

Hankyu Hanshin Holdings Group Results Briefing Materials for Fiscal 2019 (fiscal year ended 31st March 2019)

May 22, 2019

Hankyu Hanshin Holdings, Inc.

9042 <http://www.hankyu-hanshin.co.jp/en/>

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Business forecasts and other projections herein are based on information available at present and logical assessments and do not represent any promise by the Company. The actual results may differ significantly from these projections due to various factors.

I . Performance Highlights for Fiscal 2019 (fiscal year ended 31st March 2019)

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Consolidated Statements of Income(Summary)

	FY2019 Results	FY2018 Results	Change
Consolidated Subsidiaries	94 companies	92 companies	+2 (3 companies increase, 1 company decrease)
Equity-Method Affiliates	11 companies	11 companies	±0
Total	105 companies	103 companies	+2 (3 companies increase, 1 company decrease)

(¥ million)	(※) The impact of natural disasters -2.2billion yen	FY2019 Results	FY2018 Results	Change	Remarks
Revenues from operations		791,427 Record high	760,252	+31,174 (+4.1%)	For details, please see next page
Operating income	-2.0billion yen	114,937 Record high	105,211	+9,726 (+9.2%)	
Non-operating income		9,377	12,791	-3,414	Equity in income of affiliates -4,269
Non-operating expenses		13,711	14,228	-456	
Ordinary income	-2.0billion yen	110,543 Record high	103,774	+6,768 (+6.5%)	
Extraordinary income		7,221	35,168	-27,947	Gain on contributions for construction -28,826
Extraordinary loss	Losses associated with natural disasters 2.9billion yen	29,202	37,533	-8,330	Loss on reduction of noncurrent assets -29,660 Impairment loss +18,443
Net income attributable to owners of the parent	-3.4billion yen	65,476	66,361	-885 (-1.3%)	Tax expense -12,837

※Affected by the 2018 Osaka earthquake, 2018 Japan floods, Typhoon Jebi, 2018 Hokkaido Eastern Iburi earthquake (travel business only), and Typhoon Trami.

(Reference)	FY2019 Results	FY2018 Results	Change
Depreciation and amortisation	54,172	53,276	+895
Financial balance ① - ②	-8,118	-8,728	+609
Interest and dividend income①	1,496	1,331	+164
Interest expense②	9,615	10,059	-444

Consolidated Statements of Income (Breakdown for each business segment)

[Key results in current period]

Income and revenue increased. The negative effects of natural disasters were offset by the sale of land for commercial facilities in the eastern section of International Culture Park 'Saito' (in Ibaraki City, Osaka Prefecture) in the Real Estate business and strong performance in the Urban Transportation Business and the Entertainment and Communications Business.

(¥ million)	Revenues from operations			Segment income		
	FY2019 Results	FY2018 Results	Change	FY2019 Results	FY2018 Results	Change
Urban Transportation	238,562	235,967	+2,594	43,455	41,586	+1,869
Real Estate	237,276	222,586	+14,689	49,250	40,954	+8,295
Entertainment and Communications	126,531	121,078	+5,453	18,759	17,750	+1,008
Travel	35,528	34,022	+1,506	1,764	2,055	-291
International Transportation	89,990	83,707	+6,823	2,392	2,777	-384
Hotels	64,923	67,248	-2,324	1,214	2,216	-1,001
Other	43,417	42,811	+605	2,333	1,929	+404
Adjustment	-44,803	-47,169	+2,366	-4,231	-4,058	-173
Total	791,427	760,252	+31,174	114,937	105,211	+9,726

The impact of natural disasters -1.2billion yen

-1.1billion yen

-1.0billion yen

-0.7billion yen

-2.2billion yen

-2.0billion yen

Urban Transportation results

The impact of natural disasters
 Revenues from operations : **-1.2billion yen**
 Operating income : **-1.1billion yen**

[Railway]

•Operating income and revenue increased. The negative effects of natural disasters were offset by strong performance of Hankyu and Hanshin lines and a reduction in power costs.

[Automobile]

•The addition of a consolidated subsidiary resulted in higher operating revenue. However, operating income declined due to the impact of natural disasters and higher fuel costs.

(¥ million)	FY2019 Results	FY2018 Results	Change	%
Revenues from operations	238,562	235,967	+2,594	+1.1%
Operating income	43,455	41,586	+1,869	+4.5%

[Breakdown by type of business]

(¥ billion)		FY2019 Results	Y on Y
Revenues from operations			
Railway	The impact of natural disasters -0.7billion yen	152.8	+0.6
Automobile	-0.2billion yen	49.5	+1.5
Retailing	-0.3billion yen	30.3	-0.3
Advertising		9.0	+0.3
Others		9.5	+0.8

*Not including head office expenses /adjustments.

[Urban Transportation] Railway Performance results

Hankyu Corporation

	Fare revenues (¥ million)*			Passenger volumes (Thousands)*		
	FY2019 Results	FY2018 Results	Change	FY2019 Results	FY2018 Results	Change
Commuter pass	33,456	33,198	+258(+0.8%)	337,778	335,005	+2,772(+0.8%)
Workers	28,962	28,690	+271(+0.9%)	237,542	234,816	+2,726(+1.2%)
Students	4,494	4,507	-13(-0.3%)	100,235	100,189	+46(+0.0%)
Other tickets	63,059	63,137	-78(-0.1%)	318,158	319,939	-1,781(-0.6%)
Total	96,516	96,335	+180(+0.2%)	655,936	654,945	+991(+0.2%)

The impact of natural disasters -0.6billion yen

Hanshin Electric Railway

	Fare revenues (¥ million)*			Passenger volumes (Thousands)*		
	FY2019 Results	FY2018 Results	Change	FY2019 Results	FY2018 Results	Change
Commuter pass	12,024	11,797	+226(+1.9%)	124,353	122,073	+2,279(+1.9%)
Workers	10,790	10,576	+213(+2.0%)	98,310	96,401	+1,909(+2.0%)
Students	1,233	1,221	+12(+1.1%)	26,043	25,672	+370(+1.4%)
Other tickets	22,030	21,638	+392(+1.8%)	121,012	119,567	+1,444(+1.2%)
Total	34,054	33,436	+618(+1.9%)	245,366	241,641	+3,724(+1.5%)

The impact of natural disasters -0.1billion yen

- * Revenue amounts less than one million yen, and numbers of passengers less than one thousand, are omitted.
 For Hankyu Corporation, "other ticket revenue/ridership" includes revenue/ridership associated with the PiTaPa usage sections.
 Sum of tier 1 and tier 2 railway operators for both Hankyu Corporation and Hanshin Electric Railway

[Urban Transportation] Transportation revenue (Factors of YoY Change)

《Hankyu Corporation》

Transportation revenue (tier 1 + tier 2)

(¥ million)

Totals for commuter passes and other tickets	1Q	2Q	3Q	4Q	Total
FY2019 Results	24,389	23,814	24,349	23,963	96,516
FY2018 Results	24,532	23,901	24,313	23,588	96,335
Change	-143	-87	+36	+374	+180
(%)	-0.6%	-0.4%	+0.2%	+1.6%	+0.2%

Factors of YoY Change (estimated)

- Impact of natural disasters during period (e.g., earthquakes, torrential rain, typhoons)※
-¥586million
- Other factors (e.g. increase in line-side areas populations and others)
+¥766million

※Includes natural disasters other than the 2018 Osaka earthquake, 2018 Japan floods, Typhoon Jebi, and Typhoon Trami

《Hanshin Electric Railway》

Transportation revenue (tier 1 + tier 2)

(¥ million)

Totals for commuter passes and other tickets	1Q	2Q	3Q	4Q	Total
FY2019 Results	8,640	8,764	8,336	8,314	34,054
FY2018 Results	8,474	8,687	8,200	8,073	33,436
Change	+165	+76	+136	+240	+618
(%)	+2.0%	+0.9%	+1.7%	+3.0%	+1.9%

Factors of YoY Change (estimated)

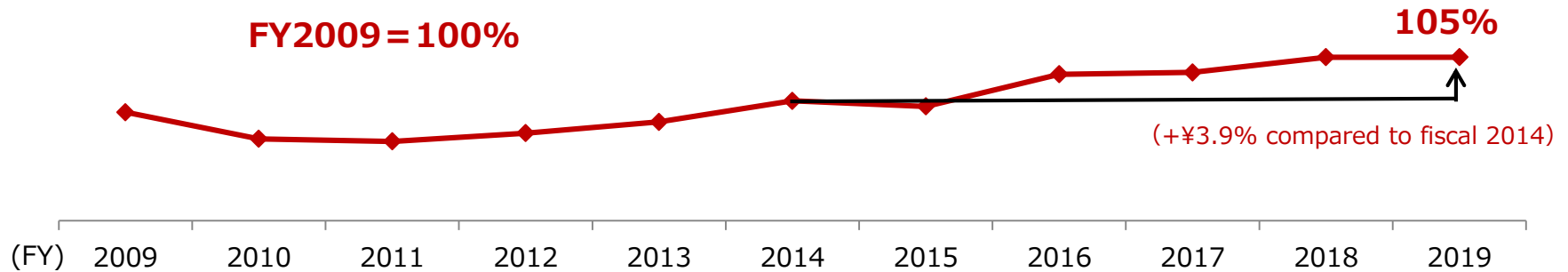
- Impact of natural disasters during period (e.g., earthquakes, torrential rain, typhoons)
-¥99million
- Other factors (e.g. increase in line-side areas populations, and the strong performance of the Hanshin Namba Line and others)
+¥717million

[Urban Transportation] Referential Information

Hankyu Line: Transportation revenue (tier 1 + tier 2)

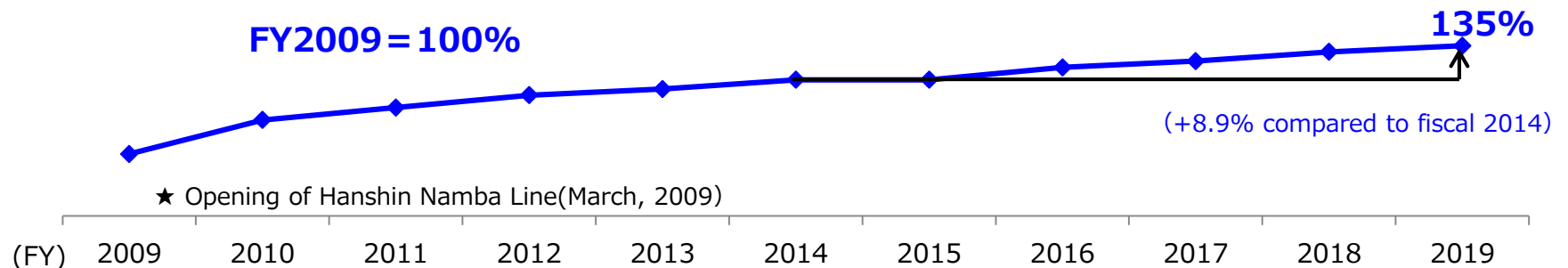
(¥ million)

	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
Commuter passes	31,880	31,126	29,484	29,922	30,391	31,299	31,549	32,272	32,628	33,198	33,456
Other tickets	60,087	58,582	60,000	60,268	60,749	61,630	60,910	62,920	62,720	63,137	63,059
Total	91,967	89,708	89,485	90,191	91,141	92,929	92,459	95,192	95,348	96,335	96,516



Hanshin Line: Transportation revenue (tier 1 + tier 2)

	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
Commuter passes	8,913	9,642	10,126	10,623	10,740	11,008	11,107	11,372	11,563	11,797	12,024
Other tickets	16,316	18,396	18,899	19,422	19,669	20,260	20,286	21,035	21,136	21,638	22,030
Total	25,230	28,038	29,025	30,045	30,410	31,269	31,394	32,407	32,699	33,436	34,054



Real Estate results

[Real estate leasing]

•Operating income and revenue both increased. Rental buildings in the Umeda area and elsewhere performed well. Another factor was the collection of tenant-borne construction fees following completion of phase 1 of the Umeda 1-1 Project.

[Real estate sales and Others]

Income and revenue increased. A decline in condominium sales was offset by the sale of land for commercial facilities in the eastern section of International Culture Park 'Saito' (in Ibaraki City, Osaka Prefecture).

【Reference】 Condominium sales : -45 (1,114 units; previous year 1,159 units)

*Figures include units in shared buildings that the Group partly owns.

(¥ million)	FY2019 Results	FY2018 Results	Change	%
Revenues from operations	237,276	222,586	+14,689	+6.6%
Operating income	49,250	40,954	+8,295	+20.3%

[Breakdown by type of business]

(¥ billion)	FY2019 Results	Y on Y
Revenues from operations		
Real estate leasing	111.1	+4.4
Real estate sales and Others	144.5	+11.0

*Not including head office expenses/adjustments.

Entertainment and Communications results

[Sports]

Operating revenue increased, reflecting increased revenue from Billboard-related business*₁. However, operating income declined because Hanshin Tigers failed to qualify for the Climax Series during the period.

[Stage]

Operating revenue increased with the stage business benefitting from strong sales of show-related merchandise and the production of shows overseas. However, operating income was on par with last year's level because of increased production costs.

[Communication, Media and Others]

Income and revenue increased thanks to increased orders in the information services business and the addition of a consolidated subsidiary.

*1: "Billboard-related business" refers to Billboard-licensed music businesses such as operating Billboard Live events in Roppongi and Umeda.

(¥ million)	FY2019 Results	FY2018 Results	Change	%
Revenues from operations	126,531	121,078	+5,453	+4.5%
Operating income	18,759	17,750	+1,008	+5.7%

[Breakdown by type of business]

(¥ billion)

Revenues from operations

FY2019
Results

Y on Y

Sports

37.2

+0.3

Stage

34.9

+0.9

Communication, media and Others

55.9

+4.5

*Not including head office expenses /adjustments.

Travel results

Operating revenue increased. Although domestic travel was affected by natural disasters, this was offset by efforts to promote travel using reconstruction discounts. Overseas travel also contributed to the increase, with strong numbers of visitors to Asian destinations. However, operating income declined due to higher costs for advertising and other items.

(¥ million)	FY2019 Results	FY2018 Results	Change	%
Revenues from operations	35,528	34,022	+1,506	+4.4%
Operating income	1,764	2,055	-291	-14.2%

[Performance Highlights for Fiscal 2019]

- ◆ **Overseas travel billings : Ranking 3(※)**
Billings : ¥ 229.8billion (Y on Y +11.2%)
- ◆ **Domestic travel billings : Ranking 5(※)**
Billings : ¥ 136.7billion (Y on Y +0.4%)
- ◆ **Total travel billings : Ranking 5(※)**
Billings : ¥ 370.0billion (Y on Y +7.1%)

※ The above figures indicate the aggregated results for Hankyu Travel International, Hankyu Hanshin Business Travel, and Hanshin Travel International (intercompany transactions offset)

※ Notes: Sales volume indicates the aggregated volume for April to March. The values for industry ranking are based on aggregated results from April to January.

※ Source: Japan Tourism Agency, 'Bulletin on Sales Volumes among the Major Travel Agents' (Shuyō ryokō-gyōsha no ryokō toriatsukai jōkyō sokuhō)

【Overseas travel】

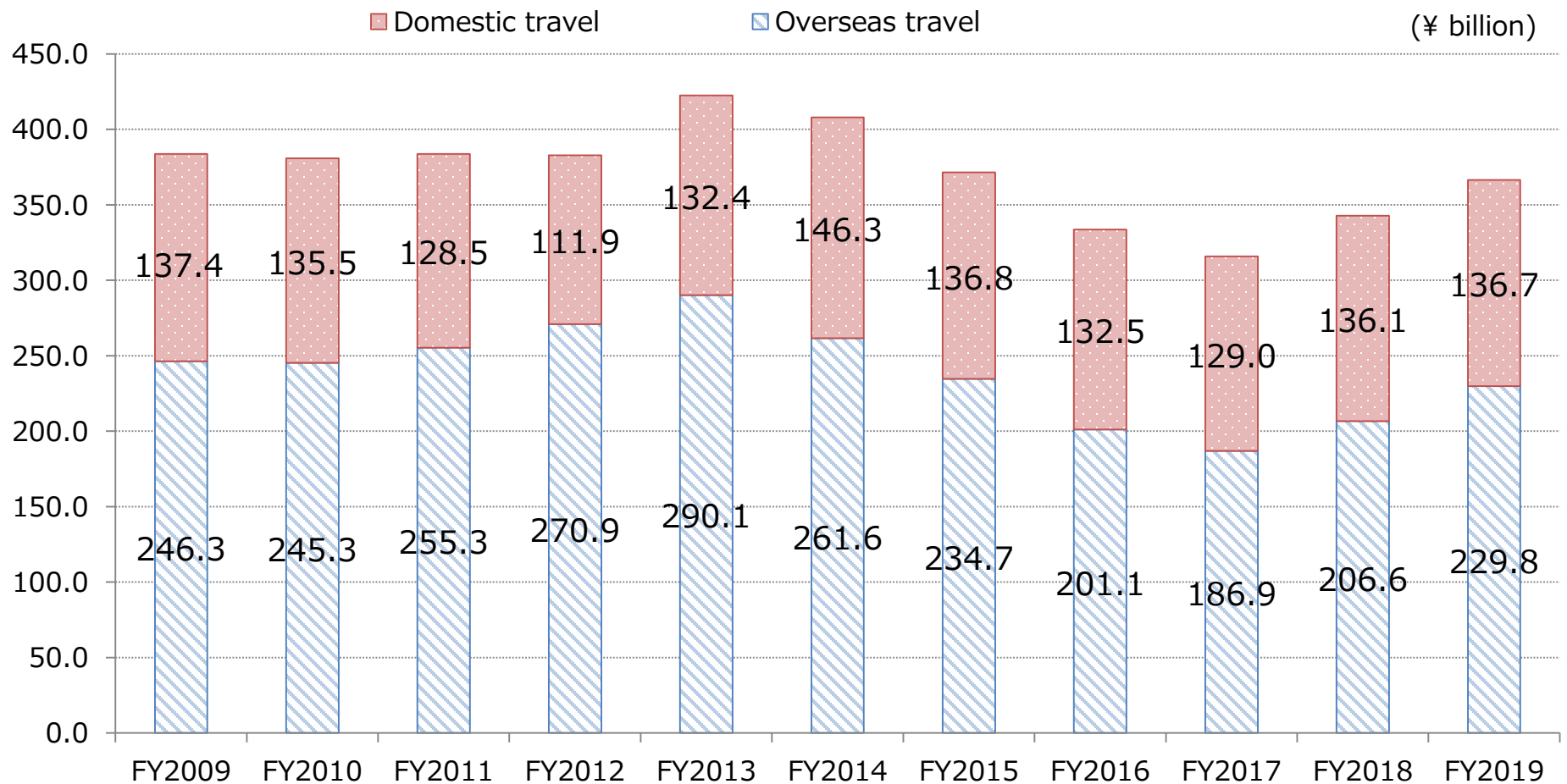
Despite the impact of natural disasters, performance exceeded the level of the previous year thanks to increased travel to European, Hong Kong and other Asian destinations.

【Domestic travel】

Due to the impact of natural disasters, travel to Hokkaido and similar destinations declined from the previous year. Travel to Hokuriku, Koshinetsu, Kinki, and Kyushu was better, exceeding the level of the previous year slightly.

[Travel] Referential information

Billings



※Figures for fiscal 2009 to fiscal 2015 represent the simple aggregate amounts from Hankyu Travel International and Hankyu Hanshin Business Travel.
The figures from fiscal 2016 and onwards represent the aggregate amounts from the two companies as well as from Hanshin Travel International (offsetting intercompany transactions).

International Transportation results

Operating revenue increased thanks to strong air export volume in Japan. However, operating income declined as a reactionary downturn from the previous year, which saw strong volume in East Asia and Europe.

(¥ million)	FY2019 Results	FY2018 Results	Change	%
Revenues from operations	89,990	83,707	+6,283	+7.5%
Operating income	2,392	2,777	-384	-13.9%

【 Performance Highlights for Fiscal 2019】

- In Japan, air transport volume increased, particularly in exports of automobile components. Ocean transport and logistics businesses also performed well.
- In the United States, logistics business performed well, but ocean transport decreased, resulting in less operating income than in the previous year.
- In EMEA※ and East Asia, performance was generally as planned. However, there was a reactionary decline from the previous year, when air transport performed well.
- In ASEAN, performance was strong, particularly in the Philippines and Thailand. Operating income exceeded the level of the previous year.

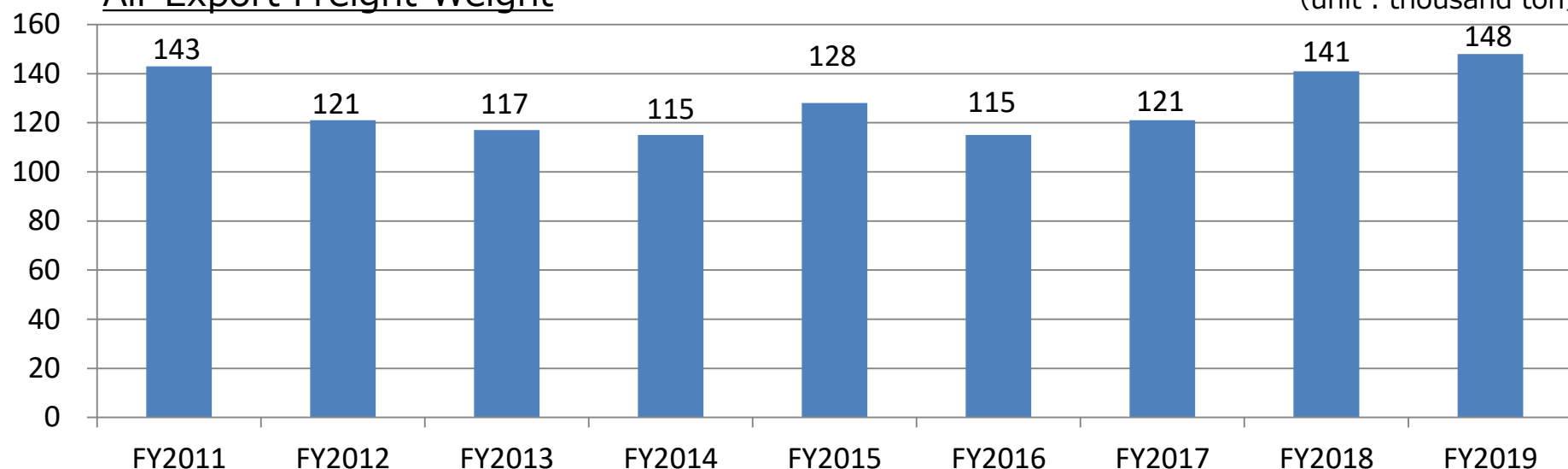
※EMEA refers to Europe, the Middle East and Africa

[International Transportation] Referential information

【Total handling volume for Japanese and non-Japanese companies in the International Transportation Business segment】

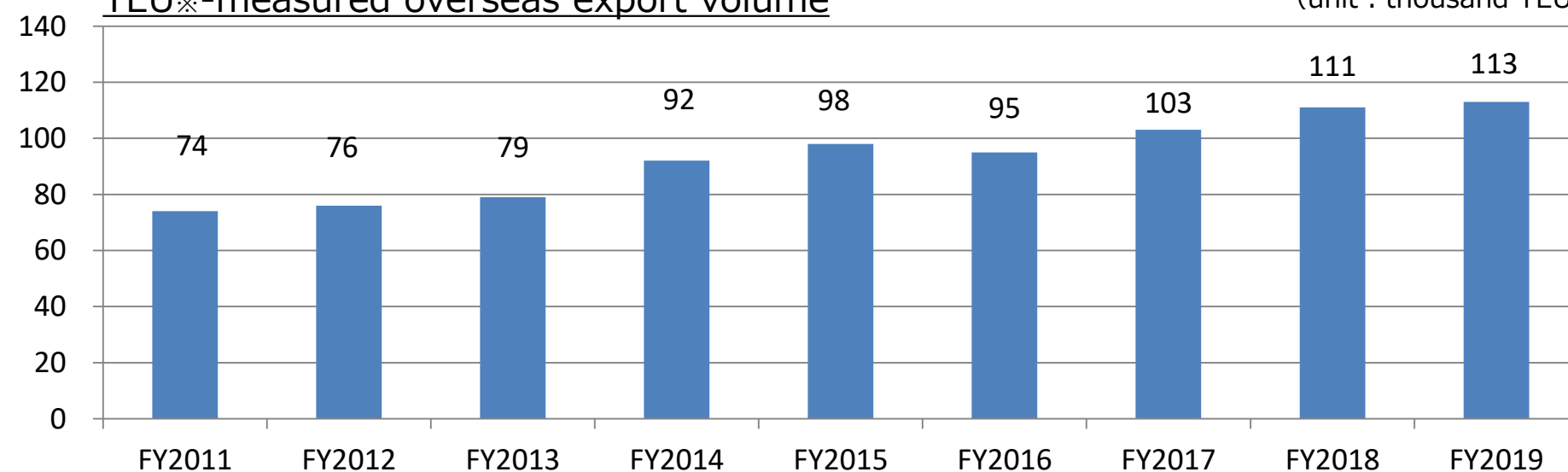
Air Export Freight Weight

(unit : thousand ton)



TEU※-measured overseas export volume

(unit : thousand TEU)



Hotels results

The impact of natural disasters
Revenues from operations : -1.0billion yen
Operating income : -0.7billion yen

Income and revenue decreased, reflecting the impact of natural disasters and the termination of the Rokkosan Hotel management contract in December 2017.

(¥ million)	FY2019 Results	FY2018 Results	Change	%
Revenues from operations	64,923	67,248	-2,324	-3.5%
Operating income	1,214	2,216	-1,001	-45.2%

[Performance Highlights for Fiscal 2019]

Occupancy rates of Hankyu Hanshin Hotels

- Total 90.7%* (-2.0 points from previous year)
- Kansai area 90.9% (-4.5 points from previous year)
- Tokyo metropolitan area 90.9% (+2.2 points from previous year)

Average daily rates (ADR) of Hankyu Hanshin Hotels

- Total ¥14,009* (+¥177 from previous year)
- Kansai area ¥13,406 (-¥143 from previous year)
- Tokyo metropolitan area ¥16,098 (+¥649 from previous year)

* Includes remm Kagoshima

【Hotels business】

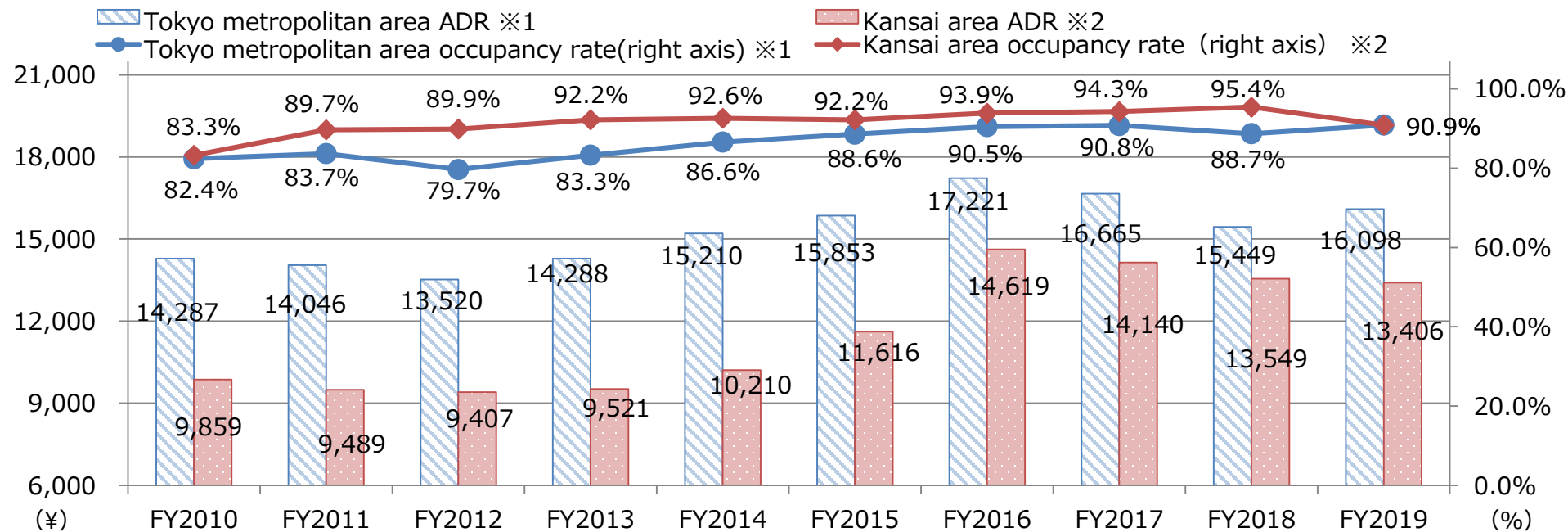
- Hotels performed less well than they did in the previous year. In the Tokyo metropolitan area, occupancy rates and ADR were high, particularly in Dai-ichi Hotel Tokyo and remm ROPPONGI (which opened in March 2017). The hotels in Kansai area fared less well due to the impact of natural disasters.

【Parties business and Restaurants business】

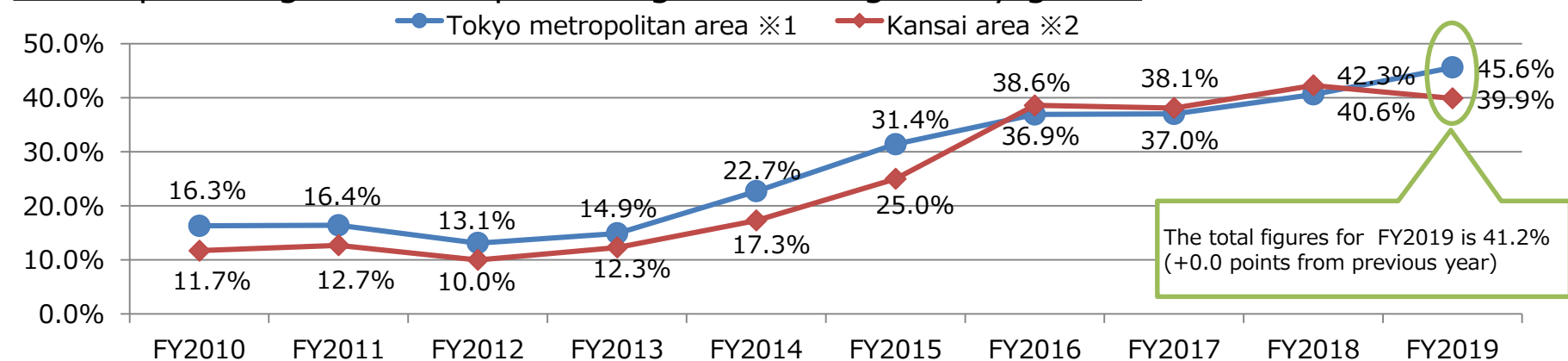
- The restaurants business generally performed well, achieving similar results to the previous year, despite the closure of an outside restaurant. The parties business posted lower earnings than it did in the previous year, reflecting the impact of natural disasters coupled with a sluggish market.

[Hotels] Referential information

Average daily rates (ADR) and occupancy rates of Hankyu Hanshin Hotels in the Tokyo metropolitan area and Kansai area



Non-Japanese guests as a percentage of overnight-stay guests



※1 Directly managed Hanshin Hankyu hotels, hotels in the Tokyo area (excluding HOTEL new HANKYU TOKYO, including remm Roppongi, which opened in March 2017)

※2 Directly managed Hanshin Hankyu hotels, hotels in the Kansai area (including remm Shin-Osaka, which opened in September 2012)

Consolidated Statements of Income

(Non-operating profit and loss)

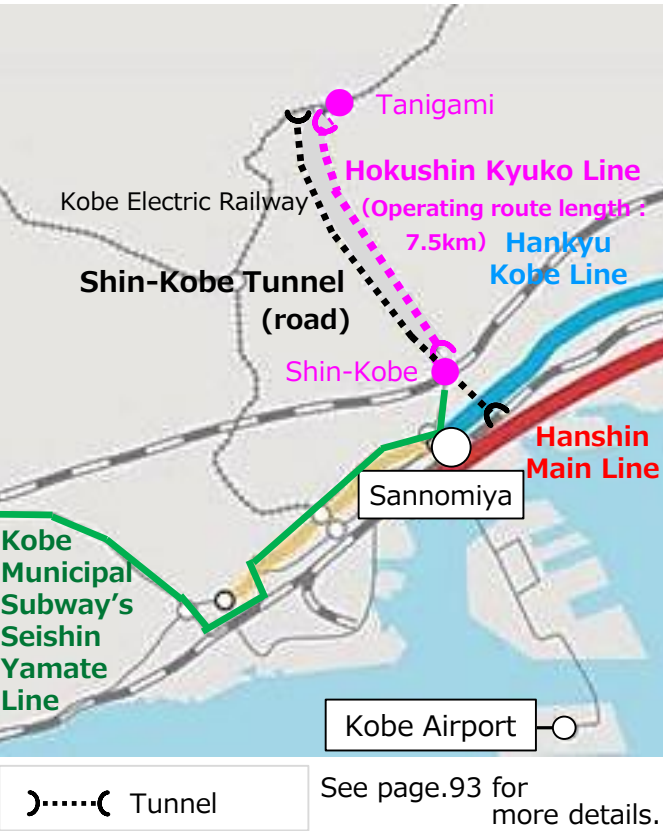
(¥ million)	FY2019 Results	FY2018 Results	Change
Operating income	114,937	105,211	+9,726
Non-operating income	9,377	12,791	-3,414
Equity in income of affiliates	4,962	9,232	-4,269
Non-operating expenses	13,771	14,228	-456
Interest expenses	9,615	10,059	-444
Ordinary income	110,543	103,774	+6,768

Consolidated Statements of Income

(Extraordinary profit and loss)

(¥ million)	FY2019 Results	FY2018 Results	Change
Extraordinary profit and loss	-21,981	-2,364	-19,616
Extraordinary income	7,221	35,168	-27,947
Gain on contributions for construction	3,657	32,483	-28,826
Gain on sales of noncurrent assets	2,758	1,276	+1,481
Other	806	1,408	-601
Extraordinary loss	29,202	37,533	-8,330
Loss on reduction of noncurrent assets	4,042	33,702	-29,660
Loss on impairment of fixed assets	19,262	819	+18,443
Other	5,897	3,011	+2,886

Agreement with Kobe City to transfer Hokushin Kyuko Line assets①



【Circumstances】

Early 1960s-	With new town developments being planned from north Kobe to Sanda, there was a need to accommodate expected increase in transport demand.
1988-	<p>Hokushin Kyuko Line opened in 1988, linking Tanigami Station (in Kita-ward, Kobe) with Shin-Kobe Station. However, passenger numbers were much lower than expected. From the time of opening, Hokushin Kyuko Railway continued in the red and eventually fell into a severe debt crisis. There were three reasons why passenger numbers were so low:</p> <ol style="list-style-type: none">1. The residential development was scaled down to a population of 200 thousand (originally, it was intended to house 400 thousand residents).2. The JR Fukuchiyama Line was converted to a double-track line, prompting an outflow of customers toward Osaka.3. The Shin-Kobe Tunnel opened parallel to the Hokushin Kyuko Line. A bus service that used this tunnel provided a cheaper alternative.
1992-	Hokushin Kyuko Railway's largest shareholder, Hankyu Corporation, worked with other stakeholders (including Hyogo Prefecture and Kobe City) on incremental measures to revive the railway's fortunes.
2002-	<p>The national, prefectural, and municipal governments agreed on a scheme to separate infrastructure and operations, with Hokushin Kyuko Railway acting as a tier 2 railway operator and Kobe Rapid Transit Railway as a tier 3 operator.</p> <ul style="list-style-type: none">- Hokushin Kyuko Railway started to recover, posting stable net income.

【Kobe City's offer】

The present scheme (separating infrastructure and operations) will end in fiscal 2022. Kobe City has offered to buy up Hokushin Kyuko Line assets and bring it under unified operation with Kobe Municipal Subway's Seishin Yamate Line, which already allow through-train services.

Agreement with Kobe City to transfer Hokushin Kyuko Line assets②

【Our opinion on the offer】

1. Avoidance of business risks

- By transferring the assets, we could avoid the following business risks associated with Hokushin Kyuko Railway:
 - It is very doubtful whether we could continue the present scheme beyond fiscal 2023. It is likely that the scheme would pose an increasing burden on the group.
 - The population in Kobe's Kita ward is set to shrink further. Moreover, in around 2040, we would need to spend vast sums on replacing rolling stock and on repairing aging infrastructure (including the tunnel).

2. Economic boost for Sannomiya

- If Hokushin Kyuko Line was integrated with the Kobe Municipal Subway's Seishin Yamate Line, it would allow cheaper fares between the north of Kobe and the centre (Sannomiya and other central districts). Cheaper fares could provide an economic boost for Sannomiya, a major terminal for our group.



- Given these considerations, we signed an agreement with Kobe City on March 29, 2019, as follows:
 - In the second half of fiscal 2021, we will transfer Hokushin Kyuko Line's assets to Kobe City for ¥19.8 billion.
- In anticipation of this transfer, we recorded ¥19 billion of impairment loss in fiscal 2019.
- We have significantly mitigated the impact of this impairment loss upon net income attributable to owners of parent. We did so by reducing tax expense; specifically, we recorded deferred tax assets for the impairment loss as well as for the bad debt allowance pertaining to loans to Hokushin Kyuko Railway (a consolidated subsidiary), which Hankyu Corporation had already recorded.
- We would see a net cash flow because of the reduced tax expense and the inward cash flow associated with the transfer.

Consolidated Statements of Income

(Net income attributable to owners of the parent)

(¥ million)	FY2019 Results	FY2018 Results	Change
Income before income taxes	88,562	101,410	-12,847
Total income taxes	20,525	33,362	-12,837
Income taxes—current	19,104	28,389	-9,285
Income taxes—deferred	1,420	4,972	-3,552
Net income	68,036	68,047	-10
Net income attributable to non-controlling interests	2,560	1,685	+875
Net income attributable to owners of the parent	65,476	66,361	-885

Reflects the recording of deferred tax assets in relation to the agreement to transfer of Hokushin Kyuko Line assets

Consolidated Balance Sheets

(¥ million)		FY2019 Results	FY2018 Results	Change	Remarks																			
Assets	Current assets	302,963	290,448	+12,515	Land and buildings for sale : +3,740																			
	Noncurrent assets	2,163,259	2,114,477	+48,781	Property and equipment and intangible assets: +34,778 Investment securities: +5,818																			
	Total assets	2,466,223	2,404,926	+61,297	<table><tr><td></td><td>FY2019 Results</td><td>FY2018 Results</td><td>Change</td></tr><tr><td>Debt</td><td>758,411</td><td>767,431</td><td>-9,020</td></tr><tr><td>Bonds</td><td>112,000</td><td>92,000</td><td>+20,000</td></tr><tr><td>Lease obligations</td><td>6,644</td><td>7,326</td><td>-682</td></tr><tr><td>Interest-bearing debt</td><td>877,055</td><td>866,758</td><td>-10,297</td></tr></table>		FY2019 Results	FY2018 Results	Change	Debt	758,411	767,431	-9,020	Bonds	112,000	92,000	+20,000	Lease obligations	6,644	7,326	-682	Interest-bearing debt	877,055	866,758
	FY2019 Results	FY2018 Results	Change																					
Debt	758,411	767,431	-9,020																					
Bonds	112,000	92,000	+20,000																					
Lease obligations	6,644	7,326	-682																					
Interest-bearing debt	877,055	866,758	-10,297																					
Liabilities	Current liabilities	404,286	406,909	-2,623																				
	Long-term liabilities	1,146,555	1,131,503	+15,052																				
	Total liabilities	1,550,842	1,538,413	+12,429																				
	Shareholders' equity	853,397	804,764	+48,633	Net income attributable to owners of the parent: +65,476 Less treasury stock, at cost: -10,153 Payment dividend: -9,896																			
Net assets	Accumulated other comprehensive income	31,465	32,961	-1,496																				
	Non-controlling interests	30,517	28,786	+1,731																				
	Total net assets	915,381	866,512	+48,868																				
	Equity ratio	35.9%	34.8%	+1.1p																				

Consolidated Statements of Cash Flows

(¥ million)

	FY2019 Results	FY2018 Results
Cash flows from operating activities	126,035	135,821
Income before income taxes	88,562	101,410
Depreciation and amortisation	54,172	53,276
Income taxes (paid) refunded	-30,542	-26,005
Cash flows from investing activities	-116,160	-88,351
Purchases of noncurrent assets	-137,809	-102,863
Receipt of contributions for construction	18,252	21,222
Cash flows from financing activities	-11,171	-43,242
Purchase of treasury stock	-10,199	-10,689
Dividends paid	-9,896	-9,360
Decrease (increase) in interest-bearing debt	10,297	-32,764
Effect of exchange rate changes on cash and cash equivalents	-551	360
Increase (decrease) in cash and cash equivalents	-1,848	4,588
Cash and cash equivalents at beginning of year	27,501	22,530
Increase in cash and cash equivalents from newly consolidated subsidiary	1,935	383
Cash and cash equivalents at end of year	27,589	27,501

《Reference》 Consolidated Statements of Income

(¥ billion) [Upper table] Revenues from operations [Lower table] Operating income	FY2019 Results ①	FY2019 forecasts (As of Mar.) ②	Change ①-②	FY2019 Forecasts (As of Nov.) ③	Change ①-③	FY2019 Forecasts (As of May.) ④	Change ①-④	FY2018 Results ⑤	Change ①-⑤
Total	791.4	795.0	-3.6	790.0	+1.4	790.0	+1.4	760.3	+31.2
	114.9	113.0	+1.9	107.0	+7.9	110.0	+4.9	105.2	+9.7
(Breakdown for each business segment)									
Urban Transportation	238.6			239.8	-1.2	241.7	-3.1	236.0	+2.6
	43.5			42.2	+1.3	42.9	+0.6	41.6	+1.9
Real Estate	237.3			239.9	-2.6	236.2	+1.1	222.6	+14.7
	49.3			47.9	+1.4	48.0	+1.3	41.0	+8.3
Entertainment and Communications	126.5			125.4	+1.1	124.5	+2.0	121.1	+5.5
	18.8			16.2	+2.6	16.7	+2.1	17.8	+1.0
Travel	35.5			34.8	+0.7	34.8	+0.7	34.0	+1.5
	1.8			0.7	+1.1	1.3	+0.5	2.1	-0.3
International Transportation	90.0			87.9	+2.1	83.6	+6.4	83.7	+6.3
	2.4			1.9	+0.5	2.2	+0.2	2.8	-0.4
Hotels	64.9			65.1	-0.2	66.4	-1.5	67.2	-2.3
	1.2			1.3	-0.1	2.1	-0.9	2.2	-0.1

《Reference》 Consolidated Statements of capital expenditure

(¥ billion)	FY2019 Results ①	FY2019 forecasts (As of Nov.) ②	Change ①-②	FY2019 Forecasts (As of May) ③	Change ①-③	FY2018 Results ④	Change ①-④
Total capital expenditure	114.4	127.0	-12.6	108.7	+5.7	86.4	+28.0

(Breakdown for each business segment)

Urban Transportation	33.8	39.0	-5.2	39.3	-5.5	35.0	-1.2
Real Estate	62.4	66.1	-3.7	47.3	+15.1	39.9	+22.5
Entertainment and Communications	7.9	10.8	-2.9	9.9	-2.0	7.6	+0.4
Travel	0.8	1.3	-0.5	1.2	-0.4	0.5	+0.3
International Transportation	0.7	0.9	-0.2	1.5	-0.8	0.7	-0.1
Hotels	2.0	2.5	-0.5	2.5	-0.5	2.3	-0.3

《Reference》 Consolidated Statements of Depreciation and amortisation, EBITDA

(¥ billion)	FY2019 Results ①	FY2019 forecasts (As of Nov.) ②	Change ①-②	FY2019 Forecasts (As of May) ③	Change ①-③	FY2018 Results ④	Change ①-④
Total Depreciation and amortisation	54.2	54.5	-0.3	55.8	-1.6	53.3	+0.9
(Breakdown for each business segment)							
Urban Transportation	27.4	27.8	-0.4	28.5	-1.1	26.7	+0.7
Real Estate	16.6	16.6	+0.0	17.1	-0.5	16.5	+0.1
Entertainment and Communications	7.0	7.2	-0.2	7.3	-0.3	6.8	+0.2
Travel	0.7	0.7	-0.0	0.7	-0.0	0.7	-0.0
International Transportation	0.6	0.7	-0.1	0.6	+0.0	0.7	-0.0
Hotels	2.1	2.2	-0.1	2.2	-0.1	2.1	+0.0
Total EBITDA (※)	171.4	164.0	+7.4	168.0	+3.4	160.8	+10.5
(Breakdown for each business segment)							
Urban Transportation	70.8	70.0	+0.8	71.4	-0.6	68.2	+2.6
Real Estate	65.9	64.4	+1.5	65.1	+0.8	57.5	+8.4
Entertainment and Communications	25.8	23.4	+2.4	24.0	+1.8	24.6	+1.2
Travel	2.4	1.4	+1.0	2.0	+0.4	2.7	-0.3
International Transportation	3.0	2.6	+0.4	2.8	+0.2	3.4	-0.4
Hotels	3.4	3.5	-0.1	4.3	-0.9	4.3	-1.0

Ⅱ. Summary of the Medium-Term Management Plan

Long-Term Vision (Overall vision)

The slogan for the Hankyu Hanshin Holdings Group's Long-Term Vision for 2025 (fiscal 2026) is:

'Enhancing line-side areas and expanding fields'

Sustainably enhance corporate value

Enhance daily life (customer) value

Regarding these sociocultural changes as business opportunities, we will provide innovative products and services through our business operations.

Enhance social value

Build relationships of trust with various stakeholders, meet their expectations, and contribute to society.

Enhance economic value

We will strive to maintain and improve our profitability and financial soundness as a top-class private railways operator.

Umeda and line-side areas x stock businesses
Make our railway the absolute best among the Kansai networks.

Strategy①

Tokyo metropolitan area and overseas markets x stock businesses
Construct a stable revenue base in the Tokyo metropolitan area and overseas markets.
(diversify the portfolio, which is currently concentrated in Umeda and line-side areas).

Strategy②

flow businesses
Strengthen competitiveness by thoroughly pursuing brand optimisation and differentiation.

Strategy③

Groupwide initiatives, new business fields, etc.

Make greater use of the Group's collective strength and develop new business fields.

Strategy④

The coming age of full-scale population decline

Declining birth rate and aging population

Crumbling infrastructure

Further technological advances (AI, IoT, etc.)

Economic growth in Asia

Growing numbers of overseas visitors

Improvements to public transport infrastructure (airports, rail and motorway networks)

Tightening of labour market

Concentration of population into urban areas

Opportunity for Kansai to develop its position as gateway for Asia and the wider world

Long-Term Vision (Four strategies)

Umeda • Line-side areas

Umeda and line-side areas x stock businesses

Make our railway the absolute best among the Kansai networks.

Strategy①

We aim to increase the resident and non-resident population of line-side areas. To this end, we will channel into these areas the dynamism of the Tokyo-Nagoya-Osaka axis and the power of Asia and other regions of the world, attract new industries and cutting-edge technologies ahead of other companies, and support efforts to develop thriving local communities.

Tokyo metropolitan area and overseas markets x stock businesses

Construct a stable revenue base in the Tokyo metropolitan area and overseas markets

(diversify the portfolio, which is currently concentrated in Umeda and line-side areas).

Strategy②

Our property portfolio is currently concentrated in Umeda and line-side areas. To compensate for downsizing in the Kansai area, we will diversify our property profile by acquiring additional assets including rental property in Tokyo's large market and in overseas markets that are set to grow.

Stock (Use assets)

Group-wide initiatives, new business fields, etc.

Make greater use of the Group's collective strength and develop new business fields.

Strategy④

In addition to pursuing Group-wide initiatives, we will introduce cutting-edge technologies into existing businesses, venture into new business fields, and thereby provide culturally enriched and innovative lifestyle options.

Flow business

Strengthen competitiveness by thoroughly pursuing brand optimisation and differentiation.

Strategy③

Thoroughly optimise the Hankyu Hanshin brand value and differentiate the products and services from the competition so as to strengthen competitive edge and achieve further business expansion.

Flow (non-assets)

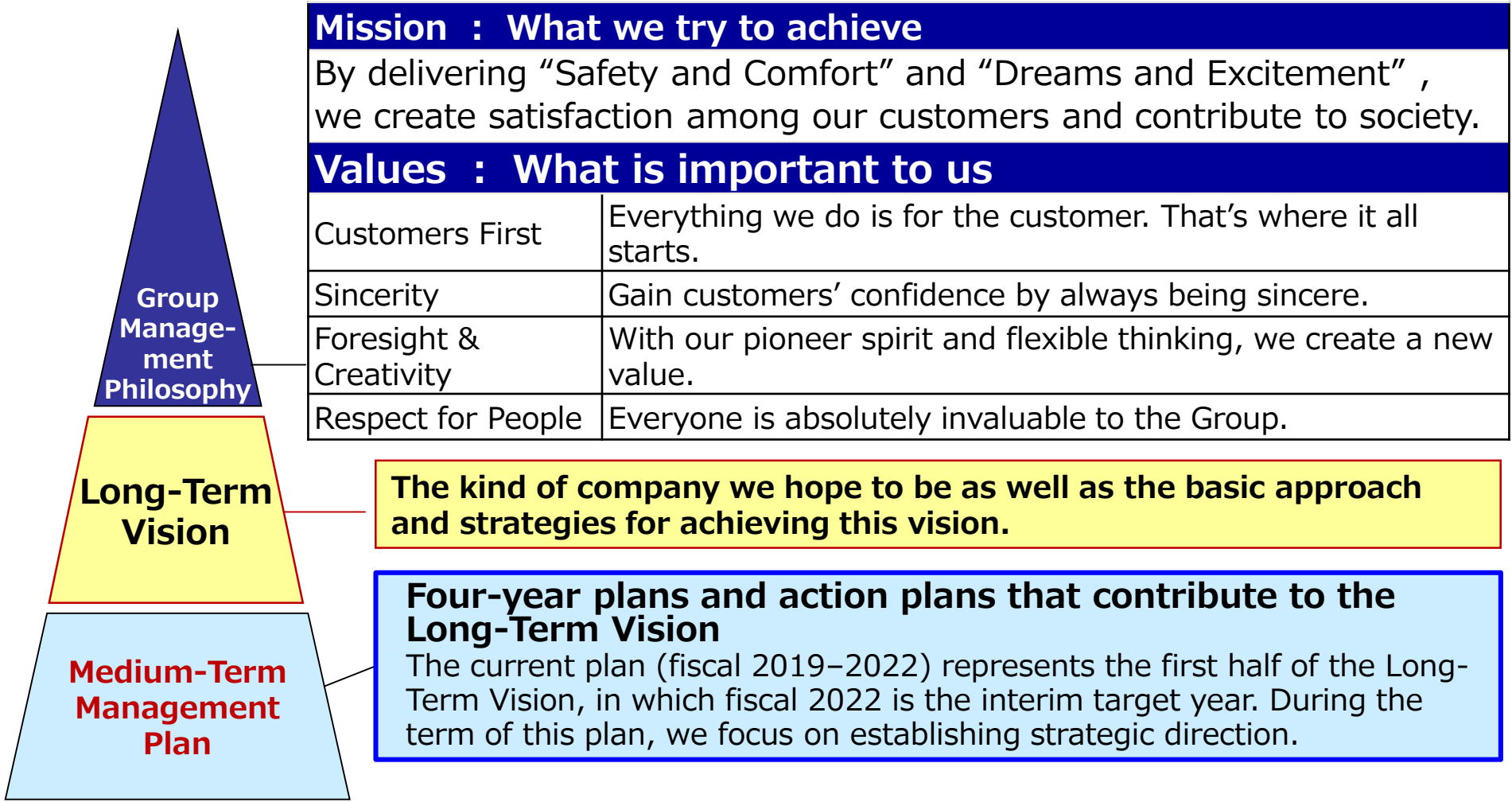
Long-Term Vision (Management Indicators)

We will pursue the four strategies with a view to achieving the following targets as of 2025 (fiscal 2026). Achieving these targets will keep us on course for maintaining at least the current levels of operating income in the 2040s, when demographic changes will have had a major impact on business.

	Management Indicators	Targeted figure for 2025 (FY2026)
Profitability	operating income	<u>¥120 billion</u>
	EBITDA	<u>¥200 billion</u>
Financial soundness	Interest-bearing debt /EBITDA ratio	<u>Between 5 and 6 times</u>

- Ensure that we will be one of the most profitable private railway operators in 2025 (fiscal 2026).
- While accelerating growth investment, ensure that we remain one of the most financially sound private railways operators.

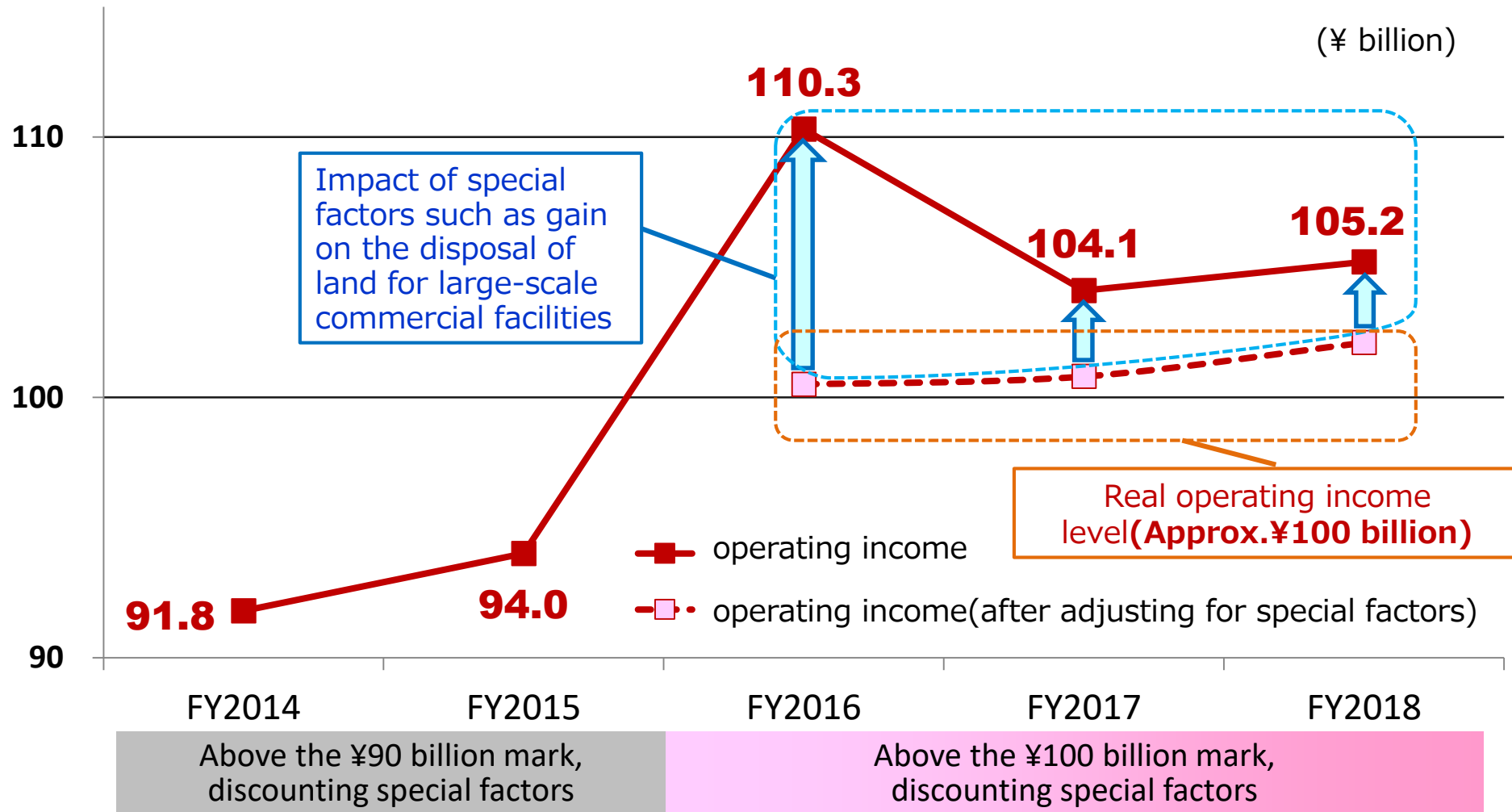
Placement of Medium-Term Management Plan



As part of an annual rolling plan, we set out action plans with a view to achieving our Long-Term Vision. In the run-up to fiscal 2026, the cumulative impacts of these actions will bring us closer to our vision of the company we hope to be in the long-term.

Current operating income levels (FY2016-FY2018)

- From fiscal 2016 through fiscal 2018, operating income trended **a little above the ¥100 billion mark in real terms**, discounting special factors such as gain on the disposal of land for large-scale commercial facilities.



Framework of the Medium-Term Management Plan

- Our long-term target for operating income is ¥120 billion by fiscal 2026. We will focus on raising the current income level from ¥100 billion so that we can soundly achieve the **interim target (the target for fiscal 2022) of ¥110 billion**.
- We will **allocate resources** to achieve these goals, **focusing on growth investments** linked to the following four strategies.

Four strategies

～Business strategies related to the Long-Term Vision～

- ① Further strengthen the stock businesses in the Umeda and line-side areas (e.g. railways, real estate leasing, media and communications, hotels)
- ② Accumulate stock in the Tokyo metropolitan area and overseas markets
- ③ Increase competitiveness of flow businesses (real estate sales, sports, stage, information services, travel, and international transportation)
- ④ Make greater use of the Group's collective energies and venture into new business fields

Financial policy

- As part of our efforts to achieve our Long-Term Vision, **we will focus on growth investments under strategies ① to ④** while aiming to further increase operating income and EBITDA.
- We will continue to maintain our financial soundness. (Interest-bearing debt/EBITDA ratio will be prioritised over interest-bearing debt as a benchmark for financial soundness.)
- As for returns to shareholders, we will deliver steady dividends while aiming for a targeted total payout ratio.

Forward-looking investment

While striking a balance with financial soundness, **we will prioritise growth investment under strategies ① to ④**.

Maintaining financial soundness

Prioritise interest-bearing debt/EBITDA ratio as a benchmark for financial soundness.

Returns to shareholders

Steady dividends

Growth process in run-up to fiscal 2026 (hypothetical)

- Investments in the stock businesses (Strategies ① and ②), excluding those for acquiring functioning property, will take some time to yield returns.
- Likewise, investments for developing new business fields (Strategy ④) will take considerable time to establish new businesses.

Aim to **raise operating income by ¥10 billion** by fiscal 2022 primarily in flow businesses (Strategy ③)

Fiscal 2022
Interim target year
¥110 billion

Fiscal 2026
Final year of
Long-Term
Vision
¥120 billion

+ ¥10 billion

increase in flow businesses

investments in stock
businesses

+ ¥10 billion

Current Medium-Term Management
Plan (fiscal 2019–2022)

(fiscal 2023–2026)

Fiscal 2016–2018
Real operating income
level, discounting
special factors
Approx. ¥100 billion

Over the second half of the Long-Term Vision (fiscal 2023–2026), **we expect to see a further rise of ¥10 billion in operating income.** This increase will be driven **primarily by the returns on investments in stock businesses** (e.g., Umeda 1-1 Project). Other factors will include a further operating income increase in flow businesses and contributions from the new business fields we will develop.

Key actions under the four strategies

Strategy① Further strengthen the stock business in the Umeda and line-side areas

Increase the value of our assets in the Umeda area

- Strategically rebuild held assets to enhance long-term value of the holdings
- Help enhance the area as a whole through area management, urban promotion, and by developing and managing sites for generating new business and industry

Invigorate key line-side bases

- Drive forward development projects in key line-side areas
- Invigorate communities through station-centred community development

Construct new rail links to improve the transport network

- Link our lines with Shin-Osaka Station, Kansai International Airport, and Osaka International Airport to increase convenience and accessibility

Capture inbound demand

- Attract more tourists to Umeda and line-side areas and encourage them to use Group facilities/services to maximize Group earnings

Strategy② Accumulate stock in the Tokyo metropolitan area and overseas markets

Acquire more stock in the Tokyo metropolitan area

- Drive forward new development projects and acquire functioning properties in central Tokyo's five wards while monitoring market trends

Open more hotels in the Tokyo metropolitan area

Develop plans for acquiring stock (real-estate) overseas

Strategy③ Increase competitiveness of flow business (real estate sales, sports, travel, and international transportation)

Condominium business in Japan and overseas

Develop the information services business

Raise the profitability of the Travel Business segment

Increase handling volume in the International Transportation Business segment

Strategy④ Make greater use of Group's collective energies and venture

Expand S-POINT (a common point service for the Kansai area)

Venture into new business fields

Progress in fiscal 2019

■ Making headway in Strategy ③ and the other three strategies

①	· Completed phase 1 of Umeda 1-1 Project		· Reopened the refurbished/extended Ebista Nishinomiya	· Opened Hankyu Nishinomiya Gardens Gate Building
	· Started participating in Umekita Phase II Development Project		· Confirmed new hotel location in Yodobashi Umeda Tower (tentative name)	
	· Established strategy to capture inbound demand (e.g., provide free wi-fi, introduce tourist trains)			
②	· Completed PILOT Hankyu Hanshin Green Building (Kyobashi 2-6 Redevelopment Plan) · Advanced plans to acquire rental properties in ASEAN			
③	【Real estate sales】	Rapidly extended joint undertakings in ASEAN (projects cover a cumulative total of >26,000 units, many of which are in Thailand and Vietnam)		
	【Information services】	Obtained large orders related to transport systems Acquired Nihon-Protec		
	【Travel】	Advanced structural reform (developed TV shopping as a third channel, after newspaper and online ads, for winning new customers; bought more buses to increase day-return bus tours)		
	【International Transportation】	Strengthened logistics (opened new logistics centres in India and America) Increased handling volume in air transport		
④	· Launched S-POINT in Kansai with 7-Eleven (May 2018) and Kansai Supermarket (November 2018) · Ventured into agribusiness			

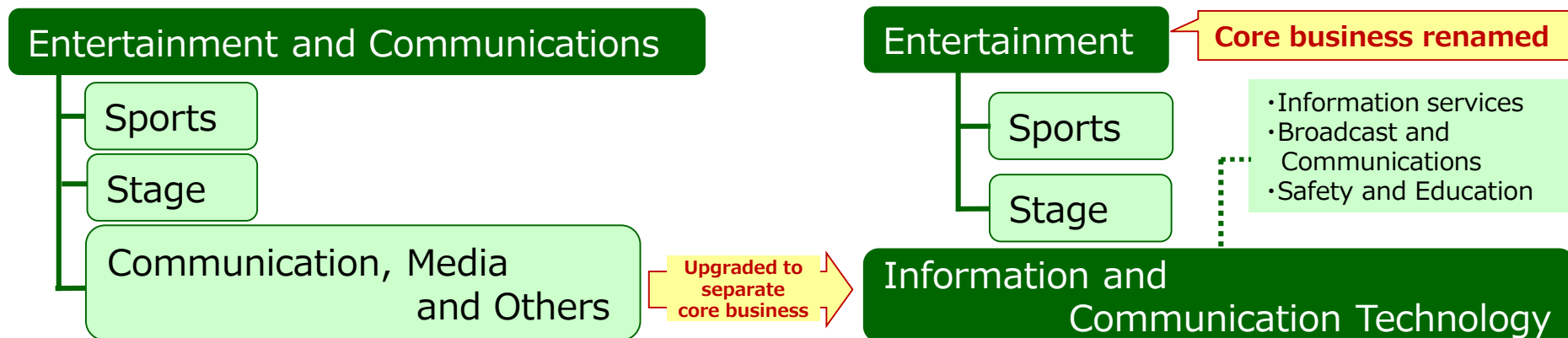


During the rolling planning, **we reviewed the Medium-Term Management Plan** in light of the above progress and business trends. **The reviewed plan is referred to herein as the “current plan.”**

Some organizational changes (April 2019)

Organizational changes in the core business Entertainment and Communications

- **Communication, Media and Others** is one of the units in the core business Entertainment and Communications. The unit itself comprises three sub-units (**information services, broadcast and communications, and safety and education businesses**), each of which has grown competitive over the past 12 years (since fiscal 2008), contributing significantly to operating income.
- Under the current plan, **communication, media and others** was upgraded to a separate core business in fiscal 2020. The purpose of the change was to empower **information services** to play a greater role in flow business development and to enhance the earning power of communications and media as a whole. Now a core business, **Communication, Media and Others** has been renamed **“Information and Communication Technology”** to more clearly describe the nature of its operations.



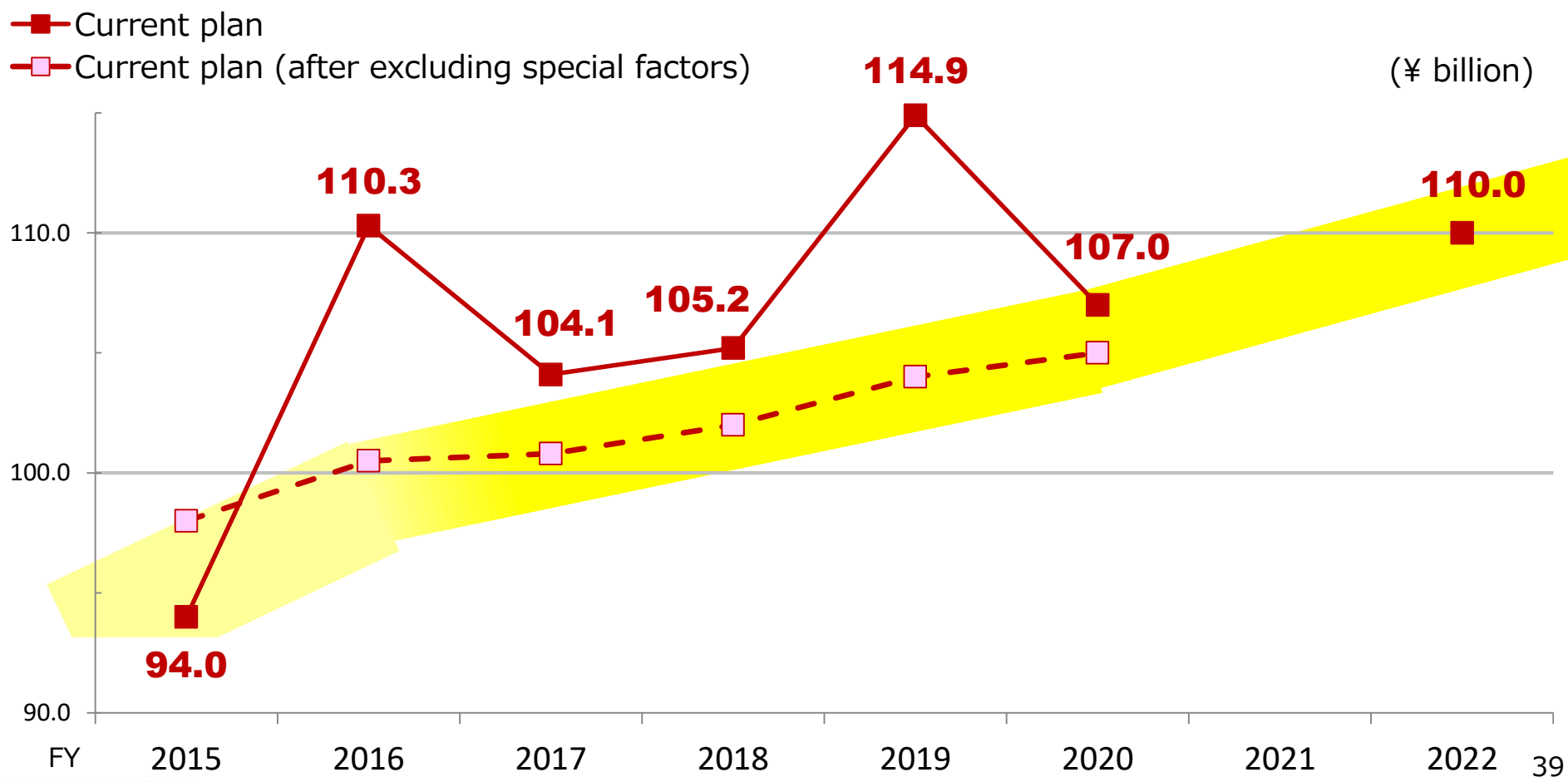
From April 2019: A seventh core business in the six core companies established

Hankyu Hanshin Holdings



Operating income trends in current plan

- As the graph below shows, **operating income has fluctuated in recent years**, reflecting one-off factors (special factors) such as natural disasters and disposal of land for large-scale commercial facilities. If we exclude these factors, we see that operating income has followed a steadily ascending trajectory, **reaching high above the ¥100 billion mark in fiscal 2019**.
- We aim to maintain this steady rise in base income so that we reach the fiscal 2022 **target of ¥110 billion** as part of our effort to achieve the operating income target of ¥120 billion by fiscal 2026.



Cash flows during current plan (estimates)

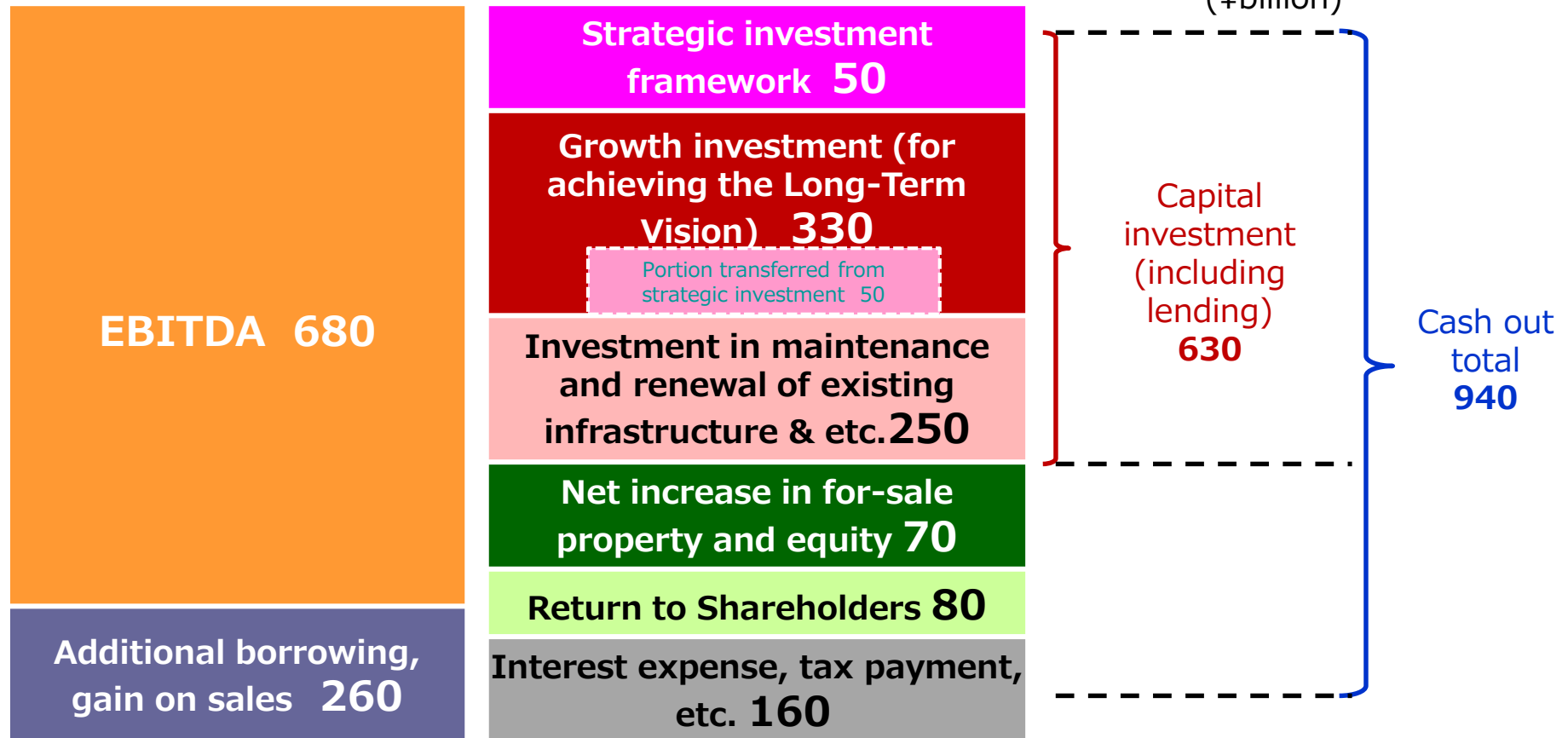
During the current plan, we expect EBITDA-measured cash flows of **¥680 billion**. On the other hand, we expect total outgoing cash flows of ¥940 billion as a result of **actively investing toward future growth**. This will leave a shortfall of **¥260 billion**; we will cover this shortfall with additional borrowing.

【FY2019~2022 Hypothetical cumulative cash flow for four-year period】

Cash in

Cash out

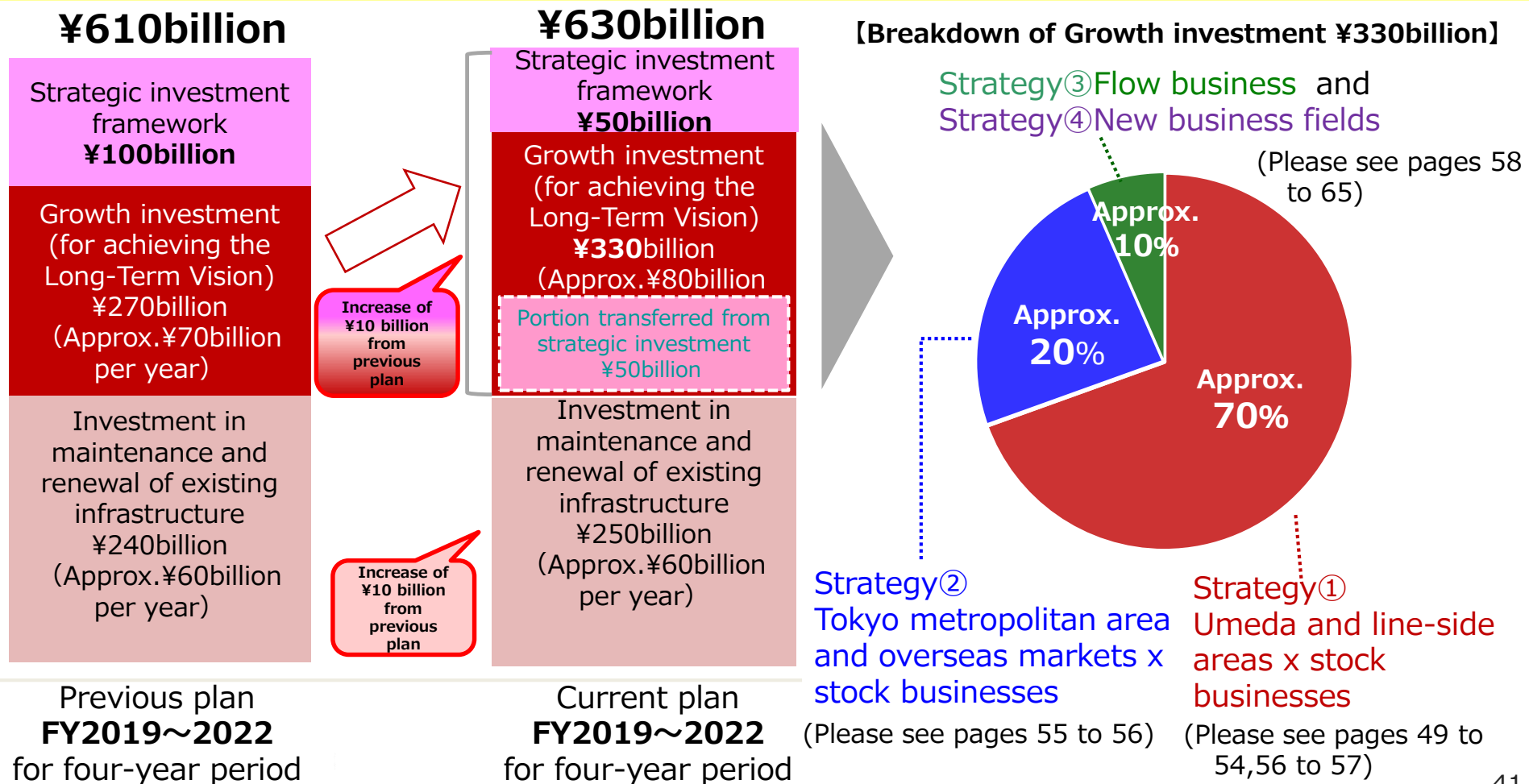
(¥billion)



Capital investment (including lending) in fiscal 2019-2022

Capital investment (including lending) in fiscal 2019-2022 is expected to total approx. ¥630 billion (+ ¥20 billion compared to the previous plan*)

- From the strategic investment framework of ¥100 billion (for large-scale projects, M&A activities, etc.), ¥50 billion has already been earmarked for investing in the Long-Term Vision, and we anticipate ¥10 billion extra in growth investments compared to the previous plan.
 - The extra ¥10 billion will help us maintain and renew existing infrastructure and meet the growing societal demands for comfort and safety.
- *As announced on May 23, 2018



Returns to Shareholders

■ Shareholder Return Policy

We aim to deliver steady dividends to shareholders, as measured by a total payout ratio of 30%, and steadily acquire treasury stock, while working to enhance our operating foundation.

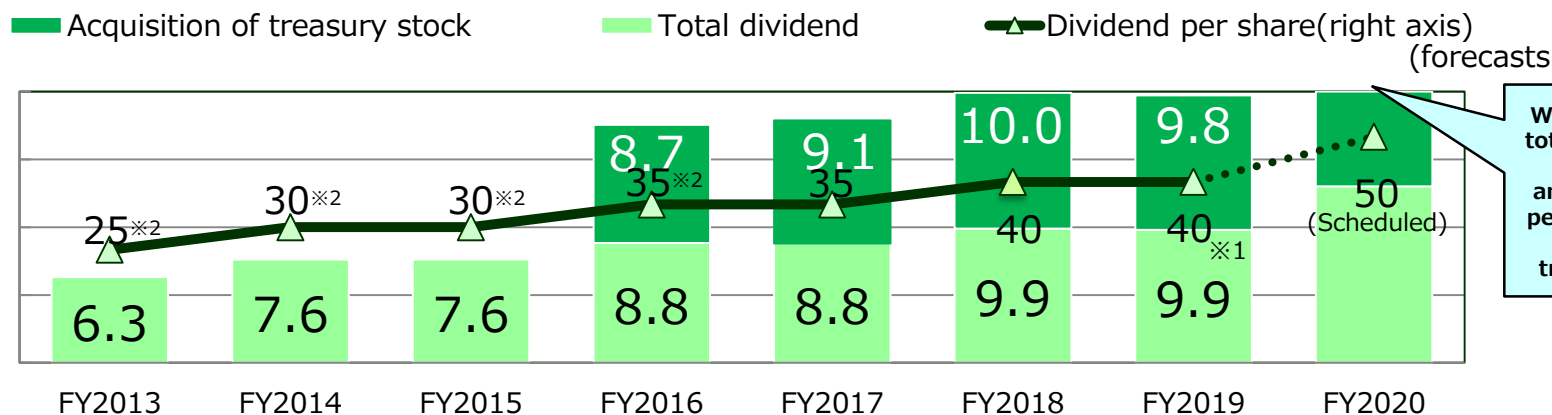
■ Regarding dividends of surplus for fiscal 2019, we will deliver annual dividend per share of ¥40 and cap treasury stock acquisitions at ¥9.8 billion.

■ Given our recent stable performance and progress in the Medium-Term Management Plan, we will increase the level of shareholder returns in two ways:

- We will raise the annual dividend per share from ¥40 to ¥50
- We will cap our treasury holdings at 5% of total outstanding shares and dispose of any holdings that exceed this cap.

<Reference> Formula for calculating total payout ratio

$$\text{Total payout ratio of FY[N](\%)} = \frac{(\text{Total dividend of FY[N]}) + (\text{Acquisition of treasury stock in FY[N+1]})}{(\text{Net income attributable to owners of parent in FY[N]})} \times 100$$



We will deliver a total payout ratio of 30% and annual dividend per share of ¥50, and acquire treasury stock.

※1 Subject to shareholder approval at the General Meeting of Shareholders on June 13, 2019

※2 The Company conducted a 1-for-5 reverse stock split with an effective date of 1st August 2016. The per-share annual dividends for fiscal years up to and including fiscal 2016 reflect the stock split.

Fiscal 2026 management indicators outlook

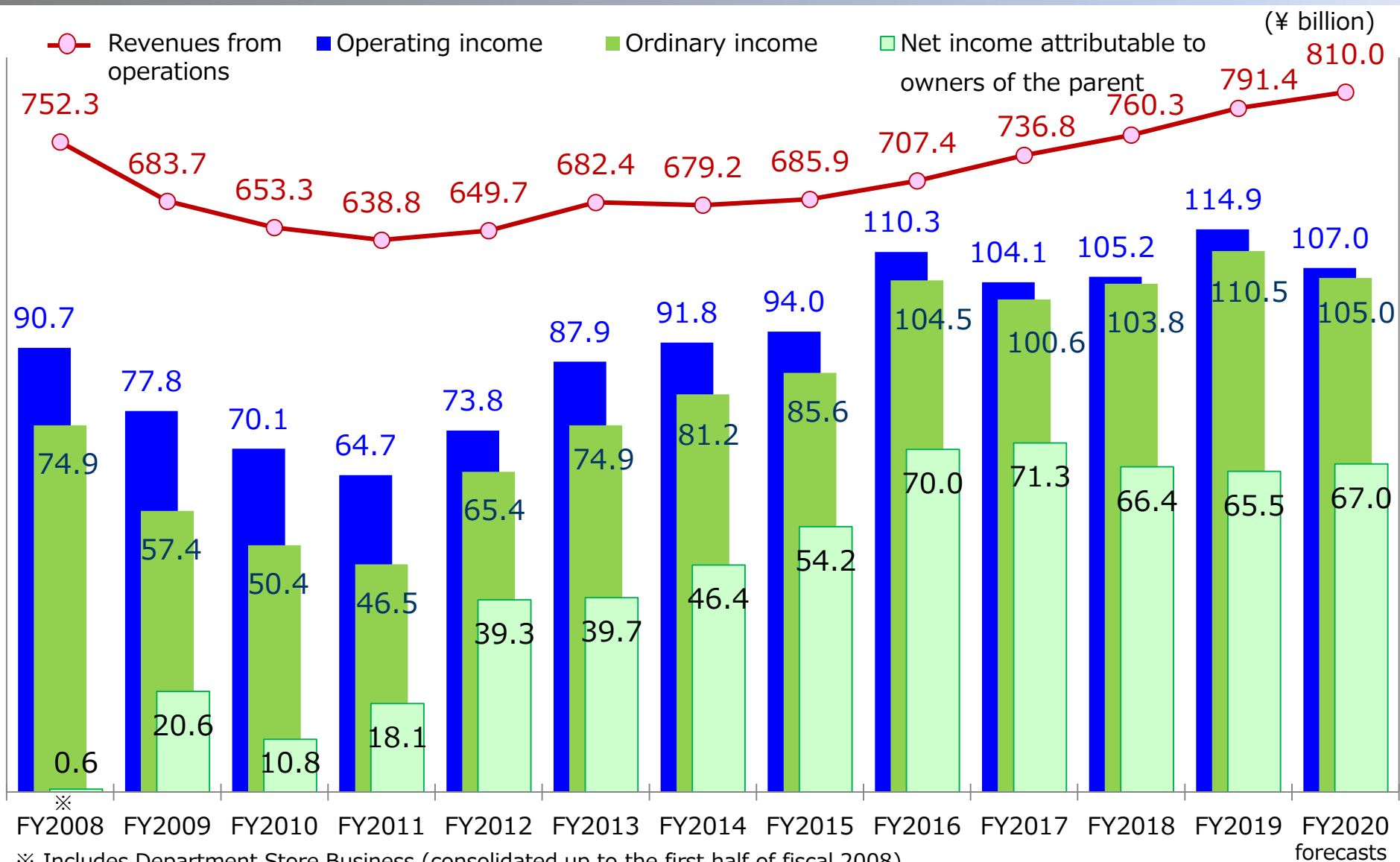
	FY2019 Results	FY2020 Forecasts	FY2022 Forecasts	FY2026 (The company we hope to be)
Operating income	¥114.9billion	¥107.0billion	¥110.0billion	¥120.0billion
EBITDA※ ¹	¥171.4billion	¥167.0billion	¥180.0billion	¥200.0billion
Interest-bearing debt	¥877.1billion	¥950.0billion	¥1,060.0billion	—
Interest-bearing debt /EBITDA ratio	5.1times	5.7times	5.9times	between 5 and 6times
D/E ratio※ ²	1.0times	1.0times	1.0times	—
Net income attributable to owners of the parent	¥65.5billion	¥67.0billion	¥70.0billion	—
ROE	7.6%	7.4%	7%	—
(Reference)				
Net interest-bearing debt※ ³	¥848.2billion	¥925.0billion	¥1,035.0billion	—
Net interest-bearing debt/EBITDA ratio	5.0times	5.5times	5.8times	—

※¹ EBITDA=operating income + depreciation expenses + amortisation of goodwill

※² D/E ratio=interest-bearing debt / equity

※³ Net interest-bearing debt=interest-bearing debt - cash and deposits

《Reference》 Trends in operating revenues and operating income



(Note) As of fiscal 2017, the presentation of revenues from operations of the International Transportation Business has changed from net to gross amounts.

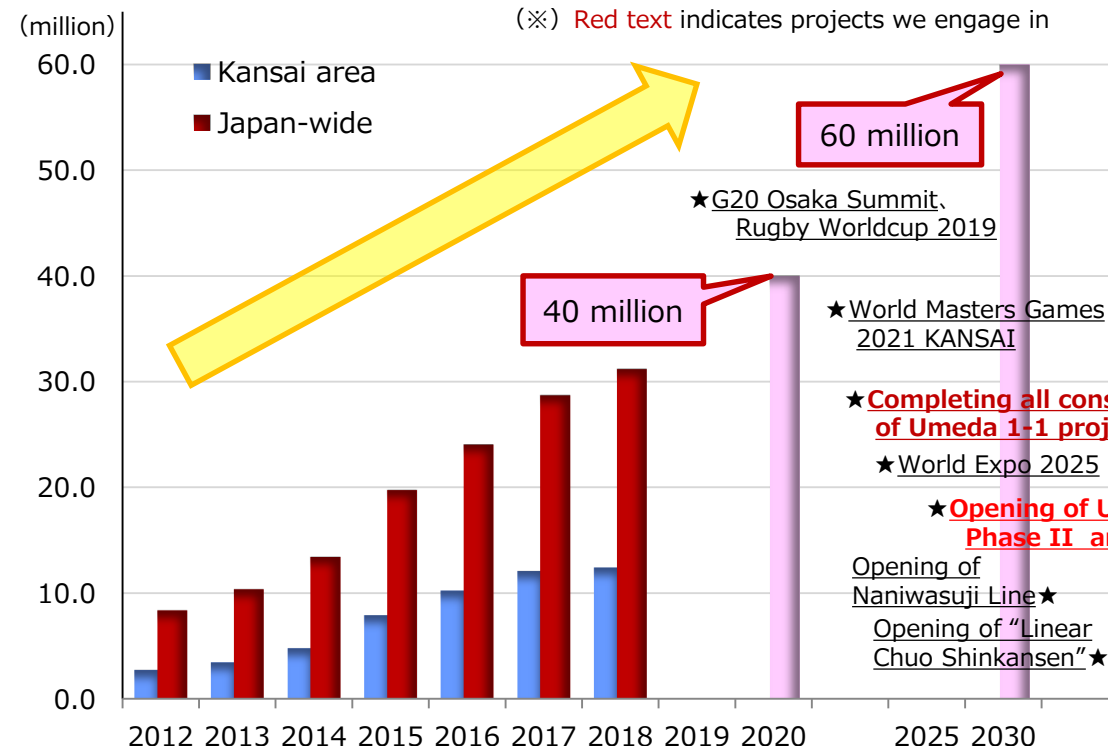
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Ⅲ. Specific Projects in the Medium-Term Management Plan (FY2019–FY2022)

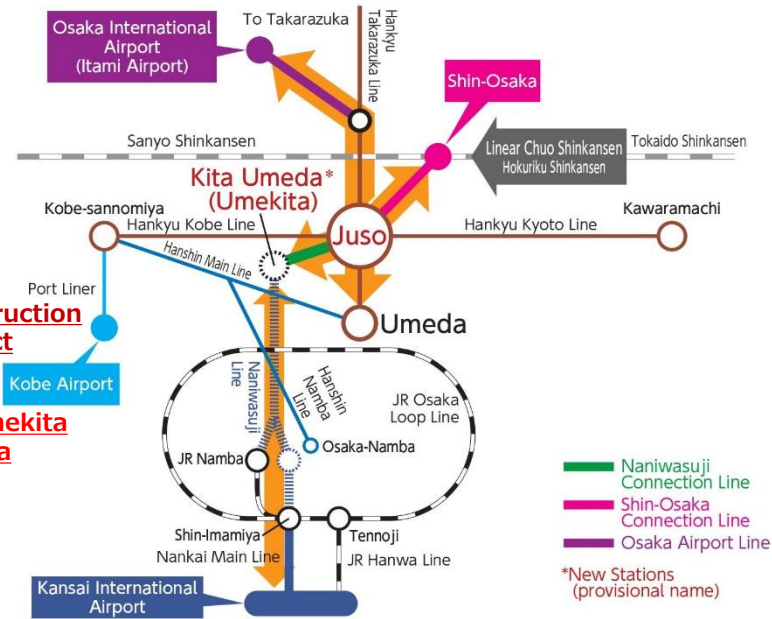
Outlook for Kansai area

- Kansai is set to receive increasing numbers of inbound tourists in connection with international events that will be held in Osaka and elsewhere in the region, including the G20 Summit and Rugby World Cup this year, the World Masters Games in 2021, and the World Expo in 2025.
- Meanwhile, plans are underway to lay new rail lines that will improve public transport access in Kansai and thus increase the region's potential.
We will accelerate efforts to capture the increased inbound demand.

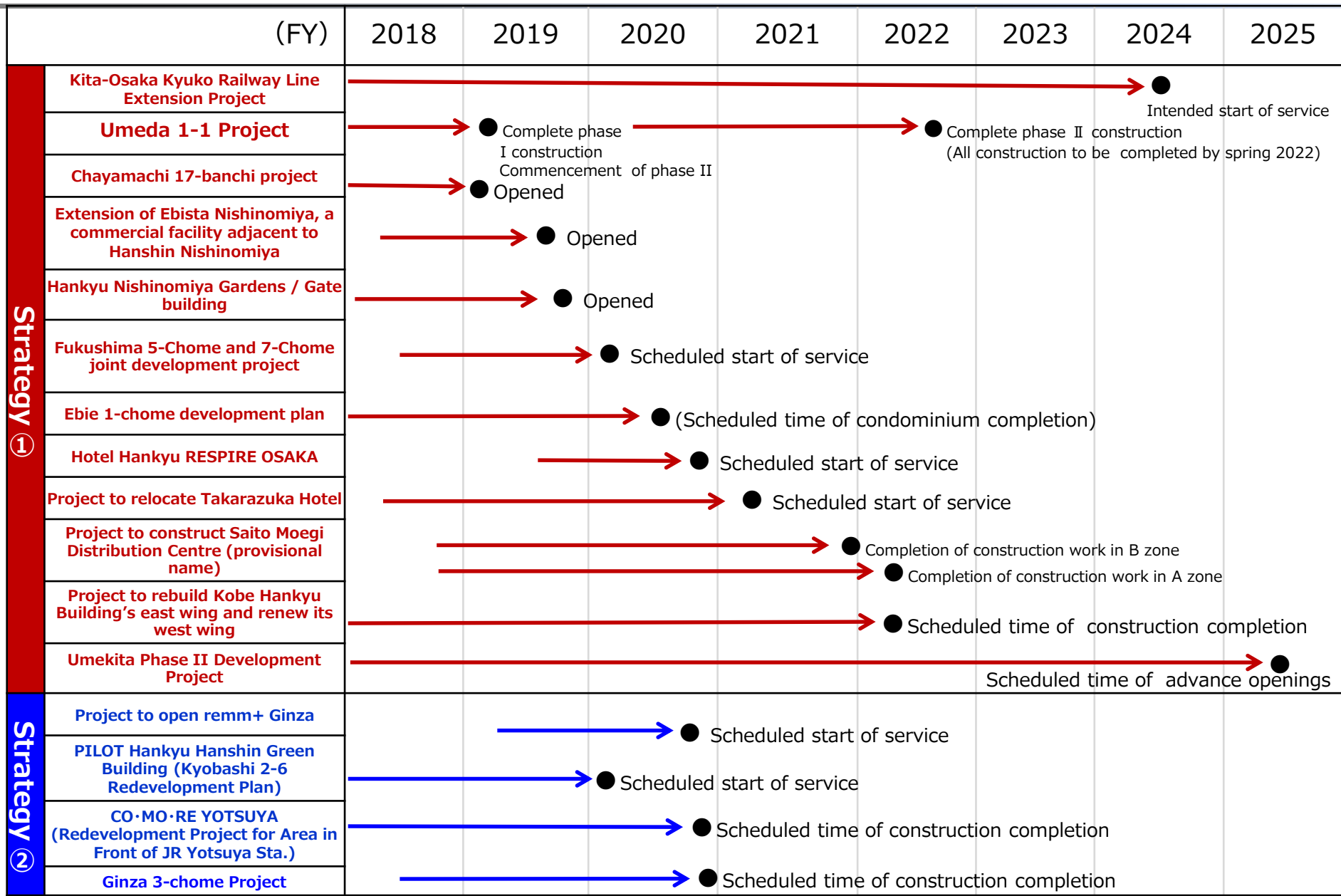
【Inbound demand trends】



【Key new routes】



Schedule for the Main Projects of the Business Strategies① and ②



Kita-Osaka Kyuko Railway Line Extension Project

【Development plan summary】

- Extension distance:
2.5 km, from *Senri-Chuo Sta.* to *Minoh-Kayano Sta.*
- New stations:
Minoh-Semba Handaimae Sta., *Minoh-Kayano Sta.*
- Estimated project cost: ¥65.0 billion
- Demand: 45,000 people per day

【Business scheme】

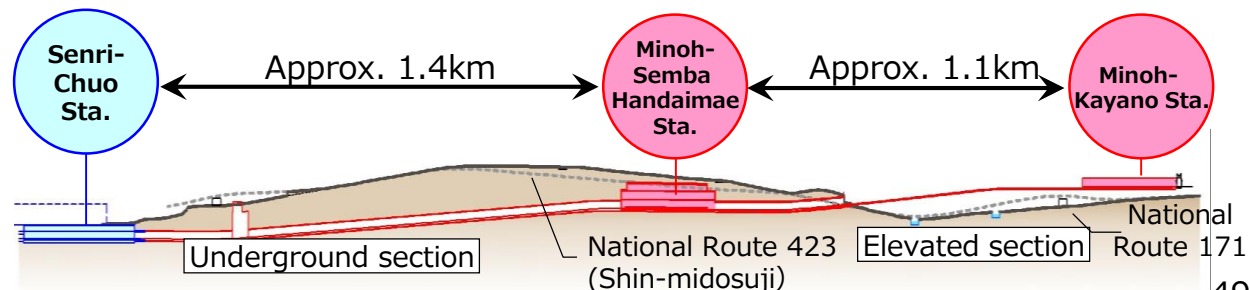
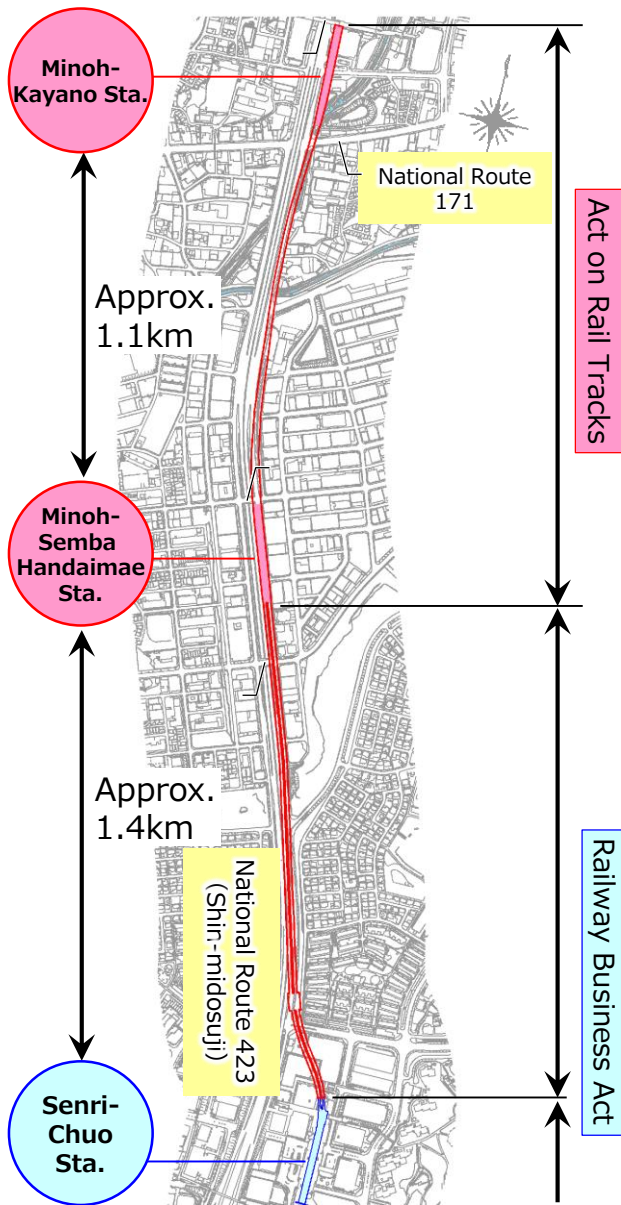
- Developer:
Kita-Osaka Kyuko Railway Co., Ltd. and Minoh City (development of infrastructural components between *Minoh-Semba Handaimae Sta.* and *Minoh-Kayano Sta.*)
- Operator: Kita-Osaka Kyuko Railway Co., Ltd.
- Funding programme: Social capital development grant
- Portion to be borne by Kita-Osaka Kyuko Railway Co., Ltd:
¥11.0 billion; Amount commensurate with profits

【Schedule】

December, 2015: We have obtained a license for railway business and a charter for railway track operations

December, 2016: Commencement of construction

FY2024: Intended start of service (Postponed from end of fiscal 2021)



Umeda 1-1 Project (Name of the building : Osaka Umeda Twin Towers South)

【Project summary】

Location	1-1 Umeda, Kita-ku, Osaka
Site area	Approx. 12,200 m ² *
Total floor space	Approx. 260,000 m ²
Number of floors	38 floors above ground and 3 below ground
Purpose	Department store, offices, halls, etc.
Planned total investment	¥89.7 billion
Construction completion	Spring 2022

* Including 750m² of road between Dai Hanshin Building and Shin Hankyu Building

【Schedule】

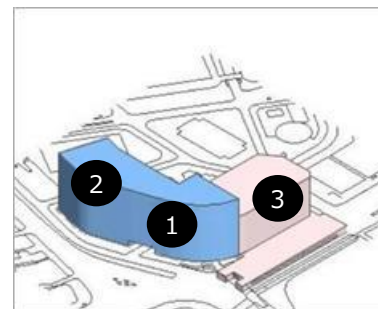
July 2015	Begin phase I construction
April 2018	Complete phase I construction* (Shin Hankyu Building and Dai Hanshin Building East Wing)
June 2018	Partial opening of new department store. Phase II (west wing of Dai Hanshin Building): Start demolition work
Spring 2019	Phase II (begin phase II construction)
Autumn 2021	Complete phase II construction (new department store part) and fully open new department store
Spring 2022	Complete all construction and open offices

* The project is scheduled to be completed in spring 2022. In that year, Umeda Hankyu Building, which houses Hankyu Department Store (Hankyu Umeda Main Store), will be renamed 'Osaka Umeda Twin Towers North', and the two adjacent buildings will be christened the 'Osaka Umeda Twin Towers'.

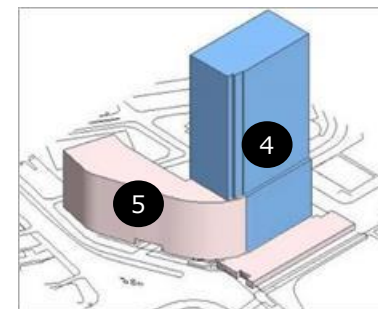
【Conceptual illustration of the building exterior】



【Phase I】



【Phase II】



- ① Dai Hanshin Building East Wing
- ② Shin Hankyu Building
- ③ Dai Hanshin Building West Wing
- ④ Dai Hanshin Building West Wing (under construction)
- ⑤ Phase I (businesses operating)

The rentable area is smaller than that planned during phase I.

Umekita Phase II Development Project

【Background】

• JV9, which includes Hankyu Corporation, and Hankyu Hanshin Properties Corporation entered a consortium with four other firms. The consortium submitted a bid for the Umekita Phase II Development Project in a public tendering process organized by the Urban Renaissance Agency (a semipublic Independent Administrative Institution). The consortium won the bidding.

• The core theme of the project is to integrate green space with innovation. Building on the first phase of the project (which culminated in the opening of Grand Front Osaka), the consortium is working to achieve this theme and set a new standard in urban design for Kansai and even the whole of Asia.

【Outline of plan】

<Private-sector zone specifications>

Zone	North zone	South zone
Site area	15,726㎡	30,429㎡
Total floor space	146,900㎡	374,660㎡
Facilities	Innovation facilities, hotel, residence, others	MICE facilities, offices, hotels, commercial facilities, residence, others

<Urban open space specifications>

Site area	45,000㎡
Total facility floor area	12,500㎡
Facilities	Museum, experiential learning facilities, roofed open spaces, restaurants, shops, others

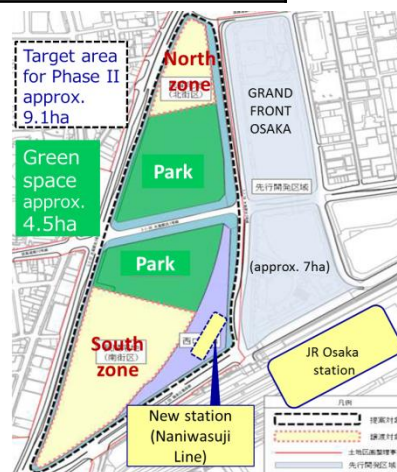
<Schedule>

Phased land transfer	From September 2020
Construction in private-sector zones	From October 2020
Advance openings※	Around summer 2024

※For some private-sector zone facilities and part of the urban open space

阪急阪神ホールディングス株式会社

Hankyu Hanshin Holdings, Inc.



How the area as a whole will look once completed




(based on the bid made in May 2018; subject to change)

Strategy①:Further strengthen the stock businesses in the Umeda and line-side areas④

Give commercial facilities in the Umeda and line-side areas a facelift

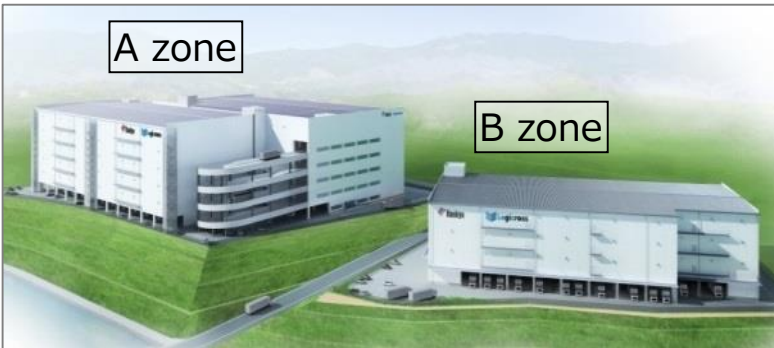

In order of opening date	Chayamachi 17-banchi project	Extension of Ebista Nishinomiya, a commercial facility adjacent to Hanshin Nishinomiya	Hankyu Nishinomiya Gardens Gate building
			
Location	Chayamachi, Kita-ku, Osaka	Wajocho, Tanakacho, Nishinomiya, Hyogo	Takamatsucho, Nishinomiya, Hyogo
Site area	Approx. 440m ²	Approx. 5,700m ² (Extended area)	Approx. 3,000 m ²
Total floor space	Approx. 2,800m ²	Approx. 10,000m ² (Extended area)	Approx. 11,600 m ²
Number of floors	8 floors above ground and 1 below ground	3 floors above ground	10 floors above ground and 1 below ground
Purpose	Commercial facilities (global flagship store 「MIZUNO OSAKA CHAYAMACHI」)	Commercial facilities	Commercial facilities, service facilities for education and childcare
Scheduled opening	April 20, 2018	October 29, 2018	November 21, 2018

Strategy①: Further strengthen the stock businesses in the Umeda and line-side areas⑤

In order of opening date	Fukushima 5-Chome and 7-Chome joint development project	Ebie 1-Chome Development Plan	Project to relocate Takarazuka Hotel
			
Location	5-chome Fukushima, Fukushima-ku, Osaka	1-chome Ebie, Fukushima-ku, Osaka	1-chome Sakaemachi, Takarazuka, Hyogo
Site area	Approx. 2,600m ² (※)	Approx. 27,900m ² (※)	Approx. 12,300m ²
Total floor space	Approx. 11,000m ² (※)	Approx. 52,200m ² (※) (condominium)	Approx. 23,000m ²
Number of floors	12 floors above ground and 1 below ground	20 floors above ground (condominium) Number of units: 566 units(※)	5 floors above ground and 1 below ground
Purpose	hotel(expected to be Hotel Hanshin Annex Osaka), supermarket(expected to be Hankyu Oasis)	condominium(Geo Fukushima Noda <i>The Marks</i>), commercial facilities (land to let)	rooms (Approx. 200 rooms) party hall (4 halls) restaurant (4 facilities)
Scheduled opening	May 15, 2019	September 2019 (Condominium on sale)	Around spring 2020

※ : Includes the portion belonging to our partner.

Strategy①: Further strengthen the stock businesses in the Umeda and line-side areas⑥

In order of opening date	Project to construct Saito Moegi Distribution Centre (provisional name) 	Project to rebuild Kobe Hankyu Building's east wing and renew its west wing 
Location	In the Sanroku Line area of the eastern section of Ibaraki City's International Culture Park 'Saito' (See page.91)	4-chome Kanocho, Chuo-ku, Kobe
Site area	A zone : Approx. 51,000m ² (※) B zone : Approx. 16,000m ² (※)	Approx. 7,100m ²
Total floor space	A zone : Approx. 125,000m ² (※) B zone : Approx. 32,000m ² (※)	Approx. 33,300m ²
Number of floors	A zone : 6 floors above ground B zone : 4 floors above ground	East wing : 29 floors above ground and 3 below ground West wing : 1 floor under railway station (some sections with 2 floors above ground / basement level)
Purpose	logistics facilities (A zone : multitenant logistics facility [High-tech facilities designed to be used by multiple tenants] 、 B zone : BTS logistics facility [Facilities built to suit a particular tenant's specifications])	hotel(expected to be Hankyu Hanshin Hotels-operated hotel), offices, commercial facilities, railway station
Scheduled opening	A zone : FY2022(scheduled completion) B zone : FY2021(scheduled completion)	Around spring 2021 (scheduled completion)

※ : Includes the portion belonging to our partner.

Strategy②:Accumulate stock in the Tokyo metropolitan area and overseas markets①

In order of opening date	PILOT Hankyu Hanshin Green Building (Kyobashi 2-6 Revelment Plan) 	CO·MO·RE YOTSUYA (Yotsuya Station District Redevelopment Project) 	Ginza 3-chome Project 
Location	2-chome Kyobashi, Chuo-ku, Tokyo	1-chome Yotsuya, Shinjuku-ku, Tokyo	3-chome Ginza, Chuo-ku, Tokyo
Site area	Approx. 1,450m ² (※2)	Approx. 17,900m ² (※2)	Approx. 310m ²
Total floor space	Approx. 17,000m ² (※2)	Approx. 139,600m ² (※2)	Approx. 2,900m ²
Number of floors	14 floors above ground and 1 below ground	31 floors above ground and 3 below ground	11 floors above ground and 1 below ground
Purpose	hotel(remm Tokyo Kyobashi), office, commercial facilities	office, commercial facilities, residence, educational services, publicgood, parking	commercial facilities
Scheduled opening	April 3, 2019 (Full opening)	Around early 2020 (scheduled completion)	Around spring 2020 (scheduled completion)

※1 : Image of completed construction, provided by the Urban Renaissance Agency (September 2016)

※2 : Includes the portion belonging to our partner.

Strategy①② : New hotel openings in fiscal 2019①

remm Tokyo Kyobashi

Opened on April 3, 2019

Guest room



Restaurant



- Opened in PILOT Hankyu Hanshin Green Building
- Remm's fourth opening in Tokyo metropolitan area

Location: 2-chome Kyobashi, Chuo-ku, Tokyo

*Close to Kyobashi Station on the Tokyo Metro Ginza Line

Number of rooms: 272 rooms
(Single 73 rooms, Double 134 rooms, Twin 65 rooms)

Hotel Hanshin Annex Osaka

Opened on May 15, 2019

Lobby



Guest room



- Opened in Fukushima 5-Chome and 7-Chome joint development building
- A new-style business hotel under unified management with nearby Hotel Hanshin Osaka

Location: 5-chome Fukushima, Fukushima-ku, Osaka

*6 minutes walk from Fukushima Station on Hanshin Main line

Number of rooms: 254 rooms
(Double 125 rooms, Twin 119 rooms, Triple 10 rooms)

remm plus Ginza

Opens on 24 December, 2019



- This is the first location of Remm Plus (styled as 'remm+'), which follows the remm concept but offers more guestrooms and a greater level of comfort.

Location: 8-5-4 Ginza, Chuo-ku, Tokyo

*4 minutes walk from Shimbashi Station on JR and Tokyo Metro Ginza Line

Number of rooms: 238 rooms
(Double 154 rooms, Twin 84 rooms)

Strategy①② : New hotel openings in fiscal 2019②

Hotel Hankyu RESPIRE OSAKA

Opens in November 2019

- We will open a 1,000-room hotel in Yodobashi Umeda Tower (tentative name), which is developed by Yodobashi Holdings, Inc.
- Targeting inbound tourists, the hotel will chiefly comprise rooms for multiple guests (twin rooms, triple rooms, etc.)



Location	Ofukacho, Kita-ku, Osaka (North of JR Osaka Station)		
Planned number of guestrooms: 1,032	Double	414rooms	
	Standard Twin	399rooms	
	Standard Triple	171rooms	
	Fourth	48rooms	
Number of floors	35 floors above ground and 4 below ground		
	12-35F	Guestrooms	
	9F	Lobby & front desk, banquet hall, cafes & restaurants	
	2F	Entrance	
	1F	Driveway, Entrance	

「RESPIRE」

RESPIRE combines the meanings of the words “rest,” as in to have a rest, and “inspire,” as in to have one’s senses stimulated and be filled with vitality. RESPIRE also means “to breathe.”

Hotel Hankyu RESPIRE aims to offer you a place where you can relax comfortably and also be revitalized for the next day, giving you the sensation of having taken a deep breath of fresh air.



Strategy③: Increase competitiveness of flow businesses①

Real estate sales business in domestic markets

【Real estate sales[lands and housing]】

- Continue to develop and strengthen the urban detached house business as a pillar of the residential real estate sales business.
- In addition to sales performance, make efforts to enable steady business expansion in the Tokyo metropolitan area.
- Focus long-term residential development efforts on *Takarazuka Yamatedai* district and International Culture Park '*Saito*'.



**【Hapia Garden
Kobe Takamaru】**

(Houses on sale from November 2018)



**【Hapia Garden
Tamagawa Gakuenmae】**

(Houses on sale from February 2019)

【Real estate sales[condominium]】

- Continue to use strict criteria for selecting properties to acquire. Advance business steadily while carefully monitoring the impacts of the consumption tax hike and the high level of construction expenses.
- In the Tokyo metropolitan area, strengthen the system for acquiring land and gradually expand business, bringing the number detached house sales to the level of those in the Kinki area (approximately 800 units a year).
- Accordingly, we will participate in projects with a medium to long-term focus (e.g., urban redevelopment, remodeling projects) and expand the business mix, such as developing rental condominiums and selling them at a profit.

Total number of units

	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020 forecast
Number of Units※1	1,064	680	1,210	1,548	1,356	1,374	1,302	1,087	1,159	1,114	approx. 1,550

Major properties sold in fiscal 2019※2

- Geo Hankyu Minase *Heart square* (Mishima-gun, Osaka) 315units
- Geo Kyoto Katsuragawa (Minami-ku, Kyoto) 98units
- Geo Shinjuku-wakamatsucho (Shinjuku-ku, Tokyo) 123units

Major properties to be sold in fiscal 2020※2

- Geo Fukushima Noda *The Marks* (Fukushima-ku, Osaka) 566units
- Geo Kobe Nakayamate-dori (Chuo-ku, Kobe) 256units
- Geo Kashiwanoha Campus (Kashiwa, Chiba) 226units



【Geo Shinjuku-wakamatsucho】

(Sold in May 2018)



**【Geo Fukushima Noda
The Marks】**

(Scheduled to be sold
in September 2019)

※1 : Figures include units in shared buildings that the Group partly owns.

※2 : Figures indicate total number of units.

Strategy③: Increase competitiveness of flow businesses②

Real estate sales business in overseas markets

- To help our real estate sales business achieve a certain level of profitability in overseas markets as early as possible, we will accelerate efforts to promote our residential real estate sales business in ASEAN states.

	Number of Projects	Number of Units
Vietnam	5	over 11,000
Thailand	11	over 9,000
Philippines	3	over 3,000
Indonesia	2	approx. 1,800
Malaysia	1	approx. 850

**Cumulative total of overseas residential real estates sales :
More than 26,000 units**

Philippines [house・townhouse]

- Ideshia Dasmariñas
(house: Total approx. 1,100 units)
(townhouse: Total approx. 700 units)



and others

Thailand [condominium]

- Niche Mono Ramkhamhaeng
(Total approx. 1,700 units)



and others

Vietnam [condominium・house・townhouse]

- AKARI CITY
(condominium: Total approx. 5,200 units)



and others

Malaysia [condominium]

Indonesia [house・condominium]

Strategy③: Increase competitiveness of flow businesses③

Information services business

The market for the information services business is expected to expand significantly. Accordingly, to help the business grow, we will make maximal use of our expertise and unique model to expand our market share and develop new business fields.

① Focus on promising fields

- Fully leveraging our well-honed multi-vendor solutions※1 and one-stop services※2, we will accelerate efforts to develop business in promising fields, such as building maintenance, transport systems, Internet solutions, and healthcare, and thus increase our market share.

※1: This refers to our ability to combine products from different companies to create efficient systems.

※2: This refers to our spectrum of services from system development to operation/monitoring/maintenance.

(Accomplishment)

『Installed bus control system in Busta Shinjuku bus terminal』

(April 2016)



(Examples of products)

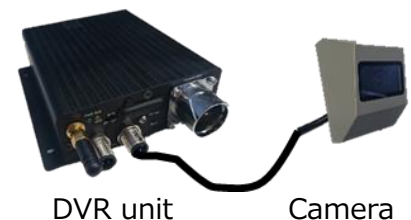
『Onboard CCTV』

There is a mounting impetus for railway companies in Japan to install onboard camera systems to tackle rising train crime and ensure security during Tokyo 2020.

(Camera on a commuter service)



(Camera on a limited express service)



DVR unit

Camera

② Extend business operations in Kanto and Chubu area

- Building on our track record of providing solutions in the Kansai area, we will step up efforts to expand business in the Kanto area (a larger market) while also making inroads in the Chubu area.

(Accomplishment) 『Acquired Nihon-Protec』(December 2018)

Based in Kansai area, Nihon-Protec has an impressive track record in contracted system development. The acquisition of the company will help us expand our business.

③ Use cutting-edge technology to promote new businesses

- Regarding pioneering technologies like AI and IoT as opportunities, we will actively incorporate technologies from outside (such as by partnering with venture businesses) where we lack the necessary technologies ourselves, and use the technologies to develop new solutions services.

Safety / Education business

【Safety initiatives(Mimamorume)】 (End of March, 2019)

Since its launch, the service has steadily increased subscriptions and it now has around 240 thousand subscribers (+40 thousand subscribers from previous year). This success is partly because of the high demand for child safety. Another reason is that parents find it reassuring to know that, as a group involved in public transportation, we are very community-minded.

School commute app (an email is automatically sent when the student passes the school gate)

Number of schools that ordered app : approx. 1,250 schools (+162 schools from previous year)

Kindergarten attendance app (used to manage children’s safety and manage number of hours in kindergarten)

Number of kindergartens that ordered app :
approx. 140 kindergartens (+27 kindergartens from previous year)

Safety monitoring app (the app uses a network※ of cameras, sensors, and parents/carers to track the location of children or elderly people)

We launched the service in Itami and have now introduced it in Nagaokakyo, Daito, Kakogawa, and parts of Kobe. We will introduce the service in parts of Tokyo’s Adachi ward in fiscal 2020.

Mimamorume GPS (a service that protects children and the elderly)

Municipalities that have introduced the service:approx. 50 municipalities
Subscribers : approx. 10,000 subscribers (+approx. 2,000 subscribers from previous year)



【Education initiatives (ProgLab)】 (End of March, 2019)

In April 2016, we launched an educational programme for robot programming (for seniors down to junior high school students).

We have started franchising the programme in the Tokyo metropolitan area.

Total number of students : approx. 3,500 students (+approx. 1,400 students from previous year)



Directly run classes	13
In-school classes	6
Franchised classes	17

※ Volunteers in the community can install a dedicated app onto their smartphones, connecting the devices to a network for watching over children and the elderly.

Strategy③: Increase competitiveness of flow businesses⑤

Travel business

- In the Travel Business segment, we have until now achieved steady earnings with a lineup centred on core brand travel packages. However, recent changes in the environment (e.g. global instability, natural disasters, and the deterioration in the travel product procurement environment associated with the rising numbers of overseas visitors to Japan) are having a significant impact on business, and we expect that competition will intensify in the years ahead.
- Accordingly, starting in fiscal 2018, we are reforming the business structure with the intention of further strengthening our core brand travel packages and establishing alongside this a second pillar—future-oriented business—as early as possible.

Principle Never resting on our laurels, we will continue to embrace change and improve our products even further to create travel products that reflect customer feedback and ensure we are a company society needs.

Strengthen competitiveness of core brand travel packages

- **Strengthen areas outside Europe**
 - Taiwan, Vietnam, Cambodia, Domestic bus tours
- **Strengthen Specialised products**
 - Tours specialise in specific purpose (cruise, overseas and domestic hiking tour, etc.)
- **Expand customer base among new demographics**
 - Strengthen individual-oriented products
 - Start TV mail order and CM
- **Revise cost structure for advertising expenses, etc.**
 - Overhaul advertising expenditure rates

Establish a second pillar

- **Strengthen approach to non-Japanese tourists**
- **Expand group and business travel services and create stable source of revenue**
 - Group travel services
 - : Strengthen services in the Tokyo metropolitan area and increase the number of sales representatives
 - Business travel services
 - : Invest in human resources (train global workforce) and Strengthen digitization

International transportation business

【 Basic strategy for achieving growth 】

- Shift toward a more balanced business portfolio (strengthen ocean transportation and logistics operations)
- Promote Asia-centred business development (shift away from the focus on Japan as origin/destination for shipments)
- Expand investments in growing markets (e.g. India, Africa)

Capital tie-up / joint venture with Seino Holdings (April 2018)

Under the joint venture, the two companies will augment each other's operations in and out of Japan and thus provide new distribution services to customers.

- ① Under the joint venture, Seino Holdings' domestic distribution network and logistics capacity will be combined with Hankyu Hanshin Express (HEX)'s global distribution network digital, and the two companies will work together in digital information initiatives. In this way, the venture will help deliver supply chain management solutions tailored to each customer's needs.
- ② It will also help develop and deliver new logistics services (customer agency services related to ordering and trade settlement, temperature-controlled transport, etc.)

【Specific Initiative】

HEX will take out a lease on a warehouse space within Seino Transportation's new logistics centre nearby Narita International Airport, and move there from its present location in Hankyu Hanshin's Narita Cargo Terminal (Shibayama, Sanbu District, Chiba Prefecture) in July 2019. Because the new logistics centre adjoins Seino Transportation's truck terminal, it will help HEX provide logistics services with reduced lead times for cargo shipments and greater convenience. HEX will use the first floor of the warehouse space to strengthen its logistics services.

Location	Sanrizuka Narita Chiba
Warehouse space specifications (Total floor space)	Ground floor : Cargo handling area, Refrigerator, Freezer (approx. 14,200m) First floor : Logistics warehouse (approx. 12,400m)



Strengthen logistics business / expand global network

- Business expansion in North America
We have opened an office in Miami, a gateway into South America. We are also opening new logistics centers, and expanded existing ones, in New Jersey and Dallas.
- Strengthen logistics business in ASEAN region
We built a logistics centre in Indonesia in 2016, and one in Singapore in 2017. Since then, we have opened centres in three locations in India: Chennai, Ahmedabad, and Delhi.
We continue to expand our global network, opening offices in locations such as Coimbatore (India) and Da Nang (Vietnam).
- Strengthening business development in Africa
In April 2018, we invested in Intraspeed in South Africa and acquired the freight forwarder a subsidiary. We also acquired as subsidiaries two companies owned by Intraspeed (one company is in Kenya and the other is in Uganda).
Looking ahead, we will step up our efforts to develop business in Africa.

Strategy④: Make greater use of the Group's collective energies and venture into new business fields①

Credit and point card strategy

Develop S-POINT (a common point service for the Kansai area)



- In April 2016, the Group teamed up with H2O Retailing Corporation to launch S-POINT※1, a common point service for the Kansai area. Since then, we have worked to expand S-POINT's trading volume. Specifically, we are working to build S-POINT's membership while expanding the number of S-POINT member facilities—i.e., the number of Group and non-Group facilities that accept S-POINT.

※1 The main cards compatible with S-POINT are STACIA cards, which come with optional credit card function and PiTaPa function, and various point cards.

Now

Membership :
Approx. 7.5 million members



Future target

Membership :
Approx. 10million members

[S-POINT service coverage extended from 7-Eleven stores to Kansai Supermarket]

- On May 14, 2018, S-POINT started being accepted among the roughly 2,700 7-Eleven convenience stores in the six prefectures of Kansai※2. On November 13 of the same year, it started being accepted in 27 stores in Hyogo Prefecture. On April 2, 2019, the coverage was extended to all 37 Kansai Supermarket outlets (36 in Osaka Prefecture, 1 in Nara Prefecture). Consequently, the card is now accepted in approximately 5,000 stores.

→Capitalizing on this development, we will further develop S-POINT until it becomes indispensable to Kansai residents.※2 The six prefectures of Kansai are Osaka, Kyoto, Hyogo, Shiga, Nara, and Wakayama.

[STACIA card strategy]

<Ongoing measures to develop STACIA card>

Card to become the foremost card in line-side areas

Get the card established as in-house card

- Increase the card's use amount to the top level in the area
- Increase card's rate of usage among the Group

Strategy④: Make greater use of the Group's collective energies and venture into new business fields②

Initiatives of new business fields / Initiatives of raises line-side value

【Ventured into agribusiness】

Launched production and sales of cherry tomatoes with high sugar content, as part of joint venture with a company that has the farming tech.

<Schedule>

July 2019: Production launch

September 2019: Market launch



【Private after-school day care centre】

To help parents who are bringing up children in areas served by our lines, we opened a private after-school day care centre called After-school Kippo.

- Open three branches: at Toyonaka, Nishinomiya-Kitaguchi (relocate in December 2018), and Ikeda stations



【Comprehensive support for the elderly】

Open members-only community centres for active elderly residents in line-side areas.

- ※ These community centres offer an extensive menu of activities that promote health and wellbeing (e.g., culture classes). They also provide services that increase comfort and convenience for users in daily life.

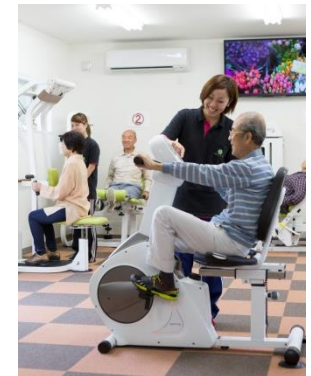
- Open three centres in Takarazuka, Shukugawa, and Minoh.



【Hanshin Ikiiki Day Service】

This is a half-day rehabilitation service that helps elderly users live sustainably in their familiar community.

- 15 along the Hankyu and Hanshin lines



Initiatives of ESG(Environment, Social, Governance)①

Environment



【Examples of efforts to promote eco sustainability】

〈Urban Transportation〉

○Energy-efficient trains

- After we introduced energy-efficient trains, we achieved a reduction in power consumption. In fiscal 2019, Hankyu Corporation consumed 6.7% less energy, and Hanshin Electric Railway consumed 2.5% less energy, compared to fiscal 2015.



Hankyu Corporation
(Series 1000)



Hanshin Electric Railway
Co., Ltd. (Series 5700)

〈Real Estate〉

○DBJ Green Building Certification

Two of our buildings certified as five-star DBJ Green Buildings,
the best level in the country

(Umeda 1-1 Project)



Recipient of certification:
Hanshin Electric Railway Co.,Ltd. and Hankyu Corporation

(Hankyu Nishinomiya Gardens)



Recipient of certification: Hankyu Corporation and
Hankyu Hanshin REIT Asset Management,Inc.

(HEP FIVE)



Recipient of certification: Hankyu Hanshin Properties Corp.
and Hankyu Hanshin REIT Asset Management,Inc

〈Entertainment〉

○Solar power

- Solar cells were installed on Hanshin Koshien Stadium's Ginsan roof and put into operation in March 2010.



Initiatives of ESG(Environment, Social, Governance)②

Social

Group-wide social contribution activity: Hankyu Hanshin Dreams and Communities of the Future Project (since fiscal 2010)

•To **build customer loyalty** and **enhance value over the long-term**, we are working on collaborative projects with group companies, citizen groups, and group employee in accordance with the following policy.

【Policy】 Promote the creation of towns and cities along our railway lines that people will truly want to live in.

【Priority areas】 Environmentally friendly development that enhances the appeal of line-side communities—the most important foundation of our businesses

Human capital development aimed at fostering the next generation of customers



<Progress of collaborative projects (as of fiscal 2019)>

① Collaboration with group companies

Promote charity in Group using certification system

Hankyu Hanshin Holdings (HHHD) uses advertising, co-sponsorship, and an employee matching gift programme to promote charity among group companies

■ Certified charitable activities as of fiscal 2019: 94 activities

Reference<Number of activities>

FY2015:89, FY2016:91, FY2017:94, FY2018:92

■ Elementary student-oriented programme 'Challenge Corps' accommodated a record 2,640 kids

■ As many as 100 certified activities in fiscal 2020 (more to be certified during period)

② Collaboration with citizen groups

「Hankyu Hanshin Community Future Fund」

HHHD's matching gift programme supports the work of citizen groups along our lines

■ In fiscal 2019, we provided a total of ¥9.0 million to 14 of the 86 groups that applied.

■ We encourage employees to sign up for charitable payroll deductions through promotional campaigns and by issuing requests during training

Number signed up: 69 companies 1,452 employees (YoY + 100)

※ At the end of December, 2018

Total amount raised: 111 groups ¥58.5million

③ Collaboration with group employees

Charity point system

We encourage current and former employees to participate in charitable fundraising by granting points for their participation

■ Charity points system's results

Number signed up: 71 companies 2,478 employees (YoY + 225)

Points granted: 15,443points ※ January–December 2018

■ Amount that employees raised for the charitable organisations: ¥1.17 million for 39 organisations

Initiatives of ESG(Environment, Social, Governance)③

Social

To mark the tenth anniversary of the Hankyu Hanshin Dreams and Communities of the Future Project, we worked with public and private organizations, as well as with citizen groups, to design a train wrap that raises awareness about the SDGs agenda and the value of the project. Hankyu and Hanshin are operating 'SDGs / Dreams and Communities of the Future' trains, which feature a common wrap design.

Service period	27 May 2019 ~End of May 2020
Number of trains	4 Hankyu : 3 (one on each of the following lines: Kobe, Takarazuka, and Kyoto)、Hanshin : 1 <ul style="list-style-type: none">• The front and rear coaches feature an original illustration and a rollsign commemorating the project's tenth anniversary.• The other coaches have two kinds of print on the doors: a print advertising SDGs, and one commemorating the project's tenth anniversary.• The onboard advertisements outline each of the SDGs. They also introduce the efforts of our group, as well as those of government, line-side communities, and supporting businesses, to contribute toward the SDGs.
Organized by	Main organizer : Hankyu Hanshin Holdings, Inc. Co-organizer : Hankyu Corporation, Hanshin Electric Railway Co., Ltd.
Supervised by	Japan Civil Society Network on SDGs (SDGs Japan)
Subsidized by, Supported by	Subsidized by : Ministry of Foreign Affairs of Japan、Ministry of the Environment Government of Japan Supported by : Private organizations that actively engage in the SDGs agenda

【Wrap on train doors】



【Hankyu】



【Hanshin】



Social

【Employee health management】

■ Formulate and announce the Hankyu Hanshin Holdings Group's Declaration on Employee Health Management (April 26, 2018)

“the Hankyu Hanshin Holdings Group's Declaration on Employee Health Management”

We understand the importance of the physical and mental health of our employees and their families. It is the source of their wellbeing, and it is fundamental to achieving an abundant future for the Group. To deliver safety and comfort while also offering dreams and excitement, it is paramount that our employees are healthy and that they can be their authentic selves and make the most of their abilities.

To this end, employees themselves must raise their health-consciousness and promote the health of each other and their family members.

Under the Hankyu Hanshin Wellness Challenge slogan, we hereby commit ourselves to safeguarding and promoting the health and well-being of all employees and to developing a healthy and motivated workplace environment.

April, 2018

Takehiro Sugiyama

President & Representative Director, Officer in Charge of Health Management
Hankyu Hanshin Holdings, Inc.

【Progress in fiscal 2019】

- (1) Six core group companies formulated and announced employee health declarations in an effort to promote employee health management.
- (2) In February 2019, four group companies were certified as a Health and Productivity Management Organization※: Hankyu Corporation, Hanshin Electric Railway, and Itec Hankyu Hanshin (all in the large enterprise category), and Hankyu Hanshin Insurance Services (SME category).



※The Health & Productivity Management Outstanding Organizations Recognition Program was jointly launched by METI and Nippon Kenko Kaigi. Each year, Nippon Kenko Kaigi commends companies that demonstrate exemplary practices for addressing local health challenges and contributing to the Nippon Kenko Kaigi's health promotion campaigns.

Initiatives of ESG(Environment, Social, Governance)⑤

Governance



【Group-wide initiatives for improving governance】

■ Established the Corporate Governance President Committee (fiscal 2016 ~)

- Meets twice a year to discuss matters such as ensuring transparency of election and dismissal of officers, communicating with outside directors, etc.

■ Started evaluating the effectiveness of the Board of Directors (fiscal 2017~)

- The management of the Board of Directors is reviewed once a year; directors are interviewed about whether there is sufficient board accountability, whether board proceedings are appropriate, etc.

■ Scrapped the corporate adviser system (fiscal 2018)

■ Resolved to discontinue anti-takeover measures (fiscal 2019)

■ Established remuneration committee (fiscal 2019~)

- We established a remuneration committee to ensure that our Board of Directors determines remuneration amounts in an impartial and transparent manner. The committee comprises the chairman, outside directors, and outside members of the Audit & Supervisory Board.

■ Revised remuneration structure (fiscal 2020~)

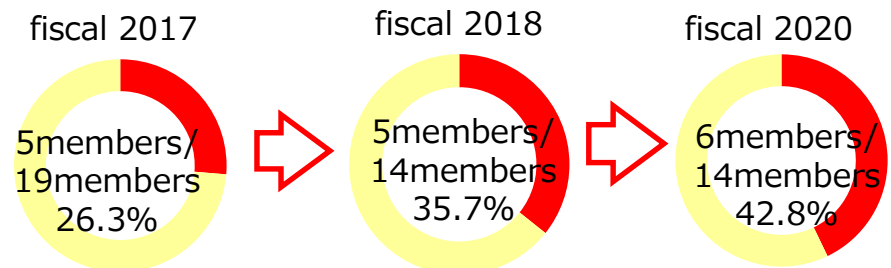
- We decided to introduce a performance-linked stock compensation plan for the chairman and president to further motivate them to work toward our corporate value, performance, and share price. The stock compensation will be delivered through a trust.

■ Overhauled board composition (fiscal 2020)

- To ensure board diversity and enhance the board's oversight function, we decided to appoint an outside director (the candidate is female) and to provide that one third of the board members should be independent from the company※.

※Subject to shareholder approval at the General Meeting of Shareholders on June 13, 2019

<Proportion of outside members to total members
(Board of Directors and Audit & Supervisory Board)>



IV. Forecast for fiscal 2020 (fiscal year ending 31st March 2020) and outlook for each business segment

Consolidated Statements of Income (Summary)

(¥ billion)	FY2020 Forecasts	FY2019 Results	Change	Remarks
Revenues from operations	810.0	791.4	+18.6(+2.3%)	The increase in operating revenue will reflect higher condominium sales. The decrease in operating income will reflect a reactionary downturn from fiscal 2019, when we sold land for commercial facilities in the eastern section of International Culture Park 'Saito' (in Ibaraki City, Osaka Prefecture).
Operating income	107.0	114.9	-7.9(-6.9%)	
Ordinary income	105.0	110.5	-5.5(-5.0%)	
Net income attributable to owners of the parent	67.0	65.5	+1.5(+2.3%)	The increase will reflect a reactionary upturn from fiscal 2019, when we recorded special losses in connection with the agreement to transfer Hokushin Kyuko Line assets.
(Reference)				
Depreciation and amortisation	58.1	54.2	+3.9	
Financial balance ① - ②	-8.2	-8.1	-0.1	
Interest and dividend income①	1.4	1.5	-0.1	
Interest expense②	9.6	9.6	-0	

Consolidated Statements of Income (Breakdown for each business segment)

(¥ billion) [Upper table] Revenues from operations [Lower table] Operating income	FY2020 Forecasts	FY2019 Results	Change	Remarks
Total	810.0	791.4	+18.6	
	107.0	114.9	-7.9	
(Breakdown for each business segment)				
Urban Transportation	242.8	238.6	+4.2	Earnings will increase with transportation revenue from Hankyu and Hanshin lines and the recovery from the effects of natural disasters, which will offset an increase in depreciation and amortisation related to investment in rolling stock.
	43.8	43.5	+0.3	
Real Estate	246.2	237.3	+8.9	The increase in operating revenue will reflect higher condominium sales. The decrease in operating income will reflect a reactionary downturn from fiscal 2019, when we sold land for commercial facilities in the eastern section of International Culture Park 'Saito' (in Ibaraki City, Osaka Prefecture).
	41.6	49.3	-7.7	
Entertainment	73.1	74.5	-1.4	The decreases will occur because performance falls short of the level in fiscal 2019, when Takarazuka Revue operated at a high rate.
	13.2	13.4	-0.2	
Information and Communication Technology	58.7	53.5	+5.2	The increase in operating revenue will reflect the increased orders for in the information services business. The lack of change in operating income will reflect higher direct costs associated with the extra revenue, and higher labour costs associated with expanded business.
	5.3	5.3	+0	
Travel	36.9	35.5	+1.4	The increases reflect the rise in the number of travellers to overseas and domestic destinations, which offsets cost increases.
	1.9	1.8	+1.0	
International Transportation	88.7	90.0	-1.3	The decreases reflect the impact of US-China tensions, which offsets the higher handling volume in ocean transport and logistics businesses.
	1.8	2.4	-0.6	
Hotels	68.5	64.9	+3.6	The increases reflect the recovery from the effects of natural disasters, which offsets rises in costs associated with new hotel openings, depreciation and amortisation costs, and other expenses.
	1.7	1.2	+0.5	

(Note) The fiscal 2019 figures for Entertainment and Information and Communication Technology segment have been aggregated to allow YoY comparisons.

We may change this method in the future.

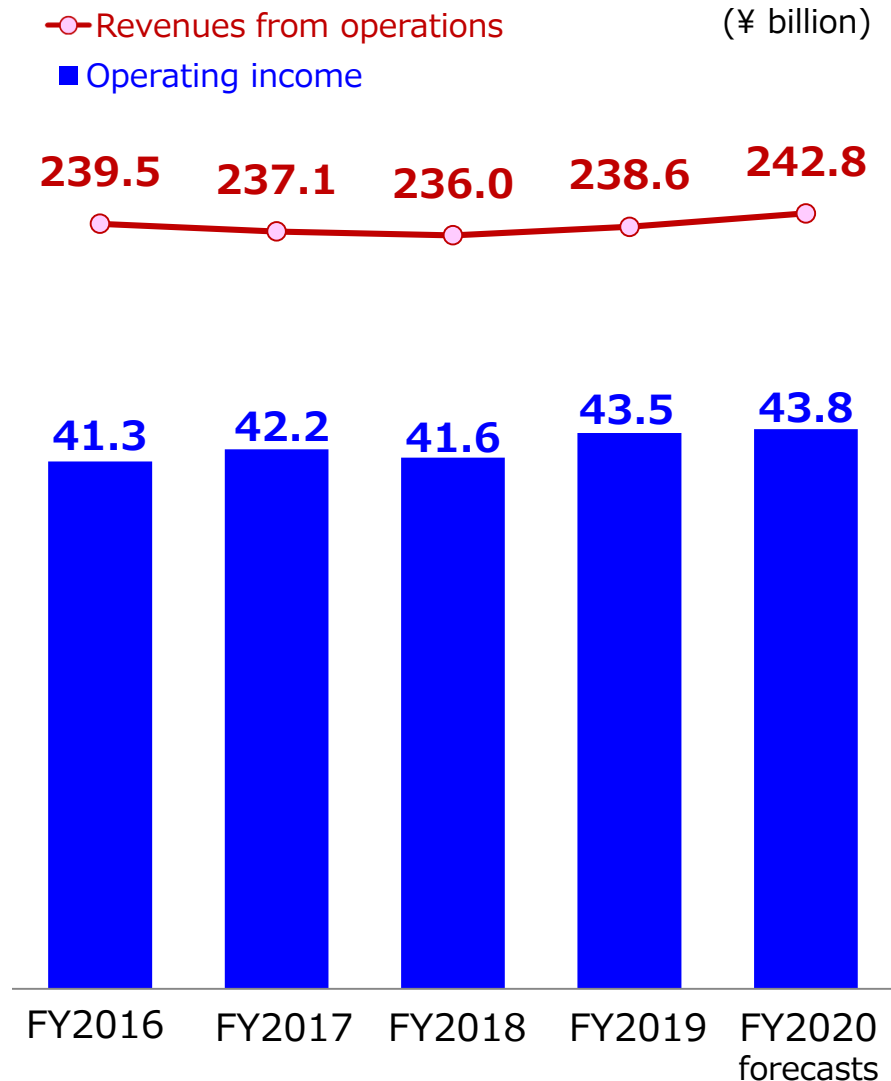
Urban Transportation

Blue : Factors of increase Red : Factors of decrease

Main factors in the change in operating income from FY2019 to FY2020

- Recovery from the effects of last year's natural disasters
- Higher railway operation revenue due to growing line-side populations and increased inbound demand
- Higher depreciation and amortisation accompanying investment in the manufacture of rolling stock

- Railway operation revenue will likely rise given the recovery from the effects of last year's disasters as well as the growing line-side populations and increased inbound demand.
- As for expenses, we anticipate higher depreciation and amortisation, reflecting the investment in rolling stock and station apparatus.
- As a result of the above, in fiscal 2020, the core business as a whole is projected to record an increase in operating income.
- Regarding the outlook for fiscal 2022, while depreciation and amortisation is set to rise significantly, we expect that railway operation revenue will benefit from higher inbound demand. Therefore, operating income in fiscal 2022 is projected to be at the fiscal 2020 level.



[Urban Transportation] Railway Performance results

Hankyu Corporation

	Fare revenues (¥ million)*			Passenger volumes (Thousands)*		
	FY2020 Forecasts	FY2019 Results	Change	FY2020 Forecasts	FY2019 Results	Change
Commuter pass	33,959	33,456	+502(+1.5%)	342,333	337,778	+4,555(+1.3%)
Workers	29,423	28,962	+461(+1.6%)	241,226	237,542	+3,683(+1.6%)
Students	4,535	4,494	+40(+0.9%)	101,107	100,235	+872(+0.9%)
Other tickets	64,424	63,059	+1,365(+2.2%)	325,847	318,158	+7,688(+2.4%)
Total	98,384	96,516	+1,867(+1.9%)	668,181	655,936	+12,244(+1.9%)

Hanshin Electric Railway

	Fare revenues (¥ million)*			Passenger volumes (Thousands)*		
	FY2020 Forecasts	FY2019 Results	Change	FY2020 Forecasts	FY2019 Results	Change
Commuter pass	12,220	12,024	+196(+1.6%)	126,237	124,353	+1,883(+1.5%)
Workers	10,972	10,790	+181(+1.7%)	99,900	98,310	+1,589(+1.6%)
Students	1,247	1,233	+14(+1.1%)	26,337	26,043	+293(+1.1%)
Other tickets	22,475	22,030	+445(+2.0%)	123,676	121,012	+2,663(+2.2%)
Total	34,695	34,054	+641(+1.9%)	249,913	245,366	+4,546(+1.9%)

- * 1.Revenue amounts less than one million yen, and numbers of passengers less than one thousand, are omitted.
 2.For Hankyu Railway, "other ticket revenue/ridership" includes revenue/ridership associated with the PiTaPa usage sections.
 3.Sum of tier 1 and tier 2 railway operators for both Hankyu Corporation and Hanshin Electric Railway.

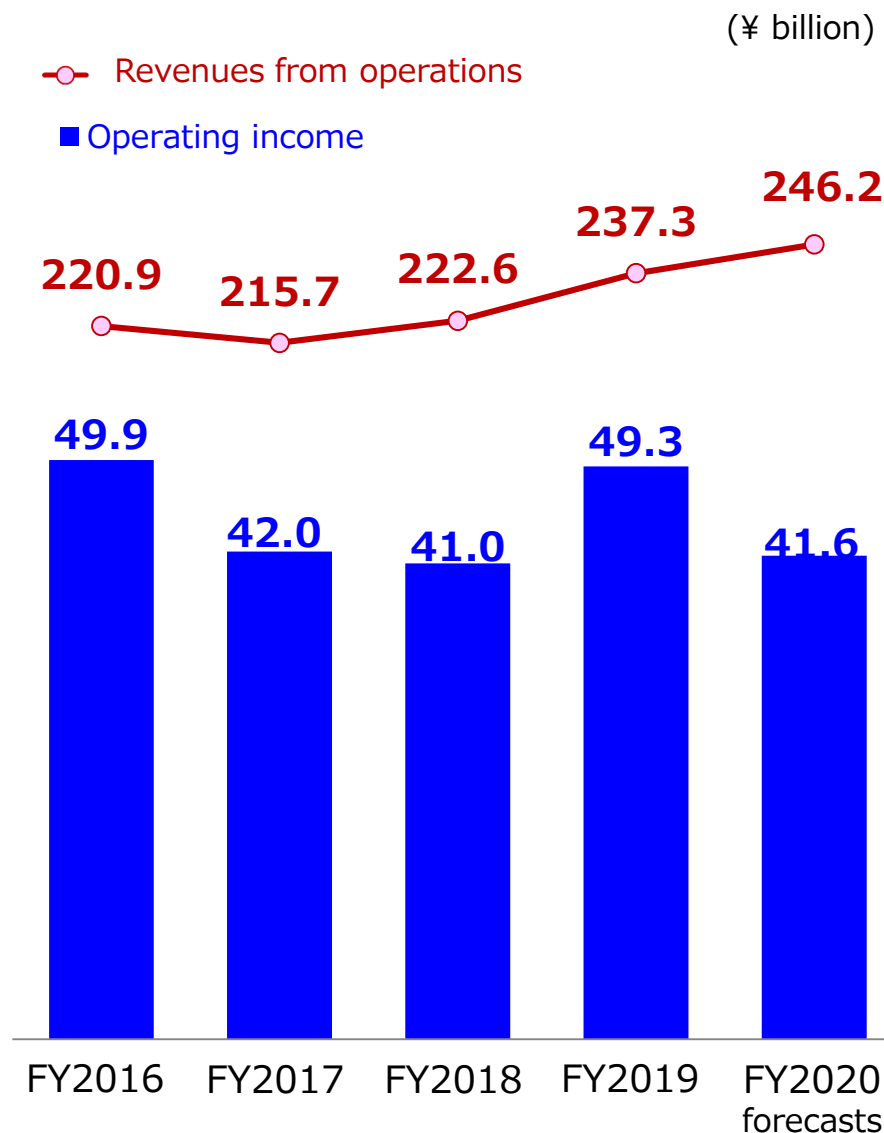
Real Estate

Blue : Factors of increase Red : Factors of decrease

Main factors in the change in operating income from FY2019 to FY2020

- Decline in operating income as a reactionary downturn from sale of land for commercial facilities in the eastern section of International Culture Park 'Saito' in the previous year.
- Rise in costs following completion of phase 1 of Umeda 1-1 Project
- Higher gross profit in condominium business

- The leasing business will see an increase in operating revenue reflecting its efforts to upwardly revise office rent and maintain high occupancy rates, coupled with efforts to improve the appeal of commercial facilities by attracting new tenants and revamping the facilities. However, operating income will decline because of higher costs associated with the Umeda 1-1 Project.
- The real estate sales business will see higher gross profit from condominium sales, but operating income will decline as a reactionary downturn from the sale of land for large-scale commercial facilities in the previous year.
- As a result of the above, in fiscal 2020, the core business as a whole is projected to record a significant decrease in operating income.
- Regarding the outlook for fiscal 2022, with increased earnings from real estate leasing and real estate sales, operating income is projected to surpass the fiscal 2020 level.



Entertainment

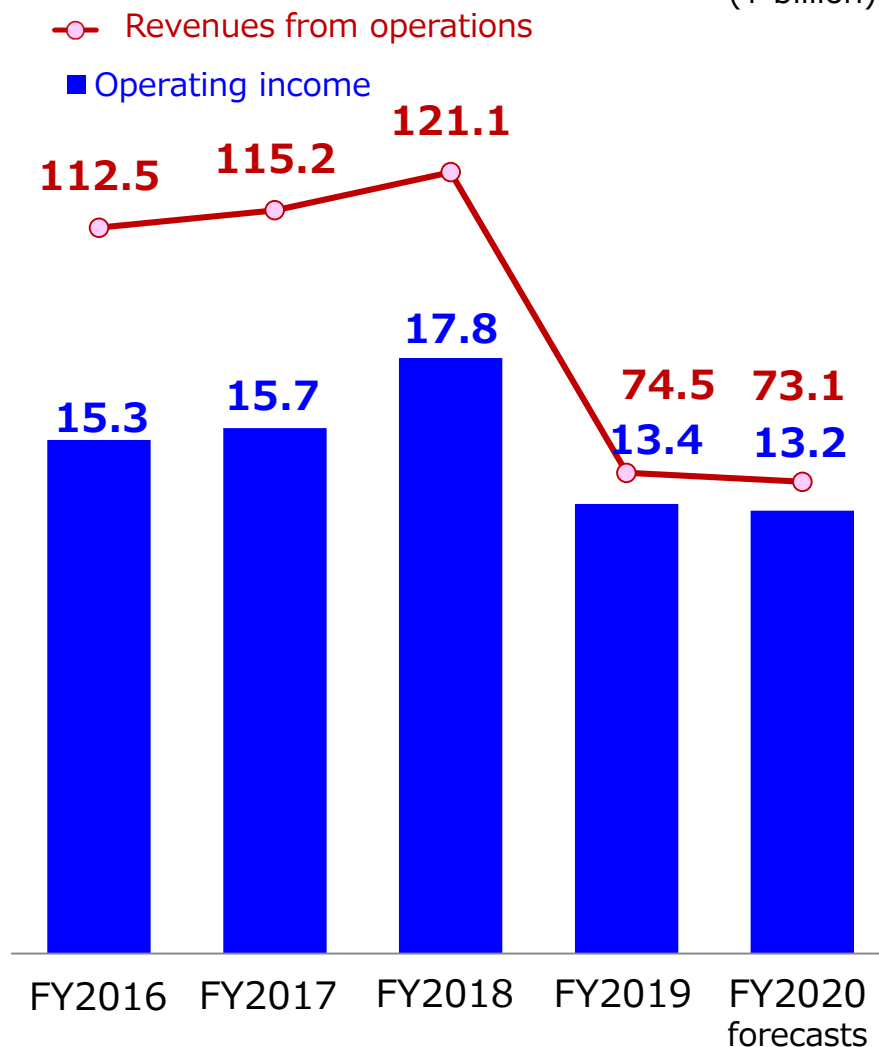
Blue : Factors of increase Red : Factors of decrease

(¥ billion)

Main factors in the change in operating income from FY2019 to FY2020

- Higher revenue from baseball
- Decline in the stage's level of capacity utilisation

- In the sports business, Hanshin Tigers Baseball Club's efforts to maintain the high audience levels of fiscal 2018 are expected to yield to stable earnings.
- In the stage business, the stage's capacity utilisation will decline from its high level, and there will be lower sales of related merchandise. Therefore, we anticipate that earnings will decline from the fiscal 2019 level.
- As a result of the above, in fiscal 2020, the core business as a whole is projected to record a slight decrease in operating income compared to the previous year.
- Regarding the outlook for fiscal 2022, revenue will dip because Tokyo Takarazuka Theatre will be closed for a long period in order to replace stage machinery. However, the core business as a whole will post sound operating income.



(Note) • As Information and Communication Technology has been upgraded to a separate core business (see page.38), the figures for fiscal 2019 and onward exclude the results for businesses that fall under the new core business. The fiscal 2019 figures for Entertainment segment has been aggregated to allow YoY comparisons. We may change this method in the future.

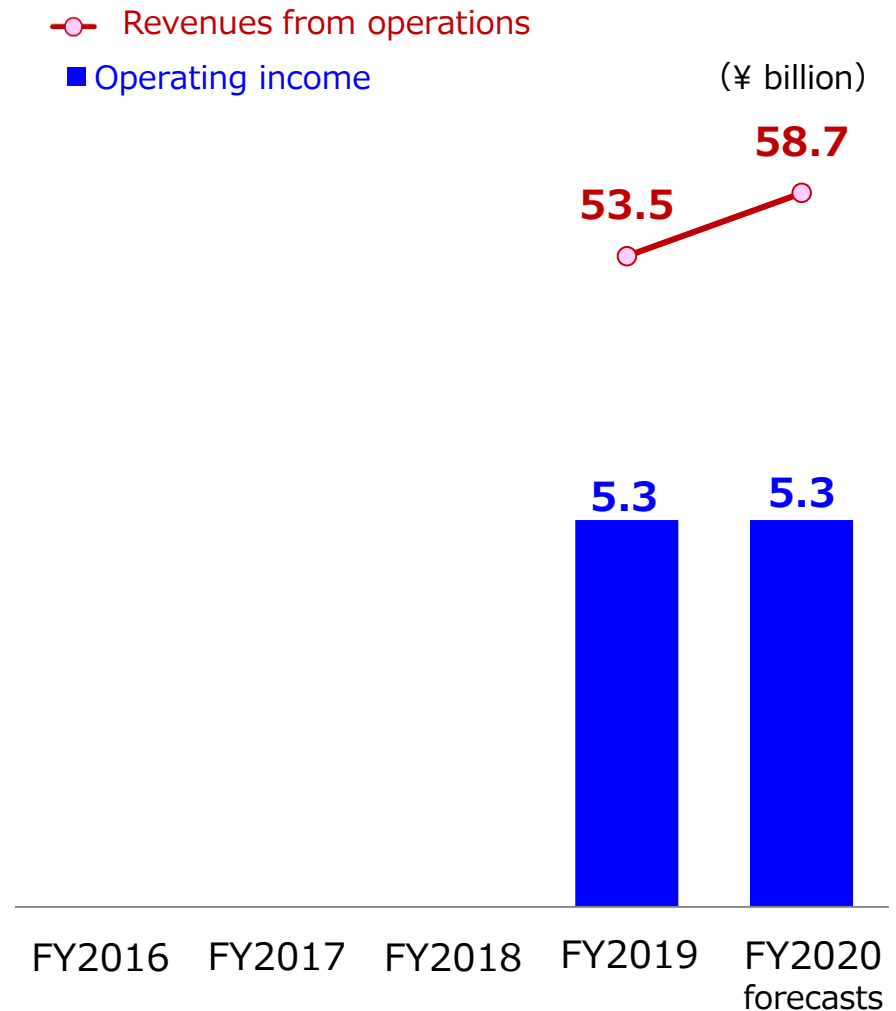
Information and Communication Technology

Blue : Factors of increase Red : Factors of decrease

Main factors in the change in operating income from FY2019 to FY2020

• Large orders for information services

- The information services business will post an increase in revenues from operations, reflecting large orders related to transport systems and expanded business in sectors with growth potential.
- Labour costs and other direct costs are expected to rise as the business expands.
- The broadcast and communications business will post sound operating income, reflecting its efforts to win new users and retain existing ones by providing new, high-quality services, including 4K8K-compatibility and high-speed internet connection.
- The safety and education business will see steady growth by expanding existing services, such as Mimamoreme (a safety-monitoring app).
- As a result of the above, in fiscal 2020, the core business as a whole is projected to record no significant change in operating income.
- Regarding the outlook for fiscal 2022, each business will make efforts to develop and contribute higher earnings.



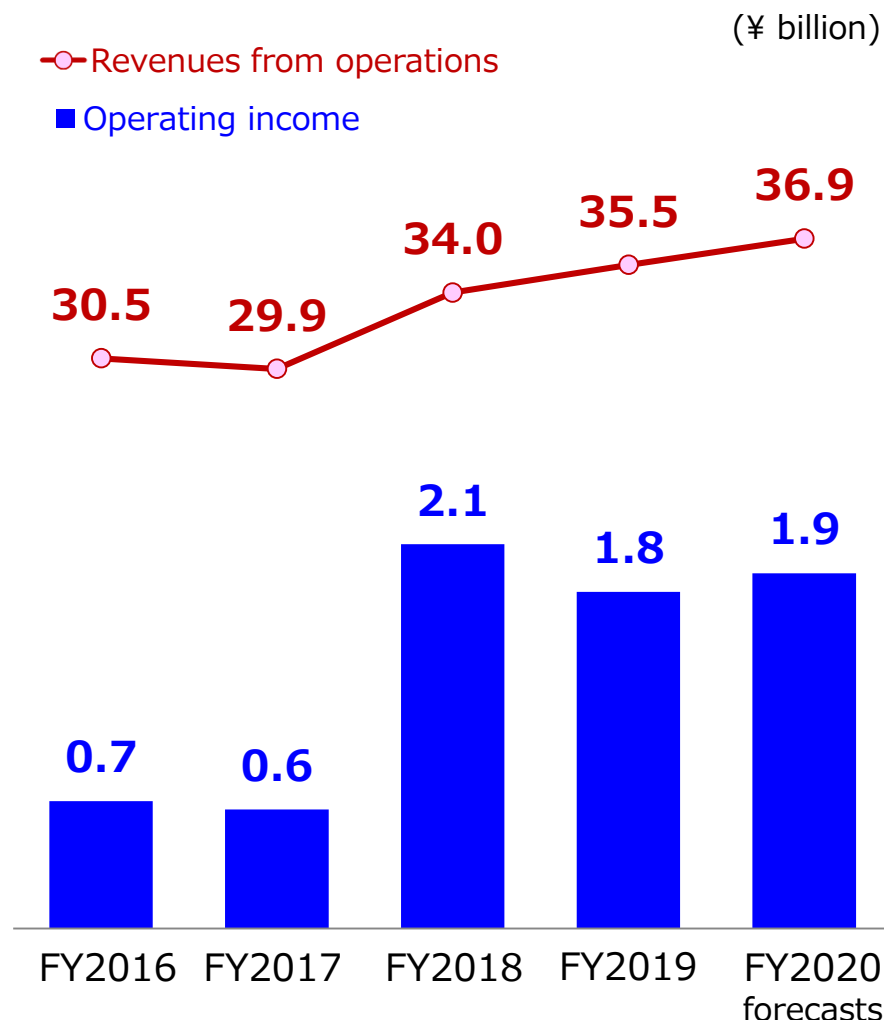
(Note) The fiscal 2019 figures for Information and Communication Technology segment has been aggregated to allow YoY comparisons.
We may change this method in the future.

Travel

Blue : Factors of increase Red : Factors of decrease

Main factors in the change in operating income from FY2019 to FY2020

- **Higher costs associated with structural reform**
- **Higher demand for travel to overseas regions other than Europe**
- In fiscal 2020, there will be no significant change in earnings. The segment is recovering from the effects of the last year's natural disasters, and it expects an increase in travel to destinations outside Europe. However, these factors will be offset by increasing expenses associated with structural reforms.
- Regarding the outlook for fiscal 2022, over the period of the plan, we will strengthen the competitiveness of core brand travel packages while establishing a second pillar (see page.62).
- As a result of these efforts, in fiscal 2022, operating income is projected to surpass the fiscal 2020 level.



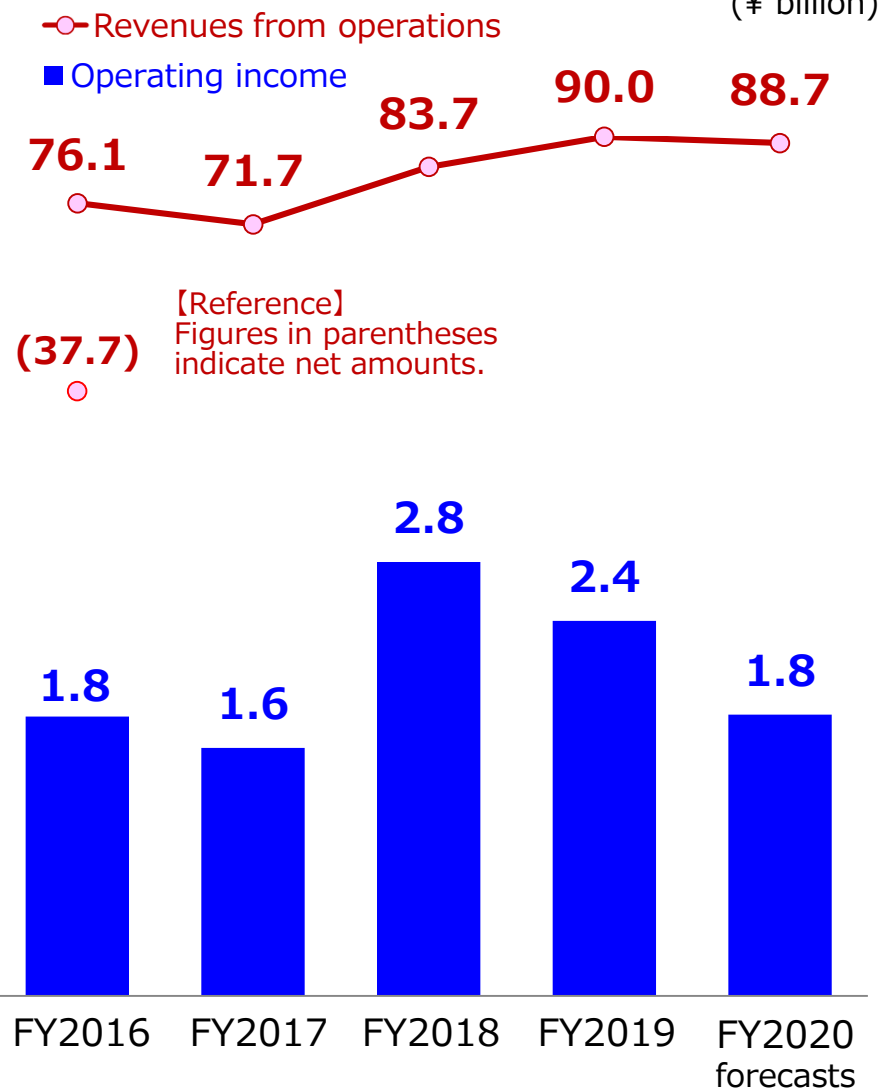
International Transportation

Blue : Factors of increase Red : Factors of decrease

(¥ billion)

Main factors in the change in operating income from FY2019 to FY2020

- Higher handling volume in ocean transport and logistics
- Decline in operating income due to US-China tension
- Although fiscal 2020 will see a higher handling volume in ocean transport and logistics businesses, earnings will significantly decline because of the impact of US-China tension on companies in East Asia.
- Regarding the outlook for fiscal 2022, the segment will aim for steady growth throughout the term of the current plan by strengthening air transport, expanding business in ocean transport and logistics, gaining returns on investment (primarily in Asia), and producing a synergistic effect with Seino Holdings.
- As a result of these efforts, in fiscal 2022, operating income is projected to significantly surpass the fiscal 2020 level.



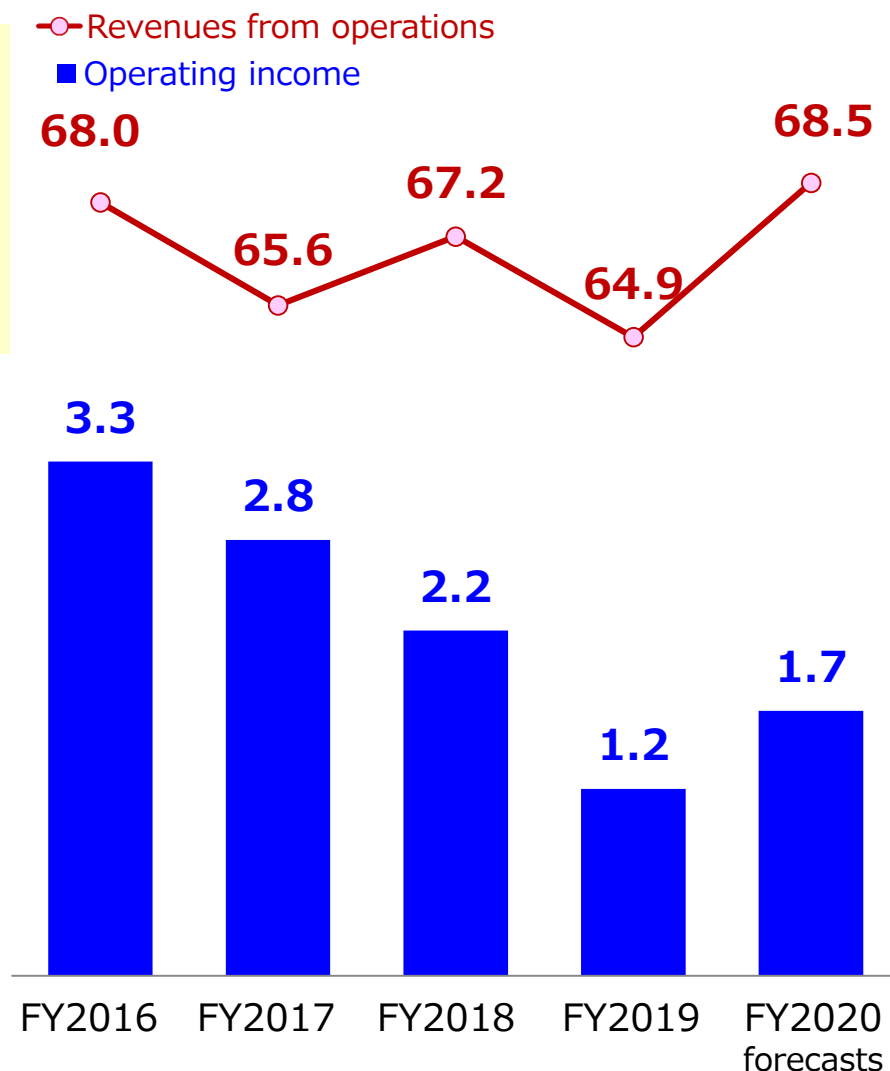
* As of fiscal 2017, the presentation of revenues from operations of the International Transportation Business has changed from net to gross amounts.

Hotels

Blue : Factors of increase Red : Factors of decrease

Main factors in the change in operating income from FY2019 to FY2020

- Recovery from the effects of last year's natural disasters
- Increase in depreciation and amortisation associated with a hotel opening
- Revenues from operations will rise with the opening of four new hotels and the recovery from the effects of the natural disasters in fiscal 2019.
- Expenses will rise in connection with the opening of the four new hotels and the associated increase in depreciation and amortisation.
- As a result of the above, in fiscal 2020, operating income is projected to increase.
- Regarding the outlook for fiscal 2022, operating income will increase among hotels and significantly exceed the fiscal 2020 level. The contributing factors will include the impact of new hotel openings and the boost from Tokyo 2020, as well as active efforts to respond to the expected increase in inbound demand.



《Reference》 Consolidated Statements of capital expenditure

(¥ billion)	FY2020 Forecasts ①	Remarks	FY2019 Results ②	Remarks	Change ①-②
Total capital expenditure	126.2		114.4		+11.8
(Breakdown for each business segment)					
Urban Transportation	41.4	Building of new rolling stock and improvement of existing rolling stock, Kita-Osaka Kyuko Railway Line Extension Project, Renewal of station apparatus	33.8	Building of new rolling stock and improvement of existing rolling stock, Installation of mobile platform edge doors	+7.6
Real Estate	61.8	Takarazuka Hotel,Umeda 1-1 Project, Project to rebuild Kobe Hankyu Building's east wing & renew its west wing	62.4	Acquisition of LaLaport Koshien (site), Umekita Phase II Development Project, Umeda 1-1 Project, Hankyu Nishinomiya Gardens' Gate building	-0.6
Entertainment	4.6		2.6		+2.0
Information and Communication Technology	5.3		5.3		+0
Travel	1.8		0.8		+1.0
International Transportation	4.3		0.7		+3.6
Hotels	7.0	Furnishings of Hotel Hankyu Respire Osaka	2.0		+5.0

(Note) The fiscal 2019 figures for Entertainment and Information and Communication Technology segments have been aggregated to allow YoY comparisons. We may change this method in the future.

《Reference》 Consolidated Statements of Depreciation and amortisation, EBITDA

(¥ billion)	FY2020 forecasts ①	FY2019 results ②	Change ①-②
Total Depreciation and amortisation	58.1	54.2	+3.9
(Breakdown for each business segment)			
Urban Transportation	28.6	27.4	+1.2
Real Estate	17.5	16.6	+0.9
Entertainment	3.8	3.7	+0.1
Information and Communication Technology	4.0	3.4	+0.6
Travel	0.8	0.7	+0.1
International Transportation	1.3	0.6	+0.7
Hotels	2.5	2.1	+0.4
Total EBITDA	167.0	171.4	-4.4
(Breakdown for each business segment)			
Urban Transportation	72.4	70.8	+1.6
Real Estate	59.3	65.9	-6.6
Entertainment	17.0	17.1	-0.1
Information and Communication Technology	9.3	8.7	+0.6
Travel	2.7	2.4	+0.3
International Transportation	3.1	3.0	+0.1
Hotels	4.2	3.4	+0.8

V. Referential Materials

Consolidated Subsidiaries

(As of April 1, 2019)

Urban Transportation	
Railway operations	Hankyu Corporation Hanshin Electric Railway Nose Electric Railway Kita-Osaka Kyuko Railway Hokushin Kyuko Railway Kobe Rapid Transit Railway Hankyu Hanshin Electric System Hankyu Railway Service
Automobile	Hankyu Bus Hanshin Bus Hankyu Kanko Bus Hankyu Denen Bus Osaka Airport Transport Hankyu Taxi Hanshin Taxi Osaka Hanshin Taxi Hankyu Hanshin Motor Technology Hankyu Driving School Hattori Ryokuchi Haks Hanshin Hankyu Commuterbus Management Osaka Motor Technology (OMTEC)
Retailing	Eki Retail Service Hankyu Hanshin Hankyu Style Labels
Advertising	Hankyu Advertising Agency
Other	Alna Sharyo Hankyu Sekkei Consultant Hanshin Station Net Hanshin Sharyo Maintenance

Real Estate	
Real estate leasing and sales	Hankyu Hanshin Properties Hankyu Corporation Hanshin Electric Railway Hankyu Hanshin Estate Service Osaka Diamond Chikagai Kyokuto
Other	Hankyu Hanshin Building Management Hankyu Hanshin High Security Service Hankyu Hanshin Clean Service Hankyu Hanshin REIT Asset Management Hankyu Hanshin Real Estate Investment Advisors Hankyu Hanshin Housing Support
Entertainment	
Sports	Hanshin Electric Railway Hanshin Tigers Baseball Club Hanshin Contents Link Corporation P & P Hamamatsu Wellness Hanshin Mt.Rokko Cable Car & Tourism
Stage	Hankyu Corporation Takarazuka Creative Arts Takarazuka Stage Umeda Arts Theater
Information and Communication Technology	
Information and Communication Technology	Itec Hankyu Hanshin System Giken YMIRLINK Rworks Mimamorume Himeji Cable Television Bay Communications Hanshin Cable Engineering

Travel	
Travel agency	Hankyu Travel International Hankyu Hanshin Business Travel Hankyu Travel Support Hanshin Travel International
International Transportation	
International transportation	Hankyu Hanshin Express Hankyu Hanshin Logipartners HANKYU HANSHIN EXPRESS (USA, UK, NETHERLANDS, SINGAPORE DEUTSCHLAND,HONG KONG, THAILAND,PHILIPPINES, MALAYSIA, VIETNAM,SHANGHAI,GUANGZHOU, BEIJING,TAIWAN, KOREA,INDIA, INDONESIA, Southeast Asia, HANKYU INTERNATIONAL LOGISTICS SHANGHAI, :19Companies)
Hotels	
Hotel management	Hankyu Hanshin Hotels Hanshin Hotel Systems Hankyu Hanshin Restaurants Arima View Hotel Amanohashidate Hotel Kure Hankyu Hotel

[Legend]

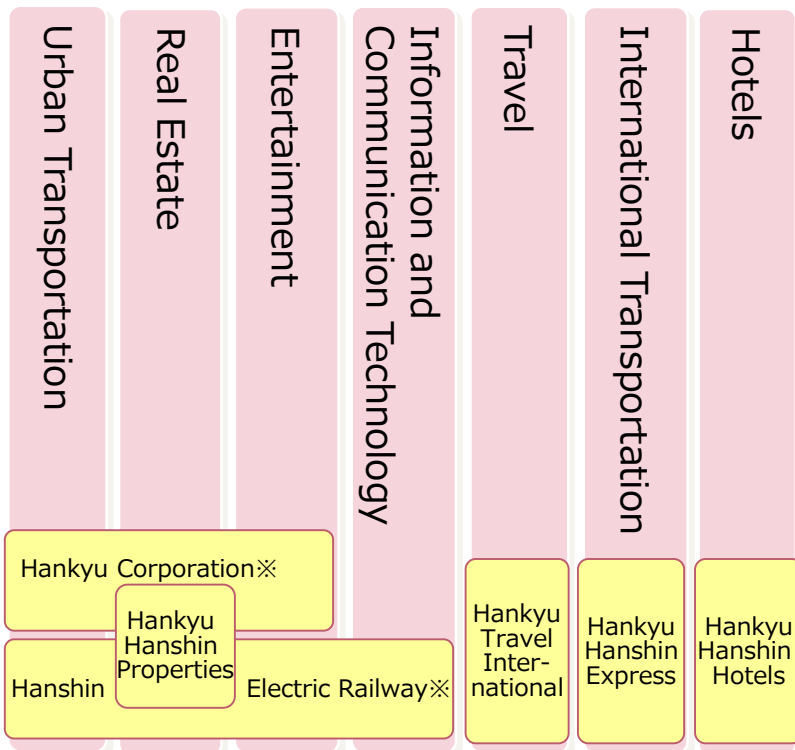
Name of segment	
Name of sub-segment	Name of consolidated subsidiary (Only listed companies that are managed as segment)

Revenues from Operations and operating income as a FY2019

Management composition

(As of April 1, 2019)

Hankyu Hanshin Holdings

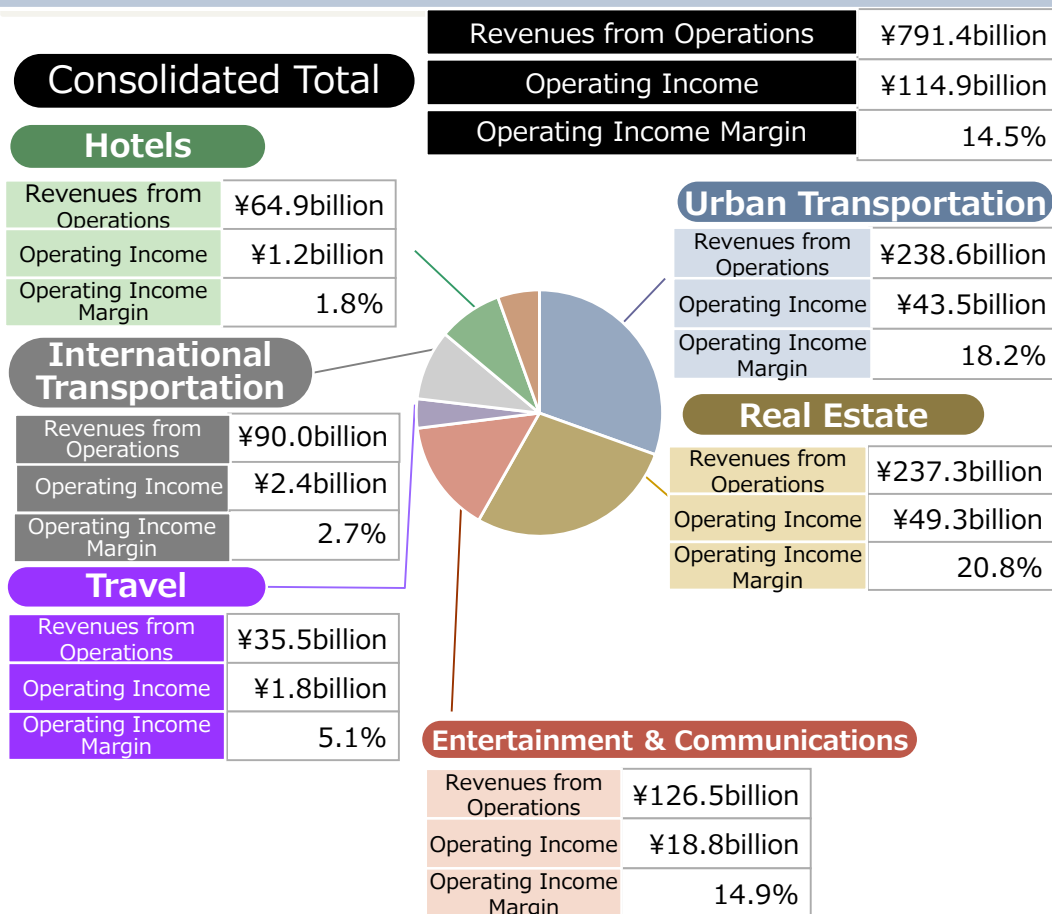


※ In the Umeda and line-side areas, Hankyu Corporation and Hanshin Electric Railway will retain their real estate for leasing and developing and work with Hankyu Hanshin Properties to promote community building efforts in connection with public transport networks and local governments.

Earnings structure

- The Urban Transportation and Real Estate businesses generate stable cash flows and account for approximately 60% of revenues from operations and 80% of operating income.

Revenues from operations breakdown(FY2019)



Areas served by the Hankyu and Hanshin lines①

Definition of the areas served by the Hankyu and Hanshin lines

Osaka Prefecture:

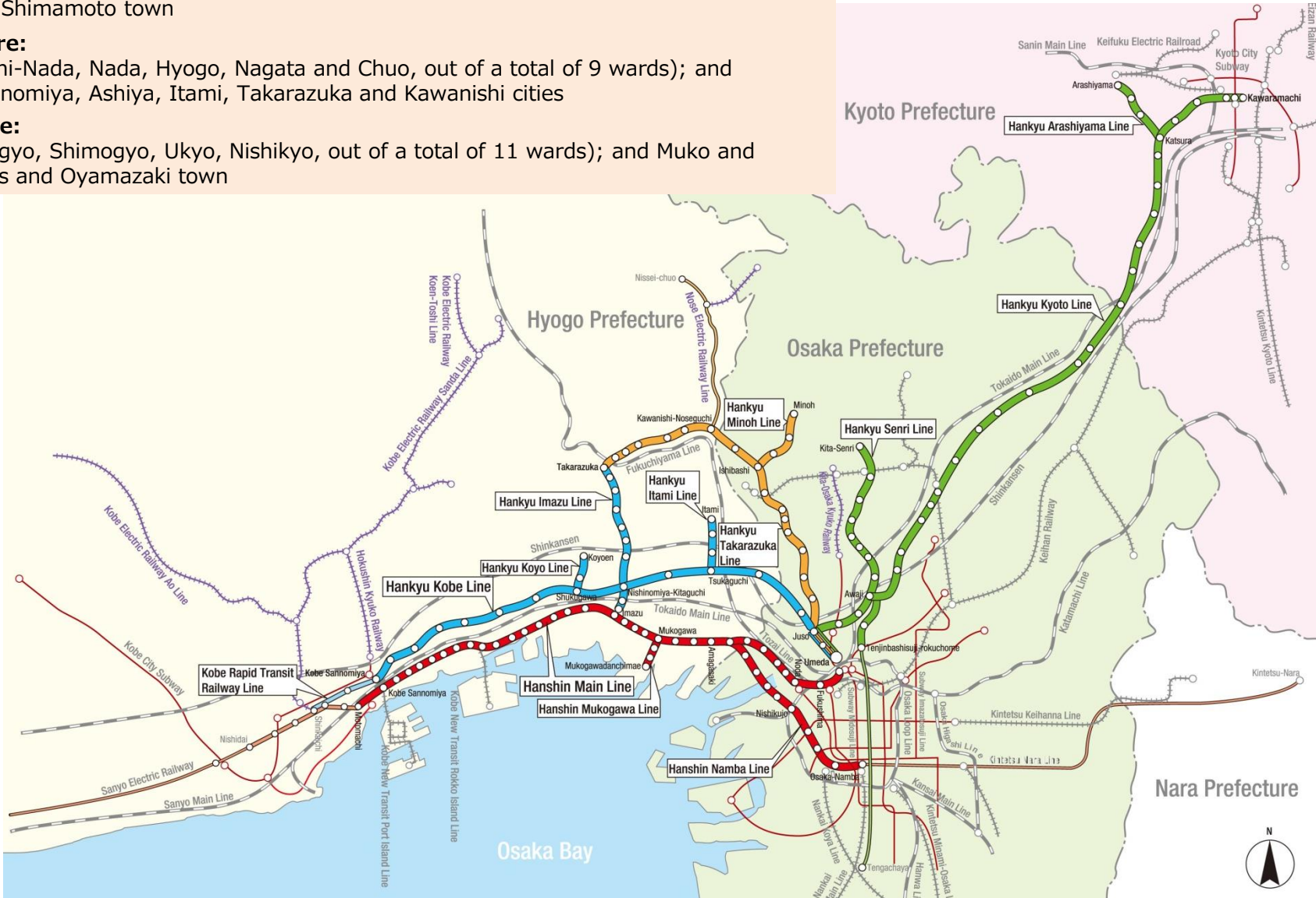
Osaka City (Fukushima, Konohana, Nishi, Naniwa, Nishi-Yodogawa, Higashi-Yodogawa, Yodogawa, Kita and Chuo, out of a total of 24 wards); and Toyonaka, Ikeda, Suita, Takatsuki, Ibaraki, Minoh, Settsu cities and Shimamoto town

Hyogo Prefecture:

Kobe City (Higashi-Nada, Nada, Hyogo, Nagata and Chuo, out of a total of 9 wards); and Amagasaki, Nishinomiya, Ashiya, Itami, Takarazuka and Kawanishi cities

Kyoto Prefecture:

Kyoto City (Nakagyo, Shimogyo, Ukyo, Nishikyo, out of a total of 11 wards); and Muko and Nagaokakyo cities and Oyamazaki town

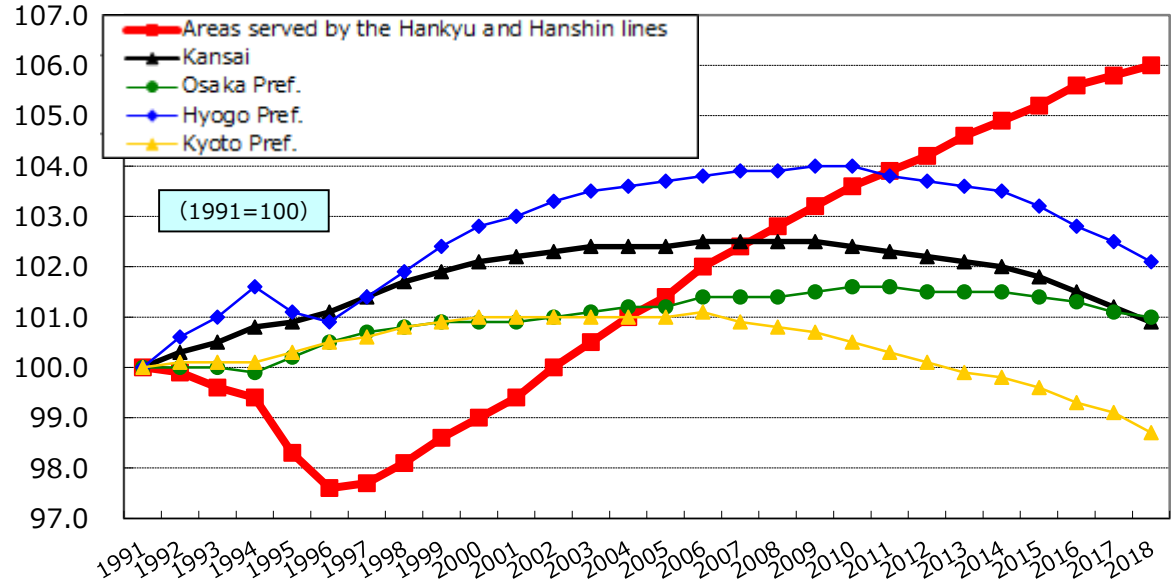


Areas served by the Hankyu and Hanshin lines②

Population Trends

Sources: Prepared by the Company based on data from “Local Economy Directory,” published by Toyo Keizai, Inc., and “Basic Resident Register,” published by the Ministry of Internal Affairs and Communications. (as of January 1,2018)

	(km ²)	(thousand)
	Area	Population
Areas served by the Hankyu/Hanshin line	1,318	5,609
Osaka Pref. (service areas)	449	2,672
Hyogo Pref. (service areas)	471	2,269
Kyoto Pref. (service areas)	398	668
Non-Hankyu/Hanshin Service Areas	26,033	14,737
Osaka Pref. (non-service areas)	1,456	5,960
Hyogo Pref. (non-service areas)	7,930	3,217
Kyoto Pref. (non-service areas)	4,214	1,838
Shiga Pref.	4,017	1,393
Nara Pref.	3,691	1,360
Wakayama Pref.	4,725	969
Total	27,351	20,346



Survey of prospective condominium purchasers regarding their preferred Kansai residential area

Ranking	Station	(Area)	Ranking	Station	(Area)
1	Nishinomiya-Kitaguchi	(Nishinomiya, Hyogo Pref.)	11	Ashiya	(Ashiya, Hyogo Pref.)
2	Shukugawa	(Nishinomiya, Hyogo Pref.)	12	Tennoji	(Osaka, Osaka Pref.)
3	Umeda	(Osaka, Osaka Pref.)	13	Kobe	(Kobe, Hyogo Pref.)
4	Okamoto	(Kobe, Hyogo Pref.)	14	Fukushima	(Osaka, Osaka Pref.)
5	Takarazuka	(Takarazuka, Hyogo Pref.)	15	Hommachi	(Osaka, Osaka Pref.)
6	Esaka	(Suita, Osaka Pref.)	16	Kobe-Sannomiya	(Kobe, Hyogo Pref.)
7	Senri-Chuo	(Toyonaka, Osaka Pref.)	17	Toyonaka	(Toyonaka, Osaka Pref.)
8	Ashiyagawa	(Ashiya, Hyogo Pref.)	18	Karasuma Oike	(Kyoto, Kyoto Pref.)
9	Osaka	(Osaka, Osaka Pref.)	19	Kuraku-enguchi	(Nishinomiya, Hyogo Pref.)
10	Mikage	(Kobe, Hyogo Pref.)	20	Yodoyabashi	(Osaka, Osaka Pref.)

Except for Tennoji (12),
Hommachi (15), and
Yodoyabashi (20), all of
the top 20 stations are
on Hankyu Hanshin
Holdings group lines

Source: A survey of prospective condominium purchasers regarding their preferred residential area, conducted by seven major real estate developers (Sumitomo Realty & Development Co., Ltd., Dai-ichi Kangyo Bank, Tokai Land Corporation, Tokyo Tatemono Co., Ltd., Nomura Real Estate Development Co., Ltd., Mitsui Fudosan Residential Co., Ltd., and Mitsubishi Jisho Residence Co., Ltd.) and included in a press release dated September 27, 2018.

Overview of Umeda area①

Major rental properties (as of March, 2019)

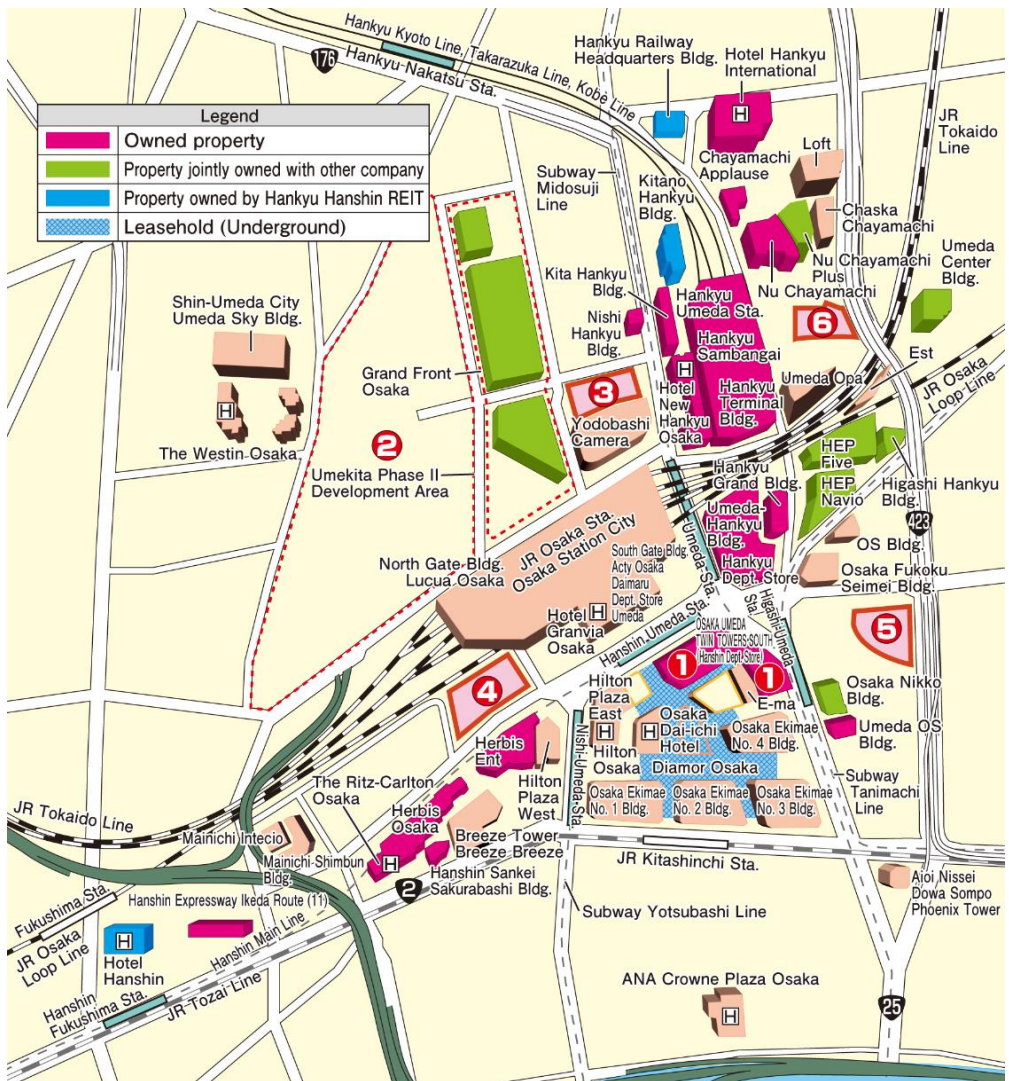
Property name	Leasable area (1,000m) ※1	Number of floors	Completed
Umeda Hankyu Bldg. (Hankyu Dept.Store-office tower)	213	41 floors above ground and 2 below ground	2012
Umeda Hanshin Daiichi Bldg. (HERBIS OSAKA)	82	40 floors above ground and 5 below ground	1997
Osaka Umeda Twin Towers South (Umeda 1-1 project Phase I)	58	13 floors above the ground and 3 below ground	2018
Umeda Hanshin Daini Bldg. (HERBIS ENT)	55	28 floors above ground and 4 below ground	2004
Hankyu Chayamachi Bldg. (Applause Tower)	52	34 floors above ground and 3 below ground	1992
Hankyu Sanban Gai Shopping Centre	39	5 floors above ground and 2 below ground	1969
Hankyu Grand Bldg.	36	32 floors above ground and 3 below ground	1977
Hankyu Terminal Bldg.	27	18 floors above ground and 4 below ground	1972
Hankyu Five Bldg.※2 (HEP FIVE)	20	10 floors above ground and 3 below ground	1998
NAVIO Hankyu (HEP NAVIO)	16	10 floors above ground and 2 below ground	1980
GRAND FRONT OSAKA※3	14	38 floors above ground and 3 below ground	2013
NU chayamachi	12	9 floors above ground and 2 below ground	2005

※1 : Leasable area does not include areas for public use
※2 : Jointly owned property with Hankyu Hanshin REIT Asset Management
※3 : Jointly owned property with others (other than Hankyu Hanshin REIT Asset Management)

Developments in Umeda district

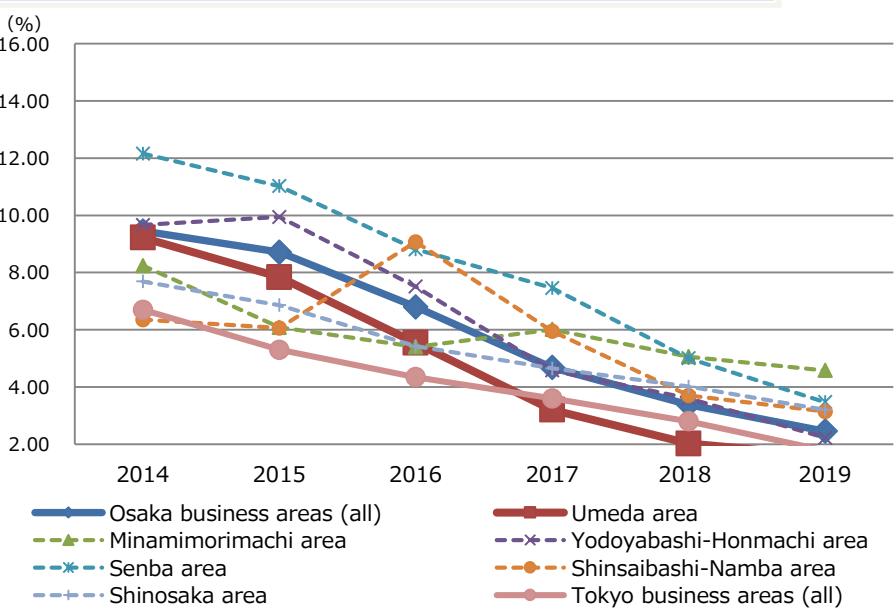
(red = Hankyu Hanshin Holdings group related Projects)

- ① Umeda 1-1 Project (Osaka Umeda Twin Towers South)
- ② Umekita Phase II Development Project
- ③ (Provisional Name) Yodobashi Umeda Tower – Yodobashi Holdings, Inc.
- ④ (Provisional Name) Umeda 3-chome Project
- Japan Post Holdings Co. Ltd./Osaka Terminal Building Co., Ltd.
- ⑤ (Provisional Name) Umeda Sonezaki Project -Sumitomo Realty & development Co., Ltd.
- ⑥ Chayamachi B-2 District Redevelopment Project -TOKYU LAND CORPORATION Co., Ltd.



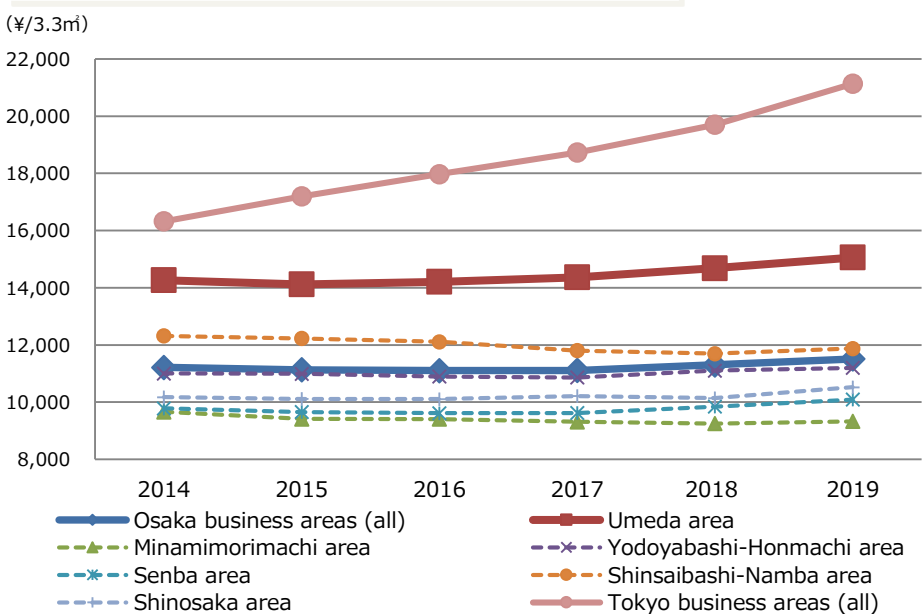
Overview of Umeda area②

Trends in average vacancy rates among six main business districts in Osaka



(%)	2014	2015	2016	2017	2018	2019
Osaka business areas (all)	9.45	8.71	6.80	4.68	3.38	2.45
Umeda area	9.22	7.84	5.54	3.20	2.02	1.59
Minamimorimachi area	8.24	6.08	5.40	6.01	5.06	4.58
Yodoyabashi-Honmachi area	9.66	9.94	7.51	4.58	3.60	2.22
Senba area	12.16	11.02	8.81	7.46	5.00	3.47
Shinsaibashi-Namba area	6.35	6.06	9.07	5.95	3.70	3.14
Shinosaka area	7.69	6.86	5.42	4.65	4.01	3.20
Tokyo business areas (all)	6.70	5.30	4.34	3.60	2.80	1.78

Trends in rent among six main business districts in Osaka



(¥/3.3㎡)	2014	2015	2016	2017	2018	2019
Osaka business areas (all)	11,213	11,132	11,101	11,107	11,302	11,510
Umeda area	14,262	14,118	14,207	14,366	14,684	15,056
Minamimorimachi area	9,658	9,414	9,408	9,314	9,249	9,331
Yodoyabashi-Honmachi area	11,005	10,993	10,898	10,861	11,105	11,200
Senba area	9,782	9,652	9,613	9,620	9,845	10,093
Shinsaibashi-Namba area	12,315	12,225	12,110	11,802	11,696	11,875
Shinosaka area	10,173	10,114	10,106	10,213	10,142	10,523
Tokyo business areas (all)	16,325	17,195	17,973	18,730	19,699	21,134

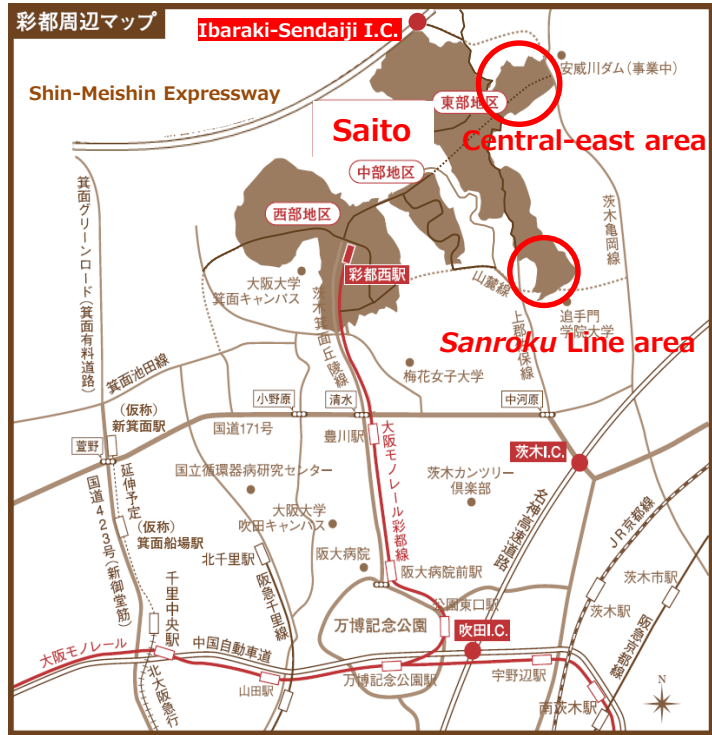
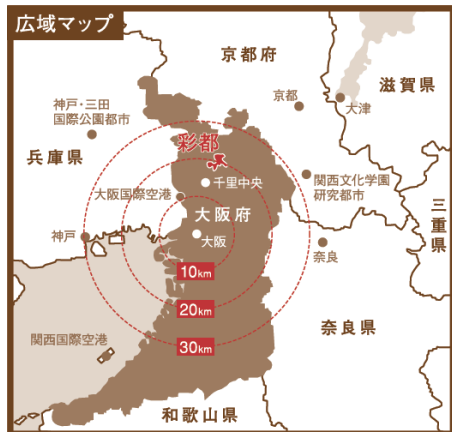
(Comparison of average rents in March of respective years)
Source: Miki Shoji, "Office Data."

Progress on the Development of International Culture Park 'Saito' (a new town)

- Since the opening of the western area of Saito in Spring 2004, progress has been made in developing residential facilities and attracting commercial tenants in the western area. *Saito* has developed into a new town, with a residential population of 16,000 and a facility population of 3,500.
- In Spring 2016, the central area was opened up for common use. Since then, the area has become home to an increasing number of facilities, including large distribution centres, and the facility population has risen to around 2,500.
- As for the eastern area, in February 2015, Ibaraki City altered the plan for prior areas (Sanroku Line area and central-east area). In May of the same year, the Group received permission to conduct development operations in the Sanroku Line area. We commenced operations in November, and construction work has proceeded smoothly since then. In fiscal 2019, we sold off part of the commercial land in this area. We are driving forward the plan to construct Saito Moegi Distribution Centre (tentative name), which will occupy most of the remaining land.

Residential population in western area
(as of February, 2019)

	Minoh City	Ibaraki city	Total
Number of households	2,154	3,005	5,159
Current population	6,668	8,974	15,642
population/ Number of households	3.10	2.99	3.03



Size of each area

	Western area	Central area	Eastern area
Size	312.6ha	62.5ha	367.5ha

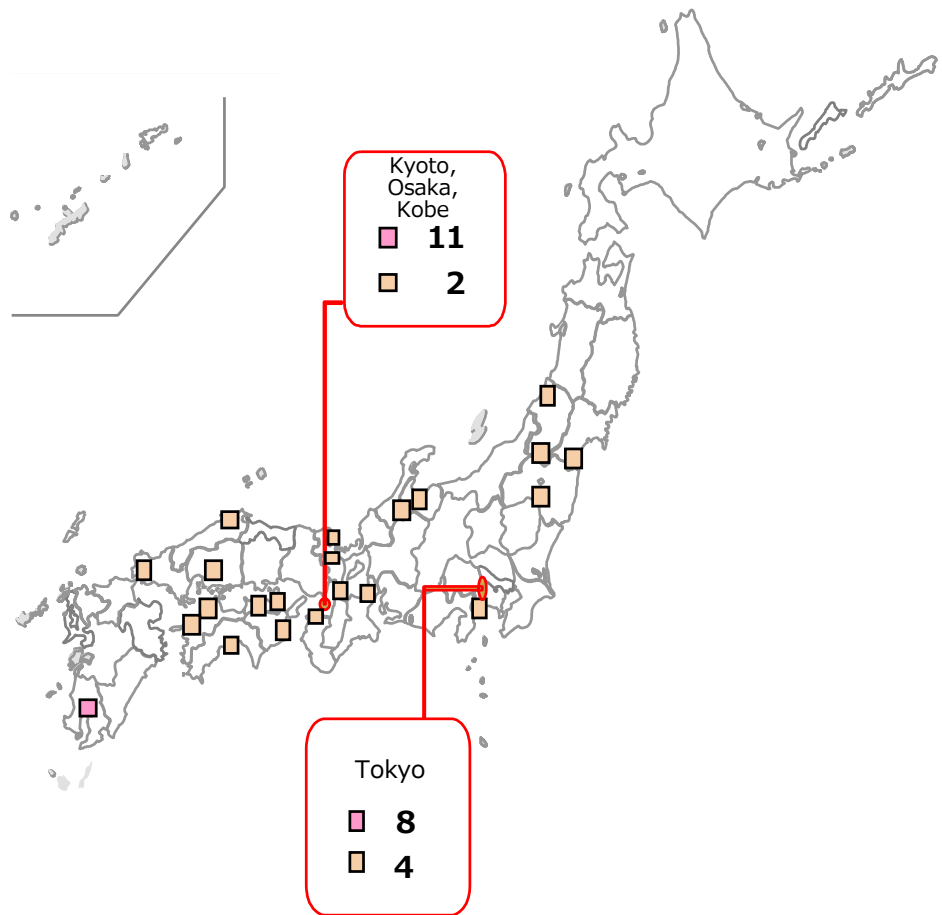
Hotel network of the Hankyu-Hanshin-Daiichi Hotel Group

<div>Directly managed hotels (Hankyu Hanshin Hotels)</div>	20Hotels	5,417 rooms	47Hotels	11,010 rooms	(as of May 15, 2019)
<div>Other (franchises, etc.)</div>	27Hotels	5,593 rooms			



Directly managed hotels
Dai-ichi Hotel Tokyo
Dai-ichi Hotel Annex
Daiichi Hotel Tokyo Seafort
Kichijoji Dai-ichi Hotel
remm Hibiya
remm Akihabara
remm Roppongi
remm Tokyo Kyobashi
Hotel Hankyu International
Hotel new Hankyu Osaka
Hotel new Hankyu Annex
Umeda OS hotel ※
Hotel Hanshin Osaka
Hotel Hanshin Annex Osaka
remm Shin-Osaka
Senri Hankyu Hotel
Hotel Hankyu Expo Park
Takarazuka Hotel
Hotel new Hankyu Kyoto
remm Kagoshima
Other(franchises, etc.)
Tokyo Dai-ichi Hotel Iwanuma Resort
Tokyo Dai-ichi Hotel Tsuruoka
Tokyo Dai-ichi Hotel Yonezawa
Tokyo Dai-ichi Hotel Shin-Shirakawa

Ginza Creston
Ours Inn Hankyu
Dai-ichi Hotel Ryogoku
Dai-ichi Inn Ikebukuro
Dai-ichi Inn Shonan
Toyama Dai-ichi Hotel
Dai-ichi Inn Shinminato
Tokyo Dai-ichi Hotel Nishiki
Hotel Boston Plaza Kusatsu
Hotel Royal Hill Fukuchiyama
Amano Hashidate Hotel
Osaka Dai-ichi Hotel
Hotel Bay Gulls
Arima Kirari Hotel
Hotel Ichibata
Kure Hankyu Hotel
Tokyo Dai-ichi Hotel Shimonoseki
Takamatsu Kokusai Hotel
JR Hotel Clemant Takamatsu
JR Hotel Clement Tokushima
The Crown Palais New Hankyu Kochi
Tokyo Dai-ichi Hotel Matsuyama
Imabari Kokusai Hotel



※Hankyu-Hanshin Hotels are entrusted operation

阪急阪神ホールディングス株式会社

Hankyu Hanshin Holdings, Inc.

Hokushin Kyuko Line Wide area Route map

