



Fukuoka REIT Corporation 18th Fiscal Period



Report on Performance and
Management Status (Semiannual Report)
March 1, 2013 to August 31, 2013

Fukuoka REIT Corporation
1-2-25 Sumiyoshi, Hakata Ward, Fukuoka City
<http://www.fukuoka-reit.jp>

I. Overview of Fukuoka REIT Corporation

To Our Unitholders

We would like to express our sincere appreciation to all unitholders for their continued support of Fukuoka REIT Corporation (FRC).

We are pleased to report on the performance results and management status of FRC for the eighteenth fiscal period (March 1, 2013 to August 31, 2013).

FRC started as Japan's first REIT specializing in regional properties. Its mission is to raise capital for the Fukuoka and Kyushu areas from Japanese and overseas prime investors by incorporating high quality properties, and thus contribute to the vitalization and enhancement of the attractiveness of the urban landscape of the areas. Since our listing in June 2005, we have exhibited steady growth and achieved stable performance through the support of our unitholders and sponsor companies.

During the eighteenth fiscal period, the Japanese economy showed some advances for autonomous recovery, thanks to the economic policies of the government led by Prime Minister Shinzo Abe and other factors. We observed production to increase gradually, corporate performance and the employment situation to improve, and exports and consumer spending to pick up. Looking ahead, with the various political measures noticeably proving effective, improvement in corporate earnings is expected to bring about an increase in household income and investment, causing the economy to head for recovery. The Kyushu area, the core investment target area for FRC, also shows an improving economic trend and is picking up as a whole, from production and capital investment to employment and consumer spending. As for the land price trend, the national average was still decreasing but the rate of decrease continued to shrink over the past year, according to the government's Prefectural Land Price Survey 2013. The recovery trend of land prices strengthened in Fukuoka City, the central area of FRC's investment targets, primarily in the urban areas, with commercial land prices and residential land prices both taking an upward turn and increasing by 2.3% and 0.7% year-on-year, respectively.

Under such circumstances, FRC increased its capital by approximately 10.6 billion yen by issuing new investment units in March 2013. After entering 2013, it acquired Tenjin Nishi-Dori Center Building (acquisition price: 2.6 billion yen) on February 1, D-Wing Tower (acquisition price: 2.8 billion yen) and Hotel FORZA Oita (acquisition price: 1.53 billion yen) on March 1, and Tenjin North Front Building (acquisition price: 2.8 billion yen) on March 28. As for existing properties, FRC continued its efforts to reinforce the competitive advantages and the ability to attract guests of major retail facilities.

As a result of these endeavors, FRC posted operating income and net income that both surpassed forecast for the fiscal period under review, and declared 16,458 yen per investment unit for cash distribution.

Going forward, FRC is resolved to exert its strengths as a REIT specializing in regional properties and quickly respond to market changes, while receiving support and cooperation from powerful sponsors who are leaders in the Kyushu business world. As we do so, we will strive to achieve stable growth of our portfolio in the medium- to long-term and secure stable earnings through steady asset management.

We greatly appreciate your continued support and cooperation.



Masayasu Saki
CEO & Representative Director
Fukuoka REIT Corporation



Etsuo Matsuyuki
CEO & Representative Director
Fukuoka Realty Co., Ltd.

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Financial Summary

Financial Highlights for 18th Fiscal Period (ended August 2013)

Dividend per unit was 16,458 yen, surpassing the previous period's amount by 169 yen.

Category		14th fiscal period March 1, 2011 to August 31, 2011	15th fiscal period September 1, 2011 to February 29, 2012	16th fiscal period March 1, 2012 to August 31, 2012	17th fiscal period September 1, 2012 to February 28, 2013	18th fiscal period March 1, 2013 to August 31, 2013
Operating revenues	mm yen	7,045	6,931	7,094	7,200	7,565
Leasing NOI (Note 1)	mm yen	4,406	4,351	4,372	4,444	4,751
Depreciation and amortization expenses	mm yen	1,164	1,177	1,242	1,268	1,343
Operating income	mm yen	2,729	2,637	2,595	2,622	2,848
Ordinary income	mm yen	2,083	2,046	2,005	2,005	2,272
Net income	mm yen	2,082	2,045	1,992	2,004	2,271
Dividend per unit	yen	16,922	16,621	16,193	16,289	16,458
Number of investment units outstanding (at end of period)	units	123,050	123,050	123,050	123,050	138,000
Total assets (at end of period)	mm yen	155,657	155,792	159,601	160,574	167,857
Total net assets (at end of period)	mm yen	71,259	71,222	71,170	71,182	81,712
Days in fiscal period	days	184	182	184	181	184
Number of properties owned (at end of period)		17	17	19	20	23
Number of tenants (at end of period) (Note 2)		502	515	701	751	886
Total leasable floor space (at end of period)	m ²	425,906.83	425,773.30	445,001.37	448,867.34	466,824.38
Occupancy rate (at end of period) (Note 3)	%	99.6	98.1	97.0	99.3	98.8

(Note 1) "Leasing NOI" is calculated using "Leasing business revenues - Expenses related to leasing business + Depreciation and amortization expenses".

(Note 2) "Number of tenants" is based on the total number of sections stipulated in the tenancy agreements for properties owned. For the number of tenants in pass-through master leasing properties, the total number of sections stipulated in the tenancy agreements with end tenants is shown.

(Note 3) "Occupancy rate" refers to the percentage of total leased floor space at end of period to total leasable floor space at end of period.

Business Forecasts for 19th and 20th Fiscal Periods

Category		18th fiscal period March 1, 2013 to August 31, 2013 Results	19th fiscal period September 1, 2013 to February 28, 2014 Forecast	20th fiscal period March 1, 2014 to August 31, 2014 Forecast
Operating revenues	mm yen	7,565	7,556	7,661
Leasing NOI (Note)	mm yen	4,751	4,736	4,750
Depreciation and amortization expenses	mm yen	1,343	1,364	1,393
Operating income	mm yen	2,848	2,803	2,777
Ordinary income	mm yen	2,272	2,236	2,208
Net income	mm yen	2,271	2,235	2,207
Dividend per unit	yen (1)	16,458	-	-
Latest dividend forecast per unit	yen (2)	16,200	16,200	16,000
Difference from forecast	yen (1)-(2)	+258	-	-
Number of investment units outstanding (at end of period)	units	138,000	-	-

(Note) "Leasing NOI" is calculated using "Leasing business revenues - Expenses related to leasing business + Depreciation and amortization expenses".

Profile

Status of the Investment Corporation

FRC is Japan's first REIT specializing in regional properties. FRC manages a portfolio centering on retail facilities featuring excellent design and entertainment qualities and Class A office buildings in which it invests throughout all of Kyushu, with a central focus on Fukuoka, and in Yamaguchi Prefecture and Okinawa Prefecture utilizing our strength of knowing the local characteristics of real estate, which is a very regional-specific business.

Overview of the Investment Corporation

Name: Fukuoka REIT Corporation
 Representative: Masayasu Saki, CEO & Representative Director
 Asset manager: Fukuoka Realty Co., Ltd. (Fukuoka Local Finance Branch Bureau (financial instruments) No. 10)
 Listed date: June 21, 2005 (Tokyo Stock Exchange, and Fukuoka Stock Exchange)

Sponsors



(Note) Concluded MOU with Fukuoka REIT Corporation and Fukuoka Realty Co., Ltd. concerning pipeline support.

Financial Highlights

Total assets	167.8 bn yen (as of August 31, 2013)	Credit ratings	S&P	A-	(Stable)
Total debt	71.1 bn yen (as of August 31, 2013)		R&I	A+	(Stable)
LTV (Total debt / Total assets)	42.4% (as of August 31, 2013)		JCR	AA-	(Stable)

Investment Unit Price

Investment unit price	725,000 yen	(as of August 31, 2013)
Number of investment units outstanding	138,000 units	(as of August 31, 2013)
Market capitalization	100.0 bn yen	(Unit price × Units outstanding) (as of August 31, 2013)
Historical high (closing price)	1,300,000 yen	(February 26, 2007)
Historical low (closing price)	297,000 yen	(November 20, 2008)
Net assets per unit	592,119 yen	(as of August 31, 2013)
Market net assets per unit	651,857 yen	(as of August 31, 2013)

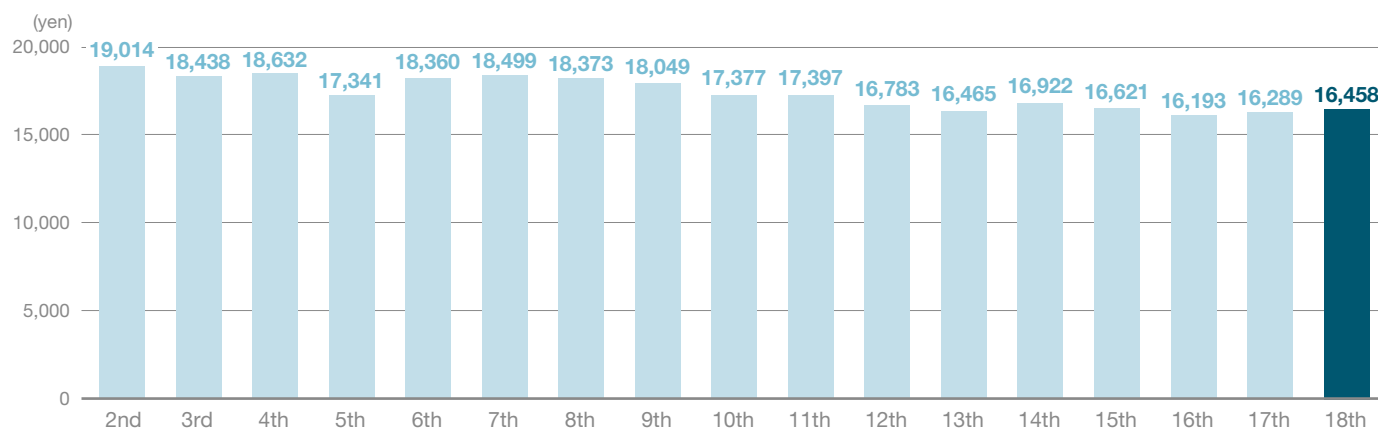
Market net assets per unit = {(Total appraisal value at end of period based on appraisal reports of real estate held at end of period – Total value on balance sheets of real estate held at end of period (excluding construction in progress in trust)) + (Net assets at end of period)} / Number of investment units outstanding

Profile

Dividend Performance

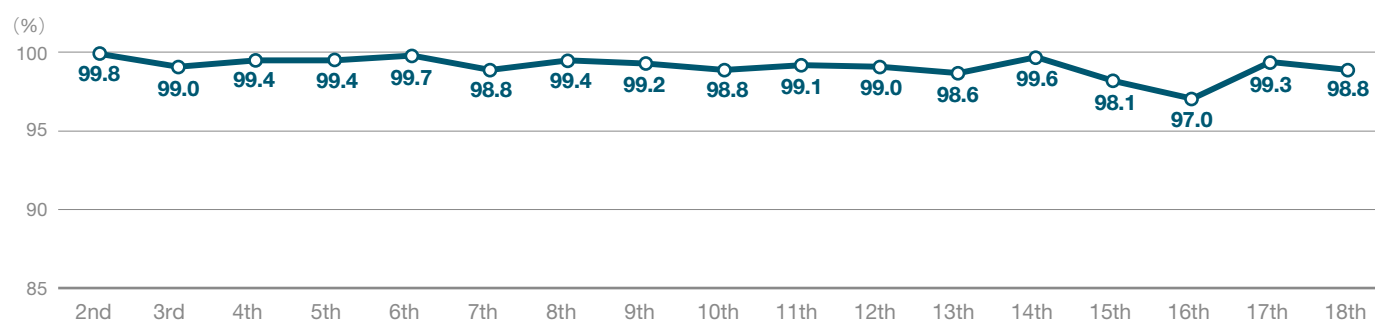
18th fiscal period end	August 31, 2013 (semiannual periods ending every February and August)	18th fiscal period days	184 days
18th fiscal period dividend	16,458 yen per unit	Dividend yield	4.5% ((Dividend / Days × 365) / Unit price) (Note)

(Note) Unit price is as of August 31, 2013.



Portfolio Property Occupancy Rate (at end of period)

FRC has maintained a portfolio property occupancy rate of 97.0% or higher since listing.



(Note) "Occupancy rate" refers to the percentage of total leased floor space at end of period to total leasable floor space at end of period.

Overview of the Asset Manager

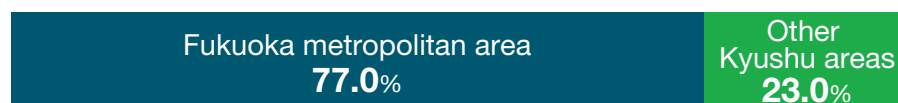
Name:	Fukuoka Realty Co., Ltd.
Representative:	Etsuo Matsuyuki CEO & Representative Director
Address:	1-2-25 Sumiyoshi, Hakata Ward, Fukuoka City
TEL:	+81-92-272-3900
Established:	December 26, 2003
Capital:	200,000,000 yen

Portfolio (Note)

Investment type (based on acquisition price)



Investment area (based on acquisition price)



Total leasable floor space

466,824.38m²

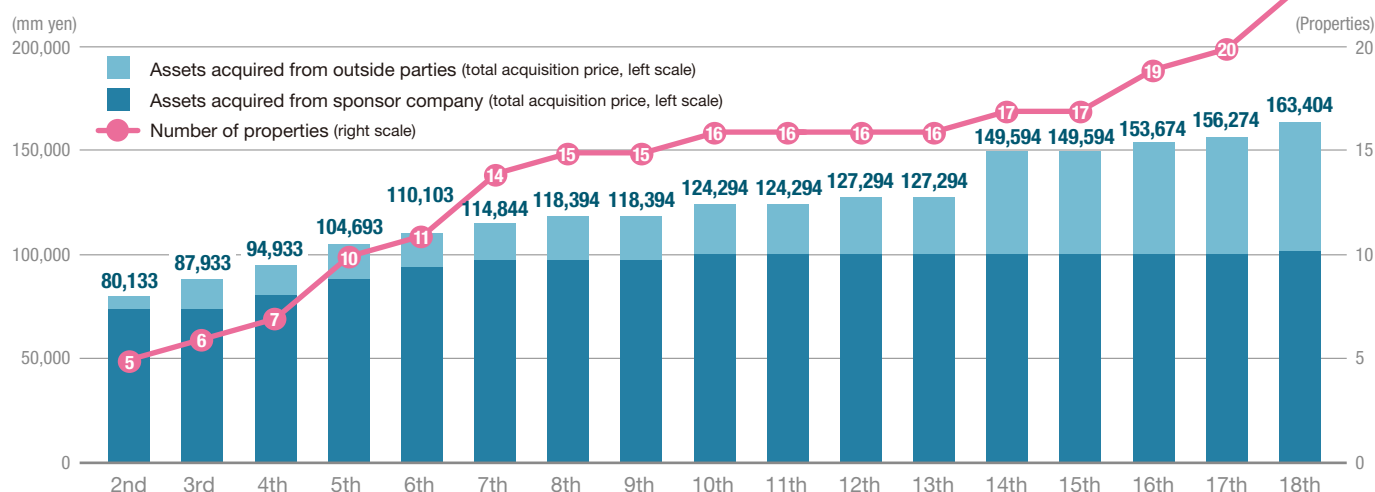
Occupancy rate at end of period

98.8%

(Note) Figures are based on properties owned as of August 31, 2013.

Increase in the Size of Assets under Management

Assets have doubled to 163,404 million yen since IPO.



(Note 1) Kominedai Community Mall, acquired in the 3rd fiscal period and sold in the 6th fiscal period, was omitted from the acquired assets presented above.

(Note 2) Higashi Hie Business Center, acquired in the 10th fiscal period, was acquired from both an outside party and sponsor company. Consequently, half of its acquisition cost was counted as assets acquired from outside parties; and the other half, as assets acquired from sponsor companies.

(Note 3) A senior equity interest in an anonymous partnership managed by CCH Bridge Y.K. was redeemed in the 14th fiscal period. It was excluded from total acquired assets from the 14th fiscal period onward.

(Note 4) Assets acquired from sponsor company include acquisitions arranged by sponsor company.

(Note 5) AEON Hara Shopping Center is included in assets acquired from sponsor companies taking the level of involvement of Fukuoka Jisho Co., Ltd., one of our sponsors, into consideration.

Environmental Initiatives

Two Office Buildings Certified as Silver-rank Green Buildings by DBJ

The Development Bank of Japan's (DBJ) Green Building Certification Program uses a DBJ-developed scoring model to evaluate buildings and select those that are outstanding in terms of environmental performance, security, and fire safety and otherwise meet the demands of the times. The program aims to promote widespread development of buildings designed to meet the demands of the real estate market's diverse stakeholders and society at large.

Gofukumachi Business Center



First in Kyushu

June 22, 2011

Certification Rank:
Properties with the best
class environmental &
social awareness

Higashi Hie Business Center



Location	Gofukumachi, Hakata Ward, Fukuoka City
Construction/stories	10-story, steel reinforced concrete, flat-roofed building with 1 story below ground
Completion date	October 2003
Acquisition date	November 2004

Location	Higashihie, Hakata Ward, Fukuoka City
Construction/stories	11-story, steel reinforced concrete, flat-roofed building
Completion date	February 2009
Acquisition date	March 2009

II. Semiannual Report

Overview of Asset Management

1. Changes in operating results and financial position

Fiscal Period		14th fiscal period March 1, 2011 to August 31, 2011	15th fiscal period September 1, 2011 to February 29, 2012	16th fiscal period March 1, 2012 to August 31, 2012	17th fiscal period September 1, 2012 to February 28, 2013	18th fiscal period March 1, 2013 to August 31, 2013
Operating revenues	mm yen	7,045	6,931	7,094	7,200	7,565
[Leasing business revenues]	mm yen	[7,045]	[6,931]	[7,094]	[7,200]	[7,565]
Operating expenses	mm yen	4,316	4,294	4,498	4,578	4,716
[Expenses related to leasing business]	mm yen	[3,803]	[3,757]	[3,964]	[4,025]	[4,157]
Operating income	mm yen	2,729	2,637	2,595	2,622	2,848
Ordinary income	mm yen	2,083	2,046	2,005	2,005	2,272
Net income	(a) mm yen	2,082	2,045	1,992	2,004	2,271
Total assets	(b) mm yen	155,657	155,792	159,601	160,574	167,857
[Change from previous period]	%	[17.5]	[0.1]	[2.4]	[0.6]	[4.5]
Net assets	(c) mm yen	71,259	71,222	71,170	71,182	81,712
[Change from previous period]	%	[14.9]	[(0.1)]	[(0.1)]	[0.0]	[14.8]
Unitholders' equity	mm yen	69,177	69,177	69,177	69,177	79,441
Total number of investment units outstanding	(d) units	123,050	123,050	123,050	123,050	138,000
Net assets per unit	(c)/(d) yen	579,113	578,812	578,384	578,480	592,119
Total dividend	(e) mm yen	2,082	2,045	1,992	2,004	2,271
Dividend per unit	(e)/(d) yen	16,922	16,621	16,193	16,289	16,458
[Earnings dividend per unit]	yen	[16,922]	[16,621]	[16,193]	[16,289]	[16,458]
[Dividend in excess of earnings per unit]	yen	[-]	[-]	[-]	[-]	[-]
Ratio of ordinary income to total assets	(Note 3) %	1.4 [2.9]	1.3 [2.6]	1.3 [2.5]	1.3 [2.5]	1.4 [2.7]
Return on net assets	(Note 3) %	3.1 [6.2]	2.9 [5.8]	2.8 [5.6]	2.8 [5.7]	3.0 [5.9]
Ratio of net assets to total assets	(c)/(b) %	45.8	45.7	44.6	44.3	48.7
[Change from previous period]	%	[(1.0)]	[(0.1)]	[(1.1)]	[(0.3)]	[4.4]
Payout ratio	(e)/(a) %	100.0	100.0	100.0	100.0	100.0
[Other reference information]						
Number of investment properties at end of period	properties	17	17	19	20	23
Total leasable floor space at end of period	m ²	425,906.83	425,773.30	445,001.37	448,867.34	466,824.38
Occupancy rate at end of period	%	99.6	98.1	97.0	99.3	98.8
Depreciation and amortization expenses	mm yen	1,164	1,177	1,242	1,268	1,343
Capital expenditures	mm yen	254	1,031	1,285	431	612
Leasing NOI	(Note 3) mm yen	4,406	4,351	4,372	4,444	4,751
Days in fiscal period	days	184	182	184	181	184

(Note 1) Consumption tax is not included in operating revenues, etc.

(Note 2) In the above table, monetary amounts are rounded down to the nearest specified unit and percentage figures are rounded off to one decimal place.

(Note 3) The indicators are calculated by using the following methods. Furthermore, the figures in square brackets represent annualized value based on the number of days in each fiscal period.

Ratio of ordinary income to total assets	Ordinary income / average total assets Average total assets = (Total assets at beginning of period + total assets at end of period) / 2
Return on net assets	Net income/average net assets Average net assets = (Net assets at beginning of period + net assets at end of period) / 2
Leasing NOI	Leasing business revenues — expenses related to leasing business + depreciation and amortization expenses

Overview of Asset Management

2. Management situation

(1) Brief history of the investment corporation

Fukuoka REIT Corporation (hereinafter “FRC”) was established on July 2, 2004 based on the “Act on Investment Trusts and Investment Corporations” (Act No. 198 in 1951 including later revisions, hereinafter the “Investment Trusts Act”) and listed on the Tokyo Stock Exchange Group Inc. and the Fukuoka Stock Exchange on June 21, 2005 as the nation’s first real estate investment trust specializing in regional properties (code number: 8968). FRC invests in real estate throughout Kyushu (including Okinawa Prefecture), with a central focus on Fukuoka City, and Yamaguchi Prefecture (hereinafter the “Fukuoka/Kyushu area”) utilizing our strength of knowing the local characteristics of real estate, which is a very regional-specific business.

FRC started asset management activities on November 9, 2004 after acquisition of four properties such as Retail in Canal City Hakata (excluding some areas of specialty shops, hotels, theaters, offices and common space), a commercial complex where specialty shops, cinema complex, theaters, amusement facilities, hotels and offices are integrally developed (hereinafter “Canal City Hakata”). In addition to the 20 properties it owned as of the end of the previous fiscal period (February 28, 2013), FRC acquired an office building and two properties in the Others category in the fiscal period under review. As a result, FRC now manages a total of 23 properties comprising ten Retail, seven Office buildings and six Others as of the end of the 18th fiscal period (August 31, 2013).

(2) Investment environment and portfolio performance

During the 18th fiscal period, the Japanese economy picked up steadily, showing some advances for autonomous recovery. Corporate performance improved while the employment situation and consumer spending were forming into better shape, against the backdrop of a gradual increase in production and exports. Looking ahead, with the various political measures noticeably proving effective, improvement in corporate earnings is expected to bring about an increase in household income and investment, leading the economy to head for recovery. The Kyushu area, the core investment target area for FRC, is also picking up as a whole, from rallying production and capital investment to the improving trend in employment and consumer spending.

As for the land price trend, the national average was still decreasing but the rate of decrease continued to shrink over the past twelve months from July 2012, according to the government’s Prefectural Land Price Survey 2013. The three major urban areas of Tokyo, Osaka and Nagoya saw the average price remain almost flat for residential land and take an upward turn for commercial land. In Fukuoka City, the central area of FRC’s investment targets, the recovery trend of land prices strengthened primarily in the urban areas, with commercial land prices and residential land prices both increasing by 2.3% and 0.7% year-on-year, respectively.

Under such circumstances, FRC focused on stringently selective investment in accordance with its investment policy. This led to the acquisition of D-Wing Tower (acquisition price: 2,800 mm yen) and Hotel FORZA Oita (acquisition price: 1,530 mm yen) on March 1, 2013 and Tenjin North Front Building (acquisition price: 2,800 mm yen) on March 28, 2013. For existing properties, we continuously worked to enhance competitiveness and customer drawing power at major Retail such as Canal City Hakata, as well as maintain and improve the occupancy rate of the portfolio. As a result, the average occupancy rate for all properties FRC owned as of the end of the eighteenth fiscal period marked at 98.8%.

When analyzing FRC’s portfolio (on an acquisition price basis) by investment target area, the investment ratio in the Fukuoka urban area accounted for 77.0%; when analyzing by property type, Retail, Office buildings, and Others accounted for 63.2%, 29.7% and 7.1%, respectively.

(3) Summary of fundraising

In the 18th fiscal period, FRC procured 10,263 mm yen by issuing new investment units (14,950 units) on March 1, 2013 with a primary aim to acquire an Office building and two properties in the Others category as mentioned above. FRC refinanced 600 mm yen in long-term debt that matured in March 2013 in long-term debt of five years (in contrast to three years previously), and refinanced 1,000 mm yen in long-term debt that matured in June 2013 in long-term debt of seven years (in contrast to five years previously). In March 2013, FRC used the proceeds from the issuance of new investment units to fully repay 2,700 mm yen in short-term debt upon maturity and conducted partial early repayment of long-term debt (800 mm yen). As a result, the balance

Overview of Asset Management

of debt outstanding at the end of the 18th fiscal period totaled 71,100 mm yen, with the loan-to-value ratio (ratio of interest-bearing debt to total assets) at 42.4%. With regard to the commitment lines FRC renewed its backup commitment line which had expired in July 2013 with credit limit of 6,000 mm yen and commitment period of one year. In addition, FRC concluded an interest rate swap agreement (notional principal amount of 8,000 mm yen) in March 2013 in order to promote a shift to fixed interest rate debt financing. Going forward, FRC will continue its efforts to reduce refinancing risks by dispersing the debt repayment dates and increasing the average length of time until debt maturity, and to mitigate risks of rising interest rates by shifting to fixed-interest rate borrowings and through other measures.

Moreover, the credit ratings assigned to FRC as of the end of the 18th 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	AA-	Stable

(4) Summary of performance and dividend

As a result of these management efforts, operating revenues totaled 7,565 mm yen and operating income after excluding operating expenses such as expenses related to leasing business and asset management fees totaled 2,848 mm yen. Ordinary income was 2,272 mm yen and net income was 2,271 mm yen.

Management declared a dividend of 16,458 yen per unit to meet the requirements of special tax measures for an investment corporation (as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation [Act No. 26 in 1957 including later revisions, hereinafter the "Special Taxation Measures Act"]). Under this act, an investment corporation is allowed to deduct the maximum amount of dividends paid to investors from its taxable income.

3. Change in the number of investment units issued

Changes in unitholders' capital from the incorporation of FRC to the end of the 18th fiscal period are as follows.

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

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

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

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

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

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

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

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

[Changes in market price of investment certificates]

The highest and lowest (closing price) market prices on the Real Estate Investment Trust Section of the Tokyo Stock Exchange, on which FRC's investment certificates are listed, in each fiscal period are as follows:

Fiscal period	14th fiscal period March 1, 2011 to August 31, 2011	15th fiscal period September 1, 2011 to February 29, 2012	16th fiscal period March 1, 2012 to August 31, 2012	17th fiscal period September 1, 2012 to February 28, 2013	18th fiscal period March 1, 2013 to August 31, 2013
Highest	609,000 yen	542,000 yen	599,000 yen	769,000 yen	893,000 yen
Lowest	515,000 yen	465,500 yen	525,000 yen	536,000 yen	704,000 yen

Overview of Asset Management

4. Results of dividends

With respect to the dividend for the 18th fiscal period, FRC determined to distribute the whole unappropriated surplus (except for the fraction amount, which is the dividend per unit of less than 1 yen) to be eligible for special tax measures for an investment corporation (as stipulated in Article 67-15 of the Special Taxation Measures Act) that allow FRC to deduct the maximum amount of earnings dividend from its taxable income. Accordingly, dividend per unit for the fiscal period was 16,458 yen.

(thousands of yen)

Fiscal period	14th fiscal period March 1, 2011 to August 31, 2011	15th fiscal period September 1, 2011 to February 29, 2012	16th fiscal period March 1, 2012 to August 31, 2012	17th fiscal period September 1, 2012 to February 28, 2013	18th fiscal period March 1, 2013 to August 31, 2013
Unappropriated surplus	2,082,302	2,045,264	1,992,637	2,004,391	2,271,226
Undistributed earnings	50	50	89	29	22
Total dividends [Dividend per unit]	2,082,252 [16,922 yen]	2,045,214 [16,621 yen]	1,992,548 [16,193 yen]	2,004,361 [16,289 yen]	2,271,204 [16,458 yen]
Earnings dividends [Earnings dividend per unit]	2,082,252 [16,922 yen]	2,045,214 [16,621 yen]	1,992,548 [16,193 yen]	2,004,361 [16,289 yen]	2,271,204 [16,458 yen]
Contribution refund [Contribution refund per unit]	— [—]	— [—]	— [—]	— [—]	— [—]

5. Future portfolio management policy and vital issues

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

FRC will make investments based on the basic policy stipulated in its Articles of Incorporation and its basic philosophy: focusing on “specialized areas in which FRC can demonstrate its competitive edge” that are in “high growth potential markets.” By geographic location, of Fukuoka and Kyushu areas, FRC will invest 60% to 90% of its assets in the Fukuoka urban area, since the Fukuoka urban area is expected to have a high population growth rate in the future. In addition to the Fukuoka urban area, management has decided to actively acquire properties in major cities, if there are regions or properties where FRC can generate investment through its knowledge of the local land. 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.

6. Significant events that have occurred after the end of the 18th fiscal period

No relevant items

Overview of the Investment Corporation

1. Summary of unitholders' capital

Fiscal period	14th fiscal period as of August 31, 2011	15th fiscal period as of February 29, 2012	16th fiscal period as of August 31, 2012	17th fiscal period as of February 28, 2013	18th fiscal period as of August 31, 2013
Total number of authorized investment units	2,000,000 units	2,000,000 units	2,000,000 units	2,000,000 units	2,000,000 units
Total number of investment units outstanding	123,050 units	123,050 units	123,050 units	123,050 units	138,000 units
Number of unitholders	8,399	8,685	8,290	7,495	8,470

2. Matters related to investment units

The following table sets forth the major unitholders of FRC as of August 31, 2013.

Name	Investment units held (units)	Percentage of total number of investment units outstanding (%) (Note)
Japan Trustee Service Bank, Ltd. (Investment trust account)	34,222	24.79
Fukuoka Jisho Co., Ltd.	13,955	10.11
Trust & Custody Service Bank, Ltd. (Securities investment trust account)	7,452	5.40
The Nomura Trust and Banking Co., Ltd. (Investment trust account)	7,239	5.24
NOMURA BANK (LUXEMBOURG) S.A.	4,480	3.24
The Fuji Fire and Marine Insurance Co., Ltd.	3,925	2.84
The Master Trust Bank of Japan, Ltd. (Trust account)	3,862	2.79
MetLife Alico Insurance Company K. K.	3,409	2.47
Kazuhiko Enomoto	3,070	2.22
JOYO BANK Co., Ltd.	2,214	1.60
Total	83,828	60.74

(Note) Percentage of total number of investment units outstanding is rounded down to the nearest specified unit.

3. Matters related to directors

(1) The names of FRC's directors, etc. and their fees for the 18th fiscal period are as follows.

Title	Name of directors, etc.	Major concurrent assignments	Total fee for each title for the 18th fiscal period (thousands of yen) (Note 2)
CEO and Representative Director	Masayasu Saki	Chairman, Fukuoka Realty Co., Ltd.	6,000
Supervisory Directors	Takashi Shinohara	Representative Partner	3,600
	Hiroyasu Shindo	Representative Council, Shindo Law Firm	
Independent Auditor	PricewaterhouseCoopers Aarata	—	11,700

(Note 1) The CEO and Representative Director and Supervisory Directors do not possess investment units of FRC under their own name or under another person's name. Although there are cases where the Supervisory Directors may be directors of companies other than those stated above, none of the companies or those stated above have vested interest in FRC.

(Note 2) The fees for the CEO and Representative Director and Supervisory Directors are the amounts paid to them in the 18th fiscal period, and the fee to the Independent Auditor is the amount payable to it (estimate) for audits pertaining to the 18th fiscal period.

(Note 3) The total fee payable to PricewaterhouseCoopers Aarata includes fees for its services other than those stipulated in Article 2-1 of the Certified Public Accountants Act.

(2) Policy on deciding to dismiss or not to reappoint the Independent Auditor

FRC will review at its Board of Directors meetings the dismissal of the Independent Auditor in accordance with the provisions of the Investment Trusts Act, and review decisions not to reappoint the Independent Auditor following the comprehensive consideration of the audit quality, audit fee and other various conditions.

Overview of the Investment Corporation

4. Names of asset management company, asset custodian and general administrators as of the end of the 18th fiscal period

The following table sets forth the asset management company, asset custodian and general administrators of FRC as of August 31, 2013.

Category of entrustment	Name
Asset Management Company	Fukuoka Realty Co., Ltd.
Asset Custodian	Mitsubishi UFJ Trust and Banking Corporation
General Administrator (accounting matters, etc.)	Mitsubishi UFJ Trust and Banking Corporation
General Administrator (administration of unitholders' list)	Sumitomo Mitsui Trust Bank, Limited

Status of FRC's Assets under Management

1. FRC's asset structure

Type of asset	Use	Area (Note 1)	17th fiscal period as of February 28, 2013		18th fiscal period as of August 31, 2013	
			Total value of properties held (mm of yen) (Note 2)	Percentage of total assets (%) (Note 3)	Total value of properties held (mm of yen) (Note 2)	Percentage of total assets (%) (Note 3)
Real estate in Trust	Retail	Fukuoka urban area	66,718	41.5	66,404	39.6
		Other Kyushu areas	35,847	22.3	35,732	21.3
	Office buildings	Fukuoka urban area	42,840	26.7	45,363	27.0
		Other Kyushu areas	–	–	–	–
	Others	Fukuoka urban area	7,016	4.4	9,812	5.8
		Other Kyushu areas	–	–	1,537	0.9
Deposits and other assets			8,152	5.1	9,006	5.4
Total amount of assets (Note 4)			160,574 [152,422]	100.0 [94.9]	167,857 [159,043]	100.0 [94.7]

(Note 1) "Fukuoka urban area" refers to cities, towns and villages where 10% or more of the population commute to Fukuoka City for school and work, according to the 2010 census, which states "the number of workers and students aged 15 years or older 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 area" 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 sheets (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 square brackets for "Total amount of assets" refer to the value and percentage of real estate held in effect to the total amount of assets.

Status of FRC's Assets under Management

2. Major assets owned by FRC

The following is an overview of the major assets owned by FRC as of August 31, 2013.

Real estate property name (Note 1)	Book value (mm of yen)	Total leasable floor space (m ²)	Total leased floor space (m ²)	Occupancy rate (%) (Note 2)	Percentage of total leasing business revenue (%) (Note 3)	Main use
Canal City Hakata	31,325	46,486.61	46,359.15	99.7	15.6	Retail
Canal City Hakata · B	28,632	68,811.99	68,548.98	99.6	21.2	Retail
Park Place Oita	16,982	104,917.10	102,745.76	97.9	14.7	Retail
SunLive City Kokura	6,108	61,450.22	61,450.22	100.0	3.6	Retail
Square Mall Kagoshima Usuki	4,853	14,602.59	14,602.59	100.0	3.4	Retail
Kumamoto Intercommunity SC	2,176	6,968.66	6,968.66	100.0	1.2	Retail
AEON Hara Shopping Center	5,382	27,313.53	27,313.53	100.0	2.8	Retail
Hanahata SC	1,064	2,801.15	2,801.15	100.0	0.5	Retail
Kurume Higashi Kushiwara SC	2,293	6,467.80	6,467.80	100.0	1.2	Retail
K's Denki Kagoshima	3,318	7,296.17	7,296.17	100.0	1.5	Retail
Retail subtotal:	102,137	347,115.82	344,554.01	99.3	65.6	
Canal City Business Center Building	13,839	23,022.21	23,022.21	100.0	8.2	Office building
Gofukumachi Business Center	9,846	19,906.33	19,304.72	97.0	6.6	Office building
Sanix Hakata Building	4,168	6,293.76	6,026.80	95.8	2.6	Office building
Taihaku Street Business Center	6,699	14,677.27	14,327.34	97.6	3.9	Office building
Higashi Hie Business Center	5,244	13,695.51	13,598.27	99.3	4.4	Office building
Tenjin Nishi-Dori Center Building	2,702	3,339.32	3,339.32	100.0	1.1	Office building
Tenjin North Front Building	2,862	5,233.98	5,233.98	100.0	1.5	Office building
Office buildings subtotal:	45,363	86,168.38	84,852.64	98.5	28.4	
Amex Akasakamon Tower	1,883	4,821.25	4,525.01	93.9	0.9	Others
City House Keyaki Dori	1,031	2,710.86	2,499.46	92.2	0.5	Others
Aqualia Kego	2,763	7,415.36	6,791.34	91.6	1.5	Others
Aqualia Chihaya	1,270	5,619.69	5,559.96	98.9	0.8	Others
D-Wing Tower	2,863	7,187.58	6,758.84	94.0	1.5	Others
Hotel FORZA Oita	1,537	5,785.44	5,785.44	100.0	0.8	Others
Others subtotal:	11,349	33,540.18	31,920.05	95.2	6.0	
Total	158,851	466,824.38	461,326.70	98.8	100.0	

(Note 1) The properties listed above are owned in the form of trust beneficiary interest.

(Note 2) "Occupancy rate" refers to the percentage of total leased floor space to total leasable floor space and the numbers are rounded off to one decimal place.

(Note 3) "Percentage of total leasing business revenues" is rounded off to one decimal place. The percentage of total leasing business revenues of respective properties in the above table may not equal 100%.

Status of FRC's Assets under Management

3. Details of real estate properties in the portfolio

The following table provides details of the real estate properties owned by FRC as of August 31, 2013.

Real estate property name	Location	Form of ownership	Total leasable floor space (m ²)	Period-end appraisal value (mm of yen) (Note)	Book value at end of period (mm of yen)	Real estate appraiser
Canal City Hakata	2-22, 1-Chome, Sumiyoshi, Hakata Ward, Fukuoka City	Trust beneficiary interest	46,486.61	32,200	31,325	Tanizawa Sogo Appraisal Co., Ltd.
Canal City Hakata · B	2-1, 1-Chome, Sumiyoshi, Hakata Ward, Fukuoka City	Trust beneficiary interest	68,811.99	28,900	28,632	Tanizawa Sogo Appraisal Co., Ltd.
Park Place Oita	1, 2-Chome, Koen Dori Nishi, Oita City, Oita	Trust beneficiary interest	104,917.10	16,735	16,982	Japan Real Estate Institute
SunLive City Kokura	14-1, 2-Chome, Kamikuzuhara, Kokura Minami Ward, Kitakyushu City	Trust beneficiary interest	61,450.22	7,410	6,108	Japan Real Estate Institute
Square Mall Kagoshima Usuki	2-18, 2-Chome, Usuki, Kagoshima City, Kagoshima	Trust beneficiary interest	14,602.59	4,910	4,853	Japan Real Estate Institute
Kumamoto Intercommunity SC	1-5, 1-Chome, Kozono, Higashi Ward, Kumamoto City	Trust beneficiary interest	6,968.66	2,450	2,176	Japan Real Estate Institute
AEON Hara Shopping Center	27-52, 6-Chome, Hara, Sawara Ward, Fukuoka City	Trust beneficiary interest	27,313.53	4,510	5,382	Japan Real Estate Institute
Hanahata SC	9-12, 4-Chome, Hanahata, Minami Ward, Fukuoka City	Trust beneficiary interest	2,801.15	1,180	1,064	Tanizawa Sogo Appraisal Co., Ltd.
Kurume Higashi Kushiwara SC	370-3, Higashi Kushiwaramachi, Kurume City, Fukuoka	Trust beneficiary interest	6,467.80	2,550	2,293	Tanizawa Sogo Appraisal Co., Ltd.
K's Denki Kagoshima	4-12, Tokai-cho, Kagoshima City, Kagoshima	Trust beneficiary interest	7,296.17	3,410	3,318	Tanizawa Sogo Appraisal Co., Ltd.
Retail subtotal:			347,115.82	104,255	102,137	
Canal City Business Center Building	2-25, 1-Chome, Sumiyoshi, Hakata Ward, Fukuoka City	Trust beneficiary interest	23,022.21	14,800	13,839	Tanizawa Sogo Appraisal Co., Ltd.
Gofukumachi Business Center	10-10, Kamigofukumachi, Hakata Ward, Fukuoka City	Trust beneficiary interest	19,906.33	12,800	9,846	Tanizawa Sogo Appraisal Co., Ltd.
Sanix Hakata Building	1-23, 2-Chome, Hakataekihigashi, Hakata Ward, Fukuoka City	Trust beneficiary interest	6,293.76	4,720	4,168	Japan Real Estate Institute
Taihaku Street Business Center	3-21, Gokushomachi, Hakata Ward, Fukuoka City	Trust beneficiary interest	14,677.27	6,760	6,699	Japan Real Estate Institute
Higashi Hie Business Center	1-2, 3-Chome, Higashihie, Hakata Ward, Fukuoka City	Trust beneficiary interest	13,695.51	6,090	5,244	Tanizawa Sogo Appraisal Co., Ltd.
Tenjin Nishi-Dori Center Building	5-28, 2-Chome, Tenjin, Chuo Ward, Fukuoka City	Trust beneficiary interest	3,339.32	2,690	2,702	Japan Real Estate Institute
Tenjin North Front Building	4-20, 4-Chome, Tenjin, Chuo Ward, Fukuoka City	Trust beneficiary interest	5,233.98	2,940	2,862	Japan Real Estate Institute
Office buildings subtotal:			86,168.38	50,800	45,363	
Amex Akasakamon Tower	4-23, 2-Chome, Maizuru, Chuo Ward, Fukuoka City	Trust beneficiary interest	4,821.25	1,700	1,883	Daiwa Real Estate Appraisal Co., Ltd.
City House Keyaki Dori	16-21, 2-Chome, Kego, Chuo Ward, Fukuoka City	Trust beneficiary interest	2,710.86	1,050	1,031	Daiwa Real Estate Appraisal Co., Ltd.
Aqualia Kego	13-17, 2-Chome, Kego, Chuo Ward, Fukuoka City	Trust beneficiary interest	7,415.36	3,320	2,763	Japan Real Estate Institute
Aqualia Chihaya	3-12, 4-Chome, Chihaya, Higashi Ward, Fukuoka City	Trust beneficiary interest	5,619.69	1,430	1,270	Japan Real Estate Institute
D-Wing Tower	10-38, 2-Chome, Daimyo, Chuo Ward, Fukuoka City	Trust beneficiary interest	7,187.58	3,010	2,863	Tanizawa Sogo Appraisal Co., Ltd.
Hotel FORZA Oita	5-18, 1-Chome, Chuo-cho, Oita City, Oita	Trust beneficiary interest	5,785.44	1,530	1,537	Japan Real Estate Institute
Others subtotal:			33,540.18	12,040	11,349	
Total			466,824.38	167,095	158,851	

(Note) "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.3. Details of real estate properties in the portfolio

Status of FRC's Assets under Management

Real estate property name	17th fiscal period September 1, 2012 to February 28, 2013				18th fiscal period March 1, 2013 to August 31, 2013			
	Number of tenants at end of period (Note 1)	Occupancy rate at end of period (%) (Note 3)	Total leasing business revenues during period (mm of yen)	Percentage of total leasing business revenue (%) (Note 4)	Number of tenants at end of period (Note 1)	Occupancy rate at end of period (%) (Note 3)	Total leasing business revenue during period (mm of yen)	Percentage of total leasing business revenue (%) (Note 4)
Canal City Hakata	1 [49]	100.0	1,194	16.6	1 [48]	99.7	1,177	15.6
Canal City Hakata・B	1 [50]	99.9	1,604	22.3	1 [51]	99.6	1,601	21.2
Park Place Oita	1 [105]	99.1	1,093	15.2	1 [104]	97.9	1,114	14.7
SunLive City Kokura	1	100.0	292	4.1	1	100.0	274	3.6
Square Mall Kagoshima Usuki	12	100.0	250	3.5	12	100.0	254	3.4
Kumamoto Intercommunity SC	2	100.0	90	1.3	2	100.0	89	1.2
AEON Hara Shopping Center	1	100.0	212	3.0	1	100.0	212	2.8
Hanahata SC	2	100.0	40	0.6	2	100.0	40	0.5
Kurume Higashi Kushiwara SC	1	100.0	88	1.2	1	100.0	88	1.2
K's Denki Kagoshima	1	100.0	111	1.5	1	100.0	111	1.5
Retail subtotal:	23 [224] (Note 2)	99.7	4,979	69.1	23 [223] (Note 2)	99.3	4,965	65.6
Canal City Business Center Building	1 [60]	100.0	613	8.5	1 [60]	100.0	620	8.2
Gofukumachi Business Center	26	94.8	504	7.0	29	97.0	502	6.6
Sanix Hakata Building	19	100.0	198	2.8	18	95.8	197	2.6
Taihaku Street Business Center	1 [66]	97.5	297	4.1	1 [65]	97.6	295	3.9
Higashi Hie Business Center	1 [20]	97.8	322	4.5	1 [21]	99.3	335	4.4
Tenjin Nishi-Dori Center Building	1	100.0	14	0.2	1	100.0	86	1.1
Tenjin North Front Building	—	—	—	—	11	100.0	111	1.5
Office buildings subtotal:	49 [192] (Note 2)	97.9	1,950	27.1	62 [205] (Note 2)	98.5	2,148	28.4
Amex Akasakamon Tower	1 [65]	96.8	63	0.9	1 [62]	93.9	66	0.9
City House Keyaki Dori	1 [41]	97.8	37	0.5	1 [39]	92.2	36	0.5
Aqualia Kego	1 [127]	97.3	113	1.6	1 [122]	91.6	116	1.5
Aqualia Chihaya	1 [102]	97.5	56	0.8	1 [104]	98.9	57	0.8
D-Wing Tower	—	—	—	—	1 [130]	94.0	110	1.5
Hotel FORZA Oita	—	—	—	—	1	100.0	63	0.8
Others subtotal:	4 [335] (Note 2)	97.3	270	3.8	6 [458] (Note 2)	95.2	450	6.0
Total	76 [751] (Note 2)	99.3	7,200	100.0	91 [886] (Note 2)	98.8	7,565	100.0

(Note 1) "Number of tenants" is based on the total number of sections stipulated in the tenancy agreements for retail and office buildings among relevant properties. For the number of tenants in pass-through master leasing properties, the number of sections stipulated in the tenancy agreements with end tenants is shown in square brackets. The Taihaku Street Business Center is an office building with a residential tower. Its number of tenants comprises 12 office buildings and 53 residences (10 office buildings and 56 residences in the 17th fiscal period).

(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 square brackets in the totals column for "Number of tenants."

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

(Note 4) "Total leasing business revenues" are the total of real estate leasing revenues and other revenues from real estate leasing in the 18th fiscal period.

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

Status of FRC's Assets under Management

4. Securities incorporated in the portfolio

No relevant items

5. List of specific transaction contract amount and status of fair value

The following table provides the contract amount of specific transaction by FRC and the status of its fair value as of August 31, 2013.

Category	Type	Contract amount, etc. (mm of yen)		Fair value (mm of yen) (Note 2)
		(Note 1)	Of which, exceeding 1 year	
Off-market transaction	Interest rate swap transaction (Payable fixed; Receivable floating)	18,300	8,000	(25)
Total		18,300	8,000	(25)

(Note 1) The contract amount, etc. of the interest rate swap transaction is based on the notional principal amount.

(Note 2) The fair value is calculated by the counterparty of the transaction contract based on the actual interest rate on the market and other factors.

6. Status of other assets

All real estate trust beneficiary interests owned by FRC have been entered under 3. Details of real estate properties in the portfolio above. There is no incorporation of other specified assets as of the end of the 18th fiscal period.

Capital Expenditures for Owned Real Estate

1. Planned capital expenditures

The following table provides major items of capital expenditures associated with currently planned renovations, etc. for real estate properties owned by FRC as of the date of this Semiannual Report. Furthermore, the planned construction costs indicated below include portions that are classified as expenses in accounting. In addition, FRC will implement renewal construction work in order to maintain and improve the competitiveness of properties in the market as well as tenant satisfaction, on top of the construction, facilities and replacement work for which expenditures will be made regularly.

Real estate property name	Location	Purpose	Schedule	Planned construction cost (mm of yen)		
				Total	Amount paid during the period	Amount already paid
Canal City Hakata	Hakata Ward, Fukuoka City	Common area repairs and improvements	From May 2013 to May 2014	34	10	10
		Environmental beautification	November 2013	18	–	–
		Replacement of air-conditioning equipment	November 2013	21	–	–
Canal City Hakata · B	Hakata Ward, Fukuoka City	Common area repairs and improvements	From May 2013 to May 2014	67	20	20
		Common area repairs and improvements	November 2013	10	–	–
		Environmental beautification	November 2013	37	–	–
		Common area repairs and improvements	February 2014	18	–	–
		Common area repairs and improvements	February 2014	18	–	–
		Renovation work	March 2014	18	–	–
Canal City Business Center Building	Hakata Ward, Fukuoka City	Renovation work	April 2014	39	–	–
Park Place Oita	Oita City, Oita	Floor expansion at Magnolia Court	From August 2013 to April 2014	979	192	192
		Common area repairs and improvements	September 2013	35	–	–
		Common area repairs and improvements	November 2013	29	–	–
		Environmental beautification	November 2013	27	–	–
		Common area repairs and improvements	December 2013	20	–	–
		Update of sales management system	February 2014	18	–	–
		Common area repairs and improvements	March 2014	27	–	–
		Renovation work	March 2014	36	–	–
Common area repairs and improvements	April 2014	29	–	–		
SunLive City Kokura	Kokura Minami Ward, Kitakyushu City	Common area repairs and improvements	From August 2013 to January 2014	77	38	–
Taihaku Street Business Center	Hakata Ward, Fukuoka City	Common area repairs and improvements	From August 2013 to September 2013	29	11	–

2. Capital expenditures during the 18th fiscal period

The following table provides the overview of major construction work that was completed in the 18th fiscal period out of the capital expenditures totaling 612 million yen. Furthermore, FRC conducted construction of 770 million yen in total in the 18th fiscal period, combined with the 147 million yen in repair and maintenance expenses that were classified as expenses in accounting and 10 million yen in expenses for restoration to former state.

Real estate property name	Location	Purpose	Period	Construction cost (mm of yen)
Canal City Hakata	Hakata Ward, Fukuoka City	Common area repairs and improvements	August 2013	35
Canal City Hakata · B	Hakata Ward, Fukuoka City	Renovation work	August 2013	13
		Common area repairs and improvements	August 2013	38
Park Place Oita	Oita City, Oita	Common area repairs and improvements	April 2013	51
		Renovation work	August 2013	137

Capital Expenditures for Owned Real Estate

3. Reserves for long-term repair and maintenance plans

FRC has deposited the following amounts from the cash flows generated during the 18th fiscal period in order to fund large-scale repair and maintenance work in the medium to long term future, based on long-term repairs and maintenance plans prepared for respective properties.

(mm of yen)

Fiscal period	14th fiscal period March 1, 2011 to August 31, 2011	15th fiscal period September 1, 2011 to February 29, 2012	16th fiscal period March 1, 2012 to August 31, 2012	17th fiscal period September 1, 2012 to February 28, 2013	18th fiscal period March 1, 2013 to August 31, 2013
Balance of deposits at beginning of period	428	769	1,116	838	350
Deposits during the period	340	347	351	350	350
Amounts used from deposits during the period	–	–	630	838	–
Deposits carried forward to the next period	769	1,116	838	350	700

Expenses and Liabilities

1. Details of expenses related to asset management

(thousands of yen)

Item	17th fiscal period	18th fiscal period
(a) Asset management fees	422,387	445,912
(b) Asset custody fees	5,935	6,071
(c) Administrative service fees	47,063	47,022
(d) Directors' compensations	9,600	9,600
(e) Other operating expenses	68,097	50,627
Total	553,083	559,233

(Note) Aside from the amounts of the asset management fees shown above, a total of 6,500 thousand yen for the 17th fiscal period has been paid for asset management of Tenjin Nishi-Dori Center Building, and a total of 31,825 thousand yen for the 18th fiscal period has been paid for asset management of D-Wing Tower, Hotel FORZA Oita and Tenjin North Front Building. Both of the amounts have been included in the book value of respective properties.

2. Status of debt

As of the end of the 18th fiscal period (August 31, 2013), FRC has the following debt from respective financial institutions.

Category	Lender	Drawdown date	Balance as of March 1,	Balance as of August 31,	Average interest rate (%) (Note 1)	Repayment date	Repayment method	Use of funds	Description
			2013 (mm of yen)	2013 (mm of yen)					
Short-term debt	The Bank of Fukuoka (Note 2)	February 28, 2013	980	–	0.520	March 29, 2013	Lump-sum upon maturity	Refinance fund	No collateral/ No guarantee
	Resona Bank (Note 2)		233						
	The Kumamoto Bank (Note 2)		93						
	The Shinwa Bank (Note 2)		93						
	The Nishi-Nippon City Bank (Note 2)		1,083						
	Resona Bank (Note 2)		108						
	The Bank of Nagasaki (Note 2)		108						
Subtotal	2,700								
Current maturities of long-term debt	Aozora Bank	June 30, 2008	1,000	–	0.764	June 28, 2013	Lump-sum upon maturity	Refinance fund	No collateral/ No guarantee
	Mitsubishi UFJ Trust and Banking Corporation	March 31, 2010	600	–	0.909	March 29, 2013	Lump-sum upon maturity	Refinance fund	No collateral/ No guarantee
	Sumitomo Mitsui Banking Corporation	June 30, 2010	2,000	2,000	1.052	December 30, 2013	Lump-sum upon maturity	Refinance fund	No collateral/ No guarantee

Expenses and Liabilities

	Category	Drawdown date	Balance as of March 1, 2013 (mm of yen)	Balance as of August 31, 2013 (mm of yen)	Average interest rate (%) (Note 1)	Repayment date	Repayment method	Use of funds	Description
	Lender								
Current maturities of long-term debt	Mizuho Bank (Note 3)	July 30, 2010	–	2,600	1.410	July 31, 2014	Lump-sum upon maturity	Refinance fund	No collateral/ No guarantee
	The Norinchukin Bank		–	4,000					
	The Hiroshima Bank		–	1,400					
	The Kitakyushu Bank		–	800					
	The Iyo Bank		–	500					
	The Bank of Saga		–	500					
	The Higo Bank		–	300					
	The Shinwa Bank		–	200					
	Development Bank of Japan	August 31, 2009	–	4,000	1.710	August 29, 2014	Lump-sum upon maturity	Refinance fund	No collateral/ No guarantee
	Subtotal		3,600	16,300					
Long-term debt	Development Bank of Japan	June 30, 2009	2,475	2,400	2.200	June 30, 2017	(Note 4)	Refinance fund	No collateral/ No guarantee
	Development Bank of Japan	August 31, 2009	4,000	—	1.710	August 29, 2014	Lump-sum upon maturity	Refinance fund	No collateral/ No guarantee
	Development Bank of Japan.	August 31, 2009	4,000	4,000	1.950	August 31, 2015	Lump-sum upon maturity	Refinance fund	No collateral/ No guarantee
	Development Bank of Japan	August 31, 2009	4,000	4,000	2.170	August 31, 2016	Lump-sum upon maturity	Refinance fund	No collateral/ No guarantee
	Sumitomo Mitsui Banking Corporation	June 30, 2010	2,000	1,200	1.157	June 30, 2015	Lump-sum upon maturity	Refinance fund	No collateral/ No guarantee
	Mizuho Bank (Note 3)	July 30, 2010	2,600	–	1.410	July 31, 2014	Lump-sum upon maturity	Refinance fund	No collateral/ No guarantee
	The Norinchukin Bank		4,000	–					
	The Hiroshima Bank		1,400	–					
	The Kitakyushu Bank		800	–					
	The Iyo Bank		500	–					
	The Bank of Saga		500	–					
	The Higo Bank		300	–					
	The Shinwa Bank, Ltd.		200	–					
	Resona Bank	September 30, 2010	300	300	1.325	September 30, 2014	Lump-sum upon maturity	Refinance fund	No collateral/ No guarantee
	The Bank of Fukuoka	December 30, 2010	1,500	1,500	0.702	December 30, 2016	Lump-sum upon maturity	Refinance fund	No collateral/ No guarantee
	The Bank of Fukuoka	March 1, 2011	2,000	2,000	0.700	February 29, 2016	Lump-sum upon maturity	Acquisition fund	No collateral/ No guarantee
	The Nishi-Nippon City Bank	March 1, 2011	2,000	2,000	0.789	February 29, 2016	Lump-sum upon maturity	Acquisition fund	No collateral/ No guarantee
	Development Bank of Japan	March 1, 2011	2,000	2,000	0.850	February 29, 2016	Lump-sum upon maturity	Acquisition fund	No collateral/ No guarantee
	The Bank of Fukuoka	July 29, 2011	2,000	2,000	1.305	July 31, 2017	Lump-sum upon maturity	Refinance fund	No collateral/ No guarantee
	The Nishi-Nippon City Bank	July 29, 2011	2,000	2,000	1.305	July 31, 2017	Lump-sum upon maturity	Refinance fund	No collateral/ No guarantee
	The Dai-ichi Life Insurance Company	July 29, 2011	1,000	1,000	1.800	July 31, 2018	Lump-sum upon maturity	Refinance fund	No collateral/ No guarantee
	Shinsei Bank	July 29, 2011	1,000	1,000	1.208	July 29, 2016	Lump-sum upon maturity	Refinance fund	No collateral/ No guarantee
	Sumitomo Mitsui Trust Bank	July 29, 2011	1,000	1,000	1.041	July 31, 2015	Lump-sum upon maturity	Refinance fund	No collateral/ No guarantee
The Bank of Fukuoka	December 30, 2011	1,500	1,500	0.852	December 30, 2017	Lump-sum upon maturity	Refinance fund	No collateral/ No guarantee	
The Hiroshima Bank	December 30, 2011	500	500	1.182	December 30, 2016	Lump-sum upon maturity	Refinance fund	No collateral/ No guarantee	
Oita Bank	December 30, 2011	500	500	1.182	December 30, 2016	Lump-sum upon maturity	Refinance fund	No collateral/ No guarantee	
The Eighteenth Bank	December 30, 2011	500	500	1.182	December 30, 2016	Lump-sum upon maturity	Refinance fund	No collateral/ No guarantee	
The Shinwa Bank	December 30, 2011	500	500	1.182	December 30, 2016	Lump-sum upon maturity	Refinance fund	No collateral/ No guarantee	

Expenses and Liabilities

Category	Lender	Drawdown date	Balance as of March 1, 2013	Balance as of August 31, 2013	Average interest rate (%) (Note 1)	Repayment date	Repayment method	Use of funds	Description
			(mm of yen)	(mm of yen)					
Long-term debt	The Kitakyushu Bank	December 30, 2011	500	500	1.182	December 30, 2016	Lump-sum upon maturity	Refinance fund	No collateral/ No guarantee
	The Kagoshima Bank	January 31, 2012	100	100	1.168	January 31, 2017	Lump-sum upon maturity	Refinance fund	No collateral/ No guarantee
	Resona Bank	January 31, 2012	400	400	1.218	January 31, 2017	Lump-sum upon maturity	Refinance fund	No collateral/ No guarantee
	Sumitomo Mitsui Banking Corporation	January 31, 2012	500	500	1.338	January 31, 2019	Lump-sum upon maturity	Refinance fund	No collateral/ No guarantee
	Mizuho Bank (Note 3)	February 29, 2012	500	500	1.117	February 29, 2016	Lump-sum upon maturity	Refinance fund	No collateral/ No guarantee
	Mitsubishi UFJ Trust and Banking Corporation	March 1, 2012	2,000	2,000	1.170	March 31, 2017	Lump-sum upon maturity	Acquisition fund	No collateral/ No guarantee
	Sumitomo Mitsui Banking Corporation	March 30, 2012	500	500	1.203	March 31, 2017	Lump-sum upon maturity	Refinance fund	No collateral/ No guarantee
	Resona Bank	March 30, 2012	600	600	1.253	March 31, 2017	Lump-sum upon maturity	Refinance fund	No collateral/ No guarantee
	The Higo Bank	March 30, 2012	300	300	1.203	March 31, 2017	Lump-sum upon maturity	Refinance fund	No collateral/ No guarantee
	The Bank of Fukuoka	June 29, 2012	1,000	1,000	0.852	June 30, 2017	Lump-sum upon maturity	Refinance fund	No collateral/ No guarantee
	The Nishi-Nippon City Bank		1,000	1,000					
	Oita Bank		700	700					
	The Miyazaki Bank		700	700					
	The Shinwa Bank		600	600					
	The Iyo Bank		500	500					
	The Bank of Saga		500	500					
	The Eighteenth Bank		500	500					
	The Kitakyushu Bank	500	500						
	Sumitomo Mitsui Trust Bank	September 28, 2012	600	600	0.652	September 30, 2016	Lump-sum upon maturity	Refinance fund	No collateral/ No guarantee
	Resona Bank, Limited	September 28, 2012	2,000	2,000	1.033	September 29, 2017	Lump-sum upon maturity	Refinance fund	No collateral/ No guarantee
	The Nishi-Nippon City Bank	February 1, 2013	2,500	2,500	0.777	February 29, 2020	Lump-sum upon maturity	Acquisition fund	No collateral/ No guarantee
	The Nishi-Nippon City Bank	February 28, 2013	1,900	1,900	0.750	February 28, 2018	Lump-sum upon maturity	Refinance fund	No collateral/ No guarantee
	Mizuho Bank (Note 3)	February 28, 2013	1,700	1,700	0.750	February 29, 2020	Lump-sum upon maturity	Refinance fund	No collateral/ No guarantee
	Sumitomo Mitsui Trust Bank	February 28, 2013	1,100	1,100	0.800	February 28, 2018	Lump-sum upon maturity	Refinance fund	No collateral/ No guarantee
	Mitsubishi UFJ Trust and Banking Corporation	February 28, 2013	1,500	1,500	0.600	February 28, 2018	Lump-sum upon maturity	Refinance fund	No collateral/ No guarantee
	Aozora Bank	February 28, 2013	600	600	0.600	February 28, 2018	Lump-sum upon maturity	Refinance fund	No collateral/ No guarantee
Mitsubishi UFJ Trust and Banking Corporation	March 29, 2013	–	600	0.592	March 30, 2018	Lump-sum upon maturity	Refinance fund	No collateral/ No guarantee	
Aozora Bank	June 28, 2013	–	1,000	0.630	June 30, 2020	Lump-sum upon maturity	Refinance fund	No collateral/ No guarantee	
Subtotal		68,375	54,800						
Total		74,675	71,100						

(Note 1) The average interest is a weighted-average figure during the fiscal period and is rounded to the third decimal place. Furthermore, the average interest of debt for which FRC conducted interest rate swap transactions is the weighted-average figure during the fiscal period taking into consideration the effect of interest rate swap.

(Note 2) Borrowings by committed line of credit.

(Note 3) Mizuho Corporate Bank, Ltd. was renamed to Mizuho Bank, Ltd. as of July 1, 2013.

(Note 4) The debt is subject to repayment of 75 million yen on the final day of every 6 months following the final day of December 2009 as the initial repayment date, with 1,875 million yen to be repaid on the final repayment date. Furthermore, as the 150 million yen scheduled for repayment within a year is included in Long-term debt for the convenience of comparison, the balances do not match the figures recorded on the balance sheets as Current maturities of long-term debt and Long-term debt.

3. Status of investment corporation bonds

No relevant items

Acquisitions and Sales during the 18th Fiscal Period

1. Acquisition and sale of real estate and asset-backed securities, etc.

Asset type	Name of real estate	Acquisition		Sale			
		Acquisition date	Acquisition price (mm of yen)	Transfer date	Sale price (mm of yen)	Book value (mm of yen)	Gain or loss on sale (mm of yen)
Real estate in Trust	D-Wing Tower	March 1, 2013	2,800	—	—	—	—
Real estate in Trust	Hotel FORZA Oita	March 1, 2013	1,530	—	—	—	—
Real estate in Trust	Tenjin North Front Building	March 28, 2013	2,800	—	—	—	—
Total			7,130		—	—	—

(Note) The acquisition price refers to the amount (purchasing prices shown on the purchasing contracts) not including expenses for the acquisition of relevant properties (transaction brokerage fees and taxes and other public charges, etc.).

2. Acquisition and sale of other assets

No relevant items

3. Survey on prices of specified assets, etc.

(1) Real estate, etc.

Acquisition or sale	Property name	Asset type	Transaction date	Acquisition price or sale price (Note 1) (mm of yen)	Real estate appraisal value (Note 2) (mm of yen)	Real estate appraiser	Appraisal date
Acquisition	D-Wing Tower	Real estate in Trust	March 1, 2013	2,800	2,960	Tanizawa Sogo Appraisal Co., Ltd.	December 1, 2012
Acquisition	Hotel FORZA Oita	Real estate in Trust	March 1, 2013	1,530	1,530	Japan Real Estate Institute	December 1, 2012
Acquisition	Tenjin North Front Building	Real estate in Trust	March 28, 2013	2,800	2,920	Japan Real Estate Institute	February 1, 2013

(Note 1) The acquisition price refers to the amount (purchasing prices shown on the purchasing contracts) not including expenses for the acquisition of relevant properties (transaction brokerage fees and taxes and other public charges, etc.).

(Note 2) The appraisal value above is based on the "Real Estate Appraisal Standards, Specific Thesis Chapter 3: Appraisal on Prices of Real Estate Subject to Securitization."

(2) Other

Of those transactions carried out by FRC that are required to have the value, etc. reviewed pursuant to the provisions of Article 201 of the Investment Trusts Act other than the transactions described in (1) above, two interest rate swap transactions were subject to the review and FRC received review reports from PricewaterhouseCoopers Aarata.

Acquisitions and Sales during the 18th Fiscal Period

4. Transactions with interested parties and major unitholders

(1) Transaction status

FRC conducted the following transactions with interested parties, etc. and major unitholders during the 18th fiscal period.

Category	Transaction amount, etc.	
	Purchase amount, etc. (thousands of yen)	Sale amount, etc. (thousands of yen)
Total	7,130,000	–
	Of which, purchase amount from interested parties, etc. and major unitholders	Of which, sale amount to interested parties, etc. and major unitholders
	1,530,000 [21.5%]	– [-]
Breakdown of transactions with interested parties, etc. and major unitholders		
Fukuoka Jisho Co., Ltd.	1,530,000 [21.5%]	– [-]
Total	1,530,000 [21.5%]	– [-]

(Note 1) The figures in the above table refer to the amounts shown on the purchasing contracts.

(Note 2) Interested parties, etc. and major unitholders refer to the interested parties of the asset management company who have concluded an asset management agreement with FRC and are designated in Article 123 of the Enforcement Order of the Act on Investment Trusts and Investment Corporations, and major unitholders of the asset management company as defined in Article 29-4-2 of the Financial Instruments and Exchange Act. Of these interested parties, etc. and major unitholders, the above table indicates the business partner with which FRC conducted transaction during the 18th fiscal period. Furthermore, Fukuoka Jisho Co., Ltd. is an interested party, etc. as well as a major unitholder.

(2) Amount of fees paid, etc.

FRC paid the following fees to the interested parties, etc. and major unitholders during the 18th fiscal period.

Category	Total paid fees (A) (thousands of yen)	Breakdown of transactions with interested parties, etc. and major unitholders		(B)/(A) (%)
		Paid party	Paid amount (B) (thousands of yen)	
Property transaction brokerage fees (Note 2)	56,000	Fukuoka Jisho Co., Ltd.	28,000	50.0
Property leasing brokerage fees (Note 4)	15,683	Fukuoka Jisho Co., Ltd.	5,572	35.5
		Park Place Oita Co., Ltd.	1,145	7.3
Property management fees (Note 3)	268,577	Fukuoka Jisho Co., Ltd.	169,678	63.2
		Park Place Oita Co., Ltd.	87,864	32.7
Outsourcing fees (Note 4) (Note 6)	1,264,199	Fukuoka Jisho Co., Ltd.	894,168	70.7
		Park Place Oita Co., Ltd.	210,517	16.7
		Sunlife Co., Ltd.	55,087	4.4
Other operating expenses (Note 4)	1,115,333	Park Place Oita Co., Ltd.	213,723	19.2
		Fukuoka Jisho Co., Ltd.	90,451	8.1
		Sunlife Co., Ltd.	4,596	0.4

(Note 1) Interested parties, etc. and major unitholders refer to the interested parties, etc. of the asset management company who have concluded an asset management agreement with FRC and are designated in Article 123 of the Enforcement Order of the Act on Investment Trusts and Investment Corporations, and major unitholders of the asset management company as defined in Article 29-4-2 of the Financial Instruments and Exchange Act. Of these interested parties, etc. and major unitholders, the above table indicates the paid parties to which FRC paid fees during the 18th fiscal period. Fukuoka Jisho Co., Ltd. is an interested party, etc. as well as a major unitholder, while Park Place Oita Co., Ltd. and Sunlife Co., Ltd. are interested parties, etc.

(Note 2) The property transaction brokerage fees paid upon real estate acquisitions are included in the acquisition cost of the relevant real estate.

(Note 3) The property management fees do not include the following construction supervision fees. In addition, of the fees below, the construction supervision fees paid upon acquiring real estate are included in the acquisition cost of the relevant real estate.

Fukuoka Jisho Co., Ltd.	7,402 thousand yen
Park Place Oita Co., Ltd.	9,113 thousand yen

(Note 4) The real estate leasing brokerage fees, outsourcing fees and other operating expenses include property leasing brokerage fees paid to third parties through interested parties, etc.

(Note 5) Aside from the paid fees shown above, FRC paid the following amounts for repairs, etc. that were ordered to interested parties, etc. during the 18th fiscal period. The amounts include construction work fees paid to third parties through interested parties, etc.

Fukuoka Jisho Co., Ltd.	215,175 thousand yen
Park Place Oita Co., Ltd.	255,741 thousand yen
Sunlife Co., Ltd.	28,524 thousand yen

(Note 6) The outsourcing fees shown above are paid fees, etc. regarding building management outsourcing fees, and do not coincide with the outsourcing fees described in VI. Notes to financial statements (Notes to statements of income) that include property management fees and others.

Acquisitions and Sales during the 18th Fiscal Period

5. Transactions with the asset management company regarding concurrent work conducted by the asset management company

The asset management company (Fukuoka Realty Co., Ltd.) concurrently conducts land and building transaction business but there was no relevant transaction conducted in the 18th fiscal period. Moreover, the asset management company does not concurrently conduct any of the class 1 financial instruments transaction business, class 2 financial instruments transaction business or real estate syndication business, and has no such transactions with FRC.

Overview of Accounting

1. Assets, liabilities, principal and profits/loss

Please refer to the IV. Balance sheets, V. Statements of income, VI. Statements of changes in net assets, VII. Cash flow statements, and VIII. Notes to financial statements on later pages of this report.

2. Changes in calculation method of depreciation

No relevant items

3. Changes in valuation method of real estate

No relevant items

4. Overview of self-managed investment trust beneficiary certificates

No relevant items

Other

Handling of fractions of monetary amounts and percentage figures

Unless otherwise stated, the figures less than the specified unit are rounded down for monetary amounts and rounded off to one decimal place for percentage figures throughout this Semiannual Report.

III. Independent Auditor's Report



Independent Auditor's Report

To the Board of Directors of Fukuoka REIT Corporation

We have audited the accompanying financial statements of Fukuoka REIT Corporation ("the Company"), which comprise the balance sheets as at August 31, 2013, and the statements of income, statements of changes in net assets and cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, while the purpose of the financial statements audit is not to express an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2013, and its financial performance and cash flows for the six months then ended in accordance with accounting principles generally accepted in Japan.

PricewaterhouseCoopers Aarata

November 21, 2013

PricewaterhouseCoopers Aarata

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IV. Balance Sheets

(thousands of yen)

Account	17th fiscal period as of February 28, 2013		18th fiscal period as of August 31, 2013	
Assets				
Current assets				
Cash and deposits		2,134,854		2,986,790
Cash and deposits in trust		4,918,493		4,457,189
Operating accounts receivable		278,535		350,841
Prepaid expenses		236,013		333,377
Consumption taxes receivable		–		74,887
Deferred tax assets		21		17
Others		15,916		5,167
Total current assets		7,583,835		8,208,271
Noncurrent assets				
Property, plant and equipment				
Buildings in trust	*1	71,580,539	*1	76,005,077
Accumulated depreciation		(13,260,275)		(14,488,742)
Structures in trust		1,143,589		1,158,771
Accumulated depreciation		(349,225)		(380,913)
Machinery and equipment in trust		434,262		546,092
Accumulated depreciation		(161,010)		(179,676)
Vehicles and transport equipment in trust		–		747
Accumulated depreciation		–		(7)
Tools and fixtures in trust		1,116,342		1,139,208
Accumulated depreciation		(667,938)		(729,560)
Land in trust		*1 90,801,517		*1 93,998,578
Construction in progress in trust		–		192,182
Total property, plant and equipment		150,637,801		157,261,757
Intangible assets				
Leasehold right in trust		1,765,318		1,765,318
Other intangible assets in trust		18,987		16,205
Total intangible assets		1,784,305		1,781,523
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		449,429		463,384
Total investment and other assets		559,429		573,384
Total noncurrent assets		152,981,536		159,616,665
Deferred assets				
Investment unit issuance expenses		8,957		32,190
Total deferred assets		8,957		32,190
Total assets		160,574,329		167,857,128

(thousands of yen)

Account	17th fiscal period as of February 28, 2013		18th fiscal period as of August 31, 2013	
Liabilities				
Current liabilities				
Operating accounts payable		463,243		592,753
Short-term debt		2,700,000		-
Current maturities of long-term debt		3,750,000		16,450,000
Account payable-other		32,873		17,409
Accrued expenses		311,485		325,769
Income taxes payable		983		885
Accrued consumption taxes		157,514		-
Advances received		847,489		896,621
Deposits received		585,651		904,777
Total current liabilities		8,849,242		19,188,217
Noncurrent liabilities				
Long-term debt		68,225,000		54,650,000
Tenant leasehold and security deposits		316,959		321,369
Tenant leasehold and security deposits received in trust	*1	12,001,108	*1	11,985,078
Total noncurrent liabilities		80,543,068		66,956,447
Total liabilities		89,392,310		86,144,664
Net Assets				
Unitholders' equity				
Unitholders' capital		69,177,628		79,441,236
Surplus				
Unappropriated surplus		2,004,391		2,271,226
Total surplus		2,004,391		2,271,226
Total unitholders' equity		71,182,019		81,712,463
Total net assets		*3 71,182,019		*3 81,712,463
Total liabilities and net assets		160,574,329		167,857,128

V. Statements of Income

(thousands of yen)

Account	17th fiscal period September 1, 2012 to February 28, 2013		18th fiscal period March 1, 2013 to August 31, 2013	
	Operating revenues			
Leasing revenues - real estate	*1	6,784,009	*1	7,095,131
Other leasing revenues - real estate	*1	416,974	*1	470,254
		7,200,984		7,565,385
Operating expenses				
Expenses related to leasing business	*1, *2	4,025,294	*1, *2	4,157,501
Asset management fees		422,387		445,912
Asset custody fees		5,935		6,071
Administrative service fees		47,063		47,022
Director's compensations		9,600		9,600
Other operating expenses		68,097		50,627
Operating income		2,622,606		2,848,650
Non-operating revenues				
Interest received		674		758
Others		1,955		485
		2,629		1,243
Non-operating expenses				
Interest payment		492,687		443,830
Amortization of investment unit issuance expenses		4,478		10,021
Financing related expenses		122,322		123,802
		619,488		577,654
Ordinary income		2,005,746		2,272,239
Net income before income taxes		2,005,746		2,272,239
Income taxes-current		1,119		1,038
Income taxes-deferred		324		4
		1,444		1,042
Net income		2,004,301		2,271,196
Surplus brought forward		89		29
Unappropriated surplus		2,004,391		2,271,226

VI. Statements of Changes in Net Assets

17th fiscal period (September 1, 2012 to February 28, 2013)

(thousands of yen)

Item	Unitholders' equity			Total net assets	
	Unitholders' capital	Surplus			Total unitholders' equity
		Unappropriated surplus			
Balance as of September 1, 2012	69,177,628	1,992,637		71,170,265	
Changes in the current fiscal period					
Dividend of surplus	–	(1,992,548)		(1,992,548)	
Net income	–	2,004,301		2,004,301	
Total of changes in the current fiscal period	–	11,753		11,753	
Balance as of February 28, 2013	69,177,628	2,004,391		71,182,019	

18th fiscal period (March 1, 2013 to August 31, 2013)

(thousands of yen)

Item	Unitholders' equity			Total net assets	
	Unitholders' capital	Surplus			Total unitholders' equity
		Unappropriated surplus			
Balance as of March 1, 2013	69,177,628	2,004,391		71,182,019	
Changes in the current fiscal period					
Issuance of new investment units	10,263,608	–		10,263,608	
Dividend of surplus	–	(2,004,361)		(2,004,361)	
Net income	–	2,271,196		2,271,196	
Total of changes in the current fiscal period	10,263,608	266,835		10,530,444	
Balance as of August 31, 2013	79,441,236	2,271,226		81,712,463	

VII. Cash Flow Statements

(thousands of yen)

Account	17th fiscal period September 1, 2012 to February 28, 2013	18th fiscal period March 1, 2013 to August 31, 2013
Net cash provided by (used in) operating activities		
Net income before income taxes	2,005,746	2,272,239
Depreciation and amortization expenses	1,268,477	1,343,234
Amortization of investment unit issuance expenses	4,478	10,021
Interest received	(674)	(758)
Interest payment	492,687	443,830
Decrease (increase) in operating account receivables	32,539	(72,305)
Decrease (increase) in consumption taxes receivable	91,789	(74,887)
Increase (decrease) in accrued consumption taxes	157,514	(157,514)
Increase (decrease) in operating account payable	(64,378)	23,264
Increase (decrease) in account payable-other	(34,726)	(15,345)
Increase (decrease) in accrued expenses	2,725	14,403
Increase (decrease) in advances received	9,530	49,131
Increase (decrease) in deposits expenses	(480,528)	319,125
Decrease (increase) in prepaid expenses	72,177	(97,364)
Decrease (increase) in long-term prepaid expenses	15,966	(13,955)
Others, net	51,032	10,264
Subtotal	3,624,358	4,053,386
Interest income received	674	758
Interest expenses paid	(498,484)	(443,951)
Income taxes paid	(5,663)	(1,136)
Net cash provided by (used in) operating activities	3,120,885	3,609,056
Net cash provided by (used in) investment activities		
Purchase of property, plant and equipment in trust	(3,475,667)	(7,858,163)
Purchase of intangible assets in trust	(129)	—
Proceeds from tenant leasehold and security deposits	15,861	4,410
Repayments of tenant leasehold and security deposits	(4,494)	—
Proceeds from tenant leasehold and security deposits in trust	464,505	359,717
Repayment of tenant leasehold and security deposits in trust	(66,106)	(375,748)
Proceeds from restricted trust deposits	2,895	4,119
Payments for restricted trust deposits	(4,343)	(32,165)
Net cash provided by (used in) investment activities	(3,067,479)	(7,897,830)
Net cash provided by (used in) financial activities		
Increase in short-term debt payable	3,800,000	—
Decrease in short-term debt payable	(2,200,000)	(2,700,000)
Proceeds from long-term debt payable	11,900,000	1,600,000
Repayment of long-term debt payable	(12,175,000)	(2,475,000)
Proceeds from issuance of investment units	—	10,263,608
Dividends paid	(1,991,239)	(2,003,994)
Payment of investment unit issuance expenses	—	(33,254)
Net cash provided by (used in) financial activities	(666,239)	4,651,360
Net increase (decrease) in cash and cash equivalents	(612,834)	362,586
Balance of cash and cash equivalents at beginning of period	7,637,703	7,024,869
Balance of cash and cash equivalents at end of period	*1 7,024,869	*1 7,387,455

VIII. Notes to Financial Statements

(Significant accounting policies)

<p>1. Depreciation method for noncurrent assets</p>	<p>(1) Property, plant and equipment Depreciation is calculated using the straight-line method. The useful lives of major items of property, plant and equipment are as follows:</p> <table border="0"> <tr> <td>Buildings in trust:</td> <td>10–50 years</td> </tr> <tr> <td>Structures in trust:</td> <td>15–50 years</td> </tr> <tr> <td>Machinery and equipment in trust:</td> <td>15–17 years</td> </tr> <tr> <td>Vehicles and transport equipment in trust:</td> <td>7 years</td> </tr> <tr> <td>Tools and fixtures in trust:</td> <td>5–15 years</td> </tr> </table>	Buildings in trust:	10–50 years	Structures in trust:	15–50 years	Machinery and equipment in trust:	15–17 years	Vehicles and transport equipment in trust:	7 years	Tools and fixtures in trust:	5–15 years
Buildings in trust:	10–50 years										
Structures in trust:	15–50 years										
Machinery and equipment in trust:	15–17 years										
Vehicles and transport equipment in trust:	7 years										
Tools and fixtures in trust:	5–15 years										
<p>2. Accounting for deferred assets</p>	<p>Investment unit issuance expenses Investment unit issuance expenses are amortized utilizing the straight-line method over three years.</p>										
<p>3. Standards for recognition of revenues and expenses</p>	<p>Accounting treatment of property taxes, etc. In connection with property taxes, city planning taxes and depreciable asset taxes, FRC uses the method of charging the corresponding amounts of assessed taxes to the current fiscal period as expenses related to leasing business. Furthermore, FRC includes an amount equivalent to the property taxes, etc. paid to the sellers during the first fiscal year as an acquisition cost, not as expenses, in connection with the acquisition of real estate or entrusted beneficiary interests in real estate as entrusted property. Property taxes, etc. capitalized in acquisition cost amounted to 58,191 thousand yen for the fiscal period ended August 31, 2013.</p>										
<p>4. Method of hedge accounting</p>	<p>(1) Method of hedge accounting Deferred hedge accounting is applied for interest rate swap transactions. However, special treatment is applied for interest rate swap transactions that satisfy the requirement for special treatment. (2) Hedging instruments and hedged items Hedging instrument: interest rate swap transactions Hedged items: interest rates of borrowings (3) Hedging policy FRC conducts derivative transactions to hedge interest rate fluctuation risks for floating-rate borrowings based on FRC's Articles of Incorporation. (4) Method for assessing the effectiveness of hedging Assessment of the effectiveness of hedging is omitted as requirements are satisfied for special treatment for interest rate swap transactions.</p>										
<p>5. Scope of funds (cash and cash equivalents) on cash flow statements</p>	<p>The funds (cash and cash equivalents) in the cash flow statements consist of cash on hand and cash in trust; deposits that can be withdrawn at any time and deposits in trust; and short-term investments with a maturity of 3 months or less from the date of acquisition, which are readily convertible to cash and bear only an insignificant risk of value fluctuation.</p>										
<p>6. Other significant items fundamental to preparing the financial statements</p>	<p>(1) Accounting methods for trust beneficiary interests in real estate as entrusted property Regarding trust beneficiary interests in owned real estate as entrusted property, all asset and liability accounts of the entrusted properties as well as all revenue and expense accounts generated by the entrusted properties are recorded in relevant accounts on the balance sheets and statements of income. Furthermore, the following material accounts are separately stated in the balance sheets for entrusted properties recorded in relevant accounts.</p> <ol style="list-style-type: none"> ① Cash and deposits in trust ② Buildings in trust, structures in trust, machinery and equipment in trust, vehicles and transport equipment in trust, tools and fixtures in trust, land in trust and construction in progress in trust ③ Leasehold right in trust ④ Other intangible assets in trust ⑤ Lease and guarantee deposits in trust ⑥ Tenant leasehold and security deposits received in trust <p>(2) Accounting for consumption taxes National and local consumption taxes are accounted with the consumption taxes excluded.</p>										

(Notes to balance sheets)

17th fiscal period as of February 28, 2013	18th fiscal period as of August 31, 2013																																																																
<p>*1 Assets pledged as collateral and secured liabilities Assets pledged as collateral are as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: right;">(thousands of yen)</td> </tr> <tr> <td>Buildings in trust</td> <td style="text-align: right;">5,687,671</td> </tr> <tr> <td>Land in trust</td> <td style="text-align: right;">11,618,595</td> </tr> <tr> <td style="border-top: 1px solid black;">Total</td> <td style="text-align: right; border-top: 1px solid black;">17,306,266</td> </tr> </table> <p>Secured liabilities are as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: right;">(thousands of yen)</td> </tr> <tr> <td>Tenant leasehold and security deposits received in trust</td> <td style="text-align: right;">2,267,952</td> </tr> </table> <p>2. 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(Notes to statements of income)

17th fiscal period September 1, 2012 to February 28, 2013		18th fiscal period March 1, 2013 to August 31, 2013	
*1. Breakdown of revenues and expenses related to real estate leasing business		*1. Breakdown of revenues and expenses related to real estate leasing business	
A. Real estate leasing business revenues (thousands of yen)		A. Real estate leasing business revenues (thousands of yen)	
Leasing revenues - real estate		Leasing revenues - real estate	
Rents	5,362,496	Rents	5,625,804
Common charges	1,010,759	Common charges	1,036,880
Parking revenues	410,753	Parking revenues	432,446
Total	6,784,009	Total	7,095,131
Other leasing revenues - real estate		Other leasing revenues - real estate	
Incidental income	365,285	Incidental income	435,120
Other miscellaneous income	51,688	Other miscellaneous income	35,133
Total	416,974	Total	470,254
Total real estate leasing business revenues	7,200,984	Total real estate leasing business revenues	7,565,385
B. Expenses related to real estate leasing business		B. Expenses related to real estate leasing business	
Expenses related to leasing business		Expenses related to leasing business	
Outsourcing fees	1,500,160	Outsourcing fees	1,532,776
Repair and maintenance expenses	193,294	Repair and maintenance expenses	147,861
Taxes and other public charges	543,378	Taxes and other public charges	551,509
Insurance premiums and trust compensation	47,811	Insurance premiums and trust compensation	52,759
Utilities expenses	318,097	Utilities expenses	411,171
Depreciation and amortization expenses	1,268,477	Depreciation and amortization expenses	1,343,234
Other expenses related to real estate leasing business	154,075	Other expenses related to real estate leasing business	118,189
Total expenses related to real estate leasing business	4,025,294	Total expenses related to real estate leasing business	4,157,501
C. Revenues and expenses related to real estate leasing business (A - B)	3,175,689	C. Revenues and expenses related to real estate leasing business (A - B)	3,407,883
*2. Transactions with major unitholders (thousands of yen)		*2. Transactions with major unitholders (thousands of yen)	
Expenses related to real estate leasing business	1,249,713	Expenses related to real estate leasing business	1,222,021

(Notes to statements of changes in net assets)

17th fiscal period September 1, 2012 to February 28, 2013		18th fiscal period March 1, 2013 to August 31, 2013	
Total number of authorized investment units and total number of investment units issued		Total number of authorized investment units and total number of investment units issued	
Total number of authorized investment units	2,000,000 units	Total number of authorized investment units	2,000,000 units
Total number of investment units issued	123,050 units	Total number of investment units issued	138,000 units

(Notes to cash flow statements)

(thousands of yen)

17th fiscal period September 1, 2012 to February 28, 2013	18th fiscal period March 1, 2013 to August 31, 2013
*1. Relationship between the balance of cash and cash equivalents at end of period and the amounts of the corresponding accounts on the balance sheets (as of February 28, 2013)	*1. Relationship between the balance of cash and cash equivalents at end of period and the amounts of the corresponding accounts on the balance sheets (as of August 31, 2013)
Cash and deposits	Cash and deposits
2,134,854	2,986,790
Cash and deposits in trust	Cash and deposits in trust
4,918,493	4,457,189
Restricted trust deposits (Note)	Restricted trust deposits (Note)
<u>(28,478)</u>	<u>(56,524)</u>
Cash and cash equivalents	Cash and cash equivalents
<u>7,024,869</u>	<u>7,387,455</u>
(Note) Restricted trust deposits are trust deposits reserved for refunding tenant leasehold and security deposits deposited by tenants and for other purposes.	(Note) Restricted trust deposits are trust deposits reserved for refunding tenant leasehold and security deposits deposited by tenants and for other purposes.

(Notes to leases)

(thousands of yen)

17th fiscal period as of February 28, 2013	18th fiscal period as of August 31, 2013
The future lease revenues under the non-cancellable operating leases were as follows. (as of February 28, 2013)	The future lease revenues under the non-cancellable operating leases were as follows. (as of August 31, 2013)
Due within 1 year	Due within 1 year
6,177,595	6,146,906
Due after 1 year	Due after 1 year
<u>32,797,027</u>	<u>30,428,244</u>
Total	Total
<u>38,974,623</u>	<u>36,575,150</u>

(Notes to financial instruments)**1. Matters concerning status of financial instruments****(1) Policy on handling financial instruments**

In order to secure stable earnings and steady growth of assets under management, FRC procures funds primarily through borrowings from financial institutions or issuance of investment units for property acquisitions, repair and maintenance work, repayment of interest-bearing debt and other purposes.

In procuring interest-bearing debt, FRC borrows funds primarily in long-term, fixed interest debt based on the policy of establishing a solid financial structure, and conducts conservative operations intended to secure financial stability and liquidity by dispersing debt payment dates and utilizing committed lines of credit and through other measures.

With regard to surplus funds, FRC manages them as various deposits and savings, etc. to support efficient management while considering safety.

FRC may conduct derivative transactions only for the purpose of hedging the interest rate fluctuation risks in the future, and not conduct any speculative transactions.

(2) Description of financial instruments and associated risks, and risk management structure

Short-term debt and long-term debt are funds procured primarily for acquiring real estate trust beneficiary interests. Borrowings are exposed to liquidity risks upon debt payment dates, but FRC works to mitigate the risks by such measures as appropriately controlling the ratio of interest-bearing debt to total assets while executing commitment line agreements with local financial institutions that are sponsors to secure liquidity at hand.

In addition, borrowings with floating interest rates are exposed to interest rate fluctuation risks. However, FRC works to reduce the risks by such measures as adjusting the ratio of the balance of borrowings with floating interest rates to total borrowings in accordance with the financial environment and other factors. FRC conducts derivative transactions (interest rate swap transactions) for part of the borrowings with floating interest rates in order to hedge the risk of fluctuations in the rates of interests to be paid. Furthermore, with regard to the method to assess the effectiveness of hedging, assessment of the effectiveness is omitted as it has been judged that requirements are satisfied for special treatment for interest rate swap transactions. As for derivative transactions, FRC executes and manages them in accordance with its financial derivative transaction management policies and, when conducting them, it does so only with financial institutions it judges to have

certain creditworthiness in reference to their credit ratings so that the counterparty risks are reduced.

FRC manages surplus funds in large time deposits, etc. Such deposits have credit risks of failure of the financial institutions holding the deposits and other credit risks. FRC mitigates the risks by limiting the financial institutions to those with certain creditworthiness in reference to their credit ratings and by setting the duration of deposits only at shorter periods.

As for tenant leasehold and security deposits received in trust, they are deposits from tenants and are exposed to liquidity risks where tenants may move out before the contracts expire. FRC mitigates the risks by such measures as securing liquidity on hand.

(3) Supplementary explanation on matters concerning fair value of financial instruments

The fair value of financial instruments, aside from values based on market price, may include values based on reasonable calculations when there is no market price. Certain assumptions are adopted in calculating those values, and there may be cases where the values will vary when different assumptions are adopted.

As for the contract value and other conditions of derivative transactions indicated in "2. Matters concerning fair value of financial instruments", the value itself is not an indicator showing the market risks related to such transactions.

2. Matters concerning fair value of financial instruments

The following are the book values recorded on the balance sheets, fair values and the difference between these amounts as of February 28, 2013. Please note that the following table does not include those for which discerning of fair value is recognized to be extremely difficult (refer to (Note 2)).

(thousands of yen)

	Book value recorded on the balance sheets	Fair value (Note 1)	Difference
(1) Cash and deposits	2,134,854	2,134,854	—
(2) Cash and deposits in trust	4,918,493	4,918,493	—
Total of assets	7,053,347	7,053,347	—
(3) Short-term debt	2,700,000	2,700,000	—
(4) Current maturities of long-term debt	3,750,000	3,793,587	43,587
(5) Long-term debt	68,225,000	68,900,308	675,308
(6) Tenant leasehold and security deposits received in trust	1,682,045	1,636,029	(46,015)
Total of liabilities	76,357,045	77,029,924	672,879
(7) Derivative transactions	—	—	—
Total of derivative transactions	—	—	—

The following are the book values recorded on the balance sheets, fair values and the difference between these amounts as of August 31, 2013. Please note that the following table does not include those for which discerning of fair value is recognized to be extremely difficult (refer to (Note 2)).

(thousands of yen)

	Book value recorded on the balance sheets	Fair value (Note 1)	Difference
(1) Cash and deposits	2,986,790	2,986,790	—
(2) Cash and deposits in trust	4,457,189	4,457,189	—
Total of assets	7,443,980	7,443,980	—
(3) Short-term debt	—	—	—
(4) Current maturities of long-term debt	16,450,000	16,563,805	113,805
(5) Long-term debt	54,650,000	54,933,212	283,212
(6) Tenant leasehold and security deposits received in trust	1,526,511	1,481,530	(44,980)
Total of liabilities	72,626,511	72,978,547	352,036
(7) Derivative transactions	—	—	—
Total of derivative transactions	—	—	—

(Note 1) Calculation method for fair value of financial instruments

(1) Cash and deposits, (2) Cash and deposits in trust and (3) Short-term debt

As these are settled within a short period of time, the fair value is approximately the same as the book value and is thus stated at that book value.

(4) Current maturities of long-term debt and (5) Long-term debt

Of the fair value of these financial instruments, the fair value of long-term debt with fixed interest rates (including debt with practical fixed interest rates through interest rate swaps) is based on the method of calculating by discounting the total amount of principal and interest by the rate assumed as being applicable in the event of a new drawdown of similar debt.

The fair value of long-term debt with floating interest rates is based on the book value, as the contract terms require the interest rates to be revised in a certain period of time (within six months) and thus is considered to be nearly equal to the book value.

(6) Tenant leasehold and security deposits received in trust

Tenant leasehold and security deposits received in trust, which are deposited by the lessees, are calculated using the method to discount the future cash flows of such by a reasonably estimated rate that takes into account the term remaining until the reimbursement deadline and credit risks.

(7) Derivative transactions

Please refer to (Notes to derivative transactions).

(Note 2) Financial instruments for which discerning of fair value is recognized to be extremely difficult

(thousands of yen)

	17th fiscal period as of February 28, 2013	18th fiscal period as of August 31, 2013
Tenant leasehold and security deposits received in trust	10,319,063	10,458,566

Recorded on the balance sheets as tenant leasehold and security deposits received in trust is not subject to disclosure of fair value as it is recognized to be extremely difficult to discern the fair value. This is because future cash flows cannot be estimated since there is no market price and it is difficult to assume the reimbursement dates since there is a possibility of cancellation, renewal and re-execution of lease contracts by lessees even if the contract terms are fixed and since there is no telling of any tendency of tenants moving out of the properties owned by FRC from analyses of past results as they are too individually specific.

(Note 3) Amount of redemption of monetary claims scheduled to be due after closing of accounts (as of February 28, 2013)

(thousands of yen)

	Due in 1 year or less
Cash and deposits	2,134,854
Cash and deposits in trust	4,918,493
Total	7,053,347

Amount of redemption of monetary claims scheduled to be due after closing of accounts (as of August 31, 2013)

(thousands of yen)

	Due in 1 year or less
Cash and deposits	2,986,790
Cash and deposits in trust	4,457,189
Total	7,443,980

(Note 4) Amount of repayment of long-term debt scheduled to be due after closing of accounts (as of February 28, 2013)

(thousands of yen)

Due in 1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Due after 5 years
3,750,000	14,750,000	13,650,000	10,250,000	23,875,000	5,700,000

Amount of repayment of long-term debt scheduled to be due after closing of accounts (as of August 31, 2013)

(thousands of yen)

Due in 1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Due after 5 years
16,450,000	6,650,000	11,650,000	20,450,000	10,200,000	5,700,000

(Notes to derivative transactions)

The following is the contract amount or amount equivalent to the principal provided in the contract, etc. as of the closing of accounts for each method of hedge accounting. (February 28, 2013)

(thousands of yen)

Method of hedge accounting	Type of derivative transactions, etc.	Main hedged item	Contract amount, etc.		Fair value	Calculation method for the fair value
				Of which, exceeding 1 year		
Special treatment for interest rate swaps	Interest rate swap transaction Payable fixed; Receivable floating	Long-term debt	10,300,000	10,300,000	(55,289) (Note 1)	(Note 2)

(Note 1) Transactions for which special treatment for interest rate swaps is applied are combined with long-term debt for accounting purposes. Accordingly, their fair value is included in the fair value of the relevant long-term debt (Please refer to "Notes to financial instruments" 2. Matters concerning fair value of financial instruments (Note1) (5)).

(Note 2) The fair value is calculated by the counterparty of the transaction contract based on the actual interest rate on the market and other factors.

The following is the contract amount or amount equivalent to the principal provided in the contract, etc. as of the closing of accounts for each method of hedge accounting. (August 31, 2013)

(thousands of yen)

Method of hedge accounting	Type of derivative transactions, etc.	Main hedged item	Contract amount, etc.		Fair value	Calculation method for the fair value
				Of which, exceeding 1 year		
Special treatment for interest rate swaps	Interest rate swap transaction Payable fixed; Receivable floating	Long-term debt	18,300,000	8,000,000	(25,575) (Note 1)	(Note 2)

(Note 1) Transactions for which special treatment for interest rate swaps is applied are combined with long-term debt for accounting purposes. Accordingly, their fair value is included in the fair value of the relevant long-term debt (Please refer to "Notes to financial instruments" 2. Matters concerning fair value of financial instruments (Note1) (5)).

(Note 2) The fair value is calculated by the counterparty of the transaction contract based on the actual interest rate on the market and other factors.

(Notes to tax effect accounting)

17th fiscal period as of February 28, 2013		18th fiscal period as of August 31, 2013	
1. Breakdown of primary causes for occurrence of deferred tax assets and deferred tax liabilities (Deferred tax assets) (thousands of yen)		1. Breakdown of primary causes for occurrence of deferred tax assets and deferred tax liabilities (Deferred tax assets) (thousands of yen)	
Amount of accrued business taxes not deductible from taxable income	21	Amount of accrued business taxes not deductible from taxable income	17
Total deferred tax assets	21	Total deferred tax assets	17
(Deferred tax assets, net)	21	(Deferred tax assets, net)	17
2. Breakdown of significant components that caused difference between effective statutory income tax rate and effective income tax rate after application of tax effect accounting		2. Breakdown of significant components that caused difference between effective statutory income tax rate and effective income tax rate after application of tax effect accounting	
	(%)		(%)
Effective statutory income tax rate	36.38	Effective statutory income tax rate	36.38
Deductible dividend amount	(36.36)	Deductible dividend amount	(36.37)
Other	0.05	Other	0.03
Effective income tax rate after application of tax effect accounting	0.07	Effective income tax rate after application of tax effect accounting	0.05

(Notes to transactions with related parties)

(1) Other affiliates and their parent companies and subsidiaries

17th fiscal period (from September 1, 2012 to February 28, 2013)

(thousands of yen)

Classification	Name	Location	Capital	Business description or occupation	FRC's share of voting rights, etc. [or ownership of such in FRC]	Description of relationship	Description of transaction	Transaction amount	Category	Balance at end of period
Other affiliates	Fukuoka Jisho Co., Ltd. (Note 2)	Hakata Ward, Fukuoka City	4,000,000	General real estate business	Ownership in FRC Direct [11.34%] Indirect [0.44%]	Consignment of real estate management, etc.	Consignment of real estate management, etc. (Note 1)	1,249,713 (Note 3)	Operating accounts payable	90,830 (Note 3)

(Note 1) Transaction terms and conditions are determined in reference to market prices, etc. and by concluding business consignment agreements after negotiating on prices.

(Note 2) FRC has concluded a building lease and management consignment agreement with Fukuoka Jisho Co., Ltd. for Canal City Hakata, Canal City Hakata-B, Canal City Business Center and Taihaku Street Business Center. The lease contract is a master lease type with pass-through rent, in which rents and other proceeds from end tenants are directly related to an increase or decrease of FRC's revenues. For properties covered by the said type of agreements, the above table shows figures that regard end tenants as direct lessees.

(Note 3) Of the amounts in the table above, consumption taxes are not included in the transaction amount but included in the balance at end of period.

18th fiscal period (from March 1, 2013 to August 31, 2013)

(thousands of yen)

Classification	Name	Location	Capital	Business description or occupation	FRC's share of voting rights, etc. [or ownership of such in FRC]	Description of relationship	Description of transaction	Transaction amount	Category	Balance at end of period
Other affiliates	Fukuoka Jisho Co., Ltd. (Note 3)	Hakata Ward, Fukuoka City	4,000,000	General real estate business	Ownership in FRC Direct [10.11%] Indirect [0.39%]	Purchase of real estate, consignment of real estate management, etc.	Purchase of real estate (Note 1)	1,530,000 (Note 4)	—	—
							Consignment of real estate management, etc. (Note 2)	1,222,021 (Note 4)	Operating accounts payable	60,980 (Note 4)

(Note 1) Transaction terms and conditions are determined in reference to appraisal values by third parties and after negotiating on prices.

(Note 2) Transaction terms and conditions are determined in reference to market prices, etc. and by concluding business consignment agreements after negotiating on prices.

(Note 3) FRC has concluded a building lease and management consignment agreement with Fukuoka Jisho Co., Ltd. for Canal City Hakata, Canal City Hakata-B, Canal City Business Center and Taihaku Street Business Center. The lease contract is a master lease type with pass-through rent, in which rents and other proceeds from end tenants are directly related to an increase or decrease of FRC's revenues. For properties covered by the said type of agreements, the above table shows figures that regard end tenants as direct lessees.

(Note 4) Of the amounts in the table above, consumption taxes are not included in the transaction amount but included in the balance at end of period.

(2) Affiliated companies, etc.

17th fiscal period (from September 1, 2012 to February 28, 2013)

(thousands of yen)

Classification	Name	Location	Capital	Business description or occupation	FRC's share of voting rights, etc. (or ownership of such in FRC)	Description of relationship	Description of transaction	Transaction amount	Category	Balance at end of period
Subsidiaries of other affiliates	Park Place Oita Co., Ltd (Note 2)	Oita City, Oita	400,000	Real estate business	—	Consignment of real estate management, etc.	Consignment of real estate management, etc. (Note 1)	493,582 (Note 6)	Operating accounts payable	147,642 (Note 6)
Subsidiaries of other affiliates	Fukuoka Realty Co., Ltd.	Hakata Ward, Fukuoka City	200,000	Asset management of FRC and other businesses	—	Asset management of FRC, etc. and concurrent service of officer (Note 3)	Payment of asset management fees (Note 4)	422,387 (Note 6)	Accrued expenses	194,200 (Note 6)
Subsidiaries of other affiliates	Yugen Kaisha DKD	Minato Ward, Tokyo	3,000	Real estate business	—	Purchase of real estate	Purchase of real estate (Note 5)	2,600,000 (Note 6)	—	—

(Note 1) Transaction terms and conditions are determined in reference to market prices, etc. and by concluding business consignment agreements after negotiating on prices.

(Note 2) FRC has concluded a real estate lease and management consignment agreement with Park Place Oita for Park Place Oita Co., Ltd. The lease contract is a master lease type with pass-through rent, in which rents and other proceeds from end tenants are directly related to an increase or decrease of FRC's revenues. For the property covered by the said type of agreement, the above table shows figures that regard end tenants as direct lessees.

(Note 3) Masayasu Saki, CEO & Representative Director of FRC, concurrently serves as Director of Fukuoka Realty Co., Ltd.

(Note 4) The amount of the asset management fees is decided based on the asset management consignment agreement following discussion between the concerned parties.

(Note 5) Transaction terms and conditions are determined in reference to appraisal values by third parties and after negotiating on prices.

(Note 6) Of the amounts in the table above, consumption taxes are not included in the transaction amount but included in the balance at end of period.

18th fiscal period (from March 1, 2013 to August 31, 2013)

(thousands of yen)

Classification	Name	Location	Capital	Business description or occupation	FRC's share of voting rights, etc. (or ownership of such in FRC)	Description of relationship	Description of transaction	Transaction amount	Category	Balance at end of period
Subsidiaries of other affiliates	Park Place Oita Co., Ltd (Note 2)	Oita City, Oita	400,000	Real estate business	—	Consignment of real estate management, etc.	Consignment of real estate management, etc. (Note 1)	566,384 (Note 5)	Operating accounts payable	160,595 (Note 5)
Subsidiaries of other affiliates	Fukuoka Realty Co., Ltd.	Hakata Ward, Fukuoka City	200,000	Asset management of FRC and other businesses	—	Asset management of FRC, etc. and concurrent service of officer (Note 3)	Payment of asset management fees (Note 4)	445,912 (Note 5)	Accrued expenses	207,563 (Note 5)

(Note 1) Transaction terms and conditions are determined in reference to market prices, etc. and by concluding business consignment agreements after negotiating on prices.

(Note 2) FRC has concluded a real estate lease and management consignment agreement with Park Place Oita Co., Ltd. for Park Place Oita. The lease contract is a master lease type with pass-through rent, in which rents and other proceeds from end tenants are directly related to an increase or decrease of FRC's revenues. For the property covered by the said type of agreement, the above table shows figures that regard end tenants as direct lessees.

(Note 3) Masayasu Saki, CEO & Representative Director of FRC, concurrently serves as Director of Fukuoka Realty Co., Ltd.

(Note 4) The amount of the asset management fees is decided based on the asset management consignment agreement following discussion between the concerned parties.

(Note 5) Of the amounts in the table above, consumption taxes are not included in the transaction amount but included in the balance at end of period.

(Notes to properties for lease)

FRC owns retail, office buildings and residential properties for lease in the Kyushu area centering on Fukuoka Prefecture. The following table provides the book value recorded on the balance sheets, amount of change during the period and fair value of these properties for lease.

(thousands of yen)

Use		17th fiscal period	18th fiscal period
		September 1, 2012 to February 28, 2013	March 1, 2013 to August 31, 2013
Retail	Amount recorded on the balance sheets		
	Balance at beginning of period	103,024,842	102,565,767
	Amount of change during period	(459,075)	(235,789)
	Balance at end of period	102,565,767	102,329,978
	Fair value at end of period	104,205,000	104,255,000
Office buildings	Amount recorded on the balance sheets		
	Balance at beginning of period	40,501,175	42,840,110
	Amount of change during period	2,338,935	2,523,508
	Balance at end of period	42,840,110	45,363,618
	Fair value at end of period	47,340,000	50,800,000
Others	Amount recorded on the balance sheets		
	Balance at beginning of period	7,088,012	7,016,229
	Amount of change during period	(71,783)	4,333,454
	Balance at end of period	7,016,229	11,349,683
	Fair value at end of period	7,400,000	12,040,000
Total	Amount recorded on the balance sheets		
	Balance at beginning of period	150,614,030	152,422,107
	Amount of change during period	1,808,076	6,621,173
	Balance at end of period	152,422,107	159,043,280
	Fair value at end of period	158,945,000	167,095,000

(Note 1) Amount recorded on the balance sheets is the cost of acquisition less accumulated depreciation.

(Note 2) Of the amount of change during the 17th fiscal period, the amount of increase is primarily attributable to the acquisition of Tenjin Nishi-Dori Center Building (2,689 million yen) and capital expenditures (431 million yen), and the amount of decrease is primarily attributable to depreciation and amortization expenses (1,268 million yen). Of the amount of change during the 18th fiscal period, the amount of increase is primarily attributable to the new acquisition of properties (7,351 million yen in total) and capital expenditures (612 million yen), and the amount of decrease is primarily attributable to depreciation and amortization expenses (1,343 million yen).

(Note 3) The fair value at end of period is the appraisal value provided by outside real estate appraisers.

The following table provides the income (loss) from properties for lease.

(thousands of yen)

Use		17th fiscal period September 1, 2012 to February 28, 2013	18th fiscal period March 1, 2013 to August 31, 2013
Retail	Amount recorded on the statements of income		
	Real estate leasing business revenues	4,979,441	4,965,784
	Expenses related to real estate leasing business	2,868,952	2,864,757
	Revenues and expenses related to real estate leasing business	2,110,489	2,101,026
Office buildings	Amount recorded on the statements of income		
	Real estate leasing business revenues	1,950,664	2,148,870
	Expenses related to real estate leasing business	1,036,961	1,106,894
	Revenues and expenses related to real estate leasing business	913,702	1,041,975
Others	Amount recorded on the statements of income		
	Real estate leasing business revenues	270,878	450,730
	Expenses related to real estate leasing business	119,381	185,849
	Revenues and expenses related to real estate leasing business	151,497	264,881
Total	Amount recorded on the statements of income		
	Real estate leasing business revenues	7,200,984	7,565,385
	Expenses related to real estate leasing business	4,025,294	4,157,501
	Revenues and expenses related to real estate leasing business	3,175,689	3,407,883

(Note) Real estate leasing business revenues and expenses related to real estate leasing business comprise leasing business revenues and accompanying expenses (outsourcing fees, depreciation and amortization expenses, taxes and other public charges, etc.), and are recorded as Leasing revenues - real estate, Other leasing revenues - real estate and Expenses related to leasing business, respectively.

(Notes to segment information)

[Segment information]

Descriptions are omitted as FRC has a single business segment of real estate leasing business.

[Related information]

17th fiscal period (from September 1, 2012 to February 28, 2013)

(1) Information by product and service

Descriptions are omitted as FRC's operating revenues under single product/service classification for outside customers exceed 90% of operating revenues recorded on the statements of income.

(2) Information by region

(a) Operating revenue

Descriptions are omitted as FRC's operating revenues for outside customers in Japan exceed 90% of operating revenues recorded on the statements of income.

(b) Property, plant and equipment

Descriptions are omitted as the amount of FRC's property, plant and equipment located in Japan exceeds 90% of property, plant and equipment recorded on the balance sheets.

(3) Information by major customer

Descriptions are omitted as FRC's operating revenues for an individual outside customer are less than 10% of operating revenues recorded on the statements of income.

18th fiscal period (from March 1, 2013 to August 31, 2013)

(1) Information by product and service

Descriptions are omitted as FRC's operating revenues under single product/service classification for outside customers exceed 90% of operating revenues recorded on the statements of income.

(2) Information by region

(a) Operating revenue

Descriptions are omitted as FRC's operating revenues for outside customers in Japan exceed 90% of operating revenues recorded on the statements of income.

(b) Property, plant and equipment

Descriptions are omitted as the amount of FRC's property, plant and equipment located in Japan exceeds 90% of property, plant and equipment recorded on the balance sheets.

(3) Information by major customer

Descriptions are omitted as FRC's operating revenues for an individual outside customer are less than 10% of operating recorded on the statements of income.

(Notes to per unit information)

17th fiscal period September 1, 2012 to February 28, 2013		18th fiscal period March 1, 2013 to August 31, 2013	
1. Net assets per unit	578,480 yen	1. Net assets per unit	592,119 yen
2. Net income per unit	16,288 yen	2. Net income per unit	16,457 yen
Net income per unit was calculated by dividing net income by the day-weighted average number of units issued during the fiscal period.		Net income per unit was calculated by dividing net income by the day-weighted average number of units issued during the fiscal period.	
Diluted net income per unit was not presented as there are no diluted units since no warrants and convertible bonds were outstanding.		Diluted net income per unit was not presented as there are no diluted units since no warrants and convertible bonds were outstanding.	

(Note) Net income per unit was calculated based on the following data:

	17th fiscal period September 1, 2012 to February 28, 2013	18th fiscal period March 1, 2013 to August 31, 2013
Net income (thousands of yen)	2,004,301	2,271,196
Amounts not attributable to ordinary unitholders (thousands of yen)	—	—
Net income attributable to ordinary investment units (thousands of yen)	2,004,301	2,271,196
Average number of units during the fiscal period (units)	123,050	138,000

(Notes to distribution information)

(thousands of yen)

Account	17th fiscal period September 1, 2012 to February 28, 2013	18th fiscal period March 1, 2013 to August 31, 2013
I. Unappropriated surplus	2,004,391	2,271,226
II. Total dividend [Dividend per unit]	2,004,361 [16,289 yen]	2,271,204 [16,458 yen]
III. Surplus brought forward	29	22
Method for calculating dividends	<p>The amount of dividends shall be decided in accordance with the dividend policy stipulated in Article 38-1-1 of FRC's Articles of Incorporation and shall exceed 90% of FRC's distributable profits as stipulated in Article 67-15 of the Act on Special Taxation Measures.</p> <p>Following the above policy, FRC proposed to distribute 2,004,361 thousand yen, which is almost the entire amount of unappropriated surplus, as earnings dividends. Moreover, dividend in excess of earnings as stipulated in Article 38-2 of FRC's Articles of Incorporation will not be provided.</p>	<p>The amount of dividends shall be decided in accordance with the dividend policy stipulated in Article 38-1-1 of FRC's Articles of Incorporation and shall exceed 90% of FRC's distributable profits as stipulated in Article 67-15 of the Act on Special Taxation Measures.</p> <p>Following the above policy, FRC proposed to distribute 2,271,204 thousand yen, which is almost the entire amount of unappropriated surplus, as earnings dividends. Moreover, dividend in excess of earnings as stipulated in Article 38-2 of FRC's Articles of Incorporation will not be provided.</p>

(Notes to significant subsequent events)

No relevant items

(Schedule of property, plant and equipment, and intangible assets)

The following table provides the contract amount of specific transaction by FRC and the status of its fair value as of August 31, 2013.

(thousands of yen)

Type of asset		Balance as of March 1, 2013	Increase	Decrease	Balance as of August 31, 2013	Accumulated depreciation	Depreciation for the period	Net property and equipment	Description
Total property, plant and equipment	Buildings in trust	71,580,539	4,424,538	–	76,005,077	14,488,742	1,228,467	61,516,335	(Note)
	Structures in trust	1,143,589	15,182	–	1,158,771	380,913	31,688	777,857	(Note)
	Machinery and equipment in trust	434,262	111,830	–	546,092	179,676	18,665	366,415	(Note)
	Vehicles and transport equipment in trust	–	747	–	747	7	7	739	
	Tools and fixtures in trust	1,116,342	22,866	–	1,139,208	729,560	61,622	409,647	(Note)
	Land in trust	90,801,517	3,197,061	–	93,998,578	–	–	93,998,578	(Note)
	Construction in progress in trust	–	192,182	–	192,182	–	–	192,182	
Subtotal	165,076,250	7,964,408	–	173,040,659	15,778,901	1,340,452	157,261,757		
Total intangible assets	Leasehold right in trust	1,765,318	–	–	1,765,318	–	–	1,765,318	
	Other intangible assets in trust	27,823	–	–	27,823	11,618	2,782	16,205	
	Subtotal	1,793,141	–	–	1,793,141	11,618	2,782	1,781,523	
Total	166,869,392	7,964,408	–	174,833,800	15,790,520	1,343,234	159,043,280		

(Note) The main increases are occurred by acquiring new properties for building in trust, structure in trust, machinery and equipment in trust, tools and fixtures in trust, land in trust.

(Notes to status of debt)

Category	Lender	Balance as of March 1, 2013 (thousands of yen)	Increase (thousands of yen)	Decrease (thousands of yen)	Balance as of August 31, 2013 (thousands of yen)	Average interest rate (Note 1) (%)	Repayment date	Use of funds	Description
	Short-term debt	The Bank of Fukuoka	980,000	–	980,000	–	0.520	March 29, 2013	Refinance fund
Resona Bank		233,333	–	233,333	–				
The Kumamoto Bank		93,333	–	93,333	–				
The Shinwa Bank		93,333	–	93,333	–				
The Nishi-Nippon City Bank		1,083,333	–	1,083,333	–				
Resona Bank		108,333	–	108,333	–				
The Bank of Nagasaki		108,333	–	108,333	–				
Subtotal		2,700,000	–	2,700,000	–	–			
Current maturities of long-term debt	Aozora Bank	1,000,000	–	1,000,000	–	0.764	June 28, 2013	Refinance fund	
	Mitsubishi UFJ Trust and Banking Corporation	600,000	–	600,000	–	0.909	March 29, 2013	Refinance fund	
	Sumitomo Mitsui Banking Corporation	2,000,000	–	–	2,000,000	1.052	December 30, 2013	Refinance fund	
	Mizuho Bank (Note 3)	–	2,600,000	–	2,600,000	1.410	July 31, 2014	Refinance fund	
	The Norinchukin Bank	–	4,000,000	–	4,000,000				
	The Hiroshima Bank	–	1,400,000	–	1,400,000				
	The Kitakyushu Bank	–	800,000	–	800,000				
	The Iyo Bank	–	500,000	–	500,000				
	The Bank of Saga	–	500,000	–	500,000				
	The Higo Bank	–	300,000	–	300,000				
	The Shinwa Bank	–	200,000	–	200,000				
Development Bank of Japan	–	4,000,000	–	4,000,000	1.710	August 29, 2014	Refinance fund		
Subtotal	3,600,000	14,300,000	1,600,000	16,300,000	–				

Category	Lender	Balance as of March 1, 2013	Increase	Decrease	Balance as of August 31, 2013	Average interest rate	Repayment date	Use of funds	Description				
		(thousands of yen)	(thousands of yen)	(thousands of yen)	(thousands of yen)	(Note 1) (%)							
Long-term debt	Development Bank of Japan	2,475,000	–	75,000	2,400,000	2.200	(Note 4)	Refinance fund					
	Development Bank of Japan	4,000,000	–	4,000,000	–	1.710	August 29, 2014	Refinance fund					
	Development Bank of Japan	4,000,000	–	–	4,000,000	1.950	August 31, 2015	Refinance fund					
	Development Bank of Japan	4,000,000	–	–	4,000,000	2.170	August 31, 2016	Refinance fund					
	Sumitomo Mitsui Banking Corporation	2,000,000	–	800,000	1,200,000	1.157	June 30, 2015	Refinance fund					
	Mizuho Bank (Note 3)	2,600,000	–	2,600,000	–	1.410	July 31, 2014	Refinance fund					
	The Norinchukin Bank	4,000,000	–	4,000,000	–								
	The Hiroshima Bank	1,400,000	–	1,400,000	–								
	The Kitakyushu Bank	800,000	–	800,000	–								
	The Iyo Bank	500,000	–	500,000	–								
	The Bank of Saga	500,000	–	500,000	–								
	The Higo Bank	300,000	–	300,000	–								
	The Shinwa Bank, Ltd.	200,000	–	200,000	–								
	Resona Bank	300,000	–	–	300,000					1.325	September 30, 2014	Refinance fund	
	The Bank of Fukuoka	1,500,000	–	–	1,500,000					0.702	December 30, 2016	Refinance fund	
	The Bank of Fukuoka	2,000,000	–	–	2,000,000	0.700	February 29, 2016	Acquisition fund					
	The Nishi-Nippon City Bank	2,000,000	–	–	2,000,000	0.789	February 29, 2016						
	Development Bank of Japan	2,000,000	–	–	2,000,000	0.850	February 29, 2016						
	The Bank of Fukuoka	2,000,000	–	–	2,000,000	1.305	July 31, 2017	Refinance fund					
	The Nishi-Nippon City Bank	2,000,000	–	–	2,000,000								
	The Dai-ichi Life Insurance Company	1,000,000	–	–	1,000,000	1.800	July 31, 2018	Refinance fund					
	Shinsei Bank	1,000,000	–	–	1,000,000	1.208	July 29, 2016	Refinance fund					
	Sumitomo Mitsui Trust Bank	1,000,000	–	–	1,000,000	1.041	July 31, 2015	Refinance fund					
	The Bank of Fukuoka	1,500,000	–	–	1,500,000	0.852	December 30, 2017	Refinance fund					
	The Hiroshima Bank	500,000	–	–	500,000	1.182	December 30, 2016	Refinance fund					
	Oita Bank	500,000	–	–	500,000								
	The Eighteenth Bank	500,000	–	–	500,000								
	The Shinwa Bank	500,000	–	–	500,000								
	The Kitakyushu Bank	500,000	–	–	500,000								
	The Kagoshima Bank	100,000	–	–	100,000	1.168	January 31, 2017	Refinance fund					
	Resona Bank	400,000	–	–	400,000	1.218	January 31, 2017						
	Sumitomo Mitsui Banking Corporation	500,000	–	–	500,000	1.338	January 31, 2019	Refinance fund					
	Mizuho Bank (Note 3)	500,000	–	–	500,000	1.117	February 29, 2016	Refinance fund					
Mitsubishi UFJ Trust and Banking Corporation	2,000,000	–	–	2,000,000	1.170	March 31, 2017	Acquisition fund						
Sumitomo Mitsui Banking Corporation	500,000	–	–	500,000	1.203	March 31, 2017	Refinance fund						
Resona Bank	600,000	–	–	600,000	1.253	March 31, 2017	Refinance fund						
The Higo Bank	300,000	–	–	300,000	1.203	March 31, 2017	Refinance fund						
The Bank of Fukuoka	1,000,000	–	–	1,000,000	0.852	June 30, 2017	Refinance fund						
The Nishi-Nippon City Bank	1,000,000	–	–	1,000,000									
Oita Bank	700,000	–	–	700,000									
The Miyazaki Bank	700,000	–	–	700,000									
The Shinwa Bank	600,000	–	–	600,000									
The Iyo Bank	500,000	–	–	500,000									
The Bank of Saga	500,000	–	–	500,000									
The Eighteenth Bank	500,000	–	–	500,000									
The Kitakyushu Bank	500,000	–	–	500,000									

Category	Lender	Balance as of March 1, 2013	Increase	Decrease	Balance as of August 31, 2013	Average interest rate	Repayment date	Use of funds	Description
		(thousands of yen)	(thousands of yen)	(thousands of yen)	(thousands of yen)	(Note 1) (%)			
Long-term debt	Sumitomo Mitsui Trust Bank	600,000	–	–	600,000	0.652	September 30, 2016	Refinance fund	
	Resona Bank, Limited	2,000,000	–	–	2,000,000	1.033	September 29, 2017	Refinance fund	
	The Nishi-Nippon City Bank	2,500,000	–	–	2,500,000	0.777	February 29, 2020	Acquisition fund	
	The Nishi-Nippon City Bank	1,900,000	–	–	1,900,000	0.750	February 28, 2018	Refinance fund	
	Mizuho Bank (Note 3)	1,700,000	–	–	1,700,000	0.750	February 29, 2020	Refinance fund	
	Sumitomo Mitsui Trust Bank	1,100,000	–	–	1,100,000	0.800	February 28, 2018	Refinance fund	
	Mitsubishi UFJ Trust and Banking Corporation	1,500,000	–	–	1,500,000	0.600	February 28, 2018	Refinance fund	
	Aozora Bank	600,000	–	–	600,000				
	Mitsubishi UFJ Trust and Banking Corporation	–	600,000	–	600,000	0.592	March 30, 2018	Refinance fund	
	Aozora Bank	–	1,000,000	–	1,000,000	0.630	June 30, 2020	Refinance fund	
	Subtotal	68,375,000	1,600,000	15,175,000	54,800,000				
	Total	74,675,000	15,900,000	19,475,000	71,100,000				

(Note 1) The average interest is a weighted-average figure during the fiscal period and is rounded to the third decimal place. Furthermore, the average interest of debt for which FRC conducted interest rate swap transactions is the weighted-average figure during the fiscal period taking into consideration the effect of interest rate swap.

(Note 2) Borrowings by committed line of credit.

(Note 3) Mizuho Corporate Bank, Ltd. was renamed to Mizuho Bank, Ltd. as of July 1, 2013.

(Note 4) The debt is subject to repayment of 75 million yen on the final day of every 6 months following the final day of December 2009 as the initial repayment date, with 1,875 million yen to be repaid on the final repayment date. Furthermore, as the 150 million yen scheduled for repayment within a year is included in Long-term debt for the convenience of comparison, the balances do not match the figures recorded on the balance sheets as Current maturities of long-term debt and Long-term debt.

(Note 5) The total amount of long-term (i.e. excluding those expected to be repaid within one year) repayable within 5 years of the balance sheets and expected to be repaid by specific year(s) as follows

(thousands of yen)

	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years
Long-term debt	6,650,000	11,650,000	20,450,000	10,200,000

Fukuoka REIT Corporation

