

An Impressive Track Record of Accomplishing Major Projects

For more than a century, we have led development of the area surrounding our terminal railway stations in Umeda. This continuous investment and development has enhanced the Umeda area's urban functions and value.

Heightening Corporate Value through Constant Evolution of the Umeda Area

①

1992

● Chayamachi Applause

This building gave a new lease of life to the Chayamachi area and became its landmark. With a 161-meter tower, the building includes one of the Group's flagship luxury hotels, Hotel Hankyu International; high-end boutiques; two theatres, Umeda Arts Theater and Theater Drama City that host premium live entertainment from around the world; and offices.



1990

②

1997

● HERBIS OSAKA

Aiming to create a world-class urban area befitting the 21st century, we constructed HERBIS OSAKA as phase one of the Hanshin Nishi-Umeda Development Project. Our overall concept for this high-rise multi-purpose building was to realise an international business complex and an urban hub for exchanges. Accordingly, it incorporates Japan's first Ritz-Carlton hotel, The Ritz-Carlton, Osaka; commercial facilities; a multifunctional hall, HERBIS HALL; and intelligent offices.



2000

③

1998

● HEP FIVE

Comprising 153* famous specialty shops and restaurants from Japan and overseas, an event hall, and amusement centres, this commercial facility offers a wealth of entertainment choices. In particular, HEP FIVE attracted significant attention because it had the first air-conditioned Ferris wheel in Japan on its roof.

* Number of shops and restaurants when opened



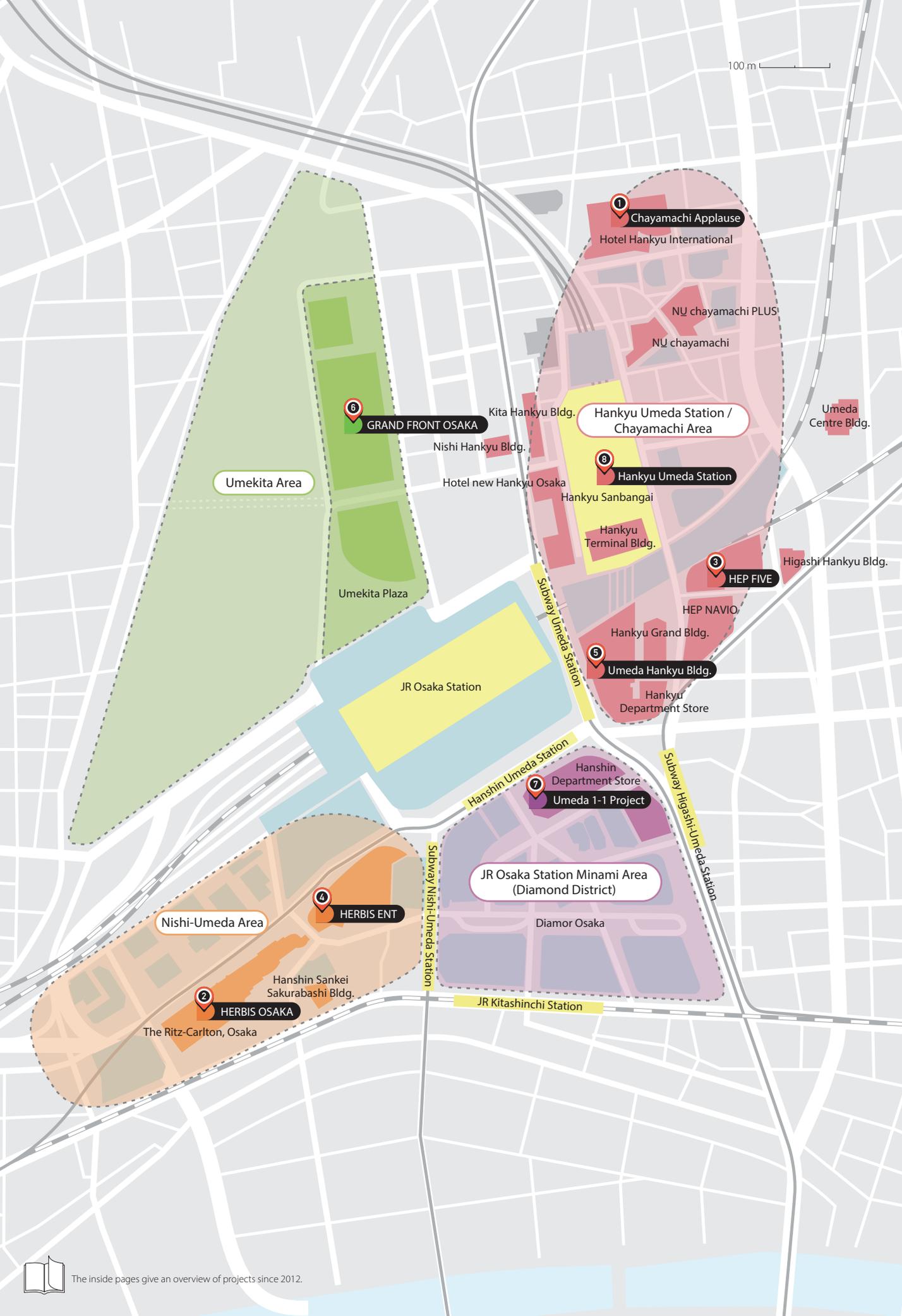
④

2004

● HERBIS ENT

Following on from phase one of the Hanshin Nishi-Umeda Development Project, which built HERBIS OSAKA, the project's second phase constructed HERBIS ENT. The building has added to the selection of sophisticated entertainment available in the area. As well as including commercial facilities and intelligent offices, it is home to entertainment facilities, such as a theatre dedicated to the Shiki Theatre Company, Osaka Shiki Theatre, and a restaurant featuring live music, Billboard Live Osaka.







6 2013 ● GRAND FRONT OSAKA

Situated in the Phase One Development Area (approximately 7 hectares) of the Osaka Station North District (*Umekita*) (approximately 24 hectares), this multi-purpose facility has offices, commercial facilities, a hotel, and condominiums. A consortium of 12 companies including Hankyu Corporation developed the facility, which celebrated its second anniversary in April 2015. In the space of two years, it has received 12.3 million visitors, helping boost the Umeda area's vitality.

2010

5 2012 ● Umeda Hankyu Building*

Over seven and half years, we replaced the building in which the Umeda Flagship Store of Hankyu Department Store (opened in 1929) was located while it remained open for business. We constructed a high-rise multipurpose building with two floors below ground and 41 floors above ground and a floor area of approximately 254,000 square metres. The building has advanced environmental performance and is barrier free. At the same time, we redeveloped pedestrian flow lines that link Hankyu Umeda Station, Hanshin Umeda Station, JR Osaka Station, and underground railway stations. As a result, roughly 30,000 pedestrians per hour—one and a half times more than before redevelopment—pass along the flow lines during commuting periods. This initiative has added to the convenience of the Umeda area as a transportation hub.

* 2009: Opening of phase I department store annex; 2010: Opening of office tower; 2012: Opening of phase II department store annex and full opening

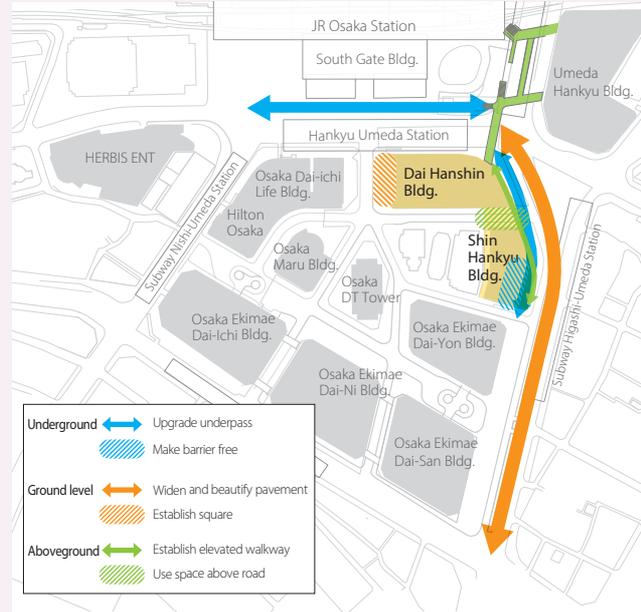


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Connecting the Umeda Area: Redeveloping

From 2014 ● Umeda 1-1 Project

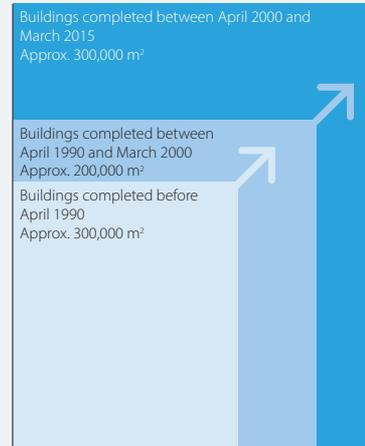
A conceptual illustration of development plans for the surrounding area



2014

Increasing rentable floor space in the Umeda Area

Thanks to continuous investment and development, the rentable floor space of the Hankyu Hanshin Holdings Group's properties reached 800,000 square metres as of 31st March 2015.



the Area South of Railway Stations

Symbolising the integration of Hankyu Corporation and Hanshin Electric Railway, the Umeda 1-1 Project began in earnest in 2014. The project will rebuild two separate buildings to create a single integrated high-rise complex. Specifically, we will rebuild Dai Hanshin Building, which includes Hanshin Department Store's Umeda Flagship Store, and the adjacent Shin Hankyu Building. Moreover, the project will use the space above a road separating the two buildings. At the same time, plans call for the development of surrounding public facilities to strengthen urban functions, improve disaster countermeasures, create public spaces, and give the area an aesthetically appealing appearance. Through these efforts, we will realise a comfortable, sophisticated urban area that heightens the Umeda area's international competitiveness.

Increasing assets through the Umeda 1-1 Project



Pursuing Growth by Catering to the Increasing Number of Visitors to the Umeda Area and Diversifying Needs

2015 ● Makeover Construction Work in Hankyu Umeda Station

Hankyu Umeda Station boasts the most platforms and railway lines of any private (non-JR) railway station in Japan, and about half a million people use it each day. The March 2015 completion of makeover construction work, begun five years earlier, transformed the 40-year-old Hankyu Umeda Station into an even more attractive and convenient space. In addition to providing safe flow lines for customers, the upgraded railway station incorporates more information technology and is better able to accommodate the needs of non-Japanese customers. For example, the railway station has more digital signage for advertising and terminals that display information in five languages: Japanese, English, Korean, and Chinese (traditional and simplified Chinese characters).



Urban Development that Attracts People and Ideas

Efforts to enhance the value of the Umeda area, our most important base, do not stop at building redevelopment. To heighten the appeal of the area, we are advancing a variety of initiatives in partnership with local stakeholders.

Developing and Heightening Umeda's Potential through Area Management

The Umeda area is a transportation hub that has become synonymous with the Kansai area. As well as the Hankyu Umeda and Hanshin Umeda terminal stations, it is the site of JR Osaka Station. The resulting convenience has increased the area's reputation as a business district in recent years. Also, it is a mecca for shopping, with Hankyu Department Store, Hanshin Department Store, and many other department stores clustered in the area. In fact, the Umeda area has Japan's highest concentration of shop floor space, surpassing that of Shinjuku in Tokyo.

With a view to raising the Umeda area's value even further, the Council for Collaboration in the Management of the Umeda Area was established in 2009. The council traces its origins to discussions held among West Japan Railway Company, Hankyu Corporation, Hanshin Electric Railway, and the City of Osaka at a

symposium in the same year. At the time, many large development projects were under way. As well as the rebuilding of Umeda Hankyu Building, JR Osaka Station was undergoing major redevelopment. While the concentration of commercial facilities was rising in the Umeda area, companies were proceeding with projects in comparative isolation from other projects. A member of the council who is familiar with the situation at the time recalls this caused concern that the area's problem of being difficult to understand and difficult to walk through might not be addressed.

The symposium discussions reached a consensus that rather than creating cutthroat competition in a limited market, all parties should develop the potential of the Umeda area together to maximise economic benefits. This consensus laid the foundations for the council's establishment by four companies: West Japan Railway Company, Hankyu Corporation, Hanshin Electric Railway, and GRAND FRONT OSAKA TMO General Incorporated Association.

Comparison of commercial facilities' shop areas by district

Commercial district (official designation)	6/2008	6/2010	6/2012	7/2015
Umeda (Kita-ku, Osaka)	480,148	520,910	599,875	673,413
Namba / Shinsaibashi (Chuo-ku, Osaka)*	438,856	472,963	453,713	491,575
Tennoji (Abeno-ku, Osaka)	127,577	137,527	216,963	223,592
Shibuya / Omotesando (Shibuya-ku, Tokyo)	419,226	416,304	424,164	413,934
Shinjuku (Shinjuku-ku, Tokyo)	424,994	445,729	419,056	432,056
Ikebukuro (Toshima-ku, Tokyo)	389,093	369,946	378,117	393,781
Ginza / Nihombashi (Chuo-ku, Tokyo)	347,969	343,877	358,448	332,076
Marunouchi / Yurakucho (Chiyoda-ku, Tokyo)	364,588	355,378	339,351	346,222

Source: Toyo Keizai, Inc. "List of Large-Scale Retail Outlets 2016."

Notes: Shop area calculated on basis of official designation in the above table. Shops surveyed are those with areas in excess of 1,000 square metres, as of July 2015, based on data on large-scale stores registered with prefectural governments under the Large-Scale Retail Stores Location Law.

* Including 54,042 square metres for Namba Parks (Naniwa-ku, Osaka)



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Cultivating Awareness of Urban Development through Area Management

The first task of the Council for Collaboration in the Management of the Umeda Area was to improve the guidance information available in the area. Visitors complained about a lack of uniformity. Prior to the establishment of the council, respective companies independently produced the maps and signs installed in the Umeda area. To exacerbate matters, construction accompanying the multiple large-scale development projects under way was blocking or diverting access routes to certain areas. Concern that the area would lose favour with visitors if nothing was done spurred the creation of an Umeda area map. A council member explains, "After preparing a map, we distributed it to information counter personnel of commercial facilities and repeatedly upgraded it based on feedback from visitors. This process heightened our awareness of area management."

In recent years, national and local government agencies have been responding flexibly to such initiatives. Consequently, collaborations have begun between the public and private sectors to heighten the value of areas without being impeded by distinctions between public property, such as roads, and the premises of nearby facilities. For example, the Ministry of Land, Infrastructure, Transport and Tourism has provided grants to initiatives aimed at improving the business environment, including projects to establish multilingual area maps and street signs. Also, the City of Osaka recently enforced an ordinance that promotes area management activities in Osaka and began operating a system enabling bodies that manage public spaces to occupy pavement space free of charge.



A street-side cafe using part of a public pavement (GRAND FRONT OSAKA)

Establishing Networks among Tenants and Local Companies that Underpin Visitor Endorsement

Another aspect of the activities of the Council for Collaboration in the Management of the Umeda Area is using public spaces to hold seasonal events. The council is steadily accumulating quantitative data on the measurable benefits of area management. These efforts include conducting questionnaires targeting visitors to such events as the Umeda Yukata Festival in summer and the Umeda Snowman Festival in winter and assessing the advertising impact of articles on Umeda area events in a range of media.

A member of the council emphasises that the benefits of holding events extend beyond attracting additional visitors and generating publicity. The events help cultivate and steadily strengthen collaborative networks that are essential intangible



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assets in urban development. These networks comprise such Umeda area stakeholders as tenants of commercial facilities that the Hankyu Hanshin Holdings Group owns and companies and commercial facilities that are not council members. According to the member, the council already has its sights set on the next step. "We want to create new activities and accelerate efforts to create and publicise the appeal of Umeda by using the area's collaborative network to propose initiatives based on matching stakeholders with complementary attributes."



The Umeda Yukata Festival

Aiming to Enhance the Umeda Area's Value as a Business Base

Attracting attention as a source of new value in the Umeda area, our business-support membership office, GVH#5, opened in November 2014. This Hankyu Hanshin Holdings Group initiative aims to make the Umeda area, one of Osaka's most famous business districts and the Group's most important base, the birthplace of new businesses.

Of the 55 companies that newly listed on the stock and securities exchanges of Japan Exchange Group, Inc. between January and July 2015, only four* are headquartered in Osaka. Rather than a lack of start-ups in Osaka, the conspicuous

concentration of new companies in Tokyo is attributable to Osaka's lack of a strong support infrastructure that is able to continuously attract start-ups. The manager of GVH#5 explains the situation. "What gives Tokyo an overwhelming advantage is a lively community centred on start-ups, which provides the basis for friendly rivalry between entrepreneurs and support from more experienced entrepreneurs and other start-up supporters.

We established GVH#5 to help form such a community." GVH#5 provides its members, venture companies, with office space. Also, based on a tie-up with SunBridge Global Ventures Inc., which has incubated many venture companies, GVH#5 provides business support through such specialists as lawyers and accountants and other "supporter members." The goal of this initiative is to gather quality start-ups aiming to develop global businesses with Osaka as their base at GVH#5, form a community, and heighten the Umeda area's profile as an incubator for new businesses. Moreover, in March 2015, Hankyu Corporation provided financial backup by establishing and investing in a fund, Umeda Start-up Fund No. 1, which provides businesses with seed capital. In this way, we have evolved GVH#5 into a business base that provides three essentials: personnel, infrastructure, and capital.

* Calculated by the Group based on the "New Listings" information of Japan Exchange Group, Inc.

Creating a Place Conducive to Intellectual Exchanges

The Hankyu Hanshin Holdings Group enables gatherings of personnel who create value that is unique to the Umeda area. Established in 2012, Umeda MAG aims to become a "magnetic field" that creates the future by attracting highly creative, intelligent individuals who will shape the coming era and providing a base for personnel development and exchanges among personnel from different industries. To date, Umeda



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The Umeda Snowman Festival (right) and a promotional business card used by members of the Council for Collaboration in the Management of the Umeda Area



MAG has provided a wide range of opportunities for exchanges among personnel who are responsible for invigorating the Umeda area. These include management strategy seminars for business people; the “Overseas Student Summit,” which promotes networking and exchanges among those working in the Umeda area and students from overseas; seminars on such traditional culture as *kamigata kodan* storytelling; and hands-on-experience workshops encouraging participants to consider the practicalities of urban development.

During the more than three years since the establishment of Umeda MAG, total net participants in its activities has surpassed 600, with many people returning to participate in successive events. “Participants in previous management strategy seminars interact with those participating in the current year’s seminars. This widens networks among participants and forms communities.” explains a manager of Umeda MAG. Because they have unique knowledge, some seminar participants become speakers at subsequent seminars or become involved in the planning of seminars. Thus, Umeda MAG is building a distinctive position as a place for intellectual exchanges.

Underlying this initiative is a belief that people create the value of urban areas. With the development of a series of new office buildings, maintaining the competitiveness of existing buildings based on functionality alone will be challenging. However, the added value of being a hub for personnel exchanges will become a feature of buildings and the area, thereby strengthening their competitiveness.



Umeda MAG, a base for personnel development and exchanges among personnel from different industries

Enhancing the Area’s Value from a Long-Term Perspective

Current activities, including urban development, the fostering of venture companies, and exchanges among personnel, will take time to come to fruition. Therefore, the focus of these activities must be on maximising the creation of future value, something that is not easily measured on a cost-benefit basis. A member of the council emphasises the importance of long-term commitment. “In urban development, setting out a far-sighted vision for the future is critical.”

Today, large numbers of people visit the Umeda area for shopping, tourism, and business. To ensure the area continues to attract people and businesses going forward, we must continuously heighten its appeal from new perspectives. Through area management, we aim to raise the area’s value and heighten the Umeda area’s profile and reputation not only domestically but also worldwide. The Hankyu Hanshin Holdings Group will continue taking on the challenge of enhancing the value of the Umeda area as the foundation of its business.



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