

Policy on Product Governance: Status of efforts in fiscal 2025

June 24, 2026

Diamond Realty Management Inc. (DREAM) reports the status of efforts in fiscal 2025 (April 1, 2025, to March 31, 2026) pertaining to its "Policy on Product Governance" (the "Policy") as follows.

(Note: Although the Policy was established on June 25, 2025, this report includes the substantive status of initiatives throughout fiscal 2025.)

DREAM will continue to strive to conduct business operations in line with the Policy.

I . Basic Philosophy

DREAM's Purpose is that "We contribute to maximizing societal Well-being through real estate management." Guided by this Purpose, DREAM has established its Vision that "As a pioneer in real estate management, DREAM will continue to be a company that is ahead of the curve in responding to the evolving needs of our stakeholders and contribute to sustainable economic and social development and the preservation of the global environment."

In line with this philosophy, always standing from the customer's perspective and aiming to realize a sustainable society, DREAM is continuously working to maintain and strengthen systems that ensure financial products are appropriately structured and managed, under the leadership of its management team, by thoroughly implementing initiatives (product governance) aimed at providing products that serve the best interests of customers.

For the status of our sustainability management, please visit the following website.

<https://www.mc-dream.com/english/sustainability/policy/>

II . Establishment of a Product Governance System

To ensure the effectiveness of product governance across the entire lifecycle of financial products—from structuring to redemption—, DREAM conducts regular and continuous verification involving oversight by management departments (second line), the internal audit department (third line), and external experts, considering the characteristics and nature of individual financial products. Specifically, the management departments (second line) are primarily involved in various committees related to the structuring and management of individual financial products as committee members and conduct regular



and continuous verification through prior review of materials for these committees. In addition, the internal audit department (third line) conducts regular and continuous verification through internal audit-related investigations by external experts and its own internal audits, and executes ad-hoc verifications as necessary. Through the involvement of these parties, DREAM operates a PDCA (Plan-Do-Check-Act) cycle aimed at enhancing the effectiveness of product governance.

In fiscal 2025, DREAM strived to enhance the effectiveness of product governance by revising internal regulations, particularly based on the results of verifications by internal audits. The results are as follows.

- Number of verifications conducted by the internal audit department, external organizations, etc.: 5 times
- Response rate (e.g., revision of internal regulations) to the points indicated in the above verification results: 100%

III. Structuring of Financial Products

For each financial product structured in FY2025, such as "real estate closed-end funds" and "mezzanine debt funds," DREAM verified whether the products are sustainable in the medium to long term, the rationality of their risk, return, and cost, and the presence or absence of conflicts of interest at the time of structuring.

Furthermore, DREAM clearly identified the attributes of the customers DREAM anticipate for the product according to the complexity and risk characteristics of the products and strived to ensure the appropriateness of matching with the true needs of customers through information collaboration with companies involved in the sale of the products.

The number of newly structured funds in FY2025, the number of funds for which sales were entrusted externally, and the number of cases where information collaboration was conducted with companies involved in the sale are as follows.

- Number of newly structured funds: 12
- Number of funds for which sales were entrusted externally: 2
(of which, cases where information collaboration was conducted with companies involved in the sale: 2)

IV. Evaluation and Improvement of Financial Products

For financial products after structuring, DREAM conducts continuous monitoring and verification to ensure whether the product characteristics assumed at the time of



structuring are being maintained, and whether the actual operational content and processes align with the product characteristics expected by customers. In the regular verification for FY2025, DREAM confirmed that the product characteristics and the balance of risk and return assumed at the time of structuring were maintained for all targeted products.

In addition, based on feedback obtained through regular information collaboration with companies involved in the sale of financial products, DREAM considers confirming the operational policies of individual financial products and using such feedback to review and inspect the product governance system itself, as necessary. Besides, at present, DREAM does not outsource the primary management authority (investment decisions, etc.) of financial products externally.

The implementation status of monitoring and evaluation of existing funds in FY2025 is as follows.

- Number of regular verifications conducted for existing funds: 35

V. Clear and Accessible Information Provision

To enable customers to select better financial products, DREAM provided detailed information about the operational systems, product governance systems, and product characteristics of individual financial products to companies involved in the sale of financial products, thereby supporting clear and accessible explanations to customers.

Furthermore, for the private REIT (DREAM Private REIT Inc.) which entrusts management of its assets to DREAM, and the real estate security token (DREAM Realty Token - Residence 1-) for which DREAM serves as the asset manager, DREAM communicates information regarding operational status and product characteristics in a timely, clear, and accessible manner through dedicated websites for investors. For other closed-end funds, etc., DREAM also provide detailed and highly transparent information to investors through the regular delivery of asset management reports and face-to-face reporting meetings.

DREAM Private REIT

<https://dream-dpr.com/>

DREAM Realty Token -Residence 1- (Digital Registration Transfer System)

https://drm-sto.com/fund_001/

- Number of times support was provided to companies involved in the sale for newly structured funds to ensure clear and accessible information provision: 6 times

