Fiscal 2018 Outlook

Urban Transportation

Revenues from operations are expected to decrease 1.1%, or ¥2.6 billion, year on year, to ¥234.5 billion, due to such factors as lina Dining Co., Ltd., changing from a consolidated subsidiary to an equity-method affiliate. We expect that an increase in depreciation and amortisation in the railway business and higher fuel costs in the automobile business will result in a 6.2%, or ¥2.6 billion, year-on-year decline in operating income, to ¥39.6 billion.

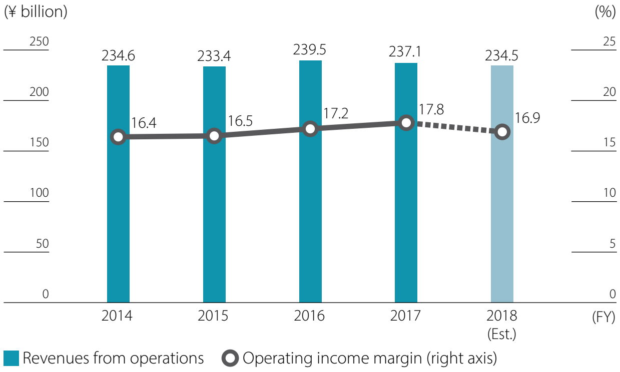
Hankyu Corporation and Hanshin Electric Railway:
Performance forecasts (Fiscal 2018)

	Fare revenues (Millions of yen)*			
	FY2018	FY2017	Change	%
Hankyu	95,649	95,348	300	0.3
Hanshin	32,707	32,699	7	0.0

	Passenger volumes (Thousands)*			
	FY2018	FY2017	Change	%
Hankyu	650,112	647,369	2,742	0.4
Hanshin	237,616	236,766	849	0.4

* Sum of tier 1 and tier 2 railway operators for both Hankyu and Hanshin

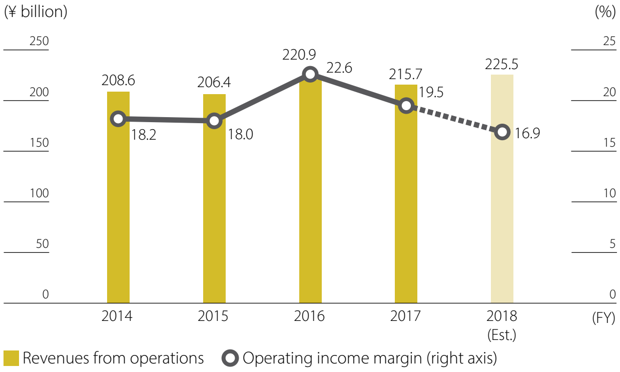
Outlook for revenues from operations and operating income margin



Real Estate

We expect revenues from operations to grow 4.5%, or ¥9.8 billion, year on year, to ¥225.5 billion, as a result of higher condominium unit sales. However, we expect such factors as higher sales expenses arising from the condominium projects will lead to a 9.3%, or ¥3.9 billion, year-on-year decrease in operating income, to ¥38.1 billion.

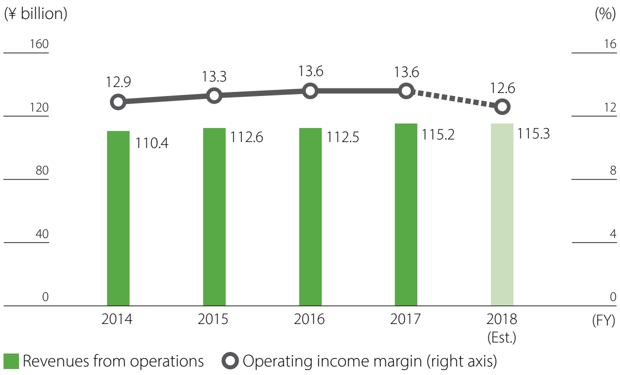
Outlook for revenues from operations and operating income margin



Entertainment and Communications

In light of an expected rise in cable television subscriber numbers in the communication and media businesses, the Entertainment and Communications Business is projected to record a 0.1%, or ¥0.1 billion, year-on-year increase in revenues from operations, to ¥115.3 billion. However, due to expectations of a decline in the high capacity utilisation of Takarazuka Revue performances as well as lower sales of related products in the stage business, operating income is forecast to decrease 7.6%, or ¥1.2 billion, year on year, to ¥14.5 billion.

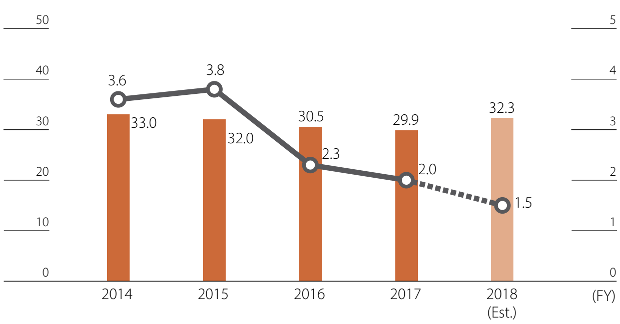
Outlook for revenues from operations and operating income margin



Travel

We expect that higher demand for overseas and domestic travel products will produce an 8.0%, or ¥2.4 billion, year-on-year increase in revenues from operations, to ¥32.3 billion. Operating income is projected to decline 16.7%, or ¥0.1 billion, year on year, to ¥0.5 billion, due to higher expenses arising from forward-looking structural reform of the business.

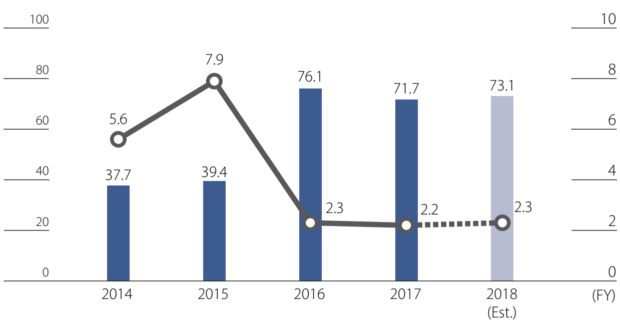
Outlook for revenues from operations and operating income margin



International Transportation

We expect that higher handling volume will result in year-on-year increases of 2.0%, or ¥1.4 billion, in revenues from operations, to ¥73.1 billion, and 6.3%, or ¥0.1 billion, in operating income, to ¥1.7 billion.

Outlook for revenues from operations and operating income margin

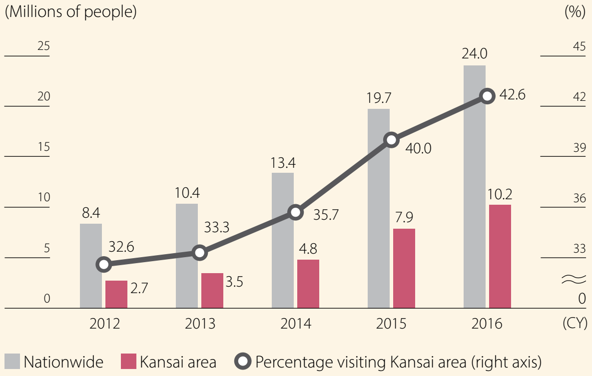


Note: As of fiscal 2016, revenues from operations will be presented on a gross basis rather than a net basis (total transactions net of freight costs).

Hotels

The recent opening of REMM Roppongi and other factors are likely to enable a 3.5%, or ¥2.3 billion, year-on-year increase in revenues from operations, to ¥67.9 billion. Higher costs accompanying the opening and refurbishment of hotels are expected to lead to a 7.1%, or ¥0.2 billion, year-on-year decline in operating income, to ¥2.6 billion.

Visitors to Japan



Source: "Consumption Trend Survey for Foreigners Visiting Japan," Japan National Tourism Organization (JNTO), Japan Tourism Agency

Outlook for revenues from operations and operating income margin