Translation of Japanese Original

December 16, 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 Disposition of Property (Resora Obu Shopping Terrace)

KDX Realty Investment Corporation ("KDXR") announced today that Kenedix Real Estate Fund Management, Inc. (the "Asset Management Company"), an asset management company for KDXR, decided to dispose of the following property (the "Disposition"). The property to be disposed of is the "Property".

1. Overview of the Disposition

Property Number	Property Type	Property Name	Anticipated Disposition Price (Note 1) (Millions of Yen)	Book Value (Note 2) (Millions of Yen)	Difference between Anticipated Disposition Price and Book Value (Note 3) (Millions of Yen)	Brokerage
C2024	Retail Facilities	Resora Obu Shopping Terrace	6,455	6,369	85	N/A

(i) Contract Date: December 16, 2024
(ii) Scheduled Disposition Date: January 31, 2025
(iii) Buyer: Please refer to "4. Overview of Buyer" for details.
(iv) Use of Proceeds: Cash on hand (including acquisition of own investment unit) (scheduled)
(v) Settlement Method: Payment in full on the date of disposition

(Note 1) "Anticipated Disposition Price" is the disposition price (excluding the disposition 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) "Book Value" is as of the end of the fiscal period ended October 31, 2024, rounded down to the nearest million yen.
(Note 3) Figures are referential amount, calculated as a difference between anticipated disposition price and book value, and different from gain or loss on sale, and is rounded down to the nearest million yen.

2. Reasons for the Acquisition and the Disposition

While KDXR is acquiring new properties that are in line with its portfolio management policy, we are also working to improve portfolio quality through asset reshuffling by disposing properties, taking into account the current and future portfolio construction policy, real estate market trends, and the characteristics of individual properties.
The property is a NSC in Obu, Aichi, opened in 2008 as a part of the development project including a medical mall and a condominium. We have been considering to dispose of the Property since there was a concern of the decline in profitability due to an increase in capital expenditure and repair costs in the future.
The anticipated disposition price which agreed with the buyer is higher than the book value and the most recent appraisal value. Therefore, KDXR have decided to dispose of the Property after comprehensively considering its competitiveness and its future potential.

3. Overview of the Property

The table below shows the overview of property to be disposed 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 October 31, 2024 is indicated.

- "Location" is the indication of the residential address. In case there is no indication of the residential address, it is the building location indicated in the register (if there are multiple buildings, the location of one of the buildings).
- "Building Coverage Ratio" and "Floor-area Ratio" are the designated building coverage ratio and designated floor-area ratio provided in the city plan (if there are more than one, both). The designated building coverage 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 coverage 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.
- "Gross Floor Area" is based on the figure in the register, not including the area of the annexed building.
- "Type" 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).
- "Earthquake PML" indicates the figure described in the earthquake PML valuation report (level 2) prepared by Sompo Risk Management Inc. in October 2024.
- "Master Lessee Company" is the master lease company executed or 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, "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.
- "Property Management Company" indicates the property management company that has entered into or will enter into a property management agreement.
- "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" refers to the leasable floor area for a building (aggregate total of the leasable floor area of each building in the case of more than one building), excluding land (including land for one-story parking) identified in lease agreements or construction completion plans.
- "Total Leased Area" refers to the area identified in lease agreements with end tenants or sub-lease agreements.
- "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 October 2024 to past five years.
- "Monthly Rent (excluding consumption tax)" indicates the total of the fixed monthly rent and the variable monthly rent based on sales in Oct. 2024 (including common area charges and excluding the consumption taxes) agreed upon in the lease agreement with each tenant (excluding the lease agreement for warehouses and parking area) and the figures are rounded down to the nearest thousand yen.
- "Security and Guarantee Deposits" is the total of the security deposit 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.

Property Name		Resora Obu Shopping Terrace				
Type of Specified Asset		Trust beneficiary interest in real estate				
Trustee		Mitsubishi UFJ Trust and Banking Corporation				
Trust Period		November 11, 2014 through April 30, 2037				
Location		1-94, Hiiragiyama-cho, Obu, Aichi				
Land	Form of Ownership	Proprietary ownership				
	Land Area	29,359.74m^2				
	Zoning	Neighborhood Commercial District				
	Building Coverage Ratio	80%				
	Floor-area Ratio	200%				
Building	Form of Ownership	Proprietary ownership				
	Gross Floor Area	24,093.43m^2				
	Date Constructed	March 21, 2008				
	Use	Retail stores, sports facility				
	Type	NSC				
	Structure / No. of Stories	Steel structure / 2-story building with flat roof				
Earthquake PML		8.9%				
Acquisition Price		6,430 million yen				
Appraisal	Appraisal Value	6,380 million yen				
	Base Date for Appraisal	October 31, 2024				
	Appraiser	Tanizawa Sogo Appraisal Co., Ltd.				
	Outline	Please refer to “10. Summary of Appraisal Report” below.				
Collateral		None				
Master Lessee Company		Keihan Ryutsu Systems Co., Ltd.				
Type of Master Lease		Pass through				
Property Management Company		Kenedix Property Design, Inc.				
Details of Tenant						
	Total Number of Tenants	1 (38)				
	Total Leasable Area	19,909.33m^2				
	Total Leased Area	19,612.21m^2				
	Occupancy Rate during Past Five Years	2020	2021	2022	2023	2024
		97.2%	98.5%	98.0%	98.5%	98.5%
	Monthly Rent and Common Area Charge (excluding consumption tax)	38,612 thousand yen				
	Security and Guarantee Deposits	274,060 thousand yen				
Remarks	Not applicable					
Other	Not applicable					

4. Overview of Buyer

The buyer is a domestic company, and the name of the buyer and other information are not disclosed as the buyer’s consent has not been obtained. There is no special capital, personnel, or business relationship between KDXR or the Asset Management Company and the buyer. Furthermore, the buyer is not a special related parties under the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951; as amended) (“the Investment Trust Law”), or the Related-Party Transaction Rules of the Listed REIT Department of the Asset Management Company.

5. Brokerage

Not applicable

6. Related Party Transaction

The Disposition is not a related-party transaction.

7. Schedule of the Disposition

Disposition Decision Date Contract Date	December 16, 2024
Payment Date/ Disposition Date	January 31, 2025 (scheduled) (Note)

(Note) The Disposition falls under the forward commitments, etc. by the investment corporation as specified in the Financial Services Agency "Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc.". If KDXR violates any of the provisions of the purchase and sale agreement and the agreement is canceled for the reason that purposes of the agreement cannot be fulfilled due to such violation, KDXR shall pay an amount equivalent to a predetermined rate of the purchase price less consumption tax as a penalty fee. Such penalty fee is set at 20 %.

8. Outlook

For details of the operating forecasts for the fiscal periods ending April 30, 2025 (November 1, 2024 to April 30, 2025) and October 31, 2025 (May 1, 2025 to October 31, 2025), which includes the Disposition and the asset reshuffle announced today in the press release "Notice Concerning Acquisition of Property (1 Logistics Facility) and Disposition of Properties (2 Office Buildings and 10 Residential Properties)", please refer to the financial report "FINANCIAL REPORT FOR THE FISCAL PERIOD ENDED October 31, 2024 (REIT)" dated today.

9. Summary of Appraisal Report

Property Name	Resora Obu Shopping Terrace
Appraisal Value	6,380,000,000 yen
Appraiser	Tanizawa Sogo Appraisal Co., Ltd.
Date of Appraisal	October 31, 2024

Unit: Yen

Item	Breakdown	Basis
Income Capitalization Approach Value	6,380,000,000	Calculate based on the DCF method, with reference to the value based on direct capitalization method
Value based on Direct Capitalization Method	6,510,000,000	Assess by using the cap rate based on medium term stable standardized net cash flow
(1) Gross Operating Revenue	622,076,355	
General Operating Revenue	630,892,334	Assess based on a level of fair rent considered to remain stable over the medium term
Vacancy-Related Loss	8,815,979	Assess based on the premise of an occupancy rate that remains stable over the medium term
(2) Operating Expenses	296,937,562	
Maintenance Fees	44,198,713	Assess an amount by verifying a level of maintenance fees at similar properties based on the past performance
Utility Expenses	131,401,578	Assess an amount by verifying a level of utility expenses at similar properties based on the past performance
Repairs	6,705,000	Assess based on the annual assessment amount based on medium- and long-term repair and renewal costs in the engineering report, taking into account the construction management fee
PM Fees	33,525,305	Assessed based on the PM contract details
Tenant Marketing Expenses	2,642,690	Assessed based on the PM contract details
Property Taxes	54,503,300	Record the actual amount
Insurance Expenses	1,566,227	Record the actual amount
Other Property-Related Expenses	22,394,749	Recognize an amount by assessing the past performance
(3) Net Operating Income (NOI= (1)-(2))	325,138,793	
(4) One-Time Gain	2,969,816	Assess an income from investments by using an investment return of 1.0%
(5) Capital Expenditure	15,645,000	Assess based on the annual assessment amount based on medium- and long-term repair and renewal costs in the engineering report, taking into account the construction management fee
(6) Net Cash Flow (NCF＝(3)+(4)-(5))	312,463,609	
(7) Cap Rate	4.8%	
Value based on DCF Method	6,330,000,000	
Discount Rate	4.9%	Assess 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	5.0%	Assess an amount by taking into account future uncertainty etc. based on capitalization rate
Value based on Cost Method	7,330,000,000	
Ratio of Land	70.4%	
Ratio of Building	29.6%	
The appraiser's points to consider upon appraisal other than the above	None	

＜Attached Material＞

・Reference Material: Status of Property Portfolio of KDXR after the Disposition and the asset reshuffle announced today in the press release “Notice Concerning Acquisition of Property (1 Logistics Facility) and Disposition of Properties (2 Office Buildings and 10 Residential Properties)”

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: Status of Property Portfolio of KDXR after the Disposition and the asset reshuffle announced today in the press release "Notice Concerning Acquisition of Property (1 Logistics Facility) and Disposition of Properties (2 Office Buildings and 10 Residential Properties)"

Property Type	Number of Properties	(Anticipated) Acquisition Price (Millions of Yen)	Investment Ratio (Note 1) (%)
Office Buildings (Note 2)	89	422,212	35.5
Residential Properties	134	315,500	26.5
Retail Facilities	60	281,146	23.6
Logistics Facilities	14	38,662	3.2
Hotels	5	48,640	4.1
Healthcare Facilities	40	83,768	7.0
Portfolio Total (Note 2)	342	1,189,928	100.0

(Note 1) "Investment Ratio" indicates the ratio of (Anticipated) Acquisition Price of each asset type to Portfolio Total and is rounded to the first decimal place.

(Note 2) The figures do not include KDX Kitahama Building, announced in the press release "Notice Concerning Dispositions of Properties (KDX Monzen-Nakacho Building and KDX Kitahama Building)" dated October 24, 2024.