

Fukuoka REIT Corporation

Overview of the 25th fiscal period performance [8968] (Security code) September 1st,2016~February 28th,2017

Fukuoka REIT Corporation

Overview of the 25th fiscal period performance

[Security code 8968] September 1st, 2016~February 28th, 2017

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*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 Co., Ltd. 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 Co., Ltd. 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

Dividend recovered to the 3,400 yen range by acquisition of property



(*1)Forecast at the financial results of 24th fiscal period

Financial statements

New acquisition in the 26th fiscal period

Acquired a new logistics facility in a good location

■LOGICITY Hisayama

Acquisition (planned) price : 5,050 million yen(*1)
Acquisition (planned) date : June 1, 2017



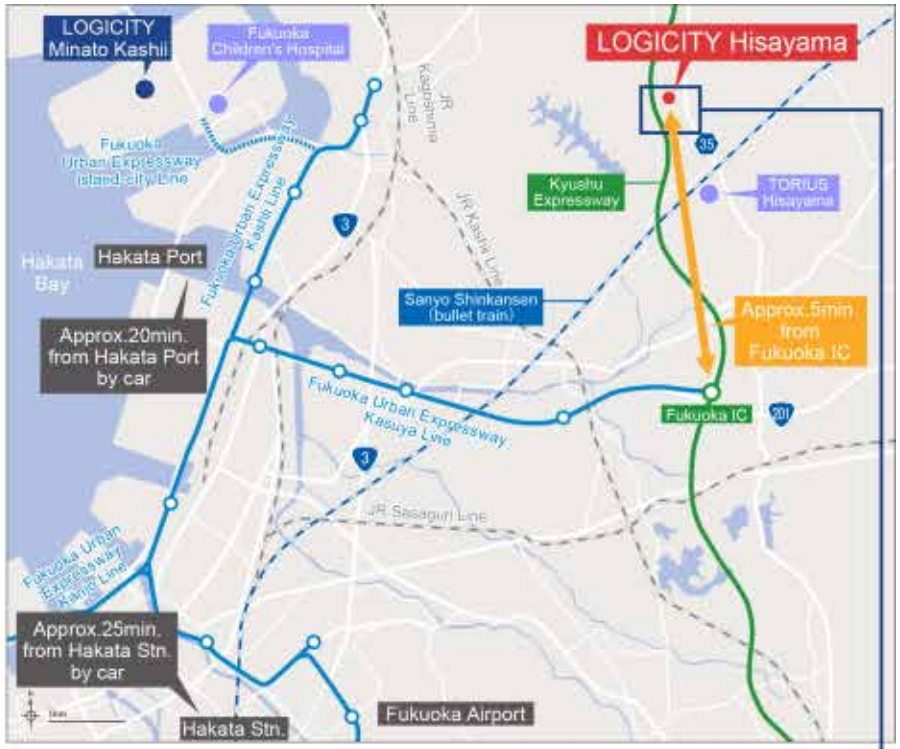




Property overview			
Location	Hisayama-machi, Kasuya gun Fukuoka Prefecture	Tenant name	KASEI.inc Co., Ltd.
Total floor space	24,492.91㎡	Occupancy rate	100% (Tenant:1)
Construction timing	January 14, 2015	Form of contract	Fixed term building lease agreement
Seller	Limited Liability Company FRC1(*2)	Term of contract	8 years 7 months (Remaining term:7 years 8 months)
Acquisition Cap	5.1%(*3)	Cancellation and rent reduction	Not available

- Located in an area suitable for logistics near the Fukuoka Interchange that is convenient for covering Fukuoka Prefecture and all parts of Kyushu using the Kyushu Expressway and Fukuoka Urban Expressway and offers excellent access to Fukuoka Airport and the port area.
- Excellent versatility, with floor load capacity of 1.5 t/㎡ , 1F under-beam effective ceiling height of 6.5 m and 2F,3F height of 5.5 m, and pillar interval spacing of 10 m x 11 m.
- Located in an industrial complex; 24-hour operation possible.
- Ramp for direct vehicle access to the second floor.

(*1)The solar power generating system is included.
(*2)The company is a joint company with Fukuoka REIT Corporation and Fukuoka Jisho Co.,Ltd. Please refer to the press release "Fukuoka REIT Corporation Concludes Agreement to Purchase a New Logistics Facility." as of April 10, 2017.
(*3)The solar power generating system is not included.







Financial statements

Financial highlights

Dividend per unit was 3,398 yen

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

	Category	24th ～ Aug. 31, 2016 A	25th ～ Feb. 28, 2017 B	Difference B－A	26th ～ Aug. 31, 2017 (forecast)	27th ～ Feb. 28, 2018 (forecast)
Profit and loss	Operating revenues	8,234	9,730	1,496	8,109	8,125
	Gain on sale of real estate	-	② 1,657	1,657	-	-
	Leasing NOI	5,164	5,010	(153)	4,993	5,060
	Depreciation and amortization expenses	1,470	1,455	(15)	1,477	1,501
	Operating income	3,069	4,585	1,516	2,908	2,946
	Ordinary income	2,616	4,199	1,583	2,540	2,593
	Extraordinary income	75	-	(75)	-	-
	Insurance income	75	-	(75)	-	-
	Extraordinary losses	1,751	-	(1,751)	-	-
	Impairment loss	1,660	-	(1,660)	-	-
	Loss on disaster	90	-	(90)	-	-
	Profit	938	① 4,198	3,260	2,539	2,592
Dividend	Recording of reserve for temporary difference adjustments	1,660	-		-	-
	Reversal of reserve for temporary difference adjustments	-	③ 1,660		-	-
	Total dividends	(＊1) 2,598	(＊2) 2,538		2,539	2,592
	Total number of investment units outstanding (at period-end) (units)	747,000	747,000		747,000	747,000
	Dividend per unit (yen) C	**3,479**	**3,398**		-	-
	Latest dividend forecast per unit (yen) D	3,430	3,300		3,400	3,470
	Difference from forecast (yen) C－D	+49	+98		-	-

Owing to differences between accounting and tax treatment, gain and loss on the sale of AEON Hara Shopping Center and Aqualia Kego, disposed of in the 25th fiscal period, have been handled as described below.

①Recording of an amount equivalent to the impairment loss on AEON Hara Shopping Center recorded on the statements of income for the 24th fiscal period on the dividend statement as a reserve for temporary difference adjustments.

②Recording of a gain on the sale of Aqualia Kego on the statements of income for the 25th fiscal period.

③Reversal of the reserve for temporary difference adjustments recorded in the 25th fiscal period.

(＊1) Calculated using the following equation: Profit + Recording of reserve for temporary difference adjustments - Retained earnings carried forward

(＊2) Calculated using the following equation: Profit - Reversal of the reserve for temporary difference adjustments - Retained earnings carried forward

◎The difference between accounting treatment and tax treatment

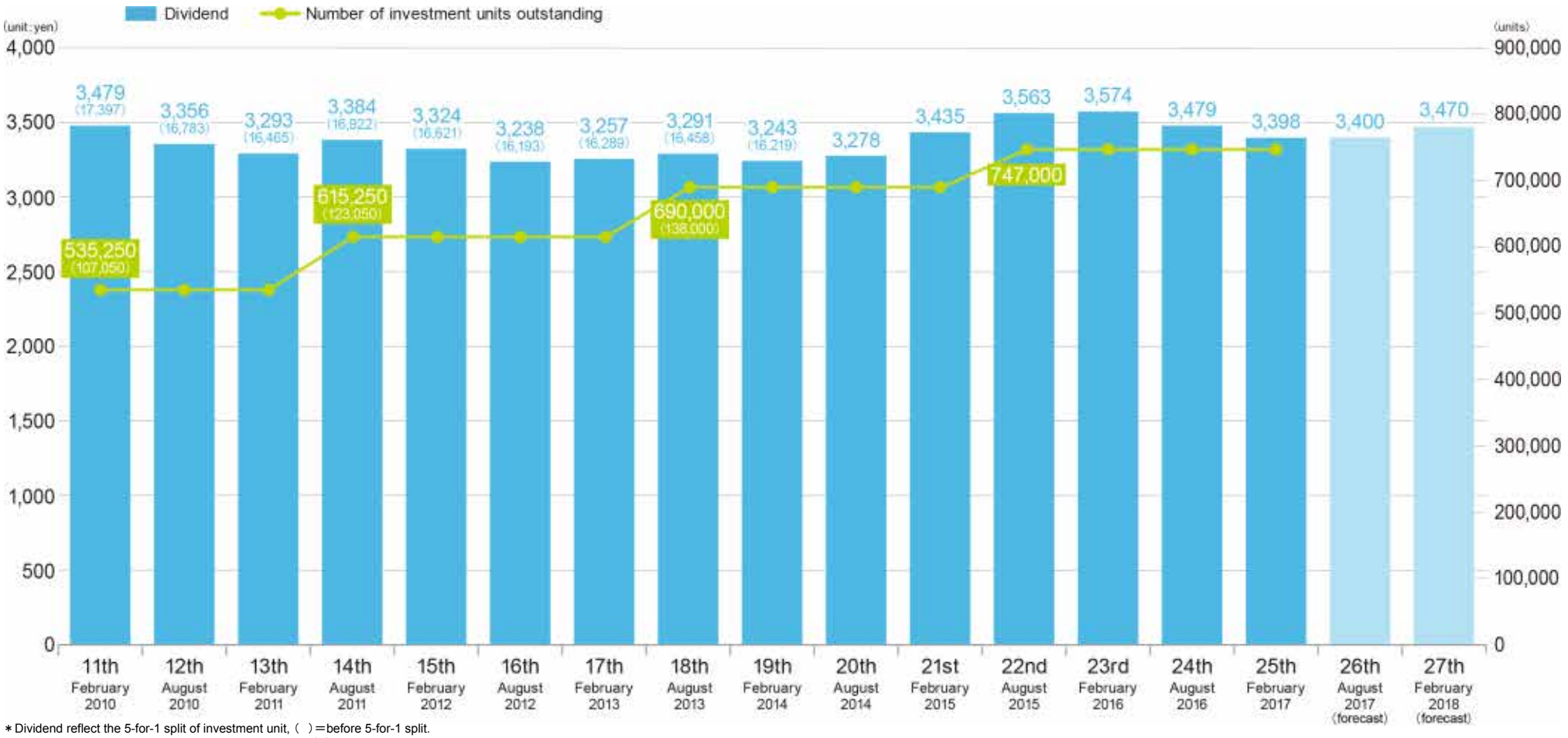
	Agreement	Delivery	Gain and loss on sales	
			Taxation	Accounting
AEON Hara Shopping Center	24th	25th	25th	24th(＊3)
Aqualia Kego	24th	25th	25th	25th

(＊3)Indicates impairment loss recorded in the 24th fiscal period.

Dividend track record

Keeping stable dividends

The 25th fiscal period end	February 28, 2017 (semi-annual periods ending every February and August)	Days in fiscal period	181
Dividend (actual)	3,398 yen per unit	Dividend yield	3.9% {(Dividend / days in fiscal period × 365)/ Unit price} (as of February 28, 2017)



∗ Dividend reflect the 5-for-1 split of investment unit, ( )=before 5-for-1 split.
∗ Investment units reflect the 5-for-1 split at period-end, ( )=before 5-for-1 split.

Balance sheets（compared with the previous fiscal period）

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

	Account	24th ～Aug. 31, 2016 A	25th ～Feb. 28, 2017 B	Difference B－A
Assets	**Total current assets**	9,701	9,579	(121)
	Cash and deposits	4,165	4,434	269
	Cash and deposits in trust	4,775	4,513	(262)
	Operating accounts receivable	491	376	(114)
	Prepaid expenses	262	251	(10)
	Consumption taxes receivable	-	-	-
	Deferred tax assets	0	0	(0)
	Others	7	3	(4)
	Total non-current assets	169,779	165,458	(4,320)
	Total property, plant and equipment	167,340	162,919	① (4,420)
	Buildings in trust	62,483	61,262	(1,221)
	Structures in trust	889	872	(17)
	Machinery and equipment in trust	366	700	333
	Tools and fixtures in trust	298	274	(23)
	Lands in trust	103,095	99,631	(3,464)
	Construction in progress in trust	206	178	(27)
	Total intangible assets	1,768	1,785	16
	Leasehold right in trust	1,765	1,765	-
	Other intangible assets in trust	3	20	16
	Total investment and other assets	669	752	82
	Investment securities	-	104	② 104
	Lease and guarantee deposits	10	10	-
	Lease and guarantee deposits in trust	110	110	-
	Long-term prepaid expenses	549	528	(21)
	Total deferred assets	32	25	(6)
	Total assets	**179,513**	**175,063**	**(4,449)**

	Account	24th ～Aug. 31, 2016 A	25th ～Feb. 28, 2017 B	Difference B－A
Liabilities	**Total current liabilities**	27,833	26,796	(1,036)
	Operating accounts payable	639	595	(43)
	Short-term debt payable	4,000	-	③ (4,000)
	Current maturities of long-term debt	20,450	23,875	④ 3,425
	Account payable-other	12	24	12
	Accrued expenses	348	335	(13)
	Income taxes payable	1	0	(0)
	Accrued consumption taxes	107	239	132
	Advances received	1,070	973	(97)
	Deposits received	1,202	752	(450)
	Total non-current liabilities	59,598	54,585	(5,013)
	Investment corporation bonds	2,000	2,000	-
	Long-term debt payable	45,500	40,800	⑤ (4,700)
	Tenant leasehold and security deposits	371	368	(2)
	Tenant leasehold and security deposits received in trust	11,727	11,416	(310)
	Total liabilities	**87,432**	**81,382**	**(6,049)**
Net assets	**Total unitholders' equity**	92,081	93,681	1,600
	Unitholders' capital	91,142	91,142	-
	Reserve for temporary difference adjustments（＊2）	-	(1,660)	(1,660)
	Unitholders' capital, net	91,142	89,482	(1,660)
	Surplus	938	4,199	⑥ 3,260
	Total net assets	**92,081**	**93,681**	**1,600**
	Total liabilities and net assets	**179,513**	**175,063**	**(4,449)**

■Assets

① Acquisition of Sports Club NAS Park Place Oita	+1,484
Capital expenditures	+1,789
Disposition assets(AEON Hara Shopping Center, Aqualia Kego)	(6,204)
Depreciation and amortization expenses	(1,455)
Others	(34)
Total :	(4,420)
② Silent partnership equity interests in LLC FRC1(＊1)	+104

■Liabilities and net assets

③ Repayment of maturing debt	(4,000)
④ Long-term debt	
→Long-term debt of current maturities	+8,600
Repayment of maturing debt	(1,200)
Long-term debt of current maturities	
→Long-term debt	(3,900)
Contractual repayment	(75)
Total :	+3,425

⑤ Long-term debt	
→Long-term debt of current maturities	(8,600)
Long-term debt of current maturities	
→Long-term debt	+3,900
Total :	(4,700)
⑥ Increase in profit accompanying of gain on sales of real estate properties	+1,657
Increase in the other profits	+1,603
Total :	+3,260

（＊1）The silent partnership equity interests is based on the Limited Liability Company which holds a real estate in trust of LOGICITY Hisayama.（＊2）Please refer to "Financial Highlights" on page 3 regarding a reserve for temporary difference adjustments.

Statements of Income（compared with previous fiscal period）

Dividend of 3,398 yen due to the disposition of two properties

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

Account			24th ～Aug. 31, 2016 A	25th ～Feb. 28, 2017 B	Difference B－A
Ordinary profit and loss	Operating profit and loss	Operating revenues	8,234	9,730	1,496
		Leasing revenues-real estate	7,701	7,603	① (161) (98)
		Other leasing revenues-real estate	533	469	(63)
		Gain on sale of real estate	-	(＊1)1,657	② 1,657
		Dividends received	-	0	0
		Operating expenses	5,165	5,145	(19)
		Expenses related to leasing business	4,540	4,517	③ (23)
		Asset management fees	492	476	(15)
		Asset custody fees	6	6	(0)
		Administrative service fees	54	51	(2)
		Director's compensations	9	9	-
		Other operating expenses	61	83	21
		Operating income	3,069	4,585	1,516
	Non-Operating profit and loss	Non-operating revenues	1	0	(0)
		Non-operating expenses	453	386	④ (67)
		Interest expenses (incl. investment corporation bonds)	346	289	(56)
		Financing related expenses	100	90	(10)
		Other non-operating expenses	6	6	-
		Ordinary income	2,616	4,199	1,583
		Extraordinary income	75	-	(75)
		Insurance income	75	-	(75)
		Extraordinary losses	1,751	-	(1,751)
		Impairment loss	(＊1)1,660	-	(1,660)
		Loss on disaster	90	-	(90)
Net income before income taxes			939	4,199	3,260
Income taxes			1	0	(0)
Profit			938	4,198	3,260
Dividend		Recording of reserve for temporary difference adjustments	-	(＊1)1,660	1,660
		Total dividends	2,598	2,538	(60)
		Dividend per unit (yen)	3,479	3,398	(81)

Sign indicates impact on profit（unit : mm yen）

■Operating profit and loss(＊2)

① Disposition properties	(241)
[-of which, AEON Hara Shopping Center	(178)]
[-of which, Aqualia Kego	(63)]
Kumamoto Intercommunity SC	+55
Canal City Hakata	(17)
[-of which, rent decrease	(20)]
Canal City Hakata･B	+13
Park Place Oita	+47
[-of which, decrease in utility expenses	(25)]
Others	(18)
Total :	(161)
② Gain on sale of Aqualia Kego, etc.	+1,657
③ Disposition properties	+55
Decrease in outsourcing fees	+25
[-of which, Canal City Hakata	+16]
[-of which, Park Place Oita	+7]
Increase in repair & maintenance expenses	(76)
[-of which, Park Place Oita	(56)]
Decrease in utility expenses	+35
[-of which, Park Place Oita	+16]
Increase in depreciation and amortization expenses	(16)
[-of which, Canal City Hakata･B	(21)]
Total :	+23

■Non-Operating profit and loss

④ Decrease in debt-related expenses	+67

(＊1) Please refer to "Financial Highlights" on page 3 regarding "gain on sale of real estate properties", "Impairment loss" and "Reversal of the reserve for temporary difference adjustments" (the same applies below.)
(＊2) "Operating revenues" and "Operating expenses" are omitted because a tenant of Sports Club NAS Park Place Oita did not consent to their disclosure. (the same applies below.)

Statements of Income（compared with forecast）

Dividend 98 yen above forecast due to factors including decreases in various expenses

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

Account			Previous Forecast A	25th ～Feb. 28, 2017 B	Difference B－A
Ordinary profit and loss	Operating profit and loss	**Operating revenues**	9,707	9,730	① 22
		Leasing revenues-real estate	8,052	7,603	
		Other leasing revenues-real estate		469	
		Gain on sale of real estate	1,655	1,657	
		Dividends received		0	
		Operating expenses	5,190	5,145	② (45)
		Expenses related to leasing business		4,517	
		Asset management fees		476	
		Asset custody fees		6	
		Administrative service fees		51	
		Director's compensations		9	
		Other operating expenses		83	
		Operating income	4,157	4,585	68
	Non-Operating profit and loss	**Non-operating revenues**	1	0	(0)
		Non-operating expenses	391	386	③ (5)
		Interest expenses (incl. investment corporation bonds)		289	
		Financing related expenses		90	
		Other non-operating expenses		6	
	Ordinary income		4,127	4,199	72
	Extraordinary income		-	-	-
	Insurance income			-	
	Extraordinary losses		-	-	-
	Impairment loss			-	
	Loss on disaster			-	
Net income before income taxes			4,127	4,199	72
Income taxes			1	0	(0)
Profit			4,126	4,198	72
Dividend	Recording of reserve for temporary difference adjustments		1,660	1,660	-
	Total dividends		2,465	2,538	73
	Dividend per unit (yen)		3,300	3,398	98

Sign indicates impact on profit（unit : mm yen）

■Operating profit and loss

① Canal City Hakata	+9
[-of which, rent increase	+4]
Canal City Hakata･B	+7
Park Place Oita	+6
[-of which, increase in utility expenses	+3]
Office buildings	+3
[-of which, Gofukumachi Business Center	+9]
[-of which, Canal City Business Center Building	(6)]
Others	(3)
Total :	+22
② Decrease in utility expenses	+11
Increase in repair & maintenance expenses	(14)
Increase in depreciation and amortization expenses	+9
Decrease in selling, general and administrative expenses	+3
Decrease in other expenses	+36
Total :	+45

■Non-Operating profit and loss

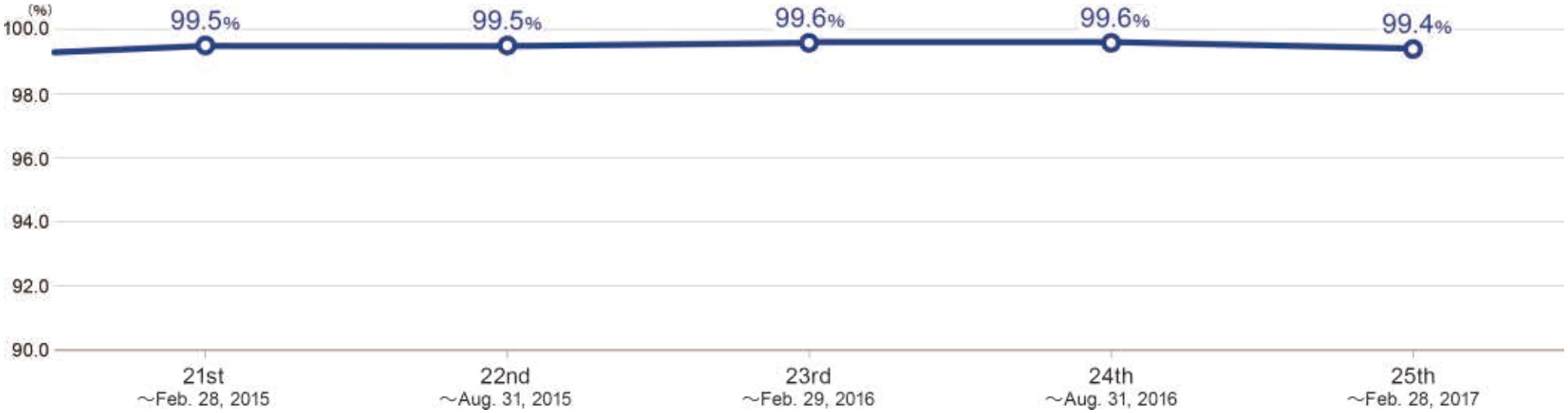
③ Decrease in debt-related expenses	+5

Financial statements

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	21st ~ Feb. 28, 2015	22nd ~ Aug. 31, 2015	23rd ~ Feb. 29, 2016	24th ~ Aug. 31, 2016	25th ~ Feb. 28, 2017	Investment ratio (based on acquisition price)
Active retail	100.0%	99.9%	99.7%	99.7%	99.5%	49.2%
Passive retail	100.0%	100.0%	100.0%	100.0%	99.9%	11.6%
Office buildings	98.8%	99.0%	99.6%	99.8%	99.7%	28.0%
Others	96.6%	98.5%	98.5%	98.3%	98.2%	11.1%
Total	99.5%	99.5%	99.6%	99.6%	99.4%	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 SunLive City Kokura. Passive Retail = properties without variable rents such as Square Mall Kagoshima Usuki, Kumamoto Intercommunity SC, Hanahata SC, Kurume Higashi Kushiwara SC, K's Denki Kagoshima, and Marinoa City Fukuoka（Marina Side Building）.

Appraisal value

Unrealized gains(＊1) totaled 21,152 mm yen at the end of 25th fiscal period

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

	Property name	Acquisition price (＊2)	Acquisition cap rate	Appraisal value 25th ①	Appraisal value 24th ②	Book value at 25th ③	Difference From appraisal value at 24th ①-②	Difference From book value at 25th ①-③	Direct capitalization values 25th Cap rate ④	Direct capitalization values 24th Cap rate ⑤	Direct capitalization values Difference ④-⑤	Real estate appraiser
Retail	① Canal City Hakata	32,000	6.0%	31,900	33,300	30,572	(1,400)	1,327	4.5%	4.6%	(0.1)%	The Tanizawa Sōgō Appraisal Co., Ltd.
	② Canal City Hakata･B	28,700	5.4%	29,900	30,200	29,135	(300)	764	4.7%	4.8%	(0.1)%	The Tanizawa Sōgō Appraisal Co., Ltd.
	③ Park Place Oita	(＊3)17,760	(＊4)6.6%	19,200	(＊5)19,208	19,067	(8)	132	5.8%	(＊6)5.9%	(0.1)%	Japan Real Estate Institute
	④ SunLive City Kokura	6,633	6.6%	7,930	7,890	5,816	40	2,113	6.1%	6.2%	(0.1)%	Japan Real Estate Institute
	⑤ Square Mall Kagoshima Usuki	5,300	6.3%	5,330	5,290	4,560	40	769	6.1%	6.2%	(0.1)%	Japan Real Estate Institute
	⑥ Kumamoto Intercommunity SC	2,400	6.5%	2,670	2,650	2,056	20	613	6.0%	6.1%	(0.1)%	Japan Real Estate Institute
	⑦ Hanahata SC	1,130	6.4%	1,250	1,240	1,015	10	234	5.5%	5.6%	(0.1)%	The Tanizawa Sōgō Appraisal Co., Ltd.
	⑧ Kurume Higashi Kushiwara SC	2,500	6.1%	2,790	2,750	2,145	40	644	5.5%	5.6%	(0.1)%	The Tanizawa Sōgō Appraisal Co., Ltd.
	⑨ K's Denki Kagoshima	3,550	5.7%	3,710	3,680	3,116	30	593	5.4%	5.5%	(0.1)%	The Tanizawa Sōgō Appraisal Co., Ltd.
	⑩ Marinoa City Fukuoka(Marina Side Building)	5,250	5.5%	5,600	5,600	5,287	0	312	5.0%	5.1%	(0.1)%	The Tanizawa Sōgō Appraisal Co., Ltd.
	Total of retail	105,223	-	110,280	111,808	102,774	(1,528)	7,505	-	-	-	
Office buildings	⑪ Canal City Business Center Building	14,600	6.3%	14,900	15,200	13,456	(300)	1,443	4.8%	4.9%	(0.1)%	The Tanizawa Sōgō Appraisal Co., Ltd.
	⑫ Gofukumachi Business Center	11,200	6.3%	13,600	13,400	9,410	200	4,189	4.7%	4.8%	(0.1)%	The Tanizawa Sōgō Appraisal Co., Ltd.
	⑬ Sanix Hakata Building	4,400	5.9%	5,300	5,370	3,942	(70)	1,357	4.6%	4.7%	(0.1)%	Japan Real Estate Institute
	⑭ Taihaku Street Business Center	7,000	6.0%	7,330	7,280	6,277	50	1,052	5.0%	5.1%	(0.1)%	Japan Real Estate Institute
	⑮ Higashi Hie Business Center	5,900	6.0%	6,620	6,520	4,715	100	1,904	5.3%	5.4%	(0.1)%	The Tanizawa Sōgō Appraisal Co., Ltd.
	⑯ Tenjin Nishi-Dori Center Building	2,600	5.4%	2,890	2,990	2,717	(100)	172	4.5%	4.6%	(0.1)%	Japan Real Estate Institute
	⑰ Tenjin North Front Building	2,800	6.1%	3,510	3,490	2,647	20	862	4.9%	5.0%	(0.1)%	Japan Real Estate Institute
	Total of office buildings	48,500	-	54,150	54,250	43,168	(100)	10,981	-	-	-	
Others	⑱ Amex Akasakamon Tower	2,060	5.4%	1,910	1,870	1,782	40	127	4.8%	4.9%	(0.1)%	DAIWA REAL ESTATE APPRAISAL CO.,LTD
	⑲ City House Keyaki Dori	1,111	5.5%	1,080	1,050	960	30	119	4.8%	4.9%	(0.1)%	DAIWA REAL ESTATE APPRAISAL CO.,LTD
	⑳ Aqualia Chihaya	1,280	6.8%	1,600	1,600	1,196	0	403	5.3%	5.3%	0.0%	Japan Real Estate Institute
	㉑ D-Wing Tower	2,800	5.9%	3,380	3,320	2,765	60	614	4.8%	4.9%	(0.1)%	The Tanizawa Sōgō Appraisal Co., Ltd.
	㉒ Granfore Yakuin Minami	1,100	5.6%	1,280	1,260	1,157	20	122	4.7%	4.8%	(0.1)%	The Tanizawa Sōgō Appraisal Co., Ltd.
	㉓ Hotel FORZA Oita	1,530	6.6%	1,860	1,810	1,443	50	416	5.4%	5.6%	(0.2)%	Japan Real Estate Institute
	㉔ Tosu Logistics Center	1,250	5.9%	1,390	1,370	1,232	20	157	5.3%	5.4%	(0.1)%	Japan Real Estate Institute
	㉕ LOGICITY Minato Kashii	8,150	5.2%	8,750	8,590	8,045	160	704	4.6%	4.7%	(0.1)%	The Tanizawa Sōgō Appraisal Co., Ltd.
	Total of others	19,281	-	21,250	20,870	18,584	380	2,665	-	-	-	
Total properties		173,004	-	185,680	186,928	164,527	(1,248)	21,152	-	-	-	

(＊1) Unrealized gains="Latest appraisal value" - "Book value recorded on the balance sheet at end of period". 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 is included Sports Club NAS Park Place Oita acquired in the 25th fiscal period.
(＊4) It is not included Sports Club NAS Park Place Oita. The acquisition cap rate of Sports Club NAS Park Place Oita is 6.1%.
(＊5) The appraisal value of 24th fiscal period is included the appraisal value of Sports Club NAS Park Place Oita as of acquisition date.
(＊6) It is not included Sports Club NAS Park Place Oita.

Business forecast（the 26th fiscal period）

Dividend recovery to the 3,400 yen range

■Forecast in the 26th fiscal period

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

Account	25th Results A	26th Forecast at 24th B	**26th Forecast at 25th C**	**25th results Difference C−A**	26th forecast Difference C−B
Operating revenues	9,730	8,008	8,109	(1,621)	100
Operating revenues excluding gain on sales	8,073	8,008	8,109	① 36	100
Gain on sales	1,657	-	-	(1,657)	-
Operating expenses	5,145	5,188	5,200	② 55	12
Operating income	4,585	2,820	2,908	(1,677)	88
Non-operating revenues	0	1	1	0	(0)
Non-operating expenses	386	355	368	③ (17)	13
Ordinary income	4,199	2,466	2,540	(1,658)	74
Extraordinary income	-	-	-	-	-
Extraordinary losses	-	-	-	-	-
Profit	4,198	2,465	2,539	(1,659)	74
Recording of reserve for temporary difference adjustments	-	-	-	-	-
Reversal of reserve for temporary difference adjustments	1,660	-	-	(1,660)	-
Total dividends	2,538	2,465	2,539	1	74
Dividend per unit (yen)	3,398	3,300	3,400	2	100

Sign indicates impact on profit（unit : mm yen）

■Variance between the 25th fiscal period results and the 26th fiscal period forecast

① Acquired a property at 26th fiscal period
- [LOGICITY Hisayama acquired in June, 2017] +68
- Disposition properties (89)
  - [-of which, AEON Hara Shopping Center (34)]
  - [-of which, Aqualia Kego (55)]
- Canal City Hakata +10
- Canal City Hakata･B (18)
- Park Place Oita +36
  - [-of which, rent increase +25]
  - [-of which, increase in utility expenses +20]
- Office buildings +15
- LOGICITY Minato Kashii +8
- Others +6

Total : +36

② Acquired a property at 26th fiscal period
- [LOGICITY Hisayama] (22)
- Disposition properties +38
- Increase in outsourcing fees (16)
  - [-of which, Park Place Oita (30)]
- Increase in utility expenses (42)
  - [-of which, Park Place Oita (19)]
  - [-of which, Office Buildings (10)]
- Decrease in repair & maintenance expenses +30
- Increase in taxes and fees (14)
- Increase in depreciation and amortization expenses (19)
  - [-of which, Canal City Hakata･B (14)]
- Increase in other expenses (10)

Total : (55)

③ Decrease in debt-related expenses +17

Business forecast（the 27th fiscal period）

Dividend of 3,470 yen due to full-period contribution from LOGICITY Hisayama

■Forecast in the 27th fiscal period

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

Account	26th Forecast at 25th A	**27th Forecast at 25th** B	**26th forecast Difference** B−A
Operating revenues	8,109	8,125	① 16
Operating expenses	5,200	5,179	② (21)
Operating income	2,908	2,946	38
Non-operating revenues	1	1	-
Non-operating expenses	368	354	③ (14)
Ordinary income	2,540	2,593	52
Profit	2,539	2,592	52
Total dividends	2,539	2,592	52
Dividend per unit (yen)	3,400	3,470	70

Sign indicates impact on profit（unit : mm yen）

■Variance from updated the 26th fiscal period forecast

① Full-period contribution of the 26th acquisition property
- [LOGICITY Hisayama] +68
- Canal City Hakata･B (8)
- Park Place Oita (25)
  - [-of which, decrease in utility expenses (19)]
- Office Buildings (12)
  - [-of which, Canal City Business Center Building (7)]
- Others (7)

Total : +16

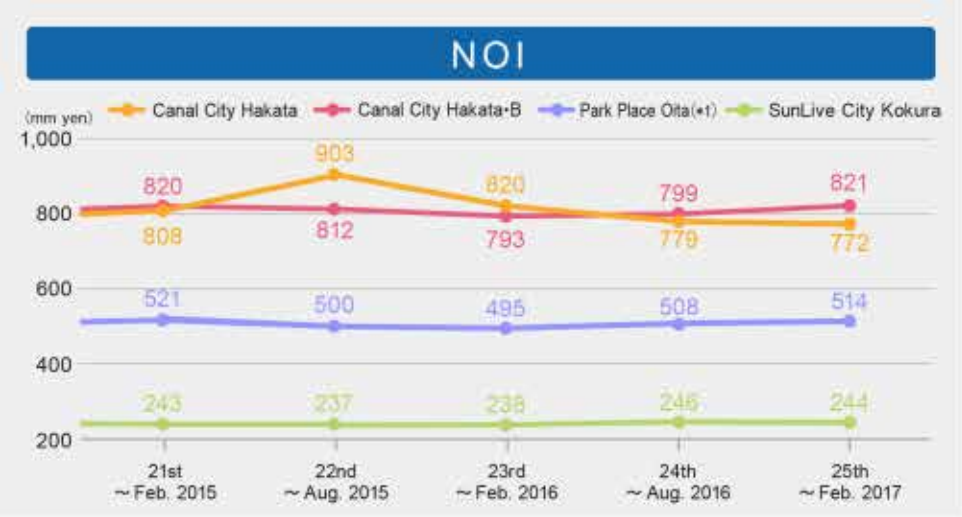
② Acquired a property at 26th fiscal period
- [LOGICITY Hisayama] (22)
- Decrease in outsourcing fees +20
  - [-of which, Park Place Oita +19]
- Decrease in utility expenses +25
  - [-of which, Park Place Oita +11]
  - [-of which, Office Buildings +5]
- Increase in repair & maintenance expenses (14)
- Decrease in other expenses +12

Total : +21

③ Decrease in debt-related expenses +14

Active retail

Sales decrease at Canal City Hakata following a sharp increase in last year



*The above graph plots the four properties' respective NOI, rounded down to the nearest mm yen, by fiscal period.
(*1)The figures since September 2016 is included "Sports Club NAS Park Place Oita" acquired on September 1, 2016.



Canal City Hakata
Canal City Hakata・B



Sales (annual total(*2))

Mar. 2014 – Feb. 2015	Mar. 2015 – Feb. 2016	Mar. 2016 – Feb. 2017
31.3bn yen	38.0bn yen	31.7bn yen
	+21.5%	(16.4)%

In 2015, there was shopping spree from inbound tourists, such as those on cruise ships from China. In 2016, although there was a decrease in per-customer spending of inbound customers, the number of visitors accompanying installation of Aqua Panorama in November 2016 and hit Japanese movies extended to sales throughout the facilities.

(*2)Combined sales of Canal City Hakata and Canal City Hakata・B, properties owned by Fukuoka REIT Corporation

Park Place Oita



Sales (annual total)

Mar. 2015 – Feb. 2016	Mar. 2016 – Feb. 2017
24.9 bn yen	24.8 bn yen
	(0.5)%

The impact of the Kumamoto Earthquake of last year ran its course. Park Place Oita marks its 15th anniversary in 2017, plans a birthday party and food court renovation, and aims to boost popularity among family customers.

SunLive City Kokura



Sales (annual total(*3))

Mar. 2015 – Feb. 2016	Mar. 2016 – Feb. 2017
–	–
	(0.6)%

A nearby competing store that had closed in August 2015 reopened in September 2016 following renovation. Although sales have subsequently decreased year on year, they have increased from the level of the year before that, and there has been no impact.

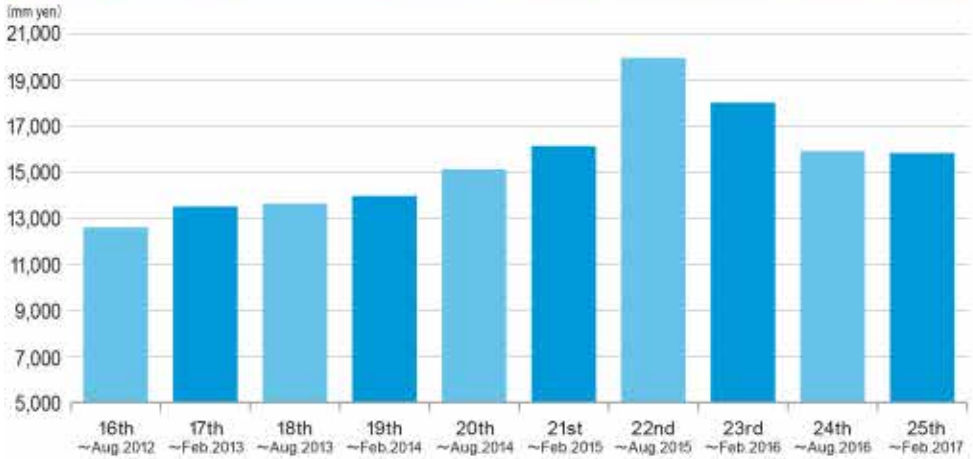
*Sales figures are rounded down to the nearest 100 mm yen.

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

Current situation at Canal City Hakata（overall）

Canal City Hakata, an evolving “Urban Theater”

■Change in sales of Canal City Hakata（16th［Aug. 2012］～25th［Feb. 2017］）



*Combined sales of Canal City Hakata and Canal City Hakata・B, properties owned by Fukuoka REIT Corporation

■CANAL AQUA PANORAMA, an experiential show produced using one of Japan’s largest 3D projection mapping systems



CANAL AQUA PANORAMA, was introduced in November 19, 2016. The initial content was ONE PIECE WATER SPECTACLE.
EXILE SPECIAL MAPPING SHOW also began running on March 4, 2017.

■Trend of visitors at Canal City Hakata



Source: Prepared by Fukuoka Realty Co., Ltd. based on data from Fukuoka Jisho Co.,Ltd.

■Remarkable tenants

UNITED CINEMAS
ユナイテッド・シネマキャナルシティ13

君の名は。



Benefitted from “Kimi no Na wa (Your Name)”, “Shin Godzilla”, “Kono Sekai no Katasumi ni (In This Corner of the World)”, and many other hit films.



MUJI CANAL CITY HAKATA has “MUJIRUSHI RYOHIN NO IE”, “MUJI BOOKS”, and “Cafe MUJI” inside the store and is positioned as one of the largest flagship stores in Japan.





Current situation at Park Place Oita

15th anniversary in April 2017 Further increasing customer drawing power with a renovation

■Spring renewal plan (Opening of the renovated food terrace on April 20, 2017)

◎Fully renovation of food terrace

One of the largest food terraces in Oita Prefecture will be more child-friendly and more enjoyable.

A full-scale renovation of food terrace customer seating and the common area with the aim of creating the most enjoyable space anywhere that will be appreciated by mothers accompanied by infants or children, who are expected to visit in greater numbers following the new opening of an Akachan Honpo (baby product manufacturer) store.

DREAM 15th PARK DREAM PROJECT





FOOD CIRCUS park place

Food terrace renovation
●Expanded seating
From 560 to 642 seats
(Including 126 seats for children and infants, the most in the prefecture)
●Creation of an environment especially for mothers
Installation of seating reserved for infants,
preparation of a baby stroller area, etc.
●A fun environmental design that will make people want to have a seat
Theme-based decorative signage, etc.

◎Akachan Honpo (Baby product manufacturer) store opened on March 10, 2017





■Park Place Christmas 2016







Holding of a Christmas illumination event.
Fairy Zocalo, the main illumination event based on the concept "Competitive Performance between Music and Light," is produced on the center stage.
A Christmas Party spent together with Santa Claus is highly popular among the children.

■New Year Events

- Charactor's show (January 2)
- DRUM TAO live performance (January 3)
- Comic performance of the year (January 3)
- Senbonbiki (Thousand String Drawing) event with shopping certificates as prizes





Breakdown of active retail rents

Breakdown of rents by property

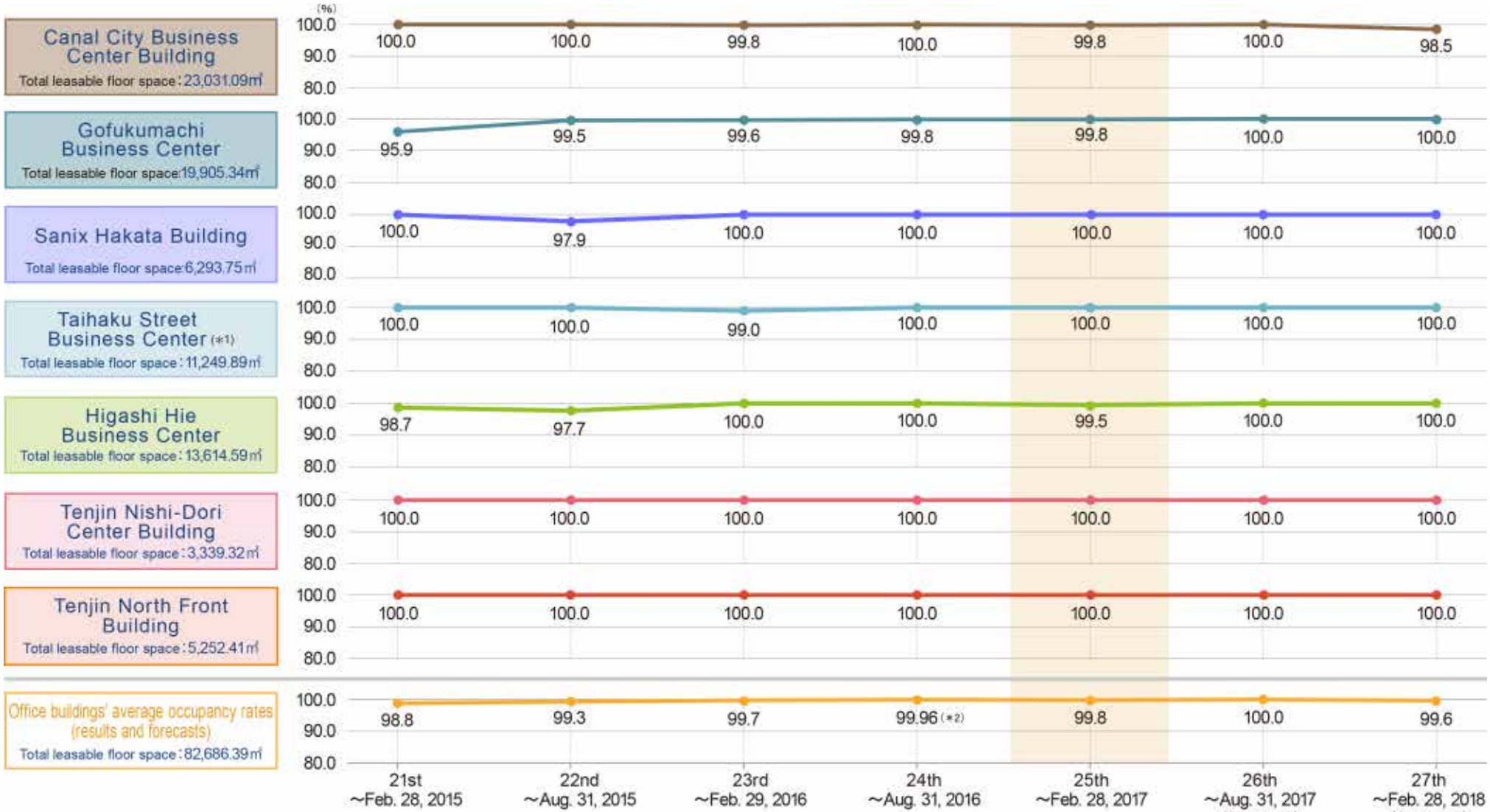


Breakdown of variable rents

(*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

The average occupancy rate of office building in the 25th fiscal period was continuously increased

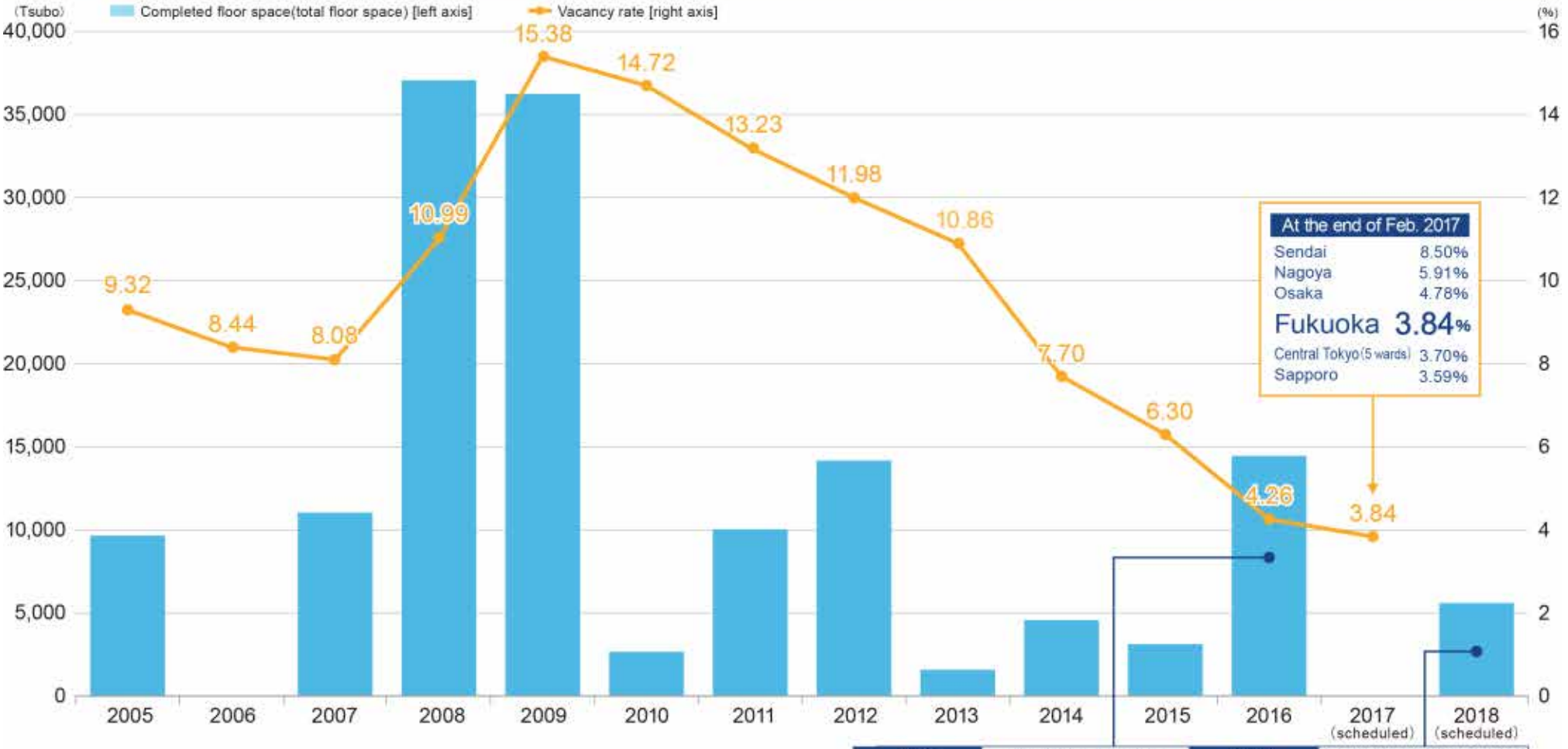


＊Occupancy rates are calculated as a weighted average during period. ＊Total leasable floor space is figured as of the end of period.
(＊1)Residential floor spaces are removed from the total leasable floor space of Taihaku Street Business Center. (＊2)Percentages and ratios are rounded off to second decimal place.

Fukuoka office market

Vacancy rate declined to the lower 3% range, and supply will remain limited in the future

■Change in vacancy rate and office building completions



Name	JRJP HAKATA Building
Total floor space	approx.13,000 tsubo
Floor space	approx.711 tsubo

Name	Kamiyo Hakata Chuo Building
Total floor space	approx.5,600 tsubo
Floor space	approx.317 tsubo

*Statistics from 2005 to 2016 are based on the figures as of December 2016.
*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 Co., Ltd., based on data published by Miki Shoji Co., Ltd.

Key financing events

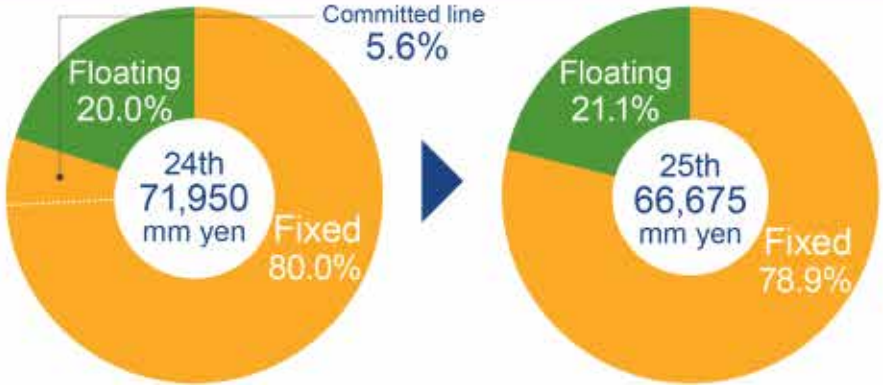
A stable network of sponsor banks and other lenders

■Key financing events in the 25th or later

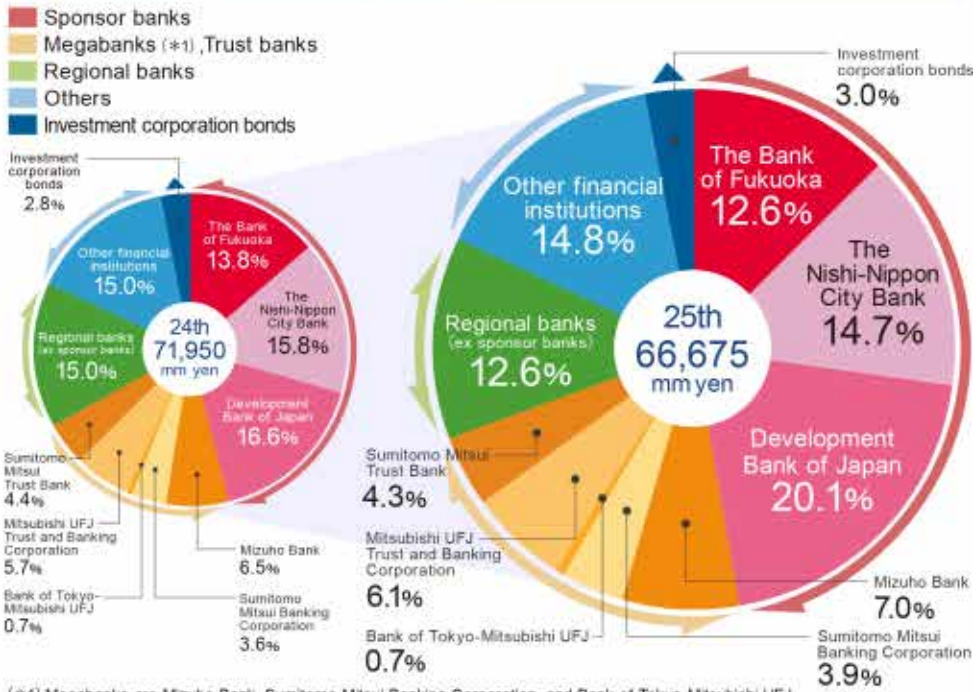
Date	Lender	Amount (mm yen)	Term		Interest rate	
			Before	After	Before	After
September 2016	Sumitomo Mitsui Trust Bank	300	4-year	9-year	3month TIBOR +0.40%	3month TIBOR +0.344%
	The Bank of Fukuoka	1,500	6-year	10-year	3month TIBOR +0.45%	3month TIBOR +0.35%
December 2016	Development Bank of Japan The Oita Bank Kagoshima Bank The Kitakyushu Bank The Eighteenth Bank The Shinwa Bank The Hiroshima Bank	2,100	5-year	9-year	1.18195% (Fixed)	0.7175% (Fixed)
March 2017 NEW	Mitsubishi UFJ Trust and Banking Corporation	800	5-year	8-year	1.16973% (Fixed)	0.4813% (Fixed)
	Resona Bank	600	5-year	10-year	1.25346% (Fixed)	0.65846% (Fixed)
	The Higo Bank	300	5-year	8-year	1.20346% (Fixed)	0.4813% (Fixed)

・Repayment of maturing debt of 5,275mm yen in the 25th fiscal period using proceeds from property disposition and other funds.

■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)

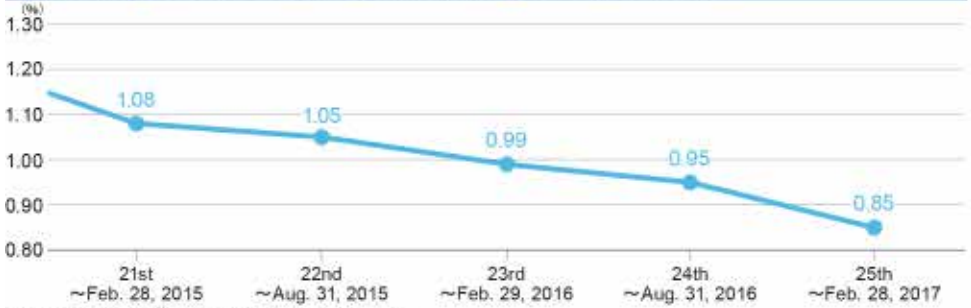
S&P	R&I	JCR
A- (Positive)	A+ (Stable)	AA- (Stable)

(*2) S&P: long-term issuer rating obtained from S&P Global Ratings Japan Inc. (S&P)
R&I: issuer rating obtained from Rating and Investment Information, Inc. (R&I)
JCR: long-term issuer rating obtained from Japan Credit Rating Agency, Ltd (JCR).

Financing condition

Achievement of both interest cost reduction and borrowing term extension and diversification

Average interest rate paid during fiscal periods



*Interest rates are rounded off to second decimal place.

Duration average remaining duration to maturity (years)



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

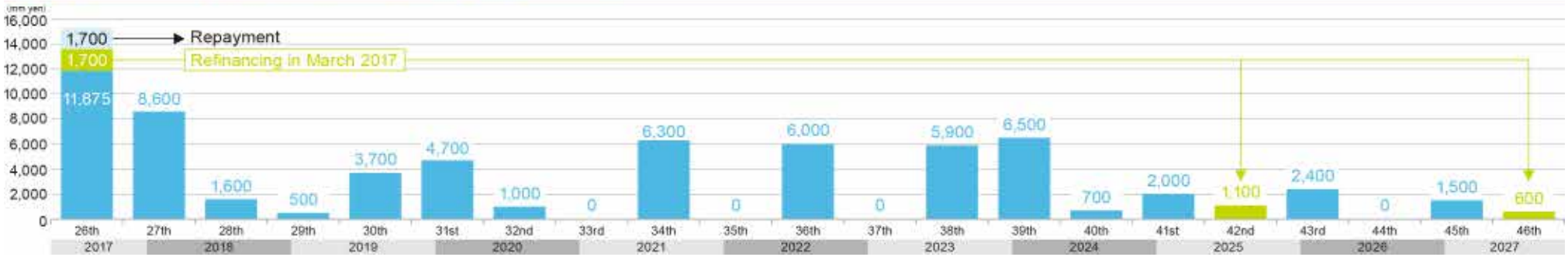
(mm yen)

The Bank of Fukuoka		
Borrowing	8,400	
Committed line of credit	*5,000*	
The Nishi-Nippon City Bank		
Borrowing	9,800	
Committed line of credit	*5,000*	
The Kitakyushu Bank		
Borrowing	1,400	
The Bank of Saga		
Borrowing	1,000	
Committed line of credit	*300*	
The Oita Bank		
Borrowing	800	
Committed line of credit	*500*	
The Eighteenth Bank		
Borrowing	600	
The Shinwa Bank		
Borrowing	700	
The Higo Bank		
Borrowing	600	
The Bank of Nagasaki		
Committed line of credit	*500*	
The Miyazaki Bank		
Borrowing	700	
The Kagoshima Bank		
Borrowing	100	



*As of February 28, 2017

Diversification of debt maturities (As of March 31, 2017)



List of borrowings

Stable debt financing

(As of February 28, 2017)

Category	Lender	Balance(yen)	Drawdown Date	Repayment Date	Repayment Method	Average Interest Rate	Description
Short-term debt	-	-	-	-	-	-	-
Current maturities of long-term debt	Mitsubishi UFJ Trust and Banking Corporation	2,000,000,000	Mar.1, 2012	Mar.31, 2017	Lump-sum upon maturity	1.16973%(*2)	No collateral No guarantee
	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)	
	Development Bank of Japan	1,875,000,000	Jun.30, 2009	Jun.30, 2017	Repayment installment (*4)	2.20000%(*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	Lump-sum upon maturity	0.85750%(*3)	
	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)	
	Resona Bank	2,000,000,000	Sep.28, 2012	Sep.29, 2017		1.03319%(*2)	
	The Bank of Fukuoka	1,500,000,000	Dec.30, 2011	Dec.30, 2017		0.65727%(*1)(*5)	
	The Nishi-Nippon City Bank	1,900,000,000	Feb.28, 2013	Feb.28, 2018		0.55727%(*1)(*6)	
	Sumitomo Mitsui Trust Bank	1,100,000,000	Feb.28, 2013	Feb.28, 2018		0.60727%(*1)(*6)	
	Mitsubishi UFJ Trust and Banking Corporation	1,500,000,000	Feb.28, 2013	Feb.28, 2018		0.40727%(*1)(*6)	
	Aozora Bank	600,000,000	Feb.28, 2013	Feb.28, 2018		0.40727%(*1)(*6)	
	Subtotal	**23,875,000,000**					
Long-term debt	The Dai-ichi Life Insurance Company	1,000,000,000	Jul.29, 2011	Jul.31, 2018	Lump-sum upon maturity	1.80000%(*2)	No collateral No guarantee
	Sumitomo Mitsui Banking Corporation	500,000,000	Jan.31, 2012	Jan.31, 2019		1.33830%(*2)	
	The Nishi-Nippon City Bank	2,500,000,000	Feb.1, 2013	Feb.29, 2020		0.77500%(*3)	
	Mizuho Bank	1,700,000,000	Feb.28, 2013	Feb.29, 2020		0.55727%(*1)(*6)	
	Mitsubishi UFJ Trust and Banking Corporation	600,000,000	Mar.29, 2013	Mar.30 2018		0.40727%(*1)(*5)	
	Aozora Bank	1,000,000,000	Jun.28, 2013	Jun.30, 2020		0.45727%(*1)(*5)	
	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		0.56400%(*3)	
	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		0.40727%(*1)(*6)	
	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		0.40727%(*1)(*6)	
	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)	
	Shinsei Bank	700,000,000	Jul.29, 2016	Jul.31, 2024		0.40000%(*2)	
	Sumitomo Mitsui Trust Bank	300,000,000	Sep.30, 2016	Sep.30, 2025		0.40127%(*1)(*5)	
	Development Bank of Japan・The Oita Bank・The Kgoshima Bank・The Kitakyushu Bank・The Eighteenth Bank・The Shinwa Bank・The Hiroshima Bank	2,100,000,000	Dec.30, 2016	Dec.30, 2025		0.71750%(*2)	
	The Bank of Fukuoka	1,500,000,000	Dec.30, 2016	Dec.30, 2026		0.40727%(*1)(*5)	
	Subtotal	**40,800,000,000**					
	Total	**64,675,000,000**					

■Investment corporation bonds

Category	Issue	Balance(yen)	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**					

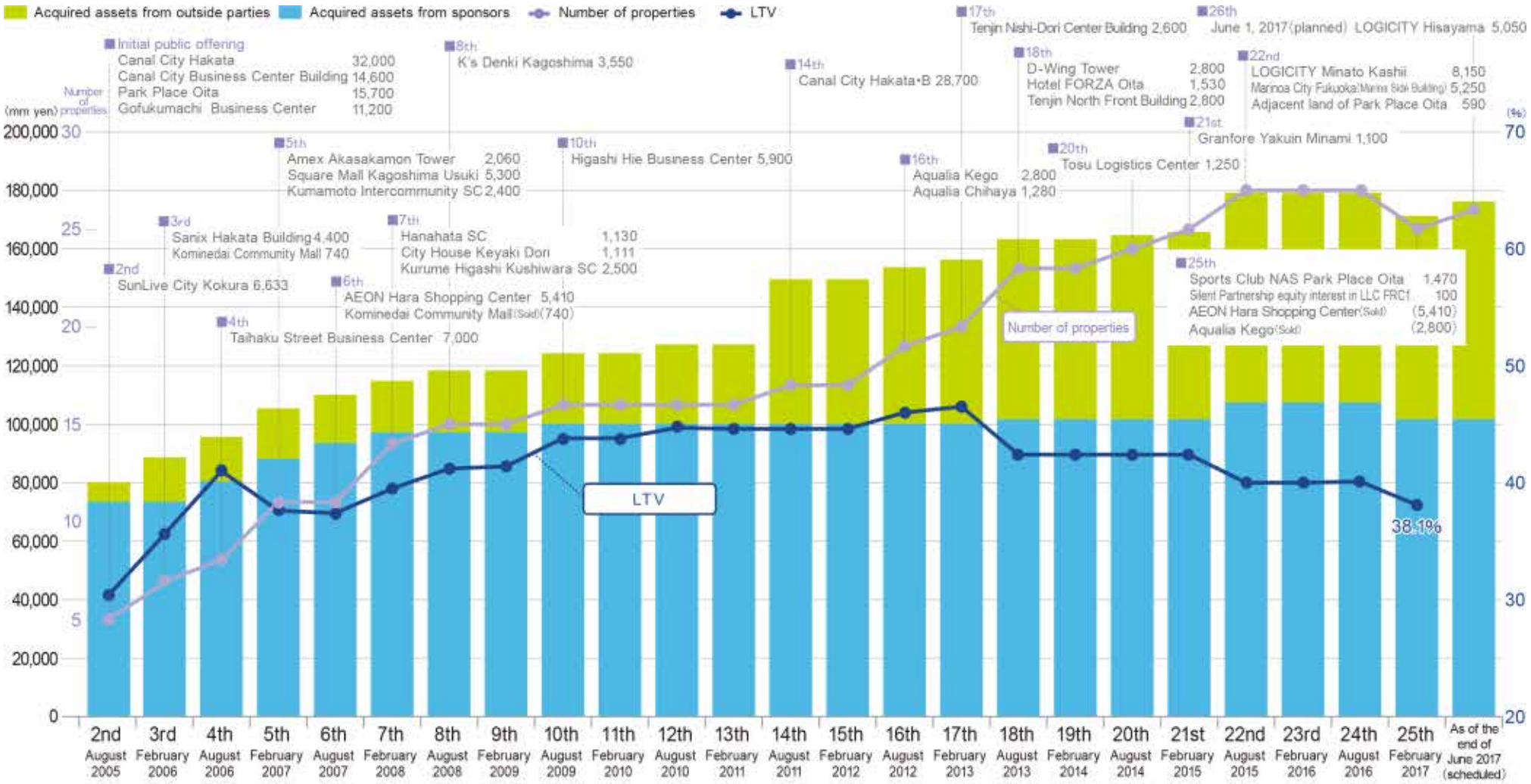
■Committed line of credit

Category	Lender	Credit Limit(yen)	Period		Description
			Start	End	
Committed line of credit 1	The Bank of Fukuoka・Resona Bank	6,000,000,000	Aug.1, 2016	Jul.31, 2017	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**			

(*1) The loan has a floating interest rate. (*2) The loan has a fixed interest rate. (*3) Although these are floating-rate borrowings, Fukuoka REIT Corporation has concluded a swap agreement to fix the interest rate. The interest rate shown includes the swap agreement. (*4) 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. (*5) From December 30, 2016 to March 31, 2017 (not including the concerned date) (*6) From February 28, 2017 to May 31, 2017 (not including the concerned date)

Growth of asset's size and LTV

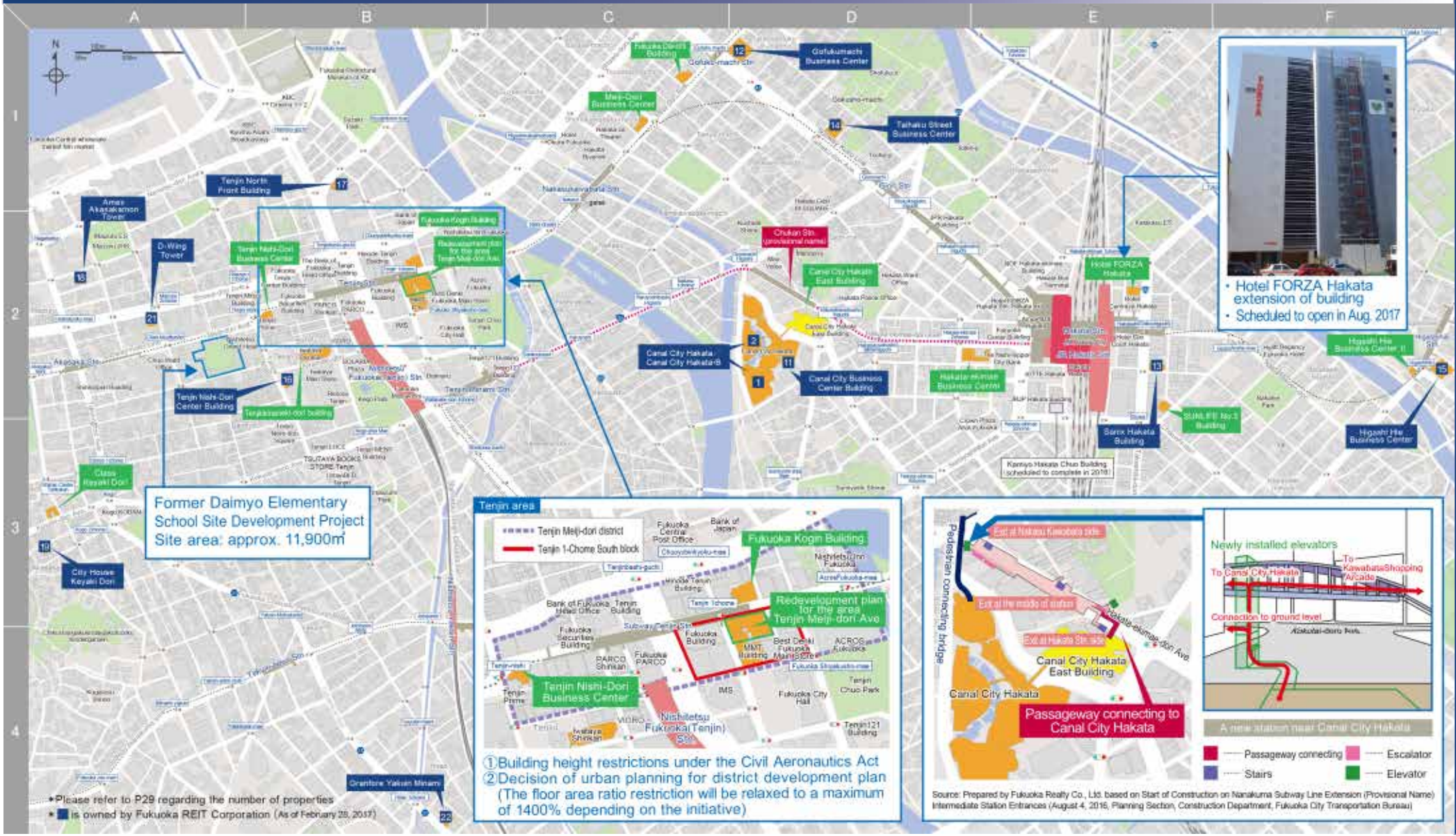
Asset size is 178,054 million yen after acquiring LOGICITY Hisayama (26 properties).



*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.
*As the senior equity interest in an anonymous partnership managed by CCH Bridge Y.K. was redeemed in the 14th fiscal period, it is excluded from total acquired assets from the 14th fiscal period onward. Since interest in the anonymous partnership managed by Limited Liability Company FRC1 is scheduled to be redeemed on June 1, 2017, it is excluded from acquired assets hereafter.
*Assets acquired from sponsor company include properties acquired through arrangements made by the sponsor company.

The condition of Fukuoka City Center

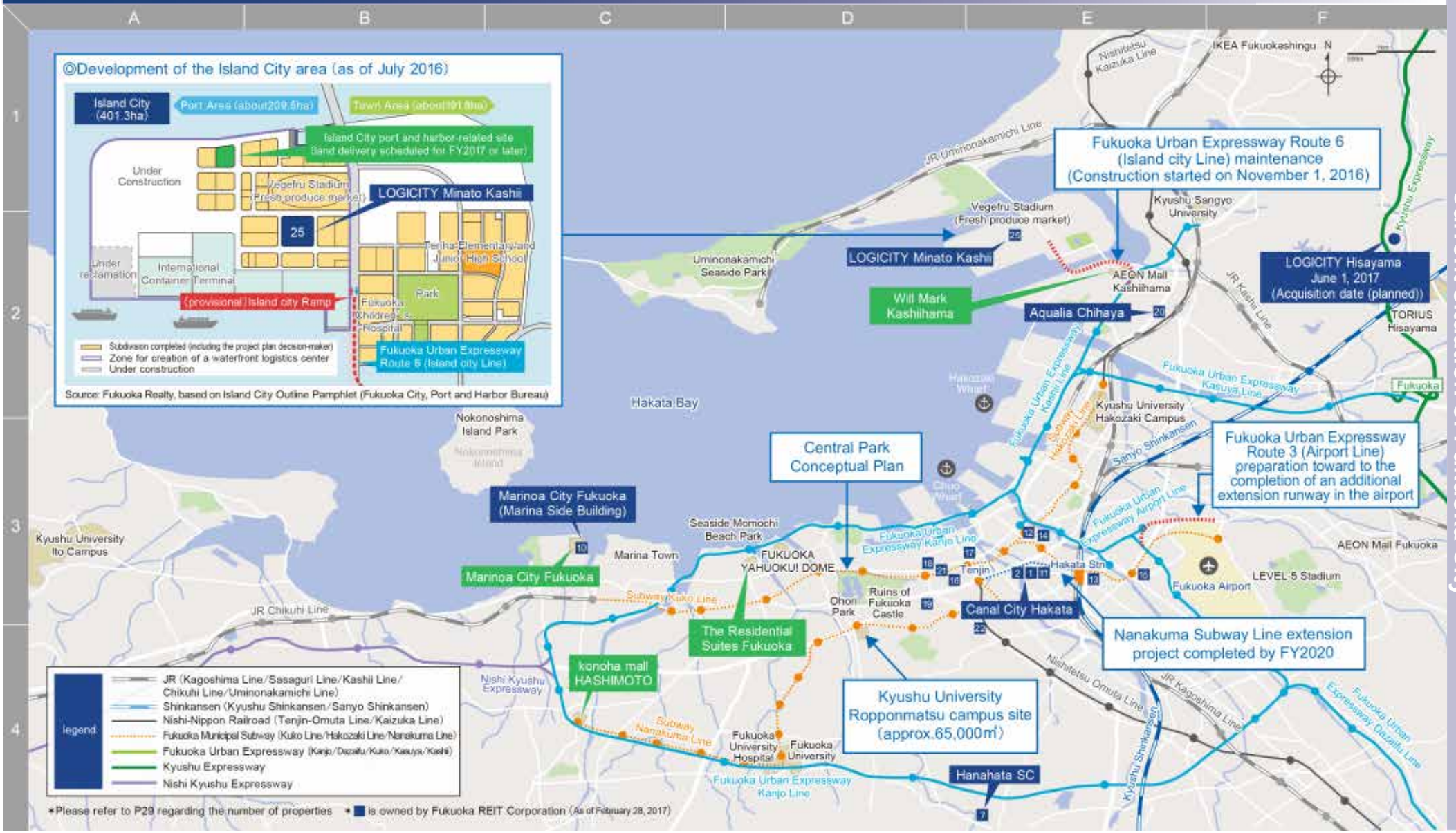
Main sponsor development is progressing



Current situation of Fukuoka City

The condition of suburb area in Fukuoka

Compact city of Fukuoka, well-organized transport infrastructure



Current situation of Fukuoka City

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	175,063 mm yen (as of February 28, 2017)
Total debt	66,675 mm yen (as of February 28, 2017)
Credit ratings	S&P A− (Positive) R&I A＋ (Stable) JCR AA− (Stable)
LTV (interest-bearing liabilities / total assets)	38.1%

Dividend information

The 25th fiscal period end	February 28, 2017 (semi-annual periods ending every February and August)
Dividend (actual)	3,398 yen per unit
Days in fiscal period	181
Dividend yield	3.9% {(Dividend / days in fiscal period × 365)/ Unit price} (as of February 28, 2017)

Investment unit price

Unit price	177,100 yen (as of February 28, 2017)
Total number of investment units outstanding	747,000 units (as of February 28, 2017)
Market capitalization	132,293 mm yen (unit price×outstanding units) (as of February 28, 2017)
Net assets value per unit	125,410 yen (as of February 28, 2017)
Market net assets value per unit	153,726 yen (as of February 28, 2017)

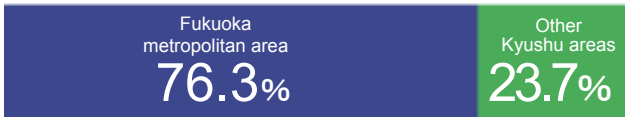
Market net assets value per unit = {(Total appraisal value at the end of period based on appraisal reports -Total book value at the end of period based on balance sheet) + (Net assets at the end of period)} / (Total number of investment units outstanding)

Portfolio summary (＊1)

Investment type (based on acquisition price)



Investment area (based on acquisition price)



Total leasable floor space	523,817.31㎡
Occupancy rate at the end of period	99.4%

(＊1) Figures are based on properties owned as of February 28, 2017.

Appendix

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%	director	Outside director	10%
Fukuoka Jisho (＊1)	Fukuoka Realty Co., Ltd. (Asset Manager)		Kyushu Electric Power

5%	5%	5%	5%
Kyudenko	Nishi-Nippon Railroad	KYUSHU RAILWAY COMPANY	Royal Holdings

(＊1) Concluded MOU with Fukuoka REIT Corporation and Fukuoka Realty Co., Ltd. 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 (Residence,Hotel,Logistics,Public and Other facilities) **0-20%**

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

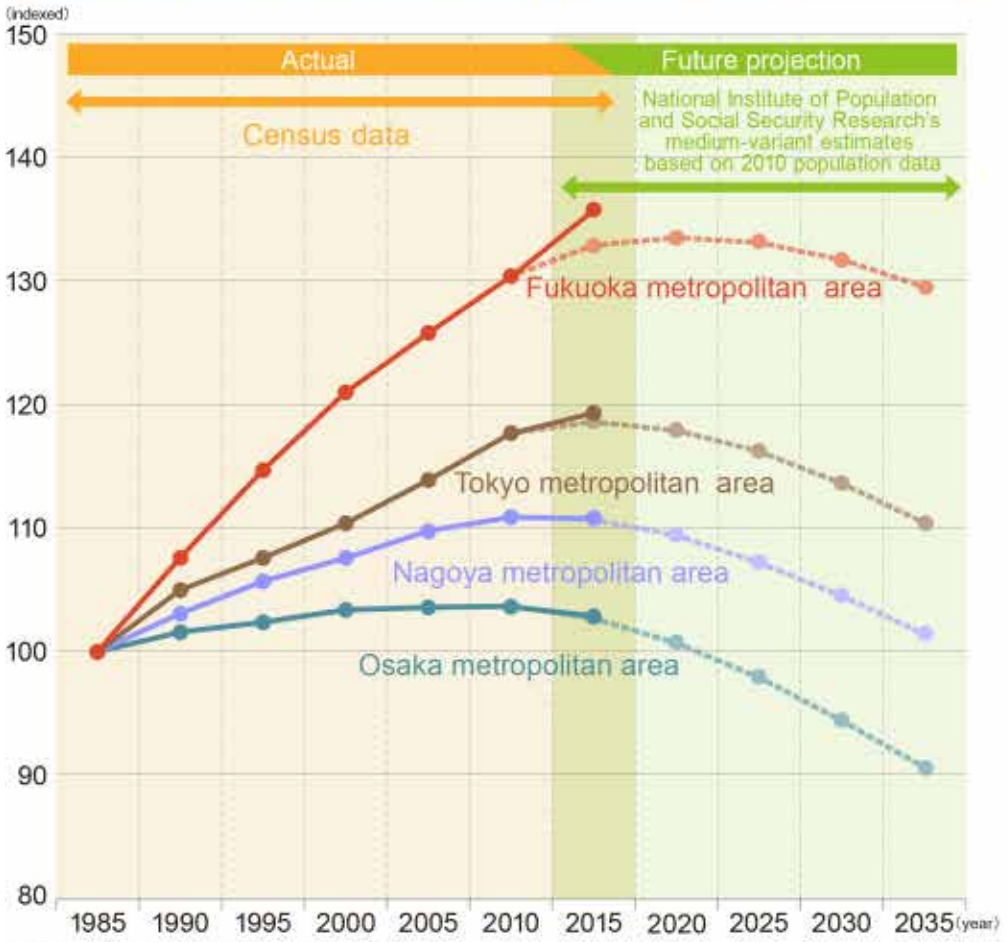
Retail (Urban,Regional and Community shopping centers) **60-80%**

Appendix

Population movement of Fukuoka metropolitan area

The population of Fukuoka metropolitan area continues to increase

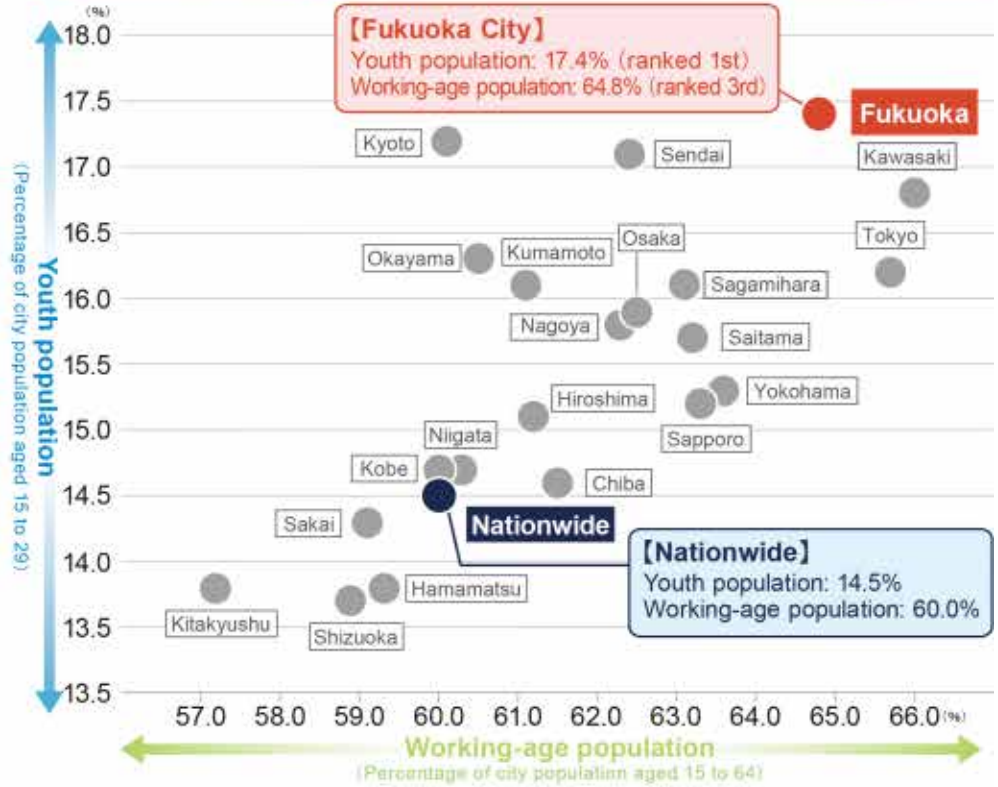
■Major Japanese metropolitan areas population trends



※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.
"Tokyo metropolitan area" refers to Tokyo Metropolis, Kanagawa Prefecture, Saitama Prefecture, and Chiba Prefecture. "Nagoya metropolitan area" refers to Aichi Prefecture, Gifu Prefecture, and Mie Prefecture. "Osaka metropolitan area" refers to Osaka Prefecture, Kyoto Prefecture, Hyogo Prefecture, and Nara Prefecture.

Source: Prepared by Fukuoka Realty Co., Ltd. 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-age population ratios nationwide and in major cities



Source: Prepared by Fukuoka Realty Co., Ltd. based on Ministry of Internal Affairs and Communications "2015 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%)	1,538,681 [Rank 5th]

Source: Prepared by Fukuoka Realty Co., Ltd. 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

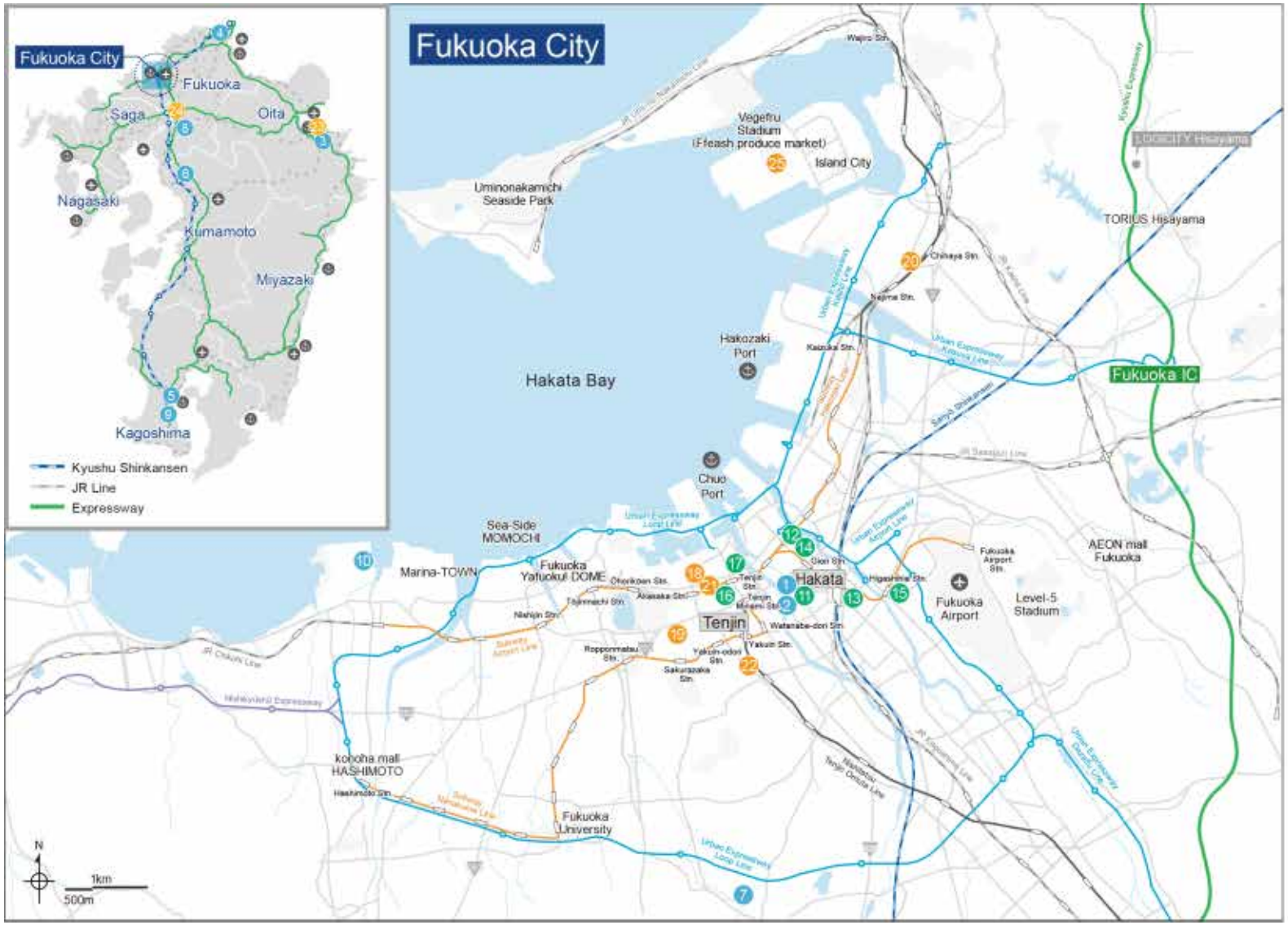
Portfolio table

(As of February 28, 2017)

	Real estate property name	Age (＊1)	Acquisition Price (mm yen) (＊2)	Investment ratio	Acquisition date	Source (＊3)	Total leasable floor space (㎡)	Occupancy rate	Number of tenants (＊4)	Primary tenants
Retail	①Canal City Hakata	20yr10m	32,000	18.5%	Nov. 9, 2004	Sponsor	46,602.94	99.5%	45	Washington Hotel and United Cinema
	②Canal City Hakata・B	20yr10m	28,700	16.6%	Mar. 2, 2011	Outside party	68,822.21	99.8%	48	Grand Hyatt Fukuoka and OPA
	③Park Place Oita (＊5)	14yr11m	17,760	10.3%	Nov. 9, 2004	Sponsor	113,593.79	98.4%	101	AEON and K's Denki
	④SunLive City Kokura	11yr11m	6,633	3.8%	Jul. 1, 2005	Outside party	61,450.22	100.0%	1	SunLive
	⑤Square Mall Kagoshima Usuki	10yr 5m	5,300	3.1%	Sep. 28, 2006	Sponsor	14,602.88	100.0%	12	Sports Depo / Golf5 and Edion
	⑥Kumamoto Intercommunity SC	10yr 3m	2,400	1.4%	Nov. 30, 2006	Sponsor	6,968.66	100.0%	2	Sports Depo / Golf5 and Starbucks Coffee
	⑦Hanahata SC	9yr 7m	1,130	0.7%	Sep. 3, 2007	Sponsor	2,801.15	100.0%	2	BON REPAS and Matsumoto Kiyoshi
	⑧Kurume Higashi Kushiwara SC	9yr 2m	2,500	1.4%	Feb. 1, 2008	Sponsor	6,467.80	100.0%	1	Sports Depo / Golf5
	⑨K's Denki Kagoshima	9yr 3m	3,550	2.1%	Mar. 27, 2008	Outside party	7,296.17	100.0%	1	K's Denki
	⑩Marinoa City Fukuoka (Marina Side Building)	16yr 4m	5,250	3.0%	May 1, 2015	Sponsor	33,069.82	100.0%	1	Fukuoka Jisho Co.,Ltd
	Total or weighted average of retail	—	105,223	60.8%	—	—	361,675.64	99.4%	214	—
Office buildings	⑪Canal City Business Center Building	20yr10m	14,600	8.4%	Nov. 9, 2004	Sponsor	23,031.09	100.0%	61	TOTO and Bell System24
	⑫Gofukumachi Business Center	13yr 4m	11,200	6.5%	Nov. 9, 2004	Sponsor	19,905.34	100.0%	35	SMBC CONSUMER FINANCE and Sumitomo Mitsui Banking Corporation
	⑬Sanix Hakata Building	15yr11m	4,400	2.5%	Sep. 30, 2005	Outside party	6,293.75	100.0%	16	SANIX and The Nishi-Nippon City Bank
	⑭Taihaku Street Business Center	14yr11m	7,000	4.0%	Mar. 16, 2006	Sponsor	14,677.27	98.5%	67	NTT COMWARE and Tokyo Marine Nichido Jimu Outsourcing
	⑮Higashi Hie Business Center	8yr 0m	5,900	3.4%	Mar. 13, 2009	Outside party +Sponsor	13,614.59	100.0%	25	Fujitsu and Forest Holdings
	⑯Tenjin Nishi-Dori Center Building	20yr 5m	2,600	1.5%	Feb. 1, 2013	Outside party	3,339.32	100.0%	1	The Nishi-Nippon City Bank
	⑰Tenjin North Front Building	7yr 1m	2,800	1.6%	Mar. 28, 2013	Outside party	5,252.41	100.0%	11	Rakuten Card and Prudential
	Total or weighted average of office buildings	—	48,500	28.0%	—	—	86,113.77	99.8%	216	—
Others	⑱Amex Akasakamon Tower	11yr 7m	2,060	1.2%	Sep. 1, 2006	Outside party	4,821.25	100.0%	67	—
	⑲City House Keyaki Dori	9yr 3m	1,111	0.6%	Dec. 20, 2007	Outside party	2,710.86	95.5%	40	—
	⑳Aqualia Chihaya	9yr 2m	1,280	0.7%	Mar. 1, 2012	Outside party	5,619.69	98.2%	103	—
	㉑D-Wing Tower	11yr 0m	2,800	1.6%	Mar. 1, 2013	Outside party	7,187.59	97.0%	133	—
	㉒Granfore Yakuin Minami	9yr 2m	1,100	0.6%	Nov. 4, 2014	Outside party	2,496.06	94.9%	94	—
	㉓Hotel FORZA Oita	8yr 6m	1,530	0.9%	Mar. 1, 2013	Sponsor	5,785.44	100.0%	1	FJ Hotels
	㉔Tosu Logistics Center	8yr 9m	1,250	0.7%	Mar. 28, 2014	Outside party	4,173.29	100.0%	1	non-disclosure
	㉕LOGICITY Minato Kashii	2yr10m	8,150	4.7%	Mar. 27, 2015	Outside party	43,233.72	100.0%	2	Fukuoka Logistic System and Ajinomoto Logistics
	Total or weighted average of others	—	19,281	11.1%	—	—	76,027.90	99.3%	441	—
Total or weighted average of all properties		15yr 9m	173,004	100.0%	—	—	523,817.31	99.4%	871	—

(＊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 source.
(＊4) Parking contracts, etc., are excluded from "Number of tenants".
(＊5) It is included Sports Club NAS Park Place Oita acquired in the 25th fiscal period.

Portfolio



1. Canal City Hakata
2. Canal City Hakata-B
3. Park Place Oita
4. SunLive City Kokura
5. Square Mall Kagoshima Usuki
6. Kumamoto Intercommunity SC
7. Hanahata SC
8. Kurume Higashi Kushiwara SC
9. K's Denki Kagoshima
10. Marinoa City Fukuoka(Marina Side Building)
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 Chihaya
21. D-Wing Tower
22. Granfore Yakuin Minami
23. Hotel FORZA Oita
24. Tosu Logistics Center
25. LOGICITY Minato Kashii

Retail　Office buildings　Others

*As of February 28, 2017

Appendix

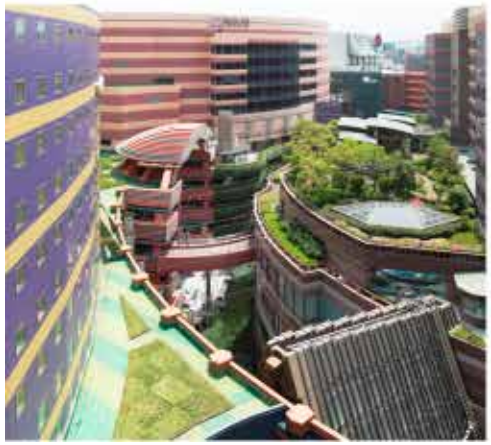
Portfolio : Active retail

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







Portfolio : Active retail

Active retail

③Park Place Oita (*1)

■ Address : 1-chome,Koen Dori Nishi, Oita City
2-chome,Koen Dori Nishi, Oita City
4-chome,Koen Dori, Oita City







(*1) Sports Club NAS Park Place Oita was acquired on September 1, 2011.

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

⑦Hanahata SC

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



Passive retail

⑧Kurume Higashi Kushiwara SC

■Address：Higashi kushiwaramachi, Kurume City



Passive retail

⑨K's Denki Kagoshima

■Address：Tokai-cho, Kagoshima City



Passive retail

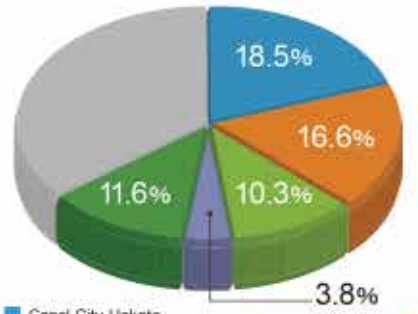
⑩Marinoa City Fukuoka (Marina Side Building)

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





Investment ratio(Retail)



Retail total 60.8%

* As of February 28, 2017

Appendix

Portfolio : Office buildings

Office buildings

⑪Canal City Business Center Building

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



Office buildings

⑫Gofukumachi Business Center

■ Address：Kamigofukumachi, Hakata Ward, Fukuoka City



Office buildings

⑬Sanix Hakata Building

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



Office buildings

⑭Taihaku Street Business Center

■ Address：Gokushomachi, Hakata Ward, Fukuoka City



Office buildings

⑮Higashi Hie Business Center

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



Office buildings

⑯Tenjin Nishi-Dori Center Building

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



Office buildings

⑰Tenjin North Front Building

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



Investment ratio (Office buildings)



Appendix

Portfolio : Others

Others (Residence)

⑱Amex Akasakamon Tower

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



Others (Residence)

⑲City House Keyaki Dori

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



Others (Residence)

⑳Aqualia Chihaya

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



Others (Residence)

㉑D-Wing Tower

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



Others (Residence)

㉒Granfore Yakuin Minami

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



Others (Hotel)

㉓Hotel FORZA Oita

■Address：1-chome, Chuo-cho, Oita City



Others (Logistics)

㉔Tosu Logistics Center

■Address：Himekata-machi, Tosu City



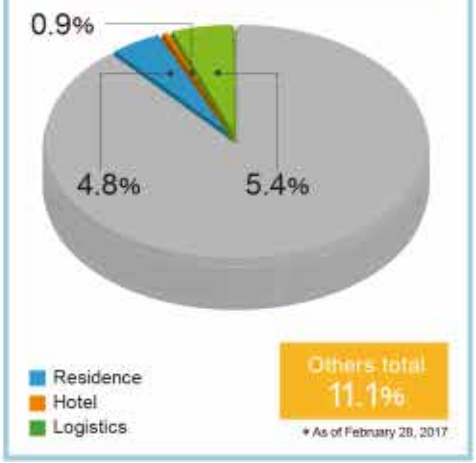
Others (Logistics)

㉕LOGICITY Minato Kashii

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



Investment ratio(Others)



Appendix

Top tenants by leased floor area

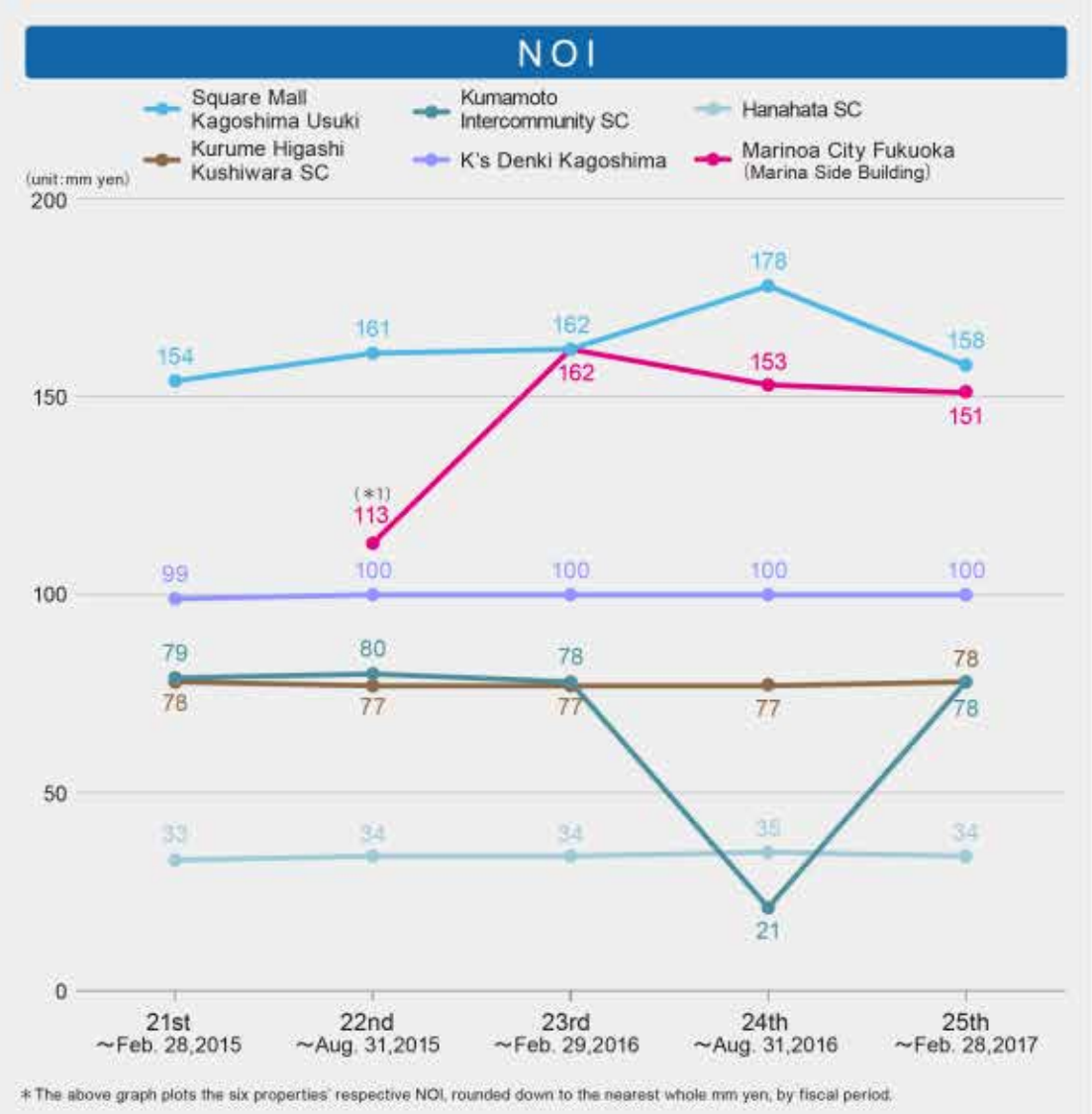
Ordinary lease　Fixed-term lease　(As of February 28, 2017)

	Lessee	Tenant	Share of total leased space (*1)	26th ~Aug. 31, 2017	27th ~Feb. 28, 2018	28th ~Aug. 31, 2018	Remaining lease term (years) (*2)
1	SunLive Co., Ltd.	SunLive	11.8%	●SunLive City Kokura			8
2	AEON Kyushu Co., Ltd.	AEON	11.2%	●Park Place Oita			5
3	FJ Hotels Co., Ltd	Grand Hyatt Fukuoka	8.5%	●Canal City Hakata・B			7
		Hotel FORZA Oita		●Hotel FORZA Oita			11
4	Fukuoka Jisho Co., Ltd.	—	6.7% (*3)	●Marinoa City Fukuoka (Marina Side Building)			18
5	Canal City OPA Co., Ltd.	OPA	5.0%	●Canal City Hakata			2
				●Canal City Hakata・B			2
6	Fukuoka Logistic System	—	4.4%	●LOGICITY Minato Kashii			7
7	Ajinomoto Logistics Corporation	—	3.9%	●LOGICITY Minato Kashii			non-disclosure (*4)
8	Alpen Co., Ltd.	Sports Depo, Golf 5	3.5%	●Square Mall Kagoshima Usuki			9
				●Kumamoto Intercommunity SC			9
				●Kurume Higashi Kushiwara SC			10
9	K's Holdings Corporation	K's Denki	2.6%	●Park Place Oita			5
10	WHG Nishinihon Inc.	Washington Hotel	2.5%	●Canal City Hakata			4

(*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 28, 2017 with periods shorter than one year rounded down to the nearest whole year. (*3)The 6.7% includes a 0.3% office portion. [Five ordinary leases (with automatic renewal provisions for periods of one or two years) have been concluded for Canal City Business Center Building.]
(*4) Information is not disclosed because the permission of tenants has not been obtained.

Passive retail

Kumamoto Intercommunity SC has recovered from the effects of the Kumamoto Earthquake.



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

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

Square Mall Kagoshima Usuki



Date acquired: September 28, 2006
Acquisition price: 5.3 bn yen
Acquisition cap rate: 6.3%

- 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

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)

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

Appendix

Income and expenditure by properties (Active retail)

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

Category	Canal City Hakata	Canal City Hakata･B	Park Place Oita	SunLive City Kokura	25th Total A	24th Total B	Difference A−B	Forecast C (＊1)	Difference A−C
(Length)	25th FP(Sep. 1, 2016 ～ Feb. 28, 2017)								
(days)	181					184	(3)		
①Total leasing business revenues	1,256	1,611	1,186	292	4,346	4,302	44	4,323	23
Leasing revenue-real estate	1,219	1,567	991	292	4,071	4,002	68		
Other leasing revenue-real estate	36	44	194	-	274	299	(24)		
②Total leasing business expenses	483	790	671	47	1,993	1,968	24	1,985	7
Outsourcing fees	317	527	291	8	1,145	1,170	(25)		
Repair and maintenance expenses	20	32	90	2	146	98	47		
Expenses for restoration to former state	-	-	3	-	3	-	3		
Tax and other public charges	71	151	87	33	344	344	(0)		
Insurance premiums and trust compensation	8	18	7	1	36	36	0		
Utilities expenses	23	47	156	-	227	249	(21)		
Other expenses	40	13	33	0	88	68	19		
③NOI(=①-②)	772	821	514	244	2,353	2,333	20	2,337	16
④Depreciation and amortization expenses	237	238	220	47	744	701	43		
⑤Leasing business profit(=③-④)	535	582	294	197	1,609	1,632	(22)		
⑥NOI yield (acquisition price)	4.8%	5.7%	5.8%	7.4%	5.5%	5.6%	(0.0)%		
⑦Capital expenditures	440	935	63	0	1,440	519	920		

(＊1)Forecast at the financial results of 24th fiscal period

Income and expenditure by properties (Passive retail)

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

Category	Square Mall Kagoshima Usuki	Kumamoto Inter-Community SC	AEON Hara Shopping Center (*1)	Hanahata SC	Kurume Higashi Kushiwara SC	K's Denki Kagoshima	Marinoa City Fukuoka (Marina Side Building)	25th Total A	24th Total B	Difference A−B	Forecast C (*2)	Difference A−C
(Length)	25th FP (Sep. 1, 2016 ~ Feb. 28, 2017)		25th FP (Sep. 1, 2016 ~ Sep. 30, 2016)	25th FP (Sep.1, 2016 ~ Feb. 28, 2017)								
(days)	181		30	181					184	(3)		
①Total leasing business revenues	252	88	34	40	88	111	177	791	938	(146)	792	(1)
Leasing revenue-real estate	220	88	34	40	88	111	177	759	885	(125)		
Other leasing revenue-real estate	31	0	0	-	-	-	-	31	52	(20)		
②Total leasing business expenses	93	9	7	6	9	11	25	163	178	(15)	171	(7)
Outsourcing fees	38	2	1	1	2	1	1	49	54	(5)		
Repair and maintenance expenses	5	0	-	1	-	0	4	11	9	2		
Expenses for restoration to former state	-	-	-	-	-	-	-	-	-	-		
Tax and other public charges	17	5	5	3	5	7	18	63	69	(6)		
Insurance premiums and trust compensation	1	0	0	0	0	0	0	3	4	(0)		
Utilities expenses	28	-	-	-	-	-	-	28	30	(2)		
Other expenses	2	0	0	0	0	0	0	6	10	(4)		
③NOI (=①-②)	158	78	26	34	78	100	151	628	759	(130)	621	6
④Depreciation and amortization expenses	42	15	3	6	18	24	18	129	153	(24)		
⑤Leasing business profit (=③-④)	116	62	22	27	60	75	132	498	605	(106)		
⑥NOI yield (acquisition price)	6.0%	6.6%	-	6.1%	6.3%	5.6%	5.8%	(*3)6.0%	5.9%	0.0%		
⑦Capital expenditures	3	-	-	0	-	-	18	22	3	19		

(*1) It was sold on September 30, 2016. (*2) Forecast at the financial results of 24th fiscal period (*3) It is not included "AEON Hara Shopping Center" sold in the 25th fiscal period.

Income and expenditure by properties (Office buildings)

- unit : mm yen (Figures rounded down to the 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	25th Total A	24th Total B	Difference A−B	Forecast C (＊1)	Difference A−C
(Length)	25th FP(Sep. 1, 2016 ～ Feb. 28, 2017)											
(days)	181								184	(3)		
①Total leasing business revenues	631	531	196	298	329	86	135	2,210	2,207	3	2,206	3
Leasing revenue-real estate	630	471	182	298	307	86	110	2,087	2,074	13		
Other leasing revenue-real estate	1	60	14	0	21	-	25	122	133	(10)		
②Total leasing business expenses	201	184	57	89	128	14	54	729	731	(1)	747	(18)
Outsourcing fees	136	72	19	56	41	1	10	337	338	(0)		
Repair and maintenance expenses	7	24	2	2	0	0	13	51	31	19		
Expenses for restoration to former state	-	-	-	-	-	-	-	-	-	-		
Tax and other public charges	44	34	18	25	16	12	8	161	161	(0)		
Insurance premiums and trust compensation	2	3	0	1	2	0	0	11	11	(0)		
Utilities expenses	6	47	14	-	26	-	21	115	124	(9)		
Other expenses	4	2	0	2	40	0	0	52	63	(10)		
③NOI (=①-②)	430	346	139	209	201	71	81	1,480	1,475	5	1,458	21
④Depreciation and amortization expenses	100	99	37	76	79	8	32	435	430	4		
⑤Leasing business profit (=③-④)	329	247	101	132	121	63	48	1,045	1,044	0		
⑥NOI yield (acquisition price)	5.9%	6.2%	6.4%	6.0%	6.8%	5.5%	5.8%	6.1%	6.1%	0.0%		
⑦Capital expenditures	115	141	21	21	2	2	5	310	100	210		

(＊1) Forecast at the financial results of 24th fiscal period

Income and expenditure by properties (Others)

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

Category	Amex Akasakamon Tower	City House Keyaki Dori	Aqualia Kego (＊1)	Aqualia Chihaya	D-Wing Tower	Granfore Yakuin Minami	Hotel FORZA Oita	Tosu Logistics Center	LOGICITY Minato Kashii	25th Total A	24th Total B	Difference A−B	Forecast C (＊2)	Difference A−C
(Length)	25th FP (Sep. 1, 2016 ～ Feb. 28, 2017)		25th FP (Sep. 1, 2016 ～ Nov. 29, 2016)	25th FP (Sep. 1, 2016 ～ Feb. 28, 2017)										
(days)	181		90	181							184	(3)		
①Total leasing business revenues	67	37	55	58	113	38	63			723	786	(62)	729	(5)
Leasing revenue-real estate	64	37	54	56	106	37	63			684	738	(54)		
Other leasing revenue-real estate	3	0	1	2	6	1	0			39	47	(8)		
②Total leasing business expenses	17	8	14	13	25	8	11			175	190	(14)	176	(0)
Outsourcing fees	5	2	3	3	7	2	0			34	37	(3)		
Repair and maintenance expenses	2	0	0	1	2	0	1	Non-disclosure (＊3)	Non-disclosure (＊3)	13	8	4		
Expenses for restoration to former state	0	-	0	1	1	0	-			6	15	(9)		
Tax and other public charges	5	3	6	4	7	2	7			73	75	(1)		
Insurance premiums and trust compensation	0	0	0	0	0	0	0			5	5	(0)		
Utilities expenses	1	0	0	0	2	0	-			30	33	(2)		
Other expenses	2	1	1	1	2	0	0			12	14	(2)		
③NOI(=①-②)	49	29	41	44	88	30	52	37	174	548	596	(48)	553	(4)
④Depreciation and amortization expenses	19	10	12	12	16	9	19	9	36	146	185	(38)		
⑤Leasing business profit(=③-④)	30	19	28	32	71	20	32	28	137	401	411	(9)		
⑥NOI yield (acquisition price)	4.9%	5.3%	-	7.0%	6.3%	5.5%	6.9%	6.0%	4.3%	(＊4)5.3%	5.4%	(0.1)%		
⑦Capital expenditures	1	1	-	0	2	0	9	-	0	16	42	(25)		

(＊1)It was sold on November 29, 2016 (＊2)Forecast at the financial results of 24th fiscal period (＊3)Information is not disclosed because the permission of tenants has not been obtained. (＊4)It is not included “Aqualia Kego”.

Income and expenditure by properties (Total)

Total

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

Category	25th Total A	24th Total B	Difference A−B	Forecast C (＊1)	Difference A−C
(days)	181	184	(3)		
①Total leasing business revenues	8,072	8,234	(161)	8,052	20
Leasing revenue-real estate	7,603	7,701	(98)		
Other leasing revenue-real estate	469	533	(63)		
②Total leasing business expenses	3,061	3,069	(8)	3,092	(31)
Outsourcing fees	1,566	1,601	(34)		
Repair and maintenance expenses	222	148	74		
Expenses for restoration to former state	9	15	(5)		
Tax and other public charges	643	650	(7)		
Insurance premiums and trust compensation	57	58	(0)		
Utilities expenses	401	437	(35)		
Other expenses	160	158	1		
③NOI (=①-②)	5,010	5,164	(153)	4,959	51
④Depreciation and amortization expenses	1,455	1,470	(15)		
⑤Leasing business profit (=③-④)	3,554	3,693	(138)		
⑥NOI yield (acquisition price)	(＊2)5.7%	5.7%	(0.0)%		
⑦Capital expenditures	1,789	665	1,124		

(＊1)Forecast at the financial results of 24th fiscal period (＊2)It is not included “AEON Hara Shopping Center” and “Aqualia Kego” sold in the 25th fiscal period.

Cash flow statements (compared with previous fiscal period)

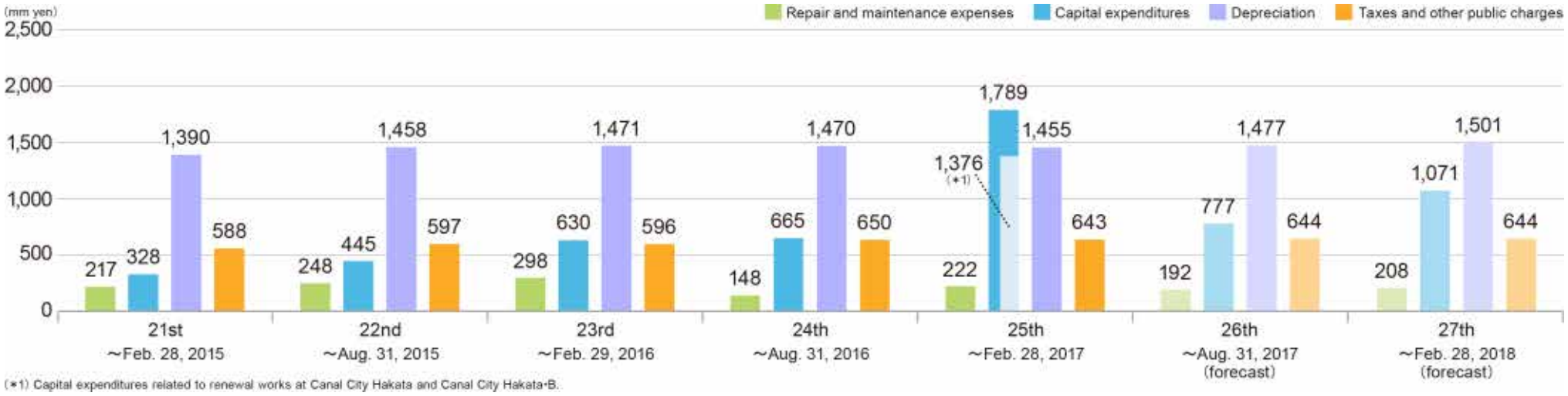
- unit : mm yen (Figures rounded down to the nearest mm yen)

Category	24th ~Aug. 31, 2016 A	25th ~Feb. 28, 2017 B	Difference B−A
Net cash provided by (used in) operating activities	**4,336**	**3,685**	**(651)**
Net income before income taxes	939	4,199	3,260
Depreciation and amortization expenses	1,470	1,455	(15)
Amortization of investment corporation bond issuance expenses	0	0	−
Amortization of investment unit issuance expenses	5	5	−
Impairment loss	1,660	−	(1,660)
Interest received	(0)	(0)	0
Interest expenses	346	289	(56)
Gain on sales of real estate properties	−	(1,657)	(1,657)
Insurance income	(75)	−	75
Loss on disaster	90	−	(90)
Decrease (increase) in operating account receivables	(43)	39	82
Increase (decrease) in accrued consumption taxes	(214)	132	346
Increase (decrease) in operating accounts payable	(76)	3	80
Increase (decrease) in accounts payable-other	(11)	11	23
Increase (decrease) in accrued expenses	(3)	(6)	(2)
Increase (decrease) in advances received	66	(97)	(164)
Increase (decrease) in deposits expenses	425	(450)	(875)
Decrease (increase) in prepaid expenses	22	9	(13)
Decrease (increase) in long-term prepaid expenses	83	17	(65)
Others, net	(2)	20	22
Subtotal	4,686	3,974	(712)
Interest income received	0	0	(0)
Interest expenses paid	(347)	(296)	50
Insurance income	−	75	75
Payments for loss on disaster	(1)	(65)	(64)
Income taxes paid	(0)	(1)	(0)
Net cash provided by (used in) investment activities	**(772)**	**4,220**	**4,992**
Proceeds from sale of property, plant and equipment in trust	−	7,862	7,862
Purchase of property, plant and equipment in trust	(710)	(3,250)	(2,539)
Proceeds from tenant leasehold and security deposits	87	5	(81)
Repayments of tenant leasehold and security deposits	(46)	(8)	38
Proceeds from tenant leasehold and security deposits in trust	124	172	48
Repayments of tenant leasehold and security deposits in trust	(225)	(482)	(257)
Purchase of investment securities	−	(103)	(103)
Proceeds from restricted trust deposits	5	29	23
Payments for restricted trust deposits	(6)	(4)	2
Net cash provided by (used in) financial activities	**(3,043)**	(7,872)	**(4,828)**
Proceeds from short-term debt payable	4,000	3,000	(1,000)
Repayments of short-term debt payable	−	(7,000)	(7,000)
Proceeds from long-term debt payable	700	3,900	3,200
Repayments of long-term debt payable	(5,075)	(5,175)	(100)
Dividends paid	(2,668)	(2,597)	71
Net increase (decrease) in cash and cash equivalents	**519**	**32**	**(487)**
Balance of cash and cash equivalents at beginning of period	**8,353**	**8,873**	**519**
Balance of cash and cash equivalents at end of period	**8,873**	**8,905**	**32**

Maintenance expenses, Capital expenditures, etc.

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

■Maintenance expenses, capital expenditures, depreciation, and taxes and other public charges



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

◎Capital expenditures of the 25th fiscal period

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

Property	Purpose	Construction cost
Canal City Hakata	Installation of facilities to attract customers, etc	440
Canal City Hakata･B	Installation of facilities to attract customers, etc	935
Park Place Oita	ITV renewal, etc	63
Canal City Business Center Building	Installation of facilities to attract customers, etc	115
Gofukumachi Business Center	Exterior wall repairs, etc	141

◎Planned capital expenditures of the 26th and 27th

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

Property	Purpose	Planned construction cost		
		Total amount	Construction cost in the 25th	Paid in total amount
Canal City Hakata	Exterior wall repairs, Tenant space creation, etc.	442	53	53
Canal City Hakata･B	Exterior wall repairs, Firefighting equipment renewal, etc.	661	106	106
Park Place Oita	Food terrace environment improvement, Air-conditioning equipment replacement, etc.	177	-	-
Marinoa City Fukuoka (Marina Side Building)	Exterior wall painting, etc.	238	-	-
Taihaku Street Business Center	Exterior wall repairs, etc.	135	-	-

IR initiatives

■IR activities

◎Major IR activities

●For institutional investors
- Results briefing roadshows in Japan and overseas
- One-on-one meetings
- Property tours

●For overseas investors
- Participation in global conferences in Japan
- Overseas IR activities
- Individual meetings in Japan

●For individual investors



A results briefing for analysts and institutional investors



J-REIT fair 2016 (ARES,TSE)



The 72nd FSE fair



TSE IR festa 2017

■Publicity activities

◎Coverage in a local economic journal



Fukuoka Keizai
The FACE 2016



Zaikai Kyushu Spring

■WEB site activities



Renewal of the Japanese smartphone site top page. It's possible to confirm the latest information and real-time investment unit price from a smartphone.

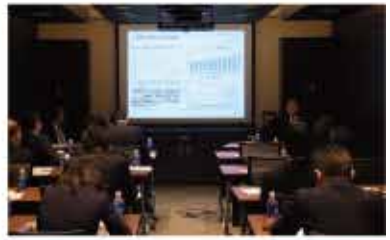
企業ホームページ 最優秀サイト 2016 日興アイ・アール 総合ランキング

企業ホームページ 優秀サイト 2016 日興アイ・アール 業種別ランキング

Fukuoka REIT received the highest award in the 2016 Corporate Website Quality Ranking Survey of All Listed Companies in Japan (3,688 companies) announced by Nikko Investor Relations Co., Ltd.
Fukuoka REIT has received an award in the ranking survey for seven consecutive years since 2010.

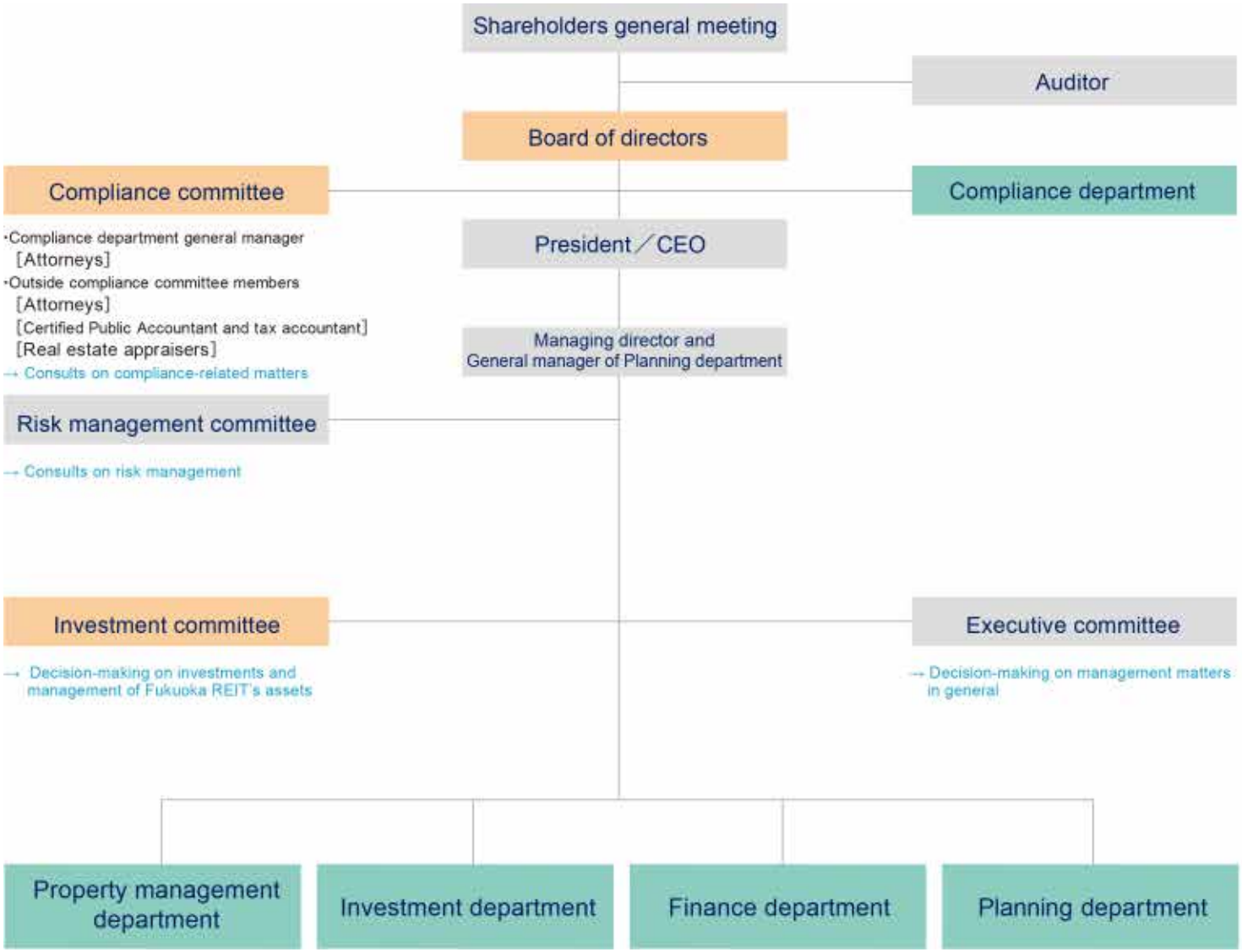
■IR Kyushu Workshop

The IR workshop series, which was started in fiscal 2011. Fukuoka REIT, together with listed companies having their head offices in Fukuoka or Kyushu, holds three workshops each year for the purpose of engaging in research in the latest IR theories and techniques with IR representatives.



Schedule	Theme
1st July 2016	"Recent IR trends and future issues" Ms. Yoshiko Sato, Japan Investor Relation Association
2nd November 2016	"Advice and Discussion to Resolve Concerns of IR Personnel" Mr. Shoichi Tsumuraya, Japan Investor Relation Association
3rd March 2017	"IR and ESG activities" Mr. Osamu Ishizaka, IR general manager of Asahi Group Holdings, Ltd.

Asset management company's organization



Fukuoka Realty Co., Ltd.

Full-time personnel:34
[February 28, 2017]

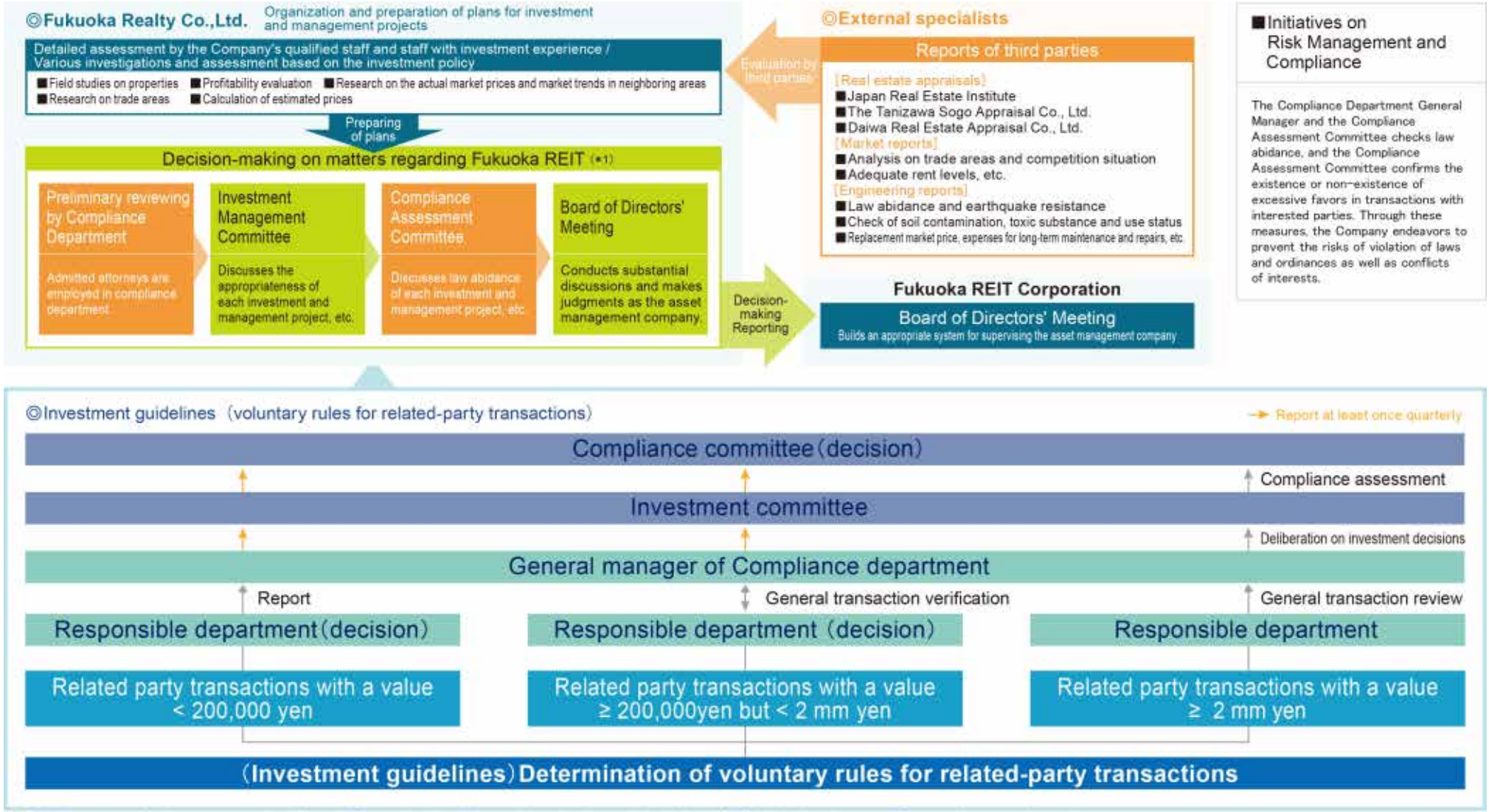
Numbers of credentialed personnel

*As of February 28, 2017

• Real estate brokers	20
• ARES Certified Masters	14
• Certified Building Administrators	3
• Real estate appraisers	3
• Attorneys	2
• MBA	1
• SME management consultant	1
• Administrative Scrivener	1
• First-class registered architect	1

Appendix

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)



*Percentages and ratio are rounded off to two decimal places.

■Major investors (end of the 25th fiscal period)

(As of February 28, 2017)

Rank	Investor name	Investment units held	Percentage of total number of investment units outstanding
1	Japan Trustee Services Bank, Ltd. (Trust account)	208,573	27.92%
2	Fukuoka Jisho Co., Ltd.	66,075	8.84%
3	The Master Trust Bank of Japan, Ltd. (Trust account)	63,834	8.54%
4	Trust & Custody Service Bank, Ltd. (Securities investment trust account)	41,511	5.55%
5	The Nomura Trust and Banking Co., Ltd. (Investment trust account)	26,230	3.51%
6	Individual investor	11,985	1.60%
7	STATE STREET BANK AND TRUST COMPANY 505223	11,945	1.59%
8	Met Life, Inc.	11,872	1.58%
9	STATE STREET BANK-WEST PENSION FUND CLIENTS-EXEMPT 505233	10,086	1.35%
10	Shikoku Railway Company	9,130	1.22%

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

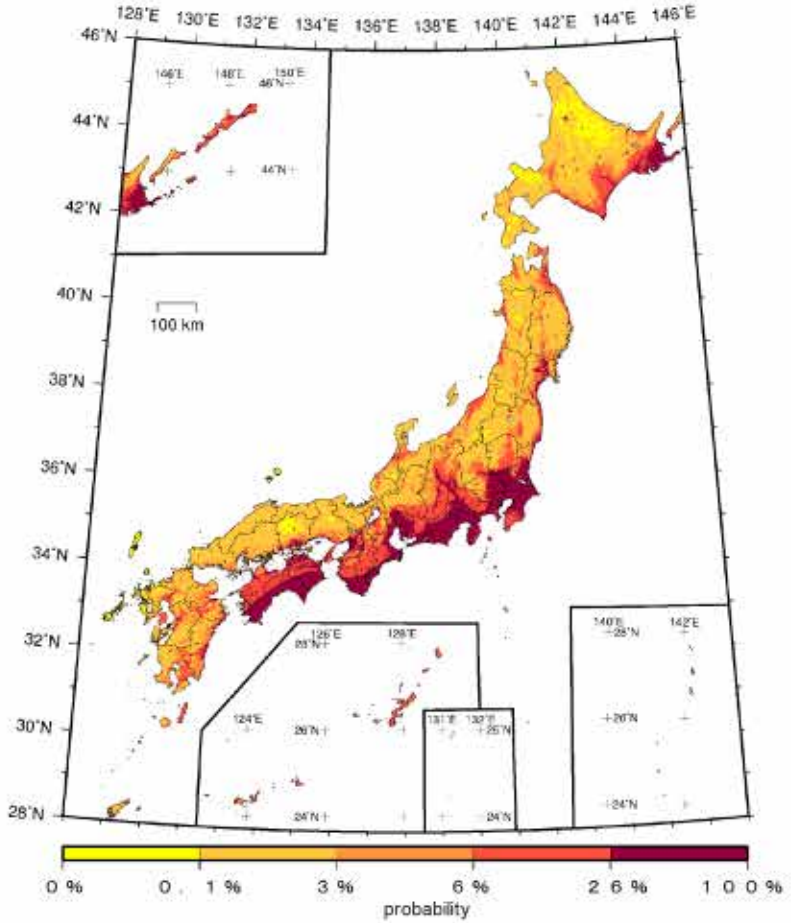
Appendix

Analysis of earthquake risk in Kyushu

All properties owned by Fukuoka REIT Corporation 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, 2016]



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, Tokyo Marine & Nichido Risk Consulting	Nov. 30, 2010 Jun. 21, 2012 Apr. 11, 2014 Jul. 14, 2016	[A] 13.7 [B] 11.2 [C] 9.1 [D] 15.1 [E] 11.2
SunLive City Kokura	Takenaka Corporation	Aug. 31, 2011	6.7
Square Mall Kagoshima Usuki	Takenaka Corporation	Feb. 28, 2013	9.2
Kumamoto Intercommunity SC	Takenaka Corporation	Feb. 28, 2013	15.8
Hanahata SC	Takenaka Corporation	Feb. 28, 2014	5.4
Kurume Higashi Kushiwara SC	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	6.7
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
Amex Akasakamon Tower	Takenaka Corporation	Feb. 28, 2013	11.1
City House Keyaki Dori	Takenaka Corporation	Aug. 31, 2014	1.9
Aqualia Chihaya	Takenaka Corporation	Sep. 1, 2011	7.5
D-wing Tower	NIPPON KANZAI Corporation	Dec. 20, 2012	3.8
Granfore 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. 28, 2017	5.2

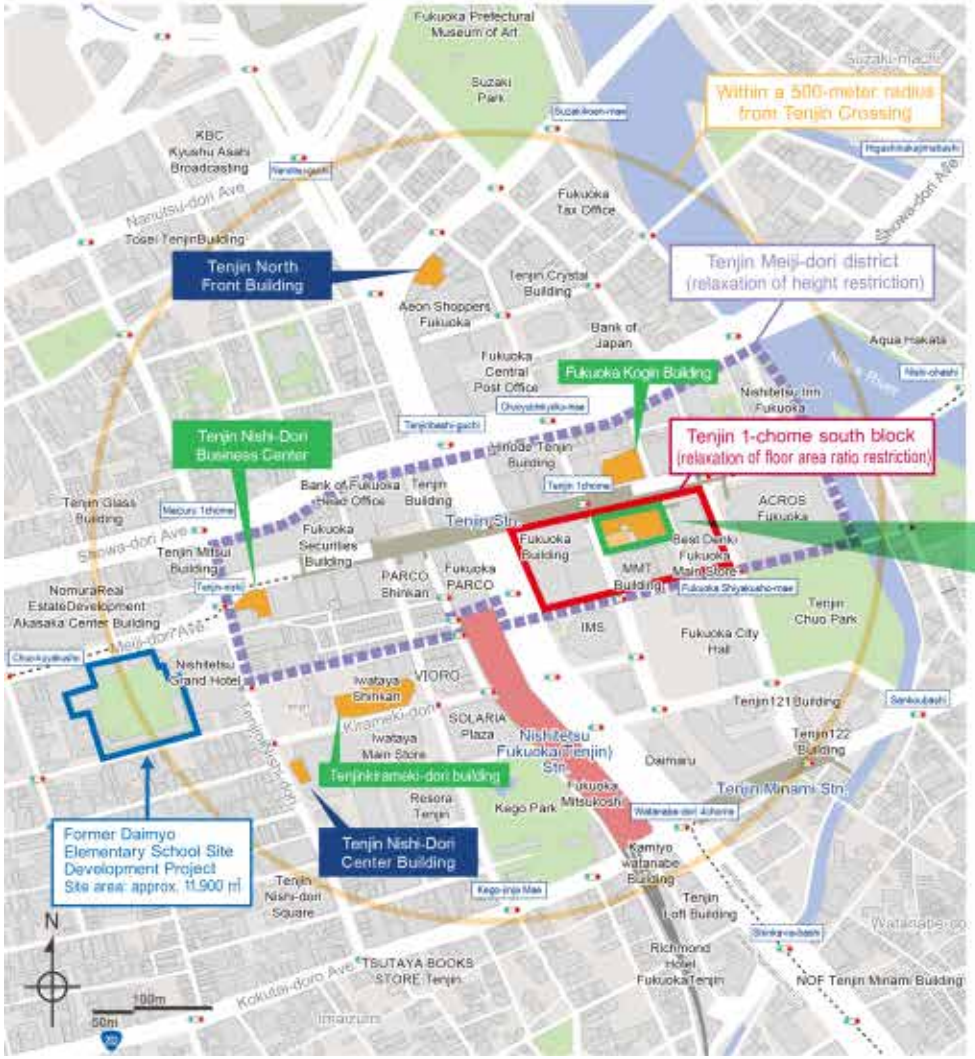
(*1) PML: probable maximum loss (maximum expected loss due to earthquake expressed as a percentage of the total replacement cost of the building)
(*2) Canal City Hakata was divided into four segments [A, B, C and D], each of which was inspected separately.
Segment A is Center Walk [Washington Hotel], 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 four segments [A, B, C, D and E], each of which was inspected separately. Segment A is the areas other than B, C, D and E. B is a 7-Eleven store,
C is Magnolia Court, D is K's Denki, and E is Sports Club NAS Park Place Oita.
(*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 Corporation'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.

Appendix

Current situation of Fukuoka and Kyushu①

Implementation of urban redevelopment（Tenjin area）

■Redevelopment plan for the area, Tenjin Meiji-dori Ave.



■Preparation made for functional renewal of buildings in the Tenjin district

Issues pertaining to functional renewal in the Tenjin district

①Problem of building height restrictions under the Civil Aeronautics Act

②Problem of existing noncompliant buildings (use exceeding the current designated floor area ratio)

Relaxation of restrictions under the Civil Aeronautics Act

On a proposal from Fukuoka City at a special meeting concerning national strategic special zones, relaxation of height restrictions in the Tenjin Meiji-dori Ave. district (17 hectares) was approved.
67m (15 aboveground floors)→76m (17 aboveground floors)

Decision of urban planning for district development plan

On September 28, 2015, an urban planning decision was made for the district development plan for the Tenjin 1-chome south block. The floor area ratio restriction will be relaxed to a maximum of 1400% depending on the initiative. (Floor area ratio before the decision: 800%)

Tenjin Business Center Project (planned)

Entity	Fukuoka Jisho Co.,Ltd
Location	1-Chome, Tenjin, Chuo Ward, Fukuoka City
Land area	approx. 3,900㎡ (approx. 1,180 tsubo)
Total floor space	approx. 60,250㎡ (approx. 18,230 tsubo) *including the floor space not covered floor area ratio restriction
Floors	16 aboveground floors, penthouse 2 floors, basement 2 floors
Use	Office, shops, parking etc.
Height	approx. 76m
Completion	FY 2020 (planned)





Appendix

Current situation of Fukuoka and Kyushu②

Influx of visitors from within Japan and overseas

■Increasing number of international conventions

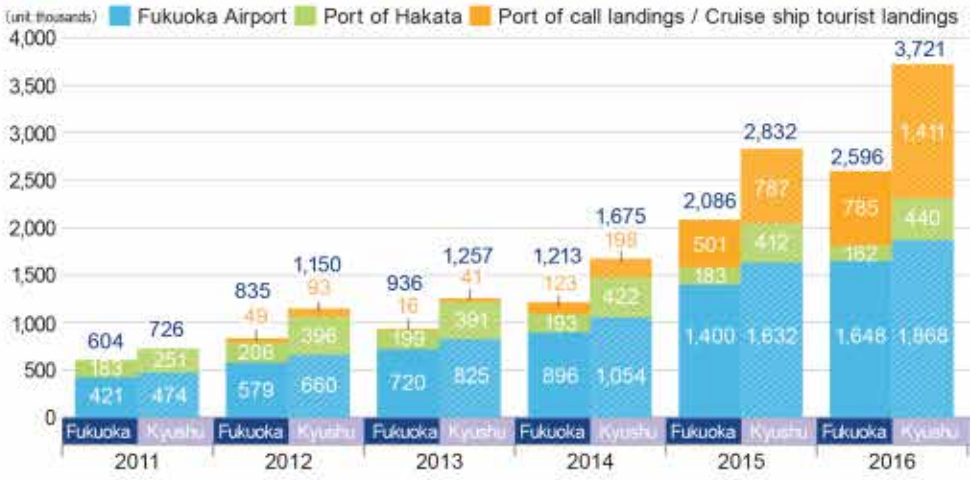
◎Ranked 2nd for seven consecutive years

(Number of conventions)

Rank	2009	2010	2011	2012	2013	2014	2015
1	Tokyo [497]	Tokyo [491]	Tokyo [470]	Tokyo [500]	Tokyo [531]	Tokyo [543]	Tokyo [557]
2	Fukuoka [206]	Fukuoka [216]	Fukuoka [221]	Fukuoka [252]	Fukuoka [253]	Fukuoka [336]	Fukuoka [363]
3	Yokohama [179]	Yokohama [174]	Yokohama [169]	Kyoto [196]	Yokohama [226]	Kyoto [202]	Sendai [221]
4	Kyoto [164]	Kyoto [155]	Kyoto [137]	Yokohama [191]	Kyoto [176]	Yokohama [200]	Kyoto [218]
5	Nagoya [124]	Nagoya [122]	Nagoya [112]	Osaka [140]	Osaka [172]	Nagoya [163]	Yokohama [190]

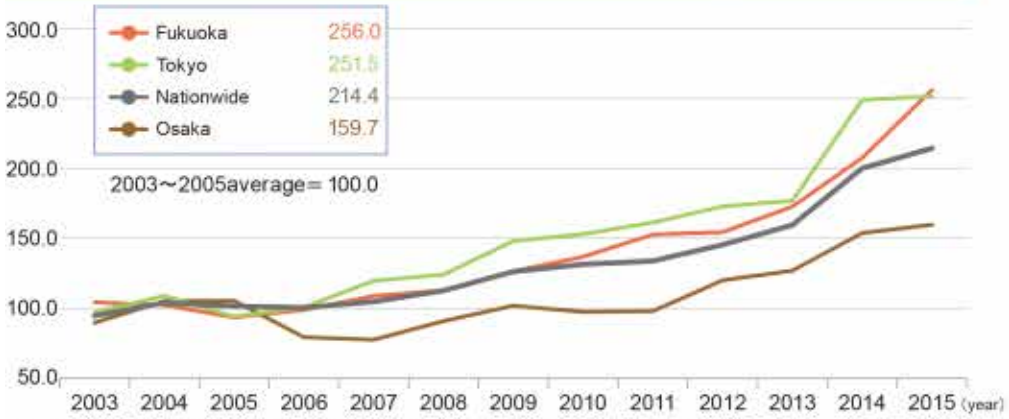
Source: Prepared by Fukuoka Realty Co., Ltd. based on data from Japan National Tourism Organization (JNTO)

■Change in number of overseas visitors (*1) (Fukuoka Prefecture, Kyushu (*2))



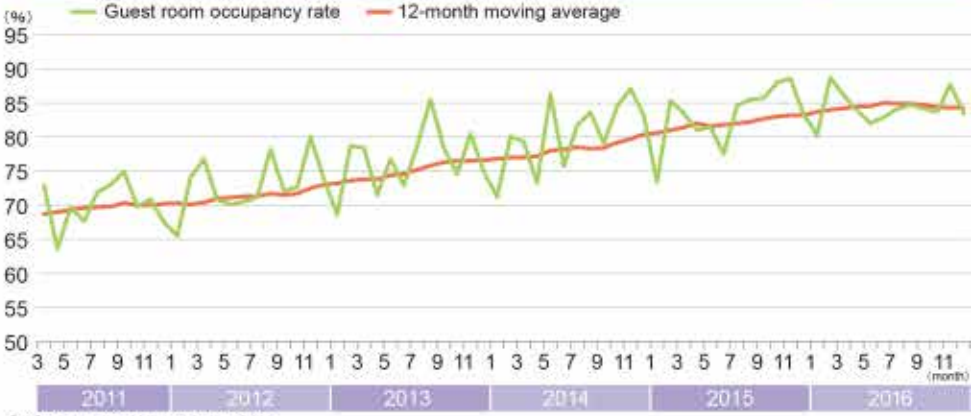
Source: Prepared by Fukuoka Realty Co., Ltd. based on data from Statistics on Legal Migrants (Ministry of Justice)
(*1) Port of call landing and cruise ship tourist landing figures are included. (*2) The figures of Okinawa Prefecture is not included.

■Increase in the number of live entertainment performances



Source: Prepared by Fukuoka Realty Co., Ltd. based on Kyushu Economic Research Center data

■Guest room occupancy rate at hotels in Fukuoka City (*3)



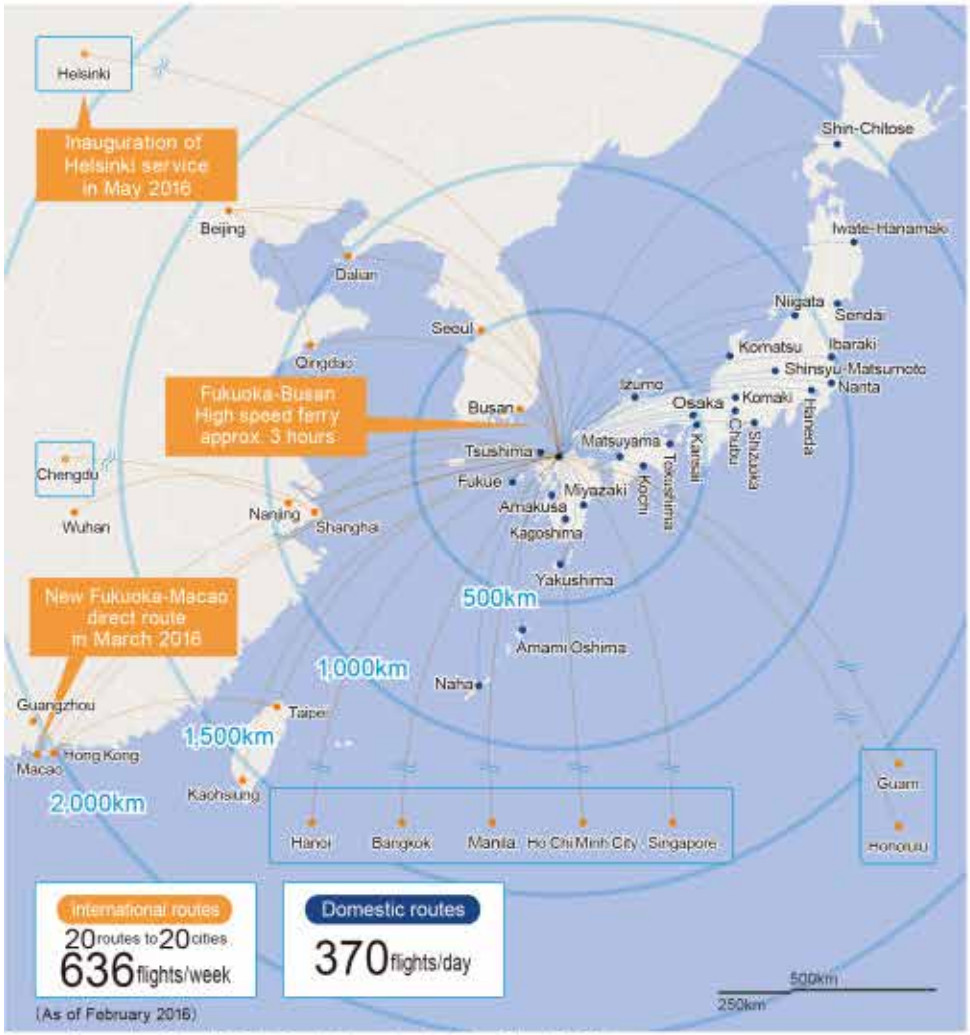
(*3) Hotels with ten or more employees
Source: Prepared by Fukuoka Realty Co., Ltd. based on Statistical Survey on Overnight Travel (Japan Tourism Agency) and Kyushu Economic Research Center data

Appendix

Current situation of Fukuoka and Kyushu③

Inbound Visitor Situation

■Gateway of Asia



Source: Prepared by Fukuoka Realty Co., Ltd. based on data from Fukuoka Prefecture

■Number of cruise ship port calls

◎361 of cruise ship port calls in 2017 (including scheduled ships) (*1)

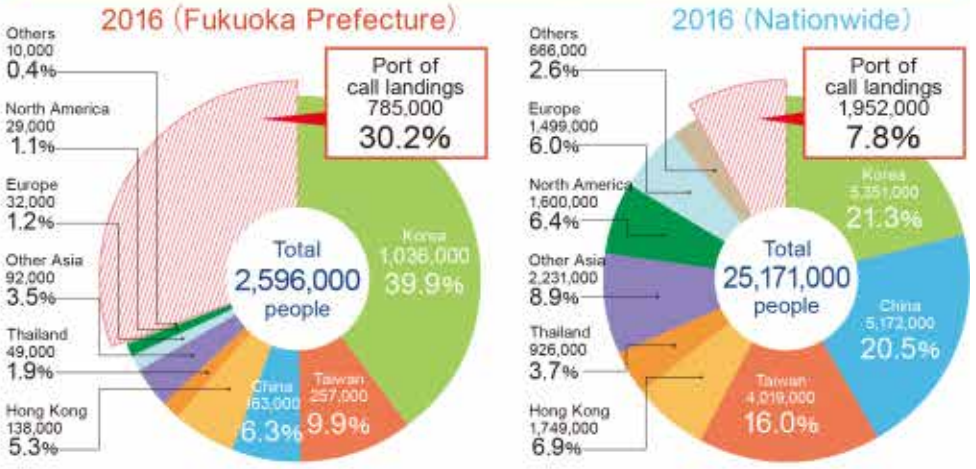
(Number of calls)

Rank	2014	2015	2016
1	Yokohama [146]	Hakata [259]	Hakata [328]
2	Hakata [115]	Nagasaki [131]	Nagasaki [197]
3	Kobe [100]	Yokohama [125]	Naha [193]
4	Naha [80]	Naha [115]	Yokohama [128]
5	Nagasaki [75]	Kobe [97]	Kobe [104]

Source: Prepared by Fukuoka Realty Co., Ltd. based on data from "Actual Number of Cruise Ships Visiting Japan and Cruise Ship Port Calls in 2016 (Preliminary Figures)" (Industrial Port Policy Division, Ports and Harbours Bureau, Ministry of Land, Infrastructure, Transport and Tourism)

(*1) The figures are based on data from Hakata port Websaite as of April 1, 2017

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



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

Appendix

Current situation of Fukuoka and Kyushu④

Fukuoka Airport, Waterfront district

■Current status of Fukuoka Airport

◎Fukuoka Airport number of incoming and outgoing passengers



Source: Prepared by Fukuoka Realty Co., Ltd. based on MLIT Ministry of Land, Infrastructure, Transport and Tourism

◎Number of arrivals and departures at main airports in Japan (FY2015)



Source: Prepared by Fukuoka Realty Co., Ltd. based on Kyushu Economic Research Center data

◎Runway expansion at Fukuoka Airport (scheduled for March 31, 2025)

Dual runways within three years

Doubling of taxiways to increase flight handling capacity by 3%~4% by 2020
Expansion of runways to increase capacity by 15% by 2025



Effects

[Airport landing slots/per year]

Current
164,000/year
1.3 times

After expansion
188,000 ~211,000/year

Source: Prepared by Fukuoka Realty Co., Ltd. based on Kyushu Economic Research Center data

■Waterfront district redevelopment concept (formulated in March 2016)

◎Increase the supply capacity of urban functions in response to demand increases for MICE and cruises

Chuo Wharf area berth development (stepwise pier development)
In April 2017, a new pier will make it possible to accommodate large cruise ships. Furthermore, a pier with total length of 130 meters will be completed at the end of fiscal 2018.



New pier to accommodate large cruise ships



Hall (construction planned)

Phase 2 exhibition hall
(construction planned in FY 2021)

◎Site area : Approx. 17,600㎡
◎Hall size
Exhibition : Approx. 5,000㎡
Floor space : Approx. 10,000㎡

A facility capable of hosting a variety of exhibitions, planned and designed with trade shows, individual corporate exhibitions, and large academic conferences held in conjunction with exhibitions in mind.

Source: Prepared by Fukuoka Realty Co., Ltd. based on information published by Fukuoka City

Appendix