October 25, 2016

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
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Notice Concerning Acquisition of Domestic Real Estate

Hankyu REIT, Inc. (hereafter "Hankyu REIT") hereby notifies 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 asset.

Details

1. Overview of Acquisition

(1) Asset to be acquired:	Right of ownership
(2) Property name:	(Tentative name) OASIS Town Itami Konoike (site)
(3) Proposed acquisition price:	7,100,000,000 yen (excluding acquisition-related expenses, property tax, city planning tax and consumption tax, among others)
(4) Appraisal value:	7,100,000,000 yen (Date of appraisal: October 25, 2016)
(5) Proposed acquisition date:	November 25, 2016
(6) Seller:	Domestic corporation (Please refer to "5. Overview of Seller" below) (Note)
(7) Acquisition fund:	New borrowings described in "Notice Concerning Debt Financing" separately announced today and cash on hand

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

2. Reason for Acquisition

Hankyu REIT will acquire a site of a community-based retail facility (hereafter the "Property") utilizing the Asset Management Company's own network, in order to attain steady growth, based on the target and policy of asset management stipulated in its Articles of Incorporation.

Acquisition of the Property utilizes part of proceeds from the transfer conducted on April 8, 2016 with the intention to enhance the stability of the portfolio by adding a community-based retail facility in the Kansai region following KOHYO Onohara Store acquired on July 1, 2016.

Since the yield after depreciation (based on appraisal value) of the Property is 4.3% (Note) surpassing the average yield after depreciation of the portfolio at the end of the 22nd fiscal period (3.5%), Hankyu REIT

believes it should contribute to enhancement of the profitability of the portfolio as well as expansion of its asset scale.

(Note) The figure is 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.

[Status of Portfolio]

	End of 21st fiscal period (end of November 2015)	Transfer property (Note 3)	End of 22nd fiscal period (end of May 2016)	Already-acquired property (Note 4)	The Property (Note 5)	After acquisition (Note 6)
Number of properties	23 properties	2 properties	21 properties	1 property	1 property	23 properties
(Planned) transfer/acquisition price		5,430 million yen		1,631 million yen	7,100 million yen	
Asset scale	139,307 million yen		132,897 million yen			141,628 million yen
Average NOI yield (Note 1)	4.8%	3.8%	4.8%	5.3%	4.3%	4.9%
Average yield after depreciation (Note 1)	3.4%	0.6%	3.5%	4.4%	4.3%	3.6%
Unrealized income/ loss (Note 2)	8,479 million yen	-587 million yen	12,633 million yen	-34 million yen	-301 million yen	12,297 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 and (b) depreciation, by total acquisition 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, by total acquisition price. Average NOI yield and Average yield after depreciation are based on the actual figures for the 20th and 21st fiscal periods for End of 21st fiscal period and Transfer property; the actual figures for the 21st and 22nd fiscal periods for End of 22nd fiscal period; the figures stated in the appraisal reports for Already-acquired property and The Property; and figures by adding the figures in the appraisal reports of Already-acquired Property and the Property to the actual figures of existing properties for the 21st and 22nd fiscal periods for After acquisition.

Note 2: Unrealized income/loss indicates the difference between the appraisal value and the book value. The figure for Transfer property indicates a figure at the end of the 21st fiscal period; for Already-acquired property and the Property, a figure calculated based on the book value (expected value) which is the total of the proposed acquisition price and acquisition expenses that is to be recorded as asset pursuant to the accounting policy of Hankyu REIT; and for After acquisition a figure obtained by adding/subtracting unrealized income/loss of Already-acquired property and the Property to/from unrealized income/loss at the end of the 22nd fiscal period.

Note 3: “Transfer property” refers to Namba-Hanshin Building and Richmond Hotel Hamamatsu that were transferred on April 8, 2016. For the details of Transfer property, please refer to “Notice Concerning Transfer of Domestic Real Estate Trust Beneficiary Interests (Namba-Hanshin Building and Richmond Hotel Hamamatsu)” dated March 10, 2016.

Note 4: ”Already-acquired property” refers to KOHYO Onohara Store that was acquired on July 1, 2016. For the details of Already-acquired property, please refer to “Notice Concerning Acquisition of Domestic Real Estate” dated June 24, 2016.

Note 5: The lessee of the Property is constructing a building on the Property as of the date of this press release, and the rent through to the date preceding the opening date of the store of the lessee or September 2, 2017, whichever earlier, will be 25% of the rent on and after the date following the date indicated above. The real estate lease

operation income and real estate lease operation expenses of the Property are calculated based on the operating revenues and operating costs in the second year assumed under the rent after the date preceding the opening date of the store or the rent after September 2, 2017 (excluding), using the DCF method described in the appraisal report, and thus differ from the real estate lease operation income and real estate lease operation expenses assumed under the rent through to the date preceding the opening of the store of the lessee or September 2, 2017, whichever earlier.

Note 6: The figures for After acquisition are figures considering only asset acquisition of Already-acquired property and the Property since the end of the 22nd fiscal period and may differ from actual figures.

Itami City where the Property stands is located between Osaka and Kobe in the southeast of Hyogo Prefecture, and Osaka International Airport (Itami Airport) is located on the border with Toyonaka City and Ikeda City, Osaka Prefecture. Itami City is located in the area dominated by the Hankyu Hanshin Holdings Group, bounded by Hankyu Kobe Line, Takarazuka Line and Imazu Line. Since it is close to the centers of Osaka City and Kobe City with excellent access, it is popular as a commuter town as well.

The Property is located in an area where there are many detached houses and apartments. Many company housing and dormitories are scattered about in the vicinity and many families are also living in the area. Population by trade area based on the Basic Resident Registers in 2015 is approximately 28,000 within 1km, approximately 100,000 within 2km and approximately 236,000 within 3km, forming an excellent trade area.

The Property is located on the intersection of Prefectural Route 335 Nakano-Nakasuji Route and Municipal Road Konoike-Ogino Route (both 2-laned road on the side), enjoying ample traffic volume and good visibility. Although the main transportation will be cars or buses, above mentioned trade area population by required time from the Property when using cars is approximately 58,000 within 5 minutes, approximately 254,000 within 10 minutes and approximately 599,000 within 15 minutes, enjoying abundant population.

The Property is a community-based retail facility comprised of a food supermarket, apparel stores and drug stores, etc. HANKYU OASIS, the main tenant, is a food supermarket brand operated by HANKYU OASIS Co., Ltd., a consolidated subsidiary of H2O Retailing Corporation, which is another group company of Hankyu Hanshin Toho Group just like Hankyu Hanshin Holdings, Inc., Hankyu REIT's sponsor. It has 83 stores (as of July 2016) in the Kansai region with its original style of "high quality store specializing in food" under three concepts of "specialty," "live aspect" and "information communication." They work to differentiate themselves from other supermarket chains in the Kansai region by installing a "kitchen stage" in the spacious store to introduce new products and menus as well as by making the stores attractive with creative ideas such as setting up a face-to-face fresh fish section and selling vegetables by weight.

3. Details of Asset to be Acquired

Property name		(Tentative name) OASIS Town Itami Konoike (site)			
Specified asset type		Right of ownership			
Proposed acquisition price		7,100,000,000 yen			
Appraisal value		7,100,000,000 yen (Date of appraisal: October 25, 2016) (Appraisal organization: Daiwa Real Estate Appraisal Co., Ltd.)			
Location	Address	4-183 Konoike, Itami-shi, Hyogo and other			
Land	Building coverage	60%	Building	Month/Year built	—

	Floor area ratio	200%		Structure/ Floors	—
	Zone use	Quasi-industrial district		Use	—
	Site area	17,997.10m^2		Total floor area	—
	Form of ownership	Right of ownership		Form of ownership	—
Property manager		HankyuHanshin Building Management Co., Ltd. (planned)			
Collateral		Yes (to be released upon acquisition)			
Other matters to note		・Hankyu REIT plans to own the land only. ・The lessee of the Property is constructing a building on the Property as of the date of this press release, and the rent through to the date preceding the opening date of the store of the lessee or September 2, 2017, whichever earlier, will be 25% of the rent on and after the date following the date indicated above. (The rent on and after the date following the date indicated above will be the full amount.)			

4. Overview of Leasing

Total number of tenants	1
Principal tenant	HANKYU OASIS Co., Ltd.
Annual rent	Not disclosed (Note 1)
Leasable area	17,997.10m^2 (Note 2)
Leased area	17,997.10m^2 (Note 2)
Occupancy rate	100% (Note 3)
Security deposits	Not disclosed (Note 1)

Note 1: The Asset Management Company decided not to disclose these items as no consent has been obtained from the tenants for the disclosure of annual rent, etc., and there is a possibility that the disclosure of Annual rent and Security deposits may affect competitiveness of Hankyu REIT and eventually damage the interests of unitholders.

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

The name, etc., are 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 Property is not acquisition from parties with special interests of Hankyu REIT or the Asset Management Company.

7. Transactions with Interested Parties, etc.

HankyuHanshin Building Management Co., Ltd., to which the property management operations for the Property are planned to be consigned, falls under the definition of “interested party, etc.” in the Investment

Trusts Act. Accordingly, the property management agreement has 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

Name		Sumitomo Mitsui Trust Bank, Limited
Location		1-4-1 Marunouchi, Chiyoda-ku, Tokyo
Title and name of representative		Kunitaro Kitamura, Chairman Hitoshi Tsunekage, President
Business activities		Trust services, banking business, other currently engaged businesses such as real estate brokerage and transfer agency, and registered financial institution duties
Capital		342,000 million yen (as of March 31, 2016)
Date of establishment		July 28, 1925
Relationship between Hankyu REIT or the Asset Management Company and the Company		
	Capital relationships	There are no capital relationships to be stated between Hankyu REIT or the Asset Management Company and the Company.
	Personnel relationships	There are no personnel relationships to be stated between Hankyu REIT or the Asset Management Company and the Company.
	Business relationships	The Company is a trustee of several properties owned by Hankyu REIT. In addition, Hankyu REIT has made borrowings from the Company.
	Applicability as related party, etc.	The Company does not fall under the definition of "related party" of Hankyu REIT or the Asset Management Company.
Brokerage fees		Not disclosed (Note)

(Note) Brokerage fee is not disclosed as consent has not been obtained from the intermediary.

9. Settlement Method, etc.

Hankyu REIT plans to pay the sellers an amount equivalent to 10% of the proposed acquisition price upon conclusion of the agreement and the remaining amount by deducting the said deposit from the acquisition price, etc., on the proposed acquisition date.

10. Acquisition Schedule

October 25, 2016	Resolution of acquisition of the Property at the Asset Management Company's board of directors meeting
October 27, 2016	Conclusion of agreement (proposed)
November 25, 2016	Payment and acquisition of the Property (proposed)

11. Future Outlook

Since the impact of the acquisition of the Property on the conditions surrounding the management of Hankyu REIT's assets for the fiscal period ending November 2016 (23rd fiscal period: June 1, 2016 to November 30, 2016) announced in the "Financial Results for the 22nd Fiscal Period Ended May 2016" is

expected to be minimal, there is no revision to the forecasts.

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

<Attached Materials>

・Reference Material 1　Overview of Appraisal Report

・Reference Material 2　Table of Real Estate Portfolio After Acquisition

・Reference Material 3　External Appearance Image, Floor Image, Property Photograph and Surrounding Area, and Map of Location

・Reference Material 1

<Overview of Appraisal Report>

Property name	(Tentative name) OASIS Town Itami Konoike (site)

Appraisal value	7,100,000,000 yen
Appraisal organization	Daiwa Real Estate Appraisal Co., Ltd.
Date of appraisal	October 25, 2016

Item			Value	Basis for valuation
Value indicated by the income approach (direct capitalization method over a definite term)			7,100,000,000 yen	
	Value using the direct capitalization method		7,150,000,000 yen	
		(1) Net operating income (NOI)	307,414,728 yen	
		(2) Operating profit on deposit and security	1,361,032 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))	308,775,760 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		7,080,000,000 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 7,100,000,000 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.

・Reference Material 2

Table of Real Estate Portfolio after Asset Acquisition

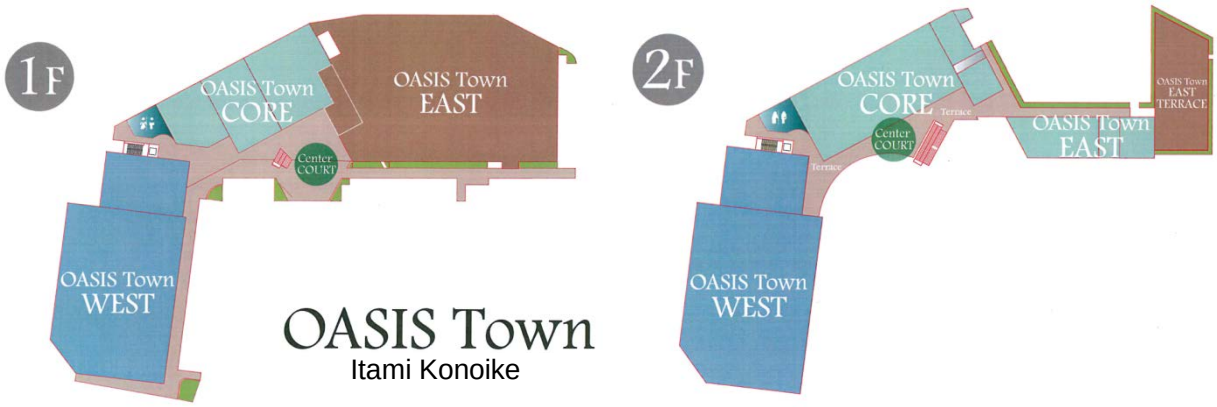
Property Code (Note)	Property Name	Facility (Type of Use)	Region	Acquisition Date	Acquisition Price (millions of yen)	Investment Ratio
R1 (K)	HEP Five (14% of the quasi co-ownership of the trust beneficiary interests)	Retail	Kansai	February 1, 2005	6,468	4.6%
R2 (K)	Kitano Hankyu Building	Retail	Kansai	February 1, 2005	7,740	5.5%
R3 (K)	Dew Hankyu Yamada	Retail	Kansai	February 1, 2005	6,930	4.9%
R4 (K)	Takatsuki-Josai Shopping Center	Retail	Kansai	November 15, 2005	8,600	6.1%
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	1.5%
				April 9, 2007	5	
R8	Hotel Gracery Tamachi	Retail	Other	December 25, 2008	4,160	2.9%
R9 (K)	LaLaport KOSHIEN (site)	Retail	Kansai	January 22, 2009	7,350	5.2%
R11 (K)	HANKYU NISHINOMIYA GARDENS (28% of the quasi co-ownership of the trust beneficiary interests)	Retail	Kansai	April 16, 2013	18,300	12.9%
R12 (K)	AEON MALL SAKAIKITAHANADA (site)	Retail	Kansai	June 27, 2013	8,100	5.7%
R13 (K)	MANDAI Toyonaka Honan Store (site)	Retail	Kansai	June 27, 2013	1,870	1.3%
R14 (K)	DAILY QANAT Izumiya Horikawa Marutamachi Store (site)	Retail	Kansai	June 4, 2014	3,100	2.2%
R15 (K)	kotocross Hankyu Kawaramachi	Retail	Kansai	June 4, 2014	2,770	2.0%
R16 (K)	LIFE Shimoyamate Store (site)	Retail	Kansai	June 4, 2014	1,421	1.0%
R17 (K)	MANDAI Gojo Nishikoji Store (site)	Retail	Kansai	June 24, 2014	4,182	3.0%
R18 (K)	KOHYO Onohara Store	Retail	Kansai	July 1, 2016	1,631	1.2%
R19 (K)	(Tentative name) OASIS Town Itami Konoike (site)	Retail	Kansai	November 25, 2016	7,100	5.0%
	Subtotal				93,215	65.8%
O1	Shiodome East Side Building	Office	Other	February 29, 2008	19,025	13.4%
O2 (K)	Hankyu Corporation Head Office Building	Office	Kansai	April 10, 2013	10,200	7.2%
	Subtotal				29,225	20.6%
M1 (K)	Ueroku F Building	Complex	Kansai	November 1, 2005	2,980	2.1%
M2	Sphere Tower Tennozu (33% of the quasi co-ownership of the trust beneficiary interests)	Complex	Other	October 2, 2007	9,405	6.6%
M3 (K)	LAXA Osaka	Complex	Kansai	January 22, 2009	5,122	3.6%
M5	Kita-Aoyama San cho-me Building	Complex	Other	November 12, 2013	1,680	1.2%
	Subtotal				19,187	13.5%
	Total				141,628	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. Also, the letter "(K)" in parentheses to the right of the numerals indicates that the property is located in the Kansai region.

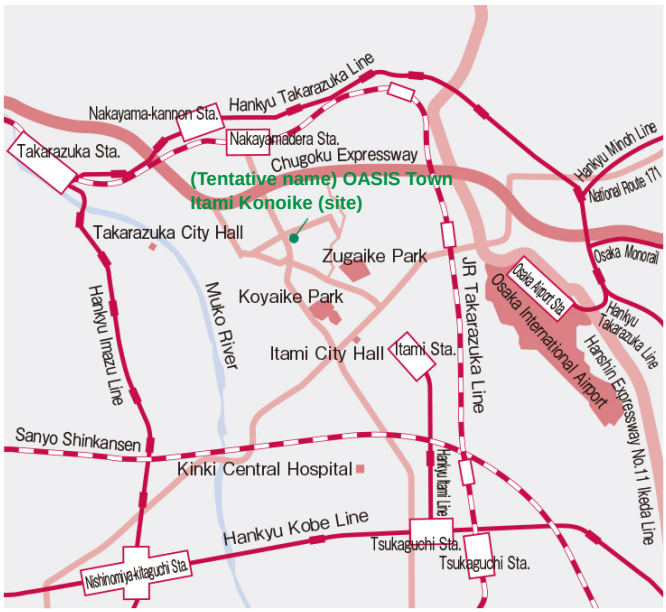
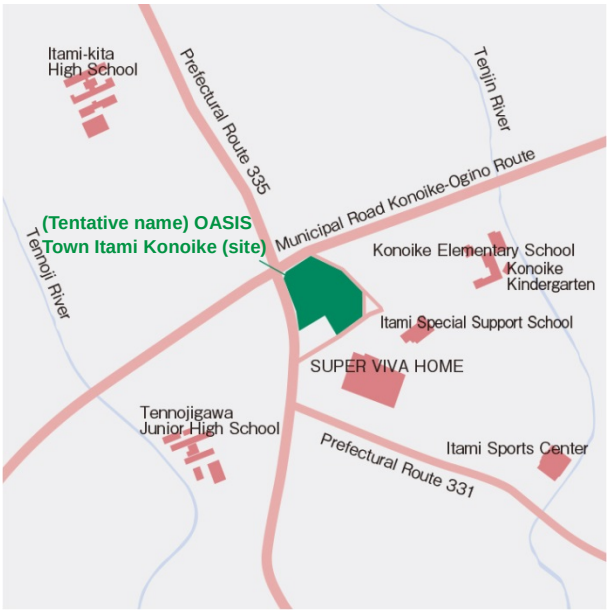
・Reference Material 3

<External Appearance Image>

<Floor Image>



(Note) Hankyu REIT plans to acquire only the land. Also, since the building is currently under construction, these image views may differ from the actual conditions after completion.

<Property Photograph>

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