<*Provisional translation*>
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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 Trust Beneficiary Interests

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:	Real estate trust beneficiary interests (Trustee: Shinsei Trust & Banking Co., Ltd.)
(2) Property name:	Vessel Inn Hakata Nakasu
(3) Proposed acquisition price:	2,760,000,000 yen (excluding acquisition-related expenses, property tax, city planning tax and consumption tax, among others)
(4) Appraisal value:	2,780,000,000 yen (Date of appraisal: October 1, 2017)
(5) Proposed acquisition date:	March 29, 2018
(6) Seller:	Domestic corporation (Please refer to "5. Overview of Seller" below) (Note)
(7) Acquisition fund:	Cash on hand, etc.

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

2. Reason for Acquisition

Hankyu REIT will acquire the above hotel (hereafter the "Property") utilizing the Asset Management Company's own network, in order to build a well-balanced portfolio and attain steady growth, based on the target and policy of asset management stipulated in its Articles of Incorporation. This will be Hankyu REIT's first acquisition of a property in Fukuoka area. With this acquisition, the ratio of hotels in the portfolio will be 9.5% (Note), and therefore regional/use diversification will be enhanced. Going forward, Hankyu REIT will work to improve the quality and stability of the portfolio considering regional/use diversification, under the investment policy of retaining an investment ratio of 50% or more (based on acquisition price) for Kansai Region and 50% or more (based on acquisition price) for retail-use zones (including hotel-use portion).

(Note) The maximum investment ratio for hotel-use portion is 20%.

The portfolio status for the past two years and after the acquisition of the Property is as follows. Average NOI yield and the average yield after depreciation of the entire portfolio after the acquisition are expected to be maintained at the current level. Since the Property is located in a privileged location as described below and holds strong competitiveness into the future, Hankyu REIT has judged that the Property will contribute to enhancement of the quality of the portfolio with its expected stable revenue and such.

[Status of Portfolio]

	End of 21st fiscal period (end of November 2015)	Already-transferred property (Note 3)	Already-acquired property (Note 4)	End of 24th fiscal period (end of May 2017)	The Property	After acquisition (Note 5)
Number of properties	23 properties	2 properties	2 properties	23 properties	1 property	24 properties
Transfer/acquisition (planned) price		5,430 million yen	8,731 million yen		2,760 million yen	
Asset scale	139,307 million yen			141,628 million yen		144,388 million yen
Average NOI yield (Note 1)	4.8%	3.8%	4.5%	4.8%	4.3%	4.8%
Average yield after depreciation (Note 1)	3.4%	0.6%	4.4%	3.6%	2.7%	3.6%
Unrealized income/ loss (Note 2)	8,479 million yen	-587 million yen	-68 million yen	17,607 million yen	-50 million yen	17,557 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 Already-transferred property; the actual figures for the 24th fiscal periods(*) for End of 24th 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 The Property and the actual figures for the 24th fiscal period(*) for After acquisition.

(*) For KOHYO Onohara Store and OASIS Town Itami Konoike (site), figures other than depreciation are calculated using figures stated in the appraisal reports ; and figures for depreciation calculated pursuant to the accounting policy of Hankyu REIT.

Note 2: Unrealized income/loss indicates the difference between the appraisal value and the book value. The figure for Already-transferred property indicates a figure at the end of the 21st fiscal period; for Already-acquired property, a figure at the end of the 24th fiscal period; for 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 The Property to/from unrealized income/loss at the end of the 24th fiscal period.

Note 3: “Already-transferred property” refers to Namba-Hanshin Building and Richmond Hotel Hamamatsu that were transferred on April 8, 2016. For the details of Already-transferred 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 acquired on July 1, 2016 and OASIS Town Itami Konoike (site) acquired on November 25, 2016. For the details of Already-acquired property, please refer to “Notice Concerning Acquisition of Domestic Real Estate” dated June 24, 2016 and “Notice Concerning Acquisition of Domestic Real Estate” dated October 25, 2016.

Note 5: The figures for After acquisition are figures considering only asset acquisition of The Property since End of the 24th

fiscal period and may differ from actual figures.

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

(1) Location

The Property stands in an excellent location being an approximately 1-minute walk from Nakasu-Kawabata Station of the Fukuoka City Subway. Nakasu-Kawabata Station is highly convenient as it takes only around 9 minutes to Fukuoka Airport, around 3 minutes to JR Hakata Station, and around 1 minute to Tenjin Station via direct subway line. In addition, Nakasu area where the Property is situated is a highly-bustle area, and there are a number of facilities within walking distance from the Property that can draw customers, including a retail complex, CANAL CITY HAKATA. Furthermore, in Tenjin area, which is adjacent to Nakasu area, the Tenjin Big Bang Project led by Fukuoka City is underway aiming to rebuild existing buildings and create employment. Therefore, it is an area where stronger demand for both leisure and business fields can be expected.

On top of these, the number of inbound tourists coming to Fukuoka Prefecture has increased over threefold in four years since 2011. Moreover, regarding the number of international conventions, Fukuoka City ranked second following Tokyo 23 wards for seven consecutive years since 2009, indicating even stronger demand for hotels.

(2) Property features

The Property is a hotel that is mainly for accommodation and was rebranded as Vessel Inn Hakata Nakasu in October 2014 after having opened as Best Western Fukuoka Nakasu Inn in February 2010. Vessel Hotel Development Co., Ltd., the tenant of the Property, operates a total of 18 hotels under three hotel brands across the country. The Property has a total of 166 rooms, mainly singles, and offers attractive services for reasonable rates such as placing Simmons beds in all rooms and preparing abundant amenities for female guests, and thus is considered as a highly competitive lodging facility.

3. Details of Asset to be Acquired

Property name		Vessel Inn Hakata Nakasu			
Specified asset type		Trust beneficiary interests			
Trustee		Shinsei Trust & Banking Co., Ltd.			
Period of trust		From September 28, 2007 to March 28, 2028 (Note)			
Proposed acquisition price		2,760,000,000 yen			
Appraisal value		2,780,000,000 yen (Date of appraisal: October 1, 2017) (Appraisal organization: Japan Real Estate Institute)			
Location	Address	5-1-12 Nakasu, Hakata-ku, Fukuoka City			
Land	Building coverage	80%	Building	Month/Year built	July 2009
	Floor area ratio	700%		Structure/ Floors	Steel-frame reinforced concrete structure with flat roof / 14 floors
	Zone use	Commercial district		Use	Hotel
	Site area	405.98m^2		Total floor area	2,776.49m^2
	Form of ownership	Right of ownership		Form of ownership	Right of ownership
Design company		Taisei Corporation			
Construction company		Taisei Corporation			
Building recognition organization		JAPAN ERI CO., LTD.			
Property manager		Vessel Hotel Development Co., Ltd.			
Earthquake PML (Evaluators)		0.2% (Engineering and Risk Service Corporation and OYO RMS Corporation)			
Collateral		None			
Other matters to note		・The sale agreement regarding the acquisition of the Property falls under the definition of forward commitment, etc. (contracts for forward and future transactions, for which settlement and delivery take place one or more month(s) after their signing, and other contracts of similar nature) as defined in the “Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc.” In the event of a material breach of provisions of the sale agreement by Hankyu REIT (including cases where errors or inaccuracy was found in material matters concerning representation and warranty based on the sale agreement), the seller may terminate the agreement. In the event of a termination of the agreement due to the above reason, Hankyu REIT has agreed to pay penalty up to 10% of the sale price to the seller.			

(*) Planned period of trust is indicated as of the time of the acquisition by Hankyu REIT.

4. Overview of Leasing

Total number of tenants	1
Principal tenant	Vessel Hotel Development Co., Ltd.
Contract format	Fixed rent

Annual rent	Not disclosed (Note 1)
Leasable area	2,776.49m^2 (Note 2)
Leased area	2,776.49m^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

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.

Not applicable.

8. Overview of Intermediaries

Name		Nomura Securities Co., Ltd.
Location		1-9-1 Nihonbashi, Chuo-ku, Tokyo
Title and name of representative		Toshio Morita, President (Representative Executive Officer)
Business activities		Securities business
Capital		10,000 million yen (as of March 31, 2017)
Date of establishment		December 25, 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	There are no business relationships to be stated between Hankyu REIT or the Asset Management Company and 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 the acquisition price in full on the planned acquisition date.

10. Acquisition Schedule

November 28, 2017	Resolution of acquisition of the Property at the Asset Management Company's board of directors meeting
November 29, 2017	Conclusion of agreement (proposed)
March 29, 2018	Payment and acquisition of the Property (proposed)

11. Future Outlook

Since the proposed acquisition date of the Property is March 29, 2018, the acquisition will have no impact on the expected conditions surrounding the management of Hankyu REIT's assets for the fiscal period ending November 2017 (25th fiscal period: June 1, 2017 to November 30, 2017) announced in the "Financial Results for the 24th Fiscal Period Ended May 2017" dated July 14, 2017, and the impact on the expected 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) will be minimal. Therefore, 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 Property Photograph and Map of Location

・Reference Material 1

<Overview of Appraisal Report>

Property name	Vessel Inn Hakata Nakasu

Appraisal value	2,780,000,000 yen
Appraisal organization	Japan Real Estate Institute
Date of appraisal	October 1, 2017

Item			Value	Basis for valuation
Value indicated by the income approach			2,780,000,000 yen	Adjustment of values obtained using the direct capitalization method and the DCF method
	Value using the direct capitalization method		2,820,000,000 yen	－
		(1) Operating revenues (a + b − c)	Not disclosed (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))	Not disclosed (Note)	－
		a. Maintenance/Administrative fees, etc.		
		b. Utilities		
		c. Repairs		
		d. Property Management fees		
		e. Public charges and taxes		
		f. Casualty insurance premiums		
		g. Other expenses		
		(3) Net operating income (NOI = (1) − (2))	117,660,000 yen	－
		(4) Operating profit on deposit and security	630,000 yen	Assessment assuming a 1.0% investment management yield
		(5) Capital expenditures	0 yen	No recording as paid by the lessee
		(6) Net cash flow (NCF = (3) + (4) − (5))	118,290,000 yen	－
		(7) Capitalization rate	4.2%	Assessment taking into consideration property-specific features of the appraised real estate, etc., with the investment yields of similar real estate as reference
	Value using the discounted cash flow (DCF) method		2,730,000,000 yen	－
		Discount rate	4.2%	Assessment taking into consideration property-specific features of the appraised real estate, etc., with the investment yields of similar real estate as reference
		Terminal capitalization rate	4.3%	Assessment taking into account age-related degradation, uncertainties of rental market trends, decline in liquidity, etc.
Value indicated by the cost approach			1,740,000,000 yen	－
	Land ratio		55.4%	－
	Building ratio		44.6%	－

Special items to consider at the time of making adjustments to provisional calculations and deciding the appraisal value	The appraised real estate is located in Nakasu, one of the most famous entertainment quarters in Kyushu, and is an approximately one-minute walk from the nearest station, also having good access to the airport and the JR station. In addition, it is close to Tenjin district and the district surrounding Hakata Station, which are the center of Fukuoka City. For these reasons, it fully enjoys locational characteristics required for drawing customers. Upon appraisal, assessment of the value indicated by the income approach using both the direct capitalization method and the DCF method was judged to be more credible taking into account the attributes of real estate, such as locational characteristics, use of building, etc., of the appraised real estate, as well as main consumers, etc. Accordingly, the value indicated by the income approach was adopted as the appraisal value while using the value indicated by the cost approach only as reference.

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.

(Note) The Asset Management Company decided not to disclose these items as no consent has been obtained from the tenants for the disclosure of rents, etc., and the assessment is based on actual results for reference, so disclosing of these items may affect Hankyu REIT's competitiveness and damage the interests of unitholders.

・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	4.5%
R2 (K)	Kitano Hankyu Building	Retail	Kansai	February 1, 2005	7,740	5.4%
R3 (K)	Dew Hankyu Yamada	Retail	Kansai	February 1, 2005	6,930	4.8%
R4 (K)	Takatsuki-Josai Shopping Center	Retail	Kansai	November 15, 2005	8,600	6.0%
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	5.1%
R11 (K)	HANKYU NISHINOMIYA GARDENS (28% of the quasi co-ownership of the trust beneficiary interests)	Retail	Kansai	April 16, 2013	18,300	12.7%
R12 (K)	AEON MALL SAKAIKITAHANADA (site)	Retail	Kansai	June 27, 2013	8,100	5.6%
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	2.1%
R15 (K)	kotocross Hankyu Kawaramachi	Retail	Kansai	June 4, 2014	2,770	1.9%
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	2.9%
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	4.9%
R20	Vessel Inn Hakata Nakasu	Retail	Other	March 29, 2018	2,760	1.9%
	Subtotal				95,975	66.5%
O1	Shiodome East Side Building	Office	Other	February 29, 2008	19,025	13.2%
O2 (K)	Hankyu Corporation Head Office Building	Office	Kansai	April 10, 2013	10,200	7.1%
	Subtotal				29,225	20.2%
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	6.5%
M3 (K)	LAXA Osaka	Complex	Kansai	January 22, 2009	5,122	3.5%
M5	Kita-Aoyama San cho-me Building	Complex	Other	November 12, 2013	1,680	1.2%
	Subtotal				19,187	13.3%
	Total				144,388	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 Kansai Region.

・Reference Material 3

<Property Photograph>







<Map>

