

## Status of Efforts toward Policies for Customer-Oriented Business Conduct (FY2021)

The status of efforts made in FY2021 toward the Policies for Customer-Oriented Business Conduct, which were established in December 2018, is as provided below.

### (1) Pursuit of the customers' best interest 【Principle 2】

We believe that efforts to maintain and enhance professional expertise and high standards of business ethics of executives and employees are important to provide high-grade investment opportunities to client investors. Based on this, we have facilitated initiatives and such like, including promoting the acquisition of various professional qualifications (see below for the status of holding of qualifications by executives and employees), implementing periodic internal training (including compliance and business training; see below for the implementation status), and requiring executives and employees to attend external training according to their position.

#### Status of holding of professional qualifications

(As of December 1 of each year. Excl. part-time executives)

Name of qualification	FY2021 Number of executives and employees: 56		FY2020 (For reference) Number of executives and employees: 51		FY2019 (For reference) Number of executives and employees: 42	
	Number of holders	Percentage	Number of holders	Percentage	Number of holders	Percentage
Association for Real Estate Securitization (ARES) Certified Master	21	38%	21	41%	14	33%
Real Estate Transaction Agent	41	73%	38	75%	29	69%
Certified Building Administrator	10	18%	9	18%	8	19%
Real Estate Consulting Master	7	13%	7	14%	6	14%
Real estate appraiser	1	2%	1	2%	0	-
First Class Architect	3	5%	3	6%	2	5%
Certificate-holder Member of the Securities Analysts Association of Japan	1	2%	1	2%	1	2%
Lawyer	2	4%	1	2%	1	2%
Judicial scrivener	1	2%	1	2%	1	2%
Certified public accountant	2	4%	2	4%	2	5%
Tax accountant	1	2%	2	4%	2	5%
Chief of Money Lending Operations	4	7%	3	6%	2	5%

Implementation status of internal training

FY2021 : 5 times

FY2020 (For reference) : 6 times

FY2019 (For reference) : 5 times

(2) Appropriate management of conflicts of interest 【Principle 3】

We strive to appropriately identify transactions between client investors and our related parties. And when transactions are conducted with our related parties, we take action in accordance with our Related-party Transaction Rules, including deliberations at the Compliance Committee, which consists of external experts, and disclosure to client investors.

< Specific explanation > - For customers of private funds -

When a customer intends to conduct a related-party transaction, such as the acquisition or sale of assets under management, with our related parties, etc. based on our investment decision or investment advice, each Fund Management Department examines the content of the transaction and the Compliance Officer further reviews it. The Compliance Officer examines the applicability of the related-party transaction and the appropriateness of the actions, etc. taken by each Fund Management Department, and if the Compliance Officer determines that such actions are insufficient, the Compliance Officer requests each Fund Management Department to take necessary actions. The Compliance Committee deliberates on the related-party transactions. 【Principle 3 (Note)】

(3) Provision of important information, including fees and other expenses, in an easy-to-understand manner 【Principle 4, Principle 5】

Based on a dedication to providing information with a high degree of transparency, we strive to provide important information on investment products and services in an easy-to-understand manner, and to appropriately state fees and other expenses that are agreed upon through dialogue with client investors in agreements. In addition, we report the investment status of funds at a frequency and with a content in accordance with agreements and strive to accurately grasp the impact of natural disasters, social issues, and other events on investment properties and are striving to make timely reports on the status of actions being taken and other information.

< Specific explanation > - For customers of private funds -

- ① The private funds that we are involved in establishing basically target client investors who fall under the category of Professional Investors (including customers who are to be treated as Professional Investors in accordance with Article 34-3, Paragraph 4 of the Financial Instruments and Exchange Act), and we explain to that effect in advance and provide information to sales companies to that effect. When a customer who does not fall under the category of Professional Investors wishes to invest, we are dedicated to providing investment products and services after thoroughly consulting with the sales company and providing sufficient information to the customer. 【Principle 5 (Note 1)】
- ② We strive to prepare and provide materials that are easy to understand with respect to important information concerning investment products and services (i.e., assumed returns, risk of loss, etc., reason for selection, transaction terms, commission, outlines of related-party transactions, etc.) according to the experience, financial knowledge of each client investor and the importance of information, and to prepare and provide materials that meet client investors' requests. 【Principle 5 (Note 1) (Note 3) (Note 5)】
- ③ We basically do not expect to sell multiple investment products (or services) as a package to client investors, except in cases where the seller requests the bulk purchase of multiple properties (including trust beneficiary rights) (however, we provide a series of asset management operations to the extent necessary for the establishment of private real estate funds and real estate management.), and when packaging is required, we strive to explain the reason and content to client investors in an easy-to-understand manner. 【Principle 5 (Note 2)】
- ④ The assets that we handle are mainly real estate or assets backed by real estate, and we basically do not expect to offer investment products using complex structures. However, since real estate is highly individualized and not necessarily easily comparable to other real estate investment projects, and risks and returns are not the same, we are dedicated to providing easy-to-understand information according to the degree of complexity of each investment project. 【Principle 5 (Note 4)】

#### (4) Provision of services that match customers' needs 【Principle 6】

We are dedicated to providing investment products and services that match each client investor. We do this by appropriately understanding their goals, requirements, financial position, experience, knowledge, and other characteristics through our activities or via securities firms and other companies that engage in sales, and by holding dialogue.

< Specific explanation > - For customers of private funds -

- ① With respect to private funds that we are involved in establishing, we strive to understand the client investors' needs such as investment goals, periods, and target returns, through dialogue with them, etc., and to propose investment products or services that match such needs. In addition, not only at the time of sales of investment products and services, but also during the subsequent investment period, we strive to communicate with client investors in a timely manner and reflect any changes in their needs in fund management to the greatest extent possible. 【Principle 6 (Note 1)】
- ② We strive to propose better investment products or services, sufficiently considering the results of investment products or services provided in the past. 【Principle 6 (Note 1)】
- ③ We basically do not expect to sell multiple investment products (or services) as a package, except in cases where the seller requests the bulk purchase of multiple properties (including trust beneficiary rights) (however, we provide a series of asset management operations to the extent necessary for the establishment of private real estate funds and real estate management.), and when packaging is required, we strive to give consideration to whether the entire package is appropriate for the client. 【Principle 6 (Note 2)】
- ④ The private funds that we are involved in establishing basically target client investors who fall under the category of Professional Investors (including customers who are to be treated as Professional Investors in accordance with Article 34-3, Paragraph 4 of the Financial Instruments and Exchange Act), and we explain to sales companies to that effect in advance. Due to the nature of private funds that are not expected to be sold to an unspecified number of customers, we do not disclose the above customer attributes. 【Principle 6 (Note 3)】
- ⑤ The assets that we handle are mainly real estate or assets backed by real estate, and we do not offer investment products using complex structures. However, we are dedicated to providing easy-to-understand information according to the

degree of complexity of each investment project, and providing investment products or services that match the client investors' goals and requirements as much as possible. In addition, we do not sell or recommend products to any customer groups with attributes that make them vulnerable to financial transaction damage. 【Principle 6 (Note 4)】

- ⑥ We strive to prepare and provide materials that are easy to understand with respect to the information necessary for understanding the investment products and services that we intend to provide according to the experience and knowledge of client investors, and to prepare and provide materials in response to meet client investors' requests. We also encourage and strive to further develop the professional knowledge of our employees regarding investment products and services through internal and external training programs. 【Principle 6 (Note 5)】

#### (5) Framework for adequately motivating employees 【Principle 7】

As stated in (1) above, we are aware of the importance of making efforts to maintain and enhance high standards of business ethics of executives and employees in order to increase clients' interest and our corporate value by constantly providing outstanding services to client investors. Based on this understanding, we are dedicated to increasing the motivation of our employees in an appropriate manner by holding periodic internal training and including not only performance but also compliance perspectives in the standard performance parameters.

- \* The principles and (Notes) in 【 】 above indicate the correspondence with the "Principles for Customer-Oriented Business Conduct" and its notes published by the Financial Services Agency.

Kenedix Investment Partners, Inc.