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Provisional translation only



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Notice on Revision to Forecast of Performance for Fiscal Period Ending August 2015 and February 2016

Fukuoka REIT Corporation (FRC) announces it has revised its forecast of performance for the fiscal period ending August 2015 (March 1, 2015 – August 31, 2015), and the fiscal period ending February 2016 (September 1, 2015 – February 29, 2016) as described below.

1. Forecast of Performance for the Fiscal Period Ending August 2015 (March 1, 2015 – August 31, 2015)

	Operating revenues (millions of yen)	Operating income (millions of yen)	Ordinary income (millions of yen)	Net income (millions of yen)	Dividend per unit (excl. dividend in excess of earnings)	Dividend in excess of earnings per unit
Previous forecast	7,745	2,830	2,319	2,318	3,360yen	0 yen
Revised forecast	8,163	3,086	2,578	2,577	3,450yen	0 yen
Amount of variation	417	255	258	258	90yen	0 yen
Rate of variation	5.4%	9.0%	11.2%	11.2%	2.7%	–
(Reference) Results for the fiscal period ended February 2015	7,789	2,860	2,370	2,369	3,435yen	0 yen

(Note 1) The expected number of investment units issued and outstanding at the end of the fiscal period: 747,000 units.

(Note 2) The figures presented above are current performance forecasts calculated on the preconditions described in the Attachment. The actual operating revenues, operating income, ordinary income, net income and dividend per unit may be subject to change due to changes in the business environment, etc. Furthermore, the forecast does not constitute any guarantee of distribution amount.

(Note 3) FRC makes further revisions to the forecasts when the actual results are expected to differ by more than a certain degree from the above forecast figures.

Disclaimer: This document is a press release to publicly announce notice on revision to forecast of performance for fiscal period ending August 2015, and for fiscal period ending February 2016, and has not been prepared for the purpose of enticing investment. When applying to purchase investment units issued by Fukuoka REIT Corporation, please do so based on your own judgment and responsibility, without failing to read the Prospectus on issuing new investment units and its corrections (if any) prepared by Fukuoka REIT Corporation.

(Note 4) Amounts of less than one million yen or one yen in the table have been rounded down.

2. Forecast of Performance for the Fiscal Period Ending February 2016 (September 1, 2015 – February 29, 2016)

	Operating revenues (mm yen)	Operating income (mm yen)	Ordinary income (mm yen)	Net income (mm yen)	Dividend per unit (excl. dividend in excess of earnings)	Dividend in excess of earnings per unit
Fiscal Ending February 2016	8,204	3,063	2,585	2,584	3,460yen	0 yen

(Note 1) The expected number of investment units issued and outstanding at the end of the fiscal period: 747,000 units.

(Note 2) The figures presented above are current performance forecasts calculated on the preconditions described in the Attachment. The actual operating revenues, operating income, ordinary income, net income and dividend per unit may be subject to change due to changes in the business environment, etc. Furthermore, the forecast does not constitute any guarantee of distribution amount.

(Note 3) FRC makes further revisions to the forecasts when the actual results are expected to differ by more than a certain degree from the above forecast figures.

(Note 4) Amounts of less than one million yen or one yen in the table have been rounded down.

2. Reason for Revision

FRC made a resolution at its board of directors meeting held today to additionally issue new investment units in order to procure funds for acquiring new specified assets and other purposes. In accordance with this resolution, FRC has revised its forecast of performance for fiscal ending August 2015, and announced its forecast of performance for fiscal period ending February 2016.

*This document was distributed to Kabuto Club (press club within the Tokyo Stock Exchange), Press Club for the Ministry of Land, Infrastructure, Transport and Tourism, Construction Trade Paper Press Club for the Ministry of Land, Infrastructure, Transport and Tourism, Fukuoka Economic Press Club, and Fukuoka Securities Finance Press Club

*Fukuoka REIT Corporation's website is <http://www.fukuoka-reit.jp/eng/>

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Attachment

Preconditions for the revision to the performance forecast for the fiscal period ending August 2015 (March 1, 2015- August 31, 2015) and for the fiscal period ending February 2016 (September 1, 2015- February 29, 2016)

Item	Preconditions
Calculation period	22nd fiscal period: from March 1, 2015 to August 31, 2015 (184 days) 23rd fiscal period: from September 1, 2015 to February 29, 2016 (182 days)
Assets under management	<ul style="list-style-type: none"> It is assumed that there will be 27 properties, comprising the 25 properties FRC owned as of February 28, 2015 plus LOGIPORT Island-city Hakata it acquired on March 27, 2015 and Marinoa City Fukuoka (Marina Side Building) it plans to acquire on May 1, 2015. In practice, they may fluctuate due to changes in assets under management.
Total number of investment units outstanding	<ul style="list-style-type: none"> It is assumed that the number of investment units will be 747,000 units including the new investment units (57,000 units) to be issued through public offering that was resolved at the Board of Directors meeting held today.
Interest-bearing debt and refinancing	<ul style="list-style-type: none"> The balance of interest-bearing debt outstanding on August 31, 2015 is expected to total 72,500 mm yen, an increase of 1,725 mm yen from the end of the current period (February 28, 2015). The loan-to-value ratio (interest-bearing debt ÷ total assets × 100) is expected to stand at around 40.1% (as of February 28, 2015, the loan-to-value ratio stands at 42.3%). The balance of interest-bearing debt outstanding on February 29, 2016 is expected to total 72,425 mm yen, a decrease of 75 mm yen from the end of the period ending August 2015 (August 31, 2015). The loan-to-value ratio (interest-bearing debt ÷ total assets × 100) is expected to stand at around 39.9%.
Operating revenues	<ul style="list-style-type: none"> Of real estate leasing revenues, revenues from properties FRC has already acquired are calculated based on tenancy agreements that are valid as of April 8, 2015 by taking into account the competitiveness of the properties and the market environment. Revenues from the property FRC plans to acquire are calculated by taking into account the terms and conditions of the tenancy agreements that are valid as of the planned acquisition date and thereafter, etc. Of real estate leasing revenues, revenues from percentage lease contracts are calculated based on past results by taking into account sales fluctuation factors of the relevant tenants. Concerning real estate leasing revenues, tenant vacancies are taken into account to a certain extent. It is assumed that there will be no rent arrears or non-payments by tenants.
Operating expenses	<ul style="list-style-type: none"> When acquiring assets under management, the fixed property tax and city planning tax for the assets will be proportionally calculated according to the holding period and adjusted with the former owner. FRC will not write them off since it will include the relevant adjusted amount in the acquisition cost. FRC writes off estimated repair costs for buildings for the calculation periods, the periods ending August 2015 and February 2016. Actual repair costs may differ significantly from the estimated amounts since there is the possibility that repair costs are incurred urgently due to damages to buildings caused by unforeseeable factors, repair costs generally differ largely from period to period, and repair costs are not regularly incurred. Concerning outsourcing expenses, FRC anticipates 1,568 mm yen for the period ending August 2015 and 1,560 mm yen for the period ending February 2016. Concerning taxes and other public charges, FRC anticipates 607 mm yen for the period ending August 2015 and 607 mm yen for the period ending February 2016. Concerning depreciation and amortization expenses, FRC anticipates 1,471 mm yen for the period ending August 2015 and 1,497 mm yen for the period ending February 2016.
Non-operating expenses	<ul style="list-style-type: none"> Concerning interest expenses (including interest expenses on investment corporation bonds) and expenses related to financing, FRC anticipates 497 mm yen for the period ending August 2015 and 466 mm yen for the period ending February 2016 It is planned that the expenses associated with the issuance of new investment units will be amortized utilizing the straight-line method over three years.
Dividend per unit	<ul style="list-style-type: none"> Dividend (dividend per unit) is calculated based on the dividend policy stipulated in FRC's Articles of Incorporation. Dividend per unit may fluctuate due to fluctuations in leasing revenues caused by changes in assets under management and tenants or various factors including unexpected occurrences of repair.

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Dividend in excess of earnings per unit	<ul style="list-style-type: none"> • Dividend in excess of earnings (dividend in excess of earnings per unit) is not planned at the moment.
Other	<ul style="list-style-type: none"> • It is assumed that there will be no significant revisions to laws and regulations, the tax system, and accounting standards that may influence the forecast figures. • It is also assumed that there will be no significant unexpected changes in general economic conditions and the real estate market.

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