

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



- 1. Executive Summary · · · · · 2**
- 2. External Growth · · · · · 15**
- 3. Portfolio at 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 forward-looking statement 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 is a “Type I Financial Instruments Business Operator.”
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

Searched for excellent properties with particular emphasis on **community-based retail properties**

Internal Growth

- Kitano Hankyu Building
Occupancy rate: 100%
- HEP Five
Achieved and maintained occupancy rate of 100% through proactive efforts to replace tenants and change brands

Occupancy rate for total portfolio
End of 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**
(up 2.7% from the initial forecast)

Portfolio NOI yield* **4.7%**
*NOI yield = (Lease operation income + Depreciation) × 2 ÷ Total 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
after 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 financial soundness

Preparation of environment for carrying out public offering

- Secure properties by utilizing sponsor group's warehousing capabilities (community-based retail properties)
- Maintain and improve the earning power of properties through internal growth efforts
- Suppress rise in fund procurement costs (utilizing security deposits/guarantees, issuance of investment corporation bonds)

Expansion of growth

Conducting multiple property acquisitions and public offering

- Achieve growth in scale by utilizing sponsor group's development capabilities and network
- Maintaining and improving distribution per unit as well as gradual reduction of LTV

Additional Acquisition of Assets (silent partnership interests)

(Overview of Acquisition)

Asset acquired:	Silent partnership interests with real estate trust beneficiary interests as portfolio properties*1
Property name:	Bay Leaf Funding GK silent partnership interests
Real estate under trust:	AEON MALL SakaiKitahanada (site)
Investment amount:	JPY 738 million (20.0% investment interest in the entire silent partnership)
Acquisition date:	June 1, 2012
Seller:	Hankyu Corporation
Acquisition funds:	Cash on hand



External appearance of AEON MALL SakaiKitahanada

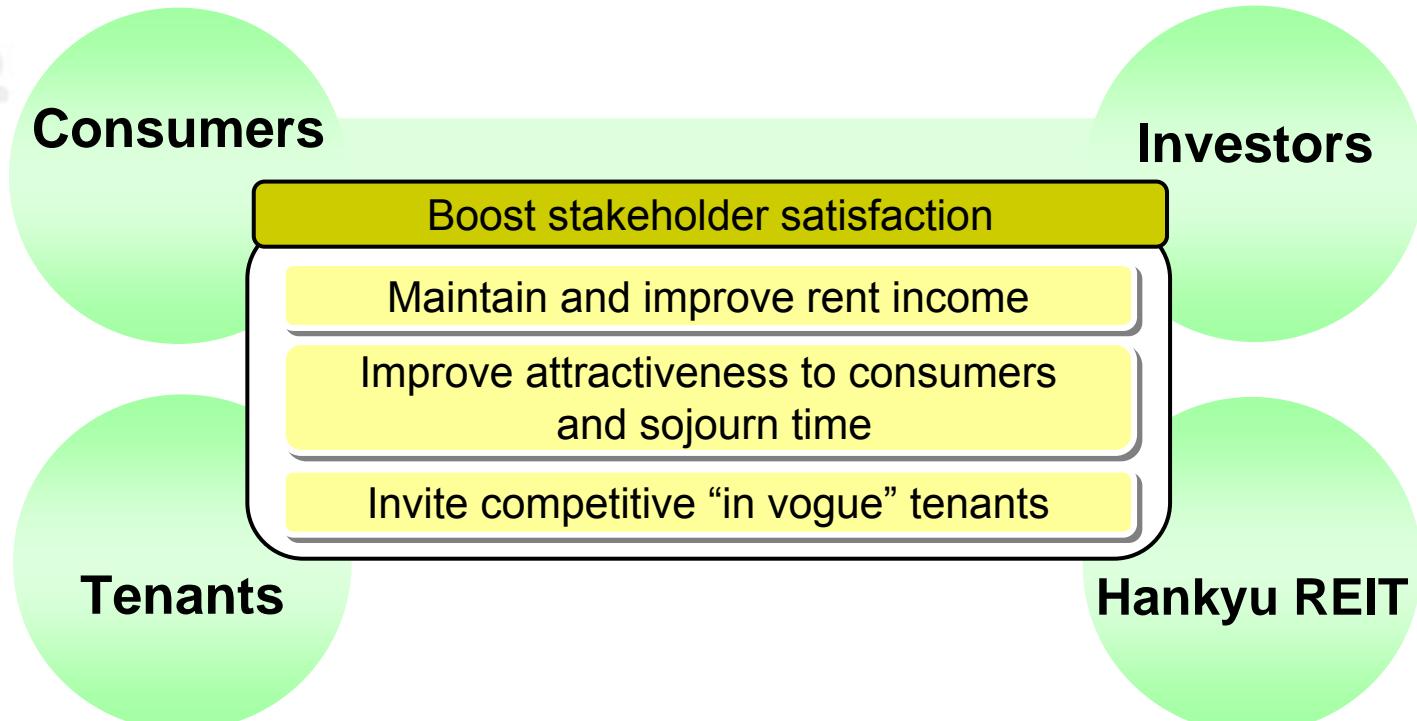
(Overview of Property)

Location:	4-1-32, etc., Higashiasakayama-cho, Kita-ku, Sakai
Lot area:	64,232.77 m ²

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



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 end of the 14th fiscal period through aggressive leasing
- **HEP FIVE:** Appears to have bottomed out of declining sales trend caused by new retail properties opened in the vicinity
Maintained occupancy rate of 100% thanks to the smooth replacing of tenants and the change of brands
- **NU chayamachi:** Held various events to revitalize the surrounding area including NU chayamachi Plus
- **Namba-Hanshin Building:** Realized improved occupancy rate by attracting group companies, etc.



<HEP Five>

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

- Enhanced appeal of entire property 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 (jouetie (Kansai debut store), rienda, PARK by oneway, RETRO GIRL slow & easy, SPINNS, and others)
- Maintained 100% occupancy rate .

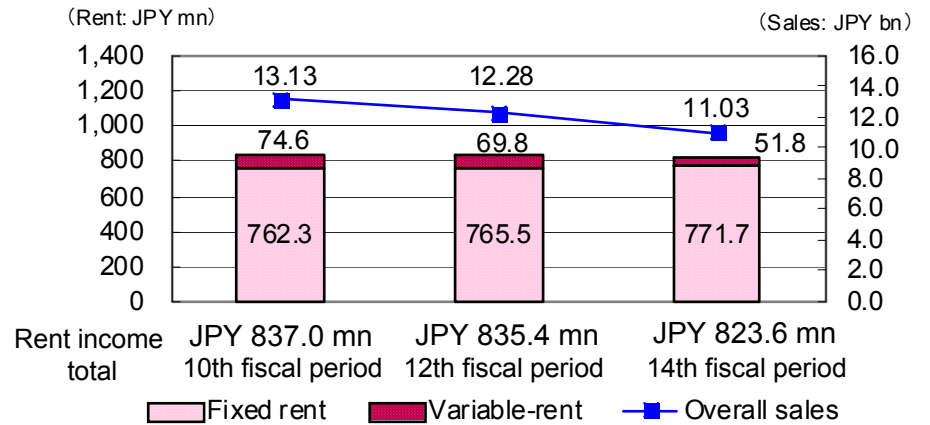
- Grand opening of Hankyu Umeda Flagship Store currently under reconstruction is scheduled for the end of November 2012
- Due to improved customer flow and navigability from JR Osaka Station, the number of visitors and sales is expected to increase

<Kitano Hankyu Building>

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

- Steadily enhanced presence as a leading leisure property 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 rising trend

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” in an aim to revitalize the area

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



The east side of NU chayamachi

<Shiodome East Side Building>

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

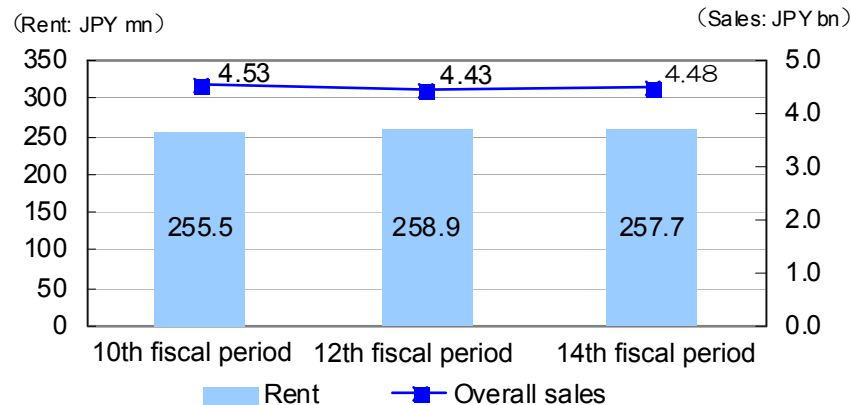
<Richmond Hotel Hamamatsu>

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

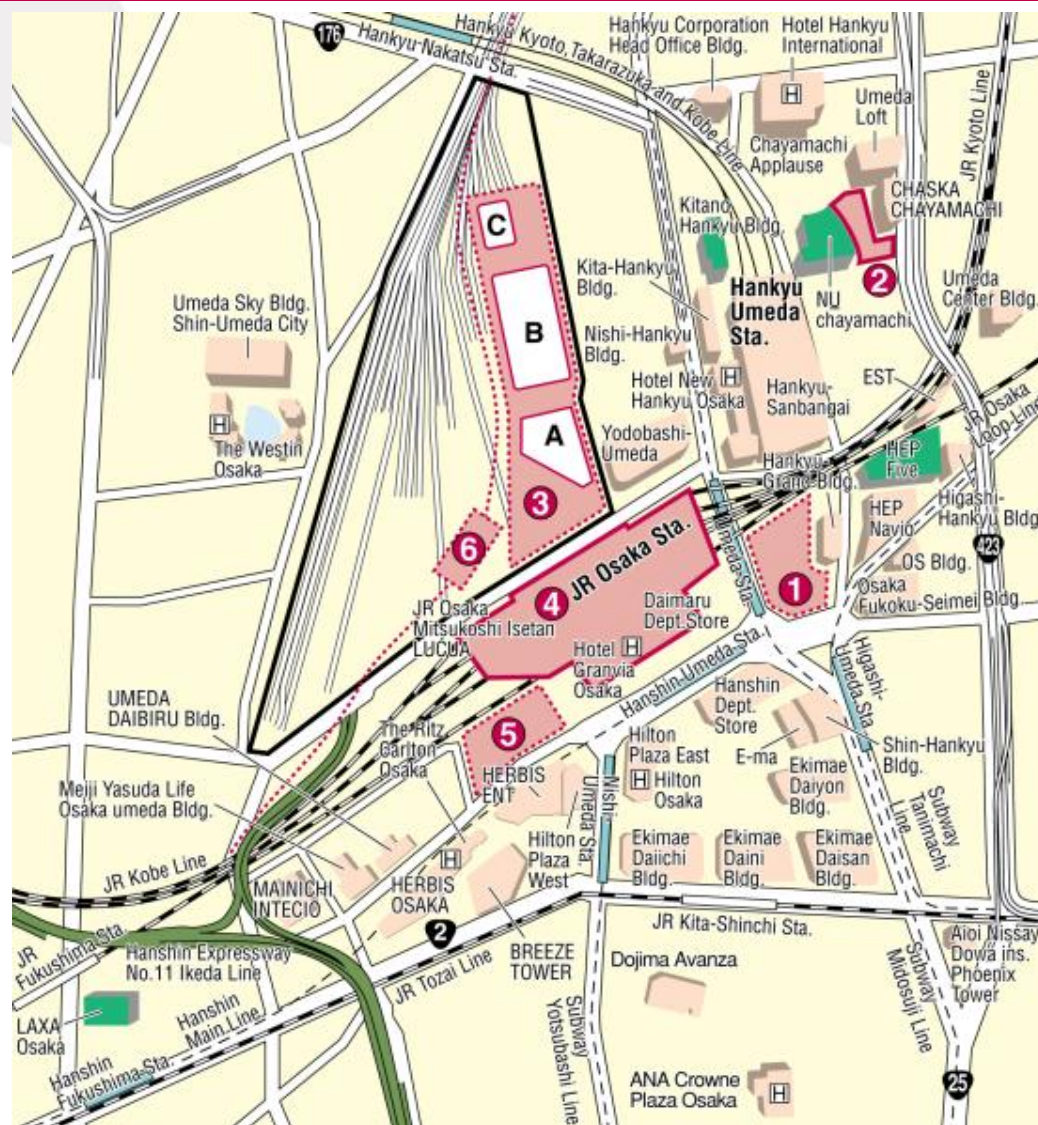
<Dew Hankyu Yamada>

Maintained stable occupancy rate of 100%, holding periodic customer-attracting events such as the “Anniversary Fair” to increase the number of visitors and improve customer loyalty

Overall Sales and Rent (Dew Hankyu Yamada)



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



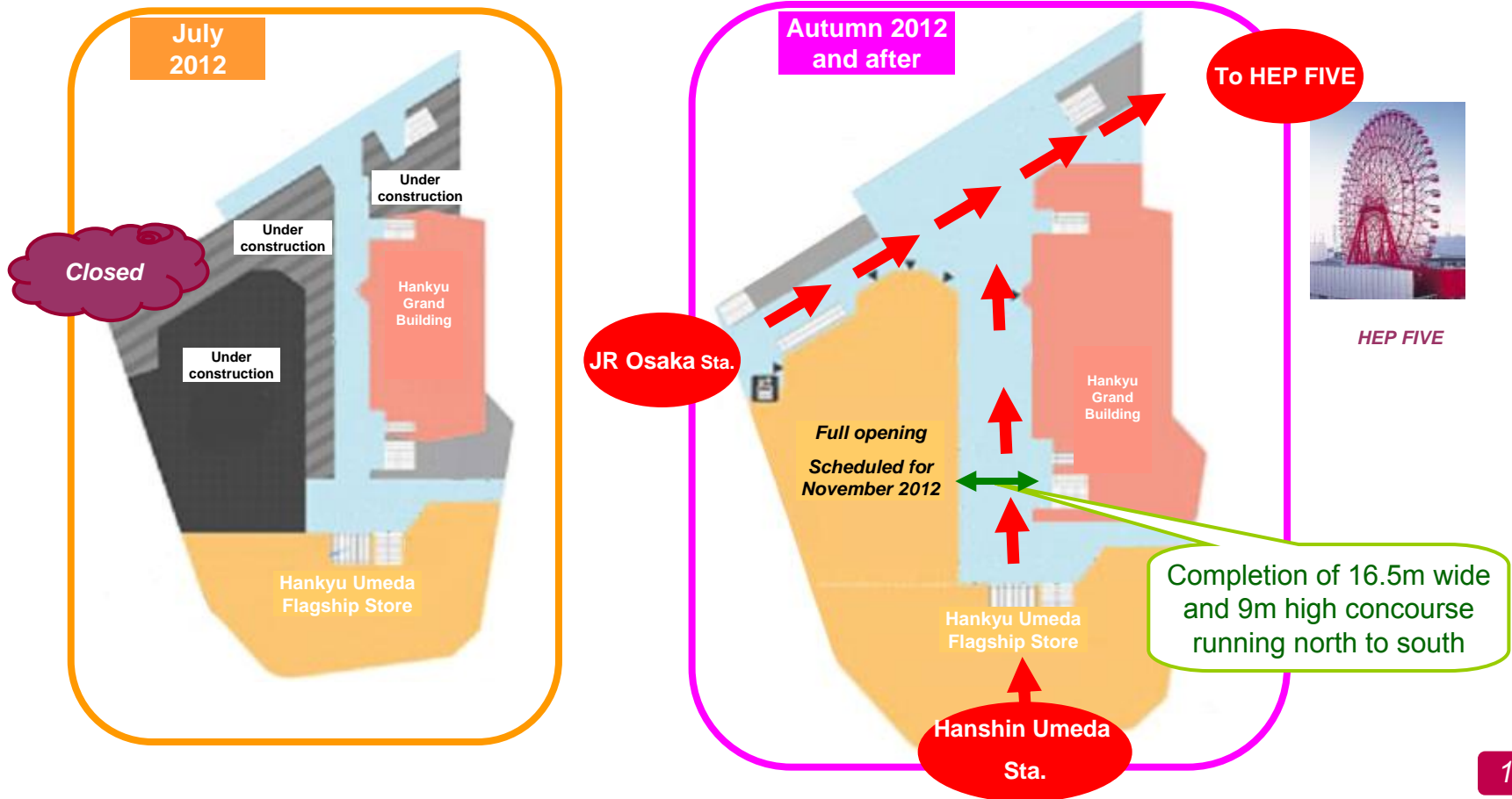
- (1) **Rebuilding of Umeda Hankyu Building**
Phase I of department store opened in September 2009
Office wing on upper floors opened in May 2010
Entire building scheduled to open in late November 2012
Hankyu Corporation (department store, offices, etc.)
- (2) **NU chayamachi Plus (opened in April 2011)**
Hankyu Corporation (chief right holder)
 (retail stores, residences, schools, etc.)
- (3) **GRAND FRONT OSAKA**
 Began construction in March 2010
 Scheduled completion in March 2013
A block: Office, retail (about 1.1ha)
B block: Office, knowledge capital, retail, hotel (Inter Continental) and serviced apartments, conventions (about 2.2ha)
C block: For-sale condominium (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. Co., Ltd.
 (department store, 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**

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



Full opening of Umeda concourse, currently under construction, scheduled for autumn 2012

⇒Improvement of HEP FIVE navigability from JR Osaka Station



1-8. Basic Financial Policy

Basic Financial Policy

- Maintain sound financial position
- Maintain favorable trading relationship with financial institutions
- Lower fund procurement costs (effective use of security deposits/guarantees)
- Reduce financing risks (diversification of debt repayment dates)
- Reduce interest rate risks (focus on long-term, fixed rate loans)

	As of end of 13th period	As of end of 14th period
Interest-bearing debt	JPY 56.9 bn	JPY 56.9 bn
Avg. funding cost (interest-bearing debt+utilized amount of security deposits guarantees)	1.36%	1.31%
Avg. debt financing cost (including investment corporation bonds)	1.51%	1.43%
Avg. 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 = (Interest-bearing debt + Security deposits/guarantees – Cash deposits of security deposits/guarantees) / (Total amount of assets* – Cash deposits of security deposits/guarantees)

* Appraised value basis

Future Policy

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

Registration for Issuance of Investment Corporation Bonds

Planned value of issuance (upper limited): JPY 100,000 mn
 Planned issuance period: Dec. 19, 2011 to Dec. 18, 2013

Investor Rating

Issuer Rating

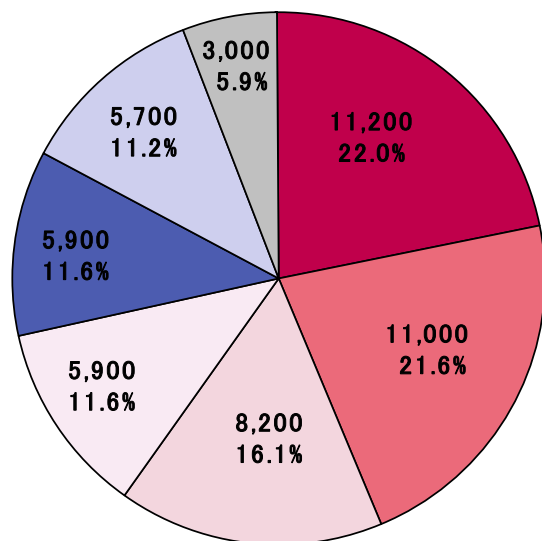


A+ (Stable)

*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

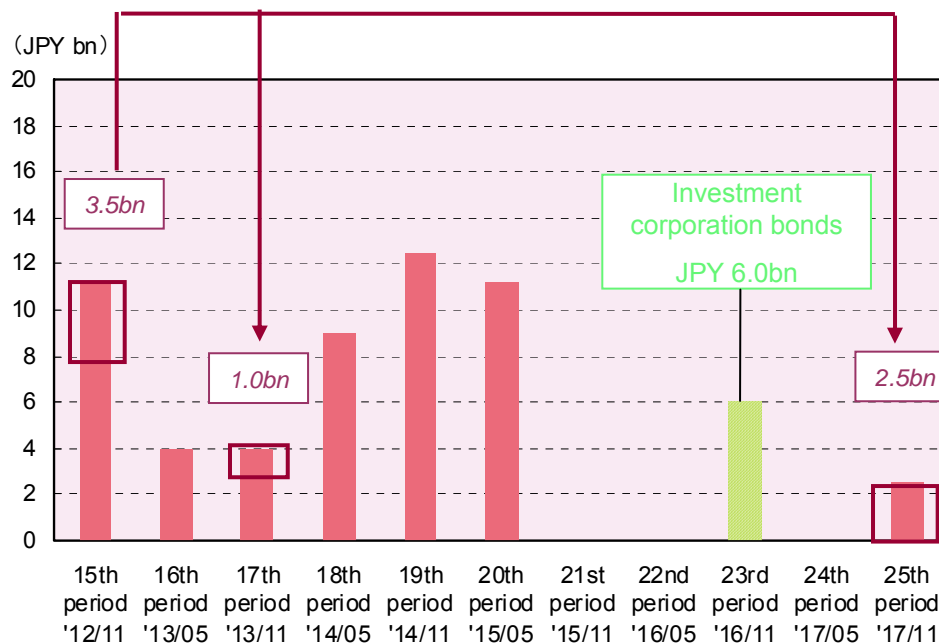
Outstanding Debt by Lender (JPY mn)



- 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 3.5bn long-term loans payable that will become due on July 23, 2012 are planned to be refinanced into JPY 1.0bn short-term loans payable (one year) and JPY 2.5bn 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	-166
Operating income	1,501	1,460	-40	1,549	-89
Ordinary income	1,054	1,026	-27	1,085	-58
Net income	1,052	1,024	-27	1,083	-58
Number of outstanding investment units at end of period (units)	85,400	85,400	—	85,400	—
Distribution per unit (JPY)	12,324	12,000	-324	12,688	-688
FFO per unit (JPY)	24,013	23,569	-444	24,273	-704

[Main preconditions]

- There will be no transfers of portfolio properties other than additionally acquired silent partnership interests with trust beneficiary interests in real estate as portfolio property
- There will be no additional issuance of investment units to the present 85,400 units until the end of the period



2. External Growth

2-1. Property Information

Network of the Hankyu Hanshin Holdings Group

Preferential Negotiation Rights

We hold preferential 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

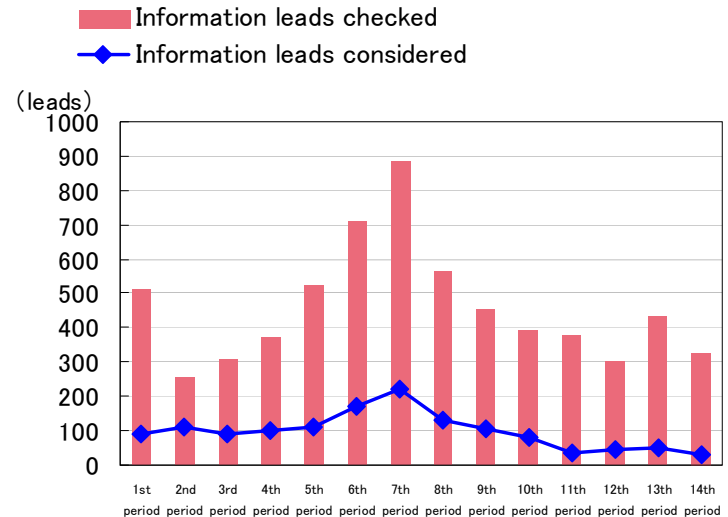


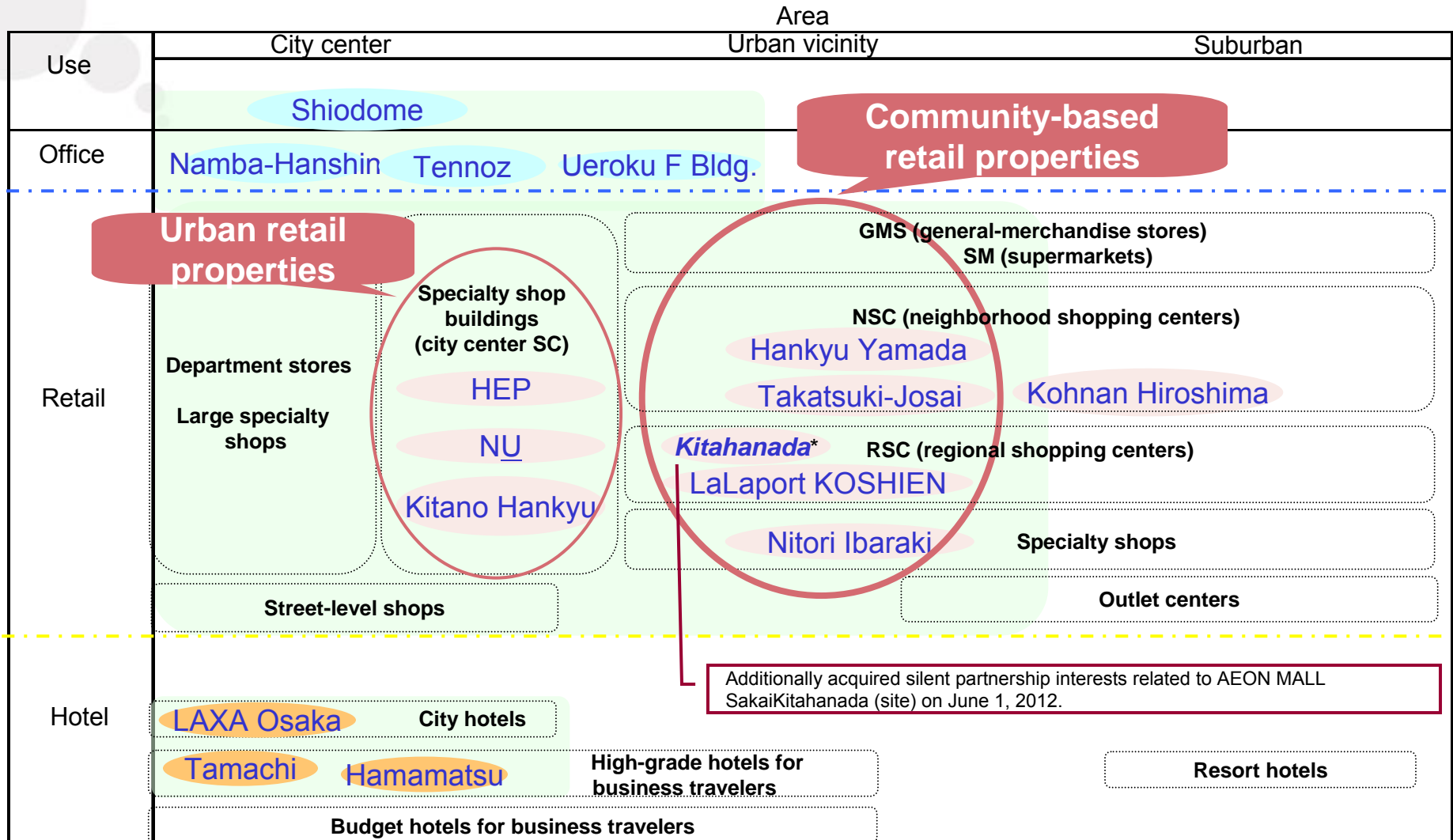
Hankyu REIT, Inc.

We aim to achieve sustained growth by utilizing the information sourcing capabilities and network of the Hankyu Hanshin Holdings Group that has deeply rooted connections in the community.

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

Trend of information leads





Additionally acquired silent partnership interests related to AEON MALL SakaiKitahanada (site) on June 1, 2012.


Primary investment target zone


Focal investment zone of retail properties


Focus on community-based retail properties

Use	Area								
	City center			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 areas

Leads considered were primarily community-based retail properties in the Kansai region and Tokyo metropolitan area



3. Portfolio at End of 14th Fiscal Period

3-1. Portfolio List (end of 14th fiscal period) ①

As of May 31, 2012

Classification	Code (Note 1)	Name	Location	Completion date	Building age (Note 2)	Total 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 Properties	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 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	9.7	6,995.33	100.0%	1	13.9%	Jan. 22, 2009	2,100	1.7%	1,952	6.3%
Office Properties	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%
Mixed-use Properties	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 silent partnership interests 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 properties and regions.
Left-side letters represent properties: “R” is for retail property, “O” is for office property, and “M” is for mixed-use property.
The numbers are assigned to properties in order of date of acquisition, and a the letter “K” in parenthesis means the property is located in the Kansai region.
- (Note 2) The portfolio total is the weighted average building age by acquisition price.
- (Note 3) Figures in parenthesis indicate the total leasable area for end-tenants, the occupancy rate based on the said area, and the number of end-tenants, respectively.
For HEP Five, 45% quasi co-ownership of the trust beneficiary interests is indicated as the leasable area.
For Sphere Tower Tennoz, 33% quasi co-ownership of the trust beneficiary interests is indicated as the leasable area.
For LaLaport KOSHIEN (site), the leasable area is the total of the retail property site (86,124.96m²) and the parking garage space (39,927.2m²).
- (Note 4) PML of LaLaport KOSHIEN (site) is for the parking garage space administration building (394.88m²) .
- (Note 5) The cap rate is based on the direct capitalization method using appraisal value calculations. (Nitori Ibaraki-Kita Store (site), Kohnan Hiroshima Nakano-Higashi Store (site) and LaLaport KOSHIEN (site), are allocated a discount rate using the DCF method.)
The portfolio total is the weighted average cap rate based on appraisal values.
- (Note 6) The completion date for the office and store portions.



Urban retail properties

HEP Five



NU chayamachi



Kitano Hankyu Building



Community-based retail properties

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

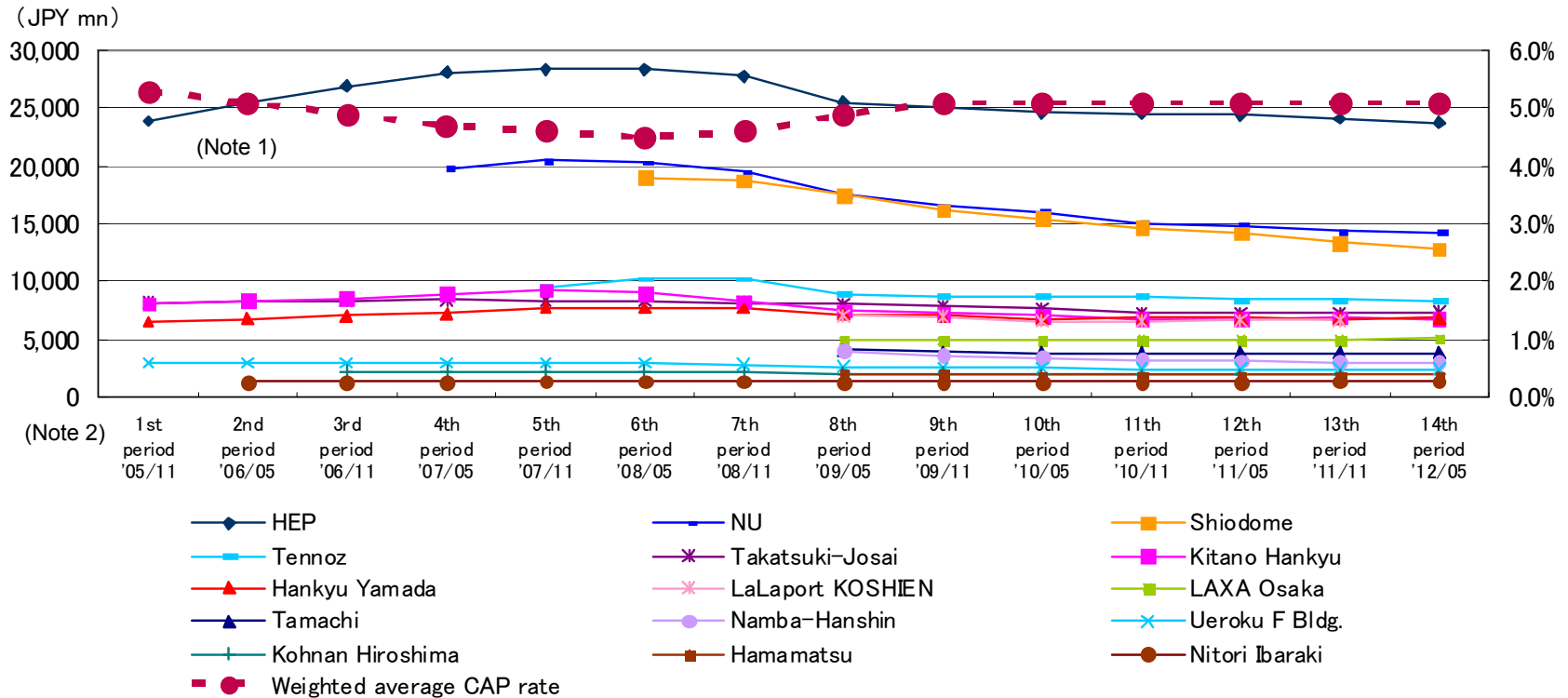


Sphere Tower Tennoz





Appraisal value down by 0.9% Signs of CAP rate decline



(Note 1) In the 9th fiscal period (November 27, 2009), as 10% of the quasi co-ownership (equity ratio of 50%) of the trust beneficiary interests was transferred, the comparison is based on an equity ratio of 45%. For comparison purposes, appraisal values are shown for the ends of the 1st to the 8th fiscal periods calculated at an equity ratio of 45%.

(Note 2) Figures show the values at the end of each fiscal period.

3-3. Appraisal Value ②

(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 KOSHIEEN (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%

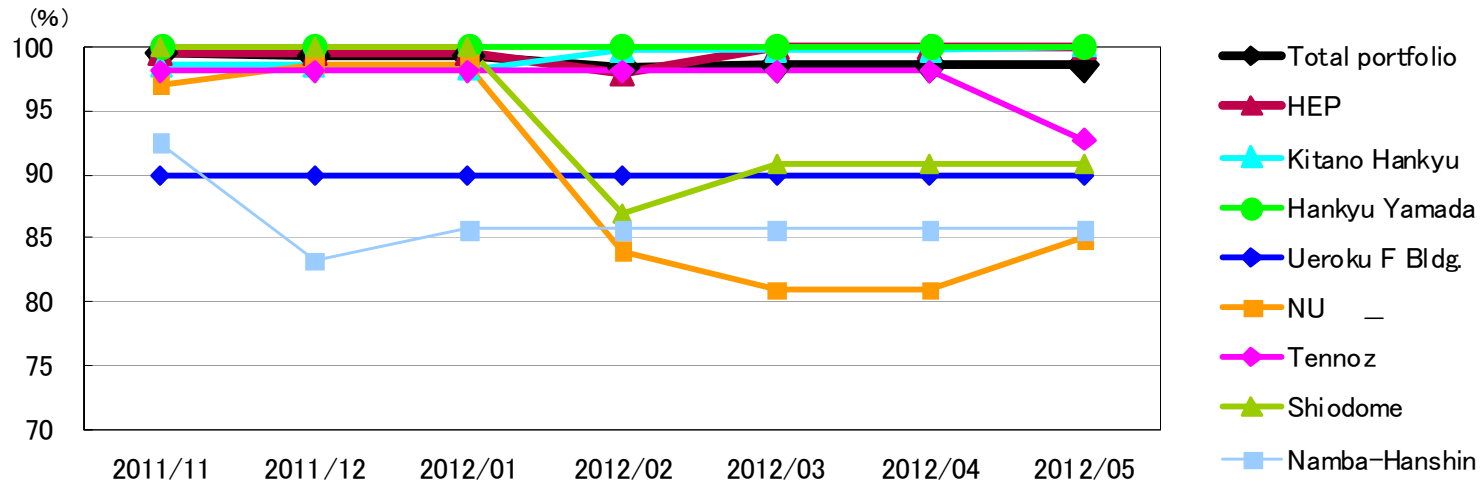
The cap rate is based on the direct capitalization method using appraisal value calculations. (Nitori Ibaraki-Kita Store (site), Kohnan Hiroshima Nakano-Higashi Store (site) and LaLaport KOSHIEEN (site) are allocated a discount rate using the DCF method.)

The portfolio total is the weighted average cap rate based on appraisal values.



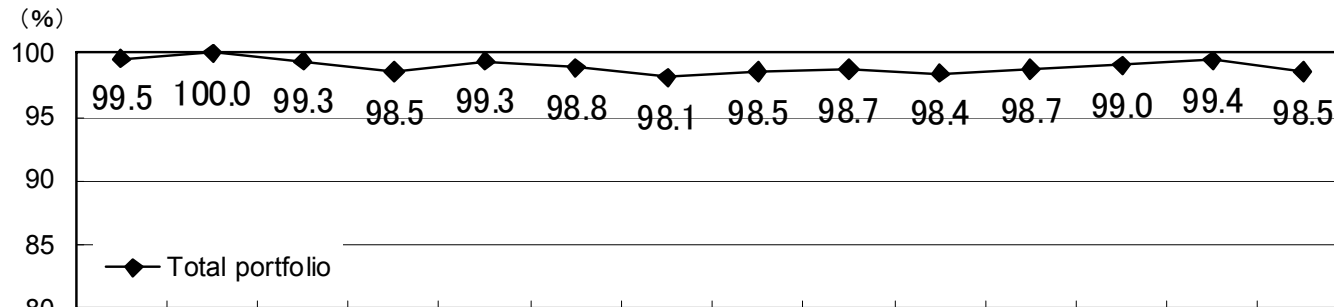
Total portfolio occupancy rate **98.5%** (end of 14th fiscal period)

The graph excludes the seven properties (Takatsuki-Josai, Nitori Ibaraki, Kohnan Hiroshima, Tamachi, LaLaport KOSHIEN, LAXA Osaka and Hamamatsu) leased to single tenants (occupancy rates of 100%).



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

Stable occupancy rates maintained since 1st fiscal period

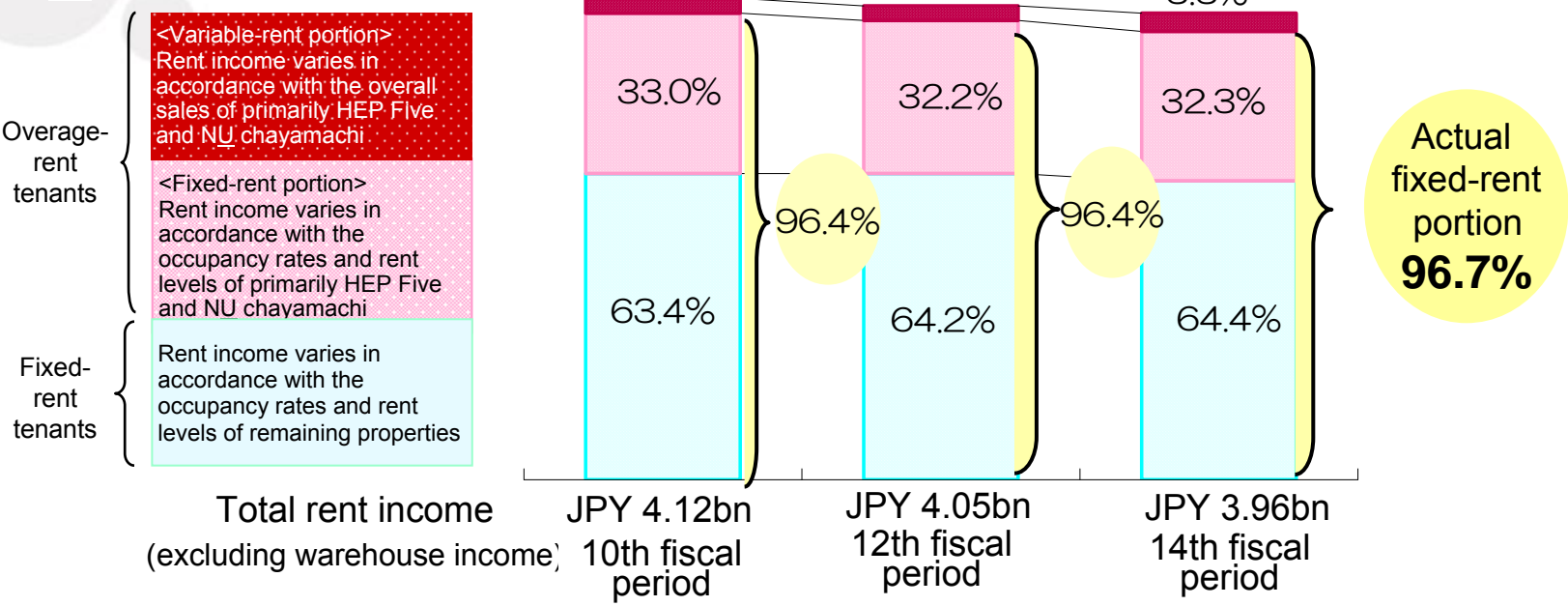


(Note) 1st period '05/11, 2nd period '06/05, 3rd period '06/11, 4th period '07/05, 5th period '07/11, 6th period '08/05, 7th period '08/11, 8th period '09/05, 9th period '09/11, 10th period '10/05, 11th period '10/11, 12th period '11/05, 13th period '11/11, 14th period '12/05

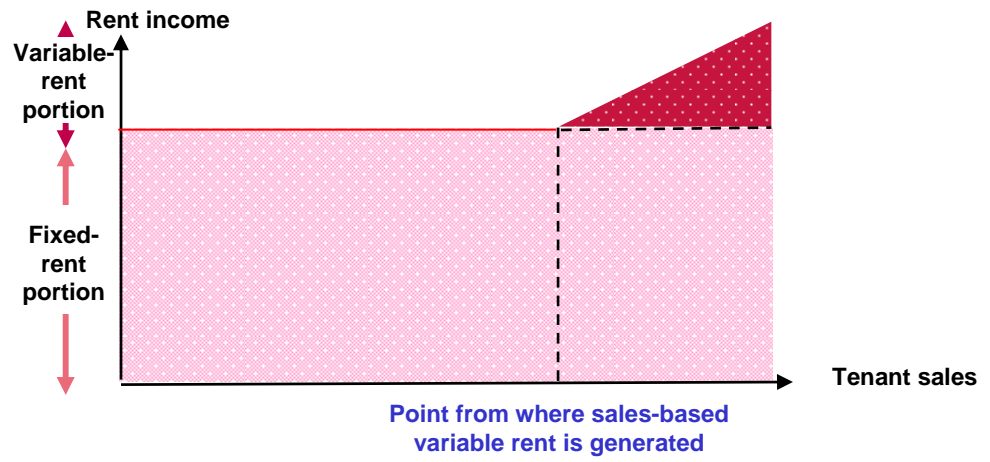
(Note) Figures indicate the values at the end of each fiscal period.



Income Ratio by Rent Category and Variation Factors



Concept Diagram of General Sales-based Overage Rent System





<Properties mainly using the sales-based overage rent system>

Name	Main rent system	Present conditions
HEP Five Specialty shop buildings (City center SC)	Overage (fixed + variable)	Occupancy rate was stable at 100% at the end of the 14th fiscal period. Aiming for recovery in sales, implemented measures to strengthen operational structure, such as reviewing sales promotion activities and establishment of an on-site PM office. To boost the customer utilization rate and gaining new customers, held group employee sales and other events; in cooperation with tenants and the 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 obsolescence of the entire property and enhancing the appeal.
NU chayamachi Specialty shop buildings (City center SC)	Overage (fixed + variable)	Contributed to improving the 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” with exhibitions of original art by popular artists in Chayamachi and the surrounding area. Aiming to achieve early occupancy, one floor, which was vacated by the departure of a tenant at the end of January 2012, was divided into three. A bridal photo studio opened in May in one of the sections.

<Properties using 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 spaces by conducting open property viewings targeting real estate agents and offering tenants the option to expand floor space and other efforts.
Sphere Tower Tennoz Office	Fixed	Although the 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 disaster 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 of the section to achieve early occupancy.
Namba-Hanshin Building Office	Fixed	Although there was a decreasing trend in occupancy rate, the rate recovered to a high level of 94.9% after a successful promotion to attract group companies. As the area is attractive to businesses with 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 (City center SC)	Long-term, fixed (partly overage)	Achieved occupancy rate of 100% at the end of the 14th fiscal period as a result of proactive new-leasing activities. Nightclub “North Platinum” newly opened in November 2011 contributed to revitalizing the entire building as a property drawing customers for long hours. In June 2012, renewal construction was conducted for the nightclub which is expected to benefit other tenants and raise the entire property’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 for 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 “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 property 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. Property’s competitiveness 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. ^(Note) 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.

(Note) 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.



4. Overview of Financial Results

(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 investment units at end of fiscal 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 for increase/decrease in profit)

① Decrease in operating revenues	JPY -12 mn
Decreased lease income (Mainly <u>N_U</u>)	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 expenses	JPY 2 mn
--------------------------------------	-----------------

Income Statement

(Unit: JPY mn)

Item	13th Fiscal Period (Operation period:183 days) Jun. 1, 2011 to Nov. 30, 2011		14th Fiscal Period (Operation period:183 days) 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 silent partnership	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 expenses	431		379		
Loan related expenses	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))	(12,688)	(12,324)	(-364)
Retained earnings carried forward	27	57	30

(Main factors of increase/decrease)

① Decrease in operating revenues	JPY -122 mn
Decreased lease income (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 expenses	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 JPY 51 million 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	421	0.3	428	0.3	6
III Total deferred assets	31	0	28	0.0	-3
Investment corporation bond issuance costs	31		28		
As sets 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 accounts payable	575		217		
Short term loans payable	3,500		6,500		
Long term 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 Total noncurrent liabilities	46,302	36.8	52,362	41.8	6,060
Investment corporation bonds	6,000		6,000		
Long term 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 Unitholders capital	55,344	44.0	55,344	44.2	
II Total surplus	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/guarantees:
JPY 10,937 mn

JPY 5,196 mn
was allocated for
property acquisitions

4-4. Financial Indicators

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 days 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 expenses
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 2,050mn	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 is not disclosed as the consent of the tenant was not obtained.

(Main capital expenditure)

① Kitano Hankyu Bldg.	
Preparatory construction for new tenants on 3rd floor (2 stores)	JPY 20 mn
② NU chayamachi	
Construction to split 7th floor into compartments	JPY 17 mn
③ Ueroku F Bldg.	
Construction 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 is not disclosed as the consent of the tenant was not obtained.

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



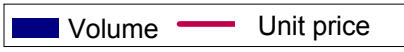
5. APPENDIX



Unit Price (closing price basis)



Source: QUICK



Per unit trading trends (Oct 26, 2005 - July 5, 2012)

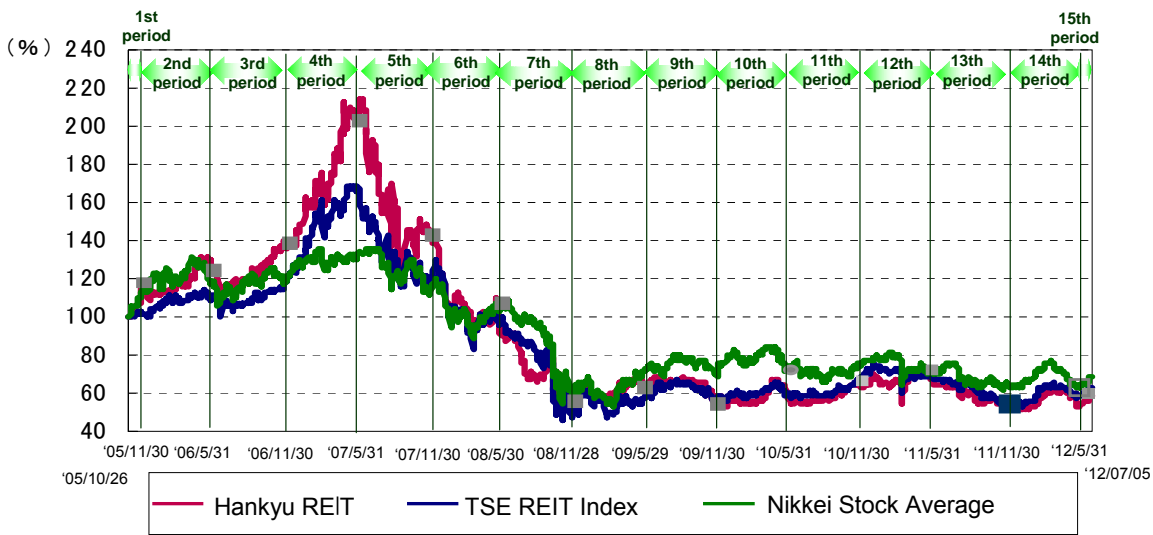
High (closing price basis)	JPY 1,380,000 (June 2007)
Low (closing price basis)	JPY 325,000 (December 2011)

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

High (closing price basis)	JPY 409,500 (April 2, 2012)
Low (closing price basis)	JPY 325,000 (December 22, 2011)

Price as of July 5, 2012 (closing price basis)
JPY 369,000

Relative Price (closing price basis)



'05/10/26

'12/07/05

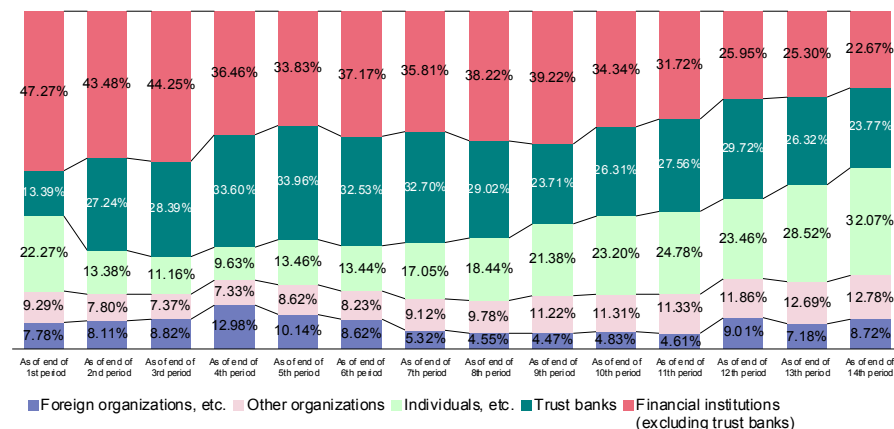


Source: QUICK, Tokyo Stock Exchange

Unitholder Composition

Ownership by category	Number of unitholders (persons)	Ratio to ownership	Number of investment units held (units)	Ratio to number of investment units
Financial institutions (excluding trust banks)	62	0.68%	21,607	25.30%
Trust banks	9	0.10%	22,478	26.32%
Individuals, etc.	8,766	96.36%	24,354	28.52%
Other organizations	185	2.03%	10,833	12.69%
Foreign organizations, etc.	75	0.82%	6,128	7.18%
Total	9,097	100%	85,400	100%

Ratio of Units by Unitholder Category



Top 10 Unitholders

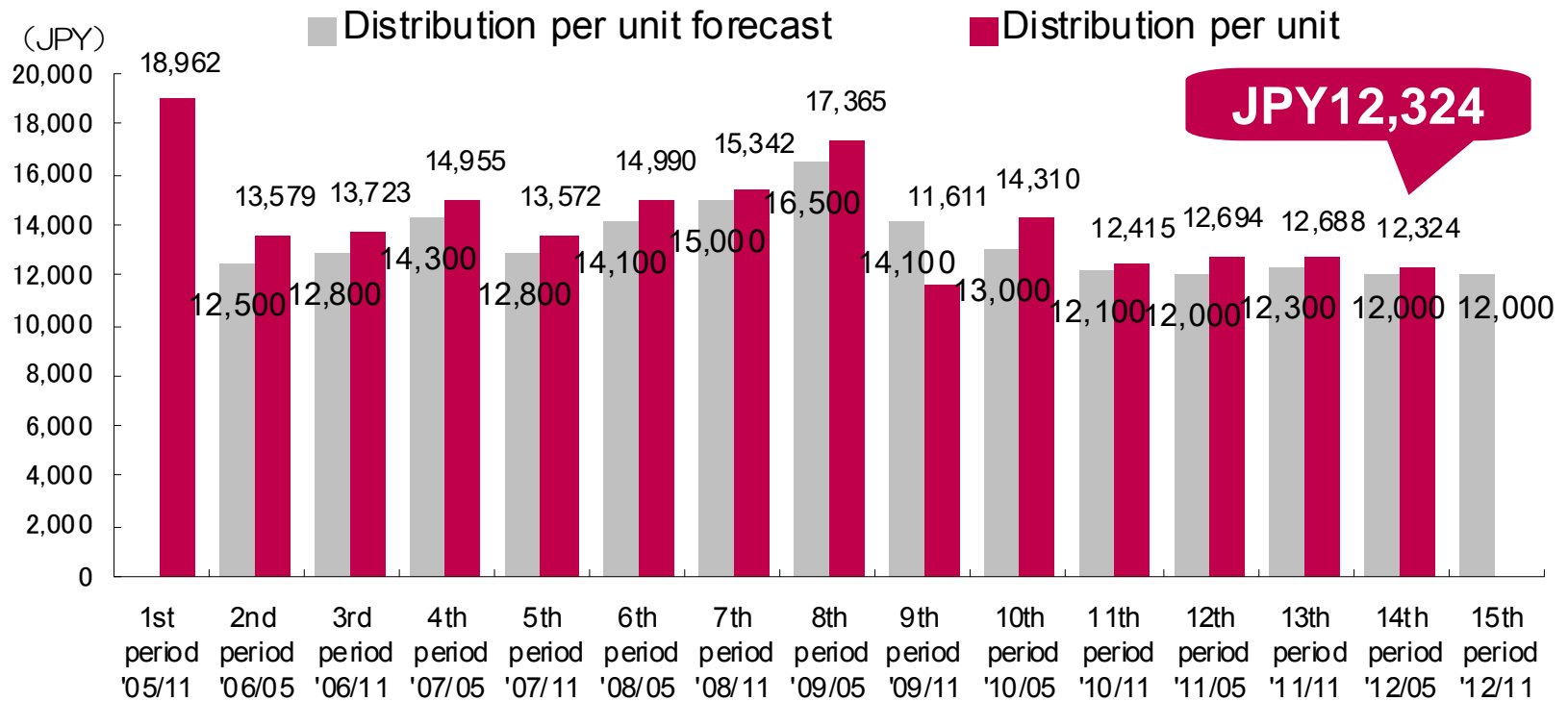
Unitholder name	Number of units held (units)	Ownership
Japan Trustee Services Bank, Ltd. (Trust account)	12,069	14.13%
The Senshu Ikeda Bank, Ltd.	4,150	4.86%
The Nomura Trust and Banking Co., Ltd. (Investment accounts)	4,024	4.71%
Hankyu Corporation	3,500	4.10%
Trust & Custody Services Bank, Ltd. (Securities 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 investment	34,650	40.57%
Number of outstanding units	85,400	100%

< Questionnaire 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, etc. or a pair of tickets for the Hep Five Ferris wheel will be offered to 250 selected respondents.

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



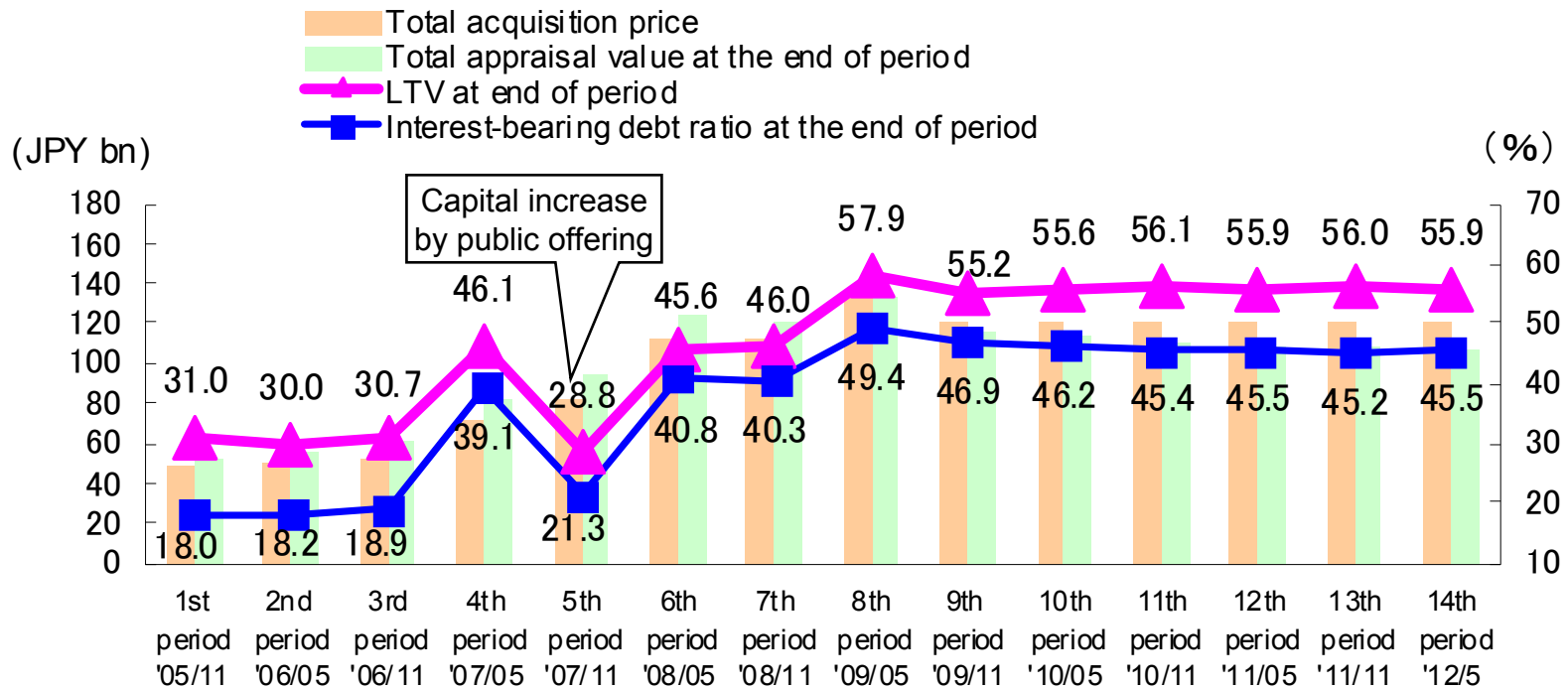
JPY 12,324

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 a JPY 35 mn reduction in lease operating costs such as repair expenses.)



Number of Properties

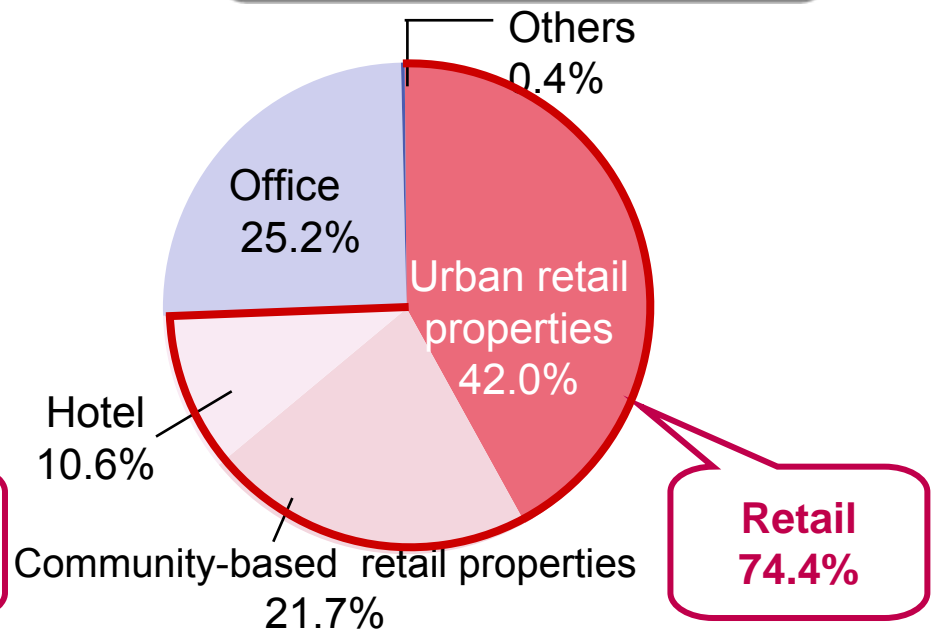
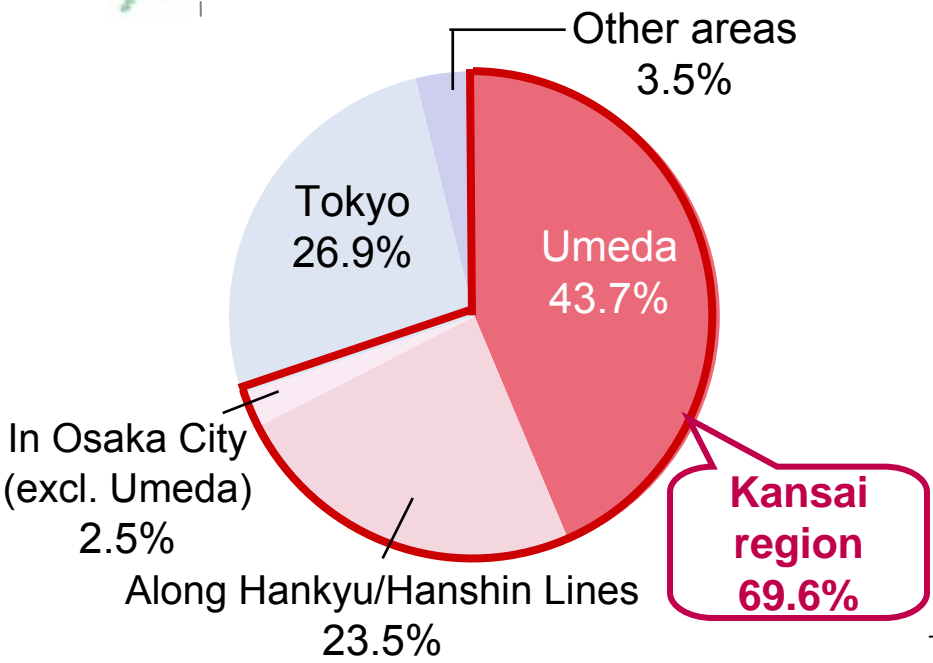
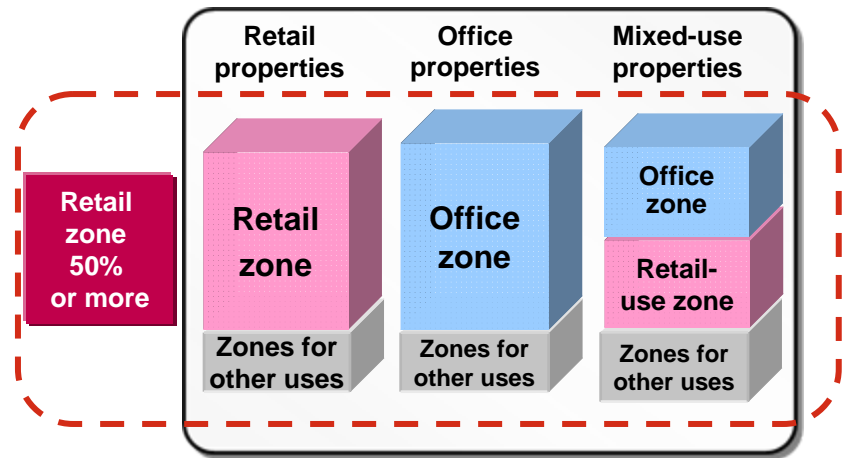
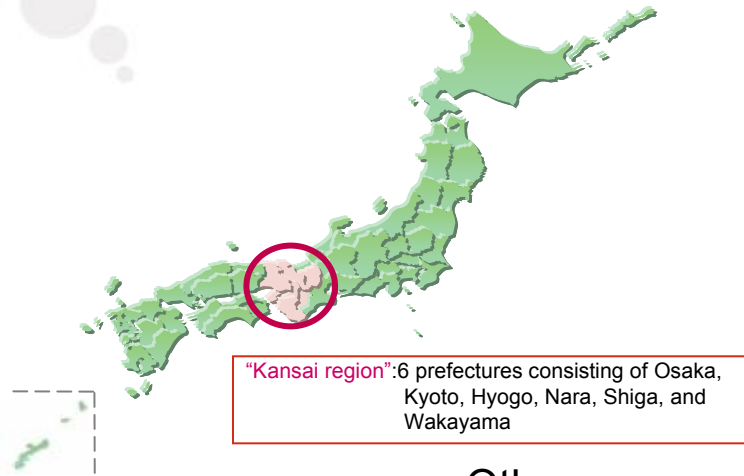
5 6 7 8 9 11 11 16 15 15 15 15 15 15

LTV is generally stable despite a slight reduction in the rate of decline of appraisal values.



Two-thirds of investment allocated to Umeda or along Hankyu/Hanshin Lines

Primary emphasis on highly competitive retail properties



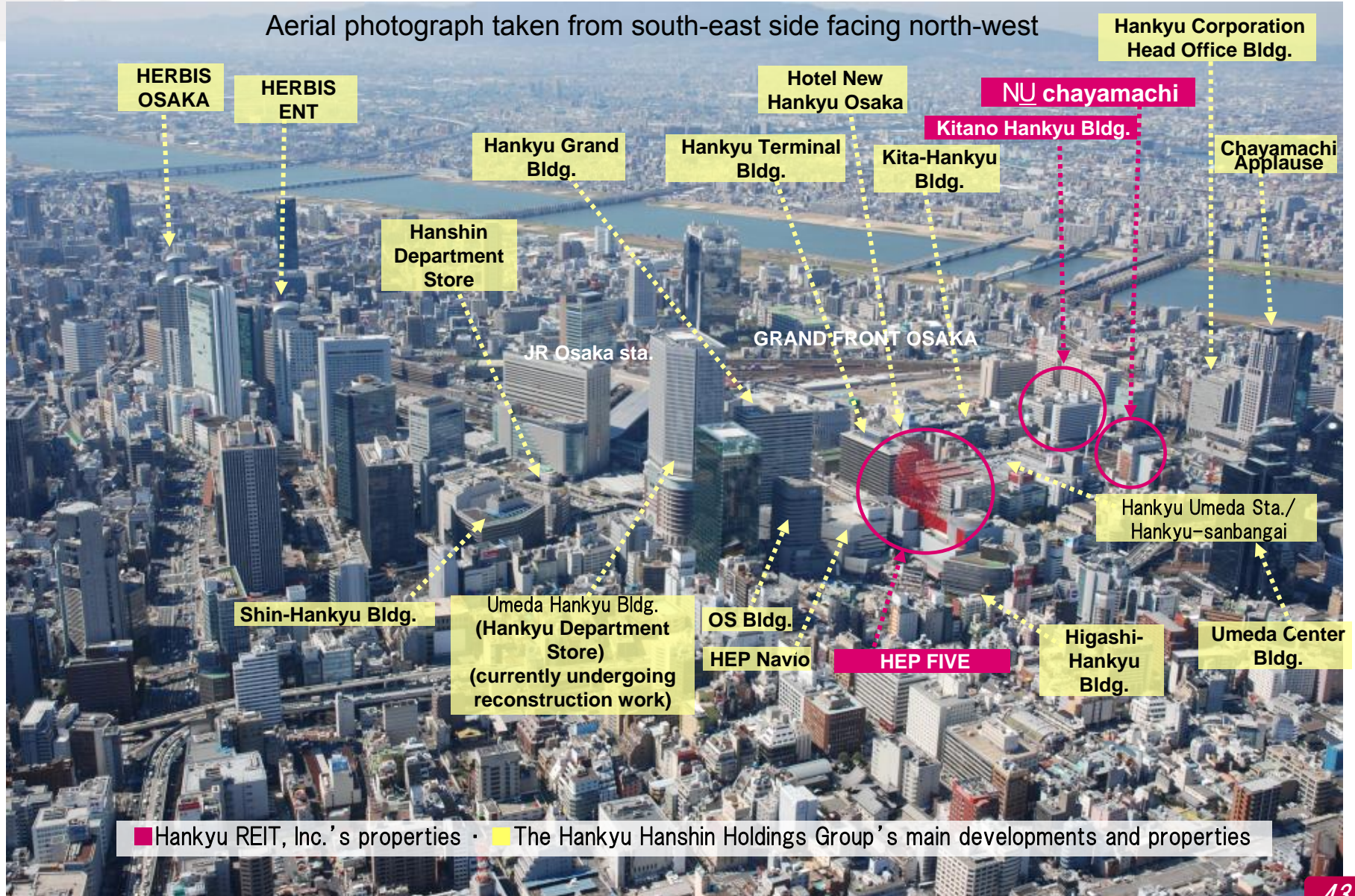
The ratios are calculated based on the acquisition price. Silent partnership interests are not included.

The ratios are calculated based on the acquisition price. (For mixed-use zone properties, the amount is proportionate to the rent income and common service fees for each zone.) Silent partnership interests are not included.

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

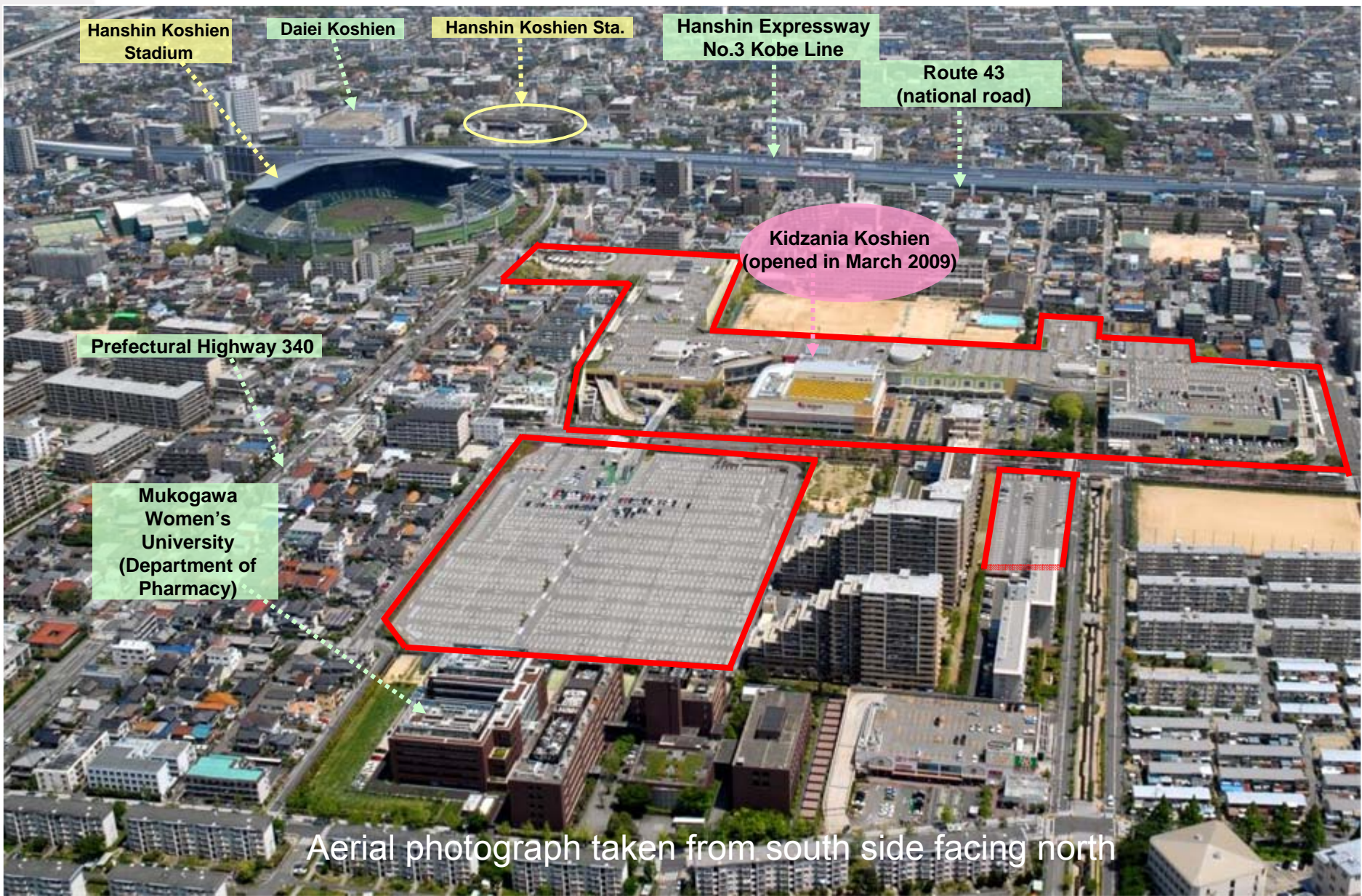
"Umeda" has grown into the largest area of concentrated commercial activity in Western Japan, and it still continues to develop

Aerial photograph taken from south-east side facing north-west



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





Aerial photograph taken from south side facing north



5-9. Takatsuki-Josai Shopping Center and Properties in Vicinity Hankyu REIT



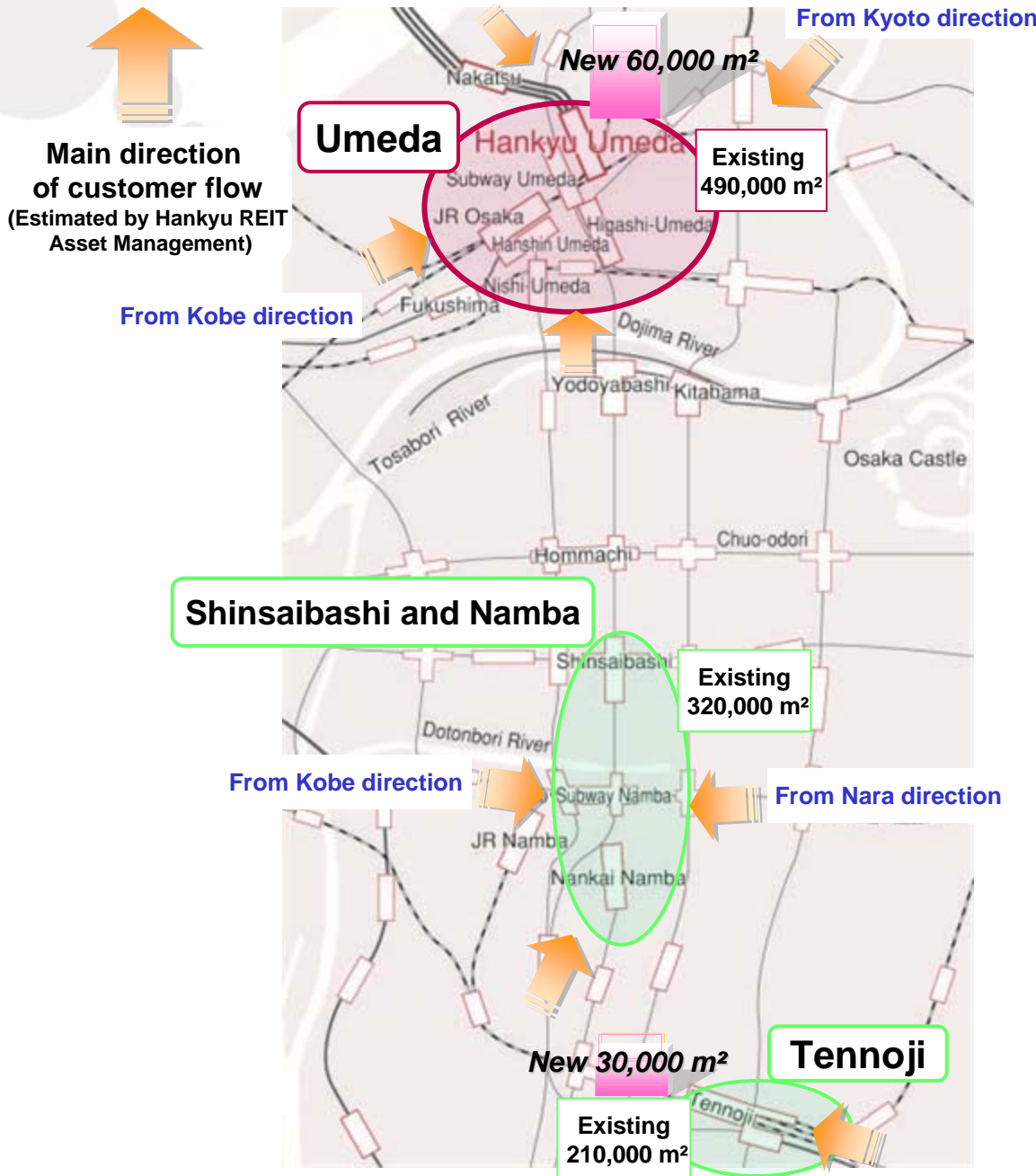
Aerial photograph taken from south side facing north

5-10. Hankyu/Hanshin Lines and Properties Held

Properties held outside the Kansai region

- (Tokyo)
 - Tennoz
 - Shiodome
 - Tamachi
- (Other areas)
 - Kohnan Hiroshima
 - Hamamatsu





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

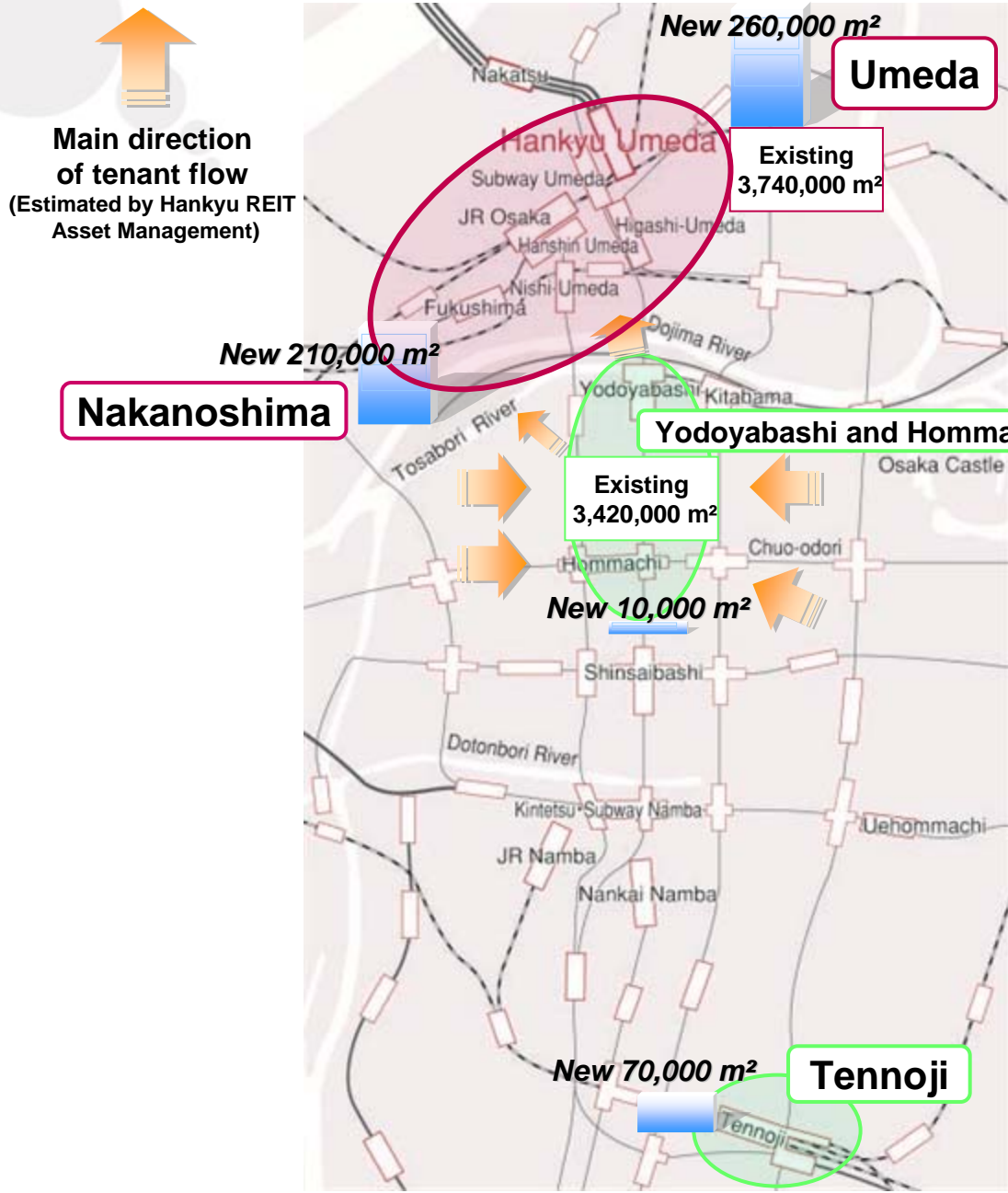
Equivalent to 9.7% of existing property floor area
(Total floor area of large-scale retail properties in 3 main areas: 1,030,000 m²)

In the Umeda area, development focuses on the new opening of the Grand Front Osaka.

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

In order to tap into the increasing demands of customers in the Umeda area, Hankyu REIT plans to collaborate with the Hankyu Group to boost the attractiveness of its retail properties 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) in strong areas of Osaka, which is a rare occurrence in recent years.

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

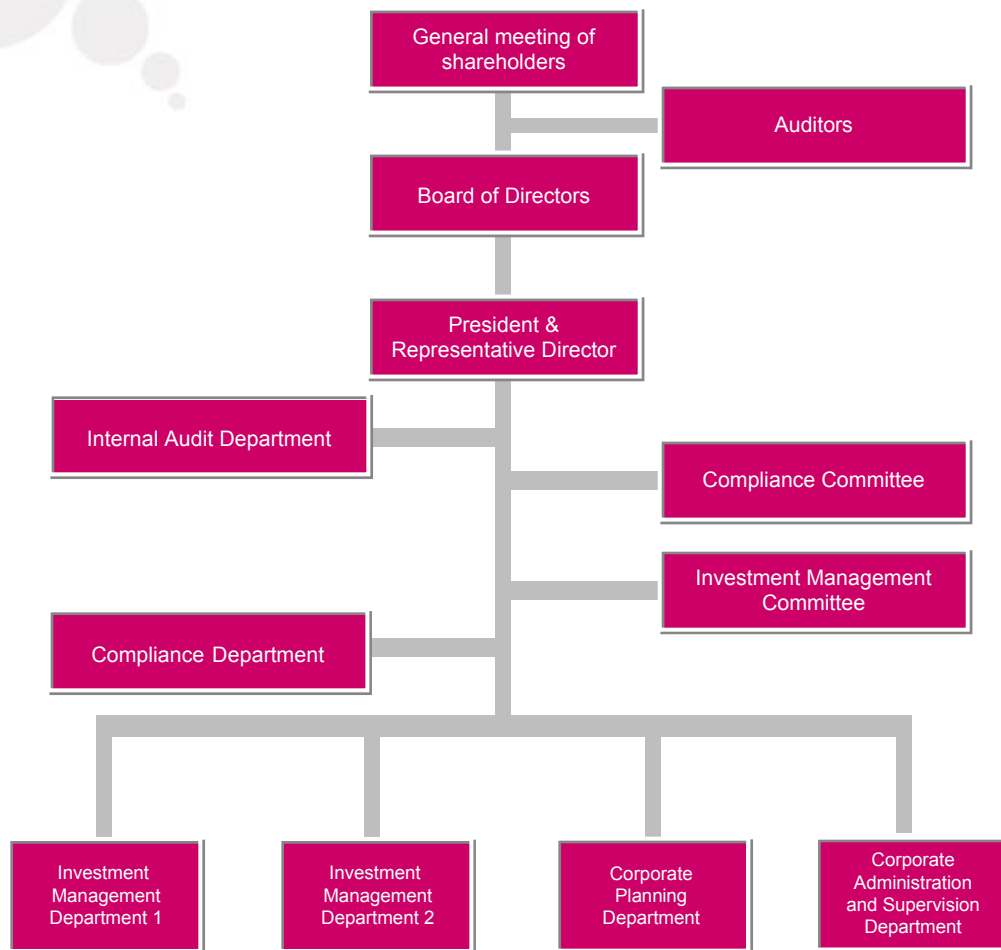
Keyword is “polarization” (companies moving to Umeda include manufacturers, trading companies, and audit firms).

Umeda, together with the Midotsuji vicinity (Yodoyabashi and Hommachi), are expected to win out as business areas.

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

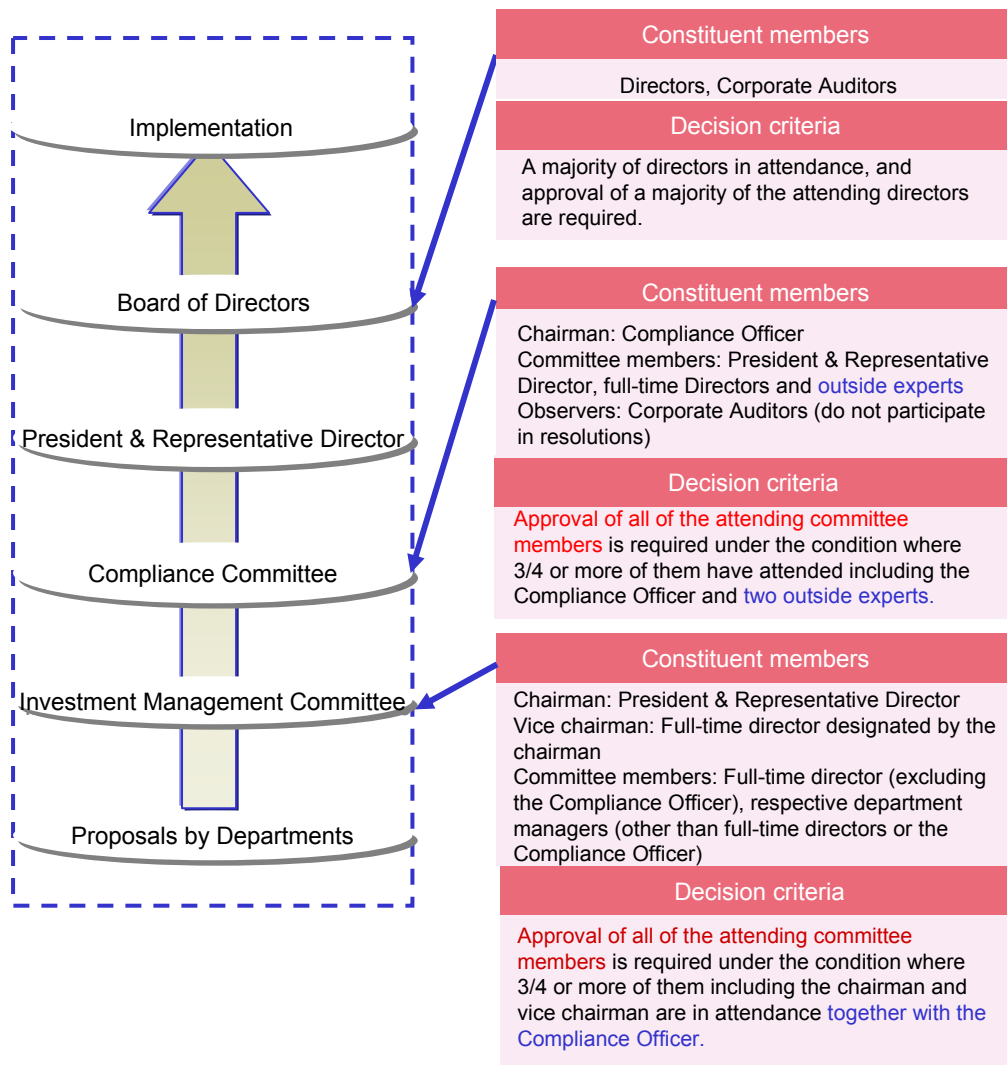
5-13. Organization of Hankyu REIT Asset Management, Inc. **Hankyu REIT**

(As of July 13, 2012)



Corporate Data		
Trade name	Hankyu REIT Asset Management, Inc.	
Headquarters	19-19, Chayamachi, Kita-ku, Osaka 530-0013, Japan	
Established	March 15, 2004	
Paid-in capital	JPY 300 mn	
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, transportation and tourism 	

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



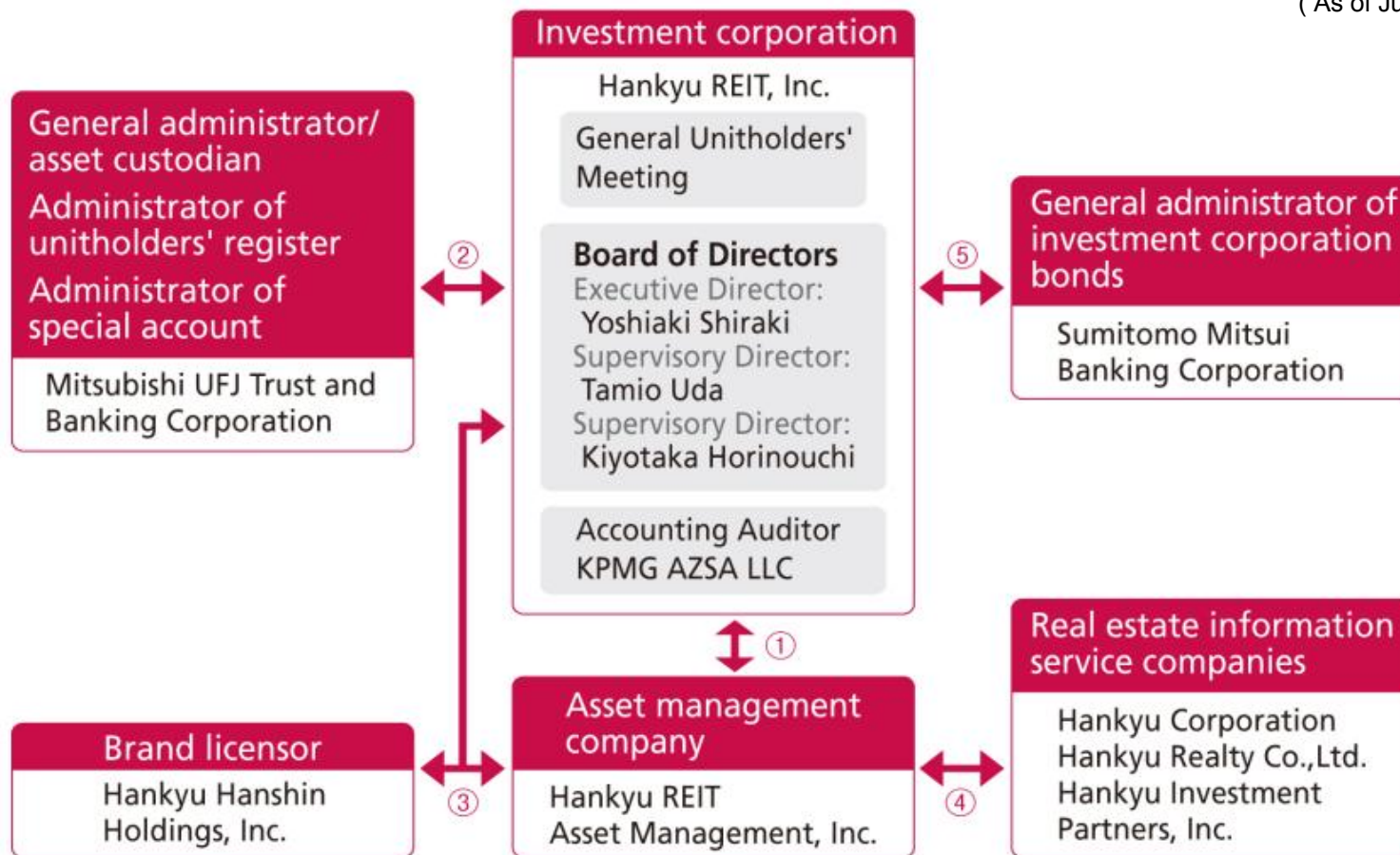
Compliance System

- Achieve comprehensive compliance by establishing a Compliance Department and a Compliance Officer
- The Compliance Committee, including outside experts, deliberates on conflicts of interest transactions with interested parties
- The Compliance Officer attends the Investment Committee Meeting and checks compliance issues
- Appointed a person to be in charge of efforts to prevent improper requests and the exclusion of anti-social forces

Internal Audit System

- Implemented PDCA cycle by systematically implementing the internal audit system every fiscal year based on the annual internal auditing plan
- Utilize external consulting entity to secure independence of internal audit and obtain a highly effective internal audit
- Introduced semi-full-time Corporate Auditor system and strengthened auditing functions (Independent system of the Hankyu Corporation and the group companies. Recognized as part-time Corporate Auditor under the Companies Act.)
- Established the internal control system and strengthened check and balance functions 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.