

**EARNINGS BRIEFING
FOR THE PERIOD ENDED AUGUST 2014**

Real estate investment trust: Fukuoka REIT Corporation (FRC)

Code number: 8968

URL: <http://www.fukuoka-reit.jp/eng/>

Stock listings: Tokyo Stock Exchange, and
Fukuoka Stock Exchange

Representative: Etsuo Matsuyuki CEO & Representative Director

Asset manager: Fukuoka Realty Co., Ltd.

Representative: Etsuo Matsuyuki CEO & Representative Director

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Expected date for submitting securities report: November 28, 2014

Expected commencement date of dividend payments: November 18, 2014

Supplementary documents for earnings briefing: Yes

Analyst meeting (for institutional investors and analysts): Yes

(Figures rounded down to nearest mm yen.)

**1. PERFORMANCE AND SITUATION OF ASSETS FOR THE PERIOD ENDED AUGUST 2014
(March 1, 2014 to August 31, 2014)**

(1) Performance

(% shows percentage change from previous period)

| | Operating revenues | | Operating income | | Ordinary income | | Net income | |
|----------------------------|--------------------|-----|------------------|-------|-----------------|-------|------------|-------|
| | mm of yen | % | mm of yen | % | mm of yen | % | mm of yen | % |
| Period ended August 2014 | 7,779 | 2.7 | 2,824 | 0.8 | 2,263 | 1.1 | 2,262 | 1.1 |
| Period ended February 2014 | 7,574 | 0.1 | 2,801 | (1.7) | 2,239 | (1.4) | 2,238 | (1.4) |

| | Net income per unit | Return on net assets | Ratio of ordinary income to total assets | Ratio of ordinary income to operating revenues |
|----------------------------|---------------------|----------------------|--|--|
| Period ended August 2014 | 3,278 yen | 2.8% | 1.3% | 29.1% |
| Period ended February 2014 | 3,243 yen | 2.7% | 1.3% | 29.6% |

(Note) Fukuoka REIT Corporation (FRC) implemented a 5-for-1 split of its investment units with March 1, 2014 as the effective date. Accordingly, net income per unit has been calculated on the assumption that the split of investment units was conducted at the beginning of the fiscal period ended February 2014.

(2) Dividends

| | Dividend per unit (excl. dividend in excess of earnings) | Total dividend | Dividend in excess of earnings per unit | Total dividend in excess of earnings | Payout ratio | Ratio of dividend to net assets |
|----------------------------|--|----------------|---|--------------------------------------|--------------|---------------------------------|
| Period ended August 2014 | 3,278 yen | 2,261 mm yen | 0 yen | 0 mm yen | 100.0% | 2.8% |
| Period ended February 2014 | 16,219 yen | 2,238 mm yen | 0 yen | 0 mm yen | 100.0% | 2.7% |

(Note) Fukuoka REIT Corporation (FRC) implemented a 5-for-1 split of its investment units with March 1, 2014 as the effective date.

(3) Financial condition

| | Total assets | Net assets | Ratio of net assets to total assets | Net assets per unit |
|----------------------------|----------------|---------------|-------------------------------------|---------------------|
| Period ended August 2014 | 167,824 mm yen | 81,703 mm yen | 48.7% | 118,410 yen |
| Period ended February 2014 | 167,492 mm yen | 81,679 mm yen | 48.8% | 118,376 yen |

(Note) FRC implemented a 5-for-1 split of its investment units with March 1, 2014 as the effective date. Accordingly, net assets per unit have been calculated on the assumption that the split of investment units was conducted at the beginning of the fiscal period ended February 2014.

(4) Cash flows condition

| | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Balance of cash and cash equivalents at end of period |
|----------------------------|--------------------------------------|--------------------------------------|--------------------------------------|---|
| Period ended August 2014 | 3,890 mm yen | (2,312) mm yen | (2,115) mm yen | 7,273 mm yen |
| Period ended February 2014 | 3,699 mm yen | (916) mm yen | (2,359) mm yen | 7,810 mm yen |

2. FORECAST OF PERFORMANCE FOR THE PERIOD FEBRUARY 2015 (September 1, 2014 to February 28, 2015) AND THE PERIOD ENDING AUGUST 2015 (March 1, 2015 to August 31, 2015)

(% shows percentage change from previous period)

| | Operating revenues | | Operating income | | Ordinary income | | Net income | | Dividend per unit (excl. dividend in excess of earnings) | Dividend in excess of earnings per unit |
|-----------------------------|--------------------|-------|------------------|-------|-----------------|-----|------------|-----|---|---|
| | mm of yen | % | mm of yen | % | mm of yen | % | mm of yen | % | | |
| Period ending February 2015 | 7,739 | (0.5) | 2,815 | (0.3) | 2,312 | 2.2 | 2,311 | 2.2 | 3,350 yen | 0 yen |
| Period ending August 2015 | 7,745 | 0.1 | 2,830 | 0.6 | 2,319 | 0.3 | 2,318 | 0.3 | 3,360 yen | 0 yen |

(Reference) Forecast net income per unit: Period ending February 2015 3,350 yen
Forecast net income per unit: Period ending August 2015 3,360 yen

3. Other

(1) Changes in accounting policies, changes in accounting estimates and restatement of accounting errors

- (i) Changes in accounting policies accompanying amendments to accounting standards, etc.: No
- (ii) Changes in accounting policies other than above (i): No
- (iii) Changes in accounting estimates: No
- (iv) Restatement of accounting errors: No

(2) Number of investment units outstanding

- (i) Number of investment units outstanding at end of period (including treasury investment units):
690,000 units at end of August 2014
138,000 units at end of February 2014
- (ii) Treasury investment units at end of period:
— units at end of August 2014
— units at end of February 2014

Note: Regarding the number of investment units, a basis for calculating net income per unit, please refer to “Per unit information,” on page 13.

* Statement on Implementation Status of Audit Procedure

This Earnings Briefing (“Kessan Tanshin” in Japanese) report is outside the scope of the auditing procedure under the Financial Instruments and Exchange Act. As of the publication of this report, no auditing procedure under the Financial Instruments and Exchange Act has been completed for the financial statements.

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

Forecast figures are calculated based on information available on the date of release of the forecast and contain uncertain factors to a large extent. Actual operating revenues, operating income, ordinary income, net income, and dividend per unit may differ due to changes in the business environment. The forecast should not be construed as a guarantee of actual dividend. Concerning details of the preconditions for the above forecast figures please refer to “2. Portfolio Management Policy and Management Situation, (2) Management situation – Preconditions for the performance forecast for the period ending February 2015 (September 1, 2014 to February 28, 2015) and the period ending August 2015 (March 1, 2015 to August 31, 2015)” on page 6.

* FRC implemented a 5-for-1 split of its investment units with February 28, 2014 and March 1, 2014 as the record date and the effective date, respectively.

Concerning the contents hereinafter, items that FRC judges that “can be omitted from the disclosure from the standpoint of importance” are not shown in conformity with the “Format and Guidance for Preparation of Earnings Briefing for REITs” (June 2014).

1. Investment Corporation-Related Organizations

The disclosure is omitted, since there are no significant changes from the “Structure of the investment corporation” disclosed by the latest securities report (submitted on May 30, 2014).

2. Portfolio Management Policy and Management Situation

(1) Portfolio management policy

The disclosure is omitted, since there are no significant changes from “Investment policy,” “Investment target” and “Dividend policy” disclosed by the latest securities report (submitted on May 30, 2014).

(2) Management situation

(i) Summary of the current fiscal period

(a) Brief history of the investment corporation

Fukuoka REIT Corporation (hereinafter “FRC”) was established on July 2, 2004 based on the “Act on Investment Trusts and Investment Corporations” (Act No. 198 in 1951 including later revisions) and listed on the Tokyo Stock Exchange Group Inc. and the Fukuoka Stock Exchange on June 21, 2005 as the nation’s first real estate investment trust specializing in regional properties (code number: 8968). FRC invests in real estate throughout all of Kyushu (including Okinawa Prefecture), with a central focus on Fukuoka City, and Yamaguchi Prefecture (hereinafter the “Fukuoka/Kyushu area) by turning regionality, characteristics in the real estate industry, into strengths.

FRC started asset management activities on November 9, 2004 after acquisition of four properties such as Retail in Canal City Hakata (excluding some areas of specialty shops, hotels, theaters, offices and common space), a commercial complex where specialty shops, cinema complex, theaters, amusement facilities, hotels and offices are integrally developed (hereinafter “Canal City Hakata”). As of the end of the current fiscal period (August 31, 2014), FRC manages a total of 24 properties comprising ten Retail, seven Office buildings and seven Others.

Furthermore, FRC implemented a 5-for-1 split of its investment units with February 28, 2014 and March 1, 2014 as the record date and the effective date, respectively. The purpose of the split of investment units is to establish an environment where investors can invest with ease as well as to further widen FRC’s investors base and increase the liquidity of FRC’s investment units by decreasing the per price of investment units in light of the introduction of the Japanese version of the Individual Saving Account (NISA) on January 1, 2014.

(b) Investment environment and portfolio performance

During the 20th fiscal period, the Japanese economy remained on course for a modest recovery despite the impact of a decrease in demand in reaction to the rush demand accompanying the increase in the consumption tax rate. The fundraising environment was also favorable, keeping the financing costs of companies at a low level, and the lending attitude of financial institutions, viewed from companies in terms of funds supply, continued to show an improvement trend. Looking ahead, the economy is expected to achieve a further recovery, with various political measures proving effective and producing results. In the Fukuoka and Kyushu area, the core investment target area for FRC, the economy also continued to recover modestly as a whole, as the decrease in demand in reaction to the increase in the consumption tax rate was gradually decelerating. Moreover, on top of public investment and housing investment, capital investment by companies started to become activated as a new driver of the economy.

As for the land price trend, the national average was still decreasing but the rate of decrease continued to shrink over the past twelve months from July 2013, according to the government’s Prefectural Land Price Survey 2014. In contrast, the increase in land price accelerated in Fukuoka City, the central area of FRC’s investment targets, as commercial land prices and residential land prices both increased by 3.4% and 1.8% year-on-year, respectively, rising for the second consecutive year.

Under such circumstances, FRC focused on stringently selective investment in accordance with its investment policy. This led to the acquisition of Tosu Logistics Center (acquisition price: 1,250 mm yen) on March 28, 2014. For existing properties, FRC continued its efforts to reinforce competitive advantages and customer drawing ability at Canal City Hakata and other major retail facilities, and focused on maintaining and increasing the occupancy rate of its owned properties. As a result of these endeavors, the average occupancy rate of all properties FRC owns was 99.3% at the end of the 20th fiscal period.

When analyzing FRC's portfolio (on an acquisition price basis) by investment target area, the investment ratio in the Fukuoka urban area accounted for 76.4%; when analyzing by property type, Retail, Office buildings, and Others accounted for 62.8%, 29.5% and 7.8%, respectively.

(c) Summary of fundraising

In the 20th fiscal period, FRC refinanced 10,300 mm yen in long-term debt that matured in July 2014 by borrowing 10,000 mm yen in total (a decrease of 300 mm yen) comprising 3,700 mm yen in debt of five years and 6,300 mm yen in debt of seven years. It also refinanced 4,000 mm yen in long-term debt that matured in August 2014 for the same amount in debt of eight years. As a result, the balance of interest-bearing debt outstanding (including the investment corporation bonds) at the end of the 20th fiscal period totaled 71,150 mm yen, with the loan-to-value ratio (ratio of interest-bearing debt (including the investment corporation bonds) to total assets) at 42.4%. With regard to the commitment lines FRC has established as a backup of fund procurement, a commitment line with credit limit of 6,000 mm yen expired in July 2014 and FRC renewed it with the same credit limit. Going forward, FRC will continue its efforts to reduce refinancing risks by dispersing the debt repayment dates and increasing the average length of time until debt maturity, and to mitigate risks of rising interest rates by shifting to fixed-interest rate borrowings and through other measures.

Moreover, the credit ratings assigned to FRC as of the end of the current fiscal period are as follows.

| Credit Rating Agency | Rating Type | Rating | Rating Outlook |
|---|------------------------------------|--------|----------------|
| Standard & Poor's Ratings Japan K.K. (S&P) | Long-term Corporate Credit Rating | A- | Stable |
| | Short-term Corporate Credit Rating | A-2 | |
| Rating and Investment Information, Inc. (R&I) | Issuer Rating | A+ | Stable |
| Japan Credit Rating Agency, Ltd. (JCR) | Long-term Senior Debts Rating | A A- | Stable |

(d) Summary of performance and dividend

As a result of these management efforts, operating revenues totaled 7,779 mm yen and operating income after excluding operating expenses such as expenses related to the leasing business and asset management fees totaled 2,824 mm yen. Ordinary income was 2,263 mm yen and net income was 2,262 mm yen.

Management decided to make a dividend of 3,278 yen per investment unit to meet the requirements of special tax measures for an investment corporation (as stipulated in Article 67-15 of the Special Taxation Measures Law of Japan [Law No. 26 in 1957 including later revisions, hereinafter the "Special Taxation Measures Law"]). Under this law, an investment corporation is allowed to deduct the maximum amount of dividends paid to investors from its taxable income.

(ii) Forecast for the next fiscal period

(a) Portfolio management policy

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

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

Meanwhile, FRC will build stronger relationships with financial institutions to realize stable fundraising and try to maintain a solid financial structure.

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

No relevant items.

(c) Performance forecast for the next fiscal period

FRC aims to achieve the following performance goals for the period ending February 2015 (September 1,

2014 to February 28, 2015) and the period ending August 2015 (March 1, 2015 to August 31, 2015). Concerning preconditions for the forecast, please refer to “Preconditions for the performance forecast for the period ending February 2015 (September 1, 2014 to February 28, 2015) and the period ending August 2015 (March 1, 2015 to August 31, 2015)” on page 6.

Period ending February 2015

| | |
|---|--------------|
| Operating revenues | 7,739 mm yen |
| Operating income | 2,815 mm yen |
| Ordinary income | 2,312 mm yen |
| Net income | 2,311 mm yen |
| Dividend per unit | 3,350 yen |
| Dividend in excess of earnings per unit | 0 yen |

Period ending August 2015

| | |
|---|--------------|
| Operating revenues | 7,745 mm yen |
| Operating income | 2,830 mm yen |
| Ordinary income | 2,319 mm yen |
| Net income | 2,318 mm yen |
| Dividend per unit | 3,360 yen |
| Dividend in excess of earnings per unit | 0 yen |

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

Preconditions for the performance forecast for the period ending February 2015 (September 1, 2014 to February 28, 2015) and the period ending August 2015 (March 1, 2015 to August 31, 2015)

| Item | Preconditions |
|--|--|
| Calculation period | 21st fiscal period: from September 1, 2014 to February 28, 2015 (181 days) 22nd fiscal period: from March 1, 2015 to August 31, 2015 (184 days) |
| Assets under management | <ul style="list-style-type: none"> It is assumed that there will be 24 properties FRC owned as of August 31, 2014. In practice, they may fluctuate due to changes in assets under management. |
| Total number of investment units outstanding | <ul style="list-style-type: none"> It is assumed that the number of investment units will remain unchanged at 690,000 units that are outstanding as of October 10, 2014. It is assumed that there will be no issuance of new investment units until the end of the fiscal period ending August 2015. |
| Interest-bearing debt and refinancing | <ul style="list-style-type: none"> The balance of interest-bearing debt outstanding on February 28, 2015 is expected to total 70,775 mm yen, a decrease of 375 mm yen from the end of the current period (August 31, 2014). The loan-to-value ratio (interest-bearing debt ÷ total assets × 100) is expected to stand at around 42.2% (as of August 31, 2014, the loan-to-value ratio stands at 42.4%). The balance of interest-bearing debt outstanding on August 31, 2015 is expected to total 70,700 mm yen, a decrease of 75 mm yen from the end of the period ending February 2015 (February 28, 2015). The loan-to-value ratio (interest-bearing debt ÷ total assets × 100) is expected to stand at around 42.1%. For the period ending February 2015, the forecast is based on the fact that FRC repaid long-term debt of 300 mm yen on the repayment date in September 2014. |
| Operating revenues | <ul style="list-style-type: none"> Of real estate leasing revenues, revenues from properties FRC has already acquired are calculated based on tenancy agreements that are valid as of October 10, 2014 by taking into account the competitiveness of the properties and the market environment. Of real estate leasing revenues, revenues from percentage lease contracts are calculated based on past results by taking into account sales fluctuation factors of the relevant tenants. Concerning real estate leasing revenues, tenant vacancies are taken into account to a certain extent. It is assumed that there will be no rent arrears or non-payments by tenants. |
| Operating expenses | <ul style="list-style-type: none"> When acquiring assets under management, the fixed property tax and city planning tax for the assets will be proportionally calculated according to the holding period and adjusted with the former owner. FRC will not write them off since it will include the relevant adjusted amount in the acquisition cost. FRC writes off estimated repair costs for buildings for the calculation periods, the periods ending February 2015 and August 2015. Actual repair costs may differ significantly from the estimated amounts since there is the possibility that repair costs are incurred urgently due to damages to buildings caused by unforeseeable factors, repair costs generally differ largely from period to period, and repair costs are not regularly incurred. Concerning outsourcing expenses, FRC anticipates 1,555 mm yen for the period ending February 2015 and 1,565 mm yen for the period ending August 2015. Concerning taxes and other public charges, FRC anticipates 588 mm yen for the period ending February 2015 and 592 mm yen for the period ending August 2015. Concerning depreciation and amortization expenses, FRC anticipates 1,385 mm yen for the period ending February 2015 and 1,404 mm yen for the period ending August 2015. |
| Non-operating expenses | <ul style="list-style-type: none"> Concerning interest payment (including interest expenses on investment corporation bonds) and expenses related to financing, FRC anticipates 497 mm yen for the period ending February 2015 and 506 mm yen for the period ending August 2015. |
| Dividend per unit | <ul style="list-style-type: none"> Dividend (dividend per unit) is calculated based on the dividend policy stipulated in FRC's Articles of Incorporation. Dividend per unit may fluctuate due to fluctuations in leasing revenues caused by changes in assets under management and tenants or various factors including unexpected occurrences of repair. |
| Dividend in excess of earnings per unit | <ul style="list-style-type: none"> Dividend in excess of earnings (dividend in excess of earnings per unit) is not planned at the moment. |
| Other | <ul style="list-style-type: none"> It is assumed that there will be no significant revisions to laws and regulations, the tax system, and accounting standards that may influence the forecast figures. It is also assumed that there will be no significant unexpected changes in general economic conditions and the real estate market. |

(3) Investment risks

The disclosure is omitted, since there are no significant changes from the "Investment risks" disclosed in the latest securities report (submitted on May 30, 2014).

3. Financial Statements

(1) Balance sheets

| Account | (thousands of yen) | | | |
|---|---|-------------|---|-------------|
| | 19th fiscal period (as of February 28, 2014) | | 20th fiscal period (as of August 31, 2014) | |
| Assets | | | | |
| Current assets | | | | |
| Cash and deposits | | 3,687,020 | | 2,694,272 |
| Cash and deposits in trust | | 4,185,847 | | 4,639,900 |
| Operating accounts receivable | | 267,760 | | 402,318 |
| Prepaid expenses | | 259,075 | | 300,402 |
| Deferred tax assets | | 43 | | 27 |
| Others | | 6,507 | | 4,606 |
| Total current assets | | 8,406,255 | | 8,041,528 |
| Noncurrent assets | | | | |
| Property, plant and equipment | | | | |
| Buildings in trust, net | 76,360,548 | | 78,108,929 | |
| Aggregate of accumulated depreciation | (15,709,714) | 60,650,833 | (16,980,269) | 61,128,659 |
| Structures in trust, net | 1,187,244 | | 1,302,682 | |
| Aggregate of accumulated depreciation | (413,896) | 773,347 | (448,860) | 853,822 |
| Machinery and equipment in trust, net | 565,696 | | 584,075 | |
| Aggregate of accumulated depreciation | (199,688) | 366,007 | (220,194) | 363,880 |
| Vehicles and transport equipment in trust | 747 | | 747 | |
| Aggregate of accumulated depreciation | (55) | 691 | (103) | 643 |
| Tools and fixtures in trust, net | 1,225,444 | | 1,211,618 | |
| Aggregate of accumulated depreciation | (787,134) | 438,309 | (833,434) | 378,183 |
| Lands in trust | | 93,998,578 | | 94,622,667 |
| Construction in progress in trust | | 483,356 | | — |
| Total property, plant and equipment | | 156,711,124 | | 157,347,858 |
| Intangible assets | | | | |
| Leasehold right in trust | | 1,765,318 | | 1,765,318 |
| Other intangible assets in trust | | 14,681 | | 15,661 |
| Total intangible assets | | 1,779,999 | | 1,780,979 |
| Investment and other assets | | | | |
| Lease and guarantee deposits | | 10,000 | | 10,000 |
| Lease and guarantee deposits in trust | | 100,000 | | 100,000 |
| Long-term prepaid expenses | | 443,574 | | 508,992 |
| Total investment and other assets | | 553,574 | | 618,992 |
| Total noncurrent assets | | 159,044,698 | | 159,747,830 |
| Deferred assets | | | | |
| Investment corporation bond issuance expenses | | 19,322 | | 18,340 |
| Investment unit issuance expenses | | 22,169 | | 16,627 |
| Total deferred assets | | 41,492 | | 34,967 |
| Total assets | | 167,492,446 | | 167,824,326 |

| Account | (thousands of yen) | | | |
|--|---|-------------|---|-------------|
| | 19th fiscal period (as of February 28, 2014) | | 20th fiscal period (as of August 31, 2014) | |
| Liabilities | | | | |
| Current liabilities | | | | |
| Operating accounts payable | | 497,966 | | 411,578 |
| Short-term debt | | — | | 500,000 |
| Current maturities of long-term debt | | 14,750,000 | | 6,650,000 |
| Account payable-other | | 28,621 | | 18,555 |
| Accrued expenses | | 321,216 | | 332,545 |
| Income taxes payable | | 1,402 | | 1,162 |
| Accrued consumption taxes | | 159,101 | | 115,105 |
| Advances received | | 854,397 | | 924,259 |
| Deposits received | | 641,086 | | 1,042,954 |
| Total current liabilities | | 17,253,792 | | 9,996,162 |
| Noncurrent liabilities | | | | |
| Investment corporation bonds | | 2,000,000 | | 2,000,000 |
| Long-term debt payable | | 54,275,000 | | 62,000,000 |
| Tenant leasehold and security deposits | | 325,105 | | 316,668 |
| Tenant leasehold and security deposits received in trust | | 11,959,023 | | 11,808,124 |
| Total noncurrent liabilities | | 68,559,128 | | 76,124,793 |
| Total liabilities | | 85,812,921 | | 86,120,955 |
| Net assets | | | | |
| Net Assets | | | | |
| Shareholders' capital | | 79,441,236 | | 79,441,236 |
| Surplus | | | | |
| Unappropriated surplus | | 2,238,288 | | 2,262,134 |
| Total surplus | | 2,238,288 | | 2,262,134 |
| Total Net Assets | | 81,679,524 | | 81,703,371 |
| Total net assets | | 81,679,524 | | 81,703,371 |
| Total liabilities and net assets | | 167,492,446 | | 167,824,326 |

(2) Statements of income

| Account | (thousands of yen) | | | |
|---|---|-----------|---|-----------|
| | 19th fiscal period (September 1, 2013 to February 28, 2014) | | 20th fiscal period (March 1, 2014 to August 31, 2014) | |
| 1. Operating revenues | | | | |
| Leasing revenues-real estate | 7,085,436 | | 7,285,942 | |
| Other leasing revenues-real-estate | 489,353 | 7,574,790 | 494,039 | 7,779,981 |
| 2. Operating expenses | | | | |
| Expenses related to leasing business | 4,197,450 | | 4,366,790 | |
| Asset management fees | 446,921 | | 456,040 | |
| Asset custody fees | 6,242 | | 6,332 | |
| Administrative service fees | 48,863 | | 51,173 | |
| Director's compensations | 9,600 | | 9,600 | |
| Other operating expenses | 64,188 | 4,773,267 | 65,200 | 4,955,136 |
| Operating income | | 2,801,522 | | 2,824,845 |
| 3. Non-operating revenues | | | | |
| Interest received | 725 | | 696 | |
| Others | 1,638 | 2,364 | 370 | 1,067 |
| 4. Non-operating expenses | | | | |
| Interest payment | 427,174 | | 419,763 | |
| Interest expenses on investment corporation bonds | 4,412 | | 13,265 | |
| Amortization of investment corporation bond issuance expenses | 327 | | 982 | |
| Amortization of investment unit issuance expenses | 10,021 | | 5,542 | |
| Financing related expenses | 122,163 | | 122,956 | |
| Others | — | 564,098 | 15 | 562,526 |
| Ordinary income | | 2,239,788 | | 2,263,386 |
| Net income before income taxes | | 2,239,788 | | 2,263,386 |
| Income taxes-current | 1,548 | | 1,301 | |
| Income taxes-deferred | (25) | 1,522 | 15 | 1,317 |
| Net income | | 2,238,265 | | 2,262,068 |
| Retained earnings brought forward | | 22 | | 66 |
| Unappropriated retained earnings | | 2,238,288 | | 2,262,134 |

(3) Statement of changes in net assets

19th fiscal period (September 1, 2013 to February 28, 2014)

(thousands of yen)

| Item | Net Assets | | | Total net assets |
|---|-----------------------|----------------------------------|------------------|------------------|
| | Shareholders' capital | Retained earnings | Total Net Assets | |
| | | Unappropriated retained earnings | | |
| Balance as of September 1, 2013 | 79,441,236 | 2,271,226 | 81,712,463 | 81,712,463 |
| Changes in the current fiscal period | | | | |
| Dividend of retained earnings | — | (2,271,204) | (2,271,204) | (2,271,204) |
| Net income | — | 2,238,265 | 2,238,265 | 2,238,265 |
| Total of changes in the current fiscal period | — | (32,938) | (32,938) | (32,938) |
| Balance as of February 28, 2014 | 79,441,236 | 2,238,288 | 81,679,524 | 81,679,524 |

20th fiscal period (March 1, 2014 to August 31, 2014)

(thousands of yen)

| Item | Net Assets | | | Total net assets |
|---|-----------------------|----------------------------------|------------------|------------------|
| | Shareholders' capital | Retained earnings | Total Net Assets | |
| | | Unappropriated retained earnings | | |
| Balance as of March 1, 2014 | 79,441,236 | 2,238,288 | 81,679,524 | 81,679,524 |
| Changes in the current fiscal period | | | | |
| Dividend of retained earnings | — | (2,238,222) | (2,238,222) | (2,238,222) |
| Net income | — | 2,262,068 | 2,262,068 | 2,262,068 |
| Total of changes in the current fiscal period | — | 23,846 | 23,846 | 23,846 |
| Balance as of August 31, 2014 | 79,441,236 | 2,262,134 | 81,703,371 | 81,703,371 |

(4) Dividend statement

| Account | 19th fiscal period (September 1, 2013 to February 28, 2014) | 20th fiscal period (March 1, 2014 to August 31, 2014) |
|--|---|---|
| I. Unappropriated retained earnings | 2,238,288 thousand yen | 2,262,134 thousand yen |
| II. Total | 2,238,222 thousand yen | 2,261,820 thousand yen |
| (Dividend per investment unit) | (16,219 yen) | (3,278 yen) |
| III. Retained earnings brought forward | 66 thousand yen | 314 thousand yen |

| | | |
|----------------------------------|---|---|
| Method for calculating dividends | <p>The amount of dividends shall be decided in accordance with the dividend policy stipulated in Article 38-1-1 of FRC's Articles of Incorporation and must exceed 90% of FRC's distributable profits as stipulated in Article 67-15 of the Special Taxation Measures Law of Japan.</p> <p>Following the above policy, FRC shall decide to distribute 2,238,222 thousand yen, which is almost the entire amount of unappropriated retained earnings, as earnings dividends. Moreover, dividend in excess of earnings as stipulated in Article 38-2 of FRC's Articles of Incorporation will not be provided.</p> | <p>The amount of dividends shall be decided in accordance with the dividend policy stipulated in Article 38-1-1 of FRC's Articles of Incorporation and must exceed 90% of FRC's distributable profits as stipulated in Article 67-15 of the Special Taxation Measures Law of Japan.</p> <p>Following the above policy, FRC shall decide to distribute 2,261,820 thousand yen, which is almost the entire amount of unappropriated retained earnings, as earnings dividends. Moreover, dividend in excess of earnings as stipulated in Article 38-2 of FRC's Articles of Incorporation will not be provided.</p> |
|----------------------------------|---|---|

(Note 1) Concerning amounts other than dividend per investment unit, fractions of 1,000 yen are omitted.

(Note 2) FRC implemented a 5-for-1 split of its investment units with March 1, 2014 as the effective date.

(5) Cash flows statements

| (thousands of yen) | | |
|--|---|---|
| Account | 19th fiscal period (September 1, 2013 to February 28, 2014) | 20th fiscal period (March 1, 2014 to August 31, 2014) |
| I. Net cash provided by (used in) operating activities | | |
| Net income before income taxes | 2,239,788 | 2,263,386 |
| Depreciation and amortization expenses | 1,354,793 | 1,387,232 |
| Amortization of investment corporation bond issuance expenses | 327 | 982 |
| Amortization of investment unit issuance expenses | 10,021 | 5,542 |
| Interest received | (725) | (696) |
| Interest payment | 431,586 | 433,029 |
| Decrease (increase) in operating account receivables | 83,080 | (134,557) |
| Decrease (increase) in consumption taxes receivable | 74,887 | — |
| Increase (decrease) in accrued consumption taxes | 159,101 | (43,995) |
| Increase (decrease) in operating account payable | (55,099) | 47,858 |
| Increase (decrease) in account payable-other | 5,855 | (7,758) |
| Increase (decrease) in accrued expenses | 825 | 12,717 |
| Increase (decrease) in advances received | (42,223) | 69,862 |
| Increase (decrease) in deposits expenses | (263,690) | 377,724 |
| Decrease (increase) in prepaid expenses | 74,302 | (41,327) |
| Decrease (increase) in long-term prepaid expenses | 19,810 | (65,418) |
| Others, net | 44,169 | 21,465 |
| Subtotal | 4,136,811 | 4,326,046 |
| Interest income received | 725 | 696 |
| Interest expenses paid | (436,965) | (434,417) |
| Income taxes paid | (1,031) | (1,542) |
| Net cash provided by (used in) operating activities | 3,699,539 | 3,890,783 |
| II. Net cash provided by (used in) investment activities | | |
| Purchase of property, plant and equipment in trust | (887,097) | (2,174,806) |
| Purchase of intangible assets in trust | (1,280) | (4,322) |
| Proceeds from tenant leasehold and security deposits | 3,765 | 5,098 |
| Repayments of tenant leasehold and security deposits | (30) | (13,534) |
| Proceeds from tenant leasehold and security deposits in trust | 121,652 | 272,627 |
| Repayment of tenant leasehold and security deposits in trust | (147,707) | (399,382) |
| Proceeds from restricted trust deposits | 6,373 | 8,018 |
| Payments for restricted trust deposits | (11,907) | (6,419) |
| Net cash provided by (used in) investment activities | (916,231) | (2,312,721) |
| III. Net cash provided by (used in) financial activities | | |
| Proceeds from short-term debt payable | — | 3,000,000 |
| Decrease in short-term debt payable | — | (2,500,000) |
| Proceeds from long-term debt payable | — | 14,000,000 |
| Repayment of long-term debt payable | (2,075,000) | (14,375,000) |
| Proceeds from issuance of investment corporation bonds | 2,000,000 | — |
| Dividends paid | (2,268,893) | (2,240,158) |
| Payment of investment corporation bond issuance expenses | (16,062) | — |
| Net cash provided by (used in) financial activities | (2,359,955) | (2,115,158) |
| IV. Net increase (decrease) in cash and cash equivalents | 423,353 | (537,096) |
| V. Balance of cash and cash equivalents at beginning of period | 7,387,455 | 7,810,809 |
| VI. Balance of cash and cash equivalents at end of period | 7,810,809 | 7,273,713 |

(6) Notes on the going concern assumption

No relevant items

(7) Significant accounting policies

The disclosure is omitted, since there are no significant changes from contents disclosed by the latest securities report (submitted on May 30, 2014).

(8) Notes to financial statements

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

(Per unit information)

| 19th fiscal period (September 1, 2013 to February 28, 2014) | 20th fiscal period (March 1, 2014 to August 31, 2014) |
|---|---|
| Net assets per investment unit: 118,376 yen | Net assets per investment unit: 118,410 yen |
| Net income per investment unit: 3,243 yen | Net income per investment unit: 3,278 yen |

Note 1: FRC implemented a 5-for-1 split of its investment units with March 1, 2014 as the effective date. Accordingly, net assets per investment unit and net income per investment unit have been calculated on the assumption that the split of investment units was conducted at the beginning of the 19th fiscal period. Diluted net income per investment unit is not shown since there are no potential investment units.

Note 2: Calculation of net income per investment unit is based on the following.

| Account | 19th fiscal period (September 1, 2013 to February 28, 2014) | 20th fiscal period (March 1, 2014 to August 31, 2014) |
|--|---|---|
| Net income (thousands of yen) | 2,238,265 | 2,262,068 |
| Amount not attributable to common shareholders (thousands of yen) | — | — |
| Net income attributable to common investment units (thousands of yen) | 2,238,265 | 2,262,068 |
| Average number of investment units during the fiscal period (units) (Note 3) | 690,000 | 690,000 |

Note 3: FRC implemented a 5-for-1 split of its investment units with March 1, 2014 as the effective date. Accordingly, the average number of investment units during the fiscal period has been calculated on the assumption that the split of investment units was conducted at the beginning of the 19th fiscal period.

(Significant subsequent events)

No relevant items

(9) Change in the number of investment units outstanding

Changes in unitholders' capital from the incorporation of FRC to the end of the 20th fiscal period are as follows.

| Date | Item | Number of investment units issued (units) | | Unitholders' capital (millions of yen) | | Remarks |
|-------------------|--|---|---------|--|---------|----------|
| | | Increase | Balance | Increase | Balance | |
| July 2, 2004 | Established through private placement | 250 | 250 | 125 | 125 | (Note 1) |
| November 8, 2004 | Additional issue of investment units through private offering | 82,800 | 83,050 | 41,400 | 41,525 | (Note 2) |
| June 20, 2005 | Additional issue of new investment units through public offering | 7,000 | 90,050 | 5,944 | 47,469 | (Note 3) |
| July 21, 2005 | Additional issue of new investment units through third-party allotment | 2,000 | 92,050 | 1,698 | 49,167 | (Note 4) |
| September 7, 2006 | Additional issue of new investment units through public offering | 15,000 | 107,050 | 11,096 | 60,264 | (Note 5) |
| March 1, 2011 | Additional issue of new investment units through public offering | 16,000 | 123,050 | 8,913 | 69,177 | (Note 6) |
| March 1, 2013 | Additional issue of new investment units through public offering | 14,950 | 138,000 | 10,263 | 79,441 | (Note 7) |
| March 1, 2014 | Split of investment units | 552,000 | 690,000 | — | 79,441 | (Note 8) |

(Note 1) FRC was established with an issue of investment units at 500,000 yen per unit.

(Note 2) New investment units were issued through private offering at the issue price of 500,000 yen per unit for the purpose of procuring funds for acquiring new properties, etc.

(Note 3) New investment units were issued through public offering at the issue price of 880,000 yen per unit (purchase price of 849,200 yen) for the purpose of procuring funds for acquiring new properties, etc.

(Note 4) New investment units were issued through third-party allotment at the issue price of 849,200 yen per unit.

(Note 5) New investment units were issued through public offering at the issue price of 766,360 yen per unit (purchase price of 739,772 yen) for the purpose of procuring funds for acquiring new properties, etc.

(Note 6) New investment units were issued through public offering at the issue price of 576,083 yen per unit (purchase price of 557,078 yen) for the purpose of procuring funds for acquiring new properties, etc.

(Note 7) New investment units were issued through public offering at the issue price of 710,580 yen per unit (purchase price of 686,529 yen) for the purpose of procuring funds for acquiring new properties, etc.

(Note 8) FRC implemented a 5-for-1 split of its investment units.

4. Change in Directors

(1) Change in directors in FRC

Masayasu Saki resigned from the post of CEO & Representative Director (as of May 28, 2014).

Etsuo Matsuyuki was newly appointed as CEO & Representative Director (as of May 29, 2014).

Officers of FRC as of October 10, 2014 are listed below.

(as of October 10, 2014)

| Title | Name | Career Summary | | Number of units owned |
|-------------------------------|-------------------|--|--|-----------------------|
| CEO & Representative Director | Etsuo Matsuyuki | April 1980 June 2004 April 2005 July 2006 July 2009 August 2010 June 2011 January 2012 June 2012 May 2014 | Joined Japan Development Bank (currently Development Bank of Japan) Appointed as Manager, Human Resources Division Appointed as General Manager, Management Division Seconded to Fukuoka Jisho Co., Ltd. Appointed as Deputy General Manager, Development Business Group Joined Fukuoka Jisho Co., Ltd. Appointed as Executive Officer and Deputy General Manager, Development Business Group and General Manager, Building Division Appointed as Executive Officer and General Manager, Accounting & Finance Division and in charge of General Affairs Division and Finance Division Appointed as Managing Director and Head of Planning Dept., Fukuoka Realty Co., Ltd. Appointed as Managing Director and Executive Officer, Fukuoka Jisho Co., Ltd. Appointed as CEO & Representative Director, Fukuoka Realty Co., Ltd. (current position) Appointed as CEO & Representative Director, Fukuoka REIT Corporation (current position) | 0 |
| Auditor | Hiroyasu Shindo | April 1973 April 1985 April 1986 April 1990 April 1996 July 2004 July 2006 November 2010 | Registered as attorney in law Appointed as Chief of Secretariat, Kyushu Federation of Bar Associations Opened Shindo Law Firm (current position) Appointed as Chief of Public Relations, Kyushu Federation of Bar Associations Appointed as Member of Disciplinary Committee, Fukuokaken Bengoshikai, Ltd. Appointed as Auditor, Fukuoka Realty Co., Ltd. Resigned to Auditor, Fukuoka Realty Co., Ltd. Appointed as Auditor, Fukuoka Realty Co., Ltd. (current position) | 0 |
| Auditor | Takashi Shinohara | March 1980 January 1982 May 1984 May 2007 October 2007 January 2010 June 2010 | Registered as Certified Public Accountants Opened Shinohara Consulting Firm (current position) Registered as Licensed Tax Accountant Opened Shinohara Tax Accountant Firm Appointed as Auditor, Best Denki Co., Ltd. (current position) Appointed as Supervisory Director, Fukuoka REIT Corporation (current position) Opened Shinohara Ueda Tax Accountant Firm, Representative Partner (current position) Appointed as Director, Mitsui Matsushima Co., Ltd. (current position) | 0 |

(Note) Etsuo Matsuyuki concurrently serves as CEO & Representative Director of Fukuoka Realty Co., Ltd., the asset management company for FRC, and as CEO & Representative Director of FRC.

(2) Change in directors in Fukuoka Realty Co., Ltd.

Masayasu Saki resigned from the post of Chairman (as of June 24, 2014).

Yoichi Nishio resigned from the post of Managing Director (as of June 24, 2014).

Kenji Tsugami resigned from the post of Director (as of June 24, 2014).

Naofumi Sato was newly appointed as Director (as of June 24, 2014).

Hidenori Hara was newly appointed as Managing Director (as of September 1, 2014).

Officers of Fukuoka Realty Co., Ltd. as of October 10, 2014 are listed below.

(as of October 10, 2014)

| Title | Name | Career Summary | | Number of units owned |
|-------------------------------|-----------------|--|---|-----------------------|
| CEO & Representative Director | Etsuo Matsuyuki | April 1980 June 2004 April 2005 July 2006 July 2009 August 2010 June 2011 January 2012 June 2012 May 2014 | Joined Japan Development Bank (currently Development Bank of Japan) Appointed as Manager, Human Resources Division Appointed as General Manager, Management Division Seconded to Fukuoka Jisho Co., Ltd. Appointed as Deputy General Manager, Development Business Group Joined Fukuoka Jisho Co., Ltd. Appointed as Executive Officer and Deputy General Manager, Development Business Group and General Manager, Building Division Appointed as Executive Officer and General Manager, Accounting & Finance Division and in charge of General Affairs Division and Finance Division Appointed as Managing Director and Head of Planning Dept., Fukuoka Realty Co., Ltd. Appointed as Managing Director and Executive Officer, Fukuoka Jisho Co., Ltd. Appointed as CEO & Representative Director, Fukuoka Realty Co., Ltd. (current position) Appointed as CEO & Representative Director, Fukuoka REIT Corporation(current position) | 0 |
| Managing Director | Hidenori Hara | April 1985 June 1990 August 2005 August 2009 June 2012 June 2014 September 2014 September 2014 | Joined the Bank of Fukuoka Joined Sumitomo Realty & Development Co., Ltd. Joined Fukuoka Jisho Co., Ltd. Appointed as General Manager, Development Business Group Appointed as Executive Officer and General Manager, Housing Business Division Appointed as Executive Officer in charge of Housing Business Division Appointed as Executive Officer (current position) Seconded to Fukuoka Realty Co., Ltd. Appointed as Managing Director (current position) | 0 |
| Director | Hiroshi Shimuta | October 2000 December 2003 April 2004 April 2005 June 2007 June 2007 September 2013 | Registered as attorney in law Appointed as Auditor, Fukuoka Realty Co., Ltd. Appointed as Head of Compliance Office Appointed as Head of Compliance Dept. Joined Nishimura Tokiwa Law Office (currently, Nishimura Asahi Law Office) (current position) Appointed as Director, Fukuoka Realty Co., Ltd. (current position) Appointed as General Manger, Fukuoka Jisho Co., Ltd., Legal Division (current position) | 0 |

| Title | Name | Career Summary | | Number of units owned |
|----------|-----------------|--|--|-----------------------|
| Director | Seiji Yagi | April 1968 June 1991 June 1996 June 1998 June 2001 July 2002 August 2002 August 2003 August 2011 June 2012 | Joined The Nippon Fudosan Bank, Limited. (currently, Aozora Bank, Ltd.) Appointed as Director Appointed as Managing Director Joined Fukuoka Jisho Co., Ltd. Joined Fukuoka City Bank, Co., Ltd. (currently, The Nishi-Nippon City Bank, Ltd.) Appointed as Director Joined Fukuoka Jisho Co., Ltd. Appointed as Senior Managing Director Appointed as President & Representative Director Appointed as Vice Chairman & Director (current position) Appointed as Director, Fukuoka Realty Co., Ltd. (current position) | 0 |
| Director | Naofumi Satou | April 1976 July 2000 July 2004 June 2007 June 2009 June 2011 June 2012 June 2014 June 2014 | Joined Kyushu Electric Power Co., Inc. Appointed as Deputy Head of Saga Branch and Manager of Planning and Administration Office Appointed as Deputy General Manager of General Affairs Division Appointed as General Manager of General Affairs Division Appointed as Trustee, Kyushu Electric Power Co., Inc. and seconded to Kyushu Rinsan, Co., Inc. Appointed as President of Kyushu Rinsan Appointed as Executive Officer and General Manager of Business Administration Group, Kyushu Electric Power Co., Inc. Appointed as Director, Senior Executive Officer and General Manager of Business Administration Group Appointed as Director, Fukuoka Realty Co., Ltd. (current position) Appointed as Executive Vice President, Kyushu Electric Power Co., Inc. (current position) | 0 |
| Auditor | Masanori Tasaka | April 1978 August 2000 July 2003 October 2004 April 2005 April 2006 June 2006 | Joined Fukuoka Sogo Bank, Ltd. (currently, The Nishi-Nippon City Bank, Ltd.) Appointed as Deputy General Manager of Planning Division Appointed as General Manager of Planning Division and Manager of Risk Management Office Appointed as Senior Manager supporting Business Planning Division Seconded to NCB Management Information Service Co., Ltd. (currently, NCB Research & Consulting Co., Ltd.) and appointed as General Manager of Business Alliance Division Opened Masanori Tasaka Tax Accountant Office (current position) Appointed as Auditor, Fukuoka Realty Co., Ltd. (current position) | 0 |

(Note) Etsuo Matsuyuki concurrently serves as CEO & Representative Director of Fukuoka Realty Co., Ltd., the asset management company for FRC, and as CEO & Representative Director of FRC. A notification regarding the concurrent office has been filed to the Commissioner of the Financial Services Agency, based on the provisions of Article 31-4-1 of the Financial Instruments and Exchange Act.

5. Reference Information

(1) Investment situation

(as of August 31, 2014)

| Type of asset | Purpose | Location (Note 1) | Total value of properties held (mm of yen) (Note 2) | Percentage of total assets (%) (Note 3) |
|------------------------------------|------------------|----------------------|--|--|
| Real estate in Trust | Retail | Fukuoka urban area | 65,853 | 39.2 |
| | | Other Kyushu areas | 36,183 | 21.6 |
| | Office buildings | Fukuoka urban area | 44,622 | 26.6 |
| | | Other Kyushu areas | — | — |
| | Others | Fukuoka urban area | 9,679 | 5.8 |
| | | Other Kyushu areas | 2,791 | 1.7 |
| | Subtotal | | | 159,128 |
| Deposits and other assets | | | 8,695 | 5.2 |
| Total amount of assets (Note 4) | | | 167,824 (159,128) | 100.0 (94.8) |

Note 1: “Fukuoka urban area” refers to cities, towns and villages where 10% or more of the population commute to Fukuoka City for school and work, according to the 2010 census, which states “the number of workers and students aged 15 years or older (students including those aged 14 years or younger: particular reference) including commuting between their homes and places of work or school” conducted by Fukuoka City and the Statistics Bureau of the Ministry of Internal Affairs and Communications. “Other Kyushu areas” refers to all other parts of Kyushu (excluding the Fukuoka urban area).

Note 2: “Total value of properties held” is based on the value on the balance sheet (the value of real estate in trust is the book value after depreciation).

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

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

(as of August 31, 2014)

| | Value on balance sheet (mm of yen) | Percentage of total amount of assets (%) |
|-----------------------------|---------------------------------------|---|
| Total amount of liabilities | 86,120 | 51.3 |
| Total amount of net assets | 81,703 | 48.7 |

(2) Investment assets

(i) Primary issues of investment securities

No relevant items

(ii) Real estate investment portfolio

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

(as of August 31, 2014)

| Real estate property name | Acquisition value (mm of yen) (Note 1) | Value on balance sheet (mm of yen) | Period-end appraisal value (mm of yen) (Note 2) | Investment ratio (%) (Note 3) | Real estate appraiser |
|-------------------------------------|--|---------------------------------------|---|-------------------------------------|---------------------------------------|
| Canal City Hakata | 32,000 | 30,985 | 32,200 | 19.4 | Tanizawa Sogo Appraisal Co., Ltd. |
| Canal City Hakata B | 28,700 | 28,478 | 28,900 | 17.4 | Tanizawa Sogo Appraisal Co., Ltd. |
| Park Place Oita | 15,700 | 17,731 | 18,036 | 9.5 | Japan Real Estate Institute |
| SunLive City Kokura | 6,633 | 6,054 | 7,640 | 4.0 | Japan Real Estate Institute |
| Square Mall Kagoshima Usuki | 5,300 | 4,750 | 4,980 | 3.2 | Japan Real Estate Institute |
| Kumamoto Intercommunity SC | 2,400 | 2,139 | 2,530 | 1.5 | Japan Real Estate Institute |
| AEON Hara Shopping Center | 5,410 | 5,338 | 4,560 | 3.3 | Japan Real Estate Institute |
| Hanahata SC | 1,130 | 1,050 | 1,140 | 0.7 | Tanizawa Sogo Appraisal Co., Ltd. |
| Kurume Higashi Kushiwara SC | 2,500 | 2,249 | 2,580 | 1.5 | Tanizawa Sogo Appraisal Co., Ltd. |
| K's Denki Kagoshima | 3,550 | 3,257 | 3,440 | 2.2 | Tanizawa Sogo Appraisal Co., Ltd. |
| Retail subtotal: | 103,323 | 102,036 | 106,006 | 62.8 | |
| Canal City Business Center Building | 14,600 | 13,724 | 14,400 | 8.9 | Tanizawa Sogo Appraisal Co., Ltd. |
| Gofukumachi Business Center | 11,200 | 9,660 | 12,600 | 6.8 | Tanizawa Sogo Appraisal Co., Ltd. |
| Sanix Hakata Building | 4,400 | 4,097 | 4,790 | 2.7 | Japan Real Estate Institute |
| Taihaku Street Business Center | 7,000 | 6,566 | 6,790 | 4.3 | Japan Real Estate Institute |
| Higashi Hie Business Center | 5,900 | 5,087 | 6,210 | 3.6 | Tanizawa Sogo Appraisal Co., Ltd. |
| Tenjin Nishi-Dori Center Building | 2,600 | 2,686 | 2,790 | 1.6 | Japan Real Estate Institute |
| Tenjin North Front Building | 2,800 | 2,798 | 3,010 | 1.7 | Japan Real Estate Institute |
| Office buildings subtotal: | 48,500 | 44,622 | 50,590 | 29.5 | |
| Amex Akasakamon Tower | 2,060 | 1,846 | 1,790 | 1.3 | Daiwa Real Estate Appraisal Co., Ltd. |
| City House Keyaki Dori | 1,111 | 1,009 | 1,000 | 0.7 | Daiwa Real Estate Appraisal Co., Ltd. |
| Aqualia Kego | 2,800 | 2,730 | 3,390 | 1.7 | Japan Real Estate Institute |
| Aqualia Chihaya | 1,280 | 1,249 | 1,480 | 0.8 | Japan Real Estate Institute |
| D-WING TOWER | 2,800 | 2,842 | 3,110 | 1.7 | Tanizawa Sogo Appraisal Co., Ltd. |
| Hotel FORZA Oita | 1,530 | 1,499 | 1,590 | 0.9 | Japan Real Estate Institute |
| Tosu Logistics Center | 1,250 | 1,291 | 1,270 | 0.8 | Japan Real Estate Institute |
| Others subtotal: | 12,831 | 12,470 | 13,630 | 7.8 | |
| Total | 164,654 | 159,128 | 170,226 | 100.0 | |

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

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

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

(b) Summary of the real estate leasing business

(as of August 31, 2014)

| Real estate property name | Number of tenants (Note 1) | Occupancy rate (%) (Note 3) | Total leasable floor space (m ²) | Total leased floor space (m ²) | Total leasing revenues (mm of yen) (Note 4) | Percentage of total leasing revenues (%) (Note 5) |
|-------------------------------------|-------------------------------|-----------------------------------|---|---|---|---|
| Canal City Hakata | 1 [48] | 100.0 | 46,483.22 | 46,483.22 | 1,228 | 15.8 |
| Canal City Hakata B (Note 6) | 1 [48] | 99.6 | 68,805.88 | 68,526.79 | 1,608 | 20.7 |
| Park Place Oita | 1 [106] | 100.0 | 109,603.80 | 109,603.80 | 1,218 | 15.7 |
| SunLive City Kokura | 1 | 100.0 | 61,450.22 | 61,450.22 | 292 | 3.8 |
| Square Mall Kagoshima Usuki | 12 | 100.0 | 14,602.59 | 14,602.59 | 256 | 3.3 |
| Kumamoto Intercommunity SC | 2 | 100.0 | 6,968.66 | 6,968.66 | 90 | 1.2 |
| AEON Hara Shopping Center | 1 | 100.0 | 27,313.53 | 27,313.53 | 212 | 2.7 |
| Hanahata SC | 2 | 100.0 | 2,801.15 | 2,801.15 | 40 | 0.5 |
| Kurume Higashi Kushiwara SC | 1 | 100.0 | 6,467.80 | 6,467.80 | 88 | 1.1 |
| K's Denki Kagoshima | 1 | 100.0 | 7,296.17 | 7,296.17 | 111 | 1.4 |
| Retail subtotal: | 23 [222] (Note 2) | 99.9 | 351,793.02 | 351,513.93 | 5,149 | 66.2 |
| Canal City Business Center Building | 1 [61] | 100.0 | 23,030.44 | 23,030.44 | 607 | 7.8 |
| Gofukumachi Business Center | 33 | 94.8 | 19,905.34 | 18,871.33 | 485 | 6.2 |
| Sanix Hakata Building | 18 | 95.9 | 6,293.76 | 6,034.22 | 201 | 2.6 |
| Taihaku Street Business Center | 1 [67] | 98.4 | 14,677.27 | 14,443.93 | 300 | 3.9 |
| Higashi Hie Business Center | 1 [22] | 98.7 | 13,695.51 | 13,518.89 | 333 | 4.3 |
| Tenjin Nishi-Dori Center Building | 1 | 100.0 | 3,339.32 | 3,339.32 | 86 | 1.1 |
| Tenjin North Front Building | 11 | 100.0 | 5,233.92 | 5,233.92 | 130 | 1.7 |
| Office buildings subtotal: | 66 [213] (Note 2) | 98.0 | 86,175.56 | 84,472.05 | 2,143 | 27.6 |
| Amex Akasakamon Tower | 1 [61] | 92.2 | 4,821.25 | 4,445.75 | 64 | 0.8 |
| City House Keyaki Dori | 1 [41] | 97.8 | 2,710.86 | 2,652.46 | 38 | 0.5 |
| Aqualia Kego | 1 [121] | 92.6 | 7,415.36 | 6,867.80 | 111 | 1.4 |
| Aqualia Chihaya | 1 [104] | 98.9 | 5,619.69 | 5,559.96 | 57 | 0.7 |
| D-WING TOWER | 1 [130] | 95.5 | 7,187.58 | 6,866.39 | 115 | 1.5 |
| Hotel FORZA Oita | 1 | 100.0 | 5,785.44 | 5,785.44 | 63 | 0.8 |
| Tosu Logistics Center | 1 | 100.0 | 4,173.29 | 4,173.29 | 36 | 0.5 |
| Others subtotal: | 7 [459] (Note 2) | 96.4 | 37,713.47 | 36,351.09 | 486 | 6.3 |
| Total | 96 [894] (Note 2) | 99.3 | 475,682.05 | 472,337.07 | 7,779 | 100.0 |

Note 1: "Number of tenants" is based on the total number of sections stipulated in the tenancy agreements for retail and office buildings among relevant properties. For the number of tenants in pass-through master leasing properties, the number of sections stipulated in the tenancy agreements with end tenants is shown in parentheses. The Taihaku Street Business Center is an office building with a residential tower. Its number of tenants comprises 12 offices and 55 residences.

Note 2: The subtotal and total of all the tenants in other than pass-through master leasing properties and the number of sections stipulated in the tenancy agreements with end tenants for pass-through master leasing properties is shown in parentheses in the totals column for "Number of tenants."

Note 3: "Occupancy rate" refers to the percentage of total leased floor space to total leasable floor space and the figures are rounded off to one decimal place.

Note 4: "Total leasing revenues" are the total of real estate leasing revenues and other revenues from real estate rent in the current fiscal period.

Note 5: "Percentage of total leasing revenues" is obtained by dividing each property's total leasing revenues by the total amount of total leasing revenues. The total of individual percentages in the above table may not equal 100%, since the figures are rounded off to one decimal place.

(3) Investment target

The disclosure is omitted, since there are no significant changes from the "Investment target" disclosed by the latest securities report (submitted on May 30, 2014).