

KDX

KENEDIX

Kenedix
Real Estate
Fund Management, Inc.

Sustainability Report 2024

April 2024

SUSTAINABILITY

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SUSTAINABILITY

Message from the President

Kenedix Real Estate Fund Management, Inc. (KFM) is entrusted with the management of KDX Realty Investment Corporation, a listed REIT, and Kenedix Private Investment Corporation, a private REIT. KFM invests in and manages a diverse range of asset classes, including office buildings, residential properties, retail facilities, and logistics facilities, and is one of the leading REIT's asset management companies in Japan, with assets under management exceeding 1.37 trillion yen and over 380 properties under management.

We recognize that the assets we manage have a significant impact on the environment and society. Based on this recognition, we believe that our efforts toward the realization of a sustainable society will contribute to the improvement of unitholders' profits over the medium to long term, and at the same time, it is a social responsibility that we should fulfill. To this end, we have positioned sustainability initiatives as one of our key management issues and established a "Sustainability Policy". Based on this policy, we will strive to contribute to a sustainable environment and a diverse society.

We will continue to strive to be a REIT management company that earns the unwavering trust and support of our stakeholders and society as a whole, including local communities, by achieving stable unitholder returns over the medium to long term and contributing to the realization of a sustainable society.

We appreciate your continued support and encouragement.

Akihiro Asano

President & CEO, Kenedix Real Estate Fund Management, Inc.



Initiatives for Sustainability

REITs Managed by KFM

Kenedix Real Estate Fund Management, Inc. (the “Asset Management Company” or KFM) manages one J-REIT and one private REIT. Overviews and characteristics of each REIT are as follows.

In this report, some of the initiatives of the Kenedix Group, Inc. are included.

KDX Realty Investment Corporation (KDXR) (AUM 1.1 trillion yen as of March 31, 2024)

On November 1, 2023, Kenedix Office Investment Corporation, Kenedix Residential Next Investment Corporation and Kenedix Retail Investment Corporation merged into a new J-REIT. As of March 31, 2024, KDXR’s portfolio is comprised of 353 properties with AUM of over 1.1 trillion yen which ranks third in asset size and first in the number of properties among all J-REITs. KDXR has invested in mid-sized office buildings, residential properties, shopping centers for daily needs and will further expand its investment target sectors to actively acquire in logistics facilities and hotels.



Office / KDX Musashi-Kosugi Building



Residential / River City 21 East Towers II



Retail / Apita Terrace Yokohama Tsunashima

Initiatives for Sustainability

Kenedix Private Investment Corporation (KPI) (AUM 186.6 billion yen as of March 31, 2024)

KPI is a private REIT that aims to generate long-term stable income without being directly affected by the financial and capital markets. Its portfolio is mainly comprised of office buildings in the Tokyo metropolitan area, and is also diversified into logistics centers, shopping centers, and residential properties. With the deep support of its sponsors, including the Kenedix Group, KPI has achieved continuous growth.



Office / Toyosu Grand
Square

Initiatives for Sustainability

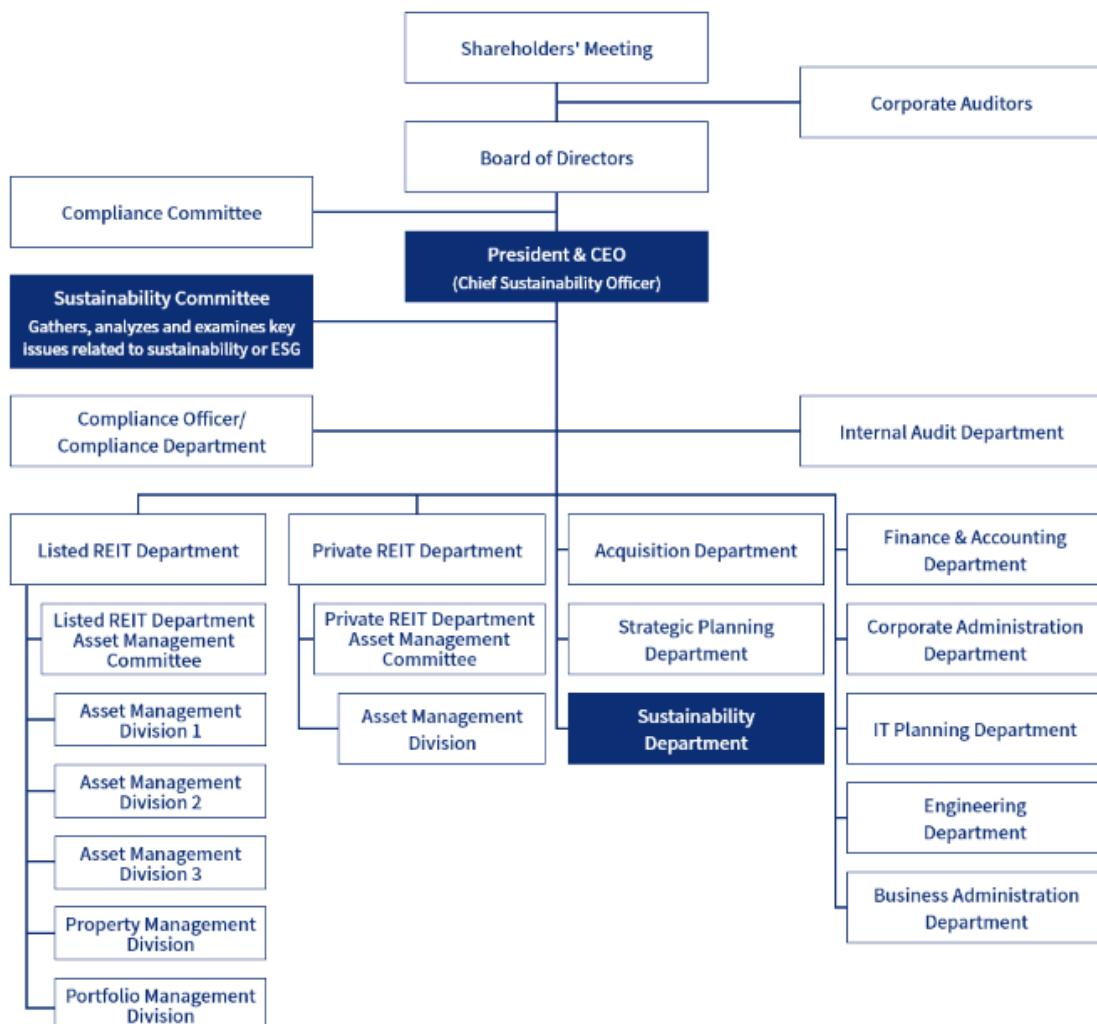
Sustainability Promotion Structure

Sustainability Committee

The initiatives for sustainability are promoted under the leadership of the Sustainability Committee organized by the Asset Management Company.

The Sustainability Committee is chaired by the President & CEO (Chief Sustainability Officer), and consists of the following members.

Structure of the Asset Management Company



Initiatives for Sustainability

Chair (Convener / President)	President & CEO (Chief Sustainability Officer)
Committee Members	<p>Head of each REIT Department Head of Strategic Planning Department Head of Sustainability Department General Manager (each REIT) of Strategic Planning Department Head of Strategic Planning, each REIT Department Head of Asset Management Division of each REIT Department Head of Portfolio Management Division of Listed REIT Department Head of Finance & Accounting Department Head of Corporate Administration Department</p>
Observers	<p>Head of Public Relations & Sustainability Department of Kenedix, Inc. Others designated by the Chair</p>
Secretariat	Sustainability Department
Frequency of Meetings	Once every three months
Functions	<ul style="list-style-type: none"> • The Sustainability Committee gathers, analyzes and examines the policies, targets, activity plans, various initiatives, risk management, and other important sustainability and ESG related matters for KDXR and the Asset Management Company, and shares them with related parties, with the aim of promoting initiatives for sustainability and ESG-related matters. • Depending on the contents, the discussions are reported to the Asst Management Company's Board of Directors, and to KDXR's Board of Directors with independent supervisory directors.

Initiatives for Sustainability

Material Issues






Kenedix Inc., the parent company of the Asst Management Company, has established material issues in order to identify subjects that are critical for achieving sustained growth of the Kenedix Group along with stakeholders and society. We will make commitment to find solutions to these issues both in business and society by making initiatives that reflect the opportunities and risks associated with each issue. Furthermore, we intend to contribute to achieving the SDGs by carrying measures for our materiality.

Process of Defining Materiality



Initiatives for Sustainability

Kenedix Group's Materiality

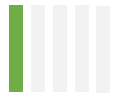
Key Areas and Applicable SDGs	Materiality
<p>Contribution to a Sustainable Environment</p> 	<p>Reduction of energy consumption and CO₂ emissions</p> <p>Reduction of water consumption and waste materials</p> <p>Collaboration with tenants for environmental initiatives</p>
<p>Commitment to a Diverse Society</p> 	<p>Providing properties with environmental and social considerations</p> <p>Improving resilience / climate adaptation</p> <p>Initiatives for an aging society with fewer children</p>
<p>Stakeholder Engagement</p> 	<p>Continuous improvement of customer satisfaction</p> <p>Community engagement</p> <p>Managing conflicts of interests</p>
<p>Attractive Working Environment</p> 	<p>Recruiting, employee retention and career advancement</p> <p>Health and wellbeing of employees</p> <p>Diversity and equal opportunities</p>
<p>Responsible Organization</p> 	<p>Compliance</p> <p>Risk management</p> <p>Commitment to responsible investments</p>

Initiatives for Sustainability

Sustainability Policies

In response to the establishment of materiality in the Kenedix Group, we have set comprehensive Sustainability Policies regarding ESG. The Kenedix Group will adhere to the Sustainability Policies to promote specific initiatives towards materiality.

- 1** **Contribution to a Sustainable Environment**
Improving the environmental performance of the properties we manage is one of our social missions. We will lower the environmental impact and make contribution to environmental sustainability by constantly reducing the negative environmental impact of these properties, such as energy consumption, GHG emissions, water consumption and the generation of waste materials. We also have activities for the proper management of hazardous substances and reduction in their use.
- 2** **Commitment to a Diverse Society**
We contribute to the diversity of society while taking into account the social impact of our properties. We are committed to maintaining safety, confidence, good health, comfort and diversity regarding our tenants and the communities where we operate.
- 3** **Stakeholder Engagement**
We manage our properties as a responsible real estate asset management company by stressing the importance of engagement with our stakeholders such as investors, tenants, business partners, communities and property management companies.
- 4** **Attractive Working Environment**
We aim to maintain an attractive working environment by implementing measures for employees' health and wellbeing and for diversity and equal opportunities. To enable employees to realize their full potential, we will provide a variety of training programs and other educational opportunities.
- 5** **Responsible Organization**
We have sound compliance and risk management activities in all of our business activities. We are committed to the principle of responsible property investments by a responsible organization by aligning our operations with global ESG initiatives and actively disclosing ESG information.



Sustainability Policies -Contribution to a Sustainable Environment-

Improving the environmental performance of the properties we manage is one of our social missions. We will lower the environmental impact and make contribution to environmental sustainability by constantly reducing the negative environmental impact of these properties, such as energy consumption, CO₂ emissions, water consumption and the generation of waste materials. We also have activities for the proper management of hazardous substances and reduction in their use.

Environmental Policies and External Ratings

Environmental Policies

The officers and employees of the Asset Management Company will undertake investment management operations in accordance with the following environmental policies. The Asset Management Company supports the international goals set forth in the Paris Agreement and is committed to continuously make efforts to mitigation and adaption of climate change. We also endeavor to contribute to the shift towards a circular economy by using resources efficiently.

Environment (Contribution to a Sustainable Environment)

- 1** **Compliance with Environmental Laws and Regulations**
KFM will promote environment-friendly investment management operations by adhering to environmental laws and regulations.
- 2** **Promotion of Energy Conservation Measures**
KFM will systematically advance energy conservation measures at its managed properties, maintaining a strong awareness of the importance of natural and energy resources.
- 3** **Reduction of Environmental Burden**
KFM will undertake initiatives to reduce GHG (Greenhouse gas), water consumption and waste emissions as well as promote recycling at its managed properties, underscoring its commitment to alleviating its environmental burden. In addition, KFM will take sufficient care when handling harmful substances and environmental pollutants.
- 4** **Challenge to achieve net zero GHG emissions**
To achieve Net Zero, KFM has established long-term targets for reducing GHG emissions of its REITs and will work internally and externally.
- 5** **Disclosure of Environmental Information**
KFM will work to disclose necessary information to a variety of concerned parties, including investors, tenants and business partners, in such areas as its environmental policies and measures.
- 6** **Environmental Education**
KFM will take steps to improve the environmental consciousness of its officers and employees through internal education.

External ratings

GRESB Real Estate Assessment

GRESB is a benchmark system for assessing the sustainability performance of the real estate sector, established in 2009 primarily by a group of major European pension funds. Leading institutional investors participate in the GRESB assessment to utilize it in implementing their real estate investment and management processes.





A high degree of attention has been paid to the GRESB survey, as it is used by institutional investors when they select investment targets and on other occasions. The GRESB survey, which is conducted each year, is participated in by many real estate companies, REITs and real estate private funds from around the world.

Environment (Contribution to a Sustainable Environment)

Numerous programs exist for the certification of environmentally responsible real estate. But the GRESB Real Estate Assessment is the only one that is a benchmark for individual real estate companies and funds. Comparative evaluations of overall scores on a global scale are used to determine GRESB ratings, which go from one to five stars.

Ratings for each REIT are shown below. All four REITs were awarded a “Green Star” designation by achieving high performance both in “Management Component” that evaluates policies and organizational structure for ESG promotion, and “Performance Component” that assesses environmental performance and tenant engagement of properties owned.

(Reference) The results for FY2023 are as follows.

Kenedix Office Investment Corporation	Kenedix Residential Next Investment Corporation	Kenedix Retail REIT Corporation	Kenedix Private Investment Corporation
			

Note: Kenedix Office Investment Corporation, Kenedix Residential Next Investment Corporation and Kenedix Retail REIT Investment Corporation merged on November 1, 2023, with Kenedix Office Investment Corporation as the surviving corporation, and changed its name to KDX Realty Investment Corporation.

Overview of Environmental Certifications

As a pioneer in the sustainability field in the REIT industry, we will continue to advance environmental and energy conservation measures as well as efficient energy use for our portfolio and proactively acquired the following certifications and assessment to promote initiatives for sustainability.

Environment (Contribution to a Sustainable Environment)

Environmental Certifications and Valuations

KDX Realty Investment Corporation

(As of March 31, 2024)

	Number of Certified Properties	Certified Floor Area (m ²)	Ratio (%)(Note 2)
Environmental Certified Building (Note 1)	118	1,496,448.53	63.9
CASBEE Certification for Real Estate	83	859,462.52	36.7
CASBEE Certification for Wellness Office	1	12,280.77	0.5
BELS Certification	8	140,165.81	6.0
DBJ Green Building Certification	44	648,860.20	27.7
ResReal Certification	5	90,690.39	3.9

Note 1: If a property has multiple environmental certifications, it is counted as one property.

Note 2: The ratio of floor area of certified properties to the total floor area of properties owned by KDXR (2,342,815.69 m², calculated on a pro-rata basis of ownership ratio for compartmentalized ownership).

Kenedix Private Investment Corporation

(As of March 31, 2024)

	Number of Certified Properties	Certified Floor Area (m ²)	Ratio (%) (Note)
Environmental Certified Building	7	314,401.06	51.1
CASBEE Certification for Real Estate	6	140,902.48	38.2
DBJ Green Building Certification	1	47,564.70	12.9

Note: The ratio of floor area of certified properties to the total floor area of properties owned by KPI calculated on a pro-rata basis of ownership ratio for compartmentalized ownership.

For more details of REIT's overview, please refer to the following links.

> [KDX Realty Investment Corporation](#)

> [Kenedix Private Investment Corporation](#) (only in Japanese)

Reduction of Energy Consumption and CO₂ Emissions (Climate Change Initiatives)

Basic views

Global warming, as the main factor for a climate change, has been the primal topic at international meetings so far and in 2015 Paris Agreement has adopted a new framework. In this agreement, one of the goals is to keep the increase in global average temperature to well below 2°C, preferably to 1.5°C, compared to pre-industrial levels. In addition, at COP26 in 2021, the Glasgow Climate Pact was agreed that the 1.5°C target remains in sight and scales up action on dealing with climate impacts. Each REIT and the Asset Management company recognize that efforts to climate change is the most important issue for our business activities and properties under management.

Reduction of energy consumption and CO₂ emissions is one of our material issues. We are making a contribution to environmental sustainability by using our business activities and property management operations for continuously cutting energy consumption and CO₂ emissions in order to lower our environmental impact.

Support for TCFD recommendations

The Asset Management Company expressed support for the recommendations of the Task Force on Climate-related Financial Disclosures



("TCFD") and also joined the TCFD consortium, a group of domestic companies that support TCFD recommendations in October 2021.

TCFD is an international initiative established by the Financial Stability Board ("FSB") at the request of the G20 for the purpose of discussing the disclosures of Climate-related financial information and the responses by financial institutions. TCFD publishes recommendations for companies to disclose their governance,

strategy, risk management, and metrics and targets for Climate-related risk and opportunities.

On the other hand, TCFD Consortium is a group of companies and financial institutions that support the TCFD recommendations. The consortium was established with a view to further discussion on effective corporate disclosures of Climate-related information and initiatives to link disclosed information to appropriate investment decisions on the part of financial institutions and other organizations.



Each REIT and the Asset Management Company will work to expand information disclosure based on TCFD and continue to actively promote ESG (Environment, Social and Governance) initiatives based on “Sustainability Policies” established by the Asset Management Company.

Governance

For further details concerning governance for climate change, please refer to [Sustainability Management System](#).

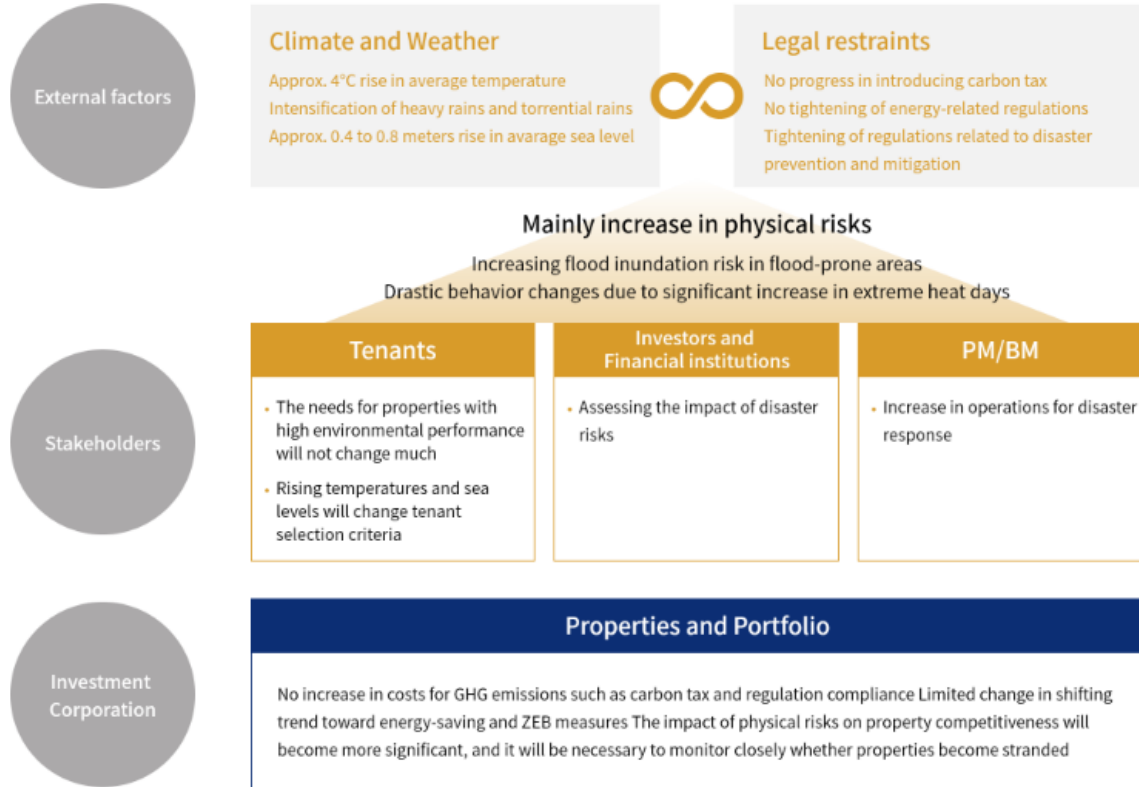
Strategy

Scenario Analysis

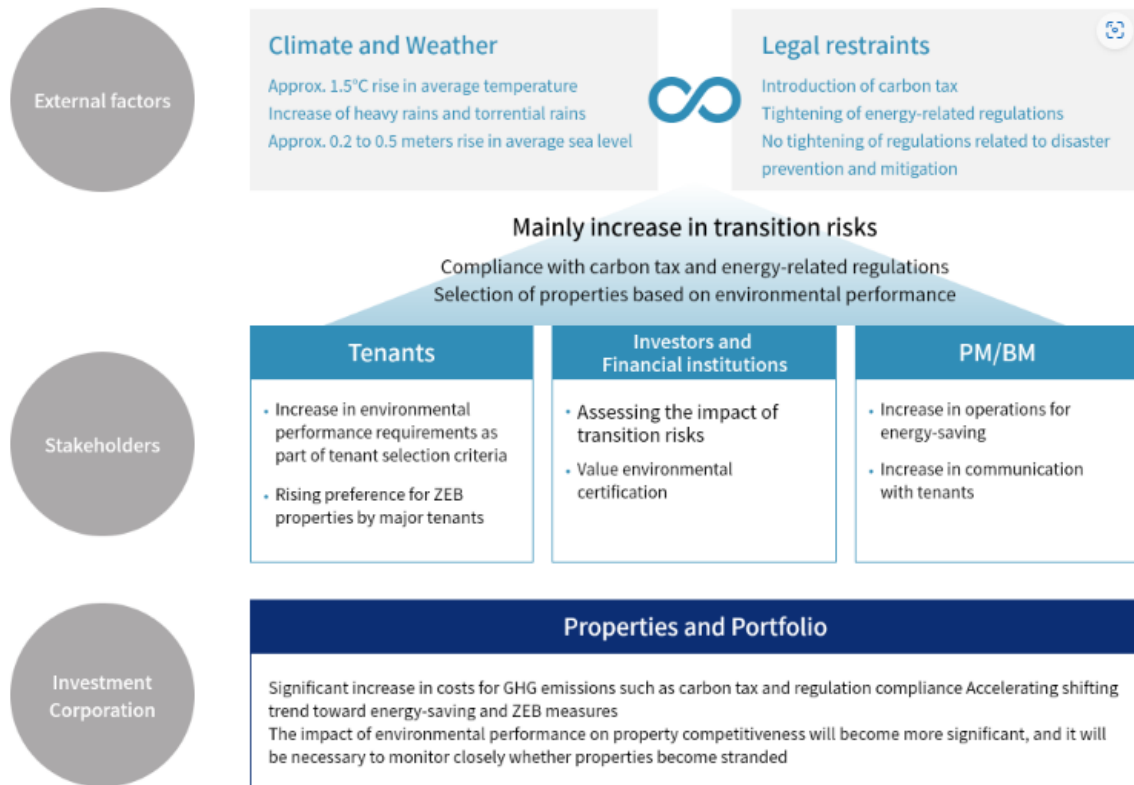
The Asset Management Company conducted a scenario analysis to identify the risks and opportunities for REITs to be posed by the climate change, and to assess their potential impact on REITs business. World outlook of each scenario is provided below. The analysis was conducted with reference to future climate projections and energy trends published by international organizations.



World Outlook in the 4°C Scenario



World Outlook in the 1.5°C Scenario



(Major reference sources)

	Transition risks	Physical risks
4°C Scenario	IEA (International Energy Agency) World Energy Outlook 2020 STEPS	IPCC (Intergovernmental Panel on Climate Change) Fifth Assessment Report RCP8.5
1.5°C Scenario	IEA (International Energy Agency) NZE2050	IPCC (Intergovernmental Panel on Climate Change) Fifth Assessment Report RCP2.6

Financial Impact based on Scenario Analysis

The Asset management Company examined the mid-term (2030) and long-term (2050) impacts of the risks, opportunities, and financial impacts for the REITs for each of the world outlook in the 4° C and 1.5° C scenario described above. The summary of the evaluation is as follows.

Environment (Contribution to a Sustainable Environment)

Risks and Opportunities		Financial impact				Measures to address risks and opportunities		
Category	Factor	4°C Scenario		1.5°C Scenario				
		Medium term	Long term	Medium term	Long term			
Transition Risks and Opportunities	Policy and legal	CO₂ emission regulation Introduction of CO ₂ emission regulations as a measure to comply with international frameworks incur costs and risks related to CO ₂ emissions.	Increase in costs to improve energy efficiency of existing properties	Low	Low	Low	Mid	<ul style="list-style-type: none"> Improvement of energy-saving in existing properties Establishment of GHG reduction targets
		Carbon tax The introduction of carbon tax as a measure to comply with international frameworks incur costs and risks related to CO ₂ emissions.	Increase in carbon tax costs	Low	Low	Mid	High	<ul style="list-style-type: none"> Introduction of renewable energy Acquisition of non-fossil certificates, etc.
	Technology	Advancement of energy-saving and renewable energy technologies Further technology advancement will result in lower installation costs and effective achievement of energy-saving and renewable energy.	Increase in costs due to introduction of new technology	Low	Low	Low	Mid	<ul style="list-style-type: none"> Energy-saving in existing properties
			Decrease in utility costs due to energy-saving, introduction of renewable energy, conversion to ZEB/ZEH, etc.	Low	Low	Low	Mid	<ul style="list-style-type: none"> Acquisition of ZEB/ZEH properties Conversion of existing properties to ZEB/ZEH
	Markets	Evaluation by investors and financial institutions Investors and financial institutions will value improvement of the environmental performance of properties.	Increase in financing costs due to low valuation	Low	Low	Low	Low	<ul style="list-style-type: none"> Energy-saving in existing properties Acquisition of environmental certifications Improvement of engagement with investors and financial institutions Utilization of green finance
			Decrease in financing costs due to high valuation	Low	Low	Low	Low	
		Focus on environmental certification Environmental certification will be	Increase in cost of actions to improve evaluation	Low	Low	Low	Low	<ul style="list-style-type: none"> Acquisition of environmental certifications

Environment (Contribution to a Sustainable Environment)

Physical Risks and Opportunities	Reputation	required for portfolio evaluation by investors and financial institutions as well as property selection by tenants.	Increase in acquisition costs of environmental certifications	Low	Low	Low	Low	
		Tenant behavior change due to environmental orientation Environmental performance of properties will become valued due to regulation compliance and changing preferences.	Low environmental performance properties becoming stranded	Low	Low	Mid	Mid	<ul style="list-style-type: none"> • Energy-saving in existing properties • Acquisition of environmental certifications • Engagement
			Maintain and improve occupancy rates by improving environmental performance	Low	Low	Mid	Mid	
		Tenant behavior change due to disaster-prevention orientation Disaster prevention aspect of properties will become valued due to increasing disasters caused by rising temperatures and sea level.	Low resilience properties becoming stranded	Mid	Mid	Low	Low	<ul style="list-style-type: none"> • Due diligence on acquisition • Flood risk analysis of properties • Improvement of resilience • Engagement
	Maintain and improve occupancy rates by improving resilience measures		Mid	Mid	Low	Low		
	Acute	Intensification of heavy rains and torrential rains The frequency of property damage will increase due to severe wind and extreme flood.	Increase in disaster recovery costs	Mid	Mid	Low	Low	<ul style="list-style-type: none"> • Due diligence on acquisition • Flood risk analysis of properties • Improvement of resilience • Engagement
Decrease in rental income during the recovery period			Mid	Mid	Low	Low		
Chronic	Rise in sea level Chronic rise in sea level.	Increase in costs to cope with sea level rise	Low	Low	Low	Low	<ul style="list-style-type: none"> • Energy-saving in existing properties 	
	Rise in average temperature Chronic rise in average temperatures.	Increase in utility costs during summer	Low	Low	Low	Low		

Note: The financial impact (low, mid, or high) of each scenario is formulated through discussions based on qualitative and quantitative perspectives at the Asset Management Company. The red color of the financial impact in each scenario represents risk items, and the green color represents opportunity items. This evaluation will continue to be reviewed and updated as necessary based on new external and internal factors that have arisen and close examination of the quantitative impact.

Risk Management

Risk Management System for Climate Change

Each REIT Department of the Asset Management Company and the Sustainability Committee identifies and evaluates the sustainability and ESG-related risks of the REITs and the Asset Management Company. These sustainability and ESG-related risks are managed on a daily basis by each department in charge, and important risks are analyzed and reviewed regularly by the Sustainability Committee under the supervision of the Chair of the Sustainability Committee, and are managed appropriately. In addition, these risks are incorporated into the organization's overall risk management by sharing them with relevant parties as necessary.

Metrics and Targets

KPIs related to Climate Change

Responding to climate change is one of the important social issues, and initiatives for climate change countermeasures are accelerating domestically and internationally. Each REIT has set GHG emission reduction goal (KPI) as follows in order to actively promote the reduction of environmental impact and contribute to sustainability of environment through the mid- to long-term reduction of GHG emission in our portfolio.

KDX Realty Investment Corporation

GHG Emission Reduction Targets (Note 1)	2030 Targets (2022 baseline)	2050 Targets
	Total amount: 42% reduction Per unit: 42% reduction (Note 2)	Net-zero
	Scope 1 and 2	Scope 1, 2 and 3

Note 1: GHG emission for each fiscal year is estimated by the Asset Management Company using emission factors (adjusted emission factors) by electric utility in "Greenhouse Gas Emissions Calculation, Reporting, and Publication System" of the Ministry of the Environment. The figures are the total of Scope 1, 2 and 3, and the calculation methods of GHG emissions after FY2021 and prior to FY2020 are different.

Scope 1: Direct emission from fuel combustion

Scope 2: Indirect emissions from the use of externally procured electricity and heat

Scope 3: Total emissions minus Scope 1 and Scope 2

Note 2: The intensity is calculated by dividing the GHG emission for each year by the total floor area, considering the occupancy rate of each owned property.

KDXR has obtained Science Based Targets (SBT) certification for the above GHG emission reduction targets.

For further details concerning Science Based Targets(SBT), Please refer to [Awards and Initiatives](#).



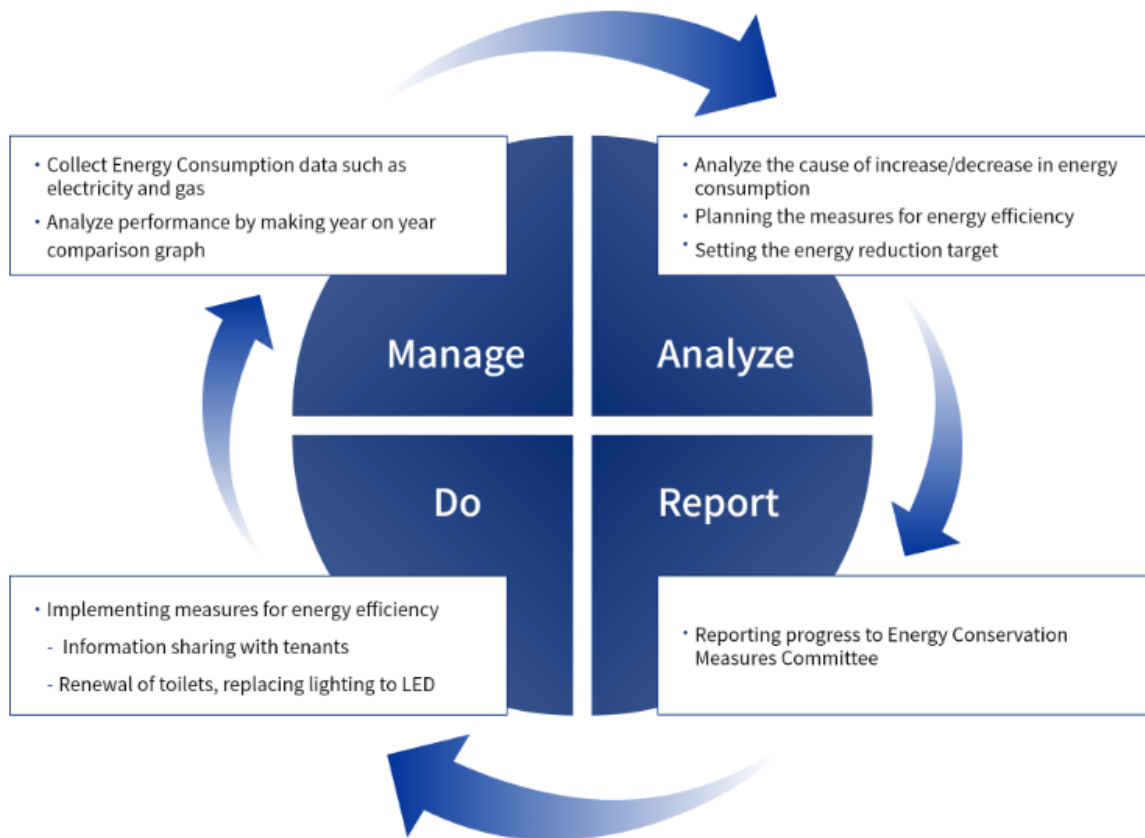
Kenedix Private Investment Corporation

GHG Emission Reduction Targets	2030 Target	2050 Target
(2016 Baseline(Per Unit))	30% reduction	Net-zero

Process to Promote Sustainability / PDCA Cycle

Each REIT has established PDCA process as below to achieve the mid- to long-term goal on reduction in GHG emissions, energy consumption and others, and been monitoring and assessing environmental performance on energy consumption at the Sustainability Committee held on regular basis.

Environment (Contribution to a Sustainable Environment)





Environmental Performance (KDX Realty Investment Corporation)

GHG Emissions

	2022 (Baseline)
GHG emission (t-CO ₂) (Note 1)	100,349
Scope 1	1,592
Scope 2	40,036
Scope 3 (Category 13)	48,720
Intensity (t-CO ₂ /m ²) (Note 2)	0.055

Note 1: GHG emission for each fiscal year is estimated by the Asset Management Company using emission factors (adjusted emission factors) by electric utility in "Greenhouse Gas Emissions Calculation, Reporting, and Publication System" of the Ministry of the Environment.

Scope 1: Direct emission from fuel combustion

Scope 2: Indirect emissions from the use of externally procured electricity and heat

Scope 3: Total emissions minus Scope 1 and Scope 2

Note 2: The intensity is calculated by dividing the GHG emission for each year by the total floor area, considering the occupancy rate of each owned property.

Energy and Water Consumption

	2022
Energy Consumption	472,800
Intensity (MWh/m ²) (Note)	0.240
Water consumption (m ³)	2,502,296
Intensity (m ³ /m ²) (Note)	1.273



Environment (Contribution to a Sustainable Environment)

Note: The intensity is calculated by dividing each consumption by the total floor area, considering the occupancy rate of each property.

Environmental Performance (Kenedix Private Investment Corporation)

GHG Emissions

		2022
GHG emission	Intensity (t-CO ₂ /m ²)	0.00655
	Change from previous year (%)	98.2
	Reduction rate from base year (FY2016) (%)	11.8
	Total amount (t-CO ₂)	13,133

Note 1: The data covers major properties for which data can be obtained.

Note 2: Each data is the actual value calculated by multiplying the percentage of ownership for co-owned and quasi co-owned properties and the percentage of site rights for condominium-owned properties.

Note 3: The intensity is calculated by dividing the GHG emission for each year by the total floor area, considering the occupancy rate of each owned property.

Note 4: GHG emissions for each fiscal year are estimated by the Asset Management company using emission factors (adjusted emission factors) by electric utility company in the Ministry of the Environment's "Greenhouse Gas Emissions Calculation, Reporting and Publication System.

Energy and Water Consumption

		2022
Energy Consumption	Intensity (GJ/m ²)	0.13704
	Intensity(kL/m ²)	0.00354

Environment (Contribution to a Sustainable Environment)

	Change from previous year(%)	100.0
	Energy consumption(GJ)	274,690
	Energy consumption (kL)	7,087
Water Consumption	Intensity(m ³ /m ²)	0.04313
	Change from previous year(%)	109.3
	Water consumption (m ³)	86,453
Waste Weight	Intensity (t/m ²)	0.00034
	Change from previous year (%)	104.1
	Waste weight (t)	686

Note 1: The data covers major properties for which data can be obtained.

Note 2: Each data is the actual value calculated by multiplying the percentage of ownership for co-owned and quasi co-owned properties and the percentage of site rights for condominium-owned properties.

Note 3: The intensity is calculated by dividing each consumption by the total floor area, considering the occupancy rate of each property.

Reduction of Environmental Burden

Each REIT and the Asset Management Company will address the issue of climate change through the reduction of energy consumption and CO₂ emissions of the properties under management. Although the range of efforts differs depending on the use of the properties under management, the management period of the funds, investors, etc., each REIT has taken various approaches.

Installation of LED Lightings

We promote to convert lightings in common area, tenant area, etc. and emergency lights (including emergency guide lights) to LED to actively promote reduction of electricity consumption.

Environment (Contribution to a Sustainable Environment)

Solar Panel Installation

We installed solar panels at our properties and consume generated electricity in-house (or sell externally at the Tenri Distribution Center) to decrease GHG emissions.



Unicus Ina
(Power generation capacity:
334.53kW)



Kawamachi Yahagi Mall
(Power generation capacity:
302.40kW)



Apita Terrace Yokohama
Tsunashima
(Power generation capacity:
25.26kW)



Tenri Distribution Center
(Power generation capacity:
100.00kW)



Monenosato Mall
(Power generation capacity:
525.00kW)



Yumemachi Narashinodai Mall
(Power generation capacity:
234.35kW)



Iias Kasugai
(Power generation capacity:
824.76kW)

Environment (Contribution to a Sustainable Environment)

Property Name	Solar Power Generation
Unicus Ina	307,655 kWh
Kawamachi Yahagi Mall	292,328 kWh
Apita Terrace Yokohama Tsunashima	27,986 kWh
Tenri Distribution Center	144,756 kWh
Monenosato Mall	494,663 kWh
Yumemachi Narashinodai Mall	264,818 kWh

Note: The figures of Power generation results are for the period August 2022 to July 2023.

Promotion of Greening

We plant bushes, flowering plants and other greening at building entrances, open areas of building sites, rooftops and other locations. Rooftop greening at retail facilities creates a relaxing space for people and has the added benefit of preventing the reflection of sunshine, which helps hold down summer heat in large cities.



MONA Shin-Urayasu (Rooftop)



KDX Residence Togoshi (Entrance)



Remote Surveillance of Road Heating

We have installed remote surveillance systems for snow melting equipment at four residential properties in Sapporo. Remote surveillance has significantly reduced the cost of fuel for keeping outdoor areas free of snow.

Installing Secure Lockers for Deliveries

Secure lockers for parcels eliminate the need for delivery companies to return to a property when a resident is not home the first time. This reduces transportation GHG emissions and wasted working time for drivers.

The 8th Yokohama Global Warming Prevention Award

The Yokohama Global Warming Prevention Award is awarded to companies that have achieved outstanding results in terms of significant reductions of GHG emissions in the Yokohama City Global Warming Prevention Plan System. The eighth annual award was given to six out of the 310 applicants who submitted their reports in 2021. G.K. YMM Investment has submitted the report as a representative of the building and was awarded as one of the six awardees.



G.K. YMM Investment is a core fund SPC, for which our group company is entrusted asset management, and invests in a portion of the shares in the Mitsubishijuko Yokohama Building. The Mitsubishijuko Yokohama Building has been jointly managed by KDX Realty Investment Corporation, Kenedix Private Investment Corporation and G.K. YMM Investment since 2018.

Reduction of Water Consumption and Waste Materials

Basic Views

Although there is no imminent water supply crisis in Japan, climate change and population growth threaten the viability of water supplies worldwide. We recognize that ensuring water sources is critical to our business as well considering the steady increase in global water consumption.

Progress concerning the proper treatment of waste materials and the effective use of natural resources in Japan is continuing as people become increasingly aware of the importance of 3R (reduce, reuse and recycle) activities. Japan is focusing more and more on recycling resources as much as possible rather than mass consumption. Due to growing limitations on natural resources worldwide, there is a need for even more qualitative initiatives to go along with quantitative measures for lowering the volume of waste materials.

As an organization that provides asset management services for many types of properties which are used as a place to work or live, the Asset Management Company has significant obligations to use a diverse array of activities for using real estate to cut water consumption and the generation of waste materials.

The reduction of water consumption and waste materials is one of our material issues. We are constantly seeking ways to use our business activities and properties to cut water use and the amount of waste materials produced. We are also lowering our environmental impact and contributing to environmental sustainability by properly managing hazardous substances and eliminating their use wherever possible.

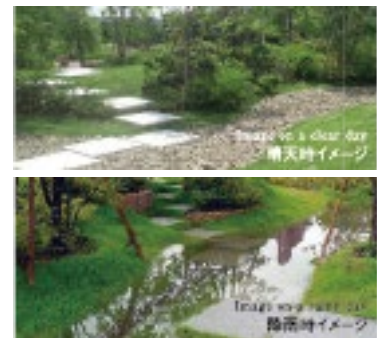
Water Conservation Initiatives

Updating of Water-Efficient Equipment

We are working to reduce water consumption by introducing toilets with water-saving functions and installing rainwater tanks in our properties.

Rain Garden at Yokohama Connect Square

Kenedix, Inc. has promoted a large-scale development project in the 37th district of the Yokohama Minato Mirai Central District in collaboration with partner companies. In this project, rainwater is first stored during rainfall and gradually infiltrated to recharge groundwater. The landscape changes with the weather and seasons.



Initiatives for Reduction of Waste Materials

Waste Material Reduction and Sorting

By cooperating with property management companies used for portfolio properties, we contact tenants of office buildings, retail facilities, residential properties and other properties to urge them to reduce the amount of waste materials and dispose of items properly for each category of waste materials.

Proper Measures for Hazardous Substances, Soil Contamination and other Materials Requiring Special Handling

Before acquiring a property and in conjunction with other transactions, we thoroughly examine properties by receiving an engineering report that covers the building's structure and facilities, including environmental items. We also receive an earthquake probable maximum loss assessment, a soil contamination survey and other information. These activities ensure that the building complies with laws and regulations.

The engineering report includes a confirmation that a building is free of asbestos, PCBs and fluorocarbons. If any hazardous substances are discovered, appropriate actions are taken, such as by establishing counter-measures, managing or disposing of these substances, in accordance with laws and regulations.

If a property we plan to acquire has soil contamination, we make the investment only after the completion of soil contamination counter-measures.

Brownfield Development at Yokohama Connect Square



Kenedix, Inc. has completed a large-scale development project in the 37th district of Yokohama Minato Mirai Central District in collaboration with our partner companies. For this project, we are contributing approximately 1 billion yen to take appropriate measures to deal with soil contamination such as removal of contaminated soil and installation of water shielding walls, etc.

Biodiversity

Basic Views

Protecting biodiversity and using real estate projects to create urban areas are normally conflicting activities that involve trade-offs. Each REIT and the Asset Management Company has a commitment to managing real estate while giving substantial considerations for protecting biodiversity, which is critical to combating climate change. Biodiversity also plays a key role in the creation of pleasant environments for the tenants and residents of our buildings as well as everyone living in the surrounding areas.

Consideration for Biodiversity

JHEP Certification (Note)

KDX Residence Tsudanuma and KDX Residence Tsudanuma II acquired AA certification.

Note: The JHEP certification is a system for quantitatively evaluating and certifying activities that contribute to the conservation and restoration of biodiversity based on the Habitat Evaluation Procedures (HEP).

>[For more detail Concerning JHEP](#)

ABINC Certification

Hibiya Parkfront, which is where our head office is located, has received ABINC certification (urban/SC version) from the Association for Business Innovation in Harmony with Nature and Community (ABINC). This building, which Kenedix, Inc. developed as a joint venture, was received this recognition due to its measures to protect biodiversity.



Birdbath at Yokohama Connect Square

Yokohama Connect Square, which Kenedix, Inc. was engaged in the development and which was completed in January 2023, has birdbaths that serve as watering and bathing areas for wild birds.



Stakeholder Engagement to Improve Property Performance

Basic Views

As each REIT and the Asset Management Company are continuously making effort to realize sustainable environment, we think it is crucial to cooperate with our tenants who constantly use our properties. We are aiming to cooperate by taking initiatives to raise awareness and promoting green lease that allow both owner and tenant to share economic merit to achieve sustainable environment.

Collaboration with environmental initiatives is one of our material issues. We have been making contribution through promoting tenant cooperation and cooperating with each stakeholder such as property management companies who actually manage the building and employees of the Kenedix Group who manage the properties.

Green Lease

Each REIT conducted LED lighting installation works for a part of a tenant property space at the expense of the REIT based on the Agreement. A certain ratio of the highly reduced amount of electricity charges and maintenance costs (costs for exchanging fluorescent bulbs) has been paid from the tenants in return as Green Lease fee.

What is Green Lease ?

It is an agreement specifying that property owners and tenants shall cooperate with each other to reduce environmental burden. The agreement contains provisions to facilitate renovation toward more environmental-friendly properties by reducing property owners' investment burden through sharing the economic merits generated as a result of energy-saving renovation works among property owners and tenants. It also contains an agreement to streamline operations for energy saving, water saving and enhancing indoor conditions.

Introducing Green Lease with Clause for Environmental Cooperation

KDX Realty Investment Corporation and Kenedix Private Investment Corporation have promoted including clause to cooperate to improve environmental performance of the property, comfort and productivity of tenant into its based contract.

Cooperation with Property Management Companies

Each REIT and the Asset Management Company are engaging with property management companies to share their vision, policies of sustainability and when making contract with a new tenant, property management companies explain these ideas to tenants to achieve their cooperation.

Education to Employees on Green Building

The Asset Management Company provides annual sustainability training by external specialists to improve awareness and knowledge on green building for its employees.

Green Finance

KDX Realty Investment Corporation and Kenedix Private Investment Corporation want to contribute to the development of the domestic market using green finance. The green finance enables more committed efforts to improve sustainability and further contribution to development of the domestic market by financing opportunities to the universe of investors who take active stance towards ESG investment.

What is Green Finance ?

Finance through green bonds and green loans by companies, local governments, or other organizations to raise funds for domestic and overseas green projects, which is a project contributing to environmental solution, are called green finance. As main characteristics of green finance, proceeds are allocated exclusively to green projects, and are tracked and managed in a reliable manner, ensuring transparency by reporting after the implementation of the finance.

Other Initiatives related to Environment

Each REIT is engaged in various initiatives related to environment.

For more details, please refer to the following links.

> [KDX Realty Investment Corporation](#)

> [Kenedix Private Investment Corporation](#) (only in Japanese)

Sustainability Policies -Our Commitment to a Diverse Society-

We contribute to the diversity of society while taking into account the social impact of our properties. We are committed to maintaining safety, confidence, good health, comfort and diversity regarding our tenants and the communities where we operate.

Providing Properties with Environmental and Social Considerations

Basic Views

Providing properties with environmental and social considerations is one of our material issues. Through our investments in various types of properties, we are making a contribution to lowering the overall environmental impact of society, providing greater convenience and achieving other forms of progress.

Investments in Various Types of Properties through REITs

Each REIT provides investment management in a diverse range of targeted sectors. The operation of each one reflects the characteristics of its respective market sector, resulting in highly transparent asset management.

REITs are based on the premise that real estate will be owned and operated for a long-term. Therefore, investment and property management activities take into account environmental and social issues. Adopting this stance enables these REITs to help invigorate communities, provide greater convenience, supply pleasant and productive workplaces, and create safe and secure places to live.

Investment in the CCRC Project Property

The concept of CCRC (Continuing Care Retirement Community) originally originated in the United States, but the Japanese version of CCRC was devised to extend healthy life expectancy in Japan as well as to improve the environment as a regional revitalization.

Kenedix Private Investment Corporation owns a commercial facility

located in local city that is promoting CCRC business. The area includes multigeneration apartments,



Social (Our Commitment to a Diverse Society)

nursing homes with nursing care, kindergarten, and bakery café & community spaces in the parks.

An organization that works to enhance the attractiveness of the surrounding area has been formed. Kenedix Private Investment Corporation, in cooperation with the tenants and other members of the organization to foster a community of diverse generations, promotes to increase the attractiveness of the region and create a related population.

Investments in Flexible/Mixed Use Properties

KDX Realty Investment Corporation and Kenedix Private Investment Corporation also invest in large, multi-purpose properties such as “office buildings and residential properties designed to meet the needs of retail tenants on lower floors,” “properties with multi-uses, such as stores and medical clinics, that are directly linked to a railway station.” By utilizing areas of our building sites set aside for public use and providing properties for a broad range of applications, we contribute to tenants and residents of our buildings as well as everyone living in the surrounding area.

Flexible and Agile Response to Existing Buildings

Expertise acquired since the start of real estate securitization in Japan enables us to recognize the potential value of existing buildings, we acquired in the real estate market and produce the greatest possible value by taking flexible and agile actions.

On-site Expansion of Existing Properties



KDX Realty Investment Corporation has expanded a recycle store building at Roseo Mito, two restaurant buildings at Unix Ina, and a restaurant building and a lounge building at Yokohama Kamigo Distribution Center. KDX Realty Investment Corporation strives to enhance the value of properties through urban redevelopment.

Urban Redevelopment Project

Kenedix, Inc. takes part in urban redevelopment projects through its real estate development funds and other schemes.



Social (Our Commitment to a Diverse Society)

Cooperation with Re-Seed

Kenedix, Inc. is participating in a hotel redevelopment project in the Roppongi district of Tokyo and will operate the property after its completion. This is a joint project with Real Estate Sustainability & Energy Efficiency Diffusion Organization (Re-Seed), which promotes the construction of high-quality buildings that can withstand earthquakes and are environmentally responsible. The previous building was replaced by a quality structure with outstanding environmental and other characteristics. This project uses a sophisticated business structure. Kenedix, Inc. received certification under the Real Estate Specified Joint Enterprise Act and are using a special business scheme designated by this act.



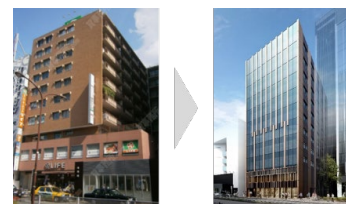
Reuse of Underground Piles

At Kenedix, Inc., redevelopment projects in central Tokyo, the foundation piles of previous buildings have been reused in order to eliminate the cost of removal and replacement as well as the need to dispose of these piles. After a confirmation of their safety and structural integrity, existing piles have been used for the redevelopment of the former Shinsei Bank head office site in Hibiya, hotel redevelopment projects in Roppongi and Ginza, and other projects.



Urban Redevelopment of Aging Condominium through Condominium Site Sale Program and Real Estate Securitization Scheme

The number of aging condominiums and the shortage of manpower for management associations is expected to increase significantly. There are urgent needs to restrain deterioration, optimize the management and maintenance of condominiums in order to prevent harm to the surrounding area, and strengthen efforts to revitalize condominiums that are aging and difficult to maintain and repair.



Kenedix, Inc. has developed an office building after the dismantlement of the 50-year-old condominium with former earthquake-resistant standards in front of Kichijoji Station by utilizing "condominium site sale program" based on the Act on Facilitation of Reconstruction of Condominiums and real estate securitization scheme. This is the first Project in Japan utilizing a real estate securitization scheme to form a fund for the acquisition of the Existing Building. The project was made possible by procuring a non-recourse loan for the project to resolve cost issues and by inviting quality investor.



Social (Our Commitment to a Diverse Society)

Social Finance

KDX Realty Investment Corporation further enhances initiatives for sustainability through the issuance of bonds and borrowing, which are limited use that make a high degree of contribution to society, and also aims to contribute to the development of the domestic social finance market by providing investment opportunities to and collaborating with financial institutions who are proactively conducting ESG investment and financing. In December 2019, KDX Realty Investment Corporation issued the J-REIT's first social bonds with total amount of 2 billion yen.

What is a Social Bond?

Social bond refers to bonds for which the entire amount of the procured funds is allocated only to initial partial or full investment into new or existing eligible social projects or reflecting and is compliant with the four core requirements of the social bond principles (use of procured funds, evaluation and selection process of project, management of procured funds and reporting.)

Improving Resilience

Basic Views

Improving resilience/climate adaption is one of our material issues. We have been making various initiatives to prepared for emergency situations in our properties for the safety and security of tenants' employees, visitors and local communities.

Improving Resilience for Disaster

Emergency kit box in elevator

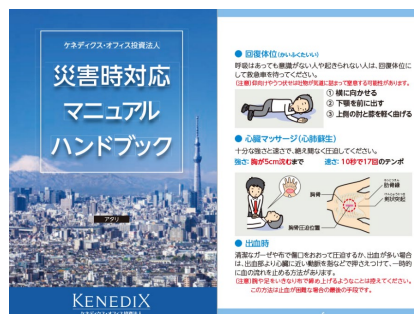
KDXR has been placing boxes of emergency kit in the elevators in case of disaster and machine trouble.



Social (Our Commitment to a Diverse Society)

Distribution of Emergency Action Manual Handbook

KDX Realty Investment Corporation published a pocket-sized, portable emergency action manual handbook and distributed to tenants for emergencies including major earthquakes. The handbook contains various helpful information in an emergency such as response to major earthquakes, emergency relief activities and how to use AED.



Disaster Response Vending Machine

Some properties owned by KDX Realty Investment Corporation have disaster relief vending machines and SDGs promotion vending machines. In the event of a power outage due to disaster, etc., beverages in the vending machines can be provided free of charge as relief beverages.



Verification of Earthquake Resistance

Before acquiring a property and in conjunction with other transactions, each REIT receives an engineering report that covers the building, various equipment, environmental properties and other items. We use this report to confirm the building's resistance to earthquakes. If a building does not meet the standards, we complete the purchase only after the completion of seismic reinforcement work. We also receive a probable maximum loss report prior to acquiring a building. This allows us to determine the maximum risk exposure associated with an earthquake.

Initiatives for an Aging Society with Fewer Children

Basic Views

Japan's population has been declining since 2008 as the country's population becomes older and the number of children falls. As the already large number of older people continues to climb, the shortage of healthcare facilities will become an even more serious problem. On the other hand, we also recognize that the wait-listed children for childcare facilities in urban areas due to women's advancement in society and lack of nursery teachers is also a social issue. Initiatives for an aging society with fewer children are one of our material issues. KDX Investment Corporation invests in residential facilities with healthcare and childcare



Social (Our Commitment to a Diverse Society)

facilities, healthcare facilities and using other activities to meet the needs of Japan's aging population.

Management of Healthcare Facilities

KDX Realty Investment Corporation has invested in healthcare facilities in order to help meet the growing demand for healthcare.

Healthcare investments cover a variety of business sectors. Acquisitions include fee-based homes for the elderly and serviced housing for the elderly as well as investments in senior living intermediate nursing home, which is the first as a J-REIT. KDX Realty Investment Corporation is dedicated to growing along with the operators of properties it owns by providing the best solutions for their business and facility management issues and other needs. KDX Realty Investment Corporation fully understands the philosophy, business operations and other characteristics of these partners. Operators of properties fully understand KDX Realty Investment Corporation's investment philosophy, management policies and other guidelines. This mutual understanding results in business partner relationships that go well beyond the conventional boundaries of ties between a building owner and a tenant.

Commitment to Barrier-Free Access

Office buildings, shopping centers and other real estate at the Kenedix Group have facilities for easy accessibility for everyone regardless of physical limitations.

Other Initiatives related to Contributions to Society

Each REIT is engaged in various initiatives related to Contributions to Society.

For more details, please refer to the following links.

> [KDX Realty Investment Corporation](#)

> [Kenedix Private Investment Corporation](#) (only in Japanese)

Sustainable Policies -Stakeholder Engagement-

We manage our properties as a responsible real estate asset management company by stressing the importance of engagement with our stakeholders such as investors, tenants, business partners, communities and property management companies.

Continuous Improvement of Customer Satisfaction

Basic Views

The continuous improvement of customer satisfaction is one of our material issues. One key customer category is the tenants and residents of the properties we manage. We are also dedicated to increasing the satisfaction of the each REIT's investors. Most important to achieving customer satisfaction are the quality of the properties we acquire and the performance of our funds. We work closely with property management companies and other business partners in order to improve property quality and fund returns.

Tenant Satisfaction Survey

The Asset Management Company conducts satisfaction survey for tenants in office buildings, shopping centers and healthcare facilities (the person in charge of general affairs and employees, and residents) regarding building facilities and operational services. This survey is undertaken by a third party and conducted every two years as a general rule.

Consecutive survey enables us to capture the tenant needs and quickly respond by renewal of facilities or implement refurbishment and receive strong intention to stay in the same building from tenants.

Initiatives for Unitholders

We hold regular meetings with the broad range of institutional investors all over Japan and overseas. Direct engagement with these investors gives them a better understanding of our funds and allow us to hear suggestions, requests and other thoughts of these investors.

In addition, KDX Realty Investment Corporation, holds earnings announcement information meetings for securities analysts in each fiscal period. Moreover, KDX Realty Investment Corporation participates in information meetings for individual investors as needed in order to maintain direct lines of communication with these investors.

KDX Private Investment Corporation holds an advisory committee and provides opportunities for the

Social (Stakeholder Engagement)

unitholders to voice opinions when conducting property acquisitions and sales.

Engagement with Business Partners

To properly share information such as the status of properties and improvements, we meet on a regular basis with the property and building management companies that oversee our real estate holdings. When there is a natural disaster or other emergency, we use our close ties with these companies for quickly determining building damage and performing on-site management. Each REIT periodically evaluates the performance of the property management companies they use and hold discussions about their performance. This creates an appropriate level of pressure on both parties to do their best at all times. With no obligations or restrictions involving affiliations with other companies or groups, the Asset Management Company has the flexibility to make investments and manage every property in the best possible way.

Community Engagement

Basic Views

We have identified “Community engagement” as material topic and taking various unique initiatives to make positive contribution to the local communities.

Collaboration with Local Communities

KDX Realty Investment Corporation entered into agreements with Yoshikawa City, Ina Town, Konosu City and Ashikaga City under which a part of its properties under management, Unicus Yoshikawa, Unicus Ina, Unicus Konosu and Ashiko Town Ashikaga, respectively, can be used as a temporary shelter at times of emergency.



Community Engagement through Managed Properties

Local Events at Our Properties

KDX Realty Investment Corporation is making efforts to enliven local communities by holding community-participating events at its properties.



Roseo Mito
Roseo Festival



Summer Festival
Unicus Ina



Kamisato Farmers Market
Unicus Kamisato

SDGs Event at Our Property

As part of its community contribution activities, KDX Realty Investment Corporation held an event to create a Christmas tree using local tenryu cedar trees at one of its properties, Sun Street Hamakita. This event not only increased the interest towards local forestry industry, but also contributed to raising awareness to SDGs.



Clothing Recycling Event at Our Properties

“BRING,” a clothing recycling project, was held at our retail facilities owned by KDX Realty Investment Corporation.



Event held at MONA Shin-Urayasu

Support for the Activities of Japan for UNHCR

KDX Realty Investment Corporation has been supporting Japan for UNHCR, which is the official contact point in Japan on behalf of UNHCR, a refugee support organization of United Nations, by providing common areas of its properties as locations for fund-raising activities to support refugees, showing their advertising video on the digital signages of our properties both for free. The letter of appreciation was given by Japan for UNHCR to KDX Realty Investment Corporation.



Showing video to help refugees on digital signage

Social (Stakeholder Engagement)

Initiatives for Art Project

Kenedix Private Investment Corporation offers open space of its office building free of charge as a place to exhibit artworks for community-sponsored art events, providing workers and residents in the neighborhood with a place to relax and have fun.



Community Engagement by the Kenedix Group

Education and Academic Support Activities

• J-REIT Study Session for University Students

We have provided J-REIT study session for university students to learn basic knowledge about J-REITs and structures of real estate funds.



• High School Student Work Experience

We provided work experience opportunities for high school students. In addition to the tour of our office, they learned about the structure of real estate, real estate funds, and the current status of women's empowerment.



Culture, Art and Sports Support Activities

• Sponsorship of Hibiya Music Festival

The Hibiya Music Festival is a “borderless music festival that anyone can join for free,” held at Hibiya Park, a central park in Tokyo. Kenedix, Inc. co-sponsors the Hibiya Music Festival, which is held in the Hibiya Park next to our office.



Social (Stakeholder Engagement)

Donations and sponsorship for sports

Kenedix, Inc. sponsors the Japan Rowing Championships and Japan Ice Hockey Championships, and others.



International Exchange Activities

• Support for the Mindanao Children's Library

The Kenedix Group donates supplies to the Mindanao Children's Library in the Philippines on a regular basis. Employees of group companies donate shoes, apparel, stationery supplies and other items that they no longer need. Children who receive these recycled items send a message of thanks to Kenedix every year.



Reconstruction Support Activities

• Matching Donations

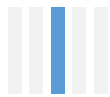
In the event of a disaster such as earthquake, heavy rain or typhoon, etc., the Kenedix Group conducts a matching donation program to support reconstruction activities. With this program, the Kenedix Group adds a certain amount to every donation that employees made to an eligible disaster relief charity.



Managing Conflicts of Interests

Basic Views

The real estate operations of the Kenedix Group encompass a broad spectrum of stakeholders as well as a large number and variety of properties owned by various investment funds. The immense scale of these activities creates the risk of conflicts of interest. Preventing this problem requires managing assets while exercising care to prevent conflicts involving transactions between Kenedix funds and other activities.



Social (Stakeholder Engagement)

Managing conflicts of interests is one of our material issues. The Kenedix Compliance Manual has policies for specific measures aimed at preventing these conflicts and protecting the assets of the Kenedix Group. We have compliance and other training programs for reinforcing the commitment of employees to prevent conflicts of interests.

Other Initiatives related to Stakeholders

Each REIT is engaged in various initiatives related to stakeholders.

For more details, please refer to the following links.

> [KDX Realty Investment Corporation](#)

> [Kenedix Private Investment Corporation](#) (only in Japanese)

Sustainability Policies -Attractive Working Environment-

We aim to maintain an attractive working environment by implementing measures for employees' health and wellbeing and for diversity and equal opportunities. To enable employees to realize their full potential, we will provide a variety of training programs and other educational opportunities.

Recruiting, Employee Retention and Career Advancement

Basic Views

Recruiting, employee retention and career advancement is one of our material issues. We have many programs to develop the skills of our people and are always seeking ways to upgrade training and other educational activities so that all our employees can realize their full potential. Employees receive the opportunities to discuss whether they are satisfied with their jobs and their career plans twice a year, which are used to improve the efficiency of the operation and distribution of personnel at the most desirable place. The REITs are not allowed to hire employees under the provisions of the Act on Investment Trusts and Investment Corporations, and the Asset Management Company's employees substantially manage its assets.

Workforce Diversity and Stability

The Asset Management Company is operated by employees seconded from its parent company, Kenedix, Inc. utilizes the know-how, expertise, philosophy and human networks cultivated by the Kenedix Group. In addition, the Asset Management Company continues to recruit new employees so that it can secure appropriate human capital in a timely manner in accordance with business conditions and environmental changes. (Newly recruited employees are hired by Kenedix, Inc. and seconded to the Asset Management Company.)

Moreover, to forecast hiring needs and proactively develop new pools of talent, Kenedix, Inc. has adopted a referral recruitment strategy (an employee placement system whereby current officers and employees are encouraged to recommend personnel suited to the Kenedix Group, such as acquaintances and friends) in February 2021 in addition to regular new graduate recruitment and mid-career recruitment.

By securing various human resources, Kenedix, Inc. promotes sustainability management as a real estate asset management company. The Kenedix Group have never conducted lay-offs or other employment adjustment since their establishment in 1995.

Number of Personnel Seconded from the Sponsor (Kenedix, Inc.) to the Asset Management Company



Social (Attractive Working Environment)

As of December 31, 2023

111

Total Benefits Package

The Asset Management Company strives to create a comfortable working environment through various benefit programs for all of its employees (including contract and part-time employees)

	Programs	Scope	Contents
Human Resource Development	Training program	All employees	Allows employees to take various training courses required for their job level
	Subsidy for qualification acquisition	All employees	Subsidizes the registration, maintenance, and renewal costs of recommended and supported qualifications in full. In addition, separate incentive payments are provided for the acquisition of certain recommended qualifications
Childcare and Nursing	Maternity leave, childcare leave and child nursing leave	All employees	Leave and absence to care for children
	Subsidy for childcare transportation	All employees	Subsidy for transportation to daycare centers, etc. for employees who care for multiple preschool children
	Nursing care leave	All employees	Leave and absence to care for a family member in need of nursing care
	Non-statutory nursing care leave system	All employees	Leave to care for a family member in need of nursing care for a period exceeding one year in combination with nursing care leave
	Special nursing care leave	All employees	In addition to nursing care leave, a total of 10 days of paid special leave for nursing care is granted for each person requiring nursing care.
	Shorter working hour	All employees	Allows employees to shorten their working hours for the purpose of childcare or nursing care
Support for Diverse Working Style	Flexible working hours	All employees	Allows employees to flexibly choose their start and end times for their workday according to personal convenience
	Remote work	All employees	Allows employees to work from home or in a shared office, etc. for greater flexibility in working style



Social (Attractive Working Environment)

Annual paid leave in excess of statutory requirements	All employees	20 days of paid leave at a flat rate (monthly rate for the first year of employment)
Consecutive leave	All employees	In addition to regular annual paid leave, employees are granted consecutive leave
Refreshment leave	Regular employees	Refreshment leave is granted every 10 years of continuous service, and a commemorative service reward is provided to those who take the leave.
Hourly paid leave	All employees	Allows employees to take annual paid leave, child nursing care leave, and nursing care leave in one-hour increments

Human Resource Development System

At Kenedix, Inc., originally hired employees as new graduates are assigned to one-month entry training and then rotate several times in six years to make them grow up to human resources that have broad insight. Furthermore, to continuously improve the operational skills of employees, the company provides external seminars that are structured for specific job categories, such as managers, mid-level employees and new employees.

Examples of Human Resource Development Programs by Position and Level

	Senior associate, Associate, and Junior	Senior manager, and Manager	Head of team	Head of department, and Vice head of department
Training program by position	New employee training	Manager training		Officer training
	Online training tool			
Business skills, Self-development support	External seminar			
	English language training			
	Self-development program/Encouraging people to obtain professional certifications			
Training program by theme	IT and DX literacy training			
	Compliance training/Fraud prevention training/Harassment training			
	Study abroad program			

Employee Talent Development Training Percentage



Social (Attractive Working Environment)

2020	2021	2022	2023
32.2%	93.4%	82.9%	76.5%

Note 1: In 2020, the figure declined sharply due to the COVID-19 pandemic. The figure rebounded in 2021 by utilizing online training.

Note 2: These figures are based on individuals who work at the Asset Management Company.

Training Cost per Employee

2020	2021	2022	2023
30,944 yen	59,606 yen	65,933 yen	65,393 yen

Note: Calculated for employees directly employed by Kenedix, Inc.

Training Programs

Managerial / Leadership Development Training Program

The Asset Management Company utilizes the Kenedix, Inc. training programs and requires employees in managerial positions to attend external seminars on managerial and leadership development training.

Job-specific Skill Development Training Program

The Kenedix Group provides seminars arranged by a third party for specific job categories, such as managers, mid-level employees and new employees to give them opportunities to acquire the skills required at each level.

Self-development Program

The Kenedix Group provides opportunities to all of its employees to attend seminars and trainings arranged by third parties to acquire specialist knowledge or skills required for their jobs.

English Language Training

The Kenedix Group provides English language training by teachers from educational institutions to employees who apply for these classes. Students participate in discussions every week. An online-speaking program is also available so employees can utilize this opportunity with more flexibility.

Training Program Provided by Professor

For those who applied, the Asset Management Company provides the opportunities to participate in the

training program provided by Professor Chihiro Shimizu who is specialized in big data analysis and real estate economics at Nihon University (at the time). Also, the company invites the professor for regular teach-ins for employees on real estate.

Study Abroad Program

The Kenedix Group provides opportunities to obtain a broad range of knowledge, personal connections and international viewpoints by sending employees to study in oversea graduate schools where they acquire skills to become the next generation of management.

Encouragement to Obtain Professional Certifications

To keep the status of leading company with professionals that provide high quality services, it is encouraged for its employees to obtain various certifications to develop capability and career and improve organizational power. All the executives and employees, including contract employees, are eligible to receive full subsidies for registration, maintenance, and renewal costs of recommended or supported certifications, with the aim of promoting skill development and career formation of employees who are the future leaders of the company and improving the vitality of the organization. In addition, additional incentives are provided for the acquisition of certain recommended certifications to promote the acquisition thereof by executives and employees.

Qualified Individuals

(As of December 31, 2023)

Real estate notaries	73	Certified real estate consulting masters	11
ARES certified masters	33	Chartered members of SAAJ	6
Licensed senior architects	5	Certified public accountants	1
Real estate appraisers	3	Certified public accountants(USCPA)	3
Certified building administrators	11	Tax accountants	0

Persons Eligible for Subsidy

All executives and employees, including contract employees.

Detail of Subsidy

All registration, maintenance and renewal costs for recommended and supported qualifications.

Separate incentive payments for acquisition of certain recommended qualifications.



Social (Attractive Working Environment)

Internal Job Application Program

The Kenedix Group has internal job application program to provide its employees with the opportunity to demonstrate the best of their ability and to exploit human resource within the company. Employees are allowed to apply for the jobs they wish and design their own career.

Evaluation System to Encourage Employees' Career Development

Employees performance is evaluated through objectives management evaluations. Managers interview individuals to discuss their performance and career opportunities at the beginning, half year and end of the fiscal year. At the fiscal year end, all employees undergo an evaluation of achievement of contribution responsibility. The supervisor evaluates the performance of each employee in terms of their contribution responsibilities and the degree to which they have achieved them, and the results are fed back to the employee after reflecting the assessment results of the Personnel Evaluation Committee.

Engagement Survey

We conduct regular engagement surveys every year as a measure to make the Kenedix Group a rewarding place to work and a company of choice for our employees. By measuring employee satisfaction, we are working to strengthen engagement by continuously examining improvement measures to realize an attractive workplace. Based on the results of the survey, we take organizational issues seriously, analyze them, and respond to them.

	2022	2023
Engagement rating	BBB	A
Engagement score	55.4	59.3

Health and Wellbeing of Employees

Basic Views

The health and wellbeing of employees is one of our material issues. We have been promoting initiatives to maintain work / life balance, provide working environment that is pleasant and advantageous in soft and hard to maximize employee's ability. In addition, the company has prepared the non-salary benefits for all of its employees to reflect a variety of personal needs.

Work Style Reform

We have been improving its working environment by encouraging employees to take paid holiday, reducing overtime work and introducing various internal rules to allow flexible work style.

Paid Vacation in Excess of Statutory Requirements

20 days of paid vacation are granted to all employees after their second year of employment (the first year of employment, the number of days is granted according to the length of employment)

Promoting the Use of Paid Vacation Days

On top of annual paid leave, we have a program that allows employees to take consecutive days off. Department managers encourage the people they supervise to go on an extended vacation and to use all of their annual leave.

In addition, in the year following the attainment of 10, 20 or 30 years of continuous service as a regular employee, refreshment leave is granted, which is added to the number of consecutive days off, and a rewards for commemoration of service is provided to those who take refreshment leave.

Hourly Paid Leave

We have an hourly paid leave system that allows employees to choose a flexible working style. Annual paid leave, sick/injured childcare leave and elderly parent care extended leave can all be taken in one-hour increments.

Flexible Working Hours

All employees can choose different start and end times for their workday except a core-time from 10 a.m. to 3 p.m. to enhance their working arrangements.

Remote Work

All employees can work from home or in a shared office for their greater flexibility in working style.

Initiatives to Reduce Overtime Work

Managers in each department are monitoring working hours in their team and adjusting workloads of employees to minimize overtime. If an employee has worked more than certain hours, a check-up by doctor shall be arranged upon employee's request, reported to the Health Committee.

Health and Wellbeing

We have been endorsing health management to support health of employees and preparing comfortable working environment through establishing rules as follows.



Social (Attractive Working Environment)

Health Committee

Kenedix, Inc. has established health committee and organized monthly meeting to discuss and take measures to promote health and prevent disorder for its employees. Also the committee sends email every month to all employees on relevant topics to enlighten them on health and wellbeing.

Annual Physical Check-up

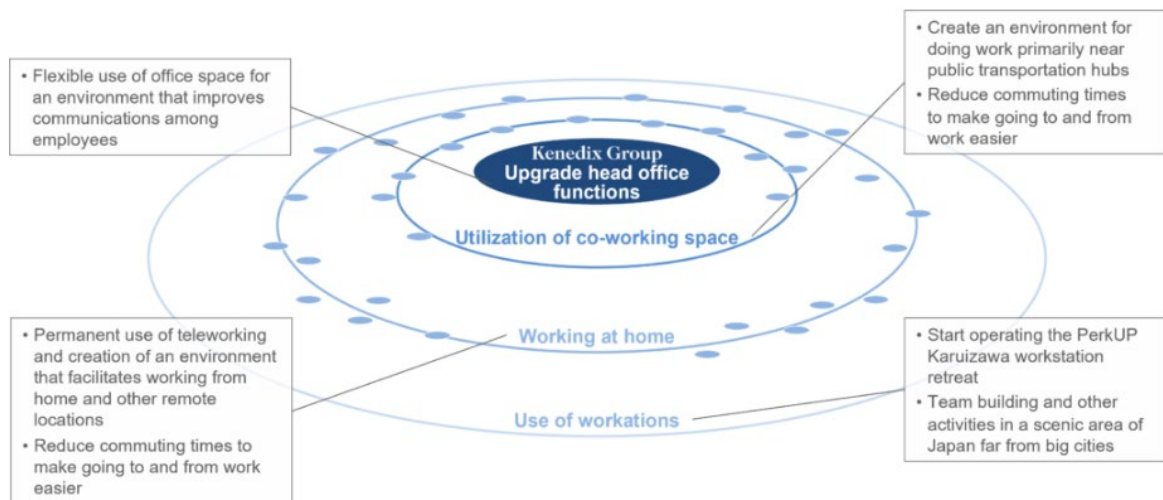
All employees including contract employees are to receive annual physical health checkup by doctor at the company's expense.

Mental Health Care

All employees have access to counseling service provided by the company where employees are allowed to report any personal issues or issues regarding the company to external counselors, in order to raise their mental literacy. Newsletter with relevant topics on mental health is sent every month to notify of this service. In addition, the company provides annual stress check to all employees including contract employees to prevent illness of which result are provided to each employee and, if necessary, checkup by doctor is arranged.

Diverse Working Styles

We make the working environment more flexible and provide a variety of working styles and options to suit each individual.



Positive Working Environment for Workers

The Asset Management Company is located at “Hibiya Parkfront”, the building Kenedix, Inc. participated in its development. The transportation of the building is excellent since it is directly connected to 2 metro stations, Kasumigaseki and Uchisaiwaicho, through the neighboring building. Taking advantage of its rare location near Hibiya Park, abundant trees are planted inside and outside the building under the concept of an “office in the park”. In addition, by providing services and facilities to support office workers, the building



Social (Attractive Working Environment)

has become an ideal office where “people can feel nature and work comfortably”.

Harmonization with the Nature of Hibiya Park

In order to harmonize with Hibiya Park, the landscape was developed for greening with over 100 plants and trees. Trees and plants are also placed inside the building to achieve park-like comfortable space in the building.



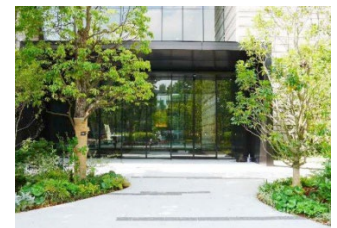
1F Entrance hall



21F Sky garden

Hibiya Centrum Unified with Landscape in Hibiya Park

To protect biodiversity, over 100 kinds of trees and plants were selected after thorough examination of landscape in Hibiya Park. The area has become the oasis for tenants and workers from the nearby office.



Hibiya Centrum

Introduction of an Activity-Based Workplace (ABW)

We have redesigned our head office to realize a new way of working by adopting an Activity-Based Workplace (ABW), in which employees can choose where they work according to the nature of their work, without fixed seating. The “activity-based type,” which has been attracting attention in Japan following Europe, the U.S., and Asia, is a development of the free-address type, with the same features of a designated workplace shared by all employees without fixed seating, but with a variety of seating and space arrangements, allowing employees to choose an environment that suits their working style and work content. Since the Kenedix Group handles highly confidential information such as client asset management and personal information, it clearly separates the space for each group company and the space shared by the entire company, and adopts ABW for the company-wide shared space, while introducing a flextime system to support diverse employee work styles.

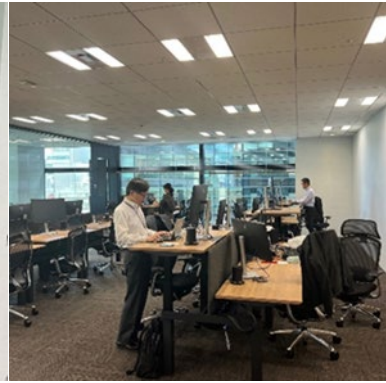
Social (Attractive Working Environment)



Open table seats
Open-air seating for casual chit-chat and lunch time.



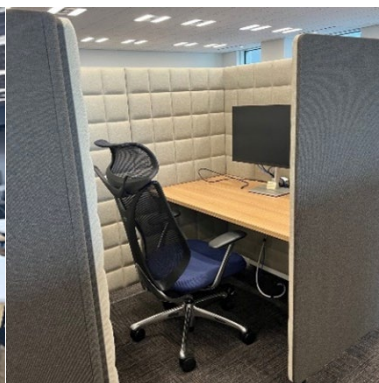
BOX seats
Box seating for four persons enables casual meeting.



Standing desk
It can improve excessive sitting and change posture to amplify health and improve concentration.



Café counter
Freshly ground coffee is served, and employees can stand around and talk in a café-like atmosphere.



Booth
Users can use the facility for telephone calls or web conference on alone, without worrying about surrounding eyes and sounds.



High concentration area
Employees can work alone in a quiet and calm environment to improve their work efficiency.

Use of Workcations

The Kenedix Group uses “PerkUP Karuizawa” as a base for team building and other activities in a scenic area of Japan far from big cities.



Investment Unit Ownership Program (ESOP)

We have introduced investment unit ownership program (ESOP) for KDX Realty Investment Corporation for the employees and senior executive officers. The purpose of the introduction of the program is to promote welfare benefits by providing opportunities to acquire the Kenedix Group REIT's investment units and facilitating their wealth building as well as to enhance unitholder value over the medium-to long-term by promoting further alignment of interests with the Kenedix Group REIT's unitholders. In addition, the program allows for the purchase of investment units through payroll deductions and provides a 10% incentive on the purchase amount.

Other Initiatives

Employees Meeting

Employees meetings, both online and off-site, are held to promote interaction among group employees. All employees of the Kenedix Group participate in the meetings and share various topics such as messages from the president, introductions of each department, and awards for projects implemented during the fiscal year in order to promote friendship.

Proposal Project

We have implemented a project to solicit a variety of proposals that will contribute to the achievement of the Mid-term Management Plan, positive working and contribution to society from all employees of the Kenedix Group. Winners are selected through employee voting, and those proposals deemed desirable to be promoted as a project are promoted toward realization with resources, etc., provided by the company.

“Kolet,” the newly built single-family properties for rent, was commercialized through this proposal project. In addition, various initiatives are underway to contribute to positive working and contribution to society, such as group exchange party, measures to improve the rate of paid leave used, the introduction of office music and the provision of study sessions to university students.

Support for Group Activities Outside of Work

Kenedix Group subsidizes for group activities such as futsal or golf, which help employees make personal connections beyond his/her job scope.

Certification of Health & Productivity Management Outstanding Organizations

Through the implementation of various initiatives related to health management, etc., Kenedix, Inc. and the Asset Management Company have been certified as a “health & productivity management outstanding organization 2024 (large enterprise category)” by Nippon Kenko Kaigi, which recognizes organizations that practice excellent health & productivity management.



Social (Attractive Working Environment)

The certified health & productivity management outstanding organizations recognition program is a program that recognizes large corporations, small and medium-sized companies, and other corporations that practice particularly excellent health management as "organizations that think about employee health management from a managerial perspective and engage in it strategically," based on initiatives that meet local health issues and health promotion initiatives promoted by Nippon Kenko Kaigi.



Diversity and Equal Opportunities

Basic Views

The Asset Management Company has established diversity and equal opportunities as one of its material issues. We promote various initiatives related to diversity, equity & inclusion. Also, we welcome diversity regarding race, religion, creed, gender, age, sexual orientation, disabilities and nationality and respect the rights of individuals. We are dedicated to operating workplaces where all people at the Kenedix Group can realize their full potential.

Respect for Human Rights, Prevention of All Forms of Discrimination and

Harassment

We recognize the ILO (International Labor Organization) declaration on fundamental principles and rights at work, including the elimination of discrimination, prohibition of forced labor, prohibition of child labor, freedom of association, and the right to collective bargaining, as important social issues, and we are also working to prevent overwork and pay wages that exceed the minimum wage. In addition, we are thoroughly prohibiting harassment, and we provide training for all officers and employees on how to deal with harassment.

Promotion of Women Employees' Activities

We believe that it is important to revitalize the workplace through the participation of a diverse range of employees. In addition, from the perspective of effectively utilizing human resources to cope with the future decline in the working-age population, we are particularly promoting the activities of women. In order for women to realize their full potential, we have established a workplace environment that is easy for women



Social (Attractive Working Environment)

to work in, as well as systems to support childbirth and childcare, and we aim to become a company where women and their families can play an even more active role.

Women's Activity Promotion Project

As a result of an internal proposal project, we have established a project team for the promotion of women's activities across the Kenedix Group. This project conducted a company-wide questionnaire on women's activities to summarize the issues and future measures to be taken by the Kenedix Group, and conducted training for all employees, executives, managers, and female employees on diversity to foster understanding of diversity in the company. In addition, based on these trainings and other activities, the Kenedix Group executives formulated the "Kenedix Declaration of Conduct for the Promotion of Female Advancement and Improvement of the Workplace Environment.

In January 2024, this project team was re-launched as the diversity promotion project team, and is now engaged in various activities with a greater emphasis on diversity.

Kenedix Declaration of Conduct for the Promotion of Women Advancement and Improvement of the Workplace Environment

Each and every one of our employees is the source of Kenedix's corporate value. We respect the abilities of all employees and aim to create a workplace environment where they can work with peace of mind.

- 1) We will create a workplace where all employees, regardless of gender, occupation, or age, can improve their skills and fully demonstrate their individual abilities.
- 2) We will create a workplace where employees can respect each other and freely and openly exchange opinions regardless of hierarchy, departments, age, or gender.
- 3) We will provide opportunities for motivated women employees to gain a wide range of work experience.

General Business Owner Action Plan based on the Law for the Promotion of Women's Activity

In order to create an employment environment in which all employees, regardless of gender, can improve their skills and fully demonstrate their individual abilities, we have established the following action plan.

Targets

- 1) Increase the percentage of female employees in management positions to at least 15% by the end of 2025, with a view to achieving 20% by the end of 2030.
- 2) Continue to have 100% of female employees take childcare leave, and increase the number of male employees taking childcare leave.



Social (Attractive Working Environment)

Initiatives

- 1) Training and career support for female employees
 - Promotion of measures through the Women's Activity Promotion Project
- 2) Creation of a workplace environment for flexible and efficient work and leave styles
 - Introduce a permanent telework system
 - Promote flexible and efficient work styles by use of PerkUP Karuizawa, shared offices, etc.
 - Promote the use of various types of leave, including annual paid leave
- 3) Establishment and dissemination of an environment that facilitates the use of childcare leave
 - Promote internal awareness of childcare-related programs
 - Gathering information on case studies of other companies, etc.

Employment System for Seniors

From the perspective of revitalizing the workplace through the participation of diverse employees and effectively utilizing human resources in response to the future decline in the working-age population, we have established a system for rehiring employees who have reached retirement age of 60 until the age of 65, we expect that the knowledge and expertise of our senior employees, who have been at the forefront of the real estate asset management industry since its dawn, will be passed on to the organization.

Support for Employees through their Life Event

We have prepared various programs to support employees to work through their life event such as having children or nursing elderly.

Childbirth and Childcare

We have a number of programs for women during a pregnancy, such as time off for medical check-ups, working hours that avoid times when trains are most crowded, and days off for good health. At childbirth and afterward, we provide time off for women and their husbands. Employees can receive time off for the care of a baby or when a preschool age child is sick or requires other care. We also offer flexible working time so employees can care for family members. For example, employees can limit overtime and late-night assignments, reduce working hours, or use staggered hours. There is also a subsidy for expenses for child-related transportation needs before and after work and a discounted babysitter service.



Social (Attractive Working Environment)

Nursing Elderly

Employees taking care of an elderly parent or other relative can use extra days off or extended leave. We also limit overtime and late-night assignments, reduce working hours, or use staggered hours so that an individual can fulfill family responsibilities. Support for nursing care goes beyond requirements by providing more than the legally mandated time off and special days off to care for an elderly parent or other relative.

Other Initiatives related to Attractive Working Environment

Each REIT is engaged in various initiatives related to s Attractive Working Environment.

For more details, please refer to the following links.

> [KDX Realty Investment Corporation](#)

> [Kenedix Private Investment Corporation](#) (only in Japanese)

Sustainability Policies -Responsible Organization-

We ensure compliance and sound risk management in our entire business activities. We are committed to responsible property investment by a responsible organization by aligning with global ESG initiatives and proactively disclosing ESG information.

Governance

Governance of the REIT

In addition to the General Meeting of Unitholders, which is composed of unitholders, the organization of each REIT consists of the Board of Directors, which is composed of an Executive Officer and Supervisory Directors, and an Independent Auditor. The number of supervisory directors must be the number of executive directors plus one or more.

The Board of Directors of each REIT is required to meet at least once every three months. In actual operations, Board of Directors meetings are held about once a month in principle. At Board of Directors meetings, the Executive Director reports on the operational status of the Asset Manager and the General Administrator. The directors and employees of the Asset Management Company and the General Administrator also provide detailed reports on the status of business execution as needed. The Independent Auditor is EY Ernst & Young ShinNihon LLC.

The Executive Director is responsible for the execution of each REIT's businesses and is authorized to take any judicial or out-of-court actions with respect to each REIT's operations. The Supervisory Directors have the authority to supervise the execution of duties by the Executive Director.

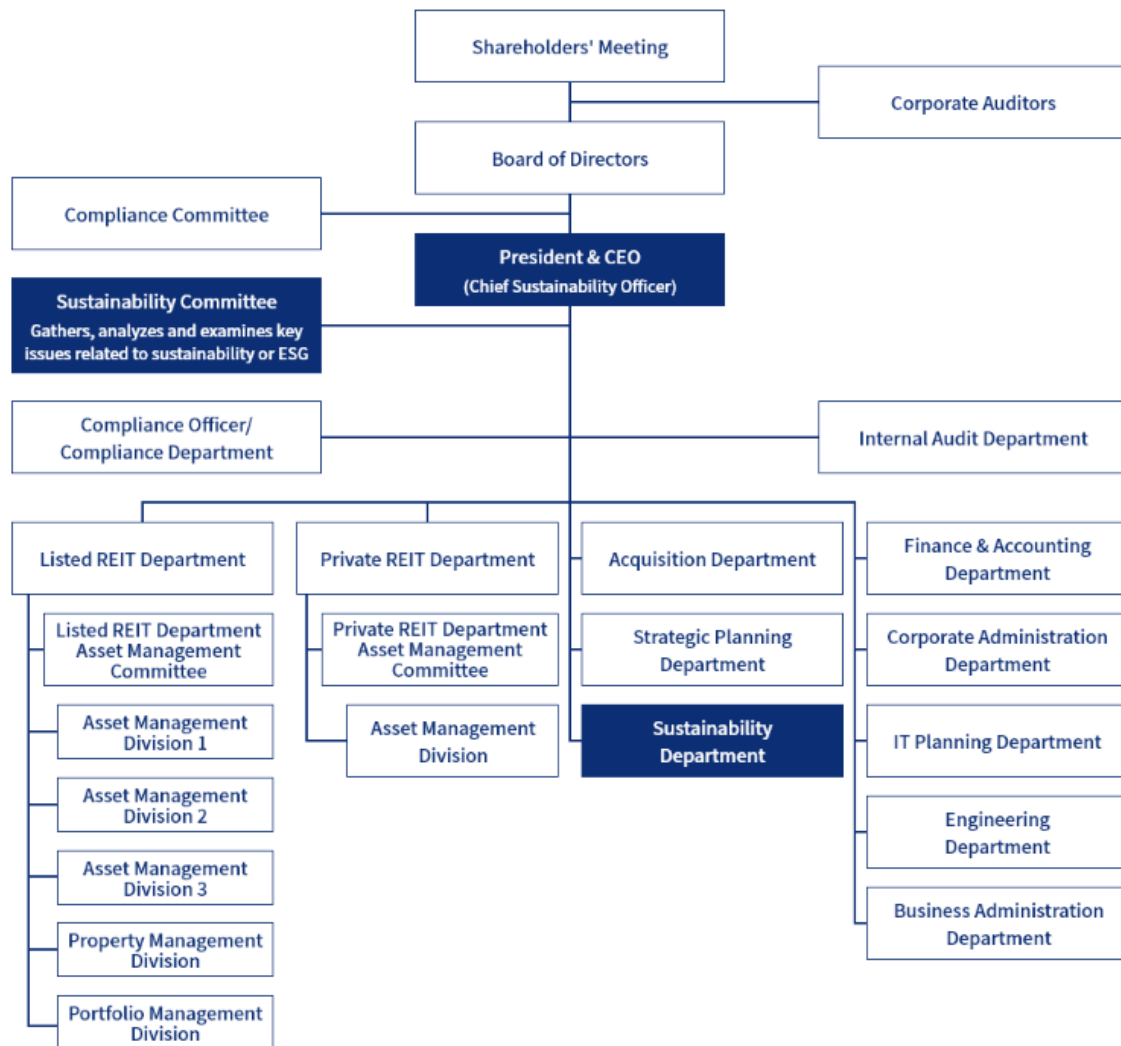
Operational Structure

Each REIT has entrusted the management of its assets to the Asset Management Company, in accordance with the provisions of the Investment Trust Act. The Asset Management Company manages each REIT's assets under an asset management contract with each REIT.

The organizational chart of the Asset Management Company is as follows.



Governance (Responsible Organization)



Compliance

Basic Views

Strict compliance with laws, regulations and other guidelines is positioned as a vital element of the management of each REIT and the Asset Management Company based on the awareness that compliance problems are a significant risk regarding business operations.

We have a responsibility to use business operations to create the types of value that meet social requirements. We have extensive and constant compliance programs in order to achieve qualitative and quantitative improvements of the value of our business operations.



Governance (Responsible Organization)

By implementing a rigorous compliance program, we are determined to contribute to economic and social advancement and, as a result, earn the admiration of investors and the trust of the public.

Compliance is one of our material issues and the entire group has a strong commitment to compliance.

Board of Directors (KFM)

Committee Members	The Committee is chaired by the President and consists of all directors.
Frequency of Meetings	At least once every three months. However, meetings may be held as needed.
Tenure	Until the close of the general meeting of unitholders relating to the last fiscal year ending within two years after the election
Resolution Method	Resolutions of the Board of Directors shall be adopted by a majority of the votes of the directors present at a meeting where a majority of the directors who are entitled to participate in the voting are present. Directors with special interests may not participate in the voting.
Matters to be Resolved	<ul style="list-style-type: none"> • Matters concerning KFM's General Meeting of Shareholders • Matters related to shares and bonds, etc. • Matters related to the Board of Directors, officers, and important employees • Matters related to the organization, rules, etc. • Matters concerning KFM's business • Disposition and transfer of important assets • Matters related to significant borrowings • Approval of internal audit (inspection) plans and improvement plans, etc.
Compliance System	<ul style="list-style-type: none"> • The Board of Directors determines the basic policy for compliance activities as well as other basic items concerning compliance. The Board of Directors can ask the Compliance Officer and Compliance Committee to submit reports as needed concerning the status of compliance



Governance (Responsible Organization)

	<p>activities.</p> <ul style="list-style-type: none">• The Compliance Officer submits proposals for the establishment of a compliance manual and a compliance program, as well as revisions. These proposals are first examined and approved by the Compliance Committee. The proposals then go to the Board of Directors for final approval.• As a rule, a compliance program is established for every fiscal year and the Compliance Officer regularly submits progress reports to the compliance committee and the Board of Directors. In addition, the Compliance Officer submits internal audit reports and clerical accident reports in a timely manner or periodically.• The Board of Directors makes decisions on appointments of the following important positions regarding the management of REIT assets by KFM. Individuals who are selected must have outstanding character and knowledge along with the skills needed to perform the assigned duties.<ol style="list-style-type: none">1) Outside member of the Compliance Committee2) Outside members of the asset management committees of each department3) Compliance OfficerIn addition, the outside members of the asset management committees of each department must be certified real estate appraisers and the outside member of the Compliance Committee must be either an attorney or a certified public accountant.
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Compliance Officer

The Compliance Officer works on the establishment of compliance system in the Asset Management Company and the creation of a corporate culture that abides by laws and regulations, as well as rules.

The Compliance Officer ensures that the necessary relevant documents are prepared in conjunction with the presentation of such an agenda as the establishment/change of management guidelines and asset management plans for the respective departments and the acquisition of individual assets, and conducts preliminary examinations regarding whether there are any serious problems in terms of compliance, such as the violation of laws and regulations.

The Compliance Officer also administers matters regarding compliance in the Asset Management Company as a chairperson of the Compliance Committee. Specifically, the Compliance Officer is assigned with duties



Governance (Responsible Organization)

such as drafting and improvement of compliance manuals and compliance programs, as well as periodical instructions and trainings to executives and employees and the inspection of compliance with laws and regulations, based on compliance programs.

Compliance Committee

Chair	Compliance Officer
Committee Members	The President and Representative Director, the Compliance Officer, the director(s) (if any) in charge of the proposals to be discussed by the Committee who currently holds such position, and the external committee members
Functions	Deliberations and resolutions on matters related to overall compliance
Roles	<ul style="list-style-type: none"> · The Compliance Committee examines all other important matters involving compliance and reaches decisions, which are reported to the Board of Directors. · The compliance manual and compliance program proposals submitted by the Compliance Officer are examined and approved by the Compliance Committee. The proposals then go to the Board of Directors for final approval. As a rule, a compliance program is established for every fiscal year and the Compliance Officer promptly submits progress reports to the Board of Directors.

Decision-making process

The Asset Management Company manages the assets of each REIT under a discretionary asset management contract with each REIT. In this role, the Asset Management Company establishes asset management guidelines, investment policies, related party transaction rules, distribution policies, disclosure policies and other basic policies regarding the asset management of each REIT.

For the asset management of each REIT, the Asset Management Company prepares an asset management plan and other documents (in addition to the asset management plan, medium-term and annual business plans) in accordance with the asset management guidelines. Based on the investment policy stipulated in the asset management guidelines and the related party transaction rules, properties to be acquired or sold are selected and the transactions are subsequently executed.

Transactions with related parties as prescribed in the Investment Trust Act and related parties as prescribed in the Related Party Transaction Rules require the approval of the REIT's Board of Directors and based on

this resolution, the agreement of the REIT's Executive Director. However, this requirement does not apply for certain types of transactions.

Responding to Anti-Social Forces

The Asset Management Company has prepared a Manual for Responding to Anti-social Forces and the Prevention of Transfers of Criminal Proceeds. To reject relationships of any kind with anti-social forces, the Asset Management Company has a resolute stance for refusing to deal with criminal and other anti-social forces.

The Asset Management Company confirms that buyers and sellers of properties, tenants, business partners, and other transaction counterparties are not anti-social forces. In addition, the Asset Management Company requires all contracts to include provisions for refusing to deal with anti-social forces and performing confirmations in accordance with the Act on Prevention of Transfer of Criminal Proceeds when conducting transactions. Consequently, the Asset Management Company is taking concrete actions for the purpose of preventing relationships with anti-social forces.

Measures against Money Laundering and Terrorist Financing

The Asset Management Company has prepared a Manual for Responding to Anti-social Forces and the Prevention of Transfers of Criminal Proceeds and properly performs confirmations in accordance with the Act on Prevention of Transfer of Criminal Proceeds when conducting transactions. These activities are used to confirm the identities of transaction counterparties as well as their attributes, business activities and purpose of the transaction. Risk identification, evaluation and reduction measures are implemented from the perspective of the risk-based approach specified in the Guidelines Concerning Money Laundering and Financing of Terrorism of the Financial Services Agency.

Anti-bribery and Anti-Corruption Policy

Strict compliance with laws, regulations and other guidelines is positioned as a vital element of the management of Kenedix based on the awareness that compliance problems are significant risks regarding business operations. The Asset Management Company strives to prevent corruption by establishing specific policies on "Prohibition of bribery", "Prohibition of embezzlement, fraud, theft, and other criminal acts" and "Prohibition of insider trading" in our "Employment Regulations" and "Compliance Manual". Any violation of these policies will be subject to disciplinary action in accordance with the "Employment Regulations".

Furthermore, compliance awareness is raised by regular training on a wide range of legal and compliance issues through compliance training for new employees and for all officers and employees (including temporary employees).

In fiscal year 2023, there were no cases of "Incidents related to fraud or corruption", "Dismissals or

termination related to fraud or corruption”, “Costs of fines, penalties, or settlements related to fraud or corruption” in the Kenedix Group. Moreover, there were no record of political contributions.

Entertainment/Hospitality and Prohibition of Bribery

The Asset Management Company has set rules such as “Prohibition of entertaining clients and giving gifts to public service officials”, “Prohibition of requesting entertaining clients and giving gifts from business partners beyond a reasonable range”, and “Prior approval when providing entertaining clients or giving gifts”. We are committed to prevent the corruption in accordance with the National Public Service Ethics Law, the National Public Service Ethics Code and regulations.

We regularly verify that each entertainment and hospitality is properly conducted by internal rules, and the records of such activities are kept and monitored. The operation of these anti-corruption & bribery rules is subject to internal audit.

Due Diligence on New Business Partners and Brokers

The Asset Management Company conducts due diligence by checking the anti-social forces and information management systems for the “transactions with new business partners and brokers, others”. In addition, the Compliance Manual stipulates the rule of “prohibition of bribery, others at the time of selecting business partners, others.”

Response to Violation Occurrence

Employees are required to report to the department head and the Compliance Officer when one discovers a compliance problem such as bribery, or receives a suggestion from others of existence of a compliance problem, or is concerned regarding possible compliance violation. If the Compliance Officer deems it necessary in compliance with various laws, regulations and rules, the Compliance Officer reports to the President & CEO, the Compliance Committee, the Board of Directors, and appropriate action will be taken. The employees (including directors, regular employees, contract employees, temporary employees, part-time employees, dispatched employees and workers stationed within our company on subcontracting, those who have made a report within one year from leaving the company) may also utilize the whistleblowing system, which allows anonymous reporting.

Whistle-Blowing System

The Asset Management Company has a whistleblowing system for the prevention and rapid discovery of incidents caused by violations of laws and regulations and other improper conduct, the improvement of self-cleansing processes, the control of reputational risk exposure, and the retention of public trust. Our whistleblowing policy applies to all the employees including directors, full-time employee, elderly employee, contract employee, part-time employee, assigned / temporary employee from the other company, and former

employee left within 1 year of the termination date.

Reporting, Investigation and Disciplinary Processes

If violation of law (including internal company policies) occurs or could occur and if the matter has not been satisfactorily resolved by ordinary procedures, the company accepts reports, declarations, and consultations from internal and external contacts. Anonymous reporting is also accepted.

The person in charge of handling whistleblowing shall conduct fair and impartial investigation. The respondent will be provided with the opportunity to present a defense and the fair hearing is held with relevant persons in compliance with the obligation of confidentiality.

The person in charge of handling whistleblowing reports all results from investigations to the director in charge of compliance and the president, as well as to the board of directors and the council of corporate auditors, including the results of notifications to the whistleblower. The head of the department to which the accused belongs take appropriate action such as immediate order to stop action in violation of law.

Based on the report, disciplinary action and all the other appropriate measures to correct such as criminal prosecution, claims for damages or measures to prevent recurrence shall be taken.

Prohibition of Unfair Treatment

Whistleblowers and those who cooperate with them, as well as those who cooperate with investigations based on the reports, are subject to protection under the whistleblowing system and the Whistleblower Protection Act, and any unfair treatment against the whistleblower are prohibited.

Internal Audit

In order to enhance internal control functions, the Asset Management Company conducts internal audits annually, covering the operations of all departments and utilizing outside experts.

The Head of the Internal Audit Department of the Asset Management Company prepares an internal audit plan, which complies with the Internal Audit Rules, as a person in charge of internal audits. After the plan is approved by the Board of Directors, audits are performed in accordance with the plan. Internal audit reports accurately reflecting issues found and raised during audits are prepared. The person in charge of internal audits shares such an internal audit report with the President & CEO and the Board of Directors without delay. Departments that were audited establish a plan for making improvements without delay, factoring in the significance of issues raised, and take the necessary actions. The person in charge of internal audits appropriately oversees progress with improvements at departments that were audited, confirms that improvements have been completed and reflects these activities in the subsequent internal audit plan. To confirm the suitability of the business processes of the Asset Management Company or for some other reason as needed, the Board of Directors or the person in charge of internal audits can, at their discretion, ask for an external audit by outside experts.

Compliance Training

To ensure that everyone is aware of the importance of compliance, the Asset Management Company provides compliance training for new employees when they first join the company as well as for all executives and employees, including temporary employees.

Compliance Training Held in 2023

Training Content	Date of training	Attendance rate
Prevention of Insider Trading	Jan. 2023	96.4%
Prevention of Harassment	Feb. 2023	98.6%
Notes on Handling of Personal Information(1)	Mar. 2023	99.3%
Notes on Handling of Personal Information(2)	May 2023	100.0%
Financial Regulation and Customer-Oriented Business Management	Jun. 2023	96.6%
Management of Conflicts of Interests	Sep. 2023	93.0%
Statutory Books	Oct. 2023	89.4%
Prevention of Harassment	Nov. 2023	99.3%
Cases of Administrative Penalties, others	Nov. 2023	92.9%

Policy for Customer-Oriented Business Conduct

The Asset Management Company is firmly committed to the asset management of each REIT with the objective of maximizing value for investors. As part of these activities, the Asset Management Company has adopted the Principles for Customer-Oriented Business Conduct announced on March 30, 2017 by the Financial Services Agency and has established policies for activities that comply with these principles. For details, please visit the following website:

For more details, please refer to the following link.

[Principles for Customer-Oriented Business Conduct | Kenedix Real Estate Fund Management Inc. \(kenedix-fm.com\)](https://www.kenedix-fm.com)

Managing Conflicts of Interests

Managing conflicts of interest is one of our material issues. The Compliance Manual and other internal rules, etc. has specific policies for the prevention of these conflicts and protection of the company's assets. Compliance and other training programs give employees a thorough understanding of conflicts of interest and how to prevent them. In addition, we have Related Party Transaction Rules that include processes for making decisions, basic views concerning these transactions and other guidelines. The objective is to prevent transactions with related parties (executives, major shareholders and others) and between these related parties from being detrimental to shareholder value.

Proper Information Management Among the Kenedix Group

The Kenedix Group provides asset management services for REITs and multiple of funds on behalf of investors. Kenedix, Inc. has signed a memorandum with the Asset Management Company and the REITs managed by the Asset Management Company and with Kenedix Investment Partners, Inc. concerning the provision of real estate and other information by Kenedix, Inc. The proper provision of information by Kenedix, Inc and group companies along with the determination of the types of support supplied by the Kenedix Group (and disclosure of this information) ensures the transparency and suitability of the operations of funds and other similar entities.

Rule Concerning Conflicts of Interest Among REITs

Since the Asset Management Company manages a J-REIT and a private REIT, it has established a pipeline committee, that is chaired by the Compliance Officer, and adopted internal guidelines in order to prevent the improper allocation of acquisition opportunities as well as prohibition of concurrent serve as several general managers of REIT management departments, and thus, managing conflicts of interests among the REITs.

By managing these rules appropriately and smoothly, it strives to implement appropriate measures for conflicts of interest, such as preventing arbitrary distribution of real estate sales information and preventing conflicts of interest among the REITs managed by the Asset Management Company.

Risk Management

Basic Views

Risk management is one of our material issues. There are many activities for the proper oversight and control of risk factors.

Risk Management System

The Asset Management Company stipulates risk management policies, risk management divisions, risk management methods, etc. in its “Risk Management Rules” for the purpose of ensuring sound management and appropriate risk management as an investment management company.

The main risks are defined as investment management risk, real estate management risk, financial risk, legal compliance risk, administrative risk, system risk, and business continuity risk, and a separate management department is designated for each risk.

Each risk management department continuously monitors the status of each risk and, in the event that a significant risk has materialized or is likely to materialize, promptly submits a proposal to the Board of Directors regarding the nature of the risk and the policy for dealing with it.

Each risk management department reviews the items, contents, and response policies of each risk approximately once every two years. The Board of Directors, fully aware of the location and nature of these risks, will oversee the formulation of risk management policies and the development of an appropriate risk management system considering the strategic objectives.

The Board of Directors shall fully recognize the importance of the risk management department and shall take appropriate measures to ensure that the risk management policy is well known within the Asset Management Company. The Board of Directors will also hold discussions on the risk management system as necessary. The Compliance Officer will oversee the practical management of each risk and support the role of the Board of Directors.

Crisis and Disaster Response System

The Kenedix Group has Crisis Management Rules and Disaster Response Rules for natural disasters, incidents, accidents and other problems that have a major impact on business activities or society overall and are detrimental to corporate value. The General Administration and Human Resources Department of Kenedix, Inc. is responsible for crisis management and disaster response activities. This department establishes an emergency response headquarters to take actions as needed when problem occurs.

In accordance with the Kenedix Group Business Continuity Plan, disaster response drills are held periodically, there are measures in place to resume business operations quickly following a disaster or other problem, and other measures to be prepared for a crisis. We periodically reexamine this plan and make revisions as needed.

We also use the following measures to be prepared for a disaster.



Governance (Responsible Organization)

1. Storage of disaster response kits with food, water and other supplies for executives and employees at business sites
2. A safety confirmation system for quickly determining the status of executives and employees after a disaster
3. Back-up servers in several locations to protect data

Information Security

The Asset Management Company has established “Information Management and Protection Regulations” and strives for appropriate information management and protection at the Company by stipulating management methods, management systems, etc. for information handled in the course of business.

For information security management, the Asset Management Company has appointed a Chief Information Management Officer. The Chief Information Management Officer is appointed by the President and Representative Director, and the Compliance Officer assists the Chief Information Management Officer.

In addition, under the supervision of the Chief Information Management Officer, an information manager has been appointed to effectively implement measures related to the management and protection of the Company’s information. The Information Manager in each department is the head of the department and is responsible for the management and protection of information in each department.

Protection of Personal Information

The Asset Management Company stipulates in its Compliance Manual that its officers and employees fully recognize the importance of protecting information and privacy, and ensure appropriate and strict management in accordance with internal rules for the handling of confidential business information, personal information, and other internal information, and also ensures that officers and employees are fully aware of the protection of personal information through compliance training, etc. In addition, we ensure that all executives and employees are fully aware of the need to protect personal information through compliance training and other means.

In addition, each REIT and the Asset Management Company have established a “Personal Information Protection Policy” and “Regulations Concerning Protection of Personal Information” to protect and properly manage personal information.

Information Security

The Kenedix Group has established “IT System Security Rules” which specifies the minimum level of

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measures that employees and others must use for the proper use of information and operation of IT systems. The objectives are preventing leaks, damage, losses and other problems involving information, operating IT systems properly, and minimizing any losses or other damage caused by some accidents.

Responding to Cyber Incident

The Kenedix Group has prepared the Cyber Incident Response Standards and provided a system and procedures for responding to various incidents (including system downtime, malfunction, inadequacy, malware infection, information leakage, unauthorized use, etc.; hereinafter referred to as "Cyber Incident") where cyber security risks are manifested or realized in the cyber security field such as information security-related accidents and cyber attacks. The following is the response system and procedures for cyber incidents. The General Administration and Human Resources Department of Kenedix, Inc. is designed as lead department for information systems, and oversees and manages operations related to cyber incident response. In addition, the Kenedix Group has prepared cyber incident response procedures, and under the response system according to the cyber incident level, we strive to minimize damage in the event of cyber incidents, and to restore damaged operations quickly and efficiently.

Commitment to Responsible Investments

Basic Views

A commitment to responsible investments is one of the Kenedix material issues. We are committed to building a stronger infrastructure for achieving both sustained growth and social responsibility.

Signing on to the PRI

The PRI is a set of principles established for the financial industry in 2006 under the leadership of the United Nations Secretary-General of the time, Kofi Annan. PRI comprises six principles. The PRI encourages the incorporation of ESG issues (Environment, Social and Governance) into investment decision-making processes, with the aim to help companies enhance long-term investment performance and better fulfill their fiduciary duty.

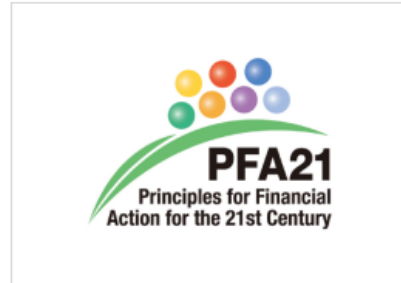
Kenedix, Inc. has signed on to the PRI and is ambitious to become a real estate asset management company that commit responsible investment through the practice of PRI.

Signatory of:



Signing on to the PFA21

The PFA21 (Principles for Financial Action for the 21st Century) has been established by drafting committee with participation of various financial institutions in October 2011 as the action guidelines of financial institutions who seek to fulfill their responsibilities and roles required for the formation of a sustainable society. Signing financial institutions will implement initiatives based on the seven principles as much as possible based



on their own businesses. It has been positioned as a starting point to collaborate without being restricted by business categories, scale or region. Kenedix, Inc. and the Asset Management Company have signed on to the PFA 21 and are ambitious to become a real estate asset management company that commits to responsible investment through the practice of the PFA21.

Kenedix Group's Investment in Group REIT

Kenedix, Inc. holds a portion of the investment units of the listed REIT and the private REIT managed by the Asset Management Company. This aligns Kenedix Group's interest with unitholders' interests of each REIT.

Other Initiatives related to Governance

Each REIT is engaged in various initiatives related to Governance.

For more details, please refer to the following links.

> [KDX Realty Investment Corporation](#)

> [Kenedix Private Investment Corporation](#) (only in Japanese)

Relevant Data (Employment)

	2020	2021	2022	2023
Number of employees (average age) ^{Note 1}	93(42.4)	101(41.9)	116(42.1)	111(41.9)
Men(average age)	66(42.0)	70(41.6)	76(42.1)	72(41.8)
Women(average age)	27(43.2)	31(42.6)	40(42.0)	39(42.1)
Pct. of females in employees	29.0%	30.7%	34.5%	35.1%
Number of employees [consolidated]	347	351	367	381
Average number of consecutive years at the Kenedix Group ^{Note 1}	7.1	6.7	6.3	7.0
Men	6.9	6.7	6.6	7.4
Women	7.7	6.6	5.7	6.4
Difference ((Women – Men)/Men)	11.6%	-1.5%	-13.6%	-13.5%
Number of newly hired employees ^{Note 2} (new graduate hires / mid-career hires)	15 (3/12)	30 (5/25)	44 (3/41)	55 (4/51)
Men (new graduate hires / mid- career hires)	12 (3/9)	23 (5/18)	25 (2/23)	40 (3/37)
Women (new graduate hires / mid- career hires)	3 (0/3)	7 (0/7)	19 (1/18)	15 (1/14)
Pct. of women in newly hired employees (new graduate hires / mid- career hires)	20.0% (0%/25.0%)	23.3% (0%/28.0%)	43.2% (33.3%/43.9%)	27.3% (25.0%/27.5%)
Pct. of turnover ^{Note 1}	8.2%	12.0%	3.5%	8.3%
Number of managers ^{Note 1}	25	29	32	29
Men	25	29	29	26
Women	0	0	3	3



Relevant Data

Pct. of female managers	0%	0%	9.4%	10.3%
Number of directors ^{Note 1}	7	7	7	7
Men	7	7	7	7
Women	0	0	0	0
Pct. of female directors	0%	0%	0%	0%

Note 1: These figures are based on individuals who work at the Asset Management Company.

Note 2: These figures are based on individuals who are working at the Kenedix Group companies and employed directly by Kenedix, Inc.



Relevant Data

Relevant Data (System Use, etc.)

	2020	2021	2022	2023
Number of employees using childbirth leave ^{Note} (Men / Women)	2 (0/2)	5 (0/5)	4 (0/4)	2 (0/2)
Number of employees using childcare leave ^{Note} (Men / Women)	8 (2/6)	8 (0/8)	9 (2/7)	7 (1/6)
Pct. of employees returning to work after childcare leave ^{Note} (Men / Women)	100% (-/100%)	87.5% (-/87.5%)	100% (100%/100%)	100% (100%/100%)
Number of employees using shortened working hours for childcare ^{Note} (Men / Women)	1 (0/1)	0 (0/0)	1 (0/1)	0 (0/0)
Number of employees using staggered working hours for childcare ^{Note} (Men / Women)	6 (3/3)	9 (3/6)	8 (3/5)	9 (3/6)
Number of employees using sick/injured childcare leave ^{Note} (Men / Women)	1 (0/1)	0 (0/0)	0 (0/0)	0 (0/0)
Number of employees using elderly parent care extended leave ^{Note} (Men / Women)	0 (0/0)	0 (0/0)	0 (0/0)	0 (0/0)
Number of employees using elderly parent care single- day leave ^{Note} (Men / Women)	3 (0/3)	1 (0/1)	0 (0/0)	0 (0/0)
Number of employees using shortened working hours to	0 (0/0)	0 (0/0)	0 (0/0)	0 (0/0)

Relevant Data

care for an elderly parent ^{Note} (Men / Women)				
Number of employees using staggered working hours to care for an elderly parent ^{Note} (Men / Women)	2 (1/1)	1 (1/0)	1 (1/0)	1 (1/0)
Average number of days of paid leave used ^{Note}	10.4	9.4	10.6	11.7
Pct. of paid leave used ^{Note}	58.6%	54.5%	63.9%	71.9%
Overtime hours, per month, per person ^{Note}	14.3	18.1	22.7	22.3
Training expense per employee ^{Note}	¥30,944	¥59,606	¥65,933	¥65,393
Pct. of employees receiving a health check-up ^{Note}	100%	100%	100%	100%
Number of work-related fatalities ^{Note}	0	0	0	0

Note: These figures are based on individuals who are working at the Kenedix group companies and employed directly by Kenedix, Inc.

Editorial Policy

The purpose of this publication is to provide all stakeholders with information about the sustainability policies and activities of the Kenedix Group. We hope this information gives you a better understanding of our commitment and goals involving sustainability.

Publication Date

April 2024

Period Covered by This Report

January 1, 2023 to December 31, 2023

Some information concerns activities prior to 2023.

Scope of Reporting

KDX Realty Investment Corporation

Kenedix Private Investment Corporation

Guideline Used for Reference

GRI (Global Reporting Initiative) "GRI Standards"

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