



For Immediate Release

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REIT Issuer

Hankyu REIT, Inc. (Securities Code: 8977)
19-19 Chaya-machi, Kita-ku, Osaka
Mineo Yamakawa, Executive Director

Asset Management Company

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Notice Concerning the Acquisition of Asset

Hankyu REIT, Inc. (hereafter "Hankyu REIT") hereby notifies today that the acquisition of the asset mentioned below has been decided.

Details

1. Overview of Acquisition

- (i) Acquired asset: Real estate trust beneficiary interests
Trustee: The Sumitomo Trust and Banking Co., Ltd.
- (ii) Property name: Hankyu Corporation Head Office Building
- (iii) Proposed acquisition price: 11,200 million yen
(excluding acquisition-related expenses, property tax, city planning tax and consumption tax, among others)
- (iv) Proposed acquisition date: May 16, 2008
- (v) Seller: Umeda Property Two Co., Ltd.
- (vi) Acquisition funds: Corporate funds and borrowed funds

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 an office-use facility located inside the Kansai region. Umeda Property Two Co., Ltd., the seller, is a special purpose company that Hankyu Corporation has invested a 100% share in anonymous associations and this acquisition is the result of collaboration with Hankyu Hanshin Holdings Group.

Also, with the decision to acquire this property, we have made the following assessments:

(i) Location Conditions

The property is the main base of Hankyu Hanshin Holdings Group. It is located in the Umeda area, the largest retail business concentration in western Japan. It is within 3 minutes walking distance from Hankyu Umeda Station and, being situated within 10 minutes walking distance from Umeda Station of Subway Midosuji Line and JR Osaka Station, it is in a highly convenient location for transport.

Umeda area is strongly positioned as an established market area. In recent years the area has been supplied with a number of newly constructed large-sized buildings that have increased the amount of office buildings and raised its visibility as a recognized business area. At present, a large-scale redevelopment project is underway—involving the reconstruction of Umeda Hankyu Building and development of the Northern Yard—and the area is definitely going to continue to expand in the future.

Next to the property is a concentration of retail-use and other facilities popular with young adults such as the head office of a broadcasting station and a theater, and NU chayamachi (a property held by Hankyu REIT). The environment is trendy and fashionable. In particular the average age of people working in the area is low and it is a site where young-minded companies that focus on people's sensibilities are located.

(ii) Property Characteristics

The property is an office building constructed in 1992. It is a large building with 17 above-ground floors and a total floor area of 8,279 tsubo. The air conditioning system comprises two systems located at the north and south each combining a central unit and a perimeter induction unit. The standard floor ceiling height is 2,600mm (all floors have a 100mm access floor not included in this height). It is a large-scale building with a high standard of facility support such as a power outlet capacity of 50 VA/m², and a floor load capacity of 300kg/m². The pale and soft color of the building's exterior complements the shrubbery of the public spaces, giving a bright and liberating space.

The principal tenant is Hankyu Corporation and, being home to the Hankyu Corporation Head Office, Hankyu Hanshin Holdings, Inc. and others, the property is of central importance to Hankyu Hanshin Holdings Group.

3. Details of the Acquired Asset

Property name		Hankyu Corporation Head Office Building			
Specific asset type		Trust beneficiary interest			
Proposed acquisition price		11,200 million yen			
Appraised value		11,200 million yen (As of April 8, 2008) (Appraisal organization : Daiwa Real Estate Appraisal Co., Ltd.)			
Location	Address	1-16-1 Shibata Kita-ku, Osaka			
Land	Building coverage	80%	Building	Month/Year Built	September 1992
	Floor area ratio	600% / 400%		Structure/ Floors	Steel-frame, steel-frame reinforced concrete, reinforced concrete structure with deck roof and 2 underground levels, 19 floors.
	Zone use	Commercial zone		Use	Offices
	Lot area	3,396.82 m ²		Total floor area	27,369.37 m ² (Note)
	Form of ownership	Right of ownership		Form of ownership	Right of ownership
Design company		Takenaka Corporation			
Construction company		Takenaka Corporation			
Building recognition organization		Osaka Municipal Government			
Author of engineering report		Daiwa Real Estate Appraisal Co., Ltd. (April 2008)			
Property manager		Hankyu Hanshin Building Management Co., Ltd.			
PML of earthquake risk analysis		3.4% (Evaluator: Engineering & Risk Services Corporation, OYO RMS Corporation)			
Collateral		None			

Note : Based on the regulations of the Building Standard Law: 2 underground levels, 17 floors and 2 rooftop floors.

4. Overview of Leasing

Total number of tenants	1 (Note 1)
Principal tenant	Hankyu Corporation
Annual rent	674 million yen (Note 2)
Rental area capacity	27,369.37 m ² (Note 3)
Actual rented area	27,369.37 m ² (Note 3)
Occupancy rate	100% (Note 4)
Security Deposit	1,304 million yen (Note 5)

Note 1: The total number of tenants is considered as one because the property is planned to be entirely leased to tenants under the master lease method.

Note 2: The figure represents monthly rental amounts as expressed on a fixed-term building lease modification agreement proposed to be concluded on May 16, 2008, multiplied by 12 times. Figures are rounded to the nearest million yen unit.

Note 3: Rental area capacity and actual rented area are the figures expressed by the fixed-term building lease

modification agreement proposed to be concluded on May 16, 2008.

Note 4: The ratio of actual rented area to rental area capacity.

Note 5: The figure is the monetary value of the security deposit expressed by the fixed-term building lease modification agreement proposed to be concluded on May 16, 2008.

5. Overview of the Seller

Trade name	Umeda Property Two Co., Ltd.
Location of headquarters	Tokyo Kyodo Accounting Office, 3-2-3 Marunouchi, Chioda-ku, Tokyo
Representative	Ryutaro Uchiyama, Representative Director
Capital	3 million yen (Note)
Major shareholders	The seller is a special purpose company in which Umeda Property Holding Two, Ltd. has made investments and Hankyu Corporation has invested in anonymous associations.
Main business activities	1. Acquisition, ownership, disposal and management of trust beneficiary interest 2. Ownership, lease, management and sale of real estate 3. Operations of ancillary relationship to the above operations.
Relation to Hankyu REIT or asset management company	Hankyu Corporation, shareholder (100% holding) of asset management company, Hankyu REIT Asset Management, Inc., is an interested party as defined by the Investment Trust and Investment Corporation Law through its investment in anonymous associations.

Note: Current capital.

6. Transactions with Interested Parties, etc.

Seller of this property, Umeda Property Two Co., Ltd. does not fall under the definition of “interested party, etc.” in the Investment Trust Law, but does qualify as an interested party as defined by the conflict of interest transactions rules of the asset management company and therefore the conclusion of this beneficial interests purchase agreement has been scrutinized and approved by the investment management committee, the compliance committee, and the board of directors of the asset management company in accordance with the asset management company’s conflict of interest transactions rules, investment management committee regulations, and compliance committee regulations.

Moreover, Hankyu Corporation, the tenant of the property, falls under the definition of “interested party, etc.” in the Investment Trust Law, the conclusion of the fixed-term building lease modification agreement has been scrutinized and approved by the investment management committee, the compliance committee, and the board of directors of the asset management company in accordance with the asset management company’s conflict of interest transactions rules, investment management committee regulations, and compliance committee regulations.

The property management operations have been consigned to Hankyu Hanshin Building Management Co., Ltd. Because the aforesaid company falls under the definition of “interested party, etc.” in the Investment Trust Law, the conclusion of the property management agreement, have been scrutinized and approved by the investment management committee, the compliance committee, and the board of directors of the asset management company in accordance with the asset management company’s conflict of interest rules, investment management committee regulations, and compliance committee regulations.

7. Status of the Property Acquirer, etc.

Property name	Hankyu Corporation Head Office Building			
Status of the property acquirer, etc.	Previous owner · Trust beneficiary rightsholders	Previous, previous owner	Previous, previous, previous owner	Previous, previous, previous, previous owner
Company name	Umeda Property Two Co., Ltd.	Hankyu Corporation (currently Hankyu Hanshin Holdings, Inc.)	1. Hankyu Corporation (currently Hankyu Hanshin Holdings, Inc.) 2. Hankyu Sigma Corporation	Not applicable.
Parties other than special interested parties	See above “5. Overview of the Seller”	Parent company of asset management company	1. Parent company of asset management company 2. Consolidated subsidiary of asset management company's parent company (currently liquidated)	—
Acquisition background, reasons, etc.	Purpose of investment management	Purpose of self use	1. Purpose of self use 2. Purpose of investment management	—
Acquisition price	Omitted because ownership exceeds one year.	—	—	—
Acquisition date	March 20, 2003	February 28, 2003	September 28, 1992	—

8. Overview of Intermediaries

Not applicable.

9. Acquisition Process

May 13, 2008	Resolution approving execution of the agreement at the asset management company's Board of Directors' Meeting.
May 16, 2008	Proposed conclusion of agreement to transfer real estate trust beneficiary interests and proposed acquisition

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 May 31 2008, 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/>

<Attached materials>

- 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	Hankyu Corporation Head Office Building
Appraised Value	11,200,000,000 yen
Appraisal Organization	Daiwa Real Estate Appraisal Co., Ltd.
Date of Appraisal	April 8, 2008

Item	Value	Basis for Valuation
Earned Price *	11,200,000,000 yen	
Earned Price from Direct Capitalization Method	11,200,000,000 yen	
(i) Operating Return (a + b - c)	674,460,000 yen	
a Income from rental fees	674,460,000 yen	Assessment based on rent fees according to the fixed-term building lease modification agreement
b Other income	0 yen	
c Loss from non-occupancy	0 yen	Not calculated because long-term lease ensures continuous occupancy
(ii) Operating Costs (a + b + c + d + e + f)	142,461,956 yen	
a Maintenance/administrative fees, etc.	3,600,000 yen	Assessment of PM fee based on the proposed PM agreement with review of the PM fee standard
b Utilities	0 yen	Not included as tenant will bear liability
c Repairs	23,772,167 yen	Assessment based on annual repair schedule provided by engineering report
d Public charges and taxes	109,910,239 yen	Assessment based on actual records
e Casualty insurance premiums	5,179,550 yen	Assessment based on quoted amounts
f Other expenses	0 yen	
(iii) Net operating income (NOI = (i) - (ii))	531,998,044 yen	
(iv) Gain on investment of lump-sum money	26,080,000 yen	Assessment based on operating yield of 2.0%
(v) Capital expenditures	65,206,250 yen	Assessment based on annual upgrade costs provided by engineering report
(vi) Net cash flow (NCF = (iii) + (iv) - (v))	492,871,794 yen	
(vii) Capitalization rate	4.4%	Assessment based on general consideration of location conditions, type of building and contract conditions of the targeted real estate
Price based on discounted-cash-flow method	11,200,000,000 yen	
Discount rate	4.1%	Assessment 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	4.6%	Assessment based on general consideration of location conditions, type of building and contract conditions of the targeted real estate
Estimated Price*	12,500,000,000 yen	
Land ratio	63.8%	
Building ratio	36.2%	

Special items to consider at the time of making adjustments to provisional calculations and deciding the appraisal price/value	After assessing the earned price from the property at 11,200,000,000 yen using both the direct capitalization method and DCF method, the computed value is used as a reference, and the value of the building and its lot is appraised at 11,200,000,000 yen.
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The appraised 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.

Reference Material 2

Table of Real Estate Portfolio After the Acquisition of the Property

Building No. (Note)	Property Name	Facility (Type of Use)	Area	Acquisition (TBD) Date	Acquisition Price (Actual/ Proposed) (in millions)	Investment Rate
R1 (K)	HEP Five	Retail	Kansai	February 1, 2005	23,100	20.7%
R2 (K)	Kitano Hankyu Building	Retail	Kansai	February 1, 2005	7,740	6.9%
R3 (K)	Dew Hankyu Yamada	Retail	Kansai	February 1, 2005	6,930	6.2%
R4 (K)	Takatsuki-Josai Shopping Center	Retail	Kansai	November 15, 2005	8,600	7.7%
R5 (K)	Nitori Ibaraki-Kita Store (site)	Retail	Kansai	March 29, 2006	1,318	1.2%
R6	Kohnan Hiroshima Nakano-Higashi Store (site)	Retail	Other areas	October 2, 2006	2,170	1.9%
				April 9, 2007	5	
R7 (K)	NU chayamachi	Retail	Kansai	March 15, 2007	19,300	17.3%
	Subtotal				69,163	61.9%
01	Shiodome Eastside Building	Office	Other areas	February 29, 2008	19,025	17.0%
02 (K)	Hankyu Corporation Head Office Building	Office	Kansai	May 16, 2008	11,200	10.0%
	Subtotal				30,225	27.0%
M1 (K)	Ueroku F Building	Multi-purpose	Kansai	November 1, 2005	2,980	2.7%
M2	Sphere Tower Tennoz	Multi-purpose	Other areas	October 2, 2007	9,405	8.4%
	Subtotal				12,385	11.1%
	Total				111,773	100.0%

Note: 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.

Reference Material 3

Photograph of External Facade



Map of Location and Surrounding Area

