



For Immediate Release

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

Asset Management Company
Hankyu REIT Asset Management, Inc.
Yoshiaki Shiraki, President & Representative Director
Contact:
Hiroshi Yoshida
General Manager, IR and Public Relations Department
Email: hankyureit-ir@hankyu-rt.jp

Notice Concerning Acquisition of Domestic Real Estate

Hankyu REIT, Inc. (hereafter "Hankyu REIT") hereby notifies that Hankyu REIT Asset Management, Inc., the asset management company that Hankyu REIT has selected to manage its assets (hereafter the "Asset Management Company"), today decided to make the following acquisition of assets and Hankyu REIT completed the acquisition.

Details

1. Overview of Acquisition

(1) (Tentative name) MANDAI Nigawa Store (site)

- 1) Acquired Asset : Right of ownership
- 2) Property name: (Tentative name) MANDAI Nigawa Store (site)
- 3) Acquisition price: 2,280,000,000 yen (excluding acquisition-related expenses, property tax, city planning tax and consumption tax, among others)
- 4) Appraisal value: 2,300,000,000 yen (Date of appraisal: February 28, 2018)
- 5) Acquisition date: March 27, 2018
- 6) Seller: Domestic corporation (Please refer to "5. Overview of Seller" below) (Note 1)
- 7) Acquisition fund: Cash on hand, etc. (Note 2)

(2) LAMU Higashiosaka Branch (site)

- 1) Acquired Asset: Right of ownership
- 2) Property name: LAMU Higashiosaka Branch (site)
- 3) Acquisition price: 1,850,000,000 yen (excluding acquisition-related expenses, property tax, city planning tax and consumption tax, among others)
- 4) Appraisal value: 1,870,000,000 yen (Date of appraisal: February 28, 2018)
- 5) Acquisition date: March 27, 2018
- 6) Seller: Domestic corporation (Please refer to "5. Overview of Seller" below) (Note 1)
- 7) Acquisition fund: Cash on hand, etc. (Note 2)

(Note 1) The name of the seller is not disclosed as the consent of the seller was not obtained.

(Note 2) Procured funds of 2.0 billion yen indicated in "Notice Concerning Debt Financing" dated today shall substantially be allocated to part of the funds for the acquisition of (Tentative name) MANDAI Nigawa Store (site) and LAMU Higashiosaka Branch (site). For details, please refer to the above press release.

2. Reason for Acquisition

Hankyu REIT acquired the sites of community-based retail facilities (hereafter the “Two Properties”) to attain steady growth, based on the target and policy of asset management stipulated in its Articles of Incorporation.

Acquisition of the Two Properties is a realization of agile property acquisitions utilizing the increased borrowing capability through the public offering announced on January 25, 2018. With the acquisition, the Kansai Region, which is the major investment area of Hankyu REIT, will be strengthened and the stability of the portfolio will be improved. Furthermore, the acquisition was determined as both transactions for the Two Properties are one-on-one transactions utilizing the Asset Management Company’s own network and fell within a price range Hankyu REIT deemed appropriate. Focusing on the Kansai Region and in collaboration with the sponsor group, Hankyu REIT will continue to promote growth that improves the quality of its portfolio and enhances revenue stability.

Given the yield after depreciation of the Two Properties is 4.2% (Notes 1 and 3) as below and surpassing the average yield after depreciation of the portfolio at the end of the 25th fiscal period (3.7%), Hankyu REIT believes it should help to expand the asset scale as well improve revenue stability.

[Status of Portfolio]

	End of 25th fiscal period (end of November 2017)	Assets (to be) acquired					After the acquisition of Assets (to be) acquired (Note 4)
		METS OZONE	(Tentative name) MANDAI Nigawa Store (site) (Note 3)	LAMU Higashiosaka Branch (site)	Vessel Inn Hakata Nakasu	Total	
Number of properties	23 properties	1 property	1 property	1 property	1 property	4 properties	27 properties
Acquisition (planned) date		February 15, 2018	March 27, 2018	March 27, 2018	March 29, 2018		
Acquisition (planned) price		5,400 million yen	2,280 million yen	1,850 million yen	2,760 million yen	12,290 million yen	
Asset scale	141,628 million yen						153,918 million yen
Average NOI yield (Note 1)	4.9%	5.4%	4.2%	4.2%	4.3%	4.8%	4.9%
Average yield after depreciation (Note 1)	3.7%	4.2%	4.2%	4.2%	2.7%	3.9%	3.7%
Unrealized gain/loss (Note 2)	20,461 million yen	-149 million yen	-22 million yen	-17 million yen	-49 million yen	-238 million yen	20,222 million yen

(Note 1) Average NOI yield is calculated by dividing the sum total of (a) the difference between the real estate lease operation income and real estate lease operation expenses of each property and (b) depreciation, by total acquisition (planned) price. Average yield after depreciation is calculated by dividing the sum total of difference between the real estate lease operation income and real estate lease operation expenses of each property, by total acquisition (planned) price. Average NOI yield and Average yield after depreciation are calculated based on the following figures.

- End of 25th fiscal period: Actual figures for the 25th fiscal period.*
- Assets (to be) acquired: Figures stated in the appraisal reports.
- After the acquisition of Assets (to be) acquired: Figures after adding the figures in the appraisal reports of the Assets (to be) acquired to the actual figures for the 25th fiscal period.*

* For OASIS Town Itami Konoike (site), figures are calculated using the figures stated in the appraisal reports.

(Note 2) Unrealized gain/loss indicates the difference between the appraisal value and the book value and is calculated

based on the following figures.

- Assets (to be) acquired: Figure calculated based on the book value (expected value) which is the total of the acquisition (planned) price and acquisition expenses that is to be recorded as asset pursuant to the accounting policy of Hankyu REIT.
- After the acquisition of Assets (to be) acquired: Figure obtained by adding/subtracting unrealized gain/loss of the Assets (to be) acquired to/from unrealized gain/loss at the end of the 25th fiscal period.

(Note 3) As of today, a building is being constructed on top of (Tentative name) MANDAI Nigawa Store (site) by the lessee, and the rent up to either the building's completion date or September 2, 2018 (whichever comes first) will be equivalent to 51.1% of the rent scheduled to be received on and after said date. The property's real estate lease operation income and real estate lease operation expenses are calculated based on the operating revenues and operating costs in the second year with an assumption of 100% rent collection, using the DCF method described in the appraisal report.

(Note 4) The figures after the acquisition of Assets (to be) acquired are figures considering only assets acquired or assets to be acquired after the end of the 25th fiscal period and may differ from actual figures.

Hankyu REIT evaluated the following points upon deciding the acquisition of the Two Properties.

(1) (Tentative name) MANDAI Nigawa Store (site)

The area near Nigawa Station on the Hankyu Imazu Line where the property is located is a dominant area of the Hankyu Hanshin Holdings Group. It is popular as a commuter town for Osaka and Kobe as both cities can be accessed in about 30 minutes. Furthermore, the area near Nigawa Station (the station nearest the property) is an educational district with schools such as Kwansei Gakuin University, a leading private university in Kansai, and the population is expected to increase with the current residential development.

A building is currently being built by the lessee of the property, MANDAI Co., Ltd., and is scheduled to open in fall 2018. MANDAI Co., Ltd., is a company with 147 supermarkets in Kansai area (as of the end of February 2018). It is distinguished by the development of community-based attentive stores, and it actively implements a dominant strategy through the concentration of store within a given area in order for securing users within the trade area along with effective logistics and product procurement. It is also capable of extending the three perishable foodstuffs as well as having price appeal and is evaluated as having high customer reputation.

(2) LAMU Higashiosaka Branch (site)

The area near the property is a residential area with numerous families. The population in the area is trending upwards not only due to those working at nearby factories but also those commuting to Osaka City and such, as the price of residences is relatively inexpensive and access to central Osaka is excellent. The store on the property is a 24-hour discount store handling mainly food and which also has volume sales. It captures the day-to-day needs of neighborhood customers while on the weekends is bustling with families arriving by automobile from more distant locations to do larger shopping. The property also has high visibility as it is located on Prefectural Route No. 21, a major road. Furthermore, Higashiosaka City where the property is located hosts an accumulation of prominent Japanese small and medium-sized manufacturing companies. The various products made by those companies with excellent technological abilities are praised both in Japan and abroad and the city ranks fifth in the nation for number of factories and first for factory density.

Daikokuten Bussan Company, the tenant, is a retail distributor and general food wholesaler (listed on the First Section of the Tokyo Stock Exchange) which handles the processing of vegetables, fruits, meats, everyday dishes, etc., as well as breads, noodles and daily foods of private brands. The store on the property not only provides reasonable prices but also puts effort into making the store enjoyable through the sale by weight of everyday dishes, etc.

3. Details of Asset

(1) (Tentative name) MANDAI Nigawa Store (site)

Property name		(Tentative name) MANDAI Nigawa Store (site)			
Specified asset type		Right of ownership			
Acquisition price		2,280,000,000 yen			
Appraisal value		2,300,000,000 yen (Date of appraisal: February 28, 2018) (Appraisal organization: DAIWA REAL ESTATE APPRAISAL CO., LTD.)			
Location	Lot Number	1-46-1 Nigawa-kita, Takarazuka City, Hyogo Prefecture 1-15 Tajikano-cho, Nishinomiya City, Hyogo Prefecture, etc.			
Land	Building coverage	60%	Building	Month/ Year built	—
	Floor area ratio	200%		Structure/ Floors	—
	Zone use	Type 1 residential district		Use	—
	Site area	9,194.01m ²		Total floor area	—
	Form of ownership	Right of ownership		Form of ownership	—
Property manager		Hankyu Hanshin Building Management Co., Ltd.			
Collateral		None			
Other matters to note		<ul style="list-style-type: none"> • Hankyu REIT owns the land only. • As of today, the lessee of the property is constructing a building on the land and the rent up to either the building's completion date or September 2, 2018 (whichever comes first) will be equivalent to 51.1% of the rent scheduled to be received on and after the said date (rent shall be paid in full on and after the said date). • Nishinomiya City has surface rights for part of the site (lot number: 1-211 Tajikano-cho, Nishinomiya-shi (527.32m²)) for the purpose of continuation of waterworks and sewage (for the period up to May 25, 2044) (no compensation). Moreover, under the surface rights, the live load on the land surface must be within a certain limit regarding the use of the land. 			

(2) LAMU Higashiosaka Branch (site)

Property name		LAMU Higashiosaka Branch (site)			
Specified asset type		Right of ownership			
Acquisition price		1,850,000,000 yen			
Appraisal value		1,870,000,000 yen (Date of appraisal: February 28, 2018) (Appraisal organization: The Tanizawa Sogo Appraisal Co., Ltd.)			
Location	Lot Number	1-437-1 Kominowa, Higashiosaka City, Osaka Prefecture, etc.			
Land	Building coverage	60%	Building	Month/ Year built	—
	Floor area ratio	200%		Structure/ Floors	—
	Zone use	Quasi-industrial area, type 1 residential district		Use	—
	Site area	8,942.54 m ²		Total floor area	—
	Form of ownership	Right of ownership		Form of ownership	—
Property manager		Hankyu Hanshin Building Management Co., Ltd.			
Collateral		None			
Other matters to note		Hankyu REIT owns the land only.			

4. Overview of Leasing

(1) (Tentative name) MANDAI Nigawa Store (site)

Total number of tenants	1
Principal tenant	MANDAI Co., Ltd.
Annual rent	Not disclosed (Note 1)
Leasable area	9,194.01 m ²
Leased area	9,194.01 m ² (Note 2)
Occupancy rate	100% (Note 3)
Security deposits	Not disclosed (Note 1)

(Note 1) Annual rent, etc., is not disclosed as consent has not been obtained from the tenant.

(Note 2) The areas specified in the lease agreement as of today are indicated.

(Note 3) The ratio of leased area to leasable area.

(2) LAMU Higashiosaka Branch (site)

Total number of tenants	1
Principal tenant	Daikokuten Bussan Company
Annual rent	Not disclosed (Note 1)
Leasable area	8,942.54 m ²
Leased area	8,942.54 m ² (Note 2)
Occupancy rate	100% (Note 3)
Security deposits	Not disclosed (Note 1)

(Note 1) Annual rent, etc., is not disclosed as consent has not been obtained from the tenant.

(Note 2) The areas specified in the lease agreement as of today are indicated.

(Note 3) The ratio of leased area to leasable area.

5. Overview of Seller

For each of the Two Properties, the name, etc., is not disclosed as consent has not been obtained from the seller, which is a domestic corporation. Please note that there are no capital, personnel or business relationships to be specially noted between Hankyu REIT or the Asset Management Company and the seller. In addition, the seller does not fall under the definition of “related party.”

6. Status of Property Acquirers, etc.

Details are omitted as the acquisition of the Two Properties is not an acquisition from parties with special interests of Hankyu REIT or the Asset Management Company

7. Transactions with Interested Parties, etc.

Hankyu Hanshin Building Management Co., Ltd., to which the property management operations for the Two Properties is consigned, falls under the definition of “interested party, etc.” in the Act on Investment Trusts and Investment Corporations. Accordingly, the property management agreements have been deliberated and approved by the investment management committee, the compliance committee and the Board of Directors Meeting of the Asset Management Company in accordance with the Asset Management Company’s rules concerning transactions involving conflicts of interest set forth in the management guidelines, investment management committee regulations and compliance committee regulations, etc.

8. Overview of Intermediaries

Not applicable.

9. Settlement Method, etc.

Full payment upon delivery of the Two Properties.

10. Acquisition Schedule

March 27, 2018 Resolution of acquisition of the Two Properties at the Asset Management Company’s Board of Directors Meeting, conclusion of agreement, payment and acquisition

11. Future Outlook

Since the impact of the acquisition of the Two Properties on the conditions surrounding the management of Hankyu REIT's assets for the fiscal period ending May 2018 (26th fiscal period: December 1, 2017 to May 31, 2018) and the fiscal period ending November 2018 (27th fiscal period: June 1, 2018 to November 30, 2018) announced in the "Hankyu REIT, Incorporated Financial Results for the 25th Fiscal Period From June 1, 2017 to November 30, 2017" dated January 25, 2018 is expected to be minimal, there is no revision to the forecasts.

- Hankyu REIT website: <http://www.hankyu-reit.jp/eng/>

<Attached Materials>

- Reference Material 1 Overview of Appraisal Report
- Reference Material 2 Table of Real Estate Portfolio after Acquisition of the Two Properties and Vessel Inn Hakata Nakasu
- Reference Material 3 Property Photograph and Surrounding Area, Property Photograph and Map of Location

Reference Material 1

<Overview of Appraisal Report>

Property name	(Tentative name) MANDAI Nigawa Store (site)
---------------	---

Appraisal value	2,300,000,000 yen
Appraisal organization	DAIWA REAL ESTATE APPRAISAL CO., LTD
Date of appraisal	February 28, 2018

Item	Value	Basis for valuation
Value indicated by the income approach	2,300,000,000 yen	
Value using the direct capitalization method (direct capitalization over a definite term)	2,320,000,000 yen	
(1) Net operating income (NOI)	95,876,500 yen	
(2) Provisional operating profit on deposit and security	534,000 yen	Assessment taking into consideration the investment management yield both from the management and procurement perspectives
(3) Capital expenditures	0 yen	
(4) Net cash flow (NCF=(1)+(2)-(3))	96,410,500 yen	
(5) Discount rate	4.2%	Assessment taking into consideration the investment yield, risks as an investment target, etc., with discount rates of similar transaction cases as references
Value using the discounted cash flow (DCF) method	2,290,000,000 yen	
Discount rate (analysis period and recovery price)	4.1%	Assessment taking into consideration the investment yield, risks as an investment target, etc., with discount rates of similar transaction cases as references
Discount rate (end of analysis period)	4.3%	Assessment taking into consideration the investment yield, risks as an investment target, etc., with discount rates of similar transaction cases as references

Special items to consider at the time of making adjustments to provisional calculations and deciding the appraisal value	The appraisal decision was based on an assessment of the value indicated by the income approach using both the direct capitalization method and DCF method at 2,300,000,000 yen and the appraisal value was decided with the value.
--	---

The appraisal value of real estate is no more than an indication of the opinion of the value of the appraised real estate at the time of the appraisal conducted by the real estate appraiser in accordance with the Act on Real Estate Appraisal, Real Property Appraisal Standards, etc. There are cases where another appraisal of the same real estate may result in a different appraisal value, depending on the real estate appraiser conducting the appraisal and the method or timing of the appraisal. Furthermore, the appraisal of real estate is neither a guarantee nor an obligation, now or into the future, of a sale or purchase at that appraisal value.

<Overview of Appraisal Report>

Property name	LAMU Higashiosaka Branch (site)
Appraisal value	1,870,000,000 yen
Appraisal organization	The Tanizawa Sogo Appraisal Co., Ltd.
Date of appraisal	February 28, 2018

Item	Value	Basis for valuation
Value indicated by the income approach	1,870,000,000 yen	
Value using the discounted cash flow (DCF) method	1,870,000,000 yen	
Discount rate per period (Year 1 – Year 8.0)	4.4%	Assessment comprehensively taking into consideration of the content of the current lease agreement, land rent levels, lease period, business risks and other factors, based on the method to compare with the yields of land with leasehold right transaction cases, etc., as well as the accumulation method
Discount rate per period (Year 9.0 – Year 28.1)	4.5%	
Discount rate per period (upon returning to vacant land)	4.5%	
		Assessment based on the discount rate for the current agreement period and adding the possibility to sell the property as vacant land, etc.

Special items to consider at the time of making adjustments to provisional calculations and deciding the appraisal value	The appraisal decision was made using the DCF method at 1,870,000,000 yen for the target property and the appraisal value was decided with this value.
--	--

The appraisal value of real estate is no more than an indication of the opinion of the value of the appraised real estate at the time of the appraisal conducted by the real estate appraiser in accordance with the Act on Real Estate Appraisal, Real Property Appraisal Standards, etc. There are cases where another appraisal of the same real estate may result in a different appraisal value, depending on the real estate appraiser conducting the appraisal and the method or timing of the appraisal. Furthermore, the appraisal of real estate is neither a guarantee nor an obligation, now or into the future, of a sale or purchase at that appraisal value.

Reference Material 2

< Table of Real Estate Portfolio after Acquisition of the Two Properties and Vessel Inn Hakata Nakasu >

Property Code (Note)	Property Name	Facility (Type of Use)	Region	Acquisition (Planned) Date	Acquisition (Planned) Price (millions of yen)	Investment Ratio
R1 (K)	HEP Five (14% of the quasi co-ownership of the trust beneficiary interests)	Retail	Kansai	February 1, 2005	6,468	4.2%
R2 (K)	Kitano Hankyu Building	Retail	Kansai	February 1, 2005	7,740	5.0%
R3 (K)	Dew Hankyu Yamada	Retail	Kansai	February 1, 2005	6,930	4.5%
R4 (K)	Takatsuki-Josai Shopping Center	Retail	Kansai	November 15, 2005	8,600	5.6%
R5 (K)	Nitori Ibaraki-Kita Store (site)	Retail	Kansai	March 29, 2006	1,318	0.9%
R6	Kohnan Hiroshima Nakano-Higashi Store (site)	Retail	Other	October 2, 2006	2,170	1.4%
				April 9, 2007	5	
R8	Hotel Gracery Tamachi	Retail	Other	December 25, 2008	4,160	2.7%
R9 (K)	LaLaport KOSHIEEN (site)	Retail	Kansai	January 22, 2009	7,350	4.8%
R11 (K)	HANKYU NISHINOMIYA GARDENS (28% of the quasi co-ownership of the trust beneficiary interests)	Retail	Kansai	April 16, 2013	18,300	11.9%
R12 (K)	AEON MALL SAKAIKITAHANADA (site)	Retail	Kansai	June 27, 2013	8,100	5.3%
R13 (K)	MANDAI Toyonaka Honan Store (site)	Retail	Kansai	June 27, 2013	1,870	1.2%
R14 (K)	DAILY QANAT Izumiya Horikawa Marutamachi Store (site)	Retail	Kansai	June 4, 2014	3,100	2.0%
R15 (K)	kotocross Hankyu Kawaramachi	Retail	Kansai	June 4, 2014	2,770	1.8%
R16 (K)	LIFE Shimoyamate Store (site)	Retail	Kansai	June 4, 2014	1,421	0.9%
R17 (K)	MANDAI Gojo Nishikoji Store (site)	Retail	Kansai	June 24, 2014	4,182	2.7%
R18 (K)	KOHYO Onohara Store	Retail	Kansai	July 1, 2016	1,631	1.1%
R19 (K)	OASIS Town Itami Konoike (site)	Retail	Kansai	November 25, 2016	7,100	4.6%
R20	METS OZONE	Retail	Other	February 15, 2018	5,400	3.5%
R21 (K)	(Tentative name) MANDAI Nigawa Store (site)	Retail	Kansai	March 27, 2018	2,280	1.5%
R22 (K)	LAMU Higashiosaka Branch (site)	Retail	Kansai	March 27, 2018	1,850	1.2%
R23	Vessel Inn Hakata Nakasu	Retail	Other	March 29, 2018	2,760	1.8%
	Subtotal				105,505	68.5%
O1	Shiodome East Side Building	Office	Other	February 29, 2008	19,025	12.4%
O2 (K)	Hankyu Corporation Head Office Building	Office	Kansai	April 10, 2013	10,200	6.6%
	Subtotal				29,225	19.0%
M1 (K)	Ueroku F Building	Complex	Kansai	November 1, 2005	2,980	1.9%
M2	Sphere Tower Tennozu (33% of the quasi co-ownership of the trust beneficiary interests)	Complex	Other	October 2, 2007	9,405	6.1%
M3 (K)	LAXA Osaka	Complex	Kansai	January 22, 2009	5,122	3.3%
M5	Kita-Aoyama San cho-me Building	Complex	Other	November 12, 2013	1,680	1.1%
	Subtotal				19,187	12.5%
	Total				153,918	100.0%

Note: The properties owned by Hankyu REIT are assigned codes and numbers classified by facility (type of use) and region. The alphabets on the left represent the facility (type of use): ("R" is for retail-use facility, "O" is for office-use facility and "M" is for mixed-use (complex) facility). The numbers are assigned to each facility in the chronological order of the acquisition. Moreover, the letter "(K)" in parentheses to the right of the numerals indicates that the property is located in Kansai Region.

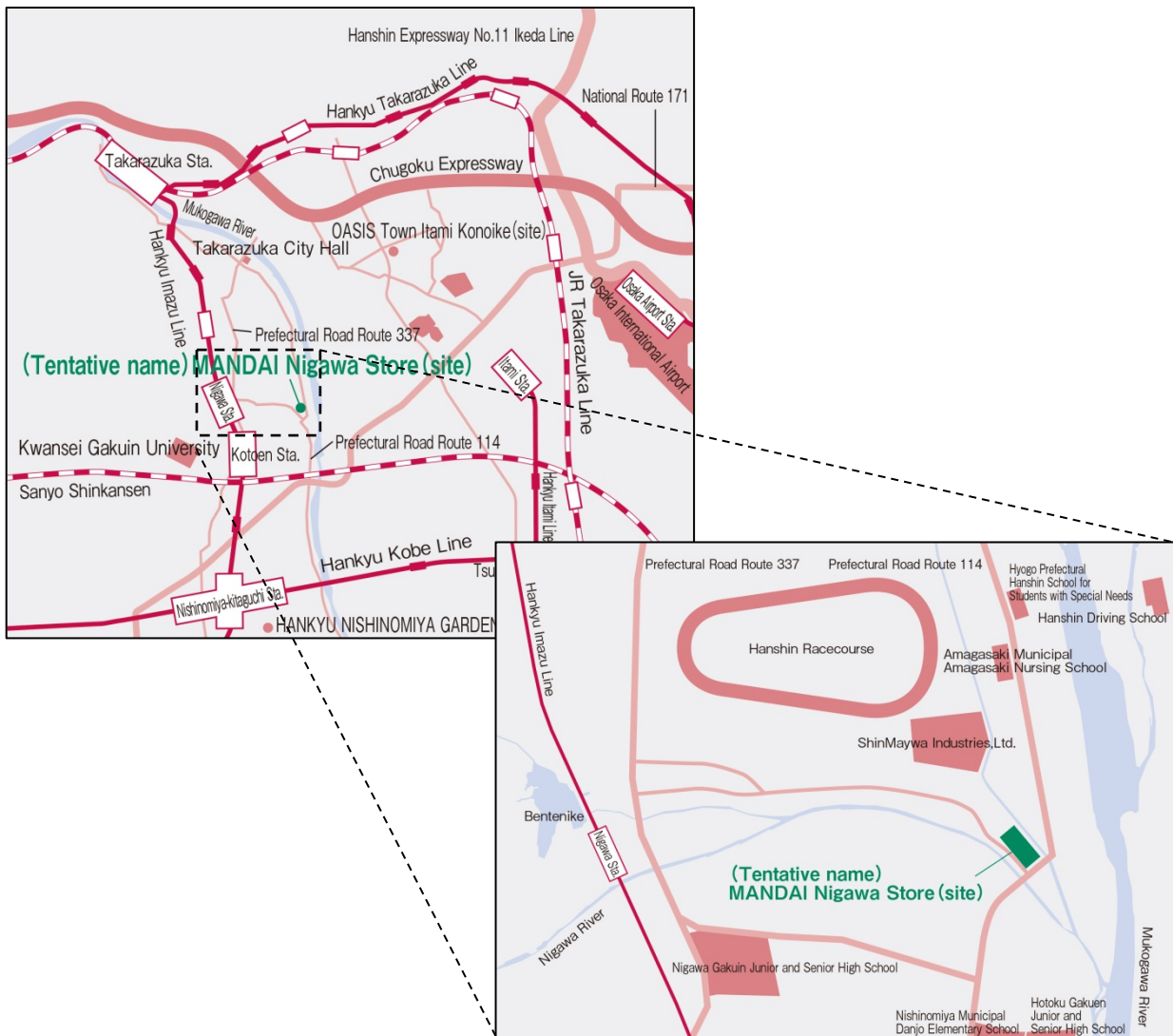
Reference Material 3

< (Tentative name) MANDAI Nigawa Store (site) Property Photograph and Surrounding Area >



(Note) A building is currently being built by the lessee of the property, MANDAI Co., Ltd., and is scheduled to open in fall 2018.

< (Tentative name) MANDAI Nigawa Store (site) Map of Location >



< LAMU Higashiosaka Branch (site) Property Photograph >



< LAMU Higashiosaka Branch (site) Map of Location >

