,857		24,857	
Accumulated depreciation	(1,696)	23,161	(1,960)	22,897
Machinery and equipment	0		0	
Accumulated depreciation	—	0	—	0
Tools and fixtures	3,513		3,513	
Accumulated depreciation	(1,068)	2,444	(1,331)	2,182
Lands		1,684,369		1,684,369
Buildings in trust	114,250,463		113,435,169	
Accumulated depreciation	(43,252,548)	70,997,915	(44,177,227)	69,257,942
Structures in trust	1,995,629		1,995,592	
Accumulated depreciation	(991,543)	1,004,086	(1,005,605)	989,986
Machinery and equipment in trust	1,599,795		1,594,631	
Accumulated depreciation	(884,306)	715,488	(906,767)	687,864
Vehicles and transport equipment in trust	626		626	
Accumulated depreciation	(594)	31	(594)	31
Tools and fixtures in trust	1,525,053		1,538,808	
Accumulated depreciation	(1,274,240)	250,812	(1,287,332)	251,475
Lands in trust		120,960,079		120,679,362
Construction in progress in trust		38,646		815,572
Total property, plant and equipment		197,548,117		196,238,450
Intangible assets				
Leasehold right in trust		5,545,883		5,545,883
Other intangible assets in trust		1,058		3,209
Total intangible assets		5,546,941		5,549,092
Investment and other assets				
Deferred tax assets		7		13
Lease and guarantee deposits		10,000		10,000
Lease and guarantee deposits in trust		335,492		335,492
Long-term prepaid expenses		960,295		934,023
Total investment and other assets		1,305,796		1,279,529
Total non-current assets		204,400,855		203,067,072
Deferred assets				
Investment corporation bond issuance expenses		20,021		19,015
Investment unit issuance expenses		—		30,643
Total deferred assets		20,021		49,658
Total assets		215,083,946		226,966,766

(thousands of yen)

	40th fiscal period (as of August 31, 2024)		41st fiscal period (as of February 28, 2025)	
Liabilities				
Current liabilities				
Operating accounts payable		574,175		1,706,609
Current maturities of long-term debt		3,900,000		6,400,000
Accounts payable-other		13,921		50,089
Accrued expenses		488,071		514,592
Income taxes payable		750		750
Accrued consumption taxes		461,561		184,679
Advances received		1,028,457		1,056,104
Deposits received		1,323,247		1,109,987
Total current liabilities		7,790,185		11,022,812
Non-current liabilities				
Investment corporation bonds		3,000,000		3,000,000
Long-term debt		89,450,000		86,950,000
Tenant leasehold and security deposits		861,609		873,544
Tenant leasehold and security deposits received in trust		11,820,191		11,730,565
Total non-current liabilities		105,131,801		102,554,109
Total liabilities		112,921,986		113,576,921
Net assets				
Unitholders' equity				
Unitholders' capital		98,938,764		109,264,428
surplus				
voluntary surplus fund				
reserve for accelerated depreciation		—		157,000
Total voluntary reserves		—		157,000
Surplus				
Unappropriated surplus		3,223,195		3,968,416
Total surplus		3,223,195		4,125,416
Total unitholders' equity		102,161,959		113,389,845
Total net assets		102,161,959		113,389,845
Total liabilities and net assets		215,083,946		226,966,766

(2) Statement of income

(thousands of yen)

	40th fiscal period (March 1, 2024 to August 31, 2024)		41st fiscal period (September 1, 2024 to February 28, 2025)	
Operating revenues				
Leasing revenues – real estate	*1 8,787,411		*1 8,772,777	
Other leasing revenues – real estate	*1 669,410		*1 637,504	
Gain on sales of real estate	*2 195,590	9,652,412	*2 990,080	10,400,362
Operating expenses				
Expenses related to leasing business	*1, *3 5,268,036		*1, *3 5,235,034	
Asset management fees	579,790		602,548	
Asset custody fees	8,105		7,999	
Administrative service fees	63,115		62,037	
Director's compensations	3,600		3,600	
Other operating expenses	65,336	5,987,984	80,818	5,992,038
Operating income		3,664,427		4,408,324
Non-operating revenues				
Interest received	571		12,733	
Others	1,269	1,841	777	13,510
Non-operating expenses				
Interest expenses	321,891		329,949	
Interest expenses on investment corporation bonds	16,000		16,000	
Amortization of investment corporation bond issuance expenses	1,005		1,005	
Amortization of investment units issuance expenses	—		6,128	
Financing related expenses	101,629		100,957	
Others	22	440,549	22	454,063
Ordinary income		3,225,719		3,967,771
Profit before income taxes		3,225,719		3,967,771
Income taxes-current	837		955	
Income taxes-deferred	1,839	2,676	(5)	950
Profit		3,223,043		3,966,821
Surplus brought forward		152		1,595
Unappropriated surplus		3,223,195		3,968,416

(3) Statement of changes in net assets

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

(thousands of yen)

(thousands of yen)

	Unitholders' Equity			Total net assets
	Unitholders' capital	Surplus	Total unitholders' equity	
		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

41st fiscal period (September 1, 2024 to February 28, 2025)

(thousands of yen)

4 1st fiscal period (September 1, 2024 to February 28, 2025)							
	Unitholders' Equity						Total net assets
	Unitholders' capital	Surplus				Total unitholders' equity	
		Voluntary surplus		Unappropriated retained earnings	Total surplus		
		Reserve for reduction entry	Total voluntary surplus				
Balance as of September 1, 2024	98,938,764	—	—	3,223,195	3,223,195	102,161,959	102,161,959
Changes in the current fiscal period							
Issuance of new investment units	10,325,664					10,325,664	10,325,664
Accumulation of reserve for reduction entry		157,000	157,000	(157,000)	—	—	—
Dividend of surplus				(3,064,600)	(3,064,600)	(3,064,600)	(3,064,600)
Profit				3,966,821	3,966,821	3,966,821	3,966,821
Total of changes in the current fiscal period	10,325,664	157,000	157,000	745,221	902,221	11,227,885	11,227,885
Balance as of February 28, 2025	109,264,428	157,000	157,000	3,968,416	4,125,416	113,389,845	113,389,845

(4) Dividend statement

Item	40th fiscal period (March 1, 2024 to August 31, 2024)	41st fiscal period (September 1, 2024 to February 28, 2025)
I. Unappropriated surplus	3,223,195 thousand yen	3,968,416 thousand yen
II. Total dividend	3,064,600 thousand yen	3,571,712 thousand yen
[Dividend per investment unit]	[3,850 yen]	[4,096 yen]
Voluntary surplus		
III. Provision of reserve for tax purpose reduction entry	157,000 thousand yen	396,700 thousand yen
IV Surplus brought forward	1,595 thousand yen	4 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 decided to distribute dividends of earnings of an amount of 3,064,600 thousand yen, which was almost the entire amount remaining after deducting a provision of reserve for tax purpose reduction entry as stipulated in the special provision for taxation in cases of replacement of certain assets (Article 67-7 of the Act on Special Measures Concerning Taxation) from unappropriated surplus. Moreover, dividends 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 decided to distribute dividends of earnings of an amount of 3,571,712 thousand yen, which was almost the entire amount remaining after deducting a provision of reserve for tax purpose reduction as stipulated in the special provision for taxation in cases of replacement of certain assets (Article 67-7 of the Act on Special Measures Concerning Taxation) from unappropriated surplus. Moreover, dividends 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)

	40th fiscal period (March 1, 2024 to August 31, 2024)	41st fiscal period (September 1, 2024 to February 28, 2025)
Net cash provided by (used in) operating activities		
Profit before income taxes	3,225,719	3,967,771
Depreciation and amortization expenses	1,611,769	1,595,068
Amortization of investment corporation bond issuance expenses	1,005	1,005
Amortization of new investment units issuance expenses	—	6,128
Interest received	(571)	(12,733)
Interest expenses	337,891	345,949
Gain on sales of real estate	(195,590)	(990,080)
Decrease (increase) in operating accounts receivables	(121,108)	(48,860)
Decrease (increase) in consumption taxes refund receivable	371,690	—
Increase (decrease) in accrued consumption taxes	461,561	(276,882)
Increase (decrease) in operating accounts payable	5,698	77,304
Increase (decrease) in accounts payable-other	(5,583)	10,691
Increase (decrease) in accrued expenses	19,217	28,590
Increase (decrease) in advances received	(29,688)	27,646
Increase (decrease) in deposits expenses	245,099	(213,260)
Decrease (increase) in prepaid expenses	20,924	(1,752)
Decrease (increase) in long-term prepaid expenses	90,084	26,272
Others, net	(749,226)	46,491
Subtotal	5,288,894	4,589,350
Interest income received	571	12,733
Interest expenses paid	(332,413)	(348,018)
Income taxes paid	(3,393)	(2,697)
Net cash provided by (used in) operating activities	4,953,658	4,251,369
Net cash provided by (used in) investment activities		
Purchase of property, plant and equipment	(3,517)	(1,725)
Proceeds from sale of property, plant and equipment in trust	307,477	2,310,924
Purchase of property, plant and equipment in trust	(1,288,627)	(552,499)
Purchase of intangible assets in trust	—	(2,439)
Proceeds from tenant leasehold and security deposits	35,326	21,299
Repayments of tenant leasehold and security deposits	(9,012)	(9,365)
Proceeds from tenant leasehold and security deposits in trust	216,161	309,337
Repayments of tenant leasehold and security deposits in trust	(138,516)	(398,963)
Proceeds from restricted trust deposits	1,679	1,622
Payments for restricted trust deposits	(2,050)	(1,737)
Net cash provided by (used in) investment activities	(881,080)	1,676,453
Net cash provided by (used in) financial activities		
Proceeds from long-term debt	700,000	2,000,000
Repayments of long-term debt	(700,000)	(2,000,000)
Proceeds from new investment units issuance expenses	—	10,325,664
Dividends paid	(3,029,715)	(3,063,663)
Repayments of new investment units issuance expenses	—	(11,719)
Net cash provided by (used in) financial activities	(3,029,715)	7,250,281
Net increase (decrease) in cash and cash equivalents	1,042,863	13,178,104
Balance of cash and cash equivalents at beginning of period	7,460,191	8,503,054
Balance of cash and cash equivalents at end of period	8,503,054	21,681,159

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

(7) Significant accounting policies
Disclosure is omitted, since there are no significant changes from contents disclosed by the latest securities report (submitted on November 27, 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)			
	40th fiscal period (March 1, 2024 to August 31, 2024)		41st fiscal period (September 1, 2024 to February 28, 2025)	
A. Real estate leasing business revenues				
Leasing revenues – real estate				
Rents	7,456,578		7,462,281	
Common charges	893,659		876,053	
Parking revenues	437,173	8,787,411	434,442	8,772,777
Other leasing revenues – real estate				
Incidental income	648,610		617,725	
Other miscellaneous income	20,799	669,410	19,779	637,504
Total real estate leasing business revenues		9,456,821		9,410,282
B. Expenses related to real estate leasing business				
Expenses related to leasing business				
Outsourcing fees	1,801,118		1,785,835	
Repair and maintenance expenses	160,862		175,845	
Taxes and other public charges	817,401		813,160	
Insurance premiums and trust compensation	44,145		44,357	
Utilities expenses	562,758		546,941	
Depreciation and amortization expenses	1,611,769		1,595,068	
Other expenses related to real estate leasing business	269,981	5,268,036	273,826	5,235,034
Total expenses related to real estate leasing business		5,268,036		5,235,034
C. Revenues and expenses related to real estate leasing business (A - B)		4,188,784		4,175,247

*2. Breakdown of gain on sales of real estate

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

Tenjin North Front Building (5% co-ownership interest)

	(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

41st fiscal period (September 1, 2024 to February 28, 2025)

Marinoa City Fukuoka (Marina Side Building) (Building)

	(thousands of yen)
Proceeds from sales of real estate	783,000
Costs of sale of real estate	768,857
Other selling expenses	11,489
Gain on sales of real estate	2,653

Tenjin North Front Building (25% co-ownership interest)

	(thousands of yen)
Proceeds from sales of real estate	1,587,500
Costs of sale of real estate	551,987
Other selling expenses	48,085
Gain on sales of real estate	987,427

*3. Transactions with affiliated companies

	(thousands of yen)	
	40th fiscal period (March 1, 2024 to August 31, 2024)	41st fiscal period (September 1, 2024 to February 28, 2025)
Expenses related to real estate leasing business	918,125	919,268

(Per unit information)

40th fiscal period (March 1, 2024 to August 31, 2024)	41st fiscal period (September 1, 2024 to February 28, 2025)
Net assets per investment unit: 128,048 yen	Net assets per investment unit: 130,034 yen
Profit per investment unit: 4,049 yen	Profit per investment unit: 4,571 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.

	40th fiscal period (March 1, 2024 to August 31, 2024)	41st fiscal period (September 1, 2024 to February 28, 2025)
Profit (thousands of yen)	3,223,043	3,966,821
Amount not attributable to common unitholders (thousands of yen)	—	—
Profit attributable to common investment units (thousands of yen)	3,223,043	3,966,821
Average number of investment units during the fiscal period (units)	796,000	867,664

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

Approval of acquisition of treasury investment units

Based on Article 80-2 of the Act on Investment Trusts and Investment Corporations, as applied under Article 80-5, Paragraph 2 of the same Act, the Board of Directors resolved at its meeting on April 16, 2025, to determine the following matters regarding the acquisition of treasury investment units: All treasury investment units acquired are scheduled to be cancelled within the period ending August 2025.

(Reasons for acquiring treasury investment units)

FRC has extensively deliberated on the acquisition of treasury investment units, taking into account the fluctuations in investment unit prices, the application of available funds, including proceeds from asset sales equivalent to their book value, its financial standing, and the prevailing market environment. The acquisition of treasury investment units was determined to be beneficial, as this action, including cancellation, allows for unitholder return and the potential for increasing dividends per unit and net asset value per unit, which are expected to contribute to the medium- to long-term improvement of unitholder value.

(Details on the matters related to the acquisition)

- Maximum number of investment units to be acquired: 4,000 (maximum)
- Percentage of total outstanding units (excluding treasury units): 0.46%
- Total acquisition amount: 500 million yen (maximum)
- Acquisition method: Market purchases on the Tokyo Stock Exchange based on a discretionary trading agreement with a securities company
- Acquisition period: April 17, 2025 – May 31, 2025

(9) Changes in the number of investment units outstanding

The following table details the increases and decreases in total capital contributions and the total number of investment units issued during the current period:

Date	Description	Total number of investment units issued		Total capital contributions (million yen)		Remarks
		Change	Outstanding	Change	Outstanding	
September 10, 2024	Public offering	72,400	868,400	9,836	108,775	(Note 1)
October 8, 2024	Third-party allotment	3,600	872,000	489	109,264	(Note 2)

Note 1: New investment units were issued via a public offering at an issue price of 140,400 yen per unit (offering price: 135,864 yen) to raise funds for the acquisition of new properties and related activities.

Note 2: New investment units were issued through a third-party allotment to SMBC Nikko Securities Inc. at an offering price of 135,864 yen per unit to raise funds for the acquisition of new properties and related activities.

3. Reference Information**(1) Information on the prices, etc. of investment assets****1) Investment situation**

(as of February 28, 2025)

(as of February 28, 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	1,491	0.7
	Others	Fukuoka metropolitan area	—	—
		Other Kyushu areas	2,064	0.9
	Subtotal		3,556	1.6
Real estate in trust	Retail	Fukuoka metropolitan area	65,270	28.8
		Other Kyushu areas	34,166	15.1
	Office buildings	Fukuoka metropolitan area	71,738	31.6
		Other Kyushu areas	—	—
	Others	Fukuoka metropolitan area	21,017	9.3
		Other Kyushu areas	5,223	2.3
	Subtotal		197,415	87.0
Deposits and other assets			25,994	11.5
Total amount of assets (Note 4)			226,966 [201,787]	100.0 [88.9]

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

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

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

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

(as of February 28, 2025)

	Value on balance sheet (mm of yen)	Percentage of total amount of assets (%)
Total liabilities	113,576	50.0
Total net assets	113,389	50.0

2) Investment assets

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

(as of February 28, 2025)

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	29,633	29,400	14.6	Tanizawa Sogo Appraisal Co., Ltd.
Canal City Hakata・B	21,060	20,475	22,000	9.6	Tanizawa Sogo Appraisal Co., Ltd.
Park Place Oita	19,610	20,027	20,300	8.9	Japan Real Estate Institute
SunLive City Kokura	6,633	5,387	8,210	3.0	Japan Real Estate Institute
Konoha Mall Hashimoto	10,000	9,734	10,700	4.6	Tanizawa Sogo Appraisal Co., Ltd.
Square Mall Kagoshima Usuki	5,300	4,111	4,780	2.4	Japan Real Estate Institute
Kumamoto Intercommunity SC	2,400	1,874	2,890	1.1	Japan Real Estate Institute
Hanahata SC	1,130	933	1,270	0.5	Tanizawa Sogo Appraisal Co., Ltd.
K's Denki Kagoshima	3,550	2,765	3,620	1.6	Tanizawa Sogo Appraisal Co., Ltd.
Marinoa City Fukuoka (Marina Side Building) (Land with leasehold interest) (Note 4)	4,457	4,494	4,510	2.0	Tanizawa Sogo Appraisal Co., Ltd.
Retail subtotal:	106,140	99,436	107,680	48.4	
Canal City Business Center Building	14,600	12,636	19,700	6.7	Tanizawa Sogo Appraisal Co., Ltd.
Gofukumachi Business Center	11,200	8,466	17,300	5.1	Tanizawa Sogo Appraisal Co., Ltd.
Sanix Hakata Building	4,400	3,625	7,450	2.0	Japan Real Estate Institute
Taihaku Street Business Center	7,000	5,538	10,700	3.2	Japan Real Estate Institute
Higashi Hie Business Center	5,900	4,298	10,200	2.7	Tanizawa Sogo Appraisal Co., Ltd.
Tenjin Nishi-Dori Center Building	2,600	2,603	3,520	1.2	Japan Real Estate Institute
Tenjin North Front Building (Note 5)	1,960	1,545	3,864	0.9	Japan Real Estate Institute
Higashi Hie Business Center II	4,230	3,715	5,000	1.9	Tanizawa Sogo Appraisal Co., Ltd.
Higashi Hie Business Center III	3,290	3,124	3,570	1.5	Tanizawa Sogo Appraisal Co., Ltd.
Tenjin Nishi-Dori Business Center (Land with leasehold interest)	7,700	7,754	8,730	3.5	Japan Real Estate Institute
Hakata Chikushi-Dori Center Building	4,320	4,481	4,680	2.0	Tanizawa Sogo Appraisal Co., Ltd.
Kumamoto East Front Building	1,450	1,491	1,490	0.7	Tanizawa Sogo Appraisal Co., Ltd.
Hakata FD Business Center (Note 6)	14,100	13,948	16,600	6.4	Japan Real Estate Institute
Office buildings subtotal:	82,750	73,230	112,804	37.7	
Amex Akasakamon Tower	2,060	1,570	2,190	0.9	Daiwa Real Estate Appraisal Co., Ltd.
City House Keyaki Dori	1,111	830	1,230	0.5	Daiwa Real Estate Appraisal Co., Ltd.
Aqualia Chihaya	1,280	1,118	2,170	0.6	Japan Real Estate Institute
D-Wing Tower	2,800	2,680	4,330	1.3	Tanizawa Sogo

					Appraisal Co., Ltd.
Granfore Yakuin Minami	1,100	1,098	1,530	0.5	Tanizawa Sogo Appraisal Co., Ltd.
Axion Befu-Ekimae Premium	1,525	1,627	1,570	0.7	Daiwa Real Estate Appraisal Co., Ltd.
Hotel FORZA Oita	1,530	1,429	1,940	0.7	Japan Real Estate Institute
Tissage Hotel Naha	2,835	2,644	3,000	1.3	Tanizawa Sogo Appraisal Co., Ltd.
Tosu Logistics Center	1,250	1,149	1,790	0.6	Japan Real Estate Institute
LOGICITY Minato Kashii	8,150	7,586	11,500	3.7	Tanizawa Sogo Appraisal Co., Ltd.
LOGICITY Hisayama	5,050	4,504	6,650	2.3	Tanizawa Sogo Appraisal Co., Ltd.
LOGICITY Wakamiya	1,700	2,064	2,590	0.8	Tanizawa Sogo Appraisal Co., Ltd.
Others subtotal:	30,391	28,304	40,490	13.9	
Total	219,281	200,971	260,974	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
LOGICITY Kumamoto Mifune	11,125	—	11,500	—	Tanizawa Sogo Appraisal Co., Ltd.
Axion Otemon Premium	1,800	—	1,810	—	Tanizawa Sogo Appraisal Co., Ltd.
Island City Minato Bay related site (Land with leasehold interest) (tentative name) (Note 7) (Note 8) (Note 9)	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: On September 2, 2024, FRC divided the beneficiary interest in the entire Marinoa City Fukuoka (Marina Side Building) into interests in land and buildings and subsequently disposed of the beneficiary interest pertaining to the building portion. We retain ownership of the land portion of Marinoa City Fukuoka (Marina Side Building) (land with leasehold interest), and this portion is leased to Fukuoka Jisho Co., Ltd., one of the Buyer of the property.

Note 5: FRC disposed of a 5% quasi-co-ownership interest in the Tenjin North Front Building real estate trust on August 29, 2024, and subsequently disposed of a 25% quasi-co-ownership interest on February 27, 2025. Therefore, the period-end valuation amount reflects the appraised value of the 70% quasi-co-ownership interest in the Tenjin North Front Building real estate trust held at the end of the current fiscal period.

Note 6: Of the building, FRC acquired 77% co-ownership interest owned and trust beneficiary interest in the land (a part of the building's leasehold land, so-called "partial ownership") In addition, the figures reflect the percentage of ownership. The same applies below.

Note 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: 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 9: 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 10: Real estate property to be acquired indicates the property for which contracts or letters of agreement have been concluded as of the end of the 41st fiscal period.

(B) Summary of the real estate leasing business

(as of February 28, 2025)

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(20)	98.7	48,176.33	47,539.75	1,184	12.6
Canal City Hakata・B	1(36)	92.0	31,141.44	28,653.40	1,007	10.7
Park Place Oita	1(96)	99.5	121,183.61	120,617.09	1,157	12.3
SunLive City Kokura	1	100.0	61,450.22	61,450.22	292	3.1
Konoha Mall Hashimoto	1(122)	99.4	22,191.52	22,059.11	874	9.3
Square Mall Kagoshima Usuki	13	100.0	14,602.88	14,602.88	249	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) (Land with leasehold interest) (Note 6)(Note 7)	1	100.0	26,846.74	26,846.74	33	0.4
Retail subtotal:	24[294] (Note 2)	98.9	342,658.72	338,835.17	5,037	53.5
Canal City Business Center Building	1(64)	100.0	23,031.14	23,031.14	651	6.9
Gofukumachi Business Center	36	100.0	19,905.34	19,905.34	583	6.2
Sanix Hakata Building	16	100.0	6,293.75	6,293.75	210	2.2
Taihaku Street Business Center	1(72)	100.0	14,677.35	14,677.35	333	3.5
Higashi Hie Business Center	1(25)	100.0	13,482.02	13,482.02	369	3.9
Tenjin Nishi-Dori Center Building	1	100.0	3,339.32	3,339.32	86	0.9
Tenjin North Front Building (Note 8)	12	100.0	3,683.15	3,683.15	140	1.5
Higashi Hie Business Center II	3	100.0	6,214.77	6,214.77	163	1.7
Higashi Hie Business Center III	6	94.8	2,981.14	2,824.76	96	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(19)	100.0	5,994.42	5,994.42	134	1.4
Kumamoto East Front Building	12	92.7	3,114.07	2,885.35	52	0.6
Hakata FD Business Center	1(17)	100.0	12,102.05	12,102.05	367	3.9
Office buildings subtotal:	92[284] (Note 2)	99.7	116,162.03	115,776.93	3,350	35.6
Amex Akasakamon Tower	1(64)	96.2	4,821.25	4,638.56	67	0.7
City House Keyaki Dori	1(42)	100.0	2,710.86	2,710.86	40	0.4
Aqualia Chihaya	1(105)	100.0	5,619.69	5,619.69	60	0.6
D-Wing Tower	1(127)	93.2	7,187.59	6,698.83	116	1.2
Granfore Yakuin Minami	1(97)	97.9	2,496.06	2,443.04	39	0.4
Axion Befe-Ekimae Premium	1(27)	100.0	1,937.47	1,937.47	30	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	54	0.6
Tosu Logistics Center	1	100.0	4,173.29	4,173.29	Undisclosed (Note 9)	Undisclosed (Note 9)
LOGICITY Minato Kashii	2	100.0	43,233.72	43,233.72	Undisclosed (Note 9)	Undisclosed (Note 9)
LOGICITY Hisayama	1	100.0	24,505.65	24,505.65	Undisclosed (Note 9)	Undisclosed (Note 9)
LOGICITY Wakamiya	1	100.0	17,556.32	17,556.32	Undisclosed	Undisclosed

					(Note 9)	(Note 9)
Others subtotal:	13[469] (Note 2)	99.4	123,786.10	123,061.63	1,022	10.9
Total	129[1,047] (Note 2)	99.2	582,606.85	577,673.73	9,410	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 59 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 Marinoa City Fukuoka (Marina Side Building) (Building) on September 2, 2024.

Note 7: The total number of tenants is the number of land lessees.

Note 8: The Investment Corporation transferred its 5% quasi-co-ownership interest in Tenjin North Front Building on August 29, 2024, and its 25% quasi-co-ownership interest on February 27, 2025.

Note 9: 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 41st 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 41st fiscal period and of capital expenditures associated with renovations, etc. planned as of April 16, 2025, 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 41 st fiscal period	Total amount already paid
Canal City Hakata-B	Hakata Ward, Fukuoka City	Renewal work Grand Building (B1 floor)	From July 2023 to July 2025	1,281	210	241
Gofukumachi Business Center	Hakata Ward, Fukuoka City	Renewal of LEDs in exclusive areas	From November 2025 to February 2026	105	—	—
Gofukumachi Business Center	Hakata Ward, Fukuoka City	Renewal of total heat exchanger equipment	From November 2025 to February 2026	199	—	—
Gofukumachi Business Center	Hakata Ward, Fukuoka City	Renewal of air conditioner equipment	From December 2024 to December 2025	543	—	—
Sanix Hakata Building	Hakata Ward, Fukuoka City	Renewal of elevators	From January 2026 to February 2026	124	—	—
Taihaku Street Business Center	Hakata Ward, Fukuoka City	Renewal of LEDs	From December 2025 to February 2026	85	—	—
Tenjin Nishi-Dori Center Building	Chuo Ward, Fukuoka City	Renovation of external walls	From November 2025 to January 2026	185	—	—
Hotel FORZA Oita	Oita City, Oita	Renovation of external walls	From September 2025 to February 2026	245	8	—

2) Capital expenditures during the 41st fiscal period

Capital expenditures for the real estate properties owned by FRC totaled 1,611 mm yen in the 41st fiscal period. Furthermore, FRC incurred construction costs of 1,793 mm yen in total in the period, including 175 mm yen in repair and maintenance expenses classified as expenses on the statement of income and 5 mm yen in expenses for restoration to former state. The following table provides the overview of major construction work that was completed in the 41st fiscal period.

Real estate property name	Location	Purpose	Period	Construction cost (mm of yen)
Canal City Hakata	Hakata Ward, Fukuoka City	Renovation of external walls of Grand Building (3rd phase)	From January 2024 to February 2025	99
Canal City Hakata-B	Hakata Ward, Fukuoka City	Formation of floor sections of Grand Building B1	From September 2024 to February 2025	553
Canal City Hakata-B	Hakata Ward, Fukuoka City	Renovation of external walls of Grand Building (3rd phase)	From January 2024 to February 2025	128
Konoha Mall Hashimoto	Nishi Ward, Fukuoka City	Toilet and sanitation facility renovation work (2nd phase)	From October 2024 to February 2025	89
Canal City Business Center Building	Hakata Ward, Fukuoka City	Renewal of water tank	From September 2024 to February 2025	64
Tosu Logistics Center	Tosu City, Saga	Renewal of refrigeration and freezing equipment	From January 2025 to February 2025	50
LOGICITY Minato Kashii	Higashi Ward, Fukuoka City	Renewal of LEDs on the 1st floor	From October 2024 to February 2025	33