

Translation of Japanese Original

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To All Concerned Parties:

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 (Securities Code: 8972)

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Notice Concerning Determination of Operating Results and Payment Upon the Merger
 for the Fiscal Period Ended October 31, 2023 (Final Fiscal Period) of
 Kenedix Residential Next Investment Corporation and Kenedix Retail REIT Corporation

KDX Realty Investment Corporation (“KDXR” former trade name: Kenedix Office Investment Corporation) hereby announces the determination of operating results and Payment Upon the Merger for the fiscal periods ended October 31, 2023 (final fiscal periods) of Kenedix Residential Next Investment Corporation (“KDR”) and Kenedix Retail REIT Corporation (“KRR”), the dissolving corporations in the absorption-type merger (the “Merger”) of KDXR, KDR and KRR effective on November 1, 2023. Details are as follows.

1. Operating Results and Payment Upon the Merger for the Fiscal Period Ended October 31, 2023
 (from August 1, 2023 to October 31, 2023) of KDR

	Operating Revenue (Millions of Yen)	Operating Income (Millions of Yen)	Ordinary Income (Millions of Yen)	Net Income (Millions of Yen)	Payment Upon the Merger per Unit (yen) (Note1) (Note2)
Fiscal Period Ended October 31, 2023 (3 months) (Note 3)	4,999	2,446	2,086	2,086	2,070

(Note 1) Number of investment units issued and outstanding at end of the fiscal period: 1,070,433 investment units
 Net income per unit: 1,948 yen

(Note 2) Instead of cash distributions for KDR’s final fiscal period, KDXR will make a Payment Upon the Merger to the unitholders listed or recorded on the final unitholders register of KDR as of the day immediately prior to the effective date of the Merger (October 31, 2023), in an amount equivalent to the Payment Upon the Merger for the final fiscal period based on KDR’s distributable profit (the payment on merger will be the amount of distributable profit of KDR as of the day immediately prior to the date of the Merger (October 31, 2023) divided by the number of investment units issued and outstanding of KDR, as of the day immediately prior to the date of the Merger (amounts less than one yen are rounded down)).

(Note 3) The financial result for KDR is for the three-month period from August 1, 2023 to October 31, 2023.

(Note 4) Total Payment Upon the Merger for the fiscal period ended October 31, 2023 (2,215 million yen) differs from the net income since, in the fiscal period ended October 31, 2023, it is assumed that net income plus the reversal amount of the reserve for temporary difference adjustment and a part of the retained earnings brought forward from the previous period will be distributed.

(Note 5) Figures less than one unit are rounded down.

2. Operating Results and Payment Upon the Merger for the Fiscal Period Ended October 31, 2023
(from April 1, 2023 to October 31, 2023) of KRR

	Operating Revenue (Millions of Yen)	Operating Income (Millions of Yen)	Ordinary Income (Millions of Yen)	Net Income (Millions of Yen)	Payment Upon the Merger per Unit (yen) (Note1) (Note2)
Fiscal Period Ended October 31, 2023 (7 months) ^(Note 3)	11,912	5,388	4,650	4,646	7,716

(Note 1) Number of investment units issued and outstanding at end of fiscal period: 602,177 investment units

Net income per unit: 7,716 yen

(Note 2) Instead of cash distributions for KRR's final fiscal period, KDXR will make a Payment Upon the Merger to the unitholders listed or recorded on the final unitholders register of KRR as of the day immediately prior to the effective date of the Merger (October 31, 2023), in an amount equivalent to the Payment upon the Merger for the final fiscal period based on KRR's distributable profit (the payment on Merger will be the amount of distributable profit of KRR as of the day immediately prior to the date of the Merger (October 31, 2023) divided by the number of investment units issued and outstanding of KRR, as of the day immediately prior to the date of the Merger (amounts less than one yen are rounded down)).

(Note 3) The financial result for KRR is for the seven-month period from April 1, 2023 to October 31, 2023.

(Note 4) Figures less than one unit are rounded down.

3. Scheduled Date of Commencement of the Payment Upon the Merger
January 22, 2024

<Attachment>

- Reference Material "Reference Information of the grounds of KDR's Payment Upon the Merger"
- Reference Material "Reference Information of the grounds of KRR's Payment Upon the Merger"

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.

ATTACHMENT

Reference Information of the Grounds of KDR's Payment Upon the Merger

(1) Balance Sheet

	(Thousands of Yen)
	Fiscal Period Ended October 31, 2023
	(As of October 31, 2023)
Assets	
Current assets	
Cash and deposits	10,624,170
Cash and deposits in trust	11,365,909
Operating accounts receivable	43,367
Prepaid expenses	52,254
Consumption taxes receivable	28,477
Other	6,273
Total current assets	22,120,452
Noncurrent assets	
Property, plant and equipment	
Buildings	1,324,918
Accumulated depreciation	(31,198)
Buildings, net	1,293,719
Structures	31,606
Accumulated depreciation	(1,379)
Structures, net	30,226
Tools, furniture and fixtures	45,865
Accumulated depreciation	(2,407)
Tools, furniture and fixtures, net	43,457
Land	4,397,829
Buildings in trust	127,915,782
Accumulated depreciation	(22,794,334)
Buildings in trust, net	105,121,447
Structures in trust	1,574,202
Accumulated depreciation	(489,758)
Structures in trust, net	1,084,443
Machinery and equipment in trust	1,672,715
Accumulated depreciation	(607,433)
Machinery and equipment in trust, net	1,065,281
Tools, furniture and fixtures in trust	1,499,150
Accumulated depreciation	(315,335)
Tools, furniture and fixtures in trust, net	1,183,815
Land in trust	185,749,321
Total property, plant and equipment, net	299,969,541
Intangible assets	
Leasehold right in trust	1,846,864
Total intangible assets	1,846,864
Investments and other assets	
Lease and guarantee deposits	89,228
Long-term prepaid expenses	758,659
Other	1,458,405
Total investments and other assets	2,306,293
Total noncurrent assets	304,122,699

(Thousands of Yen)

Fiscal Period Ended October 31, 2023

(As of October 31, 2023)

Deferred assets	
Investment corporation bond issuance costs	34,177
Investment unit issuance costs	41,614
Total deferred assets	75,792
Total assets	326,318,944
Liabilities	
Current liabilities	
Operating accounts payable	915,367
Short-term loans payable	1,000,000
Current portion of investment corporation bonds	1,000,000
Current portion of long-term loans payable	19,900,000
Accounts payable-other	199,982
Accrued expenses	78,613
Income taxes payable	302
Accrued consumption taxes	37,733
Advances received	1,476,161
Deposits received	76,553
Other	207
Total current liabilities	24,684,923
Noncurrent liabilities	
Investment corporation bonds	6,700,000
Long-term loans payable	137,320,000
Tenant leasehold and security deposits	277,440
Tenant leasehold and security deposits in trust	3,816,155
Tenant lump sum deposits in trust	4,357,503
Asset retirement obligations	68,920
Other	389
Total noncurrent liabilities	152,540,408
Total liabilities	177,225,331
Net assets	
Unitholders' equity	
Unitholders' capital	130,379,080
Surplus	
Capital surplus	13,187,100
Voluntary retained earnings	
Reserve for temporary difference adjustments	1,800,000
Total voluntary retained earnings	1,800,000
Unappropriated retained earnings (undisposed loss)	2,267,292
Total surplus	17,254,392
Total unitholders' equity	147,633,472
Valuation and translation adjustments	
Deferred gains or losses on hedges	1,460,139
Total valuation and translation adjustments	1,460,139
Total net assets	149,093,612
Total liabilities and net assets	326,318,944



(2) Statement of Income and Retained Earnings

(Thousands of Yen)

Fiscal Period Ended October 31, 2023
(August 1, 2023 to
October 31, 2023)

Operating revenues	
Rent revenue-real estate	4,707,354
Other lease business revenue	292,070
Total operating revenues	4,999,425
Operating expenses	
Expenses related to rent business	1,876,962
Asset management fees	385,011
Asset custody fees	8,256
Administrative service fees	28,324
Directors' compensation	2,250
Merger-related expenses	45,861
Other operating expenses	205,945
Total operating expenses	2,552,612
Operating income	2,446,812
Non-operating income	
Interest income	44
Gain on forfeiture of unclaimed dividends	219
Total non-operating income	263
Non-operating expenses	
Interest expenses	266,083
Interest expenses on investment corporation bonds	13,388
Borrowing expenses	70,140
Amortization of investment corporation bond issuance costs	1,984
Amortization of investment unit issuance costs	9,077
Total non-operating expenses	360,674
Ordinary income	2,086,402
Income before income taxes	2,086,402
Income taxes	
Current	302
Total income taxes	302
Net income	2,086,099
Retained earnings brought forward	181,193
Unappropriated retained earnings (undisposed loss)	2,267,292

(3) Statement of Changes in Net Assets

Fiscal Period Ended October 31, 2023

August 1, 2023 to October 31, 2023

(Thousands of Yen)

	Unitholders' equity						
	Unitholders' capital	Surplus					Total unitholders' equity
		Capital surplus	Voluntary reserve		Unappropriated retained earnings (undisposed loss)	Total surplus	
			Reserve for temporary difference adjustments	Total voluntary reserve			
Balance at the beginning of current period	130,379,080	13,187,100	1,820,000	1,820,000	4,682,702	19,689,802	150,068,882
Changes of items during the period							
Reversal of reserve for temporary difference adjustments			(20,000)	(20,000)	20,000	-	-
Dividends from surplus					(4,521,508)	(4,521,508)	(4,521,508)
Net income					2,086,099	2,086,099	2,086,099
Net changes of items other than unitholders' equity							
Total changes of items during the period	-	-	(20,000)	(20,000)	(2,415,409)	(2,435,409)	(2,435,409)
Balance at the end of current period	130,379,080	13,187,100	1,800,000	1,800,000	2,267,292	17,254,392	147,633,472

	Valuation and translation adjustments		Total net assets
	Deferred gains and losses on hedges	Total valuation and translation adjustments	
Balance at the beginning of current period	779,904	779,904	150,848,786
Changes of items during the period			
Reversal of reserve for temporary difference adjustments			-
Dividends from surplus			(4,521,508)
Net income			2,086,099
Net changes of items other than unitholders' equity	680,234	680,234	680,234
Total changes of items during the period	680,234	680,234	(1,755,174)
Balance at the end of current period	1,460,139	1,460,139	149,093,612

(4) Statement of Cash Distributions

Item	Fiscal Period Ended October 31, 2023 (August 1, 2023 - October 31, 2023)
I. Unappropriated retained earnings	2,267,292,832 yen
II. Reversal of voluntary reserve	
Reversal amount of the reserve for temporary difference adjustment	10,000,000 yen
III. Distributions ^(Note 1)	2,215,796,310 yen
(Distributions per unit) ^(Note 1)	(2,070 yen)
IV. Retained earnings carried forward	61,496,522 yen
Method for calculating cash distributions ^(Note 1)	In accordance with the policy described in Article 38-1 of its Articles of Incorporation, the Investment Corporation determines that the amount of distribution shall exceed the amount equivalent to 90% of its distributable profit as stipulated in Article 67-15 of the Special Taxation Measures Law, and shall not exceed its accounting profits as the maximum amount. Following this policy, the Investment Corporation has decided that it shall distribute 2,215,796,310 yen, which is the amount of 2,086,099,786 yen in net income and 119,696,524 yen from retained earnings brought forward and 10,000,000 yen from reversal of reserve for temporary difference adjustments, as the distribution of earnings.

(Note 1) The cash distributions is read as the Payment Upon the Merger.

(Note 2) The Investment Corporation refers to Kenedix Residential Next Investment Corporation.

Reference Information of the Grounds of KRR's Payment Upon the Merger

(1) Balance Sheet

	(Thousands of Yen)
	Fiscal Period Ended October 31, 2023
	(As of October 31, 2023)
Assets	
Current assets	
Cash and deposits	10,310,910
Cash and deposits in trust	7,142,267
Operating accounts receivable	251,444
Prepaid expenses	128,712
Other	5,286
Total current assets	<u>17,838,621</u>
Non-current assets	
Property, plant and equipment	
Buildings	788,457
Accumulated depreciation	<u>(146,422)</u>
Buildings, net	<u>642,035</u>
Structures	46,777
Accumulated depreciation	<u>(11,278)</u>
Structures, net	<u>35,499</u>
Land	2,956,465
Buildings in trust	81,294,910
Accumulated depreciation	<u>(14,122,539)</u>
Buildings in trust, net	<u>67,172,370</u>
Structures in trust	4,022,874
Accumulated depreciation	<u>(931,404)</u>
Structures in trust, net	<u>3,091,470</u>
Machinery and equipment in trust	367,914
Accumulated depreciation	<u>(93,622)</u>
Machinery and equipment in trust, net	<u>274,292</u>
Tools, furniture and fixtures in trust	217,092
Accumulated depreciation	<u>(131,322)</u>
Tools, furniture and fixtures in trust, net	<u>85,770</u>
Land in trust	194,842,421
Total property, plant and equipment, net	<u>269,100,324</u>
Intangible assets	
Leasehold right in trust	4,705,323
Other	2,791
Total intangible assets	<u>4,708,114</u>
Investments and other assets	
Lease and guarantee deposits	10,000
Lease and guarantee deposits in trust	62,927
Long-term prepaid expenses	728,896
Long-term deposits	140,010
Other	1,109,484
Total investments and other assets	<u>2,051,317</u>
Total non-current assets	<u>275,859,757</u>
Deferred assets	
Investment corporation bond issuance costs	40,422
Investment unit issuance costs	31,877
Total deferred assets	<u>72,299</u>
Total assets	<u>293,770,678</u>



(Thousands of Yen)

Fiscal Period Ended October 31, 2023

(As of October 31, 2023)

Liabilities	
Current liabilities	
Operating accounts payable	587,313
Short-term loans payable	6,750,000
Current portion of long-term loans payable	16,010,000
Accounts payable-other	563,952
Accrued expenses	35,299
Income taxes payable	4,349
Accrued consumption taxes	563,857
Advances received	1,549,233
Deposits received	89,166
Total current liabilities	26,153,172
Non-current liabilities	
Investment corporation bonds	10,000,000
Long-term loans payable	101,140,000
Tenant leasehold and security deposits	148,083
Tenant leasehold and security deposits in trust	12,506,130
Asset retirement obligations	25,341
Other	21,163
Total non-current liabilities	123,840,718
Total liabilities	149,993,890
Net assets	
Unitholders' equity	
Unitholders' capital	138,058,250
Deduction from unitholders' capital	
Allowance for temporary difference adjustments	(40,522)
Total deduction from unitholders' capital	(40,522)
Unitholders' capital, net	138,017,728
Surplus	
Unappropriated retained earnings	4,646,544
Total surplus	4,646,544
Total unitholders' equity	142,664,272
Valuation and translation adjustments	
Deferred gains or losses on hedges	1,112,515
Total valuation and translation adjustments	1,112,515
Total net assets	143,776,788
Total liabilities and net assets	293,770,678

(2) Statement of Income and Retained Earnings

	(Thousands of Yen)
	Fiscal Period Ended October 31, 2023 (From April 1, 2023 to October 31, 2023)
Operating revenues	
Rent revenue-real estate	10,139,357
Other lease business revenue	1,773,281
Total operating revenues	11,912,638
Operating expenses	
Expenses related to rent business	5,324,701
Asset management fees	945,979
Asset custody fees	13,236
Administrative service fees	45,232
Directors' compensation	3,500
Other operating expenses	84,529
Merger-related expenses	107,104
Total operating expenses	6,524,283
Operating income	5,388,354
Non-operating income	
Interest income	38
Gain on forfeiture of unclaimed dividends	376
Interest on refund	1,081
Total non-operating income	1,496
Non-operating expenses	
Interest expenses	556,559
Interest expenses on investment corporation bonds	33,414
Financing-related expenses	126,868
Amortization of investment corporation bond issuance costs	5,520
Amortization of investment unit issuance costs	16,710
Total non-operating expenses	739,072
Ordinary income	4,650,777
Income before income taxes	4,650,777
Income taxes	
Current	4,355
Total income taxes	4,355
Net income	4,646,422
Retained earnings brought forward	121
Unappropriated retained earnings	4,646,544

(3) Statement of Changes in Net Assets

Fiscal Period Ended October 31, 2023

April 1, 2023 to October 31, 2023

(Thousands of Yen)

	Unitholders' equity						
	Unitholders' capital				Surplus		Total unitholders' equity
	Unitholders' capital	Deduction from unitholders' capital		Unitholders' capital, net	Unappropriated retained earnings	Total surplus	
Allowance for temporary difference adjustments		Total deduction from unitholders' capital					
Balance at the beginning of the period	138,058,250	(40,522)	(40,522)	138,017,728	3,922,702	3,922,702	141,940,430
Changes of items during the period							
Dividends from surplus					(3,922,580)	(3,922,580)	(3,922,580)
Net income					4,646,422	4,646,422	4,646,422
Net changes of items other than unitholder's equity							
Total changes of items during the period	-	-	-	-	723,841	723,841	723,841
Balance at the end of the period	138,058,250	(40,522)	(40,522)	138,017,728	4,646,544	4,646,544	142,664,272

	Valuation and translation adjustments		Total net assets
	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at the beginning of the period	626,123	626,123	142,566,554
Changes of items during the period			
Dividends from surplus			(3,922,580)
Net income			4,646,422
Net changes of items other than unitholder's equity	486,391	486,391	486,391
Total changes of items during the period	486,391	486,391	1,210,233
Balance at the end of the period	1,112,515	1,112,515	143,776,788

(4) Statement of Cash Distributions

Item	Fiscal Period Ended October 31, 2023 (April 1, 2023 - October 31, 2023)
I. Unappropriated retained earnings	4,646,544,047 yen
II. Distributions ^(Note) (Distributions per unit) ^(Note)	4,646,397,732 yen (7,716 yen)
III. Retained earnings carried forward	146,315 yen
Method for calculating cash distributions ^(Note)	Based on the merger agreement concluded between KRR, KDXR and KDR on June 13, 2023, Payment Upon the Merger shall be made to the unitholders listed or recorded on the final unitholders register of KRR on October 31, 2023, the day immediately prior to the effective date of the merger (November 1, 2023). The per-unit amount of this distribution is specified as that reached by dividing KRR's entire distributable profit as of October 31, 2023, the day immediately prior to the effective date of the merger (November 1, 2023) by the number of KRR's investment units issued and outstanding as of the same day (with any amount less than one yen truncated). In line with this policy, the merger distribution per unit calculated by dividing unappropriated retained earnings of 4,646,544,047 yen for the fiscal period ended October 31, 2023, by 602,177 units of the total number of issued and outstanding investment units was 7,716 yen. 4,646,397,732 yen shall be paid as the merger distribution, which is the value obtained by multiplying the total number of issued investment units by 602,177 units.

(Note) The cash distribution is read as the Payment Upon the Merger.