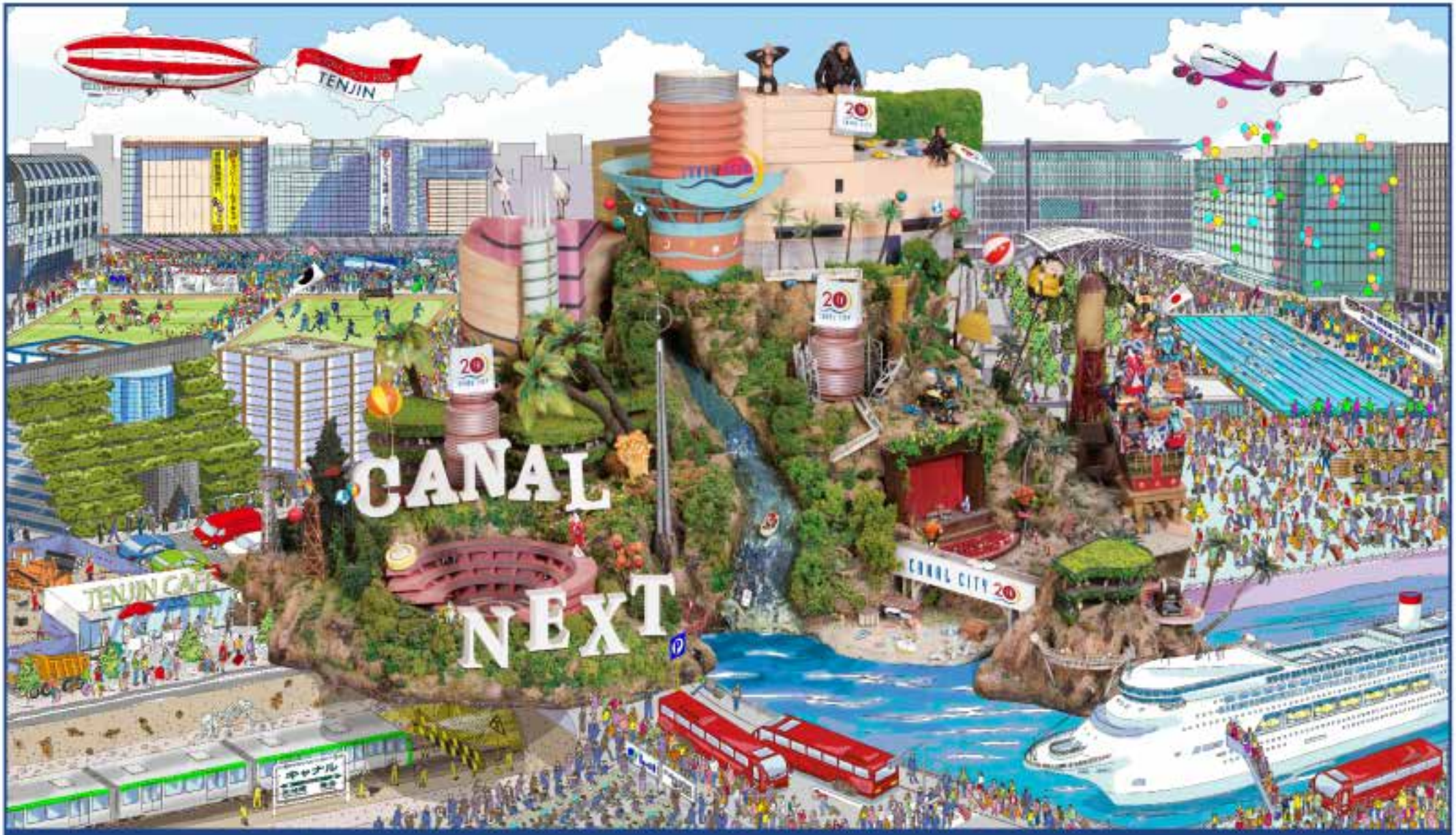

Fukuoka REIT Corporation

Overview of the 23rd fiscal period performance Security code [8968] September 1st,2015~February 29th,2016

Fukuoka REIT Corporation

Overview of the 23rd fiscal period performance

[Security code 8968] September 1st, 2015~February 29th, 2016

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Appendix 23

* 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 one 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.

Results and forecasts in dividends



(※1) Forecast released at the time of the announcement of financial results for the 22nd fiscal period.
※Dividends per investment unit for the 19th fiscal period reflect the five-for-one split of investment unit.

Financial highlights

Dividend per unit was 3,574 yen

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

Category	19th ～ Feb. 28, 2014	20th ～ Aug. 31, 2014	21st ～ Feb. 28, 2015	22nd ～ Aug. 31, 2015 A	23rd ～ Feb. 29, 2016 B	Difference B－A	24th ～ Aug. 31, 2016 (forecast)	25th ～ Feb. 28, 2017 (forecast)
Operating revenues	7,574	7,779	7,789	8,423	8,343	(79)	8,412	8,364
Leasing NOI (＊1)	4,732	4,800	4,829	5,229	5,237	+7	5,234	5,235
Depreciation and amortization expenses	1,354	1,387	1,390	1,458	1,471	+12	1,482	1,521
Operating income	2,801	2,824	2,860	3,167	3,141	(25)	3,121	3,088
Ordinary income	2,239	2,263	2,370	2,663	2,670	+7	2,660	2,660
Profit	2,238	2,262	2,369	2,661	2,669	+7	2,659	2,659
Dividend per unit (yen) ①(＊2)	**16,219**	**3,278**	**3,435**	**3,563**	**3,574**			
Latest dividend forecast per unit (yen)②(＊2)	16,200	3,220	3,350	3,450	3,500		3,560	3,560
Difference from forecast(yen)①－②	+19	+58	+85	+113	+74		-	-
Total number of investment units outstanding (at period-end) (units) (＊2)	138,000	690,000	690,000	747,000	747,000		747,000	747,000
Total assets (at period-end) (mm yen)	167,492	167,824	167,369	181,597	181,445			
Total net assets (at period-end) (mm yen)	81,679	81,703	81,811	93,804	93,812			
Days in fiscal period (days)	181	184	181	184	182			
Number of investment properties (at period-end)	23	24	25	27	27			
Number of tenants (at period-end) (＊3)	868	894	1,003	1,001	1,003			
Total leasable floor space (at period-end) (㎡)	466,087.01	475,682.05	478,197.10	554,464.84	554,549.65			
Occupancy rate (at period-end) (%) (＊4)	98.1	99.3	99.6	99.5	99.6			

(＊1) "Leasing NOI" = "Leasing business revenues" – "Leasing business expenses" + "Depreciation"
(＊2) A 5-for-1 split of investment unit was effectuated on March 1, 2014.
(＊3) 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.
(＊4) "Occupancy rate"="Total leased floor space at period-end" ÷ "Total leasable floor space at period-end"

Dividend's track record

Keeping a stable dividend

■Dividend results / forecasts

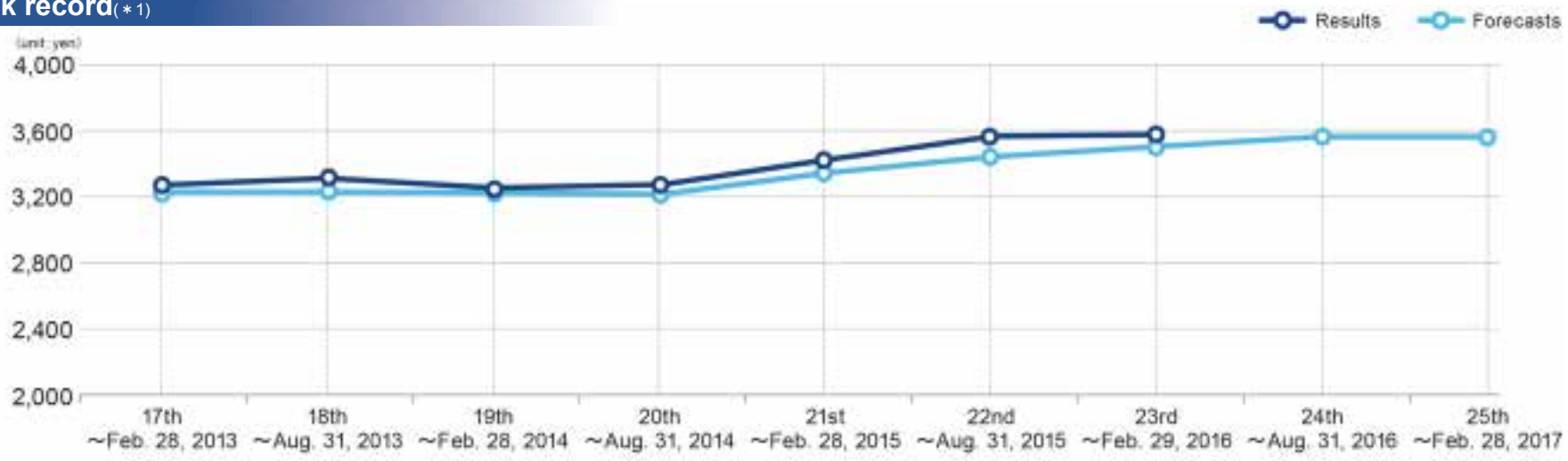
Category	17th ~ Feb. 28, 2013	18th ~ Aug. 31, 2013	19th ~ Feb. 28, 2014	20th ~ Aug. 31, 2014	21st ~ Feb. 28, 2015	22nd ~Aug. 31, 2015	23rd ~ Feb. 29, 2016	24th ~ Aug. 31, 2016 (forecast)	25th ~ Feb. 28, 2017 (forecast)
Dividend per unit (yen)	16,289	16,458	16,219	3,278	3,435	3,563	3,574		
Latest dividend forecast per unit (yen)	16,200	16,200	16,200	3,220	3,350	3,450	3,500	3,560	3,560
Total number of investment units outstanding (at period-end) (units)	123,050	138,000	138,000	690,000	690,000	747,000	747,000	747,000	747,000

■Reference : Dividend's track record

Dividend per unit (The forecast dividend is multiplied by five)	16,289	16,458	16,219	16,390	17,175	17,815	17,870	17,800	17,800
Dividend per unit (The actual dividend is divided by five)	3,257	3,291	3,243	3,278	3,435	3,563	3,574	3,560	3,560

∗A 5-for-1 split of investment unit was effectuated on March 1,2014

■Dividend's track record (∗1)



(∗1)Dividends per investment unit for the 17th fiscal period to the 19th fiscal period reflect the 5-for-1 split of investment unit.

Balance sheets（compared with the previous fiscal period）

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

	Account	22nd ～Aug. 31, 2015 A	23rd ～Feb. 29, 2016 B	Difference B－A
Assets	**Total current assets**	8,553	9,082	529
	Cash and deposits	2,331	3,513	1,181
	Cash and deposits in trust	5,267	4,905	(362)
	Operating accounts receivable	434	372	(61)
	Prepaid expenses	267	284	16
	Consumption taxes receivable	246	-	(246)
	Deferred tax assets	0	0	(0)
	Others	4	6	1
	Total noncurrent assets	172,993	172,324	(668)
	Total property, plant and equipment	170,642	169,804	① (837)
	Buildings in trust	64,240	63,454	(785)
	Structures in trust	953	918	(35)
	Machinery and equipment in trust	356	353	(2)
	Tools and fixtures in trust	324	301	(22)
	Lands in trust	104,756	104,756	-
	Construction in progress in trust	10	19	9
	Total intangible assets	1,774	1,770	(3)
	Leasehold right in trust	1,765	1,765	-
	Other intangible assets in trust	8	5	(3)
	Total investment and other assets	576	748	172
	Lease and guarantee deposits	10	10	-
	Lease and guarantee deposits in trust	110	110	-
	Long-term prepaid expenses	456	628	172
	Total deferred assets	50	38	(12)
	Total assets	**181,597**	**181,445**	(151)

	Account	22nd ～Aug. 31, 2015 A	23rd ～Feb. 29, 2016 B	Difference B－A
Liabilities	**Total current liabilities**	14,826	13,398	(1,427)
	Operating accounts payable	726	667	(59)
	Short-term debt payable	-	-	-
	Current maturities of long-term debt	11,650	10,250	② (1,400)
	Account payable-other	32	23	(8)
	Accrued expenses	351	353	1
	Income taxes payable	1	0	(1)
	Accrued consumption taxes	-	321	321
	Advances received	1,014	1,004	(10)
	Deposits received	1,049	777	(271)
	Total noncurrent liabilities	72,966	74,234	1,267
	Investment corporation bonds	2,000	2,000	-
	Long-term debt payable	58,750	60,075	③ 1,325
	Tenant leasehold and security deposits	331	331	-
	Tenant leasehold and security deposits received in trust	11,885	11,828	(57)
	Total liabilities	**87,793**	**87,633**	**(159)**
Net assets	**Total unitholders' equity**	93,804	93,812	8
	Unitholders' capital	91,142	91,142	-
	Surplus	2,661	2,669	8
	Total net assets	**93,804**	**93,812**	**8**
	Total liabilities and net assets	**181,597**	**181,445**	**(151)**

■Assets

① Capital expenditures	+630
Depreciation and amortization expenses	(1,471)
Others	+4
Total	(837)

■Liabilities

② Long-term debt of current maturities	
→Long-term debt	(6,500)
Long-term debt	
→Long-term debt of current maturities	+5,175
Contractual repayment	(75)
Total	(1,400)

③ Long-term debt of current maturities	
→Long-term debt	+6,500
Long-term debt	
→Long-term debt of current maturities	(5,175)
Total	+1,325

Statements of Income（compared with previous fiscal period）

An increase in profit attributable to lower debt-related expenses, despite decrease in operating income

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

Account			22nd ～Aug. 31 , 2015 A	23rd ～Feb. 29 , 2016 B	Difference B－A	
Ordinary profit and loss	Operating profit and loss	**Operating revenues**	8,423	8,343	①	(79)
		Leasing revenues-real estate	7,902	7,864		(37)
		Other leasing revenues-real estate	520	478		(41)
		Operating expenses	5,256	5,201	②	(54)
		Expenses related to leasing business	4,651	4,577		(74)
		Asset management fees	486	493		6
		Asset custody fees	6	6		0
		Administrative service fees	47	52		4
		Director's compensations	9	9		-
		Other operating expenses	54	62		8
		Operating income	**3,167**	**3,141**		**(25)**
	Non-Operating profit and loss	**Non-operating revenues**	2	3		1
		Interest received	0	0		0
		Others	1	2		1
		Non-operating expenses	505	474	③	(31)
		Interest expenses（incl. investment corporation bonds）	387	358		(29)
		Financing related expenses	106	104		(2)
		Other non-operating expenses	11	12		0
	Ordinary income		**2,663**	**2,670**		**7**
Net income before income taxes			**2,663**	**2,670**		**7**
Income taxes			1	0		(0)
Income taxes-current			1	0		(1)
Income taxes-deferred			(0)	0		0
Profit			**2,661**	**2,669**		**7**
Surplus brought forward			0	0		0
Unappropriated surplus			**2,661**	**2,669**		**8**

Sign indicates impact on profit（unit : mm yen）

■Operating profit and loss

① Canal City Hakata	(145)
[-of which, rent decrease	(151)]
Park Place Oita	(38)
[-of which, decrease in utility expenses	(31)]
Office buildings	+3
[-of which, Higashi Hie Business Center	+4]
Acquired properties at 22nd fiscal period [excluding Park Place Oita adjacent land]	+91
Others	+10
	Total: (79)
② Decrease in outsourcing fees	+100
[-of which, Property Management fees of Canal City Hakata	+89]
Decrease in utility expenses	+42
[-of which, Park Place Oita	+25]
[-of which, Office buildings	+10]
Increase in repair & maintenance expenses	(50)
[-of which, Canal City Hakata	(15)]
[-of which, Canal City Hakata-B	(31)]
[-of which, Park Place Oita	(10)]
Increase in depreciation and amortization expenses	(12)
Increase in sales promotion expenses and general management expenses	(19)
Increase in other expenses	(7)
	Total: +54

■Non-Operating profit and loss

③ Decrease in debt-related expenses	+31
[-of which, decrease in refinancing cost	+29]

Statements of Income（compared with forecast）

Performance exceeding resulting from strong sales at Canal City Hakata

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

Account			Previous Forecast A	23rd ～ Feb. 29, 2016 B	Difference B－A	
Ordinary profit and loss	Operating profit and loss	**Operating revenues**	8,261	8,343	①	82
		Leasing revenues-real estate		7,864		
		Other leasing revenues-real estate		478		
		Operating expenses	5,171	5,201	②	30
		Expenses related to leasing business		4,577		
		Asset management fees		493		
		Asset custody fees		6		
		Administrative service fees		52		
		Director's compensations		9		
		Other operating expenses		62		
		Operating income	3,089	3,141		52
	Non-Operating profit and loss	**Non-operating revenues**	1	3		1
		Interest received		0		
		Others		2		
		Non-operating expenses	475	474	③	(1)
		Interest expenses（incl. investment corporation bond）		358		
		Financing related expenses		104		
		Other non-operating expenses		12		
	Ordinary income		2,615	2,670		54
Net income before income taxes			2,615	2,670		54
Income taxes-current				0		
Income taxes-deferred				0		
Total income taxes			1	0		(0)
Profit			2,614	2,669		55

Sign indicates impact on profit（unit : mm yen）

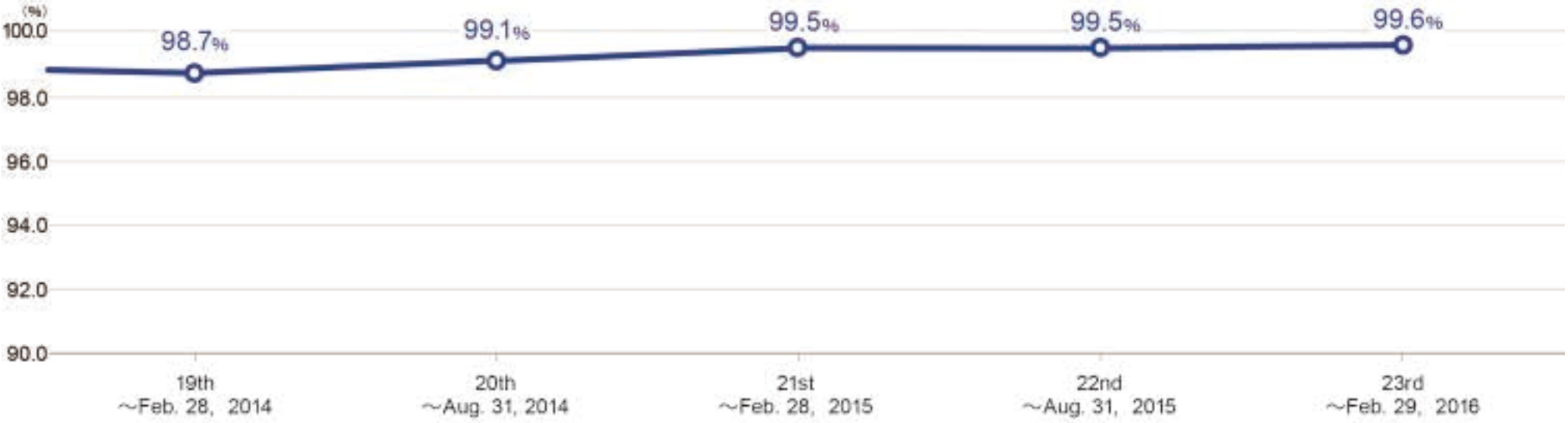
■Operating profit and loss

① Canal City Hakata	+38
[-of which, rent increase	+26]
Canal City Hakata-B	+47
[-of which, rent increase	+35]
Office buildings	+6
[-of which, Canal City Business Center Building	+10]
Others	(9)
Total:	+82
② Decrease in utility expenses	+19
[-of which, Park Place Oita	+9]
[-of which, office buildings	+5]
Increase in repair & maintenance expenses	(47)
[-of which, Canal City Hakata-B	(14)]
[-of which, Park Place Oita	(8)]
[-of which, office buildings	(19)]
Increase in other expenses	(2)
Total:	(30)

Portfolio properties' occupancy rates

Maintained high occupancy rates

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



■Occupancy rates（the weighted average during the period）

Category	19th ~ Feb. 28, 2014	20th ~ Aug. 31, 2014	21st ~ Feb. 28, 2015	22nd ~ Aug. 31, 2015	23rd ~ Feb. 29, 2016	Investment Percentage (based on acquisition price)
Active retail	99.2%	99.8%	100.0%	99.9%	99.7%	46.5%
Passive retail	100.0%	100.0%	100.0%	100.0%	100.0%	14.2%
Office buildings	97.5%	97.5%	98.8%	99.0%	99.6%	27.0%
Others	95.2%	96.1%	96.6%	98.5%	98.5%	12.3%
Total	**98.7%**	**99.1%**	**99.5%**	**99.5%**	**99.6%**	**100.0%**

∗ 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, K's Denki Kagoshima, and Marinoa City Fukuoka（Marina Side Building）.

Appraisal value

Unrealized gains(＊1) totaled 19,830 mm yen at the end of 23rd fiscal period (increase of 3,052 mm yen compared with previous fiscal period)

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

	Property name	Acquisition price (＊2)	Acquisition cap rate	Appraisal value 23rd ①	Appraisal value 22nd ②	Book value at 23rd ③	Difference From appraisal value at 22nd ①-②	Difference From book value at 23rd ①-③	Direct capitalization values 23rd Cap rate ④	Direct capitalization values 22nd Cap rate ⑤	Direct capitalization values Difference ④-⑤	Real estate appraiser
Retail	Canal City Hakata	32,000	6.0%	33,000	32,700	30,510	300	2,489	4.7%	4.8%	(0.1)%	Tanizawa Sogo Appraisal
	Canal City Hakata・B	28,700	5.4%	29,900	29,600	28,454	300	1,445	4.9%	5.0%	(0.1)%	Tanizawa Sogo Appraisal
	Park Place Oita(＊3)	16,290	6.5%	17,936	17,934	17,873	2	62	5.9%	6.0%	(0.1)%	Japan Real Estate Institute
	SunLiveCity Kokura	6,633	6.6%	7,890	7,760	5,911	130	1,978	6.2%	6.3%	(0.1)%	Japan Real Estate Institute
	Square Mall Kagoshima Usuki	5,300	6.2%	5,290	5,210	4,641	80	648	6.2%	6.3%	(0.1)%	Japan Real Estate Institute
	Kumamoto Intercommunity SC	2,400	6.5%	2,650	2,610	2,088	40	561	6.1%	6.2%	(0.1)%	Japan Real Estate Institute
	AEON Hara Shopping Center	5,410	6.8%	4,090	4,500	5,271	(410)	(1,181)	6.0%	8.4%	(2.4)%	Japan Real Estate Institute
	Hanahata SC	1,130	6.4%	1,240	1,210	1,029	30	210	5.6%	5.7%	(0.1)%	Tanizawa Sogo Appraisal
	Kurume Higashi Kushiwara SC	2,500	6.1%	2,750	2,700	2,184	50	565	5.6%	5.7%	(0.1)%	Tanizawa Sogo Appraisal
	K's Denki Kagoshima	3,550	5.7%	3,680	3,620	3,169	60	510	5.5%	5.6%	(0.1)%	Tanizawa Sogo Appraisal
	Marinoa City Fukuoka(Marina Side Building)	5,250	5.5%	5,510	5,390	5,301	120	208	5.2%	5.3%	(0.1)%	Tanizawa Sogo Appraisal
	Total of retail	109,163	-	113,936	113,234	106,436	702	7,499	-	-	-	
Office buildings	Canal City Business Center Building	14,600	6.2%	15,100	14,800	13,512	300	1,587	5.0%	5.1%	(0.1)%	Tanizawa Sogo Appraisal
	Gofukumachi Business Center	11,200	6.2%	13,200	12,900	9,453	300	3,746	4.9%	5.0%	(0.1)%	Tanizawa Sogo Appraisal
	Sanix Hakata Building	4,400	5.9%	5,210	5,020	3,993	190	1,216	4.8%	4.9%	(0.1)%	Japan Real Estate Institute
	Taihaku Street Business Center	7,000	6.0%	7,140	7,120	6,408	20	731	5.2%	5.3%	(0.1)%	Japan Real Estate Institute
	Higashi Hie Business Center	5,900	6.0%	6,430	6,320	4,853	110	1,576	5.5%	5.6%	(0.1)%	Tanizawa Sogo Appraisal
	Tenjin Nishi-Dori Center Building	2,600	5.4%	2,930	2,870	2,711	60	218	4.7%	4.8%	(0.1)%	Japan Real Estate Institute
	Tenjin North Front Building	2,800	6.1%	3,270	3,230	2,704	40	565	5.1%	5.2%	(0.1)%	Japan Real Estate Institute
	Total of office buildings	48,500	-	53,280	52,260	43,636	1,020	9,643	-	-	-	
Others	Amex Akasakamon Tower	2,060	5.4%	1,850	1,830	1,791	20	58	5.0%	5.1%	(0.1)%	Daiwa Real Estate Appraisal
	City House Keyaki Dori	1,111	5.5%	1,030	1,020	980	10	49	5.0%	5.1%	(0.1)%	Daiwa Real Estate Appraisal
	Aqualia Kego	2,800	6.3%	3,660	3,590	2,657	70	1,002	4.8%	4.9%	(0.1)%	Japan Real Estate Institute
	Aqualia Chihaya	1,280	6.8%	1,600	1,570	1,219	30	380	5.3%	5.4%	(0.1)%	Japan Real Estate Institute
	D-Wing Tower	2,800	5.9%	3,250	3,220	2,796	30	453	5.0%	5.1%	(0.1)%	Tanizawa Sogo Appraisal
	Granfore Yakuin Minami	1,100	5.6%	1,230	1,210	1,176	20	53	4.9%	5.0%	(0.1)%	Tanizawa Sogo Appraisal
	Hotel FORZA Oita	1,530	6.6%	1,720	1,660	1,462	60	257	5.9%	6.1%	(0.2)%	Japan Real Estate Institute
	Tosu Logistics Center	1,250	5.9%	1,350	1,320	1,254	30	95	5.5%	5.6%	(0.1)%	Japan Real Estate Institute
	LOGICITY Minato Kashii(＊4)	8,150	5.2%	8,480	8,270	8,142	210	337	4.8%	4.9%	(0.1)%	Tanizawa Sogo Appraisal
	Total of others	22,081	-	24,170	23,690	21,482	480	2,687	-	-	-	
Total properties		179,744	-	191,386	189,184	171,555	2,202	19,830	-	-	-	

(＊1) It does not include "construction in progress in trust" in amount recognized in balance sheet at the end of period.
(＊2) "Acquisition price" does not include fees, public charge and expenses.
(＊3) It includes adjacent land of Park Place Oita (parking space "land") in the 22nd fiscal period.
(＊4) The name was changed from LOGIPORT Island-city Hakata to LOGICITY Minato Kashii on March 1, 2016 (the same below).

Business forecast（the 24th fiscal period）

Dividend will be 3,560yen exceeding the previous forecast despite incurred of taxes and public fees

■Forecast in the 24th fiscal period

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

Account	23rd Results A	24th Forecast at 22nd B	**24th Forecast at 23rd C**	**23rd results Difference C−A**	24th forecast Difference C−B
Operating revenues	8,343	8,338	8,412	① 69	74
Operating expenses	5,201	5,252	5,291	② 89	38
Operating income	3,141	3,086	3,121	(20)	35
Non-operating revenues	3	1	1	(1)	-
Non-operating expenses	474	471	462	③ (11)	(9)
Ordinary income	2,670	2,616	2,660	(10)	44
Profit	2,669	2,615	2,659	(10)	44
Dividend per unit (yen)	3,574	3,500	3,560	(14)	+60

Sign indicates impact on profit（unit : mm yen）

■Variance between the 23rd fiscal period results and the 24th fiscal period forecast

① Canal City Hakata	+46
[-of which, rent increase	+50]
Canal City Hakata･B	(25)
[-of which, rent Decrease	(33)]
Park Place Oita	+41
[-of which, rent increase	+10]
[-of which, Increase in utility expenses	+29]
Office buildings	+11
[-of which, Canal City Business Center Building	+6]
[-of which, Gofukumachi Business Center	+5]
Others	(4)
Total: +69	
② Increase in outsourcing fees	(42)
[-of which, Property Management fees of Canal City Hakata	(23)]
[-of which, Park Place Oita	(17)]
Increase in utility expenses	(44)
[-of which, Park Place Oita	(26)]
[-of which, office buildings	(9)]
Decrease in repair & maintenance expenses	+96
Increase in taxes & fees	(54)
[-of which, acquired properties in the 22nd fiscal period	(53)]
Increase in depreciation and amortization expenses	(11)
Increase in other expenses	(34)
[-of which, Canal City Hakata	(12)]
[-of which, office buildings	(13)]
Total: (89)	
③ Decrease in debt-related expenses	+6
[-of which, decrease in refinancing cost	+4]
Decrease in amortization of investment unit issuance expenses	+5
Total: +11	

Business forecast（the 25th fiscal period）

Dividend was flat due to a decrease in operating income offset by a decrease in debt-related expenses compared to the previous fiscal period

■Forecast in the 25th fiscal period

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

Account	24th Forecast at 23rd A	**25th Forecast at 23rd** B	**24th forecast Difference** B−A	
Operating revenues	8,412	8,364	①	(48)
Operating expenses	5,291	5,275	②	(16)
Operating income	3,121	3,088		(32)
Non-operating revenues	1	1		-
Non-operating expenses	462	429	③	(32)
Ordinary income	2,660	2,660		0
Profit	2,659	2,659		0
Dividend per unit (yen)	3,560	3,560		-

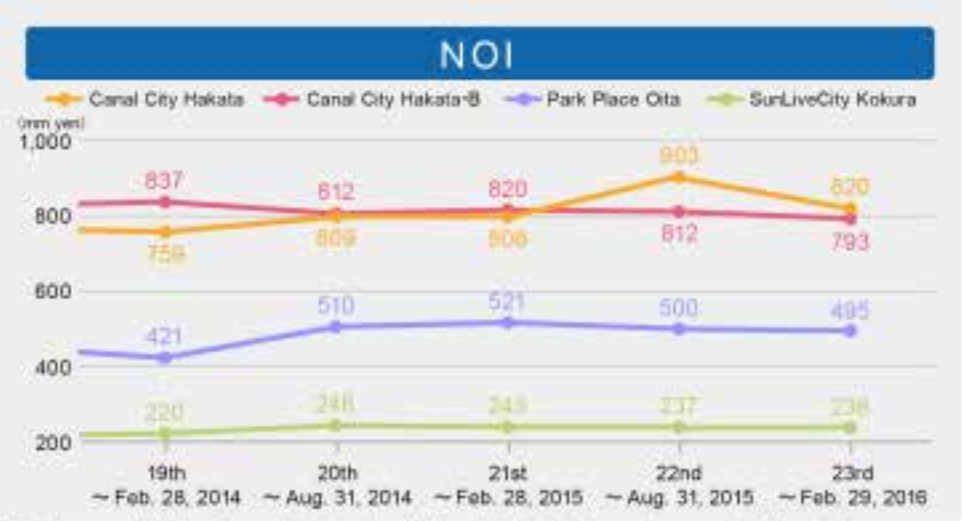
Sign indicates impact on profit（unit : mm yen）

■Variance from updated the 24th fiscal period forecast

① Canal City Hakata	(30)
Canal City Hakata･B	+14
Park Place Oita	(23)
[-of which, decrease in utility expenses	(20)]
Others	(9)
Total:	(48)
② Decrease in outsourcing fees	+32
[-of which, Property Management fees of Canal City Hakata	+23]
Decrease in utility expenses	+36
[-of which, Park Place Oita	+20]
[-of which, office buildings	+9]
Increase in repair & maintenance expenses	(27)
Increase in depreciation and amortization expenses	(39)
Decrease in other expenses	+14
Total:	+16
③ Decrease in debt-related expenses	+32
[-of which, decrease in refinancing cost	+28]
Total:	+32

Active retail

Sales increases largely as a result of attracting inbound foreign visitors at Canal City Hakata



※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



Sales (annual total (※1))

Mar. 2014 – Feb. 2015: 31.3bn yen ➡ Mar. 2015 – Feb. 2016: 38.0bn yen

+21.5%

Merchandise, restaurant, and hotel sales were strong as a result of inbound foreign visitors, notably arrivals on cruise ships from China. 4DX and screening of popular movies at United Cinema also had a ripple effect on sales to Japanese customers throughout the entire complex.

(※1)Combined sales of Canal City Hakata and Canal City Hakata・B, properties owned by Fukuoka REIT

Park Place Oita



Sales (annual total)

Mar. 2014 – Feb. 2015: 27.5bn yen ➡ Mar. 2015 – Feb. 2016: 24.9bn yen

(9.4)%

Although sales decreased year on year due to the impact of the April 2015 opening of JR Oita City, they were within the expected range. The number of visitors is recovering due to operation that emphasizes "koto" consumption (consumption based on intangible values), such as the holding of events tailored to visitor characteristics.

SunLiveCity Kokura



Sales (annual total (※2))

Mar. 2014 – Feb. 2015: – ➡ Mar. 2015 – Feb. 2016: –

+4.6%

Sales increased, partly as a result of the closing of a nearby competing store. Sundries stores attracted as tenants in the renovation of two years ago showed strong customer drawing power and contributed to sales throughout the entire complex.

※Sales figures are rounded down to the nearest hundred million yen.

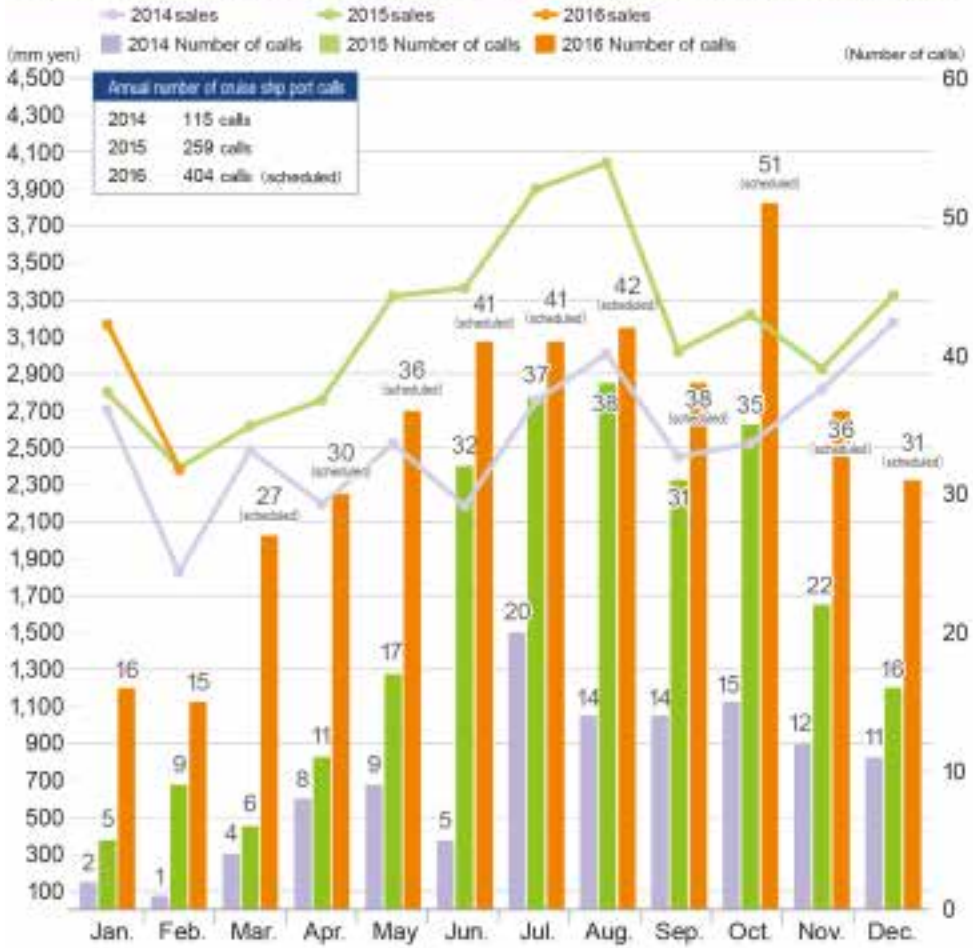
(※2) Sales figures are omitted because SunLive did not consent to their disclosure.

Current situation at Canal City Hakata (overall)①

Strong sales are continued due to an inbound effect

Change in sales of Canal City Hakata and the number of cruise ship port calls

◎Monthly comparison of sales of Canal City Hakata (*1) and the number of cruise ship port calls (*2)



Source: Fukuoka Realty, based on "Port of Hakata Cruise Ship Record", posted on the Port of Hakata website
(*1)Combined sales of Canal City Hakata and Canal City Hakata・B properties owned by Fukuoka REIT
(*2)Figures include plans as of March 1, 2016

A retail complex offering excellent access and convenience for inbound foreign visitors

◎Access from transportation infrastructure



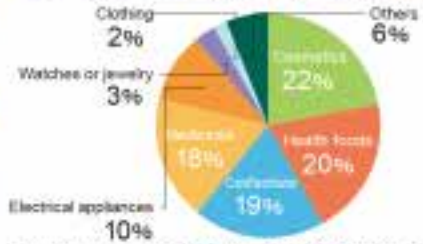
◎Tax-free counter users by country

1	Korea
2	China
3	Taiwan
4	Thailand
5	Singapore



*The rankings are based on actual tax-free counter use in January 2016

◎Items purchased by passengers on cruise ships calling at Hakata Port



Source: Prepared by Fukuoka Realty based on data from "Survey of Passengers on Cruise Ships Calling at Hakata Port in Fiscal 2015" (Economy, Tourism & Culture Bureau, Fukuoka City)

◎Free Wi-Fi



Jul. 15, 2015~

◎Survey of foreign visitors to Japan

(%) (Items thought convenient if available during stays in Japan)



*Percentages include multiple answers.
Source: Prepared by Fukuoka Realty based on data from "Consumption Trend Survey for Foreigners Visiting Japan (2016)" (Ministry of Land, Infrastructure, Transport and Tourism)

Current situation at Canal City Hakata (overall)②

The number of visitors in fiscal 2015 was the highest since Canal City Hakata first opened

■April 20, 2016 marks the 20th anniversary of Canal City Hakata

◎Overview of 20th Anniversary Phase One

- Offering of 20th anniversary sale limited edition products
- Canal fringe festival
- 20th anniversary special tie-up with Anime "Detective Conan"
- Twenty days of FM FUKUOKA radio public recording sessions

■Tenant renewal and new tenant status

◎United Cinema Renewal

4DX®



Dec. 18, 2015~

Premium Dinning Cinema



Apr. 23, 2016~

◎Renewal of the guest rooms in Grand Hyatt Fukuoka



Image of Grand Twin Room

■Overview of renewal of the guest rooms

Renewal guest rooms
Total 370 guest rooms

Schedule
[The 1st period / 188 rooms]
January to April in 2016
[The 2nd period / 182 rooms]
January to April in 2017

◎New tenants

WHOLE SQUARE FUKUOKA



Nov. 30, 2015~

Wolfgang's Steakhouse



Mar. 14, 2016~

◎Other topics

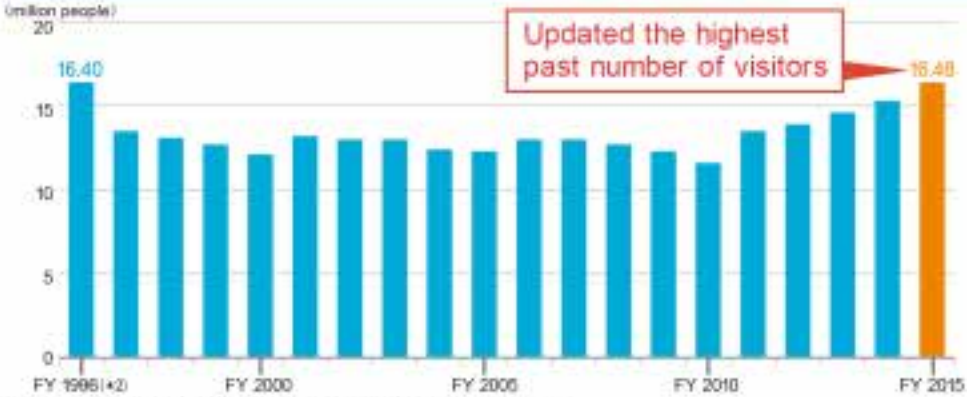
■Canal City Theater "Beauty and the Beast" by Shiki Theatre Company
Started from March 13th, 2016

■Chinese cuisine "BAIRAN ", Specialty restaurant of beef tongue barbeque "Gyutan Yaki Sendai Henmi"
Scheduled on April 22nd, 2016

■Ramen Stadium
"Ramen Santouka", "Ganso Najimatei"
Opened on March 30th, 2016

*Fukuoka REIT has no plan to own Canal City Theater at this time

■Change in the number of visitors to Canal City Hakata (*1)



Source: Prepared by Fukuoka Realty based on data from Fukuoka Jaho Co., Ltd.
(*1)Figures for years since fiscal 2011 include visitors to The East Building. (*2)The fiscal 1996 figure is for the period from April 20th,1996 to April 19th,1997.

■Plan for Fukuoka City Subway Nanakuma Line Chukan Station (provisional name)



Source: Prepared by Fukuoka Realty based on data from "High-Speed Rail No. 3 Line Plan, etc." (January 19, 2016, Fukuoka City Special Committee on Transportation Solutions)

Overview of retail operation

Breakdown of active retail rents

Breakdown of rents by property



Breakdown of total rents

◎Total rents in the 22nd fiscal period: 4,225 mm yen

Variable rents : 23.5% (995 mm yen)

Fixed rents: 76.5% (3,230 mm yen)

◎Total rents in the 23rd fiscal period: 4,085 mm yen

Variable rents : 20.4% (834 mm yen)

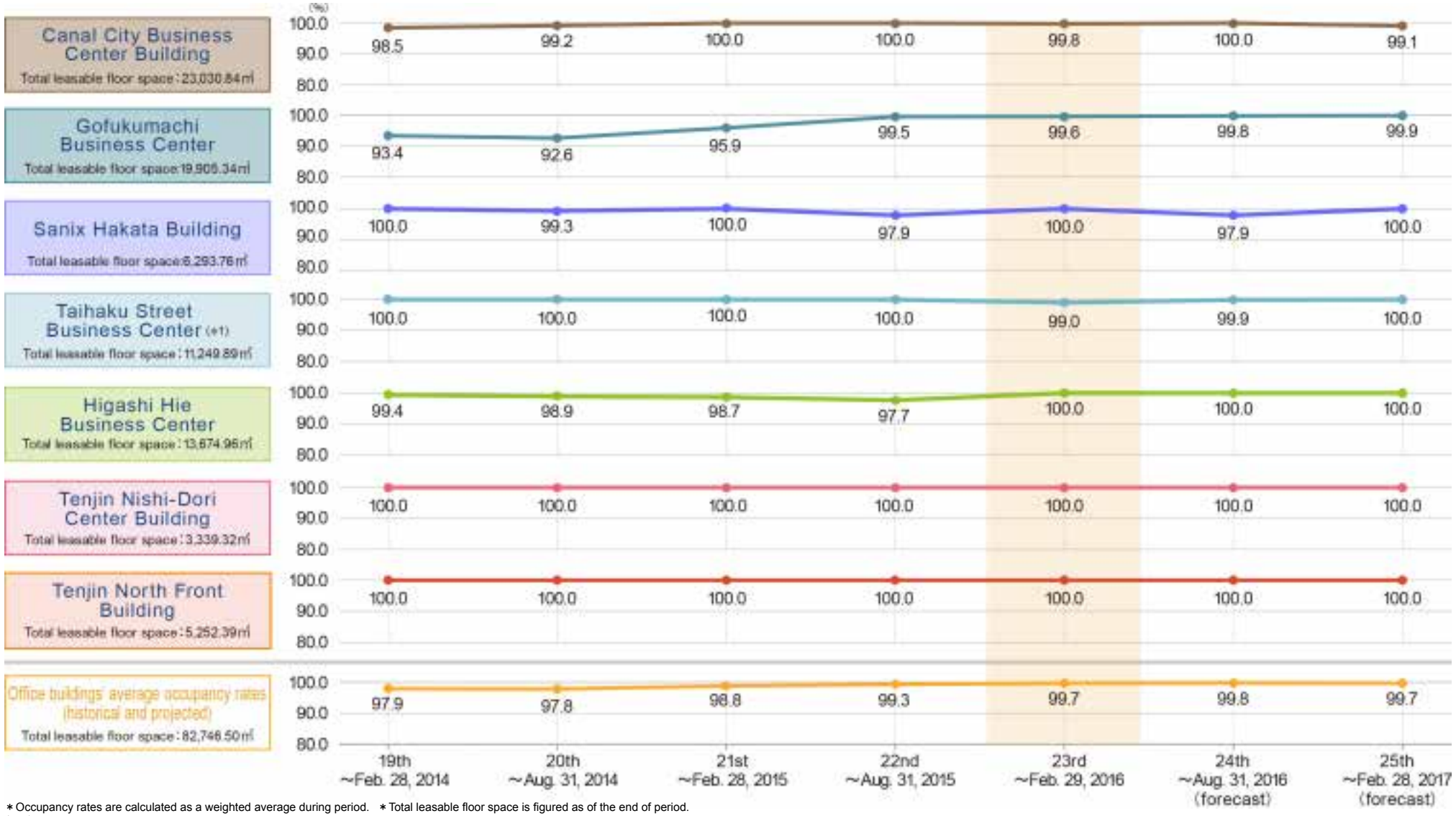
Fixed rents: 79.6% (3,251 mm yen)

(※1)Fixed rents are 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 rents (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.

(※2)Variable rents are the sum of the portion of rents collected from tenants with variable rents that varies as a function of the tenants' sales.

Historical and projected office buildings' occupancy rates

Continuously increase in the average occupancy rate of office building in the 23rd fiscal period



∗ Occupancy rates are calculated as a weighted average during period. ∗ Total leasable floor space is figured as of the end of period.
(∗1) Residential floor spaces are removed from the total leasable floor space of Taihaku Street Business Center.

Fukuoka office market

■Change in vacancy rate and office building completions



*Statistics for 2005 to 2015 are based on figures as of December. *Office building-related data for each city are data for areas and buildings included in surveys conducted by Miki Shoji Co., Ltd.
Source: Fukuoka Realty, based on data published by Miki Shoji Co.Ltd.

Key financing events in the 23rd fiscal period

A stable network of sponsor banks and other lenders

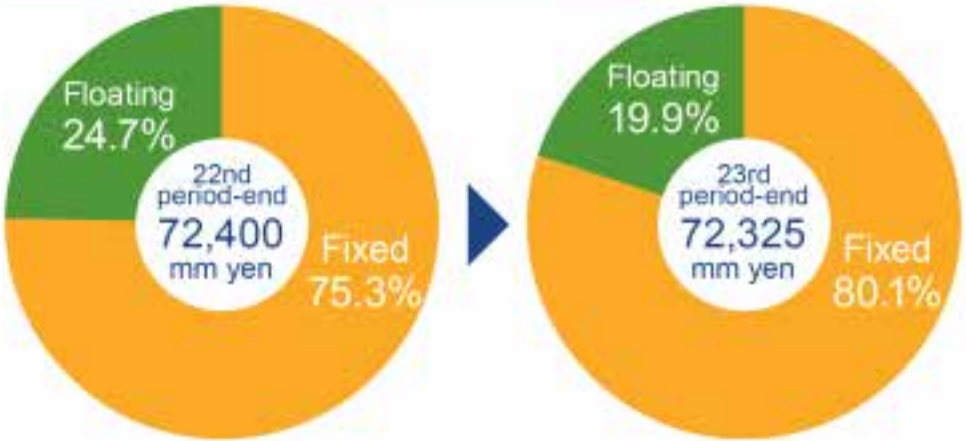
Financial performance in the 23rd fiscal period

February 2016 Fixing of interest rates through refinancing of maturing debt and conclusion of interest rate swap agreements

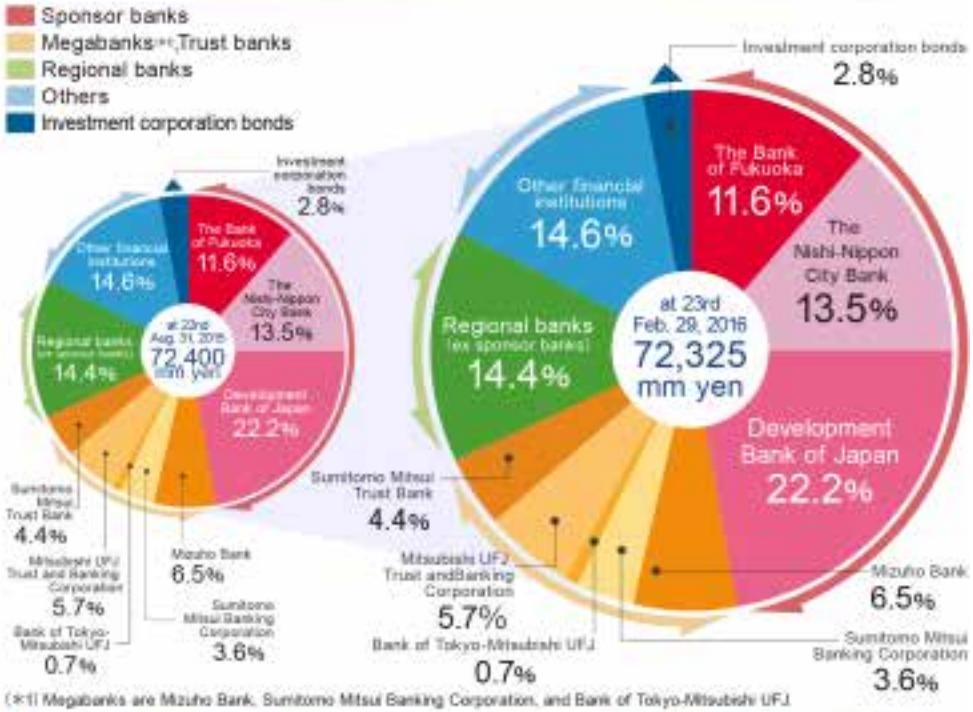
Lender / Conditions	The Bank of Fukuoka		The Nishi-Nippon City Bank		Development Bank of Japan		Mizuho Bank	
	Before	After	Before	After	Before	After	Before	After
Balance (mm yen)	2,000	2,000	2,000	2,000	2,000	2,000	500	500
Period (years)	5	8	5	8	5	9	4	8
Interest rate	3-month TIBOR +0.45%	3-month TIBOR +0.35%	3-month TIBOR +0.45%	3-month TIBOR +0.30%	3-month TIBOR +0.60%	Fixed rate 0.62%	Fixed rate 1.11724%	3-month TIBOR +0.30%
Interest rate swap agreement			Substantively fixed rate 0.774%	Substantively fixed rate 0.44%				Substantively fixed rate 0.44%

In addition to the above, conclusion of an interest rate swap agreement (0.63491% substantively fixed rate) with respect to a Sumitomo Mitsui Trust Bank long-term loan of 1,500 million yen (3-month TIBOR + 0.44%)

Proportions of fixed and floating rate



Breakdown of debt by lenders



(*1) Megabanks are Mizuho Bank, Sumitomo Mitsui Banking Corporation, and Bank of Tokyo-Mitsubishi UFJ

Credit ratings (*2)

The S&P rating outlook was changed from A- (Stable) to A- (Positive) on November 25, 2015.

S&P	R&I	JCR
A- (Positive)	A+ (Stable)	AA- (Stable)

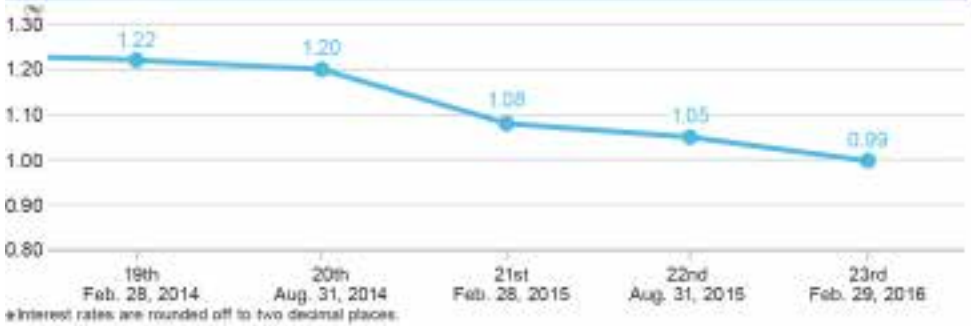
(*2) S&P: long-term issuer rating obtained from Standard & Poor's Rating Japan K.K. (S&P)
R&I: issuer rating obtained from Rating and Investment Information, Inc. (R&I)
JCR: long-term senior debt rating obtained from Japan Credit Rating Agency, Ltd. (JCR)

*As of February 29, 2016

Financing condition

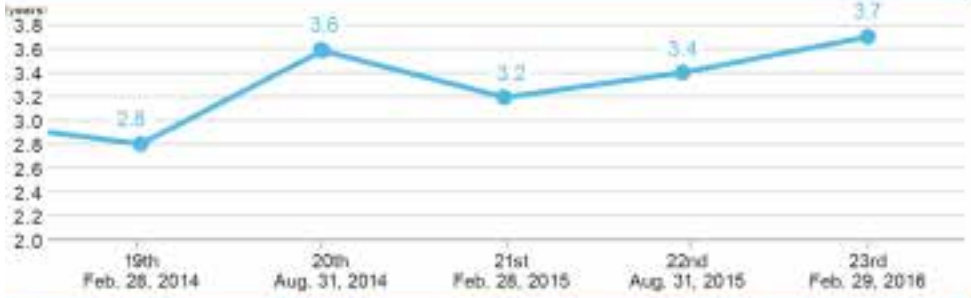
A decrease in the average interest rate paid during the fiscal period and an increase in duration achieved through latest refinancing

Average interest rate paid during fiscal periods



※Interest rates are rounded off to two decimal places.

Duration –average remaining duration to maturity (years)–



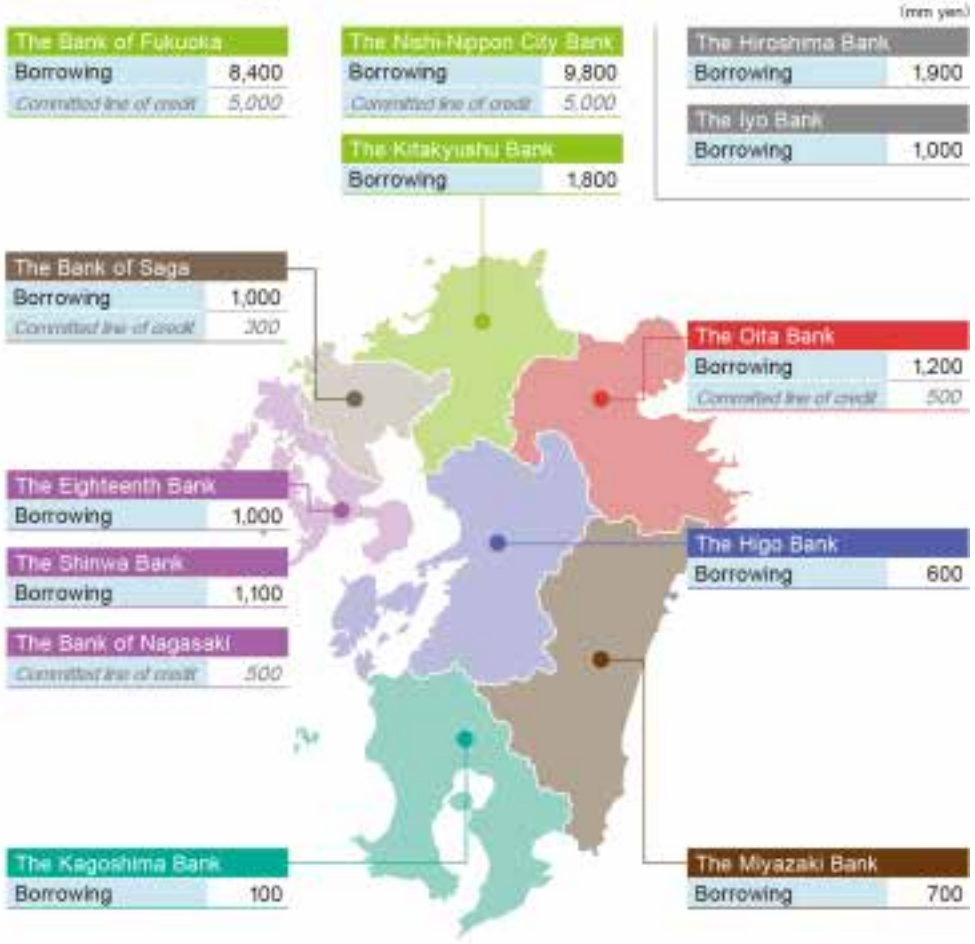
Diversification of debt maturities (As of February 29, 2016)



A regional bank transaction network that covers the entire Kyushu region

◎Sharing of information networks unique to regional banks to utilize for our investment strategy in the area

(mm yen)



※As of February 29, 2016

Financial strategy

List of borrowings

Stable debt financing

(As of February 29, 2016)

Category	Lender	Balance(JPY)	Drawdown Date	Repayment Date	Repayment Method	Average Interest Rate	Description
Short-term debt	–	–	–	–	–	–	–
Current maturities of long-term debt	Shinsei Bank	1,000,000,000	Jul.29,2011	Jul.29,2016	Lump-sum upon maturity	1.20829%(＊2)	No collateral No guarantee
	Development Bank of Japan	4,000,000,000	Aug.31,2009	Aug.31,2016		2.17000%(＊2)	
	Sumitomo Mitsui Trust Bank	600,000,000	Sep.28,2012	Sep.30,2016		0.57091%(＊1)(＊4)	
	The Bank of Fukuoka	1,500,000,000	Dec.30,2010	Dec.30,2016		0.62091%(＊1)(＊4)	
	The Hiroshima Bank	500,000,000	Dec.30,2011	Dec.30,2016		1.18195%(＊2)	
	The 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)	
	The 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		1.18195%(＊2)	
	The 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)	
	Subtotal	**10,100,000,000**					
Long-term debt	Development Bank of Japan	2,025,000,000	Jun.30, 2009	Jun.30, 2017	Repayment installment (＊6)	2.20000%(＊2)	No collateral No guarantee
	The Bank of Fukuoka	2,000,000,000	Jul.29,2011	Jul.31,2017	Lump-sum upon maturity	1.30452%(＊2)	
	The Nishi-Nippon City Bank	2,000,000,000	Jul.29,2011	Jul.31,2017		1.30452%(＊2)	
	The Dai-ichi Life Insurance Company	1,000,000,000	Jul.29,2011	Jul.31,2018		1.80000%(＊2)	
	The Bank of Fukuoka	1,500,000,000	Dec.30,2011	Dec.30,2017		0.77091%(＊1)(＊4)	
	Sumitomo Mitsui Banking Corporation	500,000,000	Jan.31,2012	Jan.31,2019		1.33830%(＊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)	
	The Higo Bank	300,000,000	Mar.30,2012	Mar.31,2017		1.20346%(＊2)	
	The Bank of Fukuoka・The Nishi-Nippon City Bank・The Oita Bank・The Miyazaki Bank・The 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)	
	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		0.77500%(＊3)	
	The Nishi-Nippon City Bank	1,900,000,000	Feb.28,2013	Feb.28,2018		0.60000%(＊1)(＊5)	
	Mizuho Bank	1,700,000,000	Feb.28,2013	Feb.29,2020		0.60000%(＊1)(＊5)	
	Sumitomo Mitsui Trust Bank	1,100,000,000	Feb.28,2013	Feb.28,2018		0.65000%(＊1)(＊5)	
	Mitsubishi UFJ Trust and Banking Corporation	1,500,000,000	Feb.28,2013	Feb.28,2018		0.45000%(＊1)(＊5)	
	Aozora Bank	600,000,000	Feb.28,2013	Feb.28,2018		0.45000%(＊1)(＊5)	
	Mitsubishi UFJ Trust and Banking Corporation	600,000,000	Mar.29,2013	Mar.30,2018		0.52091%(＊1)(＊4)	
	Aozora Bank	1,000,000,000	Jun.28,2013	Jun.30,2020		0.57091%(＊1)(＊4)	
	Mizuho Bank・The Norinchukin Bank・The Bank of Saga	3,700,000,000	Jul.31,2014	Jul.31,2019		0.53800%(＊3)	
	Mizuho Bank・The Norinchukin Bank・The Hiroshima Bank・The Kitakyushu Bank・The Iyo Bank・The Higo Bank	6,300,000,000	Jul.31,2014	Jul.30,2021		0.83500%(＊3)	
	Development Bank of Japan	4,000,000,000	Aug.29,2014	Aug.31,2022		1.01000%(＊2)	
	The Bank of Tokyo-Mitsubishi UFJ	500,000,000	Sep.25,2014	Sep.25,2019		0.52000%(＊2)	
	Sumitomo Mitsui Banking Corporation	1,600,000,000	Jun.30,2015	Jun.30,2022		0.79000%(＊3)	
	Sumitomo Mitsui Trust Bank	1,500,000,000	Jul.31,2015	Jul.31,2023		0.63491%(＊3)(＊7)	
	Development Bank of Japan	4,000,000,000	Aug.31,2015	Aug.31,2023		0.88000%(＊2)	
	The Bank of Fukuoka	400,000,000	Aug.31,2015	Aug.31,2022		0.45000%(＊1)(＊5)	
	The Nishi-Nippon City Bank	400,000,000	Aug.31,2015	Aug.31,2023		0.87000%(＊3)	
	The Bank of Fukuoka	2,000,000,000	Feb.29,2016	Feb.29,2024		0.45000%(＊1)(＊5)	
	The Nishi-Nippon City Bank	2,000,000,000	Feb.29,2016	Feb.29,2024		0.44000%(＊3)	
	Development Bank of Japan	2,000,000,000	Feb.29,2016	Feb.28,2025		0.62000%(＊2)	
	Mizuho Bank	500,000,000	Feb.29,2016	Feb.29,2024		0.44000%(＊3)	
	Subtotal	**60,225,000,000**					
	Total	**70,325,000,000**					

Investment corporation bonds

Category	Issue	Balance(JPY)	Issue date	Maturity Date	Maturity Method	Coupon	Description
Investment corporation bonds	The first series of unsecured bonds	2,000,000,000	Dec. 30, 2013	Dec. 29, 2023	Lump-sum upon maturity	1.32000%	–
Total		**2,000,000,000**					

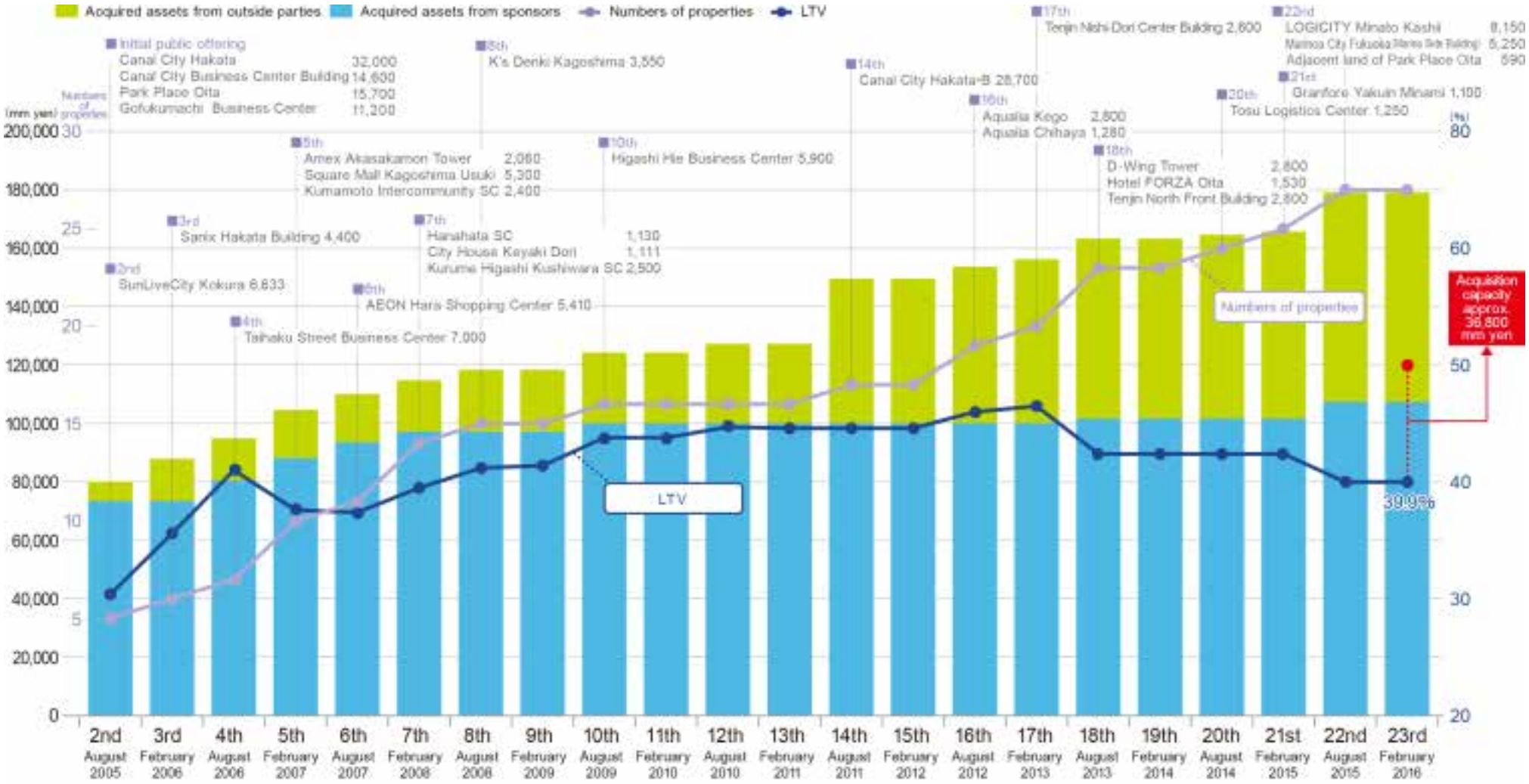
(＊1)It is variable interest. (＊2)It is fixed interest.
(＊3)A swap agreement has been concluded to fix the interest rate on variable interest debt and the indicated interest rate is the rate when the swap agreement is incorporated.
(＊4)It is from December 30, 2015 to March 31, 2016(not including the concerned date). (＊5)It is from February 29, 2016 to May 31, 2016(not including the concerned date).
(＊6)1.075 mon yen at end-December and end-June(5% of initial annually(remaining balance of 1,875 mon yen to be repaid on final principal repayment date.
(＊7)The interest rate is 0.56400% since April 28, 2016.

Committed line of credit

Category	Lender	Credit Limit(JPY)	Commitment Period		Description
			Start	End	
Committed line of credit 1	The Bank of Fukuoka, Resona Bank	6,000,000,000	Aug. 1, 2015	Jul. 31,2016	No collateral No guarantee
Committed line of credit 2	The Nishi-Nippon City Bank, Resona Bank, The Oita Bank, The Bank of Nagasaki, The Bank of Saga	7,000,000,000	Mar. 1, 2016	Feb.28,2018	
Total		**13,000,000,000**			

Growth of asset's size and LTV

Sound financial management and asset expansion



※Kominedai Community Mall, acquired in the 3rd fiscal period, is not included in the above assets under management since it was sold in the 6th fiscal period.
※Higashi Hie Business Center, acquired in the 10th fiscal period, was acquired both from an outside party and a sponsor. Accordingly, its acquisition price has been divided equally and added to the acquisition price of assets acquired from outside parties and acquired from sponsor company, respectively.
※At the senior equity interest in an anonymous partnership managed by CCH Bridge YK. was redeemed in the 14th fiscal period, it is excluded from total acquired assets from the 14th fiscal period onward.
※Assets acquired from sponsor company include properties acquired through arrangements made by the sponsor company.

Asset's growth

The condition of Fukuoka City Center

Preparation for redevelopment in the Tenjin area is progressing



Current situation of Fukuoka City

The condition of suburb area in Fukuoka

Fukuoka city, the compact city, has well-organized infrastructure of transportation



Fukuoka REIT

Appendix

Profile

Profile

Name	Fukuoka REIT Corporation
Asset manager	Fukuoka Realty Co.,Ltd Licensed by Fukuoka Local Finance Branch Bureau (financial instruments) No.10
Sponsors	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.
Listed date	June 21, 2005 (Tokyo Stock Exchange, Fukuoka Stock Exchange)

Financial highlight

Total assets	181,445 mm yen (as of February 29, 2016)
Total debt	72,325 mm yen (as of February 29, 2016)
Credit ratings	S&P A− (Positive) R&I A＋ (Stable) JCR AA− (Stable)
LTV (Total debt)	39.9%

Dividend information

The 23rd fiscal period end	February 29, 2016 (semi-annual periods ending every February and August)
Dividend (actual)	3,574 yen per unit
Days in fiscal period	182 days
Dividend yield	3.7% {(Dividend / days in fiscal period × 365 / Unit price} (as of February 29, 2016)

Investment unit price

Unit price	194,200 yen (as of February 29, 2016)
Total number of investment units outstanding	747,000 units (as of February 29, 2016)
Market capitalization	145,067 mm yen (unit price×outstanding units) (as of February 29, 2016)
Net assets value per unit	125,585 yen (as of February 29, 2016)
Market net assets value per unit	152,132 yen (as of February 29, 2016)

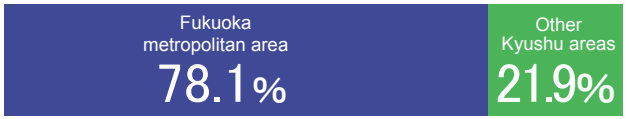
Market net assets value per unit = {(Total appraisal value at the end of period based on appraisal reports -Total book value at the end of period based on balance sheet) ＋(Net assets at the end of period)} / (Total number of investment units outstanding)

Portfolio summary (＊1)

Investment type (based on acquisition price)



Investment area (based on acquisition price)



Total leasable floor space	554,549.65㎡
Occupancy rate at the end of period	99.6%

(＊1) Figures are based on properties owned as of February 29, 2016.

A real estate investment trust specializing in regional properties

■Sponsors

5%	5%	5%	5%
The Bank of Fukuoka	The Nishi-Nippon City Bank	Development Bank of Japan	Saibu Gas
50%			10%
Fukuoka Jisho （＊1）	director	Outside director	Kyushu Electric Power
	Fukuoka Realty (Asset Manager)		
5%	5%	5%	5%
Kyudenko	Nishi-Nippon Railroad	KYUSHU RAILWAY COMPANY	Royal Holdings

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

■Investment policy

◎Investment area

60-90% Fukuoka metropolitan area

10-30% Other Kyushu areas
(Including Okinawa and Yamaguchi prefectures)

0-10% Others

◎Investment type

Others 0-20%
(Residence,Hotel,Logistics,Public and Other facilities)

Office buildings 20-40%
(A-class office buildings)

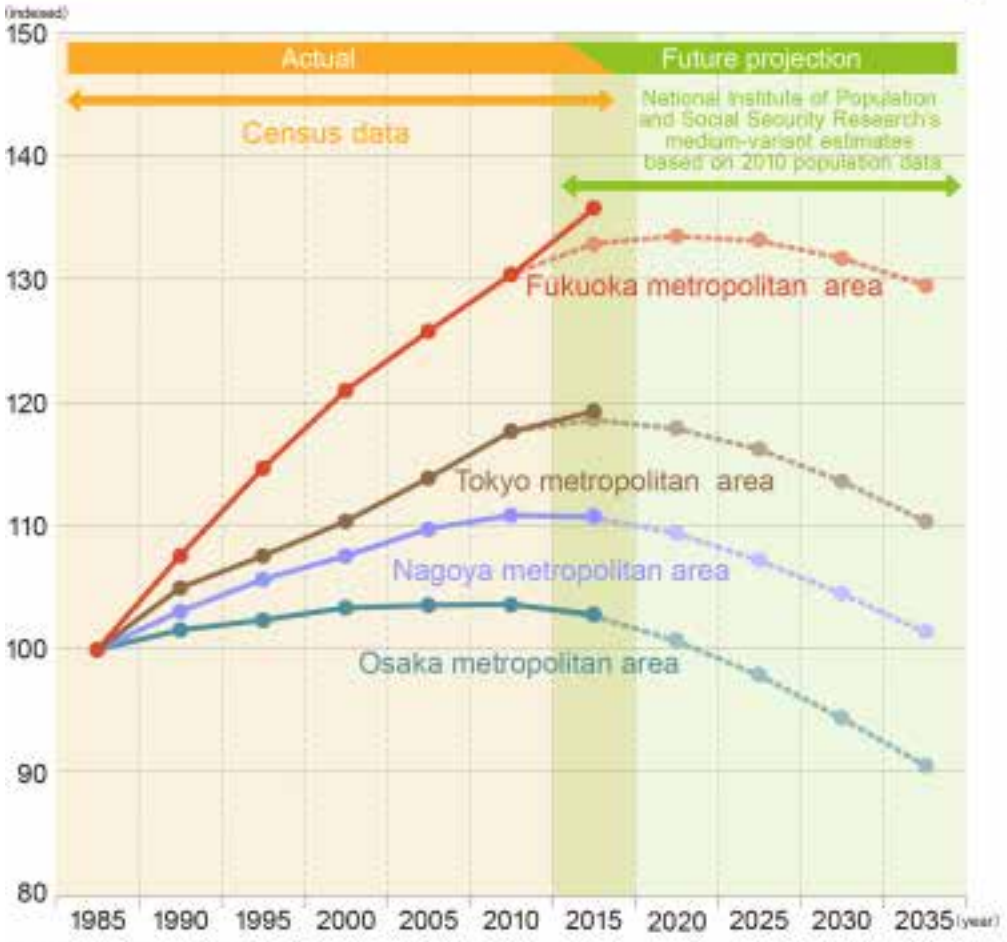
Retail 60-80%
(Urban,Regional and Community shopping centers)

Appendix

Population movement of Fukuoka metropolitan area

The population of Fukuoka metropolitan area continues to increase

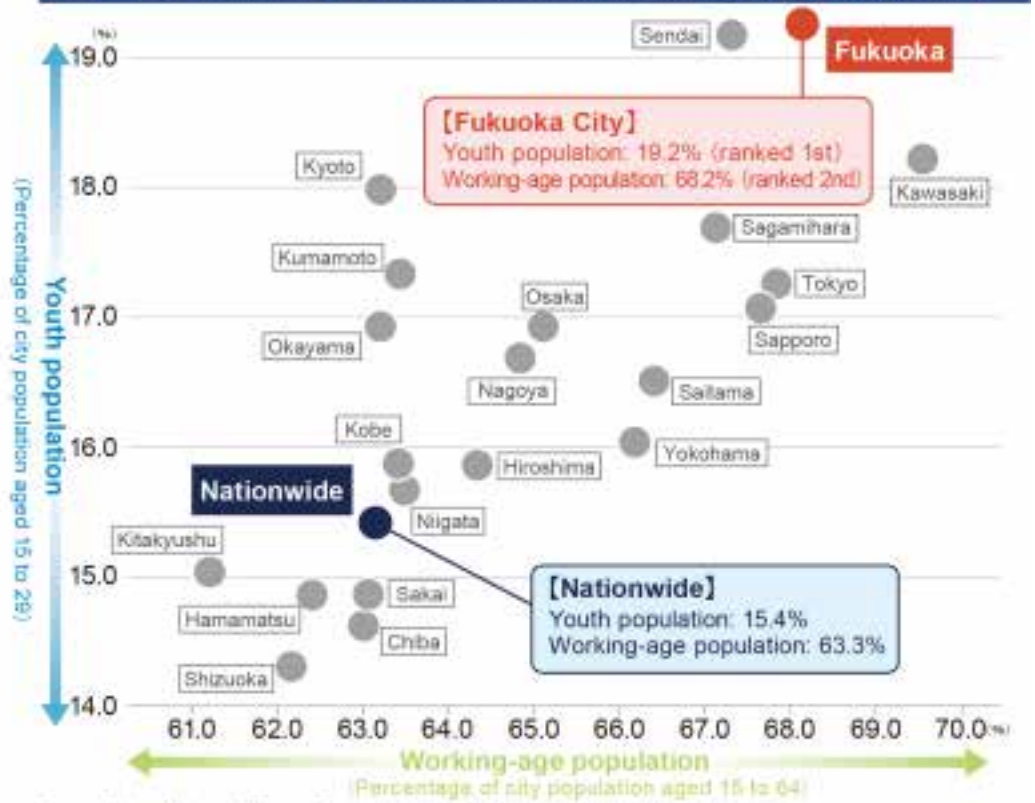
Major Japanese metropolitan areas population trends



※The graph was plotted taking the 1985 population of each urban area as 100.
※"Fukuoka metropolitan area" refers to Fukuoka City, Chikushino City, Kasuga City, Onojo City, Munakata City, Dazaifu City, Koga City, Fukutsu City, Itoshima City, Nakagawa Town, Umi Town, Sasaguri Town, Shime Town, Sue Town, Shingu Town, Hisayama Town, and Kasuya Town.
"Greater Tokyo area" refers to Tokyo Metropolis, Kanagawa Prefecture, Saitama Prefecture, and Chiba Prefecture. "Nagoya urban area" refers to Aichi Prefecture, Gifu Prefecture, and Mie Prefecture. "Osaka urban area" refers to Osaka Prefecture, Kyoto Prefecture, Hyogo Prefecture, and Nara Prefecture.

Source: Prepared by Fukuoka Realty based on data from "Changes in Fukuoka City as Seen in Data," 2015 Population Census of Japan, Preliminary Counts of the Population and Households", "Population Census of Japan," Ministry of Internal Affairs and Communications; and "Population Projections by Municipality, Japan," National Institute of Population and Social Security Research

Youth and working-ago population ratios nationwide and in major cities



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

Population of Fukuoka City in 2010 and 2015

Population of Fukuoka City among the [government ordinance]	Year 2010		Year 2015 a bulletin board
	1,463,743 (Rank 7th)	(+5.1%)	1,538,510 (Rank 5th)

Source: Prepared by Fukuoka Realty based on data from "2010 Population Census of Japan" (Statistics Bureau, Ministry of Internal Affairs and Communications) and "2015 Population Census of Japan, Preliminary Counts of the Population and Households" (Statistics Bureau, Ministry of Internal Affairs and Communications)

Appendix

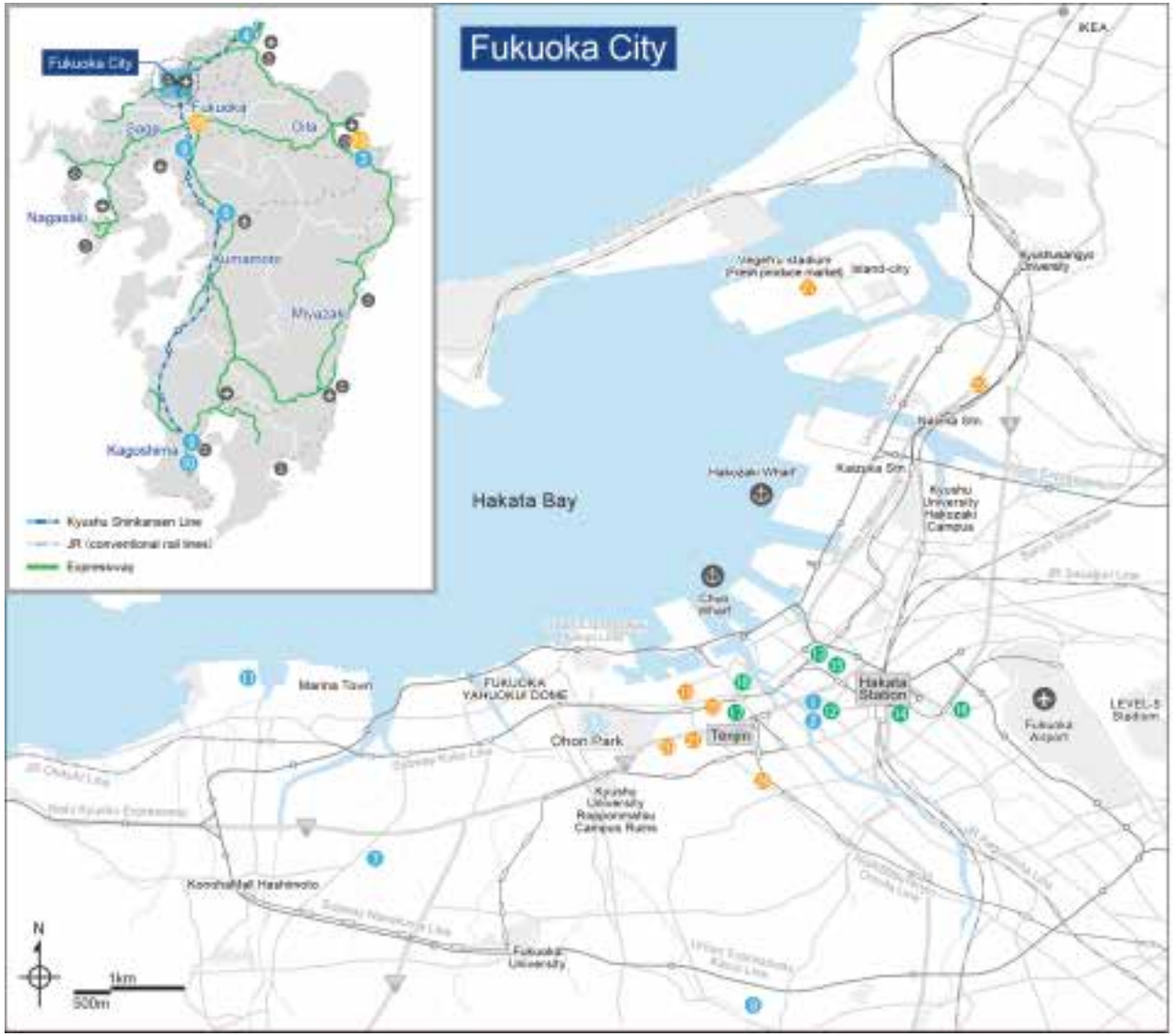
Portfolio table

(as of February 29, 2016)

	Real estate property name	Age (*1)	Acquisition Price (mm yen) (*2)	Investment ratio	Acquisition timing	Source (*3)	Total leasable floor space (m²)	Occupancy rate	Number of tenants (*4)	Primary tenants
Retail	Canal City Hakata	19yr10m	32,000	17.8%	Nov. 9, 2004	Sponsor	46,563.32	99.7%	47	Washington Hotel and United Cinema
	Canal City Hakata・B	19yr10m	28,700	16.0%	Mar. 2, 2011	Outside party	68,808.14	98.6%	47	Grand Hyatt Fukuoka and OPA
	Park Place Oita (*5)	13yr11m	16,290	9.1%	Nov. 9, 2004	Sponsor	109,590.83	99.9%	105	AEON and K's Denki
	SunLiveCity Kokura	10yr11m	6,633	3.7%	Jul. 1, 2005	Outside party	61,450.22	100.0%	1	SunLive
	Square Mall Kagoshima Usuki	9yr 5m	5,300	2.9%	Sep. 28, 2006	Sponsor	14,602.88	100.0%	13	Sports Depo / Golf5 and Edion
	Kumamoto Intercommunity SC	9yr 3m	2,400	1.3%	Nov. 30, 2006	Sponsor	6,968.66	100.0%	2	Sports Depo / Golf5 and Starbucks Coffee
	AEON Hara Shopping Center	39yr 4m	5,410	3.0%	Mar. 1, 2007	Sponsor	27,313.53	100.0%	1	AEON
	Hanahata SC	8yr 7m	1,130	0.6%	Sep. 3, 2007	Sponsor	2,801.15	100.0%	2	BON REPAS and Matsumoto Kiyoshi
	Kurume Higashi Kushiwara SC	8yr 2m	2,500	1.4%	Feb. 1, 2008	Sponsor	6,467.80	100.0%	1	Sports Depo / Golf5
	K's Denki Kagoshima	8yr 3m	3,550	2.0%	Mar. 27, 2008	Outside party	7,296.17	100.0%	1	K's Denki
	Marinoa City Fukuoka (Marina Side Building)	15yr 4m	5,250	2.9%	May 1, 2015	Sponsor	33,069.82	100.0%	1	Fukuoka Jisho Co.,Ltd
	Total or weighted average of retail	–	109,163	60.7%	–	–	384,932.52	99.7%	221	–
Office buildings	Canal City Business Center Building	19yr10m	14,600	8.1%	Nov. 9, 2004	Sponsor	23,030.84	100.0%	61	TOTO and Bell System24
	Gofukumachi Business Center	12yr 4m	11,200	6.2%	Nov. 9, 2004	Sponsor	19,905.34	100.0%	36	SMBC CONSUMER FINANCE and Sumitomo Mitsui Banking Corporation
	Sanix Hakata Building	14yr11m	4,400	2.4%	Sep. 30, 2005	Outside party	6,293.76	100.0%	16	SANIX and The Nishi-Nippon City Bank
	Taihaku Street Business Center	13yr11m	7,000	3.9%	Mar. 16, 2006	Sponsor	14,677.27	98.6%	69	NTT COMWARE and Tokyo Marine Nichido Jimu Outsourcing
	Higashi Hie Business Center	7yr 0m	5,900	3.3%	Mar. 13, 2009	Outside party +Sponsor	13,674.96	100.0%	22	Fujitsu and Forest Holdings
	Tenjin Nishi-Dori Center Building	19yr 5m	2,600	1.4%	Feb. 1, 2013	Outside party	3,339.32	100.0%	1	The Nishi-Nippon City Bank
	Tenjin North Front Building	6yr 1m	2,800	1.6%	Mar. 28, 2013	Outside party	5,252.39	100.0%	11	Rakuten Card / Prudential
	Total or weighted average of office buildings	–	48,500	27.0%	–	–	86,173.88	99.8%	216	–
Others	Amex Akasakamon Tower	10yr 7m	2,060	1.1%	Sep. 1, 2006	Outside party	4,821.25	94.2%	63	–
	City House Keyaki Dori	8yr 3m	1,111	0.6%	Dec. 20, 2007	Outside party	2,710.86	100.0%	42	–
	Aqualia Kego	7yr 3m	2,800	1.6%	Mar. 1, 2012	Outside party	7,415.36	96.3%	124	–
	Aqualia Chihaya	8yr 2m	1,280	0.7%	Mar. 1, 2012	Outside party	5,619.69	99.3%	104	–
	D-Wing Tower	10yr 0m	2,800	1.6%	Mar. 1, 2013	Outside party	7,187.58	97.0%	132	–
	Granfore Yakuin Minami	8yr 2m	1,100	0.6%	Nov. 4, 2014	Outside party	2,496.06	98.0%	97	–
	Hotel FORZA Oita	7yr 6m	1,530	0.9%	Mar. 1, 2013	Sponsor	5,785.44	100.0%	1	FJ Hotels
	Tosu Logistics Center	7yr 9m	1,250	0.7%	Mar. 28, 2014	Outside party	4,173.29	100.0%	1	non-disclosure
	LOGICITY Minato Kashii	1yr10m	8,150	4.5%	Mar. 27, 2015	Outside party	43,233.72	100.0%	2	Fukuoka Logistic System / Ajinomoto Logistics
	Total or weighted average of others	–	22,081	12.3%	–	–	83,443.25	99.0%	566	–
Total or weighted average of all properties		15yr 5m	179,744	100.0%	–	–	554,549.65	99.6%	1,003	–

(*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".
(*5) It includes adjacent land of Park Place Oita (parking space "land") in the 22nd fiscal period.

Portfolio



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. Marinoa City Fukuoka (Marina Side Building)
12. Canal City Business Center Building
13. Gofukumachi Business Center
14. Sanix Hakata Building
15. Taihaku Street Business Center
16. Higashi Hie Business Center
17. Tenjin Nishi-Dori Center Building
18. Tenjin North Front Building
19. Annex Akasakamon Tower
20. City House Keyaki Dori
21. Aqualia Kego
22. Aqualia Chihaya
23. D-Wing Tower
24. Granfore Yakuin Minami
25. Hotel FORZA Oita
26. Tosu Logistics Center
27. LOGICITY Minato Kashii

Retail
Office buildings
Others

Appendix

Portfolio : Active retail

Active retail

①Canal City Hakata

■ Address : 1-chome, Sumiyoshi, Hakata Ward, Fukuoka City







Active retail

②Canal City Hakata・B

■ Address : 1-chome, Sumiyoshi, Hakata Ward, Fukuoka City







Appendix

Portfolio : Active retail

Active retail

③Park Place Oita

■ Address : 2-chome,Koen Dori Nishi, Oita City







Active retail

④SunLive City Kokura

■ Address : 2-chome,Kamikuzuhara, Kokura Minami Ward, Kitakyushu City







Appendix

Portfolio : Passive retail

Passive retail

⑤Square Mall Kagoshima Usuki

■Address：2-chome,Usuki,Kagoshima City



Passive retail

⑥Kumamoto Intercommunity SC

■Address：1-chome,Kozono,Higashi Ward, Kumamoto City



Passive retail

⑦AEON Hara Shopping Center

■Address：6-chome,Hara, Sawara Ward, Fukuoka City



Passive retail

⑧Hanahata SC

■Address：4-chome,Hanahata,Minami Ward, Fukuoka City



Passive retail

⑨Kurume Higashi Kushiwara SC

■Address：Higashi kushiwaramachi, Kurume City



Passive retail

⑩K's Denki Kagoshima

■Address：Tokai-cho,Kagoshima City



Passive retail

⑪Marinoa City Fukuoka(Marina Side Building)

■Address：2-chome, Odo, Nishi Ward, Fukuoka City



Investment ratio(Retail)



Appendix

Portfolio : Office buildings

Office buildings

⑫Canal City Business Center Building

■ Address :1-chome, Sumiyoshi,Hakata Ward, Fukuoka City



Office buildings

⑬Gofukumachi Business Center

■ Address :Kamigofukumachi,Hakata Ward, Fukuoka City



Office buildings

⑭Sanix Hakata Building

■ Address :2-chome,Hakataekihigashi, Hakata Ward,Fukuoka City



Office buildings

⑮Taihaku Street Business Center

■ Address :Gokushomachi,Hakata Ward, Fukuoka City



Office buildings

⑯Higashi Hie Business Center

■ Address :3-chome, Higashihie, Hakata Ward, Fukuoka City



Office buildings

⑰Tenjin Nishi-Dori Center Building

■ Address :2-chome, Tenjin, Chuo Ward, Fukuoka City



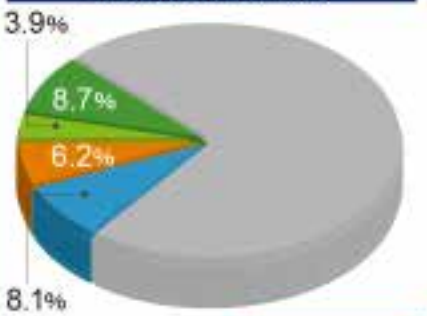
Office buildings

⑱Tenjin North Front Building

■ Address :4-chome, Tenjin, Chuo Ward, Fukuoka City



Investment ratio (Office buildings)



Appendix

Portfolio : Others

Others

⑲Amex Akasakamon Tower

■Address：2-chome,Maizuru,Chuo Ward, Fukuoka City



Others

⑳City House Keyaki Dori

■Address：2-chome,Kego,Chuo Ward, Fukuoka City



Others

㉑Aqualia Kego

■Address：2-chome,Kego,Chuo Ward, Fukuoka City



Others

㉒Aqualia Chihaya

■Address：4-chome,Chihaya,Higashi Ward, Fukuoka City



Others

㉓D-Wing Tower

■Address：2-chome,Daimyo,Chuo Ward, Fukuoka City



Others

㉔Granfore Yakuin Minami

■Address：1-Chome, Hirao, Chuo Ward, Fukuoka City



Others

㉕Hotel FORZA Oita

■Address：1-chome,Chuo-cho, Oita City



Others

㉖Tosu Logistics Center

■Address：Himekata-machi, Tosu City



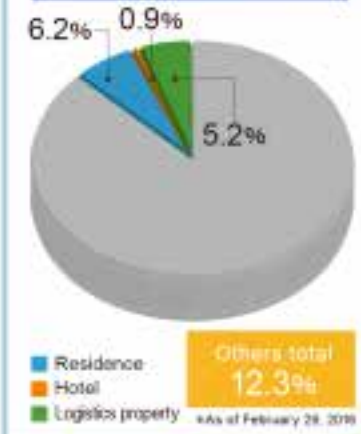
Others

㉗LOGICITY Minato Kashii

■Address：2-chome,Minatokashii, Higashi Ward,Fukuoka City



Investment ratio (Others)



Appendix

Top tenants by leased floor area

■ Ordinary lease ■ Fixed-term lease

	Lessee	Tenant	Share of total leased space (※1)	24th ~Aug. 31, 2016	25th ~Feb. 28, 2017	26th ~Aug. 31, 2017	Remaining lease term (years) (※2)
1	AEON Kyushu Co., Ltd.	AEON	15.6%	●Park Place Oita			6
				●AEON Hara Shopping Center			3
2	SunLive Co., Ltd.	SunLive	11.1%	●SunLiveCity Kokura			9
3	FJ Hotels Co., Ltd.	Grand Hyatt Fukuoka	8.1%	●Canal City Hakata・B			8
		Hotel FORZA Oita		●Hotel FORZA Oita			12
4	Fukuoka Jisho Co., Ltd.	—	6.3% (including 0.3% of office (※3))	●Marinoa City Fukuoka (Marina Side Building)			19
5	Canal City OPA Co., Ltd.	OPA	4.7%	●Canal City Hakata			3 (※4)
				●Canal City Hakata・B			3 (※4)
6	Fukuoka Logistic System	—	4.2%	●LOGICITY Minato Kashii			8
7	Ajinomoto Logistics Corporation	—	3.7%	●LOGICITY Minato Kashii			non-disclosure (※5)
8	Alpen Co., Ltd.	Sports Depo, Golf 5	3.3%	●Square Mall Kagoshima Usuki			10
				●Kumamoto Intercommunity SC			10
				●Kurume Higashi Kushiwara SC			11
9	K's Holdings Corporation	K's Denki	2.5%	●Park Place Oita			6
10	WHG Nishinihon Inc. (※6)	Washington Hotel	2.3%	●Canal City Hakata			5 (※7)

(※1) Share of total leased space is calculated using the formula "Leased floor area by tenant / Total leased floor area," with residential space excluded from leased floor area by tenant. (※2) Remaining lease periods shown are the remaining periods of lease contracts as of February 29, 2016 with periods shorter than one year rounded down to the nearest whole year. (※3) Five ordinary leases (with automatic renewal provisions for periods of one or two years) have been concluded for Canal City Business Center Building. (※4) On April 8, 2016 a tenant that had brought a rent reduction lawsuit against master lessee Fukuoka Jisho agreed to withdraw the lawsuit, and the lease was renewed for a period of three years. Please refer to the press release of April 8, 2016 for details. (※5) Information is not disclosed because the permission of tenants has not been obtained. (※6) Canal City Fukuoka Washington Hotel Co., Ltd. became WHG Nishinihon Inc. on January 1, 2016. (※7) The lease period of a lease agreement concluded on March 30, 2016 is shown.

Appendix

Passive retail

Keeping a stable NOI

NOI



※The above graph plots the seven properties' respective NOI, rounded down to the nearest whole mm yen, by fiscal period.

Square Mall Kagoshima Usuki



Date acquired: September 28, 2006
Acquisition price: 5.3 bn yen
Acquisition cap rate: 6.2%

- Sports Depo, Golf 5
- Edion

Kumamoto Intercommunity SC



Date acquired: November 30, 2006
Acquisition price: 2.4 bn yen
Acquisition cap rate: 6.5%

- Sports Depo, Golf 5
- Starbucks Coffee

AEON Hara Shopping Center



Date acquired: March 1, 2007
Acquisition price: 5.41 bn yen
Acquisition cap rate: 6.8%

- AEON

Hanahata SC



Date acquired: September 3, 2007
Acquisition price: 1.13 bn yen
Acquisition cap rate: 6.4%

- BON REPAS
- Matsumoto Kiyoshi

Kurume Higashi Kushiwara SC



Date acquired: February 1, 2008
Acquisition price: 2.5 bn yen
Acquisition cap rate: 6.1%

- Sports Depo, Golf 5

K's Denki Kagoshima



Date acquired: March 27, 2008
Acquisition price: 3.55 bn yen
Acquisition cap rate: 5.7%

- K's Denki

Marinoa City Fukuoka (Marina Side Building)



Date acquired: May 1, 2015
Acquisition price: 5.25 bn yen
Acquisition cap rate: 5.5%

- Fukuoka Jisho Co., Ltd.(*2)

(*1) The property was acquired on May 1, 2015, resulting in an investment period of 123 days.

(*2) Fukuoka REIT has entered into a master lease agreement (fixed rent) under which Fukuoka Jisho is the master lessee, and the property is subleased from the master lessee to end tenants.

Income and expenditure by properties (Active retail)

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

Category	Canal City Hakata	Canal City Hakata・B	Park Place Oita	SunLive City Kokura	23rd Total A	22nd Total B	Difference A−B	Forecast C (＊1)	Difference A−C
(Length) (days)	23rd fiscal period (September 1, 2015 ～ February 29, 2016)								
	182					184	(2)		
①Total leasing business revenues	1,325	1,618	1,127	295	4,367	4,541	(174)	4,280	86
Leasing revenue-real estate	1,290	1,569	932	292	4,085	4,225	(140)		
Other leasing revenue-real estate	34	48	195	2	281	316	(34)		
②Total leasing business expenses	505	824	632	56	2,018	2,086	(67)	2,002	16
Outsourcing fees	311	529	288	8	1,137	1,240	(102)		
Repair and maintenance expenses	49	71	53	9	183	126	57		
Expenses for restoration to former state	-	-	2	-	2	-	2		
Tax and other public charges	71	151	86	33	343	344	(1)		
Insurance premiums and trust compensation	8	18	7	1	36	36	(0)		
Utilities expenses	24	48	165	-	238	269	(30)		
Other expenses	39	4	29	2	76	69	6		
③NOI (=①-②)	820	793	495	238	2,348	2,454	(106)	2,278	70
④Depreciation and amortization expenses	232	213	206	47	699	696	3		
⑤Leasing business profit (=③-④)	587	580	289	190	1,648	1,758	(110)		
⑥NOI yield (acquisition price)	5.1%	5.5%	6.1%	7.2%	5.6%	5.9%	(0.3)%		
⑦Capital expenditures	124	276	68	-	468	291	177		

(＊1) Forecast at the financial results of 22nd fiscal period

Income and expenditure by properties (Passive retail)

- unit : mm yen (Figures rounded 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	Marinoa City Fukuoka (Marina Side Building)	23rd Total A	22nd Total B	Difference A−B	Forecast C (＊1)	Difference A−C
(Length) (days)	23rd fiscal period (September 1, 2015 ～ February 29, 2016)											
	182								184	(2)		
①Total leasing business revenues	262	90	212	40	88	111	177	982	918	63	984	(2)
Leasing revenue-real estate	223	89	212	40	88	111	177	942	883	59		
Other leasing revenue-real estate	39	0	0	-	-	-	-	39	34	4		
②Total leasing business expenses	100	11	27	6	10	10	14	180	161	19	181	(0)
Outsourcing fees	38	2	6	1	2	1	1	54	54	0		
Repair and maintenance expenses	12	1	0	0	1	0	11	28	13	14		
Expenses for restoration to former state	-	-	-	-	-	-	-	-	-	-		
Tax and other public charges	17	5	11	3	5	7	-	50	50	(0)		
Insurance premiums and trust compensation	1	0	0	0	0	0	0	4	3	0		
Utilities expenses	29	-	-	-	-	-	-	29	32	(3)		
Other expenses	2	0	8	0	0	0	0	13	6	7		
③NOI (=①-②)	162	78	184	34	77	100	162	801	756	44	803	(2)
④Depreciation and amortization expenses	41	15	22	7	21	29	17	156	150	5		
⑤Leasing business profit (=③-④)	120	62	162	27	55	71	145	645	606	39		
⑥NOI yield (acquisition price)	6.1%	6.6%	6.8%	6.1%	6.2%	5.7%	6.2%	6.3%	5.9%	0.3%		
⑦Capital expenditures	23	-	0	-	-	-	25	49	-	49		

(＊1) Forecast at the financial results of 22nd fiscal period

Income and expenditure by properties (Office buildings)

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

Category	Canal City Business Center Building	Gofukumachi Business Center	Sanix Hakata Building	Taihaku Street Business Center	Higashi Hie Business Center	Tenjin Nishi-Dori Center Building	Tenjin North Front Building	23rd Total A	22nd Total B	Difference A−B	Forecast C (＊1)	Difference A−C
(Length) (days)	23rd fiscal period (September 1, 2015 ～ February 29, 2016)											
	182日								184	(2)		
①Total leasing business revenues	649	524	193	297	333	86	133	2,217	2,213	3	2,210	6
Leasing revenue-real estate	648	468	179	296	308	86	109	2,097	2,083	13		
Other leasing revenue-real estate	1	55	13	0	24	-	23	119	129	(9)		
②Total leasing business expenses	212	186	63	90	140	14	52	760	798	(37)	745	14
Outsourcing fees	136	72	19	56	41	1	10	338	338	0		
Repair and maintenance expenses	20	24	7	5	10	0	11	79	101	(22)		
Expenses for restoration to former state	-	-	-	-	-	-	-	-	-	-		
Tax and other public charges	44	34	18	25	16	11	8	160	160	0		
Insurance premiums and trust compensation	2	3	0	1	2	0	0	11	11	0		
Utilities expenses	6	50	15	-	29	-	20	122	133	(10)		
Other expenses	2	1	2	1	40	0	0	48	52	(4)		
③NOI (=①-②)	437	337	130	206	193	71	81	1,456	1,415	41	1,464	(7)
④Depreciation and amortization expenses	97	97	37	76	78	9	32	429	426	3		
⑤Leasing business profit (=③-④)	339	239	92	129	114	62	48	1,027	988	38		
⑥NOI yield (acquisition price)	6.0%	6.0%	5.9%	5.9%	6.5%	5.5%	5.8%	6.0%	5.8%	0.2%		
⑦Capital expenditures	41	16	8	4	1	11	2	84	149	(64)		

(＊1) Forecast at the financial results of 22nd fiscal period

Income and expenditure by properties (Others)

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

Category	Amex Akasakamon Tower	City House Keyaki Dori	Aqualia Kego	Aqualia Chihaya	D-Wing Tower	Granfore Yakuin Minami	Hotel FORZA Oita	Tosu Logistics Center	LOGICITY Minato Kashii	23rd Total A	22nd Total B	Difference A−B	Forecast C (＊1)	Difference A−C
(Length) (days)	23rd fiscal period (September 1, 2015 ～ February 29, 2016)													
	182										184	(2)		
①Total leasing business revenues	65	37	114	58	109	38	63			776	749	26	784	(7)
Leasing revenue-real estate	63	37	112	56	105	36	63			739	709	29		
Other leasing revenue-real estate	1	0	2	1	4	1	-			37	40	(2)		
②Total leasing business expenses	17	8	21	12	23	9	10			146	146	(0)	152	(6)
Outsourcing fees	5	2	6	3	7	2	0			37	35	1		
Repair and maintenance expenses	1	0	1	0	1	0	1	Non-disclosure (＊2)	Non-disclosure (＊2)	7	6	0		
Expenses for restoration to former state	1	-	1	1	1	1	-			7	9	(1)		
Tax and other public charges	5	3	8	4	7	2	7			42	42	(0)		
Insurance premiums and trust compensation	0	0	0	0	0	0	0			5	5	0		
Utilities expenses	1	0	1	0	2	0	-			33	30	2		
Other expenses	1	1	2	1	3	1	0			12	16	(4)		
③NOI (=①-②)	47	29	92	45	85	29	52	37	209	630	603	27	632	(1)
④Depreciation and amortization expenses	18	10	25	12	16	9	19	12	60	184	184	0		
⑤Leasing business profit (=③-④)	29	18	67	33	69	19	33	24	149	445	418	27		
⑥NOI yield (acquisition price)	4.6%	5.3%	6.6%	7.1%	6.1%	5.3%	6.8%	6.0%	5.1%	5.7%	5.5%	0.2%		
⑦Capital expenditures	1	-	0	0	1	-	20	-	3	27	4	22		

(＊1) Forecast at the financial results of 22nd fiscal period
(＊2) Information is not disclosed because the permission of tenants has not been obtained.

Others

Appendix

Income and expenditure by properties (Total)

Total

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

Category	23rd Total A	22nd Total B	Difference A−B	Forecast C (＊1)	Difference A−C
(Length) (days)	182	184	(2)		
①Total leasing business revenues	8,343	8,423	(79)	8,261	82
Leasing revenue-real estate	7,864	7,902	(37)		
Other leasing revenue-real estate	478	520	(41)		
②Total leasing business expenses	3,106	3,193	(87)	3,082	24
Outsourcing fees	1,568	1,668	(100)		
Repair and maintenance expenses	298	248	50		
Expenses for restoration to former state	9	9	0		
Tax and other public charges	596	597	(1)		
Insurance premiums and trust compensation	57	57	0		
Utilities expenses	423	466	(42)		
Other expenses	151	145	5		
③NOI (=①-②)	5,237	5,229	7	5,179	58
④Depreciation and amortization expenses	1,471	1,458	12		
⑤Leasing business profit (=③-④)	3,766	3,771	(5)		
⑥NOI yield (acquisition price)	5.8%	5.8%	0.0%		
⑦Capital expenditures	630	445	184		

(＊1) Forecast at the financial results of 22nd fiscal period

Appendix

Cash flow statements (compared with previous fiscal period)

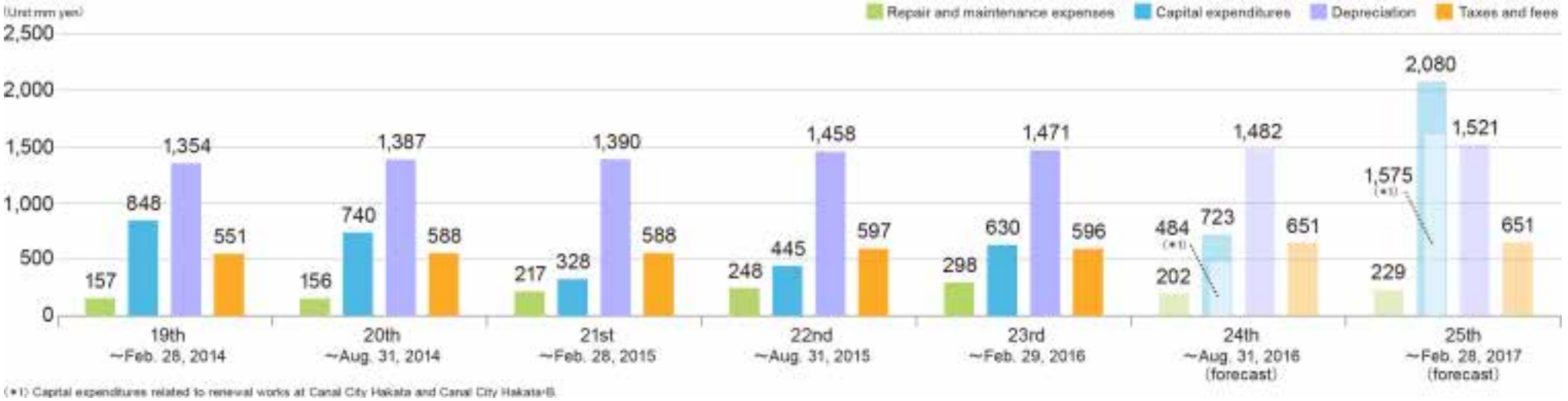
- unit : mm yen (Figures rounded down to nearest mm yen)

Category	22nd ~Aug. 31, 2015 A	23rd ~Feb. 29, 2016 B	Difference B−A
Net cash provided by (used in) operating activities	**4,167**	**4,174**	**7**
Net income before income taxes	2,663	2,670	7
Depreciation and amortization expenses	1,458	1,471	12
Amortization of investment corporation bond issuance expenses	0	0	-
Amortization of investment unit issuance expenses	10	11	0
Interest received	(0)	(0)	(0)
Interest expenses	387	358	(29)
Decrease (increase) in operating account receivables	(115)	61	177
Decrease (increase) in consumption taxes receivable	(246)	246	493
Increase (decrease) in accrued consumption taxes	(168)	321	489
Increase (decrease) in operating accounts payable	159	(145)	(304)
Increase (decrease) in accounts payable-other	(8)	9	17
Increase (decrease) in accrued expenses	20	1	(19)
Increase (decrease) in advances received	84	(10)	(95)
Increase (decrease) in deposits expenses	375	(271)	(647)
Decrease (increase) in prepaid expenses	(19)	(16)	3
Decrease (increase) in long-term prepaid expenses	(45)	(172)	(126)
Others, net	(1)	(2)	(1)
Subtotal	4,554	4,533	(20)
Interest income received	0	0	0
Interest expenses paid	(387)	(358)	28
Income taxes paid	(0)	(1)	(0)
Net cash provided by (used in) investment activities	**(14,488)**	**(606)**	**13,881**
Purchase of property, plant and equipment in trust	(14,543)	(549)	13,993
Proceeds from tenant leasehold and security deposits	21	0	(21)
Repayments of tenant leasehold and security deposits	(5)	(0)	5
Proceeds from tenant leasehold and security deposits in trust	837	74	(763)
Repayments of tenant leasehold and security deposits in trust	(784)	(131)	652
Payments of tenant leasehold and security deposits in trust	(10)	-	10
Proceeds from restricted trust deposits	5	5	(0)
Payments for restricted trust deposits	(8)	(5)	3
Net cash provided by (used in) financial activities	**10,934**	**(2,747)**	**(13,682)**
Proceeds from short-term debt payable	21,500	-	(21,500)
Repayments of short-term debt payable	(21,500)	-	21,500
Proceeds from long-term debt payable	7,900	6,500	(1,400)
Repayments of long-term debt payable	(6,275)	(6,575)	(300)
Proceeds from issuance of investment units	11,701	-	(11,701)
Payment of investment unit issuance expenses	(22)	(11)	10
Dividends paid	(2,369)	(2,661)	(291)
Net increase (decrease) in cash and cash equivalents	**613**	**819**	**206**
Balance of cash and cash equivalents at beginning of period	**6,920**	**7,533**	**613**
Balance of cash and cash equivalents at end of period	**7,533**	**8,353**	**819**

Maintenance expenses, etc.

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

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



(*1) Capital expenditures related to renewal works at Canal City Hakata and Canal City Hakata-B

◎Capital expenditures of the 23rd fiscal period

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

Property	Purpose	Construction cost
Canal City Hakata	Exterior wall repairs, 4DX installation-related	121
Canal City Hakata・B	Exterior wall repairs, Parking facility floor repairs	270
Park Place Oita	Wood deck repairs, tenant space modification	68
Square Mall Kagoshima Usuki	Exterior wall repairs	23
Marinoa City Fukuoka (Marina Side Building)	Wood deck repairs	25

＊Major purposes for capital expenditures are shown.

◎Planned capital expenditures of the 24th and 25th

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

Property	Purpose	Planned construction cost		
		Total amount	Construction cost in the 23rd	Paid in total amount
Canal City Hakata	Installation of facilities to attract customers, sign renovation	663	2	6
Canal City Hakata・B	Installation of facilities to attract customers, Firefighting equipment renewal	1,396	5	11
Park Place Oita	Lavatory repairs, ITV renewal	160	-	-
Canal City Business Center Building	Installation of facilities to attract customers, Tenant space modification	194	0	1
Gofukumachi Business Center	Exterior wall repairs	167	-	-

＊Major purposes for capital expenditures are shown.

IR initiatives

■IR activities

◎IR activities for institutional investors
- Results briefing roadshows in Japan
- One-on-one meetings
- Property tours

◎IR activities for overseas investors
- Participation in global conferences in Japan
- Overseas IR activities
- Individual meetings in Japan

◎IR activities for individual investors
- Participation in J-REIT Fair
- Briefings for individual investors (Tokyo, Kanazawa, Nagoya, Fukuoka, etc.)
- Participation in FSE IR Fair, hosted by Fukuoka Stock Exchange



A results briefing for analysts and institutional investors



A results briefing for individual investors (Nagoya)



FSE IR Fair

■Publicity activities



Zaikai Kyushu New Year version 2016



Fukuoka Keizai November 2015

"We will continue to pay stable dividends based on stable earnings from the excellent properties we own, including Canal City Hakata, which is enjoying booming business ahead of its 20th anniversary."



■WEB site activities

◎Development of a website that emphasizes ease of use and sufficient information







◎Video content that communicates current situation in Fukuoka (Japanese and English versions)



■IR Kyushu Workshop

The first fiscal 2015 Kyushu IR Workshop provided an opportunity for participants to learn about the response of individual companies to the Corporate Governance Code introduced in June 2015. Through the two remaining workshops, IR practitioners from Fukuoka and Kyushu exchanged views and deepened their knowledge of IR.

■July 10, 2015
"The Corporate Governance Code and IR"
Yoshiko Takayama,
Managing Director of J-Eurus IR Co.,Ltd.

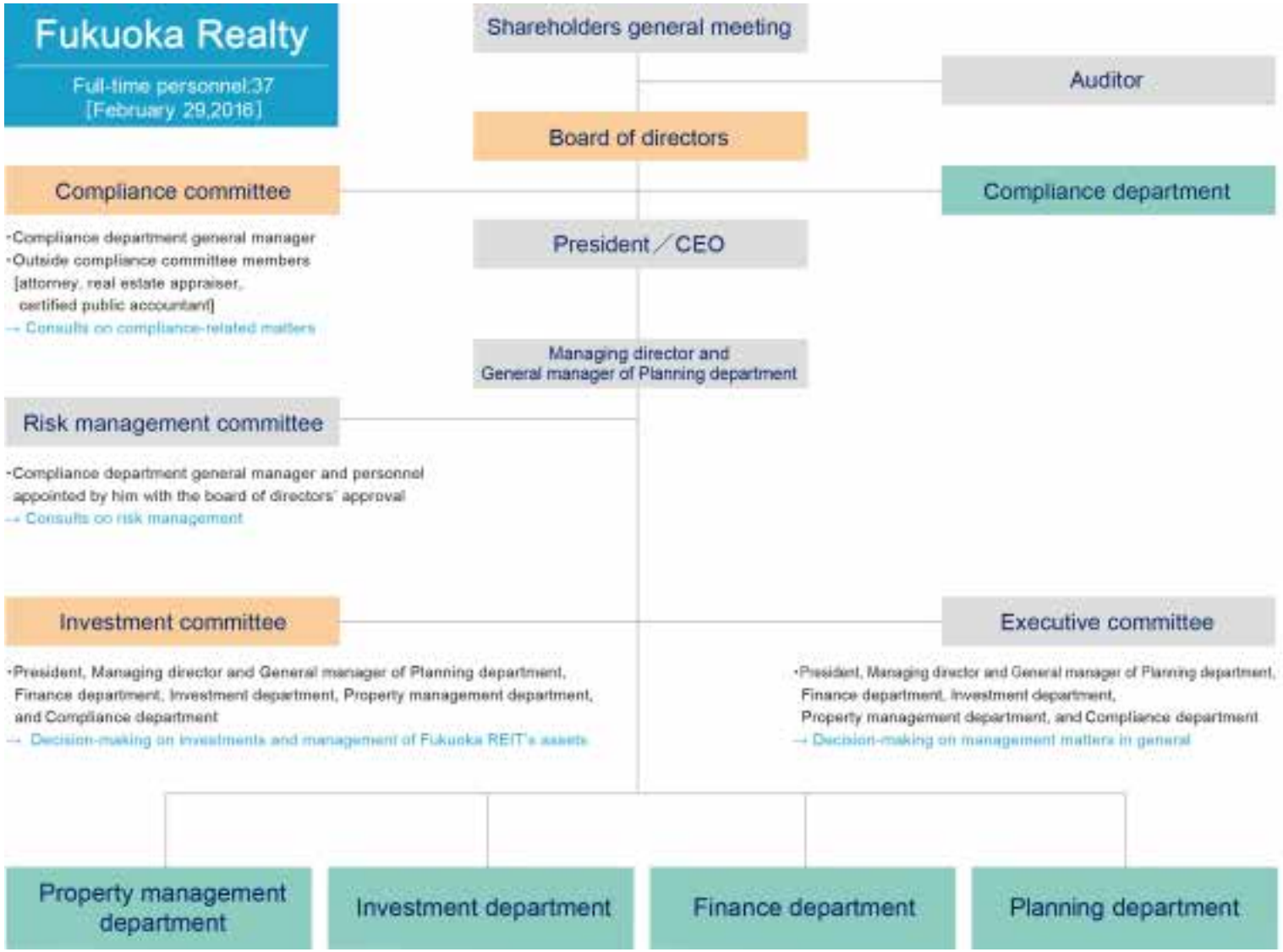
■December 4, 2015
"IR activities focusing on ROE"
Shoichi Tsumuraya,
Japan Investor Relation Association

■March 11, 2016
"IR activities for institutional investors and individual investors"
Satoshi Tan, General Manager of IR,
UNITED ARROWS LTD.



Appendix

Asset management company's organization

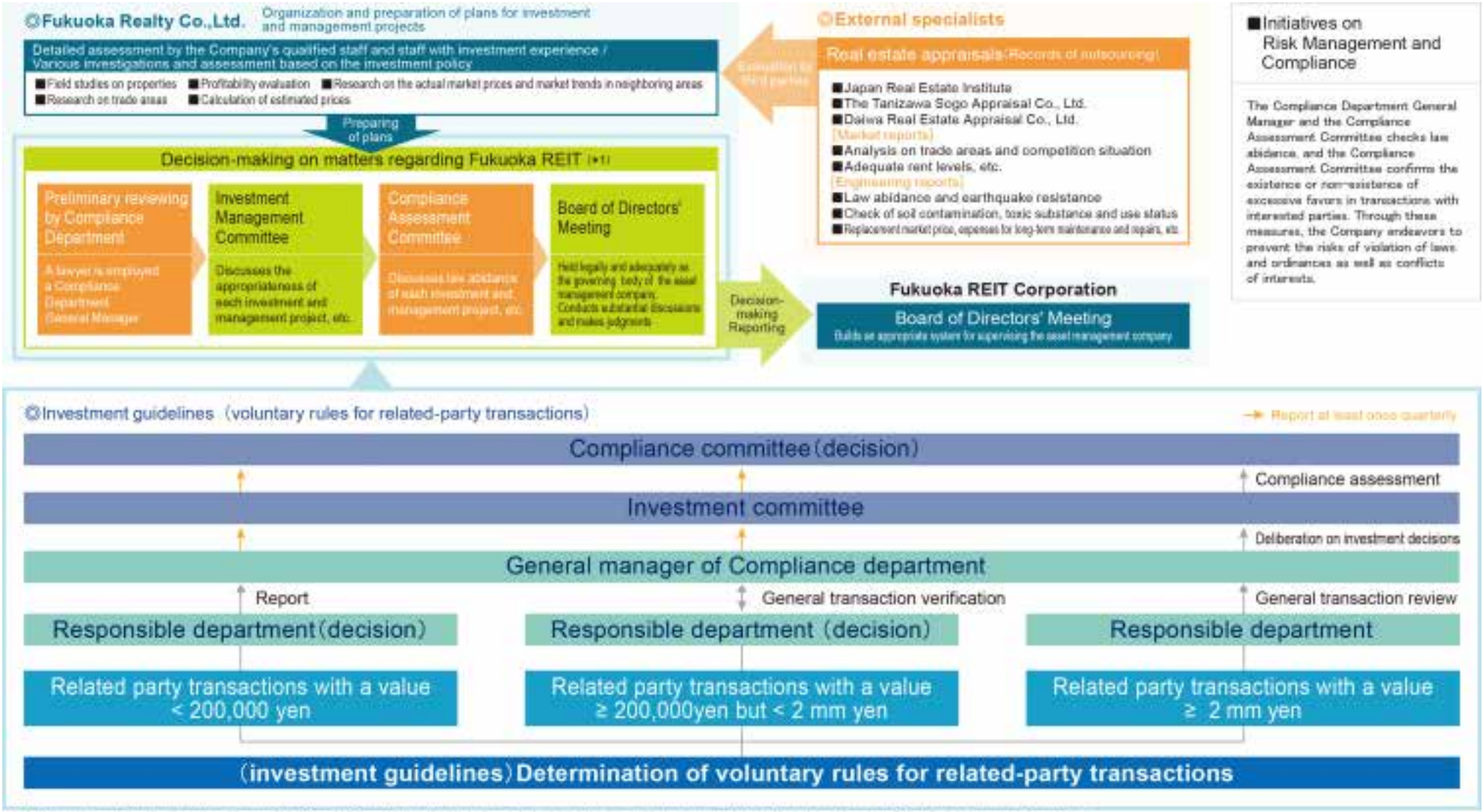


Numbers of credentialed personnel

*As of February 29, 2016

• Real estate brokers	20
• ARES Certified Masters	17
• Certified Building Administrators	4
• Real estate appraisers	3
• Attorneys	2
• MBA	1
• Certified condominium manager	1
• SME management consultant	1
• Certified real estate consulting masters	1
• Administrative Scrivener	1
• Japanese securities analyst	1
• First-class registered architect	1

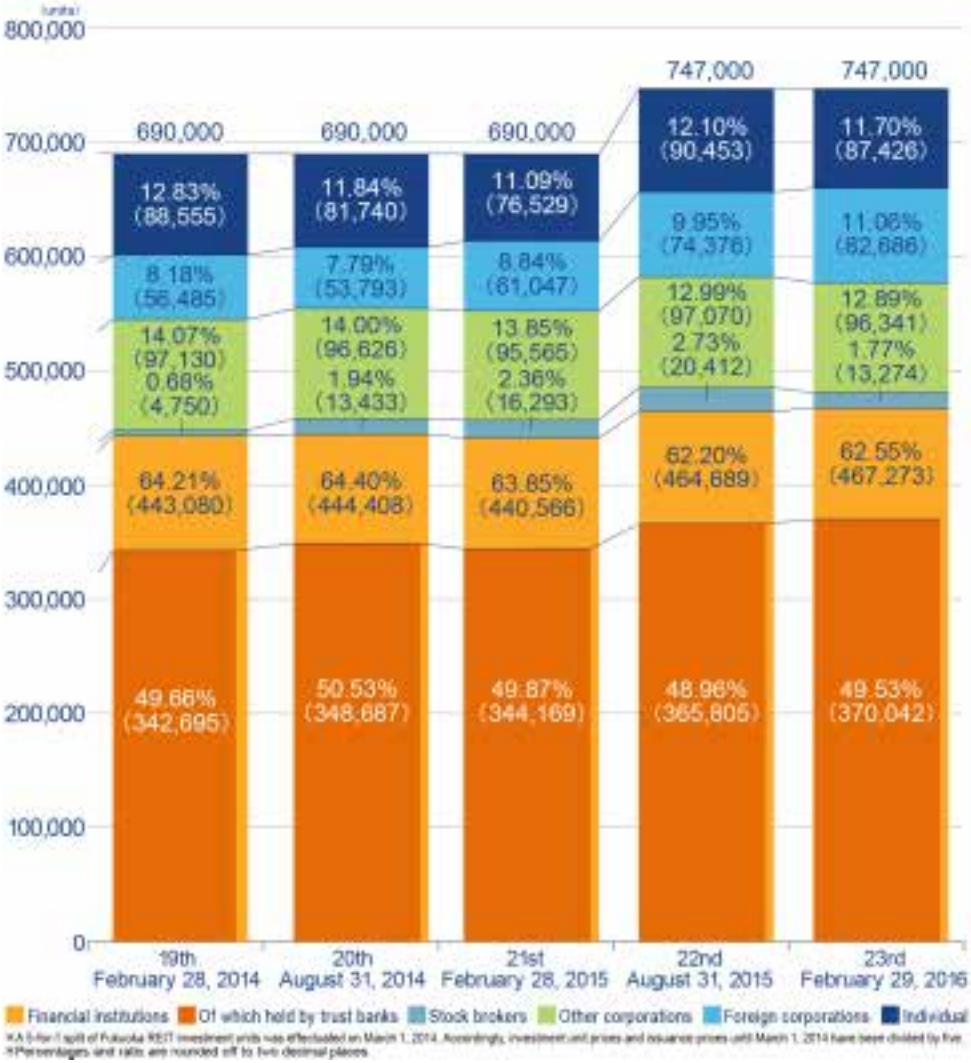
Corporate governance



(*1) The prior consent of the investment corporation's Board of Directors is obtained in cases falling under the provisions of Article 201-2 (1) of the Act on Investment Trusts and Investment Corporations.

Unitholders' data

■Distribution by investor category (breakdown of investment units)



※1 5-for-1 split of Fukuoka REIT investment units was effectuated on March 1, 2014. Accordingly, investment unit prices and issuance prices until March 1, 2014 have been divided by five.
※Percentages and ratio are rounded off to two decimal places.

■Major investors (end of the 23rd fiscal period)

(As of February 29, 2016)

Rank	Investor name	Investment units held	Percentage of total number of investment units outstanding (※1)
1	Japan Trustee Services Bank,Ltd. (Trust account)	244,351	32.71%
2	Fukuoka Jisho Co., Ltd.	66,075	8.84%
3	The Master Trust Bank of Japan,Ltd. (Trust account)	39,993	5.35%
4	Trust & Custody Service Bank,Ltd. (Securities investment trust account)	37,880	5.07%
5	The Nomura Trust and Banking Co.,Ltd. (Investment trust account)	25,617	3.42%
6	Individual investor	11,985	1.60%
7	Met Life Inc.	11,872	1.58%
8	Nomura Securities Co.,Ltd. (Proprietary account)	9,911	1.32%
9	Shikoku Railway Company	9,130	1.22%
10	The Bank of New York Mellon SA / NV 10	9,098	1.21%

(※1)Percentages and ratio are rounded off to two decimal places.

Unit price chart



(*1) A 5-for-1 split of Fukuoka REIT investment units was effectuated on March 1, 2014. Accordingly, investment unit prices and issuance prices until February 25, 2014 have been divided by five.
(*2) Turnover by February 25, 2014 was multiplied by 5.

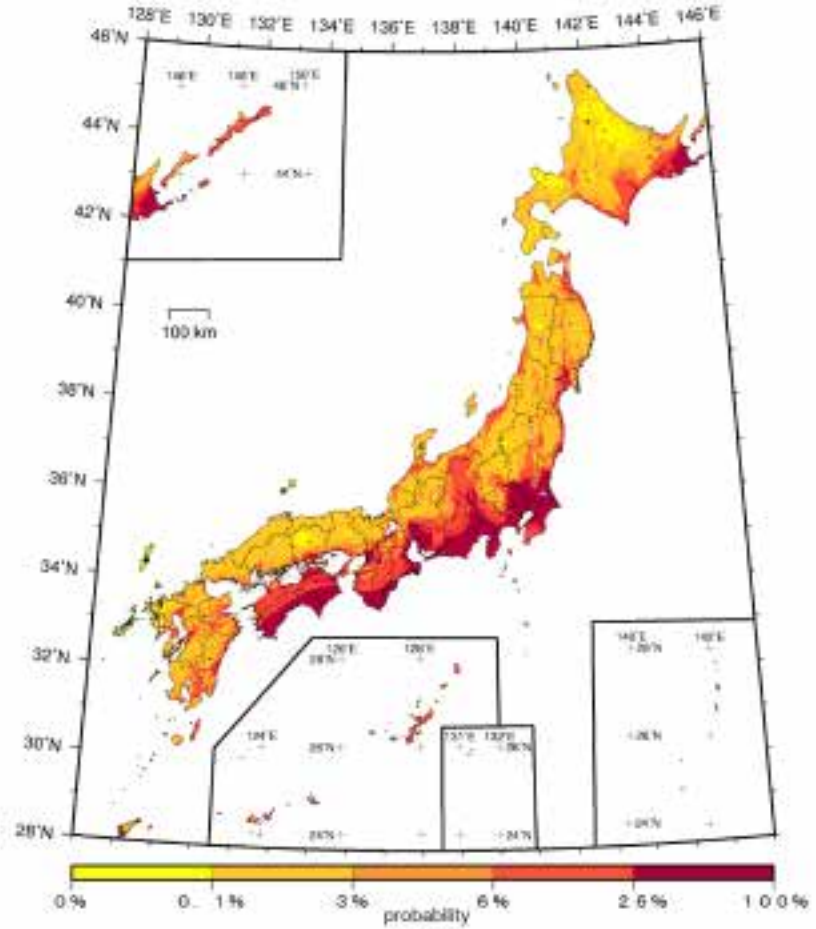
Appendix

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, 2014]



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 Jan. 21, 2011	[A] 8.0 [B] 7.6 [C] 5.3 [D] 11.1
Canal City Hakata・B (※3)	Takenaka Corporation	Jan. 21, 2011	[A] 8.2 [B] 6.1 [C] 11.1
Park Place Oita (※4)	Takenaka Corporation	Nov. 30, 2010 Jun. 21, 2012 Apr. 11, 2014	[A] 13.7 [B] 11.2 [C] 9.1 [D] 15.1
SunLive City Kokura	Takenaka Corporation	Aug. 31, 2011	8.7
Square Mall Kagoshima Usuki	Takenaka Corporation	Feb. 28, 2013	9.2
Kumamoto Intercommunity Shopping Center	Takenaka Corporation	Feb. 28, 2013	15.8
Aeon Hara Shopping Center	Takenaka Corporation	Feb. 29, 2016	11.7
Hanahata Shopping Center	Takenaka Corporation	Feb. 28, 2014	5.4
Kurume Higashi Kushiwara Shopping Center	Takenaka Corporation	Aug. 31, 2014	8.9
K's Denki Kagoshima	Takenaka Corporation	Aug. 31, 2014	6.5
Marinoa City Fukuoka (Marina side building)	Tokyo Marine & Nichido Risk Consulting	Mar. 13, 2015	4.3
Canal City Business Center Building (※5)	Takenaka Corporation	Nov. 30, 2010 Jan. 21, 2011	[A] 6.9 [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. 28, 2013	8.7
Higashi Hie Business Center	Tokyo Marine & Nichido Risk Consulting	Feb. 27, 2015	1.7
Tenjin Nishi-Dori Center Building	Tokyo Marine & Nichido Risk Consulting	Dec. 20, 2012	5.4
Tenjin North Front Building	Tokyo Marine & Nichido Risk Consulting	Feb. 5, 2013	3.6
Annex Akasakamon Tower	Takenaka Corporation	Feb. 28, 2013	11.1
City House Keyaki Dori	Takenaka Corporation	Aug. 31, 2014	1.9
Aqualia Kego	Takenaka Corporation	Sep. 1, 2011	13.3
Aqualia Chihaya	Takenaka Corporation	Sep. 1, 2011	7.5
D-wing Tower	NIPPON KANZAI Corporation	Dec. 20, 2012	3.8
Grandore Yakuin Minami	Tokyo Marine & Nichido Risk Consulting	Sep. 15, 2014	2.7
Hotel FORZA Oita	Takenaka Corporation	Dec. 28, 2012	14.5
Tosu Logistics Center	Tokyo Marine & Nichido Risk Consulting	Jan. 16, 2014	8.9
LOGICITY Minato Kashii	Engineering and Risk Services Corporation OYO RMS Corporation	Feb. 13, 2015	1.3
Overall portfolio (※6)	Takenaka Corporation	Feb. 29, 2016	5.5

(※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, C and D.
(※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. [February 29, 2016]

Appendix

Strengths of Fukuoka and Kyushu①（Current condition of inbound visitors ）

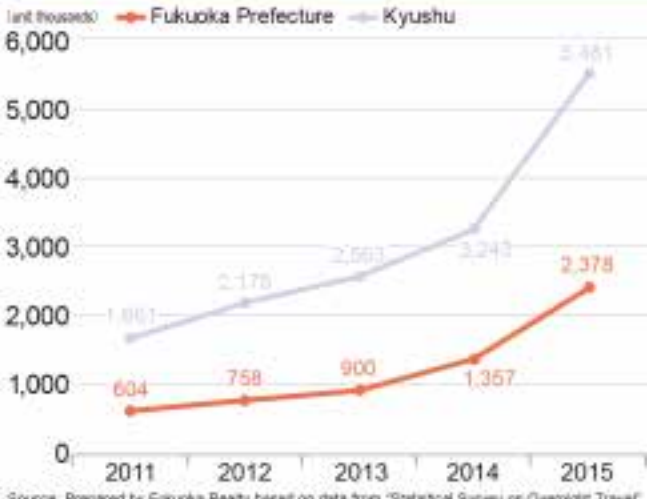
Record high numbers of foreign visitors to Fukuoka Prefecture and Kyushu in 2015

■Change in number of overseas visitors(Fukuoka Prefecture, Kyushu (*1))



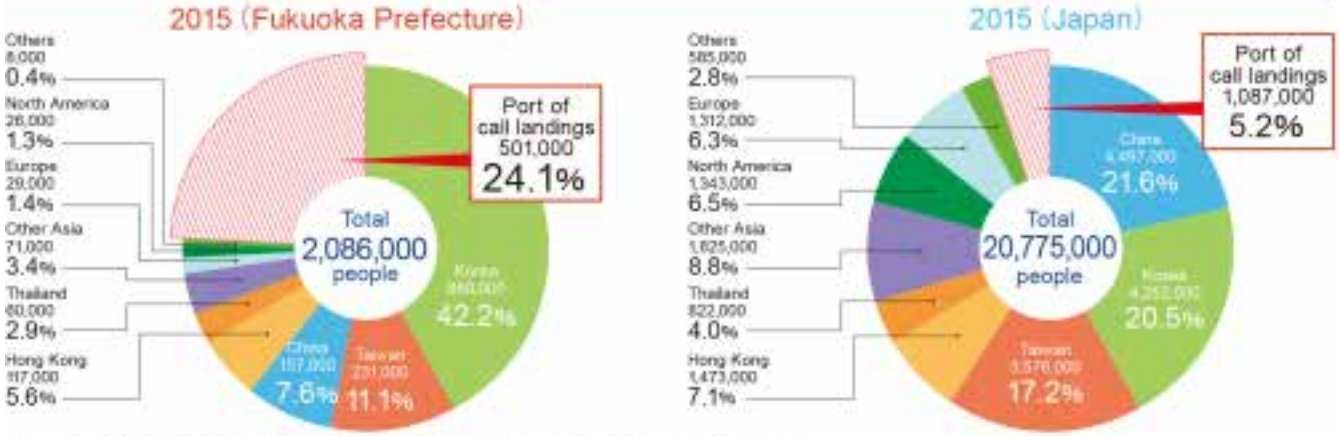
Source: Prepared by Fukuoka Realty based on data from Statistics on Legal Migrants (Ministry of Justice)
(*1) Data for Okinawa Prefecture are not included. (*2) Port of call landing and cruise ship tourist landing figures are included.

■Total number of foreign lodgers(Fukuoka Prefecture, Kyushu (*1))



Source: Prepared by Fukuoka Realty based on data from "Statistical Survey on Overnight Travel" (Ministry of Land, Infrastructure, Transport and Tourism)
(*1) Data for Okinawa Prefecture are not included.

■Breakdown of overseas visitors by country and region(Fukuoka Prefecture, Japan)



Source: Prepared by Fukuoka Realty based on data from Statistics on Legal Migrants (Ministry of Justice)

■Number of cruise ship port calls

(Number of calls)

Rank	2012	2013	2014	2015
1	Yokohama (142)	Yokohama (152)	Yokohama (146)	Hakata (259)
2	Hakata (112)	Kobe (101)	Hakata (115)	Nagasaki (131)
3	Kobe (110)	Ishigaki (65)	Kobe (100)	Yokohama (125)
4	Nagasaki (73)	Naha (56)	Naha (80)	Naha (115)
5	Naha (67)	Tokyo (42)	Nagasaki (75)	Kobe (97)

Source: Prepared by Fukuoka Realty based on data from "2015 Cruise Ship Port Calls (Preliminary Figures)" (Ministry of Land, Infrastructure, Transport and Tourism, Ports and Harbours Bureau, Industrial Port Policy Division)

Appendix

Strengths of Fukuoka and Kyushu②

■Fukuoka City' s National Strategic Special Zone, waterfront area

◎Increasing number of international conventions

(Number of conventions)

Rank	2009	2010	2011	2012	2013	2014
1	Tokyo (497)	Tokyo (491)	Tokyo (470)	Tokyo (500)	Tokyo (531)	Tokyo (543)
2	Fukuoka (206)	Fukuoka (216)	Fukuoka (221)	Fukuoka (252)	Fukuoka (253)	Fukuoka (336)
3	Yokohama (179)	Yokohama (174)	Yokohama (169)	Kyoto (196)	Yokohama (228)	Kyoto (202)
4	Kyoto (164)	Kyoto (155)	Kyoto (137)	Yokohama (191)	Kyoto (176)	Yokohama (200)
5	Nagoya (124)	Nagoya (122)	Nagoya (112)	Osaka (140)	Osaka (172)	Nagoya (163)

Source: Prepared by Fukuoka Realty based on data from Japan National Tourism Organization (JNTO)

◎Overview of principal international events to be held in Fukuoka city

Name	Dates	Overview
Lions Club International Convention	June 24 to 28, 2016	Approx. 35,000 members from Japan and abroad, including 10,000 from overseas, are expected to participate. Venues include YAHUOKU! DOME and Marine Messe Fukuoka.
Rugby World Cup	September to November 2019	Fukuoka City has been selected as a host city for Rugby World Cup 2019, to be held in Japan.
World Swimming Championships	July to August 2021	Fukuoka will host the championships for the second time (the first being 2001) at venues including Marine Messe Fukuoka. The 2015 championships in Kazan, Russia drew 2,413 competitors from approx. 190 countries and regions and 316,000 spectators.

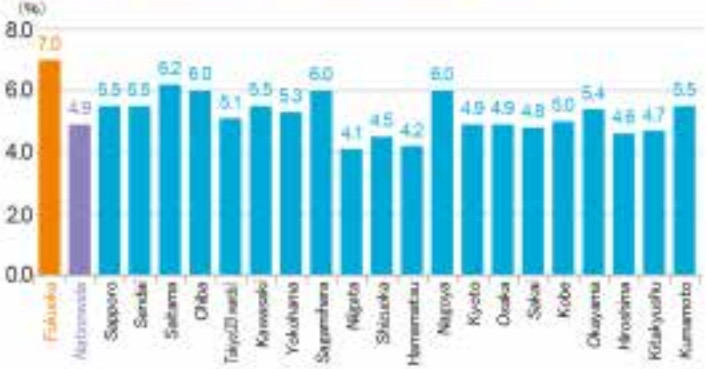
Source: Prepared by Fukuoka Realty based on information published by the Fukuoka Directive Council and Fukuoka City

◎Waterfront area



Source: Prepared by Fukuoka Realty based on information published by Fukuoka City

◎Start-up rates in major urban areas (2014)



Source: Prepared by Fukuoka Realty based on data from Fukuoka City Economic Outlook October 2015 (Economy, Tourism & Culture Bureau, Fukuoka City) ※Since data are acquired for Public Employment Security Office jurisdictions, they do not match those for administrative areas. Accordingly, start-up percentages are calculated for metropolitan areas including government-designated cities.

■Gateway of Asia



Source: Prepared by Fukuoka Realty based on data from Fukuoka prefecture

■Fukuoka Airport Use in 2015

- Number of passengers: Approx. 20,970,000(up 6% ⬆ from 2014)
- Number of arrivals and departures: Approx. 173,000 (up 1% ⬆)
- Domestic flights: 145,000 (down 2% ⬇)
- International flights: 28,000 (up 20% ⬆)



LCC international route expansion

Source: Prepared by Fukuoka Realty based on data published by Fukuoka Airport Office, Ministry of Land, Infrastructure, Transport and Tourism

■Fukuoka Airport runway expansion proposal



◎Airport landing slots per year

Current
145,000
1.3 times
Effects
After expansion
183,000

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

Appendix