

March 8, 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: Hikaru Teramoto, President & CEO
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Notice Concerning Acquisition of Property (iias Kasugai (Additional Interest))

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
C2031	iias Kasugai (30% quasi-co-ownership interest)	Kasugai, Aichi	6,135	4.6	Yes

(1) Contract Date: March 8, 2024

(2) Scheduled Acquisition Date: March 25, 2024

(3) Seller: Please refer to “4. Overview of the Seller” for details.

(4) Acquisition Funds: Borrowings^(Note 3) and cash on hand

(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 February 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) Matters concerning new borrowings will be announced upon determination.

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 execute prompt growth strategy following the merger, improve portfolio quality and maximize unitholder value.

KDXR already owns 70% of the quasi-co-ownership interest in iias Kasugai, and after the Acquisition, the total ownership will be 100%, making it a wholly owned property.

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

One of the largest NSCs, newly built in Kasugai, Aichi, with a stable retail trade area and diversified tenants

(i) Location

The property is located near National Road 19, a major thoroughfare in Kasugai that provides access to the NSC from a wide area including the city of Nagoya. An overpass provides smooth access to and from National Road 19, and there is parking for 2,122 cars. The area has a major concentration of roadside stores and services; they help to make the property site an appropriate location for a retail facility capable of attracting customers from a wide area.

(ii) Building

This property is a roadside NSC located along National Road 19 in Kasugai, adjacent to the northeastern part of Nagoya. The property rebuilt on the site of The Mall Kasugai and opened in October 2021. In addition to Seiyu, which is open 24 hours a day and specializing in groceries, have reopened and Round1, Uniqlo, GU and Muji, which has one of the largest sales floor areas in Japan, have opened new stores, bringing together large stores with unique ability to attract customers and making the facility competitive. It is also a property that takes sustainability into consideration, taking actions such as using renewable energy in the common areas.

(iii) Characteristics of the Trade Area

According to the 2020 Population Census, the population of Kasugai City in 2020 was 309,000, maintaining a slight increase of 100.8% over the 2015 population. Although the population within the 1km radius of the current trade area is expected to decline due to the aging of the population, the population within the 2km radius or more is expected to maintain the current population until around 2030, due in part to the population inflow into the area, and has a stable population in its trade area over the mid-to long-term.

3. Overview of the Property

Property Name		iias Kasugai
Type of Specified Asset		Trust beneficiary interest in real estate (30% quasi-co-ownership interest) ^(Note 1) ^(Note 2)
Trustee		Sumitomo Mitsui Trust Bank, Limited
Trust Period		From October 26, 2022 to September 30, 2036
Location		22 Tokyu, Rokkenyacho, Kasugai, Aichi
Land ^(Note 3)	Form of Ownership	Proprietary ownership and subleasehold ^(Note 2)
	Land Area	64,844.79 m ²
	Zoning	Neighborhood commercial area
	Building Coverage Ratio	80%
	Floor-area Ratio	200%
Building ^(Note 3) ^(Note 4)	Form of Ownership	Proprietary ownership
	Gross Floor Area	a. 50,906.81m ² b. 18,915.97m ² c. 198.81m ²
	Completion Date	a. August 16, 2021 b. October 30, 1991 c. Unknown
	Usage	a. Retail stores, amusement centers b. Parking area c. Electrical substation
	Type	NSC
	Structure / No. of Floors	a. 3-story reinforced concrete, roofed with alloy coated steel sheets b. 3-story reinforced concrete, flat roof c. Reinforced concrete structure with a one-floor basement
Earthquake PML		2.7%
Anticipated Acquisition Price		6,135 million yen
Appraisal	Appraisal Value	6,210 million yen

	Date of Appraisal	February 1, 2024
	Appraiser	Japan Real Estate Institute
	Outline	Please refer to “10. Summary of Appraisal Report” below.
Collateral		None
Master Lease Company		Daiwa House Realty Mgt. Co., Ltd.
Type of Master Lease		Pass-through
Property Management Company		Kenedix Real Estate Fund Management, Inc.
Sub-Property Management Company		Daiwa House Realty Mgt. Co., Ltd.
Details of Tenant		(as of January 31, 2024)
	Number of Tenants	1 (72)
	Total Leasable Area	11,902.34m ² (Note 5)
	Total Leased Area	11,749.83m ² (Note 5)
	Occupancy Rate	98.7%
	Monthly Rent	25,783 thousand yen (Note 5)
	Security and Guarantee Deposit	201,083 thousand yen (Note 5)
Remarks	<ul style="list-style-type: none"> · Upon acquiring 70% quasi-co-ownership interest in this property, KDXR executed a quasi-co-ownership agreement with quasi-co-owner. The beneficial interest quasi-co-owner agreement provide for the method of decision making relating to the property, when each quasi-co-owner transfers his or her quasi-co-ownership interest, he or she shall give priority to the other quasi-co-owner in making an offer of transfer. The quasi-co-owner agreement will expire with the completion of the acquisition by KDXR. · The seller has leased a portion of the property (30,756.37m²) from several individuals, and subleases it to the trustee. In acquiring 30% of the quasi-co-ownership interest in the property, KDXR is scheduled to succeed the position of subleasing to the trustee for a portion of the property and acquire the leasehold right of the property. · The boundary confirmation document has not yet been executed for a part of the boundary between the property and the adjacent land. · An easement has been established for a portion of the property’s land for the purpose of installing power transmission lines and other purposes. (Note 6) · As of today, the property has an over-bridge owned by the seller. However, the subject over-bridge is scheduled to be transferred from the seller to the trustee upon the acquisition of 30% of the quasi-co-ownership interest in the property (trust transfer). 	
Other	<p>(Note 1) KDXR owns 70% of the quasi-co-ownership interest of the trust beneficiary right in the property as of today, and will acquire the remaining 30% interest from the seller.</p> <p>(Note 2) The rights of the land of the property are as follows. 34,088.42 m²: Owned by the trustee 30,756.37 m²: Leased by the seller and subleased by the trustee</p> <p>(Note 3) It refers to the entire land and buildings of the property.</p> <p>(Note 4) Above lists of a. refers to the Main building, b. Existing parking structure, c. Electrical substation.</p> <p>(Note 5) The values and area correspond to the 30% trust beneficiary quasi-co-ownership interest that KDXR intends to acquire.</p> <p>(Note 6) An easement has been established covering a portion of the land of the property, including the use of other land for transit purposes.</p>	

- “Location” is the indication of the residential address. In case there is no indication of the residential address, it is the building address under the lot address or the building location indicated in the certificate of registered matters (if there are multiple buildings, the location of one of the buildings). If the building has not been completed as of today, the lot number of the land is indicated (if there is more than one lot, the lot number of one of them).
- “Building Coverage Ratio” and “Floor-area Ratio” are the designated building-to-land ratio and designated floor-area ratio provided in the city plan.
The designated building-to-land ratio may be relaxed or restricted due to the fact that 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 differ from the actual applicable building-to-land ratio. The same shall apply hereafter.
- “Type” for retail facility 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). The same shall apply hereafter.
- “Earthquake PML” indicates the figure described in the earthquake PML valuation report (level 2) prepared by Sompo Risk Management Inc. in February 2024. The same shall apply hereafter.

- “Master Lease Company” is the master lease company scheduled to execute the master lease agreement for the property. The same shall apply hereafter.
- “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. The same shall apply hereafter.
- “Property Management Company” indicates the property management company that has entered into or will enter into a property management agreement for the property. The same applies below.
- “Sub-Property Management Company” indicates the sub-property management company that has entered into or will enter into the operational management service agreement for the property. The same applies below.
- “Number of Tenants” indicates the number of lessees. Where one lessee leases more than one section of the property, the lessee is counted as a tenant for each section leased within the property. Where pass-through type master lease agreements are entered into, the number of master lessees is with the number of end-tenants indicated in parentheses.
- “Total Leasable Area” is the floor area described in the lease agreements that is leasable at the property (in case where the property contains more than one building, the sum of the leasable floor area of such buildings). The same shall apply hereafter.
- “Total Leased Area” is the total leased floor area described in the lease agreements which are actually executed with tenants. (However, the leased floor area of warehouses and land (including parking lot) is not included.) The same shall apply hereafter.
- “Occupancy Rate” 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.
- “Monthly Rent” indicates the amount agreed upon in the lease agreement with each tenant (including common area charges and excluding the retail facility’s rent for warehouses and consumption taxes) and rounding the number down to the nearest thousand yen.
- “Security and Guarantee Deposit” 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

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

5. Property Acquirer and Previous Owner’s Profile

Details are omitted since the seller of the property is not special related party of KDXR or the Asset Management Company.

6. Brokerage

Company Name	Kenedix, Inc.
Location	2-1-6 Uchisaiwaicho, Chiyoda-ku, Tokyo
Title and Name of Representative	President & CEO: Taisuke Miyajima
Description of Business	Asset management business, real estate related business and real estate investment business, etc.
Amount of Capital	10,020 million yen (as of December 31, 2023)
Date of Incorporation	April 17, 1995
Brokerage Fee	154,050 thousand yen (excluding consumption tax)
Payment Period of Brokerage Fee	March 25, 2024 (scheduled)
Relationship with the Broker and KDXR /	Kenedix, Inc. is the parent company of the Asset

the Asset Management Company	Management Company under the Financial Instruments and Exchange Act, and a related-party, etc. as defined in the Investment Trust Law and a related-party as defined in the Related-Party Transaction Rules of Listed REIT Department of the Asset Management Company.
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7. Related-Party Transactions

With respect to the following transactions with related-party in connection with the Acquisition, pursuant to the Related-Party Transaction Rules of Listed REIT Department, and in compliance with the standards set forth in laws, regulations and rules, the Asset Management Company obtained resolutions of approval for the transactions at the Investment Committee after deliberation and approval at the Compliance Committee.

Entrustment of Brokerage Business

Please refer to above “6. Brokerage” regarding the details of the brokerage.

8. Schedule of the Acquisition

Acquisition Decision Date / Contract Date	March 8, 2024
Payment Date / Acquisition Date	March 25, 2024 (scheduled)

9. Outlook

The impact of the Acquisition on the financial results for the fiscal periods ending April 30, 2024 (from November 1, 2023 to April 30, 2024) and October 31, 2024 (from May 1, 2024 to October 31, 2024) is minimal. Therefore, the forecasts of financial results for the fiscal periods remain unchanged.

10. Summary of Appraisal Report

Property Name	iias Kasugai
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Appraisal Value	6,210,000,000 yen ^(Note)
Appraiser	Japan Real Estate Institute
Date of Appraisal	February 1, 2024

Unit: Yen

Item	Breakdown	Basis
Income Capitalization Approach Value	20,700,000,000	Calculated based on the DCF method in conjunction with the value based on direct capitalization method.
Value based on Direct Capitalization Method	20,900,000,000	Calculated by dividing the standardized NCF that is expected to remain stable over the medium term by the cap rate
(1) Gross Operating Revenue	2,060,340,000	
General Operating Revenue	2,122,593,000	Calculated based on the leasing terms and conditions and the rent levels for similar real estates.
Vacancy-Related Loss	62,253,000	Calculated based on occupancy rates and supply-demand trends of similar properties that have replacement competition relationships and other relationships in similar areas in the same supply-demand area, the occupancy rates of the property in the past, and expected future trends and posted losses from vacancies.
(2) Operating Expenses	1,126,016,000	
Maintenance Fees	245,000,000	Calculated by taking the uniqueness of the property into account, referring to results in the previous fiscal year and maintenance fees for similar real estates.
Utility Expenses	290,000,000	Calculated based on results from the previous fiscal year.
Repairs	5,809,000	Calculated based on the average annual repair expenses described in the engineering report.
PM Fees	135,000,000	Calculated by taking the PM fees for similar real estates and the uniqueness of the property into account, referring to the remuneration based on contract terms and conditions.
Tenant Marketing Expenses	10,565,000	Recorded the average annual amount based on the anticipated turnover period of the tenant.
Property Taxes	133,003,000	Calculate by taking standard tax amounts and tax burden adjustment measures from tax documents into account.
Insurance Expenses	2,731,000	Recorded in consideration of premiums based on insurance policies and premium rates for buildings similar to the subject building.
Other Property-Related Expenses	303,908,000	Land rent and promotional expenses, etc. are included as other property related expenses.
(3) Net Operating Income (NOI=(1)-(2))	934,324,000	
(4) One-Time Gain	6,659,000	Assessed income from investments by using an investment return of 1.0%.
(5) Capital Expenditure	20,311,000	Calculated based on the average annual renewal fee described in the engineering report.
(6) Net Cash Flow (NCF=(3)+(4)-(5))	920,672,000	
(7) Cap Rate	4.4%	Calculated based on overall evaluation of the location, building specifications and contract terms for the property.
Value based on DCF Method	20,400,000,000	
Discount Rate	4.1%	Calculated based on the investment yield of comparable properties, taking into account the unique features of the property.

	Terminal Cap Rate	4.6%	Calculated by taking into account the transaction yield of comparable properties and the future uncertainties/liquidity/marketability of the property.
	Value based on Cost Method	19,700,000,000	
	Ratio of Land	61.2%	
	Ratio of Building	38.8%	

The appraiser's points to consider upon appraisal other than the above	None
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(Note) The appraised value represents the value of the 30% quasi-co-ownership interest that KDXR intends to acquire, while other figures and amounts represent the figures and amounts for the entire land and buildings of the property. The total of the appraised value for the entire land and buildings of the property is 20,700,000,000 yen.

< Attached Materials >

- Reference Material 1: Photograph 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: Photograph 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	94	435,936	36.9
Residential Properties	143	320,374	27.1
Retail Facilities	61	291,001	24.6
Logistics Facilities	12	21,312	1.8
Hotels	4	30,930	2.6
Healthcare Facilities	39	82,417	7.0
Portfolio Total	353	1,181,971	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.