



For Immediate Release

<Provisional translation>

May 12, 2014

REIT Issuer

Hankyu 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 the Issuance of New Investment Units and Secondary Offering of Investment Units

Hankyu REIT, Inc. (hereafter "Hankyu REIT") announces resolutions on issuance of new investment units and secondary offering for investment units was made at its Board of Directors' Meeting held on May 12, 2014. Details are described below.

1. Issuance of New Investment Units through Public Offering (primary offering)

(1) Number of units to be offered: 13,000 units

(2) Issue price (offer price): To be determined.

The issue price (offer price) will be provisionally determined by multiplying a value in the range 0.90 to 1.00 with the price arrived at by subtracting the expected distribution per unit of 12,300 yen from the closing price for the ordinary trading of an investment unit of Hankyu REIT on the Tokyo Stock Exchange on any of the days during the period May 21, 2014 (Wed.) to May 27, 2014 (Tue.) (hereinafter the "Issue Price Determination Date") (or if closing price is not available for such date, the closing price on the immediately preceding day) based on the method provided in Article 25 of the regulations in regard to the underwriting, etc. of securities as provided by the Japan Securities Dealers Association. The issue price will take into account demand for the offering (any fraction of one yen shall be rounded down to the nearest yen).

(3) Amount to be paid in (purchase price amount):

To be determined.

To be decided at the Board of Directors' Meeting to be held on the Issue Price Determination Date based on the method provided in Article 25 of the regulations in regard to the underwriting etc. of securities as provided by the Japan Securities Dealers Association.

(4) Total amount to be paid in (purchase price):

To be determined.

(5) Method of offer:

Investment units shall be offered through a public offering, and all investment units shall be underwritten and purchased by an underwriting syndicate of which Mizuho Securities Co., Ltd., and Nomura Securities Co., Ltd., are the joint lead managers. In addition to the aforementioned joint lead managers, the

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other underwriters are: SMBC Nikko Securities Inc., Daiwa Securities Co. Ltd., and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. (together with the joint lead managers, hereinafter collectively called the "Underwriters").

- (6) Details of underwriting contract: Hankyu REIT shall not pay an underwriting fee. Underwriting fees applicable to the underwriters shall be the difference between the total amount of the issue price (offer price) and the total amount to be paid in (purchase price), which shall be paid to Hankyu REIT by the Underwriters.
- (7) Offering unit: One unit or more in multiples of one unit.
- (8) Offering period: From the next business day of the Issue Price Determination Date to two business days following the Issue Price Determination Date.
- (9) Payment date: June 2, 2014 (Mon.)
- (10) Delivery date: June 3, 2014 (Tue.)
- (11) The issue price (offer price), amount to be paid in (purchase price), and other necessary items concerning issue of new investment units shall be determined at a future Board of Director's Meeting.
- (12) The above items shall be subject to requisite completion of filing of the securities registration statement in accordance with the Financial Instruments and Exchange Act.

2. Secondary Offering of Investment Units (Over-allotment) (See <Reference> 1. below.)

- (1) Seller and number of investment units to be offered:
Mizuho Securities Co., Ltd. 1,300 units
- The above number represents the maximum number of investment units to be offered. Depending on the actual demand, either the number may be reduced or the secondary offering through over-allotment may be cancelled. The number of investment units to be offered shall be determined after considering the demand for primary offering on the Issue Price Determination Date.
- (2) Offer price: To be determined.
The offer price shall be determined at the Board of Directors' Meeting to be held on the Issue Price Determination Date. The offer price shall be the same as the issue price (offer price) in the primary offering.
- (3) Total offer price: To be determined.
- (4) Offering method: In consideration of the demand of primary offering, Mizuho Securities Co., Ltd. shall conduct secondary offering up to 1,300 units that it will borrow from unitholders of Hankyu REIT.
- (5) Application unit: One unit or more in multiples of one unit.
- (6) Offering period: The same period as the offering period for the primary offering.
- (7) Delivery date: June 3, 2014 (Tue.)
- (8) Offer price and other necessary items concerning secondary offering investment units shall be determined at the future Board of Directors' Meeting.
- (9) The above items shall be subject to requisite completion of filing of the securities registration statement in accordance with the Financial Instruments and Exchange Act.

3. Issuance of New Investment Units through Third-Party Allotment (See <Reference> 1. below.)

- (1) Number of units to be offered: 1,300 units
- (2) Amount to be paid in (purchase price):
To be determined.
To be decided at the Board of Directors' Meeting held on the Issue Price Determination Date. The amount to be paid in (purchase price) shall be the same as the amount to be paid in (purchase price) for the primary offering.
- (3) Total amount to be paid in (purchase price):
To be determined.
- (4) Allottee and number of units allocated:
Mizuho Securities Co., Ltd. 1,300 units
- (5) Subscription unit: One unit or more in multiples of one unit.

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- (6) Subscription period (Subscription Date): June 26, 2014 (Thu.)
- (7) Payment date: June 27, 2014 (Fri.)
- (8) If there is no subscription for investment units to be issued by the end of the above mentioned “(6) Subscription Period (Subscription Date),” issue of such investment units shall be cancelled.
- (9) The amount to be paid in (purchase price), and other necessary items concerning issue of new investment units shall be determined at future Board of Directors’ Meeting
- (10) The above items shall be subject to requisite completion of filing of the securities registration statement in accordance with the Financial Instruments and Exchange Act.

<Reference>

1. Notes Concerning Secondary Offering through Over-Allotment

(1) Secondary offering through over-allotment is determined by considering the demand for the primary offering. Mizuho Securities Co., Ltd. will offer up to 1,300 units of the investment units it borrowed from unitholders of Hankyu REIT at the same time of primary offering. Although the number of investment units to be offered through over-allotment is expected to be 1,300 units, the number indicates the maximum number of investment units offered through over-allotment. This number may be reduced depending on the demand, or secondary offering through over-allotment itself may be cancelled.

For the purpose of obtaining the investment units necessary to return those Mizuho Securities borrowed from the aforementioned unitholders of Hankyu REIT in connection with the secondary offering through over-allotment (hereinafter the “Borrowed Investment Units”), Hankyu REIT has made resolution at its Board of Directors’ Meeting held on May 12, 2014 (Mon.), to carry out an issuance of investment units through third-party allotment of 1,300 units of new investment units for which Mizuho Securities is the allottee (hereinafter “Third-Party Allotment”) with the payment date for that issuance to be June 27, 2014 (Fri.).

During the period from the day after the expiration date of the offering period of the primary offering and over-allotment to June 20, 2014 (Fri.) (hereinafter “Syndicate Cover Transaction Period”), Mizuho Securities Co., Ltd. may perform a transaction on the Tokyo Stock Exchange to purchase a number of investment units that does not exceed the maximum number of investment units of the over-allotment (hereinafter “Syndicate Cover Transaction”) for the purpose of returning the Borrowed Investment Units. All the investment units that Mizuho Securities Co., Ltd. obtains by the Syndicate Cover Transaction are used to return the Borrowed Investment Units. There is a possibility Mizuho Securities Co., Ltd. may decide not to execute the Syndicate Cover Transaction at all during the Syndicate Cover Transaction period, or the Syndicate Cover Transaction may be terminated with the actual number of units transacted less than the number of investment units offered in the secondary offering of the over-allotment.

In addition, Mizuho Securities Co., Ltd. may engage in stabilizing transactions in connection to the primary offering and secondary offering of over-allotment, and use all or part of the investment units obtained through those stabilizing transactions to return the Borrowed Investment Units.

The number of investment units that Mizuho Securities Co., Ltd. plans to obtain by the Third-Party Allotment is the difference derived by deducting the number of units that were obtained by stabilizing transactions or the Syndicate Cover Transactions for the purpose of returning Borrowed Investment Units from the number of units of secondary offering of the over-allotment. For this reason, Mizuho Securities Co., Ltd. may not subscribe for all or part of the number of units issued by Third-Party Allotment and the result of this forfeit of rights would either be a reduction of the final number of issued units by Third-Party Allotment or the issuance itself would be cancelled.

(2) The transactions set forth in (1) shall be conducted by Mizuho Securities Co., Ltd. to engage offer joint consultation with Nomura Securities Co., Ltd.

2. Number of Total Investment Units Issued as a Result of This Issuance of New Investment Units

| | |
|---|--------------------|
| Investment units currently issued | 105,200 units |
| Increase in investment units by primary offering | 13,000 units |
| Investment units issued after primary offering | 118,200 units |
| Increase in investment units by Third-Party Allotment | 1,300 units (Note) |

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Total investment units issued after Third-Party Allotment 119,500 units (Note)

Note: The number of investment units stated above is for the case where Mizuho Securities subscribes for all the investment units of Third-Party Allotment and those investment units are subsequently issued.

3. Purpose and Reason for Issuance

The issuance of the new investment units was determined for the purpose of growing asset size through acquisition of new specified assets (as defined in Article 2, Paragraph 1 of the Act on Investment Trusts and Investment Corporations; same hereafter) and enhancing the stability of the portfolio through a balanced composition of urban retail facilities and community based facilities, after having considered factors such as the market trends and the level of dividends per unit, etc.

4. Total Amount to be Procured, Use of Funds and Schedule Expenditure Date

(1) Amount to be Procured (approximate net amount to be obtained)

7,181,617,300 yen (maximum)

Note: The above-mentioned amount represents the combined amount of 6,528,743,000 yen in net proceeds Hankyu REIT will receive from the primary offering and the maximum amount of 652,874,300 yen Hankyu REIT will receive from the issuance of new investment units from Third-Party Allotment. This sum is an estimate based on the closing price of the investment units in ordinary trading at the Tokyo Stock Exchange as of April 25, 2014 (Fri.).

(2) Use of the Funds and the Schedule Expenditure Date

The amount of 6,528,743,000 yen in net proceeds from the primary offering will be allocated to acquisition funds of new specified asset as indicated in "Notice Concerning Acquisition of Domestic Real Estate Trust Beneficiary Interests" separately announced today. The maximum proceeds amount of 652,874,300 yen from the issuance of new investment units from Third-Party Allotment will be held as cash on hand and will be allocated to future acquisition funds of specified assets, to the redemption of deposit and security Hankyu REIT used for the acquisition of specified assets (Note) and to the repayment of borrowings.

Note: Part of deposit and security pledged by tenants at assets under management is reserved at trust accounts as cash and deposit for future redemption. However, based on the agreement with the trustee, Hankyu REIT may use part of it, and Hankyu REIT allocates it for the redemption of part of deposit and security on trust accounts it uses. The deposit and security Hankyu REIT uses as of February 28, 2014 is 4,978 million yen.

5. Future Outlook

Please refer to the press release "Notice Concerning Revision to the Forecast for Period Ending November 2014" dated today, for the impact on forecasts for the fiscal period ending May 2014 (18th Fiscal Period: December 1, 2013 to May 31, 2014) and fiscal period ending November 2014 (19th Fiscal Period: June 1, 2014 to November 30, 2014).

6. Management Conditions during Past Three Fiscal Periods and Status of Equity Finance

(1) Management Conditions during Past Three Fiscal Periods

| | November 30, 2012 | May 31, 2013 | November 30, 2013 |
|---------------------------|-------------------|--------------|-------------------|
| Net income per unit | ¥12,227 | ¥11,805 | ¥13,244 |
| Distribution per unit | ¥12,228 | ¥11,806 | ¥12,985 |
| Distribution payout ratio | 100.0% | 100.0% | 100.0% |
| Net assets per unit | ¥660,294 | ¥659,872 | ¥624,354 |

Note: Since issuance of new investment units was conducted during the period, distribution payout ratio for November 30, 2013 is calculated as follows.

$$\text{Distribution payout ratio} = \text{Total distribution amount} \div \text{Net income} \times 100$$

(2) Conditions of the Recent Investment Unit Price

① Conditions during the past three fiscal periods

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| | November 30, 2012 | May 31, 2013 | November 30, 2013 |
|---------------|-------------------|--------------|-------------------|
| Opening price | ¥356,500 | ¥396,000 | ¥529,000 |
| High | ¥413,000 | ¥706,000 | ¥594,000 |
| Low | ¥337,000 | ¥390,500 | ¥457,000 |
| Closing price | ¥394,500 | ¥539,000 | ¥543,000 |

② Conditions during past six-month period

| | December 2013 | January 2014 | February | March | April | May |
|---------------|---------------|--------------|----------|----------|----------|----------|
| Opening price | ¥545,000 | ¥549,000 | ¥549,000 | ¥536,000 | ¥527,000 | ¥548,000 |
| High | ¥548,000 | ¥559,000 | ¥550,000 | ¥540,000 | ¥550,000 | ¥557,000 |
| Low | ¥513,000 | ¥532,000 | ¥517,000 | ¥512,000 | ¥520,000 | ¥548,000 |
| Closing price | ¥547,000 | ¥550,000 | ¥534,000 | ¥522,000 | ¥549,000 | ¥557,000 |

Note: The investment unit price for May 2014 is the price as of May 9, 2014

③ Investment unit prices on the business day before the issuance of resolution date

| | May 29, 2014 |
|---------------|--------------|
| Opening price | ¥553,000 |
| High | ¥557,000 |
| Low | ¥552,000 |
| Closing price | ¥557,000 |

(3) Status of equity finance during past three fiscal periods

• Capital increase through public offering

| | |
|--|--|
| Issuance Date | June 18, 2013 |
| Amount procured | 8,155,638,000 yen |
| Purchase price amount | 453,091 yen per unit |
| Number of investment units issued and outstanding at the time of offering | 85,400 units |
| Number of investment units issued through the offering | 18,000 units |
| Total number of investment units issued and outstanding after the offering | 103,400 units |
| Initial use of funds at the time of the issuance | To be allocated to acquisition funds of new specified assets. If there is any remaining amount as a result of allocation, it will be allocated to the redemption of deposit and security Hankyu REIT used for the acquisition of assets under management and to the repayment of borrowings. |
| Initial schedule expenditure date at the time of the issuance | On and after June 2013 |

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| | |
|--|--|
| Present allocation status | The total amount was allocated to the initial use of funds on the aforementioned schedule expenditure date. |
| • Additional fund procurement through Third-Party Allotment | |
| Issuance Date | July 10, 2013 |
| Amount procured | 815,563,800 yen |
| Purchase price amount | 453,091 yen per unit |
| Number of investment units issued and outstanding at the time of offering | 103,400 units |
| Number of investment units issued through the offering | 1,800 units |
| Total number of investment units issued and outstanding after the offering | 105,200 units |
| Allottee | Nomura Securities Co., Ltd. |
| Initial use of funds at the time of the issuance | To be allocated to acquisition funds of new specified assets. If there is any remaining amount as a result of allocation, it will be allocated to the redemption of deposit and security Hankyu REIT used for the acquisition of assets under management and to the repayment of borrowings. |
| Initial schedule expenditure date at the time of the issuance | On and after July, 2013 |
| Present allocation status | The total amount was allocated to the initial use of funds on the aforementioned schedule expenditure date. |

7. Others (restrictions on sale and additional issuance, etc.)

(1) In connection with the primary offering, Hankyu Corporation is supposed to agree with the joint lead managers not to sell, furnish security, lend etc. (excluding lending the investment units to Mizuho Securities to execute over-allotment), without approval in writing beforehand from the joint lead managers within the period from the Issue Price Determination Date until the corresponding day one year after the delivery date of the primary offering.

The joint lead managers hold the right to cancel all or part of the aforesaid agreement within the abovementioned periods at their own discretion.

(2) In connection with the primary offering, Hankyu REIT agrees with the joint lead managers not to issue (etc.) investment units (excluding the issuance etc. of investment units for primary offering, Third-Party Allotment and issuance of investment units by the split of investment units) without the approval in writing beforehand from the joint lead managers within the period from the Issue Price Determination Date until the corresponding day 3 months after the delivery date of the primary offering.

The joint lead managers hold the right to cancel all or part of the aforesaid agreement within the abovementioned periods at their own discretion.

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- The Japanese original document was distributed to press clubs within the Tokyo Stock Exchange (Kabuto Club), Osaka Securities Exchange, and Ministry of Land, Infrastructure, Transport and Tourism, and to the press club of the construction trade newspaper of the Ministry of Land, Infrastructure, Transport and Tourism.
- Hankyu REIT website: <http://www.hankyu-reit.jp/eng/>

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