



XYMAX REIT Investment Corporation

Presentation Materials

for the 3rd Fiscal Period Ended August 2019

Securities Code: 3488



Basic Principles and Characteristics of XYMAX REIT

XYMAX REIT determines the value of individual properties to maximize unitholder value. We fully utilize our strength in **Management, Assessment,** and **Sourcing** based on the knowledge and know-how of the XYMAX Group, which has Japan's No.1 track record in property management.

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Terms	Definition
Estimated value at the end of period	Indicates the acquisition value appraised by the appraisers 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
Unrealized gain	Estimated value of real estate, etc. at the end of period – book value at the end of period
LTV based on total assets	Balance of interest-bearing liabilities / total assets
Appraisal LTV	Balance of interest-bearing liabilities / (total assets + unrealized gain)
Net asset per unit	(Net asset-total distribution)/ total number of investment units issued and outstanding
NAV per unit	(Net asset + unrealized gain-total distribution) / total number of investment units issued and outstanding
Acquisition price	The sales price of each trust beneficiary right indicated in the trust beneficiary rights sales agreement, and does not include consumption taxes, local consumption taxes and brokerage fees, etc.

Notes

- Unless otherwise specified, amounts are rounded to the nearest unit and ratios are truncated at the first decimal place.
- The following abbreviations of property names are used.

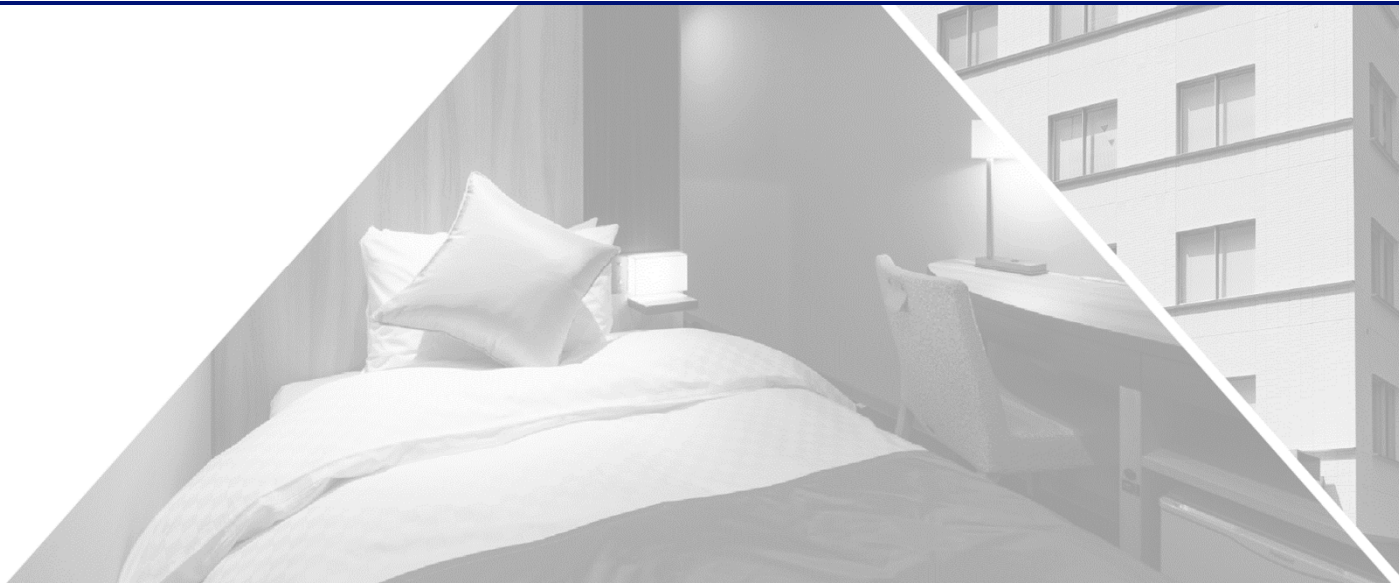
XYMAX Nishi-Shimbashi Building	: Nishi-Shimbashi	XYMAX Iwamotocho Building	: Iwamotocho
XYMAX Shinjuku-Gyoen Building	: Shinjuku-Gyoen	XYMAX Kamiyacho Building	: Kamiyacho
XYMAX Higashi-Azabu Building	: Higashi-Azabu	XYMAX Higashi-Ueno Building	: Higashi-Ueno
XYMAX Hachioji Building	: Hachioji	Muza Kawasaki	: Muza
Life Kawasaki Miyuki Store	: Kawasaki Miyuki	Vita Seiseki-Sakuragaoka	: Seiseki-Sakuragaoka
Hotel Vista Sendai	: Sendai	Renaissance 21 Chihaya	: Chihaya



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Overview of the Financial Results



Overview of Financial Results (1)

Operating revenue was 1,348 million yen, up 4% from the latest forecast; profit was 681 million yen, up 3.5%.

	Forecast for the 3rd FP	Actual results for the 3rd FP	Difference	Main factors for difference	Convert to DPU
Operating revenue	1,296	1,348	51	Increase in rent revenue	9.4 million yen +42 yen
Operating expenses	591	621	30	Non-occurrence of budgeted stresses	5.2 million yen +23 yen
Operating income	704	726	21	Improvement of revenue/expense balance in utility accounts	6.5 million yen +29 yen
Ordinary income	659	682	23		
Net income	658	681	23		
Distribution per unit (yen)	2,947	3,052	105		
Days	184	184	—		

Unit: million yen

Overview of Financial Results (2) and Occupancy rates by Asset Type

Portfolio

Asset size	12 33,040 million yen
Estimated value at the end of period	43,335 million yen
Unrealized gain	9,865 million yen (Unrealized gain ratio 29.5%)
NOI yield*	5.9%

Financial Status

Interest-bearing liabilities at the end of period	11,680 million yen
LTV based on total assets	31.9% (Appraisal LTV 25.1%)
Net asset per unit	101,100 yen
NAV per unit	145,261 yen

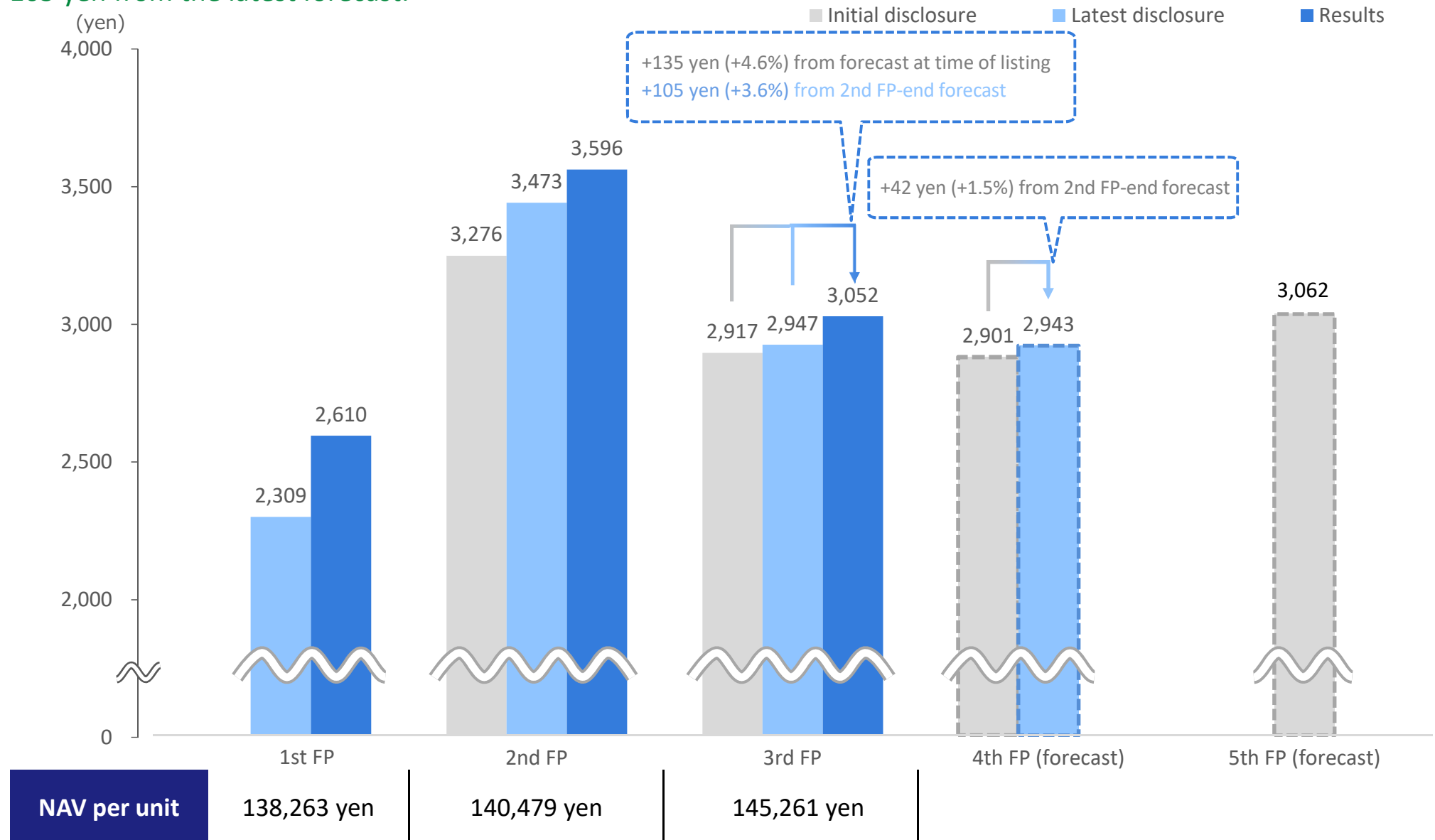
Occupancy Rates by Asset Type

	As of the end of 1st FP	As of the end of 2nd FP	As of the end of 3rd FP	Change from the end of previous FP
Entire portfolio	99.0%	98.9%	98.8%	-0.1%
Office (exc. retail spaces and obligated residences)	99.3% 99.2%	98.8% 99.1%	99.5% 99.5%	0.7% +0.4%
Retail	100.0%	100.0%	100.0%	—
Hotel	100.0%	100.0%	100.0%	—
Others (Residential)	94.3%	95.1%	92.6%	-2.5%

*Calculated with annualized actual NOI for the 3rd FP ÷ total acquisition price.

Results of Distributions per Unit

Continuing steady growth since IPO. The result for the 3rd fiscal period was 3,052 yen per unit, achieved an increase of 105 yen from the latest forecast.



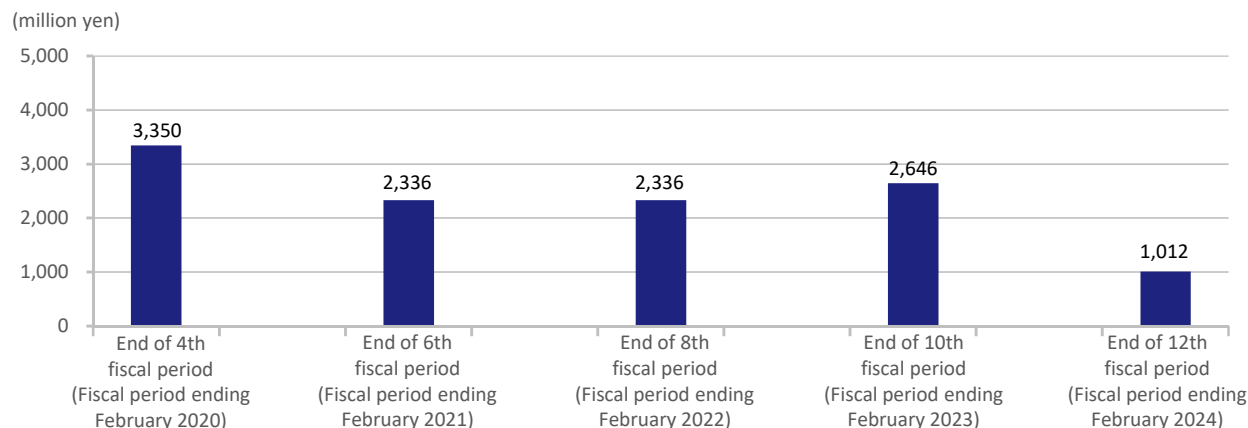
XYMAX REIT establishes a financial base that puts emphasis on stability and soundness and provides flexibility in financing.

Financial Status of the 3rd fiscal period

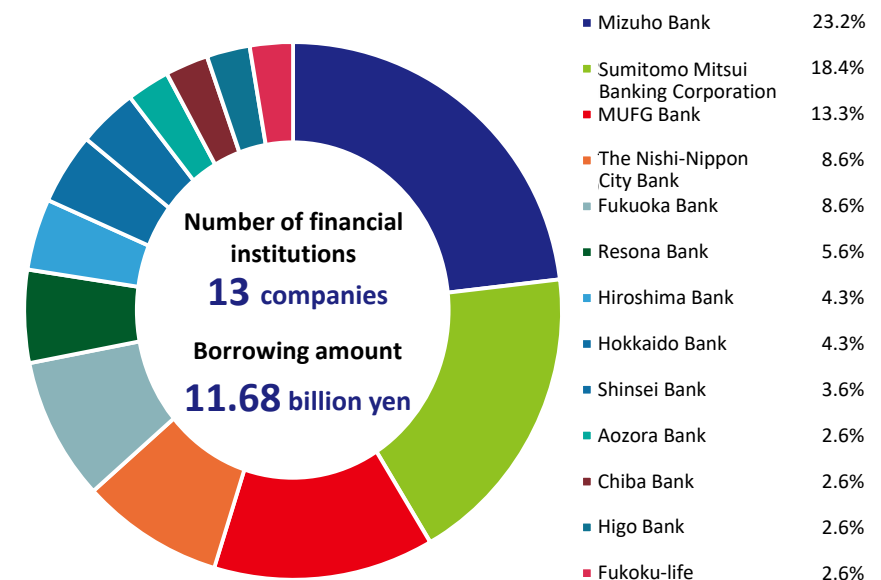
- Constructing a wide range of and stable bank formation based on mega banks and local banks that have a financial and business relationship with sponsors.

Balance of interest-bearing debts	Average remaining duration	Average interest rate
11.68 billion yen	2.0 years	0.575%
Fixed interest rate ratio	Long-term loan ratio	LTV based on total assets
71.3%	71.3%	31.9%

Maturity dates of interest-bearing debts (As of the end of 3rd fiscal period)



Lender formation (As of the end of 3rd fiscal period)



Borrowing capacity by LTV level

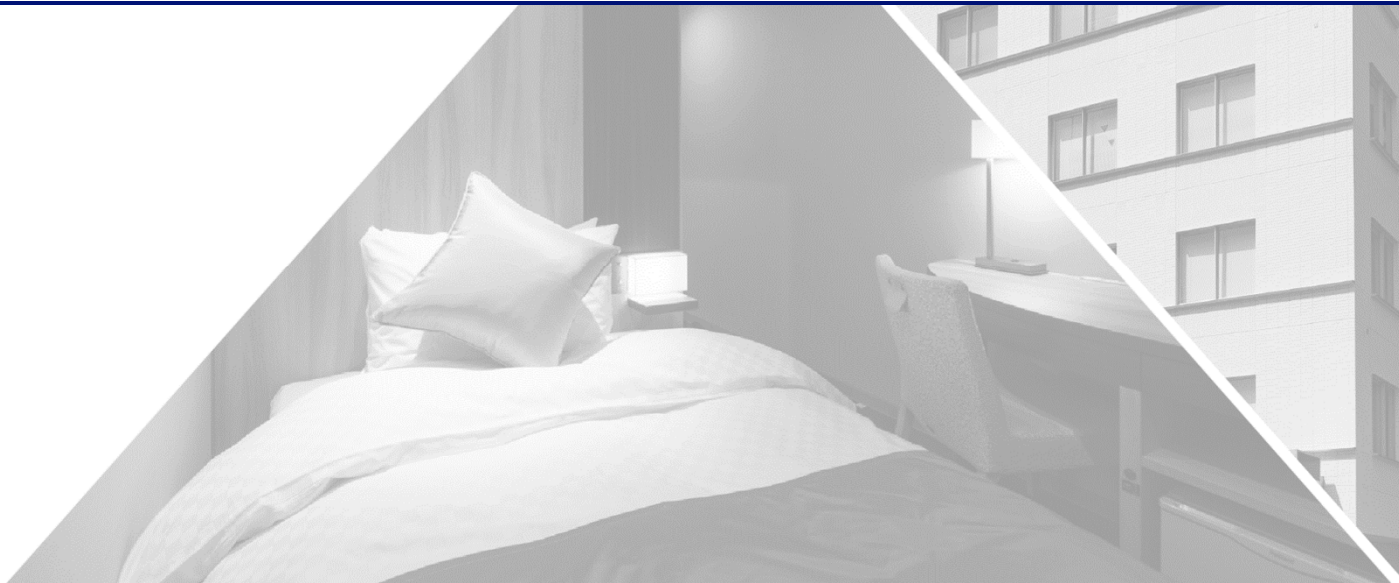
LTV level vs. total assets	Possible loan amount	Appraisal LTV
35.0%	Approx. 1.7 billion yen	27.8%
40.0%	Approx. 4.9 billion yen	32.3%
45.0%	Approx. 8.7 billion yen	37.0%



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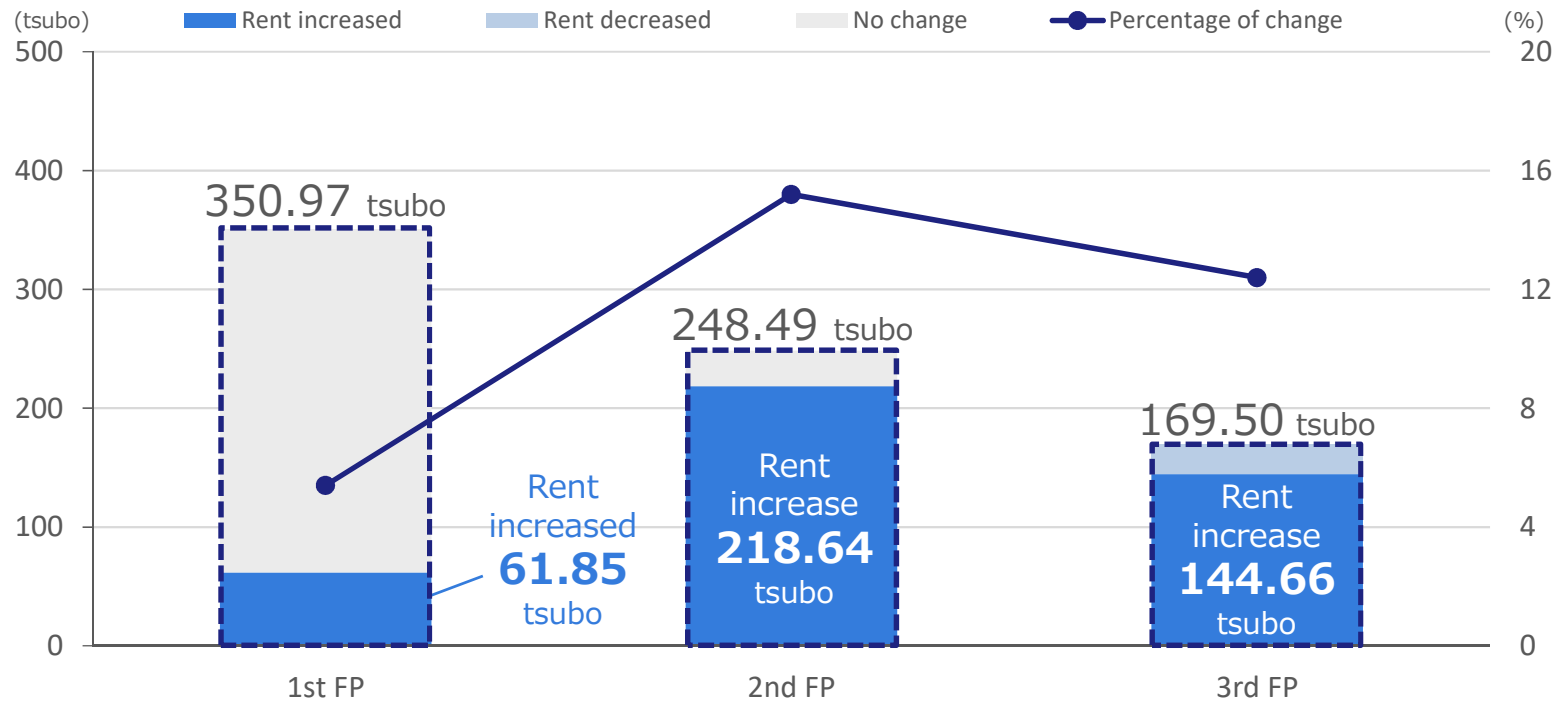
Management Highlights for the 3rd Fiscal Period



Actual increased rent through tenant replacement

We have achieved a 266,000 yen increase in monthly revenue through 3rd FP tenant replacements.

Status of tenant replacement | Seven office properties (exc. obligated residences) and Muza



	1st FP	2nd FP	3rd FP	Accumulated track record of 3 FPs
Total Increased rent/month	30,925 yen (+5.4%)	561,548 yen (+15.2%)	266,055 yen (+12.4%)	858,528 yen (+13.4%)
Increased rent replacement rate*1	17.6%	88.0%	85.3%	55.3%
Surrender rate*2	4.2%	3.5%	2.0%	-

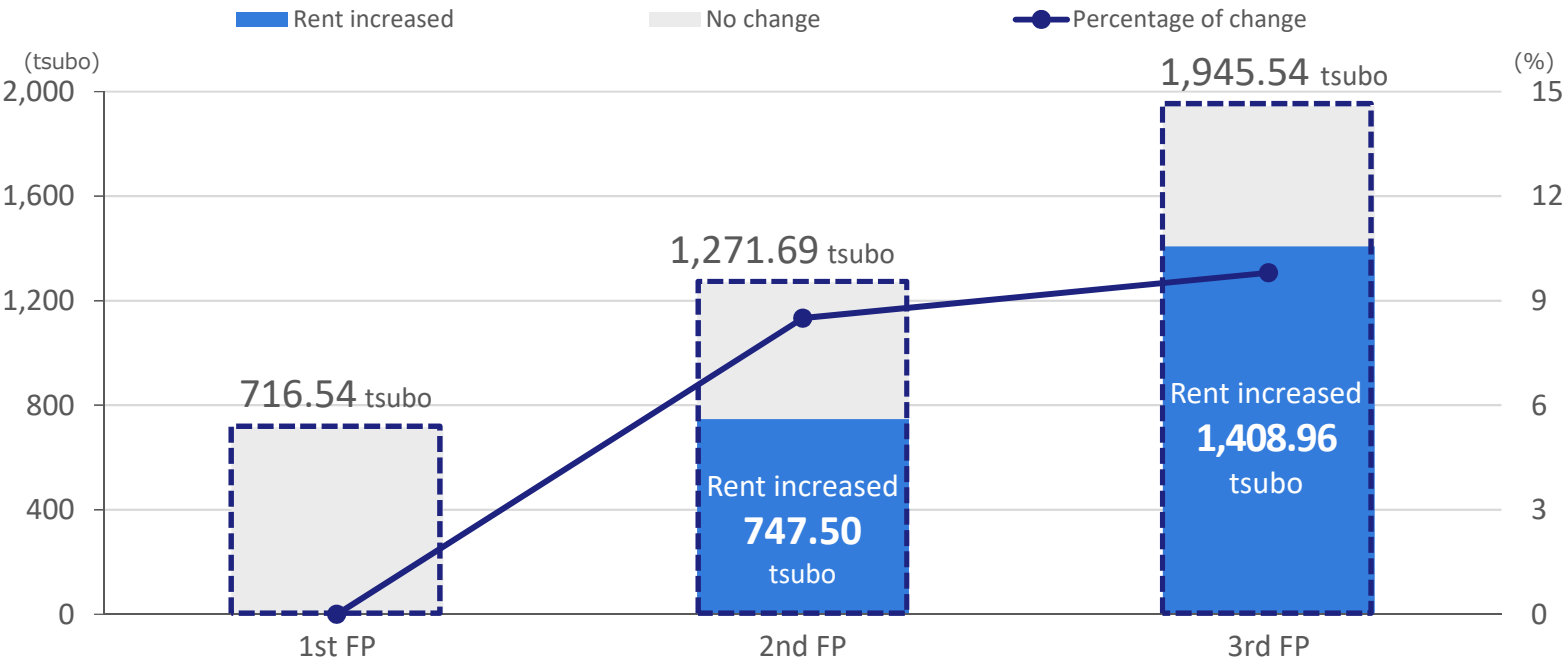
*1 The increased rent replacement rate is calculated from the "increased rent replacement area of seven office properties (exc. obligated residences) and Muza ÷ new tenant occupancy area of each property."

*2 The departure rate is calculated from the "departure area of seven office properties (exc. obligated residences) and Muza for each FP ÷ total leasable area of each property."

Actual increased rent through contract renewals

We have achieved an approximately 2,255,000 yen increase in monthly revenue through 3rd FP contract renewal upward rent revisions.

Status of contract renewal | Seven office properties (exc. obligated residences) and Muza



	1st FP	2nd FP	3rd FP	Accumulated track record of 3 FPs
Total Increased rent/month	0 yen (0%)	909,380 yen (+8.5%)	2,255,763 yen (+9.8%)	3,165,143 yen (+9.4%)
Increased rent replacement rate*	0%	58.8%	72.4%	54.8%

Rent increase through 3rd FP replacement/contract renewal

Approx. 2,500,000 yen/month

Cumulative rent increase through replacement/contract renewal until 3rd FP

Approx. 4,000,000 yen/month
10.1% increase from beginning of 1st FP

*The upward rent revision rate is calculated from the “upward rent revision area of seven office properties (exc. obligated residences) and Muza ÷ contract renewal area of each property.” 11

Actual Results of the Hotel

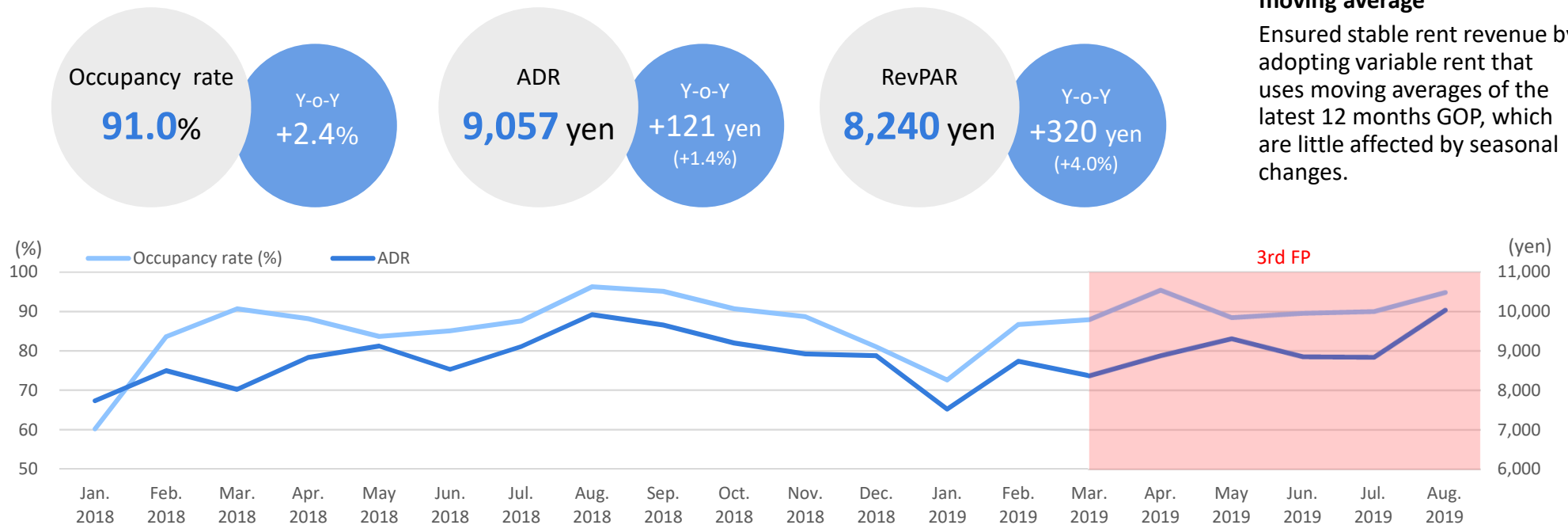
We achieved a high occupancy rate and ADR in excess of the previous fiscal year's results and are receiving stable variable rent.

Occupancy rate, ADR, and RevPAR

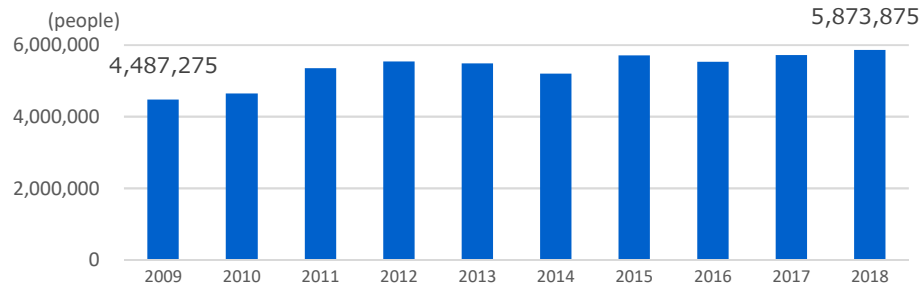
3rd FP(March 1, 2019 – August 31, 2019)

Adopted variable rent using moving average

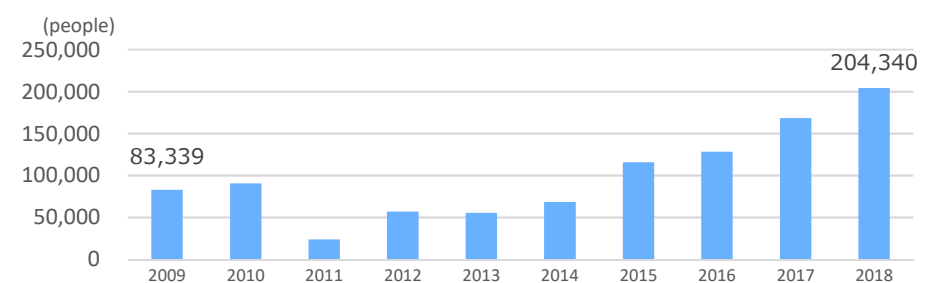
Ensured stable rent revenue by adopting variable rent that uses moving averages of the latest 12 months GOP, which are little affected by seasonal changes.



Number of lodgers in Sendai City



Number of foreign lodgers within Sendai City

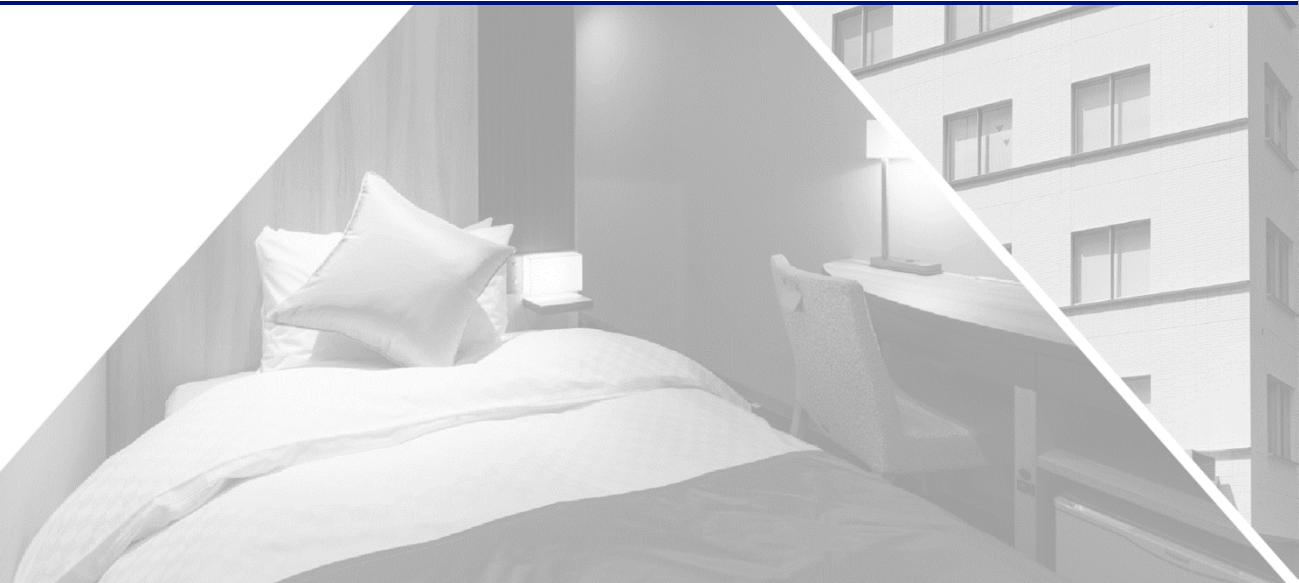




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Earnings Forecasts and the Growth Strategy



	Actual results for the 3rd FP(A)	Forecast for the 4th FP(B)	Difference (B)-(A)	Forecast for the 5th FP
Operating revenue	1,348	1,329	-18	1,336
Operating expenses	621	614	-7	606
Operating income	726	715	-10	730
Ordinary income	682	658	-24	685
Net income	681	657	-24	684
Distribution per unit (yen)	3,052	2,943	-109	3,062
Days	184	182	-2	184

Unit: million yen

Main factors for difference of the result of 3rd FP and forecast for 4th FP		Covert to DPU
Operating revenue		
Increase in office rent revenue	+8.3 million yen	+37 yen
Decrease due to downtime of Muza	-4.3 million yen	-19 yen
Conservatively budgeted other revenues	-12.8 million yen	-57 yen
Operating expenses		
Cost decreases related to general unitholders' meeting	+3.9 million yen	+17 yen
Non-operating expenses		
Cost increases related to finance and expenses	-13.2 million yen	-59 yen

XYMAX REIT will maintain a management approach that leverages its 3 strengths, and pursue revenue expansion.

Management that leverages our “3 strengths”



Assessment
for building portfolios



Management
for internal growth



Sourcing
for external growth

Management policies for 4th fiscal period and beyond

Internal growth

- Achieve higher revenue by eliminating rent gap in 6 office properties located in Tokyo 23 wards
- Consider cutting expenses to the extent that it does not damage tenant satisfaction
- Maintain asset value through executing appropriate repairs and CAPEX

External growth

- Accurately discern the potential of properties with scope for internal growth, and build pipeline
- Maintain unique sourcing, leveraging sponsor group customer base
- Acquisition environment is challenging, but we will adhere to a certain level of yields

Financial policy

- Implement property acquisitions through strategic use of remaining borrowing capability, against the backdrop of a low LTV level (31.9%)
- 4th FP refinancing to be implemented on consideration of both maturity dates and financing costs

Internal Growth Strategy(1) —Management Policy for Each Properties

XYMAX REIT aims to improve the profitability of the portfolio by growing and stabilizing revenue and by assessing the characteristics and advantages of each property.

Growth of Revenue ↑	Classification of profitability		NOI Composition	Features / Potentials	Management policy
	Code	Property Name			
↑	OF-01 OF-02 OF-03 OF-04 OF-05 OF-06	Nishi-Shimbashi Iwamotocho Shinjuku-Gyoen Kamiyacho Higashi-Azabu Higashi-Ueno	37%	Properties in good locations close to stations Small to medium-sized buildings that can provide rent unit prices and areas that match the needs of SMEs Pursuing aggressive revenue growth when the market is rising is possible, while also obtaining stable revenues, as the new supply of small to medium-sized buildings is limited	As a profit driver for high growth, make continuous effort to achieve maximum rents by tenant replacement and upward rent revision by assessing current favorable office leasing market and competitors' trends
	RT-01	Muza	12%	Located in the West Exit of Kawasaki Station area, where the number of work, home and leisure facilities is growing Stable and increased revenues can be expected from a tenant configuration and development of the area	Aim to maintain and improve revenue by judging whether to renew the contract or invite new tenants through analyzing characteristics of tenants and spaces
	OT-01	Chihaya	7%	Possesses stable housing needs due to good access to Hakata and excellent living environment	Aim to realize opportunities to improve revenue discovered through expertise and know-how of management, while maintaining stable revenue as a principle
	OF-07	Hachioji	10%	Possesses stable rental needs due to top-class building grades and variety of unit size	
	HT-01	Sendai	15%	Located in the Sendai Station area, a transportation hub, capable of capturing stable demand for domestic guests The number of foreign lodgers is also on an increasing trend	Maintain stable revenue through operation by the proven operator
	RT-02 RT-03	Kawasaki Miyuki Seiseki-Sakuragaoka	19%	(Kawasaki Miyuki) Appropriate rent burden ratio level, as well as a stable trade region (Seiseki-Sakuragaoka) Connected to a main station on the Keio Line with a strong ability to attract customers	Maintain stable revenue as the base of entire portfolio by receiving fixed rents from credible tenants
↓ Stability of Revenue					

Internal Growth Strategy(2) — Future Scope

For the six office properties that constitute the internal growth drive, we will eliminate the rent gap and achieve higher rents.

Rent gap for the six office properties*

(exc. retail spaces and obligated residences)

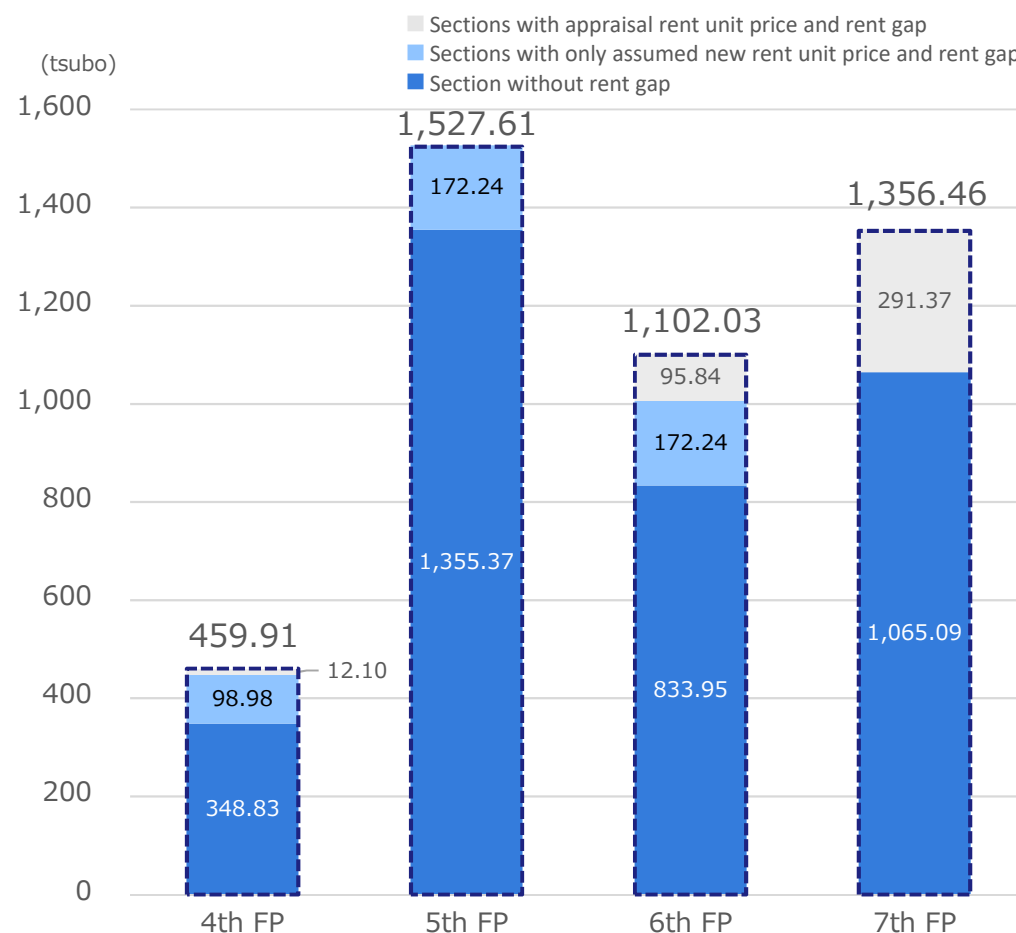
	As of the end of 1st FP	As of the end of 2nd FP	As of the end of 3rd FP
Contracted unit rent	16,277 yen	16,524 yen	17,059 yen
(vs. previous FP)	-	+ 247 yen	+ 535 yen
Appraisal unit rent	17,526 yen	17,526 yen	17,831 yen
Rent gap	7.7%	6.1%	4.5%
(vs. previous FP)	-	-1.6%	-1.5%
Assumed new unit rent	-	-	19,732 yen
Rent gap	-	-	15.7%

Appraisal unit rent: Rent unit price adopted in ongoing appraisals

Assumed new unit rent:

Assumed unit price for new rent contracts at change of tenant, based on XYMAX proprietary market analysis, etc.

Floor area scheduled for contract renewal at the six office properties



* Collective term for Nishi-Shinbashi, Iwamotocho, Shinjuku-Gyoen, Kamiyacho, Higashi-Azabu and Higashi-Ueno.

* The various unit rents are calculated using a monthly unit rent that includes common area maintenance revenue, to which is applied an average weighted in proportion to the leased floor area.

Internal Growth in 5th FP : tenant replacement at Muza Kawasaki

Effective use of subject space achieved significant increases in rent, based on proactive leasing strategy with management strength that every section of sponsor group prides itself on, as well as proprietary database.

For approximately 220 tsubo of space coming up for the termination of fixed-term lease in 4th FP

Achieved rent increases of around 60%* over the previous tenant

*Unit rent per tsubo, including common area maintenance revenue, compared to previous tenant. Calculated using weighted-average method.

Strategy

Taking into account changes in surrounding environment, we created a scenario in which **rent increases** are driven by **subdividing the space**

- Utilizing a track record of involvement in the property stretching over more than 15 years, we identified changes in the surrounding environment, such as increased prosperity and an increase in the night-time population, hypothesizing **more abundant demand for smaller floor areas, and the possibility of concluding contracts and higher unit rents.**

Analysis

Research tenant needs through wide-ranging **pre-marketing**

- Leverage **the database of approximately 10,000 commercial tenants** acquired by the sponsor group through retail facility management and FM management, and implement pre-marketing.
- As per the initial hypothesis, there was more abundant store-opening demand from **tenants for floor areas of about 100 tsubo**, confirming the **ability to achieve higher unit rents.**

Execution

Leasing utilizing **tenant relations** and **proprietary network**

- Captured expansion needs for internal tenants** by using excellent relationships with existing tenants
- Used sponsor group's proprietary network for **rapid execution of leasing activities**
- From among the parties intending to open stores with multiple favorable conditions, we selected those tenants that would improve the profitability and convenience of the facility, and **concluded long-term stable, fixed-term contracts.**

External Growth (1) – Key Points by Asset Type –

XYMAX REIT believes that quantity and quality of tenant demand are key factors to assess the profitability of real estate. XYMAX REIT aims for portfolio growth by comprehensively assessing the factors below by asset type.

Office

Focus on properties with strong attractiveness to tenants

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

Retail

Focus on stability of tenant rent or property price

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

Hotel

Focus on hotels specializing in “lodging” near transportation hubs

- ✓ 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 transportation hubs
- ✓ Properties located in areas where the **number of overseas visitors is expected to increase**



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

External Growth (2) – Status of acquisition studies–

We are considering the acquisition of properties by firmly maintaining acquisition policy by asset type.

In particular, we will actively work on acquisition of properties where internal growth opportunities that utilize management strengths.

Acquisition policy

- Firmly maintain price lines that are conscious of implied cap rates
- Maximize use of the XYMAX Group strengths of assessment and sourcing
- Assume investments that incorporate internal growth after acquisition for properties with opportunities for internal growth, such as those in which rent gaps exist
- Flexible acquisition through borrowings can also be selected, depends on investment unit price trends, due to our low LTV level

Borrowing capacity by LTV level

Current LTV level: 31.9%

LTV level vs. total assets	Possible loan amount	Appraisal LTV
35.0%	Approx. 1.7 billion yen	27.8%
40.0%	Approx. 4.9 billion yen	32.3%
45.0%	Approx. 8.7 billion yen	37.0%

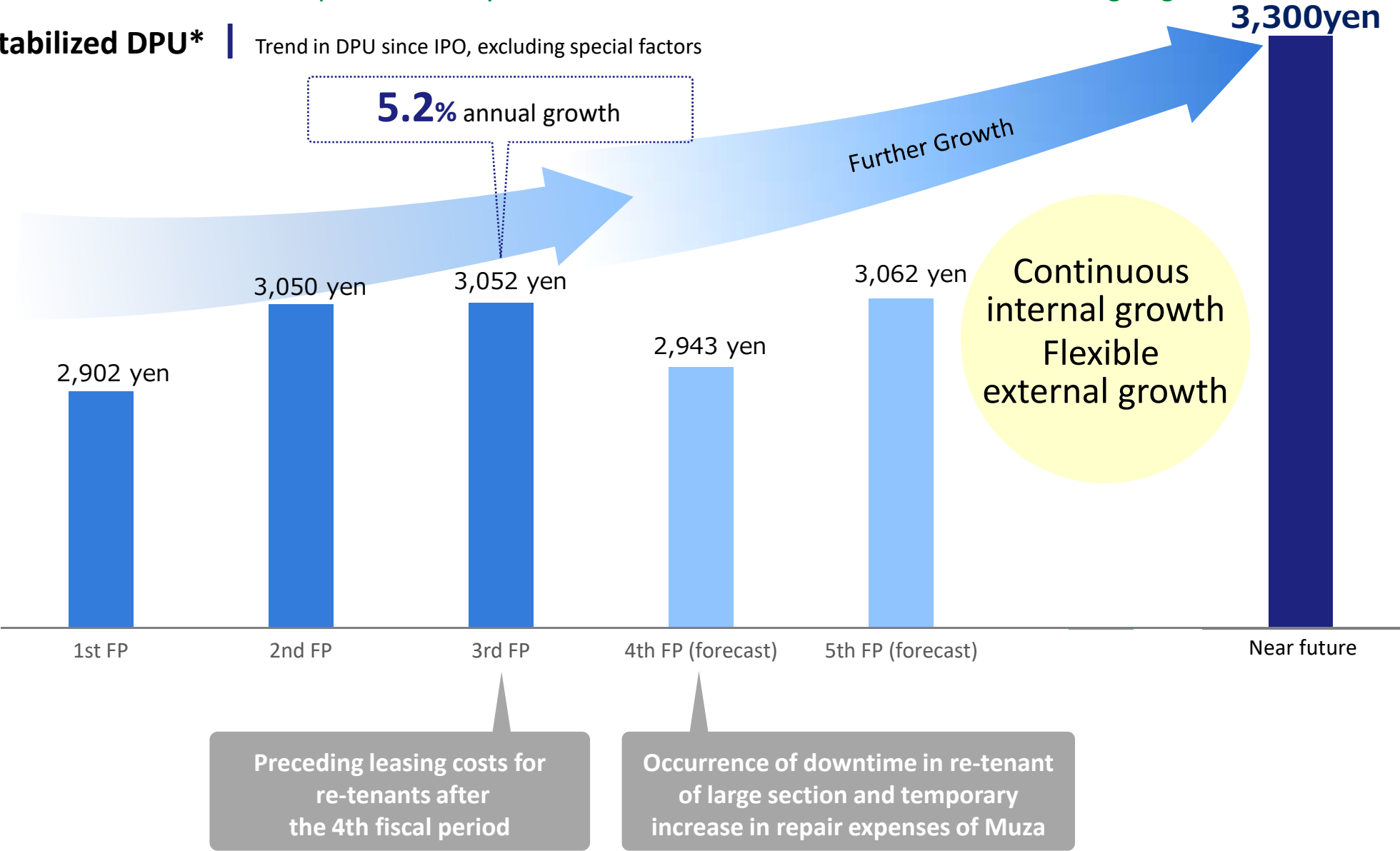
Properties under consideration

Location	Asset type	Source	Focused point
5 wards of Tokyo	Office	Property management business relation	With a large rent gap in this market, significant internal growth is able to expect at the time of lease contract renewal and tenant replacement
Ordinance cities	Retail (Supermarket)	CRE client	Stable rent can be obtained due to the expected stability of tenant sales, and assumed relatively low rent burden
Core regional city	Hotel (specialized in “stay”) (scheduled to complete at November 2020)	Private fund managed by the sponsor group	Located in a regional economic hub and also with a high level of tourism resources, there is solid demand for accommodation

Growth Image in DPU

DPU has continued to trend upward steadily since the IPO, and our aim is to raise this further going forward.

Stabilized DPU* | Trend in DPU since IPO, excluding special factors



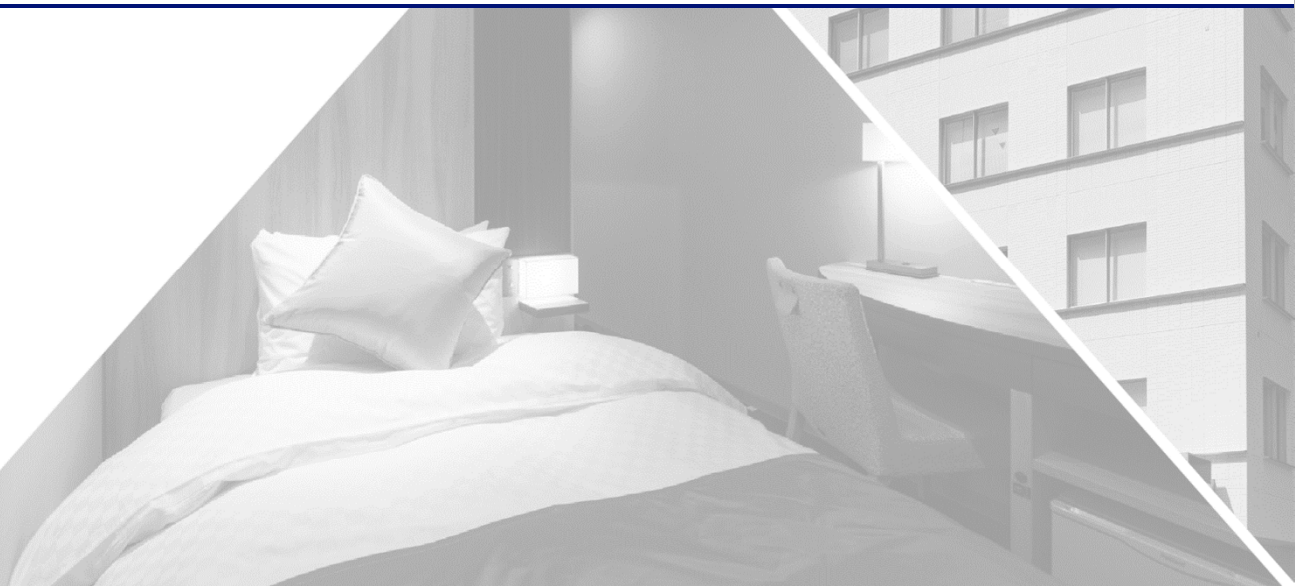
*Calculated with stabilized DPU that takes into account excluding special factors such as the cost of IPO in the 1st and 2nd FP and taxes and public dues.



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ESG



ESG Initiatives (1) Environment

Acquisition of Environmental Certification

Acquired environmental certification for the following properties. XYMAX REIT will continue to promote environmental and energy-saving measures of owned properties and improve efficiency of energy use.

CASBEE – Real estate

Newly Acquisition of 3rd FP



XYMAX Iwamotocho Building

Assessment Rank

Rank A
(Very good)

Newly Acquisition of 3rd FP



XYMAX Shinjuku-Gyoen Building

Assessment Rank

Rank A
(Very good)



XYMAX Higashi-Azabu Building

Assessment Rank

Rank A
(Very good)



XYMAX Hachioji Building

Assessment Rank

Rank A
(Very good)



BELS



Hotel Vista Sendai

Assessment Rank

★ ★ ★

Acquisition status up to 3rd FP

Number of Acquisition of Environmental Certification	5
Acquisition rate (based on total floor area)	36.9%

Improvement of environmental performance through building/facility renovation

- Implementing renovation work for air conditioning in tenant exclusive area, we are working towards saving energy and reducing environmental burden, in addition to enhancing tenant satisfaction.

Revision of air conditioning system at Iwamotocho ▶



Promotion of paperless asset management

- Working toward to realize paperless workflow at Asset Management Company and promoting resource saving
 - Introduction of electronic approval system at Asset Management Company
 - Creating paperless instructions circulation system between the trustee the asset management property

ESG Initiatives (2) Social (1)

Initiatives for a Sustainable Society

| Signing of Principles for Financial Action for the 21st Century by Ministry of the Environment |

- 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 in forming a sustainable society.
- XYMAX REAL ESTATE INVESTMENT ADVISORS Corporation, Asset Management Company of XYMAX REIT, has endorsed the ideas of the Principles and became a signatory on December 27, 2013.

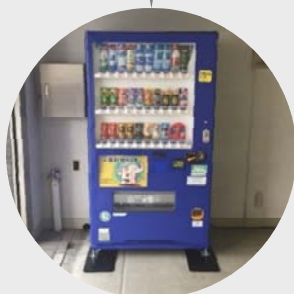


Introduction of Disaster-Relief Vending Machines

- Introduction of disaster-relief vendor, which provides drinks for free by remote control in times of emergency such as large-scale disasters to three properties of XYMAX REIT (Higashi-Ueno, Higashi-Azabu, Hachioji). Promoting replacement with existing vending machines without raising costs or changing commission income. Assumes the role of contributing to society as temporary infrastructure, in times when utilities have been disrupted due to natural disasters.



Used normally as a regular vending machine



Disaster occurs!
Power cut



Dedicated key or remote control



Switch to
emergency power
supply



Start of free supply of drinks!



ESG Initiatives (3) Social (2)

Personnel Training

Introduction of qualification incentive system

- Asset Management Company introduced a system to provide incentives for employees who acquired certain qualifications necessary for operating and managing real estate including Licensed Real Estate Broker and ARES Certified Master, and are promoting the improvement of motivation in training and self-improvement of employees.

- Status of qualification (incl. unregistered) by employees of Asset Management Company

(As of October 1, 2019)

• Licensed Real Estate Broker	26	• Real Estate Appraiser	2
• ARES Certified Master	6	• Real Estate Consulting Master	3
• Certified Building Administrator	3		

Initiatives for Work-style Reform

Introduction of flextime system

- Flextime system is introduced widely in the sponsor group and is also applied to the employees of Asset Management Company.
- Asset Management Company promotes the improvement of work-life balance of each employee by supporting a flexible work style in line with the degree of activity with the introduction of a flextime system.

Respect for diversity

- More than half of the executives and employees are female, and female employees are succeeding in a wide range of fields regardless of front, middle or back office.

	Number of executives and employees (excluding dispatched employees)				Maternity or child care leave
	Male	Female	(Percentage of female)	Total	
April 2018	16	21	56.8%	37	0
April 2019	15	23	60.5%	38	1
October 2019	13	22	62.9%	35	2

Participation in Telework Days

- Participated in the promotion of Telework* toward the 2020 Tokyo Olympics – National Project– with the entire sponsor group and promoted implementation of off-peak commuting (Jisa BIZ).
(Project period: July 22 to August 2 and August 19 to August 30, 2019)

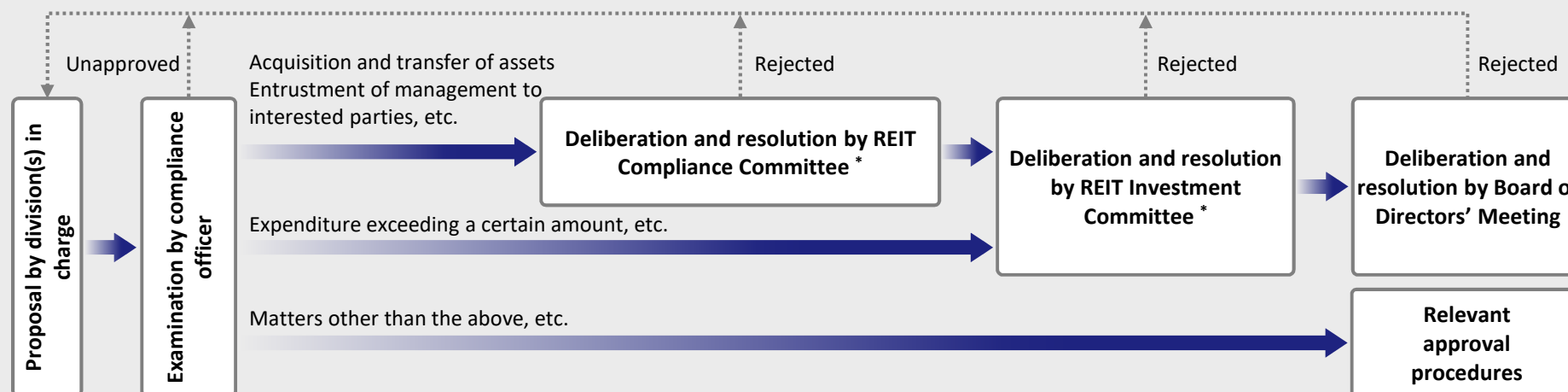
*Telework refers to people working at a place other than their main office, with ICT tools (internet, etc.).

Source: Quoted from "New Ways of Working and New Types of Office" from Xymax Real Estate Institute, dated April 13, 2017

ESG Initiatives (4) Governance

Decision-making Flow at Asset Management Company

- XYMAX REIT adopts a decision-making flow via committees in which external committee members participate in matters that significantly impact unitholders' interests with the intention of protecting unitholders' interests.
- At the REIT Compliance Committee and REIT Investment Committee, the attendance and approval of compliance officers and external committee members are requirements for resolutions. Accordingly, a governance system has been established to prevent arbitrary management by the Asset Management Company.



* Attendance and approval by external committee members and compliance officer are imperative for approval.

Compliance Education at Asset Management Company

- Conducting a study session on compliance hosted by the compliance officer once a quarter or more.
- Intending to maintain and improve the knowledge on compliance as well as fostering awareness on compliance of the employees of Asset Management Company.

Investment Ratio in XYMAX REIT by Sponsor

- Through the holding of XYMAX REIT's investment units by the sponsor, improvement in unitholder value is realized by matching the interests of investors
 - Holding ratio of XYMAX REIT 's investment units by sponsor

5.6 % (As of August 31, 2019)

ESG Initiatives at Sponsor Group / Status of IR Activities

ESG initiatives at Sponsor Group

Received DBJ Green Building Certification for Group headquarters

XYMAX Akasaka 111 Building*



XYMAX Tameike-Sanno Building*



* As of the date of this material, XYMAX REIT has not determined the acquisition of these properties and there is no guarantee that XYMAX REIT will acquire them in the future.

Initiatives for society

- Nurturing real estate business personnel through “Karakasa Fudosanjuku”



- 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 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
- Introduced telework for back-office departments

Status of IR Activities

IR activities at 3rd FP

IR activities for individuals

- Aug. 2019: Nikkei IR Individual Investor's Fair
- Aug. 2019: Nikkei J-REIT Infrastructure Fund Forum

IR activities for institutional investors

- Domestic: Visited 15 companies in urban areas and 15 companies in local areas
- Overseas: Visited 13 companies in Hong Kong and Singapore and others

IR activities in 4th FP and after

- Sept. 2019: J-REIT Lady's Meeting (Tokyo)
- Nov. 2019: J-REIT Fair 2019 (Tokyo)
- Dec. 2019: Nikkei J-REIT Infrastructure Fund Forum (Tokyo)
- Jan. 2020: SMBC Nikko J-REIT Seminar (Fukuoka)



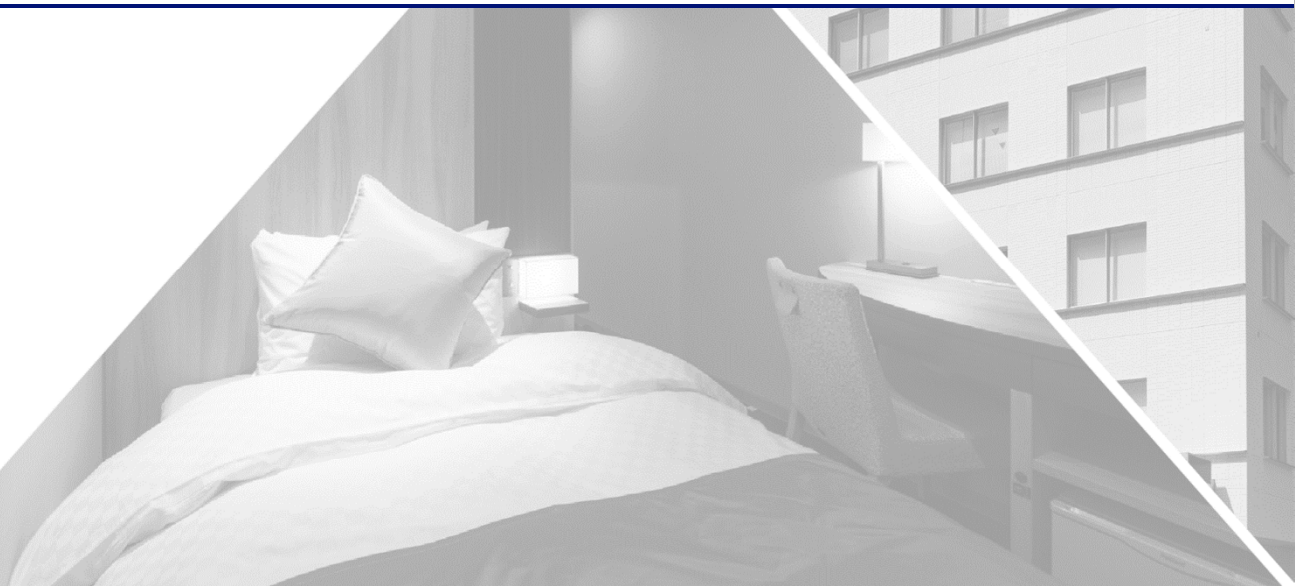
Nikkei J-REIT Infrastructure Fund Forum



XYMAX REIT Investment Corporation



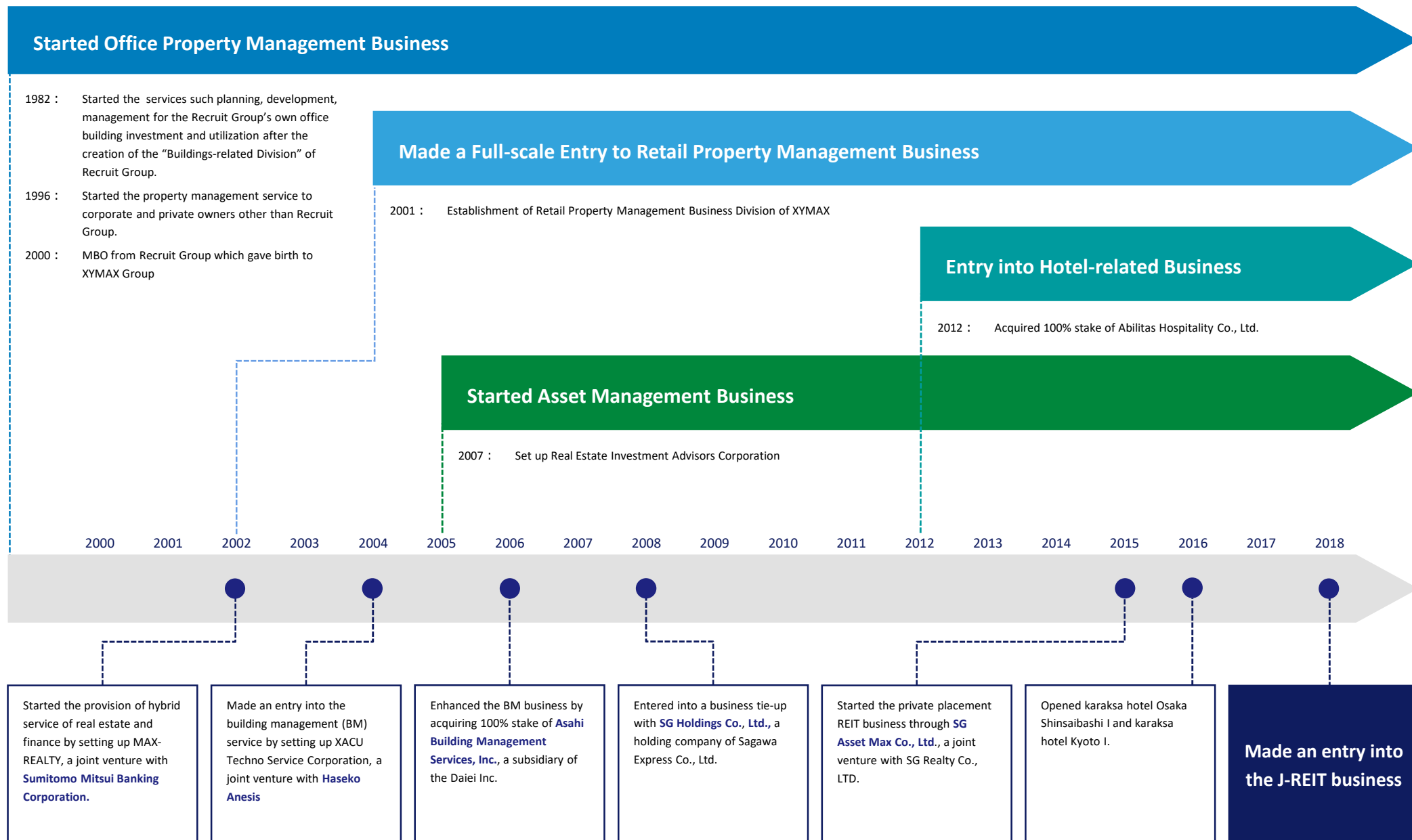
APPENDIX



Overview of XYMAX Group

Company name	XYMAX Corporation (non-listed)	Real estate consulting and management services	Real estate consulting CRE strategy, effective utilization, development/design Consulting and planning on inheritance, fund procurement, etc.	Office	Retail/Store	Logistics	Hotel
Establishment	March 1, 1990 ※Spin-off from Recruit Co., Ltd. through employee participatory MBO in 2000			XYMAX XYMAX TRUST			
Location of headquarters	1-1-1 Akasaka, Minato-ku, Tokyo			XYMAX REAL ESTATE INVESTMENT ADVISORS/MAX-REALTY			
Capital	2,612.865 million yen (as of March 31, 2019)				Valormax Y.Estate	SG Asset Max	Abilitas Hospitality
Sales	88.488 billion yen (actual results for the fiscal period ended March 2019) *Consolidated figures for the Group			East Japan XYMAX ALPHA Kansai XYMAX KANSAI Kyushu XYMAX KYUSHU			
Representative	Representative Director, Chairman & CEO: Masafumi Shimada Representative Director Kenji Yoshimoto						
Major shareholders	XYMAX Shareholding Association, directors & employees, clients and financial institutions Total: 274 (as of March 31, 2019)	Other specialized services	Leasing brokerage	Market survey/analysis Research/planning on management and repair	Hotel business	Real estate appraisal Real estate assessment/survey	
Number of employees	5,322 (as of April 1, 2019) *Consolidated figures for the Group		XYMAX INFONISTA	XYMAX REAL ESTATE INSTITUTE	KARAKSA HOTELS	XYMAX ASSET CONSULTING	
			Cleaning	Security	Satellite office	Risk management	
			XYMAX SALA	MAX SECURITY SERVICE	XYMAX ZXY Department	Safety Organization for Urban Renewal	

Realize growth of XYMAX REIT by drawing on all of the XYMAX Group's expertise and workforce



Fertile Management Base of the XYMAX Group

The XYMAX Group has been ranked 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*.

- Human resources : **1,897** people engaged in real estate management, **86** in leasing, and **76** in CRE related business
(as of September 1, 2019)
- Relationship with real estate owners : approximately **260** companies
- Track record in property sales and brokerage: : **269** buildings, approximately **478** billion yen
(accumulated total from April 1, 2010 to March 31, 2019)

Real estate management record (As of the end of July 2019)

Actual number of
contracts

867 buildings

Gross floor area

Approx. **3.8** million tsubo
(Approx. 12.5 million m²)

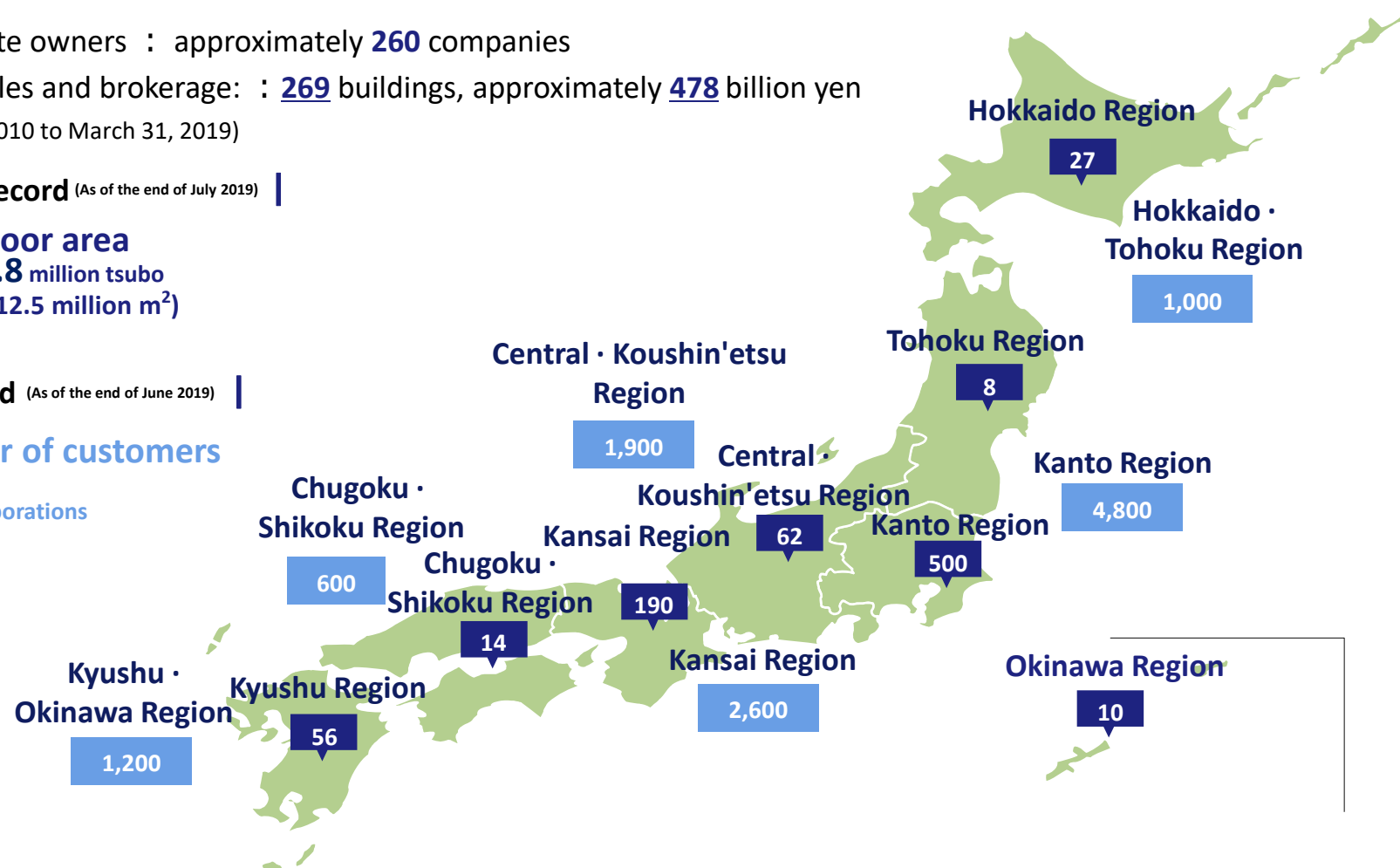
Facility management record (As of the end of June 2019)

Actual number of
contracts

Approx. **12,100** stores

Number of customers

144 corporations

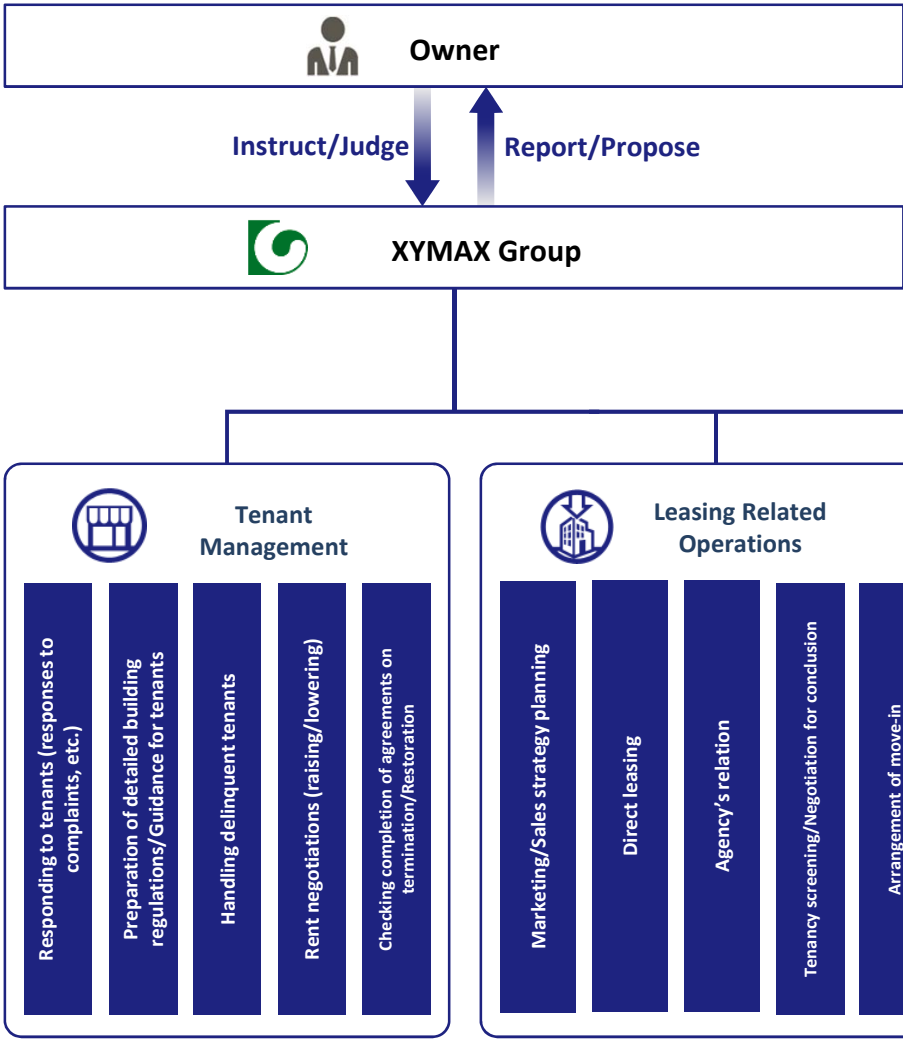


* According to each November issue of the monthly magazine Property Management from 2010 to 2015, the XYMAX Group was ranked No. 1 in terms of floor area under management for six consecutive years since 2010.

The XYMAX Group provides consistent real estate management and operation services, ranging from property management (on behalf of owners) to building maintenance operations.

In addition, the XYMAX Group has all kind of data on real estate management through a track record accumulated over the years.

Areas of Real Estate Management Operations



Data Related to Real Estate Management

Contracted rent data	120,794 cases	38,651 buildings (covering past 24 years)
Asking rent data	24,391 cases	52,821 buildings (covering past 8.5 years)
Construction work data	141,482 cases (during the period between April 1, 2000 and August 31,2019)	

The XYMAX Group has built a support system that uses IT to achieve a high level building maintenance.

ITBM CENTER

XYMAX ALPHA introduces information communication technology in building maintenance operations to maintain and provide secure and safe conditions.

Creating a more **advanced**, higher **quality**, **safer** and more **secure** building maintenance framework and value. XYMAX ALPHA has introduced an initiative called **ITBM** (Information Technology Building Maintenance) into building management.

TA (Technical Adviser) Support

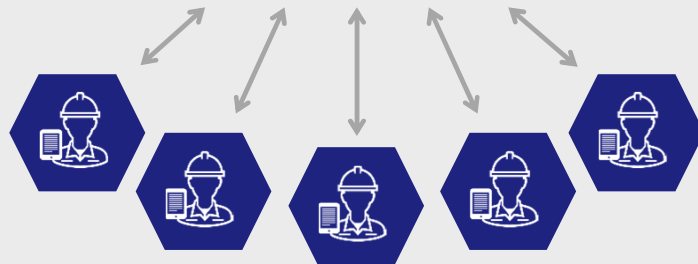
TAs give backup to all building maintenance sites

While they are stationed at the ITBM Center, TAs use their knowledge, technology, and know-how in building maintenance based on their experiences at various sites to backup all site operations.

Knowledge Support

Desired information can be accessed anytime, anywhere from a dedicated website

Information on managed properties as well as knowledge and information concerning building maintenance operations are aggregated into a database. Information can be accessed anytime, anywhere from devices at all sites.



Site facility staff (making the rounds/on-site)



Checking with and giving instructions to the site by the ITBM Center



Real-Time Information Gathering During of an Emergency or Disaster

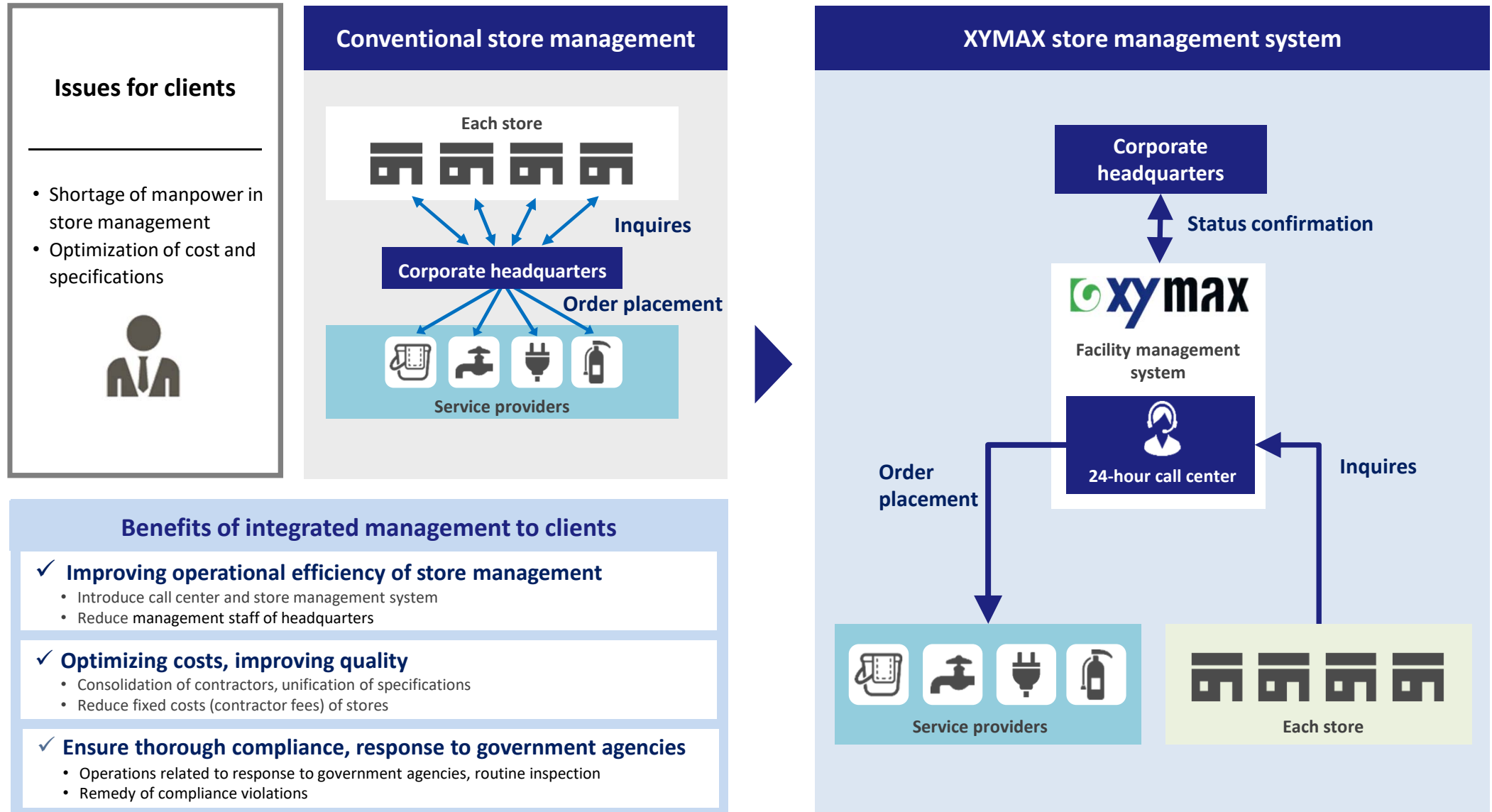
In times of fires or natural disasters, information can be shared with the relevant divisions and head office functions on a real-time basis using video from smart devices connected on-site with the ITBM Center. Videos sent from the site can be shown on a large display. The information **can be used for real and accurate status reporting**, as the videos and audio exchanged between the both are recorded automatically.



Video at the time of a fire in a building near a property managed by the Company. The video was linked to the ITBM Center after people in the building were safely evacuated. It was then used in reporting the status to the owner and the head office.

Facility Management

The XYMAX Group conducts integrated management of retail stores of retail chains by providing services that substantially reduce the operational burden on store management.

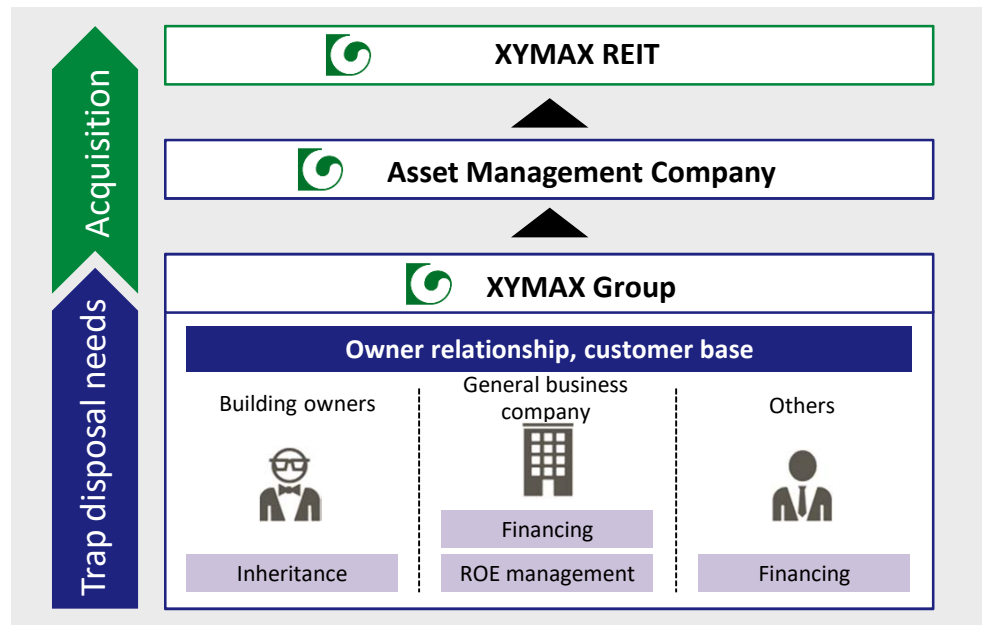


Original Sourcing Strategy



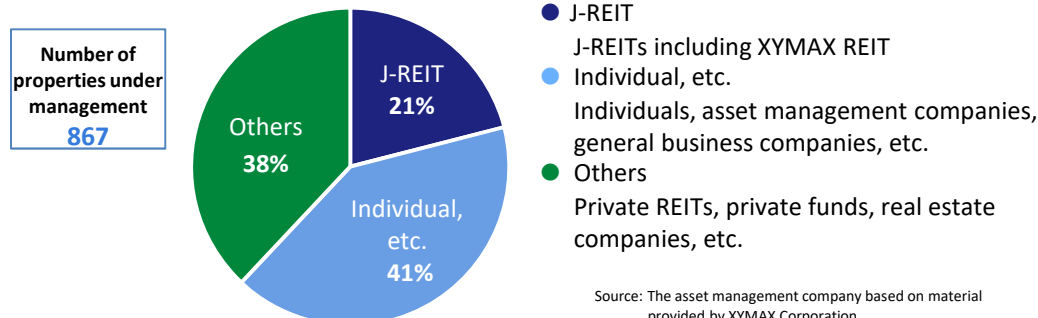
XYMAX REIT captures the need for real estate disposal gained from the huge customer base of the XYMAX Group.
In addition, XYMAX REIT grasps the trend of real estate owners at an early stage through daily communication, so that opportunities are created for external growth.

Direct relationship with real estate owners



Diversity among real estate owners

Percentage of client types for real estate management business
(As of the end of July 2019)

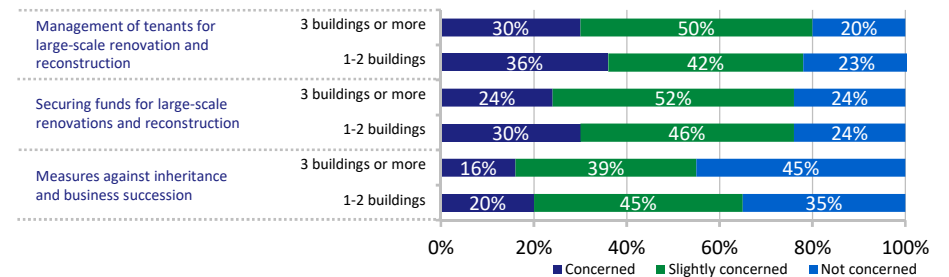


- More than 70% of real estate owners are concerned over about large-scale renovations of owned properties, tenant management, and securing funds for reconstruction
→ Identifies needs of property disposal arising due to the problem or concern about necessary funds
- Concern for inheritance and business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

Realization of external growth

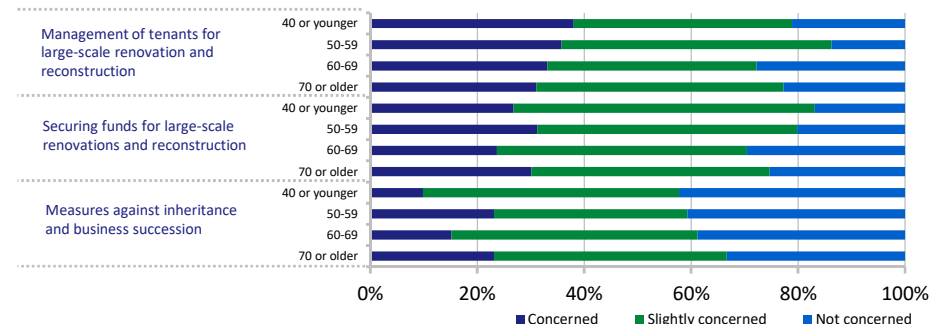
Survey on building owners' situations by XYMAX Real Estate Institute

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



Source: "Building Owner Survey 2017" by XYMAX Real Estate Institute

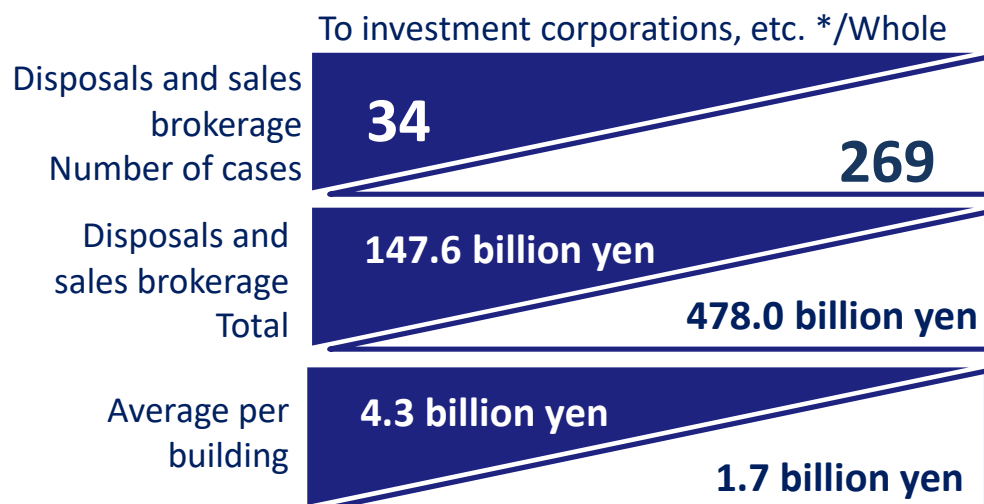
Concerns over future building business (By age, multiple answers)



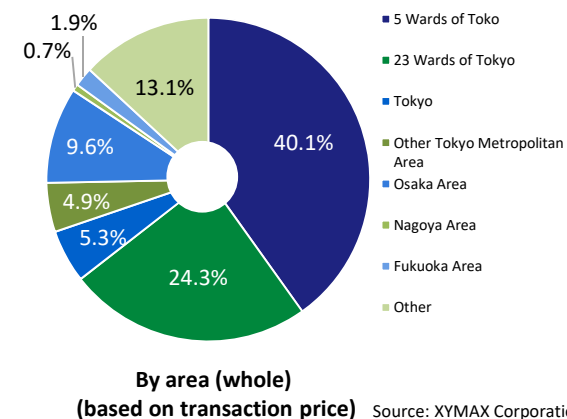
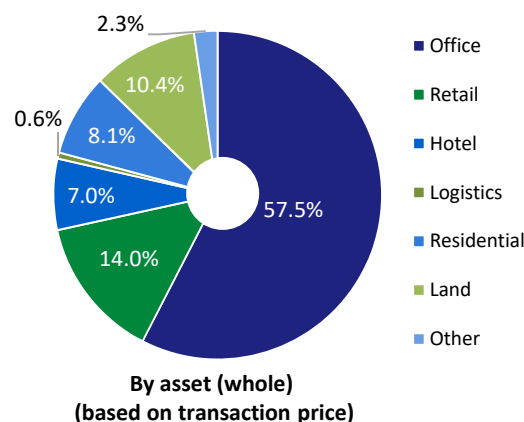
Source: Created by XYMAX Real Estate Institute based on the request from the asset management company

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

External growth (number of cases, total amount and area) by capitalizing on track record in real estate sales and brokerage.



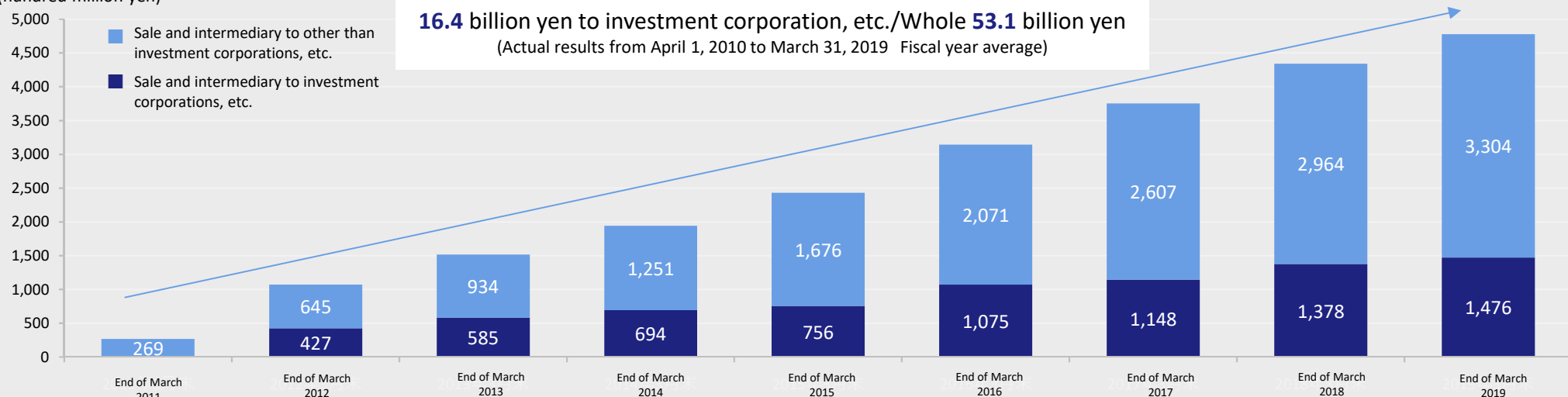
Use and geographical area of real estate in real estate disposals and real estate sales brokerage results



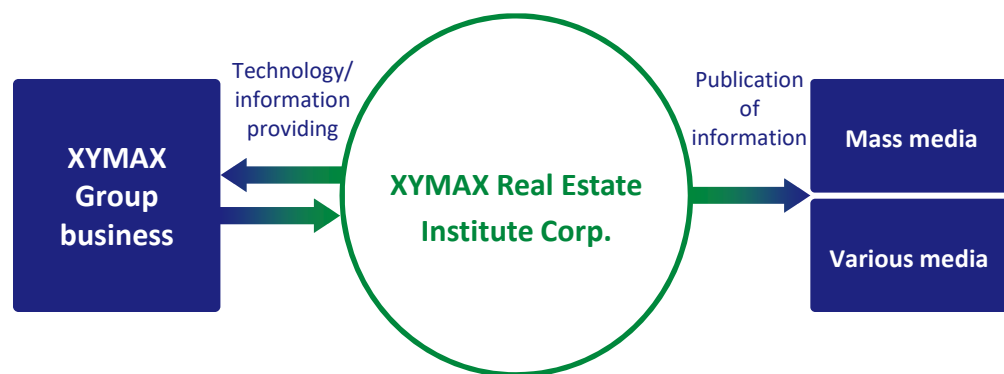
Accumulated track record of real estate disposal and brokerage services

(accumulated total from April 1, 2010, excluding sales to XYMAX REIT)

(hundred million yen)



Accumulating and utilization of original data by XYMAX Real Estate Institute

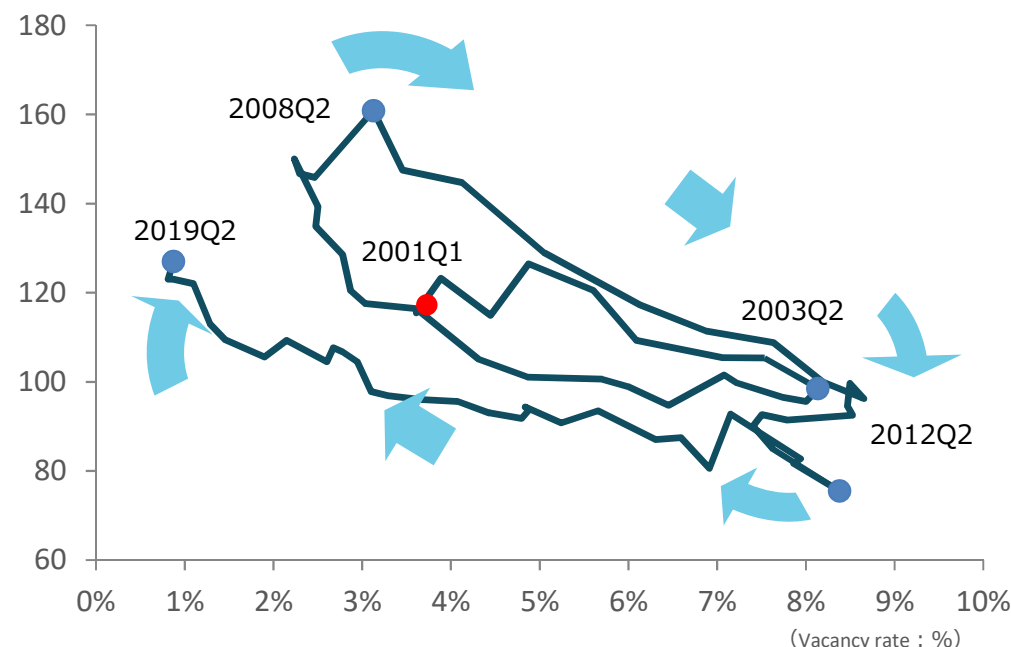


Posting, contribution and lectures in mass media and various media (example)

- Posting Nihon Keizai Shimbun, Nikkei Business Daily, etc.
- Contribution ARES Real Estate Securitization Journal
BUILDING TOKYO, etc.
- Lectures Waseda University Advanced Collaborative
- Research Organization for Smart Society
Land Economy and Construction and Engineering
Industry Bureau, Ministry of Land, Infrastructure,
Transport and Tourism
Institute for Building Environment and Energy
Conservation (IBEC)
WORKTECH, etc.
- Joint study Beijing University, Tokyo University,
Nihon University, etc.
- Other Industry Partner of the CRE at MIT in U.S.A

Office market cycle in the 23 wards of Tokyo

(New contracted rent index) Rent Index (100 = 2010Q1)



	2018Q2	2018Q3	2018Q4	2019Q1	2019Q2
Vacancy rate	1.29%	1.10%	0.87%	0.81%	0.87%
New contracted rent index	113	122	123	123	127

(Source) XYMAX Real Estate Institute Corp. (Vacancy rates for March 2011 and before are calculated based on data from a major leasing brokerage company)

Market Analysis (1)

The scarcity of small- and medium-scale office buildings will improve in the future, when considering the current limited supply trend.

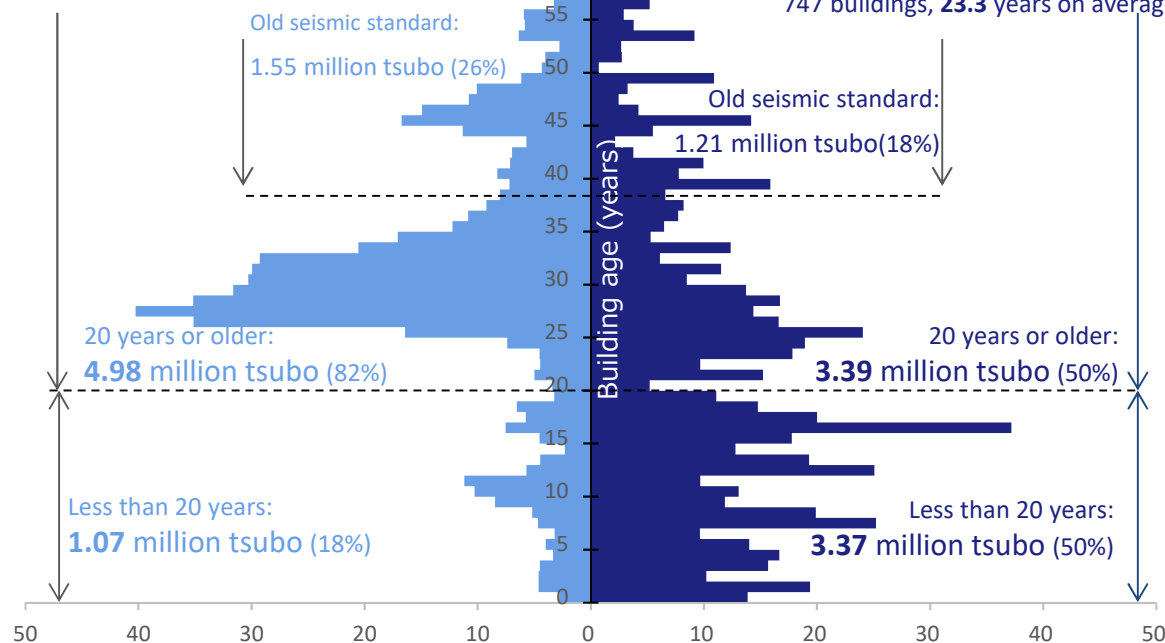
XYMAX REIT believes that the volatility of rent for small- and medium-scale office buildings is relatively lower than that of large-scale buildings and is highly stable revenues.

Office Stock Pyramid 2019 covering the 23 Wards (net rentable area)

23 Wards of Tokyo: **12.81** million tsubo, 9,206 buildings,
average building age: **30.9** years

Small- and medium-scale office buildings (Gross floor area: 300-5,000 tsubo)
Whole: **6.05** million tsubo,
8,459 buildings, **31.6** years on average

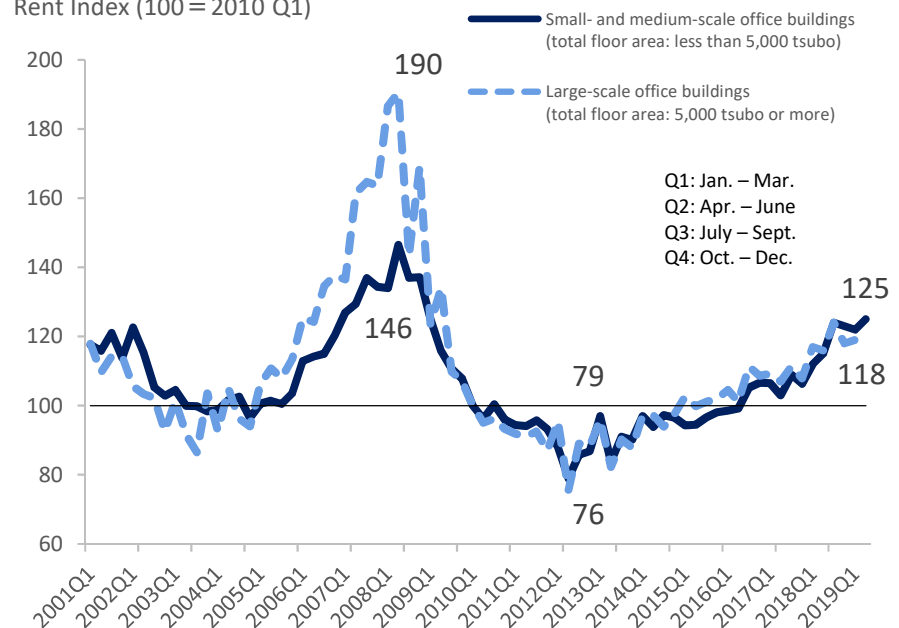
Large-scale office buildings (Gross floor area: 5,000 tsubo or more)
Whole: **6.76** million tsubo,
747 buildings, **23.3** years on average



Source: Survey Report by XYMAX Real Estate Institute Corp.
"[23 Wards of Tokyo] Supply of New Office Space 2019 & Office Stock Pyramid 2019"

New contracted rent by office building scale

Rent Index (100 = 2010 Q1)



	2018 Q2	2018 Q3	2018 Q4	2019 Q1	2019 Q2
Small- and medium-scale office buildings (total floor area: less than 5,000 tsubo)	115	124	123	122	125
Large-scale office buildings (total floor area: 5,000 tsubo or more)	116	124	118	119	118

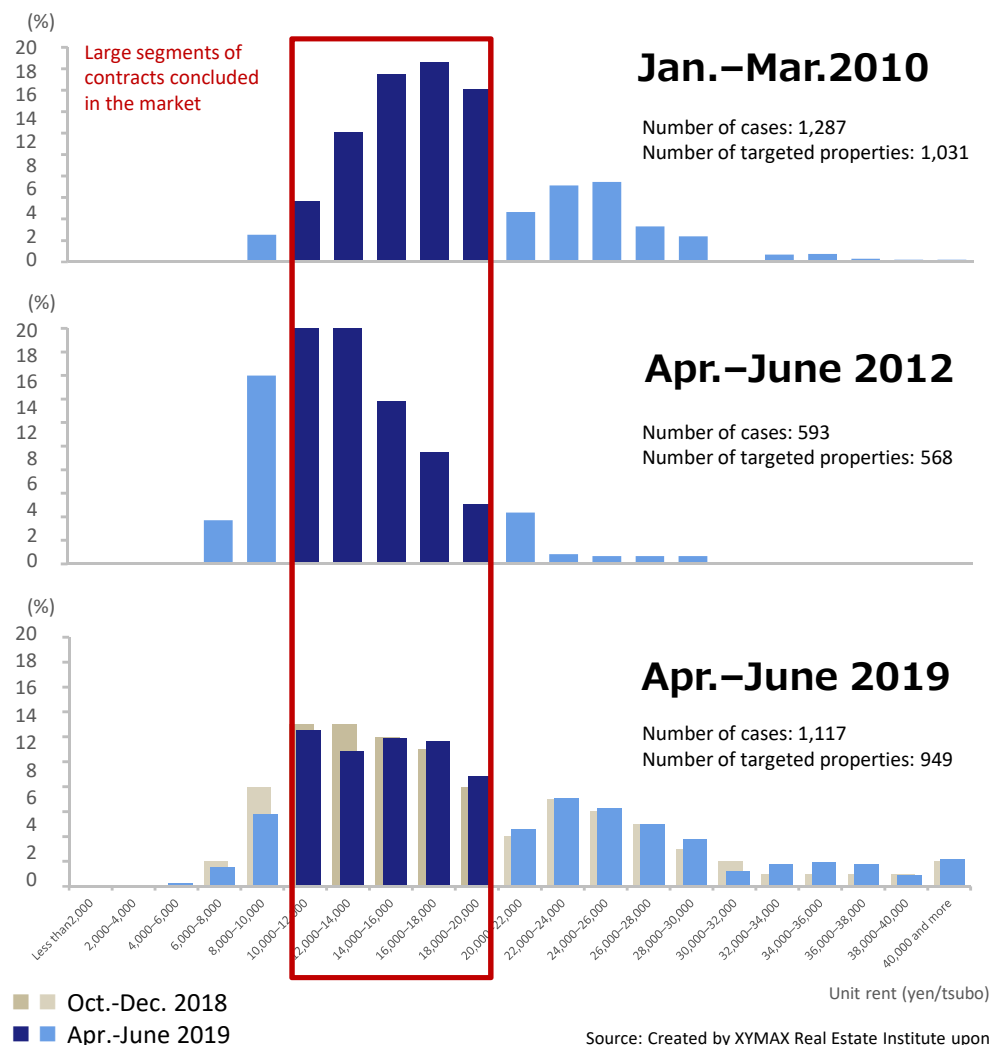
Source: Survey Report by XYMAX Real Estate Institute Corp.
"Office Market Report Tokyo Q2 2019"

Market Analysis (2)

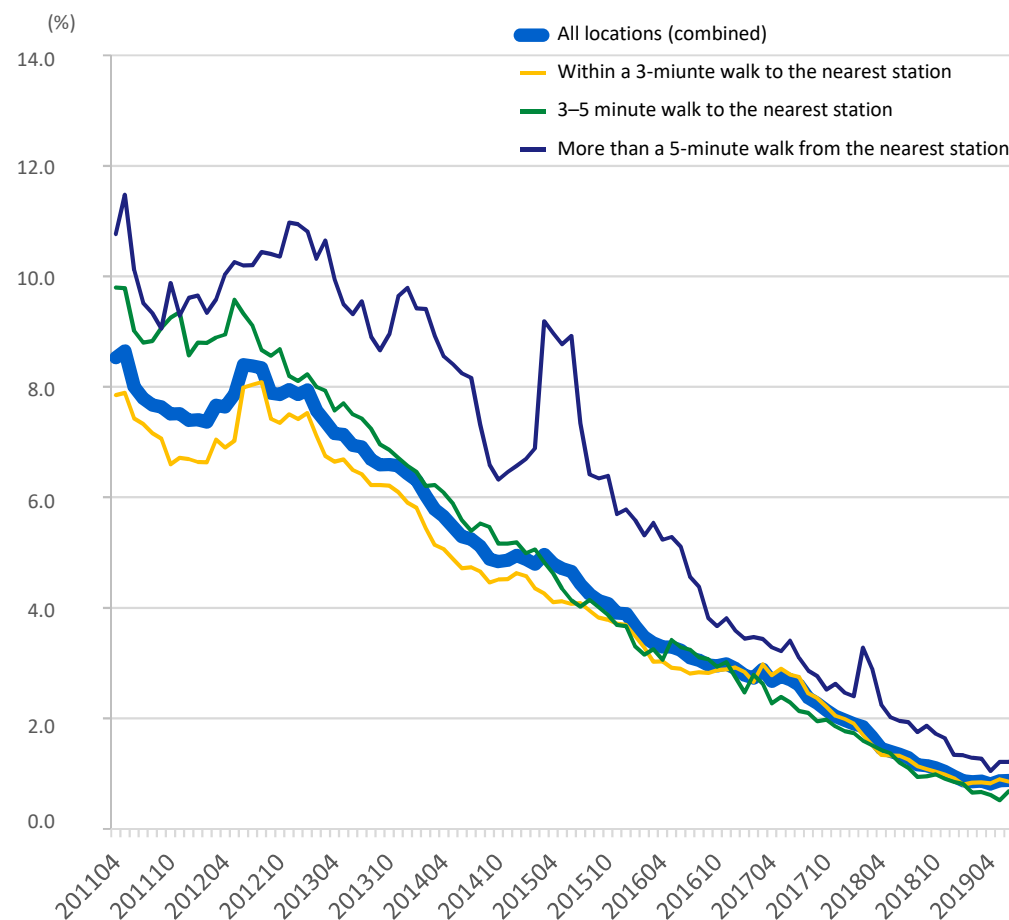
XYMAX REIT believes that there will be robust tenant demand within the range of 10,000 to 20,000 yen in general, regardless of the market environment.

XYMAX REIT believes that there is a clear correlation between convenient locations (the time required to walk to the nearest station) and the occupancy rate.

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



Vacancy rate by time required to walk to the nearest station in the 23 wards of Tokyo



Membership satellite office business “ZXY” leading work-style reform

Workplace service enabling free work-style

PLACE FOR ZXY WORK



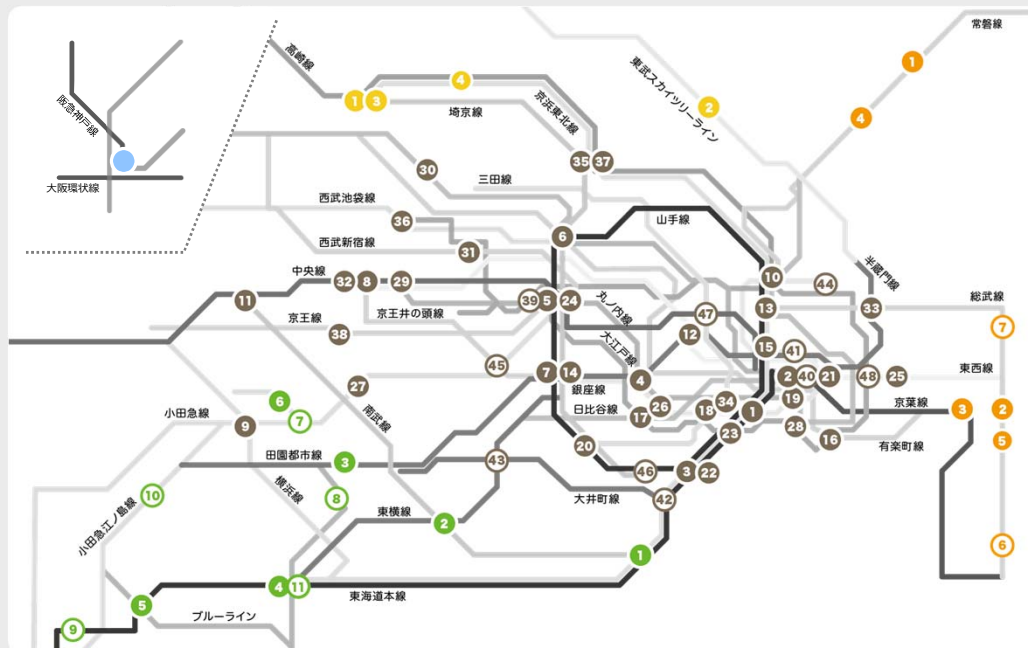
GOOD DESIGN AWARD 2019

BEST 100

「GOOD DESIGN BEST 100」
受賞

Location of workplaces

● Tokyo
 ● Kanagawa
 ● Chiba
 ● Saitama
 ● Osaka



Open Space



ZXY Monthly



ZXY kids space

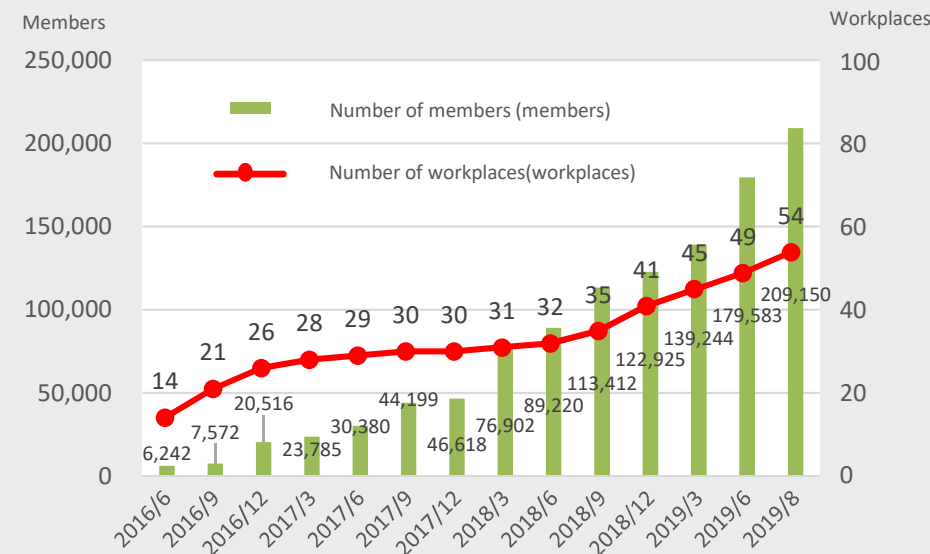


ZXY Mitaka*



ZXY Umeda*

Change in number of members and workplaces



Source: XYMAX Corporation

* As of the date of this material, XYMAX REIT has not determined the acquisition of these properties and there is no guarantee that XYMAX REIT will acquire them in the future.

The Group's own brand "Karaksa Hotels" also meeting the needs for overseas tourism.

Osaka

Mar. 2016	69 rooms	karaksa hotel Osaka Shinsaibashi I * (Opened)
Jan. 2017	139 rooms	karaksa Spring hotel Kansai Air Gate* (Opened)
Nov. 2017	112 rooms	karaksa hotel Osaka Namba* (Opened)
Nov. 2019	396 rooms	karaksa hotel grande Shin-Osaka Tower*(To be opened)
To be opened	176 rooms	



karaksa hotel Osaka Namba



karaksa hotel premier Tokyo Ginza



karaksa hotel TOKYO STATION

■ Opened ■ To be opened

Kyoto

Mar. 2016	36 rooms	karaksa hotel Kyoto I* (Opened)
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karaksa hotel Kyoto I



karaksa hotel grande Shin-Osaka Tower

Hokkaido

Jan. 2018	177 rooms	karaksa hotel Sapporo* (Opened)
To be opened	140 rooms	

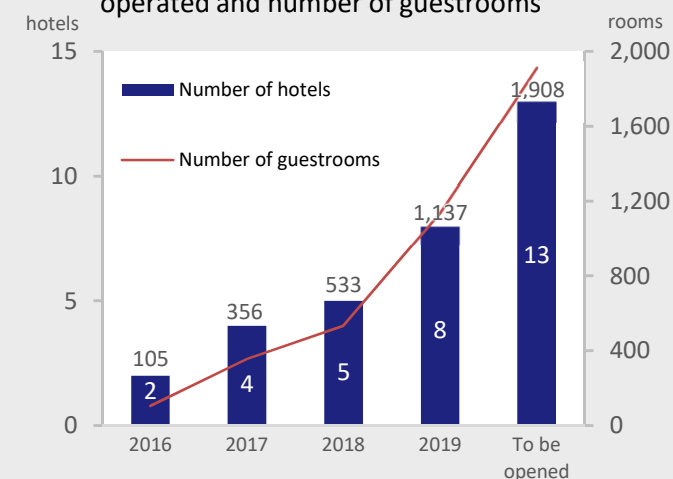


karaksa hotel Sapporo

Chiba

To be opened 190 rooms

■ Change in number of hotels developed and operated and number of guestrooms



Source: XYMAX Corporation

The source of power to maximize unitholder value; XYMAX REIT's "3 strengths"

XYMAX REIT will maximize unitholder value by utilizing the three real estate management strengths of its sponsor, the XYMAX Group.

Management that leverages our "3 strengths"



Assessment

- Through combining our knowledge gained through real estate management experience throughout Japan and an analysis of a huge amount of unique real estate data held by the sponsor group, we will **accurately determine the market positioning of a target property**, upon determining the appropriate level of rent and management costs for such property.



Management

- Through daily unfettered discussion, we will perform management which directly utilizes various expertise of the sponsor group as well as input from the frontline. With close communication with the frontline enabling quick decisions, we will **maximize property potentials, together with ensuring opportunities for internal growth**.



Sourcing

- Utilizing the sponsor group's direct communication with real estate owners, we will **seize property acquisition opportunities in exclusive transactions for sure**.
- Utilizing the real estate buying and selling needs of the customer base of the CRE service provided by the sponsor group, we will **create property acquisition opportunities in exclusive transactions**.

Portfolio List (1)

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 Nishi-Shimbashi Building	XYMAX Iwamotocho Building	XYMAX Shinjuku-Gyoen Building	XYMAX Kamiyacho Building	XYMAX Higashi-Azabu Building	XYMAX Higashi-Ueno 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 , and 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 Akabanebashi 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, and other
Acquisition price (million yen)	2,500	4,250	5,020	880	1,550	1,150
Land area	402.53㎡	864.83㎡	839.09㎡	228.83㎡	365.05㎡	368.84㎡
Total floor area	2,517.50㎡	6,261.06㎡	6,084.32㎡	1,356.51㎡	2,570.13㎡	1,942.54㎡
Leasable area	1,897.75㎡	4,152.30㎡	4,792.13㎡	1,205.29㎡	2,016.00㎡	1,735.34㎡
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-construction / 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 3rd fiscal period)	8	14	6	8	4	8
Occupancy rate (As of the end of 3rd fiscal period)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Portfolio List (2)

Property no.	OF-07	RT-01	RT-02	RT-03	HT-01	OT-01
Asset type	Office	Retail	Retail	Retail	Hotel	Other (Residential9)
Property name	XYMAX Hachioji Building	Muza Kawasaki	Life Kawasaki Miyuki 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㎡	742.44㎡ (*1)	1,879.15㎡	4,467.51㎡ (*2)	1,461.36㎡ (*3)	2,644.63㎡
Total floor area	7,404.81㎡	3,671.09㎡ (*1)	2,596.80㎡	27,161.00㎡ (*2)	6,977.47㎡	10,856.15㎡
Leasable area	5,556.03㎡	3,703.87㎡	2,677.54㎡	27,610.61㎡	7,066.25㎡	10,287.93㎡
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
テナント数 (第3期末時点)	24	17	1	1	1	133
稼働率 (第3期末時点)	98.2%	100.0%	100.0%	100.0%	100.0%	92.6%

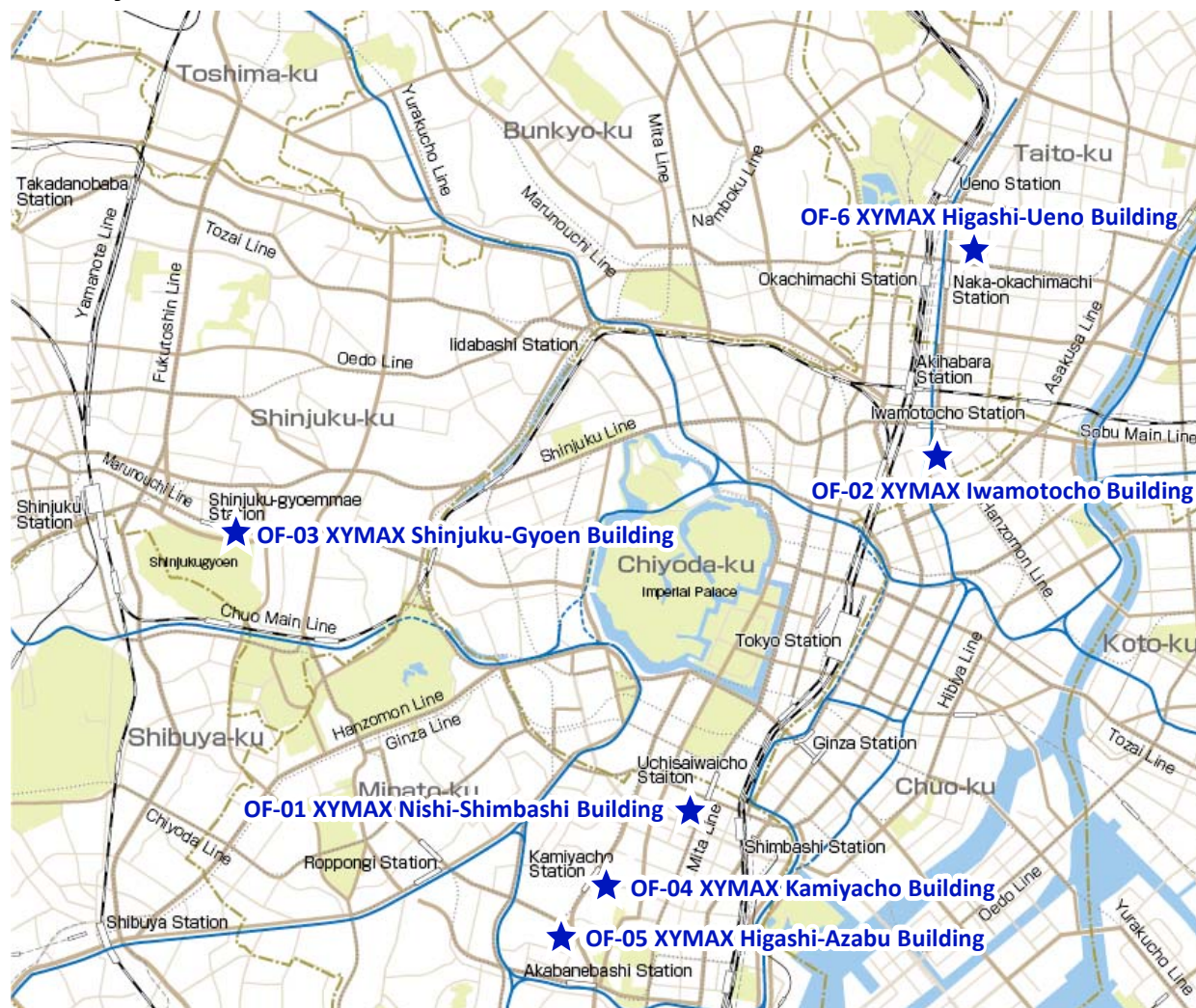
(*1) Land area indicates the figure equivalent to 6.9% of the right of site (rounded down to the first decimal place) held by the Investment Corporation within the site area of Muza Kawasaki. In addition, building area indicates the total building area based on the real estate registry for the components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

(*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.

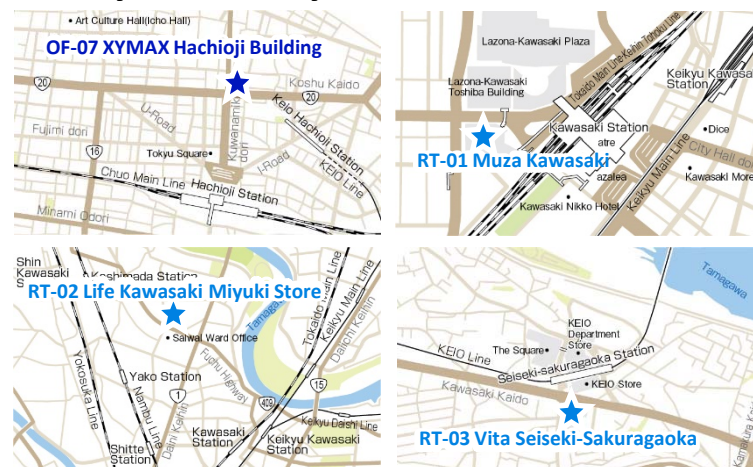
(*3) Superficies have been established for 524.21 m² of the land area.

Portfolio located in favorable locations

Tokyo Area



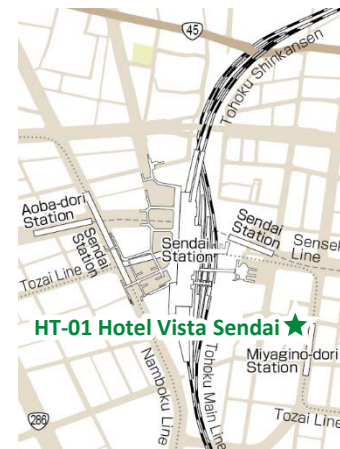
Tokyo Economy Area



Fukuoka Area



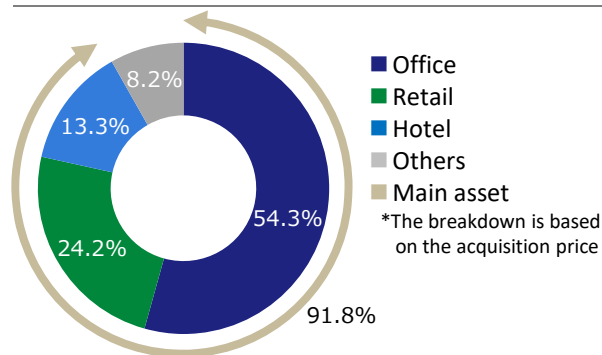
Sendai Area



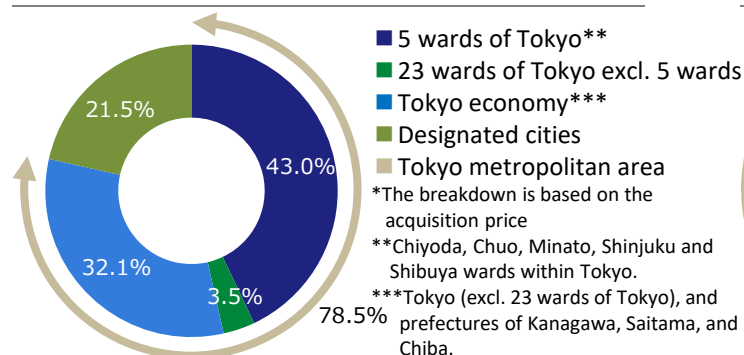
★ Office ★ Retail ★ Hotel ★ Others (Residence)

Investment Ratio and Advantage by Asset Type

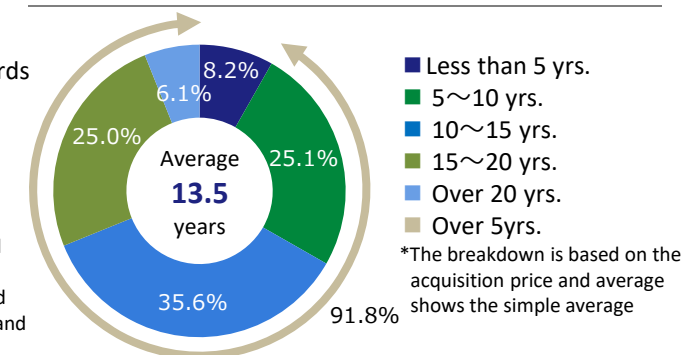
Percentage by asset type



Percentage by geographic area

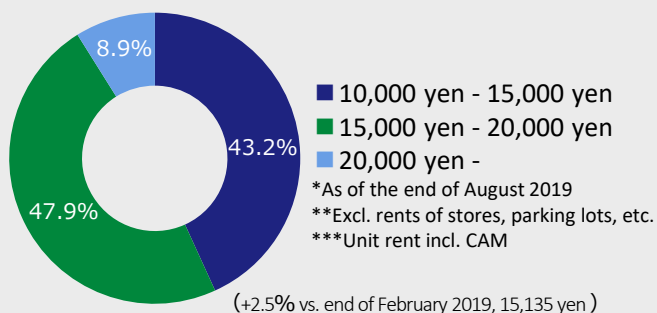


Percentage by year engaged by XYMAX Group

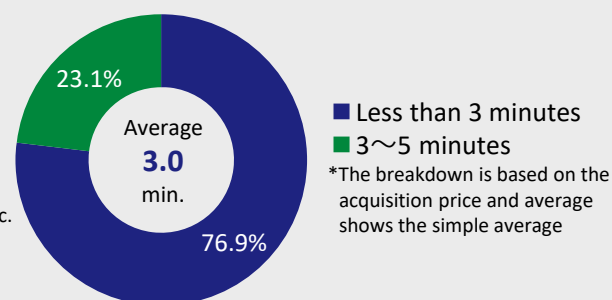


Office

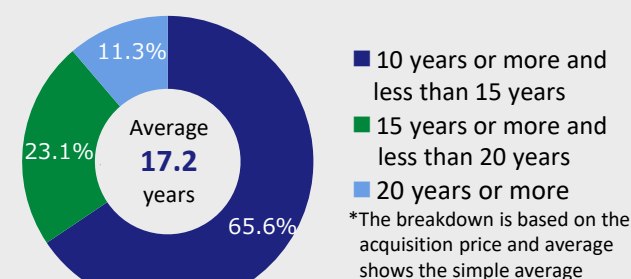
Average unit rent 15,519 yen / tsubo



Time required from the nearest station

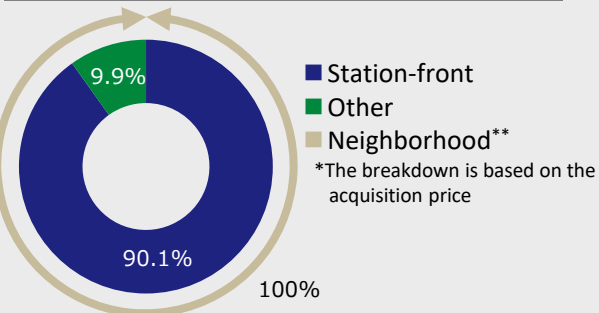


Average engagement period

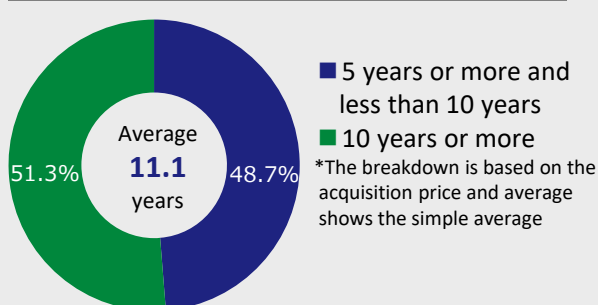


Retail

Composition of retail properties

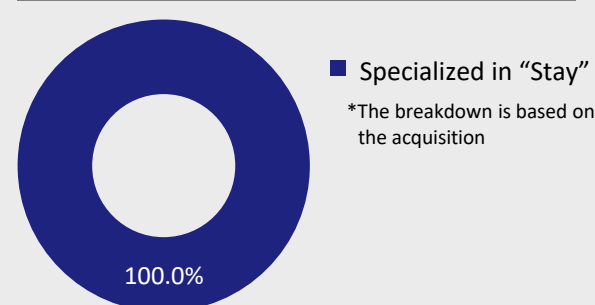


Average engagement period



Hotel

Percentage of specialized in "Stay"



*1 Retail facilities for which the majority of customer can easily come on foot or by bicycle in a short time.

Operating Income (Loss) from Real Estate Leasing by Asset (1/2)



(thousand yen)

	Nishi-Shimbashi	Iwamotocho	Shinjuku-Gyoen	Kamiyacho	Higashi-Azabu	Higashi-Ueno
Operating revenue from real estate leasing	79,821	143,892	167,991	40,716	57,251	48,081
Lease business revenue	73,910	126,237	154,165	36,707	51,096	36,717
Other lease business revenue	5,911	17,655	13,825	4,008	6,154	11,363
Operating expenses from real estate leasing (Excluding Depreciation)	21,186	42,344	56,036	16,812	20,904	20,065
Tax and public dues	6,955	13,417	14,447	4,678	6,636	3,686
Maintenance fees	5,361	10,398	10,840	4,599	6,092	4,135
Utility expenses	4,931	9,117	9,769	2,738	3,655	3,300
Repair expenses	2,261	4,327	2,979	4,469	1,566	808
Insurance premiums	61	220	211	46	82	60
Other expenses related to rent business	1,614	4,863	17,787	281	2,872	8,074
NOI	58,635	101,548	111,954	23,903	36,346	28,016
Depreciation	2,569	10,766	9,902	1,258	4,102	2,356
Operating income (loss) from real estate leasing	56,065	90,782	102,051	22,644	32,243	25,659

Operating Income (Loss) from Real Estate Leasing by Asset (2/2)



	(thousand yen)						
	Hachioji	Muza	Kawasaki Miyuki	Seiseki-Sakuragaoka	Sendai	Chihaya	Total
Operating revenue from real estate leasing	133,249	160,410	undisclosed	undisclosed	163,967	106,279	1,348,404
Lease business revenue	115,052	139,180	undisclosed	undisclosed	163,967	99,420	1,239,634
Other lease business revenue	18,197	21,229	undisclosed	undisclosed	-	6,859	108,769
Operating expenses from real estate leasing (Excluding Depreciation)	40,393	45,637	undisclosed	undisclosed	18,795	35,223	377,131
Tax and public dues	8,396	10,349	undisclosed	undisclosed	11,248	8,620	133,084
Maintenance fees	15,645	14,577	undisclosed	undisclosed	1,800	7,895	83,147
Utility expenses	9,039	16,144	undisclosed	undisclosed	-	1,556	60,253
Repair expenses	4,705	1,278	undisclosed	undisclosed	374	9,621	42,643
Insurance premiums	274	190	undisclosed	undisclosed	214	294	3,767
Other expenses related to rent business	2,331	3,095	undisclosed	undisclosed	5,158	7,234	54,234
NOI	92,856	114,772	22,684	164,325	145,171	71,055	971,272
Depreciation	9,183	16,036	1,502	12,774	32,108	19,142	121,704
Operating income (loss) from real estate leasing	83,673	98,735	21,182	151,551	113,062	51,913	849,567

Overview of Appraisal Report

Asset no.	Asset name	Acquisition date	Acquisition price (million yen)	Book value as of the end of 3rd FY (million yen)	End of 2nd FY (February 28, 2019)		End of 3rd FY (August 31, 2019)		Change		Appraiser	Unrealized profit or loss*3 (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*1 (million yen)	Capitalization rate based on direct capitalization method*2 (%)		
OF-01	XYMAX Nishi-Shimbashi Building	February 2018	2,500	2,522	3,080	3.7	3,100	3.7	20	-	The Tanizawa Sōgō Appraisal Co., Ltd.	577
OF-02	XYMAX Iwamotocho Building	February 2018	4,250	4,340	5,540	3.6	5,710	3.5	170	-0.1	Japan Real Estate Institute	1,369
OF-03	XYMAX Shinjuku-Gyoen Building	February 2018	5,020	5,058	6,520	3.6	7,140	3.5	620	-0.1	Japan Real Estate Institute	2,081
OF-04	XYMAX Kamiyacho Building	February 2018	880	893	1,160	3.8	1,160	3.8	-	-	The Tanizawa Sōgō Appraisal Co., Ltd.	266
OF-05	XYMAX Higashi-Azabu Building	February 2018	1,550	1,580	2,100	3.9	2,100	3.9	-	-	Daiwa Real Estate Appraisal Co., Ltd.	519
OF-06	XYMAX Higashi-Ueno Building	February 2018	1,150	1,161	1,590	4.0	1,590	4.0	-	-	Daiwa Real Estate Appraisal Co., Ltd.	428
OF-07	XYMAX Hachioji Building	February 2018	2,600	2,609	3,570	4.8	3,590	4.8	20	-	Japan Real Estate Institute	980
RT-01	Muza Kawasaki	February 2018	4,100	4,098	5,210	4.1	5,400	4.1	190	-	The Tanizawa Sōgō Appraisal Co., Ltd.	1,301
RT-02	Life Kawasaki Miyuki Store	February 2018	790	797	975	4.2	975	4.2	-	-	Daiwa Real Estate Appraisal Co., Ltd.	177
RT-03	Vita Seiseki-Sakuragaoka	February 2018	3,100	3,250	3,870	5.0	3,870	5.0	-	-	The Tanizawa Sōgō Appraisal Co., Ltd.	619
HT-01	Hotel Vista Sendai	February 2018	4,400	4,369	5,550	4.6	5,570	4.6	20	-	The Tanizawa Sōgō Appraisal Co., Ltd.	1,200
OT-01	Renaissance 21 Chihaya	February 2018	2,700	2,785	3,130	5.0	3,130	5.0	-	-	The Tanizawa Sōgō Appraisal Co., Ltd.	344
Total / Average			33,040	33,469	42,295	-	43,335	-	1,040	-	-	9,865

*1 The difference between the estimated value at the end of the 2nd fiscal period and the estimated value at the end of the 3rd fiscal period is indicated.

*2 The difference between the direct capitalization rate adopted in the real estate appraisal report for each portfolio asset in the calculation of estimated value at the end of the 2nd fiscal period and the direct capitalization rate adopted in the real estate appraisal upon property acquisition is indicated

*3 The difference between the book value at the end of the 2nd fiscal period for portfolio assets and the book value at the end of the 3rd fiscal period for portfolio assets is indicated.

Balance Sheet and Statement of Income

Balance Sheet	2nd fiscal period (As of Feb. 28, 2019) (thousand yen)	3rd fiscal period (As of Aug. 31, 2019) (thousand yen)
Assets		
Current assets	3,078,538	3,030,583
Cash and bank deposits	1,161,697	1,009,178
Cash and bank deposits in trust	1,860,121	1,960,942
Operating accounts receivable	22,951	28,717
Prepaid expenses	33,557	31,354
Other	210	390
Non-current assets	33,623,212	33,599,215
Property, plant and equipment	33,497,562	33,469,409
Tools, furniture and fixtures	79,400	67,221
Buildings in trust	8,762,281	8,747,412
Structures in trust	43,862	43,088
Tools, furniture and fixtures in trust	5,747	5,415
Land in trust	24,606,271	24,606,271
Investments and other assets	125,649	129,806
Long-term prepaid expenses	41,701	32,962
Deferred tax assets	11	13
Lease and guarantee deposits	22,600	22,600
Other	61,336	74,230
Total assets	36,701,751	36,629,798
Liabilities		
Current liabilities	3,786,023	3,783,944
Operating accounts payable	100,769	119,712
Short-term loans payable	1,014,000	1,014,000
Current portion of long-term borrowings	2,336,000	2,336,000
Accounts payable - other	95,119	96,157
Income taxes payable	836	885
Accrued consumption taxes	65,039	25,125
Advances received	173,375	186,235
Other	883	5,827
Non-current liabilities	9,526,612	9,578,262
Long-term loans payable	8,330,000	8,330,000
Tenant leasehold and security deposits in trust	1,196,612	1,248,262
Total liabilities	13,312,636	13,362,207
Net assets		
Unitholders' equity	23,389,114	23,267,591
Unitholders' capital	22,585,746	22,585,746
Surplus	803,368	681,845
Total net assets	23,389,114	23,267,591
Total liabilities and net assets	36,701,751	36,629,798

Statement of Income	2nd fiscal period From: Sept. 1, 2018 To: Feb. 28, 2019 (thousand yen)	3rd fiscal period From: Mar. 1, 2019 To: Aug. 31, 2019 (thousand yen)
Operating revenue	1,312,404	1,348,404
Lease business revenue	1,204,800	1,239,634
Other lease business revenue	107,604	108,769
Operating expenses	455,677	621,883
Expenses related to rent business	333,945	498,836
Asset management fee	79,815	77,234
Asset custody fee	835	825
Administrative service fees	9,902	9,455
Directors' compensations	2,400	2,400
Other operating expenses	28,778	33,130
Operating income	856,727	726,521
Non-operating income	767	14
Interest income	14	14
Interest on refund	752	-
Non-operating expenses	53,351	43,826
Interest expenses	30,776	33,848
Borrowing related expenses	22,575	9,983
Ordinary income	804,142	682,708
Income before income taxes	804,142	682,708
Total income taxes	855	885
Income taxes - current	838	888
Income taxes - deferred	16	-2
Net income	803,287	681,823
Retained earnings brought forward	81	22
Unappropriated retained earnings (undisposed loss)	803,368	681,845

Change in investment unit price

The investment unit price has been stable since IPO.

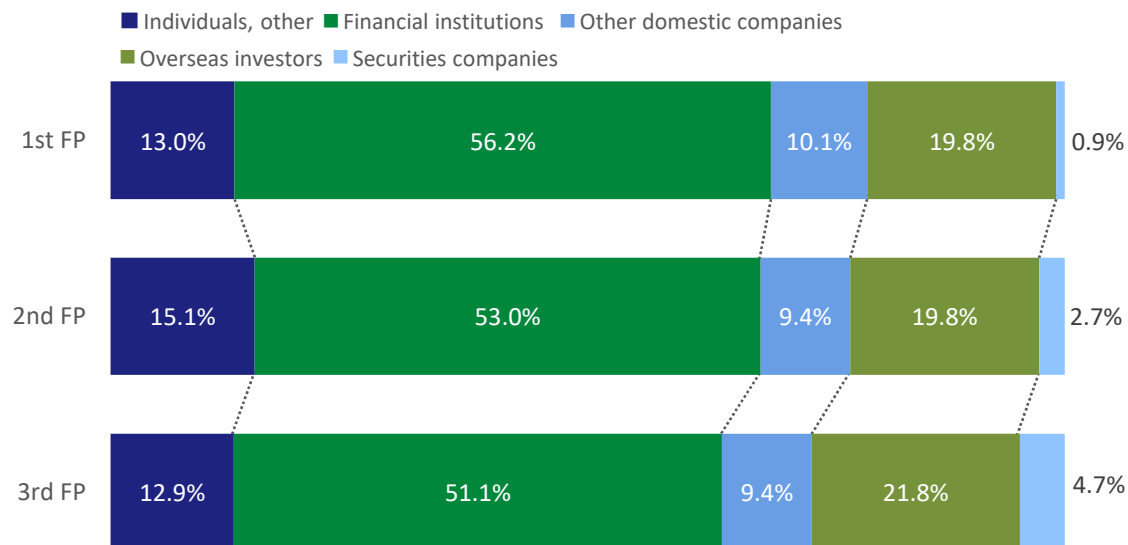
Change in investment unit price | As October 4, 2019



※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.

Status of Unitholders

Share of investment units by owner type



Number of unitholders by owner type

	1st FP	2nd FP	3rd FP
Individuals, other	3,822	4,220	3,892
Financial institutions	41	37	40
Other domestic companies	106	107	88
Overseas investors	70	70	76
Securities companies	16	16	21
Total	4,055	4,450	4,117

Major Unitholders

Note: As of August 31, 2019

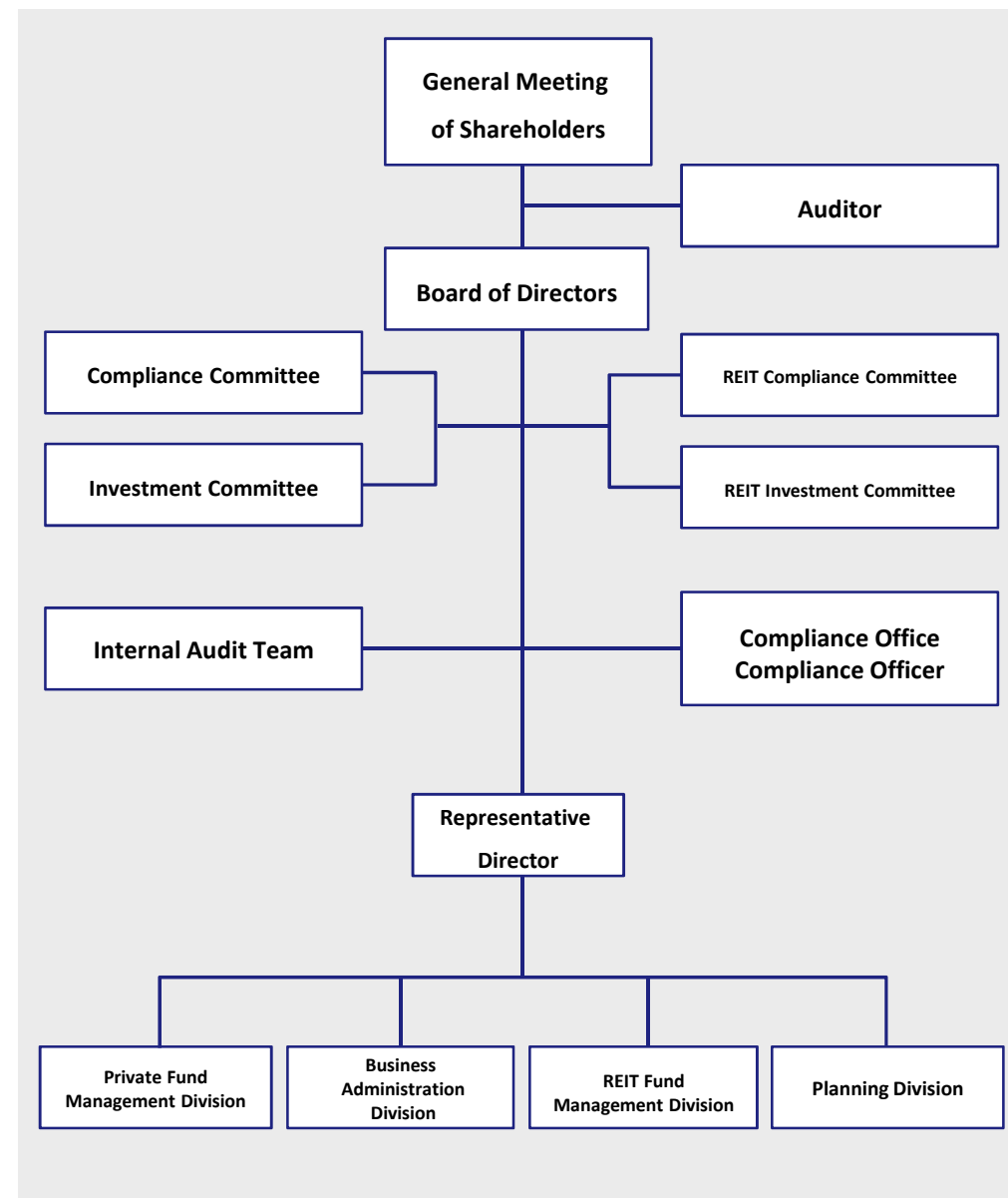
Name	Number of investment units (unit)	Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	37,790	16.9%
Japan Trustee Services Bank, Ltd. (Trust account)	35,602	15.9%
XYMAX Corporation	12,500	5.6%
Trust & Custody Services Bank, Ltd. (Securities investment trust account)	11,043	4.9%
The Nomura Trust and Banking Co., Ltd. (Trust account)	9,474	4.2%
BNP PARIBAS SECURITIES SERVICES LUXEMBOURG / JASDEC / SECURITIES-AIFM	6,925	3.1%
BNP PARIBAS SECURITIES SERVICES FRANKFURT / JASDEC / SGSS DEUTSCHLAND KAPITALANLAGEGESELLSCHAFT MBH FOR REIT ASIEN 1	4,255	1.9%
SIX SIS LTD.	3,844	1.7%
SSBTC CLIENT OMNIBUS ACCOUNT	3,172	1.4%
Aozora Bank, Ltd.	3,158	1.4%
Total	127,763	57.2%

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	35 (as of October 1, 2019)
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

Organization



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