



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
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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

Home Center Kohnan Sakai Takasu Store (site)

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| 1) Specified asset type: | Right of ownership, Leased-land right |
| 2) Property name: | Home Center Kohnan Sakai Takasu Store (site) |
| 3) Planned acquisition price: | 6,500,000,000 yen
(excluding acquisition-related expenses, property tax, city planning tax and consumption tax, among others) |
| 4) Appraisal value: | 6,660,000,000 yen (Date of appraisal: December 1, 2023) |
| 5) Planned acquisition date: | March 27, 2024 |
| 6) Seller: | SUMITOMO CORPORATION |
| 7) Intermediary: | None |
| 8) Acquisition fund: | Borrowings and cash on hand (Scheduled) |

2. Reason for Acquisition

Based on the target and policy of asset management stipulated in the Articles of Incorporation, the acquisition of the site of Home Center Kohnan Sakai Takasu Store (hereafter the “Property”), a retail facility in the Kansai Region which is HHR’s priority investment target, is intended to secure steady growth of HHR. At the same time, we will strive to further improve distributions by acquiring the Property using our debt funding capacity and cash on hand which we maintain through stable financial foundation.

The Property is a site of a community-based retail facility that attracted attention since its stable cash flows during the COVID-19 pandemic were reconfirmed. We had an opportunity to acquire the Property through the proprietary network of the Asset Management Company, and the acquisition was determined as the Property’s

price was within the range considered reasonable by HHR. Going forward, HHR will work to realize further growth by effectively utilizing the networks of the Asset Management Company and the sponsor group.

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

The Property is the site of a community-based retail facility located within walking distance of three railway stations: “Takasujinsha Station” of Hankai Line of Hankai Tramway, “Asakayama Station” of Koya Line of Nankai Electric Railway, and “Shichido Station” of Main Line of Nankai Electric Railway. It also enjoys excellent access by car to a nearby arterial road. The location of the Property, Sakai-ku, Sakai City, is in the northwestern part of Sakai City, and adjacent to Osaka City across the Yamato River. Thus, it is a popular area as a commuter town with good traffic access to the main towns of Osaka such as Namba and Umeda, and the number of households is increasing.

The Property has a sufficient market potential with a trade area population of approximately 31,000 within a one-kilometer radius. The entire Property is leased to KOHNAN SHOJI Co., Ltd., and is composed of the main home center “Kohnan,” and other tenants handling daily necessities such as “Mandai” supermarket, “Nishimatsuya” baby and child goods specialty store, and “Akanoren” clothing store. Consequently, HHR decided that the Property has a certain level of competitive edge in the surrounding market.

[Status of Portfolio]

	End of 37th fiscal period (ended November 2023)	Asset to be acquired Home Center Kohnan Sakai Takasu Store (site)	After the acquisition of asset to be acquired (Note 3)
Number of properties	34 properties	1 property	35 properties
Date of acquisition (planned)		March 27, 2024	
Acquisition (planned) price		6,500 million yen	
Asset size	173,521 million yen		180,021 million yen
(Average) NOI yield (Note 1)	4.6%	3.2%	4.5%
(Average) yield after depreciation (Note 1)	3.5%	3.2%	3.4%
Unrealized gain/loss (Note 2)	35,315 million yen	75 million yen	35,391 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 37th fiscal period: Actual figures for the 37th 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 acquisition of asset to be acquired: Figures after adding the figures of the Asset to be Acquired to the actual figures for the 37th 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 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 acquisition of asset to be acquired: Figures obtained by adding unrealized gain/loss of the asset to be acquired to/from unrealized gain/loss at the end of the 37th fiscal period.

(Note 3) The figures after the acquisition of asset to be acquired are figures considering only the acquisition of the asset to be acquired after the end of the 37th fiscal period and may differ from actual figures.

3. Details of the Asset Planned to be Acquired

Property name		Home Center Kohnan Sakai Takasu Store (site)			
Specified asset type		Right of ownership, Leased-land right			
Planned acquisition price		6,500,000,000 yen			
Appraisal value		6,660,000,000 yen (Date of appraisal: December 1, 2023) (Appraisal organization: The Tanizawa Sogo Appraisal Co., Ltd.)			
Location	Address	1-1-38 Takasu-cho, Sakai-ku, Sakai City, Osaka			
Land	Building coverage	60%	Building	Month/ Year built	—
	Floor area ratio	200%		Structure/ Floor	—
	Zone use	Industrial area		Use	—
	Site area	21,235.72 m ² (including 1,936.68 m ² of leased land)		Total floor area	—
	Form of ownership	Right of ownership Leased-land right		Form of ownership	—
Property Manager		Hankyu Hanshin Building Management Co., Ltd. (Scheduled)			
Collateral		None			
Other matters to note		<ul style="list-style-type: none"> • HHR is scheduled to own only the land. • The transaction agreement for the acquisition corresponds to a forward commitment, etc. (referring to transaction agreements dating 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 to the items of the transaction agreement, the seller shall demand fulfillment of obligation or correction of the situation within a certain period. If fulfillment of obligation or correction of the situation is not performed within the designation period, 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. 			

4. Overview of Leasing

Total number of tenants	1
Principal tenants	KOHNAN SHOJI CO., LTD.
Annual rent	Undisclosed (Note 1)
Leasable area	21,235.72m ² (Note 2)
Leased area	21,235.72m 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 site area of the land (as stated in the registry) is shown since the whole site will be leased (the leased part of land will be subleased).

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

5. Overview of Seller

Name	SUMITOMO CORPORATION	
Location	2-3-2 Otemachi, Chiyoda-ku, Tokyo	
Title and name of representative	Masayuki Hyodo, Representative Director, President and Chief Executive Officer	
Main business activities	Wholesaling, etc.	
Capital	220,046 million yen (as of March 31, 2023)	
Date of establishment	December 24, 1919	
Net assets and total assets in the immediately preceding fiscal year	Net Assets: 1,419,359 million yen Total Assets: 4,801,000 million yen (as of March 31, 2023)	
Major shareholders and their shareholding ratio	The Master Trust Bank of Japan, Ltd. (trust account). 16.45%, etc. (as of March 31, 2023)	
Relationship between HHR or the Asset Management Company and the seller	Capital relationship	There are no capital relationships to be noted between HHR or the Asset Management Company and the seller (as of today).
	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	There are no business relationships to be noted between HHR or the Asset Management Company and the seller (as of today).
	Applicability to related parties	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

January 24, 2024	Resolution of acquisition of the property at the Asset Management Company's Board of Directors Meeting.
January 26, 2024	Conclusion of properties agreement (planned).
March 27, 2024	Conclusion of payment for and acquisition (planned).

11. Future Outlook

As to the forecast of management performance for the fiscal period ending May 2024 (38th fiscal period: December 1, 2023 to May 31, 2024) and the fiscal period ending November 2024 (39th fiscal period: June 1, 2024 to November 30, 2024) following the acquisition of the Property, please refer to the financial report for the period ended November 30, 2023 which has been disclosed 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 acquisition of the property
- Reference Material 3 Property Photograph or Image View and Map of Surrounding Area

Reference Material 1

<Overview of Appraisal Report>

Property name	Home Center Kohnan Sakai Takasu (site)
Appraisal value	6,660,000,000 yen
Appraisal organization	The Tanizawa Sogo Appraisal Co., Ltd.
Date of appraisal	December 1, 2023

Item	Value	Basis for valuation
Value indicated by the income approach	6,660,000,000 yen	
Value using the discounted cash flow (DCF) method	6,660,000,000 yen	
Discount rate per period	3.9%	Assessment comprehensively taking into consideration of the content of the 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)	4.1%	Assessment based on the discount rate and adding the possibility to sell the property as vacant land and leased-land right, 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 6,660,000,000 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 fixed-term leased-land right for business purposes (including leased-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 acquisition of the property>

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	3.6%
Kitano Hankyu Building	Retail	Kansai	February 1, 2005	7,740	4.3%
Dew Hankyu Yamada	Retail	Kansai	February 1, 2005	6,930	3.8%
Takatsuki-Josai Shopping Center	Retail	Kansai	November 15, 2005	8,600	4.8%
			June 4, 2020	55	
Nitori Ibaraki-Kita Store (site)	Retail	Kansai	March 29, 2006	1,318	0.7%
HANKYU NISHINOMIYA GARDENS (28% of the quasi co-ownership of the trust beneficiary interests)	Retail	Kansai	April 16, 2013	18,300	10.2%
AEON MALL SAKAIKITAHAANADA (site)	Retail	Kansai	June 27, 2013	8,100	4.5%
MANDAI Toyonaka Honan Store (site)	Retail	Kansai	June 27, 2013	1,870	1.0%
Kita-Aoyama San cho-me Building	Retail	Other	November 12, 2013	1,680	0.9%
kotocross Hankyu Kawaramachi	Retail	Kansai	June 4, 2014	2,770	1.5%
DAILY QANAT Izumiya Horikawa Marutamachi Store (site)	Retail	Kansai	June 4, 2014	3,100	1.7%
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	2.3%
KOHYO Onohara Store	Retail	Kansai	July 1, 2016	1,631	0.9%
OASIS Town Itami Konoike (site)	Retail	Kansai	November 25, 2016	7,100	3.9%
METS OZONE	Retail	Other	February 15, 2018	5,400	3.0%
MANDAI Nigawa Store (site)	Retail	Kansai	March 27, 2018	2,280	1.3%
LAMU Higashiosaka Branch (site)	Retail	Kansai	March 27, 2018	1,850	1.0%
Vessel Inn Hakata Nakasu	Retail	Other	March 29, 2018	2,760	1.5%
FUNDES JIMBOCHO	Retail	Other	March 29, 2019	2,830	1.6%
Valor Takatsuki Store (site)	Retail	Kansai	March 29, 2019	2,258	1.3%
nanohana Ebisubashi (site)	Retail	Kansai	March 31, 2020	4,230	2.3%
MANDAI Shimoshinjo Store	Retail	Kansai	March 31, 2020	674	0.4%
H-CUBE MINAMIAOYAMA	Retail	Other	December 14, 2021	6,650	3.7%
H-CUBE MINAMIAOYAMA II	Retail	Other	December 1, 2022	3,468	1.9%
Home Center Kohnan Sakai Takasu Store (site)	Retail	Kansai	March 27, 2024	6,500	3.6%
Subtotal				120,165	66.8%
Shiodome East Side Building	Office	Other	February 29, 2008	19,025	10.6%
Hankyu Corporation Head Office Building	Office	Kansai	April 10, 2013	10,200	5.7%
SHIBAURA RENASITE TOWER (equivalent of 10% co-ownership)	Office	Other	May 28, 2020	3,475	1.9%
Subtotal				32,700	18.2%
Ueroku F Building	Complex	Kansai	November 1, 2005	2,980	1.7%
LAXA Osaka	Complex	Kansai	January 22, 2009	5,122	2.8%
GRAND FRONT OSAKA (Umekita Plaza and South Building) (equivalent of 4.9% co-ownership)	Complex	Kansai	December 5, 2018	9,212	5.1%
GRAND FRONT OSAKA (North Building) (equivalent of 4.9% co-ownership)	Complex	Kansai	December 5, 2018	6,566	3.6%
H-CUBE KITAAOYAMA	Complex	Other	December 1, 2022	1,410	0.8%
Subtotal				25,290	14.0%
Coop Kobe Delivery Center Nishinomiya (site)	Other	Kansai	December 27, 2021	1,864	1.0%
Subtotal				1,864	1.0%
Total				180,021	100.0%

Reference Material 3

< Home Center Kohnan Sakai Takasu Store (site) Property photograph >



< Home Center Kohnan Sakai Takasu Store (site) Map of Surrounding Area >

