

Further Demonstrating Our Strength as a Regional J-REIT in 2006

Just over six months have passed since Fukuoka REIT Corporation (FRC) was listed on both the Tokyo Stock Exchange (8968) and Fukuoka Stock Exchange. During this period, we have achieved external growth by proactively acquiring new properties and achieved internal growth by renovating and expanding existing properties and actively introducing new tenants.

Our J-REIT is unique as it is the only regional J-REIT. We are primarily focused on the Fukuoka and Kyushu markets due to a decision we made to aggressively take advantage of the area's strong growth potential. Fukuoka is located on the island of Kyushu, which is the westernmost of Japan's four main islands and the closest island to continental Asia. Fukuoka boasts the fourth largest metropolitan area in Japan and has an economy on par with the nations of Australia, Holland and South Korea. The population in the area is also growing and is forecasted to continue to grow through 2030. Furthermore, public infrastructure is being reinforced this year with the opening of Kitakyushu Airport and Toyota is setting up its second head office in the region.

As indicated above, we have been proactively implementing the FRC investment strategy. One of the striking aspects of the strategy is a clear delineation of asset classes. The strategy calls for positioning our portfolio in young properties with low PMLs and for the breakdown to primarily be 60-80% in retail properties, 20-40% in office buildings and the remainder in hotels, residential and other properties.

We are committed to bolstering our portfolio through both internal and external growth. FRC secures internal growth through an optimal combination of fixed and revenue-based rents, environmental measures that increase energy efficiency and lessen water consumption, creation of additional retail space that raises asset value far in excess of costs, active tenant management that brings prominent global brands to the properties and the creation of standout sales promotional tools.

External growth through investments in market-leading and strong cap rate producing properties is a manifestation of our strong sponsorship network, robust relationships with local financial institutions and our extensive, rich relationship with local real

estate developers. These factors construct our competitive advantage over others and are definitive of our regional strength.

These efforts have paid off in the dividends distributed to our investors. Our first dividend distributions were 19,001 yen per investment unit. This far exceeded the projections of 18,116 yen. Our next dividend distribution will be at the end of February and be 181 days in length; hereto, we have been able to revise our initial dividend projection upward from 16,316 yen to 16,700 yen.

Our strong portfolio, dedication to achieving optimal results for investors and proactive property management skills have been recognized by Standard & Poor's giving us an A-rating. We foresee a strong 2006 where we continue to expand in an optimal, market-versed manner.

Masatoshi Matsuo

Chief Executive Officer, Fukuoka REIT Corporation

Chief Executive, Fukuoka Realty Co., Ltd.