

REIT Issuer

**Hankyu REIT, Inc.** (Securities Code: 8977)  
19-19 Chaya-machi, Kita-ku, Osaka  
Yoshiaki Shiraki, Executive Director

Asset Management Company

**Hankyu REIT Asset Management, Inc.**  
Yoshiaki Shiraki, President & Representative Director  
Contact:  
Hiroshi Yoshida  
General Manager, IR and Public Relations Department  
Email: hankyureit-ir@hankyu-rt.jp



# Supplementary Material for Financial Results and Timely Disclosure as of Today

January 25, 2018

As of January 25, 2018

“Notice Concerning Revision to Forecasts of Financial Results for the Fiscal Period Ending May 31, 2018 and Forecasts of Financial Results for the Fiscal Period Ending November 30, 2018”

“Hankyu REIT, Incorporated Financial Results for the 25<sup>th</sup> Fiscal Period From June 1, 2017 to November 30, 2017”



Hankyu REIT, Inc.



Hankyu REIT Asset Management, Inc.

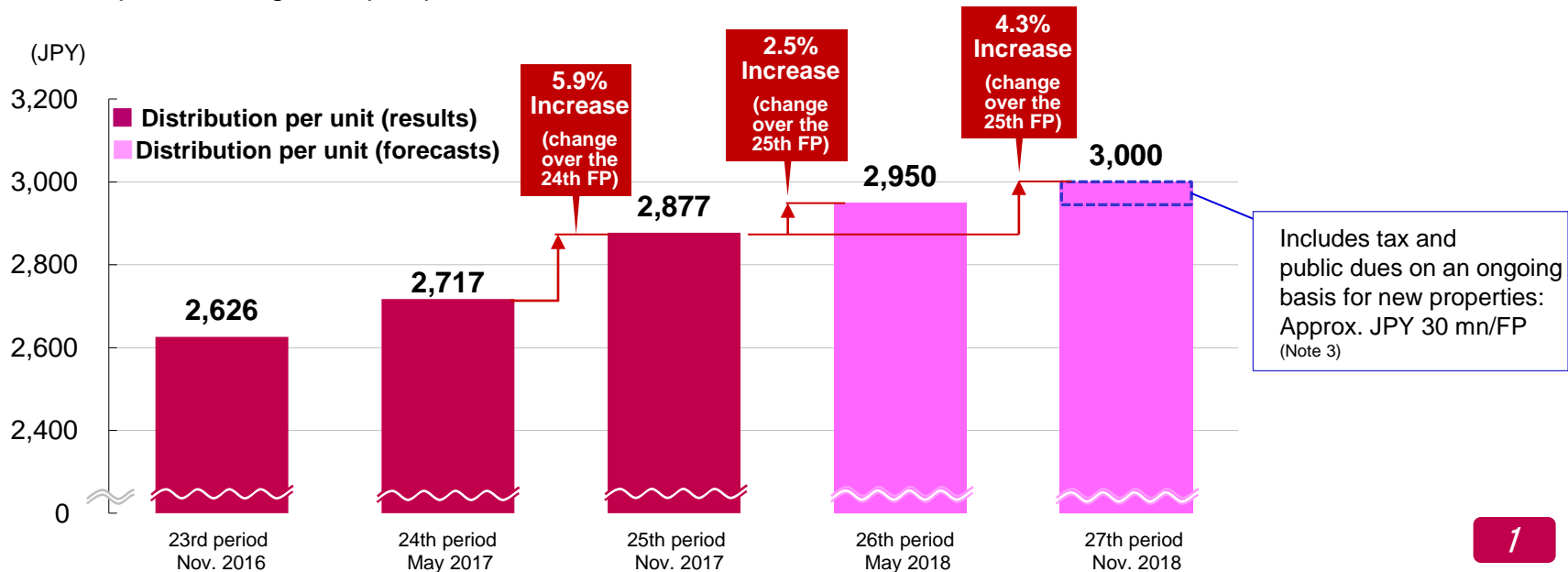


## Financial results for 25th fiscal period

- Despite the occurrence of payment of settlement money for the rent reduction action concerning Hotel Gracery Tamachi, Hankyu REIT secured an increase in revenues and income from the 24th fiscal period actual results, as well as exceeding the 25th fiscal period forecasted figures, by realizing 100% rent collection from OASIS Town Itami Konoike (site) since July 3, 2017 along with its full opening, decreasing repair expenses through partial change in repair plans, etc., and other factors.

## Financial forecasts for 26th and 27th fiscal periods

- Plan to issue new investment units and acquire new properties (METS OZONE and Vessel Inn Hakata Nakasu) in 26th fiscal period (Note 1)
- Distribution per unit is expected to continue to grow (26th FP forecast: JPY 2,950, 27th FP forecast: JPY 3,000)
- Both fiscal periods are expected to see an increase in revenues and income from the 25th fiscal period actual results as the increase in lease income of Sphere Tower Tennozu (Note 2) and the increase in revenues from 100% rent collection from OASIS Town Itami Konoike (site) through the whole period will offset the increase in repair expenses, etc., due to partial change in repair plans and other factors.



## ● Comparison with 24th fiscal period results

(Unit: millions of yen)

Item	Results for 24th FP (A) (Dec. 1, 2016 - May 31, 2017)	Results for 25th FP (B) (Jun. 1 - Nov. 30, 2017)	Change (B) - (A)
Operation period (days)	182	183	1
Operating revenues	4,740	4,902	162
Operating income	1,979	2,150	170
Ordinary income	1,625	1,793	168
Net income	1,623	1,718	95
Total number of investment units issued and outstanding	597,500	597,500	—
Distribution per unit (JPY)	2,717	2,877	160
FFO per unit (JPY)	4,133	4,285	152

### (Main factors for increase/decrease)

(1)	Increase in income from lease (Itami):	JPY +100 mn
	<small>(100% rent collection from July 3, 2017 (2 months earlier than initial assumption))</small>	
	Increase in air-conditioning usage fee income (Tennozu):	JPY +13 mn
(2)	Increase in utilities expense income:	JPY +47 mn

(2)	Decrease in repair expenses:	JPY +60 mn
	Increase in utilities expenses:	JPY -54 mn

(3)	Payment of settlement money (Tamachi) :	JPY -73 mn
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## ● Comparison with 25th fiscal period forecasts

(Unit: millions of yen)

Item	Forecasts for 25th FP (A) (As of July 14, 2017)	Results for 25th FP (B) (Jun. 1 - Nov. 30, 2017)	Change (B) - (A)
Operation period (days)	183	183	—
Operating revenues	4,873	4,902	29
Operating income	2,052	2,150	97
Ordinary income	1,674	1,793	118
Net income	1,673	1,718	45
Total number of investment units issued and outstanding	597,500	597,500	—
Distribution per unit (JPY)	2,800	2,877	77
FFO per unit (JPY)	4,212	4,285	72

### (Main factors for increase/decrease)

(1)	Increase in income from lease:	JPY +5 mn
	Increase in air-conditioning usage fee income (Tennozu):	JPY +9 mn

(2)	Decrease in repair expenses (Yamada, etc.):	JPY +54 mn
	<small>(Partial change in repair plans to make up for the payment of settlement money (Tamachi))</small>	
(3)	Decrease in utilities expenses:	JPY +16 mn

(3)	Decrease in interest expenses:	JPY +6 mn
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(4)	Payment of settlement money (Tamachi):	JPY -73 mn
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Net assets per unit JPY 122,809

Net assets per unit after reflecting unrealized gain/loss JPY 157,053

Results for 25th fiscal period (ended November 2017) **JPY 2,877**  
Distribution per unit



(Unit: millions of yen)

Item	Results for 25th FP (1) (Jun. 1 - Nov. 30, 2017)	Forecasts for 26th FP (2) (Dec. 1, 2017 - May 31, 2018)	Change (2) - (1)	Forecasts for 27th FP (3) (Jun. 1 - Nov. 30, 2018)	Change (3) - (2)
Operation period (days)	183	182	-1	183	1
Operating revenues	4,902	5,176	274	5,402	226
Operating income	2,150	2,269	119	2,269	-0
Ordinary income	1,793	1,885	91	1,917	31
Net income	1,718	1,883	164	1,915	31
Total number of investment units issued and outstanding	597,500	638,500	41,000	638,500	—
Distribution per unit (JPY)	2,877	2,950	73	3,000	50
FFO per unit (JPY)	4,285	4,328	42	4,439	110

## [Forecasts for 26th Fiscal Period] Main factors for increase/decrease from 25th fiscal period results

- Increase in lease operating income from acquisition of new properties  
JPY +87 mn (OZONE +76, Hakata +10)
  - Increase in lease\*  
JPY +110 mn  
(Tennozu +98, Itami +21 (lease income: Full-period 100% rent collection), etc.)
  - Increase in repair expenses\*  
JPY -72 mn ( Yamada -66, HEP -21, etc.)  
(Partial change in repair plans for 25th FP to make up for the payment of settlement money (Tamachi))
  - Occurrence of expenses related to issuance of investment units  
JPY -43 mn
  - Decrease in expenses due to absence of payment of settlement money (Tamachi)  
JPY +73 mn
- \*Calculation includes existing properties only

## [Forecast for 27th Fiscal Period] Main factors for increase/decrease from 26th fiscal period forecasts

- Increase in lease operating income from acquisition of new properties  
JPY +90 mn (OZONE +59, Hakata +30)
  - Difference between income and expenditure of utilities expenses\*  
JPY -20 mn
  - Increase in repair expenses\*  
JPY -39 mn (Takatsuki -28, etc.)
  - Increase in depreciation\*  
JPY -16 mn (NISHINOMIYA, etc.)
  - Increase in asset management remuneration  
JPY -11 mn
  - Increase in interest expenses  
JPY -11 mn
  - Decrease in expenses due to absence of payment of expenses related to issuance of investment units  
JPY +43 mn
- \*Calculation includes existing properties only

Forecast for 26th Fiscal Period (ending May 2018)  
Distribution per unit

**JPY 2,950**

Forecast for 27th Fiscal Period (ending November 2018)  
Distribution per unit

**JPY 3,000**

[Main preconditions (Note 4)]

- There will be no change in portfolio properties from the 25 properties presently held or planned to be acquired.
- There will be no additional issuance of investment units to the 638,500 units (the sum of the total number of outstanding investment units at present and the 41,000 units (max.) of new investment units to be issued as resolved on January 25, 2018) in total number of outstanding investment units through to the end of the 27th fiscal period.



## <Note>

- (Note 1) Please refer respectively to “Notice Concerning the Issuance of New Investment Units and Secondary Offering of Investment Units” announced today for the issuance of new investment units, and “Notice Concerning Acquisition of Domestic Real Estate Trust Beneficiary Interests” announced on November 28, 2017 and “Notice Concerning Acquisition of Domestic Real Estate” announced today for information on the acquisition of new properties.
- (Note 2) Hankyu REIT has concluded building lease contracts with two new tenants at Sphere Tower Tennozu since October 2017 (one moved in in November 2017.). As the respective leasing dates are November 1, 2017 and February 1, 2018, the occupancy rate of the property stood at 93.0% in November 2017 and is scheduled to improve to 94.8% in February 2018.
- (Note 3) Calculated based on the figures stated in appraisal reports for the new properties.
- (Note 4) Please refer to “Notice Concerning Revision to the Forecast of Financial Results for the Fiscal Period Ending May 31, 2018 and Forecasts of Financial Results for the Fiscal Period Ending November 30, 2018” and “Hankyu REIT, Incorporated Financial Results for the 25th Fiscal Period From June 1, 2017 to November 30, 2017” announced today for other preconditions.

## <Disclaimer>

- This material includes forward-looking statements based on present assumptions and future outlook.
- Actual results may differ from the forward-looking statement values due to various factors.
- Since investment securities of Hankyu REIT are closed-end type which do not make redemption of units demanded by unitholders, the only means for unitholders to convert the investment securities is to sell to third parties. Market value of the investment securities is affected by supply/demand at the exchange and also fluctuates affected by interest rate environment, economic situations, real estate market trends and various other factors surrounding the market. Therefore, the unitholders may not be able to sell the investment securities at the price of acquisition incurring loss.
- This material is prepared solely for the purpose of providing information on financial results of Hankyu REIT, and not intended as a solicitation to acquire investment securities of Hankyu REIT nor is it intended as a solicitation to sign contracts relating to transactions of other financial instruments. When undertaking any investment, please do so based on your own judgment and responsibility as an investor after referring to the prospectus for notification of the issuance of new investment units and secondary offering of investment units (including amendments thereto).
- Upon purchasing investment securities of Hankyu REIT, please consult with a securities company that is a “Type I Financial Instruments Business Operator.”
- This material is an English translation of the original, which was issued in the Japanese language.
- There are sections that display property names in abbreviated form.
- “(Site)” is added after the name of properties for which Hankyu REIT owns only its land.