



<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

Hankyu REIT Asset Management, Inc.
Yoshiaki Shiraki, President & Representative Director
Contact:
Yoshihiro Nakano
General Manager, Corporate Planning Dept.
Email: hankyureit-ir@hankyu-rt.jp

Notice Concerning Transfer of Domestic Real Estate Trust Beneficiary Interests

Hankyu REIT, Inc. (hereafter "Hankyu REIT") announces that it today decided to make the following transfer of assets.

Details

1. Overview of Transfer

(1) HEP Five (partial transfer)

- (i) Asset to be transferred: 31% interest in quasi co-ownership of real estate trust beneficiary interests (Note)
- (ii) Property name: HEP Five
- (iii) Proposed transfer price: 16,523,000,000 yen
(excluding transfer-related expenses, property tax, city planning tax and consumption tax, among others)
- (iv) Book value: 13,002,000,000 yen (projected value at the proposed transfer date, rounded down to the nearest million yen)
- (v) Difference between proposed transfer price and book value: 3,521,000,000 yen (difference between (iii) above and (iv) above)
- (vi) Appraised value: 16,523,000,000 yen (Date of appraisal: February 28, 2013)
(Appraisal organization: The Tanizawa Sogo Appraisal Co., Ltd.)
- (vii) Proposed transfer date: April 9, 2013
- (viii) Transferee: Hankyu Realty Co., Ltd.

Note: Hankyu REIT's interest in quasi co-ownership changes from 45% to 14%.

(2) NU chayamachi

- (i) Asset to be transferred: Real estate trust beneficiary interests
- (ii) Property name: NU chayamachi
- (iii) Proposed transfer price: 14,100,000,000 yen

(excluding transfer-related expenses, property tax, city planning tax and consumption tax, among others)

- (iv) Book value: 17,543,000,000 yen (projected value at the proposed transfer date, rounded down to the nearest million yen)
- (v) Difference between proposed transfer price and book value: -3,443,000,000 yen (difference between (iii) above and (iv) above)
- (vi) Appraised value: 14,100,000,000 yen (Date of appraisal: February 28, 2013)
(Appraisal organization: The Tanizawa Sogo Appraisal Co., Ltd.)
- (vii) Proposed transfer date: April 16, 2013
- (viii) Transferee: Hankyu Corporation

2. Reason for Transfer

Hankyu REIT decided that, along with transferring these two retail facilities in the Umeda area in light of also such factors as intensifying competition with surrounding facilities, it will acquire the two properties announced in the “Notice Concerning Acquisition of Domestic Real Estate Trust Beneficiary Interests” dated today (the transfer and acquisition, hereafter the “Asset Replacement”). Hankyu REIT decided to carry out the Asset Replacement in an aim to enhance the portfolio NOI yield, while maintaining portfolio quality.

3. Details of Assets to be Transferred

(1) HEP Five (partial transfer)

| | | | | | |
|-------------------------|--------------------------------------|--|----------|--------------------|---|
| Property name | | HEP Five | | | |
| Specified asset type | | 31% interest in quasi co-ownership of real estate trust beneficiary interests (Hankyu REIT's interest in quasi co-ownership changes from 45% to 14%.) | | | |
| Trustee | | Mitsubishi UFJ Trust and Banking Corporation | | | |
| Trust period | | February 1, 2005 to January 31, 2025 | | | |
| Acquisition date | | February 1, 2005 | | | |
| Quasi co-owner | | Hankyu Realty Co., Ltd. (The company's interest in quasi co-ownership changes from 55% to 86%.) | | | |
| Location | Address | | | | |
| | 5-15, Kakuda-cho, Kita-ku, Osaka-shi | | | | |
| Land | Building coverage | 80% | Building | Month/Year built | November 1998 |
| | Floor area ratio | 800% | | Structure / Floors | Steel-frame, reinforced concrete structure with flat roof / 3 underground levels, 10 floors |
| | Zone use | Commercial district | | Use | Store, amusement facility, theater and parking garage space |
| | Lot area | 5,596.11m ² (Note 1) (Note 2) | | Total floor area | 45,266.96m ² (Note 1) |
| | Form of ownership | Right of ownership | | Form of ownership | Right of ownership |
| Total number of tenants | | 1 (129) (Note 3) (Note 4) | | | |
| Principal tenants | | SEGA Corporation and Point Inc. | | | |

| | |
|----------------|---|
| Leasable area | 20,370.13m ² (9,510.90m ²) (Note 4) (Note 5) |
| Leased area | 20,370.13m ² (9,255.67m ²) (Note 4) (Note 5) |
| Occupancy rate | 100% (97.3%) (Note 4) (Note 6) |

Note 1: The lot area and total floor area stated are the equivalent of 100%.

Note 2: Of the lot area of 5,596.11m², 111.59m² is road provided for public use.

Note 3: The total number of tenants is considered as 1 because the property is entirely leased to tenants under the pass-through master lease method.

Note 4: In parentheses are the figures as of today of the number of end tenants, leasable area to end tenants, leased area to end tenants and occupancy rate based on end tenants.

Note 5: The leasable area and leased area stated are the equivalent of Hankyu REIT's 45% interest in quasi co-ownership (calculated based on the lease agreement with the master lessee).

Note 6: The ratio of leased area to leasable area.

(2) NU chayamachi

| | | | | | |
|-------------------------|-------------------|---|----------|--------------------|---|
| Property name | | NU chayamachi | | | |
| Specified asset type | | Trust beneficiary interests | | | |
| Trustee | | Mizuho Trust & Banking Co., Ltd. | | | |
| Trust period | | March 15, 2007 to March 31, 2017 | | | |
| Acquisition date | | March 15, 2007 | | | |
| Location | Address | 10-12, Chaya-machi, Kita-ku, Osaka-shi | | | |
| Land | Building coverage | 50% | Building | Month/Year built | October 2005 |
| | Floor area ratio | 700% / 550% | | Structure / Floors | steel-frame, steel-frame reinforced concrete structure, reinforced concrete structure with flat roof / 2 underground levels, 9 floors |
| | Zone use | Commercial district | | Use | Store and parking garage space |
| | Lot area | 4,109.74m ² (Note 1) | | Total floor area | 25,194.25m ² (Note 1) |
| | Form of ownership | Right of ownership (co-ownership interest: 987,861/1,000,000) | | Form of ownership | Sectional ownership (floor area of exclusive-use portion: 15,546.75m ² (Note 2)) |
| Total number of tenants | | 1 (66) (Note 3) (Note 4) | | | |
| Principal tenants | | Tower Records Japan Inc. and Ishibashi Music Corporation | | | |
| Leasable area | | 15,546.75m ² (11,447.64m ²) (Note 4) | | | |
| Leased area | | 15,546.75m ² (9,892.15m ²) (Note 4) | | | |
| Occupancy rate | | 100% (86.4%) (Note 4) (Note 5) | | | |

Note 1: The lot area and total floor area stated are the area of the property's land and building as a whole (block of buildings and its lot specified in the registry).

Note 2: The floor area of the exclusive-use portion is the area of the portion owned by Hankyu REIT, and does not include the area of the portion owned by other sectional owners and common-use portion.

Note 3: The total number of tenants is considered as 1 because the property is entirely leased to tenants under the pass-through master lease method.

Note 4: In parentheses are the figures as of today of the number of end tenants, leasable area to end tenants, leased area to end tenants and occupancy rate based on end tenants.

Note 5: The ratio of leased area to leasable area.

4. Overview of Transferees

(1) HEP Five (partial transfer)

| | |
|--|---|
| Name | Hankyu Realty Co., Ltd. |
| Location | Within Higashi-Hankyu Building, 1-1, Kakuda-cho, Kita-ku, Osaka-shi, Osaka |
| Title and name of representative | Takashi Shimada, Representative Director |
| Main business activities | Land, housing and condominium selling; land utilization and real estate brokerage and mediation; expansion, remodeling and renovation; land and building lease management |
| Capital | 12,426 million yen (Note 1) |
| Date of establishment | February 17, 1947 |
| Net assets and total assets in immediately preceding fiscal year | Net assets: 71,399 million yen Total assets: 241,280 million yen (as of March 31, 2012) |
| Major shareholder and shareholding ratio | Hankyu Corporation 100% |
| Relationship to Hankyu REIT or asset management company | <p>Capital relationships:</p> <p>Hankyu Corporation, which is a shareholder (100% shareholding) of the asset management company Hankyu REIT Asset Management, Inc. and thus falls under the definition of "interested party, etc." in the Act on Investment Trusts and Investment Corporations (hereafter "Investment Trusts Act"), is a shareholder (100% shareholding) of the company and the company thus falls under the definition of "interested party, etc." in the Investment Trusts Act.</p> <p>Personnel relationships:</p> <p>2 directors/employees have been seconded to the asset management company. (as of the end of the previous fiscal period (November 30, 2012))</p> <p>Business relationships:</p> <p>Business relationships with Hankyu REIT Property/Facility management fees 3,303 thousand yen Rent paid 960 thousand yen (previous period (June 1, 2012 to November 30, 2012)) Business relationships with asset management company Rent paid 36,609 thousand yen (previous fiscal year (April 1, 2011 to March 31, 2012)) In addition to the above, an information sharing-related agreement has been entered into with the asset management company.</p> <p>Applicability as related party:</p> <p>Hankyu Corporation, which is a shareholder (100% shareholding) of the asset management company Hankyu REIT Asset Management, Inc., is a shareholder (100% shareholding) of the company and the company thus falls under the definition of "related party."</p> |

Note 1: The capital as of the date of this press release.

(2) NU chayamachi

| | |
|--|---|
| Name | Hankyu Corporation |
| Location | 1-1, Sakae-machi, Ikeda-shi, Osaka |
| Title and name of representative | Kazuo Sumi, Representative Director |
| Main business activities | Urban transportation business; real estate-related business; entertainment & communications business; distribution business |
| Capital | 100 million yen (Note 1) |
| Date of establishment | October 19, 1907 |
| Net assets and total assets in immediately preceding fiscal year | Net assets: 144,065 million yen Total assets: 1,028,237 million yen (as of March 31, 2012) |
| Major shareholder and shareholding ratio | Hankyu Hanshin Holdings, Inc. 100% |
| Relationship to Hankyu REIT or asset management company | <p>Capital relationships:</p> <p>A unitholder (4.1% unitholding) of Hankyu REIT.</p> <p>A shareholder (100% shareholding) of the asset management company Hankyu REIT Asset Management, Inc. and thus falls under the definition of "interested party, etc." in the Investment Trusts Act.</p> <p>Personnel relationships:</p> <p>12 directors/employees have been seconded to the asset management company, of which the president & representative director of the asset management company concurrently holds the position of executive director of Hankyu REIT.</p> <p>3 directors/employees concurrently hold a position at the asset management company.</p> <p>(as of the end of the previous fiscal period (November 30, 2012))</p> <p>Business relationships:</p> <p>Business relationships with Hankyu REIT</p> <p>Rent paid 1,229 thousand yen (previous period (June 1, 2012 to November 30, 2012))</p> <p>Business relationships with asset management company</p> <p>An information sharing-related agreement has been entered into with the asset management company.</p> <p>Applicability as related party:</p> <p>A shareholder (100% shareholding) of the asset management company Hankyu REIT Asset Management, Inc. and thus falls under the definition of "related party."</p> |

Note 1: The capital as of the date of this press release.

5. Transactions with Interested Parties, etc.

Because Hankyu Realty Co., Ltd., which is the transferee of HEP Five (partial transfer), and Hankyu Corporation, which is the transferee of NU chayamachi, fall under the definition of "interested party, etc." in the Investment Trusts Act, the transfer of these assets have been deliberated and approved by the investment management committee, the compliance committee and the board of directors of the asset management company in accordance with the asset management company's rules concerning transactions involving conflicts of interest set forth in the management guidelines, investment management committee regulations, compliance committee regulations, etc.

6. Overview of Intermediaries

Not applicable.

7. Transfer Process

| | |
|----------------|---|
| March 29, 2013 | Resolution of transfer of two properties at the asset management company's board of directors' meeting |
| April 9, 2013 | Proposed conclusion of agreement to transfer real estate trust beneficiary interests and proposed transfer of HEP Five (partial transfer) |
| April 16, 2013 | Proposed conclusion of agreement to transfer real estate trust beneficiary interests and proposed transfer of <u>NU</u> chayamachi |

8. Future Outlook

The net gain or loss on transfer, resulting from the gain on transfer of HEP Five (partial transfer) and the loss on transfer of NU chayamachi, and the transfer of these two properties will have minimal influence on the conditions surrounding the management of Hankyu REIT's assets and there is thus no revision to the forecasts for such for the fiscal period ending May 2013 (December 1, 2012 to May 31, 2013) from those announced on January 22, 2013.

- 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>

<Attached Materials>

- Reference Material Table of Real Estate Portfolio After the Asset Replacement

Reference Material

<Table of Real Estate Portfolio After the Asset Replacement>

After the Asset Replacement (as of March 29, 2013)

| Property Code (Note 1) | Property Name | Facility (Type of Use) | Region | Acquisition Date (Actual/Proposed) | Acquisition Price (Actual/Proposed) (million yen) | Investment Ratio |
|------------------------|--|------------------------|--------|------------------------------------|---|------------------|
| R1 (K) | HEP Five (Note 2) | Retail | Kansai | February 1, 2005 | 6,468 | 5.6% |
| R2 (K) | Kitano Hankyu Building | Retail | Kansai | February 1, 2005 | 7,740 | 6.7% |
| R3 (K) | Dew Hankyu Yamada | Retail | Kansai | February 1, 2005 | 6,930 | 6.0% |
| R4 (K) | Takatsuki-Josai Shopping Center | Retail | Kansai | November 15, 2005 | 8,600 | 7.4% |
| R5 (K) | Nitori Ibaraki-Kita Store (site) | Retail | Kansai | March 29, 2006 | 1,318 | 1.1% |
| R6 | Kohnan Hiroshima Nakano-Higashi Store (site) | Retail | Other | October 2, 2006 | 2,170 | 1.9% |
| | | | | April 9, 2007 | 5 | |
| R7 (K) | NU chayamachi | Retail | Kansai | Transfer | — | — |
| R8 | Hotel Gracery Tamachi | Retail | Other | December 25, 2008 | 4,160 | 3.6% |
| R9 (K) | LaLaport KOSHIEEN (site) | Retail | Kansai | January 22, 2009 | 7,350 | 6.3% |
| R10 | Richmond Hotel Hamamatsu | Retail | Other | January 22, 2009 | 2,100 | 1.8% |
| R11 (K) | HANKYU NISHINOMIYA GARDENS (Note 3) | Retail | Kansai | April 16, 2013 | 18,300 | 15.8% |
| | Subtotal | | | | 65,141 | 56.1% |
| O1 | Shiodome East Side Building | Office | Other | February 29, 2008 | 19,025 | 16.4% |
| O2 (K) | Hankyu Corporation Head Office Building (Note 3) | Office | Kansai | April 10, 2013 | 10,200 | 8.8% |
| | Subtotal | | | | 29,225 | 25.2% |
| M1 (K) | Ueroku F Building | Complex | Kansai | November 1, 2005 | 2,980 | 2.6% |
| M2 | Sphere Tower Tennoz | Complex | Other | October 2, 2007 | 9,405 | 8.1% |
| M3 (K) | LAXA Osaka | Complex | Kansai | January 22, 2009 | 5,122 | 4.4% |
| M4 (K) | Namba-Hanshin Building | Complex | Kansai | January 22, 2009 | 4,310 | 3.7% |
| | Subtotal | | | | 21,817 | 18.8% |
| | Total | | | | 116,184 | 100.0% |

Note 1: The properties owned by Hankyu REIT are assigned codes classified by facility (type of use) and region.

The letters 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 numerals are the numbers assigned to each facility in the chronological order of the acquisition. Also, the letter "K" in parentheses to the right of the numerals indicates that the property is located in the Kansai region.

Note 2: HEP Five's acquisition price and investment ratio are the figures after partial transfer.

Note 3: For the acquisition of HANKYU NISHINOMIYA GARDENS and Hankyu Corporation Head Office Building, please refer to the "Notice Concerning Acquisition of Domestic Real Estate Trust Beneficiary Interests" dated today.