



For Immediate Release

REIT Issuer

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Notice Concerning Revision to the Forecasts of Financial Results and Distribution
for the Fiscal Period Ending May 31, 2019 and Forecasts of Financial Results and Distribution
for the Fiscal Period Ending November 30, 2019

Hankyu Hanshin REIT, Inc. (hereafter “Hankyu Hanshin REIT”) hereby announces a revision to its forecasts of financial results and distribution for the fiscal period ending May 2019 (28th fiscal period: December 1, 2018 to May 31, 2019), which was disclosed on July 18, 2018, in the “Hankyu REIT, Incorporated* Financial Results for the 26th Fiscal Period From December 1, 2017 to May 31, 2018”. Hankyu Hanshin REIT also announces its forecasts of financial results and distribution for the fiscal period ending November 2019 (29th fiscal period: June 1, 2019 to November 30, 2019). Furthermore, there is no change to the forecasts of financial results and distribution for the fiscal period ending November 2018 (27th fiscal period: June 1, 2018 to November 30, 2018).

* Hankyu REIT, Inc. changed its name to Hankyu Hanshin REIT, Inc. on September 1, 2018. The same applies hereafter.

Details

1. Revision to the Forecasts of Financial Results and Distribution for the Fiscal Period Ending May 2019
(28th fiscal period: December 1, 2018 to May 31, 2019)

	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)	5,479 million yen	2,305 million yen	1,949 million yen	1,948 million yen	3,050 yen	0 yen
Revised forecast (B)	5,964 million yen	2,566 million yen	2,185 million yen	2,183 million yen	3,140 yen	0 yen
Change (B - A)	484 million yen	261 million yen	235 million yen	235 million yen	90 yen	0 yen
Rate of change (B - A) / A	8.8%	11.3%	12.1%	12.1%	3.0%	-

Note 1: Total number of investment units issued and outstanding at the end of the 28th fiscal period: 695,200 units (planned)

Note 2: Figures have been rounded down to the nearest specified unit. Percentage figures are rounded to one decimal place.

The same applies hereafter.

Disclaimer: This document is a press release to make a public announcement of the revision to the forecasts of financial results and distribution for the fiscal period ending May 2019 and forecasts of financial results and distribution for the fiscal period ending November 2019, and has not been prepared as a solicitation for investment. Hankyu Hanshin REIT advises investors to ensure that they refer to the prospectus for notification of the issuance of new investment units and secondary offering of investment units as well as amendments thereto (if any) prepared by Hankyu Hanshin REIT, if any, before undertaking investments and investments be made at their own discretion and responsibility.

2. Forecasts of Financial Results and Distribution for the Fiscal Period Ending November 2019

(29th fiscal period: June 1, 2019 to November 30, 2019)

	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
Fiscal period ending November 2019	5,950 million yen	2,547 million yen	2,157 million yen	2,155 million yen	3,100 yen	0 yen

Note: Total number of investment units issued and outstanding at the end of the 29th fiscal period: 695,200 units (planned)

3. Reason for Revision and Announcement

There were changes in assumptions for forecasts of financial results and distribution for the fiscal period ending May 2019 (28th fiscal period: December 1, 2018 to May 31, 2019), which was announced in “Hankyu REIT, Incorporated Financial Results for the 26th Fiscal Period from December 1, 2017 to May 31, 2018” dated July 18, 2018, with acquisition of the assets to be acquired, commencement of leasing and transfer of the asset to be transferred as announced in “Notice Concerning Acquisition of Domestic Real Estate Trust Beneficiary Interest and Domestic Real Estate, Commencement of Leasing, and Transfer of Domestic Trust Beneficiary Interest” separately announced today, issuance of new investment units as announced in “Notice Concerning the Issuance of New Investment Units and Secondary Offering of Investment Units” separately announced today and new debt financing as announced in “Notice Concerning Debt Financing” separately announced today.

Furthermore, forecasts of financial results and distribution for the fiscal period ending November 2019 (29th fiscal period: June 1, 2019 to November 30, 2019) are announced together with the revision.

Note: The above numerical forecasts are forecasts at this point in time based on assumptions indicated in the attachment. Actual operating revenues, operating income, ordinary income, net income, distribution per unit (not including distribution in excess of earnings) and distribution in excess of earnings per unit may change due to future acquisition or transfer of real estate, fluctuation in the real estate market, change in the number of new investment units that will actually be issued, and other change in conditions surrounding Hankyu Hanshin REIT. Furthermore, the forecasts do not guarantee any cash distribution amounts.

If a certain difference is expected from the forecasts above, Hankyu Hanshin REIT may revise it.

- The Japanese original document was distributed to press clubs within the Tokyo Stock Exchange (Kabuto Club), Osaka Securities Exchange, and the 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 Hanshin REIT website: <https://www.hankyuhanshinreit.co.jp/eng/>

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[Attachment]

Assumptions for Forecasts of Financial Results and Distribution for the Fiscal Period ending May 2019 (28th Fiscal Period: December 1, 2018 to May 31, 2019) and the Fiscal Period ending November 2019 (29th Fiscal Period: June 1, 2019 to November 30, 2019)

Item	Assumption
Accounting period	<ul style="list-style-type: none">• 28th Fiscal Period: December 1, 2018 to May 31, 2019 Operating period: 182 days• 29th Fiscal Period: June 1, 2019 to November 30, 2019 Operating period: 183 days
Assets under management	<ul style="list-style-type: none">• It is assumed that the three assets to be acquired will be acquired on the planned acquisition dates and that the asset to be transferred will be transferred on the planned transfer date, as indicated in “Notice Concerning Acquisition of Domestic Real Estate Trust Beneficiary Interest and Domestic Real Estate, Commencement of Leasing, and Transfer of Domestic Trust Beneficiary Interest” separately announced today, in addition to the 27 existing properties owned as of today. Additionally, it is assumed that there will be no changes other than these to the assets under management until the end of the 29th fiscal period (ending November 30, 2019).• The planned acquisition dates of the three assets to be acquired and the planned transfer date of the asset to be transferred are as follows. [Planned acquisition dates] GRAND FRONT OSAKA (Umekita Plaza ・ South Building) (4.9% co-ownership): December 5, 2018 GRAND FRONT OSAKA (North Building) (4.9% co-ownership): December 5, 2018 (Tentative name) Valor Takatsuki Store (site): March 29, 2019 [Planned transfer date] LaLaport KOSHIEN (site): December 3, 2018• However, these assumptions may change if there are any changes in the assets under management.
Operating revenues	<ul style="list-style-type: none">• Calculated based on lease agreements currently in effect for the existing 27 properties and based on lease agreements scheduled to take effect on the planned acquisition dates for the three assets to be acquired, taking into consideration portfolio property competitiveness, market conditions and other factors. Also, with regard to other factors that might change such as variable 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.• It is assumed that there are no rents in arrears or delinquency of tenants.• As indicated in “Assets under management” above, LaLaport KOSHIEN (site) is scheduled to be transferred on December 3, 2018, and gain on transfer of 192 million yen is expected for the 28th fiscal period.

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Operating expenses	<ul style="list-style-type: none"> • Expenses of real estate rent that are principal operating expenses are calculated based on past financial results (excluding depreciation costs of the existing 27 properties) reflecting factors that might affect expenses. Also, expenses other than the depreciation costs of the three assets to be acquired are calculated by reflecting factors that might affect expenses and taking into consideration the information provided by the current owners and lease agreements scheduled to take effect on the planned acquisition dates of the three assets to be acquired. • Public charges such as property tax, city planning tax, and other taxes are estimated to be 504 million yen for the 28th fiscal period and 583 million yen for the 29th fiscal period. In general, public charges such as property tax, city planning tax, and other taxes applicable in the fiscal year of acquisition are calculated on a pro rata basis as of the time of acquisition and shared between the buyer and seller. However, they will not be recorded as expenses upon acquisition as Hankyu Hanshin REIT capitalizes the amount of these taxes into the acquisition cost. In addition, as for the three assets to be acquired, the total amount of public charges such as property tax, city planning tax, and other taxes capitalized into the acquisition cost is estimated to be 15 million yen. • Repair and maintenance expenses of buildings are estimated to be 305 million yen for the 28th fiscal period and 172 million yen for the 29th 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 years, and are not incurred on a regular basis. • Outsourcing fees for property/facility management are estimated to be 506 million yen for the 28th fiscal period and 505 million yen for the 29th fiscal period. • Depreciation costs, including incidental expenses and capital expenditures expected in each fiscal period, are calculated using the straight line method and are estimated to be 990 million yen for the 28th fiscal period and 1,001 million yen for the 29th fiscal period. • Operating expenses other than expenses of real estate rent (asset management fees, asset custodian fees, and administrative service fees) are estimated to be 536 million yen for the 28th fiscal period and 541 million yen for the 29th fiscal period.
Non-operating expenses	<ul style="list-style-type: none"> • Temporary expenses for the issuance of new investment units through public offering resolved at the Hankyu Hanshin REIT's Executive Meeting held today are estimated to be 6 million yen for the 28th fiscal period. • Interest expenses and finance related costs are estimated to be 376 million yen for the 28th fiscal period and 389 million yen for the 29th fiscal period.
Interest-bearing debt	<ul style="list-style-type: none"> • Hankyu Hanshin REIT's balance of interest-bearing debt as of today is 67,900 million yen, out of which 63,900 million yen is debt financing and 4,000 million yen is investment corporation bonds. • It is assumed that in addition to the interest-bearing debt above, new debt financing of 600 million yen on December 3, 2018 and 2,400 million yen on March

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	<p>28, 2019 will be implemented as indicated in “Notice Concerning Debt Financing” separately announced today, as well as that there will be no increase or decrease in the balance of interest-bearing debt of 70,900 million yen from March 28, 2019.</p> <ul style="list-style-type: none"> • It is assumed that long-term borrowings of 6,000 million yen and short-term borrowings of 2,000 million yen due in the 28th fiscal period will be fully refinanced. • It is assumed that long-term borrowings of 5,500 million yen and short-term borrowings of 1,000 million yen due in the 29th fiscal period will be fully refinanced. • It is assumed that the outstanding balance of investment corporation bonds will be 4,000 million yen and that there will be no increase or decrease until the end of the 29th fiscal period. Moreover, there are no investment corporation bonds due for redemption until the end of the 29th fiscal period.
Investment units	<ul style="list-style-type: none"> • It is assumed that in addition to the 638,500 investment units issued and outstanding as of today, there is issuance of new investment units through public offering (54,000 units) and issuance of new investment units by third-party allotment through over-allotment (2,700 units) resolved at the Hankyu Hanshin REIT’s Executive Meeting held today, amounting to 695,200 units. It is assumed the additional issuance of investment units by third-party allotment, 2,700 units (max.), will be executed. For details of the above issuance of new investment units, please refer to the press release “Notice Concerning the Issuance of New Investment Units and Secondary Offering of Investment Units” separately announced today. • It is assumed that there will be no issuance of new investment units other than that until the end of the 29th fiscal period.
Distribution per unit (not including distribution in excess of earnings)	<ul style="list-style-type: none"> • Distribution per unit is calculated based on the cash distribution policy set in the Hankyu Hanshin REIT’s Articles of Incorporation. • Distribution per unit may change due to change in rental income resulting from a change in assets under management, 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.
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.

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