Fukuoka REIT Corporation

Overview of the 24th fiscal period performance Security code [8968] March 1st, 2016～August 31st, 2016

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[Security code 8968] March 1st, 2016 ~ August 31st, 2016

* 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.

Sold assets and acquired a new property by the sponsor pipeline

Sold two assets and acquired one property in the 25th fiscal period

Summary

- ■Sold AEON Hara Shopping Center, in the current booming real estate market and avoided future risks.
- ■Sold Aqualia Kego at a price substantially exceeding unrealized gains in the same timeframe as the sale of AEON Hara Shopping Center, minimizing impact on the financial results
- ■Acquired Sports Club NAS Park Place Oita utilizing the sponsor pipeline

■Sold assets

AEON Hara Shopping Center

Loss on sales: 1,659 million yen(※1)
(including 113 million yen of estimated disposition expenses)

Disposition date: September 30, 2016

Decided that it was advisable to avoid future risks as a result of consideration of factors such as the potential for renovation through additional investment.

Aqualia Kego

Gain on sales: 1,653 million yen(※2)
(including 45 million yen of estimated disposition expenses)

Disposition date: November 29, 2016 (scheduled)

Sold in the current booming real estate market and realized a gain on the sale exceeding unrealized gains.

Minimization of the impact on financial results through offsetting of gain/loss on sales

■Acquired a sponsor's property

Sports Club NAS Park Place Oita

Acquisition price:	1,470 million yen
Seller:	Fukuoka Jisho Co.,Ltd
Acquisition timing:	September 1, 2016
Acquisition Cap:	6.1%(※3)

Acquired a relatively new, competitive sports center utilizing the sponsor pipeline

Contribution to long-term,stable dividends

(※1) This has been recorded as an impairment loss in the 24th fiscal period. Refer to P7 "Financial highlights." The estimated amount as of the end of the 24th fiscal period is presented. (※2) This is expected to be recorded as operating revenue in the 25th fiscal period. Refer to P7 "Financial highlights." The estimated amount as of the end of the 24th fiscal period is presented. (※3) Calculated by dividing net cash flow (NCF) by direct capitalization method in the appraisal report conducted at the time of acquisition by the acquisition price (The same applies below.)

Financial statements

Kumamoto Earthquake (＊1) - Inbound Visitor Situation

Kumamoto Intercommunity SC resumes business

■Kumamoto Intercommunity SC

■Kumamoto Intercommunity SC has resumed business following a temporary suspension after the Kumamoto Earthquake
Rents were partially exempt while business was suspended

Acquisition timing	November 2006	Construction period	November 2006
Acquisition price	2,400 million yen	Address	1-chome,Kozono,Higashi Ward, Kumamoto City
Investment ratio	1.3%	Tenants	Sports Depo/Golf 5 Starbucks Coffee

■Disaster damage from the Kumamoto Earthquake and earthquake insurance

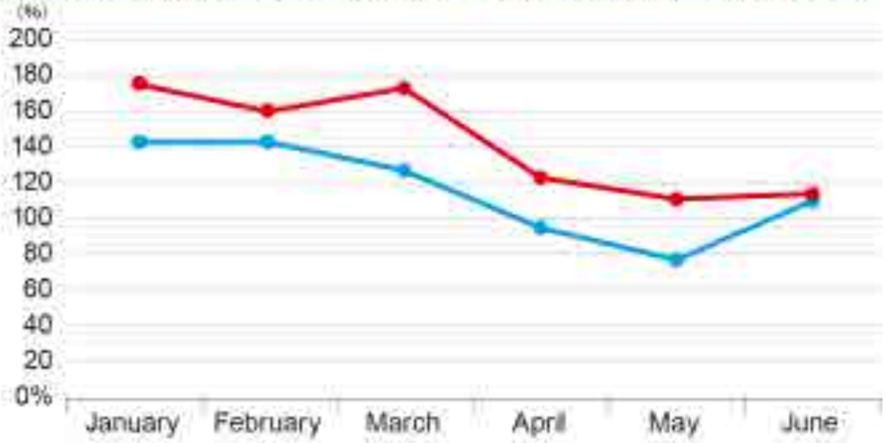
■Earthquake insurance compensated for most of the physical damage to FRC's owned properties (mainly Kumamoto Intercommunity SC) incurred from the Kumamoto Earthquake

・Loss on disaster (extraordinary losses): 90 million yen
・Insurance income (extraordinary income): 75 million yen
(FRC covered 10 million yen of deductible fee and building investigation fee)

(＊1) This refers to the 2016 Kumamoto Earthquake. (The same applies below.)

■Inbound visitor trends

◎Year-on-year comparison of the number of foreign visitors to Fukuoka Prefecture (2016)



	January	February	March	April	May	June
①Fukuoka	143.0%	142.9%	127.4%	94.9%	77.0%	110.4%
②Fukuoka	176.3%	160.5%	172.8%	123.0%	111.5%	114.0%

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

◎Travel expenditures per foreign visitor to Japan (shopping cost)

(unit:yen)

Country·Region	2015 (annual)	yr/yr	2016 Jan.-Mar.	yr/yr	2016 Apr.-Jun.	yr/yr
All countries·Region	73,662	38.3%	66,885	(7.0)%	60,440	(21.5)%
Korea	22,195	10.2%	20,038	(6.9)%	19,611	(17.2)%
China	161,973	27.1%	151,293	(14.5)%	123,597	(28.7)%
Taiwan	59,500	28.0%	52,487	(5.2)%	47,158	(24.2)%
Hong Kong	72,145	39.9%	68,675	(4.5)%	58,675	(6.8)%

Source: Prepared by Fukuoka Realty based on data from Consumption Trend Survey for Foreigners Visiting Japan (Japan Tourism Agency)

Current condition of inbound visitors

Favorable inbound customer trends

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

Source: Prepared by Fukuoka Realty 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) Data for Okinawa Prefecture is not included.

Total number of foreign lodgers (Fukuoka Prefecture, Kyushu (※3))

Source: Prepared by Fukuoka Realty based on Statistical Survey on Overnight Travel (Japan Tourism Agency) and Kyushu Economic Research Center data
(※3) Data for Okinawa Prefecture is not included.

Breakdown of overseas visitors by country and region (※4) (Fukuoka Prefecture, Nationwide)

(unit: thousands)

Fukuoka Prefecture	2011	yr/yr	2012	yr/yr	2013	yr/yr	2014	yr/yr	2015	yr/yr	2015 (Jan.-Jun.)	2016 (Jan.-Jun.)	yr/yr
China	81	(29.3)%	82	0.3%	68	(17.1)%	117	72.5%	158	35.1%	74	85	15.0%
Korea	366	(30.4)%	485	32.5%	558	14.9%	575	3.2%	881	53.2%	411	461	12.0%
Taiwan	70	(11.7)%	107	53.5%	139	29.9%	170	22.3%	232	36.5%	111	138	23.9%
HongKong	16	49.6%	22	31.1%	41	91.8%	73	75.8%	117	61.6%	53	67	27.2%

Nationwide	2011	yr/yr	2012	yr/yr	2013	yr/yr	2014	yr/yr	2015	yr/yr	2015 (Jan.-Jun.)	2016 (Jan.-Jun.)	yr/yr
China	1,333	(19.8)%	1,626	22.0%	1,605	(1.3)%	2,537	58.1%	4,497	77.3%	2,158	2,621	21.5%
Korea	1,920	(28.5)%	2,315	20.6%	2,723	17.6%	3,016	10.8%	4,252	41.0%	1,941	2,507	29.2%
Taiwan	1,039	(20.8)%	1,503	44.7%	2,246	49.4%	2,864	27.6%	3,576	24.9%	1,743	2,086	19.6%
HongKong	350	(27.7)%	463	32.4%	725	56.7%	902	24.4%	1,473	63.2%	675	827	22.5%

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

Number of cruise ship port calls

(Number of calls)

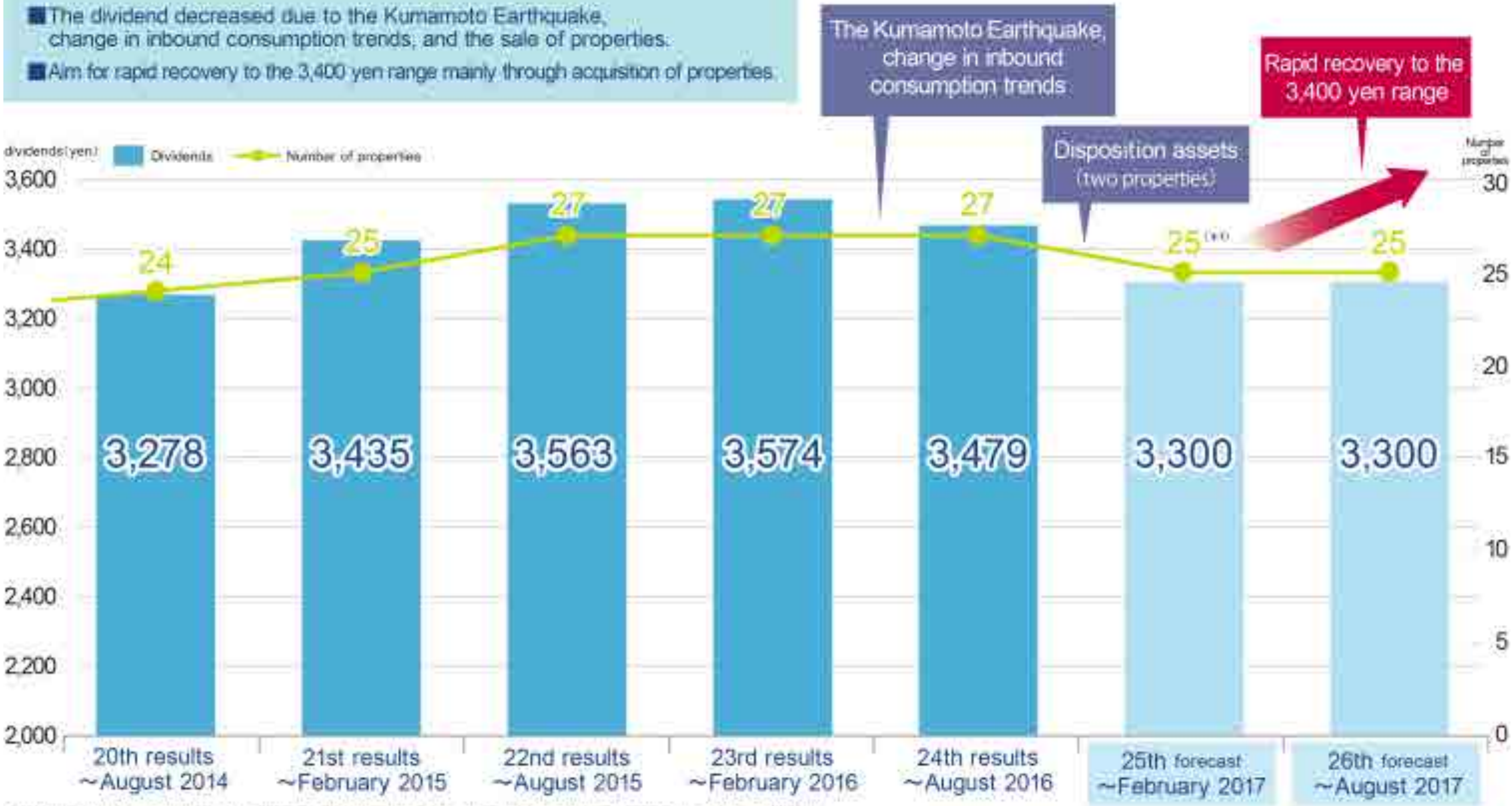
Rank	2014	2015	2016 (incl. planned)
1	Yokohama [146]	**Hakata [259]**	**Hakata [340]**
2	**Hakata [115]**	Nagasaki [131]	Naha [200]
3	Kobe [100]	Yokohama [125]	Nagasaki [193]
4	Naha [80]	Naha [115]	Yokohama [120]
5	Nagasaki [75]	Kobe [97]	Kobe [105]

Source: Prepared by Fukuoka Realty based on Japanese Cruise Trend in 2015 (Industrial Port Policy Division, Ports and Harbours Bureau, Ministry of Land, Infrastructure, Transport and Tourism) and data published by port administrators as of October 7, 2016

Results and forecasts in dividends

■The dividend decreased due to the Kumamoto Earthquake, change in inbound consumption trends, and the sale of properties.

■Aim for rapid recovery to the 3,400 yen range mainly through acquisition of properties.



(*1) Sports Club NAS Park Place Oita, acquired on September 1, 2016, is included as additional acquisition of Park Place Oita.

Disposition assets

Disposition of assets which are AEON Hara Shopping Center and Aqualia Kego in the 25th fiscal period

■AEON Hara Shopping Center

■Considered the plan after lease expiration, since less than three years remained until expiration of the fixed-term tenancy agreement.

■Took into account factors such as assumed lease terms after expiration of the agreement, building age, and favorable trade area population (approx. 300,000 people within 3 km).

■Also fully considered factors such as the possibility of renovation through additional investment, return on investment, and the possibility of resolving unrealized loss.

Acquisition timing	March 2007	Construction period	October 1976
Land space	17,439.70㎡	Address	6-chome, Hara, Sawara Ward, Fukuoka City
Floor space	27,313.53㎡	Number of tenants	1
Buyer	Domestic business corporation	Tenant	AEON KYUSHU Co., Ltd.

■Aqualia Kego

■High occupancy maintained since the acquisition, and appraisal value rose to 3,670 mm yen as of August 1, 2016.

■Realized a sales price exceeding appraisal value and unrealized gain thanks to the timing of the sale in a booming real estate market.

■Optimal asset management utilizing a non-core asset.

Acquisition timing	March 2012	Construction period	November 2008
Land space	1,267.43㎡	Address	2-chome, Kego, Chuo Ward, Fukuoka City
Floor space	10,396.97㎡	Leasable units(*1)	130
Buyer	Domestic business corporation	Occupancy rate(*2)	95.7%

(*1) The number of leasable units indicates the total of residential portion (126 units) and the retail/business portion (4 units).
(*2) The proportion of total leased floor area (the total of leased floor area indicated in lease agreements with end tenants concluded as of the end of the 24th fiscal period) among total leased floor space, rounded off to the first decimal place.

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

Property name	Investment type	Disposition value(A)	Book value(*3)	Loss and gain on sales(*4)	Appraisal value (B)(*5)	(A)-(B)	Date of agreement	Disposition date
AEON Hara Shopping Center	Passive retail	3,700	5,249	(1,659)	4,030	(330)	Aug. 31, 2016	Sep. 30, 2016
Aqualia Kego	Residence	4,320	2,632	1,653	3,670	650	Aug. 31, 2016	Nov. 29, 2016
Total		8,020	7,881	(5)	7,700	320		

(*3) Book value is presented as of the 24th fiscal period. Book value of AEON Hara Shopping Center is presented excluding the calculation of impairment loss. (*4) The amount is presented as of the 24th fiscal period. It excludes the estimated disposition expenses. (*5) Appraisal value is presented as of August 1, 2016.

New acquisition in the 25th fiscal period

Acquired Sports Club NAS Park Place Oita utilizing the sponsor pipeline

■Sports Club NAS Park Place Oita

Property overview

Property	Sports Club NAS Park Place Oita
Address	1-chome, Koendorinishi, Oita City
Seller	Fukuoka Jisho Co.,Ltd
Acquisition price	1,470 million yen
Appraisal value	1,470 million yen
Acquisition Cap	6.1%
Acquisition timing	September 1, 2016
Property manager	Fukuoka Jisho Co.,Ltd

Part of Park Place Oita, which can attract customers from a wide area

- The only general sports club in Oita City, it is located adjacent to large-scale retail facilities that can attract customers from a wide area.
- Many affluent people and families with young children live in Park Place Oita Koen-dori, a nearby residential area.
- Since free parking is available for users of the facility, the club is highly convenient to commute during shopping.

A relatively new sports club with a complete range of facilities that contributes stable revenue

- It is a relatively new property completed in 2014 with a complete range of general sports club facilities.
- A key feature is a spa zone with a variety of attractions that makes it possible to attract health-conscious seniors.
- A long-term and fixed-term tenancy agreement has been concluded.

*Sports Club NAS Park Place Oita is included as additional acquisition of Park Place Oita.

Financial statements

Financial highlights

Dividend per unit was 3,479 yen

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

	Category	23rd ～ Feb. 29, 2016 A	24th ～ Aug. 31, 2016 B	Difference B－A	25th ～ Feb. 28, 2017 (forecast)	26th ～ Aug. 31, 2017 (forecast)
Profit and loss	Operating revenues	8,343	8,234	(109)	9,707	8,008
	Gain on sales	-	-	-	②1,655	-
	Leasing NOI（＊1）	5,237	5,164	(72)	4,959	4,894
	Depreciation and amortization expenses	1,471	1,470	(0)	1,465	1,474
	Operating income	3,141	3,069	(72)	4,517	2,820
	Ordinary income	2,670	2,616	(54)	4,127	2,466
	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	2,669	938	① (1,731)	4,126	2,465
Dividend	Recording of reserve for temporary difference adjustments	-	1,660		-	-
	Reversal of reserve for temporary difference adjustments	-	-	③	1,660	-
	Total dividends	2,669	（＊2）2,598		（＊3）2,465	2,465
	Total number of investment units outstanding (at period-end) (units)	747,000	747,000		747,000	747,000
	Dividend per unit (yen) C	**3,574**	**3,479**		-	-
	Latest dividend forecast per unit (yen) D	3,500	（＊4）3,560		3,300	3,300
	Difference from forecast (yen) C－D	＋74	(81)		-	-

① An amount corresponding to impairment loss on AEON Hara Shopping Center recorded in the income statement for the 24th fiscal period has been recorded in the dividend statement as a reserve for temporary difference adjustments. (An amount corresponding to the amount of increase in the dividend attributable to the reserve for temporary difference adjustments is treated as a dividend in excess of earnings, not a return of capital on taxation.)

② A gain on the sale of Aqualia Kego will be recorded in the income statement for the 25th fiscal period. (Since an impairment loss on AEON Hara Shopping Center was recorded in the 24th fiscal period and the amount in the balance sheet decreased, no loss on sales is expected to be recorded in the income statement for the 25th fiscal period.)

③ Reversal of the reserve for temporary difference adjustments recorded in the 24th fiscal period

(＊1) Leasing NOI = Lease business revenues - Lease business expenses + Depreciation (＊2) Calculated using the following equation: Profit + Recording of reserve for temporary difference adjustments - Retained earnings carried forward
(＊3) Calculated using the following equation: Profit - Reversal of the reserve for temporary difference adjustments - Retained earnings carried forward (＊4) The dividend forecast per unit is based on the content of "Notice on Revision to Forecast of Performance for Fiscal Period Ending August 2016 and February 2017", released on August 30, 2016. The forecast of dividends per unit was revised 3,430 yen.

The difference between accounting treatment and tax treatment

	Agreement	Delivery	Gain and loss on sales: Taxation	Gain and loss on sales: Accounting
AEON Hara Shopping Center	24th	25th	25th	24th (＊5)
Aqualia Kego	24th	25th	25th	25th

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

[For reference]
Reserve for temporary difference adjustments

Previously, when a difference occurred between accounting profit and income for tax purposes due to differences between the accounting treatment and tax treatment of investment corporations (inconsistency between accounting and taxation), even if investment corporations made distributions in excess of accounting profit, since the excess portion of such distributions was not treated as deductible dividends, income for tax purposes including the excess portion, was recognized, and investment corporations were subject to taxation.

Under the fiscal 2015 tax system revision, among the distribution of monies by investment corporations, an amount equivalent to the amount of increase in the "reserve for temporary difference adjustments" is now treated as a dividend for tax purposes, in the same manner as ordinary profit distributions, and has become tax deductible for investment corporations.
In addition, with regard to the requirement that the amount of dividend payments exceed 90% of distributable profit, the amount of increase in the allowance for temporary difference adjustments and amount of reversal of the reserve for temporary difference adjustments are deducted from the amount of distributable profit.

Due to these tax system revisions, even when a difference in the timing of recognition of accounting profit and loss and income and loss for tax purposes accompanying the sale of assets occurs as in this case, it has become possible to pay dividends to investors based on an economically rational point of view.

Dividend's track record

Aim for rapid recovery to the 3,400 yen range

■Dividend results / forecasts

Category	18th ~ Aug. 31, 2013	19th ~ Feb. 28, 2014	20th ~ Aug. 31, 2014	21st ~ Feb. 28, 2015	22nd ~Aug. 31, 2015	23rd ~ Feb. 29, 2016	24th ~Aug. 31, 2016	25th ~ Feb. 28, 2017 (forecast)	26th ~ Aug. 31, 2017 (forecast)
Dividend per unit (yen)	16,458	16,219	3,278	3,435	3,563	3,574	3,479		
Latest dividend forecast per unit (yen)	16,200	16,200	3,220	3,350	3,450	3,500	(＊1)3,560	3,300	3,300
Total number of investment units outstanding (at period-end) (units)	138,000	138,000	690,000	690,000	747,000	747,000	747,000	747,000	747,000

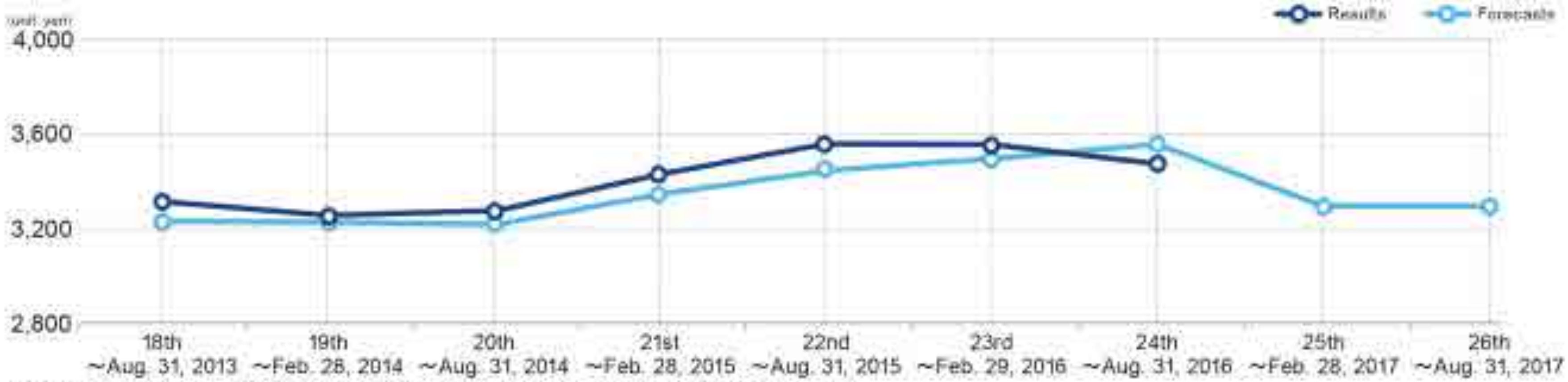
(＊1) The forecast of dividend per unit was revised to 3,430 yen on "Notice on Revision to Forecast of Performance for Fiscal Period Ending August 2016 and February 2017" as of August 30, 2016.

■Reference: Dividend's track record

Category	18th	19th	20th	21st	22nd	23rd	24th	25th	26th
Dividend per unit (yen) (The forecast dividend is multiplied by five)	16,458	16,219	16,390	17,175	17,815	17,870	17,395	16,500	16,500
Dividend per unit (yen) (The actual dividend is divided by five)	3,291	3,243	3,278	3,435	3,563	3,574	3,479	3,300	3,300

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

■Dividend's track record(＊2)



(＊2)Dividends per investment unit for the 18th fiscal period to the 19th fiscal period reflect the 5-for-1 split of investment unit.

Financial statements

Balance sheets（compared with the previous fiscal period）

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

	Account	23rd ～Feb. 29, 2016 A	24th ～Aug. 31, 2016 B	Difference B－A
Assets	**Total current assets**	9,082	9,701	619
	Cash and deposits	3,513	4,165	651
	Cash and deposits in trust	4,905	4,775	(130)
	Operating accounts receivable	372	491	118
	Prepaid expenses	284	262	(21)
	Consumption taxes receivable	-	-	-
	Deferred tax assets	0	0	0
	Others	6	7	1
	Total non-current assets	172,324	169,779	(2,545)
	Total property, plant and equipment	169,804	167,340	① (2,464)
	Buildings in trust	63,454	62,483	(971)
	Structures in trust	918	889	(28)
	Machinery and equipment in trust	353	366	13
	Tools and fixtures in trust	301	298	(3)
	Lands in trust	104,756	103,095	(1,660)
	Construction in progress in trust	19	206	186
	Total intangible assets	1,770	1,768	(2)
	Leasehold right in trust	1,765	1,765	-
	Other intangible assets in trust	5	3	(2)
	Total investment and other assets	748	669	(78)
	Lease and guarantee deposits	10	10	-
	Lease and guarantee deposits in trust	110	110	-
	Long-term prepaid expenses	628	549	(78)
	Total deferred assets	38	32	(6)
	Total assets	**181,445**	**179,513**	**(1,932)**

	Account	23rd ～Feb. 29, 2016 A	24th ～Aug. 31, 2016 B	Difference B－A
Liabilities	**Total current liabilities**	13,398	27,833	14,434
	Operating accounts payable	667	639	(27)
	Short-term debt payable	-	4,000	② 4,000
	Current maturities of long-term debt	10,250	20,450	③ 10,200
	Account payable-other	23	12	(11)
	Accrued expenses	353	348	(4)
	Income taxes payable	0	1	0
	Accrued consumption taxes	321	107	(214)
	Advances received	1,004	1,070	66
	Deposits received	777	1,202	425
	Total non-current liabilities	74,234	59,598	(14,635)
	Investment corporation bonds	2,000	2,000	-
	Long-term debt payable	60,075	45,500	④ (14,575)
	Tenant leasehold and security deposits	331	371	40
	Tenant leasehold and security deposits received in trust	11,828	11,727	(101)
	Total liabilities	**87,633**	**87,432**	**(201)**
Net assets	**Total unitholders' equity**	93,812	92,081	(1,731)
	Unitholders' capital	91,142	91,142	-
	Surplus	2,669	938	⑤ (1,731)
	Total net assets	**93,812**	**92,081**	**(1,731)**
	Total liabilities and net assets	**181,445**	**179,513**	**(1,932)**

■Assets

① Capital expenditures (incl. construction in progress in trust)	+665
Depreciation and amortization expenses	(1,470)
Impairment loss (AEON Hara Shopping Center)	(1,660)
Others	+1
Total	(2,464)

■Liabilities

② Long-term debt of current maturities →Short-term debt	+4,000
③ Long-term debt →Long-term debt of current maturities	+10,575
Repayment of maturing debt	(300)
Contractual repayment	(75)
Total	+10,200
④ Long-term debt of current maturities →Long-term debt	+700
Long-term debt →Long-term debt of current maturities	(15,275)
Total	(14,575)
⑤ Decrease in profit accompanying of an impairment loss	(1,660)
Decrease in the other profits	(71)
Total	(1,731)

Financial statements

Statements of Income（compared with previous fiscal period）

Dividend below previous fiscal period 3,479 yen due to the impact of change in inbound consumption trends and the Kumamoto Earthquake

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

		Account	23rd ～Feb. 29, 2016 A	24th ～Aug. 31, 2016 B	Difference B−A
Ordinary profit and loss	Operating profit and loss	**Operating revenues**	8,343	8,234	① (109)
		Leasing revenues-real estate	7,864	7,701	(163)
		Other leasing revenues-real estate	478	533	54
		Operating expenses	5,201	5,165	② (36)
		Expenses related to leasing business	4,577	4,540	(36)
		Asset management fees	493	492	(0)
		Asset custody fees	6	6	0
		Administrative service fees	52	54	2
		Director's compensations	9	9	-
		Other operating expenses	62	61	(1)
		Operating income	3,141	3,069	(72)
	Non-Operating profit and loss	**Non-operating revenues**	3	1	(2)
		Non-operating expenses	474	453	③ (20)
		Interest expenses (incl. investment corporation bonds)	358	346	(11)
		Financing related expenses	104	100	(3)
		Other non-operating expenses	12	6	(5)
		Ordinary income	2,670	2,616	(54)
		Extraordinary income	-	75	75
		Insurance income	-	(＊1) 75	75
		Extraordinary losses	-	1,751	1,751
		Impairment loss	-	(＊2) 1,660	1,660
		Loss on disaster	-	(＊1) 90	90
		Net income before income taxes	2,670	939	(1,730)
		Income taxes	0	1	0
		Profit	2,669	938	(1,731)
Dividend		Recording of reserve for temporary difference adjustments	-	(＊2) 1,660	1,660
		Total dividends	2,669	2,598	(70)
		Dividend per unit (yen)	3,574	3,479	(95)

(＊1) For information on "insurance income" and "loss on disaster," refer to "Disaster damage from the Kumamoto Earthquake and earthquake insurance" on P2 "Kumamoto Earthquake - Inbound Visitor Situation."
(＊2) For information on "impairment loss" and "recording of reserve for temporary difference adjustments," refer to P7 "Financial highlights."

Sign indicates impact on profit（unit : mm yen）

■Operating profit and loss

① Canal City Hakata	(52)
[-of which, rent decrease (51)]	
Canal City Hakata·B	(19)
[-of which, rent decrease (38)]	
Park Place Oita	+10
[-of which, increase in utility expenses +15]	
Office buildings	(10)
[-of which, Canal City Business Center Building (21)]	
Kumamoto Intercommunity SC	(57)
Others	+19
Total	(109)
② Increase in outsourcing fees	(32)
[-of which Canal City Hakata management contract fee (23)]	
Increase in utility expenses	(13)
[-of which, Park Place Oita (7)]	
Decrease in repair & maintenance expenses	+150
[-of which, Canal City Hakata +29]	
[-of which, Canal City Hakata·B +28]	
[-of which, Office buildings +47]	
Increase in taxes and fees	(54)
[-of which, acquired properties at the 22nd fiscal period (52)]	
Increase in other expenses	(15)
Total	+36

■Non-Operating profit and loss

③ Decrease in debt-related expenses	+14
[-of which, decrease in refinancing cost +11]	
Decrease in amortization of investment unit issuance expenses	+5
Total	+20

Financial statements

Statements of Income（compared with forecast）

Dividend below forecast at 3,479 yen due to the impact of change in inbound consumption trends and the Kumamoto Earthquake

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

		Account	Previous Forecast A	24th ～Aug. 31, 2016 B	Difference B−A
Ordinary profit and loss	Operating profit and loss	**Operating revenues**	8,412	8,234	① (178)
		Leasing revenues-real estate		7,701	
		Other leasing revenues-real estate		533	
		Operating expenses	5,291	5,165	② (126)
		Expenses related to leasing business		4,540	
		Asset management fees		492	
		Asset custody fees		6	
		Administrative service fees		54	
		Director's compensations		9	
		Other operating expenses		61	
		Operating income	3,121	3,069	(52)
	Non-Operating profit and loss	**Non-operating revenues**	1	1	(0)
		Non-operating expenses	462	453	(8)
		Interest expenses（incl. investment corporation bonds）		346	
		Financing related expenses		100	
		Other non-operating expenses		6	
		Ordinary income	2,660	2,616	(44)
		Extraordinary income	-	75	75
		Insurance income		(＊1) 75	
		Extraordinary losses	-	1,751	1,751
		Impairment loss		(＊2) 1,660	
		Loss on disaster		(＊1) 90	
		Net income before income taxes	2,660	939	(1,720)
		Income taxes	1	1	0
		Profit	2,659	938	(1,721)
Dividend		Recording of reserve for temporary difference adjustments	-	(＊2) 1,660	1,660
		Total dividends	2,659	2,598	(60)
		Dividend per unit（yen）	3,560	3,479	(81)

(＊1) For information on "insurance income" and "loss on disaster," refer to "Disaster damage from the Kumamoto Earthquake and earthquake insurance" on P2 "Kumamoto Earthquake - Inbound Visitor Situation."
(＊2) For information on "impairment loss" and "recording of reserve for temporary difference adjustments," refer to P7 "Financial highlights."

Sign indicates impact on profit（unit : mm yen）

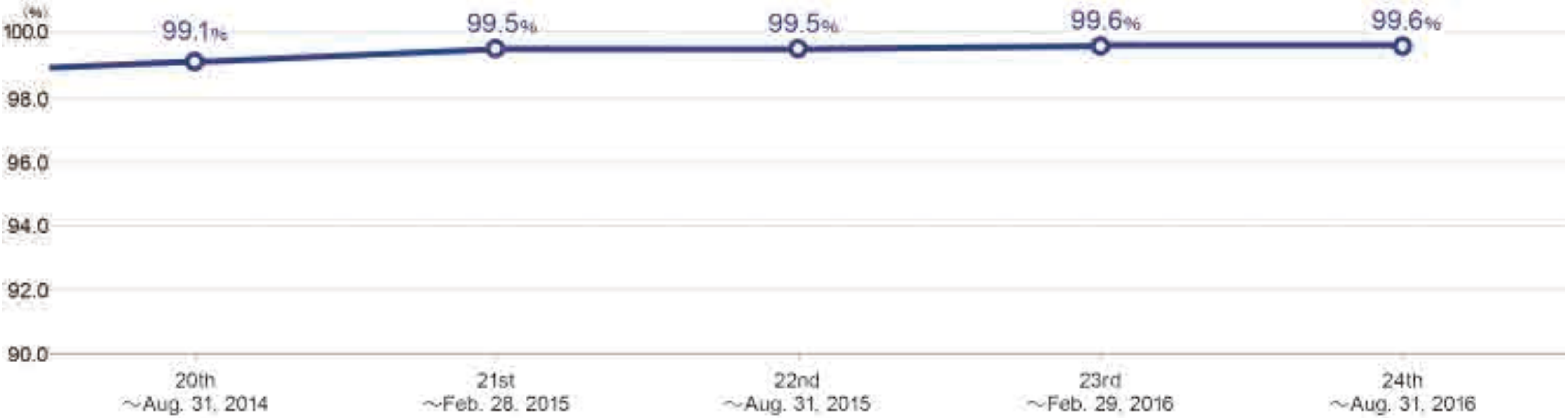
■**Operating profit and loss**

① Canal City Hakata	(98)
[-of which, rent decrease (101)]	
Park Place Oita	(31)
[-of which, decrease in utility expenses (13)]	
Office buildings	(21)
[-of which, Canal City Business Center Building (27)]	
Kumamoto Intercommunity SC	(57)
Others	+29
Total	(178)
② Decrease in outsourcing fees	+9
[of which property management fees of Canal City Hakata +25]	
Decrease in utility expenses	+30
[-of which, Park Place Oita +18]	
[-of which, office buildings +6]	
Decrease in repair & maintenance expenses	+53
[-of which, Canal City Hakata +26]	
[-of which, Canal City Hakata-B +13]	
[-of which, office buildings +12]	
Decrease in Depreciation and amortization expenses	+11
Decrease in other expenses	+23
Total	+126

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	20th ～ Aug. 31, 2014	21st ～ Feb. 28, 2015	22nd ～ Aug. 31, 2015	23rd ～ Feb. 29, 2016	24th ～ Aug. 31, 2016	Investment Percentage （based on acquisition price）
Active retail	99.8%	100.0%	99.9%	99.7%	99.7%	46.5%
Passive retail	100.0%	100.0%	100.0%	100.0%	100.0%	14.2%
Office buildings	97.5%	98.8%	99.0%	99.6%	99.8%	27.0%
Others	96.1%	96.6%	98.5%	98.5%	98.3%	12.3%
Total	**99.1%**	**99.5%**	**99.5%**	**99.6%**	**99.6%**	**100.0%**

＊Calculated by weighted average during the period.
＊Active Retail = properties with variable rents such as Canal City Hakata, Canal City Hakata･B, Park Place Oita, and SunLiveCity Kokura. Passive Retail = properties without variable rents such as Square Mall Kagoshima Usuki, Kumamoto Intercommunity SC, AEON Hara Shopping Center, Hanahata SC, Kurume Higashi Kushiwara SC, K's Denki Kagoshima, and Marinoa City Fukuoka（Marina Side Building）.

Appraisal value

Unrealized gains(＊1) totaled 24,255 mm yen at the end of 24th fiscal period（increase of 4,425 mm yen compared with previous fiscal period）

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

	Property name	Acquisition price (＊2)	Acquisition cap rate	Appraisal value 24th ①	Appraisal value 23rd ②	Book value at 24th ③	Difference From appraisal value at 23rd ①-②	Difference From book value at 24th ①-③	Direct capitalization values 24th Cap rate ④	Direct capitalization values 23rd Cap rate ⑤	Direct capitalization values Difference ④-⑤	Real estate appraiser
Retail	① Canal City Hakata	32,000	6.0%	33,300	33,000	30,368	300	2,931	4.6%	4.7%	(0.1)%	Tanizawa Sogo Appraisal
	② Canal City Hakata･B	28,700	5.4%	30,200	29,900	28,426	300	1,773	4.8%	4.9%	(0.1)%	Tanizawa Sogo Appraisal
	③ Park Place Oita (＊3)	16,290	6.5%	17,738	17,936	17,740	(198)	(2)	5.9%	5.9%	0.0%	Japan Real Estate Institute
	④ SunLiveCity Kokura	6,633	6.6%	7,890	7,890	5,864	0	2,025	6.2%	6.2%	0.0%	Japan Real Estate Institute
	⑤ Square Mall Kagoshima Usuki	5,300	6.2%	5,290	5,290	4,599	0	690	6.2%	6.2%	0.0%	Japan Real Estate Institute
	⑥ Kumamoto Intercommunity SC	2,400	6.5%	2,650	2,650	2,072	0	577	6.1%	6.1%	0.0%	Japan Real Estate Institute
	⑦ AEON Hara Shopping Center	5,410	6.8%	4,030	4,090	3,588	(60)	441	6.1%	6.0%	0.1%	Japan Real Estate Institute
	⑧ Hanahata SC	1,130	6.4%	1,240	1,240	1,022	0	217	5.6%	5.6%	0.0%	Tanizawa Sogo Appraisal
	⑨ Kurume Higashi Kushiwara SC	2,500	6.1%	2,750	2,750	2,163	0	586	5.6%	5.6%	0.0%	Tanizawa Sogo Appraisal
	⑩ K's Denki Kagoshima	3,550	5.7%	3,680	3,680	3,141	0	538	5.5%	5.5%	0.0%	Tanizawa Sogo Appraisal
	⑪ Marinoa City Fukuoka (Marina Side Building)	5,250	5.5%	5,600	5,510	5,286	90	313	5.1%	5.2%	(0.1)%	Tanizawa Sogo Appraisal
	Total of retail	109,163	-	114,368	113,936	104,274	432	10,093	-	-	-	
Office buildings	⑫ Canal City Business Center Building	14,600	6.2%	15,200	15,100	13,440	100	1,759	4.9%	5.0%	(0.1)%	Tanizawa Sogo Appraisal
	⑬ Gofukumachi Business Center	11,200	6.2%	13,400	13,200	9,368	200	4,031	4.8%	4.9%	(0.1)%	Tanizawa Sogo Appraisal
	⑭ Sanix Hakata Building	4,400	5.9%	5,370	5,210	3,959	160	1,410	4.7%	4.8%	(0.1)%	Japan Real Estate Institute
	⑮ Taihaku Street Business Center	7,000	6.0%	7,280	7,140	6,332	140	947	5.1%	5.2%	(0.1)%	Japan Real Estate Institute
	⑯ Higashi Hie Business Center	5,900	6.0%	6,520	6,430	4,792	90	1,727	5.4%	5.5%	(0.1)%	Tanizawa Sogo Appraisal
	⑰ Tenjin Nishi-Dori Center Building	2,600	5.4%	2,990	2,930	2,723	60	266	4.6%	4.7%	(0.1)%	Japan Real Estate Institute
	⑱ Tenjin North Front Building	2,800	6.1%	3,490	3,270	2,674	220	815	5.0%	5.1%	(0.1)%	Japan Real Estate Institute
	Total of office buildings	48,500	-	54,250	53,280	43,292	970	10,957	-	-	-	
Others	⑲ Amex Akasakamon Tower	2,060	5.4%	1,870	1,850	1,800	20	69	4.9%	5.0%	(0.1)%	Daiwa Real Estate Appraisal
	⑳ City House Keyaki Dori	1,111	5.5%	1,050	1,030	969	20	80	4.9%	5.0%	(0.1)%	Daiwa Real Estate Appraisal
	㉑ Aqualia Kego	2,800	6.3%	3,670	3,660	2,632	10	1,037	4.8%	4.8%	0.0%	Japan Real Estate Institute
	㉒ Aqualia Chihaya	1,280	6.8%	1,600	1,600	1,208	0	391	5.3%	5.3%	0.0%	Japan Real Estate Institute
	㉓ D-Wing Tower	2,800	5.9%	3,320	3,250	2,780	70	539	4.9%	5.0%	(0.1)%	Tanizawa Sogo Appraisal
	㉔ Granfore Yakuin Minami	1,100	5.6%	1,260	1,230	1,166	30	93	4.8%	4.9%	(0.1)%	Tanizawa Sogo Appraisal
	㉕ Hotel FORZA Oita	1,530	6.6%	1,810	1,720	1,454	90	355	5.6%	5.9%	(0.3)%	Japan Real Estate Institute
	㉖ Tosu Logistics Center	1,250	5.9%	1,370	1,350	1,242	20	127	5.4%	5.5%	(0.1)%	Japan Real Estate Institute
	㉗ LOGICITY Minato Kashii	8,150	5.2%	8,590	8,480	8,081	110	508	4.7%	4.8%	(0.1)%	Tanizawa Sogo Appraisal
	Total of others	22,081	-	24,540	24,170	21,336	370	3,203	-	-	-	
Total properties		179,744	-	193,158	191,386	168,902	1,772	24,255	-	-	-	

(＊1) It does not include "construction in progress in trust" in amount recognized in balance sheet at the end of period.
(＊2) "Acquisition price" does not include fees, public charge and expenses.
(＊3) It includes adjacent land of Park Place Oita (parking space "land") in the 22nd fiscal period. It does not include Sports Club NAS Park Place Oita in the 25th fiscal period.

Business forecast（the 25th fiscal period）

Dividend will decrease from the previous fiscal period to 3,300 yen due to the sale of two properties

■Forecast in the 25th fiscal period

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

Account	24th Results A	25th Forecast at 23rd B	**25th Forecast at 24th** C	**24th results Difference** C−A	25th forecast Difference C−B
Operating revenues	8,234	8,364	9,707	1,473	1,343
Operating revenues excluding gain on sales	8,234	8,364	8,052	① (182)	(311)
Gain on sales	-	-	(＊1) 1,655	1,655	1,655
Operating expenses	5,165	5,275	5,190	② 25	(84)
Operating income	3,069	3,088	4,517	1,448	1,428
Non-operating revenues	1	1	1	0	-
Non-operating expenses	453	429	391	③ (62)	(37)
Ordinary income	2,616	2,660	4,127	1,510	1,466
Extraordinary income	75	-	-	(75)	-
Extraordinary losses	1,751	-	-	(1,751)	-
Profit	938	2,659	4,126	3,187	1,466
Recording of reserve for temporary difference adjustments	1,660	-	-	(1,660)	-
Reversal of reserve for temporary difference adjustments	-	-	(＊1) 1,660	1,660	1,660
Total dividends	2,598	2,659	2,465	(133)	(194)
Dividend per unit (yen)	3,479	3,560	3,300	(179)	(260)

（＊1）For information on "gain on sales" and "reversal of the reserve for temporary difference adjustments," refer to P7 "Financial highlights."
（＊2）Tenant permission has not been obtained for disclosure of operating revenues and operating expenses of Sports Club NAS Park Place Oita.（The same applies below）

Sign indicates impact on profit（unit : mm yen）

■Variance between the 24th fiscal period results and the 25th fiscal period forecast （＊2）

① Disposition properties	(238)
[-of which, AEON Hara Shopping Center	(178)]
[-of which, Aqualia Kego	(60)]
Canal City Hakata	(26)
Park Place Oita	+41
[-of which, decrease in utility expenses	(28)]
Kumamoto Intercommunity SC	+58
Others	(17)
Total	(182)
② Disposition properties	+24
Decrease in utility expenses	+25
[-of which, Park Place Oita	+19]
Increase in repair & maintenance expenses	(61)
[-of which, Park Place Oita	(20)]
[-of which, office buildings	(32)]
Decrease in depreciation and amortization expenses	+5
[-of which, a disposition property	+31]
[-of which, Canal City Hakata·B	(28)]
Increase in other expenses	(18)
Total	(25)
③ Decrease in debt-related expenses	+62
[-of which, decrease in refinancing cost	+53]
Total	+62

◎Income and expenditure for the AEON Hara Shopping Center, Aqualia Kego, and Sports Club NAS Park Place Oita leasing business in the 25th fiscal period

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

	AEON Hara Shopping Center	Aqualia Kego	Sports Club NAS Park Place Oita
Leasing revenues - real estate	34	58	-
NOI	27	43	50
Leasing profit	23	30	34

Business forecasts

Business forecast（the 26th fiscal period）

Dividend will be flat due to a decrease in debt-related expenses

■Forecast in the 26th fiscal period

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

Account	25th Forecast at 24th A	26th Forecast at 24th B	25th forecast Difference B−A
Operating revenues	9,707	8,008	(1,699)
Operating revenues excluding gain on sales	8,052	8,008	① (43)
Gain on sales	1,655	-	(1,655)
Operating expenses	5,190	5,188	② (1)
Operating income	4,517	2,820	(1,697)
Non-operating revenues	1	1	-
Non-operating expenses	391	355	③ (36)
Ordinary income	4,127	2,466	(1,660)
Profit	4,126	2,465	(1,660)
Recording of reserve for temporary difference adjustments	-	-	-
Reversal of reserve for temporary difference adjustments	1,660	-	(1,660)
Total dividends	2,465	2,465	-
Dividend per unit（yen）	3,300	3,300	-

Sign indicates impact on profit（unit : mm yen）

■Variance from updated the 25th fiscal period forecast

① Disposition properties	(92)
【-of which, AEON Hara Shopping Center	(34)】
【-of which, Aqualia Kego	(58)】
Canal City Hakata·B	(14)
Park Place Oita	+38
【-of which, rent increase	+20】
【-of which, increase in utility expenses	+18】
Office Buildings	+17
Others	+8
	Total : (43)
② Disposition properties	+22
Increase in utility expenses	(22)
【-of which, Park Place Oita	(13)】
Increase in repair & maintenance expenses	(17)
Increase in depreciation and amortization expenses	(8)
【-of which, a disposition property	+16】
【-of which, Canal City Hakata·B	(20)】
Decrease in selling, general and administrative expenses	+31
Increase in other expenses	(5)
	Total : +1
③ Decrease in debt-related expenses	+36
【-of which, decrease in refinancing cost	+31】
	Total : +36

Active retail

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

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

Canal City Hakata
Canal City Hakata·B

Sales (annual total (*1))

Sep. 2014 – Aug. 2015 → Sep. 2015 – Aug. 2016

36.1 bn yen → 33.9 bn yen

(6.0) %

Due to factors including foreign exchange and an increase in customs duties in China, sales to cruise ship passengers decreased in comparison with the previous year. Although the effects of a decrease in the number of inbound visitors due to the Kumamoto Earthquake remain, business is gradually recovering.

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

Park Place Oita

Sales (annual total)

Sep. 2014 – Aug. 2015 → Sep. 2015 – Aug. 2016

26.0 bn yen → 24.8 bn yen

(4.7) %

The impact of JR Oita City, which opened in April of last year has run its course. Business was affected by a decrease in the number of visitors from within and beyond the Prefecture and cancellation of events and sales promotions, following the Kumamoto Earthquake.

SunLiveCity Kokura

*Sales figures are rounded down to the nearest hundred million yen

Sales (annual total (*2))

Sep. 2014 – Aug. 2015 → Sep. 2015 – Aug. 2016

― → ―

+7.7%

As in the previous fiscal term, sales increased due to factors including the closing of nearby stores. Although a new store of the same tenant (one of the other SunLive stores) opened within the trade area, there was no impact.

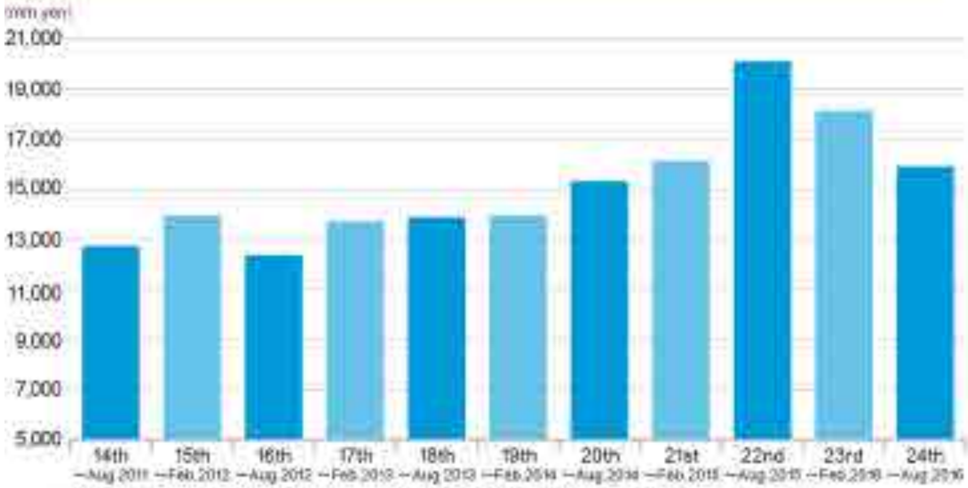
(*2) Sales figures are omitted because SunLive did not consent to their disclosure

Overview of retail operation

Current situation at Canal City Hakata（overall）

Canal City Hakata, an evolving “urban theater”

■Change in sales of Canal City Hakata（14th［Aug. 2011］～24th［Aug. 2016］）



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

■Installation of 3D projection mapping and a fountain show (from late Nov. 2016)

Evolution into general entertainment linked to video content with a powerful sense of scale through planned installation of projection facilities will project images onto a wall equivalent to a 2,500-inch (*1) screen and concert hall-quality lighting and sound facilities and renewal of fountain facilities and full-color underwater lighting.

(*1) Approx 1,300㎡: W65m×H20m

■Summer events and new tenants

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© Eiichiro Oda / Shueisha, Fuji TV, Toei Animation

◎In collaboration with “Canal Splash”, a summer tradition, and the film ONE PIECE FILM GOLD

©L5/YWP・TX

◎First store opening in Kyushu!
Yo-Kai Watch Official Shop “Yorozu Mart Fukuoka Sohonten” grand opening on July 1, 2016

◎Planned opening of Canal City Tourist Lounge, on October 21, 2016

Planned services include tourist information, a café lounge, Japanese culture experiences, classes and tours in Japanese/multiple languages, and guest house information

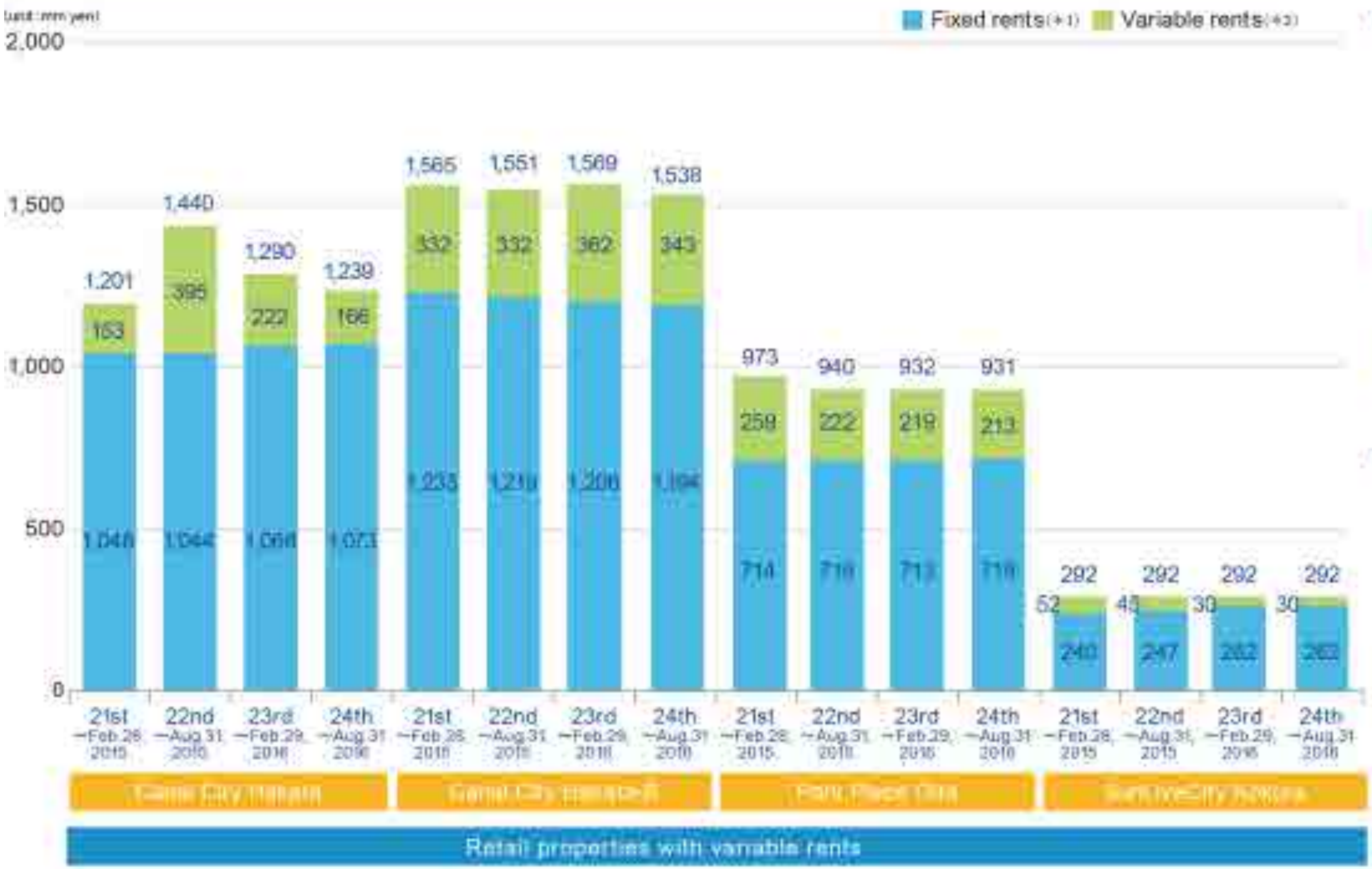
■Nanakuma Subway Line extension project by FY2020

Source: Prepared by Fukuoka Realty based on Start of Construction on Nanakuma Subway Line Extension (Provisional Name) Intermediate Station Entrances (August 4, 2016, Planning Section, Construction Department, Fukuoka City Transportation Bureau)

Overview of retail operation

Breakdown of active retail rents

■Breakdown of rents by property

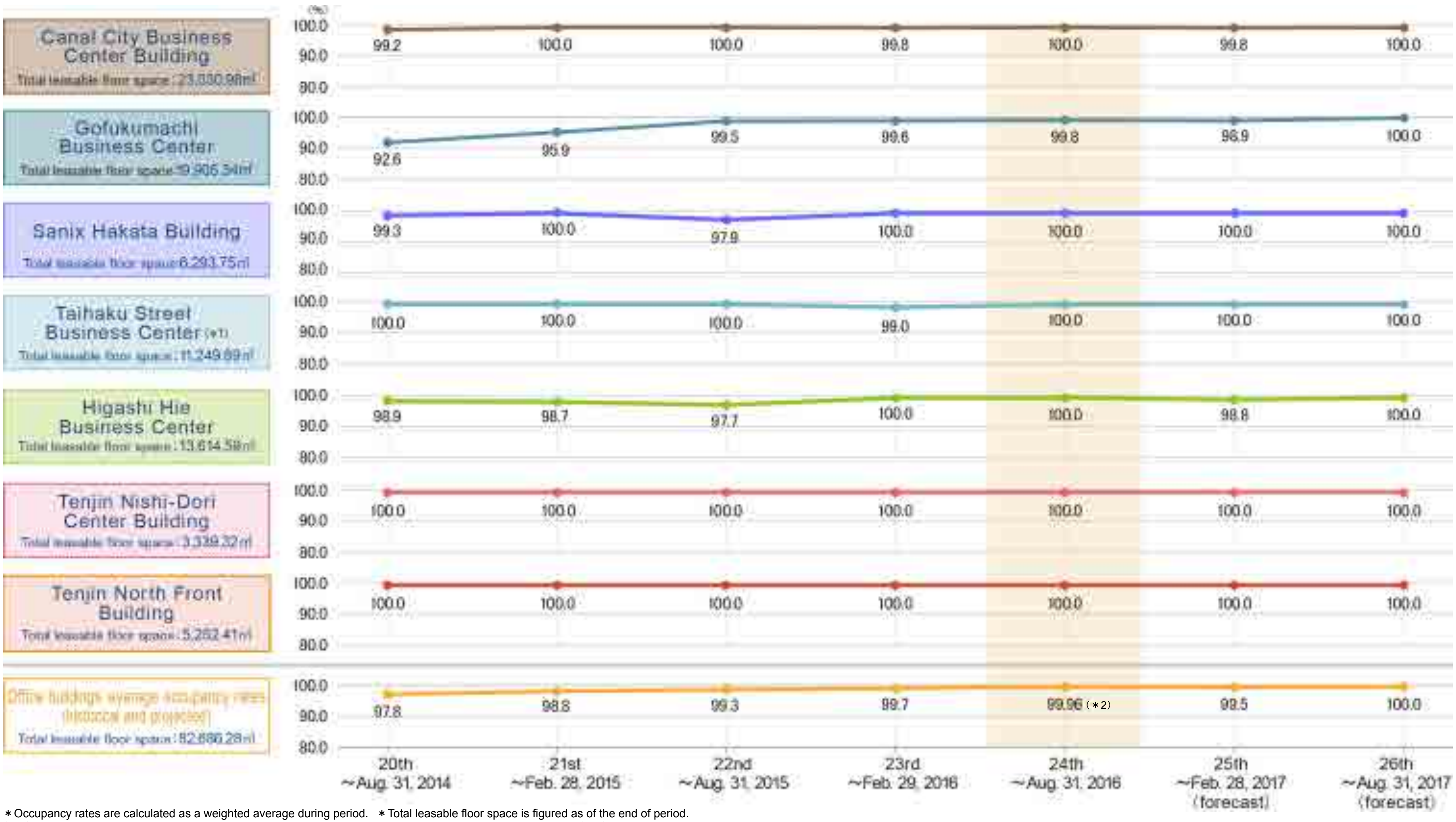


■Breakdown of variable rents

(*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 24th 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 5% range, and supply will remain limited in the future

■Change in vacancy rate and office building completions

*Statistics for 2005 to 2015 are based on figures as of December. 2016 change in leased floor area is based on figures at the end of August. *Office building-related data for each city are data for areas and buildings included in surveys conducted by Miki Shoji Co., Ltd.
Source: Fukuoka Realty based on data published by Miki Shoji Co., Ltd.

Key financing events in the 24th fiscal period

A stable network of sponsor banks and other lenders

■Key financing events in the 24th and 25th fiscal period

July 2016

1) Refinanced maturing debt
Shinsei Bank long-term loan of 1,000 mm yen(5-year term, 1.20829% fixed rate)
→Repaid 300 mm yen and refinanced with a loan of 700 mm yen (8-year term, 0.4% fixed rate) from Shinsei Bank

August 2016

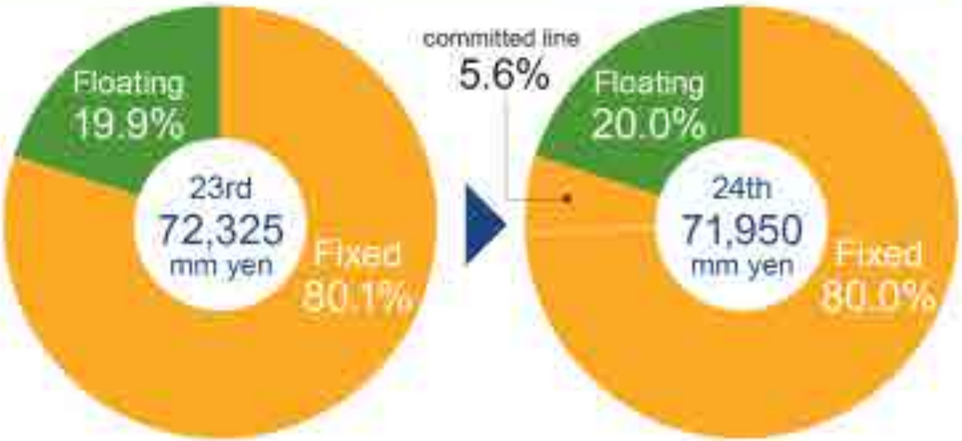
2) Refinanced maturing debt
Development Bank of Japan Inc. loan of 4,000 mm yen (7-year term, 2.17% fixed rate)
→Refinanced with a committed line of credit in the same amount

September 2016 NEW

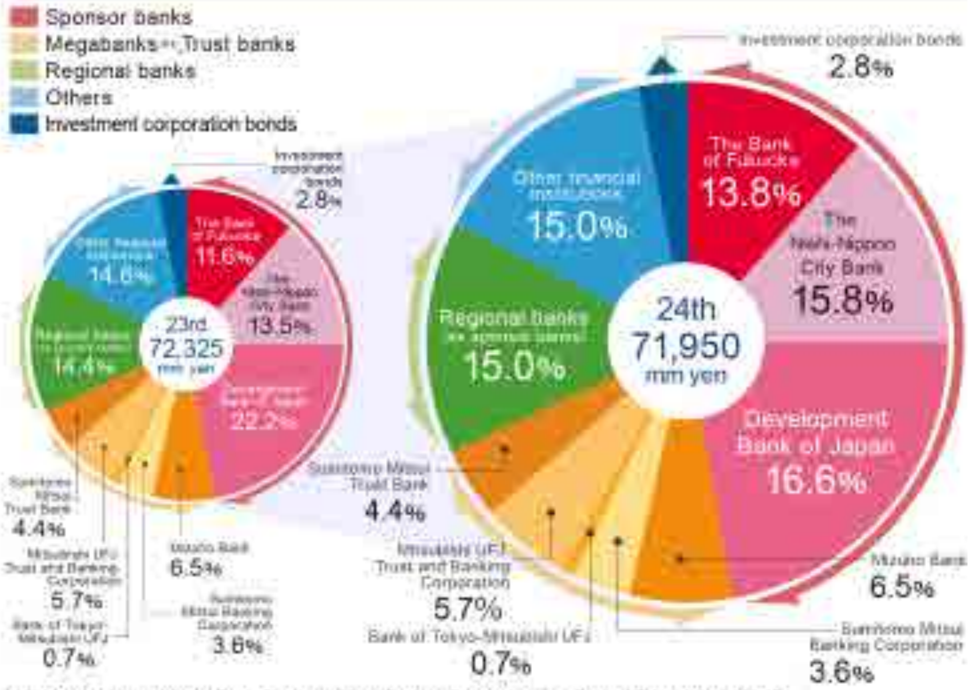
3) Refinanced the maturing committed line of credit in 2) above
→Repaid 2,500 mm yen and refinanced with a committed line of credit in the amount of 1,500 mm yen

4) Refinanced maturing debt
Refinanced a long-term loan of 600 mm yen (4-year term, The JBA 3-month TIBOR + 0.4%) from Sumitomo Mitsui Trust Bank, Limited
→ Repaid 300 mm yen and refinanced with a loan of 300 mm yen (9-year term, The JBA 3-month TIBOR + 0.344%)

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

*As of August 31, 2016

Financial strategy

Financing condition

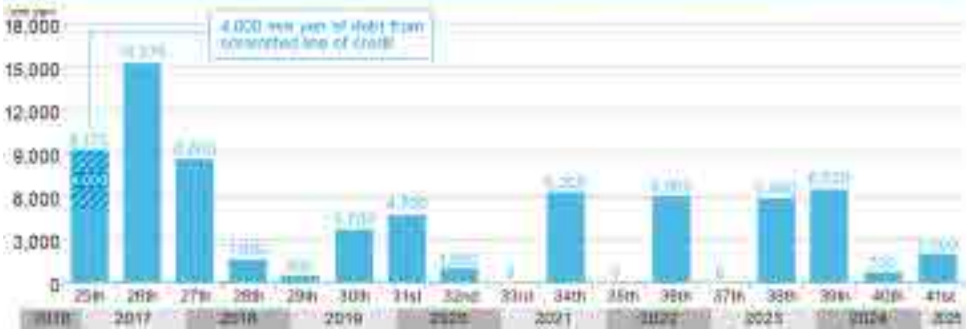
Achievement of both interest cost reduction and borrowing term extension and diversification

Average interest rate paid during fiscal periods

*Interest rates are rounded off to second decimal place.

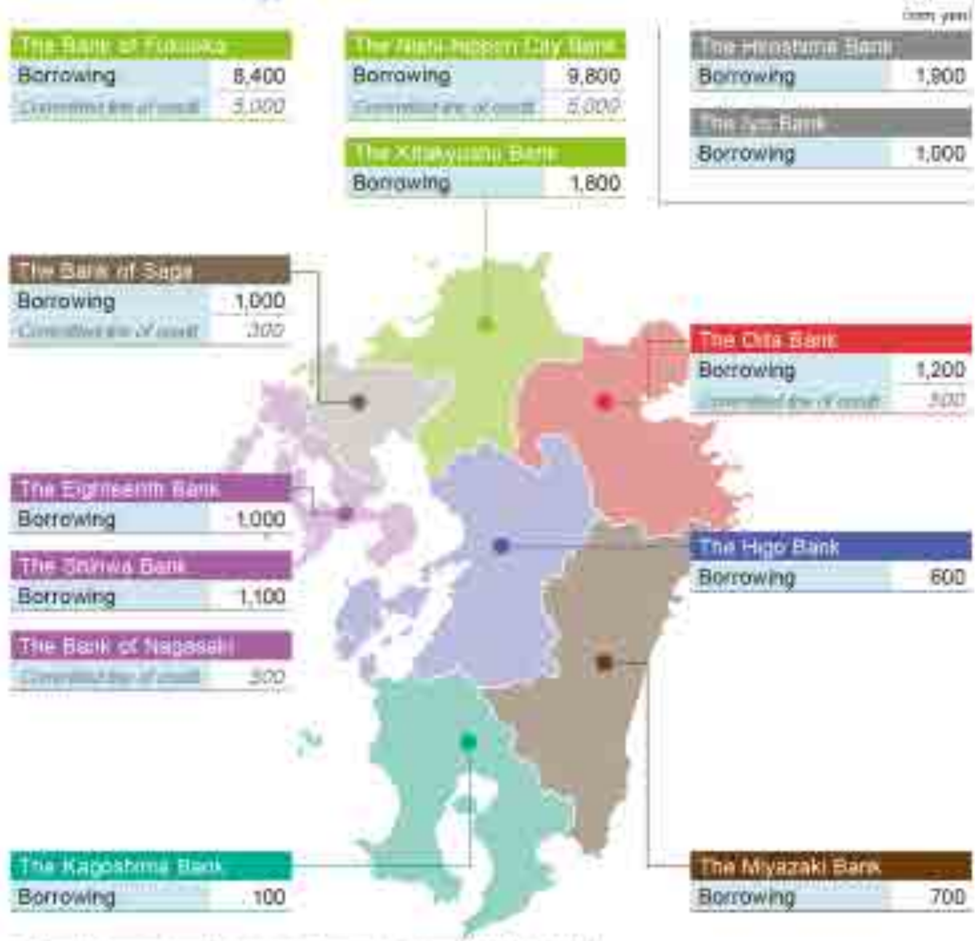
Duration average remaining duration to maturity (years)

Diversification of debt maturities (As of August 31, 2016)



A regional bank transaction network that covers the entire Kyushu region

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



*Borrowing amounts exclude amounts of borrowing by committed line of credit
※As of August 31, 2016

Financial strategy

List of borrowings

Stable debt financing

(As of August 31, 2016)

Category	Lender	Balance (yen)	Drawdown Date	Repayment Date	Repayment Method	Average Interest Rate	Description
Short-term debt	–	–	–	–	–	–	–
Current maturities of long-term debt	Sumitomo Mitsui Trust Bank	600,000,000	Sep.28, 2012	Sep.30, 2016	Lump-sum upon maturity	0.46182% (※1) (※5)	No collateral No guarantee
	The Bank of Fukuoka	1,500,000,000	Dec.30, 2010	Dec.30, 2016		0.51182% (※1) (※5)	
	The Hiroshima Bank	500,000,000	Dec.30, 2011	Dec.30, 2016		1.18195% (※2)	
	The Oita Bank	500,000,000	Dec.30, 2011	Dec.30, 2016		1.18195% (※2)	
	The Eighteenth Bank	500,000,000	Dec.30, 2011	Dec.30, 2016		1.18195% (※2)	
	The Shinwa Bank	500,000,000	Dec.30, 2011	Dec.30, 2016		1.18195% (※2)	
	The Kitakyushu Bank	500,000,000	Dec.30, 2011	Dec.30, 2016		1.18195% (※2)	
	The Kagoshima Bank	100,000,000	Jan.31, 2012	Jan.31, 2017		1.16841% (※2)	
	Resona Bank	400,000,000	Jan.31, 2012	Jan.31, 2017		1.21841% (※2)	
	Mitsubishi UFJ Trust and Banking Corporation	2,000,000,000	Mar.1, 2012	Mar.31, 2017		1.16973% (※2)	
	Sumitomo Mitsui Banking Corporation	500,000,000	Mar.30, 2012	Mar.31, 2017		1.20346% (※2)	
	Resona Bank	600,000,000	Mar.30, 2012	Mar.31, 2017		1.25346% (※2)	
	The Higo Bank	300,000,000	Mar.30, 2012	Mar.31, 2017		1.20346% (※2)	
	Development Bank of Japan	1,950,000,000	Jun.30, 2009	Jun.30, 2017	Repayment installment (※6)	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)	
	Subtotal	**20,450,000,000**					
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
	The Bank of Fukuoka	1,500,000,000	Dec.30, 2011	Dec.30, 2017		0.66182% (※1) (※5)	
	Sumitomo Mitsui Banking Corporation	500,000,000	Jan.31, 2012	Jan.31, 2019		1.33830% (※2)	
	Resona Bank	2,000,000,000	Sep.28, 2012	Sep.29, 2017		1.03319% (※2)	
	The Nishi-Nippon City Bank	2,500,000,000	Feb.1, 2013	Feb.29, 2020		0.77500% (※3)	
	The Nishi-Nippon City Bank	1,900,000,000	Feb.28, 2013	Feb.28, 2018		0.56000% (※1) (※4)	
	Mizuho Bank	1,700,000,000	Feb.28, 2013	Feb.29, 2020		0.56000% (※1) (※4)	
	Sumitomo Mitsui Trust Bank	1,100,000,000	Feb.28, 2013	Feb.28, 2018		0.61000% (※1) (※4)	
	Mitsubishi UFJ Trust and Banking Corporation	1,500,000,000	Feb.28, 2013	Feb.28, 2018		0.41000% (※1) (※4)	
	Aozora Bank	600,000,000	Feb.28, 2013	Feb.28, 2018		0.41000% (※1) (※4)	
	Mitsubishi UFJ Trust and Banking Corporation	600,000,000	Mar.29, 2013	Mar.30 2018		0.41182% (※1) (※5)	
	Aozora Bank	1,000,000,000	Jun.28, 2013	Jun.30, 2020		0.46182% (※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		0.41000% (※1) (※4)	
	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		0.41000% (※1) (※4)	
	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)	
	Subtotal	**45,500,000,000**					
Committed line	The Bank of Fukuoka・Resona Bank (※7)	1,800,000,000	Aug.31, 2016	Sep.30, 2016	Lump-sum upon maturity	0.38182% (※9)	No collateral No guarantee
	The Nishi-Nippon City Bank・Resona Bank・The Oita Bank・The Bank of Nagasaki・The Bank of Saga (※8)	2,200,000,000	Aug.31, 2016	Sep.30, 2016		0.38182% (※9)	
	Subtotal	**4,000,000,000**					
	Total	**69,950,000,000**					

■Investment corporation bonds

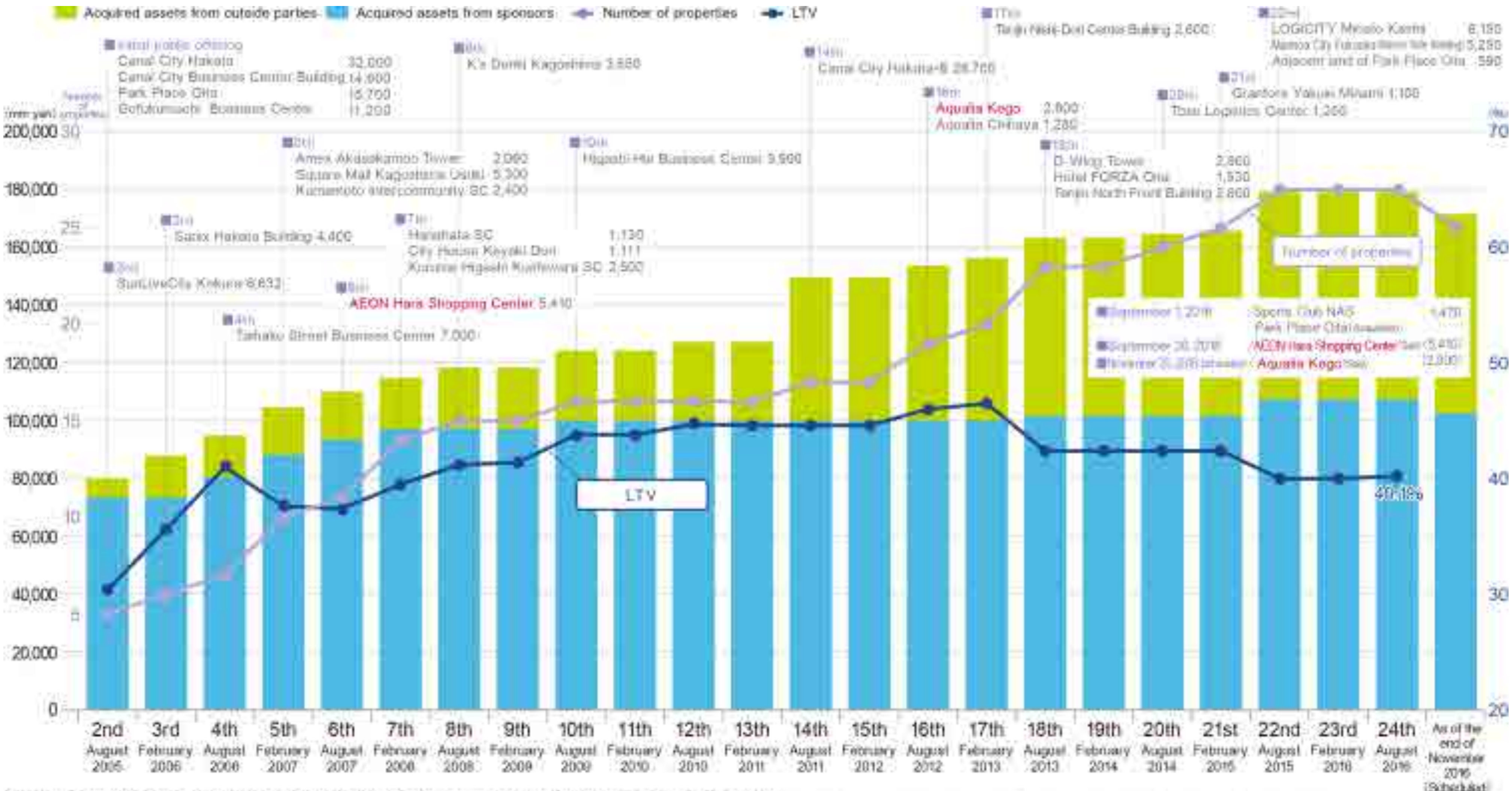
Category	Issue	Balance (yen)	Issue date	Maturity Date	Maturity Method	Coupon	Description
Investment corporation bonds	The first series of unsecured bonds	2,000,000,000	Dec.30,2013	Dec.29, 2023	Lump-sum upon maturity	1.32000%	-
Total		**2,000,000,000**					

[illegible]

■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**			

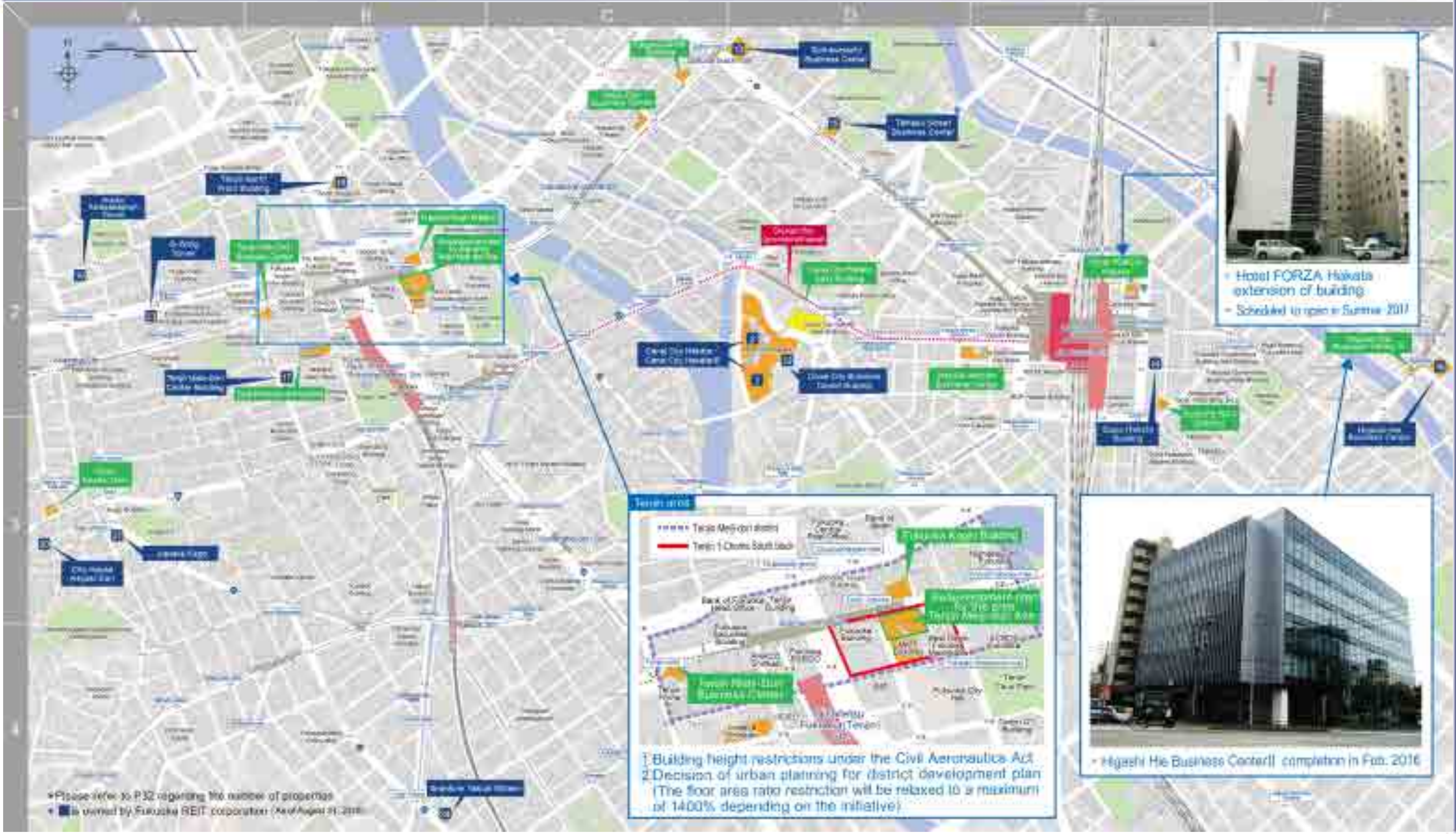
Growth of asset's size and LTV



*Konoha Community Mall, acquired in the 3rd fiscal period, is not included in the above assets under management since it was sold in the 6th fiscal period.
*Higashi Hie Business Center, acquired in the 10th fiscal period, was acquired both from an outside party and a sponsor. Accordingly, its acquisition price has been divided equally and added to the acquisition price of assets acquired from outside parties and acquired from sponsor company, respectively.
*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.
*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	179,513 mm yen (as of August 31, 2016)
Total debt	71,950 mm yen (as of August 31, 2016)
Credit ratings	S&P A− (Positive) R&I A+ (Stable) JCR AA− (Stable)
LTV (Total debt)	40.1%

Dividend information

The 24th fiscal period end	August 31, 2016 (semi-annual periods ending every February and August)
Dividend (actual)	3,479 yen per unit
Days in fiscal period	184 days
Dividend yield	3.7% {(Dividend / days in fiscal period × 365)/ Unit price} (as of August 31, 2016)

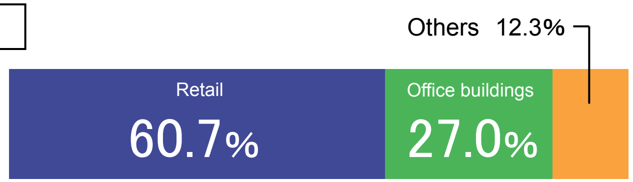
Investment unit price

Unit price	186,100 yen (as of August 31, 2016)
Total number of investment units outstanding	747,000 units (as of August 31, 2016)
Market capitalization	139,016 mm yen (unit price×outstanding units) (as of August 31, 2016)
Net assets value per unit	123,267 yen (as of August 31, 2016)
Market net assets value per unit	155,738 yen (as of August 31, 2016)

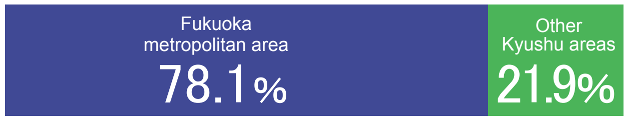
Market net assets value per unit = {(Total appraisal value at the end of period based on appraisal reports -Total book value at the end of period based on balance sheet) ＋(Net assets at the end of period)} / (Total number of investment units outstanding)

Portfolio summary (＊1)

Investment type
(based on acquisition price)



Investment area
(based on acquisition price)



Total leasable floor space	554,541.30㎡
Occupancy rate at the end of period	99.5%

(＊1) Figures are based on properties owned as of August 31, 2016.

Appendix

A real estate investment trust specializing in regional properties

■Sponsors

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

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

■Investment policy

◎Investment area

60-90% Fukuoka metropolitan area

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

0-10% Others

◎Investment type

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

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

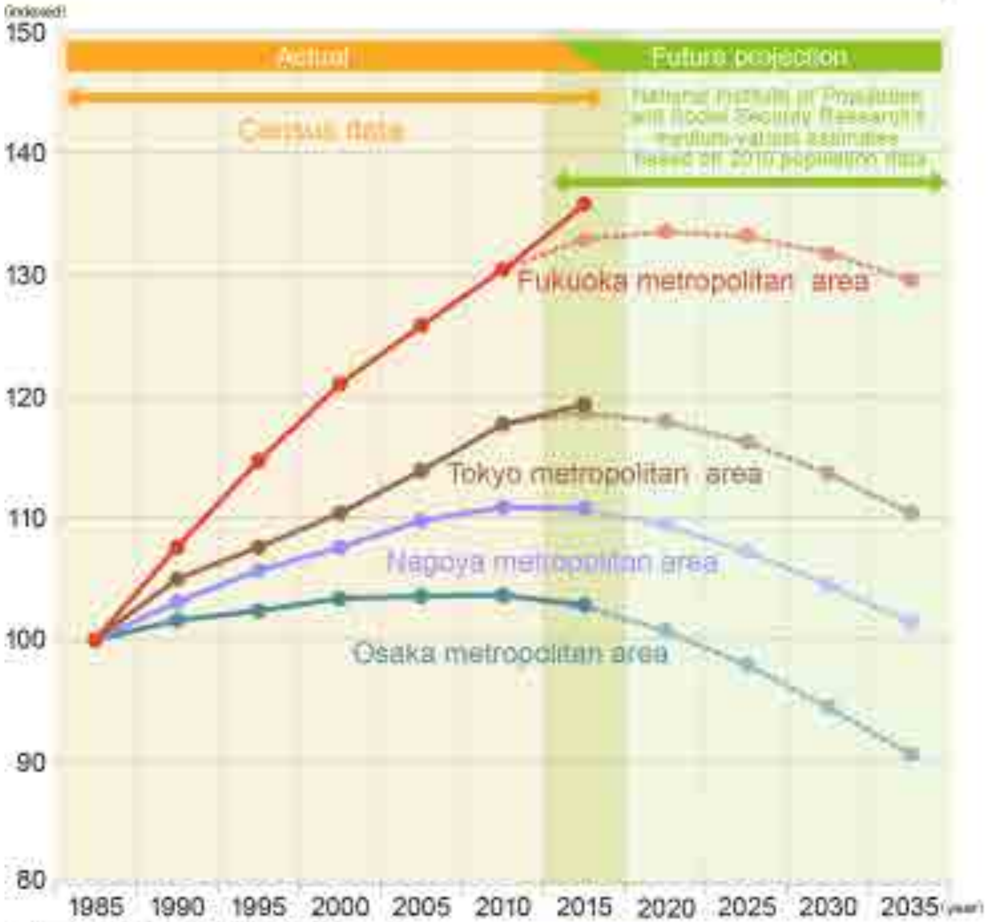
Retail (Urban,Regional and Community shopping centers) 60-80%

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.
"Greater Tokyo area" refers to Tokyo Metropolis, Kanagawa Prefecture, Saitama Prefecture, and Chiba Prefecture. "Nagoya urban area" refers to Aichi Prefecture, Gifu Prefecture, and Mie Prefecture. "Osaka urban area" refers to Osaka Prefecture, Kyoto Prefecture, Hyogo Prefecture, and Nara Prefecture.
Source: Prepared by Fukuoka Realty based on data from "Changes in Fukuoka City as Seen in Data," 2015 Population Census of Japan, Preliminary Counts of the Population and Households", "Population Census of Japan," Ministry of Internal Affairs and Communications; and "Population Projections by Municipality, Japan," National Institute of Population and Social Security Research

■Populations of cities designated by government ordinance (top ten cities) (2010, 2015)

(unit: thousands)

Year 2010			Year 2015 e bulletin board			variation
1	Yokohama	3,689	1	Yokohama	3,726	37 [1.0%]
2	Osaka	2,665	2	Osaka	2,692	26 [1.0%]
3	Nagoya	2,264	3	Nagoya	2,296	32 [1.4%]
4	Sapporo	1,914	4	Sapporo	1,954	40 [2.1%]
5	Kobe	1,544	5	Fukuoka	1,539	75 [5.1%]
6	Kyoto	1,474	6	Kobe	1,538	(6) [(0.4)%]
7	Fukuoka	1,464	7	Kawasaki	1,475	50 [3.5%]
8	Kawasaki	1,426	8	Kyoto	1,475	1 [0.0%]
9	Saitama	1,222	9	Saitama	1,264	42 [3.4%]
10	Hiroshima	1,174	10	Hiroshima	1,195	21 [1.8%]

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

■Ratios of young people and working-age population in Fukuoka City and nationwide

	Youth population	Comparison with nationwide	Working-age population	Comparison with nationwide
FUKUOKA	16.4%	+1.9%	62.0%	+2.3%
Nationwide	14.5%		59.7%	

Source: Prepared by Fukuoka Realty based on data from "2010 Population Census of Japan quick-look data" (Statistics Bureau, Ministry of Internal Affairs and Communications) (※1) Percentage of city population aged 15 to 29 (※2) Percentage of city population aged 15 to 64

Appendix

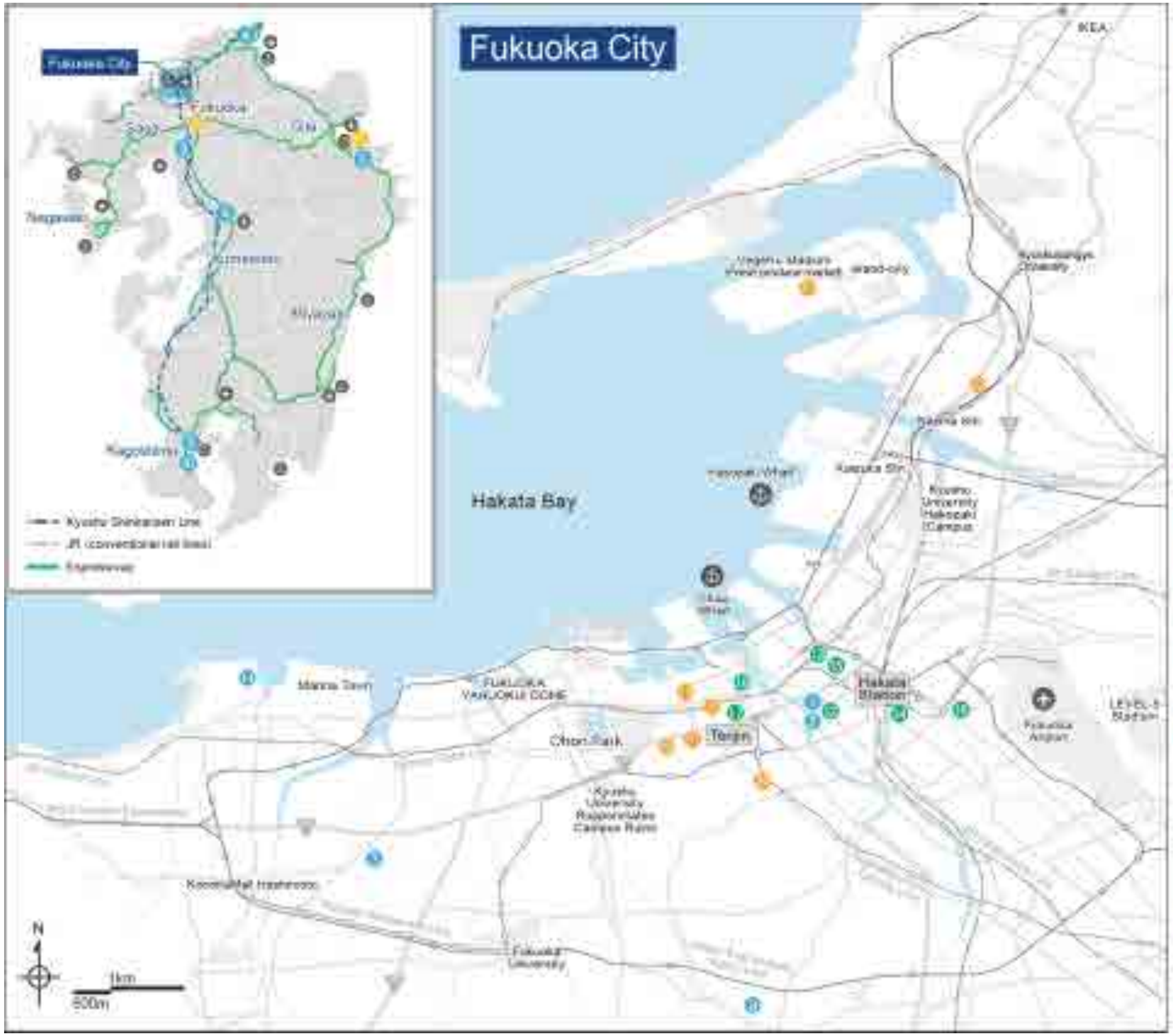
Portfolio table

(As of August 31, 2016)

	Real estate property name	Age (＊1)	Acquisition Price (mm yen) (＊2)	Investment ratio	Acquisition timing	Source (＊3)	Total leasable floor space (㎡)	Occupancy rate	Number of tenants (＊4)	Primary tenants
Retail	①Canal City Hakata	20yr 4m	32,000	17.8%	Nov. 9, 2004	Sponsor	46,602.94	100.0%	48	Washington Hotel and United Cinema
	②Canal City Hakata･B	20yr 4m	28,700	16.0%	Mar. 2, 2011	Outside party	68,820.39	99.4%	49	Grand Hyatt Fukuoka and OPA
	③Park Place Oita (＊5)	14yr 5m	16,290	9.1%	Nov. 9, 2004	Sponsor	109,590.83	99.7%	104	AEON and K's Denki
	④SunLiveCity Kokura	11yr 5m	6,633	3.7%	Jul. 1, 2005	Outside party	61,450.22	100.0%	1	SunLive
	⑤Square Mall Kagoshima Usuki	9yr11m	5,300	2.9%	Sep. 28, 2006	Sponsor	14,602.88	100.0%	12	Sports Depo / Golf5 and Edion
	⑥Kumamoto Intercommunity SC	9yr 9m	2,400	1.3%	Nov. 30, 2006	Sponsor	6,968.66	100.0%	2	Sports Depo / Golf5 and Starbucks Coffee
	⑦AEON Hara Shopping Center (＊6)	39yr10m	5,410	3.0%	Mar. 1, 2007	Sponsor	27,313.53	100.0%	1	AEON
	⑧Hanahata SC	9yr 1m	1,130	0.6%	Sep. 3, 2007	Sponsor	2,801.15	100.0%	2	BON REPAS and Matsumoto Kiyoshi
	⑨Kurume Higashi Kushiwara SC	8yr 8m	2,500	1.4%	Feb. 1, 2008	Sponsor	6,467.80	100.0%	1	Sports Depo / Golf5
	⑩K's Denki Kagoshima	8yr 9m	3,550	2.0%	Mar. 27, 2008	Outside party	7,296.17	100.0%	1	K's Denki
	⑪Marinoa City Fukuoka (Marina Side Building)	15yr10m	5,250	2.9%	May 1, 2015	Sponsor	33,069.82	100.0%	1	Fukuoka Jisho Co.,Ltd
	Total or weighted average of retail	–	109,163	60.7%	–	–	384,984.39	99.8%	222	–
Office buildings	⑫Canal City Business Center Building	20yr 4m	14,600	8.1%	Nov. 9, 2004	Sponsor	23,030.98	100.0%	61	TOTO and Bell System24
	⑬Gofukumachi Business Center	12yr10m	11,200	6.2%	Nov. 9, 2004	Sponsor	19,905.34	99.5%	35	SMBC CONSUMER FINANCE and Sumitomo Mitsui Banking Corporation
	⑭Sanix Hakata Building	15yr 5m	4,400	2.4%	Sep. 30, 2005	Outside party	6,293.75	100.0%	16	SANIX and The Nishi-Nippon City Bank
	⑮Taihaku Street Business Center	14yr 5m	7,000	3.9%	Mar. 16, 2006	Sponsor	14,677.27	99.2%	70	NTT COMWARE and Tokyo Marine Nichido Jimu Outsourcing
	⑯Higashi Hie Business Center	7yr 6m	5,900	3.3%	Mar. 13, 2009	Outside party ＋Sponsor	13,614.59	100.0%	25	Fujitsu and Forest Holdings
	⑰Tenjin Nishi-Dori Center Building	19yr11m	2,600	1.4%	Feb. 1, 2013	Outside party	3,339.32	100.0%	1	The Nishi-Nippon City Bank
	⑱Tenjin North Front Building	6yr 7m	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	27.0%	–	–	86,113.66	99.7%	219	–
Others	⑲Amex Akasakamon Tower	11yr 1m	2,060	1.1%	Sep. 1, 2006	Outside party	4,821.25	92.8%	63	–
	⑳City House Keyaki Dori	8yr 9m	1,111	0.6%	Dec. 20, 2007	Outside party	2,710.86	91.7%	39	–
	㉑Aqualia Kego (＊7)	7yr 9m	2,800	1.6%	Mar. 1, 2012	Outside party	7,415.36	95.7%	124	–
	㉒Aqualia Chihaya	8yr 8m	1,280	0.7%	Mar. 1, 2012	Outside party	5,619.69	93.6%	99	–
	㉓D-Wing Tower	10yr 6m	2,800	1.6%	Mar. 1, 2013	Outside party	7,187.58	96.0%	131	–
	㉔Granfore Yakuin Minami	8yr 8m	1,100	0.6%	Nov. 4, 2014	Outside party	2,496.06	97.0%	96	–
	㉕Hotel FORZA Oita	8yr 0m	1,530	0.9%	Mar. 1, 2013	Sponsor	5,785.44	100.0%	1	FJ Hotels
	㉖Tosu Logistics Center	8yr 3m	1,250	0.7%	Mar. 28, 2014	Outside party	4,173.29	100.0%	1	non-disclosure
	㉗LOGICITY Minato Kashii	2yr 4m	8,150	4.5%	Mar. 27, 2015	Outside party	43,233.72	100.0%	2	Fukuoka Logistic System and Ajinomoto Logistics
	Total or weighted average of others	–	22,081	12.3%	–	–	83,443.25	98.1%	556	–
Total or weighted average of all properties		15yr11m	179,744	100.0%	–	–	554,541.30	99.5%	997	–

(＊1) "Age" as of the end of the fiscal period.
(＊2) Acquisition price does not include fees, public charge and expenses.
(＊3) Properties acquired through arrangement by a sponsor company are indicate with "sponsor" in the column of seller.
(＊4) Parking contracts, etc., are excluded from "Number of tenants".
(＊5) It includes adjacent land of Park Place Oita (parking space "land") in the 22nd fiscal period. It does not include Sports Club NAS Park Place Oita in the 25th fiscal period.
(＊6) Sold as of September 30, 2016 (＊7) Scheduled to be sold as of November 29, 2016

Portfolio



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

(*1) Sold on September 30, 2016
(*2) Planned sale on November 29, 2018

Retail
Office buildings
Others

Appendix

Portfolio : Active retail

Active retail

①Canal City Hakata

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

Active retail

②Canal City Hakata・B

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

Appendix

Portfolio : Active retail

Active retail

③Park Place Oita (*1)

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

Active retail

④SunLive City Kokura

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

Appendix

Portfolio : Passive retail

Passive retail

⑤Square Mall Kagoshima Usuki

■ Address: 2-chome, Usuki, Kagoshima City

Passive retail

⑥Kumamoto Intercommunity SC

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

Passive retail

⑦AEON Hara Shopping Center

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

Passive retail

⑧Hanahata SC

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

Passive retail

⑨Kurume Higashi Kushiwara SC

■Address: Higashi kushiwaramachi, Kurume City

Passive retail

⑩K's Denki Kagoshima

■Address: Tokai-cho, Kagoshima City

Passive retail

⑪Marinoa City Fukuoka (Marina Side Building)

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

Investment ratio (Retail)

* As of August 31, 2018

* Since the above investment ratios are current as of August 31, 2018, AEON Hara Shopping Center, which was sold on September 30, 2018, is included

Appendix

Portfolio : Office buildings

Office buildings

⑫Canal City Business Center Building

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

Office buildings

⑬Gofukumachi Business Center

■ Address: Kamigofukumachi, Hakata Ward, Fukuoka City

Office buildings

⑭Sanix Hakata Building

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

Office buildings

⑮Taihaku Street Business Center

■ Address: Gokushomachi, Hakata Ward, Fukuoka City

Office buildings

⑯Higashi Hie Business Center

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

Office buildings

⑰Tenjin Nishi-Dori Center Building

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

Office buildings

⑱Tenjin North Front Building

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

Investment ratio (Office buildings)

Appendix

Portfolio : Others

Others

⑲Amex Akasakamon Tower

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

Others

⑳City House Keyaki Dori

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

Others

㉑Aqualia Kego

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

Others

㉒Aqualia Chihaya

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

Others

㉓D-Wing Tower

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

Others

㉔Granfore Yakuin Minami

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

Others

㉕Hotel FORZA Oita

■Address: 1-chome, Chuo-cho, Oita City

Others

㉖Tosu Logistics Center

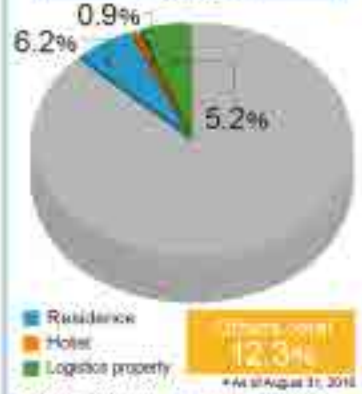
■Address: Himekata-machi, Tosu City

Others

㉗LOGICITY Minato Kashii

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

Investment ratio (Others)



*As of August 31, 2016

*Since the above investment ratios are current as of August 31, 2016, Aqualia Kego, which is scheduled to be sold on November 28, 2016, is included.

Appendix

Top tenants by leased floor area

Ordinary lease　Fixed-term lease

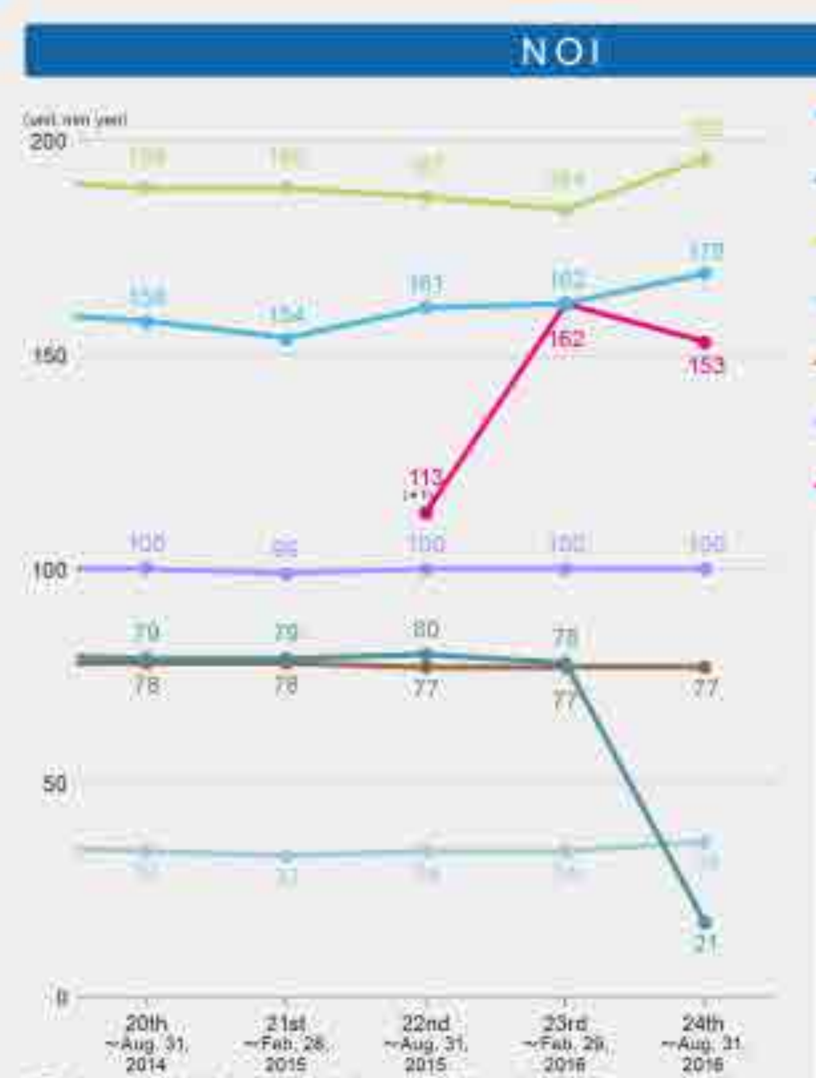
	Lessee	Tenant	Share of total leased space (*1)	25th ~Feb. 28, 2017 / 26th ~Aug. 31, 2017 / 27th ~Feb. 28, 2018	Remaining lease term (years) (*2)
1	AEON Kyushu Co., Ltd.	AEON	15.6%	●Park Place Oita	5
				●AEON Hara Shopping Center (*5)	2
2	SunLive Co., Ltd.	SunLive	11.1%	●SunLiveCity Kokura	8
3	FJ Hotels Co., Ltd.	Grand Hyatt Fukuoka	8.1%	●Canal City Hakata · B	7
		Hotel FORZA Oita		●Hotel FORZA Oita	11
4	Fukuoka Jisho Co., Ltd.	—	6.3% (including 0.3% of office (*3))	●Marinoa City Fukuoka (Marina Side Building)	18
5	Canal City OPA Co., Ltd.	OPA	4.7%	●Canal City Hakata	2
				●Canal City Hakata · B	2
6	Fukuoka Logistic System	—	4.2%	●LOGICITY Minato Kashii	8
7	Ajinomoto Logistics Corporation	—	3.7%	●LOGICITY Minato Kashii	no disclosure (*4)
8	Alpen Co., Ltd.	Sports Depo, Golf 5	3.3%	●Square Mall Kagoshima Usuki	10
				●Kumamoto Intercommunity SC	10
				●Kurume Higashi Kushiwara SC	11
9	K's Holdings Corporation	K's Denki	2.5%	●Park Place Oita	5
10	WHG Nishinihon Inc.	Washington Hotel	2.3%	●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 August 31, 2016 with periods shorter than one year rounded down to the nearest whole year. (*3) Five ordinary leases (with automatic renewal provisions for periods of one or two years) have been concluded for Canal City Business Center Building. (*4) Information is not disclosed because the permission of tenants has not been obtained. (*5) AEON Hara Shopping Center was sold on September 30, 2016. After the sale, AEON Kyushu Co., Ltd.'s leasing ratio became 10.6%.

Appendix

Passive retail

Kumamoto Intercommunity SC's NOI decreased due to the impact of the Kumamoto Earthquake



* The above graph plots the seven properties' respective NOI, rounded down to the nearest whole mn 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: 6.2%

● Sports Depo, Golf 5
● Edion

Kumamoto Intercommunity SC

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

● Sports Depo, Golf 5
● Starbucks Coffee

AEON Hara Shopping Center

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

● AEON

Hanahata SC

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

● BON REPAS
● Matsumoto Kiyoshi

Kurume Higashi Kushiwara SC

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

● Sports Depo, Golf 5

K's Denki Kagoshima

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

● K's Denki

Marinoa City Fukuoka (Marina Side Building)

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

● Fukuoka Jisho Co.,Ltd.(＊2)

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

Appendix

Income and expenditure by properties (Active retail)

Active retail

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

Category	Canal City Hakata	Canal City Hakata・B	Park Place Oita	SunLive City Kokura	24th Total A	23rd Total B	Difference A−B	Forecast C (＊1)	Difference A−C
(Length)	24th fiscal period（March 1, 2016 ～ August 31, 2016）								
(days)	184					182	2		
①Total leasing business revenues	1,273	1,598	1,138	292	4,302	4,367	(64)	4,426	(124)
Leasing revenue-real estate	1,240	1,538	931	292	4,002	4,085	(82)		
Other leasing revenue-real estate	33	59	206	-	299	281	17		
②Total leasing business expenses	493	798	630	46	1,968	2,018	(50)	2,056	(87)
Outsourcing fees	333	528	299	8	1,170	1,137	32		
Repair and maintenance expenses	20	43	34	0	98	183	(85)		
Expenses for restoration to former state	-	-	-	-	-	2	(2)		
Tax and other public charges	71	151	87	33	344	343	1		
Insurance premiums and trust compensation	8	18	7	1	36	36	0		
Utilities expenses	25	50	172	-	249	238	10		
Other expenses	33	6	27	1	68	76	(7)		
③NOI(=①-②)	779	799	508	246	2,333	2,348	(14)	2,370	(36)
④Depreciation and amortization expenses	230	217	205	47	701	699	1		
⑤Leasing business profit(=③-④)	549	582	302	198	1,632	1,648	(15)		
⑥NOI yield (acquisition price)	4.9%	5.6%	6.2%	7.4%	5.6%	5.6%	(0.0)%		
⑦Capital expenditures	144	302	72	-	519	468	50		

(＊1)Forecast at the financial results of 23rd fiscal period

Income and expenditure by properties（Passive retail）

Passive retail

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

Category	Square Mall Kagoshima Usuki	Kumamoto Inter-Community SC	AEON Hara Shopping Center	Hanahata SC	Kurume Higashi Kushiwara SC	K's Denki Kagoshima	Marinoa City Fukuoka（Marina Side Building）	24th Total A	23rd Total B	Difference A−B	Forecast C（＊1）	Difference A−C
（Length）	24th fiscal period（March 1, 2016 ～ August 31, 2016）											
（days）	184								182	2		
①Total leasing business revenues	269	32	212	41	88	111	182	938	982	（44）	974	（36）
Leasing revenue-real estate	223	32	212	40	88	111	177	885	942	（57）		
Other leasing revenue-real estate	46	0	0	0	-	-	5	52	39	13		
②Total leasing business expenses	91	11	19	5	10	10	29	178	180	（1）	174	4
Outsourcing fees	38	2	6	1	2	1	1	54	54	0		
Repair and maintenance expenses	1	0	-	0	0	0	6	9	28	（18）		
Expenses for restoration to former state	-	-	-	-	-	-	-	-	-	-		
Tax and other public charges	17	5	12	3	5	7	18	69	50	18		
Insurance premiums and trust compensation	1	0	0	0	0	0	0	4	4	0		
Utilities expenses	30	-	-	-	-	-	-	30	29	1		
Other expenses	3	2	0	0	0	0	2	10	13	（2）		
③NOI（=①-②）	178	21	192	35	77	100	153	759	801	（42）	799	（40）
④Depreciation and amortization expenses	42	15	22	6	20	28	17	153	156	（2）		
⑤Leasing business profit（=③-④）	135	5	169	28	57	72	135	605	645	（39）		
⑥NOI yield（acquisition price）	6.7%	1.8%	7.1%	6.3%	6.2%	5.7%	5.8%	5.9%	6.3%	（0.3）%		
⑦Capital expenditures	-	-	-	-	-	-	3	3	49	（46）		

（＊1）Forecast at the financial results of 23rd fiscal period

Appendix

Income and expenditure by properties (Office buildings)

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

Office buildings

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	24th Total A	23rd Total B	Difference A−B	Forecast C (＊1)	Difference A−C
(Length)	24th fiscal period (March 1, 2016 ～ August 31, 2016)											
(days)	184								182	2		
①Total leasing business revenues	628	533	197	297	327	86	136	2,207	2,217	(10)	2,228	(21)
Leasing revenue-real estate	626	470	179	297	302	86	109	2,074	2,097	(23)		
Other leasing revenue-real estate	1	62	17	0	25	-	26	133	119	13		
②Total leasing business expenses	195	166	63	93	137	22	52	731	760	(28)	757	(25)
Outsourcing fees	136	71	19	56	42	1	10	338	338	(0)		
Repair and maintenance expenses	3	4	5	2	0	5	9	31	79	(47)		
Expenses for restoration to former state	-	-	-	-	-	-	-	-	-	-		
Tax and other public charges	44	34	18	25	16	12	8	161	160	0		
Insurance premiums and trust compensation	2	3	0	1	2	0	0	11	11	0		
Utilities expenses	6	51	16	-	28	-	22	124	122	2		
Other expenses	2	1	2	6	47	1	1	63	48	15		
③NOI (=①-②)	432	366	134	203	190	64	83	1,475	1,456	18	1,470	4
④Depreciation and amortization expenses	98	98	37	77	79	8	32	430	429	0		
⑤Leasing business profit (=③-④)	334	268	96	126	111	56	51	1,044	1,027	17		
⑥NOI yield (acquisition price)	5.9%	6.5%	6.1%	5.8%	6.5%	5.0%	5.9%	6.1%	6.0%	0.1%		
⑦Capital expenditures	40	14	4	1	17	20	2	100	84	15		

(＊1) Forecast at the financial results of 23rd fiscal period

Income and expenditure by properties (Others)

Others

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

Category	Amex Akasakamon Tower	City House Keyaki Dori	Aqualia Kego	Aqualia Chihaya	D-Wing Tower	Granfore Yakuin Minami	Hotel FORZA Oita	Tosu Logistics Center	LOGICITY Minato Kashii	24th Total A	23rd Total B	Difference A−B	Forecast C（＊1）	Difference A−C
(Length)	24th fiscal period（March 1, 2016 ～ August 31, 2016）													
(days)	184										182	2		
①Total leasing business revenues	67	36	118	57	114	39	63	Non-disclosure（＊2）	Non-disclosure（＊2）	786	776	10	783	3
Leasing revenue-real estate	61	36	112	55	108	37	63			738	739	(0)		
Other leasing revenue-real estate	6	0	6	2	5	1	-			47	37	10		
②Total leasing business expenses	21	8	26	14	23	9	9			190	146	44	189	0
Outsourcing fees	5	2	6	3	7	2	0			37	37	0		
Repair and maintenance expenses	1	0	2	0	0	1	0			8	7	1		
Expenses for restoration to former state	5	-	3	2	2	1	-			15	7	7		
Tax and other public charges	5	3	8	4	7	2	7			75	42	33		
Insurance premiums and trust compensation	0	0	0	0	0	0	0			5	5	0		
Utilities expenses	1	0	1	0	2	0	-			33	33	(0)		
Other expenses	3	2	3	1	2	1	0			14	12	2		
③NOI（=①-②）	45	27	92	43	90	29	53	37	176	596	630	(34)	593	2
④Depreciation and amortization expenses	18	10	25	12	16	9	19	12	60	185	184	0		
⑤Leasing business profit（=③-④）	27	17	66	31	73	19	33	25	115	411	445	(34)		
⑥NOI yield（acquisition price）	4.4%	5.0%	6.6%	6.8%	6.5%	5.4%	7.0%	6.0%	4.3%	5.4%	5.7%	(0.3)%		
⑦Capital expenditures	26	-	0	3	0	-	10	-	-	42	27	14		

（＊1）Forecast at the financial results of 23rd fiscal period
（＊2）Information is not disclosed because the permission of tenants has not been obtained.

Appendix

Income and expenditure by properties（Total）

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

Total

Category	24th Total A	23rd Total B	Difference A−B	Forecast C (＊1)	Difference A−C
(Length) (days)	184	182	2		
①Total leasing business revenues	8,234	8,343	(109)	8,412	(178)
Leasing revenue-real estate	7,701	7,864	(163)		
Other leasing revenue-real estate	533	478	54		
②Total leasing business expenses	3,069	3,106	(36)	3,178	(108)
Outsourcing fees	1,601	1,568	32		
Repair and maintenance expenses	148	298	(150)		
Expenses for restoration to former state	15	9	5		
Tax and other public charges	650	596	54		
Insurance premiums and trust compensation	58	57	0		
Utilities expenses	437	423	13		
Other expenses	158	151	7		
③NOI(=①-②)	5,164	5,237	(72)	5,234	(69)
④Depreciation and amortization expenses	1,470	1,471	(0)		
⑤Leasing business profit(=③-④)	3,693	3,766	(72)		
⑥NOI yield (acquisition price)	5.7%	5.8%	(0.1)%		
⑦Capital expenditures	665	630	35		

(＊1) Forecast at the financial results of 23rd fiscal period

Appendix

Cash flow statements (compared with previous fiscal period)

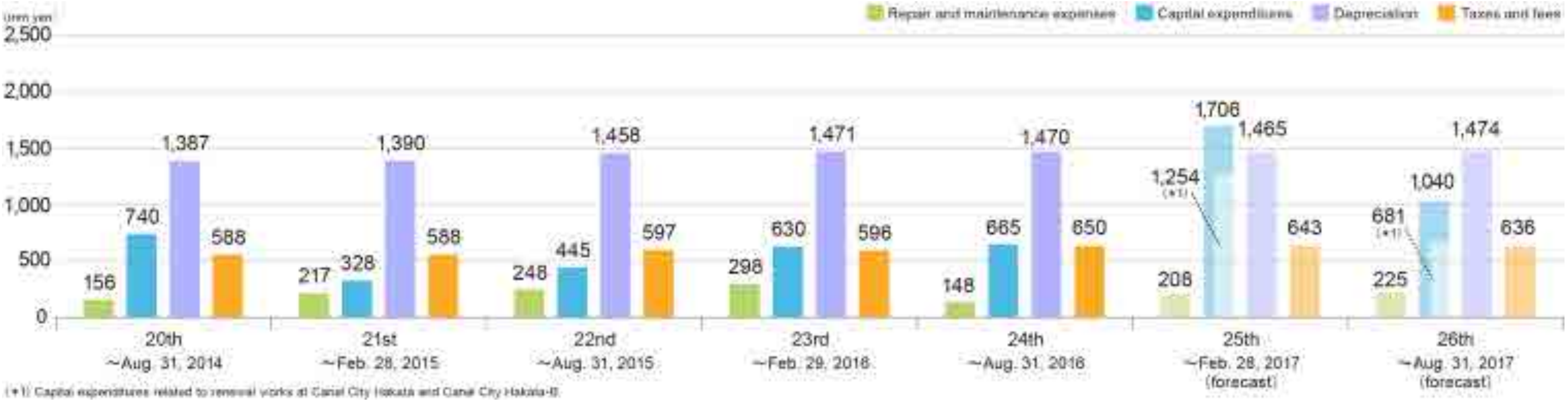
- unit : mm yen（Figures rounded down to nearest mm yen）

Category	23rd ～Feb. 29, 2016 A	24th ～Aug. 31, 2016 B	Difference B−A
Net cash provided by（used in）operating activities	**4,174**	**4,336**	**162**
Net income before income taxes	2,670	939	（1,730）
Depreciation and amortization expenses	1,471	1,470	（0）
Amortization of investment corporation bond issuance expenses	0	0	-
Amortization of investment unit issuance expenses	11	5	（5）
Impairment loss	-	1,660	1,660
Interest received	（0）	（0）	0
Interest expenses	358	346	（11）
Insurance income	-	（75）	（75）
Loss on disaster	-	90	90
Decrease（increase）in operating account receivables	61	（43）	（104）
Decrease（increase）in consumption taxes receivable	246	-	（246）
Increase（decrease）in accrued consumption taxes	321	（214）	（535）
Increase（decrease）in operating accounts payable	（145）	（76）	68
Increase（decrease）in accounts payable-other	9	（11）	（20）
Increase（decrease）in accrued expenses	1	（3）	（5）
Increase（decrease）in advances received	（10）	66	77
Increase（decrease）in deposits expenses	（271）	425	696
Decrease（increase）in prepaid expenses	（16）	22	39
Decrease（increase）in long-term prepaid expenses	（172）	83	255
Others, net	（2）	（2）	0
Subtotal	4,533	4,686	152
Interest income received	0	0	（0）
Interest expenses paid	（358）	（347）	11
Loss on disaster paid	-	（1）	（1）
Income taxes paid	（1）	（0）	1
Net cash provided by（used in）investment activities	**（606）**	**（772）**	**（166）**
Purchase of property, plant and equipment in trust	（549）	（710）	（161）
Proceeds from tenant leasehold and security deposits	0	87	87
Repayments of tenant leasehold and security deposits	（0）	（46）	（46）
Proceeds from tenant leasehold and security deposits in trust	74	124	49
Repayments of tenant leasehold and security deposits in trust	（131）	（225）	（93）
Proceeds from restricted trust deposits	5	5	0
Payments for restricted trust deposits	（5）	（6）	（1）
Net cash provided by（used in）financial activities	**（2,747）**	**（3,043）**	**（296）**
Proceeds from short-term debt payable	-	4,000	4,000
Proceeds from long-term debt payable	6,500	700	（5,800）
Repayments of long-term debt payable	（6,575）	（5,075）	1,500
Payment of investment unit issuance expenses	（11）	-	11
Dividends paid	（2,661）	（2,668）	（7）
Net increase（decrease）in cash and cash equivalents	**819**	**519**	**（299）**
Balance of cash and cash equivalents at beginning of period	**7,533**	**8,353**	**819**
Balance of cash and cash equivalents at end of period	**8,353**	**8,873**	**519**

Maintenance expenses, etc.

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

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



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

◎Capital expenditures of the 24th fiscal period

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

Property	Purpose	Construction cost
Canal City Hakata	Sign renovation ITV renewal	87
Canal City Hakata･B	Sign renovation ITV renewal	189
Park Place Oita	Tenant space modification	72
Canal City Business Center Building	Sign renovation	25
Amex Akasakamon Tower	Multilevel mechanical parking equipment repair	26

＊Major purposes for capital expenditures are shown.

◎Planned capital expenditures of the 25th and 26th

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

Property	Purpose	Planned construction cost		
		Total amount	Construction cost in the 24th	Paid in total amount
Canal City Hakata	Installation of facilities to attract customers, Exterior wall repairs	706	57	62
Canal City Hakata･B	Installation of facilities to attract customers, Exterior wall repairs	1,417	114	124
Park Place Oita	Food terrace environment improvement, ITV renewal	165	-	-
Canal City Business Center Building	Installation of facilities to attract customers, Exterior wall repairs	173	14	15
Gofukumachi Business Center	Exterior wall repairs	141	-	-

＊Major purposes for capital expenditures are shown.

Appendix

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
- Briefings for individual investors held in outlying regions

A results briefing for analysts and institutional investors

Property Tours (Lecture of Fukuoka/Kyushu Markets)

■Fukuoka Stock Exchange IR Fair

(The 68th FSE Fair, held in Fukuoka on August 31, 2016)
Attended by approximately 180 investors. A booth was set up alongside the venue to promote understanding of Fukuoka REIT by engaging in dialogue with individual investors. Participated with Fukuoka Realty sponsors (Royal Holdings and Kyudenko).

■Other fairs in the outlying regions

Fukuoka

Takamatsu, Kagawa

(Fukuoka, July 21, 2016)
Fukuoka REIT participated in a joint seminar with three other investment corporations at the Grand Hyatt Fukuoka.

(Takamatsu, Kagawa, June 13, 2016)
Fukuoka REIT conducted an IR briefing at a hotel in Takamatsu City.

■Publicity activities

◎Coverage in a local economic journal and a REIT special publication

Fukuoka Keizai EX2016

NIKKEI MOOK (NIKKEI INC.)

Fukuoka Keizai has provided constructive economic information on a total of more than 200 companies. It is widely used by businesspersons in Fukuoka as a source of information on trends in industries and specific companies and as information and data for business development.

■IR Kyushu Workshop

2016 marked the sixth year for the IR workshop series, which was inaugurated 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 from about 20 companies.
The first IR workshop of 2016 featured a lecture by Ms. Yoshiko Sato, Executive Managing Director of Japan Investor Relations Association on the topic "The Latest Trends in IR and Future Challenges."

Schedule	Theme
The second IR Workshop Late November 2016 (scheduled)	Basic to intermediate lecture
The third IR Workshop Mid March 2017 (scheduled)	Applied lecture

Appendix

CSR initiatives

■Real Estate, Economics and Finance Gathering

Approx. 313 representatives of local real estate companies, financial institutions, and government agencies participated in the 9th Real Estate, Economics and Finance Gathering, which contributed to networking and further stimulation of the local economy. Held each year since 2008.

Date	September 23, 2016
Lectures	Part 1 "The Real Estate Market in Japan Deciphered from 20,000 Transaction Case Examples — For All That, a Crash Won't Occur" Mr. Takanao Yokoo, Manager, Financial Industry Section, Financial Solutions Department, Japan Real Estate Institute
	Part2 "Inbound Tourism Demand in Kyushu" Mr. Kazumasa Takeuchi, Manager, Real Estate Market Research Office, Financial Research Department, NLI Research Institute

■OnRAMP supports local vitalization

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

◎Support for entrepreneurs in Kyushu
OnRAMP opened in 2012. As of August 2016, it has approximately 65 member companies.

◎OnRAMP's tastefully designed, high-quality interior

OnRAMP

OnRAMP was established by DOGAN Advisors, Inc. and Fukuoka Realty Corporation and is operated by General Incorporated Association OnRAMP.

■Donation of relief money for Kumamoto Earthquake recovery (June 2016)

• (From the left, Kumamoto Mayor Kazufumi Onishi and Fukuoka Realty CEO Etsuo Matsuyuki)

We offer our heartfelt condolences to the victims of the Kumamoto earthquakes that began on April 14, 2016.

Fukuoka Realty Co., Ltd. has donated relief money to Kumamoto City to support recovery from the enormous damage caused by the series of earthquakes. We offer our prayers for the rapid recovery of the disaster-stricken area and will continue to do our utmost to assist with recovery efforts.

Asset management company's organization

Numbers of credentialed personnel

*As of August 31, 2016

· Real estate brokers	22
· ARES Certified Masters	17
· Certified Building Administrators	4
· Real estate appraisers	3
· Attorneys	2
· MBA	1
· Certified condominium manager	1
· SME management consultant	1
· Certified real estate consulting masters	1
· Administrative Scrivener	1
· Japanese securities analyst	1
· First-class registered architect	1

Appendix

Corporate governance

Initiatives on Risk Management and Compliance

◎Fukuoka Realty Co.,Ltd. Organization and preparation of plans for investment and management projects

Detailed assessment by the Company's qualified staff and staff with investment experience / Various investigations and assessment based on the investment policy

- ■Field studies on properties ■Profitability evaluation ■Research on the actual market prices and market trends in neighboring areas
- ■Research on trade areas ■Calculation of estimated prices

Preparing of plans

Decision-making on matters regarding Fukuoka REIT (*1)

- Preliminary reviewing by Compliance Department
- Investment Management Committee — Discusses the appropriateness of each investment and management project, etc.
- Compliance Assessment Committee
- Board of Directors' Meeting — Holds legality and adequacy as the governing body of the asset management company. Conducts substantial discussions and makes judgments

Decision-making Reporting

◎External specialists

Real estate appraisals

- ■Japan Real Estate Institute
- ■The Tanizawa Sogo Appraisal Co., Ltd.
- ■Daiwa Real Estate Appraisal Co., Ltd.

[Market research]

- ■Analysis on trade areas and competition situation
- ■Adequate rent levels, etc

[Engineering reports]

- ■Law abidance and earthquake resistance
- ■Check of soil contamination, toxic substance and use status
- ■Replacement market price, expense for long-term maintenance and repairs, etc

Fukuoka REIT Corporation

Board of Directors' Meeting

Builds an appropriate system for supervising the asset management company

Supervisory Director Appointed in May 2016 **Yasuo Kawasho**	CEO and Representative Director Appointed in May 2014 **Etsuo Matsuyuki**	Supervisory Director Appointed in November 2016 **Hiroyasu Shindo**

◎ Basic Policy on Compliance

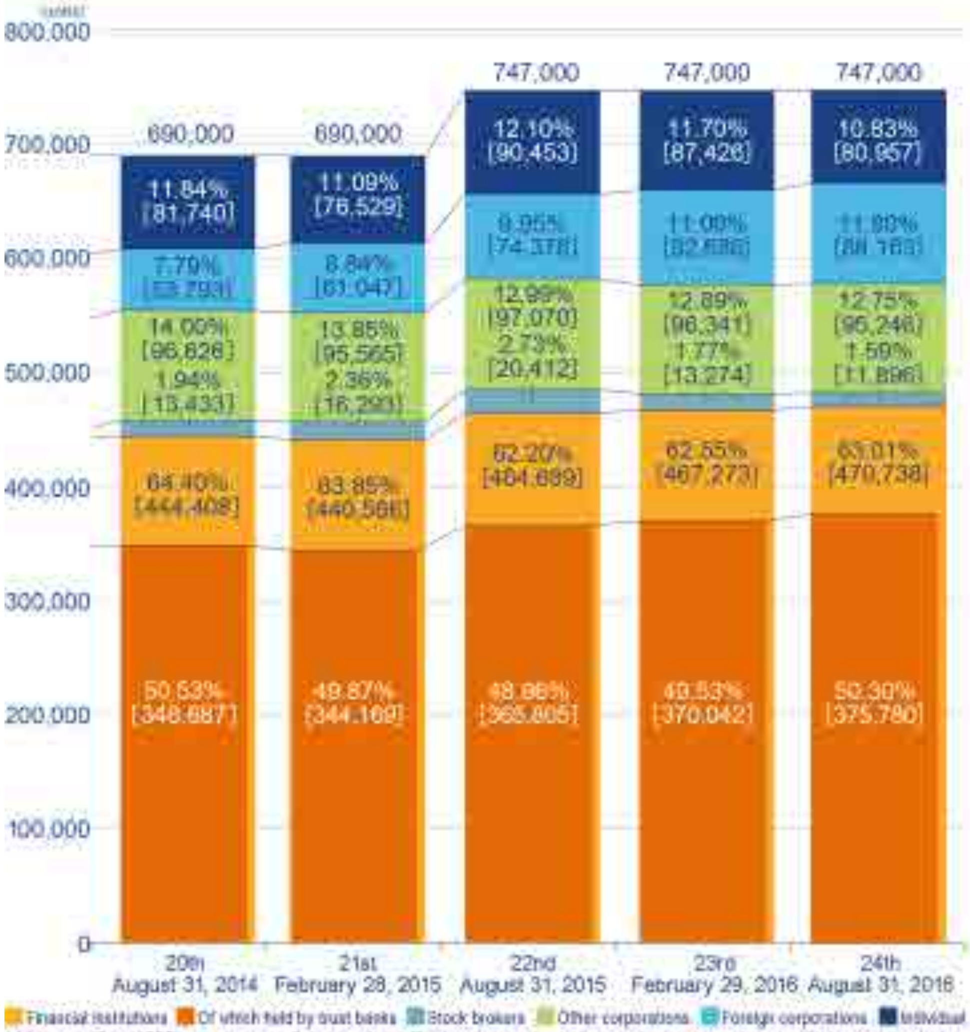
Fukuoka REIT Corporation and Fukuoka Realty Co., Ltd. have established a basic compliance policy setting forth the basic mindset that executive directors, supervisory directors, executives, and employees must observe, have set forth the following matters as the fundamental principles of the basic compliance policy, and aim to realize fair and appropriate management and discharge the social responsibilities attached to this business.

1) We recognize our corporate social responsibility and the social responsibility and public mission of the Company's business and will engage in sound business operation.
2) We will observe both the letter and the spirit of the law.
3) We engage in fair and transparent business based on the principle of self-responsibility.
4) We respect the character of all other stakeholders and contribute to the sound development of economic society.
5) We unhesitatingly choose ethics when profit and ethics conflict.
6) We maintain an unyielding stance toward antisocial forces.
7) We strive to leave a more prosperous and fair society to future generations.
8) We will actively create solutions satisfactory to everyone when confronted with difficult ethical problems.

Appendix

Unitholders' data

■Distribution by investor category (breakdown of investment units)



■Major investors (end of the 24th fiscal period)

(As of August 31, 2016)

Rank	Investor name	Investment units held	Percentage of total number of investment units outstanding (*1)
1	Japan Trustee Services Bank, Ltd. (Trust account)	249,253	33.36%
2	Fukuoka Jisho Co., Ltd.	66,075	8.84%
3	The Master Trust Bank of Japan, Ltd. (Trust account)	39,786	5.32%
4	Trust & Custody Service Bank, Ltd. (Securities investment trust account)	39,612	5.30%
5	The Nomura Trust and Banking Co., Ltd. (Investment trust account)	25,410	3.40%
6	Individual investor	11,985	1.60%
7	Met Life Inc.	11,872	1.58%
8	States Street Bank and Trust Company 505223	11,040	1.47%
9	The Bank of New York Mellon SA / NV 10	10,173	1.36%
10	Shikoku Railway Company	9,130	1.22%

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

Appendix

Unit price chart

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

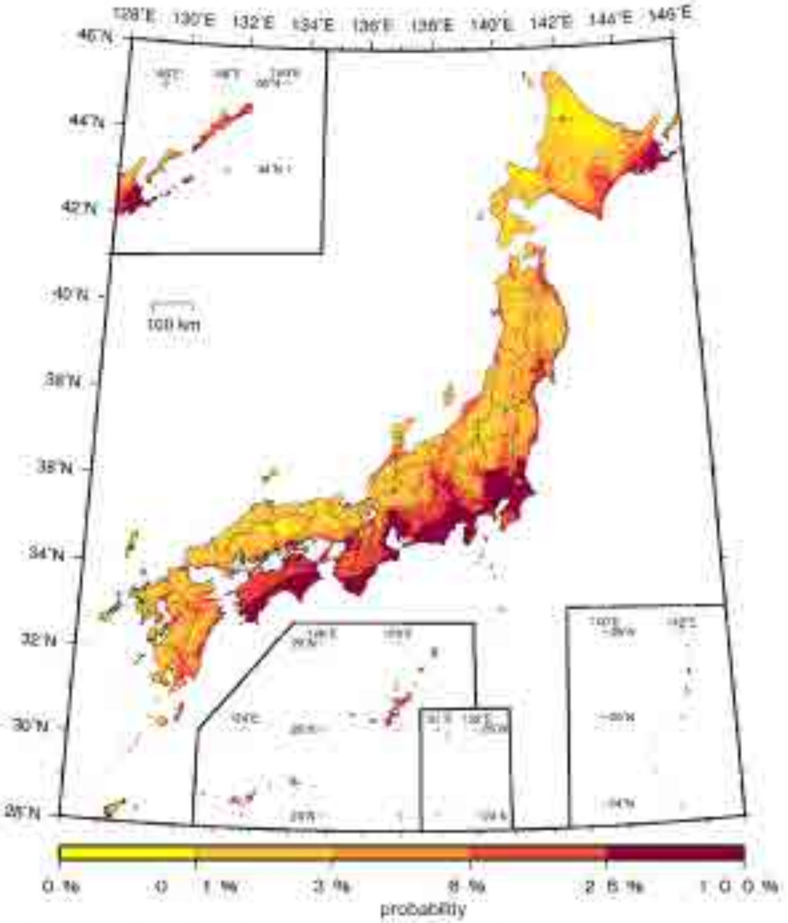
Appendix

Analysis of earthquake risk in Fukuoka

All properties owned by Fukuoka REIT are covered by earthquake insurance

■Probabilistic earthquake prediction map

Probability of occurrence of an earthquake with a magnitude of nearly 6 or higher in the next 30 years
[Average case / all earthquakes] [Reference date: January 1, 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] 6.3 [D] 11.1
Canal City Hakata・B (*3)	Takenaka Corporation	Jan. 21, 2011	[A] 6.2 [B] 6.1 [C] 11.1
Park Place Oita (*4)	Takenaka Corporation	Nov. 30, 2010 Jun. 21, 2012 Apr. 11, 2014	[A] 13.7 [B] 11.2 [C] 9.1 [D] 15.1
SunLive City Kokura	Takenaka Corporation	Aug. 31, 2011	0.7
Square Mall Kagoshima Usuki	Takenaka Corporation	Feb. 28, 2013	9.2
Kumamoto Intercommunity SC	Takenaka Corporation	Feb. 28, 2013	15.6
Aeon Hara SC	Takenaka Corporation	Feb. 29, 2016	11.7
Hanahata SC	Takenaka Corporation	Feb. 28, 2014	5.4
Kurume Higashi Kushiwara SC	Takenaka Corporation	Aug. 31, 2014	8.8
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 Kego	Takenaka Corporation	Sep. 1, 2011	13.3
Aqualia Chihaya	Takenaka Corporation	Sep. 1, 2011	7.5
D-wing Tower	NIPPON KANZAI Corporation	Dec. 20, 2012	3.6
Granfore Yakuin Minami	Tokyo Marine & Nichido Risk Consulting	Sep. 15, 2014	2.7
Hotel FORZA Oita	Takenaka Corporation	Dec. 26, 2012	14.5
Tosu Logistics Center	Tokyo Marine & Nichido Risk Consulting	Jan. 16, 2014	8.9
LOGICITY Minato Kashii	Engineering and Risk Services Corporation OYO RMS Corporation	Feb. 13, 2015	1.3
Overall portfolio (*6)	Takenaka Corporation	Feb. 29, 2016	5.5

(*1) PML: probable maximum loss (maximum expected loss due to earthquake expressed as a percentage of the total replacement cost of the building)
(*2) Canal City Hakata was divided into four segments (A, B, C and D), each of which was inspected separately.
Segment A is Center Walk (Washington Hotel), B is Center Walk (former amusement building), C is the South Building, and D is common area.
(*3) Canal City Hakata・B was divided into three segments (A, B and C), each of which was inspected separately.
Segment A is the Grand Hyatt Fukuoka, B is the North Building, and C is common area.
(*4) Park Place Oita was divided into four segments (A, B, C and D), each of which was inspected separately. Segment B is a 7-Eleven store, C is Magnolia Court, D is K's Denki, and A is the areas other than B, C and D.
(*5) Canal City Business Center Building was divided into two segments (A and B), each of which was inspected separately.
Segment A is the Canal City Business Center Building and B is common area.
(*6) The PML for Fukuoka REIT's overall portfolio was calculated based on the assumption that the earthquake's epicenter is in central Fukuoka city, which is one of several hypothetical earthquake scenarios considered.

Appendix

Strengths of Fukuoka and Kyushu①

■Gateway of Asia

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

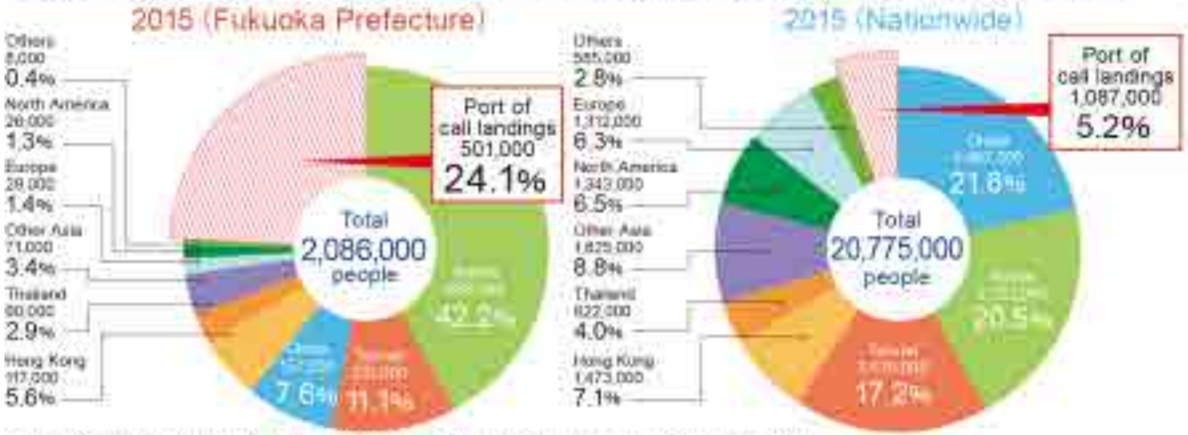
■Increasing number of international conventions

(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 based on data from Japan National Tourism Organization (JNTO)

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



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

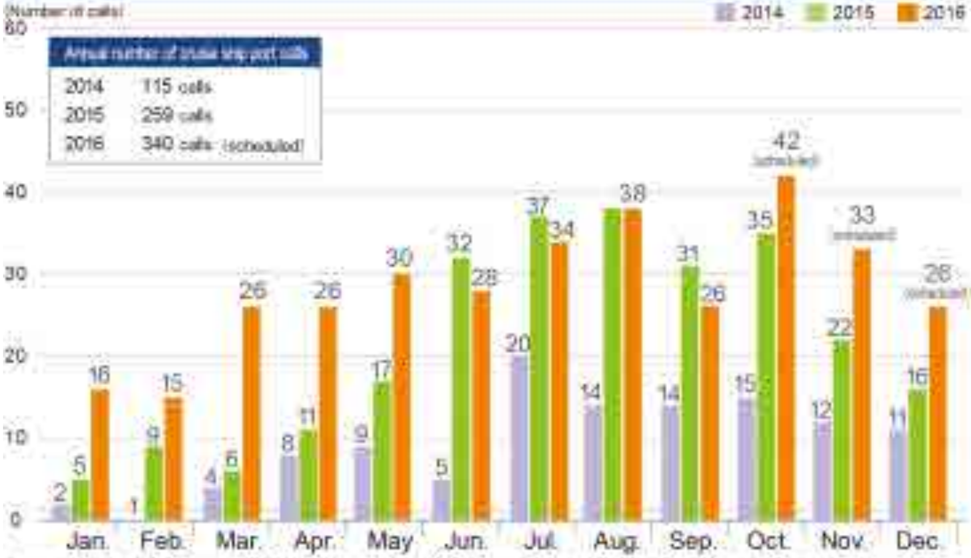
■Guest room occupancy rate at hotels in Fukuoka City (*1)

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

Appendix

Strengths of Fukuoka and Kyushu②

■Change in the number of cruise ship port calls (※1)



Source: Fukuoka Realty, based on "Port of Hakata Cruise Ship Record", posted on the Port of Hakata website
(※1) As of October 1, 2016

■Increasing size of cruise ships in Hakata Port

Source: Prepared by Fukuoka Realty based on data prepared by Fukuoka City Port and Harbour Bureau and Kyushu Economic Research Center
(※2) Figures are a simple average of the passenger capacity of cruise ships calling at Hakata Port.

■Waterfront district redevelopment concept (formulated in March 2016)

◎Objectives

- Boost the international competitiveness of central Fukuoka and contribute to the development of Kyushu and West Japan.
- Increase the supply capacity of urban functions in response to demand increases for MICE and cruises.
- Utilize the seaside to create a space that combines bustle and relaxation.

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

Appendix