

October 19, 2006

**FINANCIAL RESULTS
FOR THE TERM ENDED AUGUST 2006
(March 1, 2006 to August 31, 2006)**

Name of real estate investment trust	Fukuoka REIT Corporation	Listed Stock Exchanges	Tokyo Stock Exchange, Fukuoka Stock Exchange
Code number	8968 (URL: http://www.fukuoka-reit.jp/eng/)	Headquarters	Fukuoka Prefecture
Contact	(Asset manager) Fukuoka Realty Co., Ltd. Person in charge Hisashi Okita, Senior Managing Director, General Manager of Finance Division, Phone: +81-92-272-3900		
Date of board of directors meeting for approval of financial results	October 19, 2006		
Commencement date of cash distribution	November 22, 2006 (planned)		

**1. PERFORMANCE AND SITUATION OF ASSETS FOR THE TERM ENDED AUGUST 2006
(March 1, 2006 to August 31, 2006)**

(1) Performance

(Figures rounded off to nearest million yen.)

	Operating revenues		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Term ended August 2006	4,496	11.0	1,983	13.3	1,716	1.0	1,715	1.1
Term ended February 2006	4,050	—	1,751	—	1,698	—	1,697	—

	Net income per unit	Return on net assets	<Reference> (Annualized figures)	Ratio of ordinary income to total liabilities and net worth	<Reference> (Annualized figures)	Ratio of ordinary income to operating revenues
	Yen	%	%	%	%	%
Term ended August 2006	18,631	3.4	(6.7)	1.7	(3.4)	38.1
Term ended February 2006	18,438	3.3	(6.7)	1.9	(3.8)	41.9

- (Notes) (i) The calculation period for the term ended August 2006 is 184 days, from March 1, 2006 to August 31, 2006; for the term ended February 2006 is 181 days, from September 1, 2005 to February 28, 2006.
(ii) Net income per unit is calculated by dividing the net income by the weighted average number of investment units outstanding for the period (92,050 units for the terms ended February 2006 and August 2006).
(iii) Changes in accounting policies: Yes
(iv) Percentage changes of operating revenues, operating income, ordinary income and net income from the previous term are omitted for the term ended February 2006 since the calculation period of the corresponding fiscal term exceeds the ordinary calculation period (six months).
(v) Concerning the return on net assets and ratio of ordinary income to total liabilities and net worth, the average of net assets and total liabilities and net worth at the beginning and end of the term are used for their calculations.

(2) Cash distributions

(Total cash distributions are rounded off to the nearest million yen.)

	Cash distribution per unit (excl. cash distributions in excess of earnings)	Total cash distribution	Cash distribution in excess of earnings per unit	Total cash distributions in excess of earnings	Payout ratio	Ratio of cash distribution to term-end net assets
Term ended August 2006	18,632 yen	1,715 million yen	0 yen	–million yen	100.0%	3.4%
Term ended February 2006	18,438 yen	1,697 million yen	0 yen	–million yen	99.9%	3.3%

(Note) Concerning the payout ratio, all numbers after the first decimal place are disregarded.

(3) Financial condition

(Total assets and net assets are rounded off to the nearest million yen.)

	Total assets	Net assets	Ratio of net assets to total assets	Net assets per unit
Term ended August 2006	104,183 million yen	50,754 million yen	48.7%	551,377 yen
Term ended February 2006	94,593 million yen	50,865 million yen	53.8%	552,580 yen

(Note) The number of investment units issued and outstanding at end of term: 92,050 units as of August 2006
92,050 units as of February 2006

2. FORECAST OF PERFORMANCE FOR THE TERM ENDING FEBRUARY 2007 (Sept. 1, 2006 to Feb. 28, 2007) AND THE TERM ENDING AUGUST 2007 (Mar. 1, 2007 to Aug. 31, 2007)

	Operating revenues	Ordinary income	Net income	Cash distribution per unit (excl. cash distributions in excess of earnings)	Cash distribution in excess of earnings per unit
	Millions of yen	Millions of yen	Millions of yen	Yen	Yen
Term ending February 2007	4,803	1,822	1,819	17,000	0
Term ending August 2007	5,088	1,886	1,884	17,600	0

(Reference) Forecast net income per unit (Term ending February 2007) 17,000 yen, (Term ending August 2007) 17,600 yen

(Notes) Forecast figures are calculated based on the attached reference material, “Preconditions for performance forecast for the term ending February 2007 (Sept. 1, 2006 to Feb. 28, 2007) and for the term ending August 2007 (Mar. 1, 2007 to Aug. 31, 2007).” The forecast should not be construed as a guarantee of actual performance since actual operating revenues, ordinary income, net income, cash distribution per unit, and cash distribution in excess of earnings per unit may differ due to changes in the business environment.

3. Management situation

(i) Summary for the current fiscal term

(a) Brief history of the investment corporation

FRC was established on July 2, 2004 based on the “Investment Trust and Investment Corporation Law of Japan” and listed on the Tokyo Stock Exchange and Fukuoka Stock Exchange on June 21, 2005 as the nation’s first real estate investment trust specializing in regional properties (code : 8968). FRC invests in real estates through the entire area of Kyushu (including Okinawa Prefecture), with a central focus on Fukuoka City and Yamaguchi Prefecture by turning regional characteristics in the real estate industry into its strength.

FRC began its asset management activities on November 9, 2004 after acquiring four properties such as commercial facilities in Canal City Hakata (excluding some specialty shops, hotels, 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 previous fiscal term (February 28, 2006), FRC has seven properties (excluding silent partnership interests). FRC acquired one "A"-class office building (a blue-chip property that meets its original acquisition criteria such as location, size, specifications, and age; the same hereinafter).

As a result, FRC now has eight properties (excluding silent partnership interests), four commercial facilities and four office buildings in its portfolio as of the end of the current fiscal term (August 31, 2006).

(b) Investment environment and portfolio performance

There were clear signs for recovery for the Japanese economy in the fiscal term, thanks to increased capital expenditures on the back of strong corporate earnings and solid consumer spending supported by increasing wages.

Although land prices still continued to decline throughout the nation, some visible indications of turning around were seen in the real estate market, with land prices in the centers of three largest cities clearly rising. In Fukuoka City, a core area of FRC's investment target area, commercial lands in the city center rose sharply.

In such a business environment, FRC acquired the Taihaku Street Business Center Building, its fourth "A"-class office building in the JR Hakata Station area, on March 16, 2006. On March 31, 2006, FRC signed a purchase contract for the City House Tenjin Keyaki Street (provisional name, expected completion date of November 30, 2007, expected acquisition date of December 20, 2007), a rental apartment located in one of the prominent residential areas in Fukuoka City.

When analyzing FRC's portfolio by geographic location, properties in the Fukuoka urban area occupy 75.0% of its portfolio, while analyzing by property type, commercial facilities and office building account for 59.7% and 40.3%, respectively.

The occupancy rate of properties FRC owns stands at 99.4% as of the end of the current fiscal term, thanks to our efforts including operations placed on enhancing competitiveness and customer drawing power in major commercial facilities such as Canal City Hakata, as well as measures to raise the occupancy rate in office buildings.

(c) Summary of fundraising

FRC raised 9,000 million yen for acquisition of the Taihaku Street Business Center Building through short-term borrowings, and refinanced its short-term borrowings to procure 16,000 million yen through long-term borrowings in anticipation of rising interest rates in the future. Management attempted to increase the ratio of longer-term fixed-rate borrowings and thus diversify its funding base. As a result, fixed-rate borrowings account for 65.6% of total borrowings (including interest rates swap). Moreover, outstanding interest-bearing liabilities amounted to 42,700 million yen and the loan-to-value ratio stood at 41.0% at the end of the current fiscal term. To implement cash management efficiently and flexibly, FRC established a commitment line of credit totaling 5,000 million yen.

In the meantime, FRC passed a resolution for issuance of new investment units (15,000 units), the first issuance since its listing on August 17, 2006, in order to raise funds used for acquisition of new specific assets.

(d) Summary of performance and cash distribution

As a result of these management efforts, operating revenues totaled 4,496 million yen and operating income after excluding operating expenses such as rental business expenses and asset management fees amounted to 1,983 million yen. Ordinary income and net income reached 1,716 million yen and 1,715 million yen, respectively.

Management decided to make a cash distribution of 18,632 yen per investment unit to meet the requirements of special tax measures for an investment corporation (as stipulated under Article 67-15 of the Special Taxation Measures Law of Japan). Under this Law, an investment corporation is allowed to deduct distributions paid to investors from its taxable income if most of the unappropriated earnings as of the end of the current fiscal term are distributed.

(ii) Forecast for the next fiscal term

(a) Portfolio management policy

FRC will invest based on the basic policy stipulated in its Articles of Incorporation and its basic philosophy: focusing on “high growth potential markets in which FRC can demonstrate its competitive edge.”

By geographic location, FRC decides to invest 60% to 90% of its assets in the Fukuoka urban area. Especially Fukuoka City, a core city in the Fukuoka urban area, is a promising area with high growth potential since the city is expected to have the greatest population growth of any urban area in Japan in the future. Moreover, management decides to actively acquire properties in major cities in Kyushu and Yamaguchi Prefecture besides the Fukuoka urban area if FRC can generate sufficient investment merits from community-oriented viewpoints.

By property type, FRC decides to invest 60% to 80% of its assets in commercial facilities, 20% to 40% in office buildings, and 0% to 20% in other properties. Management continues to invest in commercial facilities mainly to expand its portfolio. Among commercial facilities, FRC plans to invest in various types of facilities, not only relatively larger facilities such as urban type (midtown type) and regional type (large suburban type), but also community-type facilities (neighborhood type).

Meanwhile, concerning fundraising, FRC succeeded in converting its financing into fixed-rate, longer-term borrowings and in building stronger relationships with financial institutions. Management will strive to secure more stable access to capital by closely monitoring market conditions including interest rate trends.

Management expects that recovery in land prices will become more apparent with more intensifying competition for acquisition of properties in major regional cities including Fukuoka. FRC will acquire high quality properties for further expansion of its portfolio by avoiding competition as much as possible and using its advantages wisely, such as its information gathering abilities in the Fukuoka and Kyushu areas, its thorough knowledge of regional properties, and its close relations with local business communities and governments, so that investors can continue to invest in FRC with confidence.

(b) Performance forecast for the next fiscal term

FRC aims to achieve the following performance goals for the term ending February 2007 (Sept. 1, 2006 to Feb. 28, 2007) and the term ending August 2007 (Mar. 1, 2007 to Aug. 31, 2007).

Concerning the preconditions for the forecast, please refer to “Preconditions for the performance forecast for the term ending February 2007 (Sept. 1, 2006 to Feb. 28, 2007) and for the term ending August 2007 (Mar. 1, 2007 to Aug. 31, 2007)” described on page 4.

Term ending February 2007

Operating revenues	4,803 million yen
Ordinary income	1,822 million yen
Net income	1,819 million yen
Cash distribution per unit	17,000 yen
Cash distribution in excess of earnings per unit	0 yen

Term ending August 2007

Operating revenues	5,088 million yen
Ordinary income	1,886 million yen
Net income	1,884 million yen

Cash distribution per unit 17,600 yen
Cash distribution in excess of earnings per unit 0 yen

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

4. Financial statements
(i) Balance sheet

(Thousands of yen)

Fiscal term Account	Current term (as of Aug. 31, 2006)		Previous term (as of Feb. 28, 2006)		Change	
	Amount	Component ratio	Amount	Component ratio	Amount	Term-on -Term
Assets		%		%		%
I. Current assets						
Cash and deposits	2,935,049		1,424,770		1,510,279	
Cash and deposits in trust	3,430,267		2,585,615		844,652	
Accounts receivable	333,808		132,641		201,166	
Deferred tax assets	19		18		0	
Consumer taxes receivable	89,196		—		89,196	
Other current assets	252,634		75,851		176,782	
Total current assets	7,040,976	6.8	4,218,898	4.5	2,822,078	66.9
II. Fixed assets						
1. Tangible assets						
Buildings	140,384		144,085		-3,701	
Structures	843		—		843	
Land	641,782		641,782		—	
Buildings in trust	37,987,229		34,315,688		3,671,541	
Structures in trust	209,848		210,008		-160	
Machinery and equipment in trust	244,503		213,028		31,475	
Tools, furniture and fixtures in trust	214,652		183,628		31,023	
Land in trust	54,117,497		51,069,002		3,048,494	
Construction in progress in trust	24,457		38,889		-14,431	
Total tangible assets	93,581,200	89.8	86,816,115	91.8	6,765,085	7.8
2. Investments and other assets						
Investment securities	3,421,633		3,421,633		—	
Guarantee deposits	10,000		10,000		—	
Long-term prepaid expenses	101,252		93,443		7,808	
Total investments and other assets	3,532,885	3.4	3,525,077	3.7	7,808	0.2
Total fixed assets	97,114,086	93.2	90,341,192	95.5	6,772,894	7.5
III. Deferred assets						
Start-up expenses	27,977		33,572		-5,595	
Total deferred assets	27,977	0.0	33,572	0.0	-5,595	-16.7
Total assets	104,183,040	100.0	94,593,663	100.0	9,589,377	10.1

(Thousands of yen)

Fiscal term Account	Current term (as of Aug. 31, 2006)		Previous term (as of Feb. 28, 2006)		Change	
	Amount	Component ratio	Amount	Component ratio	Amount	Term-on-Term
Liabilities		%		%		%
I. Current liabilities						
Accounts payable	232,183		313,223		-81,039	
Short-term borrowings	8,100,000		15,100,000		-7,000,000	
Accrued liabilities	46,319		41,889		4,430	
Accrued expenses payable	250,629		228,055		22,574	
Accrued corporate income taxes	975		1,036		-61	
Advances received	535,254		481,088		54,165	
Deposits received	736,848		473,399		263,448	
Total current liabilities	9,902,209	9.5	16,638,691	17.6	-6,736,482	-40.5
II. Fixed liabilities						
Long-term borrowings	34,600,000		18,600,000		16,000,000	
Security deposits and guarantee money	103,128		107,661		-4,533	
Security deposits and guarantee money in trust	8,694,810		8,382,254		312,555	
Derivative liabilities	128,594		—		128,594	
Total fixed liabilities	43,526,532	41.8	27,089,916	28.6	16,436,616	60.7
Total liabilities	53,428,742	51.3	43,728,608	46.2	9,700,134	22.2
Net worth						
I. Unitholders' equity						
1. Unitholders' capital	49,167,800	47.2	—	—	49,167,800	—
2. Retained earnings						
Unappropriated retained earnings	1,715,092		—		1,715,092	
Total retained earnings	1,715,092	1.6	—	—	1,715,092	—
Total unitholders' equity	50,882,892	48.8	—	—	50,882,892	—
II. Other changes in net assets						
1. Deferred hedge profit or loss	-128,594		—		-128,594	
Total other changes in net assets	-128,594	-0.1	—	—	-128,594	—
Total net worth	50,754,298	48.7	—	—	50,754,298	—
Total liabilities and net worth	104,183,040	100.0	—	—	104,183,040	—
Unitholders' equity						
I. Unitholders' capital						
Unitholders' capital	—	—	49,167,800	52.0	-49,167,800	—
II. Retained earnings						
Unappropriated retained earnings	—		1,697,255		-1,697,255	
Total retained earnings	—	—	1,697,255	1.8	-1,697,255	—
Total unitholders' equity	—	—	50,865,055	53.8	-50,865,055	—
Total liabilities and unitholders' equity	—	—	94,593,663	100.0	-94,593,663	—

(ii) Income statement

(Thousands of yen)

Fiscal term Account	Current term (Mar. 1, 2006 to Aug. 31, 2006)		Previous term (Sept. 1, 2005 to Feb. 28, 2006)		Change	
	Amount	Percentage	Amount	Percentage	Amount	Term-on- Term
I. Operating revenues	4,496,048	100.0	4,050,927	100.0	445,120	11.0
Real estate rental revenues	4,231,464		3,879,589		351,875	
Other real estate rental revenues	128,583		171,338		-42,754	
Distribution from silent partnerships	136,000		—		136,000	
II. Operating expenses	2,512,620	55.9	2,299,570	56.8	213,049	9.3
Real estate rental expenses	2,123,240		1,959,121		164,118	
Asset management fees	273,293		249,046		24,246	
Asset custodian fees	8,344		7,590		754	
Outsourcing fees for administrative works	32,192		29,572		2,620	
Directors' remunerations	9,600		9,600		—	
Other operating expenses	65,948		44,639		21,309	
Operating income	1,983,427	44.1	1,751,357	43.2	232,070	13.3
III. Non-operating revenues	368	0.0	131,171	3.2	-130,803	-99.7
Interest received	368		20		347	
Tax-exempt enterprises' consumption taxes	—		128,104		-128,104	
Other non-operating revenues	—		3,046		-3,046	
IV. Non-operating expenses	267,693	6.0	184,240	4.5	83,452	45.3
Interest paid	171,148		133,328		37,819	
Amortization of start-up expenses	5,595		5,595		—	
Loan-related expenses	89,099		39,334		49,764	
Other non-operating expenses	1,850		5,981		-4,131	
Ordinary income	1,716,102	38.1	1,698,288	41.9	17,814	1.0
Income before income taxes	1,716,102	38.1	1,698,288	41.9	17,814	1.0
Corporate income taxes and enterprise taxes	1,048	0.0	1,040	0.0	8	0.8
Income taxes deferred	-0	0.0	24	0.0	-25	—
Net income	1,715,054	38.1	1,697,223	41.9	17,831	1.1
Retained earnings brought forward from previous term	37		31		5	
Unappropriated retained earnings	1,715,092		1,697,255		17,836	

(iii) Cash distribution statement

Account	Current term (Mar. 1, 2006 to Aug. 31, 2006)	Previous term (Sept. 1, 2005 to Feb. 28, 2006)
I. Unappropriated retained earnings	1,715,092,253 yen	1,697,255,419 yen
II. Total cash distributions (Cash distribution per unit)	1,715,075,600 yen (18,632 yen)	1,697,217,900 yen (18,438 yen)
III. Retained earnings carried forward	16,653 yen	37,519 yen

Method for calculating cash distributions	FRC shall decide the amount of cash distributions, which must exceed 90% of FRC's distributable income as stipulated in Article 67-15 of the Special Taxation Measures Law of Japan (Article 38-1-1 of FRC's Articles of Incorporation). For the current fiscal term, cash distributions as income distributions totaled 1,715,075,600 yen, which is almost the entire amount of unappropriated earnings. Moreover, cash distribution in excess of earnings as stipulated in Article 38-2 of FRC's Articles of Incorporation will not be provided.	FRC shall decide the amount of cash distributions, which must exceed 90% of FRC's distributable income as stipulated in Article 67-15 of the Special Taxation Measures Law of Japan (Article 38-1-1 of FRC's Articles of Incorporation). For the current fiscal term, cash distribution as income distributions totaled 1,697,217,900 yen, which is almost the entire amount of unappropriated earnings. Moreover, cash distribution in excess of earnings as stipulated in Article 38-2 of FRC's Articles of Incorporation will not be provided.
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4. Cash flow statement

(Thousands of yen)

Account	Fiscal term	Current term (Mar.1, 2006 to Aug. 31, 2006)	Previous term (Sept. 1, 2005 to Feb. 28, 2006)
I. Cash flows from operating activities			
Net income before income taxes		1,716,102	1,698,288
Depreciation and amortization expenses		619,112	562,577
Amortization of start-up expenses		5,595	5,595
Interest received		-368	-20
Interest paid		171,148	133,328
Increase or decrease in accounts receivable		-201,166	49,316
Increase or decrease in accrued consumption taxes		-89,196	1,595,230
Increase or decrease in accounts payable		-86,287	35,576
Increase or decrease in accrued liabilities		25,103	-99,281
Increase or decrease in accrued expenses		12,673	-33,046
Increase or decrease in advances received		54,165	15,605
Increase or decrease in deposits received		251,306	-268,582
Increase or decrease in prepaid expenses		-53,923	40,161
Increase or decrease in long-term prepaid expenses		-7,808	16,512
Others		-7,898	33,146
Subtotal		2,408,557	3,784,407
Receipt of interest		368	20
Payment of interest		-161,247	-99,974
Payment of Corporate income taxes		-1,109	-2,204
Cash flows from operating activities		2,246,568	3,682,249
II. Cash flows from investing activities			
Payment for acquisition of tangible fixed assets		—	-786,459
Payment for acquisition of tangible fixed assets in trust		-7,380,419	-4,822,962
Payment for down payments		-114,960	—
Proceeds from security deposits and guarantee money		—	109,928
Payment for security deposits and guarantee money		-4,533	-2,266
Proceeds from security deposits and guarantee money in trust		399,921	393,015
Payment for security deposits and guarantee money in trust		-75,223	-120,276
Payment for acquisition of investment securities		-20,212	-3,401,421
Cash flows from investing activities		-7,195,428	-8,630,441
III. Cash flows from financing activities			
Proceeds from short-term borrowings		20,700,000	8,100,000
Repayment of short-term borrowings		-27,700,000	-1,000,000
Proceeds from long-term borrowings		16,000,000	—
Payment of cash distributions		-1,696,208	-1,740,716
Cash flows from financing activities		7,303,791	5,359,283
IV. Increase or decrease in cash and cash equivalents		2,354,931	411,091
V. Balance of cash and cash equivalents at beginning of term		4,010,386	3,599,294
VI. Balance of cash and cash equivalents at end of term		6,365,317	4,010,386

5. Reference information

(1) Investment situation

Type of asset	Purpose	Location (Note 1)	Current term (as of August 31, 2006)		Previous term (as of February.28, 2006)	
			Total value of properties held (Millions of yen) (Note 5)	Percentage to total assets value (%)	Total value of properties held (Millions of yen) (Note 5)	Percentage to total assets value (%)
Real estate	Commercial facility	Fukuoka urban area	—	—	—	—
		Other Kyushu areas	783	0.7	785	0.8
	Office building	Fukuoka urban area	—	—	—	—
		Other Kyushu areas	—	—	—	—
	Subtotal		783	0.7	785	0.8
Real estates in trust	Commercial facility	Fukuoka urban area	32,202	30.9	32,337	34.2
		Other Kyushu areas	22,975	22.1	23,105	24.4
	Office building	Fukuoka urban area	37,595	36.1	30,548	32.3
		Other Kyushu areas	—	—	—	—
	Subtotal		92,773	89.1	85,991	90.9
Interests in silent partnership (Note 6)			3,421	3.3	3,421	3.6
Deposits and other assets (Note 2)			7,204	6.9	4,394	4.7
Total assets			104,183 (97,002)	100.0 (93.1)	94,593 (90,237)	100.0 (95.4)

Note 1: “Fukuoka urban area” refers to cities, towns and villages where 10% or more of the population commute to Fukuoka City for schooling and work, according to the 2000 census, which states “the number of workers and students aged 15 years or older commuting between their homes and places of their work or schooling” conducted by Fukuoka City and the Statistics Bureau of the then Ministry of Public Management, Home Affairs, Posts and Telecommunications (now the Ministry of Internal Affairs and Communications).
“Other Kyushu areas” refers to all other parts of Kyushu (excluding the Fukuoka urban area) and Yamaguchi Prefecture.

Note 2: The amount of construction in progress is included in deposits and other assets.

Note 3: Figures in parentheses in total assets value refer to the percentage of real estates held in real terms to total assets.

Note 4: Concerning the percentage to total assets value, all numbers after the second decimal place are disregarded.

Note 5: “The total value of properties held” is based on figures on the balance sheet (the value of real estate and real estate in trust is a book value after depreciation).

Note 6: Preferred interests in silent partnerships are capital contributions to an SPC (CCH Bridge LLC), which owns and manages “Canal City Hakata SPC holding section,” a section of the whole Canal City Hakata (a commercial complex where specialty shops, a cinema complex, theaters, amusement facilities, hotels and offices are integrally developed), but excluding the section the Corporation has already held.

(2) Real estate investment portfolio

Values and investment ratios at end of term are as follows.

Name of property	Acquisition value (Note 1) (Millions of yen)	Value on balance sheet (Millions of yen)	Term-end appraisal value (Note 2) (Millions of yen)	Investment ratio (Note 3) (%)	Real estate appraiser
Canal City Hakata	32,000	32,202	34,700	34.7	TANIZAWA SOGO APPRAISAL CO., LTD.
Park Place Oita	15,700	16,323	18,200	17.0	Japan Real Estate Institute
SunLive City Kokura	6,633	6,652	7,130	7.2	Japan Real Estate Institute
Kominedai Community Mall	740	783	780	0.8	All Real Estate Appraisers Network Co., Ltd.
Canal City Business Center Building	14,600	14,632	15,600	15.8	TANIZAWA SOGO APPRAISAL CO., LTD.
Gofukumachi Business Center Building	11,200	11,115	12,700	12.1	TANIZAWA SOGO APPRAISAL CO., LTD.
Sanix Hakata Building	4,400	4,616	4,780	4.8	Japan Real Estate Institute
Taihaku Street Business Center Building	7,000	7,231	7,560	7.6	Japan Real Estate Institute
Total	92,273	93,556	101,450	100.0	

Note 1: "Acquisition value" refers to the purchasing price shown on the purchasing contract, which does not include expenses for acquisition of the relevant property (agency fees, taxes and other public charges).

Note 2: The term-end appraisal values shown refer to evaluated values based on appraisals by a real estate appraiser that conforms with the method and standard for asset evaluation stipulated in FRC's Articles of Incorporation and rules stipulated by the Investment Trusts Association, Japan.

Note 3: "Investment ratio" refers to the percentage of the acquisition value of each property to total acquisition values.

Summary of real estate rental business at end of term is as follows.

Name of property	Number of tenants (Note 1)	Occupancy rate (%) (Note 2)	Total leasable space (m ²)	Total leased space (m ²)	Total rental revenues (Millions of yen) (Note 3)	Percentage to total rental revenues (%)
Canal City Hakata	25	100.0	47,858.67	47,858.67	1,387	31.8
Park Place Oita	80	99.5	100,664.83	100,171.80	912	20.9
SunLive City Kokura	1	100.0	61,450.22	61,450.22	290	6.7
Kominedai Community Mall	4	100.0	3,743.12	3,743.12	35	0.8
Canal City Business Center Building	44	96.5	23,011.85	22,213.89	674	15.5
Gofukumachi Business Center Building	19	100.0	19,906.21	19,906.21	559	12.8
Sanix Hakata Building	13	100.0	6,293.67	6,293.67	205	4.7
Taihaku Street Business Center Building (Note 4)	64	98.3	14,651.87	14,397.50	293	6.8
Total	250	99.4	277,580.44	276,035.08	4,360	100.0

Note 1: The number of tenants shown is based on the total number of sections stipulated in the tenancy agreements for commercial and office buildings among the relevant properties. As 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.

Note 2: "Occupancy rate" refers to the percentage of total leased space to total leasable space as of August 31, 2006.

Note 3: The total rental revenues shown are the results of the real estate rental business in the current fiscal term. During this time, FRC acquired the Taihaku Street Business Center Building on March 16, 2006.

Note 4: The Taihaku Street Business Center Building is an office building with residential blocks. The breakdown of the tenants is nine offices and 55 residents.

Occupancy rates of properties for the past five years are as follows.

Name of property	Aug. 31, 2002 (%)	Aug. 31, 2003 (%)	Aug. 31, 2004 (%)	Aug. 31, 2005 (%)	Aug. 31, 2006 (%)
Canal City Hakata	100.0	100.0	100.0	100.0	100.0
Park Place Oita	99.9	100.0	99.9	99.9	99.5
SunLive City Kokura (Note 2)	—	—	—	100.0	100.0
Kominedai Community Mall	100.0	100.0	100.0	100.0	100.0
Canal City Business Center Building	94.9	92.1	93.6	98.5	96.5
Gofukumachi Business Center Building (Note 3)	—	—	100.0	100.0	100.0
Sanix Hakata Building (Note 4)	—	—	—	—	100.0
Taihaku Street Business Center Building (Note 4)	—	—	—	—	98.3

Note 1: "Occupancy rate" is the percentage of total leased space to total leasable space as of the base date.

Note 2: SunLive City Kokura was completed on March 17, 2005.

Note 3: Gofukumachi Business Center Building was completed on October 16, 2003.

Note 4: The occupancy rates shown are actual figures after FRC took over management.