



Fukuoka REIT Corporation

Q&A Summary for the 32nd Fiscal Period (Period Ended August 2020)

Earnings Briefing Session for Institutional Investors/Analysts

Date: October 19, 2020 (Mon.), 3:30pm – 4:10 pm (web conference)

Q1 Is the risk of further tenant departures at retail properties and hotels increasing? Has the worst period passed?

A1 The risk of further tenant departures at retail properties and hotels is not increasing. The worst period is believed to have been April and May of this year at the time of temporary closure under the state of emergency.

Q2 You said that property acquisitions will focus on offices and logistics facilities. In light of the impact of COVID-19 infection, is there any change regarding your perspective on acquisitions?

A2 No, there have been no changes regarding our perspective on acquisitions due to the impact of COVID-19 infection.

Q3 It appears that the vacancy rate of offices in Fukuoka City is increasing for small and medium-sized buildings. Is this due to the performance of companies being negatively impacted by COVID-19 infection? It seems that the rate of implementation of remote work is considerably low.

A3 The rise of the vacancy rate for small and medium-sized office buildings is believed to be caused by the deterioration of performance of small and medium enterprises due to the impact of COVID-19 infection.

Q4 Is the closing of LAOX at Canal City Hakata due to a direct impact of decreased inbound customers from COVID-19 infection? If so, going forward, will Canal City Hakata review its sales structure that emphasizes inbound customers and shift to a strategy that focuses on domestic customers for the entire retail facility including the hotel?

A4 The closing of LAOX at Canal City Hakata is due to the maturation of the 5-year fixed-term lease agreement. As for the entire retail facility of Canal City Hakata, in the 33rd and 34th periods, we will firmly target domestic customers in the nearby area as well as in the wider area. When inbound demand eventually recovers, we intend to make



sure to also incorporate this demand.

Q5 Operating revenues for the 32nd period came in below the forecast. Did you consider covering this with property sales or other means? Moreover, if operating revenues underperforms the forecast in the future, would you consider property sales and such to cover operating revenues?

A5 The reason operating revenues came in below the forecast is the reduction of fixed rent given the government's declaration of a state of emergency. On the other hand, regarding dividends, we are reducing costs in outsourcing fees and repair and maintenance expenses, etc. in order to protect forecast distributions. If dividends appear to be falling below what is forecast going forward, we will consider property sales as an option.

Q6 It is indicated on page 11 of the analyst meeting materials that sales of Canal City Hakata recorded a year-on-year decrease in the 32nd period. What are the projections for the 33rd and 34th periods? What is forecast for Canal City Hakata, Park Place Oita, and other retail properties? Are the estimates somewhat conservative?

A6 The following is the forecast of sales for each property in the 33rd and 34th periods. Estimates are conservative, as can be seen.

Property name	33rd period sales Comparison with 31st period	34th period sales Comparison with 30th period
Canal City Hakata Canal City Hakata・B	Mid 60% range	Lower 70% range
Park Place Oita Konoha Mall Hashimoto SunLive City Kokura	Lower 90% range	Lower 90% range

\*As sales for the 32nd period were impacted by COVID-19 infection, forecast sales for the 34th period are compared with the 30th period, which corresponds to the same period two years past.

\*This material contains statements on future business performance, plans, management targets, and strategies, etc. These forward-looking statements are based on the latest judgments made by Fukuoka REIT Corporation and Fukuoka Realty Co., Ltd., and the actual results of Fukuoka REIT Corporation may differ materially from those in the forward-looking statements due to various factors. Therefore, Fukuoka REIT Corporation and Fukuoka Realty Co., Ltd. do not guarantee their respective future performances described in this material or explanations based on this material. Although Fukuoka REIT Corporation and Fukuoka Realty Co., Ltd. have prepared this material based on information that is believed to be reliable, no guarantee is made as to the accuracy, rationality, or completeness of the content. Please note that all the descriptions of this material are effective as of the date when this material was prepared, and may be subject to change without prior notice. This material is solely for the purpose of providing information to investors, and is not intended for soliciting investment or other activities. When making a final decision on investment, investors are kindly requested to do so based on their own judgment and responsibility, fully recognizing and understanding the investment-related risks including a decrease in investment value.