



Fukuoka REIT Corporation
1-2-25 Sumiyoshi, Hakata Ward, Fukuoka City
Etsuo Matsuyuki
CEO & Representative Director
(Securities Code: 8968)

Asset Management Company:
Fukuoka Realty Co., Ltd.
1-2-25 Sumiyoshi, Hakata Ward, Fukuoka City
Etsuo Matsuyuki
CEO & Representative Director

Inquiries:
Keishi Tamura
General Manager of Finance Department
TEL: +81-(0)92-272-3900

Notice on Revision to Forecast of Performance for Fiscal Period Ending August 2018

Fukuoka REIT Corporation (FRC) announces it has revised its forecast of performance for the fiscal period ending August 2018 (March 1, 2018 – August 31, 2018) announced in “Earnings Briefing for the Period Ended August 2017,” dated October 12, 2017, as described below.

1. Forecast of Performance for the Fiscal Period Ending August 2018 (March 1, 2018 – August 31, 2018)

	Operating revenues (mm yen)	Operating income (mm yen)	Ordinary income (mm yen)	Profit (mm yen)	Dividend per unit (excl. dividend in excess of earnings)	Dividend in excess of earnings per unit
Previous forecast	8,110	2,950	2,593	2,592	3,470 yen	0 yen
Revised forecast	9,112	3,236	2,843	2,842	3,570 yen	0 yen
Amount of variation	1,002	286	250	250	100 yen	0 yen
Rate of variation	12.4%	9.7%	9.6%	9.6%	2.9%	–
(Reference) Results for the fiscal period ended August 2017	8,122	2,920	2,562	2,556	3,422yen	0 yen

(Note 1)The expected number of investment units issued and outstanding at the end of the fiscal period: 796,000 units.

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

(Note 3)FRC makes further revisions to the forecasts when the actual results are expected to differ by more than a certain degree from the above forecast figures. (Note 4)In the above table, monetary amounts are rounded down to the nearest specified unit and percentage figures are rounded off to on decimal place.

2. Reason for Revision

FRC made a resolution at its Board of Directors Meeting held today to additionally issue new investment units in order to procure funds for acquiring new specified assets and other purposes. In accordance with this resolution, FRC has revised its forecast of performance for fiscal ending August 2018 (March 1, 2018 – August 31, 2018). There is no revision to the forecast of performance for fiscal ending February 2018 (September 1, 2017 – February 28, 2018) at the moment.

*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/>

Disclaimer: This document is a press release to publicly announce notice on revision to forecast of performance for fiscal period ending August 2018, and has not been prepared for the purpose of enticing investment. When applying to purchase investment units issued by Fukuoka REIT Corporation, please do so based on your own judgment and responsibility, without failing to read the Prospectus on issuing new investment units and its corrections (if any) prepared by Fukuoka REIT Corporation.

【Attachment】

Preconditions for the revision to the performance forecast for the fiscal period ending August 2018(March 1, 2018-August 31, 2018)

Item	Preconditions
Calculation period	28th fiscal period: from March 1, 2018 to August 31, 2018 (184 days)
Assets under management	<ul style="list-style-type: none"> It is assumed that there will be 28 properties, comprising the 26 properties FRC owned as of February 9, 2018 plus 2 properties [Konoha Mall Hashimoto (acquisition price (planned) is 10,000 mm yen) and Higashi Hie Business Center II (acquisition price (planned) is 4,230 mm yen)] announces in “Fukuoka REIT Concludes Agreement to Purchase and Lease New Properties” dated today. In practice, they may fluctuate due to changes in assets under management.
Total number of investment units outstanding	<ul style="list-style-type: none"> It is assumed that the number of investment units will be 796,000 units including the new investment units (49,000 units) to be issued through public offering that was resolved at the Board of Directors meeting held today.
Interest-bearing debt and refinancing	<ul style="list-style-type: none"> The balance of interest-bearing debt outstanding on August 31, 2018 is expected to total 75,100 mm yen. (as of February 9, 2018, the balance of interest-bearing debt outstanding is total 68,900 mm yen). The loan-to-value ratio (interest-bearing debt ÷ total assets × 100) is expected to stand at around 39.1% (as of August 31, 2017, the loan-to-value ratio stands at 39.3%). During the period ending August 2018, FRC plans to newly borrow a total of 6,200 mm yen on March 1, 2018. It is assumed that long-term debt of 600 mm yen and 1,000 mm yen due for repayment on March 30, 2018 and July 31, 2018, respectively, will be refinanced (long-term).
Operating revenues	<ul style="list-style-type: none"> Of real estate leasing revenues, revenues from properties FRC has already acquired and FRC plans to acquire are calculated based on tenancy agreements that are valid as of February 9, 2018 by taking into account the competitiveness of the properties and the market environment. Of real estate leasing revenues, revenues from percentage lease contracts are calculated based on past results by taking into account sales fluctuation factors of the relevant tenants. Concerning real estate leasing revenues, tenant vacancies are taken into account to a certain extent. It is assumed that there will be no rent arrears or non-payments by tenants.
Operating expenses	<ul style="list-style-type: none"> When acquiring assets under management, the fixed property tax and city planning tax for the assets will be proportionally calculated according to the holding period and adjusted with the former owner. FRC will not write them off since it will include the relevant adjusted amount in the acquisition cost. The fixed property tax and city planning tax for the assets to be acquired will be written off from the fiscal period ending August 2019 (30th fiscal period). FRC writes off estimated repair costs for buildings for the calculation periods, the periods ending August 2018. Actual repair costs may differ significantly from the estimated amounts since there is the possibility that repair costs are incurred urgently due to damages to buildings caused by unforeseeable factors, repair costs generally differ largely from period to period, and repair costs are not regularly incurred. Concerning outsourcing expenses, FRC anticipates 1,902 mm yen for the period ending August 2018. Concerning taxes and other public charges, FRC anticipates 648 mm yen for the period ending August 2018. Concerning depreciation and amortization expenses, FRC anticipates 1,605 mm yen for the period ending August 2018.
Non-operating expenses	<ul style="list-style-type: none"> Concerning interest expenses (including interest expenses on investment corporation bonds) and expenses related to financing, FRC anticipates 386 mm yen for the period ending August 2018. Expenses for issuance of new investment units are planned to be depreciated using the straight-line method over 3 years.
Dividend per unit	<ul style="list-style-type: none"> Dividend (dividend per unit) is calculated based on the dividend policy stipulated in FRC’s Articles of Incorporation. Dividend per unit may fluctuate due to fluctuations in leasing revenues caused by changes in assets under management and tenants or various factors including unexpected occurrences of repair.
Dividend in excess of earnings per unit	<ul style="list-style-type: none"> Dividend in excess of earnings (dividend in excess of earnings per unit) is not planned at the moment.
Others	<ul style="list-style-type: none"> It is assumed that there will be no significant revisions to laws and regulations, the tax system, and accounting standards that may influence the forecast figures. It is also assumed that there will be no significant unexpected changes in general economic conditions and the real estate market.

Disclaimer: This document is a press release to publicly announce notice on revision to forecast of performance for fiscal period ending August 2018, and has not been prepared for the purpose of enticing investment. When applying to purchase investment units issued by Fukuoka REIT Corporation, please do so based on your own judgment and responsibility, without failing to read the Prospectus on issuing new investment units and its corrections (if any) prepared by Fukuoka REIT Corporation.