



Hankyu REIT

Financial Results Briefing Materials
for the 19th Fiscal period ended
November 2014

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

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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.

Hankyu REIT implemented a five-for-one split of its investment units with November 30, 2014 as the record date and December 1, 2014 as the effective date.



1-1. Continued Growth

Continued growth by conducting capital increase through public offering (PO) for 2nd consecutive year

Improvement of health through asset replacement

Return to growth path through resuming external growth

Continued growth through PO for 2nd consecutive year



Improvement of profitability of portfolio

	End of 17th FP (End of Nov. 2013)	End of 18th FP (End of May 2014)	End of 19th FP (End of Nov. 2014)
Average NOI yield (Note)	4.8%	4.7%	4.8%
Average NOI yield after depreciation (Note)	3.3%	3.2%	3.4%
Unrealized income/loss (Note)	-JPY 3.6 bn	-JPY 0.9 bn	JPY 1.6 bn

Improvement of stability of financial foundation

	End of 17th FP (End of Nov. 2013)	End of 18th FP (End of May 2014)	End of 19th FP (End of Nov. 2014)
LTV (Note)	48.6%	47.3%	45.4%
Interest-bearing debt ratio (Note)	43.2%	43.4%	42.9%
Average debt financing costs (Including investment corporation bonds)	1.34%	1.23%	1.08%
Average remaining period of long-term borrowings and investment corporation bonds	2.2 years	2.7 years	3.6 years

(Note) Details of the calculation method for “Average NOI yield,” “Average NOI yield after depreciation,” “Unrealized income/loss” and “LTV” are presented on page 57.



Issues

Results of 19th Fiscal Period

External Growth

- How to acquire properties that will enable planning of target distributions amidst the heated competition for property acquisition

- Acquired a total of 4 properties (urban retail facility and community-based retail facilities (sites)), and thereby realized portfolio stability and profitability improvement. MANDAI Gojo Nishikoji Store was completed in November 25, 2014 and rent is now collected in whole (only 30% was collected during construction)
- Regarding investment in hotels, investment ratio and investment targets were considered, resulting in increasing the investment ratio from 10% to 20% (January 2015)

Internal Growth

- Maintenance and improvement of competitiveness of properties held
- Leasing of Sphere Tower Tennoz

- The portfolio occupancy rate as of the end of the 19th fiscal period was maintained at a high level of 98.7%
- Promoted value-enhancement work at Sphere Tower Tennoz (renovated entrance, elevator hall, etc. and improved flow of people, sign boards, etc.)
- For Namba-Hanshin Building, tenants were brought in with rent levels higher than the average of existing tenants, realizing further increase of the occupancy rate (94.9% as of the end of the 19th fiscal period)

Financial Strategies

- Implementation of LTV control
- Extension of borrowing periods, diversification of debt repayment dates, and diversification of fund procurement methods

- Maintained distributions as well as implemented LTV control by conducting capital increase through public offering and new debt financing
- Promoted further stabilization by reducing debt financing costs, extending borrowing periods and diversifying debt repayment dates
- Implemented a five-for-one split of investment units on December 1, 2014 to respond to NISA, expand the investor base and increase the liquidity of investment units

Net assets per unit	612,343 yen*
Net assets per unit after reflecting unrealized income/loss	626,567 yen*

Results for 19th fiscal period
(ended November 2014)
Distribution per unit

12,685 yen

* Hankyu REIT implemented a five-for-one split of its investment units with November 30, 2014 as the record date and December 1, 2014 as the effective date, and investment units started transacting at the split price from November 26, 2014.

"Distribution per unit," "Net assets per unit" and "Net assets per unit after reflecting unrealized income/loss" in the 19th fiscal period's results are actual values calculated with the number of investment units before the split.

External Growth

- Aim for expansion and growth of portfolio by acquiring quality properties flexibly through utilization of real estate networks and warehousing functions of the sponsor group
- Amidst heated competition for property acquisitions, expand options such as by considering acquisition of properties utilizing the development capabilities coming from the sponsor group, which holds comprehensive real estate company functions, in an aim to acquire properties at appropriate prices

Internal Growth

- Aim to maintain/improve rent through measures based on the competitiveness of each property while establishing favorable relationship with tenants through reinforcement of operational management
- For Sphere Tower Tennoz, continue to work toward early improvement of occupancy rate by continuing to promote leasing based on the features of locations and buildings while strengthening appeals through value-enhancement work

Financial Strategies

- Realize equity financing that enables both distributions to be maintained/improved and LTV to be improved
- Aim for steady refinancing, extension of borrowing periods, diversification of debt repayment dates, reduction of debt financing costs and diversification of fund procurement methods through cooperation with financial institutions

Forecast for 20th fiscal period (ending May 2015)
Distribution per unit

2,530 yen

Aim to secure distributions of **JPY 2,400 on an ongoing basis**
(JPY 12,000 prior to five-for-one split) and further build up



The future investment policy for hotels is as follows

Increase the maximum ratio of investment in hotel-use to 20% (previously 10%)

Investment Target

The main targets shall be business hotels and city hotels.

- With a focus on operators and location, facilities that can incorporate urban tourism demand in addition to business customers shall be targeted.
- Stability of income will be emphasized even among these properties (specifically, hotels that are mainly for accommodation). Resort hotels, which have large fluctuations of income, will not be targeted.

Target Areas

The target areas will center on the Tokyo metropolitan area, Chukyo area, Kansai region as well as Hiroshima, Fukuoka, etc. Regarding government-ordinance-designated cities nationwide and other comparable major cities, investment will be made considering the status of business demand and urban tourism demand and other factors.



Reason for increasing the maximum ratio of investment in hotels

Building up a stable management track record

Since the addition of hotel-use portions to retail-use zones in 2008, there are now 4 properties (Note 1) held which have hotel-use portions. RevPAR (Note 2), a revenue indicator for the hotel business, is strong at all 4 properties.

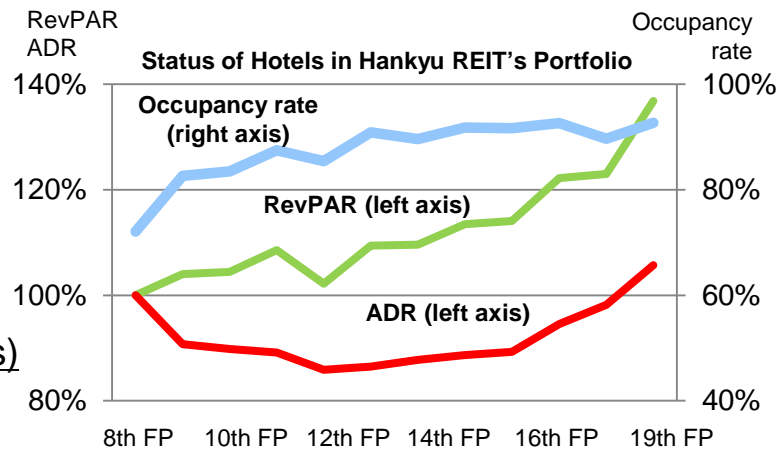
Increase in accommodation demand in Japan

Business demand is going strong. Demand for accommodation for the purpose of urban tourism is increasing.

Increase of Foreign Tourists Visiting Japan (Inbound Tourists)

After having exceeded 10 million for the first time in 2013, the number of foreign tourists visiting Japan is expected to have been around 13 million in 2014.

(Note 1) Kitano Hankyu Building (Hotel New Hankyu Annex) (long-term fixed-type master lease contract), Hotel Gracery Tamachi (long-term fixed contract), LAXA Osaka (Hotel Hanshin) (fixed-type master lease contract) and Richmond Hotel Hamamatsu (fixed-type master lease contract)
 (Note 2) RevPAR: Revenue per available room, calculated by dividing room income by the total number of rooms;
 ADR: Average daily rate, calculated by dividing room income by the number of room sales.



[Graph] Occupancy rate: Average of the 4 properties (Note 1) (right axis)
 RevPAR/ADR (Note 2): Relative value based on (100%) the average of the 4 properties in the 8th fiscal period (ended May 2009) (left axis)



Promote leasing based on area/building features while continuing to work towards early improvement of occupancy rate by strengthening appeals through value-enhancement work

Atrium



after



before



after



before

Changed wall surface to greenery and stone material, and changed pillars and stairs to wood. In addition, maintained luxurious feel, made space overflowing with warmth and richness utilizing natural materials. A new entry into the entrance was newly established, improving convenience as well.

Elevator Hall



after



before

Carpets and lighting were renewed to create a modern space.

Signboards



after



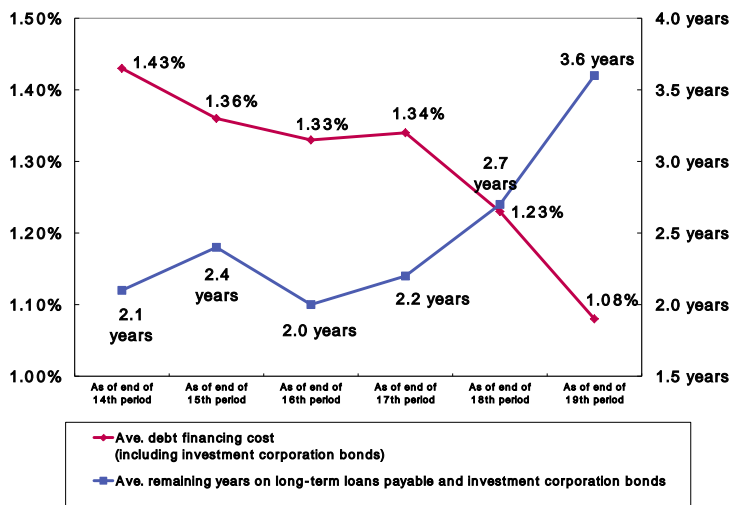
before

Signboards inside the building were improved along with the value-enhancement work. A simple and elegant design was applied to harmonize with the space.

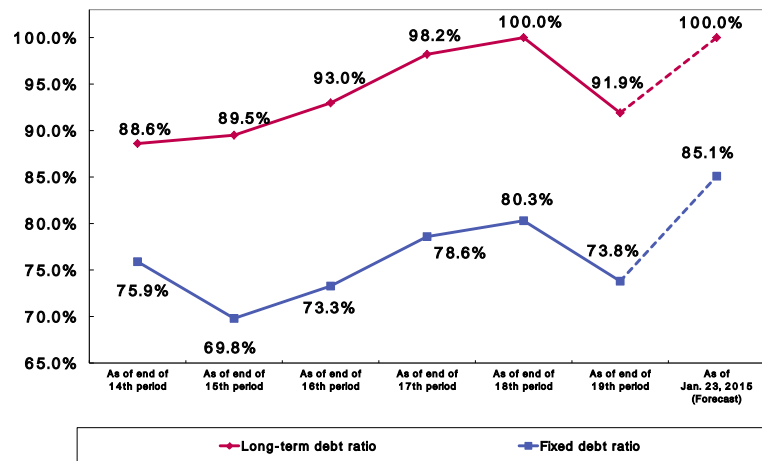


Promoted further stabilization by reducing debt financing costs, extending borrowing periods and diversifying debt repayment dates

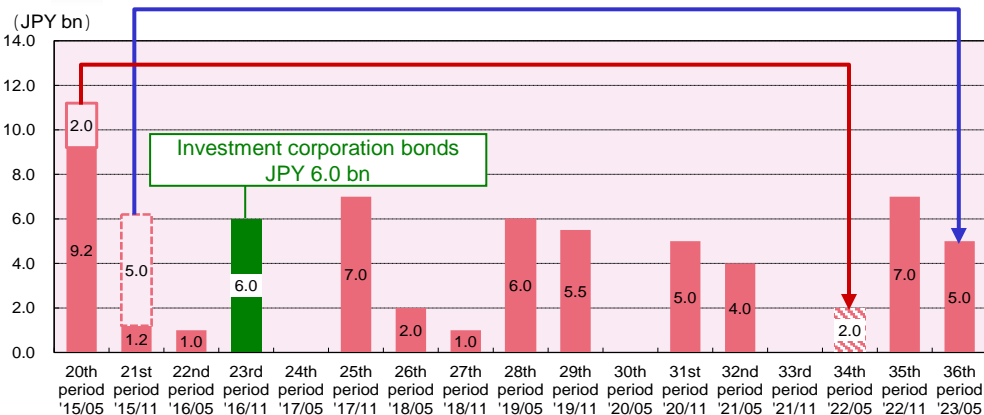
Trends of Debt Financing Costs and Average Remaining Years



Changes in Long-Term Debt Ratio and Fixed Debt Ratio



Diversification of Repayment Dates



Made early repayment for JPY 5 bn in short-term loans (1 year) maturing on June 23, 2015 and refinanced with long-term loans (8 years)

Plan to refinance JPY 2 bn (3 years) in long-term loans maturing January 23, 2015 with long-term loans (7 years)



2. External Growth Strategies

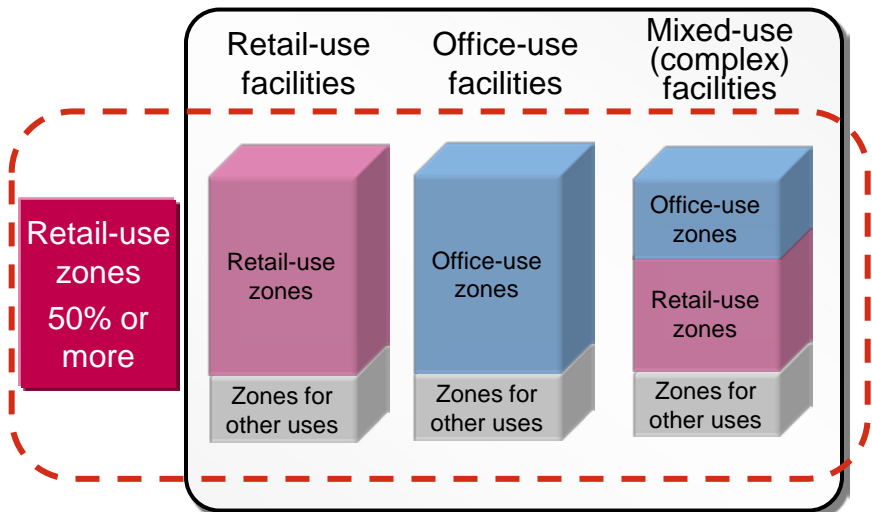




Investment Targets

Target real estate with retail-use and office-use zones

Especially focus investment on retail-use zones



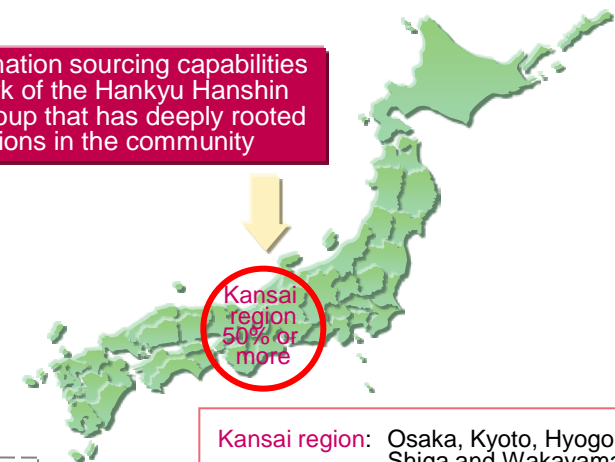
Investment Target Areas

Target real estate across Japan

Investment target areas are the Tokyo metropolitan area, government-ordinance-designated cities nationwide and other comparable major cities

Of these, investment is focused on the Kansai region

Utilize information sourcing capabilities and network of the Hankyu Hanshin Holdings Group that has deeply rooted connections in the community

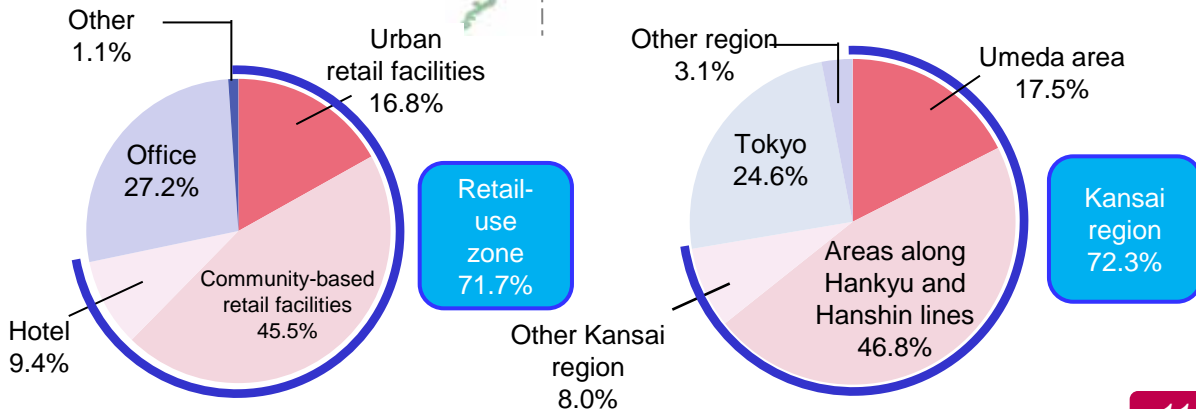


* In principle, the maximum investment ratio for hotel-use portion (part of retail-use zones) is 20% of all assets under management (Increased to 20% as of January 22, 2015)

Portfolio Status

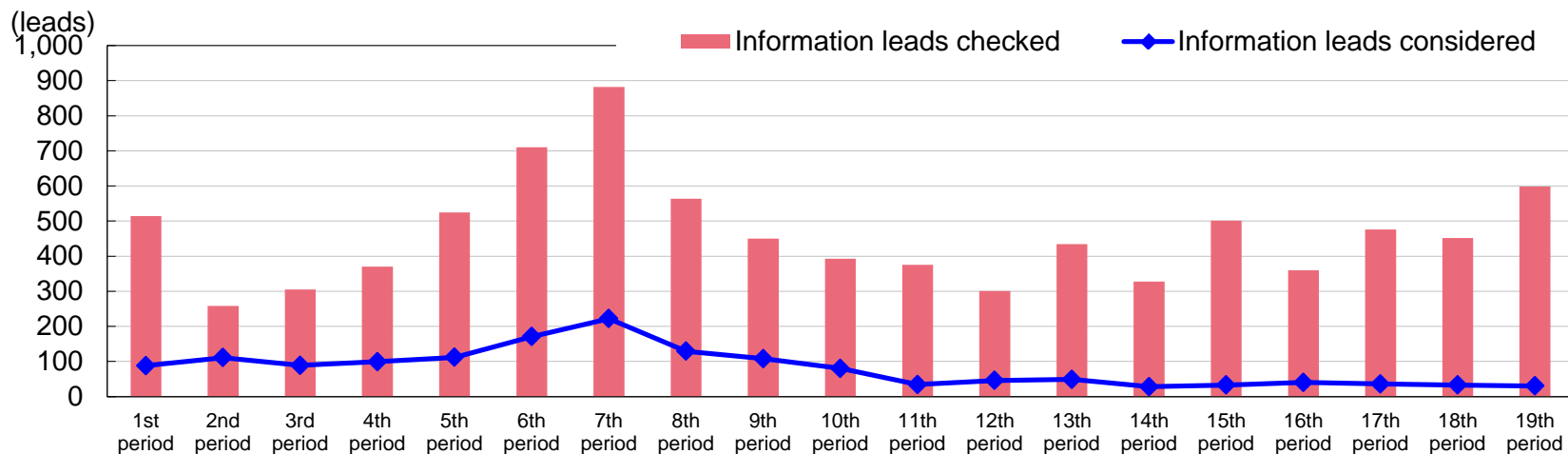
Total acquisition price: JPY 139.30 bn

Total number of properties: 23 properties





Trends of Information Leads



Diverse Property Acquisition Methods

Acquisition method				
Sponsor group's property	Property developed by sponsor group	On-balance bridge	SPC bridge	Direct acquisition from outside
HEP Five Kitano Hankyu Building Dew Hankyu Yamada Nitori Ibaraki-Kita Store (site) LaLaport KOSHIEN (site) LAXA Osaka Namba-Hanshin Building HANKYU NISHINOMIYA GARDENS <div style="background-color: #ff69b4; padding: 5px; border-radius: 10px; display: inline-block;"> kotocross Hankyu Kawaramachi </div>	Shiodome East Side Building Hotel Gracery Tamachi	MANDAI Toyonaka Honan Store (site) <div style="background-color: #ff69b4; padding: 5px; border-radius: 10px; display: inline-block;"> DAILY QANAT Izumiya Horikawa Marutamachi Store (site) </div> <div style="background-color: #ff69b4; padding: 5px; border-radius: 10px; display: inline-block;"> MANDAI Gojo Nishikoji Store (site) </div> <div style="background-color: #ff69b4; padding: 5px; border-radius: 10px; display: inline-block;"> LIFE Shimoyamate Store (site) </div>	Hankyu Corporation Head Office Building Ueroku F Building Richmond Hotel Hamamatsu AEON MALL SAKAIKITA HANADA (site)	Takatsuki-Josai Shopping Center Kohnan Hiroshima Nakano-Higashi Store (site) Sphere Tower Tennoz Kita-Aoyama 3 cho-me Building



2-3. Information Leads and Leads Considered (19th Fiscal Period) **Hankyu REIT**

* Outer circle: Information leads Inner circle: Leads actually considered Area

Use	City center			Urban vicinity			Suburban		
Office	8	54	7	8	27	6	0	0	0
Mixed (Complex)	4 20	2 73	3	17	1 36	4	0	0	2
Retail	1 10	3 38	3	3 25	2 27	9	4	3	10
Hotel	1 4	0	2	4	2	6	0	0	5
Other (Note)	1 14	46	18	8 44	2 55	19	0	0	3

(Note) Properties anticipating property development of the sponsor group such as at old buildings and former sites of factories, etc.



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



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



Other areas

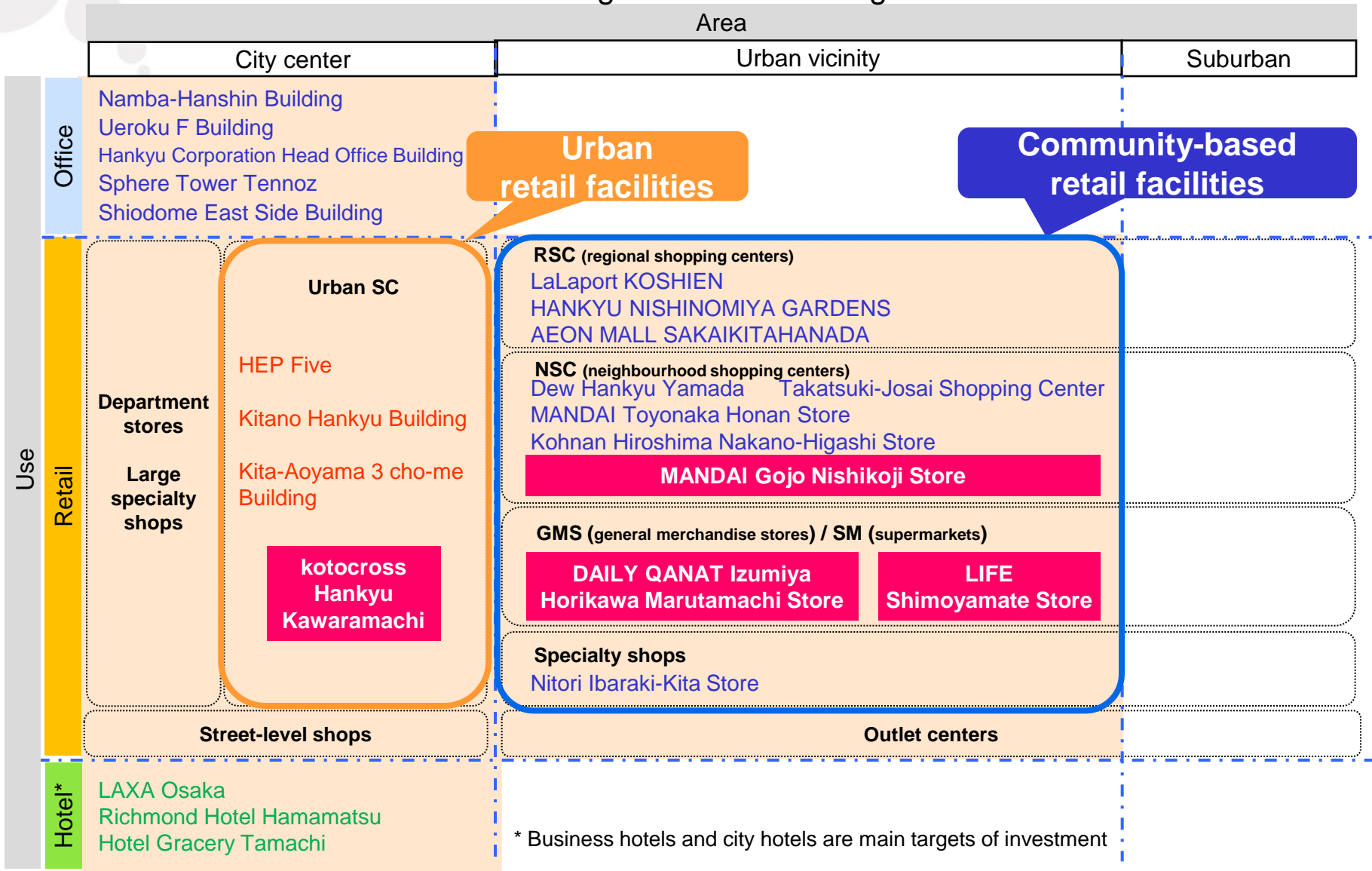


Community-based retail facilities

Leads considered were primarily community-based retail facilities in the Kansai region, Tokyo metropolitan area and regional major cities, such as Nagoya, Fukuoka and Hiroshima



Urban retail facilities and community-based retail facilities set as investment targets of focus among retail facilities



Urban retail facilities

Community-based retail facilities

* Business hotels and city hotels are main targets of investment

Primary investment target zone

Investment targets of focus among retail facilities

Acquired assets in 19th fiscal period



Investment in community-based retail facilities and urban retail facilities

Community-based retail facilities

Provides products and services to serve needs of daily life

Core area (Note 1)
Excellent trade areas such as areas along Hankyu and Hanshin lines



MANDAI Gojo Nishikoji Store (site)



LIFE Shimoyamate Store (site)

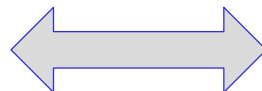
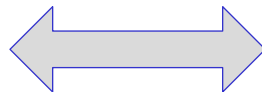
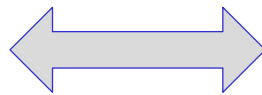
HANKYU NISHINOMIYA GARDENS, Dew Hankyu Yamada, etc.



DAILY QANAT Izumiya Horikawa Marutamachi Store (site)

Urban vicinity areas in the Kansai region

Other urban vicinity areas



Maximize opportunities to acquire quality properties by setting areas other than core areas as investment areas, too

Utilize the know-how of the sponsor group in not only the Umeda area and areas along Hankyu and Hanshin lines, but also areas centering on rail stations of major cities nationwide

Urban retail facilities

Provides extraordinary urban entertainment space

Core area (Note 1)
Umeda area

HEP Five Kitano Hankyu Building



kotocross Hankyu Kawaramachi

Rail terminals and other bustling areas in the Kansai region



Kita-Aoyama 3 cho-me Building

Other bustling areas

(Note) "Core area" refers to an area that is currently a focus of investment considerations at Hankyu REIT.



Points to Investment Decisions and Management of Retail Facilities

Community-based retail facilities

Excellent trade areas with strong consumer demand

Excellent trade areas such as areas along Hankyu and Hanshin lines where the population is increasing and where strong consumer demand can be expected in the medium to long term

Tenant compositions, products and services that match the features of the trade area

- Tenant compositions that match the population dynamics, family composition, household income and other features and needs of the trade area
- Provision of daily necessities, fresh foods and other products and services necessary for daily life

Adapt to change of needs of the trade area

Implementation of reviews of products, services and tenant compositions as well as renewals and such in order to adapt to any change of needs of the trade area

Oriented toward stable income

With trade areas believed to be excellent in the medium to long term as a base, secure ongoing income and stability through the operational management of the sponsor group

Utilizing real estate know-how and experience nurtured by the sponsor group over the years

1 Analysis of trade area and flow of people

+

2 Provision of products and services that match the trade area and flow of people

+

3 Operational management of the sponsor group

Aim for stable income and improvement of profitability in the medium to long term by making decisions on investment in retail facilities based on the analysis above

Urban retail facilities

Competitive bustling areas

Competitive bustling areas concentrated around core stations, etc. where a certain number of incoming and outgoing passengers can be expected

Tenant compositions, products and services that match the target customer base

- Plan the concept and direction for retail facilities overall and tenant compositions through accurate targeting based on the flow of people
- Provide products and services that match the target customer base

Adapt to shift in preferences of the target customer base

- Promptly catch any shift in preferences of the target customer base and reflect in tenant compositions, products and services
- While retaining freshness by conducting sales promotions as appropriate, conduct renewals and other revitalization if there is any obsolescence

Seek upside rent

While consistently confirming the concept and direction for retail facilities overall, seek maximization of income through adequate business category and tenant compositions

(Note) This is not intended as a guarantee that all assets held by Hankyu REIT classified as community-based retail facilities or urban retail facilities feature the qualities above. Notably, there are assets among these that employ a fixed-type master lease method and, in the case of such assets, Hankyu REIT cannot receive upside rent. Community-based retail facilities or Urban retail facilities from which Hankyu REIT may be able to receive upside rent are limited to those that employ a pass-through-type master lease or direct lease method, those that employ a fixed-type master lease method but have introduced a certain level of variable rent, etc.

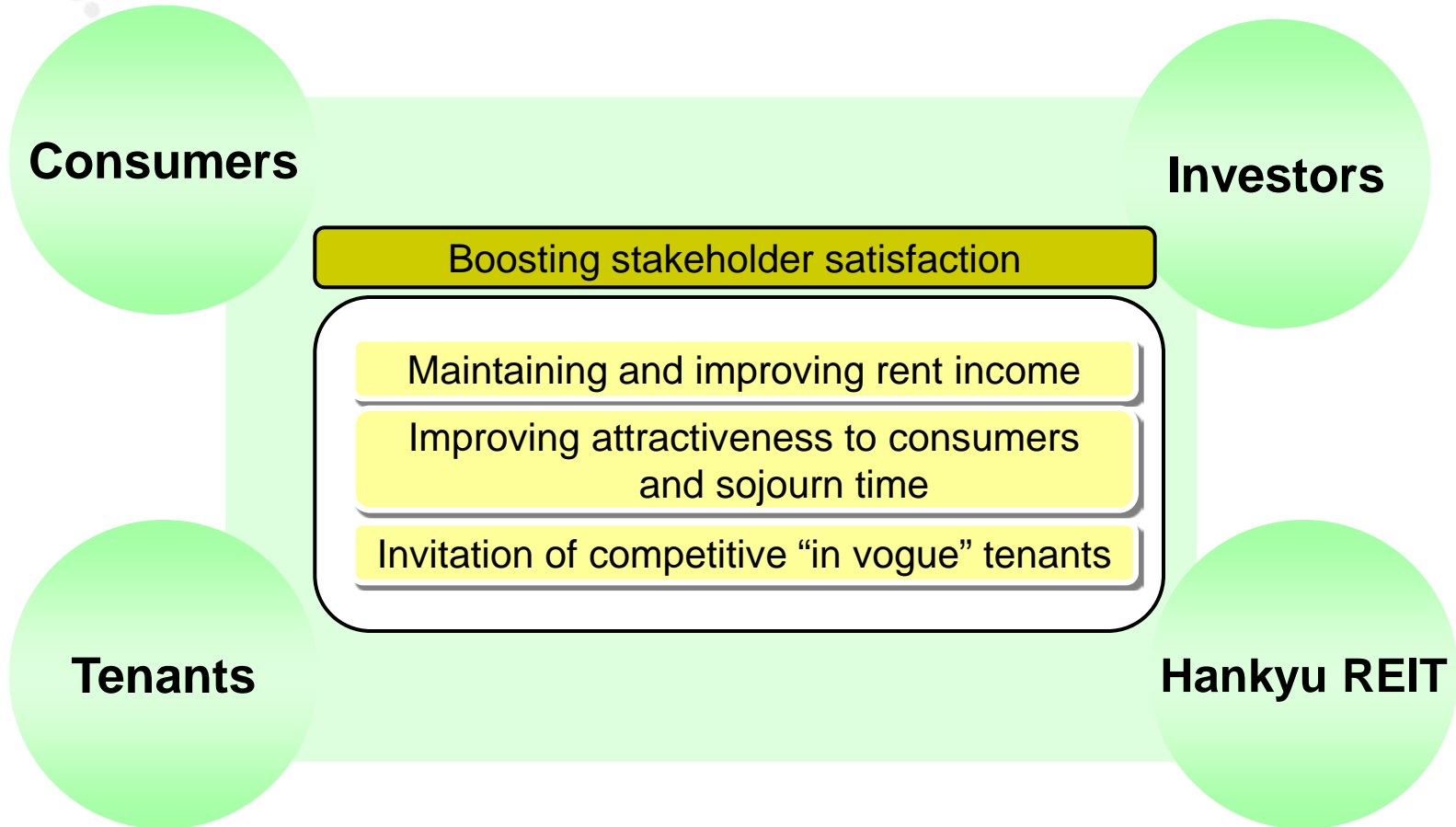


3. Internal Growth Strategies





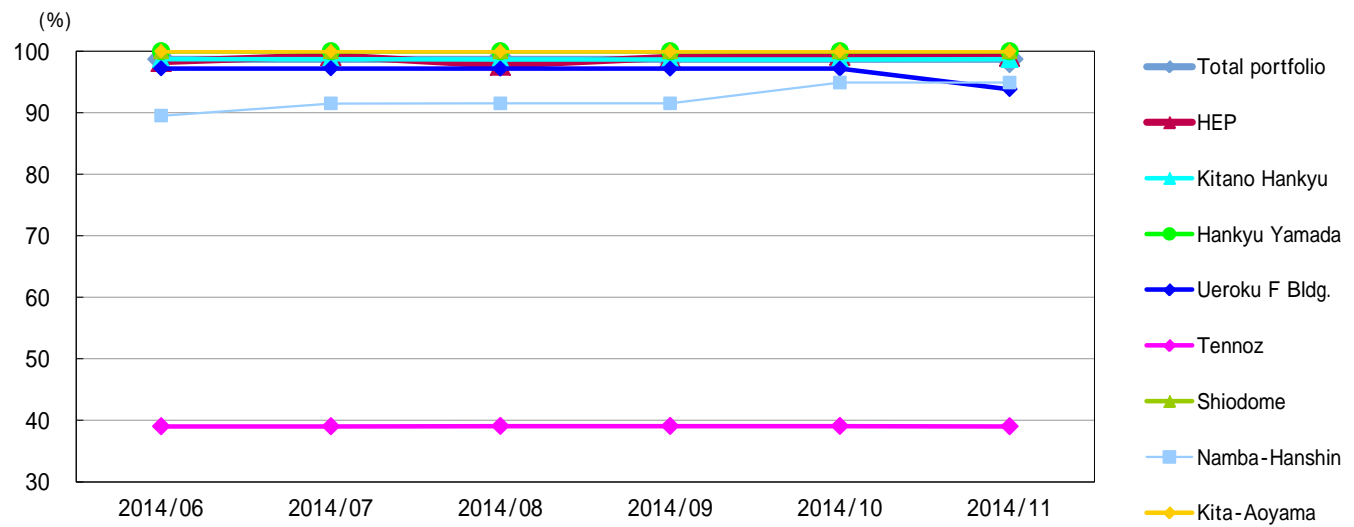
Achieving a WIN-WIN-WIN-WIN relationship in operations





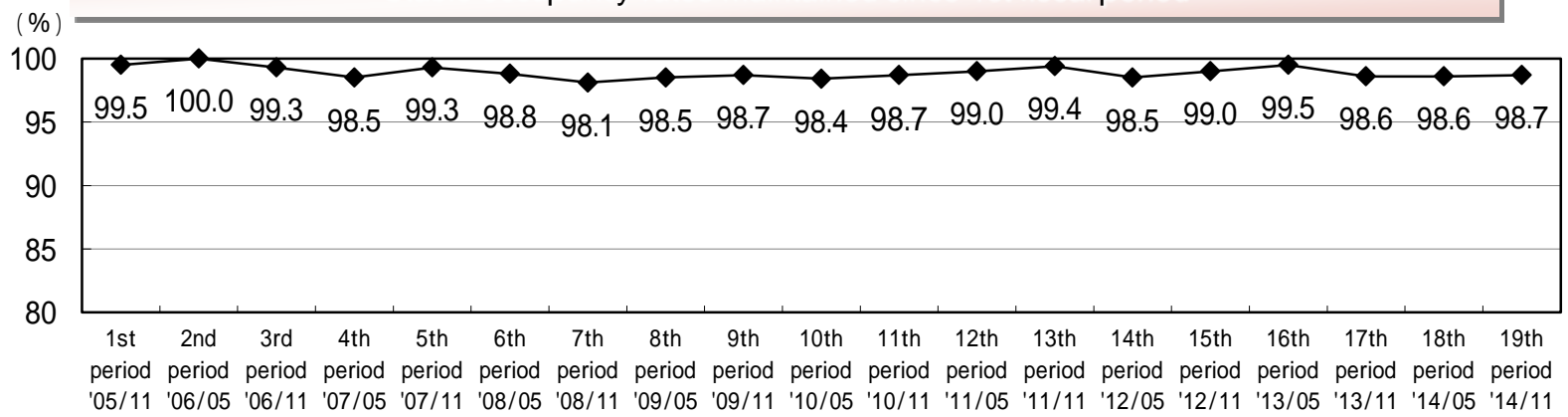
Total portfolio occupancy rate of **98.7%** (end of 19th fiscal period)

The graph excludes the 15 properties (Takatsuki-Josai, Nitori Ibaraki, Kohnan Hiroshima, Tamachi, LaLaport KOSHIEN, LAXA Osaka, Hamamatsu, NISHINOMIYA GARDENS, Hankyu Corporation Head Office, SAKAIKITA HANADA, MANDAI Toyonaka Honan, Izumiya Horikawa Marutamachi, kotocross, LIFE Shimoyamate and MANDAI Gojo Nishikoji) 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) Figures indicate the values at the end of each fiscal period.



< MANDAI Gojo Nishikoji Store >

Building completed, operation launched in December

The building was completed on November 25, 2014 and rent is now collected in whole (operation began on December 3).

As a community-based retail facility, tenants are comprised of a supermarket, clothing shop, drug store, 100 yen shop and other shops closely connected to living.

< Dew Hankyu Yamada >

Maintained good sales

Replacements of some shops was implemented and promoted vitalization of facilities and realized increase in earnings through increased rents.

Sales of Toys“R”Us/Babies“R”Us, where sales-based overage rent system has been introduced, continues to be strong with steady sales increase of popular TV animation toys, etc.



Exterior of MANDAI Gojo Nishikoji Store

Exterior of MANDAI Gojo Nishikoji Store

Dew Hankyu Yamada Photo of shop

< Namba-Hanshin Building >

Increase of rent and occupancy rate

Realized improvement of occupancy rate in the 18th fiscal period (73.1% to 92.8% during the period).

In the 19th fiscal period as well, tenants were attracted with rents exceeding the average level of existing tenants and further increase in occupancy rate was realized (94.9% at end of the 19th fiscal period).

< Hotel Gracery Tamachi >

Response to rent reduction action filed by lessee

A rent reduction action was filed by Fujita Kanko Inc., a lessee, on October 2014.

The claim is considered to lack reasonable grounds in light of such factors as the current hotel market conditions and rent trends in the Tokyo metropolitan area, and Hankyu REIT plans to assert its opinion to that effect in upcoming court proceedings.



<Properties mainly using the fixed-rent system>

Property name	Main rent system	Present conditions
HANKYU NISHINOMIYA GARDENS RSC (Note 1)	Long-term, fixed	Rent income is stable based on a fixed-type master lease method (Note 2) with Hankyu Corporation. Due in part to the renewal implemented in March 2014, sales even after the consumption tax hike was a strong showing throughout the period, increasing over 100% year-on-year. Tenants are performing well, as evident by sales increasing for five consecutive years since opening in 2008 to reach JPY 75.1 billion in fiscal 2013, and such.
Dew Hankyu Yamada NSC (Note 1)	Long-term, fixed (partly overage)	The occupancy rate is stable at 100%. A long-established bakery shop opened in November 2014 as did a western-style restaurant, which originated in Kyoto, in December. Sales of Toys“R”Us and Babies“R”Us, where sales-based overage rent system has been introduced, continues to be strong with steady sales increase of popular TV animation toys and baby goods.
Kitano Hankyu Building Specialty shop building (urban SC)	Fixed (partly overage)	The occupancy rate at the end of the period was 98.7%, maintaining the same level from the end of the previous period (18th fiscal period). Leasing activities for vacant spaces are being advanced for tenants that will have synergistic effects with existing tenants and for tenants that will serve to revitalize the facility. Efforts continue to be underway to improve attractiveness to customers such as by holding events in conjunction with local events, etc.



Event at HANKYU NISHINOMIYA GARDENS



Event at Dew Hankyu Yamada

(Note 1) RSC: Regional Shopping Center; NSC: Neighborhood Shopping Center

(Note 2) 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.

<Properties mainly using the fixed-rent system>

Property name	Main rent system	Present conditions
Takatsuki-Josai Shopping Center NSC (Note 1)	Long-term, fixed	Rent income is stable based on a fixed-type master lease method (Note 2) with Kohnan Shoji Co., Ltd. As a community-based retail property, it is comprised of shops that fulfill the needs of nearby residents, such as a home center, supermarket, electronics store and sporting goods shop.
Hankyu Corporation Head Office Building Office	Long-term, fixed	Rent income is stable based on a fixed-type master lease method (Note 2) with Hankyu Corporation. The main base of Hankyu Hanshin Holdings Group, and Hankyu Corporation uses it as its head office building.
Nitori Ibaraki-Kita Store (site) Specialty shop	Long-term, fixed	Rent income is stable based on a contract for fixed-term land lease for business purposes with Nitori Holdings Co., Ltd. Development of residential land is underway nearby and the trade area population is increasing.
kotocross Hankyu Kawaramachi Specialty shop building (urban SC)	Long-term, fixed	Acquired in the 19th fiscal period. Rent income is stable based on a fixed-type master lease method (Note 2) with Hankyu Corporation. Comprised of merchandise shops, restaurants and service shops as a property that features the characteristics of a landmark, facing the Shijo-Kawaramachi crossing.
DAILY QANAT Izumiya Horikawa Marutamachi Store (site) SM (Note 1)	Long-term, fixed	Acquired in the 19th fiscal period. Rent income is stable based on a contract for fixed-term land lease for business purposes with Izumiya Co., Ltd. Opened in December 2013. It is becoming more well-known and sales are steadily increasing such as with the morning fair started in July 2014 contributing to gathering customers.
MANDAI Gojo Nishikoji Store (site) NSC (Note 1)	Long-term, fixed	Acquired in the 19th fiscal period. Rent income is stable based on a contract for fixed-term land lease for business purposes with Mandai Co., Ltd. The building was completed on November 25, 2014 and from next day the rent is now being collected in whole. As a community-based retail facility, tenants are comprised of a supermarket, clothing shop, drug store, 100 yen shop and other shops closely connected to living.
LIFE Shimoyamate Store (site) SM (Note 1)	Long-term, fixed	Acquired in the 19th fiscal period. Rent income is stable based on a contract for fixed-term land lease for business purposes with Life Corporation. Opened in January 2014. Sales have been on an upward trend since around the summer as it has become more well-known and the personal delivery service started at the end of May 2014 is popular.

(Note 1) NSC: Neighborhood Shopping Center; SM: Supermarket

(Note 2) 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.

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

Property name	Main rent system	Present conditions
HEP Five Specialty shop building (urban SC)	Overage (fixed + variable)	Continuing to look for shops targeting women in their teens and 20s, the core targets. Although the customer unit price decreased, the number of cash-register-sale customers has been maintained at more than 100% in year-on-year comparison throughout the period. The cash point card that can be used at Hankyu Hanshin Group facilities, the "Hankyu Hanshin Odekake Card" will be newly issued in April 2015 in an aim to concentrate customers, increase sales and attract more people. Measures to increase visitors and cash-register-sale customers will be continued to be promoted.

<Properties using the fixed-rent system>

Property name	Main rent system	Present conditions
Kita-Aoyama 3 cho-me Building Urban retail facilities +Office	Fixed	The occupancy rate is 100% as of the end of the period. Occupied by THREE AOYAMA, the flagship store of THREE, a natural cosmetics brand operated by an affiliate of Pola Orbis Holdings Inc. Attracted new designer item showroom and office to the second floor from October 2014, further vitalizing facilities.
Shiodome East Side Building Office	Fixed	The occupancy rate continued to be 100%. Will continue to promote tenant relations while reducing costs through preventive building maintenance efforts by drawing on the strengths of having a resident PM company.
Sphere Tower Tennoz Office	Fixed	Promote leasing based on area/building features while continuing to work towards early improvement of occupancy rate by strengthening appeals through value-enhancement work. (made new booklets, held viewings, etc.)
Namba-Hanshin Building Office	Fixed	Brought in a tenant with in-person visits, which had been targeted, at a rent level exceeding the average for existing tenants, utilizing the close proximity to terminal station. Period-end occupancy rate was 94.9%, up 2.1 points from the end of the previous period (92.8%).
Ueroku F Building Office	Fixed	Period-end occupancy rate was 93.8%, down 3.3 points from the end of the previous period (97.1%). For vacant spaces, relations with existing tenants are being strengthened alongside new leasing, and needs for expansion of floor area within the same property are being sought out.

<Properties using mainly the fixed-rent system>

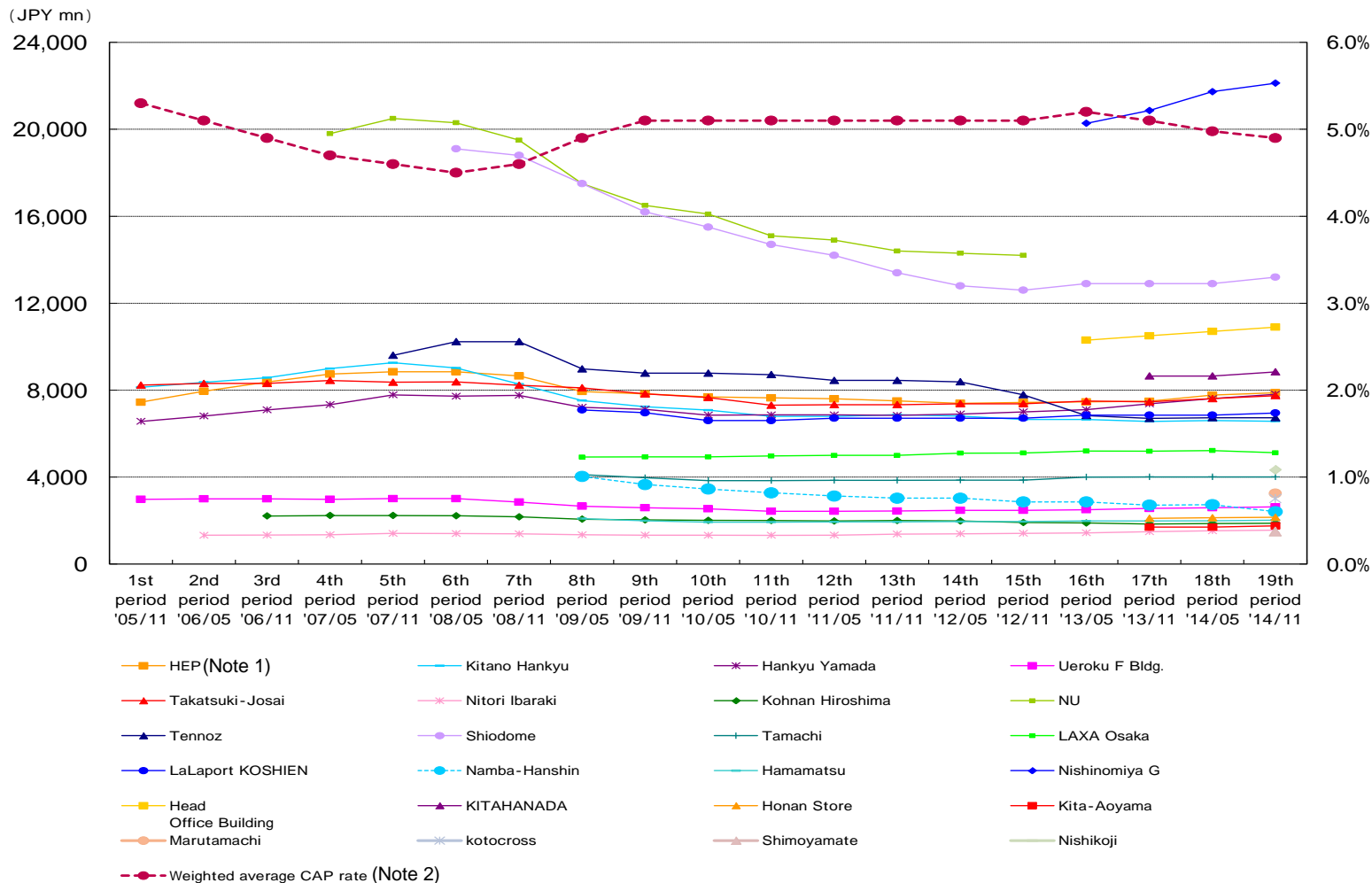
Property name	Main rent system	Present conditions
LaLaport KOSHIEN (site) RSC (Note 1)	Long-term, fixed	Rent income is stable based on a contract for fixed-term land lease for business purposes with Mitsui Fudosan Co., Ltd. American casual brand's first shop in the Kansai region opened in December 2014.
LAXA Osaka Hotel	Long-term, fixed	Rent income is stable based on a fixed-type master lease method (Note 2) with Hanshin Electric Railway Co., Ltd. The room occupancy rate of Hotel Hanshin, which is under a sublease contract, remains at a high level, and the guest room unit price is also increasing.
Hotel Gracery Tamachi Hotel	Long-term, fixed	Based on a contract for long-term and fixed lease with Fujita Kanko Inc. The room occupancy rate remains at a high level, the guest room unit price is also increasing and profitability is improving. A rent reduction action was filed by Fujita Kanko Inc., a lessee, on October 2014. The claim is considered to lack reasonable grounds in light of such factors as the current hotel market conditions and rent trends in the Tokyo metropolitan area, and Hankyu REIT plans to assert its opinion to that effect in upcoming court proceedings.
Kohnan Hiroshima Nakano-Higashi Store (site) NSC (Note 1)	Long-term, fixed	Based on a contract for fixed-term land lease for business purposes with Kohnan Shoji Co., Ltd. Although this retail facility offers high transportation convenience with a home center and a grocery store as tenants, the tenant's management balance sheet is in a tough situation and thus joint efforts will continue to be underway for balance improvement, such as reduction of costs and effective utilization (subleasing) of parking space.
Richmond Hotel Hamamatsu Hotel	Long-term, fixed	Rent income is stable based on a fixed-type master lease method (Note 2) with RNT HOTELS Co., Ltd. (consolidated subsidiary of ROYAL HOLDINGS Co., Ltd.). With sufficient facilities, such as parking space and meeting rooms, and providing a wide range of accommodation plans, the occupancy rate remains at a high level for the area. RevPAR also continues to increase and be strong. Being 13 years since opening, renovation of air-conditioning system and such are scheduled to be implemented, at the expense of tenants.
AEON MALL SAKAIKITAHANADA (site) RSC (Note 1)	Long-term, fixed	Rent income is stable based on a contract for fixed-term land lease for the shopping center land with land leasehold right, which occupies most of the site. Boasts favorable market potential and formed as a mall of specialty shops that houses about 160 shops with AEON and Hankyu Department Store as the core tenants.
MANDAI Toyonaka Honan Store (site) NSC (Note 1)	Long-term, fixed	Rent income is stable based on a contract for fixed-term land lease for business purposes with MANDAI Co., Ltd. Sales have been strong since the property's opening in October 2013. As a community-based store, it houses shops closely related to daily life such as a grocery store, drugstore and dry cleaner.

(Note 1) RSC: Regional Shopping Center; NSC: Neighborhood Shopping Center

(Note 2) Fixed-type master lease method: Hankyu REIT receives rent income from the master lessee (sublessor). The amount received is fixed irrespective of the rent received by sublessor from end-tenants.



Appraisal value increases by 1.2%
Transition to unrealized loss position (JPY 1,690 mn)
Cap rate decreases for 22 properties out of 23 properties



(Note 1) Concerning HEP Five, because 31% quasi co-ownership of the trust beneficiary interest was transferred in the 16th fiscal period (April 9, 2013) and differs from the equity ratio ownership of 14% . For comparison, values calculated with the equity ratio of 14% are shown from the 1st to 15th fiscal periods.

(Note 2) Cap rates are the weighted average based on appraisal values.

3-6. List of Appraisal Values

(Unit : JPY mn)

	Acquisition price	① End of previous period (18th fiscal period-end)		② End of current period (19th fiscal period-end)		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
		Appraisal value	Cap rate (Note 1)	Appraisal value	Cap rate (Note 1)					
HEP Five (14% of the quasi co-ownership of the trust beneficiary Interests)	6,468	7,770	4.2%	7,882	4.1%	112	1.4%	5,729	2,152	137.6%
Kitano Hankyu Building	7,740	6,600	5.2%	6,570	5.1%	-30	-0.5%	7,766	-1,196	84.6%
Dew Hankyu Yamada	6,930	7,610	5.1%	7,810	5.0%	200	2.6%	5,788	2,021	134.9%
Takatsuki-Josai Shopping Center	8,600	7,609	5.6%	7,745	5.5%	136	1.8%	7,433	311	104.2%
Ueroku F Building	2,980	2,590	5.8%	2,630	5.7%	40	1.5%	2,736	-106	96.1%
Nitori Ibaraki-Kita Store (Site)	1,318	1,530	5.9%	1,560	5.5%	30	2.0%	1,340	219	116.4%
Kohnan Hiroshima Nakano-Higashi Store (Site)	2,175	1,860	6.3%	1,880	6.1%	20	1.1%	2,280	-400	82.4%
Sphere Tower Tennoz (33% of the quasi co-ownership of the trust beneficiary Interests)	9,405	6,732	4.7%	6,732	4.7%	0	0.0%	8,671	-1,939	77.6%
Shiodome East Side Bldg.	19,025	12,900	4.6%	13,200	4.5%	300	2.3%	17,835	-4,635	74.0%
Hotel Gracery Tamachi	4,160	4,010	5.2%	4,010	5.0%	0	0.0%	3,851	158	104.1%
LAXA Osaka	5,122	5,220	5.5%	5,120	5.3%	-100	-1.9%	4,478	641	114.3%
LaLaport KOSHIIEN (site)	7,350	6,850	4.9%	6,950	4.8%	100	1.5%	7,748	-798	89.7%
Namba-Hanshin Building	4,310	2,730	5.3%	2,410	5.2%	-320	-11.7%	3,943	-1,533	61.1%
Richmond Hotel Hamamatsu	2,100	1,988	6.2%	2,021	6.1%	33	1.7%	1,591	429	126.9%
HANKYU NISHINOMIYA GARDENS (28% of the quasi co-ownership of the trust beneficiary Interests)	18,300	21,728	4.9%	22,120	4.8%	392	1.8%	18,104	4,015	122.2%
Hankyu Corporation Head Office Building	10,200	10,700	4.7%	10,900	4.6%	200	1.9%	9,989	910	109.1%
AEON MALL SAKAIKITAHAANADA (site)	8,100	8,650	4.9%	8,840	4.8%	190	2.2%	8,189	650	107.9%
MANDAI Toyonaka Honan store (site)	1,870	2,130	5.0%	2,150	4.9%	20	0.9%	1,889	260	113.8%
Kita-Aoyama 3 cho-me Building	1,680	1,700	4.1%	1,760	4.0%	60	3.5%	1,747	12	100.7%
DAILY QANAT Izumiya Horikawa Marutamachi Store (site) (Note 2)	3,100	3,230	4.9%	3,250	4.8%	20	0.6%	3,127	122	103.9%
kotocross Hankyu Kawaramachi (Note 2)	2,770	2,960	5.0%	3,010	4.9%	50	1.7%	2,787	222	108.0%
LIFE Shimoyamate Store (site) (Note 2)	1,421	1,430	5.0%	1,490	4.8%	60	4.2%	1,434	55	103.9%
MANDAI GOJO Nishikoji Store (site) (Note 2)	4,182	4,220	5.0%	4,340	4.9%	120	2.8%	4,213	126	103.0%
Total	139,307	132,747	5.0%	134,380	4.9%	1,633	1.2%	132,680	1,699	101.3%

Regarding LAXA Osaka and Namba-Hanshin Building, repair and renewal costs increased as in appraisals due to the reacquisition of Engineering reports.

(Note 1) Cap rates are cap rates and discount rates based on the direct capitalization method used for appraisal value calculations (Nitori Ibaraki-Kita Store (site), Kohnan Hiroshima Nakano-Higashi Store (site), LaLaport KOSHIIEN (site), AEON MALL SAKAIKITAHAANADA (site) and LIFE Shimoyamate Store (site) are allocated a discount rate using the DCF method.) and the total is the weighted average cap rate based on appraisal values.

(Note 2) Newly acquired during the 19th fiscal period (June 2014). The indicated appraisal value and CAP rate for the end of the previous fiscal period (end of the 18th period) are those as of the property's acquisition.



4. Financial Strategies



Basic Financial Policy

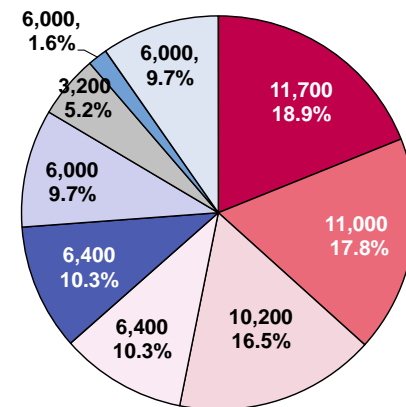
- Maintain sound financial position
- Maintain favorable trading relationship with financial institutions
- Realize lower fund procurement costs (effective use of security deposits/guarantees)
- Reduce financing risks (diversification of debt repayment dates)
- Reduce interest rate risks (focus on long-term,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

	As of end of 18th period	As of end of 19th period
Interest-bearing debt	JPY 56.9 bn	JPY 61.9bn
Avg. funding cost (interest-bearing debt + utilized amount of security deposits and guarantees)	1.19%	1.06%
Avg. debt financing cost (including investment corporation bonds)	1.23%	1.08%
Avg. remaining years on long-term loans payable and investment corporation bonds	2.7 years	3.6 years
Long-term debt ratio	100.0%	91.9%
Fixed debt ratio	80.3%	73.8%
LTV (Note)	47.3%	45.4%
Interest-bearing debt ratio	43.4%	42.9%
Investment corporation bonds	JPY 6 bn	JPY 6 bn
Investor rating(R&I)	A+ (stable)	A+ (stable)
Investor rating(JCR)	AA- (stable)	AA- (stable)

(Note) Details of the calculation method for, "LTV" are presented on P57.

Debt Outstanding by Lender (JPY mn)

As of November 30, 2014



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

Total JPY 61.9 bn

Registration for Issuance of Investment Corporation Bonds

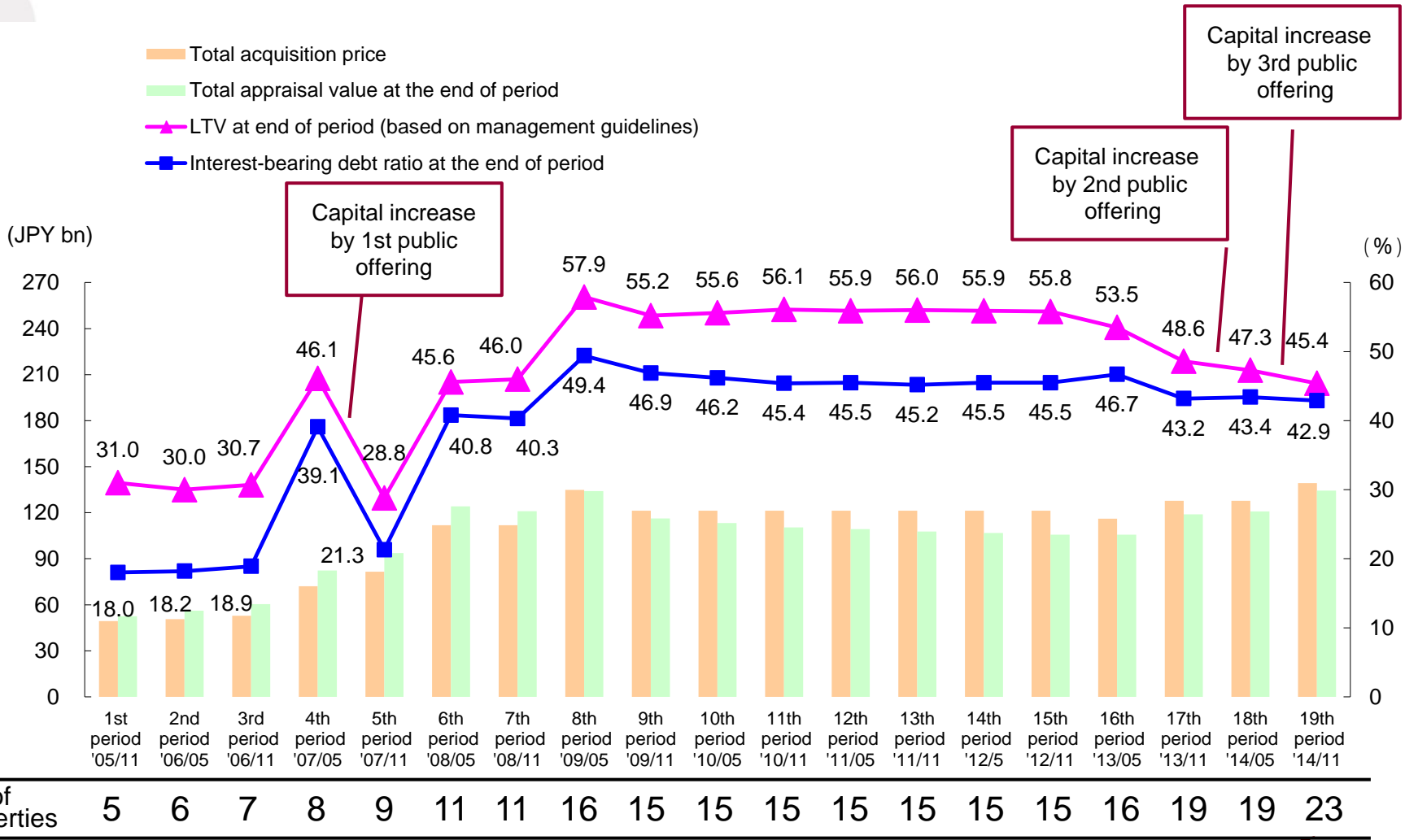
Planned value of issuance (upper limit):

JPY 100,000 mn

Planned issuance period: Dec. 19, 2013 to Dec. 18, 2015



4-2. Asset Scale and LTV (Loan to Value)



LTV decreased 1.9 points due to increase of appraisal value, the 3rd public offering, etc.



5. Overview of Financial Results for 19th Fiscal Period



(Unit:JPY mn)

Item	Forecast for 19th Fiscal Period (as of Jul. 16, 2014)	Results for 19th Fiscal Period (Jun. 1, 2014 to Nov. 30, 2014)	Change -
Operation period (days)	183	183	—
Operating revenues	4,764	4,786	21
Operating income	1,905	1,928	22
Ordinary income	1,483	1,517	33
Net income	1,481	1,515	33
Number of outstanding investment units at end of fiscal period (units)	119,500	119,500	—
Distribution per unit (JPY) *	12,400	12,685	285
FFO per unit (JPY) *	20,541	20,822	281

(Main factors for increase/decrease)

Increase of sales-based overage rent
(HEP, Hankyu Yamada, etc.) +JPY 8 mn
LAXA Osaka +JPY 8 mn

Decrease of borrowing cost
+JPY 11 mn

* Hankyu REIT implemented a five-for-one split of its investment units with November 30, 2014 as the record date and December 1, 2014 as the effective date. The indicated figures are actual figures before the split.

Forecast for the 20th fiscal period

Distribution per unit forecast

JPY 2,530

[Main factors for increase/decrease from 19th FP]

- Contribution to lease operation income of assets acquired in the 19th FP + 81 (Nishikoji Rent increase from building completion)
- Increase in maintenance and repair fees -77 (Takatsuki-Josai SC -21, Namba Hanshin Building -15, etc.)
- Increase in asset management remunerations -22

(Unit: JPY mn)

Item	Results for 19th Fiscal Period (Jun. 1, 2014 to Nov. 30, 2014)	Forecast for 20th Fiscal Period (Dec. 1, 2014 to May 31, 2015)	Change -	Results for 18th Fiscal Period (Dec. 1, 2013 to May 31, 2014)	Change -
Operation period (days)	183	182	-1	182	—
Operating revenues	4,786	4,842	56	4,460	381
Operating income	1,928	1,921	-7	1,750	171
Ordinary income	1,517	1,513	-4	1,312	200
Net income	1,515	1,511	-4	1,311	200
Number of outstanding investment units at end of period (units)	119,500	597,500	478,000	105,200	492,300
Distribution per unit (JPY) *	2,537 (12,685)	2,530	-7	2,492 (12,462)	37
FFO per unit (JPY) *	4,164 (20,822)	4,166	1	4,293 (21,467)	-127

[Main preconditions]

- There will be no transfer of portfolio properties from the presently held 23 properties
- There will be no additional issuance of investment units to the present 597,500 units until the end of the period

* Hankyu REIT implemented a five-for-one split of its investment units with November 30, 2014 as the record date and December 1, 2014 as the effective date. In order to compare with the 20th fiscal period after the split, "Distribution per unit (JPY)" and "FFO per unit (JPY)" in the results for the 19th fiscal period and results for the 18th fiscal period are figures where the actual values indicated in parentheses are divided by 5.



Income statement

(Unit: JPY mn)

Item	18th Fiscal Period (Operation period:182 days) Dec. 1, 2013 to May. 31, 2014		19th Fiscal Period (Operation period:183 days) Jun. 1, 2014 to Nov. 30, 2014		Change
	Amount	Percentage	Amount	Percentage	
	1. Operating revenues	4,460	100.0	4,786	
Lease operating revenues	4,460		4,786		
Distribution revenue of silent partnership	—		—		
2. Operating expenses	2,710	60.8	2,857	59.7	146
Lease operating costs	2,305		2,433		
Asset management remuneration	299		309		
Officer remuneration	3		3		
Asset consignment remuneration	17		17		
Administrative agency remuneration	33		33		
Auditor remuneration	7		8		
Other operating expenses	45		51		
Operating income	1,750	39.2	1,928	40.3	178
3. Non-operating revenues	1	0.0	2	0.0	0
Interest earned	0		0		
Other non-operating revenues	1		1		
4. Non-operating expenses	439	9.8	413	8.6	-25
Interest expenses	318		308		
Loan related expense	38		44		
Interest due on investment corporation bonds	38		37		
Amortization of investment corporation bond issuance costs	3		3		
Investment unit issue costs	36		7		
Other expenses	4		11		
Ordinary income	1,312	29.4	1,517	31.7	204
Pretax net income for current period	1,312		1,517		
Corporate, local and enterprise tax	1		1		
Adjustment for corporate tax, etc.	0		0		
Net income for current period	1,311	29.4	1,515	31.7	204
Retained earnings carried forward from the previous period	0		0		
Unappropriated income for current period	1,311		1,515		

Cash distribution statement

(Unit: JPY thousand)

Item	18th Fiscal Period	19th Fiscal Period	Change
	Amount	Amount	Amount
Unappropriated income for current period	1,311,082	1,515,948	204,866
Distributions	1,311,002	1,515,857	204,855
(Distribution per unit (JPY)) *	(12,462)	(12,685)	(223)
Retained earnings carried forward	79	90	11

(Main factors for increase/decrease)

Increase in operating revenue

Increase in operating revenues due to contribution from properties acquired in the 19th FP

+JPY 263 mn

Increase in utilities expense income

+JPY 40 mn

Increase in operating revenues of Namba Hanshin Building

+JPY 8 mn

Increase of operating expenses

Expensed tax and public dues of properties acquired in the 16th and 17th FP for full period

+JPY 106 mn

Decrease in maintenance and repair fees

- JPY 75 mn

Increase in utilities expenses

+JPY 63 mn

Lease operating revenues / expenses
Breakdown: See pages 35 and 36

* Hankyu REIT implemented a five-for-one split of its investment units with November 30, 2014 as the record date and December 1, 2014 as the effective date. The indicated figures are actual figures before the split.



5-4. Balance Sheet

(Unit: JPY mn)

(Unit: JPY mn)

Item	18th Fiscal Period (as of May. 31, 2014)		19th Fiscal Period (as of Nov. 30, 2014)		Change Amount	Item	18th Fiscal Period (as of May. 31, 2014)		19th Fiscal Period (as of Nov. 30, 2014)		Change Amount
	Amount	Ratio (%)	Amount	Ratio (%)			Amount	Ratio (%)	Amount	Ratio (%)	
Assets						Liabilities					
I Current assets total	8,884	6.8	11,233	7.8	2,348	I Current liabilities total	25,118	19.2	19,039	13.2	-6,079
Currency and demand deposit	1,856		2,581			Operating accounts payable	369		511		
Currency and demand deposit in trust	6,731		8,403			Short term loans payable	—		5,000		
Operational income receivable	4		6			Long term loans payable (return within 1 year)	23,700		12,400		
Deposit paid	116		112			Accrued dividend	12		13		
Prepaid expense	174		128			Accrued expenses	157		144		
Deferred income tax assets	0		0			Income taxes payable	1		1		
II Fixed assets total	122,183	93.2	133,041	92.2	10,858	Accrued consumption tax	55		31		
1. Tangible fixed assets						Advance received	615		703		
Buildings	2,182		2,117			Current deposit received	4		0		
Structures	254		241			Security deposits (return within 1 year)	202		233		
Tools, furniture and fixtures	0		0			II Total noncurrent liabilities	40,338	30.8	52,073	36.1	11,735
Land	9,485		9,485			Investment corporation bonds	6,000		6,000		
Buildings in trust	30,556		30,808			Long term loans payable	27,200		38,500		
Structures in trust	620		609			Security deposits	1,430		1,385		
Machinery and equipment in trust	211		194			Security deposits in trust	5,707		6,188		
Tools, furniture and fixtures in trust	76		68			Liabilities total	65,456	49.9	71,113	49.3	5,656
Land in trust	77,467		88,115			Net assets					
Trust construction account	26		6			I Unitholders capital	64,316	49.1	71,659	49.7	
Tangible fixed assets total	120,882	92.2	131,647	91.2	10,764	II Total surplus	1,311	1.0	1,515	1.1	
2. Intangible fixed assets						Unappropriated income for current period	1,311		1,515		
Land leasehold	957		957			Net assets total	65,627	50.1	73,175	50.7	7,547
Others	86		82								
Intangible fixed assets total	1,043	0.8	1,039	0.7	-4						
3. Investments, other assets											
Long-fiscal period prepaid expenses	246		345								
Guarantee money deposit	10		10								
Investment, other assets total	256	0.2	355	0.2	98						
III Total deferred assets	15	0.0	12	0.0	-3						
Investment corporation bond issuance costs	15		12								
Assets total	131,083	100.0	144,288	100.0	13,204	Liabilities and net assets total	131,083	100.0	144,288	100.0	13,204

Interest-bearing liabilities
JPY 61,900 mn

Total security deposits
JPY 7,807 mn
↓
JPY 1,480 mn was allocated for property acquisitions



5-5. Income and Expenditure by Property

Hankyu REIT

(Unit: JPY mn)

Item	HEP Five (14% 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)	Kohnan Hiroshima Nakano-Higashi Store (site)	Hotel Gracery Tamachi	LaLaport KOSHIEEN (site)	Richmond Hotel Hamamatsu (Note)	NISHINOMIYA GARDENS (28% of the quasi- co-ownership of the trust beneficiary interests)	AEON MALL SAKAI KITAHANADA (site) (Note)	Mandai Toyonaka Honan Store (site) (Note)
Number of operating days of 19th fiscal period	183	183	183	183	183	183	183	183	183	183	183	183
Lease operating revenues total	305	578	387	284		68	121	257		618		
Income from lease	244	380	261	283		68	116	257		617		
Utilities expense income	15	136	58	—		—	—	—		—		
Other incomes	44	61	68	0		0	4	0		0		
Lease operating costs total	192	433	234	137		6	54	106		211		
Property/Facility management fees	43	113	76	10		0	1	1		0		
Utilities expense	28	185	61	0		—	—	—		—		
Rent paid	3	0	1	22		—	—	0		6		
Advertising and promotion expenses	26	1	0	—		—	—	—		—		
Repair expense	7	4	2	0		—	0	0		0		
Nonlife insurance premium	0	1	0	1		—	0	0		2		
Tax and public dues	23	50	26	26		6	14	102		58		
Other expenses	6	1	4	0		—	0	1		0		
Depreciation	51	75	61	75		—	36	0		141		
Lease operating income	113	144	152	146		61	67	150		407		
NOI (Lease operating income + Depreciation)	164	220	214	222	60	61	103	151	65	548	211	53
Capital expenditure	4	143	—	0	—	—	—	0	—	—	—	—

(Note) Rent Information is not disclosed as the consent of the tenant was not obtained.



5-5. Income and Expenditure by Property

Hankyu REIT

(Unit: JPY mn)

Item	Izumiya Horikawa Marutamachi Store (site) (Note)	kotocross Hankyu Kawaramachi	LIFE Shimoyamate Store (site) (Note)	MANDAI Gojo Nishikoji Store (site) (Note)	Shiodome East Side Bldg.	Hankyu Corporation Head Office Bldg.	Ueroku F Bldg.	Sphere Tower Tennoz (33% of the quasi co-ownership of the trust beneficiary)	LAXA Osaka	Namba-Hanshin Building	Kita-Aoyama 3 cho-me Bldg. (Note)	Total (23 properties)
Number of operating days of 19th fiscal period	180	180	180	160	183	183	183	183	183	183	183	—
Lease operating revenues total		100			407	359	139	113	262	117		4,786
Income from lease		100			377	359	118	83	254	98		4,279
Utilities expense income		—			27	—	13	11	—	7		272
Other incomes		0			2	—	8	18	8	10		233
Lease operating costs total		37			199	157	86	163	165	118		2,433
Property/Facility management fees		1			18	1	22	23	1	22		348
Utilities expense		—			33	—	12	47	—	18		388
Rent paid		12			0	—	—	—	17	—		65
Advertising and promotion expenses		—			—	—	—	0	—	0		28
Repair expense		—			0	—	1	2	2	2		27
Nonlife insurance premium		0			0	1	0	0	2	0		15
Tax and public dues		—			21	48	12	29	49	19		550
Other expenses		0			2	0	1	2	9	1		37
Depreciation		21			122	105	36	57	81	52		972
Lease operating income		63			207	201	53	-50	97	-1		2,352
NOI (Lease operating income + Depreciation)	91	85	36	31	330	307	89	7	179	51	37	3,325
Capital expenditure	—	0	—	—	1	—	1	7	8	0	—	169

(Main capital expenditure)

Kitano Hankyu Building Renewal work for anti-disaster facilities JPY 138 mn

(Note) Rent Information is not disclosed as the consent of the tenant was not obtained.



Item	18th Fiscal Period	19th Fiscal Period	Remarks
Operation period	182	183	18th fiscal period: Dec. 1, 2013 to May. 31, 2014 19th fiscal period: Jun. 1, 2014 to Nov. 30, 2014
Return On Assets (ROA)	1.0%	1.1%	Ordinary income / {(Total assets at beginning of period + Total assets at end of period) / 2 }
(per annum)	2.0%	2.2%	Calculated from duration of operation
Return On Equity (ROE)	2.0%	2.2%	Net income / {(Net assets at beginning of period + Net assets at end of period) / 2 }
(per annum)	4.0%	4.4%	Calculated from days of operation
Ratio of net assets at end of period	50.1%	50.7%	Net assets / Total assets
Loan To Value ratio at end of period (LTV)	47.3% (46.9%)	45.4% (45.9%)	(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	43.4%	42.9%	Interest-bearing debt / Total assets
Debt Service Coverage Ratio (DSCR)	7.3times	8.2times	Pre-interest and pre-depreciation net income for current fiscal period / Interest expenses
Net Operating Income (NOI)	JPY3,103 mn	JPY3,325 mn	Net lease operating income + Depreciation
Funds From Operation (FFO)	JPY2,258 mn	JPY2,488 mn	Net income for current fiscal period + Depreciation - Income/loss on sale of real estate



6. APPENDIX



6-1. Portfolio List (As of End of 19th Fiscal Period)

Hankyu REIT

As of November 30, 2014

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-use Facilities	R1(K)	HEP Five (14% of the quasi co-ownership of the trust beneficiary interests)	Kita Ward, Osaka City	Nov. 1998	16.1	6,337.37 (2,958.94)	100.0% (99.2%)	1 (132)	4.6%	Feb. 1, 2005	6,468	4.6%	7,882	4.1%
	R2(K)	Kitano Hankyu Bldg.	Kita Ward, Osaka City	Jun. 1985	29.5	28,194.15 (18,477.35)	100.0% (98.7%)	2 (24)	10.1%	Feb. 1, 2005	7,740	5.6%	6,570	5.1%
	R3(K)	Dew Hankyu Yamada	Suita City, Osaka Prefecture	Oct. 2003	11.2	13,027.28	100.0%	28	4.5%	Feb. 1, 2005	6,930	5.0%	7,810	5.0%
	R4(K)	Takatsuki-Josai Shopping Center	Takatsuki City, Osaka Prefecture	Apr. 2003	11.7	31,451.81	100.0%	1	6.1%	Nov. 15, 2005	8,600	6.2%	7,745	5.5%
	R5(K)	Nitori Ibaraki-Kita Store (site)	Ibaraki City, Osaka Prefecture	—	—	6,541.31	100.0%	1	—	Mar. 29, 2006	1,318	0.9%	1,560	5.5%
	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	1.6%	1,880	6.1%
	R8	Hotel Gracery Tamachi	Minato Ward, Tokyo	Sep. 2008	6.2	4,943.66	100.0%	1	10.3%	Dec. 25, 2008	4,160	3.0%	4,010	5.0%
	R9(K)	LaLaport KOSHIEEN (site)	Nishinomiya City, Hyogo Prefecture	—	—	126,052.16	100.0%	1	6.4%	Jan. 22, 2009	7,350	5.3%	6,950	4.8%
	R10	Richmond Hotel Hamamatsu	Naka Ward, Hamamatsu City	Sep. 2002	12.2	6,995.33	100.0%	1	14.5%	Jan. 22, 2009	2,100	1.5%	2,021	6.1%
	R11(K)	HANKYU NISHINOMIYA GARDERNS (28% of the quasi co-ownership of the trust beneficiary interests)	Nishinomiya City, Hyogo Prefecture	Oct. 2008	6.2	65,372.41	100.0%	1	9.2%	Apr. 16, 2013	18,300	13.1%	22,120	4.8%
	R12(K)	AEON MALL SAKAIKITA HANADA (site)	Kita Ward, Sakai City	—	—	64,104.27	100.0%	2	—	June. 27, 2013	8,100	5.8%	8,840	4.8%
	R13(K)	MANDAI Toyonaka Honan store (site)	Toyonaka city, Osaka Prefecture	—	—	8,159.41	100.0%	1	—	June. 27, 2013	1,870	1.3%	2,150	4.9%
	R14(K)	DAILY QANAT Izumiya Horikawa Marutamachi Store (site)	Kamigyo ward, Kyoto city	—	—	3,776.15	100.0%	1	—	June 4, 2014	3,100	2.2%	3,250	4.8%
	R15(K)	kotocross Hankyu Kawaramachi	Shimogyo ward, Kyoto city	Oct. 2007	7.2	4,400.13	100.0%	1	2.6%	June 4, 2014	2,770	2.0%	3,010	4.9%
	R16(K)	LIFE Shimoyamate Store (site)	Chuo ward, Kobe city	—	—	2,397.83	100.0%	1	—	June 4, 2014	1,421	1.0%	1,490	4.8%
	R17(K)	MANDAI Gojo Nishikoji Store (site)	Ukyo-ku, Kyoto city	—	—	9,182.80	100.0%	1	—	June 24, 2014	4,182	3.0%	4,340	4.9%



6-1. Portfolio List (As of End of 19th Fiscal Period)

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)
Office-use facilities	O1	Shiodome East Side Bldg.	Chuo Ward, Tokyo	Aug. 2007	7.3	9,286.58	100.0%	6	4.6%	Feb. 29, 2008	19,025	13.7%	13,200	4.5%
	O2(K)	Hankyu Corporation Head Office Building	Kita Ward, Osaka City	Sep. 1992	22.2	27,369.37	100.0%	1	3.7%	Apr.10 2013	10,200	7.3%	10,900	4.6%
Mixed-use (complex) facilities	M1(K)	Ueroku F Bldg.	Chuo Ward, Osaka City	Sep. 1993	21.2	4,611.82	93.8%	11	3.2%	Nov. 1, 2005	2,980	2.1%	2,630	5.7%
	M2	Sphere Tower Tennoz (33% of the quasi co-ownership of the trust beneficiary interests)	Shinagawa Ward, Tokyo	Apr. 1993 (Note 6)	21.7	8,807.71	39.0%	20	2.7%	Oct. 2, 2007	9,405	6.8%	6,732	4.7%
	M3(K)	LAXA Osaka	Fukushima Ward, Osaka City	Feb. 1999	15.8	30,339.91	100.0%	1	3.7%	Jan. 22, 2009	5,122	3.7%	5,120	5.3%
	M4(K)	Namba-Hanshin Building	Chuo Ward, Osaka City	Mar. 1992	22.7	9,959.01 (6,456.88)	100.0% (94.9%)	1 (19)	5.1%	Jan. 22, 2009	4,310	3.1%	2,410	5.2%
	M5	Kita-Aoyama 3 cho-me Building	Minato Ward, Tokyo	Sep. 2013	1.2	619.76	100.0%	3	7.4%	Nov. 12, 2013	1,680	1.2%	1,760	4.0%
Total (at the end of 19th Fiscal Period)					13.7	497,459.98 (480,862.62)	98.9% (98.7%)	88 (259)	3.5%		139,307	100.0%	134,380	4.9%

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

The letters on the left represent the facility (type of use):

“R” is for retail-use facility, “O” is for office-use facility and “M” is for mixed-use (complex) facility.

The numerals are the numbers assigned to each facility in the chronological order of the acquisition.

The letter “K” in parentheses to the right of the numerals indicates that 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, 14% 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 HANKYU NISHINOMIYA GARDENS, 28% quasi co-ownership of the trust beneficiary interests is indicated as the leasable area.

(Note 4) PML of LaLaport KOSHIEN (site) is calculated for the parking garage space administration building (394.88m²).

(Note 5) Cap rates and discount rates are based on the direct capitalization method used for appraisal value calculations (Nitori Ibaraki-Kita Store (site), Kohnan Hiroshima Nakano-Higashi Store (site), LaLaport KOSHIEN (site), AEON MALL SAKAIKITA HANADA (site) and LIFE Shimoyamate Store (site) are allocated a discount rate using the DCF method.) and the portfolio total is the weighted average cap rate based on appraisal values.

(Note 6) The completion date for the office and store portions is indicated.



Urban retail facilities

HEP Five



kotocross Hankyu Kawaramachi



Kita-Aoyama 3 cho-me Building



Kitano Hankyu Building



Community-based retail facilities①

HANKYU NISHINOMIYA GARDENS



AEON MALL SAKAI KITAHANADA (Site)





Community-based retail facilities②

DAILY QANAT Izumiya Horikawa Marutamachi Store (site)



Dew Hankyu Yamada



MANDAI Gojo Nishikoji Store (site)



LIFE Shimoyamate Store (site)





Community-based retail facilities③

LaLaport KOSHIEN (Site)



MANDAI Toyonaka Honan Store (Site)



Takatsuki-Josai SC



Nitori Ibaraki-Kita Store (Site)



Kohnan Hiroshima Nakano-Higashi Store (Site)





Hotel

LAXA Osaka



Hotel Gracery Tamachi



Richmond Hotel Hamamatsu



Shiodome East Side Building



Office

Hankyu Corporation Head Office Building



Ueroku F Building



Namba-Hanshin Building

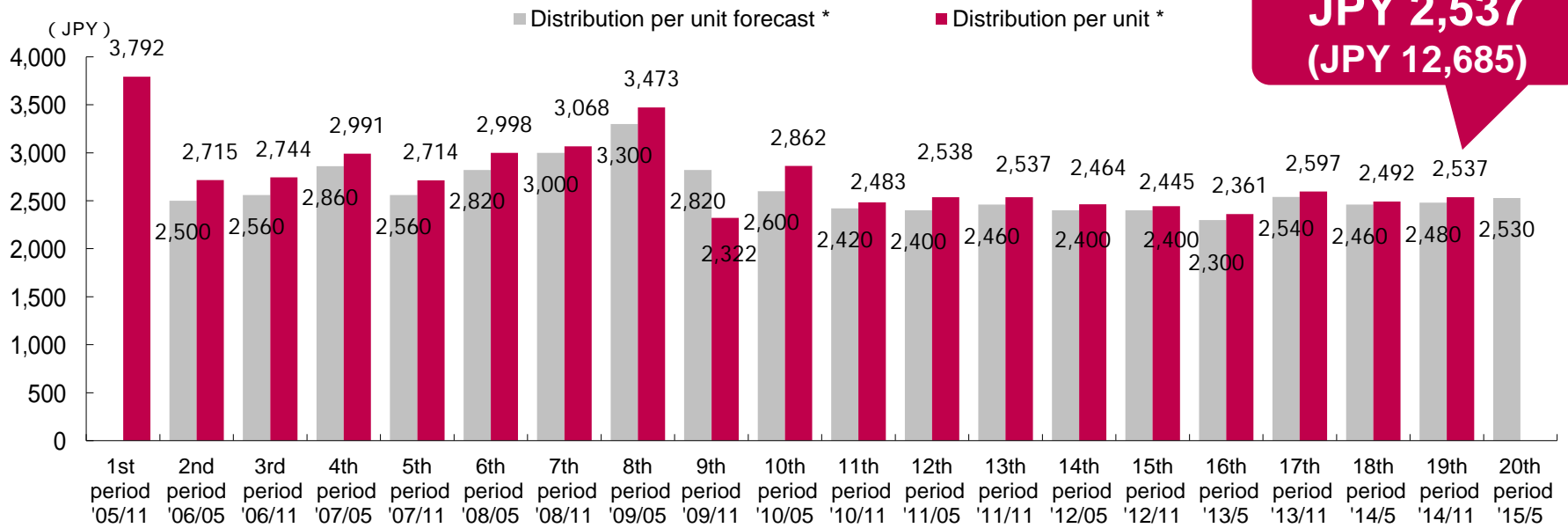


Sphere Tower Tennoz





6-3. Trends of Distribution per Unit



JPY 2,537
(JPY 12,685)

Irregular period (303 days)

(Compare with 19th FP forecast: +JPY 57 per unit, net income + JPY 33 mn))

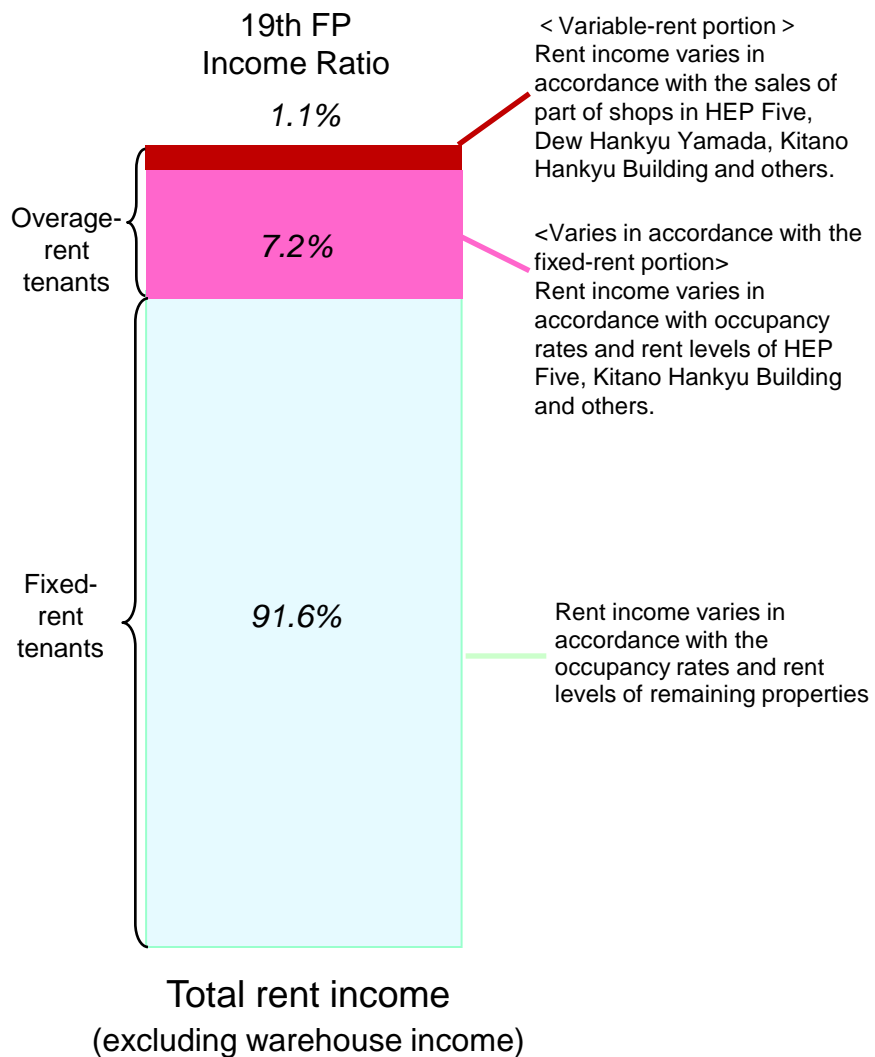
Increase in operating income +JPY 22 mn

Decrease in non-operating expenses +JPY 9 mn
(Interest expenses JPY 4 mn, etc.)

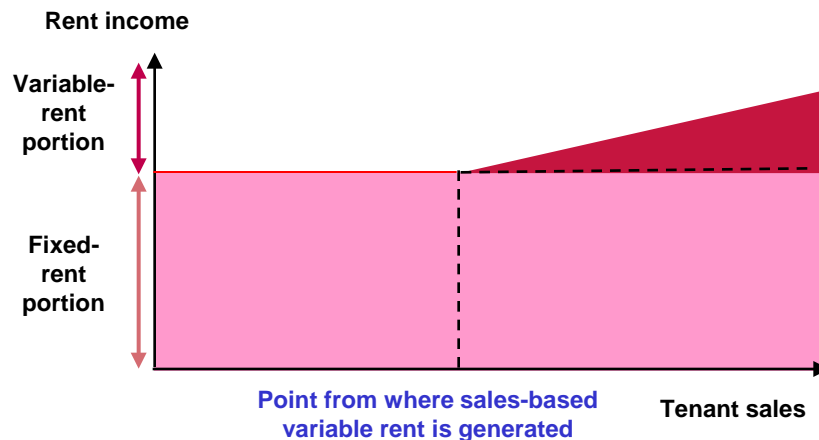
* Hankyu REIT implemented a five-for-one split of its investment units with November 30, 2014 as the record date and December 1, 2014 as the effective date. Results for the 19th fiscal period are calculated by dividing the actual figures in parentheses by 5, and the graph shows figures that retrospectively reflect the implementation of the split.



Income Ratio by Rent Category and Variation Factors



Income Ratio by Rent Category and Variation Factors





Policy for Handling of Site Properties

Hankyu REIT sees retailers to be headed toward increasing neighborhood shopping center, supermarket and other stores to city center and urban vicinity locations in the future amidst progress in the return of the population to highly-convenient regions, aging of the population, increase in one-person households, etc., and there will thus be an increase in site properties of such stores.

In addition, sites are becoming recognized as one of the common investment assets as contracts for fixed-term land lease for business purposes, which have no renewal of contract period, becomes widespread. Hankyu REIT intends to continue considering acquisition, taking into consideration the balance with building-attached properties.

Key Advantages of Site Properties

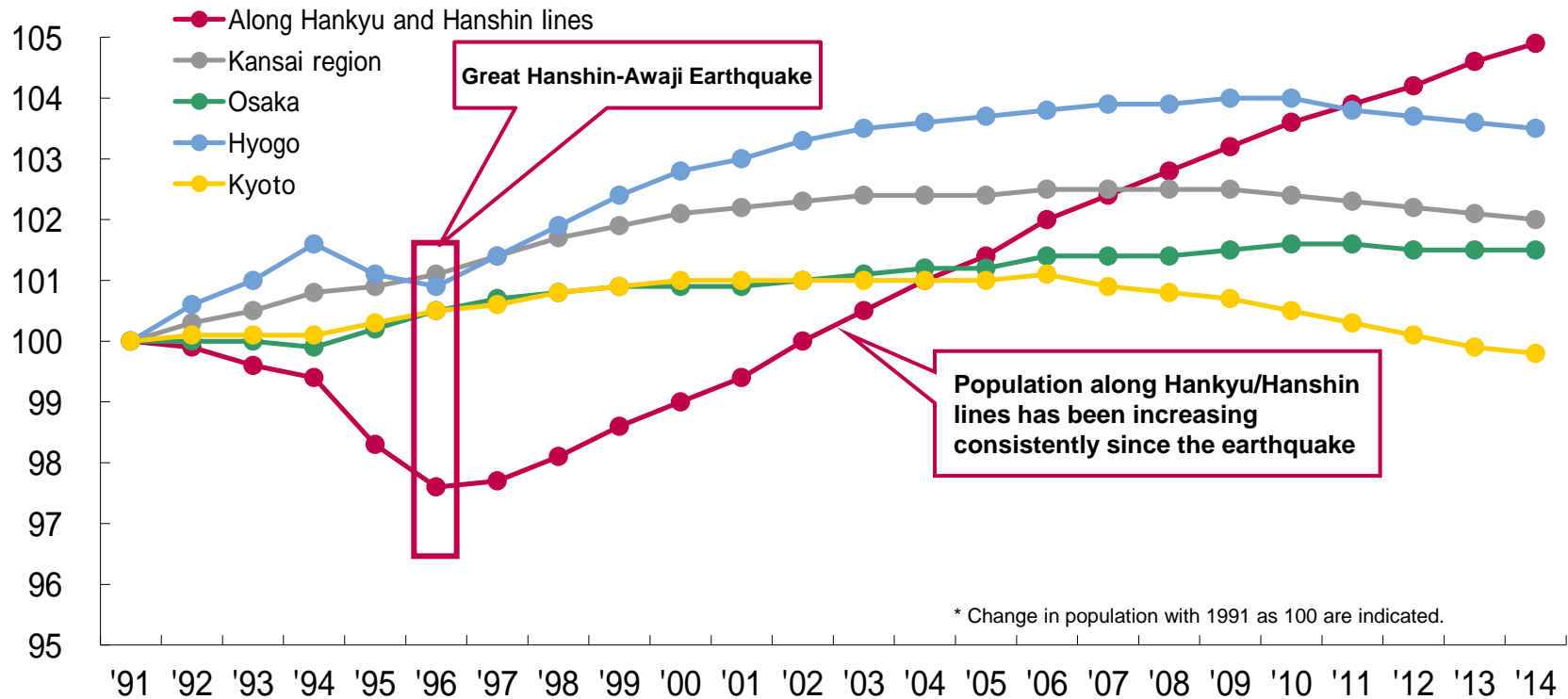
- ① No depreciation means a high level of contribution to distributions
- ② In general, tenant departure and risks at the time of departure are low compared to building-attached properties in the case of neighborhood shopping centers, supermarkets, etc.
 - Tenant owns the building: This means asset retirement and removal costs burden would be required of the tenant upon their departure, making departure highly difficult for the tenant
 - Site properties are returned as vacant land in principle: This means that, in addition to attracting replacement tenants, it would also be possible to consider disposition as vacant land
(Retailers often demand buildings to be in their own specifications, making risks at the time of tenant departure high in the case of building-attached properties)

Key Points to Keep in Mind and Hankyu REIT's Countermeasures for Site Properties

Points to keep in mind	Hankyu REIT's countermeasures
No depreciation means no internal reserve can be made, and unrealized losses may possibly be incurred when land prices drop because the carrying amount does not decrease	For entire portfolio, acquire at the appropriate price, taking into consideration the land/building ratio balance, as well as conducting studies from various aspects that include stress simulations of rent, etc. in the property acquisition stage
In general, substitutability and liquidity are low in the event of tenant departure	In the property acquisition stage, examine the possibility of attracting replacement tenants and the possibility of disposition of the property as vacant land



The population in the Kansai region is either remaining flat or is trending downwards due to the aging population along with decreasing birthrate but areas along Hankyu/Hanshin lines are relatively popular and the population in these areas have been increasing consistently after bottoming out in 1996

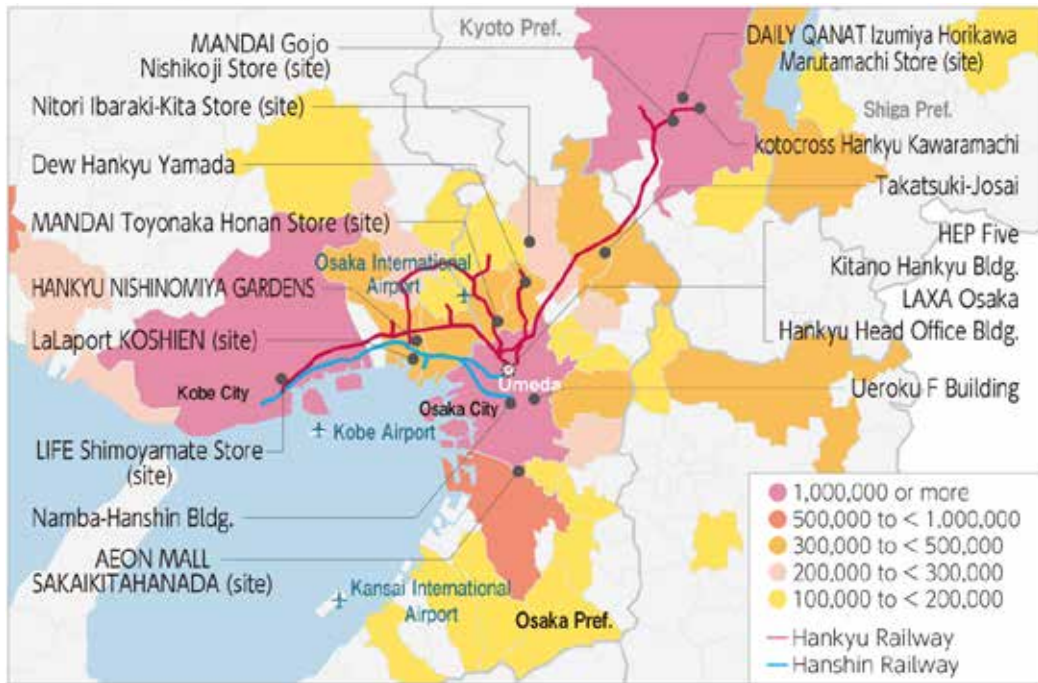


* Change in population with 1991 as 100 are indicated.

(Source) Ministry of Internal Affairs and Communications' "Population Summary of the Basic Resident Registers"
 (Note) The graph indicates the change in populations where the populations in 1991 are set at 100.



- Concentration of population will heighten due to return of population to city center and urban vicinity
- Retail facilities of Hankyu REIT are located in most populous municipal regions



<Populations as of March 31, 2014 of municipal regions with populations of 100,000 or more>

Population of Kansai is 20.57 million

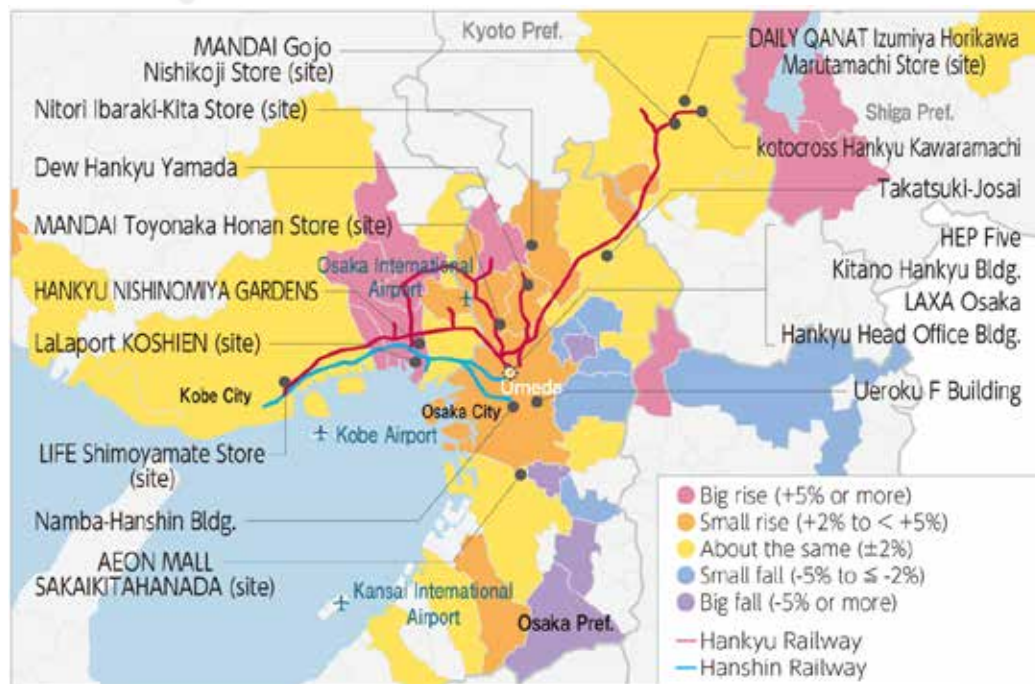
Osaka Prefecture: approx. 8.67 million
Of which, 62% reside in the top 7 municipal regions (population of 300,000 or more) including Osaka City

Hyogo Prefecture: approx. 5.56 million
Of which, 68% reside in the top 7 municipal regions (population of 200,000 or more) including Kobe City

Source: Japan Geographic Data Center "Population Summary of the Basic Resident Registers" (2014)



- Population is clearly resurging in city center and urban vicinity
- Populations of Umeda and municipal regions along Hankyu/Hanshin Lines are rising



Though Kansai population fell slightly -0.4% (10-year period), the population of city centers such as in Osaka City is +2.2%

Areas along Hankyu/Hanshin lines increased (+3.9%)

Reason for differentiation:

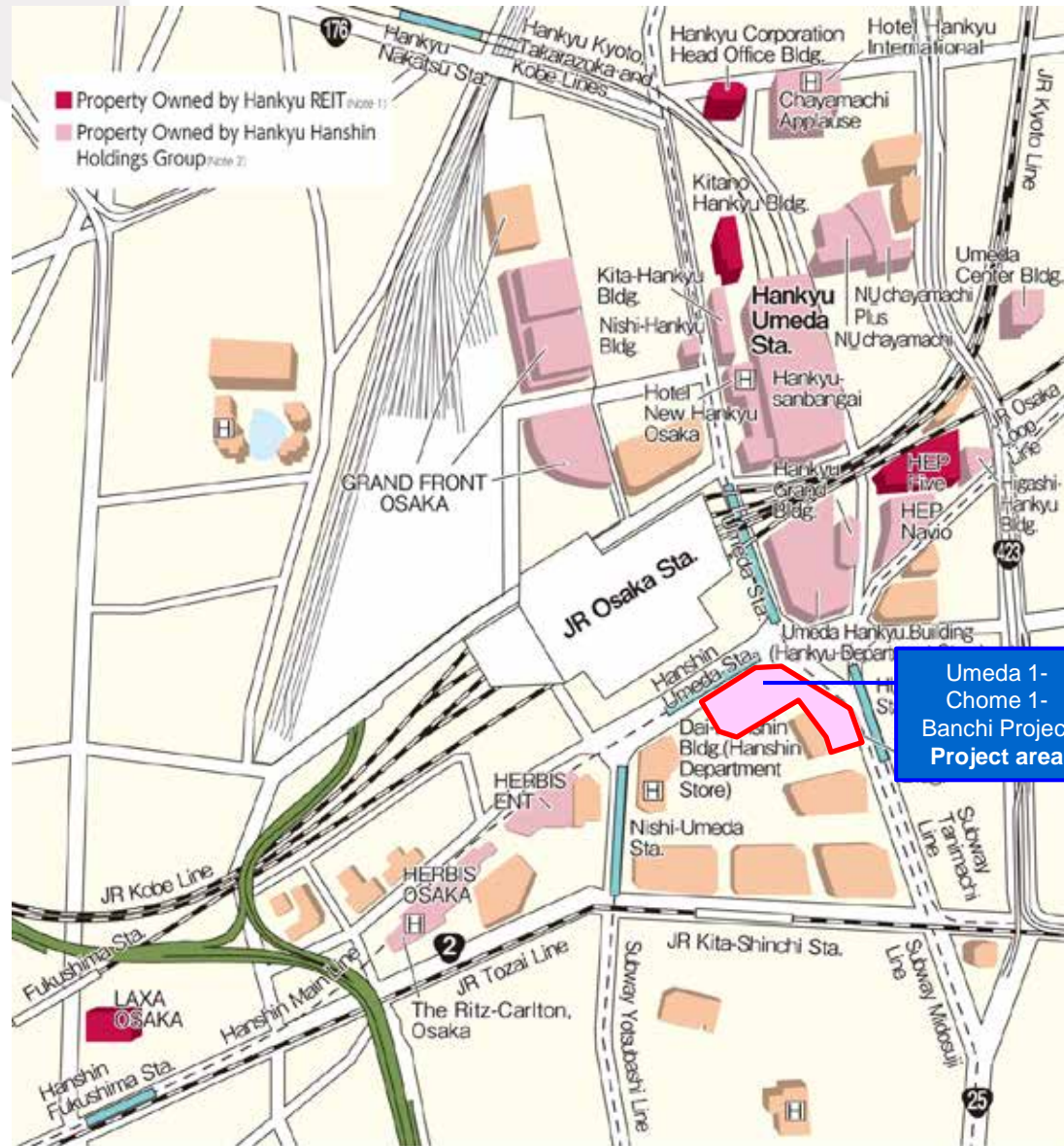
High transportation convenience and high concentration of city facilities

Positive factors to profitability and stability of Hankyu REIT

<10-year population rise/fall in municipal regions with populations of 100,000 or more and Hankyu/Hanshin lines >

(Note) With change of the research period for the Basic Resident Registers, comparison is of the population as at the end of March 2004 in the 2004 version and as at January 1, 2014 in the 2014 version.

Source: Japan Geographic Data Center "Population Summary of the Basic Resident Registers" (2004, 2014)



(Note 1) Includes properties jointly owned with the Hankyu Hanshin Holdings Group.
 (Note 2) Includes properties jointly owned with other companies.



Perspective drawing of the completed “Umeda 1-Chome 1-Banchi Project” (Looking from Umeda Hankyu Building (Hankyu Umeda Main Store))

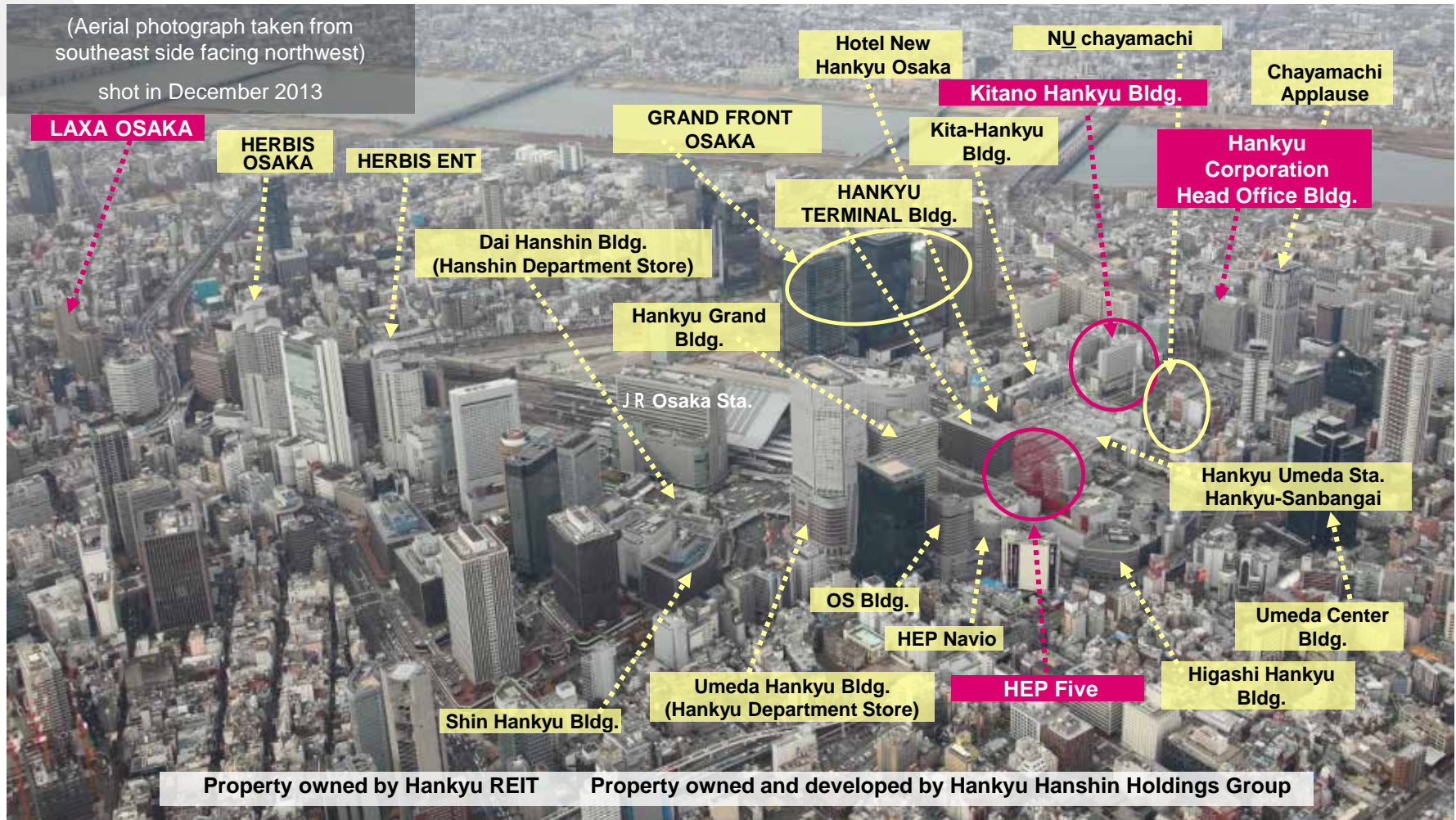
Location	1-1 Umeda, Kita-ku, Osaka-shi, and other	Department store zone	B2F to 9F
Lot area	Approx. 12,200m ²		Total floor area: Approx. 100,000m ²
Floor area ratio	2,000%	Office zone	11F to 38F
Total floor area	Approx. 257,000m ²		Total floor area: Approx. 140,000m ²
Number of floors	38 floors above ground and 3 floors below	Conference zone	11F
Height	Approx. 190m		Total floor area: Approx. 4,000m ²
Main use	Department store, office, hall, etc.	Other (parking space, etc.)	Total floor area: Approx. 13,000m ²

Overview of “construction plan”

- 1st phase work
 - Fall 2014: Start demolition of Shin-Hankyu Building
 - Spring 2015: Start demolition of east side of Daihanshin Building
 - Spring 2018: Completion of 1st phase buildings (Shin-Hankyu Building, east section of Daihanshin Building)
 - * Partial opening of new department store
- 2nd phase work
 - Spring 2018: Start demolition of west side of Daihanshin Building
 - Fall 2021: Completion of 2nd phase building (New department store section)
 - * Full opening of new department store
 - Spring 2022: Full completion
 - * Opening of office-use zone



6-9. Main Investment Area of Hankyu REIT "Umeda"



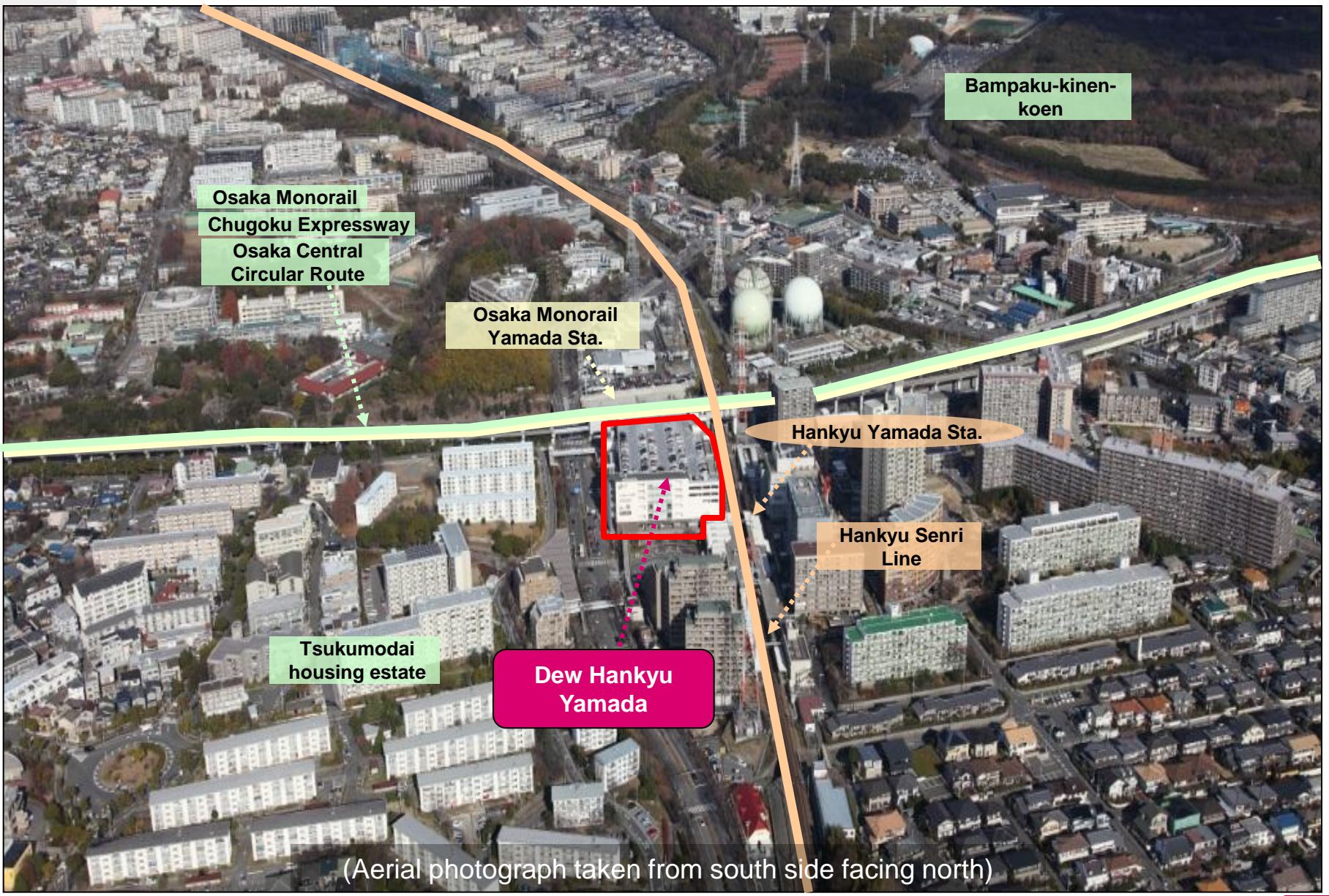
Present situation: Osaka/Umeda area

The average vacancy rate of the entire Umeda area is 7.73% (Note) and on an increasingly decreasing trend. Due to the increase of foreign tourists visiting Japan (inbound tourists), sales at duty-free shops grew steadily and total sales have also continued to increase year-on-year. At HEP Five, the number of cash-register-sale customers exceeded that of the previous year and the number of people riding the Ferris wheel increased 20% compared to the same period last year, a significant increase, due in part to the impact of the increase of inbound tourists.

(Note) Source: Miki Shoji Co., Ltd.'s "Office Data," December 2014.

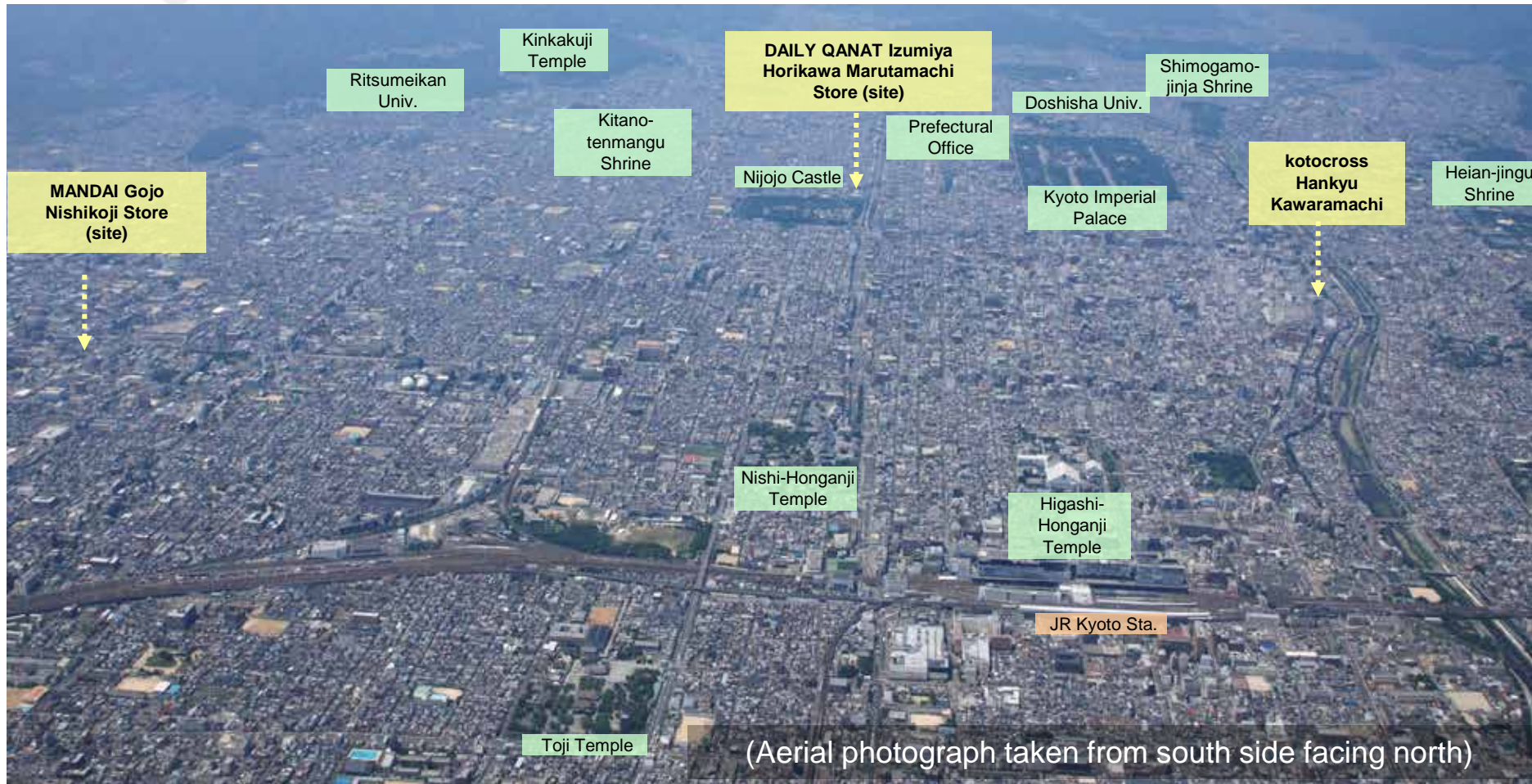


(Aerial photograph taken from south side facing north)



(Aerial photograph taken from south side facing north)







Concerning owned real estate or newly acquired assets as of each period: Average NOI yield = [Total real estate lease operation income* - Real estate lease operation expenses* + Total depreciation*] ÷ Total acquisition price

Concerning owned real estate or newly acquired assets as of each period: Average yield after depreciation = [Total real estate lease operation income* - Real estate lease operation expenses*] ÷ Total acquisition price

Unrealized income/loss = Total appraisal value of owned real estate or newly acquired assets as of each period - Total book value

* Figures based on results. However, for the properties acquired during the 19th fiscal period, the net operating income and operating expenses for the first fiscal year (Note) in the discounted cash flow (DCF) method recorded in the appraisal report is used except for depreciation of properties, and figures based on Hanky REIT's accounting policy are used for figures of depreciation of such properties. For public charges and taxes, they are posted in expense from the first fiscal year and yields on an on-going basis are calculated.

(Note) As for MANDAI Gojo Nishikoji Store (site), net operating income and operating expenses based on rent from the day following the building's completion, which fall under the second year, are used. Therefore, the figure differs from that which uses rent up to the building completion date (collection of 30%).

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

- When corporate bonds have been issued, the amount of outstanding debts shall include the amount of outstanding bonds.
- Matched money refers to cash or deposits reserved in the trust account to guarantee the deposit or security money for the assets owned by Hankyu REIT as the object of the trust beneficiary interests.
- The total amount of assets refers to the amount in the assets section of the most recent balance sheet for each period. However, with respect to tangible fixed assets, the difference between appraisal value and book value at the end of the fiscal period shall be added to or subtracted from the book value of the tangible fixed assets at the end of the fiscal period.



As of November 30, 2014

Classification	Code	Name	PML
Retail-use Facilities	R1(K)	HEP Five (14% of the quasi co-ownership of the trust beneficiary interests)	4.6%
	R2(K)	Kitano Hankyu Bldg.	10.1%
	R3(K)	Dew Hankyu Yamada	4.5%
	R4(K)	Takatsuki-Josai Shopping Center	6.1%
	R5(K)	Nitori Ibaraki-Kita Store (site)	—
	R6	Kohnan Hiroshima Nakano-Higashi Store (site)	—
	R8	Hotel Gracery Tamachi	10.3%
	R9(K)	LaLaport KOSHIEN (site) (Note)	6.4%
	R10	Richmond Hotel Hamamatsu	14.5%
	R11(K)	HANKYU NISHINOMIYA GARDERNS (28% of the quasi co-ownership of the trust beneficiary interests)	9.2%
	R12(K)	AEON MALL SAKAIKITAHANADA (site)	—
	R13(K)	MANDAI Toyonaka Honan store (site)	—
	R14(K)	DAILY QANAT Izumiya Horikawa Marutamachi Store (site)	—
	R15(K)	kotocross Hankyu Kawaramachi	2.6%
	R16(K)	LIFE Shimoyamata Store (site)	—
	R17(K)	(tentative name) MANDAI Gojo Nishikoji Store (site)	—
	Office-use facilities	O1	Shiodome East Side Bldg.
O2(K)		Hankyu Corporation Head Office Building	3.7%
Mixed-use (complex) facilities	M1(K)	Ueroku F Bldg.	3.2%
	M2	Sphere Tower Tennoz (33% of the quasi co-ownership of the trust beneficiary interests)	2.7%
	M3(K)	LAXA Osaka	3.7%
	M4(K)	Namba-Hanshin Building	5.1%
	M5	Kita-Aoyama 3 cho-me Building	7.4%
Total (at the end of 19th Fiscal Period)			3.5%

What is PML?

PML (Probable Maximum Loss) refers to the estimated amount of the maximum loss from earthquake damage, and indicates the ratio of projected maximum physical loss amount of a building from a probable earthquake of maximum magnitude (assumed to happen once every 475 years, or a 10% probability of occurring during any 50 year span) during its use (a 90% non-exceedance probability) against the price to reacquire it.

Portfolio PML

The total PML value for multiple buildings scattering in wide areas is always smaller than the weighted average PML value of each building. This is called the portfolio effect. Hankyu REIT calculates the portfolio PML by taking into account the geographical diversity of buildings over wide areas.

As shown in the table to the left, the portfolio PML of Hankyu REIT is 3.5%.

Policy on earthquake insurance coverage

Hankyu REIT will decide to cover earthquake insurance in accordance with the following standard set forth in its management guidelines:

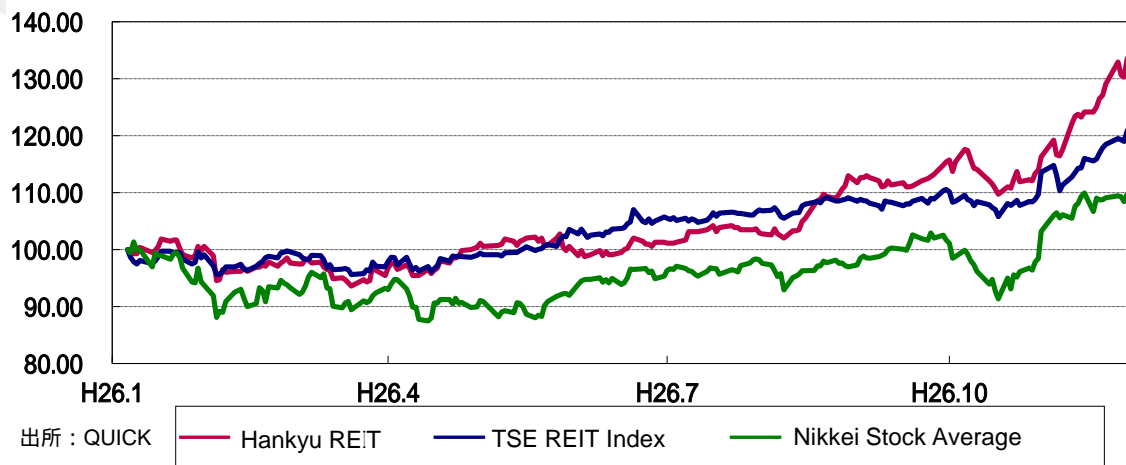
“Hankyu REIT will investigate earthquake insurance coverage when the PML of an individual property exceeds 15%.”

(Note) PML of LaLaport KOSHIEN (site) is calculated for the parking garage space administration building (394.88m²).



Relative Price (closing price basis)

(Relative value based on 100 of the closing price basis on January 6, 2014 / closing price basis)



Per Unit* Trading Trends

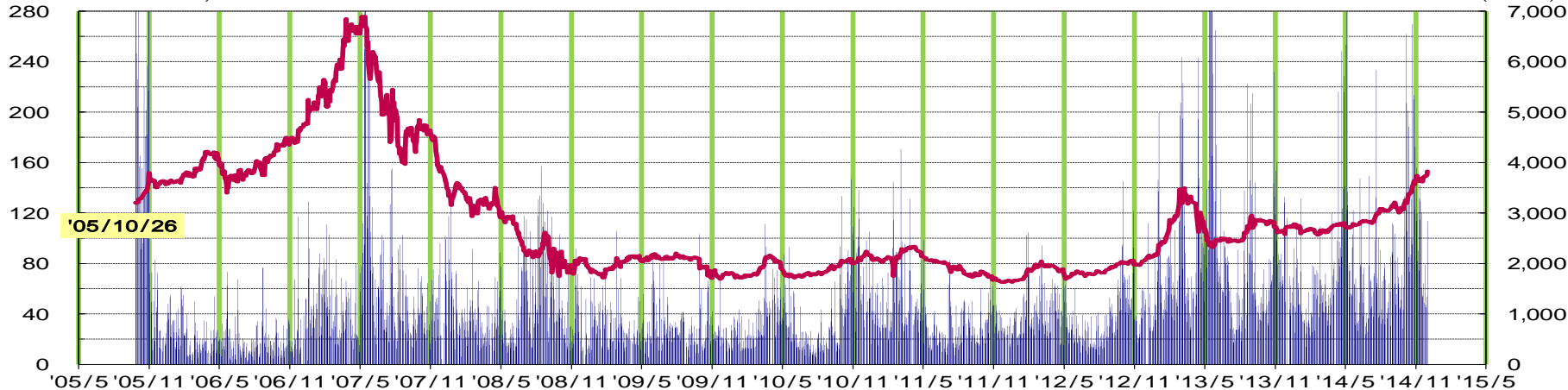
(Oct. 26, 2005-Dec. 30, 2014)

High (closing price basis)	JPY 276,000 (June 2007)
Low (closing price basis)	JPY 65,000 (December 2011)
January 6, 2014- December 30, 2014	
High (closing price basis)	JPY 153,200 (December 30, 2014)
Low (closing price basis)	JPY 102,400 (March 20, 2014)
Price on December 30, 2014 (closing price basis)	
	JPY 153,200

Unit Price (closing price basis)

1st period 2nd period 3rd period 4th period 5th period 6th period 7th period 8th period 9th period 10th period 11th period 12th period 13th period 14th period 15th period 16th period 17th period 18th period 19th period 20th period

(Unit: JPY thousand)



Source: QUICK

* Hankyu REIT implemented a five-for-one split of its investment units with November 30, 2014 as the record date and December 1, 2014 as the effective date, and investment units started transacting at the split price from November 26, 2014. Investment unit prices in the graphs and table retrospectively reflect the implementation of the split.

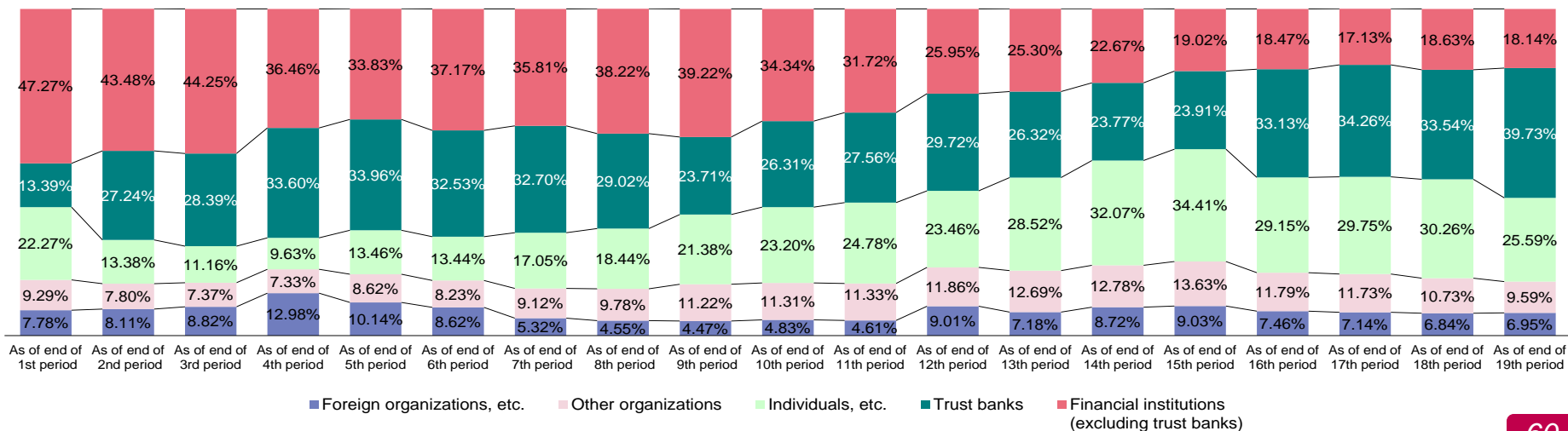
Unitholder Composition

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)	83	0.76%	21,678	18.14%
Trust banks	10	0.09%	47,472	39.73%
Individuals, etc.	10,463	96.11%	30,585	25.59%
Other organizations	227	2.09%	11,459	9.59%
Foreign organizations, etc.	103	0.95%	8,306	6.95%
Total	10,886	100%	119,500	100%

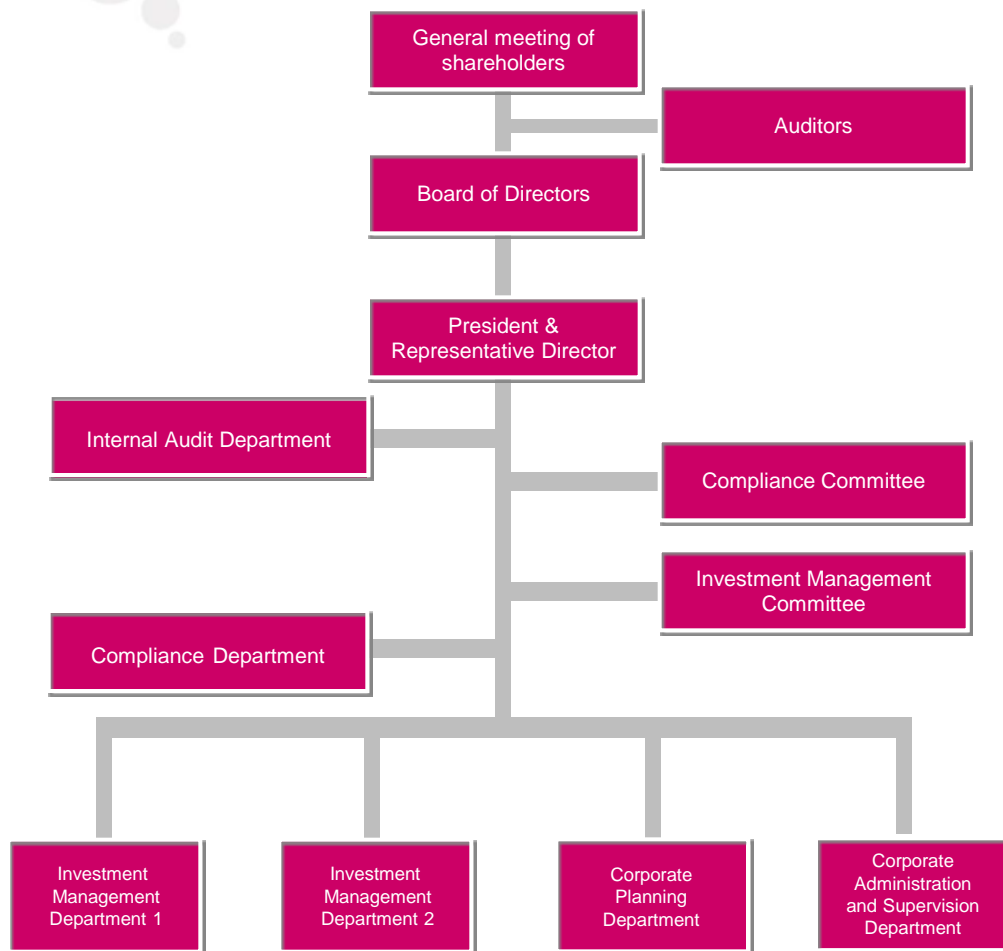
Top 10 Unitholders

Unitholder name	Number of units held	Ownership
Japan Trustee Services Bank, Ltd. (Trust account)	28,369	23.74%
The Master Trust Bank of Japan, Ltd. (Trust account)	9,557	8.00%
Trust & Custody Services Bank, Ltd. (Securities investment trust account)	5,449	4.56%
The Senshu Ikeda Bank, Ltd.	4,883	4.09%
Hankyu Corporation	4,200	3.51%
The Nomura Trust and Banking Co., Ltd. (Investment accounts)	2,951	2.47%
THE CHUKYO BANK, Ltd.	1,581	1.32%
Bank of Kyoto, Ltd.	1,276	1.07%
Nippon Toshu Fukyu Co., LTD.	1,241	1.04%
STATE STREET BANK AND TRUST COMPANY 505223	1,230	1.03%
Total investment	60,737	50.83%
Number of outstanding units	119,500	100%

Ratio of Units by Unitholder Category



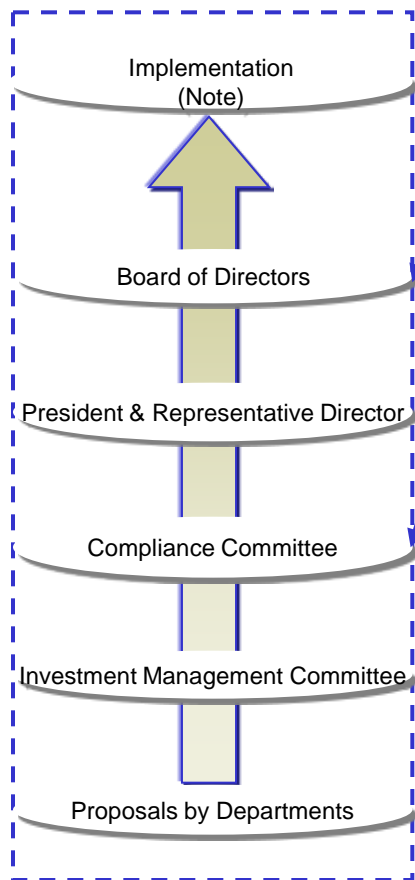
(As of November 30, 2014)



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 officers and employees	23	
Executive officers	President & Representative Director	Yoshiaki Shiraki
	Director	Toshinori Shoji
	Director	Yasuki Fukui
	Director	Hideo Natsuaki
	Director (part-time)	Toyoyuki Komori
	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 (3) No. 50641 Approval of discretionary dealing trustee etc.: No.23 by Minister of land, infrastructure, transportation and tourism 	



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



Constituent member
Directors, Corporate Auditors

Decision criteria
A majority of directors in attendance, and approval of a majority of the attending directors are required.

Constituent member
Chairman: Compliance officer
Committee members: President & Representative Director, full-time Directors and **outside experts**
Observers: Corporate Auditors (do not participate in resolutions) and other persons recommended by the Chairman and approved by the Committee

Decision criteria
Approval of all of the attending committee members is required under the condition where 3/4 or more of them have attended including Compliance officer and **two outside experts**.

Constituent member
Chairman: President & Representative Director
Vice chairman: full-time director designated by chairman
Committee members: full-time director (excluding Compliance officer), respective department managers (other than full-time director or Compliance officer)

Decision criteria
Approval of all of the attending committee members is required under the condition where 3/4 or more of them including the chairman and vice chairman have attended **together with the compliance officer**.

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 meeting and checks for compliance issues.
- Appointed a person to be in charge of efforts to prevent improper requests and exclude anti-social forces

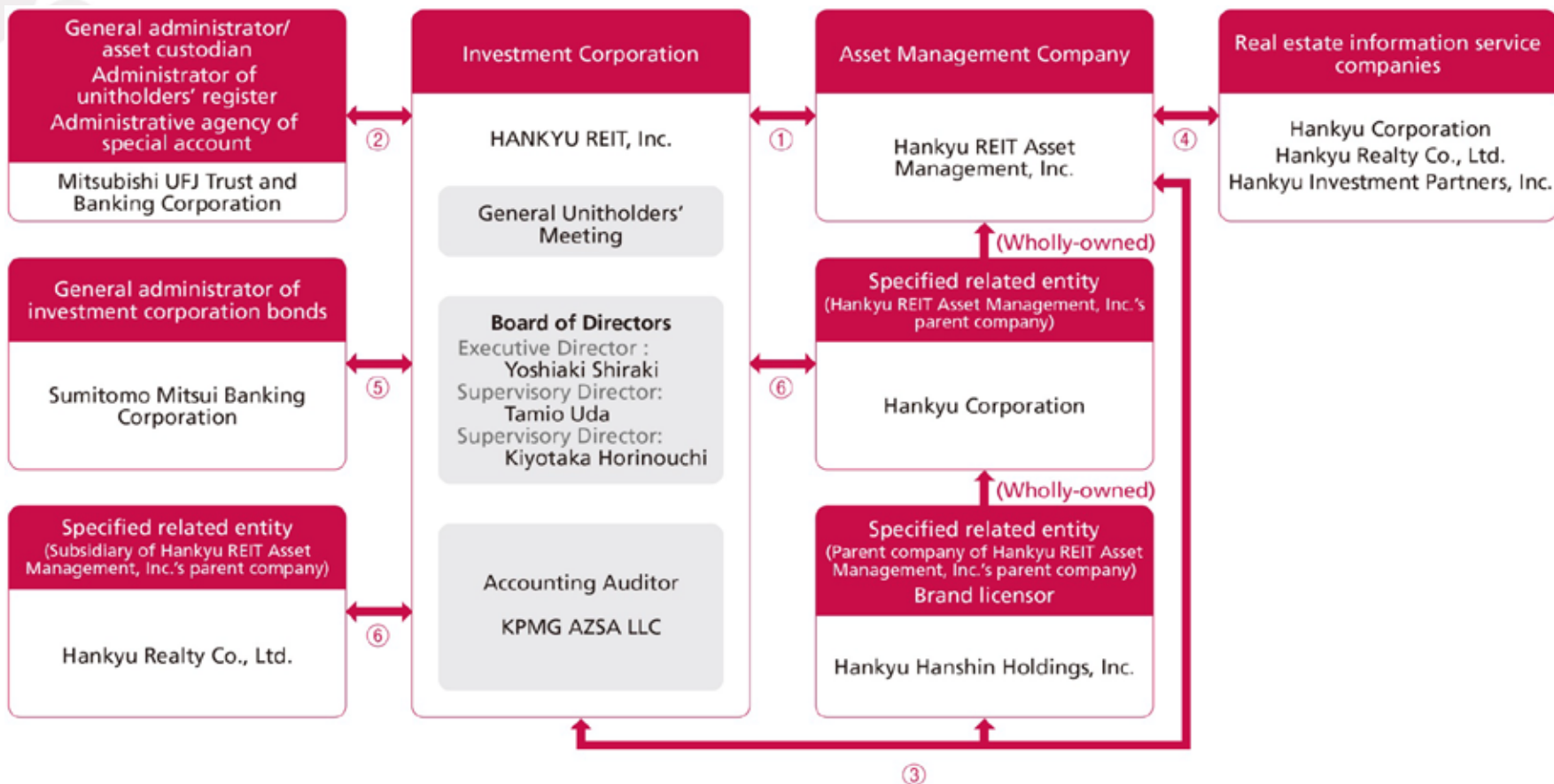
Internal Audit System

- 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.
- Construct the internal control system and strengthen the check and balance function as a consolidated subsidiary of Hankyu Hanshin Holdings, Inc.

(Note) Interested party transactions that meet a certain criteria must gain approval of Hankyu REIT's Board of Directors' Meeting.

6-20. Company Structure of Hankyu REIT

(As of November 30, 2014)



- 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 Financial agency agreement
- ⑥ Agreement to transfer part of the assets and lease agreement

(Note) In preparation for the event that the number of Executive and Supervisory Directors is less than that stipulated in laws and regulations, Toshinori Shoji was elected as alternate Executive Director and Motofumi Suzuki was elected as alternate Supervisory Director at the General Unitholders' Meeting held on August 27, 2014.