Translation of Japanese Original

September 18, 2024

To All Concerned Parties

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

Asset Management Company:
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Notice Concerning Acquisition of Property (KDX Residence Higashiyukigaya)

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
B1106	KDX Residence Higashiyukigaya (Note 3)	Ota-ku, Tokyo	2,700	4.5	N/A

(1) Contract Date: September 18, 2024
(2) Scheduled Acquisition Date: September 25, 2024
(3) Seller: Please refer to "4. Overview of the Seller" for details.
(4) Acquisition Funds: Borrowings (Note 4) and cash on hand (planned)
(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 August 1, 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) KDXR plans to change the property name after the acquisition. Accordingly, the property name after the change is shown in this material.

(Note 4) For details, please refer to the press release "Notice Concerning Debt Financing (Series 0019)" dated today.

The property to be acquired shall hereafter be referred to as the "Property".

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 improve portfolio quality and maximize unitholder value.
KDXR expects further portfolio growth with the acquisition of the Property, which has potential upside through active management, including renovation.

Furthermore, KDXR has considered the following characteristics in determining the Acquisition.

(i) Location

The Property is a residential complex located approximately 14-minute walk from "Ontakesan" station on the Tokyu Ikegami Line and approximately 19-minute walk from "Nishi-magome" station on the Toei Asakusa Line. The location has excellent access to business and commercial areas in the main areas of Tokyo and Yokohama. It is about 15 minutes from "Ontakesan" station to "Gotanda" station and about 26 minutes to "Shinagawa" station, and is about 16 minutes by bus to "Denenchofu" station on the Tokyu Toyoko Line and Tokyu Meguro Line from the "Yukigaya Cultural Center" stop on the Tokyu Bus, which is about a 3-minute walk from the property. Furthermore, it is about 15 minutes from "Denenchofu" station to "Shibuya" station

about 25 minutes to "Yokohama" station. Furthermore, the area surrounding "Ontakesan" station and "Nishi-magome" station has convenient living facilities such as supermarkets and restaurants, and the area around the Property has a concentration of hospitals, post offices, elementary and junior high schools, parks and other public facilities, therefore, stable demand is expected from family and DINKS households who prefer convenience of living and commuting to work and school.

(ii) Building

The Property is a family-type residential property composed of 6 units of 2LDK layout and 53 units of 3LDK layout, completed in April 1998. In 2022, large-scale repairs has been carried out in the common areas, and renovation work is being carried out sequentially in the private areas, including upgrading facilities such as kitchens, washstands and bathtubs, to improve the comfort of living. KDXR believes that the Property can expect rental demand oriented towards the number of rooms and comfort of living due to the prevalence of work from home, in addition to the convenience of living and commuting.

3. Overview of the Property

Property Name		KDX Residence Higashiyukigaya				
Type of Specified Asset		Trust beneficiary interest in real estate				
Trustee		Sumitomo Mitsui Trust Bank, Limited (planned)				
Trust Period		From September 30, 2022 to September 30, 2044				
Location		5-36-1 Higashiyukigaya, Ota-ku, Tokyo				
Land	Form of Ownership	Proprietary ownership				
	Land Area	2,489.63 m^2				
	Zoning	Category 1 medium-to-high-rise exclusive residential districts				
	Building Coverage Ratio	60%				
	Floor-area Ratio	200%				
Building	Form of Ownership	Proprietary ownership				
	Gross Floor Area	4,231.67 m^2 (Note)				
	Completion Date	April 1998				
	Usage	Apartment building				
	Type	Family type				
	Structure / No. of Floors	7-story reinforced concrete structure, flat roof				
Earthquake PML		6.6%				
Anticipated Acquisition Price		2,700 million yen				
Appraisal	Appraisal Value	2,890 million yen				
	Date of Appraisal	August 1, 2024				
	Appraiser	Japan Real Estate Institute				
	Outline	Please refer to "10. Summary of Appraisal Report" below.				
Collateral		None				
Master Lessee Company		Tokyu Housing Lease Corporation (planned)				
Type of Master Lease		Pass through				
Property Management Company		Tokyu Housing Lease Corporation (planned)				
Details of Tenant						
	Total Number of Tenants	1				
	Total Leasable Area	4,025.87 m^2				
	Total Leased Area	3,616.13 m^2				
	Total Leasable Units	53 units				
	Total Leased Units	59 units				
	Occupancy Rate during Past Five Years	2020	2021	2022	2023	2024
		-	-	-	98.3%	89.8%
	Monthly Rent and Common Area Charge (excluding consumption tax)	8,642 thousand yen				
	Security and Guarantee Deposits	12,494 thousand yen				
Remarks	Not applicable					
Other	Note: "Gross Floor Area" of the building does not include the area of the annexed building (electrical room of 20.01 m^2).					

The table above shows the overview of each property to be acquired of (the "Individual Asset Table"). In addition, the terms used in the Individual Asset Table are as follows. Please refer to the Individual Asset Table together with the explanation on the terms listed below. In principle, unless otherwise specified, the status as of August 31, 2024 is indicated.

- "Location" is the indication of the residential address.
- "Building Coverage Ratio" and "Floor-area Ratio" are the designated building-to-land ratio and designated floor-area ratio provided in the city plan (if there are more than one, both). The designated building-to-land ratio may be relaxed or restricted since 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 be relaxed or restricted due to the width of roads adjacent to the land or other reasons, and may differ from the actual applicable floor-area ratio.
- "Type" is the classification of the principal residential unit, among studio type, small family type or family type as described below.

Studio type (housing mainly for single households)	Small family type (housing mainly for married-couple households and family households with an infant)	Family type (housing mainly for family households of 3 person or more)
The exclusively owned area per residential unit contains at least 18 m^2, but less than 30 m^2 and at least 20 residential units per property.	The exclusively owned area per residential unit contains at least 30 m^2, but less than 60 m^2 and at least 15 residential units per property.	The exclusively owned area per residential unit contains at least 60 m^2 per unit and at least 5 residential units per property.

- "Earthquake PML" indicates the figure described in the earthquake PML valuation report (level 2) prepared by Sompo Risk Management Inc. in August 2024.
- "Master Lease Company" is the master lease company scheduled to execute the master lease agreement for the property.
- "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, 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.
- "Property Management Company" indicates the property management company that has entered into or will enter into a property management agreement for the property.
- "Total Number of Tenants" is the number of lessees, and when the same lessee leases or will lease multiple parcels, such lessee is counted as one. In cases where the master lease company has executed or will execute a pass-through master lease agreement with the lessor, the number of end tenants is stated in brackets after the number of master lease companies. For residential properties, when a master lease agreement is concluded or will conclude with a master lease company, the "Total Number of Tenants" is counted as one.
- "Total Leasable Area" is the floor area described in the lease agreements that is leasable at the property.
- "Total Leased Area" is the leased floor area described in the lease agreements or sublease agreements which are actually executed with end tenants.
- "Total Leasable Units" is the number of leasable residential units as of August 31, 2024.
- "Occupancy Rate during Past Five Years" 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. The figures shown are those disclosed by the seller for each year from the end of August 2024 to past five years.
- "Monthly Rent and Common Area Charge (excluding consumption tax)" is the total of the monthly rent and monthly common charges according to the lease agreements or the sublease agreements actually executed with the end tenants (excluding taxes, car parking space usage fees and trunk room charges), and the figures are rounded down to the nearest thousand yen.
- "Security and Guarantee Deposits" 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	Fuyo General Lease Co.,Ltd.
Location	5-1-1, Kojimachi, Chiyoda-ku, Tokyo
Title and Name of Representative	Hiroaki Oda, President & CEO
Description of Business	Leasing of machinery, appliances and real estate, and financial instruments business such as installment sales and loan of money.
Amount of Capital	10,532 million yen (as of March 31, 2024)
Date of Incorporation	May 1, 1969
Net Assets	477,326 million yen (as of March 31, 2024)
Total Assets	3,390,324 million yen (as of March 31, 2024)
Major Shareholder and Ratio	Hulic Co., Ltd. (13.96%) The Master Trust Bank of Japan, Ltd. (Trust Acct.) (9.06%) Meiji Yasuda Life Insurance Company (8.46%) (as of March 31, 2024)

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	There is no special business relationship between KDXR or the Asset Management Company and the seller.
	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 sellers of the Properties are not special related parties of KDXR or the Asset Management Company.

6. Brokerage

There is no brokerage for the Acquisition.

7. Related-Party Transactions

There are no related-party transactions for the Acquisition.

8. Schedule of the Acquisition

Acquisition Decision Date / Contract Date	September 18, 2024
Payment Date / Acquisition Date	September 25, 2024 (planned)

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 remains unchanged.

10. Summary of Appraisal Report

Property Name	KDX Residence Higashiyukigaya

Appraisal Value	2,890,000,000 yen
Appraiser	Japan Real Estate Institute
Date of Appraisal	August 1, 2024

Unit: Yen

Item	Breakdown	Basis
Income Capitalization Approach Value	2,890,000,000	Calculated with the value based on the DCF method in conjunction with the value based on the direct capitalization method.
Value based on Direct Capitalization Method	2,900,000,000	Calculated by dividing the standardized NCF that remains stable over the medium to long term by the cap rate.
(1) Gross Operating Revenue	145,887,000	
General Operating Revenue	151,999,000	Assessed based on a level of fair rent considered to remain stable over the medium and long term, assuming renovation work in the residential area.
Vacancy-Related Loss	6,112,000	Assessed based on the assumption of an occupancy rate that remains stable over the medium and long term.
(2) Operating Expenses	25,512,000	
Maintenance Fees	4,762,000	Assessed with reference to the maintenance and management fees based on the contract terms, the fee level of similar properties, etc.
Utility Expenses	1,200,000	Assessed in consideration of the performance of similar properties.
Repairs	4,803,000	Assessed in consideration of the actual amounts in the prior years, expenses at similar properties, annual average repair, maintenance and renewal expenses, etc. in the engineering report.
PM Fees	2,784,000	Assessed in consideration of compensation rates based on contract terms and compensation rates, etc. at similar properties.
Tenant Marketing Expenses	3,960,000	Assessed with reference to the contract terms and the lease terms of similar properties.
Property Taxes	7,592,000	Assessed an amount based on the fiscal year 2024 tax statement, etc.
Insurance Expenses	411,000	Recorded with consideration of the insurance premium rate at similar properties.
Other Property-Related Expenses	0	There are no special expenses to be recorded.
(3) Net Operating Income (NOI=(1)-(2))	120,375,000	
(4) One-Time Gain	175,000	Assessed income from investments by using an investment return of 1.0%.
(5) Capital Expenditure	7,370,000	Assessed taking into account the level of capital expenditures at similar properties and the age of the property, assuming that an equal amount is added to a reserve in each fiscal period.
(6) Net Cash Flow (NCF＝(3)+(4)-(5))	113,180,000	
(7) Cap Rate	3.9%	Assessed by comprehensively taking into account the property's location, the conditions of the building and other conditions (including the cost of renovation works on resident areas).

Value based on DCF method		2,880,000,000	
	Discount rate	3.3%	Assessed by comprehensively taking into account the property's unique characteristics by reference to transaction yields at similar properties.
	Terminal Cap Rate	3.6%	Assessed by comprehensively taking into account upcoming changes in investment returns, risks associated with the Property, general prediction of economic growth rate, trends in real estate prices and rental rates, and all other applicable factor, while reflecting returns associated with acquisitions of similar properties.
Value based on Cost Method		3,240,000,000	
	Ratio of Land	91.7%	
	Ratio of Building	8.3%	

The appraiser's points to consider upon appraisal other than the above	Adopted income approach value from the judgment that the income approach value is more persuasive because it is the price calculated according to price formation process from the aspect of earnings, while using the value calculated based on the cost approach as a reference.

＜Attached Materials＞

・Reference Material 1: Photographs 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]

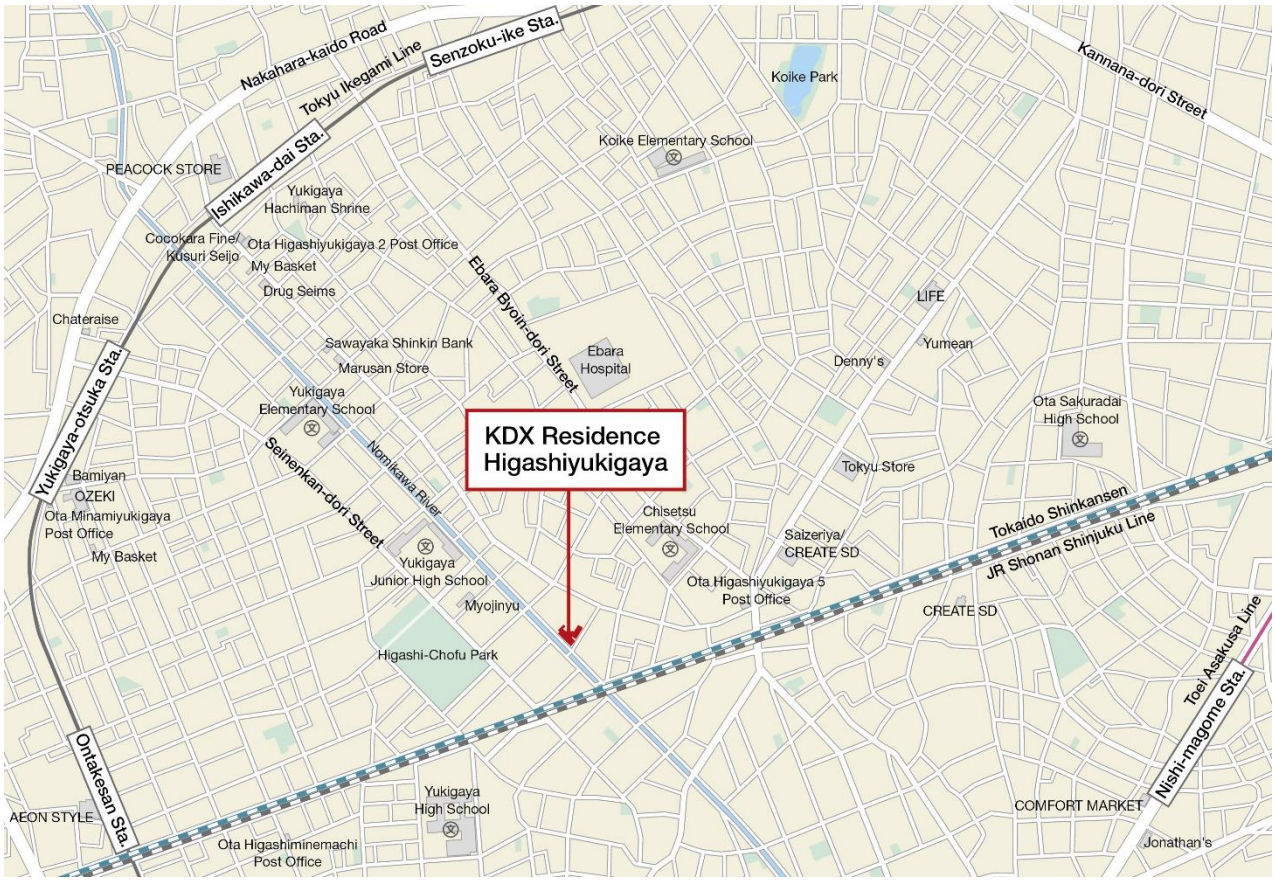
This document is an English translation of the original Japanese document and is provided solely for information purposes. Should there be any discrepancies between this translation and the Japanese original, the latter shall prevail.

Reference Material 1: Photographs 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	93	429,996	35.9
Residential Properties	144	323,074	26.9
Retail Facilities	61	287,421	24.0
Logistics Facilities	13	26,262	2.2
Hotels	5	48,640	4.1
Healthcare Facilities	40	83,768	7.0
Portfolio Total	356	1,199,162	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.