



<Provisional translation>

November 11, 2013

For Immediate Release

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:
Yoshihiro Nakano
General Manager, Corporate Planning Dept.
Email: hankyureit-ir@hankyu-rt.jp

Notice Concerning Acquisition of Domestic Real Estate

Hankyu REIT, Inc. (hereafter "Hankyu REIT") announces its decision made today to undertake the following acquisition of assets.

Details

1. Overview of Acquisition

- | | |
|--------------------------------|--|
| (1) Asset to be acquired: | Right of ownership |
| (2) Property name: | Kita-Aoyama 3 cho-me Building |
| (3) Planned acquisition price: | 1,680,000,000 yen
(excluding acquisition-related expenses, property tax, city planning tax and consumption tax, among others) |
| (4) Appraisal value: | 1,700,000,000 yen (Date of appraisal: October 31, 2013) |
| (5) Planned acquisition date: | November 12, 2013 |
| (6) Seller: | Kawata Construction Inc. (Land)
SLB, K. K. (Building) |
| (7) Acquisition funds: | Cash on hand |

2. Reason for Acquisition

Hankyu REIT will acquire the property in order to build a well-balanced portfolio and attain steady growth, based on the target and policy of asset management stipulated in its Articles of Incorporation. Furthermore, this represents the first urban retail property Hankyu REIT will acquire in central Tokyo. Going forward, Hankyu REIT will continue to acquire high-quality blue-chip properties based on its investment policy of keeping the ratio of the Kansai region at 50% or more and the ratio of retail-use zone at 50% or more, while taking into account diversifying the portfolio in terms of region and use.

In addition, Hankyu REIT evaluated the following points upon deciding on the acquisition of the property.

- The property is located in "Omotesando" (indicating the alley that passes from the Aoyama Dori

street to Jingumae and its vicinities in the Kita-Aoyama area), somewhat behind the Aoyama Dori street on the western side. The area has a relatively high concentration of retail facilities among locations not facing major streets, and features competitive superiority. The property is surrounded by many fashion brand stores that are purpose-driven and have strong ability to attract customers targeting core fans. Most recently, some brands opened their first shops in Japan in this area, and businesses other than fashion also opened shops there. The image of the location is relatively favorable, and there is a growing number of customers seen around the area who seek originality or hope to enjoy town walking apart from the bustle of the main streets.

- ACRO Inc., the main tenant, was established as a wholly-owned company of Pola Orbis Holdings Inc., and operates 25 shops in department stores, etc. throughout Japan (as of October 2013) offering natural skin care cosmetic products under the “THREE” brand it has created. The “THREE AOYAMA” housed in the property is the flagship shop of the “THREE” brand, and operates spa and dining facilities along with a shop selling the products, matching the characteristics and image of the area.

3. Details of Assets to be Acquired

Property name		Kita-Aoyama 3 cho-me Building			
Specified asset type		Right of ownership			
Planned acquisition price		1,680,000,000 yen			
Appraisal value		1,700,000,000 yen (Date of appraisal: October 31, 2013) (Appraisal organization: Daiwa Real Estate Appraisal Corporation)			
Location	Address				
		3-12-13 Kita Aoyama, Minato-ku, Tokyo			
Land	Building coverage	60%	Building	Month/Year built	September 2013
	Floor area ratio	300% 160% (standard floor area ratio based on road width)		Structure/ Floors	Steel-frame structure with flat roof / 3 floors
	Zone use	Type 1 residential district		Use	Retail, office
	Site area	415.42m ²		Total floor area	692.00m ²
	Form of ownership	Right of ownership		Form of ownership	Right of ownership
PML of earthquake evaluation (evaluators)		7.4% (Engineering & Risk Services Corporation and OYO RMS Corporation)			
Consigned property manager		GREEN SEED Co., Ltd.			
Collateral		None			

4. Overview of Leasing

Total number of tenants	2
Principal tenant	ACRO Inc., asulabo Co., Ltd.
Annual rent	– (Note 1)
Leasable area	619.76m ² (Note 2)
Leased area	619.76m ² (Note 2)
Occupancy rate	100% (Note 3)
Security deposit	– (Note 1)

Note 1: Undisclosed as consent has not been obtained from the tenants.

Note 2: The area specified in the lease agreement with tenants is indicated.

Note 3: The ratio of leased area to leasable area.

5. Overview of Sellers

(1) Kawata Construction Inc.

Name	Kawata Construction Inc.
Location	1-5-15 Bunkyo-cho, Mishima-shi, Shizuoka
Title and name of representative	Eiji Kawata, Representative
Main business activities	Business related to land use, civil engineering business, construction business and real estate business
Capital	42.75 million yen (Note 1)
Date of establishment	February 1946
Net assets and total assets in immediately preceding fiscal year	Undisclosed as consent has not been obtained from the Seller
Relation to Hankyu REIT or asset management company	None

Note 1: The capital as of the date of this press release.

(2) SLB, K. K.

Name	SLB, K. K.
Location	1-5-15 Bunkyo-cho, Mishima-shi, Shizuoka
Title and name of representative	Eiji Kawata, Representative
Main business activities	Real estate leasing and transaction business
Capital	8 million yen (Note 1)
Date of establishment	October 2009
Net assets and total assets in immediately preceding fiscal year	Undisclosed as consent has not been obtained from the Seller
Relation to Hankyu REIT or asset management company	None

Note 1: The capital as of the date of this press release.

6. Overview of Intermediaries

Name	Tokyu Livable, Inc.
Location	1-9-5 Dogenzaka, Shibuya-ku, Tokyo
Title and name of representative	Yoshihiro Nakajima, Representative Director
Main business activities	Real estate brokerage business, commissioned sales business, real estate leasing business and real estate sales business
Capital	1,396.3 million yen (Note 1)
Date of establishment	March 1972
Relation to Hankyu REIT or asset management company	None
Brokerage fees	Undisclosed as consent has not been obtained from the intermediary

Note 1: The capital as of the date of this press release.

7. Acquisition Process

Hankyu REIT plans to pay the sellers the acquisition price in full on the planned acquisition date.

8. Acquisition Schedule

- | | |
|-------------------|---|
| November 11, 2013 | Resolution of acquisition of property at the asset management company's Board of Directors' meeting |
| November 12, 2013 | Conclusion of agreement, Payment and acquisition of the property (planned) |

9. Future Outlook

The acquisition of the property will have minimal impact on the management of Hankyu REIT's assets for the fiscal period ending November 2013 (17th fiscal period: June 1, 2013 to November 30, 2013) and thus there is no revision to the forecasts for such disclosed in the "Financial Results for the Fiscal Period From December 1, 2012 to May 31, 2013" dated July 19, 2013.

- The Japanese original document was distributed to press clubs within the Tokyo Stock Exchange (Kabuto Club), Osaka Securities Exchange, 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/>

<Attached Materials>

- Reference Material 1 Overview of Appraisal Report
- Reference Material 2 Table of Real Estate Portfolio After the Asset Acquisition
- Reference Material 3 Property Photographs and Map of Location and Surrounding Area

Reference Material 1

<Overview of Appraisal Report>

PROPERTY NAME	Kita-Aoyama 3 cho-me Building
---------------	-------------------------------

Appraisal value	1,700,000,000 yen
Appraisal organization	Daiwa Real Estate Appraisal Corporation
Date of appraisal	October 31, 2013

Item	Value	Basis for valuation
Value indicated by the income approach	1,700,000,000 yen	
Value using the direct capitalization method (direct capitalization method over a definite term)	1,730,000,000 yen	
(1) Operating revenues (a + b - c)	82,074,600 yen	
a Income from rental fees, etc.	83,198,880yen	Assessment taking into consideration the contracted rent levels and market rent levels
b Other income	0 yen	
c Loss from non-occupancy, etc.	1,124,280 yen	Assessment taking into consideration the occupancy in the market
(2) Operating costs (a + b + c + d + e + f + g +h)	12,172,237 yen	
a Maintenance/Administrative fees, etc.	1,800,000 yen	Assessment based on existing agreement content
b Utilities	1,124,640 yen	Assessment with reference to utility expenses for similar properties
c Repairs	213,581 yen	Assessment with reference to repair expenses for similar properties
d Public charges and taxes	6,767,005 yen	Land: assessment based on the actual amount for fiscal 2013 Building: assessment with reference to public charges and taxes for similar properties
e Property management fee	1,200,000 yen	Assessment based on the conditions in the agreement currently in force
f Leasing cost	178,011 yen	Assessment with reference to leasing costs for similar properties and other information
g Casualty insurance premiums	89,000 yen	Assessment with reference to casualty insurance premiums of similar properties
h Other expenses	800,000 yen	Assessment in terms of other expenses related to operations
(3) Net operating income (NOI=(1)-(2))	69,902,363 yen	
(4) Operating profit on deposit and security	1,343,124 yen	Assessment taking into consideration the investment management yield from the perspective of both the investment management aspect and procurement aspect
(5) Capital expenditures	498,355 yen	Assessment with reference to capital expenditures of similar properties
(6) Net cash flow (NCF=(3)+(4)-(5))	70,747,132 yen	
(7) Capitalization rate	4.1%	Assessment taking into consideration the appraised real estate's location conditions, building conditions, agreement conditions in a comprehensive manner
Value using the discounted cash flow (DCF) method	1,680,000,000 yen	
Discount rate	3.9%	Assessment taking into consideration the long-term financial instruments investment yield, borrowing rates, risks as an investment target, etc.
Terminal capitalization rate	4.3%	Assessment taking into consideration the appraised real estate's location conditions, building conditions and agreement conditions in a comprehensive manner
Value indicated by the cost approach	1,510,000,000 yen	
Land ratio	88.2%	
Building ratio	11.8%	

Special items to consider at the time of making adjustments to provisional calculations and deciding the Appraisal value	The appraisal decision was based on an assessment of the value indicated by the cost approach using both the direct capitalization method and DCF method at 1,700,000,000 yen and the Appraisal value was decided with the value
--	--

The Appraisal value of real estate is no more than an indication of the opinion of the value of the appraised real estate at the time of the appraisal conducted by the real estate appraiser in accordance with the Act on Real Estate Appraisal, Real Property Appraisal Standards, etc. There are cases where another appraisal of the same real estate may result in a different Appraisal value, depending on the real estate appraiser conducting the appraisal and the method or timing of the appraisal. Furthermore, the appraisal of real estate is neither a guarantee nor an obligation, now or into the future, of a sale or purchase at that Appraisal value.

Reference Material 2

<Table of Real Estate Portfolio After the Asset Acquisition>

After the Asset Acquisition (as of November 12, 2013)

Property Code (Note)	Property Name	Facility (Type of Use)	Region	Acquisition Date (Actual/Proposed)	Acquisition Price (Actual/Proposed) (million yen)	Investment Ratio
R1 (K)	HEP Five	Retail	Kansai	February 1, 2005	6,468	5.1%
R2 (K)	Kitano Hankyu Building	Retail	Kansai	February 1, 2005	7,740	6.1%
R3 (K)	Dew Hankyu Yamada	Retail	Kansai	February 1, 2005	6,930	5.4%
R4 (K)	Takatsuki-Josai Shopping Center	Retail	Kansai	November 15, 2005	8,600	6.7%
R5 (K)	Nitori Ibaraki-Kita Store (site)	Retail	Kansai	March 29, 2006	1,318	1.0%
R6	Kohnan Hiroshima Nakano-Higashi Store (site)	Retail	Other	October 2, 2006	2,170	1.7%
				April 9, 2007	5	
R8	Hotel Gracery Tamachi	Retail	Other	December 25, 2008	4,160	3.3%
R9 (K)	LaLaport KOSHIEN (site)	Retail	Kansai	January 22, 2009	7,350	5.7%
R10	Richmond Hotel Hamamatsu	Retail	Other	January 22, 2009	2,100	1.6%
R11 (K)	HANKYU NISHINOMIYA GARDENS	Retail	Kansai	April 16, 2013	18,300	14.3%
R12(K)	AEON MALL SAKAIKITAHANADA PROU (site)	Retail	Kansai	June 27, 2013	8,100	6.3%
R13(K)	MANDAI Toyonaka Honan Store (site)	Retail	Kansai	June 27, 2013	1,870	1.5%
	Subtotal				75,111	58.8%
O1	Shiodome East Side Building	Office	Other	February 29, 2008	19,025	14.9%
O2 (K)	Hankyu Corporation Head Office Building	Office	Kansai	April 10, 2013	10,200	8.0%
	Subtotal				29,225	22.9%
M1 (K)	Ueroku F Building	Complex	Kansai	November 1, 2005	2,980	2.3%
M2	Sphere Tower Tennoz	Complex	Other	October 2, 2007	9,405	7.4%
M3 (K)	LAXA Osaka	Complex	Kansai	January 22, 2009	5,122	4.0%
M4 (K)	Namba-Hanshin Building	Complex	Kansai	January 22, 2009	4,310	3.4%
M5	Kita-Aoyama 3 cho-me Building	Complex	Other	November 12, 2013	1,680	1.3%
	Subtotal				23,497	18.4%
	Total				127,834	100.0%

Note: The properties owned by Hankyu REIT are assigned codes classified by facility (type of use) and region. The letters on the left represent the facility (type of use): "R" is for retail-use facility, "O" is for office-use facility and "M" is for mixed-use (complex) facility. The numerals are the numbers assigned to each facility in the chronological order of the acquisition. Also, the letter "K" in parentheses to the right of the numerals indicates that the property is located in the Kansai region.

Reference Material 3

<Kita-Aoyama 3 cho-me Building: Property Photograph>



<Kita-Aoyama 3 cho-me Building: Map of Location and Surrounding Area>

