



<Translation of Japanese Original>

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For Immediate Release

REIT Issuer

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

Asset Management Company

**Hankyu Hanshin REIT Asset Management, Inc.**  
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Notice Concerning Acquisition of Domestic Real Estate, and Transfer of Domestic Real Estate Trust  
Beneficiary Interest and 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 and transfer of assets.

Details

1. Overview of Acquisition and Transfer

(1) Overview of Acquisition

(A) nanohana Ebisubashi (site)

- 1) Specified asset type: Right of ownership
- 2) Property name: nanohana Ebisubashi (site)
- 3) Planned acquisition price: 4,230,000,000 yen  
(excluding acquisition-related expenses, property tax, city planning tax and consumption tax, among others)
- 4) Appraisal value: 4,310,000,000 yen (Date of appraisal: February 29, 2020)
- 5) Planned acquisition date: March 31, 2020
- 6) Seller: Hankyu Hanshin Properties Corp.
- 7) Acquisition fund: Proceeds from funds procured from the transfer of Kohnan Hiroshima Nakano-Higashi Store (site), new borrowings as indicated in "Notice Concerning Debt Financing" dated today and cash on hand (planned).

(B) MANDAI Shimoshinjo Store

- 1) Specified asset type: Right of ownership
- 2) Property name: MANDAI Shimoshinjo Store
- 3) Planned acquisition price: 674,000,000 yen  
(excluding acquisition-related expenses, property tax, city planning tax

- and consumption tax, among others)
- 4) Appraisal value: 704,000,000 yen (Date of appraisal: December 31, 2019)
  - 5) Planned acquisition date: March 31, 2020
  - 6) Seller: Hankyu Corporation
  - 7) Acquisition fund: Proceeds from funds procured from the transfer of Kohnan Hiroshima Nakano-Higashi Store (site), new borrowings as indicated in "Notice Concerning Debt Financing" dated today and cash on hand (planned).

(C) SHIBAURA RENASITE TOWER (equivalent of 10% co-ownership)

- 1) Specified asset type: Right of ownership
- 2) Property name: SHIBAURA RENASITE TOWER (equivalent of 10% co-ownership)
- 3) Planned acquisition price: 3,475,000,000 yen  
(excluding acquisition-related expenses, property tax, city planning tax and consumption tax, among others)
- 4) Appraisal value: 3,510,000,000 yen (Date of appraisal: March 1, 2020)
- 5) Planned acquisition date: May 28, 2020
- 6) Seller: NIPPON STEEL KOWA REAL ESTATE CO., LTD.  
NIPPON TOCHI-TATEMONO Co., Ltd.
- 7) Acquisition fund: Proceeds from funds procured from the transfer of Hotel Gracery Tamachi (planned)

(2) Overview of Transfer

(A) Kohnan Hiroshima Nakano-Higashi Store (site)

- 1) Specified asset type: Right of ownership
- 2) Property name: Kohnan Hiroshima Nakano-Higashi Store (site)
- 3) Planned transfer price: 1,926,800,000 yen
- 4) Appraisal value: 1,880,000,000 yen (Date of appraisal: November 30, 2019)
- 5) Planned transfer date: March 19, 2020
- 6) Planned buyer: Domestic business corporation (Please refer to postscript "6. Overview of Buyer and Seller") (Note)

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

(B) Hotel Gracery Tamachi

- 1) Specified asset type: Trust Beneficiary Interest
- 2) Property name: Hotel Gracery Tamachi
- 3) Planned transfer price: ① 3,879,000,000 yen (equivalent of 90% quasi co-ownership)  
② 431,000,000 yen (equivalent of 10% quasi co-ownership)  
Total 4,310,000,000 yen
- 4) Appraisal value: 4,310,000,000 yen (Date of appraisal: November 30, 2019)
- 5) Planned transfer date: ① May 28, 2020  
② August 28, 2020
- 6) Planned buyer: NIPPON STEEL KOWA REAL ESTATE CO., LTD.  
NIPPON TOCHI-TATEMONO Co., Ltd.

## 2. Reason for Acquisition and Transfer

HHR has been examining the asset replacements for improving the quality of our portfolio and continuously increasing distributions. As a result, it has been decided that a strategic asset replacement (hereafter the "Replacement"), in which an urban commercial facility (nanohana Ebisubashi (site) in central Osaka and a community-based commercial facility (MANDAI Shimoshinjo Store) owned by Hankyu Hanshin Holdings Group (hereafter "the Sponsor Group") and an office building in central Tokyo (SHIBAURA RENASITE TOWER (equivalent of 10% co-ownership)) (total of three properties; hereafter the "Three Assets Planned to be Acquired") are acquired and a community-based retail facility owned by HHR "Kohnan Hiroshima Nakano-Higashi (site)" and "Hotel Gracery Tamachi" (total of two properties; hereafter the "Two Assets Planned to be Transferred") are transferred, will be conducted.

The "nanohana Ebisubashi (site)" is a development project of the Sponsor Group following the "Valor Takatsuki Store (site)" acquired in March 2019, and is the first urban retail facility in the "Osaka Minami" area of HHR. The property is located in a prime area (Note 1) near Namba Station (Note 2) and can expect many customer visits. As such, HHR believes that the acquisition of the property will contribute to increasing unitholder value.

The MANDAI Shimoshinjo Store is a development project of the Sponsor Group and is located along the railway of the Sponsor Group. This property may not meet some of the investment criteria for commercial facilities in the Investment Guidelines (in principle, the investment amount is above 1 billion yen and the total floor area should be more than 3,300 m<sup>2</sup>). However, the property can achieve higher yield than the average yield after depreciation of HHR's portfolio (3.7%) (Note 3), is a community-based retail facility with stable cash flows expected over the medium to long term and could contribute to stabilize the entire portfolio. As a result of the comprehensive review of the above factors, it was determined that the acquisition of the property would contribute to the enhancement of unitholder value.

As the acquisition of "SHIBAURA RENASITE TOWER" (equivalent of 10% co-ownership) involves the transfer of "Hotel Gracery Tamachi", the mutual trading transaction will take place between the transferee with preferential negotiation rights and HHR. Since the property has high transportation convenience and is a high-spec office building that is expected to have stable cash flows in the future, it is determined that the acquisition of the property will contribute to the enhancement of unitholder value.

"Kohnan Hiroshima Nakano-Higashi Store (Site)" is located along Japan National Route 2 in the eastern part of Hiroshima City, and is located in a relatively good location as a commercial area. On the other hand, the property has an unrealized loss. Considering the future risks to HHR in case of continued holding, it has been determined that the transfer of the property will contribute to strengthening the structure of the portfolio.

"Hotel Gracery Tamachi" is a property with unrealized gain. By transferring the property coupled with "Kohnan Hiroshima Nakano-Higashi Store (Site)", it is possible to offset the transfer loss of "Kohnan Hiroshima Nakano-Higashi Store (Site)" with the gain from the transfer of the property. After discussions with the transferee with preferential negotiation rights, it was determined that the mutual trading transaction of "SHIBAURA RENASITE TOWER (equivalent of 10% co-ownership)" will improve the quality of the portfolio (Note 4).

Regarding the transfer of "Hotel Gracery Tamachi", HHR plans to transfer a quasi co-ownership equivalent of 90% on May 28, 2020 and a quasi co-ownership equivalent of 10% on August 28, 2020. As a result, gain on sale of investment property of 659 million yen and reserve for tax purpose reduction

entry of 221 million yen in the fiscal period ending May 31, 2020 (the 30th fiscal period), and gain on sale of investment property of 74 million yen and reserve for tax purpose reduction entry of 57 million yen in the fiscal period ending November 30, 2020 (31st fiscal period) are expected to be booked. HHR believes that stabilization of future distributions will be beneficial to unitholders' profits through the split transfers and the internal reserves of the gain from the transfer (recording of reserve for tax purpose reduction entry).

(Note 1) Prime area means that the location is favorable in terms of access from important transportation hubs such as large-scale terminal stations.

(Note 2) "Namba" station is called different names depending on the railway company ("Namba (Hiragana)" station for Osaka Metro and Nankai Electric Railway, "Namba (Kanji)" station for JR and "Osaka Namba" for Hanshin Electric Railway and Kintetsu Railway).

(Note 3) The figures as of the end of the 29th period.

(Note 4) Please refer to postscript "4. Details of the Assets Planned to be Acquired and Transferred (2) Details of Assets to be Transferred" for detail figures of loss on transfer and gain on transfer.

(Note 5) Utilizing the system of "Special provisions for taxation on replacement of specific assets" (Article 65-7 of the act on special measures concerning taxation), it is assumed that the funding limit specified in "Rules on calculation of investment corporations" is to be used as the reserve for tax purpose reduction entry.

HHR evaluated the following points upon deciding the acquisition of the Three Assets Planned to be Acquired.

(A) nanohana Ebisubashi (site)

The property is an urban commercial facility located a 5-minute walk from a major terminal station, "Namba" station, which is connected to Hanshin Electric Railway, Osaka Metro (Midosuji Line, Yotsubashi Line, Sennichimae Line), Kintetsu Railway, Nankai Electric Railway, and JR via underground passages.

The property is a healthcare and cosmetics specialty Store, targeting not only overseas tourists but also female customers in Japan.

Osaka Minami area, Shinsaibashi and Namba, where the property is located, is one of the leading downtown areas in Japan, representing Osaka City, and is being developed in response to growing inbound demand in recent years. The property faces the Dotonbori River, the prime spot in Osaka Minami, and is located in a place with high visibility and wide recognition.

The end tenant of the property is Nanohana West Japan Co., Ltd. The Medical System Network Group, including the company, is engaged in several pharmaceutical-related businesses and medical welfare-related businesses. The group is a leader in the network of pharmaceutical wholesalers and dispensing pharmacies, as well as in the volume of business. They have a unique strength in providing a network system developed in-house. Also, the Group has been developing two core businesses, a medical products network business and a community-based dispensing pharmacy business centered on Nanohana Pharmacy, and this property will be a new business.

(B) MANDAI Shimoshinjo Store

This property is a community-based retail facility located a 10-minute walk from Shimoshinjo Station on the Hankyu Senri Line.

The area around the property is a market with a high percentage of people in their 20s and 30s, as it is close to the center of Osaka City, and is expected to continue to see development of large condominiums. As the number of condominium developments increases, there will be a possibility that the characteristics of the residents will also change significantly, and it is considered to be a high potential area.

MANDAI Co., Ltd., the tenant of the property, is a leading supermarket in Kansai Region. Its sales have been increasing at a rate of 2-6% YoY since FY02 / 10 with 155 Stores in the Kansai Region (as of June 2019). This is the fourth property owned by HHR after "MANDAI Toyonaka Honan Store (site)", "MANDAI Gojo Nishikoji Store (site)", and "MANDAI Nigawa Store (site)". MANDAI's properties owned by HHR have good operating records.

The property was renewed in June 2018.

(C) SHIBAURA RENASITE TOWER (equivalent of 10% co-ownership)

This property is an office building located a 4-minute walk from Tamachi Station on the JR Yamanote Line/Keihin Tohoku Line, a 7-minute walk from Mita Station on the Toei Asakusa Line, and a 9-minute walk from Mita Station on the Toei Mita Line.

The property has an extremely high transportation convenience as JR Yamanote Line stations with high business convenience are within a 5 minute walk and you can access major train stations, Haneda Airport and Narita Airport without changing trains via Toei Subway Lines.

New developments are in progress around the property. In addition to lush greenery in the development block, there are various facilities to support people's lives and businesses such as luxury hotels and conference rooms, book stores, supermarkets, nursery schools, gyms, etc. Going forward, further development is planned, which stimulates great improvement in business integration. The evaluation of office locations around Tamachi Station and Mita Station will also drastically increase in the future.

The property has a total floor area of 26,808.72m<sup>2</sup> and a standard floor space for rent of about 1,000m<sup>2</sup> (Note 1). Rental rooms on the standard floor are rectangular with no pillars and the layout efficiency of the property is high. With the relatively old age of 11 years, HHR believes that the specifications of the property are sufficient for tenants considering occupancy. The property has also received CASBEE2017 "S Rank" and "Minato City Local Green City Development Award" (fiscal 2010) (Note 2).

(Note 1) Both the total floor area and the floor area for standard floor rental are equivalent of 100% co-ownership.

(Note 2) The award is for the entire block including Shibaura Institute of Technology and Hotel Gracery Tamachi.

After the Replacement (planned), the average yield after depreciation of the entire portfolio is expected to remain at the same level, 3.7%, as at the end of the 29th fiscal period (ended November 2019).

[Status of Portfolio]

	End of 29th fiscal period (ended November 2019)	Two assets planned to be transferred		Three assets planned to be acquired			After planned asset replacement (Note 3)
		Kohnan Hiroshima Nakano-Higashi Store (site)	Hotel Gracery Tamachi	nanohana Ebisubashi (site)	MANDAI Shimoshinjo Store	SHIBAURA RENASITE TOWER (equivalent of 10% co-ownership)	
Number of properties	30 properties	1 property	1 property	1 property	1 property	1 property	31 properties
Date of acquisition/transfer (planned)		March 19, 2020	May 28, 2020 (equivalent of 90% quasi co-ownership) August 28, 2020 (equivalent of 10% quasi co-ownership)	March 31, 2020	March 31, 2020	May 28, 2020	
Acquisition/transfer price (planned)		1,926.8 million yen	4,310 million yen	4,230 million yen	674 million yen	3,475 million yen	
Asset scale	167,435 million yen						169,479 million yen
(Average) NOI yield (Note 1)	4.9%	5.7%	4.4%	3.5%	4.9%	3.6%	4.9%
(Average) yield after depreciation (Note 1)	3.7%	5.7%	2.8%	3.5%	4.4%	3.1%	3.7%
Unrealized gain/loss (Note 2)	31,333 million yen	-400 million yen	778 million yen	42 million yen	12 million yen	-15 million yen	31,650 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 29th fiscal period: Actual figures for the 29th fiscal period.
- 2 assets to be transferred: Actual figures for the 29th fiscal period.
- 3 assets to be acquired: For all properties, operating revenues and operating costs using the DCF method as indicated in the appraisal report are used.
- After the Replacement (planned): Figures after adding the figures of the Two Assets Planned to be Transferred and the Three Assets Planned to be Acquired to the actual figures for the 29th 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.

- 2 Assets to be transferred: Actual figures for the 29th fiscal period.
- 3 Assets 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 Hankyu Hanshin REIT.
- After the Replacement (planned): Figure obtained by adding/subtracting unrealized gain/loss of the Asset Planned to be Transferred and the Three Assets Planned to be Acquired as well as expected capital expenditures and depreciation in the 30th and 31st fiscal periods to/from unrealized gain/loss at the end of the 29th 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 Three Assets Planned to be acquired (as for unrealized gain/loss, expected capital expenditures and depreciation in the 30th and 31st fiscal periods are also added/subtracted) after the end of the 29th fiscal period and may differ from actual figures.

### 3. Use of the transfer price

The use of the transfer price of “Kohnan Hiroshima Nakano-Higashi Store (Site)”, scheduled on March 19, 2020, will be used to fund the acquisition of “nanohana Ebisubashi (Site)” and “MANDAI ShimoShinjo Store”. The use of the transfer price of “Hotel Gracery Tamachi” (equivalent of 90% quasi co-ownership) scheduled on May 28, 2020 will be based on the acquisition funds for “SHIBAURA RENESITE TOWER (equivalent of 10% co-ownership)”. With regards to the use of the transfer price of the property (equivalent of 10% quasi co-ownership) to be transferred on August 28, 2020, we plan 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 Assets Planned to be Acquired

##### (A) nanohana Ebisubashi (site)

Property name		nanohana Ebisubashi (site)			
Specified asset type		Right of ownership			
Planned acquisition price		4,230,000,000 yen			
Appraisal value		4,310,000,000 yen (Date of appraisal: February 29, 2020) (Appraisal organization: DAIWA REAL ESTATE APPRAISAL CO., LTD.)			
Location	Lot Number	2-4-5 Shinsaibashisuji, Chuo-ku, Osaka City			
Land	Building coverage	80%	Building	Month/ Year built	—
	Floor area ratio	500%		Structure/ Floors	—
	Zone use	Commercial district		Use	—
	Site area	302.40m <sup>2</sup>		Total floor area	—
	Form of ownership	Right of ownership		Form of ownership	—
Property manager		Hankyu Hanshin Building Management Co., Ltd. (Planned)			
Collateral		None			
Other matters to note		•HHR is scheduled to own only the land.			

##### (B) MANDAI Shimoshinjo Store

Property name		MANDAI Shimoshinjo Store			
Specified asset type		Right of ownership			
Planned acquisition price		674,000,000 yen			
Appraisal value		704,000,000 yen (Date of appraisal: December 31, 2019) (Appraisal organization: Japan Real Estate Institute)			
Location	Lot Number	3-10-22 Shimoshinjo, Higashiyodogawa-ku, Osaka City			
Land	Building coverage	60%	Building	Month/ Year built	December 1998
	Floor area ratio	200%		Structure/ Floors	Steel frame structure roof / 2 floors
	Zone use	Quasi-industrial area		Use	Shop

	Site area	2,211.56m <sup>2</sup>		Total floor area	1,550.65m <sup>2</sup>
	Form of ownership	Right of ownership		Form of ownership	Right of ownership
Design company		Hankyu Engineering (Time of new construction) Hankyu Sekkei Consultant (Time of extension)			
Construction company		Mori-Gumi Co., Ltd.			
Building recognition organization		Osaka City			
Property manager		Hankyu Hanshin Building Management Co., Ltd. (Planned)			
Earthquake PML (evaluators)		5.3% (ERS Corporation and OYO RMS Corporation)			
Collateral		None			
Other matters to note		None			

(C) SHIBAURA RENASITE TOWER (equivalent of 10% co-ownership)

Property name		SHIBAURA RENASITE TOWER (equivalent of 10% co-ownership)			
Specified asset type		Right of ownership			
Planned acquisition price		3,475,000,000 yen			
Appraisal value		3,510,000,000 yen (Date of appraisal: March 1, 2020) (Appraisal organization: Richi Appraisal Institute Co., Ltd.)			
Location	Lot Number	3-9-1 Shibaura, Minato-ku, Tokyo			
Land	Building coverage	60%	Building	Month/Year built	March 2009
	Floor area ratio	400%		Structure/Floors	Steel-frame, steel-frame reinforced concrete and concrete structure with flat roof/19floors with 2 underground floors
	Zone use	Quasi-industrial area		Use	Office, parking lot
	Site area	3,216.78m <sup>2</sup> (equivalent of 100% co-ownership)		Total floor area	26,808.72m <sup>2</sup> (equivalent of 100% co-ownership)
	Form of ownership	Right of ownership		Form of ownership	Right of ownership
Design company		TODA CORPORATION, Nikken Sekkei Ltd.			
Construction company		TODA CORPORATION			
Building recognition organization		The Building Center of Japan			
Property manager		NIPPON STEEL KOWA REAL ESTATE CO., LTD. (Planned)			
Earthquake PML (evaluators)		2.0% (ERS Corporation and OYO RMS Corporation)			
Collateral		None			

Other matters to note	<ul style="list-style-type: none"> <li>• 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 indemnifications under the sales contract 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 20% of the sale price as a penalty. However, it is the premise of HHR's obligation to pay the trading value that the transfer of the quasi co-ownership interest of Hotel Gracery Tamachi scheduled to be transferred on May 28, 2020 (equivalent of 90% ownership) is objectively assured. The planned transfer price of the quasi co-ownership interest (equivalent of 90% ownership) of Hotel Gracery Tamachi, which is a condition and is scheduled to be transferred on May 28, 2020, exceeds the planned acquisition price of the property.</li> <li>• The target land and the adjacent land are certified as one complex based on the Building Standards Law, and certain regulations of the Building Standards Law, such as floor area ratio and building coverage, will be applied assuming that the whole estate is the site of the target property. According to the agreement concluded with the neighboring land owner regarding the single housing complex certification, ( i ) preferential negotiation right to sell the subject real estate is granted to the neighboring land owner, and ( ii ) it is agreed to obtain the written consent of the owner of the neighboring land in case of rebuilding of the subject building and making changes to the permit from the government.</li> </ul>
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## (2) Details of Asset to be Transferred

### (A) Kohnan Hiroshima Nakano-Higashi Store (site)

Property name		Kohnan Hiroshima Nakano-Higashi Store (site)			
Specified asset type		Right of ownership			
Proposed transfer price		1,926,800,000 yen			
Appraisal value		1,880,000,000 yen (Date of appraisal: November 30, 2019) (Appraisal organization: The Tanizawa Sogo Appraisal Co., Ltd.)			
Book Value		2,280,000,000 yen (Note 1)			
Gain/loss on transfer		-401,000,000 yen (expected amount)			
Location (Address)		7-28-1 Nakano-higashi, Aki-ku, Hiroshima City			
Acquisition date		October 2, 2006			
Land	Building coverage	60%	Building	Month/ Year built	—
	Floor area ratio	200%		Structure/ Floors	—
	Zone use	Quasi-industrial area		Use	—
	Site area	25,529.73m <sup>2</sup>		Total floor area	—
	Form of ownership	Right of ownership		Form of ownership	—
Tenant details					
Total number of tenants		1			
Total rent income		137 million yen (Note 2)			
Security deposits		127 million yen (Note 3)			
Leasable area		25,529.73m <sup>2</sup>			
Leased area		25,529.73m <sup>2</sup>			

	Occupancy rate	100.0%
	Other matters to note	<ul style="list-style-type: none"> <li>• HHR owns only the land.</li> <li>• Of the target land, lot number 4363-3 (area 25.65m<sup>2</sup>) has an easement for transmission lines established by Chugoku Electric Power Co., Inc.</li> </ul>

(Note 1) The figure (expected value) as of March 19, 2020 is indicated with amounts rounded down to the nearest million yen.

(Note 2) The total of actual figures for the 28th fiscal period (ended May 2019) and 29th fiscal period (ended November 2019) is indicated.

(Note 3) The total of amounts shown in the lease agreements as of today is indicated.

(B) Hotel Gracery Tamachi

Property name		Hotel Gracery Tamachi			
Specified asset type		Trust beneficiary interest			
Proposed transfer price		① 3,879,000,000 yen ② 431,000,000 yen Total 4,310,000,000 yen			
Appraisal value		4,310,000,000 yen (Date of appraisal: November 30, 2019) (Appraisal organization: Richi Appraisal Institute Co., Ltd.)			
Book Value		① 3,149,000,000 yen (equivalent of 90% quasi co-ownership) (Note 1) ② 348,000,000 yen (equivalent of 10% quasi co-ownership) (Note 2) Total 3,497,000,000 yen			
Gain/loss on transfer		① 659,000,000 yen (expected amount) ② 74,000,000 yen (expected amount) Total 733,000,000 yen (expected amount)			
Location (Address)		3-8-1 Shibaura, Minato-ku, Tokyo			
Acquisition date		December 25, 2008			
Land	Building coverage	60%	Building	Month/ Year built	September 2008
	Floor area ratio	400%		Structure/ Floors	Reinforced concrete, Steel-frame reinforced concrete, steel structure roof / 11 floors
	Zone use	Quasi-industrial area		Use	Hotel, parking lot
	Site area	1,724.01m <sup>2</sup>		Total floor area	4,979.95m <sup>2</sup>
	Form of ownership	Right of ownership		Form of ownership	Right of ownership
Tenant details					
	Total number of tenants	1 (Note 3)			
	Total rent income	225million yen (Note 4)			
	Security deposits	Undisclosed (Note 5)			
	Leasable area	4,943.66m <sup>2</sup>			
	Leased area	4,943.66m <sup>2</sup>			
	Occupancy rate	100.0%			
Other matters to note		<ul style="list-style-type: none"> <li>• 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 indemnifications under the sales contract 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 20% of the sale price as a penalty.</li> <li>• The target land and the adjacent land are certified as one complex based on the Building Standards Law, and certain regulations of the</li> </ul>			

	Building Standards Law, such as floor area ratio and building coverage, will be applied assuming that the whole estate is the site of the target property. According to the agreement concluded with the neighboring land owner regarding the single housing complex certification, ( i ) trust beneficiary right or preferential negotiation right to sell the subject real estate is granted to the neighboring land owner, and ( ii ) it is agreed to obtain the written consent of the owner of the neighboring land in case of rebuilding of the subject building and making changes to the permit from the government.
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(Note 1) The figure (expected value) as of May 28, 2020 is indicated with amounts rounded down to the nearest million yen.

(Note 2) The figure (expected value) as of August 28, 2020 is indicated with amounts rounded down to the nearest million yen.

(Note 3) Parking lot is not included.

(Note 4) The total of actual figures for the 28th fiscal period (ended May 2019) and 29th fiscal period (ended November 2019) is indicated.

(Note 5) Not disclosed as tenant's consent has not been obtained.

## 5. Overview of Leasing

### (1) nanohana Ebisubashi (site)

Total number of tenants	1
Principal tenant	Hankyu Hanshin Properties Corp.
Annual rent	153 million yen
Leasable area	302.40m <sup>2</sup>
Leased area	302.40m <sup>2</sup>
Occupancy rate	100.0%
Security deposits	76 million yen

### (2) MANDAI Shimoshinjo Store

Total number of tenants	1
Principal tenant	MANDAI Co., Ltd.
Annual rent	Undisclosed (Note)
Leasable area	1,608.65m <sup>2</sup>
Leased area	1,608.65m <sup>2</sup>
Occupancy rate	100.0%
Security deposits	Undisclosed (Note)

(Note) Not disclosed as tenant's consent has not been obtained.

### (3) SHIBAURA RENASITE TOWER (equivalent of 10% co-ownership)

Total number of tenants	10 (Note 1)
Principal tenant	Undisclosed (Note 2)
Annual rent	Undisclosed (Note 2)
Leasable area	1,833.96m <sup>2</sup> (Note 3)
Leased area	1,833.96m <sup>2</sup> (Note 3)
Occupancy rate	100.0%

Security deposits

Undisclosed (Note 2)

(Note 1) Parking lot not included.

(Note 2) Not disclosed as tenant's consent has not been obtained.

(Note 3) Leasable area and leased area are areas equivalent to the 10% co-ownership.

## 6. Overview of Buyer and Seller

## (1) Overview of Sellers

## (A) nanohana Ebisubashi (site)

Name	Hankyu Hanshin Properties Corp.	
Location	Hankyu Terminal Building 1-1-4 Shibata, Kita-ku, Osaka City	
Title and name of representative	Tsuneo Wakabayashi, 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 April 1, 2019)	
Date of establishment	February 17, 1947	
Net assets and total assets in the immediately preceding fiscal year	Net assets: 144,355 million yen Total assets: 431,971 million yen (as of March 31, 2019)	
Major shareholders and their shareholding ratio	Hankyu Hanshin Holdings, Inc. 100.0%	
Relationship between HHR or the Asset Management Company and the Company	Capital relationships	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) (hereinafter referred to as the "Investment Trust Act").
	Personnel relationships	There are no personnel relationships to be noted between HHR or the Asset Management Company and the seller (as of today).
	Business relationships	Business relationships with HHR: Management fees: 1,031 thousand yen Rent paid: 557 thousand yen (29th fiscal period (June 1, 2019 to November 30, 2019)) Business relationships with the Asset Management Company: Rent paid: 53,992 thousand yen (Previous fiscal year (April 1, 2018 to March 31, 2019)) 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.

## (B) MANDAI Shimoshinjo Store

Name	Hankyu Corporation	
Location	1-1 Sakae-machi, Ikeda City, Osaka Prefecture	
Title and name of representative	Takehiro Sugiyama, President and Representative Director	
Main business activities	Urban transportation business, real estate business and entertainment business	
Capital	100 million yen (as of March 31, 2019)	
Date of establishment	October 19, 1907	
Net assets and total assets in the immediately preceding fiscal year	Net assets: 224,386 million yen Total assets: 1,009,805 million yen (as of March 31, 2019)	
Major shareholders and their shareholding ratio	Hankyu Hanshin Holdings, Inc. 100.0%	
Relationship between HHR or the Asset Management Company and the Company	Capital relationships	The seller is a subsidiary of the parent company of the Asset Management Company's parent company and thus falls under interested parties, etc., as defined in the Investment Trusts Act.
	Personnel relationships	One director/employee has been seconded to the Asset Management Company and serves as President and Representative Director of the Asset Management Company and Executive Director of HHR.  Two directors/employees concurrently hold positions at the Asset Management Company (as of today).
	Business relationships	Business relationships with HHR: Rental income: 1,224,753 thousand yen Rent paid: 13,939 thousand yen (29th fiscal period (June 1, 2019 to November 30, 2019)) Business relationships with the Asset Management Company: The seller has concluded an information sharing-related agreement with the Asset Management Company.
	Applicability to related parties	A subsidiary of the parent company of the Asset Management Company and is a related party.

## (C) SHIBAURA RENASITE TOWER (equivalent of 10% co-ownership)

Name	NIPPON STEEL KOWA REAL ESTATE CO., LTD.
Location	1-8-1 Akasaka, Minato-ku, Tokyo
Title and name of representative	Yasuhiko Imaizumi, President and Representative Director
Main business activities	Development, leasing and management of office buildings. Development, sale, and leasing of condominiums and detached houses. Development, leasing, and management of logistics facilities and commercial facilities, etc. Leasing and management of luxury condominiums for foreigners. Real estate sales,

	brokerage, appraisal and consulting. Planning and investment in real estate securitization products.	
Capital	19,824 million yen (as of March 31, 2019)	
Date of establishment	March 24, 1997	
Net assets and total assets in the immediately preceding fiscal year	Net assets: 165,263 million yen Total assets: 785,758 million yen (as of March 31, 2019)	
Major shareholders and their shareholding ratio	NIPPON STEEL & SUMITOMO METAL CORPORATION 45.0% (as of March 31, 2019) (Note)	
Relationship between HHR or the Asset Management Company and the Company	Capital relationships	There are no capital relationships to be noted between HHR or the Asset Management Company and the seller
	Personnel relationships	There are no personnel relationships to be noted between HHR or the Asset Management Company and the seller
	Business relationships	There are no business relationships to be noted between HHR or the Asset Management Company and the seller
	Applicability to related parties	Not a related party

(Note) This company changed its name to NIPPON STEEL CORPORATION as of April 1, 2019.

Name	NIPPON TOCHI-TATEMONO Co., Ltd.	
Location	1-4-1 Kasumigaseki, Chiyoda-ku, Tokyo	
Title and name of representative	Tetsuro Hiramatsu, President and Representative Director	
Main business activities	Development, leasing and management of office buildings, commercial facilities and logistics facilities, etc. Development, sales and leasing of condominiums and detached houses. Consulting on CRE (corporate real estate) strategies. Consulting on effective use and investment of real estate. Real estate appraisals. Real estate survey, analysis. Due diligence.	
Capital	17,000 million yen (as of March 31, 2019)	
Date of establishment	May 12, 1954	
Net assets and total assets in the immediately preceding fiscal year	Net assets: 193,600 million yen Total assets: 658,166 million yen (as of March 31, 2019)	
Major shareholders and their shareholding ratio	NISSHIN TATEMONO CO., LTD. 8.2% (as of March 31, 2019)	
Relationship between HHR or the Asset Management Company and the Company	Capital relationships	There are no capital relationships to be noted between HHR or the Asset Management Company and the seller
	Personnel relationships	There are no personnel relationships to be noted between HHR or the Asset Management Company and the seller
	Business relationships	There are no business relationships to be noted between HHR or the Asset Management Company and the seller
	Applicability to related parties	Not a related party

(2) Overview of Buyer

(A) Kohnan Hiroshima Nakano-Higashi Store (site)

Not disclosed because consent has not been obtained from the transferee 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.

(B) Hotel Gracery Tamachi

Same as the seller of SHIBAURA RENASITE TOWER (equivalent of 10% co-ownership) (Mutual trading)

7. Status of Property Acquirers, etc.

(1) nanohana Ebisubashi (site)

	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	September 21, 2018	—
Acquisition price	The acquisition price is omitted since the property was owned for over a year.	—

(2) MANDAI Shimoshinjo Store

	Previous owner	Second previous owner
Company name	Hankyu Corporation	Non-interested party
Relationship to special interested parties	See 6. Overview of Buyer and Seller above.	—
Acquisition background, reasons, etc.	Revenue purpose	—
Acquisition date	August 23, 1976	—
Acquisition price	The acquisition price is omitted since the property was owned for over a year.	—

(3) SHIBAURA RENASITE TOWER (equivalent of 10% co-ownership)

Acquisition of the Property is omitted because it does not correspond to acquisition from a person who has a special interest in HHR or the Asset Management Company.

8. Transactions with Interested Parties, etc.

The buyers of nanohana Ebisubashi (site) and MANDAI Shimoshinjo Store among three properties to be acquired fall under interested parties, etc., as defined in the Investment Trusts Act. Accordingly, the acquisition of the two assets 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) Kohnan Hiroshima Nakano-Higashi Store (site)

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.

### (2) Hotel Gracery Tamachi

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.

Not applicable for other properties.

## 10. Settlement Method, etc.

Collective payment for each transfer date

## 11. Schedule of Acquisition and Transfer

March 18, 2020	Resolution of acquisition of the Three Assets Planned to be Acquired and transfer of the Two Assets Planned to be Transferred at the Asset Management Company's Board of Directors Meeting.
March 19, 2020	Conclusion of all property agreements (planned) Receipt of payment for and transfer (planned) of Kohnan Hiroshima Nakano-Higashi Store (site)
March 31, 2020	Payment for and acquisition (planned) of nanohana Ebisubashi (site) and MANDAI Shimoshinjo Store
May 28, 2020	Receipt of payment for and transfer (planned) of Hotel Gracery Tamachi (equivalent of 90% quasi co-ownership) Payment for and acquisition (planned) of SHIBAURA RENASITE TOWER (equivalent of 10% co-ownership)
August 28, 2020	Receipt of payment for and transfer (planned) of Hotel Gracery Tamachi (equivalent of 10% quasi co-ownership)

## 12. Future Outlook

For the impact on the conditions surrounding management for the fiscal period ending May 2020 (30th fiscal period: December 1, 2019 to May 31, 2020) and fiscal period ending November 2020 (31st Fiscal Period: June 1, 2020 to November 30, 2020), please see "Notice Concerning Revision to the

Forecasts of Financial Results and Distribution for the Fiscal Periods Ending May 31, 2020 and November 30, 2020” dated today.

\*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

## &lt;Overview of Appraisal Report&gt;

Property name	nanohana Ebisubashi (site)
Appraisal value	4,310,000,000 yen
Appraisal organization	DAIWA REAL ESTATE APPRAISAL CO., LTD.
Date of appraisal	February 29, 2020

Item	Value	Basis for valuation
Value indicated by the income approach	4,310,000,000 yen	
Value using the direct capitalization (Fixed-term capitalization) method	4,310,000,000 yen	
(1) Operating revenues (a + b - c)	156,797,800 yen	
a. Rent income	153,415,900 yen	Judging the contract rent is appropriate and booked.
b. Other income	3,381,900 yen	Adjustments booked due to rising taxes and dues.
c. Loss from non-occupancy, etc.	0 yen	
(2) Operating costs (total of a to g)	8,747,800 yen	
a. Maintenance/Administrative fees, etc.	0 yen	
b. Utilities	0 yen	
c. Repairs	0 yen	
d. Property management fee	1,200,000 yen	Assessed with reference to the PM contract contents of similar real estate.
e. Public charges and taxes	7,547,800 yen	Assessed based on the actual amount, taking into account the burden level and land price trends.
f. Casualty insurance premiums	0 yen	
g. Other expenses	0 yen	
(3) Net operating income (NOI = (1) - (2))	148,050,000 yen	
(4) Operating profit on deposit and security	767,080 yen	Assessed after comprehensively considering both operational and procurement aspects
(5) Capital expenditures	0 yen	
(6) Net cash flow (NCF = (3) + (4) - (5))	148,817,080 yen	
(7) Capitalization rate	3.3%	Assessed by taking into account the investment yield, risk of investment, etc., referring to the discount rate for similar transaction cases, etc.
Value using the discounted cash flow (DCF) method	4,310,000,000 yen	
Discount rate (Holding period and return price)	3.3%	Assessed by taking into account the investment yield, risk of investment, etc., referring to the discount rate for similar transaction cases, etc.

Special items to consider at the time of making adjustments to provisional calculations and deciding the appraisal value	In this case, the appraisal value was determined to be 4,310,000,000 yen using both the direct capitalization method (fixed-term capitalization method) and the DCF method, and the appraisal value was finalized based on the profit level.
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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.

<Overview of Appraisal Report>

Property name	MANDAI Shimoshinjo Store
Appraisal value	704,000,000 yen
Appraisal organization	Japan Real Estate Institute
Date of appraisal	December 31, 2019

Item	Value	Basis for valuation
Value indicated by the income approach	704,000,000 yen	Assessment through associating the value indicated by the income approach using the direct capitalization method and the value indicated by the income approach using the DCF method.
Value using the direct capitalization method	710,000,000 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 g)	Undisclosed (Note)	
a. Maintenance/Administrative fees, etc.		
b. Utilities		
c. Repairs		
d. Property management fee		
e. Public charges and taxes		
f. Casualty insurance premiums		
g. Other expenses		
(3) Net operating income (NOI = (1) - (2))	33,134,000 yen	
(4) Operating profit on deposit and security	1,315,000 yen	Assessed as an investment yield of 1.0%
(5) Capital expenditures	2,488,000 yen	Assessed by taking into account the level of capital expenditure of similar real estate, the age of the building, and the annual average of repair and renewal costs in the engineering report
(6) Net cash flow (NCF = (3) + (4) - (5))	31,961,000 yen	
(7) Capitalization rate	4.5%	Assessed by comprehensively considering the individuality of the target real estate, referring to the investment yield in transactions for similar real estate
Value using the discounted cash flow (DCF) method	697,000,000 yen	
Discount rate	4.2%	Assessed by comprehensively considering the individuality of the target real estate, referring to the investment yield in transactions for similar real estate
Terminal capitalization rate	4.7%	Assessed in consideration of aging of buildings, uncertainty in the leasing market trends, decline in liquidity, etc.
Value indicated by the cost approach	690,000,000 yen	
Land ratio	88.1%	
Building ratio	11.9%	

Special items to consider at the time of making adjustments to provisional calculations and deciding the appraisal value	Considering the location characteristics of the target real estate, various attributes of the real estate such as building use, and main customers, etc., it is determined that the profit level assessed using both the direct capitalization method and the DCF method is more convincing. We decided on the appraisal value by using the profit level and referring to the accumulated amount.
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Note: The Asset Management Company decided not to disclose these items as no consent has been obtained from the suppliers 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	SHIBAURA RENASITE TOWER
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Appraisal value	3,510,000,000 yen
Appraisal organization	Richi Appraisal Institute Co., Ltd.
Date of appraisal	March 1, 2020

Item	Value	Basis for valuation
Value indicated by the income approach	3,510,000,000 yen	We verify the profit level by the direct capitalization method, focusing on the profit level by the DCF method, taking into account 1/10 of equity
Value using the direct capitalization method	35,500,000,000 yen	Before considering equity
(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 g)	Undisclosed (Note)	
a. Maintenance/Administrative fees, etc.		
b. Utilities		
c. Repairs		
d. Property management fee		
e. Public charges and taxes		
f. Casualty insurance premiums		
g. Other expenses		
(3) Net operating income (NOI = (1) - (2))	1,245,058,261 yen	
(4) Operating profit on deposit and security	13,106,135 yen	Assessed as an investment yield of 1.0%
(5) Capital expenditures	51,357,000 yen	Assessed by taking into account the level of capital expenditure of similar real estate, the age of the building, and the annual average of repair and renewal costs in the engineering report
(6) Net cash flow (NCF = (3) + (4) - (5))	1,206,807,396 yen	
(7) Capitalization rate	3.4%	Assessed by referring to the transaction yield of similar real estate, taking into account the individuality of the real estate, etc.
Value using the discounted cash flow (DCF) method	34,900,000,000 yen	Before considering equity
Discount rate (1 to 10 years)	3.2%	Assessed by referring to the transaction yield of similar real estate, taking into account the individuality of the real estate, etc.
Discount rate (from 11 years)	-	
Terminal capitalization rate	3.5%	Assessed taking into account future building deterioration, economic trends, rent trends, etc.
Value indicated by the cost approach	3,530,000,000yen	Taking into account 1/10 of equity
Land ratio	83.9%	
Building ratio	16.1%	

Special items to consider at the time of making adjustments to provisional calculations and deciding the appraisal value	
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Note: The Asset Management Company decided not to disclose these items as no consent has been obtained from the suppliers 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	Kohnan Hiroshima Nakano-Higashi Store (site)
Appraisal value	1,880,000,000 yen
Appraisal organization	The Tanizawa Sogo Appraisal Co., Ltd.
Date of appraisal	November 30, 2019

Item	Value	Basis for valuation
Value indicated by the income approach	1,880,000,000 yen	
Value using the discounted cash flow (DCF) method	1,880,000,000 yen	
Discount rate per period (Year 1 – Year 6.7)	5.4%	Assessment comprehensively taking into consideration of the content of the current 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)	5.4%	Assessment based on the discount rate for the current 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 1,880,000,000 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.

<Overview of Appraisal Report>

Property name	Hotel Gracery Tamachi
Appraisal value	4,310,000,000 yen
Appraisal organization	Richi Appraisal Institute Co., Ltd.
Date of appraisal	November 30, 2019

Item	Value	Basis for valuation
Value indicated by the income approach	4,310,000,000 yen	We verify the profit level by the direct capitalization method, focusing on the profit level by the DCF method.
Value using the direct capitalization method	4,390,000,000 yen	
(1) Operating revenues (a + b - c)	226,309,992 yen	
a. Income from rental fees, etc.	216,000,000 yen	Assessed taking into account current rent levels and market level.
b. Other income	10,309,992 yen	Assessed taking into account the current level of parking.
c. Loss from non-occupancy, etc.	0 yen	Taking into account current usage and contract details, etc., not accounted for in this case.
(2) Operating costs (total of a to g)	36,511,542 yen	
a. Maintenance/Administrative fees, etc.	0 yen	Do not book as tenants` cost
b. Utilities	0 yen	Do not book as tenants` cost
c. Repairs	0 yen	Do not book as tenants` cost
d. Property management fee	2,940,000 yen	Assessed taking into account current standards
e. Public charges and taxes	32,885,600 yen	Assessed based on the actual amount in FY2019
f. Casualty insurance premiums	679,942 yen	Assessed taking into account current standards
g. Other expenses	6,000 yen	Assessed taking into account current standards
(3) Net operating income (NOI = (1) - (2))	189,798,450 yen	
(4) Operating profit on deposit and security	2,168,592 yen	Assessed as an investment yield of 1.0%
(5) Capital expenditures	11,920,000 yen	Assessed by taking into account the level of capital expenditure, building usage, age, size, etc. of similar real estate.
(6) Net cash flow (NCF = (3) + (4) - (5))	180,047,042 yen	
(7) Capitalization rate	4.1%	Assessed by referring to the transaction yield of similar real estate, taking into account the individuality of the real estate, etc.
Value using the discounted cash flow (DCF) method	4,280,000,000 yen	
Discount rate (1 to 10 years)	4.0%	Assessed by referring to the transaction yield of similar real estate, taking into account the individuality of the real estate, etc.
Discount rate (from 11 years)	-	
Terminal capitalization rate	4.2%	Assessed taking into account future building deterioration, economic trends, rent trends, etc.
Value indicated by the cost approach	3,840,000,000 yen	
Land ratio	78.3%	
Building ratio	21.7%	

Special items to consider at the time of making adjustments to provisional calculations and deciding the appraisal value	
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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

## &lt; Table of Real Estate Portfolio After the Replacement &gt;

Property Code (Note)	Property Name	Facility (Type of Use)	Region	Acquisition (Planned) Date	Acquisition (Planned) Price (millions of yen)	Investment Ratio
R1(K)	HEP Five (14% of the quasi co-ownership of the trust beneficiary interests)	Retail	Kansai	February 1, 2005	6,468	3.8%
R2(K)	Kitano Hankyu Building	Retail	Kansai	February 1, 2005	7,740	4.6%
R3(K)	Dew Hankyu Yamada	Retail	Kansai	February 1, 2005	6,930	4.1%
R4(K)	Takatsuki-Josai Shopping Center	Retail	Kansai	November 15, 2005	8,600	5.1%
R5(K)	Nitori Ibaraki-Kita Store (site)	Retail	Kansai	March 29, 2006	1,318	0.8%
R6	Kohnan Hiroshima Nakano-Higashi Store (site)	Retail	Other	To be transferred	—	—
R8	Hotel Gracery Tamachi	Retail	Other	To be transferred	—	—
R11(K)	HANKYU NISHINOMIYA GARDENS (28% of the quasi co-ownership of the trust beneficiary interests)	Retail	Kansai	April 16, 2013	18,300	10.8%
R12(K)	AEON MALL SAKAIKITA HANADA (site)	Retail	Kansai	June 27, 2013	8,100	4.8%
R13(K)	MANDAI Toyonaka Honan Store (site)	Retail	Kansai	June 27, 2013	1,870	1.1%
M5	Kita-Aoyama San cho-me Building	Retail	Other	November 12, 2013	1,680	1.0%
R14(K)	DAILY QANAT Izumiya Horikawa Marutamachi Store (site)	Retail	Kansai	June 4, 2014	3,100	1.8%
R15(K)	kotocross Hankyu Kawaramachi	Retail	Kansai	June 4, 2014	2,770	1.6%
R16(K)	LIFE Shimoyamate Store (site)	Retail	Kansai	June 4, 2014	1,421	0.8%
R17(K)	MANDAI Gojo Nishikoji Store (site)	Retail	Kansai	June 24, 2014	4,182	2.5%
R18(K)	KOHYO Onohara Store	Retail	Kansai	July 1, 2016	1,631	1.0%
R19(K)	OASIS Town Itami Konoike (site)	Retail	Kansai	November 25, 2016	7,100	4.2%
R20	METS OZONE	Retail	Other	February 15, 2018	5,400	3.2%
R21(K)	MANDAI Nigawa Store (site)	Retail	Kansai	March 27, 2018	2,280	1.3%
R22(K)	LAMU Higashiosaka Branch (site)	Retail	Kansai	March 27, 2018	1,850	1.1%
R23	Vessel Inn Hakata Nakasu	Retail	Other	March 29, 2018	2,760	1.6%
R24(K)	Valor Takatsuki Store (site)	Retail	Kansai	March 29, 2019	2,258	1.3%
R25	FUNDES JIMBOCHO	Retail	Other	March 29, 2019	2,830	1.7%
R26(K)	nanohana Ebisubashi (site)	Retail	Kansai	March 31, 2020	4,230	2.5%
R27(K)	MANDAI Shimoshinjo Store	Retail	Kansai	March 31, 2020	674	0.4%
	Subtotal				103,492	61.1%
O1	Shiodome East Side Building	Office	Other	February 29, 2008	19,025	11.2%
O2(K)	Hankyu Corporation Head Office Building	Office	Kansai	April 10, 2013	10,200	6.0%
O3	SHIBAURA RENASITE TOWER (equivalent of 10% co-ownership)	Office	Other	May 28, 2020	3,475	2.1%
	Subtotal				32,700	19.3%
M1(K)	Ueroku F Building	Complex	Kansai	November 1, 2005	2,980	1.8%
M2	Sphere Tower Tennozu (33% of the quasi co-ownership of the trust beneficiary interests)	Complex	Other	October 2, 2007	9,405	5.5%
M3(K)	LAXA Osaka	Complex	Kansai	January 22, 2009	5,122	3.0%
M6(K)	GRAND FRONT OSAKA (Umekita Plaza and South Building) (equivalent of 4.9% co-ownership)	Complex	Kansai	December 5, 2018	9,212	5.4%
M7(K)	GRAND FRONT OSAKA (North Building) (equivalent of 4.9% co-ownership)	Complex	Kansai	December 5, 2018	6,566	3.9%
	Subtotal				33,285	19.6%
	Total				169,479	100.0%

(Note) The "Property Code" is a classification of properties owned by HHR by facility (type of use) and region, with a code and number assigned according to the facility category at the time of acquisition. The letters on the left represent the facility (type of use): ("R" is for retail-use facility, "O" is for office-use facility and "M" is for mixed-use (complex) facility). The numbers are assigned to each facility in the chronological order of the acquisition. Also, the letter "(K)" in parentheses to the right of the numerals indicates that the property is located in the Kansai Region.

Reference Material 3

< “nanohana Ebisubashi (site)” Property Photograph >



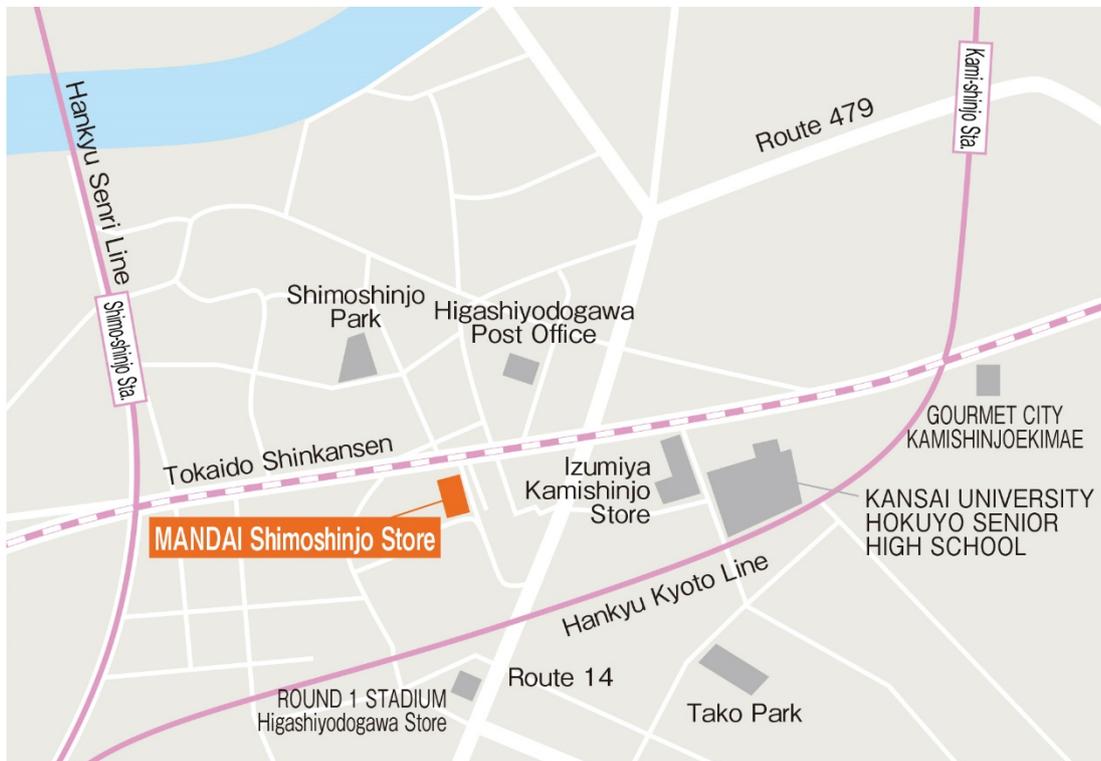
< “nanohana Ebisubashi (site)” Map of Surrounding Area >



< “MANDAI Shimoshinjo Store” Property Photograph >



< “MANDAI Shimoshinjo Store” Map of Surrounding Area >



< “SHIBAURA RENASITE TOWER (equivalent of 10% co-ownership)” Property Photograph >



Photo: KOKYU MIWA ARCHITECTURAL PHOTOGRAPHY

< “SHIBAURA RENASITE TOWER (equivalent of 10% co-ownership)” Map of Surrounding Area >

