



For Immediate Release

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REIT Issuer

**Hankyu REIT, Inc.** (Securities Code: 8977)  
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Mineo Yamakawa, Executive Director

Asset Management Company

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Notice Concerning the Acquisition of Asset (Execution of Agreement)

Hankyu REIT, Inc. (hereafter "Hankyu REIT") hereby notifies that we today decided to execute an agreement for the purchase of quasi co-ownership of the trust beneficiary interests in the following real estate investment and details are described below.

Details

1. Overview of Acquisition

- |                                   |   |
|-----------------------------------|---|
| (i) Acquired asset:               | Real estate trust beneficiary interests   |
| Trustee:                          | Mitsubishi UFJ Trust and Banking Corporation (Note)   |
| (ii) Property name:               | Sphere Tower Tennoz   |
| (iii) Proposed acquisition price: | 9,405 million yen (excluding acquisition-related expenses, property tax, city planning tax and consumption tax, among others) |
| (iv) Proposed acquisition date:   | October 2, 2007   |
| (v) Seller:                       | Global One Real Estate Investment Corp.   |
| (vi) Acquisition funds:           | Corporate funds and borrowed funds (TBD)  |

(Note) This transaction is for the acquisition of a 33% interest with quasi co-ownership of the trust beneficiary interests of the land and building of this property.

2. Reason for Acquisition

Based on policies and properties under management as stipulated in our articles of incorporation, in order to obtain steady growth with a focus on an overall balanced portfolio, we are acquiring a multi-purpose facility outside of the Kansai region. Also, with the decision to acquire this property, we have made the following assessments:

- (i) Location Conditions
  - The Tennoz district where the property is located is a comparatively new office area with a concentration of high-rise office towers and hotels centered around Tokyo Monorail Station "Tennoz Isle."
  - In 2001, transportation access from the area to Chiba prefecture improved with the opening of the TWR (Tokyo Waterfront Area Rapid Transit) Rinkai line, which connects Tennoz Isle station with Shin-Kiba station. Also, in

2002, the same line was extended to the west to JR Osaki station (Yamanote line), allowing reciprocal extension with the JR Saikyo line, and with this transportation convenience has greatly improved.

(ii) Property Characteristics

- The tower is a large-scale building with a standard floor area of 327 *tsubo* and a total floor space of about 13,324 *tsubo*. This floor area combined with its stately facade make it one of the Tennoz area's symbolic buildings.
- Because it is one of the buildings in the area that directly connects with Tennoz Isle station, it has a comparative advantage over other properties in the area. In particular, we believe it will appeal strongly to business tenants who require access to Haneda Airport (airlines and travel), the Odaiba area (media/television companies), and the Waterfront area (transport companies).

3. Details of the Acquired Asset

|  |                      |   |                      |                                |   |
|--|----------------------|---|----------------------|--------------------------------|---|
| Property name                            |                      | Sphere Tower Tennoz   |                      |                                |   |
| Specific asset type                      |                      | Trust beneficiary interests (quasi co-ownership : 33% interest)   |                      |                                |   |
| Proposed acquisition price               |                      | 9,405 million yen   |                      |                                |   |
| Appraised price                          |                      | 9,405 million yen (As of June 30, 2007)<br>(Appraisal organization : Japan Real Estate Institute (Foundation))  |                      |                                |   |
| Location                                 | Address              | 2-2-8 Higashi-Shinagawa, Shinagawa-ku, Tokyo  |                      |                                |   |
| Land                                     | Building coverage    | 80%   | Building<br>(Note 2) | Month/Year Built               | 1) April 1993<br>2) June 1991   |
|  | Floor area ratio     | 500%  |                      | Structure/<br>Number of floors | 1) Steel-frame, reinforced concrete, steel-frame reinforced concrete structure with deck roof and 2 underground levels, 27 floors<br>2) Reinforced concrete structure with deck roof and four-storey basement |
|  | Zone use             | Commercial zone   |                      | Use                            | 1) Office/store<br>2) Machine room (local air conditioning/heating facility)  |
|  | Lot area<br>(Note 1) | 6,106.11m <sup>2</sup>  |                      | Total floor area<br>(Note 1)   | 1) 43,477.68m <sup>2</sup><br>2) 3,674.04m <sup>2</sup>   |
|  | Form of ownership    | Right of ownership  |                      | Form of ownership              | Right of ownership  |
| Design company                           |                      | RIA Inc., Kajima Corporation  |                      |                                |   |
| Construction company                     |                      | The consortium composed of Kajima Corporation, Taisei Corporation, Kumagai Gumi Co., Ltd., Sato Kogyo Co., Ltd. and Mitsubishi Construction Corporation |                      |                                |   |
| Building recognition organization        |                      | Tokyo Metropolitan Government   |                      |                                |   |
| Preparer of building appraisal documents |                      | Takenaka Corporation (June 2007)  |                      |                                |   |

|                                 |  |
|---------------------------------|--|
| Property manager                | Xymax Axis Corporation   |
| PML of earthquake risk analysis | 2.7% (Evaluator: Engineering & Risk Services Corporation, OYO RMS Corporation)   |
| Collateral                      | None   |
| Special items                   | The plan is for Hankyu REIT and Global One Real Estate Investment Corp. to jointly owned 33% and 67% of trust beneficiary interests, respectively, and to execute a “quasi co-owners’ agreement” between the trustees and Global One Real Estate Investment Corp. (Note 3) |

Note 1: The total area of the building and the land

Note 2: The trustees possess sole beneficiary rights to the offices and shops within the land and building rights, and the local air conditioning/heating facility is owned jointly by the trustees and the adjacent north-side land owners (trustees 34.44% membership interests, adjacent north-side land owners, 65.56%). Also, the local air conditioning/heating facility straddles the above land and the adjacent owner’s land and are located underground.

Note 3: We plan to set forth in the quasi co-owners’ agreement the following items:

- With respect to instructions to trustees (regarding the management of property) or seeking approvals from trustees (hereafter referred to as “Instructions”) Global One Real Estate Investment Corp. will perform these duties as representative of beneficiaries, and the asset management company Global Alliance Realty Co., Ltd., with Global One Real Estate Investment Corp. as its agent, will exercise its right to deliver the Instructions.
- Upon delivering Instructions for trust properties to the trustees, they will prioritize their smooth execution of the management and administration and based on the consideration of the extent of the economic influence of said instructions, and in necessary cases make decisions on the nature of those instructions after having completed due diligence and arrangements among the beneficiaries based on good faith discussions.
- Proceeds to beneficiaries will be distributed and paid to quasi co-owners pro rata.
- There will be collectively no monetary liability based on the trust agreement, and each quasi co-owner will bear pro rata financial responsibility.
- In order to coordinate the interests of quasi co-owners, we will set up a communications committee for the quasi co-owners
- In the case that a single quasi co-owner unilaterally disposes of its interest, the remaining quasi co-owners shall have right of first refusal to acquire those interests over external third parties.

#### 4. Overview of Leases and Tenancy

|  |                                  |
|--|----------------------------------|
| Total number of tenants                              | 24 (Note 1)                      |
| Annual rent (corresponding to 33% interest)          | 557 million yen (Note 2)         |
| Rental area capacity (corresponding to 33% interest) | 8,665.72 m <sup>2</sup> (Note 3) |
| Actual rented area (corresponding to 33% interest)   | 8,470.28 m <sup>2</sup> (Note 3) |
| Occupancy rate                                       | 97.7% (Note 4)                   |
| Security deposit (corresponding to 33% interest)     | 384 million yen (Note 5)         |

Note 1: Current number of tenants

Note 2: The figure represents a calculation of monthly rental amounts and revenues from common area charges as expressed on existing rental agreements multiplied by twelve months and then taking 33% of that number. Figures are rounded to the nearest million yen unit.

Note 3: Rental area capacity is calculated by multiplying 33% by the current total rental capacity, and “actual rented area” is calculated by multiplying 33% by the actual area of rental space occupied by tenants in existing agreements. Figures are rounded to the nearest hundredth meters squared. Parking garage space, storage and machinery rooms are not included.

Note 4: The current ratio of actual rented space to available space. Figure is rounded to the nearest tenth. Parking garage space, storage and machinery rooms are not included.

Note 5: The figure is a result of calculating the total monetary value of security deposit held from existing agreements by 33%. The figure is rounded to the nearest million yen unit. Security deposits related to parking garage space, storage and machinery rooms are not included.

5. Overview of the Seller

|   |  |
|---|--|
| Trade name  | Global One Real Estate Investment Corp.  |
| Location of headquarters                            | 4-1 Kojimachi, Chiyoda-ku, Tokyo   |
| Representative                                      | Executive Director Yoichiro Kitajima   |
| Capital stock                                       | 75,026,315,500 yen (Note 1)  |
| Major investors                                     | NikkoCiti Trust and Banking Corporation (Trust Account), et al. (Note 2)   |
| Main business activities                            | Investment management of assets in specific assets as set out in Article 2, Paragraph 1 of the Investment Trust and Investment Corporation Law |
| Relation to Hankyu REIT or asset management company | None   |

Note 1: Current capital stock

Note 2: Major investors as of March 31, 2007

6. Transactions With Interested Parties, etc.

Not applicable.

7. Status of the Property Acquirer, etc.

|   |  |
|---|--|
| Property name                                 | Sphere Tower Tennoz                              |
| Status of the property acquirer, etc.         | Previous owner • Trust beneficiary rightsholders |
| Company name; name                            | Parties other than special interested parties    |
| Parties other than special interested parties | /  |
| Acquisition background, reasons, etc.         |  |
| Acquisition price                             |  |
| Acquisition date                              |  |

8. Overview of Intermediaries

Not applicable.

9. Acquisition Process

|                 |  |
|-----------------|--|
| August 3, 2007  | Resolution approving execution of the agreement at the asset management company's Board of Directors' Meeting. |
|                 | Execution of the quasi co-ownership sale/purchase agreement  |
| October 2, 2007 | Planned acquisition of the trust beneficiary interests   |

## 10. Future Outlook

The acquisition of this property will have minimal influence on the conditions surrounding the management of Hankyu REIT's assets during the six-month period ending November 30, 2007, therefore we do not forecast making any revisions for said period.

- The Japanese original document was distributed to press clubs within the Tokyo Stock Exchange (Kabuto Club), Osaka Securities Exchange, Ministry of Land, Infrastructure and Transport, and to the press club of the construction trade newspaper of the Ministry of Land, Infrastructure and Transport.
- Hankyu REIT website: <http://www.hankyu-reit.jp/>

### <Attachments>

- Reference material 1      Overview of Appraisal Report
- Reference material 2      Table of Real Estate Portfolio After the Acquisition of the Property
- Reference material 3      External photograph, information guide

## Reference Material 1

## Overview of Appraisal Report

|                        |  |
|------------------------|--|
| PROPERTY NAME          | SPHERE TOWER TENNOZ                      |
| Appraised Value        | 9,405,000,000 yen                        |
| Appraisal Organization | Japan Real Estate Institute (Foundation) |
| Date of Appraisal      | June 30, 2007                            |

| Item   | Value              | Basis for Valuation  |
|--|--------------------|--|
| Earned Price *                                 | 28,500,000,000 yen |  |
| Earned Price from Direct Capitalization Method | 28,900,000,000 yen |  |
| (i) Gross Return (a + b - c)                   | 2,235,539,000 yen  |  |
| a Income from rental fees                      | 1,793,698,000 yen  | Assessment based on medium- and long-term stable level of rental fee and usage fee averages  |
| b Other income                                 | 576,000,000 yen    | Recorded income from utilities expenses, etc.  |
| c Loss from non-occupancy                      | 134,159,000 yen    | Assessed non-occupancy rate: office space (4%), shops (8%), other (4%) and parking space (60%).  |
| (ii) Total Costs (a + b + c + d + e)           | 835,938,000 yen    |  |
| a Maintenance/administrative fees, etc.        | 279,853,000 yen    | Assessment based on existing contracts and past actual records   |
| b Utilities                                    | 360,000,000 yen    | Assessment based on past actual records  |
| c Public charges and taxes                     | 175,351,000 yen    | Assessment based on 2007 tax base amounts  |
| d Casualty insurance premiums                  | 4,234,000 yen      | Assessment based on considering the premiums in existing insurance contracts   |
| e Other expenses                               | 16,500,000 yen     | Recorded monorail overpass maintenance and administrative costs  |
| (iii) Net rental income (NOI = (i) - (ii))     | 1,399,601,000 yen  |  |
| (iv) Gain on investment of lump-sum money      | 25,917,000 yen     | Assessment based on a medium- to long-term stable lump-sum money in view of the occupancy rate   |
| (v) Capital expenditures                       | 125,825,000 yen    | Assessment considers the average annual costs of repair and renovations over twelve years included in an engineering report that was conducted.  |
| (vi) Net cash flow (NCF = (iii) + (iv) - (v))  | 1,299,693,000 yen  |  |
| (vii) Capitalization rate                      | 4.50%              | Based on portfolio property location, type of building, and existing contractual conditions, among other factors   |
| Price based on discounted-cash-flow method     | 28,100,000,000 yen |  |
| Discount rate                                  | 4.30%              | Determined by assessing factors such as capitalization rate on investments in long-term financial products, risk of targeted real estate for investment purposes, and borrowing rates. |
| Terminal capitalization rate                   | 4.70%              | Based on portfolio property location, type of building, and existing contracts, among other factors  |
| Estimated Price*                               | 26,800,000,000 yen |  |
| Land ratio                                     | 60.04%             | Ratio of the land rounded to the nearest hundredth as a percentage to the value of the building and its lot  |
| Building ratio                                 | 39.96%             | Ratio of the building rounded to the nearest hundredth as a percentage to the value of the building and its lot  |

|  |  |
|--|--|
| Special items to consider at the time of making adjustments to provisional calculations and deciding the appraisal price/value | <p>We adopted the earned value having made an assessment using both the DCF method and the direct-return method, and using the computed value as a reference. We assessed the value of the building and its lot to be 28,500,000,000 yen, and decided that the appraised value of our planned acquisition at 33% to be 9,405,000,000 yen.</p> <p>*The above earned value and provisional value correspond to the building and its lot.</p> |
|--|--|

The appraisal value of real estate is an indication of the opinion of the value by the appraiser of the real estate in question and is conducted by an appraisal in accordance with the law and standards related to real estate appraisals at the time of the appraisal. There may be cases where an appraisal of the exact real estate is conducted again, and because of factors such as timing of the appraisal and the appraisal method used by the appraiser, a different value may result. Furthermore, the appraised valuation of real estate is neither a guarantee nor an obligation, now or into the future, of a sale or purchase of the real estate.

Table of Real Estate Portfolio After the Acquisition of the Property

| Building No.<br>(Note 1) | Property Name                                   | Facility<br>(Type of Use) | Area        | Acquisition (TBD)<br>Date | Acquisition Price<br>(Actual/<br>Proposed)<br>(in millions) | Investment Rate |
|--------------------------|---|---------------------------|-------------|---------------------------|---|-----------------|
| R1 (K)                   | HEP Five  | Retail                    | Kansai      | February 1, 2005          | 23,100  | 22.7%           |
| R2 (K)                   | Kitano Hankyu Building                          | Retail                    | Kansai      | February 1, 2005          | 7,740   | 7.6%            |
| R3 (K)                   | Dew Hankyu Yamada                               | Retail                    | Kansai      | February 1, 2005          | 6,930   | 6.8%            |
| R4 (K)                   | Takatsuki-Josai Shopping Center                 | Retail                    | Kansai      | November 15, 2005         | 8,600   | 8.5%            |
| R5 (K)                   | Nitori Ibaraki-Kita Store (site)                | Retail                    | Kansai      | March 29, 2006            | 1,318   | 1.3%            |
| R6                       | Kohnan Hiroshima<br>Nakano-Higashi Store (site) | Retail                    | Other areas | October 2, 2006           | 2,170   | 2.1%            |
|                          |   |                           |             | April 9, 2007             | 5   |                 |
| R7 (K)                   | NU chayamachi                                   | Retail                    | Kansai      | March 15, 2007            | 19,300  | 19.0%           |
|                          | Subtotal  |                           |             |                           | 69,163  | 68.1%           |
| 0                        | Shiodome East Side Building<br>(Note 2)         | Office                    | Other areas | February 2008             | 20,041  | 19.7%           |
|                          | Subtotal  |                           |             |                           | 20,041  | 19.7%           |
| M1 (K)                   | Ueroku F Building                               | Multi-purpose             | Kansai      | November 1, 2005          | 2,980   | 2.9%            |
| M2                       | Sphere Tower Tennoz                             | Multi-purpose             | Other areas | October 2, 2007           | 9,405   | 9.3%            |
|                          | Subtotal  |                           |             |                           | 12,385  | 12.2%           |
|                          | Total   |                           |             |                           | 101,589   | 100.0%          |

Note 1: Numbers represent the classification for properties owned by Hankyu REIT by each region and type of use.

Letters represent retail ("R"), office ("O") and multi-purpose ("M").

Numbers represent the chronological order of the acquisition of each facility. Also, the letter "K" in parentheses to the right of these numbers indicates that the property is located in the Kansai region.

Note 2: In order to attract corporate tenants for our new facility Shiodome East Side Building, we list it here as an "office" facility for promotion purposes. The proposed acquisition price will be linked to and determined by expected profitability from the results of attracting new tenants for the building, following set rules in the Transfer of Beneficiary Rights (Membership Units) Contract. As a general principle, this price will be within a range of 18,532,249,000 yen and 21,550,155,000 yen. For convenience, we have listed the proposed price here as a figure in the center of this range 20,041,000,000 yen (this number is truncated to units of millions of yen).

Reference Material 3

Image of External Facade



Map of Location and Surrounding Area

