

Hankyu Hanshin REIT Sustainability Report

Table of contents

Top Message 1

Chapter 1 Sustainability Policy and Promotion System

1 Sustainability Policy 2

2 Sustainability Promotion System 2

3 Materiality 3

Chapter 2 Environmental Initiatives

1 Climate Change Initiatives 4

2 Environmental Targets 5

3 Energy Consumption and Intensity 5

4 Energy Management 5

5 Water Resource Initiatives 7

6 Waste Management 7

7 External Certifications 8

8 Green Finance 9

Chapter 3 Social Initiatives

1 Relationships with the Local Communities 11

2 Relationships with Tenants 12

3 Initiatives towards Employees of HHRAM 13

4 Securing Safety and Security 16

5 Safety and Security of Customers and Tenant Employees 17

6 Safety and Security of HHRAM's Employees 18

7 Initiatives towards Property Management Companies and Suppliers 18

8 Dialogue with Unitholders and Investors 18

Chapter 4 Governance Initiatives

1 Corporate Governance 19

2 Compliance 22

Top Message



Toyoshige Okazaki

Executive Director,
Hankyu Hanshin REIT, Inc.

Welcome to the sixth edition of our Sustainability Report. The report outlines the various ESG-related measures undertaken by Hankyu Hanshin REIT to date and seeks to make our ESG concept widely known to our unitholders and other stakeholders.

While the extreme severity of natural disasters, including intense summer heat and torrential rains, which are considered to be caused by global warming, has increased each year, we have also seen our stakeholders' awareness of climate change growing day by day.

To meet their demands, we have taken various measures and set a target to reduce greenhouse gas emissions by 35% from fiscal 2018 to fiscal 2030 so that we can achieve carbon neutrality (net zero) by fiscal 2050. Specifically, we have upgraded to highly energy-efficient heat source equipment and have installed virtually renewable energy in large-scale buildings such as GRAND FRONT OSAKA and HANKYU NISHINOMIYA GARDENS.

At the same time, the trend in sustainability management tells us that we should not only make practical efforts, but also to seek external certification and improve the assessment of existing certifications. We have built a data platform by introducing energy data, including electricity and gas, into our management system, which allowed us to advance our sustainability management. In fact, the successful transition from our analog data management resulted in a significant improvement in business efficiency. In addition, we have obtained third-party assurance of the energy data to acquire external verification, which we believe has enabled us to make energy data management not only efficient, but also accurate.

It is assumed that sustainability is increasingly expected and demanded. In order to continuously achieve sustainable growth based upon our newly planned energy platform system, we will also continue to tackle ESG issues from a medium-to-long-term perspective as well as build relationships of mutual trust with all stakeholders and strive to improve unitholder value.

Chapter 1 Sustainability Policy and Promotion System

1. Sustainability Policy

Hankyu Hanshin REIT, Inc. (hereafter "HHR") and Hankyu Hanshin REIT Asset Management, Inc. (hereafter "HHRAM") recognize that it is essential for their medium-to-long-term competitiveness and the continued growth of the investor value of HHR to act with consideration of environmental, social and governance (hereafter "ESG") issues, and aim to practice them through real estate investment management by establishing the "Sustainability Policy" that conforms to the management philosophy and the concept of social contribution and environmental conservation of the Hankyu Hanshin Holdings Group.

① Realization of "a city in which we want to live now and in the future" that can contribute to the sustainable development

We aim to contribute to the sustainable development of society and towns through business activities that take environmental and social issues into consideration through dialogue and collaboration with tenants and local communities.

② Conservation of the global environment

We aim to conserve the global environment such as a shift to a decarbonized society by initiatives for energy-conservation and renewable energy, and realization of a recycling-based society by initiatives for water saving, waste reduction and such through our real estate investment management business.

③ Environmental and social considerations in collaboration with stakeholders

We seek the cooperation of with suppliers involved in the management and renovation of real estate, and collaborate and strengthen engagement with tenants to reduce the environmental burden of our properties and promote social considerations.

④ Respect and development of human resources

Each and every executive and employee involved in our business is our irreplaceable asset. We strive to create a healthy working environment that can maximize the diversity of personality and ability of our employees, and aim to improve our business competitiveness through proactive talent development.

⑤ Enlightenment on ESG

Our executives and employees deepen their understanding and ability to practice ESG consideration through our continuous implementation of education and enlightenment activities.

⑥ Compliance with integrity

We promote compliance not only to observe the minimum required legal compliance but also to maintain our integrity with the aim to meet the expectations of all our stakeholders such as investors, tenants, local communities, suppliers, executives and employees.

⑦ Ensure ESG information disclosure and transparency

We strive to disclose information on ESG to our stakeholders in a timely and appropriate manner, and to ensure transparency through acquiring external evaluations such as environmental certifications.

2. Sustainability Promotion System

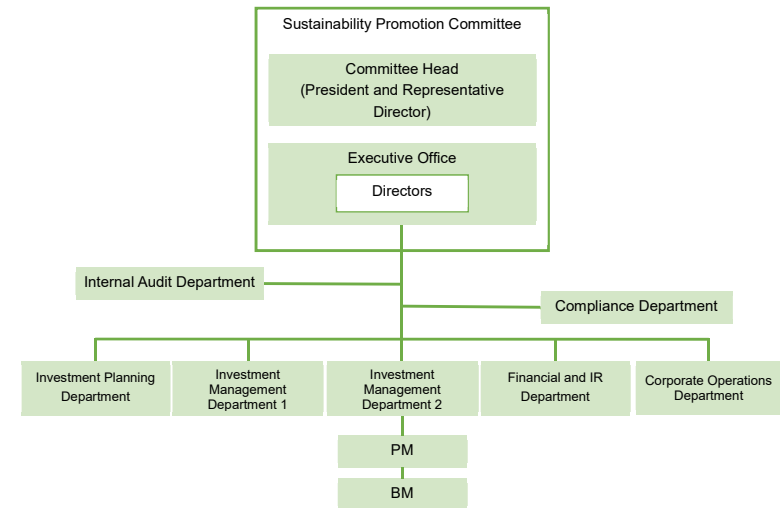
In order to put the "Sustainability Policy" into practice, HHRAM has established the "Sustainability Promotion System Regulations," with the purpose of establishing various policies concerning sustainability. The Sustainability Promotion System Regulations establishes basic policies, etc., for internal systems, collaboration with external stakeholders, and information disclosure. Within this system, the "Sustainability Promotion Committee" has been set up for decision-making processes related to sustainability.

The Sustainability Promotion Committee is comprised of the President and Representative Director, who acts as the Committee Head, the Director in charge, who acts as the Committee's Operating Officer, full-time Directors, and Department or Office General Managers. The Committee meets at least once every three months (five times in fiscal 2023, four times scheduled for fiscal 2024).

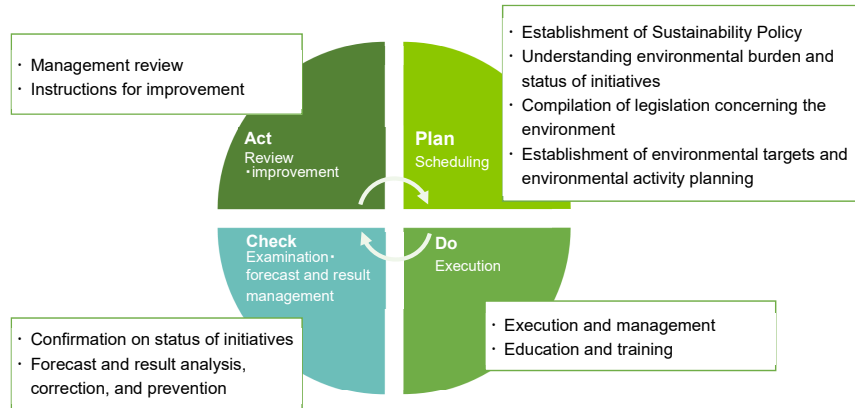
In addition to considering and drafting various policies, targets, response to climate change, response to DEI*, and other diversified measures concerning sustainability, the Sustainability Promotion Committee also reports appropriate information to the Executive Meeting of HHR. As for our governance structure, please refer to "1. Corporate Governance" in "Chapter 4 Governance Initiatives."

*DEI stands for diversity, equity and inclusion.

① Sustainability Promotion System



② Conceptual Diagram of the Environmental Management System (EMS) based on the PDCA cycle



3. Materiality

HHR and HHRAM will contribute to the achievement of the SDGs (Sustainable Development Goals) and the achievement of medium-to-long-term growth of HHR through initiatives for the following material issues (Materiality).

	Important theme	Action policy	KPI	SDGs	
E (Environment)	Promotion of environmental conservation	Promote environmental conservation activities that contribute to the realization of a decarbonized society and a recycling-oriented society	<ul style="list-style-type: none"> GHG emissions intensity 35% reduction by FY2030 (compared with FY2018 level), and net zero by FY2050 Water consumption intensity 10% reduction by FY2030 (compared with FY2018 level) 	 	
	Success of each employee	Foster a corporate culture enabling employees to maximize their individual personalities and abilities, and promote next-generation training	<ul style="list-style-type: none"> Continuously certified as Health & Productivity Management Outstanding Organization Continuously organizing original training programs (HHRAM seminars) 	 	
	Improvement of well-being of customers (tenants, etc.)	Promote the improvement of ES and CS, and pursue the improvement of satisfaction	<ul style="list-style-type: none"> Continuously conducting tenant satisfaction surveys (With directly managing properties) 	 	
S (Social)	Contribution to the development of local communities	Contribute to urban development through collaboration and co-creation with local communities	<ul style="list-style-type: none"> Number of programs contributing to local communities (At directly managing community based retail facilities) 	 	
	Implementation of thorough compliance and risk management	Strengthen risk response and ensure compliance regarding interested party transactions, etc.	<ul style="list-style-type: none"> Attendance rate of compliance trainings 		
G (Governance)	Promotion of information disclosure to stakeholders	Adhere to transparency through timely and appropriate disclosure of financial and non-financial information and dialogues	<ul style="list-style-type: none"> Number of sustainability report issues 		

Chapter 2 Environmental Initiatives

1. Climate Change Initiatives

① Recognition of Climate Change (Background)

We understand that climate change issues as stated in the Paris Agreement (2015) and IPCC Special Report (2018) are anticipated to bring drastic changes to the natural environment and social structures, which represents one of the challenges that gives impact on the asset management of HHR. Therefore, we recognize that our earnest efforts to address these issues will contribute to securing our sustainable profitability on a medium-to-long-term basis, and maximizing unitholder value.

② Support for the TCFD Recommendations

In December 2022, HHRAM announced its support for the TCFD (Task Force on Climate-related Financial Disclosures*) recommendations and joined the TCFD Consortium, an organization consisting of Japanese supporting companies, thereby further promoting the initiatives concerning climate change and improving information disclosure based on the TCFD recommendations.



*TCFD was established by the Financial Stability Board (FSB) upon request of G20 with the aim of considering climate-related information disclosures and actions to be taken by financial institutions, and has announced its recommendations for understanding and disclosing "Governance," "Strategy," "Risk Management" and "Metrics and Targets" concerning climate change-related risks and opportunities.

③ Governance

For the sustainability promotion system (including measures against climate change) of HHRAM, please refer to "2. Sustainability Promotion System" in "Chapter 1, Sustainability Policy and Promotion System," previously described.

④ Strategy

Item			Risk	Opportunity	Time frame
Transition risk	Policy and legal regulations	Carbon tax and carbon pricing	<ul style="list-style-type: none"> Cost of facility operations will increase due to a rise in electricity and fuel costs and others. Renovation and repair costs will increase due to a rise in construction materials prices and tighter regulations on buildings such as ZEB and ZEH (*1). 	<ul style="list-style-type: none"> The introduction of renewable energy to avoid the impact of carbon tax, etc. will be accelerated, which will contribute to a rise in evaluation by tenants. 	Short to long term
		Carbon emission trading	<ul style="list-style-type: none"> Properties which can hardly take energy-saving measures will have to bear the cost of purchasing carbon emission allowances. 	-	Medium term
		Response to GHG (*2) emission regulations by ZEB and ZEH(*1).	<ul style="list-style-type: none"> Renovation costs will increase for renewal work due to the necessity of introducing devices and equipment with higher environmental performance. 	<ul style="list-style-type: none"> Conversion of buildings into ZEB will contribute to a reduction of operation costs and enhancement of competitive edge by differentiation. <p>(*1) ZEB: Zero Energy Building, ZEH: Zero Energy House (*2) GHG: Greenhouse Gas</p>	Medium term

Item			Risk	Opportunity	Time frame
Transition risk	Technology	Dissemination of new technology	<ul style="list-style-type: none"> Renovation costs will increase due to the introduction of new technologies for energy saving and renewable energy. 	<ul style="list-style-type: none"> Renovation costs will be reduced when new technologies will be disseminated and the prices of energy-saving facilities and renewable energy materials will decline. By introducing new technologies, it is expected that the costs of facility operation including electricity and fuel costs will be reduced to a certain degree. 	Medium term
	Market	Changes in energy mix, etc.	<ul style="list-style-type: none"> With the social requirement for raising the renewal energy ratio growing, the construction cost to be borne at the introduction stage will squeeze profits 	-	Medium to long term
	Reputation	Change in tenants' tastes	<ul style="list-style-type: none"> Deterioration of asset value and brand value (declines in rent or occupancy rate) is possible if we cannot meet the needs of tenants for buildings or retail facilities with high environmental performance. 	<ul style="list-style-type: none"> Our competitive edge will be maintained and strengthened if we can meet the needs of tenants for buildings, houses and retail facilities with high environmental performance. 	Medium to long term
		Investors' key evaluation points	<ul style="list-style-type: none"> A delay in ESG measures and disclosure will cause a deterioration of evaluation by investors, leading to an increase in fund procurement costs. 	<ul style="list-style-type: none"> A transition to low-carbon and environment-friendly properties will enable us to secure new highly ESG-conscious investors and a reduction in fund procurement costs. 	Short to long term
Physical risk	Acute	Extreme weather (Intensified damage from natural disasters)	<ul style="list-style-type: none"> Due to typhoons becoming larger and more intense, retail facilities tend to temporarily suspend operation, resulting in decreases in visitors and sales. Inundation inside a levee, etc. may increase the possibility of damage to our properties. 	<ul style="list-style-type: none"> Since demand for disaster-resistant buildings, etc. with measures for BCP and people who are unable to return home after disasters is increasing, we will be able to strengthen our competitive edge and increase sales if we can provide facilities that can meet those needs. 	Short to long term
	Chronic	Rise in average temperature	<ul style="list-style-type: none"> Costs for enhancing air-conditioning capability will increase in order to respond to the rise in average temperature. Costs of renovation will increase due to degradation of work efficiency in the extremely hot weather in summer. 	-	Medium to long term
		Rise in sea level	<ul style="list-style-type: none"> The possibility of occurrence of damage is expected to increase due to inundation of our properties from tidal waves, etc. 	-	Long term

⑤ Risk Management

- HHRAM has established a department responsible for risk management in normal times which conducts annual risk assessments. The investigation covers a wide range of risks related to climate change (natural disasters, etc.), accidents, information management, legal compliance and other organizational operations, etc. As to risks peculiar to each business, the relevant responsible department establishes appropriate countermeasures by identifying and analyzing them.
- With respect to climate change-related risks, we also conduct risk assessment from the viewpoints of possibility of occurrence and the degree of impact. Furthermore, we monitor the status of countermeasures once a year.
- The Sustainability Promotion Committee also deliberates (once in three months) on climate change-related risks and their impact on business, etc. as necessary, and if changes are needed from the current content, such changes are reflected in the company-wide risk management by including them in a risk survey form which is used in the risk assessment.

2. Environmental Targets

The following environmental targets toward carbon neutrality and net-zero emissions by 2050 were established at the Sustainability Promotion Committee meeting held in December 2022.

- ① GHG emissions: To be reduced by 35% by fiscal 2030
 - ② Energy consumption: To be reduced by 1% annually
 - ③ Water consumption: To be reduced by 10% by fiscal 2030
- * The intensity, and base year is fiscal 2018.

For the fiscal 2050 target (long-term target), we will accelerate various initiatives for carbon neutrality and net-zero emissions.

3. Energy Consumption and Intensity

		Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023
Energy consumption	Consumption (MWh)	87,595	91,101	74,471	70,414	70,390	69,642
	Intensity (kWh/m ² · year)	274	269	219	208	218	214
	Intensity YoY	-	98.2%	81.4%	94.6%	104.9%	98.5%
	Intensity compared with base year	-	98.2%	80.0%	75.7%	79.4%	78.2%
Water consumption	Consumption (m ³)	558,468	577,493	391,365	380,699	452,358	485,792
	Intensity (m ³ /m ² · year)	1.719	1.710	1.152	1.118	1.395	1.491
	Intensity YoY	-	99.5%	67.4%	97.1%	124.7%	106.9%
	Intensity compared with base year	-	99.5%	67.0%	65.0%	81.1%	86.7%
Greenhouse gas emissions	Emissions (t)	30,372	27,375	22,092	22,083	19,498	24,060
	Intensity (t/m ² · year)	0.095	0.081	0.065	0.065	0.060	0.074
	Intensity YoY	-	85.6%	80.0%	100.2%	92.5%	122.6%
	Intensity compared with base year	-	85.6%	68.5%	68.7%	63.5%	77.8%

*As of October 1, 2024. The figures may be adjusted retroactively due to additional acquisition of past data, and revision of data collection range.
 *Figures for the entire portfolio are covered here.
 (Please note that site properties are excluded, that figures for properties under co-ownership are derived by multiplying the ownership rate, and that data difficult to compile due to direct contracts with tenants or other reasons are partially excluded from gas consumption figures)
 *Energy consumption and greenhouse gas emissions are derived by multiplying coefficients or other values based upon the Mandatory GHG Accounting and Reporting System established by the Ministry of the Environment.
 *Greenhouse gas emissions include Scope 3 (Category 13: emissions coming from downstream leased assets)

Third-party Assurance

To enhance credibility, some of the data used for the energy consumption and intensity has limited assurance from a third party, Sustainability Accounting Co., Ltd.

4. Energy Management

① Established the Energy Conservation Policy

Based on the "Energy Conservation Policy" established in March 2019, HHR and HHRAM will continually seek to understand the energy consumption levels of the portfolio and measure the rate of achievement against the targeted values. Considerations for operational improvements and equipment investments will be made for energy inefficient properties, and we will continually aim to reduce energy consumption across the entire portfolio.

• Initiatives through equipment renovation

For measures that require equipment investments such as switching to LED lighting and switching to high efficiency air conditioning, measures that are the most cost-effective will be prioritized based on consideration of the lifecycle costs, etc.

• Initiatives through operational improvement

HHR promotes initiatives in collaboration with property management companies and tenants, such as inspection to ensure that electricity and gas are turned off after store hours, that lights at places such as corridors, warehouses, and meeting rooms, are turned off when nobody is there or the places are not in use, that appropriate temperatures are set for air-conditioners in common areas, that appropriate temperatures are set for hot water for hand-washing as well as toilet seat heaters in the summer season, and that appropriately reducing the number of lights that are on in common use areas (backyard).

② Application of leading project to reduce carbon footprint in housing / buildings

A leading project to reduce carbon footprint in housing / buildings is a project that is selected after the government solicits entries of housing / building projects to become leading projects for carbon footprint reduction, and offers support for them from its budget by subsidizing part of the projects' cost, such as maintenance costs. GRAND FRONT OSAKA was chosen as the leading project in 2009. Its "organizing an integrated water and green network over multiple city blocks", "adoption of highly effective carbon footprint reduction technology" and "building a sustainable management system" initiatives were adopted to realize its environment-friendly design such as extensive greenery on the rooftops and in the surrounding city blocks, natural ventilation system and adoption of a solar power system.

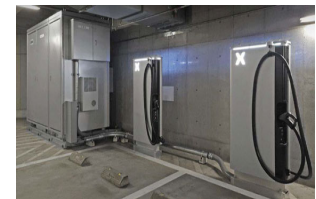


GRAND FRONT OSAKA

③ Utilization of renewable energies

• Introducing electricity virtually all from renewable energies

All the electricity used at GRAND FRONT OSAKA, HEP Five, LAXA Osaka, HANKYU NISHINOMIYA GARDENS, and SHIBAURA RENASITE TOWER, not only for common areas but also for exclusive areas for its tenants, has already been shifted to being generated virtually all from renewable energy sources. In addition, EV charging stations with the country's fastest charging rate were installed at GRAND FRONT OSAKA, with batteries to store this electricity in December, 2023, and provide an environmentally friendly charging experience for EV owners visiting Osaka.



EV charging stations

●Implementation of solar power generator facilities

Solar panels have been installed above the south parking lot of HANKYU NISHINOMIYA GARDENS (along Yamate Kansen), and the power generated is used to illuminate the lights. Solar panels have been also installed on the roof of HEP Five, and the clean natural energy is used to light up the Ferris wheel. A monitor indicating the quantity of energy generated by the sunlight has been set up in the atrium on the first floor. Furthermore, amount of energy generated and consumed are as follows.



Solar panels

Property name	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023
HEP Five	18,054kWh	18,197kWh	18,432 kWh	17,473kWh	18,394kWh	17,438kWh

*As of October 1, 2024

●Installation of wind turbine generator system

At HANKYU NISHINOMIYA GARDENS, hybrid-type generators that combines savonius wind turbines with solar panels have been installed, and the power generated is used to illuminate the rooftop lights.



Savonius wind turbines with solar panels

④Switching to LED lighting

From the perspective of energy-saving measures, HHR promotes switching to LED lighting at each portfolio property. As of the end of May, 2024, HHR has already upgraded to LED lighting almost all the common area lights excluding the backyard lights at 16 building properties, accounting for more than 70% of all building properties owned, and almost all the lights including in the exclusive areas at Shiodome East Side Building, Ueroku F Building, and kotocross Hankyu Kawaramachi, while sequentially upgrading mainly common area lights in other buildings.

⑤Countermeasures against urban heat islands

As a countermeasure against urban heat islands that occur in the summer, we have installed a fountain and mist spraying system in the roof-top garden of HANKYU NISHINOMIYA GARDENS, water sprinklers on the roofs of cinema complexes, a mist spraying system at the main entrance of HEP Five, and water facilities such as cascades and a mist projection system at the Umekita Plaza of GRAND FRONT OSAKA. These have contributed to cutting CO₂ emissions by reducing the load placed on air conditioners.



Fountains



Mist spraying system

⑥Promoting green walls and planting vegetation in urban areas

At GRAND FRONT OSAKA, there is the 500-meter-long "Icho Namiki" (row of ginkgo trees) that encircles the building, and the "Keyaki Namiki" (row of zelkova trees) that runs east-west between the South Building and the North Building. The 4,000 m² garden on the north side of the North Building is a space where people can experience the changes in the four seasons, and people enjoy walks in the garden throughout the year. Moreover, on the roof of the 9th floor of the South Building and the North Building, there is a rooftop garden totaling more than 10,000 m². This space creates a place where office workers can exchange ideas. In addition, the Sky Garden on the rooftop of HANKYU NISHINOMIYA GARDENS is a space of relaxation for those who visit. This is because vegetation indigenous to the Rokko mountain range is planted in the garden such as trees, cherry trees, and fruit trees, based on the facility concept of "harmony with the natural environment".



Row of ginkgo trees



Rooftop garden



Sky garden

⑦Collaboration with tenants

●Promotion of green lease agreements

Green lease agreements are agreements in the form of a contract or memorandum, etc. voluntarily entered into by building owners and tenants and concern reduction of environmental load through energy conservation at real estate and improvement of working environment, as well as implementation of their content. HHR will strive to increase the number of agreements that have green leases in their clauses.

●Case of concluded green lease agreement

As of May 31, 2024, agreements with a green lease clause have been concluded with tenants, who have a strong interest in sustainability among thirteen properties owned by HHR. The provisions of the agreements for the main properties include the following:

- (1) Suppression of amount of energy and water used in area leased by the tenant, suppression of waste generated and promotion of waste-sorting on a daily basis, and establishment of system for voluntary management of such;
- (2) Suppression of amount of energy and water used in construction work in area leased by the tenant and when procuring goods, suppression of waste generated and introduction of environmentally friendly materials;
- (3) Cooperation toward sustainability promotion measures (obtaining certifications, exchanging information on amounts of energy usage, water usage and waste generated, and keeping and improving comfort in building).

5. Water Resource Initiatives

① Established the Water Conservation Policy

Based on the "Water Conservation Policy" established in March 2019, HHR and HHRAM will continually seek to understand the water consumption levels of the portfolio and measure the rate of achievement against the targeted values. Considerations for operational improvements and equipment investments will be made for water resource inefficient properties, and we will continually aim to reduce water consumption across the entire portfolio.

● Initiatives through equipment renovation

For measures that require equipment investments such as switching to water conservation equipment and installing water-saving devices, measures that are the most cost-effective will be prioritized based upon consideration of the lifecycle costs, etc.

● Initiatives through operational improvement

Water conservation is strived for in collaboration with property management companies and tenants through measures such as saving water during cleaning and checking for water leaks in washrooms and toilets during patrol.

② Reusing rainwater

At HANKYU NISHINOMIYA GARDENS, GRAND FRONT OSAKA, and METS OZONE, rainwater is stored and reused as sprinkling water for plants and for flushing toilets.

③ Installation of kitchen wastewater pretreatment equipment

By preparing kitchen wastewater pretreatment equipment at HANKYU NISHINOMIYA GARDENS, the pollutants found in kitchen wastewater produced by cafés and restaurants are reduced by processing it with mixed-microbial communities, before draining it into public sewage systems. As a result, HANKYU NISHINOMIYA GARDENS is able to maintain water quality that falls well within the wastewater standards for sewage systems of Nishinomiya City.

6. Waste Management

① Waste Management

HHR and HHRAM regularly seek to understand the figures submitted by the waste disposal operators of the portfolio.

② Charging by waste amount

At HANKYU NISHINOMIYA GARDENS and GRAND FRONT OSAKA, the waste disposed by each tenant is measured on an exclusive measurement device, and a fee is assessed based on the quantity of waste produced. This system has contributed to the suppression of waste generated by tenants.



③ Thorough waste sorting and recycling

At Dew Hankyu Yamada and HEP Five, etc., recycling is conducted thoroughly by sorting cardboard, paper, cans, glass bottles, and plastic bottles.



④ Using recycled trash bags

At HANKYU NISHINOMIYA GARDENS, recycled trash bags, which are made partly from plastic cups collected at Hanshin Koshien Stadium run by Hanshin Electric Railway, are used to collect garbage brought from common use areas. This activity contributes to HHR's recycling-oriented efforts.

7. External Certifications

① Acquisition of “3 Stars” and “Green Star” Rating in GRESB Real Estate Assessment

GRESB is an annual benchmarking assessment to measure ESG (Environmental, Social and Governance) integration of real estate companies and funds. In the 2024 GRESB Real Estate Assessment, HHR received a “3 Stars” in GRESB Rating, which is based on GRESB Overall Score and its quintile position relative to global participants. It also won a “Green Star” designation for the sixth consecutive year by achieving high performance both in “Management Component” that evaluates policies and organizational structure for ESG promotion, and “Performance Component” that assesses environmental performance and tenant engagement of properties owned.



② Acquisition of DBJ Green Building Certification

DBJ Green Building Certification is a program which Development Bank of Japan grants certifications after assessing properties in five ranks, from the perspective of environmental and social considerations.

In the future, HHR will continue to work to expand the number of certified properties.



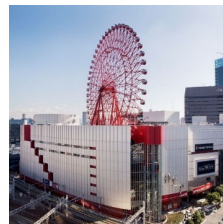
Properties with the best class environmental & social awareness



HANKYU NISHINOMIYA GARDENS



Properties with exceptionally high environmental & social awareness



HEP Five



DBJ Green Building
2022

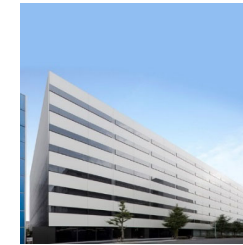
Properties with excellent environmental & social awareness



Kitano Hankyu Building



Dew Hankyu Yamada



Shiodome East Side Building



Hankyu Corporation Head Office Building

③ Acquisition of Certification for CASBEE for Real Estate

Certification for CASBEE for Real Estate is an evaluation system that evaluates and ranks buildings and structures in terms of their environmental performance by using CASBEE (Comprehensive Assessment System for Built Environment Efficiency). CASBEE is designed to comprehensively assess the quality of a building, including not only consideration of environmental practices that include using materials and equipment that save energy or achieve smaller environmental loads, but also consideration of interior comfort and scenic aesthetics.



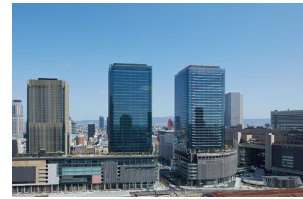
S Rank (Excellent)



SHIBAURA RENASITE TOWER



S Rank (Excellent)



GRAND FRONT OSAKA
(Tower A of South Building,
Tower B and C of North Building)



A Rank (Very good)

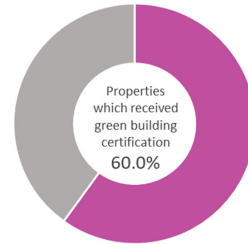


GRAND FRONT OSAKA
(Umekita Plaza)

④ Ration of properties that have received environmental certifications

The percentage of properties that received green building certifications in the entire portfolio is 60.0% (based on total floor area).

*As of October 1, 2024



8. Green Finance

HHR has established Green Finance Framework (hereafter the “Green Finance Framework”) that complies with the Green Bond Principles 2018, the Green Bond Guidelines 2020, the Green Loan Principles, and the Green Loan and Sustainability Linked Loan Guidelines 2020 for the implementation of green finance.

① Green Finance Framework

● Use of Proceeds

The proceeds of green finance are allocated to the acquisition of Eligible Green Assets (Note) or implementation of renovation work or the refinancing or reimbursement of borrowings (including green loans) or investment corporation bonds (including green bonds) which have been allocated to such.

Note: Assets that meet the following eligibility criteria

● Eligibility Criteria

(1) Eligible Green Assets

The criteria apply to assets for which any of the following green building certifications was obtained or renewed within 36 months prior to the payment date of green bonds or the execution date of green loans or the reporting date based on the Green Finance Framework, or will be obtained or renewed in the future.

- DBJ Green Building Certification: 3 Stars, 4 Stars or 5 Stars
- Certification for CASBEE for Real Estate: B+, A or S Rank
- BELS Certification: 3 Stars, 4 Stars or 5 Stars
- LEED Certification: Silver, Gold or Platinum

(2) Renovation Work

The criteria apply to renovation work aiming to meet any of the following standards which were completed within 36 months prior to the payment date of green bonds or the execution date of green loans, or will be completed in the future.

- Improvement of 1 step or higher in the number of Star or the Rank of any of the above-mentioned green building certifications.
- Reduction of 10% or more in any of carbon dioxide emissions, energy consumption or water consumption.
- Any other renovation work pursuing effective improvement in terms of the environment (in which a reduction of 10% or more in the volume of consumption or emissions is expected compared with conventional methods).
- Introduction or acquisition of renewable energy-related facilities.

● Management of Procured Funds

The maximum amount of green finance is set at an amount arrived at by multiplying the sum of total acquisition price of Eligible Green Assets owned by HHR and amount of expenditure for renovation work that meet the eligibility criteria by the ratio of interest-bearing debt to total assets (hereafter, “Eligible Green Debt Amount”). HHR will conduct manage so that the balance of the proceeds of green finance will not exceed Eligible Green Debt Amount.

Total acquisition price of Eligible Green Assets (millions of yen)	87,916
Ratio of interest-bearing debt to total assets (%)	47.6
Eligible Green Debt Amount (millions of yen)	41,848

*The figures are as of May 31, 2024.

● Assessment by External Institution

HHR has acquired Green1 (F), the highest ranking in the JCR Green Finance Framework Evaluation by assessment institution Japan Credit Rating Agency, Ltd. (JCR) concerning the eligibility of its green finance framework. For the content and other details of the JCR Green Finance Framework Evaluation, please refer to the following website.

JCR Green Finance Framework Evaluation: <https://www.jcr.co.jp/en/greenfinance/>

② Status of Finance

● Balance of green bonds issued

The balance of green bond issued is 3,300 million yen (as of October 1, 2024)

	Issue amount (millions of yen)	Interest rate	Issue date	Redemption date	Use of proceeds
Hankyu Hanshin REIT Fourth Series of Unsecured Investment Corporation Bonds	1,000	0.300% Per annum	October 28, 2020	October 28, 2025	Repayment of the loans (including the loans from subsequent refinancing) that were required for acquisition of Shiodome East Side Building, an Eligible Green Asset under the Green Finance Framework.
Hankyu Hanshin REIT Fifth Series of Unsecured Investment Corporation Bonds	1,000	0.540% Per annum	October 28, 2020	October 28, 2030	Repayment of the loans (including the loans from subsequent refinancing) that were required for acquisition of Shiodome East Side Building, an Eligible Green Asset under the Green Finance Framework.
Hankyu Hanshin REIT Sixth Series of Unsecured Investment Corporation Bonds	1,300	1.409% Per annum	February 20, 2024	February 20, 2034	Repayment of the loans (including the loans from subsequent refinancing) that were required for acquisition of Shiodome East Side Building, an Eligible Green Asset under the Green Finance Framework.

● Borrowing of Green Loans

The balance of green loans borrowed is 3,900 million yen (as of October 1, 2024).

	Amount borrowed (millions of yen)	Interest rate	Drawdown date	Maturity date	Use of proceeds
Syndicate of lenders arranged by MUFG Bank, Ltd. (Note 1)	3,200	1.0750%	February 29, 2024	February 28, 2031	Repayment of the loans (including the loans from subsequent refinancing) that were required for acquisition of Shiodome East Side Building, an Eligible Green Asset under the Green Finance Framework.
Syndicate of lenders arranged by MUFG Bank, Ltd. (Note 2)	700	1.4660%	February 29, 2024	August 31, 2034	Repayment of the loans (including the loans from subsequent refinancing) that were required for acquisition of Shiodome East Side Building, an Eligible Green Asset under the Green Finance Framework.

Note 1: The syndicate of lenders consists of MUFG Bank, Ltd., Mizuho Bank, Ltd., The Senshu Ikeda Bank, Ltd., Nippon Life Insurance Company and The Bank of Kyoto, Ltd.

Note 2: The syndicate of lenders consists of Nippon Life Insurance Company and The Bank of Kyoto, Ltd.

③ Impact reporting

HHR discloses the status of acquisition of certifications, assessment of certifications and the following indicators for each eligible green asset once a year.

● Property names of Eligible Green Assets and status of acquisition of environmental certifications

As of October 1, 2024

Property name	Acquisition price (millions of yen)	DBJ Green Building	CASBEE	BELS	LEED
HANKYU NISHINOMIYA GARDENS	18,300	★★★★★	—	—	—
HEP Five	6,468	★★★★	—	—	—
Kitano Hankyu Building	7,740	★★★	—	—	—
Dew Hankyu Yamada	6,930	★★★	—	—	—
Shiodome East Side Building	19,025	★★★	—	—	—
Hankyu Corporation Head Office Building	10,200	★★★	—	—	—
SHIBAURA RENASITE TOWER	3,475	—	S	—	—
GRAND FRONT OSAKA (North Building)	6,566	—	S	—	—
GRAND FRONT OSAKA (South Building)	9,212	—	S	—	—
GRAND FRONT OSAKA (Umekita Plaza)		—	A	—	—
Total	87,916				

● Quantitative indicators of Eligible Green Assets

	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023
Energy consumption (MWh)	48,403	47,580	44,472	49,490	48,703
Water consumption (m ²)	321,410	248,988	233,708	282,156	293,952
Greenhouse gas emissions (t)	14,149	13,610	13,482	12,843	15,459

*As of October 1, 2024. The figures may be adjusted retroactively due to additional acquisition of past data, and revision of data collection range.

*Each figure is disclosed to the extent possible, showing the total of all figures from target properties owned in each fiscal year.

*Energy consumption and greenhouse gas emissions are derived by multiplying coefficients or other values based upon the Mandatory GHG Accounting and Reporting System established by the Ministry of the Environment.

Chapter 3 Social Initiatives

1. Relationships with the Local Communities

① Participating in locally hosted events

Umekita Plaza of GRAND FRONT OSAKA is the site where the Umeda Yukata Matsuri, a summer event in the Umeda area, is hosted, and in addition to hosting Bon festival dances and customer participation-type Uchimizu events, it is also the site where "UMEDA MEETS HEART," a winter event in the area and project to transmit positive messages from Umeda with a motif of "Heart," is implemented.

The Umeda Yukata Matsuri, run by Umeda Area Management Alliance (Osaka Station District) as part of their activities, is a local event aimed at further improving the area's attractiveness, under the theme of "yukata," which is a part of traditional Japanese culture.

We also offer the open space of Hankyu Corporation Head Office Building as event sites for locally hosted events such as the Umeda Yukata Matsuri and the 1000000 People's Candle Night@OSAKA CITY Chayamachi Slowday.



Umeda Yukata Matsuri

② Offering venues for holding of local events

HHR is offering spaces at properties it owns to support the holding of local events.

● Dew Hankyu Yamada

Playing a role in supporting local industries and drawing customers to local markets, by providing market spaces for start-ups who are planning to open their businesses in the surrounding communities, and holding market events at its common areas on a regular basis.



● GRAND FRONT OSAKA

Regularly holding live music events for free as a joint project with a radio station, and providing the SpringX program, which offers online venues for practical learning opportunities and start-up support.



③ Cooperating with nearby local communities

Dew Hankyu Yamada makes community-based contributions by holding family gospel concerts with local groups.



METS OZONE deepens its relationship with the local community by holding a workshop on the making of Christmas wreaths and candles, and other activities.



④ Introducing a bike sharing system

Kitano Hankyu Building has introduced a bike sharing system operated by DOCOMO BIKESHARE, INC. and contributes to reducing the environmental load by mitigating traffic congestion in the city center. Moreover, this also contributes to the development of local industry as transportation infrastructure for commuting, business, and tourism.



⑤ Implementing a park-and-ride

Dew Hankyu Yamada has implemented a park-and-ride on its rooftop parking lot. A park-and-ride, is a method of commuting whereby people park their automobiles in parking lots with public transport connections, and transfer to public transportations such as railways and fixed-route busses. It is a transportation policy that is promoted as a way to mitigate traffic congestion in city centers and tourist sites, suppress traffic pollution, and reduce illegal parking, etc.



Dew Hankyu Yamada

⑥ Supporting sales promotions of tenants and startups

On the first floor below ground at HEP Five, the "FIVE LAB" has been set up to support startups, which is a pop-up space that collects and dispatches popular contents, and provides opportunities for creators and EC shops to make sales at special events. In fact, some members who had participated in those events became official tenants by opening their own shops. HEP Five has also established a photo studio for SNS and live commerce to support the sales promotions of tenants.



⑦ Participating in the Hankyu Hanshin Mirai no Yume Machi Project

Our sponsor, Hankyu Hanshin Holdings Group conducts the Hankyu Hanshin Mirai no Yume Machi Project, and the employees of HHRAM also participate in this project.



[Overview of Hankyu Hanshin Mirai no Yume Machi project]
<https://www.hankyu-hanshin.co.jp/yume-machi/top.html> (in Japanese)

2. Relationships with Tenants

① Employee satisfaction surveys

With the cooperation of a property management company, we conduct regular employee satisfaction surveys at the properties owned by HHR listed below, and aim to improve employee satisfaction and increase the value of facilities, through improvements based on the survey results.

Properties with employee satisfaction surveys:

10 properties in total, including Kitano Hankyu Building, Dew Hankyu Yamada, Shiodome East Side Building, METS OZONE

② Training for employees of tenants

We conduct various video and offline training sessions at HEP Five, aimed at making the site attractive and selected by customers. In fiscal 2024, training courses at GRAND FRONT OSAKA are scheduled to learn “reasonable accommodation” for handicapped visitors and how to deal with inbound tourists.



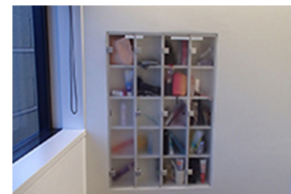
HANKYU NISHINOMIYA GARDENS and GRAND FRONT OSAKA have sent participant to the national customer service role playing contest hosted by Japan Council of Shopping Centers. In addition to improving the skills of the employees, we work to improve the enjoyability of customers who use the facilities.

③ Hosting social gatherings and trips for employees

At HEP Five and HANKYU NISHINOMIYA GARDENS, we contribute to improving employee satisfaction and promoting employee communication by hosting one-day bus trips, and social gatherings for the employees of tenants.

④ Providing building environments that makes it easy to work

Shiodome East Side Building has prepared an environment where employees can easily purchase lunch within the building, and works to improve tenant satisfaction. In addition, shelves and cupboards for use when changing clothes have been installed in the ladies' rooms at Shiodome East Side Building, supporting the comfortable office work of female employees who work there. SHIBAURA RENASITE TOWER provides opportunities to connect with its tenants through activities such as small local markets organized by the tenants in the lobby.

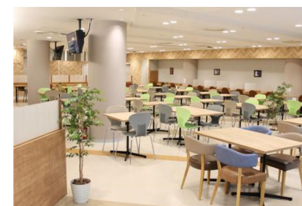


Shiodome East Side Building



SHIBAURA RENASITE TOWER

HEP Five renovated its employee cafeteria in fiscal 2019 and has a meeting space where employees can communicate with one another, in addition to a space for charging devices. In addition, HANKYU NISHINOMIYA GARDENS established a female powder room in the employee lounge to provide and support an environment where tenant employees can work comfortably.



HEP Five



HANKYU NISHINOMIYA GARDENS

⑤ Award history

HEP Five has received the ES Award multiple times at the Developer Award and Tenant Award event hosted by SENKEN SHIMBUN CO., LTD. In addition, HANKYU NISHINOMIYA GARDENS received the Gold Award at the Japan SC Awards in 2013 as the first retail facility ever to receive the award outside of the Tokyo metropolitan area while it also received the Developer Award Chosen by Tenants at the 26th (fiscal 2023) Developer Award and Tenant Award event hosted by SENKEN SHIMBUN CO., LTD., which was received for four years in a row, and five times in total with the award at the 19th event in fiscal 2016.

3. Initiatives towards Employees of HHRAM

Due to the provisions of the Act on Investment Trusts and Investment Corporations (hereafter "Investment Trust Act"), HHR cannot hire employees. As such, its assets are managed by the employees of HHRAM. We believe that each and every employee related to the business is an indispensable asset, and in addition to working to create a healthy work environment where employees can maximize their various personalities and abilities, it also aims to improve business competitiveness through proactive personnel development.

① Health management

● The purpose of health management and how to deal with problems

Hankyu Hanshin Holdings Group has promoted health management while holding "respect for people" as one of its most important values, and believes that the health of its employees and their families is the cornerstone of the company's future.

HHRAM does not have many employees, so that our business could easily be affected even when only one of them cannot fully perform due to his or her poor health condition. With the "Health Declaration" established in September, 2019, we have promoted health management, aiming at improvement of productivity and revitalization of the workplace by improving the health awareness of all employees and making the workplace more comfortable so they can work with enthusiasm.

Health Declaration

As the only REIT management company in the group, Hankyu Hanshin REIT Asset Management Company aims to contribute to the development of a safer and more comfortable town by providing funds for the development and growth of office buildings and retail facilities through the securitization of real estate properties mainly in the Kansai Region.

In order to deliver "safety and comfort", which is the group's management philosophy, as well as "dream and excitement" to everyone, it is important for the employees and their families to be healthy and each employee to demonstrate their individuality and skills to the maximum extent in a "Heartful & Joyful" work environment.

We will make efforts in health management with the motto of "making people and the town vigorous forever!" to realize such goal.

Hankyu Hanshin REIT Asset Management Company declares that it will strive to proactively support everyone's health and create a work environment where employees can work enthusiastically under the "Hankyu Hanshin Wellness Challenge" set by Hankyu Hanshin Holdings Group.

Toyoshige Okazaki
President and Representative Director,
Health Management Promotion Officer,
Hankyu Hanshin REIT Asset Management, Inc.

HHRAM Health Declaration: <https://www.hhram.co.jp/health.html>

● Initiatives by project team

We implement programs promoting health each fiscal year under a health management project team and those promoting communication between employees. Conducting a survey of employees' health revealed some health issues mainly related to diet and exercise. To solve the problems, we set up a cross-functional special project team, and carried out various events under the themes of diet, exercise, and improving communication, with unanimous approval, including of board members, through internal discussions. Here are some examples.

<Main initiatives implemented until now>

- Vegetable Catering Service introduced to offices
- Lunch activities
- Radio Gymnastics Time (twice a day)
- "Arukatsu" walking events (three months every year)
- Property inspection tours (once a year)
- Health courses by outside lecturers (two or three times a year)
- Background music for working introduced to offices
- Establishment of an in-house library



● Effect of introducing Health Management

Along with various initiatives for Health Management, we have also promoted flexible working as described in "③ Work-life balance" later.

"Arukatsu" walking events, for example, started with the daily goal of 5,000 steps with a 50% participation rate, but in fiscal 2023, the participation rate was 100%, the same as the prior year, and the average number of steps was approximately 8,500, a high number. In fact, the employee survey in fiscal 2023 shows better results than that in fiscal 2022: increasing from 67% to 73% for paying special attention to eating a healthy diet; falling from 46% to 40% for not performing well due to poor health condition; and rising from 48% to 50% for walking for more than 60 minutes a day. In addition, more than 90% say they are satisfied with communication at the office, similar to last year. Average monthly overtime was also reduced by approximately two hours to 7.3 hours in fiscal 2023 from fiscal 2022. Internal activities have helped to improve office communication, such as small-group lunch meetings attended by all staff members, including members of the Board Directors, and site visit events. Thus, we have been focusing on stimulating staff engagement by taking some measures to enhance internal communication, which contributes to improving our business relationships and productivity.

It is also clear to us that increasing opportunities to cooperate with outside organizations through Health Management are quite beneficial: collaborating with Tokyo Fudosangyo Health Insurance Society on organizing seminars and other various activities; letting our employees speak at outside seminars as lecturers; our initiatives being introduced on the web sites of both the Ministry of Health, Labour and Welfare, and the Ministry of Economy, Trade, and Industry.

● Recognized as 2024 Certified Health & Productivity Management Organization Bright 500 (SME category)

The Certified Health & Productivity Management Organization Recognition Program is a program under which the Ministry of Economy, Trade and Industry examines large enterprises, SMEs and other organizations that are engaging in health-conscious activities in collaboration with health insurance society members and promoting such activities led by the Nippon Kenko Kaigi, and recognizes outstanding enterprises engaging in efforts for health and productivity management.

**Bright 500" is given to the top 500 enterprises among the "2024 Certified Health & Productivity Management Outstanding Organizations (SME Category)" demonstrating "further outstanding health and productivity management" and "expansion of efforts to regional areas."



● Received a Special Award for the spin-off project of the Osaka Wellness Action Award, Wellness Activity 10 at Workplace (March, 2021)

The Osaka Wellness Action Awards aim to promote and disseminate independent and proactive health and productivity management, and HHRAM was recognized as an organization that is proactively engaged in activities for health and productivity management in Osaka and for promoting health in the workplace and across the region

②Work environment

●Personnel development

We have put various training policies in place with the purpose of improving the skills of our employees. Beginning with the specialized skills needed for real estate investment management operations, we also provide seminars for employees to acquire sophisticated business manners and to improve their communication abilities, along with thematic seminars by invited outside experts as lecturers such as on compliance and sustainability. In addition, we have also implemented an incentive system to for employees to acquire qualifications for professional personnel development. Especially for specialized qualifications recognized as necessary for the asset management business, including the Association for Real Estate Securitization (ARES) Certified Master, we pay the necessary expenses for employees who take training courses and examinations of such qualifications, or maintain the qualifications they have acquired. For your information, the ARES Certified Master system is an educational program through which you can learn a variety of specific, practical knowledge related to the real estate and financial industries systematically.

The table below shows the number of employees who have acquired each qualification.

As of October 1, 2024

Qualification name	Number	Qualification name	Number
Real Estate Appraiser	2	Certified Public Accountant	1
ARES Certified Master	19	First-class Architect	1
Real Estate Transaction Agent	22	Second-class Architect	1
Certified Building Administrator	12	Building Mechanical and Electrical Engineer	2
Shopping Center Business Administrator	1	Certified Member Analyst of the Securities Analysts Association of Japan (CMA)	1

●Group training system

Hankyu Hanshin Holdings offers the group training system to all employees who have reached important milestones, for example, when entering the company, and when taking up a new management post. HHR employees can also take part in the training sessions. In addition, Hankyu Hanshin Holdings has a personnel and accounting company for all group employees, Hankyu Hanshin Business Associates, which plans and conducts seminars to support all group companies with human resource development throughout the year at Hankyu Hanshin Manabi-ba seminars, and Hankyu Hanshin Business School. The group training system, therefore, creates opportunities for group employees to develop their own self-awareness as a group member and strengthen cooperation with other group companies, and to improve themselves through competition by taking part in a group seminar for job ranking or personnel development.

●Management by Objectives (MBO)

All employees including contract ones are expected to develop their own ability through various business operations with MBO strategies applied. Among them are goal setting together with their supervisor, and having a year-end interview for evaluation feedback from their supervisor. In addition, regular interviews are scheduled for employees to get appropriate support from their own supervisor. The MBO system gives them varied career paths, engaging in job rotation if necessary.

●Office environment

Upon office expansion, a collaboration space was added after taking employee opinions into consideration. The new space will promote ease of work and communication.



●Employee questionnaires (once a year)

In cooperation with group companies of Hankyu Hanshin Holdings, we conduct two surveys every other year: the Employee Satisfaction Survey to improve employee engagement, and the Working Environment Survey to prevent harassment in the workplace and educate employees on harassment.

③Work-life balance

●Introduction of flextime system

With the purpose of improving productivity, the flextime system (without core time) was introduced starting in August 2019, which gives employees the choice of when they will work, including daily start and end times, and enables them to work efficiently while balancing life and work. Combined with the flextime system, a work interval system was also introduced, which sets a certain interval of time between the time employees leave work until they can start again. In this way, we are also making considerations to prevent long work hours.

●Introduction of high-performance notebook PCs and in-house wireless LAN

Along with introduction of a flextime system, office PCs were replaced with high-performance notebook PCs, and in-house wireless LAN was set up. As a result, employees were enabled to select their workplace and working hours more freely, productivity was improved, and paperless meetings, etc. were achieved.

●Enabling remote work

With the purpose of realizing smooth progress in business while considering the health of employees amid the spread of COVID-19, we allowed our employees to select remote work as an option. In addition to introducing secure remote-access services for safe access from outside the office, the target of web-conferencing system users was expanded to all employees of HHRAM. Currently, remote work has been effectively established, which shows that flexible work arrangements have been fully introduced to our employees.

●Digitalization of decision-making flow

We responded to remote work by preparing approval documents, decision-making documents and instructions as well as digitalized the decision-making flow, and made efforts to enhance and improve the efficiency of productivity.

●Health management

By conducting regular health examinations and covering the costs of influenza vaccinations, we are engaged in maintaining and improving the health of our employees.

● **Welfare program**

As part of creating a comfortable workplace where employees can work safely and securely, HHRAM provides all employees with the following systems, other than "maternity leave before and after childbirth," "childcare leave," "paternity leave," "child medical care leave," "family care leave," "congratulation or condolence leave," and other leaves:

- Cafeteria plan (Multiple-choice welfare service program)
- Sukoyaka leave (Reserved annual paid leave)
- Special sick leave (Employees who get sick or injured for a private reason may be granted up to five working days per year when they use up all their leave days specified in both annual paid leave and reserved annual paid leave.)
- System to balance medical treatment and working life (Employees who receive medical treatment while working may be granted a flexible working style: shorter working hours, shorter working days, and remote work.)
- Rehabilitation system for the return-to-work process (Mainly absentees due to mental health problems may be eligible for the system as a support to return to work sooner.)

④ **Diversity**

● **Respecting human rights, preventing harassment**

We respect the diversity of each and every employee and believe that mutual acceptance is indispensable to sustainable growth, and the sponsor group takes initiative as one body by conducting human rights training, conducting surveys, and increasing the number of consultation service counters.

Employees can anonymously receive a counselor's advice or report harassment, and it is clearly stated that the privacy of the counselee shall be protected, and they shall not be subject to discriminatory treatment due to such consultation or reporting.

In addition to counselling, HHRAM establishes a consultation counter for corporate ethics (Note) as part of the internal whistleblowing system for harassment and human rights abuse.

Note: Please refer to "④ Establishing a consultation counter of corporate ethics" at "7. Initiatives towards Property Management Companies and Suppliers."

● **Human Rights Policy**

HHRAM shares "Basic Philosophy and Policy on Respect for Human Rights" by the Hankyu Hanshin Holdings Group which was revised in April, 2023. (The following is translation of the excerpt from the Hankyu Hanshin Holdings Group's website.)

The mission of the Hankyu Hanshin Holdings Group is to realize our customers' happy lives and contribute to the society by providing them with "safety and comfort" as well as "dreams and excitement." To accomplish our mission, we believe that we should respect the human rights of all the stakeholders, including customers, clients, shareholders, the local community, and our staff members who are in charge of our businesses, based upon the belief that we shall coexist with all people as a member of society. Our Basic Philosophy and Policy on Respect for Human Rights are well established so that every one of us can recognize and become conscious of human rights as our own affair by enhancing the sense of human rights to think and behave accordingly. In fact, our Philosophy and Policy is stipulated based on the United Nations Guiding Principles on Business and Human Rights.

Hankyu Hanshin Holdings Group Basic Philosophy and Policy on Respect for Human Rights
"Basic Philosophy on Respect for Human Rights"

By respecting the human rights of all people involved in our business activities, we contribute to the creation of an affluent society free from discrimination and the infringement of human rights based on birth, race, nationality, religion, creed, sex, sexual orientation and gender identity, age, disability, etc.

"Basic Policy on Respect for Human Rights"

1. Compliance with laws and regulations related to respect for human rights

We will endeavor to comply with human rights laws and regulations applicable in the countries and regions in which we operate and will support and respect international human rights norms such as the International Bill of Human Rights (Universal Declaration of Human Rights and International Covenants on Human Rights) and the ILO Declaration on Fundamental Principles and Rights at Work* issued by the International Labour Organization (ILO).

* The core labour standards include freedom of association and recognition of the right to collective bargaining, prohibition of forced labour, prohibition of child labour, prohibition of discrimination in respect of employment and occupation, and a safe and healthy working environment.

2. Scope of application

This philosophy and policy apply to all officers and employees of the Hankyu Hanshin Holdings Group. We also will try to gain the understanding and support of stakeholders in this philosophy and policy, and we hope to work together to proceed with respect for human rights.

3. Human rights due diligence

In order to fulfill our responsibility to respect human rights, we will continue to implement human rights due diligence and work to avoid and reduce negative impacts on human rights.

4. Remedy and correction

Upon our knowledge of any directly caused, and/or the contributing of, adverse impacts on human rights through our business activities, we will implement or cooperate in remedies and corrections through appropriate means.

5. Dialogues with stakeholders

We seek to gain insights through dialogue with outside experts, listen to the opinions of our stakeholders, and strive to respond responsibly.

6. Education and Awareness

We will continue to provide the necessary education and awareness to ensure that this philosophy and policy are carried out in our business activities.

7. Creating a safe and satisfying work environment

In order to respect the human rights of each employee, we will endeavor to maintain fairness and equality in all treatment, starting with the hiring process. We will also promote the creation of a work environment where officers and employees can recognize each other's differences and make full use of their individuality and talent.

8. Information disclosure

We will disclose information on our efforts to respect human rights in a timely and appropriate manner.

● **Promoting women's success**

We are creating an environment where female employees are able to realize their potential and succeed as part of our diversity acceptance measures.

⑤System to grant incentives to employees

- The performance-based annual salary system has been partially introduced. This is due to making responsibility for performance clearer and granting incentives to certain employees.

- The unitholders accumulated investment system has been introduced since March 2012. This is mainly because we want to make it possible to improve medium-to-long-term investor value by raising employees' awareness of the improvement and continued growth of HHR's business performance.

●Personnel data

Personnel Data	As of October 1, 2022	As of October 1, 2023	As of October 1, 2024
Number of all employees	37	39	38
Male	17	20	19
Female	20	19	19
Number of employees (by type of employment)	37	39	38
Number of regular employees	16	23	24
Male	3	8	8
Female	13	15	16
Number of seconded employees	16	15	13
Male	12	12	11
Female	4	3	2
Number of contract employees	5	1	1
Male	2	0	0
Female	3	1	1
Number of management level employees	12	10	9
Male	12	10	9
Female	0	0	0
Number of new employees	5	3	1
Male	2	3	0
Female	3	0	1
Average length of service (Note 1)	4.0 years	4.0 years	4.2 years
Paid holiday acquisition rate (Note 2)	61.1%	74.2%	75.9%
Health examination rate (Note 3)	100%	100%	100%
Number of employees on childcare leave (cumulative)	0 (1)	0 (1)	0 (1)
Number of employees on family care leave (cumulative)	0 (0)	0 (0)	0 (0)
Attendance rate for sustainability training (Note 3)	100%	100%	100%
Attendance rate for compliance training (Note 3)	100%	100%	100%

Note 1: Average number of years when the employees have worked (as for seconded employees, based upon the date when they were officially accepted)

Note 2: Total actual results of regular employees and contract employees (Oct. 1, 2023 - Sep. 30, 2024) and seconded employees (Sep. 1, 2023 - Aug. 31, 2024).

Note 3: Actual result of each fiscal year

4. Securing Safety and Security

①Safety and security of owned properties

Ever since the Great East Japan Earthquake (2011), interest in the seismic resistance of buildings has risen extremely high. In order to secure business continuity in the face of natural disasters and epidemics, etc., HHR has prepared various measures to minimize damage and speed up recovery.

②Preparing for seismic risks - utilizing PML value

The probable maximum loss (PML) refers to the forecasted maximum loss that could be incurred due to an earthquake.

The PML is indicated by the ratio of forecasted replacement costs assuming maximum material losses against the largest earthquake that can be expected during the use-period of a building (475-year return period = 10% chance of exceedance in 50 years), and the lower the ratio, the lower the expected losses. When deciding upon the acquisition of a property, HHR will check its PML value and will not acquire the property if the PML value does not meet a certain standard.

*For the PML values of each property in the portfolio, please refer to the materials for analyst briefing on the "Disclosure Materials" of our website. .
Disclosure Materials: <https://www.hankyuhanshinreit.co.jp/eng/ir/disclosure.html>

③Systematic repairs and CAPEX

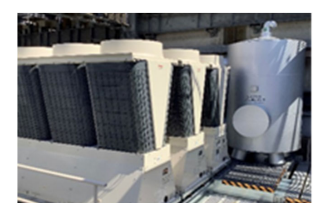
HHR conducts repairs systematically according to the age of properties, etc., in an effort to prevent unforeseen accidents and minimize damages during disasters.



Repair work on fire protection control equipment at Kitano Hankyu Building



Repairing the exterior wall at Dew Hankyu Yamada



Heat source renewal work at LAXA Osaka

④Providing lifelines and disaster protection centers

HHR's properties provide lifelines and disaster protection centers to its customers during natural disasters.

●Takatsuki-Josai Shopping Center

It has a disaster cooperation agreement with Takatsuki City, and will provide the parking space on the site as a temporary evacuation space for local residents and as a base for vehicles in the case of a disaster.



●HEP Five

It has first-aid kits, disaster prevention equipment for stranded commuters, those who are temporarily prevented from returning home, and has been designated as a temporary evacuation site based on the "Plan to Secure Underground Evacuation Space in Umeda."



●Dew Hankyu Yamada, Takatsuki-Josai Shopping Center

These properties will provide food and disaster prevention goods, etc., to local residents in the case of a disaster.

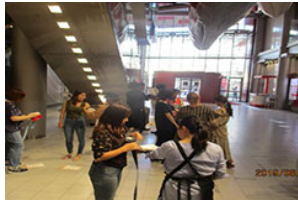
●GRAND FRONT OSAKA

Based upon the agreement with Osaka City on the acceptance of commuters who cannot return home in the event of disasters, the facility shall temporarily accept stranded commuters to the possible extent.

5. Safety and Security of Customers and Tenant Employees

①Conducting fire drills

Fire drills are conducted at HHR's properties in accordance with the Fire Services Act, which includes training on how to use fire extinguishers and first aid measures, etc., with the assumption that these will be put into practice.



②Storing emergency goods

At some of HHR's properties, emergency goods boxes have been set up, which can be used if one was to be locked in an elevator during an emergency. At HEP Five and Kitano Hankyu Building, disaster prevention equipment, to be used by people who are prevented from returning home, are stored in disaster prevention chairs installed on every floor of the buildings.



③Providing menstrual hygiene products for free

At HEP Five, OiTr, a dispenser to provide sanitary pads free of charge, has been installed in some of the toilet rooms. We have been promoting this initiative to realize a society where menstrual hygiene products are readily available in each toilet room, just like toilet rolls.



④Installing rat proof ultrasound equipment

At Shiodome East Side Building, rat proof ultrasound equipment has been installed. By installing these devices, rats are kept away without using poison for unnecessary killing, and we provide a safe and enjoyable office environment to tenant employees.



⑤Setting up baby rooms

At GRAND FRONT OSAKA and HANKYU NISHINOMIYA GARDENS, baby rooms with a baby bed, a breastfeeding booth, and other equipment installed are set up for customers with babies to visit the places without any stress. This shows how we make our facilities better for child-rearing generations.



6. Safety and Security of HHRAM's Employees

Promoting disaster prevention and BCP measures

Under the policy that human resources are its most important corporate resource, HHRAM conducts various initiatives to secure the safety and security of employees.

- Establishment of business continuity plan (BCP)
- Establishment of "Initial Response Manual for Large-Scale Disasters (Earthquakes)" and "Initial Response Manual for Large-Scale Disasters (Typhoons/Advance Response)"
- Establishment of initial response manual for outbreak of a new type of influenza and other diseases
- Implementation of safety confirmation system and simulation training

- Implementation of disaster prevention drills (the representative participates in the training and gives explanations)



- Distribution of disaster prevention goods and storage of emergency goods



7. Initiatives towards Property Management Companies and Suppliers

① Establishment of Sustainable Procurement Policy

Based on the "Sustainable Procurement Policy" established in March 2019, HHR and HHRAM have been promoting initiatives that focus on sustainability issues in the supply chains of HHR and HHRAM. For this purpose, the status of sustainability initiatives, including introducing an environmental management system or its equivalent, promoting respect for human rights and diversity, establishing a system for corporate ethics, and engaging in community activities, is taken into consideration as one of the criteria for selecting and evaluating property management companies and suppliers.

② Continuous evaluation of property management companies

The period of the property management entrustment agreements concluded with parties HHR entrusts with property management of properties it owns is one year as a general rule, and HHR evaluates the management results of property management companies by the end of the agreement period. In the continuous evaluation since fiscal 2019, HHR evaluated the sustainability initiatives at properties it owns carried out by property management companies.

③ Implementation of sustainability training

In order to establish a mindset on sustainability and reinforce the collaboration system, HHR invites outside experts once a year as lecturers and implements sustainability training for HHRAM employees along with persons in charge of properties working at parties HHR entrusts with property management of properties it owns.

<Main training themes from fiscal 2021 to 2023>

- Review of CSR, SDGs, and ESG
- Positive impact investing
- Importance of property management companies
- Case studies of property management companies and our tenants initiatives
- Response to Climate change (TCFD, SBTi)
- Growing interest in social issues (health, well-being, and DEI)

④ Establishment of consultation counter of corporate ethics

HHRAM has established a corporate ethics consultation counter to accept whistleblowing about behaviors that are contrary to related laws, regulations, and corporate ethics, and facts that may be so, based upon Whistleblower Protection Act. This counter is available for not only HHRAM employees but also staff members and managers from property management companies, suppliers, and other organizations which have a continuous relationship with HHRAM, and its existence is widely publicized. It also accepts anonymous consultations and reports, and guarantees that there shall be no disadvantageous treatment on the basis of consulting, and that the whistleblowers' personal information shall be protected.

8. Dialogue with Unitholders and Investors

① Regarding information disclosure

Recognizing sufficiently that replete information disclosure can largely impact the development and success or failure of the real estate investment trust market, HHR will stand in our unitholders' shoes and disclose information from the perspective of "timeliness" and "fairness".

- Information will be disclosed in line with the details and methods outlined in the Financial Instruments and Exchange Act, in the Investment Trust Act, by the Tokyo Stock Exchange, Inc., and by The Investment Trusts Association, Japan.

- A system for the accurate and timely collection of information has been established, and we work to disclose information to our unitholders while making considerations for transparency and comprehensibility.
- We work to proactively disclose information that is deemed important for making investment decisions, even for information that is not indicated in information disclosure legislation.

② Status of IR activities

We work to disclose information in a timely manner through our website including statutory disclosure documents, press releases, financial results information (financial statements, financial results, materials for analyst briefing), characteristics of managed assets, and performance status, etc.

Each fiscal period, we hold an analyst briefing on the operating status and the financial outlook, etc., for domestic institutional investors, lenders, and other interested parties. In addition, we hold approximately 50 one-on-one meetings (including conference calls, online meetings) for institutional investors.

For our overseas investors, we hold two IR events a year, focusing mainly on North America, Europe, Australia, and Asia, and hold approximately 30 one-on-one meetings (including online meetings). In addition, we also proactively participate in conferences held by securities companies in Japan.

For our individual investors, we hold a meeting updating our operational status in Tokyo and Osaka once a year (institutional investors can also participate). Moreover, we also proactively participate in private investors seminars held by the Association for Real Estate Securitization, the Tokyo Stock Exchange, and securities companies, etc.

Chapter 4 Governance Initiatives

1. Corporate Governance

① Matters concerning corporate governance

● Details of the Organization

HHR shall have at least one Executive Director(s) and at least two Supervisory Directors (and at least one more Supervisory Director than the number of Executive Directors).

As of the date of this document, the organization of HHR is comprised of the General Unitholders' Meeting featuring unitholders, in addition to one Executive Director, two Supervisory Directors, the Executive Meeting, which includes all Executive Directors and Supervisory Directors, as well as the Accounting Auditor.

a. General Unitholders' Meeting

Certain matters concerning HHR, as stipulated under the Investment Trust Act or the Articles of Incorporation, shall be resolved at a General Unitholders' Meeting, comprised of unitholders.

b. Executive Director, Supervisory Director and Executive Meeting

In addition to undertaking the executive management of HHR, the Executive Director has the authority to take any judicial or extra-judicial acts related to the business of HHR on behalf of HHR. However, the approval of the Executive Meeting is required for certain duties stipulated in the Investment Trust Act, such as providing consent for cancelling the asset management services agreement originating from HHRAM, convening of the General Unitholders' Meeting, entrusting administrative work to general administrative service providers, concluding asset management services agreements and asset custody entrustment agreements, and other duties. Supervisory Directors have the authority to oversee the Executive Director's execution of duties. Executive Meeting, in addition to having the authority to approve the execution of certain duties as stated above, has the authority as stipulated in the Investment Trust Act and the Articles of Incorporation to oversee the Executive Director's execution of duties.

c. Accounting Auditor

HHR has designated KPMG AZSA LLC as the Accounting Auditor. The Accounting Auditor shall audit HHR's calculation documents, etc. Furthermore, the Accounting Auditor shall report to Supervisory Directors in the event a fraudulent act or material fact violating any law or the Articles of Incorporation concerning the execution of duties of the Executive Director is detected and shall execute other duties stipulated by laws.

● Internal Audit and Supervision Organization by Supervisory Directors, Personnel and Procedures

The rules of the Executive Meeting of HHR indicate that the Executive Meeting shall be held at least once every three months, and in practice, these meetings are convened roughly once a month.

The Executive Meeting is comprised of, in addition to one Executive Director and two Supervisory Directors, the President and Representative Director and Directors of HHRAM, and has established the internal audit structure by confirming the status of HHRAM's asset management operations.

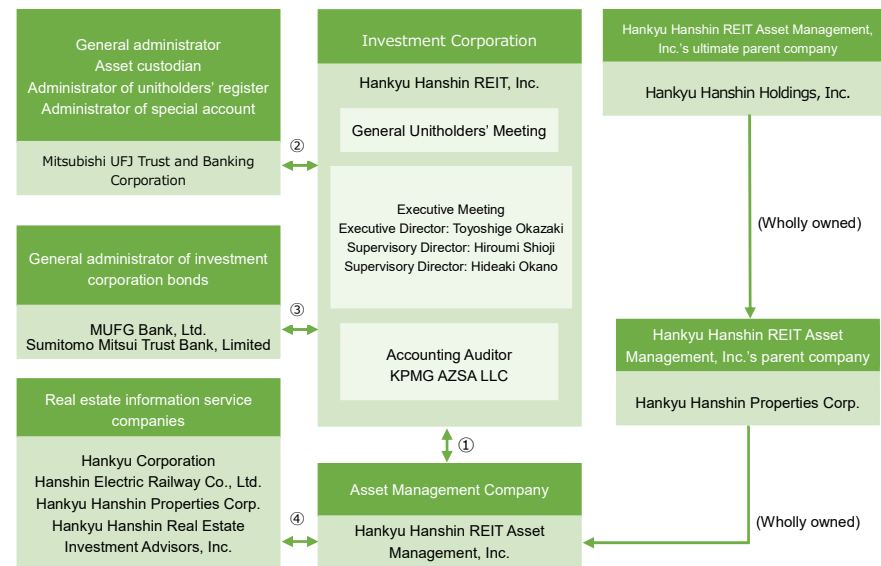
As of the date of this document, one attorney and one certified public accountant are appointed as Supervisory Directors, and based on their operational experience and insight, they supervise the Executive Director's execution of duties from various viewpoints.

● Mutual Cooperation between Internal Audit, Supervision by Supervisory Directors and Accounting Audit

Each Supervisory Director receives reports concerning asset management and compliance from the Executive Director and HHRAM at the Executive Meeting of HHR.

On the other hand, the Accounting Auditor cooperates with the Supervisory Directors by regularly hosting audit briefing sessions, etc. for the Supervisory Directors. In addition, in the execution of their tasks, if the Accounting Auditor detects a fraudulent act or material fact violating any law or the Articles of Incorporation concerning the Executive Director's execution of duties and other duties stipulated by laws, the Accounting Auditor has the responsibility to report this to the Supervisory Directors.

As of October 1, 2024



- ① Asset management services agreement
- ② Administrative agency agreement/asset custody agreement/agreement on administration of unitholders' register/special account management agreement
- ③ Financial agency agreement/Fiscal, issuing and payment agency agreement
- ④ Information sharing-related agreement

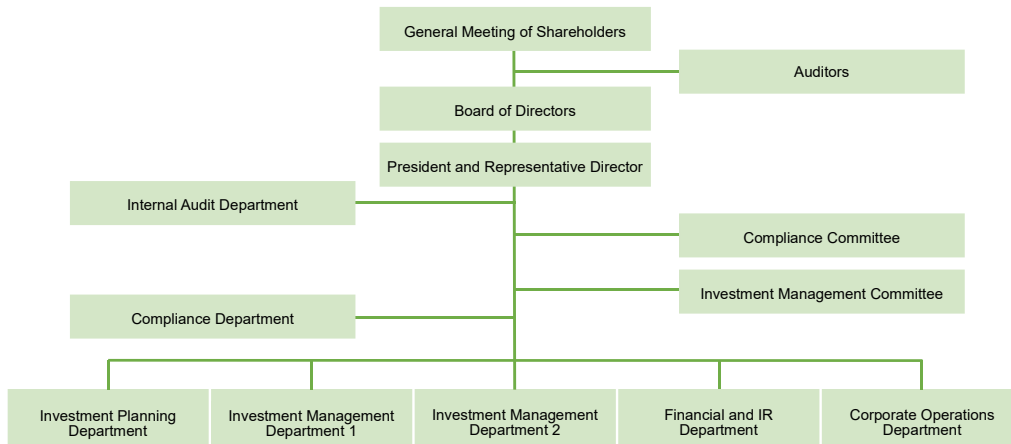
②Organization of HHRAM

Asset management of HHR has been entrusted to HHRAM.

HHRAM shall engage in operations relating to asset management entrusted by HHR based on the above organizational structure.

The Board of Directors of HHRAM acts as the decision-making body for important matters concerning the management of HHRAM, and in addition to making decisions regarding management policy and basic matters concerning the execution of duties, it also supervises the duties of the directors. The operations of HHRAM are assigned to the respective departments including the Investment Planning Department, Investment Management Department 1, Investment Management Department 2, Financial and IR Department, Corporate Operations Department, Compliance Department, and the Internal Audit Department, and each of these departments are supervised by a Director in charge and Department or Office General Manager.

The Investment Management Committee has been established as the organization responsible for conducting deliberation and making decisions concerning asset management and management evaluation, and furthermore, the Compliance Committee has been established as the organization responsible for deliberation and decisions concerning conflict-of-interest transactions, etc., as well as consultation for matters related to compliance, etc.



As of October 1, 2024

Corporate Data		
Trade name	Hankyu Hanshin REIT Asset Management, Inc.	
Headquarter	19F, Applause Tower, 19-19, Chayamachi, Kita-ku, Osaka 530-0013, Japan	
Established	March 15, 2004	
Paid-in capital	JPY 300 mn	
Shareholder	Hankyu Hanshin Properties Corp. (100%)	
Number of officers and employees	41 (full-time workers only)	
Executive officers	President & Representative Director	Toyoshige Okazaki
	Managing Director	Takanobu Yabuuchi
	Director	Toshiaki Hirano
	Director	Toshihiko Mori
	Director (part-time)	Noriyuki Yagi
	Auditor (part-time)	Yorio Fujita
	Auditor (part-time)	Jun Morinaga
Principal businesses	Financial instruments trading business (investment management business) <ul style="list-style-type: none"> Financial product trader: <ul style="list-style-type: none"> Director-General of the Kinki Finance Bureau Ministry of Finance (Kinsho) No. 44 Building Lots and Buildings Transaction Business License: <ul style="list-style-type: none"> The Governor of Osaka Prefecture (5) No. 50641 Approval of discretionary dealing trustee, etc.: <ul style="list-style-type: none"> No. 23 by Minister of Land, Infrastructure, Transport and Tourism 	

③ Decision-making structure for investment management

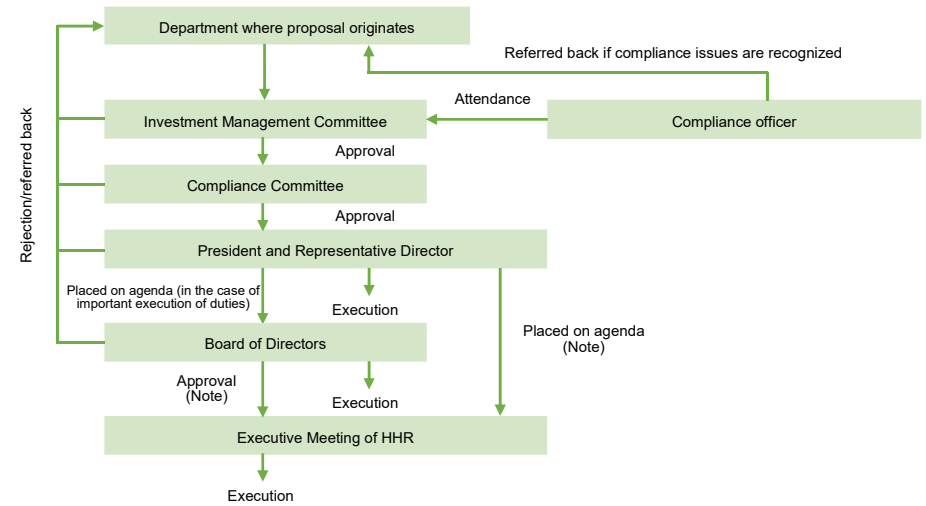
HHRAM establishes Regulations for Asset Management and the asset management guidelines, and sets forth basic approaches to investment management including investment policy, rules on transactions involving interested parties, and disclosure policy, etc.

Furthermore, HHRAM establishes asset management plans in accordance with the asset management guidelines, and makes decisions on acquisitions and other matters concerning asset management according to the investment policy and rules on conflict-of-interest transactions set forth in the asset management guidelines.

● Decision-Making Flow for Asset Management

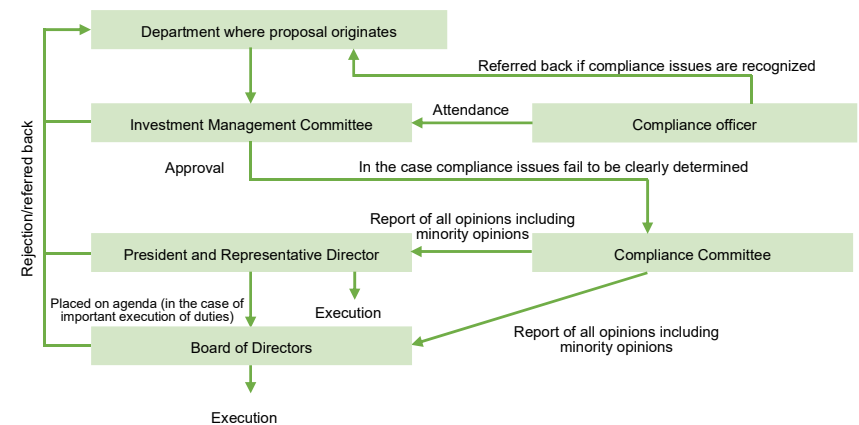
- i. Concerning decision-making on execution of duties concerning asset management, each related department shall draft a proposal on execution of duties, which is then placed on the agenda of the Investment Management Committee. If the proposal fails to obtain the approval of the Investment Management Committee, or if the Compliance Officer recognizes compliance issues within the proposal, the proposal shall be referred back to the department where the proposal originated.
- ii. Upon approval by the Investment Management Committee, if (i) the proposal falls under a transaction involving conflicts of interest, or if (ii) the Compliance Officer fails to determine clearly whether the details deliberated or the deliberation process of the Investment Management Committee observed the laws and the Articles of Incorporation or whether there were compliance issues, and requests deliberation, it shall be placed on the agenda of the Compliance Committee and deliberated.
- iii. In the case of ii. (i) above, if approved by the Compliance Committee the proposal shall be submitted to the President and Representative Director. If not approved by the Compliance Committee because compliance issues are recognized, it shall be referred back to the department where the proposal originated.
- iv. In the case of ii. (ii) above, the Compliance Committee shall only be regarded as an advisory organ. Upon deliberation by the Compliance Committee, all opinions of the members and observers, including minority opinions, shall be presented to the President and Representative Director and the Board of Directors.
- v. Upon approval by the President and Representative Director, whether a resolution by the Board of Directors will be needed is based on the Board of Directors' standards for placing items on the agenda, defined separately (the necessity of placing it on the agenda is also subject to decisions of compliance.). If not approved by the President and Representative Director or the Board of Directors, it shall be referred back to the department where the proposal originated.
- vi. In the case of ii. (i) above, if the proposal falls under an acquisition, transfer, or transaction for securities or real estate (excluding transactions under Article 245-2 of Regulation for Enforcement of the Investment Trusts Act.), the consent of HHR must be confirmed in addition to the obtainment of approval of the Executive Meeting.

<In the case a transaction involves conflicts of interest (ii. (i) above)>

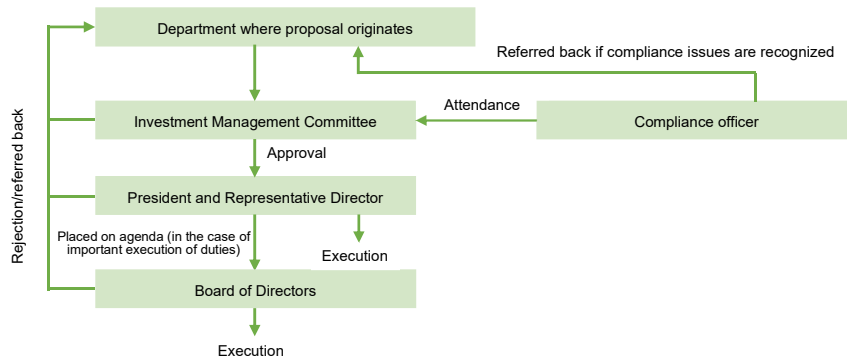


Note: In the case of acquisition, transfer, or leasing of securities or real estate (Excluding transactions under Article 245-2 of Regulation for Enforcement of the Investment Trust Act.)

<In the case the Compliance Officer fails to determine clearly whether the details deliberated or the deliberation process in the Investment Management Committee observed the laws and Articles of Incorporation or fails to determine clearly where there were compliance issues, and requires the members for deliberation (ii. (ii) above)>



<In the case it does not meet neither ii. (i) or (ii) above>



④ Status of risk management system concerning investment management

HHRAM has established basic matters concerning investment management as the asset management guidelines, including the investment policy, rules on transactions with interested parties, distribution policy, and disclosure policy, etc. based on the asset management services agreement concluded with HHR and the Articles of Incorporation of HHR. By following these Operational Guidelines, HHRAM endeavors to manage risks concerning investment management.

As for specific risk management, a basic plan for risk management shall be established each fiscal year based on the risk management rules and the risk management manual, upon understanding and analyzing risks in each department such as risks concerning acquisition and transfer of assets, risks coinciding with operation management, risks concerning funds procurement, office work risk, etc. In addition, upon making decisions concerning asset management, deliberations are held at the Investment Management Committee and Compliance Committee as necessary, and important matters are deliberated or reported to the Board of Directors. Separately from this, based on the regulations for internal auditing, the Internal Audit Department, which has the right to audit all departments, shall regularly check the management system and response status towards risks, etc., and report these results to the Board of Directors.

For conflict-of-interest transactions, in addition to deliberations by the Compliance Committee, the Compliance Officer shall attend the meetings of the Investment Management Committee, confirm whether conflicts of interest exist or not, and by obtaining the agreement of the Compliance Officer on all requests for managerial decisions, endeavor to prevent conflicts of interest and violations of laws, etc.

In addition, HHRAM has established the compliance manual and compliance program as basic policies for action. Based on the above, the Compliance Department conducts compliance check and education.

⑤ Asset management remuneration system

The asset management remuneration system has been changed for the purpose of improving investor value. By heightening the linkage between the amount of asset management remuneration and the interest of investors, HHRAM will have an incentive to improve the quality of the portfolio.

Name	Calculation method
Management Remuneration 1	Total assets at end of previous fiscal period × 0.15%
Management Remuneration 2	Distributable amount per unit during the concerned operating period × NOI × 0.0011%
Remuneration upon acquisition	Acquisition price of real estate-related assets × 0.5%
Remuneration upon transfer	Transfer price of real estate-related assets × 0.5%
Remuneration upon merger	Appraisal value of assets to succeed × 0.5% (maximum)

*The above asset management remuneration system was approved at the 11th General Unitholders' Meeting of HHR held on August 25, 2020. Furthermore, the effective date for remuneration upon acquisition, remuneration upon transfer, and remuneration upon merger is September 1, 2020, and that for management remuneration 1 and 2 is December 1, 2020.

2. Compliance

① Basic policies concerning compliance (excerpted from the original text)

Hankyu Hanshin REIT, Inc. (hereafter "HHR") and Hankyu Hanshin REIT Asset Management, Inc. (hereafter "HHRAM"), the asset management company that HHR has selected to manage its assets, strive to contribute to social and economic development through engagement with business partners, those using our properties, local communities and such considering the public nature of real estate investment trusts, while responding to the expectations of unitholders by complying with laws and regulations and sincerely acting in accordance with corporate ethics. In order to achieve this goal, HHR and HHRAM have prepared the following compliance arrangements as the most important business agenda.

(1) HHR

HHR is aware of the importance of comprehensive compliance and regularly conducts discussions concerning compliance issues at its Executive Meetings. At these meetings, which are held roughly once a month, in addition to deliberating matters for resolution, we receive detailed reports on the operations of HHR and HHRAM (defined in (2) below). We also receive reports on the deliberation process for matters deliberated and determined by the Compliance Committee of HHRAM. Through these reporting procedures, we ensure that the Supervisory Directors are able to obtain information appropriately and confirm the status of business execution by the Executive Director. In addition, we have prepared a decision-making letter for matters to be decided exclusively by the Executive Director to make the decision-making process more visible and facilitate ex-post verification. Furthermore, two experts from outside the company who are not considered interested parties of the sponsor company have been appointed as Supervisory Directors for the purpose of improving HHR's supervisory and check functions.

(2) HHRAM

HHRAM, for the purpose of ensuring legitimate and fair management of overall operations and to prevent fraudulent practices, and toward robust growth of HHRAM and HHR and the drastic protection of unitholders, the Compliance Department has been formed independently from the execution of duties division as an organization that fulfills the check function. The Compliance Department formulates a compliance manual and compliance program as a basic action guideline, ensures awareness of compliance requirements in accordance with the compliance program implementation plan, verifies the status of compliance and cultivates awareness in a systematic manner.

Additionally, as the organization responsible for compliance issues concerning asset management, it has established a Compliance Committee for the purpose of determining the propriety of transactions involving conflicts of interest in accordance with applicable rules and regulations. The Compliance Committee appoints invited experts, and at present comprises one attorney and one certified public accountant that are not considered interested parties of HHRAM or the sponsor company. These two outside experts and the Compliance Officers attend the Compliance Committee meetings, and on the condition that no less than three-fourths of all the committee members including the committee chair are present, deliberation and decisions concerning conflict of interest issues are made with approval of all attendees. Furthermore, in addition to Auditors and part-time Directors, observers with the endorsement of the committee chair and the approval of the committee may be present at the Compliance Committee meetings and offer opinions (the observer is not permitted to participate in resolutions).

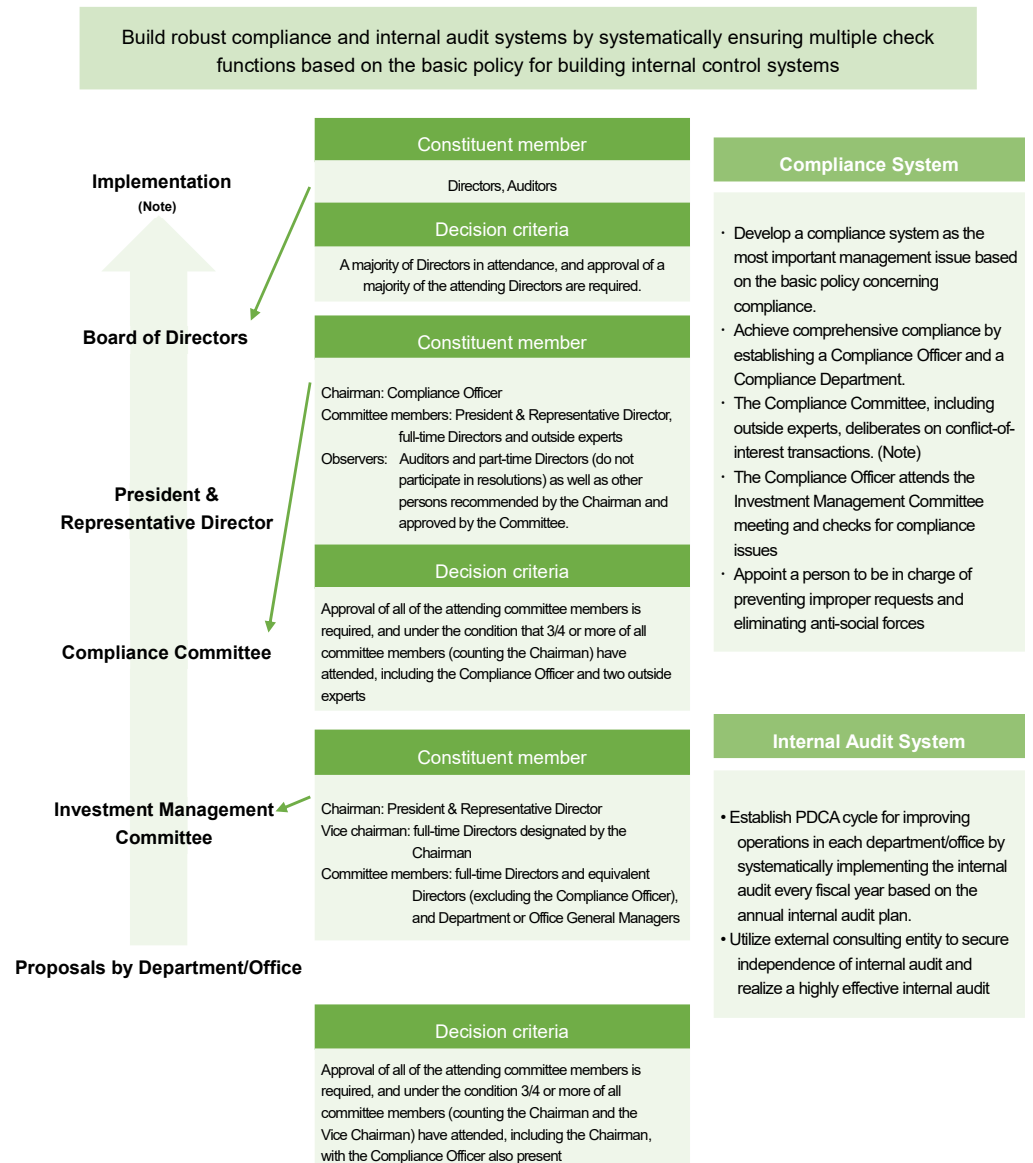
The Investment Management Committee exists as the organization responsible for deliberation and decisions concerning asset management and operational evaluation, and the participation of a member of the Compliance Department appointed by a Compliance Officer or Compliance Committee in the Investment Management Committee is required (the member must be the assistant to the General Manager of the Compliance Department), and this person is responsible for confirming that there are no compliance issues concerning matters for resolution or the resolution process.

Additionally, the content of a request for decision concerning execution of duties, which serves as a letter of intent, is closely inspected under required consensual decision making by Compliance Officers prior to a final determination.

② Establishment of a structure for the elimination of anti-social forces

HHRAM has formulated a compliance manual to serve as the basic policies to which all executives and employees are required to adhere, and ensuring practice in accordance with the compliance manual is one of the key responsibilities of HHRAM. The code of behavior in the Compliance Manual stipulates "Resolute confrontation of anti-social forces and associations" and sets forth HHRAM's basic stance concerning the elimination of anti-social forces.

③ Compliance and internal audit systems of HHRAM



Note: Any conflict-of-interest transactions which meet certain standards shall be approved at an Executive Meeting of HHR.

④ Compliance training

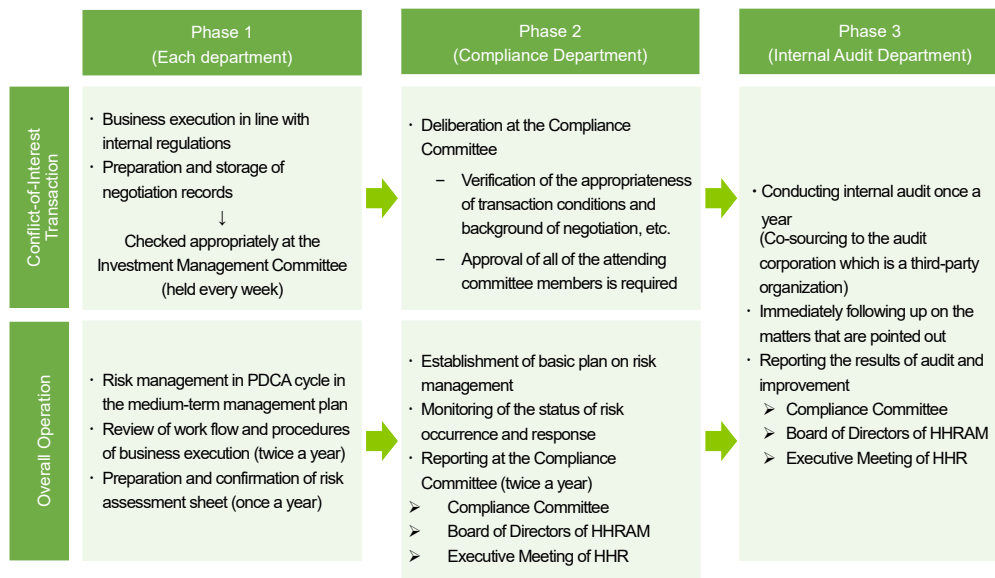
HHRAM invites outside lecturers to conduct training targeting all of its officers and employees with the purpose of having them observe compliance and developing an awareness. In addition, training for managers and transferees is also provided by in-house lecturers in a timely manner.

<Major themes provided by outside lecturers>

- Customer-oriented business conduct
- Conflict-of-interest transactions
- Insider trading regulations

⑤ Risk monitoring by HHRAM

HHRAM strives to enable accurate prevention activities for various risks surrounding business and appropriate response activities for crises when risks become apparent based on the risk management regulations and risk management manuals established by HHRAM.



⑥ Declaration of fiduciary duty

HHRAM has established the basic policy for customer-oriented business conduct (hereafter "the Basic Policy") in order to further implement the customer-oriented business conduct considering the importance of stable asset formation for investors.

[Announcement and Smooth Promotion of Basic Policy regarding Customer-Oriented Business Conduct]
 HHRAM will announce the Basic Policy on its website and work for smooth promotion of the policy while periodically confirming the progress. In addition, the implementation status will be verified through internal audit by an external third party as needed, and any issues identified will be corrected without delay.

[Pursuit of the Investors' Best Interest]

HHRAM will maintain a high level of expertise and professional ethics as an asset management company of a J-REIT, and conduct its business in an honest and fair manner for its investors in order to pursue their best interest.

HHRAM will endeavor to establish such an attitude towards business operations as its corporate culture.

[Appropriate Management of Conflicts of Interest]

To prevent unjustly damaging the interest of investors, HHRAM will accurately grasp potential conflicts of interest with the sponsor group, etc. If there is a potential conflict of interest with regards to transactions, HHRAM will appropriately manage such conflict of interest by having the Compliance Department verify the transaction prior to execution pursuant to laws and regulations as well as internal rules, and, when necessary, having the Compliance Committee that includes outside experts deliberate in advance while also obtaining prior approval at HHR's Executive Meeting.

[Clarification of Management Fees]

HHRAM will work to disclose detailed information on management fees, etc. paid to HHRAM by HHR, including description of the services for which such fees are incurred, in an easy-to-understand manner for investors.

[Provision of Important Information that is Easily Understandable]

HHRAM will, as an asset management company of a J-REIT, strive to provide important information regarding HHR and the asset management carried out by HHRAM, in a timely and easily understandable manner for investors.

[Provision of Services Suitable for Investors]

HHRAM will make efforts to grasp the investors' requirements for HHR and strive to provide services suitable for such requirements.

*HHRAM does not directly recommend or sell financial instruments and services to investors.

[Establishment of Framework for Appropriately Motivating its Employees]

HHRAM will periodically and continuously provide training programs on compliance, etc. to all employees for the sound development of the real estate securitization market, to make constant improvements. Furthermore, HHRAM will properly evaluate the efforts of each employee on compliance and work to further raise awareness.

HHRAM will develop a framework to provide a compliance program every year in accordance with the compliance manual in order to steadily implement measures for customer-oriented business conduct and compliance with the Basic Policy, and strive to establish appropriate structures for governance and execution of business.

The details of the governance structure, basic policy, management policy (growth policy, financial policy, distribution policy, etc.) and such of HHR, which entrusts management of its assets to HHRAM, are available on HHR's website, etc.

⑦ Efforts to prevent corrupt practices

HHRAM has been working to prevent corruption based upon the Anti-Corruption Policy stipulated by Hankyu Hanshin Holdings, Inc., our parent company. (The below is excerpted from the website of Hankyu Hanshin Holdings, Inc.)

Anti-Corruption Policy

1. Preventing Bribery and Other Corrupt Practices

All officers and employees of Hankyu Hanshin Holdings Group shall comply with all applicable laws in force in the countries where they operate and shall work to prevent corrupt practices. As used here, "corrupt practices" means practices in which officers or employees abuse the power entrusted to them to gain an illicit advantage or to commit an act that is contrary to law or ethical standards. Examples of corrupt practices include bribery, unfair trade practices (including abusing a superior bargaining position to exploit a weaker party), and insider trading. Officers and employees of Hankyu Hanshin Holdings Group shall observe the following anti-bribery rules:

- (1) All officers and employees of Hankyu Hanshin Holdings Group shall on no account give, offer, or promise any money, privilege, hospitality, objects of value, or any other benefit or advantage to public officials, whether directly or indirectly. As used here, "public officials" includes persons who serve a role analogous to that of a public official. Additionally, officers and employees shall on no account accept any privilege, hospitality, objects of value, or any other benefit or advantage beyond that which can be justified as business practice or within social norms.
- (2) Whenever officers or employees of Hankyu Hanshin Holdings Group pay money to public officials, they shall accurately record the payment and properly manage the record.

2. Organizational Support for Combatting Corrupt Practices

Hankyu Hanshin Holdings Group shall provide training to ensure that its officers and employees fully understand this policy. Member organizations of the Hankyu Hanshin Holdings Group shall provide anti-corruption guidelines that are relevant to their business profile.

3. Organizational Response to Corrupt Practices

Hankyu Hanshin Holdings Group shall provide information about, and facilitate the use of, the Corporate Ethics Consultation Desk, a means by which any of the Group's officers or employees, or any trading partners or other interested parties, can swiftly report any violations or suspected violations. The Group shall address any reports swiftly and effectively.

Effective March 1, 2022
Hankyu Hanshin Holdings, Inc.

Scope of report

Scope of subjects	Hankyu Hanshin REIT, Inc. Hankyu Hanshin REIT Asset Management, Inc. (the asset management company of Hankyu Hanshin REIT, Inc.) Partly includes Hankyu Hanshin Holdings, Inc. and Hankyu Hanshin Properties Corp., the parent company of the asset management company.
Frequency of report	Published annually in principle
Fiscal year	April through March of the following year. Fiscal 2023 indicates the period from April, 2023 through March, 2024.

Disclaimer

This material includes forward-looking statements based on present assumptions and future outlook. Actual results may differ from the forward-looking statement values due to various factors. Since investment securities of HHR are closed-end type which do not make redemption of units demanded by unitholders, the only means for unitholders to convert the investment securities is to sell to third parties. Market value of the investment securities is affected by supply/demand at the exchange and also fluctuates affected by interest rate environment, economic situations, real estate market trends and various other factors surrounding the market. Therefore, the unitholders may not be able to sell the investment securities at the price of acquisition incurring loss.

This material is not intended as a solicitation to acquire investment securities of HHR nor is it intended as a solicitation to sign contracts relating to transactions of other financial instruments. When undertaking any investment, please do so based on your own judgment and responsibility as an investor.

Before purchasing investment securities of HHR, please consult with a securities company that is a "Type I Financial Instruments Business Operator."

This material is an English translation of the original, which was issued in the Japanese language.

Hankyu Hanshin REIT Asset Management, Inc. Financial and IR Department

Address	19-19 Chayamachi, Kitaku, Osaka
Email	IR_PR@hhram.co.jp