



Hankyu Hanshin REIT

For Immediate Release

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REIT Issuer

Hankyu Hanshin REIT, Inc. (Securities Code: 8977)
19-19 Chaya-machi, Kita-ku, Osaka
Yoshiaki Shiraki, Executive Director

Asset Management Company

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Notice Concerning Acquisition and Transfer of Domestic Real Estate Trust Beneficiary Interest

Hankyu Hanshin REIT, Inc. (hereafter “HHR”) hereby notifies that Hankyu Hanshin REIT Asset Management, Inc., the asset management company that HHR has selected to manage its assets (hereafter the “Asset Management Company”), today decided to make the following acquisition and transfer of assets.

Details

1. Overview of Acquisition and Transfer

(1) Overview of Acquisition

H-CUBE MINAMIAOYAMA

- 1) Specified asset type: Trust Beneficiary Interest (Trustee: Mizuho Trust & Banking Co., Ltd.)
- 2) Property name: H-CUBE MINAMIAOYAMA
- 3) Planned acquisition price: 6,650,000,000 yen
(excluding acquisition-related expenses, property tax, city planning tax and consumption tax, among others)
- 4) Appraisal value: 7,300,000,000 yen (Date of appraisal: September 15, 2021)
- 5) Planned acquisition date: December 14, 2021
- 6) Seller: Hankyu Hanshin Properties Corp.
- 7) Acquisition fund: Proceeds from funds procured from the transfer of Sphere Tower Tennozu

(2) Overview of Transfer

Sphere Tower Tennozu

- 1) Specified asset type: Trust Beneficiary Interest (equivalent of 33% quasi co-ownership)
- 2) Property name: Sphere Tower Tennozu
- 3) Planned transfer price: 8,600,000,000 yen
- 4) Appraisal value: 8,250,000,000 yen (Date of Appraisal: May 31, 2021)
- 5) Planned transfer date: December 10, 2021
- 6) Planned buyer: Domestic corporation
(Please refer to postscript “6. Overview of Buyer and Seller”) (Note)

(Note) Not disclosed as consent has not been obtained from the transferee.

1. Reason for Acquisition and Transfer

HHR has been examining asset replacement for improving the quality of its portfolio and sustainable growth of distribution. As a result, it has been decided that a strategic asset replacement (hereafter the "Replacement"), in which an urban retail facility (H-CUBE MINAMIAOYAMA) in central Tokyo owned by Hankyu Hanshin Holdings Group (hereafter "the Sponsor Group") is acquired and "Sphere Tower Tennozu" owned by HHR is transferred, will be conducted.

"H-CUBE MINAMIAOYAMA" is a development project of the Sponsor Group following "nanohana Ebisubashi (site)" and "MANDAI Shimoshinjo Store" acquired in March 2020, and is an urban retail facility located in the Omotesando and Minami-Aoyama area, where domestic and foreign fashion brand stores are concentrated. The property is located on a corner facing a street with high convenience, which is in a 2-minute walk from Omotesando Station on the Tokyo Metro, and the medium-to-long-term needs for opening stores can be expected due to the highly competitive location in the area, now and after the COVID-19 epidemic is settled. As such, HHR determined that the acquisition of the property will contribute to increasing unitholder value.

"Sphere Tower Tennozu" is located in the Tennozu area and is an office building directly connected to the nearest station and maintains a high occupancy rate. On the other hand, we have been considering replacement in line with our medium-term policy, as unrealized losses are arising and repair costs are expected to increase in the future due to the aging of the building. We have recently been proposed acquisition for a whole building from the transferee, and we have decided to sell it jointly with a quasi-co-owner (Note 1).

After the Replacement, in addition to improving the average yield after depreciation of the entire portfolio, the improvement of quality of the portfolio, such as an increase in unrealized gains and shorter average age of buildings (Note 2).

(Note 1) For specific figures on gains on transfer, please refer to "4. Details of assets to be acquired and transferred (2) Details of assets to be transferred."

(Note 2) For specific figures of average yield after depreciation and unrealized gains and losses, please refer to "Status of Portfolio" below.

HHR evaluated the following points when deciding on the acquisition of "H-CUBE MINAMIAOYAMA".

The property is an urban retail facility located a 2-minute walk from Omotesando Station, which is connected to the Tokyo Metro (Ginza Line, Chiyoda Line, Hanzomon Line).

The Minami-Aoyama area, where the 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 property is located on a corner facing a particularly accessible street connecting Miyuki-dori Street and Kotto-dori Street. The building has 1 basement floor and 2 stories above ground. It is divided into 2 sections, north and south, and both sections have good visibility from the street. As it is located in an area of concentrated 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. Moreover, the property has characteristics that match the expectations of brands that desire to open a store in the area. Thus, we judged that high rental demand can be expected.

The property currently houses cosmetics brand ORBIS and fashion brand Brooks Brothers.

[Status of Portfolio]

	End of 32nd fiscal period (ended May 2021)	Asset planned to be transferred	Asset planned to be acquired	After planned asset replacement (Note 3)
		Sphere Tower Tennozu	H-CUBE MINAMIAOYAMA	
Number of properties	31 properties	1 property	1 property	31 properties
Date of acquisition/transfer (planned)		December 10, 2021	December 14, 2021	
Acquisition/transfer price (planned)		8,600 million yen	6,650 million yen	
Asset scale	169,534 million yen			166,779 million yen
(Average) NOI yield (Note 1)	4.7%	3.6%	4.0%	4.7%
(Average) yield after depreciation (Note 1)	3.5%	2.1%	3.9%	3.6%
Unrealized gain/loss (Note 2)	28,570 million yen	-132 million yen	607 million yen	29,676 million yen

(Note 1) (Average) NOI yield is calculated by dividing the sum total of (a) the difference between the real estate lease operation income and real estate lease operation expenses of each property and (b) depreciation, by total acquisition planned price. (Average) yield after depreciation is calculated by dividing the sum total of difference between the real estate lease operation income and real estate lease operation expenses of each property, by total acquisition planned price. (Average) NOI yield and (Average) yield after depreciation are calculated based on the following figures.

- End of 32nd fiscal period: Actual figures for the 32nd fiscal period.
- Asset to be transferred: Actual figures for the 32nd fiscal period.
- Asset to be acquired: The first fiscal year's operating revenues and operating costs using the DCF method as indicated in the appraisal reports are used.
- After the Replacement (planned): Figures after subtracting the figures of the Asset Planned to be Transferred and adding the Asset Planned to be Acquired to the actual figures for the 32nd fiscal period

(Note 2) Unrealized gain/loss indicates the difference between the appraisal value and the book value and is calculated based on the following figures.

- Asset to be transferred: Actual figures for the 32nd fiscal period.
- Asset to be acquired: Figures calculated based on the book value (expected value) which are the total of the acquisition price (planned) and acquisition expenses that are to be recorded as assets pursuant to the accounting policy of HHR
- After the Replacement (planned): Figures obtained by adding/subtracting unrealized gain/loss of the Asset Planned to be Transferred and the Asset Planned to be Acquired as well as expected capital expenditures and depreciation in the 33rd fiscal periods to/from unrealized gain/loss at the end of the 32nd fiscal period.

(Note 3) The figures after the Replacement (planned) are figures considering only the transfer of the Asset Planned to be Transferred and the acquisition of the Asset Planned to be acquired (as for unrealized gain/loss, expected capital expenditures and depreciation in the 33rd fiscal periods are also added/subtracted) after the end of the 32nd fiscal period and may differ from actual figures.

3. Use of the transfer price

The use of the transfer price of "Sphere Tower Tennozu", scheduled on December 10, 2021, will be used to fund the acquisition of "H-CUBE MINAMIAOYAMA" and to replenish our own funds or use it to fund the acquisition of future specified assets.

4. Details of the Assets Planned to be Acquired and Transferred

(1) Details of Asset Planned to be Acquired

Property name		H-CUBE MINAMIAOYAMA			
Specified asset type		Trust beneficiary interest			
Trustee of the trust		Mizuho Trust & Banking Co., Ltd.			
Period of trust		June 30, 2017 to November 30, 2027 (Note 1)			
Planned acquisition price		6,650,000,000 yen			
Appraisal value		7,300,000,000 yen (Date of appraisal: September 15, 2021) (Appraisal organization: DAIWA REAL ESTATE APPRAISAL CO., LTD.)			
Location	Address	5-7-1 Minamiaoyama, Minato-ku, Tokyo			
Land	Building coverage	70%	Building	Month/ Year built	February, 2020
	Floor area ratio	160%		Structure/ Floor	Steel-frame, reinforced concrete structure with flat roof/ 2 floors with 1 underground floor
	Zone use	category 2 medium- to high-rise exclusive residential districts		Use	shop
	Site area	497.12 m ²		Total floor area	801.24 m ²
	Form of ownership	Right of ownership		Form of ownership	Right of ownership
Design company		Mitsubishi Jisho Sekkei, Inc.			
Construction company		Shinwa Construction Co., Ltd.			
Building recognition organization		The Building Center of Japan			
Property Manager		Hankyu Hanshin Building Management Co., Ltd.			
Earthquake PML (evaluators)		10.7% (ERS Corporation and OYO RMS Corporation)			
Collateral		None			
Other matters to note		<ul style="list-style-type: none"> • The transaction agreement for the acquisition corresponds to a forward commitment, etc. (referring to transaction agreements dated forward in which settlement and handing over of property is conducted more than one month after the conclusion of the agreement, and other related agreements) stipulated in the Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc. Also, if HHR acts in serious violation of the terms of the transaction agreement (Including cases where it was found that the representations and warranties under the transaction agreement were incorrect or incorrect in important respects), the seller may cancel the agreement. It has been agreed that if the agreement is cancelled in such a situation HHR shall pay the seller an amount equivalent to 10% of the sale price as a penalty. In addition, under the transaction agreement, the obligation of HHR to pay the sale price shall take effect on the date of execution of the sale and purchase, on condition that the company has completed the financing (including, but not limited to, loans and capital increases) necessary for the payment of the purchase price. • According to the Engineering Report, there are multiple points pointed out regarding the Building Standard Law, etc., but said points are scheduled to be corrected promptly after HHR acquires the target real estate. 			

(Note 1) The period of trust (planned) at the time of acquisition by HHR.

(2) Details of Asset to be Transferred

Property name		Sphere Tower Tennozu			
Specified asset type		Trust Beneficiary Interest (equivalent of 33% quasi co-ownership)			
Trustee of the trust		Mitsubishi UFJ Trust and Banking Corporation			
Period of trust		March 31, 2003 to June 30, 2027			
Proposed transfer price		8,600,000,000 yen			
Appraisal value		8,250,000,000 yen (Date of appraisal: May 31, 2021) (Appraisal organization: Japan Real Estate Institute)			
Book value		8,380,000,000 yen (Note 1)			
Gain/loss on transfer		32,000,000 yen (expected amount)			
Location (address)		2-2-8 Higashishinagawa, Shinagawa-ku, Tokyo			
Acquisition date		October 2, 2007			
Land	Building coverage	80%	Building	Month/ Year built	(1) April 1993 (2) June 1991
	Floor area ratio	500%		Structure/ Floors	(1) Steel-frame, reinforced concrete, steel reinforced concrete structure with flat roof/ 27 floors with 2 underground floors (2) Reinforced concrete structure with flat roof/ with 4 underground floors
	Zone use	Commercial district		Use	(1) office, shop (2) machine room (district cooling and heating system)
	Site area (Note 2)	6,106.11 m ²		Total floor area (Note 2)	(1) 43,477.68 m ² (2) 3,674.04 m ²
	Form of ownership	Right of ownership		Form of ownership	Right of ownership
Tenant details (Note 3)					
	Total number of tenants	23			
	Total rent income	592 million yen (Note 4) (Note 5)			
	Security deposits	315 million yen (Note 5)			
	Leasable area	8,818.09 m ² (Note 5)			
	Leased area	8,731.47 m ² (Note 5)			
	Occupancy rate	99.0%			
Other matters to note		<p>• The transaction agreement for the transfer corresponds to a forward commitment, etc. (referring to transaction agreements dated forward in which settlement and handing over of property is conducted more than one month after the conclusion of the agreement, and other related agreements) stipulated in the Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc. Also, if HHR acts in serious violation of the terms of the transaction agreement (Including cases where it was found that the representations and warranties under the transaction agreement were incorrect or incorrect in important respects), the buyer may cancel the agreement. It has been agreed that if the agreement is cancelled in such a situation HHR shall pay the buyer an amount equivalent to 10% of the sale price as a penalty.</p>			

(Note 1) The figure (expected value) as of December 10, 2021 is indicated with amounts rounded down to the nearest million yen.

(Note 2) The total area of the asset including the site and the whole building.

(Note 3) The figure as of May 31, 2021 is indicated.

(Note 4) The total of actual figures for the 31st fiscal period (ended November 2020) and 32nd fiscal period (ended May 2021) is indicated.

(Note 5) Total rent income, security deposit, leasable area, and leased area are indicated with amounts equivalent of 33% quasi co-ownership by HHR.

5. Overview of Leasing

H-CUBE MINAMIAOYAMA

Total number of tenants	2
Principal tenants	ORBIS Inc., Brooks Brothers Japan Ltd.
Annual rent	Undisclosed (Note 1)
Leasable area	774.21m ² (Note 2)
Leased area	774.21m ² (Note 2)
Occupancy rate	100.0% (Note 3)
Security deposits	Undisclosed (Note 1)

(Note 1) Note undisclosed as tenants' consent has not been obtained.

(Note 2) The area specified in the lease agreement with each tenant as of today is indicated.

(Note 3) The ratio of the rental area to the leasable area.

6. Overview of Buyer and Seller

(1) Overview of Seller

H-CUBE MINAMIAOYAMA

Name	Hankyu Hanshin Properties Corp.	
Location	Hankyu Terminal Building, 1-1-4 Shibata, Kita-ku, Osaka City	
Title and name of representative	Ryuichi Morotomi, President and Representative Director	
Main business activities	Sale of land, residences and condominiums, land utilization, brokerage and mediation for real estate, extension/reconstruction and renovation and lease management of land and buildings	
Capital	12,426 million yen (as of March 31, 2021)	
Date of establishment	February 17, 1947	
Net assets and total assets in the immediately preceding fiscal year	Net Assets: 147,846 million yen Total Assets: 502,161 million yen (as of March 31, 2021)	
Major shareholders and their shareholding ratio	Hankyu Hanshin Holdings, Inc. 100.0%	
Relationship between HHR or the Asset Management Company and the seller	Capital relationship	A unitholder of HHR (investment unit holding ratio: 3.22%). It is the parent company of the Asset Management Company (investment unit holding ratio: 100%) and falls under the category of interested parties, etc. as defined in the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951) (hereafter referred to as the "Investment Trust Act").
	Personnel relationship	There are no personnel relationships to be noted between HHR or the Asset Management Company and the seller (as of today).
	Business relationship	Business relationships with HHR: Management fees: 879 thousand yen Rent paid: 556 thousand yen (32nd fiscal period (December 1, 2020 to May 31, 2021)) Business relationships with the Asset Management Company Rent paid: 59,531 thousand yen (Previous fiscal year (April 1, 2020 to March 31, 2021)) Besides the above, the seller has concluded an information sharing-related agreement with the Asset Management Company.
	Applicability to related parties	The parent company of the Asset Management Company (100% ownership) and is a related party.

(2) Overview of Buyer

Sphere Tower Tennozu

Not disclosed because consent has not been obtained from the transferee domestic corporation regarding disclosure of the name, etc. There is no capital, personnel or business relationships to note between HHR or the Asset Management Company and the corporation. It is not a related party.

7. Status of Property Acquirers, etc.

H-CUBE MINAMIAOYAMA

	Previous owner	Second previous owner
Company name	Hankyu Hanshin Properties Corp.	Non-interested party
Relationship to special interested parties	See 6. Overview of Buyer and Seller above.	—
Acquisition background, reasons, etc.	Development purpose	—
Acquisition date	November 15, 2017 (site)	—
Acquisition price	The acquisition price is omitted since the property was owned for over a year.	—

8. Transaction with Interested Parties, etc.

The buyer of H-CUBE MINAMIAOYAMA fall under interested parties, etc., as defined in the Investment Trusts Act. Accordingly, the acquisition has been deliberated and approved by the investment management committee, the compliance committee and the Board of Directors Meeting of the Asset Management Company in accordance with the Asset Management Company's rules concerning transactions involving conflicts of interest set forth in the management guidelines, investment management committee regulations, compliance committee regulations, etc.

9. Overview of Intermediaries

(1) H-CUBE MINAMIAOYAMA

Not applicable.

(2) Sphere Tower Tennozu

Not disclosed because consent has not been obtained from the domestic business corporation as the intermediary regarding disclosure of the name, etc. There is no capital, personnel or business relationships to note between HHR or the Asset Management Company and the corporation. It is not a related party.

10. Settlement Method, etc.

(1) H-CUBE MINAMIAOYAMA

Collective payment on the planned acquisition date

(2) Sphere Tower Tennozu

Payment of deposit within 6 business days from the date of conclusion of the transaction agreement, and the settlement of the remaining payment on the planned transfer date.

11. Schedule of Acquisition and Transfer

(1) H-CUBE MINAMIAOYAMA

October 18, 2021	Resolution of acquisition of the Asset Planned to be Acquired at the Asset Management Company's Board of Directors Meeting.
October 18, 2021	Conclusion of property agreement for the Asset Planned to be Acquired
December 14, 2021	Payment for and acquisition (planned) of the Asset Planned to be Acquired

(2) Sphere Tower Tennozu

October 18, 2021	Resolution of transfer of the Asset Planned to be Transferred at the Asset Management Company's Board of Directors Meeting.
October 18, 2021	Conclusion of property agreement for the Asset Planned to be Transferred
By October 26, 2021	Receipt of deposit (planned)
December 10, 2021	Receipt of payment for the balance after deducting the deposit from the transfer price, and transfer (planned)

12. Future Outlook

There is no impact on the forecast of management status for the fiscal period ending November 2021 (33rd fiscal period: June 1, 2021 to November 30, 2021) due to the asset replacement. In addition, there is no adjustment to the forecast of management status for the fiscal period ending May 2022 (34th fiscal period: December 1, 2021 to May 31, 2022), for the effect is insignificant.

*HHR website: <https://www.hankyuhanshinreit.co.jp/eng/>

<Attached Materials>

- Reference Material 1 Overview of Appraisal Report
- Reference Material 2 Table of Real Estate Portfolio After the Replacement
- Reference Material 3 Property Photograph or Image View and Map of Surrounding Area

Reference Material 1

<Overview of Appraisal Report>

Property name	H-CUBE MINAMIAOYAMA
Appraisal value	7,300,000,000 yen
Appraisal organization	DAIWA REAL ESTATE APPRAISALCO.,LTD.
Date of appraisal	September 15, 2021

Item	Value	Basis for valuation
Value indicated by the income approach	7,300,000,000 yen	
Value using the direct capitalization (Fixed-term capitalization) method	7,400,000,000 yen	
(1) Operating revenues (a + b - c)	undisclosed (Note)	
a. Income from rental fees, etc.		
b. Other income		
c. Loss from non-occupancy, etc.		
(2) Operating costs (total of a to h)	undisclosed (Note)	
a. Maintenance/Administrative fees, etc.		
b. Utilities		
c. Repairs		
d. Property management fee		
e. Cost for tenant recruitment		
f. Public charges and taxes		
g. Casualty insurance premiums		
h. Other expenses		
(3) Net operating income (NOI = (1) - (2))	234,703,712 yen	
(4) Operating profit on deposit and security	2,612,193 yen	Assessed as the amount obtained by multiplying assumed deposit, etc. by investment yield, which is assessed from both operational and procurement aspects.
(5) Capital expenditures	546,560 yen	Assessed by referring to capital expenditures of similar real estate.
(6) Net cash flow (NCF = (3) + (4) - (5))	236,769,345 yen	
(7) Capitalization rate	3.2%	Assessed by comprehensively taking into account the location, building conditions, contract terms, etc. of the target real estate.
Value using the discounted cash flow (DCF) method	7,250,000,000 yen	
Discount rate	3.0%	Assessed by comprehensively taking into account the individuality of the target real estate, referring to the investment yield in transactions for similar real estate.
Terminal capitalization rate	3.4%	Assessed by comprehensively taking into account future uncertainly based on the capitalization rate.
Value indicated by the cost approach	5,180,000,000 yen	
Land ratio	96.0%	
Building ratio	4.0%	

Special items to consider at the time of making adjustments to provisional calculations and deciding the appraisal value	The target real estate is a commercial facility located about 200m southeast of Omotesando Station on the Tokyo Metro Ginza Line. The area has a concentration of roadside flagship stores such as luxury brand shops, and is considered to be a favorable location. In this case, the appraisal value was determined to be 7,300,000,000 yen, based on the assessment of the revenue price as 7,300,000,000 yen using both the direct capitalization method and the DCF method, and referring to the accrued price.
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The appraisal value of real estate is no more than an indication of the opinion of the value of the appraised real estate at the time of the appraisal conducted by the real estate appraiser in accordance with the Act on Real Estate Appraisal, Real Property Appraisal Standards, etc. There are cases where another appraisal of the same real estate may result in a different appraisal value, depending on the real estate appraiser conducting the appraisal and the method or timing of the appraisal. Furthermore, the appraisal of real estate is neither a guarantee nor an obligation, now or into the future, of a sale or purchase at that appraisal value.

Note: The Asset Management Company decided not to disclose these items as no consent has been obtained from the tenants for the disclosure of rents, etc., the assessment is based on actual results for reference and there is a possibility that disclosure of these items will affect its competitiveness and damage the interests of unitholders.

<Overview of Appraisal Report>

Property name	Sphere Tower Tennozu
Appraisal value	8,250,000,000 yen
Appraisal organization	Japan Real Estate Institute
Date of appraisal	May 31, 2021

Item	Value	Basis for valuation
Value indicated by the income approach	25,000,000,000 yen	
Value using the direct capitalization method	25,400,000,000 yen	
(1) Operating revenues (a + b - c)	1,767,883,000 yen	
a. Income from rental fees, etc.	1,474,918,000 yen	Assessed based on medium- to long-term stable standard of rental and fees.
b. Other income	382,392,000 yen	Book utilities revenue etc.
c. Loss from non-occupancy, etc.	89,427,000 yen	Non-occupancy rate is assessed as 4% for offices, 4% for shops, 0% for district cooling and heating plant, and 42% for parking.
(2) Operating costs (total of a to h)	762,018,000 yen	
a. Maintenance/Administrative fees, etc.	163,000,000 yen	Assessed based on the current contract detail and the actual amount in the previous FY
b. Utilities	322,000,000 yen	Assessed based on the actual amount in the previous FY
c. Repairs	52,470,000 yen	Assessed by referring to the actual amount in the previous FY, and by considering future management and operation plans, the level of expenditure of similar real estate, the annual average of repair and renewal costs in the engineering report, etc.
d. Property management fee	17,845,000 yen	Assessed by taking into account the current contract details, etc.
e. Cost for tenant recruitment	9,748,000 yen	Book annual average amount assessed on renter's expected rotation period, regarding costs necessary for brokerage services for recruiting new tenants, advertising, etc.
f. Public charges and taxes	182,652,000 yen	Assessed by considering details of materials related to public taxes and burden adjustment.
g. Casualty insurance premiums	3,303,000 yen	Assessed by taking into account the current contract details etc.
h. Other expenses	11,000,000 yen	Book cleaning cost at Tennozu Airu Station, etc.
(3) Net operating income (NOI = (1) - (2))	1,005,865,000 yen	
(4) Operating profit on deposit and security	9,048,000 yen	Assessed as an investment yield of 1.0%.
(5) Capital expenditures	124,880,000 yen	Assessed by taking into account the level of capital expenditure of similar real estate, the age of building, and the annual average of repair and renewal costs in the engineering report.
(6) Net cash flow (NCF = (3) + (4) - (5))	890,033,000 yen	
(7) Capitalization rate	3.5%	Assessed by comprehensively taking into account the individuality of the target real estate, referring to the investment yield in transaction for similar real estate.
Value using the discounted cash flow (DCF) method	24,500,000,000 yen	
Discount rate (1 to 10 years)	3.3%	Assessed by comprehensively taking into account the individuality of the target real estate, referring to the investment yield in a transaction for similar real estate.
Discount rate (from 11 years)	-	
Terminal capitalization rate	3.7%	Assessed in consideration of the aging of buildings, uncertainly in the leasing market trends, decline in liquidity, etc.
Value indicated by the cost approach	23,900,000,000 yen	
Land ratio	76.7%	
Building ratio	23.3%	

Special items to consider at the time of making adjustments to provisional calculations and deciding the appraisal value	<p>The appraisal value was determined to be 8,250,000,000 yen, by employing the revenue assessed using both the direct capitalization method and the DCF method, referring to the accrued price, the price of the whole building and the site being assessed as 25,000,000,000 yen, and the price being multiplied by equity equivalent of 33% quasi co-ownership.</p> <p>*The above revenue and accrued price are the amount applied for the whole building and its site.</p>
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The appraisal value of real estate is no more than an indication of the opinion of the value of the appraised real estate at the time of the appraisal conducted by the real estate appraiser in accordance with the Act on Real Estate Appraisal, Real Property Appraisal Standards, etc. There are cases where another appraisal of the same real estate may result in a different appraisal value, depending on the real estate appraiser conducting the appraisal and the method or timing of the appraisal. Furthermore, the appraisal of real estate is neither a guarantee nor an obligation, now or into the future, of a sale or purchase at that appraisal value.

Reference Material 2

<Table of Real Estate Portfolio After the Replacement>

Property Name	Facility (Type of Use)	Region	Acquisition (Planned) Date	Acquisition(Planned) Price(millions of yen)	Investment Ratio
HEP Five (14% of the quasi co-ownership of the trust beneficiary interests)	Retail	Kansai	February 1, 2005	6,468	3.9%
Kitano Hankyu Building	Retail	Kansai	February 1, 2005	7,740	4.6%
Dew Hankyu Yamada	Retail	Kansai	February 1, 2005	6,930	4.2%
Takatsuki-Josai Shopping Center	Retail	Kansai	November 15, 2005	8,600	5.2%
			June 4, 2020	55	
Nitori baraki-Kita Store (site)	Retail	Kansai	March 29, 2006	1,318	0.8%
HANKYU NISHINOMIYA GARDENS (28% of the quasi co-ownership of the trust beneficiary interests)	Retail	Kansai	April 16, 2013	18,300	11.0%
AEON MALL SAKAIKITA HANADA (site)	Retail	Kansai	June 27, 2013	8,100	4.9%
MANDAI Toyonaka Honan Store (site)	Retail	Kansai	June 27, 2013	1,870	1.1%
Kita-Aoyama San cho-me Building	Retail	Other	November 12, 2013	1,680	1.0%
DAILY QANAT Izumiya Horikawa Marutamachi Store (site)	Retail	Kansai	June 4, 2014	3,100	1.9%
kotocross Hankyu Kawaramachi	Retail	Kansai	June 4, 2014	2,770	1.7%
LIFE Shimoyamate Store (site)	Retail	Kansai	June 4, 2014	1,421	0.9%
MANDAI Gojo Nishikoji Store (site)	Retail	Kansai	June 24, 2014	4,182	2.5%
KOHYO Onohara Store	Retail	Kansai	July 1, 2016	1,631	1.0%
OASIS Town Itami Konoike (site)	Retail	Kansai	November 25, 2016	7,100	4.3%
METS OZONE	Retail	Other	February 15, 2018	5,400	3.2%
MANDAI Nigawa Store (site)	Retail	Kansai	March 27, 2018	2,280	1.4%
LAMU Higashiosaka Branch (site)	Retail	Kansai	March 27, 2018	1,850	1.1%
Vessel Inn Hakata Nakasu	Retail	Other	March 29, 2018	2,760	1.7%
Valor Takatsuki Store (site)	Retail	Kansai	March 29, 2019	2,258	1.4%
FUNDES JIMBOCHO	Retail	Other	March 29, 2019	2,830	1.7%
nanohana Ebisubashi (site)	Retail	Kansai	March 31, 2020	4,230	2.5%
MANDAI Shimoshinjo Store	Retail	Kansai	March 31, 2020	674	0.4%
H-CUBE MINAMIAOYAMA	Retail	Other	December 14, 2021	6,650	4.0%
Subtotal				110,197	66.1%
Shiodome East Side Building	Office	Other	February 29, 2008	19,025	11.4%
Hankyu Corporation Head Office Building	Office	Kansai	April 10, 2013	10,200	6.1%
SHIBAURA RENASITE TOWER	Office	Other	May 28, 2020	3,475	2.1%
Subtotal				32,700	19.6%
Ueroku F Building	Complex	Kansai	November 1, 2005	2,980	1.8%
Sphere Tower Tennozu (33% of the quasi co-ownership of the trust beneficiary interests)	Complex	Other	To be transferred	—	—
LAXA Osaka	Complex	Kansai	January 22, 2009	5,122	3.1%
GRAND FRONT OSAKA (Umekita Plaza and South Building) (equivalent of 4.9% co-ownership)	Complex	Kansai	December 5, 2018	9,212	5.5%
GRAND FRONT OSAKA (North Building) (equivalent of 4.9% co-ownership)	Complex	Kansai	December 5, 2018	6,566	3.9%
Subtotal				23,880	14.3%
Total				166,779	100.0%

Reference Material 3

<H-CUBE MINAMIAOYAMA Property photograph>



<H-CUBE MINAMIAOYAMA Map of Surrounding Area>

