



Fukuoka REIT Corporation

Q&A Summary for the 31st Fiscal Period (Period Ended February 2020)

Earnings Briefing Session for Institutional Investors/Analysts

Date: April 14, 2020 (Tue.), 15:30pm – 16:15 pm (web conference)

Q1: As I see it, the new property acquisition and other measures you have announced will raise the LTV ratio to over 40%. Do you intend to reduce the rate in the future, or do you plan to conduct operations with a higher target level for LTV than before?

A1: The acquisition of Higashi Hie Business Center III will be funded by borrowings. Accordingly, the LTV ratio is expected to be slightly over 40% after the acquisition. We have long kept our LTV policy unchanged, and we will continue to keep the level within the scope of 35% to 45%. As long as it remains within that scope, we may want to acquire excellent properties with funds procured through debt financing.

Q2: How have you factored into FRC's performance forecasts the impact of temporary closures at your retail properties which began on April 9?

A2: At this point in time we are unable to estimate the impact of temporary closures at Canal City Hakata, Konoha Mall Hashimoto and Marinao City Fukuoka (Marina Side Building) on revenues and expenses. However, we assume sales of our retail properties for the entire 32nd fiscal period to be around 50% for Canal City Hakata and at a level of 70% for Park Place Oita, Konoha Mall Hashimoto and other properties compared with sales from a year earlier. With such stress placed on sales, we presume a decrease in variable rents for these properties. Because of this, we will elaborately negotiate with each tenant with consideration given to the extent of such decrease.

Q3: With regard to the fixed rent portion, not including the variable rent, of your retail properties, do you have any tenants with whom you are negotiating a reduction or exemption in a specific manner in light of the request by the Ministry of Land, Infrastructure, Transport and Tourism? In addition, have you factored into your performance forecast the decrease in fixed rent revenues?

A3: At present, there are no tenants with whom we are negotiating a reduction or exemption of rents specifically. We recognize that the request of the Ministry of Land, Infrastructure,



Transport and Tourism was related to respite of rent payment. As for the decrease in fixed rent revenues, such has not been factored into the performance forecast. However, with stress placed on sales, we assume a decrease in variable rents. We are prepared to negotiate with each tenant elaborately with consideration given to the extent of the decrease.

Note: In consideration of how COVID-19 infection is spreading, the latest analyst meeting was held online on the website. Some analysts who participated in the online meeting reported that they could not transmit their questions due to the connection. We will continue looking into methods, etc. for holding the briefing session under such a situation.

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