

[Restrictions on Transactions with Related Parties]

(1) Restrictions under Laws and Regulations

① Restrictions on conflict-of-interest transactions

In the case where an Asset Management Company has been entrusted by a Registered Investment Corporation to manage the assets of the Registered Investment Corporation, and there is to be (i) the acquisition or transfer of securities, (ii) the leasing and borrowing of securities, (iii) the acquisition or transfer of real estate, or (iv) the leasing and borrowing of real estate between the Registered Investment Corporation and an interested party, etc. of the Asset Management Company, the consent of the Registered Investment Corporation must be obtained prior to such transactions, and in order for the executive director to provide this consent, the Executive Meeting must approve the matter first, excluding transactions that minimally impact the assets of the Registered Investment Corporation as defined by the Ordinance for Enforcement of the Investment Trusts Act (201-2 of Investment Trusts Act). Furthermore, as determined by laws and regulations, below are certain acts involving the Parent Juridical Persons, etc. or Subsidiary Juridical Persons, etc. deemed prohibited if performed by the Asset Management Company (Article 44-3, Paragraph 1 of Financial Instruments and Exchange Act; Article 223-3, Paragraph 3 of Investment Trusts Act; Article 130, Paragraph 2 of Order for Enforcement of the Investment Trusts Act). "Parent Juridical Persons, etc." is defined as a juridical person or other organization that holds the majority of all shareholders', etc. voting rights in a Financial Instruments Business Operator or a juridical person or other organization that is otherwise closely related to such a Financial Instruments Business Operator, and is specified by Cabinet Order as meeting the requirements (Article 31-4, Paragraph 3 of Financial Instruments and Exchange Act), while "Subsidiary Juridical Person, etc." is defined as a juridical person or other organization in which a Financial Instruments Business Operator holds the majority of all shareholders', etc. voting rights or a juridical corporation or other organization that is otherwise closely related to such a Financial Instruments Business Operator, and is specified by Cabinet Order as meeting the requirements (Article 31-4, Paragraph 4 of Financial Instruments and Exchange Act).

- (i) Conducting a purchase and sale or other transaction of securities, an over-the-counter transaction of derivatives, or a purchase and sale or other transaction for a targeted asset with the Parent Juridical Person, etc. or Subsidiary Juridical Person, etc. of the Financial Instruments Business Operator, etc. under terms and conditions that are different from ordinary terms and conditions and that are likely to be detrimental to the fairness of transactions (Article 44-3, Paragraph 1, Item 1 of Financial Instruments and Exchange Act; Article 223-3, Paragraph 3 of Investment Trusts Act; Article 130, Paragraph 2 of Order for Enforcement of the Investment Trusts Act).
- (ii) Concluding a contract with a customer for any of the acts set forth in the items of Article 2, Paragraph 8 of the Financial Instruments and Exchange Act knowing that the Parent Juridical Person, etc. or Subsidiary Juridical Person, etc. of the Financial Instruments Business Operator, etc. has granted credit to the customer on the condition that said contract be concluded with the Financial Instruments Business Operator, etc. (Article 44-3, Paragraph 1, Item 2 of Financial Instruments and Exchange Act; Article 223-3, Paragraph 3 of Investment trusts Act).
- (iii) Giving advice with the intention to conduct a transaction with regard to his/her Investment Advisory Business that is unnecessary in light of the transaction policy, the amount of the transaction, or the market conditions; or making an investment with the intention to conduct a transaction with regard to his/her Investment Management Business that is unnecessary in light of the investment policy, the amount of invested assets, or the market conditions, with the aim of benefitting the Parent Juridical Person, etc. or Subsidiary Juridical Person, etc. of the Financial

Instruments Business Operator, etc. (Article 44-3, Paragraph 1, Item 3 of Financial Instruments and Exchange Act; Article 223-3, Paragraph 3 of Investment Trusts Act).

- (iv) Any act other than what is set forth in (i) through (iii) involving the Parent Juridical Person, etc. or Subsidiary Juridical Person, etc. of the Financial Instruments Business Operator, etc. and is specified by Cabinet Office Order as being likely to compromise the protection of investors, harm the fairness of transactions, or cause a loss of confidence in the Financial Instruments Business (Article 44-3, Paragraph 1, Item 4 of Financial Instruments and Exchange Act; Article 153 of Cabinet Office Order on Financial Instruments Business, etc.; Article 223-3, Paragraph 3 of Investment Trusts Act; Article 267 of Regulation for Enforcement of the Investment Trusts Act).

② Delivery of documents when conflicts of interest is likely to occur

In cases where the sale and purchase of Specified Assets (excluding Designated Assets as defined by the Investment Trusts Act and those specified by the Regulation for Enforcement of the Investment Trusts Act; hereinafter the same shall apply in section ②) and other transactions specified by the Order for Enforcement of the Investment Trusts Act have been carried out between the Investment Corporation investing assets and the Asset Management Company, one of its directors or executive officers, any other Investment Corporation that invests assets, an Interested Person, etc., or any other person specified by the Enforcement Order of the Investment Trusts Act, the Asset Management Company shall pursuant to the provisions of the Regulation for Enforcement of the Investment Trusts Act, deliver documents stating the matters related to the transaction(s) to the Investment Corporation, the other Investment Corporation investing assets (limited to one whose investments are of the same type as Specified Assets), and any other person specified by the Order for Enforcement of the Investment Trusts Act (Article 203, Paragraph 2 of Investment Trusts Act). The Asset Management Company may, in place of written documents, provide the matters to be stated in the documents set forth in the preceding sentence by means of an electronic data-processing system or by other means of information and communications technology as specified by the Regulation for Enforcement of the Investment Trusts Act with the consent of the Investment Corporation that invests assets, the other Investment Corporation investing assets (limited to one whose investments are made in the same type as Specified Assets) and any other person specified by the Order for Enforcement of the Investment Trusts Act, pursuant to the provisions of the Order for Enforcement of the Investment Trusts Act (Article 203, Paragraph 4 and Article 5, Paragraph 2 of Investment Trusts Act).

③ Restrictions on asset management

A Registered Investment Corporation shall not carry out the following acts (excluding acts specified by the Order for Enforcement of the Investment Trusts Act as those in which it is unlikely that the protection of the Investors of the Registered Investment Corporation will be compromised) with (i) the corporate officer(s) or supervisory officers thereof, (ii) the Asset Management Company that operates assets thereof, (iii) relatives (limited to spouses and relatives by blood and relatives through marriage within the second degree of kinship) of a corporate officer or supervisory officer thereof, and (iv) directors, accounting advisors (where an accounting advisor is a juridical person, including personnel who perform the duties thereof), auditors, executive officers, persons who are in positions similar thereto, and employees of the Asset Management Company that operates assets thereof (Article 195 and Article 193 of Investment Trusts Act; Article 116 to Article 118 of Order for Enforcement of the Investment Trusts Act; Article 220-2 of Regulation for Enforcement of the Investment Trusts Act).

- a. The acquisition or transfer of securities.
- b. The lending and borrowing of securities.
- c. The acquisition or transfer of real estate.

- d. The lending and borrowing of real estate.
- e. Transactions of Specified Assets other than those involved in transactions pertaining to the development of building lots or construction of buildings to be carried out by the relevant Registered Investment Corporation itself, transactions pertaining to the production, manufacture, or processing, etc. of commodities which are to be carried out by the relevant Registered Investment Corporation itself, transactions pertaining to the manufacture or installation of renewable energy power generation facilities which are to be carried out by the relevant Registered Investment Corporation itself (provided that having the Asset Management Company act as an agent or intermediary for the buying and selling or lending and borrowing of building lots or buildings, etc. is permitted).

④ Investigation into the value, etc. of Specified Assets

In cases where the acquisition or transfer of Specified Assets (limited to land, buildings, rights concerning these, or assets indicated by the Order for Enforcement of the Investment Trusts Act. Hereinafter “assets of real estate, etc.” in section ④) have been carried out, the Asset Management Company shall have a person who is a real estate appraiser but not an Interested Person appraise the values of said Specified Assets pursuant to the Regulation for Enforcement of the Investment Trusts Act (provided that this does not apply when such appraisals have occurred prior to such acquisition or transfer.) (Article 201, Paragraph 1 of Investment Trusts Act).

Furthermore, in cases where acts of acquisition or transfer, etc. of Specified Assets (excluding Designated Assets) other than assets of real estate, etc. are conducted, the Asset Management Company shall have persons other than the Investment Corporation, the Asset Management Company itself (including its Interested Persons, etc.), and the Asset Custody Company thereof as specified by the Order for Enforcement of the Investment Trusts Act, investigate the value, etc. of Specified Assets (provided that this does not apply when such investigations have occurred prior to such acts) (Article 201, Paragraph 2 of Investment Trusts Act).

Moreover, it shall be noted that even in cases when transactions are conducted with third parties that are not interested parties, etc., the appraisals and investigation of values, etc. prescribed here must be conducted.

(2) Rules on Transactions Involving Conflicts of Interest Concerning Hankyu Hanshin REIT

① Basic Principles

- (i) Establishing and amending the rules on transactions involving conflicts of interest
 - a. Hankyu Hanshin REIT stipulates its own rules on transactions involving conflicts of interest below.
 - b. The establishment and amendment of the rules on transactions involving conflicts of interest shall take place after deliberation by the Compliance Committee and a resolution by the Board of Directors.
 - c. In the case where the rules on transactions involving conflicts of interest are amended, these changes shall be disclosed in a timely manner (excluding minor changes that will not have a significant impact on the investment decisions of investors).
- (ii) Main details of rules on transactions involving conflicts of interest
 - a. Proposals concerning conflict-of-interest transactions must always gain the approval of the Compliance Committee, which includes external experts, in order to secure the validity of transactions in a systematic manner.
 - b. Of the transactions approved by the Asset Management Company, transactions involving the transfer, acquisition, or leasing of securities or real estate (provided that excluding transactions that fall under Article 245-2 of Regulation for Enforcement of the Investment Trusts Act) must obtain the consent of Hankyu Hanshin REIT which is provided through the approval of the Executive Meeting thereof prior to such transactions.

c. Transactions that do not fall under b. above must be reported to Hankyu Hanshin REIT.

② Interested Parties

The following indicates counterparties in conflict-of-interest transactions.

- (i) Those defined as Interested Persons, etc. under Article 201, Paragraph 1 of the Investment Trusts Act
- (ii) Juridical persons that conduct that majority of investment, silent partnership investment, and preferred equity investment, etc. and fall under (i) above.

③ Scope of Transactions Subject to the Rules

In addition to the legal restrictions placed on transactions with related parties, etc., upon conducting the transactions below with interested parties, Hankyu Hanshin REIT shall make decisions in accordance with the respective standards below through the procedures indicated in ④ below.

(i) Acquisition of property from interested parties

a. In the case of real estate and real estate trust beneficiary rights

The transaction price of real estate and real estate trust beneficiary rights shall be the same or below the appraisal value, provided that in the case an interested party is temporarily acquiring a property under the premise that it will transfer the property to Hankyu Hanshin REIT, and Hankyu Hanshin REIT acquires it thereafter, if there were various fees (intermediation fees, trust fees, special purpose company arrangement fees, due diligence costs, expert compensation, taxes (including both real estate acquisition tax and registration and license tax. Hereinafter the same.), and the pro rata portion of property taxes) covered by the interested party in acquiring such a property, the transaction price shall be the same or below the appraisal value and such fees.

Moreover, the acquisition price only includes the purchase price of real estate and real estate trust beneficiary rights, and does not include taxes, acquisition costs, reserves account for trust, trust earnings, or the pro rata portion of property taxes that are not included in the appraisal value.

b. In the case of other Specified Assets

In the case the market price can be ascertained, the market price shall be used. All other items shall be dealt with according to the case of real estate and real estate trust beneficiary rights above.

(ii) Acquisition or disposition of property through intermediation by interested parties

a. In the case of real estate and real estate trust beneficiary rights

Intermediation fees shall be in accordance with Article 46 of the Real Estate Brokerage Act.

b. In the case of other Specified Assets

Specified Assets shall be dealt with according to the case of real estate and real estate trust beneficiary rights above.

(iii) Sales of property to interested parties

a. In the case of real estate and real estate trust beneficiary rights

The sales price of real estate and real estate trust beneficiary rights shall be the same or above the appraisal value.

Moreover, the sales price only includes those of real estate and real estate beneficiary rights, and does not include taxes, acquisition costs, reserve account for trust, trust earnings, or the pro rata portion of property taxes that are not included in the appraisal value.

b. In the case of other Specified Assets

In the case the market price can be ascertained, the market price shall be used. All other cases shall be dealt with in accordance with the case of real estate and real estate trust beneficiary rights above.

(iv) Leasing properties to interested parties

a. Deciding rental price

Taking into consideration market rates and the cases of leases in the area, etc., leasing shall be conducted under appropriate rental conditions.

b. Scope of transactions

Transactions with lease area below 10 m² shall not apply (areas equivalent to the equity interests of Hankyu Hanshin REIT).

(v) Property leasing where interested parties are the master lessees

Taking into consideration market rates and leases in the area, etc., leasing shall be conducted under appropriate rental conditions. For considerations on the appropriateness of the above rental conditions, the details of sublease agreements shall be confirmed as needed.

(vi) Tenant solicitation through intermediation by interested parties.

Intermediation fees shall be in accordance with Article 46 of the Real Estate Brokerage Act.

(vii) Entrustment of PM operations to interested parties

This shall be limited to cases where the entrustment fees are not significantly different than market price and the interested party has the operational ability and meets other conditions required as the entrusted party. Moreover, as a basic rule, the contract period shall be one year, and contract renewals shall be made in the most appropriate way possible, including the cancellation of agreements, upon examining the results of entrustment through to the renewal date of the respective periods.

(viii) Entrustment of operations to interested parties (excluding (vii) above and (x) below)

This shall be limited to cases where the entrustment fees are not significantly different than market value and the interested party has the operational ability and meets other conditions required as the entrusted party.

(ix) Outsourcing of construction work to interested parties

a. Deciding outsourcing conditions

This shall be limited to cases where the contracted amount is not significantly different than market price and the interested party has the operational ability and meets other conditions required as the entrusted party.

b. Scope of transactions

Transactions with contracted amounts of less than 10 million yen shall not apply (areas equivalent to the equity interests of Hankyu Hanshin REIT).

(x) Entrustment and outsourcing of operations concerning construction to interested parties (operations concerning construction includes those accompanying construction such as design, planning, construction, application, notification, and construction management, etc., and excludes (ix) above.)

a. Deciding entrustment and outsourcing conditions

This shall be limited to cases where the entrustment and outsourcing fees are not significantly different than market price and the interested party has the operational ability and meets other conditions required as the entrusted party.

b. Scope of transactions

Transactions with entrusted and contracted amounts of less than 5 million yen shall not apply (areas equivalent to the equity interests of Hankyu Hanshin REIT).

(xi) Other transactions

Regardless of the provisions (i) through (x) above, the rules on transactions involving conflicts of interest shall not apply to transactions with amounts receivable or payable (areas equivalent to the equity interest of Hankyu Hanshin REIT) of less than 200,000 yen per transaction (for continuous contracts, transactions with amounts receivable or payable of less than 200,000 yen per year).

④ Procedures Concerning Transactions with Interested Parties

In conducting transactions with interested parties indicated in ③ above, the following procedures must be followed after sufficiency confirming issues from the standpoint of compliance.

- (i) In making decisions on execution of duties concerning asset management, the Investment Management Committee shall first conduct deliberation and resolution. In the case the Compliance Officer recognizes compliance issues within the proposal for execution of duties during the proceedings of the Committee, such proposal for execution of duties shall be referred back to the department where it originated.
- (ii) Upon deliberation and resolution by the Investment Management Committee, in that case a. the proposal is a transaction involving conflicts of interest; or if b. the Compliance Officer fails to determine clearly whether the details deliberated or the deliberation process in the Investment Management Committee observed laws and various regulations or whether there were compliance issues and requests deliberation, a Compliance Committee shall be convened and deliberate on the plan from the standpoint of compliance.
- (iii) In the case of (ii) a. above, in the case compliance issues are recognized in the proceedings of the Compliance Committee and the proposal is not approved, the proposal is referred back to the department where it originated.
- (iv) In the case of (ii) b. above, the Compliance Committee shall be regarded as an advisory organ. However, all opinions, including minority opinions, that take place during the deliberation of the Compliance Committee shall be reported to the President and Representative Director and the Board of Directors, and the President and Representative Director and the Board of Directors shall take these opinions into consideration when making decisions on the execution of duties.
- (v) Upon approval by the President and Representative Director, whether a resolution by the Board of Directors will be needed is determined based on the Board of Directors' standards for placing items on the agenda, defined separately in advance (the necessity of placing it on the agenda is also subject to decisions of compliance.).
- (vi) Of the transactions that have been approved by the President and Representative Director or the Board of Directors, those which need the approval of the Executive Meeting of Hankyu Hanshin REIT in accordance with the Investment Trusts Act or the rules of the Executive Meeting of Hankyu Hanshin REIT must have their details explained to the Executive Meeting prior to such approved transaction, and the approval of the Executive Meeting must be obtained. In executing such transaction, after the approval of the Executive Meeting of Hankyu Hanshin REIT is obtained, the consent of Hankyu Hanshin REIT shall be confirmed.

- (vii) For proposals concerning the acquisition of assets, the real estate appraisal report, the building condition evaluation report, and, if needed, other written opinions by external institutions, shall be attached during the stage for drafting proposals at each department.
- (viii) For proposals concerning the transfer of assets, the real estate appraisal report, the building condition evaluation report, and, if needed, other written opinions by external institutions, shall be attached during the stage for drafting proposals at each department.
- (ix) In the case a proposal for execution of duties is rejected by the respective committees, etc., it is referred back to the department where the it originated. However, from the standpoint of compliance, it is acceptable to reduce the burden of ongoing procedures and deliberations, as long as the above procedures are observed (for example, only deliberating on topics that were problematic, rather than redeliberating the entire proposal).
- (x) In the case a proposal cannot be placed on the agenda of the Compliance Committee due to emergencies or other unavoidable reasons, the Compliance Officer may approve the proposal in place of the procedures (iii) or (iv) above. However, in such a case, the Compliance Officer must immediately report the approval or rejection of the proposal to the Compliance Committee and obtain the approval of the Compliance Committee.

In the case the Compliance Committee or the Executive Meeting subsequently rejects such a proposal, the concerned parties shall endeavor to dissolve such a transaction or amend the transaction conditions so that it conforms to the rules on transactions involving conflicts of interest.