

Provisional translation only



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Fukuoka REIT Corporation
1-2-25 Sumiyoshi, Hakata Ward, Fukuoka City
Yukitaka Ohara
Executive Director
(Securities Code: 8968)

Asset Management Company:
Fukuoka Realty Co., Ltd.
1-2-25 Sumiyoshi, Hakata Ward, Fukuoka City
Yukitaka Ohara
President and CEO

Inquiries:
Hiroyuki Ayabe
Executive Officer and General Manager
Finance Department
TEL: +81-(0)92-272-3900

Notice Concerning Revised Forecasts for Operating Results and Dividends (Upward Revision)
for the Fiscal Period Ending February 2025

Fukuoka REIT Corporation (FRC) has revised its forecasts for operating results and dividends (upward revision) for the fiscal period ending February 2025 (September 1, 2024 – February 28, 2025) announced in “Earnings Briefing for the Period Ended August 2024” dated October 18, 2024.

1. Revised Forecasts for Operating Results and Dividends for the Fiscal Period Ending February 2025 (September 1, 2024 – February 28, 2025)

	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 (yen)
Previous forecast (A)	10,203	4,234	3,780	3,779	3,900	—
Revised forecast (B)	10,333	4,346	3,899	3,898	4,037	—
Amount of variation (C) [(B)-(A)]	129	112	119	119	137	—
Rate of variation (C) / (A)	1.3%	2.7%	3.2%	3.2%	3.5%	—

(Note1) Forecasted number of investment units issued and outstanding at the end of the fiscal period: 872,000 units. Forecasted profit per unit 4,470 yen. Dividends per unit (excluding dividend in excess of earnings) are calculated by deducting the estimated reserve for tax purpose reduction entry per unit (433yen) from the estimated profit per unit for the current period.

(Note2) The figures in the revised forecast are calculated based on the assumptions stated in the attachment, and the actual operating revenue, 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 dividend amount.

(Note3) FRC may revise the forecasts again when the actual results are expected to differ by more than a certain level from the above

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forecast figures.

2. Reason for Revision for the Fiscal Period Ending February 2025 (September 1, 2024 – February 28, 2025)

FRC has revised upward its forecasts of dividends per unit, taking into consideration the current asset management status and other factors regarding forecasts for the operating results and dividends for the fiscal period ending February 2025 (September 1, 2024 – February 28, 2025) announced on October 18, 2024 in the "Earnings Briefing for the Period Ended August 2024".

The main reason for the revised forecast is an increase in rent revenue (variable rent) in Canal City Hakata, FRC's flagship property, due to the steady inflow of inbound tourists into Kyushu, which has continued to hit record highs, an increase in rental revenues (variable rents) in active retail properties (Konoha Mall Hashimoto, SunLive City Kokura, etc.), as well as "internal growth" such as the elimination of vacancies and the rent increase at each asset, mainly office buildings.

FRC has not yet revised its forecasts for the fiscal period ending August 2025 (from March 1, 2025 to August 31, 2025), however it is scheduled to be announced in the "Earnings Briefing for the Period Ended February 2025" to be released on April 16, 2025.

*FRC's website is <https://www.fukuoka-reit.jp/en/index.html>

[Attachment]

Preconditions for the revised performance forecast for the period ending February 2025 (September 1, 2024 to February 28, 2025).

Item	Precondition
Calculation period	41st fiscal period: September 1, 2024 to February 28, 2025 (181 days)
Assets under management	- FRC owns 35 properties as of today and it is assumed that the second disposition (quasi co-ownership interest 25%) of Tenjin North Front Building will be executed on February 27, 2025 announced in the " Notice on Disposition of Property (Domestic real estate)" dated August 28, 2024. - The disposition of Marinoa City Fukuoka (Marinaside Building) (building) took place on September 2, 2024 as announced in the "Notice on Disposition of Property (Domestic real estate)"dated February 28, 2024. - In practice, the number may fluctuate due to changes in assets under management.
Total number of investment units outstanding	- It is assumed that 872,000 units of the investment units to be issued through the issuance of new investment units (72,400 units) by public offering and through third-party allotment (maximum of 3,600 units) determined at the Board of Directors' Meeting held today for the period ending February 2025. - Except for the above, it is assumed that there will be no change in the number of investment units due to the issuance of new investment units, etc. by the end of the period ending February, 2025.
Interest-bearing debt and refinancing	- The balance of interest-bearing debt outstanding is 96,350 mm yen as of today. The entire amount of interest-bearing debt that is to be repaid or redeemed is assumed to be refinanced. The balance of interest-bearing debt outstanding for the period ending February, 2025 (February 28, 2025) is expected to be the same amount. - The loan-to-value ratio (interest-bearing debt / total assets × 100) is expected to stand at around 42.7% for the period ending February 2025 (February 28, 2025)
Operating revenues	- Of leasing revenues – real estate, revenues from properties FRC has already acquired are calculated based on tenancy agreements that are valid as of August 28, 2024, by taking into account the competitiveness of the properties and the market environment, etc. Of leasing revenues – real estate, revenues from lease contracts with variable rent such as percentage-of-sales rent and percentage-of-GOP rent are calculated based on past results by taking into account such fluctuation factors as sales and GOP of the relevant tenants - For leasing revenues – real estate, 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. - Gain on sale of Marinoa City Fukuoka (Marinaside Building) (building), announced in the "Notice on Disposition of Property (Domestic real estate)" dated February 28, 2024, is expected to be 0 million yen for the period ending February 2025. - Gain on sale of Tenjin North Front Building, announced in the "Notice on

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	Disposition of Property (Domestic real estate)" dated August 28, 2024, is expected to be 975 million yen for the period ending February 2025.
Operating expenses	FRC writes off estimated repair costs expected to be required for buildings for the calculation periods. 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 1,791 mm yen for the period ending February 2025. - Concerning taxes and other public charges, FRC anticipates 813 mm yen for the period ending February 2025. - Concerning depreciation and amortization expenses, FRC anticipates 1,596 mm yen for the period ending February 2025.
Non-operating expenses	- Concerning interest expenses (incl. Investment Corporation Bonds) and expenses related to financing, FRC anticipates 449 mm yen for the period ending February 2025. - Expenses related to the issuance of new investment units are expected to be amortized over a period of three years using the straight-line method.
Dividend per unit	- 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. - With regard to the gain on the sale of the Tenjin North Front Building expected to be transferred in each period as announced in "Notice on Disposition of Property (Domestic real estate)" dated August 28, 2024. The "special provisions for taxation in the case of replacement of specific assets" stipulated in Article 65-7 of the Special Taxation Measures Act will be applied, a part of the gain will be retained internally as a reserve for tax purpose reduction entry (377 million yen). The amount of the reserve for tax purpose reduction entry is subject to change depending on operating conditions.
Dividend in excess of earnings per unit	Dividend in excess of earnings (dividend in excess of earnings per unit) is not planned at the moment.
Others	- It is assumed that there will be no 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.