

Provisional translation only

October 13, 2009

EARNINGS BRIEFING FOR THE PERIOD ENDED AUGUST 2009

Name of real estate investment trust	Fukuoka REIT Corporation (FRC)	Listed Stock Exchanges	Tokyo Stock Exchange, Fukuoka Stock Exchange
Code number	8968	(URL: http://www.fukuoka-reit.jp/eng/)	
Representative Name of asset manager	Operating Officer Masayasu Saki		
Representative Contact	Fukuoka Realty Co., Ltd. President and CEO Masayasu Saki Senior Managing Director, General Manager of Finance Division Yoichi Nishio Phone: +81-92-272-3900		
Expected date for submitting securities report	November 24, 2009		
Expected commencement date of dividend	November 17, 2009		

(Figures rounded off to nearest million yen.)

1. PERFORMANCE AND SITUATION OF ASSETS FOR THE PERIOD ENDED AUGUST 2009 (March 1, 2009 to August 31, 2009)

(1) Performance

(% shows percentage change from previous period.)

	Operating revenues		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Period ended August 2009	5,621	2.8	2,371	-1.4	1,861	-3.7	1,860	-3.7
Period ended February 2009	5,466	-0.3	2,405	-1.5	1,933	-1.8	1,932	-1.8

	Net income per unit	Return on net assets	Ratio of ordinary income to total liabilities and net assets	Ratio of ordinary income to operating revenue
	Yen	%	%	%
Period ended August 2009	17,376	3.0	1.5	33.1
Period ended February 2009	18,048	3.1	1.5	35.4

(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 period-end net assets
Period ended August 2009	17,377 yen	1,860 million yen	0 yen	0 million yen	100.0%	3.0%
Period ended February 2009	18,049 yen	1,932 million yen	0 yen	0 million yen	100.0%	3.1%

(3) Financial condition

	Total assets	Net assets	Ratio of net assets to total assets	Net assets per unit
Period ended August 2009	130,836 million yen	62,124 million yen	47.5%	580,332 yen
Period ended February 2009	125,222 million yen	62,196 million yen	49.7%	581,004 yen

(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 period end
Period ended August 2009	2,338 million yen	-5,966 million yen	3,467 million yen	5,889 million yen
Period ended February 2009	2,681 million yen	-485 million yen	-1,969 million yen	6,049 million yen

2. FORECAST OF PERFORMANCE FOR THE PERIOD ENDING FEBRUARY 2010 (September 1, 2009 to February 28, 2010) AND THE PERIOD ENDING AUGUST 2010 (March 1, 2010 to August 31, 2010)

	Operating revenue		Operating income		Ordinary income		Net income		Dividend per unit (excl. dividend in excess of earnings) yen	Dividend in excess of earnings per unit yen
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%		
Period ending February 2010	5,592	-0.5	2,335	-1.5	1,778	-4.4	1,777	-4.5	16,600	0
Period ending August 2010	5,674	1.5	2,374	1.7	1,789	0.6	1,787	0.6	16,700	0

(Reference) Forecast net income per unit: (Period ending February 2010) 16,600 yen;
(Period ending August 2010) 16,700 yen

3. Others

- (1) Changes in accounting policies:
- (i) Changes due to revisions of accounting standards, etc.: No
 - (ii) Changes other than above (i): No
- (2) Number of investment units issued and outstanding
- (i) Number of investment units issued and outstanding at the end of period (including treasury investment units):
107,050 units at end of Aug 2009; 107,050 units at end of Feb 2009
 - (ii) Treasury investment units at the end of period:
— units at end of Aug 2009; — units at end of Feb 2009
- (Note) Regarding the number of investment units, a basis for calculating net income per unit, please refer to “Per unit information,” on page 12.

* 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 change in the business environment. Forecasts 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 2010 (September 1, 2009 to February 28, 2010) and the period ending August 2010 (March 1, 2010 to August 31, 2010),” on page 7.

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 “Guidance for Preparation of Earnings Briefing for Listed Real Estate Investment Trusts” (August 2009) released by Tokyo Stock Exchange Group, Inc.

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 27, 2009).

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 27, 2009).

(2) Management situation

(i) Summary of current fiscal period

(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” (Law No. 198 in 1951 including later revisions, hereinafter the “Investment Trust Law”) 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 number: 8968). FRC invests in real estates throughout all of Kyushu (including Okinawa Prefecture), with a central focus on Fukuoka City, and in Yamaguchi Prefecture by turning regionality, characteristics in the real estate industry, into strength.

FRC started asset management activities on November 9, 2004 after acquisition of four properties such as commercial facilities 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”). FRC had 15 properties (excluding silent partnership interests) in its portfolio as of the end of the previous fiscal period (February 28, 2009) and acquired one office building in the current fiscal period. As a result, FRC now manages the operation of 16 properties (excluding silent partnership interests)—nine commercial facilities, five office buildings, and two residential properties—in its portfolio as of the end of the current fiscal period (August 31, 2009).

(b) Investment environment and portfolio performance

Suffering from the global financial turmoil and economic downturn, the Japanese economy went through difficult times in the current fiscal period. Although there were some signs of a recovery in production, imports and exports, and the stock markets etc., consumer spending remained sluggish, since the employment situation further deteriorated with a record high unemployment rate. In the Kyushu area, a primary area of FRC’s investment target area, consumption was still weak, since capital expenditures continued to decrease and the job market was still bleak, despite we saw destocking complete and production start recovering.

According to the Prefectural Land Price Survey in 2009 (by the Ministry of Land, Infrastructure, Transport and Tourism), national land prices, in all categories including residential and commercial lands, extended their decline. In Fukuoka City, a core of FRC’s investment target area, commercial land prices, which had increased three years in a row, plunged by 15.9% , while residential land prices decreased by 3.4% over the previous year.

In such a business environment, FRC, based on its investment policy, strived to invest in high-quality properties through careful selection. As a result, we acquired *Higashi Hie Business Center Building*, a top-class new office building in a superb location in Hakata

ward, Fukuoka City with high traffic convenience, for 5,900 million yen on March 13, 2009. The property recorded a 100% occupancy rate as of the end of the current fiscal term, since some listed companies etc. moved into the building soon after the completion, although the Fukuoka office building leasing market was depressed. In addition, we made continuous efforts to enhance competitiveness and customer drawing power in existing major commercial facilities such as Canal City Hakata. Consequently, the occupancy rate of properties FRC owns stood at 98.8% as of the end of the current fiscal period.

When analyzing FRC's portfolio (on an acquisition value basis) by geographic location, properties in the Fukuoka urban area occupy 70.2% of its portfolio; when analyzing by property type, commercial facilities, office buildings, and residential properties account for 61.7%, 35.7% and 2.6%, respectively.

(c) Summary of fundraising

In the current fiscal period, FRC raised a new fund of 5,400 million yen with the aim to acquire the said *Higashi Hie Business Center Building*. In order to disperse the repayment date and increase the duration of debts, we refinanced a short-term debt under the committed line of credit of 3,000 million yen (out of 6,800 million yen) into long-term debt (eight years) in June 2009. And we refinanced the debt of 12,000 million yen due and repayable in August 2009 into long-term debts: five-year debt of 4,000 million yen, six-year debt of 4,000 million yen and seven-year debt of 4,000 million yen. As a result, outstanding debt totaled 57,300 million yen at the end of the current fiscal period, with the loan-to-value ratio at 43.8%. To reduce refinancing risks in future debt, FRC will continue to disperse the repayment date and increase the average length of time until maturity.

(d) Summary of performance and dividend

As results of these management efforts, operating revenue totaled 5,621 million yen and operating income after excluding operating expenses such as rental business expenses and asset management fees totaled 2,371 million yen. Ordinary income and net income reached 1,861 million yen and 1,860 million yen, respectively.

Management decided to make a dividend of 17,377 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 year

(a) Portfolio management policy

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

The Company 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 invests 60% to 90% of its assets in the Fukuoka urban area, since the Fukuoka urban area is expected to have the greatest population growth of any urban area in Japan. In addition to the Fukuoka urban area, management has decided to actively acquire properties in major cities, if FRC can generate sufficient 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) Performance forecast for the next fiscal period

FRC aims to achieve the following performance goals for the period ending February 2010 (September 1, 2009 to February 28, 2010) and the period ending August 2010 (March 1, 2010 to August 31, 2010). Concerning preconditions for the forecast, please refer to “Preconditions for the performance forecast for the period ending February 2010 (September 1, 2009 to February 28, 2010) and the period ending August 2010 (March 1, 2010 to August 31, 2010),” on page 7.

Period ending February 2010

Operating revenue	5,592 million yen
Ordinary income	1,778 million yen
Net income	1,777 million yen
Dividend per unit	16,600 yen
Dividend in excess of earnings per unit	0 yen

Period ending August 2010

Operating revenue	5,674 million yen
Ordinary income	1,789 million yen
Net income	1,787 million yen
Dividend per unit	16,700 yen
Dividend in excess of earnings per unit	0 yen

(Note) 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 revenue, ordinary income, net income, dividend per unit and dividend in excess of earnings per unit may differ due to changes in the business environment.

(c) Significant facts after the closing of accounts

No relevant items

(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 27, 2009).

Preconditions for the performance forecast for the period ending February 2010 (September 1, 2009 to February 28, 2010) and for the period ending August 2010 (March 1, 2010 to August 31, 2010)

Item	Preconditions
Calculation period	11th fiscal period, from September 1, 2009 to February 28, 2010 (181 days) 12th fiscal period, from March 1, 2010 to August 31, 2010 (184 days)
Assets under management	<ul style="list-style-type: none"> It is assumed that 16 properties and silent partnership interests FRC owns as of August 31, 2009. In practice, they may fluctuate due to changes in assets under management.
Number of investment units issued and outstanding	<ul style="list-style-type: none"> It is assumed that there will be no issuance of new investment units until August 31, 2010.
Interest-bearing debt and refinancing	<ul style="list-style-type: none"> Outstanding interest bearing debts on August 31, 2010 are expected to total 57,150 million yen, a decrease of 150 million yen from the end of the current period (August 31, 2009). The loan-to-value ratio (Interest-bearing debt ÷ total assets × 100) is expected to stand at around 43.8% (as of August 31, 2009, the loan-to-value ratio stands at 43.8%). In the fiscal period ending February 2010, it is assumed that FRC will refinance a part of short-term debt into long-term debt. In the fiscal period ending August 2010, it is assumed that FRC will refinance long-term debt that will come due on July 2010 into long-term debt.
Operating revenues	<ul style="list-style-type: none"> Of revenues from the real estate rental business, revenues from properties FRC has already acquired are calculated based on tenancy agreements that are valid as of today by taking into account the competitiveness of the properties and the market environment. Of revenues from the real estate rental business, revenues from the percentage lease contracts are calculated based on past results by taking into account sales fluctuation factors of the relevant tenants. Concerning revenues from the real estate rental business, vacancies are taken into account to a certain extent. It is assumed that there will be no rent arrears or non-payments by tenants. Concerning interests in silent partnerships, dividends from silent partnerships are calculated based on the conditions stipulated in each silent partnership contract.
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 the Company 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 2010 and August 2010. 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; repair costs are not regularly incurred. Concerning outsourcing expenses, FRC anticipates 997 million yen for the period ending February 28, 2010 and 1,010 million yen for the period ending August 31, 2010. Concerning taxes and other public charges, FRC anticipates 392 million yen for the period ending February 28, 2010 and 425 million yen for the period ending August 31, 2010. Concerning depreciation and amortization expenses, FRC anticipates 956 million yen for the period ending February 28, 2010 and 960 million yen for the period ending August 31, 2010.
Non-operating expenses	<ul style="list-style-type: none"> Concerning interests paid and expenses related to loans, FRC anticipates 562 million yen for the period ending February 28, 2010 and 590 million yen for the period ending August 31, 2010.
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 rent 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"> • The dividends of excess earnings are 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. Financial Statements

(1) Balance sheets

Account	9th fiscal period (as of February 28, 2009)		10th fiscal period (as of August 31, 2009)			
	Amount (thousands of yen)	%	Amount (thousands of yen)	%		
Assets						%
Current assets						
Cash and equivalents		2,570,213		1,908,355		
Cash and deposit in trust		3,479,265		3,980,854		
Operating receivable		284,700		418,382		
Prepaid expenses		122,925		200,943		
Consumption taxes receivable		–		151,714		
Deferred tax assets		17		19		
Other current assets		34,978		31,299		
Total current assets		6,492,099		6,691,569		
Fixed assets						
Tangible fixed assets						
Buildings in trust	50,430,314		54,642,221			
Aggregate of accumulated depreciation	5,424,456	45,005,858	6,282,662	48,359,558		
Structures in trust	768,153		828,689			
Aggregate of accumulated depreciation	121,612	646,540	151,445	677,243		
Machinery and equipment in trust	338,698		338,698			
Aggregate of accumulated depreciation	72,003	266,695	82,033	256,665		
Tools and fixtures in trust	683,096		701,261			
Aggregate of accumulated depreciation	217,572	465,523	270,466	430,795		
Lands in trust		68,810,414		68,810,414		
Total tangible fixed assets		115,195,033		118,534,677		
Intangible fixed assets						
Leasehold right in trust		–		1,765,318		
Total intangible fixed assets		–		1,765,318		
Investment and other assets						
Investment securities		3,421,633		3,421,633		
Lease and guarantee deposits		10,000		10,000		
Lease and guarantee deposits in trust		–		100,000		

Long-term prepaid expenses	95,666	312,920	
Total investment and other assets	3,527,300	3,844,554	
Total fixed assets	118,722,333	124,144,549	
Deferred assets			
Expenses for issuing new investment units	8,412	-	
Total deferred assets	8,412	-	
Total assets	125,222,845	130,836,119	

Account	9th fiscal period (as of February 28, 2009)		10th fiscal period (as of August 31, 2009)			
	Amount (thousands of yen)	%	Amount (thousands of yen)	%		
Liabilities						%
Current liabilities						
Operating accounts payable	353,113		270,844			
Short-term debt	1,400,000		3,800,000			
Current maturities of long-term debt	12,000,000		10,150,000			
Accrued liabilities	16,867		19,111			
Accrued expenses payable	323,764		266,317			
Accrued income taxes	331		634			
Accrued consumption taxes	110,935		-			
Advances received	602,580		672,539			
Deposits received	493,649		775,560			
Total current liabilities	15,301,242		15,955,007			
Fixed liabilities						
Long-term debt	38,500,000		43,350,000			
Lease and guarantee deposits received	-		331,485			
Lease and guarantee deposits received in trust	9,225,045		9,075,039			
Total fixed liabilities	47,725,045		52,756,524			
Total liabilities	63,026,288		68,711,531			
Net assets						
Net Assets						
Shareholders' capital	60,264,380		60,264,380			
Retained earnings						
Unappropriated retained earnings	1,932,176		1,860,208			
Total retained earnings	1,932,176		1,860,208			
Total Net Assets	62,196,556		62,124,588			
Total net assets	62,196,556		62,124,588			
Total liabilities and net assets	125,222,845		130,836,119			

(2) Statements of Income

Account	9th fiscal period (September 1, 2008 to February 28, 2009)		10th fiscal period (March 1, 2009 to August 31, 2009)			
	Amount (thousands of yen)	%	Amount (thousands of yen)	%		

1. Operating revenues							
Real estate leasing revenues	5,111,304			5,300,111			
Other revenues from real estate leasing	219,007			185,458			
Silent partnership dividend	136,000	5,466,311		136,000	5,621,570		
2. Operating expenses							
Real estate leasing expenses	2,597,820			2,780,027			
Asset management fees	336,157			344,255			
Asset custodian fees	10,930			11,047			
General administration fees	35,711			34,910			
Directors compensation	9,600			9,600			
Other operating expenses	70,865	3,061,085		69,974	3,249,815		
Total operating income		2,405,225			2,371,754		
3. Non-operating revenues							
Interest received	9,513			2,839			
Other non-operating revenue	2,453	11,967		872	3,711		
4. Non-operating expenses							
Interest payment	414,387			439,899			
Amortization of establishment cost	5,595			-			
Investment unit issuance fee write off	8,412			8,412			
Expenses related to debt financing	55,592			65,903			
Other non-operating expenses	-	483,987		-	514,215		
Ordinary income		1,933,205			1,861,250		
Net income before tax		1,933,205			1,861,250		
Corporation, inhabitant and business tax	1,039			1,074			
Adjustment to income tax	43	1,083		-1	1,073		
Net income		1,932,122			1,860,176		
Retained earnings brought forward from previous period		54			31		
Unappropriated retained earnings for the period		1,932,176			1,860,208		

(3) Statement of changes in net assets

9th Fiscal Period (September 1, 2008 to February 28, 2009)

Item	Net Assets			Differences from valuation and translation		Total net assets
	Shareholders' capital	Retained earnings	Total Net Assets	Deferred hedge profit or loss	Total difference from valuation and translation	
		Unappropriated retained earnings				
Balance as of August 31, 2008	60,264,380	1,966,884	62,231,264	-	-	62,231,264
Changes in the current fiscal period						
Dividend of retained earnings	-	-1,966,829	-1,966,829	-	-	-1,966,829
Net income for the current fiscal period	-	1,932,122	1,932,122	-	-	1,932,122
Deferred hedge profit or loss	-	-	-	-	-	-
Total of changes in the current fiscal period	-	-34,707	-34,707	-	-	-34,707
Balance as of February 28, 2009	60,264,380	1,932,176	62,196,556	-	-	62,196,556

10th Fiscal Period (March 1, 2009 to August 31, 2009)

Item	Net Assets			Differences from valuation and translation		Total net assets
	Shareholders' capital	Retained earnings	Total Net Assets	Deferred hedge profit or loss	Total difference from valuation and translation	
		Unappropriated retained earnings				
Balance as of February 28, 2009	60,264,380	1,932,176	62,196,556	-	-	62,196,556
Changes in the current fiscal period						
Dividend of retained earnings	-	-1,932,145	-1,932,145	-	-	-1,932,145
Net income for the current fiscal period	-	1,860,176	1,860,176	-	-	1,860,176
Deferred hedge profit or loss	-	-	-	-	-	-
Total of changes in the current fiscal period	-	-71,968	-71,968	-	-	-71,968
Balance as of August 31, 2009	60,264,380	1,860,208	62,124,588	-	-	62,124,588

(4) Dividend Statement

Account	9th fiscal period (September 1, 2008 to February 28, 2009)	10th fiscal period (March 1, 2009 to August 31, 2009)
I. Unappropriated retained earnings	1,932,176 thousand yen	1,860,208 thousand yen
II. Total (Dividend per unit)	1,932,145 thousand yen (18,049 yen)	1,860,207 thousand yen (17,377 yen)
III. Retained earnings brought forward	31 thousand yen	0 thousand yen

Method for calculating dividends	FRC shall decide the amount of dividends, 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 period, dividend as income dividends totaled 1,932,145 thousand yen, which is almost the entire amount of unappropriated earnings. Moreover, dividend in excess of earnings as stipulated in Article 38-2 of FRC's Articles of Incorporation will not be provided.	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 income as stipulated in Article 67-15 of the Special Taxation Measures Law of Japan. Following the above policy, FRC shall decide to distribute 1,860,207 thousand yen, which is almost the entire amount of unappropriated earnings for the current fiscal period, as income dividends. Moreover, dividend in excess of earnings as stipulated in Article 38-2 of FRC's Articles of Incorporation will not be provided.
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(Note) Concerning amounts other than dividend per investment unit, fractions of 1,000 yen are omitted.

(5) Cash flows statements

Account	9th fiscal period (September 1, 2008 to February 28, 2009)	10th fiscal period (March 1, 2009 to August 31, 2009)
	Amount (thousands of yen)	Amount (thousands of yen)
I. Cash flows from operating activities		
Net income before taxes	1,933,205	1,861,250
Depreciation expenses	864,630	950,963
Amortization of establishment expenses	5,595	—
Investment unit issuance depreciation	8,412	8,412
Interest received	-9,513	-2,839
Interest payment	414,387	439,899
Increase or decrease in operating receivables	17,533	-133,682
Increase or decrease in uncollected consumption tax receivables	—	-151,714
Increase or decrease in consumption tax payable	70,081	-110,935
Increase or decrease in operating payable	87,594	-89,418
Increase or decrease in account payable	4,422	2,231
Increase or decrease in payable expenses	-3,040	2,173
Increase or decrease in rent received in advance	-67,815	69,958
Increase or decrease in deposits	-310,186	282,063
Increase or decrease in prepaid expenses	42,655	-78,018
Increase or decrease in long-term prepaid expenses	32,093	-217,254
Others	-1,016	2,002
Subtotal	3,089,038	2,835,091
Interest received	9,513	2,839
Interest payment	-414,690	-499,519
Income for Corporation tax payment, etc.	-29,673	-28,098
Income from Corporation tax payment	27,563	28,392
Cash flows from operating activities	2,681,751	2,338,705
II. Cash flows from investing activities		
Payment for purchase of tangible fixed assets in trust	-553,500	-4,283,002
Payment for purchase of intangible fixed assets in trust	—	-1,765,318
Proceeds from lease and guarantee deposits received	—	331,695
Repayment of lease and guarantee deposits received	—	-210
Proceeds from lease and guarantee deposits received in trust	95,125	103,294
Repayment of lease and guarantee deposits received in trust	-515,517	-253,300
Payment of lease and guarantee deposits received in trust	—	-100,000
Proceeds from payout of restricted deposits in trust	488,662	—
Net cash used for investing activities	-485,230	-5,966,841
III. Cash flows from financing activities		
Proceeds from short-term debt	6,200,000	30,400,000
Repayment of short-term debt	-8,200,000	-28,000,000
Proceeds from long-term debt	2,000,000	15,000,000
Repayment of long-term debt	—	-12,000,000
Payment of dividends	-1,969,105	-1,932,132
Cash flows from financing activities	-1,969,105	3,467,867
IV. Net increase or decrease in cash and cash equivalents	227,415	-160,268
V. Balance of cash and cash equivalents at beginning of	5,822,063	6,049,478

period		
VI. Balance of cash and cash equivalents at end of period	6,049,478	5,889,210

(6) Footnotes in precondition of a going concern

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 27, 2009).

(8) Footnotes in financial statements

FRC omits the disclosure of footnoted items on the balance sheet, income statement, statement of changes in net assets, cash flows statement, lease transactions, securities, derivative transactions, retirement benefits, tax effect accounting, and related party transactions, since the Company does not find substantial need for disclosure in the earnings briefing.

(Data per investment unit)

9th Fiscal Period September 1, 2008 to February 28, 2009	10th Fiscal Period March 1, 2009 to August 31, 2009
Net assets per investment unit: 581,004 yen	Net assets per investment unit: 580,332 yen
Net income per investment unit: 18,048 yen	Net income per investment unit: 17,376 yen
Net income per investment unit is calculated by dividing net income by the weighted average number of investment units issued and outstanding during the fiscal period. Diluted net income per investment unit is not shown since there are no potential investment units.	Net income per investment unit is calculated by dividing net income by the weighted average number of investment units issued and outstanding during the fiscal period. Diluted net income per investment unit is not shown since there are no potential investment units.

(Note) Calculation of net income per investment unit is based on the following.

Account	9th Fiscal Period (September 1, 2008 to February 28, 2009)	10th Fiscal Period (March1, 2009 to August 31, 2009)
Net income (thousands of yen)	1,932,122	1,860,176
Net income not distributed to shareholders (thousands of yen)	—	—
Net income distributed to shareholders (thousands of yen)	1,932,122	1,860,176
Number of average investment units during the fiscal period (units)	107,050	107,050

(Subsequent critical events)

9th Fiscal Period (September 1, 2008 to February 28, 2009)	10th Fiscal Period (March1, 2009 to August 31, 2009)
No relevant items	Same as on the left

(9) Change in the number of investment units issued and outstanding

No relevant items

4. Change in Directors

(1) Change in directors in Fukuoka REIT Corporation

No relevant items

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

(June 18, 2009) Retirement of Soichiro Shigefuchi as Director

(June 18, 2009) New appointment of Akira Eto as Director

(October 7, 2009) New appointment of Shinya Kato as Senior Managing Director

Directors of Fukuoka Realty Co., Ltd. are as follows as of October 13, 2009.

Title	Name	Career Summary		Number of shares held
CEO and Representative Director	Masayasu Saki	April 1969	Joined The Nippon Fudosan Bank, Limited. (later, The Nippon Credit Bank, Ltd.; currently, Aozora Bank, Ltd.)	0
		June 1992	Member of the Board and Tokyo Branch Manager	
		February 1994	Member of the Board and Director for Financial Product Development	
		June 1995	Member of the Board and Director for Marketing Planning Division 2	
		June 1996	Executive Director	
		June 1998	Senior Executive Director	
		November 1999	Director at CSK KK	
		November 2000	Executive Officer at Sanyo Shinpan Finance Co., Ltd.	
		July 2003	CEO of Fitch Ratings Japan	
		April 2006	Advisor of Fukuoka Realty Co., Ltd.	
		June 2006	CEO of Fukuoka Realty Co., Ltd. (current position)	
July 2006	CEO & Representative Director of Fukuoka REIT Corporation (current			

			position)	
Vice President and Director	Takeshi Okuma	April 1975	Joined Japan Development Bank, (currently Development Bank of Japan Inc.)	0
		June 2000	General Manager, Department for Regional Development	
		June 2002	General Manager, Department for Urban Development	
		June 2004	Kyushu Branch Manager	
		June 2006	Director, Research Institute of Capital Formation	
		October 2007	Vice President and Director of Fukuoka Realty Co., Ltd. (current position)	
Senior Managing Director	Yoichi Nishio	April 1985	Joined The Nippon Credit Bank, Ltd. (currently, Aozora Bank, Ltd.)	0
		September 2005	General Manager, Real Estate Finance Division	
		July 2008	Joined as Senior Vice President of New City Corporation.	
		January 2009	Joined as Senior Managing Director and Head of Finance Department of Fukuoka Realty Co., Ltd. (current position)	
Senior Managing Director	Shinya Kato	April 1990	Joined The Sanwa Bank, Ltd. (currently, The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	0
		October 2001	Joined Fitch Ratings Japan	
		September 2007	Joined Deutsche Bank AG, Real Estate Finance Division	
		September 2009	Advisor of Fukuoka Realty Co., Ltd.	
		October 2009	Senior Managing Director of Fukuoka Realty Co., Ltd. (current position)	

(Note) Masayasu Saki, CEO of Fukuoka Realty Co., Ltd., also serves as CEO & Representative Director of Fukuoka REIT Corporation. In conformity with Article 13 of Securities Investment Trust Act (before revision), he obtained approval for serving concurrently from Minister for the Financial Services Agency as of June 22, 2006.

Title	Name	Career Summary		Number of shares held
Director (part-time)	Akira Eto	February 1987	Joined Sunlife Co., Ltd.	0
		October 1993	Joined Fukuoka Jisho Co., Ltd.	
		October 2005	General Manager, Development Unit	
		August 2008	Executive Officer (current position)	
		June 2009	Director of Fukuoka Realty Co., Ltd. (current position)	
		August 2009	General Manager, Regional Development Unit, Fukuoka Jisho Co., Ltd. (current position)	

Director (part-time)	Yasumichi Hinago	April 1968	Joined Kyushu Electric Power Co., Inc.	0
		July 1998	General Manager, Material Procurement Division	
		July 2002	General Manager, Material & Fuel Procurement Division	
		June 2003	Saga Branch Manager	
		July 2003	Executive Officer and Saga Branch Manager	
		June 2005	Director	
		June 2007	Senior Managing Executive Officer	
		June 2007	Director of Fukuoka Realty Co., Ltd. (current position)	
Director (part-time)	Hiroshi Shimuta	October 2000	Registered as lawyer	0
		April 2004	Joined Fukuoka Realty Co., Ltd.	
		April 2005	General Manager, Compliance Division	
		June 2007	Joined Nishimura & Tochiwa (currently, Nishimura & Asahi) (current position)	
		June 2007	Director of Fukuoka Realty Co., Ltd. (current position)	
Auditor (part-time)	Masanori Tasaka	April 1978	Joined The Fukuoka Sogo Bank, Ltd. (currently, The NISHI-NIPPON CITY BANK, LTD.)	0
		August 2000	Deputy General Manager, Planning Division	
		July 2003	General Manager for Planning Division and Risk Control Manager	
		October 2004	General Manager, General Planning Division	
		April 2005	Loaned to NCB Management Information Service Co., Ltd., General Manager for Business Alliance	
		April 2006	Head of Tasaka Masanori Certified Tax Accountant Office (current position)	
		June 2006	Auditor of Fukuoka Realty Co., Ltd. (current position)	

5. Reference Information

(1) Investment situation

(as of August 31, 2009)

Type of asset	Purpose	Location (Note 1)	Total value of properties held (Millions of yen) (Note 2)	Percentage of total assets (%) (Note 3)
Real estate	Commercial facility	Fukuoka urban area	38,328	29.3
		Other Kyushu areas	36,797	28.1
	Office building	Fukuoka urban area	42,010	32.1
		Other Kyushu areas	–	–
	Residential property	Fukuoka urban area	3,164	2.4
		Other Kyushu areas	–	–
Subtotal			120,299	91.9
Interests in silent partnership (Note 4)			3,421	2.6
Deposits and other assets			7,114	5.4
Total assets (Note 5)			130,836 (123,721)	100.0 (94.6)

Note 1: The 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 2005 census, which states “the number of workers and students aged 15 years or older 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) and Yamaguchi Prefecture.

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

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

Note 4: Preferred interests in silent partnerships are capital contributions to an SPC (CCH Bridge LLC), who owns and manages a section of Canal City Hakata excluding the section the Company already holds (Canal City Hakata SPC holding section).

Note 5: Figures in parentheses for “Total assets” refer to the value and percentage of real estates held in effect to total assets.

(as of August 31, 2009)

	Figures on balance sheet (millions of yen)	Percentage of total assets (%)
Total amount of debt	68,711	52.5
Total amount of net assets	62,124	47.5

(2) Investment assets

(i) Primary issues of investment securities

(as of August 31, 2009)

Type	Description	Book value (millions of yen)	Evaluated amount (millions of yen) (Note)	Percentage of total assets (%)
Preferred silent partnership interest	Preferred interest in silent partnerships to CCH Bridge LLC	3,421	3,400	2.6

(Note) The evaluated amount is provided by the operator of a silent partnership in conformity with rules stipulated by the Investment Trusts Association, Japan.

(ii) Real estate investment portfolio

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

(as of August 31, 2009)

Name of property	Acquisition value (millions of yen) (Note 1)	Value on balance sheet (millions of yen)	Period-end appraisal value (millions of yen) (Note 2)	Investment ratio (%) (Note 3)	Real estate appraiser
Canal City Hakata	32,000	31,668	35,000	26.5	TANIZAWA SOGO APPRAISAL CO., LTD.
Park Place Oita	15,700	16,963	18,100	13.0	Japan Real Estate Institute
SunLive City Kokura	6,633	6,395	7,400	5.5	Japan Real Estate Institute
Square Mall Kagoshima Usuki	5,300	5,082	4,960	4.4	Japan Real Estate Institute
Kumamoto Intercommunity SC	2,400	2,321	2,420	2.0	Japan Real Estate Institute
Hara SATY	5,410	5,539	5,210	4.5	Japan Real Estate Institute
Hanahata SC	1,130	1,120	1,150	0.9	TANIZAWA SOGO APPRAISAL CO., LTD.
Kurume Higashi Kushiwara SC	2,500	2,472	2,510	2.1	TANIZAWA SOGO APPRAISAL CO., LTD.
K's Denki Kagoshima	3,550	3,561	3,380	2.9	TANIZAWA SOGO APPRAISAL CO., LTD.
Canal City Business Center Building	14,600	14,269	16,000	12.1	TANIZAWA SOGO APPRAISAL CO., LTD.
Gofukumachi Business Center Building	11,200	10,569	13,100	9.3	TANIZAWA SOGO APPRAISAL CO., LTD.
Sanix Hakata Building	4,400	4,424	4,950	3.6	Japan Real Estate Institute
Taihaku Street Business Center Building	7,000	6,875	6,730	5.8	Japan Real Estate Institute
Higashi Hie Business Center Building	5,900	5,872	5,930	4.9	TANIZAWA SOGO APPRAISAL CO., LTD.
Amex Akasakamon Tower	2,060	2,031	1,760	1.7	Daiwa Real Estate Appraisal Co., Ltd.
City House Keyaki Dori	1,111	1,132	1,000	0.9	Daiwa Real Estate Appraisal Co., Ltd.
Total	120,894	120,299	129,600	100.0	

Note 1: "Acquisition value" refers to be 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 percent, since the numbers are rounded off to one decimal place.

(b) Summary of the real estate rental business

(as of August 31, 2009)

Name of property	Number of tenants (Note 1)	Occupancy rate (%) (Note 3)	Total leasable space (m ²)	Total leased space (m ²)	Total rental revenue (millions of yen) (Note 4)	Percentage of total rental revenue (%)
Canal City Hakata	1 (49)	100.0	45,982.24	45,982.24	1,337	24.4
Park Place Oita	1 (103)	100.0	103,963.39	103,963.39	997	18.2
SunLive City Kokura	1	100.0	61,450.22	61,450.22	292	5.3
Square Mall Kagoshima Usuki	11	100.0	14,661.72	14,661.72	258	4.7
Kumamoto Intercommunity SC	2	100.0	6,968.66	6,968.66	89	1.6
Hara SATY	1	100.0	27,580.75	27,580.75	212	3.9
Hanahata SC	2	100.0	2,801.15	2,801.15	41	0.8
Kurume Higashi Kushiwara SC	1	100.0	6,467.80	6,467.80	88	1.6
K's Denki Kagoshima	1	100.0	7,296.17	7,296.17	111	2.0
Canal City Business Center Building	1 (53)	90.1	23,018.91	20,735.36	690	12.6
Gofukumachi Business Center Building	20	96.5	19,906.22	19,211.16	535	9.8
Sanix Hakata Building	13	95.8	6,293.77	6,027.06	199	3.6
Taihaku Street Business Center Building (Note 4)	1 (66)	96.6	14,653.94	14,150.47	297	5.4
Higashi Hie Business Center Building	1 (15)	100.0	13,695.51	13,695.51	232	4.2
Amex Akasakamon Tower	1 (59)	85.7	4,755.14	4,076.90	62	1.1
City House Keyaki Dori	1 (42)	100.0	2,710.86	2,710.86	37	0.7
Total	59 [439] (Note 2)	98.8	362,206.45	357,779.42	5,485	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 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 Building is an office building with residential blocks. Its number of tenants comprises nine offices and 57 residents.

Note 2: The 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.

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

Note 4: The total rental revenues shown are the total of revenues from the real estate rental business and revenues from other real estate rental business in the current fiscal period.

Note 5: The percentage of total rental revenue is obtained by dividing each property's total rental revenue by the total rental revenue. The total of individual percentages in the above table may not equal 100 percent, since the numbers are rounded off to one decimal place

(3) Investment Target

The disclosure is omitted, since there are no significant changes from "Investment Target" disclosed by the latest Securities Report (submitted on May 27, 2009).