

# Fukuoka REIT Corporation

Overview of the 18th fiscal period performance [8968] Security code March 1<sup>st</sup>, 2013~August 31<sup>st</sup>, 2013





# Fukuoka REIT Corporation

Overview of the 18th fiscal period performance

Security code

[8968] March 1<sup>st</sup>, 2013~August 31<sup>st</sup>, 2013

|   |    |
|---|----|
| Financial statements .....                    | 1  |
| Business forecasts .....                      | 7  |
| Financial strategy .....                      | 11 |
| External growth .....                         | 15 |
| Overview of retail operation .....            | 18 |
| Overview of office properties operation ..... | 21 |
| Appendix .....                                | 24 |

\*Regarding rounding of amounts, percentage, and ratios, unless otherwise noted, in these materials, monetary amounts are rounded down to the nearest whole unit, and percentages and ratios are rounded off to two decimal places.

These materials may contain future performance, plans, management targets and strategies. These forward-looking descriptions are based on present assumptions on future events and trends in the business environment, but such assumptions may not necessarily be accurate. Actual results may differ materially due to various factors. Neither Fukuoka REIT Corporation nor Fukuoka Realty shall be liable for the accuracy, rationality and completeness of information contained in these materials, whether they were prepared by Fukuoka REIT Corporation or Fukuoka Realty or provided by a third party. These materials have not been prepared to entice investment. When applying to purchase investment units issued by Fukuoka REIT Corporation, do so based on your own judgment and responsibility.

# Financial highlights

Dividend per unit : +169 yen (compared with previous period)

- unit : mm yen (Figures rounded down to nearest mm yen)

| Category  | 14th<br>~ Aug 31, 2011 | 15th<br>~ Feb 29, 2012 | 16th<br>~ Aug 31, 2012 | 17th<br>~ Feb 28, 2013<br>A | 18th<br>~ Aug 31, 2013<br>B | Variation<br>B-A | 19th<br>~ Feb, 2014<br>(forecast) | 20th<br>~ Aug, 2014<br>(forecast) |
|---|------------------------|------------------------|------------------------|-----------------------------|-----------------------------|------------------|-----------------------------------|-----------------------------------|
| Operating revenues  | 7,045                  | 6,931                  | 7,094                  | 7,200                       | 7,565                       | +364             | 7,556                             | 7,661                             |
| Rental NOI (*1)   | 4,406                  | 4,351                  | 4,372                  | 4,444                       | 4,751                       | +306             | 4,736                             | 4,750                             |
| Depreciation  | 1,164                  | 1,177                  | 1,242                  | 1,268                       | 1,343                       | +74              | 1,364                             | 1,393                             |
| Operating income  | 2,729                  | 2,637                  | 2,595                  | 2,622                       | 2,848                       | +226             | 2,803                             | 2,777                             |
| Ordinary income   | 2,083                  | 2,046                  | 2,005                  | 2,005                       | 2,272                       | +266             | 2,236                             | 2,208                             |
| Net income  | 2,082                  | 2,045                  | 1,992                  | 2,004                       | 2,271                       | +266             | 2,235                             | 2,207                             |
|   |                        |                        |                        |                             |                             |                  |                                   |                                   |
| Dividend per unit (yen) ①                                       | 16,922                 | 16,621                 | 16,193                 | 16,289                      | 16,458                      | +169             | 16,200                            | 16,000                            |
| Latest dividend forecast (yen) ②                                | 16,600                 | 16,300                 | 16,000                 | 16,200                      | 16,200                      |                  |                                   |                                   |
| Difference from forecast (yen) ①-②                              | +322                   | +321                   | +193                   | +89                         | +258                        |                  |                                   |                                   |
| Number of investment units outstanding (at period-end) (units)  | 123,050                | 123,050                | 123,050                | 123,050                     | 138,000                     |                  |                                   |                                   |
|   |                        |                        |                        |                             |                             |                  |                                   |                                   |
| Total assets<br>(at period-end) (unit : mm yen)                 | 155,657                | 155,792                | 159,601                | 160,574                     | 167,857                     |                  |                                   |                                   |
| Total net assets<br>(at period-end) (unit : 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<br>(at period-end)                   | 17                     | 17                     | 19                     | 20                          | 23                          |                  |                                   |                                   |
| Number of tenants (at period-end) (*2)                          | 502                    | 515                    | 701                    | 751                         | 886                         |                  |                                   |                                   |
| Total leasable floor space<br>(at period-end) (m <sup>2</sup> ) | 425,906.83             | 425,773.30             | 445,001.37             | 448,867.34                  | 466,824.38                  |                  |                                   |                                   |
| Occupancy rate (at period-end) (%) (*3)                         | 99.6                   | 98.1                   | 97.0                   | 99.3                        | 98.8                        |                  |                                   |                                   |

- (\*1) "Rental NOI" = "Leasing business revenues" - "Leasing business expenses" + "Depreciation"
- (\*2) The number of tenants shown is based on the total for properties Fukuoka REIT owns.  
As 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.
- (\*3) "Occupancy rate" = "Total leased floor space at period-end" ÷ "Total leasable floor space at period-end"

# Balance sheets (compared with the previous fiscal period)

Increased assets from property acquisitions and improved financial stability through capital increase

- unit : mm yen (Figures rounded down to nearest mm yen)

| Category |                                       | 17th<br>~Feb 28, 2013<br>A | 18th<br>~Aug 31, 2013<br>B | Variation<br>B-A |
|----------|---------------------------------------|----------------------------|----------------------------|------------------|
| Assets   | <b>Current assets</b>                 | <b>7,583</b>               | <b>8,208</b>               | <b>624</b>       |
|          | Cash and deposits                     | 2,134                      | 2,986                      | 851              |
|          | Cash and deposits in trust            | 4,918                      | 4,457                      | (461)            |
|          | Operating accounts receivable         | 278                        | 350                        | 72               |
|          | Prepaid expenses                      | 236                        | 333                        | 97               |
|          | Deferred tax assets                   | 0                          | 0                          | (0)              |
|          | Consumption taxes receivable          | -                          | 74                         | 74               |
|          | Others                                | 15                         | 5                          | (10)             |
|          | <b>Non-current assets</b>             | <b>152,981</b>             | <b>159,616</b>             | <b>6,635</b>     |
|          | <b>Property, plant and equipment</b>  | <b>150,637</b>             | <b>157,261</b>             | <b>① 6,623</b>   |
|          | Building in trust, net                | 58,320                     | 61,516                     | 3,196            |
|          | Structures in trust, net              | 794                        | 777                        | (16)             |
|          | Machinery and equipment in trust, net | 273                        | 366                        | 93               |
|          | Tools, and fixtures in trust, net     | 448                        | 409                        | (38)             |
|          | Land in trust                         | 90,801                     | 93,998                     | 3,197            |
|          | Construction in progress in trust     | -                          | 192                        | ② 192            |
|          | <b>Intangible assets</b>              | <b>1,784</b>               | <b>1,781</b>               | <b>(2)</b>       |
|          | Leasehold right in trust              | 1,765                      | 1,765                      | -                |
|          | Other intangible assets in trust      | 18                         | 16                         | (2)              |
|          | <b>Investment and other assets</b>    | <b>559</b>                 | <b>573</b>                 | <b>13</b>        |
|          | Lease and security deposits           | 10                         | 10                         | -                |
|          | Lease and security deposits in trust  | 100                        | 100                        | -                |
|          | Long-term prepaid expenses            | 449                        | 463                        | 13               |
|          | <b>Deferred assets</b>                | <b>8</b>                   | <b>32</b>                  | <b>23</b>        |
|          | <b>Total assets</b>                   | <b>160,574</b>             | <b>167,857</b>             | <b>7,282</b>     |

| Category    |  | 17th<br>~Feb 28, 2013<br>A | 18th<br>~Aug 31, 2013<br>B | Variation<br>B-A |
|-------------|--|----------------------------|----------------------------|------------------|
| Liabilities | <b>Current liabilities</b>                               | <b>8,849</b>               | <b>19,188</b>              | <b>10,338</b>    |
|             | Operating account payable                                | 463                        | 592                        | 129              |
|             | Short-term debt  | 2,700                      | -                          | ③ (2,700)        |
|             | Current maturities of long-term debt                     | 3,750                      | 16,450                     | 12,700           |
|             | Accounting payable-other                                 | 32                         | 17                         | (15)             |
|             | Accrued expenses   | 311                        | 325                        | 14               |
|             | Income taxes payable                                     | 0                          | 0                          | (0)              |
|             | Accrued consumption taxes                                | 157                        | -                          | (157)            |
|             | Advance received   | 847                        | 896                        | 49               |
|             | Deposits received  | 585                        | 904                        | ④ 319            |
|             | <b>Non-current liabilities</b>                           | <b>80,543</b>              | <b>66,956</b>              | <b>(13,586)</b>  |
|             | Long-term debt payable                                   | 68,225                     | 54,650                     | ⑤ (13,575)       |
|             | Tenant leasehold and security deposits                   | 316                        | 321                        | 4                |
|             | Tenant leasehold and security deposits received in trust | 12,001                     | 11,985                     | (16)             |
|             | <b>Total liabilities</b>                                 | <b>89,392</b>              | <b>86,144</b>              | <b>(3,247)</b>   |

|                         |                            |               |               |               |
|-------------------------|----------------------------|---------------|---------------|---------------|
| Net assets              | <b>Unitholders' equity</b> | <b>71,182</b> | <b>81,712</b> | <b>10,530</b> |
|                         | Unitholders' capital       | 69,177        | 79,441        | ⑥ 10,263      |
|                         | Surplus                    | 2,004         | 2,271         | 266           |
| <b>Total net assets</b> |                            | <b>71,182</b> | <b>81,712</b> | <b>10,530</b> |

|   |                |                |              |
|---|----------------|----------------|--------------|
| <b>Total liabilities and net assets</b> | <b>160,754</b> | <b>167,857</b> | <b>7,282</b> |
|---|----------------|----------------|--------------|

## ■ Assets

|   |               |                   |      |
|---|---------------|-------------------|------|
| ① D-Wing Tower  | +2,879        | ② Park Place Oita | +192 |
| Hotel FORZA Oita  | +1,556        |                   |      |
| Tenjin North Front Building                                       | +2,894        |                   |      |
| Capital expenditures  | +613          |                   |      |
| (Of which, construction in progress in trust                      | +192)         |                   |      |
| Depreciation(excluding intangible asset amortization of 2 mm yen) | (1,340)       |                   |      |
| Others  | +21           |                   |      |
| <b>Total</b>  | <b>+6,623</b> |                   |      |

## ■ Liabilities

|   |      |   |                 |
|---|------|---|-----------------|
| ③ Repayment with public offering proceeds (2,700) |      | ⑤ Reclassified from long-term debt to current maturities of long-term debt (14,300) |                 |
| ④ Seasonal factors (prepaid revenues, etc.)       | +319 | Refinanced (current maturities of long-term debt → long-term debt)                  | +1,600          |
|   |      | Prepayments   | (800)           |
|   |      | Contractual repayment   | (75)            |
|   |      | <b>Total</b>  | <b>(13,575)</b> |
|   |      | ⑥ Public offering   | +10,263         |



# Income statements (compared with previous fiscal period)

## Increase in revenues and profits from property acquisitions

- unit : mm yen (Figures rounded down to nearest mm yen)

| Category                 |                                   |                                     | 17th<br>~ Feb 28, 2013<br>A | 18th<br>~ Aug 31, 2013<br>B | Variation<br>B-A |
|--------------------------|-----------------------------------|-------------------------------------|-----------------------------|-----------------------------|------------------|
| Ordinary profit and loss | Operating profit and loss         | Operating revenues                  | 7,200                       | 7,565                       | ① 364            |
|                          |                                   | Rental revenues-real estate         | 6,784                       | 7,095                       | 311              |
|                          |                                   | Other rental revenues-real estate   | 416                         | 470                         | 53               |
|                          |                                   | Operating expenses                  | 4,578                       | 4,716                       | 138              |
|                          |                                   | Expenses related to rental business | 4,025                       | 4,157                       | ② 132            |
|                          |                                   | Asset management fees               | 422                         | 445                         | 23               |
|                          |                                   | Asset custody fees                  | 5                           | 6                           | 0                |
|                          |                                   | Administrative service fees         | 47                          | 47                          | (0)              |
|                          |                                   | Director's compensations            | 9                           | 9                           | -                |
|                          |                                   | Other operating expenses            | 68                          | 50                          | (17)             |
|                          |                                   | Operating income                    | 2,622                       | 2,848                       | 226              |
|                          | Non-Operating profit and loss     | Non-operating revenues              | 2                           | 1                           | (1)              |
|                          |                                   | Interest received                   | 0                           | 0                           | 0                |
|                          |                                   | Others                              | 1                           | 0                           | ③ (1)            |
|                          |                                   | Non-operating expenses              | 619                         | 577                         | (41)             |
|                          |                                   | Interest payment                    | 492                         | 443                         | (48)             |
|                          |                                   | Other finance related expenses      | 122                         | 123                         | 1                |
|                          |                                   | Others                              | 4                           | 10                          | 5                |
|                          | Ordinary income                   |                                     | 2,005                       | 2,272                       | 266              |
|                          | Income before income taxes        |                                     | 2,005                       | 2,272                       | 266              |
|                          | Income taxes                      |                                     | 1                           | 1                           | (0)              |
|                          | Income taxes-current              |                                     | 1                           | 1                           | (0)              |
|                          | Income taxes-deferred             |                                     | 0                           | 0                           | (0)              |
|                          | Net income                        |                                     | 2,004                       | 2,271                       | 266              |
|                          | Retained earnings brought forward |                                     | 0                           | 0                           | (0)              |
|                          | Unappropriated retained earnings  |                                     | 2,004                       | 2,271                       | 266              |

Sign indicates impact on net income (unit : mm yen)

| ■ Operating profit and loss   |       |
|---|-------|
| ① Newly acquired 4 properties   | +358  |
| Canal City Hakata   | (17)  |
| -Of which, nonrecurrence of reimbursement related to the South Building renewal     | (28)  |
| -Of which, rent income  | +8    |
| Canal City Hakata-B   | (3)   |
| Park Place Oita   | +21   |
| -Of which, rent income  | (12)  |
| -Of which, utility reimbursement  | +32   |
| SunLiveCity Kokura  | (18)  |
| Passive retail  | +3    |
| Office buildings  | +14   |
| -Of which, increase from Higashi Hie Business Center's improved occupancy           | +13   |
| Others  | +6    |
| Total:  | +364  |
| ② Outsourcing fees  | (33)  |
| -Of which, 4 new properties   | (18)  |
| -Of which, Canal City Hakata and Canal City Hakata-B                                | (17)  |
| Depreciation and repair & maintenance expenses                                      | (29)  |
| -Of which, 4 new properties   | (78)  |
| Utility expenses  | (93)  |
| -Of which, Park Place Oita  | (62)  |
| -Of which, 4 new properties   | (18)  |
| Asset management fee  | (23)  |
| Others  | +46   |
| -Of which, nonrecurrence of loss on retirement of Park Place Oita noncurrent assets | +38   |
| -Of which, municipal property tax payments for Aqualia Kego and Aqualia Chihaya     | (11)  |
| Total:  | (132) |
| ■ Non-Operating profit and loss   |       |
| ③ Debt-related expenses   | +46   |
| Amortization of investment unit issuance expenses (5)                               | (5)   |
| Total:  | +41   |

# Income statements (compared with forecast)

Higher revenues and profits on favorable sales at Canal City Hakata

- unit : mm yen (Figures rounded down to nearest mm yen)

| Category                   |                               |                                     | Previous<br>Forecast<br>A | 18th<br>~ Aug 31, 2013<br>B | Variation<br>B－A |
|----------------------------|-------------------------------|-------------------------------------|---------------------------|-----------------------------|------------------|
| Ordinary profit and loss   | Operating profit and loss     | Operating revenues                  | 7,518                     | 7,565                       | ① 47             |
|                            |                               | Rental revenues-real estate         |                           | 7,095                       |                  |
|                            |                               | Other rental revenues-real estate   |                           | 470                         |                  |
|                            |                               | Operating expenses                  | 4,698                     | 4,716                       | ② 17             |
|                            |                               | Expenses related to rental business |                           | 4,157                       |                  |
|                            |                               | Asset management fees               |                           | 445                         |                  |
|                            |                               | Asset custody fees                  |                           | 6                           |                  |
|                            |                               | Administrative service fees         |                           | 47                          |                  |
|                            |                               | Director's compensations            |                           | 9                           |                  |
|                            |                               | Other operating expenses            |                           | 50                          |                  |
|                            | Operating income              |                                     | 2,819                     | 2,848                       | 29               |
|                            | Non-Operating profit and loss | Non-operating revenues              | 1                         | 1                           | (0)              |
|                            |                               | Interest received                   |                           | 0                           |                  |
|                            |                               | Others                              |                           | 0                           |                  |
|                            |                               | Non-operating expenses              | 584                       | 577                         | ③ (6)            |
|                            |                               | Interest payment                    |                           | 443                         |                  |
|                            |                               | Other finance related expenses      |                           | 123                         |                  |
|                            |                               | Others                              |                           | 10                          |                  |
| Ordinary income            |                               | 2,236                               | 2,272                     | 35                          |                  |
| Income before income taxes |                               | 2,236                               | 2,272                     | 35                          |                  |
| Income taxes-current       |                               |                                     | 1                         |                             |                  |
| Income taxes-deferred      |                               |                                     | 0                         |                             |                  |
| Total income taxes         |                               | 1                                   | 1                         | 0                           |                  |
| Net income                 |                               | 2,235                               | 2,271                     | 35                          |                  |

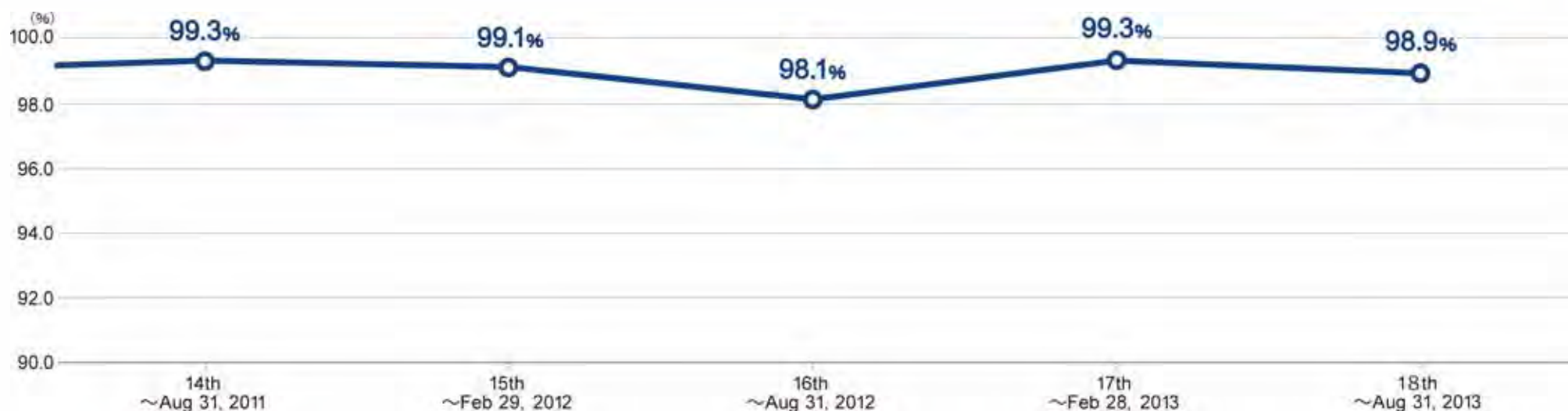
Sign indicates impact on net income (unit : mm yen)

|   |             |
|---|-------------|
| <b>Operating profit and loss</b>                                      |             |
| ① Canal City Hakata   | +25         |
| (Sales at South Building, Ramen Stadium were higher than anticipated) |             |
| Canal City Hakata-B   | +23         |
| -Of which, higher-than-anticipated parking revenue                    | +20         |
| Park Place Oita   | +3          |
| SunLiveCity Kokura  | (18)        |
| Office buildings  | +10         |
| -Of which, Canal City Business Center Building                        | +5          |
| Others  | (3)         |
| 4 new properties  | +7          |
| <b>Total:</b>   | <b>+47</b>  |
| ② Depreciation and repair & maintenance expenses                      | (26)        |
| Utility expenses  | (4)         |
| Others  | +13         |
| <b>Total:</b>   | <b>(17)</b> |
| <b>Non-Operating profit and loss</b>                                  |             |
| ③ Debt-related expenses   | +6          |
| <b>Total:</b>   | <b>+6</b>   |

# Portfolio properties' occupancy rate

Continuation of stable occupancy rate

■ Historical occupancy rates (the weighted average during the period)



## ■ Occupancy rates

| Category          | 14th<br>~ August 31, 2011 | 15th<br>~ February 29, 2012 | 16th<br>~ August 31, 2012 | 17th<br>~ Feb 28, 2013 | 18th<br>~ August 31, 2013 | Investment<br>percentage<br>(based on acquisition price) |
|-------------------|---------------------------|-----------------------------|---------------------------|------------------------|---------------------------|--|
| Active retail     | 100.0%                    | 99.5%                       | 98.2%                     | 99.9%                  | 99.3%                     | 50.8%  |
| Passive retail    | 100.0%                    | 99.8%                       | 100.0%                    | 100.0%                 | 100.0%                    | 12.4%  |
| Office properties | 96.8%                     | 97.0%                       | 97.7%                     | 98.2%                  | 98.1%                     | 29.7%  |
| Others            | 97.9%                     | 98.4%                       | 93.5%                     | 94.7%                  | 95.5%                     | 7.1%   |
| <b>Total</b>      | <b>99.3%</b>              | <b>99.1%</b>                | <b>98.1%</b>              | <b>99.3%</b>           | <b>98.9%</b>              | <b>100.0%</b>  |

\* Calculated by weighted average during the period.

\* Active Retail = properties with variable rents such as Canal City Hakata, Canal City Hakata・B, Park Place Oita, and SunLiveCity Kokura. Passive Retail = properties without variable rents such as Square Mall Kagoshima Usuki, Kumamoto Intercommunity SC, AEON Hara Shopping Center, Hanahata SC, Kurume Higashi Kushiwara SC, and K's Denki Kagoshima.

# Appraisal value

Unrealized gains(\*1) totaled 8,243 mm yen at end of 18th fiscal period (increase of 1,721 mm yen compared with previous fiscal period)

- unit : mm yen (Figures rounded down to nearest mm yen)

|                   | Property name                       | Acquisition Price<br>(*2) | Acquisition cap rate | Appraisal values |                | Amount recognized in balance sheet at 18th<br>③ | Variation                           |  | Direct capitalization values         |                                      |                  | Appraisal company           |
|-------------------|-------------------------------------|---------------------------|----------------------|------------------|----------------|---|-------------------------------------|--|--------------------------------------|--------------------------------------|------------------|-----------------------------|
|                   |                                     |                           |                      | 18th<br>①        | 17th<br>②      |   | From Appraisal value at 17th<br>①-② | From amount recognized in balance sheet at 18th<br>①-③ | 18th fiscal period-end Cap Rate<br>④ | 17th fiscal period-end Cap Rate<br>⑤ | Variation<br>④-⑤ |                             |
| Retail            | Canal City Hakata                   | 32,000                    | 6.0%                 | 32,200           | 32,200         | 31,325  | 0                                   | 875  | 5.1%                                 | 5.1%                                 | -                | Tanizawa Sogo Appraisal     |
|                   | Canal City Hakata・B                 | 28,700                    | 5.4%                 | 28,900           | 28,800         | 28,632  | 100                                 | 268  | 5.3%                                 | 5.3%                                 | -                | Tanizawa Sogo Appraisal     |
|                   | Park Place Oita                     | 15,700                    | 6.5%                 | 16,735           | 16,735         | 16,982  | 0                                   | (247)  | 6.3%                                 | 6.3%                                 | -                | Japan Real Estate Institute |
|                   | SunLiveCity Kokura                  | 6,633                     | 6.6%                 | 7,410            | 7,410          | 6,108   | 0                                   | 1,302  | 6.6%                                 | 6.6%                                 | -                | Japan Real Estate Institute |
|                   | Square Mall Kagoshima Usuki         | 5,300                     | 6.2%                 | 4,910            | 4,910          | 4,853   | 0                                   | 57   | 6.6%                                 | 6.6%                                 | -                | Japan Real Estate Institute |
|                   | Kumamoto Intercommunity SC          | 2,400                     | 6.5%                 | 2,450            | 2,440          | 2,176   | 10                                  | 274  | 6.6%                                 | 6.6%                                 | -                | Japan Real Estate Institute |
|                   | AEON Hara Shopping Center           | 5,410                     | 6.8%                 | 4,510            | 4,610          | 5,382   | (100)                               | (872)  | 8.4%                                 | 8.2%                                 | 0.2              | Japan Real Estate Institute |
|                   | Hanahata SC                         | 1,130                     | 6.4%                 | 1,180            | 1,170          | 1,064   | 10                                  | 116  | 6.1%                                 | 6.1%                                 | -                | Tanizawa Sogo Appraisal     |
|                   | Kurume Higashi Kushiwara SC         | 2,500                     | 6.1%                 | 2,550            | 2,530          | 2,293   | 20                                  | 257  | 6.1%                                 | 6.1%                                 | -                | Tanizawa Sogo Appraisal     |
|                   | K's Denki Kagoshima                 | 3,550                     | 5.7%                 | 3,410            | 3,400          | 3,318   | 10                                  | 92   | 6.0%                                 | 6.0%                                 | -                | Tanizawa Sogo Appraisal     |
|                   | <b>Total of retail properties</b>   | <b>103,323</b>            | <b>-</b>             | <b>104,255</b>   | <b>104,205</b> | <b>102,137</b>                                  | <b>50</b>                           | <b>2,118</b>   | <b>-</b>                             | <b>-</b>                             | <b>-</b>         |                             |
| Office properties | Canal City Business Center Building | 14,600                    | 6.2%                 | 14,800           | 14,700         | 13,839  | 100                                 | 961  | 5.3%                                 | 5.3%                                 | -                | Tanizawa Sogo Appraisal     |
|                   | Gofukumachi Business Center         | 11,200                    | 6.2%                 | 12,800           | 12,700         | 9,846   | 100                                 | 2,954  | 5.2%                                 | 5.2%                                 | -                | Tanizawa Sogo Appraisal     |
|                   | Sanix Hakata Building               | 4,400                     | 5.9%                 | 4,720            | 4,660          | 4,168   | 60                                  | 552  | 5.3%                                 | 5.4%                                 | (0.1)            | Japan Real Estate Institute |
|                   | Taihaku Street Business Center      | 7,000                     | 6.0%                 | 6,760            | 6,660          | 6,699   | 100                                 | 61   | 5.7%                                 | 5.8%                                 | (0.1)            | Japan Real Estate Institute |
|                   | Higashi Hie Business Center         | 5,900                     | 6.0%                 | 6,090            | 6,020          | 5,244   | 70                                  | 846  | 6.0%                                 | 6.0%                                 | -                | Tanizawa Sogo Appraisal     |
|                   | Tenjin Nishi-Dori Center Building   | 2,600                     | 5.4%                 | 2,690            | 2,600          | 2,702   | 90                                  | (12)   | 5.2%                                 | 5.4%                                 | (0.2)            | Japan Real Estate Institute |
|                   | Tenjin North Front Building (*3)    | 2,800                     | 6.1%                 | 2,940            | 2,920          | 2,862   | 20                                  | 78   | 5.7%                                 | 5.8%                                 | (0.1)            | Japan Real Estate Institute |
|                   | <b>Total of office properties</b>   | <b>48,500</b>             | <b>-</b>             | <b>50,800</b>    | <b>50,260</b>  | <b>45,363</b>                                   | <b>540</b>                          | <b>5,437</b>   | <b>-</b>                             | <b>-</b>                             | <b>-</b>         |                             |
| Others            | Amex Akasakamon Tower               | 2,060                     | 5.4%                 | 1,700            | 1,680          | 1,883   | 20                                  | (183)  | 5.6%                                 | 5.7%                                 | (0.1)            | Daiwa Real Estate Appraisal |
|                   | City House Keyaki Dori              | 1,111                     | 5.5%                 | 1,050            | 1,040          | 1,031   | 10                                  | 19   | 5.5%                                 | 5.6%                                 | (0.1)            | Daiwa Real Estate Appraisal |
|                   | Aqualia Kego                        | 2,800                     | 6.3%                 | 3,320            | 3,270          | 2,763   | 50                                  | 557  | 5.5%                                 | 5.6%                                 | (0.1)            | Japan Real Estate Institute |
|                   | Aqualia Chihaya                     | 1,280                     | 6.8%                 | 1,430            | 1,410          | 1,270   | 20                                  | 160  | 6.0%                                 | 6.1%                                 | (0.1)            | Japan Real Estate Institute |
|                   | D-Wing Tower (*3)                   | 2,800                     | 5.9%                 | 3,010            | 2,960          | 2,863   | 50                                  | 147  | 5.5%                                 | 5.6%                                 | (0.1)            | Tanizawa Sogo Appraisal     |
|                   | Hotel FORZA Oita(*3)                | 1,530                     | 6.6%                 | 1,530            | 1,530          | 1,537   | 0                                   | (7)  | 6.6%                                 | 6.6%                                 | -                | Japan Real Estate Institute |
|                   | <b>Total of others</b>              | <b>11,581</b>             | <b>-</b>             | <b>12,040</b>    | <b>11,890</b>  | <b>11,349</b>                                   | <b>150</b>                          | <b>691</b>   | <b>-</b>                             | <b>-</b>                             | <b>-</b>         |                             |
|                   | <b>Total properties</b>             | <b>163,404</b>            | <b>-</b>             | <b>167,095</b>   | <b>166,355</b> | <b>158,851</b>                                  | <b>740</b>                          | <b>8,243</b>   | <b>-</b>                             | <b>-</b>                             | <b>-</b>         |                             |

(\*1) It does not include "construction in progress" in amount recognized in balance sheet at the end of period.

(\*2) "Acquisition price" does not include fees, public charge and expenses.

(\*3) The appraisal value at the time of acquisition is stated for the appraisal value at the end of the previous fiscal period.



# Business forecast (19th fiscal period)

No change from the previous dividend forecast of 16,200 yen

## Forecast in 19th fiscal period

- unit : mm yen (Figures rounded down to nearest mm yen)

Sign indicates impact on net income (unit : mm yen)

| Category                | 18th Results<br>A | 19th Forecast at 17th<br>B | 19th Forecast at 18th<br>C | 18th results variation<br>C-A | 19th forecast variation<br>C-B |
|-------------------------|-------------------|----------------------------|----------------------------|-------------------------------|--------------------------------|
| Operating revenues      | 7,565             | 7,515                      | 7,556                      | ① (8)                         | 41                             |
| Operating expenses      | 4,716             | 4,703                      | 4,753                      | ② 36                          | 50                             |
| Operating income        | 2,848             | 2,812                      | 2,803                      | (45)                          | (9)                            |
| Non-operating income    | 1                 | 1                          | 1                          | 0                             | 0                              |
| Non-operating expenses  | 577               | 577                        | 568                        | ③ (9)                         | (9)                            |
| Ordinary income         | 2,272             | 2,236                      | 2,236                      | (35)                          | (0)                            |
| Net income              | 2,271             | 2,235                      | 2,235                      | (35)                          | (0)                            |
| Dividend per unit (yen) | 16,458            | 16,200                     | 16,200                     | (258)                         | 0                              |

### Variance between 18th fiscal period results and 19th fiscal period forecast

|  |             |
|--|-------------|
| ① Newly acquired properties  | +20         |
| Canal City Hakata  | (22)        |
| Canal City Hakata・B  | (10)        |
| Park Place Oita  | +19         |
| -Of which, revenue from tenant lease cancellation penalties                  | +41         |
| -Of which, temporary downtime prior to expansion                             | (20)        |
| SunLiveCity Kokura   | (5)         |
| -Of which, decrease in variable rent accompanying tenant replacement         |             |
| Passive retail   | +2          |
| Office buildings   | (14)        |
| -Of which, downtime accompanying tenant turnover                             | (10)        |
| -Of which, nonrecurrence of revenue from tenant lease cancellation penalties | (4)         |
| Others   | +2          |
| <b>Total:</b>  | <b>(8)</b>  |
| ② Depreciation and repair & maintenance expenses                             | +9          |
| Utility expenses   | +7          |
| Others   | (52)        |
| -Of which, Park Place Oita retirement  | (39)        |
| -Of which, yearly payment of credit rating expenses                          | (7)         |
| <b>Total:</b>  | <b>(36)</b> |
| ③ Debt-related expenses  | +9          |
| <b>Total:</b>  | <b>+9</b>   |

# Business forecast (20th fiscal period)

Partial absorption of the taxes and public dues of new properties (36 mm yen)

## Forecast in 20th fiscal period

- unit : mm yen (Figures rounded down to nearest mm yen)

| Category                | 19th<br>Forecast<br>at 18th<br>A | 20th<br>Forecast<br>at 18th<br>B | 19th<br>forecast<br>variation<br>B-A |
|-------------------------|----------------------------------|----------------------------------|--------------------------------------|
| Operating revenues      | 7,556                            | 7,661                            | ① 104                                |
| Operating expenses      | 4,753                            | 4,883                            | ② 130                                |
| Operating income        | 2,803                            | 2,777                            | (25)                                 |
| Non-operating income    | 1                                | 1                                | 0                                    |
| Non-operating expenses  | 568                              | 569                              | ③ 1                                  |
| Ordinary income         | 2,236                            | 2,208                            | (27)                                 |
| Net income              | 2,235                            | 2,207                            | (27)                                 |
| Dividend per unit (yen) | 16,200                           | 16,000                           | (200)                                |

Sign indicates impact on net income (unit : mm yen)

## Variance from updated 19th fiscal period forecast

|   |      |
|---|------|
| ① Canal City Hakata   | +2   |
| Canal City Hakata・B   | +9   |
| Park Place Oita   | +59  |
| -Of which, rent increase accompanying expansion                               | +80  |
| -Of which, nonrecurrence of revenue from tenant lease cancellation penalties  | (41) |
| -Of which, utility reimbursement, etc.  | +20  |
| SunLiveCity Kokura  | +18  |
| (Recovery in variable rent accompanying tenant turnover)                      |      |
| Office buildings  | +12  |
| (Vacancy rate improvement / expiration of free rent)                          |      |
| Others  | +4   |
| <b>Total: +104</b>  |      |
| ② Outsourcing fees  | (39) |
| -Of which, Park Place Oita expansion, etc.                                    | (39) |
| Depreciation and repair & maintenance expenses                                | (45) |
| -Of which, Park Place Oita expansion, etc.                                    | (32) |
| -Of which, Canal City Hakata  | (13) |
| Utility expenses  | (30) |
| -Of which, Park Place Oita  | (23) |
| Taxes and public dues   | (36) |
| Others  | +20  |
| -Of which, nonrecurrence of Park Place Oita retirement in the previous period | +39  |
| <b>Total: (130)</b>   |      |
| ③ Debt-related expenses   | (6)  |
| Amortization of investment unit issuance expenses                             | +5   |
| <b>Total: (1)</b>   |      |



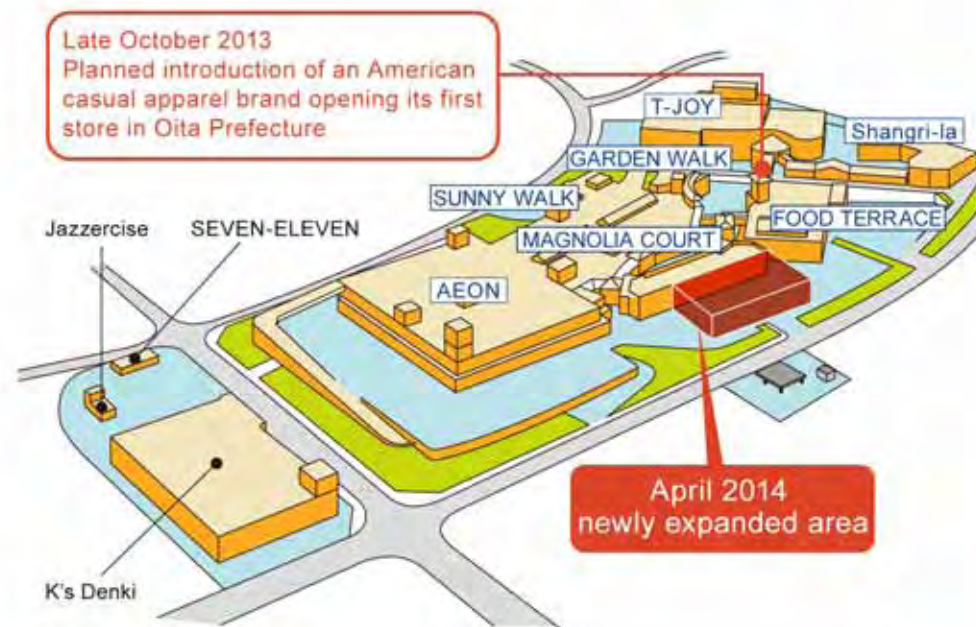
# Park Place Oita expansion plan in 20th fiscal period

Undertake further property rejuvenation through expansion

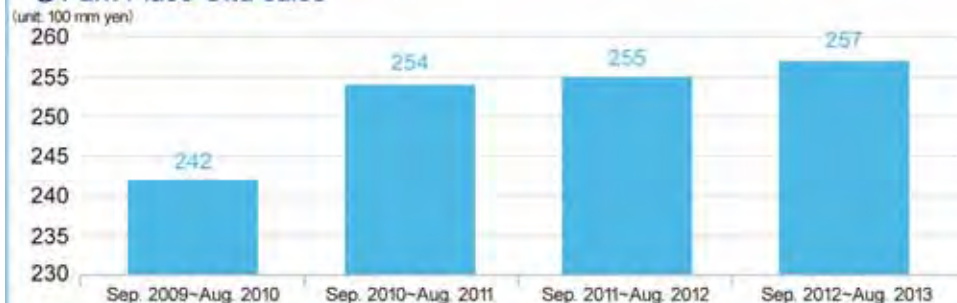
## ■ Aerial view of Park Place Oita



## ■ Park Place Oita renovation



## ◎ Park Place Oita sales



## ◎ Expansion overview

Total floor area: 6,312.24 m<sup>2</sup>

Building construction:  
2-story steel construction

Total construction cost:  
approx. 999 mm yen (Including investigation  
expenses, registration and license tax, etc.)

Opening: April 18, 2014 (planned)

- Planned introduction of fast fashion tenants that attracts many shoppers.
- Undertake rejuvenation of the property as a whole by promoting changes such as the introduction of a tenant opening its first store in Oita Prefecture.

# Dividend's track record

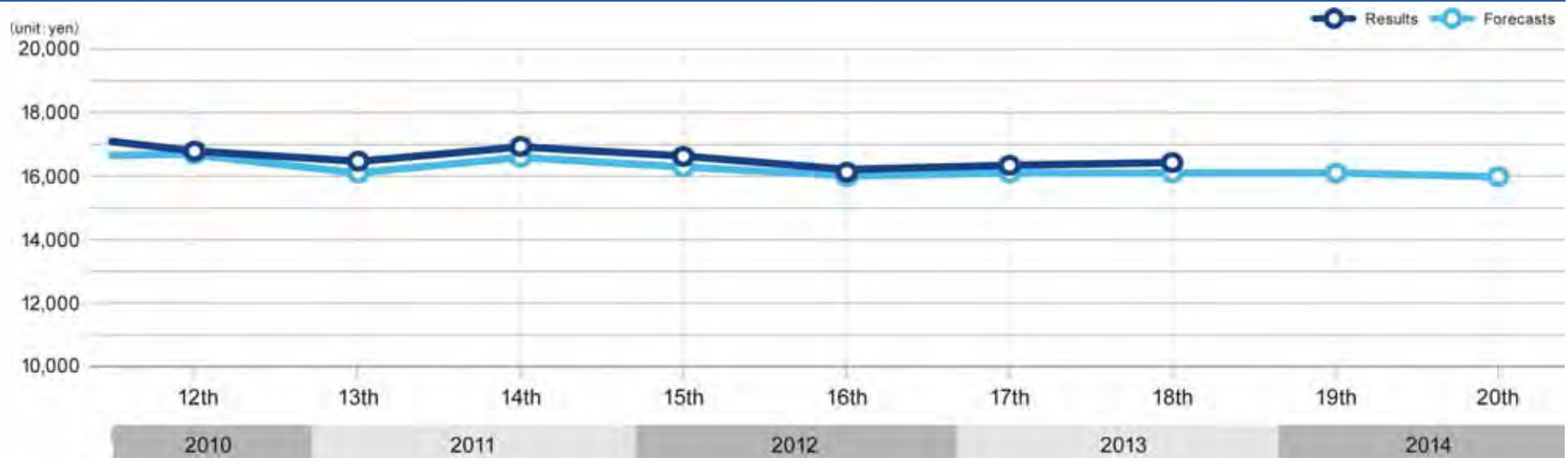
Keeping a stable dividend

## Dividend results / forecasts

(unit : yen)

| Fiscal period | 12th   | 13th   | 14th   | 15th   | 16th   | 17th   | 18th   | 19th   | 20th   |
|---------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Results       | 16,783 | 16,465 | 16,922 | 16,621 | 16,193 | 16,289 | 16,458 |        |        |
| Forecasts     | 16,700 | 16,100 | 16,600 | 16,300 | 16,000 | 16,200 | 16,200 | 16,200 | 16,000 |

## Dividend's track record





# Key financing events in 18th fiscal period

Committed credit line's undrawn balance : 12 bn yen

## ■ Key financing events in 18th fiscal period

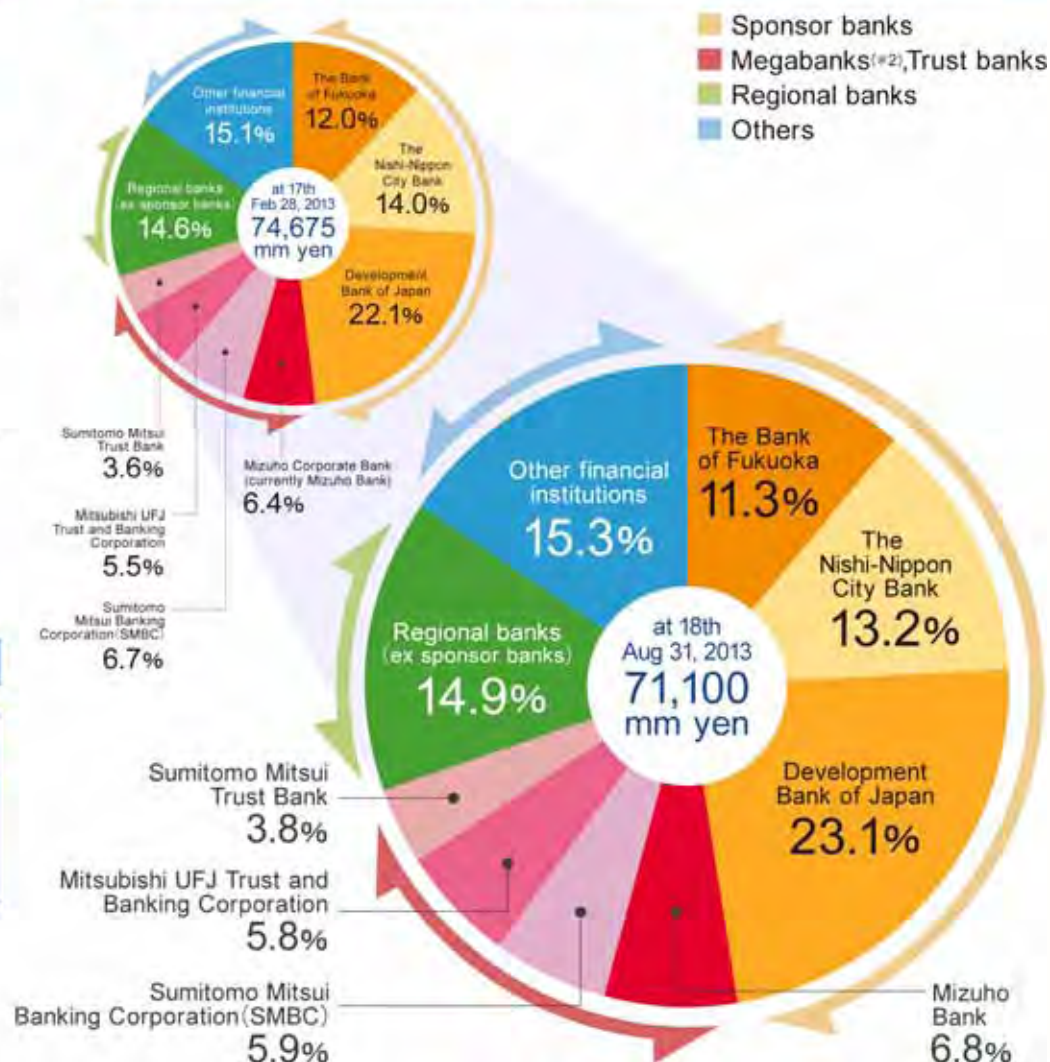
- March, 2013
- Repaid debt with public offering proceeds (3,500 mm yen)
  - Fixing of interest rates through interest swap agreements (estimated principal of 8,000 mm yen)
  - Refinanced maturing debt by Mitsubishi UFJ Trust and Banking Corporation (600 mm yen, 5-year loan (previously 3-year))
- June, 2013
- Refinanced maturing debt by Aozora Bank (1,000 mm yen, 7-year loan (previously 5-year))
- July, 2013
- Extension of committed line of credit arranged by The Bank of Fukuoka (Credit limit 6,000 mm yen, 1 year committed term)

## ■ Credit ratings (\*1)

|                              |                              |                               |
|------------------------------|------------------------------|-------------------------------|
| S&P<br><b>A-</b><br>(Stable) | R&I<br><b>A+</b><br>(Stable) | JCR<br><b>AA-</b><br>(Stable) |
|------------------------------|------------------------------|-------------------------------|

(\*1) S&P: long-term issuer rating obtained from Standard & Poor's Rating Japan K.K. (S&P)  
R&I: issuer rating obtained from Rating and Investment Information, Inc. (R&I)  
JCR: long-term senior debt rating obtained from Japan Credit Rating Agency, Ltd. (JCR)  
(\*2) Megabanks are Mizuho Bank, Sumitomo Mitsui Banking Corporation, and Bank of Tokyo-Mitsubishi UFJ  
\*Ratings are current as of August 31, 2013.

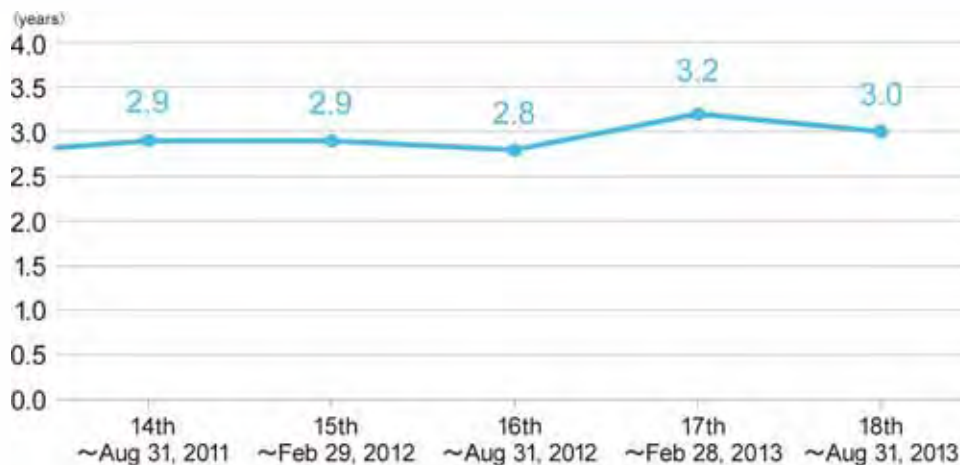
## ■ Breakdown of debt by lenders



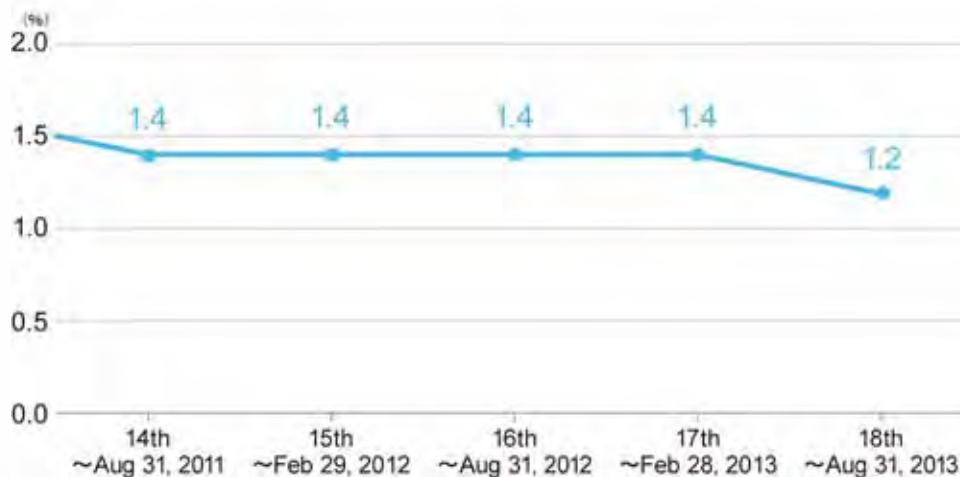
# Borrowings profile

Maintaining the stable financial conditions

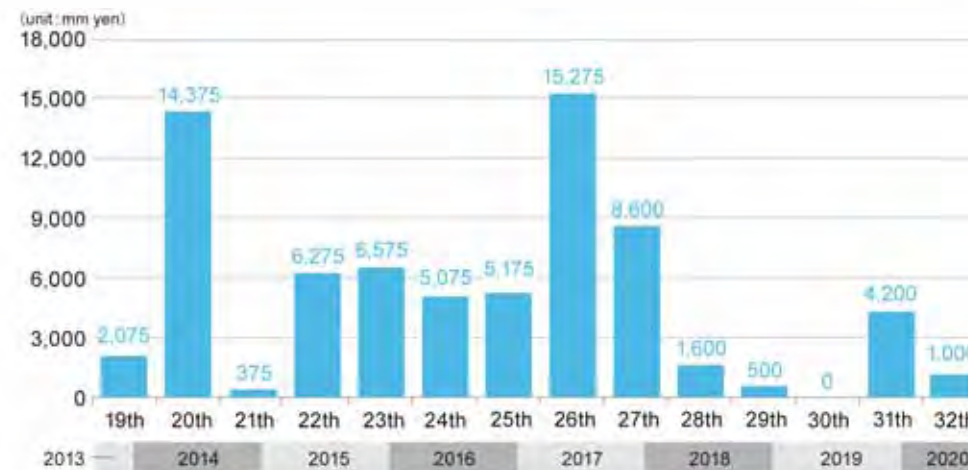
## ■ Duration –average time to maturity (years)



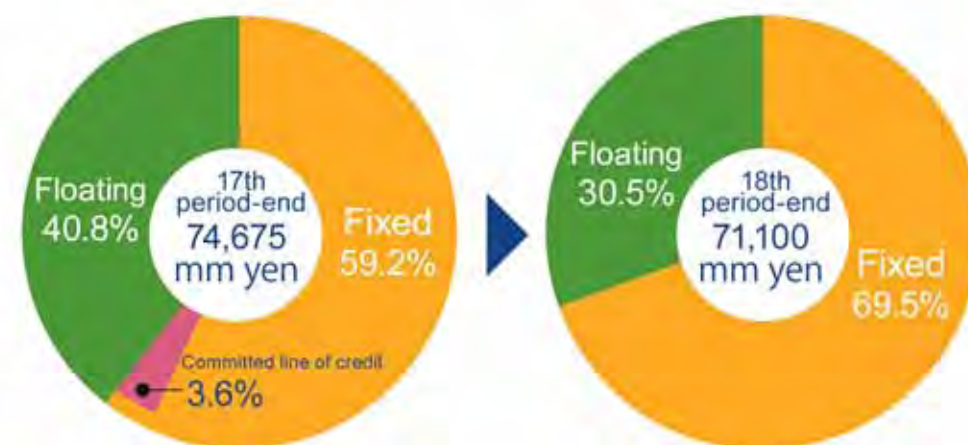
## ■ Average interest rate paid during fiscal periods



## ■ Diversification of debt maturities



## ■ Proportions of fixed and floating rate





# List of borrowings

## Stable financing

(As of August 31, 2013)

| Type                                   | Lender   | Amount(JPY)           | Borrowing Date | Repayment Maturity | Payment Method                 | Annual Interest    | Description                   |
|--|--|-----------------------|----------------|--------------------|--------------------------------|--------------------|-------------------------------|
| Short-term debt                        | <b>Subtotal</b>  | <b>0</b>              | -              | -                  | -                              | -                  | -                             |
| Long-term debt payable due within year | Sumitomo Mitsui Banking Corporation  | 2,000,000,000         | Jun 30, 2010   | Dec 30, 2013       | Lump-sum payment upon maturity | 1.03000% (*1) (*4) | No collateral<br>No guarantee |
|  | Mizuho Bank, The Nourinchukin Bank, The Hiroshima Bank, The Kitakyushu Bank, The Iyo Bank, The Bank of Saga, Higo Bank, Shinwa Bank                                  | 10,300,000,000        | Jul 30, 2010   | Jul 31, 2014       |                                | 1.41000% (*3)      |                               |
|  | Development Bank of Japan Inc.   | 4,000,000,000         | Aug 31, 2009   | Aug 29, 2014       |                                | 1.71000% (*2)      |                               |
|  | <b>Subtotal</b>  | <b>16,300,000,000</b> |                |                    |                                |                    |                               |
| Long-term debt                         | Development Bank of Japan Inc.   | 2,400,000,000         | Jun 30, 2009   | Jun 30, 2017       | Repayment instalment (*5)      | 2.20000% (*2)      | No collateral<br>No guarantee |
|  | Development Bank of Japan Inc.   | 4,000,000,000         | Aug 31, 2009   | Aug 31, 2015       |                                | 1.95000% (*2)      |                               |
|  | Development Bank of Japan Inc.   | 4,000,000,000         | Aug 31, 2009   | Aug 31, 2016       |                                | 2.17000% (*2)      |                               |
|  | Sumitomo Mitsui Banking Corporation  | 1,200,000,000         | Jun 30, 2010   | Jun 30, 2015       |                                | 1.13000% (*1) (*4) |                               |
|  | Resona Bank  | 300,000,000           | Sep 30, 2010   | Sep 30, 2014       |                                | 1.32493% (*2)      |                               |
|  | The Bank of Fukuoka  | 1,500,000,000         | Dec 30, 2010   | Dec 30, 2016       |                                | 0.68000% (*1) (*4) |                               |
|  | The Bank of Fukuoka  | 2,000,000,000         | Mar 1, 2011    | Feb 29, 2016       |                                | 0.68000% (*1) (*6) |                               |
|  | The Nishi-Nippon City Bank   | 2,000,000,000         | Mar 1, 2011    | Feb 29, 2016       |                                | 0.77400% (*3)      |                               |
|  | Development Bank of Japan Inc.   | 2,000,000,000         | Mar 1, 2011    | Feb 29, 2016       |                                | 0.83000% (*1) (*6) |                               |
|  | The Bank of Fukuoka  | 2,000,000,000         | Jul 29, 2011   | Jul 31, 2017       |                                | 1.30452% (*2)      |                               |
|  | The Nishi-Nippon City Bank   | 2,000,000,000         | Jul 29, 2011   | Jul 31, 2017       |                                | 1.30452% (*2)      |                               |
|  | The Dai-ichi Mutual Life Insurance   | 1,000,000,000         | Jul 29, 2011   | Jul 31, 2018       |                                | 1.80000% (*2)      |                               |
|  | Shinsei Bank   | 1,000,000,000         | Jul 29, 2011   | Jul 29, 2016       |                                | 1.20829% (*2)      |                               |
|  | Sumitomo Mitsui Trust Bank   | 1,000,000,000         | Jul 29, 2011   | Jul 31, 2015       |                                | 1.04086% (*2)      |                               |
|  | The Bank of Fukuoka  | 1,500,000,000         | Dec 30, 2011   | Dec 30, 2017       |                                | 0.83000% (*1) (*4) |                               |
|  | The Hiroshima Bank   | 500,000,000           | Dec 30, 2011   | Dec 30, 2016       |                                | 1.18195% (*2)      |                               |
|  | Oita Bank  | 500,000,000           | Dec 30, 2011   | Dec 30, 2016       |                                | 1.18195% (*2)      |                               |
|  | The Eighteenth Bank  | 500,000,000           | Dec 30, 2011   | Dec 30, 2016       |                                | 1.18195% (*2)      |                               |
|  | Shinwa Bank  | 500,000,000           | Dec 30, 2011   | Dec 30, 2016       |                                | 1.18195% (*2)      |                               |
|  | The Kitakyushu Bank  | 500,000,000           | Dec 30, 2011   | Dec 30, 2016       | Lump-sum payment upon maturity | 1.18195% (*2)      |                               |
|  | Kagoshima Bank   | 100,000,000           | Jan 31, 2012   | Jan 31, 2017       |                                | 1.16841% (*2)      |                               |
|  | Resona Bank  | 400,000,000           | Jan 31, 2012   | Jan 31, 2017       |                                | 1.21841% (*2)      |                               |
|  | Sumitomo Mitsui Banking Corporation  | 500,000,000           | Jan 31, 2012   | Jan 31, 2019       |                                | 1.33830% (*2)      |                               |
|  | Mizuho Bank  | 500,000,000           | Feb 29, 2012   | Feb 29, 2016       |                                | 1.11724% (*2)      |                               |
|  | Mitsubishi UFJ Trust and Banking Corporation   | 2,000,000,000         | Mar 1, 2012    | Mar 31, 2017       |                                | 1.16973% (*2)      |                               |
|  | Sumitomo Mitsui Banking Corporation  | 500,000,000           | Mar 30, 2012   | Mar 31, 2017       |                                | 1.20346% (*2)      |                               |
|  | Resona Bank  | 600,000,000           | Mar 30, 2012   | Mar 31, 2017       |                                | 1.25346% (*2)      |                               |
|  | Higo Bank  | 300,000,000           | Mar 30, 2012   | Mar 31, 2017       |                                | 1.20346% (*2)      |                               |
|  | The Bank of Fukuoka, The Nishi-Nippon City Bank, Oita Bank, The Miyazaki Bank, Shinwa Bank, The Iyo Bank, The Bank of Saga, The Eighteenth Bank, The Kitakyushu Bank | 6,000,000,000         | Jun 29, 2012   | Jun 30, 2017       |                                | 0.85750% (*3)      |                               |
|  | Sumitomo Mitsui Trust Bank   | 600,000,000           | Sep 28, 2012   | Sep 30, 2016       |                                | 0.63000% (*1) (*4) |                               |
|  | Resona Bank  | 2,000,000,000         | Sep 28, 2012   | Sep 29, 2017       |                                | 1.03319% (*2)      |                               |
|  | The Nishi-Nippon City Bank   | 2,500,000,000         | Feb 1, 2013    | Feb 29, 2020       |                                | 0.73000% (*1) (*6) |                               |
|  | The Nishi-Nippon City Bank   | 1,900,000,000         | Feb 28, 2013   | Feb 28, 2018       |                                | 0.73000% (*1) (*6) |                               |
|  | Mizuho Corporate Bank  | 1,700,000,000         | Feb 28, 2013   | Feb 29, 2020       |                                | 0.73000% (*1) (*6) |                               |
|  | Sumitomo Mitsui Trust Bank   | 1,100,000,000         | Feb 28, 2013   | Feb 28, 2018       |                                | 0.78000% (*1) (*6) |                               |
|  | Mitsubishi UFJ Trust and Banking Corporation   | 1,500,000,000         | Feb 28, 2013   | Feb 28, 2018       |                                | 0.58000% (*1) (*6) |                               |
|  | Aozora Bank  | 600,000,000           | Feb 28, 2013   | Feb 28, 2018       |                                | 0.58000% (*1) (*6) |                               |
|  | Mitsubishi UFJ Trust and Banking Corporation   | 600,000,000           | Mar 29, 2013   | Mar 30, 2018       |                                | 0.58000% (*1) (*4) |                               |
|  | Aozora Bank  | 1,000,000,000         | Jun 28, 2013   | Jun 30, 2020       |                                | 0.63000% (*1) (*4) |                               |
|  | <b>Subtotal</b>  | <b>54,800,000,000</b> |                |                    |                                |                    |                               |
| Committed line of credit               | <b>Subtotal</b>  | <b>0</b>              | -              | -                  | -                              | -                  | -                             |
|  | <b>Total</b>   | <b>71,100,000,000</b> |                |                    |                                |                    |                               |

## Committed line of credit

| Type                       | Lender  | Credit Limit(JPY)     | Commitment Period |              | Type                          |
|----------------------------|---|-----------------------|-------------------|--------------|-------------------------------|
|                            |   |                       | Start             | End          |                               |
| Committed line of credit 1 | The Bank of Fukuoka, Resona Bank, Kumamoto Bank, Shinwa Bank  | 6,000,000,000         | Aug 1, 2013       | Jul 31, 2014 | No collateral<br>No guarantee |
| Committed line of credit 2 | The Nishi-Nippon City Bank, Resona Bank, The Bank of Nagasaki | 6,000,000,000         | Mar 1, 2012       | Feb 28, 2014 |                               |
|                            | <b>Total</b>  | <b>12,000,000,000</b> |                   |              |                               |

- (\*1) It is variable interest.  
 (\*2) It is fixed interest.  
 (\*3) A swap agreement has been concluded to fix the interest rate on variable interest debt and the indicated interest rate is the rate when the swap agreement is incorporated.  
 (\*4) It is from June 28, 2013 to September 30, 2013 (not including the concerned date).  
 (\*5) 75 mm yen at end-December and end-June (5% of initial annually) remaining balance of 1,875 mm yen to be repaid on final principal repayment date.  
 (\*6) It is from August 30, 2013 to November 29, 2013 (not including the concerned date).

# Interest-bearing debt and LTV

LTV lowered as a result of public offering

■ Total assets, interest-bearing debt and LTV





# Recent investments

Acquisition of four properties (three from outside parties) in 2013

## Tenjin Nishi-Dori Center Building

Acquisition date : February 1, 2013



| Seller                         | Outside party          |
|--------------------------------|------------------------|
| Acquisition method             | Negotiated transaction |
| Acquisition price              | 2,600 mm yen           |
| Appraisal value at acquisition | 2,600 mm yen           |
| Appraisal value at the 18th    | 2,690 mm yen           |
| Acquisition cap rate           | 5.4%                   |
| Appraisal cap at acquisition   | 5.4%                   |
| Appraisal cap at the 18th      | 5.2%                   |

## D-Wing Tower

Acquisition date : March 1, 2013



| Seller                         | Outside party          |
|--------------------------------|------------------------|
| Acquisition method             | Negotiated transaction |
| Acquisition price              | 2,800 mm yen           |
| Appraisal value at acquisition | 2,960 mm yen           |
| Appraisal value at the 18th    | 3,010 mm yen           |
| Acquisition cap rate           | 5.9%                   |
| Appraisal cap at acquisition   | 5.6%                   |
| Appraisal cap at the 18th      | 5.5%                   |

## Hotel FORZA Oita

Acquisition date : March 1, 2013



| Seller                         | Sponsor company        |
|--------------------------------|------------------------|
| Acquisition method             | Negotiated transaction |
| Acquisition price              | 1,530 mm yen           |
| Appraisal value at acquisition | 1,530 mm yen           |
| Appraisal value at the 18th    | 1,530 mm yen           |
| Acquisition cap rate           | 6.6%                   |
| Appraisal cap at acquisition   | 6.6%                   |
| Appraisal cap at the 18th      | 6.6%                   |

## Tenjin North Front Building

Acquisition date : March 28, 2013



| Seller                         | Outside party          |
|--------------------------------|------------------------|
| Acquisition method             | Negotiated transaction |
| Acquisition price              | 2,800 mm yen           |
| Appraisal value at acquisition | 2,920 mm yen           |
| Appraisal value at the 18th    | 2,940 mm yen           |
| Acquisition cap rate           | 6.1%                   |
| Appraisal cap at acquisition   | 5.8%                   |
| Appraisal cap at the 18th      | 5.7%                   |

※ Acquisition cap rate = direct capitalization: NCF / acquisition price × 100 (%)

# Appraisal value of areas targeted for investment

Act Local—Selecting properties for long-term investment as a regionally-focused REIT

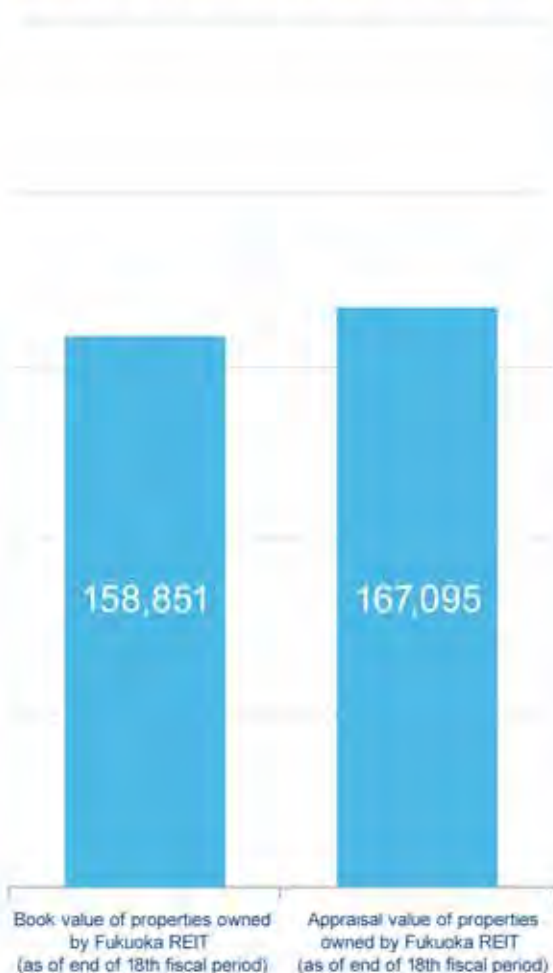
■ Properties owned by J-REIT in Kyushu and Okinawa

(Unit: mm yen)



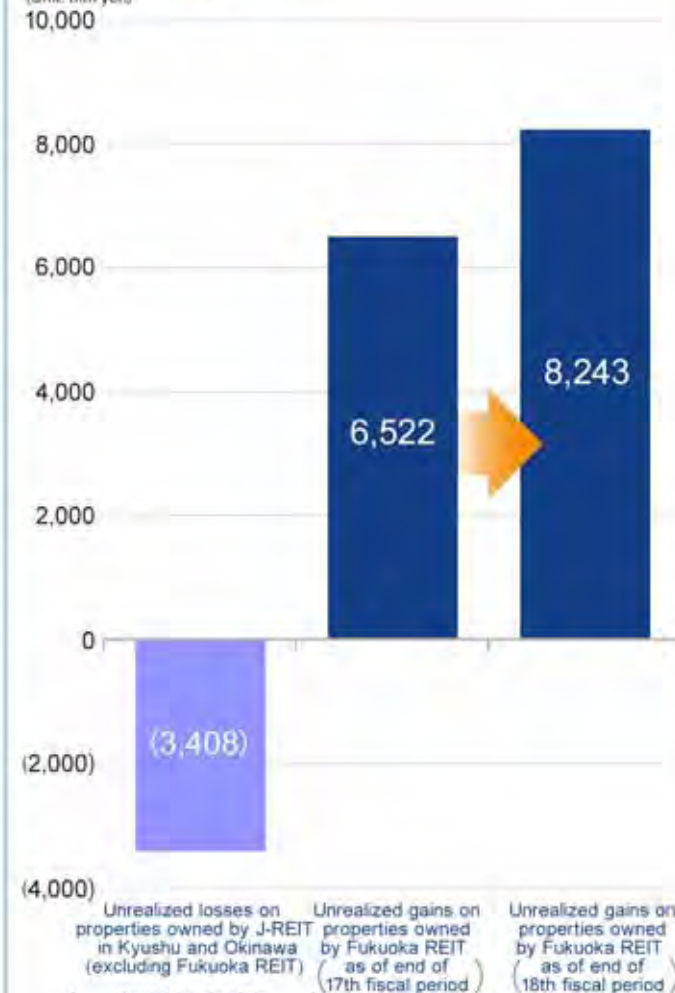
(According to data from the ARES J-REIT Property Database as of September 30, 2013)

■ Properties owned by Fukuoka REIT



◎ Unrealized gains/losses

(Unit: mm yen)



(According to data from the ARES J-REIT Property Database as of September 30, 2013)

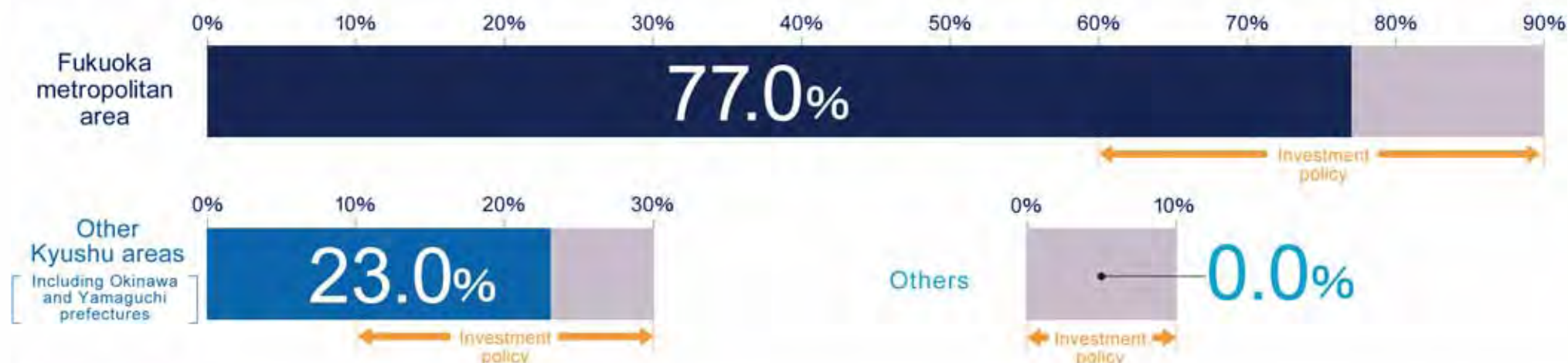


# Fukuoka REIT's portfolio

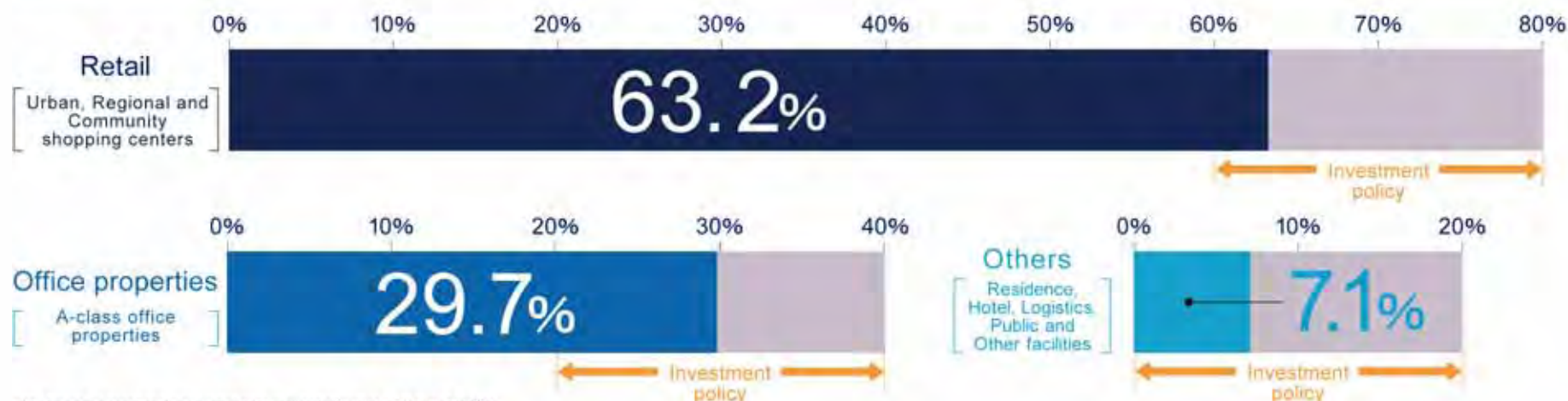
Acquiring diverse properties as a general REIT

## ◎Investment area

(as of August 31, 2013)



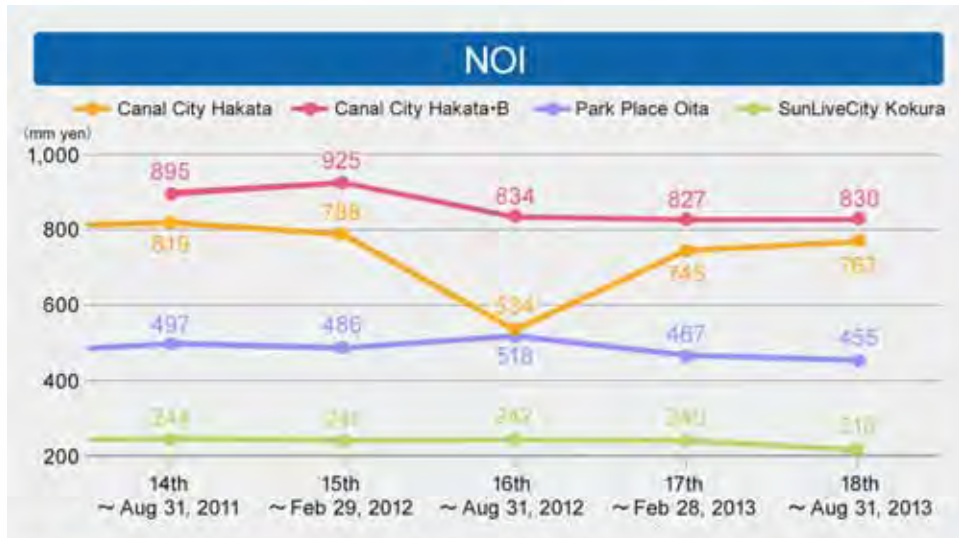
## ◎Investment type



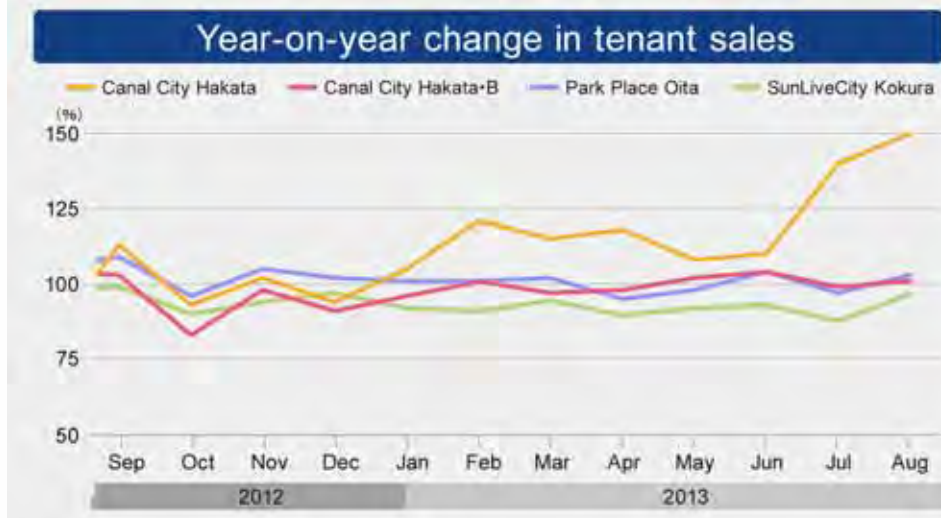
\* The figures are based on the acquisition price of owned properties as of August 31, 2013.

# Active retail

## Sales recovery at Canal City Hakata after renovation and reopening of South Building



\* The above graph plots the four properties' respective NOI, rounded down to the nearest mm yen, by fiscal period.



### Canal City Hakata Canal City Hakata•B



### Park Place Oita



### SunLiveCity Kokura



Sales (annual total) (\*1)

| Period                | Sales (annual total) |
|-----------------------|----------------------|
| Sep. 2011 – Aug. 2012 | 26.5 bn yen          |
| Sep. 2012 – Aug. 2013 | 27.2 bn yen          |

**+2.6%**

Renovations were completed at South Building during Feb. to Sep., 2012, which made a full-year sales contribution. Merchandise and food and beverage sales at the 4th floor of Center Walk developed favorably on the whole.

(\*1) Total sales for Fukuoka REIT-owned Canal City Hakata and Canal City Hakata•B

Sales (annual total)

| Period                | Sales (annual total) |
|-----------------------|----------------------|
| Sep. 2011 – Aug. 2012 | 25.5 bn yen          |
| Sep. 2012 – Aug. 2013 | 25.7 bn yen          |

**+0.9%**

Sales increased due to completion of enlargement of the Shangri-La Zone in June 2012. Further strengthen the position by the expansion scheduled to open in April 2014 and the attraction of tenants new to Oita Prefecture to achieve differentiation from competitors amid homogenization.

Sales (annual total) (\*2)

| Period                | Sales (annual total) |
|-----------------------|----------------------|
| Sep. 2011 – Aug. 2012 | —                    |
| Sep. 2012 – Aug. 2013 | —                    |

**(6.8)%**

Although sales continuously increased following the opening in 2005, they decreased this term due to the opening of another SunLive store in the same trade area. Renovation is scheduled for completion at the beginning of the 20th fiscal period and sales recovery is planned during the 20th fiscal period.

(\*2) Sales figures are omitted because SunLive did not consent to their disclosure.

\* Sales are rounded off to the nearest 100 mm yen.



# What's new at Canal City Hakata

Large-scale renovations at Canal City Hakata were completed, and summer events were well received

## ■ Trend of foreign visitors to Fukuoka Prefecture



Source: Japan Tourism Agency "Statistical Survey on Overnight Travel" (figures published June 2013)

◎Summer Splash, a summer event



◎First-time hosting of the Focus on Asia Fukuoka International Film Festival



Also hosted Gundam World 2013 in Hakata and other events from autumn onward



# Breakdown of active retail rents

Rents have recovered following renovations at Canal City

## Breakdown of rents by property



## Breakdown of total rents

◎ Total rents in 17th fiscal period :  
3,900 mm yen

Variable rent :  
17.3%  
(676 mm yen)



◎ Total rents in 18th fiscal period :  
3,875 mm yen

Variable rent :  
17.1%  
(661 mm yen)

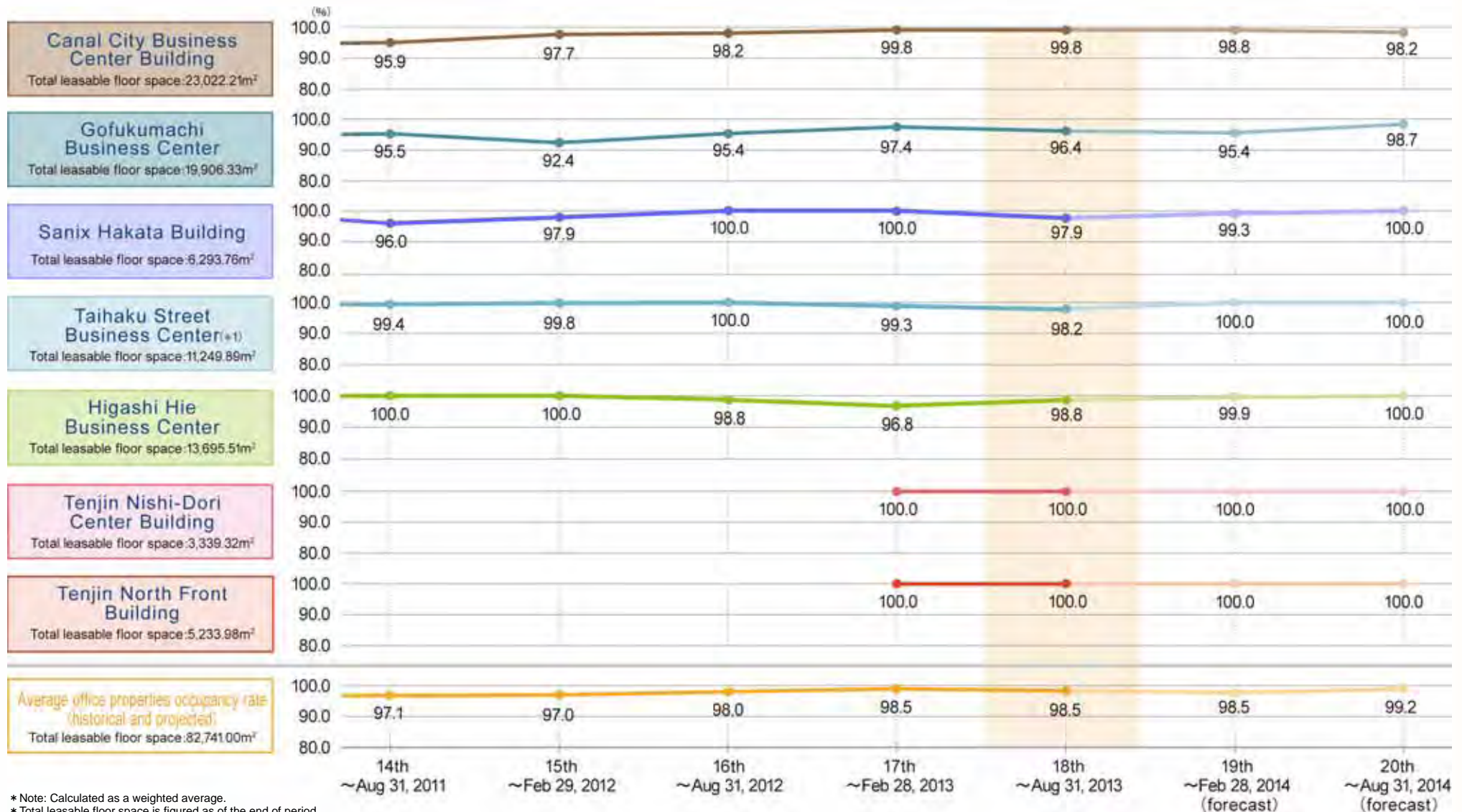


(\*) Fixed rent is the sum of property rental revenues derived from (1) fixed monthly rents, (2) the minimum guaranteed portion, if any, of rents from tenants with variable rent (pursuant to which monthly rent is partly or wholly calculated as a percentage of the tenants' monthly sales), (3) common area fees, and (4) parking fees are calculated by total rents from parking fee at Park Place Oita.

(\*) Variable rent is the sum of the portion of rents collected from tenants with variable rent that varies as a function of the tenants' sales.



# Historical and projected office properties occupancy rates



\* Note: Calculated as a weighted average.

\* Total leasable floor space is figured as of the end of period.

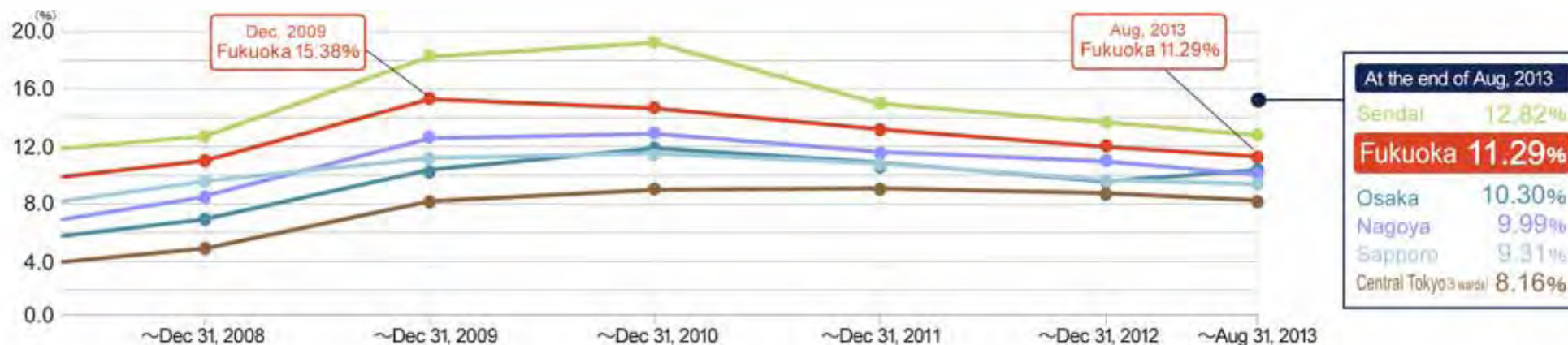
(\* 1) Residential floor spaces are removed regarding the total leasable floor space of Taihaku Street Business Center.



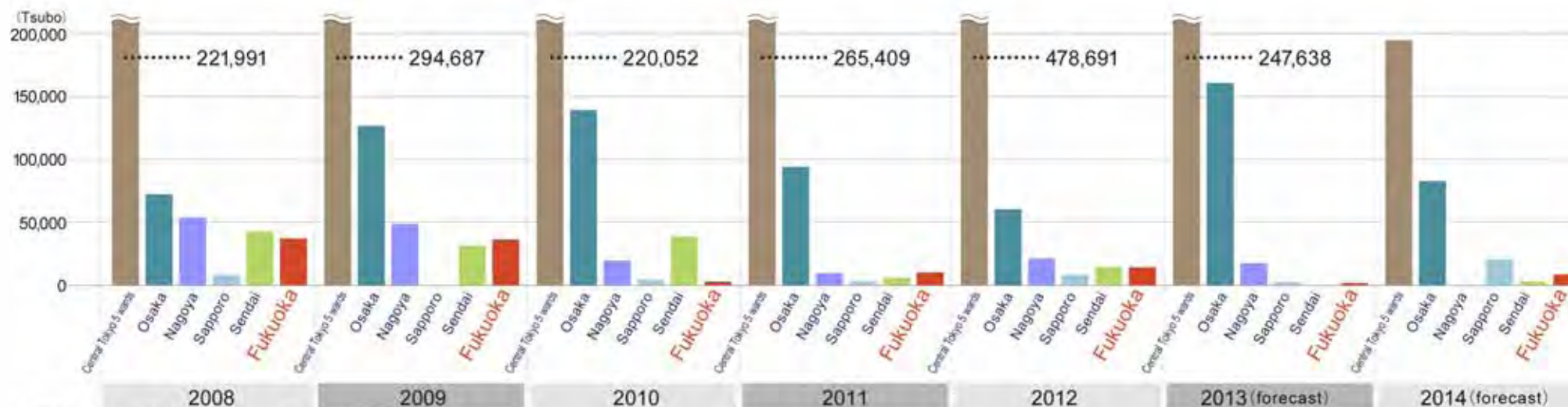
# Fukuoka office market

Office supply will remain limited in Fukuoka

## ■ Average vacancy rates in major Japanese cities



## ■ New supply in major cities



Source: Fukuoka Realty, based on data published by Miki Shoji Co., Ltd.



One building planned for completion in 2013 and another in 2014



Fukuoka REIT

# Appendix



# Profile

## Profile

|                        |  |
|------------------------|--|
| ■ <b>Name</b>          | Fukuoka REIT Corporation   |
| ■ <b>Asset manager</b> | Fukuoka Realty Co.,Ltd<br>Licensed by Fukuoka Local Finance Branch Bureau<br>(financial instruments)No.10  |
| ■ <b>Sponsors</b>      | Fukuoka Jisho Co.,Ltd, Kyushu Electric Power Co.,Inc, ROYAL HOLDINGS Co., Ltd., THE BANK OF FUKUOKA, LTD, The Nishi-Nippon City Bank Ltd., Nishi-Nippon Railroad Co., Ltd, Saibu Gas Co.,Ltd, Kyudenko Corporation, Kyushu Railway Company, Development Bank of Japan Inc. |
| ■ <b>Listed date</b>   | June 21, 2005 (Tokyo Stock Exchange, Fukuoka Stock Exchange)   |

## Financial highlight

|  |  |
|--|--|
| ■ <b>Total assets</b>                                    | 167.8 bn yen (as of August 31, 2013)                   |
| ■ <b>Total debt</b>                                      | 71.1 bn yen (as of August 31, 2013)                    |
| ■ <b>Credit ratings</b>                                  | S&P : A- (Stable) R&I : A+ (Stable) JCR : AA- (Stable) |
| ■ <b>LTV</b> (Interest-bearing liabilities/total assets) | 42.4%  |

## Dividend information

|                                     |   |
|-------------------------------------|---|
| ■ <b>The 18th fiscal period end</b> | August 31, 2013<br>(semi-annual periods ending every February and August) |
| ■ <b>Dividend (actual)</b>          | 16,458 yen per unit   |
| ■ <b>Days in fiscal period</b>      | 184 days  |
| ■ <b>Dividend yield</b>             | 4.5% [(Dividend / days in fiscal period x365) / unit price]               |

## Investment unit price

|   |  |
|---|--|
| ■ <b>Unit price</b>                             | 725,000 yen (as of August 31, 2013)                                      |
| ■ <b>Number of investment units outstanding</b> | 138,000 units (as of August 31, 2013)                                    |
| ■ <b>Market capitalization</b>                  | 100.0 bn yen<br>(unit price x outstanding units) (as of August 31, 2013) |
| ■ <b>Historical high</b>                        | 1,300,000 yen (February 26, 2007)  |
| ■ <b>Historical low</b>                         | 297,000 yen (November 20, 2008)  |
| ■ <b>Net asset value per share</b>              | 592,119 yen (as of August 31, 2013)                                      |
| ■ <b>Market net asset value per share</b>       | 651,857 yen (as of August 31, 2013)                                      |

Market net asset value per share = [(Total appraisal value at the end of period based on appraisal reports - Total book value at the end of period based on balance sheet) + (Net asset at the end of period)] / Outstanding units as of the end of period

## Portfolio summary (\*1)

|   |  |
|---|--|
| ■ <b>Asset type</b><br>(based on acquisition price)     | <div> <div>Retail 63.2%</div> <div>Office properties 29.7%</div> <div>Others 7.1%</div> </div> |
| ■ <b>Asset location</b><br>(based on acquisition price) | <div> <div>Fukuoka metropolitan area 77.0%</div> <div>Other Kyushu areas 23.0%</div> </div>    |
| ■ <b>Total leasable floor space</b>                     | 466,824.38m <sup>2</sup>   |
| ■ <b>Occupancy rates at the end of period</b>           | 98.8%  |

(\*1) Figures have been calculated by properties as of August 31, 2013.

# A real estate investment trust specializing in regional properties

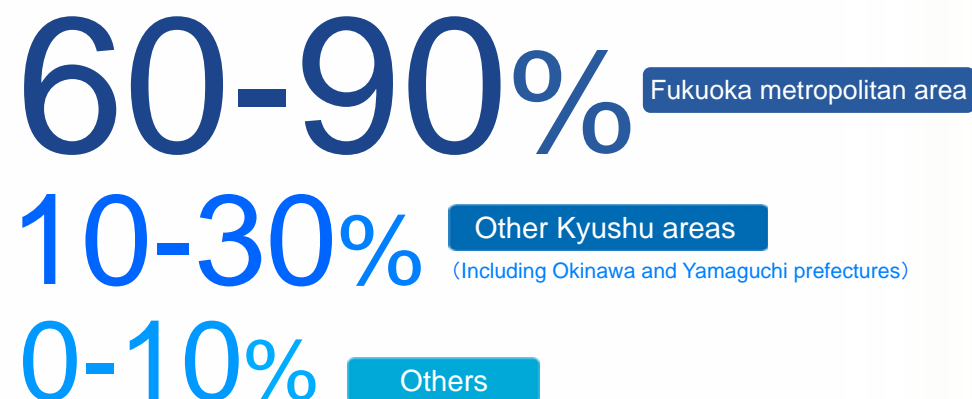
## ■ Sponsors



(\*1) Concluded MOU with Fukuoka REIT Co. and Fukuoka Realty Co. concerning pipeline support.

## ■ Investment policy

### ◎ Investment area



### ◎ Investment type

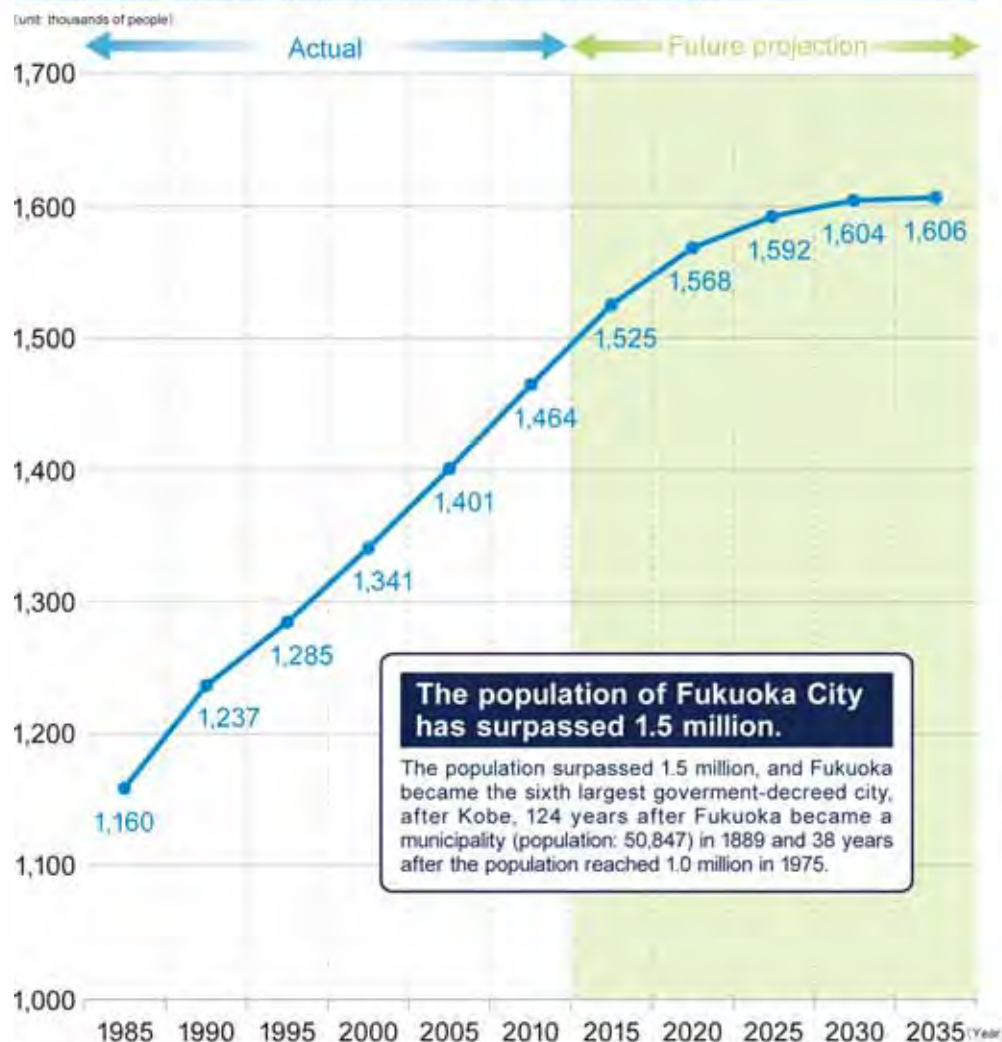




# Population movement of Fukuoka city

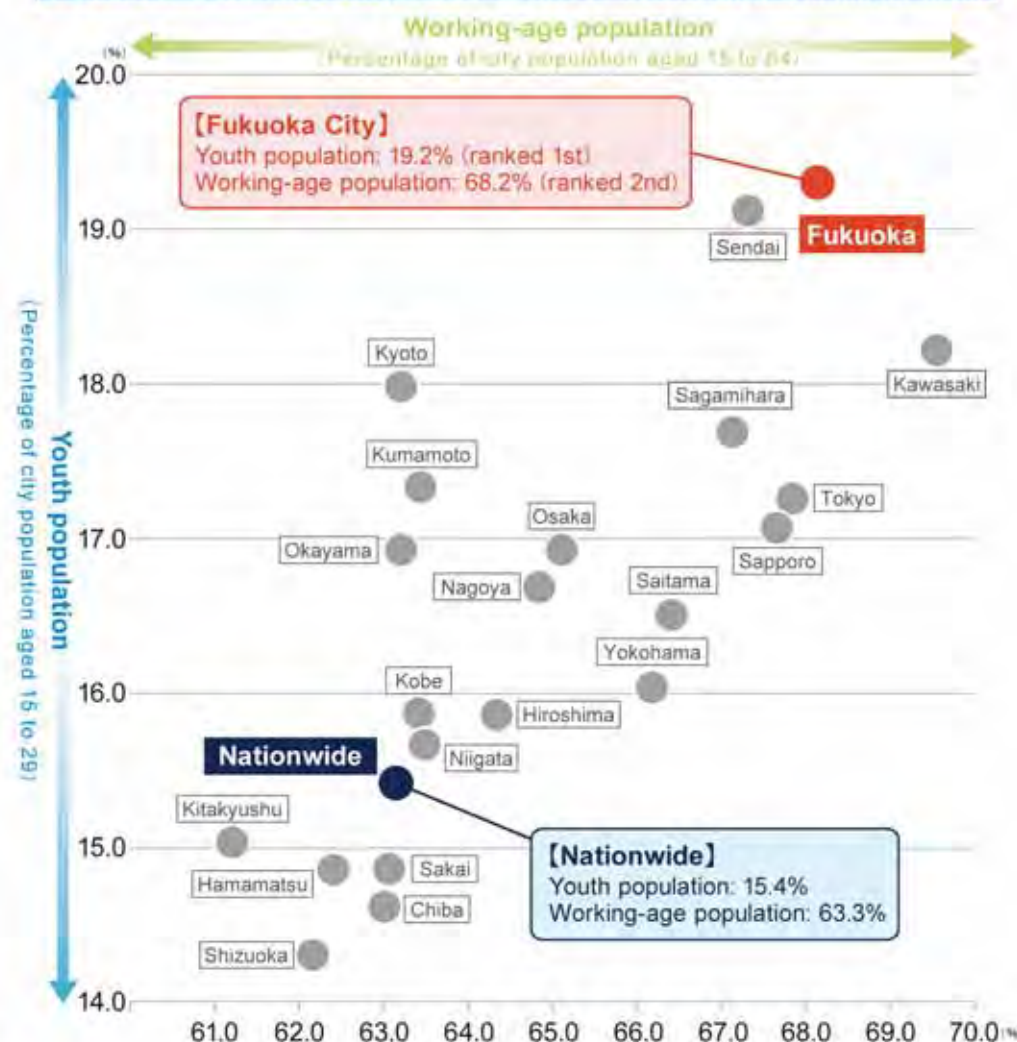
The population of Fukuoka City continues to increase

## ■ Total population movement of Fukuoka City



Source: Actual figures: Ministry of Internal Affairs and Communications "Population Census of Japan"  
Estimate: Fukuoka City General Affairs and Planning Bureau (Mar. 2012 estimate).

## ■ Youth and working-age population ratios nationwide and in major cities



Source: Ministry of Internal Affairs and Communications "2010 Population Census of Japan"

# Portfolio table

(as of August 31, 2013)

|                   | Real estate property name                   | Age<br>(* 1) | Acquisition<br>price(mm yen)<br>(* 2) | Investment<br>ratio | Acquisition<br>timing | Source<br>(* 3)           | Total<br>leasable<br>floor<br>space(m <sup>2</sup> ) | Occupancy<br>rate at end of<br>period | Number of<br>tenants at<br>end of period<br>(* 4) | Primary tenants<br>at end of period                              |
|-------------------|---|--------------|---------------------------------------|---------------------|-----------------------|---------------------------|--|---------------------------------------|---|--|
| Retail properties | Canal City Hakata                           | 17yr 4m      | 32,000                                | 19.6%               | Nov 9, 2004           | Sponsor                   | 46,486.61  | 99.7%                                 | 48  | Washington Hotel and<br>United Cinema Canal City 13              |
|                   | Canal City Hakata・B                         | 17yr 4m      | 28,700                                | 17.6%               | Mar 2, 2011           | Outside party<br>(SPC)    | 68,811.99  | 99.6%                                 | 51  | Grand Hyatt Fukuoka and<br>OPA                                   |
|                   | Park Place Oita                             | 11yr 5m      | 15,700                                | 9.6%                | Nov 9, 2004           | Sponsor                   | 104,917.10   | 97.9%                                 | 104   | AEON and K's Denki   |
|                   | SunLiveCity Kokura                          | 8yr 5m       | 6,633                                 | 4.1%                | Jul 1, 2005           | Outside party             | 61,450.22  | 100.0%                                | 1   | SunLive  |
|                   | Square Mall Kagoshima Usuki                 | 6yr11m       | 5,300                                 | 3.2%                | Sep 28, 2006          | Sponsor                   | 14,602.59  | 100.0%                                | 12  | Sports Depo / Golf5 and Don Quijote                              |
|                   | Kumamoto Intercommunity SC                  | 6yr 9m       | 2,400                                 | 1.5%                | Nov 30, 2006          | Sponsor                   | 6,968.66   | 100.0%                                | 2   | Sports Depo / Golf5 and<br>Starbucks Coffee                      |
|                   | AEON Hara Shopping Center                   | 36yr10m      | 5,410                                 | 3.3%                | Mar 1, 2007           | Sponsor                   | 27,313.53  | 100.0%                                | 1   | AEON   |
|                   | Hanahata SC                                 | 6yr 1m       | 1,130                                 | 0.7%                | Sep 3, 2007           | Sponsor                   | 2,801.15   | 100.0%                                | 2   | BON REPAS and Matsumoto Kiyoshi                                  |
|                   | Kurume Higashi Kushiwara SC                 | 5yr 8m       | 2,500                                 | 1.5%                | Feb 1, 2008           | Sponsor                   | 6,467.80   | 100.0%                                | 1   | Sports Depo / Golf5  |
|                   | K's Denki Kagoshima                         | 5yr 9m       | 3,550                                 | 2.2%                | Mar 27, 2008          | Outside party             | 7,296.17   | 100.0%                                | 1   | K's Denki  |
|                   | Total of retail properties                  | —            | 103,323                               | 63.2%               | —                     | —                         | 347,115.82   | 99.3%                                 | 223   | —  |
| Office properties | Canal City Business Center Building         | 17yr 4m      | 14,600                                | 8.9%                | Nov 9, 2004           | Sponsor                   | 23,022.21  | 100.0%                                | 60  | TOTO and Bell System24   |
|                   | Gofukumachi Business Center                 | 9yr10m       | 11,200                                | 6.9%                | Nov 9, 2004           | Sponsor                   | 19,906.33  | 97.0%                                 | 29  | Sumitomo Mitsui Banking Corporation and<br>NTT West Japan-Kyushu |
|                   | Sanix Hakata Building                       | 12yr 5m      | 4,400                                 | 2.7%                | Sep 30, 2005          | Outside party             | 6,293.76   | 95.8%                                 | 18  | SANIX and<br>The Nishi-Nippon City Bank                          |
|                   | Taihaku Street Business Center              | 11yr 5m      | 7,000                                 | 4.3%                | Mar 16, 2006          | Sponsor                   | 14,677.27  | 97.6%                                 | 65  | NTT COMWARE and Tokyo Marine<br>Nichido Jimu Outsourcing         |
|                   | Higashi Hie Business Center                 | 4yr 6m       | 5,900                                 | 3.6%                | Mar 13, 2009          | Outside party<br>+Sponsor | 13,695.51  | 99.3%                                 | 21  | Fujitsu and Forest Holdings                                      |
|                   | Tenjin Nishi-Dori Center Building           | 16yr11m      | 2,600                                 | 1.6%                | Feb 1, 2013           | Outside party             | 3,339.32   | 100.0%                                | 1   | The Nishi-Nippon City Bank                                       |
|                   | Tenjin North Front Building                 | 3yr 7m       | 2,800                                 | 1.7%                | Mar 28, 2013          | Outside party             | 5,233.98   | 100.0%                                | 11  | Rakuten Card and Rakuten   |
|                   | Total of office properties                  | —            | 48,500                                | 29.7%               | —                     | —                         | 80,168.38  | 98.5%                                 | 205   | —  |
| Others            | Amex Akasakamon Tower                       | 8yr 1m       | 2,060                                 | 1.3%                | Sep 1, 2006           | Outside party             | 4,821.25   | 93.9%                                 | 62  | —  |
|                   | City House Keyaki Dori                      | 5yr 9m       | 1,111                                 | 0.7%                | Dec 20, 2007          | Outside party             | 2,710.86   | 92.2%                                 | 39  | —  |
|                   | Aqualia Kego                                | 4yr 9m       | 2,800                                 | 1.7%                | Mar 1, 2012           | Outside party             | 7,415.36   | 91.6%                                 | 122   | —  |
|                   | Aqualia Chihaya                             | 5yr 8m       | 1,280                                 | 0.8%                | Mar 1, 2012           | Outside party             | 5,619.69   | 98.9%                                 | 104   | —  |
|                   | D-Wing Tower                                | 7yr 6m       | 2,800                                 | 1.7%                | Mar 1, 2013           | Outside party             | 7,187.58   | 94.0%                                 | 130   | —  |
|                   | Hotel FORZA Oita                            | 5yr 0m       | 1,530                                 | 0.9%                | Mar 1, 2013           | Sponsor                   | 5,785.44   | 100.0%                                | 1   | FJ Hotels  |
|                   | Total of others                             | —            | 11,581                                | 7.1%                | —                     | —                         | 33,540.18  | 95.2%                                 | 458   | —  |
|                   | Total or weighted average of all properties | 13yr 8m      | 163,404                               | 100.0%              | —                     | —                         | 466,824.38   | 98.8%                                 | 886   | —  |

(\* 1) "Age" as of the end of the fiscal period.

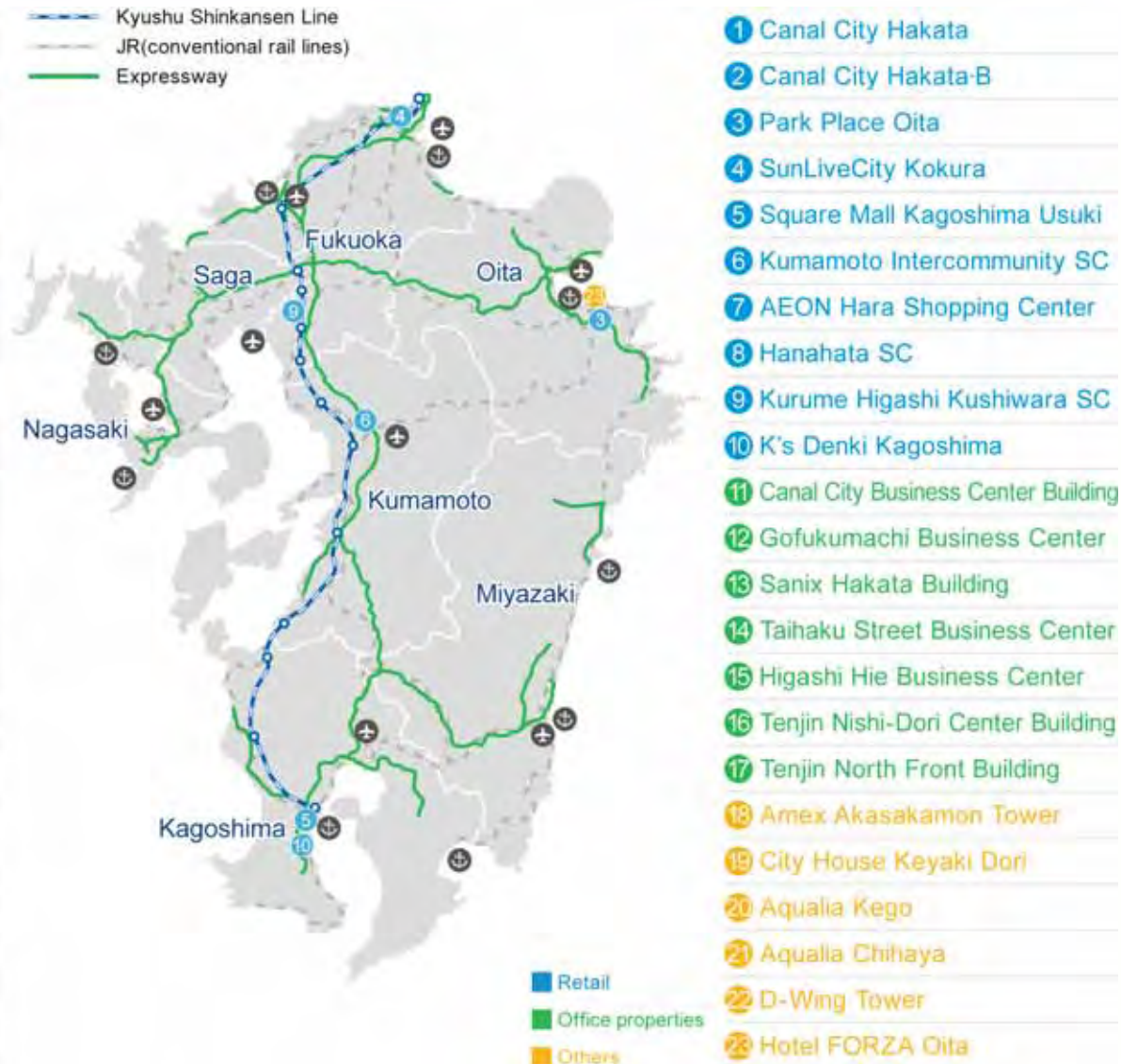
(\* 2) Acquisition price does not include fees, public charge and expenses.

(\* 3) Properties acquired through arrangement by a sponsor company are indicate with "sponsor" in the column of seller.

(\* 4) Parking contracts, etc., are excluded from "Number of tenants".



# Portfolio(1/9)



- 1 Canal City Hakata
- 2 Canal City Hakata-B
- 3 Park Place Oita
- 4 SunLiveCity Kokura
- 5 Square Mall Kagoshima Usuki
- 6 Kumamoto Intercommunity SC
- 7 AEON Hara Shopping Center
- 8 Hanahata SC
- 9 Kurume Higashi Kushiwara SC
- 10 K's Denki Kagoshima
- 11 Canal City Business Center Building
- 12 Gofukumachi Business Center
- 13 Sanix Hakata Building
- 14 Taihaku Street Business Center
- 15 Higashi Hie Business Center
- 16 Tenjin Nishi-Dori Center Building
- 17 Tenjin North Front Building
- 18 Amex Akasakamon Tower
- 19 City House Keyaki Dori
- 20 Aqualia Kego
- 21 Aqualia Chihaya
- 22 D-Wing Tower
- 23 Hotel FORZA Oita

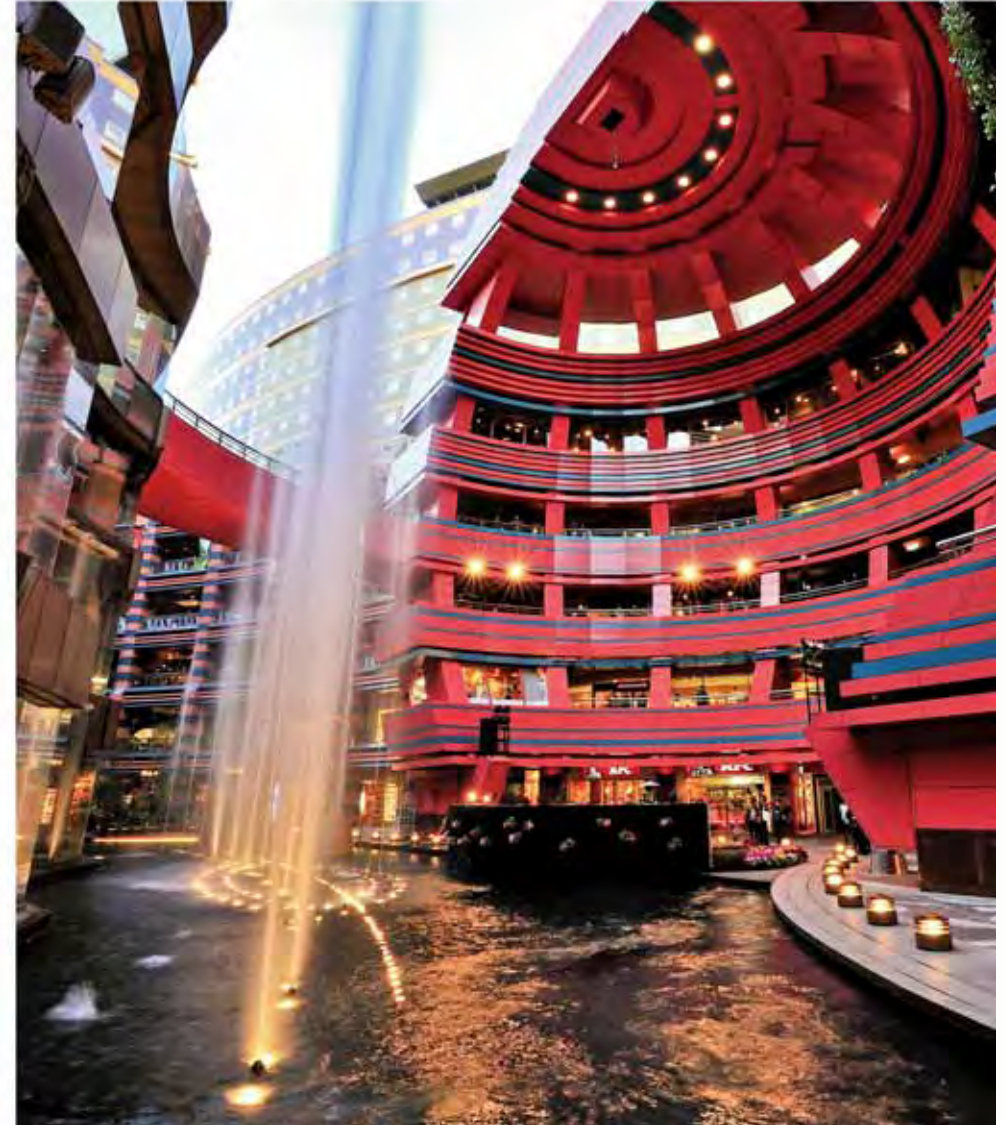


# Portfolio(2/9)

## Active retail

### ① Canal City Hakata

- Address: 1-chome, Sumiyoshi, Hakata-ku, Fukuoka City
- Total leasable space: 46,486.61 m<sup>2</sup>
- Built: April 15, 1996
- Property manager: Fukuoka Jisho





# Portfolio(3/9)

## Active retail

### ② Canal City Hakata・B

- Address: 1-chome, Sumiyoshi, Hakata-ku, Fukuoka City
- Total leasable space: 68,811.99㎡
- Built: April 15, 1996
- Property manager: Fukuoka Jisho





# Portfolio(4/9)

## Active retail

### ③ Park Place Oita

- Address: 2-chome, Koen Dori Nishi, Oita City
- Total leasable space: 104,917.10㎡
- Built: March 26,2002/April 17,2002  
April 28,2004/April 9,2007  
March 31,2008/Jun 29,2012
- Property manager: Park Place Oita





# Portfolio (5/9)

## Active retail

### ④ SunLive City Kokura

- Address: 2-chome, Kami Kuzuhara, Kokura Minami-ku, Kitakyushu City
- Total leasable space: 61,450.22㎡
- Built: March 17, 2005
- Property manager: Fukuoka Jisho



\* [ ] = opening year



# Portfolio (6/9)

## Passive retail

### ⑦ AEON Hara Shopping Center

- Address: 6-chome, Hara Sawara-ku, Fukuoka City
- Total leasable space: 27,313.53m<sup>2</sup>
- Built: October 26, 1976 (Renovated in 2007)
- Property manager: Fukuoka Jisho



## Passive retail

### ⑧ Hanahata SC

- Address: 4-chome, Hanahata, Minami-ku, Fukuoka City
- Total leasable space: 2,801.15m<sup>2</sup>
- Built: July 10, 2007
- Property manager: Fukuoka Jisho



## Passive retail

### ⑥ Kumamoto Intercommunity SC

- Address: 1-chome, Kozono, Higashi-ku, Kumamoto City
- Total leasable space: 6,968.66m<sup>2</sup>
- Built: November 15, 2006
- Property manager: Fukuoka Jisho



## Passive retail

### ⑤ Square Mall Kagoshima Usuki

- Address: 2-chome, Usuki, Kagoshima City
- Total leasable space: 14,602.59m<sup>2</sup>
- Built: September 19, 2006
- Property manager: Fukuoka Jisho



## Passive retail

### ⑨ Kurume Higashi Kushiwara SC

- Address: Higashi kushiwara-cho, Kurume City
- Total leasable space: 6,467.80m<sup>2</sup>
- Built: December 3, 2007
- Property manager: Fukuoka Jisho



## Passive retail

### ⑩ K's Denki Kagoshima

- Address: Tokai-cho, Kagoshima City
- Total leasable space: 7,296.17m<sup>2</sup>
- Built: November 17, 2007
- Property manager: Fukuoka Jisho





# Portfolio(7/9)

## Office properties

### ⑪ Canal City Business Center Building

- Address: 1-chome, Sumiyoshi, Hakata-ku, Fukuoka City
- Total leasable space: 23,022.21㎡
- Built: April 15, 1996
- Property manager: Fukuoka Jisho



## Office properties

### ⑫ Gofukumachi Business Center

- Address: Kami Gofukumachi, Hakata-ku, Fukuoka City
- Total leasable space: 19,906.33㎡
- Built: October 16, 2003
- Property manager: Fukuoka Jisho



## Office properties

### ⑬ Sanix Hakata Building

- Address: 2-chome, Hakataekihigashi, Hakata-ku, Fukuoka City
- Total leasable space: 6,293.76㎡
- Built: March 31, 2001
- Property manager: Fukuoka Jisho



## Office properties

### ⑭ Taihaku Street Business Center

- Address: Gokushomachi, Hakata-ku, Fukuoka City
- Total leasable space: 11,249.89㎡(office)  
3,427.38㎡(residence)
- Built: March 7, 2002
- Property manager: Fukuoka Jisho





# Portfolio (8/9)

## Office properties

### ⑮ Higashi Hie Business Center

- Address: 3-chome, Higashi-hie, Hakata-ku, Fukuoka City
- Built: February 6, 2009
- Total leasable space: 13,695.51m<sup>2</sup>
- Property manager: Fukuoka Jisho



## Office properties

### ⑯ Tenjin Nishi-Dori Center Building

- Address: 2-chome, Tenjin, Chuo-ku, Fukuoka City
- Built: September 9, 1996
- Total leasable space: 3,339.32m<sup>2</sup>
- Property manager: Fukuoka Jisho



## Office properties

### ⑰ Tenjin North Front Building

- Address: 4-chome, Tenjin, Chuo-ku, Fukuoka City
- Built: January 9, 2010
- Total leasable space: 5,233.98m<sup>2</sup>
- Property manager: Fukuoka Jisho





# Portfolio (9/9)

## Others

### ⑱ Amex Akasakamon Tower

- Address: 2-chome, Maizuru, Chuo-ku, Fukuoka City
- Total leasable space: 4,821.25㎡
- Built: July 26, 2005
- Property manager: DMC (the Daio Group)



## Others

### ⑲ City House Keyaki Dori

- Address: 2-chome, Kego, Chuo-ku, Fukuoka City
- Total leasable space: 2,710.86㎡
- Built: November 17, 2007
- Property manager: DMC (the Daio Group)



## Others

### ⑳ Aqualia Kego

- Address: 2-chome, Kego, Chuo-ku, Fukuoka City
- Total leasable space: 7,415.36㎡
- Built: November 21, 2008
- Property manager: Miyoshi Asset Management (Miyoshi Real Estate Group)



## Others

### ㉑ D-Wing Tower

- Address: 2-chome, Daimyo, Chuo-ku, Fukuoka City
- Total leasable space: 7,187.58㎡
- Built: February 20, 2006
- Property manager: Good Fudousan inc. (Good Real estate group)



## Others

### ㉒ Aqualia Chihaya

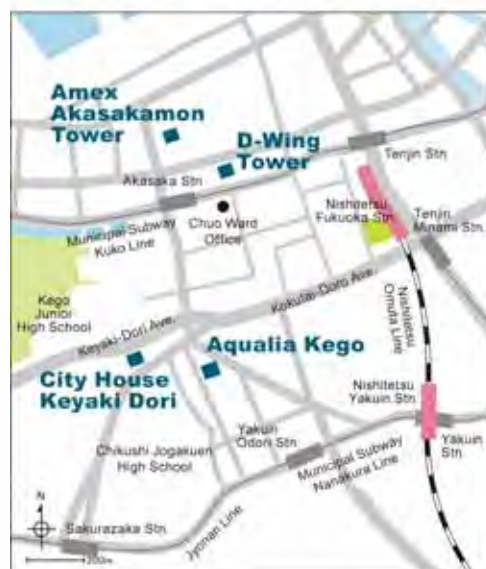
- Address: 4-chome, Chihaya, Higashi-ku, Fukuoka City
- Total leasable space: 5,619.69㎡
- Built: December 5, 2007
- Property manager: Miyoshi Asset Management (Miyoshi Real Estate Group)



## Others

### ㉓ Hotel FORZA Oita

- Address: 1-chome, Chuo-machi, Oita City
- Total leasable space: 5,785.44㎡
- Built: August 22, 2008
- Property manager: Fukuoka Jisho





# Top tenants by leased floor area

|    |                                     |                     |                             | <div> <div>Ordinary lease</div> <div>Fixed-term lease</div> </div> |                       |                       |                                   |
|----|-------------------------------------|---------------------|-----------------------------|--|-----------------------|-----------------------|-----------------------------------|
|    | Lessee                              | Tenant              | Share of total leased space | 19th<br>~Feb 28, 2014  | 20th<br>~Aug 31, 2014 | 21th<br>~Feb 28, 2015 | Remaining lease term (years) (*1) |
| 1  | AEON Kyushu Co., Ltd.               | AEON                | 18.6%                       | ●Park Place Oita   |                       |                       | 8                                 |
|    |                                     |                     |                             | ●AEON Hara Shopping Center   |                       |                       | 5                                 |
| 2  | SunLive Co., Ltd.                   | SunLive             | 13.3%                       | ●SunLiveCity Kokura  |                       |                       | 11                                |
| 3  | FJ Hotels Co., Ltd.                 | Grand Hyatt Fukuoka | 9.6%                        | ●Canal City Hakata・B   |                       |                       | 10                                |
|    |                                     | Hotel FORZA Oita    |                             | ●Hotel FORZA Oita  |                       |                       | 14                                |
| 4  | Canal City OPA Co., Ltd.            | OPA                 | 5.6%                        | ●Canal City Hakata   |                       |                       | 2                                 |
|    |                                     |                     |                             | ●Canal City Hakata・B   |                       |                       | 2                                 |
| 5  | Alpen Co., Ltd.                     | Sports Depo, Golf 5 | 4.0%                        | ●Square Mall Kagoshima Usuki                                       |                       |                       | 13                                |
|    |                                     |                     |                             | ●Kumamoto Intercommunity SC  |                       |                       | 13                                |
|    |                                     |                     |                             | ●Kurume Higashi Kushiwara SC                                       |                       |                       | 14                                |
| 6  | K's Holdings Corporation            | K's Denki           | 3.0%                        | ●Park Place Oita   |                       |                       | 8                                 |
| 7  | Canal City Fukuoka Washington Hotel | Washington Hotel    | 2.8%                        | ●Canal City Hakata   |                       |                       | 2                                 |
| 8  | United Cinema Co., Ltd.             | United Cinema       | 1.6%                        | ●Canal City Hakata   |                       |                       | 2                                 |
| 9  | Kyushu K's Denki Co., Ltd.          | K's Denki Kagoshima | 1.6%                        | ●K's Denki Kagoshima   |                       |                       | 9                                 |
| 10 | T-JOY Co., Ltd.                     | T-JOY               | 1.2%                        | ●Park Place Oita   |                       |                       | 8                                 |

(\*1) Remaining lease term data are current as of August 31, 2013 and rounded down to the nearest whole year.



# Passive retail

Operating revenues remain stable



\*The above graph plots the six properties' respective NOI rounded down to the nearest whole mm yen, by fiscal period.  
 (\*1) Figures for Square Mall Kagoshima Usuki do not include revenues from lease cancellation penalties

|  |   |   |
|--|---|---|
| <b>Square Mall Kagoshima Usuki</b><br><br>Date acquired: September 28, 2006<br>Acquisition price: 5.3 bn yen<br>Acquisition cap rate: 6.2%<br>● Sports Depo, Golf 5<br>● Don Quijote | <b>Kumamoto Intercommunity SC</b><br><br>Date acquired: November 30, 2006<br>Acquisition price: 2.4 bn yen<br>Acquisition cap rate: 6.5%<br>● Sports Depo, Golf 5<br>● Starbucks Coffee | <b>Kurume Higashi Kushiwara SC</b><br><br>Date acquired: February 1, 2008<br>Acquisition price: 2.5 bn yen<br>Acquisition cap rate: 6.1%<br>● Sports Depo, Golf 5 |
| <b>AEON Hara Shopping Center</b><br><br>Date acquired: March 1, 2007<br>Acquisition price: 5.41 bn yen<br>Acquisition cap rate: 6.8%<br>● AEON Kyushu                                | <b>K's Denki Kagoshima</b><br><br>Date acquired: March 27, 2008<br>Acquisition price: 3.55 bn yen<br>Acquisition cap rate: 5.7%<br>● K's Denki  | <b>Hanahata SC</b><br><br>Date acquired: September 3, 2007<br>Acquisition price: 1.13 bn yen<br>Acquisition cap rate: 6.4%<br>● BON REPAS<br>● Matsumoto Kiyoshi  |

# Income and expenditure by properties (Active retail)

- unit : mm yen (Figures round down to nearest mm yen)

| Category                         |   | Canal City Hakata                                     | Canal City Hakata・B | Park Place Oita | SunLive City Kokura | 18th Total<br>A | 17th Total<br>B | Variation<br>A－B | Forecast<br>C<br>(＊1) | Variation<br>A－C |
|----------------------------------|---|---|---------------------|-----------------|---------------------|-----------------|-----------------|------------------|-----------------------|------------------|
|                                  | (Length)<br>(days)                        | 18th fiscal period ( March 1, 2013 ～ August 31, 2013) |                     |                 |                     |                 |                 |                  |                       |                  |
|                                  |   | 184   | 184                 | 184             | 184                 | 184             | 181             | 3                |                       |                  |
| ①Total leasing business revenues |   | 1,177   | 1,601               | 1,114           | 274                 | 4,168           | 4,185           | (16)             | 4,136                 | 32               |
|                                  | Rent revenue-real estate                  | 1,145   | 1,561               | 895             | 272                 | 3,875           | 3,900           | (24)             |                       |                  |
|                                  | Other rent revenue-real estate            | 32  | 40                  | 219             | 1                   | 293             | 285             | 7                |                       |                  |
| ②Total leasing business expenses |   | 410   | 771                 | 658             | 58                  | 1,898           | 1,903           | (5)              | 1,880                 | 17               |
|                                  | Outsourcing fees                          | 291   | 521                 | 298             | 8                   | 1,119           | 1,106           | 13               |                       |                  |
|                                  | Maintenance expenses                      | 10  | 29                  | 53              | 13                  | 106             | 153             | (47)             |                       |                  |
|                                  | Expenses for restoration to former state  | -   | -                   | -               | -                   | -               | -               | -                |                       |                  |
|                                  | Tax and public charges                    | 71  | 150                 | 84              | 34                  | 340             | 343             | (2)              |                       |                  |
|                                  | Insurance premiums and trust compensation | 8   | 18                  | 6               | 1                   | 35              | 31              | 4                |                       |                  |
|                                  | Unities expenses                          | 24  | 49                  | 181             | -                   | 255             | 190             | 64               |                       |                  |
|                                  | Other expenses                            | 2   | 2                   | 35              | 0                   | 41              | 78              | (37)             |                       |                  |
| ③NOI(=①-②)                       |   | 767   | 830                 | 455             | 216                 | 2,269           | 2,281           | (11)             | 2,255                 | 14               |
| ④Depreciation for the period     |   | 227   | 201                 | 185             | 46                  | 661             | 660             | 1                |                       |                  |
| ⑤Leasing business profit(=③-④)   |   | 540   | 628                 | 270             | 169                 | 1,608           | 1,621           | (13)             |                       |                  |
| ⑥NOI yield (acquisition price)   |   | 4.8%  | 5.8%                | 5.8%            | 6.5%                | 5.5%            | 5.5%            | 0.0%             |                       |                  |
| ⑦Capital expenditures            |   | 49  | 92                  | 392             | 40                  | 574             | 399             | 175              |                       |                  |

(\*1)Forecast at the financial results of 17th fiscal period



# Income and expenditure by properties (Passive retail)

- unit : mm yen (Figures round down to nearest mm yen)

| Category                                  | Square Mall Kagoshima Usuki | Kumamoto Inter-Community SC                           | AEON Hara Shopping Center | Hanahata SC | Kurume Higashi Kushiwara SC | K's Denki Kagoshima | 18th Total A | 17th Total B | Variation A—B | Forecast C (*1) | Variation A—C |
|---|-----------------------------|---|---------------------------|-------------|-----------------------------|---------------------|--------------|--------------|---------------|-----------------|---------------|
|   | (Length) (days)             | 18th fiscal period ( March 1, 2013 ~ August 31, 2013) |                           |             |                             |                     |              |              |               |                 |               |
|   |                             | 184   | 184                       | 184         | 184                         | 184                 | 184          | 181          | 3             |                 |               |
| ①Total leasing business revenues          |                             | 254   | 89                        | 212         | 40                          | 88                  | 111          | 797          | 3             | 797             | (0)           |
| Rent revenue-real estate                  |                             | 221   | 89                        | 212         | 40                          | 88                  | 111          | 764          | (0)           |                 |               |
| Other rent revenue-real estate            |                             | 32  | 0                         | 0           | -                           | -                   | 0            | 29           | 3             |                 |               |
| ②Total leasing business expenses          |                             | 95  | 9                         | 21          | 5                           | 9                   | 10           | 151          | 0             | 153             | (1)           |
| Outsourcing fees                          |                             | 38  | 2                         | 6           | 1                           | 2                   | 1            | 52           | 0             |                 |               |
| Maintenance expenses                      |                             | 4   | 0                         | 0           | 0                           | -                   | 0            | 8            | (3)           |                 |               |
| Expenses for restoration to former state  |                             | -   | -                         | -           | -                           | -                   | -            | -            | -             |                 |               |
| Tax and public charges                    |                             | 17  | 5                         | 12          | 3                           | 5                   | 7            | 52           | (0)           |                 |               |
| Insurance premiums and trust compensation |                             | 1   | 0                         | 0           | 0                           | 0                   | 0            | 3            | (0)           |                 |               |
| Unities expenses                          |                             | 32  | -                         | -           | -                           | -                   | -            | 28           | 3             |                 |               |
| Other expenses                            |                             | 1   | 0                         | 0           | 0                           | 0                   | 0            | 5            | (0)           |                 |               |
| ③NOI(=①-②)                                |                             | 159   | 80                        | 191         | 35                          | 78                  | 100          | 642          | 3             | 644             | 0             |
| ④Depreciation for the period              |                             | 51  | 18                        | 22          | 7                           | 22                  | 30           | 153          | (0)           |                 |               |
| ⑤Leasing business profit(=③-④)            |                             | 107   | 61                        | 168         | 27                          | 56                  | 70           | 489          | 3             |                 |               |
| ⑥NOI yield (acquisition price)            |                             | 6.0%  | 6.7%                      | 7.1%        | 6.2%                        | 6.3%                | 5.7%         | 6.3%         | 0.0%          |                 |               |
| ⑦Capital expenditures                     |                             | -   | -                         | 2           | 1                           | -                   | -            | -            | 3             |                 |               |

(\*1)Forecast at the financial results of 17th fiscal period

# Income and expenditure by properties (Office properties)

- unit : mm yen (Figures round down to nearest mm yen)

| Category                         |   | Canal City<br>Business<br>Center<br>Building         | Gofukumachi<br>Business<br>Center | Sanix Hakata<br>Building | Taihaku Street<br>Business<br>Center | Higashi Hie<br>Business<br>Center | Tenjin<br>Nishi-Dori<br>Center<br>Building | Tenjin North<br>Front<br>Building | 18th Total<br>A          | 17th Total<br>B | Variation<br>A－B | Forecast<br>C<br>(＊1) | Variation<br>A－C |
|----------------------------------|---|--|-----------------------------------|--------------------------|--------------------------------------|-----------------------------------|--|-----------------------------------|--------------------------|-----------------|------------------|-----------------------|------------------|
|                                  | (Length)<br>(days)                        | 18th fiscal period( March 1, 2013 ～ August 31, 2013) |                                   |                          |                                      |                                   |  |                                   | March 28, ～<br>August 31 |                 |                  |                       |                  |
|                                  |   | 184  | 184                               | 184                      | 184                                  | 184                               | 184  | 157                               | 184                      | 181             | 3                |                       |                  |
| ①Total leasing business revenues |   | 620  | 502                               | 197                      | 295                                  | 335                               | 86   | 111                               | 2,148                    | 1,950           | 198              | 2,133                 | 15               |
|                                  | Rent revenue-real estate                  | 613  | 448                               | 180                      | 294                                  | 306                               | 86   | 90                                | 2,022                    | 1,859           | 162              |                       |                  |
|                                  | Other rent revenue-real estate            | 6  | 53                                | 16                       | 0                                    | 28                                | -  | 20                                | 126                      | 90              | 35               |                       |                  |
| ②Total leasing business expenses |   | 202  | 169                               | 59                       | 88                                   | 132                               | 5  | 25                                | 684                      | 653             | 30               | 668                   | 15               |
|                                  | Outsourcing fees                          | 136  | 71                                | 19                       | 56                                   | 41                                | 1  | 7                                 | 334                      | 324             | 9                |                       |                  |
|                                  | Maintenance expenses                      | 11   | 8                                 | 4                        | 2                                    | 2                                 | 2  | 0                                 | 32                       | 29              | 2                |                       |                  |
|                                  | Expenses for restoration to former state  | -  | -                                 | -                        | -                                    | -                                 | -  | -                                 | -                        | 2               | (2)              |                       |                  |
|                                  | Tax and public charges                    | 44   | 35                                | 17                       | 25                                   | 17                                | -  | -                                 | 139                      | 140             | (0)              |                       |                  |
|                                  | Insurance premiums and trust compensation | 2  | 3                                 | 0                        | 1                                    | 1                                 | 0  | 0                                 | 11                       | 11              | (0)              |                       |                  |
|                                  | Unities expenses                          | 6  | 48                                | 17                       | -                                    | 28                                | -  | 15                                | 117                      | 94              | 22               |                       |                  |
|                                  | Other expenses                            | 1  | 2                                 | 0                        | 2                                    | 40                                | 0  | 0                                 | 48                       | 50              | (1)              |                       |                  |
| ③NOI(=①-②)                       |   | 417  | 332                               | 137                      | 206                                  | 202                               | 81   | 86                                | 1,464                    | 1,297           | 167              | 1,465                 | (0)              |
| ④Depreciation for the period     |   | 94   | 95                                | 37                       | 76                                   | 78                                | 7  | 32                                | 422                      | 383             | 39               |                       |                  |
| ⑤Leasing business profit(=③-④)   |   | 322  | 236                               | 100                      | 130                                  | 123                               | 73   | 54                                | 1,041                    | 913             | 128              |                       |                  |
| ⑥NOI yield (acquisition price)   |   | 5.7%   | 5.9%                              | 6.3%                     | 5.9%                                 | 6.9%                              | 6.3%                                       | 6.2%                              | 6.0%                     | 5.9%            | 0.1%             |                       |                  |
| ⑦Capital expenditures            |   | 12   | 0                                 | 4                        | 11                                   | 1                                 | -  | -                                 | 30                       | 32              | (2)              |                       |                  |

(\*1)Forecast at the financial results of 17th fiscal period



# Income and expenditure by properties (Others and Total)

Others

| Category                                  | Amex Akasakamon Tower                                 | City House Keyaki Dori | Aqualia Kego | Aqualia Chihaya | D-Wing Tower | Hotel FORZA Oita | 18th Total A | 17th Total B | Variation A—B | Forecast C (*1) | Variation A—C |
|---|---|------------------------|--------------|-----------------|--------------|------------------|--------------|--------------|---------------|-----------------|---------------|
| (Length)<br>(days)                        | 18th fiscal period ( March 1, 2013 ~ August 31, 2013) |                        |              |                 |              |                  |              |              |               |                 |               |
|   | 184   | 184                    | 184          | 184             | 184          | 184              | 184          | 181          | 3             |                 |               |
| ①Total leasing business revenues          | 66  | 36                     | 116          | 57              | 110          | 63               | 450          | 270          | 179           | 449             | 0             |
| Rent revenue-real estate                  | 62  | 36                     | 111          | 54              | 103          | 63               | 432          | 259          | 172           |                 |               |
| Other rent revenue-real estate            | 4   | 0                      | 4            | 2               | 6            | 0                | 18           | 11           | 6             |                 |               |
| ②Total leasing business expenses          | 19  | 9                      | 19           | 13              | 16           | 2                | 79           | 47           | 31            | 83              | (3)           |
| Outsourcing fees                          | 5   | 2                      | 6            | 3               | 7            | 0                | 25           | 16           | 8             |                 |               |
| Maintenance expenses                      | 0   | 0                      | 0            | 0               | 0            | 0                | 3            | 0            | 2             |                 |               |
| Expenses for restoration to former state  | 3   | -                      | 2            | 2               | 2            | -                | 10           | 5            | 4             |                 |               |
| Tax and public charges                    | 5   | 3                      | 5            | 4               | -            | -                | 18           | 7            | 11            |                 |               |
| Insurance premiums and trust compensation | 0   | 0                      | 0            | 0               | 0            | 0                | 3            | 1            | 1             |                 |               |
| Utilities expenses                        | 1   | 0                      | 1            | 0               | 2            | -                | 6            | 3            | 2             |                 |               |
| Other expenses                            | 2   | 3                      | 1            | 1               | 2            | 0                | 12           | 11           | 1             |                 |               |
| ③NOI (=①-②)                               | 47  | 27                     | 96           | 44              | 94           | 60               | 371          | 223          | 147           | 366             | 4             |
| ④Depreciation for the period              | 21  | 12                     | 24           | 11              | 16           | 19               | 106          | 71           | 34            |                 |               |
| ⑤Leasing business profit (=③-④)           | 26  | 14                     | 72           | 32              | 78           | 41               | 264          | 151          | 113           |                 |               |
| ⑥NOI yield (acquisition price)            | 4.6%  | 4.9%                   | 6.9%         | 6.9%            | 6.7%         | 8.0%             | 6.4%         | 6.2%         | 0.3%          |                 |               |
| ⑦Capital expenditures                     | 2   | 0                      | -            | -               | 0            | -                | 3            | -            | 3             |                 |               |

(\*1)Forecast at the financial results of 17th fiscal period

- unit : mm yen (Figures round down to nearest mm yen)

Total income and expenditures

| 18th Total 1 | 17th Total 2 | Variation 1—2 | Forecast 3 (*1) | Variation 1—3 |
|--------------|--------------|---------------|-----------------|---------------|
|              |              |               |                 |               |
| 184          | 181          | 3             |                 |               |
| 7,565        | 7,200        | 364           | 7,518           | 47            |
| 7,095        | 6,784        | 311           |                 |               |
| 470          | 416          | 53            |                 |               |
| 2,814        | 2,756        | 57            | 2,785           | 28            |
| 1,532        | 1,500        | 32            |                 |               |
| 147          | 193          | (45)          |                 |               |
| 10           | 7            | 2             |                 |               |
| 551          | 543          | 8             |                 |               |
| 52           | 47           | 4             |                 |               |
| 411          | 318          | 93            |                 |               |
| 107          | 146          | (38)          |                 |               |
| 4,751        | 4,444        | 306           | 4,732           | 18            |
| 1,343        | 1,268        | 74            |                 |               |
| 3,407        | 3,175        | 232           |                 |               |
| 5.8%         | 5.4%         | 0.4%          |                 |               |
| 612          | 431          | 180           |                 |               |

Appendix

# Cash flow statements (compared with previous fiscal period)

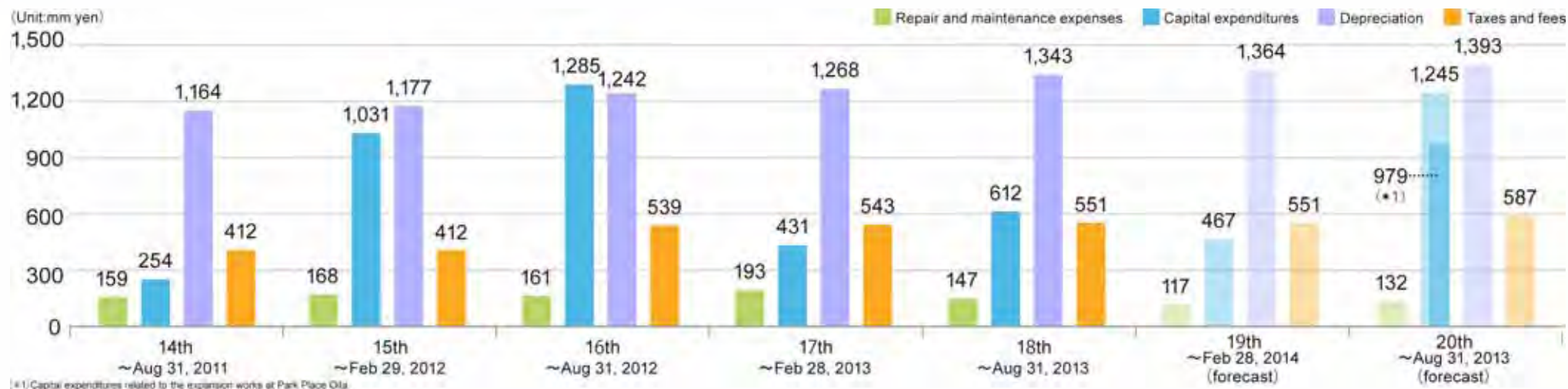
- unit : mm yen (Figures round down to nearest mm yen)

| Category  | 17th<br>~Feb 28, 2013<br>A | 18th<br>~Aug 31, 2013<br>B | Variation<br>B - A |
|---|----------------------------|----------------------------|--------------------|
| <b>Net cash provided by (used in) operating activities</b>    | <b>3,120</b>               | <b>3,609</b>               | <b>488</b>         |
| Net income before income taxes                                | 2,005                      | 2,272                      | 266                |
| Depreciation and amortization                                 | 1,268                      | 1,343                      | 74                 |
| Amortization of investment unit issuance expenses             | 4                          | 10                         | 5                  |
| Interest income   | (0)                        | (0)                        | (0)                |
| Interest expenses   | 492                        | 443                        | (48)               |
| Decrease (increase) in operating accounts receivable          | 32                         | (72)                       | (104)              |
| Decrease (increase) in accrued consumption taxes              | 91                         | (74)                       | (166)              |
| Increase (decrease) in accrued consumption taxes              | 157                        | (157)                      | (315)              |
| Increase (decrease) in operating accounts payable             | (64)                       | 23                         | 87                 |
| Increase (decrease) in account payable-others                 | (34)                       | (15)                       | 19                 |
| Increase (decrease) in accrued expenses                       | 2                          | 14                         | 11                 |
| Increase (decrease) in advances received                      | 9                          | 49                         | 39                 |
| Increase (decrease) in deposits expenses                      | (480)                      | 319                        | 799                |
| Decrease (increase) in prepaid expenses                       | 72                         | (97)                       | (169)              |
| Decrease (increase) in long-term prepaid expenses             | 15                         | (13)                       | (29)               |
| Others, net   | 51                         | 10                         | (40)               |
| <b>Subtotal</b>   | <b>3,624</b>               | <b>4,053</b>               | <b>429</b>         |
| Interest income received                                      | 0                          | 0                          | 0                  |
| Interest expenses paid  | (498)                      | (443)                      | 54                 |
| Income taxes paid   | (5)                        | (1)                        | 4                  |
| Income taxes refund   | -                          | -                          | -                  |
| <b>Net cash provided by (used in) investment activities</b>   | <b>(3,067)</b>             | <b>(7,897)</b>             | <b>(4,830)</b>     |
| Purchase of property, plant and equipment in trust            | (3,475)                    | (7,858)                    | (4,382)            |
| Purchase of intangible assets in trust                        | (0)                        | -                          | 0                  |
| Proceeds from tenant leasehold and security deposits          | 15                         | 4                          | (11)               |
| Repayments of tenant leasehold and security deposits          | (4)                        | -                          | 4                  |
| Proceeds from tenant leasehold and security deposits in trust | 464                        | 359                        | (104)              |
| Repayments of tenant leasehold and security deposits in trust | (66)                       | (375)                      | (309)              |
| Proceeds from restricted trust deposits                       | 2                          | 4                          | 1                  |
| Payments for restricted trust deposits                        | (4)                        | (32)                       | (27)               |
| <b>Net cash provided by (used in) investment activities</b>   | <b>(666)</b>               | <b>4,651</b>               | <b>5,317</b>       |
| Increase in short-term debt payable                           | 3,800                      | -                          | (3,800)            |
| Decrease in short-term debt payable                           | (2,200)                    | (2,700)                    | (500)              |
| Proceed from long-term debt payable                           | 11,900                     | 1,600                      | (10,300)           |
| Repayment of long-term debt payable                           | (12,175)                   | (2,475)                    | 9,700              |
| Increase in investment unit issuance                          | -                          | 10,263                     | 10,263             |
| Dividends paid  | (1,991)                    | (2,003)                    | (12)               |
| Decrease in investment unit issuance                          | -                          | (33)                       | (33)               |
| <b>Net increase (decrease) in cash and cash equivalents</b>   | <b>(612)</b>               | <b>362</b>                 | <b>975</b>         |
| <b>Cash and cash equivalents at beginning of period</b>       | <b>7,637</b>               | <b>7,024</b>               | <b>(612)</b>       |
| <b>Cash and cash equivalents at end of period</b>             | <b>7,024</b>               | <b>7,387</b>               | <b>362</b>         |



# Maintenance expenses, etc.

## ■ Maintenance expenses, capital expenditures, depreciation, and taxes and fees



- unit : mm yen (Figures round down to nearest mm yen)

| Fiscal period for renovation work | Property                            | Purpose                                 | Construction cost |
|-----------------------------------|-------------------------------------|---|-------------------|
| 18th (actual)                     | Canal City Hakata                   | Common area repairs and improvements    | 45                |
|                                   | Canal City Hakata・B                 | Renovation works                        | 13                |
|                                   |                                     | Common area repairs and improvements    | 59                |
|                                   | Park Place Oita                     | Common area repairs and improvements    | 51                |
|                                   |                                     | Renovation works                        | 137               |
|                                   | SunLive City Kokura                 | Common area repairs and improvements    | 38                |
| 19th/20th (planned)               | Taihaku Street Business Center      | Common area repairs and improvements    | 11                |
|                                   |                                     | Common area repairs and improvements    | 23                |
|                                   | Canal City Hakata                   | Environmental beautification            | 18                |
|                                   |                                     | Upgrading of air conditioning equipment | 21                |
|                                   |                                     | Common area repairs and improvements    | 94                |
|                                   | Canal City Hakata・B                 | Environmental beautification            | 37                |
|                                   |                                     | Renovation works                        | 18                |
|                                   | Canal City Business Center Building | Renovation works                        | 39                |
|                                   |                                     | Floor expansion works                   | 979               |
|                                   |                                     | Common area repairs and improvements    | 143               |
|                                   | Park Place Oita                     | Environmental beautification            | 27                |
|                                   |                                     | Update management system of sales       | 18                |
|                                   |                                     | Renovation works                        | 36                |
|                                   | SunLive City Kokura                 | Common area repairs and improvements    | 39                |
|                                   | Taihaku Street Business Center      | Common area repairs and improvements    | 17                |

\* Table lists major actual or planned capital expenditures related to repair or renovation of properties owned by Fukuoka REIT.

# CSR initiatives

Fukuoka Realty initiatives to support and cooperate in sustained development of the local community and economy

## ■ Sixth real estate, economics and finance gathering

In September 2013, Fukuoka Realty hosted the sixth real estate, economics and finance gathering. Approximately 300 representatives of local real estate companies, financial institutions, and government agencies participated in the event, which contributed to networking and further stimulation of the local economy. The gathering was designated by the Association for Real Estate Securitization as a forum for further education in the Certified Masters certification system.

### ■ "Towards Realizing Kyushu's Potential and a High-quality National Strategy"



## ■ CSR workshops

Fukuoka Realty periodically conducts CSR workshops led by invited speakers, mainly for CSR personnel of companies that operate chiefly in Fukuoka and elsewhere in Kyushu. The workshops have helped to build a stronger network among local CSR professionals. Fukuoka Realty plans to continue holding CSR workshops to promote development of the local economy and community.

### ■ 2013 workshops (6 workshops planned)

- 1st Discussion based on the CSR reports of participating companies
- 2nd "The Latest Trends in CSR"
- 3rd "The Relationship between CSR and IR"

## ■ A course on real estate securitization at Fukuoka University

In August 2013 Fukuoka Realty endowed a course on real estate securitization at Fukuoka University in order to reward the community with knowledge and expertise accumulated as a regionally-focused real estate investment trust and to contribute to the future development of human resources.



## ■ Fukuoka International House

A communal residence for foreign students and employees of international companies. The objective for opening the residence is to contribute to meeting the regional challenges of improving language skills, fostering an international way of thinking, and creating opportunities for employment support by providing a place for international interaction.



## ■ OnRAMP Kyushu Entrepreneur Club

OnRAMP is a members-only entrepreneurs' salon established as a forum to support and cultivate entrepreneurs and facilitate networking among them.

(OnRAMP is a general incorporated association established by Fukuoka Realty and Dogan Advisors.)





# IR initiatives

## ■IR activities / Public relations activities

### ◎IR activities

- 1-on-1 meeting in Japan and overseas
- Participation in fairs for individual investors
- Property tours for domestic institutional investors
- Property tours for foreign institutional investors
- Workshops for securities advisors
- Information provision via SNS
- Property observation tour  
(Park Place Oita on-site inspection)



• 41st IR Fair, hosted by Fukuoka Stock Exchange



### ◎Publicity activities



### オフィス供給減、空室率低下へ



Nippon Keizai Shimbun, July 24, 2013

### ◎Kyushu IR workshops

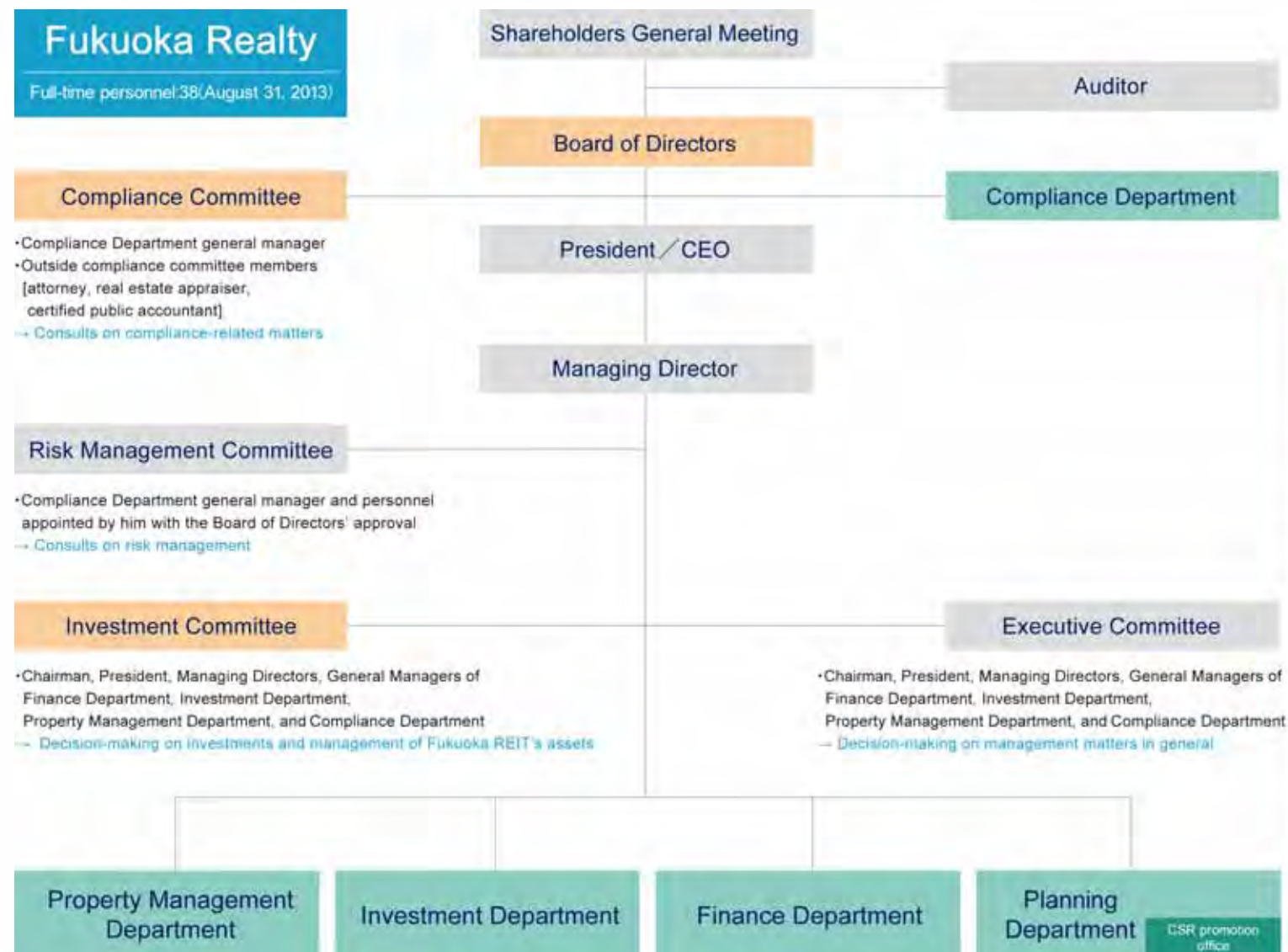


The Japanese Investor Relations Association and Fukuoka Realty jointly sponsored the first IR workshop in fiscal 2013 on the theme "The Current Status and Future Developments in Integrated Reporting, a New Trend in Information Disclosure."

## ■Overview of public offering

|                                     |   |
|-------------------------------------|---|
| Type of offering                    | Domestic public offering                                  |
| Number of investment units issued   | Before offering: 123,050<br>After offering: 138,000       |
| Issuance price / Net issuance price | 710,580 yen / 686,529 yen                                 |
| Total gross proceeds                | 10,623,171,000 yen  |
| Total net proceeds                  | 10,263,608,550 yen  |
| Authorization date                  | February 8, 2013 (Friday)                                 |
| Pricing date                        | February 20, 2013 (Wednesday)                             |
| Subscription period                 | February 21, 2013 (Thursday) – February 22, 2013 (Friday) |
| Payment date                        | March 1, 2013 (Friday)                                    |
| Delivery date                       | March 4, 2013 (Monday)                                    |
| Discount rate                       | 2.5 %   |

# Asset management company's organization



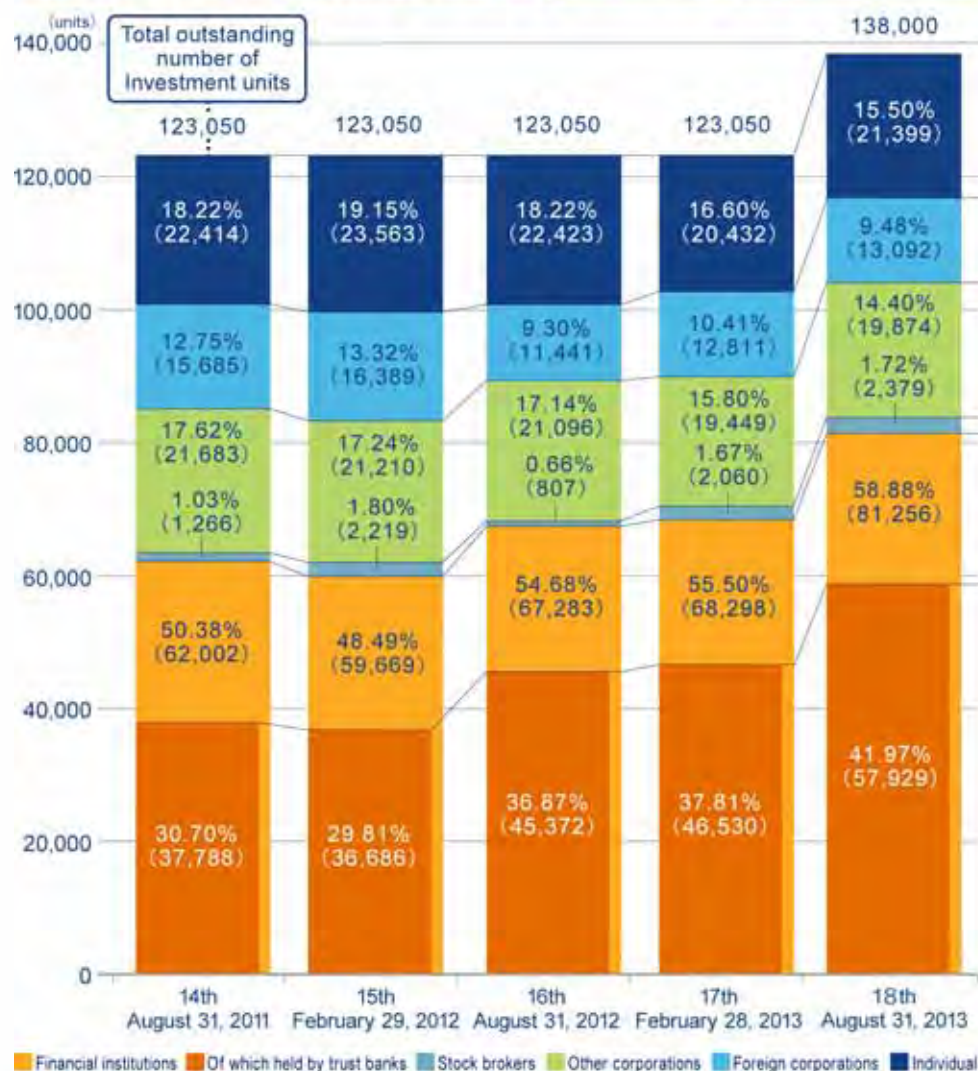
## Numbers of credentialed personnel

|                                    |    |
|------------------------------------|----|
| • Real estate brokers              | 15 |
| • ARES Certified Masters           | 12 |
| • Certified Building Administrator | 7  |
| • Japanese securities analysts     | 2  |
| • Certified condominium manager    | 1  |
| • SME management consultants       | 1  |
| • Real estate appraisers           | 3  |
| • MBAs                             | 3  |
| • Attorney                         | 2  |



# Unitholders' data

■ Distribution by investor category (breakdown of investment units)



■ Major investors (end of the 18th fiscal period)

(As of August 31, 2013)

| Rank | Investor name   | Investment unit held | Share of investment units held over total number of units outstanding (*1) |
|------|---|----------------------|--|
| 1    | Japan Trustee Services Bank Ltd. (Investment trust account)               | 34,222               | 24.79%   |
| 2    | Fukuoka Jisho Co., Ltd.   | 13,955               | 10.11%   |
| 3    | Trust & Custody Services Bank zLtd. (Securities investment trust account) | 7,452                | 5.40%  |
| 4    | The Nomura Trust and Banking Co.,Ltd. (Investment trust account)          | 7,239                | 5.24%  |
| 5    | NOMURA BANK (LUXEMBOURG) S.A  | 4,480                | 3.24%  |
| 6    | The Fuji Fire and Marine Insurance Co., Ltd.                              | 3,925                | 2.84%  |
| 7    | The Master Trust Bank of Japan, Ltd. (Trust account)                      | 3,862                | 2.79%  |
| 8    | MetLife Alico Insurance Company K.K. GA Company JPY                       | 3,409                | 2.47%  |
| 9    | Kazuhiko Enomoto  | 3,070                | 2.22%  |
| 10   | JOYO BANK Co., Ltd.   | 2,214                | 1.60%  |

(\*1) Percentages and ratio are rounded off to three decimal places.

# Unit price chart



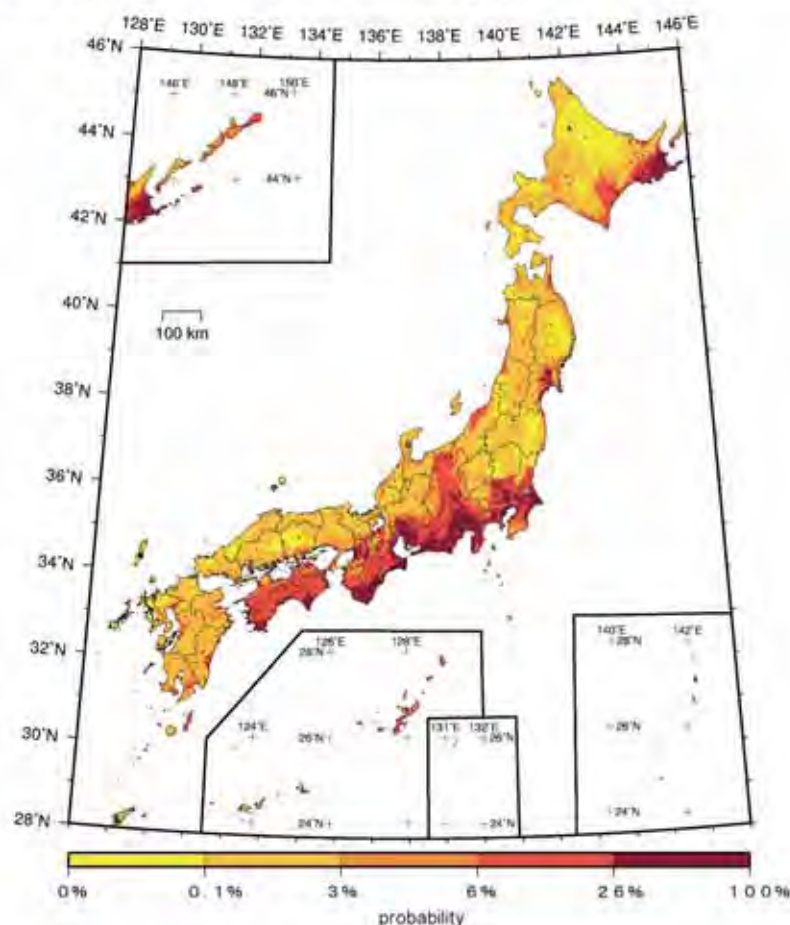


# Analysis of earthquake risk in Fukuoka

All properties owned by Fukuoka REIT are covered by earthquake insurance

## ■ Probabilistic earthquake prediction map

Probability of occurrence of an earthquake with a magnitude of nearly 6 or higher in the next 30 years  
(Average case / all earthquakes) (Reference date: January 1, 2010)



Note: The mesh for zero probability based on the model calculation conditions is shown in white.  
Source: Office of the Headquarters for Earthquake Research Promotion, Earthquake and Disaster-Reduction Research Division, Research and Development Bureau, Ministry of Education, Culture, Sports, Science and Technology.

## ■ Overview of earthquake risk analysis

| Property                                 | Inspector                              | Report date                    | PML (%)(※1)                                  |
|--|--|--------------------------------|--|
| Canal City Hakata(※2)                    | Takenaka Corporation                   | Nov. 30, 2010<br>Jan. 21, 2011 | (A) 8.0<br>(B) 7.6<br>(C) 5.3<br>(D) 11.1    |
| Canal City Hakata・B(※3)                  | Takenaka Corporation                   | Apr. 15, 2008<br>Nov. 30, 2010 | (A) 8.2<br>(B) 6.1<br>(C) 11.1               |
| Park Place Oita(※4)                      | Takenaka Corporation                   | Jan. 21, 2011                  | (A) 13.7<br>(B) 11.2<br>(C) 11.3<br>(D) 15.1 |
| SunLive City Kokura                      | Takenaka Corporation                   | Aug. 31, 2011                  | 6.7  |
| Square Mall Kagoshima Usuki              | Takenaka Corporation                   | Jan. 15, 2007                  | 9.6  |
| Kumamoto Intercommunity Shopping Center  | Takenaka Corporation                   | Jan. 15, 2007                  | 16.3   |
| Aeon Hara Shopping Center                | Takenaka Corporation                   | Feb. 19, 2007                  | 13.2   |
| Hanahata Shopping Center                 | Takenaka Corporation                   | Aug. 22, 2007                  | 6.0  |
| Kurume Higashi Kushiwara Shopping Center | Takenaka Corporation                   | Jan. 10, 2008                  | 9.9  |
| K's Denki Kagoshima                      | Takenaka Corporation                   | Mar. 5, 2008                   | 7.3  |
| Canal City Business Center Building(※5)  | Takenaka Corporation                   | Nov. 30, 2010<br>Jan. 21, 2011 | (A) 6.9<br>(B) 11.1                          |
| Gofukumachi Business Center              | Takenaka Corporation                   | Nov. 30, 2010                  | 4.0  |
| Sanix Hakata Building                    | Takenaka Corporation                   | Aug. 31, 2011                  | 4.3  |
| Taihaku Street Business Center           | Takenaka Corporation                   | Feb. 20, 2006                  | 7.5  |
| Higashi Hie Business Center              | Tokyo Marine & Nichido Risk Consulting | Jan. 26, 2009                  | 1.3  |
| Amex Akasakamon Tower                    | Takenaka Corporation                   | Jul. 20, 2006                  | 11.6   |
| City House Keyaki Dori                   | Takenaka Corporation                   | Nov. 30, 2007                  | 1.9  |
| Aqualia Kego                             | Takenaka Corporation                   | Sep. 1, 2011                   | 13.3   |
| Aqualia Chihaya                          | Takenaka Corporation                   | Sep. 1, 2011                   | 7.5  |
| Tenjin Nishi-Dori Center Building        | Tokyo Marine & Nichido Risk Consulting | Feb. 1, 2013                   | 5.4  |
| D-wing Tower                             | NIPPON KANZAI Corporation              | Mar. 1, 2013                   | 3.8  |
| Hotel FORZA Oita                         | Takenaka Corporation                   | Mar. 1, 2013                   | 14.5   |
| Tenjin North Front Building              | Tokyo Marine & Nichido Risk Consulting | Mar. 28, 2013                  | 3.6  |
| Overall portfolio(※6)                    | Takenaka Corporation                   | Aug. 31, 2013                  | 5.8  |

(※1) PML: probable maximum loss (maximum expected loss due to earthquake expressed as a percentage of the total replacement cost of the building).

(※2) Canal City Hakata was divided into four segments (A, B, C and D), each of which was inspected separately. Segment A is Center Walk (Washington Hotel), B is Center Walk (former amusement building), C is the South Building, and D is common area.

(※3) Canal City Hakata-B was divided into three segments (A, B and C), each of which was inspected separately. Segment A is the Grand Hyatt Fukuoka, B is the North Building, and C is common area.

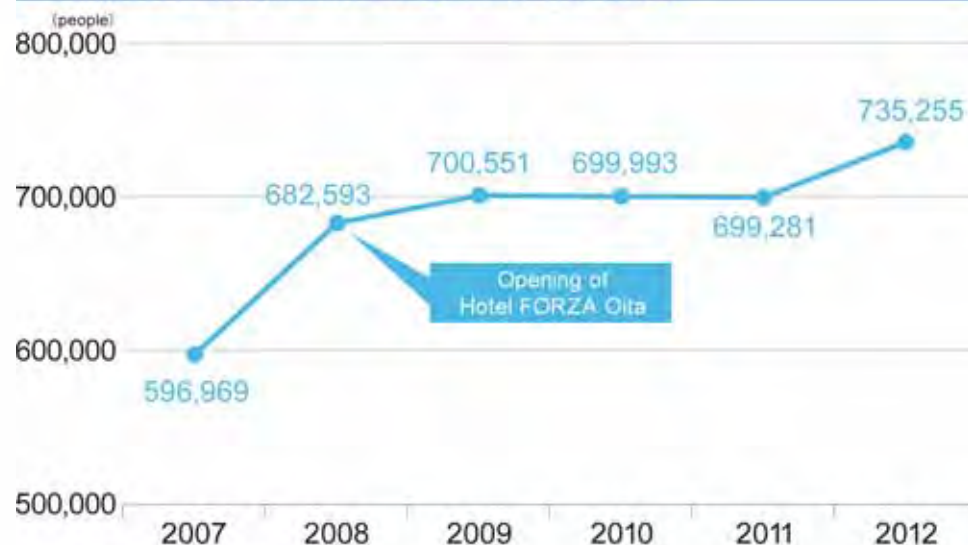
(※4) Park Place Oita was divided into three segments (A, B, C and D), each of which was inspected separately. Segment B is a 7-Eleven store, C is Magnolia Court, D is K's Denki, and A is the areas other than B and C.

(※5) Canal City Business Center Building was divided into two segments (A and B), each of which was inspected separately. Segment A is the Canal City Business Center Building and B is common area.

(※6) The PML for Fukuoka REIT's overall portfolio was calculated based on the assumption that the earthquake's epicenter is in central Fukuoka city, which is one of several hypothetical earthquake scenarios considered.

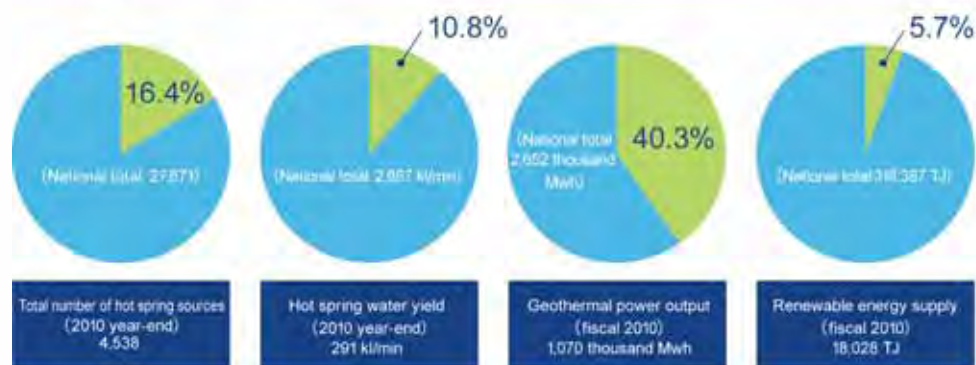
## Uptrend in the number of lodgers in Oita City

■ Number of Japanese lodgers in Oita City



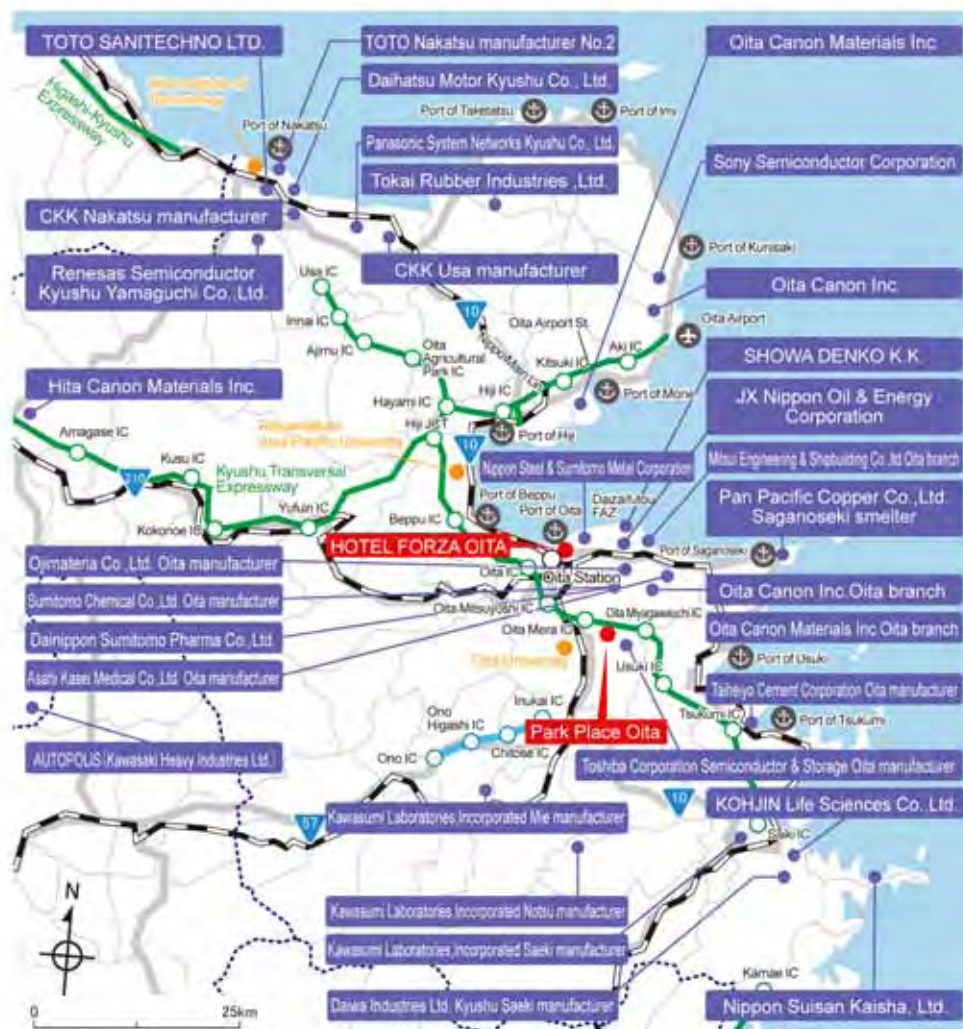
Source: Oita prefecture tourism statistics.

### ■ Oita Characteristics



Source: Oita Prefecture Company Location Guide

■Industrial map of Oita Prefecture



Source: Prepared by Fukuoka Realty based on Oita Prefecture Company Location Guide



# Fukuoka's strengths①

## Expansion of the economy following population growth

### ■ Future movement in the population of Fukuoka City

©The population currently exceeds 1.5 million and is expected to reach 1.6 million by 2030.

(unit: thousand people)



Source: Fukuoka City

### ■ Population comparison of government-decreed cities

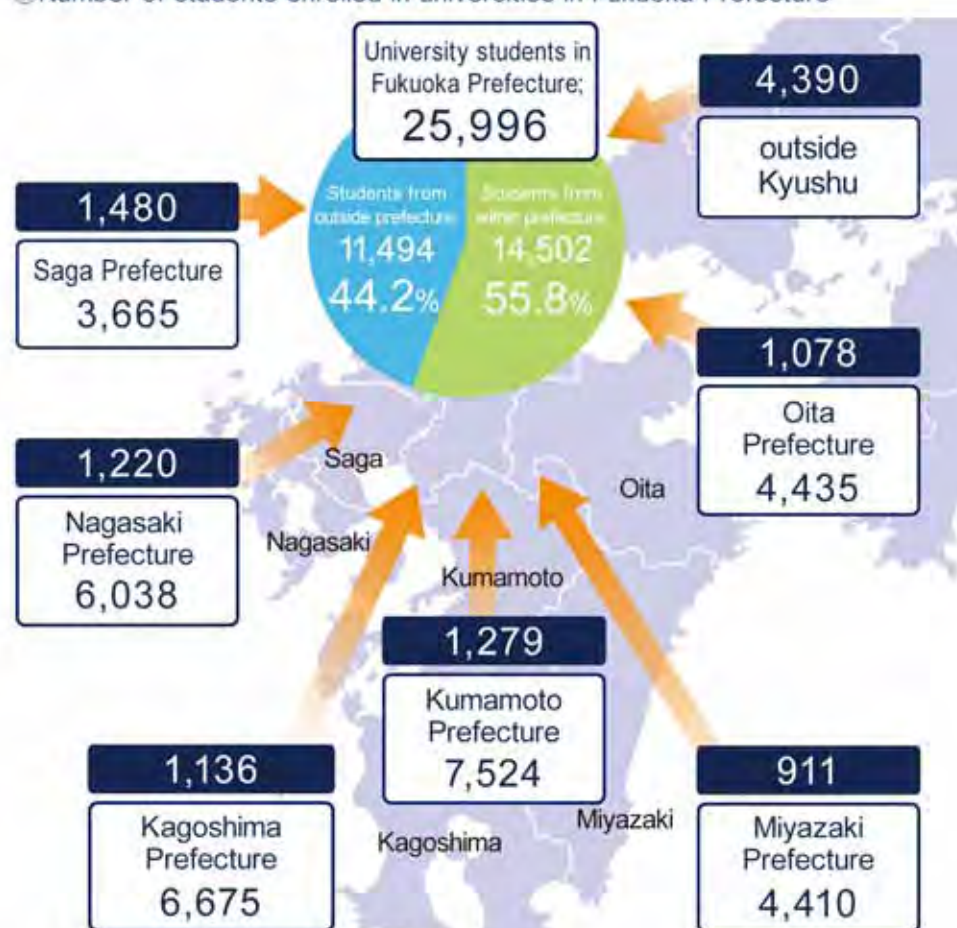
©Fukuoka ranks 6th after Kobe and may rank 5th in the near future

| Cities designated by government ordinance | April 1, 2013<br>Total population (people)<br>(Estimated population) | October 1, 2010<br>Total population (people)<br>(Population Census of Japan) | 2013-2010<br>Population change<br>(people) | 2013-2010<br>Population change (%) | Ranking |
|---|--|--|--|------------------------------------|---------|
| ①Yokohama                                 | 3,693,788  | 3,688,773  | 5,015                                      | 0.1                                | 10      |
| ②Osaka                                    | 2,678,051  | 2,665,314  | 12,737                                     | 0.5                                | 6       |
| ③Nagoya                                   | 2,262,176  | 2,263,894  | (1,718)                                    | (0.1)                              | 13      |
| ④Sapporo                                  | 1,927,371  | 1,913,545  | 13,826                                     | 0.7                                | 5       |
| ⑤Kobe                                     | 1,538,047  | 1,544,200  | (6,153)                                    | (0.4)                              | 15      |
| ⑥Fukuoka                                  | 1,494,978  | 1,463,743  | 31,235                                     | 2.1                                | 1       |
| ⑦Kyoto                                    | 1,468,649  | 1,474,015  | (5,366)                                    | (0.4)                              | 15      |

Source: Prepared by Fukuoka Realty based on data from the Fukuoka City website

### ■ Interregional migration of university students in Kyushu

©Number of students enrolled in universities in Fukuoka Prefecture



Source: Fukuoka Realty based on Kyushu Databook 2012

Note: Number of university students as of 2011 academic year, not including junior college or vocational college students



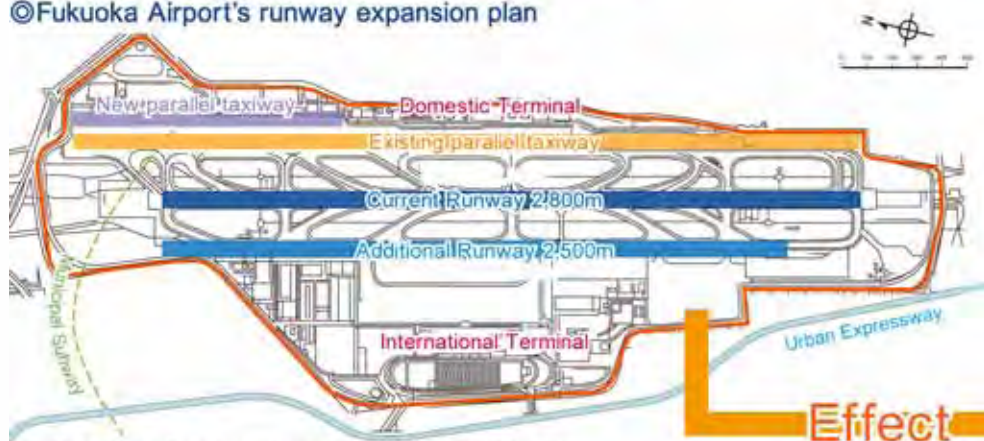
## Fukuoka's strengths②

# Fukuoka-Gateway to Asia

■ Domestic routes 396 flights/day International routes 18 routes to 18 cities 412 flights/week



©Fukuoka Airport's runway expansion plan

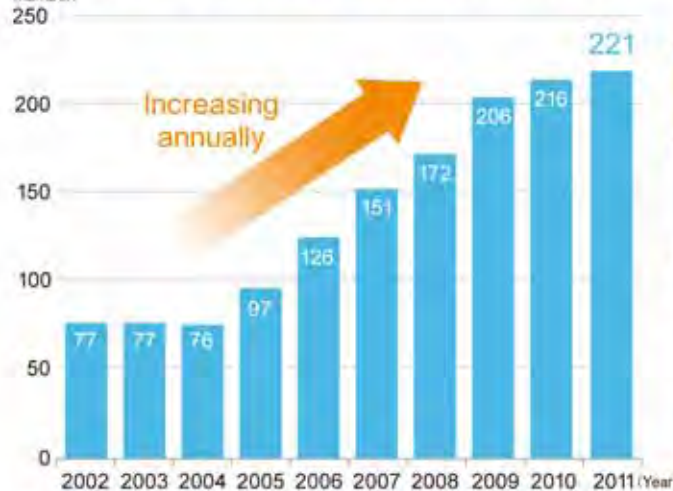


Source: Made by Fukuoka Realty, based on Fukuoka Airport project and Facility Plan materials.

■ The second ranked international convention city in Japan

©Change in the number of international conventions held

(number)



Source: Compiled by Fukuoka Realty based on data obtained from Fukuoka City and Kyushu Datebook 2012.

- ©The second most popular location for domestic conventions

| City     | Numbers |             |
|----------|---------|-------------|
|          | 2011    | Last 10 yrs |
| Tokyo    | 470     | 4,384       |
| Fukuoka  | 221     | 1,419       |
| Yokohama | 169     | 1,264       |
| Kyoto    | 137     | 1,565       |
| Nagoya   | 112     | 1,072       |

©Annual arrivals and departures capacity

### Current runway

145,000 times/per year

### After runway expansion

183,000 times/per year

1.3 times

## Fukuoka Airport runway expansion



### Written Request for Rapid Realization

[illegible]

The Nishinippon Shimbun, June 29, 2011