

**Implementation of Asset Replacement  
(Supplemental Data to the Press Release)**

**October 18, 2021**

**Hankyu Hanshin REIT, Inc.**

# Overview of Asset Replacement



## Aim of Asset Replacement

- Be in line with the medium-term policy and growth strategy towards the Post-Coronavirus Phase
- Follow 3 policies below, as with the previous 4 replacements:
  - (1) improve profitability
  - (2) future risk response
  - (3) strategic replacement in cooperation with the Sponsor Group
- Transfer an asset in the portfolio yielding a relatively low return and with unrealized losses, while acquiring an urban retail facility in a good location with the support of the Sponsor Group.
- Upon transfer, implement co-sale with quasi co-owner to maximize unitholder's interest.

## Effect

- Achieve improvement of portfolio profitability and rejuvenation
- Cash reserves gained from the Replacement (1.7 billion yen) will be used for future acquisition of assets.

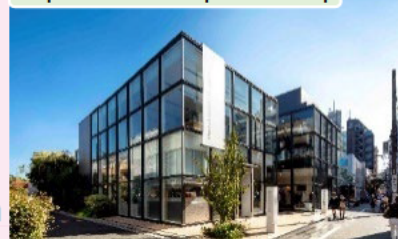
## Portfolio Profitability

	32 <sup>nd</sup> period end (ended May 2021)	after the initiative
<b>Asset size</b>	169.5 bio yen	166.7 bio yen
<b>Unrealized gain/loss (Note 1)</b>	28.5 bio yen	29.6 bio yen
<b>Average NOI yield (Note 1)</b>	4.7%	4.7%
<b>Average NOI yield after depreciation (Note 1)</b>	3.5%	3.6%
<b>Average age of buildings (Note 2)</b>	18.3 years	16.7 years

- (Note 1) For details of the calculation method of "Unrealized gain/loss", "Average NOI yield", and "Average NOI yield after depreciation", see "Notice Concerning Acquisition and Transfer of Domestic Real Estate Trust Beneficiary Interest" on the same date.
- (Note 2) The "age of the building" shows the weighted average age (estimated) based on the acquisition price of the entire portfolio (excluding property on site) as of November 30, 2021.
- (Note 3) The "Planned transfer price" and "Appraisal value" of Sphere Tower Tennozu are indicated with amounts equivalent of 33% quasi co-ownership by HHR.
- (Note 4) The "Book value" of Sphere Tower Tennozu is indicated as the expected amount as of December 10, 2021, which is the planned transfer date.

## Asset to be acquired H-CUBE MINAMIAOYAMA

Acquired from the Sponsor Group



Planned acquisition price	6,650 million yen
Appraisal value	7,300 million yen
NOI yield (Note 1)	4.0%
NOI yield after depreciation (Note 1)	3.9%
Age of building (as of November 30, 2021)	1.8 years

- Acquisition of urban commercial facility in consideration of Post-Coronavirus strategy
- Developed property of the Sponsor Group
- Improve portfolio profitability by acquiring at a price lower than the appraisal value



## Asset to be transferred Sphere Tower Tennozu (equivalent of 33% quasi co-ownership)



Planned transfer price (Note 3)	8,600 million yen
Appraisal value (Note 3)	8,250 million yen
Book Value (Note 4)	8,380 million yen
NOI yield (Note 1)	3.6%
NOI yield after depreciation (Note 1)	2.1%
Age of building (as of November 30, 2021)	28.7 years

- Office directly connected to station in Tennozu Area
- Relatively low profitability in the portfolio and with unrealized losses
- Increase in the repair cost, etc. is concerned in the future due to aging of the building

# Overview of Property to be Acquired



## H-CUBE MINAMIAOYAMA

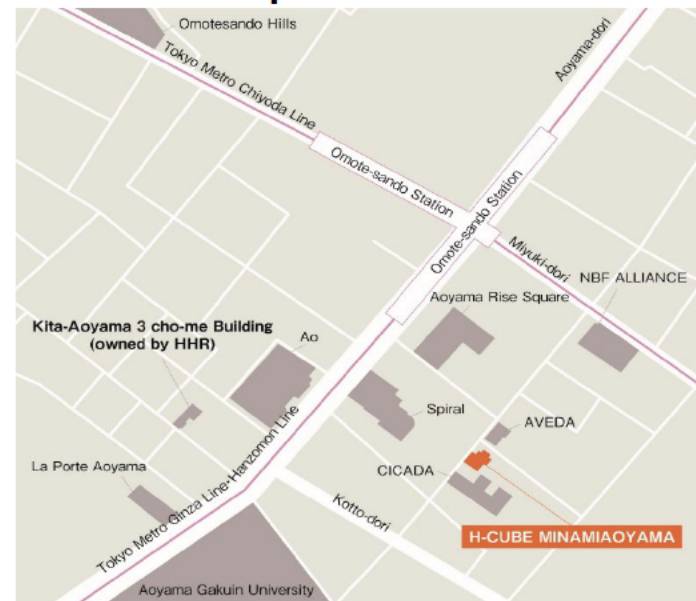
- Urban retail facility located 2 minutes walk from Omotesando Station on the Tokyo Metro (Ginza, Chiyoda, Hanzomon Lines)
- Minami-Aoyama area, where this property is located, is the area with the highest fashion and lifestyle sensitivity, and is one of Japan's leading areas with high needs for roadside stores of designer brands and high fashion.
- The building has 1 basement floor and 2 stories above ground, divided into 2 sections, north and south, and both sections have good visibility from the street.
- As it is located in an area with a high concentration of roadside stores in Minami-Aoyama and stands on the movement line of abundant traffic, the potential of the property as a roadside store is high. The property has characteristics that match the expectations by brands that desire to open a store in the area, and thus high demand can be expected.

### Property Photograph



Location	5-7-1 Minamiaoyama, Minato-ku, Tokyo		
Access	2-min. walk from Omotesando Station on the Tokyo Metro	Site area	497.12m <sup>2</sup>
Month/Year built	February 2020	Leasable area	774.21m <sup>2</sup>

### Location map



### Map of Surrounding Area





**Hankyu Hanshin REIT**

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**Actual results may differ from the forward-looking statement values due to various factors.**

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**This material is an English translation of the original, which was issued in the Japanese language.**