

Fukuoka REIT Corporation

Overview of the 19th fiscal period performance [8968] (Security code) September 1st, 2013 - February 28th, 2014

Fukuoka REIT Corporation

Overview of the 19th fiscal period performance

Security code [8968] September 1st, 2013~February 28th, 2014

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・Regarding rounding of amounts, percentage, and ratios unless otherwise noted, in these materials, monetary amounts are rounded down to the nearest whole unit, and percentages and ratios are rounded off to one decimal places.

These materials may contain future performance, plans, management targets and strategies. These forward-looking descriptions are based on present assumptions on future events and trends in the business environment, but such assumptions may not necessarily be accurate. Actual results may differ materially due to various factors. Neither Fukuoka REIT Corporation nor Fukuoka Realty shall be liable for the accuracy, rationality and completeness of information contained in these materials, whether they were prepared by Fukuoka REIT Corporation or Fukuoka Realty or provided by a third party. These materials have not been prepared to entice investment. When applying to purchase investment units issued by Fukuoka REIT Corporation, do so based on your own judgment and responsibility.

Topics for the 19th and the 20th fiscal period

External Growth

■Acquisition of the Tosu Logistics Center



◎Diversification of properties' type

Fukuoka REIT acquired the logistics property for the first time in Saga Prefecture.

Property name: Tosu Logistics Center

Acquisition price: 1,250 mm yen

Acquisition cap rate: 5.9%

Acquisition date: March 28, 2014

Internal Growth

■Renovations at SunLiveCity Kokura

◎Specialty shop zone tenant replacement

Tenant replacement in the specialty shop zone was completed. Sales recovery is expected in the 20th fiscal period (fiscal period ending August 31, 2014).

■Expansion of Park Place Oita

◎Opening of the enlarged area of Park Place Oita

The enlarged area of Park Place Oita is scheduled to open on April 18, 2014. Accumulation of fast fashion tenants is successfully accomplished with the introduction of H&M, ZARA, and UNIQLO.

9,138 mm yen in unrealized gains for the portfolio overall

+895 mm yen

compared with previous fiscal period.

Financing

■Investment corporation bond issuance

◎Issuance of investment corporation bonds (initial bonds)

10-year bonds in the amount of 2,000 mm yen were issued, resulting in diversification of funding and extension of the duration.

■Increase in the committed credit line amount

◎1,000 mm yen increase in the committed credit line amount

The committed credit line arranged by The Nishi-Nippon City Bank was renewed for two years with the amount increased by 1,000 mm yen. The total committed credit line amount was 13,000 mm yen at the end of the 19th fiscal period, making possible greater flexibility in funding.

The 19th fiscal period LTV ratio of 42.4%

■Continuation of stable dividends (Fukuoka REIT implemented a 5-for-1 split of its investment units effective March 1, 2014.)

The 19th fiscal period actual:	16,219 yen (3,243 yen) (※1)	
The 20th fiscal period forecast:	3,220 yen	20 yen increase from the previous forecast due to property acquisition
The 21th fiscal period forecast:	3,240 yen	20 yen increase from the previous fiscal period due to the contribution from expansion of Park Place Oita, etc.



(※1) The actual dividend divided by five to reflect the investment unit split (※2)The forecast dividend multiplied by five to reflect the investment unit split

Financial statements

Financial highlights

Dividend per unit : 16,219 yen

- unit : mm yen (Figures rounded down to nearest mm yen)

Category	15th ~ Feb 29, 2012	16th ~ Aug 31, 2012	17th ~ Feb 28, 2013	18th ~ Aug 31, 2013 A	19th ~ Feb 28, 2014 B	Variation B−A	20th ~ Aug 31, 2014 (forecast)	21th ~ Feb 28, 2015 (forecast)
Operating revenues	6,931	7,094	7,200	7,565	7,574	+9	7,701	7,739
Leasing NOI (*1)	4,351	4,372	4,444	4,751	4,732	(18)	4,775	4,771
Depreciation and amortization expenses	1,177	1,242	1,268	1,343	1,354	+11	1,391	1,405
Operating income	2,637	2,595	2,622	2,848	2,801	(47)	2,792	2,781
Ordinary income	2,046	2,005	2,005	2,272	2,239	(32)	2,222	2,236
Net income	2,045	1,992	2,004	2,271	2,238	(32)	2,221	2,235
Dividend per unit (yen) ①	**16,621**	**16,193**	**16,289**	**16,458**	**16,219**	**(239)**		
Latest dividend forecast (yen)②	16,300	16,000	16,200	16,200	16,200		3,220	3,240
Difference from forecast(yen)①−②	+321	+193	+89	+258	+19		-	-
Total number of investment units outstanding (at period-end) (units) (*2)	123,050	123,050	123,050	138,000	138,000		690,000	690,000
Total assets (at period-end) (unit : mm yen)	155,792	159,601	160,574	167,857	167,492			
Total net assets (at period-end) (unit : mm yen)	71,222	71,170	71,182	81,712	81,679			
Days in fiscal period(days)	182	184	181	184	181			
Number of properties owned (at period-end)	17	19	20	23	23			
Number of tenants(at period-end) (*3)	515	701	751	886	868			
Total leasable floor space (at period-end) (㎡)	425,773.30	445,001.37	448,867.34	466,824.38	466,087.01			
Occupancy rate (at period-end) (%) (*4)	98.1	97.0	99.3	98.8	98.1			

(*1) "Leasing NOI" = "Leasing business revenues" – "Leasing business expenses" + "Depreciation"
(*2) A 5-for-1 split of investment unit was effectuated on March 1, 2014.
(*3) The number of tenants shown is based on the total for properties Fukuoka REIT owns.
As for the number of tenants in pass-through master leasing properties, the total number of sections stipulated in the tenancy agreements with end tenants is shown.
(*4) "Occupancy rate"="Total leased floor space at period-end" ÷ "Total leasable floor space at period-end"

Dividend's track record (A 5-for-1 split of investment unit from the 20th fiscal period)

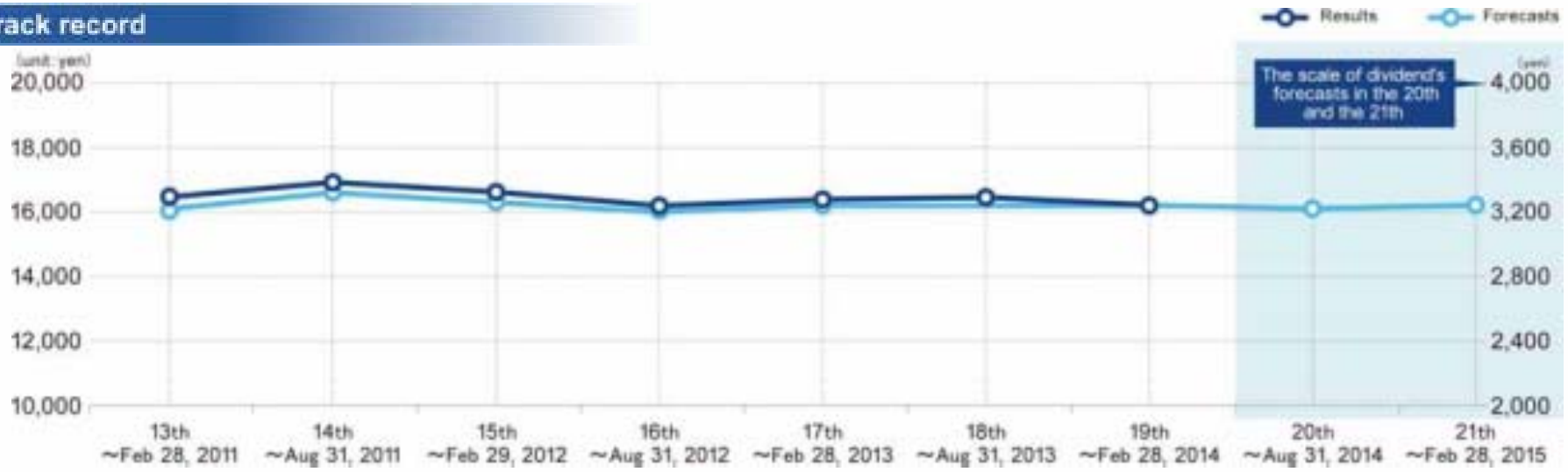
Keeping a stable dividend

A 5-for-1 split of investment unit was effectuated on March 1, 2014.

■Dividend results / forecasts

Category	13th ~ Feb 28, 2011	14th ~ Aug 31, 2011	15th ~ Feb 29, 2012	16th ~ Aug 31, 2012	17th ~ Feb 28, 2013	18th ~ Aug 31, 2013	19th ~ Feb 28, 2014	20th ~ Aug 31, 2014 (forecast)	21th ~ Feb 28, 2015 (forecast)
Dividend per unit	16,465	16,922	16,621	16,193	16,289	16,458	16,219		
Dividend forecast per unit	16,100	16,600	16,300	16,000	16,200	16,200	16,200	3,220	3,240
Total number of investment units outstanding (at period-end)	107,050	123,050	123,050	123,050	123,050	138,000	138,000	690,000	690,000
■Reference : Dividend's track record									
Dividend per unit (The forecast dividend is multiplied by five)	16,465	16,922	16,621	16,193	16,289	16,458	16,219	16,100	16,200
Dividend per unit (The actual dividend is divided by five)	3,293	3,384	3,324	3,238	3,257	3,291	3,243	3,220	3,240

■Dividend's track record



Balance sheets（compared with the previous fiscal period）

Refinancing of long-term debt through issuance of investment corporation bonds

- unit : mm yen（Figures rounded down to nearest mm yen）

	Account	18th ～Aug 31, 2013 A	19th ～Feb 28, 2014 B	Variation B－A
Assets	**Total current assets**	8,208	8,406	197
	Cash and deposits	2,986	3,687	700
	Cash and deposits in trust	4,457	4,185	(271)
	Operating accounts receivable	350	267	(83)
	Prepaid expenses	333	259	(74)
	Deferred tax assets	0	0	0
	Consumption taxes receivable	74	-	(74)
	Others	5	6	1
	Total noncurrent assets	159,616	159,044	(571)
	Total property, plant and equipment	157,261	156,711	① (550)
	Buildings in trust	61,516	60,650	(865)
	Structures in trust	777	773	(4)
	Machinery and equipment in trust	366	366	(0)
	Tools and fixtures in trust	409	438	28
	Lands in trust	93,998	93,998	-
	Construction in progress in trust	192	② 483	291
	Total intangible assets	1,781	1,779	(1)
	Leasehold right in trust	1,765	1,765	-
	Other intangible assets in trust	16	14	(1)
	Total investment and other assets	573	553	(19)
	Lease and guarantee deposits	10	10	-
	Lease and guarantee deposits in trust	100	100	-
	Long-term prepaid expenses	463	443	(19)
	Deferred assets	32	41	9
	Total assets	**167,857**	**167,492**	**(364)**

	Account	18th ～Aug 31, 2013 A	19th ～Feb 28, 2014 B	Variation B－A
Liabilities	**Total current liabilities**	19,188	17,253	(1,934)
	Operating accounts payable	592	497	(94)
	Short-term debt payable	-	-	-
	Current maturities of long-term debt	16,450	14,750	③ (1,700)
	Account payable-other	17	28	11
	Accrued expenses	325	321	(4)
	Income taxes payable	0	1	0
	Accrued consumption taxes	-	159	159
	Advances received	896	854	(42)
	Deposits received	904	641	④ (263)
	Total noncurrent liabilities	66,956	68,559	1,602
	Investment corporation bonds	-	2,000	⑤ 2,000
	Long-term debt payable	54,650	54,275	⑥ (375)
	Tenant leasehold and security deposits	321	325	3
	Tenant leasehold and security deposits received in trust	11,985	11,959	(26)
	Total liabilities	**86,144**	**85,812**	**(331)**
Net assets	**Unitholders' equity**	81,712	81,679	(32)
	Unitholders'capital	79,441	79,441	-
	Surplus	2,271	2,238	(32)
	Total net assets	**81,712**	**81,679**	**(32)**
	Total liabilities and net assets	**167,857**	**167,492**	**(364)**

■Assets

① Capital expenditures +848
Depreciation (1,352)
(excluding intangible asset of 2 mm yen)
Others (46)
Total : (550)

② Park Place Oita floor expansion works 483

■Liabilities

③ Refinanced upon maturity with proceeds from investment corporation bonds (2,000)
Reclassified from long-term debt to current maturities of long-term debt +375
Contractual repayment (75)
Total : (1,700)

④ Seasonal factors (prepaid revenues, etc.) (263)

⑤ Investment corporation bonds issuance +2,000

⑥ Reclassified from long-term debt to current maturities of long-term debt (375)

Income statements (compared with previous fiscal period)

Temporary decrease in revenues prior to expansion of Park Place Oita in preparation for the 20th fiscal period

- unit : mm yen (Figures rounded down to nearest mm yen)

Account			18th ~Aug 31, 2013 A	19th ~Feb 28 , 2014 B	Variation B−A	
Ordinary profit and loss	Operating profit and loss	**Operating revenues**	7,565	7,574	①	9
		Leasing revenues-real estate	7,095	7,085		(9)
		Other leasing revenues-real estate	470	489		19
		Operating expenses	4,716	4,773		56
		Expenses related to leasing business	4,157	4,197	②	39
		Asset management fees	445	446		1
		Asset custody fees	6	6		0
		Administrative service fees	47	48		1
		Director's compensations	9	9		-
		Other operating expenses	50	64		13
		Operating income	**2,848**	**2,801**		**(47)**
	Non-Operating profit and loss	**Non-operating revenues**	1	2		1
		Interest received	0	0		(0)
		Others	0	1		1
		Non-operating expenses	577	564	③	(13)
		Interest payment(incl. investment corporation bond)	443	431		(12)
		Financing related expenses	123	122		(1)
		Amortization of investment unit issuance expenses	10	10		0
	Ordinary income		**2,272**	**2,239**		**(32)**
Net income before income taxes			**2,272**	**2,239**		**(32)**
Income taxes			1	1		0
	Income taxes-current		1	1		0
	Income taxes-deferred		0	(0)		(0)
Net income			**2,271**	**2,238**		**(32)**
Surplus brought forward			0	0		(0)
Unappropriated surplus			**2,271**	**2,238**		**(32)**

Sign indicates impact on net income (unit : mm yen)

■Operating profit and loss

① Canal City Hakata	(10)
Park Place Oita	+13
-Of which, revenue from tenant lease cancellation penalties, etc.	+54
-Of which, decrease in utility reimbursement	(24)
-Of which, temporary loss due to vacancy prior to renovation, etc.	(23)
SunLiveCity Kokura (Increase in percentage rent accompanying sales recovery)	+8
Passive retail	+2
Office buildings	(16)
-Of which, Gofukumachi Business Center	(13)
-Of which, nonrecurrence of revenue from tenant lease cancellation penalties	(5)
Others	+12
-Of which, a contribution of acquisition property in the 18th fiscal period	+20
Total: +9	
② Depreciation and repair & maintenance expenses	(21)
Decrease in utility expenses	+24
Increase in other expanses	(42)
-Of which, Park Place Oita retirement, roughly the same amount as the above tenant lease cancellation penalties	(45)
Total: (39)	

■Non-Operating profit and loss

③ Decrease in debt-related expenses	+13
Total: +13	

Financial statements

Income statements (compared with forecast)

Net income approximately in line with forecast

- unit : mm yen (Figures rounded down to nearest mm yen)

Account			Previous Forecast A	19th ~ Feb 28, 2014 B	Variation B−A	
Ordinary profit and loss	Operating profit and loss	**Operating revenues**	7,556	7,574	①	18
		Leasing revenues-real estate		7,085		
		Other leasing revenues-real estate		489		
		Operating expenses	4,753	4,773	②	19
		Expenses related to leasing business		4,197		
		Asset management fees		446		
		Asset custody fees		6		
		Administrative service fees		48		
		Director's compensations		9		
		Other operating expenses		64		
		Operating income	2,803	2,801		(1)
	Non-Operating profit and loss	**Non-operating revenues**	1	2		0
		Interest received		0		
		Others		1		
		Non-operating expenses	568	564	③	(3)
		Interest payment(incl. investment corporation bond)		431		
		Financing related expenses		122		
		Amortization of investment unit issuance expenses		10		
	Ordinary income		2,236	2,239		3
Net income before income taxes			2,236	2,239		3
Income taxes-current				1		
Income taxes-deffered				(0)		
Total income taxes			1	1		0
Net income			2,235	2,238		2

Sign indicates impact on net income (unit : mm yen)

■Operating profit and loss

① Canal City Hakata	+11
Canal City Hakata・B	+10
Park Place Oita	(5)
[-Of which, utility reimbursement	(16)]
SunLiveCity Kokura	+13
Others	(11)
Total	+18
② Increase in depreciation and repair & maintenance expenses	(30)
-Of which, depreciation repair & maintenance expenses in Park Place Oita	(21)
Increase and decrease in utility expenses	+17
-Of which, utility expenses in Park Place Oita	+19
Increase in other expenses	(6)
Total	(19)

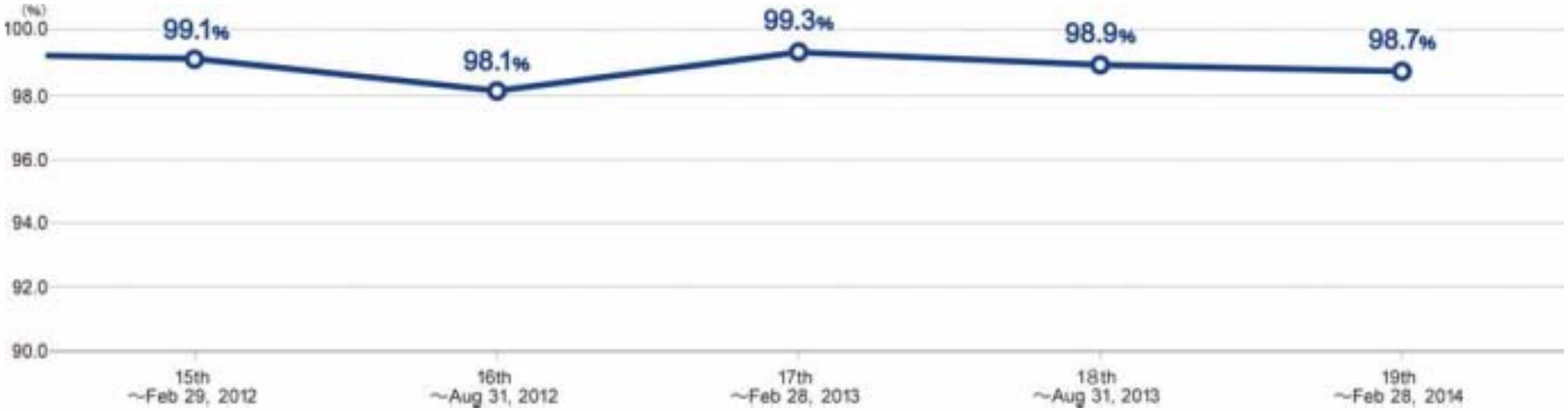
■Non-Operating profit and loss

③ Decrease in debt-related expenses	+3
Total	+3

Portfolio properties' occupancy rate

Maintained high occupancy rate

■Historical occupancy rates (the weighted average during the period)



■Occupancy rates

Category	15th ～ Feb 29, 2012	16th ～ Aug 31, 2012	17th ～ Feb 28, 2013	18th ～ Aug 31, 2013	19th ～ Feb 28, 2014	Investment percentage (based on acquisition price)
Active retail	99.5%	98.2%	99.9%	99.3%	99.2%	50.8%
Passive retail	99.8%	100.0%	100.0%	100.0%	100.0%	12.4%
Office buildings	97.0%	97.7%	98.2%	98.1%	97.5%	29.7%
Others	98.4%	93.5%	94.7%	95.5%	95.2%	7.1%
Total	**99.1%**	**98.1%**	**99.3%**	**98.9%**	**98.7%**	**100.0%**

∗Calculated by weighted average during the period.
∗Active Retail = properties with variable rents such as Canal City Hakata, Canal City Hakata･B, Park Place Oita, and SunLiveCity Kokura. Passive Retail = properties without variable rents such as Square Mall Kagoshima Usuki, Kumamoto Intercommunity SC, AEON Hara Shopping Center, Hanahata SC, Kurume Higashi Kushiwara SC, and K's Denki Kagoshima.

Appraisal value

Unrealized gains（＊1）totaled 9,138 mm yen at end of the 19th fiscal period (increase of 895 mm yen compared with previous fiscal period)

- unit : mm yen（Figures rounded down to nearest mm yen）

	Property name	Acquisition price（＊2）	Acquisition cap rate	Appraisal values 19th ①	Appraisal values 18th ②	Amount recognized in balance sheet at 19th ③	Variation From appraisal value at 18th ①-②	Variation From amount recognized in balance sheet at 19th ①-③	Direct capitalization values 19th Cap rate ④	Direct capitalization values 18th Cap rate ⑤	Direct capitalization values Variation ④-⑤	Appraisal company
Retail	Canal City Hakata	32,000	6.0%	32,200	32,200	31,182	0	1,018	5.1%	5.1%	-	Tanizawa Sogo Appraisal
	Canal City Hakata･B	28,700	5.4%	28,900	28,900	28,549	0	351	5.3%	5.3%	-	Tanizawa Sogo Appraisal
	Park Place Oita	15,700	6.5%	16,735	16,735	16,982	0	(247)	6.3%	6.3%	-	Japan Real Estate Institute
	SunLiveCity Kokura	6,633	6.6%	7,410	7,410	6,101	0	1,309	6.6%	6.6%	-	Japan Real Estate Institute
	Square Mall Kagoshima Usuki	5,300	6.2%	4,920	4,910	4,802	10	118	6.6%	6.6%	-	Japan Real Estate Institute
	Kumamoto Intercommunity SC	2,400	6.5%	2,450	2,450	2,157	0	293	6.6%	6.6%	-	Japan Real Estate Institute
	AEON Hara Shopping Center	5,410	6.8%	4,490	4,510	5,360	(20)	(870)	8.4%	8.4%	-	Japan Real Estate Institute
	Hanahata SC	1,130	6.4%	1,120	1,180	1,057	(60)	63	6.1%	6.1%	-	Tanizawa Sogo Appraisal
	Kurume Higashi Kushiwara SC	2,500	6.1%	2,550	2,550	2,271	0	279	6.1%	6.1%	-	Tanizawa Sogo Appraisal
	K's Denki Kagoshima	3,550	5.7%	3,410	3,410	3,288	0	122	6.0%	6.0%	-	Tanizawa Sogo Appraisal
	Total of retail	103,323	6.0%	104,185	104,255	101,754	(70)	2,431	5.8%	5.8%	-	
Office buildings	Canal City Business Center Building	14,600	6.2%	14,600	14,800	13,765	(200)	835	5.3%	5.3%	-	Tanizawa Sogo Appraisal
	Gofukumachi Business Center	11,200	6.2%	12,800	12,800	9,754	0	3,046	5.2%	5.2%	-	Tanizawa Sogo Appraisal
	Sanix Hakata Building	4,400	5.9%	4,720	4,720	4,132	0	588	5.3%	5.3%	-	Japan Real Estate Institute
	Taihaku Street Business Center	7,000	6.0%	6,770	6,760	6,643	10	127	5.7%	5.7%	-	Japan Real Estate Institute
	Higashi Hie Business Center	5,900	6.0%	6,140	6,090	5,165	50	975	5.9%	6.0%	(0.1)	Tanizawa Sogo Appraisal
	Tenjin Nishi-Dori Center Building	2,600	5.4%	2,750	2,690	2,694	60	56	5.1%	5.2%	(0.1)	Japan Real Estate Institute
	Tenjin North Front Building	2,800	6.1%	2,950	2,940	2,830	10	120	5.7%	5.7%	-	Japan Real Estate Institute
	Total of office buildings	48,500	6.1%	50,730	50,800	44,986	(70)	5,744	5.4%	5.4%	-	
Others	Amex Akasakamon Tower	2,060	5.4%	1,730	1,700	1,862	30	(132)	5.5%	5.6%	(0.1)	Daiwa Real Estate Appraisal
	City House Keyaki Dori	1,111	5.5%	1,050	1,050	1,020	0	30	5.5%	5.5%	-	Daiwa Real Estate Appraisal
	Aqualia Kego	2,800	6.3%	3,370	3,320	2,752	50	618	5.4%	5.5%	(0.1)	Japan Real Estate Institute
	Aqualia Chihaya	1,280	6.8%	1,460	1,430	1,258	30	202	5.9%	6.0%	(0.1)	Japan Real Estate Institute
	D-Wing Tower	2,800	5.9%	3,060	3,010	2,854	50	206	5.4%	5.5%	(0.1)	Tanizawa Sogo Appraisal
	Hotel FORZA Oita	1,530	6.6%	1,560	1,530	1,518	30	42	6.5%	6.6%	(0.1)	Japan Real Estate Institute
	Total of others	11,581	6.1%	12,230	12,040	11,266	190	964	5.6%	5.7%	(0.1)	
Total properties		163,404	6.0%	167,145	167,095	158,007	50	9,138	5.7%	5.7%	-	

(＊1) It does not include "construction in progress" in amount recognized in balance sheet at the end of period.
(＊2) "Acquisition price" does not include fees, public charge and expenses.

New Acquisition in the 20th fiscal period

Acquired a logistics facility in Tosu City, Saga prefecture

■Tosu Logistics Center

property overview	
Property name	Tosu Logistics Center
Location	Himekata-machi, Tosu City, Saga prefecture
Total leasable floor space	4,173.29㎡
Acquisition price	1,250 mm yen
Appraisal value	1,250 mm yen
Appraisal cap at acquisition	5.9%
Acquisition date	March 28, 2014
Property Manager Company	Fukuoka Jisho



◎Green Logistics Park Tosu



An optimal logistics site in Kyushu

Located in the heart of Kyushu near Tosu Junction, Green Logistics Park Tosu has established a brand as Kyushu's premier logistics area. Tosu Junction is the juncture of Kyushu Expressway, Oita Expressway, and Nagasaki Expressway. National Routes 3, 34 and 500 are main highways that connect Fukuoka and Kagoshima as well as Nagasaki and Oita, respectively.

A highly popular site for distribution operations

From 2006 to 2012, 42 blocks (approx. 46.1 hectares) were subdivided and sold out (occupancy by 34 companies). Since the logistics park has an excellent location 500 meters from Tosu Interchange, it is known as a highly competitive logistics site in at the Tosu area.

A stable supply of labor

The local population is increasing. The logistics park is located adjacent to the Fukuoka-Kurume urban area, and the municipalities within a radius of 20 km have a working-age population of approximately 1.91 million. (※)

(※) Calculated by Fukuoka Realty from the 2010 Population Census of Japan, Ministry of Internal Affairs and Communications

◎Tosu Logistics Center





Compatible facility with three temperature zones

It is compatible with three temperature zones (frozen, cool and ambient). Its basic specifications are highly versatile, featuring a floor load of 1.5t/m2, ceiling heights of 6m for the cool storage area, 4.5m for the cold storage area and 7.5m for the dry storage area.

High efficiency design

The property 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 requirement of the logistics companies.

Business forecast (the 20th fiscal period)

Acquisition of Tosu Logistics Center, Expansion floor space in Park Place Oita, Renovation of SunLive City Kokura

■Forecast in the 20th fiscal period

- unit : mm yen（Figures rounded down to nearest mm yen）

Account	19th Results A	20th Forecast at 18th B	**20th Forecast at 19th** C	**19th results variation** C−A	20th forecast variation C−B
Operating revenues	7,574	7,661	7,701	① 126	40
Operating expenses	4,773	4,883	4,909	② 135	26
Operating income	2,801	2,777	2,792	(9)	15
Non-operating income	2	1	1	(0)	0
Non-operating expenses	564	569	571	③ 6	2
Ordinary income	2,239	2,208	2,222	(16)	14
Net income	2,238	2,207	2,221	(16)	14
Dividend per unit (yen)	3,243 (*1)	3,200 (*2)	3,220	(23)	20

(*1) The dividend per unit of 16,219 yen divided by 5
(*2) The forecast dividend per unit of 16,000 yen announced in the financial results of 18th fiscal period divided by 5

Sign indicates impact on net income (unit : mm yen)

■Variance between the 19th fiscal period results and 20th fiscal period forecast

① Tosu Logistics Center	+36
Park Place Oita	+96
[-Of which, rent increase accompaying expansion	+108
-Of which, revenue from utility reimbursement	+42
-Of which, nonrecurrence of revenue from tenant lease cancellation penalties]	(54)
SunLiveCity Kokura (recovery in variable rent accompaying tenant turnover)	+10
Canal City Hakata･B (downtime of tenant turnover)	(13)
Office buildings	(15)
[-Of which, temporary downtime accompaying tenant turnover in Canal City Business Center Building]	(14)
Others	+12
Total: +126	
② Increae in outsourcing fees	(59)
[-Of which, Park Place Oita expansion, etc]	(54)
Decrease in depreciation and repair & maintenance expenses	+12
[-Of which, decrease in repair & maintenance expenses]	+49
Increase in utility expenses	(50)
[-Of which, utility reimbursement expenses]	(43)
Increase in taxes & fees (4 properties acquired last year)	(39)
Decrease in other expenses	+1
Total: (135)	
③ Increase in debt-related expenses	(10)
[-Of which,difference attributable to an increase of 3 days in the investment period compared to the previous fiscal period]	(7)
Completion of amortization of investment unit issuance expenses for the second public offering	+4
Total: (6)	

Business forecast (the 21th fiscal period)

Recovery of office vacancy rate and reduction of refinance cost

■Forecast in the 21th fiscal period

- unit : mm yen (Figures rounded down to nearest mm yen)

Account	20th Forecast at 19th A	**21th Forecast at 19th B**	**20th forecast variation B−A**
Operating revenues	7,701	7,739	① 38
Operating expenses	4,909	4,958	② 49
Operating income	2,792	2,781	(11)
Non-operating income	1	1	-
Non-operating expenses	571	546	③ (24)
Ordinary income	2,222	2,236	13
Net income	2,221	2,235	13
Dividend per unit (yen)	3,220	3,240	20

Note: A 5-for-1 split of investment unit was effectuated on March 1, 2014.

Sign indicates impact on net income (unit : mm yen)

■Variance from updated the 20th fiscal period forecast

① Office buildings +45
- -Of which, recovery of occupancy rate in Gofukumachi Business Center +29
- -Of which, Canal City Business Center expiration of free rent +10

Canal City Hakata (6)
Canal City Hakata-B +13
Park Place Oita (7)
SunLiveCity Kokura (7)
Tosu Logistics Center +6
Others (6)
Total: +38

② Decrease in outsourcing fees +32
- -Of which, decrease in sales promotion expenses of Park Place Oita +29

Depreciation and repair & maintenance expenses (125)
- -Of which, increase in repair & maintenance expenses (111)
  - :Taihaku Street Business Center (55)
  - :Canal City Hakata (20)
  - :Gofukumachi Business Center (18)

Decrease in other expenses +44
Total: (49)

③ Decrease in debt-related expenses +24
- -Of which,difference attributable to an increase of 3 days in the investment period compared to the previous fiscal period +7

Total: +24

Key financing events in the 19th fiscal period

Committed line of credit : 13,000 mm yen（as of March 31, 2014）

■Financial performance in the 19th fiscal period

November, 2013 ●**Submitted shelf registration statements for the issuance of investment corporation bonds**
(100,000 mm yen, 2-year term)

December, 2013 ●**Refinanced maturing debt using investment corporation bonds**
debt : Sumitomo Mitsui Banking Corporation, 2,000 mm yen
investment corporation bond : 2,000 mm yen, 10-year term
→ Issued initial bonds with a 10-year term

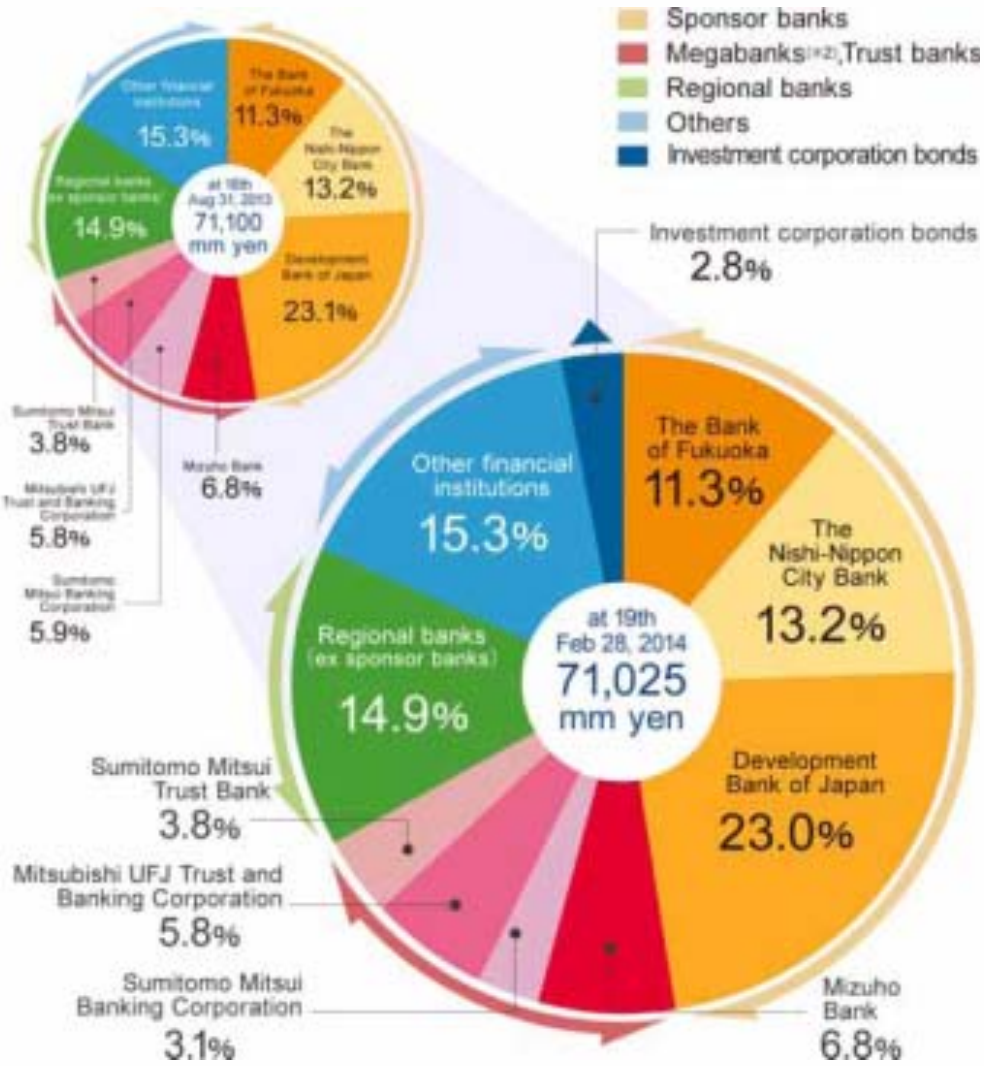
February, 2014 ●**Renewed committed line of credit arranged by The Nishi-Nippon City Bank**
(Credit limit of 7,000 mm yen, 2-year committed term)
→ Increased credit limit by 1,000 mm yen
Newly participating banks: The Oita Bank, The Bank of Saga

■Credit ratings(*1)

S&P	R&I	JCR
A- (Stable)	A+ (Stable)	AA- (Stable)

(*1)S&P: long-term issuer rating obtained from Standard & Poor's Rating Japan K.K. (S&P)
R&I: issuer rating obtained from Rating and Investment Information, Inc. (R&I)
JCR: long-term senior debt rating obtained from Japan Credit Rating Agency, Ltd. (JCR)
(*2)Megabanks are Mizuho Bank, Sumitomo Mitsui Banking Corporation, and Bank of Tokyo-Mitsubishi UFJ
*As of February 28, 2014

■Breakdown of debt by lenders

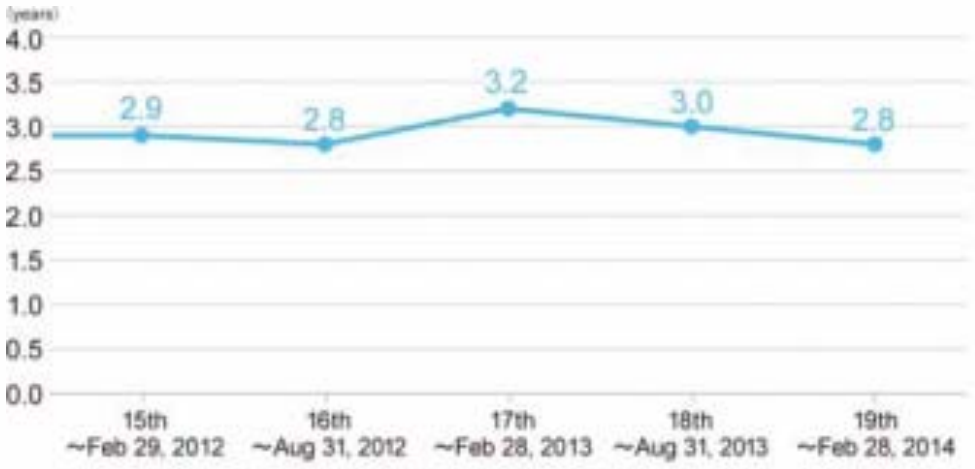


Financial strategy

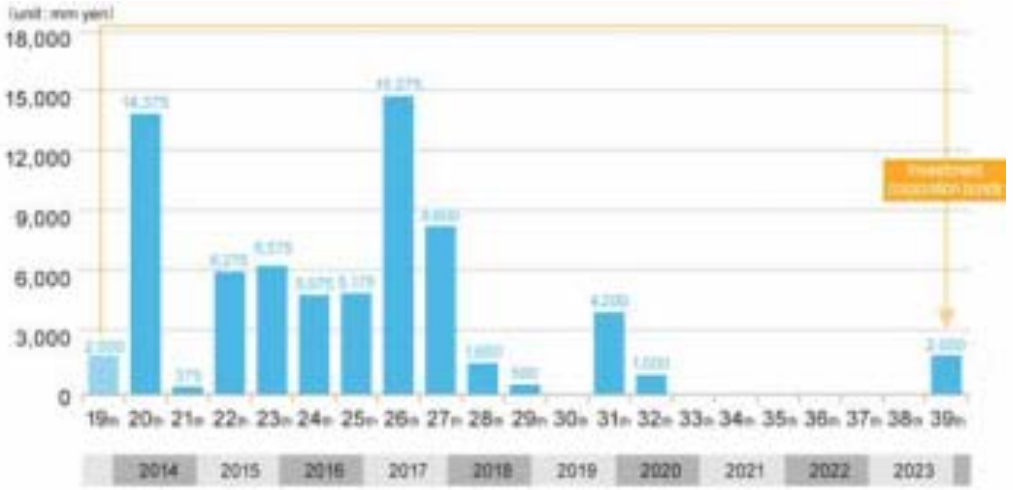
Borrowings profile

Maintaining the stable financial conditions

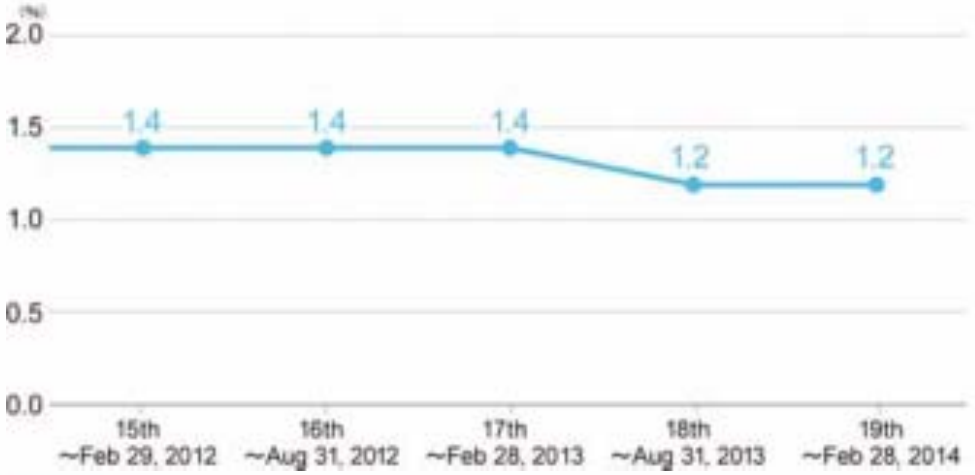
■Duration –average remaining duration to maturity (years)



■Diversification of debt maturities (As of February 28, 2014)



■Average interest rate paid during fiscal periods



■Proportions of fixed and floating rate



List of borrowings

Stable debt financing

(As of February 28, 2014)

Type	Lender	Balance(JPY)	Drawdown Date	Repayment Date	Repayment Method	Average Interest Rate	Description
Short-term debt	–	–	–	–	–	–	–
	Subtotal	**0**					
Current maturities of long-term debt	Mizuho Bank, The Nourinchukin Bank, The Hiroshima Bank, The Kitakyushu Bank, The Iyo Bank, The Bank of Saga, The Higo Bank, The Shinwa Bank	10,300,000,000	Jul 30, 2010	Jul 31, 2014	Lump-sum upon maturity	1.41000%(＊3)	No collateral No guarantee
	Development Bank of Japan Inc.	4,000,000,000	Aug 31, 2009	Aug 29, 2014		1.71000%(＊2)	
	Resona Bank	300,000,000	Sep 30, 2010	Sep 30, 2014		1.32493%(＊2)	
	Subtotal	**14,600,000,000**					
Long-term debt	Development Bank of Japan	2,325,000,000	Jun 30, 2009	Jun 30, 2017	Repayment instalment(＊5)	2.20000%(＊2)	No collateral No guarantee
	Development Bank of Japan	4,000,000,000	Aug 31, 2009	Aug 31, 2015	Lump-sum upon maturity	1.95000%(＊2)	
	Development Bank of Japan	4,000,000,000	Aug 31, 2009	Aug 31, 2016		2.17000%(＊2)	
	Sumitomo Mitsui Banking Corporation	1,200,000,000	Jun 30, 2010	Jun 30, 2015		1.12091%(＊1)(＊4)	
	The Bank of Fukuoka	1,500,000,000	Dec 30, 2010	Dec 30, 2016		0.67091%(＊1)(＊4)	
	The Bank of Fukuoka	2,000,000,000	Mar 1, 2011	Feb 29, 2016		0.66182%(＊1)(＊6)	
	The Nishi-Nippon City Bank	2,000,000,000	Mar 1, 2011	Feb 29, 2016		0.77400%(＊3)	
	Development Bank of Japan	2,000,000,000	Mar 1, 2011	Feb 29, 2016		0.81182%(＊1)(＊6)	
	The Bank of Fukuoka	2,000,000,000	Jul 29, 2011	Jul 31, 2017		1.30452%(＊2)	
	The Nishi-Nippon City Bank	2,000,000,000	Jul 29, 2011	Jul 31, 2017		1.30452%(＊2)	
	The Dai-ichi Mutual Life Insurance	1,000,000,000	Jul 29, 2011	Jul 31, 2018		1.80000%(＊2)	
	Shinsei Bank	1,000,000,000	Jul 29, 2011	Jul 29, 2016		1.20829%(＊2)	
	Sumitomo Mitsui Trust Bank	1,000,000,000	Jul 29, 2011	Jul 31, 2015		1.04086%(＊2)	
	The Bank of Fukuoka	1,500,000,000	Dec 30, 2011	Dec 30, 2017		0.82091%(＊1)(＊4)	
	The Hiroshima Bank	500,000,000	Dec 30, 2011	Dec 30, 2016		1.18195%(＊2)	
	The Oita Bank	500,000,000	Dec 30, 2011	Dec 30, 2016		1.18195%(＊2)	
	The Eighteenth Bank	500,000,000	Dec 30, 2011	Dec 30, 2016		1.18195%(＊2)	
	The Shinwa Bank	500,000,000	Dec 30, 2011	Dec 30, 2016		1.18195%(＊2)	
	The Kitakyushu Bank	500,000,000	Dec 30, 2011	Dec 30, 2016		1.18195%(＊2)	
	Kagoshima Bank	100,000,000	Jan 31, 2012	Jan 31, 2017		1.16841%(＊2)	
	Resona Bank	400,000,000	Jan 31, 2012	Jan 31, 2017		1.21841%(＊2)	
	Sumitomo Mitsui Banking Corporation	500,000,000	Jan 31, 2012	Jan 31, 2019		1.33830%(＊2)	
	Mizuho Bank	500,000,000	Feb 29, 2012	Feb 29, 2016		1.11724%(＊2)	
	Mitsubishi UFJ Trust and Banking Corporation	2,000,000,000	Mar 1, 2012	Mar 31, 2017		1.16973%(＊2)	
	Sumitomo Mitsui Banking Corporation	500,000,000	Mar 30, 2012	Mar 31, 2017		1.20346%(＊2)	
	Resona Bank	600,000,000	Mar 30, 2012	Mar 31, 2017		1.25346%(＊2)	
	The Higo Bank	300,000,000	Mar 30, 2012	Mar 31, 2017		1.20346%(＊2)	
	The Bank of Fukuoka, The Nishi-Nippon City Bank, The Oita Bank, The Miyazaki Bank, The Shinwa Bank, The Iyo Bank, The Bank of Saga, The Eighteenth Bank, The Kitakyushu Bank	6,000,000,000	Jun 29, 2012	Jun 30, 2017		0.85750%(＊3)	
	Sumitomo Mitsui Trust Bank	600,000,000	Sep 28, 2012	Sep 30, 2016		0.62091%(＊1)(＊4)	
	Resona Bank	2,000,000,000	Sep 28, 2012	Sep 29, 2017		1.03319%(＊2)	
	The Nishi-Nippon City Bank	2,500,000,000	Feb 1, 2013	Feb 29, 2020		0.71182%(＊1)(＊6)	
	The Nishi-Nippon City Bank	1,900,000,000	Feb 28, 2013	Feb 28, 2018		0.71182%(＊1)(＊6)	
	Mizuho Bank	1,700,000,000	Feb 28, 2013	Feb 29, 2020		0.71182%(＊1)(＊6)	
	Sumitomo Mitsui Trust Bank	1,100,000,000	Feb 28, 2013	Feb 28, 2018		0.76182%(＊1)(＊6)	
	Mitsubishi UFJ Trust and Banking Corporation	1,500,000,000	Feb 28, 2013	Feb 28, 2018		0.56182%(＊1)(＊6)	
	Aozora Bank	600,000,000	Feb 28, 2013	Feb 28, 2018		0.56182%(＊1)(＊6)	
	Mitsubishi UFJ Trust and Banking Corporation	600,000,000	Mar 29, 2013	Mar 30, 2018		0.57091%(＊1)(＊4)	
	Aozora Bank	1,000,000,000	Jun 28, 2013	Jun 30, 2020		0.62091%(＊1)(＊4)	
	Subtotal	**54,425,000,000**					
Committed line of credit	-	–	–	–	–	–	–
	Subtotal	**0**					
	Total	**69,025,000,000**					

■Investment corporation bonds

Type	Issue	Balance(JPY)	Issue date	Maturity Date	Maturity Method	Coupon	Description
Investment corporation bonds	The first series of unsecured bonds	2,000,000,000	Dec 30, 2013	Dec 29, 2023	Bullet maturity amortization	1.32000%	–
Total		**2,000,000,000**					

■Committed line of credit

Type	Lender	Credit Limit(JPY)	Commitment Period		Description
			Start	End	
Committed line of credit 1	The Bank of Fukuoka, Resona Bank, The Kumamoto Bank, The Shinwa Bank	6,000,000,000	Aug 1, 2013	Jul 31, 2014	No collateral No guarantee
Committed line of credit 2	The Nishi-Nippon City Bank, Resona Bank, The Bank of Nagasaki, The Oita Bank, The Bank of Saga	7,000,000,000	Mar 3, 2014	Feb 29, 2014	
Total		**13,000,000,000**			

(＊1)It is variable interest. (＊2)It is fixed interest.
(＊3)A swap agreement has been concluded to fix the interest rate on variable interest debt and the indicated interest rate is the rate when the swap agreement is incorporated.
(＊4)It is from December 30, 2013 to March 31, 2014 (not including the concerned date).
(＊5)75 mm yen at end-December and end-June(5% of initial annually);remaining balance of 1,875 mm yen to be repaid on final principal repayment date.
(＊6)It is from February 28, 2014 to May 30, 2014 (not including the concerned date).

Diversification of fundraising

A regional bank network that corresponds to the investment strategy area

■First issue of investment corporation bonds

Name	Fukuoka REIT Corporation The first series of unsecured bonds
Total amount issue	2,000 mm yen
Repayment maturity	December 30, 2013
Maturity	December 29, 2023(10-year committed term)
Annual interest	1.32%

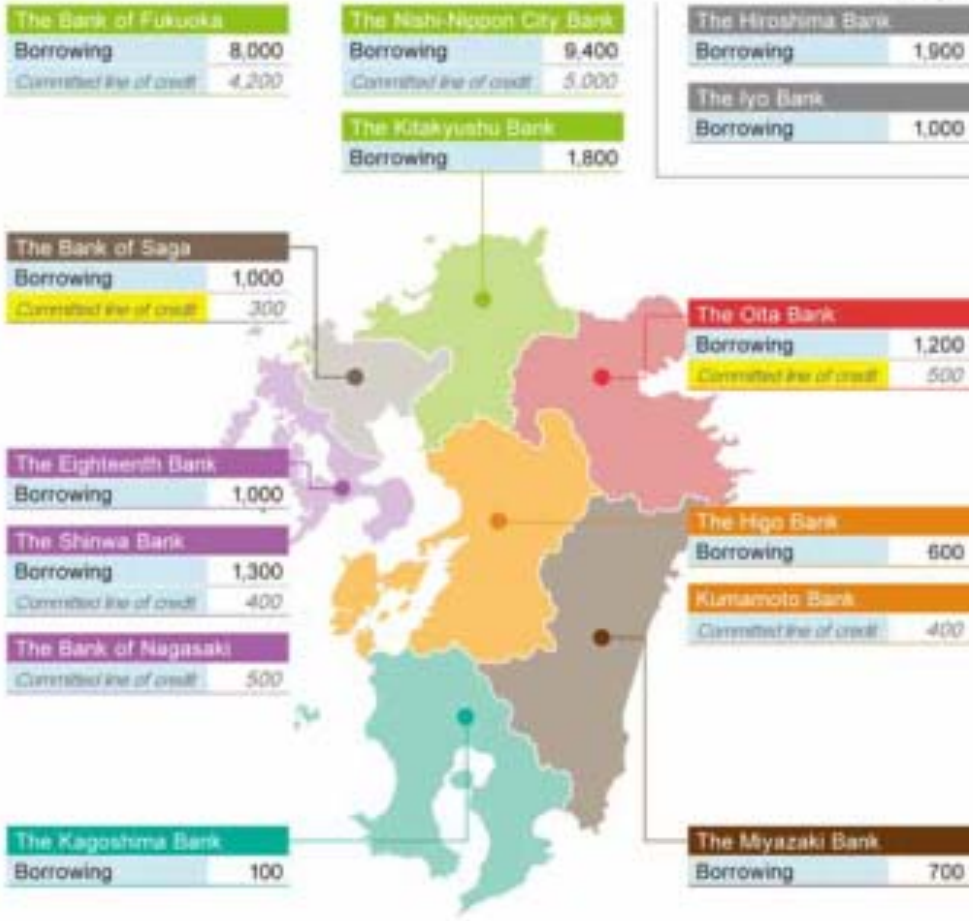
■Total assets, interest-bearing debt and LTV



■A regional bank transaction network that covers the entire Kyushu region

◎Sharing of information networks unique to regional banks to utilize for our investment strategy in the area

(mm yen)



Active retail

Sales promotion events at Canal City Hakata were well received.



※The above graph plots the four properties' respective NOI, rounded down to the nearest mm yen, by fiscal period.



Canal City Hakata
Canal City Hakata・B



Sales (annual total ※1)

Mar. 2012 – Feb. 2013 → Mar. 2013 – Feb. 2014

26.1 bn yen → 27.6 bn yen

+5.7%

Sales promotion events held throughout the year were well received, and sales rose on an increase in the number of visitors.

(※1) Total sales for Fukuoka REIT-owned Canal City Hakata and Canal City Hakata・B

Park Place Oita



Sales (annual total)

Mar. 2012 – Feb. 2013 → Mar. 2013 – Feb. 2014

25.7 bn yen → 25.4 bn yen

(1.0)%

Fast fashion retailer Old Navy was introduced in the 19th fiscal period, opening its first store in Oita Prefecture. An expanded zone is scheduled to open in the 20th fiscal period. Sales temporarily fell in September 2013 due to the impact of tenant replacement.

SunLiveCity Kokura



Sales (annual total ※2)

Mar. 2012 – Feb. 2013 → Mar. 2013 – Feb. 2014

– → –

(4.6)%

Tenant replacement in the specialty shop zone was implemented in the 19th fiscal period. Sales in February 2014 showed a recovery trend, despite store closings by some tenants accompanying renovation. Popular tenants that sell household accessories and miscellaneous goods were introduced to draw customers who come for planned purchases.

(※2) Sales figures are omitted because SunLive did not consent to their disclosure.

Renovation of SunLive City Kokura

Completed tenant replacements in the specialty store zone in March 2014

■SunLive City Kokura

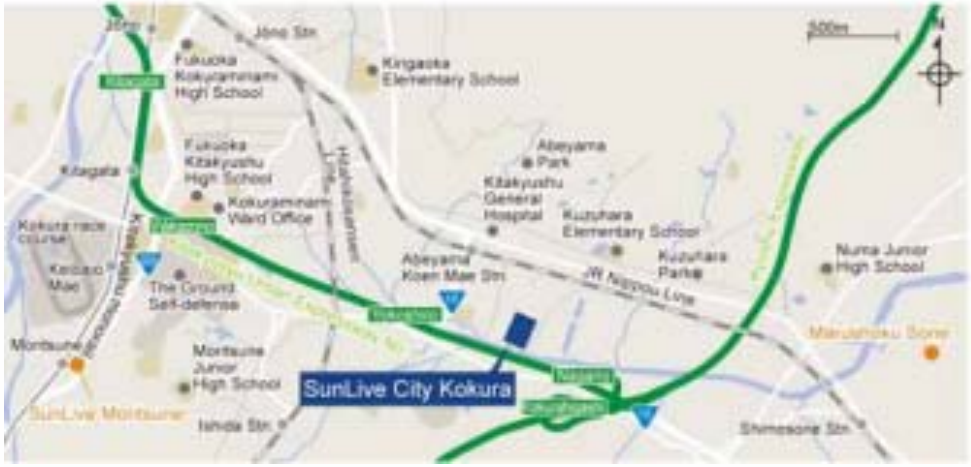


●Fiscal 2012
Sales Rankings of Supermarkets in Kyushu and Okinawa

Rank	Name	Location	Sales (¥bn yen)
1	AEON Kyushu	Fukuoka Pref	252,196
	SunLive + Marushoku	-	211,397
2	SAN-A	Okinawa Pref	144,979
3	SunLive+	Fukuoka Pref	136,387
4	MaxValu Kyushu	Fukuoka Pref	135,916
5	Taiyo	Kagoshima Pref	127,982
6	Marukyo	Fukuoka Pref	88,113
7	Marushoku+	Oita Pref	75,010
8	Kanehide Commerce	Okinawa Pref	66,672
9	HelloDay	Fukuoka Pref	65,830
10	AEON Ryukyu	Okinawa Pref	65,312

Source: Prepared by Fukuoka Realty based on Teikoku Databank data
+SunLive and Marushoku together comprise the SunLive Marushoku Group

■Map





●As a measure against cannibalism in the trading zone, household accessories and miscellaneous goods shops that will draw customers who come for planned purchases have been introduced to enlarge the trading zone of SunLiveCity Kokura.





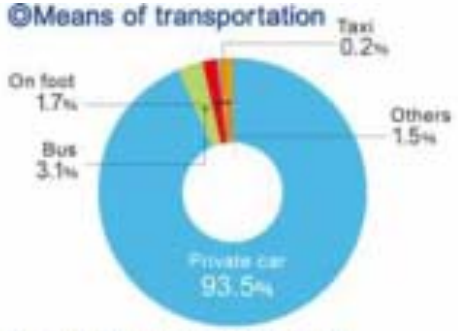
Expansion of floor space in Park Place Oita

Opening the expanded section on April 18th, 2014

■Overview of Park Place Oita



◎Means of transportation



◎Events in Park Place Oita



◎The expanded section under construction(H&M, ZARA, UNIQLO)



◎Expansion overview

Total floor: 6,312.24㎡
Building construction: 2-story steel construction
Opening date: April 18, 2014
■Introduction of fast fashion tenants that attracts many shoppers ■Undertake rejuvenation of the property as a whole by promoting changes such as the introduction of a tenant opening its first



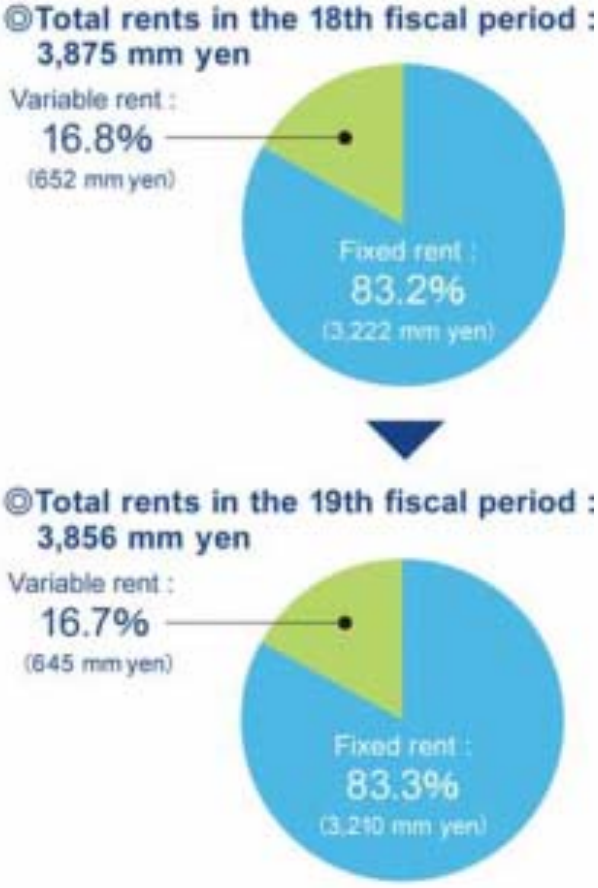
Breakdown of active retail rents

Increase in variable rents in SunLive City Kokura

■Breakdown of rents by property



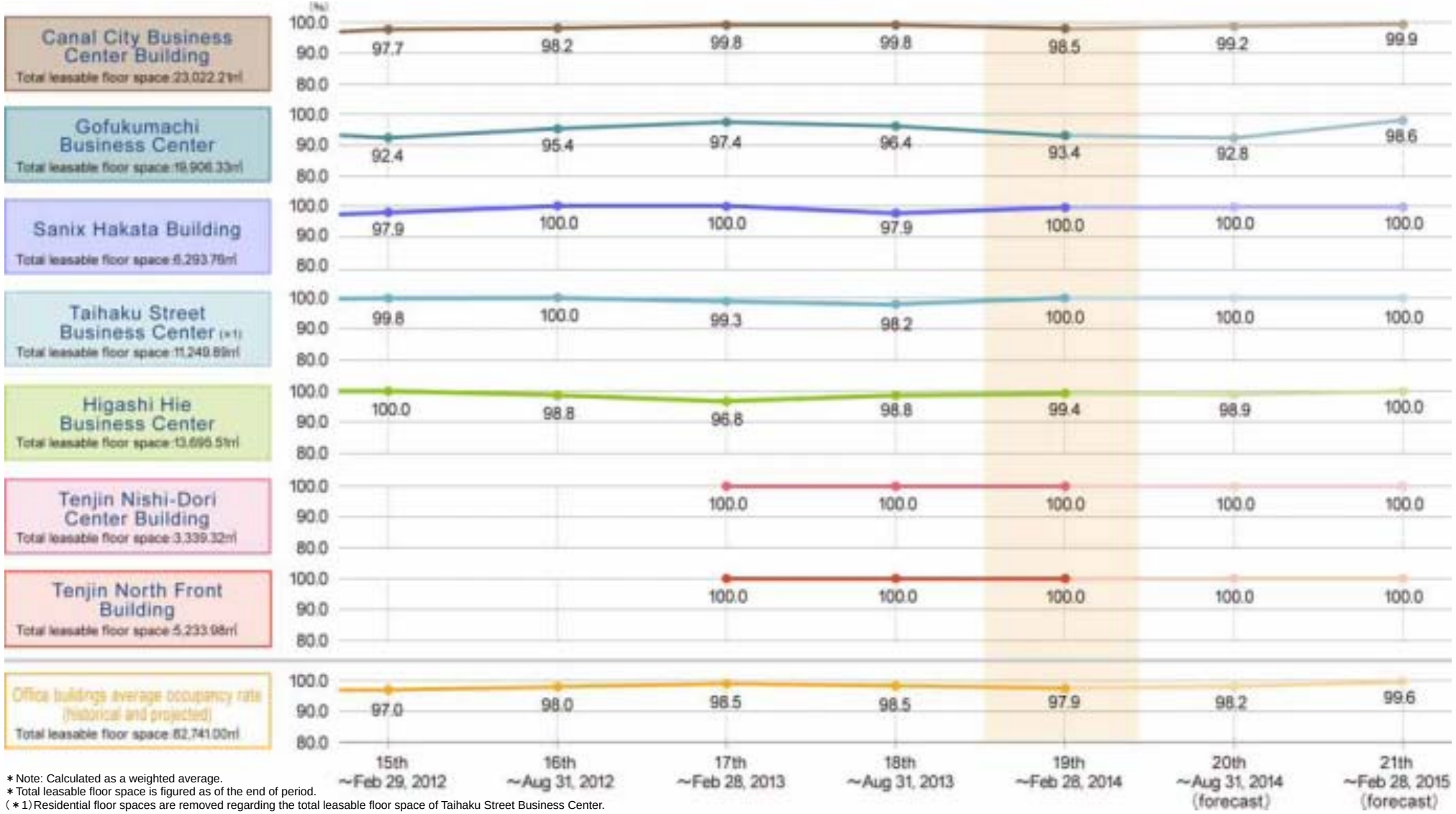
■Breakdown of total rents



(*1)Fixed rent is the sum of property rental revenues derived from (1)fixed monthly rents, (2)the minimum guaranteed portion, if any, of rents from tenants with variable rent(pursuant to which monthly rent is partly or wholly calculated as a percentage of the tenants' monthly sales),(3)common area fees, and (4)parking fees are calculated by total rents from parking fee at Park Place Oita.
(*2)Variable rent is the sum of the portion of rents collected from tenants with variable rent that varies as a function of the tenants' sales.

Historical and projected office buildings' occupancy rates

Anticipating to recover the occupancy rate of Gofukumachi Business Center in the 21th fiscal period

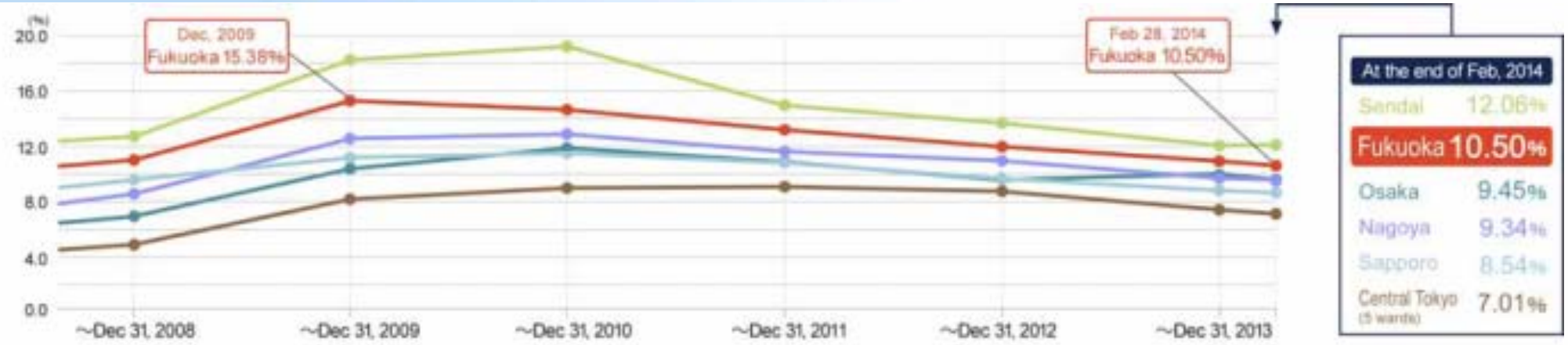


∗ Note: Calculated as a weighted average.
∗ Total leasable floor space is figured as of the end of period.
(∗1) Residential floor spaces are removed regarding the total leasable floor space of Taihaku Street Business Center.

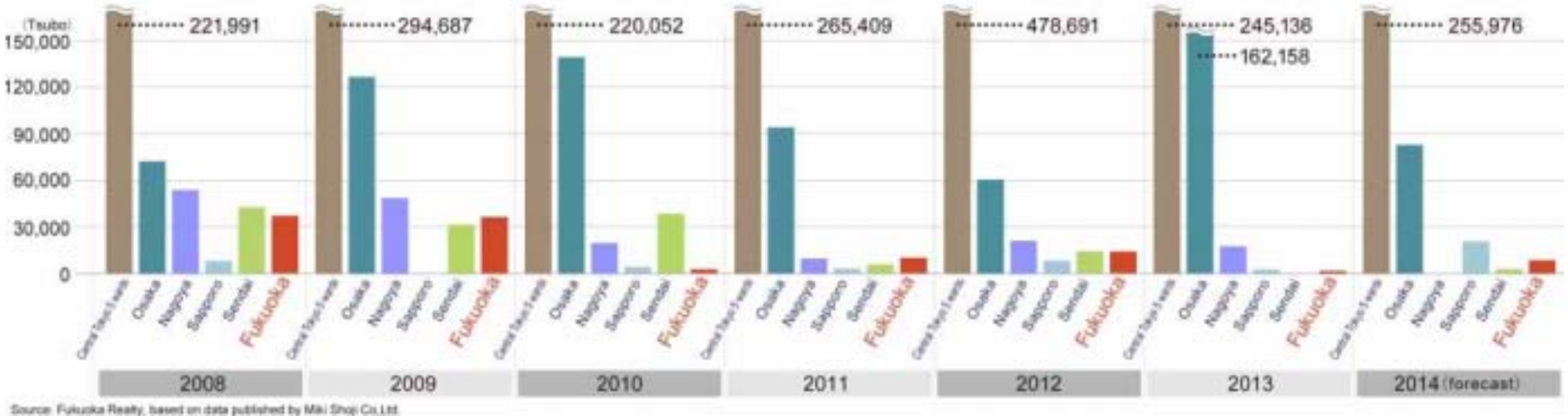
Fukuoka office market

Average vacancy rate in Fukuoka decreases 13 consecutive months

■Average vacancy rates in major Japanese cities



■New supply in major cities

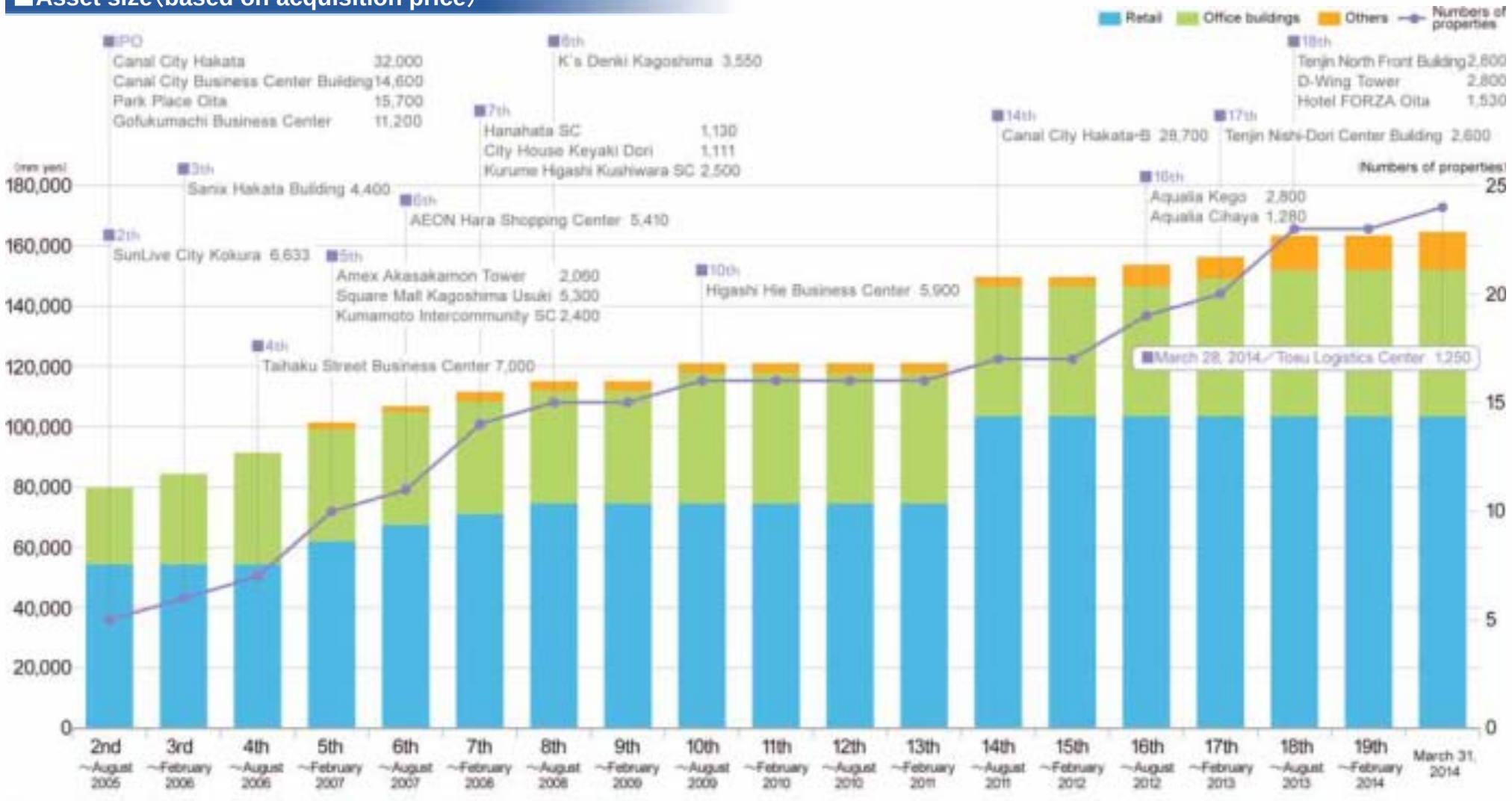


Source: Fukuoka Realty, based on data published by Miki Shoji Co.,Ltd.

Historical records of asset's growth

Assets have doubled since IPO. Investment type is diversified.

■Asset size（based on acquisition price）

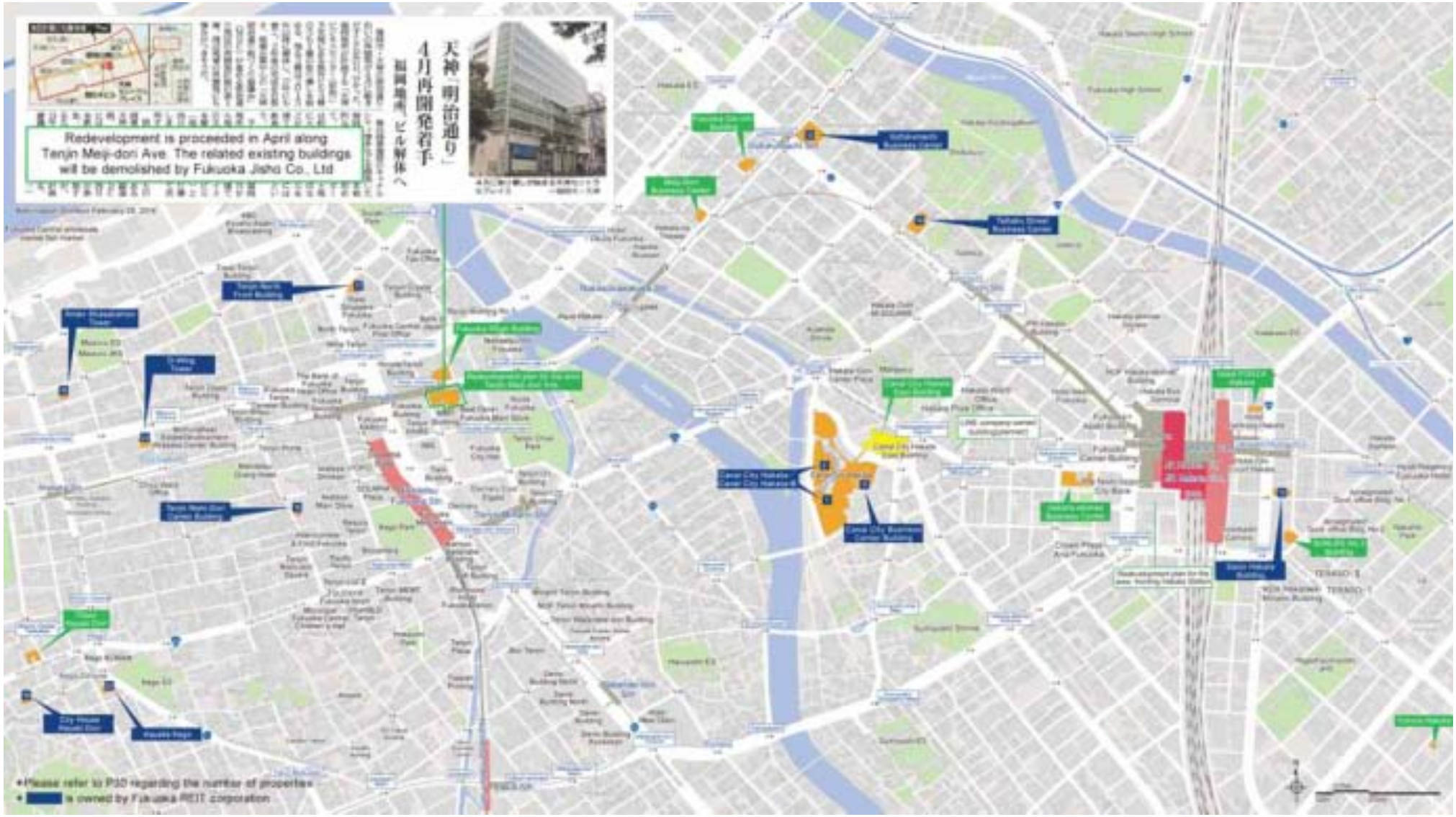


*Kominedai Community Mall, acquired in the 3rd fiscal period and sold in the 6th fiscal period, was omitted from the acquired assets presented above.

Asset's growth

The condition of Fukuoka City Center

Proceeded the preparation of redevelopment in Tenjin area



The condition of suburb area in Fukuoka

Fukuoka city, the compact city, has well-organized infrastructure of transportation



Fukuoka REIT

Appendix

Profile

Profile

Name	Fukuoka REIT Corporation
Asset manager	Fukuoka Realty Co.,Ltd Licensed by Fukuoka Local Finance Branch Bureau (financial instruments)No.10
Sponsors	Fukuoka Jisho Co.,Ltd, Kyushu Electric Power Co.,Inc, ROYAL HOLDINGS Co., Ltd., THE BANK OF FUKUOKA, LTD, The Nishi-Nippon City Bank Ltd., Nishi-Nippon Railroad Co., Ltd, Saibu Gas Co.,Ltd, Kyudenko Corporation, Kyushu Railway Company, Development Bank of Japan Inc.
Listed date	June 21, 2005 (Tokyo Stock Exchange, Fukuoka Stock Exchange)

Financial highlight

Total assets	167,492 mm yen (as of February, 2014)
Total debt	71,025 mm yen (as of February, 2014)
Credit ratings	S&P：A− (Stable) R&I：A＋ (Stable) JCR：AA− (Stable)
LTV (Interest-bearing liabilities/total assets)	42.4%

Dividend information

The 19th fiscal period end	February 28, 2014 (semi-annual periods ending every February and August)
Dividend (actual)	16,219 yen per unit
Days in fiscal period	181 days
Dividend yield	3.8% {(Dividend / days in fiscal period ×365) / unit price＊5}

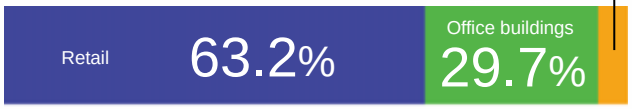
Investment unit price

Unit price ＊Unit price is as of February 26, 2014 after split	171,400 yen (as of February 28, 2014)
Total number of investment units outstanding	138,000 units (as of February 28, 2014)
Market capitalization	118,266 mm yen (unit price × outstanding units＊5) (as of February 28, 2014)
Net asset value per share ＊Net asset value /(number of investment units outstanding ＊5)	118,376 yen (as of February 28, 2014)
Market net asset value per share	131,618 yen (as of February 28, 2014)

Market net asset value per share = {(Total appraisal value at the end of period based on appraisal reports -Total book value at the end of period based on balance sheet) ＋ (Net asset at the end of period)} / (Total number of investment units outstanding＊5)

Portfolio summary (＊1)

Asset type (based on acquisition price)



Asset location (based on acquisition price)



Total leasable floor space	466,087.01㎡
Occupancy rates at the end of period	98.1%

(＊1) Figures have been calculated by properties at as of February 28, 2014.

A real estate investment trust specializing in regional properties

■Sponsors

5%	5%	5%	5%
The Bank of Fukuoka	The Nishi-Nippon City Bank	Development Bank of Japan	Saibu Gas
50%			10%
Fukuoka Jisho （＊1）			Kyushu Electric Power
5%	5%	5%	5%
Kyudenko	Nishi-Nippon Railroad	Kyushu Railway (JR Kyushu)	Royal Holdings

Outside director

Fukuoka Realty
(Asset Manager)

Outside director

（＊1）Concluded MOU with Fukuoka REIT Co. and Fukuoka Realty Co. concerning pipeline support.

■Investment policy

◎Investment area

60-90% Fukuoka metropolitan area

10-30% Other Kyushu areas
（Including Okinawa and Yamaguchi prefectures）

0-10% Others

◎Investment type

Others 0-20%
（Residence,Hotel,Logistics,Public and Other facilities）

Office buildings 20-40%
（A-class office buildings）

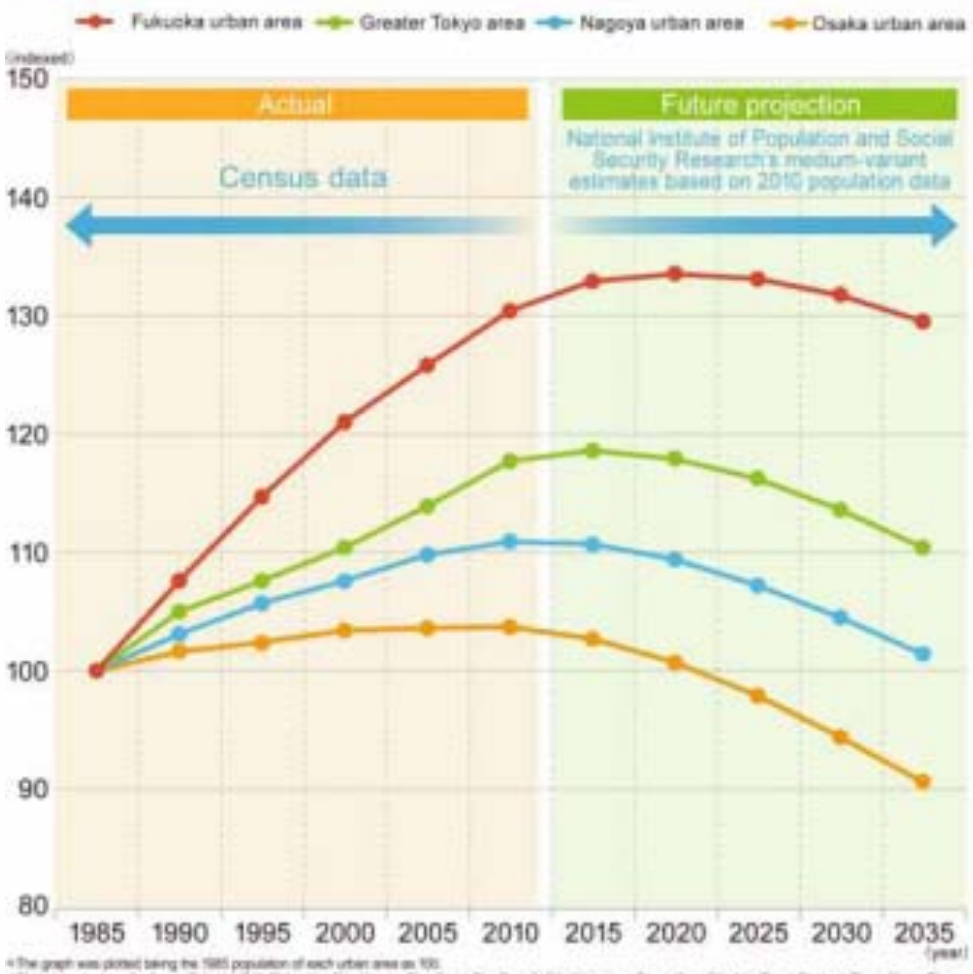
Retail 60-80%
（Urban,Regional and Community shopping centers）

Appendix

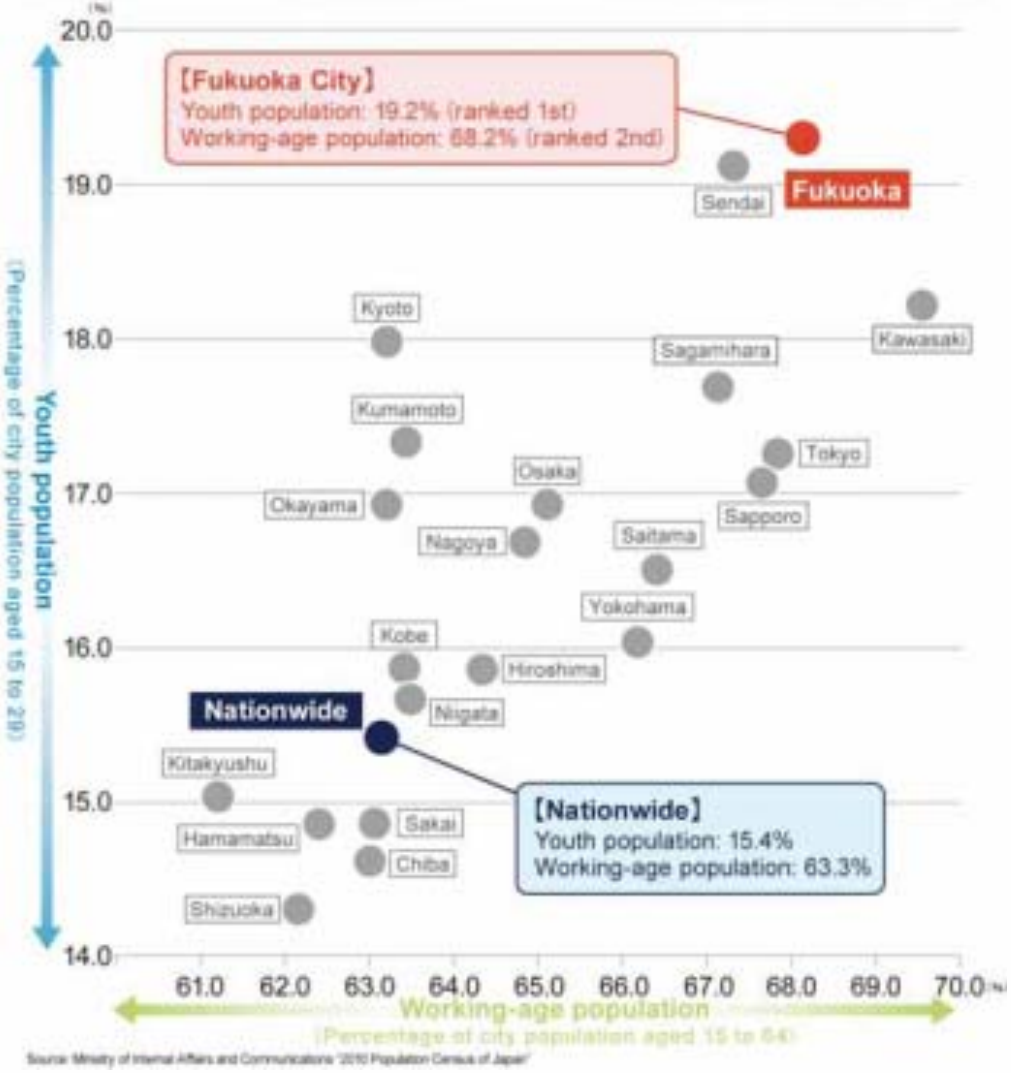
Population movement of Fukuoka city

The population of Fukuoka City continues to increase

■Major Japanese metropolitan area's population trends



■Youth and working-age population ratios nationwide and in major cities



Appendix

Portfolio table

(as of February 28, 2014)

	Real estate property name	Age (＊1)	Acquisition price(mm yen) (＊2)	Investment ratio	Acquisition timing	Source (＊3)	Total leasable floor space (㎡)	Occupancy rate at end of period	Number of tenants at end of period (＊4)	Primary tenants at end of period
Retail	Canal City Hakata	17yr10m	32,000	19.6%	Nov 9, 2004	Sponsor	46,483.44	99.9%	48	Washington Hotel and United Cinema Canal City 13
	Canal City Hakata･B	17yr10m	28,700	17.6%	Mar 2, 2011	Outside party (SPC)	68,813.13	98.5%	47	Grand Hyatt Fukuoka and OPA
	Park Place Oita	11yr11m	15,700	9.6%	Nov 9, 2004	Sponsor	104,181.76	97.5%	93	AEON and K's Denki
	SunLiveCity Kokura	8yr11m	6,633	4.1%	Jul 1, 2005	Outside party	61,450.22	100.0%	1	SunLive
	Square Mall Kagoshima Usuki	7yr 5m	5,300	3.2%	Sep 28, 2006	Sponsor	14,602.59	100.0%	12	Sports Depo / Golf5 and Edion
	Kumamoto Intercommunity SC	7yr 3m	2,400	1.5%	Nov 30, 2006	Sponsor	6,968.66	100.0%	2	Sports Depo / Golf5 and Starbucks Coffee
	AEON Hara Shopping Center	37yr 4m	5,410	3.3%	Mar 1, 2007	Sponsor	27,313.53	100.0%	1	AEON
	Hanahata SC	6yr 7m	1,130	0.7%	Sep 3, 2007	Sponsor	2,801.15	100.0%	2	BON REPAS and Matsumoto Kiyoshi
	Kurume Higashi Kushiwara SC	6yr 2m	2,500	1.5%	Feb 1, 2008	Sponsor	6,467.80	100.0%	1	Sports Depo / Golf5
	K's Denki Kagoshima	6yr 3m	3,550	2.2%	Mar 27, 2008	Outside party	7,296.17	100.0%	1	K's Denki
	Total of retail	–	103,323	63.2%	–	–	346,378.45	98.9%	208	–
Office buildings	Canal City Business Center Building	17yr10m	14,600	8.9%	Nov 9, 2004	Sponsor	23,022.21	96.2%	58	TOTO and Bell System24
	Gofukumachi Business Center	10yr 4m	11,200	6.9%	Nov 9, 2004	Sponsor	19,906.33	90.1%	31	SMBC CONSUMER FINANCE and Sumitomo Mitsui Banking Corporation
	Sanix Hakata Building	12yr10m	4,400	2.7%	Sep 30, 2005	Outside party	6,293.76	100.0%	19	SANIX and The Nishi-Nippon City Bank
	Taihaku Street Business Center	11yr11m	7,000	4.3%	Mar 16, 2006	Sponsor	14,677.27	96.8%	63	NTT COMWARE and Tokyo Marine Nichido Jimu Outsourcing
	Higashi Hie Business Center	5yr 0m	5,900	3.6%	Mar 13, 2009	Outside party +Sponsor	13,695.51	100.0%	22	Fujitsu and Forest Holdings
	Tenjin Nishi-Dori Center Building	17yr 5m	2,600	1.6%	Feb 1, 2013	Outside party	3,339.32	100.0%	1	The Nishi-Nippon City Bank
	Tenjin North Front Building	4yr 1m	2,800	1.7%	Mar 28, 2013	Outside party	5,233.98	100.0%	11	Rakuten Card and Rakuten
	Total of office buildings	–	48,500	29.7%	–	–	86,168.38	96.2%	205	–
Others	Amex Akasakamon Tower	8yr 7m	2,060	1.3%	Sep 1, 2006	Outside party	4,821.25	94.1%	63	–
	City House Keyaki Dori	6yr 3m	1,111	0.7%	Dec 20, 2007	Outside party	2,710.86	89.6%	38	–
	Aqualia Kego	5yr 3m	2,800	1.7%	Mar 1, 2012	Outside party	7,415.36	90.9%	119	–
	Aqualia Chihaya	6yr 2m	1,280	0.8%	Mar 1, 2012	Outside party	5,619.69	96.8%	102	–
	D-Wing Tower	8yr 0m	2,800	1.7%	Mar 1, 2013	Outside party	7,187.58	96.1%	132	–
	Hotel FORZA Oita	5yr 6m	1,530	0.9%	Mar 1, 2013	Sponsor	5,785.44	100.0%	1	FJ Hotels
	Total of others	–	11,581	7.1%	–	–	33,540.18	94.9%	455	–
Total or weighted average of all properties		14yr 2m	163,404	100.0%	–	–	466,087.01	98.1%	868	–

(＊1) "Age" as of the end of the fiscal period.
(＊2) Acquisition price does not include fees, public charge and expenses.
(＊3) Properties acquired through arrangement by a sponsor company are indicate with "sponsor" in the column of seller.
(＊4) Parking contracts, etc., are excluded from "Number of tenants".

Portfolio





1. Canal City Hakata
2. Canal City Hakata-B
3. Park Place Oita
4. SunLiveCity Kokura
5. Square Mall Kagoshima Usuki
6. Kumamoto Intercommunity SC
7. AEON Hara Shopping Center
8. Hanahata SC
9. Kurume Higashi Kushiwara SC
10. K's Denki Kagoshima
11. Canal City Business Center Building
12. Gofukumachi Business Center
13. Sanix Hakata Building
14. Taihaku Street Business Center
15. Higashi Hie Business Center
16. Tenjin Nishi-Dori Center Building
17. Tenjin North Front Building
18. Amex Akasakamon Tower
19. City House Keyaki Dori
20. Aqualia Kego
21. Aqualia Chihaya
22. D-Wing Tower
23. Hotel FORZA Oita
24. Tosu Logistics Center (*1)

(*1) Acquired on March 28, 2014

Portfolio : Active retail

Active retail

①Canal City Hakata

■ Address: 1-chome,Sumiyoshi,Hakata Ward, Fukuoka City







Active retail

②Canal City Hakata・B

■ Address: 1-chome,Sumiyoshi,Hakata Ward, Fukuoka City







Portfolio : Active retail

Active retail

③Park Place Oita

■ Address: 2-chome,Koen Dori Nishi, Oita City







Active retail

④SunLive City Kokura

■ Address: 2-chome,Kamikuzuhara, Kokura Minami Ward, Kitakyushu City







Portfolio : Passive retail

Passive retail

⑤Square Mall Kagoshima Usuki

■Address：2-chome,Usuki,Kagoshima City





Passive retail

⑥Kumamoto Intercommunity SC

■Address：1-chome,Kozono,Higashi Ward, Kumamoto City



Passive retail

⑦AEON Hara Shopping Center

■Address：6-chome,Hara, Sawara Ward, Fukuoka City



Passive retail

⑧Hanahata SC

■Address：4-chome,Hanahata,Minami Ward, Fukuoka City



Passive retail

⑨Kurume Higashi Kushiwara SC

■Address：Higashi kushiwaramachi, Kurume City



Passive retail

⑩K's Denki Kagoshima

■Address：Tokai-cho,Kagoshima City



Investment ratio (Retail)



Appendix

Portfolio : Office buildings

Office buildings

⑪Canal City Business Center Building

■ Address:1-chome, Sumiyoshi,Hakata Ward, Fukuoka City



Office buildings

⑫Gofukumachi Business Center

■ Address:Kamigofukumachi,Hakata Ward, Fukuoka City



Office buildings

⑬Sanix Hakata Building

■Address:2-chome,Hakataekihigashi, Hakata Ward,Fukuoka City



Office buildings

⑭Taihaku Street Business Center

■ Address:Gokushomachi,Hakata Ward, Fukuoka City



Office buildings

⑮Higashi Hie Business Center

■Address:3-chome, Higashihie, Hakata Ward, Fukuoka City



Office buildings

⑯Tenjin Nishi-Dori Center Building

■Address:2-chome, Tenjin, Chuo Ward, Fukuoka City



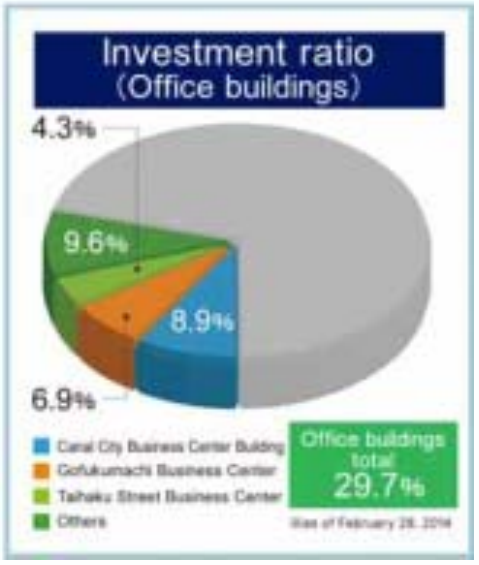
Office buildings

⑰Tenjin North Front Building

■Address:4-chome, Tenjin, Chuo Ward, Fukuoka City



Investment ratio (Office buildings)



Appendix

Portfolio : Others

Others

⑱Amex Akasakamon Tower

■Address:2-chome,Maizuru,Chuo Ward, Fukuoka City



Others

⑲City House Keyaki Dori

■Address:2-chome,Kego,Chuo Ward, Fukuoka City



Others

⑳Aqualia Kego

■Address:2-chome,Kego,Chuo Ward, Fukuoka City



Others

㉑Aqualia Chihaya

■Address:4-chome,Chihaya,Higashi Ward, Fukuoka City



Others

㉒D-Wing Tower

■Address:2-chome,Daimyo,Chuo Ward, Fukuoka City



Others

㉓Hotel FORZA Oita

■Address:1-chome,Chuo-cho,Oita City

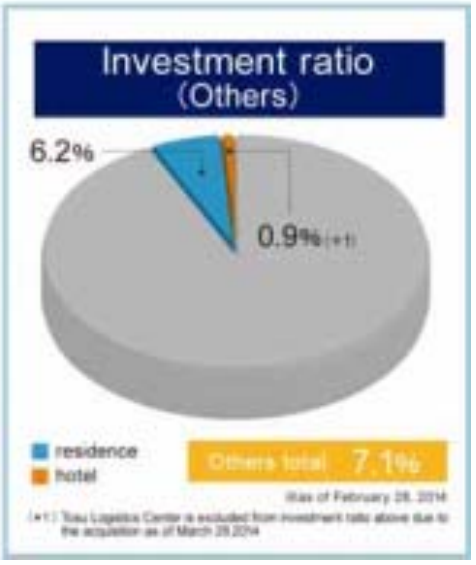


Others

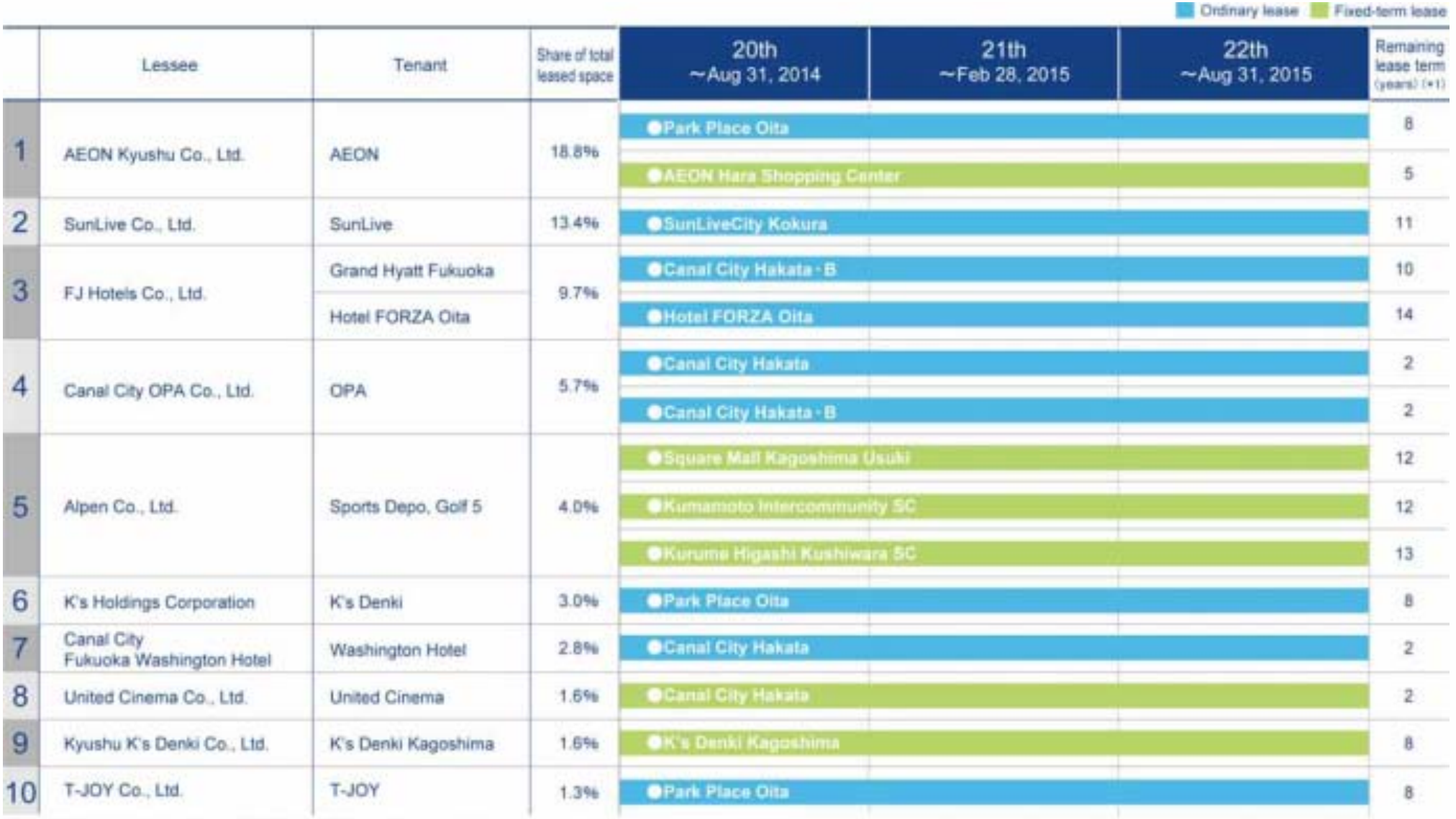
㉔Tosu Logistics Center

■Address:Himekata-machi,Tosu City





Top tenants by leased floor area

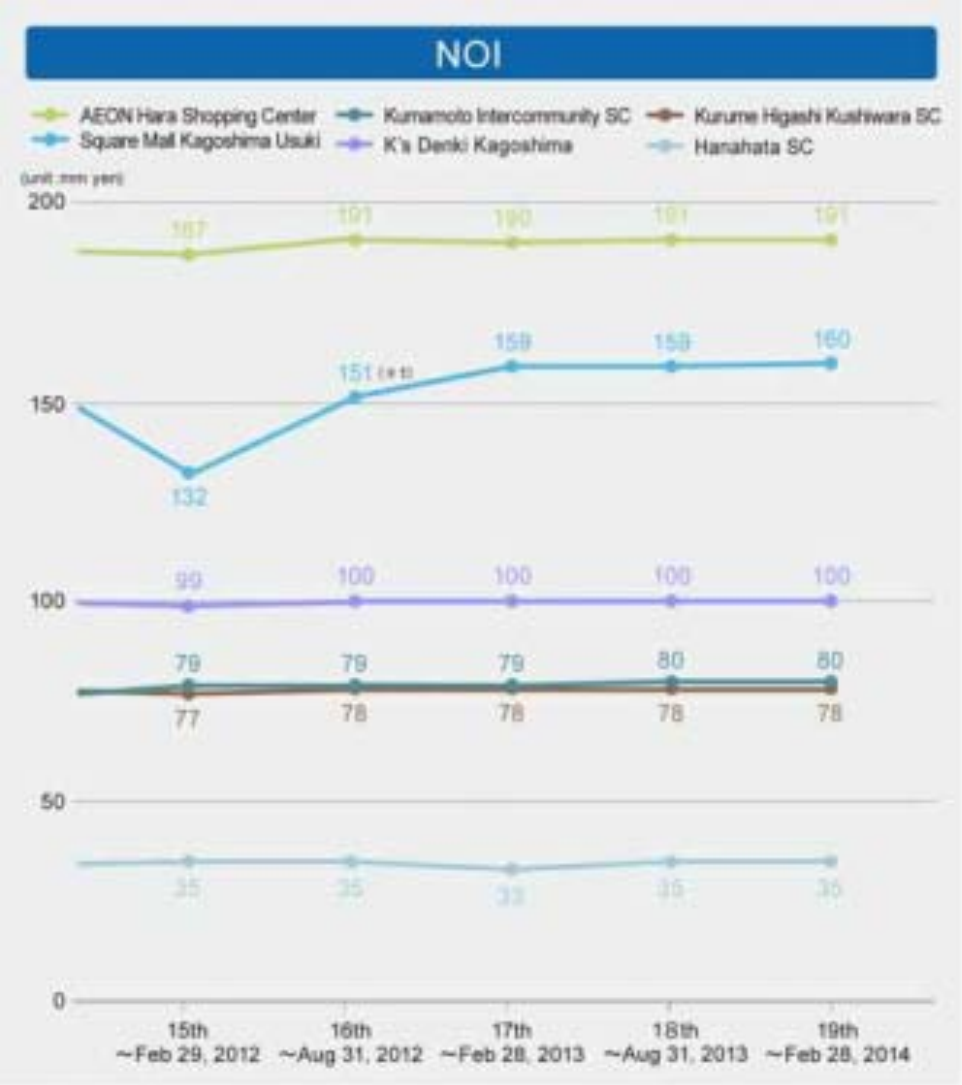


	Lessee	Tenant	Share of total leased space	20th ~Aug 31, 2014	21th ~Feb 28, 2015	22th ~Aug 31, 2015	Remaining lease term (years) (*1)
1	AEON Kyushu Co., Ltd.	AEON	18.8%	●Park Place Oita			8
				●AEON Hara Shopping Center			5
2	SunLive Co., Ltd.	SunLive	13.4%	●SunLiveCity Kokura			11
3	FJ Hotels Co., Ltd.	Grand Hyatt Fukuoka	9.7%	●Canal City Hakata - B			10
		Hotel FORZA Oita		●Hotel FORZA Oita			14
4	Canal City OPA Co., Ltd.	OPA	5.7%	●Canal City Hakata			2
				●Canal City Hakata - B			2
5	Alpen Co., Ltd.	Sports Depo, Golf 5	4.0%	●Square Mall Kagoshima Usuki			12
				●Kumamoto Intercommunity SC			12
				●Kurume Higashi Kushiwara SC			13
6	K's Holdings Corporation	K's Denki	3.0%	●Park Place Oita			8
7	Canal City Fukuoka Washington Hotel	Washington Hotel	2.8%	●Canal City Hakata			2
8	United Cinema Co., Ltd.	United Cinema	1.6%	●Canal City Hakata			2
9	Kyushu K's Denki Co., Ltd.	K's Denki Kagoshima	1.6%	●K's Denki Kagoshima			8
10	T-JOY Co., Ltd.	T-JOY	1.3%	●Park Place Oita			8

(*1) Remaining lease term data are current as of February 28, 2014 and rounded down to the nearest whole year.

Passive retail

Keeping a stable NOI



※The above graph plots the six properties' respective NOI, rounded down to the nearest whole mm yen, by fiscal period
(※1)Figures for Square Mall Kagoshima Usuki do not include revenues from lease cancellation penalties

Square Mall Kagoshima Usuki



Date acquired: September 28, 2006
Acquisition price: 5.3 bn yen
Acquisition cap rate: 6.2%

- Sports Depo, Golf 5
- Edion

Kumamoto Intercommunity SC



Date acquired: November 30, 2006
Acquisition price: 2.4 bn yen
Acquisition cap rate: 6.5%

- Sports Depo, Golf 5
- Starbucks Coffee

Kurume Higashi Kushiwara SC



Date acquired: February 1, 2006
Acquisition price: 2.5 bn yen
Acquisition cap rate: 6.1%

- Sports Depo, Golf 5

AEON Hara Shopping Center



Date acquired: March 1, 2007
Acquisition price: 5.41 bn yen
Acquisition cap rate: 6.8%

- AEON Kyushu

K's Denki Kagoshima



Date acquired: March 27, 2008
Acquisition price: 3.55 bn yen
Acquisition cap rate: 5.7%

- K's Denki

Hanahata SC



Date acquired: September 3, 2007
Acquisition price: 1.13 bn yen
Acquisition cap rate: 6.4%

- BON REPAS
- Matsumoto Kiyoshi

Income and expenditure by properties（Active retail）

- unit : mm yen（Figures rounded down to nearest mm yen）

Category	Canal City Hakata	Canal City Hakata・B	Park Place Oita	SunLive City Kokura	19h Total A	18th Total B	Variation A－B	Forecast C (＊1)	Variation A－C
（Length）（days）	19th fiscal period（ September 1, 2013 ～ February 28, 2014）								
	181	181	181	181	181	184	(3)		
①Total leasing business revenues	1,167	1,602	1,128	282	4,179	4,168	11	4,150	29
Leasing revenue-real estate	1,140	1,561	872	281	3,856	3,875	(19)		
Other leasing revenue-real estate	26	41	256	0	323	293	30		
②Total leasing business expenses	407	764	706	61	1,940	1,898	41	1,915	24
Outsourcing fees	291	525	291	8	1,117	1,119	(2)		
Maintenance expenses	6	17	93	15	133	106	26		
Expenses for restoration to former state	-	-	-	-	-	-	-		
Tax and public charges	71	150	83	34	340	340	(0)		
Insurance premiums and trust compensation	8	18	6	1	34	35	(0)		
Unities expenses	24	49	152	-	227	255	(27)		
Other expenses	3	3	78	0	86	41	45		
③NOI(=①-②)	759	837	421	220	2,239	2,269	(30)	2,235	4
④Depreciation for the period	230	206	186	47	670	661	8		
⑤Leasing business profit(=③-④)	529	631	234	173	1,568	1,608	(39)		
⑥NOI yield (acquisition price)	4.7%	5.8%	5.4%	6.7%	5.4%	5.5%	(0.1%)		
⑦Capital expenditures	87	123	523	40	775	574	200		

（＊1)Forecast at the financial results of 18th fiscal period

Income and expenditure by properties (Passive retail)

- unit : mm yen (Figures rounded down to nearest mm yen)

Category	Square Mall Kagoshima Usuki	Kumamoto Inter-Community SC	AEON Hara Shopping Center	Hanahata SC	Kurume Higashi Kushiwara SC	K's Denki Kagoshima	19th Total A	18th Total B	Variation A−B	Forecast C (*1)	Variation A−C
(Length) (days)	19th fiscal period (September 1, 2013 ～ February 28, 2014)										
	181	181	181	181	181	181	181	184	(3)		
①Total leasing business revenues	253	90	212	40	88	111	796	797	(0)	799	(2)
Leasing revenue-real estate	221	89	212	40	88	111	764	764	0		
Other leasing revenue-real estate	31	0	0	0	-	0	32	33	(0)		
②Total leasing business expenses	93	9	20	5	9	10	149	151	(1)	148	1
Outsourcing fees	38	2	6	1	2	1	53	53	0		
Maintenance expenses	2	0	0	0	0	0	4	5	(1)		
Expenses for restoration to former state	-	-	-	-	-	-	-	-	-		
Tax and public charges	17	5	12	3	5	7	52	52	(0)		
Insurance premiums and trust compensation	1	0	0	0	0	0	3	3	(0)		
Unities expenses	31	-	-	-	-	-	31	32	(0)		
Other expenses	1	0	0	0	0	0	5	5	-		
③NOI (=①-②)	160	80	191	35	78	100	646	645	1	651	(4)
④Depreciation for the period	51	18	22	7	22	30	152	152	(0)		
⑤Leasing business profit (=③-④)	108	61	169	27	56	70	494	492	1		
⑥NOI yield (acquisition price)	6.0%	6.7%	7.1%	6.2%	6.3%	5.7%	6.4%	6.4%	0.0%		
⑦Capital expenditures	-	-	0	0	-	-	1	3	(2)		

(*1)Forecast at the financial results of 18th fiscal period

Passive retail

Appendix

Income and expenditure by properties（Office buildings）

- unit : mm yen（Figures rounded down to nearest mm yen）

Category	Canal City Business Center Building	Gofukumachi Business Center	Sanix Hakata Building	Taihaku Street Business Center	Higashi Hie Business Center	Tenjin Nishi-Dori Center Building	Tenjin North Front Building	19th Total A	18thTotal B	Variation A−B	Forecast C (＊1)	Variation A−C
（Length）（days）	19th fiscal period（ September 1, 2013 ～ February 28, 2014）											
	181	181	181	181	181	181	181	181	184	(3)		
①Total leasing business revenues	613	489	197	298	334	86	129	2,150	2,148	1	2,152	(2)
Leasing revenue-real estate	611	439	181	298	308	86	107	2,033	2,022	10		
Other leasing revenue-real estate	1	50	15	0	26	-	22	116	126	(9)		
②Total leasing business expenses	191	171	58	86	130	3	29	672	684	(11)	673	(1)
Outsourcing fees	136	70	19	56	41	1	9	336	334	1		
Maintenance expenses	0	6	1	1	0	1	0	12	32	(19)		
Expenses for restoration to former state	-	-	-	-	-	-	-	-	-	-		
Tax and public charges	44	35	17	25	17	-	-	139	139	0		
Insurance premiums and trust compensation	2	3	0	1	1	0	0	10	11	(0)		
Unities expenses	6	50	16	-	29	-	18	120	117	3		
Other expenses	1	6	2	1	40	0	0	52	48	3		
③NOI（=①-②）	421	318	138	212	203	83	99	1,477	1,464	12	1,479	(1)
④Depreciation for the period	95	96	37	77	78	7	32	425	422	2		
⑤Leasing business profit（=③-④）	326	221	101	134	124	75	67	1,052	1,041	10		
⑥NOI yield（acquisition price）	5.8%	5.7%	6.3%	6.1%	6.9%	6.4%	7.1%	6.1%	6.0%	0.1%		
⑦Capital expenditures	21	4	1	20	-	0	-	48	30	17		

（＊1)Forecast at the financial results of 18th fiscal period

Income and expenditure by properties (Others and Total)

Others

- unit : mm yen (Figures rounded down to nearest mm yen)

Category	Amex Akasakamon Tower	City House Keyaki Dori	Aqualia Kego	Aqualia Chihaya	D-Wing Tower	Hotel FORZA Oita	19th Total A	18h Total B	Variation A−B	Forecast C (*1)	Variation A−C
(Length) (days)	19th fiscal period (September 1, 2013 ～ February 28, 2014)										
	181	181	181	181	181	181	181	184	(3)		
①Total leasing business revenues	63	37	115	56	112	63	447	450	(2)	453	(6)
Leasing revenue-real estate	60	37	111	54	106	63	432	432	(0)		
Other leasing revenue-real estate	2	0	4	2	5	0	15	18	(2)		
②Total leasing business expenses	18	8	21	13	16	1	79	79	0	83	(3)
Outsourcing fees	5	2	6	3	7	0	25	25	0		
Maintenance expenses	0	0	3	0	1	-	6	3	3		
Expenses for restoration to former state	2	-	1	2	1	-	7	10	(3)		
Tax and public charges	5	3	5	4	-	-	18	18	(0)		
Insurance premiums and trust compensation	0	0	0	0	0	0	3	3	(0)		
Unities expenses	1	0	1	0	2	-	7	6	0		
Other expenses	2	2	2	1	2	0	11	12	(1)		
③NOI (=①-②)	45	28	93	42	96	61	368	371	(3)	370	(2)
④Depreciation for the period	21	12	25	11	16	19	106	106	0		
⑤Leasing business profit (=③-④)	23	15	68	31	79	42	261	264	(3)		
⑥NOI yield (acquisition price)	4.4%	5.1%	6.7%	6.7%	6.9%	8.1%	6.4%	6.4%	(0.1)%		
⑦Capital expenditures	0	1	14	-	6	-	23	3	19		

Total income and expenditures

19th Total 1	18h Total 2	Variation 1−2	Forecast 3 (*1)	Variation 1−3
181	184	(3)		
7,574	7,565	9	7,556	18
7,085	7,095	(9)		
489	470	19		
2,842	2,814	28	2,820	22
1,532	1,532	(0)		
157	147	9		
7	10	(3)		
551	551	(0)		
51	52	(0)		
386	411	(24)		
155	107	48		
4,732	4,751	(18)	4,736	(4)
1,354	1,343	11		
3,377	3,407	(30)		
5.8%	5.8%	0.0%		
848	612	236		

(*1)Forecast at the financial results of 18th fiscal period

Appendix

Cash flow statements (compared with previous fiscal period)

- unit : mm yen (Figures rounded down to nearest mm yen)

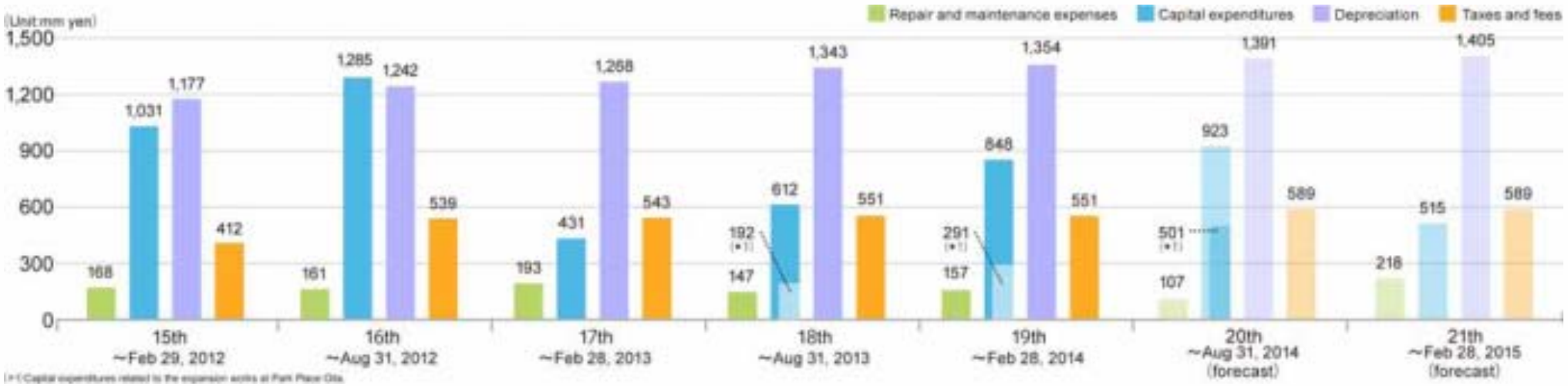
Category	18th ～Aug 31, 2013 A	19th ～Feb 28, 2014 B	Variation B－A
Net cash provided by (used in) operating activities	**3,609**	**3,699**	**90**
Net income before income taxes	2,272	2,239	(32)
Depreciation and amortization expenses	1,343	1,354	11
Amortization of investment corporation bond issuance expenses	-	0	0
Amortization of investment unit issuance expenses	10	10	0
Interest received	(0)	(0)	0
Interest payment	443	431	(12)
Decrease (increase) in operating account receivable	(72)	83	155
Decrease (increase) in consumption taxes receivable	(74)	74	149
Increase (decrease) in accrued consumption taxes	(157)	159	316
Increase (decrease) in operating accounts payable	23	(55)	(78)
Increase (decrease) in account payable-other	(15)	5	21
Increase (decrease) in accrued expenses	14	0	(13)
Increase (decrease) in advances received	49	(42)	(91)
Increase (decrease) in deposits expenses	319	(263)	(582)
Decrease (increase) in prepaid expenses	(97)	74	171
Decrease (increase) in long-term prepaid expenses	(13)	19	33
Others, net	10	44	33
Subtotal	4,053	4,136	83
Interest income received	0	0	(0)
Interest expenses paid	(443)	(436)	6
Income taxes paid	(1)	(1)	0
Income taxes refund	-	-	-
Net cash provided by (used in) investment activities	**(7,897)**	**(916)**	**6,981**
Purchase of property, plant and equipment in trust	(7,858)	(887)	6,971
Purchase of intangible assets in trust	-	(1)	(1)
Proceeds from tenant leasehold and security deposits	4	3	(0)
Repayments of tenant leasehold and security deposits	-	(0)	(0)
Proceeds from tenant leasehold and security deposits in trust	359	121	(238)
Repayments of tenant leasehold and security deposits in trust	(375)	(147)	228
Proceeds from restricted trust deposits	4	6	2
Payments for restricted trust deposits	(32)	(11)	20
Net cash provided by (used in) investment activities	**4,651**	**(2,359)**	**(7,011)**
Increase in short-term debt payable	-	-	-
Decrease in short-term debt payable	(2,700)	-	2,700
Proceed from long-term debt payable	1,600	-	(1,600)
Repayment of long-term debt payable	(2,475)	(2,075)	400
Proceeds from issuance of Investment corporation bonds	-	2,000	2,000
Proceeds from issuance of Investment units	10,263	-	(10,263)
Dividends paid	(2,003)	(2,268)	(264)
Payment of Investment corporation bond issuance expenses	-	(16)	(16)
Payment of Investment unit issuance expenses	(33)	-	33
Net increase (decrease) in cash and cash equivalents	**362**	**423**	**60**
Balance of cash and cash equivalents at beginning of period	**7,024**	**7,387**	**362**
Balance of cash and cash equivalents at end of period	**7,387**	**7,810**	**423**

Maintenance expenses, etc.

Floor expansion works in Park Place Oita: Completed in the 20th fiscal period

- unit : mm yen（Figures rounded down to nearest mm yen）

■Maintenance expenses, capital expenditures, depreciation, and taxes and fees



◎Capital expenditures of the 19th fiscal period

Property	Purpose	Construction cost
Canal City Hakata	Environmental beautification	18
	Upgrading of air conditioning equipment	29
Canal City Hakata・B	Environmental beautification	37
	Common area repairs and improvements	61
Park Place Oita	Common area repairs and improvements	83
	Floor expansion works	291
	Renovation works	125
SunLive City Kokura	Common area repairs and improvements	38
Taihaku Street Business Center	Common area repairs and improvements	17
Aqualia Kego	Renovation works	13

∗ Table lists major actual or planned capital expenditures related to repair or renovation of properties owned by Fukuoka REIT.

◎Planned capital expenditures of the 20th and 21th

Property	Purpose	Planned construction cost		
		Total amount	Construction cost in the 19th	Paid in total amount
Canal City Hakata	Common area repairs and improvements	68	-	-
Canal City Hakata・B	Common area repairs and improvements	216	-	-
	Renovation works	21	-	-
Park Place Oita	Common area repairs and improvements	115	-	-
	Floor expansion works	984	291	483
	Environmental beautification	27	-	-
Canal City Business Center Building	Common area repairs and improvements	49	-	-
	Renovation works	14	-	-
Gofukumachi Business Center	Common area repairs and improvements	43	-	-
Taihaku Street Business Center	Common area repairs and improvements	74	-	-

CSR initiatives

Fukuoka Realty initiatives to support and cooperate in enhancing the appeal of Kyushu and Fukuoka

■Fukuoka International House

A communal residence for foreign students and employees of international companies. Operated to contribute to the sustained development of the local community and economy by meeting the challenges of improving foreign language skills of Japanese people, fostering an international way of thinking, and creating opportunities for foreign students' employment support by providing a place for international interaction.





■OnRAMP

OnRAMP is a members-only entrepreneurs' salon with business incubation facilities established as a forum to support and cultivate entrepreneurs and facilitate networking among them. The objective is to concentrate the functions necessary for startups and contribute to vitalization of the local economy as a hub for nurturing venture companies.



OnRAMP

(OnRAMP is operated by General Incorporated Association OnRAMP, established by DOGAN Inc. and Fukuoka Realty Corporation.)

■CSR workshops (enterprise partnership)

Fukuoka Realty periodically conducts CSR workshops led by invited speakers, in collaboration with CSR personnel of companies that operate chiefly in Fukuoka and elsewhere in Kyushu as well as our sponsors. The workshops help to build a stronger network among local CSR professionals.

◎2013 workshops (5 held)

1st Discussion based on CSR reports of participating companies

2nd "The Latest Trends in CSR"
Instructor: Mr. Hidemi Tomita, LRQA Japan

3rd "The Relationship between CSR and IR"
Instructor: Ms. Aiko Kozaki, The Japan Research Institute, Ltd.

4th "What Is CSR That Enhances Corporate Branding?"
— For Continuously Increasing Profitability over the Long Term
Instructor: Mr. Kazuhiko Niki, Deloitte Touche Tohmatsu LLC

5th "How to Communicate CSR Activities to a Greater Number of People"
Instructor: Mr. Kenji Eda, Raul, Ltd.



■Support for Fukuhaku Hana Shirube

Fukuoka Realty supports Fukuhaku Hana Shirube, a project to plant 100,000 tulips on the roadside along the route from Hakata Station to Canal City Hakata and Kego Park in Tenjin.

◎Fukuhaku Hana Shirube Flower art







■Support for and participation in the activities of other organizations

◎International exchange and personnel development

- "The Asian-Pacific Children's Convention in Fukuoka (NPO)"
  Primary function: Invitation and exchanges with children from the Asia-Pacific region
- "Fukuoka International School"
  Primary function: Education of children of foreign nationality living in Fukuoka
- "OISCA (public interest incorporated foundation)"
  Primary function: Hosting of trainees from the Asia-Pacific region

◎Community development

- "Hakata Community Development Promotion Conference"
  Primary function: Community development activities around Hakata Station → Participation as a board member
- "The Fukuoka Asian Urban Research Center (public interest incorporated foundation)"
  Primary function: Study of urban policy and proposal of future urban strategies for Fukuoka City
  → Support for activities as a research advisor in 2013 general research
  Primary function: Hosting of trainees from the Asia-Pacific region

IR initiatives

■IR activities / Public relations activities

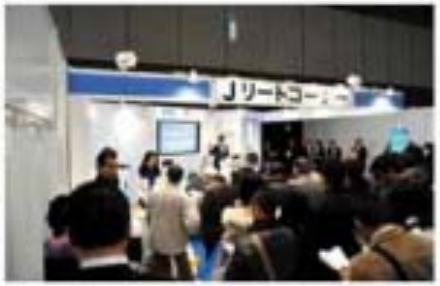
■Principal IR activities

◎J-REIT Fair 2013 for Individual Investors held jointly by ARES and TSE



Approximately 900 individual investors attended J-REIT Fair 2013, held in September 2013 at the Tokyo Stock Exchange. An overflow audience of 80 investors participated in an IR presentation given by Fukuoka REIT.

◎Tokyo Stock Exchange IR Festa 2014



Fukuoka REIT participated in Tokyo Stock Exchange IR Festa 2014, held in February 2014 at Tokyo International Forum. A presentation given by Fukuoka REIT was well attended by individual investors.

◎Started issuing a semi-annual report from the 18th fiscal period



◎Presentations for individual investors held in local cities

- 47th Fukuoka Stock Exchange IR Fair (Fukuoka)
- Fukuoka REIT presentations for individual investors

◎Provision of information to institutional investors via SNS (live chat)

◎1-on-1 meetings for foreign investors

◎Fukuoka REIT website

企業ホームページ 最優秀サイト 2013 日興アイ・アール 総合ランキング

企業ホームページ 最優秀サイト 2013 日興アイ・アール 業種別ランキング

The corporate website won a Best Website Award in the General REIT category in the Nikko Investor Relations 2013 Website Quality Ranking for Listed Companies and an Internet IR Award from Daiwa Investor Relations

Internet IR 優良賞 2013 Daiwa Investor Relations

◎Kyushu IR workshops



The Japan Investor Relations Association (general incorporated foundation) and Fukuoka Realty jointly sponsored three IR workshops in 2013. The second workshop, held at the Fukuoka Stock Exchange, was a study session involving case studies of IR activities.

■Public relations activities

◎Bloomberg BusinessWeek



A special section of the October 18, 2013 issue of Bloomberg BusinessWeek, with a circulation of 980,000 copies, featured a talk with the mayor of Fukuoka City concerning the appeal and growth potential of Fukuoka.

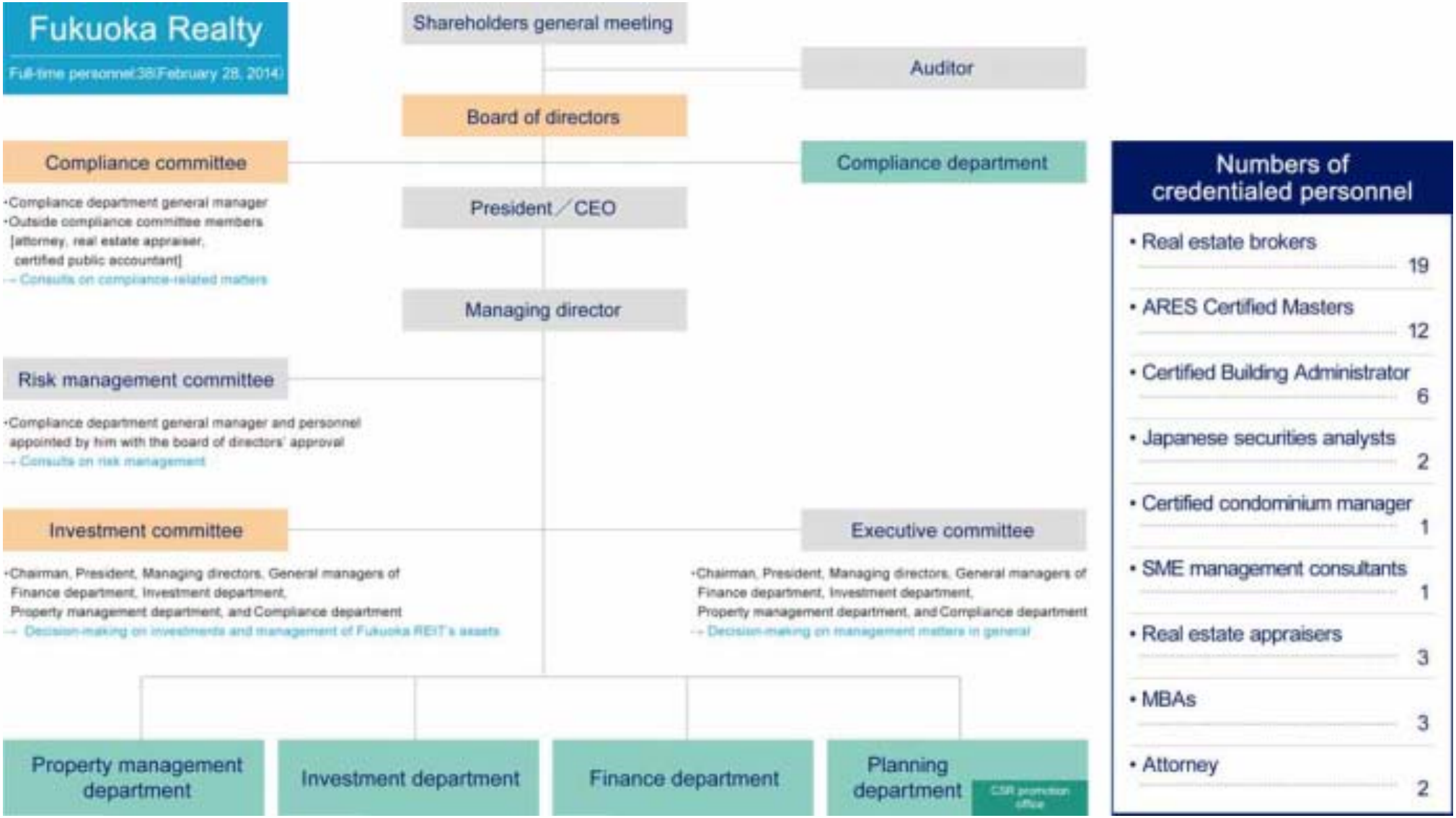
◎Media coverage (TV Tokyo "World Business Satellite (WBS)")

In conjunction of the publication of land prices on March 18, 2014, Fukuoka Realty President Etsuo Matsuyuki was interviewed on the TV Tokyo program WBS. The interview was broadcast as part of the program's top news story of the day.



Appendix

Asset management company's organization



- Compliance department general manager
- Outside compliance committee members [attorney, real estate appraiser, certified public accountant]

→ Consults on compliance-related matters

- Compliance department general manager and personnel appointed by him with the board of directors' approval

→ Consults on risk management

- Chairman, President, Managing directors, General managers of Finance department, Investment department, Property management department, and Compliance department

→ Decision-making on investments and management of Fukuoka REIT's assets

- Chairman, President, Managing directors, General managers of Finance department, Investment department, Property management department, and Compliance department

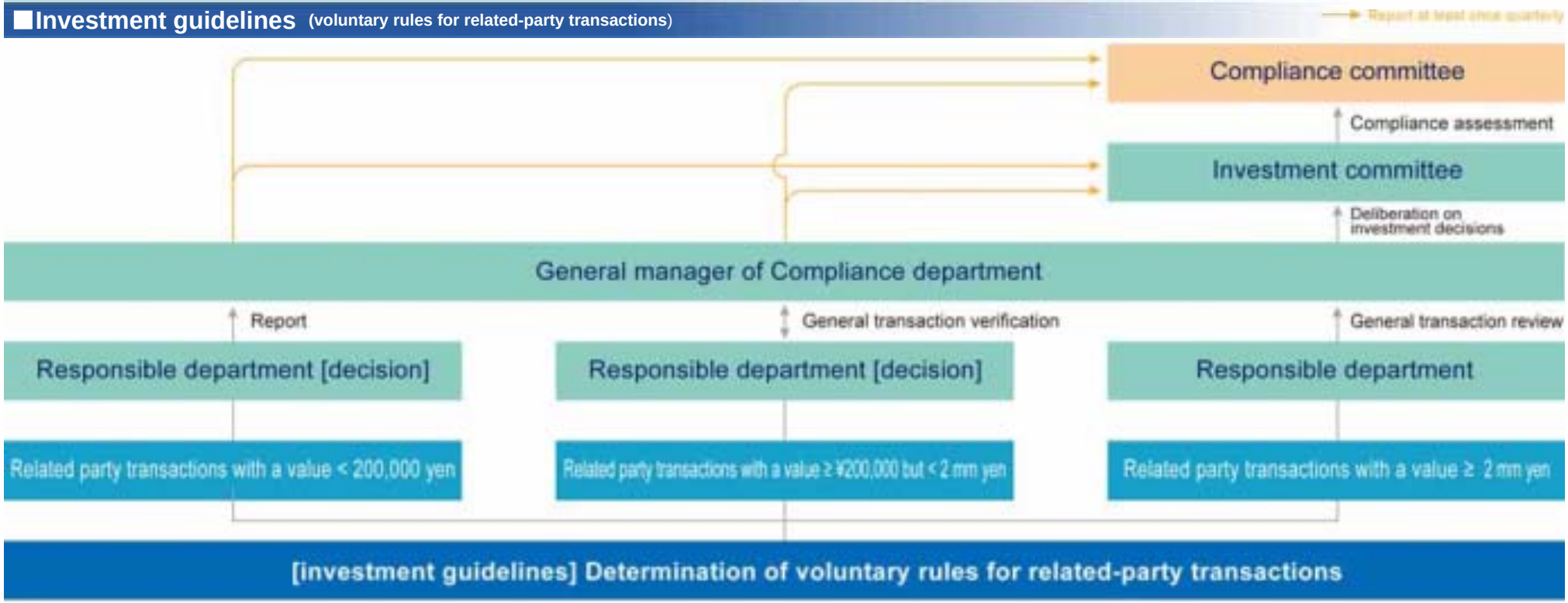
→ Decision-making on management matters in general

Numbers of credentialed personnel

• Real estate brokers	19
• ARES Certified Masters	12
• Certified Building Administrator	6
• Japanese securities analysts	2
• Certified condominium manager	1
• SME management consultants	1
• Real estate appraisers	3
• MBAs	3
• Attorney	2

Corporate governance

■Investment guidelines (voluntary rules for related-party transactions)



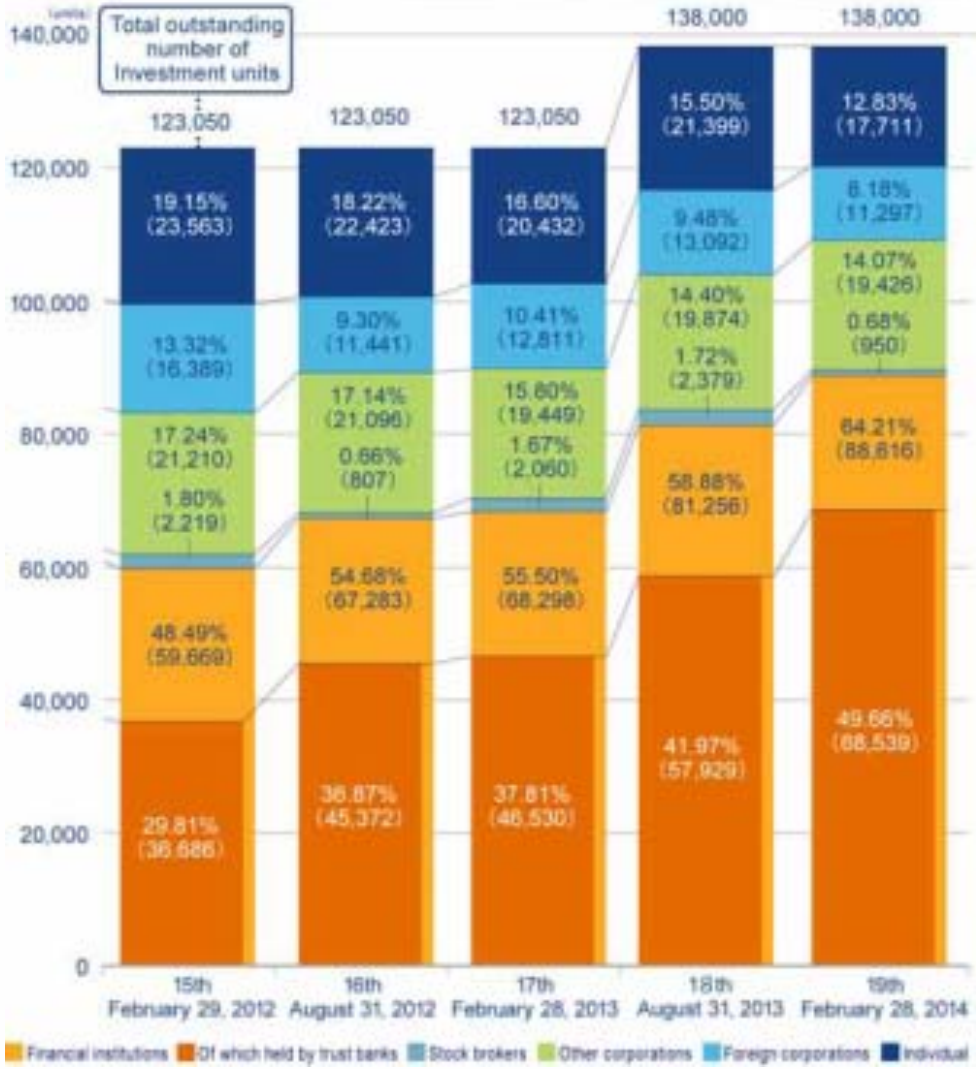
The Compliance committee met 5 times during the 19th fiscal period (September 1, 2013 – February 28, 2014)

◎Major matters reviewed during the 19th fiscal period

- **Purchase of the Tosu Logistics Center**
  The Compliance committee carefully examined information including the appraisal report and other reports and determined that no problems existed with the decision-making process and results under the law and internal rules.
- **Placing of orders with related parties pertaining to work performed on owned properties, etc.**
  The Compliance committee referred to competitive quotes and third-party reports and determined that no problems existed with respect to the necessity for placing orders, purchase order amounts, etc. under the law and internal rules.

Unitholders' data

■Distribution by investor category (breakdown of investment units)



■Major investors (end of the 19th fiscal period)

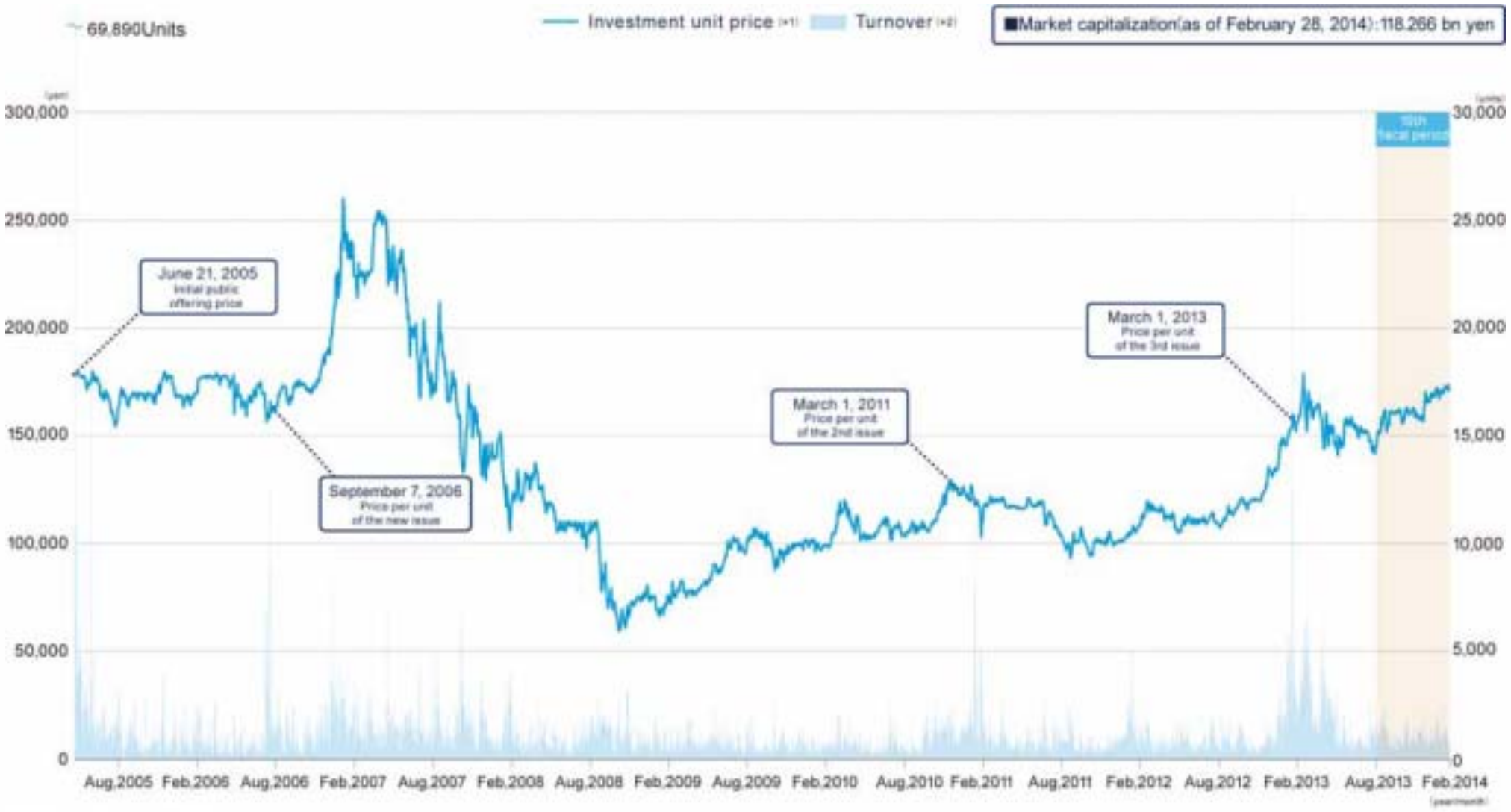
(As of February 28, 2014)

Rank	Investor name	Investment unit held	Share of investment units held over total number of units outstanding (*1)
1	Japan Trustee Services Bank Ltd. (Investment trust account)	41,354	29.96%
2	Fukuoka Jisho Co., Ltd.	13,955	10.11%
3	Trust & Custody Services Bank zLtd. (Securities investment trust account)	7,706	5.58%
4	The Nomura Trust and Banking Co.,Ltd. (Investment trust account)	7,054	5.11%
5	The Master Trust Bank of Japan,Ltd. (Trust account)	6,840	4.95%
6	MetLife Alico Insurance Company K.K. GA Company JPY	3,409	2.47%
7	NOMURA BANK (LUXEMBOURG) S.A.	3,229	2.33%
8	Individual investor	2,567	1.86%
9	The Fuji Fire and Marine Insurance Co., Ltd.	2,046	1.48%
10	Shikoku Railway Company	1,826	1.32%

(*1) Percentages and ratio are rounded off to two decimal places.

Appendix

Unit price chart



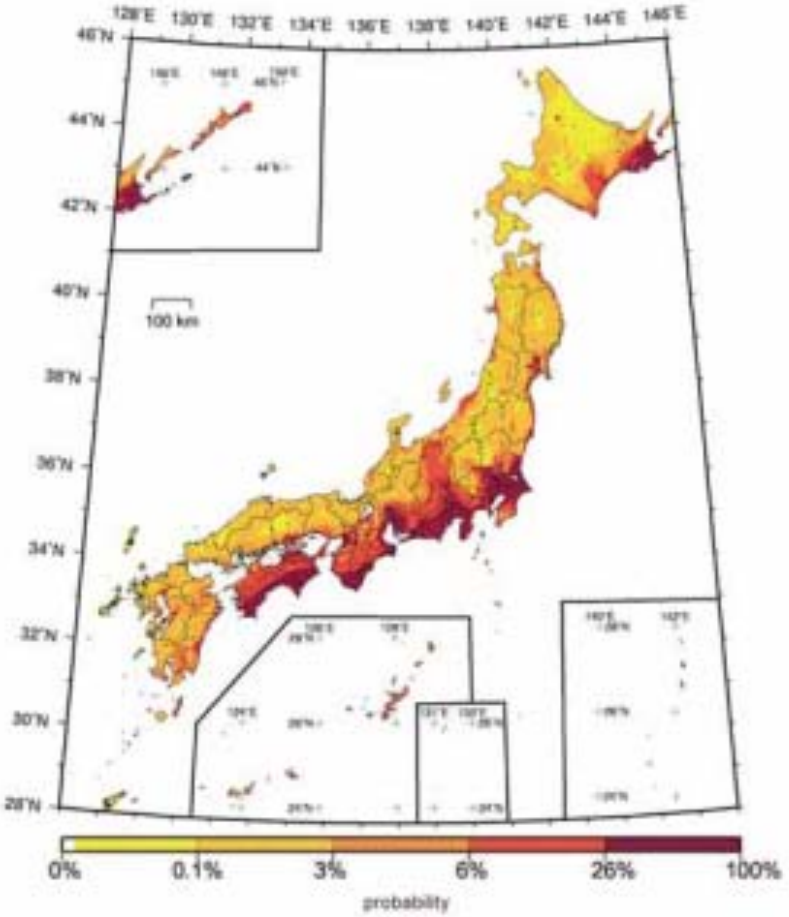
(*1) Unit price is as of February 28, 2014 after split
(*2) Turnover by February 28, 2014 was multiplied by 5

Analysis of earthquake risk in Fukuoka

All properties owned by Fukuoka REIT are covered by earthquake insurance

■Probabilistic earthquake prediction map

Probability of occurrence of an earthquake with a magnitude of nearly 6 or higher in the next 30 years
(Average case / all earthquakes) (Reference date: January 1, 2013)



Note: The mesh for zero probability based on the model calculation conditions is shown in white.
Source: Office of the Headquarters for Earthquake Research Promotion, Earthquake and Disaster-Reduction Research Division, Research and Development Bureau, Ministry of Education, Culture, Sports, Science and Technology

■Overview of earthquake risk analysis

Property	Inspector	Report date	PML (%)(∗1)
Canal City Hakata(∗2)	Takenaka Corporation	Nov. 30, 2010 Jan. 21, 2011	(A) 8.0 (B) 7.6 (C) 5.3 (D) 11.1
Canal City Hakata・B (∗3)	Takenaka Corporation	Apr. 15, 2008 Nov. 30, 2010	(A) 8.2 (B) 6.1 (C) 11.1
Park Place Oita(∗4)	Takenaka Corporation	Jan. 21, 2011	(A) 13.7 (B) 11.2 (C) 11.3 (D) 15.1
SunLive City Kokura	Takenaka Corporation	Aug. 31, 2011	6.7
Square Mall Kagoshima Usuki	Takenaka Corporation	Jan. 15, 2007	9.6
Kumamoto Intercommunity Shopping Center	Takenaka Corporation	Jan. 15, 2007	16.3
Aeon Hara Shopping Center	Takenaka Corporation	Feb. 19, 2007	13.2
Hanahata Shopping Center	Takenaka Corporation	Aug. 22, 2007	6.0
Kurume Higashi Kushiwara Shopping Center	Takenaka Corporation	Jan. 10, 2008	9.9
K's Denki Kagoshima	Takenaka Corporation	Mar. 5, 2008	7.3
Canal City Business Center Building(∗5)	Takenaka Corporation	Nov. 30, 2010 Jan. 21, 2011	(A) 6.9 (B) 11.1
Gofukumachi Business Center	Takenaka Corporation	Nov. 30, 2010	4.0
Sanix Hakata Building	Takenaka Corporation	Aug. 31, 2011	4.3
Taihaku Street Business Center	Takenaka Corporation	Feb. 20, 2006	7.5
Higashi Hie Business Center	Tokyo Marine & Nichido Risk Consulting	Jan. 26, 2009	1.3
Amex Akasakamon Tower	Takenaka Corporation	Jul. 20, 2006	11.6
City House Keyaki Dori	Takenaka Corporation	Nov. 30, 2007	1.9
Aqualia Kego	Takenaka Corporation	Sep. 1, 2011	13.3
Aqualia Chihaya	Takenaka Corporation	Sep. 1, 2011	7.5
Tenjin Nishi-Dori Center Building	Tokyo Marine & Nichido Risk Consulting	Feb. 1, 2013	5.4
D-wing Tower	NIPPON KANZAI Corporation	Mar. 1, 2013	3.8
Hotel FORZA Oita	Takenaka Corporation	Mar. 1, 2013	14.5
Tenjin North Front Building	Tokyo Marine & Nichido Risk Consulting	Mar.28, 2013	3.6
Overall portfolio(∗6)	Takenaka Corporation	Aug. 31, 2013	5.8

(∗1) PML: probable maximum loss (maximum expected loss due to earthquake expressed as a percentage of the total replacement cost of the building).
(∗2) Canal City Hakata was divided into four segments (A, B, C and D), each of which was inspected separately.
Segment A is Center Walk (Washington Hotel), B is Center Walk (former amusement building), C is the South Building, and D is common area.
(∗3) Canal City Hakata・B was divided into three segments (A, B and C), each of which was inspected separately.
Segment A is the Grand Hyatt Fukuoka, B is the North Building, and C is common area.
(∗4) Park Place Oita was divided into three segments (A, B, C and D), each of which was inspected separately. Segment B is a 7-Eleven store, C is Magnolia Court, D is K's Denki, and A is the areas other than B, C and D.
(∗5) Canal City Business Center Building was divided into two segments (A and B), each of which was inspected separately. Segment A is the Canal City Business Center Building and B is common area.
(∗6) The PML for Fukuoka REIT's overall portfolio was calculated based on the assumption that the earthquake's epicenter is in central Fukuoka city, which is one of several hypothetical earthquake scenarios considered.

Strengths of Fukuoka and Kyushu ①

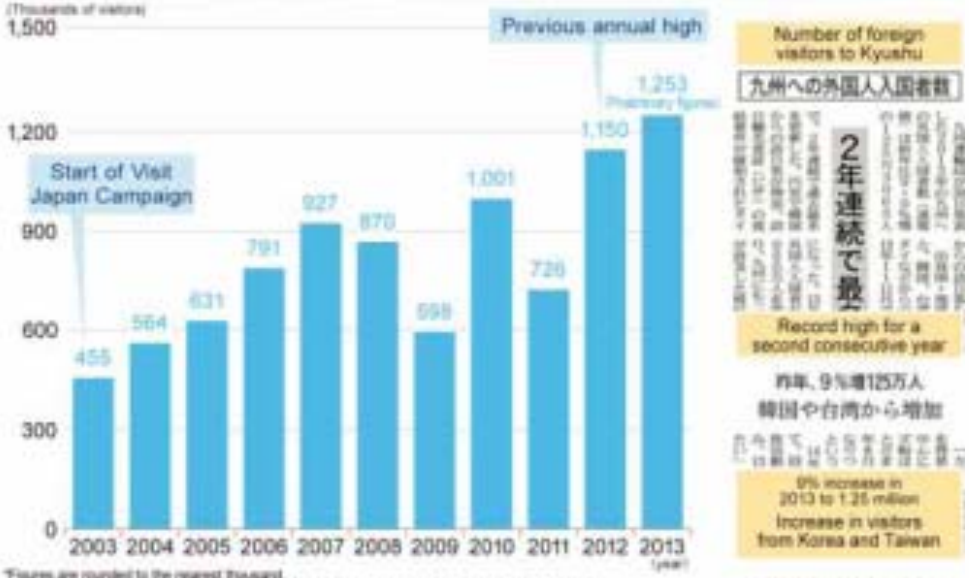
Inbound foreign visitors

■Direct flights at Fukuoka Airport / Extensive route network



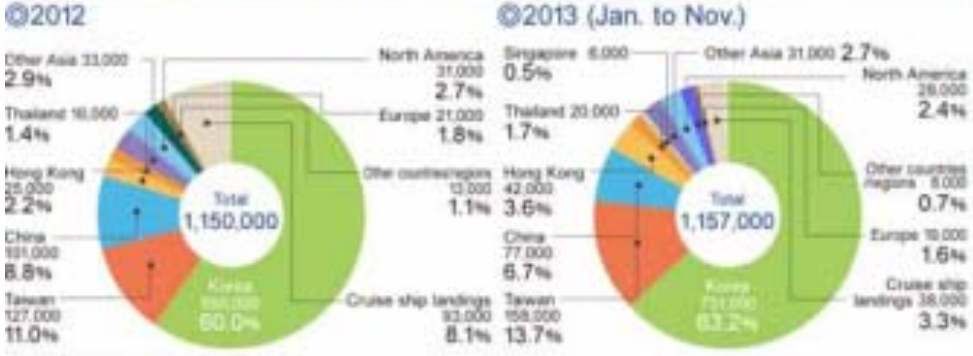
Source: Prepared by Fukuoka Realty based on Fukuoka City data
*"Fukuoka urban area" refers to all prefectures in Kyushu and Yamaguchi Prefecture, areas affected by Fukuoka City in matters of travel, information, etc.

■Change in the number of foreign visitors to Kyushu



*Figures are rounded to the nearest thousand.
Source: Prepared by Fukuoka Realty based on Japan National Tourism Organization (JNTO) data
The Nikkei, January 31, 2014

■Foreign visitors to Kyushu by country and region



*Figures are rounded to the nearest thousand.
Source: Prepared by Fukuoka Realty based on data from Statistics on Legal Migrants (Ministry of Justice)

■Number of port calls by foreign-flag cruise ships (top 10)

Rank	2010		2011		2012	
	Port	Number of calls	Port	Number of calls	Port	Number of calls
1	Hakata	61	Ishigaki	42	Hakata	85
2	Naha	46	Naha	37	Nagasaki	72
3	Kagoshima	45	Hakata	26	Naha	47
4	Ishigaki	45	Nagasaki	17	Ishigaki	46
5	Nagasaki	39	Yokohama	9	Kagoshima	27
6	Kobe	22	Kagoshima	8	Yokohama	26
7	Yokohama	18	Hiroshima	6	Beppu	25
8	Hiroshima	8	Kobe	6	Kobe	22
9	Osaka	6	Osaka	5	Osaka	22
10	Hakodate	4	Beppu	4	Hiroshima	14

Source: Prepared by Fukuoka Realty based on data from the Ministry of Land, Infrastructure, Transport and Tourism website

Appendix

Strengths of Fukuoka and Kyushu ②

Vitalization of tourism in Kyushu with Fukuoka as the starting point

■Time distance from Fukuoka City



※As of September 2013
※Travel time in minutes from Hakata Station (8:00 AM weekday departure) to the main train station or city office of each city (excluding transfer time)
※The fastest possible travel time using public transportation or automobile
※Use of air travel to Okinawa Prefecture and outlying islands
Source: Prepared by Fukuoka Realty based on 2014 Outline of Kyushu Economy

■Tourists entering Hakata Station (estimates)



※Figures are rounded to the nearest ten thousand
Source: Prepared by Fukuoka Realty based on Fukuoka City Tourism Statistics data

■Tourism measures to increase the appeal of Kyushu

◎Kyushu Railway Company D&S Trains

Kyushu Railway Company operates the following D&S (Design and Story) trains.

■ The Limited Express Yufuin no Mori	■ The Limited Express A Train	■ The SL Hitoyoshi
■ The Limited Express Aso Boy!	■ The Limited Express Toro-Kyushu Express	■ The Isaburo & Shinpei
■ The Limited Express Hayato no Kaze	■ The Limited Express Ibuki no Tanabitabi	■ The Limited Express Umisachi-Yamasachi

◎Dazaifu tourist train Tabito (Traveler)

The outside of the train depicts popular tourist spots in Dazaifu. The interior, consists of six related motifs, each representing a wish for better fortune and create an atmosphere of Japanese painting and Japanese taste.

Source: West Japan Railway Company

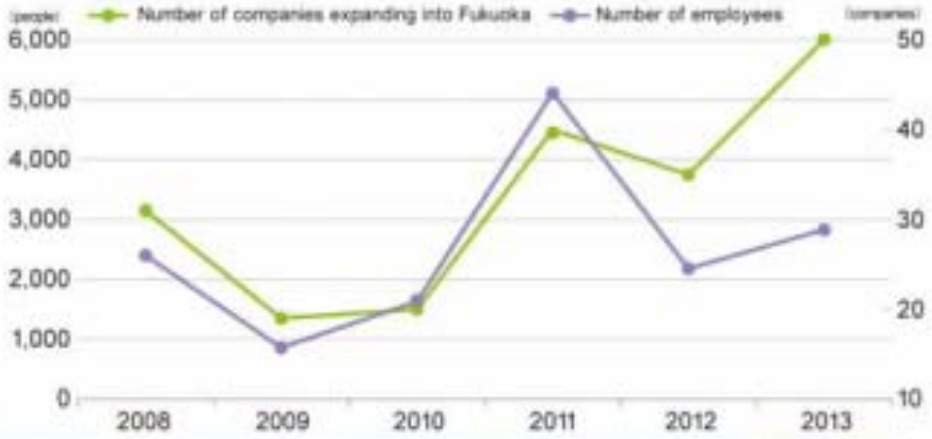


Appendix

Strengths of Fukuoka and Kyushu ③

Increase in business demand due to companies expanding into or starting up in Fukuoka

Number of companies expanding into Fukuoka City and number of employees



	Fiscal 2008	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012	Fiscal 2013 (As of Jan. 31)
Number of companies expanding into Fukuoka	31	19	29	40	35	50
Approx. number of employees	2,400	860	1,630	5,120	2,180	2,830

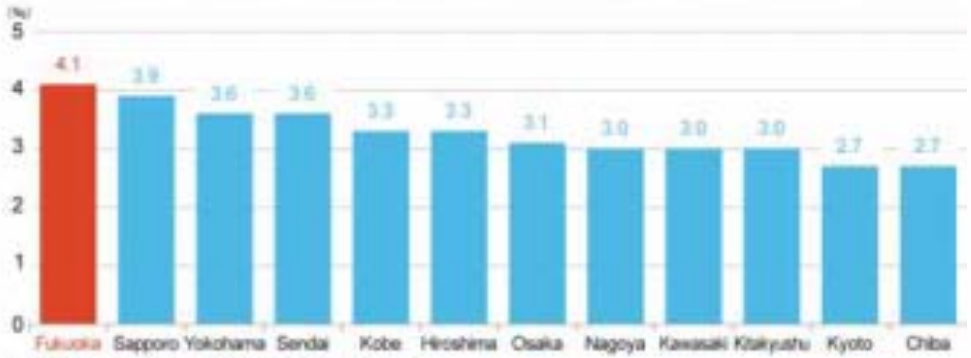
Source: Prepared by Fukuoka Realty based on Fukuoka City data

Key characteristics of companies expanding into Fukuoka (fiscal 2013)

- IT, content, and other creative industries — 17 companies
  Notable examples: LINE, etc.
- Logistics facilities — 9 companies
  Notable examples: ASKUL, etc.
- Call centers — 6 companies
  Notable examples: Ricoh Technosystems, etc.
- Foreign-affiliated companies (among 50 companies) — 17 companies
  Notable examples: Zhongli Solar Holdings, etc.

Source: Prepared by Fukuoka Realty based on Fukuoka City data

Startup percentages of major cities designated by government ordinance (2006 to 2009)



Source: Prepared by Fukuoka Realty based on Fukuoka City data

Designation of Fukuoka City as a national strategic special zone

On March 28, 2014, the Japanese government designated Fukuoka City as a national strategic special zone for employment reform.

◎What the government expects to achieve in Fukuoka City

- ●Defining of employment conditions for venture companies within five years of establishment
- ●Review of resident status for the acceptance of diverse foreign nationals
- ●Provision of healthcare to foreign nationals (lifting of prohibition on practice by foreign doctors and nurses)
- ●Creation of prosperity in downtown areas (relaxation of road occupancy standards, exemptions from application of the Building Standards Act for the utilization of historic structures, etc.)


雇用特区 夏にも始動

福岡市 50万人新規雇用

Special Zone for Job Creation, Startup as Early as Summer

Fukuoka City: "New employment for 500,000"

The Nishinippon Shimbun, April 3, 2014

Appendix