

August 29, 2007



Fukuoka REIT Corporation
1-2-25 Sumiyoshi, Hakata Ward, Fukuoka City
Masayasu Saki
Chief Executive Officer
(Securities Code: 8968)

Asset Management Company:
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Notice of Asset Acquisition (Agreement Conclusion)

Fukuoka REIT Corporation (FRC) announces that it will conclude an agreement to acquire a property, as described below.

1. Acquisition Details

- | | |
|---------------------------|--|
| (1) Acquired property: | Real estate trust beneficiary interest
(beneficiary: Resona Bank, Limited) |
| (2) Property name: | Hanahata SC |
| (3) Acquisition price: | 1,130 million yen |
| (4) Appraisal value: | 1,170 million yen
(Net cash flow (NCF) by direct capitalization method in the appraisal conducted at completion of acquisition / acquisition price; 6.0%) |
| (5) Acquisition cap rate: | 6.3%
*Direct capitalization method NCF in the appraisal reports at conclusion of acquisition agreement / acquisition price |
| (6) Acquisition date: | September 3, 2007 |
| (7) Seller: | Fukuoka Jisho Co., Ltd. |
| (8) Funding: | Cash on hand and borrowings |

*The acquisition price does not include acquisition expenses, amounts equivalent to the settlement of property taxes and city planning taxes, consumption taxes on the building and other expenses.

2. Reason for Acquisition

Fukuoka REIT Corporation classifies commercial facilities (our main investment target) into three types (shopping street-facing stores, department stores, and superstores in the downtown in the city center = urban shopping centers (SCs); suburban commercial facilities near trunk roads for customers from wide areas = regional SCs; and medium sized commercial facilities combining category killers, fresh food supermarkets, and sales of daily goods, along suburban trunk roads and community roads = community SCs). Hanahata SC for which we will conclude this acquisition agreement is classified into a community SC.

Fukuoka REIT Corporation valued the following points when deciding to acquire this property.

(1) Location of the Property

This property is located in the Hanahata area, Minami-ku, Fukuoka City. Hanahata is a new residential area where the population has been increasing. The target market areas of the 1km zone and 2km zones respectively have populations of 24,000 and 88,000 residents (according to fiscal 2000 census). This high population density indicates good market potentials for the community SC. Furthermore, the improvement of a belt highway outside National Road No. 202 is underway beneath the elevated urban highway No. 5 at the point some 500 meters in the north to this property. Along with full opening of the traffic lanes, the surrounding areas are expected to come under urban development. Another attraction is that the target market area has few large stores and commercial facilities that are likely to compete with the community SC.

(2) Tenants

This property has two tenants, Matsumoto Kiyoshi Co., Ltd., the largest drugstore operator in Japan, and BONREPAS Corporation, which operates superstores for upper-class customers in Fukuoka City (part of the Halloday Co., Ltd. group). Kita-Kyushu based Halloday is a leading supermarket operator in Fukuoka Prefecture. BONREPAS, a high class gourmet supermarket, sells quality fresh food and operates a buffet-type casual French restaurant attached to the supermarket. Thus, its operation type is different from other competing supermarkets. We believe the tenant is optimal as the core tenant of this property.

Also, Matsumoto Kiyoshi is the leading category killer of drugstores in Japan. The store will be its 9th store in Fukuoka City and its first single store in suburban Fukuoka.

We intend to conclude a long fixed-term lease agreement with these two tenants (no mid-term cancellation in principle, no reduction of rent) for stable rental income.

Fukuoka REIT Corporation is determined to aggressively acquire community shopping centers in coming years to achieve sustainable high dividends. We believe acquiring community shopping centers offers a good balance of risk and return, as stated below.

- High return: Use of sponsor pipelines allows us to acquire properties with a high CAP rate without

competing with other fund management companies. (acquisition CAP rate of this property: 6.3%)

- Limited risk: Ensuring the conditions including “good location, good tenants, long fixed-term lease agreement (no reduction in rent, no cancellation)” will limit downside risk.

3. Description of Acquisition Asset

Type of asset		Real estate trust beneficiary right			
Location		(Lot number) 296-3, Hanahata 4-chome, Minami-ku, Fukuoka City			
		(Location indication) 9-12, Hanahata 4-chome, Minami-ku, Fukuoka City			
Building	Structure/ No. of stories	Steel structure, flat-roof, two-stories building above ground	Land	Area	5,255.15 m ²
	Completion of construction	July 10, 2007		Zoning	Class-1 residential area
	Total floor space	2,992.88 m ²		Floor area ratio	200%
	Usage	Store		Building coverage	60% (70% on corner lot correction)
	Ownership type	Ownership		Ownership type	Ownership
Acquisition price		1,130 million yen			
Appraisal value		1,170 million yen (Earnings capitalization method. Appraisal date: July 11, 2007)			
Appraisal agency		Tanizawa Sogo Appraisal Co., Ltd.			
With/Without collateral		None			
Property management company		Fukuoka Jisho Co., Ltd.			
Earthquake PML		6.0% (Appraisal agency: Takenaka Corporation)			

* The areas are described based on the indication in the registry.

* The earthquake PML value is based on an earthquake risk assessment report by the said appraisal agency. The numeric value only reflects the opinion of the reporter and does not guarantee accuracy of the description.

4. Outline of Seller

Trade name	Fukuoka Jisho Co., Ltd.
Location of head office	2-25, Sumiyoshi 1-chome, Hakata-ku, Fukuoka City
Representative	Seiji Yagi
Capital	2,000 million yen

Main business	Urban development, housing development, and development and operation of commercial facilities and office buildings, focused on Fukuoka
Relation with Fukuoka REIT Corporation	Fukuoka Jisho Co., Ltd. holds 55% of the shares of Fukuoka Realty Co., Ltd. (hereafter the “Asset Management Company”) and corresponds to an interested party to the Asset Management Company.

5. Situation of the Property's Acquirers

Property name	Hanahata SC	
Situation of property owner	Former owner and trustee	Owner and trustee prior to former owner and trustee
Company name / person's name	Fukuoka Jisho Co., Ltd.	—
Relation with special interested parties	Shareholder of the Asset Management Company (55% of shares)	—
Acquisition process and reason, etc.	New construction completed in July 2007	—
Acquisition price (including other expenses)	Omitted because of no owner prior to former owner	—
Acquisition date	—	—

6. Transactions with Interested Parties

(1) Fukuoka Jisho Co., Ltd., the seller of this property, corresponds to an interested party to the Asset Management Company. Accordingly, pursuant to the Investment Management Committee rules and the compliance regulations, etc. of the Asset Management Company, the acquisition price and other conditions of this property have been examined and approved by the Investment Management Committee, the Compliance Assessment Committee, and the Board of Directors of the Asset Management Company.

(2) In order to contract the management of tenants and the property management service of this property, we plan to conclude a "Management Service Agreement" with Fukuoka Jisho Co., Ltd. Concluding this agreement has also passed examinations and obtained approvals noted in (1) above.

7. Outline of Mediation

Not particular.

8. Builder, Architect, etc.

The builder, architect, etc. of this property are as stated below.

Builder name	Nishimatsu Construction Co., Ltd.
Architect name	Nishimatsu Construction Co., Ltd.
Architect office conducting structural calculations	Nishimatsu Construction Co., Ltd.
Agency conducting construction inspection	Japan ERI Co., Ltd.

9. Acquisition Schedule

August 29, 2007: Acquisition decision

September 3, 2007: Conclude agreement
September 3, 2007: Transfer the property

10. Future Outlook

Fukuoka REIT Corporation plans to officially acquire the property on September 3, 2007. This will not impact management performance for the business term ending August 2007 (March 1, 2007 to August 31, 2007).

Attached documents

Reference documents

- Document 1: Outline of Appraisal Report of This Property
- Document 2: Overview of This Property
- Document 3: Location of This Property
- Document 4: Portfolio Map of Fukuoka REIT Corporation
- Document 5: Portfolio List of Fukuoka REIT Corporation

* These documents distributed to:

Kabuto Club, Press Club for the Ministry of Land, Infrastructure and Transport, Construction Trade Paper Press Club for the Ministry of Land, Infrastructure and Transport, Fukuoka Economic Press Club, and Fukuoka Securities Finance Press Club

*Fukuoka REIT Corporation's web site: <http://www.fukuoka-reit.jp>

Reference Documents

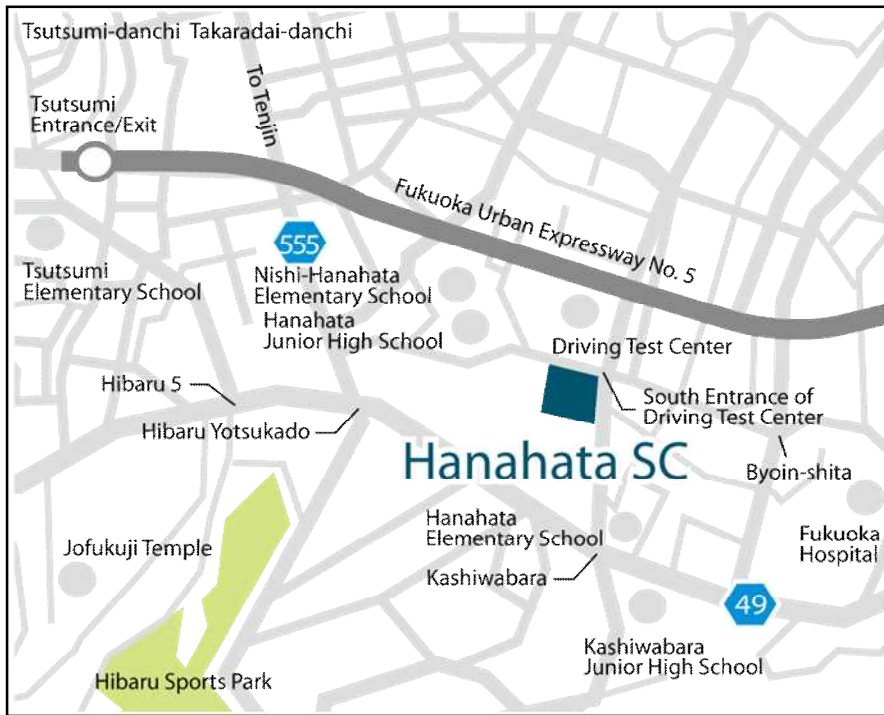
Document 1: Outline of Appraisal Report of This Property

■ Outline of Appraisal Report		
Real estate appraisal agency	Tanizawa Sogo Appraisal Co., Ltd.	
Appraisal value	1,170 million yen	
Appraisal date	July 11, 2007	
	Value	Basis, etc.
Direct capitalization method		
(1) Gross yield [(1) + (2) + (3) + (4) + (5)]	83,234,938 yen	
(1) Rent income (including common-area charges, etc.)	81,602,880 yen	
(2) Other income (including income of additional use charges)	0 yen	Assessed based on the fixed-term building lease agreement
(3) Key money and other income	0 yen	
(4) Vacancy losses	0 yen	
(5) Gains from security deposit management	1,632,058 yen	Assessed based on 2% of investment yield
(2) Total expenses [(5) + (6) + (7) + (8)]	10,638,918 yen	
(5) Maintenance and administration expenses, water, lighting and heating expenses	2,448,086 yen	
(6) Tax and public dues, etc.	7,490,000 yen	Assessed based on actual expenses
(7) Damage insurance premium	537,626 yen	Assessed based on actual expenses
(8) Other expenses	163,206 yen	
(3) Net operating income (NOI)	72,596,020 yen	
(4) Annual reserve for large-scale repair cost	600,000 yen	
(5) Net cash flow (NCF)	71,996,020 yen	
(6) Capitalization yield	6.0%	Assessed based on capitalization yields of other property transactions, considering marketability of the subject property, trend in the real estate investment market, etc.
Profit price on direct capitalization method [(5)÷(6)]	1,200,000,000 yen	Assessed by using capitalization yield to capitalize net cash flow
Price on DCF method	1,160,000,000 yen	
Discount rate	6.0%	
Final capitalization yield	6.3%	
Sum prices by cost method	920,000,000 yen	
Land ratio	620,000,000 yen	67.39%
Building ratio	300,000,000 yen	32.61%

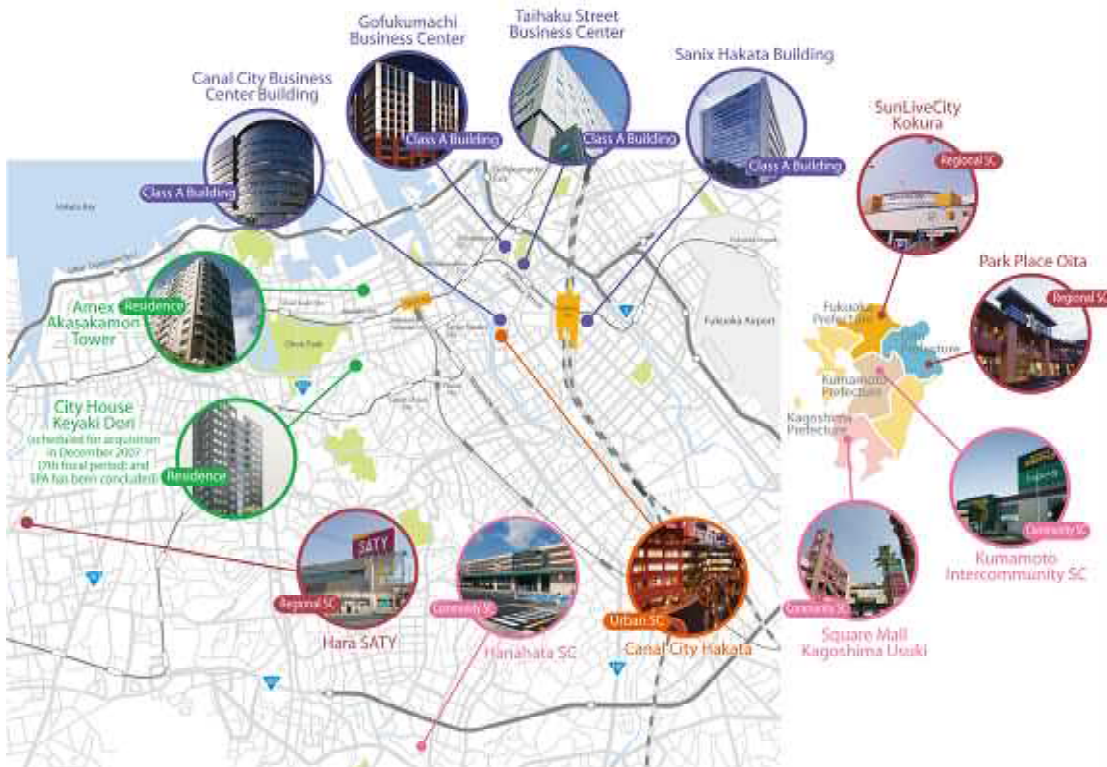
Document 2: Overview of This Property



Document 3: Location of This Property



Document 4: Portfolio Map of Fukuoka REIT Corporation



Document 5: Portfolio List of Fukuoka REIT Corporation

Use	Property name	Acquisition date (planned)	Acquisition price (million yen)	Acquisition CAP (NCF basis)	Investment ratio
Commercial facility	Canal City Hakata	November 9, 2004	32,000	6.0%	29.4%
	Park Place Ohita	November 9, 2004	15,700	6.5%	14.4%
	SunLive City Kokura	July 1, 2005	6,633	6.6%	6.1%
	Square mall Kagoshima Usuki	September 28, 2006	5,300	6.2%	4.9%
	Kumamoto Intercommunity SC	November 30, 2006	2,400	6.5%	2.2%
	Hara SATY	March 1, 2007	5,410	6.8%	5.0%
	Hanahata SC	September 3, 2007	1,130	6.3%	1.0%
Office	Canal City Business Center Building	November 9, 2004	14,600	6.2%	13.4%
	Gofuku-machi Business Center Building	November 9, 2004	11,200	6.2%	10.3%
	SANIX Hakata Building	September 30, 2005	4,400	5.9%	4.0%
	Taihaku Street Business Center	March 16, 2006	7,000	6.0%	6.4%
Residence	(Tentative) City House Tenjin-Keyaki Street	Plan to acquire in December 2007	1,111	5.4%	1.0%
	Amex Akasakamon Tower	September 1, 2006	2,060	5.4%	1.9%
Total of all properties, or weighted average		–	108,944	6.2%	100%

Notes:

- The “acquisition price” includes no miscellaneous expenses (commissions, taxes and public dues, etc.)
- To calculate the “Acquisition CAP”, the direct capitalization method NCF in the appraisal (including survey reports) was divided by the acquisition price.