



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
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Asset Management Company

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Notice Concerning Acquisition of Domestic Real Estate

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.

Details

1. Overview of Acquisition

Coop Kobe Delivery Center Nishinomiya (site)

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|-------------------------------|--|
| 1) Specified asset type: | Right of ownership |
| 2) Property name: | Coop Kobe Delivery Center Nishinomiya (site) |
| 3) Planned acquisition price: | 1,864,000,000 yen
(excluding acquisition-related expenses, property tax, city planning tax and consumption tax, among others) |
| 4) Appraisal value: | 2,070,000,000 yen (Date of appraisal: December 1, 2021) |
| 5) Planned acquisition date: | December 27, 2021 |
| 6) Seller: | Domestic business corporation
(Please refer to postscript “5. Overview of Seller”) (Note) |
| 7) Acquisition fund: | Proceeds from funds procured from the transfer of Sphere Tower Tennozu and cash on hand |

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

2. Reason for Acquisition

Based on the target and policy of asset management stipulated in the Articles of Incorporation, HHR aims to continue its steady growth by acquiring the site of Coop Kobe Delivery Center Nishinomiya.

Acquisition of the property is a realization of agile property acquisition utilizing cash on hand procured from the transfer of Sphere Tower Tennozu as the part of the asset replacement announced on October 18, 2021(hereafter the “Replacement”). The acquisition is expected to strengthen our portfolio in the Kansai Region, one of our priority investment areas, and improve the stability of our portfolio. Furthermore, HHR has decided to acquire the property utilizing the network and solutions of the sponsor group, considering the

price was within the range HHR deemed appropriate. Focusing on the Kansai Region and in collaboration with the sponsor group, HHR will continue to promote growth that improves the quality of its portfolio while enhancing revenue stability.

As announced in the “Notice Concerning Partial Change to the Internal Rules (Management Guidelines) of Asset Management Company” dated on December 24, 2021, the Asset Management Company made partial revisions to its management guidelines, which enabled it to invest in logistics facilities, etc.

HHR evaluated the following points when deciding on the acquisition of the property.

The property is the site of a delivery center of consumer goods including food and daily necessities, located along a major arterial city road (Rinko-sen), approximately 1.2 kilometers from the Nishinomiya Interchange of Hanshin Expressway No. 3 Kobe Route, and approximately 2 kilometers from the Nishinomiya Interchange of Hanshin Expressway No. 5 Wangan Route. In the surrounding area of the property, there are many detached houses and apartment houses that comprise a mature residential area, and retail facilities are concentrated along the heavily trafficked arterial road. On the back of demand for delivery to consumers, etc. which has been increasing due to the growth of e-commerce in the midst of the COVID-19 pandemic, we have judged that the strong rental demand for the property will continue in the future.

[Status of Portfolio]

	End of 32nd fiscal period (ended May 2021)	Asset transferred	Asset (to be) acquired		After the Replacement (planned) (Note 3)
		Sphere Tower Tennozu	H-CUBE MINAMIAOYAMA	Coop Kobe Delivery Center Nishinomiya (site)	
Number of properties	31 properties	1 property	1 property	1 property	32 properties
Date of acquisition (planned)/transfer		December 10, 2021	December 14, 2021	December 27, 2021	
Acquisition (planned)/transfer price		8,600 million yen	6,650 million yen	1,864 million yen	
Asset scale	169,534 million yen				168,643 million yen
(Average) NOI yield (Note 1)	4.7%	3.6%	4.0%	3.6%	4.7%
(Average) yield after depreciation (Note 1)	3.5%	2.1%	3.9%	3.6%	3.6%
Unrealized gain/loss (Note 2)	28,570 million yen	-132 million yen	607 million yen	161 million yen	29,837 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 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 report are used.
- After the Replacement (planned): Figures after subtracting the figures of the Asset Transferred and adding the Asset (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 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 planned price 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 Transferred and the Asset (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 Transferred and the acquisition of the Asset (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. Details of the Asset Planned to be Acquired

Property name		Coop Kobe Delivery Center Nishinomiya (site)			
Specified asset type		Right of ownership			
Planned acquisition price		1,864,000,000 yen			
Appraisal value		2,070,000,000 yen (Date of appraisal: December 1, 2021) (Appraisal organization: The Tanizawa Sogo Appraisal Co., Ltd.)			
Location	Address	1-9-12 Higashimachi, Nishinomiya City, Hyogo Prefecture			
Land	Building coverage	60%	Building	Month/ Year built	—
	Floor area ratio	200%		Structure/ Floor	—
	Zone use	Quasi-industrial area		Use	—
	Site area	7,005.80 m ²		Total floor area	—
	Form of ownership	Right of ownership		Form of ownership	—
Property Manager		Hankyu Hanshin Building Management Co., Ltd.			
Collateral		None			
Other matters to note		HHR is scheduled to own only the land.			

4. Overview of Leasing

Total number of tenants	1
Principal tenants	Undisclosed (Note 1)
Annual rent	Undisclosed (Note 1)
Leasable area	7,005.80m ² (Note 2)
Leased area	7,005.80m 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 the tenant as of today is indicated.

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

5. Overview of Seller

Not disclosed because consent has not been obtained from the seller domestic business 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.

6. Status of Property Acquirers, etc.

Details are omitted as the acquisition of the Property is not an acquisition from parties with special interests of HHR or the Asset Management Company.

7. Transaction with Interested Parties, etc.

Not applicable.

8. Overview of Intermediaries

Not applicable.

9. Settlement Method, etc.

Collective payment on the planned acquisition date

10. Schedule of Acquisition

December 24, 2021	Resolution of acquisition of the property at the Asset Management Company's Board of Directors Meeting.
December 27, 2021	Conclusion of property agreement, payment for and acquisition (planned).

11. 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 acquisition of the property. 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	Coop Kobe Delivery Center Nishinomiya (site)
Appraisal value	2,070,000,000 yen
Appraisal organization	The Tanizawa Sogo Appraisal Co., Ltd.
Date of appraisal	December 1, 2021

Item	Value	Basis for valuation
Value indicated by the income approach	2,070,000,000 yen	
Value using the discounted cash flow (DCF) method	2,070,000,000 yen	
Discount rate per period	4.0%	Assessment comprehensively taking into consideration of the content of the planned lease agreement, land rent levels, lease period, business risks and other factors, based on the method to compare with the yields of land with leasehold right transaction cases, etc., as well as the accumulation method.
Discount rate per period (upon returning to vacant land)	4.2%	Assessment based on the discount rate for the planned agreement period and adding the possibility to sell the property as vacant land, etc.

Special items to consider at the time of making adjustments to provisional calculations and deciding the appraisal value	In the assessment the appraisal value of the target real estate was determined to be 2,070,000,000 yen with the value indicated by the income approach using the discounted cash flow (DCF) method, in light of the typology of the target real estate of being a "site (land with lease-land right)" and considering to the process by which the price was formulated, placing emphasis on profitability of the market participants (demanders) of the targeted real estate, the objectives of the appraisal request, etc.
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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	3.8%
Kitano Hankyu Building	Retail	Kansai	February 1, 2005	7,740	4.6%
Dew Hankyu Yamada	Retail	Kansai	February 1, 2005	6,930	4.1%
Takatsuki-Josai Shopping Center	Retail	Kansai	November 15, 2005	8,600	5.1%
			June 4, 2020	55	
Nitori Ibaraki-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	10.9%
AEON MALL SAKAIKITAHAANADA (site)	Retail	Kansai	June 27, 2013	8,100	4.8%
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	1.8%
kotocross Hankyu Kawaramachi	Retail	Kansai	June 4, 2014	2,770	1.6%
LIFE Shimoyamate Store (site)	Retail	Kansai	June 4, 2014	1,421	0.8%
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	4.2%
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	1.6%
Valor Takatsuki Store (site)	Retail	Kansai	March 29, 2019	2,258	1.3%
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	3.9%
Subtotal				110,197	65.3%
Shiodome East Side Building	Office	Other	February 29, 2008	19,025	11.3%
Hankyu Corporation Head Office Building	Office	Kansai	April 10, 2013	10,200	6.0%
SHIBAURA RENASITE TOWER	Office	Other	May 28, 2020	3,475	2.1%
Subtotal				32,700	19.4%
Ueroku F Building	Complex	Kansai	November 1, 2005	2,980	1.8%
LAXA Osaka	Complex	Kansai	January 22, 2009	5,122	3.0%
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	14.2%
Coop Kobe Delivery Center Nishinomiya (site)	Other	Kansai	December 27, 2021	1,864	1.1%
Subtotal				1,864	1.1%
Total				168,643	100.0%

Reference Material 3

< Coop Kobe Delivery Center Nishinomiya (site) Property photograph >



< Coop Kobe Delivery Center Nishinomiya (site) Map of Surrounding Area >

