Translation of Japanese Original

February 27, 2025

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
Contact: Michiru Nagamata, Head of Strategic Planning, Listed REIT Department
TEL: +81-3-5157-6010

Notice Concerning Disposition of Property (KDX Higashi-Shinagawa Building)

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)	Assumed Book Value (Note 2) (Millions of Yen)	Difference between Anticipated Disposition Price and Assumed Book Value (Note 3) (Millions of Yen)	Brokerage
A1038	Office Buildings	KDX Higashi-Shinagawa Building	5,570	4,462	1,107	N/A

(i) Contract Date: February 27, 2025
(ii) Scheduled Disposition Date: May 16, 2025
(iii) Buyer: Please refer to "4. Overview of Buyer" for details.
(iv) Use of Proceeds: Cash on hand
(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) "Assumed Book Value" is as of the scheduled date of disposition.
(Note 3) Figures are referential amount, calculated as a difference between anticipated disposition price and assumed book value, and different from gain or loss on sale.

2. Reasons for 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 32 years old mid-sized office building located within walking distance from both "Shinagawa Seaside" station on the Tokyo Waterfront Area Rapid Transit Rinkai Line and "Aomono-yokocho" station on the Keikyu Line. KDXR acquired the Property since we highly evaluated its excellent access to multiple train lines and large standard leasable floor area of approximately 480 tsubo, which is suitable for attracting large-scale tenants. However, in recent years, the surrounding competing buildings have continued to have many vacancies, and the average rent per unit for the Property has also fallen significantly compared to the time of acquisition. We have

been considering to dispose of the Property since the Property is positioned as relatively low profitability within our portfolio, and it is difficult to expect an improvement in future yields from the perspective of occupancy and market needs.
Furthermore, our portfolio yield is expected to improve as a result of the Disposition, and the anticipated disposition price which agreed with the buyer is higher than the book value and the most recent appraisal value, we expect to secure a gain on sales of real estate. Therefore, KDXR have decided to dispose of the Property.

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 January 31, 2025 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.
- "Earthquake PML" indicates the figure described in the earthquake PML valuation report (level 2) prepared by Sompo Risk Management Inc. in December 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.
- "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 January 2025 to past five years.
- "Monthly Rent and Common Area Charge (excluding consumption tax)" indicates the amount agreed upon in the lease agreement with each tenant (including common area charges and excluding the rent for warehouses and parking area) and rounding the number 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.

Outline of Property to be Disposed of

Property Name		KDX Higashi-Shinagawa Building				
Type of Specified Asset		Trust beneficiary interest in real estate				
Trustee		Sumitomo Mitsui Trust Bank, Limited				
Trust Period		March 20, 1991 through August 1, 2030				
Location		4-10-13, Higashi Shinagawa, Shinagawa-ku, Tokyo				
Land	Form of Ownership	Proprietary ownership				
	Land Area	3,115.45m^2				
	Zoning	Quasi-industrial District				
	Building Coverage Ratio	60%				
	Floor-area Ratio	300%				
Building	Form of Ownership	Proprietary ownership				
	Gross Floor Area	10,138.65m^2				
	Date Constructed	January 8, 1993				
	Use	Office				
	Structure / No. of Stories	Steel encased reinforced concrete structure / 5-story building with 1 basement floor and flat roof				
Earthquake PML		8.1%				
Acquisition Price		4,590 million yen				
Appraisal	Appraisal Value	4,860 million yen				
	Base Date for Appraisal	October 31, 2024				
	Appraiser	Daiwa Real Estate Appraisal Co., Ltd.				
	Outline	Please refer to “9. Summary of Appraisal Report” below.				
Collateral		None				
Master Lessee Company		KDXR				
Type of Master Lease		Pass through				
Property Management Company		Kenedix Property Design, Inc.				
Details of Tenant						
	Total Number of Tenants	8				
	Total Leasable Area	7,118.43m^2				
	Total Leased Area	6,348.21m^2				
	Occupancy Rate during Past Five Years	2021	2022	2023	2024	2025
		100.0%	100.0%	100.0%	76.6%	89.2%
	Monthly Rent and Common Area Charge (excluding consumption tax)	20,950 thousand yen				
	Security and Guarantee Deposits	210,253 thousand yen				
Remarks	Not applicable					
Other	Not applicable					

4. Overview of Buyer

The buyer is a domestic business 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), 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	February 27, 2025
Payment Date/ Disposition Date	May 16, 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 10 %.

8. Outlook

The difference between the anticipated disposition price and assumed book value is 1,107 million yen and gain on sale will be recorded. However, the impact of the Disposition on the financial results for the fiscal period ending October 31, 2025 (from May 1, 2025 to October 31, 2025) is minimal, the forecast of financial results remains unchanged. The forecast of financial results for the fiscal period ending October 31, 2025 including handling of the gain on sale of the Disposition is scheduled to be disclosed at the time of announcement on financial results for the fiscal period ending April 30, 2025.

9. Summary of Appraisal Report

Property Name	KDX Higashi-Shinagawa Building
Appraisal Value	4,860,000,000 yen
Appraiser	Daiwa Real Estate Appraisal Co., Ltd.
Date of Appraisal	October 31, 2024

Unit: Yen

Item	Breakdown	Basis
Income Capitalization Approach Value	4,860,000,000	Estimate an amount by verifying the value calculated using the direct capitalization method as well as handling value calculated using the DCF method as a standard.
Value based on Direct Capitalization Method	4,990,000,000	
(1) Gross Operating Revenue	311,678,728	
General Operating Revenue	328,024,640	Assess the amount on the premise of rent, common area charge, parking and other revenue that can be maintained over the medium and long term
Vacancy-Related Loss	16,345,912	Assess based on the premise of a vacancy rate that remains stable over the medium and long term
(2) Operating Expenses	102,279,933	
Maintenance Fees	20,155,075	Assess an amount by verifying a level of maintenance fees at similar properties based on the past performance
Utility Expenses	29,458,000	Assess an amount by verifying a level of utility expenses at similar properties based on the past performance
Repairs	5,949,000	Assess an amount by verifying a level of repair expenses at similar properties based on ER 12-year averaged repair costs
PM Fees	5,693,519	Assess a standard level of PM fee based on the level of PM fee at similar properties.
Tenant Marketing Expenses	2,363,079	Assess an amount by considering estimated turnover and occupancy rate based on the level of tenant recruitment expenses, etc. at similar properties.
Property Taxes	35,988,400	Assess an amount based on the fiscal year 2024 tax statement, etc.
Insurance Expenses	672,860	Assess an amount by verifying insurance fees, etc. at similar properties based on the estimated amount of insurance fees
Other Property-Related Expenses	2,000,000	Recognize an amount by assessing the past performance
(3) Net Operating Income (NOI= (1)-(2))	209,398,795	
(4) One-Time Gain	2,272,791	Assess an income from investments by using an investment return of 1.0%
(5) Capital Expenditure	16,932,928	Add a construction management fee to assessed amount by verifying the level of renewal expenses and others at similar properties based on ER 12-year averaged repair costs
(6) Net Cash Flow (NCF＝(3)+(4)-(5))	194,738,658	
(7) Cap Rate	3.9%	Assess by comprehensively taking into account the property's location, the characteristics of the building and other characteristics
Value based on DCF Method	4,810,000,000	
Discount Rate	3.7%	Assess an amount by comprehensively taking into account the property's unique characteristics with reference to investment returns of similar properties in transaction

	Terminal Cap Rate	4.1%	Assess 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		4,850,000,000	
	Ratio of Land	89.2%	
	Ratio of Building	10.8%	
The appraiser's points to consider upon appraisal other than the above		Adopt 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 Material＞

・Reference Material:　Status of Property Portfolio of KDXR (After the Disposition)

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)

As of May 16, 2025

Property Type	Number of Properties	(Anticipated) Acquisition Price (Millions of Yen)	Investment Ratio (Note) (%)
Office Buildings	88	417,622	35.1
Residential Properties	135	317,014	26.6
Retail Facilities	60	281,146	23.6
Logistics Facilities	14	38,662	3.2
Hotels	5	48,640	4.1
Healthcare Facilities	41	87,498	7.3
Portfolio Total	343	1,190,582	100.0

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