

Translation of Japanese Original

November 15, 2023

To All Concerned Parties:

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

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Notice Concerning Treatment of Fractional Investment Units of Less Than One Unit  
 Resulting from the Merger

Following the absorption-type merger (the “Merger”) implemented by KDX Realty Investment Corporation (“KDXR” which changed its trade name from Kenedix Office Investment Corporation as of November 1, 2023), Kenedix Residential Next Investment Corporation (“KDR”) and Kenedix Retail REIT Corporation (“KRR”; KDR and KRR are collectively referred to as “Dissolving Corporation”) that took effect on November 1, 2023, investment units of KDXR were allocated to unitholders listed or recorded on each Dissolving Corporation’s final unitholders’ register as of October 31, 2023 (“Unitholders Subject to Allocation”). However, among the investment units granted to some Unitholders Subject to Allocation are fractional units of less than one unit (“Fractional Investment Units”). These Fractional Investment Units will be sold through market transactions in accordance with the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended), and the proceeds will be granted to the Unitholders Subject to Allocation in accordance with the fractional units allocated to the unitholders. Applicable Unitholders Subject to Allocation will be notified of details including the amount and method of delivery of such proceeds separately by mail, and these payments are scheduled to begin in middle of January 2024.

1. Allocation of Investment Units

The right to receive an allotment of KDXR investment units has been granted to Unitholders Subject to Allocation (unitholders who held Dissolving Corporation’s units on October 27, 2023, the final trading day with rights).

	KDXR	KDR	KRR
Allocation of investment units under the Merger	1	1.34	1.68

Note: The number of new KDXR investment units issued as a result of the Merger: 2,446,037 investment units

2. Calculation Method of Allocation of Investment Units

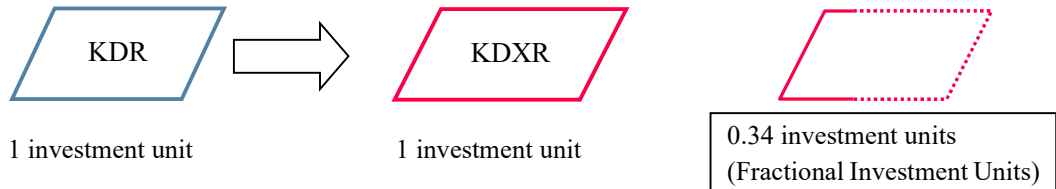
(1) KDR Unitholders Subject to Allocation

Formula : Number of KDR investment units held x 1.34 = Number of KDXR investment units allotted
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(i) For unitholders who held 1 KDR investment unit as of the record date

The number of KDXR investment units to be allocated due to the Merger is 1.34.

(Reference diagram)



→The proceeds from the sale of the 0.34 investment units, which is the portion that is less than one unit, will be paid.

(ii) For unitholders who held 5 KDR investment units as of the record date

The number of KDXR investment units to be allocated due to the Merger is 6.70.

(Reference diagram)

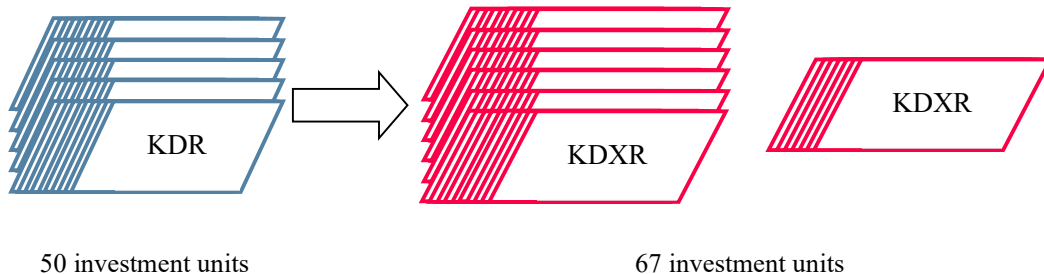


→The proceeds from the sale of the 0.70 investment units, which is the portion that is less than one unit, will be paid.

(iii) For unitholders who held 50 KDR investment units as of the record date

The number of KDXR investment units to be allocated due to the Merger is 67.

(Reference diagram)



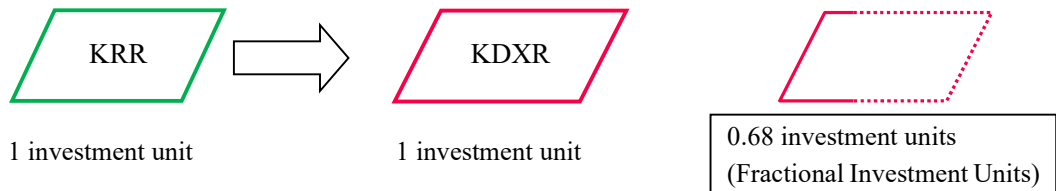
→No proceeds from the sale of Fractional Investment Units will be paid since there are no fractions.

(2) KRR Unitholders Subject to Allocation

Formula : Number of KRR investment units held x 1.68 = Number of KDXR investment units allotted

- (i) For unitholders who held 1 KRR investment unit as of the record date  
The number of KDXR investment units to be allocated due to the Merger is 1.68.

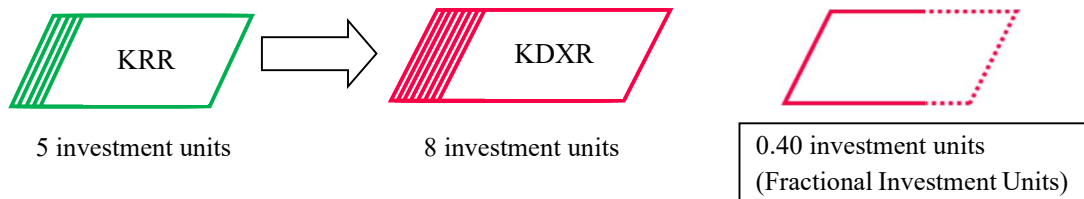
(Reference diagram)



→ The proceeds from the sale of the 0.68 investment units, which is the portion that is less than one unit, will be paid.

- (ii) For unitholders who held 5 KRR investment units as of the record date  
The number of KDXR investment units to be allocated due to the Merger is 8.40.

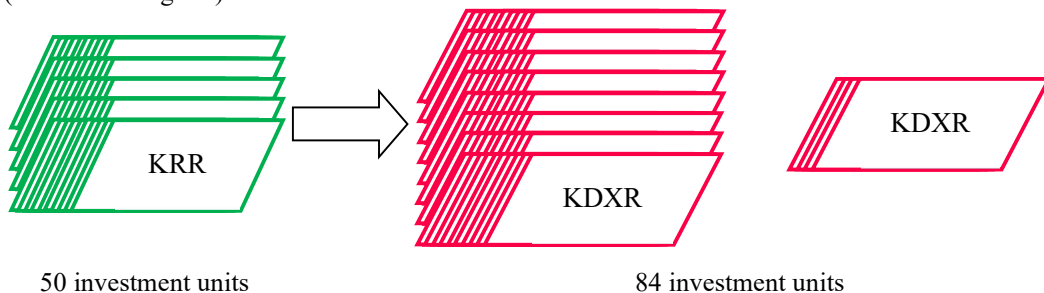
(Reference diagram)



→ The proceeds from the sale of the 0.40 investment units, which is the portion that is less than one unit, will be paid.

- (iii) For unitholders who held 50 KRR investment units as of the record date  
The number of KDXR investment units to be allocated due to the Merger is 84.

(Reference diagram)

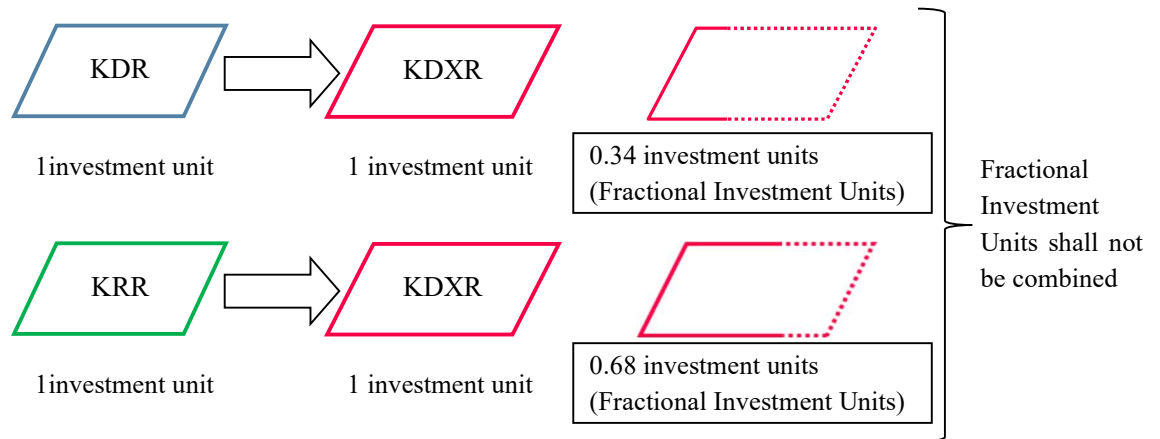


→ No proceeds from the sale of Fractional Investment Units will be paid since there are no fractions.

(3) Unitholders Subject to Allocation for both KDR and KRR

In the case where a unitholder held both KDR investment units and KRR investment units as of the record date, the Fractional Investment Units corresponding to KDR investment units and the Fractional Investment Units corresponding to KRR investment units shall not be added up, and each Dissolving Corporation's investment units shall separately be treated as described above.

(Reference diagram)



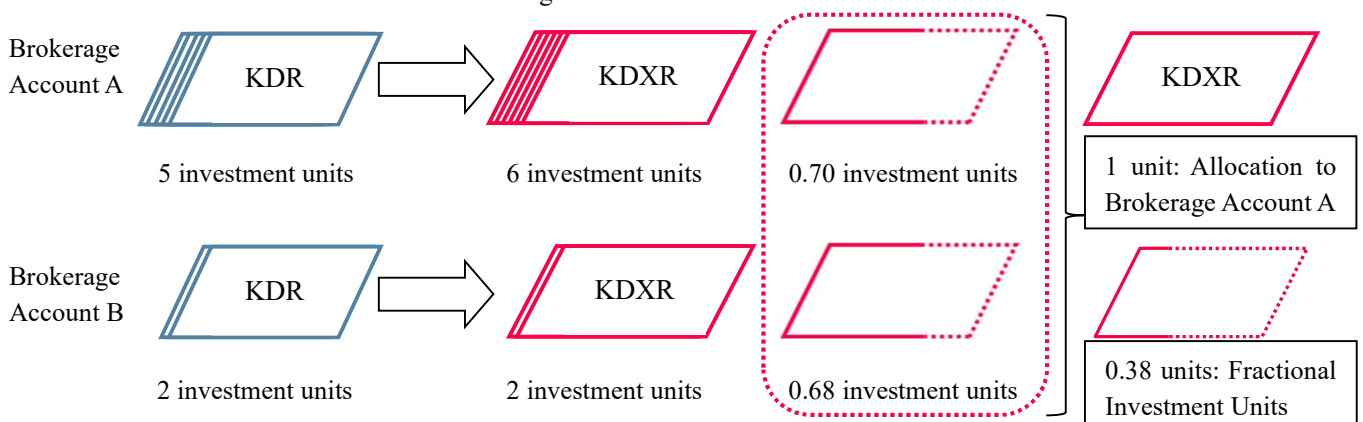
→Fractional Investment Units shall not be combined, and the unitholders shall be paid the sales proceeds separately for each Fractional Investment Units corresponding to each Dissolving Corporation.

(4) Unitholders Subject to Allocation who held KDR or KRR investment units in multiple brokerage accounts

In the event that KDR investment units or KRR investment units were held in multiple brokerage accounts as of the record date, Fractional Investment Units will be processed based on the total number of combined units separately for each Dissolving Corporation. If the aggregate of Fractional Investment Units from the brokerage accounts is greater than one, investment units will be recorded in whole numbers in the brokerage account with the largest number of each Dissolving Corporation's investment units. (Please note that if the number of units held is the same, the brokerage account with the highest account management institution code will be recorded first.) In addition, any Fractional Investment Units present after aggregation will be treated as fractions of less than one as described above.

(Reference diagram)

In the case where a unitholder held 5 KDR investment units in the account of Brokerage Account A and 2 KDR investment units in Brokerage Account B as of the record date



→Total number of the Fractional Investment Units in the accounts of brokerages is 1.38 units. One unit will be recorded in the brokerage account that had the largest number of KDR investment units (in the above case, Brokerage Account A). In addition, with respect to the remaining fractional 0.38 units following the aggregation, which are less than one unit, the unitholder shall be paid the sales proceeds of the Fractional Investment Units.

3. Schedule (planned)
- |                   |  |
|-------------------|--|
| November 30, 2023 | Send notice regarding number of investment units allocated <sup>(Note 1)</sup>   |
| Mid January 2024  | Payment upon the merger <sup>(Note 2)</sup> and payment of the proceeds from sale of Fractional Investment Units <sup>(Note 3)</sup> |

Note 1: With October 31, 2023, as the record date, notices will be sent to unitholders listed or recorded on each Dissolving Corporation's final unitholders' register as of said record date.

Note 2: In lieu of cash distributions for each Dissolving Corporation's final fiscal period ended on October 31, 2023 (in the case of KDR, the period from August 1, 2023 to October 31, 2023; and in the case of KRR, the period from April 1, 2023 to October 31, 2023), KDXR will make a payment upon the merger to the unitholders listed or recorded on the final unitholders register of each of the Dissolving Corporations as of October 31, 2023, in an amount equivalent to the cash distributions for the final fiscal period. For forecasts regarding payment upon the merger, please refer to: (i) in the case of KDR, "Notice Concerning Forecasts for Operating Results for the Fiscal Period Ending October 31, 2023 (from August 1, 2023 to October 31, 2023) and Payment Upon the Merger" dated June 13, 2023; and (ii) in the case of KRR, "Notice Concerning for Operating Results for the Fiscal Period Ending October 31, 2023 (from April 1, 2023 to October 31, 2023) and Payment Upon the Merger" dated June 13, 2023, respectively.

Note 3: The commencement date for payment of the proceeds from the sale of Fractional Investment Units may be earlier or later than scheduled, as the time required for the sale of Fractional Investment Units through market transactions is not yet known. The proceeds from the sale of Fractional Investment Units are scheduled to be delivered to all Unitholders Subject to Allocation with fractional units by sending them a "Receipt for the proceeds from the sale of Fractional Investment Units", which can then be exchanged for cash at the designated financial institutions.

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.***