

Hankyu REIT

Financial Results Briefing Materials
for the 25th Fiscal period ended
November 2017

AICHI-NAGOYA
METS OZONE



Hankyu REIT, Inc.
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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.

Since investment securities of Hankyu REIT are closed-end type which do not make redemption of units demanded by unitholders, the only means for unitholders to convert the investment securities is to sell to third parties. 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, the unitholders may not be able to sell the investment securities at the price of acquisition incurring loss.

This material is not intended as a solicitation to acquire investment securities of Hankyu REIT 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 Hankyu REIT, 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 Hankyu REIT owns only its land.

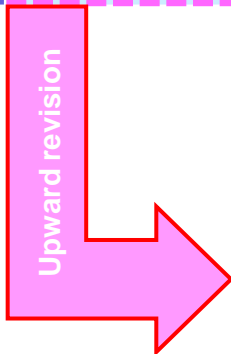
1. Executive Summary





Aim for sustainable growth and improvement of portfolio quality, while aiming to increase distributions

Medium-term Objectives		Results for 25th Fiscal Period
1	Aim to achieve asset scale of JPY 200 billion within 2020 (place emphasis on medium-to-long-term fair value)	<ul style="list-style-type: none"> Acquired 2 properties (JPY 8.16 billion) which are a community-based retail facility (acquired in February 2018) and a hotel (scheduled to be acquired in March 2018) by utilizing the asset management company's own property information sourcing channels and the comprehensive strength of the sponsor group (26th FP).
2	Aim to achieve a distribution level of JPY 2,900 on an ongoing basis in the 26th fiscal period (ending May 2018) and subsequent fiscal periods	<ul style="list-style-type: none"> Despite the occurrence of payment of settlement money for the rent reduction action concerning Hotel Gracery Tamachi in the 25th FP, secured distribution exceeding the forecast. Distribution per unit forecast for the 26th FP and the 27th FP are expected to achieve the level of medium-term objectives at JPY 2,950 and JPY 3,000, respectively. At Sphere Tower Tennozu, rent collection from a large tenant commenced and occupancy rate increased as 2 new tenants have moved in (88.1% → 94.8% (February 2018 (26th FP))).



Realized improvement of distribution level and expansion of acquisition capacity through implementing acquisition of properties at appropriate prices, internal growth and public offering.

2	Aim to achieve distribution level of JPY 3,000 on an ongoing basis
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Medium-term Objectives		Results for 25th Fiscal Period
3	Systematically implement repairs and CAPEX to maintain and improve property value	<ul style="list-style-type: none"> Systematically implemented capital investment especially in properties which are 20 years old or older from the perspective of preventive maintenance (Kitano, LAXA, Hankyu Corporation Head Office Building, etc.).
4	Consider and implement asset replacement to improve portfolio quality	<ul style="list-style-type: none"> Continuously discussed measures to improve portfolio quality.
5	Eliminate future risk factors	<ul style="list-style-type: none"> As for the rent reduction action concerning Hotel Gracery Tamachi, a settlement was reached at a level which enables maintaining the same level of distribution as the forecasts.
6	Implement fund procurement in light of interest rate trends (in principle, procurement mainly on a long-term and fixed basis)	<ul style="list-style-type: none"> LTV is expected to decrease due to increase of appraisal value and implementation of public offering. 42.2% (end of the 24th FP) 41.4% (end of the 25th FP) 40.2% (after public offering and acquisition of new properties (planned)) For refinancing borrowings, refinanced JPY 3.0 billion by long-term debt of 10 years with fixed interest rate and JPY 4.0 billion by short-term debt with variable interest rate, while taking into account the balance between stability of fund procurement and maintaining and improving distribution level.

*Medium-term objectives were announced in the financial results briefing materials for the 23rd fiscal period.



Comparison with 24th fiscal period results

(Unit: millions of yen)

Item	Results for 24th FP (A) (Dec. 1, 2016 - May 31, 2017)	Results for 25th FP (B) (Jun. 1, 2017 - Nov. 30, 2017)	Change (B) - (A)
Operation period (days)	182	183	1
Operating revenues	4,740	4,902	162
Operating income	1,979	2,150	170
Ordinary income	1,625	1,793	168
Net income	1,623	1,718	95
Total number of investment units issued and outstanding at the end of fiscal period	597,500	597,500	—
Distribution per unit (JPY)	2,717	2,877	160
FFO per unit (JPY)	4,133	4,285	152

(Main factors for increase/decrease)

(1)	Increase in income from lease (Itami):	JPY +100 mn
	<small>(100% rent collection from July 3, 2017 (2 months earlier than initial assumption))</small>	
	Increase in air-conditioning usage fee income (Tennozu):	JPY +13 mn
(2)	Increase in utilities expense income:	JPY +47 mn

(2)	Decrease in repair expenses:	JPY +60 mn
	Increase in utilities expenses:	JPY -54 mn

(3)	Payment of settlement money (Tamachi) :	JPY -73 mn
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Comparison with 25th fiscal period forecasts

(Unit: millions of yen)

Item	Forecasts for 25th FP (A) (as of July 14, 2017)	Results for 25th FP (B) (Jun. 1, 2017 - Nov. 30, 2017)	Change (B) - (A)
Operation period (days)	183	183	—
Operating revenues	4,873	4,902	29
Operating income	2,052	2,150	97
Ordinary income	1,674	1,793	118
Net income	1,673	1,718	45
Total number of investment units issued and outstanding at the end of fiscal period	597,500	597,500	—
Distribution per unit (JPY)	2,800	2,877	77
FFO per unit (JPY)	4,212	4,285	72

(Main factors for increase/decrease)

(1)	Increase in income from lease:	JPY +5 mn
	Increase in air-conditioning usage fee income (Tennozu):	JPY +9 mn

(2)	Decrease in repair expenses (Yamada, etc.):	JPY +54 mn
	<small>(Partial change in repair plans to make up for the payment of settlement money (Tamachi))</small>	
(3)	Decrease in utilities expenses:	JPY +16 mn

(3)	Decrease in interest expenses:	JPY +6 mn
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(4)	Payment of settlement money (Tamachi):	JPY -73 mn
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Net assets per unit JPY 122,809

Net assets per unit after reflecting unrealized gain/loss JPY 157,053

Results for 25th fiscal period (ended November 2017) **JPY 2,877**
Distribution per unit



1-3. Overview of 26th and 27th Fiscal Period Financial Forecasts

(Unit: millions of yen)

Item	Results for 25th FP (1) (Jun. 1, 2017 - Nov. 30, 2017)	Forecasts for 26th FP (2) (Dec. 1, 2017 - May 31, 2018)	Change (2) - (1)	Forecasts for 27th FP (3) (Jun. 1, 2018 - Nov. 30, 2018)	Change (3) - (2)
Operation period (days)	183	182	-1	183	1
Operating revenues	4,902	5,176	274	5,402	226
Operating income	2,150	2,269	119	2,269	-0
Ordinary income	1,793	1,885	91	1,917	31
Net income	1,718	1,883	164	1,915	31
Total number of investment units issued and outstanding at the end of fiscal period	597,500	638,500	41,000	638,500	—
Distribution per unit (JPY)	2,877	2,950	73	3,000	50
FFO per unit (JPY)	4,285	4,328	42	4,439	110

[Forecasts for 26th Fiscal Period] Main factors for increase/decrease from 25th fiscal period results

- Increase in lease operating income from acquisition of new properties
JPY +87 mn (OZONE +76, Hakata +10)
 - Increase in lease*
JPY +110 mn
(Tennozu +98, Itami +21 (lease income: Full-period 100% rent collection), etc.)
 - Increase in repair expenses*
JPY -72 mn (Yamada -66, HEP -21, etc.)
(Partial change in repair plans for 25th FP to make up for the payment of settlement money (Tamachi))
 - Occurrence of expenses related to issuance of investment units
JPY -43 mn
 - Decrease in expenses due to absence of payment of settlement money (Tamachi)
JPY +73 mn
- *Calculation includes existing properties only

[Forecast for 27th Fiscal Period] Main factors for increase/decrease from 26th fiscal period forecasts

- Increase in lease operating income from acquisition of new properties
JPY +90 mn (OZONE +59, Hakata +30)
 - Difference between income and expenditure of utilities expenses*
JPY -20 mn
 - Increase in repair expenses*
JPY -39 mn (Takatsuki -28, etc.)
 - Increase in depreciation*
JPY -16 mn (NISHINOMIYA, etc.)
 - Increase in asset management remuneration
JPY -11 mn
 - Increase in interest expenses
JPY -11 mn
 - Decrease in expenses due to absence of payment of expenses related to issuance of investment units
JPY +43 mn
- *Calculation includes existing properties only

Forecast for 26th Fiscal Period (ending May 2018)
Distribution per unit

JPY 2,950

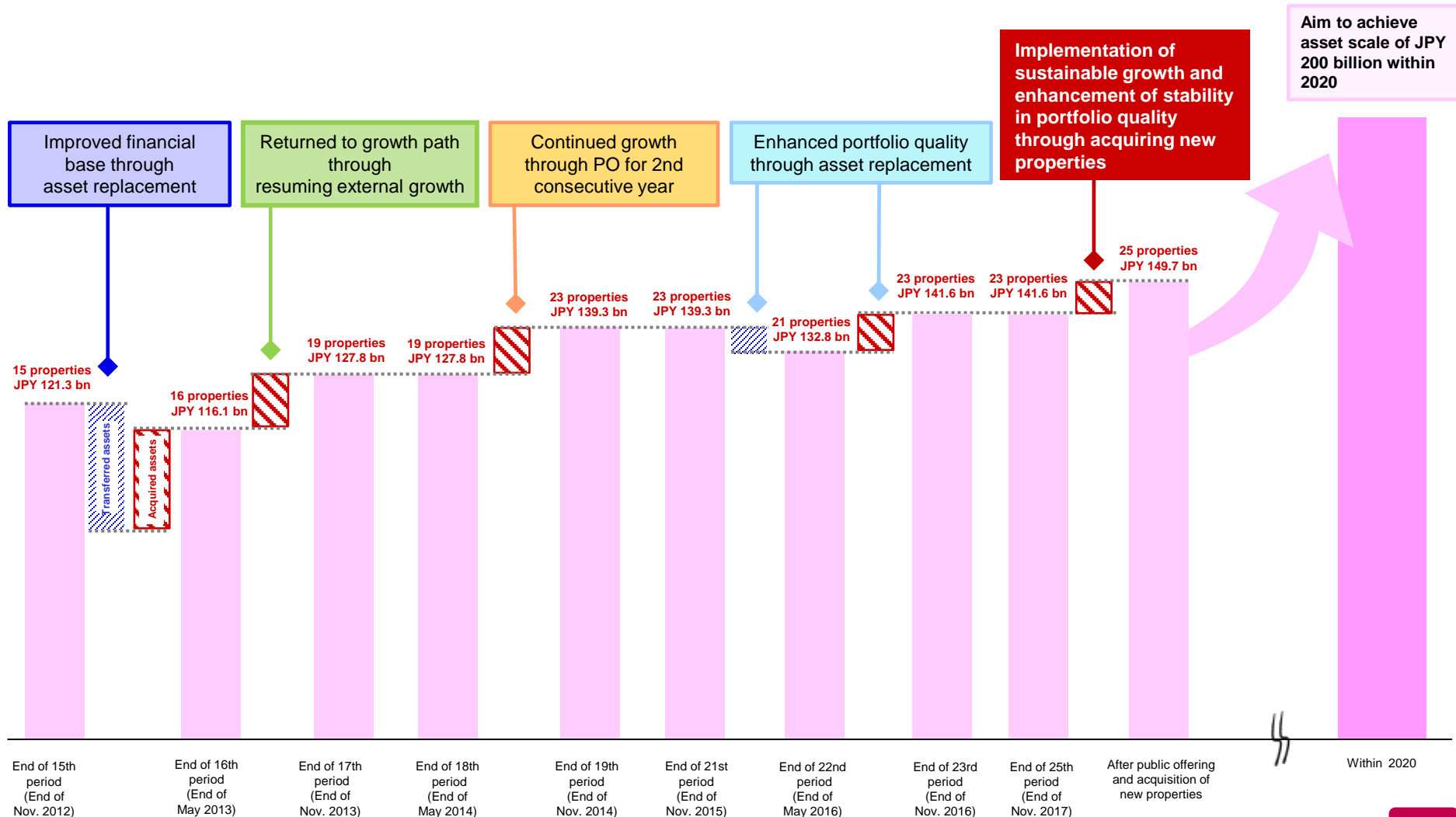
Forecast for 27th Fiscal Period (ending November 2018)
Distribution per unit

JPY 3,000

- [Main preconditions]
- There will be no change in portfolio properties from the 25 properties presently held or planned to be acquired.
 - There will be no additional issuance of investment units to the 638,500 units (the sum of the total number of investment units issued and outstanding at present and the 41,000 units (max.) of new investment units to be issued as resolved on January 25, 2018) in total number of investment units issued and outstanding through to the end of the 27th fiscal period.



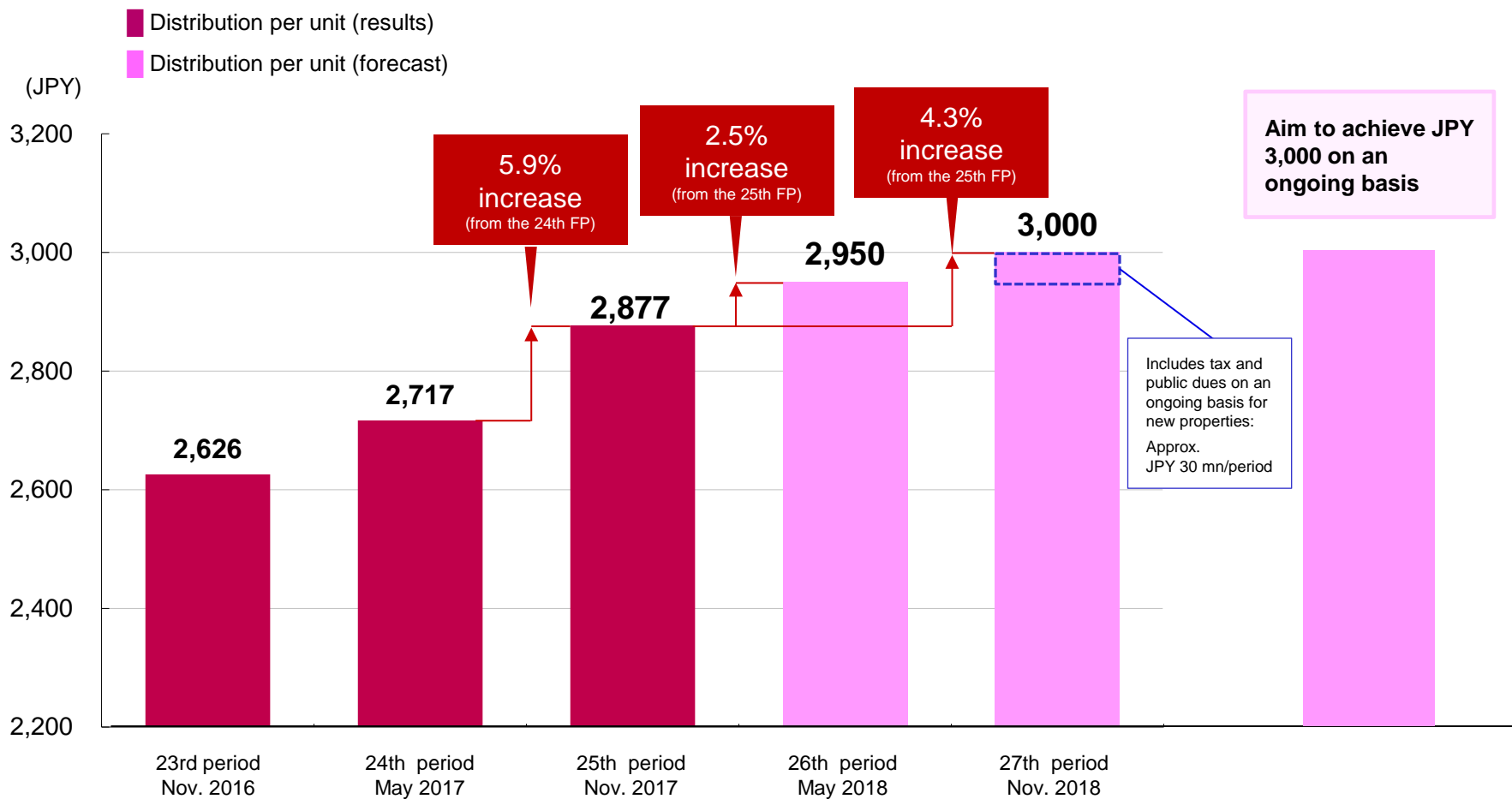
Place emphasis on medium-to-long-term fair value and aim to achieve asset scale of JPY 200 billion within 2020





Distribution has stepped up

Aim to achieve distribution level of JPY 3,000 on an ongoing basis





Profitability of Portfolio

	End of 22nd period (End of May 2016)	End of 23rd period (End of Nov. 2016)	End of 24th period (End of May 2017)	End of 25th period (End of Nov. 2017)	After public offering and acquisition of new properties
Average NOI yield (Note 1)	4.8%	4.8%	4.8%	4.9%	4.9%
Average NOI yield after depreciation (Note 1)	3.5%	3.7%	3.6%	3.7%	3.7%
Unrealized income/loss (Note 1)	JPY 12.6 bn	JPY 14.6 bn	JPY 17.6 bn	JPY 20.4 bn	JPY 20.6 bn (Note 2)

Stability of Financial Foundation

	End of 22nd period (End of May 2016)	End of 23rd period (End of Nov. 2016)	End of 24th period (End of May 2017)	End of 25th period (End of Nov. 2017)	After public offering and acquisition of new properties
LTV (Note 1)	41.9%	43.0%	42.2%	41.4%	40.2% (Note 2)
Interest-bearing debt ratio	43.0%	44.5%	44.6%	44.5%	43.0% (Note 2)
Average debt financing costs (including investment corporation bonds)	1.04%	0.92%	0.94%	0.88%	
Average remaining years on long-term borrowings payable and investment corporation bonds	4.4 years	4.4 years	4.4 years	4.4 years	

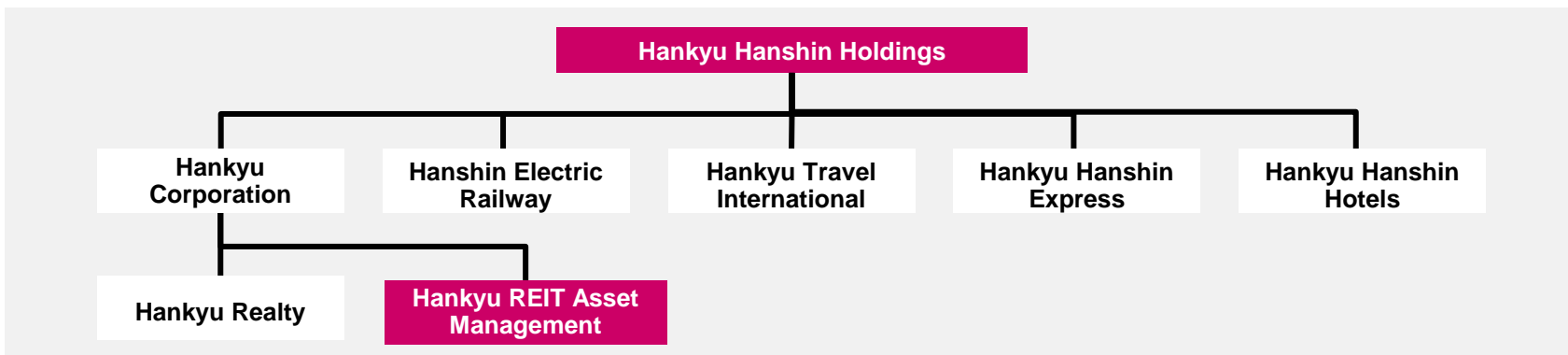
(Note 1) Details of the calculation method for “Average NOI yield,” “Average NOI yield after depreciation,” “Unrealized income/loss” and “LTV” are presented on page 66.

(Note 2) The figure includes the expected amount and may differ from actual results.

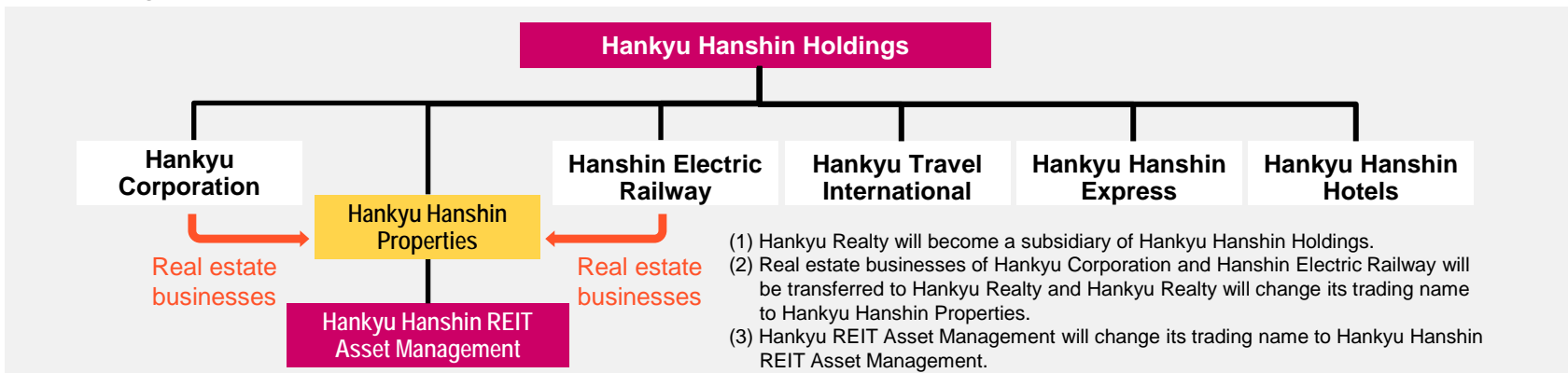


- From April 2018, the sponsor group plans to launch its new organization possessing resources and know-how of the group's real estate businesses and consolidated with an aim to accelerate achievement of "strengthening and expanding the real estate leasing business in all areas" and "thoroughly differentiating the real estate sales businesses and other businesses," as part of its long-term vision.
- Aim to strengthen cooperation between the sponsor group and Hankyu REIT through the asset management company "Hankyu Hanshin REIT Asset Management, Inc." (the company name is scheduled to be changed from Hankyu REIT Asset Management, Inc.) being a subsidiary of "Hankyu Hanshin Properties Corp." (the company name is scheduled to be changed from Hankyu Realty Co., Ltd.), which will be launched as a business supervising company directly under Hankyu Hanshin Holdings.

[Current Organization]



[New Organization] From April 1, 2018 (planned)



Overview of Public Offering

Number of units issued and outstanding	597,500 units (638,500 units after public offering (max.))
Number of investment units to be newly issued	41,000 units (max.) (Of this, third-party allotment: 2,000 units (max.))
Issue price	JPY 128,115
Paid-in amount	JPY 123,844
Total paid-in amount	JPY 5,077 mn (max.) (Including third-party allotment)
Date of resolution of issuance	January 25, 2018
Price determination date	February 5, 2018
Payment date	February 13, 2018 (primary offering) March 13, 2018 (third-party allotment) (planned)

Overview of New Properties

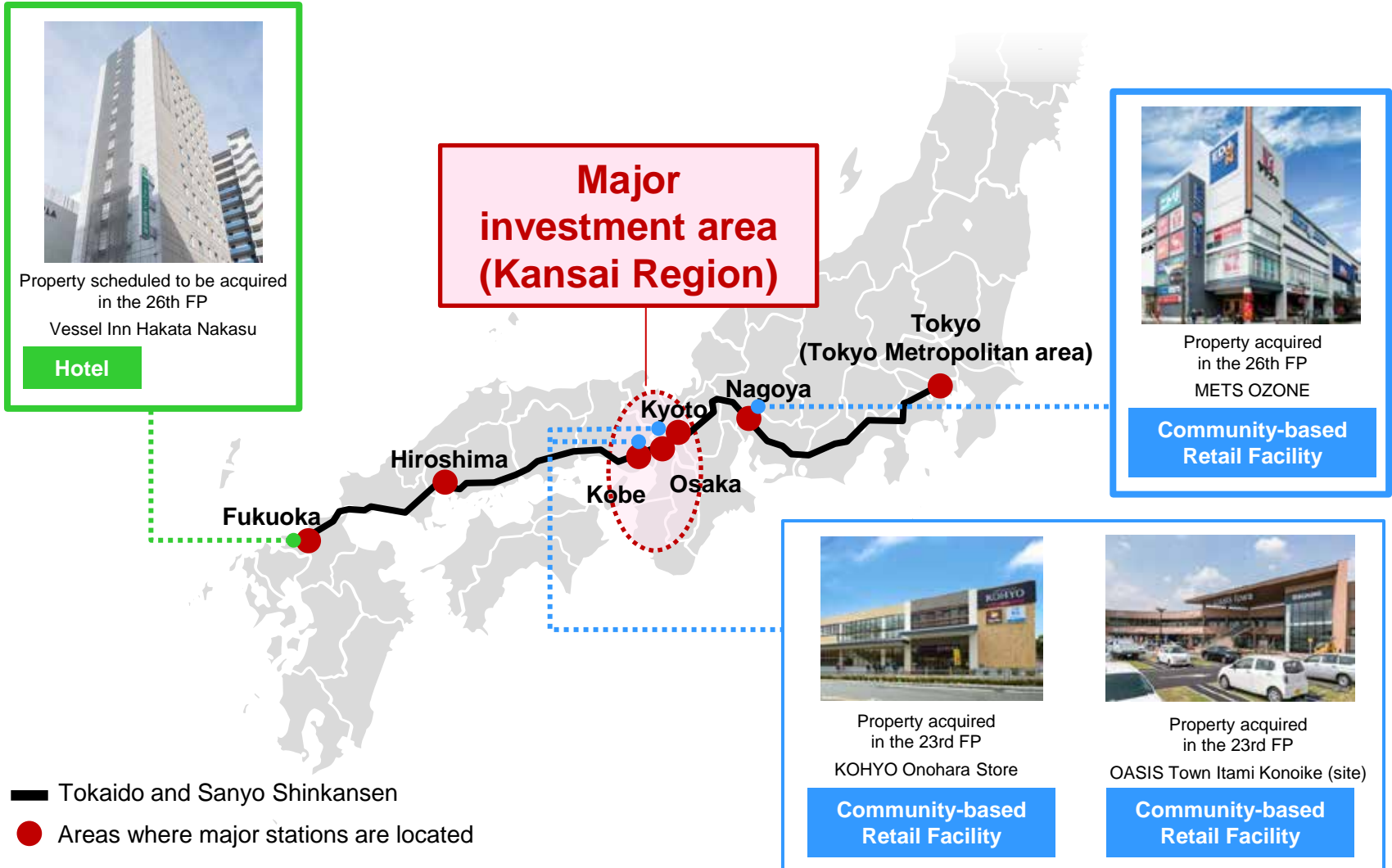
Property name	METS OZONE	Vessel Inn Hakata Nakasu
Property type	Community-based Retail Facilities	Hotel
Location	Higashi-ku, Nagoya City	Hakata-ku, Fukuoka City
Acquisition price (planned)	JPY 5,400 mn	JPY 2,760 mn
Appraisal value	JPY 5,600 mn	JPY 2,780 mn
NOI yield (Note)	5.4%	4.3%
NOI yield after depreciation (Note)	4.2%	2.7%
Acquisition method	The asset management company's own sourcing channels Utilization of the sponsor solutions	The asset management company's own sourcing channels
Acquisition date	February 15, 2018	March 29, 2018 (planned)
Lease contract type	Direct lease	Direct lease
Lease contract start date	Differ by tenants	September 30, 2014
Lease contract period		25 years

Total of New Properties

Total / Average	Acquisition price (planned)	Appraisal value	Average NOI yield	Average NOI yield after depreciation
	JPY 8,160 mn	JPY 8,380 mn	5.0%	3.7%

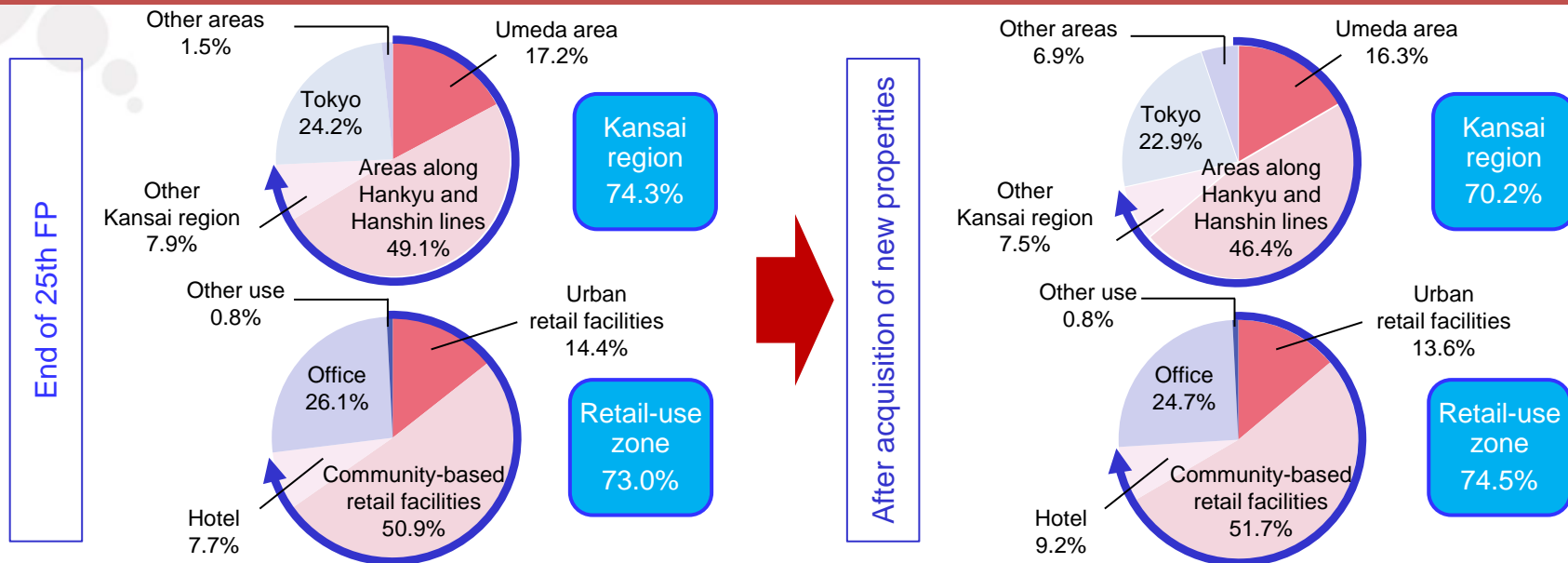


Acquisition of properties located near major stations of the Tokaido and Sanyo Shinkansen — First property acquisitions in Nagoya and Fukuoka areas —





Enhance revenue stability through the progress of the diversification of area and use



Utilization of sponsor solutions

Realized property acquisition through negotiated transactions by utilizing solutions gained through operational management by the sponsor group, in addition to the asset management company's own property information sourcing channels

The asset management company's own property information sourcing channels



Sponsor solutions (Hankyu Sekkei Consultant)



Acquisition of property through negotiated transactions



METS OZONE

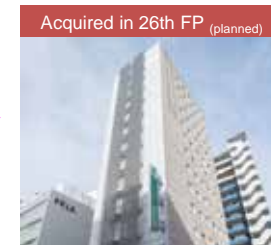
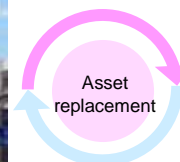
First acquisition of hotel asset since increasing the maximum investment ratio for hotels

Made partial change in management guidelines in January 2015 and increased the maximum investment ratio for the hotel-use portion from 10% to 20%

Acquired through limited tendering by utilizing the asset management company's own property information sourcing channels (scheduled to be acquired in March 2018) (Transferred Richmond Hotel Hamamatsu in April 2016)



Richmond Hotel Hamamatsu
NOI yield after depreciation 1.6%



Vessel Inn Hakata Nakasu
NOI yield after depreciation 2.7%



Property Overview

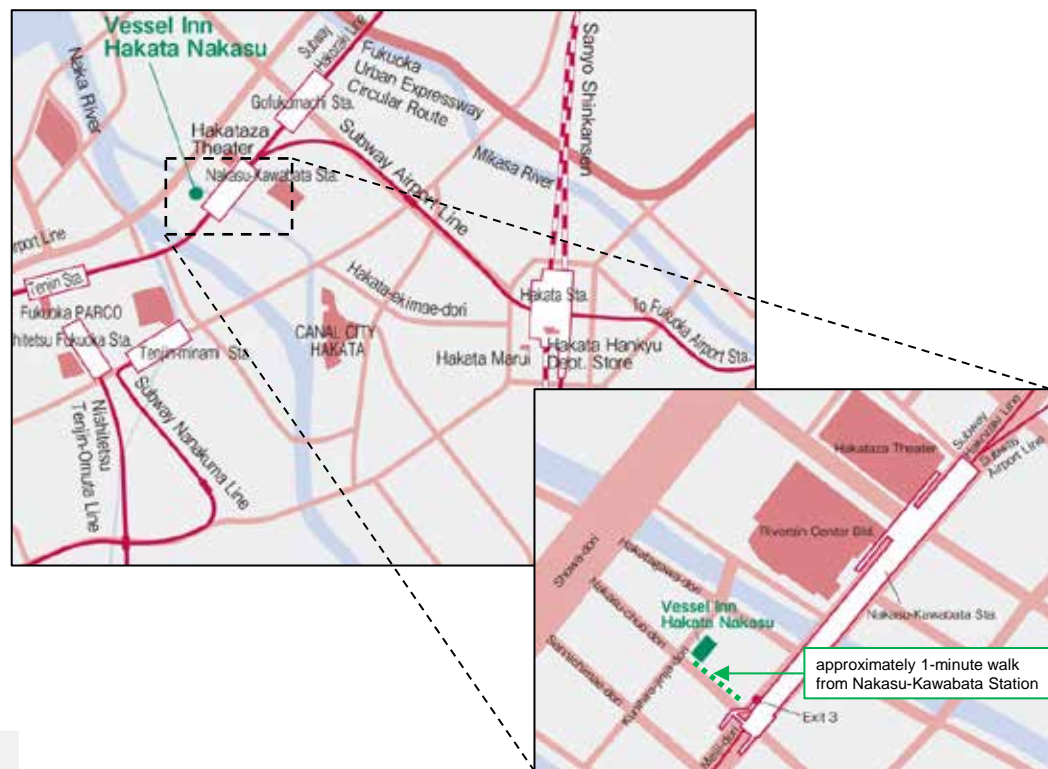
Acquisition price	JPY 5,400 mn
NOI yield	5.4%
NOI yield after depreciation	4.2%
Location	Higashi-ku, Nagoya City, Aichi Pref.
Site area/Leased area	17,422.32 m ² / 15,681.37 m ²
Occupancy rate	100%
Opening period	April 2002
Property manager	TOKYU COMMUNITY CORP
Acquisition date	February 15, 2018

Property Features

- | The Property offers excellent access by car as it faces "Inner Ring Route" which is a wide-area arterial road. Furthermore, it has a multi-story parking lot that can accommodate 558 vehicles as well as a ground parking lot that can accommodate 124 vehicles on the west side of the store.
- | Ozone Station, which is located within an approximately 5-minute walk from the Property, is a transport hub accessible by three lines namely JR Chuo Main Line, Nagoya Municipal Subway Meijo Line and Meitetsu Seto Line.
- | The Property targets a trade area which is a densely populated area in Nagoya City and where the population is increasing. According to the national census in 2015, its population by trade area is approximately 29,000 within 1 km, approximately 281,000 within 3 km and approximately 691,000 within 5 km, making the location densely populated as a residential area in the urban area.
- | The Property is occupied mainly by tenants that meet everyday needs such as "NITORI," "EDION," "Yamanaka (food supermarket)" and "UNIQLO" as its main tenants who are expected to take in consumption demand from trade areas.



Aerial photograph taken from southwest side facing northeast



Property Overview

Proposed acquisition price	JPY 2,760 mn
NOI yield	4.3%
NOI yield after depreciation	2.7%
Location	Hakata-ku, Fukuoka City
Site area/Leased area	405.98 m ² / 2,776.49 m ²
Lease contract period	25 years
Number of guest rooms	166 rooms in total (of which, 153 single rooms)
Opening period	February 2010 (rebranded in October 2014)
Operator	Vessel Hotel Development Co., Ltd.
Proposed acquisition date	March 29, 2018

Property Features

- The Property is a hotel mainly for accommodation with a total of 166 rooms, mainly singles, and opened after rebranding as Vessel Inn Hakata Nakasu in October 2014.
- The Property stands in an excellent location being an approximately 1-minute walk from Nakasu-Kawabata Station on the Fukuoka City Subway Line and offers excellent access as it takes only around 9 minutes to Fukuoka Airport Station, around 3 minutes to JR Hakata Station, and around 1 minute to Tenjin Station via a direct subway line from the station.
- Nakasu area where the Property is situated is one of the greatest bustling areas in Kyushu and also close to office zones such as the Hakata and Tenjin areas, and thus stronger demand for both leisure and business can be expected.

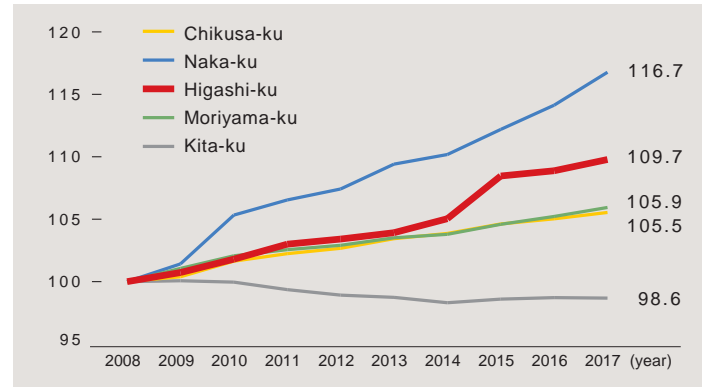


Favorable Retail Market Supported by Strong Purchasing Power

Located in Area with High Retail Potential

- Nagoya City has a population of approximately 2.3 million, the fourth largest nationwide following Tokyo (23 wards), Yokohama City and Osaka City, and the population is on an increasing trend.
- Population in Higashi-ku, Nagoya City where METS OZONE stands is increasing significantly, relative to Nagoya City itself, and future increase in population can be expected.

Trends of Population in Trade Area of METS OZONE

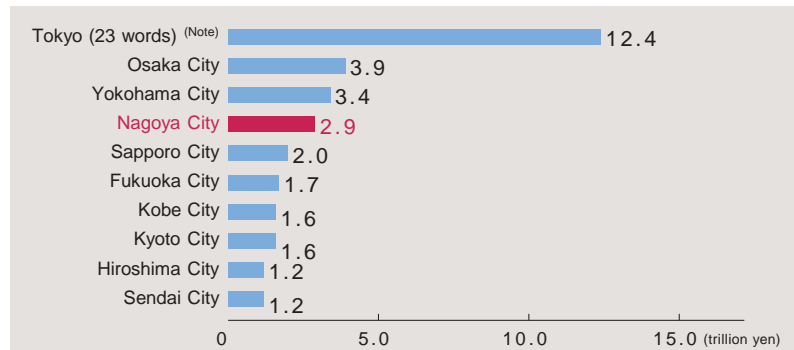


(Source) "Long-term trend of population by ward" by Nagoya City
 (Note) Population of each ward as of November 2008 was indexed as 100, and figures for November of each year are indicated.

Consumers with High Income Level and Strong Purchasing Power

- When looking at annual sales of retail trade by city (2014), Nagoya City is at the level of fourth largest nationwide following Tokyo (23 wards), Osaka City and Yokohama City.

Annual Sales of Retail Trade by City (2014)



(Source) "Commercial statistics for 2014: Volume 3 Industry edition (table of city, ward, town and village)" by Nagoya City
 (Note) Total of 23 wards of Tokyo is indicated.

- Taxable income per person is ranked third among prefectural capitals

Taxable Income per Person in Tokyo (23 ward) and Prefectural Capitals (Municipal tax) (2016)

1st	Tokyo (23 wards) (Note)
2nd	Kanagawa Prefecture Yokohama City
3rd	Aichi Prefecture Nagoya City
4th	Saitama Prefecture Saitama City
5th	Chiba Prefecture Chiba City

(Source) Prepared by the Asset Management Company based on "Survey on taxation status, etc. concerning municipal tax for fiscal 2016; survey concerning income levy amount, etc. for fiscal 2016 by the stage of standard taxable value (total)" by Ministry of Internal Affairs and Communications
 (Note) Average of the 23 wards of Tokyo is the subject

Market where Stronger Demand for Both Tourism and Business Fields can be Expected

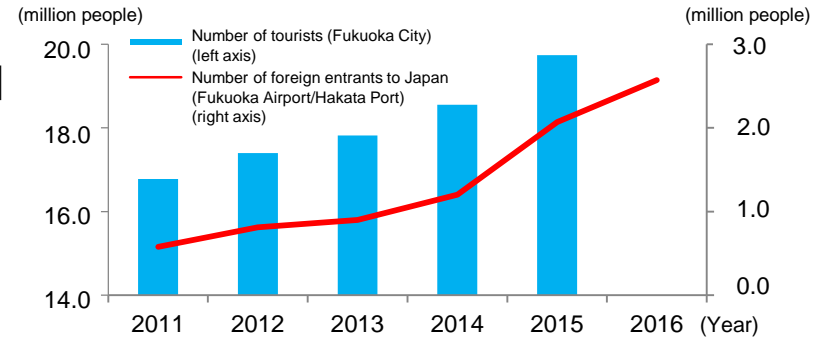
Guest Room Occupancy Rate Remains High

- Number of Fukuoka Airport users and number of visitors to Fukuoka Prefecture among foreign tourists visiting Japan are continuously increasing
- Guest room occupancy rate of accommodation facilities in Fukuoka City stably exceeds 80% since 2016 and remains high

Enjoy Demands from Both Tourism and Business Fields

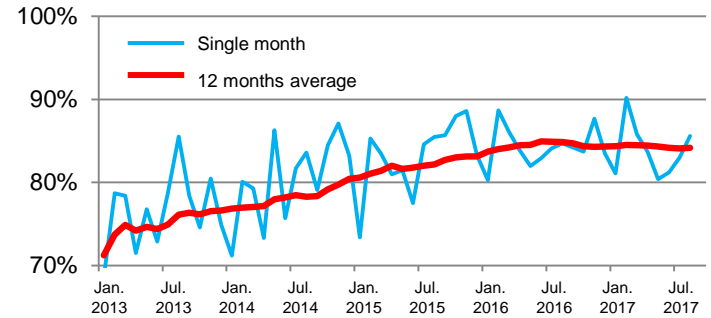
- Fukuoka City keeps the 2nd rank nationwide only following Tokyo 23 wards for 7 consecutive years in the number of international conventions held.
- Accommodation demand can be expected not only for the purpose of tourism but also for businesses, academics, etc.

Trends of Number of Tourists (Fukuoka City) and Number of Foreign Entrants to Japan (Fukuoka Airport/Hakata Port)



(Source) "2015 Fukuoka City tourism statistics" by Tourism Industry Section, Economy, Tourism & Culture Bureau, Fukuoka City and "Airport Management Status Survey Report by Calendar Year and Fiscal Year" by Civil Aviation Bureau, Ministry of Land, Infrastructure, Transport and Tourism

Trends of Guest Room Occupancy Rate of Accommodation Facilities (Fukuoka City)



(Source) "Accommodation Survey" by Japan Tourism Agency

Number of International Conventions Held Nationwide

Rank	2009	2010	2011	2012	2013	2014	2015
1st	Tokyo (23 wards) (497)	Tokyo (23 wards) (491)	Tokyo (23 wards) (470)	Tokyo (23 wards) (500)	Tokyo (23 wards) (531)	Tokyo (23 wards) (543)	Tokyo (23 wards) (557)
2nd	Fukuoka City (206)	Fukuoka City (216)	Fukuoka City (221)	Fukuoka City (252)	Fukuoka City (253)	Fukuoka City (336)	Fukuoka City (363)
3rd	Yokohama City (179)	Yokohama City (174)	Yokohama City (169)	Kyoto City (196)	Yokohama City (226)	Kyoto City (202)	Sendai City (221)
4th	Kyoto City (164)	Kyoto City (155)	Kyoto City (137)	Yokohama City (191)	Kyoto City (176)	Yokohama City (200)	Kyoto City (218)
5th	Nagoya City (124)	Nagoya City (122)	Nagoya City (112)	Osaka City (140)	Osaka City (172)	Nagoya City (163)	Yokohama City (190)

(Source) "International meetings statistics" by Japan National Tourism Organization (JNTO)

3. Summary of Kansai Area



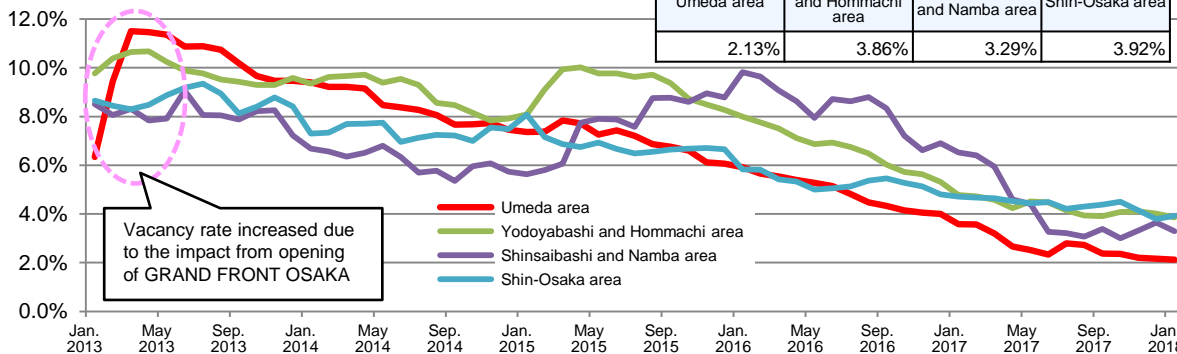


Decreasing Trend of Office Vacancy Rate Continuing in Osaka

- Renewal in the Osaka office market and concentration of city functions are advancing
- Outlook is that the decreasing trend for vacancy rate will continue
(Vacancy rate of Umeda area is at a level below the most recent lowest figure for Tokyo's business areas (3.02% in October 2017))
- New contract rent for Umeda area has risen due to the ongoing decline of the vacancy rate

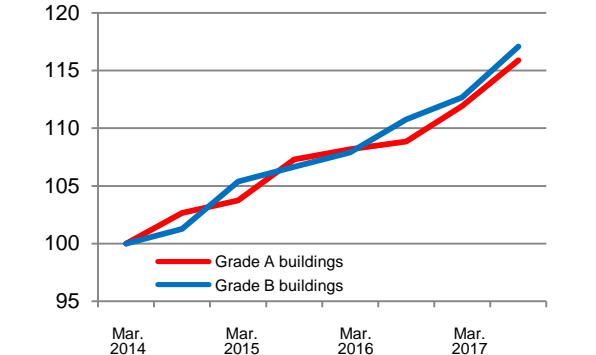
- Advancement of relocation of offices from Yodoyabashi and Hommachi area, etc., into Umeda area, especially into high-spec buildings
Drop in vacancy rate in Umeda area
- Most recently, more proactive relocation for expansion is seen due to higher overall demand backed by the improved employment situation
Drop in overall vacancy rate
- New office supply in the future is limited

Change in Vacancy Rate of Osaka's Major Business Areas



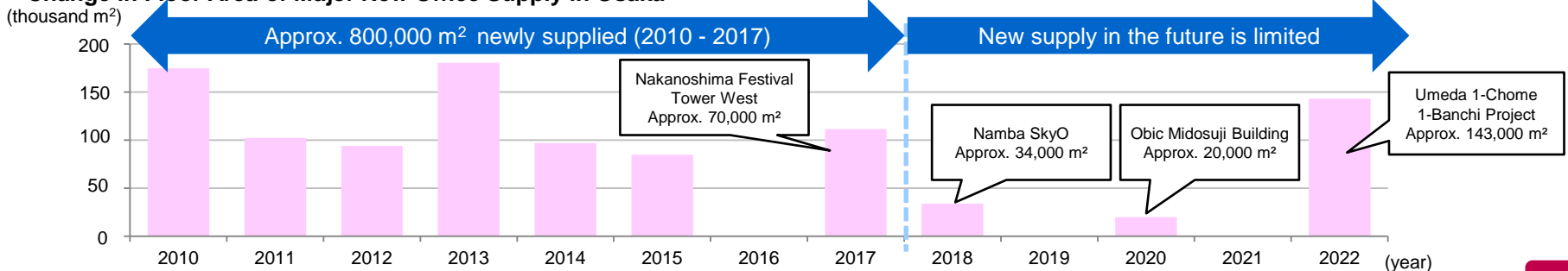
(Source) Miki Shoji Co., Ltd. "Office Data"

Change in New Contract Rent in Umeda Area



(Source) Prepared by Hankyu REIT Asset Management, Inc. based on materials from real estate research companies

Change in Floor Area of Major New Office Supply in Osaka



(Source) Calculated by Hankyu REIT Asset Management, Inc. based on materials from office brokerage companies (include some estimates) (February 2018)

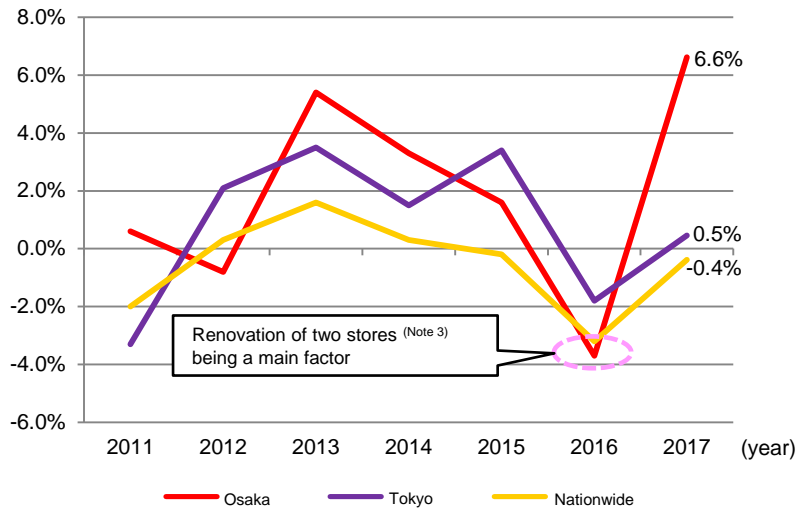


Department Store Sales Turned Upward while Supermarket Sales Remained Strong

- Sales of department stores in 2017 showed an increasing trend due to greater purchases by foreign tourists visiting Japan who benefitted from the depreciation of the yen and high stock prices and Japan's high-net-worth individuals
- Sales of supermarkets in central areas are on an increasing trend due to return of the population to the city center, and the outlook is that this trend will continue into the future
- Population increase/decrease is becoming clearer in certain areas, leading to a state of progress in polarization

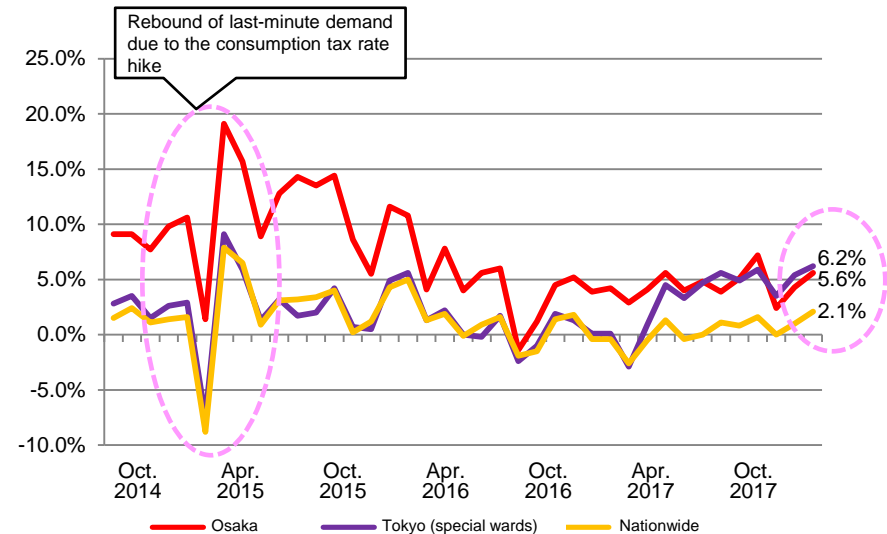
- Sales of department stores in Osaka (2017) increased by 6.6% year on year
 - Duty-free sales of department stores in Kansai Region in 2017 increased by 75.4% year on year
 - (October 2017 renewed a record for duty-free sales for a single month) ^(Note 1)
- Sales of supermarkets in Osaka City continued to remain strong ^(Note 2)
Due to supermarkets yet being opened one after another in central areas

Sales of Department Stores by District (change over the previous year)



Source: Japan Department Stores Association

Sales of Supermarkets by District (change over the same month of the previous year)



Source: Ministry of Economy, Trade and Industry "Current Survey of Commerce"

(Note 1) Source: Bank of Japan Osaka Branch "Department Store Duty-Free Sales (Kansai Region)"

(Note 2) Source: Ministry of Economy, Trade and Industry "Current Survey of Commerce"

(Note 3) Hanshin Department Store Umeda Main Building (from February 2015) and Daimaru Shinsaibashi Store (from January 2016)



Foreign Tourists Visiting Osaka Continue to Increase

- Number of foreign tourists visiting Osaka: Reached 11.11 million in 2017, marking a new record and exceeding 10 million for the first time
- Visitation rate by prefecture of foreign tourists visiting Japan: Most recent visitation rate for Osaka Prefecture was comparable to Tokyo and about 40% of all tourists visited Osaka

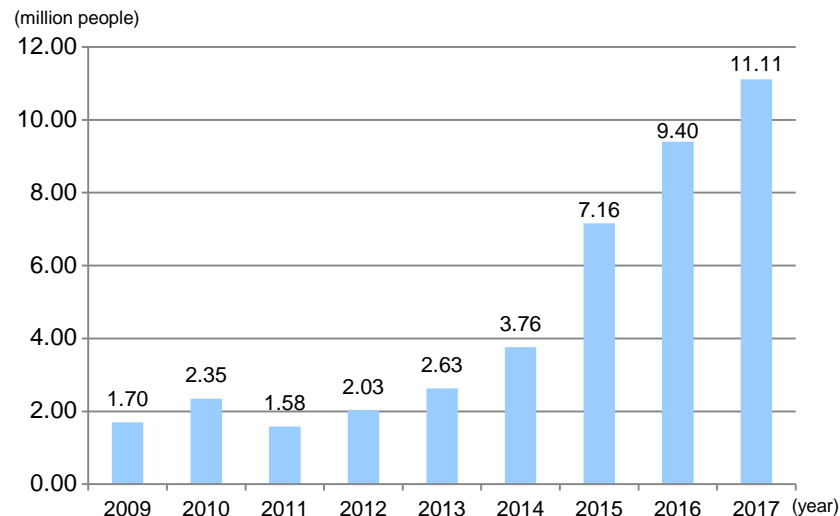
Visitation Rate by Prefecture of Foreign Tourists Visiting Japan

Year	2013	2014	2015	2016	2017 (Note 2)
Osaka Prefecture	30.2%	34.1%	41.9%	44.7%	44.1%
Tokyo	43.2%	48.5%	48.2%	44.5%	41.1%

(Note 1) Source: Osaka Convention & Tourism Bureau

(Note 2) Source: Prepared by the Asset Management Company based on "Consumption Trend Survey for Foreigners Visiting Japan" (Japan Tourism Agency)

Change in Number of Foreign Tourists Visiting Osaka



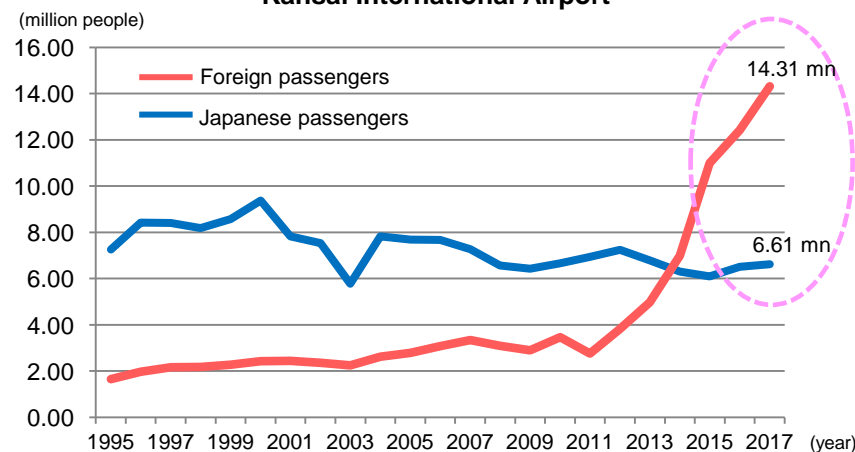
Source: Osaka Convention & Tourism Bureau

Number of Foreign Passengers Using Kansai International Airport Hits Record-High

- International flight passengers at Kansai International Airport for fiscal 2017 were 14.31 million, marking a new record (Note)
- Number of foreigners from nearby Asian countries (China, South Korea, Taiwan and Hong Kong) using LCCs is on the rise due to a shift from group tours to independent travels

(Note) Source: Kansai Airports Co., Ltd.

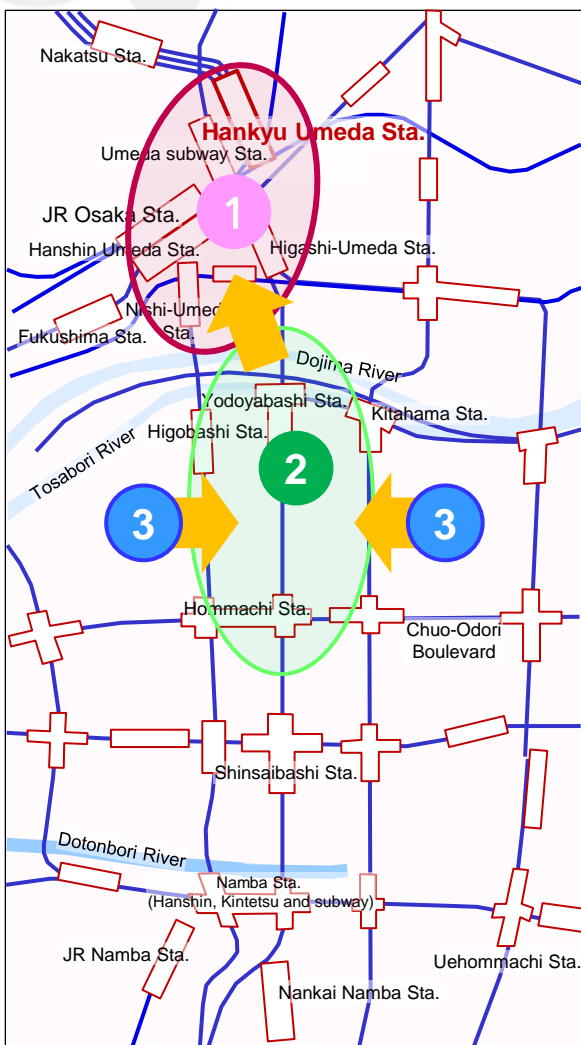
Status of International Flight Passengers at Kansai International Airport



Source: Kansai Airports Co., Ltd.



Renewal in central Osaka is advancing

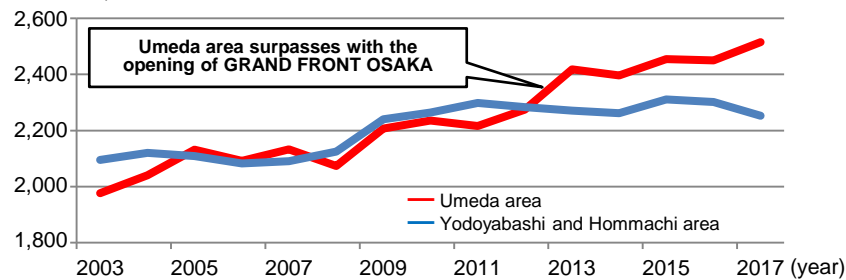


1

In Umeda area, construction of large and high-spec buildings including Umeda Hankyu Building and GRAND FRONT OSAKA have completed one after another

For leased office area, Umeda area surpassed Yodoyabashi and Hommachi area

Change in Leased Office Area of Umeda Area and Yodoyabashi and Hommachi Area (thousand m²)



Source: Miki Shoji Co., Ltd. "Office Data"

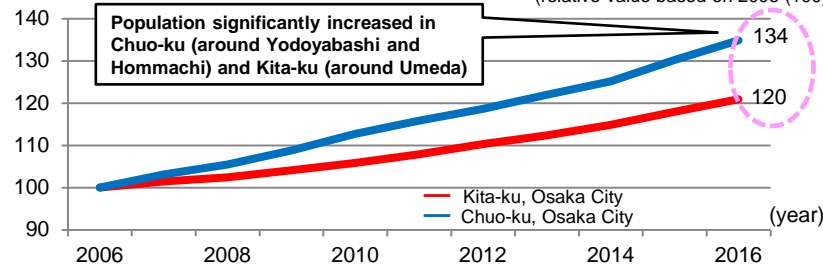
2

Relocations of tenants from Yodoyabashi and Hommachi area (central business area of Osaka for more than 50 years) to Umeda area is advancing as aging of office buildings is progressing

3

Old buildings in the surrounding areas which tenants moved out from tend to be converted into tower condominiums and hotels

Change in Population of Chuo-ku and Kita-ku of Osaka City (relative value based on 2006 (100))



Population of central Osaka has increased

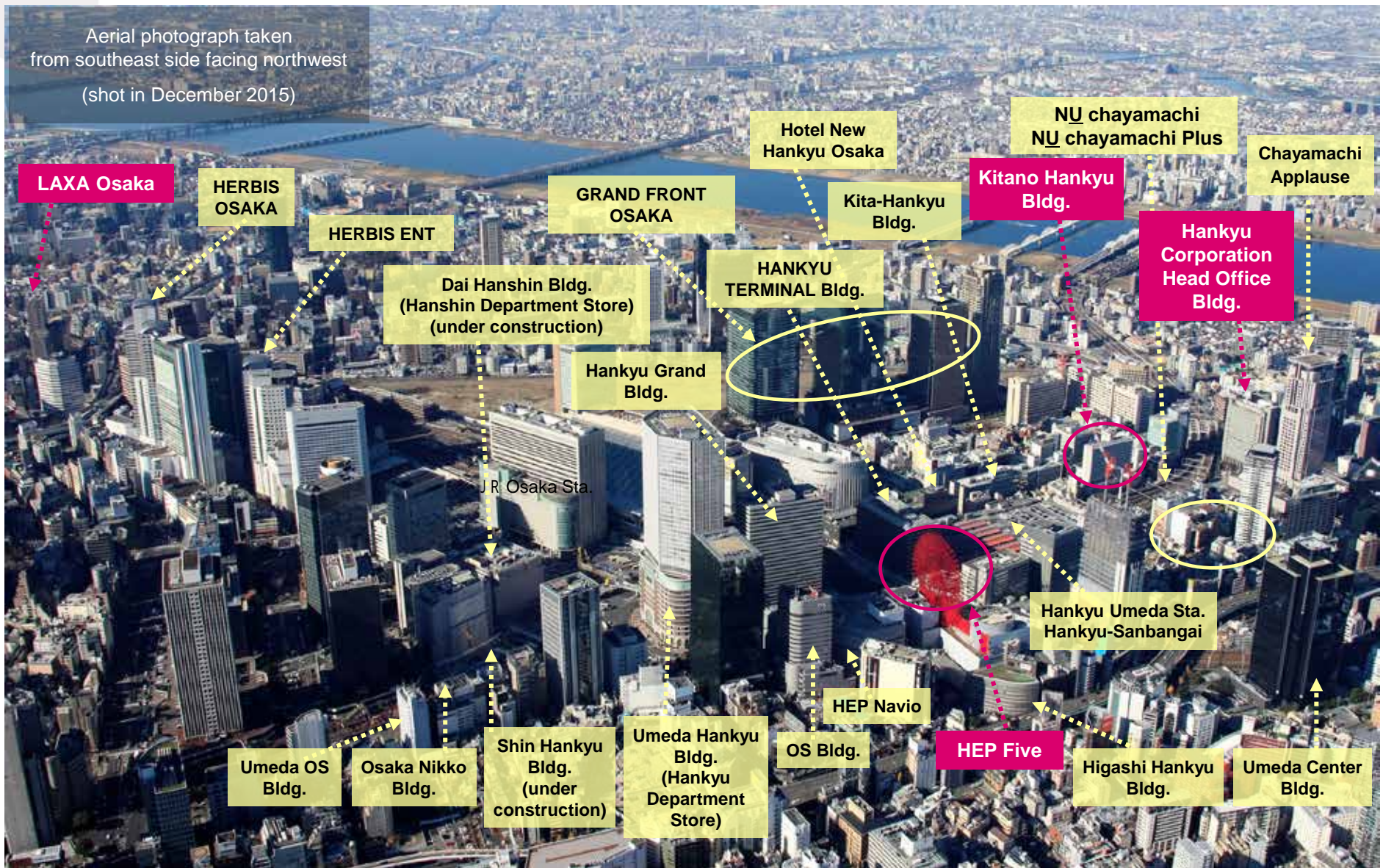
Source: Japan Geographic Data Center "Population Summary of the Basic Resident Registers"

Openings of supermarkets in central Osaka has accelerated



3-5. Main Investment Area of Hankyu REIT "Umeda"

Aerial photograph taken from southeast side facing northwest (shot in December 2015)



Property owned by Hankyu REIT

Major property developed and owned by Hankyu Hanshin Holdings Group

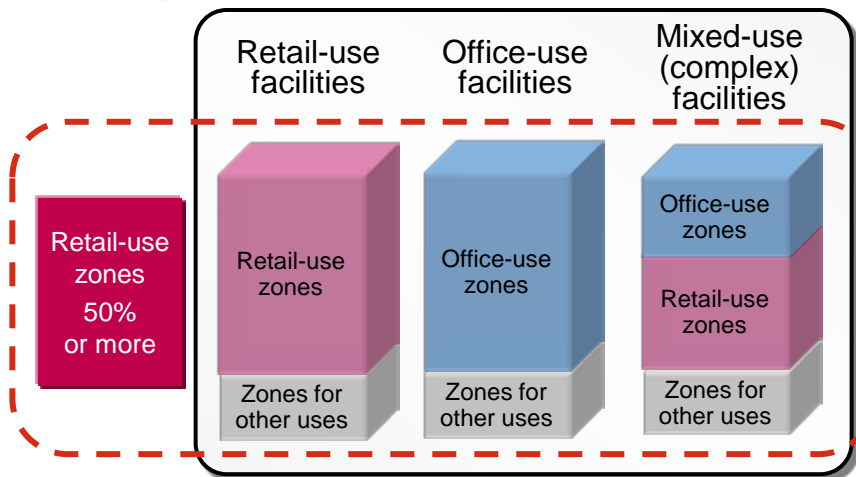
4. External Growth Strategies





Investment Targets

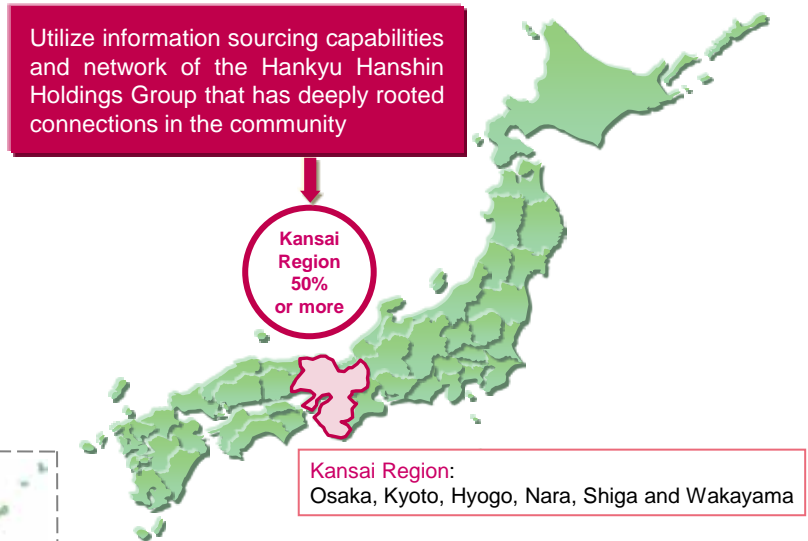
Target real estate with retail-use and office-use zones
Especially focus investment on retail-use zones



* In principle, the maximum investment ratio for hotel-use portion (part of retail-use zones) is 20% of all assets under management

Investment Target Areas

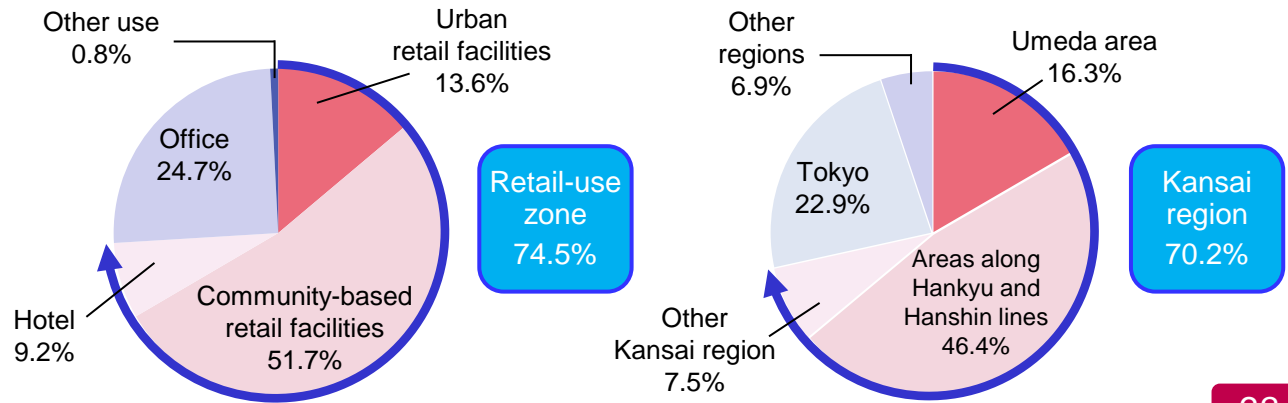
Target real estate across Japan
Investment target areas are Tokyo metropolitan area, nationwide government ordinance-designated cities and other comparable major cities
Of these, investment is focused on Kansai Region



Portfolio Status (After acquisition of new properties)

Total acquisition price:
JPY 149.78 bn

Total number of properties:
25 properties



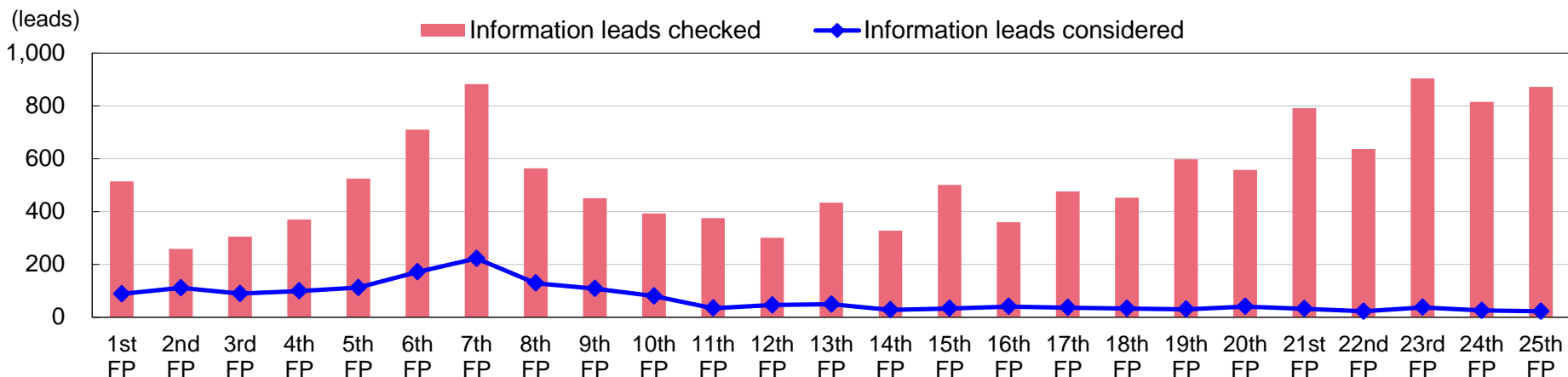


Status of Property Acquisition Activities

Promoting consideration of property acquisitions that can contribute to improvement of portfolio profitability and stability amidst heated competition for property acquisition. Will continue to obtain quality property information utilizing the comprehensive strengths of the sponsor group through joint efforts with the sponsor group.

In addition, will continue to aim for further expansion of the asset management company's own property information sourcing channels while making CRE proposals utilizing sponsor solutions, etc., and lead to property acquisitions at appropriate prices through negotiated transactions and limited tendering.

Trends of Information Leads



Diverse Property Acquisition Methods

Acquisition method				
Sponsor group's property	Property developed by sponsor group	On-balance bridge	SPC bridge	Direct acquisition from outside
HEP Five Kitano Hankyu Building Dew Hankyu Yamada Nitori Ibaraki-Kita Store (site) LaLaport KOSHIEN (site) LAXA Osaka HANKYU NISHINOMIYA GARDENS kotocross Hankyu Kawaramachi	Shiodome East Side Building Hotel Gracery Tamachi KOHYO Onohara Store	MANDAI Toyonaka Honan Store (site) DAILY QANAT Izumiya Horikawa Marutamachi Store (site) MANDAI Gojo Nishikoji Store (site) LIFE Shimoyamate Store (site)	Hankyu Corporation Head Office Building Ueroku F Building AEON MALL SAKAIKITAHANADA (site)	Takatsuki-Josai Shopping Center Kohnan Hiroshima Nakano-Higashi Store (site) Sphere Tower Tennozu Kita-Aoyama San cho-me Building OASIS Town Itami Konoike (site) METS OZONE Vessel Inn Hakata Nakasu

(To be) Acquired in 26th FP

* Outer circle: Information leads Inner circle: Leads actually considered

Area Use	City center			Urban vicinity			Suburban		
Office	36	178	37	¹ 47	159	4	¹	11	5
Mixed (Complex)	¹ 3	¹ 39	6	4	10	1	0	1	1
Retail	¹ 14	² 33	14	⁴ 29	² 16	2	2	6	2
Hotel	² 17	¹ 6	4	¹ 7	¹ 8	1	0	0	3
Other*	12	² 26	26	² 29	30	3	6	7	3

* Properties anticipating property development by the sponsor group such as at old buildings and former sites of factories, etc.

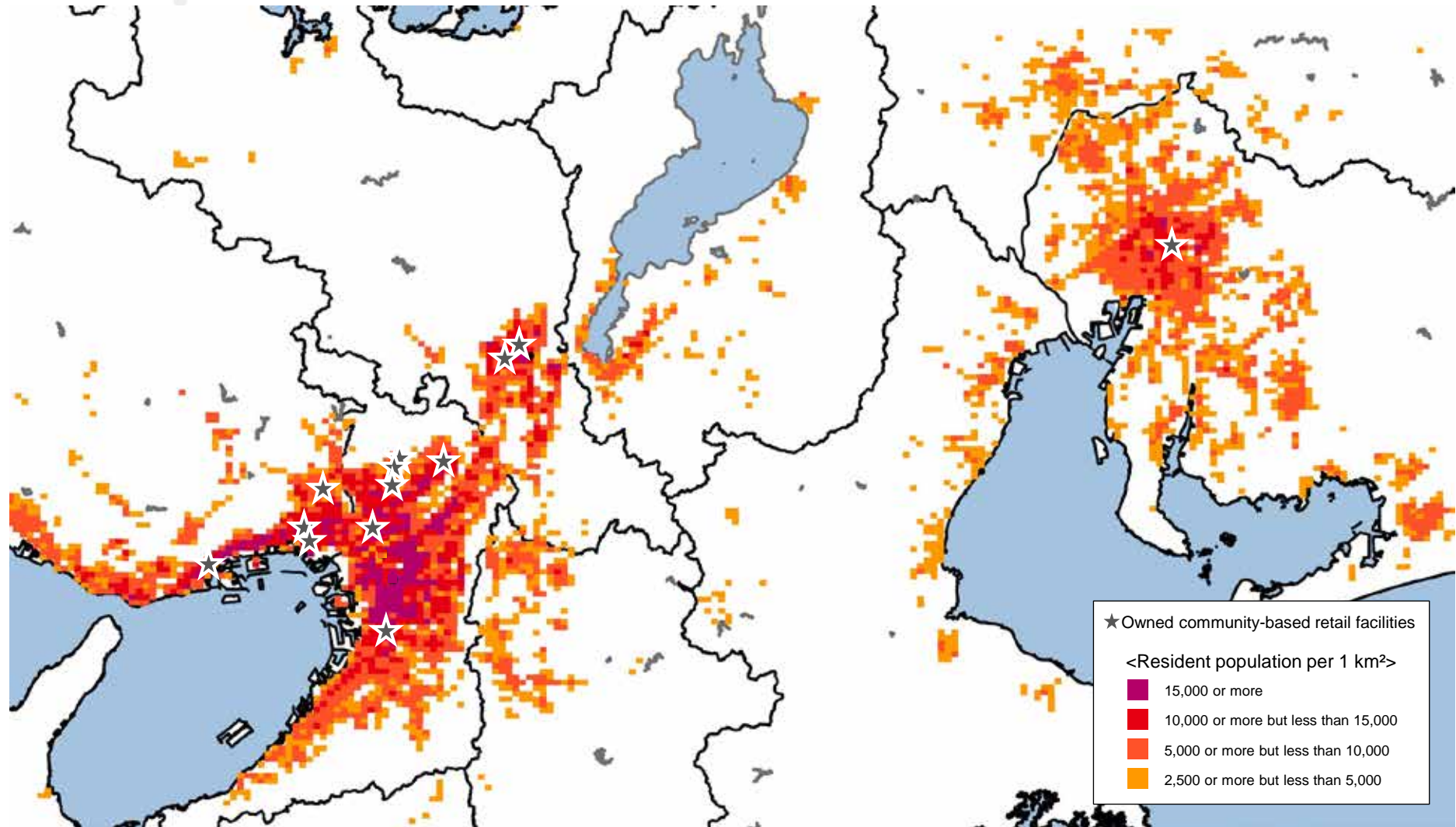


Leads considered were primarily in Kansai Region, Tokyo metropolitan area and regional major cities, such as Nagoya, Fukuoka and Hiroshima, etc.



I Areas in Kansai/Chukyo regions with concentration of population (Resident population per 1 km²: 2,500 or more)

- Retail facilities of Hankyu REIT are located in areas with concentration of population
(Most are in areas with notable concentration)

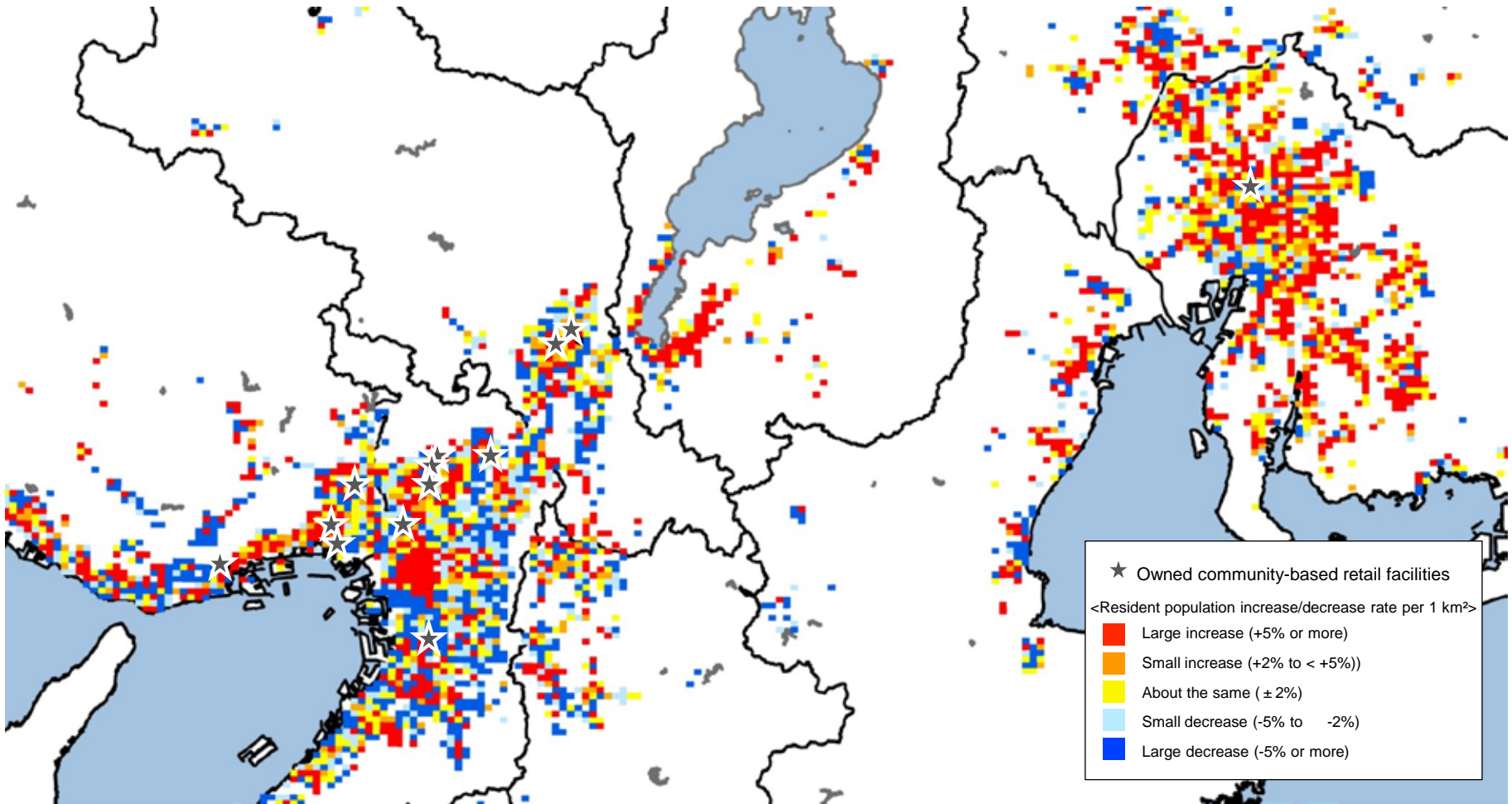




I Increase/decrease in areas in Kansai/Chukyo regions with concentration of population (Increase/decrease in resident population per 1 km²)

- Polarization of population increase/decrease is progressing based on convenience and living environment

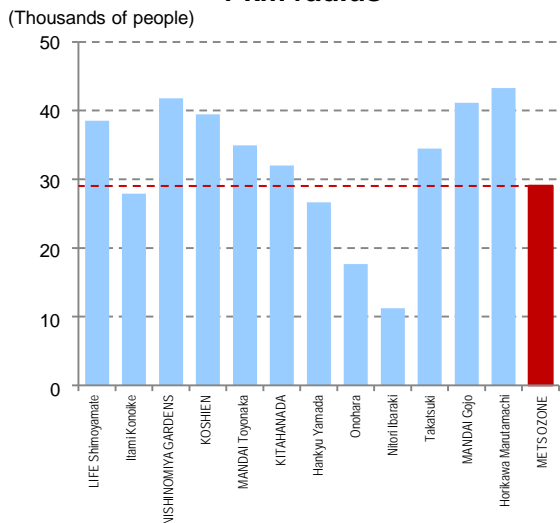
Upon acquisition of retail facilities, discuss mainly areas with high retail potential, such as those expecting population growth (including individual factors such as location and form of facilities)



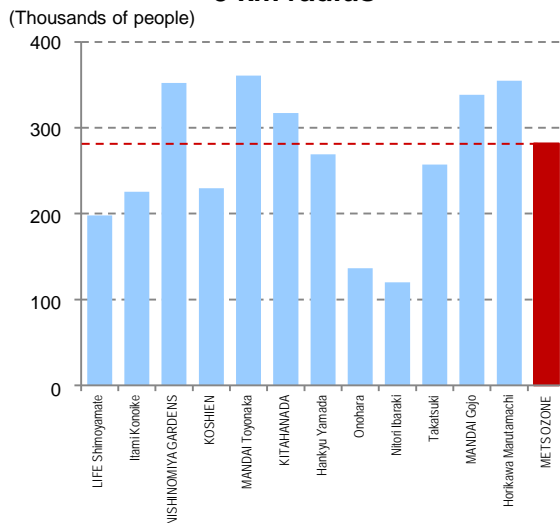


Investment in excellent trade areas with abundant trade area population, such as areas along Hankyu and Hanshin lines where strong consumer demand can be expected over the medium-to-long-term.

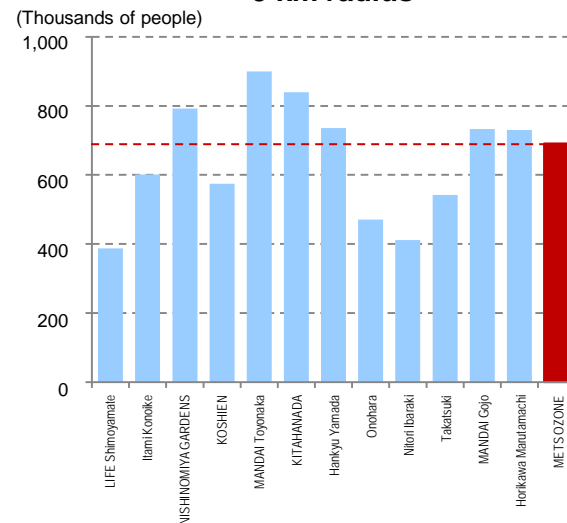
Trade area population within 1 km radius



Trade area population within 3 km radius



Trade area population within 5 km radius

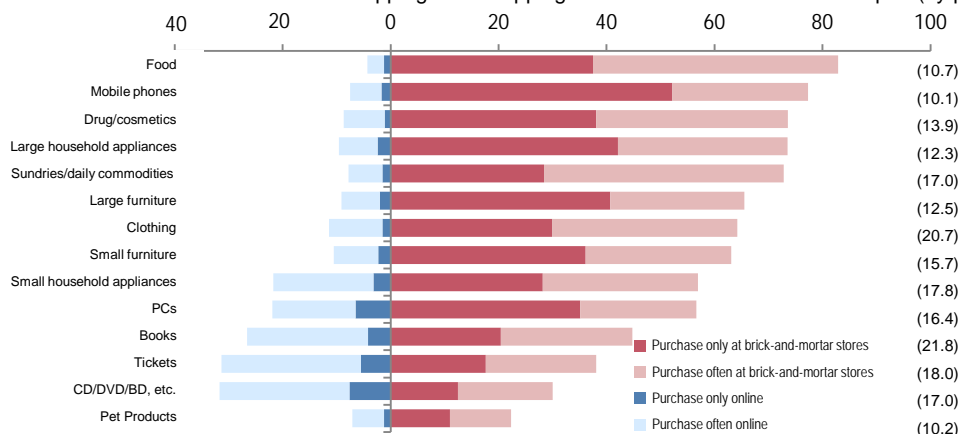


(Source) "National Census 2015" by Statistics Bureau, Ministry of Internal Affairs and Communications

Tenant composition and provision of products/services that match the trade area

- Tenant composition mainly featuring diversified business categories indispensable for daily life as well as tenants selling daily necessities that are likely to be purchased at brick-and-mortar stores.

Purchase Trends of Online Shopping and Shopping at Brick-and-Mortar Stores in Japan (by product)



(Source) "Study Report on an International Analysis of User Perceptions of New Forms of ICT in the IoT Era" by Information Communications Economic Office, Information Communications Global Strategy Bureau, Ministry of Internal Affairs and Communications

(Note) Figures in the parenthesis are the percentages of respondents who answered "Purchase almost equally online and at brick-and-mortar stores."



Discussion focused on investment in urban retail facilities, community-based retail facilities and hotels

	City center	Urban vicinity
Offices	 Shiodome East Side Building  Hankyu Corporation Head Office Building  Sphere Tower Tennozu  Ueroku F Building	
Retail facilities	Urban retail facilities	Community-based retail facilities
	 HEP Five (Urban SC)  Kitano Hankyu Building (Urban SC)  kotocross Hankyu Kawaramachi (Urban SC)  Kita-Aoyama San cho-me Building (Urban SC)	 HANKYU NISHINOMIYA GARDENS (RSC)  AEON MALL SAKAIKITA HANADA (site) (RSC)  LaLaport KOSHIEEN (site) (RSC)  Takatsuki-Josai Shopping Center (NSC)  OASIS Town Itami Konoike (site) (NSC)  Dew Hankyu Yamada (NSC)  MANDAI Gojo Nishikoji Store (site) (NSC)  MANDAI Toyonaka Honan Store (site) (NSC)  Kohnan Hiroshima Nakano-Higashi Store (site) (NSC)  METS OZONE (Acquired asset) (NSC)  DAILY QANAT Izumiya Horikawa Marutamachi Store (site) (GMS - SM)  KOHYO Onohara Store (GMS - SM)  LIFE Shimoyamate Store (site) (GMS - SM)  Nitori Ibaraki-Kita Store (専門店)
	Hotels	 LAXA Osaka  Hotel Gracery Tamachi  Vessel Inn Hakata Nakasu (Asset to be acquired)

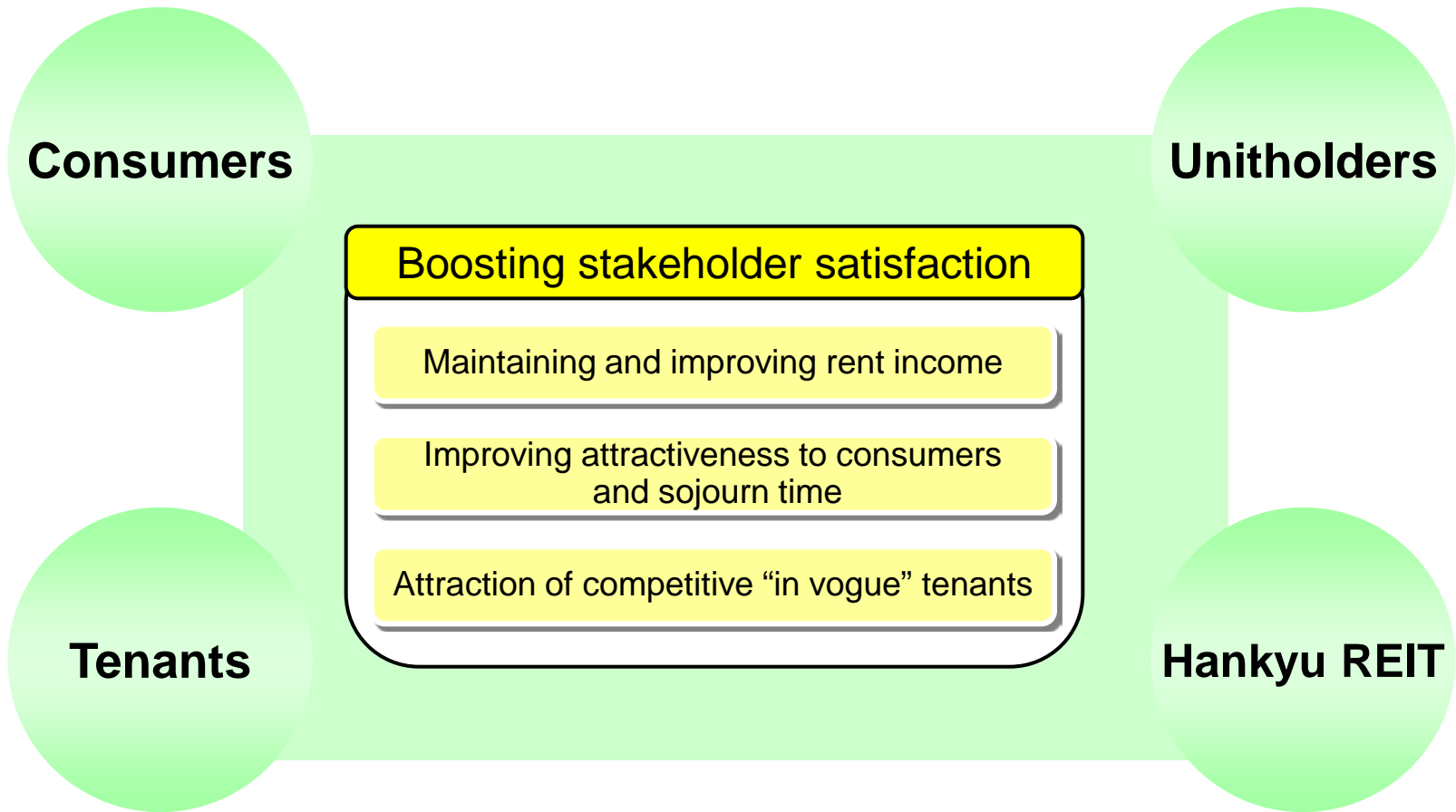
RSC	Regional shopping center: A large shopping center serving a wide area
NSC	Neighborhood shopping center: A small-trade-area shopping center having neighborhood areas as main trade areas
GMS・SM	General merchandise Store (GMS): A general supermarket Supermarket (SM): A large supermarket mainly selling food items

5. Internal Growth Strategies



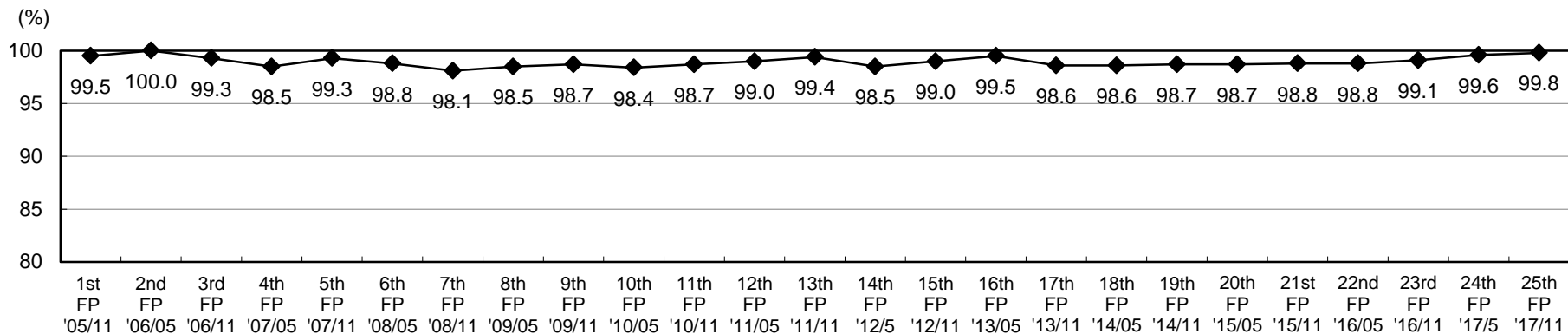


Achieving a WIN-WIN-WIN-WIN relationship in operations

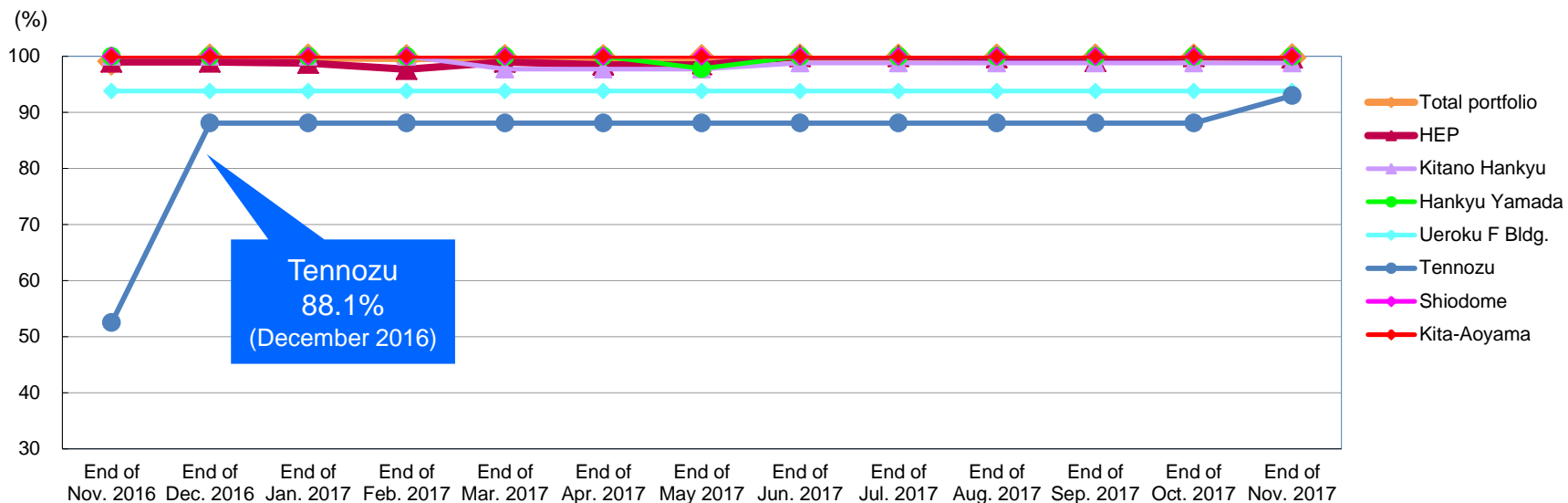




Stable occupancy rates maintained since 1st fiscal period



Total portfolio occupancy rate at 99.8% (as of the end of 25th period)



The graph excludes the 16 properties (Takatsuki-Josai, Nitori Ibaraki, Kohnan Hiroshima, Tamachi, LaLaport KOSHIEN, LAXA Osaka, NISHINOMIYA GARDENS, Hankyu Corporation Head Office, AEON MALL SAKAIKITAHAANADA, MANDAI Toyonaka Honan, Izumiya Horikawa Marutamachi, kotocross, LIFE Shimoyamate, MANDAI Gojo Nishikoji, KOHYO Onohara and OASIS Town Itami Konoike) leased to single tenants (occupancy rates of 100%).



Sphere Tower Tennozu

Occupancy rate increased to 94.8% (26th FP)

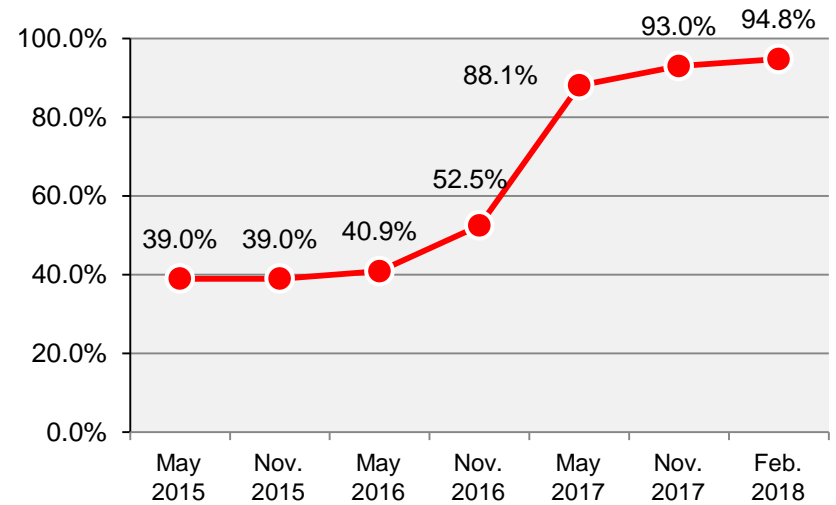
In 2016, achieved seven leasing contracts, including a large tenant, boosting occupancy rate to 88.1% in December 2016



Concluded a lease agreement with two new tenants, raising occupancy rate to 93.0% at the end of 25th FP and to 94.8% in February 2018 (26th FP)
(Full occupancy for office floors)

[Vacancies: Retail floor Approx. 1,400 m²]

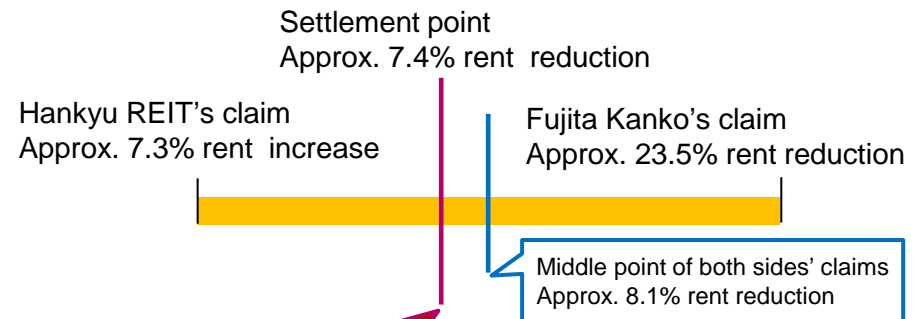
Change in Occupancy Rate of Sphere Tower Tennozu



Hotel Gracery Tamachi

Eliminated future risk factors at a level capable of maintaining forecast distribution

- Reached settlement at a point closer to Hankyu REIT's claim than the midpoint of both sides' claims
- Despite the payment of settlement money, the result for the 25th FP showed an increase in revenue and profit compared to the result for the 24th FP while also surpassing the forecast for the 25th FP as a result of a decrease in repair expense from partially changing repair plans, etc.



Settlement reached at a point closer to Hankyu REIT's claim



Case Examples of Repair/Updating in the 25th FP

Efforts on maintaining/improving asset value

Promoted repair/renovation systematically from the perspective of preventive maintenance in order to secure stable revenues over the medium-to-long-term

<LAXA Osaka>

Completed repair work on exterior wall

Repair work on exterior wall that had been underway over four fiscal periods was completed in the 25th FP.



<Kitano Hankyu Building>

Selected as a body eligible for receiving subsidy of ASSET Project by the Ministry of Environment

- ASSET Project (Note) is a project that aims to significantly and efficiently reduce CO2 emissions by introducing advanced facilities that are promoted by the Ministry of Environment and by accelerating operational improvement.
 - As part of the project, Hankyu REIT participated in CO2 reduction project with upgrading of a freezer, and was selected as a body eligible for receiving subsidy.
- (Note) Advanced technologies promotion Subsidy Scheme with Emission reduction Targets

<Ueroku F Building>

Completed upgrading of emergency power generator



<Removal of old power generator>

<After completion of upgrading>

Properties Mainly Using the Fixed-rent System

Property name	Main rent system	Present conditions
HANKYU NISHINOMIYA GARDENS RSC (Note 1)	Long-term, fixed	Rent income is stable based on a fixed-type master lease method (Note 2) with Hankyu Corporation. At JPY 79.6 billion in fiscal 2016, sales increased for the eighth consecutive year since opening in 2008. The fully renovated food court on 1F reopened in April 2017 and sales are going strong.
Dew Hankyu Yamada NSC (Note 1)	Long-term, fixed (partly overage)	As a result of the last remaining section finding a tenant during the period, occupancy rate at the end of the 25th FP reached 100%. Out of existing tenants which were up for rent revision in November 2017, six tenants agreed to increase rent. After two years of EXPOCITY's opening, monthly sales of the entire facility have been over 100% year-on-year throughout the period.
Kitano Hankyu Building Specialty shop building (urban SC)	Fixed (partly overage)	Occupancy rate at the end of the 25th FP increased by 1.2 percentage points from the previous period to 98.8%. For the remaining sections, we will make efforts to find tenants at an early stage by conducting leasing activities for tenants that will attract purpose-driven customers and create synergy with existing tenants.
Takatsuki-Josai Shopping Center NSC (Note 1)	Long-term, fixed	Rent income is stable based on a fixed-type master lease method (Note 2) with Kohnan Shoji Co., Ltd. As a community-based store, it houses shops that fulfill the needs of nearby residents, such as a home center, grocery store, home electronics retailer and sporting goods shop.



Picture book event
at HANKYU NISHINOMIYA GARDENS



Christmas fair
at Dew Hankyu Yamada

(Note 1) RSC: Regional Shopping Center; NSC: Neighborhood Shopping Center

(Note 2) Fixed-type master lease method: Hankyu REIT receives a certain amount of rent from the master lessee (sublessor), regardless of fluctuations in end-tenant rent.

Properties Mainly Using the Fixed-rent System

Property name	Main rent system	Present conditions
HEP Five Specialty shop building (urban SC)	Overage (fixed + variable)	Occupancy rate at the end of the 25th FP was 99.7% and sales was 102.7% compared with the previous year. Out of the tenants with fixed-term leasing agreements expiring in January 2018, 16 are scheduled to be replaced (including relocation within the facility) to keep the facility fresh and trendy.

Properties Using the Fixed-rent System

Property name	Main rent system	Present conditions
Kita-Aoyama San cho-me Building Urban retail facility	Fixed	Occupancy rate continues to be 100%. THREE AOYAMA, the flagship store of THREE, a natural cosmetics brand operated by an affiliate of Pola Orbis Holdings Inc. is housed as the core tenant.
kotocross Hankyu Kawaramachi Specialty shop building (urban SC)	Long-term, fixed	Rent income is stable based on the fixed-type master lease method (Note 2) with Hankyu Corporation. As a retail facility that features the characteristics of a landmark facing the Shijo-Kawaramachi crossing, the building houses merchandise shops, restaurants and service shops. One tenant moved out at the end of November 2017 and earnest leasing activities have been conducted to source the next tenant.
KOHYO Onohara Store SM (Note 1)	Long-term, fixed	Rent income is stable based on the fixed-type master lease method (Note 2) with KOHYO Co., Ltd. Opened in May 2016, this community-based retail facility houses not only a grocery store, but also other shops closely related to daily life, such as a 100-yen shop. Being two years since the opening, it has gained wider recognition among local customers.
OASIS Town Itami Konoike (site) NSC (Note 1)	Long-term, fixed	Rent income is stable based on a contract for a fixed-term land lease for business purposes with HANKYU OASIS Co., Ltd. In line with the store opening, the rent collectable became 100% from July 3, 2017 (25th FP). The facility houses shops closely related to daily life, such as a grocery store, apparel store and drugstore.

(Note 1) RSC: Regional Shopping Center; NSC: Neighborhood Shopping Center

(Note 2) Fixed-type master lease method: Hankyu REIT receives a certain amount of rent from the master lessee (sublessor), regardless of fluctuations in end-tenant rent.

5-4. Rent Systems and Present Condition of 23 Portfolio Properties (3)

(End of 25th Fiscal Period)

Properties Mainly Using the Fixed-rent System

Property name	Main rent system	Present conditions
Ueroku F Building Office	Fixed	Occupancy rate for the 25th FP was unchanged from the previous period at 93.8%. For vacant sections, will conduct leasing activities mainly by seeking needs for floor expansion within the same property.
Sphere Tower Tennozu Office	Fixed	Achieving a leasing contract with one tenant in the 25th FP, the office portion became fully occupied. In addition, a new tenant was added in February 2018 (26th FP), raising the occupancy rate to 94.8%.
Shiodome East Side Building Office	Fixed	Occupancy rate continues to be 100%. Will continue to strive to improve level of satisfaction by pursuing relations with existing tenants.
Hankyu Corporation Head Office Building Office	Long-term, fixed	Rent income is stable based on the fixed-type master lease method (Note) with Hankyu Corporation. The building serves as the main base of Hankyu Hanshin Holdings Group, and Hankyu Corporation uses it as its head office building.
Hotel Gracery Tamachi Hotel	Long-term, fixed	Long-term and fixed lease contract with Fujita Kanko Inc. Both guest room occupancy rate and guest room unit price remain at high levels. Fujita Kanko Inc., the lessee, filed an action for reduction in the amount of rent against Hankyu REIT in October 2014, but settlement was reached in September 2017 at a level capable of maintaining forecast distribution. This eliminated future risk factors.
LAXA Osaka Hotel	Long-term, fixed	Rent income is stable based on the fixed-type master lease method (Note) with Hanshin Electric Railway Co., Ltd. Guest room occupancy rate of Hotel Hanshin, which is under a sublease contract, remains at a high level.
Nitori Ibaraki-Kita Store (site) Specialty shop	Long-term, fixed	Rent income is stable based on a contract for a fixed-term land lease for business purposes with Nitori Holdings Co., Ltd. Development of residential land is underway nearby and the trade area population is increasing. The tenant is also maintaining strong performance.
Kohnan Hiroshima Nakano- Higashi Store (site) NSC (Note 1)	Long-term, fixed	Contract for a fixed-term land lease for business purposes with Kohnan Shoji Co., Ltd. This retail facility offers high transportation convenience, and has a home center and a grocery store as tenants. Joint efforts will continue to be made for effective utilization of the facility, etc. in order to improve the management balance sheets of tenants.

(Note) Fixed-type master lease method: Hankyu REIT receives a certain amount of rent from the master lessee (sublessor), regardless of fluctuations in end-tenant rent.

5-4. Rent Systems and Present Condition of 23 Portfolio Properties (4)

(End of 25th Fiscal Period)

Properties Mainly Using the Fixed-rent System

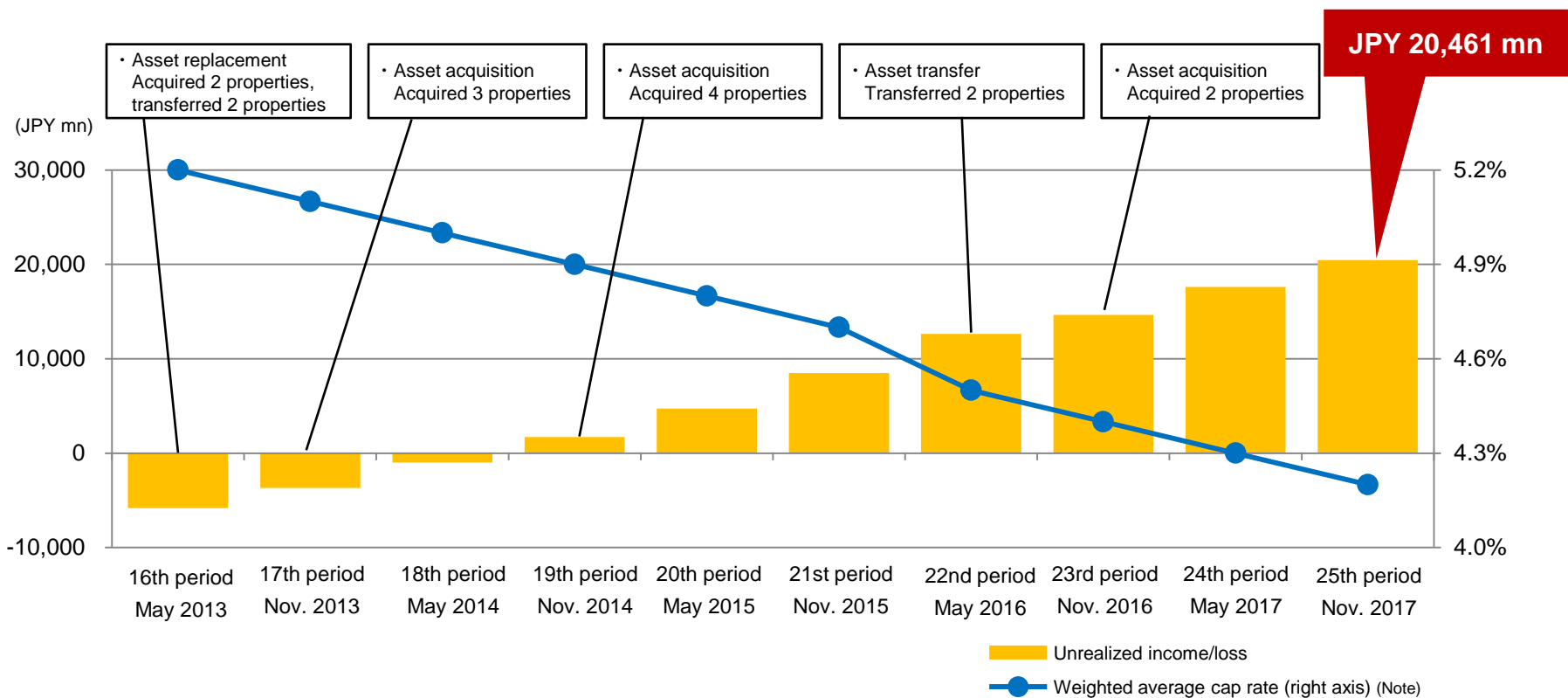
Property name	Main rent system	Present conditions
LaLaport KOSHIEEN (site) RSC (Note)	Long-term, fixed	Rent income is stable based on a contract for a fixed-term land lease for business purposes with Mitsui Fudosan Co., Ltd. With the renewal in spring 2017, 44 shops, including some appearing in Kansai Region for the first time, newly opened or reopened after renovation.
AEON MALL SAKAIKITAHANADA (site) RSC (Note)	Long-term, fixed	Hankyu REIT owns the site only, and there is a contract for a long-term, fixed-term land lease with the building owner Sumitomo Mitsui Trust Bank, Limited for the shopping center land with land leasehold right, which occupies most of the site. One-year-long large-scale renovation, including the site vacated by Sakai Kitahanada Hankyu, has been taking place since spring 2017 in stages.
MANDAI Toyonaka Honan Store (site) NSC (Note)	Long-term, fixed	Rent income is stable based on a contract for a fixed-term land lease for business purposes with MANDAI Co., Ltd. Sales have been strong since the property's opening in October 2013. As a community-based store, it houses shops closely related to daily life, such as a grocery store, drugstore and 100-yen shop.
DAILY QANAT Izumiya Horikawa Marutamachi Store (site) SM (Note)	Long-term, fixed	Rent income is stable based on a contract for a fixed-term land lease for business purposes with Izumiya Co., Ltd. The store is becoming more well-known and the business continues to be strong. With more foreign tourists visiting Japan coming to the store, tax-free shopping has been made available.
MANDAI Gojo Nishikoji Store (site) NSC (Note)	Long-term, fixed	Rent income is stable based on a contract for a fixed-term land lease for business purposes with MANDAI Co., Ltd. The store is bustling mainly with local customers who come on bicycle.
LIFE Shimoyamate Store (site) SM (Note)	Long-term, fixed	Rent income is stable based on a contract for a fixed-term land lease for business purposes with Life Corporation. It boasts top-class sales of personal delivery service in Kansai Region.

(Note) RSC: Regional Shopping Center; NSC: Neighborhood Shopping Center; SM: Supermarket



Appraisal value increased by 1.5%, generating unrealized income of JPY 20.4 bn
 Cap rate decreased for all properties

Change in Unrealized income/Loss and Cap Rate



(Note) Cap rates are the weighted average based on appraisal values

5-6. List of Appraisal Values

(Unit: millions of yen)

	Acquisition price	End of previous period (24th fiscal period)		End of current period (25th fiscal period)		Change (-) (Note)	Change (-)/ (Note)	Value recorded on the balance sheet at end of current period	Unrealized income/loss -	Value to book ratio /
		Appraisal value	Cap rate (Note)	Appraisal value	Cap rate (Note)					
HEP Five (14% of the quasi co-ownership of the trust beneficiary interests)	6,468	8,862	3.6%	8,890	3.5%	28	0.3%	5,558	3,331	159.9%
Kitano Hankyu Building	7,740	7,140	4.6%	7,350	4.5%	210	2.9%	7,702	-352	95.4%
Dew Hankyu Yamada	6,930	8,630	4.5%	8,690	4.4%	60	0.7%	5,530	3,159	157.1%
Takatsuki-Josai Shopping Center	8,600	8,320	5.0%	8,480	4.9%	160	1.9%	7,003	1,476	121.1%
Nitori Ibaraki-Kita Store (Site)	1,318	1,710	4.8%	1,720	4.7%	10	0.6%	1,340	379	128.3%
Kohnan Hiroshima Nakano-Higashi Store (Site)	2,175	1,890	5.6%	1,890	5.5%	0	0.0%	2,280	-390	82.9%
Hotel Gracery Tamachi	4,160	4,420	4.4%	4,120	4.3%	-300	-6.8%	3,653	466	112.8%
LaLaport KOSHIEEN (site)	7,350	7,720	4.3%	7,770	4.2%	50	0.6%	7,748	21	100.3%
HANKYU NISHINOMIYA GARDENS (28% of the quasi co-ownership of the trust beneficiary interests)	18,300	24,472	4.3%	24,976	4.2%	504	2.1%	17,383	7,592	143.7%
AEON MALL SAKAIKITAHANADA (site)	8,100	9,750	4.3%	9,980	4.2%	230	2.4%	8,189	1,790	121.9%
MANDAI Toyonaka Honan store (site)	1,870	2,290	4.4%	2,310	4.3%	20	0.9%	1,889	420	122.3%
DAILY QANAT Izumiya Horikawa Marutamachi Store (site)	3,100	3,550	4.3%	3,680	4.2%	130	3.7%	3,127	552	117.7%
kotocross Hankyu Kawaramachi	2,770	3,270	4.4%	3,330	4.3%	60	1.8%	2,668	661	124.8%
LIFE Shimoyamate Store (site)	1,421	1,610	4.3%	1,640	4.2%	30	1.9%	1,434	205	114.4%
MANDAI GOJO Nishikoji Store (site)	4,182	4,660	4.4%	4,750	4.3%	90	1.9%	4,213	536	112.7%
KOHYO Onohara Store	1,631	1,710	5.0%	1,750	4.9%	40	2.3%	1,647	102	106.2%
OASIS Town Itami Konoike (site)	7,100	7,270	4.2%	7,440	4.1%	170	2.3%	7,391	48	100.7%
Shiodome East Side Bldg.	19,025	14,400	4.0%	14,700	3.9%	300	2.1%	17,183	-2,483	85.5%
Hankyu Corporation Head Office Building	10,200	11,900	4.1%	12,200	4.0%	300	2.5%	9,568	2,631	127.5%
Ueroku F Building	2,980	2,740	5.2%	2,790	5.1%	50	1.8%	2,609	180	106.9%
Sphere Tower Tennozu (33% of the quasi co-ownership of the trust beneficiary interests)	9,405	6,831	4.0%	6,864	3.9%	33	0.5%	8,525	-1,661	80.5%
LAXA Osaka	5,122	5,670	4.8%	5,720	4.7%	50	0.9%	4,233	1,486	135.1%
Kita-Aoyama San cho-me Bulding	1,680	1,970	3.5%	2,030	3.4%	60	3.0%	1,726	303	117.6%
Total	141,628	150,785	4.3%	153,070	4.2%	2,285	1.5%	132,608	20,461	115.4%

(Note) Cap rates are cap rates and discount rates based on the direct capitalization method used for appraisal value calculations (Nitori Ibaraki-Kita Store (site), Kohnan Hiroshima Nakano-Higashi Store (site), LaLaport KOSHIEEN (site), AEON MALL SAKAIKITAHANADA (site) and LIFE Shimoyamate Store (site) are allocated a discount rate using the DCF method) and the total is the weighted average cap rate based on appraisal values.

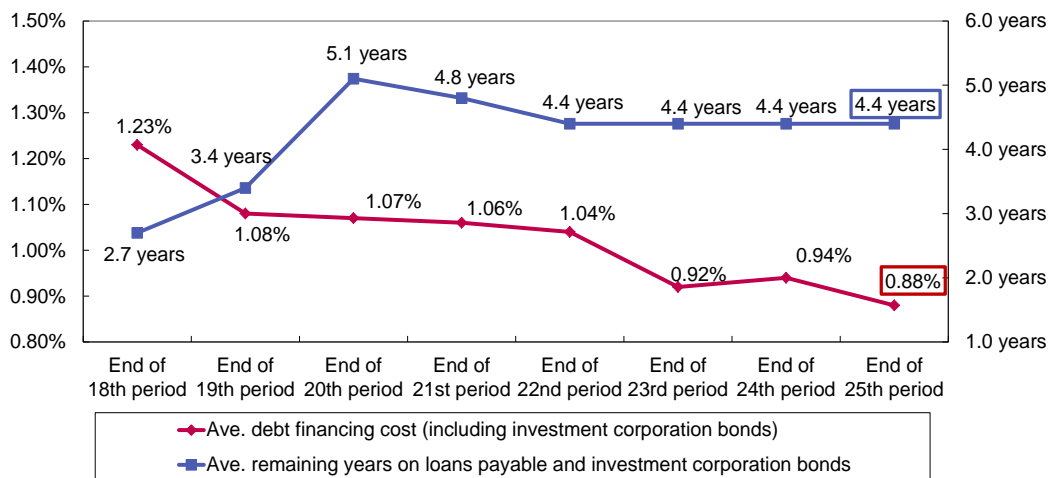
6. Financial Strategies





Continued stable financial operations by striking a balance between reduction of debt financing costs, and extension of borrowing periods and diversification of debt repayment dates

Trends of Debt Financing Costs and Average Remaining Years



Overview of Refinancing

	Refinancing date	Amount of debt financing	Borrowing period	Fixed/variable
(1)	July 24, 2017	JPY 2.5 bn	1 year	Variable
(2)	September 29, 2017	JPY 3.0 bn	10 years	Fixed
(3)	October 31, 2017	JPY 1.5 bn	7 months	Variable

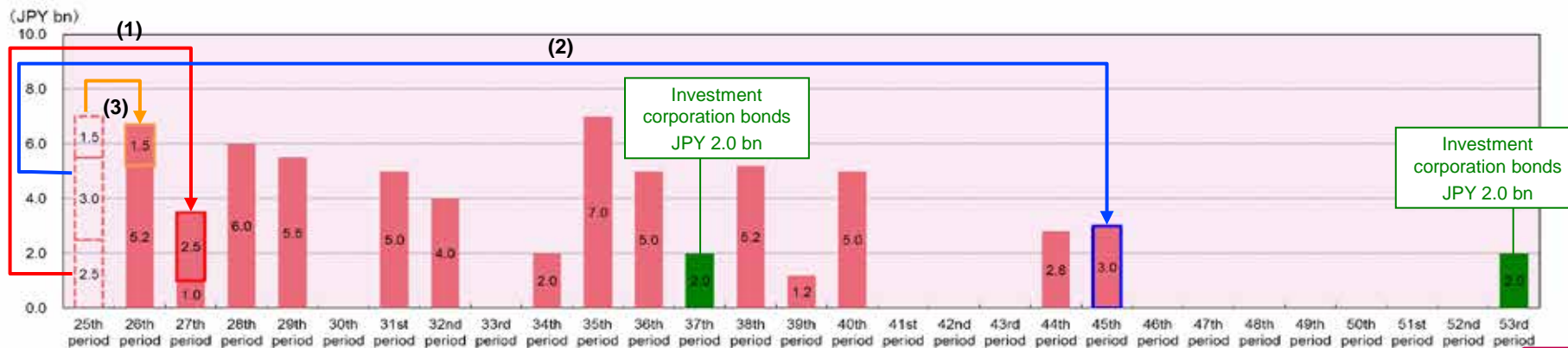
Long-Term Debt Ratio and Fixed Debt Ratio

As of:	Long-term debt ratio	Fixed debt ratio
End of 25th FP (As of November 30, 2017)	89.1%	85.7%

Status of Ratings

Rating agency	Rating
JCR (Japan Credit Rating Agency, Ltd.)	AA- (Stable)
R&I (Rating and Investment Information, Inc.)	A+ (Stable)

Diversification of Debt Repayment Dates (As of November 30, 2017)



Basic Financial Policy

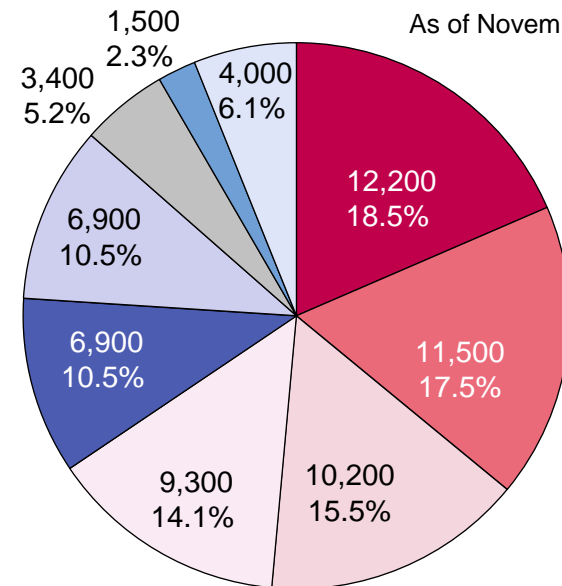
- Maintain sound financial position
- Maintain favorable trading relationship with financial institutions
- Realize lower fund procurement costs (effective use of security deposits/guarantees)
- Reduce financing risks (diversification of debt repayment dates)
- Reduce interest rate fluctuation risks (focus on long-term, fixed-rate borrowings)

	As of end of 24th period	As of end of 25th period
Interest-bearing debt	JPY 65.9 bn	JPY 65.9 bn
Avg. funding cost (interest-bearing debt + utilized amount of security deposits and guarantees)	0.92%	0.86%
Avg. debt financing cost (including investment corporation bonds)	0.94%	0.88%
Avg. remaining years on long-term loans payable and investment corporation bonds	4.4 years	4.4 years
Long-term debt ratio	95.1%	89.1%
Fixed debt ratio	85.7%	85.7%
LTV (Note)	42.2%	41.4%
Interest-bearing debt ratio	44.6%	44.5%
Investment corporation bonds	JPY 4.0 bn	JPY 4.0 bn
Investor rating (R&I)	A+ (stable)	A+ (stable)
Investor rating (JCR)	AA- (stable)	AA- (stable)

(Note) Details of the calculation method for "LTV" are presented on P66.

Debt Outstanding by Lender (JPY mn)

As of November 30, 2017



- Mitsubishi UFJ Trust and Banking Corporation
- Development Bank of Japan Inc.
- Sumitomo Mitsui Banking Corporation
- Sumitomo Mitsui Trust Bank, Limited
- Mizuho Bank, Ltd.
- The Bank of Tokyo-Mitsubishi UFJ, Ltd.
- The Senshu Ikeda Bank, Ltd.
- Mizuho Trust and Banking Co., Ltd.
- Investment corporation bonds

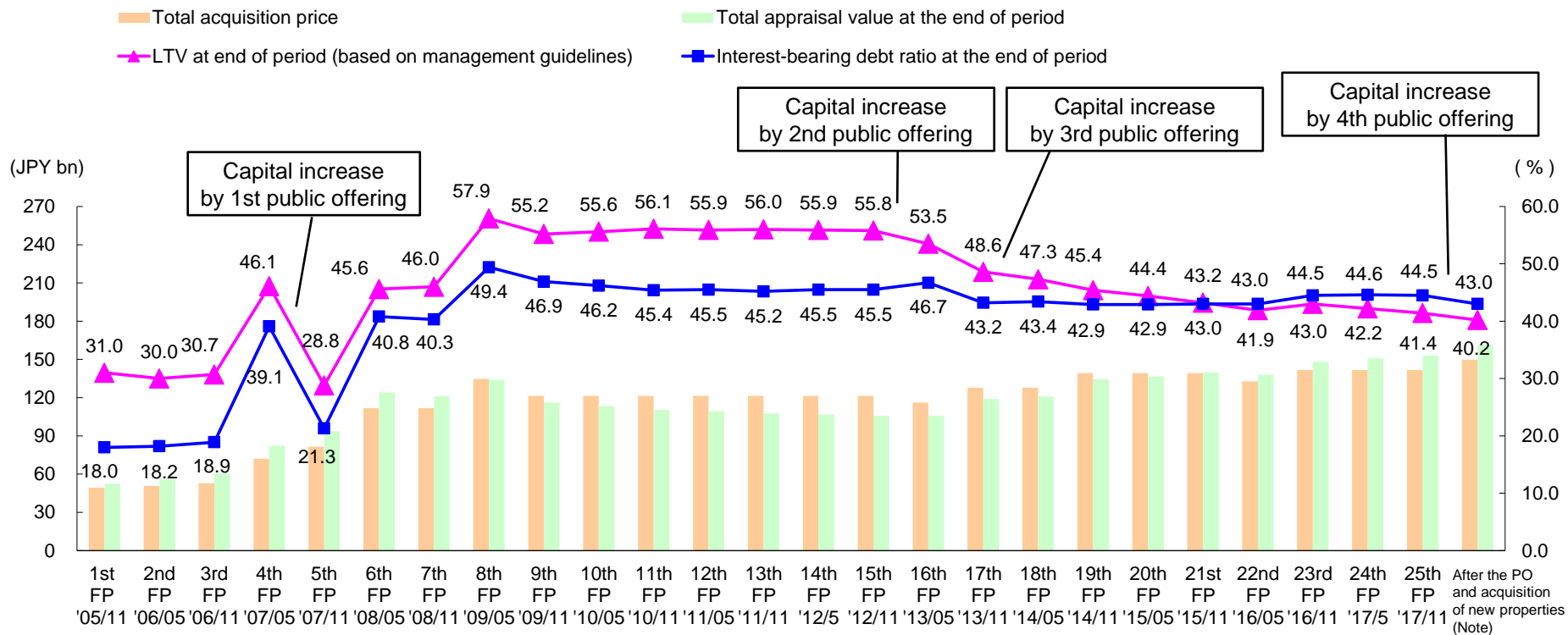
Total JPY 65.9 bn

Registration for Issuance of Investment Corporation Bonds

Planned value of issuance (upper limit): JPY 100,000 mn
 Planned issuance period: Dec. 19, 2017 to Dec. 18, 2019



6-3. Asset Scale and LTV (Loan to Value)



Number of properties	5	6	7	8	9	11	11	16	15	15	15	15	15	15	15	16	19	19	23	23	23	21	23	23	23	25
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(Note) Figures after public offering and new property acquisition include estimated figures and thus may differ from actual figures.

7. Overview of Financial Results for 25th Fiscal Period



Income Statement

(Unit: millions of yen)

Item	24th Fiscal Period (Operation period:182 days) Dec. 1, 2016 to May 31, 2017		25th Fiscal Period (Operation period:183 days) Jun. 1, 2017 to Nov. 30, 2017		Change
	Amount	Percentage	Amount	Percentage	
	1. Operating revenues	4,740	100.0	4,902	
Lease operating revenues	4,740		4,902		
2. Operating expenses	2,760	58.2	2,752	56.1	-8 (2)
Lease-related expenses	2,297		2,269		
Asset management fees	344		349		
Directors' compensation	3		3		
Asset custody fees	18		18		
Administrative service fees	36		36		
Independent auditors' fees	10		10		
Other operating expenses	49		63		
Operating income	1,979	41.8	2,150	43.9	170
3. Non-operating revenues	3	0.1	1	0.0	-1
Interest income	0		0		
Other non-operating revenues	2		1		
4. Non-operating expenses	357	7.5	357	7.3	0
Interest expense	289		289		
Borrowing related expenses	54		55		
Interest expense on investment corporation bonds	11		11		
Amortization of deferred investment corporation bond issuance costs	1		1		
Other non-operating expenses	0		0		
Ordinary income	1,625	34.3	1,793	36.6	168
Extraordinary Losses	—		73	1.5	73 (3)
Income before income taxes for current period	1,625		1,720		
Income taxes- current	1		1		
Income taxes- deferred	-0		0		
Net income for current period	1,623	34.3	1,718	35.1	95
Retained earnings brought forward from the previous period	0		0		
Retained earnings at the end of current period	1,623		1,719		

Cash Distribution Statement

(Unit: thousands of yen)

Item	24th Fiscal Period	25th Fiscal Period	Change
	Amount	Amount	Amount
Retained earnings at the end of current period	1,623,922	1,719,286	95,364
Distributions	1,623,407	1,719,007	95,600
(Distribution per unit (JPY))	(2,717)	(2,877)	(160)
Retained earnings carried forward	515	279	-235

(Main factors for increase/decrease)

(1) Operating revenues

Increase in income from lease (Itami): JPY +100 mn
(100% rent collection from July 3, 2017 (2 months earlier than initial assumption))

Increase in air-conditioning usage fee income (Tennozu): JPY +13 mn

Increase in utilities expense income: JPY +47 mn

(2) Operating expenses

Decrease in repair expense: JPY -60 mn

Increase in utilities expense: JPY +54 mn

(3) Extraordinary loss

Payment of settlement money (Tamachi): JPY +73 mn

Lease operating revenues/expenses

Breakdown: See pages 53 and 54



(Unit: millions of yen)

(Unit: millions of yen)

Item	24th Fiscal Period (as of May 31, 2017)		25th Fiscal Period (as of Nov. 30, 2017)		Change Amount
	Amount	Ratio (%)	Amount	Ratio (%)	
Assets					
I Current assets total	14,164	9.6	14,830	10.0	665
Cash and deposits	6,410		6,973		
Cash and deposits in trust	7,424		7,616		
Operational income receivables	7		1		
Deposits paid	98		83		
Prepaid expenses	221		152		
Others	2		2		
II Fixed assets total	133,646	90.4	133,100	90.0	-546
1. Tangible fixed assets					
Buildings	2,157		2,085		
Structures	211		203		
Tools, furniture and fixtures	0		0		
Land	18,143		18,143		
Buildings in trust	25,423		24,951		
Structures in trust	527		516		
Machinery and equipment in trust	157		148		
Tools, furniture and fixtures in trust	69		76		
Land in trust	85,466		85,466		
Construction in progress in trust	39		94		
Tangible fixed assets total	132,196	89.4	131,686	89.0	-509
2. Intangible fixed assets					
Leasehold rights	957		957		
Others	63		59		
Intangible fixed assets total	1,020	0.7	1,016	0.7	-4
3. Investments, other assets					
Long-term prepaid expenses	419		387		
Lease and guarantee deposits	10		10		
Investment, other assets total	429	0.3	397	0.3	-32
III Total deferred assets	23	0.0	22	0.0	-1
Deferred investment corporation bond issuance costs	23		22		
Assets total	147,834	100.0	147,953	100.0	118

Item	24th Fiscal Period (as of May 31, 2017)		25th Fiscal Period (as of Nov. 30, 2017)		Change Amount
	Amount	Ratio (%)	Amount	Ratio (%)	
Liabilities					
I Current liabilities total	13,832	9.4	11,944	8.1	-1,888
Operating accounts payable	539		540		
Short-term debt	3,200		7,200		
Long-term debt due within one year	9,000		3,000		
Distribution payable	7		6		
Accrued expenses	166		161		
Income taxes payable	1		1		
Accrued consumption taxes	73		63		
Advances received	661		731		
Deposits received	0		0		
Security deposits due within one year	182		238		
II Long-term liabilities total	60,718	41.1	62,630	42.3	1,911
Investment corporation bonds	4,000		4,000		
Long-term debt	49,700		51,700		
Security deposits	1,344		1,297		
Security deposits in trust	5,674		5,633		
Liabilities total	74,551	50.4	74,574	50.4	22
Net assets					
I Unitholders' capital	71,659	48.5	71,659	48.4	
II Surplus total	1,623	1.1	1,719	1.2	
Retained earnings at the end of current period	1,623		1,719		
Net assets total	73,283	49.6	73,378	49.6	95
Liabilities and net assets total	147,834	100.0	147,953	100.0	118

Interest-bearing debt
JPY 65,900 mn

Total security deposits
JPY 7,168 mn

JPY 1,391 mn
was allocated for property acquisitions

7-3. Income and Expenditure by Property (1)

(Unit: millions of yen)

Item	HEP Five (14% of the quasi co-ownership of the trust beneficiary interests)	Kitano Hankyu Bldg.	Dew Hankyu Yamada	Takatsuki- Josai SC	Nitori Ibaraki- Kita Store (site) (Note)	Kohnan Hiroshima Nakano-Higashi Store (site)	Hotel Gracery Tamachi	LaLaport KOSHIEEN (site)	NISHINOMIYA GARDENS (28% of the quasi co- ownership of the trust beneficiary interests)	AEON MALL SAKAI KITAHANADA (site) (Note)	Mandai Toyonaka Honan Store (site) (Note)	DAILY QANAT Izumiya Horikawa Marutamachi Store (site) (Note)
Number of operating days of 25th fiscal period	183	183	183	183	183	183	183	183	183	183	183	183
Lease operating revenues total	311	576	373	284		68	118	257	618			
Income from lease	244	376	255	283		68	113	257	617			
Utilities expense income	14	138	52	—		—	—	—	—			
Other incomes	52	61	66	0		0	4	0	0			
Lease operating costs total	174	419	231	129		6	50	106	200			
Property/Facility management fees	43	116	75	10		0	1	1	0			
Utilities expense	25	149	51	0		—	—	—	—			
Rent paid	3	0	1	22		—	—	0	6			
Advertising and promotion expenses	26	3	5	—		—	—	—	—			
Repair expense	3	8	1	0		—	—	—	1			
Nonlife insurance premium	0	1	0	0		—	0	0	1			
Tax and public dues	24	49	26	26		6	14	102	58			
Other expenses	6	1	3	0		—	0	1	0			
Depreciation	40	89	65	68		—	32	0	130			
NOI (Lease operating income + Depreciation)	177	246	207	223	60	62	100	150	548	211	53	88
Lease operating income	136	157	142	155	60	62	68	150	418	211	53	88
Capital expenditure	24	59	27	0	—	—	—	—	26	—	—	—

(Note) The Asset Management Company decided rent information is not disclosed as consent was not obtained from the tenants, and there is a possibility disclosure may affect the competitiveness of Hankyu REIT and eventually damage the interests of unitholders.

7-3. Income and Expenditure by Property (2)

(Unit: millions of yen)

Item	kotocross Hankyu Kawaramachi	LIFE Shimoyamate Store (site) (Note)	MANDAI Gojo Nishikoji Store (site) (Note)	KOHYO Onohara Store (note)	OASIS Town Itami Konoike (site)	Shiodome East Side Bldg.	Hankyu Corporation Head Office Bldg.	Ueroku F Bldg.	Sphere Tower Tennozu 33% of the quasi co-ownership of the trust beneficiary interests)	LAXA Osaka	Kita-Aoyama San cho-me Bldg. (Note)	Total (23 properties)
Number of operating days of 25th fiscal period	183	183	183	183	183	183	183	183	183	183	183	—
Lease operating revenues total	102					402	359	135	175	254		4,902
Income from lease	102					376	359	115	114	254		4,403
Utilities expense income	—					22	—	11	17	—		257
Other incomes	—					3	—	8	43	—		241
Lease operating costs total	46					179	161	91	199	163		2,269
Property/Facility management fees	1					18	1	22	28	2		336
Utilities expense	—					26	—	11	55	—		321
Rent paid	12					0	—	—	—	17		65
Advertising and promotion expenses	—					—	—	—	—	—		35
Repair expense	—					4	0	4	21	28		74
Nonlife insurance premium	0					0	1	0	0	2		12
Tax and public dues	10					21	47	12	29	47		557
Other expenses	0					2	0	1	1	1		23
Depreciation	21					104	110	39	63	63		841
NOI (Lease operating income + Depreciation)	76	34	109	43	131	327	308	82	38	154	35	3,474
Lease operating income	55	34	109	35	131	222	197	43	-24	90	31	2,632
Capital expenditure	0	—	—	—	—	0	78	19	13	21	0	273

(Main repair expense)

LAXA Osaka Repair work on the south building exterior wall JPY 24 mn

(Main capital expenditure)

Kitano Hankyu Building Renovation of B1 restrooms JPY 24 mn
 Elevator modernization JPY 23 mn
 Dew Hankyu Yamada Renovation of refractory coating in 6F parking JPY 23 mn
 HANKYU NISHINOMIYA GARDERNS
 ITV camera upgrading JPY 10 mn
 Hankyu Corporation Head Office Building
 Sprinkler facility upgrading JPY 44 mn
 Air conditioning upgrading JPY 25 mn
 Ueroku F Building Emergency power generator upgrading JPY 16 mn

(Note) The Asset Management Company decided rent information is not disclosed as consent was not obtained from the tenants, and there is a possibility disclosure may affect the competitiveness of Hankyu REIT and eventually damage the interests of unitholders.

Item	24th Fiscal Period	25th Fiscal Period	Remarks
Operation period	182	183	24th fiscal period: Dec. 1, 2016 to May. 31, 2017 25th fiscal period: Jun. 1, 2017 to Nov. 30, 2017
Return On Assets (ROA)	1.1%	1.2%	Ordinary income / {(Total assets at beginning of period + Total assets at end of period) / 2 }
(per annum)	2.2%	2.4%	Calculated from duration of operation
Return On Equity (ROE)	2.2%	2.3%	Net income / {(Net assets at beginning of period + Net assets at end of period) / 2 }
(per annum)	4.4%	4.7%	Calculated from days of operation
Ratio of net assets at end of period	49.6%	49.6%	Net assets / Total assets
Loan To Value ratio at end of period (LTV)	42.2%	41.4%	(Amount of interest-bearing debt + Security deposits - Matched money to security deposits) / (Total assets(*) - Matched money to security deposits)
	(47.4%)	(47.3%)	*Appraisal-value basis (Ratios in brackets are based on book value)
Ratio of interest-bearing debts to total assets at end of period	44.6%	44.5%	Interest-bearing debt / Total assets
Debt Service Coverage Ratio (DSCR)	9.2 times	9.5 times	Pre-interest and pre-depreciation Net income for current fiscal period / Interest expenses
Net Operating Income (NOI)	JPY 3,288 mn	JPY 3,474 mn	Net lease operating income + Depreciation
Funds From Operation (FFO)	JPY 2,469 mn	JPY 2,560 mn	Net income for current fiscal period + Depreciation - Income/loss on sale of real estate

8-1. Portfolio List (As of End of 25th Fiscal Period) (1)

As of November 30, 2017

Classification	Code (Note 1)	Name	Location	Completion date	Building age (Years) (Note 2)	Total leasable area (m ²) (Note 3)	Occupancy rate (Note 3)	Total number of tenants (Note 3)	PML (Note 4)	(Proposed) date of acquisition	(Proposed) acquisition price (JPY mn)	Investment ratio	Appraisal value (JPY mn)	Cap rate (Note 5)
Retail-use facilities	R1(K)	HEP Five (14% of the quasi co-ownership of the trust beneficiary interests)	Kita-ku, Osaka City	Nov. 1998	19.1	6,337.37 (2,958.94)	100.0% (99.7%)	1 (129)	5.0%	Feb. 1, 2005	6,468	4.6%	8,890	3.5%
	R2(K)	Kitano Hankyu Bldg.	Kita-ku, Osaka City	Jun. 1985	32.5	28,194.15 (18,477.35)	100.0% (98.8%)	2 (24)	10.1%	Feb. 1, 2005	7,740	5.5%	7,350	4.5%
	R3(K)	Dew Hankyu Yamada	Suita City, Osaka Prefecture	Oct. 2003	14.2	13,027.28	100.0%	27	4.7%	Feb. 1, 2005	6,930	4.9%	8,690	4.4%
	R4(K)	Takatsuki-Josai Shopping Center	Takatsuki City, Osaka Prefecture	Apr. 2003	14.7	31,451.81	100.0%	1	5.9%	Nov. 15, 2005	8,600	6.1%	8,480	4.9%
	R5(K)	Nitori Ibaraki-Kita Store (site)	Ibaraki City, Osaka Prefecture	—	—	6,541.31	100.0%	1	—	Mar. 29, 2006	1,318	0.9%	1,720	4.7%
	R6	Kohnan Hiroshima Nakano-Higashi Store (site)	Aki-ku, Hiroshima City	—	—	25,469.59 60.14	100.0%	1	—	Oct. 2, 2006 Apr. 9, 2007	2,170 5	1.5%	1,890	5.5%
	R8	Hotel Gracery Tamachi	Minato-ku, Tokyo	Sep. 2008	9.2	4,943.66	100.0%	1	10.3%	Dec. 25, 2008	4,160	2.9%	4,120	4.3%
	R9(K)	LaLaport KOSHIEEN (site)	Nishinomiya City, Hyogo Prefecture	—	—	126,052.16	100.0%	1	6.4%	Jan. 22, 2009	7,350	5.2%	7,770	4.2%
	R11(K)	HANKYU NISHINOMIYA GARDERNS (28% of the quasi co-ownership of the trust beneficiary interests)	Nishinomiya City, Hyogo Prefecture	Oct. 2008	9.2	65,372.41	100.0%	1	9.2%	Apr. 16, 2013	18,300	12.9%	24,976	4.2%
	R12(K)	AEON MALL SAKAIKITAHAHADA (site)	Kita-ku, Sakai City, Osaka Prefecture	—	—	64,104.27	100.0%	2	—	Jun. 27, 2013	8,100	5.7%	9,980	4.2%
	R13(K)	MANDAI Toyonaka Honan store (site)	Toyonaka city, Osaka Prefecture	—	—	8,159.41	100.0%	1	—	Jun. 27, 2013	1,870	1.3%	2,310	4.3%
	R14(K)	DAILY QANAT Izumiya Horikawa Marutamachi Store (site)	Kamigyo-ku, Kyoto city	—	—	3,776.15	100.0%	1	—	Jun. 4, 2014	3,100	2.2%	3,680	4.2%
	R15(K)	kotocross Hankyu Kawaramachi	Shimogyo-ku, Kyoto city	Oct. 2007	10.2	4,400.13	100.0%	1	2.6%	Jun. 4, 2014	2,770	2.0%	3,330	4.3%
	R16(K)	LIFE Shimoyamate Store (site)	Chuo-ku, Kobe city	—	—	2,397.83	100.0%	1	—	Jun. 4, 2014	1,421	1.0%	1,640	4.2%
	R17(K)	MANDAI Gojo Nishikoji Store (site)	Ukyo-ku, Kyoto city	—	—	9,182.80	100.0%	1	—	Jun. 24, 2014	4,182	3.0%	4,750	4.3%
	R18(K)	KOHYO Onohara Store	Minoh City, Osaka Prefecture	May 2016	1.6	3,310.31	100.0%	1	5.3%	Jul. 1, 2016	1,631	1.2%	1,750	4.9%
	R19(K)	OASIS Town Itami Konoike (site)	Itami City, Hyogo Prefecture	—	—	17,997.10	100.0%	1	—	Nov. 25, 2016	7,100	5.0%	7,440	4.1%

8-1. Portfolio List (As of End of 25th Fiscal Period) (2)

Classification	Code (Note 1)	Name	Location	Completion date	Building age (Years) (Note 2)	Total leasable area (m ²) (Note 3)	Occupancy rate (Note 3)	Total number of tenants (Note 3)	PML (Note 4)	(Proposed) date of acquisition	(Proposed) acquisition price (JPY mn)	Investment ratio	Appraisal value (JPY mn)	Cap rate (Note 5)
Office-use facilities	O1	Shiodome East Side Bldg.	Chuo-ku, Tokyo	Aug. 2007	10.3	9,286.58	100.0%	6	4.6%	Feb. 29, 2008	19,025	13.4%	14,700	3.9%
	O2(K)	Hankyu Corporation Head Office Building	Kita-ku, Osaka City	Sep. 1992	25.2	27,369.37	100.0%	1	3.7%	Apr. 10, 2013	10,200	7.2%	12,200	4.0%
Mixed-use (complex) facilities	M1(K)	Ueroku F Bldg.	Chuo-ku, Osaka City	Sep. 1993	24.2	4,611.82	93.8%	11	3.2%	Nov. 1, 2005	2,980	2.1%	2,790	5.1%
	M2	Sphere Tower Tennozu (33% of the quasi co-ownership of the trust beneficiary interests)	Shinagawa-ku, Tokyo	Apr. 1993 (Note 6)	24.7	8,818.09	93.0%	24	2.7%	Oct. 2, 2007	9,405	6.6%	6,864	3.9%
	M3(K)	LAXA Osaka	Fukushima-ku, Osaka City	Feb. 1999	18.8	30,339.91	100.0%	1	3.7%	Jan. 22, 2009	5,122	3.6%	5,720	4.7%
	M5	Kita-Aoyama San cho-me Building	Minato-ku, Tokyo	Sep. 2013	4.2	619.76	100.0%	3	7.4%	Nov. 12, 2013	1,680	1.2%	2,030	3.4%
Portfolio total (End of 25th FP)					16.2	501,823.43 (488,728.20)	99.8% (99.8%)	91 (241)	3.5%	—	141,628	100.0%	153,070	4.2%
Retail-use facilities	R20	METS OZONE	Higashi-ku, Nagoya City, Aichi Prefecture	Apr. 2002	15.7	15,681.37	100.0%	13	5.6%	Feb. 15, 2018	5,400	—	5,600	4.5%
	R21	Vessel Inn Hakata Nakasu	Hakata-ku, Fukuoka City	Jul. 2009	8.4	2,776.49	100.0%	1	0.2%	Mar. 29, 2018	2,760	—	2,780	4.2%
Portfolio total (including new properties (to be) acquired)					16.0	520,281.29 (507,186.06)	99.8% (99.8%)	105 (255)	3.3%	—	149,788	—	161,450	4.2%

(Note 1) The properties owned by Hankyu REIT are assigned codes classified by facility (type of use) and region.

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 numerals are the numbers assigned to each facility in the chronological order of the acquisition.

The letter “K” in parentheses to the right of the numerals indicates that the property is located in Kansai Region.

(Note 2) The portfolio total is the weighted average building age by (planned) acquisition price.

(Note 3) Figures in parenthesis indicate the total leasable area for end-tenants, the occupancy rate based on the said area, and the number of end-tenants, respectively.

For HEP Five, 14% quasi co-ownership of the trust beneficiary interests is indicated as the leasable area.

For Sphere Tower Tennozu, 33% quasi co-ownership of the trust beneficiary interests is indicated as the leasable area.

For HANKYU NISHINOMIYA GARDENS, 28% quasi co-ownership of the trust beneficiary interests is indicated as the leasable area.

(Note 4) PML of LaLaport KOSHIEN (site) is calculated for the parking garage space administration building (394.88 m²).

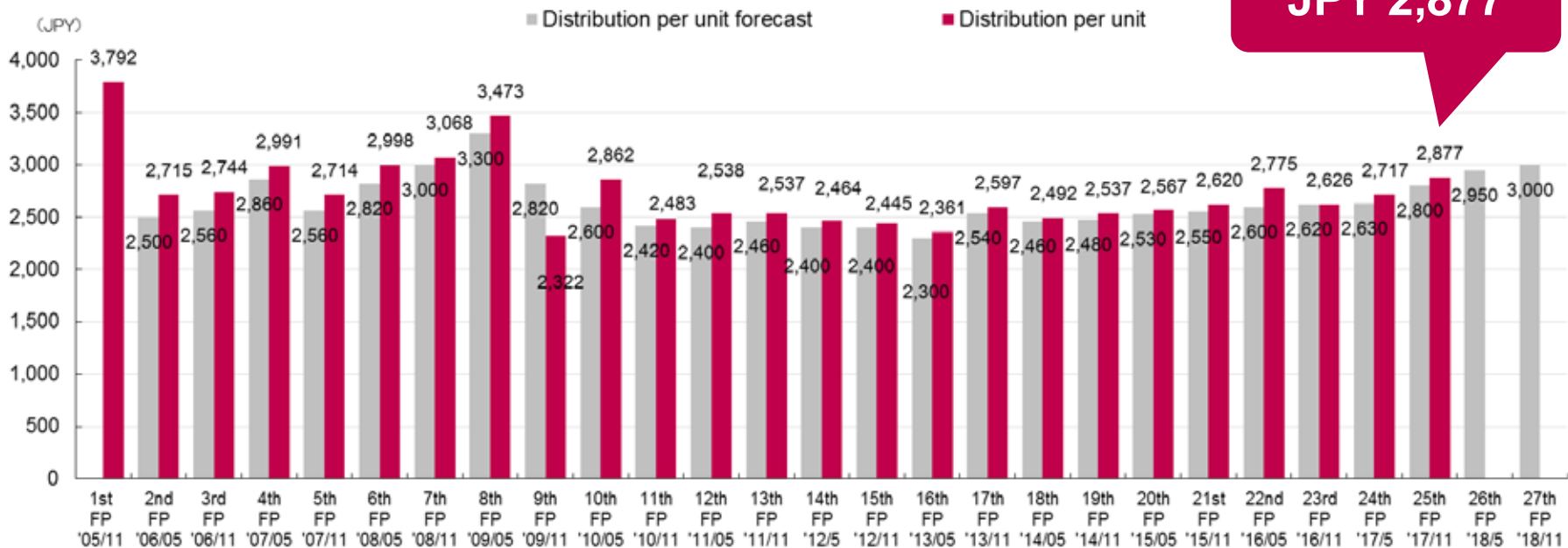
PML of the entire portfolio including new properties (to be) acquired is calculated after adding METS OZONE and Vessel Inn Hakata Nakasu to the existing properties.

(Note 5) Cap rates and discount rates are based on the direct capitalization method used for appraisal value calculations (Nitori Ibaraki-Kita Store (site), Kohnan Hiroshima Nakano-Higashi Store (site), LaLaport KOSHIEN (site), AEON MALL SAKAIKITAHANADA (site) and LIFE Shimoyamate Store (site) are allocated a discount rate using the DCF method) and the portfolio total is the weighted average cap rate based on appraisal values.

(Note 6) The completion date for the office and store portions is indicated.



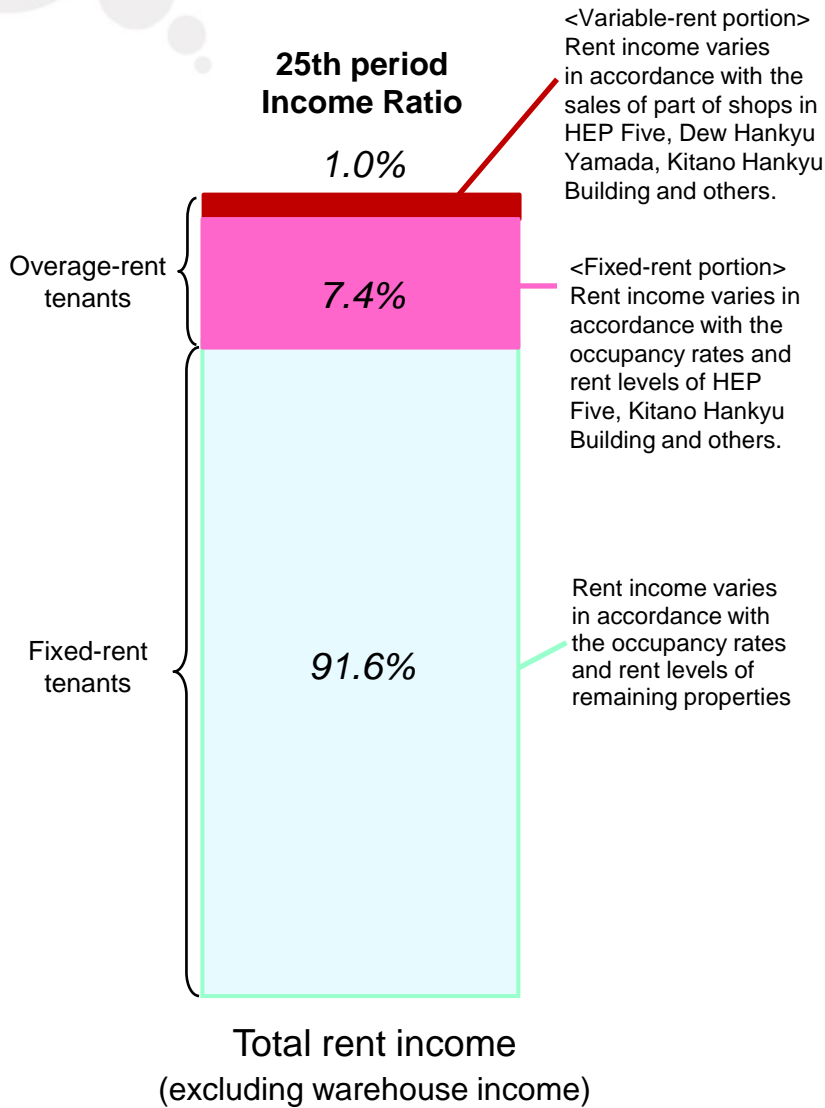
8-2. Trends of Distribution per Unit



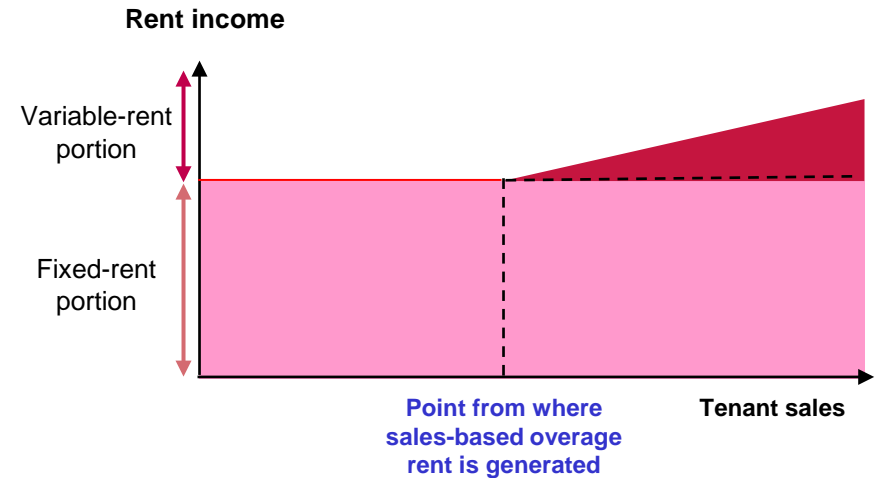
JPY 2,877

Irregular period (303 days)

Income Ratio by Rent Category and Variation Factors

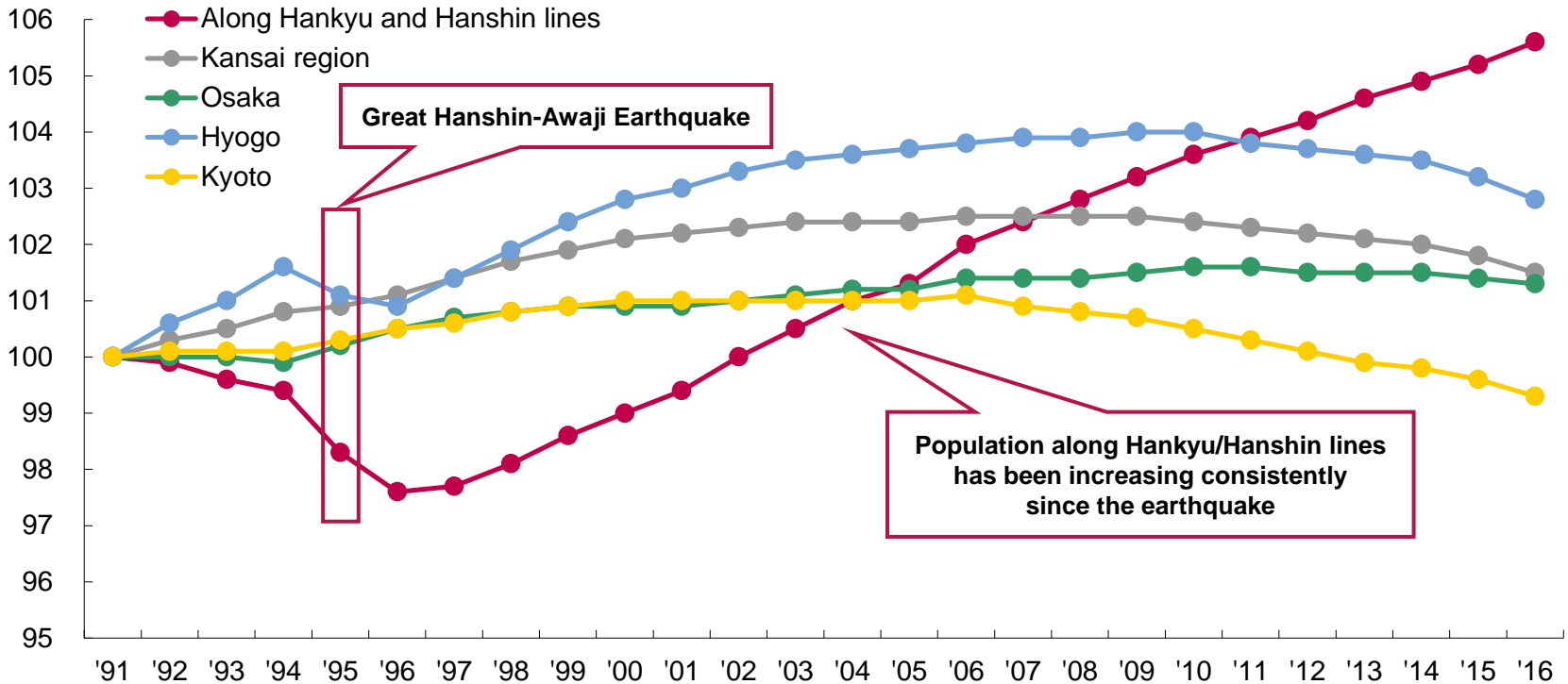


Concept Diagram of General Sales-Based Overage Rent System



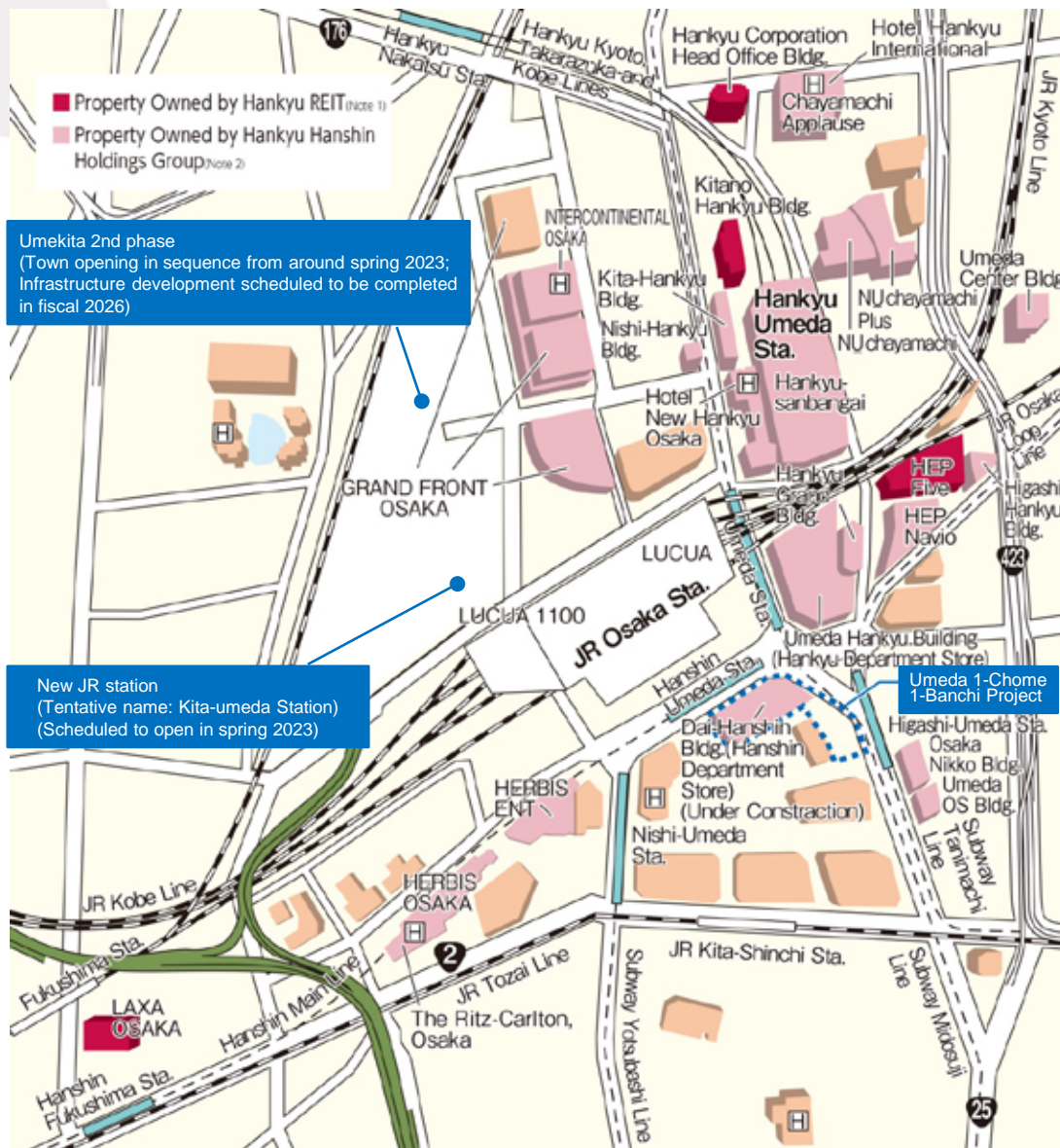


The population in Kansai Region is either remaining flat or trending downwards due to the aging population along with a decreasing birthrate, but areas along Hankyu/Hanshin lines are relatively popular and the population in these areas has been increasing consistently after bottoming out in 1996



(Source) Japan Geographic Data Center "Population Summary of the Basic Resident Registers"

(Note) The graph indicates the change in populations where the populations in 1991 are set at 100.



Perspective drawing of the completed “Umeda 1-Chome 1-Banchi Project” (Looking from Umeda Hankyu Building (Hankyu Umeda Main Store))

Location	1-1 Umeda, Kita-ku, Osaka-shi, and other	Department store zone	B2F to 9F
Site area	Approx. 12,200 m ²		Total floor area: Approx. 100,000 m ²
Floor area ratio	2,000%	Office zone	11F to 38F
Total floor area	Approx. 260,000 m ²		Total floor area: Approx. 143,000 m ²
Number of floors	38 floors above ground and 3 floors below	Conference zone	11F
Height	Approx. 190 m		Total floor area: Approx. 4,000 m ²
Main use	Department store, office, hall, etc.	Other (parking space, etc.)	Total floor area: Approx. 13,000 m ²

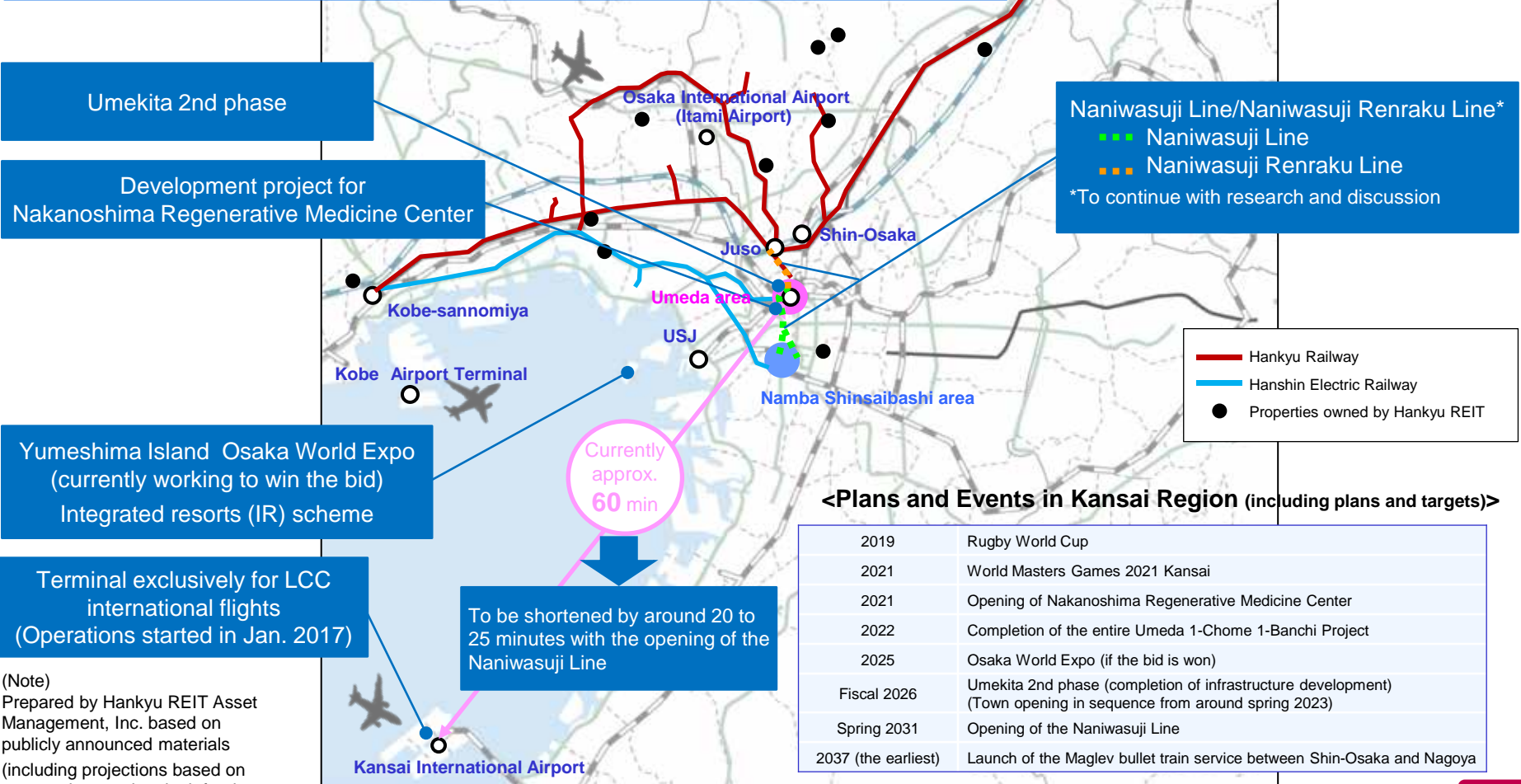
Overview of “Construction Plan”

- 1st phase work
 - July 2015: 1st phase new construction work has commenced
 - Spring 2018: Completion of 1st phase buildings (Shin-Hankyu Building, east section of Daihanshin Building)
 - * Partial opening of new department store
- 2nd phase work
 - Spring 2018: Start demolition of west side of Daihanshin Building
 - Spring 2019: 2nd phase new construction work will commence
 - Fall 2021: Completion of 2nd phase building (New department store section)
 - * Full opening of new department store
 - Spring 2022: Full completion
 - * Opening of office-use zone

(Note 1) Includes properties jointly owned with the Hankyu Hanshin Holdings Group.
 (Note 2) Includes properties jointly owned with other companies.



- Full-fledged infrastructure construction and redevelopment in 2020 and onward
- Measures including development of Umekita 2nd phase, construction of Nakanoshima Regenerative Medicine Center, attraction of the World Expo 2025 to Yumeshima Island and the integrated resorts (IR) scheme are underway or planned
- Enhancement of convenience with shorter travel time to Kansai International Airport from Umeda area after the opening of the Naniwasuji Line



Umekita 2nd phase

Development project for Nakanoshima Regenerative Medicine Center

Yumeshima Island Osaka World Expo (currently working to win the bid) Integrated resorts (IR) scheme

Terminal exclusively for LCC international flights (Operations started in Jan. 2017)

Naniwasuji Line/Naniwasuji Renraku Line*

- Naniwasuji Line
- Naniwasuji Renraku Line

*To continue with research and discussion

— Hankyu Railway
 — Hanshin Electric Railway
 ● Properties owned by Hankyu REIT

<Plans and Events in Kansai Region (including plans and targets)>

2019	Rugby World Cup
2021	World Masters Games 2021 Kansai
2021	Opening of Nakanoshima Regenerative Medicine Center
2022	Completion of the entire Umeda 1-Chome 1-Banchi Project
2025	Osaka World Expo (if the bid is won)
Fiscal 2026	Umekita 2nd phase (completion of infrastructure development) (Town opening in sequence from around spring 2023)
Spring 2031	Opening of the Naniwasuji Line
2037 (the earliest)	Launch of the Maglev bullet train service between Shin-Osaka and Nagoya

(Note)
 Prepared by Hankyu REIT Asset Management, Inc. based on publicly announced materials (including projections based on assumptions and outlook for the future as of February 2018).





Average NOI yield =

$$\frac{[\text{Total real estate lease operation income}^* - \text{Real estate lease operation expenses}^* + \text{Total depreciation}^*]}{\text{concerning owned real estate or new assets (to be) acquired as of each period} \div \text{Total acquisition price}}$$

Average yield after depreciation =

$$\frac{[\text{Total real estate lease operation income}^* - \text{Real estate lease operation expenses}^*]}{\text{concerning owned real estate or new assets (to be) acquired as of each period} \div \text{Total acquisition price}}$$

Unrealized income/loss =
Total appraisal value of owned real estate or new assets (to be) acquired as of each period - Total book value

* Figures are based on results. However, for OASIS Town Itami Konoike (site), METS OZONE and Vessel Inn Hakata Nakasu, the net operating revenues and operating expenses in the first year (in the second year for OASIS Town Itami Konoike (site)) based on the discounted cash flow (DCF) method recorded in the appraisal report are used for figures other than depreciation, and amounts calculated following Hankyu REIT's accounting policy are used for depreciation. For public charges and taxes, they are posted in expenses from the first fiscal year and yields on an on-going basis are calculated.

$$\text{LTV} = \frac{\text{Amount of outstanding debts} + \text{Security deposits or guarantees} - \text{Matched money}}{\text{Total amount of assets} - \text{Matched money}}$$

- | When corporate bonds have been issued, the amount of outstanding debts shall include the amount of outstanding bonds.
- | Matched money refers to cash or deposits reserved in the trust account to guarantee the deposit and security money for the assets owned by Hankyu REIT 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. 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.
- | LTV after public offering/new acquisition of properties, interest-bearing debt ratio, average debt financing cost and average funding cost are calculated under the following assumptions.
 - | As to security deposits or guarantees, security deposits or guarantees for new assets (to be acquired) are added to those of the 25th FP.
 - | Matched money is assumed to be unchanged from the 25th FP.
 - | Total amount of assets is obtained by adding the proceeds from public offering and third-party allotment, security deposits or guarantees of new assets (to be) acquired and the difference between the appraisal value and expected asset capitalization amount of new assets (to be) acquired, to the total amount of assets in the 25th FP.

Since Hankyu REIT implemented a five-for-one split of its investment units with December 1, 2014 as the effective date, the figures that retrospectively reflect the implementation of the five-for-one split are indicated.

As of November 30, 2017

Classification	Code	Name	PML	
Retail-use facilities	R1(K)	HEP Five (14% of the quasi co-ownership of the trust beneficiary interests)	5.0%	
	R2(K)	Kitano Hankyu Bldg.	10.1%	
	R3(K)	Dew Hankyu Yamada	4.7%	
	R4(K)	Takatsuki-Josai Shopping Center	5.9%	
	R5(K)	Nitori Ibaraki-Kita Store (site)	-	
	R6	Kohnan Hiroshima Nakano-Higashi Store (site)	-	
	R8	Hotel Gracery Tamachi	10.3%	
	R9(K)	LaLaport KOSHIEN (site)	6.4%	
	R11(K)	HANKYU NISHINOMIYA GARDERNS (28% of the quasi co-ownership of the trust beneficiary interests)	9.2%	
	R12(K)	AEON MALL SAKAIKITAHANADA (site)	-	
	R13(K)	MANDAI Toyonaka Honan store (site)	-	
	R14(K)	DAILY QANAT Izumiya Horikawa Marutamachi Store (site)	-	
	R15(K)	kotocross Hankyu Kawaramachi	2.6%	
	R16(K)	LIFE Shimoyamate Store (site)	-	
	R17(K)	MANDAI Gojo Nishikoji Store (site)	-	
	R18(K)	KOHYO Onohara Store	5.3%	
	R19(K)	OASIS Town Itami Konoike (site)	-	
	Office-use facilities	O1	Shiodome East Side Bldg.	4.6%
		O2(K)	Hankyu Corporation Head Office Building	3.7%
Mixed-use (complex) facilities	M1(K)	Ueroku F Bldg.	3.2%	
	M2	Sphere Tower Tennozu (33% of the quasi co-ownership of the trust beneficiary interests)	2.7%	
	M3(K)	LAXA Osaka	3.7%	
	M5	Kita-Aoyama San cho-me Building	7.4%	
Portfolio total (End of 25th FP)			3.5%	
Retail-use facilities	R20	METS OZONE	5.6%	
	R21	Vessel Inn Hakata Nakasu	0.2%	
	Portfolio total (including new properties (to be) acquired)			3.3%

What is PML?

PML (Probable Maximum Loss) refers to the estimated amount of the maximum loss from earthquake damage expressed as a percentage, and indicates the ratio of projected maximum physical loss amount of a building from a probable earthquake of maximum magnitude (assumed to happen once every 475 years, or a 10% probability of occurring during any 50 year span) during its use (a 90% non-exceedance probability) against the price to reacquire it.

Portfolio PML

The total PML value for multiple buildings scattering in wide areas is always smaller than the weighted average PML value of each building. This is called the portfolio effect. Hankyu REIT calculates the portfolio PML by taking into account the geographical diversity of buildings across a wide range of areas.

As shown in the table to the left, the portfolio PML of Hankyu REIT is 3.3% (including new properties (to be) acquired).

Policy on earthquake insurance coverage

Hankyu REIT will decide to cover earthquake insurance in accordance with the following standard set forth in its management guidelines:

“Hankyu REIT will investigate earthquake insurance coverage when the PML of an individual property exceeds 15%.”

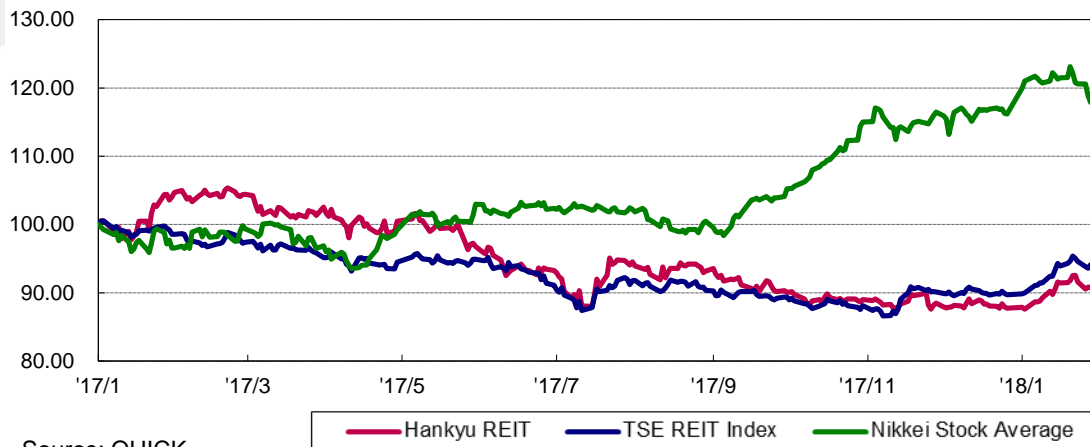
(Note 1) PML of LaLaport KOSHIEN (site) is calculated for the parking garage space administration building (394.88m²).

(Note 2) PML of the entire portfolio including new properties (to be) acquired is calculated after adding METS OZONE and Vessel Inn Hakata Nakasu to the existing properties.



Relative Price

(Relative value based on 100 of the closing price basis on January 4, 2017 / closing price basis)



Source: QUICK

Per Unit Trading Trends

(Oct. 26, 2005 — January 31, 2018)

High (closing price basis) JPY 276,000
(Jun. 2007)

Low (closing price basis) JPY 65,000
(Dec. 2011)

January 4, 2017 — January 31, 2018

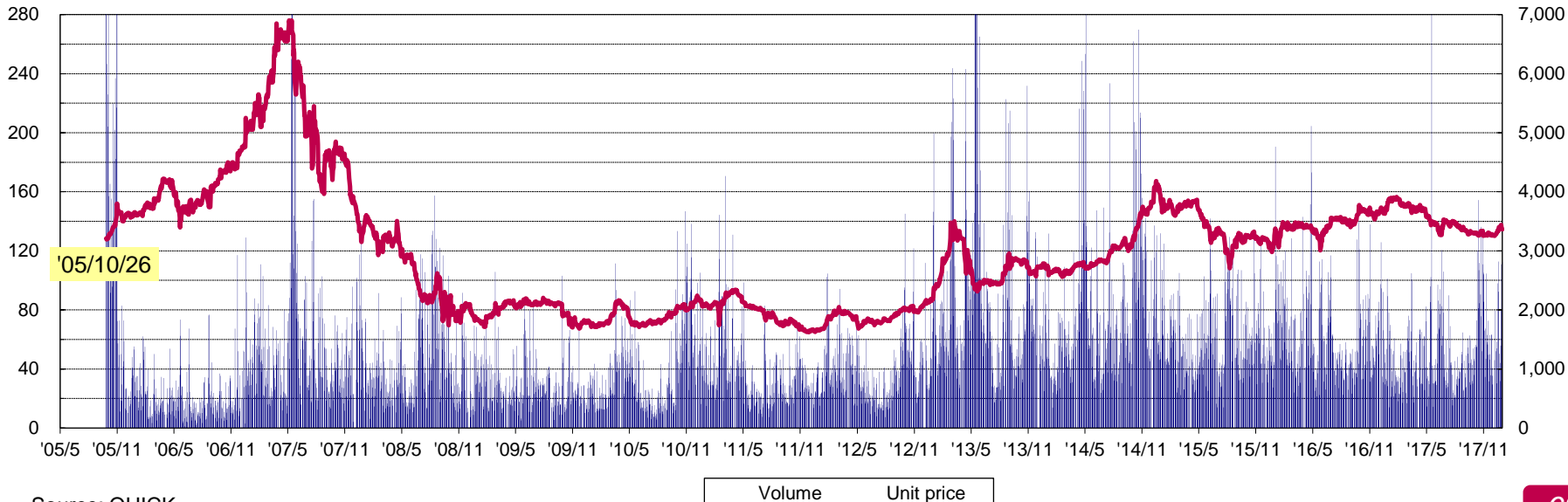
High (closing price basis) JPY 156,500
(Feb. 24, 2017)

Low (closing price basis) JPY 130,100
(Nov. 29, 2017/ Jan. 5, 2018)

Price on January 31, 2018 (closing price basis)
JPY 134,800

Unit Price (closing price basis)

(Unit: JPY thousand)



Source: QUICK

Volume Unit price

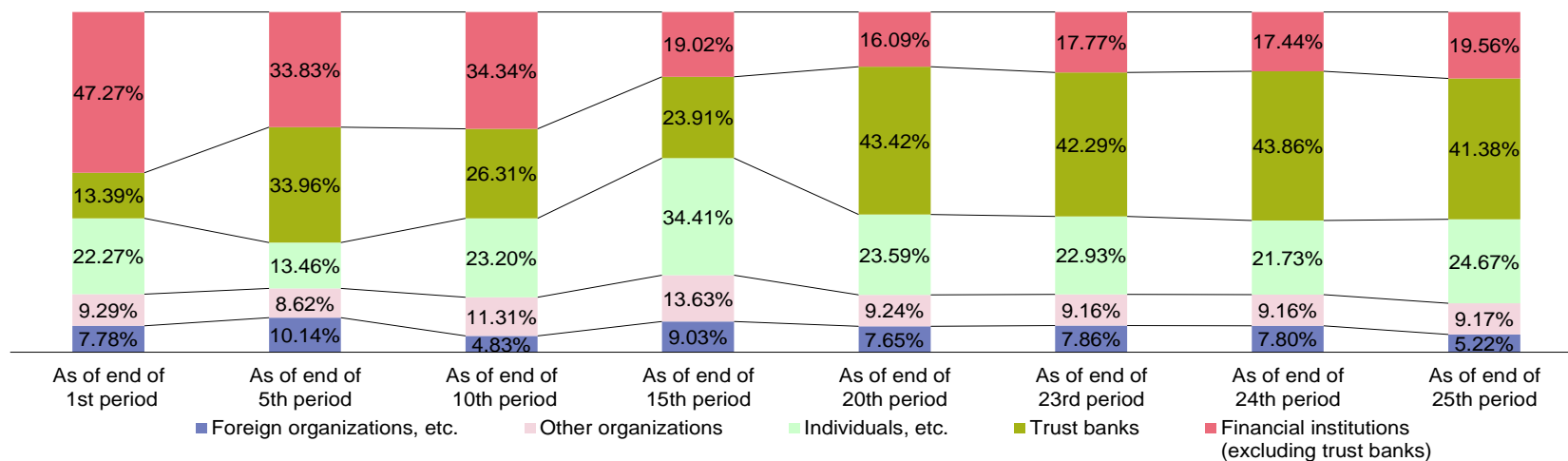
Unitholder Composition

Ownership by category	Number of unitholders (persons)	Ratio to ownership	Number of investment units held (units)	Ratio to number of investment units
Financial institutions (excluding trust banks)	86	0.65%	116,850	19.56%
Trust banks	11	0.08%	247,216	41.38%
Individuals, etc.	12,833	96.77%	147,426	24.67%
Other organizations	217	1.64%	54,813	9.17%
Foreign organizations, etc.	114	0.86%	31,195	5.22%
Total	13,261	100.00%	597,500	100.00%

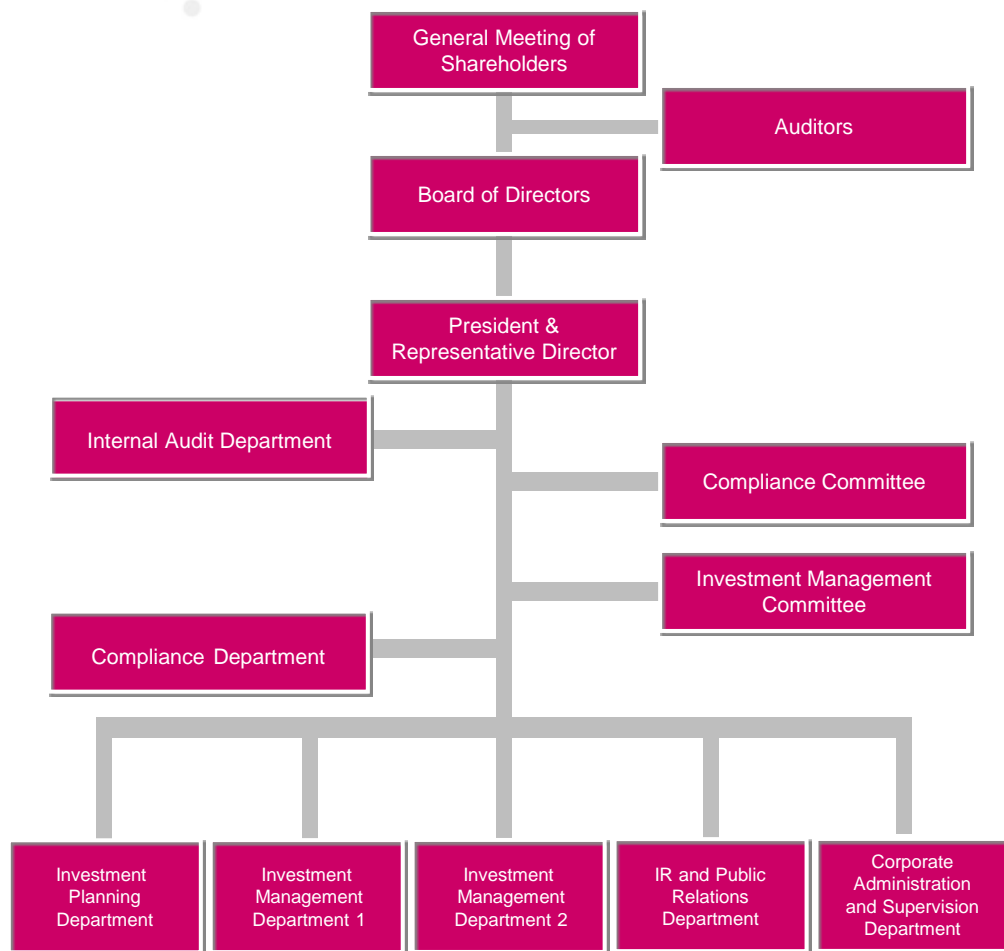
Top 10 Unitholders

Unitholder name	Number of units held (units)	Ownership
Japan Trustee Services Bank, Ltd. (Trust account)	139,267	23.31%
The Master Trust Bank of Japan, Ltd. (Trust account)	65,477	10.96%
Hankyu Corporation	21,000	3.51%
The Nomura Trust and Banking Co., Ltd. (Investment accounts)	20,319	3.40%
Trust & Custody Services Bank, Ltd. (Securities investment trust account)	16,061	2.69%
The Hachijuni Bank, Ltd.	13,620	2.28%
THE CHUKYO BANK, Ltd.	11,385	1.91%
The Senshu Ikeda Bank, Ltd.	7,710	1.29%
Aozora Bank, Ltd.	6,292	1.05%
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	6,260	1.05%
Total investment	307,391	51.45%
Number of outstanding units	597,500	100.00%

Ratio of Units by Unitholder Category



(As of November 30, 2017)

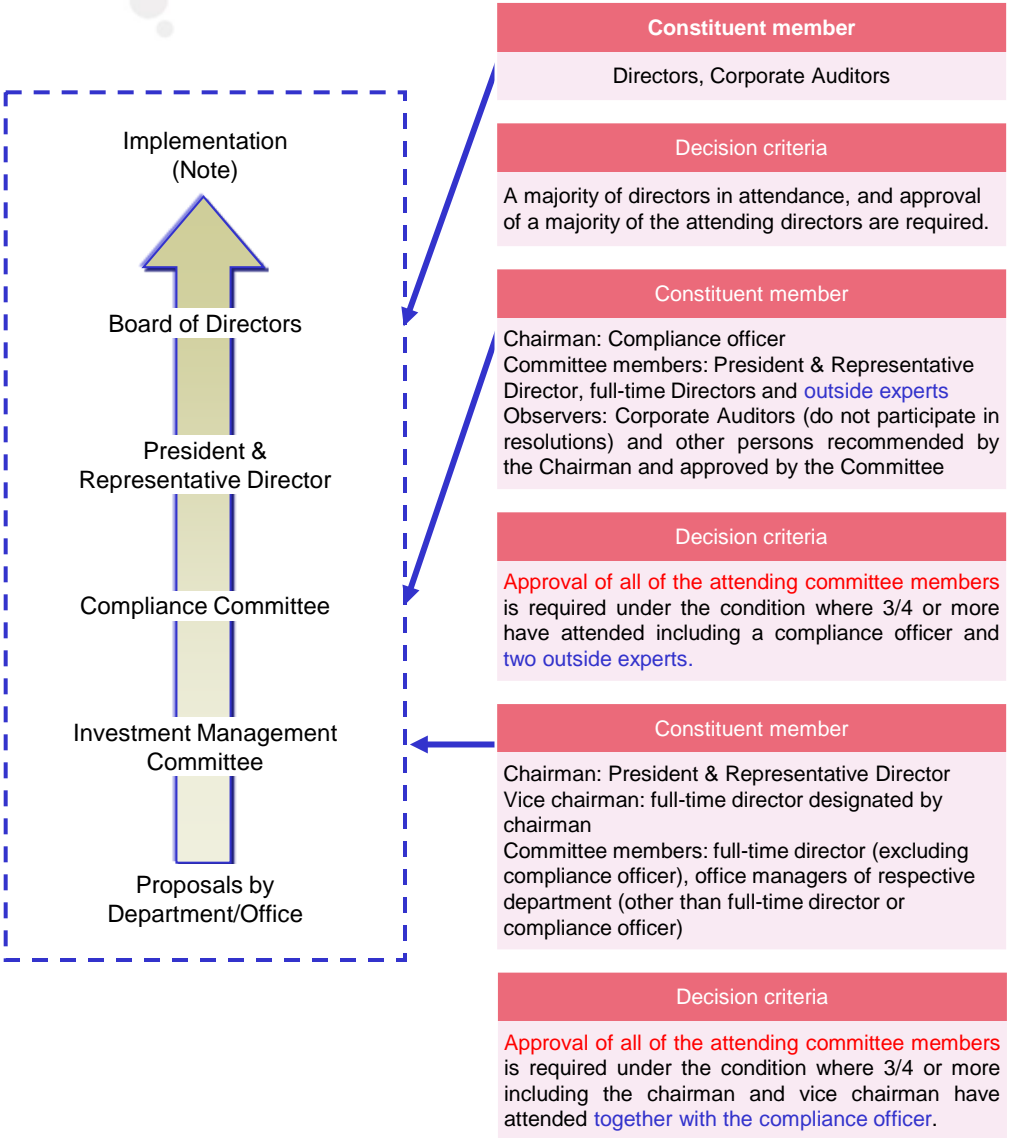


Corporate Data		
Trade name	Hankyu REIT Asset Management, Inc. <small>(Note)</small>	
Headquarters	19-19, Chayamachi, Kita-ku, Osaka 530-0013, Japan	
Established	March 15, 2004	
Paid-in capital	JPY 300 mn	
Shareholder	Hankyu Corporation (100%)	
Number of officers and employees	32	
Executive officers	President & Representative Director	Yoshiaki Shiraki
	Managing Director	Toshinori Shoji
	Director	Hideo Natsuaki
	Director	Hiroshi Aoyama
	Director (part-time)	Kenji Yamaguchi
	Director (part-time)	Noriyuki Yagi
	Corporate Auditor (part-time)	Ken Kitano
	Corporate Auditor (part-time)	Koji Yoshida
Principal businesses	Financial instruments trading business (investment management business)	
	<ul style="list-style-type: none"> ! Financial product trader: Director-General of the Kinki Finance Bureau Ministry of Finance (Kinsho) No. 44 ! Real estate transaction license: The Governor of Osaka Prefecture (3) No. 50641 ! Approval of discretionary dealing trustee, etc.: No. 23 by Minister of Land, Infrastructure, Transport and Tourism 	

(Note) The company name is scheduled to change to Hankyu Hanshin REIT Asset Management, Inc. on April 1, 2018.



Build robust compliance and internal audit systems by systematically ensuring multiple check functions based on the basic policy for building internal control systems.



Compliance System

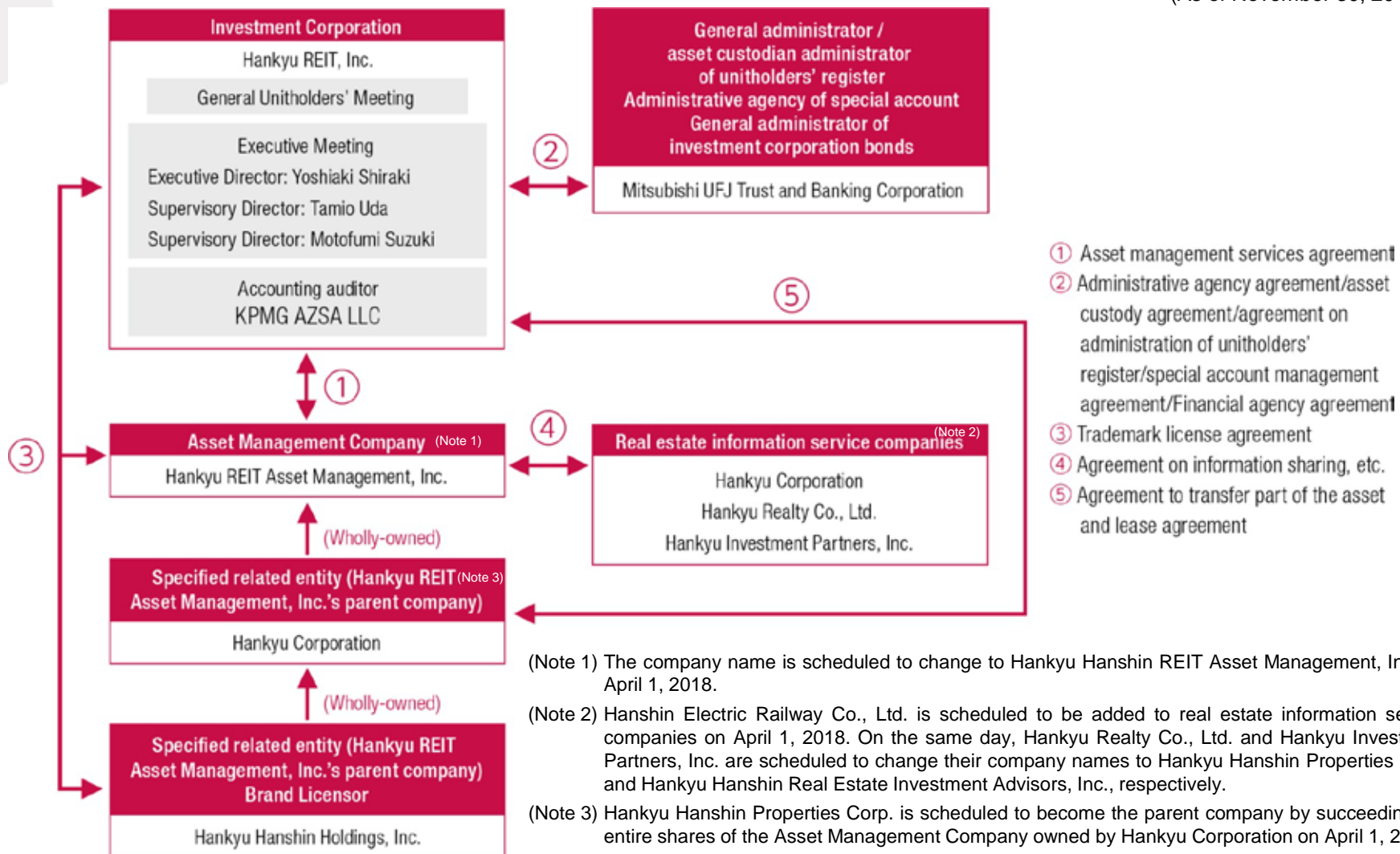
- Achieve comprehensive compliance by establishing a Compliance Officer and a Compliance Department
- The Compliance Committee, including outside experts, deliberates on Conflicts of Interests Transaction (note)
- The Compliance Officer attends the Investment Committee meeting and checks for compliance issues
- Appointed a person to be in charge of efforts to prevent improper requests and exclude anti-social forces

Internal Audit System

- Establish PDCA cycle for improving operations in each department/office by systematically implementing the internal audit every fiscal year based on the annual internal audit plan.
- Utilize external consulting entity to secure independence of internal audit and obtain an extremely effective internal audit.

(Note) Interested party transactions that meet a certain criteria must gain approval of Hankyu REIT's Board of Directors' Meeting.

(As of November 30, 2017)



- ① Asset management services agreement
- ② Administrative agency agreement/asset custody agreement/agreement on administration of unitholders' register/special account management agreement/Financial agency agreement
- ③ Trademark license agreement
- ④ Agreement on information sharing, etc.
- ⑤ Agreement to transfer part of the asset and lease agreement

(Note 1) The company name is scheduled to change to Hankyu Hanshin REIT Asset Management, Inc. on April 1, 2018.

(Note 2) Hanshin Electric Railway Co., Ltd. is scheduled to be added to real estate information service companies on April 1, 2018. On the same day, Hankyu Realty Co., Ltd. and Hankyu Investment Partners, Inc. are scheduled to change their company names to Hankyu Hanshin Properties Corp. and Hankyu Hanshin Real Estate Investment Advisors, Inc., respectively.

(Note 3) Hankyu Hanshin Properties Corp. is scheduled to become the parent company by succeeding the entire shares of the Asset Management Company owned by Hankyu Corporation on April 1, 2018.

(Note 4) In preparation for the event that the number of Executive and Supervisory Directors is less than that stipulated in laws and regulations, Toshinori Shoji was elected as alternate Executive Director and Hiroumi Shioji was elected as alternate Supervisory Director at the General Unitholders' Meeting held on August 25, 2016.