

Hankyu Hanshin REIT

Supplemental Data to Asset Replacement and the Press Release

March 19, 2025





1 Asset replacement with a focus on HHR characteristics

- Implementing a large-scale asset replacement program, approximately 10% of the total portfolio
- Selling an office building in Tokyo and acquiring two community-based retail facilities in the Kansai Region, based on HHR's characteristics "Kansai Focus, Retail-Business Focus"
- Securing cash on hand for portfolio quality improvement and further business growth

2 Revision to forecasts of financial results and distribution

- As far as the profit from selling the asset is concerned, HHR will reserve part of it internally to drive sustainable growth or use it to advance a payment for expenses in future fiscal periods while returning part of it to unitholders.
- From now on, HHR plans to continue to grow further and achieve a distribution of 3,300 yen on a normal basis as soon as possible, which is currently targeted for the 2027 financial year, using cash on hand (approximately 1.9 billion yen).

3 Additional acquisition of investment units by the Sponsor Group

- Clarifying the support stance from the Sponsor Group further and expecting stronger support from the Sponsor Group, which is necessary for the sustainable growth of HHR

4 Statement of opinion on Tender Offer for investment units

- Taking a neutral position on the Tender Offer from 3D Investment Partners Pte. Ltd.

(1) Value of asset replacement (Significance)



- Implementing a large-scale asset replacement program, approximately 10% of the total portfolio
- Selling an office building in Tokyo and acquiring two community-based retail facilities in the Kansai Region, based on HHR's characteristics "Kansai Focus, Retail-Business Focus"

AEON MALL INAGAWA



**Location/
Asset type**

Inagawa-cho Kawabe-gun Hyogo Pref./
Community-based retail facility

Planned acquisition price

11,500million yen

Appraisal value

11,600million yen

NOI yield (Note 1)

5.5%

yield after Depreciation (Note 1)

4.1%

Building Age

27 years

(As of the end of April 2025)

Friend Mart Ibaraki Hirata Store (site)



**Location/
Asset type**

Ibaraki City, Osaka Pref./
Community-based retail facility

Planned acquisition price

2,440million yen

Appraisal value

2,480million yen

NOI yield (Note 1)

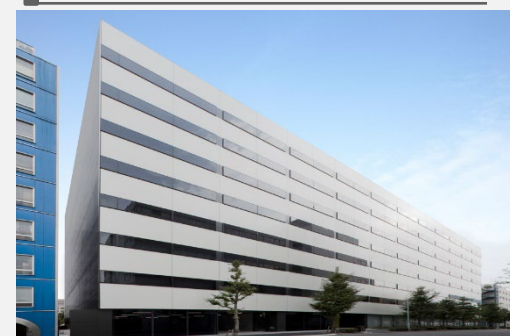
3.4%

Yield after Depreciation

3.4%

(Note 1)

Shiodome East Side Building



**Location/
Asset type**

Chuo-ku, Tokyo/Office

Planned transfer price

16,800million yen

Book value

16,269million yen

(Note 2)

Appraisal value

14,700million yen

NOI yield (Note 1)

2.6%

Yield after Depreciation (Note 1)

2.0%

Building age

17 years

(As of the end of March 2025)



(Note 1) Details of the calculation method of "NOI yield," "yield after depreciation," are shown on P.12.

(Note 2) The "Book value" of Shiodome East Side Building, the figure (expected value) as of March 25, 2025 is indicated with amounts rounded down to the nearest million yen.

(1) Value of asset replacement (Effect)



Improvement of portfolio quality

The figures after the initiatives are shown

Portfolio profitability

Average NOI yield (Note 1)	Average yield after Depreciation (Note 1)
4.9%	3.7%
(Change from the end of FP39 +0.3pt)	(Change from the end of FP39 +0.2pt)

Portfolio Status

Kansai Region (based on acquisition price)	Retail-use zone (based on acquisition price)
84.2%	84.5%
(Change from the end of FP39 +10.1pt)	(Change from the end of FP39 +10.2pt)

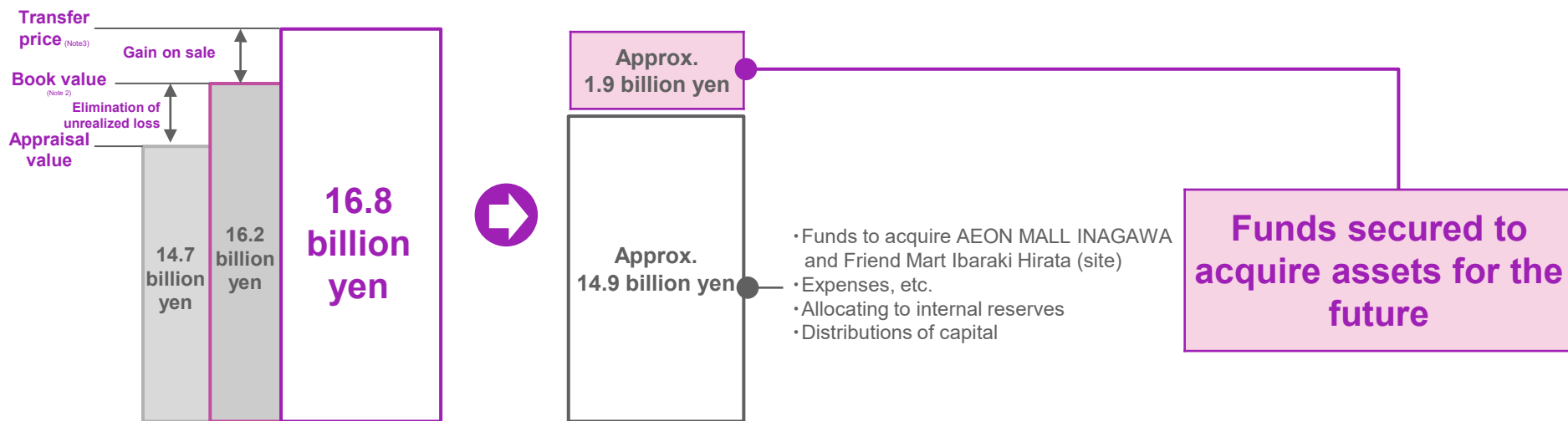
Unitholder value

Balance of reserve for reduction entry(planned)	AV per unit (Note 1)
400 million yen	182,385 yen
(Change from the end of FP39 +113 million yen)	(Change from the end of FP39 +1,942 yen)

LTV

LTV based on appraisal value (Note 1)	LTV based on total assets (Note 1)
40.7%	47.4%
(Change from the end of FP39 -0.3pt)	(Change from the end of FP39 -0.1pt)

Securing cash on hand



(Note 1) Refer to P.12 about the calculation methods of "average NOI yield", "average yield after depreciation", "gain on transfer", "internal reserves", "NAV per unit".

(Note 2) "Book value" referred to herein is the figure (estimate) rounded down to the nearest 100 million as of March 25, 2025.

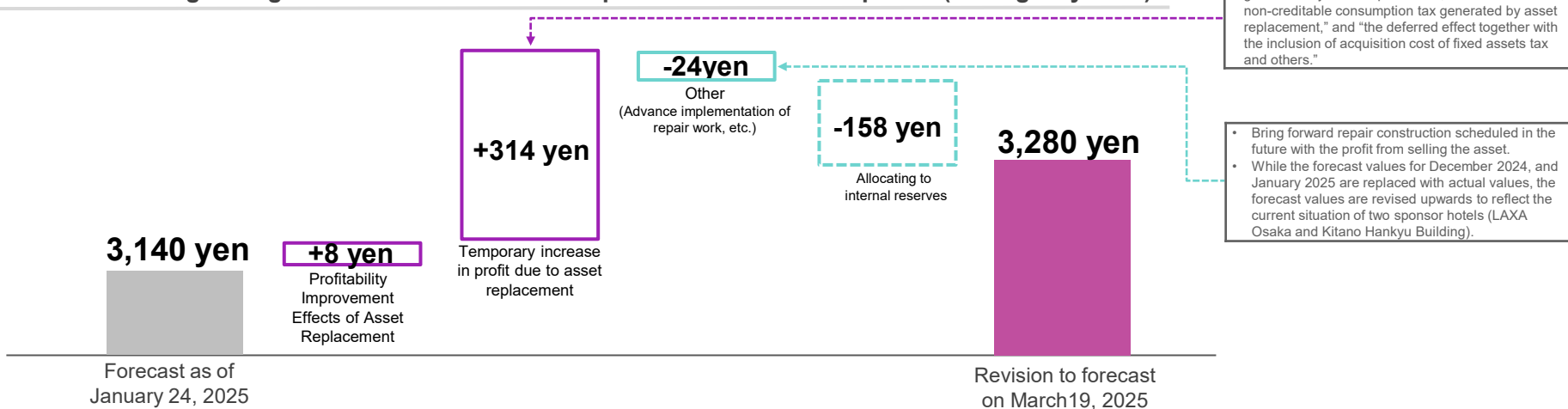
(Note 3) Transfer-related expenses, property tax, city planning tax and consumption tax, among others, are excluded.

(2) Revision to forecasts of financial results and distribution

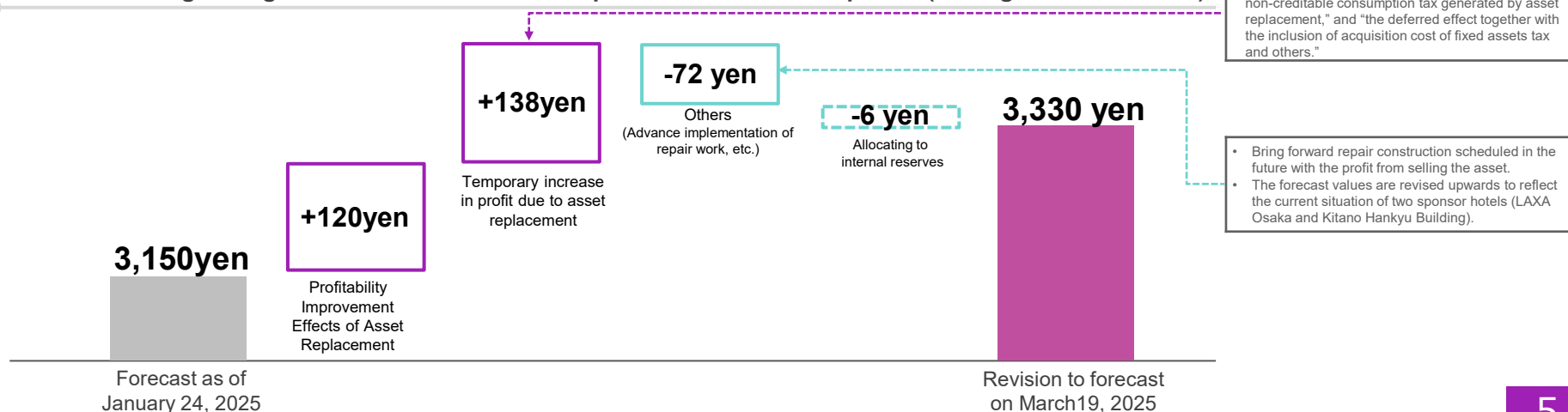


- As far as the profit from selling the asset is concerned, HHR will reserve part of it internally to drive sustainable growth or use it to advance a payment for expenses in future fiscal periods while returning part of it to unitholders.
- From now on, HHR plans to continue to grow further and achieve a distribution of 3,300 yen on a normal basis as soon as possible, which is currently targeted for the 2027 financial year, using cash on hand (approximately 1.9 billion yen).

Factors Causing Change of forecast of distribution per unit for 40th fiscal period (ending May 2025)



Factors Causing Change of forecast of distribution per unit for 41st fiscal period (ending November 2025)



(3) Additional acquisition of investment units by the Sponsor Group

- Clarifying the support stance from the Sponsor Group further and expecting stronger support from the Sponsor Group, which is necessary for the sustainable growth of HHR

Overview of additional acquisition

Total number of investment units to be acquired	81,185 units (upper limit) <small>(Note 1)</small>
Acquisition period	March 21, 2025 through March 19, 2026 (scheduled) <small>(Note 2)</small>
Acquisition method	Acquiring investment units of the investment corporation in the market through entrusting their purchase to a securities company

Change in the number of investment units owned by Sponsor Group

	Before the additional acquisition	Additional acquisition (max.)	After the additional acquisition (max.)
Number of issued investment units	695,200 units	—	695,200 units
Number of investment units held by Sponsor Group	22,400 units	81,185 units	103,585 units
Ratio of units held by Sponsor Group	3.22%	11.68%	14.90%

(Note 1) The number of acquired units will not reach the maximum, and/or the acquisition will not take place at all, when the investment unit price exceeds the price originally set during the acquisition period.
 (Note 2) The acquisition period may end before the end of the acquisition period when the number of acquisition units reaches the maximum or otherwise.



Concerning Tender Offer (TOB) by CITCO TRUSTEES (UT) LIMITED AS TRUSTEE OF 3D ENDEAVOR MASTER FUND – II

- On February 13, 3D Investment Partners Pte. Ltd. (hereafter the “3D”) a Tender Offer to acquire 10~15% of the issued investment units of HHR. The Tender Offer was made without any prior consultation with HHR.
- On February 25, HHR sent “Questions to the Tender Offeror” and made a “Request for Extension of the Tender Offer Period (until March 28)” to collect accurate information, considering maximizing the value of HHR and the common interest of our unitholders.
- HHR carefully evaluated and reviewed the responses from 3D to the questions described above, along with other related information.
- Although HHR considers that the Tender Offer will not contribute to securing and enhancing HHR unitholder value over the medium-to-long-term, and that HHR cannot agree with the Tender Offer, HHR has decided to take a neutral position toward the Tender Offer because at this time HHR believes that at this time, it cannot be determined that 3D’s ownership of Investment Units could prevent HHR from securing and enhancing unitholder value over the medium-to-long-term.

**This document is not intended to solicit the Tender Offer.
HHR advises unitholders to ensure that their decision to tender or not
is made at their own discretion and responsibility.**

APPENDIX





Future Initiatives

Past Initiatives (2020 ~ 2024)

- What we achieved
Distribution: JPY 3,100

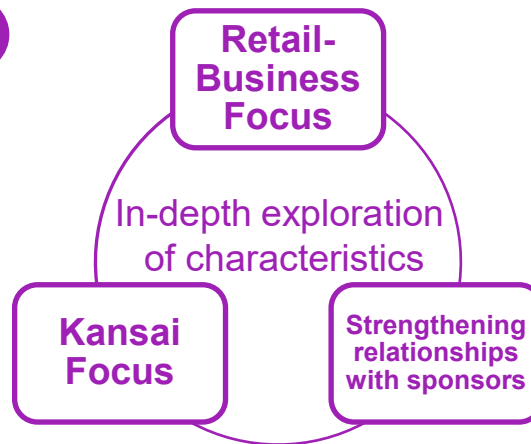
Faced with the twin headwinds of COVID-19 and low investment unit prices, we achieved this through internal and external growth and other factors.

- New issues
Strategies for dealing with changing external environment are crucial

- Values and consumer trends, such as how we work and live, are changing.
- Now we have problems, including inflation and rising interest rates.
- Due to the low price of investment units, the environment in which public offerings cannot be designed has not changed.

Future Initiatives (2025 ~ 2027)

We continue to grow distributions through in-depth exploration of HHR characteristics



Target of distribution
Approximately JPY 3,300
(To be achieved by around 2027)



External Growth

- Acquired eight properties and transfer three properties (in 2020 and beyond)
* Five of them were acquired by sponsors.
- Acquired a new asset (land of a logistic facility)
- Reached 180 billion yen as asset size

Internal Growth

- Conducted strategic renewal projects for urban retail facilities and community-based retail facilities
- Increased rents for community-based retail facilities

Financial Strategy etc.

- Carried out the procurement on the basis of long-term fixed funds in a low-interest-rate environment



“Kansai Region” or “Retail Facilities” or “Sponsors”

Strengthen further relationship with the sponsor group

- Links to the growth strategies of the sponsor group.

Ensure pipelines

- Diversify the ways in which we acquire properties, including lease bridge.

Promote asset replacement

- Improve the yield and quality of our portfolio through asset replacement.
- Acquire new assets such as logistics facilities and rental condos.

Expand the top line

- Improve occupancy rates, and actively ensure variable rents, including the Ferris wheel tickets.
- Seek upside potential in rents at time of lease renewals.
- Meet the demands of Expo 2025 Osaka, Kansai, and inbound tourists.

Reduce the cost of debt financing

- Make the duration of the procurement flexible with an average remaining term of approximately four years.
- Avoid an increase in the debt financing cost with the partial introduction of variable interest rates.

Return profits to unitholders

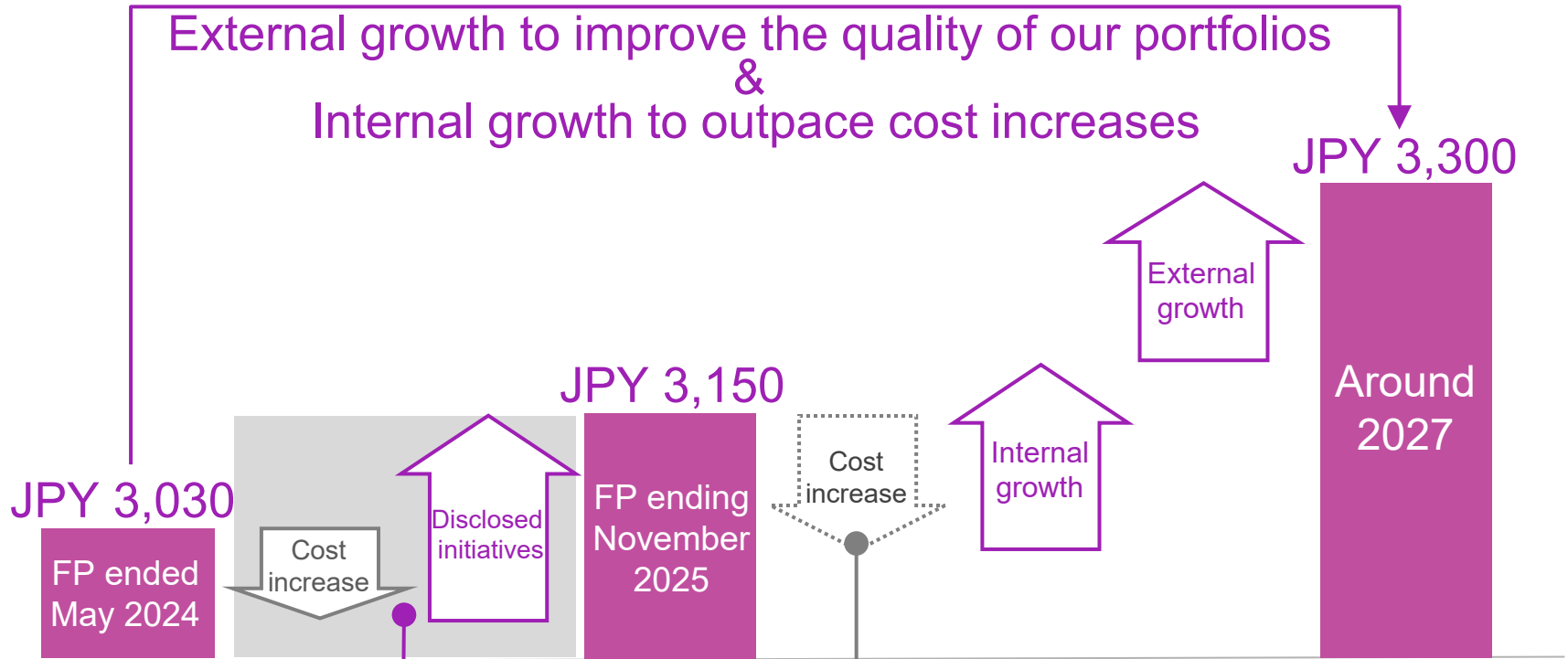
- Consider returning additional profits to our unitholders when surplus funds are generated through asset replacement.

Grow with public offerings

- Consider increasing distribution and its scale through public offerings when the market recovers and the equity environment improves.



We aim to achieve the level of JPY 3,300 early through the action plans on the previous page



- Conducted various measures steadily**
- Carried out procurement with cost reduction in mind
 - Acquired new properties
 - Increased rents at lease renewals
 - Reviewed the Ferris wheel ticket price, among others

- As of the end of the fiscal period ending November 2025, the average cost of debt financing is expected to be around 0.88%.
- From then on, costs are expected to continue to rise as a result of the increase in the base interest rate and the refinancing of current debts.

Details of Value Calculation Methods



Terms	Definitions
Average NOI yield	[Total real estate lease operation income - Real estate lease operation expenses + Total depreciation] concerning owned real estate as of each period ÷ Total acquisition price
Average NOI yield after depreciation	[Total real estate lease operation income - Real estate lease operation expenses] concerning owned real estate as of each period ÷ Total acquisition price
	<p>The (average) NOI yield and (average) NOI yield after depreciation described on this material are calculated based on the following figures</p> <p>End of 39th FP: Actual figures for the 39th FP</p> <p>After the initiative: Figures calculated by adding or deducting the figures for the acquired assets to or from the actual figures for the 39th FP</p> <p>Acquired assets: Acquisition price, net operating revenues and operating expenses in the first year based on the discounted cash flow (DCF) method recorded in the appraisal report</p> <p>Transferred asset : Actual figures for the 39th FP</p>
LTV based on total assets	Interest-bearing debt ratio = Interest-bearing debt ÷ Total assets
LTV based on appraisal value	<p>[Interest-bearing debt + Security deposits and guarantees - Matched money] ÷ [Total amount of assets - Matched money]</p> <ul style="list-style-type: none"> • Matched money refers to cash or deposits reserved in the trust account to guarantee security deposits and guarantees for the assets owned by HHR as the object of the trust beneficiary interests. • The total amount of assets refers to the amount in the assets section of the most recent balance sheet for each period. <p>However, with respect to tangible fixed assets, the difference between appraisal value and book value at the end of the fiscal period shall be added to or subtracted from the book value of the tangible fixed assets at the end of the fiscal period.</p>
Unrealized gain/loss	Total appraisal value of owned real estate as of each period - Total book value
NAV per Unit	Net assets per unit after reflecting unrealized gain/loss = [Net Assets – Scheduled amount of distribution ± Unrealized gain/loss] ÷ Number of outstanding units



Hankyu Hanshin REIT

<https://www.hankyuhanshinreit.co.jp/eng/>

This material includes forward-looking statements based on present assumptions and future outlook.

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

Because the investment securities of Hankyu Hanshin REIT (hereinafter “HHR”) are closed-ended securities for which redemption of units is not conducted by demand of unitholders, the only means for unitholders to convert the investment securities is to sell to third parties. The market value of the investment securities is affected by supply/demand at the exchange and also fluctuates, affected by interest rate environment, economic situations, real estate market trends and various other factors surrounding the market. Therefore, unitholders may not be able to sell investment securities at the price of acquisition, incurring loss.

This material is not intended as a solicitation to acquire investment securities of HHR nor is it intended as a solicitation to sign contracts relating to transactions of other financial instruments. When undertaking any investment, please do so based on your own judgment and responsibility as an investor.

Before purchasing investment securities of HHR, please consult with a securities company that is a “Type I Financial Instruments Business Operator.”

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

There are sections that display property names in abbreviated form.

“(Site)” is added after the name of properties for which HHR owns only the land.

Hankyu Hanshin REIT Asset Management, Inc. is indicated as “the Asset Management Company” on this material.