

## EARNINGS BRIEFING FOR THE PERIOD ENDED FEBRUARY 2010

**Real estate investment trust: Fukuoka REIT Corporation (FRC)**

Code number: 8968

Representative: Masayasu Saki CEO &  
Representative  
Director

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

Stock listings: Tokyo Stock Exchange, and  
Fukuoka Stock Exchange

**Asset manager: Fukuoka Realty Co., Ltd.**

Representative: Masayasu Saki CEO & Representative Director

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Expected date for submitting securities report: May 20, 2010

Expected commencement date of dividend payments: May 18, 2010

(Figures rounded down to nearest million yen.)

### 1. PERFORMANCE AND SITUATION OF ASSETS FOR THE PERIOD ENDED FEBRUARY 2010 (September 1, 2009 to February 28, 2010)

#### (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 February 2010	5,640	0.3	2,408	1.5	1,863	0.1	1,862	0.1
Period ended August 2009	5,621	2.8	2,371	(1.4)	1,861	(3.7)	1,860	(3.7)

	Net income per unit	Return on net assets	Ratio of ordinary income to total assets	Ratio of ordinary income to operating revenues
Period ended February 2010	17,397 yen	3.0%	1.4%	33.0%
Period ended August 2009	17,376 yen	3.0%	1.5%	33.1%

#### (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 February 2010	17,397 yen	1,862 million yen	0 yen	0 million yen	100.0%	3.0%
Period ended August 2009	17,377 yen	1,860 million yen	0 yen	0 million yen	100.0%	3.0%

#### (3) Financial condition

	Total assets	Net assets	Ratio of net assets to total assets	Net assets per unit
Period ended February 2010	130,705 million yen	62,126 million yen	47.5%	580,352 yen
Period ended August 2009	130,836 million yen	62,124 million yen	47.5%	580,332 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 end of period
Period ended February 2010	3,150 million yen	(233) million yen	(1,928) million yen	6,877 million yen
Period ended August 2009	2,338 million yen	(5,966) million yen	3,467 million yen	5,889 million yen

**2. FORECAST OF PERFORMANCE FOR THE PERIOD ENDING AUGUST 2010  
(March 1, 2010 to August 31, 2010) AND THE PERIOD ENDING FEBRUARY 2011  
(September 1, 2010 to February 28, 2011)**

(% 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
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%		
Period ending August 2010	5,619	(0.4)	2,355	(2.2)	1,788	(4.0)	1,787	(4.0)	16,700 yen	0 yen
Period ending February 2011	5,595	(0.4)	2,350	(0.2)	1,777	(0.6)	1,776	(0.6)	16,600 yen	0 yen

(Reference) Forecast net income per unit: Period ending August 2010 16,700 yen  
Period ending February 2011 16,600 yen

**3. Other**

(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 end of period (including treasury investment units):  
107,050 units at end of February 2010  
107,050 units at end of August 2009  
(ii) Treasury investment units at end of period:  
— units at end of February 2010  
— units at end of August 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 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 August 2010 (March 1, 2010 to August 31, 2010) and the period ending February 2011 (September 1, 2010 to February 28, 2011),” on page 5.

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, 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 November 24, 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 November 24, 2009).

### (2) Management situation

#### (i) Summary of the 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 estate 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 strengths.

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 now has a total of 16 properties (excluding anonymous partnership equity interests)—nine commercial facilities, five office buildings, and two residential properties—in its portfolio as of the end of the current fiscal period (February 28, 2010).

##### (b) Investment environment and portfolio performance

In the current fiscal period, the Japanese economy entered a phase of recovery, leaving the worst behind, backed by increases in production and exports, the effects of economic policies and other factors. However, due in part to the prolonged severe employment and income situation, it was still early yet for a full-fledged recovery. Similarly in the Kyushu area, a primary area of FRC’s investment target area, although the worst is behind, the economy still continues to be under severe circumstances, as evident by the ratio of job offers to job seekers being at levels below the national average, large-scale retail store sales performing poorly and other statistics.

According to the land price trends indicated by the 2010 Public Notice of Land Prices (by the Ministry of Land, Infrastructure, Transport and Tourism), land prices declined for 99.6% of sites in Japan. In Fukuoka City, a core investment target area for FRC, commercial land prices decreased by 10.1% and residential land prices decreased by 3.3% compared to the previous year, for the second consecutive year of decrease in land prices for both commercial and residential land.

Under such circumstances, FRC remained dedicated to enhancing the competitiveness and ability to draw customers of major commercial facilities such as Canal City Hakata and focused on maintaining and raising the occupancy rate of owned properties. Consequently, the occupancy rate of all properties FRC owns stood at 99.1% on average 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 implemented no new borrowing of funds, and refinanced a part (600 million yen) of its debt under committed line of credit into long-term debt. As a result, the balance of debt outstanding at the end of the current fiscal period totaled 57,225 million yen, with the loan-to-value ratio at 43.8%. To reduce refinancing risks, FRC will continue to disperse the debt repayment date and increase the average length of time until debt maturity.

## (d) Summary of performance and dividend

As a result of these management efforts, operating revenues totaled 5,640 million yen and operating income after excluding operating expenses such as real estate rent expenses and asset management fees totaled 2,408 million yen. Ordinary income was 1,863 million yen and net income was 1,862 million yen.

Management decided to make a dividend of 17,397 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 increase management and rent 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.

FRC will invest 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 all of Kyushu and Yamaguchi Prefecture, 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 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) Performance forecast for the next fiscal period

FRC aims to achieve the following performance goals for the period ending August 2010 (March 1, 2010 to August 31, 2010) and the period ending February 2011 (September 1, 2010 to February 28, 2011).

Concerning preconditions for the forecast, please refer to “Preconditions for the performance forecast for the period ending August 2010 (March 1, 2010 to August 31, 2010) and the period ending February 2011 (September 1, 2010 to February 28, 2011),” on page 5.

## Period ending August 2010

Operating revenues	5,619 million yen
Ordinary income	1,788 million yen
Net income	1,787 million yen
Dividend per unit	16,700 yen
Dividend in excess of earnings per unit	0 yen

## Period ending February 2011

Operating revenues	5,595 million yen
Ordinary income	1,777 million yen
Net income	1,776 million yen
Dividend per unit	16,600 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.

## (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 November 24, 2009).

Preconditions for the performance forecast for the period ending August 2010 (March 1, 2010 to August 31, 2010) and for the period ending February 2011 (September 1, 2010 to February 28, 2011)

Item	Preconditions
Calculation period	12th fiscal period: from March 1, 2010 to August 31, 2010 (184 days) 13th fiscal period: from September 1, 2010 to February 28, 2011 (181 days)
Assets under management	<ul style="list-style-type: none"> <li>It is assumed that there will be the 16 properties and senior anonymous partnership equity interests (including the interests of 3,000 million yen additionally acquired on March 11, 2010) FRC owns as of February 28, 2010.</li> <li>In practice, they may fluctuate due to changes in assets under management.</li> </ul>
Number of investment units issued and outstanding	<ul style="list-style-type: none"> <li>It is assumed that there will be no issuance of new investment units until February 28, 2011.</li> </ul>
Interest-bearing debt and refinancing	<ul style="list-style-type: none"> <li>The balance of interest-bearing debt outstanding on February 28, 2011 is expected to total 59,075 million yen, an increase of 1,850 million yen from the end of the current period (February 28, 2010). The loan-to-value ratio (interest-bearing debt ÷ total assets × 100) is expected to stand at around 44.8% (as of February 28, 2010, the loan-to-value ratio stands at 43.8%).</li> <li>In the period ending August 2010, it is assumed that FRC will refinance short-term debt of 2,000 million yen that was borrowed to acquire senior anonymous partnership equity interests and a part of short-term debt into long-term debt, and refinance long-term debt of 10,000 million yen that will become due for repayment in July 2010 into long-term debt.</li> <li>In the period ending February 2011, it is assumed that FRC will refinance long-term debt of 1,500 million yen that will become due for repayment in December 2010 into long-term debt.</li> </ul>
Operating revenues	<ul style="list-style-type: none"> <li>Of real estate rent revenues, 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.</li> <li>Of real estate rent revenues, revenues from percentage lease contracts are calculated based on past results by taking into account sales fluctuation factors of the relevant tenants.</li> <li>Concerning real estate rent 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.</li> <li>Concerning senior anonymous partnership equity interests, anonymous partnership distribution is calculated based on the conditions stipulated in each anonymous partnership contract.</li> </ul>
Operating expenses	<ul style="list-style-type: none"> <li>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.</li> <li>FRC writes off estimated repair costs for buildings for the calculation periods, the periods ending August 2010 and February 2011. 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.</li> <li>Concerning outsourcing expenses, FRC anticipates 1,001 million yen for the period ending August 2010 and 992 million yen for the period ending February 2011.</li> <li>Concerning taxes and other public charges, FRC anticipates 415 million yen for the period ending August 2010 and 415 million yen for the period ending February 2011.</li> <li>Concerning depreciation and amortization expenses, FRC anticipates 960 million yen for the period ending August 2010 and 972 million yen for the period ending February 2011.</li> </ul>
Non-operating expenses	<ul style="list-style-type: none"> <li>Concerning interest payment and expenses related to financing related expenses, FRC anticipates 568 million yen for the period ending August 2010 and 574 million yen for the period ending February 2011.</li> </ul>
Dividend per unit	<ul style="list-style-type: none"> <li>Dividend (dividend per unit) is calculated based on the dividend policy stipulated in FRC's Articles of Incorporation.</li> <li>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.</li> </ul>
Dividend in excess of earnings per unit	<ul style="list-style-type: none"> <li>Dividend in excess of earnings (dividend in excess of earnings per unit) is not planned at the moment.</li> </ul>
Other	<ul style="list-style-type: none"> <li>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.</li> <li>It is also assumed that there will be no significant unexpected changes in general economic conditions and the real estate market.</li> </ul>

**3. Financial Statements**

## (1) Balance sheets

(thousands of yen)

Account	10th fiscal period (as of August 31, 2009)		11th fiscal period (as of February 28, 2010)	
Assets				
Current assets				
Cash and deposits		1,908,355		2,910,719
Cash and deposits in trust		3,980,854		3,966,739
Operating account receivable		418,382		367,673
Prepaid expenses		200,943		138,275
Consumption taxes receivable		151,714		—
Deferred tax assets		19		20
Other		31,299		31,333
Total current assets		6,691,569		7,414,761
Noncurrent assets				
Property, plant and equipment				
Buildings in trust, net	54,642,221		54,741,293	
Aggregate of accumulated depreciation	(6,282,662)	48,359,558	(7,142,735)	47,598,557
Structures in trust, net	828,689		831,659	
Aggregate of accumulated depreciation	(151,445)	677,243	(181,303)	650,355
Machinery and equipment in trust, net	338,698		342,282	
Aggregate of accumulated depreciation	(82,033)	256,665	(92,081)	250,200
Tools and fixtures in trust, net	701,261		736,664	
Aggregate of accumulated depreciation	(270,466)	430,795	(325,447)	411,217
Lands in trust		68,810,414		68,810,414
Total property, plant and equipment		118,534,677		117,720,747
Intangible assets				
Leasehold right in trust		1,765,318		1,765,318
Total intangible assets		1,765,318		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		100,000
Long-term prepaid expenses		312,920		273,205
Total investment and other assets		3,844,554		3,804,839
Total noncurrent assets		124,144,549		123,290,904
Total assets		130,836,119		130,705,666

(thousands of yen)

Account	10th fiscal period (as of August 31, 2009)		11th fiscal period (as of February 28, 2010)	
Liabilities				
Current liabilities				
Operating accounts payable		270,844		431,609
Short-term debt		3,800,000		3,200,000
Current maturities of long-term debt		10,150,000		11,650,000
Account payable-other		19,111		22,571
Accrued expenses		266,317		267,770
Income taxes payable		634		701
Accrued consumption taxes		—		168,865
Advances received		672,539		653,952
Deposits received		775,560		535,740
Total current liabilities		15,955,007		16,931,211
Noncurrent liabilities				
Long-term debt payable		43,350,000		42,375,000
Tenant leasehold and security deposits		331,485		331,575
Tenant leasehold and security deposits received in trust		9,075,039		8,941,128
Total noncurrent liabilities		52,756,524		51,647,703
Total liabilities		68,711,531		68,578,914
Net assets				
Net Assets				
Shareholders' capital		60,264,380		60,264,380
Surplus				
Unappropriated surplus		1,860,208		1,862,371
Total surplus		1,860,208		1,862,371
Total Net Assets		62,124,588		62,126,751
Total net assets		62,124,588		62,126,751
Total liabilities and net assets		130,836,119		130,705,666

## (2) Statements of income

(thousands of yen)

Account	10th fiscal period (March 1, 2009 to August 31, 2009)		11th fiscal period (September 1, 2009 to February 28, 2010)	
1. Operating revenues				
Rent revenue- real estate	5,300,111		5,318,986	
Other rental revenue-real-estate	185,458		185,666	
Anonymous partnership distribution	136,000	5,621,570	136,000	5,640,652
2. Operating expenses				
Expenses related to rent business	2,780,027		2,761,070	
Asset management fees	344,255		345,484	
Asset custody fees	11,047		11,354	
Administrative service fees	34,910		38,372	
Director's compensations	9,600		9,600	
Other operating expenses	69,974	3,249,815	66,437	3,232,319
Operating income		2,371,754		2,408,333
3. Non-operating revenues				
Interest received	2,839		1,673	
Other	872	3,711	2,813	4,487
4. Non-operating expenses				
Interest payment	439,899		472,636	
Amortization of investment unit issuance expenses	8,412		—	
Financing related expenses	65,903	514,215	76,704	549,341
Ordinary income		1,861,250		1,863,479
Net income before tax		1,861,250		1,863,479
Income taxes-current	1,074		1,109	
Income taxes-deferred	(1)	1,073	(1)	1,107
Net income		1,860,176		1,862,371
Retained earnings brought forward		31		0
Unappropriated retained earnings		1,860,208		1,862,371

## (3) Statement of changes in Net Assets

10th fiscal period (March 1, 2009 to August 31, 2009)

(thousands of yen)

Item	Net Assets			Total net assets
	Shareholders' capital	Retained earnings	Total Net Assets	
		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	—	1,860,176	1,860,176	1,860,176
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

11th fiscal period (September 1, 2009 to February 28, 2010)

(thousands of yen)

Item	Net Assets			Total net assets
	Shareholders' capital	Retained earnings	Total Net Assets	
		Unappropriated retained earnings		
Balance as of August 31, 2009	60,246,380	1,860,208	62,124,588	62,124,588
Changes in the current fiscal period				
Dividend of retained earnings	—	(1,860,207)	(1,860,207)	(1,860,207)
Net income	—	1,862,371	1,862,371	1,862,371
Total of changes in the current fiscal period	—	2,163	2,163	2,163
Balance as of February 28, 2010	60,264,380	1,862,371	62,126,751	62,126,751

## (4) Dividend statement

Account	10th fiscal period (March 1, 2009 to August 31, 2009)	11th fiscal period (September 1, 2009 to February 28, 2010)
I. Unappropriated retained earnings	1,860,208 thousand yen	1,862,371 thousand yen
II. Total	1,860,207 thousand yen	1,862,348 thousand yen
(Dividend per investment unit)	(17,377 yen)	(17,397 yen)
III. Retained earnings brought forward	0 thousand yen	22 thousand yen

Method for calculating dividends	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 earnings 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 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.	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 earnings as stipulated in Article 67-15 of the Special Taxation Measures Law of Japan. Following the above policy, FRC shall decide to distribute 1,862,348 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.
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(Note) Concerning amounts other than dividend per investment unit, fractions of 1,000 yen are omitted.

## (5) Cash flows statements

(thousands of yen)

Account	10th fiscal period (March 1, 2009 to August 31, 2009)	11th fiscal period (September 1, 2009 to February 28, 2010)
I. Net cash provided by (used in) operating activities		
Net income before taxes	1,861,250	1,863,479
Depreciation expenses	950,963	954,958
Amortization of investment unit issuance expenses	8,412	—
Interest received	(2,839)	(1,673)
Interest payment	439,899	472,636
Decrease (increase) in operating account receivables	(133,682)	50,709
Decrease (increase) in consumption taxed refund receivable	(151,714)	151,714
Increase (decrease) in accrued consumption taxes	(110,935)	168,865
Increase (decrease) in operating account payable	(89,418)	120,360
Increase (decrease) in account payable-other	2,231	(3,359)
Increase (decrease) in accrued expenses	2,173	1,645
Increase (decrease) in advance received	69,958	(18,587)
Increase (decrease) in deposits expenses	282,063	(240,825)
Decrease (increase) in prepaid expenses	(78,018)	62,668
Decrease (increase) in long-term prepaid expenses	(217,254)	39,715
Other, net	2,002	210
Subtotal	2,835,091	3,622,518
Interest received	2,839	1,673
Interest payment	(499,519)	(472,829)
Income tax paid	(28,098)	(28,168)
Income tax refund	28,392	27,326
Net cash provided by (used in) operating activities	2,338,705	3,150,519
II. Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment in trust	(4,283,002)	(100,061)
Purchase of intangible asset in trust	(1,765,318)	—
Proceeds from tenant leasehold and security deposits	331,695	90
Repayments of tenant leasehold and security deposits	(210)	—
Proceeds from tenant leasehold and security deposits in trust	103,294	77,511
Repayment of tenant leasehold and security deposits in trust	(253,300)	(211,422)
Payments of lease and guarantee deposits in trust	(100,000)	—
Net cash provided by (used in) investment activities	(5,966,841)	(233,882)
III. Net cash provided by (used in) financing activities		
Increase in short-term debt payable	30,400,000	19,200,000
Decrease in short-term debt payable	(28,000,000)	(19,800,000)
Proceeds from long-term debt payable	15,000,000	600,000
Repayment of long-term debt payable	(12,000,000)	(75,000)
Dividends paid	(1,932,132)	(1,853,388)
Net cash provided by (used in) financing activities	3,467,867	(1,928,388)
IV. Net increase (decrease) in cash and cash deposits	(160,268)	988,248
V. Balance of cash and cash deposits at beginning of period	6,049,478	5,889,210
VI. Balance of cash and cash deposits at end of period	5,889,210	6,877,458

## (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 November 24, 2009).

## (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, securities, derivative transactions, retirement benefits, tax-effect accounting, and related-party transactions, since it does not find substantial need for disclosure in the earnings briefing.

## (Per unit information)

10th fiscal period (March 1, 2009 to August 31, 2009)	11th fiscal period (September 1, 2009 to February 28, 2010)
Net assets per investment unit: 580,332 yen Net income per investment unit: 17,376 yen	Net assets per investment unit: 580,352 yen Net income per investment unit: 17,397 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.	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.	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	10th fiscal period (March 1, 2009 to August 31, 2009)	11th fiscal period (September 1, 2009 to February 28, 2010)
Net income (thousands of yen)	1,860,176	1,862,371
Amount not attributable to common shareholders (thousands of yen)	—	—
Net income attributable to common investment units (thousands of yen)	1,860,176	1,862,371
Average number of investment units during the fiscal period (units)	107,050	107,050

## (Significant subsequent events)

10th fiscal period (March 1, 2009 to August 31, 2009)	11th fiscal period (September 1, 2009 to February 28, 2010)
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 FRC  
No relevant items

(2) Change in directors in Fukuoka Realty Co., Ltd.  
(October 7, 2009) New appointment of Shinya Kato as Senior Managing Director

Directors of Fukuoka Realty Co., Ltd. are as follows as of April 8, 2010.

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)			

(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 the Investment Trust Law (before revision), he obtained approval for concurrently serving the positions from the Commissioner of the Financial Services Agency as of June 22, 2006.

Title	Name	Career Summary		Number of shares held
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)	
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)	

Title	Name	Career Summary		Number of shares held
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)	
		June 2009	Executive Vice President of Kyushu Electric Power Co., Inc. (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 February 28, 2010)

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 in Trust	Commercial facility	Fukuoka urban area	38,148	29.2
		Other Kyushu areas	36,508	27.9
	Office building	Fukuoka urban area	41,695	31.9
		Other Kyushu areas	—	—
	Residential property	Fukuoka urban area	3,133	2.4
		Other Kyushu areas	—	—
Subtotal			119,486	91.4
Equity interests in anonymous partnership (Note 4)			3,421	2.6
Deposits and other assets			7,797	6.0
Total amount of assets (Note 5)			130,705 (122,907)	100.0 (94.0)

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 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 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 numbers are rounded off to one decimal place. The total of individual percentages in the above table may not equal 100%.

Note 4: “Equity interests in anonymous partnership” are capital contributions to an SPC (CCH Bridge LLC), which owns and manages a section of Canal City Hakata excluding the section FRC already holds (Canal City Hakata SPC holding section).

Note 5: 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 February 28, 2010)

	Value on balance sheet (millions of yen)	Percentage of total amount of assets (%)
Total amount of liabilities	68,578	52.5
Total amount of net assets	62,126	47.5

### (2) Investment assets

#### (i) Primary issues of investment securities

(as of February 28, 2010)

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

(Note) The evaluated amount is provided by the operator of the anonymous 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 period are as follows.

(as of February 28, 2010)

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	31,510	34,700	26.5	Tanizawa Sogo Appraisal Co., Ltd.
Park Place Oita	15,700	16,833	17,900	13.0	Japan Real Estate Institute
SunLive City Kokura	6,633	6,349	7,410	5.5	Japan Real Estate Institute
Square Mall Kagoshima Usuki	5,300	5,042	4,970	4.4	Japan Real Estate Institute
Kumamoto Intercommunity SC	2,400	2,302	2,420	2.0	Japan Real Estate Institute
Hara SATY	5,410	5,524	5,200	4.5	Japan Real Estate Institute
Hanahata SC	1,130	1,113	1,150	0.9	Tanizawa Sogo Appraisal Co., Ltd.
Kurume Higashi Kushiwara SC	2,500	2,449	2,510	2.1	Tanizawa Sogo Appraisal Co., Ltd.
K's Denki Kagoshima	3,550	3,531	3,380	2.9	Tanizawa Sogo Appraisal Co., Ltd.
Canal City Business Center Building	14,600	14,198	15,600	12.1	Tanizawa Sogo Appraisal Co., Ltd.
Gofukumachi Business Center	11,200	10,489	12,900	9.3	Tanizawa Sogo Appraisal Co., Ltd.
Sanix Hakata Building	4,400	4,392	4,950	3.6	Japan Real Estate Institute
Taihaku Street Business Center	7,000	6,821	6,730	5.8	Japan Real Estate Institute
Higashi Hie Business Center	5,900	5,793	5,910	4.9	Tanizawa Sogo Appraisal Co., Ltd.
Amex Akasakamon Tower	2,060	2,014	1,710	1.7	Daiwa Real Estate Appraisal Co., Ltd.
City House Keyaki Dori	1,111	1,119	1,000	0.9	Daiwa Real Estate Appraisal Co., Ltd.
Total	120,894	119,486	128,440	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 numbers are rounded off to one decimal place.

## (b) Summary of the real estate rental business

(as of February 28, 2010)

Name of property	Number of tenants (Note 1)	Occupancy rate (%) (Note 3)	Total leasable space (m <sup>2</sup> )	Total leased space (m <sup>2</sup> )	Total rental revenues (millions of yen) (Note 4)	Percentage of total rental revenues (%) (Note 5)
Canal City Hakata	1 (49)	99.5	45,990.34	45,767.66	1,348	24.5
Park Place Oita	1 (101)	100.0	103,963.39	103,933.19	978	17.8
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	254	4.6
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	40	0.7
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)	93.4	23,040.18	21,530.80	628	11.4
Gofukumachi Business Center	20	93.9	19,906.22	18,696.02	523	9.5
Sanix Hakata Building	14	100.0	6,293.76	6,293.76	195	3.6
Taihaku Street Business Center	1 (67)	98.3	14,653.95	14,408.27	297	5.4
Higashi Hie Business Center	1 (15)	100.0	13,695.51	13,695.51	338	6.2
Amex Akasakamon Tower	1 (65)	98.8	4,755.14	4,699.32	65	1.2
City House Keyaki Dori	1 (42)	100.0	2,710.86	2,710.86	38	0.7
Total	60 [445] (Note 2)	99.1	362,235.82	358,961.86	5,504	100.0

Note 1: "Number of tenants" 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 is an office building with a residential tower. Its number of tenants comprises 12 offices and 55 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 for "Number of tenants."

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

Note 5: "Percentage of total rental revenues" is obtained by dividing each property's total rental revenues by the total amount of total rental revenues. The total of individual percentages in the above table may not equal 100%, 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 November 24, 2009).