

## EARNINGS BRIEFING FOR THE PERIOD ENDED FEBRUARY 2012

**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

Contact: Etsuo Matsuyuki    Managing Director

Phone: +81-92-272-3900

Expected date for submitting securities report:    May 29, 2012

Expected commencement date of dividend payments: May 18, 2012

(Figures rounded down to nearest million yen.)

### 1. PERFORMANCE AND SITUATION OF ASSETS FOR THE PERIOD ENDED FEBRUARY 2012 (September 1, 2011 to February 29, 2012)

#### (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 2012	6,931	(1.6)	2,637	(3.4)	2,046	(1.8)	2,045	(1.8)
Period ended August 2011	7,045	24.4	2,729	17.8	2,083	18.1	2,082	18.1

	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 2012	16,621 yen	2.9%	1.3%	29.5%
Period ended August 2011	16,922 yen	3.1%	1.4%	29.6%

#### (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 2012	16,621 yen	2,045 million yen	0 yen	0 million yen	100.0%	2.9%
Period ended August 2011	16,922 yen	2,082 million yen	0 yen	0 million yen	100.0%	2.9%

#### (3) Financial condition

	Total assets	Net assets	Ratio of net assets to total assets	Net assets per unit
Period ended February 2012	155,792 million yen	71,222 million yen	45.7%	578,812 yen
Period ended August 2011	155,657 million yen	71,259 million yen	45.8%	579,113 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 2012	3,677 million yen	(566) million yen	(2,153) million yen	8,154 million yen
Period ended August 2011	3,294 million yen	(20,086) million yen	17,548 million yen	7,197 million yen

**2. FORECAST OF PERFORMANCE FOR THE PERIOD ENDING AUGUST 2012  
(March 1, 2012 to August 31, 2012) AND THE PERIOD ENDING FEBRUARY 2013  
(September 1, 2012 to February 28, 2013)**

(% 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 2012	7,103	2.5	2,576	(2.3)	1,969	(3.7)	1,968	(3.7)	16,000 yen	0 yen
Period ending February 2013	7,224	1.7	2,622	1.8	1,982	0.6	1,981	0.6	16,100 yen	0 yen

(Reference) Forecast net income per unit: Period ending August 2012 16,000 yen  
Period ending February 2013 16,100 yen

**3. Other**

- (1) Changes in accounting policies, changes in accounting estimates and restatement of accounting errors
- (i) Changes in accounting policies accompanying amendments to accounting standards, etc.: No
  - (ii) Changes in accounting policies other than above (i): No
  - (iii) Changes in accounting estimates: No
  - (iv) Restatement of accounting errors: No
- (2) Number of investment units issued and outstanding
- (i) Number of investment units issued and outstanding at end of period (including treasury investment units):  
123,050 units at end of February 2012  
123,050 units at end of August 2011
  - (ii) Treasury investment units at end of period:  
— units at end of February 2012  
— units at end of August 2011

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

**\* 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 2012 (March 1, 2012 to August 31, 2012) and the period ending February 2013 (September 1, 2012 to February 28, 2013),” on page 6.

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 25, 2011).

## 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 25, 2011).

### (2) Management situation

#### (i) Summary of the current fiscal period

##### (a) Brief history of the investment corporation

Fukuoka REIT Corporation (hereinafter “FRC”) was established on July 2, 2004 based on the “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 Group Inc. (hereinafter the “TSE”) and the Fukuoka Stock Exchange (hereinafter the “FSE”) on June 21, 2005 as the nation’s first real estate investment trust specializing in regional properties (code number: 8968). FRC invests in real estate throughout all of Kyushu (including Okinawa Prefecture), with a central focus on Fukuoka City, and Yamaguchi Prefecture (hereinafter the “Fukuoka/Kyushu area”) by turning rationality, 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 manages a total of 17 properties comprising ten commercial facilities, five office buildings and two residential properties as of the end of the current fiscal period (February 29, 2012).

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

The Japanese economy as a whole stayed mostly flat in the fifteenth fiscal period, as domestic demand led by consumer spending remained strong while external demand was depressed by the slowdown in overseas economies, which were impacted by the European sovereign debt problem and other issues, and by high appreciation of the yen in the foreign exchange market, among other things. In Kyushu, the prime investment area for FRC, the employment and income situations continue to remain harsh. Nevertheless, an upturn is seen in production and consumer spending and the region as a whole is anticipated to get back on track to recovery. According to the 2012 Land Price Survey, land prices have fallen for four consecutive years for both commercial and residential land, though the rate of decrease has tended to slow. In Fukuoka City, a core investment target area for FRC, commercial land prices decreased by 1.6% and residential land prices decreased by 0.9% compared to the previous year. However, there was an increase from the previous survey in the number of surveyed sites where the price rose or remained flat, reflecting strong housing demand and the Kyushu Shinkansen (bullet train) starting full operations throughout its full span.

Under such circumstances, FRC poured continuous efforts into operations to enhance competitiveness and customer drawing power at major commercial facilities such as Canal City Hakata. FRC also endeavored to maintain and raise the occupancy rates of owned properties. As a result, the average occupancy rate marked 98.1% for all properties FRC owns as of the end of the fifteenth fiscal period.

When analyzing FRC’s portfolio (on an acquisition value basis) by geographic location, properties in the Fukuoka urban area occupy 75.9% of its portfolio; when analyzing by property type, commercial facilities, office buildings, and residential properties account for 69.1%, 28.8% and 2.1%, respectively.

##### (c) Summary of fundraising

In the current fiscal period, FRC refinanced 4,000 million yen in its short-term debt under committed line of credit (totaling 4,500 million yen) into long-term debt from the viewpoint of diversification of debt maturities and prolonged residual maturity of borrowings. For the 1,500 million yen in long-term debt that matured in December 2011, FRC conducted refinance of the entire amount with a loan period of 6 years.

As a result, the balance of debt outstanding at the end of the current fiscal period totaled 69,425 million yen, with the loan-to-value ratio at end of period at 44.6%. Moreover, with regard to the commitment lines that were set up as backup lines for fund procurement, FRC renewed a commitment line that was to expire in February 2012, with a credit limit of 6,000 million yen and commitment period of 2 years (in contrast to 5,000 million yen and one year before the revision).

To reduce refinancing risks, FRC will continue to disperse the debt repayment dates and increase the average length of time until debt maturity.

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

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

(d) Summary of performance and dividend

As a result of these management efforts, operating revenues totaled 6,931 million yen and operating income after excluding operating expenses such as expenses related to rent business and asset management fees totaled 2,637 million yen. Ordinary income was 2,046 million yen and net income was 2,045 million yen.

Management decided to make a dividend of 16,621 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 a high population growth rate in the future. In addition to the Fukuoka urban area, management has decided to actively acquire properties in major cities, if there are regions or properties where FRC can generate investment merits from community-oriented viewpoints. FRC will acquire high quality properties with adequate use of its advantages, such as information gathering ability in the areas, good knowledge of regional properties and close relations with the local business community and governments, so that investors can continue to invest in FRC with assurance.

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

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

No relevant items

(c) Performance forecast for the next fiscal period

FRC aims to achieve the following performance goals for the period ending August 2012 (March 1, 2012 to August 31, 2012) and the period ending February 2013 (September 1, 2012 to February 28, 2013). Concerning preconditions for the forecast, please refer to "Preconditions for the performance forecast for the period ending August 2012 (March 1, 2012 to August 31, 2012) and the period ending February 2013 (September 1, 2012 to February 28, 2013)," on page 6.

Period ending August 2012

Operating revenues

7,103 million yen

Ordinary income	1,969 million yen
Net income	1,968 million yen
Dividend per unit	16,000 yen
Dividend in excess of earnings per unit	0 yen
Period ending February 2013	
Operating revenues	7,224 million yen
Ordinary income	1,982 million yen
Net income	1,981 million yen
Dividend per unit	16,100 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.

(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 25, 2011).

Preconditions for the performance forecast for the period ending August 2012 (March 1, 2012 to August 31, 2012) and for the period ending February 2013 (September 1, 2012 to February 28, 2013)

Item	Preconditions
Calculation period	16th fiscal period: from March 1, 2012 to August 31, 2012 (184 days) 17th fiscal period: from September 1, 2012 to February 28, 2013 (181 days)
Assets under management	<ul style="list-style-type: none"> <li>It is assumed that there will be 19 properties which is the sum of 17 properties FRC owned as of February 29, 2012 plus Aqualia Kego and Aqualia Chihaya it acquired on March 1, 2012.</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 the end of the fiscal period ending February 2013.</li> </ul>
Interest-bearing debt and refinancing	<ul style="list-style-type: none"> <li>The balance of interest-bearing debt outstanding on February 28, 2013 is expected to total 73,275 million yen, an increase of 3,850 million yen from the end of the current period (February 29, 2012). The loan-to-value ratio (interest-bearing debt ÷ total assets × 100) is expected to stand at around 46.0% (as of February 29, 2012, the loan-to-value ratio stands at 44.6%).</li> <li>In the period ending August 2012, FRC newly borrowed long-term debt of 2,000 million yen and short-term debt totaling 2,000 million yen on March 1, 2012, and refinanced 1,400 million yen out of 2,500 million yen in short-term debt into long-term debt on March 30, 2012. Furthermore, it is assumed that FRC will refinance long-term debt of 6,000 million yen that will become due for repayment in June 2012 into long-term debt.</li> <li>In the period ending February 2013, it is assumed that FRC will refinance short-term debt totaling 1,100 million yen into long-term debt and that it will refinance long-term debt totaling 2,600 million yen that will become due for repayment in September 2012 as well as long-term debt totaling 9,500 million yen that will become due for repayment in February 2013 into long-term debt respectively.</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> </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 2012 and February 2013. 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 1,482 million yen for the period ending August 2012 and 1,489 million yen for the period ending February 2013.</li> <li>Concerning taxes and other public charges, FRC anticipates 562 million yen for the period ending August 2012 and 561 million yen for the period ending February 2013.</li> <li>Concerning depreciation and amortization expenses, FRC anticipates 1,255 million yen for the period ending August 2012 and 1,291 million yen for the period ending February 2013.</li> </ul>
Non-operating expenses	<ul style="list-style-type: none"> <li>Concerning interest payment and expenses related to financing, FRC anticipates 640 million yen for the period ending August 2012 and 638 million yen for the period ending February 2013.</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	14th fiscal period (as of August 31, 2011)		15th fiscal period (as of February 29, 2012)	
Assets				
Current assets				
Cash and deposits		2,568,007		3,386,507
Cash and deposits in trust		4,629,187		4,768,082
Operating account receivable		359,285		277,337
Prepaid expenses		312,106		274,218
Consumption taxes receivable		451,247		—
Deferred tax assets		20		19
Other		42,984		12,162
Total current assets		8,362,839		8,718,329
Noncurrent assets				
Property, plant and equipment				
Buildings in trust, net	66,104,394		66,859,921	
Aggregate of accumulated depreciation	(9,927,723)	56,176,670	(10,992,802)	55,867,119
Structures in trust, net	1,103,529		1,105,256	
Aggregate of accumulated depreciation	(262,904)	840,624	(292,831)	812,425
Machinery and equipment in trust, net	351,214		351,944	
Aggregate of accumulated depreciation	(122,812)	228,402	(133,265)	218,679
Tools and fixtures in trust, net	1,035,745		1,072,411	
Aggregate of accumulated depreciation	(500,302)	535,442	(567,688)	504,722
Lands in trust		87,057,619		87,057,619
Construction in progress in trust		7,350		215,660
Total property, plant and equipment		144,846,109		144,676,226
Intangible assets				
Leasehold right in trust		1,765,318		1,765,318
Other intangible assets in trust		17,385		21,040
Total intangible assets		1,782,704		1,786,358
Investment and other assets				
Lease and guarantee deposits		10,000		10,000
Lease and guarantee deposits in trust		100,000		100,000
Long-term prepaid expenses		533,100		484,124
Total investment and other assets		643,100		594,124
Total noncurrent assets		147,271,914		147,056,709
Deferred assets				
Investment unit issuance expenses		22,394		17,915
Total deferred assets		22,394		17,915
Total assets		155,657,148		155,792,953

Account	(thousands of yen)			
	14th fiscal period (as of August 31, 2011)		15th fiscal period (as of February 29, 2012)	
Liabilities				
Current liabilities				
Operating accounts payable		410,201		543,922
Short-term debt		4,500,000		500,000
Current maturities of long-term debt		7,650,000		18,250,000
Account payable-other		10,296		15,822
Accrued expenses		296,215		301,798
Income taxes payable		751		944
Accrued consumption taxes		—		150,990
Advances received		845,995		794,980
Deposits received		949,491		671,675
Total current liabilities		14,662,952		21,230,134
Noncurrent liabilities				
Long-term debt payable		57,350,000		50,675,000
Tenant leasehold and security deposits		331,515		331,545
Tenant leasehold and security deposits received in trust		12,052,750		12,333,382
Total noncurrent liabilities		69,734,265		63,339,927
Total liabilities		84,397,218		84,570,061
Net assets				
Net Assets				
Shareholders' capital		69,177,628		69,177,628
Surplus				
Unappropriated surplus		2,082,302		2,045,264
Total surplus		2,082,302		2,045,264
Total Net Assets		71,259,930		71,222,892
Total net assets		71,259,930		71,222,892
Total liabilities and net assets		155,657,148		155,792,953

## (2) Statements of income

(thousands of yen)

Account	14th fiscal period (March 1, 2011 to August 31, 2011)		15th fiscal period (September 1, 2011 to February 29, 2012)	
1. Operating revenues				
Rent revenue- real estate	6,826,999		6,682,912	
Other rental revenue-real-estate	218,505	7,045,505	249,029	6,931,942
2. Operating expenses				
Expenses related to rent business	3,803,541		3,757,328	
Asset management fees	405,509		413,246	
Asset custody fees	5,009		5,805	
Administrative service fees	38,766		46,049	
Director's compensations	9,600		9,600	
Bad debt expenses	—		575	
Other operating expenses	53,628	4,316,055	61,912	4,294,518
Operating income		2,729,450		2,637,423
3. Non-operating revenues				
Interest received	674		744	
Other	521	1,196	2,705	3,449
4. Non-operating expenses				
Interest payment	497,140		474,736	
Amortization of investment unit issuance expenses	4,478		4,478	
Financing related expenses	107,705		115,350	
Other	37,933	647,257	—	594,565
Ordinary income		2,083,388		2,046,307
Net income before tax		2,083,388		2,046,307
Income taxes-current	1,110		1,092	
Income taxes-deferred	(0)	1,110	0	1,093
Net income		2,082,278		2,045,214
Retained earnings brought forward		23		50
Unappropriated retained earnings		2,082,302		2,045,264

## (3) Statement of changes in net assets

14th fiscal period (March 1, 2011 to August 31, 2011)

(thousands of yen)

Item	Net Assets			Total net assets
	Shareholders' capital	Retained earnings	Total Net Assets	
		Unappropriated retained earnings		
Balance as of March 1, 2011	60,246,380	1,762,601	62,026,981	62,026,981
Changes in the current fiscal period				
Issuance of new investment units	8,913,248	—	8,913,248	8,913,248
Dividend of retained earnings	—	(1,762,578)	(1,762,578)	(1,762,578)
Net income	—	2,082,278	2,082,278	2,082,278
Total of changes in the current fiscal period	8,913,248	319,700	9,232,948	9,232,948
Balance as of August 31, 2011	69,177,628	2,082,302	71,259,930	71,259,930

15th fiscal period (September 1, 2011 to February 29, 2012)

(thousands of yen)

Item	Net Assets			Total net assets
	Shareholders' capital	Retained earnings	Total Net Assets	
		Unappropriated retained earnings		
Balance as of September 1, 2011	69,177,628	2,082,302	71,259,930	71,259,930
Changes in the current fiscal period				
Dividend of retained earnings	—	(2,082,252)	(2,082,252)	(2,082,252)
Net income	—	2,045,214	2,045,214	2,045,214
Total of changes in the current fiscal period	—	(37,037)	(37,037)	(37,037)
Balance as of February 29, 2012	69,177,628	2,045,264	71,222,892	71,222,892

## (4) Dividend statement

Account	14th fiscal period (March 1, 2011 to August 31, 2011)	15th fiscal period (September 1, 2011 to February 29, 2012)
I. Unappropriated retained earnings	2,082,302 thousand yen	2,045,264 thousand yen
II. Total	2,082,252 thousand yen	2,045,214 thousand yen
(Dividend per investment unit)	(16,922 yen)	(16,621 yen)
III. Retained earnings brought forward	50 thousand yen	50 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 profits as stipulated in Article 67-15 of the Special Taxation Measures Law of Japan. Following the above policy, FRC shall decide to distribute 2,082,252 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 profits as stipulated in Article 67-15 of the Special Taxation Measures Law of Japan. Following the above policy, FRC shall decide to distribute 2,045,214 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

Account	(thousands of yen)	
	14th fiscal period (March 1, 2011 to August 31, 2011)	15th fiscal period (September 1, 2011 to February 29, 2012)
I. Net cash provided by (used in) operating activities		
Net income before taxes	2,083,388	2,046,307
Depreciation expenses	1,164,305	1,177,245
Amortization of investment unit issuance expenses	4,478	4,478
Interest received	(674)	(744)
Interest payment	497,140	474,736
Decrease (increase) in operating account receivables	123,469	81,947
Decrease (increase) in consumption taxes receivable	(451,247)	451,247
Increase (decrease) in accrued consumption taxes	(29,669)	150,990
Increase (decrease) in operating account payable	(4,657)	(50,262)
Increase (decrease) in account payable-other	(10,354)	2,342
Increase (decrease) in accrued expenses	36,571	2,947
Increase (decrease) in advance received	181,596	(51,015)
Increase (decrease) in deposits expenses	430,574	(277,815)
Decrease (increase) in prepaid expenses	(104,861)	37,887
Decrease (increase) in long-term prepaid expenses	(167,350)	48,976
Other, net	38,493	9,261
Subtotal	3,791,114	4,108,532
Interest received	674	744
Interest payment	(496,431)	(472,101)
Income tax paid	(42,479)	(900)
Income tax refund	41,392	41,374
Net cash provided by (used in) operating activities	3,294,270	3,677,649
II. Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment in trust	(29,805,063)	(841,554)
Purchase of intangible assets in trust	(18,704)	(5,606)
Proceeds from tenant leasehold and security deposits	30	120
Repayments of tenant leasehold and security deposits	(30)	(90)
Proceeds from tenant leasehold and security deposits in trust	3,606,951	473,209
Repayment of tenant leasehold and security deposits in trust	(269,641)	(192,577)
Redemption of investment securities	6,400,000	—
Net cash provided by (used in) investment activities	(20,086,457)	(566,499)
III. Net cash provided by (used in) financing activities		
Increase in short-term debt payable	31,500,000	17,000,000
Decrease in short-term debt payable	(27,000,000)	(21,000,000)
Proceeds from long-term debt payable	1,300,000	5,500,000
Repayment of long-term debt payable	(7,075,000)	(1,575,000)
Proceeds from issuance of investment units	8,913,248	—
Dividends paid	(1,762,440)	(2,078,755)
Payment of investment unit issuance expenses	(26,872)	—
Net cash provided by (used in) financing activities	(17,548,935)	(2,153,755)
IV. Net increase (decrease) in cash and cash deposits	756,747	957,395
V. Balance of cash and cash deposits at beginning of period	6,440,447	7,197,195
VI. Balance of cash and cash deposits at end of period	7,197,195	8,154,590

- (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 25, 2011).
- (8) Notes to financial statements  
FRC omits the disclosure of notes to balance sheets, statements of income, statements of changes in Net Assets, and cash flows statements, as well as notes on lease transactions, financial instruments, securities, derivative transactions, related-party transactions, tax-effect accounting, retirement benefits, asset retirement obligations and rental properties, since it does not find substantial need for disclosure in the earnings briefing.

## (Per unit information)

14th fiscal period (March 1, 2011 to August 31, 2011)	15th fiscal period (September 1, 2011 to February 29, 2012)
Net assets per investment unit: 579,113 yen Net income per investment unit: 16,922 yen	Net assets per investment unit: 578,812 yen Net income per investment unit: 16,621 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	14th fiscal period (March 1, 2011 to August 31, 2011)	15th fiscal period (September 1, 2011 to February 29, 2012)
Net income (thousands of yen)	2,082,278	2,045,214
Amount not attributable to common shareholders (thousands of yen)	—	—
Net income attributable to common investment units (thousands of yen)	2,082,278	2,045,214
Average number of investment units during the fiscal period (units)	123,050	123,050

## (Significant subsequent events)

15th fiscal period (September 1, 2011 to February 29, 2012)
No relevant items

- (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.  
No relevant items

## 5. Reference Information

### (1) Investment situation

(as of February 29, 2012)

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	66,718	42.8
		Other Kyushu areas	35,823	23.0
	Office building	Fukuoka urban area	40,688	26.1
		Other Kyushu areas	—	—
	Residential property	Fukuoka urban area	3,016	1.9
		Other Kyushu areas	—	—
Subtotal			146,246	93.9
Deposits and other assets			9,546	6.1
Total amount of assets (Note 4)			155,792 (146,462)	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: 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 29, 2012)

	Value on balance sheet (millions of yen)	Percentage of total amount of assets (%)
Total amount of liabilities	84,570	54.3
Total amount of net assets	71,222	45.7

### (2) Investment assets

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

No relevant items

## (ii) Real estate investment portfolio

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

(as of February 29, 2012)

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	31,222	32,200	21.4	Tanizawa Sogo Appraisal Co., Ltd.
Park Place Oita	15,700	16,646	16,700	10.5	Japan Real Estate Institute
SunLive City Kokura	6,633	6,166	7,360	4.4	Japan Real Estate Institute
Square Mall Kagoshima Usuki	5,300	5,010	4,850	3.5	Japan Real Estate Institute
Kumamoto Intercommunity SC	2,400	2,230	2,430	1.6	Japan Real Estate Institute
AEON Hara Shopping Center	5,410	5,445	4,680	3.6	Japan Real Estate Institute
Hanahata SC	1,130	1,084	1,170	0.8	Tanizawa Sogo Appraisal Co., Ltd.
Kurume Higashi Kushiwara SC	2,500	2,360	2,520	1.7	Tanizawa Sogo Appraisal Co., Ltd.
K's Denki Kagoshima	3,550	3,409	3,400	2.4	Tanizawa Sogo Appraisal Co., Ltd.
Canal City Hakata B	28,700	28,966	28,800	19.2	Tanizawa Sogo Appraisal Co., Ltd.
Commercial facilities subtotal:	103,323	102,542	104,110	69.1	
Canal City Business Center Building	14,600	14,025	14,800	9.8	Tanizawa Sogo Appraisal Co., Ltd.
Gofukumachi Business Center	11,200	10,132	12,800	7.5	Tanizawa Sogo Appraisal Co., Ltd.
Sanix Hakata Building	4,400	4,253	4,700	2.9	Japan Real Estate Institute
Taihaku Street Business Center	7,000	6,798	6,650	4.7	Japan Real Estate Institute
Higashi Hie Business Center	5,900	5,478	6,040	3.9	Tanizawa Sogo Appraisal Co., Ltd.
Office buildings subtotal:	43,100	40,688	44,990	28.8	
Amex Akasakamon Tower	2,060	1,947	1,670	1.4	Daiwa Real Estate Appraisal Co., Ltd.
City House Keyaki Dori	1,111	1,068	1,020	0.7	Daiwa Real Estate Appraisal Co., Ltd.
Residential properties subtotal:	3,171	3,016	2,690	2.1	
Total	149,594	146,246	151,790	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 29, 2012)

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 (47)	89.1	46,012.98	41,004.78	1,245	18.0
Park Place Oita	1 (103)	99.5	103,836.54	103,300.71	978	14.1
SunLive City Kokura	1	100.0	61,450.22	61,450.22	293	4.2
Square Mall Kagoshima Usuki	11	100.0	14,602.59	14,602.59	226	3.3
Kumamoto Intercommunity SC	2	100.0	6,968.66	6,968.66	89	1.3
AEON Hara Shopping Center	1	100.0	27,580.75	27,580.75	212	3.1
Hanahata SC	2	100.0	2,801.15	2,801.15	40	0.6
Kurume Higashi Kushiwara SC	1	100.0	6,467.80	6,467.80	88	1.3
K's Denki Kagoshima	1	100.0	7,296.17	7,296.17	111	1.6
Canal City Hakata B (Note 6)	1 (49)	99.7	63,706.69	63,492.96	1,628	23.5
Commercial facilities subtotal:	22 (218) (Note 2)	98.3	340,723.55	334,965.79	4,915	70.9
Canal City Business Center Building	1 (58)	98.6	23,032.64	22,708.03	598	8.6
Gofukumachi Business Center	25	90.6	19,907.87	18,029.36	481	6.9
Sanix Hakata Building	19	100.0	6,293.76	6,293.76	192	2.8
Taihaku Street Business Center	1 (70)	99.6	14,653.97	14,598.92	302	4.4
Higashi Hie Business Center	1 (19)	100.0	13,695.51	13,695.51	338	4.9
Office buildings subtotal:	47 (191) (Note 2)	97.1	77,583.75	75,325.58	1,914	27.6
Amex Akasakamon Tower	1 (65)	98.3	4,755.14	4,672.93	63	0.9
City House Keyaki Dori	1 (41)	97.8	2,710.86	2,650.06	38	0.6
Residential properties subtotal:	2 (106) (Note 2)	98.1	7,466.00	7,322.99	102	1.5
Total	71 [515] (Note 2)	98.1	425,773.30	417,614.36	6,931	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 58 residents.

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

Note 3: "Occupancy rate" refers to the percentage of total leased 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.

Note 6: In the table above, figures in the "Total leasable space" represent the area of exclusive spaces that can be leased, and those in the "Total leased space" represent the total contracted area of exclusive spaces indicated in the lease agreements. Furthermore, the calculation base for rents in some lease agreements may include the area of common spaces that are closely related to the exclusive spaces for lease. When the areas of such common spaces are included, the total leasable space is 68,797.98m<sup>2</sup> while the total leased space is 68,584.25m<sup>2</sup>.

(3) Investment target

The disclosure is omitted, since there are no significant changes from the “Investment target” disclosed by the latest securities report (submitted on November 25, 2011).