Fukuoka REIT Corporation

Overview of the 22nd fiscal period performance [8968] March 1st,2015~August 31st,2015

Security code

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June 21, 2015 marked the tenth anniversary of the listing of Fukuoka REIT Corporation' s shares.

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* Regarding rounding of amounts, percentage, and ratios: unless otherwise noted, in these materials, monetary amounts are rounded down to the nearest whole unit, and percentages and ratios are rounded off to one decimal places.

These materials may contain future performance, plans, management targets and strategies. These forward-looking descriptions are based on present assumptions on future events and trends in the business environment, but such assumptions may not necessarily be accurate. Actual results may differ materially due to various factors. Neither Fukuoka REIT Corporation nor Fukuoka Realty shall be liable for the accuracy, rationality and completeness of information contained in these materials, whether they were prepared by Fukuoka REIT Corporation or Fukuoka Realty or provided by a third party. These materials have not been prepared to entice investment. When applying to purchase investment units issued by Fukuoka REIT Corporation, do so based on your own judgment and responsibility.

Growth and stability in dividends

(*1) Forecast released at the time of the announcement of financial results for the 21st fiscal year
*Dividends per investment unit for the 18th fiscal period to the 19th fiscal period reflect the five-for-one split of investment unit.

Financial highlights

Dividend per investment unit was : 3,563 yen

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

Category	18th ~ Aug. 31, 2013	19th ~ Feb. 28, 2014	20th ~ Aug. 31, 2014	21st ~ Feb. 28, 2015 A	22nd ~ Aug. 31, 2015 B	Variation B－A	23rd ~ Feb. 29, 2016 (forecast)	24th ~ Aug. 31, 2016 (forecast)
Operating revenues	7,565	7,574	7,779	7,789	8,423	+633	8,261	8,338
Leasing NOI (＊1)	4,751	4,732	4,800	4,829	5,229	+400	5,179	5,242
Depreciation and amortization expenses	1,343	1,354	1,387	1,390	1,458	+67	1,476	1,528
Operating income	2,848	2,801	2,824	2,860	3,167	+306	3,089	3,086
Ordinary income	2,272	2,239	2,263	2,370	2,663	+292	2,615	2,616
Net income	2,271	2,238	2,262	2,369	2,661	+291	2,614	2,615
Dividend per investment unit (yen) ①(＊2)	**16,458**	**16,219**	**3,278**	**3,435**	**3,563**			
Latest dividend forecast (yen)②(＊2)	16,200	16,200	3,220	3,350	3,450		3,500	3,500
Difference from forecast (yen)①－②	+258	+19	+58	+85	+113		-	-
Total number of investment units outstanding (at period-end) (units) (＊2)	138,000	138,000	690,000	690,000	747,000		747,000	747,000
Total assets (at period-end) (unit : mm yen)	167,857	167,492	167,824	167,369	181,597			
Total net assets (at period-end) (unit : mm yen)	81,712	81,679	81,703	81,811	93,804			
Days in fiscal period (days)	184	181	184	181	184			
Number of properties owned (at period-end)	23	23	24	25	27			
Number of tenants (at period-end) (＊3)	886	868	894	1,003	1,001			
Total leasable floor space (at period-end) (㎡)	466,824.38	466,087.01	475,682.05	478,197.10	554,464.84			
Occupancy rate (at period-end) (%) (＊4)	98.8	98.1	99.3	99.6	99.5			

(＊1) "Leasing NOI" = "Leasing business revenues" – "Leasing business expenses" + "Depreciation"
(＊2) A 5-for-1 split of investment unit was effectuated on March 1, 2014.
(＊3) The number of tenants shown is based on the total for properties Fukuoka REIT owns.
As for the number of tenants in pass-through master leasing properties, the total number of sections stipulated in the tenancy agreements with end tenants is shown.
(＊4) "Occupancy rate"="Total leased floor space at period-end" ÷ "Total leasable floor space at period-end"

Dividend's track record

Keeping a stable dividend

■Dividend results / forecasts

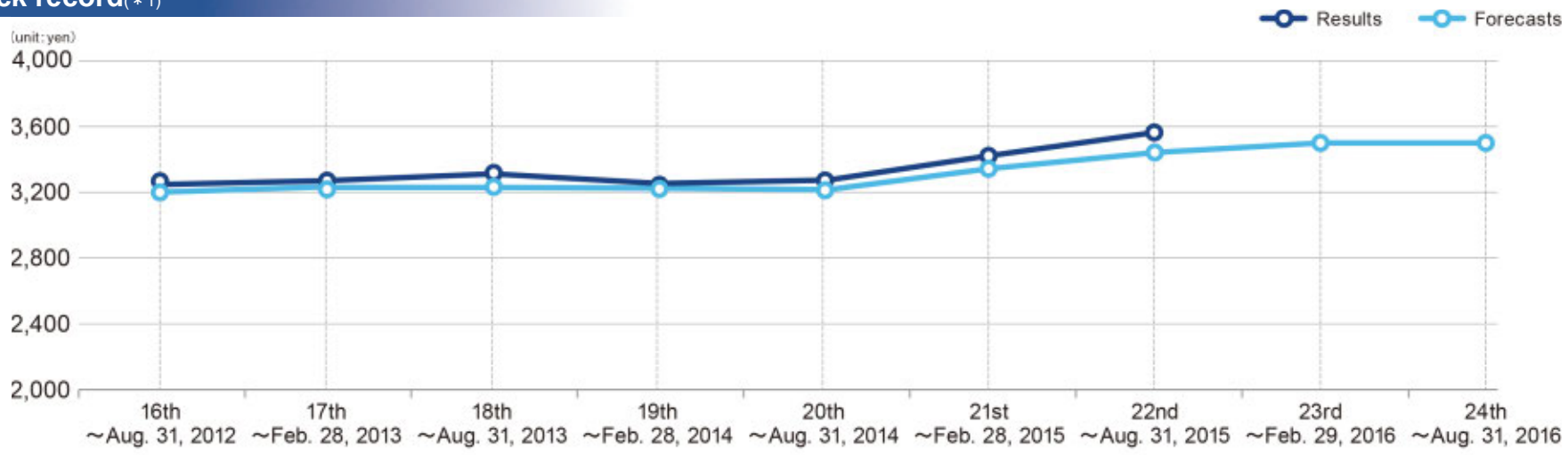
Category	16th ~ Aug. 31, 2012	17th ~ Feb. 28, 2013	18th ~ Aug. 31, 2013	19th ~ Feb. 28, 2014	20th ~ Aug. 31, 2014	21st ~ Feb. 28, 2015	22nd ~Aug. 31, 2015	23rd ~Feb. 29, 2016 (forecast)	24th ~ Aug. 31, 2016 (forecast)
Dividend per unit (yen)	16,193	16,289	16,458	16,219	3,278	3,435	3,563		
Dividend forecast per unit (yen)	16,000	16,200	16,200	16,200	3,220	3,350	3,450	3,500	3,500
Total number of investment units outstanding (at period-end) (units)	123,050	123,050	138,000	138,000	690,000	690,000	747,000	747,000	747,000

■Reference : Dividend's track record

Dividend per unit (The forecast dividend is multiplied by five)	16,193	16,289	16,458	16,219	16,390	17,175	17,815	17,500	17,500
Dividend per unit (The actual dividend is divided by five)	3,238	3,257	3,291	3,243	3,278	3,435	3,563	3,500	3,500

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

■Dividend's track record (∗1)



(∗1)Dividends per investment unit for the 16th fiscal period to the 19th fiscal period reflect the 5-for-1 split of investment unit.

Balance sheets（compared with the previous fiscal period）

Expanded the asset's size by acquiring properties, and stabilized the financial capacity by public offering

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

	Account	21st ~Feb. 28, 2015 A	22nd ~Aug. 31, 2015 B	Variation B－A
Assets	**Total current assets**	7,554	8,553	999
	Cash and deposits	2,545	2,331	(213)
	Cash and deposits in trust	4,438	5,267	829
	Operating accounts receivable	318	434	115
	Prepaid expenses	248	267	19
	Consumption taxes receivable	-	246	246
	Deferred tax assets	0	0	0
	Others	4	4	0
	Total noncurrent assets	159,786	172,993	13,206
	Total property, plant and equipment	157,487	170,642	① 13,154
	Buildings in trust	60,841	64,240	3,399
	Structures in trust	827	953	125
	Machinery and equipment in trust	344	356	11
	Tools and fixtures in trust	370	324	(45)
	Lands in trust	95,084	104,756	9,672
	Construction in progress in trust	18	10	(8)
	Total intangible assets	1,777	1,774	(3)
	Leasehold right in trust	1,765	1,765	-
	Other intangible assets in trust	12	8	(3)
	Total investment and other assets	521	576	55
	Lease and guarantee deposits	10	10	-
	Lease and guarantee deposits in trust	100	110	10
	Long-term prepaid expenses	411	456	45
	Total deferred assets	28	50	22
	Total assets	**167,369**	**181,597**	**14,227**

	Account	21st ~Feb. 28, 2015 A	22nd ~Aug. 31, 2015 B	Variation B－A
Liabilities	**Total current liabilities**	15,484	14,826	(658)
	Operating accounts payable	507	726	219
	Short-term debt payable	-	-	-
	Current maturities of long-term debt	12,850	11,650	② (1,200)
	Account payable-other	24	32	7
	Accrued expenses	330	351	21
	Income taxes payable	0	1	1
	Accrued consumption taxes	168	-	(168)
	Advances received	930	1,014	84
	Deposits received	673	1,049	375
	Total noncurrent liabilities	70,073	72,966	2,893
	Investment corporation bonds	2,000	2,000	-
	Long-term debt payable	55,925	58,750	③ 2,825
	Tenant leasehold and security deposits	316	331	15
	Tenant leasehold and security deposits received in trust	11,832	11,885	53
	Total liabilities	**85,558**	**87,793**	**2,234**
Net assets	**Total unitholders' equity**	81,811	93,804	11,993
	Unitholders' capital	79,441	91,142	④ 11,701
	Surplus	2,370	2,661	291
	Total net assets	**81,811**	**93,804**	**11,993**
	Total liabilities and net assets	**167,369**	**181,597**	**14,227**

■Assets

① Acquisition of LOGIPORT Island-City Hakata	+8,150
Acquisition of Marinoa City Fukuoka (Marina Side Building)	+5,250
Acquisition of Park Place Oita adjacent land	+590
Capital expenditures	+445
Depreciation	(1,458)
Others	+177
Total : +13,154	

■Liabilities

② Contractual repayment	(75)
Reclassification from long-term debt to current maturities of long-term debt	(6,200)
Reclassification from long-term debt to current maturities of long-term debt	+5,075
Total : (1,200)	
③ New financing accompanying acquisition of properties	+1,700
Reclassification from long-term debt to current maturities of long-term debt	+6,200
Reclassification from long-term debt to current maturities of long-term debt	(5,075)
Total : +2,825	
④ Public offering	+11,701

Statements of Income（compared with previous fiscal period）

Increases in revenues and income attributable to new acquisitions and increasing inbound foreign visitors

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

Account			21st ～Feb. 28 , 2015 A	22nd ～Aug. 31 , 2015 B	Variation B－A	
Ordinary profit and loss	Operating profit and loss	**Operating revenues**	7,789	8,423	①	633
		Leasing revenues-real estate	7,342	7,902		559
		Other leasing revenues-real estate	446	520		74
		Operating expenses	4,928	5,256	②	327
		Expenses related to leasing business	4,350	4,651		301
		Asset management fees	454	486		31
		Asset custody fees	6	6		0
		Administrative service fees	47	47		(0)
		Director's compensations	9	9		-
		Other operating expenses	60	54		(5)
		Operating income	**2,860**	**3,167**		**306**
	Non-Operating profit and loss	**Non-operating revenues**	2	2		(0)
		Interest received	0	0		0
		Others	1	1		(0)
		Non-operating expenses	492	505	③	13
		Interest expenses（incl. investment corporation bond）	378	387		8
		Financing related expenses	107	106		(0)
		Amortization of investment unit issuance expenses	6	11		4
	Ordinary income		**2,370**	**2,663**		**292**
Net income before income taxes			**2,370**	**2,663**		**292**
Income taxes			0	1		0
	Income taxes-current		0	1		1
	Income taxes-deferred		0	(0)		(0)
Net income			**2,369**	**2,661**		**291**
Surplus brought forward			0	0		(0)
Unappropriated surplus			**2,370**	**2,661**		**291**

Sign indicates impact on net income（unit : mm yen）

■Operating profit and loss

① Acquired properties at 22nd fiscal period +333
[excluding Park Place Oita adjacent land]
Canal City Hakata +240
[-of which, rent increase +238]
Office buildings +52
[-of which, Canal City Business Center Building +27]
[-of which, Gofukumachi Business Center +24]
Others +8
Total:+633

② Increase in outsourcing fees (128)
[-of which, Property Management fees of Canal City Hakata (92)]
Increase in repair & maintenance expenses (30)
[-of which, Taihaku Street Business Center (41)]
Increase in depreciation (67)
[-of which, acquired properties at 22nd fiscal period (72)]
Increase in utility expenses (42)
[-of which, LOGIPORT Island-City Hakata (23)]
Asset management fees (30)
Increase in other expenses (30)
Total:(327)

■Non-Operating profit and loss

③ Increase in debt-related expenses (9)
[-of which, increase in refinancing cost (8)]
Amortization of investment unit issuance expenses (4)
Total:(13)

Statements of Income（compared with forecast）

Performance exceeding resulting from strong sales at Canal City Hakata

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

Account			Previous Forecast A	22nd ～ Aug. 31, 2015 B	Variation B－A	
Ordinary profit and loss	Operating profit and loss	**Operating revenues**	8,163	8,423	①	260
		Leasing revenues-real estate		7,902		
		Other leasing revenues-real estate		520		
		Operating expenses	5,077	5,256	②	179
		Expenses related to leasing business		4,651		
		Asset management fees		486		
		Asset custody fees		6		
		Administrative service fees		47		
		Director's compensations		9		
		Other operating expenses		54		
		Operating income	3,086	3,167		80
	Non-Operating profit and loss	**Non-operating revenues**	1	2		0
		Interest received		0		
		Others		1		
		Non-operating expenses	509	505	③	(3)
		Interest expenses（incl. investment corporation bond）		387		
		Financing related expenses		106		
		Amortization of investment unit issuance expenses		11		
	Ordinary income		2,578	2,663		85
Net income before income taxes			2,578	2,663		85
Income taxes-current				1		
Income taxes-deferred				(0)		
Total income taxes			1	1		0
Net income			2,577	2,661		84

Sign indicates impact on net income（unit : mm yen）

■Operating profit and loss

① Canal City Hakata +229
Office buildings +27
[-of which, Canal City Business Center Building +26]
Others +4
Total:+260

② Increase in outsourcing fees (100)
[-of which, Property Management fees of Canal City Hakata (91)]
Increase in repair & maintenance expenses (100)
[-of which, Canal City Hakata (15)]
[-of which, Canal City Hakata-B (21)]
[-of which, Taihaku Street Business Center (46)]
Decrease in depreciation +12
Decrease in taxes & fees +10
Asset management fees (8)
Decrease in other expenses +7
Total:(179)

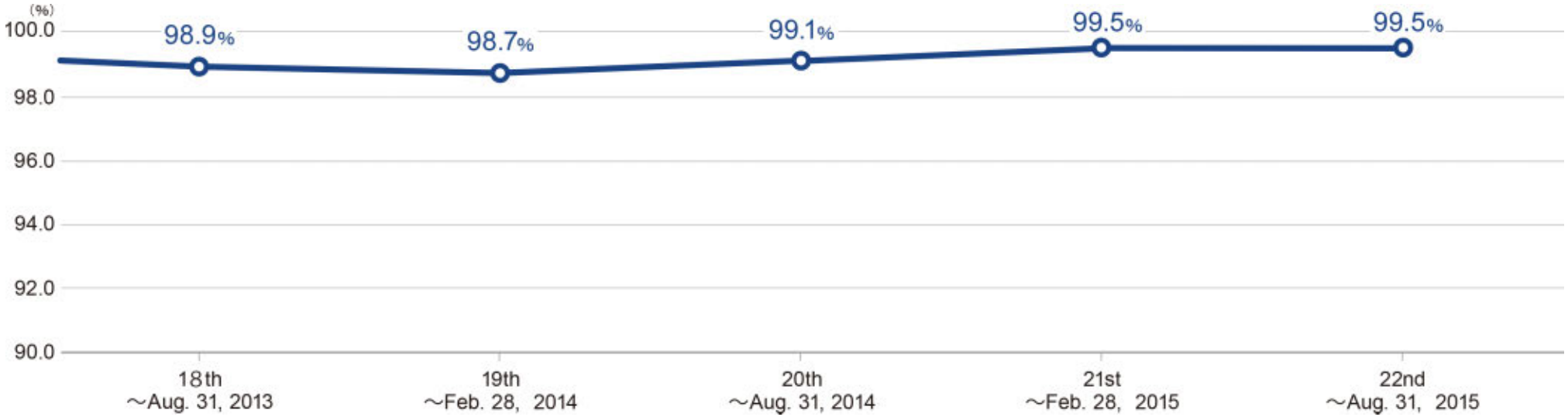
■Non-operating profit and loss

③ Decrease in interest payment on borrowings +2
Decrease in amortization of investment unit issuance expenses +1
Total: +3

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	18th ~ Aug. 31, 2013	19th ~ Feb. 28, 2014	20th ~ Aug. 31, 2014	21st ~ Feb. 28, 2015	22nd ~ Aug. 31, 2015	Investment Percentage (based on acquisition price)
Active retail	99.3%	99.2%	99.8%	100.0%	99.9%	46.5%
Passive retail	100.0%	100.0%	100.0%	100.0%	100.0%	14.2%
Office buildings	98.1%	97.5%	97.5%	98.8%	99.0%	27.0%
Others	95.5%	95.2%	96.1%	96.6%	98.5%	12.3%
Total	**98.9%**	**98.7%**	**99.1%**	**99.5%**	**99.5%**	**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 16,777 mm yen at the end of 22nd fiscal period（increase of 2,343 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 22nd ①	Appraisal value 21st ②	Book value at 22nd ③	Variation From appraisal value at 21st ①-②	Variation From book value at 22nd ①-③	Direct capitalization values 22nd Cap rate ④	Direct capitalization values 21st Cap rate ⑤	Direct capitalization values Variation ④-⑤	Real estate appraiser
Retail	Canal City Hakata	32,000	6.0%	32,700	32,600	30,622	100	2,077	4.8%	4.9%	(0.1)	Tanizawa Sogo Appraisal
	Canal City Hakata･B	28,700	5.4%	29,600	29,300	28,396	300	1,203	5.0%	5.1%	(0.1)	Tanizawa Sogo Appraisal
	Park Place Oita（＊3）	16,290	6.5%	17,934	18,131	18,010	(197)	(76)	6.0%	6.2%	(0.2)	Japan Real Estate Institute
	SunLiveCity Kokura	6,633	6.6%	7,760	7,750	5,959	10	1,800	6.3%	6.3%	-	Japan Real Estate Institute
	Square Mall Kagoshima Usuki	5,300	6.2%	5,210	5,200	4,659	10	550	6.3%	6.3%	-	Japan Real Estate Institute
	Kumamoto Intercommunity SC	2,400	6.5%	2,610	2,610	2,104	0	505	6.2%	6.2%	-	Japan Real Estate Institute
	AEON Hara Shopping Center	5,410	6.8%	4,500	4,540	5,293	(40)	(793)	8.4%	8.3%	0.1	Japan Real Estate Institute
	Hanahata SC	1,130	6.4%	1,210	1,180	1,036	30	173	5.7%	5.8%	(0.1)	Tanizawa Sogo Appraisal
	Kurume Higashi Kushiwara SC	2,500	6.1%	2,700	2,660	2,205	40	494	5.7%	5.8%	(0.1)	Tanizawa Sogo Appraisal
	K's Denki Kagoshima	3,550	5.7%	3,620	3,550	3,198	70	421	5.6%	5.7%	(0.1)	Tanizawa Sogo Appraisal
	Marinoa City Fukuoka（Marina Side Building）（＊4）	5,250	5.5%	5,390	5,270	5,294	120	95	5.3%	5.4%	(0.1)	Tanizawa Sogo Appraisal
	Total of retail	109,163	-	113,234	112,791	106,783	443	6,450	-	-	-	
Office buildings	Canal City Business Center Building	14,600	6.2%	14,800	14,500	13,570	300	1,229	5.1%	5.2%	(0.1)	Tanizawa Sogo Appraisal
	Gofukumachi Business Center	11,200	6.2%	12,900	12,700	9,535	200	3,364	5.0%	5.1%	(0.1)	Tanizawa Sogo Appraisal
	Sanix Hakata Building	4,400	5.9%	5,020	4,860	4,022	160	997	4.9%	5.1%	(0.2)	Japan Real Estate Institute
	Taihaku Street Business Center	7,000	6.0%	7,120	6,900	6,480	220	639	5.3%	5.5%	(0.2)	Japan Real Estate Institute
	Higashi Hie Business Center	5,900	6.0%	6,320	6,260	4,931	60	1,388	5.6%	5.7%	(0.1)	Tanizawa Sogo Appraisal
	Tenjin Nishi-Dori Center Building	2,600	5.4%	2,870	2,850	2,709	20	160	4.8%	4.9%	(0.1)	Japan Real Estate Institute
	Tenjin North Front Building	2,800	6.1%	3,230	3,020	2,734	210	495	5.2%	5.4%	(0.2)	Japan Real Estate Institute
	Total of office buildings	48,500	-	52,260	51,090	43,983	1,170	8,276	-	-	-	
Others	Amex Akasakamon Tower	2,060	5.4%	1,830	1,810	1,808	20	21	5.1%	5.2%	(0.1)	Daiwa Real Estate Appraisal
	City House Keyaki Dori	1,111	5.5%	1,020	1,000	990	20	29	5.1%	5.2%	(0.1)	Daiwa Real Estate Appraisal
	Aqualia Kego	2,800	6.3%	3,590	3,470	2,683	120	906	4.9%	5.1%	(0.2)	Japan Real Estate Institute
	Aqualia Chihaya	1,280	6.8%	1,570	1,530	1,231	40	338	5.4%	5.6%	(0.2)	Japan Real Estate Institute
	D-Wing Tower	2,800	5.9%	3,220	3,170	2,811	50	408	5.1%	5.2%	(0.1)	Tanizawa Sogo Appraisal
	Granfore Yakuin Minami	1,100	5.6%	1,210	1,190	1,186	20	23	5.0%	5.1%	(0.1)	Tanizawa Sogo Appraisal
	Hotel FORZA Oita	1,530	6.6%	1,660	1,610	1,461	50	198	6.1%	6.3%	(0.2)	Japan Real Estate Institute
	Tosu Logistics Center	1,250	5.9%	1,320	1,290	1,266	30	53	5.6%	5.7%	(0.1)	Japan Real Estate Institute
	LOGIPORT Island-City Hakata（＊4）	8,150	5.2%	8,270	8,180	8,199	90	70	4.9%	5.0%	(0.1)	Tanizawa Sogo Appraisal
	Total of others	22,081	-	23,690	23,250	21,639	440	2,050	-	-	-	
Total properties		179,744	-	189,184	187,131	172,406	2,053	16,777	-	-	-	

（＊1）It does not include "construction in progress in trust" in amount recognized in balance sheet at the end of period.
（＊2）"Acquisition price" does not include fees, public charge and expenses.
（＊3）It includes adjacent land of Park Place Oita（parking space "land"）in the 22nd fiscal period.
（＊4）Appraisal value at 21st is figured as of acquisition timing. The cap rate at 21st is based on appraisal value as of acquisition timing.

Business forecast（the 23rd fiscal period）

Keeping the dividend level of 3,500 yen

■Forecast in the 23rd fiscal period

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

Account	22nd Results A	23rd Forecast at 21st B	**23rd Forecast at 22nd C**	**22nd results Variation C−A**	23rd forecast Variation C−B
Operating revenues	8,423	8,204	8,261	① (162)	56
Operating expenses	5,256	5,141	5,171	② (84)	30
Operating income	3,167	3,063	3,089	(77)	26
Non-operating income	2	1	1	(0)	-
Non-operating expenses	505	479	475	③ (30)	(3)
Ordinary income	2,663	2,585	2,615	(47)	29
Net income	2,661	2,584	2,614	(47)	29
Dividend per unit (yen)	3,563	3,460	3,500	(63)	+40

Sign indicates impact on net income（unit : mm yen）

■Variance between the 22nd fiscal period results and the 23rd fiscal period forecast

① Canal City Hakata (183)
[-of which, rent decrease (179)]
Canal City Hakata･B (40)
[-of which, parking fee decrease (8)]
[-of which, Nonrecurrence of revenues from subsidiary payment (13)]
Park Place Oita (36)
[-of which, Decrease in utility expenses (20)]
Full-period contribution of the 22nd acquisition properties +91
[excluding Park Place Oita adjacent land]
Others +6
Total:(162)

② Decrease in outsourcing fees +108
[-of which, Property Management fees of Canal City Hakata +90]
Increase in repair & maintenance expenses (3)
[-of which, Office buildings +41]
[-of which, Canal City Hakata & Canal City Hakata･B (32)]
Decrease in utility expenses +22
[-of which, Decrease in utility expenses at Park Place Oita +16]
Increase in depreciation (18)
Increase in sales promotion expenses and general management expenses (12)
Increase in other expenses (13)
Total:+84

③ Decrease in debt-related expenses +31
[-of which, decrease in interest payment on borrowings +28]
Amortization of investment unit issuance expenses (1)
Total:+30

Business forecast（the 24th fiscal period）

Keeping the dividend level of 3,500 yen absorbed in taxes and public fees

■Forecast in the 24th fiscal period

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

Account	23rd Forecast at 22nd A	**24th Forecast at 22nd** B	**23rd forecast Variation** B−A
Operating revenues	8,261	8,338	① 77
Operating expenses	5,171	5,252	② 80
Operating income	3,089	3,086	(3)
Non-operating income	1	1	-
Non-operating expenses	475	471	(3)
Ordinary income	2,615	2,616	0
Net income	2,614	2,615	0
Dividend per unit (yen)	3,500	3,500	-

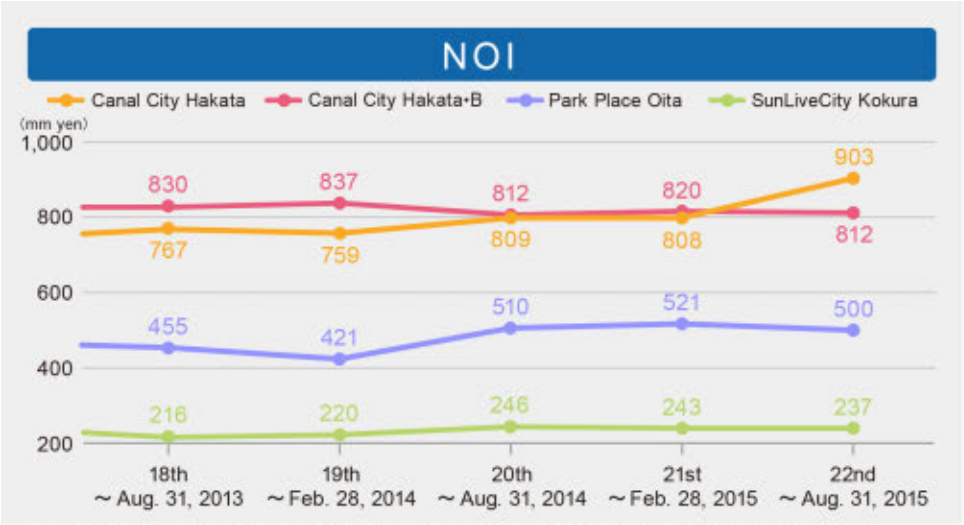
Sign indicates impact on net income（unit : mm yen）

■Variance from updated the 23rd fiscal period forecast

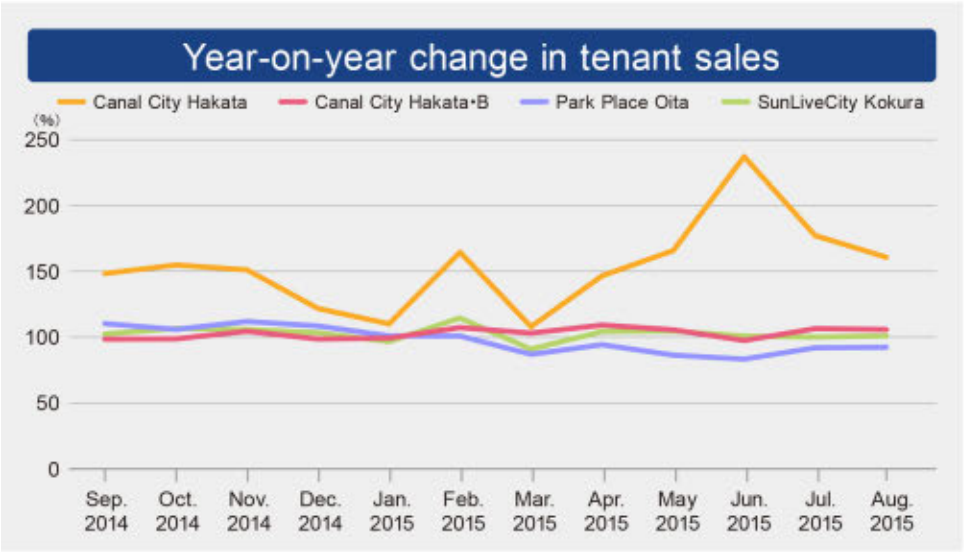
① Canal City Hakata	+29
Canal City Hakata･B	+11
Park Place Oita	+47
[-of which, increase in utility expenses	+27]
Office buildings	(9)
[-of which, Higashi Hie Business Center	(20)]
Others	(1)
	Total:+77
② Decrease in utility expenses	(28)
[-of which, increase in utility expenses at Park Place Oita	(15)]
Increase in repair & maintenance expenses	+97
Taxes & fees	(51)
[-of which, Acquired properties at 22nd fiscal period	(51)]
[excluding Park Place Oita adjacent land	]
Increase in depreciation	(52)
Increase in other expenses	(46)
[-of which, Increase in outsourcing fees	(17)]
	Total: (80)

Active retail

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



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



Canal City Hakata
Canal City Hakata・B

Sales (annual total(*1))

Sep. 2013 – Aug. 2014: 29.1bn yen ➡ Sep. 2014 – Aug. 2015: 36.1bn yen

+24.1%

The number of port calls of cruise ships from China increased sharply from June onward, contributing to sales. Demand from Japanese customers was strong at merchandise retailers that attracted families during the summer holidays, thanks in particular to popular movies and bargain sales.

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

Park Place Oita

Sales (annual total)

Sep. 2013 – Aug. 2014: 26.7bn yen ➡ Sep. 2014 – Aug. 2015: 26.0bn yen

(2.7)%

Despite the impact from the opening of JR Oita City, sales showed a recovery trend as a result of strengthening of sales promotions targeting Miyazaki Prefecture to take advantage of the impact of the opening of the Higashi-Kyushu Expressway and the holding of events tailored to visitor characteristics.

SunLiveCity Kokura

Sales (annual total(*2))

Sep. 2013 – Aug. 2014: – ➡ Sep. 2014 – Aug. 2015: –

+2.0%

Customer drawing power further increased as an effect of the renovation last year, and sales in the food category developed particularly favorably. 10th anniversary events were held in March.

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

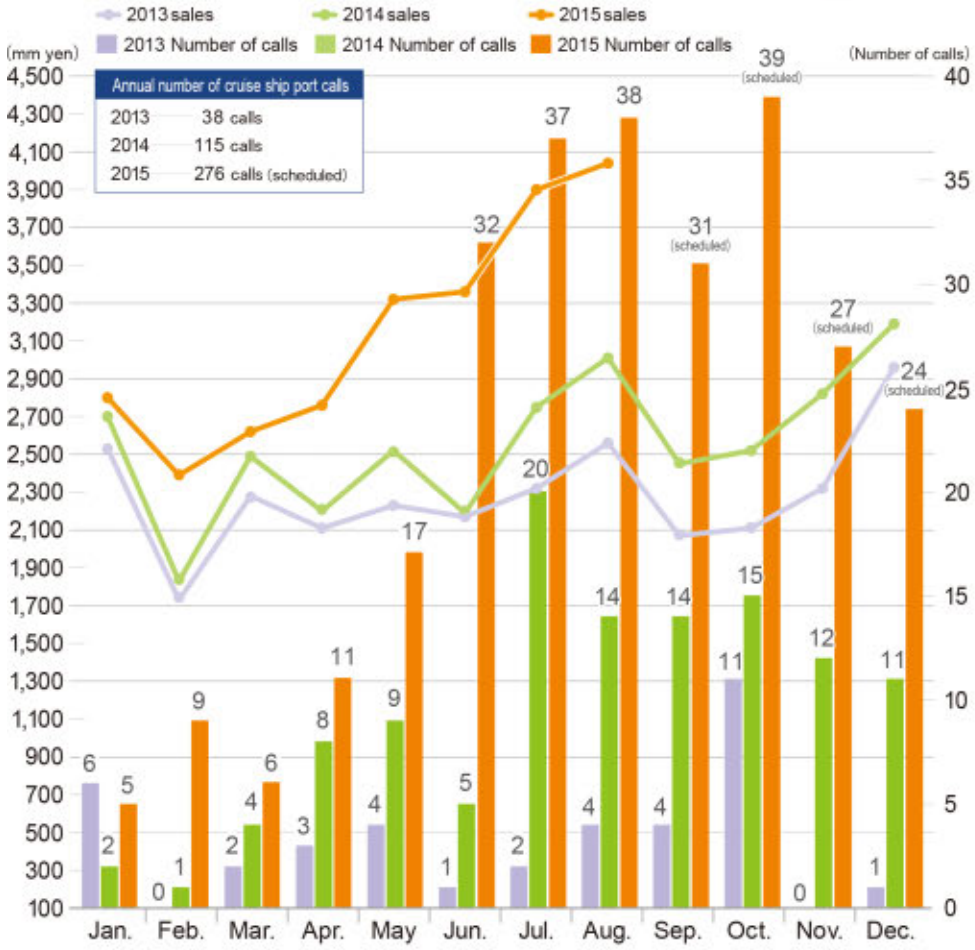
(*2) Sales figures are omitted because SunLive did not consent to their disclosure.

Current situation at Canal City Hakata（overall）

276 cruise ship port calls expected in 2015, more than double the number in 2014

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

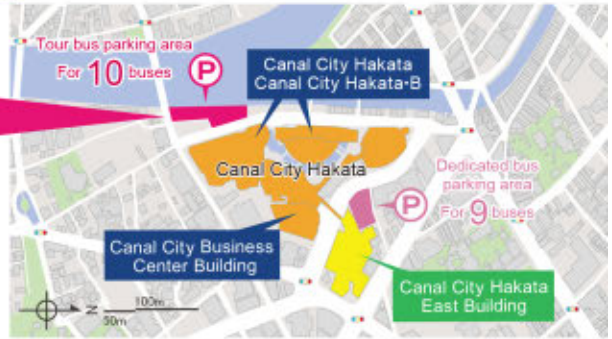
◎Monthly comparison of sales of Canal City Hakata (*1) and the number of cruise ship port calls (*2)



Source: Fukuoka Realty, based on "Port of Hakata Cruise Ship Record" , posted on the Port of Hakata website.
(*1) Combined sales of Canal City Hakata and Canal City Hakata・B properties owned by Fukuoka REIT
(*2) Figures include plans as of September 1, 2015.

■New measures for the facility as a whole

◎Development of new parking areas for tour buses



◎Start of provision of free Wi-Fi service

Jul. 15, 2015～

◎Opening of a duty-free counter and an automatic currency exchange machine corner

Jul. 16, 2015～

Sep. 26, 2015～

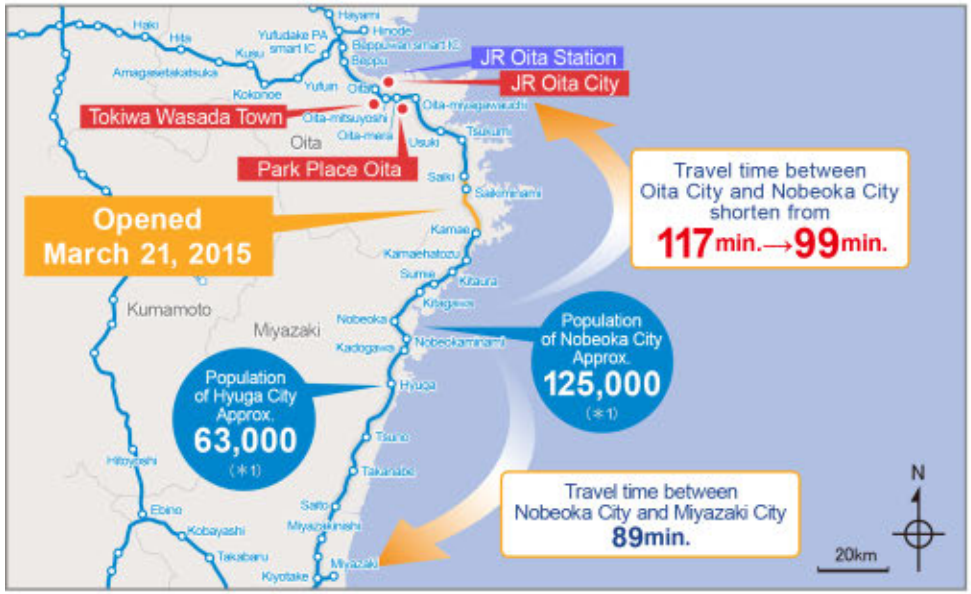
■Bustle at Canal City Hakata

◎Activity on a day when two cruise ships called at Port of Hakata

Current situation at Park Place Oita

Enhanced convenience from the opening of the Higashi-Kyushu Expressway（between Oita and Miyazaki）

■Inflow of customers from outside the prefecture



(＊1) "Recent change in Resident Population, Number of Households, etc. of Nobeoka City as of August 1, 2015," published on the Nobeoka City website, and "Population of Hyuga City (by Area) in August 2015," published on the Hyuga City website
Source: Prepared by Fukuoka Realty based on data from the West Nippon Expressway Company website and 2015 Outline of Kyushu Economy

■Traffic situation one month after opening

◎Tsukumi Interchange to Saiki Interchange

Traffic volume near the opened section

◎Beppuwan Service Area

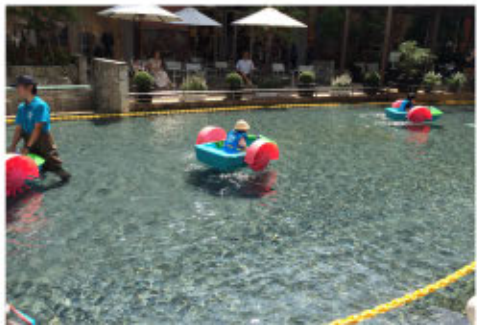
No. of vehicles from Miyazaki Prefecture using the service area

Source: Prepared by Fukuoka Realty Co., Ltd. based on data from press release materials dated May 1, 2015 from West Nippon Expressway Company Limited, Saiki Office of River and National Highway, Kyushu Regional Development Bureau, Ministry of Land, Infrastructure, Transport and Tourism

■Acquired adjacent land of Park Place Oita

Total leasable area	Acquisition price	Acquisition timing
32,147㎡	590 million yen	May 28, 2015

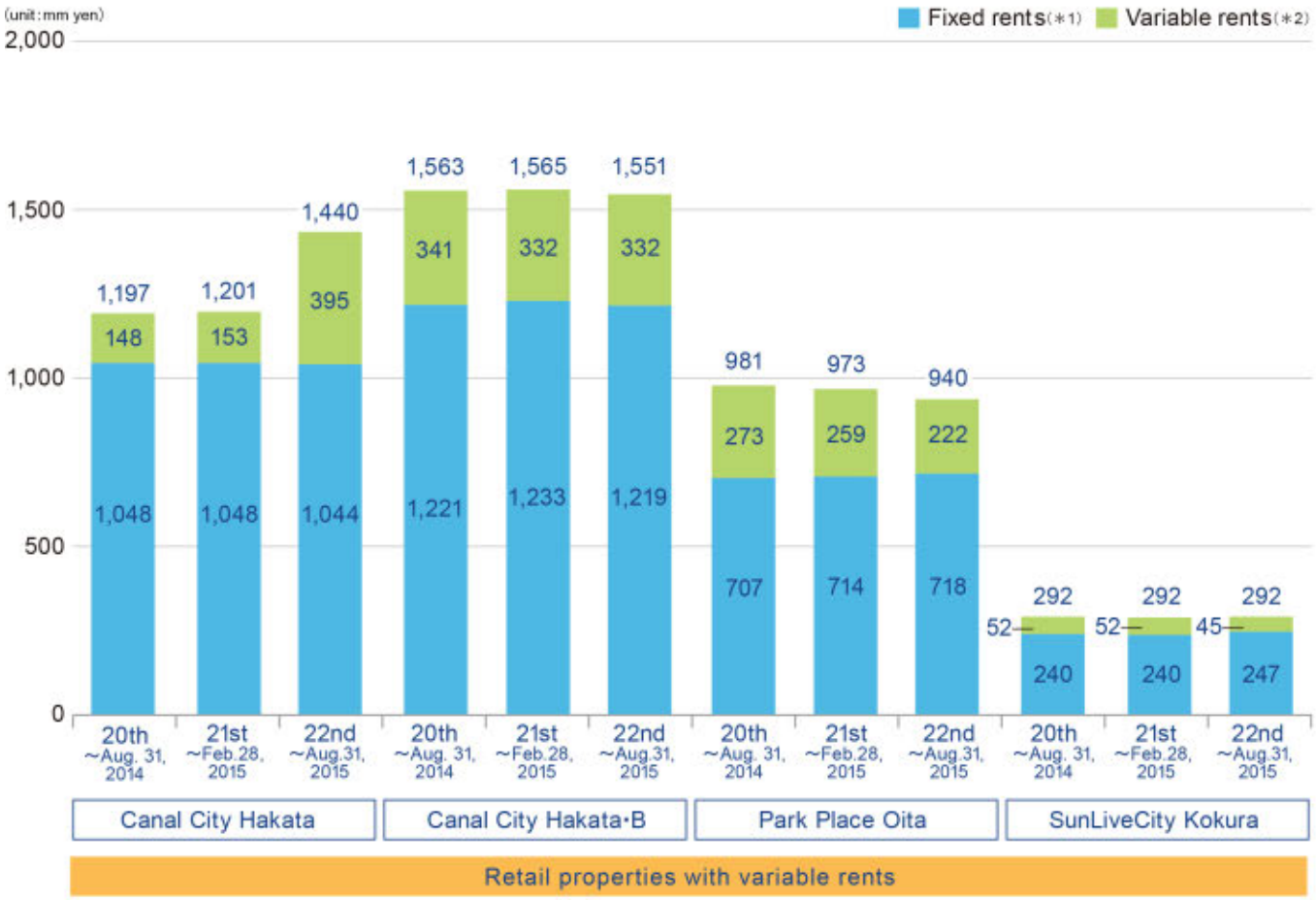
■Holding of appealing events tailored to visitor characteristics



Breakdown of active retail rents

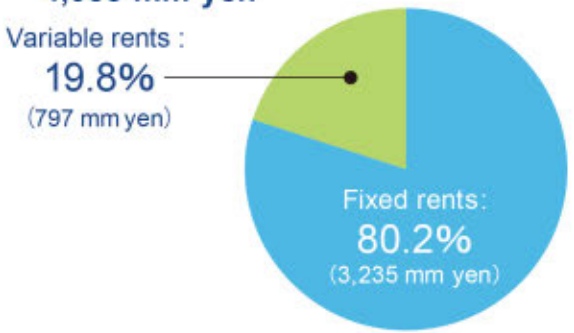
Substantial increase in percentage rent at Canal City Hakata due an inbound effect

Breakdown of rents by property

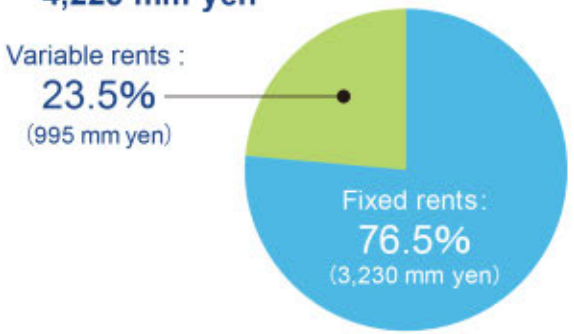


Breakdown of total rents

◎Total rents in the 21st fiscal period: 4,033 mm yen



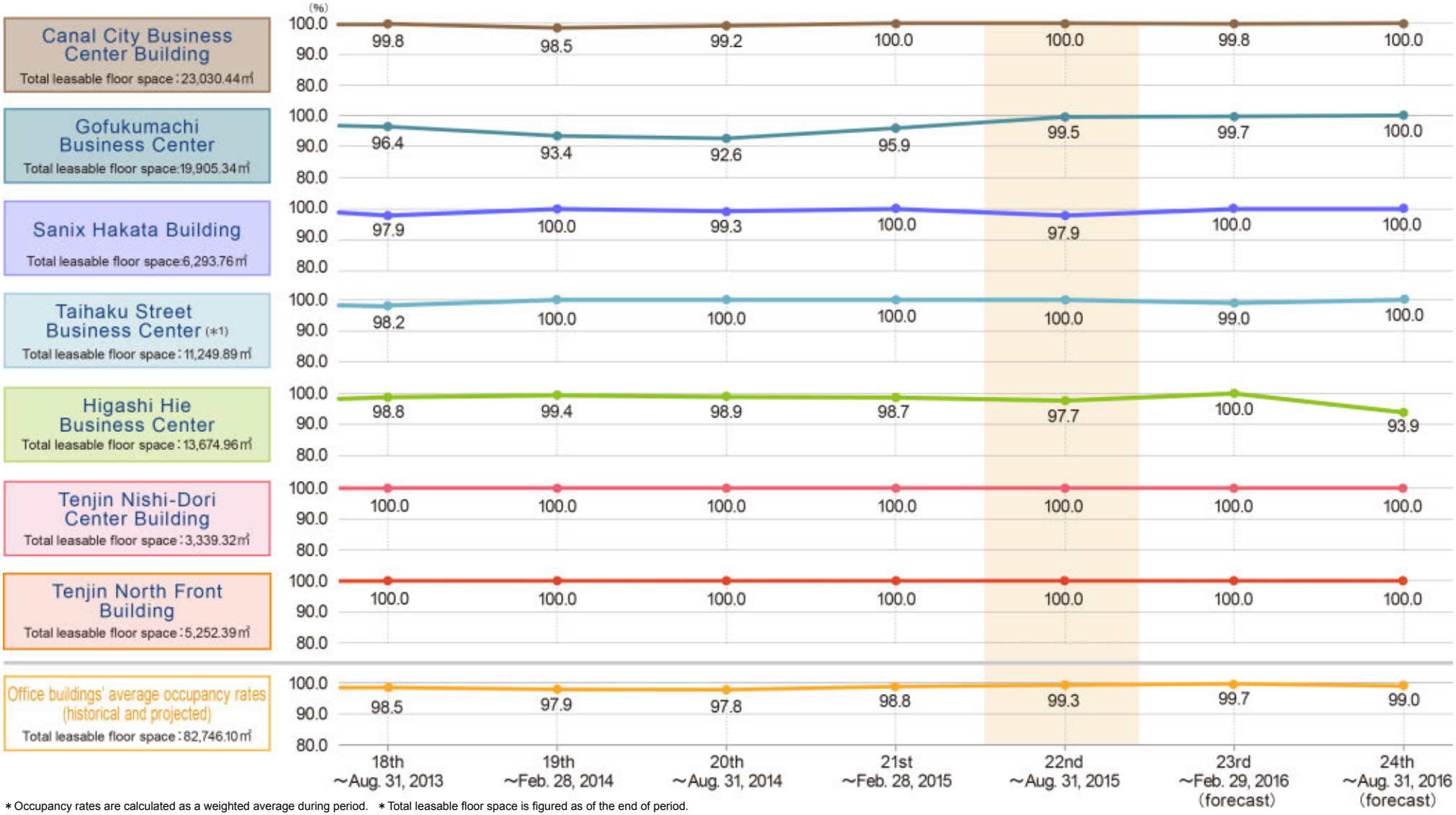
◎Total rents in the 22nd fiscal period: 4,225 mm yen



(*1)Fixed rents are the sum of property rental revenues derived from ① fixed monthly rents, ② the minimum guaranteed portion, if any, of rents from tenants with variable rents (pursuant to which monthly rent is partly or wholly calculated as a percentage of the tenants' monthly sales), ③ common area fees, and (4)parking fees are calculated by total rents from parking fee at Park Place Oita.
(*2)Variable rents are the sum of the portion of rents collected from tenants with variable rents that varies as a function of the tenants' sales.

Historical and projected office buildings' occupancy rates

Increase in the average occupancy rate of office buildings to 99% in the 22nd fiscal period

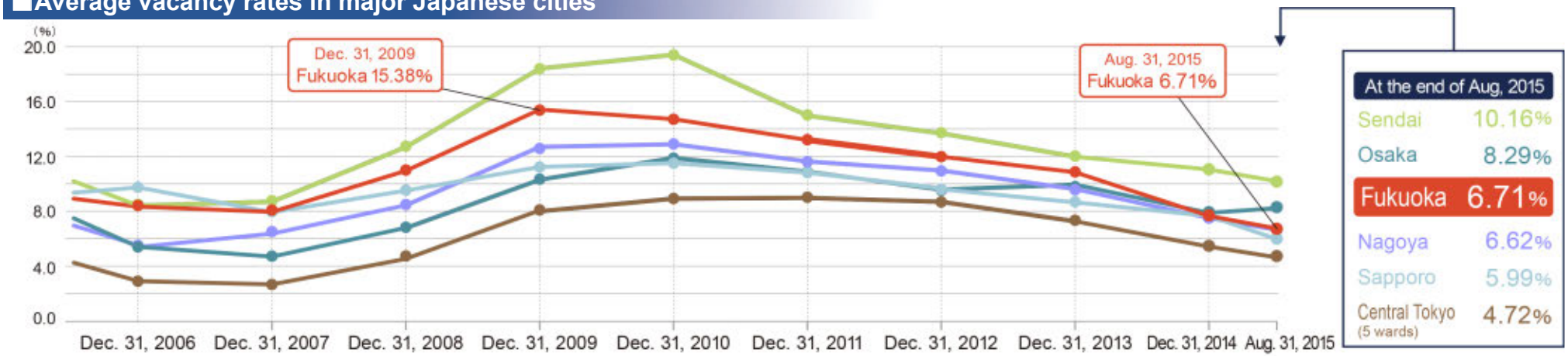


＊Occupancy rates are calculated as a weighted average during period. ＊Total leasable floor space is figured as of the end of period.
(＊1)Residential floor spaces are removed from the total leasable floor space of Taihaku Street Business Center.

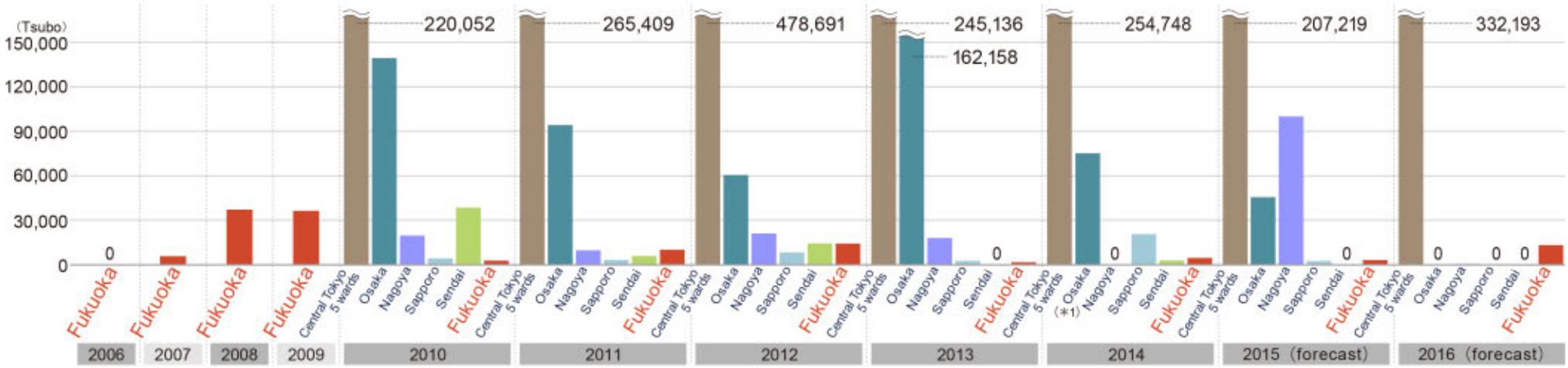
Fukuoka office market

Vacancy rate of Fukuoka is lowered below 7.0%

■Average vacancy rates in major Japanese cities



■New supply in major cities



Source: Fukuoka Realty, based on data published by Miki Shoji Co,Ltd.
*Office building-related data for each city are data for areas and buildings included in surveys conducted by Miki Shoji Co., Ltd.
(*1)Includes Abeno Harukas

Key financing events in the 22nd fiscal period

A stable network of sponsor banks and other lenders

■Financial performance in the 22nd fiscal periods

June 2015 **●Refinanced maturing debt①**
Sumitomo Mitsui Banking Corporation long-term loan of 1,200 mm yen (5-year term, 3-month TIBOR + 0.90%)
→Extended maturing committed line of credit in the amount of 400 mm yen (short-term, 1-month TIBOR + 0.35%) and refinanced total 1,600 mm yen (7-year term, 3-month TIBOR + 0.35%)

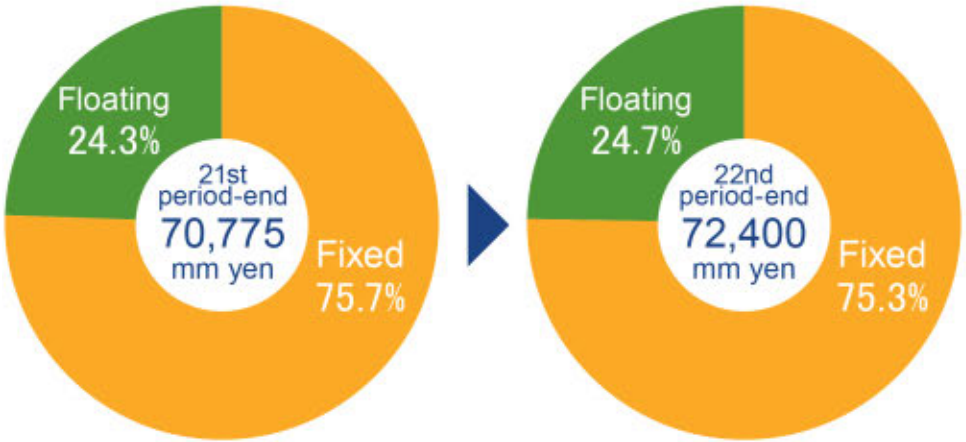
July 2015 **●Refinanced maturing debt②**
Sumitomo Mitsui Trust Bank Limited long-term loan of 1,000 mm yen (4-year term, 1.04% fixed rate)
→Extended maturing committed line of credit in the amount of 500 mm yen (short-term, 1-month TIBOR + 0.35%) and refinanced total 1,500 mm yen (8-year term, 3-month TIBOR + 0.44%)

August 2015 **●Refinanced maturing debt③**
Development Bank of Japan Inc. long-term loan of 4,000 mm yen (6-year term, 1.95% fixed rate)
→Refinanced with a loan of 4,000 mm yen (8-year term, 0.88% fixed rate)

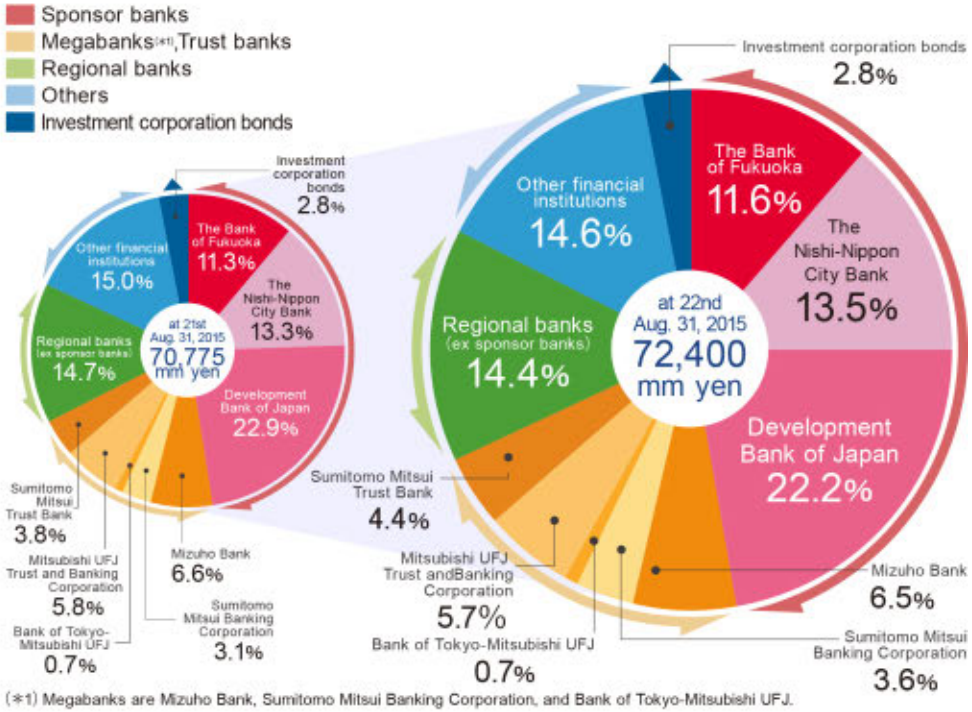
●Extended a maturing committed line of credit
Committed line of credit in the amount of 800 mm yen (short-term, 1-month TIBOR + 0.35%)
→Refinanced with a Bank of Fukuoka long-term loan of 400 mm yen (7-year term, 3-month TIBOR + 0.35%) and a Nishi-Nippon City Bank long-term loan of 400 mm yen (8-year term, 3-month TIBOR + 0.35%)

●Fixing of interest rate through conclusion of an interest rate swap agreement (notional principal of 2,000 mm yen)

■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- (Stable)	A+ (Stable)	AA- (Stable)

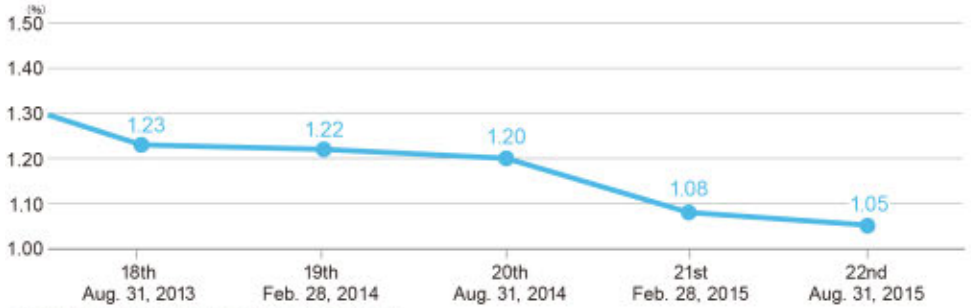
(*2) S&P: long-term issuer rating obtained from Standard & Poor's Rating Japan K.K. (S&P)
R&I: issuer rating obtained from Rating and Investment Information, Inc. (R&I)
JCR: long-term senior debt rating obtained from Japan Credit Rating Agency, Ltd. (JCR).

*As of August 31, 2015

Financing condition

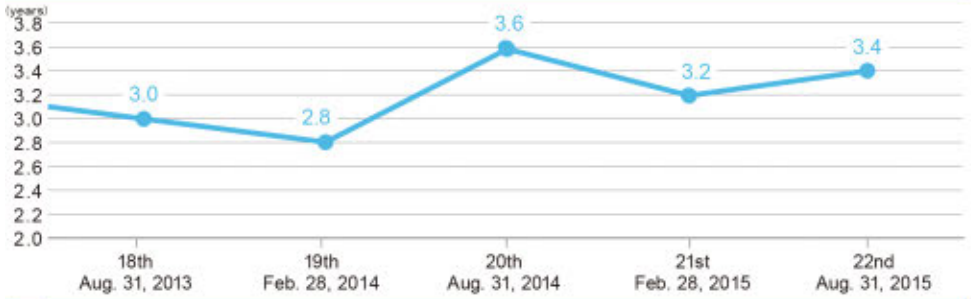
A decrease in the average interest rate paid during the fiscal period and an increase in duration achieved through refinancing

Average interest rate paid during fiscal periods

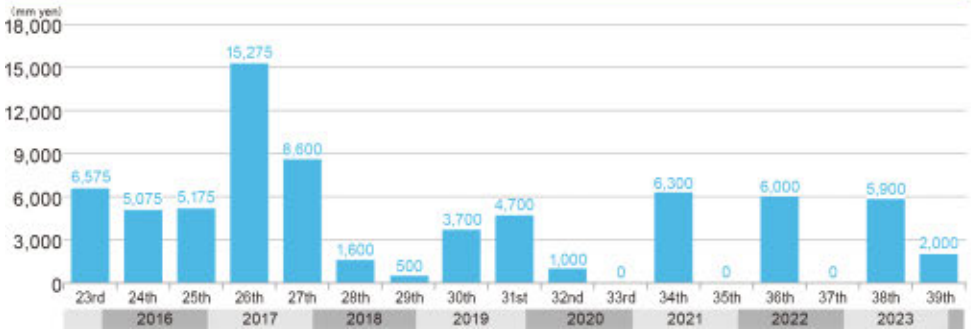


*Interest rates are rounded off to two decimal places.

Duration –average remaining duration to maturity (years)–



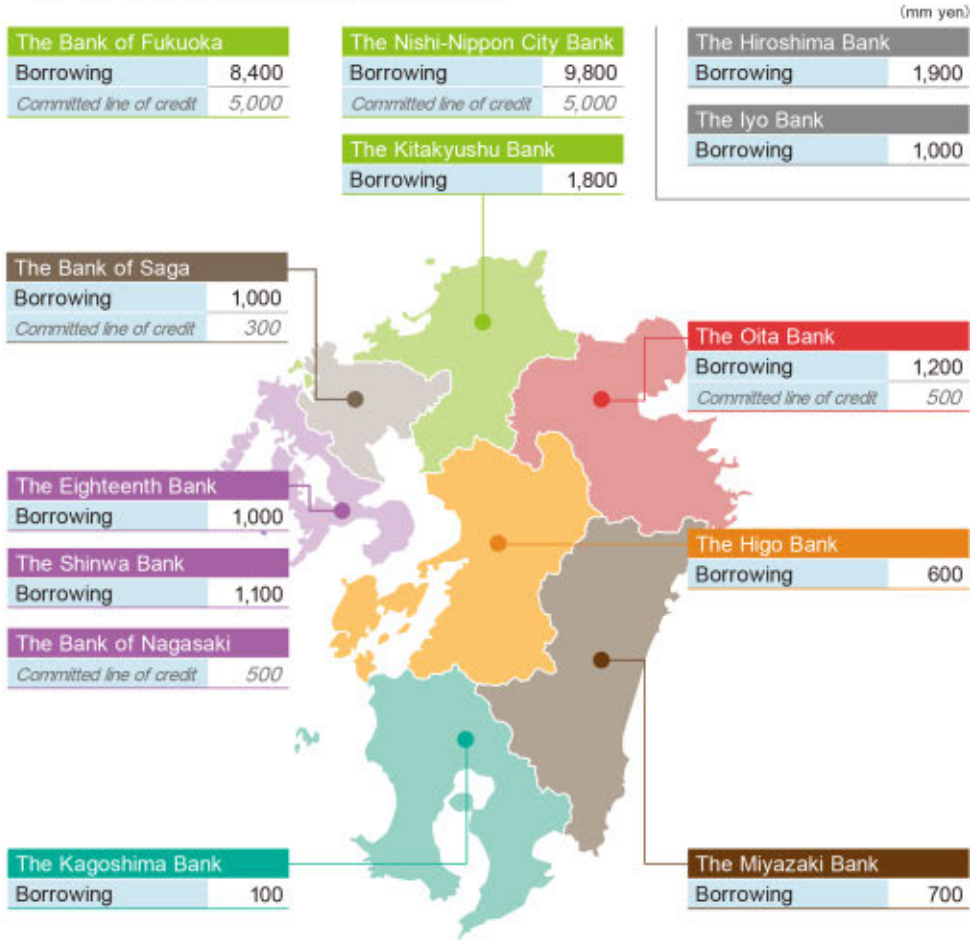
Diversification of debt maturities (As of August 31, 2015)



A regional bank transaction network that covers the entire Kyushu region

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

(mm yen)



*As of August 31, 2015

List of borrowings

Stable debt financing

(As of August 31, 2015)

Type	Lender	Balance(JPY)	Drawdown Date	Repayment Date	Repayment Method	Average Interest Rate	Description
Short-term debt	–	–	–	–	–	–	–
Current maturities of long-term debt	The Bank of Fukuoka	2,000,000,000	Mar.1,2011	Feb.29,2016	Lump-sum upon maturity	0.62091%(＊1)(＊5)	No collateral No guarantee
	The Nishi-Nippon City Bank	2,000,000,000	Mar.1,2011	Feb.29,2016		0.77400%(＊3)	
	Development Bank of Japan Inc.	2,000,000,000	Mar.1,2011	Feb.29,2016		0.77091%(＊1)(＊5)	
	Mizuho Bank	500,000,000	Feb.29,2012	Feb.29,2016		1.11724%(＊2)	
	Shinsei Bank	1,000,000,000	Jul.29,2011	Jul.29,2016		1.20829%(＊2)	
	Development Bank of Japan Inc.	4,000,000,000	Aug.31,2009	Aug.31,2016		2.17000%(＊2)	
	Subtotal	**11,500,000,000**					
Long-term debt	Development Bank of Japan Inc.	2,100,000,000	Jun.30, 2009	Jun.30, 2017	Repayment instalment(＊7)	2.20000%(＊2)	No collateral No guarantee
	The Bank of Fukuoka	1,500,000,000	Dec.30,2010	Dec.30,2016	Lump-sum upon maturity	0.62091%(＊1)(＊4)	
	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)	
	The Dai-ichi Mutual Life Insurance	1,000,000,000	Jul.29,2011	Jul.31,2018		1.80000%(＊2)	
	The Bank of Fukuoka	1,500,000,000	Dec.30,2011	Dec.30,2017		0.77091%(＊1)(＊4)	
	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)	
	Sumitomo Mitsui Banking Corporation	500,000,000	Jan.31,2012	Jan.31,2019		1.33830%(＊2)	
	Mitsubishi UFJ Trust and Banking Corporation	2,000,000,000	Mar.1,2012	Mar.31,2017		1.16973%(＊2)	
	Sumitomo Mitsui Banking Corporation	500,000,000	Mar.30,2012	Mar.31,2017		1.20346%(＊2)	
	Resona Bank	600,000,000	Mar.30,2012	Mar.31,2017		1.25346%(＊2)	
	The Higo Bank	300,000,000	Mar.30,2012	Mar.31,2017		1.20346%(＊2)	
	The Bank of Fukuoka・The Nishi-Nippon City Bank・The Oita Bank・The Miyazaki Bank・The Shinwa Bank・The Iyo Bank・The Bank of Saga・The Eighteenth Bank・The Kitakyushu Bank	6,000,000,000	Jun.29,2012	Jun.30, 2017		0.85750%(＊3)	
	Sumitomo Mitsui Trust Bank	600,000,000	Sep.28,2012	Sep.30,2016		0.57091%(＊1)(＊4)	
	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		0.67091%(＊1)(＊5)	
	Mizuho Bank	1,700,000,000	Feb.28,2013	Feb.29,2020		0.67091%(＊1)(＊5)	
	Sumitomo Mitsui Trust Bank	1,100,000,000	Feb.28,2013	Feb.28,2018		0.72091%(＊1)(＊5)	
	Mitsubishi UFJ Trust and Banking Corporation	1,500,000,000	Feb.28,2013	Feb.28,2018		0.52091%(＊1)(＊5)	
	Aozora Bank	600,000,000	Feb.28,2013	Feb.28,2018		0.52091%(＊1)(＊5)	
	Mitsubishi UFJ Trust and Banking Corporation	600,000,000	Mar.29,2013	Mar.30,2018		0.52091%(＊1)(＊4)	
	Aozora Bank	1,000,000,000	Jun.28.2013	Jun.30,2020		0.57091%(＊1)(＊4)	
	Mizuho Bank・The Norinchukin Bank・The Bank of Saga	3,700,000,000	Jul.31,2014	Jul.31,2019		0.53800%(＊3)	
	Mizuho Bank・The Norinchukin Bank・The Hiroshima Bank・The Kitakyushu Bank・The Iyo Bank・The Higo Bank	6,300,000,000	Jul.31,2014	Jul.30,2021		0.83500%(＊3)	
	Development Bank of Japan Inc.	4,000,000,000	Aug.29,2014	Aug.31,2022		1.01000%(＊2)	
	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		0.61091%(＊1)(＊6)	
	Development Bank of Japan Inc.	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		0.52091%(＊1)(＊5)	
	The Nishi-Nippon City Bank	400,000,000	Aug.31,2015	Aug.31,2023		0.87000%(＊3)	
	Subtotal	**58,900,000,000**					
	Total	**70,400,000,000**					

■Investment corporation bonds

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

(＊1)It is variable interest. (＊2)It is fixed interest.
(＊3)A swap agreement has been concluded to fix the interest rate on variable interest debt and the indicated interest rate is the rate when the swap agreement is incorporated.
(＊4)It is from June 30, 2015 to September 30, 2015 (not including the concerned date). (＊5)It is from August 31, 2015 to November 30, 2015 (not including the concerned date).
(＊6)It is from July 31, 2015 to October 30, 2015 (not including the concerned date).
(＊7)75 mm yen at end-December and end-June (5% of initial annually) ; remaining balance of 1,875 mm yen to be repaid on final principal repayment date.

■Committed line of credit

Type	Lender	Credit Limit(JPY)	Commitment Period		Description
			Start	End	
Committed line of credit 1	The Bank of Fukuoka, Resona Bank	6,000,000,000	Aug. 1, 2015	Jul. 31,2016	No collateral No guarantee
Committed line of credit 2	The Nishi-Nippon City Bank, Resona Bank, The Oita Bank, The Bank of Nagasaki, The Bank of Saga	7,000,000,000	Mar. 3, 2014	Feb.29,2016	
Total		**13,000,000,000**			

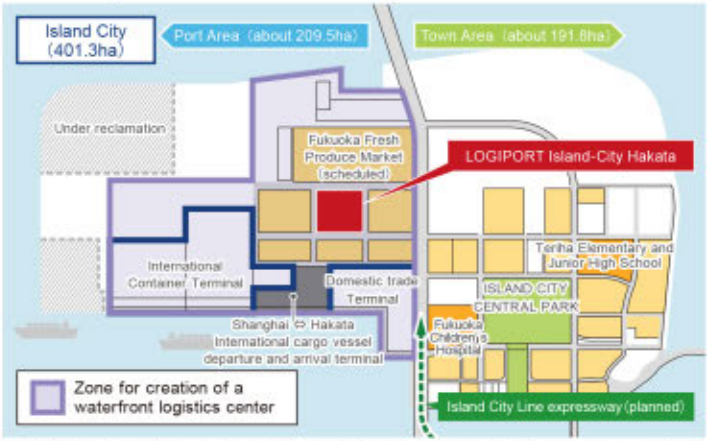
New acquisition in the 22nd fiscal period

Acquired the blue chip properties although the acquisition environment has been tightened

■LOGIPORT Island-City Hakata

Property overview	
Property	LOGIPORT Island-City Hakata
Address	2-chome, Minato Kashii, Higashi Ward, Fukuoka City
Total Leasable area	43,233.72㎡
Acquisition price	8,150 million yen
Appraisal value	8,180 million yen (*1)
Acquisition CAP	5.2% (*2)
Acquisition timing	March 27, 2015
Property manager	Fukuoka Jisho Co.,Ltd

◎Development of the Island City area



Source: Fukuoka Realty, based on Island City Outline Pamphlet(Fukuoka City, Port and Harbor Bureau)

■Marinoa City Fukuoka (Marina Side Building)

Property overview	
Property	Marinoa City Fukuoka (Marina Side Building)
Address	2-chome, Odo, Nishi Ward, Fukuoka City
Source	Fukuoka Jisho Co.,Ltd
Acquisition price	5,250 million yen
Appraisal value	5,270 million yen (*1)
Acquisition CAP	5.5% (*2)
Acquisition timing	May 1, 2015
Property manager	Fukuoka Jisho Co.,Ltd

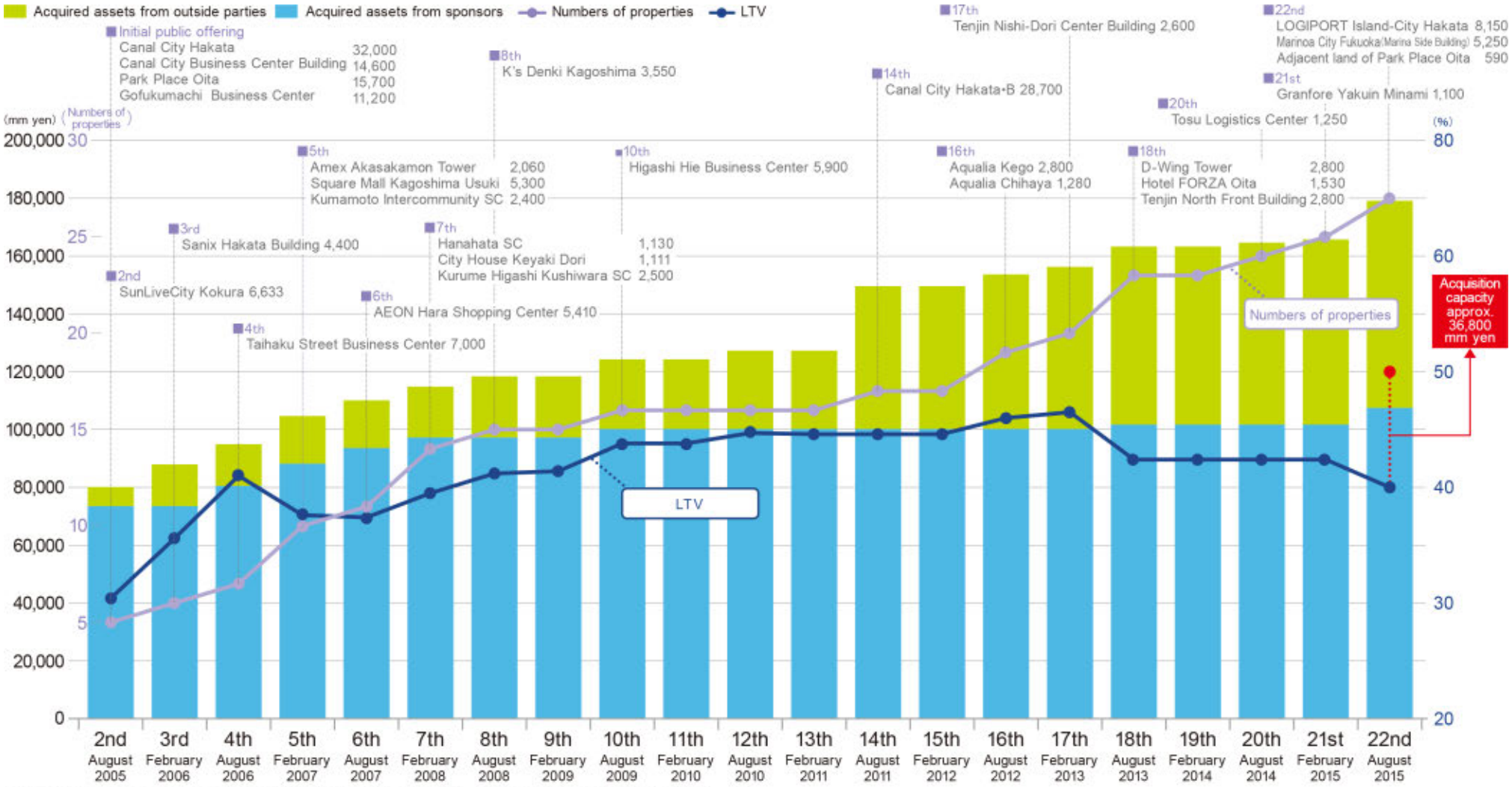
■Adjacent land of Park Place Oita

Property overview	
Property	Adjacent land of Park Place Oita (*3)
Property	2-chome,Koen Dori Nishi, Oita City
Source	Fukuoka Jisho Co.,Ltd
Acquisition price	590 million yen
Appraisal value	601 million yen (*1)
Acquisition timing	May 28, 2015

(*1) The appraisal value is based on the price of acquisition.
(*2) Acquisition CAP is calculated by direct capitalization values NCF / acquisition price 100(%)
(*3) It is the parking space adjacent to Park Place Oita for tenant employees.

Growth of asset's size and LTV

Sound financial management and asset expansion



*Kominedai Community Mall, acquired in the 3rd fiscal period, is not included in the above assets under management since it was sold in the 6th fiscal period.
*Higashi Hie Business Center, acquired in the 10th fiscal period, was acquired both from an outside party and a sponsor. Accordingly, its acquisition price has been divided equally and added to the acquisition price of assets acquired from outside parties and acquired from sponsor company, respectively.
*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

Preparation for redevelopment in the Tenjin area and the area fronting Hakata Station is progressing.

Current situation of Fukuoka City

The condition of suburb area in Fukuoka

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

Fukuoka REIT

Appendix

Profile

Profile

Name	Fukuoka REIT Corporation
Asset manager	Fukuoka Realty Co.,Ltd Licensed by Fukuoka Local Finance Branch Bureau (financial instruments) No.10
Sponsors	Fukuoka Jisho Co.,Ltd, Kyushu Electric Power Co.,Inc, ROYAL HOLDINGS Co., Ltd., THE BANK OF FUKUOKA, LTD, The Nishi-Nippon City Bank Ltd., Nishi-Nippon Railroad Co., Ltd, Saibu Gas Co.,Ltd, Kyudenko Corporation, Kyushu Railway Company, Development Bank of Japan Inc.
Listed date	June 21, 2005 (Tokyo Stock Exchange, Fukuoka Stock Exchange)

Financial highlight

Total assets	181,597 mm yen (as of August 31, 2015)
Total debt	72,400 mm yen (as of August 31, 2015)
Credit ratings	S&P A− (Stable) R&I A＋ (Stable) JCR AA− (Stable)
LTV (Interest-bearing liabilities/total assets)	39.9%

Dividend information

The 22nd fiscal period end	August 31, 2015 (semi-annual periods ending every February and August)
Dividend (actual)	3,563 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, 2015)

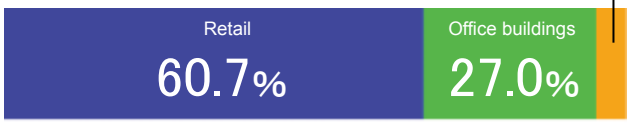
Investment unit price

Unit price	188,700 yen (as of August 31, 2015)
Total number of investment units outstanding	747,000 units (as of August 31, 2015)
Market capitalization	140,958 mm yen (unit price×outstanding units) (as of August 31, 2015)
Net asset value per share	125,574 yen (as of August 31, 2015)
Market net asset value per share	148,035 yen (as of August 31, 2015)

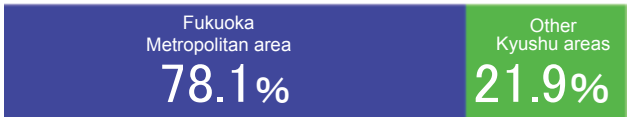
Market net asset value per share = {(Total appraisal value at the end of period based on appraisal reports -Total book value at the end of period based on balance sheet) + (Net asset at the end of period)} / (Total number of investment units outstanding)

Portfolio summary (＊1)

Asset type (based on acquisition price)



Asset location (based on acquisition price)



Total leasable floor space	554,464.84㎡
Occupancy rates at the end of period	99.5%

(＊1) Figures have been calculated by properties at as of August 31, 2015.

A real estate investment trust specializing in regional properties

■Sponsors

THE BANK OF FUKUOKA 5%	THE NISHI-NIPPON CITY BANK, LTD. 5%	DBJ 5%	SAIBU GAS 5%
The Bank of Fukuoka	The Nishi-Nippon City Bank	Development Bank of Japan	Saibu Gas

FJ 50%	director	Fukuoka REALTY	Outside director	KYUSHU ELECTRIC POWER CO.,INC. 10%
Fukuoka Jisho （＊1）		Fukuoka Realty (Asset Manager)		Kyushu Electric Power

KYUDENKO 5%	Connecting your dreams Nishitetsu Group 5%	JR 5%	ROYAL 5%
Kyudenko	Nishi-Nippon Railroad	KYUSHU RAILWAY COMPANY	Royal Holdings

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

■Investment policy

◎Investment area

60-90% Fukuoka metropolitan area

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

0-10% Others

◎Investment type

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

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

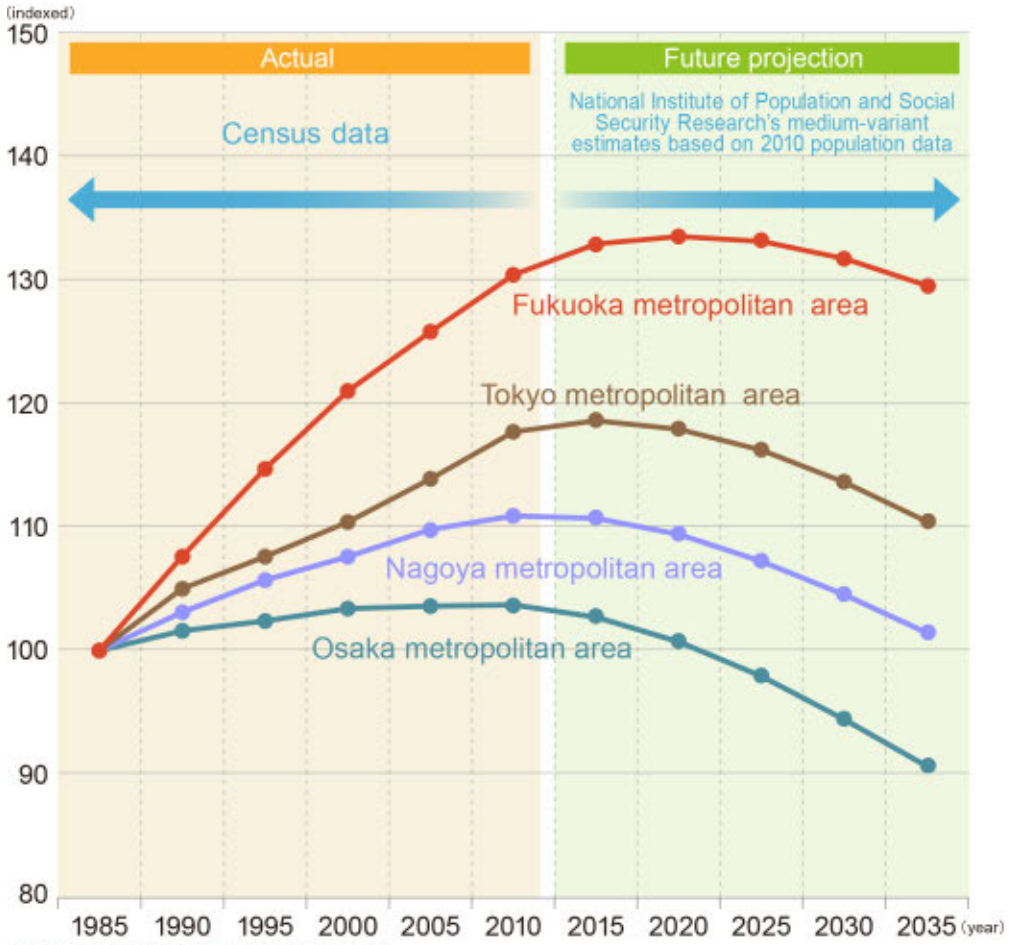
Retail 60-80%
（Urban,Regional and Community shopping centers）

Appendix

Population movement of Fukuoka metropolitan area

The population of Fukuoka metropolitan area continues to increase

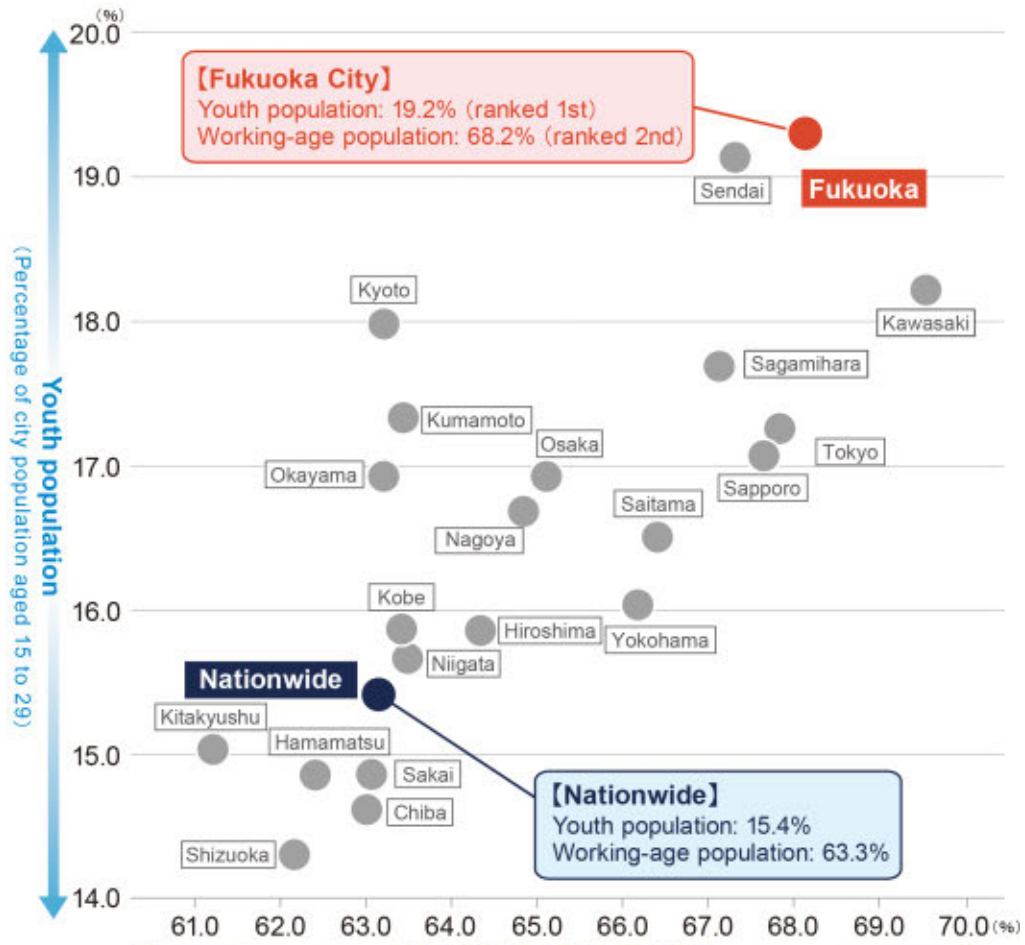
■Major Japanese metropolitan areas population trends



* The graph was plotted taking the 1985 population of each urban area as 100.
* "Fukuoka metropolitan area" refers to Fukuoka City, Chikushino City, Kasuga City, Onojo City, Dazaifu City, Nakagawa Town, Koga City, Umi Town, Sasaguri Town, Shime Town, Sue Town, Shingu Town, Hisayama Town, Kasuya Town, Munakata City, Fukutsu City, and Itoshima City.
"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," March 2012, Fukuoka City General Affairs and Planning Bureau; "Population Census of Japan," Ministry of Internal Affairs and Communications; and "Population Projections by Municipality, Japan," National Institute of Population and Social Security Research

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



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

Appendix

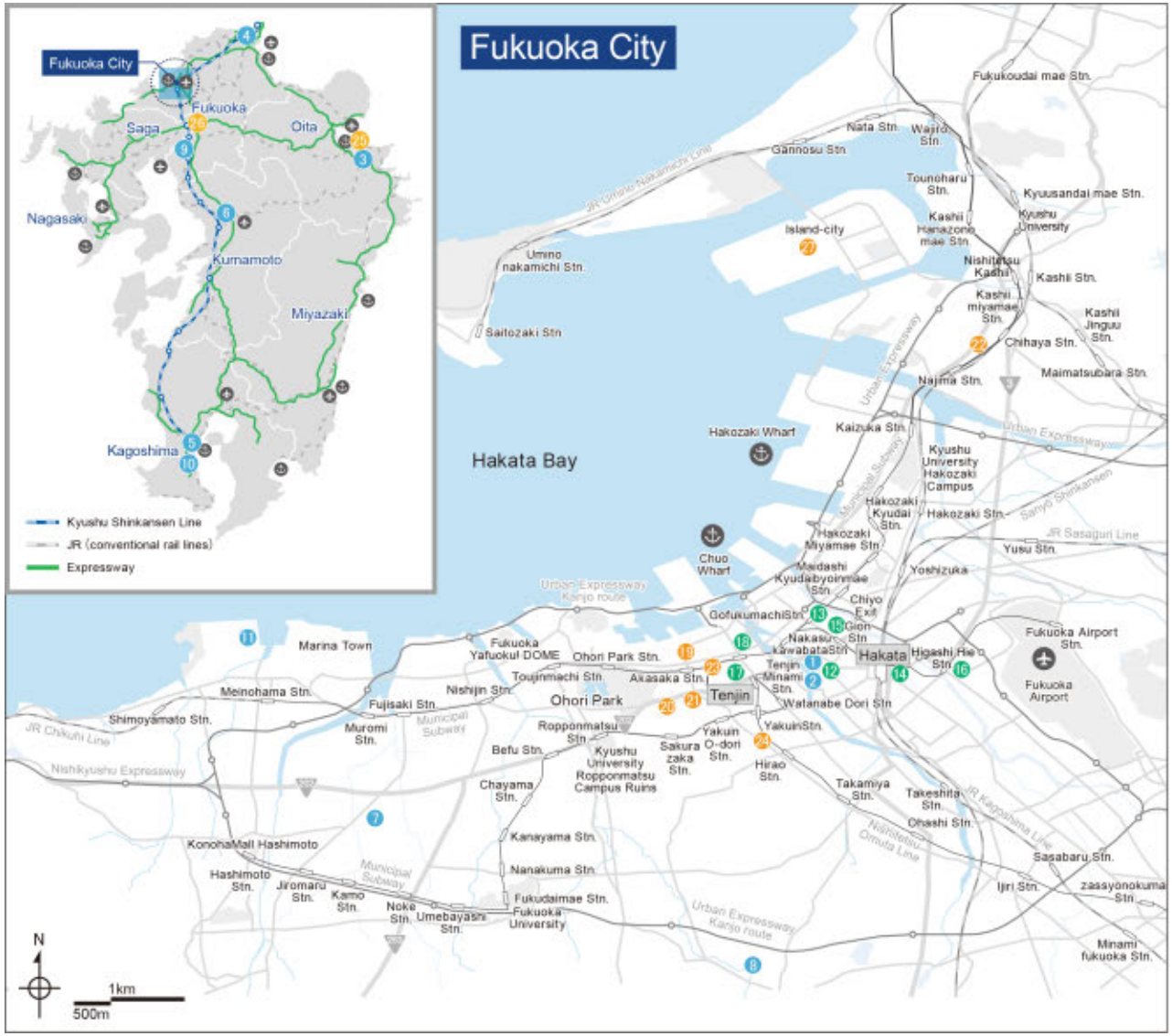
Portfolio table

(as of August 31, 2015)

	Real estate property name	Age (＊1)	Acquisition Price (mm yen) (＊2)	Investment ratio	Acquisition timing	Source (＊3)	Total leasable floor space (㎡)	occupancy rate at end of period	Number of tenants at end of period (＊4)	Primary tenants at end of period
Retail	Canal City Hakata	19yr 4m	32,000	17.8%	Nov. 9, 2004	Sponsor	46,483.22	99.5%	46	Washington Hotel and United Cinema
	Canal City Hakata・B	19yr 4m	28,700	16.0%	Mar. 2, 2011	Outside party	68,806.66	99.6%	49	Grand Hyatt Fukuoka and OPA
	Park Place Oita (＊5)	13yr 5m	16,290	9.1%	Nov. 9, 2004	Sponsor	109,588.00	99.9%	105	AEON and K's Denki
	SunLiveCity Kokura	10yr 5m	6,633	3.7%	Jul. 1, 2005	Outside party	61,450.22	100.0%	1	SunLive
	Square Mall Kagoshima Usuki	8yr 11m	5,300	2.9%	Sep. 28, 2006	Sponsor	14,602.88	100.0%	13	Sports Depo / Golf5 and Edion
	Kumamoto Intercommunity SC	8yr 9m	2,400	1.3%	Nov. 30, 2006	Sponsor	6,968.66	100.0%	2	Sports Depo / Golf5 and Starbucks Coffee
	AEON Hara Shopping Center	38yr 10m	5,410	3.0%	Mar. 1, 2007	Sponsor	27,313.53	100.0%	1	AEON
	Hanahata SC	8yr 1m	1,130	0.6%	Sep. 3, 2007	Sponsor	2,801.15	100.0%	2	BON REPAS and Matsumoto Kiyoshi
	Kurume Higashi Kushiwara SC	7yr 8m	2,500	1.4%	Feb. 1, 2008	Sponsor	6,467.80	100.0%	1	Sports Depo / Golf5
	K's Denki Kagoshima	7yr 9m	3,550	2.0%	Mar. 27, 2008	Outside party	7,296.17	100.0%	1	K's Denki
	Marinoa City Fukuoka (Marina Side Building)	14yr 10m	5,250	2.9%	May 1, 2015	Sponsor	33,069.82	100.0%	1	Fukuoka Jisho Co.,Ltd
	Total of retail	—	109,163	60.7%	—	—	384,848.11	99.8%	222	—
Office buildings	Canal City Business Center Building	19yr 4m	14,600	8.1%	Nov. 9, 2004	Sponsor	23,030.44	100.0%	61	TOTO and Bell System24
	Gofukumachi Business Center	11yr10m	11,200	6.2%	Nov. 9, 2004	Sponsor	19,905.34	99.5%	36	SMBC CONSUMER FINANCE and Sumitomo Mitsui Banking Corporation
	Sanix Hakata Building	14yr 5m	4,400	2.4%	Sep. 30, 2005	Outside party	6,293.76	95.8%	18	SANIX and The Nishi-Nippon City Bank
	Taihaku Street Business Center	13yr 5m	7,000	3.9%	Mar. 16, 2006	Sponsor	14,677.27	98.8%	68	NTT COMWARE and Tokyo Marine Nichido Jimu Outsourcing
	Higashi Hie Business Center	6yr 6m	5,900	3.3%	Mar. 13, 2009	Outside party +Sponsor	13,674.96	100.0%	23	Fujitsu and Forest Holdings
	Tenjin Nishi-Dori Center Building	18yr 11m	2,600	1.4%	Feb. 1, 2013	Outside party	3,339.32	100.0%	1	The Nishi-Nippon City Bank
	Tenjin North Front Building	5yr 7m	2,800	1.6%	Mar. 28, 2013	Outside party	5,252.39	100.0%	13	Rakuten Card / Prudential
	Total of office buildings	—	48,500	27.0%	—	—	86,173.48	99.4%	220	—
Others	Amex Akasakamon Tower	10yr 1m	2,060	1.1%	Sep. 1, 2006	Outside party	4,821.25	98.5%	66	—
	City House Keyaki Dori	7yr 9m	1,111	0.6%	Dec. 20, 2007	Outside party	2,710.86	95.5%	40	—
	Aqualia Kego	6yr 9m	2,800	1.6%	Mar. 1, 2012	Outside party	7,415.36	96.0%	124	—
	Aqualia Chihaya	7yr 8m	1,280	0.7%	Mar. 1, 2012	Outside party	5,619.69	95.7%	101	—
	D-Wing Tower	9yr 6m	2,800	1.6%	Mar. 1, 2013	Outside party	7,187.58	92.1%	128	—
	Granfore Yakuin Minami	7yr 8m	1,100	0.6%	Nov. 4, 2014	Outside party	2,496.06	97.0%	96	—
	Hotel FORZA Oita	7yr 0m	1,530	0.9%	Mar. 1, 2013	Sponsor	5,785.44	100.0%	1	FJ Hotels
	Tosu Logistics Center	7yr 3m	1,250	0.7%	Mar. 28, 2014	Outside party	4,173.29	100.0%	1	non-disclosure
	LOGIPORT Island-City Hakata	1yr 4m	8,150	4.5%	Mar. 27, 2015	Outside party	43,233.72	100.0%	2	Fukuoka Logistic System / Ajinomoto Logistics
	Total of others	—	22,081	12.3%	—	—	83,443.25	98.4%	559	—
Total or weighted average of all properties		14yr 11m	179,744	100.0%	—	—	554,464.84	99.5%	1,001	—

(＊1) "Age" as of the end of the fiscal period.
(＊2) Acquisition price does not include fees, public charge and expenses.
(＊3) Properties acquired through arrangement by a sponsor company are indicate with "sponsor" in the column of seller.
(＊4) Parking contracts, etc., are excluded from "Number of tenants".
(＊5) It includes adjacent land of Park Place Oita (parking space "land") in the 22nd fiscal period.

Portfolio



1 Canal City Hakata

2 Canal City Hakata-B

3 Park Place Oita
(Acquired "parking space" in the 22nd fiscal period)

4 SunLiveCity Kokura

5 Square Mall Kagoshima Usuki

6 Kumamoto Intercommunity SC

7 AEON Hara Shopping Center

8 Hanahata SC

9 Kurume Higashi Kushiwara SC

10 K's Denki Kagoshima

11 Marinoa City Fukuoka (Marina Side Building)
(Acquired in the 22nd fiscal period)

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

22 Aqualia Chihaya

23 D-Wing Tower

24 Granfore Yakuin Minami

25 Hotel FORZA Oita

26 Tosu Logistics Cente

27 LOGIPORT Island-City Hakata
(Acquired in the 22nd fiscal period)

*As of August 31, 2015

Retail
Office buildings
Others

Appendix

Portfolio : Active retail

Active retail

①Canal City Hakata

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

Active retail

②Canal City Hakata・B

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

Appendix

Portfolio : Active retail

Active retail

③Park Place Oita

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

Active retail

④SunLive City Kokura

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

Appendix

Portfolio : Passive retail

Passive retail

⑤Square Mall Kagoshima Usuki

■ Address：2-chome,Usuki,Kagoshima City

Passive retail

⑥Kumamoto Intercommunity SC

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

Passive retail

⑦AEON Hara Shopping Center

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

Passive retail

⑧Hanahata SC

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

Passive retail

⑨Kurume Higashi Kushiwara SC

■Address：Higashi kushiwaramachi, Kurume City

Passive retail

⑩K's Denki Kagoshima

■Address：Tokai-cho,Kagoshima City

Passive retail

⑪Marinoa City Fukuoka (Marina Side Building)

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

Investment ratio(Retail)

Appendix

Portfolio : Office buildings

Office buildings

⑫Canal City Business Center Building

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

Office buildings

⑬Gofukumachi Business Center

■ Address：Kamigofukumachi,Hakata Ward, Fukuoka City

Office buildings

⑭Sanix Hakata Building

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

Office buildings

⑮Taihaku Street Business Center

■ Address：Gokushomachi,Hakata Ward, Fukuoka City

Office buildings

⑯Higashi Hie Business Center

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

Office buildings

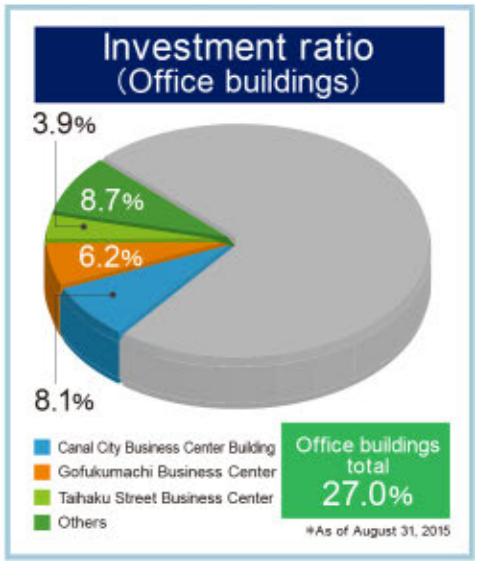
⑰Tenjin Nishi-Dori Center Building

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

Office buildings

⑱Tenjin North Front Building

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



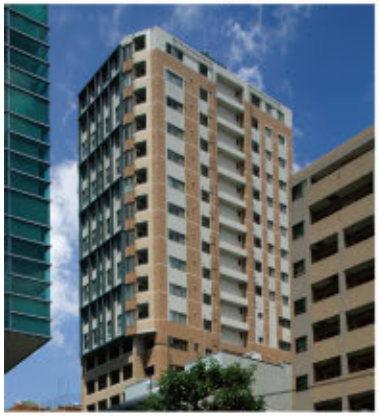
Appendix

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

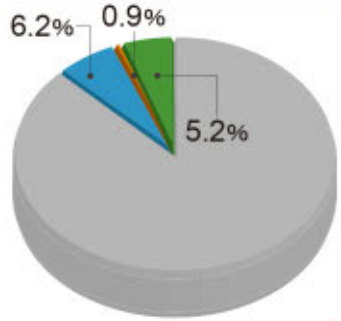
■Address：Himekata-machi, Tosu City

Others

㉗LOGIPORT Island-City Hakata

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

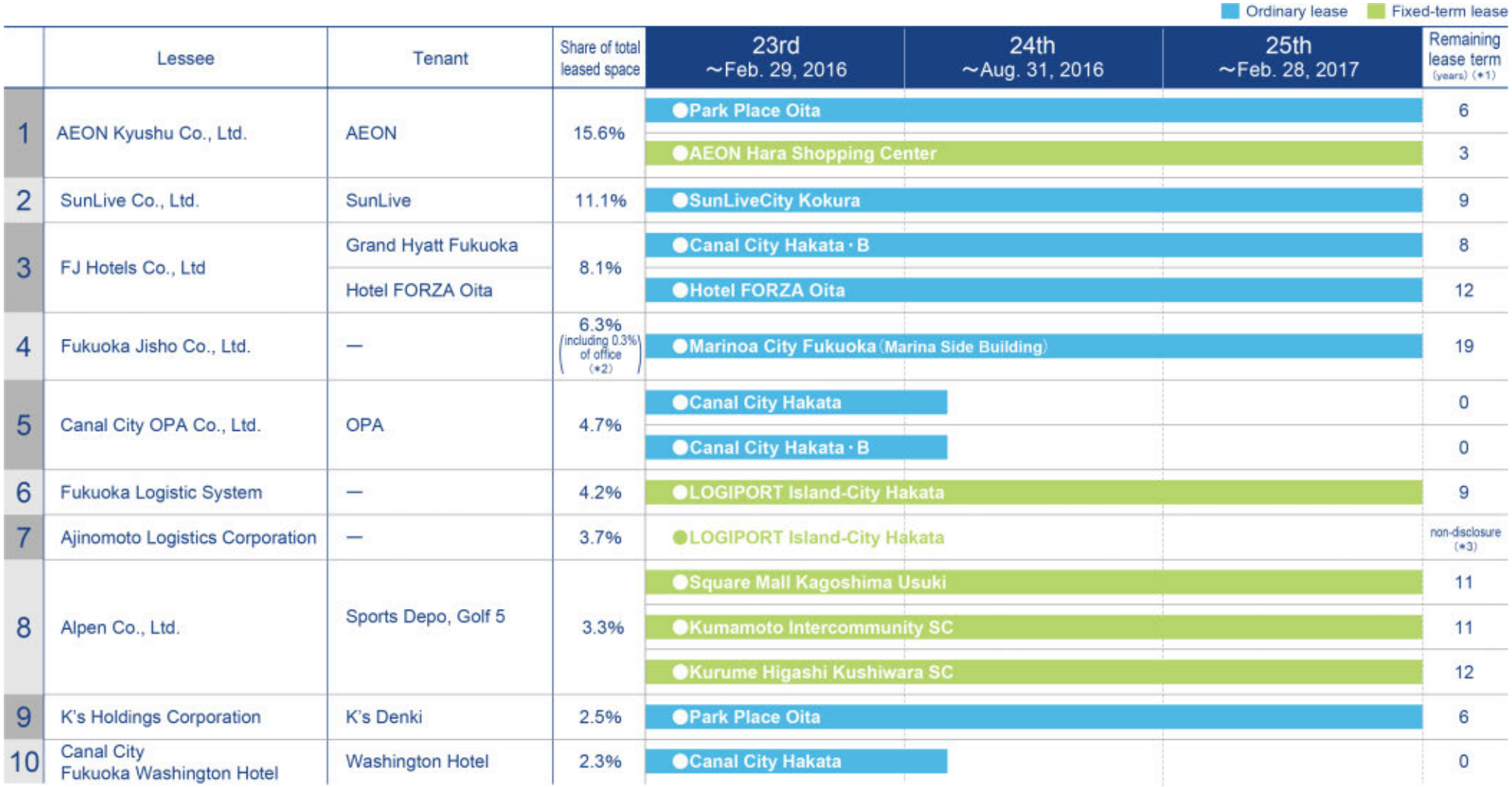
Investment ratio (Others)



*As of August 31, 2015

Appendix

Top tenants by leased floor area



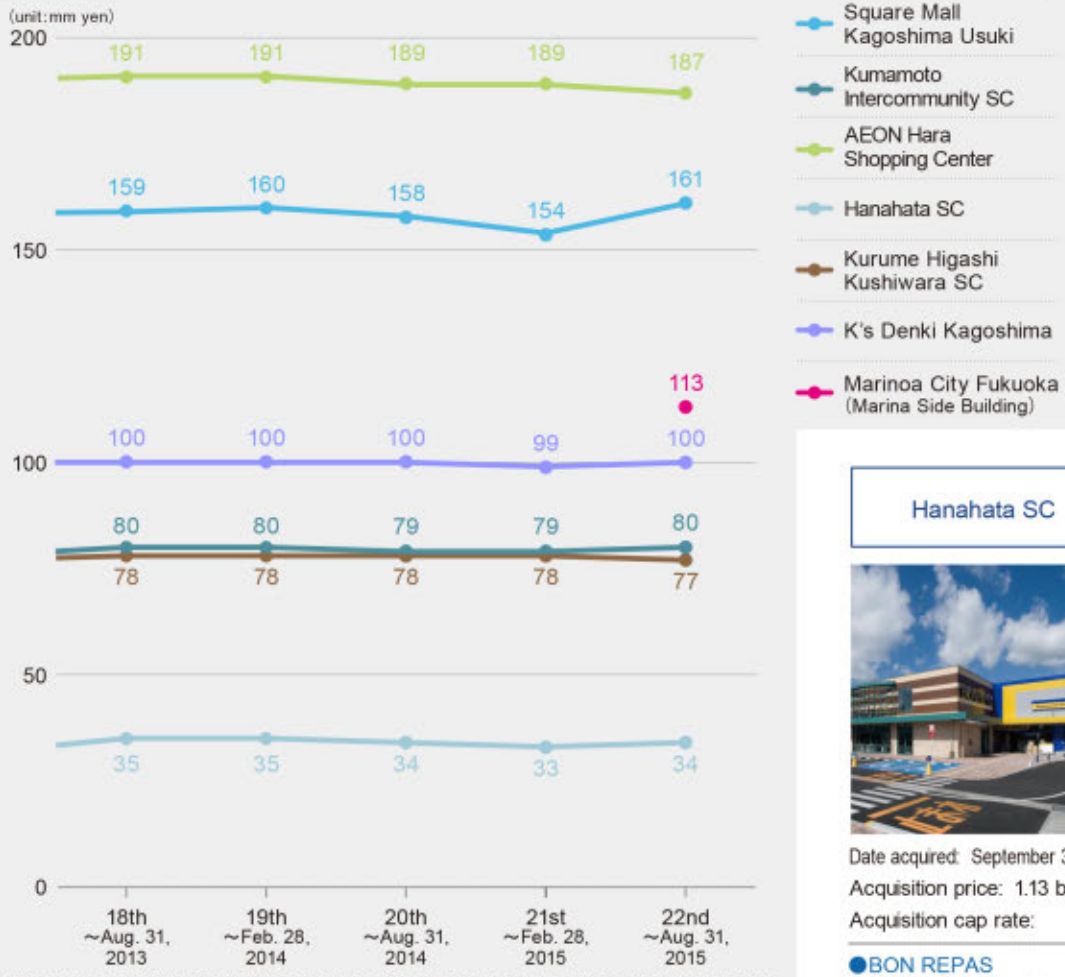
	Lessee	Tenant	Share of total leased space	23rd ~Feb. 29, 2016 / 24th ~Aug. 31, 2016 / 25th ~Feb. 28, 2017	Remaining lease term (years) (*1)
1	AEON Kyushu Co., Ltd.	AEON	15.6%	●Park Place Oita	6
				●AEON Hara Shopping Center	3
2	SunLive Co., Ltd.	SunLive	11.1%	●SunLiveCity Kokura	9
3	FJ Hotels Co., Ltd	Grand Hyatt Fukuoka	8.1%	●Canal City Hakata・B	8
		Hotel FORZA Oita		●Hotel FORZA Oita	12
4	Fukuoka Jisho Co., Ltd.	—	6.3% (including 0.3% of office (*2))	●Marinoa City Fukuoka (Marina Side Building)	19
5	Canal City OPA Co., Ltd.	OPA	4.7%	●Canal City Hakata	0
				●Canal City Hakata・B	0
6	Fukuoka Logistic System	—	4.2%	●LOGIPORT Island-City Hakata	9
7	Ajinomoto Logistics Corporation	—	3.7%	●LOGIPORT Island-City Hakata	non-disclosure (*3)
8	Alpen Co., Ltd.	Sports Depo, Golf 5	3.3%	●Square Mall Kagoshima Usuki	11
				●Kumamoto Intercommunity SC	11
				●Kurume Higashi Kushiwara SC	12
9	K's Holdings Corporation	K's Denki	2.5%	●Park Place Oita	6
10	Canal City Fukuoka Washington Hotel	Washington Hotel	2.3%	●Canal City Hakata	0

(*1) Remaining lease periods shown are the remaining periods of lease contracts as of August 31, 2015 with periods shorter than one year rounded down to the nearest whole year.
(*2) Five ordinary leases (with automatic renewal provisions for periods of one or two years) have been concluded for Canal City Business Center Building.
(*3) Information is not disclosed because the permission of tenants has not been obtained.

Passive retail

Keeping a stable NOI

NOI



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

Square Mall Kagoshima Usuki

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

- Sports Depo, Golf 5
- Edion

Kumamoto Intercommunity SC

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

- Sports Depo, Golf 5
- Starbucks Coffee

AEON Hara Shopping Center

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

- AEON

Hanahata SC

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

- BON REPAS
- Matsumoto Kiyoshi

Kurume Higashi Kushiwara SC

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

- Sports Depo, Golf 5

K's Denki Kagoshima

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

- K's Denki

Marinoa City Fukuoka (Marina Side Building)

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

- Fukuoka Jisho Co.,Ltd. (*1)

(*1) 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)

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

Category	Canal City Hakata	Canal City Hakata・B	Park Place Oita	SunLive City Kokura	22nd Total A	21st Total B	Variation A−B	Forecast C (＊1)	Variation A−C
(Length) (days)	22nd fiscal period (March 1, 2015 ～ August 31, 2015)								
	184	184	184	184	184	181	3		
①Total leasing business revenues	1,470	1,611	1,166	292	4,541	4,313	227	4,320	220
Leasing revenue-real estate	1,440	1,551	940	292	4,225	4,033	191		
Other leasing revenue-real estate	30	59	225	-	316	280	35		
②Total leasing business expenses	567	799	665	54	2,086	1,919	167	1,965	120
Outsourcing fees	397	530	303	8	1,240	1,122	117		
Maintenance expenses	34	39	43	9	126	104	22		
Expenses for restoration to former state	-	-	-	-	-	-	-		
Tax and public charges	72	151	86	33	344	340	3		
Insurance premiums and trust compensation	8	18	7	1	36	35	1		
Utilities expenses	26	52	190	-	269	260	9		
Other expenses	28	6	34	0	69	56	12		
③NOI (=①-②)	903	812	500	237	2,454	2,394	59	2,354	99
④Depreciation for the period	232	211	204	47	696	694	1		
⑤Leasing business profit (=③-④)	671	601	296	190	1,758	1,700	57		
⑥NOI yield (acquisition price)	5.6%	5.7%	6.4%	7.2%	5.9%	5.8%	0.1%		
⑦Capital expenditures	67	204	18	-	291	252	38		

(＊1) Forecast at the financial results of 21st fiscal period

Income and expenditure by properties (Passive retail)

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

Category	Square Mall Kagoshima Usuki	Kumamoto Inter-Community SC	AEON Hara Shopping Center	Hanahata SC	Kurume Higashi Kushiwara SC	K's Denki Kagoshima	Marinoa City Fukuoka (Marina Side Building)	22nd Total A	21st Total B	Variation A−B	Forecast C (*1)	Variation A−C
(Length) (days)	22nd fiscal period (March 1, 2015 ～ August 31, 2015)						May 1～ Aug.31					
	184	184	184	184	184	184	123	184	181	3		
①Total leasing business revenues	256	90	212	40	88	111	118	918	797	121	918	0
Leasing revenue-real estate	222	89	212	40	88	111	118	883	764	118		
Other leasing revenue-real estate	33	1	0	-	0	-	-	34	32	2		
②Total leasing business expenses	94	10	24	6	10	10	4	161	163	(1)	156	5
Outsourcing fees	38	2	6	1	2	1	1	54	53	1		
Maintenance expenses	3	1	3	1	1	-	2	13	14	(0)		
Expenses for restoration to former state	-	-	-	-	-	-	-	-	-	-		
Tax and public charges	17	5	12	3	5	7	-	50	51	(1)		
Insurance premiums and trust compensation	1	0	0	0	0	0	0	3	3	0		
Utilities expenses	32	-	-	-	-	-	-	32	31	0		
Other expenses	1	0	1	0	0	0	0	6	8	(2)		
③NOI (=①-②)	161	80	187	34	77	100	113	756	634	122	761	(4)
④Depreciation for the period	42	16	22	7	21	29	11	150	148	2		
⑤Leasing business profit (=③-④)	119	63	165	27	56	71	102	606	485	120		
⑥NOI yield (acquisition price)	6.1%	6.7%	6.9%	6.1%	6.2%	5.7%	4.3%	5.9%	6.3%	(0.3)%		
⑦Capital expenditures	-	-	-	-	-	-	-	-	0	(0)		

(*1) Forecast at the financial results of 21st fiscal period

Income and expenditure by properties (Office buildings)

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

Category	Canal City Business Center Building	Gofukumachi Business Center	Sanix Hakata Building	Taihaku Street Business Center	Higashi Hie Business Center	Tenjin Nishi-Dori Center Building	Tenjin North Front Building	22nd Total A	21st Total B	Variation A−B	Forecast C (＊1)	Variation A−C
(Length) (days)	22nd fiscal period (March 1, 2015 ～ August 31, 2015)											
	184	184	184	184	184	184	184	184	181	3		
①Total leasing business revenues	649	521	196	298	328	86	132	2,213	2,161	52	2,186	27
Leasing revenue-real estate	647	462	180	297	301	86	107	2,083	2,042	41		
Other leasing revenue-real estate	1	59	16	0	27	-	24	129	119	10		
②Total leasing business expenses	212	184	61	143	134	14	47	798	772	25	737	60
Outsourcing fees	137	72	19	56	41	1	10	338	335	2		
Maintenance expenses	19	14	5	57	2	0	3	101	89	12		
Expenses for restoration to former state	-	-	-	-	-	-	-	-	-	-		
Tax and public charges	44	34	18	25	16	11	8	160	159	0		
Insurance premiums and trust compensation	2	3	0	1	1	0	0	11	11	0		
Utilities expenses	6	56	17	-	30	-	21	133	124	8		
Other expenses	2	2	0	2	41	0	2	52	51	1		
③NOI (=①-②)	436	337	134	155	194	72	84	1,415	1,388	26	1,448	(32)
④Depreciation for the period	97	96	37	75	78	8	32	426	424	2		
⑤Leasing business profit (=③-④)	339	241	97	79	115	63	52	988	964	24		
⑥NOI yield (acquisition price)	6.0%	6.0%	6.1%	4.4%	6.6%	5.5%	6.0%	5.8%	5.7%	0.1%		
⑦Capital expenditures	31	52	-	57	1	6	-	149	63	86		

(＊1) Forecast at the financial results of 21st fiscal period

Income and expenditure by properties (Others)

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

Category	Amex Akasakamon Tower	City House Keyaki Dori	Aqualia Kego	Aqualia Chihaya	D-Wing Tower	Granfore Yakuin Minami	Hotel FORZA Oita	Tosu Logistics Center	LOGIPORT Island-City Hakata	22nd Total A	21st Total B	Variation A−B	Forecast C (＊1)	Variation A−C
(Length) (days)	22nd fiscal period (March 1, 2015 ～ August 31, 2015)								Mar. 27～ Aug. 31					
	184	184	184	184	184	184	184	184	158	184	181	3		
①Total leasing business revenues	66	38	115	57	112	39	63			749	516	233	738	11
Leasing revenue-real estate	64	38	110	54	107	37	63			709	502	207		
Other leasing revenue-real estate	1	0	5	2	4	1	-			40	14	25		
②Total leasing business expenses	15	8	25	16	23	9	11			146	104	42	143	3
Outsourcing fees	5	2	6	3	7	2	0			35	28	7		
Maintenance expenses	0	0	1	2	0	0	-	Non-disclosure (＊2)	Non-disclosure (＊2)	6	9	(3)		
Expenses for restoration to former state	0	-	2	3	1	0	-			9	5	3		
Tax and public charges	5	3	8	4	7	2	7			42	36	5		
Insurance premiums and trust compensation	0	0	0	0	0	0	0			5	3	1		
Utilities expenses	1	0	1	0	2	0	-			30	7	23		
Other expenses	1	1	3	2	2	2	2			16	12	3		
③NOI (=①-②)	50	30	89	40	89	30	51	37	182	603	412	190	595	8
④Depreciation for the period	18	10	25	11	16	9	19	12	60	184	123	61		
⑤Leasing business profit (=③-④)	32	19	64	28	72	20	32	25	122	418	289	129		
⑥NOI yield (acquisition price)	4.9%	5.5%	6.4%	6.4%	6.4%	5.5%	6.7%	6.0%	4.5%	5.5%	5.9%	(0.5)%		
⑦Capital expenditures	0	2	0	1	-	-	-	-	-	4	11	(7)		

(＊1) Forecast at the financial results of 21st fiscal period
(＊2) Information is not disclosed because the permission of tenants has not been obtained.

Others

Appendix

Income and expenditure by properties (Total)

Total income and expenditures

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

Category	22nd Total A	21st Total B	Variation A−B	Forecast C (＊1)	Variation A−C
(Length) (days)	184	181	3		
①Total leasing business revenues	8,423	7,789	633	8,163	260
Leasing revenue-real estate	7,902	7,342	559		
Other leasing revenue-real estate	520	446	74		
②Total leasing business expenses	3,193	2,959	233	3,003	189
Outsourcing fees	1,668	1,539	128		
Maintenance expenses	248	217	30		
Expenses for restoration to former state	9	5	3		
Tax and public charges	597	588	8		
Insurance premiums and trust compensation	57	53	4		
Utilities expenses	466	423	42		
Other expenses	145	130	15		
③NOI (=①-②)	5,229	4,829	400	5,159	70
④Depreciation for the period	1,458	1,390	67		
⑤Leasing business profit (=③-④)	3,771	3,439	332		
⑥NOI yield (acquisition price)	5.8%	5.8%	0.0%		
⑦Capital expenditures	445	328	116		

(＊1) Forecast at the financial results of 21st fiscal period

Appendix

Cash flow statements (compared with previous fiscal period)

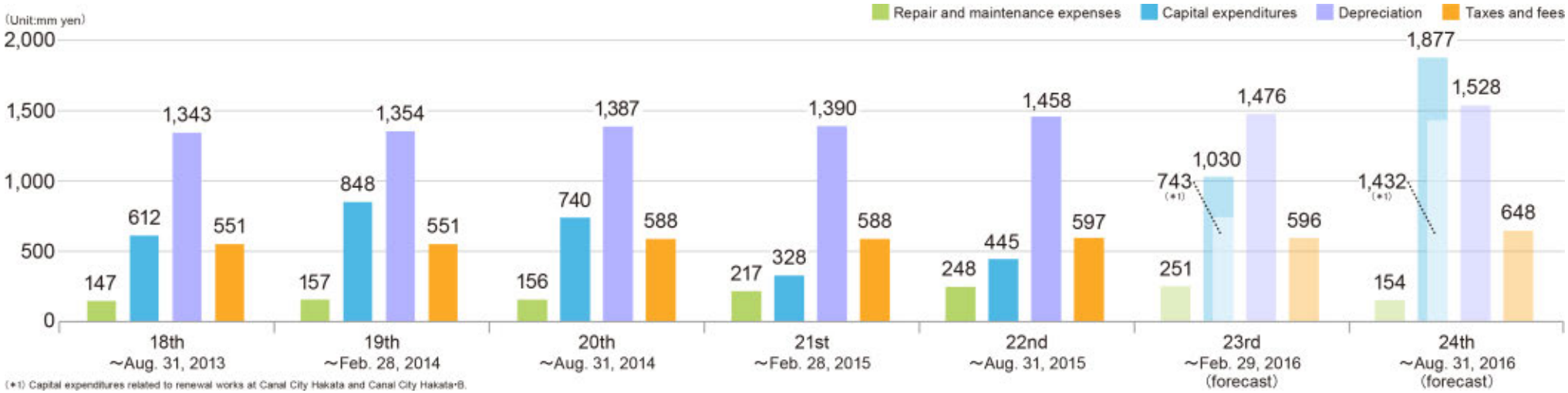
- unit : mm yen (Figures rounded down to nearest mm yen)

Category	21st ~Feb. 28, 2015 A	22nd ~Aug. 31, 2015 B	Variation B−A
Net cash provided by (used in) operating activities	**3,735**	**4,167**	**431**
Net income before income taxes	2,370	2,663	292
Depreciation and amortization expenses	1,390	1,458	67
Amortization of investment corporation bond issuance expenses	0	0	-
Amortization of investment unit issuance expenses	5	10	4
Interest received	(0)	(0)	(0)
Interest payment	378	387	8
Decrease (increase) in operating account receivable	83	(115)	(199)
Decrease (increase) in consumption taxes receivable	-	(246)	(246)
Increase (decrease) in accrued consumption taxes	53	(168)	(221)
Increase (decrease) in operating accounts payable	39	159	119
Increase (decrease) in account payable-other	6	(8)	(15)
Increase (decrease) in accrued expenses	2	20	18
Increase (decrease) in advances received	5	84	79
Increase (decrease) in deposits expenses	(369)	375	745
Decrease (increase) in prepaid expenses	52	(19)	(71)
Decrease (increase) in long-term prepaid expenses	97	(45)	(143)
Others, net	0	(1)	(2)
Subtotal	4,118	4,554	435
Interest income received	0	0	0
Interest expenses paid	(382)	(387)	(4)
Income taxes paid	(1)	(0)	0
Net cash provided by (used in) investment activities	**(1,452)**	**(14,488)**	**(13,035)**
Purchase of property, plant and equipment in trust	(1,473)	(14,543)	(13,069)
Proceeds from tenant leasehold and security deposits	0	21	21
Repayments of tenant leasehold and security deposits	(0)	(5)	(5)
Proceeds from tenant leasehold and security deposits in trust	84	837	753
Repayments of tenant leasehold and security deposits in trust	(59)	(784)	(725)
Payments of tenant leasehold and security deposits in trust	-	(10)	(10)
Proceeds from restricted trust deposits	5	5	(0)
Payments for restricted trust deposits	(8)	(8)	(0)
Net cash provided by (used in) investment activities	**(2,635)**	**10,934**	**13,570**
Proceeds from short-term debt payable	-	21,500	21,500
Repayments of short-term debt payable	(500)	(21,500)	(21,000)
Proceeds from long-term debt payable	500	7,900	7,400
Repayments of long-term debt payable	(375)	(6,275)	(5,900)
Proceeds from issuance of investment units	-	11,701	11,701
Payment of investment unit issuance expenses	-	(22)	(22)
Dividends paid	(2,260)	(2,369)	(108)
Net increase (decrease) in cash and cash equivalents	**(353)**	**613**	**966**
Balance of cash and cash equivalents at beginning of period	**7,273**	**6,920**	**(353)**
Balance of cash and cash equivalents at end of period	**6,920**	**7,533**	**613**

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 22nd fiscal period

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

Property	Purpose	Construction cost
Canal City Hakata	Common area repairs and improvements	51
Canal City Hakata・B	Common area repairs and improvements	181
Gofukumachi Business Center	Common area repairs and improvements	51
Taihaku Street Business Center	Common area repairs and improvements	52

◎Planned capital expenditures of the 23rd and 24th

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

Property	Purpose	Planned construction cost		
		Total amount	Construction cost in the 22nd	Paid in total amount
Canal City Hakata	Common area repairs and improvements	767	3	-
Canal City Hakata・B	Common area repairs and improvements	1,291	6	-
Park Place Oita	Common area repairs and improvements	150	-	-
Square Mall Kagoshima Usuki	Common area repairs and improvements	37	-	-
Marinoa City Fukuoka (Marina Side Building)	Common area repairs and improvements	54	-	-
Canal City Business Center Building	Common area repairs and improvements	131	0	-
Gofukumachi Business Center	Common area repairs and improvements	101	-	-
Amex Akasakamon Tower	Common area repairs and improvements	26	-	-

＊Table lists major actual or planned capital expenditures related to repair or renovation of properties owned by Fukuoka REIT.

Appendix

CSR initiatives

Fukuoka Realty initiatives to support and cooperate in enhancing the appeal of Kyushu and Fukuoka

■The 8th Real Estate, Economics and Finance Gathering

Approximately 320 representatives of local real estate companies, financial institutions, and government agencies participated in the eighth real estate, economics and finance gathering, which contributed to networking and further stimulation of the local economy. The gathering, held each year since 2008, was designated by the Association for Real Estate Securitization as a forum for continuing education in the Certified Masters certification system.

Date	September 28, 2015 (Mon.)
Lectures	Session 1: "The Third Year of Monetary Easing on a Different Dimension and the Real Estate Market" Mr. Kaoru Yoshino, Real Estate Economist, Japan Real Estate Institute
	Session 2: "Securitization of Real Estate in Regional Cities" Mr. Kenichiro Ieda, Director for Real Estate Market Policy Coordination, Ministry of Land, Infrastructure, Transport and Tourism

■Environmental initiatives

◎Participation in the Lights Down Campaign conducted by the Ministry of the Environment

●Partially extinguished sign lights and building common area and exterior lights during the two-day period of June 22 and July 7, Canal City Hakata and Marinoa City Fukuoka aimed to reduce power consumption by approximately 1,133 kw.

■Canal City Hakata

■Marinoa City Fukuoka

◎Support for Fukuhaku Hana Shirube

●Donation to the Fukuoka City Urban Greening Fund sponsored by the Fukuoka City Greenery Town Planning Association

●Terasu Flower Beds
Flower beds planted around Fukuoka fill the city with cheery, colorful flowers.

■OnRAMP supports local vitalization

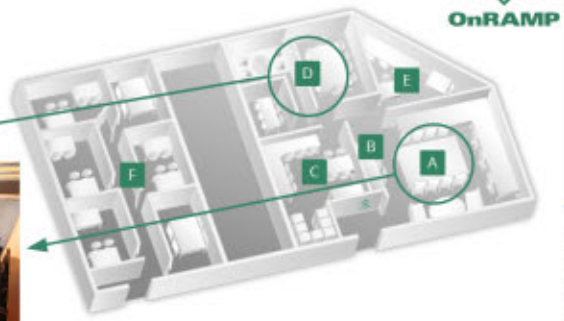
OnRAMP is a members-only entrepreneurs' salon with business incubation facilities established as a forum to support and cultivate entrepreneurs and facilitate networking among them.

OnRAMP

■Support for entrepreneurs in Kyushu

OnRAMP opened in 2012 for the purpose of cultivating and supporting entrepreneurs in Kyushu. It has approximately 50 member companies as of July 2015.

■Office renovation



Opening of expanded premises in the Tenjin area in August 2015 (for a limited period until October 2016)

The premises are approximately 260㎡ in size and consist of large and small incubation rooms and other facilities. Meeting rooms and a lounge are available.

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

Additional support for entrepreneurs in Fukuoka

The Nishinippon Shimbun, July 30, 2015

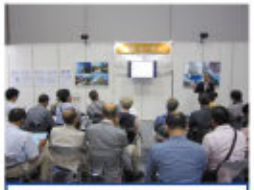
Appendix

IR initiatives

■IR activities

◎Participation in briefings for individual investors

60th FSE IR Fair


Nikkei IR and Investment Fair 2015

TSE IR Festa 2015

IR briefing for individual investors (Kanazawa)

◎Results briefing roadshows in Japan and overseas

◎One-on-one meetings for overseas investors

◎Property tours for Japanese institutional investors

■Publicity activities

◎Coverage in a local economic journal and CEO's interview article

Fukuoka Keizai EX2015

The Jutaku Shimpo, March 31, 2015

■Offering highlights

◎Summary of issuance of new investment units

Offering type	Domestic public offering
Number of new investment units issued	Units outstanding before offering: 690,000 Units outstanding after offering: 747,000
Issuance price / Sales price	212,257 yen / 205,290 yen (Closing price on date the terms of the offering were finalized: 217,700 yen / Forecast dividend for the period ending August 2015: 3,450 yen)
Total gross proceeds	12,098,649,000 yen
Total net proceeds	11,701,530,000 yen
Authorization date	April 8, 2015 (Wed.)
Pricing date	April 20, 2015 (Mon.)
Subscription period	April 21, 2015 (Tues.) to April 22, 2015 (Wed.)
Payment date	April 27, 2015 (Mon.)
Delivery date	April 28, 2015 (Tues.)
Discount rate	2.5%

◎Other activities

First 2015 Kyushu IR Workshop

July 10, 2015 (Fri.) , 16:00 to 18:00
At a Kyushu IR Workshop, Ms. Yoshiko Takayama, managing director of J-Eurus IR Co., Ltd., gave a lecture on the theme "The Corporate Governance Code and IR Companies."

Schedule	Theme (three themes per year)
July 10, 2015	The Corporate Governance Code and Companies
November 2015 (scheduled)	Financial Statements of Companies from an Analyst's Perspective (provisional)
March 2016 (scheduled)	Investor Relations Utilizing Tools (provisional)

52nd Small and Mid Cap Enterprise Seminar

Fukuoka REIT received a Best IR Award in 2014. At a seminar held on Thursday September 17, 2015, the Company introduced its IR activities under the theme "Learning from a Best IR Award Winning Company."

52nd Small and Medium-Size Enterprise Seminar
Topic: Fukuoka REIT's IR activities Hiroyuki Ayabe, Head of Finance Department, Fukuoka Realty

Appendix

Asset management company's organization

Fukuoka Realty
Full-time personnel:35
[August 31, 2015]

Shareholders general meeting

Auditor

Board of directors

Compliance committee
- Compliance department general manager
- Outside compliance committee members [attorney, real estate appraiser, certified public accountant]

→ Consults on compliance-related matters

Compliance department

President／CEO

Managing director and General manager of Planning department

Risk management committee
- Compliance department general manager and personnel appointed by him with the board of directors' approval

→ Consults on risk management

Investment committee
- President, Managing director and General manager of Planning department, Finance department, Investment department, Property management department, and Compliance department

→ Decision-making on investments and management of Fukuoka REIT's assets

Executive committee
- President, Managing director and General manager of Planning department, Finance department, Investment department, Property management department, and Compliance department

→ Decision-making on management matters in general

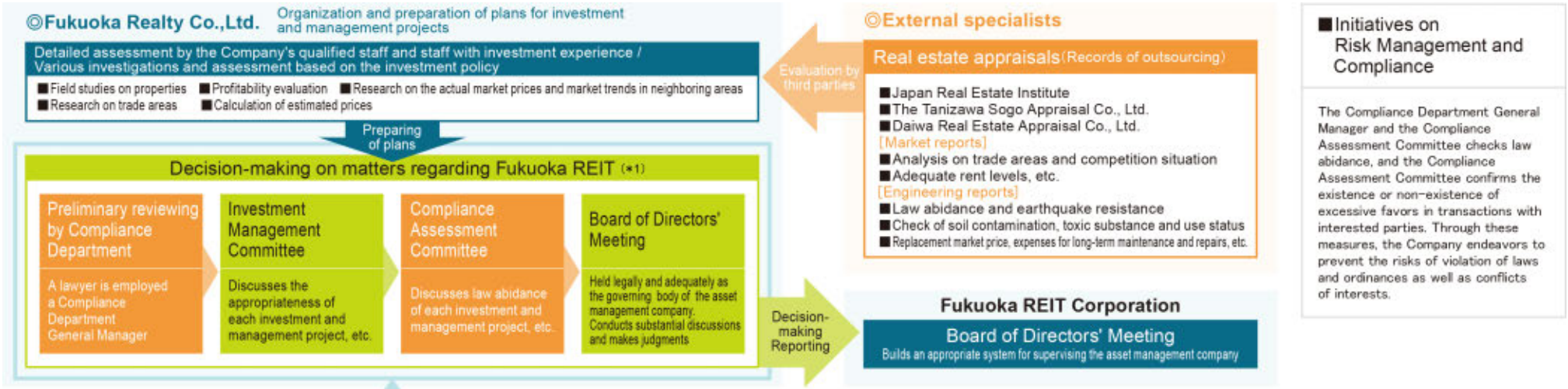
Property management department | Investment department | Finance department | Planning department

Numbers of credentialed personnel

*As of August 31, 2015

Real estate brokers	19
ARES Certified Masters	17
Certified Building Administrators	3
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

Corporate governance



■Initiatives on Risk Management and Compliance

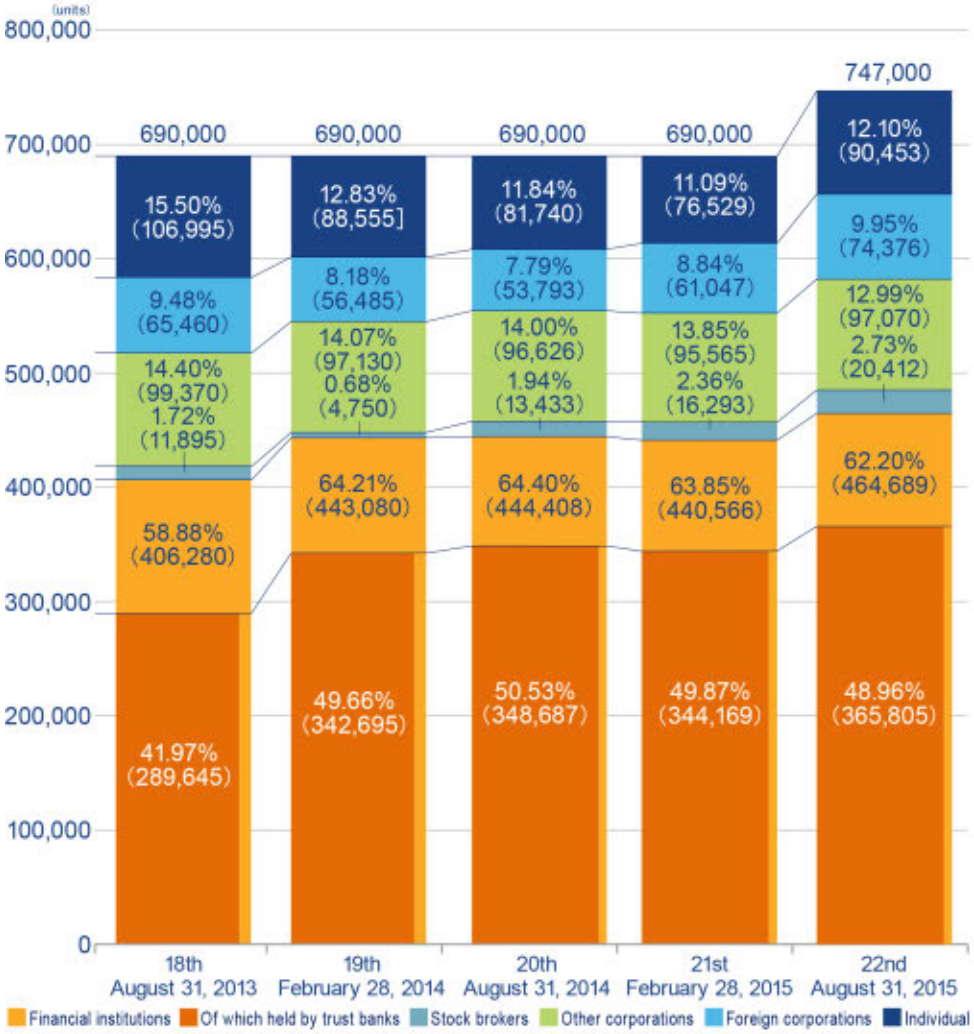
The Compliance Department General Manager and the Compliance Assessment Committee checks law abidance, and the Compliance Assessment Committee confirms the existence or non-existence of excessive favors in transactions with interested parties. Through these measures, the Company endeavors to prevent the risks of violation of laws and ordinances as well as conflicts of interests.

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

Appendix

Unitholders' data

■Distribution by investor category (breakdown of investment units)



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

■Major investors (end of the 22nd fiscal period)

(As of August 31, 2015)

Rank	Investor name	Investment unit held	Share of investment units held over total number of units outstanding(*1)
1	Japan Trustee Services Bank,Ltd. (Investment trust account)	232,426	31.11%
2	Fukuoka Jisho Co., Ltd.	64,775	8.67%
3	The Master Trust Bank of Japan,Ltd. (Trust account)	46,163	6.17%
4	Trust & Custody Services Bank,Ltd. (Securities investment trust account)	38,992	5.21%
5	The Nomura Trust and Banking Co.,Ltd. (Investment trust account)	26,133	3.49%
6	MetLife Insurance K.K.	16,479	2.20%
7	Individual investor	11,985	1.60%
8	THE BANK OF NEW YORK MELLON SA / NV 10	10,245	1.37%
9	Shikoku Railway Company	9,130	1.22%
10	Mizuho Trust & Banking Co., Ltd.	9,000	1.20%

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

Unit price chart

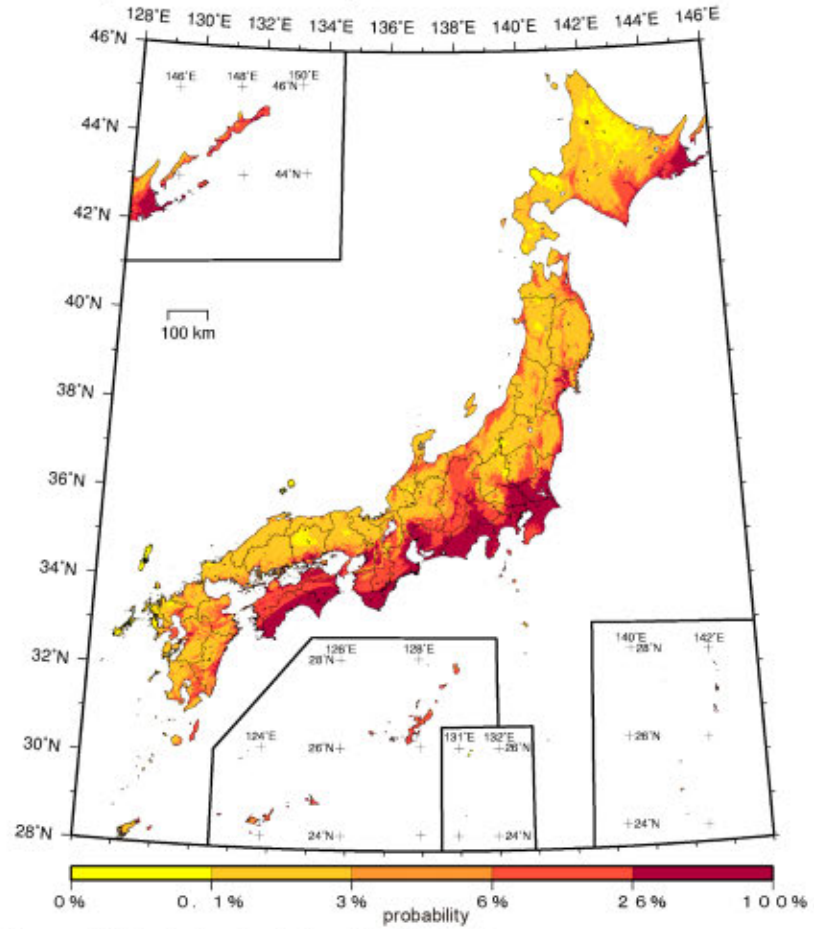
(*1) A 5-for-1 split of Fukuoka REIT investment units was effectuated on March 1, 2014. Accordingly, investment unit prices and issuance prices until February 25, 2014 have been divided by five.
(*2) Turnover by February 25, 2014 was multiplied by 5

Analysis of earthquake risk in Fukuoka

All properties owned by Fukuoka REIT are covered by earthquake insurance

■Probabilistic earthquake prediction map

Probability of occurrence of an earthquake with a magnitude of nearly 6 or higher in the next 30 years
[Average case / all earthquakes] [Reference date: January 1, 2014]



Note: The mesh for zero probability based on the model calculation conditions is shown in white.
Source: Office of the Headquarters for Earthquake Research Promotion, Earthquake and Disaster-Reduction Research Division, Research and Development Bureau, Ministry of Education, Culture, Sports, Science and Technology

■Overview of earthquake risk analysis

Property	Inspector	Report date	PML (%) (*1)
Canal City Hakata (*2)	Takenaka Corporation	Nov. 30, 2010 Jan. 21, 2011	[A] 8.0 [B] 7.6 [C] 5.3 [D] 11.1
Canal City Hakata・B (*3)	Takenaka Corporation	Jan. 21, 2011	[A] 8.2 [B] 6.1 [C] 11.1
Park Place Oita (*4)	Takenaka Corporation	Nov. 30, 2010 Jun. 21, 2012 Apr. 11, 2014	[A] 13.7 [B] 11.2 [C] 9.1 [D] 15.1
SunLive City Kokura	Takenaka Corporation	Aug. 31, 2011	6.7
Square Mall Kagoshima Usuki	Takenaka Corporation	Feb. 28, 2013	9.2
Kumamoto Intercommunity Shopping Center	Takenaka Corporation	Feb. 28, 2013	15.8
Aeon Hara Shopping Center	Takenaka Corporation	Feb. 19, 2007	13.2
Hanahata Shopping Center	Takenaka Corporation	Feb. 28, 2014	5.4
Kurume Higashi Kushiwara Shopping Center	Takenaka Corporation	Aug. 31, 2014	8.9
K's Denki Kagoshima	Takenaka Corporation	Aug. 31, 2014	6.5
Marinoa City Fukuoka (Marina side building)	Tokyo Marine & Nichido Risk Consulting	Mar. 13, 2015	4.3
Canal City Business Center Building (*5)	Takenaka Corporation	Nov. 30, 2010 Jan. 21, 2011	[A] 6.9 [B] 11.1
Gofukumachi Business Center	Takenaka Corporation	Nov. 30, 2010	4.0
Sanix Hakata Building	Takenaka Corporation	Aug. 31, 2011	4.3
Taihaku Street Business Center	Takenaka Corporation	Feb. 28, 2013	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	4.3
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	3.8
Granfore Yakuin Minami	Tokyo Marine & Nichido Risk Consulting	Sep. 15, 2014	2.7
Hotel FORZA Oita	Takenaka Corporation	Dec. 28, 2012	14.5
Tosu Logistics Center	Tokyo Marine & Nichido Risk Consulting	Jan. 16, 2014	8.9
LOGIPORT Island-City Hakata	Engineering and Risk Services Corporation, OYO RMS Corporation	Feb. 13, 2015	1.3
Overall portfolio (*6)	Takenaka Corporation	Sep. 29, 2015	5.4

(*1) PML: probable maximum loss [maximum expected loss due to earthquake expressed as a percentage of the total replacement cost of the building].
(*2) Canal City Hakata was divided into four segments [A, B, C and D], each of which was inspected separately.
Segment A is Center Walk [Washington Hotel], B is Center Walk [former amusement building], C is the South Building, and D is common area.
(*3) Canal City Hakata・B was divided into three segments [A, B and C], each of which was inspected separately.
Segment A is the Grand Hyatt Fukuoka, B is the North Building, and C is common area.
(*4) Park Place Oita was divided into three segments [A, B, C and D], each of which was inspected separately. Segment B is a 7-Eleven store, C is Magnolia Court, D is K's Denki, and A is the areas other than B, C and D.
(*5) Canal City Business Center Building was divided into two segments [A and B], each of which was inspected separately. Segment A is the Canal City Business Center Building and B is common area.
(*6) The PML for Fukuoka REIT's overall portfolio was calculated based on the assumption that the earthquake's epicenter is in central Fukuoka city, which is one of several hypothetical earthquake scenarios considered. [August 31,2015]

Strengths of Fukuoka and Kyushu①

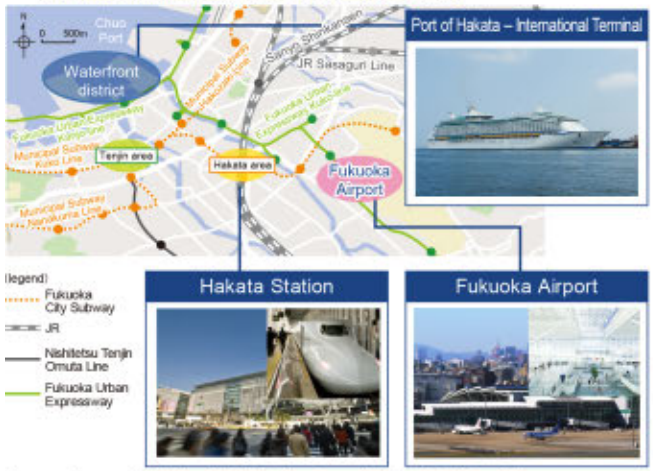
Increase in business demand due to companies expanding into or starting up in Fukuoka

■Gateway of Asia

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

◎A highly developed transportation network

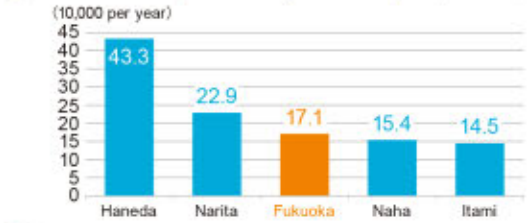
– Concentrated transportation functions with airport, port, JR and Shinkansen lines and road network –



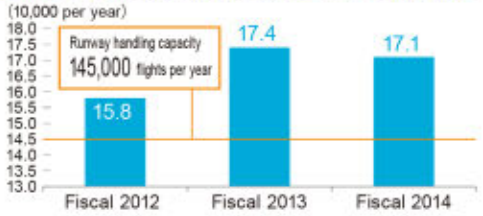
Source: Prepared by Fukuoka Realty based on data from Fukuoka City

■The current state of Fukuoka Airport

◎Annual arrivals and departures at major domestic airports (fiscal 2014)



◎Change in Fukuoka Airport arrivals and departures



Source: Prepared by Fukuoka Realty based on data from Fukuoka Prefecture
Note: Figures include helicopter flights.

◎Fukuoka Airport runway expansion proposal

Effects

(Airport landing slots/per year)

Current 145,000

After expansion 183,000

1.3 times

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

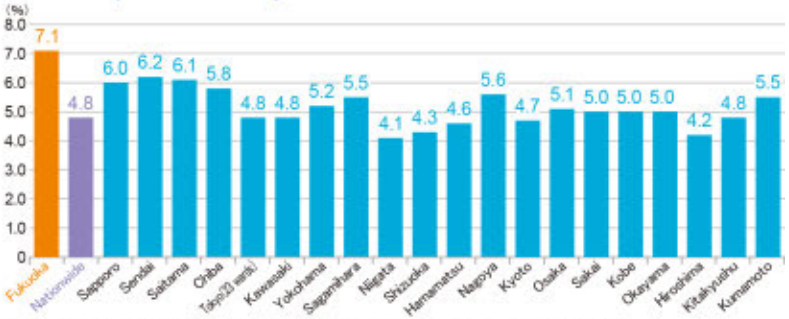
■National Strategic Special Zone in Fukuoka City

Special zone policies the prime minister indicated to Fukuoka City on May 1, 2014

◎Increase the start-up rate through support for start-ups.

◎Promote innovation and creation of new businesses by means including attracting MICE.

◎Start-up rates in major urban areas (2013)



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

◎Increasing number of international conventions

(No. of conventions)

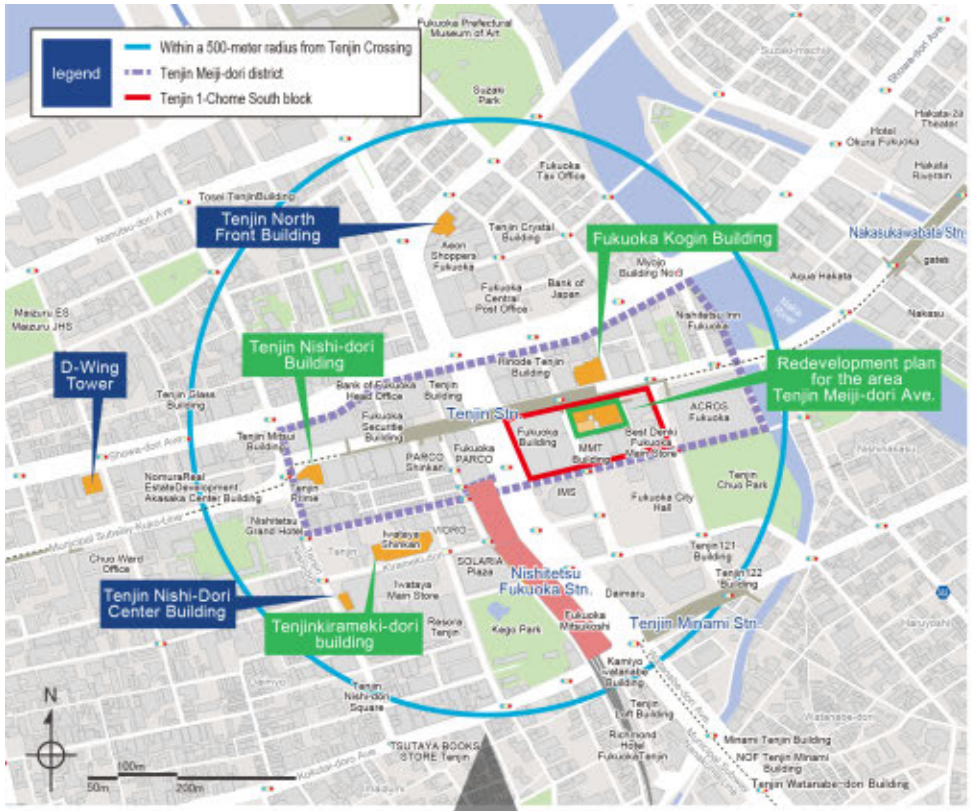
Rank	2009	2010	2011	2012	2013	2014
1	Tokyo (497)	Tokyo (491)	Tokyo (470)	Tokyo (500)	Tokyo (531)	Tokyo (543)
2	Fukuoka (206)	Fukuoka (216)	Fukuoka (221)	Fukuoka (252)	Fukuoka (253)	Fukuoka (336)
3	Yokohama (179)	Yokohama (174)	Yokohama (169)	Kyoto (196)	Yokohama (226)	Kyoto (202)
4	Kyoto (164)	Kyoto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

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

Appendix

Strengths of Fukuoka and Kyushu②

Preparations made for functional renewal of buildings in the Tenjin district



Issues pertaining to functional renewal in the Tenjin district

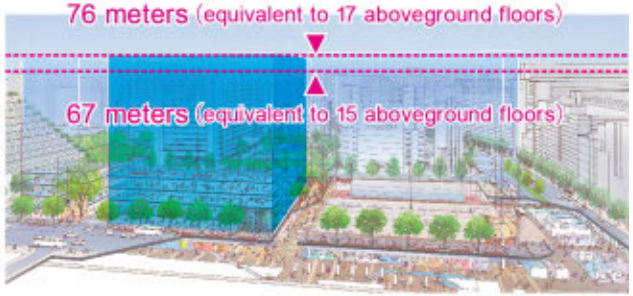
①Problem of building height restrictions under the Civil Aeronautics Act

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

■Relaxation of restrictions under the Civil Aeronautics Act

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

67 meters → 76 meters



■Decision of urban planning for district development plan

On September 28, 2015, an urban planning decision was made for the district development plan for the Tenjin 1-chome south block. The floor area ratio restriction will be relaxed to a maximum of 1,400% depending on the initiative. (Floor area ratio before the decision: 800%)

◎Newspaper article on the details of Fukuoka City Urban Planning Council approval

Fukuoka City Urban Planning Council Floor area ratio relaxation to 1,400% approved 17-story buildings possible in Tenjin 1-chome south block

◎Building age (Tenjin Meiji-dori Ave. district)

Buildings constructed since 1978

Source: Prepared by Fukuoka Realty based on data from Grand Design 2009 (Tenjin Meiji-dori Avenue Development Council)

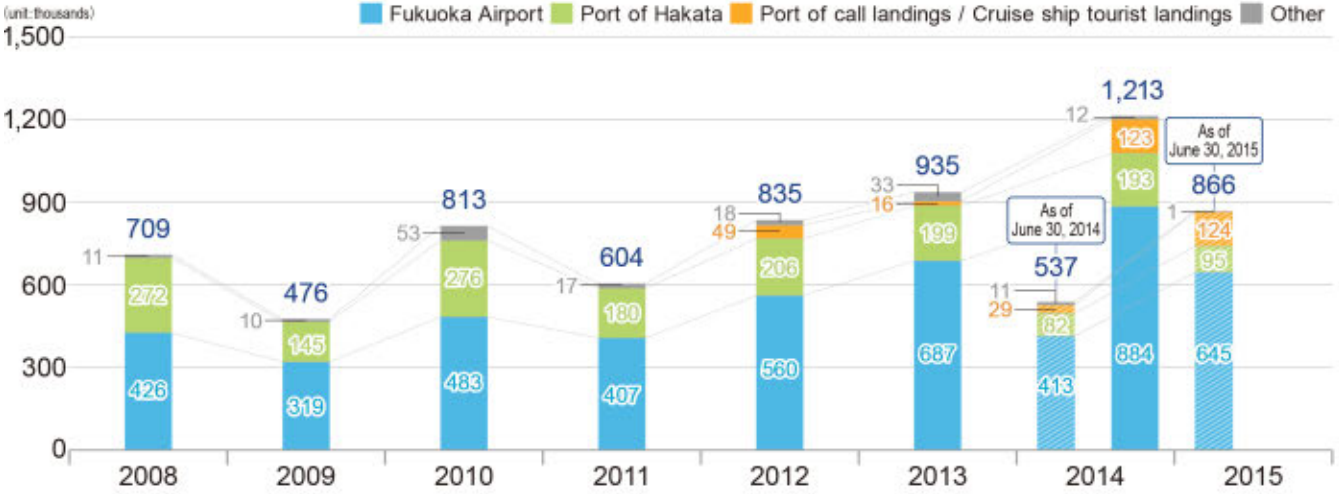
The Nishinippon Shimbun, August 6, 2015

Appendix

Strengths of Fukuoka and Kyushu③

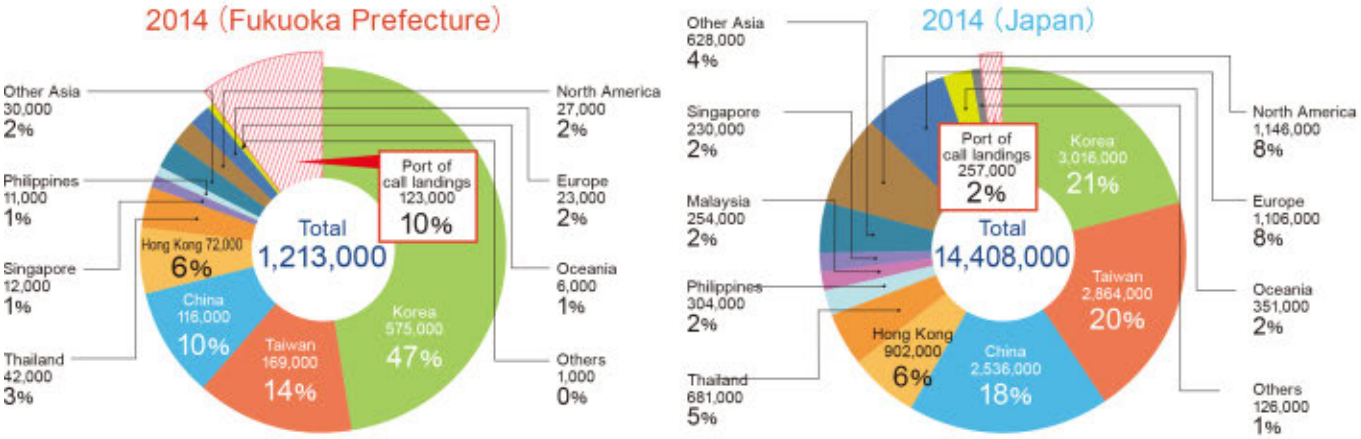
Fukuoka inbound (about 60% increase in the first half of 2015)

■Number of overseas visitors to Fukuoka Prefecture



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

■Breakdown of overseas visitors by country and region



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

Chuo Wharf Cruise Center (opened May 17, 2015)

Impact of completion of the Cruise Center

Immigration booths

Max.of 8 booths ➡ Max.of 20 booths

Approx. 1 hour reduction in inspection time

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

Quantum of the Seas (First port call June 27, 2015)

■Total tonnage: 167,800 t ■Length: 347.80 m
■Passenger capacity: 4,905

Source: Prepared by Fukuoka Realty based on data from Fukuoka City, Port & Harbor Bureau

Port of call landings / Cruise ship tourist landings

Since June 2012, efforts have been made to speed up landing inspections for foreign passengers on vessels (cruise ships) proceeding to destinations other than Japan via Japan using the permission for landing at a port of call system. Furthermore, the landing permission for cruise ship tourists system, which authorizes landing by simplified procedures for foreign passengers of cruise ships designated by the Minister of Justice, was instituted in January 2015. This has facilitated immigration inspection procedures by ①qualifying two-country cruises for simplified procedures and ②eliminating the need for a visa at the time of landing.

Appendix