



Fukuoka REIT Corporation
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Etsuo Matsuyuki
CEO & Representative Director
(Securities Code: 8968)

Asset Management Company:
Fukuoka Realty Co., Ltd.
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Notice on Issuance of New Investment Units

Fukuoka REIT Corporation (FRC) announces it has resolved at the Board of Directors Meeting held today to issue new investment units, as described below.

1. Issuance of New Investment Units through Public Offering

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| (1) Number of units to be offered: | 49,000 units |
| (2) Issue price (offer price): | To be determined
The issue price (offer price) of the public offering shall be provisionally determined by multiplying the amount whereby 3,470 yen of forecast dividend per unit for the 27th fiscal period ending February 2018 is deducted from the Tokyo Stock Exchange (TSE) regular transaction closing price of FRC's investment units (the "Investment Unit") on any date between February 21, 2018 (Wed.) and February 23, 2018 (Fri.) (hereafter "Pricing Date") (or the closing price on the day immediately preceding the Pricing Date in the event that there is no closing price) by a factor of 0.90 to 1.00 (amounts less than ¥1 to be rounded down), in consideration of demand and other factors.) |
| (3) Paid-in amount (issue value): | To be determined
(The price shall be determined by a resolution of the Board of Directors Meeting on a date (the "pricing date")) |
| (4) Total paid-in amount (issue value): | To be determined |
| (5) Offering method: | The investment units shall be offered as a public offering, and underwritten in full by SMBC Nikko Securities Inc. ("Lead Manager"), as well as Nomura Securities Co., Ltd., Mizuho Securities Co., Ltd., Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., Nishi-Nippon City Tokai Tokyo Securities Co., Ltd., and Fukuoka Securities Co., Ltd. (These six |

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companies, collectively with Lead Manager, as “Underwriters”).

- (6) Underwriting agreement: The Underwriters shall purchase and underwrite the Investment Units at the paid-in amount (issue value) determined on the Pricing Date, and conduct offering at a different price (issue price) from the paid-in amount (issue value). Underwriters shall pay FRC the total paid-in amount (issue value) on the payment date mentioned under (9) below. The difference between the total amount of issue price (offer price) and the total paid-in amount (issue value) in the public offering shall be the proceeds to be taken by the Underwriters. FRC will pay no underwriting commission to the Underwriters.
- (7) Subscription unit: One unit or more in multiples of one unit
- (8) Subscription period: February 22, 2018 (Thu.) to February 23, 2018 (Fri.) Subject to demand and other factors, the subscription period may be brought down. In that case, the latest subscription period shall be February 26, 2018 (Mon.) to February 27, 2018 (Tue.)
- (9) Payment date: A day between March 1, 2018 (Thu.) and March 2, 2018 (Fri.). However, it will be on March 1, 2018 (Thu.) when the pricing date is either February 21, 2018 (Wed.) or February 22, 2018 (Thu.), March 2, 2018 (Fri.) when the pricing date is February 23, 2018 (Fri.)
- (10) Delivery date: Next business day after payment date
- (11) The issue price (offer price), the paid-in amount (issue value), and other necessary items relating to the issuance of new investment units shall be decided at a future Board of Directors Meeting.
- (12) The aforementioned items shall be subject to the effectiveness of the Securities Registration Statement in accordance with the Financial Instruments and Exchange Act.

2. Total Number of Investment Units Outstanding after New Issuance

Total number of investment units outstanding	747,000 units
Number of new investment units to be issued through the public offering	49,000 units
Total number of investment units outstanding after the public offering	796,000 units

3. Purpose and Reason for Issuance

As a result of examining market trends, dividend levels and other factors, FRC has decided to issue new investment units in order to realize external growth through acquisition of new specified assets (assets depicted in Article 2-1 of the Act on Investment Trusts and Investment Corporations; the same applies below). (Note)

(Note) For the outline of the new asset, please refer to “Fukuoka REIT Concludes Agreement to Purchase and Lease New Properties” separately announced today. The same applies below.

4. Amount of Funds to be Procured, Use and Scheduled Payment

- (1) Total amount to be procured (approximate net balance)
8,230,000,000 yen

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(Note) The above figure is as estimated amount calculated as of January 26, 2018 (Fri.) from regular transaction on the Tokyo Stock Exchange (TSE) on the pricing date.

(2) Specific use of the funds to be procured and scheduled payment

The proceeds will be allocated to funds for acquisition of new specified assets (including acquisition costs).

(Note) Funds will be deposited in financial institutions until payment.

5. Designation of Distribution Destinations

None

6. Future Outlook

Please refer to “Notice on Revision to Forecast of Performance for Fiscal Period Ending August 2018” separately announced today.

7. Operating Results of Past Three Fiscal Periods and Status of Equity Financing

(1) Operating results of past three fiscal periods

	Fiscal Period Ended August 2016	Fiscal Period Ended February 2017	Fiscal Period Ended August 2017
Profit per unit (Note)	1,256 yen	5,621 yen	3,422 yen
Dividend per unit	3,479 yen	3,398 yen	3,422 yen
Actual payout ratio	100.0%	60.5%	100.0%
Net assets per unit	123,267 yen	125,410 yen	125,434 yen

(Note) Profit per unit has been calculated by dividing profit by the average number of investment units weighted by the number of days.

(2) Recent status of investment unit price

I) Status in the past three fiscal periods (High and low prices in comparison with the closing prices of respective trading days in the covered trading months)

(yen)

	Fiscal Period Ended August 2016	Fiscal Period Ended February 2017	Fiscal Period Ended August 2017
Opening price	193,400	187,000	177,600
High	214,500	192,000	182,800
Low	186,100	169,000	162,100
Closing price	186,100	177,100	164,300

II) Status in the last six months (High and low prices in comparison with the closing prices of respective trading days in the covered trading months)

(yen)

	September 2017	October 2017	November 2017	December 2017	January 2018	February 2018
Opening price	164,000	160,200	161,200	169,100	168,100	182,800
High	164,000	164,300	168,800	169,900	183,400	179,600
Low	160,200	157,500	158,500	167,300	168,900	171,800
Closing price	160,200	161,300	168,800	168,200	183,400	178,500

(Note) Invest unit price in February 2018 is figured as of February 8, 2018.

III) Investment unit price on the business day preceding the resolution day of the issuance

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(yen)

	February 8, 2018
Opening price	174,500
High	178,500
Low	174,500
Closing price	178,500

- (3) Status of equity financing in the past three fiscal periods
None

8. Other (Limitations on Sale, Additional Issuances, etc.)

- (1) Fukuoka Jisho Co., Ltd. is a unitholder owning 66,075 of the Investment Units as of February 9, 2018. Upon the public offering, Fukuoka Jisho Co., Ltd. has agreed with the Lead Manager that it will not sell the 66,075 investment units it has owned prior to the public offering, for a period from the pricing date and the date three months without obtaining prior written consent from the Lead Manager.
- (2) Upon the public offering, FRC has agreed with the Lead Manager that it will not issue Investment Units for a period from the pricing date and the date 90 days after the payment date, without obtaining prior written consent from the Lead Manager.
- (3) Even in each of the aforementioned cases, the Lead Manager has the right to terminate agreed to conditions in part or in whole, or reduce the period of limitation, at its own discretion during the limitation period.

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

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

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