



<Provisional translation>

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For Immediate Release

REIT Issuer

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Notice Concerning Revision to the Forecasts of Financial Results and Cash Distribution
for the Fiscal Period Ending May 31, 2016

Hankyu REIT, Inc. (hereafter “Hankyu REIT”) hereby announces a revision to its forecasts of financial results and cash distribution for the period ending May 2016 (December 1, 2015 to May 31, 2016), which was disclosed on January 22, 2016, in the Financial Results for the period ended November 2015. Details are described below.

Details

1. Revision to the Forecasts of Financial Results and Cash Distribution for the Fiscal Period Ending May 2016 (December 1, 2015 to May 31, 2016)

| | Operating revenues | Operating income | Ordinary income | Net income | Distribution per unit (not including distribution in excess of earnings) | Distribution in excess of earnings per unit |
|--|----------------------|----------------------|----------------------|----------------------|--|---|
| Prior forecast (A) (Disclosure date: January 22, 2016) | 4,843 million yen | 1,948 million yen | 1,555 million yen | 1,553 million yen | 2,600 yen | 0 yen |
| Revised forecast (B) | 5,527 million yen | 2,038 million yen | 1,644 million yen | 1,642 million yen | 2,750 yen | 0 yen |
| Change (B) - (A) | 683 million yen | 89 million yen | 89 million yen | 89 million yen | 150 yen | 0 yen |
| Change (%) | 14.1% | 4.6% | 5.8% | 5.8% | 5.8% | — |
| (Reference) Previous fiscal period's actual results (Fiscal Period Ended November 2015) | 4,875 million yen | 1,961 million yen | 1,566 million yen | 1,565 million yen | 2,620 yen | 0 yen |

Note 1: Expected number of issued and outstanding investment units at the end of the fiscal period ending May 31, 2016: 597,500 units

Note 2: Figures less than a unit has been rounded down. Percentage figures are rounded to the nearest one decimal place.

2. Reason for Revision

With respect to transfer of Namba-Hanshin Building and Richmond Hotel Hamamatsu announced on March 10, 2016 and April 8, 2016, a gain on transfer and transfer expense have been finalized in line with the completion of the transfer. In addition, operating income of owned properties increased due to progress in operating status. These factors have led Hankyu REIT to expect the actual financial results and cash distribution for the fiscal period ending May 31, 2016 (December 1, 2015 to May 31, 2016) to differ from the forecasted financial results of the same period that was disclosed on January 22, 2016. Accordingly, forecasts of financial results and cash distribution have been revised at this point in time.

Furthermore, gain on sale of real estate, etc., of 731 million yen is expected from the transfer of Richmond Hotel Hamamatsu and loss on sale of real estate, etc., of 629 million yen is expected from the transfer of Namba-Hanshin Building. In addition, decrease of 59 million yen in property lease operating revenues and decrease of 39 million yen in property lease operating costs are also expected as a result of the transfer of two properties.

Note: The above numerical forecasts are forecasts of operating status and cash distribution based on assumptions indicated in the attachment. Actual operating revenues, operating income, ordinary income, net income and distribution per unit may change due to future operating status, etc. Furthermore, this forecast is in no way a guarantee of any distribution amount.

- The Japanese original document was distributed to press clubs within the Tokyo Stock Exchange (Kabuto Club), Osaka Securities Exchange, and Ministry of Land, Infrastructure, Transport and Tourism, and to the press club of the construction trade newspaper of the Ministry of Land, Infrastructure, Transport and Tourism.
- Hankyu REIT website: <http://www.hankyu-reit.jp/eng/>

[Attachment]

Assumptions for Forecasts of Financial Results and Cash Distribution for the Fiscal Period ending May 31, 2016
(22nd Fiscal Period: December 1, 2015, to May 31, 2016)

| Item | Assumption |
|-------------------------|--|
| Accounting period | <ul style="list-style-type: none"> • 22nd Fiscal Period: December 1, 2015, to May 31, 2016 Operating period: 183 days |
| Assets under management | <ul style="list-style-type: none"> • It is assumed that there will be no changes in the 21 existing properties owned as of today (e.g. new property acquisitions, the sale of existing portfolio properties, etc.) • However, these assumptions may change if there are any changes in the assets under management. |
| Operating revenues | <ul style="list-style-type: none"> • It is calculated based on lease agreements currently in effect and taking into consideration portfolio property competitiveness, market conditions and other factors. Also, with regard to other factors such as items that might change revenue or contract cancellation notices, we have made calculations taking into account a reasonable margin for fluctuation in the reported figures based on past financial results and the conditions of individual tenants. • Transfer of Richmond Hotel Hamamatsu was completed on April 8, 2016 and we expect posting of 731 million yen of gain on sale of real estate, etc. from the transfer. • It is assumed that there are no rents in arrears or delinquency of tenants. |
| Operating expenses | <ul style="list-style-type: none"> • Expenses of real estate rent, principal operating expenses, are calculated based on past financial results (excluding depreciation costs) reflecting factors that might affect expenses. • Public charges such as property tax, city planning tax, and other taxes are estimated to be 560 million yen. In general, property tax and other related taxes applicable in the fiscal year of acquisition are calculated on a pro rata basis as of the date of acquisition and shared between the buyer and seller. Hankyu REIT, however, capitalizes the amount of these taxes into the acquisition cost. • An estimate for repairs and maintenance expenses of buildings is allocated to expenses during the relevant fiscal period. The actual repairs and maintenance expenses may, however, differ significantly from the amount estimated, as a substantial amount of unexpected contingent repairs and maintenance expenses may be required, and these expenses differ significantly between fiscal periods, and are not incurred on a regular basis. • Property/facility management fees are estimated to be 348 million yen. • Depreciation costs, including incidental expenses and capital expenditures expected in the 22nd fiscal period, are calculated using the straight line method and are estimated to be 932 million yen. • Operating expenses other than expenses of real estate rent (asset management remuneration, asset custodian fees, and administrative service fees) are estimated to be 455 million yen. • Transfer of Namba-Hanshin Building was completed on April 8, 2016 and we expect posting of 629 million yen of loss on sale of real estate, etc., from the transfer. |
| Non-operating expenses | <ul style="list-style-type: none"> • Interest expenses and finance related costs are estimated to be 384 million yen. |
| Interest-bearing debt | <ul style="list-style-type: none"> • Hankyu REIT has the balance of interest-bearing debt of 61,900 million yen as of today, out of which 55,900 million is debt financing and 6,000 million yen is investment corporation bonds. • It is assumed that there will be no increase or decrease in the balance of debt |

| | |
|---|---|
| | <p>financing of 55,900 million yen during the 22nd fiscal period.</p> <ul style="list-style-type: none"> • Long-term borrowings of 1,000 million yen due in 22nd fiscal period was fully refinanced with long-term borrowings on January 21, 2016. • It is assumed that outstanding balance of investment corporation bonds will be 6,000 million yen and there is no increase or decrease due in the 22nd fiscal period. Moreover, there is no investment corporation bond due for redemption during the 22nd fiscal period. |
| Investment units | <ul style="list-style-type: none"> • It is assumed that there will be no additional issuance of investment units through to the end of the 22nd fiscal period to the 597,500 investment units outstanding as of today. • Distribution per unit is calculated using the expected total number of outstanding investment units at the end of period of 597,500 units. |
| Distribution per unit | <ul style="list-style-type: none"> • Distribution per unit is calculated based on the cash distribution policy set in the Hankyu REIT Articles of Incorporation. • Distribution per unit may change due to change in rental income resulting from a change in assets under management or a change in tenants or other factors including unexpected repairs. |
| Distribution in excess of earnings per unit | <ul style="list-style-type: none"> • There is no plan to conduct distribution in excess of earnings per unit at this point in time. |
| Other | <ul style="list-style-type: none"> • It is assumed that there will be no revisions in the laws and regulations, taxation system, accounting standards, exchange listing rules, or The Investment Trusts Association's regulations that will influence the above financial forecasts. • It is assumed that there are no significant unforeseen changes in general economic trends or the real estate market, etc. |