

Implementation Status (2021)

1 Formulation and Announcement of Policies regarding Customer-Oriented Business Conduct

In order to provide better quality products and services for our customers, TSCM announces the implementation status of the Policy on our website, etc., and periodically reviews the Policy.

The Policy and its implementation status are published on our website.

<https://www.touchstone-cm.com/fiduciary-duty/>

2 Pursuit of Customer's Best Interest

TSCM recognizes that incorporating the factors of Environmental, Social, Governance (collectively "ESG") and Safety into its investment decision-making and investment processes as much as possible will contribute to improving shareholder value over the medium to long term, and has established the Policy for Sustainable and Responsible Investment and Asset Management.

The relevant information, etc. on ESG/Sustainability is published on our website.

<https://www.touchstone-cm.com/esg-sustainability/>

● Advanced expertise

After understanding and considering the customer's knowledge, experience, financial situation, investment policy, acquisition purpose, etc., TSCM provides the information and service details necessary for investment decisions in an easy-to-understand and timely manner, and acts in the interests of our customers.

<Number of qualification holders>

(as of the end of the fiscal year)	2018	2019	2020	2021	2022
Japanese brokerage license	7	8	8	8	–
ARES Certified Master	4	4	5	5	–
Real Estate Consulting Master	1	1	1	1	–
Certified Building Administrator	1	0	0	0	–
Assistant Certified Real Estate Appraiser	2	2	2	2	–
(Number of officers and employees excluding non-executive officers)	(16)	(16)	(16)	(16)	–

※ Includes those that passed the exams

3 Appropriate Management of Conflicts of Interest

TSCM has established a Compliance Risk Management Committee to review transactions with possible conflicts of interest and matters related to compliance.

(year)	2018	2019	2020	2021	2022
Number of Compliance Risk Management Committee meetings held	9	9	15	4	-
(Of which, meetings on interested parties transactions)	(1)	(0)	(0)	(0)	(-)

4 Clarification of Various Fees and Commissions

- (1) Fees for investment advisory services or discretionary investment management services related to continuous asset management are as follows.

However, each fee will be determined individually after consultation with the customer for each contract, taking into consideration the details of each entrusted service.

- ① Acquisition Fee
Up to 1.5% of Acquisition Price
- ② Asset management Fee
Up to 1.0% of Acquisition Price annually, prorated according to each asset management period
- ③ Disposition Fee
Up to 1.5% of Disposition Price
- ④ Success Fee
Up to 50.0% of excess earnings if the return exceeds target

- (2) Fees for non-continuous investment advisory services will be determined individually after consultation with the customer for each contract, taking into consideration the details of each entrusted service.

5 Providing Important Information in an easy-to-understand manner

According to the customer's request, TSCM reports financial results and budgets for each accounting period, and regularly reports on the status of assets under management and tenant trends.

6 Providing Suitable Service to Customers

TSCM strives to accurately and timely understand customer needs, etc. in accordance with environmental changes in asset management, and provides necessary and appropriate information to each customers.

Frequency of communication with investors (average of all investors/annual total)

(year)	2018	2019	2020	2021	2022
Face to Face Meetings	2.25	1.25	0.25	0.38	-
Conference Calls, Web Meeting	5.25	5.13	8.50	10.38	-
Briefing of Asset Management Reports	10.13	7.25	6.50	5.50	-

7 Framework for Adequate Motivation of Directors and Employees

TSCM regularly conducts compliance training for directors and employees in order to improve their compliance awareness. Furthermore, in order to maintain and improve expertise and cultivate professional ethics, TSCM encourages them to acquire various qualifications that contribute to the operation and management of real estate-related funds (such as Real Estate Brokerage license), and to participate in external training and seminars sponsored by the affiliated organizations to which we belong.

Implementation status of internal compliance trainings

(year)	2018	2019	2020	2021	2022
Number of compliance training sessions held ※ Including new employee training	5	14	6	7	-
(of which, training on professional ethics or customer-oriented business conduct)	(0)	(1)	(0)	(1)	-

End