XYMAX REIT Investment Corporation

Presentation Material

for the 1st Fiscal Period Ended August 2018

Securities Code: 3488

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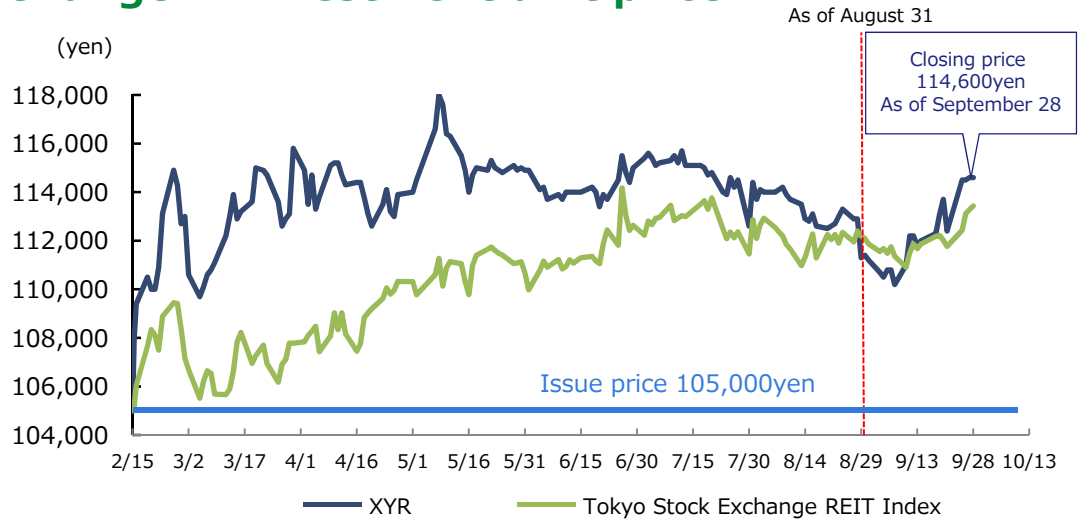
Appendix

Newly listed on February 15, 2018

Overview of IPO

Approval date of listing	January 11, 2018
Date of listing	February 15, 2018
Number of investment units issued	Number of units issued: 209,905 units Over allotment: 10,495 units
Total number of investment units issued and outstanding	223,400 units
Issue price	105,000 yen
Offering amount	23.14 billion yen
Portfolio size	12 properties 33.04 billion yen (based on acquisition price)
Asset management company	XYMAX REAL ESTATE INVESTMENT ADVISORS Corporation
Sponsor	XYMAX Corporation

Change in investment unit price*2



Market response

■ **CAPITAL EYE CAPITAL EYE NEWS (February 13, 2018)**

Allocation of investment units is 75 percent to general individual investors and 25 percent to institutional investors. The ratio of allocation to application is 1:4 for general individual investors, 1:20 for institutional investors and 1:8 overall. Presentations concerning the IPO were conducted at approximately 50 locations from January 15 to 24. The characteristics of XYMAX REIT are a sense of inexpensiveness and the acquisition price of properties. The total portfolio value is 33 billion yen, which is 20 percent less than the appraisal value (41.2 billion yen) prior to acquisition.

■ **Thomson Reuters DEALWATCH (February 13, 2018)**

| XYMAX REIT, Stable management utilizing track records of operational management and brokerage service |

We will invest in office buildings, retail properties, hotels, etc. We will utilize the management know-how and network of XYMAX group which has a solid contracting record in real estate management field and is engaged in real estate brokerage. XYMAX Group, the sponsor, has a real estate management record encompassing 800 buildings with a total floor area of approximately 3.4 million tsubo as of the end of March 2017. It also has a record in PM entrustment from J-REITs and conducts "scientific building management based on databases" (XYMAX REAL ESTATE INVESTMENT ADVISORS Corporation) including rent, building maintenance, repair and utility expense gained from such property management.

"3 FORCES" of The Investment Corporation

XYMAX REIT Investment Corporation

Aiming to realize strong growth from a long-term perspective by utilizing the remarkable 3 FORCES generated from the business base of XYMAX Group

Construction of portfolio utilizing Assessment Capability

We will accurately assess the stability and future prospect of profitability of each property by utilizing the real estate management*3 expertise and know-how

Acquired the assets at an inexpensive price level in the IPO whose earnings stability were assessed with the long-term operation track records

- Ratio of office buildings in the 8 Wards of Tokyo*4 **85.5**% , favorable location which is a **3.0** minute walk on average
- Average engagement period*5 by XYMAX Group **12.5** years
- Appraisal NOI yield **6.0**%, unrealized gain as of the end of the 1st fiscal period **8.3** billion yen*6 or **24.8**%*7

Internal growth utilizing Management Capability

We will maximally utilize the real estate management capability of XYMAX Group boasting the highest record in Japan

- Real estate management record: **799** buildings, total floor area: approximately **3.5** million tsubos
- Human resource with **1,963** people engaged in real estate management, 82 in leasing and **72** in corporate sales (as of September 1, 2018)
- Value enhancement and risk management leading know-how to the improvement of NOI

External growth utilizing Sourcing Capability

We will utilize the direct relation with real estate owners based on the track records of XYMAX Group

- Relationship with owners of real estate of XYMAX Group: **244** companies
- XYMAX Group's track records in real estate sales and brokerage: **231** buildings, approximately **434.2** billion yen (accumulated total from April 1, 2010 to March 31, 2018)
- XYMAX Group's track records in real estate sales and brokerage cover various types of assets throughout Japan

Stable financial base to realize strong growth（LTV（based on total assets）: 33.0%）

XYMAX REIT Investment Corporation

Overview of Financial Results for the 1st Fiscal Period and Earnings Forecasts for the 2nd and 3rd Fiscal Periods

Financial highlights for the 1st fiscal period ended August 2018

XYMAX REIT Investment Corporation

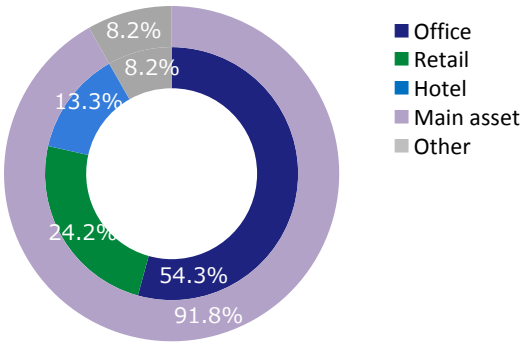
Financial highlights

Distribution per unit	NAV per unit*9	LTV*10
2,610 yen	**138,262** yen	**33.0**%
(**+301** yen from forecast*8)	(Net assets per unit **101,100** yen)	(Appraisal LTV **27.0**%)

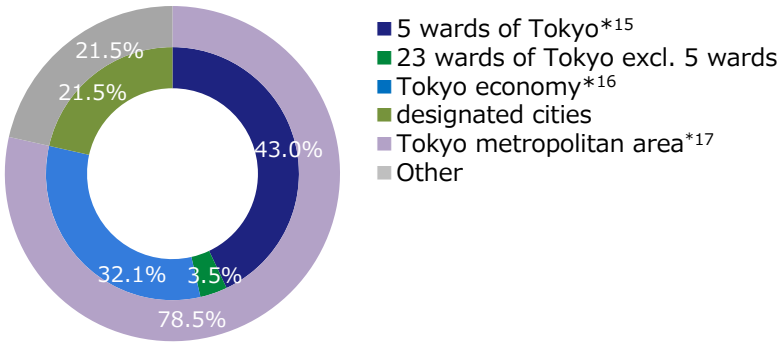
Overview of portfolio

Portfolio assets at the end of period	Appraisal NOI upon acquisition/ acquisition price	Estimated value at the end of period*12	Unrealized gains	Occupancy rate at the end of period*13
12 properties **33.04** billion yen*11	**6.0** %	**41.82** billion yen	**8.3** billion yen (Unrealized gain ratio **24.8**%)	**99.0**%

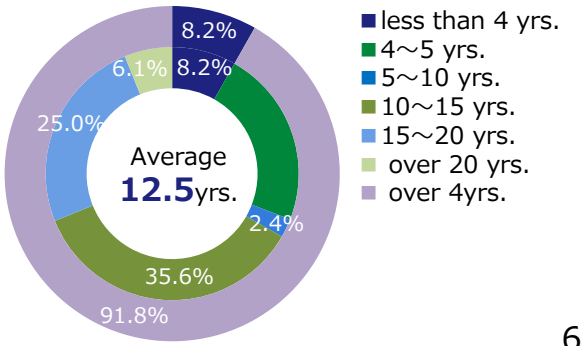
Ratio by asset type*14



Ratio by geographical area*14



Ratio by year engaged by XYMAX G*18



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Overview of financial results for the 1st fiscal period ended August 2018

XYMAX REIT Investment Corporation

Unit: million yen

	Forecast for the 1st fiscal period (A) Announced on February 15, 2018	Actual results for the 1st fiscal period (B)	Difference (B)-(A)
Operating revenue	1,338	1,374	36
Operating expenses	478	477	-1
Operating income	859	897	37
Ordinary income	516	584	67
Net income	515	583	67
Distribution per unit (yen)	2,309	2,610	301
Days*19	197 days	197 days	–

Main factors of difference

1st FP actual vs. 1st FP forecast

Difference in income and expenditure in lease business (+30)

- Rent, CAM and other income (+8)
- Repair expenses and restoration costs (+5)

Decrease in general administrative expenses (+7)

Difference in non-operating expenses (+29)

- Investment unit issuance expenses, etc. (+29)

Forecast for the 2nd fiscal period ending February 2019 and 3rd fiscal period ending August 2019

Unit: million yen

	Actual results for the 1st fiscal period ended August 2018 (A)	Forecasts for the 2nd fiscal period ending February 2019 (B)	Difference (B)-(A)	Forecasts for the 3rd fiscal period ending February 2019
Operating revenue	1,374	1,270	-103	1,289
Operating expenses	477	443	-33	586
Operating income	897	827	-69	702
Ordinary income	584	776	192	657
Net income	583	775	192	656
Distribution per unit (yen)	2,610	3,473	863	2,937
Days*19	197 days	181 days	-16 days	184 days

Main factors of difference

2nd FP forecast vs. 1st FP results

Difference in income and expenditure in lease business (-74)

- Decrease of days (-73)
- Rent, CAM and other income (+27)
- Repair and other (-5)

Difference in non-operating expense (+262)

- Investment unit issuance expenses, etc. (+262)

3rd FP forecast vs. 2nd FP forecast

Difference in income and expenditure in lease business (-124)

- Rent, CAM and other income (+9)
- Fixed property taxes (-134)

Distribution forecast for the 2nd and 3rd fiscal periods

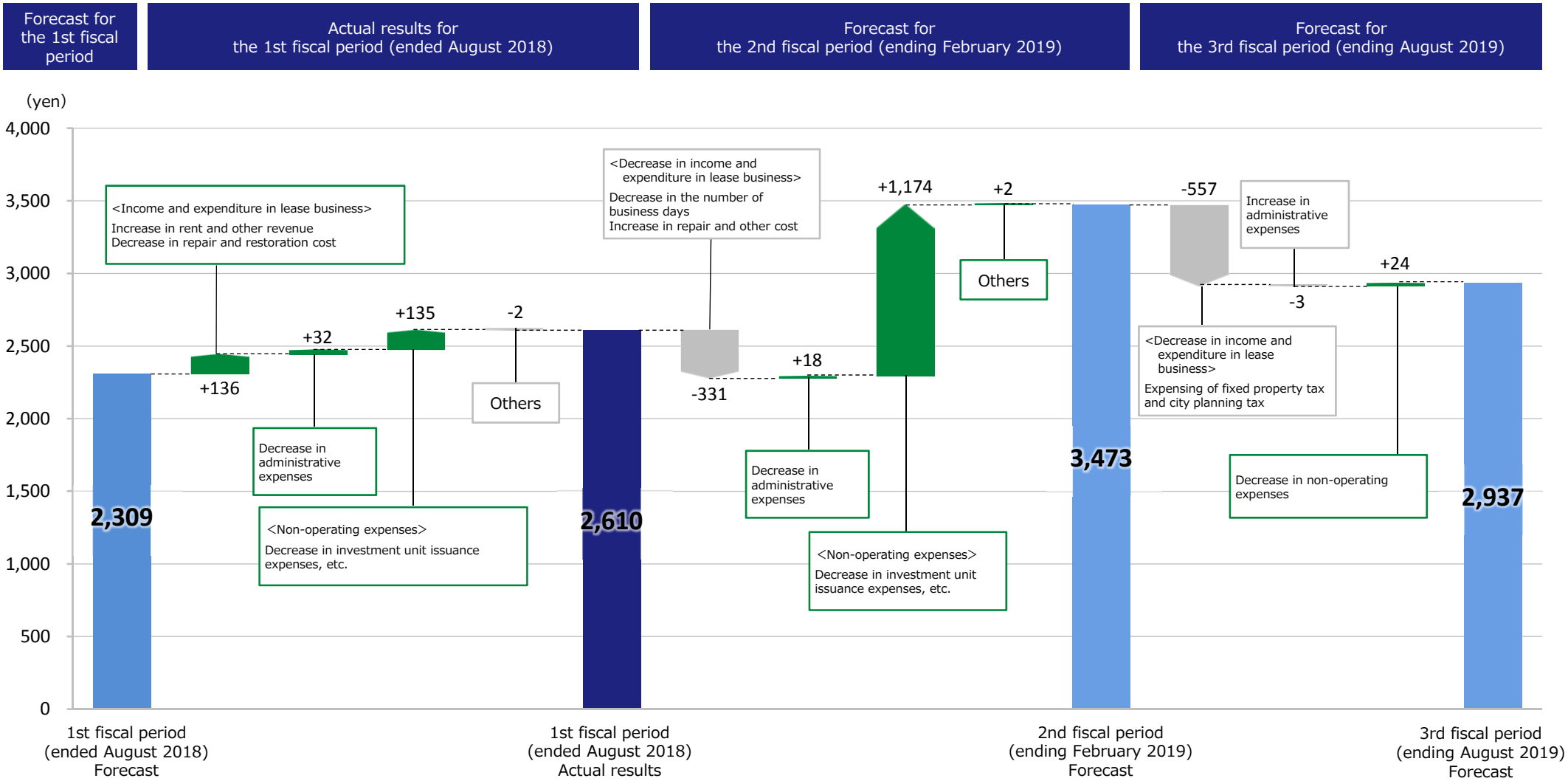
XYMAX REIT Investment Corporation

*Normalization period

Distribution for the 1st fiscal eriod	2,610 yen per unit	Distribution forecast for the 2nd fiscal period	3,473 yen per unit	Distribution forecast for the 3rd fiscal period	2,937 yen per unit

Achieved +301 yen increase from the forecast as of February 15

+20 yen increase from the forecast as of February 15



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Management Highlights for the 1st Fiscal Period

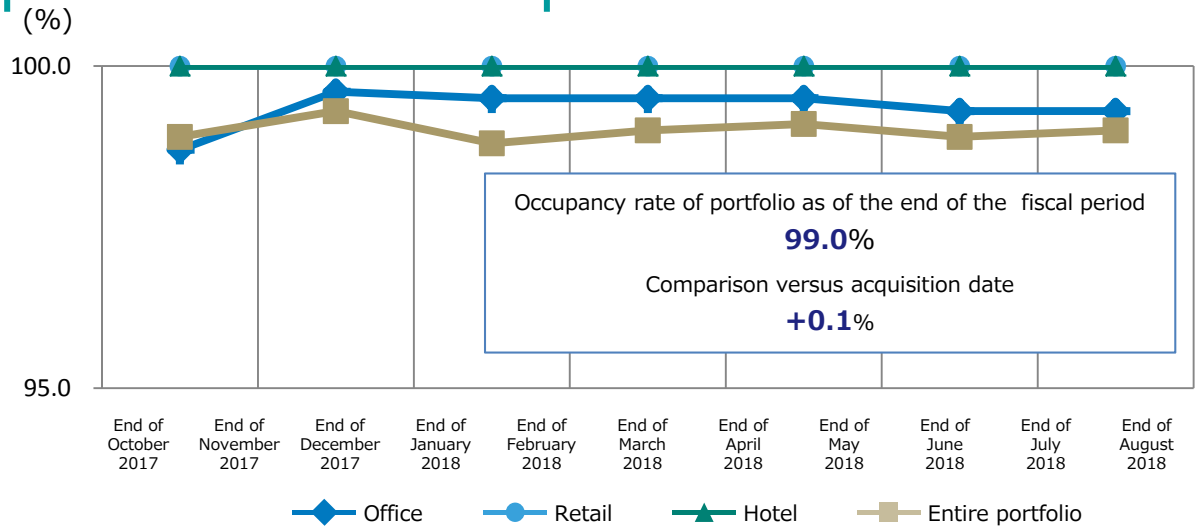
Management results: Operational status of portfolio and topics

XYMAX REIT Investment Corporation

Achieved an occupancy rate of 99.0% as of the end of the fiscal period.

Operational status by asset type

Occupancy rate by asset type



Occupancy rate as of the end of August 2018

(Comparison vs. acquisition date)

• Office	99.3%	(+0.6%)
• Retail	100.0%	(+0.0%)
• Hotel	100.0%	(+0.0%)
• Entire portfolio	99.0%	(+0.1%)

(Accrued to August 2018)

Operational status of Hotel

Guestroom occupancy rate	88.6%
ADR	8,936 yen
RevPAR	7,920 yen

(Accrued to August 2018)

Operational status by use

	Office (excluding residential units within the office buildings)	Retail/hotel	Other(Residential)
Move-in	6	0	22
Move-out	4	0	23
Expansion of floor space	0	0	0
Reduction of floor space	0	0	0
Increase (Decrease)	2	0	-1
Occupied area/increased floor area	319.75 tsubo	0.0 tsubo	397.38 tsubo
Vacated area/reduced floor area	197.85 tsubo	0.0 tsubo	431.47 tsubo
Increase (Decrease)	121.90 tsubo	0.0 tsubo	-34.09 tsubo

(Accrued to August 2018)

Operational status of other space (residential)

(Includes residences within office buildings)

Number of move-in	22
Number of move-in with higher rent	18
Average unit rent	+88yen/tsubo (+1.5%)

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Management results: Improvement in revenue due to tenant replacement

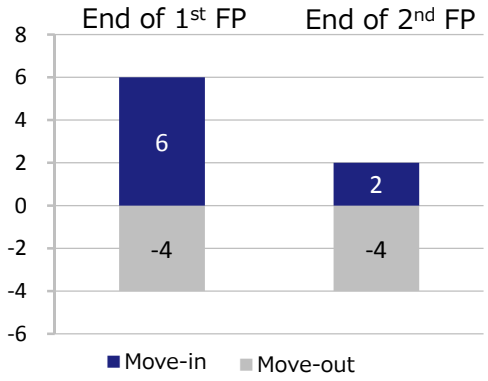
XYMAX REIT Investment Corporation

Improved profitability through rent increase associated with tenant replacement at 7 office buildings and multi-tenant retail facility (Muza Kawasaki)

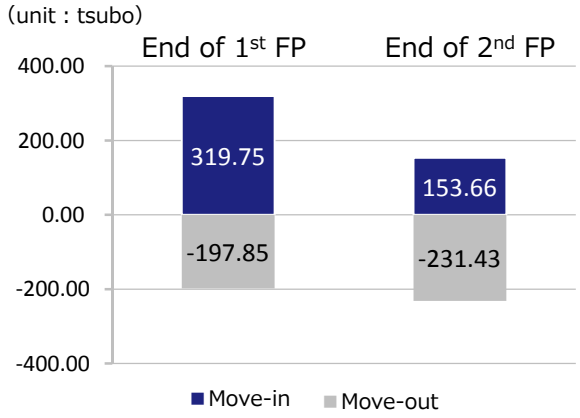
Results of tenant replacements and future forecast (excluding residential units within the office buildings)

※Number of replacement, area, and monthly rent fluctuation are only applicable for the tenants those execute a new contract or termination agreement and delivered a termination notice as of October 18, 2018

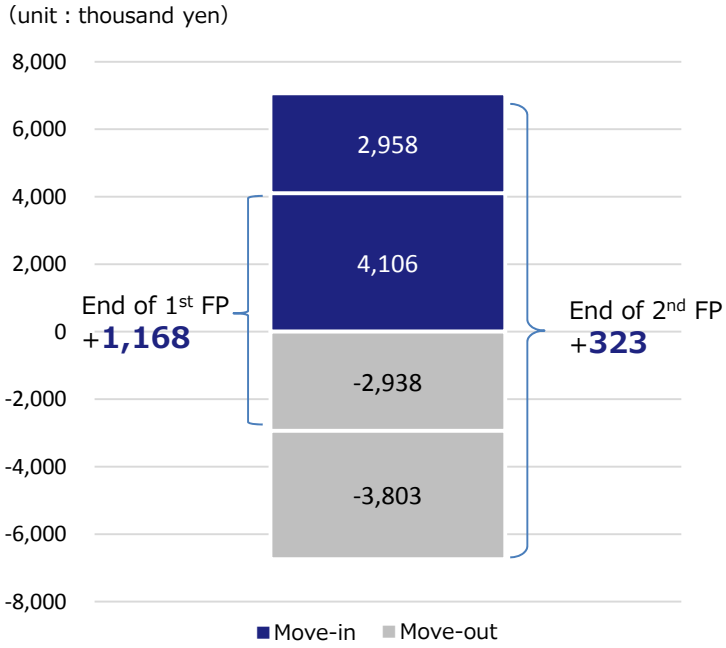
Number of replacements



Replaced floor area



Monthly rent variance by replacement



Breakdown of rent increase by area

End of 1st FP

	New lease	New lease with higher rent	Rent increase rate
23 wards of Tokyo	1	0	-
Tokyo economy	5	3	5.6%
Total	6	3	-

End of 2nd FP

	New lease	New lease with higher rent	Rent increase rate
23 wards of Tokyo	1	1	25.0%
Tokyo economy	1	1	9.8%
Total	2	2	-

Definite monthly rent increase by tenant replacements through the end of 2nd financial period is **323,000**yen

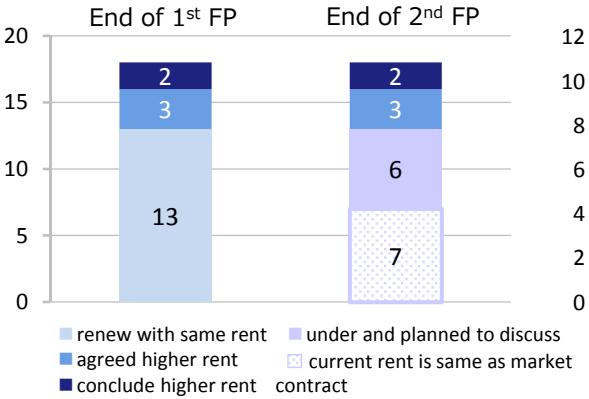
Management results: Improvement in revenue due to contract renewal

Improved profitability through rent increase associated with rent revision at 7 office buildings and multi-tenant retail facility (Muza Kawasaki)

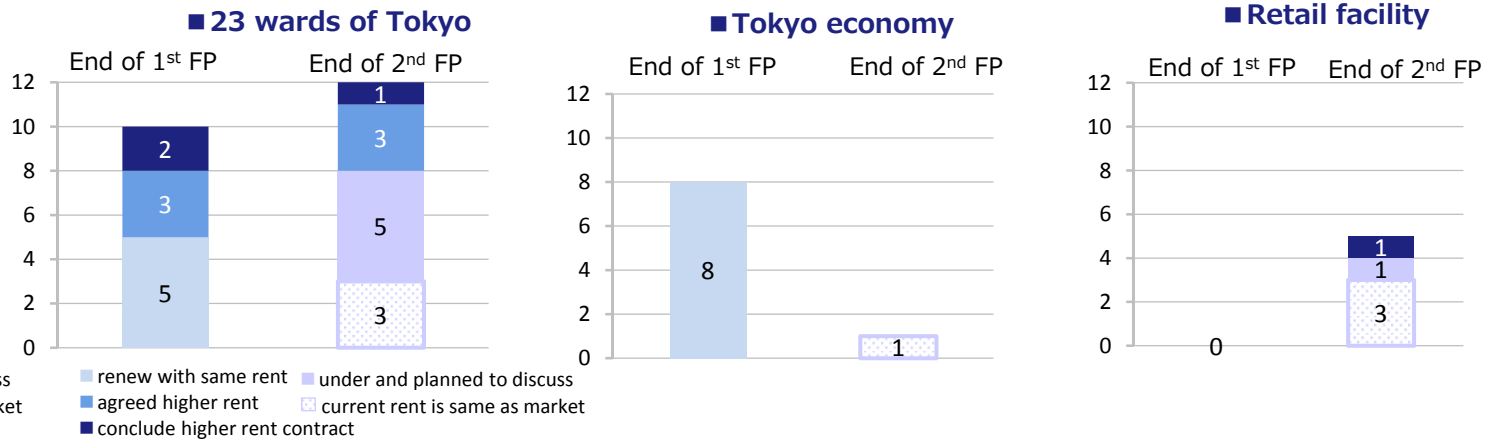
Results of tenant renewals and future forecast (excluding residential units within the office buildings)

※Number of renewals, area, and monthly rent fluctuation are only applicable for the tenants those execute a renewal contract and reached an agreement to renew as of October 18, 2018

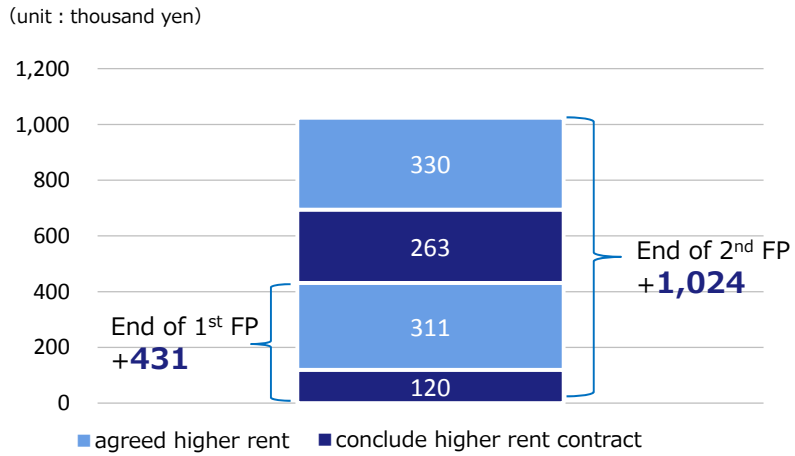
Number of replacements



Replaced floor by geographical area



Monthly rent variance by lease renewal



Number of renewals through end of 1st Financial period	:18
Number of leases agreed to raise rent	: 5
Increase rate (vs. before renewal)	:+**19.5**%

Number of renewals through end of 2nd Financial period	:18
Number of leases agreed to raise rent	: 5
Increase rate (vs. before renewal)	:+**6.9**%

- Amount of monthly rent increased by renewal through end of 2nd FP
  →**1,024** thousand yen (contracted and agreed)
- Total amount of monthly rent increased by renewal and replacement
  →**1,348** thousand yen (contracted and agreed)

Management results: cost reduction, value enhancement work

Intending to realize long-term internal growth by conducting value enhancement work eyeing future effective leasing and cost reduction.

Example of construction work conducted in the 1st fiscal period

Construction work for adopting LED lighting at common area (XYMAX Iwamotocho Building)

Before

After

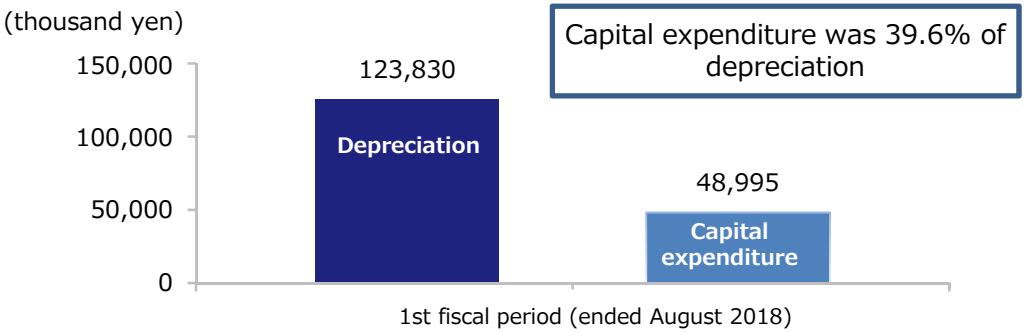
Examples of other construction work conducted in the 1st fiscal period

- ✓ Construction work for adopting LED lighting at common area (XYMAX Shinjuku-Gyoen Building, XYMAX Kamiyacho Building)
- ✓ Renewal work of security camera (XYMAX Shinjuku-Gyoen Building)
- ✓ Renewal of toilet (XYMAX Nishi-Shimbashi Building, XYMAX Hachioji Building)
- ✓ Renewal work of emergency broadcasting system (XYMAX Hachioji Building)
- ✓ Renewal work of water supply pump (Renaissance 21 Chihaya)

Expected Effects of the adoption of LED lighting

1. Reduction of carbon dioxide emission
2. Reduction of utility expenses
3. Decreasing the frequency of bulb exchange and reducing running costs

Control of capital expenditure (1st fiscal period)



Capital expenditure was 39.6% of depreciation

XYMAX REIT Investment Corporation

Future Growth Strategy

Utilizing the "3 FORCES" to maximize unitholder value

The Investment Corporation aims to maximize unitholder value, utilizing "Assessment Capability," "Management Capability," and "Sourcing Capability."

Stable operational and financial base established through the IPO

- Portfolio with a low LTV level (33.0% at the end of 1st fiscal period) realized through the acquisition of properties at an inexpensive price
- Establishing a stable lender formation centering on correspondent financial institutions of the sponsor
- Flexible property acquisition with bank loans is also possible by utilizing available borrowing capacity

Assessment Capability

Management Capability

Sourcing Capability

Management utilizing the "3 FORCES"

Internal Growth Strategy

- Property management utilizing XYMAX Group's real estate management capability
- Increase income by optimization of rents through tenant replacement and contract renewal
- Realize both cost control and maintenance and improvement of property value through repair work conducted utilizing the database of XYMAX Group

External Growth Strategy

- XYMAX Group's relationship with real estate owners
- XYMAX Group's track record in real estate disposal and brokerage

Maximization of Unitholder Value

Internal growth: One of the leading domestic real estate management power

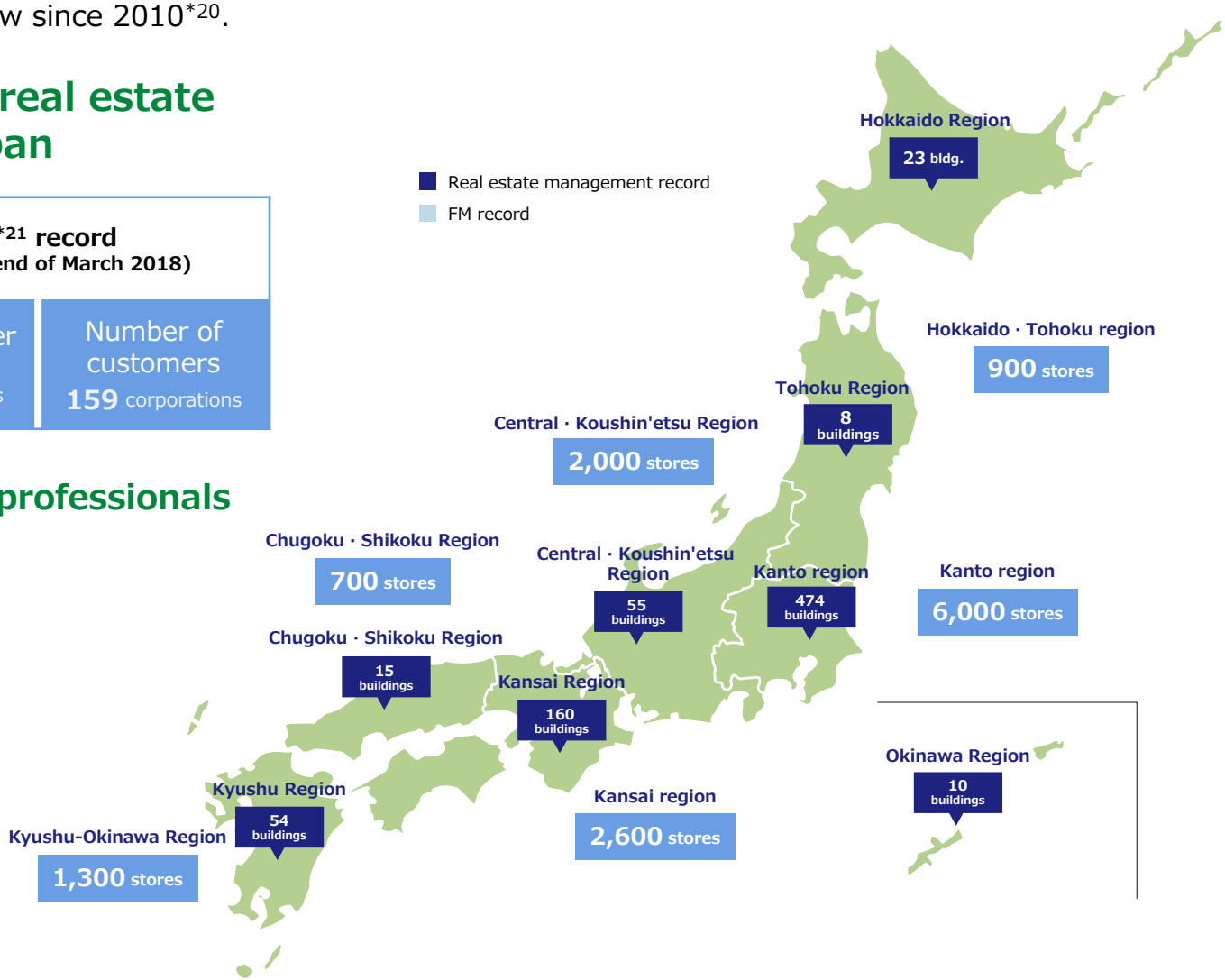
The Group has a proven track record in the real estate management business that covers the main assets owned by XYMAX REIT Investment Corporation (hereinafter referred as "Investment Corporation") such as office buildings, retail properties and hotels across Japan.

Above all, the Group has been ranked as the No.1 domestic service provider in the PM business in terms of contracting record of real estate management projects for six years in a row since 2010*20.

Proven prominent track record in real estate management field throughout Japan

Real estate management record (As of the end of March 2018)	
Actual number	Gross floor area
799 buildings	Approx. 3.5 million tsubo (Approx. 11.6 million m²)

FM*21 record (As of the end of March 2018)	
Actual number	Number of customers
13,500 stores	159 corporations



The Group has the largest team of PM professionals in Japan*22

Rank	Company	Number of personnel in charge
1	**XYMAX Group**	**1,794**
2	A Company	1,072
3	B Company	564
4	C Company	487
5	D Company	369

(Source) According to "Monthly Property Management November 2017" and created by this Asset Management Company

Internal Growth: "Management capability" contributing to the growth of the J-REIT market

Unrivalled track record as a PM service provider in terms of contract record with J-REITs*23

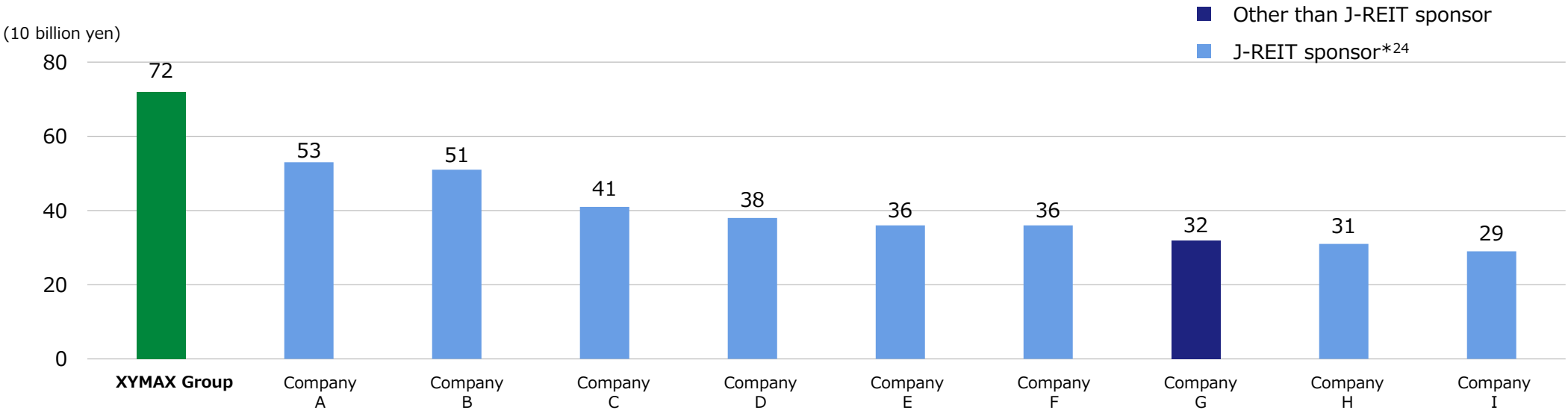
XYMAX Group's contract record as a PM service provider for J-REITs places it as **the No. 1 domestic contractor** (as of the end of September 2017) in terms of total number of Office, Retail and Hotel assets, which are the main assets of the Investment Corporation.

Despite not having been a sponsor to a J-REIT until IPO, we have **greatly exceeded** the PM entrustment records of companies that are sponsor to a J-REIT*24.

Number of properties owned by J-REITs under management by XYMAX Group and number of J-REITs entrusting PM service to XYMAX Group

- Number of properties 182 (as of March 2018)
- Number of J-REITs entrusting XYMAX Group 31 (as of March 2018)

Ranking of PM service providers relating to properties included in the portfolio of J-REITs (Office, Retail and Hotel) (based on acquisition price by J-REITs)



(Source) According to "Monthly Property Management November 2017" and created by this Asset Management Company

Internal Growth: Maximization of revenue through strategic leasing

XYMAX REIT Investment Corporation

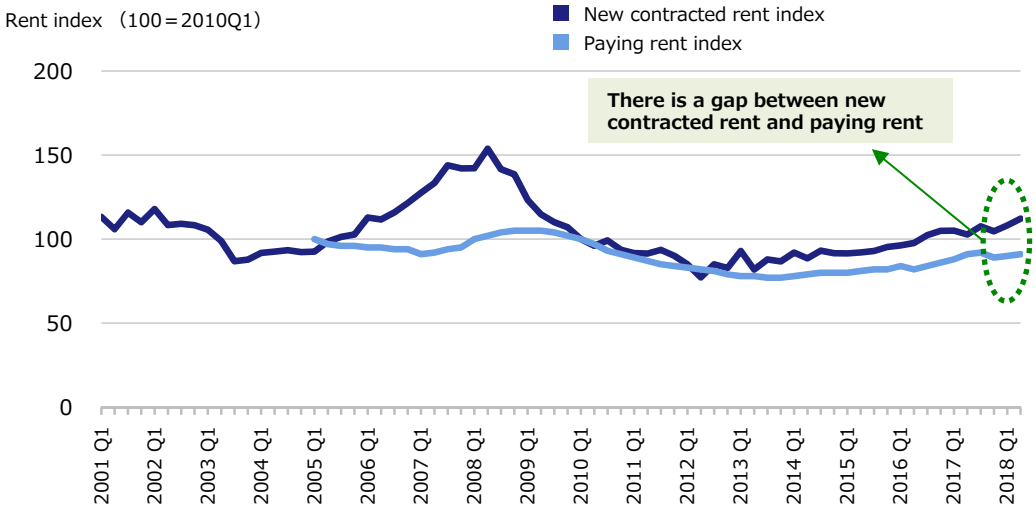
XYMAX REIT Investment Corporation has positioned the strategy to maximize revenue using the Group's expertise and know-how as well as the financial strength supporting such strategy as the key factor of internal growth.

Realization of strategic leasing supported by stable financial base

- Especially, the rent in the office leasing market is on an upward trend and there is an opportunity for internal growth with the elimination of rent gap upon the rent revision for existing tenants.
- However, negotiations for upward rent revisions may sometimes lead to the move-out of tenants and may cause risks of temporary revenue decrease due to the downtime and free rent during the period for soliciting new tenants.
- The Investment Corporation is able to implement a business plan with redundant capacity based on the financial base as well as absorb temporary revenue decrease arising from rent negotiations and achieve an appropriate rent without any significant decrease of DPU.

Status of rent gap in the market

Comparison of new contracted rent index and paying rent index



(Source) Created by the Asset Management Company based on the data of XYMAX Real Estate Institute

Use of the Group's expertise, know-how , and network associated with real estate management

Direct Approach

XYMAX INFONISTA Corporation is a leasing brokerage business arm of the Group, developing its business in the Tokyo Metropolitan Area (Tokyo and surrounding prefectures of Chiba, Saitama, and Kanagawa).

Network with Leasing Agencies

Relationship with **approx. 2,000** leasing agencies and their **5,000** brokers. The Group is providing strategically precious and most updated information to broker in charge.
The Group is providing the vacant room information of **approx. 500 buildings** (as of August, 2018) **on a nationwide basis** and in a way that may most facilitate the daily practice of leasing brokerage business.

Achieve a high contract rate and unit rent

Internal Growth: Cost optimization through the control of repair works

XYMAX REIT Investment Corporation

We will realize cost optimization and a reliable construction/repair work execution with consistent construction management based on the accumulated data

Construction Management Based on Data

Technical Section of Member Companies of the Group
×
Database and construction work history management system

First-class Architect, Facility Manager,
Licensed Electrician, Certified Building Administrator, etc.

Track record of construction/repair works: **129,888**
(during the period between April 1, 2000 and March 31, 2018)

(Source) XYMAX Corporation

What Is Construction Management?

- ✓ **Compiling Construction History into Database**
- ✓ **Planning of Repair Schedule Utilizing the System**
- ✓ **Planning and Management of Large-scale Renovation/Renewal Project**
- ✓ **Arrangement of Competitive Bidding**
- ✓ **Support Difficult Repair Works on an Ad-Hoc Basis**

Intending to improve efficiency related to repair work by utilizing the engineers and database of XYMAX Group

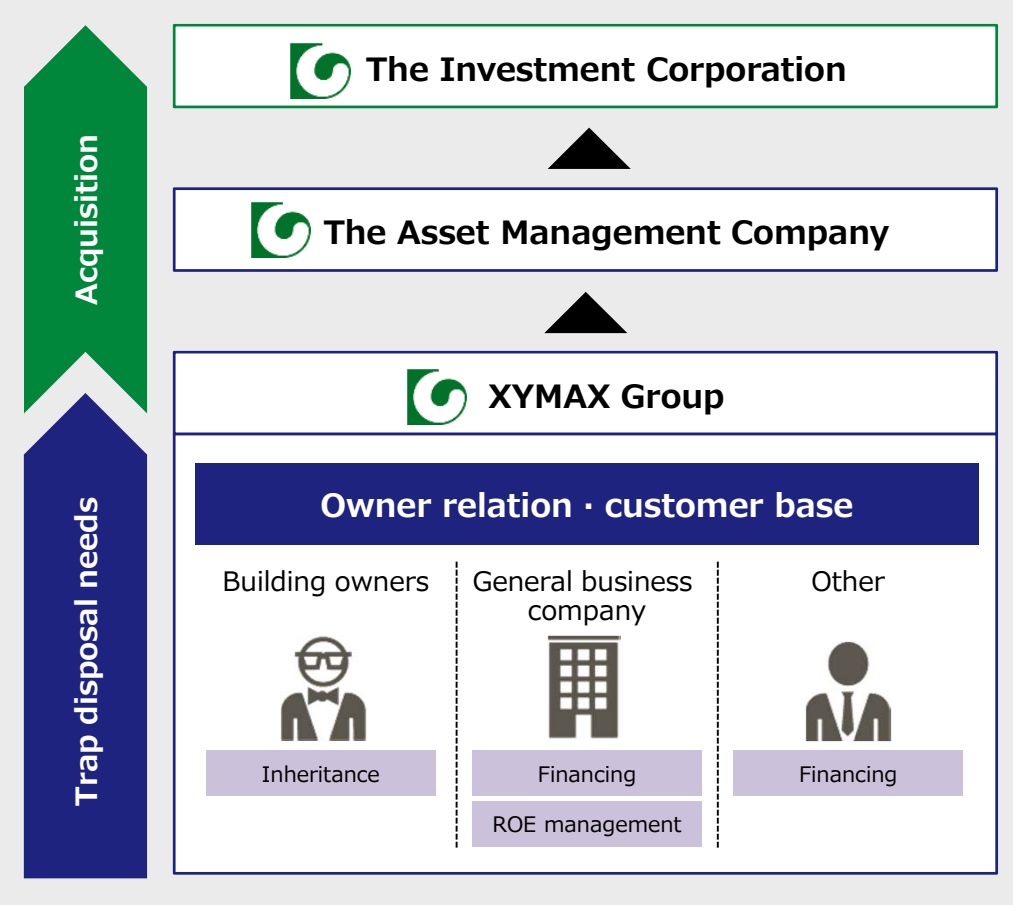
Controlling repair work through construction management

- ✓ **Reliable direction of construction work based on track record of construction work accumulated over several years**
- ✓ **Setting an appropriate construction period with the review of repair projects in line with the current status**
- ✓ **Optimization of costs in comparison with track record of similar construction work and through assessment of engineers**
- ✓ **Appropriate adjustment for construction companies and general contractors by utilizing network**
- ✓ **Utilization of know-how in large-scale renovation and renewal construction work by XYMAX REIT**
- ✓ **Appropriate repair work on an ad-hoc basis utilizing know-how and engineers**

External Growth: Identifying property acquisition opportunity through XYMAX Group's customer base

Based on the sponsor support agreement with the Group, the Investment Corporation aims to cultivate opportunities of property acquisition by identifying the needs for real estate disposal of the Group's customer base.

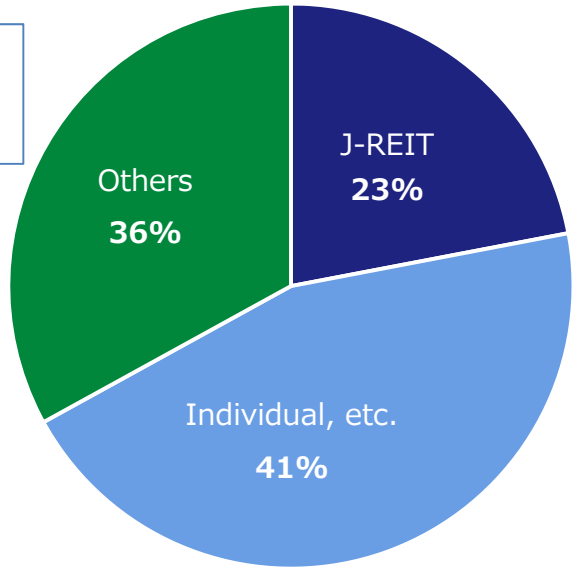
Direct relation with real estate owners



Diversity of real estate owners having a relationship

Ratio of attribute of owners entrusted with real estate management business (As of the end of March 2018)

Number of buildings under management
799



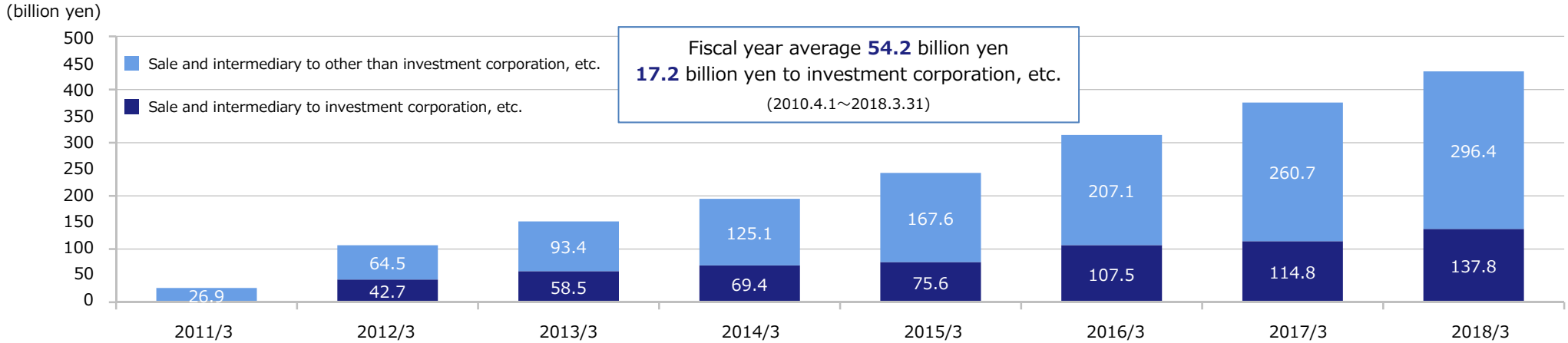
- J-REIT
  J-REITs including the Investment Corporation
- Individual, etc.
  Individuals, asset management companies, general business companies, etc.
- Others
  Private REITs, private funds, real estate companies, etc. .

External Growth: Sourcing utilizing XYMAX Group's track record of real estate disposals and brokerage

The Investment Corporation will promote souring leading to external growth by utilizing XYMAX Group's track records of disposal and brokerage of various real estate including its main assets.

XYMAX Group's track record of real estate disposals and real estate brokerage

Accumulated track record of real estate disposals and real estate brokerage service
(accumulated total from April 1, 2010, excluding sales to the Investment Corporation)



(Source) XYMAX Corporation

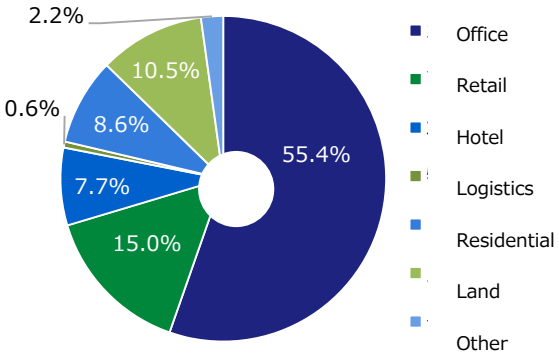
Number of buildings and scale in real estate disposals and real estate sales brokerage

- Also engaged in a large number of real estate disposals and real estate sales brokerage for investment corporations, etc.
- Also has abundant track records especially in disposals and sales brokerage of medium-and large-scale properties for investment corporations, etc.

	Whole	To Investment Corporations, etc.
Disposals and sales brokerage Number of cases	231	33
Disposals and sales brokerage Total	434.2 billion	137.8 billion yen
Average per building	1.9 billion	4.1 billion yen

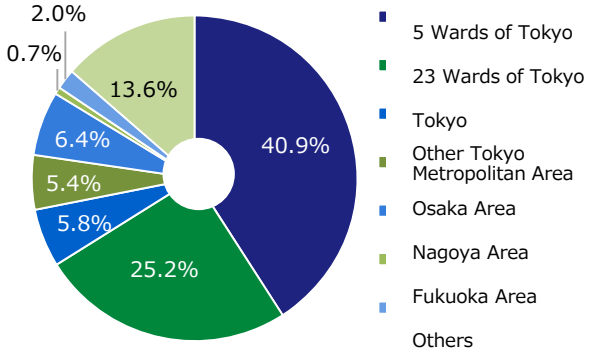
Use and geographical area of real estate in real estate disposals and real estate sales brokerage

- Covers various uses such as office, retail, hotel, residential, etc.
- Covers a wide range of central areas, major cities and local areas.



By asset (whole)
(based on transaction price)

(Source) XYMAX Corporation



By area (whole)
(based on transaction price)

(Source) XYMAX Corporation

External Growth: Financial management and LTV control

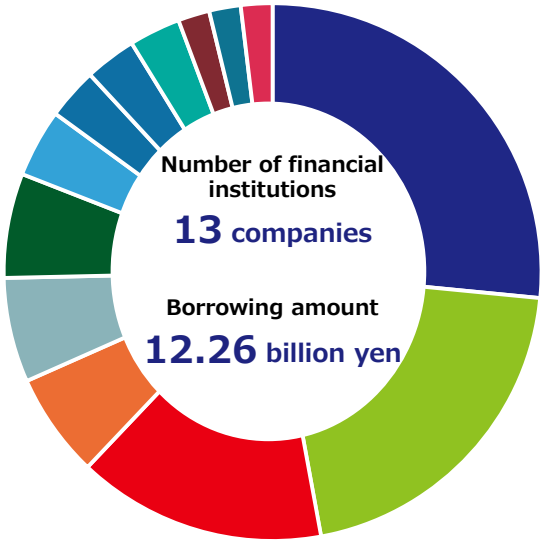
The Investment Corporation establishes a financial base that put emphasis on stability and soundness in pursuit of flexibility of financing.

Actual results for the 1st fiscal period

- Constructing a wide range of and stable bank formation centering on mega banks and local banks that have a financial and business relationship with sponsors.
- Realizing the diversification of maturity date

Balance of interest-bearing debts	Average remaining years*25/Average interest rate*26	LTV (based on total assets)
12.26 billion yen	2.4 years/0.495%	33.0%
Fixed interest rate ratio*27	**Long-term loan ratio*28**	**LTV (forecast after the repayment of consumption tax loan)**
60.0%	80.0%	31.9%

Lender formation (As of the end of 1st fiscal period)

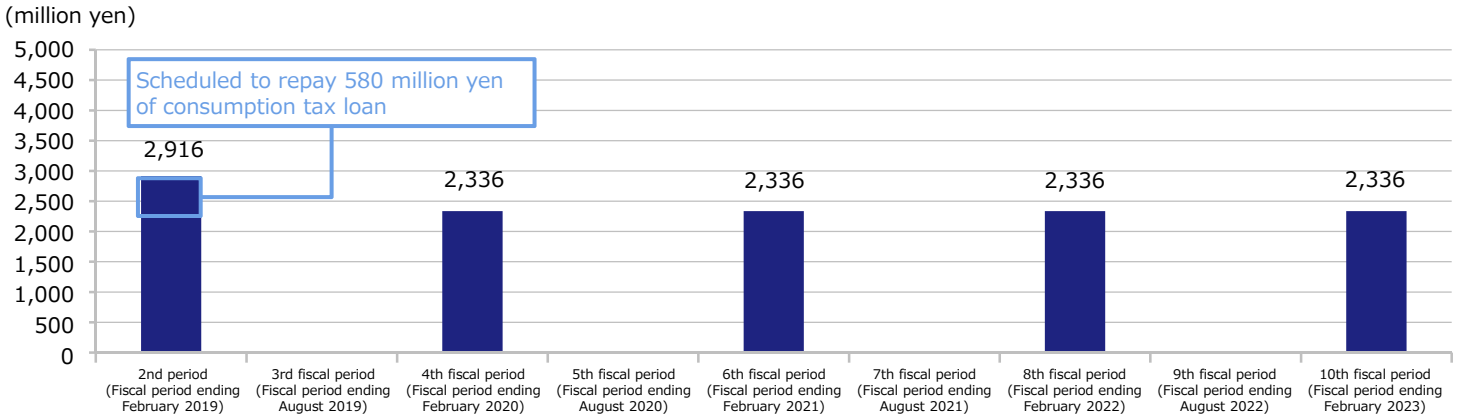


Mizuho Bank	26.6%
Sumitomo Mitsui Banking Corporation	20.6%
MUFG Bank	15.0%
The Nishi-Nippon City Bank	6.3%
Fukuoka Bank	6.3%
Resona Bank	6.3%
Shinsei Bank	4.1%
Aozora Bank	3.1%
Hiroshima Bank	3.1%
Hokkaido Bank	3.1%
Chiba Bank	1.9%
Higo Bank	1.9%
Fukoku-life	1.9%

Forecast of the 2nd fiscal period and thereafter

- Scheduled to conduct partial early repayment of borrowings using consumption tax refund during the 2nd fiscal period
- Scheduled to refinance 2,336 million yen maturing in the 2nd fiscal period

Maturity dates of interest-bearing debts



Borrowing capacity by LTV level (after repayment of consumption tax loan)

LTV level vs. total assets	Possible loan amount	Appraisal LTV
40.0%	4.9 billion yen	Approx.33%
45.0%	8.6 billion yen	Approx.38%
50.0%	13.2 billion yen	Approx.43%

～ Memo ～

XYMAX REIT Investment Corporation

Basic Policy of the Investment Corporation

Investment policy of the investment corporation

XYMAX REIT Investment Corporation aims to maximize unitholders' value by utilizing the knowledge and know-how of real estate management accumulated by the XYMAX Group.

Characteristics of the Investment Corporation

Utilization of real estate management expertise and know-how accumulated throughout the history of the Group

X

Evaluation of cash flow stability and precise value of the real estate

→ Growth of managed assets over the medium to long term basis
Secure stable revenue

→ **Maximization of Unitholders' Value**

Advantage of the Investment Corporation

- The Investment Corporation has secured an outlook for stability and future prospect of revenue supported by XYMAX Group's real estate management expertise and know-how and operational track records by incorporating properties operated by XYMAX Group even before the IPO into its portfolio.

Construction of portfolio utilizing assessment capability	**The Investment Corporation will assess the stability and future prospect of the profitability of properties by utilizing the expertise and know-how of real estate management**
Internal growth utilizing management capability	**The Investment Corporation will maximally utilize the real estate management capability of XYMAX Group boasting the highest record in Japan**
External growth utilizing sourcing capability	**The Investment Corporation will utilize the direct relationship between real estate owners and XYMAX Group**

Evaluation of portfolio

XYMAX REIT believes that it can secure an outlook on stability and future prospects of the entire portfolio based on assets for which XYMAX Group's real estate management expertise and know-how can be utilized.

Focus point of each asset type

Office

Focus on real estate with strong appeal to tenants

→ Emphasizing unit rent, traffic convenience and safety including earthquake resistance

- Properties located in the 8 central wards of **Tokyo**, **Central Nagoya**, **Central Osaka** and **Central Fukuoka**
- Properties located within an approximate **5**-minute walk from the nearest station
- Properties with a unit rent of **10,000** yen to **25,000** yen

Retail

Focus on stability of tenant rent or inexpensive property price

→ Emphasizing the stability of revenue or profitability as an investment target

- Properties whose **revenue of facilities** are available for analysis
- Properties whose **rent burden** on tenants are available for analysis
- Properties whose **sales price is lower** than the market price

Hotel

Focusing on hotels specialized in "lodging" located at transport hubs

→ Emphasizing inbound tourism and abundant domestic accommodation needs

- Hotels **specialized in "stay"** whose revenue trends can be analyzed based on the operational know-how of the sponsor
- Properties located in areas offering **excellent access** to transport hubs
- Properties located in areas where the **number of foreign visitors is expected to increase**

Acquire properties by comprehensively judging the above factors for each asset type

80% or more of the portfolio consists of office, retail, and hotel properties

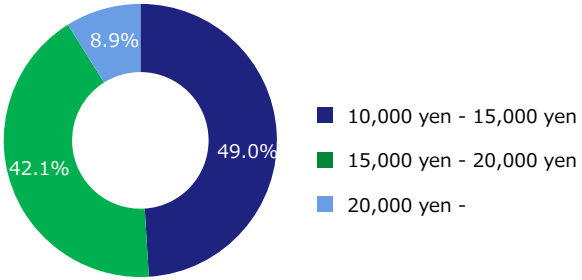
Advantage by asset type

The portfolio of the Investment Corporation consists mainly of assets that match with the focus points gained from the expertise and know-how of real estate management

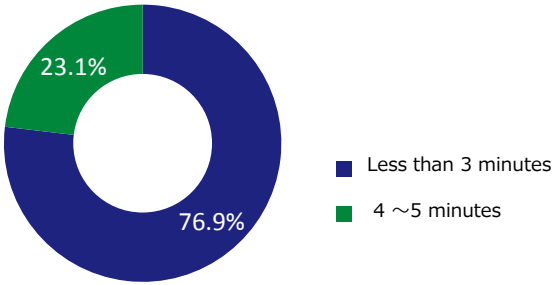
Advantage by asset type

Office

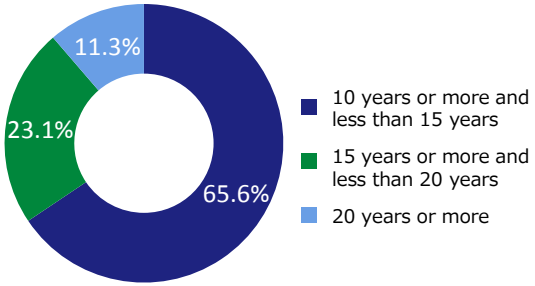
Average unit rent*29
14,937 yen



Time required from the nearest station*30
3.0 minutes on average

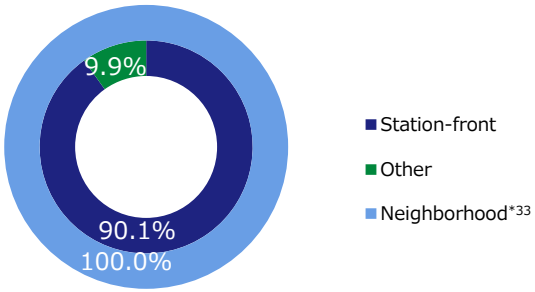


Average engagement period*31
16.2 years

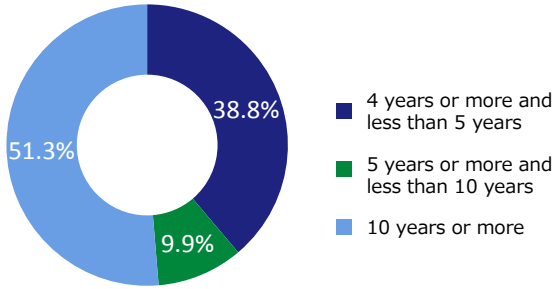


Retail properties

Composition of retail properties*32

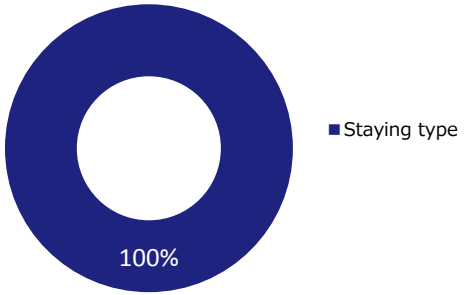


Average engagement period*34
10.1 years



Hotel

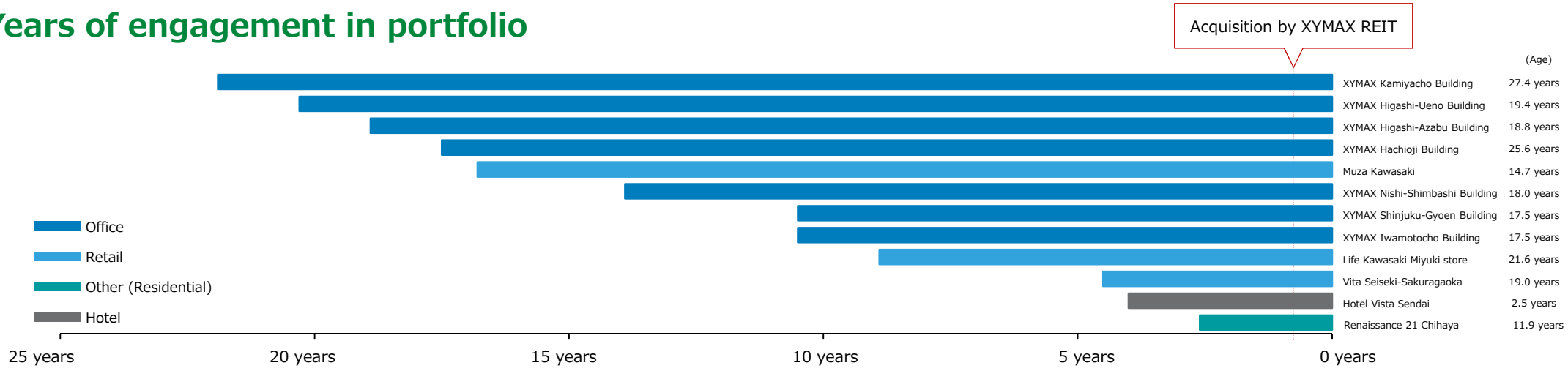
Ratio of "Staying type"*35



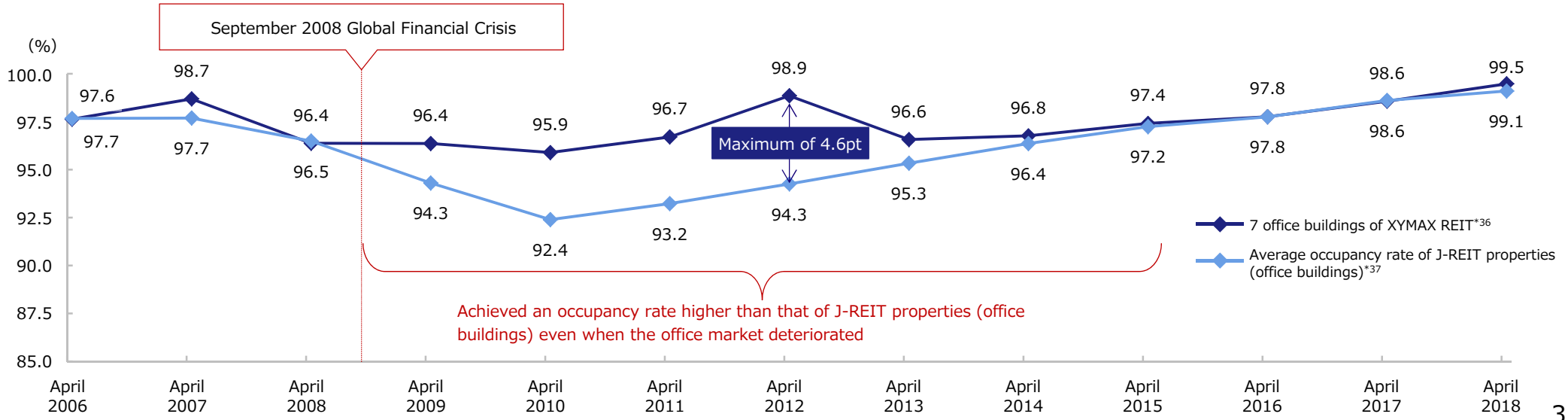
Years of engagement and trend of average occupancy rate

The portfolio of XYMAX REIT has been operated by XYMAX Group for years and consists mainly of properties that are expected to have an advantage due to proven track record in operation

Years of engagement in portfolio



Trend of average occupancy rate of 7 office buildings of XYMAX REIT (Comparison with J-REITs)



Portfolio List

XYMAX REIT Investment Corporation

Asset no.	OF-01	OF-02	OF-03	OF-04	OF-05	OF-06
Asset type	Office	Office	Office	Office	Office	Office
Property name	XYMAX Nishishimbashi Building	XYMAX Iwamoto-cho Building	XYMAX Shinjukugyoen Building	XYMAX Kamiya-cho Building	XYMAX Higashiazabu Building	XYMAX Higashiueno Building
Location	Minato-ku, Tokyo	Chiyoda-ku, Tokyo	Shinjuku-ku, Tokyo	Minato-ku, Tokyo	Minato-ku, Tokyo	Taito-ku, Tokyo
Access	3 minutes on foot from “Uchisaiwaicho” station on the Toei Subway Mita line 6 minutes on foot from "Shimbashi“ station on the JR Tokyo metro Ginza line other	3 minutes on foot from "Iwamoto-cho" station on the Toei Subway Shinjuku line	2 minutes on foot from "Shinjuku Gyoenmae" station on the Tokyo metro Marunouchi line	1 minute on foot from "Kamiyacho" station on the Tokyo metro Hibiya line	5 minutes on foot from "Akabane Bridge" station on the Toei Subway Oedo Line 7 minutes on foot from "Kamiyacho" station on the Tokyo metro Hibiya line	3 minutes on foot from "Naka-Okachimachi" station Tokyo metro Hibiya line 4 minutes on foot from JR "Okachimachi" station other
Acquisition price (million yen)	2,500	4,250	5,020	880	1,550	1,150
Land area	402.53 m²	864.83 m²	839.09 m²	228.83 m²	365.05 m²	368.84 m²
Total floor area	2,517.50 m²	6,261.06 m²	6,084.32 m²	1,356.51 m²	2,570.13 m²	1,942.54 m²
Leasable area	1,897.75 m²	4,152.30 m²	4,792.13 m²	1,205.29 m²	2,016.00 m²	1,735.34 m²
Completion	2000	2001	2001	1991	1999	1999
Structure/Number of Floors	Reinforced concrete structure with flat roof 9F	Steel-framed reinforced concrete structure with flat roof B1F/9F	Steel-framed reinforced concrete structure with flat roof B1F/9F	Steel-construction with flat roof 8F	Steel-framed reinforced concrete structure with flat roof B1F/9F	Steel-framed reinforced concrete structure with flat roof 8F
Number of tenant (As of the end of 1st fiscal period)	8	14	6	7	5	8
Occupancy rate (As of the end of 1st fiscal period)	100.0%	100.0%	100.0%	95.3%	100.0%	100.0%

Portfolio List

XYMAX REIT Investment Corporation

Property no.	OF-07	RT-01	RT-02	RT-03	HT-01	OT-01
Asset type	Office	Retail	Retail	Retail	Hotel	Other (Residential)
Property name	XYMAX Hachioji Building	Muza Kawasaki	Life KawasakiMiyuki store	Vita Seiseki-Sakuragaoka	Hotel Vista Sendai	Renaissance 21 Chihaya
Location	Hachioji-shi, Tokyo	Kawasaki-shi, Kanagawa	Kawasaki-shi, Kanagawa	Tama-shi, Tokyo	Sendai-shi, Miyagi	Fukuoka-shi, Fukuoka
Access	4 minutes on foot from "Keio Hachioji" station on the Keio Electric Railway Keio Line 5 minutes on foot from JR "Hachioji" station	JR "Kawasaki" station direct connection	15 minutes on foot from JR "Kashimada" station and "Yako" station	Keio Electric Railway Keio Line "Seiseki Sakuragaoka" Station Directly Connected	4 minutes on foot from JR "Sendai" station 1 minute on foot from "Miyagino Dori" station on the Sendai City Subway Tozai Line	6 minutes on foot from "Chihaya" station" on the JR Kagoshima main line and "Nishitetsu Chihaya" station on the West Nippon Railway Kaizuka line
Acquisition price (million yen)	2,600	4,100	790	3,100	4,400	2,700
Land area	1,220.58 m²	742.44 m² (Note 1)	1,879.15 m²	4,467.51 m² (Note 2)	1,461.36 m² (Note 3)	2,644.63 m²
Total floor area	7,404.81 m²	3,671.09 m² (Note 1)	2,596.80 m²	27,161.00 m² (Note 2)	6,977.47 m²	10,856.15 m²
Leasable area	5,556.03 m²	3,703.87 m²	2,677.54 m²	27,610.61 m²	7,066.25 m²	10,287.93 m²
Completion	1993	2004	1997	1999	2016	2006
Structure/Number of Floors	Steel-framed reinforced concrete/ Steel-construction with flat roof B1F/9F	Steel-framed/Steel-framed reinforced concrete structure with flat roof/stainless steel plate roofing B2F/27F	Steel-construction with flat roof 2F	Steel-framed reinforced concrete structure/reinforced concrete structure/steel-construction with flat roof B3F/27F	Steel-construction with flat roof 12F	Steel-framed reinforced concrete structure with flat roof 14F
Number of tenant (As of the end of 1st fiscal period)	25	17	1	1	1	139
Occupancy rate (As of the end of 1st fiscal period)	98.2%	100.0%	100.0%	100.0%	100.0%	94.3%

(Note 1) Land area indicates the figure equivalent to 6.9% of the right of site (rounded down to the first decimal place) held by the Investment Corporation within the site area of Muza Kawasaki. In addition, building area indicates the total building area based on the real estate registry for the components the trust beneficiary rights held by the Investment Corporation.

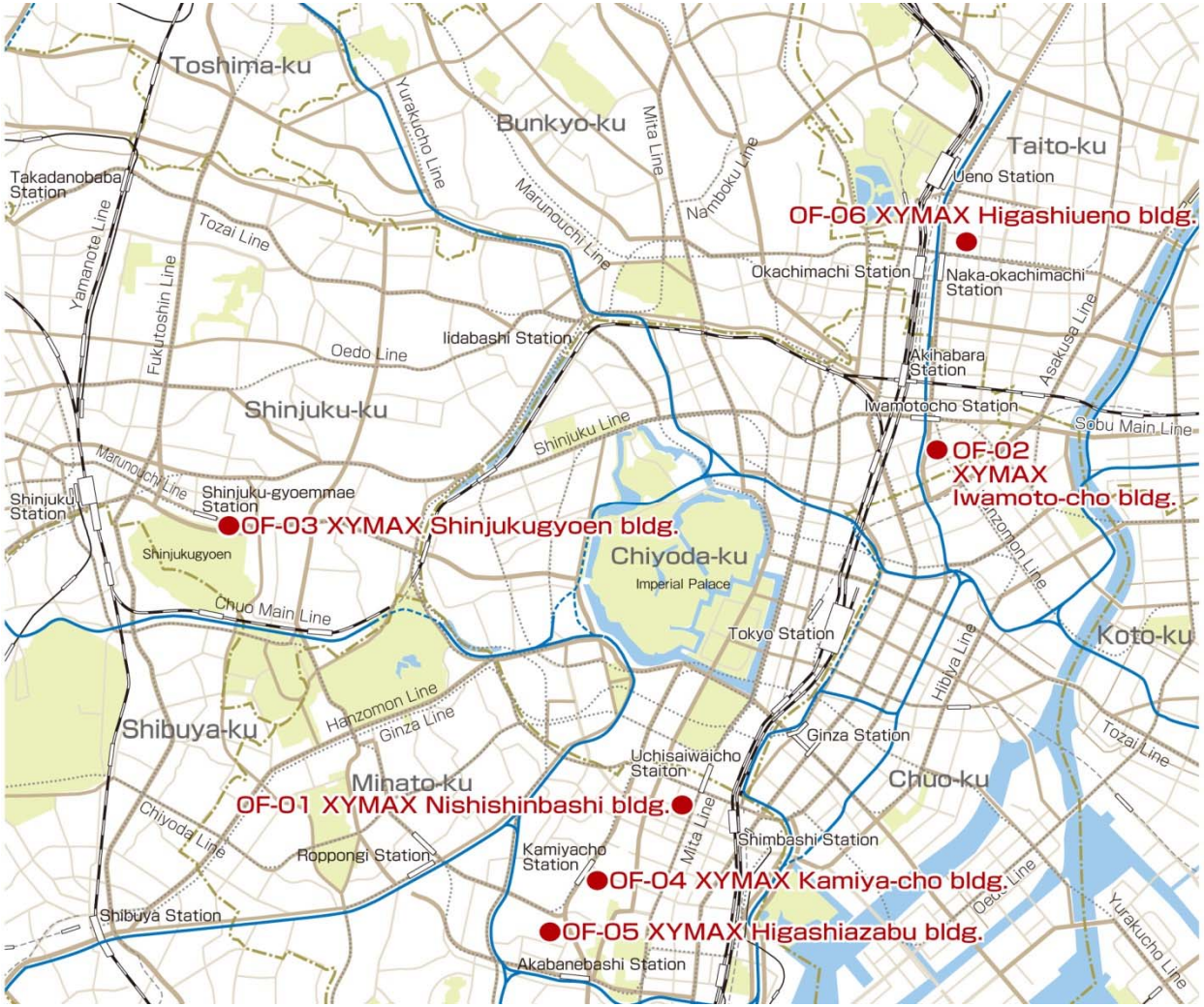
(Note 2) Land area indicates the figure equivalent to 49.6% of the right of site (rounded down to the first decimal place) held by the Investment Corporation within the site area of Vita Seiseki-Sakuragaoka. In addition, building area indicates the total building area based on the real estate registry for the components the trust beneficiary rights held by the Investment Corporation (floor area of 2 jointly-owned components, building No. 72-3 and 72-7 is the figure multiplied by ownership ratio of 937,995/1,000,000 and 591,485/1,000,000, respectively), and is rounded down to the second decimal place.

(Note 3) Superficies have been established for 524.21 m² of the land area.

Portfolio map

Portfolio located in favorable locations

Tokyo Area



Tokyo Economy Area

Fukuoka Area

Sendai Area

XYMAX REIT Investment Corporation

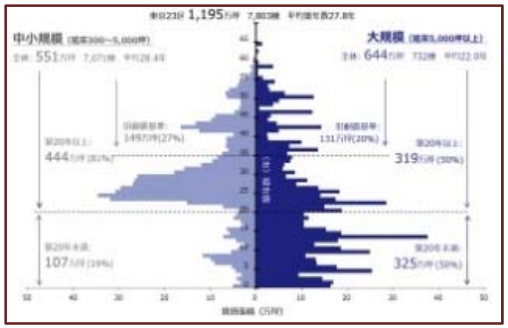
Market Analysis

Accumulation and utilization of original data by XYMAX Real Estate Institute

XYMAX REIT Investment Corporation

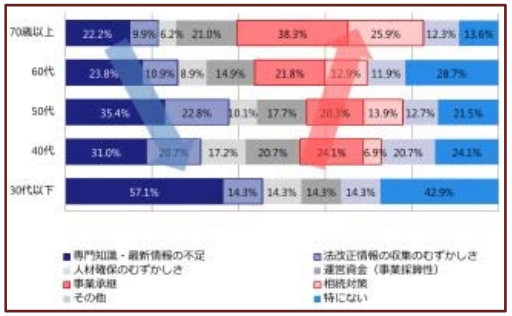
XYMAX REIT believes that it can establish strategies foreseeing the market by not only possessing accumulated data but also utilizing original research and analysis results through having XYMAX Real Estate Institute in the XYMAX Group.

Contract rent data	108,151 cases, 36,306 buildings (past 22 years)
Asking rent data	25,601 cases, 47,194 buildings (past 7 years)
Construction data	129,888 cases, (past 18 years)



Office pyramid (2016)

(Source) XYMAX Real Estate Institute
Extracted from "Office Pyramid 2016"



Survey on building owner's condition (2015)
Currently in trouble with the building business

(Source) XYMAX Real Estate Institute
Extracted from "Survey on Building Owner's Condition (2015)"

Posting, contribution and lecture in mass media and various media (example)

- Posting — **Nihon Keizai Shimbun, Nikkei Business Daily**, etc.
- Contribution — **ARES Real Estate Securitization Journal**
  - "Top Ten Issues Affecting Real Estate in 2018-2019" Announced by The Counselors of Real Estate
  - Considering Small-and Medium-Scale Office Buildings

  Real Estate Economic Fund Review

  BUILDING TOKYO
  - "Existence of Offices Changing with Work Style Reform", etc.
- Lecture — **Waseda University Advanced Collaborative Research Organization for Smart Society**
  - New Viewpoint for Enhancing Building Value ~Work Style Reform and Office Market —

  Land Economy and Construction and Engineering Industry Bureau, Ministry of Land, Infrastructure, Transport and Tourism
  - Review Meeting of the Existence of Real Estate Supporting Work Style Reform

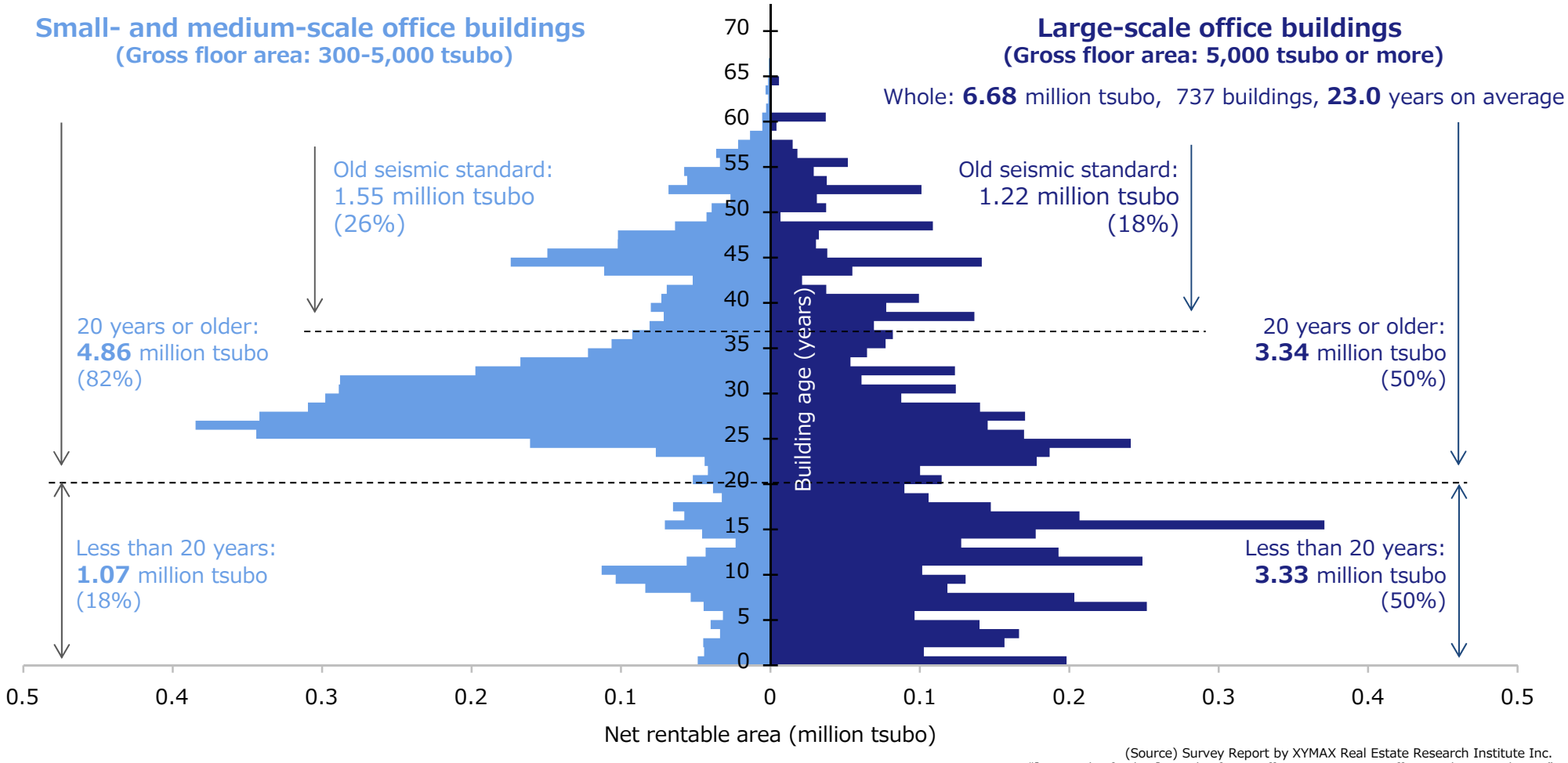
  Institute for Building Environment and Energy Conservation（IBEC）
  - Social Reform through the Spread of CSBEE Assessment and Latest Trend of Evaluation Tool Development, etc.

Scarcity of small- and medium-scale office buildings realized from office supply data

XYMAX REIT believes that the scarcity of small- and medium-scale office buildings, especially those supplied after the bubble period, will improve considering the floor area of existing small- and medium-scale office buildings as well as future supply trend.

Office Stock Pyramid 2018 covering the 23 Wards (Net rentable area)

23 Wards of Tokyo: **12.61** million tsubo, 8,899 buildings, Average building age: **30.0** years

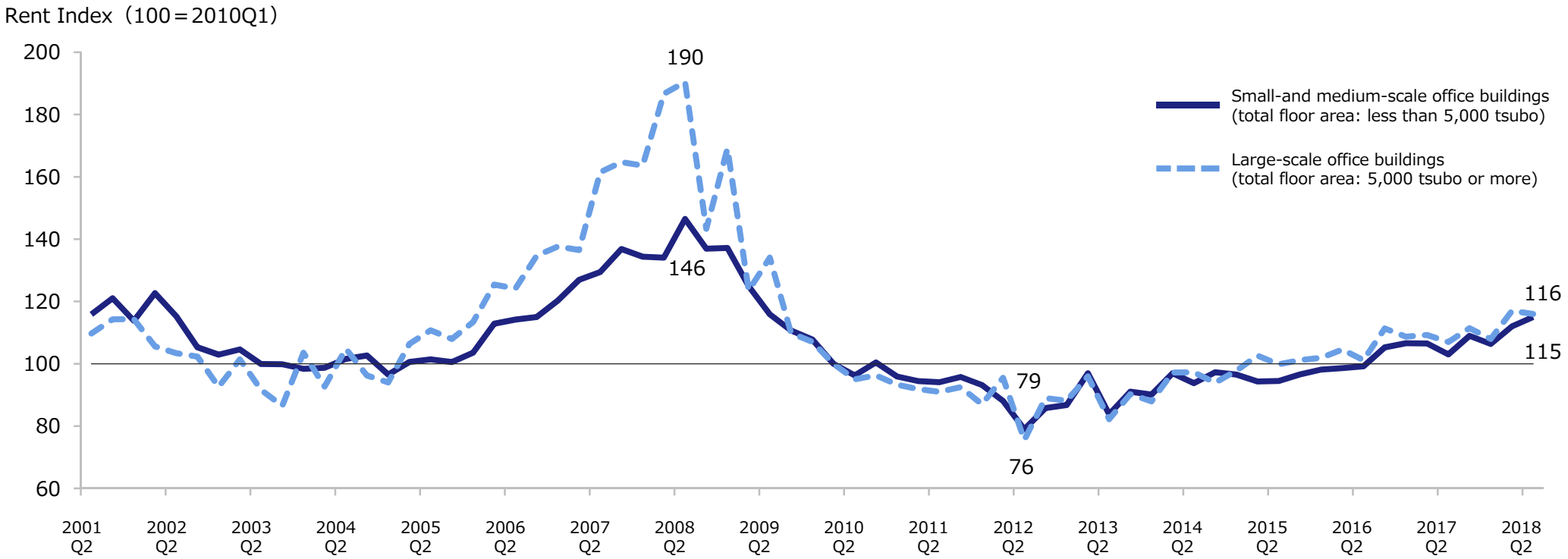


(Source) Survey Report by XYMAX Real Estate Research Institute Inc.
"[23 Wards of Tokyo] Supply of New Office Space 2018 & Office Stock Pyramid 2018"

Trend of contracted rents by office building scale realized from new contract rents

XYMAX REIT believes that the volatility of rent for small-and medium-scale office buildings is relatively lower than that for large-scale buildings and is highly stable

New contracted rent by office building scale



	2008 Q2	2010 Q1	2012 Q2	2018 Q2
Small-and medium-scale office buildings (total floor area: less than 5,000 tsubo)	146	100	79	115
Large-scale office buildings (total floor area: 5,000 tsubo or more)	190	100	76	116

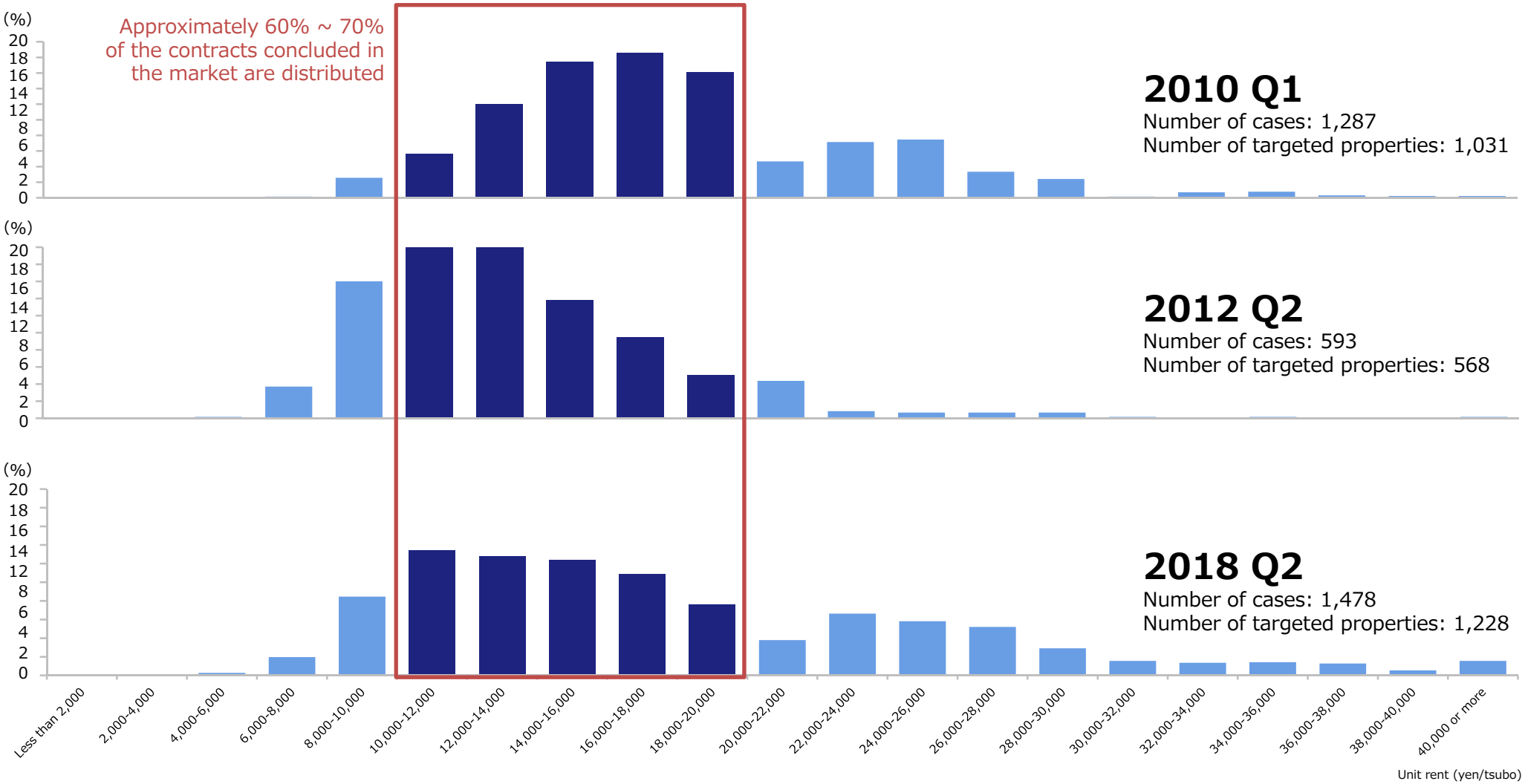
(Source) Survey Report by XYMAX Real Estate Research Institute Inc. "Office Market Report Tokyo Q2 2018"

Trend of tenant demand realized from the distribution of office rent

XYMAX REIT Investment Corporation

XYMAX REIT believes that there will be robust tenant needs within the range of 10,000 yen to 20,000 yen level in general regardless of the market condition.

Distribution of contracts concluded in the 23 Wards of Tokyo (by unit price of contract rent)

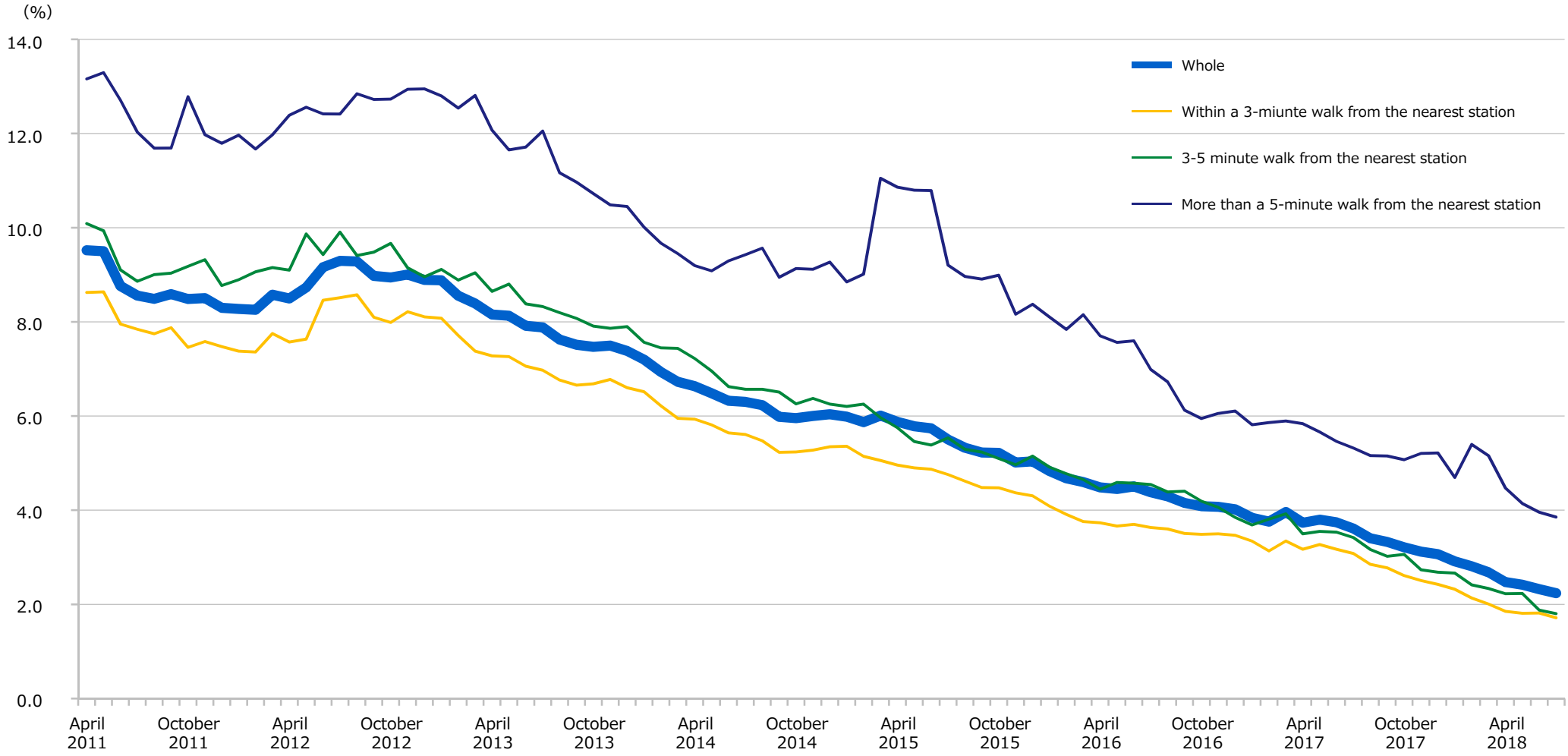


(Source) Created by XYMAX Real Estate Institute upon the request of the Asset Management Company

Trend of tenant demand realized from the location of office buildings

XYMAX REIT believes that there is a certain correlation between “location,” in other words convenience concerning the time required from the nearest station on foot, and the occupancy rate.

Vacancy rate by the time required from the nearest station on foot in the 23 Wards of Tokyo



(Source) Created by XYMAX Real Estate Institute based upon the request of the Asset Management Company

Realization of external growth strategy by grasping the trend of building owners at an early stage

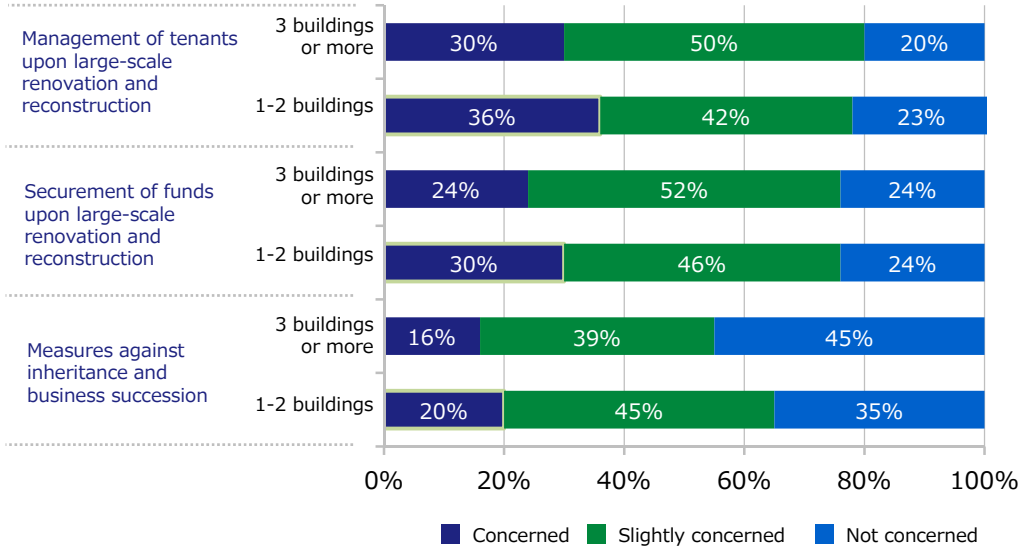
XYMAX REIT believes that a favorable opportunity to realize external growth can be gained through XYMAX Group's direct relations with owners of real estate.

- Identifies needs for property disposal through daily communication with real estate owners
- More than 70% of building owners are concerned about large-scale renovations of owned properties, tenant management, and securement of funds upon reconstruction
  → Identifies needs of property disposal arising due to the problem or concern about necessary funds
- Concern for inheritance and business succession tends to increase as building owners get older
  → Identifies needs of property disposal upon business succession and inheritance by building owners

Realization of external growth

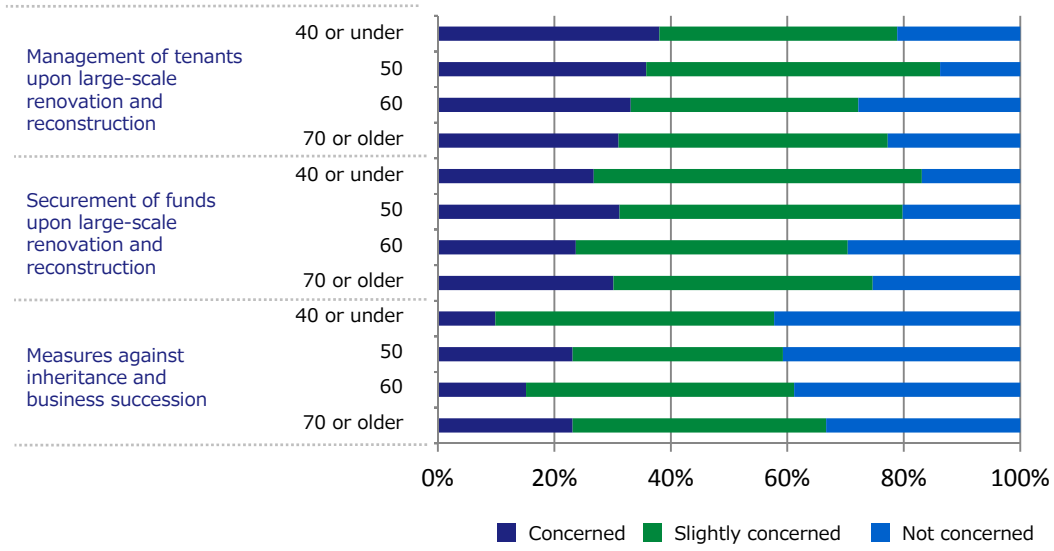
Survey on building owner's condition by XYMAX Real Estate Institute

Anxiety in future building business
(by the number of owned buildings)



(Source) "Survey on building owner's condition 2017" by XYMAX Real Estate Institute

Currently in trouble with the building business
(By age, multiple answers)



(Source) Created by XYMAX Real Estate Institute based on the request from the Asset Management Company

～ Memo ～

XYMAX REIT Investment Corporation

Appendix

Balance Sheet and Statement of Income For the First Fiscal Year

XYMAX REIT Investment Corporation

Balance Sheet	1st fiscal period (As of Aug. 31, 2018) (thousand yen)
Assets	
Current assets	3,528,741
Cash and bank deposits	943,567
Cash and bank deposits in trust	1,958,065
Operating accounts receivable	19,928
Prepaid expenses	32,703
Consumption taxes receivable	572,370
Deferred tax assets	28
Other	2,077
Non-current assets	33,621,462
Property, plant and equipment	33,521,850
Tools, furniture and fixtures	93,436
Buildings in trust	8,773,693
Structures in trust	44,635
Tools, furniture and fixtures in trust	3,814
Land in trust	24,606,271
Investments and other assets	99,611
Long-term prepaid expenses	43,504
Lease and guarantee deposits	22,600
Other	33,507
Total assets	37,150,203
Liabilities	
Current liabilities	3,409,184
Operating accounts payable	201,131
Short-term loans payable	2,916,000
Accounts payable - other	106,382
Income taxes payable	1,687
Advances received	181,442
Other	2,540
Non-current liabilities	10,572,116
Long-term loans payable	9,344,000
Tenant leasehold and security deposits in trust	1,228,116
Total liabilities	13,981,301
Net assets	
Unitholders' equity	23,168,901
Unitholders' capital	22,585,746
Surplus	583,155
Total net assets	23,168,901
Total liabilities and net assets	37,150,203

Statement of Income	1st fiscal period (As of Aug. 31, 2018) (thousand yen)
Operating revenue	1,374,843
Lease business revenue	1,268,583
Other lease business revenue	106,260
Operating expenses	477,330
Expenses related to rent business	352,220
Asset management fee	85,797
Asset custody fee	882
Administrative service fees	12,040
Directors' compensations	4,800
Other operating expenses	21,588
Operating income	897,512
Non-operating income	16
Interest income	16
Non-operating expenses	312,710
Interest expenses	32,979
Borrowing related expenses	102,607
Investment unit issuance expenses	93,423
Deferred organization expenses	72,045
Business commencement expenses	11,654
Ordinary income	584,818
Income before income taxes	584,818
Total income taxes	1,662
Income taxes - current	1,690
Income taxes - deferred	-28
Net income	583,155
Retained earnings brought forward	–
Unappropriated retained earnings (undisposed loss)	583,155

Overview of Appraisal Report

Asset no.	Asset name	Acquisition date	Acquisition price (million yen)	Book value as of the end of 1st FY (million yen)	At time of acquisition		End of 1st FY (August 31, 2018)		Change		Appraiser	Unrealized profit or loss*40 (million yen)
					Appraisal value (million yen)	Capitalization rate based on direct capitalization method (%)	Appraisal value (million yen)	Capitalization rate based on direct capitalization method (%)	Appraisal value*38 (million yen)	Capitalization rate based on direct capitalization method*39 (%)		
OF-01	XYMAX Nishishimbashi Building	February 2018	2,500	2,527	3,070	3.7	3,080	3.7	+10	0.0	The Tanizawa Sōgō Appraisal Co., Ltd.	552
OF-02	XYMAX Iwamoto-cho Building	February 2018	4,250	4,303	5,240	3.8	5,350	3.7	+110	-0.1	Japan Real Estate Institute	1,046
OF-03	XYMAX Shinjukugyoen Building	February 2018	5,020	5,076	6,190	3.8	6,340	3.7	+150	-0.1	Japan Real Estate Institute	1,263
OF-04	XYMAX Kamiya-cho Building	February 2018	880	895	1,130	3.8	1,140	3.8	+10	0.0	The Tanizawa Sōgō Appraisal Co., Ltd.	244
OF-05	XYMAX Higashiazabu Building	February 2018	1,550	1,573	2,090	3.9	2,090	3.9	0	0.0	Daiwa Real Estate Appraisal Co., Ltd.	516
OF-06	XYMAX Higashiueno Building	February 2018	1,150	1,162	1,590	4.0	1,590	4.0	0	0.0	Daiwa Real Estate Appraisal Co., Ltd.	427
OF-07	XYMAX Hachioji Building	February 2018	2,600	2,627	3,430	5.0	3,510	4.9	+80	-0.1	Japan Real Estate Institute	882
RT-01	Muza Kawasaki	February 2018	4,100	4,126	5,070	4.2	5,200	4.1	+130	-0.1	The Tanizawa Sōgō Appraisal Co., Ltd.	1,073
RT-02	Life KawasakiMiyuki store	February 2018	790	800	973	4.2	974	4.2	+1	0.0	Daiwa Real Estate Appraisal Co., Ltd.	173
RT-03	Vita Seiseki-Sakuragaoka	February 2018	3,100	3,185	3,830	5.1	3,870	5.0	+40	-0.1	The Tanizawa Sōgō Appraisal Co., Ltd.	684
HT-01	Hotel Vista Sendai	February 2018	4,400	4,431	5,510	4.6	5,550	4.6	+40	0.0	The Tanizawa Sōgō Appraisal Co., Ltd.	1,118
OT-01	Renaissance 21 Chihaya	February 2018	2,700	2,810	3,130	5.0	3,130	5.0	0	0.0	The Tanizawa Sōgō Appraisal Co., Ltd.	319
	Total / Average		33,040	33,521	41,253	-	41,824	-	+571	-		8,302

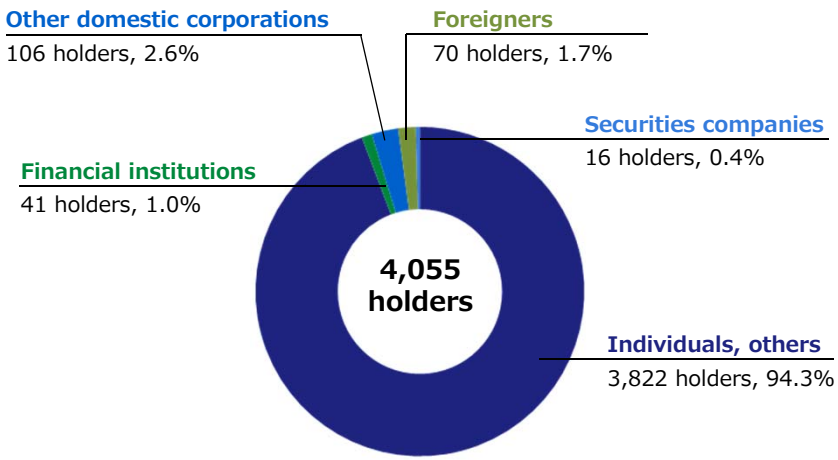
Status of Unitholders

Major Unitholders

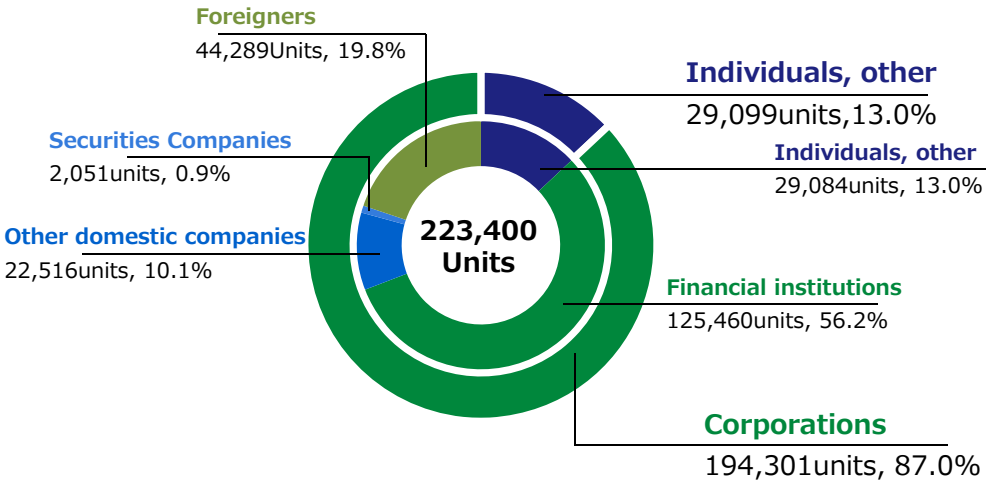
Note: As of August 31, 2018

Name	Number of investment units (unit)	Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	43,556	19.49
Japan Trustee Services Bank, Ltd. (Trust account)	34,186	15.30
XYMAX Corporation	12,500	5.59
The Nomura Trust and Banking Co., Ltd. (Trust account)	12,191	5.45
Goldman Sachs International	8,795	3.93
Trust & Custody Services Bank, Ltd. (Securities investment trust account)	6,388	2.85
The Bank of New York GCM Client Accounts (E) ISG	5,103	2.28
Yamato Shinkin Bank	5,000	2.23
Aozora Bank, Ltd.	4,776	2.13
SIX SIS Ltd	4,286	1.91
Total	136,781	61.16

Number of unitholders by owner



Number of investors by owners



Overview of Asset Management Company

Overview

Company name	XYMAX REAL ESTATE INVESTMENT ADVISORS Corporation
Location	XYMAX Akasaka 111 Building, 1-1-1 Akasaka, Minato-ku, Tokyo
Establishment	August 6, 2007
Capital	0.2 billion yen
Major shareholders	XYMAX Corporation (100% stake)
Number of employees	30 (as of April 1, 2018)
Lines of business	(1) Financial instruments business as prescribed in the Financial Instruments and Exchange Act (2) Real estate investment advisory business and discretionary real estate investment business (3) Asset management business for investment corporation
Executives	Nobuhito Inatsuki, Representative Director and President Yasushi Yamaguchi, Director Ryuichi Yoshimura, Director Shigeki Kawakita, Auditor
Licenses	Financial instruments business: Director-General of the Kanto Local Finance Bureau Registration (FIBO) No. 1907 (Investment Management Business, Investment Advisory and Agency Business, and Type II Financial Instruments Business) Discretionary transaction agency, etc. business: Minister of Land, Infrastructure, Transport and Tourism Approval No. 118 Real Estate Specified Joint Enterprise: License No. 75 granted by Commissioner of the Financial Services Agency and Minister of Land, Infrastructure, Transport and Tourism (for businesses referred to in items (iii) and (iv)) Real estate investment advisory business: Registration No. Sogo-57 Real estate brokerage business: Governor of Tokyo License (3) No. 88223

History

August 6, 2007	Establishment of the company
September 22, 2007	Obtained real estate brokerage business license (License No. Governor of Tokyo License (3) No. 88223)
June 17, 2008	Registered as investment management business as well as investment advisory and agency business under the Financial Instruments and Exchange Act (Registration No. Director-General of the Kanto Local Finance Bureau Registration (FIBO) No. 1907)
June 28, 2011	Registered as type II financial instruments business under the Financial Instruments and Exchange Act (registered the change) (Registration No. Director-General of the Kanto Local Finance Bureau Registration (FIBO) No. 1907)
April 22, 2015	Joined Japan Investment Advisers Association
June 30, 2017	Obtained approval to conduct discretionary transaction agency, etc. business under the Real Estate Brokerage Act (Approval No. Minister of Land, Infrastructure, Transport and Tourism Approval No. 118)
September 4, 2017	Obtained approval to conduct concurrent business related to specified investment management activities
October 19, 2017	Joined The Investment Trusts Association, Japan

Corporate History

Started Office Property Management Business

1982 : Started the services such planning, development, management for the Recruit Group's own office both investment and utilization after the creation of the "Buildings-related Division" of Recruit Group.

1996 : Started the property management service to corporate and private owners other than Recruit Group.

2000 : MBO from Recruit Group which gave birth to XYMAX Group

Made a Full-scale Entry to Retail Property Management Business

2001 : Establishment of Retail Property Management Business Division of XYMAX

Entry into Hotel-related Business

2012 : Acquired 100% stake of Abilitas Hospitality Co., Ltd.

Started Asset Management Business

2007 : Set up Real Estate Investment Advisors Corporation

2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018

Started the provision of hybrid service of real estate and finance by setting up MAX-REALTY, a joint venture with **Sumitomo Mitsui Banking Corporation.**

Made an entry into the building management (BM) service by setting up XACU Techno Service Corporation, a joint venture with **Haseko Anesis**

Enhanced the BM business by acquiring 100% stake of **Asahi Building Management Services, Inc.**, a subsidiary of the Daiei Inc.

Entered into a business tie-up with **SG Holdings Co., Ltd.,** a holding company of Sagawa Express Co., Ltd.

Started the private placement REIT business through **SG Asset Max Co., Ltd.**, a joint venture with SG Realty Co., LTD.

Opened karaksa hotel Osaka Shinsaibashi I and karaksa hotel Kyoto I.

Made an entry into the J-REIT business

XYMAX Group's Track Record and Challenge

Track Record of Retail Facilities

- Proven track record of the Group associated with retail facility **development and renewal/renovation projects**
  - Track record of retail facility development: **19** projects
  - track record of retail facility renewal/renovation: **35** projects (as of September 30, 2018)
- Established partnership with retail companies through forming **joint ventures**
  - Valor Max Co., Ltd. (joint venture with Valor Holdings Co., Ltd.; established in 2017)
  - Y Estate Co., Ltd. (joint venture with Yoshizuya Company Limited; established in 2018)

Development example

OYAMA YUEN HARVEST WALK*41
(Oyama city, Tochigi)

Renewal example

LINOAS*41
(Yao city, Osaka)

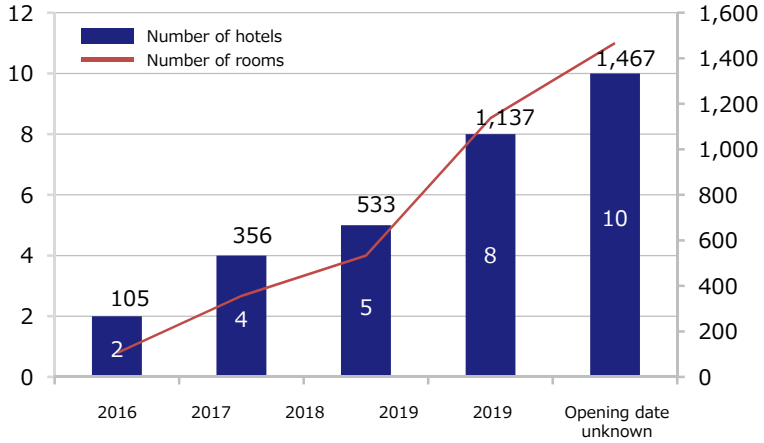
Track Record of Hotels

- Track record of **development and operation** of "karakusa hotels," the Group's own brand
  - Opened: **5** hotels, **533** rooms;
  - To be opened: **5** hotels, **934** rooms (as of September 30, 2018)
- Accumulation of expertise and know-how on **improving earnings** and **operation efficiency** of hotel developments including conversion of existing buildings

karaksa Spring hotel Kansai Air Gate *34

karaksa hotel Osaka Namba *34

Development and Operation of karaksa hotels (on a cumulative basis)



(Source) XYMAX Corporation

Development and expansion of Mobile Work Office "Choku Choku…"

- Development of **mobile work office business** by catching the wave of "workstyle reform" in advance
  - Number of offices opened : **37** offices, **8** offices with space for kids (as of September 30, 2018)
  - Number of openings scheduled : **7** offices, **7** offices with space for kids (as of September 30, 2018)
- Number of member companies : **740** member companies and approximately **113,000** members (as of September 30, 2018)

Image of kids' space

ESG Initiatives

Initiatives by the Investment Corporation

Implementation of construction work for adopting LED lighting at common areas at XYMAX Iwamotocho Building, etc.

- The Investment Corporation is implementing construction work for adopting LRD lighting at common areas and making efforts to reduce environmental burden at XYMAX Iwamotocho Building, XYMAX Shinjuku-Gyoen Building and XYMAX Kamiyacho Building

Cases of construction work at XYMAX Iwamotocho Building

Before

After

Measures at Sponsor Group

Received DBJ Green Building Certification for group headquarters

XYMAX Akasaka 111 Building*42

DBJ Green Building 2016

XYMAX Tameike-Sanno Building*42

DBJ Green Building 2016

Asset Management Company

Signing of Principles for Financial Action for the 21st Century

- Principles for Financial Action towards a Sustainable Society (Principles for Financial Action for the 21st Century) was established on October 4, 2011 as an action guideline for financial institutions expressing concern about the future of the earth and intending to fulfill their responsibilities and roles to form a sustainable society.
- XYMAX REAL ESTATE INVESTMENT ADVISORS Corporation, the Asset Management Company of the Investment Corporation, has agreed with the ideas of the Principles and signed it on December 27, 2013.

21世紀金融行動原則

Contribution activities to the real estate industry

- Nurturing real estate business personnel through “Karakusa Fudosanjuku”

からくさ不動産塾

- CASBEE Real Estate　Appointed as assessor
- Holding lectures at Real Estate Sustainability & Energy-Efficiency Diffusion Review Committee, Ministry of Land, Infrastructure, Transport and Tourism
- Holding lectures at Land Economy and Construction and Engineering Industry Bureau, Ministry of Land, Infrastructure, Transport and Tourism
- Contributing to “ARES Real Estate Securitization Journal”
- Serving as lecturer of “ARES Real Estate Securitization Master” training course

～ Memo ～

Notes

	*1	The amounts indicated in this document are rounded down to the nearest unit unless otherwise specified and the ratios are rounded down to the nearest unit.
P3	*2	The Investment Corporation has indicated the issue price with 105,000 yen as the starting point and indexed the Tokyo Stock Exchange REIT Index based on the opening price as of February 15, 2018.
P4	*3	The term "real estate management" refers collectively to the services of property management (PM), general-building-maintenance service, property management, multiple general-building-maintenance works on a basis of comprehensive contract (including those under sublease contract). The term "general real estate management" refers collectively to the services of real estate management, facility management (FM), asset management, and construction management. The term "construction management" refers to the project-based service where the Group, acting as a project manager associated with repair works or large-size renovation project, is entrusted with the direction of such a project, making necessary adjustments among the project members such as property owner, architects, contractors, and tenants.
	*4	Refers to Chiyoda, Chuo, Minato, Shinjuku, Shibuya, Toshima, Taito and Shinagawa within Tokyo. The same hereinafter.
	*5	The term "Average engagement period" refers to the period in which any member company of the Group engaged in the general real estate management service for a given property, including the period prior to the MBO when XYMAX Corporation had been a property management service arm of Recruit Group. Averaged values are simple averages based on the number of properties.
	*6	"Unrealized gain" is calculated using the following formula; estimated value at the end of period – sum of the book value of assets owned by the Investment Corporation as of the last day of the current fiscal period. It should be noted, however, that the Investment Corporation does not guarantee that such unrealized gain will be realized in the future.
	*7	"Unrealized gain ratio" is calculated using the following formula; unrealized gain/book value of assets owned by the Investment Corporation as of the last day of the current fiscal period.
P6	*8	Comparison with forecasted distribution per unit for the fiscal period ended August 2018 (1st fiscal period) announced in "Notice Concerning Operating Forecasts for the Fiscal Period Ending August 2018, Fiscal Period Ending February 2019 and Fiscal Period Ending August 2019" dated February 15, 2018 is indicated.
	*9	NAV per unit is calculated using the following formula; (unitholders' capital+ unrealized gain)/total number of investment units issued and outstanding (223,400 units), and net asset per unit is calculated using the following formula; unitholders' capital/ total number of investment units issued and outstanding (223,400 units)
	*10	LTV is calculated using the following formula; balance of interest-bearing liabilities/total assets, and appraisal LTV is calculated using the following formula; balance of interest-bearing liabilities/(total assets + unrealized gain).
	*11	Total acquisition price
	*12	Estimated value at the end of period indicates the sum of the value appraised by the appraisers of the assets owned by XYMAX REIT or the research price based on the Articles of Incorporation of XYMAX REIT and the "Ordinance on Accountings of Investment Corporations" (Ministry of Finance Ordinance No. 47 of 2006, as amended) with the last day of the current fiscal period as the research date.
	*13	Occupancy rate at the end of period is calculated using the following formula; floor area for which lease contracts are concluded as of the last day of the current fiscal period/total leasable area of the Investment Corporation.
	*14	The ratio of acquisition price in each asset category to the total acquisition price is indicated.
	*15	Refers to Chiyoda, Chuo, Minato, Shinjuku and Shibuya within Tokyo. The same shall apply hereinafter.
	*16	Refers to Tokyo (exclusive of 8 central wards), and prefectures of Kanagawa, Saitama, and Chiba.
	*17	8 central wards and Tokyo economy
	*18	The figures are the simple average of the average engagement period of each portfolio asset. The breakdown is calculated based on the acquisition price.
P9	*19	The number of days in the 1st fiscal period indicates the number of days from February 16, 2018 when the Investment Corporation acquired portfolio assets and commenced substantive management to August 31, 2018.
P19	*20	Associated with the Property Management Service Provider Ranking, which is announced by the monthly industry magazine "Property Management" in November every year, the Group had been ranked as No.1 service provider in terms of entrusted floor area for 6 years in a row from 2010 through to 2016. In this regard and for the purpose of ranking in 2015, the Group had reported to the magazine's publisher the figures in terms of aggregate floor area under management and control, which include the floor space of building maintenance (BM) contract on top of PM contract. Therefore, this should be noted when making comparison with other service providers that had reported the figures on a PM contract basis for the raking in 2015.
	*21	Facility management refers to a package of services associated with maintenance, repair, and renovation of building or building equipment (including the cases where the customer is using part of building), provided on a one-stop basis to customers operating their businesses at multiple stores or sites.
	*22	Based on the "aggregate number of staff engaged in PM business" associated with the "integrated and office-centric types."
P20	*23	The figures for the track record in PM services stand for the sum of acquisition values in terms of "entire survey target area" for each of the 3 segments of "office building" "urban retail property" and "suburban retail property."
	*24	Including those whose parent companies are sponsors of J-REITs.

P25	*25	Calculated as follows : Deducting 580 million yen of balance of interest-bearing liabilities related to consumption tax loan from the balance of interest-bearing liabilities as of August 31, 2018 (the balance of interest-bearing liabilities calculated from this formula are hereinafter referred to as “interest-bearing liabilities after repayment of consumption tax loan”), and then calculating the weighted average of the remaining period of interest-bearing liabilities after repayment of consumption tax loan from August 31, 2018 to the repayment date based on loan balance.
	*26	As for interest-bearing liabilities after repayment of consumption tax loan, the weighted average interest rate after taking into account the effect of interest rate swap is indicated.
	*27	The ratio of fixed interest rate for interest-bearing liabilities after repayment of consumption tax loan.
	*28	The ratio of long-term loan for interest-bearing liabilities after repayment of consumption tax loan is indicated.
P30	*29	Calculated based on the aggregate of monthly rents (inclusive of CAM but exclusive of monthly rents of store and residential space and parking lots) stipulated in the property leasing agreements concerning office properties in the portfolio as of August 31, 2018. “Average rent per unit” is calculated; the aggregate monthly rents divided by the aggregate leased area of the current office properties. The breakdown is calculated according to the data of leased area.
	*30	The figures are the simple average of the time required from the nearest station for office properties in the portfolio. The breakdown is calculated based on the acquisition price.
	*31	Average engagement period of office properties in the portfolio is indicated. The breakdown is calculated based on the acquisition price.
	*32	The breakdown is calculated based on the acquisition price of retail properties in the portfolio.
	*33	Retail facilities whose majority of customer can easily comes on foot or by bicycle in a short time.
	*34	Average engagement period of retail properties in the portfolio is indicated. The breakdown is calculated based on the acquisition price.
	*35	The ratio of hotels specialized in “stay” among hotel properties in the portfolio is calculated based on the acquisition price.
P31	*36	The average occupancy rate refers the ratio of Occupied Area to Leasable Area. The figures stated herein are calculated concerning the office properties under the acquisition during the period between April 2006 and October 31, 2017 and are rounded off to the first decimal place. Regarding “XYMAX Iwamoto-cho Building” and “XYMAX Shinjukugyoen Building,” the occupancy rate is calculated concerning the period from February 2008 forward, when the Properties have been put under the property management service by the Group.
	*37	The average occupancy rate of J-REIT properties is calculated concerning the select group of J-REIT names that held office properties at given points. The figures stated herein are the simple average based on the number of such J-REIT names and the sum of the statistics of occupancy rate disclosed by them.
P45	*38	The difference between the estimated value at the end of the 1st fiscal period and the real estate appraisal value upon property acquisition is indicated.
	*39	The difference between the direct capitalization rate adopted in the real estate appraisal report for each portfolio asset and the direct capitalization rate adopted in the real estate appraisal upon property acquisition is indicated in the calculation of estimated value at the end of the 1st fiscal period.
	*40	The difference between the estimated value at the end of the 1st fiscal period and the book value at the end of the 1st fiscal period for portfolio assets is indicated.
P49	*41	*As of* August 31, 2018, the Investment Corporation has not officially decided to acquire these properties. Similarly, there is no guarantee that the Investment Corporation will acquire these properties in the future.
P50	*42	*As of* August 31, 2018, the Investment Corporation has not officially decided to acquire these properties. Similarly, there is no guarantee that the Investment Corporation will acquire these properties in the future.

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