Provisional translation only

February 7, 2014

Fukuoka REIT Corporation
1-2-25 Sumiyoshi, Hakata Ward, Fukuoka City
Masayasu Saki
CEO & Representative Director
(Securities Code: 8968)

Asset Management Company:
Fukuoka Realty Co., Ltd.
1-2-25 Sumiyoshi. Hakata Ward, Fukuoka City
Etsuo Matsuyuki
CEO & Representative Director

Inquiries:
Yoichi Nishio
Managing Director
TEL: +81-(0)92-272-3900

Fukuoka REIT Concludes Agreement to Purchase a New Logistics Facility in Saga Prefecture

Fukuoka REIT Corporation (FRC) announces that it has decided to acquire a property, as described below.

1. Summary of Acquisition

Property name	Use	Location	Acquisition price (planned)	Acquisition date (planned)
Tosu Logistics Center	Logistics facility	Himekatamachi, Tosu City, Saga	1,250 million yen	March 28, 2014

2. Reason for Acquisition

FRC invests primarily in retail facilities with excellent design and entertainment qualities and Class A office buildings, focusing on Fukuoka and Kyushu region. Other than retail facilities and office buildings, FRC also works to acquire properties which, by capitalizing on its community-based strengths to establish appropriate management structures for each property and through other measures, will allow it to secure stable earnings over medium- to long-term periods. By incorporating such properties into its portfolio, FRC intends to pursue risk diversification within the region.

The property to be acquired is a logistics facility located within the Green Logistics Park Tosu in Tosu City, Saga Prefecture. The Tosu area, which centers on Tosu City, is positioned as an important distribution base covering the entire Kyushu region as it features well-developed road networks including express ways and highways. Moreover, since supply of conveniently located logistics facilities is rather limited in the Tosu area, the property commands a strong competitive edge and scarcity value.

In addition, the property can operate around the clock because it is on the premises of a distribution business park and there are no residential houses, etc. in the neighborhood. On top of this, the property is relatively newly-built and, equipped with 27 berths with dock shelters on three sides of the building, has specifications as a distribution center that are high enough to satisfy the requirements of logistic companies. FRC believes these characteristics should help the property to generate stable cash flow into the future.

3. Details of Property for Acquisition

(1) Overview of Acquisition

1) Property to be acquired:	Real estate trust beneficiary interest (Trustee: TBD) (Note 1)
2) Property name:	Tosu Logistics Center
3) Acquisition price (planned):	1,250 million yen
4) Appraisal value:	1,250 million yen (appraisal cap rate through direct capitalization method: 5.9%)
5) Acquisition cap rate (Note2)	5.9%

6) Acquisition date (planned): March 28, 2014
7) Seller: Not disclosed (The name is not indicated as no consent to disclosure has been obtained from the seller, which is a domestic special purpose company.)
8) Funding: Cash on hand and borrowings (planned) (Note 3)
9) Payment method: Lump-sum payment upon delivery
10) Others: The purchase falls under the category of a forward commitment, etc. (an agreement under which payment and delivery shall take place after more than one month from its execution.) For details of the penalty, etc., please refer to Special Note (1) in 3. (3) Overview of Asset to be Acquired below.

*Note 1: The trustee has not been determined yet, and will be announced as soon as it is decided.
*Note 2: Acquisition cap rate is calculated by using the formula: NCF through direct capitalization method in the appraisal report / planned acquisition price x 100 (%).
*Note 3: When conducting the borrowing, FRC will announce it as soon as it is decided.
*Note 4: The acquisition price (planned) does not include acquisition expenses, amounts equivalent to the settlement of property taxes and city planning taxes, consumption taxes on the building and other expenses.

(2) Points Valued in Deciding on Acquisition of Property

1) Location conditions

The property is located within the Green Logistics Park Tosu in the Tosu area. Boasting high traffic convenience thanks to the Tosu Junction connecting the Kyushu Expressway and Nagasaki and Oita Expressways that runs through and across Kyushu, the Tosu area has established its position as one of the leading inland distribution bases in Kyushu. For air transportation, three airports are available with quick access to Ariake Saga Airport, Fukuoka Airport and Nagasaki Airport. By railway, there is the Tosu Freight Terminal Station where large containers can be handled. Due to full operation of the entire Kyushu Shinkansen line starting in 2011, it now takes approximately 13 minutes from Shin-Tosu Station to Hakata Station by train.

2) Building facilities, etc.

The property is a two-story logistics facility having a leasable area of approximately 1,300 tsubos, with a one-story warehousing section that partially has a mezzanine floor. It is compatible with three temperature zones (frozen, cool and ambient), and is currently used by a logistics subsidiary of a food manufacturer. Its basic specifications are highly versatile, featuring a floor load of 1.5t/m^2, ceiling heights of 6m for the cool storage area, 4.5m for the cold storage area and 7.5m for the dry storage area, and a standard column core span of 11m. For intra-warehouse conveyance, the property has two vertical conveyors and 27 berths with dock shelters on three sides of the building.

(3) Overview of Asset to be Acquired

Property name	Tosu Logistics Center	
Property to be acquired	Real estate trust beneficiary interest	
Location (address)	1607 Momota, Himekatamachi, Tosu City, Saga	
Land	Area	10,263.09 m^2
	Zoning	Quasi-industrial area
	Floor area ratio	200%
	Building coverage	60%
	Type of ownership	Ownership
Building	Structure/floor	Steel-framed with zinc-coated steel roof, 2 floors
	Built	May 22, 2008
	Total floor area	4,169.40 m^2
	Use	Warehouse
	Type of ownership	Ownership
Appraisal value	1,250 million yen	
Appraiser	Japan Real Estate Institute	

Collateral	None
Property manager	TBD
Earthquake PML (probable maximum loss)	8.9% (based on the assessment by Tokio Marine & Nichido Risk Consulting Co., Ltd.)
Special note	(1) The purchase and sale agreement falls under the category of a forward commitment, etc. (an agreement under which payment and delivery shall take place after more than a month from its execution), which provides that, if it is cancelled due to violation of obligations set forth in its terms and conditions by the seller or the buyer, the violating party shall pay the other party a cancellation penalty equivalent to 20% of the sale price of the property (including consumption taxes). Furthermore, no earnest money is required under the agreement. (2) The previous owner of the property's land has agreed with the Saga Prefecture Government, the land seller, that establishment or transfer of a right including ownership concerning the real estate shall require approval of the Saga Prefecture Government as a rule for the period until ten years have passed since the day following the date of public notice of construction completion (May 30, 2007). The trustee, who is the present owner, the seller, who is the beneficial owner, and FRC have obtained such approval from the Saga Prefecture Government and succeeded the obligations.

*All figures for area, use, structure, etc. are based on the indications on the registry.

*The earthquake PML figure is based on the earthquake risk assessment report by the indicated estimator. The figure is a representation of the reporter's opinion, and does not guarantee the accuracy of its content.

*The property's land has been designated as a distribution business zone set forth in the City Planning Act. Pursuant to the provisions of the Act Concerning the Improvement of Urban Distribution Centers, use restrictions under the Building Standards Act are not applied to the relevant zone, and no construction of buildings is allowed except for truck terminals, wholesale markets, warehouses, freight handling areas and offices, etc.

(4) Outline of Lease

Total number of tenants	1
Total rental income (annual)	84 million yen (Note 1)
Security deposits	21 million yen (Note 2)
Leasable area	4,173.29 m^2 (Note 3)
Total leased area	4,173.29m^2 (Note 3)
Occupancy rate	100.0% (Note 4)

(Note 1) The figure has been calculated by multiplying the (planned) total amount of the monthly rents, indicated in the lease agreement assumed to be concluded on the acquisition date, by 12 times. The figure has been rounded to the nearest million yen.

(Note 2) The figure is the sum of the amounts indicated in the lease agreements to be concluded on the acquisition date. The figure has been rounded to the nearest million yen.

(Note 3) The leasable area and the total leased area indicate the sum of the areas designated in the lease agreement with the tenant.

(Note 4) The figure indicates the ratio of the total leased area to the leasable area. The figure has been rounded to the first decimal place.

(5) Profile of Seller

Profile of the seller is not described as no consent to disclose has been obtained from the seller. Furthermore there are no capital, personal or business relationships to note between the seller and FRC and the asset management company or their related parties and affiliates. In addition, the seller and its related parties or affiliates do not fall under the definition of interested parties of FRC and the asset management company.

(6) Profile of Previous Owners

The previous owner of the property does not have any special interest relationship with either FRC or the asset management company.

(7) Sales Agent Profile

Sales agent name	Fukuoka Jisho Co., Ltd.
Address	1-2-25 Sumiyoshi, Hakata Ward, Fukuoka City
Representative title and name	Kan Ishii, President and Representative Director
Business description	Urban development, residential development, development and operations of retail facilities and office buildings, etc.
Capital	4,000 million yen (as of January 31, 2014)
Establish date	July 19, 1961
Brokerage fee	37.5 million yen (excluding consumption tax)
Relationship with FRC or the asset management company	Falls under the definition of interested parties of the asset management company as described in the Act on Investment Trusts and Investment Corporations.

(8) Transaction with Interested Parties

FRC will conclude a Real Estate Trust Beneficiary Interest Brokerage Agreement with Fukuoka Jisho Co., Ltd. in order to consign the latter with brokerage of the property. The conclusion of the agreement has been discussed at and approved by the Investment Committee, the Compliance Committee and the Board of Directors of the asset management company.

(9) Constructor, Designer and Others

Constructor	Fujita Corporation Kyushu Branch
Designer	Fujita Corporation Kyushu Branch First-Class Architect Office
Building design office engaged in structural engineering data	Fujita Corporation Kyushu Branch First-Class Architect Office
Organization that authorized building construction	Saga Prefecture

(10) Acquisition Schedule

February 7, 2014:	Decision of acquisition
February 7, 2014:	Conclusion of agreement
March 28, 2014:	Payment (planned)
March 28, 2014:	Delivery of the property (planned)

4. Outlook

The impact of the transaction on FRC's operating forecast for the fiscal period ending August 2014 (March 1, 2014 – August 31, 2014), which was announced in the "Earnings Briefing for the Period Ended August 2013" dated October 11, 2013 is considered to be minimal, and FRC will not revise the forecast at present. As for the operating forecast for the fiscal period ending February 2015 (September 1, 2014 – February 28, 2015) is being prepared, and FRC will announce it in the "Earnings Briefing for the Period Ended February 2014" to be released on April 9, 2014.

(Attachments)

Reference 1: Outline of appraisal report on the property
Reference 2: External view of the property
Reference 3: Location of the property
Reference 4: Map of FRC's portfolio
Reference 5: List of FRC's portfolio

Reference 1: Outline of appraisal report on the property

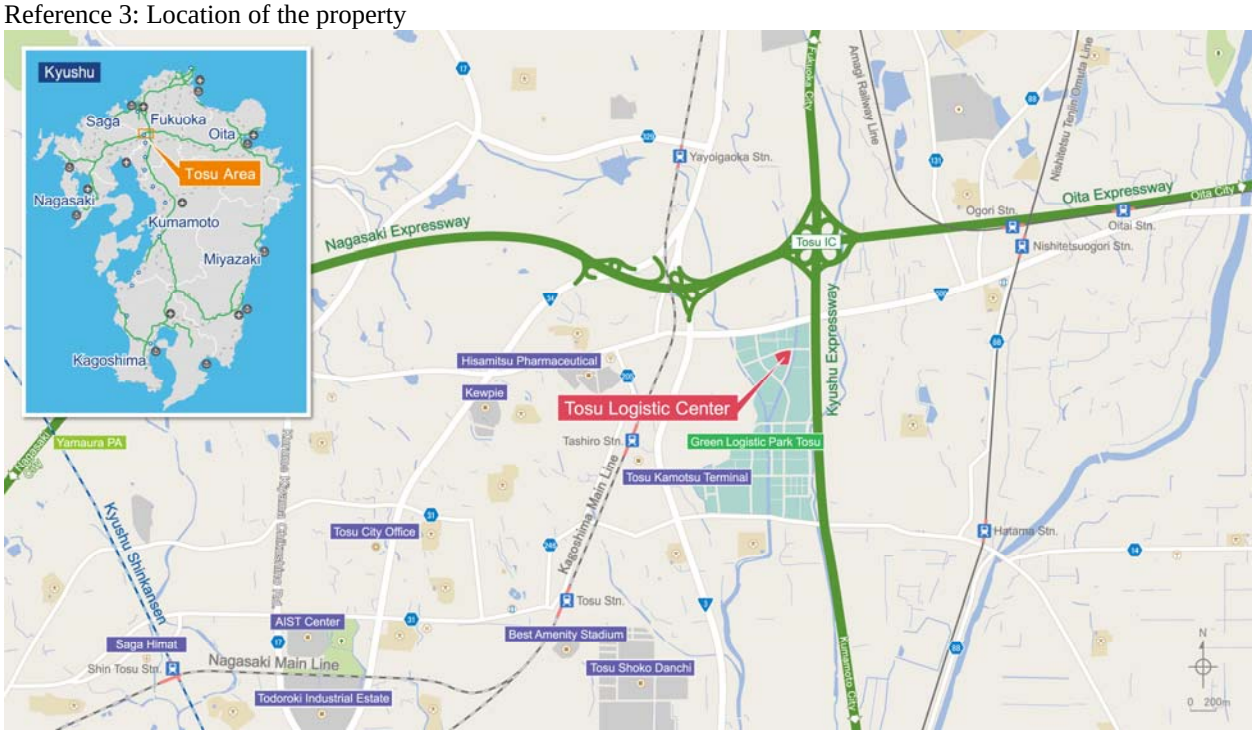
■Outline of appraisal report

Appraiser		Japan Real Estate Institute	
Appraisal value		1,250 million yen	
Pricing date		January 1, 2014	
		Figures	Reasons, etc.
Direct capitalization method			
(1) Operating revenues		84,005 thousand yen	
(2) Operating expenses (①+②+③+④)		9,300 thousand yen	
	① Maintenance and management fees and utility expenses	2,419 thousand yen	
	② Taxes and public charges	6,610 thousand yen	
	③ Damage insurance premiums	271 thousand yen	
	④ Other expenses	0 thousand yen	
(3) Net operating income (NOI)		74,705 thousand yen	
(4) Gains from management of one-time proceeds		420 thousand yen	Appraised by setting the management return at 2%
(5) Capital expenditures		1,246 thousand yen	
(6) Net cash flow (NCF)		73,879 thousand yen	
(7) Capitalization rate		5.9%	Appraised based on the cap rates of comparable transactions and after considering the marketability of the subject real estate, trends in the real estate investment market, etc., as well as taking into account the situation of discount rates
Income through direct capitalization method ((6)÷(7))		1,250,000 thousand yen	Appraised by capitalizing net cash flow at the capitalization rate
Value through DCF method		1,240,000 thousand yen	
	Discount rate	5.6%	
	Terminal cap rate	6.1%	
Value through cost method		1,010,000 thousand yen	
	Percentage of leased land	47.9%	
	Percentage of building	52.1%	

Reference 2: External view of the property



Reference 3: Location of the property



Reference 4: Map of FRC's portfolio

1 Canal City Hakata
- Address : 1-chome, Sumiyoshi, Hakata-ku, Fukuoka City
- Acquisition date : Nov 9, 2004
- Acquisition price : 32 bn yen

2 Canal City Hakata・B
- Address : 1-chome, Sumiyoshi, Hakata-ku, Fukuoka City
- Acquisition date : Mar 2, 2011
- Acquisition price : 28.7 bn yen

3 Canal City Business Center Building
- Address : 1-chome, Sumiyoshi, Hakata-ku, Fukuoka City
- Acquisition date : Nov 9, 2004
- Acquisition price : 14.6 bn yen

4 Gofukumachi Business Center
- Address : Kami Gofukumachi, Hakata-ku, Fukuoka City
- Acquisition date : Nov 9, 2004
- Acquisition price : 11.2 bn yen

5 Taihaku Street Business Center
- Address : Gokushomachi, Hakata-ku, Fukuoka City
- Acquisition date : Mar 16, 2006
- Acquisition price : 7 bn yen

6 Sanix Hakata Building
- Address : 2-chome, Hakataekihigashi, Hakata-ku, Fukuoka City
- Acquisition date : Sep 30, 2005
- Acquisition price : 4.4 bn yen

7 Higashi Hie Business Center
- Address : 3-chome, Higashi-hie, Hakata-ku, Fukuoka City
- Acquisition date : Mar 13, 2009
- Acquisition price : 5.9 bn yen

8 Amex Akasakamon Tower
- Address : 2-chome, Maizuru, Chuo-ku, Fukuoka City
- Acquisition date : Sep 1, 2004
- Acquisition price : 2 bn yen

9 City House Keyaki Dori
- Address : 2-chome, Kego,Chuo-ku, Fukuoka City
- Acquisition date : Dec 20, 2007
- Acquisition price : 1.1 bn yen

10 AEON Hara Shopping Center
- Address : 6-chome, Hara Sawara-ku, Fukuoka City
- Acquisition date : Mar 1, 2007
- Acquisition price : 5.4 bn yen

11 Hanahata SC
- Address : 4-chome, Hanahata, Minami-ku, Fukuoka City
- Acquisition date : Sep 3, 2007
- Acquisition price : 1.1 bn yen

12 Park Place Oita
- Address : 2-chome, Koen Dori Nishi, Oita City
- Acquisition date : Nov 9, 2004
- Acquisition price : 15.9 bn yen

13 SunLiveCity Kokura
- Address : 2-chome, Kami Kuzuhara, Kokura-ku, Kitakyushu City
- Acquisition date : Jul 1, 2005
- Acquisition price : 6.6 bn yen

14 Kurume Higashi Kushiwara SC
- Address : Higashi kushiwara-cho, Kurume City
- Acquisition date : Feb 1, 2008
- Acquisition price : 2.5 bn yen

15 Kumamoto Intercommunity SC
- Address : 1-chome, Kozono, Higashi-ku, Kumamoto City
- Acquisition date : Nov 30, 2006
- Acquisition price : 2.4 bn yen

16 Square Mall Kagoshima Usuki
- Address : 2-chome, Usuki, Kagoshima City
- Acquisition date : Sep 28, 2006
- Acquisition price : 5.3 bn yen

17 K's Denki Kagoshima
- Address : Tokai-cho, Kagoshima City
- Acquisition date : Mar 27, 2008
- Acquisition price : 3.6 bn yen

18 Aqualia Kego
- Address : 2-chome, Kego, Chuo-ku, Fukuoka City
- Acquisition date : Mar 1, 2012
- Acquisition price : 2.8 bn yen

19 Aqualia Chihaya
- Address : 4-chome, Chihaya, Higashi-ku, Fukuoka City
- Acquisition date : Mar 1, 2012
- Acquisition price : 1.2 bn yen

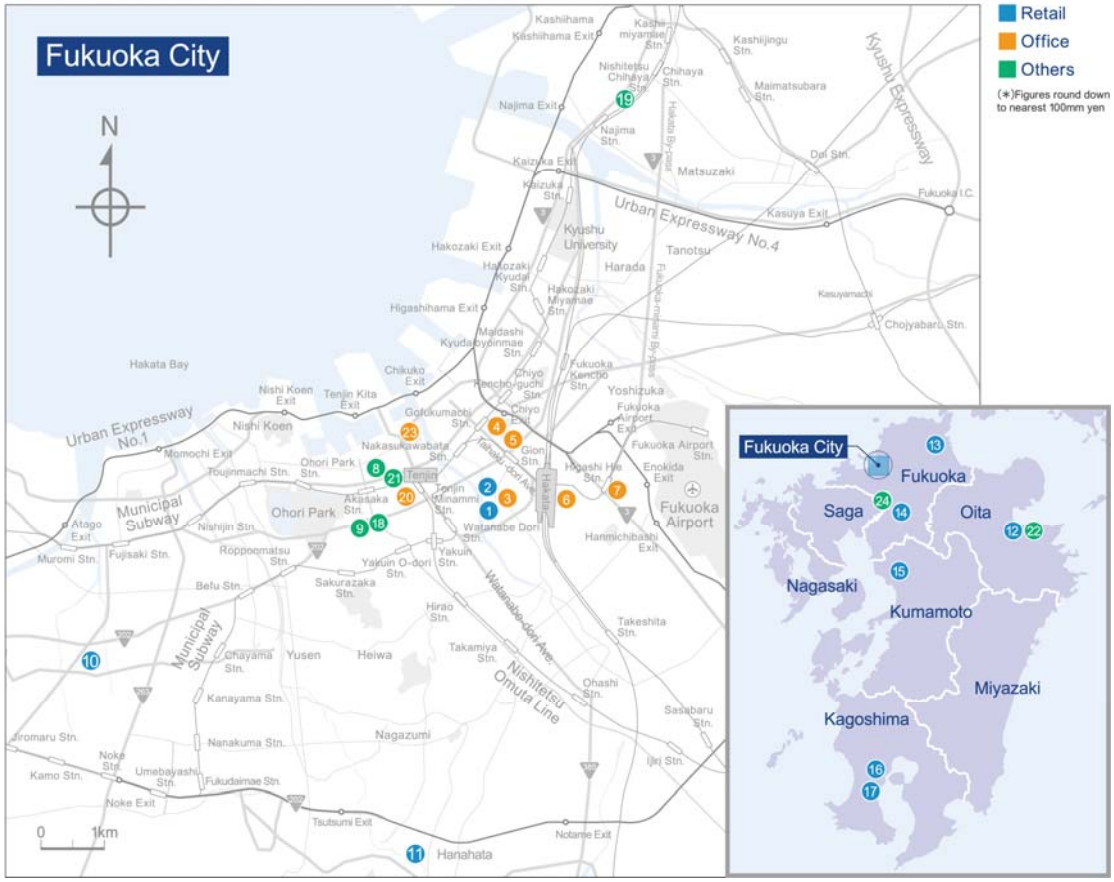
20 Tenjin Nishi-Dori Center Building
- Address : 2-chome, Tenjin, Chuo-ku, Fukuoka City
- Acquisition date : Feb 1, 2013
- Acquisition price : 2.6 bn yen

21 D-Wing Tower
- Address : 2-chome, Daimyo, Chuo-ku, Fukuoka City
- Acquisition date : Mar 1, 2013
- Acquisition price : 2.8 bn yen

22 Hotel FORZA Oita
- Address : 1-chome, Chuo-machi, Oita City
- Acquisition date : Mar 1, 2013
- Acquisition price : 1.5 bn yen

23 Tenjin North-Front Building
- Address : 4-chome, Tenjin, Chuo-ku, Fukuoka City
- Acquisition date : Mar 28, 2013
- Acquisition price : 2.8 bn yen

24 Tosu Logistic Center
- Address : Himekatamachi, Tosu-City, Saga,
- Scheduled acquisition date : Mar 28, 2014
- Scheduled acquisition price : 1.2 bn yen



Reference 5: List of FRC's portfolio

Use	Property Name	Acquisition Date (planned)	Acquisition Price (planned) (million yen) (Note 1)	Acquisition Cap Rate (NCF basis) (Note 2)	Investment Ratio
Retail	Canal City Hakata	Nov 9, 2004	32,000	6.00%	19.43%
	Park Place Oita	Nov 9, 2004	15,700	6.60%	9.54%
	SunLiveCity Kokura	Jul 1, 2005	6,633	6.60%	4.03%
	Square Mall Kagoshima Usuki	Sep 28, 2006	5,300	6.30%	3.22%
	Kumamoto Intercommunity SC	Nov 30, 2006	2,400	6.50%	1.46%
	Aeon Hara Shopping Center	Mar 1, 2007	5,410	6.80%	3.29%
	Hanahata SC	Sep 3, 2007	1,130	6.40%	0.69%
	Kurume Higashi Kushiwara SC	Feb 1, 2008	2,500	6.10%	1.52%
	K's Denki Kagoshima Head Office	Mar 27, 2008	3,550	5.70%	2.16%
	Canal City Hakata B	Mar 2, 2011	28,700	5.40%	17.43%
Office buildings	Canal City Business Center Building	Nov 9, 2004	14,600	6.30%	8.87%
	Gofukumachi Business Center	Nov 9, 2004	11,200	6.30%	6.80%
	Sanix Hakata Building	Sep 30, 2005	4,400	5.90%	2.67%
	Taihaku Street Business Center	Mar 16, 2006	7,000	6.00%	4.25%
	Higashi Hie Business Center	Mar 13, 2009	5,900	6.00%	3.58%
	Tenjin Nishi-Dori Center Building	Feb 1, 2013	2,600	5.40%	1.58%
	Tenjin North Front Building	Mar 28, 2013	2,800	6.10%	1.70%
Others	Amex Akasakamon Tower	Sep 1, 2006	2,060	5.40%	1.25%
	City House Keyaki Dori	Dec 20, 2007	1,111	5.40%	0.67%
	Aqualia Kego	Mar 1, 2012	2,800	6.30%	1.70%
	Aqualia Chihaya	Mar 1, 2012	1,280	6.80%	0.78%
	D-Wing Tower	Mar 1, 2013	2,800	5.90%	1.70%
	Hotel FORZA Oita	Mar 1, 2013	1,530	6.60%	0.93%
	Tosu Logistics Center	Mar. 28, 2014 (planned)	1,250	5.90%	0.76%
Total or weighted average of all properties		—	164,654	6.06%	100.00%

(Note 1) All figures in the Acquisition Price (planned) column indicate the acquisition price written in the sales agreement between FRC and the seller, and exclude charges, taxes and other expenses.

(Note 2) Figures in the Acquisition Cap Rate column have been calculated by dividing the NCF through the direct capitalization method in the appraisal by the acquisition price (planned).

*This document was distributed to Kabuto Club (press club within the Tokyo Stock Exchange), Press Club for the Ministry of Land, Infrastructure, Transport and Tourism, Construction Trade Paper Press Club for the Ministry of Land, Infrastructure, Transport and Tourism, Fukuoka Economic Press Club, and Fukuoka Securities Finance Press Club

*Fukuoka REIT Corporation's website is http://www.fukuoka-reit.jp