



For Immediate Release

<Provisional translation>
January 25, 2018

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 the Issuance of New Investment Units and Secondary Offering of Investment Units

Hankyu REIT, Inc. (hereafter "Hankyu REIT") hereby announces resolution on issuance of new investment units and secondary offering for investment units was made at its Executive Meeting held on January 25, 2018. Details are described below.

1. Issuance of New Investment Units through Public Offering (primary offering)

(1) Number of units to be offered: 39,000 units

(2) Issue price (offer price): To be determined.

The issue price (offer price) will be provisionally determined by multiplying a value in the range 0.90 to 1.00 with the closing price for the ordinary trading of an investment unit of Hankyu REIT on the Tokyo Stock Exchange on any of the days during the period from February 5, 2018 (Mon.) to February 7, 2018 (Wed.) (hereafter the "Issue Price Determination Date") (or if closing price is not available for such date, the closing price on the immediately preceding day) based on the method provided in Article 25 of the regulations in regard to the underwriting, etc., of securities as provided by the Japan Securities Dealers Association. The determination will take into account demand for the offering, etc. (any fraction of one yen shall be rounded down to the nearest yen.).

(3) Total issue price (offer price): To be determined.

(4) Amount to be paid in (purchase price):

To be determined.

To be decided at the Executive Meeting to be held on the Issue Price Determination Date based on the method provided in Article 25 of the regulations in regard to the underwriting, etc., of securities as provided by the Japan Securities Dealers Association.

(5) Total amount to be paid in (purchase price):

To be determined.

(6) Method of offer:

Investment units shall be offered through a public offering, and all

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investment units shall be underwritten and purchased by an underwriting syndicate of which Nomura Securities Co., Ltd., SMBC Nikko Securities Inc. and Mizuho Securities Co., Ltd. are the joint lead managers. In addition to the aforementioned joint lead managers, the other underwriters are: Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. and Daiwa Securities Co. Ltd. (together with the joint lead managers, hereafter collectively called the "Underwriters").

- (7) Details of underwriting contract: Hankyu REIT shall not pay an underwriting fee. Applicable underwriting fees to the underwriters shall be the difference between the total amount of the issue price (total offer price) and the total amount to be paid in (total purchase price), which shall be paid to Hankyu REIT by the Underwriters.
- (8) Offering unit: One unit or more in multiples of one unit.
- (9) Offering period: From the next business day of the Issue Price Determination Date to two business days after the Issue Price Determination Date.
- (10) Payment date: Any of the days during the period from February 13, 2018 (Tue.) to February 15, 2018 (Thu.). However, it shall be 5 business days after the Issue Price Determination Date.
- (11) Delivery date: The next business day of the payment date indicated in (10) above.
- (12) The issue price (offer price), amount to be paid in (purchase price) and other necessary items concerning the issuance of new investment units shall be determined at a future Executive Meeting.
- (13) The above items shall be subject to coming into effect of completion of filing of the securities registration statement in accordance with the Financial Instruments and Exchange Act.

2. Secondary Offering of Investment Units (Over-allotment) (See <Reference> 1. below.)

- (1) Seller and number of investment units to be offered:
- | | |
|-----------------------------|-------------|
| Nomura Securities Co., Ltd. | 2,000 units |
|-----------------------------|-------------|
- The above number represents the maximum number of investment units to be offered. Depending on the actual demand of the public offering, either the number may be reduced or the secondary offering through over-allotment may be cancelled. The number of investment units to be offered shall be determined after considering the demand for primary offering on the Issue Price Determination Date.
- (2) Offer price: To be determined.
To be decided at the Executive Meeting to be held on the Issue Price Determination Date. The offer price shall be the same as the issue price (offer price) in the primary offering.
- (3) Total offer price: To be determined.
- (4) Offering method: In consideration of the demand of primary offering, Nomura Securities Co., Ltd. shall conduct secondary offering up to 2,000 units that it will borrow from unitholders of Hankyu REIT.
- (5) Application unit: One unit or more in multiples of one unit.
- (6) Offering period: The same period as the offering period for the primary offering.
- (7) Delivery date: The same as the delivery date for the primary offering.
- (8) Offer price and other necessary items concerning the secondary offering of investment units shall be

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determined at the future Executive Meeting.

(9) The above items shall be subject to coming into effect of completion of filing of the securities registration statement in accordance with the Financial Instruments and Exchange Act.

3. Issuance of New Investment Units through Third-Party Allotment (See <Reference> 1. below.)

(1) Number of units to be offered: 2,000 units

(2) Amount to be paid in (purchase price): To be determined.

To be decided at the Executive Meeting held on the Issue Price Determination Date. The amount to be paid in (purchase price) shall be the same as the amount to be paid in (purchase price) for the primary offering.

(3) Total amount to be paid in (purchase price): To be determined.

(4) Allottee and number of units allocated: Nomura Securities Co., Ltd. 2,000 units

(5) Subscription unit: One unit or more in multiples of one unit.

(6) Subscription period (Subscription Date): March 12, 2018 (Mon.)

(7) Payment date: March 13, 2018 (Tue.)

(8) If there is no subscription for investment units to be issued by the end of the above mentioned "(6) Subscription Period (Subscription Date)," issue of such investment units shall be cancelled.

(9) The amount to be paid in (purchase price), and other necessary items concerning the issuance of new investment units through third-party allotment shall be determined at the future Executive Meeting.

(10) The above items shall be subject to coming into effect of completion of filing of the securities registration statement in accordance with the Financial Instruments and Exchange Act.

<Reference>

1. Notes Concerning Secondary Offering through Over-Allotment

(1) Secondary offering through over-allotment is determined by considering the demand for the primary offering. Nomura Securities Co., Ltd. will offer up to 2,000 units of the investment units borrowed from unitholders of Hankyu REIT at the same time of primary offering. Although the number of investment units to be offered through over-allotment is expected to be 2,000 units, the number indicates the maximum number of investment units offered through over-allotment. Depending on the actual demand of the public offering, either the number may be reduced or the secondary offering through over-allotment may be cancelled.

For the purpose of obtaining the investment units necessary to return those Nomura Securities Co., Ltd. borrowed from the aforementioned unitholders of Hankyu REIT in connection with the secondary offering through over-allotment (hereafter the "Borrowed Investment Units"), Hankyu REIT has made resolution at its Executive Meeting held on January 25, 2018 (Thu.), to carry out an issuance of investment units through third-party allotment of 2,000 units of new investment units for which Nomura Securities Co., Ltd. is the allottee (hereafter "Third-Party Allotment") with the payment date as March 13, 2018 (Tue.)

During the period from the day after the expiration date of the offering period of the primary offering and over-allotment to March 6, 2018 (Tue.) (hereafter "Syndicate Cover Transaction Period"), Nomura Securities Co., Ltd. may perform a transaction on the Tokyo Stock Exchange to purchase a number of investment units that does not exceed the maximum number of investment units of the over-allotment (hereafter "Syndicate Cover Transaction") for the purpose of returning the Borrowed Investment Units. All the investment units that Nomura Securities Co., Ltd. obtains by the Syndicate Cover Transaction are used to return the Borrowed Investment Units. There is a possibility Nomura Securities Co., Ltd. may

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decide to not execute the Syndicate Cover Transaction at all during the Syndicate Cover Transaction period, or the Syndicate Cover Transaction may be terminated with the actual number of units transacted less than the number of investment units offered in the secondary offering through over-allotment.

In addition, Nomura Securities Co., Ltd. may engage in stabilizing transactions in connection to the primary offering and secondary offering through over-allotment, and use all or part of the investment units obtained through those stabilizing transactions to return the Borrowed Investment Units.

The number of investment units that Nomura Securities Co., Ltd. plans to obtain through the Third-Party Allotment is the difference derived by deducting the number of units that were obtained by stabilizing transactions and the Syndicate Cover Transactions for the purpose of returning Borrowed Investment Units from the number of units of secondary offering through over-allotment. For this reason, Nomura Securities Co., Ltd. may not subscribe for all or part of the number of investment units issued through the Third-Party Allotment, and as a result, this forfeit of rights could cause either a reduction of the final number of investment units issued through the Third-Party Allotment or that the issuance itself would be cancelled.

- (2) The transactions set forth in (1) shall be conducted by Nomura Securities Co., Ltd. upon joint consultation with SMBC Nikko Securities Inc. and Mizuho Securities Co., Ltd.

2. Number of Total Investment Units Issued as a Result of This Issuance of New Investment Units

Total investment units currently issued	597,500 units
Increase in investment units by issuance of new units through public offering	39,000 units
Total investment units issued after issuance of new units through public offering	636,500 units
Increase in investment units through Third-Party Allotment	2,000 units (Note)
Total investment units issued after Third-Party Allotment	638,500 units (Note)

Note: The number of investment units stated above is for the case where Nomura Securities Co., Ltd. subscribes for all the investment units issued through the Third-Party Allotment and those investment units are subsequently issued.

3. Purpose and Reason for Issuance

Hankyu REIT is scheduled to acquire METS OZONE located in Nagoya City and Vessel Inn Hakata Nakasu located in Fukuoka City. By promoting continued growth through the acquisition of these new specified assets (as defined in Paragraph 1, Article 2 of the Act on Investment Trusts and Investment Corporations; the same applies hereafter) and incorporating for the first-time properties from Nagoya area and Fukuoka area, Hankyu REIT believes that it can further increase the stability of its revenues through further diversification of location and use of its assets. As such, the issuance of new investment units was determined for the purpose of allotting the funds to acquire METS OZONE from among the new specified assets, after having considered factors such as the market trends, the level of dividends and LTV (Note).

(Note) Hankyu REIT calculates LTV using the following formula.

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

- Matched money refers to cash or deposits reserved in the trust account to guarantee the deposit or 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. However, with respect to tangible fixed assets, the difference between appraisal value and book value at the end of the fiscal period

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shall be added to or subtracted from the book value of the tangible fixed assets at the end of the fiscal period.

4. Total Amount to be Procured, Use of Funds and Scheduled Expenditure Date

(1) Amount to be Procured (approximate net amount to be obtained)

5,088,879,000 yen (maximum)

Note: The above-mentioned amount represents the combined amount of 4,840,641,000 yen in net proceeds Hankyu REIT will receive from the primary offering and the maximum amount of 248,238,000 yen Hankyu REIT will receive from the issuance of new investment units through the Third-Party Allotment. This sum is an estimate based on the closing price of the investment units in ordinary trading at the Tokyo Stock Exchange as of January 9, 2018 (Tue.).

(2) Use of the Funds and the Scheduled Expenditure Date

The amount of 4,840,641,000 yen in net proceeds from the primary offering will be allocated to acquisition funds of Hankyu REIT's new specified asset (asset scheduled for acquisition) METS OZONE as indicated in "Notice Concerning Acquisition of Domestic Real Estate" announced today. Furthermore, if the allocation results in a surplus, such shall be held as cash on hand together with the maximum proceeds amount of 248,238,000 yen from the issuance of new investment units through the Third-Party Allotment, deposited to a financial institution until expending and allotted to funds for future acquisition of specified assets or to funds for the repayment of borrowings.

5. Designation of Allottee

The underwriters plan to offer 1,400 units in the primary offering to Hankyu Corporation, a shareholder of Hankyu REIT Asset Management, Inc., to which Hankyu REIT outsources the operations for the management of its assets, as an allottee designated by Hankyu REIT.

6. Future Outlook

Please refer to the press release "Notice Concerning Revision to the Forecasts of Financial Results for the Fiscal Period Ending May 31, 2018 and Forecasts of Financial Results for the Fiscal Period Ending November 30, 2018" dated today for the impact on forecasts for the fiscal period ending May 2018 (26th Fiscal Period: December 1, 2017 to May 31, 2018) and fiscal period ending November 2018 (27th Fiscal Period: June 1, 2018 to November 30, 2018).

7. Management Conditions during Past Three Fiscal Periods and Status of Equity Finance, etc.

(1) Management Conditions during Past Three Fiscal Periods

	November 2016 (23rd Fiscal Period)	May 2017 (24th Fiscal Period)	November 2017 (25th Fiscal Period)
Net income per unit	2,626 yen	2,717 yen	2,876 yen
Distribution per unit	2,626 yen	2,717 yen	2,877 yen
Distribution payout ratio	100.0%	100.0%	100.0%
Net assets per unit	122,558 yen	122,649 yen	122,809 yen

Note: As of the date of this press release, no auditing procedure under Paragraph 2 (1), Article 193 of the Financial Instruments and Exchange Law has been completed for figures for the period ended November 2017.

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(2) Conditions of the Recent Investment Unit Price

① Conditions during the past three fiscal periods

	November 2016 (23rd Fiscal Period)	May 2017 (24th Fiscal Period)	November 2017 (25th Fiscal Period)
Opening price	133,200 yen	148,500 yen	144,400 yen
High	151,100 yen	156,500 yen	144,900 yen
Low	120,300 yen	140,100 yen	129,900 yen
Closing price	149,200 yen	144,200 yen	130,900 yen

② Conditions during past six-month period

	August 2017	September	October	November	December	January 2018 (Note)
Opening price	140,700 yen	138,100 yen	133,900 yen	132,300 yen	130,900 yen	130,700 yen
High	141,000 yen	139,600 yen	134,500 yen	134,800 yen	132,400 yen	137,400 yen
Low	135,300 yen	133,300 yen	131,000 yen	129,900 yen	129,900 yen	130,100 yen
Closing price	138,000 yen	133,900 yen	132,000 yen	130,900 yen	130,300 yen	137,400 yen

Note: The investment unit price for January 2018 is the price as of January 24, 2018.

③ Investment unit prices on the previous business day of the issuance resolution date

	January 24, 2018
Opening price	136,300 yen
High	137,400 yen
Low	135,700 yen
Closing price	137,400 yen

(3) Status of equity finance during past three fiscal periods

Not applicable.

8. Others (restrictions on sale and additional issuance, etc.)

- (1) In connection with the primary offering, Hankyu Corporation is scheduled to agree with joint lead managers to not sell the investment units (excluding lending the investment units to Nomura Securities Co., Ltd. to execute over-allotment and succession of all (but not partial) investment units owned by Hankyu Corporation to Hankyu Realty Co., Ltd. through the absorption-type split scheduled to come into effect on April 1, 2018 with Hankyu Corporation as the splitting company and Hankyu Realty Co., Ltd. as the successor company for the reorganization of the real estate business of the Hankyu Hanshin Holdings Group (Note1) (with the condition that Hankyu Realty Co., Ltd. inherits the obligation of Hankyu Corporation to not sell, etc. the investment units as indicated in (1) through the absorption-type split (Note 2)) without written consent beforehand from the joint lead managers within the period from the Issue Price Determination Date to the corresponding day one year after the delivery date of the primary offering. The joint lead managers are scheduled to hold the right to cancel all or part of the aforementioned agreement within the abovementioned period at their own discretion.

(Note 1) The Hankyu Hanshin Holdings Group refers to the business group comprised with Hankyu Hanshin Holdings, Inc. as the holding company. For details regarding the reorganization of the real estate business of the Hankyu

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Hanshin Holdings Group, please refer to the press release "Notice Concerning Changes in Major Shareholder, Parent Company and Specified Related Entity at Asset Management Company" dated November 2, 2017 as well as the press releases referenced therein.

(Note 2) Hankyu Realty Co., Ltd. is scheduled to inherit the obligation of Hankyu Corporation to not sell, etc., the investment units as indicated in 8. (1) of this press release as subject to the absorption-type split.

(2) In connection with the primary offering, Hankyu REIT agrees with the joint lead managers to not issue (etc.) investment units (excluding the issuance etc. of investment units for primary offering, the Third-Party Allotment and issuance of investment units by the split of investment units) without prior written consent from the joint lead managers within the period from the Issue Price Determination Date to the corresponding day 3 months after the delivery date of the primary offering. The joint lead managers hold the right to cancel all or part of the aforesaid agreement within the abovementioned period at their own discretion.

- The Japanese original document was distributed to press clubs within the Tokyo Stock Exchange (Kabuto Club), Osaka Securities Exchange, and 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/>

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