

Hankyu REIT

Financial Results Briefing Materials
for the **14th** Fiscal period ended May 2012



Hankyu REIT, Inc.
<http://www.hankyu-reit.jp>



Hankyu REIT Asset Management, Inc.
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1 . Executive Summary	2
2 . External Growth	15
3 . Portfolio as of end of 14th Fiscal Period	19
4 . Overview of Financial Results	30
5 . APPENDIX	37

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. Executive Summary

External growth

Community-based retail facilities

Searched for excellent properties with particular emphasis on such facilities

Internal growth

- Kitano Hankyu Building
Occupancy rate 100%

- HEP Five
Achieved occupancy rate of 100% through active efforts to replace tenants and change brands

Occupancy rate for total portfolio

14th Fiscal Period **98.5%**
(occupancy by end-tenants)

Financial strategies

Refinanced borrowings to boost stability and efficiency of fund procurement

Results for 14th Fiscal Period

Distribution per unit **JPY 12,324**
(up2.7% from the initial forecast)

Portfolio NOI Capitalization Rate^(※) **4.7%**
(※) (lease operation income + depreciation) × 2 ÷ acquisition price

Investment unit price
at end of 14th fiscal period (closing price): JPY 358,500
Net assets per unit: JPY 660,390
Net assets per unit reflecting unrealized income/loss:
JPY 563,920

Forecast for 15th Fiscal Period

Distribution per unit forecast **JPY 12,000**

Return to growth path Restoration of finances

Preparation of environment for carrying out public offering

- Secure properties by utilizing sponsor group's warehousing capabilities (Community-based retail facilities)
- Maintain and improve 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

- Achieve growth in scale by utilizing sponsor group's development capabilities and network
- While achieving retention and improvement of Distribution per unit as well as gradual reduction of LTV.

Additional acquisition of assets (investment interest in anonymous association)

(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 Investment interest in anonymous association
Real estate under trust:	AEON MALL SakaiKitahanada(site)
Investment amount:	738 million yen (20.0% investment interest in the entire anonymous association)
Acquisition date:	June 1, 2012
Seller:	Hankyu Corporation
Acquisition funds:	Corporate funds



External appearance of AEONMALL Sakaikitahanada

(Overview of Property)

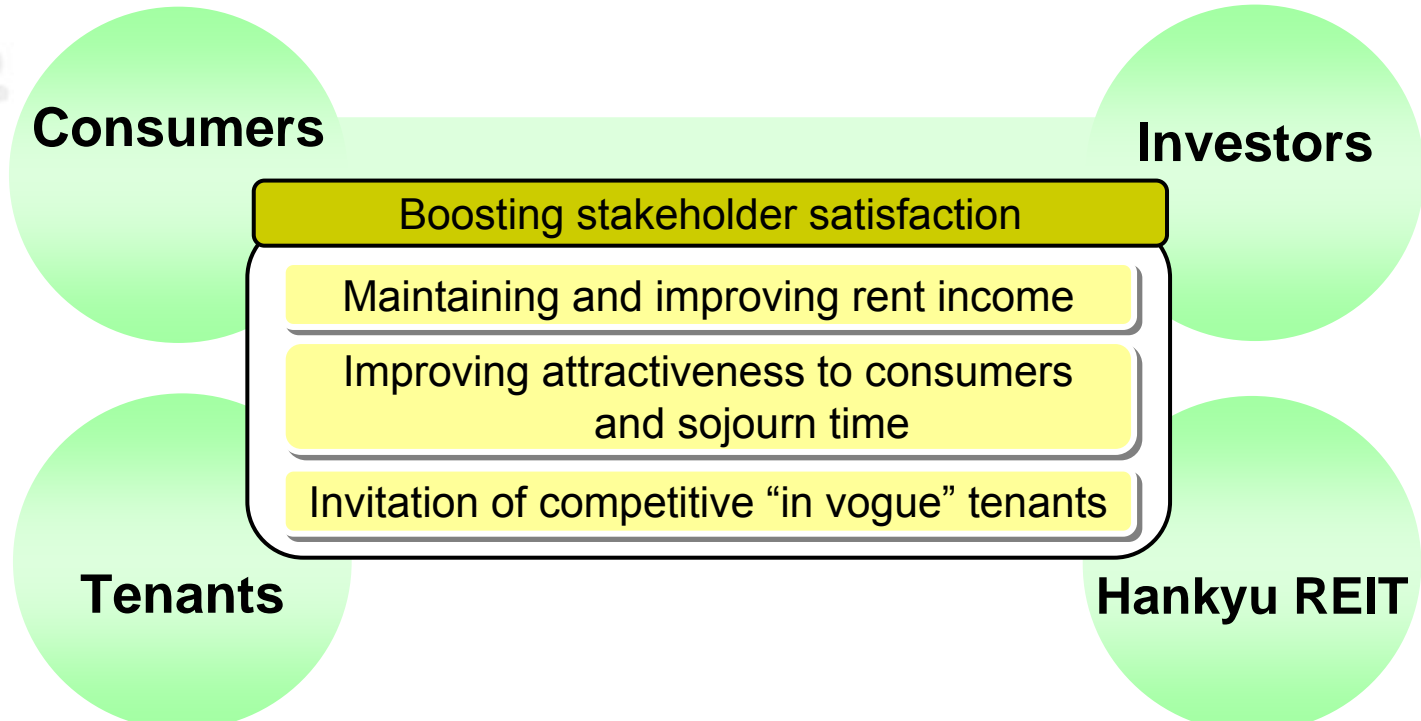
Location: 4-1-32, Higashiasakayama-Cho, Kita-ku, Sakai and other
 Lot area: 64,232.77㎡

- Stronger ties with the sponsor group
- Investments in anonymous association will generate dividends on profits that contribute to distributions to unitholders



(North facing aerial photograph taken from south side)

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



<<Results for the 14th fiscal period>>

- *Kitano Hankyu Building* : Created shower effect from the newly opened nightclub, helping revitalize the building and boost sales
Achieved occupancy rate of 100% at the end of the 14th fiscal period through aggressive leasing
- *HEP FIVE* : Seemed to have bottomed out of declining sales trend caused by new retail facilities opened in vicinity
Achieved occupancy rate of 100% at the end of the 14th fiscal period thanks to the smooth replacing of tenants and the change of brands
- *NU chayamachi* : Held various events to revitalize the whole surrounding area including NU chayamachi Plus
- *Namba-Hanshin Building* : Realized improved occupancy rate by attracting group companies



<HEP Five>

Focused on enhancing appeal of entire facility by replacing tenants and changing brands

Actively replaced tenants and changed brands. Enhanced appeal of entire facility by focusing on increasing floor space of strong-sales tenants and attracting Kansai debut store tenants.

Attracted casual brand tenants highly popular among the young generation (jóuetie (Kansai debut store), rienda, PARK by oneway, RETRO GIRL slow & easy, and SPINNS, and others).

Maintained 100% occupancy rate .

- Grand opening of Hankyu Umeda Flagship Store currently under reconstruction is scheduled for end of November, 2012.
- Due to improved customer flow and navigability from JR Osaka Station, the number of visitors and sales is expected to increase.

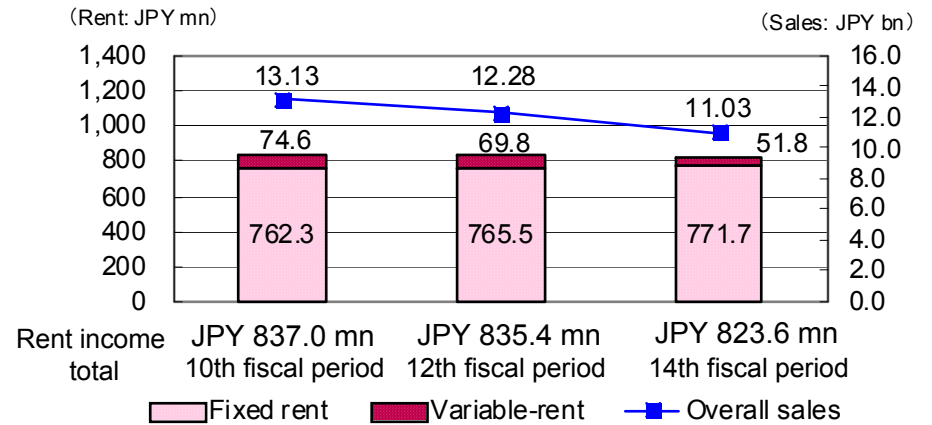
<Kitano Hankyu Building>

Opening of popular large-scale nightclub contributed to revitalization and increased sales of entire building

Steadily realized presence as a leading leisure facility of Umeda, possessing a large-scale nightclub, a billiard and darts bar, various restaurants, etc.

Achieved occupancy rate of 100% at the end of the 14th fiscal period and overall sales show a trend of rising.

Changes in overall sales and rent



※Rent and sales are equivalent to 45% and 100% of interest, respectively.



Kitano Hankyu Bldg. Bar/lounge included in the nightclub

<NU chayamachi>

Held various events such as “UMEDA SNOWMAN FESTIVAL”, “CHAYAMACHI ART PICNIC” and “CHAYAMACHI BAR” aimed at area revitalization

Held from time to time collaborative events with the surrounding area such as “UMEDA SNOWMAN FESTIVAL”, featuring many performances by brass bands and others, “CHAYAMACHI ART PICNIC” where exhibitions of original art by popular artists were held and “CHAYAMACHI BAR” for people who enjoy going from restaurant to restaurant and pub to pub.



The east side of NU chayamachi

<Shiodome East Side Building>

Supported revenues by expanding existing tenant floor space, attracting sponsor group companies, etc.

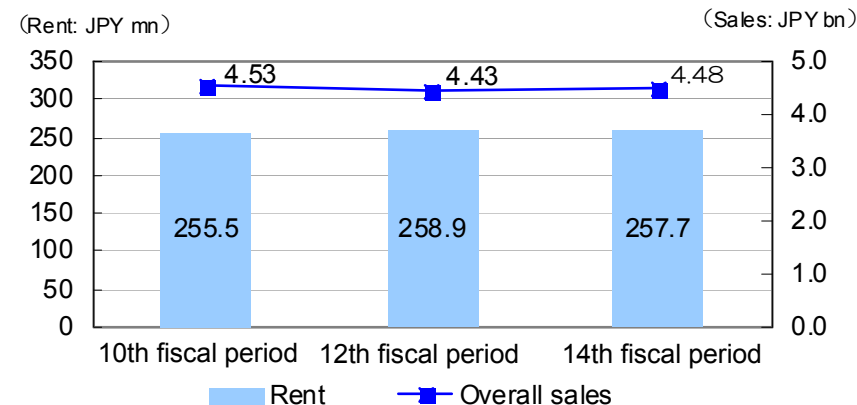
<Richmond Hotel Hamamatsu>

Converted portion of guest rooms into conference rooms and satisfied various guest needs by differentiating from other facilities

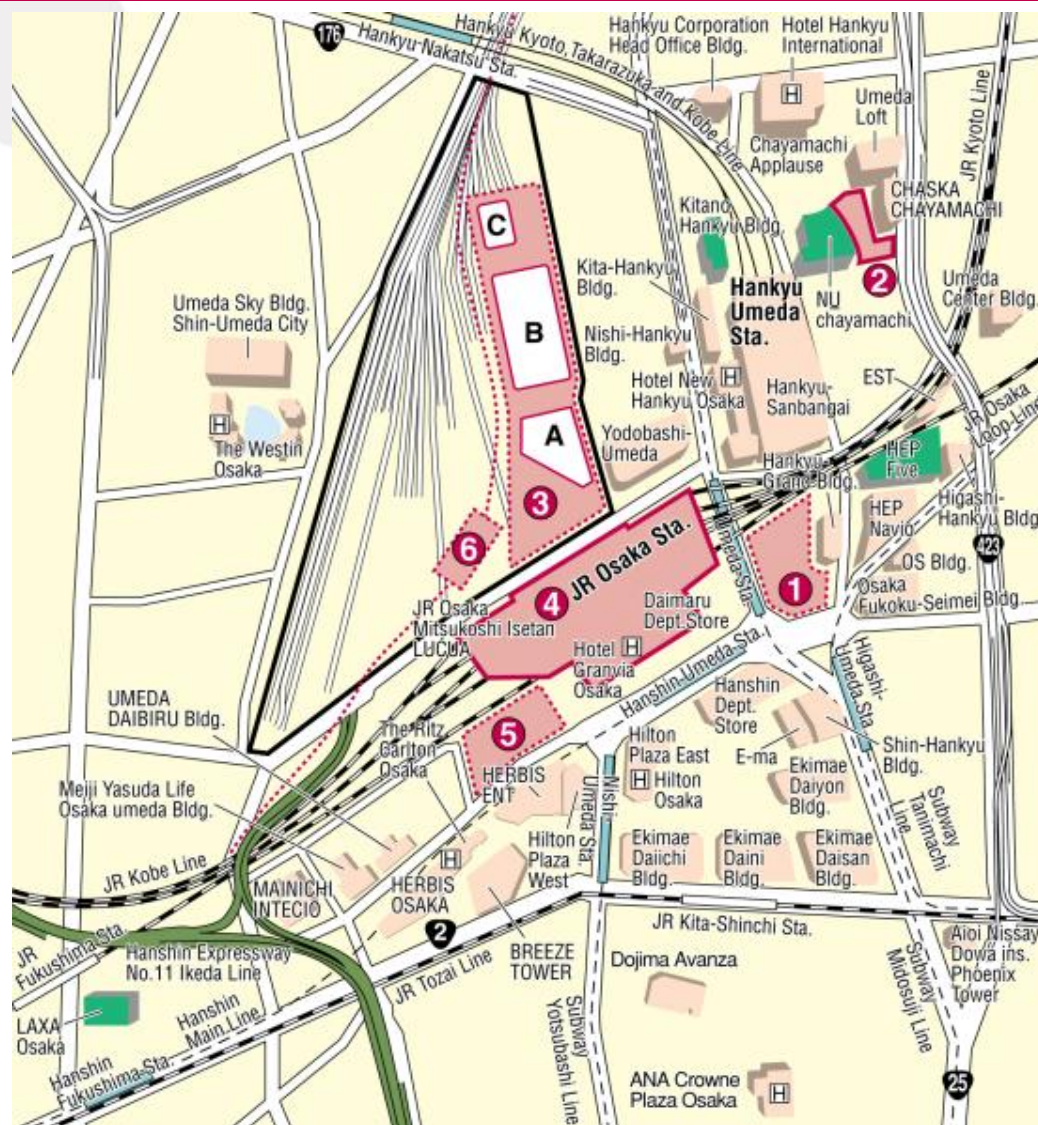
<Dew Hankyu Yamada>

Stable at 100% occupancy rate
Held from time to time customer-attracting events such as “Anniversary Fair” to increase the number of visitors and improve customer loyalty

Changes in overall sales and rent (Dew Hankyu Yamada)



*Include variable-rent portion (classification is not disclosed)

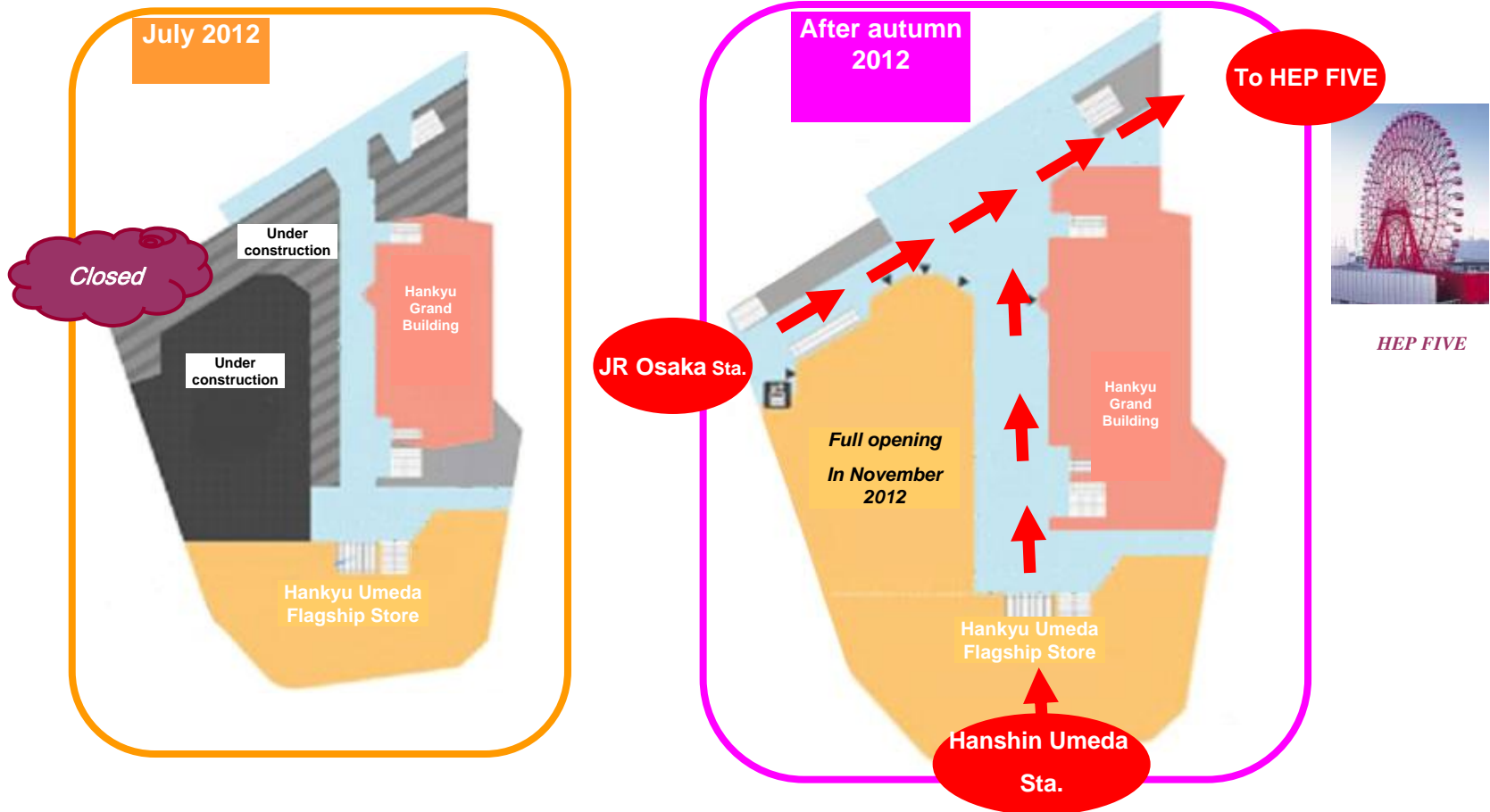


※ (dotted line) Property under development
 ——— (solid line) Project in operation for less than 1 year
 ■ (green line) Owned property

- (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.
 Whole building scheduled for completion late in November 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) **Addition of a branch line to JR Tokaido line and construction of a new station**

Full opening of Umeda concourse currently under construction, with the grand opening of Hankyu Umeda Flagship Store in autumn 2012

⇒ **Improvement of HEP FIVE navigability from JR Osaka Station**





Financial basic policy

- Sound financial position
- Maintain favorable trading relationship with finance institutions
- Lower funding costs (effective use of security deposits)
- Reduce the risk of financing (diversification of debt repayment dates)
- Reduce the risk of interest increase (focus on long-term, fixed debts)

	As of end of 13th period	As of end of 14th period
Interest-bearing debt	JPY 56.9 bn	JPY 56.9 bn
Ave. funding cost (interest-bearing debt+utilized amount of security deposits)	1.36%	1.31%
Ave. debt financing cost	1.51%	1.43%
Ave. remaining years on long-term loans payable	2.1 years	2.1 years
Long-term debt ratio	93.8%	88.6%
Fixed debt ratio	93.8%	75.9%
LTV	56.0%	55.9%
Interest-bearing debt ratio	45.2%	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

Future Policy

Aim to boost stability and efficiency by focusing on suppressing rises in funding costs through choice of borrowing formats and utilization of security deposits.

Registration of issue of corporation bonds

Proposed value of issuance (Upper limited) : JPY 100,000 mn
Proposed issuance period : December 19, 2011 to December 18, 2013

Investor rating

Ratings of issuers

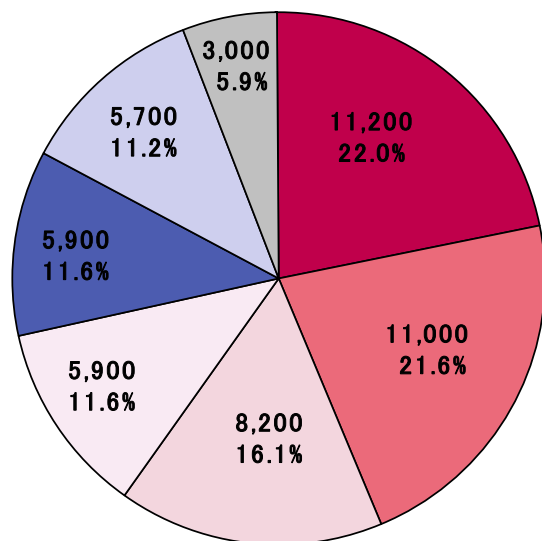


A+
(Stable)

Requested Moody's to withdraw the rating as of January 17, 2012 and the rating was withdrawn on the same day.

As of May 31, 2012

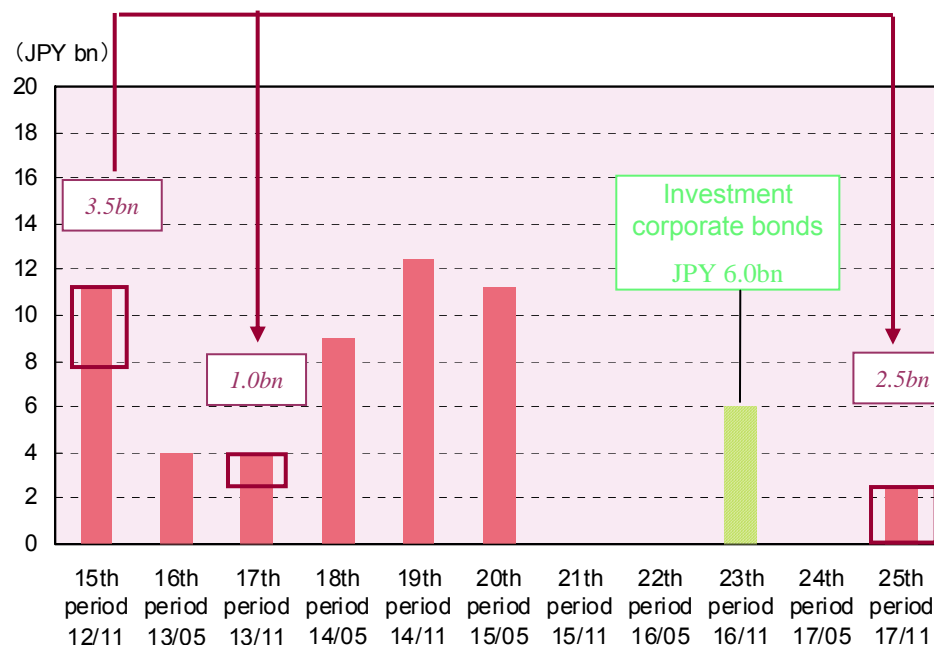
Outstanding debt by lender (JPY mn)



- 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.
- Sumitomo Mitsui Trust Bank, Limited
- The Senshu Ikeda Bank, Ltd.

Total JPY 50.9bn

Diversification of repayment dates



JPY 3.5 bn long-term loans payable that will become due on July 23, 2012 will be converted into JPY 1.0 bn short-term borrowing (one year) and JPY 2.5 bn long-term loans payable (five years).

(Unit: JPY mn)

Item	Results for 14th Fiscal Period ① (Dec. 1, 2011 to May 31, 2012)	Forecast for 15th Fiscal Period ② (Jun. 1, 2012 to Nov. 30, 2012)	Change ②-①	Results for 13th Fiscal Period ③ (Jun. 1, 2011 to Nov. 30, 2011)	Change ②-③
Operation period (days)	183	183	—	183	—
Operating revenues	4,772	4,727	△	44 4,894	△
Operating income	1,501	1,460	△	40 1,549	△
Ordinary income	1,054	1,026	△	27 1,085	△
Net income	1,052	1,024	△	27 1,083	△
Number of outstanding units at end of period (units)	85,400	85,400	—	85,400	—
Distribution per unit (JPY)	12,324	12,000	△	12,688	△ 324
FFO per unit (JPY)	24,013	23,569	△	24,273	△ 444

[Main preconditions]

- There are no transfers of portfolio properties other than additionally acquired investment interest in anonymous association with real estate trust beneficiary interests as portfolio property.
- At present, 85,400 units have been issued and no additional units will be issued until end of the period.



2. External Growth

2-1. Property information

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.

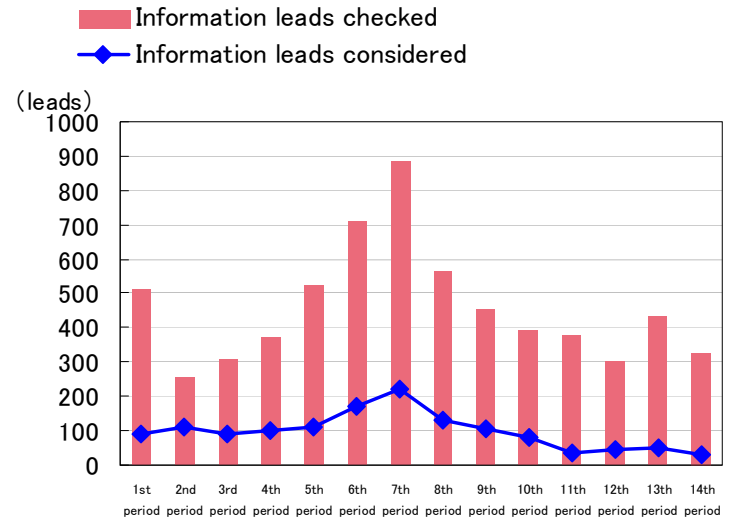


Hankyu REIT, Inc.

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.

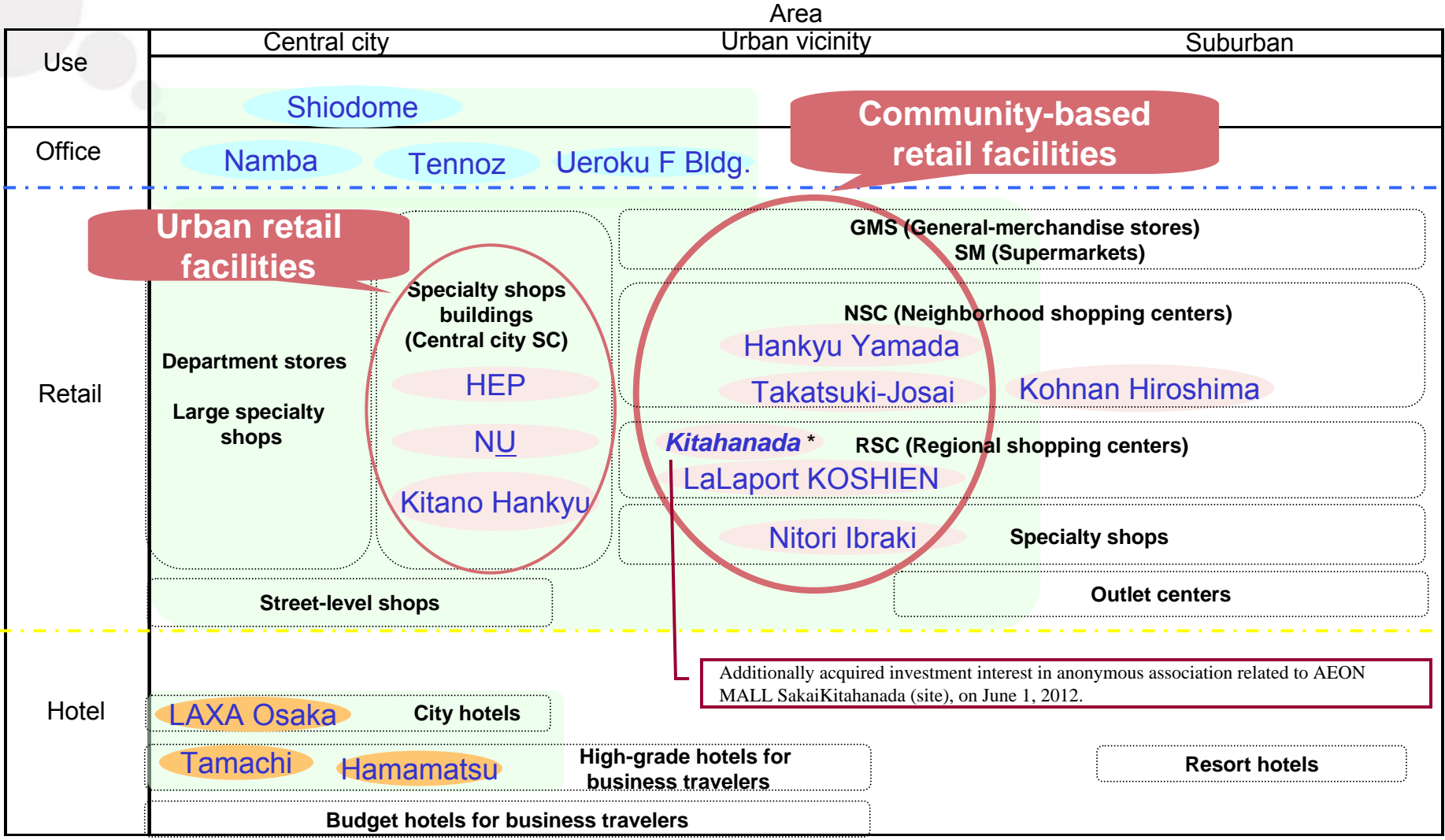
81% of acquisitions
(11 properties)
acquired through
the sponsor pipeline

Trend of information leads





2-2. Property Acquisition Policy for Future



Additionally acquired investment interest in anonymous association related to AEON MALL SakaiKitahanada (site), on June 1, 2012.

Primary investment target zone

Hankyu REIT focal investment zone in retail-use facilities

Focus on community-based retail facilities

Use	Area								
	Central city			Urban vicinity			Suburban		
Office	1	39	3	1 3	1 18	2	0	0	0
Retail	9	26	8	1	12	1	0	0	0
Hotel	1 6	1 14	1 3	10 21	7 24	3 12	2	5	5
Others	0	3	4	1	2	4	0	0	0
	5	27	7	2 15	1 35	5	0	1	4

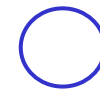
*Outer circle: information leads Inner circle: leads actually considered



Kansai region (Osaka, Kyoto, Hyogo, Nara, Shiga, Wakayama)



Tokyo metropolitan area (Tokyo, Kanagawa, Saitama, Chiba)



Other area

Leads considered were mostly community-based retail facilities of Kansai region and Tokyo metropolitan area



3. Portfolio as of end of 14th Fiscal Period

3-1. Portfolio List (as of end of 14th Fiscal Period)①

As of May 31, 2012

Classification	Code (Note 1)	Name	Location	Completion date	Building age (Note 2)	Leasable area (m ²) (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	13.6	20,370.13 (9,510.90)	100.0% (100%)	1 (136)	4.6%	Feb. 1, 2005	20,790	17.1%	23,760	4.5%
	R2(K)	Kitano Hankyu Bldg.	Kita Ward, Osaka City	Jun. 1985	27.0	28,194.15 (18,477.35)	100.0% (100%)	2 (24)	10.1%	Feb. 1, 2005	7,740	6.4%	6,810	5.6%
	R3(K)	Dew Hankyu Yamada	Suita City, Osaka Prefecture	Oct. 2003	8.7	12,982.19	100.0%	28	4.5%	Feb. 1, 2005	6,930	5.7%	6,900	5.5%
	R4(K)	Takatsuki-Josai Shopping Center	Takatsuki City, Osaka Prefecture	Apr. 2003	9.2	31,451.81	100.0%	1	6.1%	Nov. 15, 2005	8,600	7.1%	7,371	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%	1,392	6.7%
	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	6.7%
	R7(K)	NU chayamachi	Kita Ward, Osaka City	Sep. 2005	6.7	15,546.75 (11,447.64)	100.0% (85.0%)	1 (66)	4.5%	Mar. 15, 2007	19,300	15.9%	14,300	4.8%
	R8	Hotel Gracery Tamachi	Minato Ward, Tokyo	Sep. 2008	3.7	4,943.66	100.0%	1	10.2%	Dec. 25, 2008	4,160	3.4%	3,860	5.4%
	R9(K)	LaLaport KOSHIIEN (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	9.7	6,995.33	100.0%	1	13.9%	Jan. 22, 2009	2,100	1.7%	1,952	6.3%
Office-use facilities	O1	Shiodome East Side Bldg.	Chuo Ward, Tokyo	Aug.2007	4.8	9,311.32	90.9%	5	4.6%	Feb. 29, 2008	19,025	15.7%	12,800	4.8%
Complex facilities	M1(K)	Ueroku F Bldg.	Chuo Ward, Osaka City	Sep. 1993	18.7	4,611.82	89.9%	12	3.2%	Nov. 1, 2005	2,980	2.5%	2,470	6.0%
	M2	Sphere Tower Tennoz (33% of the quasi co-ownership of the trust beneficiary interests)	Shinagawa Ward, Tokyo	Apr. 1993 (Note 6)	19.2	8,807.71	92.7%	22	2.7%	Oct. 2, 2007	9,405	7.8%	8,382	4.6%
	M3(K)	LAXA Osaka	Fukushima Ward, Osaka City	Feb. 1999	13.3	30,339.91	100.0%	1	3.4%	Jan. 22, 2009	5,122	4.2%	5,100	5.9%
	M4(K)	Namba-Hanshin Building	Chuo Ward, Osaka City	Mar. 1992	20.2	9,959.01 (6,456.88)	100.0% (85.7%)	1 (16)	4.5%	Jan. 22, 2009	4,310	3.6%	3,030	5.5%
Total					11.6	341,637.00 (313,459.73)	99.4% (98.5%)	79 (316)	3.2%	—	121,306	100.0%	106,817	5.1%

In addition to the assets shown above, we own an investment interest in anonymous association issued by Bay Leaf Funding GK, which owns trust beneficiary interests of AEON MALL SakaiKitahanada (site), the targeted real estate under the trust.

- (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 KOSHIEN (site), the leasable area is the total of the retail facility lot portion (86,124.96 m²) and the parking garage space portion (39,927.2 m²).
- (Note 4) PML of LaLaport KOSHIEN (site) is for parking garage space administration building portion (394.88m²)
- (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 KOSHIEN (site), are allocated a discount rate using the DCF method.)
Portfolio total is the weighted average CAP rate based on appraisal value.
- (Note 6) The year of completion for the office and store portions.

Urban retail facilities

HEP Five



NU chayamachi



Kitano Hankyu Building



Community-based retail facilities

Dew Hankyu Yamada



LaLaport KOSHIEN (Site)



Kohnan Hiroshima Nakano-Higashi Store (Site)



Takatsuki-Josai SC



Nitori Ibaraki-Kita Store (Site)





Hotel

LAXA Osaka



Hotel Gracery Tamachi



Richmond Hotel Hamamatsu



Office

Ueroku F Building



Namba-Hanshin Building



Shiodome East Side Building

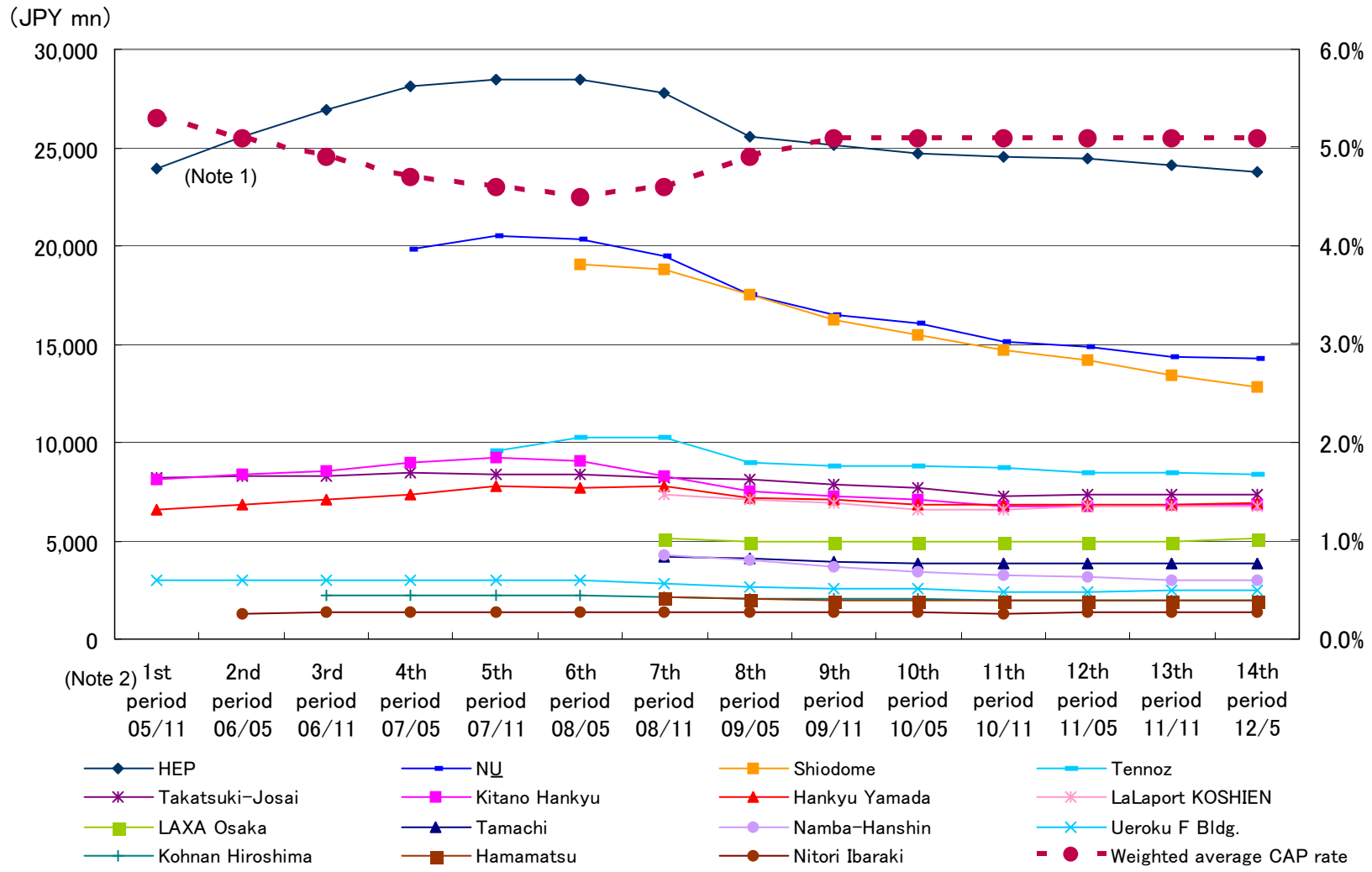


Sphere Tower Tennoz





Appraisal value down 0.9% Sign of CAP rate decline



(Note 1) In the 9th fiscal period (November 27, 2009), 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, appraisal values displayed for the ends of the 1st to the 8th fiscal periods have been calculated at an equity ratio of 45%.

(Note 2) Figures express the value at the end of each fiscal period.

3-3. Changes in Appraisal Value

(Unit : JPY mn)

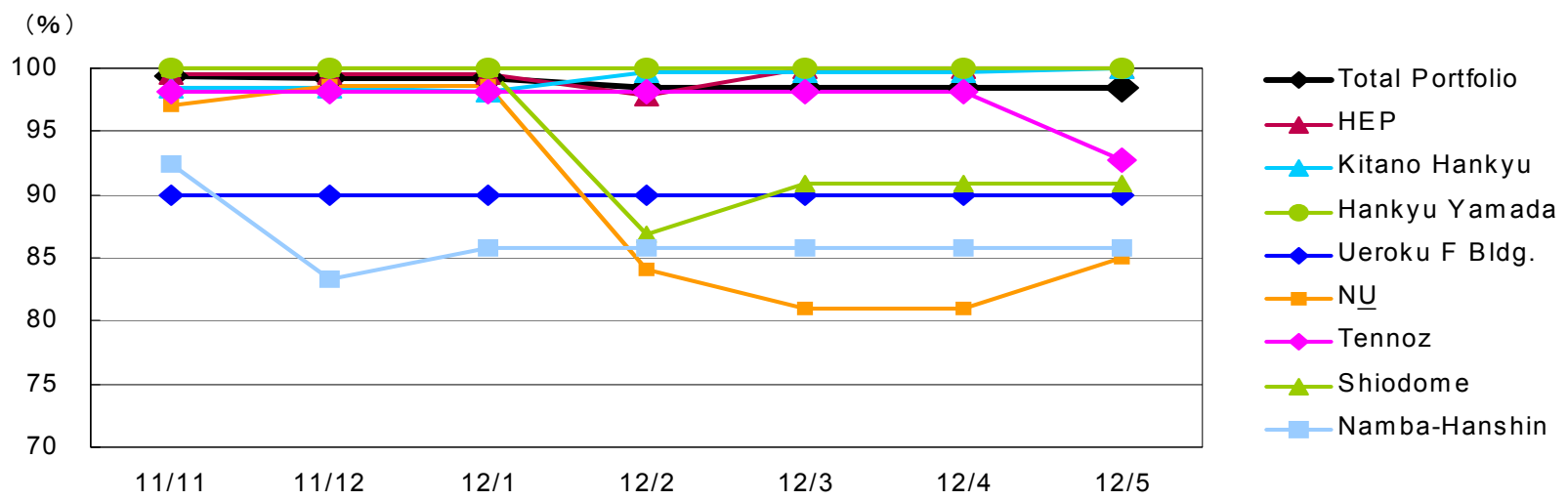
	Acquisition price	① End of previous period (13th fiscal period-end)	CAP rate	② End of current period (14th fiscal period-end)	CAP rate	Change (②-①)	Change (②-①)/①	③ Value recorded on the balance sheet at end of current period	Unrealized income/loss ②-③	Value to book ratio ②/③
HEP Five (45% of the quasi co-ownership of the trust beneficiary interests)	20,790	24,120	4.5%	23,760	4.5%	△ 360	-1.5%	19,168	4,591	124.0%
Kitano Hankyu Building	7,740	6,870	5.6%	6,810	5.6%	△ 60	-0.9%	7,838	△ 1,028	86.9%
Dew Hankyu Yamada	6,930	6,840	5.6%	6,900	5.5%	60	0.9%	6,073	826	113.6%
Takatsuki-Josai Shopping Center	8,600	7,330	5.8%	7,371	5.8%	41	0.6%	7,813	△ 442	94.3%
Ueroku F Building	2,980	2,440	6.0%	2,470	6.0%	30	1.2%	2,864	△ 394	86.2%
Nitori Ibaraki-Kita Store (Site)	1,318	1,377	6.9%	1,392	6.7%	15	1.1%	1,340	51	103.8%
Kohnan Hiroshima Nakano-Higashi Store (Site)	2,175	2,000	6.7%	1,980	6.7%	△ 20	-1.0%	2,280	△ 300	86.8%
NU chayamachi	19,300	14,400	4.8%	14,300	4.8%	△ 100	-0.7%	17,842	△ 3,542	80.1%
Sphere Tower Tennoz (33% of the quasi co-ownership of the trust beneficiary)	9,405	8,448	4.6%	8,382	4.6%	△ 66	-0.8%	8,826	△ 444	95.0%
Shiodome East Side Bldg.	19,025	13,400	4.8%	12,800	4.8%	△ 600	-4.5%	18,423	△ 5,623	69.5%
Hotel Gracery Tamachi	4,160	3,850	5.4%	3,860	5.4%	10	0.3%	4,032	△ 172	95.7%
LAXA Osaka	5,122	5,000	5.9%	5,100	5.9%	100	2.0%	4,863	236	104.9%
LaLaport KOSHIEN (site)	7,350	6,710	5.0%	6,710	5.0%	0	0.0%	7,748	△ 1,038	86.6%
Namba-Hanshin Building	4,310	3,030	5.5%	3,030	5.5%	0	0.0%	4,100	△ 1,070	73.9%
Richmond Hotel Hamamatsu	2,100	1,937	6.3%	1,952	6.3%	15	0.8%	1,838	113	106.2%
Total	121,306	107,752	5.1%	106,817	5.1%	△ 935	-0.9%	115,055	△ 8,238	92.8%

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.



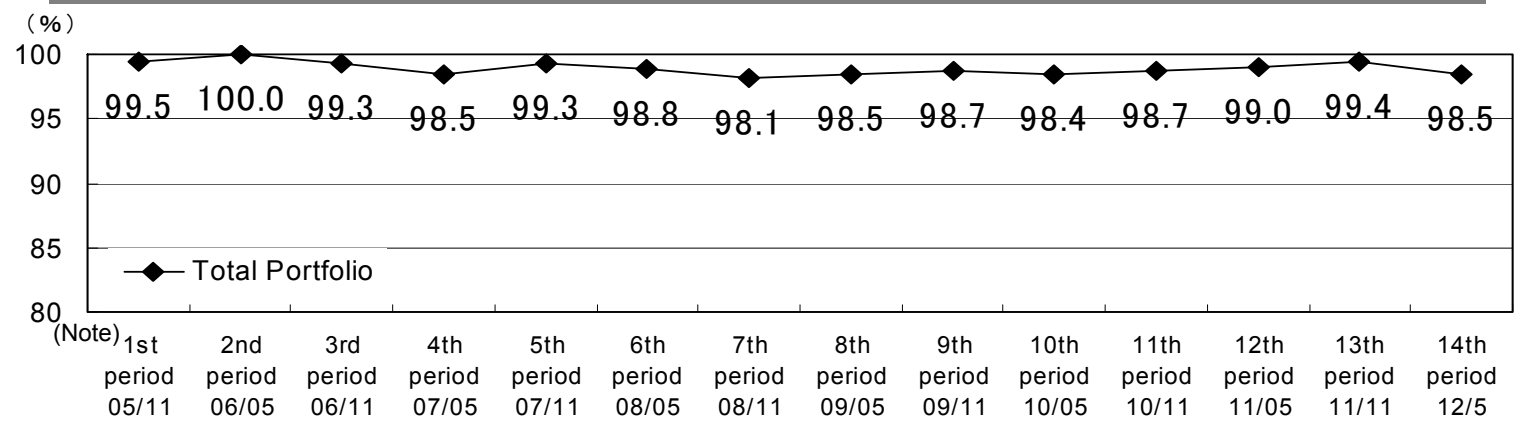
Occupancy rate for Total Portfolio **98.5%** (as of end of the 14th fiscal period)

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

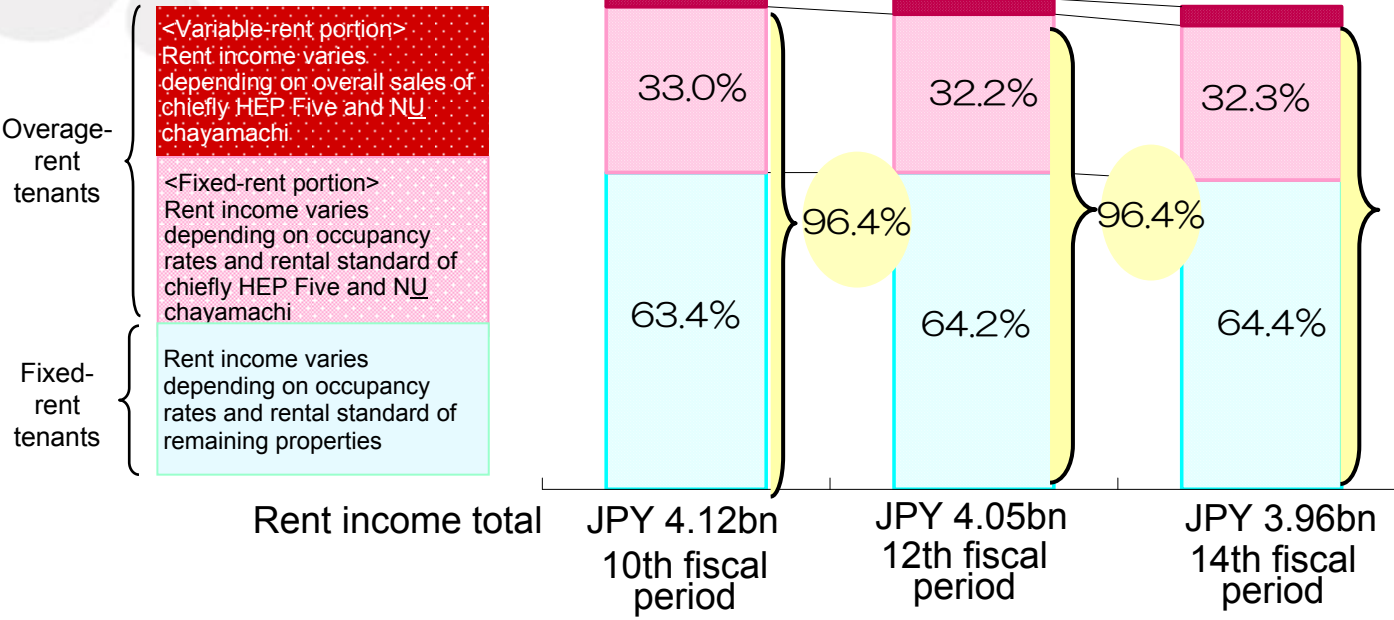
Continuation of stable occupancy rates since 1st fiscal period



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

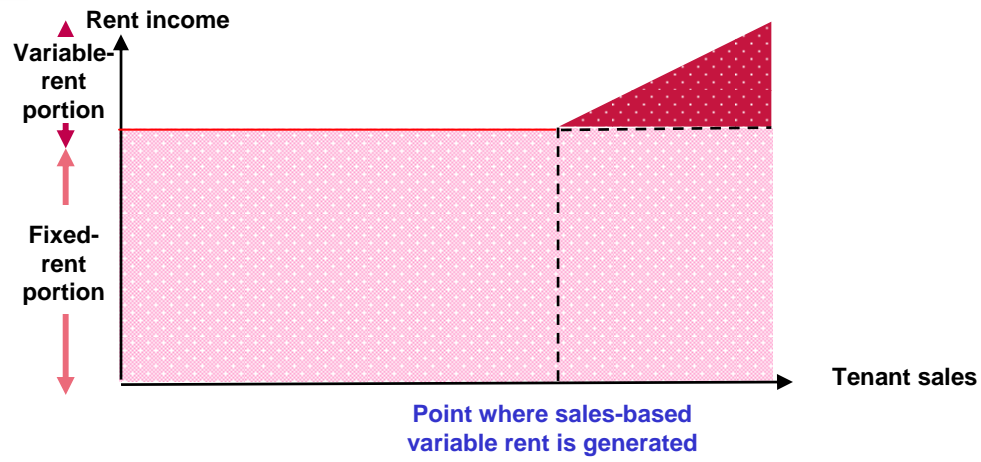


Income ratio by rent category and variation factors



Actual fixed-rent portion **96.7%**

Concept diagram of the general sales-based overage rent system





<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)	Occupancy rate was stable at 100% at the end of the 14th fiscal period. Aiming for sales recovery, implemented measures to strengthen operational structure, such as reform of sales promotion activities and establishment of a PM on-site office. To boost the customer utilization rate and promote new customers, held group employee sales and other events; in cooperation with tenants and PM company, continue promoting events to revitalize the entire building. By promoting the replacement of tenants with low sales and the change of brands, continue to focus on preventing staleness of the entire facility and enhancing appeal.
NU chayamachi Specialty shops buildings (Central city SC)	Overage (fixed + variable)	Contributed to improving appeal and attractiveness to customers of the entire area through the development of various events including "CHAYAMACHI BAR", a street bar event where visitors can go from restaurant to restaurant and pub to pub along a Spanish-style "bar street", and "CHAYAMACHI ART PICNIC" where exhibitions of original art by popular artists in Chayamachi and the surrounding area. Aiming to achieve early occupancy, one floor, which was vacated by departure of a tenant at the end of January 2012, was divided into three. A bridal photo studio opened in May in one segment.

<Properties that use the fixed rent system>

Name	Main rent system	Present conditions
Ueroku F Building Office	Fixed	Occupancy rate was stable at 89.9% at the end of the 14th fiscal period, no change from the end of the previous period (13th fiscal period). Utilizing the building attributes that make it competitive in the area (accessibility, visibility and scale), currently focusing on leasing vacant office portions by conducting open property viewings aimed at real estate agents and offering tenants the option to expand floor space and other efforts.
Sphere Tower Tennoz Office	Fixed	Although occupancy rate has dropped 5.5 points from the end of the previous period (13th fiscal period) to 92.7%, agreements were reached on an unofficial basis with new tenants including a clinic. In the current period, implemented disaster prevention measures such as creating disaster response manuals and adding stockpiles for earthquake response, as requested by tenants; continue to focus on boosting tenant satisfaction and aim to secure tenant leasing as early as possible.
Shiodome East Side Building Office	Fixed	Although one floor contract was cancelled at the end of January 2012, existing tenants increased floor space to 2/3 of the vacated section, resulting in a 95.8% occupancy rate. Currently focusing on tenant leasing for the remaining 1/3 section to achieve early occupancy.
Namba-Hanshin Building Office	Fixed	Although there was a trend of falling occupancy rate, the rate recovered to a high level of 95.0% after a successful promotion to attract group companies. As the area is attractive to businesses with in-person visits from clients, 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 and other efforts.

<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)	Achieved occupancy rate of 100% at the end of the 14th fiscal period as a result of aggressive new-leasing activities. Nightclub "North Platinum" newly opened in November 2011 contributed to revitalizing the entire building as facility drawing customers for long hours. In June 2012, renewal works was conducted for the nightclub which is expected to benefit other tenants and raise the entire facility's potential.
Dew Hankyu Yamada NSC (Neighborhood shopping centers)	Long-term, fixed (partly overage)	Average occupancy rate for the fiscal period was stable at 100%. Customer-attractive events such as "Summer Fair" and "Anniversary Fair" were regularly held. Because the market area population is large and the building has strong attractiveness to customers, both overall sales and rent income are stable. Aiming to promote use of the parking area during weekdays and increasing revenue, held a campaign to boost use of the "park & ride", continue to raise awareness of parking facilities and increase the number of leased parking spaces.
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. Currently applying for administrative approval among other measures to expand retail floor space.
Nitori Ibaraki-Kita Store (site) Specialty shops	Long-term, fixed	Stable rent income based on a contract for fixed-term land lease for business use with Nitori Holdings Co., Ltd. The market area population is increasing mainly due to 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 fixed-term land lease for business use with Kohnan Shoji Co., Ltd. Retail facility that offers high transportation convenience with a home improvement center and a grocery store.
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 has recovered to a high level since summer 2011. The latest average occupancy rate remained at a high level of 96%. Listed in the hotel section of "MICHELIN Guide 2012" and this was utilized in sales promotion development and commemoration plans.
LaLaport KOSHIEN (site) RSC (Regional shopping centers)	Long-term, fixed	Stable rent income based on a contract for fixed-term land lease for business use with Mitsui Fudosan Co., Ltd. Facility's competitive strength further boosted by conducting a major renewal in spring 2011 (bringing in new stores of fast-fashion chains such as H&M, ZARA, UNIQLO and newly adding "LaLa Kid's Park").
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 occupancy rate of Hotel Hanshin that is under a sub-leasing contract remained at a high level.
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.). Converted a portion of guest rooms into conference rooms and refurbished guest room interiors. By providing a wide range of accommodation plans among other incentives, the hotel continues to maintain a high-level 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.

(Unit: JPY mn)

Item	Forecast for 14th Fiscal Period ^① (as of Jan.20, 2012)	Results for 14th Fiscal Period ^② (Dec. 1, 2011 to May.31, 2012)	Change ②-①
Operation period (days)	183	183	—
Operating revenues	4,784	4,772	△ 12
Operating income	1,477	1,501	23
Ordinary income	1,026	1,054	27
Net income	1,024	1,052	27
Number of outstanding units at end of period (units)	85,400	85,400	—
Distribution per unit (JPY)	12,000	12,324	324
FFO per unit (JPY)	23,698	24,013	315

(Main factors of increase/decrease in profit)

① Decrease in operating revenues	△ JPY	12 mn
Decreased income from lease (Mainly NU)	△ JPY	12 mn
Decreased utilities expense income	△ JPY	13 mn
Contract breach fine etc.	JPY	12 mn
② Decrease in operating expenses	JPY	35 mn
Decreased repair expenses	JPY	13 mn
Decreased tax and public dues	JPY	6 mn
Decreased property/facility management fees	JPY	5 mn
③ Decreased interest due	JPY	2 mn

Income Statement

(Unit: JPY mn)

Item	13th Fiscal Period (Duration of investment: 183days) Jun. 1, 2011 to Nov. 30, 2011		14th Fiscal Period (Duration of investment: 183days) Dec. 1, 2011 to May.31.2012		Change
	Amount	Percentage	Amount	Percentage	
	1. Operating revenues	4,894	100.0	4,772	
Lease operating revenues	4,882		4,754		
Distribution revenue of anonymous association	11		17		
2. Operating expenses	3,344	68.3	3,271	68.5	△ 73
Lease operating costs	2,972		2,904		
Asset management remuneration	278		275		
Officer remuneration	3		3		
Asset consignment remuneration	16		16		
Administrative agency remuneration	30		30		
Auditor remuneration	7		7		
Other operating expenses	35		32		
Operating income	1,549	31.7	1,501	31.5	△ 48
3. Non-operating revenues	1	0.0	2	0.1	1
Interest earned	0		0		
Other non-operating revenues	0		2		
4. Non-operating expenses	466	9.5	449	9.4	△ 16
Interest due	431		379		
Loan related expense	28		27		
Interest due on investment corporation bonds	3		38		
Amortization of investment corporation bond issuance costs	0		3		
Other expenses	1		1		
Ordinary income	1,085	22.2	1,054	22.1	△ 31
Pretax net income for current period	1,085		1,054		
Corporate, local and enterprise tax	1		1		
Adjustment for corporate tax, etc.	0		0		
Net income for current period	1,083	22.1	1,052	22.1	△ 31
Retained earnings carried forward from the previous period	0		0		
Unappropriated income for current period	1,083		1,052		

Lease operating revenues and costs

Breakdown: Refer to page 35 and 36

Occupancy rate at end of fiscal period: 98.5%
(Occupancy by end-tenants)

Cash Distribution Statement

(Unit: JPY thousand)

Item	13th Fiscal Period	14th Fiscal Period	Change
	Amount	Amount	Amount
Unappropriated income for current period	1,083,582	1,052,527	△ 31,054
Distributions	1,083,555	1,052,469	△ 31,085
(Distribution per unit (JPY))	(12688)	(12324)	(△ 364)
Retained earnings carried forward	27	57	30

(Main factors of increase/decrease)

① Decrease in operating revenues	△ JPY	122 mn
Decreased income from lease (Shiodome, NU, and etc)	△ JPY	29 mn
Decreased utilities expense income	△ JPY	33 mn
Effect of tenant bearing sales promotion expenses	△ JPY	51 mn
	※	

② Decrease in operating expenses	△ JPY	73 mn
Decreased utilities expense	△ JPY	74 mn

③ Decrease in non-operating expenses	△ JPY	16 mn
Decreased interest due	△ JPY	18 mn

※ 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.

4-3. Balance Sheet

(Unit: JPY mn)

Item	13th Fiscal Period (as of Nov. 30, 2011)		14th Fiscal Period (as of May 31, 2012)		Change Amount
	Amount	Ratio (%)	Amount	Ratio (%)	
Assets					
I Current assets total	9,472	7.5	9,629	7.7	157
Currency and demand deposit	2,267		1,669		
Currency and demand deposit in trust	6,790		7,437		
Operational income receivable	25		26		
Deposit paid	309		339		
Prepaid expense	79		154		
Deferred income tax assets	0		2		
II Fixed assets total	116,364	92.4	115,485	92.3	△ 878
1. Tangible fixed assets					
Buildings	2,298		2,236		
Structures	315		300		
Tools, furniture and fixtures	2		1		
Land	7,938		7,938		
Buildings in trust	34,072		33,311		
Structures in trust	443		421		
Machinery and equipment in trust	213		196		
Tools, furniture and fixtures in trust	80		74		
Land in trust	69,613		69,613		
Tangible fixed assets total	114,978	91.3	114,094	91.2	△ 883
2. Intangible fixed assets					
Land leasehold	957		957		
Others	6		5		
Intangible fixed assets total	963	0.8	962	0.8	0
3. Investments, other assets					
Investment securities	375		375		
Long-fiscal period prepaid expenses	36		43		
Guarantee money deposit	10		10		
Investment, other assets total	422	0.3	428	0.3	6
III Total deferred assets	31	0	28	0.0	△ 3
Investment corporation bond issuance costs	31		28		
Assets total	125,868	100.0	125,144	100.0	△ 724

Item	13th Fiscal Period (as of Nov. 30, 2011)		14th Fiscal Period (as of May 31, 2012)		Change Amount
	Amount	Ratio (%)	Amount	Ratio (%)	
Liabilities					
I Current liabilities total	23,137	18.4	16,383	13.1	△ 6,753
Operating no-trade accounts payable	575		217		
Short-fiscal period loans payable	3,500		6,500		
Long-fiscal period loans payable (return within 1 year)	17,900		8,700		
Accrued dividend	11		10		
Accrued expenses	226		185		
Income taxes payable	1		1		
Accrued consumption tax	34		46		
Advance received	487		447		
Current deposit received	0		0		
Security deposits (return within 1 year)	400		274		
II Funded liabilities total	46,302	36.8	52,362	41.8	6,060
Investment corporation bonds	6,000		6,000		
Long-fiscal period loans payable	29,500		35,700		
Security deposits	1,599		1,552		
Security deposits in trust	9,203		9,110		
Liabilities total	69,440	55.2	68,746	54.9	△ 693
Net assets					
I Overall investment	55,344	44.0	55,344	44.2	
II Surplus fund total	1,083	0.9	1,052	0.8	
Unappropriated income for current period	1,083		1,052		
Net assets total	56,428	44.8	56,397	45.1	△ 31
Liabilities and net assets total	125,868	100.0	125,144	100.0	△ 724

Interest-bearing debt
JPY 56,900 mn

Total of security deposits:
JPY 10,937 mn
↓
JPY 5,196 mn was applied to property acquisition financing

4-4. Financial Index

Item	13th Fiscal Period	14th Fiscal Period	Remarks
Operation period	183 days	183 days	13th fiscal period: Jun. 1, 2011 to Nov. 30, 2011 14th fiscal period: Dec. 1, 2011 to May 31, 2012
Return On Assets (ROA)	0.9%	0.8%	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)	3.8%	3.7%	Calculated from duration of operation
Ratio of net assets at end of period	44.8%	45.1%	Net assets / Total assets
Loan To Value ratio at end of period (LTV)	56.0% (52.2%)	55.9% (52.0%)	(Amount of interest-bearing debt + 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	45.2%	45.5%	Interest-bearing debt / Total assets
Debt Service Coverage Ratio (DSCR)	5.8 times	5.9 times	Pre-interest and pre-depreciation net income for current fiscal period / Interest due
Net Operating Income (NOI)	JPY 2,899 mn	JPY 2,848 mn	Net lease operating income + Depreciation
Funds From Operation (FFO)	JPY 2,072 mn	JPY 2,050 mn	Net income for current fiscal period + Depreciation

4-5. Income and Expenditure by Property ①

(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)	Ko hnan 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 14th fiscal period	183	183	183	183	183	183	183	183	183	183
Lease operating revenues total	1,022	567	372	284		76	634	132	350	396
Income from lease	836	398	259	283		76	479	114	272	374
Utilities expense income	58	113	48	—		—	69	9	24	19
Other incomes	127	54	64	1		0	84	8	53	2
Lease operating costs total	655	383	231	139		7	501	86	190	193
Property/Facility management fees	147	112	72	9		0	107	22	28	19
Utilities expense	71	128	46	0		—	85	10	52	24
Rent paid	7	0	1	21		—	0	—	—	0
Advertising and promotion expenses	144	2	2	—		—	74	0	—	—
Repair expense	19	12	1	0		—	5	4	8	0
Nonlife insurance premium	3	2	1	0		—	2	0	0	1
Tax and public dues	69	52	27	27		7	54	13	30	23
Other expenses	28	4	4	0		—	4	1	4	2
Depreciation	164	68	73	78		—	168	33	64	121
Lease operating income	367	183	141	145		68	132	45	160	203
NOI (Lease operating income + Depreciation)	531	252	214	223	60	68	301	79	224	325
Capital expenditure	7	① 35	1	0	—	—	② 23	③ 27	8	6

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

(Main capital expenditure)

① Kitano Hankyu Bldg.	
Preparatory works for new tenants on 3rd floor (2 stores)	JPY 20 mn
② NU chayamachi	
Works to split 7th floor into compartments	JPY 17 mn
③ Ueroku F Bldg.	
Works to renew air-conditioners	JPY 19 mn

4-5. 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)	Item	Total (15 properties)
Number of operating days of 14th fiscal period	183	183	183	183	183	Number of operating days of 14th fiscal period	—
Lease operating revenues total	121	255	257	143		Lease operating revenues total	4,754
Income from lease	116	254	257	118		Income from lease	3,982
Utilities expense income	—	—	—	9		Utilities expense income	352
Other incomes	4	0	0	15		Other incomes	419
Lease operating costs total	54	167	106	122		Lease operating costs total (Note 2)	2,904
Property/Facility management fees	1	1	1	23		Property/Facility management fees	550
Utilities expense	—	—	—	14		Utilities expense	433
Rent paid	—	18	0	—		Rent paid	50
Advertising and promotion expenses	—	—	—	0		Advertising and promotion expenses	222
Repair expense	—	10	—	5		Repair expense	70
Nonlife insurance premium	0	3	0	0		Nonlife insurance premium	16
Tax and public dues	15	52	102	20		Tax and public dues	507
Other expenses	0	1	1	1		Other expenses	54
Depreciation	36	81	0	55		Depreciation	997
Lease operating income	66	87	150	20		Lease operating income	1,850
NOI (Lease operating income + Depreciation)	103	168	150	76	65	NOI (Lease operating income + Depreciation)	2,848
Capital expenditure	—	1	—	1	—	Capital expenditure	113

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

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



5-1. Changes in Investment Unit Price

Unit Price (closing price basis)



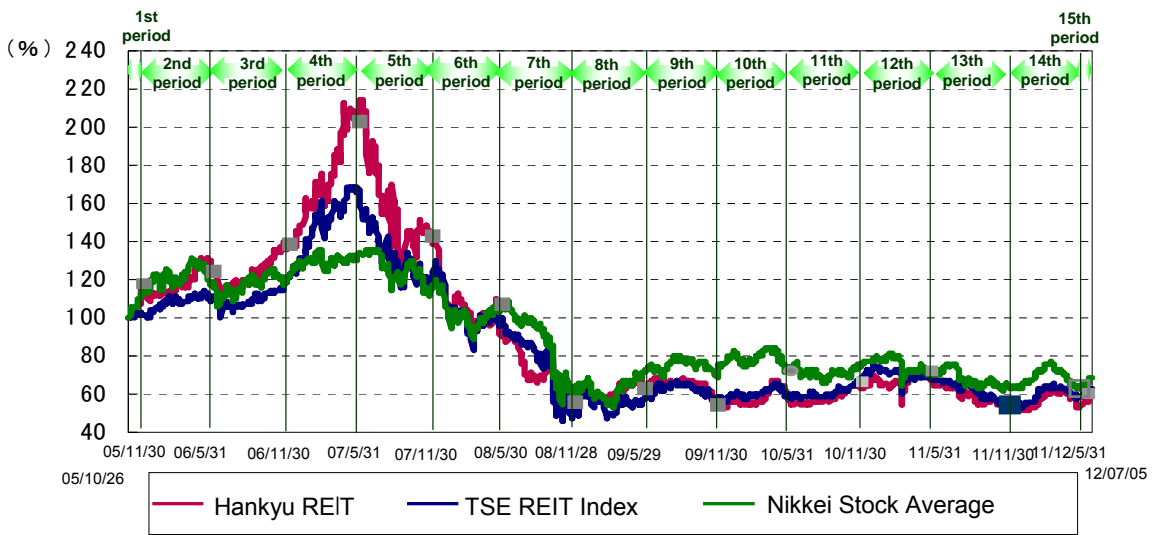
PerUnit trading trends (Oct. 26, 2005 - July. 5, 2012)

- Highest Price (closing price basis) 1,380,000JPY (June, 2007)
- Lowest Price (closing price basis) 325,000JPY (December, 2011)

During 14th fiscal period (December.1, 2011 - May. 31, 2012)

- Highest Price (closing price basis) 409,500JPY (April. 2, 2012)
- Lowest Price (closing price basis) 325,000JPY (December. 22, 2011)
- Price as of July. 5, 2012 (closing price basis) 369,000JPY

Relative Price (closing price basis)



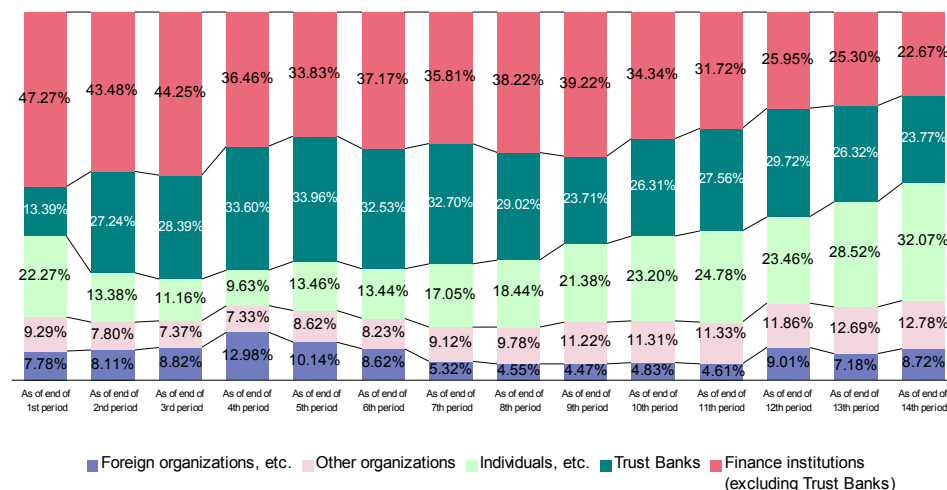
Unitholder Composition

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)	62	0.68%	19,357	22.67%
Trust Banks	9	0.10%	20,296	23.77%
Individuals, etc.	8,766	96.36%	27,384	32.07%
Other organizations	185	2.03%	10,916	12.78%
Foreign organizations, etc.	75	0.82%	7,447	8.72%
Total	9,097	100%	85,400	100%

Top 10 unitholders

Unitholder name	Number of units held (units)	Ownership
Japan Trustee Services Bank, Ltd. (Trust account)	12,069	14.13%
The Senshu Ikeda Bank, Ltd.	4,150	4.86%
The Nomura Trust and Banking Co., Ltd. (Investment accounts)	4,024	4.71%
Hankyu Corporation	3,500	4.10%
Trust & Custody Services Bank, Ltd. (Securities investment trust account)	2,151	2.52%
Nomura Bank (Luxembourg) S.A.	2,139	2.50%
North Pacific Bank, Ltd.	2,071	2.43%
Shikoku Railway Company	1,768	2.07%
The Master Trust Bank of Japan, Ltd. (Trust account)	1,446	1.69%
Sumitomo Mitsui Banking Corporation	1,332	1.56%
Total	34,650	40.57%
Number of outstanding units	85,400	100%

Ratio to number of units by unitholders



< Questionnaire sent to investors >

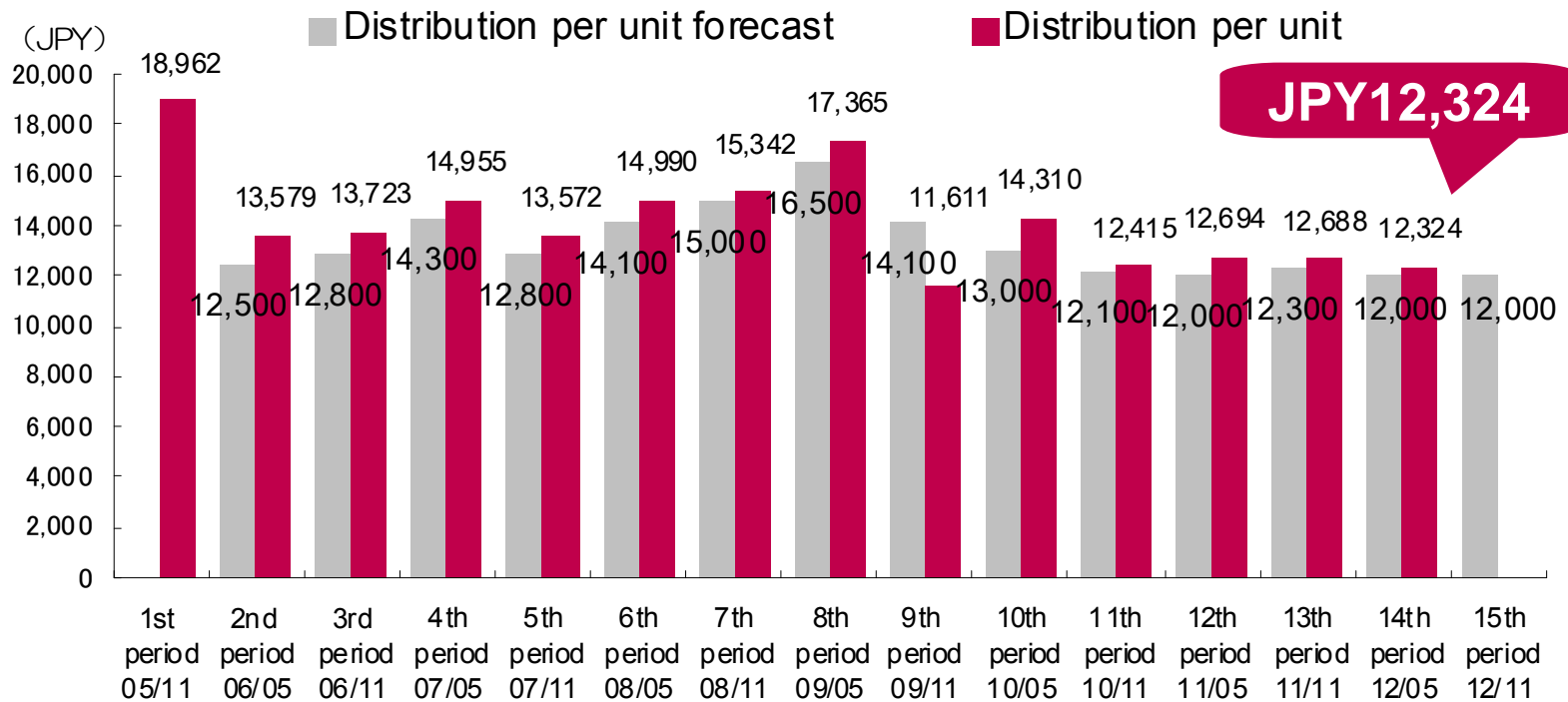
A postcard-style questionnaire is to be sent to investors on the registrar at the end of the 14th fiscal period (May 31, 2012).

Calendars with themes such as Takarazuka Revue, Hanshin Tigers and etc. or a pair of tickets for Hep Five Ferris wheel will be offered to 250 lucky respondents.

Hankyu REIT will continue to value a management style that listens to its investors.



5-3. Trends of distribution per unit



JPY 12,324

Irregular period (303 days)

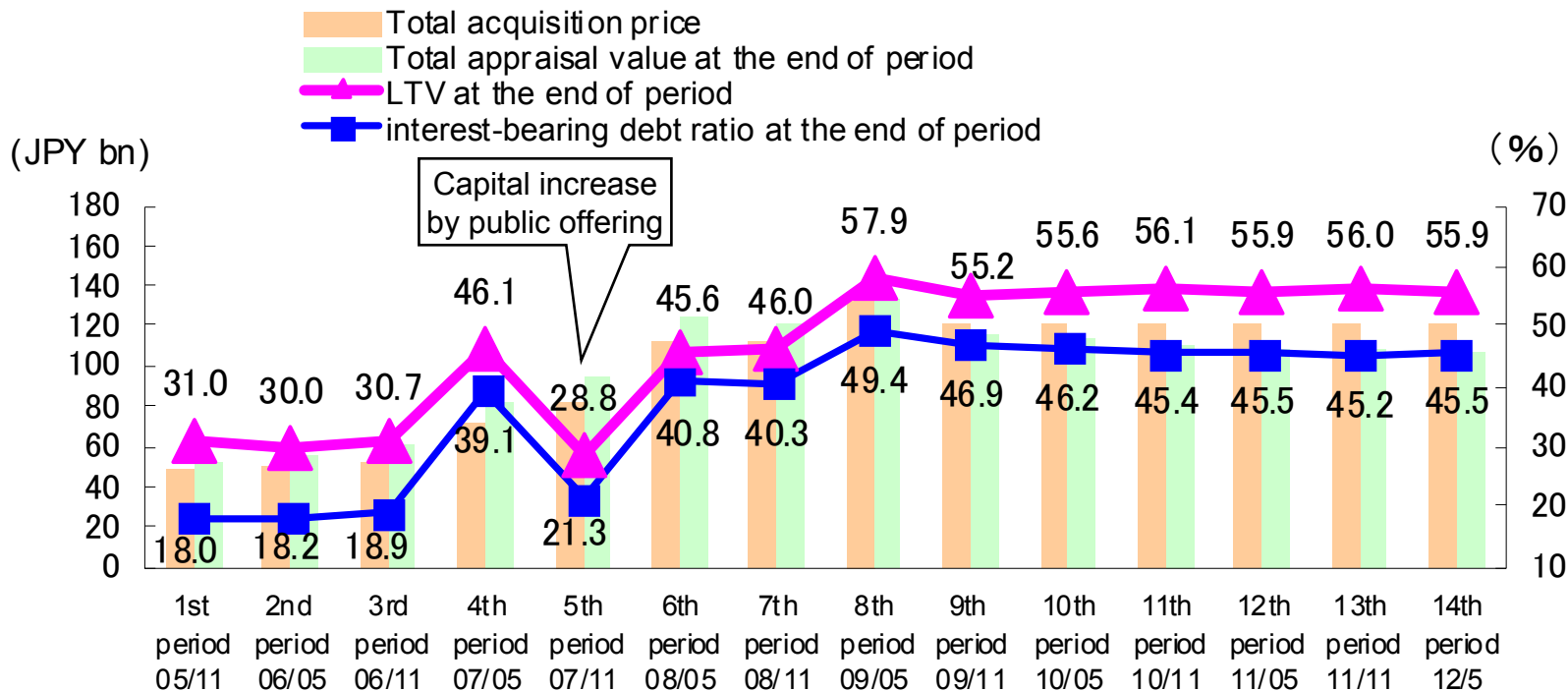
(Compared with 14th fiscal period forecast)

Increase in lease operating income JPY 23 mn

(Although operating revenues decreased by JPY 12 mn, profit increased as a result of JPY 35 mn reduction in lease operating costs such as repair expenses.)



5-4. Changes in Asset scale and LTV (Loan to Value)



Capital increase by public offering

Number of Properties

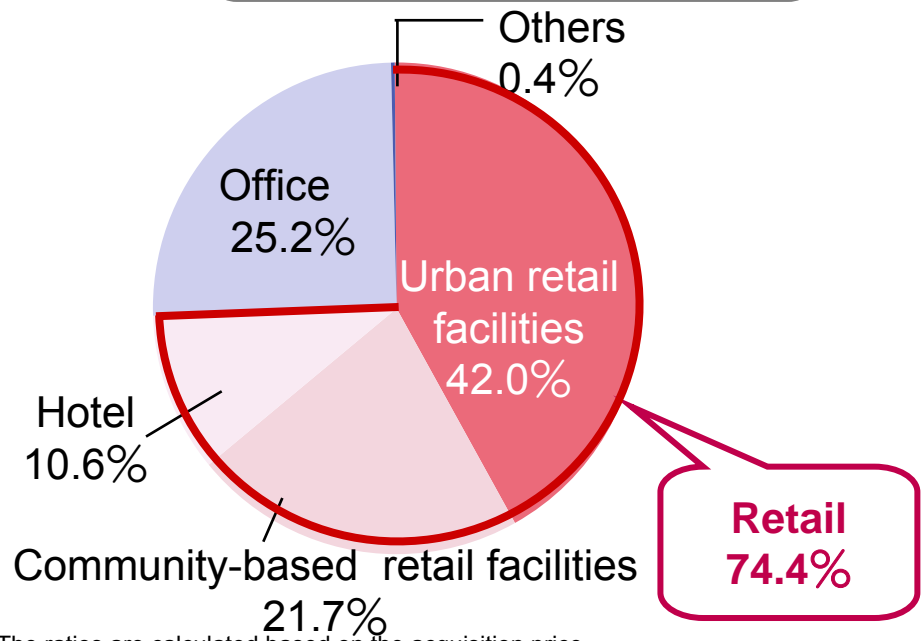
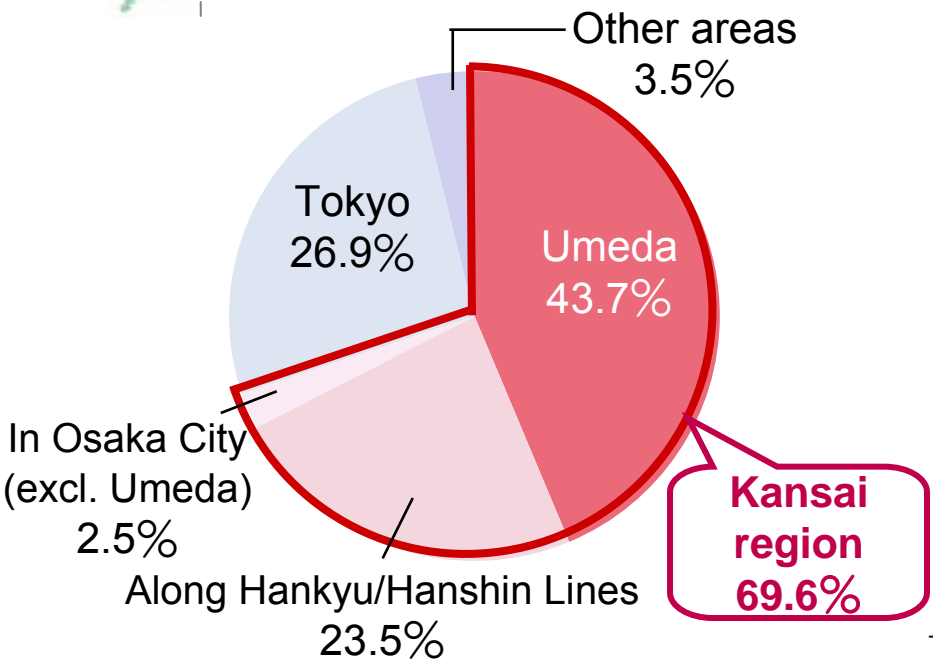
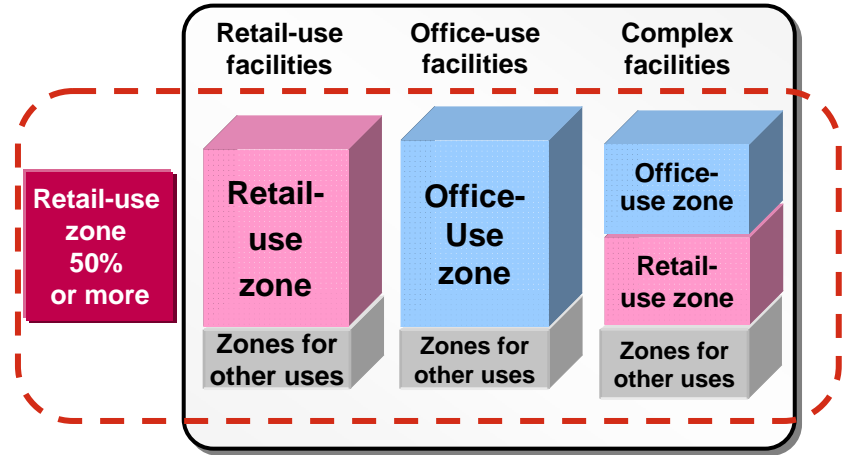
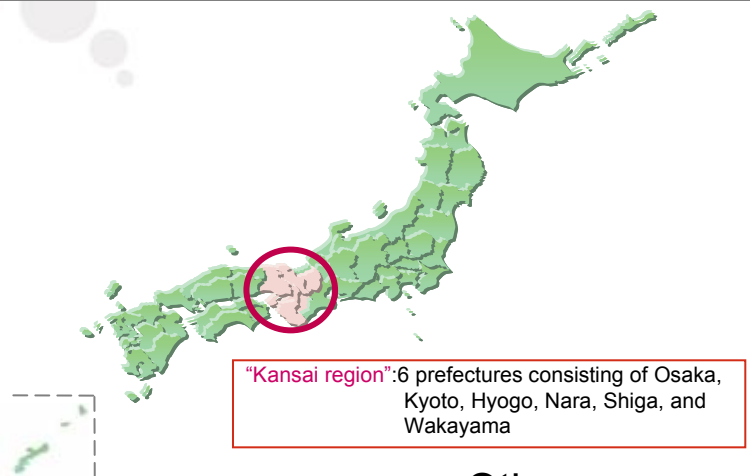
5	6	7	8	9	11	11	16	15	15	15	15	15	15
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LTV is generally stable despite a slight reduction in the rate of decline of appraisal values.



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. Investment interest in anonymous association is not included.

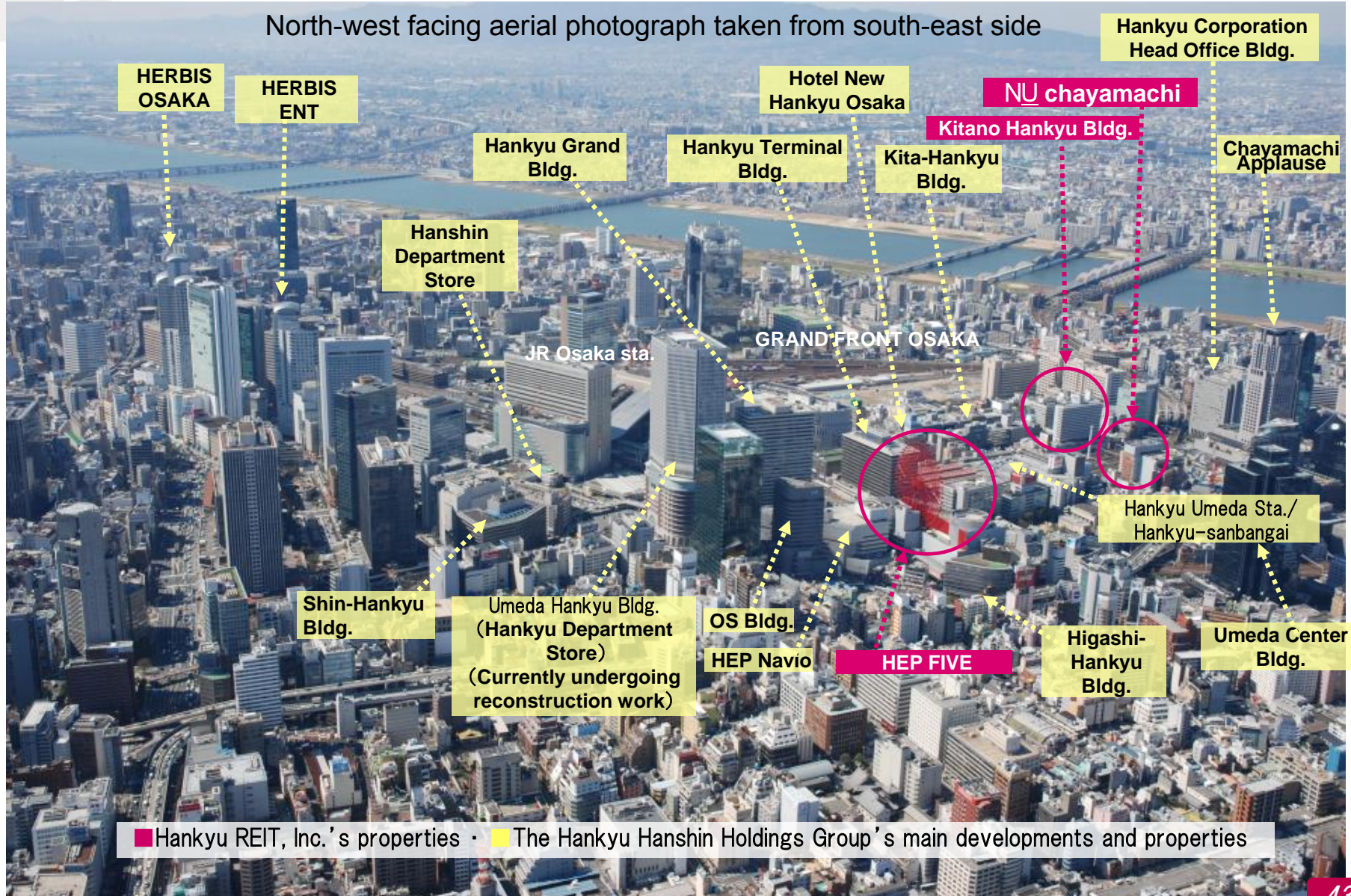
The ratios are calculated based on the acquisition price. (For multiple-use zone properties, the amount is proportionate to the rent income and common service fees for each zone.) Investment interest in anonymous association is not included.



5-6. "Umeda," Hankyu REIT's main area

"Umeda" has already grown into the largest area of concentrated commercial activity in Western Japan, and it still continues to develop

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

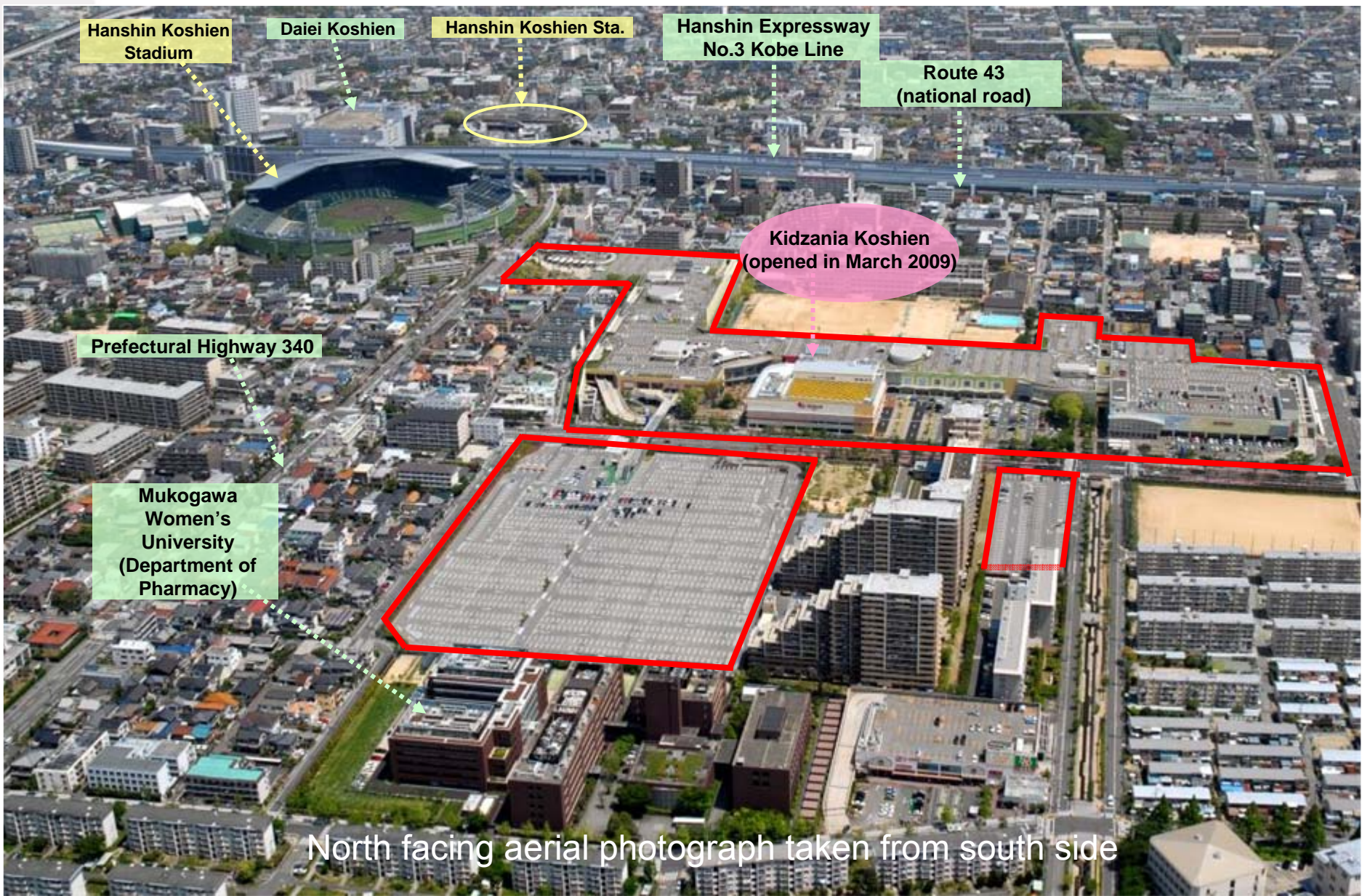


■ Hankyu REIT, Inc.'s properties · ■ The Hankyu Hanshin Holdings Group's main developments and properties





5-8. LaLaport KOSHIEN (site) and facilities in vicinity



North facing aerial photograph taken from south side



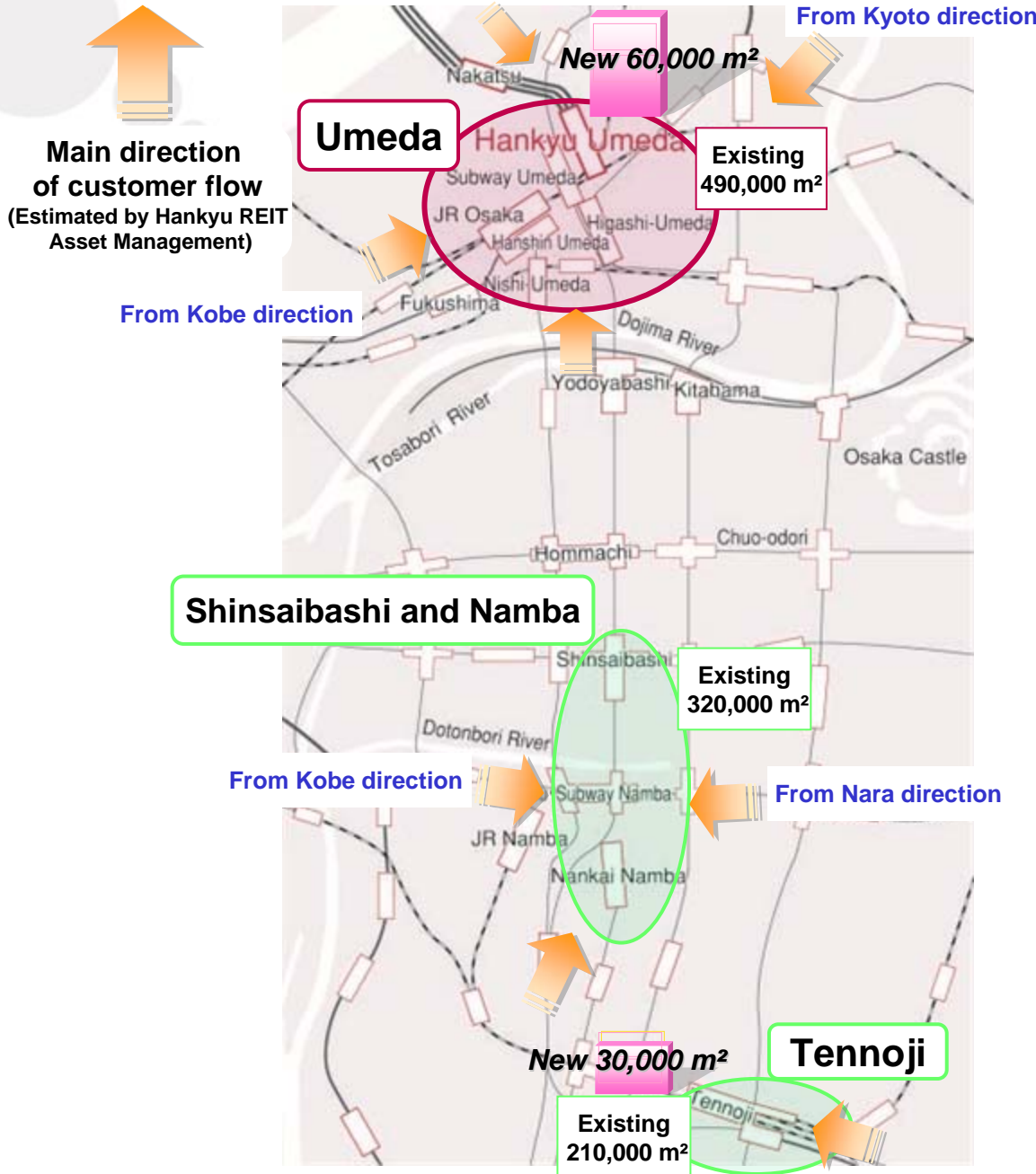
North facing aerial photograph taken from south side

Properties held outside Kansai region

(Tokyo)
Tennoz
Shiodome
Tamachi

(Other areas)
Kohnan Hiroshima
Hamamatsu





Floor area of new development: 100,000 m²
(Retail floor area in new facilities between January 2012 and 2015)

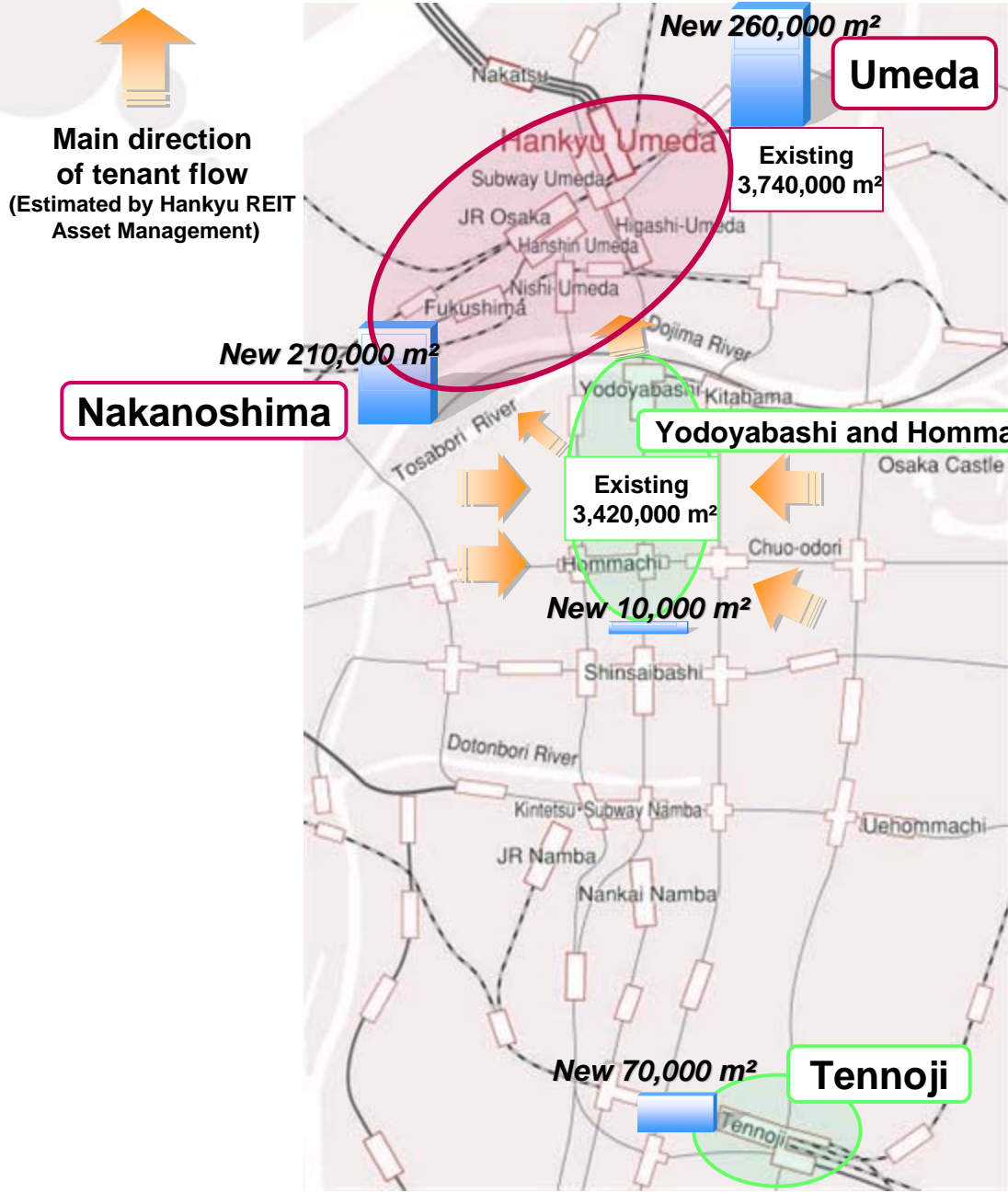
Equivalent to 9.7% of existing facility floor area
(Total floor area of large-scale retail-use facilities in 3 main areas: 1,030,000 m²)

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: 540,000 m²
(Total floor area scheduled for completion between July 2012 and 2015)

Equivalent to 4.9% of existing building floor area
(Floor area in main areas: 11,100,000 m²)

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

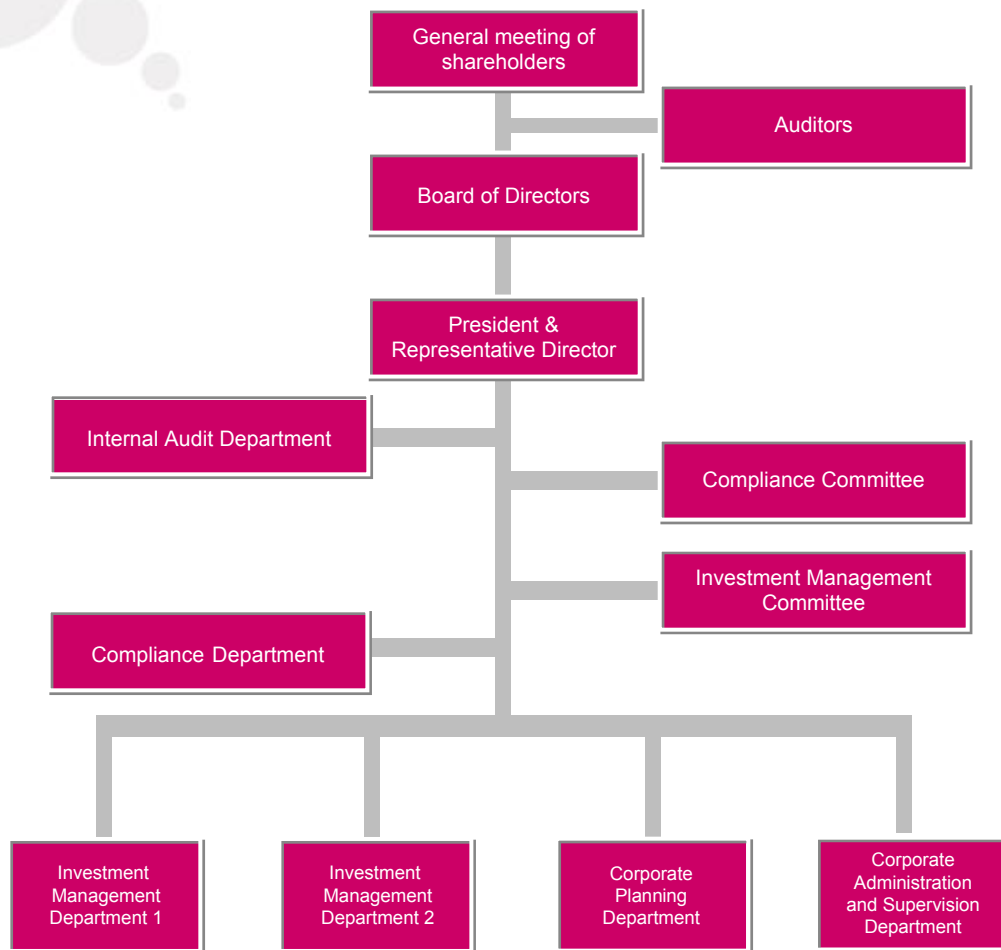
Promotion of rejuvenation in Osaka office market and concentration of city functions.

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

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

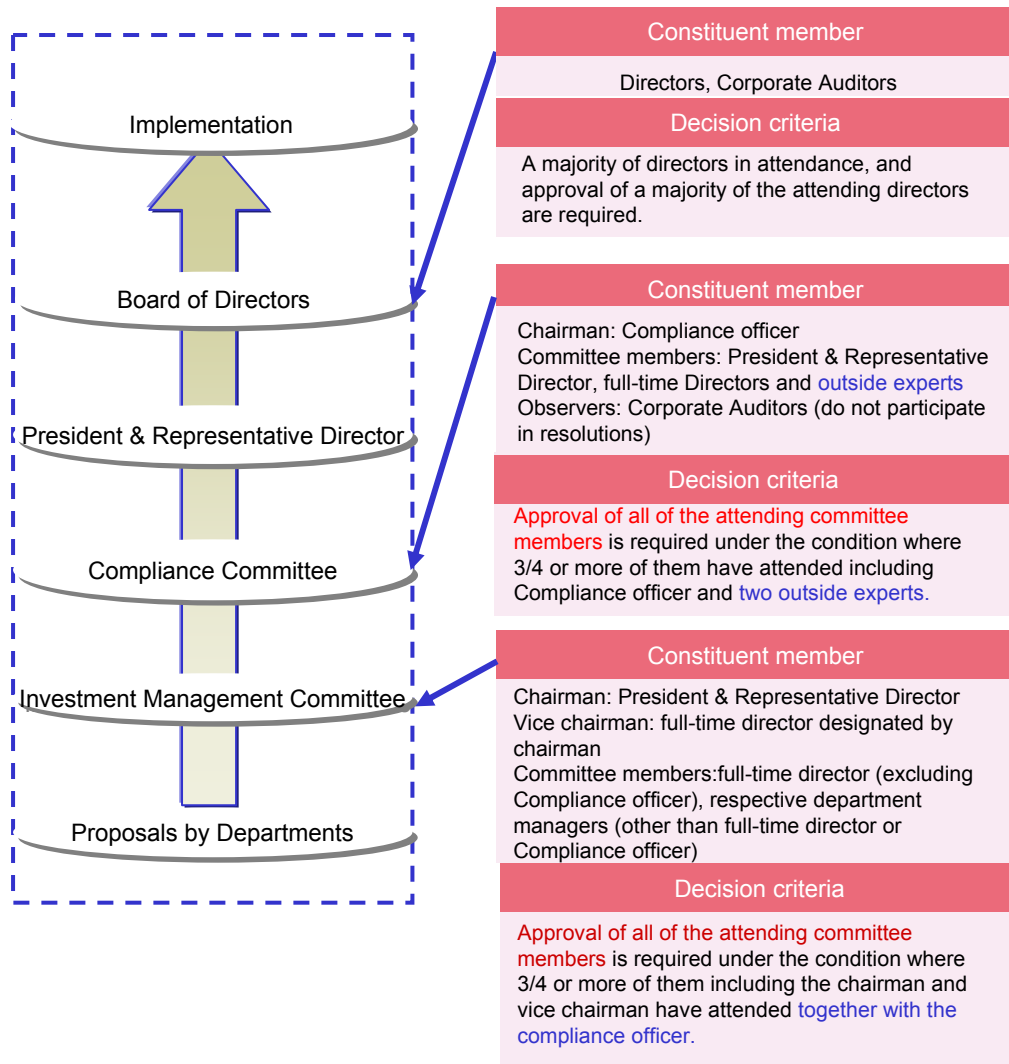
* Created by Hankyu REIT Asset Management from publicly released material.

(As of July 13, 2012)



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	21	
Executive officers	President & Representative Director	Yoshiaki Shiraki
	Director	Toshinori Shoji
	Director	Yasuki Fukui
	Corporate Auditor (part-time)	Toru Ono
	Corporate Auditor (part-time)	Ken Kitano
Principal businesses	Financial instruments trading (investment management business)	
	<ul style="list-style-type: none"> • Financial product trader: Director-General of the Kinki Finance Bureau Ministry of Finance (Kinsho) No. 44 • Real Estate Transaction License: The Governor of Osaka Prefecture (2) No. 50641 • Approval of discretionary dealing trustee etc.: No.23 by Minister of land, infrastructure and transportation 	

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



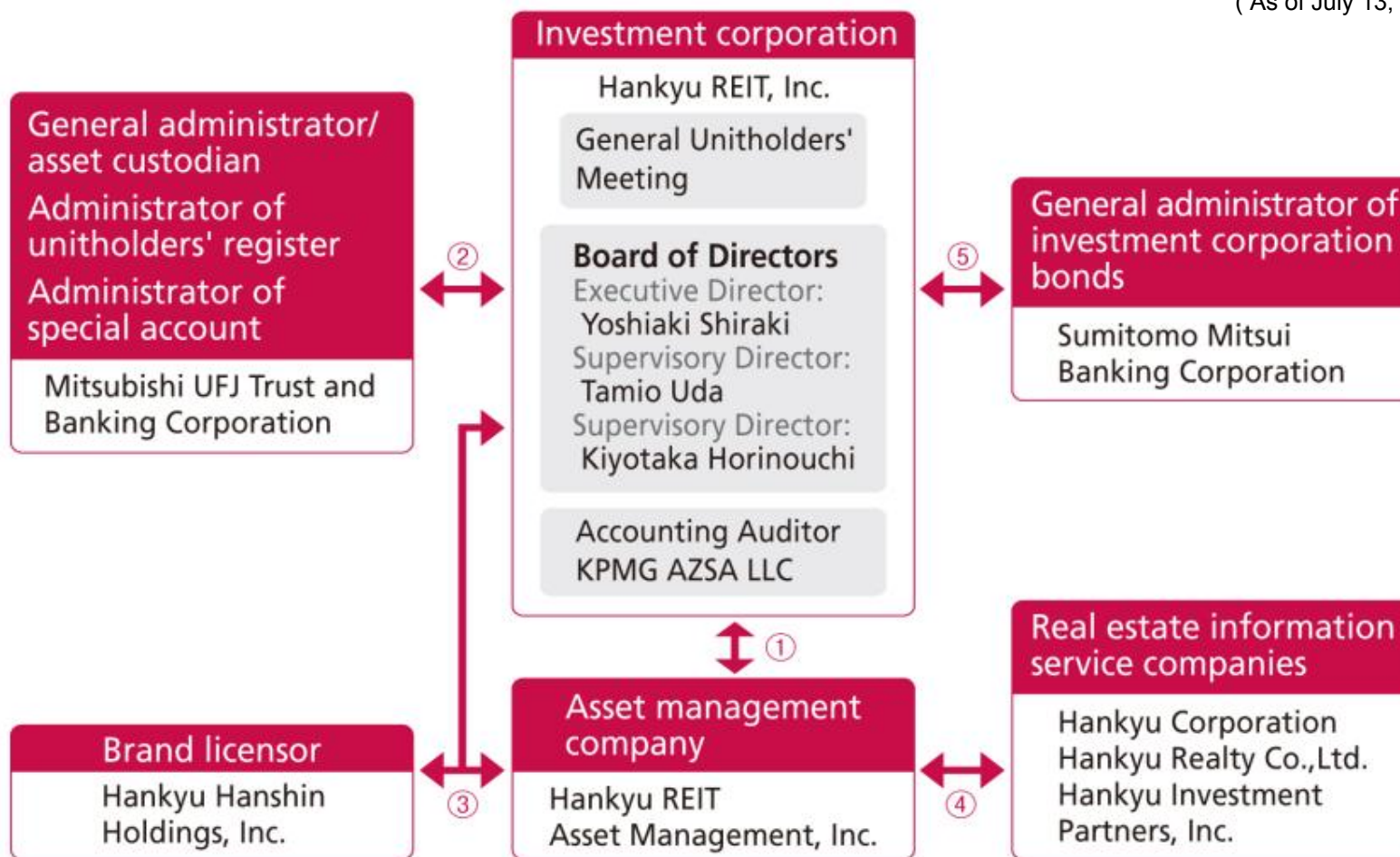
Compliance System

- 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 July 13, 2012)



- 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 ⑤ Fiscal agency agreement

(Note) In preparation for the event that the number of Supervisory Directors is less than that stipulated in laws and regulations, Motofumi Suzuki was elected as alternate Supervisory Director at the General Unitholders' Meeting held on August 27, 2010.