



XYMAX REIT Investment Corporation

Presentation Materials

for the 7th Fiscal Period Ended August 2021

Securities Code: 3488



Basic Principles and Characteristics of XYMAX REIT

XYMAX REIT accurately assesses 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.

Contents

I. Overview of Financial Results & Earnings Forecasts

II. Investment Status and Growth Strategy

III. ESG

IV. Appendix

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 rounded off to 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	XYMAX Mita Building	: Mita
Muza Kawasaki	: Muza	Life Kawasaki Miyuki Store	: Kawasaki Miyuki
Vita Seiseki-Sakuragaoka	: Seiseki-Sakuragaoka	Life Fukuizumi Store	: Fukuizumi
The Park House Totsuka Front (the Retail Portions of 1st and 2nd Floors)			: Totsuka
Hotel Vista Sendai	: Sendai	Renaissance 21 Chihaya	: Chihaya



XYMAX REIT Investment Corporation

Overview of Financial Results & Earnings Forecasts



Amid the continuing impact of COVID-19 and the repeated declarations of states of emergency, our financial results exceeded the forecasts at the beginning of the FP.

<p>Overview of financial results</p>	<ul style="list-style-type: none"> ● Operating revenue: 1,305 million yen, operating income: 701 million yen, net income: 647 million yen ● Distribution per unit: 2,900 yen (-0.4% compared with the previous FP, +4.0% compared with the forecasts at the beginning of the FP) ● NAV per unit: 145,749 yen (+0.2% compared with the previous FP)
<p>Internal growth</p>	<ul style="list-style-type: none"> ● The average economic occupancy rate of offices (excluding Mita) during the period reached 95.1%, an increase of +0.4% compared with the forecasts at the beginning of the FP. There were no additional requests to reduce rents, which caused a fluctuation in business performance. We also succeeded to increase the rent for some office tenants. ● The hotels were severely impacted by the fourth and fifth waves of COVID-19, something that had not been anticipated at the beginning of the FP. This resulted in a GOP of 32% compared with the same period in 2019 (-13.7% compared with the forecasts at the beginning of the FP). ● The occupancy of retail properties and residential properties was stable, and this supported profits.
<p>External growth</p>	<ul style="list-style-type: none"> ● Acquired Mita and Totsuka during this period. (Total acquisition price for the two properties: 1,208 million yen; appraisal NOI yield: 5.2%; appraisal NOI yield after depreciation: 4.4%) ● An improvement effect of approx. 70 yen in DPU is expected during the stabilization period. ● The ZXY, a satellite office operated by XYMAX Corporation is a tenant of Totsuka.
<p>Financial strategy ESG</p>	<ul style="list-style-type: none"> ● Additional funds were borrowed to acquire Mita and Totsuka. ● Remaining borrowing capacity (up to 50% of LTV based on total assets) is approx. 10.8 billion yen, and certain level of remaining capacity for financing is being maintained. ● From the 8th FP, we decided to switch electricity sources to electricity generated with 100% renewable energy sources at several properties.

Overview of Financial Results (1)

Operating revenue was 1,305 million yen, up 1.1% from the latest forecast; profit was 647 million yen, up 4.0%.

	Unit: million yen		
	Forecast for the 7th FP (A)	Actual results for the 7th FP (B)	Difference (B)-(A)
Operating revenue	1,291	1,305	+13
Operating expenses	614	604	-10
Operating income	676	701	+24
Ordinary income	623	648	+24
Net income	622	647	+24
Distribution per unit (yen)	2,788	2,900	+112

Unit: million yen		Convert to DPU
Main factors for difference (+: Incremental factors, -: Decremental factors)		
Operating revenue		
Increase in operating revenue through the acquisition of Mita and Totsuka	+14.1	+63 yen
Downturn in variable rent of hotel	-8.6	-38 yen
Upswing in residential rent income	+4.8	+21 yen
Upswing in existing office properties'(excluding Mita) rent income	+4.4	+19 yen
Operating Expenses		
Downturn in leasing costs due to steady re-leasing and lower than expected vacancy rate	+14.4	+64 yen
Increasing in various cost of sales through the acquisition of Mita and Totsuka	-7.7	-34 yen
Increasing in SG&A costs through the acquisition of Mita and Totsuka	-2.5	-11 yen

* Days of 7th FP: 184 days

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

Portfolio

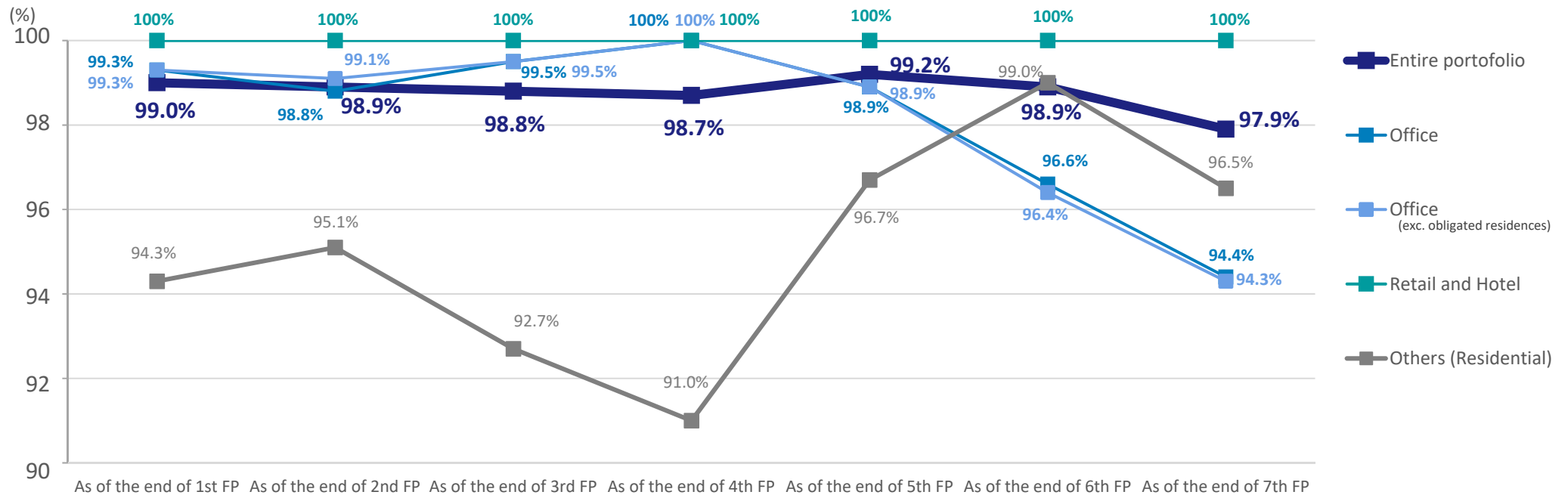
Asset size	15 properties 35,313 million yen
Estimated value at the end of period	45,887 million yen
Unrealized gain	9,976 million yen (Unrealized gain ratio 27.8%)
NOI yield*	5.5%

Financial Status

Interest-bearing liabilities at the end of period	14,050 million yen
LTV based on total assets	36.1% (Appraisal LTV 28.7%)
Net asset per unit	101,100 yen
NAV per unit	145,749 yen

*annualized actual NOI for the 7th FP ÷ total acquisition price

Contract Occupancy Rates by Asset Type



Financial Status as of the End of the 7th FP

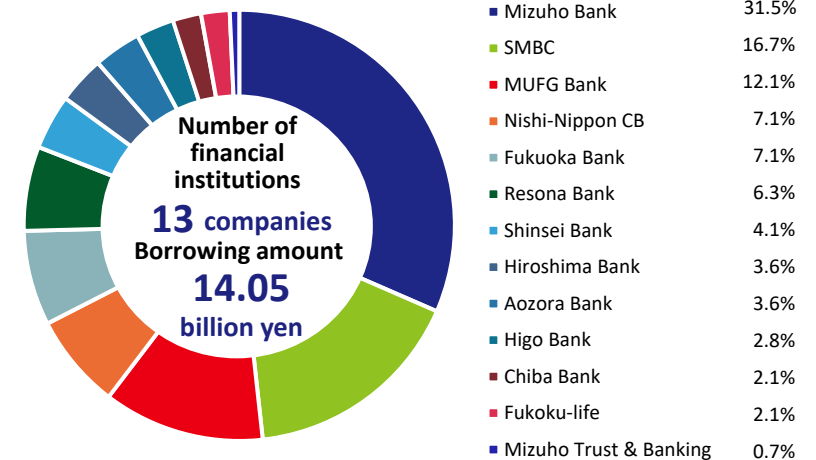
XYMAX REIT establishes a financial base that puts emphasis on stability and soundness and provides flexibility in financing.

Borrowing status

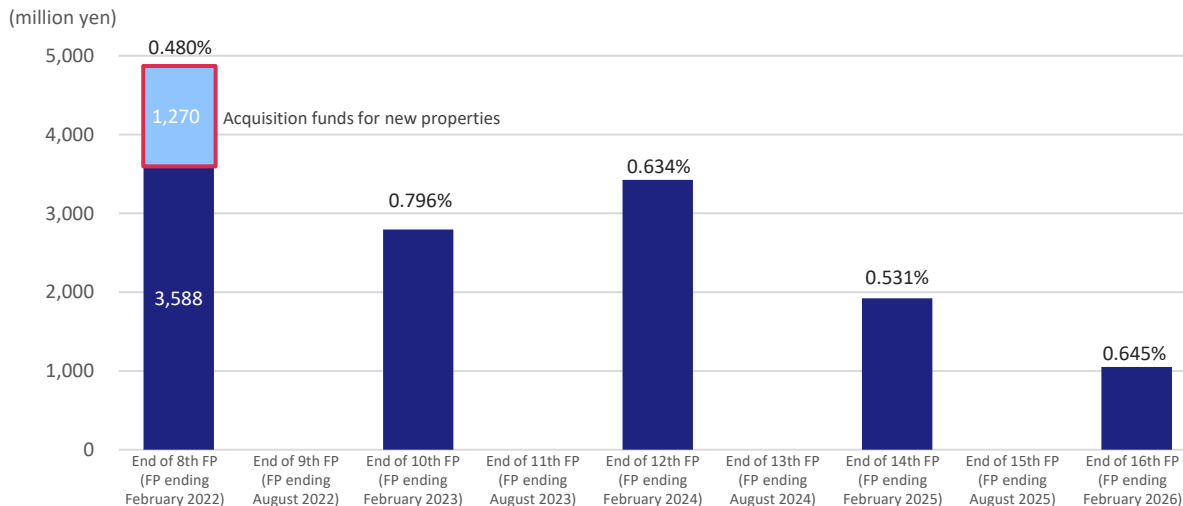
Constructing a wide range of and stable lender formation mainly with mega banks and local banks that have a financial and business relationship with sponsors

Balance of interest-bearing debts	Average remaining period	Average interest rate
14.05 billion yen	1 years 9 months	0.581% 0.636% (excl. bridge loan)
Fixed interest rate ratio	Long-term loan ratio	LTV based on total assets
81.0%	87.4%	36.1%

Lender formation



Maturity ladder and average interest rate for each repayment period



Overview of borrowings for two new acquisitions

- Borrowed as a short-term bridge loan until the end of January 2022
- The borrowing is expected to become a long-term loan together with the existing loans at the refinancing at the end of January 2022

Amount	1.27 billion yen
Borrowing period	7 months
Interest rate	1-month Japanese Yen TIBOR +0.15%
Average interest rate during the period	0.235%

Earnings Forecast for the 8th FP ending February 2022

	Unit: million yen				Unit: million yen	
	Actual results for the 7th FP (A)	Initial forecast for the 8th FP	Forecast for the 8th FP(B)	Difference (B)-(A)	Main factors for differences in the result for the 7th FP and forecasts for the 8th FP (+: Incremental factors, -: Decremental factors)	Convert to DPU
Operating revenue	1,305	1,321	1,383	+78	Operating revenue	
					Increase in hotel rent (revive of fixed rent)	+65.5 +293 yen
Operating expenses	604	615	643	+39	Increase in operating revenue due to full-year operations of Mita and Totsuka	+29.1 +130 yen
					Absence of lump sum income	-18.0 -80 yen
Operating income	701	706	740	+38	Increase in utility revenues of existing properties	+5.7 +25 yen
Ordinary income	648	641	665	+17	Operating expenses	
					Increase in cost of sales due to full-year operations of Mita and Totsuka	-12.5 -56 yen
Net income	647	640	664	+17	Normalization in repair costs for existing properties (excluding Mita and Totsuka)	-8.4 -37 yen
					Increase in utility costs of existing properties (excluding Mita and Totsuka)	-7.4 -33 yen
Distribution per unit (yen)	2,900	2,867	2,977	+77	Increase in SG&A costs of Mita and Totsuka	-5.5 -24 yen
Days	184	181	181	-3	Non-operating revenues and expenses	
					Increase in borrowing related expenses, etc.	-19.4 -86 yen

Earnings Forecast for the 9th FP ending August 2022

	Unit: million yen			Unit: million yen		
	Forecast for the 8th FP(A)	Forecast for the 9th FP(B)	Difference (B)-(A)	Main factors for differences in the forecast for the 8th FP and forecasts for the 9th FP (+: Incremental factors, - : Decremental factors)	Convert to DPU	
Operating revenue	1,383	1,387	+3	Operating revenue		
Operating expenses	643	654	+10	Increase in office rent income	+13.1	+59 yen
Operating income	740	732	-7	Decrease in retail rent income	-6.3	-28 yen
Ordinary income	665	674	+8	Operating expenses		
Net income	664	673	+8	Normalization in leasing costs	+7.8	+35 yen
Distribution per unit (yen)	2,977	3,013	+36	Increase in tax and public dues on existing properties (excluding Mita and Totsuka)	-3.5	-15 yen
Days	181	184	+3	Increase in tax and public dues Posting of tax and public dues for Mita and Totsuka	-3.1	-14 yen
				Non-operating revenues and expenses		
				Decrease in borrowing related expenses, etc.	+18.2	+81 yen



XYMAX REIT Investment Corporation

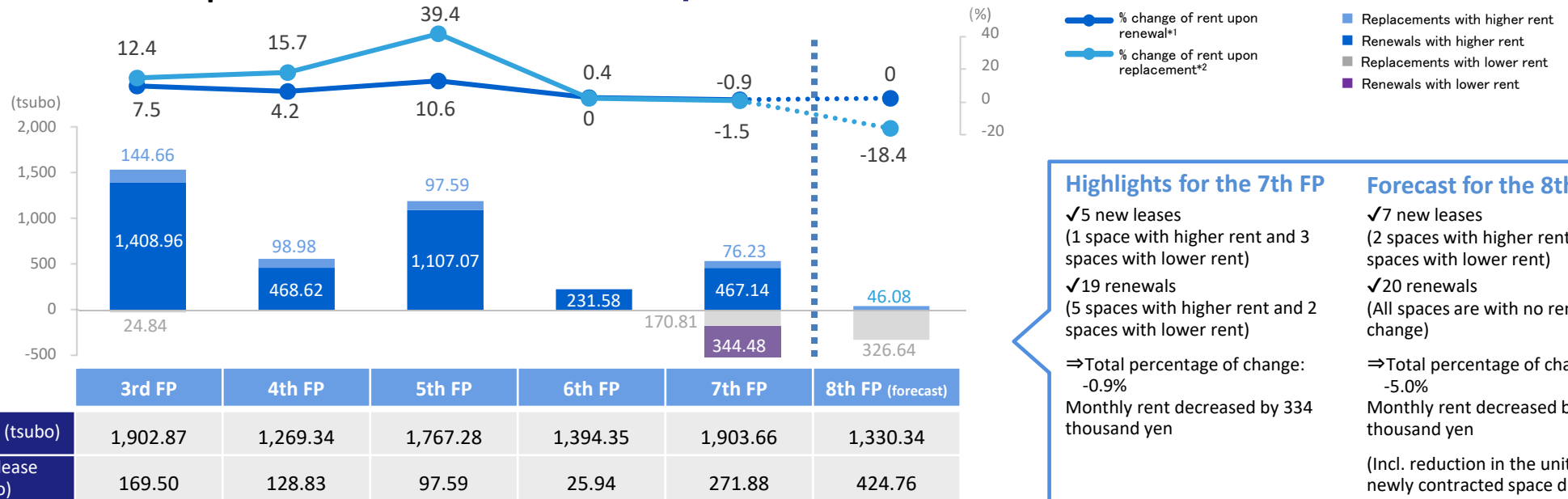
Investment Status and Growth Strategy



Recognition of the Current Situation and Key Point for the Future

	Recognition of the Current Situation	Key Point for the Future
Internal Growth	<p>Office</p> <ul style="list-style-type: none"> Vacancy rates are rising and also newly contracted rents are falling, and the downtrend in the office tenant market is continuing. The workplace diversification is accelerating, however, the dominance of the city center as the main office location has not changed. In conjunction with changes in “how real estate is used,” office tenants are moving into previously untapped locations and properties. <p>Retail</p> <ul style="list-style-type: none"> Although varying by industry and business size, generally, facilities located in suburbs of a large city and selling daily necessities are generating strong sales. <p>Hotel</p> <ul style="list-style-type: none"> With the improvement in the vaccination rate, the movement of people in Japan will gradually return to normal. However, the recovery in the number of guests from overseas is expected to take more time. While the accommodation market will begin to go back to normal levels, the recovery of GOP to pre-COVID-19 levels is expected to take more time. 	<p>Office</p> <ul style="list-style-type: none"> Pursue the maximization of income by Leveraging the sponsor group’s network to identify trends in the market and tenants at an early stage, and by determining the market value of individual asset and status of tenants. Reduce the risk of existing tenants leaving through careful management, including reinforcing relationships with tenants and infection countermeasures. <p>Retail</p> <ul style="list-style-type: none"> While almost all tenants have fixed rent contracts, we closely monitor sales trends to grasp the business circumstances of each tenant. In conjunction with the changes in how retail properties are used, we intend to maintain and improve asset value in leasing by considering a wide array of industries beyond the existing industries. <p>Hotel</p> <ul style="list-style-type: none"> Closely monitor trends for RevPAR and GOP while also practicing effective cost management.
External Growth	<ul style="list-style-type: none"> Intensified competition for properties continues in the buying/selling market. It is important to capture the trends in real estate demands that affect “how real estate is used” and to make investment decisions that consider the stability and potential of revenues of the targeted property. 	<ul style="list-style-type: none"> Maintain a certain level of yields, accurately determine the profit stability and growth potential of properties, and pursue expansion of property “pipelines” and the asset size. Cooperate with sponsor groups and gain exclusive sales information. Also consider asset replacements that return unrealized gain to unitholders, while maintaining an asset size.
Financial Strategy ESG	<ul style="list-style-type: none"> No major changes in financial institutions’ attitude for financing ESG-related movements, including decarbonization initiatives, are being accelerated. 	<ul style="list-style-type: none"> Continue to deepen lender relationships and search for new banks Continue to invest in real estate that reduces the environmental burden.

Status of tenant replacement and contract renewal • Eight office properties (exc. obligated residences)



Highlights for the 7th FP

- ✓5 new leases (1 space with higher rent and 3 spaces with lower rent)
- ✓19 renewals (5 spaces with higher rent and 2 spaces with lower rent)

⇒ Total percentage of change: -0.9%
Monthly rent decreased by 334 thousand yen

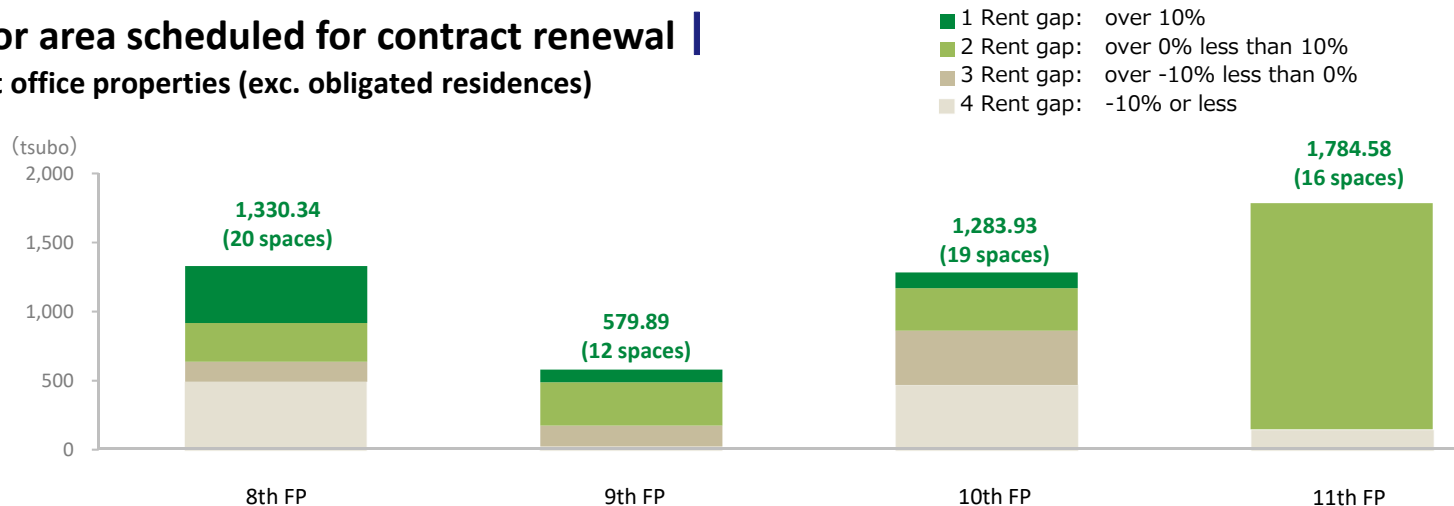
Forecast for the 8th FP

- ✓7 new leases (2 spaces with higher rent and 4 spaces with lower rent)
- ✓20 renewals (All spaces are with no rent change)

⇒ Total percentage of change: -5.0%
Monthly rent decreased by 1,139 thousand yen
(Incl. reduction in the unit rent of a newly contracted space due to a change of use from retail to office)

Floor area scheduled for contract renewal

• Eight office properties (exc. obligated residences)



Rent gap*3 at the end of 7th FP

*4 Assumed new unit rent: 16,146 yen/tsubo
*4 Unit rent for existing contracts: 16,222 yen/tsubo

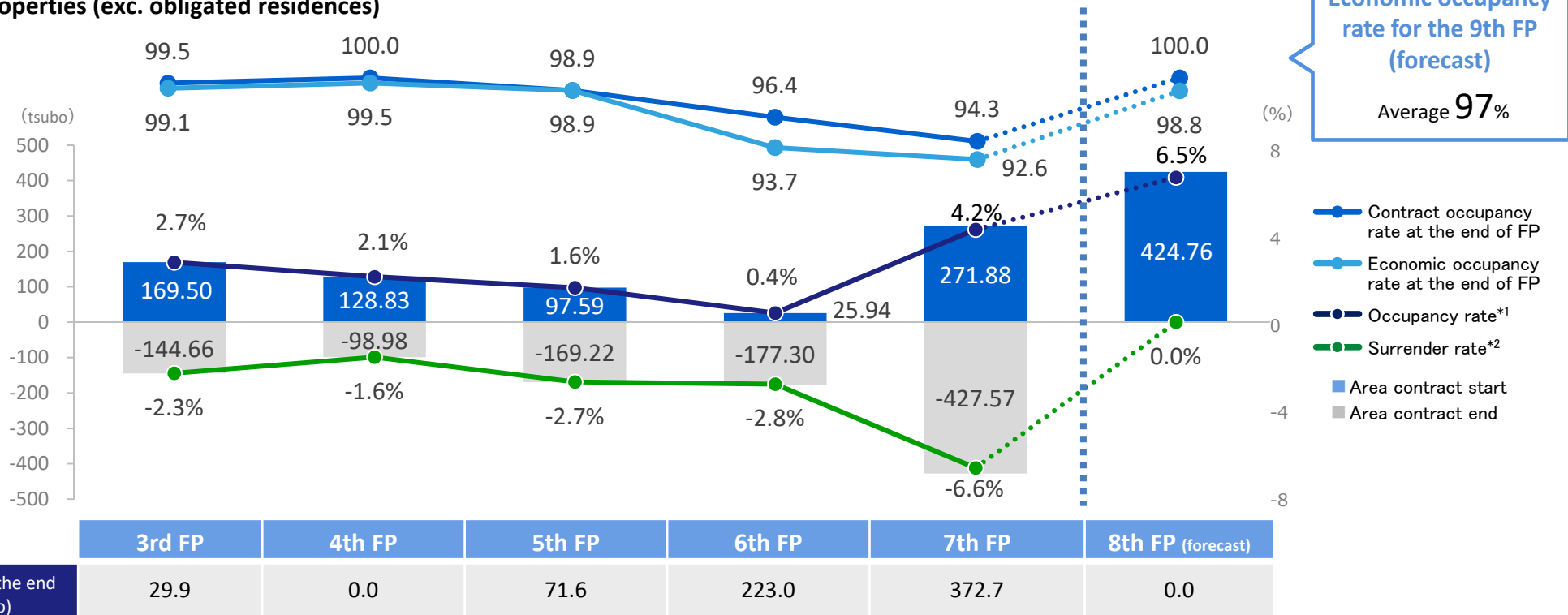
Rent gap vs. assumed new rent
Eight office properties: 0.4%
*5 Seven office properties: -0.8%

Status of Renewal for the 8th FP
Over 70% in area with rent gaps of 10% or more have been renewed with same rents

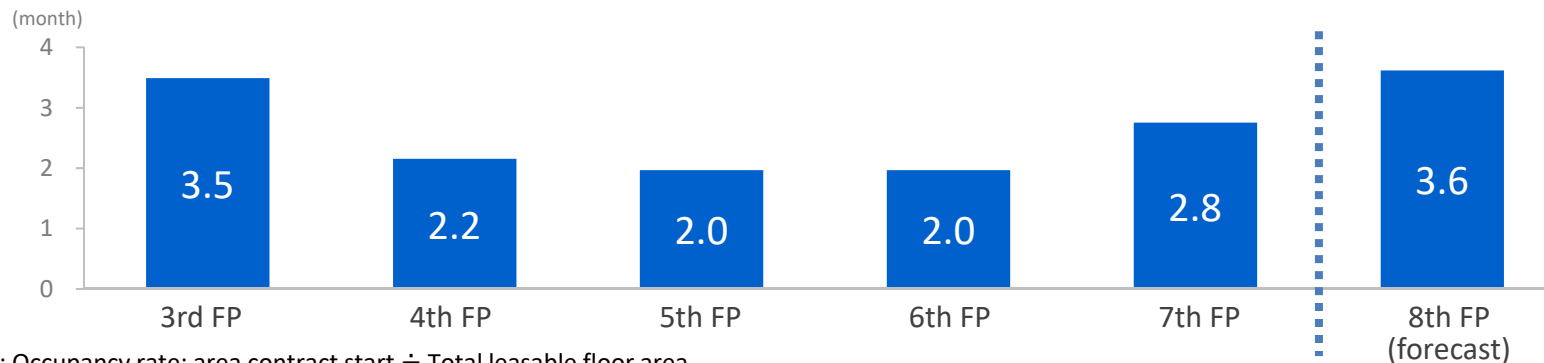
*1: % change of rent upon renewal: (rent that includes CAM revenue after renewal – rent that includes CAM revenue before renewal) ÷ rent that includes CAM revenue before renewal
 *2: % change of rent upon replacement: (rent that includes CAM revenue after tenant replacement – rent that includes CAM revenue before tenant replacement) ÷ rent that includes CAM revenue before tenant replacement
 *3: Rent gap (contractual unit rent – assumed new unit rent) ÷ assumed new unit rent *4: The various unit rents: using a monthly unit rent that includes common area maintenance revenue, to which is applied a weighted average in proportion to the leased floor area at the eight office properties *5: Seven office properties: office properties excluding Hachioji

Status of occupancy rate & tenant replacement and surrendered

• Eight office properties (exc. obligated residences)



Average of free rent duration • Eight office properties (exc. obligated residences)



*1: Occupancy rate: area contract start ÷ Total leasable floor area

*2: Surrender rate: area contract end ÷ Total leasable floor area

Current workplace trends

- ✓ COVID-19 has accelerated **the diversification of the workplace** → Future in-office work plans vary by **company size and industry**
- ✓ Companies that are diversifying their workplaces are requiring **different function to be furnished for each type of workplace**.

Workplace	Feature of workplace	Function of a workplace
Main offices	A base as a “place of gathering” for employees → A base for resolving the issues of remote working (difficulties in communication and organizational management)	<ul style="list-style-type: none"> • A convenient location for employees to gather (city center) • Safe building (seismic resilience and security) • A hygienically clean and well-maintained building
Non-main offices	A base as a space to work during idle time as well as a place to work near home → A base contributing to the effective use of time and the employees’ well-being	<ul style="list-style-type: none"> • A location close to destinations to visit and employees’ homes • High security performance • Internet environment (safe Wi-Fi environment)

- ✓ In conjunction with the changes in **“how real estate is used,”** office tenants are moving into properties in previously untapped locations and new types of assets.
Example: satellite office tenants are moving into retail facilities in front of stations in Tokyo metropolitan suburbs
- ✓ Corporate workplace strategies are changing, and it is necessary **to continually gather information** on “how real estate is used.”

Advantages of XYMAX REIT

<ul style="list-style-type: none"> ✓ Knowledge and know-how of XYMAX Group 	<ul style="list-style-type: none"> ● Capturing trends on “how real estate is used” for uses and locations through the real estate management business ● Capturing trends in corporate office strategies through the ZXY business ● Research and studies on real estate by XYMAX REAL ESTATE INSTITUTE Corporation
<ul style="list-style-type: none"> ✓ Central office 	<ul style="list-style-type: none"> ● Locations near stations in city centers and a reasonable rent unit price suitable for main offices and meeting places ● Confirmation of buildings’ capacity by using the “strength of assessment” ● Maintenance and management of buildings by using the “strength of management”
<ul style="list-style-type: none"> ✓ Suburban offices ✓ Suburban retail properties 	<ul style="list-style-type: none"> ● Competitive edge when finding new tenants by using the strengths of “assessment” and “management” (Hachioji) ● Capturing needs of workplaces close to homes → A satellite base operated by a certain company moved into Hachioji and ZXY, the satellite office service, moved into Totsuka

Current status of the operator

- ✓ Civil rehabilitation proceedings will be completed in October 2021 and a new sponsor is expected to become the 100% shareholder of the operator.
- ✓ Sendai is one of the better-performing properties of the operator and will continue being a focal point in the operator’s business management.
→ On-time rent payment including fixed rent from September, 2021 has continued.

Lease conditions

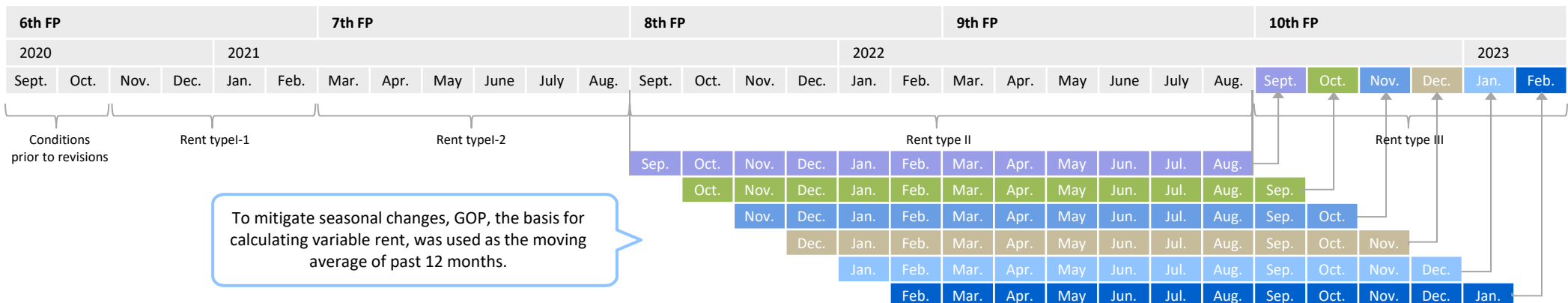
		Demand for accommodation	Rent type	Fixed rent	Variable rent
Lease conditions up to October 2020		—	—	240 million yen/year	(Annual GOP – 252 million yen) × α%
Lease conditions from November 2020	Nov. 2020 - Feb. 2021	Slump period	I-1	None	GOP for the current month × β%*
	Mar. 2021 - Aug. 2021		I-2	None	GOP for the current month × γ%*
	Sep. 2021 - Aug. 2022	Recovery period	II	20 million yen/month	(GOP for the current month – 21 million yen) × α%**
	After Sep. 2022	Stable period	III	20.5 million yen/month	(GOP for the past 1 year / 12 – 21.5 million yen) × α%**

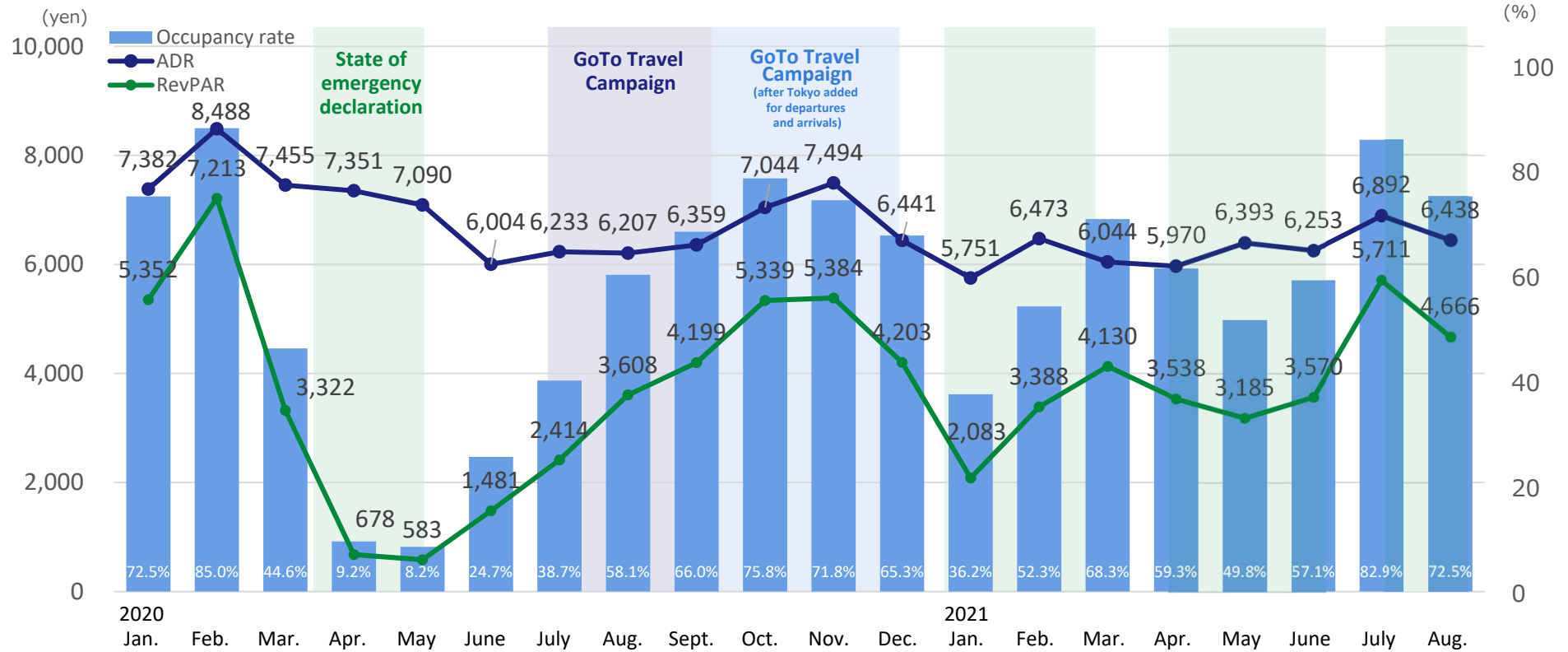
Revival of fixed rent

Recovering the portion of reductions or waivers over the long term

<Illustrative rent calculation image>

*0 yen, if the GOP for the month is negative
**0 yen, if the results of the calculation are negative





[RevPAR compared to the same month (%)]

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug
vs. 2019	-2.0	-4.8	-54.8	-92.0	-92.9	-81.3	-69.6	-62.1	-49.1	-34.5	-36.1	-42.6	-61.9	-55.3	-43.8	-58.2	-61.3	-54.9	-28.2	-51.0
vs. 2020													-61.1	-53.0	124.3	521.5	546.1	241.0	236.5	129.3
GOP index*	100.0	149.3	24.4	-65.5	-59.5	-21.9	10.1	48.0	64.8	110.7	102.4	74.2	-20.3	27.0	78.0	47.8	39.3	56.0	118.4	72.0

*Calculated using the January 2020 GOP as 100

[Operating KPIs latest of 3 fiscal period and forecasted rent for the 8th and 9th FP]

	5th FP	6th FP	7th FP
ADR	6,587 yen	6,693 yen	6,364 yen
Occupancy rate	30.7%	61.3%	65.1%
RevPAR	2,024 yen	4,104 yen	4,140 yen

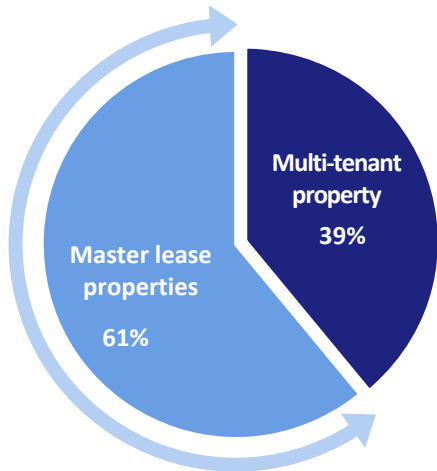
Based on recovery trends in accommodation demands, the forecasts assume the receipt of fixed rent only in the 8th and 9th FP

Portfolio Status: Retail Properties of XYMAX REIT

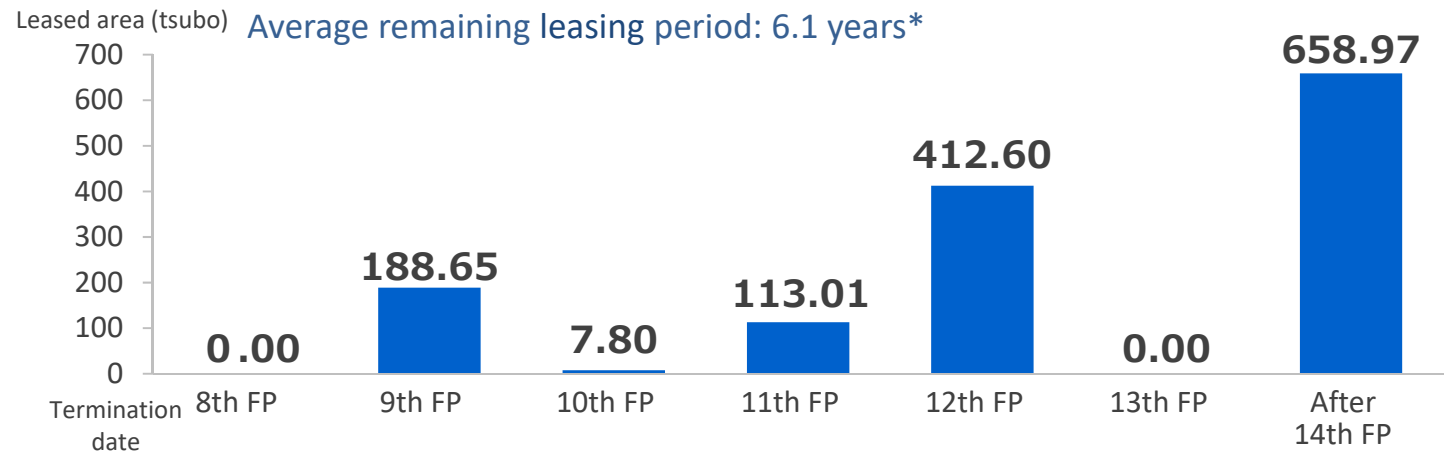
The impact of COVID-19 has been minimal, and we have been enjoying stable rent revenue.

- ✓ All retail properties owned by XYMAX REIT are located in the suburbs of large metropolitan areas, where robust business conditions are expected for tenants.
- ✓ Most of the tenants to the master lease properties are daily use type of business with steady sales.
- ✓ Although the tenants of multi-tenant retail property (Muza) include restaurant tenants and service tenants, sales are kept at a certain level.
- ✓ In conjunction with changes in how retail facilities are used, we intend to maintain and improve asset value in leasing by considering a wide array of industries beyond the existing industries.

Properties of XYMAX REIT



Termination date of lease term for multi-tenant retail properties (based on contract area)



Breakdown of properties by type (Based on rent revenue)

Trends for tenants of retail properties

- Termination notice received : **2 spaces** (terminate at 9th FP): One of the spaces is in the process of promising negotiations.
- Rent reduction, deferment of payment, bankrupt tenants, delayed rent payments: **None**

*Average remaining leasing period: Remaining leasing period of each multi-tenant retail property (Muza, Totsuka) × leased floor area of each tenants ÷ total leased floor area

Overview

● XYMAX Mita Building



Small office building expected to generate robust demand

- Located in a hub of office buildings where many major companies have their head offices
- Superior access to major business areas and full office-support services, including neighboring restaurants
- In addition to renovating the interior, rental conditions that are attractive to up-and-coming companies, such as reduced costs when moving in and out, have been adopted.

Acquisition price	668 million yen
Appraisal value	727 million yen
Appraisal NOI yield	5.0%
Location	5-13-11, Shiba, Minato-ku, Tokyo
Access	Mita Station on the Toei Mita Line 5 minutes on foot JR Tamachi Station 7 minutes on foot
Leasable area	741.41m ²
Occupancy rate (as of September 2021)	89.7%

● The Park House Totsuka Front (the Retail Portions of 1st and 2nd Floors)



Suburban station-front retail facility where ZXY is a tenant

- Located in front of Totsuka Station with a residential area in the back
- Tenants include a clinic, a pharmacy, and ZXY, that target neighboring residents and are minimally affected by COVID-19, including decreases in revenues.
- XYMAX Group had been involved from the development phase of this property

Acquisition price	540 million yen
Appraisal value	622 million yen
Appraisal NOI yield	5.5%
Location	4018-1, Totsuka-cho, Totuska-ku, Yokohama-shi, Kanagawa
Access	JR Totsuka Station 3 minutes on foot Totsuka Station on the Shiei Subway Blue Line 3 minutes on foot
Leasable area	861.60m ²
Occupancy rate (as of September 2021)	100.0%

External Growth – Continue to implement measures for external growth–

XYMAX REIT will continue to focus on asset type and consider acquisition of properties in accordance with the portfolio strategy. We will continue our **sourcing activities to determine the fundamental value of the target properties**, with an awareness of the balance between DPU growth and financial soundness.

Acquisition policy

- We intend to build new property pipelines by selecting prime properties from the rich property information gained from the sponsor network and carefully examining them at the Asset Management Company.
- In addition to growing our asset size through acquisitions with borrowings that capitalize on low LTV levels, we are considering asset replacements that return unrealized gain to unitholders, while maintaining asset size. We intend to improve the quality our property portfolio as well as increase asset size.

LTV level vs. total assets as of the end of the 7th FP: 36.1%

	5th FP	6th FP	7th FP
Number of pieces of information acquired from sponsor group	1,008	899	807
Number of properties under consideration by XYMAX REIT	26	18	20

LTV level vs. total assets	Possible loan amount	Appraisal LTV
40%	Approx. 2.5 billion yen	32.3%
45%	Approx. 6.3 billion yen	36.9%
50%	Approx. 10.8 billion yen	41.7%

Properties under consideration

Total property pipeline size of five properties: Over 12.0 billion yen

Location	Asset type	Source	Focused point
23 wards of Tokyo	Office	CRE client	There is a rent gap between the current rent and market rent for some tenants, therefore, internal growth is expected at the time of lease contract renewals and tenant replacements This property is located in residential areas, where a broad range of tenant needs are expected
Local ordinance-designated City	Office	Property management business relation	A rare new office building in the city where the property is located and occupied by a highly credit-worthy tenant as the anchor tenant
Core regional city	Retail properties (planned)	CRE client of the sponsor group	A retail development project in a location that is highly desired by CRE clients for opening stores Tenants are expected to include daily necessities selling tenants with strong sales
Core regional city	Hotel (specialized in stay)	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
23 wards of Tokyo	Others (Corporate dormitory) (100% leased to a single tenant)	CRE client	A stable long-term lease contract has been concluded with a highly credit-worthy tenant, for which a certain revenue is expected



XYMAX REIT Investment Corporation

ESG



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



Assessment Rank

Rank A
(Very good)

XYMAX Nishi-Shimbashi Building



XYMAX Iwamotocho Building



XYMAX Shinjuku-Gyoen Building



XYMAX Higashi-Azabu Building



XYMAX Higashi-Ueno Building



XYMAX Hachioji Building



BELS



Hotel Vista Sendai



Assessment Rank
★★★★

XYMAX Higashi-Azabu Building



Assessment Rank
★★★

Acquisition status

* Higashi-Azabu has obtained CASBEE and BELS certification.

Number of Acquisition of Environmental Certification	7 properties
Acquisition rate (based on total floor area)	39.9%

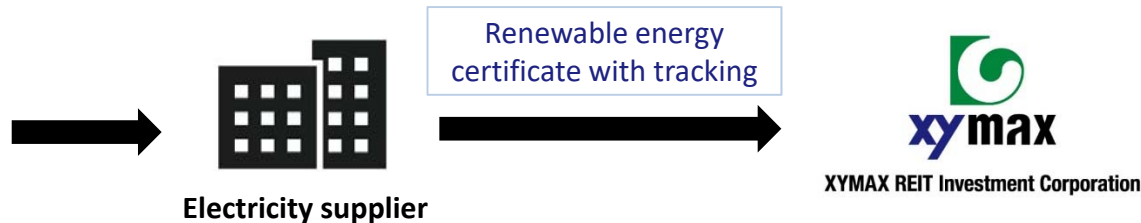
Initiatives for Reducing Environmental Burden

Adoption of electricity from 100% renewable energy sources

Implemented properties: Shinjuku-Gyoen, Kamiyacho, Higashi-Azabu, Higashi-Ueno

- We will use electricity from 100% renewable energy sources at four office properties from November 2021.
- By using non-fossil fuel energy certificates with tracking information, we will effectively achieve zero CO₂ emissions.

A feed-in tariff (FIT) system for electricity, etc.



Improvement of environmental performance through building/facility renovation

- Implementing renovation work for air conditioning systematically in tenant exclusive area

Implemented properties:
Iwamotocho,
Shinjuku-Gyoen,
Higashi-Azabu,
Higashi-Ueno



- Implementing LED replacement systematically in common area and exclusive spaces

Implemented properties:
Nishi-Shimbashi,
Iwamotocho,
Shinjuku-Gyoen,
Kamiyacho, Higashi-Azabu,
Higashi-Ueno



- Installing hydropower sensor faucets to save water and energy usage

Installed properties:
Nishi-Shimbashi,
Shinjuku-Gyoen,
Higashi-Azabu,
Higashi-Ueno



Initiatives for a Sustainable Society

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

- 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.



Initiatives for Tenants and Local Communities

Introduction of emergency storage boxes in elevators

- Emergency storage boxes have been installed in elevators in six properties as confinement measures at earthquake disaster.

Installed properties: Iwamotocho, Shinjuku-Gyoen, Kamiyacho, Higashi-Azabu, Higashi-Ueno, Hachioji



Introduction of Disaster-Relief Vending Machines

- Introduced disaster-relief vending machines to provide drinks for free (by remote control) during emergencies.

Installed properties: Higashi-Azabu, Higashi-Ueno, Hachioji



Operation to prevent the spread of COVID-19

- Application of virus disinfectants

Installed properties: Nishi-shimbashi, Iwamotocho, Shinjuku-Gyoen, Kamiyacho, Higashi-Azabu, Higashi-Ueno, Hachioji



- Introducing alcohol-based disinfectants and foot pedal stands in common areas

- Replacing conventional toilet faucets with automatic faucets
- Thoroughly implementing COVID-19 countermeasures among the management and cleaning staff (wearing face masks, washing hands, disinfecting, gargling, etc.)



Initiatives of asset management

Qualification support system

- Asset Management Company introduced a system to provide incentives for employees who acquire certain qualifications.
- Status of qualification (incl. those unregistered) by employees of Asset Management Company (as of October 1, 2021)
 - Licensed Real Estate Broker 24
 - ARES Certified Master 9
 - Certified Building Administrator 5

Flextime system and diversification of working places

- Asset Management Company introduced a flextime system to support a more flexible workstyle in line with the degree of activity.
- With the option of working at the head office and working at home, we are able to balance both business continuity and infection control.
- Under a declared state of emergency, the percentage of employees coming to the head office is 30% or less.

Respect for diversity

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

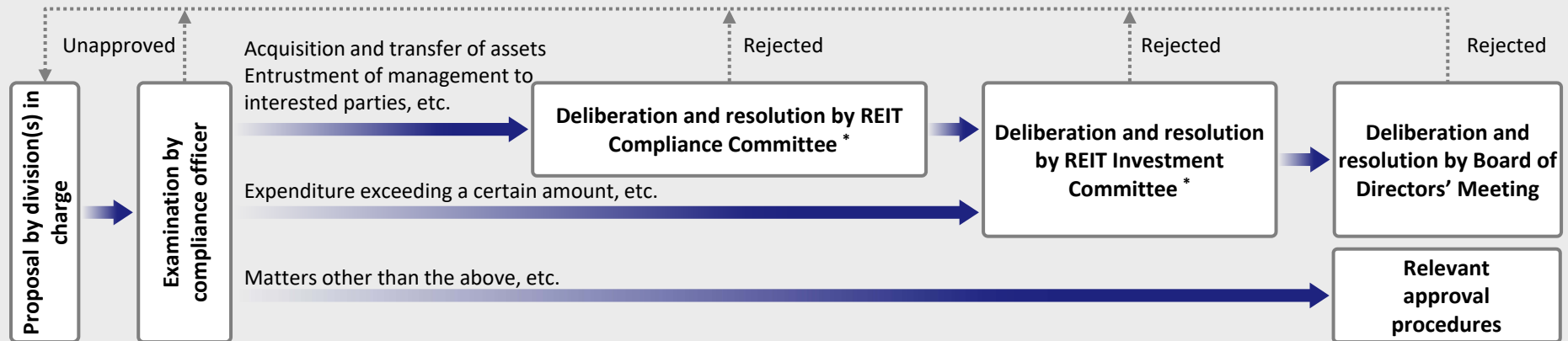
	Number of executives and employees (excluding dispatched employees)				Maternity or child care leave
	Male	Female	(Percentage of female)	Total	
April 2019	15	23	60.5%	38	1
April 2020	13	23	63.9%	36	1
October 2021	16	18	52.9%	34	0

ESG initiatives at Sponsor Group

- Support for corporate workstyle reforms by offering satellite office services through such services as ZXY
- Contribution to the local communities through real estate management services
- Nurturing real estate business personnel through Karakusa Fudosanjuku (real estate business seminar) at Sponsor Group
- Holding lectures at Real Estate Sustainability & Energy-Efficiency Diffusion Review Committee, Ministry of Land, Infrastructure, Transport and Tourism and 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
- Promoting diversification of working places and hours
- Granting of scholarships to Yangon Technological University students
- Accepting technical trainees from overseas
- Supporting for the development of young athletes

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.



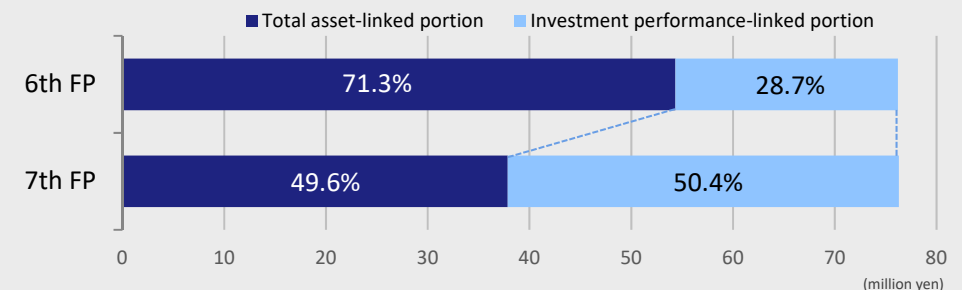
* Attendance and approval by external committee members and compliance officer are imperative for approval

Revising the Asset Management Fee Structure

- We changed the asset management fee structure from the 7th FP. By strengthening the link with investment performance, compared with the previous structure, the link between unitholders’ profits and profits for the asset management company was reinforced.
- Management fees during the period: Increase the ratio of the portion linked with investment performance
- Disposition fee: Changed to a system where fees are earned only when gains on disposition are generated.

Sales price x 1.0% ➔ Gain on dispositions at the end of each period (after deduction of loss on dispositions) x 15% (0 yen, if the amount is negative)

[Composition of management fees during the period]



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, 2021)



XYMAX REIT Investment Corporation

APPENDIX



XYMAX REIT realize the full potential of owned properties and maximize the unitholders' value through relevant portfolio management utilizing expertise and know-how accumulated in and by the XYMAX Group, the sponsor

Characteristics of XYMAX Group

■ Japan's prominent real estate management record

- ✓ Real estate management record : [1,009](#) buildings • Gross floor area Approx. [5.3](#) million tsubo
- ✓ Entrustment records by J-REIT investment corporation other than XYMAX REIT : [29](#) companies • [192](#) properties
- ✓ Human resources : [2,061](#) people engaged in real estate management, [61](#) people in leasing, and [80](#) people in CRE related business

■ Real estate management utilizing accumulated various data & development of new businesses applying expertise and know-how

- ✓ Data of Real Estate Management : Contracted rent data [39,779](#) buildings/[128,747](#) cases, Asking rent data [56,237](#) buildings/[32,798](#) cases, Construction work data [154,621](#) cases
- ✓ Membership satellite office business [ZXY](#) and expanding own hotel brand, [karaksa hotels](#).

■ Track record in real estate sales and brokerage utilizing huge customer base

- ✓ Relationship with real estate owners : approximately [330](#) companies
- ✓ Track record in property sales and brokerage : [345](#) buildings, approximately [580](#) billion yen (accumulated total from April 1, 2010 to March 31, 2021)



Utilizing XYMAX Group's expertise and know-how as "3 Strength"



Assessment



Management



Sourcing

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.

"3 strengths" of XYMAX REIT



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 estimating 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**.

Balance Sheet and Statement of Income

Balance Sheet	6th fiscal period (As of Feb. 28, 2021) (thousand yen)	7th fiscal period (As of Aug. 31, 2021) (thousand yen)
Assets		
Current assets	2,923,484	2,959,327
Cash and bank deposits	986,598	973,089
Cash and bank deposits in trust	1,881,240	1,904,372
Operating accounts receivable	17,736	28,275
Prepaid expenses	37,043	33,683
Consumption taxes refund receivable	-	19,212
Other	865	694
Non-current assets	34,712,741	36,012,109
Property, plant and equipment	34,515,588	35,912,484
Buildings	-	307,707
Structures	-	1,802
Machinery and equipment	-	10,592
Tools, furniture and fixtures	27,234	22,637
Land	-	229,752
Buildings in trust	8,866,751	9,110,368
Structures in trust	67,954	66,793
Tools, furniture and fixtures in trust	23,865	22,243
Land in trust	25,529,781	26,138,580
Construction in progress in trust	-	2,006
Investments and other assets	197,153	99,625
Long-term prepaid expenses	46,443	36,432
Deferred tax assets	13	13
Lease and guarantee deposits	22,600	22,600
Other	128,095	40,579
Total assets	37,636,226	38,971,437
Liabilities		
Current liabilities	3,966,804	5,244,446
Operating accounts payable	100,018	81,267
Short-term loans payable	500,000	1,770,000
Current portion of long-term borrowings	3,088,000	3,088,000
Accounts payable - other	94,359	96,729
Income taxes payable	891	878
Accrued consumption taxes	7,973	-
Advances received	166,214	202,993
Other	9,347	4,577
Non-current liabilities	10,433,265	10,493,292
Long-term loans payable	9,192,000	9,192,000
Tenant lease hold and security deposits	-	33,349
Tenant leasehold and security deposits in trust	1,241,265	1,267,943
Total liabilities	14,400,070	15,737,739
Net assets		
Unitholders' equity	23,236,156	23,233,698
Unitholders' capital	22,585,746	22,585,746
Surplus	650,410	647,952
Total net assets	23,236,156	23,233,698
Total liabilities and net assets	37,636,226	38,971,437

Statement of Income	6th fiscal period (As of Feb. 28, 2021) (thousand yen)	7th fiscal period (As of Aug. 31, 2021) (thousand yen)
Operating revenue	1,293,375	1,305,465
Leasing business revenue	1,200,153	1,193,065
Other leasing business revenue	93,222	112,400
Operating expenses	576,894	604,122
Expenses related to leasing business	456,312	481,704
Asset management fees	76,213	76,297
Asset custody fees	826	876
Administrative service fees	10,641	10,074
Directors' compensations	2,400	2,400
Other operating expenses	30,499	32,768
Operating income	716,481	701,343
Non-operating income	490	154
Interest income	14	13
Settlement income on property tax, etc.	-	129
Interest on refund	-	11
Insurance payment received	475	-
Non-operating expenses	65,744	52,757
Interest expenses	37,894	41,498
Borrowing related expenses	27,850	11,258
Ordinary income	651,227	648,740
Income before income taxes	651,227	648,740
Total income taxes	891	881
Income taxes - current	893	880
Income taxes - deferred	-2	0
Net income	650,336	647,859
Retained earnings brought forward	73	92
Unappropriated retained earnings (undisposed loss)	650,410	647,952

Portfolio List (1)

Asset no.	OF-01	OF-02	OF-03	OF-04	OF-05	OF-06	OF-07	OF-08
Asset type	Office	Office	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	XYMAX Hachioji Building	XYMAX Mita Building
								
Location	Minato-ku, Tokyo	Chiyoda-ku, Tokyo	Shinjuku-ku, Tokyo	Minato-ku, Tokyo	Minato-ku, Tokyo	Taito-ku, Tokyo	Hachioji-shi, Tokyo	Minato-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	4 minutes on foot from Keio Hachioji station on the Keio Electric Railway Keio Line 5 minutes on foot from JR Hachioji station	5 minutes on foot from Mita station on the Toei Subway Mita line, and other 7 minutes on foot from JR Tamachi station
Acquisition price (million yen)	2,500	4,250	5,020	880	1,550	1,150	2,600	668
Land area	402.53m ²	864.83m ²	839.09m ²	228.83m ²	365.05m ²	368.84m ²	1,220.58m ²	137.02m ²
Total floor area	2,517.50m ²	6,261.06m ²	6,084.32m ²	1,356.51m ²	2,570.13m ²	1,942.54m ²	7,404.81m ²	799.78m ²
Leasable area	1,897.92m ²	4,152.40m ²	4,792.21m ²	1,205.27m ²	2,015.97m ²	1,735.29m ²	5,556.05m ²	741.41m ²
Completion	2000	2001	2001	1991	1999	1999	1993	1991
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	Steel-framed reinforced concrete/ Steel-construction with flat roof B1F/9F	Steel-construction with flat roof 10F
Number of tenant (As of the end of 7 th FP)	8	13	6	7	5	8	23	8
Occupancy rate (As of the end of 7 th FP)	100.0%	92.1%	100.0%	100.0%	87.5%	100.0%	91.0%	79.4%

Portfolio List (2)

Asset no.	RT-01	RT-02	RT-03	RT-04	RT-05	HT-01	OT-01
Asset type	Retail	Retail	Retail	Retail	Retail	Hotel	Other (Residential)
Property name	Muza Kawasaki	Life Kawasaki Miyuki Store	Vita Seiseki-Sakuragaoka	Life Fukuizumi Store	The Park House Totsuka Front (the Retail Portions of 1 st and 2 nd Floors)	Hotel Vista Sendai	Renaissance 21 Chihaya
Location	Kawasaki-shi, Kanagawa	Kawasaki-shi, Kanagawa	Tama-shi, Tokyo	Sakai-shi, Osaka	Yokohama-shi, Kanagawa	Sendai-shi, Miyagi	Fukuoka-shi, Fukuoka
Access	JR Kawasaki station Directly Connected	15 minutes on foot from JR Kashimada station and Yako station	Keio Electric Railway Keio Line Seiseki Sakuragaoka Station Directly Connected	12 minutes on foot from Otori station on the JR Hanwa line	3 minutes on foot from JR and Yokohama shiei subway BlueLine Totsuka station	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)	4,100	790	3,100	1,065	540	4,400	2,700
Land area	10,669.34m ² *1	1,879.15m ²	9,003.26m ² *1	6,225.21m ²	1,595.49m ² *1	1,461.36m ² *2	2,644.63m ²
Total floor area	108,955.90m ² *1	2,596.80m ²	62,849.56m ² *1	3,358.26m ²	12,236.50m ² *1	6,977.47m ²	10,856.15m ²
Leasable area	3,703.88m ²	2,677.54m ²	27,610.61m ²	3,309.29m ²	861.60m ²	7,066.25m ²	10,290.99m ²
Completion	2004	1997	1999	1996	2018	2016	2006
Structure/Number of Floors	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 2F	Reinforced concrete structure with flat roof B1F/14F	Steel-construction with flat roof 12F	Steel-framed reinforced concrete structure with flat roof 14F
Number of tenant (As of the end of 7 th FP)	18	1	1	1	5	1	138
Occupancy rate (As of the end of 7 th FP)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	96.5%

*1: Both land area and total floor area above represent entire land area and total floor area, not the actual area owned by XYMAX REIT

*2: 1,461.36m² includes surface rights of 524.21 m².

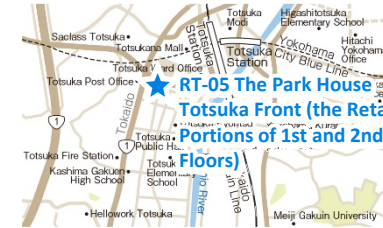
Portfolio located in favorable locations

Tokyo Area

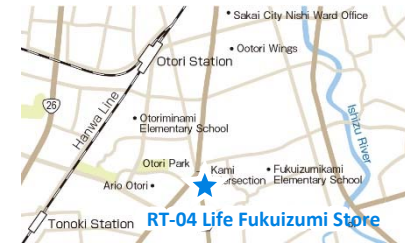


★ Office ★ Retail ★ Hotel ★ Others (Residential)

Tokyo Economy Area



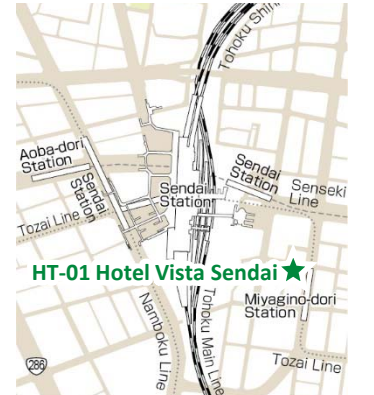
Osaka Area



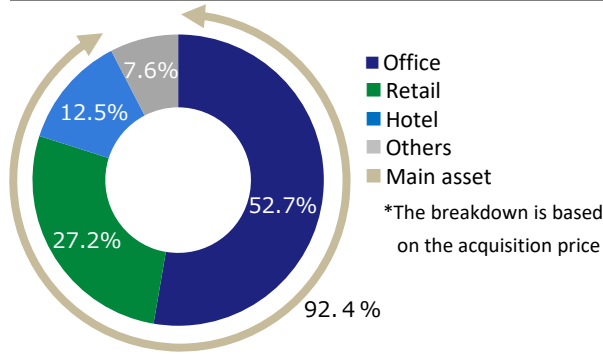
Fukuoka Area



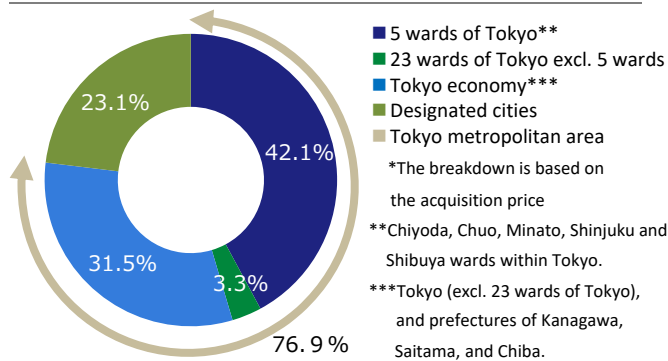
Sendai Area



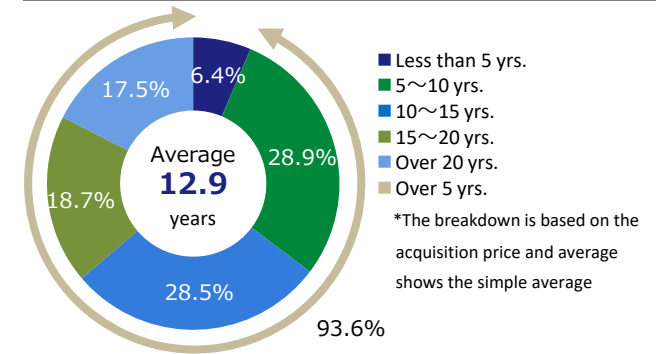
Percentage by asset type



Percentage by geographic area



Percentage by year engaged by XYMAX Group



Office

Average unit rent 16,146yen/tsubo

Unit Rent Range	Percentage
10,000 yen - 15,000 yen	45.3%
15,000 yen - 20,000 yen	23.0%
20,000 yen -	31.6%

*As of the end of August 2021
 **Excl. rents of stores, parking lots, etc.
 ***Unit rent incl. CAM

Minutes from nearest station

Minutes from Station	Percentage
Less than 3 minutes	74.1%
3~5 minutes	25.9%

Average 3.1 min.
 *The breakdown is based on the acquisition price and average shows the simple average

Average engaged period

Engaged Period	Percentage
Less than 10 years	49.8%
10 years or more and less than 15 years	33.2%
15 years or more and less than 20 years	13.4%
20 years or more	3.6%

Average 17.0 years
 *The breakdown is based on the acquisition price and average shows the simple average

Retail

Composition of retail properties

Property Type	Percentage
Station-front	80.7%
Other	19.3%
Neighborhood *1	100%

*The breakdown is based on the acquisition price

Average engagement period

Engagement Period	Percentage
less than 5 years	16.7%
5 years or more and less than 10 years	51.0%
10 years or more	32.3%

Average 9.0 years
 *The breakdown is based on the acquisition price and average shows the simple average

Hotel

Percentage of specialized in Stay

Specialized in Stay	Percentage
Specialized in Stay	100.0%

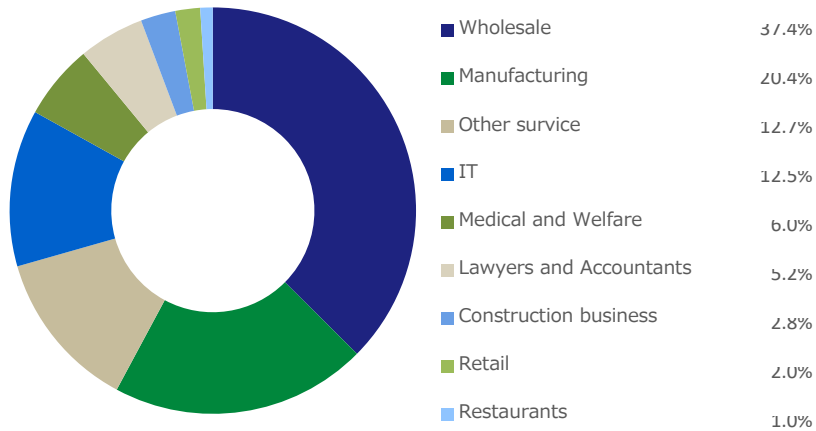
*The breakdown is based on the acquisition

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

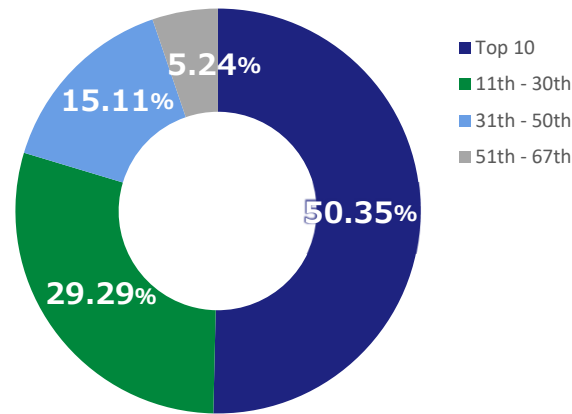
Characteristic of occupied tenants

Office tenant diversification <based on rent revenue> (excluding obligated residences, 67 office tenants)

Based on business type



Leased area based top tenants ratio



Average tenant lease period of offices owned by XYMAX REIT

All tenants:

11 years, 5 months

Top ten tenants by leased area:

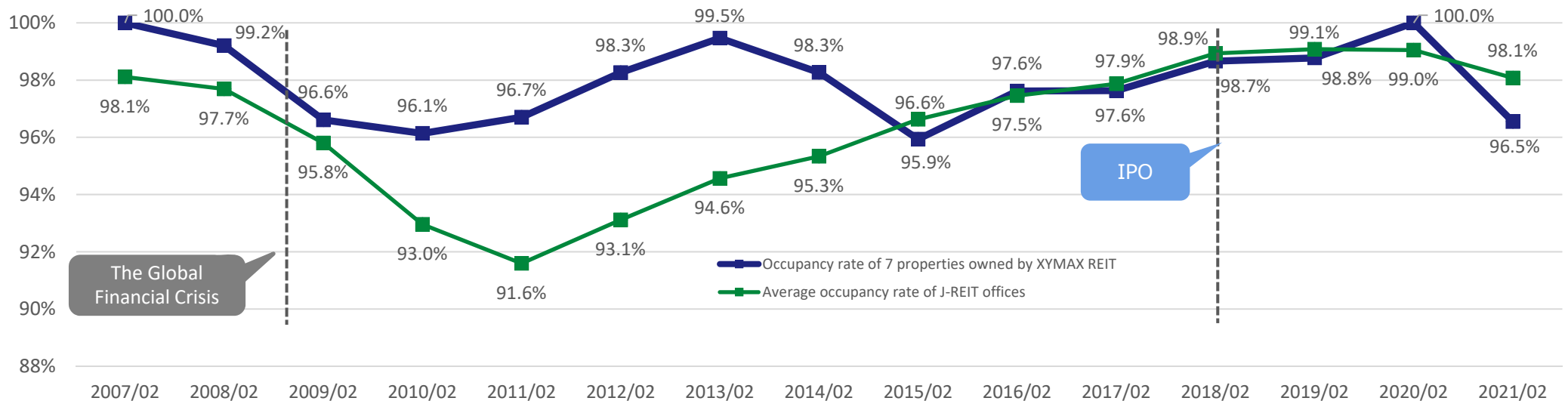
14 years, 1 month

Average tenant lease period of office buildings

9.6 years*

* Source: "Analysis of Lease Periods of Office Tenants in the 23 Wards of Tokyo (2018)" by XYMAX Real Estate Institute

Average Occupancy Rate of office



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

(thousand yen)

	Nishi-Shimbashi	Iwamotocho	Shinjuku-Gyoen	Kamiyacho	Higashi-Azabu	Higashi-Ueno	Hachioji	Mita
Operating revenue from real estate leasing	77,105	138,564	186,825	41,820	44,549	49,033	138,949	5,428
Lease business revenue	67,344	123,264	174,465	38,445	39,243	43,172	111,086	5,046
Other lease business revenue	9,760	15,300	12,359	3,374	5,306	5,861	27,862	381
Operating expenses from real estate leasing (Excluding Depreciation)	23,226	39,154	38,641	13,385	18,832	12,960	37,608	3,513
Tax and public dues	6,948	13,479	14,342	4,615	6,438	3,695	8,377	-
Maintenance fees	5,144	10,041	11,648	4,524	5,581	4,265	15,648	900
Utility expenses	3,638	7,133	7,118	2,113	2,270	2,765	6,549	337
Repair expenses	2,629	4,995	3,240	1,541	565	1,584	2,284	2,100
Insurance premiums	62	221	213	46	82	60	276	12
Other expenses related to leasing business	4,802	3,282	2,078	543	3,893	590	4,472	162
NOI	53,879	99,409	148,183	28,434	25,716	36,073	101,340	1,915
Depreciation	2,734	14,693	11,143	1,373	5,816	3,189	10,460	349
Operating income (loss) from real estate leasing	51,145	84,715	137,040	27,061	19,900	32,884	90,880	1,565

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

(thousand yen)

	Muza	Kawasaki Miyuki	Seiseki-Sakuragaoka	Fukuizumi	Totsuka	Sendai	Chihaya	Total
Operating revenue from real estate leasing	171,536	undisclosed	undisclosed	undisclosed	8,699	undisclosed	110,936	1,305,465
Lease business revenue	151,731	undisclosed	undisclosed	undisclosed	7,735	undisclosed	103,092	1,193,065
Other lease business revenue	19,804	undisclosed	undisclosed	undisclosed	963	undisclosed	7,843	112,400
Operating expenses from real estate leasing (Excluding Depreciation)	40,555	undisclosed	undisclosed	undisclosed	2,652	undisclosed	30,219	344,565
Tax and public dues	10,543	undisclosed	undisclosed	undisclosed	-	undisclosed	8,678	137,163
Maintenance fees	14,909	undisclosed	undisclosed	undisclosed	1,692	undisclosed	8,023	86,581
Utility expenses	14,203	undisclosed	undisclosed	undisclosed	924	undisclosed	1,569	48,625
Repair expenses	176	undisclosed	undisclosed	undisclosed	15	undisclosed	2,616	31,610
Insurance premiums	191	undisclosed	undisclosed	undisclosed	17	undisclosed	296	3,602
Other expenses related to leasing business	529	undisclosed	undisclosed	undisclosed	2	undisclosed	9,035	36,982
NOI	130,980	22,726	166,342	25,635	6,046	33,497	80,716	960,899
Depreciation	17,737	1,570	21,868	2,223	1,254	22,626	20,098	137,139
Operating income (loss) from real estate leasing	113,243	21,156	144,473	23,412	4,792	10,870	60,617	823,760

Overview of Appraisal Report

Asset no	Asset name	Acquisition date	Acquisition price (million yen)	Book value as of the end of 7th FY (million yen)	End of 6th FY (February 28, 2021)		End of 7th FY (August 31, 2021)		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	2,519	3,120	3.7	3,220	3.6	100	-0.1	The Tanizawa Sōgō Appraisal Co., Ltd.	700
OF-02	XYMAX Iwamotocho Building	February 2018	4,250	4,393	5,740	3.5	5,710	3.5	-30	-	Japan Real Estate Institute	1,316
OF-03	XYMAX Shinjuku-Gyoen Building	February 2018	5,020	5,047	7,300	3.5	7,300	3.5	-	-	Japan Real Estate Institute	2,252
OF-04	XYMAX Kamiyacho Building	February 2018	880	892	1,220	3.8	1,260	3.7	40	-0.1	The Tanizawa Sōgō Appraisal Co., Ltd.	367
OF-05	XYMAX Higashi-Azabu Building	February 2018	1,550	1,602	2,140	3.8	2,140	3.8	-	-	Daiwa Real Estate Appraisal Co., Ltd.	537
OF-06	XYMAX Higashi-Ueno Building	February 2018	1,150	1,170	1,620	3.9	1,620	3.9	-	-	Daiwa Real Estate Appraisal Co., Ltd.	449
OF-07	XYMAX Hachioji Building	February 2018	2,600	2,671	3,570	4.8	3,570	4.8	-	-	Japan Real Estate Institute	898
OF-08	XYMAX Mita Building	July 2021	668	678	-	-	727	4.0	-	-	Japan Real Estate Institute	48
RT-01	Muza Kawasaki	February 2018	4,100	4,078	5,390	4.1	5,310	4.1	-80	-	The Tanizawa Sōgō Appraisal Co., Ltd.	1,231
RT-02	Life Kawasaki Miyuki Store	February 2018	790	792	976	4.2	978	4.2	2	-	Daiwa Real Estate Appraisal Co., Ltd.	185
RT-03	Vita Seiseki-Sakuragaoka	February 2018	3,100	3,428	3,870	5.0	3,860	5.0	-10	-	The Tanizawa Sōgō Appraisal Co., Ltd.	431
RT-04	Life Fukuizumi Store	September 2020	1,065	1,081	1,090	4.5	1,090	4.5	-	-	Daiwa Real Estate Appraisal Co., Ltd.	8
RT-05	The Park House Totsuka Front (the Retail Portions of 1st and 2nd Floors)	July 2021	540	549	-	-	622	4.5	-	-	The Tanizawa Sōgō Appraisal Co., Ltd.	72
HT-01	Hotel Vista Sendai	February 2018	4,400	4,255	5,170	5.0	5,200	5.0	30	-	The Tanizawa Sōgō Appraisal Co., Ltd.	944
OT-01	Renaissance 21 Chihaya	February 2018	2,700	2,748	3,210	4.9	3,280	4.8	70	-0.1	The Tanizawa Sōgō Appraisal Co., Ltd.	531
Total / Average			35,313	35,910	44,416	-	45,887	-	1,471	-		9,976

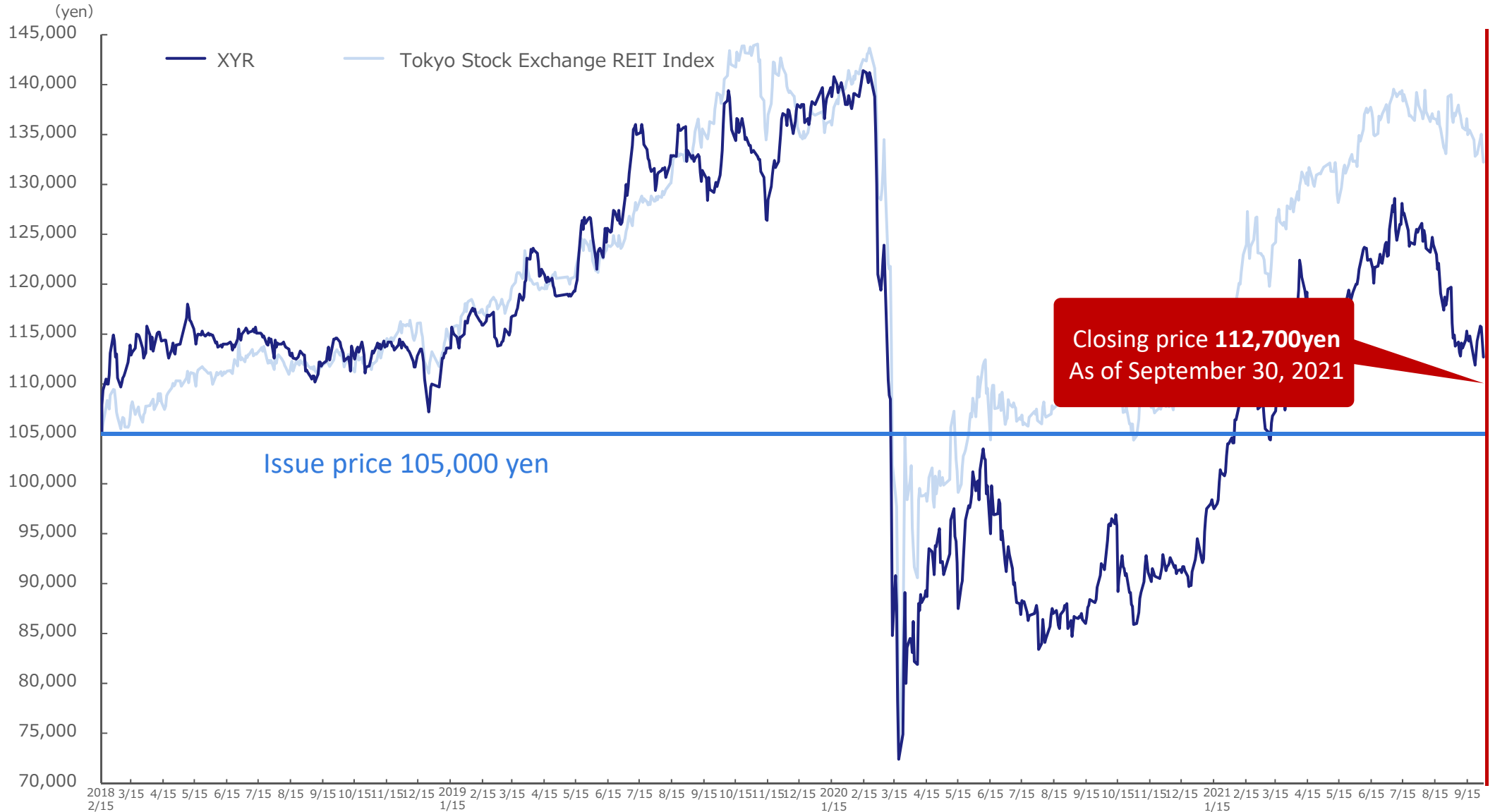
*1 The difference between the estimated value at the end of the 6th FP and the estimated value at the end of the 7th FP is indicated.

*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 6th FP and the direct capitalization rate adopted in the real estate report for each portfolio asset in the calculation of estimated value at the end of the 7th FP is indicated.

*3 The difference between the book value at the end of the 7th FP and the book value at the end of the 7th FP for is indicated.

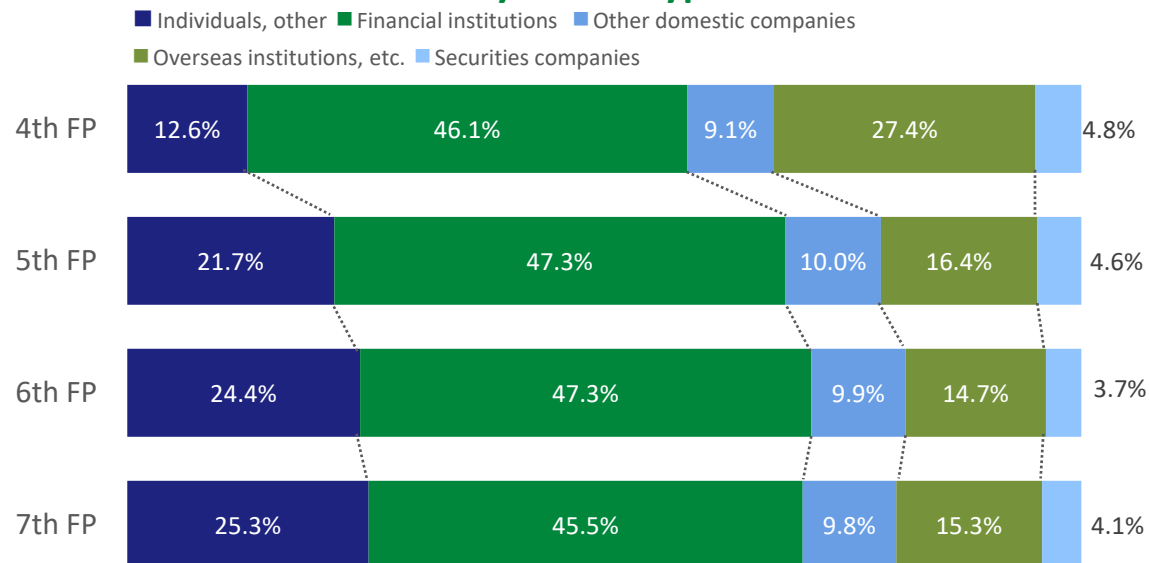
Change in investment unit price

Change in investment unit price | As of September 30, 2021



* 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.

Share of investment units by owner type



Number of unitholders by owner type

	4th FP	5th FP	6th FP	7th FP
Individuals, other	4,089	5,889	6,318	6,604
Financial institutions	37	38	35	35
Other domestic companies	90	125	121	132
Overseas institutions, etc.	79	62	77	91
Securities companies	23	24	24	24
Total	4,318	6,138	6,575	6,886

Major Unitholders

Note: As of August 31, 2021

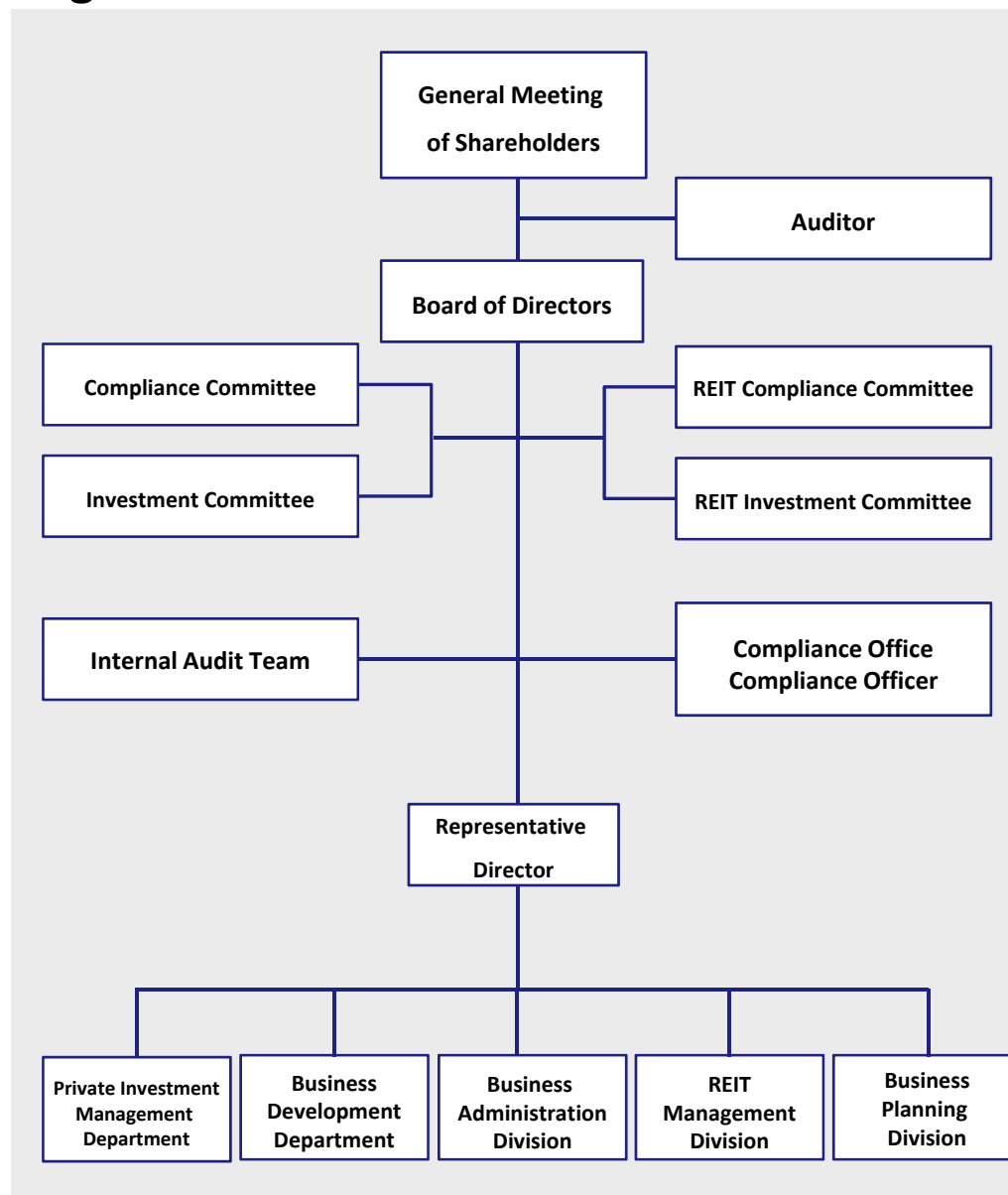
Name	Number of investment units (unit)	Ratio* (%)
Custody Bank of Japan, Ltd. (Trust account)	33,612	15.04
The Master Trust Bank of Japan, Ltd.(Trust account)	30,896	13.82
XYMAX Corporation	12,500	5.59
Custody Bank of Japan, Ltd. (Securities investment trust account)	11,192	5.00
BNP-PARIBAS SECURITIES SERVICES FRANKFURT BRANCH/JASDEC/GERMAN RESIDENTS-AIFM	8,300	3.71
The Nomura Trust and Banking Co.,Ltd. (Investment Trust Account)	8,129	3.63
SCBHK AC LIECHTENSTEINISCHE LANDESBANK AG	5,875	2.62
Individual	5,566	2.49
BNYM SA/NV FOR BNYM FOR BNY GCM CLIENT ACCOUNTS M LSCB RD	4,793	2.14
Aozora Bank, Ltd.	3,086	1.38
Total	123,949	55.48

* The ratio of unitholders is rounded down to the second decimal place.

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	34 (as of October 1, 2021)
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	Shotaro Kanemitsu, Representative Director and President Yasushi Yamaguchi, Director Kazuya Sugimoto, 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

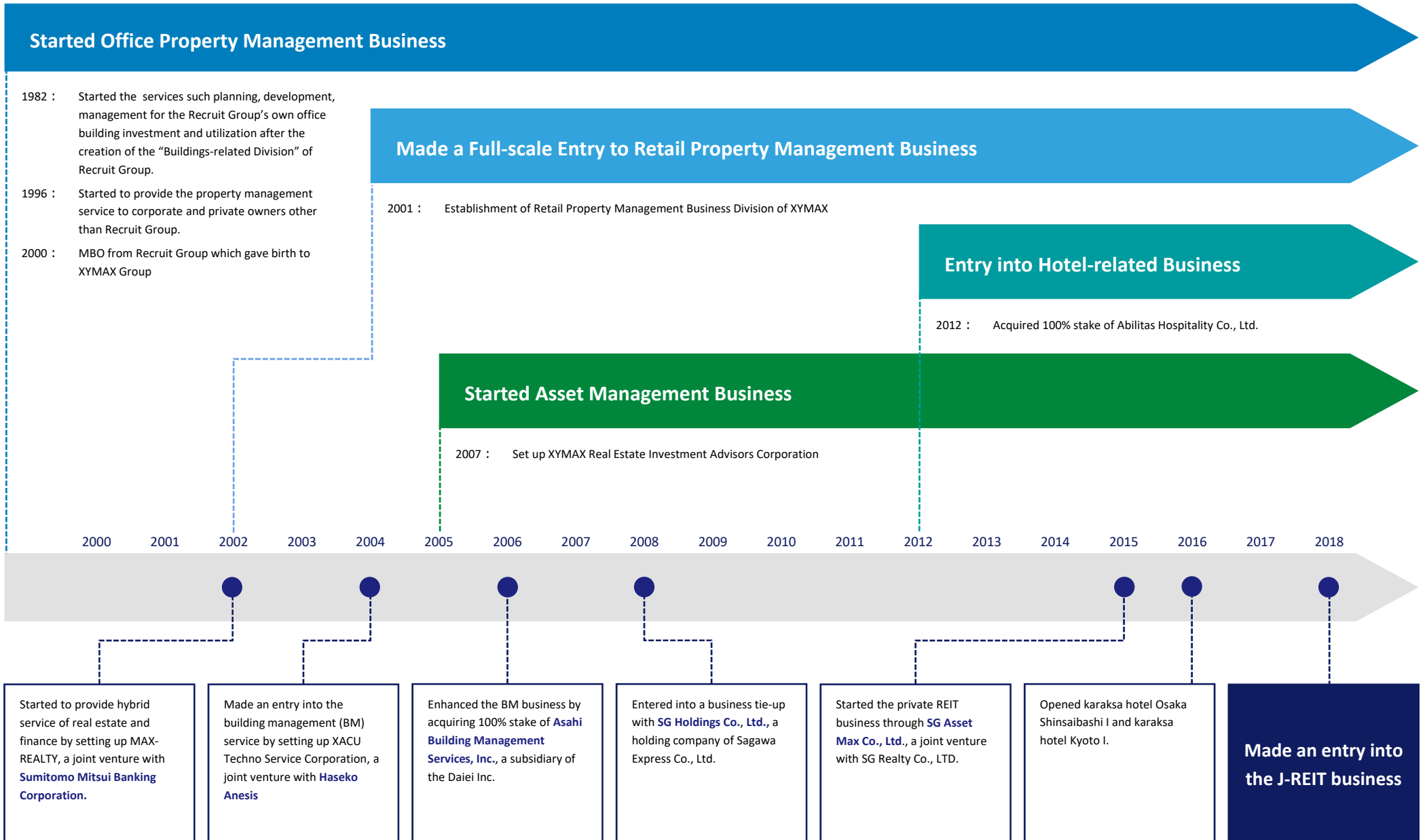
Organization



Overview of XYMAX Group

Company name	XYMAX Corporation (unlisted)						
Establishment	March 1, 1990 * Spin-off from Recruit Co., Ltd. through employee participatory MBO in 2000	Real estate consulting and management services	Real estate consulting CRE strategy, effective utilization, development/design Consulting and planning on inheritance, fund procurement, etc.	XYMAX XYMAX TRUST			
Location of headquarters	1-1-1 Akasaka, Minato-ku, Tokyo		Asset Management Asset management Asset strategy, etc.	XYMAX REAL ESTATE INVESTMENT ADVISORS/MAX-REALTY			
Capital	2,892.865 million yen (as of March 31, 2021)		Real estate management Property management Building maintenance		Valormax	SG Asset Max	Abilitas Hospitality
Sales	91,013 million yen (actual results for the fiscal year ended March 2021) * Consolidated figures of the Group		Integrated management of store facilities Facility management	Hokkaido	XYMAX HOKKAIDO		
Representative	Representative Director, Chairman & CEO: Masafumi Shimada Representative Director Kenji Yoshimoto			East Japan	XYMAX ALPHA		
Major shareholders	XYMAX Shareholding Association, directors & employees, clients and financial institutions Total: 321 (as of March 31, 2021)	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	6,170 (as of April 1, 2021) * Consolidated figures of 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 as 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*.

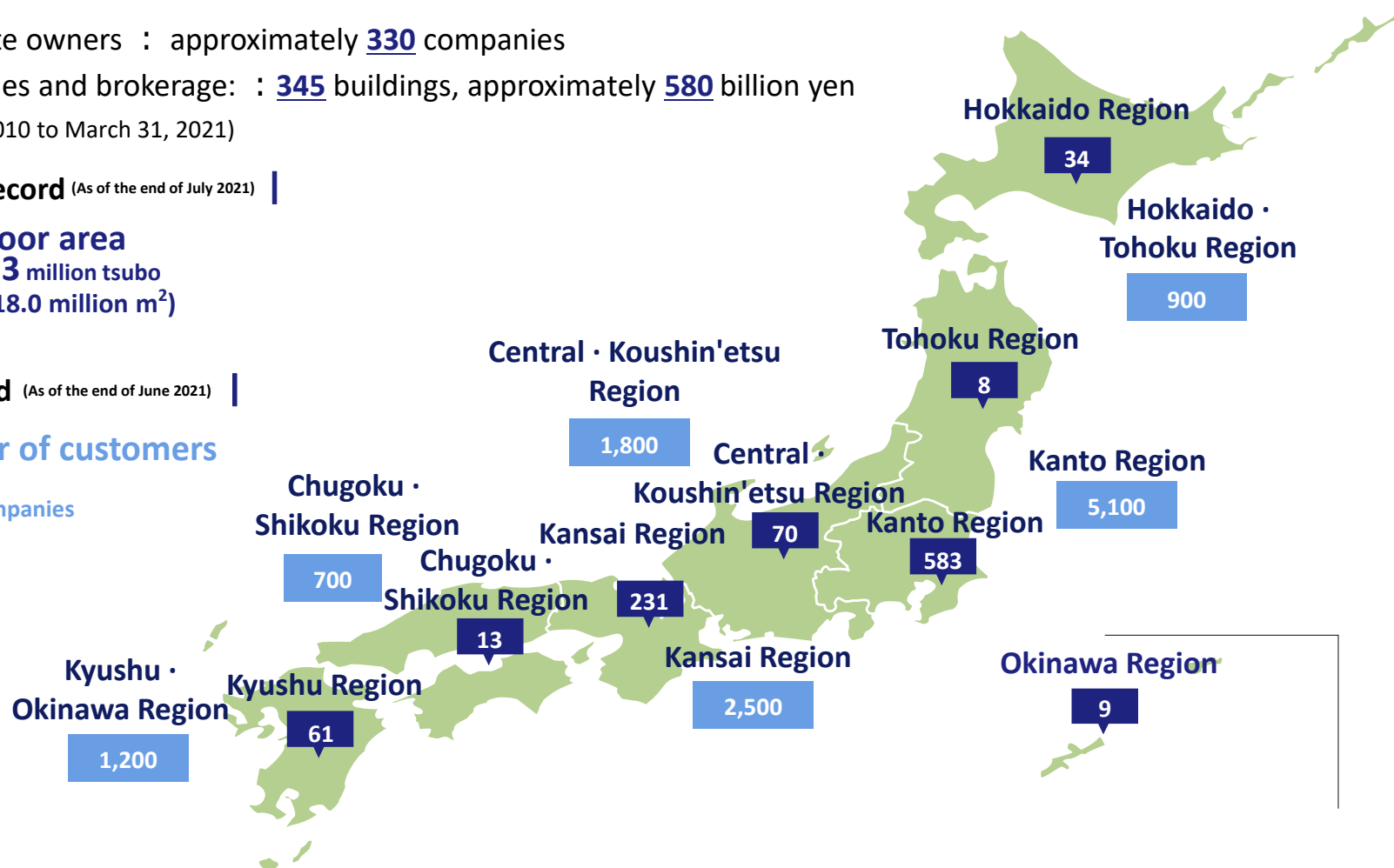
- Human resources : **2,061** people engaged in real estate management, **61** in leasing, and **80** in CRE related business (as of October 1, 2021)
- Relationship with real estate owners : approximately **330** companies
- Track record in property sales and brokerage: : **345** buildings, approximately **580** billion yen (accumulated total from April 1, 2010 to March 31, 2021)

Real estate management record (As of the end of July 2021)

Actual number of contracts	Gross floor area
1,009 buildings	Approx. 5.3 million tsubo (Approx. 18.0 million m ²)

Facility management record (As of the end of June 2021)

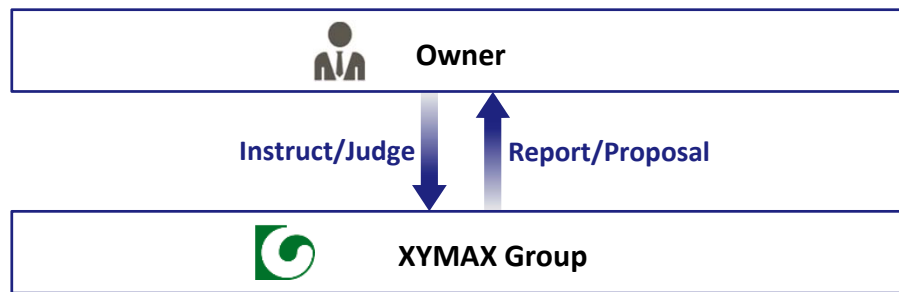
Actual number of contracts	Number of customers
Approx. 12,200 stores	132 companies



* 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.

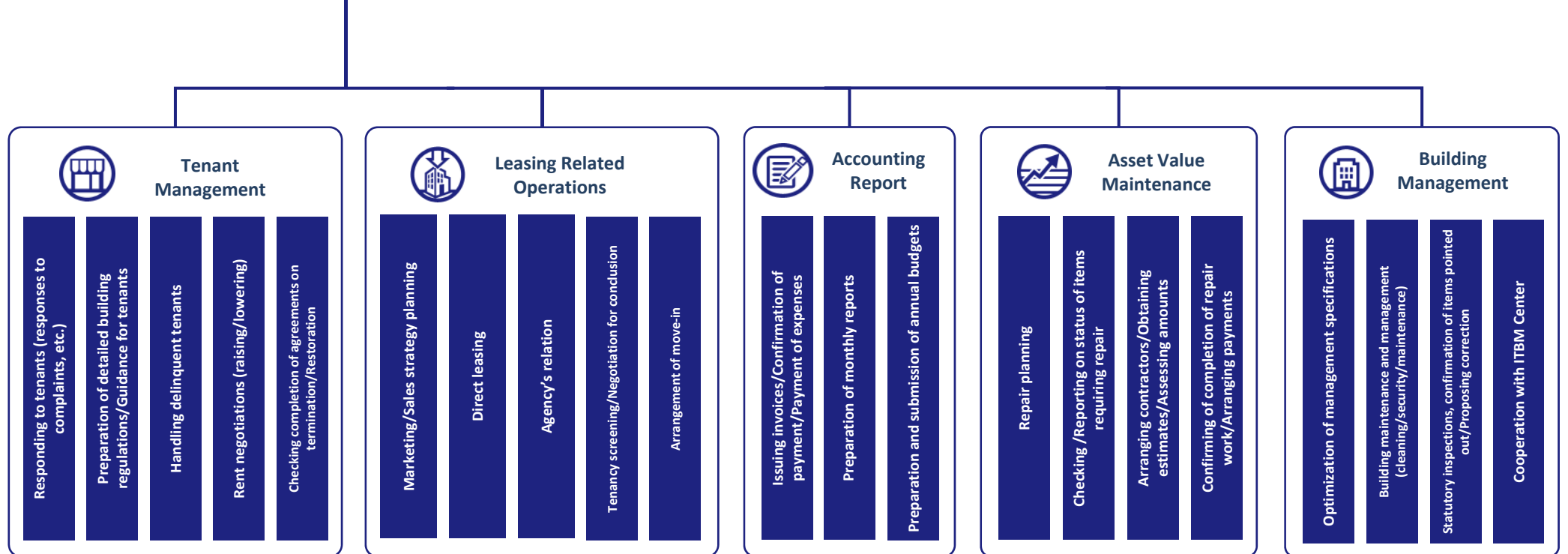
The XYMAX Group provides consistent real estate management and operation services, ranging from Property Management (acting for owners) to Building Maintenance operations. In addition, the XYMAX Group owns all kind of data on real estate management through a track record accumulated over the years.

Areas of Real Estate Management Operations



Data Related to Real Estate Management

Contracted rent data	128,747 cases	39,779 buildings (covering past 25.5 years)
Asking rent data	32,789 cases	56,237 buildings (covering past 10 years)
Construction work data	154,621 cases (during the period between April 1, 2000 and February 28, 2021)	



The XYMAX Group has built a support system that uses IT to achieve a high-quality 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.



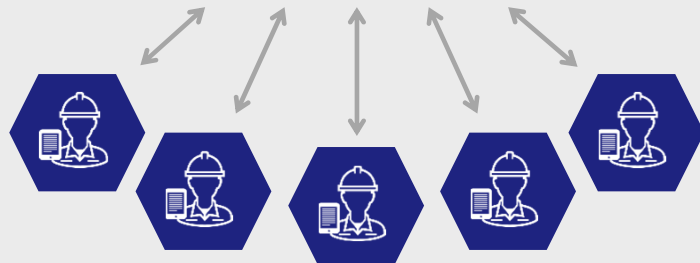
Checking with and giving instructions to the site by the ITBM Center

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.



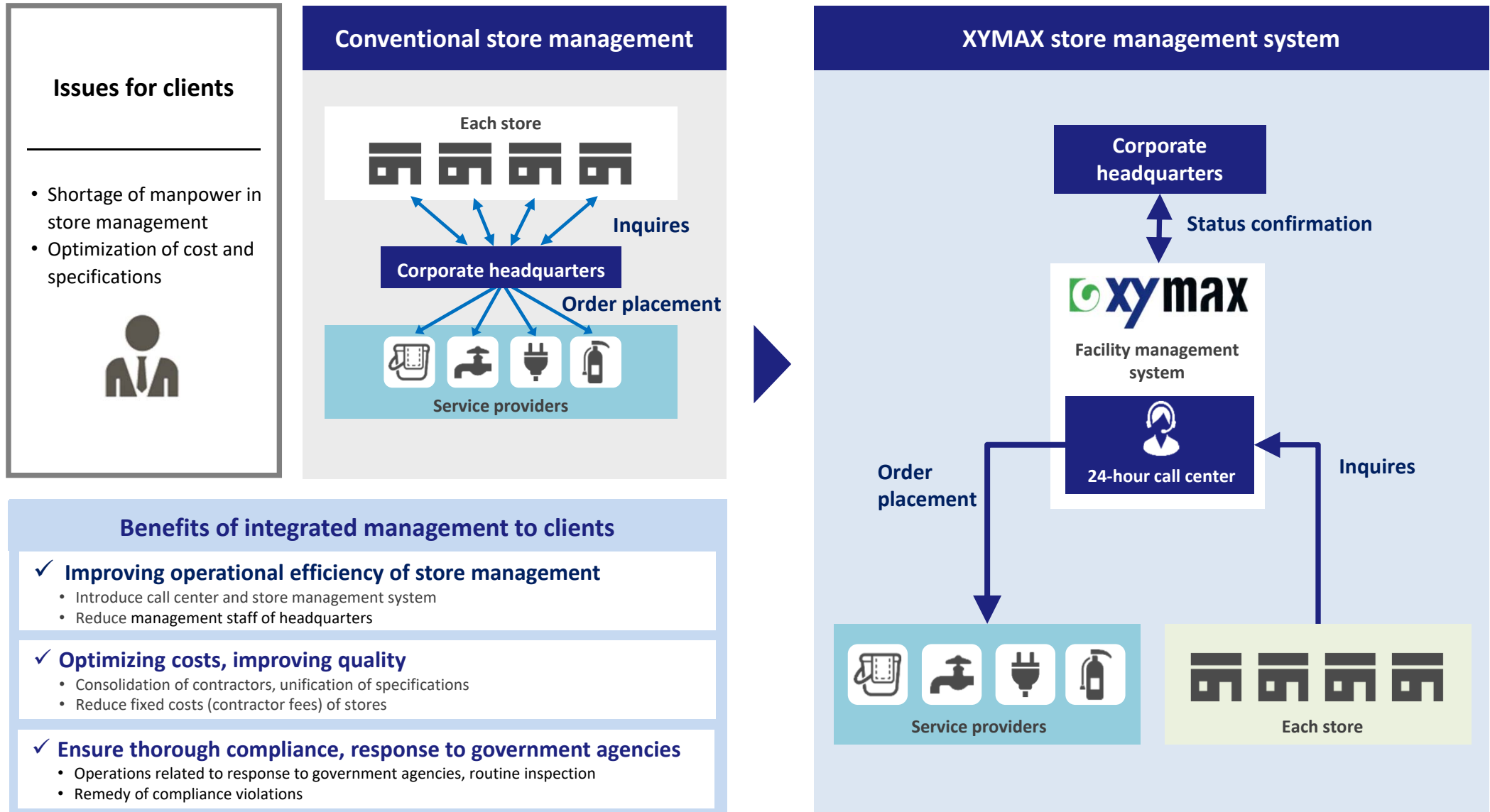
Video at the time of a fire in a building near a property managed by the Company. The video was linked to the ITBM Center after people in the building were safely evacuated. It was then used in reporting the status to the owner and the head office.



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



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



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 **20,000** 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**

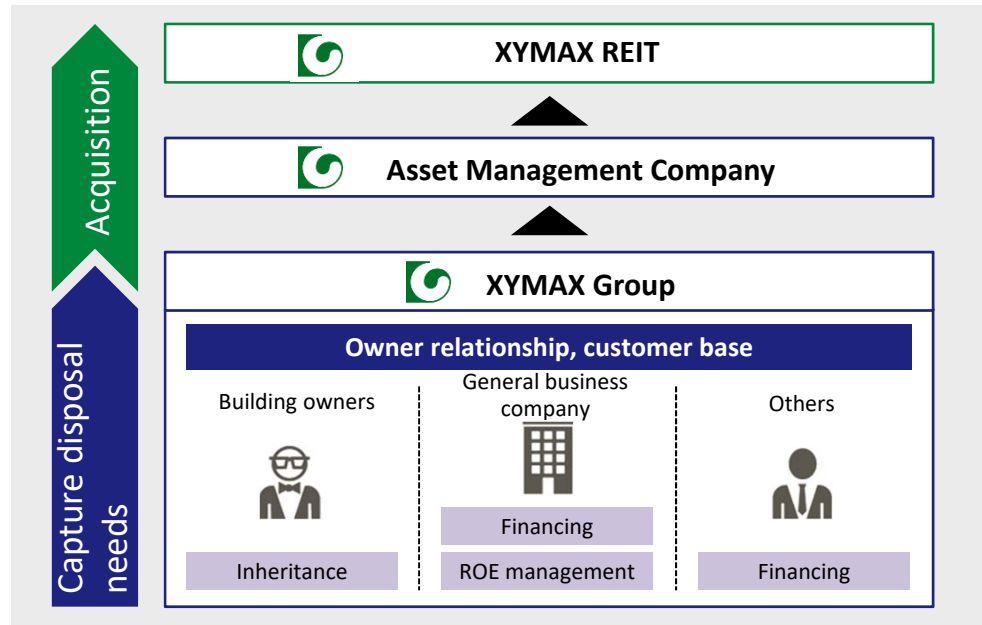


80% or more of the portfolio consists of office, retail, and hotel properties

Original Sourcing Strategy

XYMAX REIT captures the needs 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

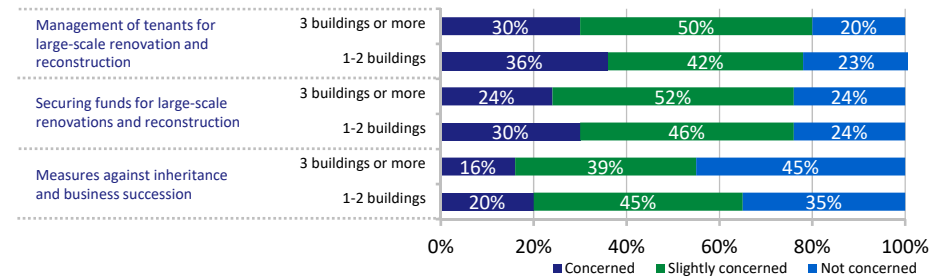


- More than 70% of real estate owners are concerned over about large-scale renovations of owned properties, tenant management, and securing funds for reconstruction
→ Identifies needs of property disposal arising due to the problem or concern about necessary funds
- Concern for inheritance and business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

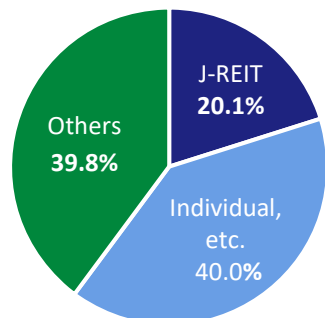


Source: "Building Owner Survey 2017" by XYMAX Real Estate Institute

Diversity among real estate owners

Percentage of client types for real estate management business (As of the end of July 2021)

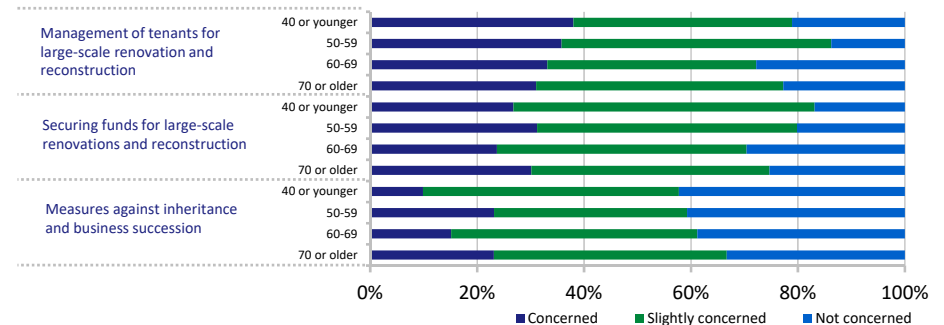
Number of properties under management
1,009



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

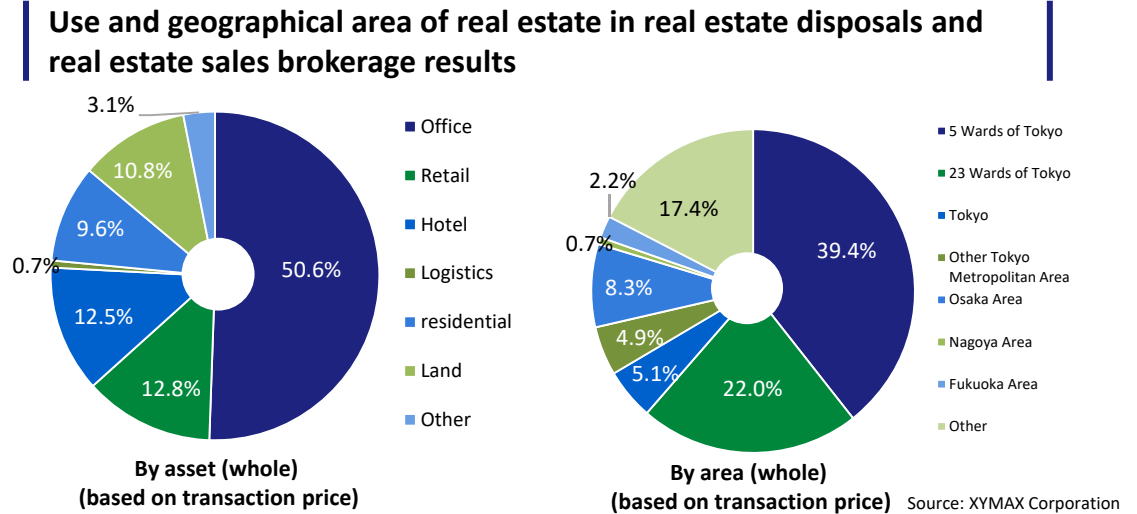
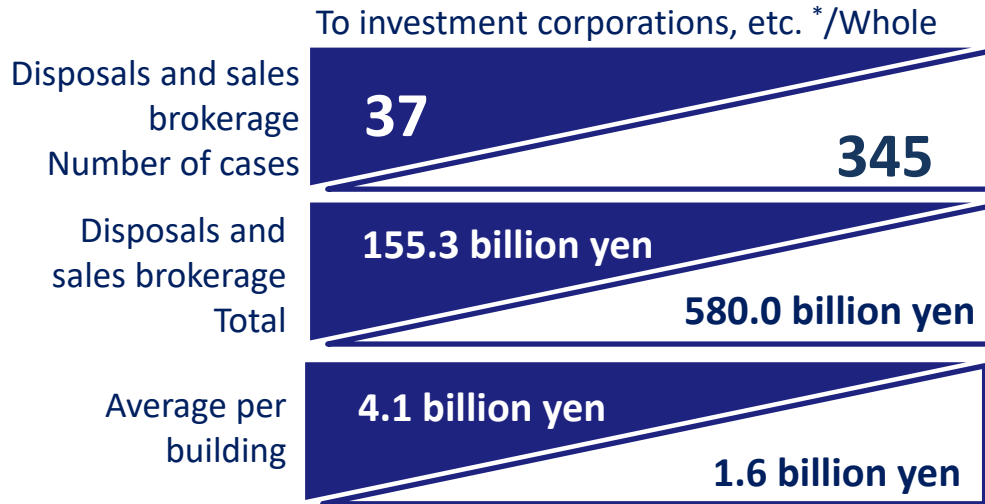
Source: The asset management company based on material provided by XYMAX Corporation

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

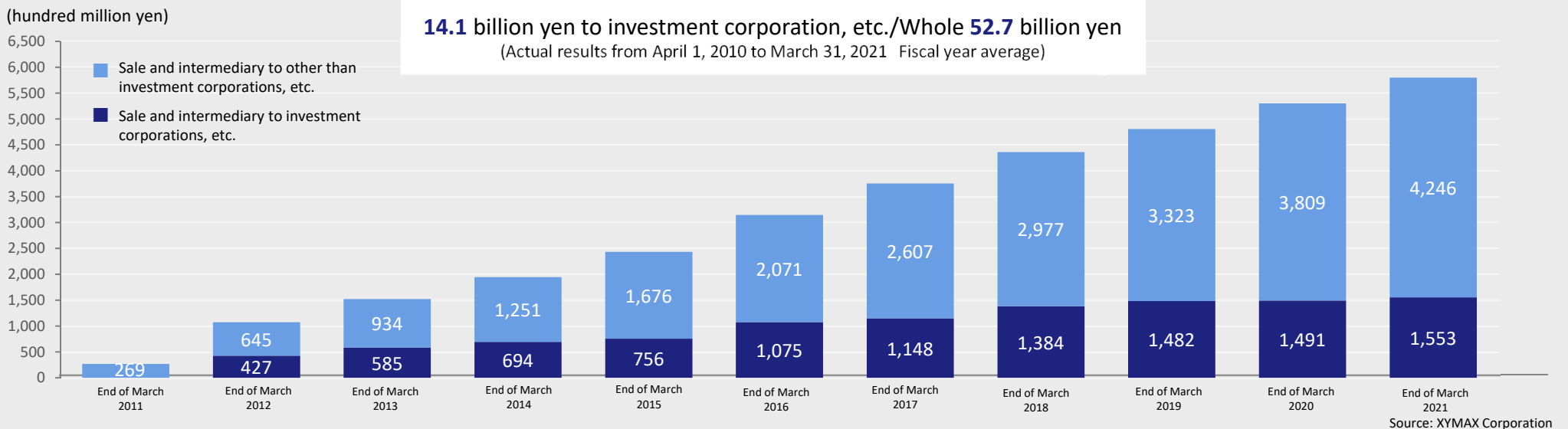


Source: Created by XYMAX Real Estate Institute based on the request from the asset management company

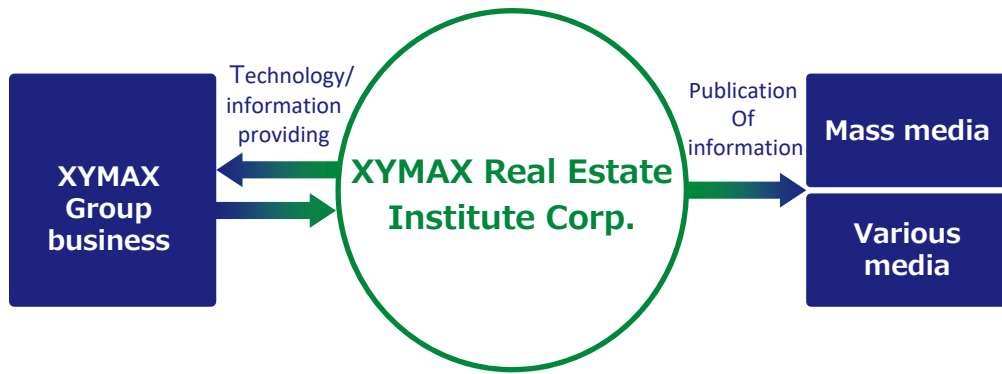
External growth (number of cases, total amount and area) by capitalizing on track record in real estate sales and brokerage.



Accumulated track record of real estate disposal and brokerage services (accumulated total from April 1, 2010, excluding sales to XYMAX REIT)



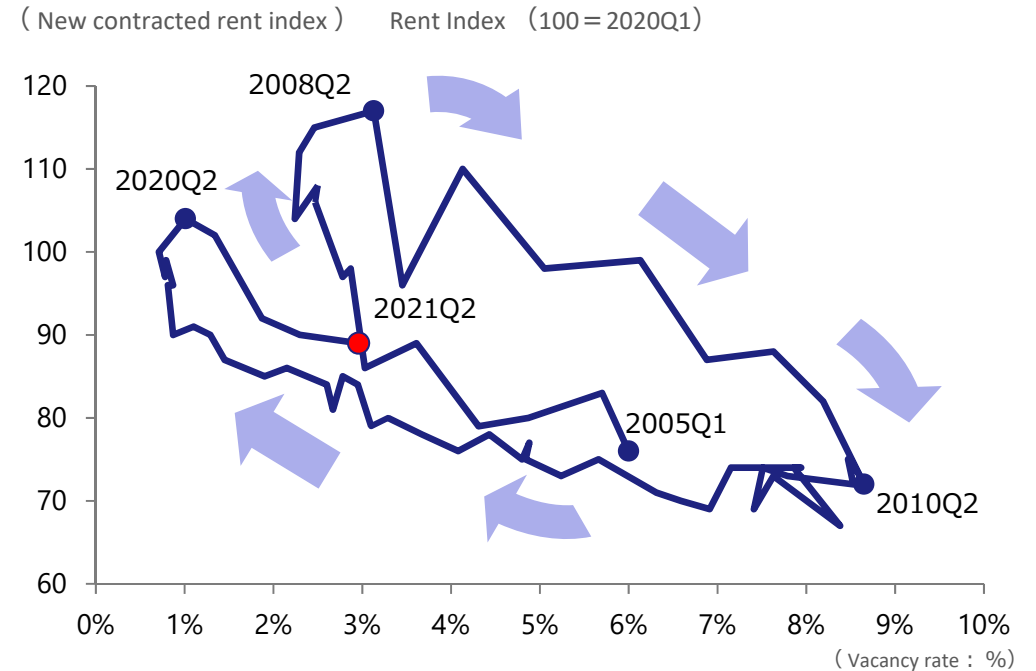
* Vehicle for acquisition and holding of properties with the intent to transfer them to real estate investment corporations



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

- Posting Nihon Keizai Shimbun, Nikkei Business Daily, etc.
- Contribution ARES Real Estate Securitization Journal
The Japanese journal of real estate sciences
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)
Tokyo Telework Promotion Center
Nomura Global Real Estate Forum 2021
Nikkei Inc. Media Business Event
- Joint study Japan Facility Management Association (JFMA), etc.
Tokyo Univ., Nihon Univ., Waseda Univ., Univ. of Hyogo, etc.
- Other WORKTECH
Participation in CRE at MIT in USA as an Industrial Partner

Office market cycle in the 23 wards of Tokyo



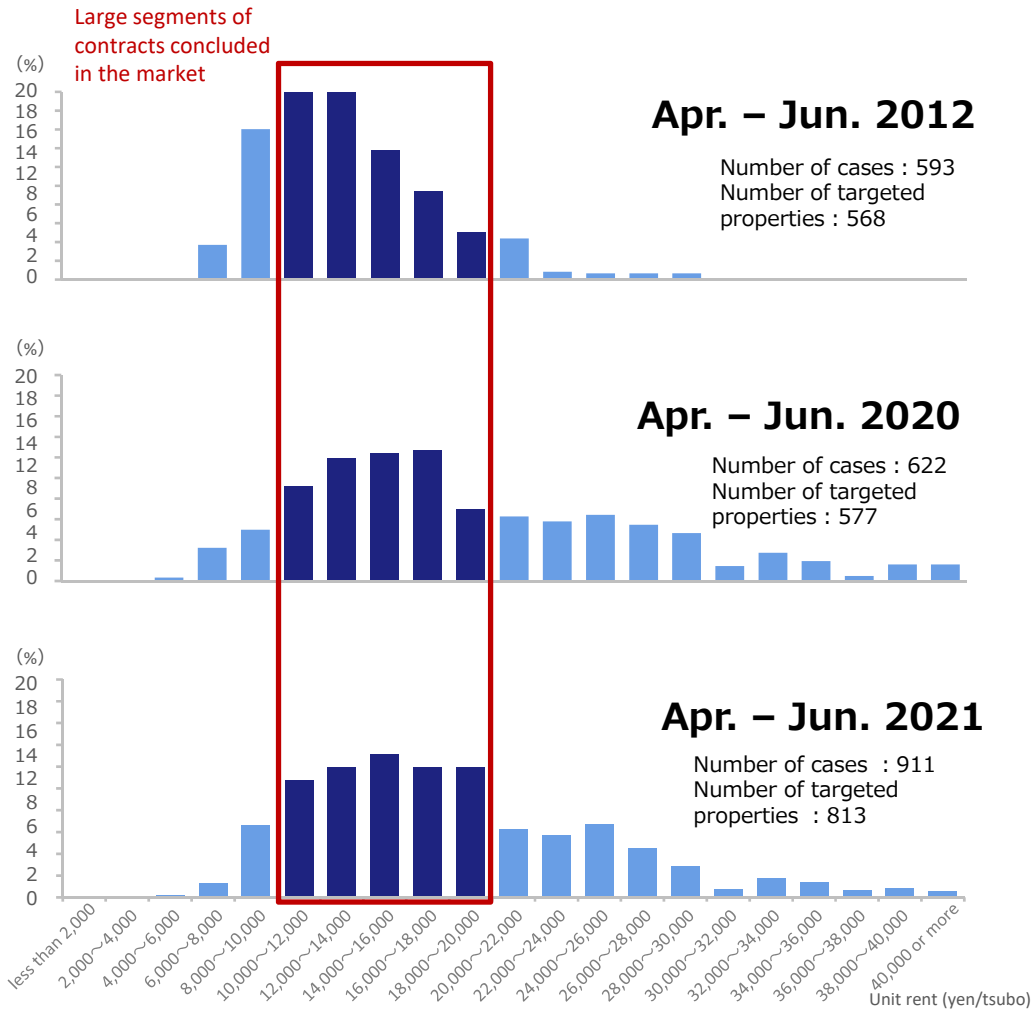
	2020 Q2	2020 Q3	2020 Q4	2021 Q1	2021 Q2
Vacancy rate	1.01%	1.34%	1.87%	2.30%	2.96%
New contracted rent index	104	102	92	90	89

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

Office Market Analysis (1)

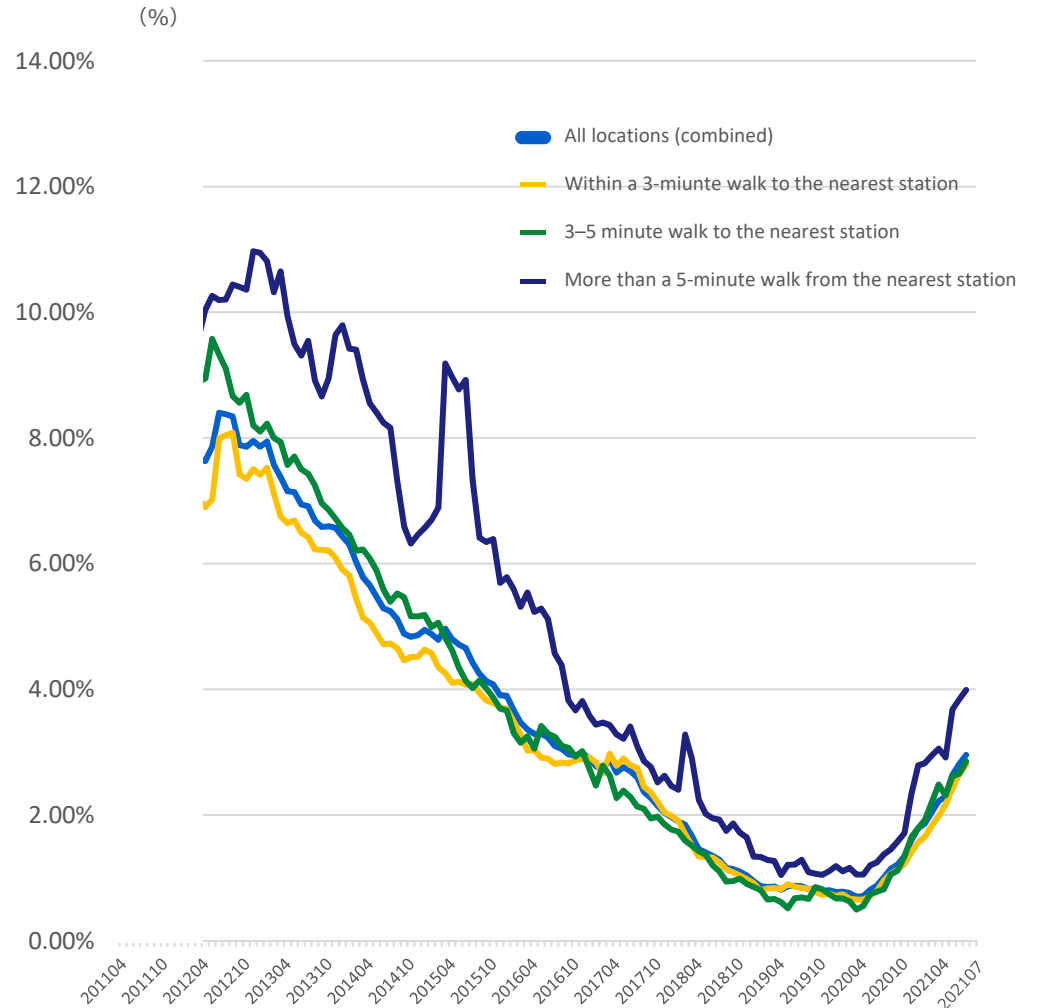
Throughout the past to present, there will be robust tenant demand within the range of 10,000 to 20,000 yen in general. XYMAX REIT believes that there is a clear correlation between convenient locations (the time required to walk to the nearest station) and the occupancy rate.

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



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

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

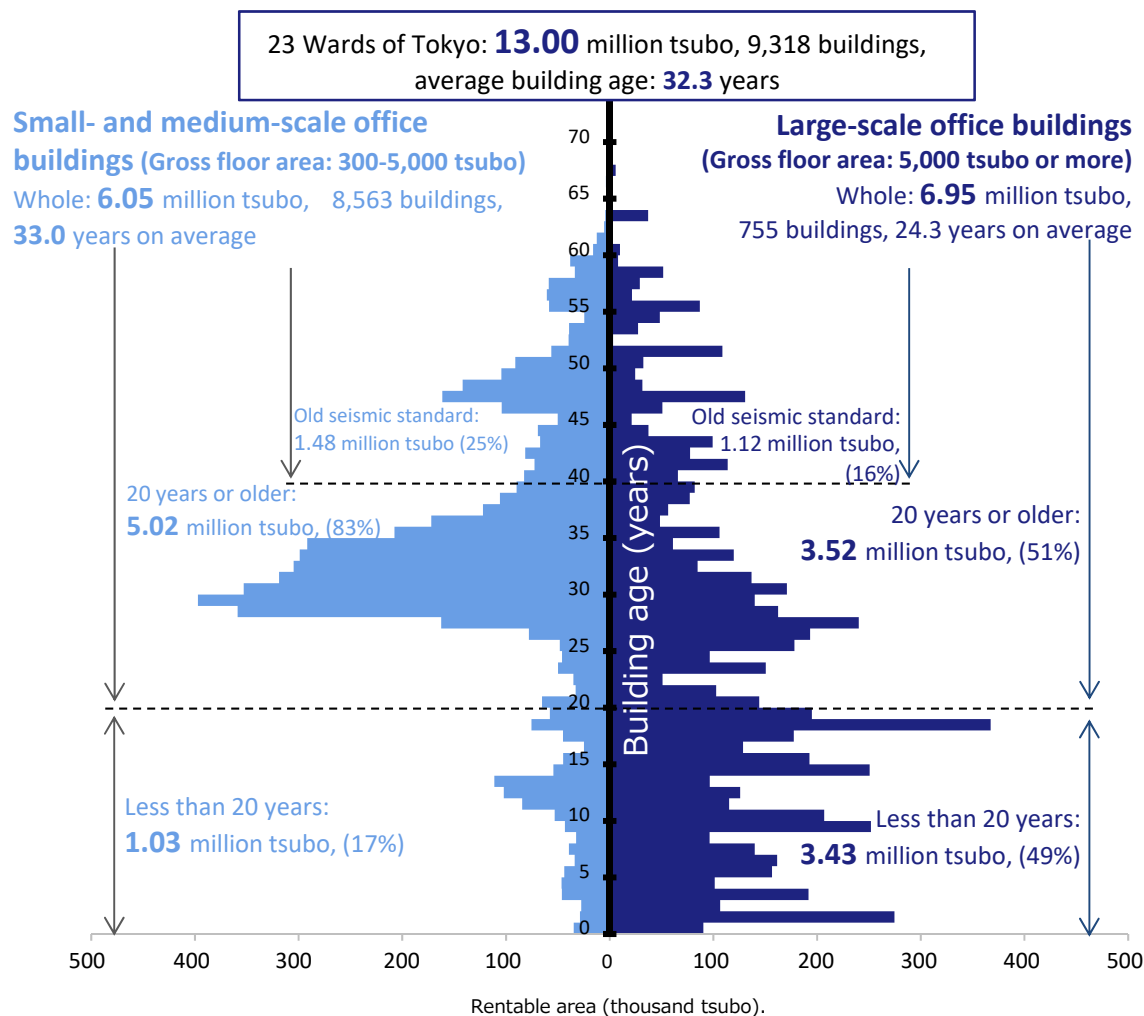


Source: Created by XYMAX Real Estate Institute upon the request of Asset Management Company

Office Market Analysis (2)

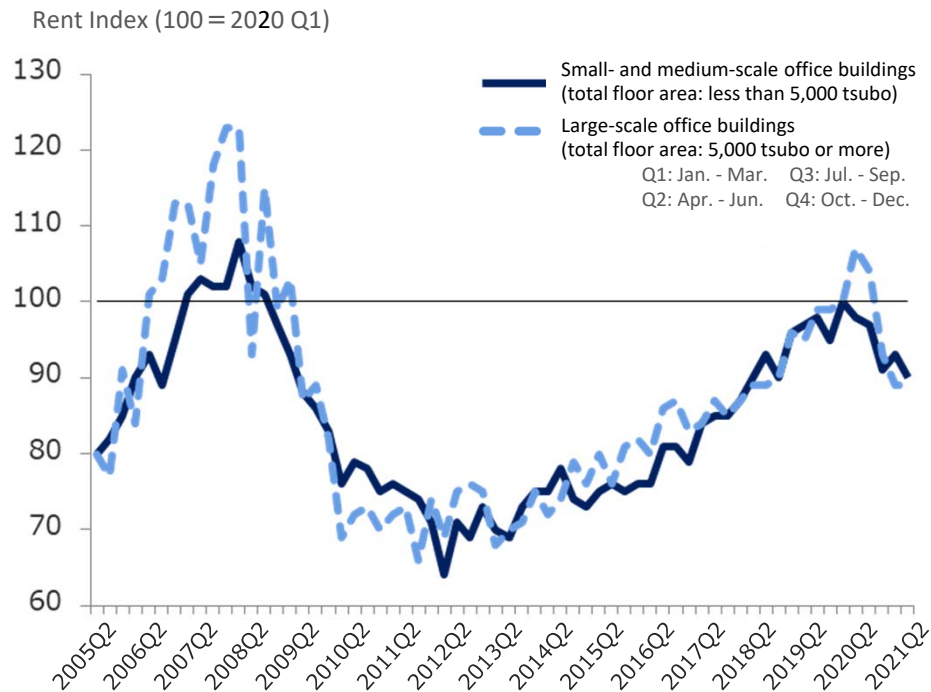
The scarcity of small- and medium-scale office buildings will improve in the future, when considering the current limited supply trend. XYMAX REIT believes that the volatility of rent for small- and medium-scale office buildings is relatively lower than that of large-scale buildings and is highly stable revenues.

Office Stock Pyramid 2021 covering the 23 wards (net rentable area)



Source: Survey Report by XYMAX Real Estate Institute Corp. "[23 Wards of Tokyo] Office Stock Pyramid 2021"

New contracted rent by office building scale



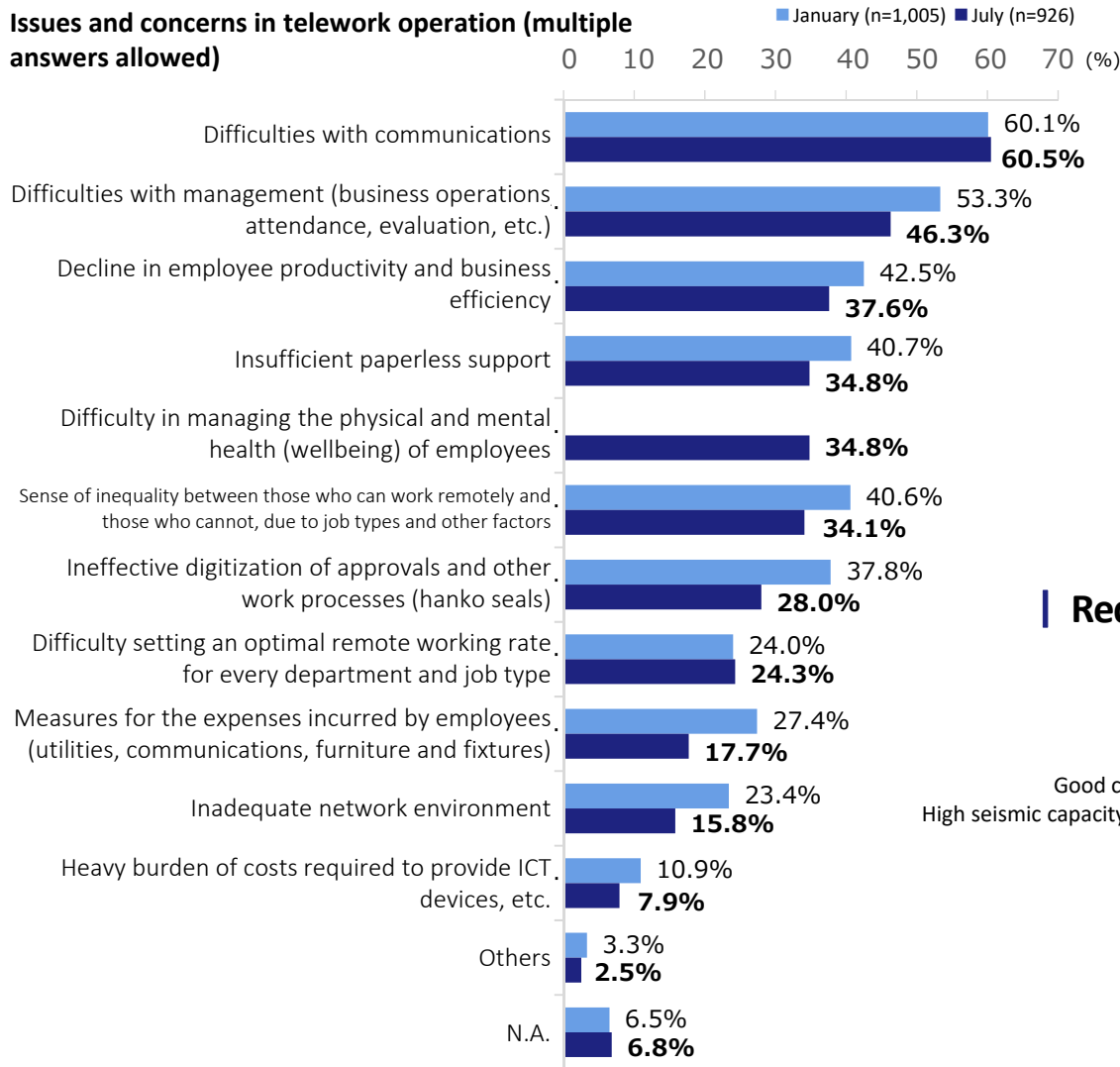
	2020 Q1	2020 Q2	2020 Q3	2020 Q4	2021 Q1
Small- and medium-scale office buildings (total floor area: less than 5,000 tsubo)	98	97	91	93	90
Large-scale office buildings (total floor area: 5,000 tsubo or more)	107	104	93	89	89

Source: Survey Report by XYMAX Real Estate Institute Corp. "Office Market Report Tokyo Q2 2021"

Office Demands of the Post-COVID-19 (1)

The significance of an office as a “place of gathering” is becoming evident due to issues with remote working

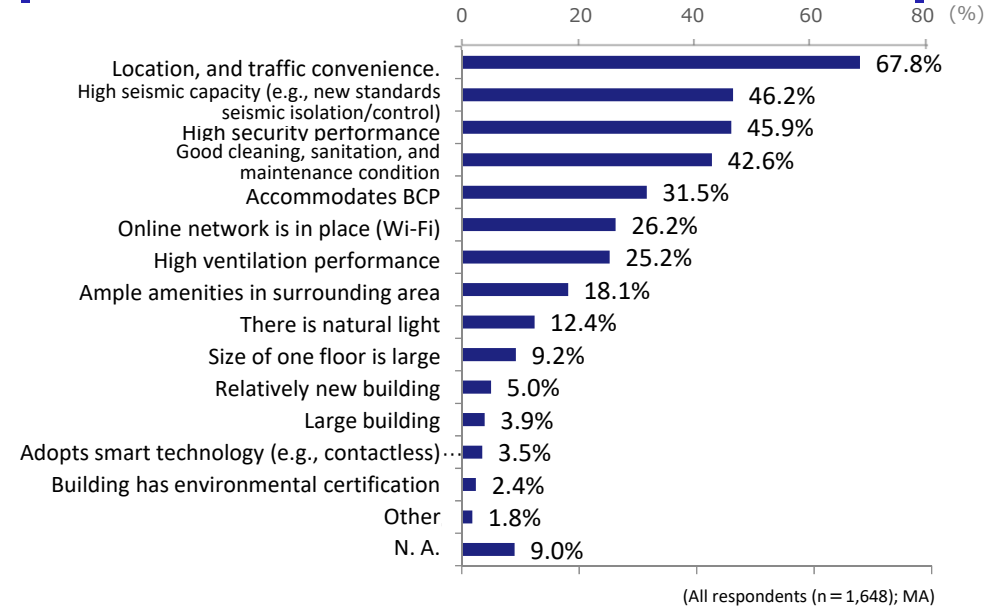
Issues and concerns in telework operation (multiple answers allowed)



Due to the addition of options from the July survey, the January survey is not shown in the graph.

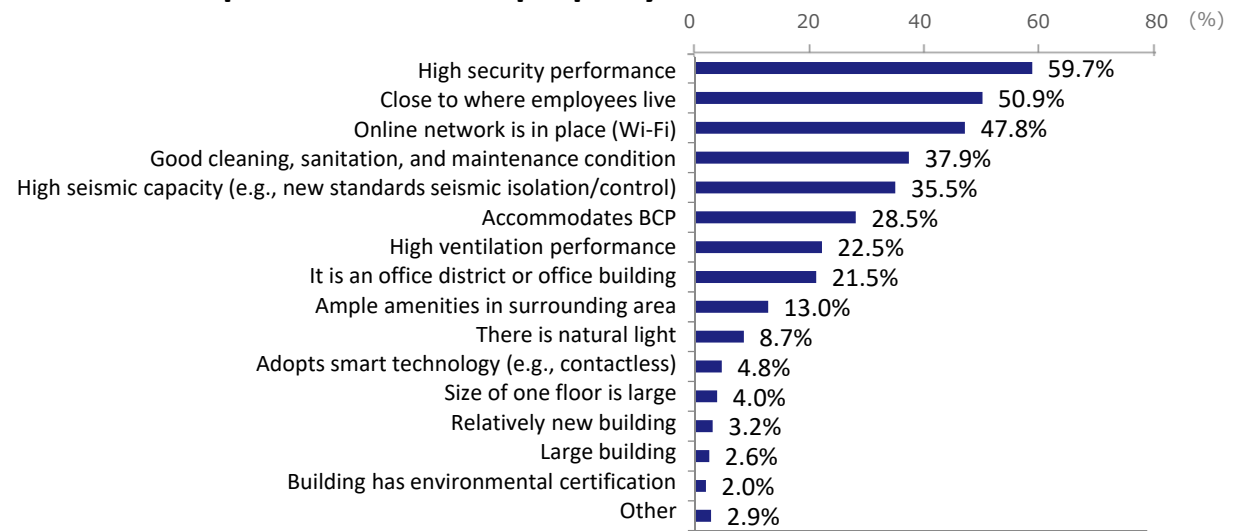
Based on a survey distributed to companies registered to use the ZXY satellite office service in the Tokyo Metropolitan area (Tokyo, Kanagawa, Saitama, and Chiba) and XYMAX INFONISTA client companies (926 valid responses) The survey period was July 6, 2021 to July 18, 2021.

Requirements to the property to be used as the main office



(All respondents (n = 1,648); MA)

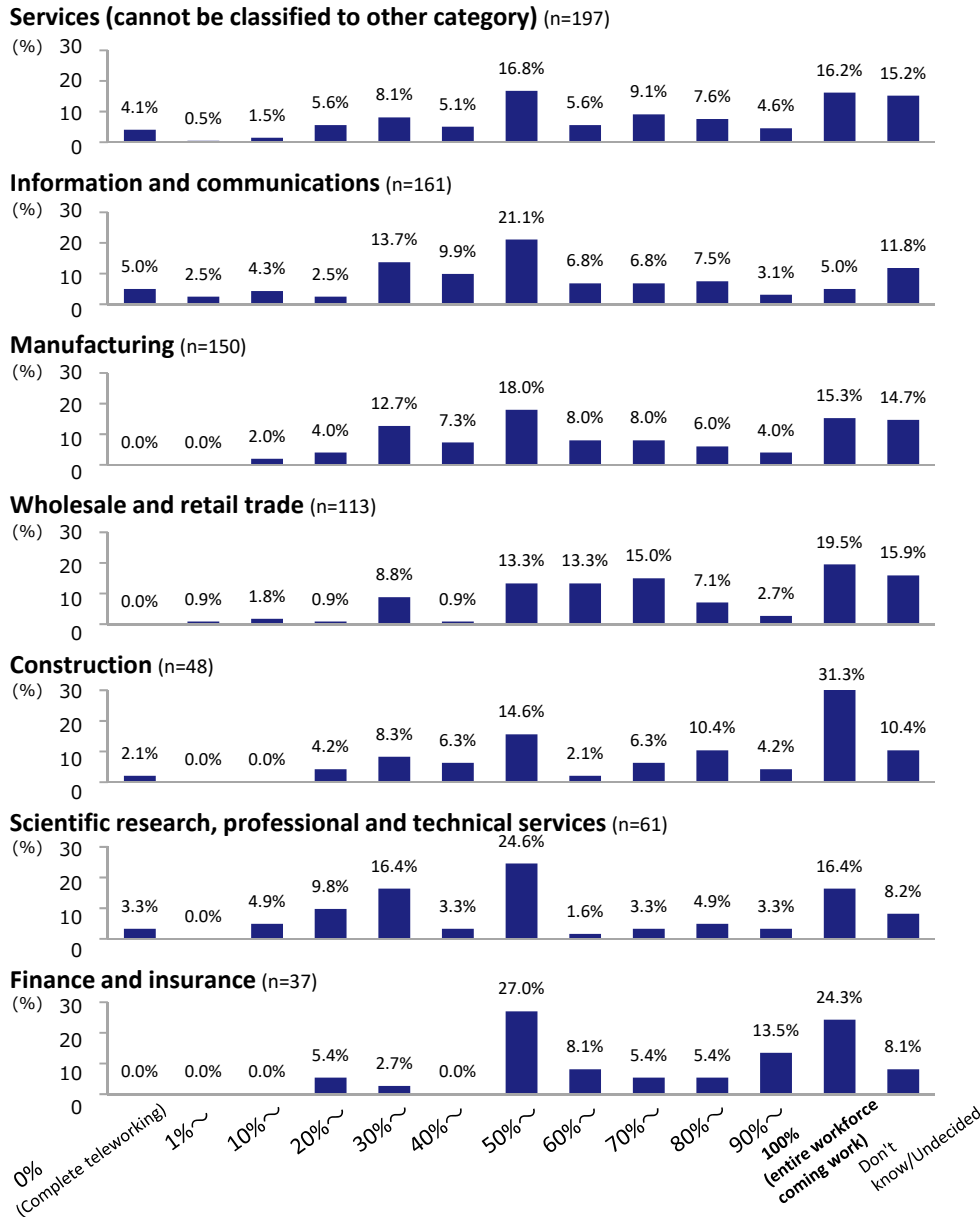
Requirements to the property to be used as the satellite office



(All respondents, 'Do not intend to use satellite office' (n=1,065; MA)

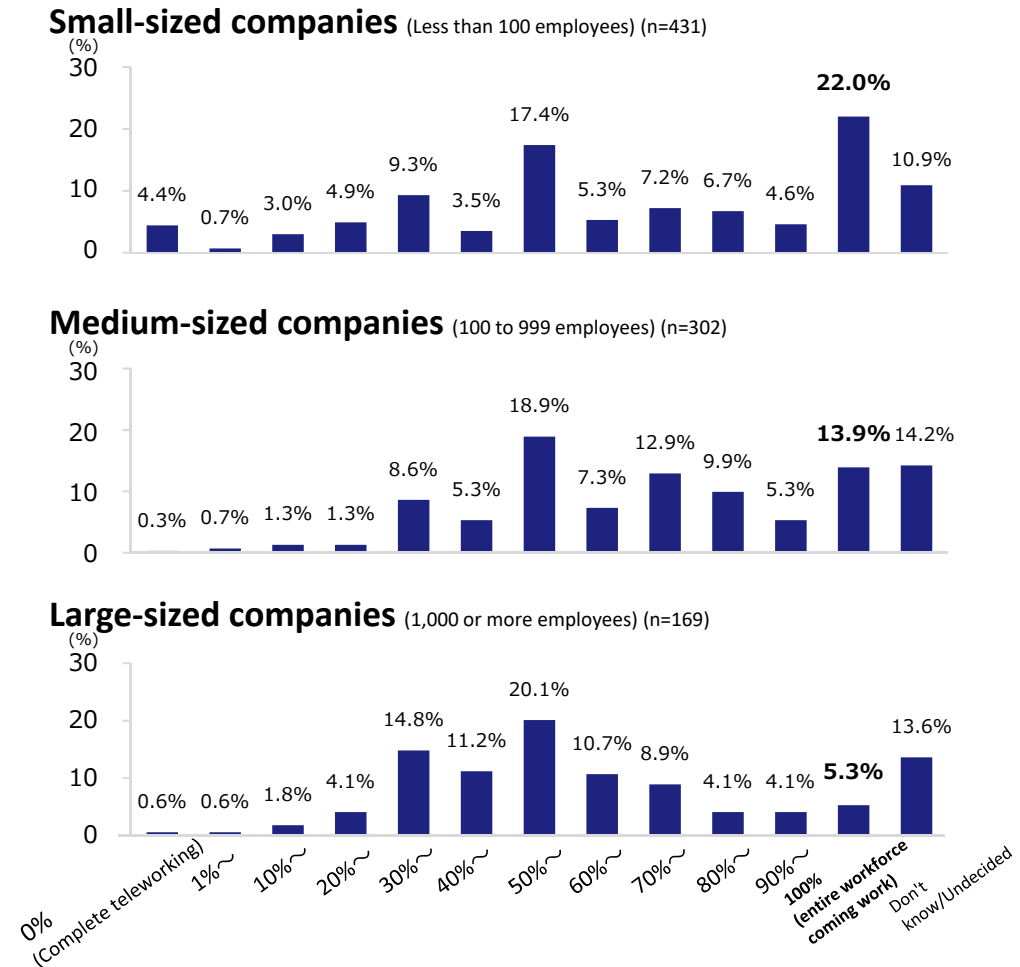
Office Demands of the Post-COVID-19 (2)

Targeted rate of workforce for in-office work after the COVID-19 crisis has subsided (by industry)



Targeted rate of workforce for in-office work after the COVID-19 crisis has subsided (by company size)

*Excluding companies where number of employees is unknown



Source: Awareness Survey of the Tokyo Metropolitan Area on Workstyles and Workplaces: July 2021 by XYMAX Real Estate Institute

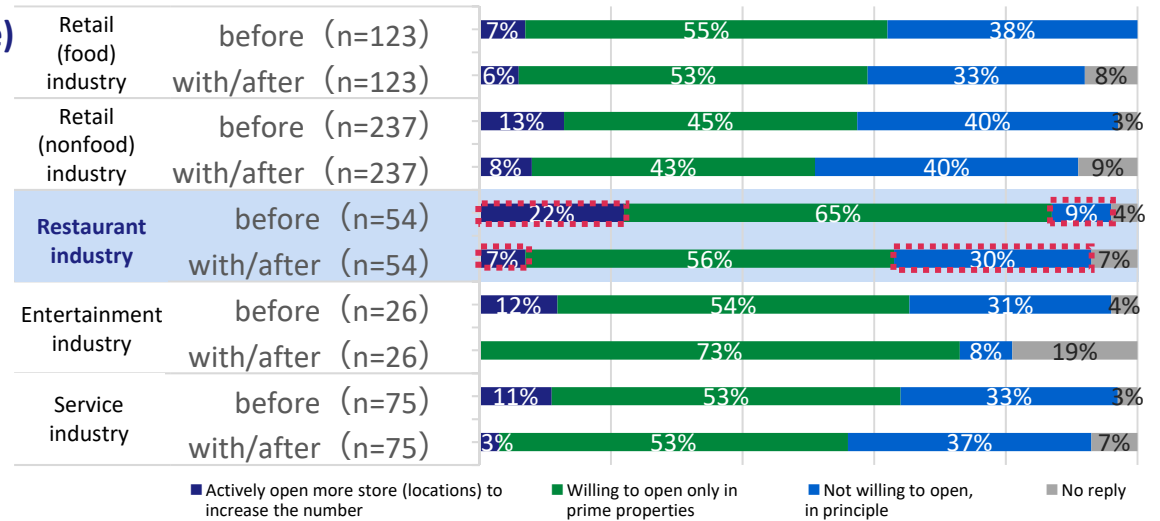
Impact of COVID-19 on the Retail Market

While sales in the restaurant industry have declined sharply due to the impact of COVID-19, changes in other industries have been small, and the impact has been limited.

1. Willingness to open new stores (by industry/business type)

Willingness of businesses in the restaurant industry to open new locations:
“Proactively willing to open” decreased (from 22% to 7%)
“Not willing to open, in principle” increased threefold (from 9% to 30%)

At the same time, changes in other industries, including the retail (food) and entertainment industries have been small, and the impact on the retail sector in general has been limited.

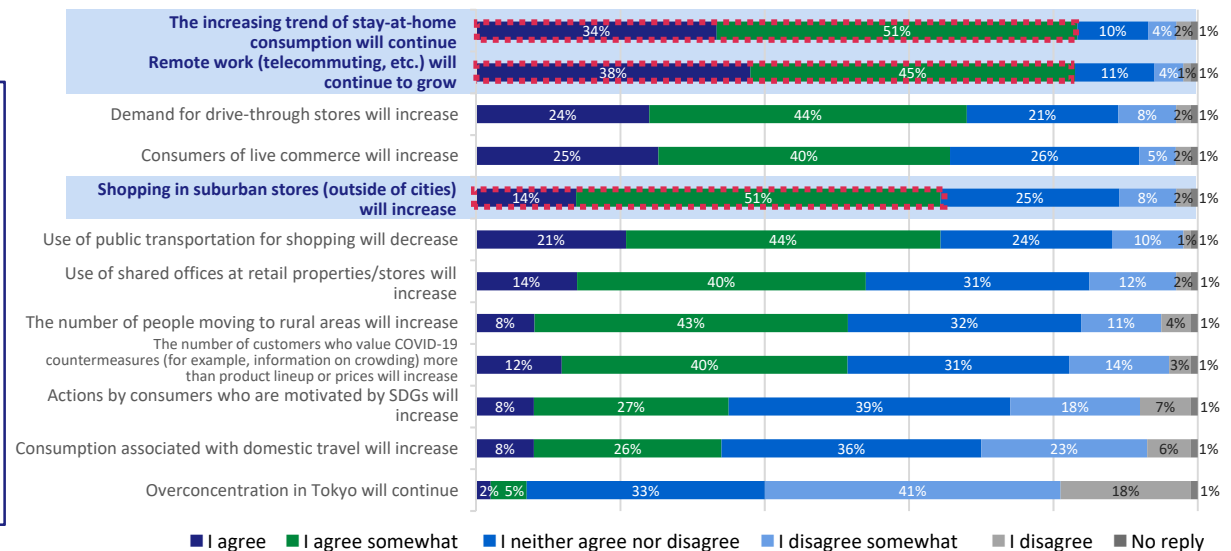


2. Changes in consumer behavior and values

For the following items, a large percentage replied, “I agree” and “I agree somewhat.”

- **“The increasing trend of stay-at-home consumption will continue” (85%)**
- **“Remote work (telecommuting, etc.) will continue to grow” (83%)**
- **“Shopping in suburban stores (outside of cities) will increase” (65%)**

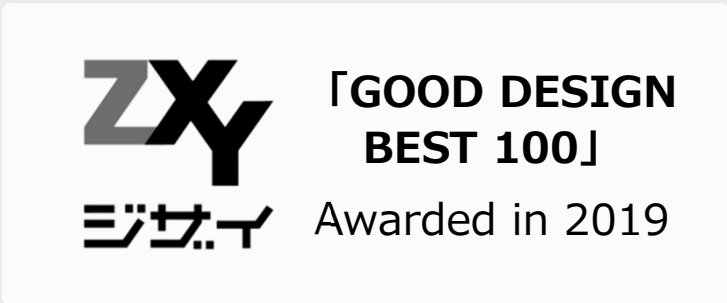
Consumer needs have changed, and retail properties in the suburbs are expected to remain robust.



From “Survey on Store Strategies under the COVID-19 Pandemic 2020” by XYMAX Real Estate Institute Corporation

Membership satellite office business "ZXY" leading work-style reform

| Workplace service enabling free work-style |



ZXY
「GOOD DESIGN BEST 100」
ジサイイ Awarded in 2019

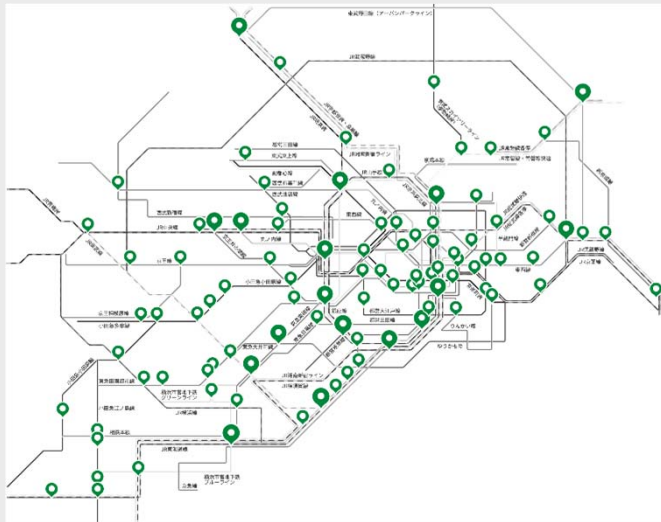


To respond the increasing demand for private booth, 8 workplaces were renovated to workplaces that accommodate private booth only and this has enhanced the convenience



Expanding workplace by utilizing the various spaces owned and/or leased by gymnasiums, financial institutions, and Railway companies, etc.

■ Location of workplaces

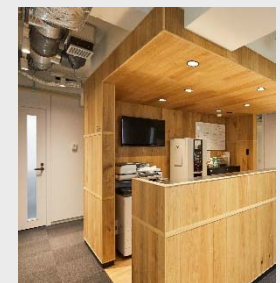


■ Change in number of memberships and workplaces

Members



Workplaces



Source: XYMAX Corporation

The XYAX Group is expanding its own brand, "karaksa hotel" in the country mainly targeting tourists

Osaka

Mar. 2016	69 rooms	karaksa hotel Osaka Shinsaibashi I *
Jan. 2017	139 rooms	karaksa Spring hotel Kansai Air Gate *
Nov. 2017	112 rooms	karaksa hotel Osaka Namba *
Nov. 2019	396 rooms	karaksa hotel grande Shin-Osaka Tower *



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 *



karaksa hotel Kyoto I

Tokyo

May 2019	57 rooms	karaksa hotel premier Tokyo Ginza *
Jul. 2019	151 rooms	karaksa hotel TOKYO STATION *
Spring, 2023	95 rooms	



karaksa hotel grande Shin-Osaka Tower

Hokkaido

Jan. 2018 177 rooms karaksa hotel Sapporo *

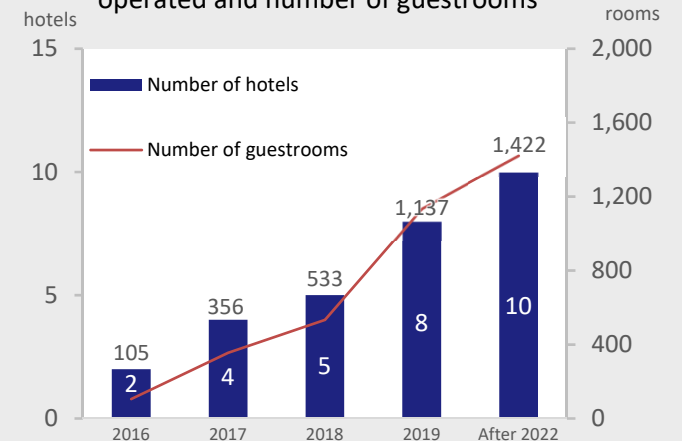


karaksa hotel Sapporo

Chiba

To be opened 190 rooms

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



Source: XYMAX Corporation (as of September 2021)

* 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.

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