

# Hankyu REIT

Financial Results Briefing Materials

for **12<sup>th</sup>** Fiscal Period ended May 2011



Hankyu REIT, Inc.

<http://www.hankyu-reit.jp>



Hankyu REIT Asset Management, Inc.

<http://www.hankyu-rt.jp>



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This material includes forward-looking statements based on present assumptions and future outlook. Actual results may differ from the includes forward-looking statements values due to various factors.

This material is not intended as a solicitation to acquire investment securities of Hankyu REIT nor is it intended as a solicitation to sign contracts relating to transactions of other financial instruments. When undertaking any investment, please do so based on your own judgment and responsibility as an investor.

Before purchasing investment securities of Hankyu REIT, please consult with a securities company that conducts a “first financial instruments business.”

This material is an English translation of the original, which was issued in the Japanese language.

There are sections that display property names in abbreviated form.





# 1. TOPICS

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## External growth

### Community-based retail facilities

Searched for excellent properties with particular emphasis on such facilities

## Internal growth

- HEP Actively conducted tenant change
- NU Revitalized and improved occupancy rate by working in cooperation with the Group
- LaLaport KOSHIEN  
Rent increase through rent revision

### Occupancy rate for total portfolio

98.7% → **99.0%**

Up by 0.3 points from the end of previous fiscal period  
(occupancy by end-tenants)

## Financial strategies

Conducted conversion of loans with a view to

**diversifying method of fund procurement**

## Results for 12th Fiscal Period

Distribution per unit **JPY 12,694**  
(up 5.8% from the initial forecast)

Portfolio NOI Capitalization Rate<sup>(※)</sup> **4.8%**  
(※) (lease operation income + depreciation) × 2 ÷ acquisition price

Investment unit price  
at end of 12th fiscal period (closing price): JPY 428,000  
Net assets per unit: JPY 660,759  
Net assets per unit reflecting unrealized income/loss: JPY 574,569

## Forecast for 13th Fiscal Period

Distribution per unit forecast **JPY 12,300**

We would like to express our heartfelt sympathy to all those affected by the Great East Japan Earthquake that occurred on March 11, 2011.  
We sincerely hope for the earliest recovery.

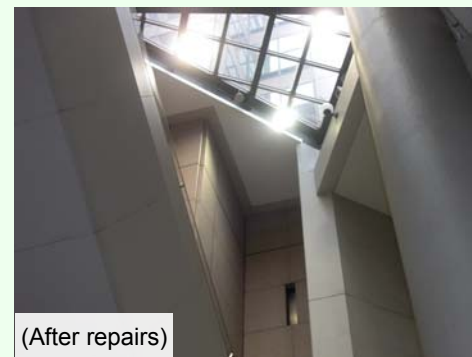
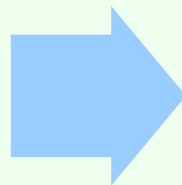
**-Nobody injured and no damage significantly affecting our portfolio properties -**

## 《Damages to our portfolio properties》

### •Sphere Tower Tennoz

〈Damage〉 water leakage due to burst of sprinkler branch pipes, etc.

〈Repair costs〉 approximately 12 million yen (equating to only around 0.01% of the total acquisition price of 121.3 billion yen for all 15 portfolio properties)



### •Shiodome East Side Building / Hotel Gracery Tamachi

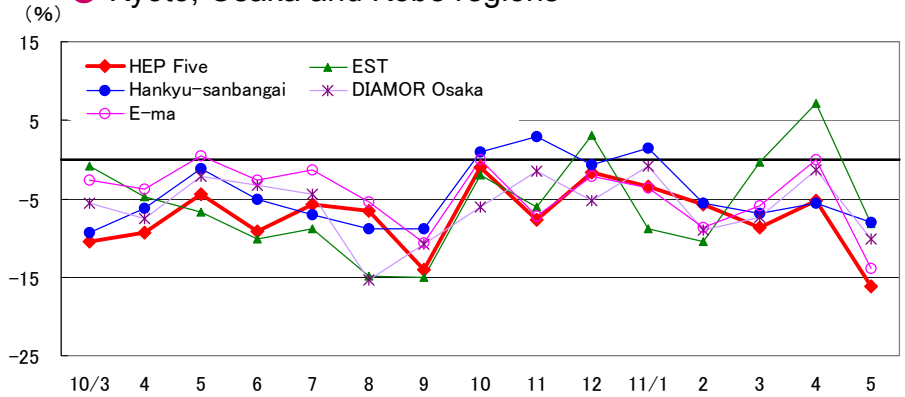
Light damage that can be repaired during regular maintenance.



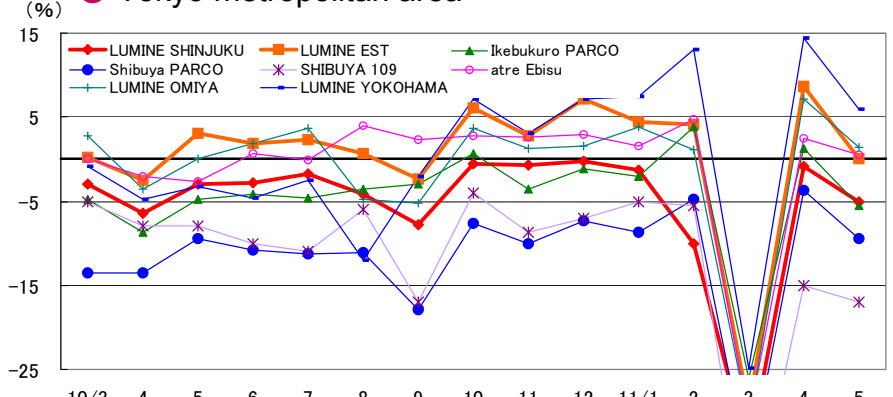
Consumers held off from purchases for about two weeks after the Great East Japan Earthquake but spending has mostly recovered.

## Sales at major fashion buildings (year on year change)

### ● Kyoto, Osaka and Kobe regions

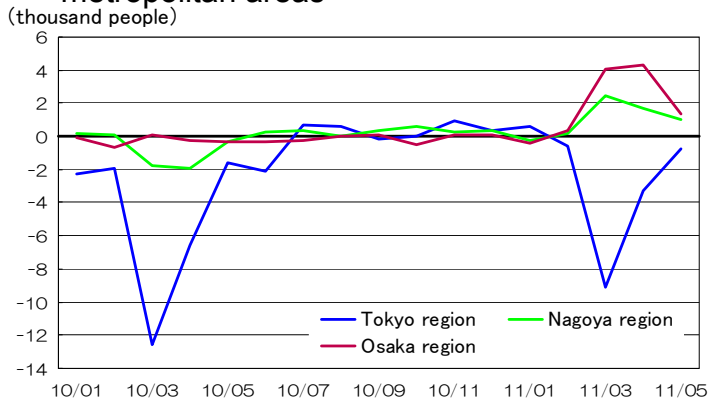


### ● Tokyo metropolitan area



Source: Senken Shimbun (Daily News of The Fashion Business) "Sales at Major Fashion Buildings"

## Trends of month-on-month net migration of three major metropolitan areas



Osaka region : Osaka, Kyoto, Hyogo, Nara  
 Nagoya region : Aichi, Gifu, Mie  
 Tokyo region : Tokyo, Kanagawa, Saitama, Chiba

Source: Statistics Bureau, Ministry of Internal Affairs and Communications "Report on Internal Migration in Japan Derived from the Basic Resident Registers - Statistical Tables"

## Sales at Department Stores in Japan (year on year change)

	March, 2011	April, 2011	May, 2011
Japan	-14.7pt	-1.5pt	-2.4pt
Tokyo	-21.5pt	-5.5pt	-4.3pt
Osaka	-3.2pt	4.7pt	0.6pt

Source: Japan Department Stores Association "Summary of Sales at Department Stores in Japan"



- March 16: SOUTH GATE BUILDING opened (Daimaru floor area expansion)
- April 26: Abeno Q's MALL opened
- May 4: NORTH GATE BUILDING opened (JR Osaka Mitsukoshi Isetan, LUCUA)

- There are some competitions but the individual character of each facility should make the whole Umeda area more appealing and enhance its ability to attract customers.
- A new concourse linking the North and South sides of JR Osaka Station has boosted navigability for the whole Umeda area.

Number of passengers using JR Osaka Station

114% year on year (May 4-18, 2011)

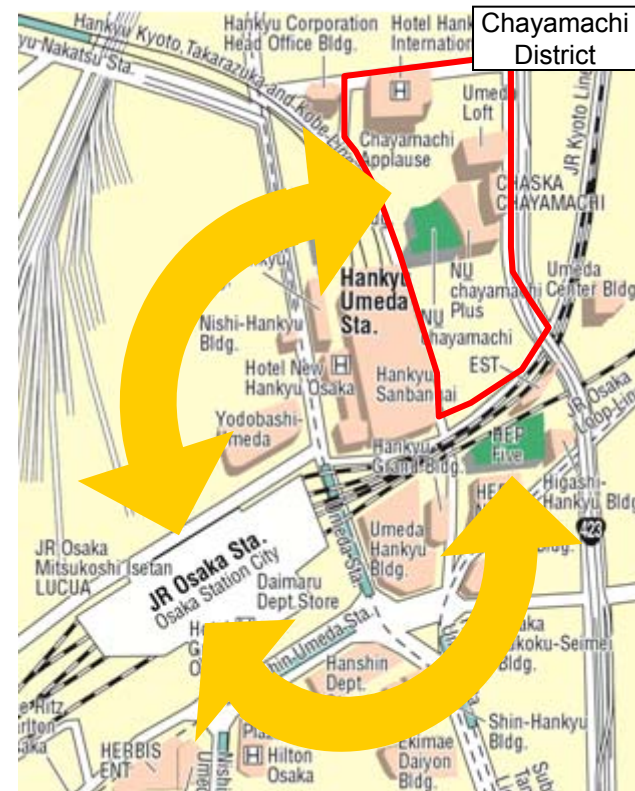
\*JR West forecasts Osaka Station passengers will increase by 50,000 per day due to the opening of the new facilities.

April 29: NU chayamachi Plus opened

- The Chayamachi district, where NU chayamachi is located, has become more lively as a stylish artistic and cultural center following the opening of NU chayamachi Plus and a large-scale bookshop (Japan's largest) in December 2010.

Number of people using the NU chayamachi corridor

132% year on year (May 2011)



NU chayamachi corridor

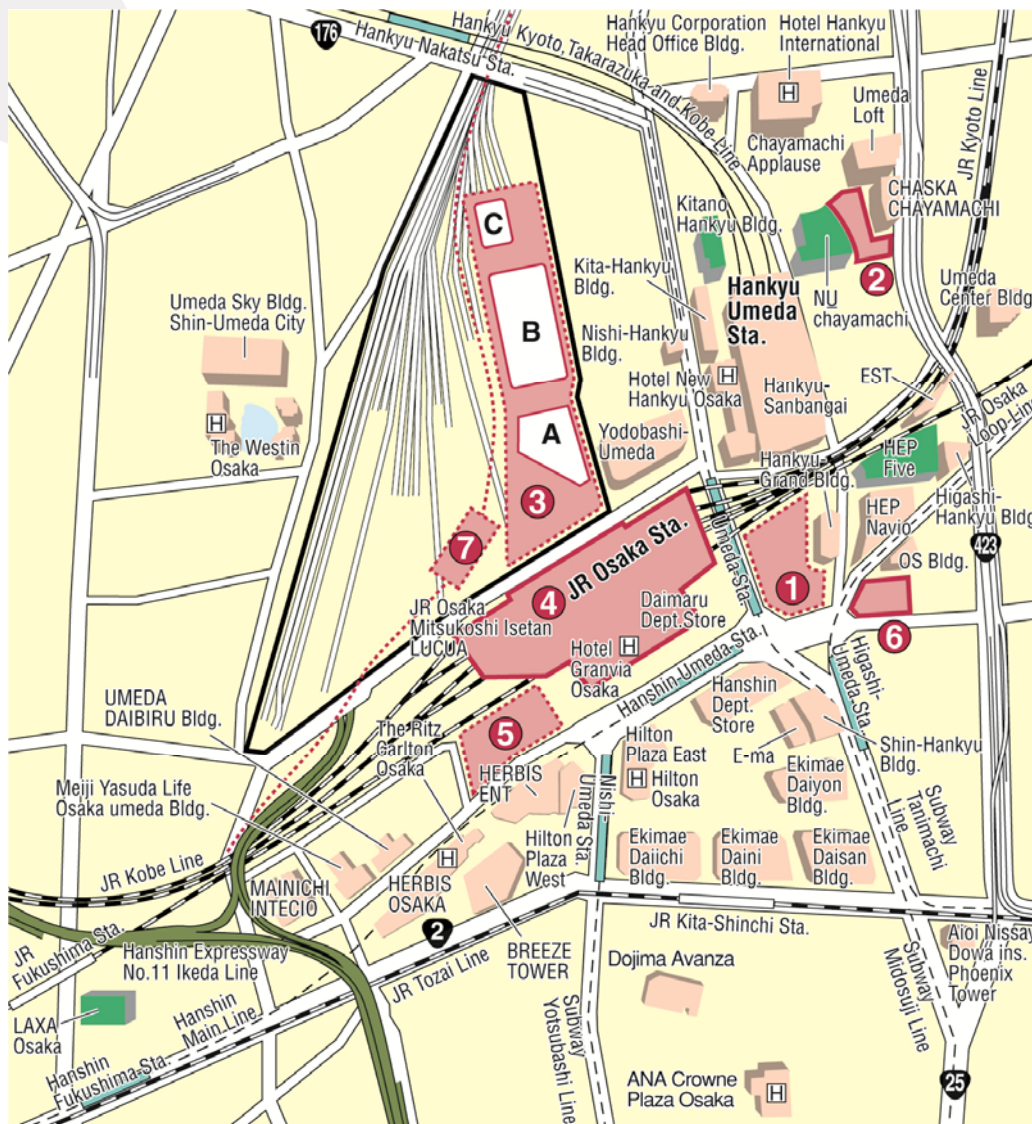


## 2. Trend of Development in Kansai region

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※ . . . . (dotted line) Property under development  
 ——— (solid line) Project in operation for less than 1 year  
 ■ (green line) Owned property

- (1) **Rebuilding of Umeda Hankyu Building**  
 Phase I of the department store opened in September 2009.  
 Office wing on the upper floors opened in May 2010.  
 Phase II scheduled for completion between October and December 2012  
**Hankyu Corporation**  
 (Department store, offices, etc.)
- (2) **NU chayamachi Plus**  
 (Opened in April, 2011)  
**Hankyu Corporation** (chief lease-right holder)  
 (Retail stores, residences, schools, etc.)
- (3) **GRAND FRONT OSAKA**  
 Began construction in March 2010.  
 Scheduled for completion in March 2013.  
**A block: Office, retail (About 1.1ha)**  
**B block: Office, Knowledge capital, retail, hotel (Inter Continental) and serviced apartments, convention (About 2.2ha)**  
**C block: Condominium development (About 0.5ha)**  
 Corporate Group : Mitsubishi Estate Co., Ltd.,  
 ORIX Real Estate Corporation, Sekisui House, Ltd.,  
**Hankyu Corporation, etc.**
- (4) **OSAKA STATION CITY**  
 SOUTH GATE BUILDING (Opened in March, 2011)  
 NORTH GATE BUILDING (Opened in May, 2011)  
 Station area, Open –space areas  
 West Japan Railway Company, Osaka Terminal Bldg.  
 (Department, Retail stores, offices, etc.)
- (5) **Collaborative urban development for Osaka Ekimae**  
 Japan Post Holdings Co., Ltd., West Japan Railway Company  
 (Offices, theater, retail stores, etc.)
- (6) **Rebuilding of Osaka Fukoku-Seimei Building**  
 (Opened in December, 2010)  
 Fukoku Mutual Life Insurance Company  
 (Offices, Retail stores, etc.)
- (7) **Addition of a branch line to JR Tokaido line and construction of a new station**



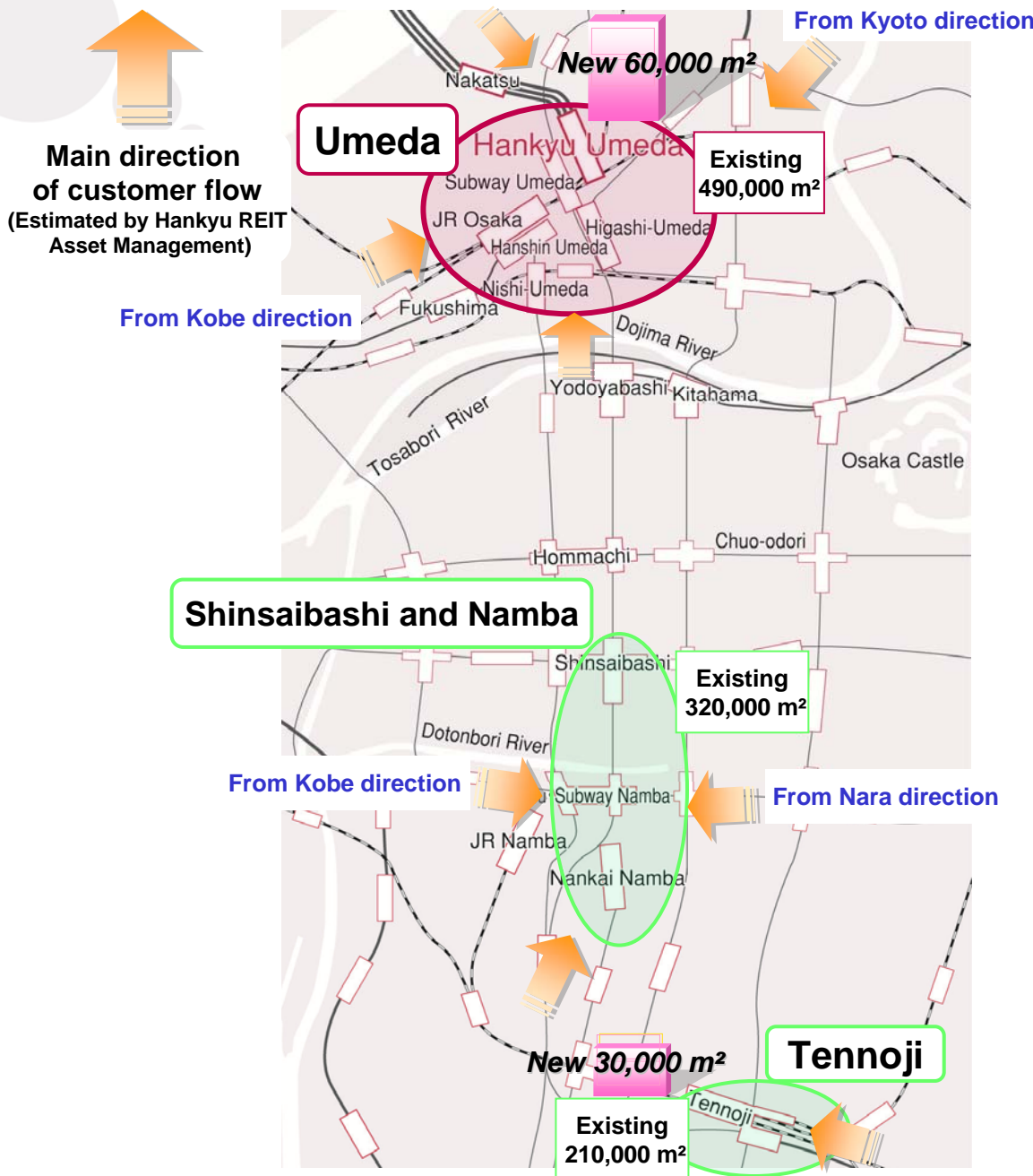
JR Osaka Sta.

NORTH GATE BUILDING

Advanced development area  
(GRAND FRONT OSAKA)

(Photo taken from Chayamachi Applause on May 25, 2011)





**Floor area of new development: 100,000 m<sup>2</sup>**

(Retail floor area in new facilities between July 2011 and 2014)

**Equivalent to 9.3% of existing facility floor area**

(Total floor area of large-scale retail-use facilities in 3 main areas: 1,030,000 m<sup>2</sup>)

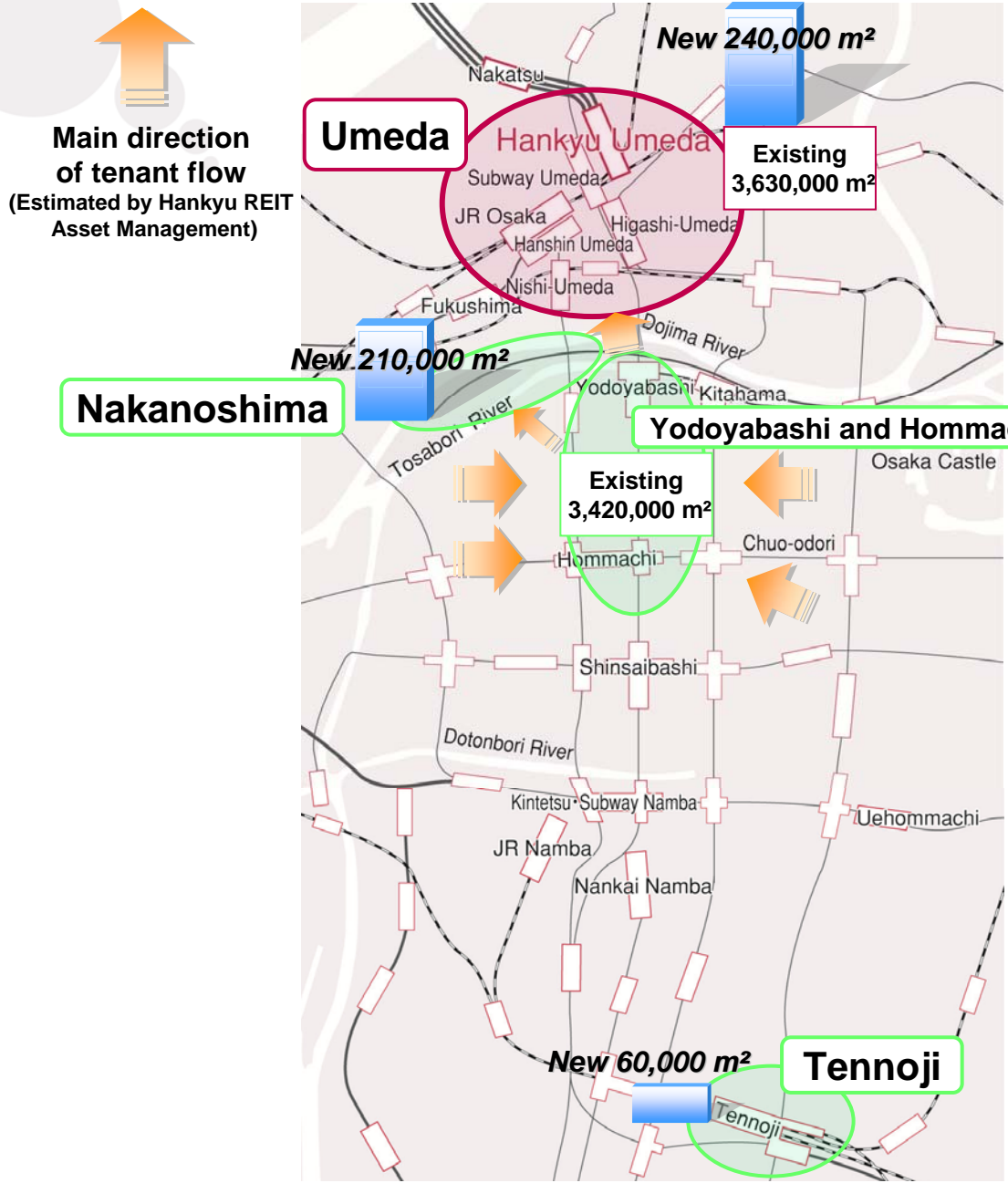
**In Umeda area, development is mostly new opening of Grand Front Osaka.**

**In Umeda area, fresh demand is expected due to new supply of office buildings, hotels and residential buildings in the area, and also, boosted attractiveness and “pull” are expected to draw customers from a wider area.**

**In order to tap into the increase in customers in the Umeda area, Hankyu REIT plans to collaborate with the Hankyu Group to boost the attractiveness of its retail facilities more effectively on an ongoing basis.**

\* Created by Hankyu REIT Asset Management from publicly released material by CB Richard Ellis K.K. and other sources.





**Floor area of new supply: 510,000 m<sup>2</sup>**  
(Total floor area scheduled for completion between July 2011 and 2014)

**Equivalent to 4.1% of existing building floor area**  
(Floor area in main areas: 12,390,000 m<sup>2</sup>)

**Supply of high-spec buildings (S class) to strong areas in Osaka, which is a rare occurrence in recent years**

**Promotion of rejuvenation in Osaka office market and concentration of city functions.**

**Keyword is “polarization”.**  
(Companies moving to Umeda include manufacturers, trading companies, and audit firms)

**Umeda, together with the Midotsuji vicinity (Yodoyabashi and Hommachi), is expected to win out as a business area.**

\* Created by Hankyu REIT Asset Management from publicly released material.



## 3. Present Condition and Basic Policy

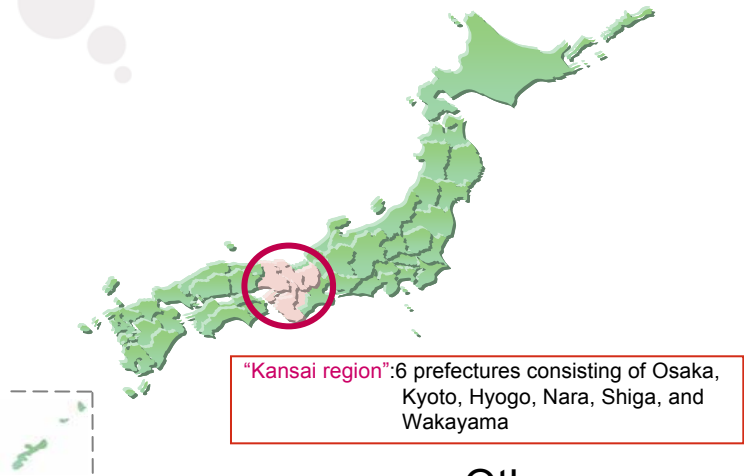
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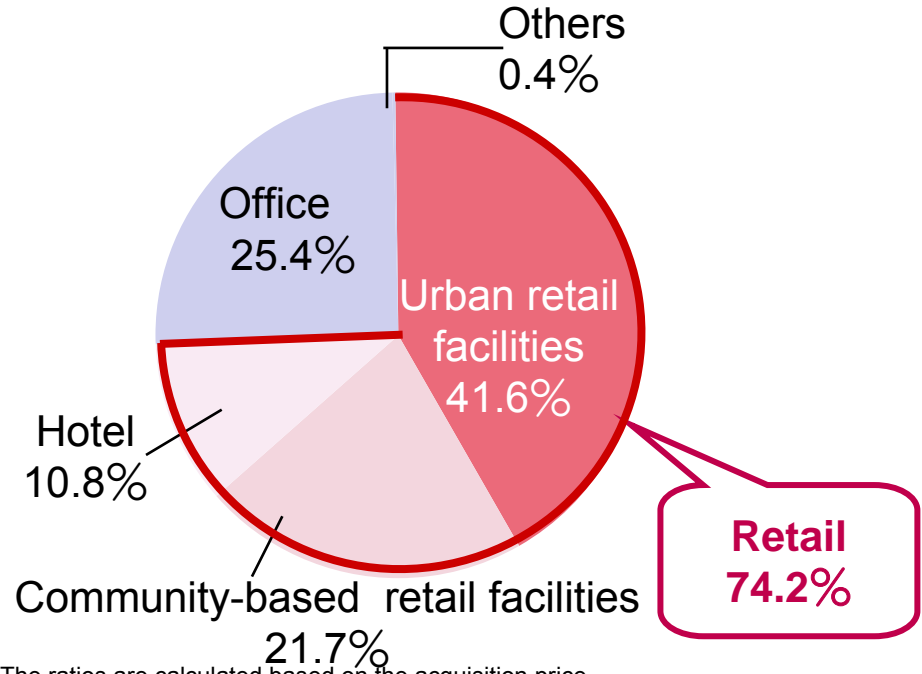
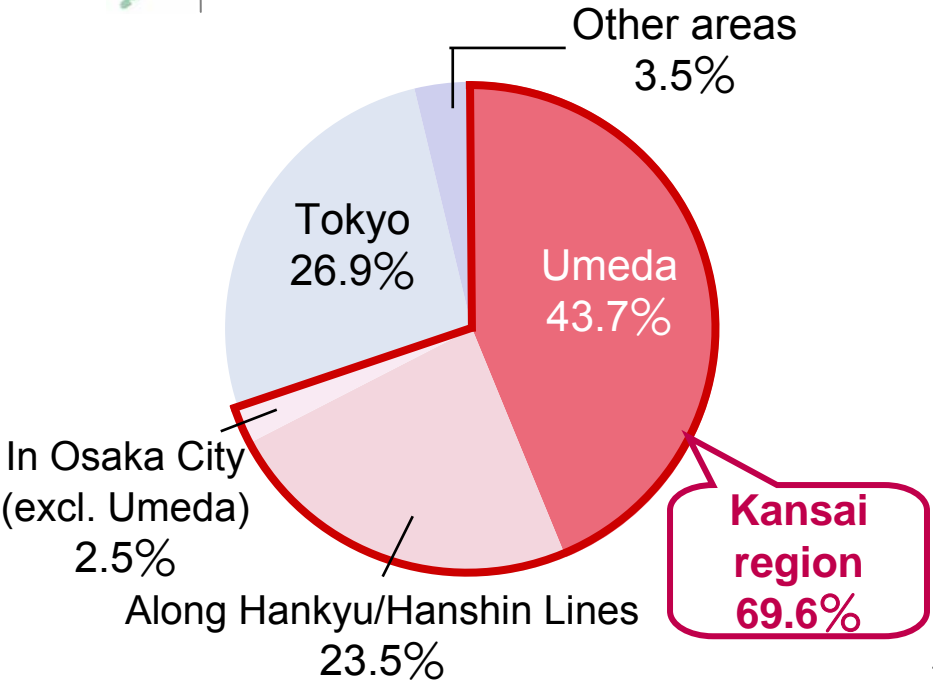
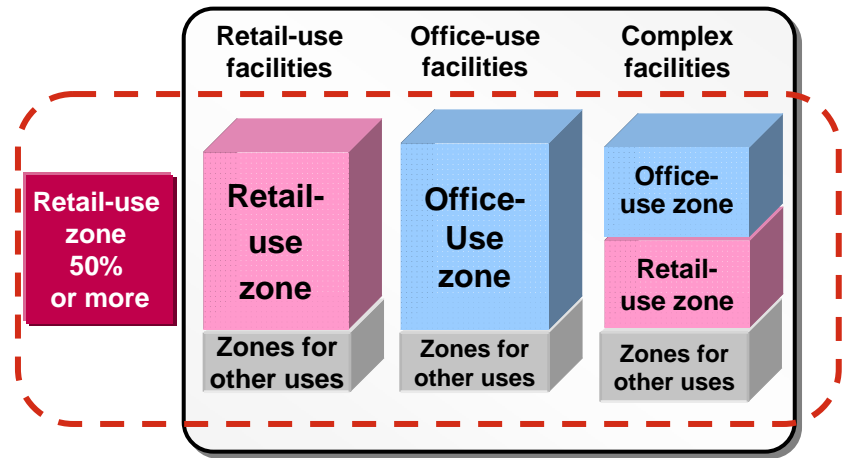


# 3-1. Features of Hankyu REIT

Two-thirds of investment located in Umeda or along Hankyu/Hanshin Lines



Primary emphasis on highly competitive retail facilities



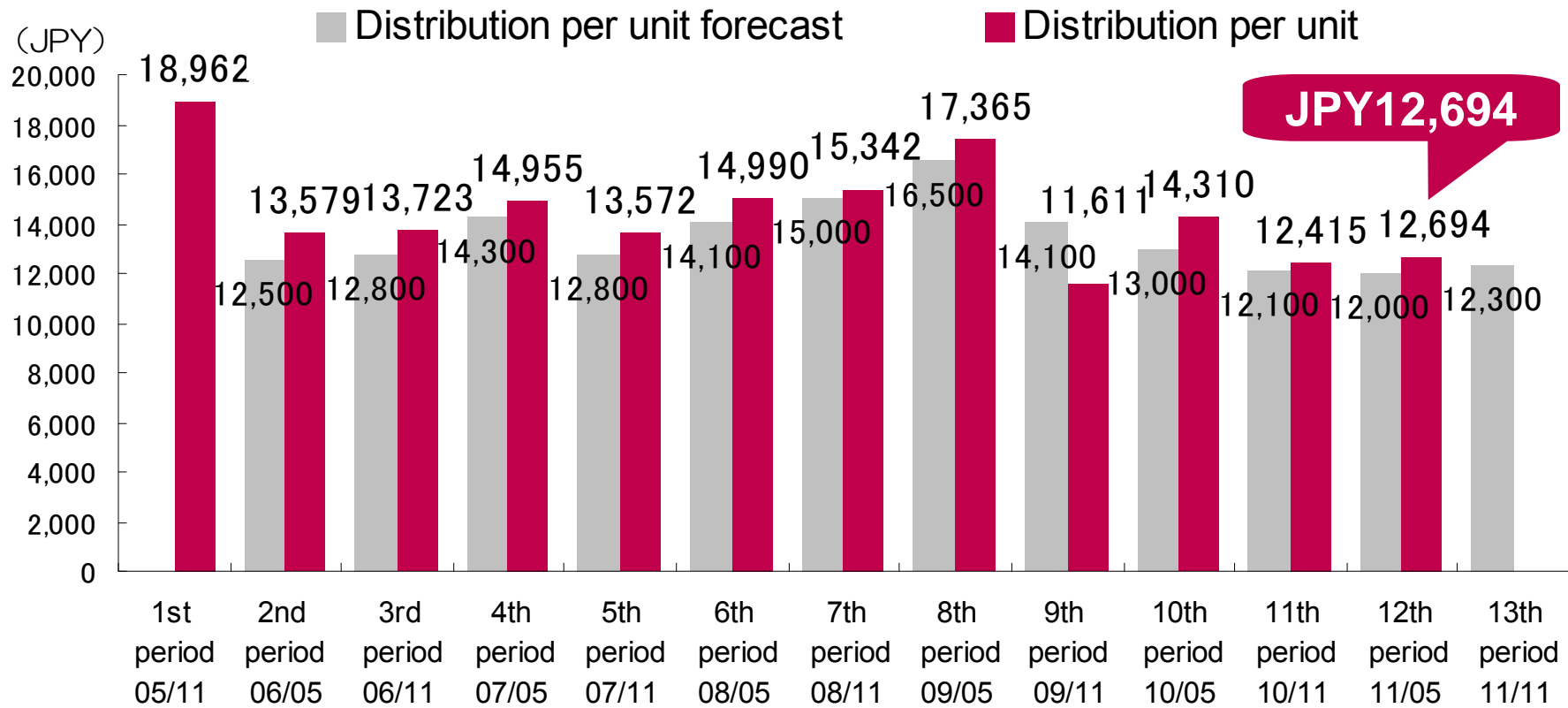
The ratios are calculated based on the acquisition price.

The ratios are calculated based on the acquisition price. (For multiple-use zone properties, the amount is proportionate to the rent income and common service fees for each zone.)





# 3-2. Trends of distribution per unit



Irregular period (303 days)

**JPY 12,694**

(Compared with 12th fiscal period forecast)

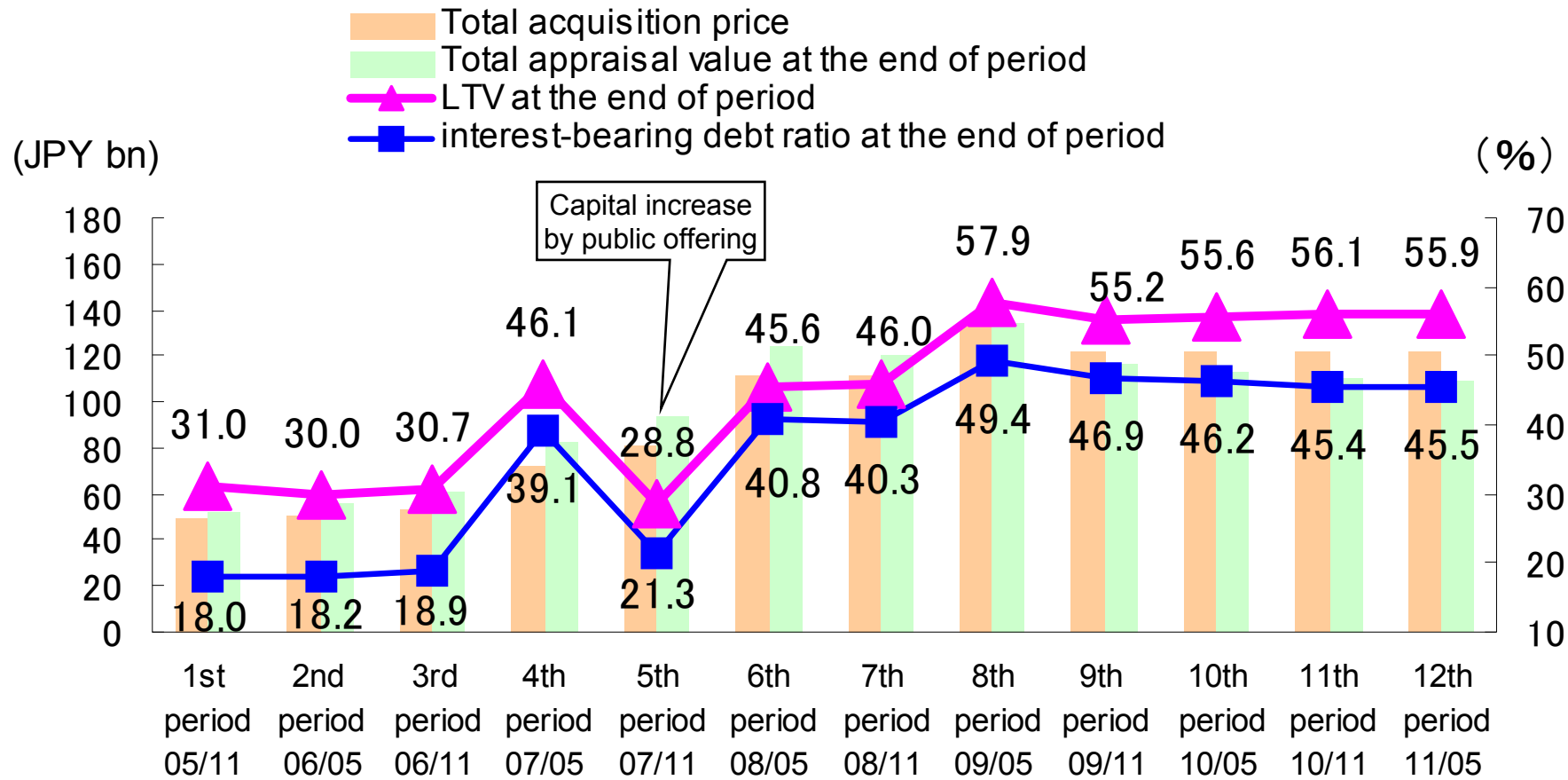
Increase in lease operating income JPY 52 mn

(Profit increased as results of JPY 48 mn reduction in lease operating costs such as repair expenses.)

Decrease in interest due JPY 3 mn



# 3-3. Changes in Asset scale and LTV (Loan to Value)



Number of Properties	5	6	7	8	9	11	11	16	15	15	15	15
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LTV moved slightly lower due to lower rate of decline in appraisal values, etc.

### **Return to growth path Restoration of finances**

#### **Preparation of environment for carrying out public offering**

- Securing properties that utilize sponsor group's warehousing capabilities (Mainly community-based retail facilities located in the Kyoto, Osaka and Kobe regions)
- Improve retention of properties' earning power through internal growth efforts
- Suppress rise in funding costs (utilizing security deposits, issuance of corporate bonds)

### **Expansion of growth**

#### **Multiple property acquisitions and carrying out public offering**

- While achieving retention and improvement of Distribution per unit as well as gradual reduction of LTV.





## 4. External Growth Strategies

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## Network of the Hankyu Hanshin Holdings Group

### Priority negotiation rights

We hold priority negotiation rights with Hankyu Corporation, Hankyu Realty Co., Ltd. and Hankyu Investment Partners, Inc.



## Hankyu REIT Asset Management's own network

We obtain highly accurate information by directly approaching general companies and distributors.

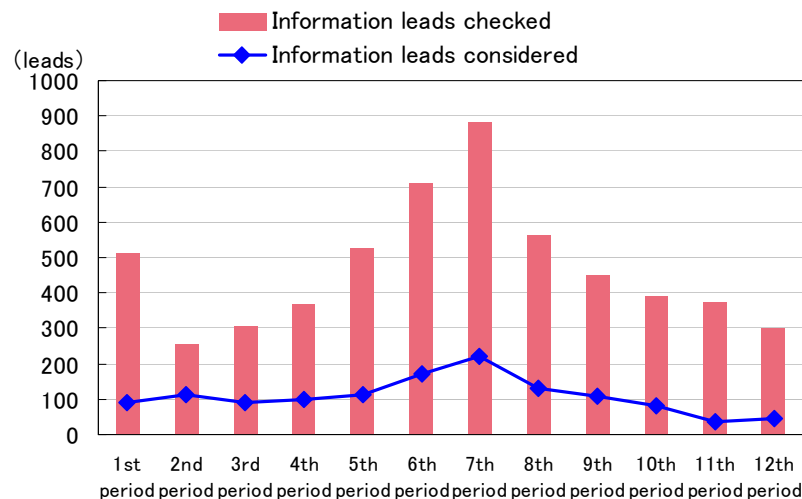


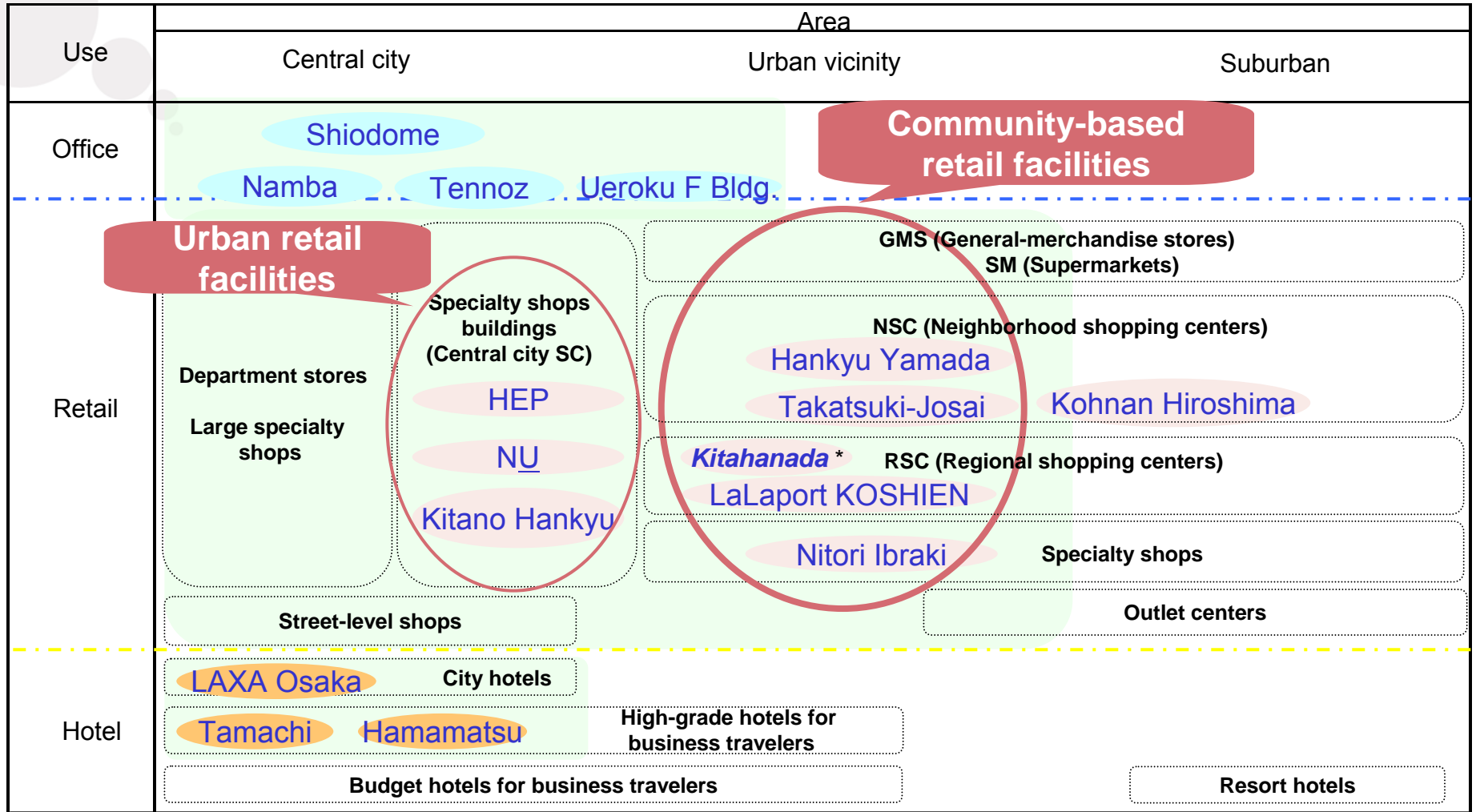
# Hankyu REIT, Inc.

We aim to achieve sustained growth by utilizing the information and network of the Hankyu Hanshin Holdings Group with connections deeply rooted in the region.

**81%** of acquisitions  
(11 properties)  
acquired through  
the sponsor pipeline

## Trend of information leads





Primary investment target zone



Hankyu REIT focal investment zone in retail-use facilities

\* *Kitahanada* is an investment interest in anonymous association

Focus on community-based retail facilities located in the Kyoto, Osaka and Kobe regions.





## ( Overview of Acquisition )

Asset acquired:	Investment interest in anonymous association with real estate trust beneficiary interests as portfolio properties※ 1
Property name:	Bay Leaf Funding GK※2 Investment interest in anonymous association
Real estate under trust:	AEON MALL SakaiKitahanada prou (site)
Investment amount:	372 million yen ( Investment interest in anonymous association: 10.0% )
Acquisition date:	June 30, 2011
Acquisition funds:	Corporate funds

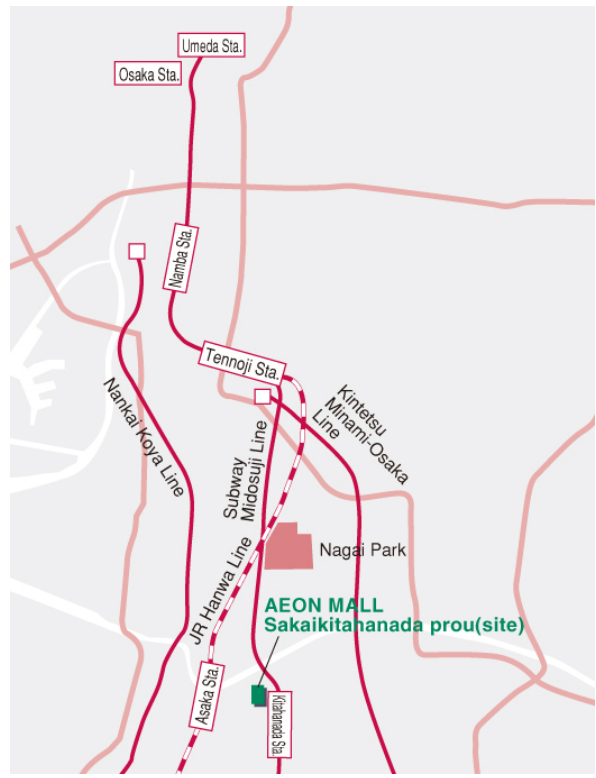
\*1 Along with this acquisition of the investment interest, Hankyu REIT is granted priority negotiation rights related to the acquisition of the real estate trust beneficiary interests, etc. that are portfolio properties of the anonymous association.  
\* 2: Hankyu Corporation will make part of the anonymous association investment

## ( Overview of Property )

Location: 4-1-32, Higashiasakayama-Cho, Kita-ku, Sakai and other

Lot area: 64,232.77m<sup>2</sup>  
 Total floor area: -  
 Number of floors: -  
 Month/Year Built: -

- Property Characteristics
- Opened in October 2004. With large supermarkets and the Hankyu Department Store at its core, the shopping mall has about 160 specialty retail stores in areas such as fashion, household goods, and eating and drinking establishments.  
Parking garage space accommodates about 2,800 vehicles.
  - Abundant population volume in 5km market area of about 860,000 people. In terms of population per square meter of retail floor area, the population in the 3km area is 1.16 people, while the population in the 5km area is 1.15 people, comfortably exceeding the whole country's average figure of 0.85 people per square meter.
  - Adjacent to "Kitahanada Station," Midosuji Line, Osaka Municipal Subway. Highly convenient for transportation, accessible by multiple means such as car, rail or bus.
  - The number of passengers using "Kitahanada Station" increased 1.5 times over 10 years.







**AEON Mall Sakai Kitahanada prou (site)**

**Subway Midosuji Line Kitahanada Sta. (underground)**



(North facing aerial photograph taken from south side)







### Merits

#### **(1) Secure excellent properties by obtaining priority negotiation rights**

Enabling us to secure investment opportunities in excellent properties with prospects for future growth while suppressing rise in LTV.

#### **(2) Enabling us to flexibly conduct public offering + property acquisition**

Securing investment opportunities in excellent properties will allow to carefully examine the best timing for public offering while presenting growth strategies.

#### **(3) Stronger ties with the sponsor group**

Creating the warehousing function by utilizing the powerful support and expertise of the Hankyu Hanshin Holdings Group.

#### **(4) Investments in anonymous association will generate dividends on profits that contribute to distributions to unitholders**

**Hankyu REIT plans to aggressively utilize its investments in anonymous association to drive further sustainable growth**

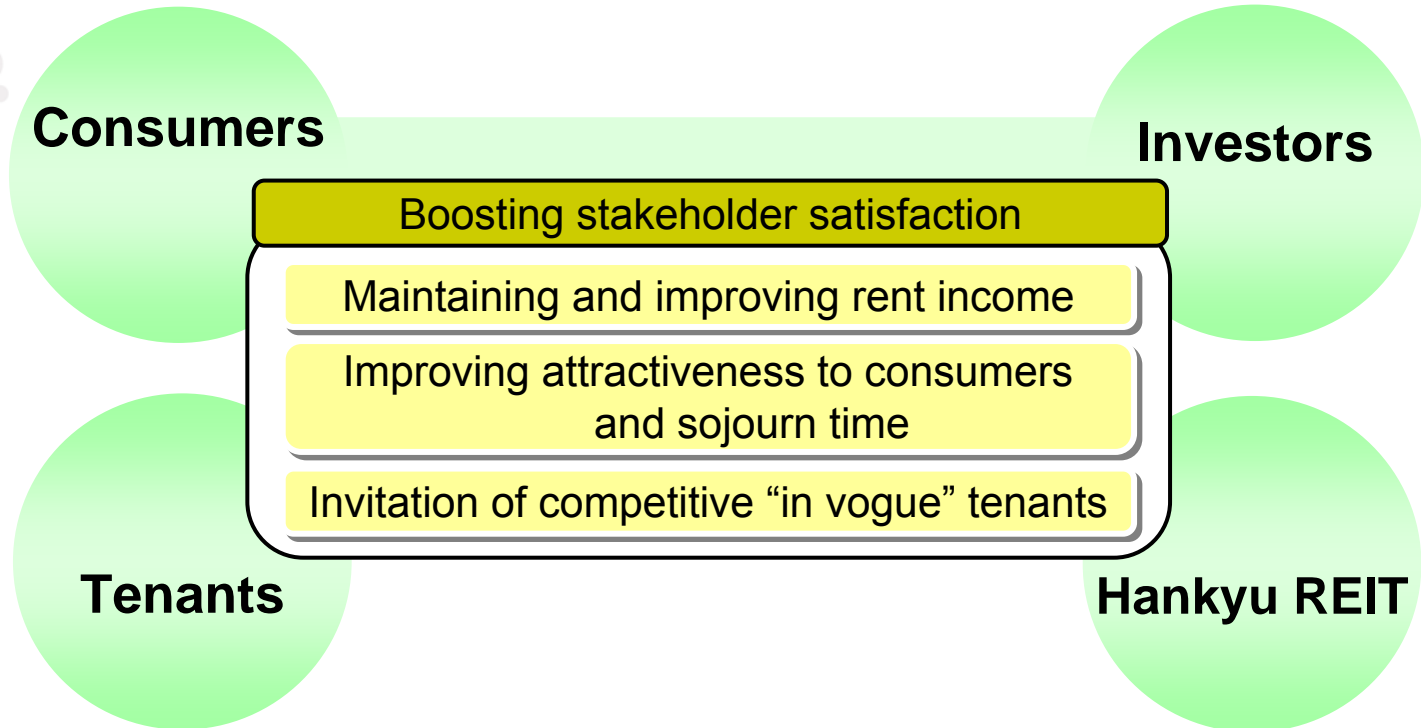


## 5. Internal Growth Strategies

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## Achieving a WIN-WIN-WIN-WIN relationship in operations

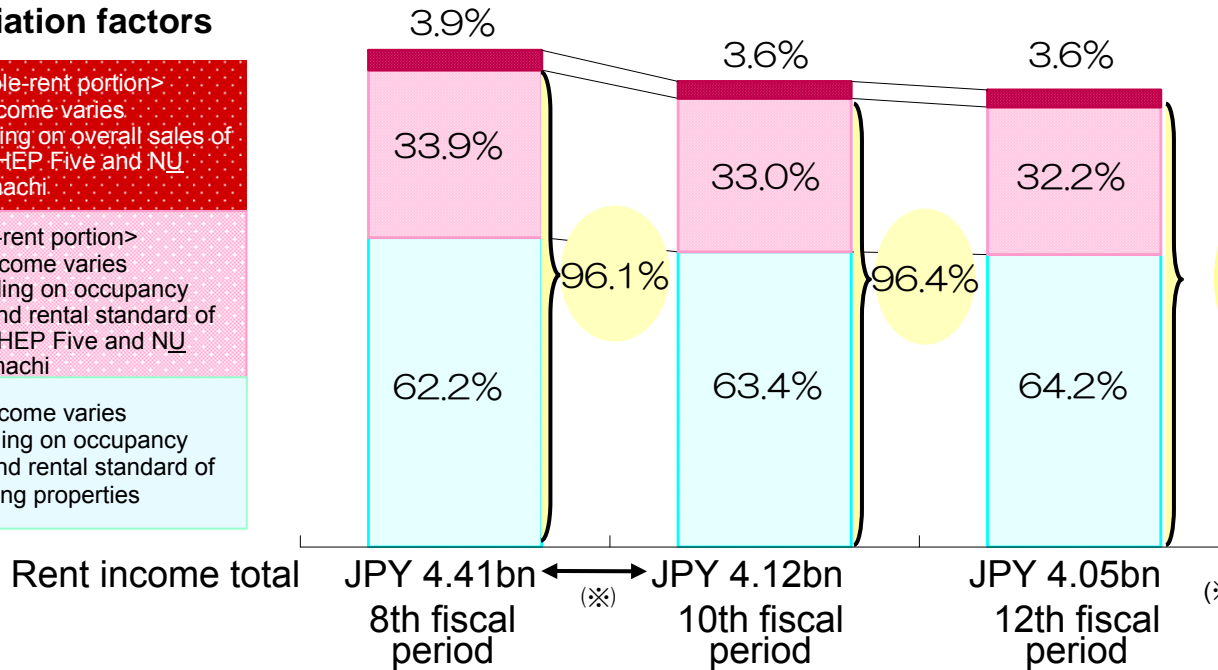
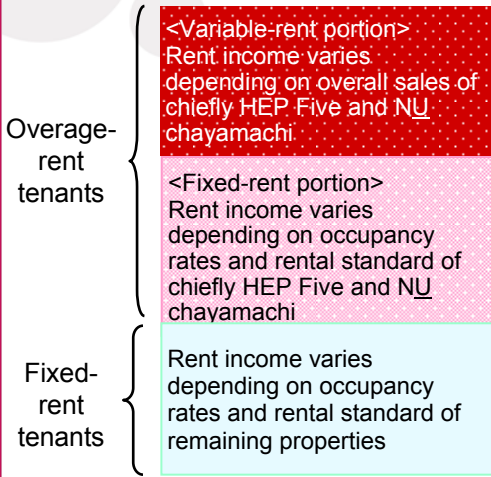


### <<Results for the 12th fiscal period>>

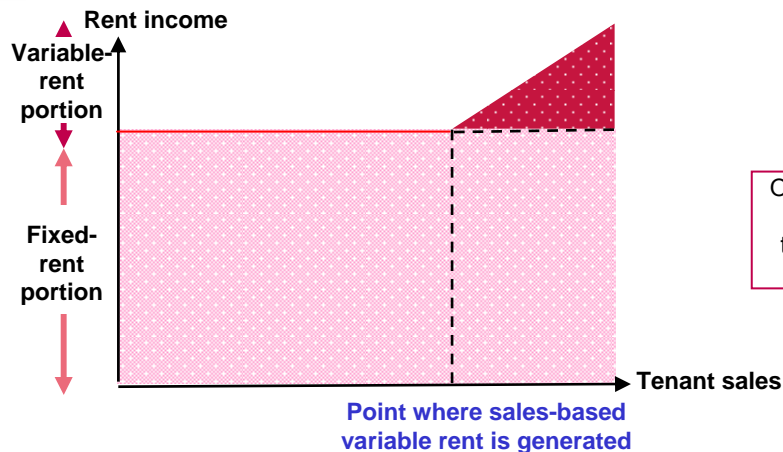
- HEP Five: Actively conducted tenant change.
- Kitano Hankyu Building: Working to attract a large tenant that can become the focus of the property's revitalization.
- LaLaport KOSHIEN: Achieved rent increase through rent revision despite slump in private consumption.
- NU chayamachi, Namba-Hanshin Building, Kitano Hankyu Building: Boosting occupancy rates through aggressive leasing activities.
- Reducing expenses by calling bids aimed at optimizing nonlife insurance premiums (contributing from the 13th fiscal period).



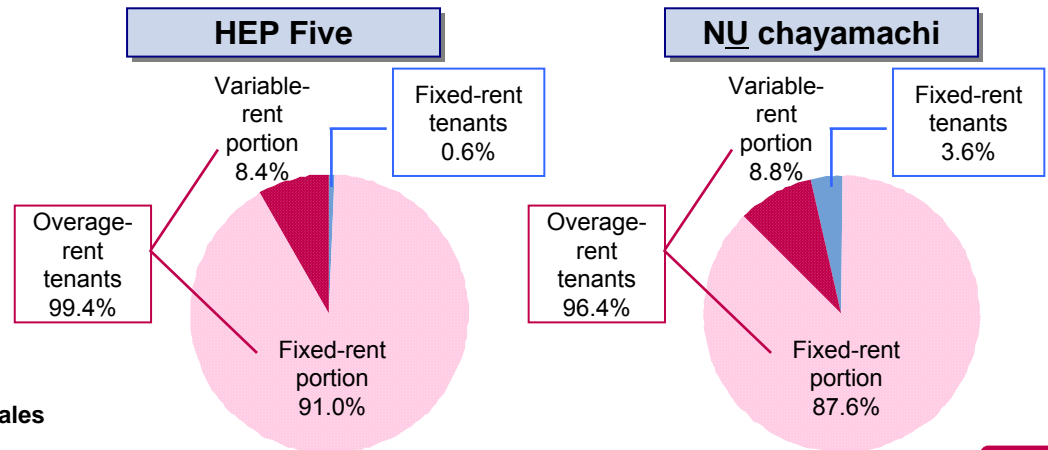
**Income ratio by rent category and variation factors**



**Concept diagram of the general sales-based overage rent system**

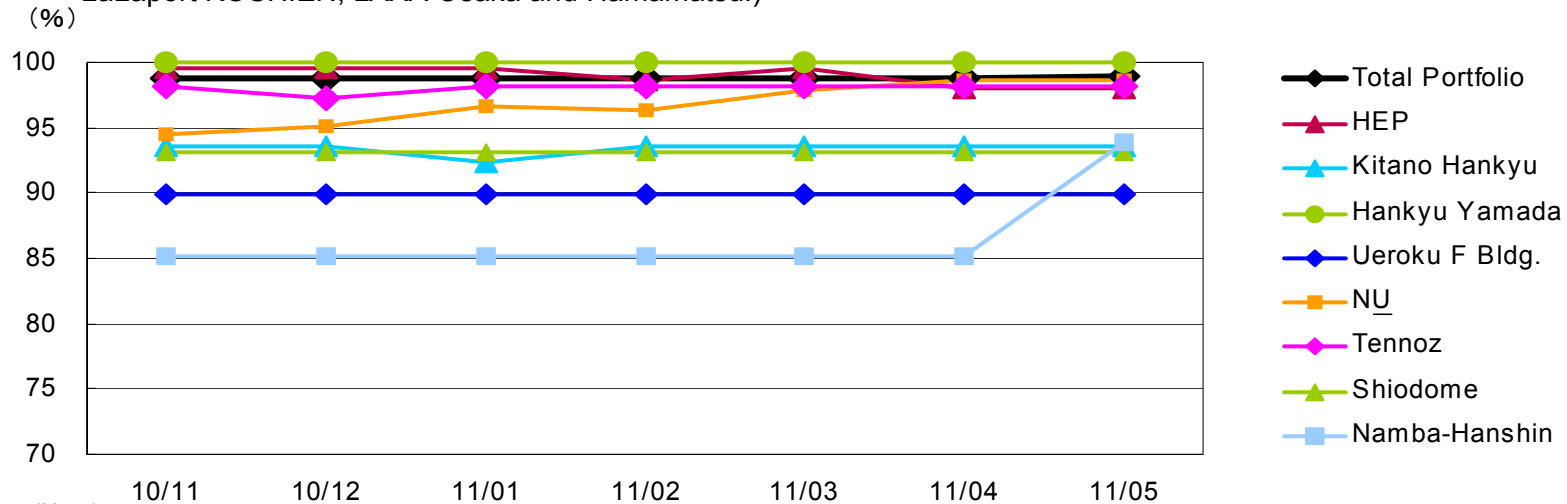


**<Sales-based overage rent ratios for two properties (12th fiscal period) >**



## Occupancy rate for Total Portfolio **99.0%** ( as of the end of the 12th fiscal period )

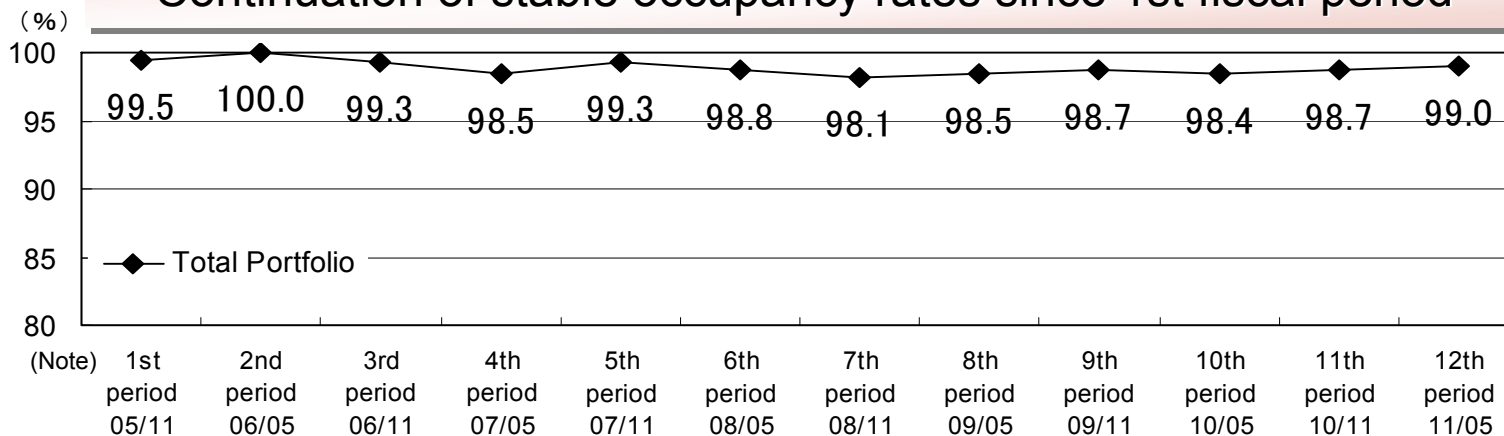
The graph showing leased properties to single tenants (occupancy rate : 100%) has been omitted.  
 (The seven properties leased to single tenants are: Takatsuki-Josai, Nitori Ibaraki, Kohnan Hiroshima, Tamachi, LaLaport KOSHIEN, LAXA Osaka and Hamamatsu.)



(Note)

(Note) Figures express the value at the end of each month.

## Continuation of stable occupancy rates since 1st fiscal period



(Note)

(Note) Figures express the value at the end of each fiscal period.

## <HEP Five>

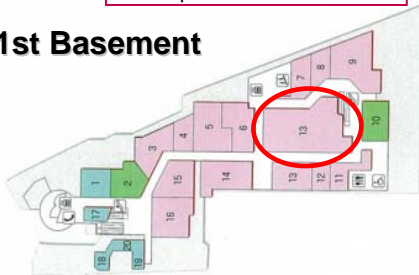
### In-building relocation and attraction of new tenants

Conducted tenant replacing and brand change to boost number of cash-resister-sale customers and unit price and attract new customers. Maintaining and improving “freshness” as retail facilities, working to stabilize rent income over a medium- to long-term.

### Examples of in-building relocation and opening of stores by new tenants

earth music & ecology  
Super Premium Store

#### 1st Basement



Relocated from 4F to B1F  
Aiming to use this store's position as the brand's largest flagship store in Japan to set trends in Asia.

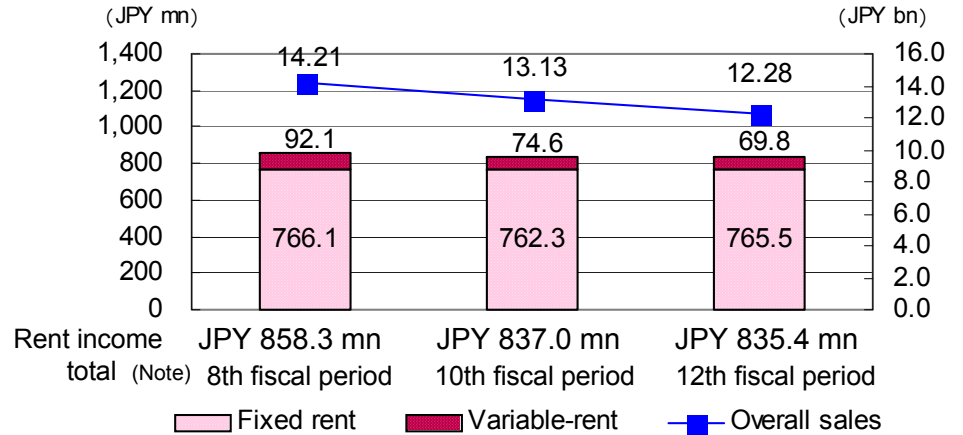
BEAMS STREET

#### 1st Floor



Concentration of B1F and 1F stores at one location on 1F  
Retail concept changed to a store specializing in men's and women's casual clothing and accessories in tune with target customer expectations.

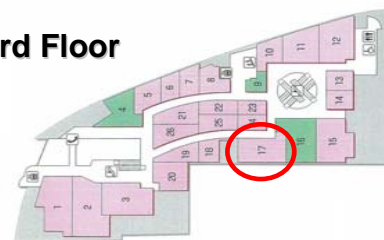
### Changes in overall sales and rent



(Note) In the 9th fiscal period, as 10% of the quasi co-ownership (equity ratio 50%) of the trust beneficiary interests was transferred, the comparison is based on an equity ratio of 45%. For comparison purposes, rent income displayed for the 8th fiscal period has been calculated at an equity ratio of 45%.

Green Parks sara

#### 3rd Floor



New tenant  
A multi-brand shop likely to achieve synergies with surrounding stores, targeting a diverse clientele.

Ank Rouge

#### 6th Floor



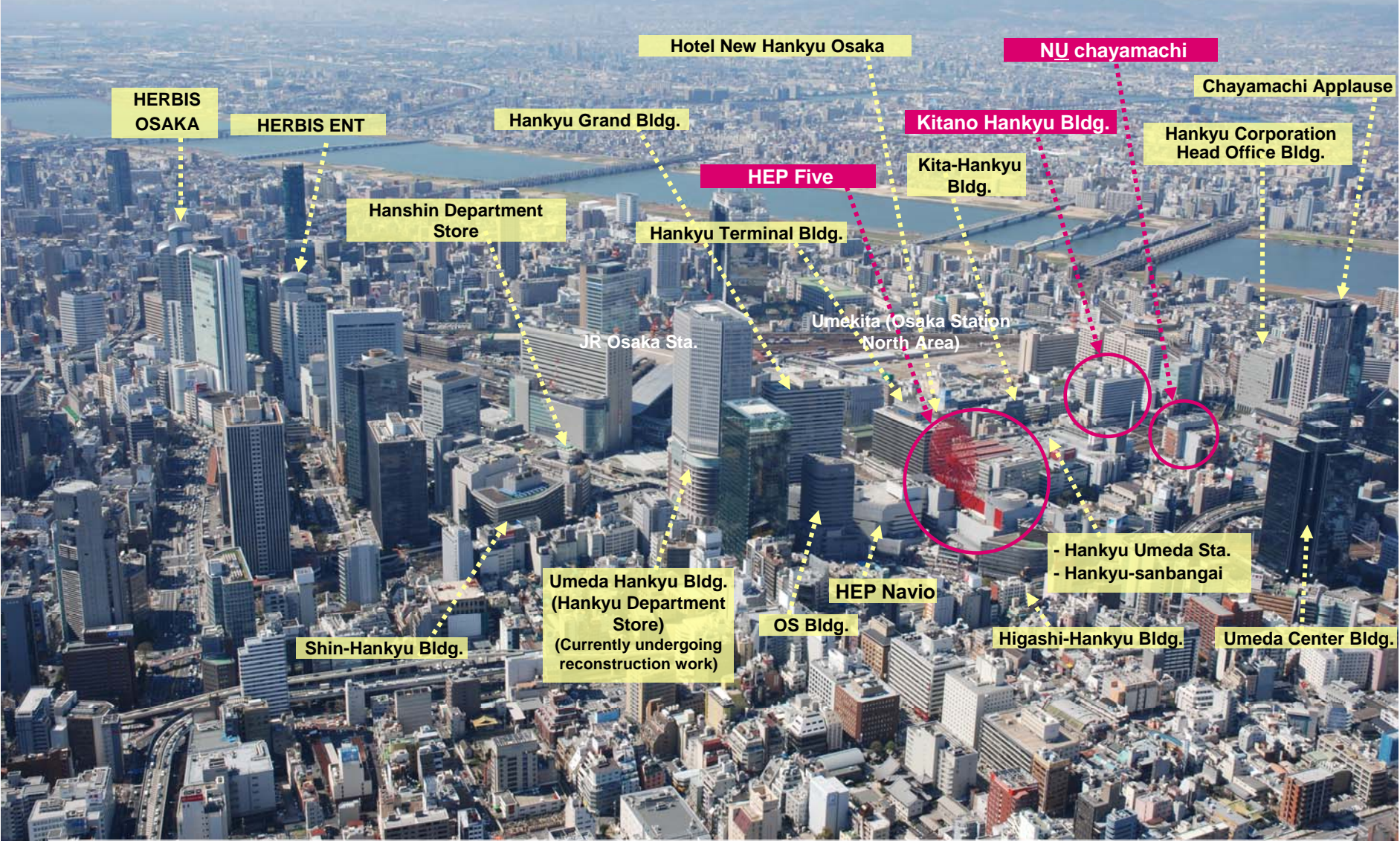
New tenant: the first store in Kansai area  
A trend-setting brand with a store in the Shibuya 109. Expecting improved appeal and more upbeat atmosphere for the whole floor.





# 5-5. HEP Five and "Umeda Area"

North-west facing aerial photograph taken from south-east side



■ Hankyu REIT, Inc.'s properties · ■ The Hankyu Hanshin Holdings Group's main developments and properties



## <NU chayamachi>

### Sales recovered across the whole building, occupancy rates rose

Opening of NU chayamachi Plus and a large-scale bookstore nearby improved navigability in the area, and supported an increase in the number of visitors and a recovery in overall sales.

Occupancy rate rose to 98.6% at the end of the 12th fiscal period (compared with 94.5% at the end of the 11th fiscal period).

### Integrated management with NU chayamachi Plus

Together with NU chayamachi Plus, the retail facility now has around 100 stores, boosting its scale and ability to attract customers.

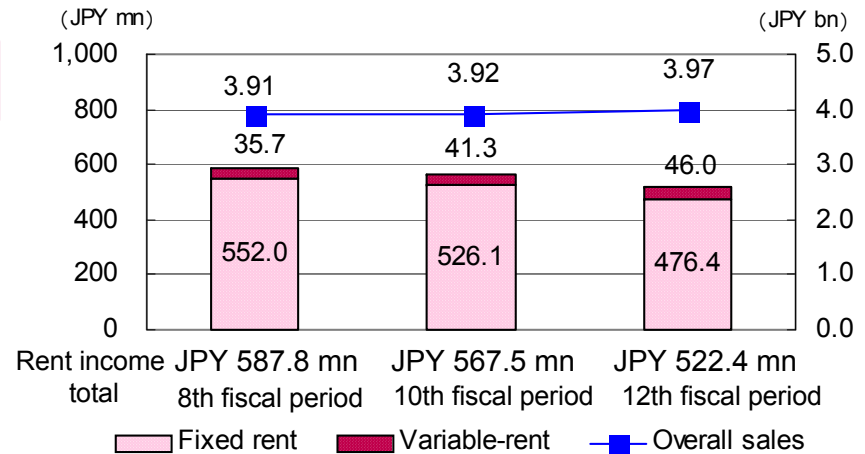
Integrated management (sales promotion activities, maintenance, signs and floor guides etc.) has reduced some costs through boosted business efficiency.

### Revitalization of the Chayamachi district

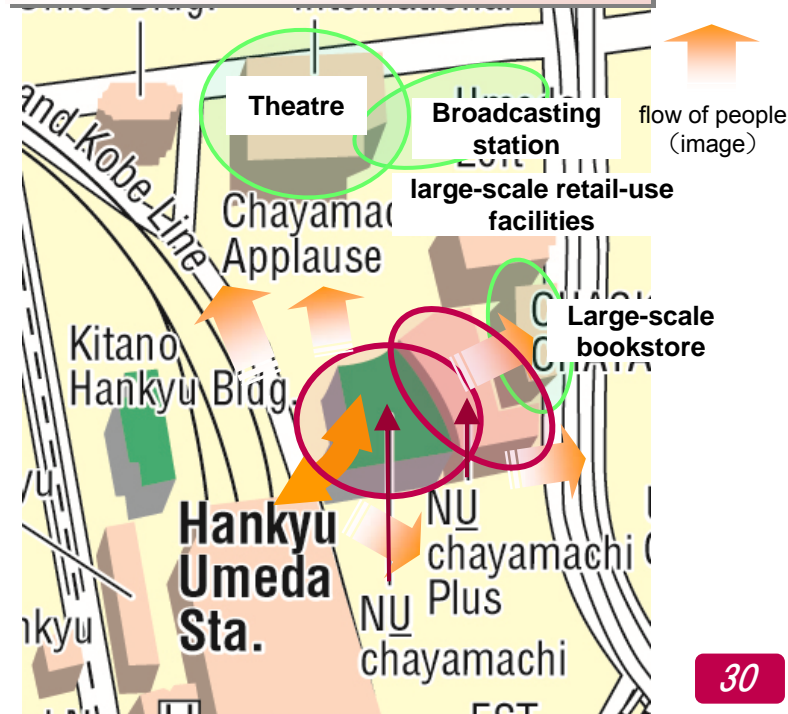
An area where one can enjoy both city strolling and shopping at once, features cityscape that offers a street-level experience.

Growing recognition as the artistic and cultural center of the Umeda area.

### Changes in overall sales and rent



### Improved navigability through Chayamachi district





Umeda Arts Theater and Mainichi Broadcasting System, Inc.



NU chayamachi Plus opened in April, 2011

## CHASKA CHAYAMACHI

Complex retail facility comprised of a hotel, residences and large-scale bookstore.



## NU chayamachi



## Urban Area Redevelopment Project at Chayamachi East-block (tower building)

186-unit residential tower was completed in June 2011.

With **NU chayamachi Plus** reaching to the third floor, it is expected to create new mutual customer flow in the area.

## Urban Area Redevelopment Project at Chayamachi East-block (school building)

A new beauty college specializing in "total beauty" opened in April 2011. **Expected to spark up the area**





## 6. Financial Strategies

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### Measures Implemented in 12th Fiscal Period and future policy

- Continuing to suppress rise in funding costs by utilizing security deposits (Utilized amount JPY 6.04 bn)
- Consider issuance of corporation bonds, while monitoring the market environment, to diversify method of fund procurement and extend remaining years on long-term loans.

### Investor rating

Ratings of issuers

MOODY'S

**A3**  
(negative)



**A+**  
(Stable)

	As of end of 12th period
Ave. funding cost (interest-bearing debt + utilized amount of security deposits)	1.38%
Ave. debt financing cost	1.52%
Ave. remaining years on long-term loans payable	1.5 years
Long-term & fixed debt ratio	80.0%
LTV	55.9%
Interest-bearing debt ratio	45.5%

(Note) LTV = (Amount of outstanding debts + Security deposits – Matched money to security deposits) / (Total amount of assets\* – Matched money to security deposits)

\* Appraised value basis

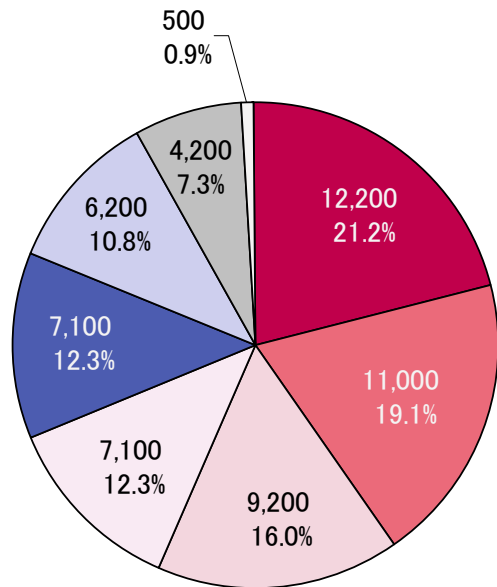
### Registration of issue of corporation bonds

Proposed value of issuance (Upper limit): JPY 100,000 mn

Proposed issuance period:  
December 19, 2009 to December 18, 2011

As of May 31, 2011

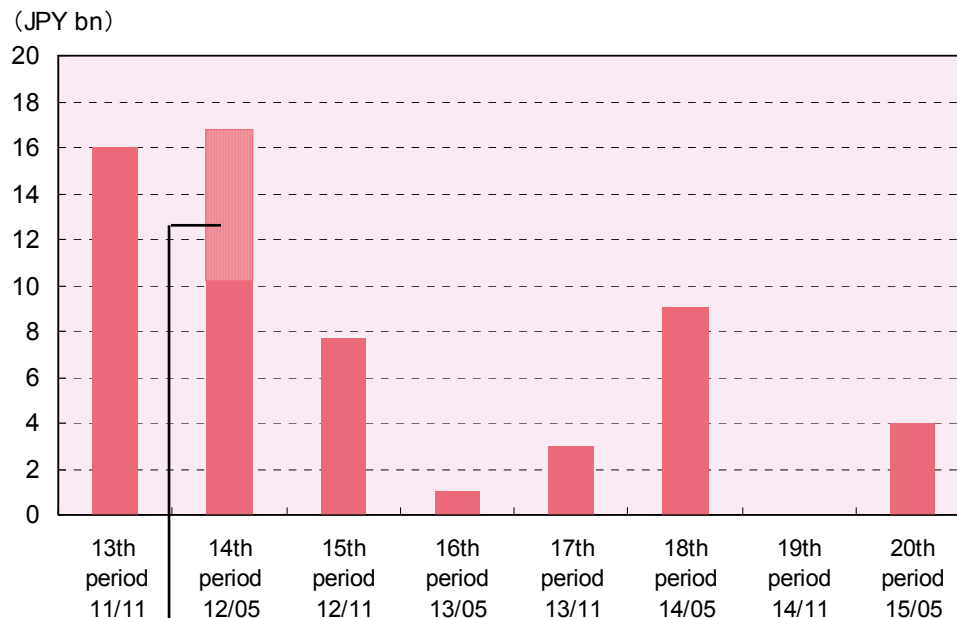
Outstanding debt by lender (JPY mn)



- Mitsubishi UFJ Trust and Banking Corporation
- Development Bank of Japan Inc.
- Sumitomo Mitsui Banking Corporation
- The Bank of Tokyo-Mitsubishi UFJ, Ltd.
- Mizuho Corporate Bank, Ltd.
- The Sumitomo Trust and Banking Co., Ltd.
- The Senshu Ikeda Bank, Ltd.
- The Chuo Mitsui Trust and Banking Company, Limited

**Total JPY 57.5bn**

Diversification of repayment dates



Of JPY 11.6 bn long-term loans payable that became due during the 12th fiscal period, JPY 6.6 bn was converted to short-term borrowings.





## 7. Overview of Financial Results

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# 7-1. Financial Highlights

(Unit:JPY mn)

Item	Forecast for 12th Fiscal Period (1) (as of Jan. 20, 2011)	Results for 12th Fiscal Period (2) (Dec. 1, 2010 to May 31, 2011)	Change (2)-(1)
Operation period (days)	182	182	—
Operating revenues	4,738	4,742	4
Operating income	1,506	1,561	54
Ordinary income	1,026	1,085	59
Net income	1,024	1,084	59
Number of outstanding units at end of period (units)	85,400	85,400	—
Distribution per unit (JPY)	12,000	12,694	694
FFO per unit (JPY)	23,641	24,311	669

(Main factors of increase/decrease)

<b>① Increase in operating revenues</b>	<b>JPY</b>	<b>4 mn</b>
Increased income from lease (Mainly HEP)	JPY	12 mn
Decreased utilities expense income	△ JPY	22 mn
Restorative work cost related to tenant departure and contract breach fine etc.	JPY	17 mn
<b>② Decrease in operating expenses</b>	<b>JPY</b>	<b>50 mn</b>
Decreased utilities expense	JPY	15 mn
Decreased repair expenses	JPY	14 mn
Decreased costs related to tenant entry/departure, etc.	JPY	12 mn
<b>③ Decreased interest due</b>	<b>JPY</b>	<b>3 mn</b>

## Income Statement

(Unit: JPY mn)

Item	11th Fiscal Period (Duration of investment: 183days) Jun. 1, 2010 to Nov. 30, 2010		12th Fiscal Period (Duration of investment: 182days) Dec. 1, 2010 to May 31, 2011		Change
	Amount	Percentage	Amount	Percentage	
	1. Operating revenues	4,824	100.0	4,742	
Lease operating revenues	4,824		4,742		
2. Operating expenses	3,271	67.8	3,181	67.1	△ 89 ②
Lease operating costs	2,889		2,814		
Asset management remuneration	281		278		
Officer remuneration	3		3		
Asset consignment remuneration	16		16		
Administrative agency remuneration	31		29		
Auditor remuneration	7		7		
Other expenses	40		30		
Operating income	1,553	32.2	1,561	32.9	7
3. Non-operating revenues	3	0.1	2	0.1	△ 1
Interest earned	1		0		
Other non-operating revenues	1		1		
4. Non-operating expenses	495	10.3	478	10.1	△ 17 ③
Interest due	466		448		
Loan related expense	27		28		
Other expenses	1		1		
Ordinary income	1,061	22.0	1,085	22.9	23
Pretax net income for current period	1,061		1,085		
Corporate, local and enterprise tax	1		1		
Adjustment for corporate tax, etc.	△0		0		
Net income for current period	1,060	22.0	1,084	22.9	23
Retained earnings carried forward from the previous period	0		0		
Unappropriated income for current period	1,060		1,084		

## Cash Distribution Statement

(Unit: JPY thousand)

Item	11th Fiscal Period	12th Fiscal Period	Change
	Amount	Amount	Amount
Unappropriated income for current period	1,060,293	1,084,085	23,791
Distributions	1,060,241	1,084,067	23,826
(Distribution per unit (JPY))	(12,415)	(12,694)	(279)
Retained earnings carried forward	52	17	△ 35

## (Main factors of increase/decrease)

① Decrease in operating revenues	△ JPY	82 mn
Decreased income from lease (Shiodome, NU, Tennoz)	△ JPY	13 mn
Decreased utilities expense income	△ JPY	52 mn
Decreased air conditioning expenses	△ JPY	17 mn

② Decrease in operating expenses	△ JPY	89 mn
Increased property/facility management fees	JPY	11 mn
Decreased utilities expense	△ JPY	107 mn
Increased advertising and promotion expenses	JPY	18 mn
Increased repair expenses	JPY	32 mn
Decreased depreciation	△ JPY	38 mn

③ Decrease in non-operating expenses	△ JPY	17 mn
Decreased interest due	△ JPY	17 mn

## Lease operating revenues and costs

Breakdown: Refer to page 41 and 42  
Occupancy rate at end of fiscal period: 99.0%  
(Occupancy by end-tenants)





# 7-3. Balance Sheet

(Unit: JPY mn)

Item	11th Fiscal Period (as of Nov. 30, 2010)		12th Fiscal Period (as of May 31, 2011)		Change Amount
	Amount	Ratio (%)	Amount	Ratio (%)	
As sets					
<b>I Current assets total</b>	9,140	7.2	9,589	7.6	448
Currency and demand deposit	2,208		2,068		
Currency and demand deposit in trust	6,523		7,027		
Operational income receivable	3		11		
Storcs	0		0		
Deposit paid	323		337		
Prepaid expense	81		143		
Deferred income tax assets	0		0		
others	0		—		
<b>II Fixed assets total</b>	117,636	92.8	116,725	92.4	△ 910
1. Tangible fixed assets					
Buildings	2,426		2,360		
Structures	347		331		
Tools, furniture and fixtures	3		3		
Land	7,938		7,938		
Buildings in trust	35,501		34,713		
Structures in trust	482		462		
Machinery and equipment in trust	251		231		
Tools, furniture and fixtures in trust	77		73		
Land in trust	69,613		69,613		
Tangible fixed assets total	116,642	92.0	115,728	91.6	△ 913
2. Intangible fixed assets					
Land leasehold	957		957		
Misc. intangible fixed assets	3		2		
Trust and other intangible fixed assets	4		4		
Intangible fixed assets total	965	0.8	964	0.8	△ 0
3. Investments, other assets					
Long-fiscal period prepaid expenses	18		23		
Guarantee money deposit	10		10		
Investment, other assets total	28	0.0	33	0.0	4
<b>As sets total</b>	126,776	100.0	126,314	100.0	△ 461

Item	11th Fiscal Period (as of Nov. 30, 2010)		12th Fiscal Period (as of May 31, 2011)		Change Amount
	Amount	Ratio (%)	Amount	Ratio (%)	
Liabilities					
<b>I Current liabilities total</b>	29,169	23.0	34,129	27.0	4,959
Operating no-trade accounts payable	393		239		
Short-fiscal period loans payable	4,900		11,500		
Long-fiscal period loans payable (return within 1 year)	22,700		21,300		
Accrued dividend	11		10		
Accrued expenses	232		229		
Income taxes payable	1		1		
Accrued consumption tax	38		46		
Advance received	495		461		
Current deposit received	0		0		
Security deposits (return within 1 year)	94		94		
Security deposits in trust (return within 1 year)	301		245		
<b>II Funded liabilities total</b>	41,201	32.5	35,756	28.3	△ 5,445
Long-fiscal period loans payable	29,900		24,700		
Security deposits	1,693		1,646		
Security deposits in trust	9,607		9,409		
<b>Liabilities total</b>	70,371	55.5	69,885	55.3	△ 485
Net assets					
I Overall investment	55,344	43.7	55,344	43.8	
II Surplus fund total	1,060	0.8	1,084	0.9	
Unappropriated income for current period	1,060		1,084		
<b>Net assets total</b>	56,405	44.5	56,428	44.7	23
<b>Liabilities and net assets total</b>	126,776	100.0	126,314	100.0	△ 461

Interest-bearing dept:  
**JPY 57,500 mn**  
Breakdown:  
Refer to Page 34

Total of security deposits:  
**JPY 11,396 mn**  
↓  
**JPY 6,041 mn** was applied to property acquisition financing

# 7-4. Distribution Forecast for 13th Fiscal Period

(Unit: JPY mn)

Item	Results for 12th Fiscal Period (1) (Dec. 1, 2010 to May 31, 2011)	Forecast for 13th Fiscal Period (2) (Jun. 1, 2011 to Nov. 30, 2011)	Change (2)-(1)	Results for 11th Fiscal Period (3) (Jun. 1, 2010 to Nov. 30, 2010)	Change (2)-(3)
Operation period (days)	182	183	1	183	—
Operating revenues	4,742	4,927 ※	184	4,824	102
Operating income	1,561	1,528	△ 33	1,553	△ 25
Ordinary income	1,085	1,052	△ 33	1,061	△ 9
Net income	1,084	1,050	△ 33	1,060	△ 9
Number of outstanding units at end of period (units)	85,400	85,400	—	85,400	—
Distribution per unit (JPY)	12,694	12,300	△ 394	12,415	△ 115
FFO per unit (JPY)	24,311	23,903	△ 407	24,479	△ 576

※ At HEP Five and NU chayamachi, the tenant bearing sales promotion expenses that were treated as deposits by the master lessee will be recorded as income/expense by Hankyu REIT from the 13th fiscal period as a result of changes to the agreement with the master lessee. Accordingly, a balance of these deposits of 51 million yen held by the master lessee at the beginning of the 13th fiscal period is recorded as income in a lump-sum.

[Main preconditions]

- There are no transfers of portfolio properties from the 15 properties held at present.
- At present, 85,400 units have been issued and no additional units will be issued until end of the period.

## 7-5. Financial Index

Item	11th Fiscal Period	12th Fiscal Period	Remarks
Operation period	183 days	182 days	11th fiscal period: Jun. 1, 2010 to Nov. 30, 2010 12th fiscal period: Dec. 1, 2010 to May 31, 2011
Return On Assets (ROA)	0.8%	0.9%	Ordinary income / {(Total assets at beginning of period + Total assets at end of period) / 2 }
(Per annum)	1.7%	1.7%	Calculated from duration of operation
Return On Equity (ROE)	1.9%	1.9%	Net income / {(Net assets at beginning of period + Net assets at end of period) / 2 }
(Per annum)	3.7%	3.9%	Calculated from duration of operation
Ratio of net assets at end of period	44.5%	44.7%	Net assets / Total assets
Loan To Value ratio at end of period (LTV)	56.1% (52.8%)	55.9% (52.5%)	(Debts payable + Security deposits - Matched money to security deposits) / (Total assets(*) - Matched money to security deposits) *Appraisal-value basis (Ratios in brackets are based on book value)
Ratio of interest-bearing debts to total assets at end of period	45.4%	45.5%	Interest-bearing debt / Total assets
Debt Service Coverage Ratio (DSCR)	5.5 times	5.6 times	Pre-interest and pre-depreciation net income for current fiscal period / Interest due
Net Operating Income (NOI)	JPY 2,965 mn	JPY 2,920 mn	Net lease operating income + Depreciation
Funds From Operation (FFO)	JPY 2,090 mn	JPY 2,076 mn	Net income for current fiscal period + Depreciation



# 7-6. Income and Expenditure by Property ①

Hankyu REIT

(Unit: JPY mn)

Item	HEP Five (45% of the quasi co-ownership of the trust beneficiary interests)	Kitano Hankyu Bldg.	Dew Hankyu Yamada	Takatsuki- Josai SC	Nitori Ibaraki- Kita Store (site) (Note 1)	Kohnan Hiroshima Nakano- Higashi Store (site)	NU chayamachi	Ueroku F Bldg.	Sphere Tower Tennoz (33% of the quasi co-ownership of the trust beneficiary)	Shiodome East Side Bldg.
Number of operating days of 12th fiscal period	182	182	182	182	182	182	182	182	182	182
Lease operating revenues total	984	531	377	284		76	631	132	362	439
Income from lease	849	367	261	283		76	527	114	289	418
Utilities expense income	60	109	49	—		—	68	9	25	17
Other incomes	74	53	66	0		0	34	8	48	4
Lease operating costs total	577	383	237	144		7	455	90	195	192
Property/Facility management fees	147	117	75	10		0	112	22	28	19
Utilities expense	67	118	45	0		—	83	10	53	22
Rent paid	7	1	1	21		—	0	—	—	0
Advertising and promotion expenses	72	2	2	—		—	27	0	—	0
Repair expense	18	25	4	0		—	7	8	14	1
Nonlife insurance premium	3	2	1	1		—	2	0	0	1
Tax and public dues	66	53	28	28		7	50	14	30	23
Other expenses	28	1	4	0		—	2	1	4	2
Depreciation	163	60	73	81		—	168	33	64	121
Lease operating income	406	147	140	140		68	176	42	166	247
NOI (Lease operating income + Depreciation)	570	208	213	221	60	68	344	75	230	368
Capital expenditure	5	① 27	7	—	—	—	—	② 22	9	0

(Note 1) Rent information are not permitted to be disclosed (tenant request).

(Main factors)

① Kitano Hankyu Bldg.	JPY	27 mn
Preparatory works accompanying new tenants	JPY	6 mn
Renewal of air conditioners	JPY	9 mn
Upgrade of electricity meters and installation of distribution boards	JPY	9 mn
② Ueroku F Bldg.	JPY	22 mn
Upgrade of air conditioners and heat exchangers	JPY	21 mn

# 7-6. Income and Expenditure by Property ②

(Unit: JPY mn)

Item	Hotel Gracery Tamachi	LAXA Osaka	LaLaport KOSHIEEN (site)	Namba- Hanshin Building	Richmond Hotel Hamamatsu (Note 1)
Number of operating days of 12th fiscal period	182	182	182	182	182
Lease operating revenues total	121	254	255	151	
Income from lease	116	254	255	126	
Utilities expense income	—	—	—	9	
Other incomes	4	—	0	16	
Lease operating costs total	53	180	106	124	
Property/Facility management fees	1	2	1	23	
Utilities expense	—	—	—	13	
Rent paid	—	18	0	—	
Advertising and promotion expenses	—	—	—	—	
Repair expense	—	19	—	6	
Nonlife insurance premium	0	4	0	1	
Tax and public dues	14	53	102	21	
Other expenses	0	1	1	1	
Depreciation	36	81	0	56	
Lease operating income	67	74	149	26	
NOI (Lease operating income + Depreciation)	103	155	149	83	64
Capital expenditure	—	0	—	3	—

(Note 1) Rent information are not permitted to be disclosed (tenant request).

(Note 2) Depreciation amount of Head Office are not included.

Item	Total (15 properties)
Number of operating days of 12th fiscal period	—
Lease operating revenues total	4,742
Income from lease	4,080
Utilities expense income	349
Other incomes	312
Lease operating costs total (Note 2)	2,813
Property/Facility management fees	567
Utilities expense	414
Rent paid	50
Advertising and promotion expenses	105
Repair expense	107
Nonlife insurance premium	21
Tax and public dues	505
Other expenses	50
Depreciation	991
Lease operating income	1,929
NOI (Lease operating income + Depreciation)	2,920
Capital expenditure	77



## 8. APPENDIX

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# 8-1. Portfolio List (as of end of 12th Fiscal Period)

As of May 31, 2011

Classification	Code (Note 1)	Name	Location	Completion date	Building age (Note 2)	Leasable area (m <sup>2</sup> ) (Note 3)	Occupancy rate (Note 3)	Total number of tenants (Note 3)	PML (Note 4)	Date of acquisition	Acquisition price (JPY mn)	Investment ratio	Appraisal value (JPY mn)	CAP rate (Note 5)
Retail-use facilities	R1(K)	HEP Five (45% of the quasi co-ownership of the trust beneficiary interests)	Kita Ward, Osaka City	Nov. 1998	12.6	20,370.13 (9,510.90)	100.0% (98.0%)	1 (135)	4.6%	Feb. 1, 2005	20,790	17.1%	24,435	4.5%
	R2(K)	Kitano Hankyu Bldg.	Kita Ward, Osaka City	Jun. 1985	26.0	28,194.15 (18,469.72)	100.0% (93.6%)	1 (20)	10.1%	Feb. 1, 2005	7,740	6.4%	6,790	5.6%
	R3(K)	Dew Hankyu Yamada	Suita City, Osaka Prefecture	Oct. 2003	7.7	12,982.19	100.0%	26	4.5%	Feb. 1, 2005	6,930	5.7%	6,860	5.6%
	R4(K)	Takatsuki-Josai Shopping Center	Takatsuki City, Osaka Prefecture	Apr. 2003	8.2	31,451.81	100.0%	1	6.1%	Nov. 15, 2005	8,600	7.1%	7,330	5.8%
	R5(K)	Nitori Ibaraki-Kita Store (site)	Ibaraki City, Osaka Prefecture	—	—	6,541.31	100.0%	1	—	Mar. 29, 2006	1,318	1.1%	1,329	7.4%
	R6	Kohnan Hiroshima Nakano-Higashi Store (site)	Aki Ward, Hiroshima City	—	—	25,469.59 60.14	100.0%	1	—	Oct. 2, 2006 Apr. 9, 2007	2,170 5	1.8%	1,980	6.9%
	R7(K)	NU chayamachi	Kita Ward, Osaka City	Sep. 2005	5.7	15,546.75 (11,626.65)	100.0% (98.6%)	1 (70)	4.5%	Mar. 15, 2007	19,300	15.9%	14,900	4.8%
	R8	Hotel Gracery Tamachi	Minato Ward, Tokyo	Sep. 2008	2.7	4,943.66	100.0%	1	10.2%	Dec. 25, 2008	4,160	3.4%	3,850	5.4%
	R9(K)	LaLaport KOSHIEEN (site)	Nishinomiya City, Hyogo Prefecture	—	—	126,052.16	100.0%	1	6.0%	Jan. 22, 2009	7,350	6.1%	6,710	5.0%
	R10	Richmond Hotel Hamamatsu	Naka Ward, Hamamatsu City	Sep. 2002	8.8	6,995.33	100.0%	1	13.9%	Jan. 22, 2009	2,100	1.7%	1,937	6.3%
Office-facilities	O1	Shiodome East Side Bldg.	Chuo Ward, Tokyo	Aug. 2007	3.8	9,311.32	93.1%	4	4.6%	Feb. 29, 2008	19,025	15.7%	14,200	4.8%
Complex facilities	M1(K)	Ueroku F Bldg.	Chuo Ward, Osaka City	Sep. 1993	17.8	4,611.82	89.9%	12	3.2%	Nov. 1, 2005	2,980	2.5%	2,430	6.0%
	M2	Sphere Tower Tennoz (33% of the quasi co-ownership of the trust beneficiary interests)	Shinagawa Ward, Tokyo	Apr. 1993 (Note 6)	18.2	8,807.71	98.1%	23	2.7%	Oct. 2, 2007	9,405	7.8%	8,448	4.7%
	M3(K)	LAXA Osaka	Fukushima Ward, Osaka City	Feb. 1999	12.3	30,339.91	100.0%	1	3.4%	Jan. 22, 2009	5,122	4.2%	5,000	5.9%
	M4(K)	Namba-Hanshin Building	Chuo Ward, Osaka City	Mar. 1992	19.3	9,959.01 (6,456.88)	100.0% (93.9%)	1 (17)	4.5%	Jan. 22, 2009	4,310	3.6%	3,130	5.5%
Total					10.6	341,637.00 (313,631.11)	99.6% (99.0%)	76 (314)	3.2%	—	121,306	100.0%	109,329	5.1%

- (Note 1) These codes represent properties owned by Hankyu REIT classified into the following facilities and regions. Left-side letters represent facilities: R is a retail-use facility, O is an office-use facility, and M is a complex facility. The figures are attached to facilities in order of date of acquisition, and a K means the property is located in the Kansai region.
- (Note 2) Portfolio total represents the weighted average building age by acquisition price.
- (Note 3) Figures in parenthesis indicate the area leasable for end-tenants, the occupancy rate based on the said area, and the number of end-tenants, respectively. In the case of HEP Five, 45% quasi co-ownership of the trust beneficiary interests is listed as the leasable area. For Sphere Tower Tennoz, 33% quasi co-ownership of the trust beneficiary interests is listed as the leasable area. For LaLaport KOSHIEEN (site), the leasable area is the total of the retail facility lot portion (86,124.96 m<sup>2</sup>) and the parking garage space portion (39,927.2 m<sup>2</sup>).
- (Note 4) PML of LaLaport KOSHIEEN (site) is for parking garage space administration building portion (394.88m<sup>2</sup>)
- (Note 5) Cap rate by direct capitalization method using appraisal value calculation. (Nitori Ibaraki-Kita Store (site), Kohnan Hiroshima Nakano-Higashi Store (site) and LaLaport KOSHIEEN (site), are allocated a discount rate using the DCF method.)
- (Note 6) Portfolio total is the weighted average CAP rate based on appraisal value. The year of completion for the office and store portions.

## Kansai region

**R1(K)** HEP Five



**R7(K)** NU chayamachi



**R2(K)** Kitano Hankyu Building



**M1(K)** Ueroku F Building



**R3(K)** Dew Hankyu Yamada



**R5(K)** Nitori Ibaraki-Kita Store (Site)



**M3(K)** LAXA Osaka



**R4(K)** Takatsuki-Josai SC



**R9(K)** LaLaport KOSHIEEN (Site)



**M4(K)** Namba-Hanshin Building





## Others

O1 Shiodome East Side Building



R6 Kohnan Hiroshima Nakano-Higashi Store (Site)



R8 Hotel Gracery Tamachi



R10 Richmond Hotel Hamamatsu



M2 Sphere Tower Tennoz







<Properties that mainly use the sales-based overage rent system>

Name	Main rent system	Present conditions
HEP Five Specialty shops buildings (Central city SC)	Overage (fixed + variable)	Average occupancy rate for the fiscal period was at a high level (99.0%). Implementing joint sales promotion events with other sponsor group retail facilities in the Umeda area in response to the opening of JR Osaka Mitsukoshi Isetan, LUCUA and other new buildings. Planning renewal of amusement floors on eighth and ninth floor based on a fashion theme (expecting synergistic effect with retail tenants).
NU chayamachi Specialty shops buildings (Central city SC)	Overage (fixed + variable)	The opening of NU chayamachi Plus and other developments have revitalized the Chayamachi district, helping us to secure eight new tenants; the occupancy rate was 98.6% at the end of the 12th fiscal period, 4.1pt rose from the end of the previous period (11th fiscal period). Currently focusing on integrated sales promotion activities with NU chayamachi Plus to capture existing customers and attract new customers.

<Properties that use the fixed rent system>

Name	Main rent system	Present conditions
Ueroku F Building Office	Fixed	The occupancy rate was 89.9% at the end of the 12th fiscal period, no change from the end of the previous period (11th fiscal period). Currently focusing on leasing vacant offices by utilizing the building attributes that make it competitive in the area (accessibility, visibility and scale), conducting open property viewings aimed at real estate agents and offering tenants the option to expand floor space.
Sphere Tower Tennoz Office	Fixed	Limited impact to the building from the earthquake. Average occupancy rate for the fiscal period was at a high level (97.9%). Installing a separate air conditioning system for the store portions to boost property value.
Shiodome East Side Building Office	Fixed	Limited impact to the building from the earthquake. Half of the sixth floor, which is currently vacant, will be occupied from July (resulting in an occupancy rate of 100%).
Namba-Hanshin Building Office	Fixed	The occupancy rate was 93.9% at the end of the 12th fiscal period, rose 8.8pt from the end of the 11th fiscal period, as leasing of a new travel agent was successfully secured for the vacant eleventh floor. The area is attractive to businesses with in-person visits from clients and we are currently focusing on leasing vacant offices by continuing to conduct open property viewings aimed at real estate agents and offering tenants the option to expand floor space. Planning to upgrade security system and renew the first floor entrance hall to boost property value.



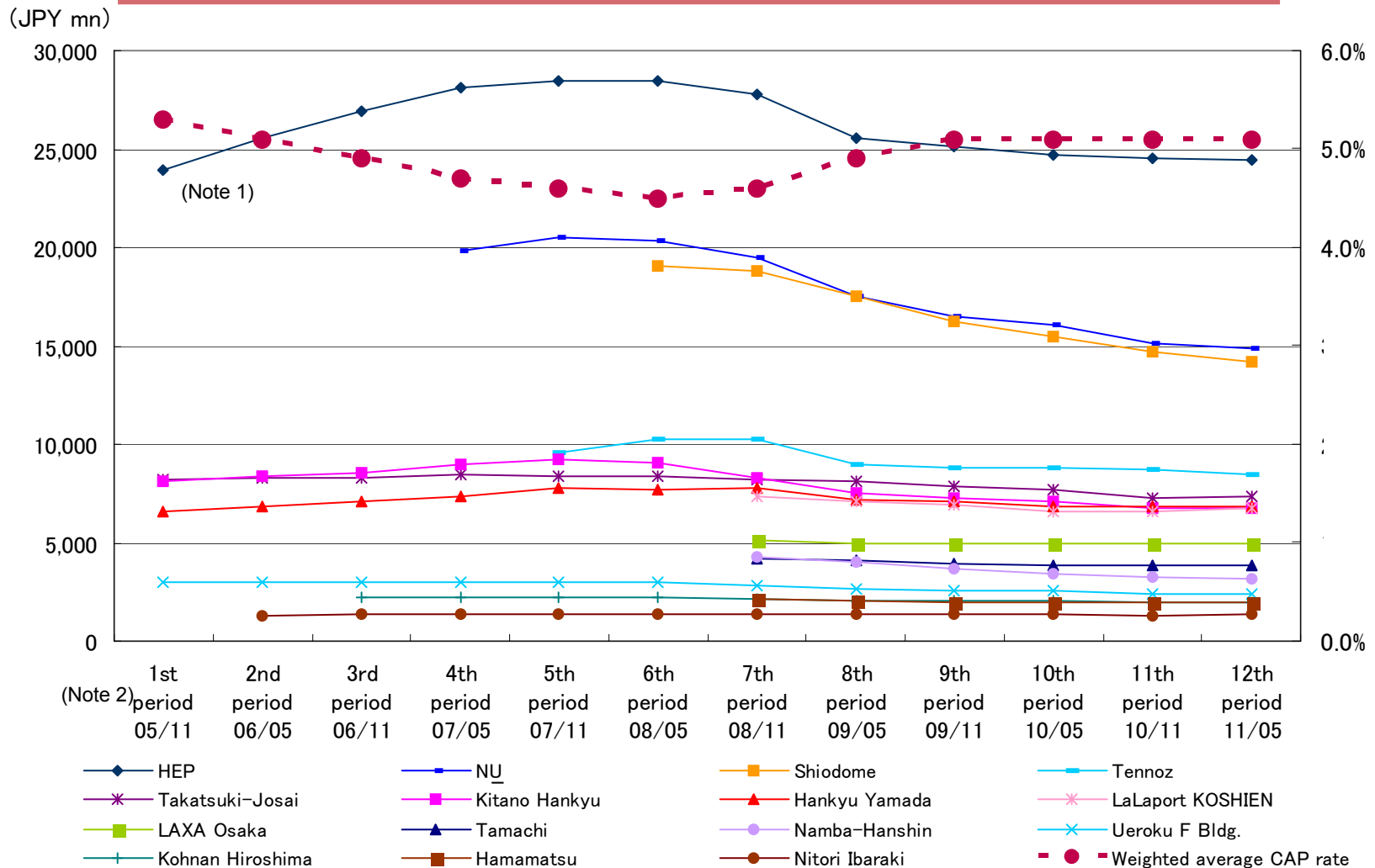
<Properties that mainly use the long-term, fixed rent systems>

Name	Main rent system	Present conditions
Kitano Hankyu Building Specialty shops buildings (Central city SC)	Long-term, fixed (partly overage)	In the B1 restaurant floor, 2 stores newly opened as a result of aggressive leasing activities. Currently working to attract large tenants for the third floor that can become the focus of the property's revitalization.
Dew Hankyu Yamada NSC (Neighborhood shopping centers)	Long-term, fixed (partly overage)	Average occupancy rate for the fiscal period stable at 100%. Because the market area population is large and the building has strong attractiveness to customers, both overall sales and rent income are stable. We will continue to focus on sales promotion activities such as the "Summer Fair" and "8th Anniversary Fair" utilizing the showpiece atrium area to create sparking atmosphere and boost sales.
Takatsuki-Josai Shopping Center NSC (Neighborhood shopping centers)	Long-term, fixed	Stable rent income based on the fixed-type master lease method* with Kohnan Shoji Co., Ltd. Tenant composition of home improvement center, grocery store, home electronics retailer, sporting goods store, etc. fulfills the needs of residents in the surrounding area.
Nitori Ibaraki-Kita Store (site) Specialty shops	Long-term, fixed	Stable rent income based on a contract for the establishment of fixed-term leased-land rights for business use with Nitori Holdings Co., Ltd. The market area population is increasing due to extension of the monorail line and local residential property development.
Kohnan Hiroshima Nakano-Higashi Store (site) NSC (Neighborhood shopping centers)	Long-term, fixed	Stable rent income based on a contract for the establishment of fixed-term leased-land rights for business use with Kohnan Shoji Co., Ltd. Retail facility, with a home improvement center and a grocery store, offering high transportation convenience.
Hotel Gracery Tamachi High-grade hotels for business travelers	Long-term, fixed	Stable rent income based on long-term lease with Fujita Kanko Inc. Hotel occupancy rate was at a consistently high level prior to the earthquake, but occupancy has declined since the earthquake due to a drop in tourism demand (particularly of foreign visitors).
LaLaport KOSHIEN (site) RSC (Regional shopping centers)	Long-term, fixed	Stable rent income based on a contract for the establishment of fixed-term leased-land rights for business use with Mitsui Fudosan Co., Ltd. Realized rent increase as of March 2011. In spring 2011, a major renewal was carried out, bringing in H&M, ZARA, Uniqlo and other fast-fashion chains new stores and LaLa Kid's Park added.
LAXA Osaka City hotels	Long-term, fixed	Stable rent income based on the fixed-type master lease method* with Hanshin Electric Railway Co., Ltd. The earthquake had a more limited impact on Hotel Hanshin than hotels in the Tokyo metropolitan area.
Richmond Hotel Hamamatsu High-grade hotels for business travelers	Long-term, fixed	Stable rent income based on the fixed-type master lease method* with RNT HOTELS Co., Ltd. (consolidated subsidiary of ROYAL HOLDINGS Co., Ltd.). There was no major downward impact from the earthquake and the hotel continues to maintain a top class occupancy rate in the Hamamatsu City area.

\*Fixed-type master lease method: Hankyu REIT receives rent income from the master lessee (sublessor). The amount received is fixed irrespective of the rent received by sublessor from end-tenants.



## Appraisal value down 1.0% CAP rate steady







# 8-5. Changes in Appraisal Value

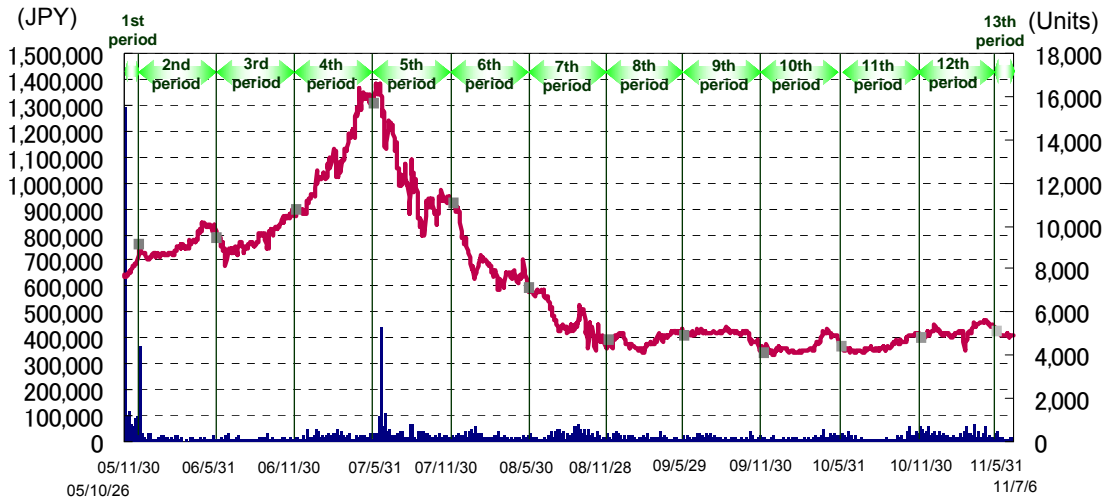
(Unit : JPY mn)

	Acquisition price	① End of previous period (11th fiscal period-end)	CAP rate	② End of current period (12th fiscal period-end)	CAP rate	Change (②-①)	Change (②-①)/①	③ Value recorded on the balance sheet at end of current period	Unrealized income/loss ②-③	Value to book ratio ②/③
HEP Five (45% of the quasi co-ownership of the trust beneficiary interests)	20,790	24,570	4.5%	24,435	4.5%	△ 135	-0.5%	19,470	4,964	125.5%
Kitano Hankyu Building	7,740	6,790	5.6%	6,790	5.6%	—	0.0%	7,749	△ 959	87.6%
Dew Hankyu Yamada	6,930	6,860	5.6%	6,860	5.6%	—	0.0%	6,217	642	110.3%
Takatsuki-Josai Shopping Center	8,600	7,305	5.8%	7,330	5.8%	25	0.3%	7,970	△ 640	92.0%
Ueroku F Building	2,980	2,430	6.0%	2,430	6.0%	—	0.0%	2,904	△ 474	83.7%
Nitori Ibaraki-Kita Store (Site)	1,318	1,322	7.4%	1,329	7.4%	7	0.5%	1,340	△ 11	99.1%
Kohnan Hiroshima Nakano-Higashi Store (Site)	2,175	2,000	6.9%	1,980	6.9%	△ 20	-1.0%	2,280	△ 300	86.8%
NU chayamachi	19,300	15,100	4.8%	14,900	4.8%	△ 200	-1.3%	18,153	△ 3,253	82.1%
Sphere Tower Tennoz (33% of the quasi co-ownership of the trust beneficiary)	9,405	8,712	4.7%	8,448	4.7%	△ 264	-3.0%	8,943	△ 495	94.5%
Shiodome East Side Bldg.	19,025	14,700	4.8%	14,200	4.8%	△ 500	-3.4%	18,660	△ 4,460	76.1%
Hotel Gracery Tamachi	4,160	3,840	5.4%	3,850	5.4%	10	0.3%	4,104	△ 254	93.8%
LAXA Osaka	5,122	4,970	5.9%	5,000	5.9%	30	0.6%	5,017	△ 17	99.7%
LaLaport KOSHIEN (site)	7,350	6,600	5.0%	6,710	5.0%	110	1.7%	7,749	△ 1,039	86.6%
Namba-Hanshin Building	4,310	3,280	5.5%	3,130	5.5%	△ 150	-4.6%	4,190	△ 1,060	74.7%
Richmond Hotel Hamamatsu	2,100	1,927	6.3%	1,937	6.3%	10	0.5%	1,937	△ 0	100.0%
<b>Total</b>	<b>121,306</b>	<b>110,406</b>	<b>5.1%</b>	<b>109,329</b>	<b>5.1%</b>	<b>△ 1,077</b>	<b>-1.0%</b>	<b>116,689</b>	<b>△ 7,360</b>	<b>93.7%</b>

Cap rate by direct capitalization method process using appraisal value calculation. (Nitori Ibaraki-Kita Store (site), Kohnan Hiroshima Nakano-Higashi Store (site) and LaLaport KOSHIEN (site) are allocated a discount rate using the DCF method.) Portfolio total is the weighted average CAP rate based on appraisal amount.



## Unit Price (closing price basis)



Source: QUICK



### Per unit trading trends (Oct. 26, 2005 - Jul. 6, 2011)

Highest price (traded value) 1,410,000 JPY  
(Apr. 25, 2007)

Lowest price (traded value) 318,000 JPY  
(Mar. 15, 2011)

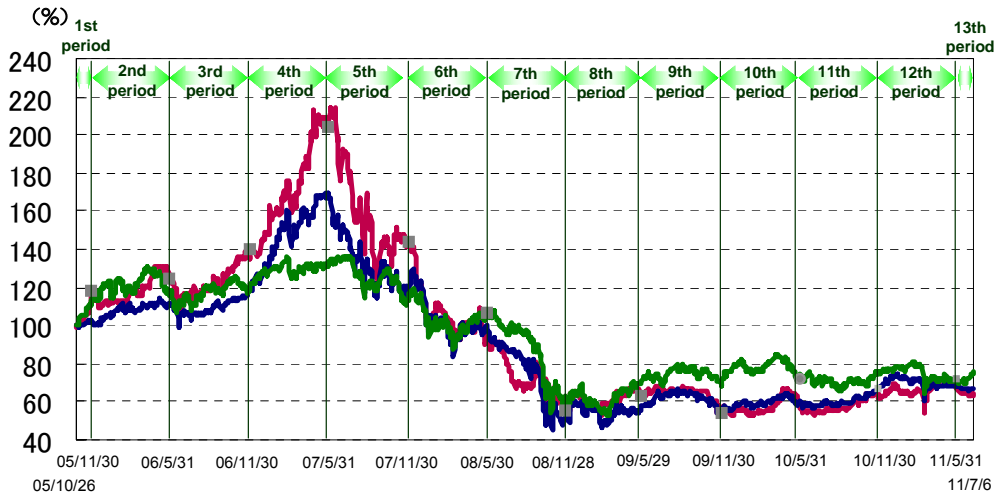
### During 12th fiscal period (Dec. 1, 2010 - May. 31, 2011)

Highest price (traded value) 470,000 JPY  
(May. 2, 2011)

Lowest price (traded value) 318,000 JPY  
(Mar. 15, 2011)

Price as of Jul. 6, 2011 (closing price basis)  
408,000 JPY

## Relative Price (closing price basis)



Source: QUICK, Tokyo Stock Exchange

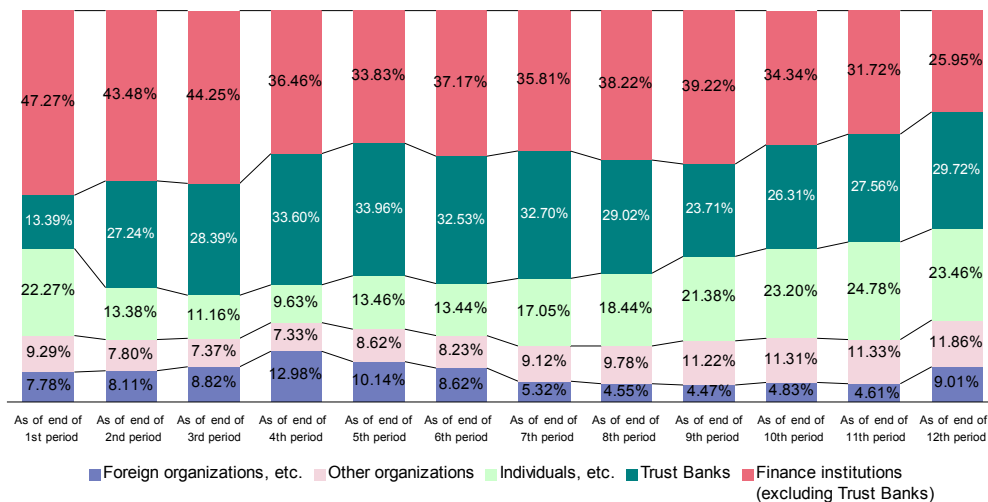
## Unitholder Composition

Ownership by category	Number of unitholders (persons)	Ratio to ownership	Number of units invested (units)	Ratio to number of units
Finance institutions (excluding Trust Bank)	76	0.99%	22,163	25.95%
Trust Banks	10	0.13%	25,379	29.72%
Individuals, etc.	7,370	95.63%	20,036	23.46%
Other organizations	167	2.17%	10,131	11.86%
Foreign organizations, etc.	84	1.09%	7,691	9.01%
<b>Total</b>	<b>7,707</b>	<b>100%</b>	<b>85,400</b>	<b>100%</b>

## Top 10 unitholders

Unitholder name	Number of units held (units)	Ownership
Japan Trustee Services Bank, Ltd. (Trust account)	14,853	17.39%
The Nomura Trust and Banking Co., Ltd. (Investment accounts)	5,548	6.50%
The Senshu Ikeda Bank, Ltd.	4,150	4.86%
Hankyu Corporation	3,500	4.10%
Nomura Bank (Luxembourg) S.A.	3,189	3.73%
Trust & Custody Services Bank, Ltd. (Securities investment trust account)	2,650	3.10%
North Pacific Bank, Ltd.	2,071	2.43%
Fuji Fire And Marine Insurance Co., Ltd.	1,995	2.34%
The Master Trust Bank of Japan, Ltd. (Trust account)	1,913	2.24%
Shikoku Railway Company	1,768	2.07%
<b>Total</b>	<b>41,637</b>	<b>48.76%</b>
<b>Number of outstanding units</b>	<b>85,400</b>	<b>100%</b>

## Ratio to number of units by unitholders

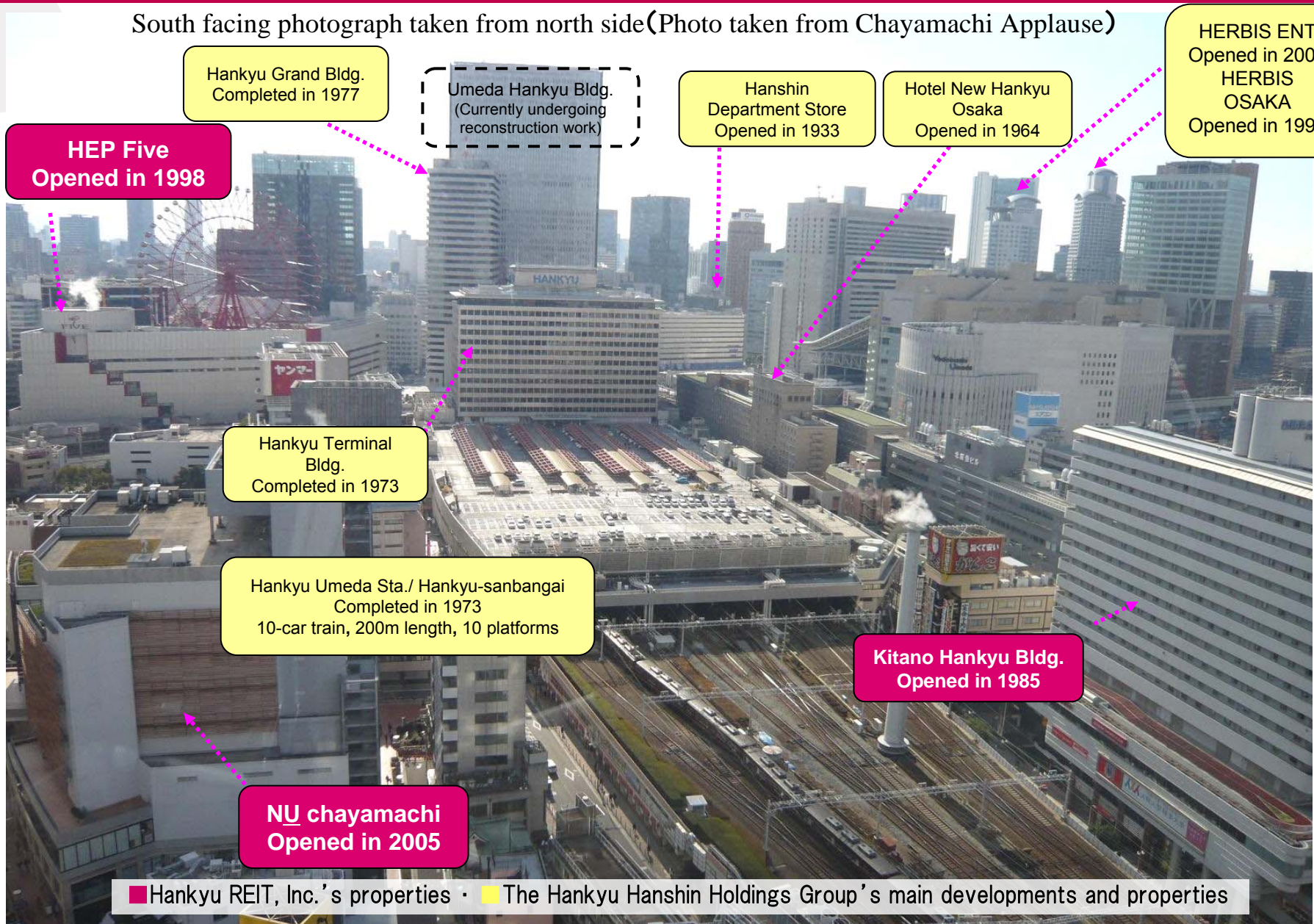






# 8-8. "Umeda," Hankyu REIT's main area

South facing photograph taken from north side (Photo taken from Chayamachi Applause)



Hankyu Grand Bldg.  
Completed in 1977

Umeda Hankyu Bldg.  
(Currently undergoing reconstruction work)

Hanshin Department Store  
Opened in 1933

Hotel New Hankyu Osaka  
Opened in 1964

HERBIS ENT  
Opened in 2004  
HERBIS OSAKA  
Opened in 1997

HEP Five  
Opened in 1998

Hankyu Terminal Bldg.  
Completed in 1973

Hankyu Umeda Sta./ Hankyu-sanbangai  
Completed in 1973  
10-car train, 200m length, 10 platforms

Kitano Hankyu Bldg.  
Opened in 1985

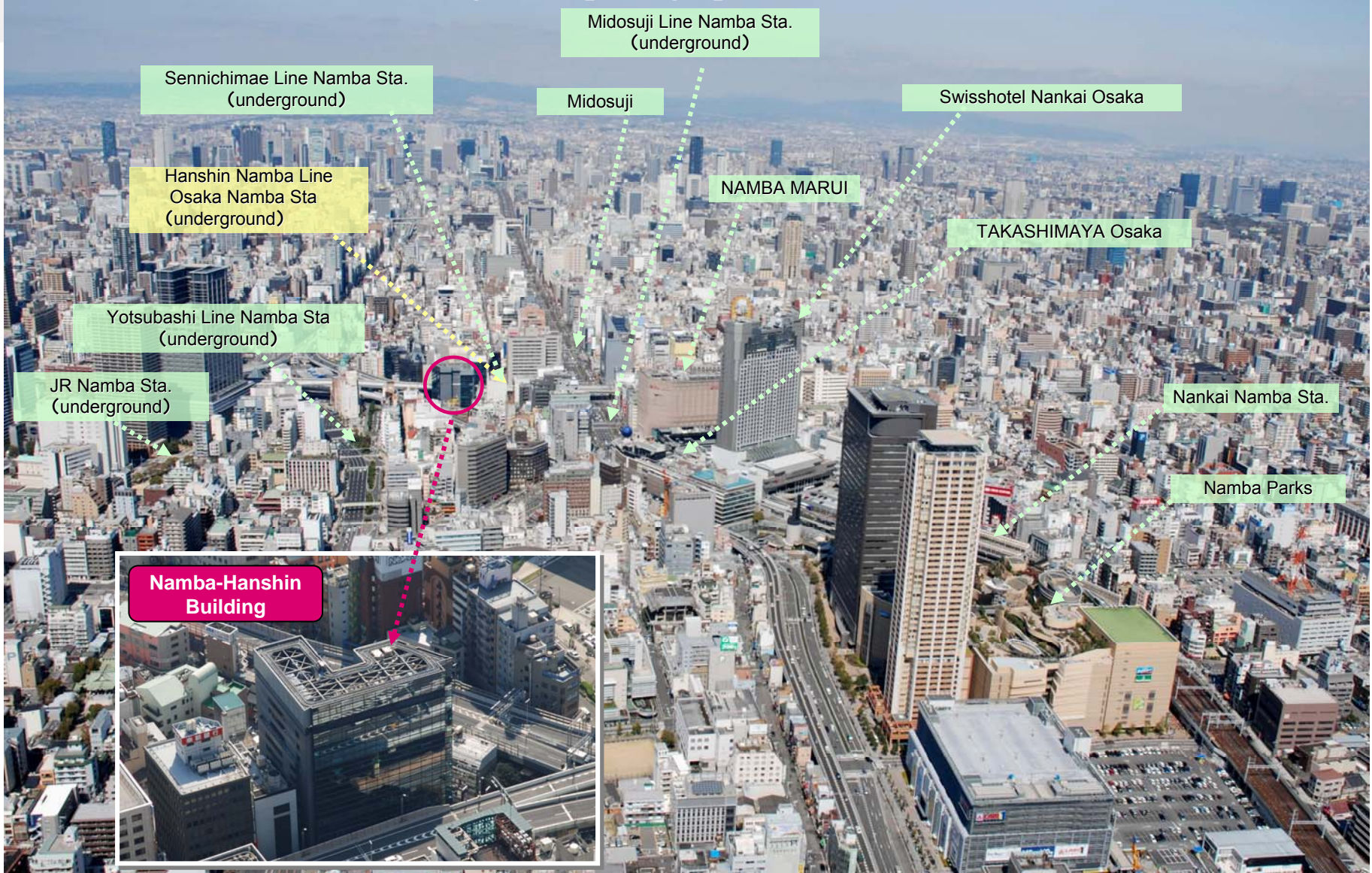
NU chayamachi  
Opened in 2005

■ Hankyu REIT, Inc.'s properties · ■ The Hankyu Hanshin Holdings Group's main developments and properties





North facing aerial photograph taken from south side



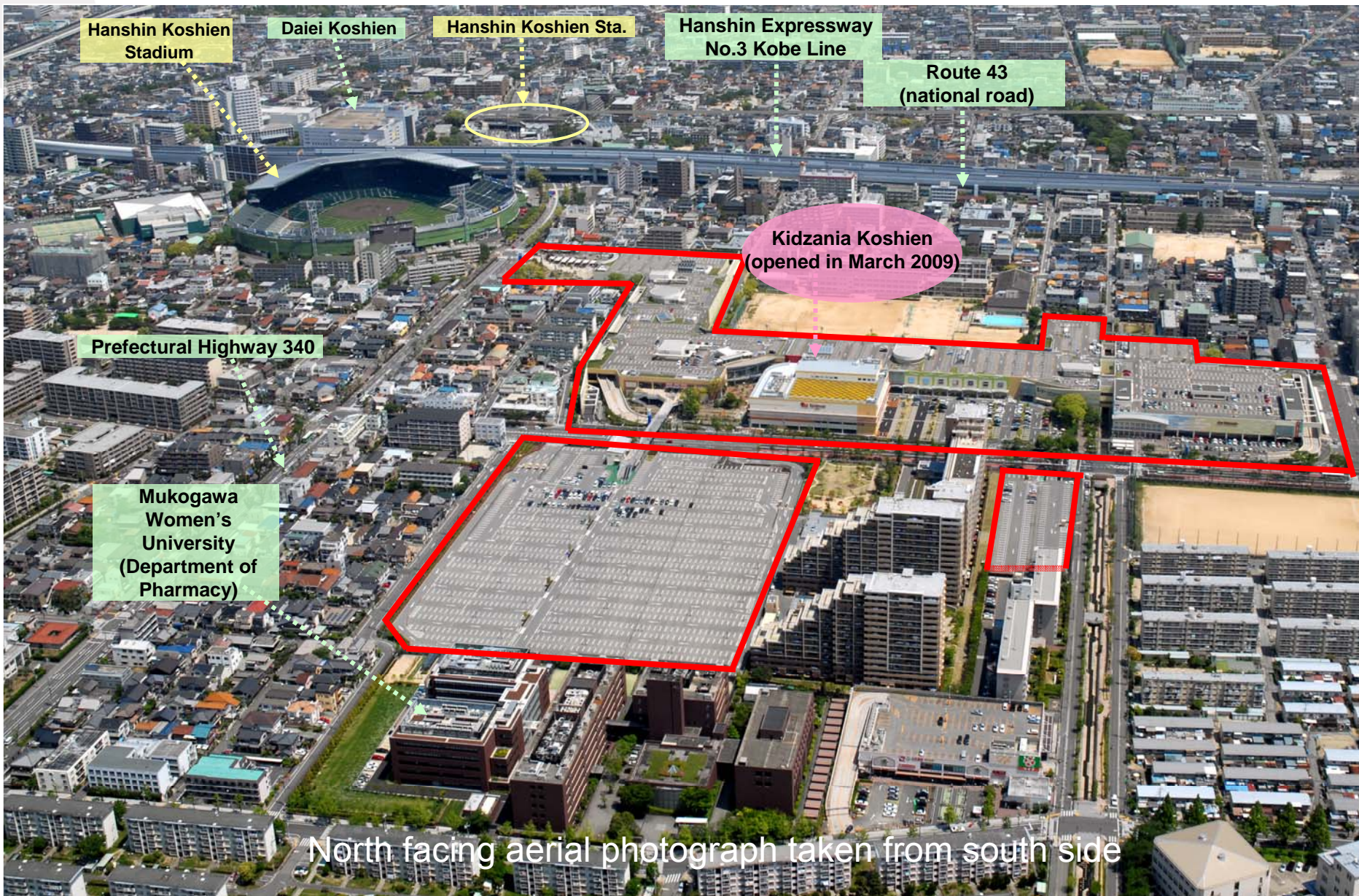
Close to Hanshin Namba Line Osaka Namba Station via Namba walk.





\* Includes variable-rent portion (classification is not disclosed)





North facing aerial photograph taken from south side





North facing aerial photograph taken from south side



Properties held outside Kansai region

(Tokyo)  
Tennoz  
Shiodome  
Tamachi

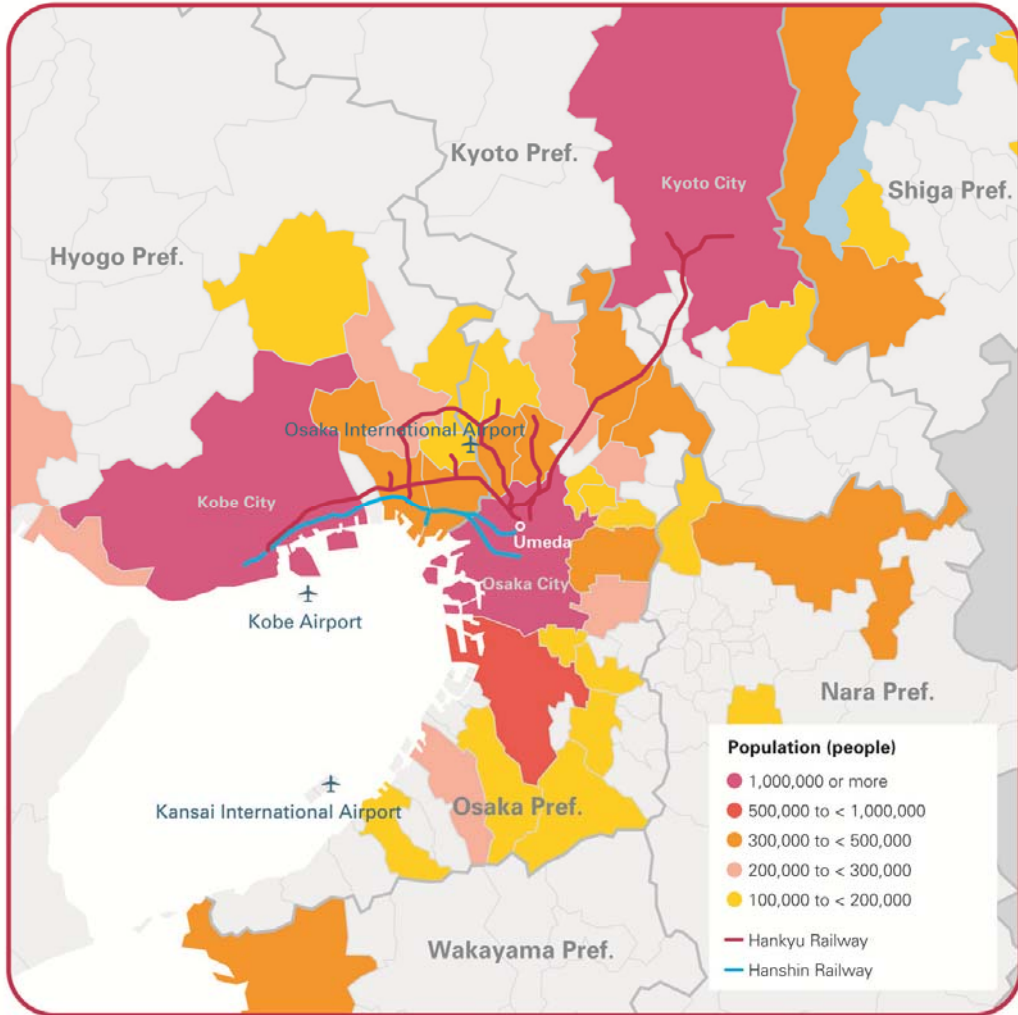
(Other areas)  
Kohnan Hiroshima  
Hamamatsu







Concentration of population in central city and urban vicinity  
 <Populations as of March 31, 2010 of municipal regions with populations of 100,000 or more>



**Population of Kansai is 20.65 million.**

**Osaka Prefecture: 8.70 million**  
 Of which, **62% reside in the top 7 municipal regions**  
 (population of 300,000 or more)  
 including Osaka City

**Hyogo Prefecture: 5.60 million**  
 Of which, **67% reside in the top 7 municipal regions**  
 (population of 200,000 or more)  
 including Kobe City

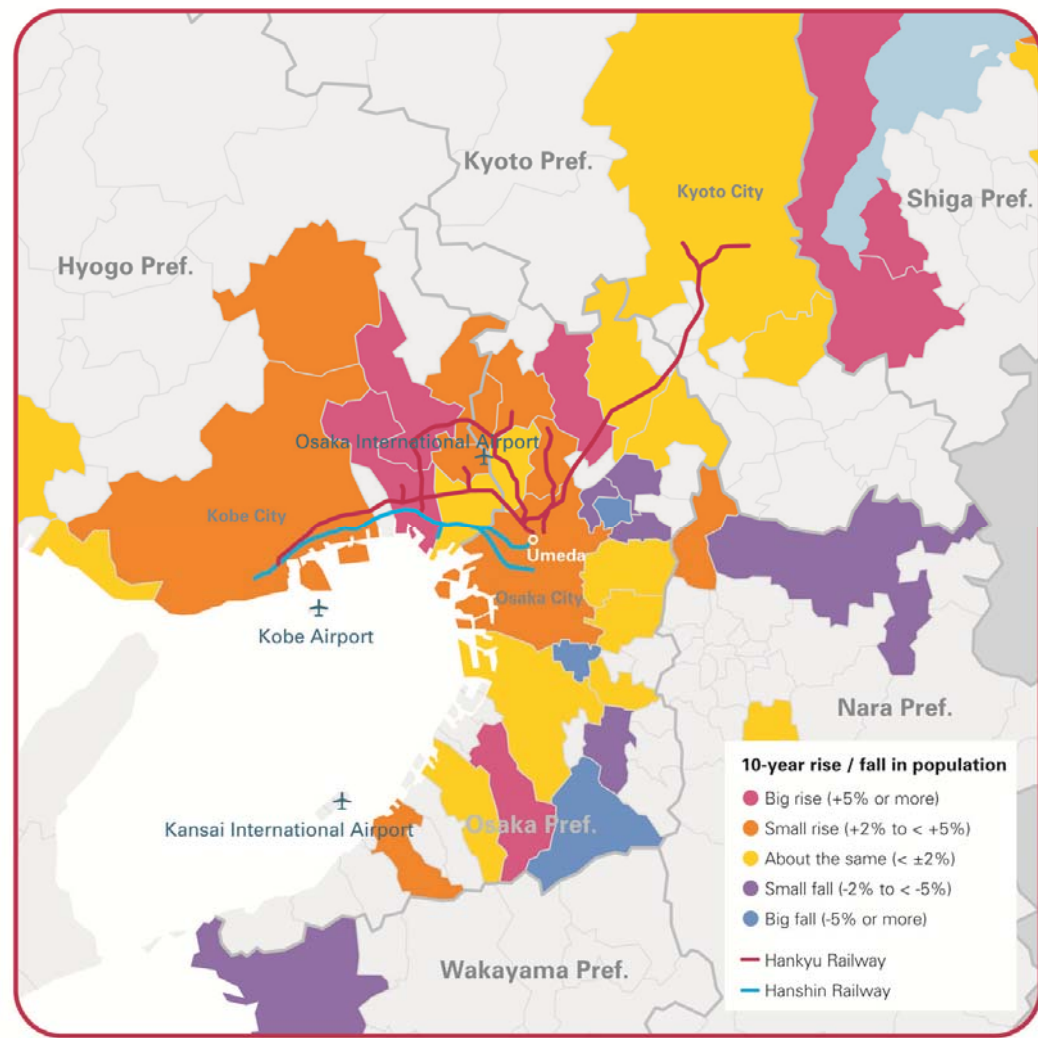
**Due to resurgence in central city and urban vicinity, population density has risen.**

**Retail facilities of Hankyu REIT are located in most populous municipal regions.**

Source: Japan Geographic Data Center  
 “Population Summary of the Basic Resident Registers” (2010)



Population is clearly resurging in central city and urban vicinity  
<10-year population rise/fall in municipal regions with populations of 100,000 or more>



**Kansai population rose slightly +0.4% (10-year period) .**

**Resurgence in central city and urban vicinity (Outflow to suburban vicinity slowed)**

**Polarization into areas that are either strong or not**

**Reason for differentiation: High transportation convenience and high concentration of city functions**

**Populations of Umeda and municipal regions along Hankyu/Hanshin Lines are rising.**

**A plus to the profitability and stability of Hankyu REIT retail facilities**

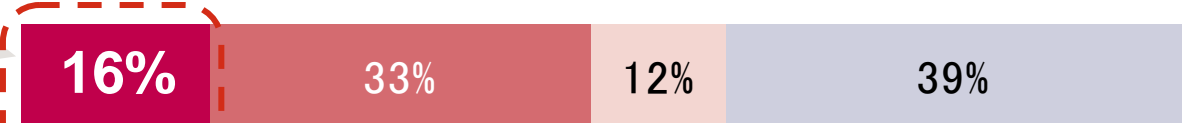
Source: Japan Geographic Data Center  
“Population Summary of the Basic Resident Registers” (2000, 2010)

## A scale of one-sixth of all Japan

■ Kansai region ■ Kanto region ■ Chubu-Tokai region ■ Others

### Population

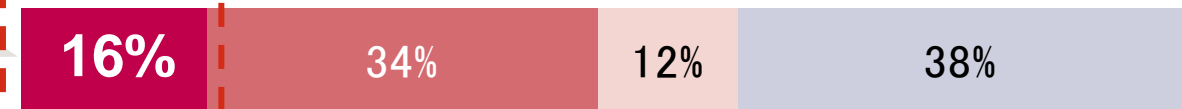
**20.65 million people**  
(at the end of March 2010)



Source: Japan Geographic Data Center  
"Population Summary of the Basic Resident Registers" (2010)

### Annual product sales

**21 trillion yen**  
(Fiscal 2006)



Source: Ministry of Economy, Trade and Industry  
"Results of the Census of Commerce in 2007"

### GDP

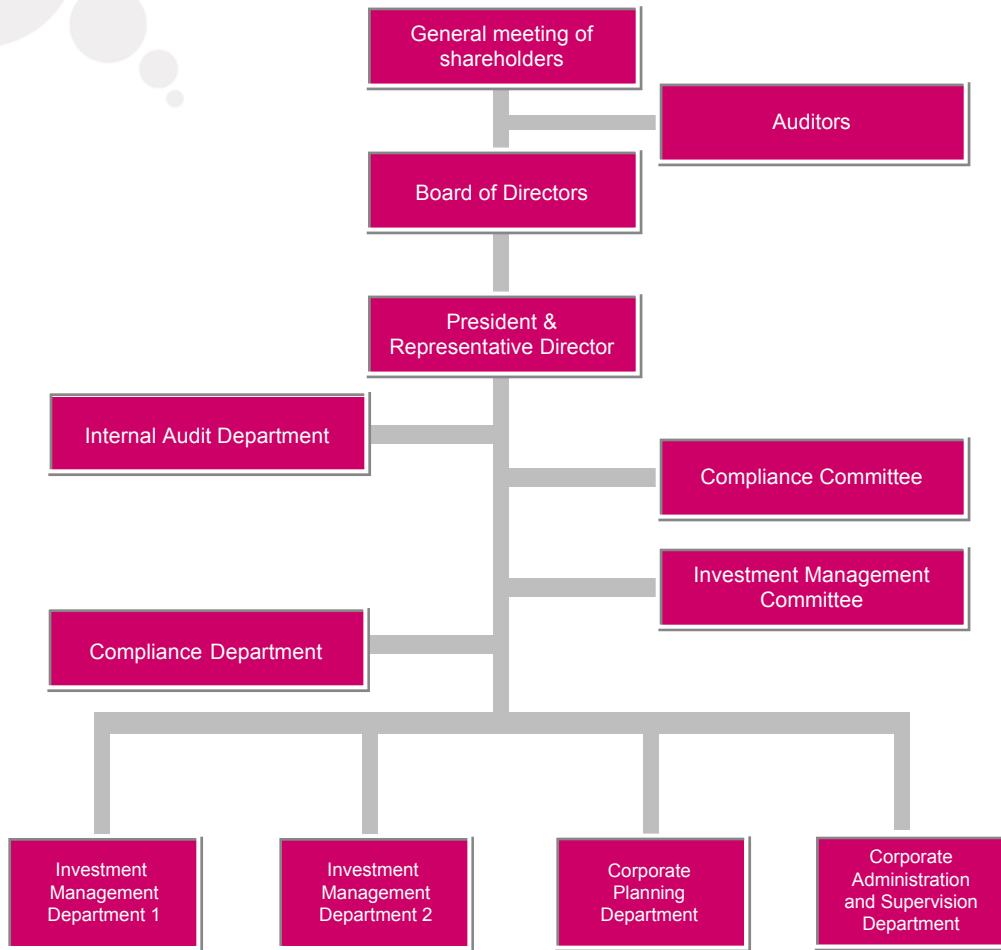
**79 trillion yen**  
(Fiscal 2008)



Source: The Economic and Social Research Institute, Cabinet Office  
"Fiscal Year 2008 Prefectural Accounts: Gross Prefectural Domestic Product Classified by Economic Activities (actual) (Fiscal Year 2008)"

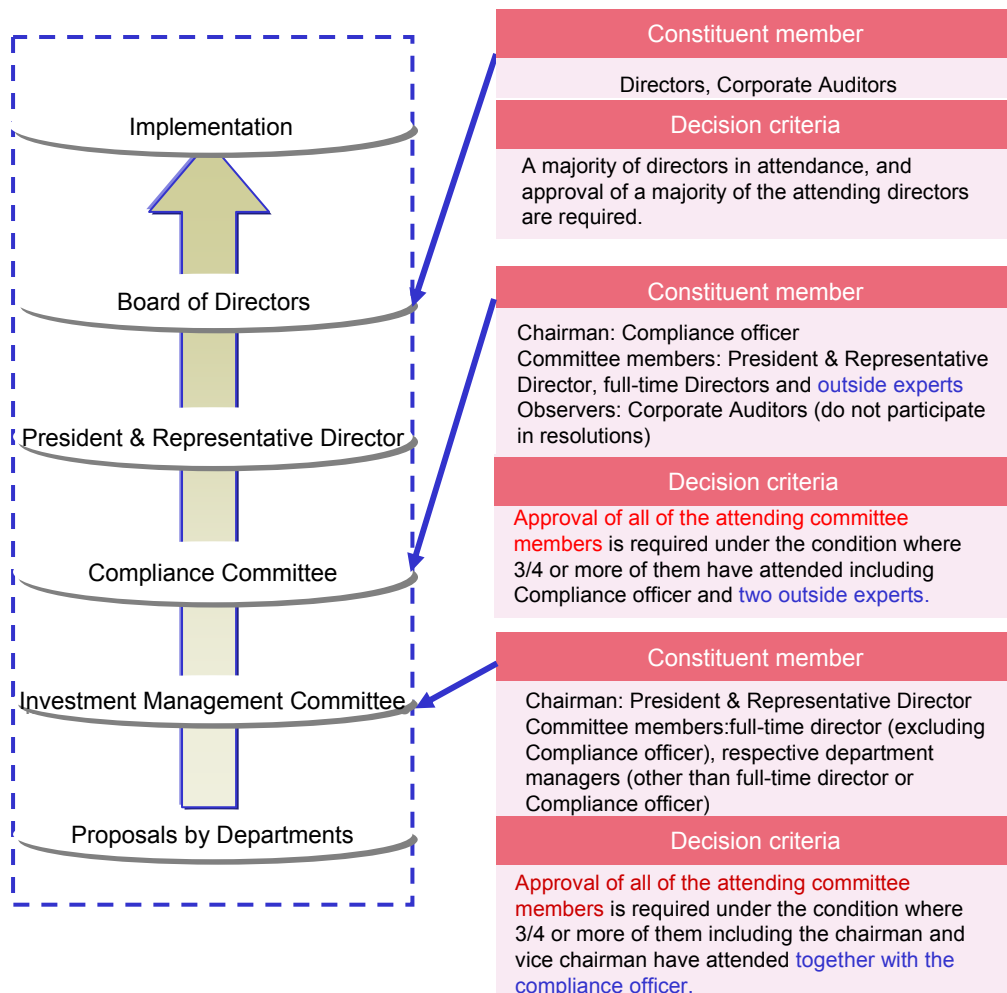
Exceed South Korea  
(World-rank of 15th)





Corporate Data		
Trade name	Hankyu REIT Asset Management, Inc.	
Headquarters	19-19, Chayamachi, Kita-ku, Osaka 530-0013, Japan	
Foundation	March 15, 2004	
Capital	JPY 0.3 bn	
Shareholder	Hankyu Corporation (100%)	
Number of employees	19 (As of May 31, 2011)	
Executive officers	President & Representative Director	Shuichiro Takahashi
	Managing Director	Yoshiaki Shiraki
	Director	Masayuki Takao
	Director	Koji Yoshida
	Corporate Auditor (part-time)	Toru Ono
	Corporate Auditor (part-time)	Toshinori Shoji
Principal businesses	Financial instruments trading (investment management business)	
	<ul style="list-style-type: none"> <li>● Financial product trader: Director-General of the Kinki Finance Bureau Ministry of Finance (Kinsho) No. 44</li> <li>● Real Estate Transaction License: The Governor of Osaka Prefecture (2) No. 50641</li> <li>● Approval of discretionary dealing trustee etc.: No.23 by Minister of land, infrastructure and transportation</li> </ul>	

Systematically ensure multiple check functions.  
Focus on promoting a compliance-conscious corporate culture.



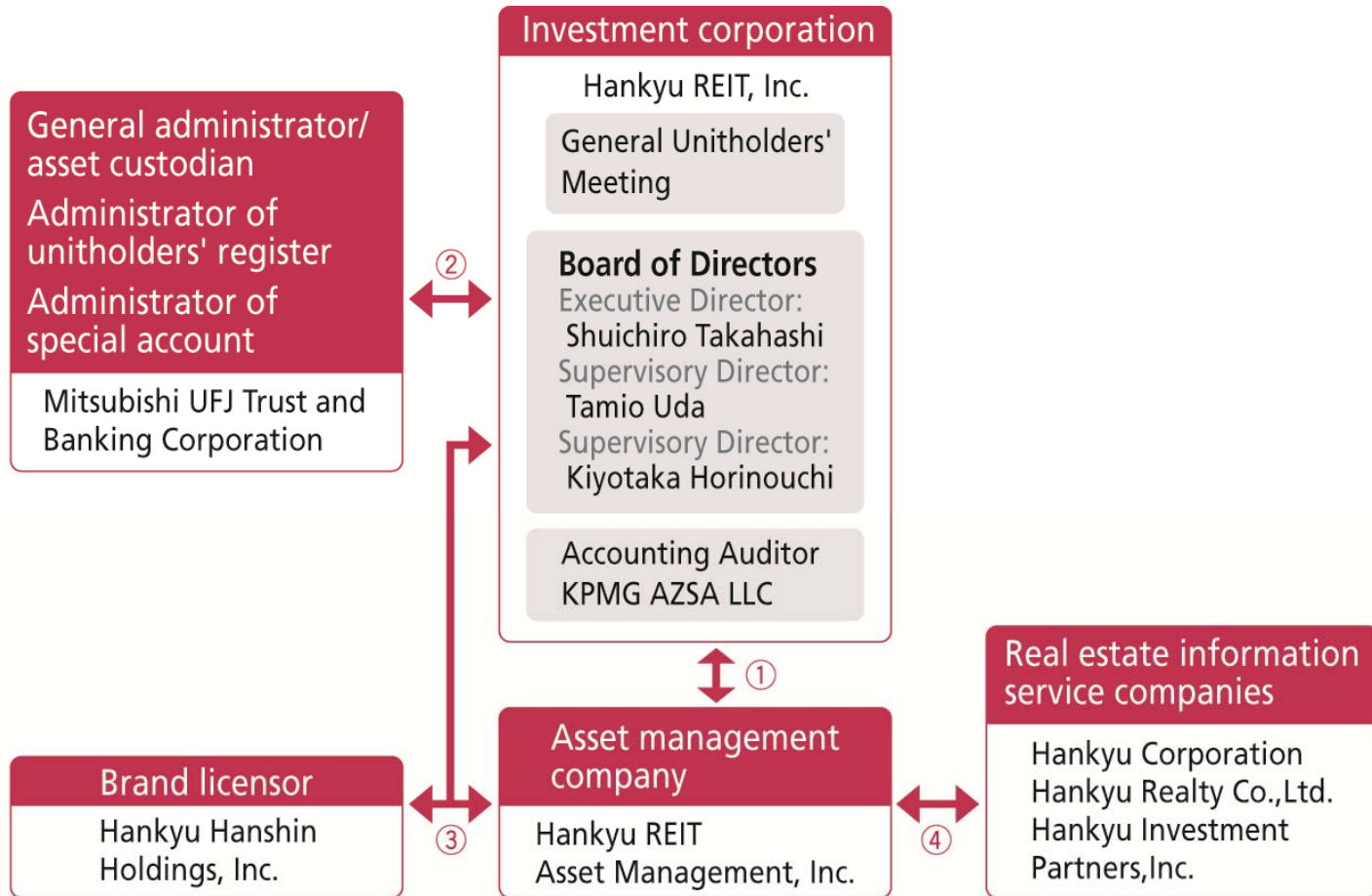
### Compliance System

- Achieve comprehensive compliance by establishing a Compliance Department and a Compliance Officer.
- The Compliance Committee, including outside experts, deliberates on Conflicts of Interests Transaction with interested parties.
- The Compliance Officer attends the Investment committee and checks for compliance issues.
- Appointed a person to be in charge of efforts to prevent improper requests and exclude anti-social forces

### Internal Audit System

- Put PDCA cycle into operation by systematically implementing the internal audit system every fiscal year based on the annual internal audit plan.
- Utilize external consulting entity to secure independence of internal audit and obtain an extremely effective internal audit.
- Introduced semi-full-time Corporate Auditor system and strengthen auditor functions.  
(Independent system of the Hankyu Corporation and the group companies. Recognized as part-time Corporate Auditor under the Companies Act.)
- Construct the internal control system and strengthen the check and balance function as a consolidated subsidiary of Hankyu Hanshin Holdings, Inc.

( As of May 31, 2011)



- ① Asset management services agreement ② Administrative agency agreement/asset custody agreement/agreement on administration of unitholders' register/special account management agreement  
 ③ Trademark license agreement ④ Information sharing-related agreement

(Note) In preparation for the event that the number of Executive Directors and Supervisory Directors are less than that stipulated in laws and regulations, Yoshiaki Shiraki, Director (appointed as Managing Director as of April 1, 2011) of asset management company Hankyu REIT Asset Management, Inc. and Motofumi Suzuki, were elected as alternate Executive Director and alternate Supervisory Director, respectively, at the General Unitholders' Meeting held on August 27, 2010.