



Sustainability Report 2022

April 2022

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Message from the President

Securing stable investor interest, capitalizing on abundant experience and strong expertise

Kenedix Real Estate Fund Management, Inc. is an asset management company for REITs. It was formed through a merger of group companies of Kenedix, Inc. in October 2013.

We started with asset management for Kenedix Office Investment Corporation, Kenedix Residential Investment Corporation and private funds. Thanks to the support and cooperation of investors and clients, we have steadily expanded and possess one of the most extensive track records and largest AUM in the industry with the addition of asset management for Kenedix Private Investment Corporation in 2014 and Kenedix Retail REIT Corporation in 2015. In addition, Kenedix Residential Investment Corporation executed an absorption-type merger with Japan Senior Living Investment Corporation in 2018 and changed its corporate name to Kenedix Residential Next Investment Corporation, resulting in the further increase of AUM.

We will continue to strive for growth alongside stakeholders by investing in and managing real estate-related assets that are stable and risk-diversified while fully utilizing the experience and track record that the Kenedix Group has accumulated as well as personnel with expert knowledge.

Moreover, we have positioned initiatives on ESG (Environmental, Social and Governance) awareness as an important business management issue. We aim to help achieve a sustainable society by promoting such initiatives, while working to contribute to society through our investment management activities and value creation for real estate properties.

We sincerely ask you for your continued support and guidance.



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

Initiatives for Sustainability

Investment Corporations managed by the Kenedix Group

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

(as of December 31, 2021)

KENEDIX

Office Investment Corporation

Invests primarily in mid-sized office building in the Tokyo metropolitan area

No. of properties **96** AUM **440.3** billion yen
Note: including silent partnership equity interest of 1.1 billion yen

| Characteristics and attractiveness of mid-sized office buildings | |
|--|---|
| Abundant number of properties | High liquidity |
| Broad tenant base | Favorable supply-demand balance in the leasing market |

Image of a typical mid-sized office building

(as of December 31, 2021)

KENEDIX

Residential NEXT Investment Corporation

Diverse investments in “spaces where people live and stay” with emphasis on residential properties

No. of properties **165** AUM **277.5** billion yen

Stability : A portfolio composed mainly of “Residential Facilities”

Profitability less affected by the economy and tenant diversification

Growth Potential : Investment in “Healthcare” that is expected to grow

Stable revenue from long term and fixed rent agreements with operators

(as of December 31, 2021)

KENEDIX

Retail REIT Corporation

Invests mainly in shopping centers for daily needs as well as carefully selected distribution centers

No. of properties **64** AUM **243.6** billion yen



First J-REIT to focus on shopping centers for daily needs
Retail properties located within residential districts or adjacent to major roads or streets, which provide daily goods and services

| Retail trade area | Operational features | Tenant composition |
|--|---|--|
| Approximately 1 to 10 km radius (generally 3 to 5 km radius) Customers predominantly from local areas | Accommodate certain daily local retail needs Strong customer traffic on both weekdays and weekends | Various specialty stores to meet a range of day-to-day needs Groceries, clothing and other daily goods and services |

(as of December 31, 2021)

KENEDIX

Private Investment Corporation

Invests primarily in office buildings in Tokyo metropolitan area, and diversify into other real estate

No. of properties **16** AUM **125.8** billion yen



Characteristics of Kenedix Private Investment Corporation
Unlisted open-ended REIT that aims to generate long-term stable income without being directly affected by the financial and capital markets

- ✓ Build a highly diversified portfolio through flexible and agile investment that capture "Trends" and keeps "Timing"
- ✓ Invested in logistic facilities for the first time after the change in management guidelines in 2021
- ✓ Implemented asset replacement with SMFL, our new sponsor, by acquiring logistic facilities and selling hotel

Initiatives for Sustainability

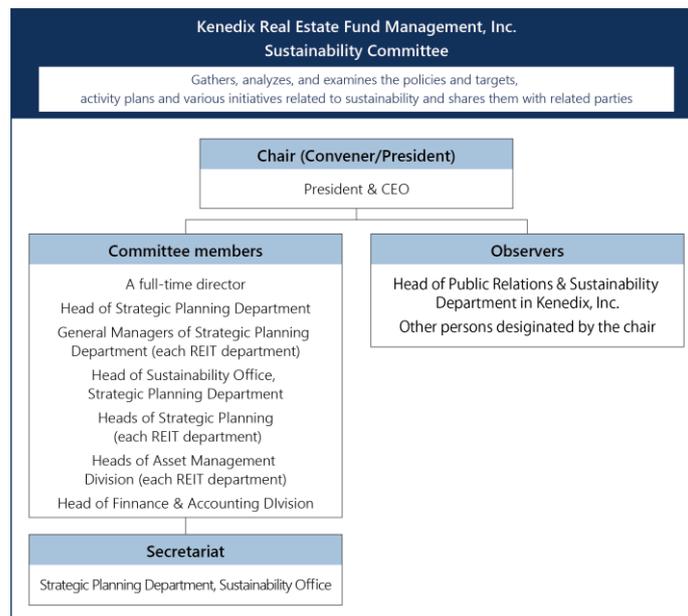
Sustainability Promotion Structure

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

The Sustainability Committee gathers, analyzes, and examines the policies and targets, activity plans and various initiatives, matters related to risk management, and other important matters related to sustainability or ESG for the Investment Corporation and the Asset Management Company, and shares them with related parties, with the aim of promoting initiatives for sustainability and ESG-related matters. The committee meets in principle, every 3 months, and the content reviewed is also reported to the Asst Management Company's Board of Directors with an independent external member, and to the Investment Corporation's Board of Directors with independent supervisory directors.

The Sustainability Committee is composed of the President & CEO (Chief Sustainability Officer), who is the Chair of the Sustainability Committee, and as members, the committee is composed of full-time directors, the Head of Strategic Planning Department, the General Managers of Strategic Planning Department, who are in charge of each REIT Department, the Head of Sustainability Office, the Head of Strategic Planning and the Head of Asset Management Division, who are in charge of each REIT Department, and the Head of Finance & Accounting Division.

In addition, the Head of Sustainability Office also serves as a member of the Public Relations and Sustainability Department of Kenedix, Inc., the parent company of the Asset Management Company. Under the unified policy of the entire Kenedix Group, an organizational structure has been established to promote initiatives related to sustainability and ESG across the board.



Material Issues

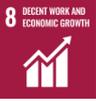
The Kenedix Group has established material issues in order to identify subjects that are critical for achieving sustained growth of the Kenedix Group along with stakeholders and society. We will make commitment to find solutions to these issues both in business and society by making initiatives that 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 material issues



Initiatives for Sustainability

Material issues of the Kenedix Group

| Key areas | Applicable SDGs | Material issues |
|---|--|--|
| Contribution to a Sustainable Environment |     | <ul style="list-style-type: none"> Reduction of energy consumption and CO₂ emissions Reduction of water consumption and waste materials Collaboration with tenants for environmental initiatives |
| Commitment to a Diverse Society |     | <ul style="list-style-type: none"> Providing properties with environmental and social considerations Improving resilience/climate adaptation Initiatives for an aging society with fewer children |
| Stakeholder Engagement |   | <ul style="list-style-type: none"> Continuous improvement of customer satisfaction Community engagement Managing conflicts of interests |
| Attractive Working Environment |      | <ul style="list-style-type: none"> Recruiting, employee retention and career advancement Health and wellbeing of employees Diversity and equal opportunities |
| Responsible Organization |   | <ul style="list-style-type: none"> Compliance Risk management Commitment to responsible investments |

Sustainability Policies

As material issues are defined, we have set Sustainability Policies to cover ESG issues comprehensively. The Kenedix Group will adhere to the Sustainability Policies as the basis for unified initiatives towards the material issues.

| Key areas | 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, CO ₂ 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. |
| 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. |
| 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. |
| 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. |
| 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

Kenedix Office Investment Corporation, Kenedix Residential Next Investment Corporation, Kenedix Retail REIT Corporation and Kenedix Real Estate Fund Management, Inc. (KFM), which manages the assets of these REITs, are also part of this commitment. While conducting the long-term and stable asset management, all these companies are further increasing their environmental programs based on the following environmental policies in addition to the sustainability policies and have been conducted invest management with consideration for the 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 our 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 CO₂ and waste emissions as well as promote recycling at its managed properties, understanding its commitment to alleviating its environmental burden. In addition, KFM will take sufficient care when handling harmful substances and environmental pollutants.

4. 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.

5. 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.

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 Kenedix Office Investment Corporation, Kenedix Residential Next Investment Corporation and Kenedix Retail REIT Corporation are shown below. All three 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.

(as of December 31, 2021)

| Kenedix Office Investment Corporation | Kenedix Residential Next Investment Corporation | Kenedix Retail REIT Corporation |
|---|---|---|
|  <p>G R E S B ★ ★ ★ ★ ☆ 2021</p> |  <p>G R E S B ★ ★ ☆ ☆ ☆ 2021</p> |  <p>G R E S B ★ ★ ★ ★ ☆ 2021</p> |

Environmental certifications and evaluations

Each Investment Corporation is having their properties externally certified and evaluated by third parties to increase objectivity and reliability with respect to their initiatives to reduce their properties’ environmental burden and boost medium- to long-term asset values. Overview of environmental certifications and evaluations of each REIT is as follows.

Environment (Contribution to a Sustainable Environment)

● Overview of environmental certifications and evaluations (Kenedix Office Investment Corporation)

(as of December 31, 2021)

| | Number of properties | Floor area (m ²) | Ratio (%) ⁽²⁾ |
|---|----------------------|------------------------------|--------------------------|
| Green certified building⁽¹⁾ | 45 | 433,897.04 | 60.9 |
| DBJ Green Building Certification | 25 | 314,807.04 | 44.2 |
| ★★★★★ five stars | 1 | 11,212.05 | 1.6 |
| ★★★★ four stars | 3 | 41,069.23 | 5.8 |
| ★★★ three stars | 8 | 131,649.28 | 18.5 |
| ★★ two stars | 11 | 107,357.53 | 15.1 |
| ★ one star | 2 | 23,518.95 | 3.3 |
| Certification for CASBEE for Real Estate | 24 | 164,006.56 | 23.0 |
| S rank | 10 | 82,629.62 | 11.6 |
| A rank | 14 | 81,376.94 | 11.4 |
| BELS Certification | 5 | 50,186.99 | 7.0 |
| ★★★★ | 1 | 7,720.08 | 1.1 |
| ★★★ | 3 | 35,139.28 | 4.9 |
| ★★ | 1 | 7,327.63 | 1.0 |

Note 1: A property that has multiple environmental certifications is counted as one.

Note 2: The ratios are percentages of each floor area to the gross floor area of properties owned by the Investment Corporation (712,623.14 m², calculated on a pro-rata basis of ownership ratio for compartmentalized ownership, etc.).

● Overview of environmental certifications and evaluations (Kenedix Residential Next Investment Corporation)

(as of December 31, 2021)

| | Number of properties | Floor area (m ²) | Ratio (%) ⁽²⁾ |
|---|----------------------|------------------------------|--------------------------|
| Green certified building⁽¹⁾ | 13 | 112,800.16 | 18.1 |
| DBJ Green Building Certification | 12 | 109,643.20 | 17.6 |
| ★★★★ four stars | 6 | 52,294.77 | 8.4 |
| ★★★ three stars | 6 | 57,348.43 | 9.2 |
| Certification for CASBEE for Real Estate | 1 | 8,925.17 | 1.4 |
| S rank | 1 | 8,925.17 | 1.4 |
| BELS Certification | 1 | 3,156.96 | 0.5 |
| ★★★ | 1 | 3,156.96 | 0.5 |

Note 1: A property that has multiple environmental certifications is counted as one.

Note 2: The ratios are percentages of each floor area to the gross floor area of properties owned by the Investment Corporation (712,623.14 m², calculated on a pro-rata basis of ownership ratio for compartmentalized ownership, etc.).

Corporation (622,968.51 m², calculated on a pro-rata basis of ownership ratio for compartmentalized ownership, etc., excluding land-only properties).

● **Overview of environmental certifications and evaluations
(Kenedix Retail REIT Corporation)**

(as of December 31, 2021)

| | Number of properties | Floor area (m ²) | Ratio (%) ⁽²⁾ |
|--|----------------------|------------------------------|--------------------------|
| Green certified building ⁽¹⁾ | 18 | 471,976.59 | 58.9 |
| DBJ Green Building Certification | 12 | 309,613.38 | 38.6 |
| ★★★★ four stars | 1 | 36,349.60 | 4.5 |
| ★★★ three stars | 10 | 265,374.54 | 33.1 |
| ★★ two stars | 1 | 7,889.24 | 1.0 |
| Certification for CASBEE for Real Estate | 6 | 162,363.21 | 20.2 |
| S rank | 4 | 106,453.17 | 13.3 |
| A rank | 2 | 55,910.04 | 7.0 |
| BELS Certification | 1 | 31,598.28 | 3.9 |
| ★★★★★ | 1 | 31,598.28 | 3.9 |

Note 1: A property that has multiple environmental certifications is counted as one.

Note 2: The ratio is the percentage of certified floor area to the gross floor area of properties owned by the Investment Corporation (801,799.35 m², calculated on a pro-rata basis of ownership ratio for compartmentalized ownership, excluding land-only properties).

● **Overview of environmental certifications and evaluations
(Kenedix Private Investment Corporation)**

(as of March 31, 2022)

| | Number of properties | Floor area (m ²) | Ratio (%) ⁽²⁾ |
|--|----------------------|------------------------------|--------------------------|
| Green certified building ⁽¹⁾ | 2 | 172,892.29 | 46.1 |
| DBJ Green Building Certification | 1 | 63,419.60 | 16.9 |
| ★★★★ four stars | 1 | 63,419.60 | 16.9 |
| Certification for CASBEE for Real Estate | 1 | 109,472.69 | 29.2 |
| S rank | 1 | 109,472.69 | 29.2 |
| BELS Certification | 0 | 0 | 0 |

Note 1: A property that has multiple environmental certifications is counted as one.

Note 2: The ratio is the percentage of certified floor area to the gross floor area of properties owned by the Investment Corporation (375,054.86 m², calculated on a pro-rata basis of ownership ratio for compartmentalized ownership, excluding land-only properties).

For more details of each Investment Corporation's overview, please refer to the following link.

- > [Kenedix Office Investment Corporation](#)
- > [Kenedix Residential Next Investment Corporation](#)
- > [Kenedix Retail REIT Corporation](#)

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 18 years since Kyoto Protocol. 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 Investment Corporation and the Asset Manager recognize that efforts to climate change is the most important issue for our business activities and properties under management.

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.



The Investment Corporation 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

Governance structure for climate change

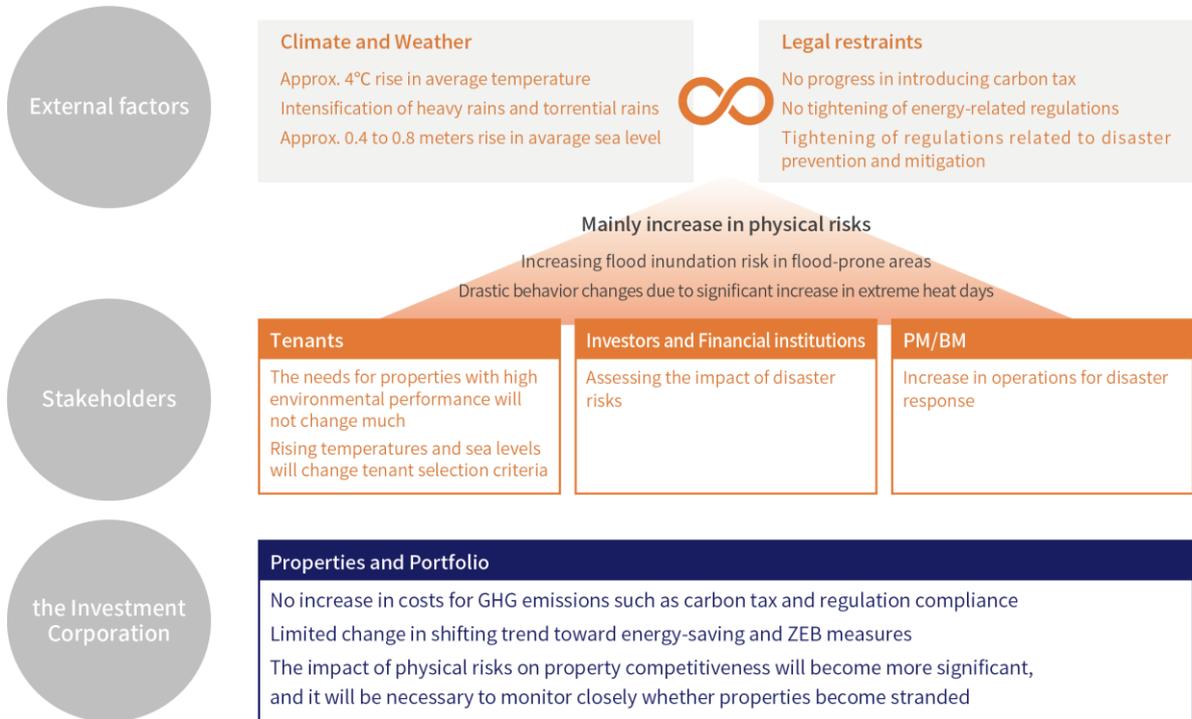
The initiatives for sustainability are promoted under the leadership of the Sustainability Committee established in the Asset Management Company. For more details, please refer to "[Sustainability Promotion Structure](#)."

Strategy

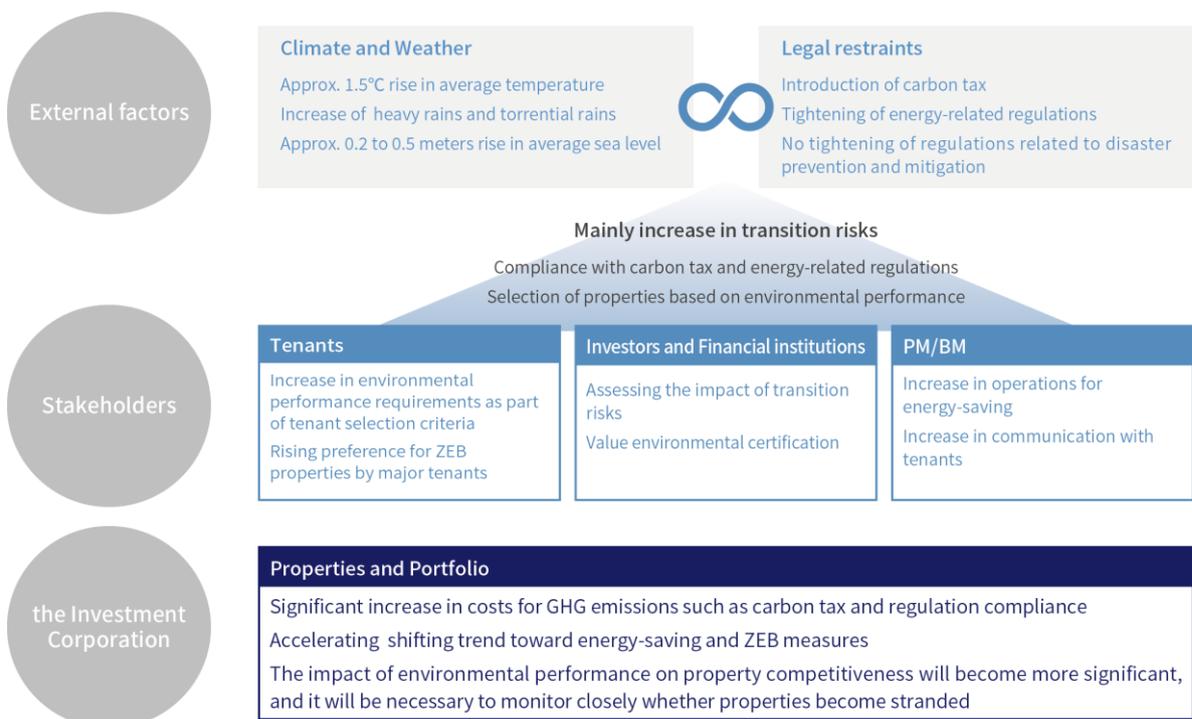
Scenario Analysis

The Asset Management Company conducted a scenario analysis based on multiple world outlook in order to understand the risks and opportunities that climate change may pose to the Investment Corporations it manages in the future, and to proactively consider and respond to these risks and opportunities. 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 medium-term (2030) and long-term (2050) impacts of the risks, opportunities, and financial impacts for the Investment Corporation it manages for each of 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 required for portfolio evaluation by investors and financial institutions as well as | Increase in cost of actions to improve evaluation | Low | Low | Low | Low | <ul style="list-style-type: none"> Acquisition of environmental certifications |
| | | | Increase in acquisition costs of environmental certifications | Low | Low | Low | Low | |

| | | | | | | | | |
|--|---|--|--|-------------------------------------|-----|-----|--|--|
| Physical Risks and Opportunities | Reputation | property selection by tenants. | | | | | | |
| | | 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 |
| Decrease in rental income during the recovery period | Mid | | | Mid | Low | Low | | |
| Chronic | Rise in sea level Chronic rise in sea level. Rise in average temperature Chronic rise in average temperatures. | Increase in costs to cope with sea level rise | Low | Low | Low | Low | | |
| | | Increase in utility costs during summer | Low | Low | Low | Low | <ul style="list-style-type: none"> Energy-saving in existing properties | |

※ 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 Investment Corporation 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 periodically analyzed and reviewed by the Sustainability Committee under the supervision of the chairperson of the Sustainability Committee, and are managed appropriately. In addition, these risks are integrated into the overall risk management of the organization by sharing them with related parties as necessary.

Metrics and Targets

Metrics and Targets related to Climate Change

Reduction of energy consumption and CO₂ emissions is one of our material issues. The Asset Management Company and the Investment Corporation are making a contribution to environmental sustainability by using our business activities and property management operations in continuously cutting energy consumption and CO₂ emissions in order to lower our environmental impact.

The Investment Corporation sets reduction targets related to climate change and conducts ongoing monitoring and promotes initiatives that lead to a reduction in environmental impact. As a result of the scenario analysis, the Investment Corporation and the Asset Management Company are currently in the process of redefining the targets.

For reduction targets, etc. of each Investment Corporation, please refer to the following link.

- > [Kenedix Office Investment Corporation](#)
- > [Kenedix Residential Next Investment Corporation](#)
- > [Kenedix Retail REIT Corporation](#)

Initiatives for the reduction of energy consumption and CO₂ emissions

Each Investment Corporation and the Asset Management Company will address the issue of climate change through the reduction of energy consumption and CO₂ 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 Investment Corporation is taking various approaches.

Conversion of various lighting fixtures to LED

Each Investment Corporation is actively promoting the reduction of bulb replacement costs and electricity consumption by converting lighting fixtures in common areas and rental rooms, etc. and emergency lighting fixtures (including emergency guide lights) to LED.

Solar panel installation

Kenedix Retail REIT Corporation installed solar panels at Unicus Ina, Kawamachi Yahagi Mall and Apita Terrace Yokohama Tsunashima to decrease CO₂ emissions.



Switching to electricity from renewable source

Nihonbashi Horidomecho First, which is managed by Kenedix Office Investment Corporation, switched to renewable energy-derived electricity (certified as Non-Fossil Fuel Energy with Tracking Information) from November 1, 2021. As a result, power costs are expected to be reduced by 7.5% compared to the previous contract, and GHG emissions are expected to be reduced by 251t-CO₂.



Education to employees on green building

We provide annual sustainability training by external specialist to improve awareness and knowledge on sustainability for our employees. Also, it encourages our employees to acquire qualifications related to green building.

Green bond

Kenedix Office Investment Corporation and Kenedix Retail REIT Corporation have positioned sustainability improvement initiatives aimed at realizing a sustainable society as an important business management issue to fulfill its corporate social responsibility, and promoted efforts on the green bonds from the thought that the issuance of investment corporation bonds as green bonds enables more committed efforts to improve sustainability and further contribution to development of the domestic green bond market by offering opportunities to the universe of investors who take active stance towards ESG investment.

What is a Green Bond?

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

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.

Initiatives to reduce water consumption

Updating of water-efficient equipment

When scheduled maintenance and updates are performed at buildings we manage, we often install facilities that lower water consumption. Examples include water-efficient toilets, motion sensor faucets, water flow reduction plugs and rainwater tanks. Some of properties have introduced smart irrigation to facilitate watering plant and save water.

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, contaminated soil 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 remediation and other measures.

Collaboration with Tenants for Environmental Initiatives

Basic views

Each Investment Corporation and the Asset Management Company has many initiatives for the purpose of contributing to environmental sustainability by improving the environmental performance of managed properties and in other ways. Receiving the understanding and cooperation of the tenants of the properties we manage is also important. We have environmental education activities for tenants and a Green Lease program that allows both tenants and the building owner to benefit from the installation of energy-saving facilities. Activities like these make it possible to work with tenants to create a sustainable environment.

Collaboration with environmental initiatives is one of our material issues. We will continue to use joint activities with tenants, who are a key stakeholder category, for more contributions concerning environmental sustainability.

Initiatives for collaboration with tenant

Environmental education programs for tenants

In the office building jointly managed by Kenedix Office Investment Corporation and Kenedix Private Investment Corporation, the ESG service “EaSyGo” has been introduced with the aim of creating a better living and business environment by visualizing and working to improve ESG for workers and the local community.



By encouraging workers to participate in ESG-related actions, we can not only raise awareness of environmental issues, but also visualize the social and economic effects, and expect to increase the value of the building itself.

Green Lease agreements

Kenedix Office Investment Corporation, Kenedix Residential Next Investment Corporation and Kenedix Retail REIT Corporation have entered into green lease agreements with some of their tenants.

What is a Green Lease?

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

Biodiversity

Basic views

Protecting biodiversity and using real estate projects to create urban areas are normally conflicting activities that involve trade-offs. Each Investment Corporation and the Asset Management Company have 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.

Effective use of vegetation

We plant bushes, flowering plants and other vegetation at building entrances, open areas of building sites, rooftops and other locations. Rooftop vegetation 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.



KDX Residence Togoshi (greenery adds value to the entrance)



Blumer Maitamon (Entrance)



MONA Shin-Urayasu (Rooftop)



Unicus Ina (Wall greening)

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.



Other Initiatives related to Environment

Each Investment Corporation is engaged in various initiatives related to environment.

For more details, please refer to the following link.

- > [Kenedix Office Investment Corporation](#)
- > [Kenedix Residential Next Investment Corporation](#)
- > [Kenedix Retail REIT Corporation](#)

Sustainability Policies -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 many 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

The three J-REITs where Kenedix is the main sponsor and a private REIT specialize in specific categories of real estate. The operations 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.

| REIT | Investment targets |
|--|---|
| Kenedix Office Investment Corporation | Mid-sized office buildings in the Tokyo metropolitan area where economic activities are densely integrated with abundant tenant demand and rich stocks of properties |
| Kenedix Residential Next Investment Corporation | Residential facilities and healthcare facilities where people live and stay |
| Kenedix Retail REIT Corporation | Neighborhood, community and other shopping centers for daily needs located within residential districts or adjacent to major roads or streets and distribution centers that deliver merchandise directly to consumers |
| Kenedix Private Investment Corporation | A diversified investment approach that invests mainly in “office building” located in the Tokyo metropolitan area and diversifies into other real estate to mitigate risk. |

Investments in flexible / mixed use properties

Each Investment Corporation invests in large, multi-purpose properties such as “office buildings, residential properties and hotels designed to meet the needs of retail tenants on lower floors,” “properties with multi-uses, such as stores, medical clinics and private nursing homes, 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.

In addition, concerning KDX Chofu Building, Kenedix Office Investment Corporation has acquired office wing of the building and Kenedix Retail REIT Corporation has acquired retail wing of the building, respectively. This is the first joint acquisition of a mixed use property by group REITs.

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 purchased in the real estate market and produce the greatest possible value by taking flexible and agile actions.

Topics: KDX Iidabashi Building TurnKey Office Project

As part of the efforts to respond to diversifying office need, Kenedix Office Investment Corporation planned a space (TurnKey Office) that incorporates the idea of ABW (Activity Based Working) and allows for setting up and leasing office fixtures and business to be started promptly after the contract is concluded in KDX Iidabashi Building. Accumulating know-how through this initiative and considering adopting in other owned properties with needs.



Topics: KDX Residence Tsurumi

KDX Residence Tsurumi, which is owned by Kenedix Residential Next Investment Corporation, was constructed as a residence for families more than 25 years ago. We remodeled apartments as needed when they became vacant. The value is high due to the small number of apartment buildings designed for families. Updates for apartment configurations, kitchens and bathrooms quickly attracted new tenants and made it possible to increase the rent.



Topics: Similar Functions of Retail Facilities and Logistics Facilities

In the retail facilities and logistics facilities managed by Kenedix Retail REIT Corporation (KRR), the boundaries between asset types are decreasing in line with the progress of e-commerce. In the portfolio managed by KRR, various initiatives are implemented without being bound by conventional frameworks, such as delivery of products from retail facilities, installation of lockers to pick up products at retail facilities, integration of logistics and retail facilities and leasing a portion of the land of retail properties to logistics operators.



Social finance

Kenedix Residential Next Investment Corporation is further enhancing 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, Kenedix Residential Next Investment Corporation has 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/Climate Adaptation

Basic views

Becoming more resilient to natural disasters, including the effects of climate change, is one of our material issues. We use many activities at our properties to ensure the safety and security of tenants, residents, and everyone who uses these properties or lives nearby.

Preparedness for natural disasters and other emergencies

Emergency supplies

Emergency supplies are installed in some properties.

In some buildings owned by Kenedix Office Investment Corporation, elevators have emergency preparedness items for use in the event an elevator stops due to an emergency, power outage, malfunction or other reason.



At some properties owned by Kenedix Residential Next Investment Corporation, disaster readiness supplies such as food and drinking water are stored in the building manager's office or other locations that are easily accessible for residents.

In some properties owned by Kenedix Retail REIT Corporation, emergency supplies for employees are installed in the event of an emergency.

Disaster response vending machine

Some properties owned by Kenedix Residential Next Investment Corporation have vending machines with beverages that can be removed at no charge in the event of a natural disaster or other emergency even if there is no electricity.



Distribution of emergency action manual handbook

Kenedix Office 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, etc.



In case of an emergency such as a major earthquake, Kenedix Retail REIT Corporation prepare an emergency response manual for some properties and distribute it to tenants. Various information useful for emergencies such as response to a large earthquake, typhoon, heavy rain, etc. is summarized on 15 pages.

Sustainable guide

For the purpose of enabling the comfortable, safe and secure living of tenants, distribution of guides on sustainability containing information on initiatives on energy consumption, sorting of waste, and disaster preparedness.



Installation of AEDs

AEDs (Automatic External Defibrillator) are installed at some properties.

AEDs in office buildings owned by Kenedix Office Investment Corporation and retail facilities owned by Kenedix Retail REIT Corporation are available not only for the tenants but for visitors and local communities as well, which is displayed on the AED stickers and registered in the administrative map.



Verification of earthquake resistance

Before acquiring a property and in conjunction with other transactions, each Investment Corporation 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. We are making investments in residential facilities with healthcare and childcare facilities, and healthcare facilities and using other activities to meet the needs of Japan's aging population.

Management of healthcare facilities

Kenedix Residential Next Corporation (KDR) has made investments in healthcare facilities and plans to continue these investments in order to help meet the growing demand for healthcare by purchasing and operating these facilities.

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 a first for a J-REIT.



KDR 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. KDR fully understands the philosophy, business operations and other characteristics of these partners. Operators of properties fully understand KDR'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 Investment Corporation is engaged in various initiatives related to contribution to society.

For more details, please refer to the following link.

- > [Kenedix Office Investment Corporation](#)
- > [Kenedix Residential Next Investment Corporation](#)
- > [Kenedix Retail REIT Corporation](#)

Sustainability Policies -Stakeholder engagement-

We manage our properties as a responsible real estate asset m Continuous improvement of customer satisfaction 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 private REIT and listed REIT 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.

Portfolio property customer satisfaction

Customer satisfaction survey

Each Investment Corporation conducts satisfaction survey for tenants about building facilities and operational services. 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.

Renovations for greater convenience and value

Replacing equipment and renovating buildings in other ways in response to information received from the customer satisfaction surveys are critical to maintaining a high level of tenant satisfaction. Some projects are complete renovations and others involve spot support such as partial renewal. Performing renovations as needed at every property keeps every building looking its best and ensures the greatest possible convenience for tenants.

Introduction of digital signage and aroma diffusers

Aroma diffusers have been installed at the entrances of some properties managed by Kenedix Private Investment Corporation to enhance the image of the properties and tenant satisfaction. In addition, digital signage has been installed in elevator halls to share ESG-related information, such as disaster prevention-related content and information of public interest, including content linked with public agencies, as well as information on the energy consumption of the properties.



Topics: Infection prevention measures

Kenedix Office Investment Corporation and Kenedix Retail REIT Corporation raise awareness about safety measures and put antiseptic solution at their properties to prevent the spread of COVID-19 through tenant employees and visitors within the building.



In May 2020, in response to concerns about the spread of COVID-19 among the elderly and the increasing severity of symptoms, the Asset Manager distributed a total of 16,500 masks for free to residents and others at 24 healthcare-related facilities owned by Kenedix Residential Next Investment Corporation. Received many words of appreciation for this initiative at a time of widespread anxiety of the spread of COVID-19.

Fund customer satisfaction

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

In addition, each Investment Corporation holds earnings announcement information meetings for securities analysts in each fiscal period. These Investment Corporations also participate in information meetings for individual investors as needed in order to maintain direct lines of communication with these investors.

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 Investment Corporation 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 Manager 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.

Community engagement through managed properties

Local events at retail facilities

Kenedix Retail REIT Corporation mainly invests in neighborhood, community and other shopping centers for daily needs and helps invigorate communities by using these shopping centers to host a variety of events.



Roseo Festival
(Roseo Mito)



Summer Festival
(Unicus Ina)



Kamisato Farmers Market
(Unicus Kamisato)

Volunteer participation in community events

As part of its support for local activities, employees of the Asset Manager volunteered to participate in local summer festivals sponsored by operators of “Yuimaru Hijirigaoka” owned by Kenedix Residential Next Investment Corporation to promote interaction with local communities and residents.



Installation of sharing ports for bicycle sharing, etc.

Kenedix Office Investment Corporation has agreements with municipalities and the vendors to allow the use of part of an office building’s open area as a port for bicycle sharing. In addition to providing sites for bicycle sharing service, Kenedix Office Investment Corporation and Kenedix Private Investment Corporation started providing sites for new electric kickboards’ sharing ports.



Also, other Investment Corporations provide a part of its properties as a rental cycle base and electric bike base for the purpose of providing services to residents and surrounding residents and reducing environmental impact.



Supporting Japan for UNHCR

Kenedix Office Investment Corporation and Kenedix Retail REIT Corporation support the activities of Japan for UNHCR (United Nations High Commissioner for Refugees), which is the official contact for UNHCR, by providing free space such as common areas of their properties for UNHCR's campaign to support refugee.



UNHCR's campaign

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

Community participation activities

- Calendar recycling campaign

The Kenedix Group calendar recycling campaign collects unneeded calendars for distribution by social welfare service organizations to senior care and other welfare facilities where the calendars will be used.

- Collaboration with local communities

Kenedix Retail REIT Corporation entered into agreements with Yoshikawa City, Ina Town, Konosu City and Ashikaga City under which a part of Unicus Yoshikawa, Unicus Ina, Unicus Konosu and Ashiko Town Ashikaga respectively, can be used as a temporary shelter at times of emergency.



Kawamachi Yahagi Mall is registered as a place where parents with infants can feed their babies and change diapers under the "Baby Station" project implemented by Chiba City.



Education and academic support activities

- 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.



- **Donation to orphanage**

As a part of our social contribution activities, we donate to children's homes.

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 where is a central park in Tokyo. We co-sponsor the Hibiya Music Festival, which is held in the Hibiya Park next to our office.



- **Donations and support for sports**

Activities for the support of sports include donations to the Japan Rowing Association and sponsor the All Japan Ice Hockey Championships.

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 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.

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 Investment Corporation is engaged in various initiatives related to stakeholders.

For more details, please refer to the following link.

- > [Kenedix Office Investment Corporation](#)
- > [Kenedix Residential Next Investment Corporation](#)
- > [Kenedix Retail REIT Corporation](#)

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. The Investment Corporations is not allowed to hire employees under the provisions of the Act on Investment Trusts and Investment Corporations, and the Asset Manager's employees substantially manage its assets.

Workforce diversity and stability

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

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.

The number of personnel seconded from the sponsor (Kenedix, Inc.) to the Asset Management Company

as of December 31, 2021

106

Human resource development system

At Kenedix, Inc. where employees to be transferred to the Asset Management Company are originally hired as new graduates, they are assigned to one-month entry training and then rotate several times in a five-year term 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.

Percentage of executives and employees who received training:

| 2019 | 2020 | 2021 |
|-------|-------|-------|
| 85.1% | 32.2% | 93.4% |

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

Training programs

English language training

Kenedix 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.

Job-specific skill development training

Kenedix 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

Kenedix reimburses employees for the cost of external seminars, classes and other educational activities for acquiring the knowledge and skills required for their job.

Study abroad program

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

Encouraging people to obtain professional certifications

We have numerous activities to maintain a team of skilled professionals who can provide clients with high-quality services. To promote employees' skill and career development and further increase corporate vitality, we encourage employees to acquire a variety of certifications. To support these activities, Kenedix has a subsidy program for the associated expenses. The major recommended qualification holders in the Asset Manager are as follows.

Number of employees with certifications

(as of December 31, 2021)

| | | | |
|-----------------------------------|----|--|----|
| Real estate notaries | 68 | Certified real estate consulting masters | 10 |
| ARES certified masters | 30 | Chartered members of SAAJ | 5 |
| Licensed senior architects | 6 | Certified public accountants | 2 |
| Real estate appraisers | 3 | Certified public accountants (USCPA) | 2 |
| Certified building administrators | 10 | Tax accountants | 2 |

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 make their goal setting and performance evaluation in the middle of the year and at the fiscal year end. Managers hold interviews with each employee to discuss his/her performance and career opportunities.

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.

Employee satisfaction surveys

In 2021, the Kenedix Group, including the Asset Management Company, conducted an external employee satisfaction survey for all employees. We are planning to continue conducting employee satisfaction survey going forward.

Health and Wellbeing of Employees

Basic views

The health and wellbeing of employees is one of our material issues. To enable employees to maintain the proper balance between work and their private lives, we have activities involving workplace facilities, working styles and other measures that create a pleasant and productive environment. There are also various programs that reflect a variety of personal needs.

Work style reform

We have been improving how people do their jobs by encouraging employees to take paid time off, reducing overtime and introducing various systems to allow flexible working formats.

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 in July, August and September. Department managers encourage the people they supervise to go on an extended vacation and to use all of their annual 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.

Staggered working hours

We have a staggered working hours system that allows employees to start work in the morning at any time between 8:00 and 10:00.

Initiatives to reduce overtime

Department managers supervise working hours and adjust workloads of employees to minimize overtime. If an employee has worked more than a certain number of hours, a check-up by doctor is arranged upon the employee's request.

Topics: Business operation during the COVID-19 related crisis

In response to the spread of the new coronavirus infection from the beginning of 2020, we quickly expand a staggered working hours system and implemented teleworking system, which enabled us to smoothly transition to a company-wide teleworking system and build a continuous business operation system when the state of emergency was declared in April 2020.

After the emergency declaration is lifted in May 2020, we have continued the shift work style, such as introducing the use of shared offices on a trial basis and improving the office environment and infrastructure.

In addition, we are working to prevent the spread of new coronavirus infections by vaccinating employees against new coronaviruses during working hours, introducing vaccination leave for adverse reactions, and actively encouraging PCR testing with company subsidy for testing costs.

Health and wellbeing

We have health management activities to support the physical and mental health of employees and maintain a pleasant working environment.

Health committee

Kenedix has a Health Committee that performs surveys and studies concerning the health of employees and prevention of problems. The committee meets monthly to discuss activities and issues involving employees' health. In addition, the committee performs educational activities by distributing to all employees a monthly message about their health and wellbeing.

Annual physical check-up

All employees including contract employees receive an annual examination by doctor at the company's expense.

Mental health care

All employees have access to an external counseling service provided by the company. Individuals can discuss any personal or job-related issues with counselors. Every month, all employees receive messages with topics about mental health and other information so that everyone is aware of these issues and the counseling service.

In addition, the company performs annual stress check-ups for all employees. Individuals receive the results and can arrange a check-up with a doctor if necessary.

Pleasant working environment

Hibiya Parkfront, which Kenedix, Inc. developed as a joint venture, is in a prime location that faces Hibiya Park and has direct access through adjacent buildings to the Kasumigaseki and Uchisaiwaicho subway stations. This building was designed to create the atmosphere of offices within a park. There is a large amount of greenery inside and outside the building as well as a variety of services and equipment for the support of office workers. The result is a new concept for an ideal office environment where people can feel they are surrounded by nature and are able to do their jobs in comfort.

● In harmony with Hibiya Park's natural environment

As plans for the property called for planting vegetation to harmonize with the adjacent Hibiya Park, more than 100 types of plants are used in the building. Vegetation is not limited to the area surrounding the building but also extends to the interior to create a park-life environment.



1F Entrance hall



21F Sky garden

- **The Hibiya Centrum links the building with the greenery of Hibiya Park**

To help preserve biodiversity, Hibiya Centrum has about 100 types of plants that were selected based on a survey of the vegetation in neighboring Hibiya Park. This spacious area full of greenery is one of the building's most popular places among not only tenants but also neighboring office workers.



Hibiya Centrum

Interaction among employees in a communication room

Located adjacent to working space, the communication room is a place employees can use for a break, a small meeting or any other purpose, being the hub for communication among employees.



Use of workcations

We started the operation of PerkUP Karuizawa as a base for team building and other activities in a scenic area of Japan far from big cities.



Other initiatives

Annual off-site meeting

Every December, all Kenedix Group employees have been invited to attend an off-site meeting for a presentation by Kenedix executives and prominent individuals from outside the group. This occasion is also an award ceremony for outstanding projects of the year. Informal gatherings in conjunction with this event further increase the solidarity of the Kenedix Group.

Support for group activities outside of work

The company subsidizes activities such as futsal or golf that help employees make personal connections outside the workplace.

Topics: Internal exchange during the COVID-19 related crisis

As the spread of the new coronavirus infection has made it difficult to hold off-site meetings and other opportunities for interaction, we have used online tools to conduct a variety of internal exchanges. In addition to distributing videos messages from the president and others, we solicited a wide range of proposals from employees regarding matters inside and outside the Group's business with a view after the COVID-19 related business and launched projects to realize them. In addition, from 2021, we have launched an employee meeting in which all Kenedix Group employees participate online, held on a regular basis.

Diversity and Equal Opportunities

Basic views

The Asset Management Company has established diversity and equal opportunities as one of its material issues. 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

The Kenedix Compliance Manual clearly states that we will respect human rights and reject all forms of discrimination and harassment. There are compliance and other training programs to be certain that everyone at the Kenedix Group understands and observes these standards. In addition, training on dealing with harassment is provided for managers.

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 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.

Topics: Women's Activity Promotion Project

As a result of an internal proposal project, we have established a new 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 company, 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."

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 our 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.

Employment system for seniors

As one way to increase diversity, we have a system that allows employees who have reached the official retirement age of 60 to return to work until the age of 65. This program also helps maintain a sufficient number of people as Japan's working age population declines. With experience dating back to the start of real estate asset management in Japan, these older workers have considerable knowledge they can pass on to others.

Support for childbirth, childcare and senior nursing care

We have prepared various programs to support employees so they can remain at the Kenedix Group while spending time for personal needs such as childbirth and childcare or caring for an aging parent.

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 during a pregnancy. 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.

Senior nursing care

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 Investment Corporation is engaged in various initiatives related to attractive working environment.

For more details, please refer to the following link.

- > [Kenedix Office Investment Corporation](#)
- > [Kenedix Residential Next Investment Corporation](#)
- > [Kenedix Retail REIT Corporation](#)

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 Investment Corporation

In addition to the General Meeting of Unitholders, which is composed of unitholders, the organization of each Investment Corporation 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.

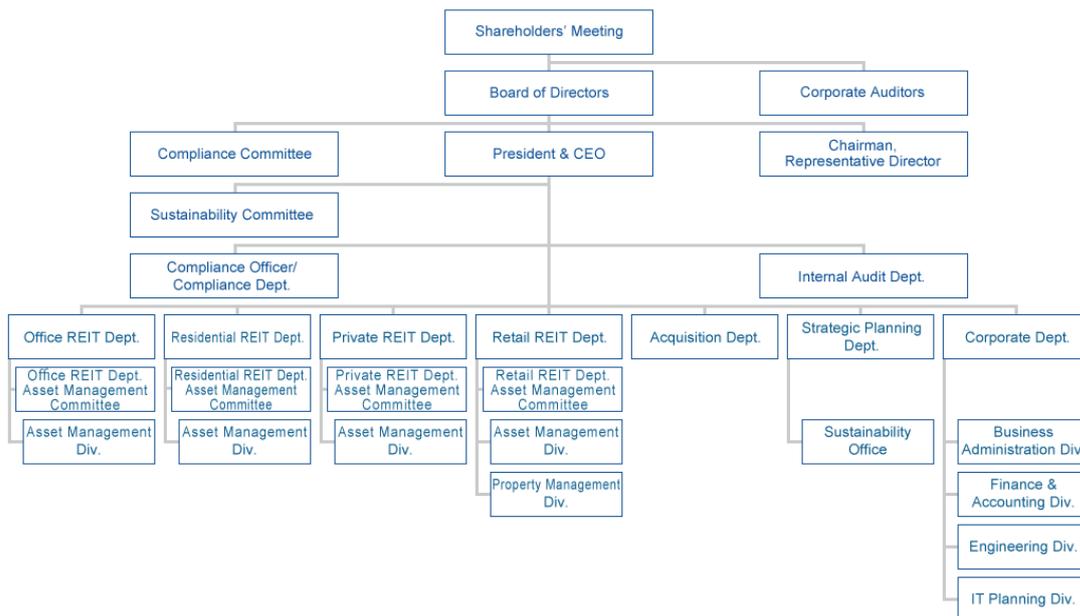
The Board of Directors of each Investment Corporation is required to meet at least once every three months. In actual operations, Board of Directors meetings are held about once a month in principle. At Board of Directors meetings, the Executive Director reports on the operational status of the Asset Manager and the General Administrator., The directors and employees of the Asset Manager 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 Investment Corporation's businesses and is authorized to take any judicial or out-of-court actions with respect to each Investment Corporation's operations. The Supervisory Directors have the authority to supervise the execution of duties by the Executive Director

Operational structure

Each Investment Corporation has entrusted the management of its assets to Kenedix Real Estate Fund Management, Inc. ("KFM"), in accordance with the provisions of the Investment Trust Act. KFM manages each Investment Corporation's assets under an asset management contract with each Investment Corporation.

The organizational chart of KFM is as follows.



Compliance

Basic views

Strict compliance with laws, regulations and other guidelines is positioned as a vital element of the management of each Investment Corporation 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.

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)

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 activities.

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 promptly submits progress reports to 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 the Asset Management Company. Individuals who are selected must have outstanding character and knowledge along with the skills needed to perform the assigned duties. In 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.

- (1) Outside member of the Compliance Committee
- (2) Outside members of the asset management committees of each department
- (3) Compliance Officer

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 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

The Compliance Committee, which is chaired by the Compliance Officer, examines and reaches decisions about matters involving all aspects of compliance activities.

As chairperson of this committee, the Compliance Officer supervises all items concerning compliance at the Asset Management Company.

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.

The decision-making process

The Asset Management Company manages the assets of each Investment Corporation under a discretionary asset management contract with each Investment Corporation. 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 Investment Corporation.

For the asset management of each Investment Corporation, 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 Investment Corporation's Board of Directors and based on this resolution, the agreement of the Investment Corporation'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.

Ethics and anti-corruption measure

The Employment Regulations and Compliance Manual of the Asset Management Company state that the Asset Management Company will not tolerate money laundering, embezzling, fraud, theft or other criminal activity. In addition, the Asset Management Company strictly prohibits the acceptance of bribes or other improper activities, directly or involving a third party, by the staff of the Asset Management Company in connection with their duties. If any activity of this type is discovered, disciplinary action will be taken based on the Employment Regulations.

Furthermore, the Asset Management Company has established rules concerning entertainment outside the company, whether an employee received or provides this hospitality, for the purpose of preventing hospitality that goes beyond normal social standards. To prevent improper activities, employees are required to receive approval before providing meals or other hospitality to others. The implementation of these guidelines is subject to internal audits. The most recent internal audit concerning entertainment and other hospitality took place in fiscal 2020.

Whistle-blowing system

Employees of the Asset Management Company are obliged to submit reports as prescribed in Rules Concerning the Internal Reporting System in the event of a violation or suspicion of a violation of a law or regulation (including a violation of the Code of Conduct of the Asset Management Company) and when it is impossible or extremely difficult to remedy a violation through conventional business practices. Individuals who submit reports, cooperate with the submission of reports or participate significantly in examinations of reports are protected by laws and regulations and the internal reporting system. Any negative consequences for individuals involved with internal reports are strictly prohibited.

Internal audits

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 2021

| Training content | Date of training |
|---|------------------|
| Cases of internal audit findings related to conflicts of interests control and acquisition and sale | Mar. 2021 |
| Fiduciary duty, financial regulations, etc. | Jun. 2021 |
| Prevention of fraud and harassment | Aug. 2021 |
| Compliance for property management | Dec. 2021 |

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:

<https://kenedix-fm.com/en/kokyaku.html>

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 a large number of investment corporations and funds on behalf of investors. Kenedix has signed a memorandum with Kenedix Real Estate Fund Management, Inc. and the Investment Corporations managed by the Asset Management Company and with Kenedix Investment Partners, Inc. concerning the provision of real estate and other information by Kenedix. The proper provision of information by Kenedix 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 Kenedix Real Estate Fund Management, Inc. manages three J-REITs 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 investment corporation 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 Manager 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

Kenedix 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 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.

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 Protection Rules" and strives for proper information management and protection of information in the Asset Management Company by stipulating management methods, management systems, etc. for information handled on business.

For information security management, the Compliance Officer is designated as the "Chief Information Officer" to oversee the Asset Management Company's information.

In addition, the information manager in each department is the head of the department, who is responsible for the management of information in each department and ensures that directors and employees of the department

in charge are informed of and comply with the information management system.

Protection of personal information

The Compliance Manual contains specific standards for the handling of personal information and other internal information. The Asset Management Company also conducts compliance and other training programs for employees to be certain that everyone has a strong commitment to protecting personal information.

In addition, each Investment Corporation and the Asset Management Company have established “Personal Information Protection Policy,” “Personal Information Protection Rules,” “Basic Policy on the Management of Specific Personal Information,” etc. to protect and properly manage personal information.

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.

Signatory of:



Kenedix, the parent company of the Asset Management Company, 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.

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.

Other Initiatives related to Governance

Each Investment Corporation is engaged in various initiatives related to governance.

For more details, please refer to the following link.

- > [Kenedix Office Investment Corporation](#)
- > [Kenedix Residential Next Investment Corporation](#)
- > [Kenedix Retail REIT Corporation](#)

Relevant Data

Relevant Data (Employment)

| | 2018 | 2019 | 2020 | 2021 |
|---|---------------------|---------------------|---------------------|---------------------|
| Number of employees (average age) ^{**1} | 96 (41.9) | 99 (42.1) | 93 (42.4) | 101 (41.9) |
| Men (average age) | 68 (42.1) | 70 (42.2) | 66 (42.0) | 70 (41.6) |
| Women (average age) | 28 (41.5) | 29 (42.1) | 27 (43.2) | 31 (42.6) |
| Pct. of females in employees | 29.2% | 29.3% | 29.0% | 30.7% |
| Number of employees [consolidated] | 320 | 339 | 347 | 351 |
| Average number of consecutive years at the Kenedix Group ^{**1} | 6.2 | 6.9 | 7.1 | 6.7 |
| Men | 6.0 | 6.7 | 6.9 | 6.7 |
| Women | 6.9 | 7.6 | 7.7 | 6.6 |
| Difference ((Women–Men) / Men) | 15.0% | 13.4% | 11.6% | -1.5% |
| Number of newly hired employees ^{**2} (new graduate hires / mid-career hires) | 21 (5/16) | 11 (5/6) | 15 (3/12) | 30 (5/25) |
| Men (new graduate hires / mid-career hires) | 15 (5/10) | 8 (5/3) | 12 (3/9) | 23 (5/18) |
| Women (new graduate hires / mid-career hires) | 6 (0/6) | 3 (0/3) | 3 (0/3) | 7 (0/7) |
| Pct. of women in newly hired employees (new graduate hires / mid-career hires) | 28.6% (0%/37.5%) | 27.3% (0%/50.0%) | 20.0% (0%/25.0%) | 23.3% (0%/28.0%) |
| Number of managers ^{**1} | 21 | 20 | 25 | 29 |
| Men | 21 | 20 | 25 | 29 |
| Women | 0 | 0 | 0 | 0 |
| Pct. of female managers | 0% | 0% | 0% | 0% |
| Number of directors ^{**1} | 6 | 6 | 7 | 7 |
| Men | 6 | 6 | 7 | 7 |
| Women | 0 | 0 | 0 | 0 |
| Pct. of female directors | 0% | 0% | 0% | 0% |

*1 These figures are based on individuals who belong to the Asset Management Company.

*2 These figures are based on individuals who are working at Kenedix group companies and employed directly by Kenedix.

Relevant Data (System Use, etc.)

| | 2018 | 2019 | 2020 | 2021 |
|---|-------|-------|-------|-------|
| Number of employees using childbirth leave ^{*1} | 0 | 4 | 2 | 5 |
| Number of employees using childcare leave ^{*1} | 1 | 3 | 8 | 8 |
| Pct. of employees returning to work after childcare leave ^{*1} | 100% | 100% | 100% | 87.5% |
| Number of employees using shortened working hours for childcare ^{*1} | 1 | 1 | 1 | 0 |
| Number of employees using staggered working hours for childcare ^{*1} | 8 | 7 | 6 | 9 |
| Number of employees using sick/injured childcare leave ^{*1} | 2 | 2 | 1 | 0 |
| Number of employees using elderly parent care extended leave ^{*1} | 0 | 0 | 0 | 0 |
| Number of employees using elderly parent care single-day leave ^{*1} | 3 | 4 | 3 | 1 |
| Number of employees using shortened working hours to care for an elderly parent ^{*1} | 0 | 0 | 0 | 0 |
| Number of employees using staggered working hours to care for an elderly parent ^{*1} | 2 | 2 | 2 | 1 |
| Average number of days of paid leave used ^{*1} | 10.8 | 12.7 | 10.4 | 9.4 |
| Pct. of paid leave used ^{*1} | 62.8% | 71.2% | 58.6% | 54.5% |
| Overtime hours, per month, per person ^{*1} | 21.1 | 17.3 | 14.3 | 18.1 |
| Pct. of employees receiving a health check-up ^{*1} | 99.5% | 100% | 100% | 100% |
| Number of work-related fatalities ^{*1} | 0 | 0 | 0 | 0 |

*1 These figures are based on individuals who are working at Kenedix group companies and employed directly by Kenedix.

GRI Standards comparison

Editorial Policy

The purpose of this publication is to provide all Kenedix 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 2022

Period Covered by This Report

January 1, 2021 to December 31, 2021

Some information concerns activities prior to 2021.

Scope of Reporting

Kenedix Real Estate Fund Management, Inc.

Kenedix Office Investment Corporation

Kenedix Residential Next Investment Corporation

Kenedix Retail REIT Corporation

Kenedix Private Investment Corporation

Guideline Used for Reference

GRI (Global Reporting Initiative) "GRI Standards"