

Supplementary materials

Securities code 3488



XYMAX REIT Investment Corporation

Outline of the “Notice of Acquisition and Leasing of Domestic Real Estate Trust Beneficial Interests(karaksa hotel Sapporo (20% quasi-co-ownership interest))” and “Notice of Revision of Investment Forecast and Distribution Forecast for the fiscal period ending February 2025 (14th Fiscal Period)”

August 28, 2024



| Points of the Asset Replacement |

■ Realizing unrealized gains by selling the asset through the sponsor group's network

- ✓ Difference between the Anticipated sales price and book value of the Asset to be transfer **185 million yen**

■ Acquired 20% quasi-co-ownership of the “karaksa hotel” operated by the sponsor group, using part of the funds by the transfer above

- ✓ The acquisition of a hotel specializing in lodging, which mainly targets **inbound travelers**, with a **rent structure linked to room sales** that can be expected to grow in terms of revenue.
- ✓ **Obtained preferential negotiation rights** the remaining 80% of the quasi co-ownership interest from the seller as the seller is the sponsor, .

■ The asset replacement will improve distributions and expand the asset size, etc.

- ✓ Due to the contribution of gain on sale and the acquisition of the Asset to be acquired, the distribution amount per unit for the fiscal period ending February 2025 is expected to increase by approximately **517 yen** from the amount disclosed in April 2024.
- ✓ Portfolio NOI in the cruising period is expected to increase by about **10.9 million yen**

| Overview of the Asset Replacement |

Asset to be Acquired	
	Seller
	XYMAX GROUP corporation
	Scheduled acquisition date
	September 6, 2024
	Location
	24, Minami-Sanjo Nishi 5-chome, Chuo-ku, Sapporo
	Construction date
	November 17, 2017
	Scheduled acquisition price
	1.06 billion yen
	Appraisal value (as of August 1, 2024)
	1.17 billion yen
	Appraisal NOI yield
	5.2%



Asset to be transfered	
	Transferee
	Not disclosed
	Scheduled transfer date
	September 3, 2024
	Location
	5-13-11, Shiba, Minato-ku, Tokyo
	Construction date
	May 31, 1991
	Book value (As of February 29, 2024)
	704 million yen
	Appraisal value (As of February 29, 2024)
	771 million yen
	Scheduled transfer price
	890 million yen

Estimated Distribution per unit for the 14th fiscal period

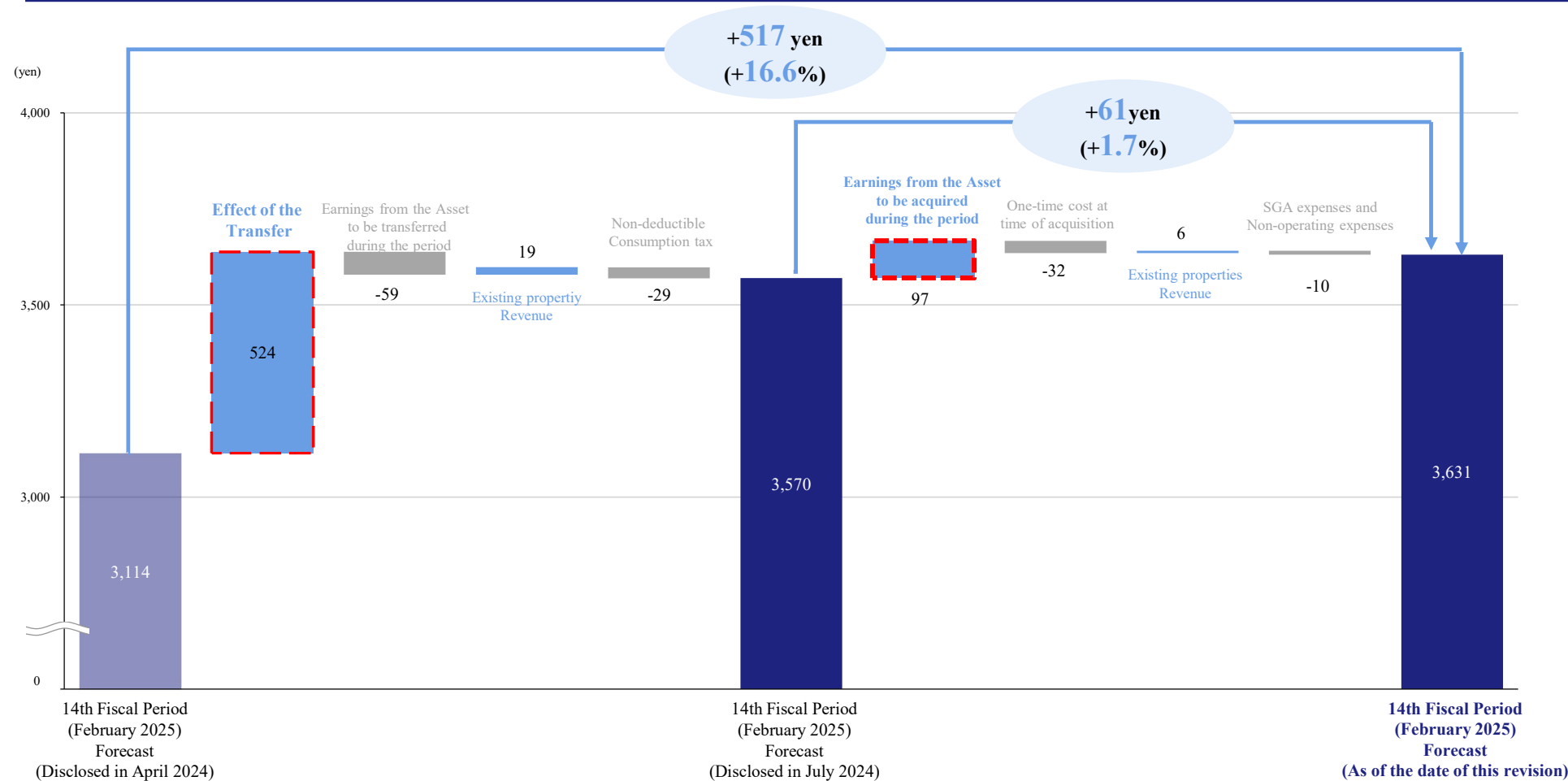
As a result of this asset replacement, the estimated distribution per unit for the 14th fiscal period is expected to be approximately 517yen higher than the forecast as of April 18, 2024.

Expected distribution
for the 14th FP

3,631 yen per unit

+517 yen (+16.6%) compared to the forecast of April 18, 2024, and +61 yen (+1.7%) compared to the forecast of July 29, 2024

Forecast for the 14th Fiscal Period ending February 28, 2025



Outline of the Asset to be acquired



XYMAX REIT Investment Corporation

● karaksa hotel Sapporo



| Analysis by XYMAX REIT |

■ Location characteristics

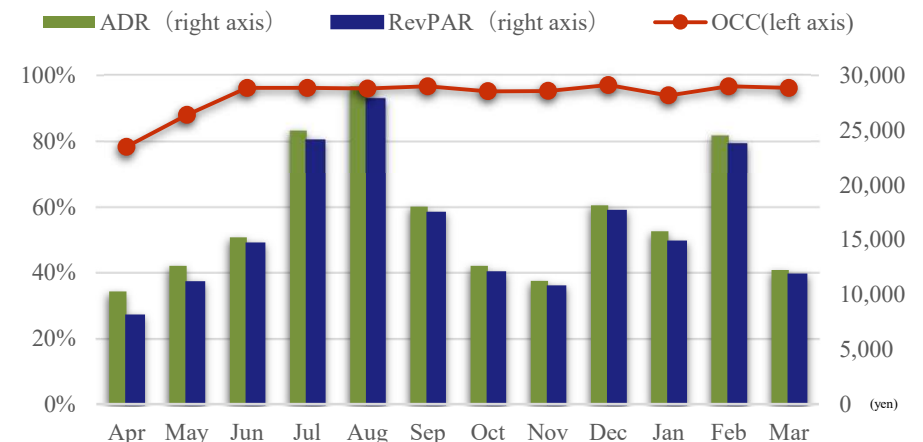
- ✓ Located between Odori Park and Susukino in the center of Sapporo City, an excellent location for sightseeing stays.
- ✓ Facing Tanukikoji Shopping Street, which has approximately 200 stores over a total length of 900m, accessible via the underground shopping mall and arcade directly connected to the nearest stations.

■ Hotel characteristics

- ✓ Own brand operated by the sponsor group KARAKSA HOTELS. One of the six hotels nationwide (as of August 2024)
- ✓ Room layout suitable for traveler needs and maximum number of connecting rooms popular with families and groups
- ✓ In the Sapporo market, where there is a large difference between the demand for accommodations in terms of seasonality and the number of users during the busy season and the quiet season, high occupancy is maintained throughout the year due to variable specifications that allow the use of up to six people.

| Key Indicators (FY2023) |

- Annual average: Room occupancy rate 94.0%, ADR 17,150 yen, RevPAR 16,093 yen, Average length of stay 1.86, Double occupancy ratio 2.26 persons



| Position of karaksa hotel |

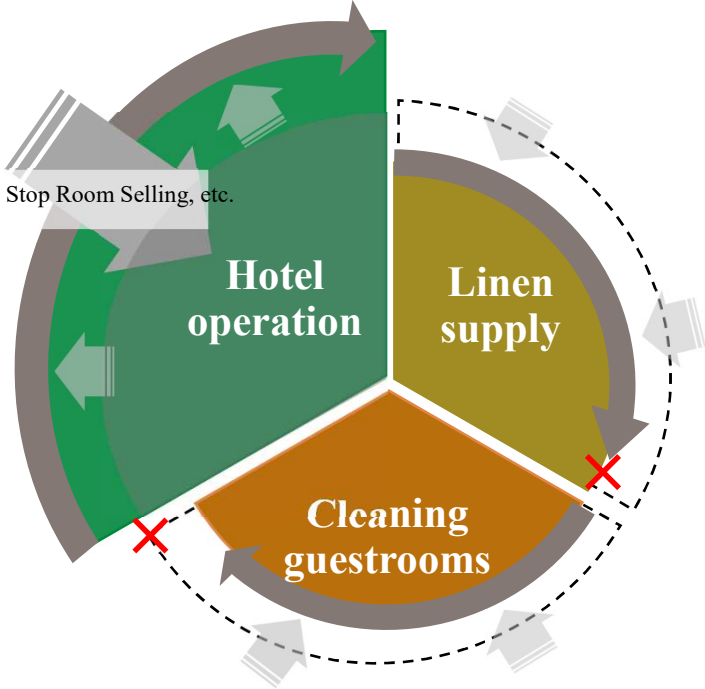
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- The diagram illustrates the market structure of hotels based on room rates and demand. The vertical axis represents 'Room Rates' (Luxury, High-end, Middle, Economy, Budget). The horizontal axis represents 'Demand' (Business, Tourism, Banquets, Weddings; Tourism Demand; Business Demand; Other (non-hotel)).
- Hotel Types and Demand Segments:**
- Full Service Hotels:** City and Resort Hotels (Luxury to High-end rates).
 - Limited Service Hotels (hotels specifically for lodging):**
 - Karaksa Hotel (High-end to Middle rates).
 - Vacation Rentals (Economy to Budget rates).
 - Business Demand:** Business Hotels (Middle to Economy rates).
 - Other (non-hotel):** Passenger Ships, Ryokan (Japanese Inns), B&Bs, Guesthouses.
- Insufficient hotel capacity to meet tourism demand** is indicated in the High-end to Middle rate range for the Tourism Demand segment.

| karaksa hotel Sapporo |

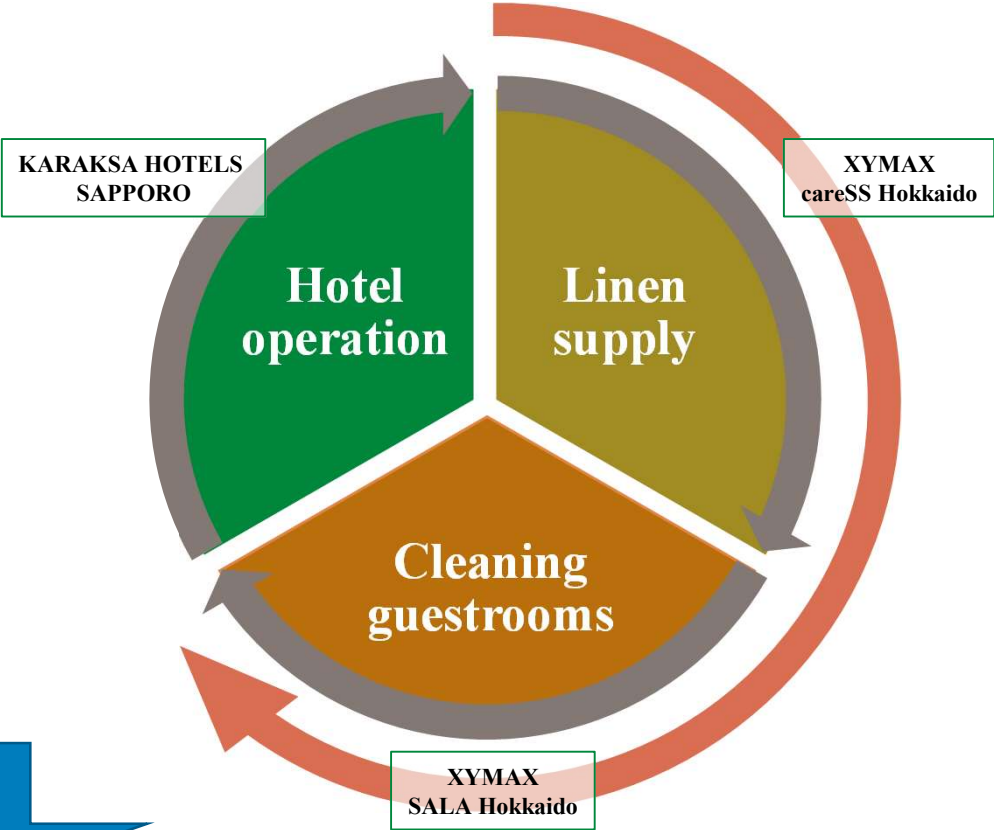


Issues the hotel industry is facing

Due to a lack of human resources and other factors, the supply of guest rooms is not matching the increasing demand for hotel accommodation, and this is becoming a burden on sales of guest rooms.



Eliminate bottlenecks in guestroom supply through group-wide operations



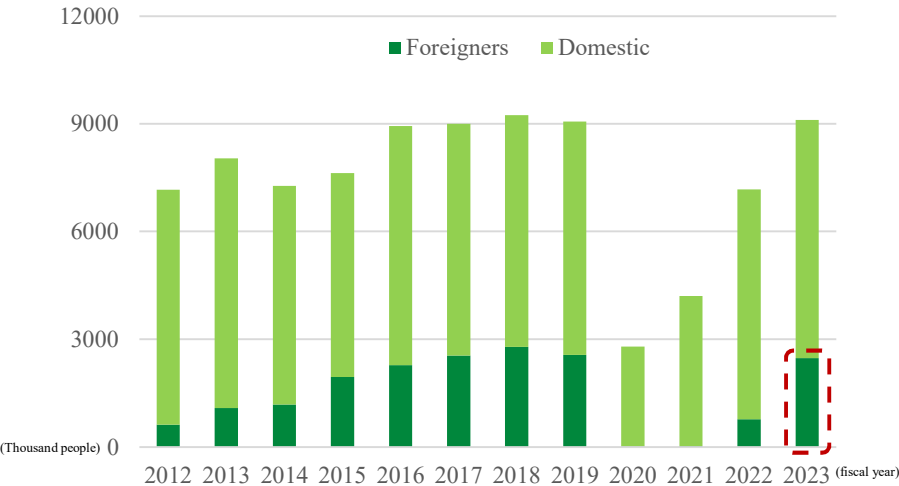
Maximize hotel sales by achieving high occupancy and high quality through the internalization of guest room supply-related businesses.



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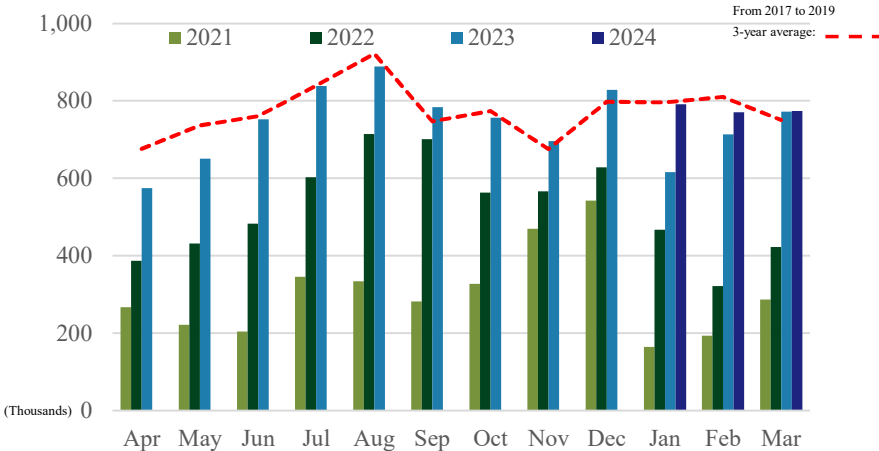
- The number of guests decreased significantly due to the impact of COVID-19 but has been on the rise since 2021. In 2022, the number of foreign overnight stays increased as border measures were lifted, and by 2023, the number had recovered to 23.7% of the total. In addition, the summer season in Sapporo is popular as a summer resort, with the largest number of guests staying in August. The winter season is slow except for the Snow Festival season. However, due to the growth of the inbound tour, it has recently recovered to the pre-COVID-19 level, and growth can be expected in the future.

Changes in the total number of guest nights in Sapporo |



Source: Japan Tourism Agency, Survey of Visitors' Travel

Changes in the total number of guest nights in Sapporo (by month) |



Source: Japan Tourism Agency, Survey of Visitors' Travel

- The number of passengers (domestic flights) at New Chitose Airport will fully recover from 2022, reaching the level before the COVID-19 in 2023. The number of passengers (international flights) will resume from the summer of 2022, and a recovery trend is expected. Growth is expected in 2024 due to resumption of service with multiple cities and new service.
- According to the facility development plan, over the next 30 years from 2017, 295 billion yen will be invested in facilities to improve the airline network and the environment for receiving airlines, and it is expected that this will lead to an increase in the incoming flow of passengers.

Flight Routes from New Chitose Airport |

New and resumed	Month of service and resumption	Airline	Route
Increase in flights	Jan 2024	Korean Air	Sapporo-Seoul
New and resumed	Jan 2024	Shenzhen Airlines	Sapporo-Shenzhen
New and resumed	Jan 2024	China Airlines	Sapporo to Taipei
New and resumed	May, 2024	Thai Airways International	Sapporo-Bangkok
New and resumed	Jul 2024	Eastar Jet	Sapporo-Seoul
New and resumed	End of 2024	Really Cool Airlines	Sapporo-Bangkok

Source: Ministry of Land, Infrastructure, Transport and Tourism “Airport Management Status”, New Chitose Airport HP (August 2024)



Source: New Chitose Airport HP (August 2024)

Changes in the number of passengers at New Chitose Airport |



Source: Compiled from “Airport Management Status” by the Ministry of Land, Infrastructure, Transport and Tourism and “Master Plan” by Hokkaido Airports Co., Ltd.

Unless otherwise noted, the figures in this document are rounded down to the nearest displayed unit, and percentages are rounded to the nearest displayed unit. Therefore, the totals for each item may not match.

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- (Note 1) The “effect of the Transfer” is the amount obtained by subtracting the amount after deducting various expenses associated with the transfer from Transfer price of the Asset to be transferred and dividing the result by total number of investment units issued and outstanding at the end of the period (forecast): 249,650 units.
- (Note 2) “Earnings from Asset to be transferred during the period” refers to the amount of projected earnings for the period from the scheduled Transfer date (September 3, 2024) to the end of the 14th fiscal period (February 28, 2025).
- (Note 3) “Earnings from Asset to be acquired during the period” refers to the amount of expected revenue for the period from the scheduled acquisition date (September 6, 2024) to the end of the 14th fiscal period (February 28, 2025).
- (Note 4) “Existing properties revenue” refers to the revenue from existing properties excluding the assets to be transferred, which was expected at the time of the announcement of the financial results for the 12th fiscal period (ended February 2024), and which has changed as per the assumptions in the “Notice of Revision of Investment Forecast and Distribution Forecast for the fiscal period ending February 2025 (14th Fiscal Period)” disclosed today.
- (Note 5) “One-time cost at time of acquisition” refers to various costs associated with the acquisition of the Asset to be acquired.