



# Hankyu Hanshin REIT **Sustainability Report**

## Table of contents

Top message	2
-------------	---

### Chapter 1 Sustainability Policy and Promotion System

1 Sustainability Policy	3
2 Sustainability Promotion System	4

### Chapter 2 Environmental Initiatives

1 Environmental Targets	5
2 Energy Consumption and Intensity	5
3 Energy Management	5
4 Water Resource Initiatives	8
5 Waste Management	8
6 External Certifications	9

### Chapter 3 Social Initiatives

1 Relationships with the Local Community	12
2 Relationships with Tenants	13
3 Initiatives towards employees of HHRAM	15
4 Securing Safety and Security	17
5 Safety and security of customers and tenant employees	19
6 Safety and security of HHRAM's employees	20
7 Dialogue with Unitholders and Investors	20

### Chapter 4 Governance Initiatives

1 Corporate Governance	21
2 Compliance	27

## Top Message



### Yoshiaki Shiraki

Executive Director,  
Hankyu Hanshin REIT, Inc.

In recent years, interest in SDGs (Sustainable Development Goals adopted by the UN summit held in September 2015) and ESG (Environmental, Social and Governance) are increasing and various measures for aspiring to attain a sustainable society are seen around the globe in all fields.

The theme was also discussed at the G20 Summit held at Osaka last year (2019), with promotion of efforts to address global environmental issues being included in the “G20 Osaka Leaders’ Declaration.”

Hankyu Hanshin REIT, Inc. and its asset management company Hankyu Hanshin REIT Asset Management, Inc. (hereafter collectively referred to as the “Hankyu Hanshin REIT”) recognize that to take actions that consider ESG issues is essential for medium and long term competitiveness as well as for continued growth of investor value of the REIT. Thus, Hankyu Hanshin REIT has put them into practice in its real estate investment management by establishing a “Sustainability Policy” in March, 2019 that conforms to the management philosophy as well as concept of social contribution and environmental conservation of the Hankyu Hanshin Holdings Group.

This Sustainability Report has been prepared so that the various ESG-related measures that Hankyu Hanshin REIT has taken to date along with its ESG concept can be made widely known to unitholders and other stakeholders. The hope is that this report will help deepen understanding such efforts of Hankyu Hanshin REIT.

While continuously working on ESG measures to flexibly cope with various environmental changes and to promote sustainable growth and expansion, Hankyu Hanshin REIT strives to increase unitholder value in the medium to long term by building a relationship of mutual trust with every stakeholder.

## Chapter 1 Sustainability Policy and Promotion System

### 1. Sustainability Policy

Hankyu Hanshin REIT, Inc. (hereafter "Hankyu Hanshin REIT") and Hankyu Hanshin REIT Asset Management, Inc. (hereafter the "Asset Management Company") recognize that it is essential for their medium and long term competitiveness and the continued growth of the investor value of the REIT 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 stakehold

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.

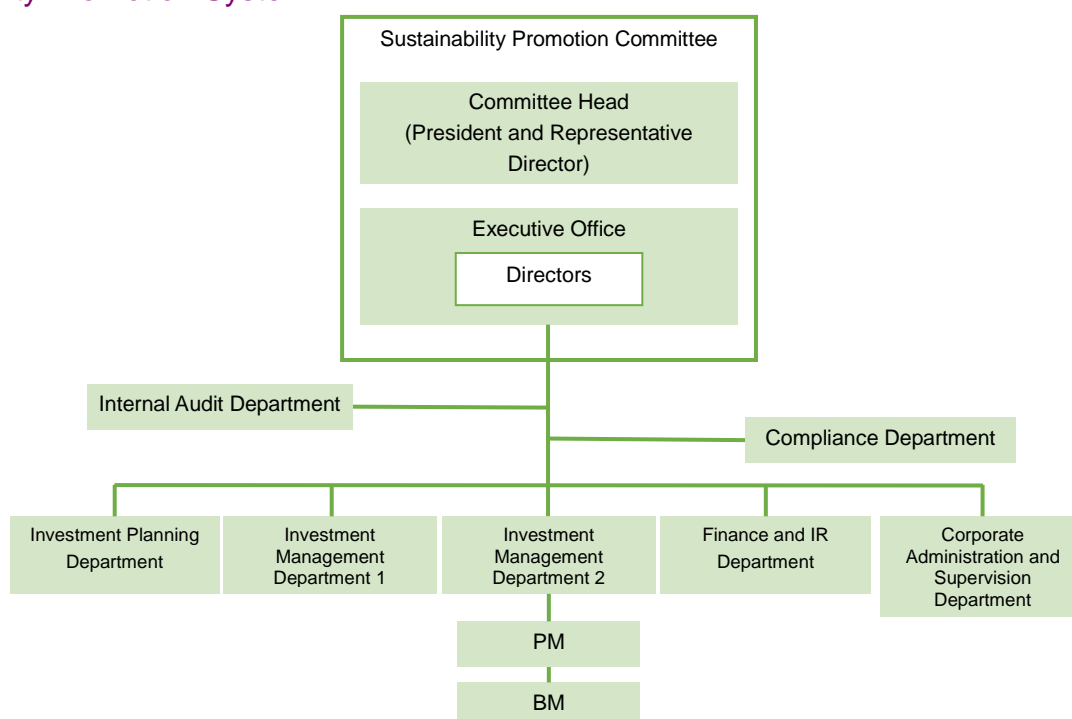
## 2. Sustainability Promotion System

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.

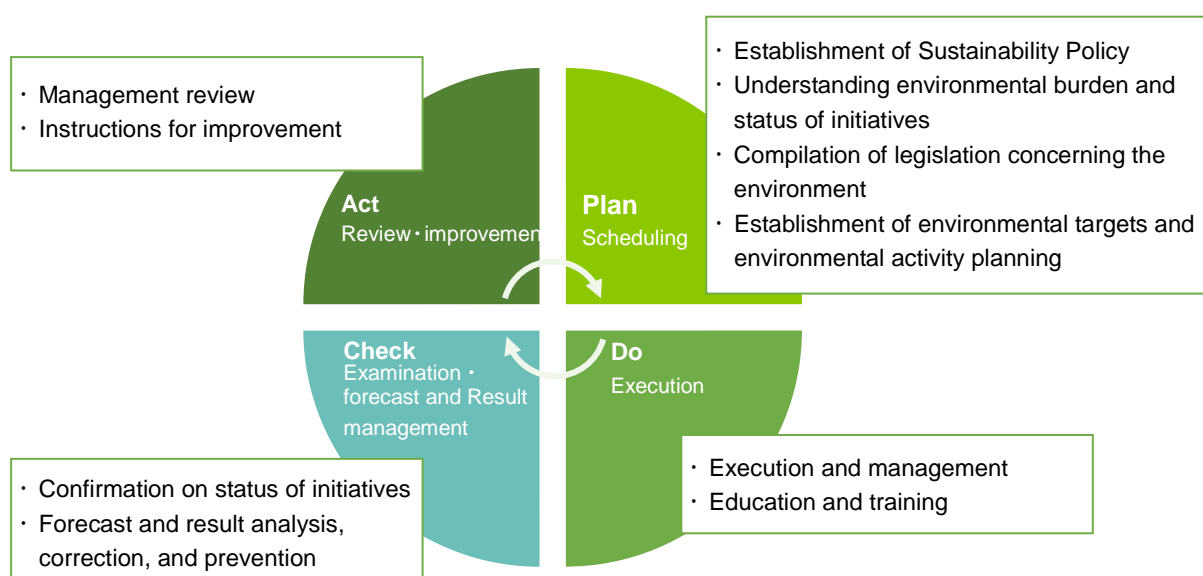
The Sustainability Promotion Committee is comprised of the President and Representative Director, who acts as the Committee Head, the Director in charge, who acts as the Committee's Operating Officer, full-time Directors, and Directors of Departments and Offices. The Committee meets at least once every three months (six times in fiscal 2019).

In addition to considering and drafting various policies, goals, and measures concerning sustainability, the Sustainability Promotion Committee also reports appropriate information to the Board of Directors of HHR. Please refer to Chapter 4 Governance Initiatives 1. Corporate Governance for our governance system.

### Sustainability Promotion System



### Conceptual diagram of the Environmental Management System (EMS) based on the PDCA cycle



## Chapter 2 Environmental Initiatives

### 1. Environmental Targets

In a Sustainability Promotion Committee meeting conducted in March 2019, the following environmental targets were established.

- ①Energy consumption: 5% reduction over five years (Intensity)
- ②Greenhouse gas emissions: 5% reduction over five years (Intensity)
- ③Water consumption: 5% reduction over five years (Intensity)

\*The base year will be fiscal 2018.

### 2. Energy Consumption and Intensity

	Fiscal 2018	
	Consumption	Intensity
Energy consumption	87,434,495kwh	270.5kwh/m <sup>2</sup> · year
Water consumption	451,584m <sup>3</sup>	1.4m <sup>3</sup> /m <sup>2</sup> · year
Greenhouse gas emissions	29,405t	0.09t/m <sup>2</sup> · year

\*Data retention rate: 99.2% (excludes lot properties of owned properties)

### 3. Energy Management

#### ①Established 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.  
[Example]

For measures that require equipment investments such as installing 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.

#### ②Selected as a body eligible for receiving subsidy of the fiscal 2017 ASSET Project by the Ministry of Environment

The ASSET Project (Note) is a project that aims to significantly and efficiently reduce CO<sub>2</sub> emissions by introducing advanced facilities that are promoted by the Ministry of Environment and by accelerating operational improvement. As part of the project, HHR participated in CO<sub>2</sub> reduction project by upgrading a freezer at Kitano Hankyu Building, and was selected as a body eligible to receive subsidies.

(Note) Advanced technologies promotion Subsidy Scheme with Emission reduction Targets



Kitano Hankyu Building



### ③ Selected as body by the Ministry of Environment eligible to receive subsidy of CO<sub>2</sub> Reduction

#### Promotion Project through Facilities Optimization Repair

During the parts replacement of air conditioners conducted in fiscal 2018 at HANKYU NISHINOMIYA GARDENS, highly efficient machines were installed. As this contributed to the reduction of CO<sub>2</sub> emissions, HHR was selected as a body eligible to receive subsidies for the Ministry of Environment's CO<sub>2</sub> Reduction Promotion Project through Facilities Optimization Repair.



HANKYU NISHINOMIYA GARDENS

### ④ 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 a leading project in 2009 and has been supported for its environment-friendly design. 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  
(Umekita Plaza and South Building)  
GRAND FRONT OSAKA(North Building)

### ⑤ Countermeasures 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 CO<sub>2</sub> emissions by reducing the load placed on air conditioners.



Mist spraying system



Fountain

### ⑥ Coating roofs with heat barriers

At Kita-Aoyama San cho-me Building the roof has been coated with a heat barrier, which prevents the room temperature from rising in the 3rd floor. This has contributed to cutting CO<sub>2</sub> emissions by reducing the load placed on air conditioners.



Kita-Aoyama San cho-me Building

### ⑦Promoting the installation of LED lighting

HHR promotes the installation of LED lighting at each of the properties in the portfolio. At HEP Five and HANKYU NISHINOMIYA GARDENS, all of the common area lights have been upgraded to LED lighting, excluding the lights in the backyard. Installation of LED lighting is also sequentially promoted at SHIODOME Eastside Building in fiscal 2019.

### ⑧Using the cooling and heating sources of a district heating and cooling system

Sphere Tower Tennozu uses the steam and cold water supplied by a district heating and cooling system owned by TENNOZ AREA SERVICE INC. District heating and cooling systems are plants that centrally produce cold water and steam for the cooling and heating and hot-water supply of the entire area, which is distributed through a network of supply pipes. Through the centralization of boiler and chiller facilities, these systems conserve energy by improving operating efficiency, and also contribute to the prevention of air pollution and global warming, thereby contributing to environmental protection.



Sphere Tower Tennozu

### ⑨Utilization of renewable energies

#### ●Implementation of solar power generator facilities

Solar panels were 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 were 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.



#### ●Installation of wind turbine generator system

At HANKYU NISHINOMIYA GARDENS, a hybrid-type generator that combines a Savonius wind turbine with solar panels is used to illuminate the rooftop lights.





### ●Promoting green walls and planting vegetation

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 m<sup>2</sup> 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 m<sup>2</sup>. This space lightens the mood of those who visit, and is also 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

## 4. Water Resource Initiatives

### ①Established 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.

#### [Example]

- 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.

### ②Reusing 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.

### ③Using water reclamation equipment

Sphere Tower Tennozu has water reclamation equipment, which cleans water resources discharged from office buildings and reuses the water to flush toilets, etc.

### ④Using water reclamation 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 largely exceeds the standard value of Nishinomiya City.

## 5. Waste Management

### ①Waste Management

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

### ②Charging 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.



### ③Thorough waste sorting and recycling

At Dew Hankyu Yamada and HEP Five, cardboard, paper, cans, glass bottles, and plastic bottles are sorted and recycling is conducted thoroughly.



## 6. External Certifications

### ①Acquisition of "Green Star" Rating in GRESB Real Estate Assessment

GRESB (The Global Real Estate Sustainability Benchmark) is an annual benchmark, which measures environmental, social, and governance ("ESG") considerations in the real estate sector.

In the GRESB Real Estate Assessment conducted in 2019, HHR was highly evaluated in both "Management & Policy" and "Implementation & Measurement," and received a "Green Star" rating. HHR also received "3 Star" in the GRESB Rating which is a five-grade relative evaluation based on the total GRESB Score.



## ②Acquisition 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



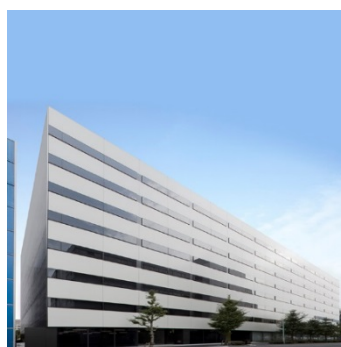
Properties with excellent  
environmental & social awareness



Kitano Hankyu Building



Dew Hankyu Yamada



Shiodome East Side Building



Hankyu Corporation Head  
Office Building

### ③Received an award for fiscal 2015 Minato City Local Green City Development

The award for Minato City Local Green City Development was established by Minato City, Tokyo in fiscal 2004 with the aim to further promote greening in the city.

It is a program to commend private buildings for their environmental considerations and outstanding greening planning.



Kita-Aoyama San cho-me Building

### ④Environmental Considerations Rating obtained from Sumitomo Mitsui Banking Corporation

Sumitomo Mitsui Banking Corporation ("SMBC") and the Japan Research Institute developed an evaluation program that takes into consideration corporate environmental initiatives when originating loans.

HHR was awarded an "A" grade from SMBC in recognition of its commitment to environmental initiatives in asset management, based on the SMBC Environmental Considerations Lending Program.



[Factors contributed to the favorable grade]

- Implementing initiatives for energy conservation and renewable energy as well as water-saving and waste reduction under the Sustainability Policy established in November 2018, understanding their effects and widely promoting participation targeting even tenants and employees of tenants.
- Encouraging holders of quasi co-ownership interest in properties to obtain third-party certifications on environmental considerations and obtaining favorable grades for HANKYU NISHINOMIYA GARDENS and HEP Five matching the characteristics of the respective properties.
- Implementing company-wide initiatives for environmental management and corporate management by having employees set personal goals on sustainability.



## Chapter 3

## Social Initiatives

## 1. Relationships with the Local Community

## 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 event site for the Umeda Snowman Festival.

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, the Umeda Snowman Festival, and 1 Million People's Candle Night



the Umeda Yukata Matsuri



## ② Concluded disaster cooperation agreement

Takatsuki-Josai Shopping Center has concluded a disaster cooperation agreement with Takatsuki City, and will offer its parking lot as a temporary evacuation site for people living in the area and as an emergency vehicle base in the case of a disaster.



## ③ Introduced a trial run of bike sharing

Kitano Hankyu Building has introduced a trial run of bike sharing 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.



## ④ Implemented 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

## ⑤ Supporting startups

On the first floor below ground at HEP Five, we have set up the "FIVE LAB," which is a pop up space that collects and dispatches popular contents. It provides opportunities for creators and EC shops to make sales at functions, and supports the opening of actual stores. In the spring of 2019, one member who had participated in our events became an official tenant who opened shop.



## ⑥ Hankyu Nishinomiya GALLERY / Stajimo NISHINOMIYA

At the Hankyu Nishinomiya GALLERY located on the fifth floor of HANKYU NISHINOMIYA GARDENS, events that took place at the Hankyu Nishinomiya Stadium are on exhibit, such as famous moments and memorial items of the Hankyu Braves, a professional baseball team that Hankyu Corporation used to own, videos about the history and culture of Hankyu Corporation, and a diorama model that recreates the area around Nishinomiya-kitaguchi Station in 1983. In the same gallery is the "Stajimo NISHINOMIYA" which provides a space for locals to "gather," "connect," and "create." This enables the vitalization of the community, allows people to conduct activities that create an attachment to the locals along the railways, and creates the value of the line-side areas.



## 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 Hankyu Hanshin Building Management Co., Ltd. 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

HEP Five, HANKYU NISHINOMIYA GARDENS, Dew Hankyu Yamada, GRAND FRONT OSAKA



## ② Training for employees of tenants

At HEP Five, HANKYU NISHINOMIYA GARDENS, and GRAND FRONT OSAKA, we conduct various training sessions aimed at helping the employees of tenants in their careers, including basic mannerism training, customer service training, color coordination training, and VMD training. 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.



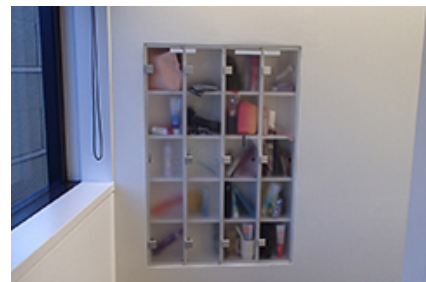
## ③ Hosting social gatherings and trips for employees

At HEP Five, HANKYU NISHINOMIYA GARDENS, and GRAND FRONT OSAKA, we contribute to improving employee satisfaction and promoting employee communication by hosting one-day bus trips, musical viewings, 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, a shelf and boards used when changing clothes have been installed in the ladies' rooms, supporting the comfortable office work of female employees who work at this building.



## ⑤ Award history

HEP Five has received the ES Award multiple times at the Developer and Tenant Awards hosted by SENKEN SHIMBUN CO., LTD., and HANKYU NISHINOMIYA GARDENS received the Gold Award at the Japan SC Awards in 2013 as the first commercial facility ever to receive the award outside of the Tokyo metropolitan area.

### 3. Initiatives towards employees of HHRAM

Due to the provisions of the Act on Investment Trusts and Investment Corporations (hereafter "Investment Trusts 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

Hankyu Hanshin Holdings Group holds "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.

In order to instill a clear awareness of health in our employees and their families, from the viewpoint of "health management," we have also established a "declaration on employee health management" in order to promote the improvement of health awareness in each and every employee and the realization of a comfortable workplace.

#### 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.

September 1, 2019

Yoshiaki Shiraki

President and Representative Director,

Health Management Promotion Officer,

Hankyu Hanshin REIT Asset Management, Inc.

Health Declaration : <https://www.hhram.co.jp/health.html> (in Japanese)

## ② Work environment

### Personnel development

We have put various training policies in place with the purpose of improving the skills of its employees. Beginning with specialty skills needed for real estate investment management operations, it also provides training to improve human skills, compliance training, and training concerning sustainability, etc.

In addition, it has also implemented an incentive system to acquire qualifications for professional personnel development.

As of December 31, 2019

Name	
Real Estate Appraiser	1
ARES Certified Master	18
Real Estate Transaction Agent	15
Certified Building Administrator	15
Shopping Center Business Administrator	1
TOEIC SCORE over 850	3
EIKEN Test in Practical English Proficiency Grade Pre-1	1
The 2nd Class Electric Works Specialist	1
Certified Member Analyst of the Securities Analysts Association of Japan	1
Certified Public Accountant	1
Second-class Architect	1
Building mechanical and Electrical engineer	1
The Official Business Skill Test in Book-keeping Grade 1	1
The Official Business Skill Test in Book-keeping Grade 2	3
The 1st Class Health Supervisor	1

### 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.



### 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.

#### 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.

### ④Diversity

#### 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. Moreover, we have also established an external harassment consultation counter and direct people towards this service.

#### 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.

#### Personnel data

Personnel Data		Fiscal 2018
Number of full-time directors		5
Number of employees (by gender)		31
	Male	16
	Female	15
Number of employees (by type of employment)		31
	Number of regular employees	6
	Number of seconded employees	19
	Number of contract employees	6
Attendance rate for training		100%
Health examination rate		100%
Number of employees on child care leave		1
Number of employees on family care leave		0

## 4. Securing Safety and Security

By delivering "Safety and Comfort" and "Dreams and Excitement," Hankyu Hanshin Holdings Group creates satisfaction among our customers and contributes to society.

#### Safety 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.

### ①Preparing 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 "Portfolio List" on our website.

### ②Systematic 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.

#### [Examples]



Waterproofing work on the roof of  
Takatsuki-Josai Shopping Center



Repairing the exterior wall at Dew Hankyu Yamada

### ③Providing lifelines and disaster protection centers

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

#### [Examples]

#### ●Takatsuki-Josai Shopping Center

It has a disaster cooperation agreement with Takatsuki City, and will provide an emergency vehicle base in the case of a disaster.



#### ●HEP Five

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



#### ●Dew Hankyu Yamada, Takatsuki-Josai Shopping Center, Kohnan Hiroshima Nakano-Higashi Store (site)

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



## 5. Safety and security of customers and tenant employees

### ① Conducting 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.



### ② Storing emergency goods

At some of HHR's properties, emergency goods boxes have been set up, which contain items that are necessary if one was to be locked in an elevator during an emergency. At HEP Five, disaster prevention equipment, to be used by people who are prevented from returning home, are stored in sofas (disaster prevention chairs) installed on every floor of the building



### ③ Installation of 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.





## 6. Safety and security of HHRAM's employees

### ①Promoting 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.

#### 【Examples of activities】

- Establishment of business continuity plan (BCP)
- Establishment of initial response manual for large-scale disasters
- Implementation of confirmation of safety services

- Implementation of disaster prevention drills



- Distribution of disaster prevention goods and storage of emergency goods



## 7. Dialogue with Unitholders and Investors

### ①Regarding 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.

## ②Status 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 to 70 one-on-one meetings for institutional investors.

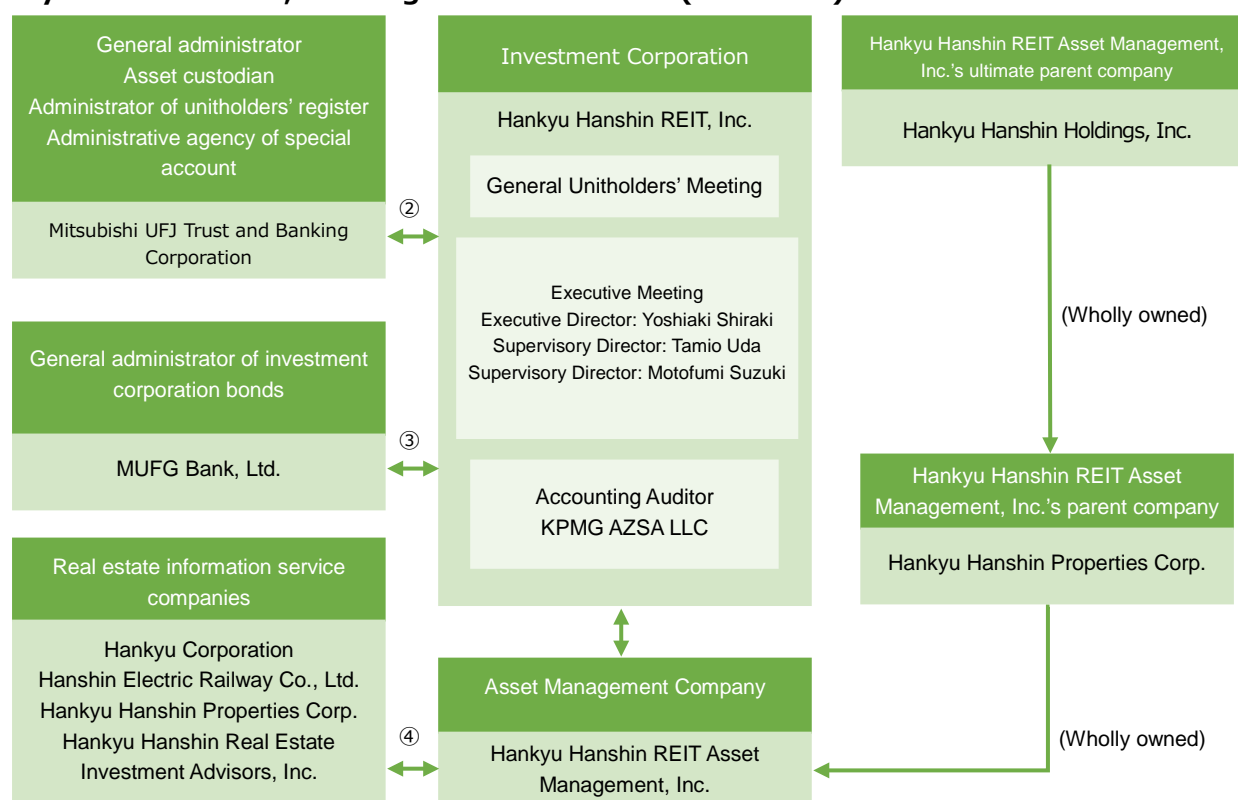
For our overseas investors, we hold six IR events a year, focusing mainly on North America, Europe, Australia, and Asia, and hold approximately 50 one-on-one meetings. In addition, we also proactively participate in conferences held by securities companies in Japan.

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

#### ①Hankyu Hanshin REIT, Inc. organizational chart (Overview)



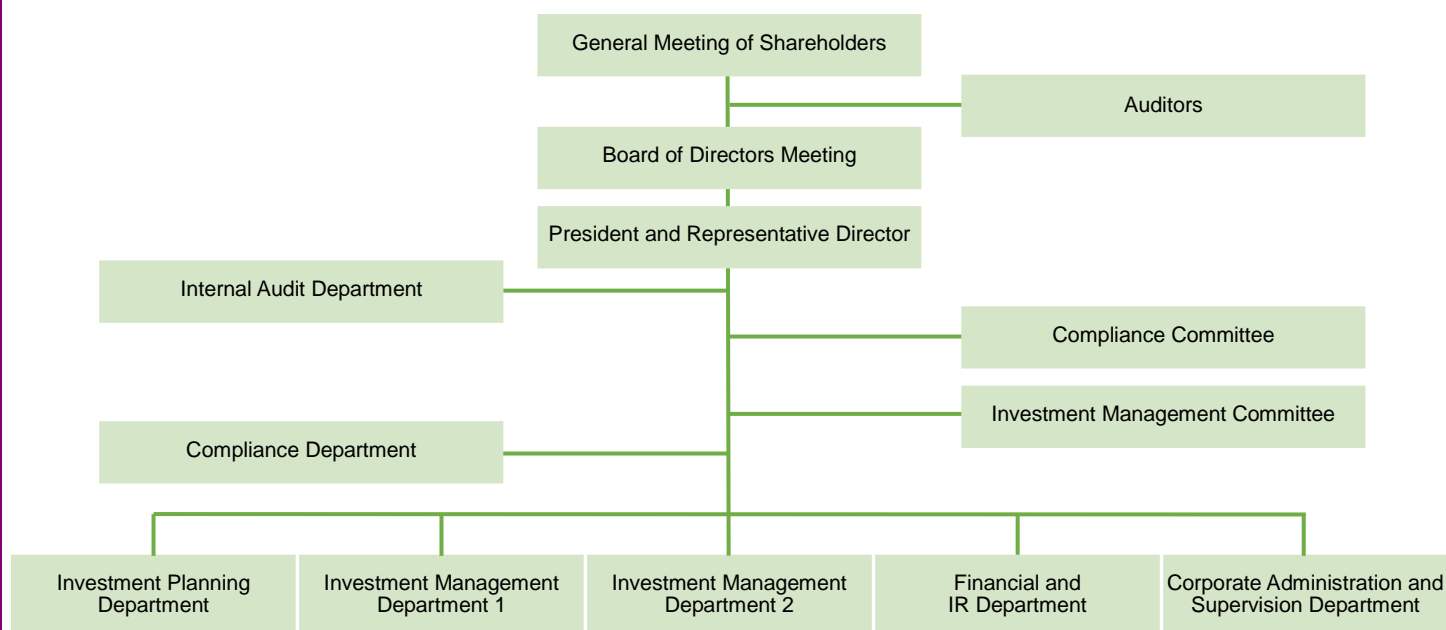
①Asset management services agreement

②Administrative agency agreement/asset custody agreement/agreement on administration of unitholders' register/special account management agreement

③Financial agency agreement

④Information sharing-related agreement

## ②Organization of Hankyu Hanshin REIT Asset Management, Inc.



Corporate Data		
Trade name	Hankyu Hanshin REIT Asset Management, Inc.	
Headquarters	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	40 (full-time workers only)	
Executive officers	President & Representative Director	Yoshiaki Shiraki
	Managing Director	Toshinori Shoji
	Director	Hideo Natsuaki
	Director	Futoshi Kinoshita
	Director	Toshihiko Mori
	Director (part-time)	Noriyuki Yagi
	Director (part-time)	Toyoyuki Komori
	Corporate Auditor (part-time)	Yasuki Fukui
	Corporate Auditor (part-time)	Yorio Fujita
Principal businesses	Financial instruments trading business (investment management business) <ul style="list-style-type: none"> <li>Financial product trader:               <ul style="list-style-type: none"> <li>Director-General of the Kinki Finance Bureau Ministry of Finance (Kinsho) No. 44</li> </ul> </li> <li>Real estate transaction license:               <ul style="list-style-type: none"> <li>The Governor of Osaka Prefecture (4) No. 50641</li> </ul> </li> <li>Approval of discretionary dealing trustee, etc.:               <ul style="list-style-type: none"> <li>No. 23 by Minister of Land, Infrastructure, Transport and Tourism</li> </ul> </li> </ul>	

### ③ Organization of Hankyu Hanshin REIT

#### (1) Matters Concerning Corporate Governance

##### ( i ) Details of the Organization

Hankyu Hanshin REIT 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 Hankyu Hanshin REIT 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 Hankyu Hanshin REIT, as stipulated under the Investment Trusts 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 Hankyu Hanshin REIT, the Executive Director has the authority to take any judicial or extra-judicial acts related to the business of Hankyu Hanshin REIT on behalf of Hankyu Hanshin REIT. However, the approval of the Executive Meeting is required for certain duties stipulated in the Investment Trusts Act, such as providing consent for cancelling the asset management services agreement originating from the Asset Management Company, 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 Trusts Act and the Articles of Incorporation to oversee the Executive Director's execution of duties.

##### c. Accounting Auditor

Hankyu Hanshin REIT has designated KPMG AZSA LLC as the Accounting Auditor. The Accounting Auditor shall audit Hankyu Hanshin REIT's calculation documents, etc. Furthermore, the Accounting Auditor shall report to Supervisory Auditors 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.

##### ( ii ) Internal Audit and Supervision Organization by Supervisory Directors, Personnel and Procedures

The rules of the Executive Meeting of Hankyu Hanshin REIT 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 the Asset Management Company, and has established the internal audit structure by confirming the status of the Asset Management Company's asset management operations.

In addition to the above, it supervises the Executive Director's execution of duties by drafting decisionmaking documents under the prerogative of the Executive Director, saves them, and thereafter obtains the approval of the Supervisory Directors.

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.

- (iii) 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 the Asset Management Company at the Executive Meeting of Hankyu Hanshin REIT.
- 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.

## (2) Management Structure of Hankyu Hanshin REIT

As mentioned above, asset management operations of Hankyu Hanshin REIT have been entrusted to Hankyu Hanshin REIT Asset Management Inc., the Asset Management Company.

The organization and summary of operations for each position for the Asset Management Company is outlined below. The Asset Management Company shall engage in operations relating to asset management entrusted by Hankyu Hanshin REIT based on the above organizational structure. The Board of Directors of the Asset Management Company act as the decision-making body for important matters concerning the management of the Asset Management Company, 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 the Asset Management Company are assigned to the respective departments including the Investment Planning Department, Investment Management Department 1, Investment Management Department 2, Financial and IR Department, Corporate Administration and Supervision Department, Compliance Department, and the Internal Audit Department, and each of these departments are supervised by a director in charge and a department head.

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

## (3) Decision-Making Structure for Investment Management

The Asset Management Company establishes Regulations for Asset Management and Operational Guidelines, and sets forth basic approaches to investment management including investment policy, rules on transactions involving interested parties, and disclosure policy, etc.

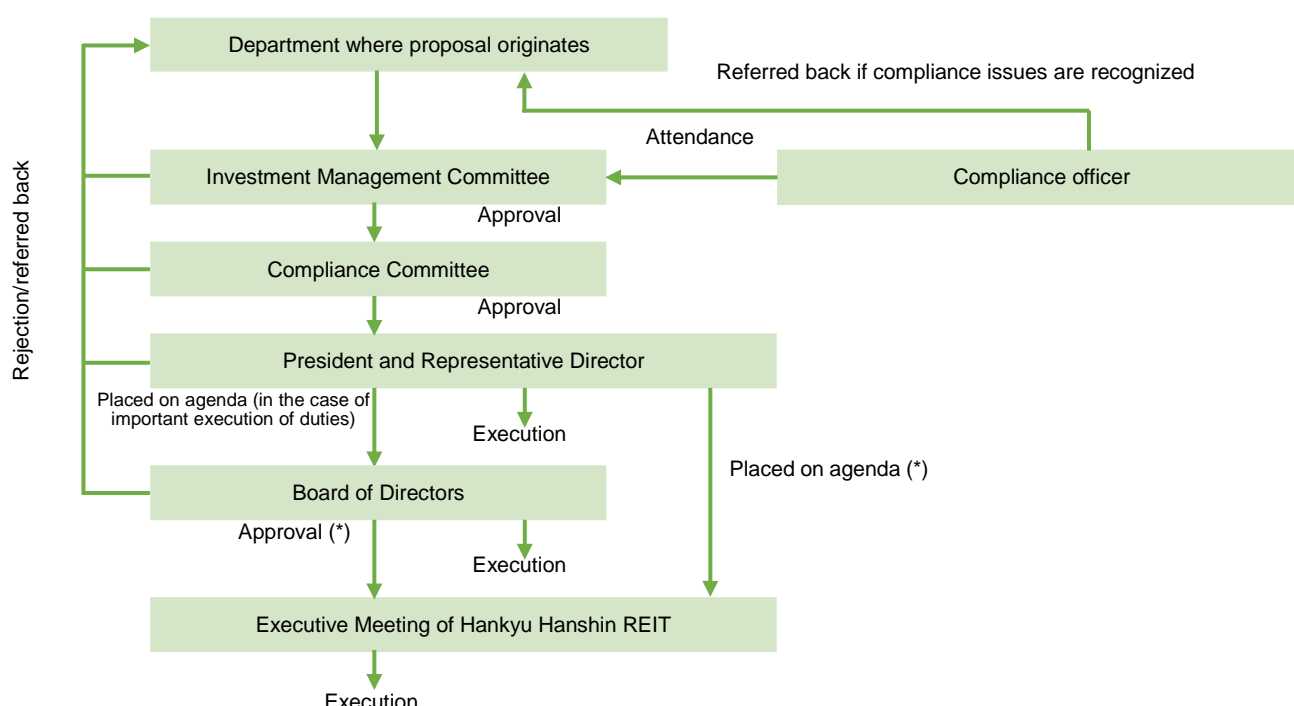
Furthermore, the Asset Management Company establishes asset management plans in accordance with the Operational Guidelines, and makes decisions on acquisitions and other matters concerning asset management according to the investment policy and rules on conflict-of-interest transactions set forth in the Operational 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 Hankyu Hanshin REIT must be confirmed in addition to the obtainment of approval of the Executive Meeting.

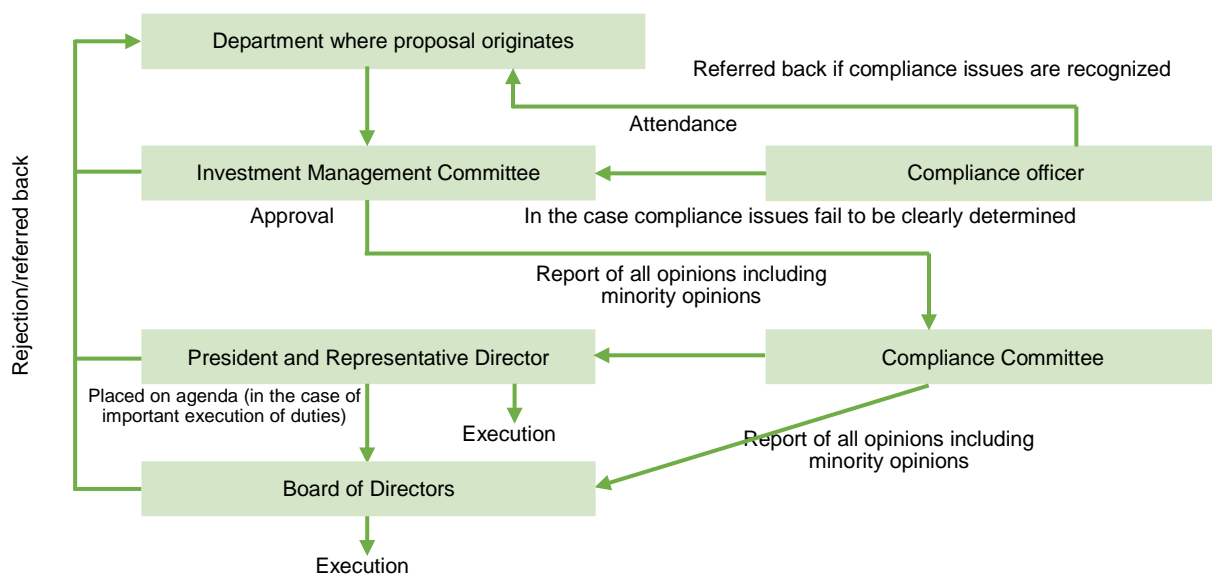
<In the case a transaction involves conflicts of interest (ii. (i) above)>



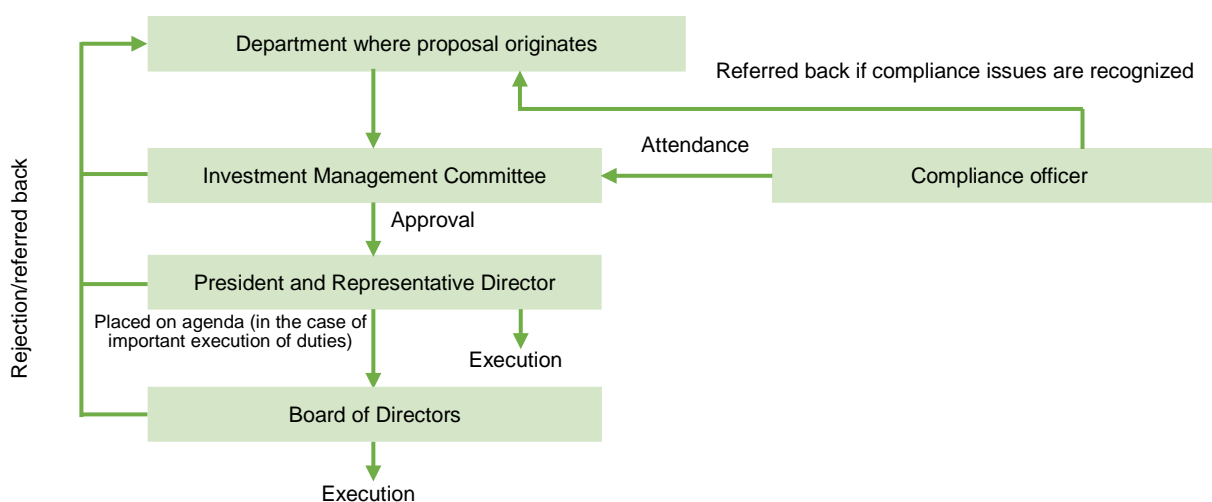
In the case of acquisition, transfer, or leasing of securities or real estate  
(excluding transactions under Article 245-2 of Regulation for Enforcement of the Investment Trusts Act.)



<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

The Asset Management Company has established basic matters concerning investment management as the Operational 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 Hankyu Hanshin REIT and the Articles of Incorporation of Hankyu Hanshin REIT. By following these Operational Guidelines, the Asset Management Company 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 transactions involving conflicts of interest, 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, the Asset Management Company has established the compliance manual and compliance program as basic policies for action.

## 2. Compliance System

### ① Basic Policies Concerning Compliance

Hankyu Hanshin REIT, Inc. (hereinafter "Hankyu Hanshin REIT") and Hankyu Hanshin REIT Asset Management, Inc. (hereinafter the "Asset Management Company"), the asset management company that Hankyu Hanshin REIT 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, Hankyu Hanshin REIT and the Asset Management Company have prepared the following compliance arrangements as the most important business agenda.

#### (1) Hankyu Hanshin REIT

Hankyu Hanshin REIT 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 also receive matters of resolution including a report regarding the deliberation process for determinations made by the Compliance Committee of the Asset Management Company (defined in (2) below). Additionally, as part of the supervision of the executive director on the part of the supervisory directors, a letter of intent is prepared upon the execution of duties within the exclusive jurisdiction of the executive director and confirmation is subsequently obtained from the supervisory directors. 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 Hankyu Hanshin REIT's supervisory and check functions.

## (2) Asset Management Company

At the Asset Management Company, for the purpose of ensuring legitimate and fair management of overall operations and to prevent fraudulent practices, and toward robust growth of the Asset Management Company and Hankyu Hanshin REIT and the drastic protection of unitholders, the Compliance Department has been formed independently from the Corporate Affairs 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 the Asset Management Company or the sponsor company. These two 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, with the endorsement of the committee chair and the approval of the committee, an observer may be present at the committee meetings and offer opinions (the observer is not permitted to participate in resolution).

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

The Asset Management Company 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 the Asset Management Company. The code of behavior in the Compliance Manual stipulates "Resolute confrontation of anti-social forces and associations" and sets forth the Asset Management Company's basic stance concerning the elimination of anti-social forces.

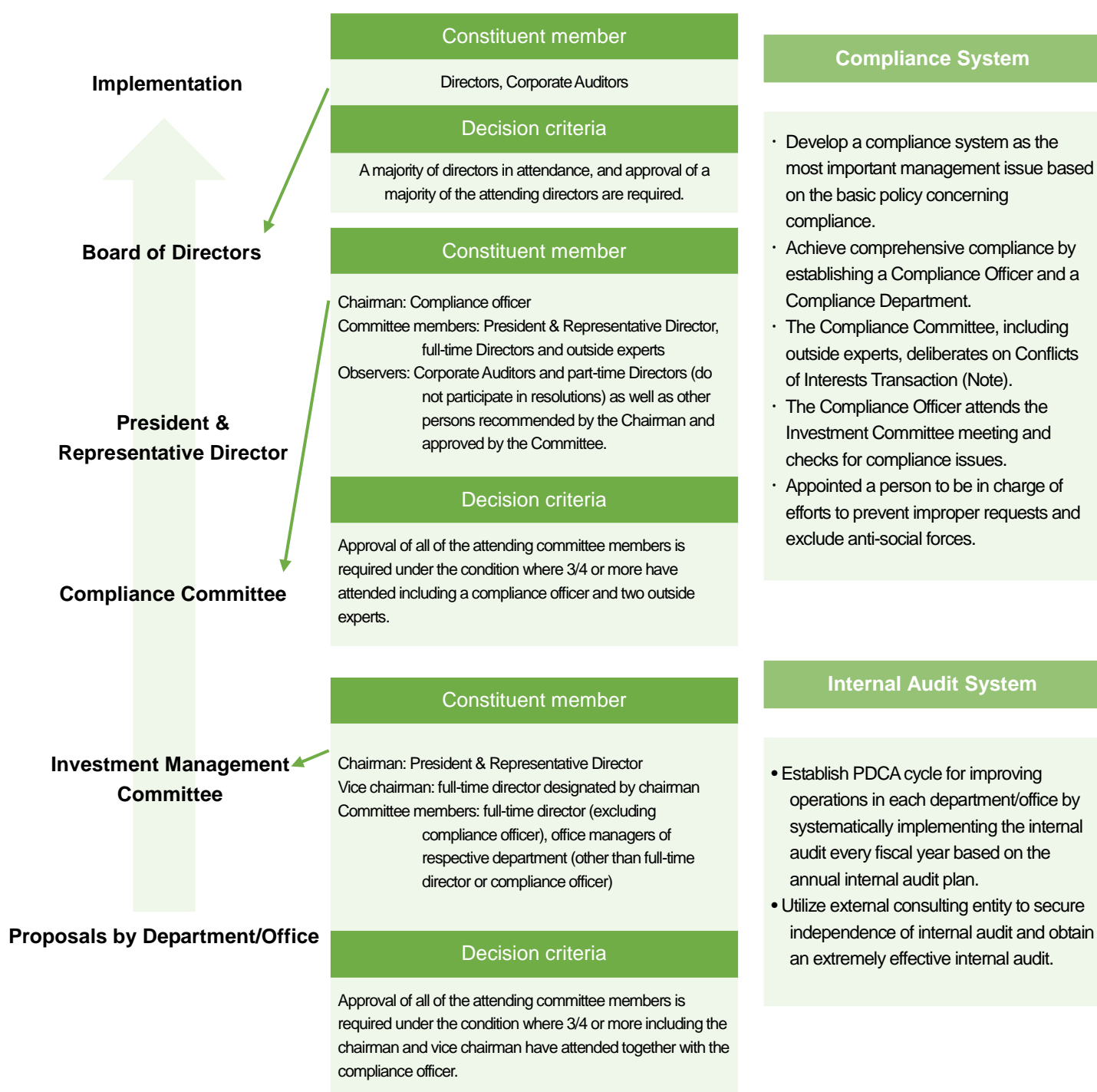
Additionally, the Asset Management Company has selected a person to be responsible for the prevention of unreasonable demands in accordance with the Act on Prevention of Unjust Acts by Organized Crime Group Members, and has registered with the public safety commission in order to acquire the necessary knowledge and skill to handle unreasonable demands by crime syndicates.

Furthermore, selecting new tenants, we are endeavoring to eliminate anti-social forces by checking for relationships with anti-social forces in accordance with established standards.

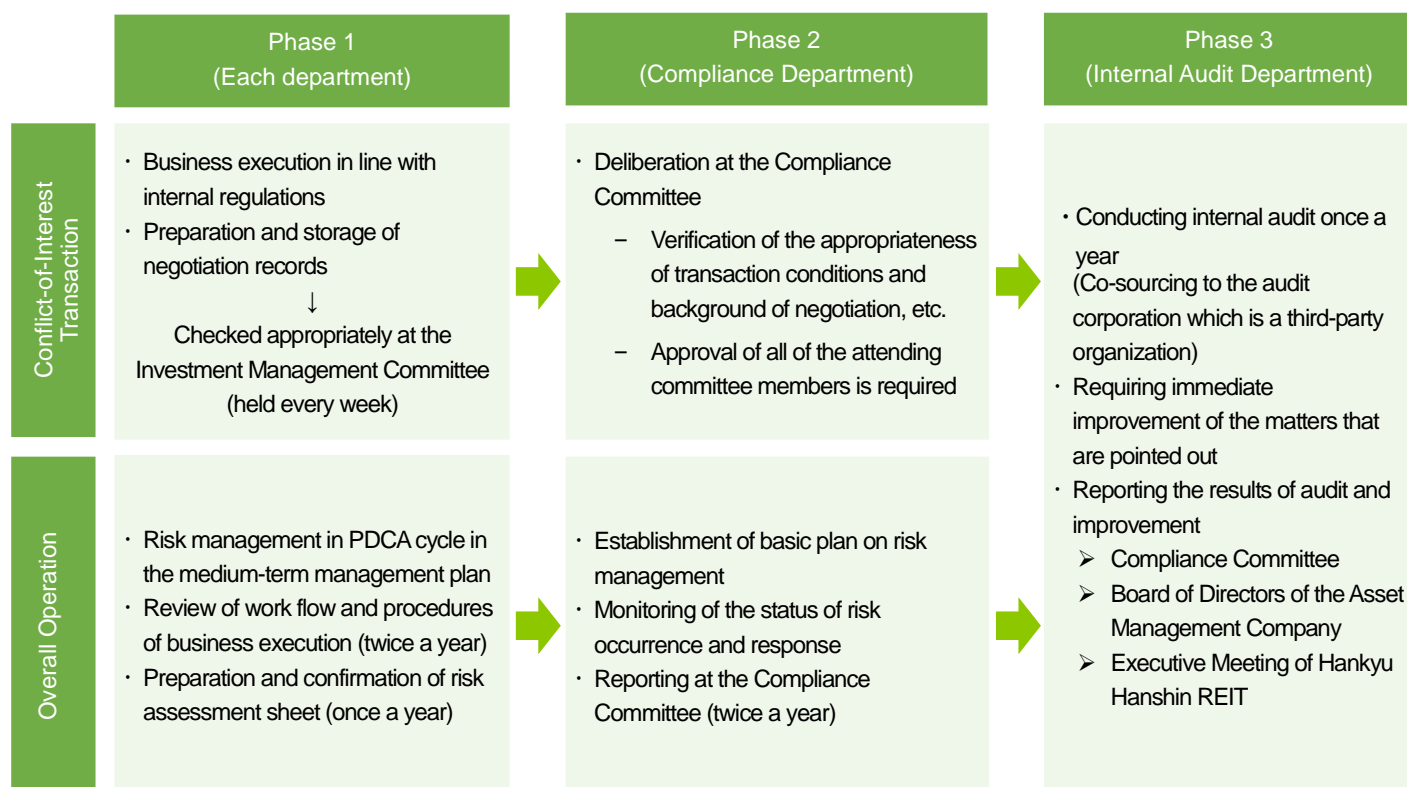
Procedures for the "Reporting system of suspicious transactions" are formulated as part of Operational Guidelines and, in accordance with the Act on Prevention of Transfer of Criminal Proceeds, we routinely undertake "confirmation at time of transaction," "creation and maintenance of records of confirmation at time of transaction" and "creation and maintenance of records of transactions" as well as properly reporting suspicious transactions, etc. to the supervisory authorities.

### ③Compliance and Internal Audit Systems of Hankyu Hanshin REIT Asset Management, Inc.

Build robust compliance and internal audit systems by systematically ensuring multiple check functions based on the basic policy for building internal control systems



#### ④ Risk Monitoring by the Asset Management Company



#### ⑤ Declaration of Fiduciary Duty

HHRAM will establish 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.

##### 1. Basic Policy for Customer-Oriented Business Conduct

[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.

[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.



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 2018 indicates the period from April 2018 through March 2019.

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 Hankyu Hanshin REIT 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 Hankyu Hanshin REIT 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 Hankyu Hanshin REIT, 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.

There are sections that display property names in abbreviated form.

"(Site)" is added after the name of properties for which Hankyu Hanshin REIT owns only its land.

**Hankyu Hanshin REIT Asset Management, Inc.**  
**IR and Public Relations Department**

<b>Address</b>	19-19 Chayamachi, Kitaku, Osaka
<b>Email</b>	IR_PR@hhram.co.jp