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For Immediate Release

REIT Issuer

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Asset Management Company

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Notice Concerning Acquisition of Domestic Real Estate

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

Details

1. Overview of Acquisition

FUNDES JIMBOCHO

- 1) Specified asset type: Right of ownership
- 2) Property name: FUNDES JIMBOCHO
- 3) Planned acquisition price: 2,830,000,000 yen (excluding acquisition-related expenses, property tax, city planning tax and consumption tax, among others)
- 4) Appraisal value: 2,830,000,000 yen (Date of appraisal: March 1, 2019)
- 5) Planned acquisition date: March 29, 2019 (planned)
- 6) Seller: Domestic corporation (Please refer to “5. Overview of Seller” below) (Note)
- 7) Acquisition fund: New borrowings as indicated in “Notice Concerning Debt Financing” dated today
(Note) The name of the seller is not disclosed as the consent of the seller has not been obtained.

2. Reason for Acquisition

Hankyu Hanshin REIT aims to establish a well-balanced portfolio and attain steady growth through the acquisition of the property located in the city center of the Tokyo metropolitan area, based on the target and policy of asset management stipulated in the Articles of Incorporation. At the same time, Hankyu Hanshin REIT seeks to further improve distribution by utilizing the borrowing capability enhanced through the public offering and such to conduct agile property acquisition.

FUNDES JIMBOCHO (hereafter the “Property”) is a property secured utilizing the Asset Management Company’s own network. As such, Hankyu Hanshin REIT will strive to improve portfolio quality through acquisition of prime properties by expanding the Asset Management Company’s network while continuing to press ahead with acquisition utilizing the comprehensive strength of the sponsor group in real estate

business.

Hankyu Hanshin REIT evaluated the following points upon deciding the acquisition of the Property.

The Property is a relatively new retail facility (opened in November 2016) mainly housing restaurants, located a one-minute walk from Jimbocho Station on the Tokyo Metro Hanzomon-Line, the Toei Shinjuku Line and Toei Mita Line. It faces Yasukuni-dori Street, enjoying excellent visibility. The area surrounding Jimbocho Station has a concentration of universities such as Meiji University and Nihon University and prep schools as well as of office buildings, and thus has many business/school commuters. The daily ridership at the station is quite high (376,000 people in FY2017), and the district also enjoys a great bustle with a broad range of visitors attracted by the commercial area with a second-hand bookstore quarter, sporting goods store quarter, musical instrument store quarter, etc. in the vicinity. For these reasons, Hankyu Hanshin REIT believes that the Property is likely to attract a sufficient number of customers and demonstrate strong potential in the future as well. Hankyu Hanshin REIT will work to enhance yield by utilizing the sponsor group's abundant track record and expertise in operational management of retail facilities going forward.

The average yield after depreciation of the portfolio following the acquisition of the Property is expected to become 3.7%.

[Status of Portfolio]

	End of 27th fiscal period (ended November 2018)	Property transferred	Property acquired	Properties to be acquired		After the acquisition of properties to be acquired (Note 2)
		LaLaport KOSHIEN (site)	GRAND FRONT OSAKA (equivalent of 4.9% co-ownership) (Note 1)	(Tentative name) Valor Takatsuki Store (site)	The Property	
Number of properties	27 properties	1 property	2 properties	1 property	1 property	30 properties
(Planned) date of transfer/acquisition		December 3, 2018	December 5, 2018	March 29, 2019	March 29, 2019	
(Planned) transfer/acquisition price		7,960 million yen	15,778 million yen	2,258 million yen	2,830 million yen	
Asset scale	153,918 million yen					167,435 million yen
(Average) NOI yield (Note 3)	4.9%	4.0%	4.4%	4.3%	3.4%	4.9%
(Average) yield after depreciation (Note 3)	3.8%	4.0%	3.8%	4.3%	2.9%	3.7%

(Note 1) GRAND FRONT OSAKA (equivalent of 4.9% co-ownership) indicates the 2 properties, which are GRAND FRONT OSAKA (Umekita Plaza and South Building) (equivalent of 4.9% co-ownership) and GRAND FRONT OSAKA (North Building) (equivalent of 4.9% co-ownership).

(Note 2) The figures after the acquisition of properties to be acquired are figures considering only the transfer and (planned) acquisition described above after the end of the 27th fiscal period and may differ from actual figures.

(Note 3) (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 throughout a year 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 throughout a

year 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 27th fiscal period and LaLaport KOSHIEN (site): Actual figures for the 27th fiscal period.*
* For METS OZONE, MANDAI Nigawa Store (site), LAMU Higashiosaka Branch (site) and Vessel Inn Hakata Nakasu, figures are calculated using the figures stated in the appraisal reports.
- GRAND FRONT OSAKA (equivalent of 4.9% co-ownership) and the Property: The first fiscal year's operating revenues and operating costs using the DCF method as indicated in the appraisal reports are used.
- (Tentative name) Valor Takatsuki Store (site): The second year's operating revenues and operating costs using the DCF method as indicated in the appraisal report, assuming 100% rent collection are used.
- After the acquisition of properties to be acquired: Figures obtained by subtracting/adding figures of the results of the property transferred and in the appraisal reports of properties (to be) acquired from/to the actual figures for the 27th fiscal period.

3. Details of the Assets Planned to be Acquired

Property name		FUNDES JIMBOCHO			
Specified asset type		Right of ownership			
Planned acquisition price		2,830,000,000 yen			
Appraisal value		2,830,000,000 yen (Date of appraisal: March 1, 2019) (Appraisal organization: The Tanizawa Sogo Appraisal Co., Ltd.)			
Location	Lot Number	1-8-9, 1-8-8, 1-8-10, Kanda-Jimbocho, Chiyoda-ku, Tokyo			
Land	Building coverage	80%	Building	Month/ Year built	October 2016
	Floor area ratio	700%		Structure/ Floors	Steel-frame structure with flat roof / 11 floors
	Zone use	Commercial district		Use	Retail Store
	Site area	171.78 m ²		Total floor area	1,339.42 m ²
	Form of ownership	Right of ownership		Form of ownership	Right of ownership
Design company		Rinkai Nissan Construction Co., Ltd.			
Construction company		Rinkai Nissan Construction Co., Ltd.			
Building recognition organization		Bureau Veritas Japan Co., Ltd.			
Property manager		Not disclosed (Note)			
Earthquake PML (evaluators)		5.3% (Engineering and Risk Services Corporation and OYO RMS Corporation)			
Collateral		None			
Other matters to note		None			

(Note) Undisclosed as consent of the seller has not been obtained.

4. Overview of Leasing

Total number of tenants	7 (Note 1)
Principal tenant	Not disclosed (Note 2)
Annual rent	Not disclosed (Note 2)
Leasable area	1,168.43 m ²
Leased area	1,168.43 m ²
Occupancy rate	100.0%

Security deposits	Not disclosed (Note 2)
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(Note 1) Total number of tenants as of today is indicated.

(Note 2) Undisclosed as consent of the seller has not been obtained.

5. Overview of Seller

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 Hanshin 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 Property is not an acquisition from parties with special interests of Hankyu Hanshin REIT or the Asset Management Company.

7. Transactions with Interested Parties, etc.

Not applicable.

8. Overview of Intermediary

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

9. Settlement Method, etc.

Hankyu Hanshin REIT plans to make a full payment to the seller for the acquisition, etc. on the planned acquisition date.

10. Acquisition Schedule

March 25, 2019	Resolution of acquisition of the Property at the Asset Management Company's Board of Directors Meeting
March 29, 2019	Conclusion of agreement, payment and acquisition (planned)

11. Future Outlook

Since the impact of the acquisition of the Property on the conditions surrounding the management of Hankyu Hanshin REIT's assets for the fiscal period ending May 2019 (28th fiscal period: December 1, 2018 to May 31, 2019) and the fiscal period ending November 2019 (29th fiscal period: June 1, 2019 to November 30, 2019) announced in the “Hankyu Hanshin REIT, Incorporated Financial Results for the 27th Fiscal Period From June 1, 2018 to November 30, 2018” dated January 24, 2019 is expected to be minimal, there is no revision to the forecasts.

- Hankyu REIT website: <https://www.hankyuhanshinreit.co.jp/eng/>

<Attached Materials>

- Reference Material 1 Overview of Appraisal Report
- Reference Material 2 Table of Real Estate Portfolio after Acquisition of the Property
- Reference Material 3 Property Photograph and Map of Surrounding Area

Reference Material 1

<Overview of Appraisal Report>

Property name	FUNDES JIMBOCHO
Appraisal value	2,830,000,000 yen
Appraisal organization	The Tanizawa Sogo Appraisal Co., Ltd.
Date of appraisal	March 1, 2019

Item	Value	Basis for valuation
Value indicated by the income approach	2,830,000,000 yen	With the DCF method as the standard, assessment through verification using the direct capitalization method.
Value using the direct capitalization method	2,920,000,000 yen	—
(1) Operating revenues (a + b - c)	Undisclosed (Note)	—
a. Income from rental fees, etc.		
b. Other income		
c. Loss from non-occupancy, etc.		
(2) Operating costs (a+b+c+d+e+f+g+h)	Undisclosed (Note)	—
a. Maintenance/Administrative fees, etc.		
b. Utilities		
c. Repairs		
d. Property management fee		
e. Fees for seeking tenants, etc.		
f. Public charges and taxes		
g. Casualty insurance premiums		
h. Other expenses		
(3) Net operating income (NOI = (1) - (2))	96,328,621 yen	—
(4) Operating profit on deposit and security	917,749 yen	Assessment assuming a 1.0% investment management yield.
(5) Capital expenditures	900,000 yen	Assessment based on engineering report, similar cases, etc.
(6) Net cash flow (NCF = (3) + (4) - (5))	96,346,370 yen	—
(7) Capitalization rate	3.3%	Assessment referencing investment yields of similar properties, etc.
Value using the discounted cash flow (DCF) method	2,790,000,000 yen	—
Discount rate (1st and 2nd year)	3.3%	Assessment taking into account the regional characteristics, property-specific risks of the target real estate.
Discount rate (3rd year and after)	3.4%	
Terminal capitalization rate	3.5%	Assessment factoring in future uncertainties, etc., into the capitalization rate.
Value indicated by the cost approach	2,650,000,000 yen	—
Land ratio	81.9%	—
Building ratio	18.1%	—

Special items to consider at the time of making adjustments to provisional calculations and deciding the appraisal value	<p>The target real estate is located close to Jimbocho Station on the Tokyo Metro Hanzomon Line, Toei Subway Mita Line and Toei Subway Shinjuku Line, and also enjoys excellent visibility. Since there is a concentration of office buildings as well as several universities in the vicinity, demand for retail facilities centering on restaurants is stable. As to the building, since it is relatively new and houses tenants with different business types, a certain degree of customer flow is seen. Therefore, although a harsh competitive climate exists for each shop, the property has differentiated itself from other competitive facilities when evaluated as a building in its entirety.</p> <p>The appraisal value was decided through the value indicated by the income approach, based on the “rental building and its lot” category, setting the value indicated by the income approach assessed using both the direct capitalization method and DCF method as the standard and verified from the value indicated by the cost approach.</p>
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The appraisal value of real estate is no more than an indication of the opinion on 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.

Note: The Asset Management Company decided not to disclose these items as no consent has been obtained from the seller for the disclosure of rents, etc. For the reason that the assessment is based on actual results for reference, there is a possibility that disclosure of these items will affect its competitiveness and damage the interests of unitholders.

Reference Material 2

< Table of Real Estate Portfolio After the Acquisition of the Property >

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	3.9%
R2 (K)	Kitano Hankyu Building	Retail	Kansai	February 1, 2005	7,740	4.6%
R3 (K)	Dew Hankyu Yamada	Retail	Kansai	February 1, 2005	6,930	4.1%
R4 (K)	Takatsuki-Josai Shopping Center	Retail	Kansai	November 15, 2005	8,600	5.1%
R5 (K)	Nitori Ibaraki-Kita Store (site)	Retail	Kansai	March 29, 2006	1,318	0.8%
R6	Kohnan Hiroshima Nakano-Higashi Store (site)	Retail	Other	October 2, 2006	2,170	1.3%
				April 9, 2007	5	
R8	Hotel Gracery Tamachi	Retail	Other	December 25, 2008	4,160	2.5%
R11 (K)	HANKYU NISHINOMIYA GARDENS (28% of the quasi co-ownership of the trust beneficiary interests)	Retail	Kansai	April 16, 2013	18,300	10.9%
R12 (K)	AEON MALL SAKAIKITA HANADA (site)	Retail	Kansai	June 27, 2013	8,100	4.8%
R13 (K)	MANDAI Toyonaka Honan Store (site)	Retail	Kansai	June 27, 2013	1,870	1.1%
R14 (K)	DAILY QANAT Izumiya Horikawa Marutamachi Store (site)	Retail	Kansai	June 4, 2014	3,100	1.9%
R15 (K)	kotocross Hankyu Kawaramachi	Retail	Kansai	June 4, 2014	2,770	1.7%
R16 (K)	LIFE Shimoyamate Store (site)	Retail	Kansai	June 4, 2014	1,421	0.8%
R17 (K)	MANDAI Gojo Nishikoji Store (site)	Retail	Kansai	June 24, 2014	4,182	2.5%
R18 (K)	KOHYO Onohara Store	Retail	Kansai	July 1, 2016	1,631	1.0%
R19 (K)	OASIS Town Itami Konoike (site)	Retail	Kansai	November 25, 2016	7,100	4.2%
R20	METS OZONE	Retail	Other	February 15, 2018	5,400	3.2%
R21 (K)	MANDAI Nigawa Store (site)	Retail	Kansai	March 27, 2018	2,280	1.4%
R22 (K)	LAMU Higashiosaka Branch (site)	Retail	Kansai	March 27, 2018	1,850	1.1%
R23	Vessel Inn Hakata Nakasu	Retail	Other	March 29, 2018	2,760	1.6%
R24 (K)	(Tentative name) Valor Takatsuki Store (site)	Retail	Kansai	March 29, 2019	2,258	1.3%
R25	FUNDES JIMBOCHO	Retail	Other	March 29, 2019	2,830	1.7%
	Subtotal				103,243	61.7%
O1	Shiodome East Side Building	Office	Other	February 29, 2008	19,025	11.4%
O2 (K)	Hankyu Corporation Head Office Building	Office	Kansai	April 10, 2013	10,200	6.1%
	Subtotal				29,225	17.5%
M1 (K)	Ueroku F Building	Complex	Kansai	November 1, 2005	2,980	1.8%
M2	Sphere Tower Tennozu (33% of the quasi co-ownership of the trust beneficiary interests)	Complex	Other	October 2, 2007	9,405	5.6%
M3 (K)	LAXA Osaka	Complex	Kansai	January 22, 2009	5,122	3.1%
M5	Kita-Aoyama San cho-me Building	Complex	Other	November 12, 2013	1,680	1.0%
M6 (K)	GRAND FRONT OSAKA (Umekita Plaza and South Building) (equivalent of 4.9% co-ownership)	Complex	Kansai	December 5, 2018	9,212	5.5%
M7 (K)	GRAND FRONT OSAKA (North Building) (equivalent of 4.9% co-ownership)	Complex	Kansai	December 5, 2018	6,566	3.9%
	Subtotal				34,965	20.9%
	Total				167,435	100.0%

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

Reference Material 3

<Property Photograph>



<Map of Surrounding Area>

