Translation of Japanese Original

May 23, 2024

To All Concerned Parties

REIT Issuer:
KDX Realty Investment Corporation
Representative: Hiroaki Momoi, Executive Director
(Securities Code: 8972)

Asset Management Company:
Kenedix Real Estate Fund Management, Inc.
Representative: Akihiro Asano, President & CEO
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Notice Concerning Acquisition of Property (Kohnan Shinichi (Land))

KDX Realty Investment Corporation ("KDXR") announced today that Kenedix Real Estate Fund Management, Inc. (the "Asset Management Company"), the asset management company for KDXR, decided to acquire the following property (the "Acquisition").

1. Overview of the Acquisition

Property Number	Property Name	Location	Anticipated Acquisition Price (Millions of Yen) (Note 1)	Appraisal NOI Yield (%) (Note 2)	Brokerage
C2032	Kohnan Shinichi (Land)	Fukuyama, Hiroshima	2,630	4.5	No

(1) Contract Date: May 23, 2024
(2) Scheduled Acquisition Date: May 29, 2024
(3) Seller: Please refer to "4. Overview of the Seller" for details.
(4) Acquisition Funds: Borrowings (Note 3)
(5) Settlement Method: Payment in full at settlement

(Note 1) "Anticipated Acquisition Price" is the purchase price (excluding acquisition costs, settlement of property tax and city planning tax, and consumption tax, etc.) indicated in the trust beneficiary interest sale and purchase contract, and is rounded down to the nearest million yen. The same shall apply hereafter.

(Note 2) "Appraisal NOI Yield" is calculated by dividing the appraisal NOI of the property as on the appraisal report as of March 31, 2024 by the anticipated acquisition price for the property and rounded to the first decimal place.
"Appraisal NOI" refers to NOI (Net Operating Income) before depreciation expenses, which is calculated by deducting the operating expenses from the operating revenues described in the appraisal report, and thus, differs from NCF (Net Cash Flow) which is calculated by adding the profit from the investment of tenant deposits to and deducting capital expenditures from NOI. The appraisal NOI here is the NOI calculated using the direct capitalization method.

(Note 3) Please refer to the press release "Notice Concerning Debt Financing (Series 0014)" announced today for details.

2. Reason for the Acquisition

In accordance with the "Asset Management Targets and Policies" set forth in the Articles of Incorporation of KDXR, it has decided to acquire the property with the aim to execute prompt growth strategy following the merger, improve portfolio quality and maximize unitholder value.
Furthermore, KDXR has considered the following characteristics in determining the Acquisition.

Newly built large-scale home center in the northwest of Fukuyama City, running along the Sanyo Furusato-kaido Avenue, the hub for east-west traffic

(i) Property

- A large-scale home center with the largest sales floor area in the neighborhood of 4,000 m^2, which handles daily necessities, materials and others, opened in December 2023.
- The property is located in a residential area along the Sanyo Furusato-kaido Avenue, with a mountainous area on the north side and a river on the south side which improves living convenience for neighborhood residents.
- A flat parking lot is sufficiently secured on the front of the store, enabling a smooth approach by car.

(ii) Characteristics of the Trade Area

- According to the 2020 Population Census, the population within three-kilometer radius is 29,000 people, within five-kilometer radius is 69,000 people and within ten-kilometer radius is 237,000 people.
- As in the standard market for suburban areas of regional cities, the area is moving toward maturity. However, the Fukuyama City area, which has the second largest population in Hiroshima Prefecture, there is a regional characteristic that there are many families that frequently purchase convenience goods and other items at home centers.

3. Overview of the Property

Property Name		Kohnan Shinichi (Land)
Type of Specified Asset		Trust beneficiary interest in real estate (Note 1)
Trustee		Sumitomo Mitsui Trust Bank, Ltd. (scheduled)
Trust Period		From May 29, 2024 to May 31, 2044
Location		662 Tode, Shinichi, Fukuyama, Hiroshima
Land	Form of Ownership	Proprietary ownership
	Land Area	23,498.99m^2
	Zoning	Quasi-industrial area
	Building Coverage Ratio	60%
	Floor-area Ratio	200%
Building	Form of Ownership	-
	Gross Floor Area	-
	Completion Date	-
	Usage	-
	Type	-
	Structure / No. of Floors	-
Earthquake PML		-
Anticipated Acquisition Price		2,630 million yen
Appraisal	Appraisal Value	2,650 million yen
	Date of Appraisal	March 31, 2024
	Appraiser	Daiwa Real Estate Appraisal Co. Ltd.
	Outline	Please refer to “10. Summary of Appraisal Report” below.
Collateral		None
Master Lease Company		-
Type of Master Lease		-
Property Management Company		Kenedix Real Estate Fund Management, Inc. (scheduled)
Sub-Property Management Company		-
Details of Tenant		(as of April 30, 2024)
	Number of Tenants	1
	Total Leasable Area	23,498.99m^2
	Total Leased Area	23,498.99m^2
	Occupancy Rate	100.0%
	Monthly Rent	Not disclosed (Note 2)
	Security and Guarantee Deposit	Not disclosed (Note 2)
Remarks	None	
Other	(Note 1) KDXR has agreed with the seller that it will receive the transfer of the trust beneficiary interests of the said trust after the property is entrusted to Sumitomo Mitsui Trust Bank, Ltd. as the trustee by the time of KDXR’s acquisition. (Note 2) Not disclosed as the tenant’s consent has not been obtained.	

- “Location” is the indication of the residential address. In case there is no indication of the residential address, it is the building address under the lot address or the building location indicated in the certificate of registered matters (if there are multiple buildings, the location of one of the buildings). If the building has not been completed as of today, the lot number of the land is indicated (if there is more than one lot, the lot number of one of them).
- “Building Coverage Ratio” and “Floor-area Ratio” are the designated building-to-land ratio and designated floor-area ratio provided in the city plan. The designated building-to-land ratio may be relaxed or restricted due to the fact that the property is a fireproof building in a fire zone or for other reasons and may differ from the building-to-land ratio actually applied. The designated floor area ratio may differ from the actual applicable floor area ratio. The same shall apply hereafter.

- "Type" for retail facility is among NSC (Neighborhood Shopping Center), SM (Supermarket), CSC (Community Shopping Center), Urban Station-Front SC (Urban Station-Front Shopping Center) and SS (Specialty Store).
- "Master Lease Company" is the master lease company scheduled to execute the master lease agreement for the property. The same shall apply hereafter.
- "Type of Master Lease" is described as follows; "Pass through" for those with a master lease agreement without a rent guarantee concluded or scheduled to be concluded, "Rent guarantee" for those with a master lease agreement with a rent guarantee concluded or scheduled to be concluded, "Rent variable" for those with a master lease agreement with a rent variable concluded or scheduled to be concluded, and "-" in the case that the owner has or will conclude a lease agreement directly with the end tenant, or where there is no end tenant. The same shall apply hereafter.
- "Property Management Company" indicates the property management company that has entered into or will enter into a property management agreement for the property. The same applies below.
- "Sub-Property Management Company" indicates the sub-property management company that has entered into or will enter into the operational management service agreement for the property. The same applies below.
- "Number of Tenants" indicates the number of lessees. Where one lessee leases more than one section of the property, the lessee is counted as a tenant for each section leased within the property. Where pass-through type master lease agreements are entered into, the number of master lessees is with the number of end-tenants indicated in parentheses.
- "Total Leasable Area" is the floor area described in the lease agreements that is leasable at the property (in case where the property contains more than one building, the sum of the leasable floor area of such buildings). The same shall apply hereafter.
- "Total Leased Area" is the total leased floor area described in the lease agreements which are actually executed with tenants. (However, the leased floor area of warehouses and land (including parking lot) is not included.) The same shall apply hereafter.
- "Occupancy Rate" is the ratio of the "Total Leased Areas" (based on the lease agreements) to the "Total Leasable Area" of the property rounded to the first decimal place.
- "Monthly Rent" indicates the amount agreed upon in the lease agreement with each tenant (including common area charges and excluding the retail facility's rent for warehouses and consumption taxes) and rounding the number down to the nearest thousand yen.
- "Security and Guarantee Deposit" is the total of the security deposit (in case there is any portion that is not required to be returned due to special provision of deduction of security deposits, amortization of security deposits, etc. in each lease agreements or the sublease agreements, it is the amount after such amount is deducted) and the balance of the guarantee deposit as stipulated in the lease agreements or the sublease agreements, and the figures are rounded down to the nearest thousand yen.

4. Overview of the Seller

Company Name	JINUSHI Co., Ltd.
Location	1-5-1 Marunouchi, Chiyoda-ku, Tokyo
Title and Name of Representative	Hirohumi Nishira, Representative Director
Description of Business	1. Real estate investment business 2. Real estate leasing business 3. Asset management business
Amount of Capital	3,048 million yen
Date of Incorporation	April 7, 2000
Net Assets	33,482 million yen (as of March 31, 2024)
Total Assets	97,361 million yen (as of March 31, 2024)
Major Shareholder and Ratio	Tetsuya Matsuoka: 17.55% The Master Trust Bank of Japan Ltd. (Trust Acct.): 7.45% Matsuoka, LLC: 5.56% (as of December 31, 2023)
Relationship between the Seller and KDXR / the Asset Management Company	
Capital Relationship	There is no special capital relationship between KDXR or the Asset Management Company and the seller.
Personnel Relationship	There is no special personnel relationship between KDXR or the Asset Management Company and the seller.

	Business Relationship	Based on the support agreement with KDXR, the seller provides KDXR with preferential property information and grants KDXR preferential negotiation rights.
	Related-Party Relationships	The seller is not deemed a related-party with special interests relating to KDXR or the Asset Management Company.

5. Property Acquirer and Previous Owner's Profile

Details are omitted since the seller of the property is not special related party of KDXR or the Asset Management Company.

6. Brokerage

There is no brokerage for the Acquisition.

7. Related-Party Transactions

With respect to the following transaction with related-party in connection with the Acquisition, pursuant to the Related-Party Transaction Rules of Listed REIT Department, and in compliance with the standards set forth in laws, regulations and rules, the Asset Management Company obtained resolutions of approval for the transaction at the Investment Committee after deliberation and approval at the Compliance Committee.

Appointment of Property Management Company

KDXR plans to execute a property management agreement with the Asset Management Company on the scheduled date of acquisition. Fees relating to property management remain at the same level and rate as properties owned by KDXR.

8. Schedule of the Acquisition

Acquisition Decision Date / Contract Date	May 23, 2024
Payment Date / Acquisition Date	May 29, 2024 (scheduled)

9. Outlook

The impact of the Acquisition on the financial results for the fiscal periods ending October 31, 2024 (from May 1, 2024 to October 31, 2024) and April 30, 2025 (from November 1, 2024 to April 30, 2025) is minimal. Therefore, the forecasts of financial results for the fiscal periods remain unchanged.

10. Summary of Appraisal Report

Property Name	Kohnan Shinichi (Land)

Appraisal Value	2,650,000,000 yen
Appraiser	Daiwa Real Estate Appraisal Co. Ltd.
Date of Appraisal	March 31, 2024

Unit: Yen

Item	Breakdown	Basis
Income Capitalization Approach Value	2,650,000,000	Calculated based on the DCF method, with reference to the value based on direct capitalization method (direct capitalization method over a definite term).
Value based on Direct Capitalization Method	2,660,000,000	Calculated by multiplying the stabilized NCF that is expected to remain stable over the medium term by compound present value factor, adjusted by the value sale of the land at the end of the lease contract discounted to its present value.
(1) Gross Operating Revenue	Not disclosed (Note)	
General Operating Revenue	Not disclosed (Note)	
Vacancy-Related Loss	0	Not calculated, as long-term continuation of current lease agreements are expected.
(2) Operating Expenses	Not disclosed (Note)	
Maintenance Fees	0	Not applicable as the property is land.
Utility Expenses	0	Not applicable as the property is land.
Repairs	0	Not applicable as the property is land.
PM Fees	1,200,000	Recorded based on anticipated PM fees for the property.
Tenant Marketing Expenses	0	Not calculated, as long-term continuation of current lease agreements are expected.
Property Taxes	Not disclosed (Note)	
Insurance Expenses	0	Not applicable as the property is land.
Other Property-Related Expenses	0	
(3) Net Operating Income (NOI=(1)-(2))	119,659,720	
(4) One-Time Gain	1,066,266	Assessed income from investments by using an investment return of 1.0%.
(5) Capital Expenditure	0	Not applicable as the property is land.
(6) Net Cash Flow (NCF＝(3)+(4)-(5))	120,725,986	
(7) Cap Rate	4.7%	Assessed by comprehensively taking into account of the location and contract terms of the property.
Value based on DCF Method	2,640,000,000	
Discount Rate	4.6%	Assessed based on the past transactions of comparable properties and by taking into account the uniqueness of real estate properties as financial assets in terms of investment yield.
Terminal Cap Rate	4.8%	Assessed by taking into account the characteristics of the NCF used for the capitalization rate and future uncertainties/liquidity/marketability of the property.
Value based on Cost Method	-	
Ratio of Land	-	
Ratio of Building	-	

The appraiser's points to consider upon appraisal other than the above	None

(Note) Figures used in the direct capitalization method ((1) and (2)) include information for which the Investment Corporation has not obtained consent for disclosure from the lessee or which enables one to calculate such information. If such figures are disclosed, due to loss of trust relationship between the lessee and the Investment Corporation, claims for damages or request for termination may be brought against the Investment Corporation for breach of confidentiality obligation, or it may become difficult to renew the agreement over a long term, causing disadvantages and as a result causing damage to the unitholders' interests. Therefore, information and figures are not disclosed in (1) and (2) above except where it is determined that such disclosure causes no harm.

＜Attached Materials＞

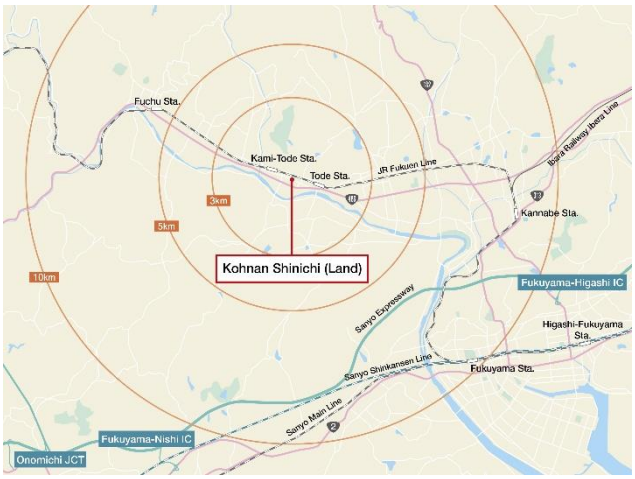
・Reference Material 1: Photograph and Map of the Property
・Reference Material 2: Status of Property Portfolio of KDXR (After the Acquisition)

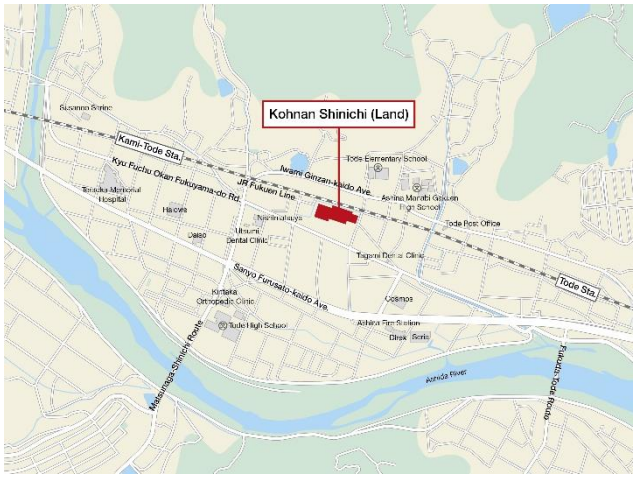
KDXR's Website: https://www.kdx-reit.com/eng/

[Provisional Translation Only]
This document is an English translation of the original Japanese document and is provided solely for information purposes. Should there be any discrepancies between this translation and the Japanese original, the latter shall prevail.

Reference Material 1: Photograph and Map of the Property







Reference Material 2: Status of Property Portfolio of KDXR (After the Acquisition)

Property Type	Number of Properties	(Anticipated) Acquisition Price (Millions of Yen)	Investment Ratio (Note) (%)
Office Buildings	94	435,936	36.8
Residential Properties	143	320,374	27.0
Retail Facilities	62	293,631	24.8
Logistics Facilities	12	21,312	1.8
Hotels	4	30,930	2.6
Healthcare Facilities	39	82,417	7.0
Portfolio Total	354	1,184,601	100.0

(Note) "Investment Ratio" indicates the ratio of (Anticipated) Acquisition Price of each asset type to Portfolio Total and is rounded to the first decimal place.