



For Immediate Release

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REIT Issuer

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Notice Concerning Settlement for Rent Reduction Action  
(Hotel Gracery Tamachi)

Hankyu REIT, Inc. (hereafter "Hankyu REIT") hereby notifies that a settlement was reached today at Tokyo District Court as for the action for rent reduction filed against Hankyu REIT by Fujita Kanko Inc. (hereafter "Fujita Kanko"), which is the lessee of a portfolio asset "Hotel Gracery Tamachi" (hereafter the "Property"), through the trustee of the Property. Details are described below.

1. Main Content of the Settlement

- (1) Rent change: Reduction of monthly rent by approximately 1.44 million yen (approximately 7.4% in amount) on and after September 30, 2013
- (2) Rent revision: Next rent revision date will be changed to September 30, 2023 and the rent will be revised every five years from the concerned date
- (3) Payment of settlement money: Payment of approximately 73 million yen to Fujita Kanko as settlement money

\*Settlement money is planned to be recorded as extraordinary loss

2. Circumstances to the Lawsuit

An action against Hankyu REIT for rent reduction claiming approximately 23.5% reduction in amount compared with the existing rent for rent on and after September 30, 2013 was filed by Fujita Kanko through the trustee of the Property on October 9, 2014, as announced in the press release "Notice Concerning Rent Reduction Action Filed Against the Investment Corporation (Hotel Gracery Tamachi)" dated October 27, 2014.

Hankyu REIT considers the claim for rent reduction for the Property to lack reasonable grounds and filed a counterclaim against Fujita Kanko through the trustee of the Property, claiming approximately 7.3% increase in amount compared with the existing rent for rent on and after July 1, 2015, as announced in the press release "Notice Concerning Filing of Counterclaim in Rent Reduction Action (Hotel Gracery Tamachi)" dated July 6, 2015.

At this time, settlement of the case was recommended by the court, and a number of consultations

concerning the details of the settlement were held. As a result, although it does not thoroughly satisfy Hankyu REIT's claim, a settlement has been reached and the forecasts of cash distributions for the 25th fiscal period and 26th fiscal period of 2,800 yen and 2,900 yen, respectively, are expected to be maintained as mentioned in "3. Future Outlook" in consideration of the balance of income and expenditure through close review of the current revenue forecasts, processes of maintenance and repair plans, various fees, etc. Furthermore, Hankyu REIT considered the resolving of future uncertain risk by settling the action as the best measure so as not to damage unitholder interest.

For the 27th fiscal period, Hankyu REIT will strive to conduct asset management with the aim of achieving a distribution level of 2,900 yen on an ongoing basis, as part of its medium-term objectives.

### 3. Future Outlook

Temporary payment, etc., of approximately 88 million yen will occur with the payment of settlement money, etc., for the 25th fiscal period, but by adjusting the maintenance and repair plans of owned properties in addition to other efforts, Hankyu REIT expects to maintain the same level of distribution as the forecasts for the financial results for the fiscal period ending November 2017 (25th fiscal period: June 1, 2017 to November 30, 2017) and fiscal period ending May 2018 (26th fiscal period: December 1, 2017 to May 31, 2018) announced on July 14, 2017, and there is no revision to the forecasts.

- 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 REIT website: <http://www.hankyu-reit.jp/eng/>