



For Immediate Release

<For translation purposes only>

December 18, 2008

REIT Issuer

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

Asset Management Company

Hankyu REIT Asset Management, Inc.
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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: Mizuho Trust and Banking Co., Ltd.
- (ii) Property name: Hotel Gracery Tamachi
- (iii) Proposed acquisition price: 4,160 million yen
(excluding acquisition-related expenses, property tax, city planning tax and consumption tax, among others)
- (iv) Proposed acquisition date: December 25, 2008
- (v) Seller: E-HOTELS-SB GK
- (vi) Acquisition funds: Debt financing and corporate funds

2. Reason for Acquisition

Based on policies and properties under management as stipulated in our articles of incorporation, we are acquiring a property to obtain steady growth with a focus on an overall balanced portfolio. The information about this property was provided by Hankyu Hanshin Holdings Group and this acquisition shows the results that can be achieved through collaboration with the aforesaid Group.

As announced in the press release dated November 28, 2008, "Notice Concerning Partial Changes in Investment Policy," Hankyu REIT has partially changed its investment policy to enable investment in hotels.

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

(i) Location Conditions

The property is a brand new hotel for business travelers, which was completed in September 2008 and open for business in October. It is approx. 5 minutes walking distance from JR Tamachi Station and approx. 7 minutes walking distance from the Mita subway station. From Mita Station, it is possible to

reach Haneda Airport in 30 minutes via the Toei Asakusa Line which connects directly to Keikyu Line. Also, JR Shinagawa Station, an access point on the Tokaido Shinkansen, is just one stop from JR Tamachi Station, making the hotel very convenient for business travelers from anywhere in Japan.

The property was developed as a redevelopment project of the site of the former Shibaura Campus of Shibaura Institute of Technology. In April 2009, a new urban block, "Shibaura RENASITE," which will become three urban-block zones comprised of the property and the adjacent university and office building, is scheduled to be inaugurated. After this occurs, the function that the property will provide the city into the future, is expected to come into greater play.

(ii) Property Characteristics

The property is a hotel for business travelers with a total of 216 rooms, mostly single, each exceeding 15m². Moreover, Fujita Kanko Inc., the hotel's operator, has given the hotel the newly released hotel brand "Gracery." The Gracery brand is one rank higher than the existing "Washington Hotels" brand. It is expected to perform well due to its competitive strength as a hotel for business travelers that is one rank higher in facility grade.

The property, with respect to contract format and tenants, conforms to the Hankyu REIT's investment policy on hotels that was partially revised on November 28, 2008.

3. Details of the Acquired Asset

Property name		Hotel Gracery Tamachi			
Specific asset type		Trust beneficiary interest			
Proposed acquisition price		4,160 million yen			
Appraised value		4,160 million yen (As of October 15, 2008) (Appraisal organization : Rich Appraisal Institute K.K.)			
Location	Address	3-8-1 Shibaura, Minato-ku, Tokyo			
Land	Building coverage	60%	Building	Month/Year Built	September 2008
	Floor area ratio	400%		Structure/Floors	Reinforced concrete, steel frame reinforced concrete, steel frame structure with deck roof and 11 floors.
	Zone use	Light-industrial zone		Use	Hotel, Parking garage space
	Lot area	1,724.01 m ²		Total floor area	4,979.95 m ²
	Form of ownership	Right of ownership		Form of ownership	Right of ownership
Design company		Toda Corporation, and Nikken Sekkei Ltd.			
Construction company		Toda Corporation			
Building recognition organization		The Building Center of Japan			
Author of engineering report		Takenaka Corporation (November 2008)			
Property manager		Hankyu Hanshin Building Management Co., Ltd.			
PML of earthquake risk analysis		10.2% (Evaluator: Engineering & Risk Services Corporation, OYO RMS Corporation)			
Collateral		None			

4. Overview of Leasing

Total number of tenants	1 (Note 1)
Principal tenant	Fujita Kanko Inc.
Annual rent	— (Note 2)
Rental area capacity	4,943.66 m ² (Note 3)
Actual rented area	4,943.66 m ² (Note 3)
Occupancy rate	100% (Note 4)
Security Deposit	— (Note 2)

Note 1: The total number of tenants as of the date of this press release. The parking garage space is not included.

Note 2: The information is not permitted to be disclosed (tenant request).

Note 3: Rental area capacity and actual rented area are the figures expressed by the building lease agreement as of the date of this press release. The parking garage space is not included.

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

5. Overview of the Seller

Trade name	E-HOTELS-SB GK
Location of headquarters	Tokyo Kyodo Accounting Office, 3-1-1 Marunouchi, Chioda-ku, Tokyo
Representative	Representative Company: Garden Capital Limited Liability Intermediary Corporation Executor of Duties: Masato Kaida
Capital	1 million yen
Major shareholders	E-HOTELS-SB GK is a special purpose company in which Garden Capital Limited Liability Intermediary Corporation has made investments and Hankyu Corporation and others have invested for the part of anonymous associations.
Main business activities	1. Acquisition, ownership, disposal, lease and management of real estate 2. Acquisition, ownership, and disposal of trust beneficiary interests of real estate 3. Operations related to or 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, and although it comprises a part of anonymous associations investing in the seller, it does not qualify as a special interested party.

Note: Above capital represents the amount as of the date of this press release.

6. Transactions with Interested Parties, etc.

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 conditions concerning 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 rules concerning transactions involving conflicts of interest, investment management committee regulations, and compliance committee regulations, among others.

Details on intermediaries are described in “7. Overview of Intermediaries.”

7. Overview of Intermediaries

(1) Broker: Hankyu Investment Partners, Inc.

Because Hankyu Investment Partners falls under the definition of “interested party, etc.,” in the Investment Trust Law, the conditions concerning consignment of brokerage operations, 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 rules concerning transactions involving conflicts of, interest, investment management committee regulations, and compliance committee regulations, among others.

(2) Payment fee: 83,200,000 yen (excluding consumption tax)

8. Acquisition Process

December 18, 2008	Resolution approving execution of the agreement at the asset management company's board of directors' meeting.
December 25, 2008	Proposed conclusion of agreement to transfer real estate trust beneficiary interests and proposed acquisition

9. Future Outlook

There is no effect from the acquisition of this property on Hankyu REIT's operating conditions in the 7th fiscal period (ending November 2008). Forecasts for operating conditions in the 8th fiscal period (ending May 2009) will be publicly disclosed when financial statements and results for the 7th fiscal period are released.

- 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	Hotel Gracery Tamachi
Appraised Value	4,160,000,000 yen
Appraisal Organization	Rich Appraisal Institute Co., Ltd.
Date of Appraisal	October 15, 2008

Item	Value	Basis for Valuation
Earned Price *	4,160,000,000 yen	
Earned Price from Direct Capitalization Method	4,210,000,000 yen	
(i) Operating Return (a + b - c)	238,728,188 yen	
a Income from rental fees	243,600,192 yen	Assessment based on the building lease agreement
b Other income	0 yen	
c Loss from non-occupancy	4,872,004 yen	Consideration of potential occupancy rate supposing a bundled lease package.
(ii) Operating Costs (a + b + c + d + e + f)	32,331,869 yen	
a Maintenance/administrative fees, etc.	4,036,800 yen	Assessment based on the building management agreement
b Utilities	0 yen	
c Repairs	0 yen	
d Public charges and taxes	26,398,789 yen	For land, assessment based on actual amount in 2008 For building, Rich Appraisal Institute Co., Ltd.'s assessment based on engineering report.
e Casualty insurance premiums	1,896,280 yen	Assessment based on quoted amounts
f Other expenses	0 yen	
(iii) Net operating income (NOI = (i) - (ii))	206,396,319 yen	
(iv) Gain on investment of lump-sum money	4,589,328 yen	Assessment based on annual security deposit of 2.0%
(v) Capital expenditures	4,580,940 yen	Rich Appraisal Institute Co, Ltd.'s assessment based on engineering report.
(vi) Net cash flow (NCF = (iii) + (iv) - (v))	206,404,707 yen	
(vii) Capitalization rate	4.9%	
Price based on discounted-cash-flow method	4,140,000,000 yen	
Discount rate	4.9%	
Terminal capitalization rate	5.0%	
Estimated Price*	3,690,000,000 yen	
Land ratio	62.1%	
Building ratio	37.9%	

Special items to consider at the time of making adjustments to provisional calculations and deciding the appraisal price/value	The property is the "Hotel Gracery Tamachi," an 11-floor (above ground) hotel for business travelers located approx. 400m south-east of Tamachi Station on the JR Yamanote Line and approx. 500m south-east of Mita Station on the Toei-Mita Line and Toei-Asakusa Line. The area surrounding the property is a mixture of commercial and residential buildings, including medium- to high-rise retail/office buildings, and multi-unit dwellings etc. When the earned price is assessed using the DCF-method the discount rate and terminal capitalization rate used to calculate the present value are 4.9% and 5.0% respectively. When the earned price is assessed using the direct capitalization method, the 11 th year of net cash flow is used as the standard net cash flow of a stable period and the capitalization rate is 4.9%. When appraising the value of this property, priority was placed on assessing the earned price by the DCF method.
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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	19.9%
R2 (K)	Kitano Hankyu Building	Retail	Kansai	February 1, 2005	7,740	6.7%
R3 (K)	Dew Hankyu Yamada	Retail	Kansai	February 1, 2005	6,930	6.0%
R4 (K)	Takatsuki-Josai Shopping Center	Retail	Kansai	November 15, 2005	8,600	7.4%
R5 (K)	Nitori Ibaraki-Kita Store (site)	Retail	Kansai	March 29, 2006	1,318	1.1%
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	16.6%
R8	Hotel Gracery Tamachi	Retail	Other areas	December 25, 2008	4,160	3.6%
	Subtotal				73,323	63.2%
01	Shiodome Eastside Building	Office	Other areas	February 29, 2008	19,025	16.4%
02 (K)	Hankyu Corporation Head Office Building	Office	Kansai	May 16,2008	11,200	9.7%
	Subtotal				30,225	26.1%
M1 (K)	Ueroku F Building	Multi-purpose	Kansai	November 1, 2005	2,980	2.6%
M2	Sphere Tower Tennoz	Multi-purpose	Other areas	October 2, 2007	9,405	8.1%
	Subtotal				12,385	10.7%
	Total				115,933	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

