Fukuoka REIT Corporation

Q&A Summary for the 42nd Fiscal Period (Period ended August 2025)

Earnings Briefing Session for Institutional Investors/Analysts

Date: October 20, 2025 (Mon.), 15:30 – 16:15 (web conference)

Q1 With regard to the factors contributing to increase in EPU on page 6, assuming that A (Likelihood: High) is almost certain, how should we understand the situation of B (Likelihood: Medium) and C (potential)?

A1 B means that a contract has yet to be signed, but some properties have prospective tenants and are in progress toward being contracted by the end of the year. We think it is rather close to A.

As for C, in addition to the growth of Canal City Hakata, we will also focus on measures including elimination of the positive gap regarding office assets.

Q2 In relation to external growth, is there any possibility of acquiring an office?

A2 We will consider acquiring properties from sponsors and external parties, but currently, acquiring high-quality properties is challenging as they have low cap rates. We will continue to explore the possibility of acquisition.

Q3 Other than Canal City Hakata, are there any retail properties worth mentioning?

A3 Square Mall Kagoshima Usuki's appraisal value rose by approximately 440 million yen due to the successful renewal of fixed-term leases. While the property does not have sales-linked rent, the contract renewal has alleviated concerns about a reduction in the rent.

We also want to improve NOI of passive retail properties, which are stable assets, including the possibility of rent increases.

Q4 What is the current trend and outlook for inbound tourism? While the number of inbound tourists remain unchanged, Canal City Hakata has achieved sales growth. What is the reason for this?

A4 There was a temporary drop in inbound tourism in July due to the rumor of a massive

tsunami, but it is now on a recovery trend.

It is expected to remain firm for the time being.

We believe that, in addition to inbound tourism, domestic demand is also a factor behind Canal City Hakata's sales growth. Collaborative events with Nintendo, such as Splatoon and Minecraft, were also effective in attracting customers. Such events have also contributed to sales growth, in our opinion.

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Q5 What is the purpose of the renewal of Washington Hotel and what upsides do you foresee?

A5 Revenue per available room (RevPAR) is strong, but facilities (e.g., owner assets such as bathtubs) have not been updated for about 30 years since its opening. After consulting with the tenant, we decided to invest to maintain and further improve our competitiveness. In order to compensate for the increase in depreciation, we have revised the rate of sales commission stated in the contract.

The NOI yield is expected to be around 10%.

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Q6 Is it possible to further raise the rate of increase in office building rent revisions?

A6 We feel that the trend of increasing rent is expanding from Tokyo to Fukuoka.

We would like to close the rent gap not only by replacing tenants but also by continuously negotiating with existing tenants for higher rent.

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Q7 Will the renewal of Canal City Hakata continue?

A7 Canal City Hakata still has plenty of room for future growth. We would like to continue renewals considered necessary for the growth of the facility, such as capturing the night economy (economic activity during the nighttime hours).

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Q8 What are your plans to make more active use of the loan-to-value ratio (LTV) (including changing the criteria to loan-to-appraised value)?

A8 Currently, we have sufficient borrowing capacity even on a book value basis (steady level: 35% to 45%, with an upper limit of 50%; approximately 10 billion yen at book

value, and approximately 34 billion yen at an upper limit of 50%). At present, we do not anticipate changing the criteria to an appraisal basis or actively using LTV.

Q9 As part of your sales policy, will you consider selling properties for which cash flow growth is unlikely?

A9 Currently, the Tenjin North Front Building is being sold in six phases (we have completed through Phase 3), and there are no specific plans to sell other properties. For example, Higashi Hie Business Center III has some vacancies, and the rent after tenant replacement may be lower than the rent before replacement. If it becomes a property which does not contribute to internal growth, it may be considered for sale in the future.

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