

Fukuoka REIT Corporation

Overview of the 20th fiscal period performance [Security code 8968] March 1st,2014~August 31st,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.

Growth in Dividends



※A 5-for-1 split of Fukuoka REIT investment units was effectuated on March 1, 2014. Accordingly, investment unit prices and issuance prices until February 25, 2014 have been divided by five.

Financial statements

Financial highlights

Dividend per unit : 3,278 yen

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

Category	16th ~ Aug. 31, 2012	17th ~ Feb. 28, 2013	18th ~ Aug. 31, 2013	19th ~ Feb. 28, 2014 A	20th ~ Aug. 31, 2014 B	Variation B−A	21st ~ Feb. 28, 2015 (forecast)	22nd ~ Aug. 31, 2015 (forecast)
Operating revenues	7,094	7,200	7,565	7,574	7,779	+205	7,739	7,745
Leasing NOI (＊1)	4,372	4,444	4,751	4,732	4,800	+68	4,781	4,809
Depreciation and amortization expenses	1,242	1,268	1,343	1,354	1,387	+32	1,385	1,404
Operating income	2,595	2,622	2,848	2,801	2,824	+23	2,815	2,830
Ordinary income	2,005	2,005	2,272	2,239	2,263	+23	2,312	2,319
Net income	1,992	2,004	2,271	2,238	2,262	+23	2,311	2,318
Dividend per unit (yen) ① (＊2)	**16,193**	**16,289**	**16,458**	**16,219**	**3,278**			
Latest dividend forecast (yen)② (＊2)	16,000	16,200	16,200	16,200	3,220		3,350	3,360
Difference from forecast (yen) ①−②	+193	+89	+258	+19	+58		-	-
Total number of investment units outstanding (at period-end) (units) (＊2)	123,050	123,050	138,000	138,000	690,000		690,000	690,000
Total assets (at period-end) (unit : mm yen)	159,601	160,574	167,857	167,492	167,824			
Total net assets (at period-end) (unit : mm yen)	71,170	71,182	81,712	81,679	81,703			
Days in fiscal period (days)	184	181	184	181	184			
Number of properties owned (at period-end)	19	20	23	23	24			
Number of tenants (at period-end) (＊3)	701	751	886	868	894			
Total leasable floor space (at period-end) (㎡)	445,001.37	448,867.34	466,824.38	466,087.01	475,682.05			
Occupancy rate (at period-end) (%) (＊4)	97.0	99.3	98.8	98.1	99.3			

(＊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	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	21st ~ Feb. 28, 2015 (forecast)	22nd ~Aug. 31, 2015 (forecast)
Dividend per unit	16,922	16,621	16,193	16,289	16,458	16,219	3,278		
Dividend forecast per unit	16,600	16,300	16,000	16,200	16,200	16,200	3,220	3,350	3,360
Total number of investment units outstanding (at period-end)	123,050	123,050	123,050	123,050	138,000	138,000	690,000	690,000	690,000

■Reference : Dividend's track record

Dividend per unit (The forecast dividend is multiplied by five)	16,922	16,621	16,193	16,289	16,458	16,219	16,390	16,750	16,800
Dividend per unit (The actual dividend is divided by five)	3,384	3,324	3,238	3,257	3,291	3,243	3,278	3,350	3,360

■Dividend's track record



Balance sheets（compared with the previous fiscal period）

Increase in noncurrent assets due to acquisition of new properties

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

	Account	19th ～Feb. 28, 2014 A	20th ～Aug. 31, 2014 B	Variation B－A	
Assets	**Total current assets**	8,406	8,041	(364)	
	Cash and deposits	3,687	2,694	(992)	①
	Cash and deposits in trust	4,185	4,639	454	
	Operating accounts receivable	267	402	134	
	Prepaid expenses	259	300	41	
	Deferred tax assets	0	0	(0)	
	Consumption taxes receivable	6	4	(1)	
	Total noncurrent assets	159,044	159,747	703	
	Total property, plant and equipment	156,711	157,347	636	②
	Buildings in trust	60,650	61,128	477	
	Structures in trust	773	853	80	
	Machinery and equipment in trust	366	363	(2)	
	Tools and fixtures in trust	438	378	(60)	
	Lands in trust	93,998	94,622	624	
	Construction in progress in trust	483	-	(483)	③
	Total intangible assets	1,779	1,780	0	
	Leasehold right in trust	1,765	1,765	-	
	Other intangible assets in trust	14	15	0	
	Total investment and other assets	553	618	65	
	Lease and guarantee deposits	10	10	-	
	Lease and guarantee deposits in trust	100	100	-	
	Long-term prepaid expenses	443	508	65	
	Deferred assets	41	34	(6)	
	Total assets	**167,492**	**167,824**	**331**	

	Account	19th ～Feb. 28, 2014 A	20th ～Aug. 31, 2014 B	Variation B－A	
Liabilities	**Total current liabilities**	17,253	9,996	(7,257)	
	Operating accounts payable	497	411	(86)	
	Short-term debt	-	500	500	④
	Current maturities of long-term debt	14,750	6,650	(8,100)	⑤
	Account payable-other	28	18	(10)	
	Accrued expenses	321	332	11	
	Income taxes payable	1	1	(0)	
	Accrued consumption taxes	159	115	(43)	
	Advances received	854	924	69	
	Deposits received	641	1,042	401	⑥
	Total noncurrent liabilities	68,559	76,124	7,565	
	Investment corporation bonds	2,000	2,000	-	
	Long-term debt	54,275	62,000	7,725	⑦
	Tenant leasehold and security deposits	325	316	(8)	
	Tenant leasehold and security deposits received in trust	11,959	11,808	(150)	
	Total liabilities	**85,812**	**86,120**	**308**	
Net assets	**Unitholders' equity**	81,679	81,703	23	
	Unitholders'capital	79,441	79,441	-	
	Surplus	2,238	2,262	23	
	Total net assets	**81,679**	**81,703**	**23**	
	Total liabilities and net assets	**167,492**	**167,824**	**331**	

■Assets

① Of which, Tosu Logistics Center acquisition (750)

② Tosu Logistics Center acquisition +1,250
Capital expenditures +740
[Of which, expansion of floor space in Park Place Oita +359]
Depreciation [excluding intangible assets amortization of 3 mm yen] (1,384)
Others +30
Total +636

③ Completion of Park Place Oita floor space expansion work (483)

■Liabilities

④ New financing accompanying acquisitions of properties +500

⑤ Refinanced maturing debt (14,000)
Reclassified from long-term debt to current maturities of long-term debt +6,275
[including contractual principal repayment of 75 mm yen] (375)
Total : (8,100)

⑥ Seasonal factors [prepaid revenues, etc.] +401

⑦ Refinanced maturing debt +14,000
Reclassified from long-term debt to current maturities of long-term debt (6,275)
Total : +7,725

Income statements (compared with previous fiscal period)

Increases in revenues and income due to new acquisitions, floor expansion at Park Place Oita, and strong sales at Canal City Hakata

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

Account			19th ~Feb. 28 , 2014 A	20th ~Aug. 31 , 2014 B	Variation B−A	
Ordinary profit and loss	Operating profit and loss	**Operating revenues**	7,574	7,779	①	205
		Leasing revenues-real estate	7,085	7,285		200
		Other leasing revenues-real estate	489	494		4
		Operating expenses	4,773	4,955		181
		Expenses related to leasing business	4,197	4,366	②	169
		Asset management fees	446	456		9
		Asset custody fees	6	6		0
		Administrative service fees	48	51		2
		Director's compensations	9	9		-
		Other operating expenses	64	65		1
		Operating income	**2,801**	**2,824**		**23**
	Non-Operating profit and loss	**Non-operating revenues**	2	1		(1)
		Interest received	0	0		(0)
		Others	1	0		(1)
		Non-operating expenses	564	562	③	(1)
		Interest payment(incl. investment corporation bond)	431	433		1
		Financing related expenses	122	122		0
		Amortization of investment unit issuance expenses	10	6		(3)
	Ordinary income		**2,239**	**2,263**		**23**
Net income before income taxes			**2,239**	**2,263**		**23**
Income taxes			1	1		(0)
Income taxes-current			1	1		(0)
Income taxes-deferred			(0)	0		0
Net income			**2,238**	**2,262**		**23**
Surplus brought forward			0	0		0
Unappropriated surplus			**2,238**	**2,262**		**23**

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

■Operating profit and loss

① Tosu Logistics Center +36
Canal City Hakata +61
[-Of which, increase in rent revenues +57]
Canal City Hakata-B +7
Park Place Oita +90
[-Of which, rent increase due to floor expansion, etc. +109
-Of which, increase in utility reimbursement +32
-Of which, nonrecurrence of revenue from tenant lease cancellation penalties (51)]
SunLive City Kokura (Recovery in percentage rent revenues) +10
Office buildings (6)
Others +7
Total: +205

② Increase in outsourcing fees (48)
[-Of which, increase in sales promotion expenses paid (36)]
Increase in depreciation (32)
[-Of which, new properties (12)]
Increase in utility expenses (54)
[-Of which, increase in utility expenses at Park Place Oita (40)]
Increase in taxes and fees [on properties acquired in the previous fiscal period] (37)
Others +2
Total (169)

■Non-Operating profit and loss

③ Increase in interest payment on borrowings [500 mm yen] (1)
Decrease in interest payment due to refinancing +6
Difference attributable to an increase of 3days in the investment period compared to the previous fiscal period (7)
Completion of amortization of investment unit issuance expenses [for the second public offering] +3
Total +1

Income statements (compared with forecast)

Increases in revenues and income on factors including strong sales at Canal City Hakata

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

Account			Previous Forecast A	20th ~ Aug. 31, 2014 B	Variation B−A
Ordinary profit and loss	Operating profit and loss	**Operating revenues**	7,701	7,779	① 78
		Leasing revenues-real estate		7,285	
		Other leasing revenues-real estate		494	
		Operating expenses	4,909	4,955	② 45
		Expenses related to leasing business		4,366	
		Asset management fees		456	
		Asset custody fees		6	
		Administrative service fees		51	
		Director's compensations		9	
		Other operating expenses		65	
		Operating income	2,792	2,824	32
	Non-Operating profit and loss	**Non-operating revenues**	1	1	(0)
		Interest received		0	
		Others		0	
		Non-operating expenses	571	562	③ (8)
		Interest payment(incl. investment corporation bond)		433	
		Financing related expenses		122	
		Amortization of investment unit issuance expenses		6	
	Ordinary income		2,222	2,263	40
Net income before income taxes			2,222	2,263	40
Income taxes-current				1	
Income taxes-deffered				0	
Total income taxes			1	1	0
Net income			2,221	2,262	40

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

■Operating profit and loss

① Canal City Hakata	+63
[-Of which, increase in rent revenues	+57]
Canal City Hakata・B	+20
[-Of which, increase in parking lot revenues	+14]
Park Place Oita	(6)
[-Of which, decrease in utility reimbursement	(9)]
Office buildings	+7
Others	(6)
Total:	+78
② Decrease in outsourcing fees	+10
Decrease in depreciation	+4
Increase in repair & maintenance expense	(49)
-Of which, Canal City Hakata	(7)
-Of which, Canal City Hakata・B	(10)
-Of which, Park Place Oita	(5)
-Of which, office buildings	(19)
-Of which, others	(8)
Increase in utility expenses	(4)
-Of which, decrease in utility expenses at Park Place Oita	+3]
Increase in other expenses	(6)
Total:	(45)

■Non-operating profit and loss

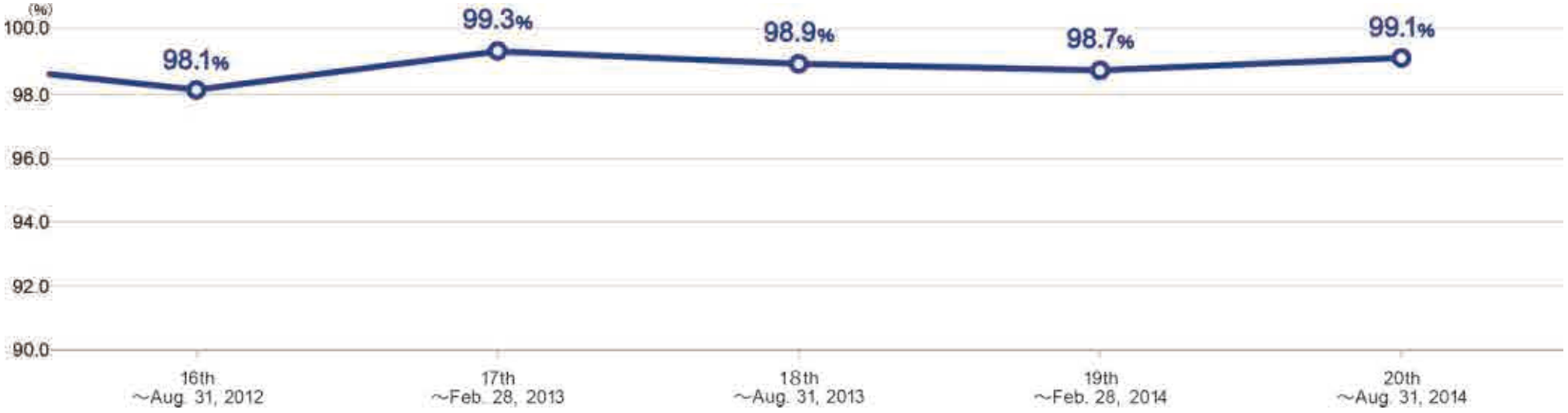
③ Decrease in debt-related expenses	+8
Total:	+8

Financial statements

Portfolio properties' occupancy rates

Maintained high occupancy rates

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



■Occupancy rates(the weighted average during the period)

Category	16th ~ Aug. 31, 2012	17th ~ Feb. 28, 2013	18th ~ Aug. 31, 2013	19th ~ Feb. 28, 2014	20th ~ Aug. 31, 2014	Investment percentage (based on acquisition price)
Active retail	98.2%	99.9%	99.3%	99.2%	99.8%	50.4%
Passive retail	100.0%	100.0%	100.0%	100.0%	100.0%	12.3%
Office buildings	97.7%	98.2%	98.1%	97.5%	97.5%	29.5%
Others	93.5%	94.7%	95.5%	95.2%	96.1%	7.8%
Total	**98.1%**	**99.3%**	**98.9%**	**98.7%**	**99.1%**	**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 11,097 mm yen at the end of 20th fiscal period (increase of 1,959 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 20th ①	Appraisal values 19th ②	Amount recognized in balance sheet at 20th ③	Variation From appraisal value at 19th ①-②	Variation From amount recognized in balance sheet at 20th ①-③	Direct capitalization values 20th Cap rate ④	Direct capitalization values 19th Cap rate ⑤	Direct capitalization values Variation ④-⑤	Appraisal company
Retail	Canal City Hakata	32,000	6.0%	32,200	32,200	30,985	0	1,214	5.1%	5.1%	-	Tanizawa Sogo Appraisal
	Canal City Hakata･B	28,700	5.4%	28,900	28,900	28,478	0	421	5.3%	5.3%	-	Tanizawa Sogo Appraisal
	Park Place Oita （＊3）	15,700	6.5%	18,036	16,735	17,731	1,301	304	6.2%	6.3%	(0.1)	Japan Real Estate Institute
	SunLiveCity Kokura	6,633	6.6%	7,640	7,410	6,054	230	1,585	6.4%	6.6%	(0.2)	Japan Real Estate Institute
	Square Mall Kagoshima Usuki	5,300	6.2%	4,980	4,920	4,750	60	229	6.5%	6.6%	(0.1)	Japan Real Estate Institute
	Kumamoto Intercommunity SC	2,400	6.5%	2,530	2,450	2,139	80	390	6.4%	6.6%	(0.2)	Japan Real Estate Institute
	AEON Hara Shopping Center	5,410	6.8%	4,560	4,490	5,338	70	(778)	8.3%	8.4%	(0.1)	Japan Real Estate Institute
	Hanahata SC	1,130	6.4%	1,140	1,120	1,050	20	89	6.0%	6.1%	(0.1)	Tanizawa Sogo Appraisal
	Kurume Higashi Kushiwara SC	2,500	6.1%	2,580	2,550	2,249	30	330	6.0%	6.1%	(0.1)	Tanizawa Sogo Appraisal
	K's Denki Kagoshima	3,550	5.7%	3,440	3,410	3,257	30	182	5.9%	6.0%	(0.1)	Tanizawa Sogo Appraisal
	Total of retail	103,323	6.0%	106,006	104,185	102,036	1,821	3,969	5.7%	5.8%	(0.1)	
Office buildings	Canal City Business Center Building	14,600	6.2%	14,400	14,600	13,724	(200)	675	5.3%	5.3%	-	Tanizawa Sogo Appraisal
	Gofukumachi Business Center	11,200	6.2%	12,600	12,800	9,660	(200)	2,939	5.2%	5.2%	-	Tanizawa Sogo Appraisal
	Sanix Hakata Building	4,400	5.9%	4,790	4,720	4,097	70	692	5.2%	5.3%	(0.1)	Japan Real Estate Institute
	Taihaku Street Business Center	7,000	6.0%	6,790	6,770	6,566	20	223	5.6%	5.7%	(0.1)	Japan Real Estate Institute
	Higashi Hie Business Center	5,900	6.0%	6,210	6,140	5,087	70	1,122	5.8%	5.9%	(0.1)	Tanizawa Sogo Appraisal
	Tenjin Nishi-Dori Center Building	2,600	5.4%	2,790	2,750	2,686	40	103	5.0%	5.1%	(0.1)	Japan Real Estate Institute
	Tenjin North Front Building	2,800	6.1%	3,010	2,950	2,798	60	211	5.5%	5.7%	(0.2)	Japan Real Estate Institute
	Total of office buildings	48,500	6.1%	50,590	50,730	44,622	(140)	5,967	5.4%	5.4%	-	
Others	Amex Akasakamon Tower	2,060	5.4%	1,790	1,730	1,846	60	(56)	5.3%	5.5%	(0.2)	Daiwa Real Estate Appraisal
	City House Keyaki Dori	1,111	5.5%	1,000	1,050	1,009	(50)	(9)	5.3%	5.5%	(0.2)	Daiwa Real Estate Appraisal
	Aqualia Kego	2,800	6.3%	3,390	3,370	2,730	20	659	5.3%	5.4%	(0.1)	Japan Real Estate Institute
	Aqualia Chihaya	1,280	6.8%	1,480	1,460	1,249	20	230	5.8%	5.9%	(0.1)	Japan Real Estate Institute
	D-Wing Tower	2,800	5.9%	3,110	3,060	2,842	50	267	5.3%	5.4%	(0.1)	Tanizawa Sogo Appraisal
	Hotel FORZA Oita	1,530	6.6%	1,590	1,560	1,499	30	90	6.4%	6.5%	(0.1)	Japan Real Estate Institute
	Tosu Logistics Center（＊4）	1,250	5.9%	1,270	1,250	1,291	20	(21)	5.8%	5.9%	(0.1)	Japan Real Estate Institute
	Total of others	12,831	6.0%	13,630	13,480	12,470	150	1,159	5.5%	5.7%	(0.2)	
Total properties		164,654	6.0%	170,226	168,395	159,128	1,831	11,097	5.6%	5.7%	(0.1)	

(＊1) It does not include "construction in progress in trust" in amount recognized in balance sheet at the end of period. (＊2) "Acquisition price" does not include fees, public charge and expenses.
(＊3)Floor expansion works in Park Place Oita completed in the 20th fiscal period. (＊4) "Appraisal value at 19th" is based on the acquisition timing. "The 19th Cap rate" is based on the appraisal value at the acquisition timing.

Business forecast (the 21st fiscal period)

Estimated to increase to 3,350yen(＋110yen)from the previous dividend's forecast

■Forecast in the 21st fiscal period

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

Account	20th Results A	21st Forecast at 19th B	**21st Forecast at 20th C**	**20th results variation C−A**	21st forecast variation C−B
Operating revenues	7,779	7,739	7,739	① (40)	(0)
Operating expenses	4,955	4,958	4,924	② (30)	(34)
Operating income	2,824	2,781	2,815	(9)	34
Non-operating income	1	1	1	0	0
Non-operating expenses	562	546	504	③ (58)	(41)
Ordinary income	2,263	2,236	2,312	48	76
Net income	2,262	2,235	2,311	49	76
Dividend per unit (yen)	3,278	3,240	3,350	72	110

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

■Variance between the 20th fiscal period results and the 21st fiscal period forecast

① Canal City Hakata (53)
[-Of which, nonrecurrence of percentage rent, etc. (47)]
Canal City Hakata-B +7
Park Place Oita (1)
[-Of which, decrease in utility reimbursement at Park Place Oita (6)]
Office buildings (1)
Others +2
Tosu Logistics Center +6
Total: (40)

② Decrease in outsourcing fees +25
Decrease in depreciation +2
Increase in repair & maintenance expenses (57)
[-Of which, Gofukumachi Business Center and two other office buildings (54)]
Decrease in utility expenses +14
[-Of which, decrease in utility expenses at Park Place Oita +7]
Decrease in other expenses +46
Total: +30

③ Decrease in debt-related expenses +58
[-Of which, cost decrease due to refinancing in the previous fiscal period +42
-Of which, decrease in other costs +9
-Of which, difference attributable to a decrease of 3days in the investment period compared to the previous fiscal period +7]
Total: +58

Business forecast (the 22nd fiscal period)

Dividend estimated to be increased

■Forecast in the 22nd fiscal period

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

Account	21st Forecast at 20th A	22nd Forecast at 20th B	21st forecast variation B−A
Operating revenues	7,739	7,745	① 5
Operating expenses	4,924	4,914	② (9)
Operating income	2,815	2,830	15
Non-operating income	1	1	-
Non-operating expenses	504	512	③ 8
Ordinary income	2,312	2,319	7
Net income	2,311	2,318	7
Dividend per unit (yen)	3,350	3,360	10

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

■Variance from updated the 21st fiscal period forecast

① Canal City Hakata (44)
- [-Of which, downtime due to tenant replacement, etc. (South Building) (53)]
- Canal City Hakata･B (4)
- Park Place Oita +0
  - [-Of which, decrease in percentage rent, etc. (23)
  - -Of which, increase in utility reimbursement +22]
- SunLiveCity Kokura (2)
- Office buildings +49
  - [-Of which, Gofukumachi Business Center +28]
- Others +6

Total: +5

② Increase in outsourcing fees (10)
- Increase in depreciation (19)
- Decrease in repair & maintenance expenses +87
- Increase in utility expenses (33)
  - [-Of which, increase in utility expenses at Park Place Oita (16)]
- Increase in taxes and fees (Tosu Logistics Center) (4)
- Increase in other expenses (12)

Total: +9

③ Increase in debt-related expenses (8)
- [-Of which, difference attributable to an increase of 3days in the investment period compared to the previous fiscal period (7)
- -Of which, increase in other expenses (1)]

Total: (8)

Key financing events in the 20th fiscal period

Achievement of a decrease in the average interest rate on debt and an increase in duration through refinancing

■Financial performance in the 20th and 21st fiscal period

March, 2014

●**New financing accompanying acquisition of properties**
Partially financed the 1,250 mm yen Tosu Logistics Center acquisition by means of a committed line of credit of 500 mm yen

July, 2014

●**Renewed committed line of credit arranged by The Bank of Fukuoka**
(Credit limit of 6,000 mm yen, 1-year term)

●**Refinanced maturing debt (1)**
Syndicated loan arranged by Mizuho Bank
in a total amount of 10,300 mm yen (4-year term, 1.410% fixed rate)
—Refinanced by splitting into two loans of 3,700 mm yen
(5-year term, 0.538% fixed rate) and 6,300 mm yen
(7-year term, 0.835% fixed rate) (300 mm yen was repaid using own funds)

August, 2014

●**Refinanced maturing debt (2)**
Development Bank of Japan long-term debt of 4,000 mm yen
(5-year term, 1.710% fixed rate)
—Refinanced with a loan of 4,000 mm yen (8-year term, 1.010% fixed rate), the longest term for a loan from a financial institution

New
September, 2014

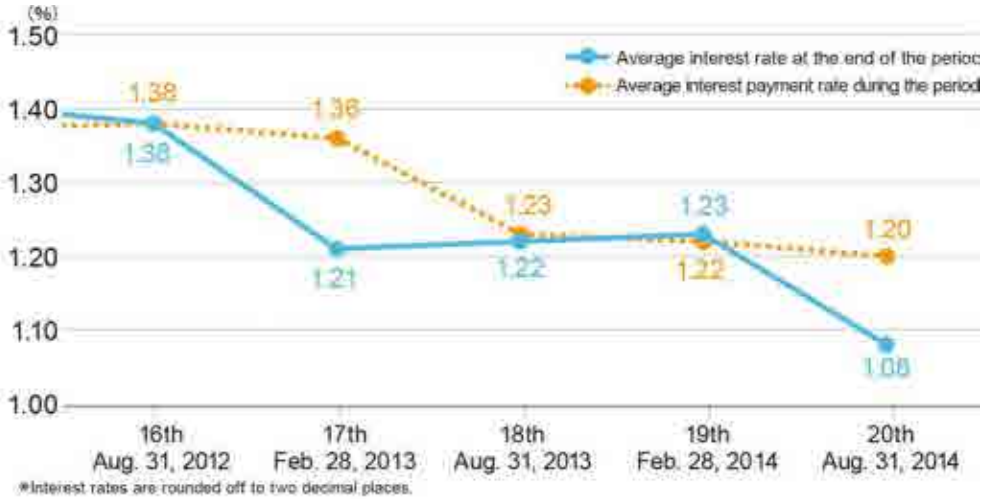
●**Refinanced maturing under the committed line of credit with long-term loan**
Committed line of credit in the amount of 500 mm yen
(short-term, 1-month TIBOR + 0.35%)
—Refinanced with a long-term loan of 500 mm yen
(5-year term, 0.520% fixed rate) from The Bank of Tokyo-Mitsubishi UFJ, marking the start of a business relationship with The Bank of Tokyo-Mitsubishi UFJ

■Credit ratings (*1)

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

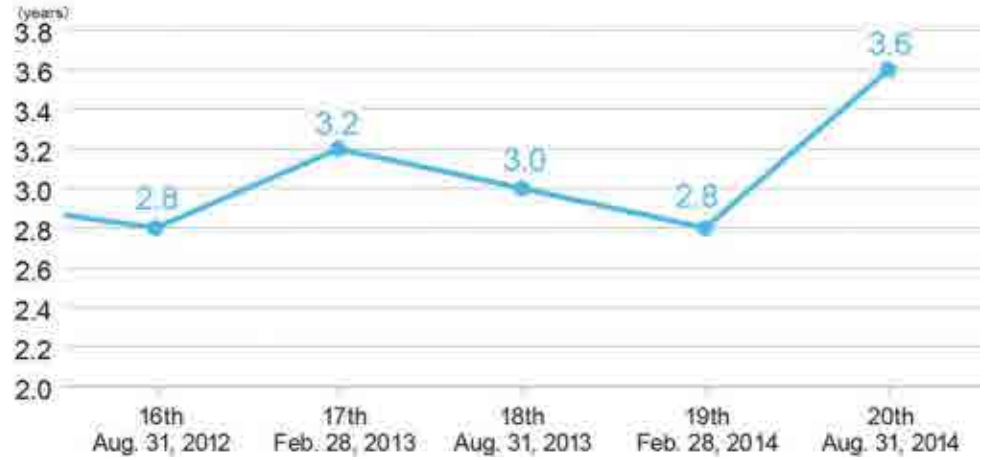
(*1) S&P: long-term issuer rating obtained from Standard & Poor's Rating Japan K.K. (S&P)
R&I: issuer rating obtained from Rating and Investment Information, Inc. (R&I)
JCR: long-term senior debt rating obtained from Japan Credit Rating Agency, Ltd. (JCR)
*As of August 31, 2014

■Average interest rate paid during fiscal periods



*Interest rates are rounded off to two decimal places.

■Duration –average remaining duration to maturity (years)



Financial strategy

Borrowings profile

Maintenance of financial strengths

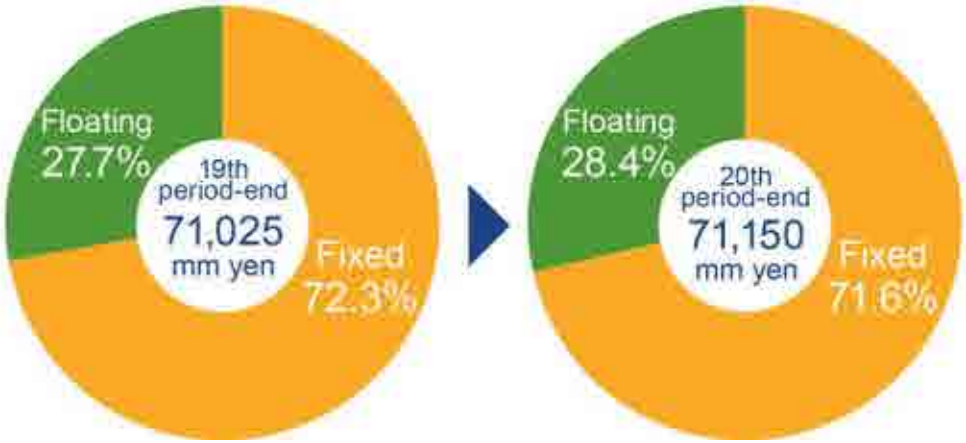
■Total assets, interest-bearing debt and LTV



■Diversification of debt maturities (As of August 31, 2014)



■Proportions of fixed and floating rate



Financial strategy

List of borrowings

Stable debt financing

(As of August 31, 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	Resona Bank	300,000,000	Sep. 30, 2010	Sep. 30, 2014	Lump-sum upon maturity	1.32493%(＊2)	No collateral No guarantee
	Sumitomo Mitsui Banking Corporation	1,200,000,000	Jun. 30, 2010	Jun. 30, 2015		1.11000%(＊1)(＊4)	
	Sumitomo Mitsui Trust Bank	1,000,000,000	Jul. 29, 2011	Jul. 31, 2015		1.04086%(＊2)	
	Development Bank of Japan Inc.	4,000,000,000	Aug. 31, 2009	Aug. 31, 2015		1.95000%(＊2)	
	Subtotal	**6,500,000,000**					
Long-term debt	Development Bank of Japan Inc.	2,250,000,000	Jun. 30, 2009	Jun. 30, 2017	Repayment instalment(＊5)	2.20000%(＊2)	No collateral No guarantee
	Development Bank of Japan Inc.	4,000,000,000	Aug. 31, 2009	Aug. 31, 2016	Lump-sum upon maturity	2.17000%(＊2)	
	The Bank of Fukuoka	1,500,000,000	Dec. 30, 2010	Dec. 30, 2016		0.66000%(＊1)(＊4)	
	The Bank of Fukuoka	2,000,000,000	Mar. 1, 2011	Feb. 29, 2016		0.66000%(＊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		0.81000%(＊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)	
	The Bank of Fukuoka	1,500,000,000	Dec. 30, 2011	Dec. 30, 2017		0.81000%(＊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)	
	The 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		0.61000%(＊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		0.71000%(＊1)(＊6)	
	The Nishi-Nippon City Bank	1,900,000,000	Feb. 28, 2013	Feb. 28, 2018		0.71000%(＊1)(＊6)	
	Mizuho Bank	1,700,000,000	Feb. 28, 2013	Feb. 29, 2020		0.71000%(＊1)(＊6)	
	Sumitomo Mitsui Trust Bank	1,100,000,000	Feb. 28, 2013	Feb. 28, 2018		0.76000%(＊1)(＊6)	
	Mitsubishi UFJ Trust and Banking Corporation	1,500,000,000	Feb. 28, 2013	Feb. 28, 2018		0.56000%(＊1)(＊6)	
	Aozora Bank	600,000,000	Feb. 28, 2013	Feb. 28, 2018		0.56000%(＊1)(＊6)	
	Mitsubishi UFJ Trust and Banking Corporation	600,000,000	Mar. 29, 2013	Mar. 30, 2018		0.56000%(＊1)(＊4)	
	Aozora Bank	1,000,000,000	Jun. 28, 2013	Jun. 30, 2020		0.61000%(＊1)(＊4)	
	Mizuho Bank, The Norinchukin Bank, The Bank of Saga	3,700,000,000	Jul. 31, 2014	Jul. 31, 2019		0.53800%(＊3)	
	Mizuho Bank, The Norinchukin Bank, The Hiroshima Bank, The Kitakyushu Bank, The Iyo Bank, The Higo Bank	6,300,000,000	Jul. 31, 2014	Jul. 30, 2021		0.83500%(＊3)	
	Development Bank of Japan Inc.	4,000,000,000	Aug. 29, 2014	Aug. 31, 2022		1.01000%(＊2)	
	Subtotal	**62,150,000,000**					
Committed line of credit	The Bank of Fukuoka, Resona Bank(＊7)	200,000,000	Aug. 25, 2014	Sep. 25, 2014	Lump-sum upon maturity	0.49636%(＊9)	No collateral No guarantee
	The Nishi-Nippon City Bank, Resona Bank, The Oita Bank, The Bank of Nagasaki, The Bank of Saga(＊8)	300,000,000	Aug. 25, 2014	Sep. 25, 2014		0.49636%(＊9)	
	Subtotal	**500,000,000**					
	Total	**69,150,000,000**					

■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	Lump-sum upon maturity	1.32000%	–
Total		**2,000,000,000**					

(＊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 June 30, 2014 to September 30, 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 August 29, 2014 to November 28, 2014 (not including the concerned date). (＊7) The debt under committed line of credit 1.
(＊8) The debt under committed line of credit 2. (＊9) It is from August 25, 2014 to September 25, 2014 (not including the concerned date).

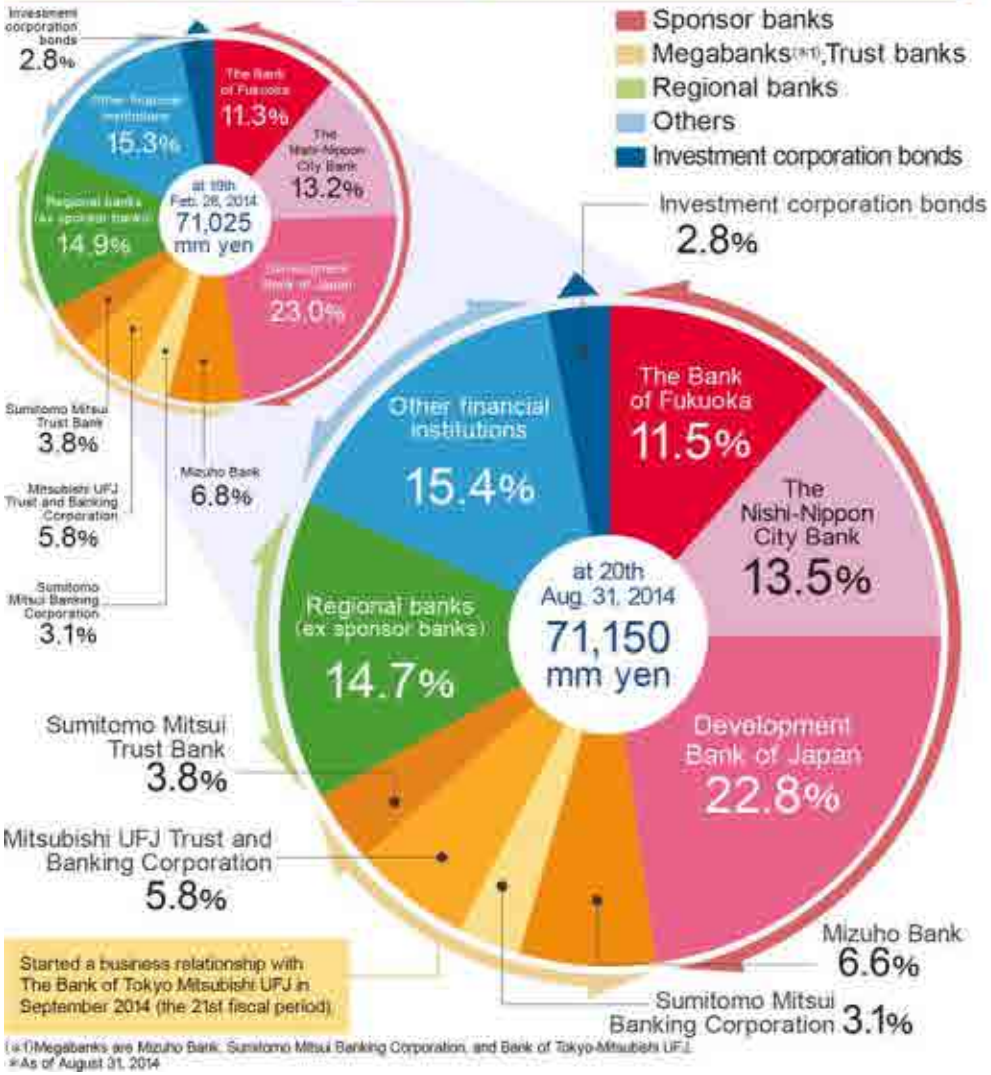
■Committed line of credit

Type	Lender	Credit Limit (JPY)	Commitment Period		Description
			Start	End	
Committed line of credit 1	The Bank of Fukuoka, Resona Bank	6,000,000,000	Aug. 1, 2014	Jul. 31, 2015	No collateral No guarantee
Committed line of credit 2	The Nishi-Nippon City Bank, Resona Bank, The Oita Bank, The Bank of Nagasaki, The Bank of Saga	7,000,000,000	Mar. 3, 2014	Feb. 29, 2016	
Total		**13,000,000,000**			

Lender formation

A stable trading network of sponsor banks and other lenders

■Breakdown of debt by lenders

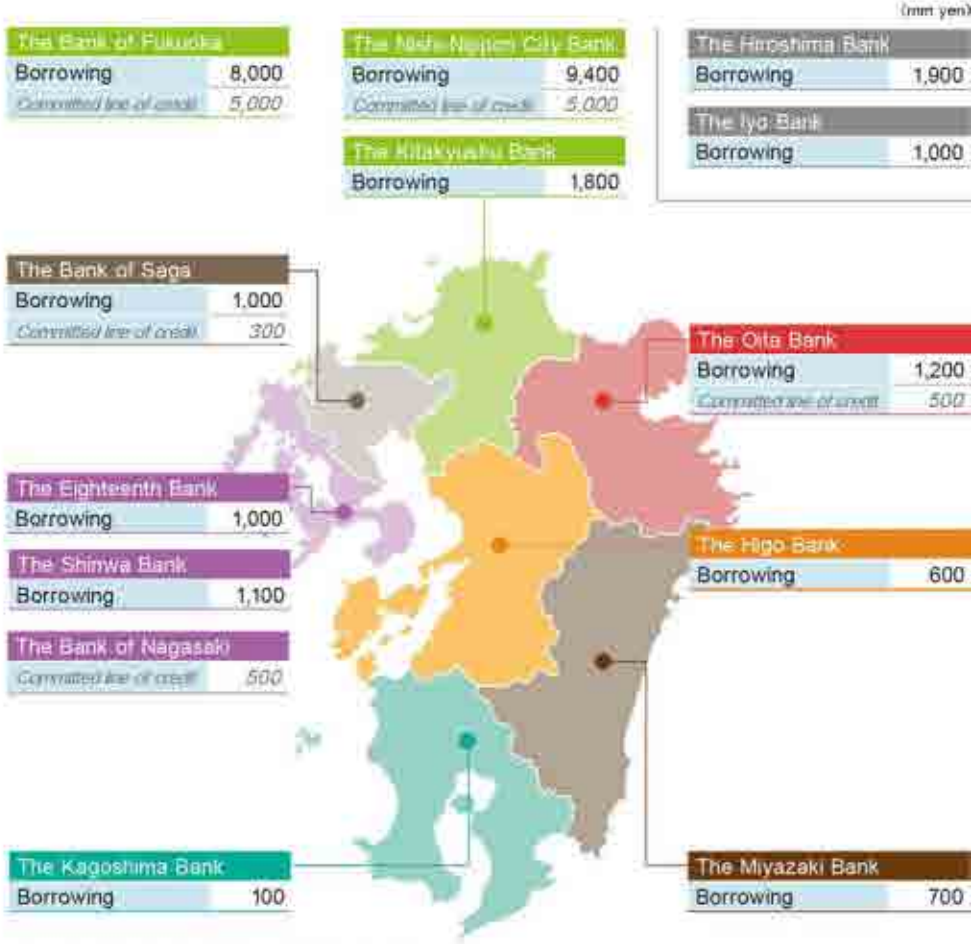


(※1)Megabanks are Mizuho Bank, Sumitomo Mitsui Banking Corporation, and Bank of Tokyo-Mitsubishi UFJ.
※As of August 31, 2014

■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)

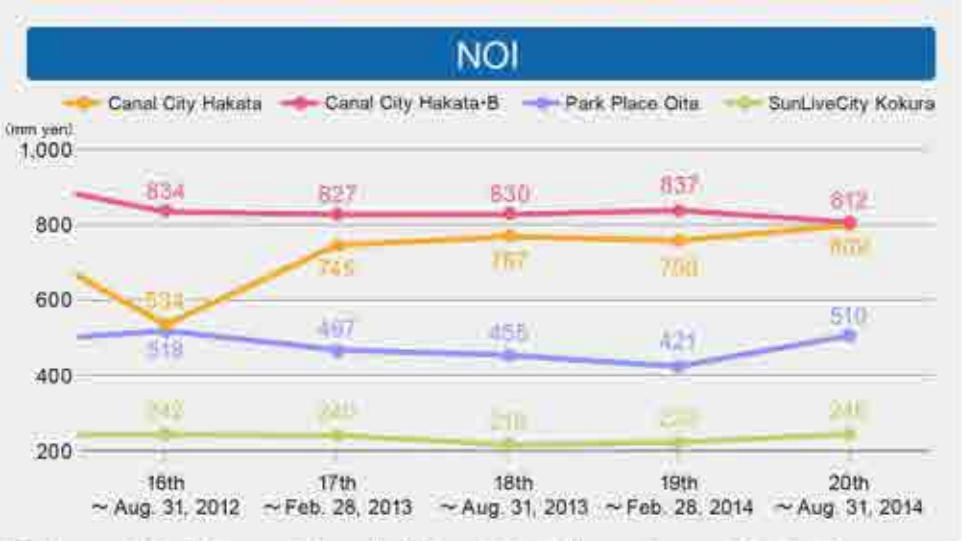


※Borrowing is started excluding the committed line of credit.
※As of August 31, 2014

Financial strategy

Active retail

Sales increase as a result of attracting inbound foreign visitors at Canal City Hakata and floor expansion and renovation at Park Place Oita and SunLive City Kokura



※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)

Sep. 2012 – Aug. 2013 ➡ Sep. 2013 – Aug. 2014

27.1 bn yen ➡ 29.1 bn yen

+7.2%

The number of foreign visitors increased, thanks in part to the weak yen. Sales were strong, particularly at the drugstore, duty free shop, and hotel. Use of restaurants and browsing of shops by customers who came to view performances at Canal City Theater or popular movies increased.

(※1) Combined sales of Canal City Hakata and Canal City Hakata・B, properties owned by Fukuoka REIT.
※Fukuoka REIT has no plan to own Canal City Theater at this time.

Park Place Oita



Sales (annual total)

Sep. 2012 – Aug. 2013 ➡ Sep. 2013 – Aug. 2014

25.6 bn yen ➡ 26.7 bn yen

+4.2%

The expanded section of Park Place Oita opened in April 2014 with tenants including the first H&M and ZARA shops and the largest UNIQLO store in Oita Prefecture. Sales increased thanks to the news-making large-scale renovation and a ripple effect on the entire shopping center.

SunLiveCity Kokura



Sales (annual total ※2)

Sep. 2012 – Aug. 2013 ➡ Sep. 2013 – Aug. 2014

- ➡ -

+3.1%

SunLive City Kokura was renovated in February and March 2014, and household accessories and miscellaneous goods shops were introduced in a successful effort to draw customers who come for planned purchases. Although the closure of some tenants because of the renovation had an impact on sales in February, overall sales exceeded the prior-year level each month from March to August.

※Sales figures are rounded down to the nearest hundred million yen.

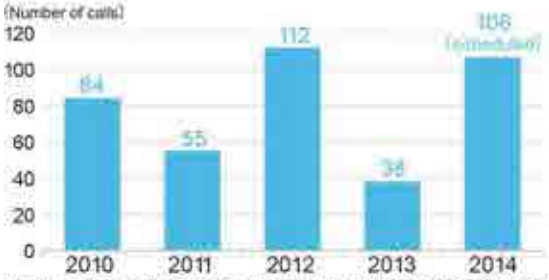
(※2) Sales figures are omitted because SunLive did not consent to their disclosure.

Current situation at Canal City Hakata (overall)

Strong sales as a result of visits by foreign visitors and synergy with events

■Trend in Numbers of Foreign Visitors

◎Number of cruise ship port calls at Port of Hakata



Source: "Port of Hakata Cruise Ship Record" and "Cruise Ship Schedule in 2014" (published Sept. 26, 2014), posted on the Port of Hakata website



At Chuo Wharf

◎The number of cruise ship port calls has increased sharply in 2014.









■Renovations and Events



◎TOTO, DAIKEN, and YKK AP collaborative showroom



◎A CATS-themed yamakasa float

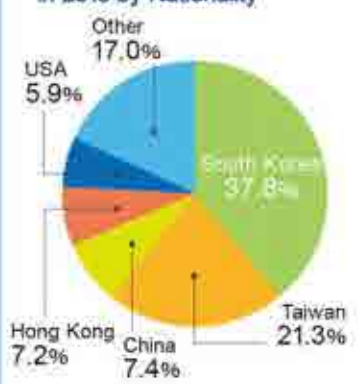


◎Canal SPLASH!! and a water curtain

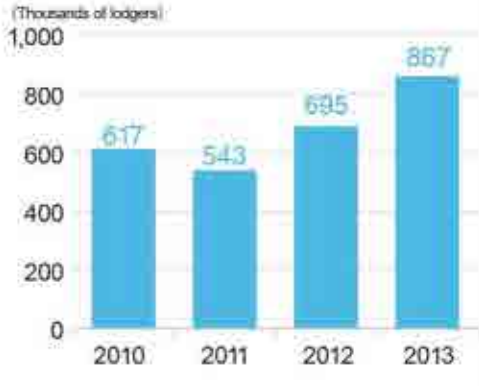


◎"STAND BY ME Doraemon" at Canal Plaza

◎Composition Ratio of the Total Number of Foreign Lodgers in Fukuoka Prefecture in 2013 by Nationality



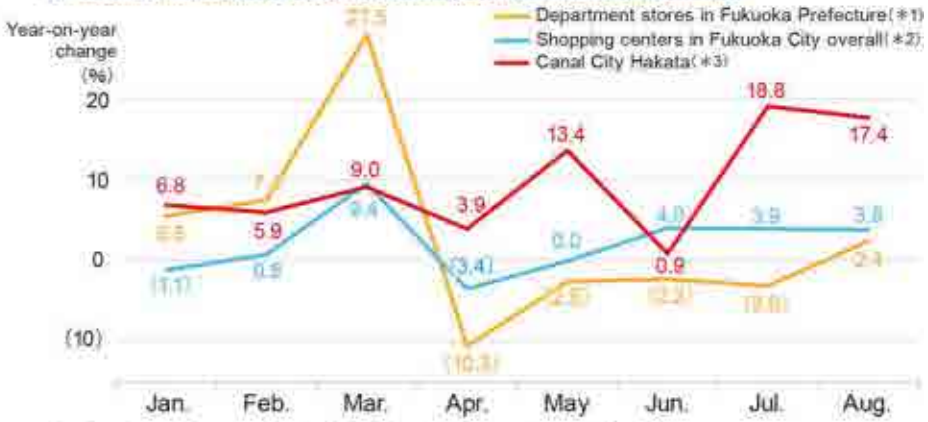
◎Change in the Total Number of Foreign Lodgers in Fukuoka Prefecture



Source: Japan Tourism Agency "Accommodation and tourism statistics published in Aug 2014

■Year-on-Year Sales Comparison of Department Stores and Shopping Centers (2014)

◎The sales decrease due to the consumption tax increase was minor.



(*1) Source: "Recent Change in Department Store Sales," Japan Department Stores Association
(*2) Source: "Report on the Monthly Sales Statistical Survey of Shopping Centers," Japan Council of Shopping Centers
(*3) Combined sales of Canal City Hakata and Canal City Hakata・B, properties owned by Fukuoka REIT

Current situation at Park Place Oita

The expanded section opened in April 2014

■Area Surrounding Park Place Oita



■Grand Opening of the Expanded Area





Approx. 1,800 visitors await the grand opening of the expanded area.

◎Expansion overview

Total floor area: 6,312.24㎡

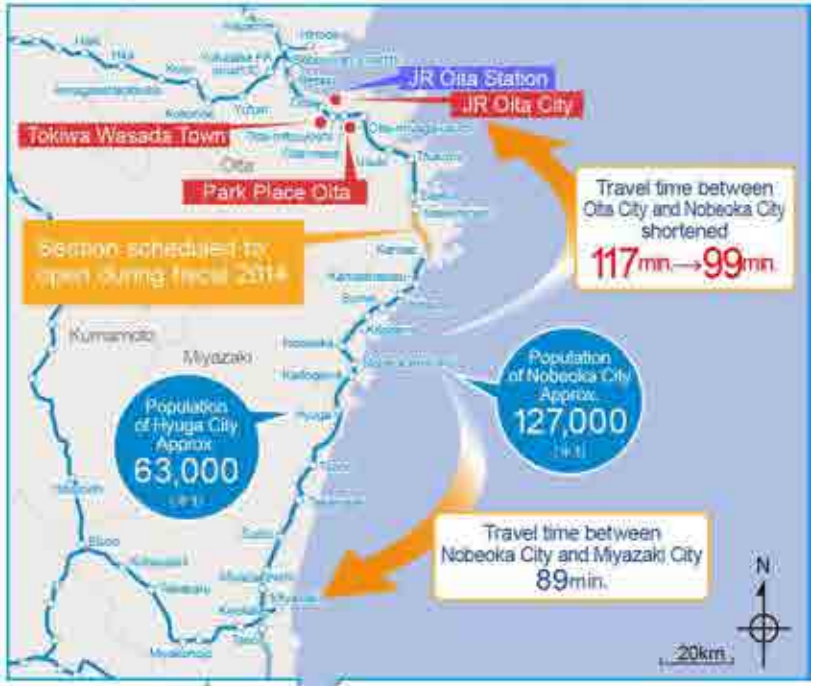
Building construction: 2-story steel construction

Opening date: Friday on 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.

■Planned Full Opening of the Higashi-Kyushu Expressway

◎Full opening of the expressway between Oita and Miyazaki planned during fiscal 2014





- Park Place Oita is 5 minutes by car from Oita Mera IC and Oita Miyakawachi IC.
- As for transportation, more than 90% of visitors come in their own vehicles.
- Media companies in Miyazaki also came for reporting when the expanded section was opened.

(※1) "Change in Resident Population, Number of Households, etc. of Nobeoka City as of September 1, 2014," published on the Nobeoka City website, and "Population of Hyuga City (by Area) in August 2014," published on the Hyuga City website

Source: Prepared by Fukuoka Realty based on data from the West Nippon Expressway Company website and 2014 Outline of Kyushu Economy

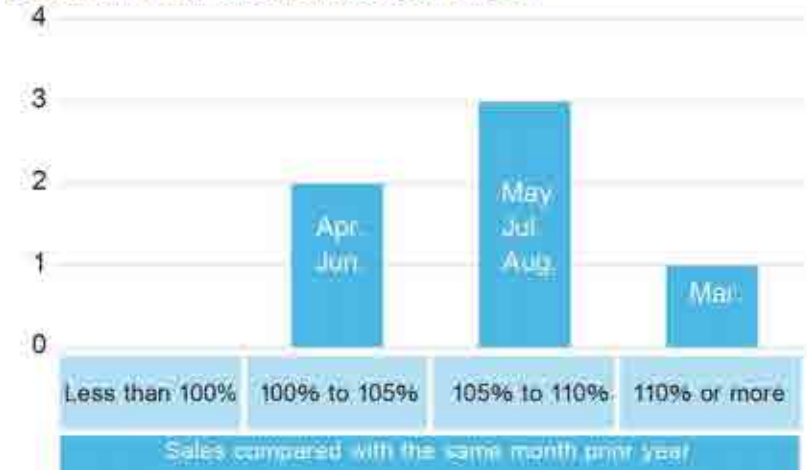
Renovation of SunLive City Kokura

Recovery in percentage rent as a result of renovation

■About SunLive City Kokura



◎Months in which sales increased year on year



◎New tenants which moved in following the renovation







■About SunLive

◎Fiscal 2013 Sales Rankings of Supermarkets in Kyushu and Okinawa

Rank	Name	Location	Sales (mm yen)
1	AEON Kyushu	Fukuoka Pref.	245,613
	SunLive + Marushoku	-	207,710
2	SAN-A	Okinawa Pref.	153,367
3	MaxValu Kyushu	Fukuoka Pref.	140,278
4	SunLive*	Fukuoka Pref.	137,925
5	Taiyo	Kagoshima Pref.	128,693
6	Marukyo	Fukuoka Pref.	84,747
7	Marushoku*	Oita Pref.	69,785
8	AEON Ryukyu	Okinawa Pref.	67,604
9	HalloDay	Fukuoka Pref.	67,377
10	Kanehide Commerce	Okinawa Pref.	65,940

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

◎In-store events

■Dietary education event — All You Can Grab Sweetfish
■Nissin Chicken Ramen Event
■Handicraft classes(Coin banks, candles, eco bags, etc.)
■Andean music — César Ticona live performance





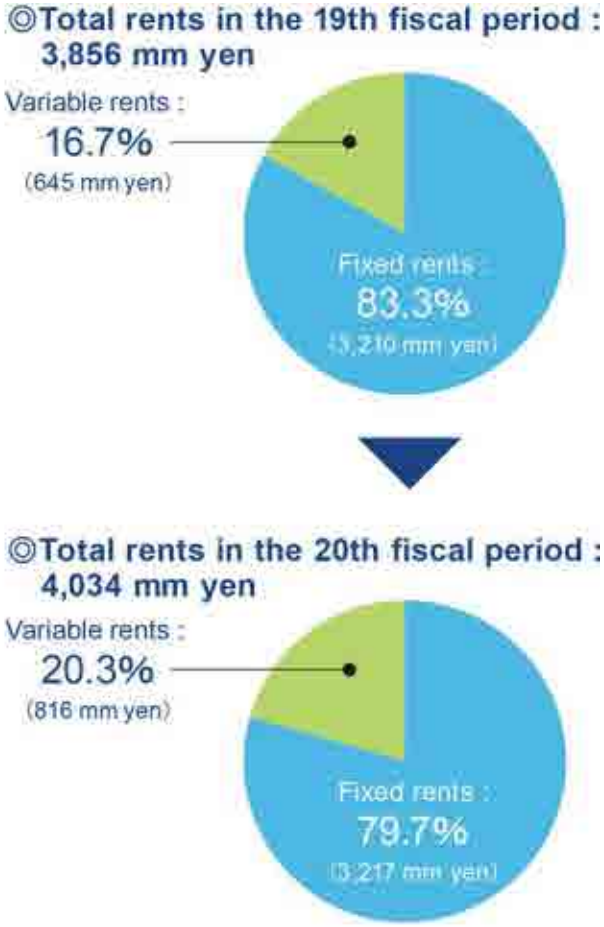
Breakdown of active retail rents

Increased in the variable rents of active retail properties

■Breakdown of rents by property



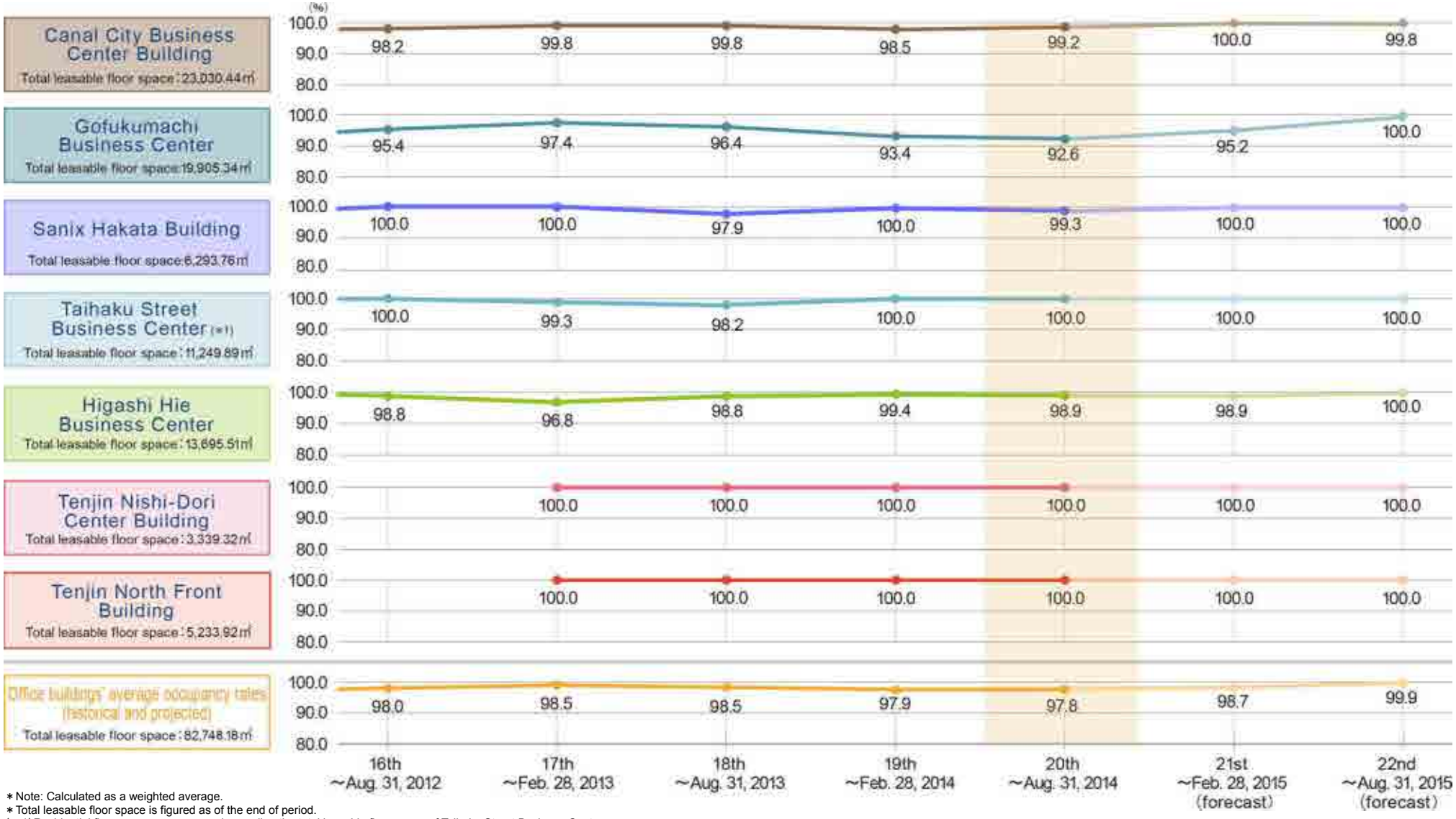
■Breakdown of total rents



(*1)Fixed rents are 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 rents (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 rents are the sum of the portion of rents collected from tenants with variable rents 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 21st fiscal period

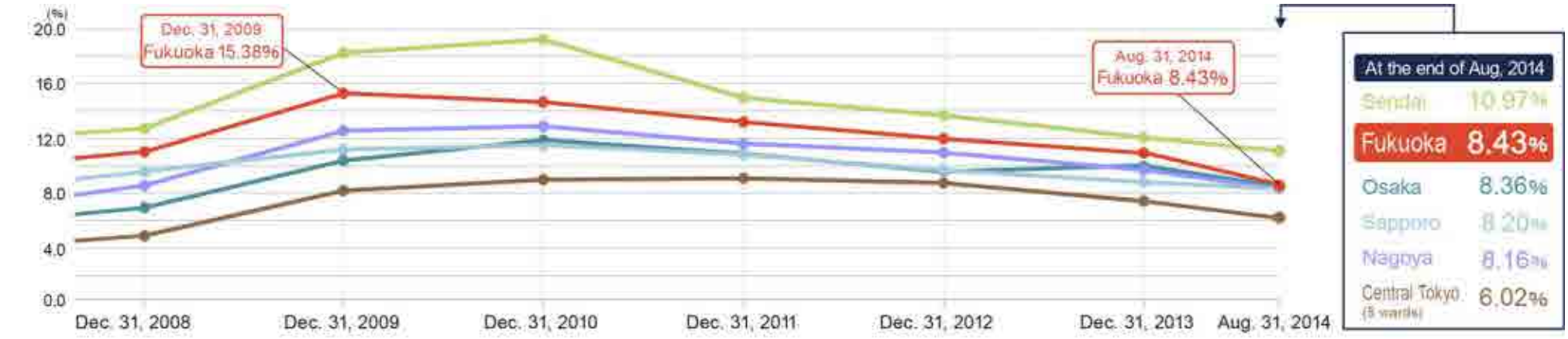


∗ Note: Calculated as a weighted average.
∗ Total leasable floor space is figured as of the end of period.
(∗1) Residential floor spaces are removed regarding the total leasable floor space of Taihaku Street Business Center.

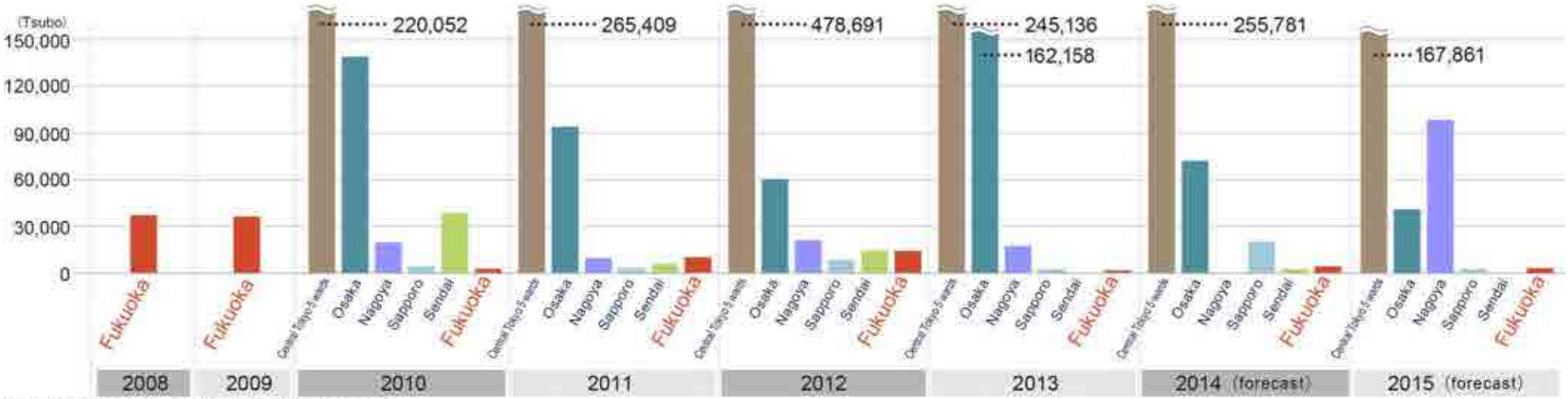
Fukuoka office market

The average vacancy rate in Fukuoka City decreases 19 consecutive months

■Average vacancy rates in major Japanese cities



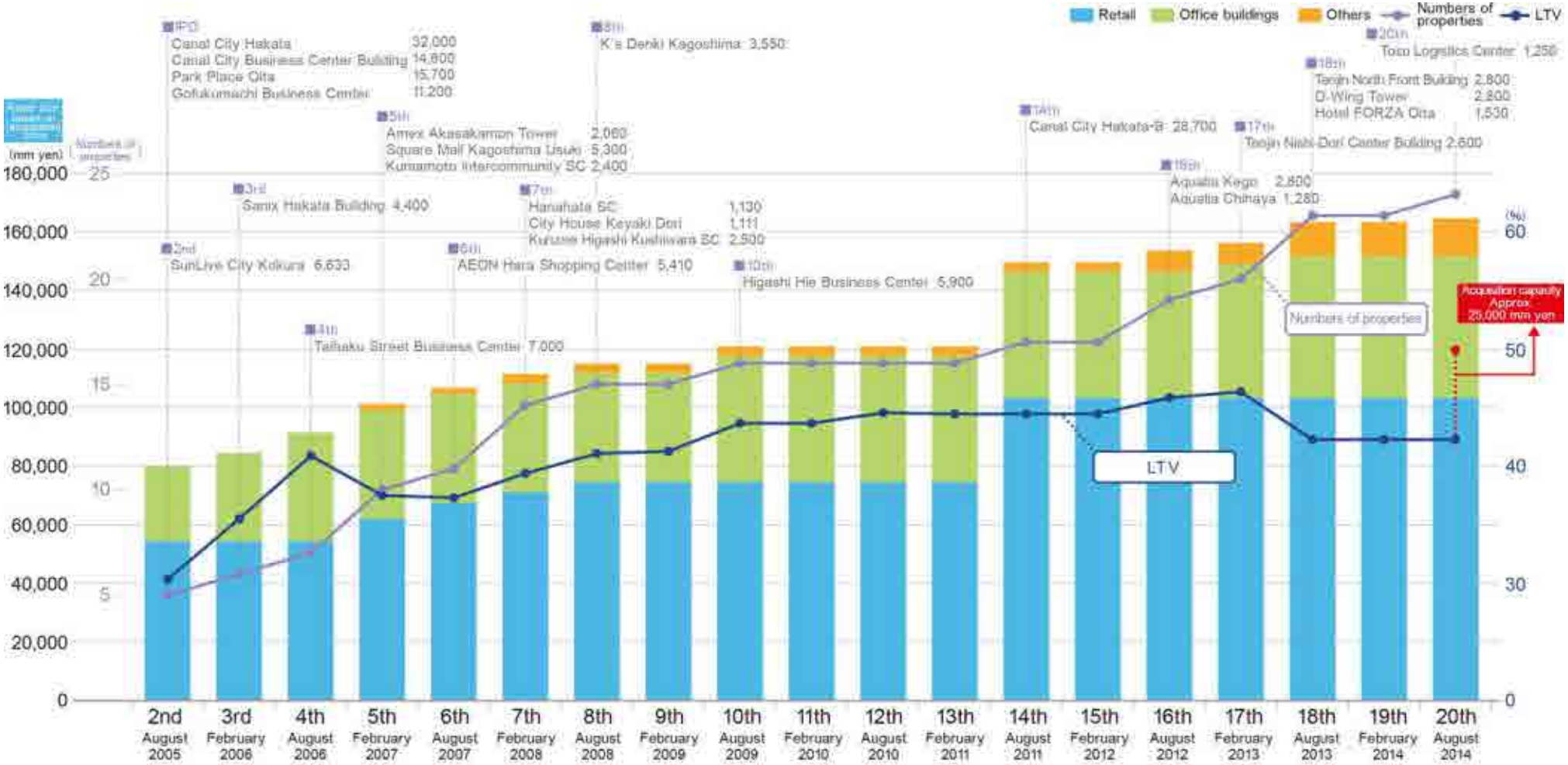
■New supply in major cities



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

History of Fukuoka REIT Corporation

Sound financial management and asset expansion



*Kominedai Community Mall, acquired in the 3rd fiscal period, is not included in the above assets under management since it was sold in the 6th fiscal period.
*A 5-for-1 split of Fukuoka REIT investment units was effectuated on March 1, 2014. Accordingly, investment unit prices and issuance prices until February 25, 2014 have been divided by five.

History of Fukuoka REIT

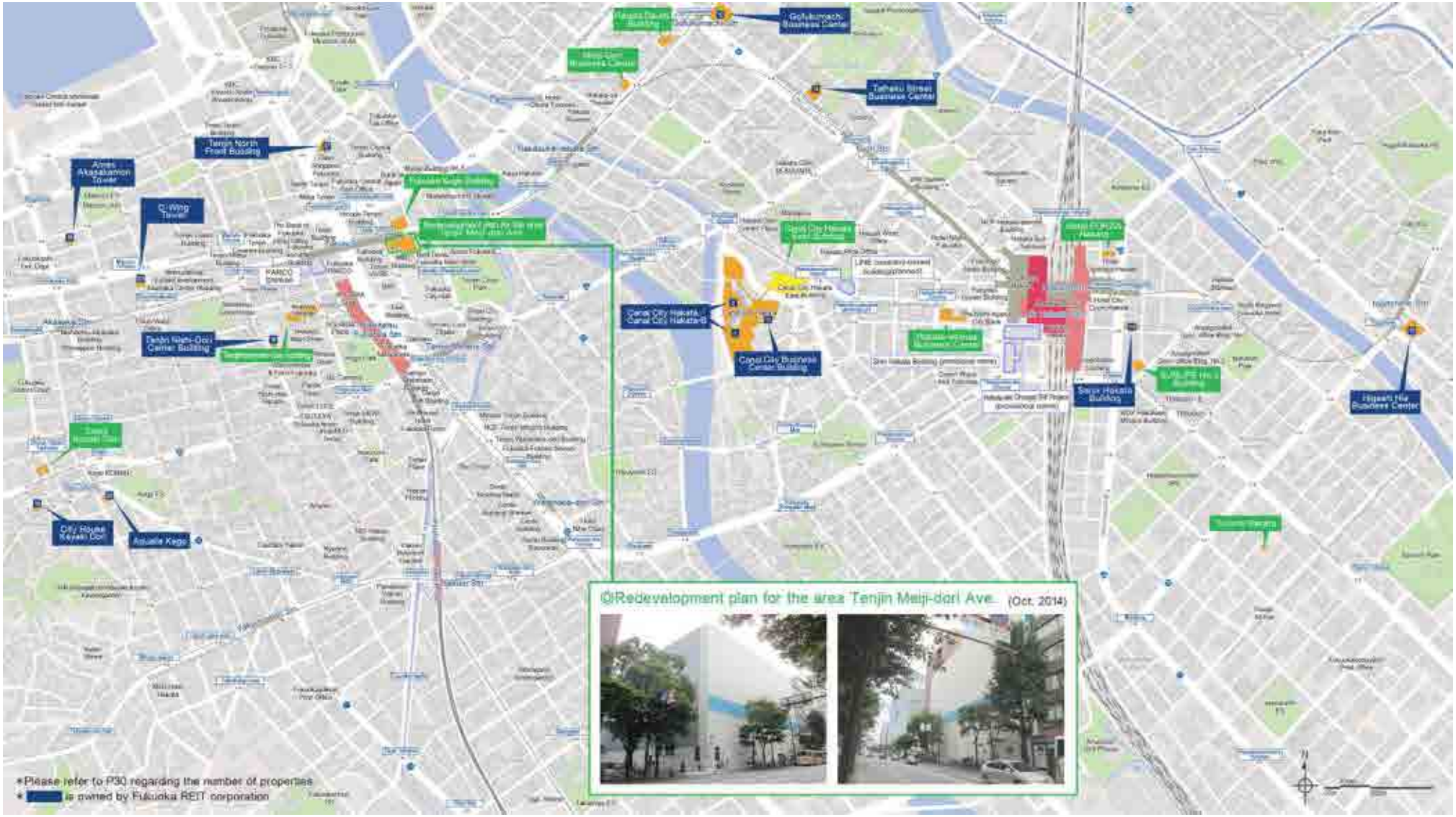
CEO and Representative Director of Fukuoka REIT Corporation
Masatoshi Matsuo (August 2004) → Masayasu Seki (July 2006 to May 2014) → Etsuo Matsuyuki (May 2014 to present)

CEO and Representative Director of Fukuoka Realty Co., Ltd.
Masatoshi Matsuo (August 2004) → Masayasu Seki (June 2006 to June 2012) → Etsuo Matsuyuki (June 2012 to present)

Asset's growth

The condition of Fukuoka City Center

Redevelopment in the Tenjin area and the area fronting Hakata Station is progressing



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	167,824 mm yen (as of August 31, 2014)
Total debt	71,150 mm yen (as of August 31, 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 20th fiscal period end	August 31, 2014 (semi-annual periods ending every February and August)
Dividend (actual)	3,278 yen per unit
Days in fiscal period	184 days
Dividend yield	3.3% {(Dividend / days in fiscal period ×365) / unit price} (as of August 31, 2014)

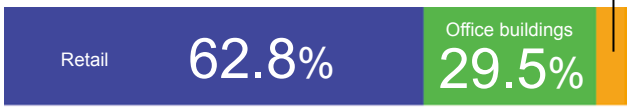
Investment unit price

Unit price	199,000 yen (as of August 31, 2014)
Total number of investment units outstanding	690,000 units (as of August 31, 2014)
Market capitalization	137,310 mm yen (unit price × outstanding units) (as of August 31, 2014)
Net asset value per share	118,410 yen (as of August 31, 2014)
Market net asset value per share	134,493 yen (as of August 31, 2014)

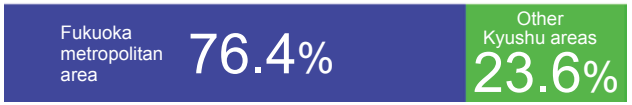
Market net asset value per share = {(Total appraisal value at the end of period based on appraisal reports -Total book value at the end of period based on balance sheet) + (Net asset at the end of period)} / (Total number of investment units outstanding)

Portfolio summary (＊1)

Asset type (based on acquisition price)



Asset location (based on acquisition price)



Total leasable floor space	475,682.05㎡
Occupancy rates at the end of period	99.3%

(＊1) Figures have been calculated by properties at as of August 31, 2014.

Appendix

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 and Fukuoka Realty 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）

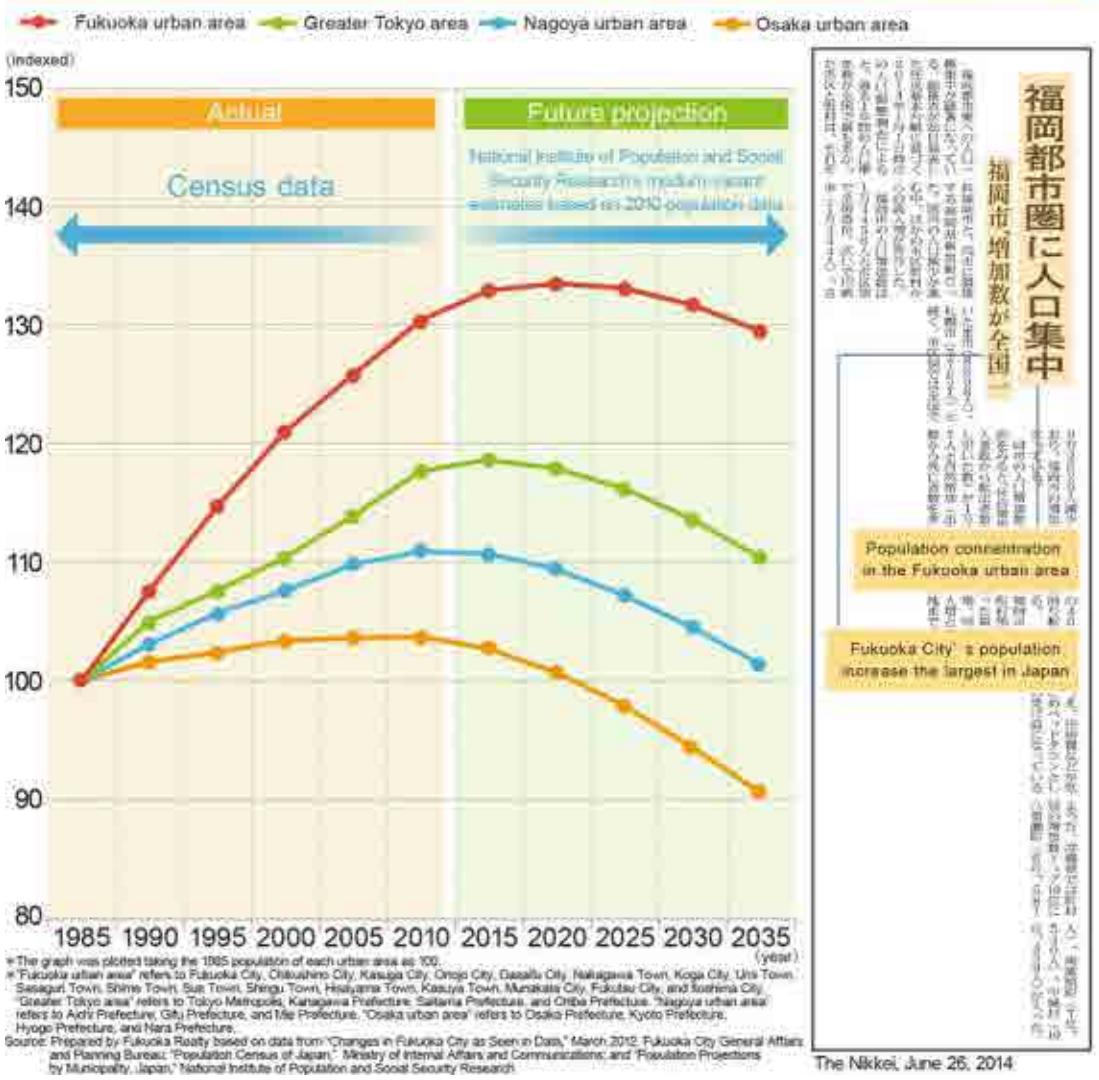
Retail 60-80%
（Urban,Regional and Community shopping centers）

Appendix

Population movement of Fukuoka city

The population of Fukuoka City continues to increase

■Major Japanese metropolitan area's population trends

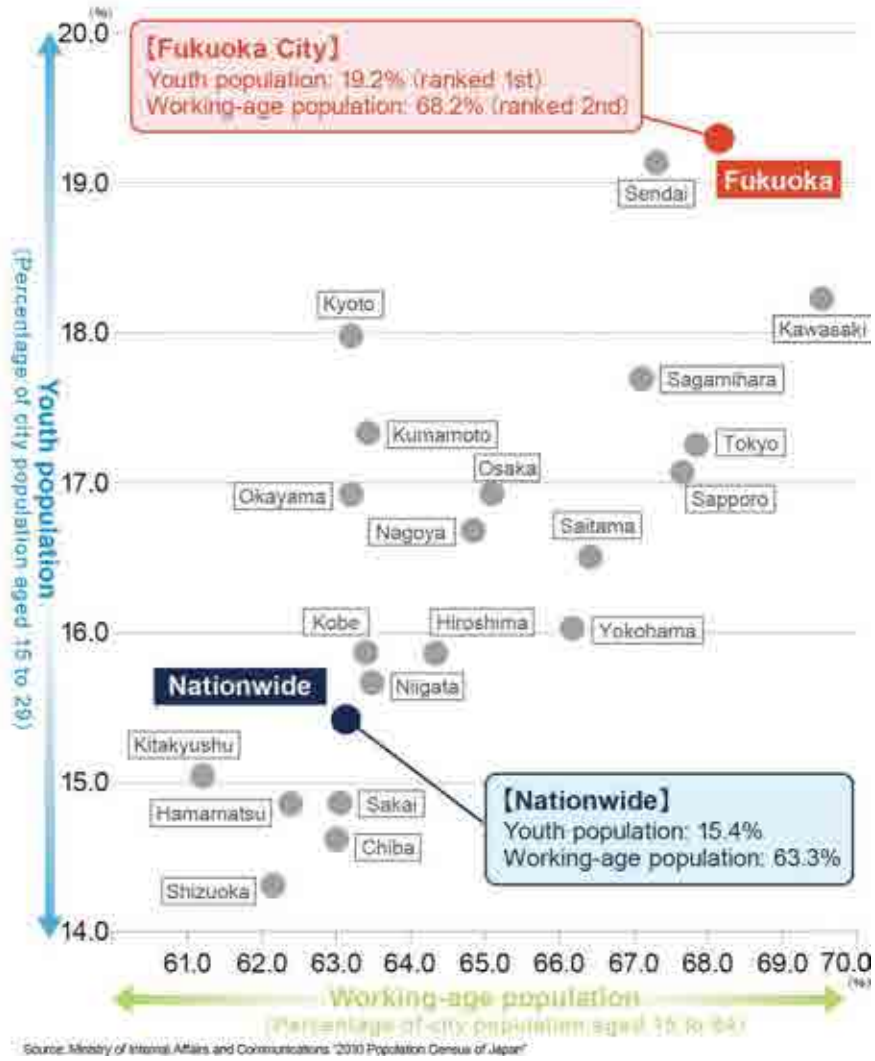


* The graph was plotted taking the 1985 population of each urban area as 100.
* "Fukuoka urban area" refers to Fukuoka City, Chikushino City, Kasuga City, Onojo City, Dazaifu City, Nakagawa Town, Koga City, Umi Town, Sasaguri Town, Shime Town, Sue Town, Shingu Town, Hisayama Town, Kasuya Town, Munakata City, Fukutsu City, and Itoshima City. "Greater Tokyo area" refers to Tokyo Metropolis, Kanagawa Prefecture, Saitama Prefecture, and Chiba Prefecture. "Nagoya urban area" refers to Aichi Prefecture, Gifu Prefecture, and Mie Prefecture. "Osaka urban area" refers to Osaka Prefecture, Kyoto Prefecture, Hyogo Prefecture, and Nara Prefecture.

Source: Prepared by Fukuoka Realty based on data from "Changes in Fukuoka City as Seen in Data," March 2012, Fukuoka City General Affairs and Planning Bureau; "Population Census of Japan," Ministry of Internal Affairs and Communications; and "Population Projections by Municipality, Japan," National Institute of Population and Social Security Research

The Nikkei, June 26, 2014

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



Source: Ministry of Internal Affairs and Communications "2010 Population Census of Japan"

Appendix

Portfolio table

(as of August 31, 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	18yr 4m	32,000	19.4%	Nov. 9, 2004	Sponsor	46,483.22	100.0%	48	Washington Hotel and United Cinema
	Canal City Hakata・B	18yr 4m	28,700	17.4%	Mar. 2, 2011	Outside party (SPC)	68,805.88	99.6%	48	Grand Hyatt Fukuoka and OPA
	Park Place Oita	12yr 5m	15,700	9.5%	Nov. 9, 2004	Sponsor	109,603.80	100.0%	106	AEON and K's Denki
	SunLiveCity Kokura	9yr 5m	6,633	4.0%	Jul. 1, 2005	Outside party	61,450.22	100.0%	1	SunLive
	Square Mall Kagoshima Usuki	7yr 1m	5,300	3.2%	Sep. 28, 2006	Sponsor	14,602.59	100.0%	12	Sports Depo / Golf5 and Edion
	Kumamoto Intercommunity SC	7yr 9m	2,400	1.5%	Nov. 30, 2006	Sponsor	6,968.66	100.0%	2	Sports Depo / Golf5 and Starbucks Coffee
	AEON Hara Shopping Center	37yr10m	5,410	3.3%	Mar. 1, 2007	Sponsor	27,313.53	100.0%	1	AEON
	Hanahata SC	7yr 1m	1,130	0.7%	Sep. 3, 2007	Sponsor	2,801.15	100.0%	2	BON REPAS and Matsumoto Kiyoshi
	Kurume Higashi Kushiwara SC	6yr 8m	2,500	1.5%	Feb. 1, 2008	Sponsor	6,467.80	100.0%	1	Sports Depo / Golf5
	K's Denki Kagoshima	6yr 9m	3,550	2.2%	Mar. 27, 2008	Outside party	7,296.17	100.0%	1	K's Denki
	Total of retail	—	103,323	62.8%	—	—	351,793.02	99.9%	222	—
Office buildings	Canal City Business Center Building	18yr 4m	14,600	8.9%	Nov. 9, 2004	Sponsor	23,030.44	100.0%	61	TOTO and Bell System24
	Gofukumachi Business Center	10yr10m	11,200	6.8%	Nov. 9, 2004	Sponsor	19,905.34	94.8%	33	SMBC CONSUMER FINANCE and Sumitomo Mitsui Banking Corporation
	Sanix Hakata Building	13yr 4m	4,400	2.7%	Sep. 30, 2005	Outside party	6,293.76	95.9%	18	SANIX and The Nishi-Nippon City Bank
	Taihaku Street Business Center	12yr 5m	7,000	4.3%	Mar. 16, 2006	Sponsor	14,677.27	98.4%	67	NTT COMWARE and Tokyo Marine Nichido Jimu Outsourcing
	Higashi Hie Business Center	5yr 6m	5,900	3.6%	Mar. 13, 2009	Outside party ＋Sponsor	13,695.51	98.7%	22	Fujitsu and Forest Holdings
	Tenjin Nishi-Dori Center Building	17yr11m	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 7m	2,800	1.7%	Mar. 28, 2013	Outside party	5,233.92	100.0%	11	Rakuten Card and Rakuten
	Total of office buildings	—	48,500	29.5%	—	—	86,175.56	98.0%	213	—
Others	Amex Akasakamon Tower	9yr 1m	2,060	1.3%	Sep. 1, 2006	Outside party	4,821.25	92.2%	61	—
	City House Keyaki Dori	6yr 9m	1,111	0.7%	Dec. 20, 2007	Outside party	2,710.86	97.8%	41	—
	Aqualia Kego	5yr 9m	2,800	1.7%	Mar. 1, 2012	Outside party	7,415.36	92.6%	121	—
	Aqualia Chihaya	6yr 8m	1,280	0.8%	Mar. 1, 2012	Outside party	5,619.69	98.9%	104	—
	D-Wing Tower	8yr 6m	2,800	1.7%	Mar. 1, 2013	Outside party	7,187.58	95.5%	130	—
	Hotel FORZA Oita	6yr 0m	1,530	0.9%	Mar. 1, 2013	Sponsor	5,785.44	100.0%	1	FJ Hotels
	Tosu Logistics Center	6yr 3m	1,250	0.8%	Mar. 28, 2014	Outside party	4,173.29	100.0%	1	nondisclosure
	Total of others	—	12,831	7.8%	—	—	37,713.47	96.4%	459	—
Total or weighted average of all properties		14yr 7m	164,654	100.0%	—	—	475,682.05	99.3%	894	—

(＊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. Annex Akasakamon Tower
19. City House Keyaki Dori
20. Aquatia Kego
21. Aquatia Chihaya
22. D-Wing Tower
23. Hotel FORZA Oita
24. Tosu Logistics Center

(Acquired on the 20th fiscal period)

Appendix

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







Appendix

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







Appendix

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



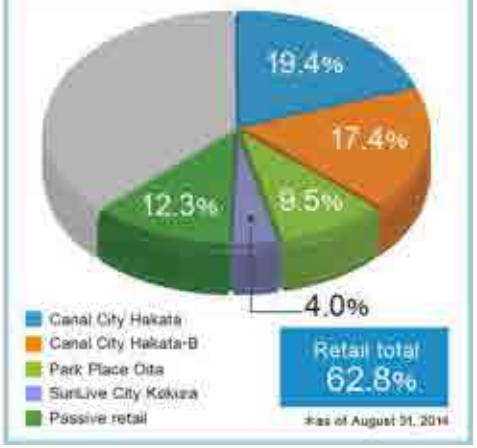
Passive retail

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



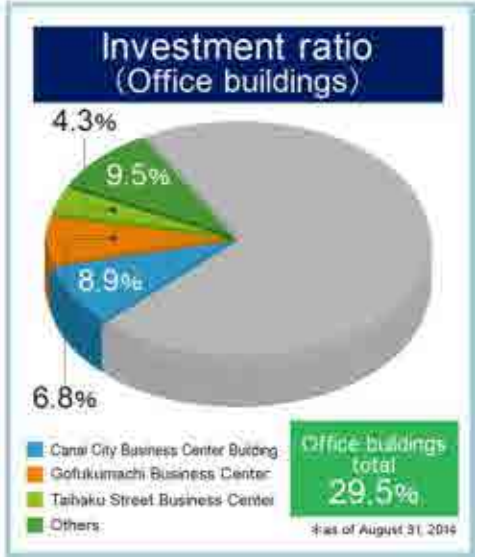
Office buildings

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



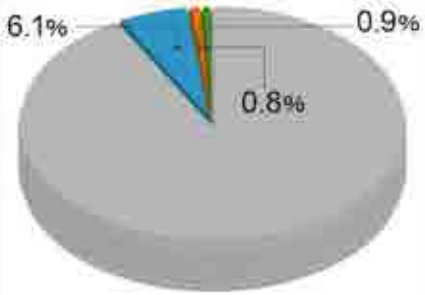
Others

㉔Tosu Logistics Center

■Address：Himekata-machi,Tosu City



Investment ratio (Others)



Appendix

Top tenants by leased floor area

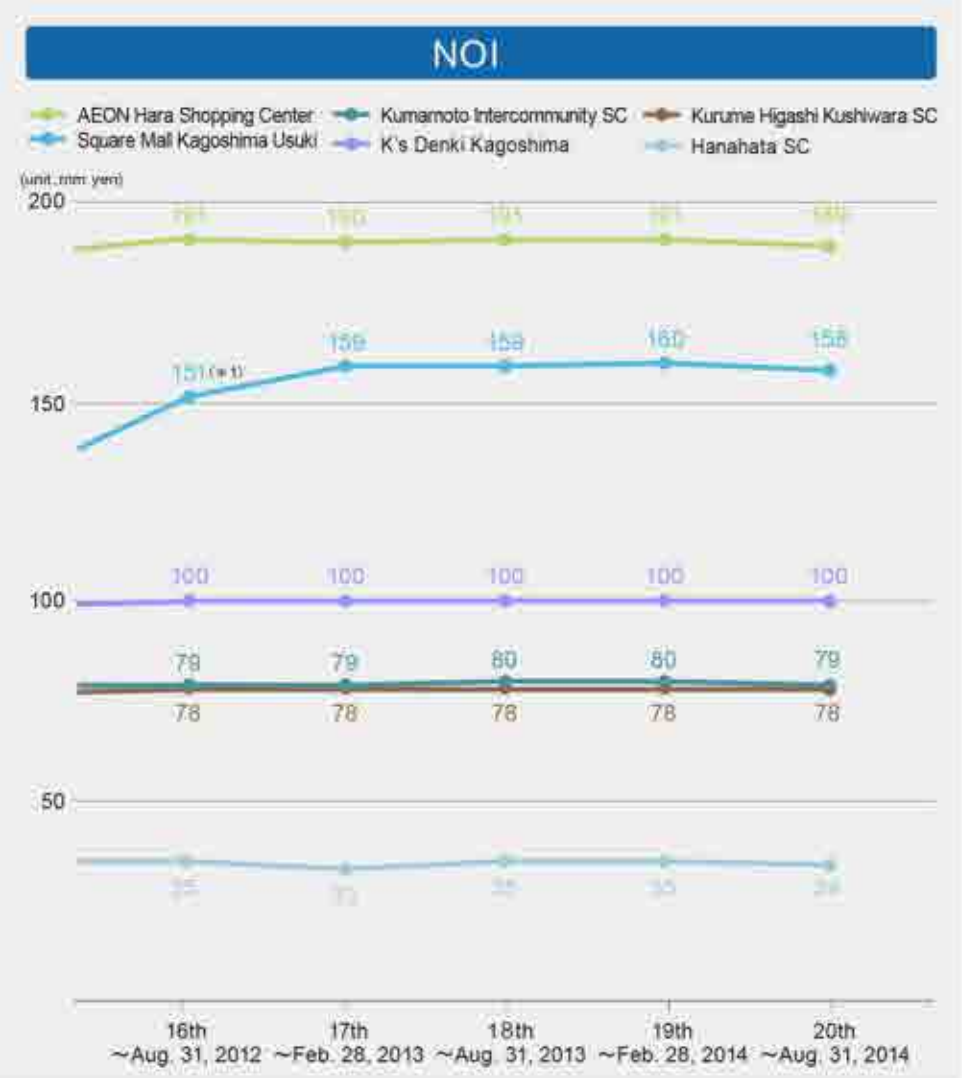
Ordinary lease / Fixed-term lease

	Lessee	Tenant	Share of total leased space	21st ~Feb. 28, 2015	22nd ~Aug. 31, 2015	23rd ~Feb. 28, 2016	Remaining lease term (years) (*1)
1	AEON Kyushu Co., Ltd.	AEON	18.2%	●Park Place Oita			7
				●AEON Hara Shopping Center			4
2	SunLive Co., Ltd.	SunLive	13.0%	●SunLiveCity Kokura			10
3	FJ Hotels Co., Ltd.	Grand Hyatt Fukuoka	9.4%	●Canal City Hakata・B			9
		Hotel FORZA Oita		●Hotel FORZA Oita			13
4	Canal City OPA Co., Ltd.	OPA	5.5%	●Canal City Hakata			1
				●Canal City Hakata・B			1
5	Alpen Co., Ltd.	Sports Depo, Golf 5	3.9%	●Square Mall Kagoshima Uguisi			12
				●Kumamoto Inter-community SC			12
				●Kurume Higashi Kushiwara SC			13
6	K's Holdings Corporation	K's Denki	2.9%	●Park Place Oita			7
7	Canal City Fukuoka Washington Hotel	Washington Hotel	2.7%	●Canal City Hakata			1
8	United Cinema Co., Ltd.	United Cinema	1.5%	●Canal City Hakata			1
9	Kyushu K's Denki Co., Ltd.	K's Denki	1.5%	●K's Denki Kagoshima			8
10	T-JOY Co., Ltd.	T-JOY	1.2%	●Park Place Oita			7

(*1) Remaining lease term data are current as of August 31, 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, 2008
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

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

Appendix

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	20th Total A	19th Total B	Variation A−B	Forecast C (＊1)	Variation A−C
(Length) (days)	20th fiscal period(March 1, 2014 ～ August 31, 2014)								
	184	184	184	184	184	181	3		
①Total leasing business revenues	1,228	1,608	1,218	292	4,348	4,179	168	4,270	77
Leasing revenue-real estate	1,197	1,563	981	292	4,034	3,856	178		
Other leasing revenue-real estate	31	45	237	-	314	323	(9)		
②Total leasing business expenses	419	796	708	45	1,969	1,940	29	1,956	13
Outsourcing fees	294	522	339	8	1,165	1,117	48		
Maintenance expenses	9	36	41	0	88	133	(45)		
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	35	34	0		
Unities expenses	26	51	192	-	270	227	43		
Other expenses	8	15	43	0	68	86	(17)		
③NOI(=①-②)	809	812	510	246	2,379	2,239	139	2,314	64
④Depreciation for the period	232	209	201	47	691	670	20		
⑤Leasing business profit(=③-④)	577	603	308	199	1,687	1,568	118		
⑥NOI yield (acquisition price)	5.1%	5.7%	6.5%	7.4%	5.7%	5.4%	0.3%		
⑦Capital expenditures	40	150	467	0	658	775	(116)		

(＊1)Forecast at the financial results of 19th 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	20th Total A	19th Total B	Variation A−B	Forecast C (＊1)	Variation A−C
(Length) (days)	20th fiscal period (March 1, 2014 ～ August 31, 2014)										
	184	184	184	184	184	184	184	181	3		
①Total leasing business revenues	256	90	212	40	88	111	800	796	3	797	2
Leasing revenue-real estate	221	89	212	40	88	111	764	764	(0)		
Other leasing revenue-real estate	35	0	0	-	0	0	36	32	3		
②Total leasing business expenses	97	10	22	6	9	11	158	149	8	154	4
Outsourcing fees	38	2	6	1	2	1	53	53	(0)		
Maintenance expenses	5	1	1	1	0	0	11	4	6		
Expenses for restoration to former state	-	-	-	-	-	-	-	-	-		
Tax and public charges	17	5	12	3	5	7	51	52	(0)		
Insurance premiums and trust compensation	1	0	0	0	0	0	3	3	0		
Unities expenses	33	-	-	-	-	-	33	31	1		
Other expenses	1	0	1	0	0	0	5	5	0		
③NOI (=①-②)	158	79	189	34	78	100	641	646	(4)	643	(1)
④Depreciation for the period	51	18	22	7	22	30	151	152	(0)		
⑤Leasing business profit (=③-④)	107	61	167	27	56	70	489	494	(4)		
⑥NOI yield (acquisition price)	6.0%	6.6%	7.0%	6.1%	6.3%	5.7%	6.3%	6.4%	0.0%		
⑦Capital expenditures	-	-	0	-	-	-	0	1	(0)		

(＊1)Forecast at the financial results of 19th fiscal period

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	20th Total A	19thTotal B	Variation A−B	Forecast C (＊1)	Variation A−C
(Length) (days)	20th fiscal period (March 1, 2014 ～ August 31, 2014)											
	184	184	184	184	184	184	184	184	181	3		
①Total leasing business revenues	607	485	201	300	333	86	130	2,143	2,150	(6)	2,136	7
Leasing revenue-real estate	604	433	181	299	305	86	106	2,017	2,033	(15)		
Other leasing revenue-real estate	2	52	19	0	28	-	23	126	116	9		
②Total leasing business expenses	218	170	73	87	136	15	42	744	672	72	711	33
Outsourcing fees	135	70	19	56	41	1	9	335	336	(0)		
Maintenance expenses	23	6	11	1	4	1	0	48	12	35		
Expenses for restoration to former state	-	-	4	-	-	-	-	4	-	4		
Tax and public charges	44	35	17	25	17	11	8	159	139	19		
Insurance premiums and trust compensation	2	3	0	1	1	0	0	11	10	0		
Unities expenses	6	52	19	-	31	-	20	129	120	9		
Other expenses	6	2	1	2	40	0	1	55	52	2		
③NOI (=①-②)	388	314	127	212	196	71	87	1,399	1,477	(78)	1,425	(26)
④Depreciation for the period	96	96	37	77	78	7	32	426	425	1		
⑤Leasing business profit (=③-④)	291	218	89	135	117	63	55	973	1,052	(79)		
⑥NOI yield (acquisition price)	5.3%	5.6%	5.8%	6.1%	6.7%	5.5%	6.3%	5.8%	6.1%	(0.3)%		
⑦Capital expenditures	58	2	1	0	0	-	-	63	48	15		

(＊1)Forecast at the financial results of 19th fiscal period

Income and expenditure by properties (Others and Total)

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

Others

Category	Amex Akasakamon Tower	City House Keyaki Dori	Aqualia Kego	Aqualia Chihaya	D-Wing Tower	Hotel FORZA Oita	Tosu Logistics Center	20th Total A	19th Total B	Variation A−B	Forecast C (*1)	Variation A−C
(Length) (days)	20th fiscal period (March 1, 2014 ～ August 31, 2014)						March 28, ～ August 31,					
	184	184	184	184	184	184	157	184	181	3		
①Total leasing business revenues	64	38	111	57	115	63	36	486	447	38	495	(9)
Leasing revenue-real estate	62	38	105	55	108	63	35	469	432	37		
Other leasing revenue-real estate	2	0	6	2	6	-	0	17	15	1		
②Total leasing business expenses	17	8	29	13	26	9	1	106	79	26	104	2
Outsourcing fees	5	2	6	3	7	0	0	26	25	0		
Maintenance expenses	1	0	2	0	3	-	0	8	6	2		
Expenses for restoration to former state	1	-	4	1	1	-	-	9	7	2		
Tax and public charges	5	3	8	4	7	7	-	36	18	18		
Insurance premiums and trust compensation	0	0	0	0	0	0	0	3	3	0		
Unities expenses	1	0	1	0	2	-	-	7	7	0		
Other expenses	1	1	5	1	2	0	0	14	11	2		
③NOI (=①-②)	47	29	82	44	88	53	34	380	368	12	391	(11)
④Depreciation for the period	21	11	25	11	16	19	12	117	106	11		
⑤Leasing business profit (=③-④)	25	18	57	32	71	34	22	262	261	1		
⑥NOI yield (acquisition price)	4.6%	5.3%	5.9%	7.0%	6.3%	7.0%	5.6%	5.9%	6.4%	(0.4)%		
⑦Capital expenditures	5	0	3	2	5	-	-	17	23	(6)		

Total income and expenditures

20th Total 1	19th Total 2	Variation 1−2	Forecast 3 (*1)	Variation 1−3
184	181	3		
7,779	7,574	205	7,701	78
7,285	7,085	200		
494	489	4		
2,979	2,842	136	2,926	53
1,580	1,532	48		
156	157	(0)		
14	7	7		
588	551	37		
54	51	2		
440	386	54		
143	155	(12)		
4,800	4,732	68	4,775	25
1,387	1,354	32		
3,413	3,377	35		
5.8%	5.8%	0.0%		
740	848	(108)		

(*1)Forecast at the financial results of 19th fiscal period

Appendix

Cash flow statements (compared with previous fiscal period)

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

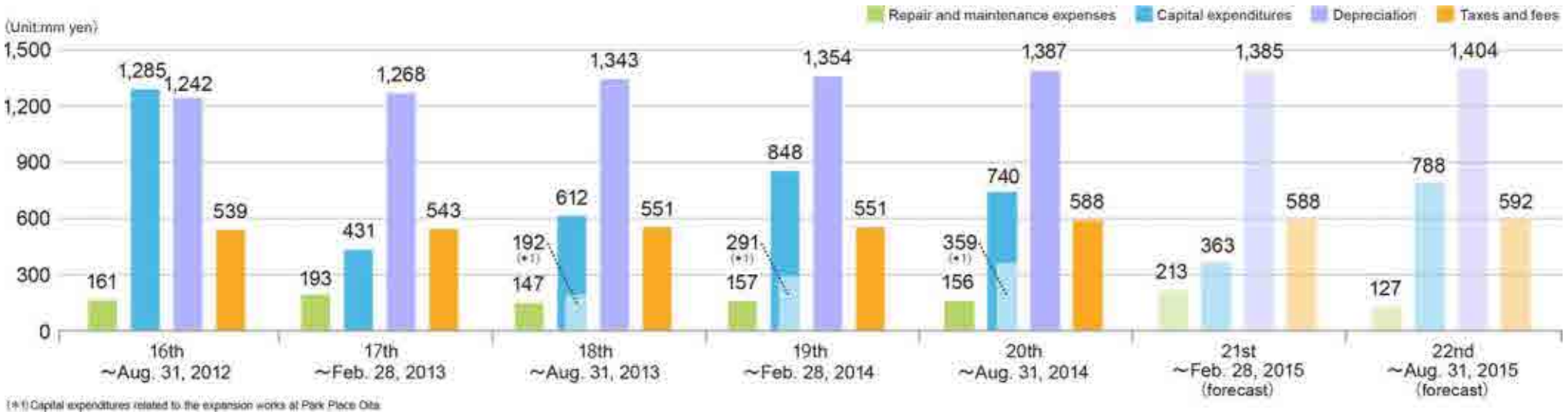
Category	19th ～Feb. 28, 2014 A	20th ～Aug. 31, 2014 B	Variation B－A
Net cash provided by (used in) operating activities	**3,699**	**3,890**	**191**
Net income before income taxes	2,239	2,263	23
Depreciation and amortization expenses	1,354	1,387	32
Amortization of investment corporation bond issuance expenses	0	0	0
Amortization of investment unit issuance expenses	10	5	(4)
Interest received	(0)	(0)	0
Interest payment	431	433	1
Decrease (increase) in operating account receivable	83	(134)	(217)
Decrease (increase) in consumption taxes receivable	74	-	(74)
Increase (decrease) in accrued consumption taxes	159	(43)	(203)
Increase (decrease) in operating accounts payable	(55)	47	102
Increase (decrease) in account payable-other	5	(7)	(13)
Increase (decrease) in accrued expenses	0	12	11
Increase (decrease) in advances received	(42)	69	112
Increase (decrease) in deposits expenses	(263)	377	641
Decrease (increase) in prepaid expenses	74	(41)	(115)
Decrease (increase) in long-term prepaid expenses	19	(65)	(85)
Others, net	44	21	(22)
Subtotal	4,136	4,326	189
Interest income received	0	0	(0)
Interest expenses paid	(436)	(434)	2
Income taxes paid	(1)	(1)	(0)
Net cash provided by (used in) investment activities	**(916)**	**(2,312)**	**(1,396)**
Purchase of property, plant and equipment in trust	(887)	(2,174)	(1,287)
Purchase of intangible assets in trust	(1)	(4)	(3)
Proceeds from tenant leasehold and security deposits	3	5	1
Repayments of tenant leasehold and security deposits	(0)	(13)	(13)
Proceeds from tenant leasehold and security deposits in trust	121	272	150
Repayments of tenant leasehold and security deposits in trust	(147)	(399)	(251)
Proceeds from restricted trust deposits	6	8	1
Payments for restricted trust deposits	(11)	(6)	5
Net cash provided by (used in) investment activities	**(2,359)**	**(2,115)**	**244**
Increase in short-term debt	-	3,000	3,000
Decrease in short-term debt	-	(2,500)	(2,500)
Proceed from long-term debt	-	14,000	14,000
Repayment of long-term debt	(2,075)	(14,375)	(12,300)
Proceeds from issuance of Investment corporation bonds	2,000	-	(2,000)
Proceeds from issuance of Investment units	(2,268)	(2,240)	28
Dividends paid	(16)	-	16
Net increase (decrease) in cash and cash equivalents	**423**	**(537)**	**(960)**
Balance of cash and cash equivalents at beginning of period	**7,387**	**7,810**	**423**
Balance of cash and cash equivalents at end of period	**7,810**	**7,273**	**(537)**

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



(*1) Capital expenditures related to the expansion works at Park Place Oita

◎Capital expenditures of the 20th fiscal period

Property	Purpose	Construction cost
Canal City Hakata	Common area repairs and improvements	13
Canal City Hakata・B	Renovation works	15
	Common area repairs and improvements	55
Park Place Oita	Common area repairs and improvements	68
	Floor expansion works	359
Canal City Business Center Building	Common area repairs and improvements	35

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

◎Planned capital expenditures of the 21st and 22nd

Property	Purpose	Planned construction cost		
		Total amount	Construction cost in the 20th	Paid in total amount
Canal City Hakata	Common area repairs and improvements	147	22	-
Canal City Hakata・B	Common area repairs and improvements	687	44	-
Park Place Oita	Environmental beautification	27	-	-
	Common area repairs and improvements	33	-	-
Canal City Business Center Building	Common area repairs and improvements	10	-	-
Gofukumachi Business Center	Common area repairs and improvements	29	-	-
Tenjin Nishi-Dori Center Building	Common area repairs and improvements	18	-	-

CSR initiatives

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

■Collaboration with Kyushu Economic Research Center

On September 1, 2014, Fukuoka Realty concluded a memorandum of understanding with Kyushu Economic Research Center regarding cooperation in a macro-analysis study concerning the economy of Kyushu.



■Environmental initiative

On September 5, 2014, Canal City Hakata won a SEGES (Social and Environmental Green Evaluation System) 2014 Urban Oasis prize as an Urban Oasis certified by the Organization for Landscape and Urban Green Infrastructure in recognition of openness of green space, safety, and environmental consideration.



■Seventh real estate, economics and finance gathering

On September 25, 2014, Fukuoka Realty hosted the seventh real estate, economics and finance gathering. Approximately 300 representatives of local real estate companies, financial institutions, and government agencies participated in the event, which contributed to networking and further stimulation of the local economy.

●Lecture Presentation
"Management Strategies of Royal Group; Positioning of Kyushu and Fukuoka"

Mr. Tadao Kikuchi
President and Representative Director
Royal Holdings Co., Ltd.



■Fukuoka International House

A communal residence for foreign students and employees of international companies, Fukuoka International House contributes to the sustained development of the local community and economy by meeting the challenges of improving 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. In 2014, OnRAMP aims for further functional enhancement and contribution to vitalization of the local economy as a government-certified designated incubation support business operator.



OnRAMP

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

■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

◎Participation in briefings for individual investors

・Participation in the 48th Fukuoka Stock Exchange IR Fair, held by the FSE



Approximately 160 participants at the IR fair, held on July 9, 2014, listened intently to IR explanations from FSE-listed companies.

◎Roadshows in Japan and overseas (North America)

◎1-on-1 meetings for foreign investors

◎Property tours for Japanese institutional investors



At Fukuoka City Office

◎ Inclusion in the FTSE EPRA/NAREIT Global Real Estate Index Series

On September 22, 2014, Fukuoka REIT was included in the FTSE EPRA/NAREIT Global Real Estate Index Series provided by FTSE. The index is an international real estate investment benchmark that FTSE developed in cooperation with the European Public Real Estate Association (EPRA) and the National Association of Real Estate Investment Trusts (NAREIT) of the United States. The index provides typical diversified portfolios of real estate equity investments.

◎Kyushu IR workshops

・IR Workshop for "Platinum Female Individual Investors", held by Fukuoka Realty



As an initiative in the fourth year of the Kyushu IR workshop series cosponsored by the Japan Investor Relations Association, on August 21, 2014 Fukuoka Realty held an IR workshop for female individual investors, mainly working women. Approximately 80 women participated in the evening seminar. Ms. Sachiko Fumoto, director and operating officer of Nikkei BP Hit Research Institute and former chief editor of Nikkei Women, delivered the keynote lecture "Start Today! Three Key Points for Cultivating Investment Sense." In addition to Fukuoka REIT, food, clothing, and housing companies familiar to women (IKK Inc., Kyudenko Corporation, TOTO LTD., and PLENUS Co.,LTD) conducted IR workshops.


女性向けIR説明会

IR Workshops for Women

Held by Fukuoka Realty jointly with four securities companies

The Nikkei, August 22, 2014

■Principal public relations activities


我が社の戦略

松雪 恵津男 氏

Mr. Etsuo Matsuyuki CEO and Representative Director, Fukuoka Realty Co.,Ltd

九州・福岡中心の地方特化型

商業中心に投資タイプ幅広

Interview with the CEO of a REIT investment company operating retail facilities

Fukuoka REIT Corporation

A regional REIT focused on Kyushu and Fukuoka

Expanding investment property types with a focus on retail facilities

Shogyo Shiseitsu Shimbun, April 29, 2014, No.2042 page 6

Appendix

Asset management company's organization



Numbers of credentialed personnel

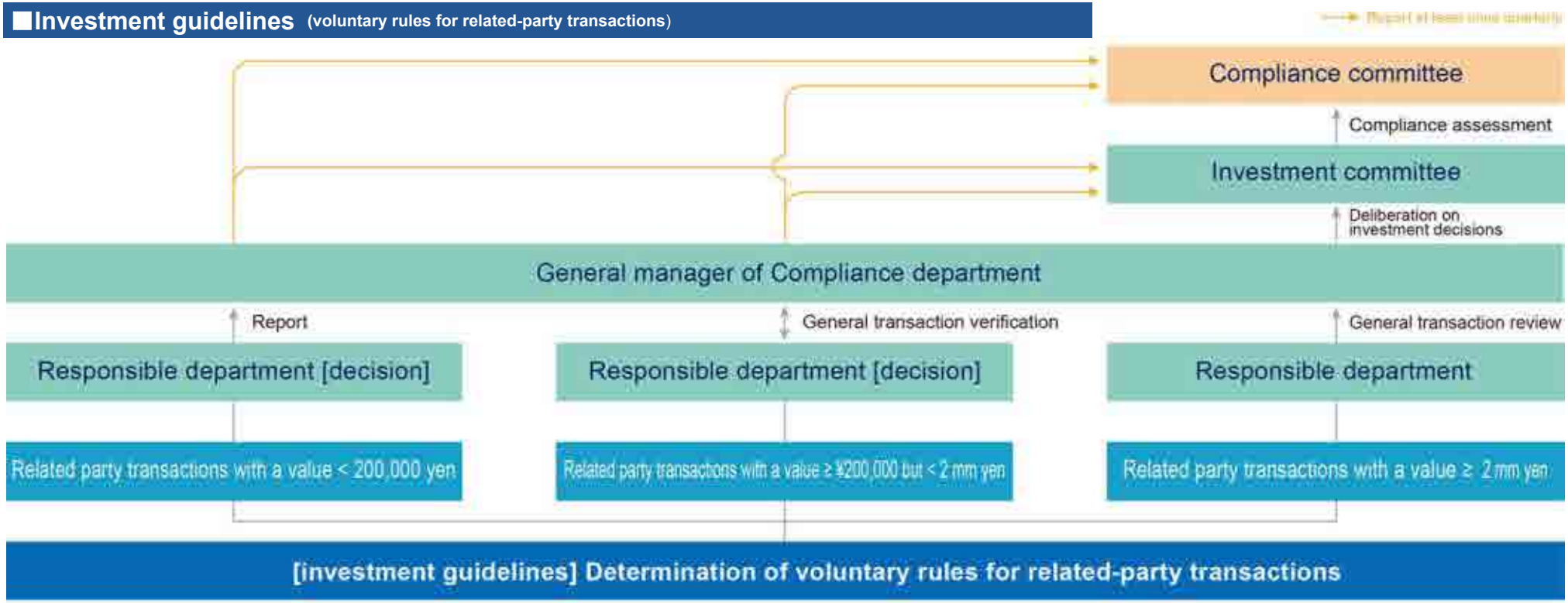
*As of August 31, 2014

• Real estate brokers	16
• ARES Certified Masters	14
• Certified Building Administrators	5
• Japanese securities analyst	1
• Certified condominium manager	1
• SME management consultant	1
• Real estate appraisers	3
• MBA	1
• Attorneys	2

Appendix

Corporate governance

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



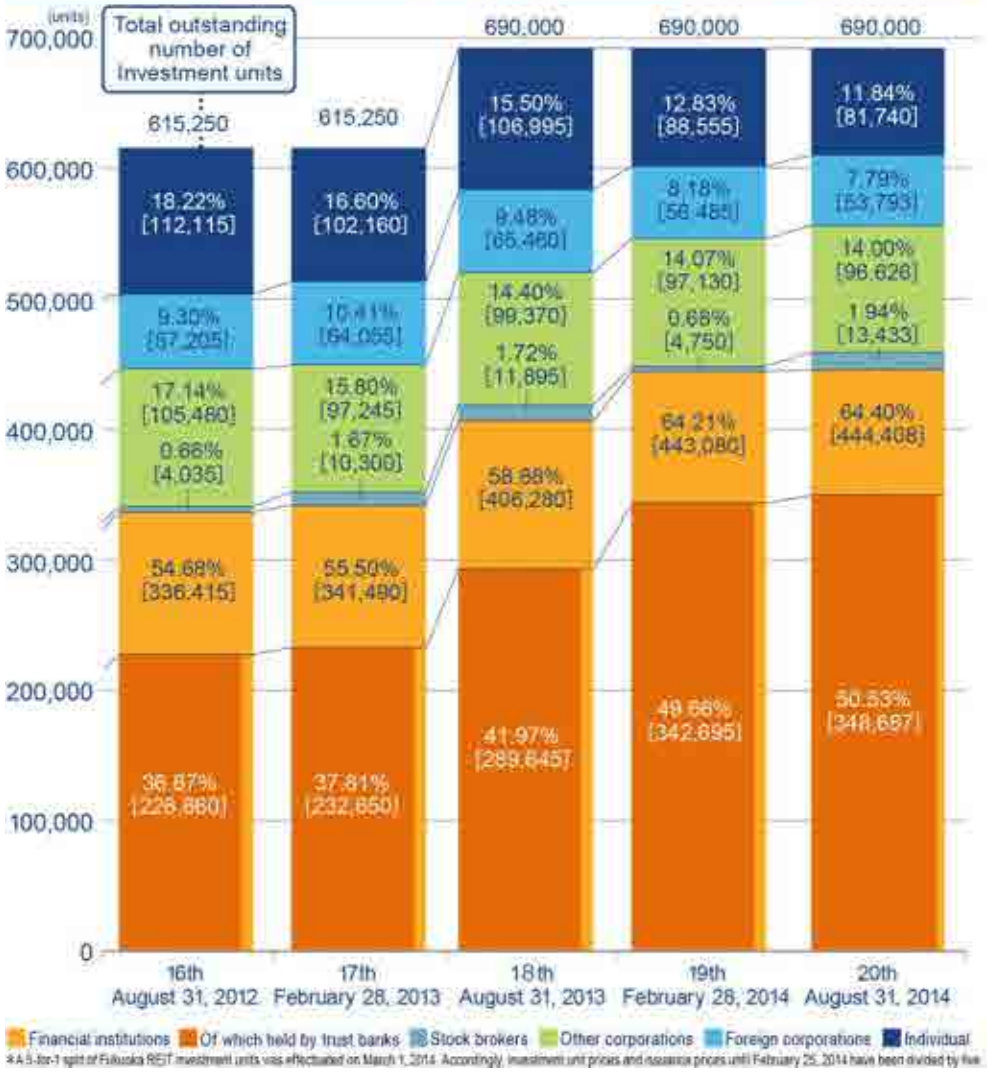
The Compliance committee met 8 times during the 20th fiscal period (March 1, 2014 – August 31, 2014)

◎Major matters reviewed during the 20th fiscal period

- **Purchase of the Tosu Logistics Center**
  Accompanying execution of the purchase transaction in the purchase agreement (March 28, 2014), the Compliance Committee resolved to conclude a PM agreement, trust modification agreement, and other agreements with the parties concerned.
- **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]



※A 5-for-1 split of Fukuoka REIT investment units was effectuated on March 1, 2014. Accordingly, investment unit prices and issuance prices until February 25, 2014 have been divided by five.

■Major investors [end of the 20th fiscal period]

(As of August 31, 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)	217,122	31.46%
2	Fukuoka Jisho Co., Ltd.	64,775	9.38%
3	Trust & Custody Services Bank,Ltd. (Securities investment trust account)	40,338	5.84%
4	The Master Trust Bank of Japan,Ltd. (Trust account)	36,115	5.23%
5	The Nomura Trust and Banking Co.,Ltd. (Investment trust account)	29,700	4.30%
6	MetLife Insurance K.K.	17,045	2.47%
7	NOMURA BANK (LUXEMBOURG) S.A.	12,660	1.83%
8	Individual investor	11,985	1.73%
9	Shikoku Railway Company	9,130	1.32%
10	The Joyo Bank, Ltd.	8,570	1.24%

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

Appendix

Unit price chart



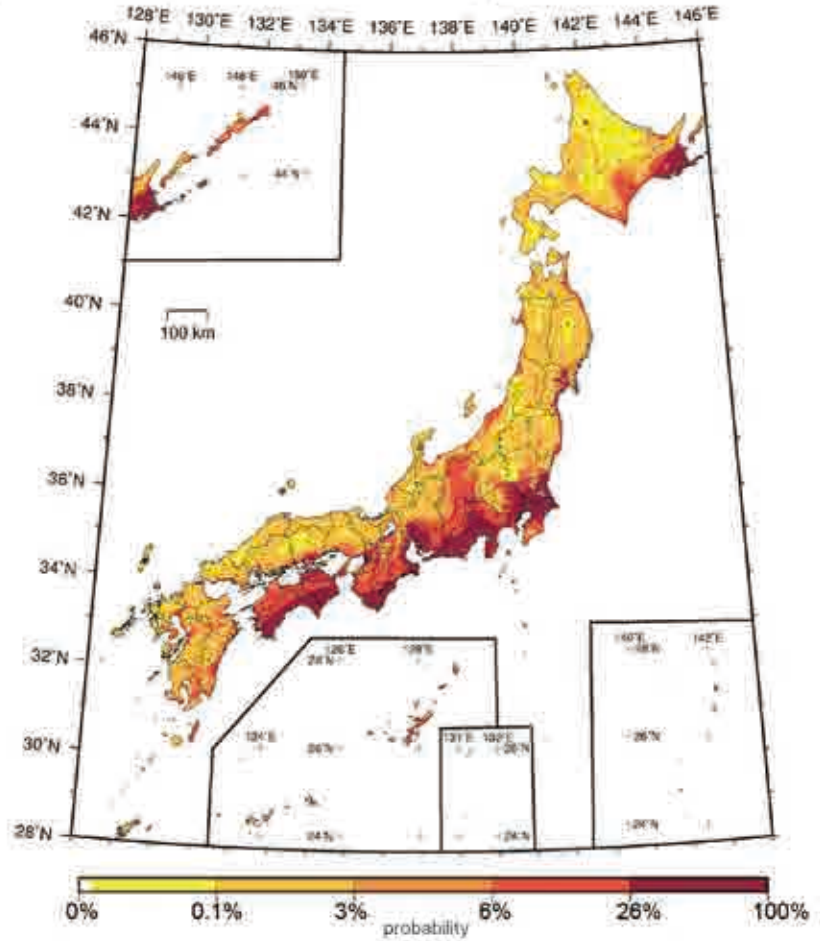
(*1) A 5-for-1 split of Fukuoka REIT investment units was effectuated on March 1, 2014. Accordingly, investment unit prices and issuance prices until February 25, 2014 have been divided by five.
(*2) Turnover by February 25, 2014 was multiplied by 5

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	Feb. 28, 2013	9.2
Kumamoto Intercommunity Shopping Center	Takenaka Corporation	Feb. 28, 2013	15.8
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. 28, 2013	6.7
Higashi Hie Business Center	Tokyo Marine & Nichido Risk Consulting	Jan. 26, 2009	1.3
Amex Akasakamon Tower	Takenaka Corporation	Feb. 28, 2013	11.1
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
Tosu Logistics Center	Tokyo Marine & Nichido Risk Consulting	Jan. 16, 2014	8.9
Overall portfolio(*6)	Takenaka Corporation	Aug. 31, 2014	5.7

(*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

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

■National Strategic Special Zone in Fukuoka City

◎Objective
- Increase the start-up rate through support for start-ups.
- Promote innovation and creation of new businesses by means including attracting MICE.

■Start-up percentages of major cities designated by government ordinance (2006 to 2009)



Source: Prepared by Fukuoka Realty based on Fukuoka City data

■Increasing number of international conventions

(No. of conventions)

Rank (2012)	Host City	2008	2009	2010	2011	2012
1	Tokyo (23 wards)	480	497	491	470	500
2	Fukuoka	172	206	218	221	252
3	Kyoto	171	164	155	137	196
4	Yokohama	184	179	174	169	191
5	Osaka	77	94	69	72	140
6	Nagoya	130	124	122	112	126

Source: Prepared by Fukuoka Realty based on data from Japan National Tourism Organization (JNTO)

■What the government expects to achieve in Fukuoka City

1. Defining of employment conditions for venture companies within five years of establishment.ld
2. Review of resident status for the acceptance of diverse foreign nationals
3. Provision of healthcare to foreign nationals (lifting of prohibition on practice by foreign doctors and nurses)
4. 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.)

■Strengthening of MICE functions in the waterfront area





Nishi-nippon Shimbun, September 10, 2014

■Fukuoka, a City near Continental Asia

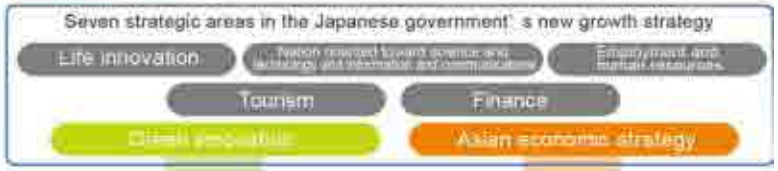
■Fukuoka is closer to Shanghai than Tokyo and closer to Pusan than Osaka



◎Green Asia International Strategic Comprehensive Special Zone

■Joint initiative by the governments of Fukuoka Prefecture, Kitakyushu City, and Fukuoka City (decided by the prime minister on December 22, 2011)

◎Objective
- Packaged provision of urban environment infrastructure-related industry and technology
- Further promotion of the creation of new green innovations



Regional strengths (regional resources)	●Technologies, expertise, and brand as an environmental leader ●Close network with Asia
Level of commitment	●Unity of government, industry, and academia under proactive leadership to achieve growth in the environmental sector

Green Asia International Strategic Comprehensive Special Zone

Objective	Undertake vitalization in Asia, spread it from Asia to the rest of the world, and seek growth together with Asia
Numerical target	Additional sales of approx. 8 trillion yen by 2020 (approx. 10% of the national target of more than 50 trillion yen)

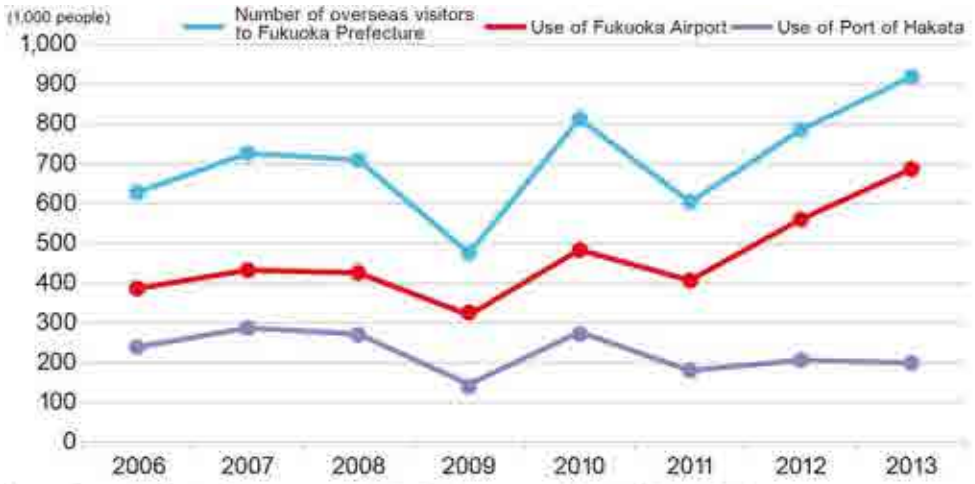
Source: Prepared by Fukuoka Realty based on Fukuoka City data

Appendix

Strengths of Fukuoka and Kyushu ②

Inbound of Fukuoka and Kyushu

■Change in the number of foreign visitors to Fukuoka Prefecture



Source: Prepared by Fukuoka Realty based on data from Statistics on Legal Migrants (Ministry of Justice)

■Access time from city centers to international airports (2013)

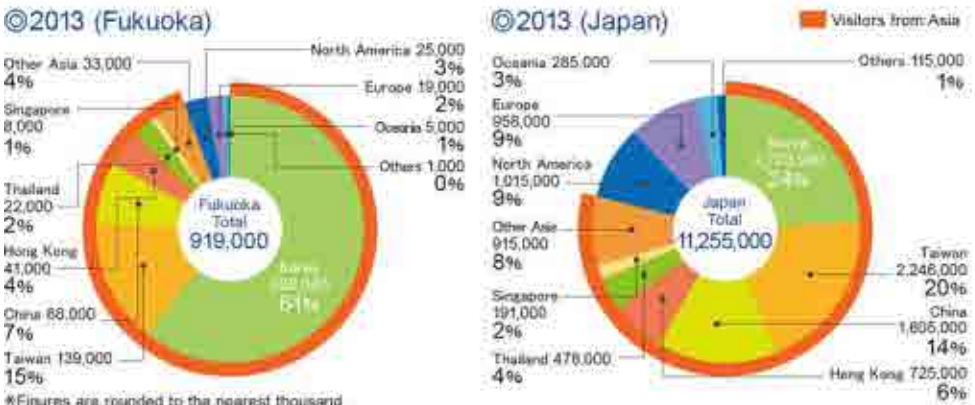
Rank	City/Country	Travel time	Index
1	Boston / USA	5 min.	100.0
2	Geneva / Switzerland	6 min.	98.8
3	Zurich / Switzerland	7 min.	97.6
4	Fukuoka / Japan	11 min.	92.9
	Frankfurt / Germany	11 min.	92.9
6	Sydney / Australia	13 min.	90.6
7	Madrid / Spain	14 min.	90.0
8	Copenhagen / Denmark	14 min.	89.4
	London / UK	15 min.	88.2
9	Amsterdam / Netherlands	15 min.	88.2
	Bangkok / Thailand	15 min.	88.2
27	Osaka / Japan	34 min.	65.9
31	Tokyo / Japan	36 min.	63.5
40	Mumbai / India	90 min.	0.0

Source: Comprehensive ranking survey of the major world cities, Global Power City Index Yearbook 2013 (Institute for Urban Strategies, The Mori Memorial Foundation)
*Access time is the minimum time required from the main international airport of each city to the city center using public transportation (railway, taxi, or bus).
*The index has a maximum evaluation value of 100.0 and a minimum value of 0.0



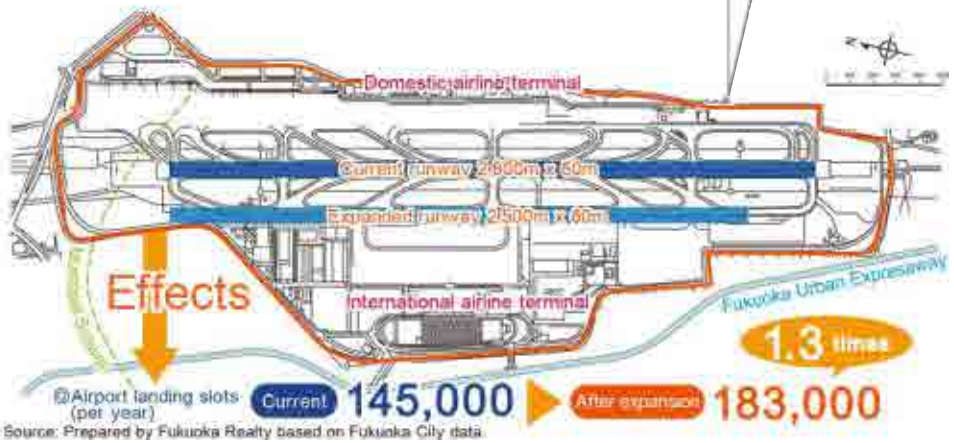
Nishi-nippon Shimbun August 31, 2014

■Breakdown of foreign visitors 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)

■Fukuoka Airport runway expansion proposal



Source: Prepared by Fukuoka Realty based on Fukuoka City data

Appendix