



**XYMAX REIT Investment Corporation**

# **Presentation Materials**

## **for the 8th Fiscal Period Ended February 2022**

**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.

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Terms	Definition
<b>Estimated value at the end of period</b>	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
<b>Unrealized gain</b>	Estimated value of real estate, etc. at the end of period – book value at the end of period
<b>LTV based on total assets</b>	Balance of interest-bearing liabilities / total assets
<b>Appraisal LTV</b>	Balance of interest-bearing liabilities / (total assets + unrealized gain)
<b>Net asset per unit</b>	(Net asset - total distribution) / total number of investment units issued and outstanding
<b>NAV per unit</b>	(Net asset + unrealized gain - total distribution) / total number of investment units issued and outstanding
<b>Acquisition price</b>	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
XYMAX Sapporo Odori Building	: Sapporo	XYMAX Kiba koen Building	: Kiba
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
Valor Kachigawa Store (Leasehold land)			: Kachigawa
Hotel Vista Sendai	: Sendai	Renaissance 21 Chihaya	: Chihaya
L-Place Nishikasai	: Nishikasai		

Through a series of asset replacements and capital increase by a public offering, XYMAX REIT realized external growth, and achieved revenue improvements for existing properties by the re-leasing of offices and tenant replacements at retail facilities.

## ■ Steady management that leverages the XYMAX Group's network, knowledge, and know-how

- ✓ Despite the impact of COVID-19, offices have recovered their occupancy rates quickly (as of the end of the 8th FP: 98.8%; as of March 1, 2022: 100%).
- ✓ Retail facilities recorded steady revenue, backed by the fixed-rent contracts. Tenant replacements are realized with no downtime at +15% rent of the previous tenants, which will occur in the 9th FP.
- ✓ Although the hotel's operating performance was sluggish due to the COVID-19 pandemic, fixed-rent was revived from the 8th FP onwards and the rents were received stably and continuously. Variable rent is expected to recover in the future.

## ■ Expanded asset size through strategic asset replacements and the capital increase through the first public offering since listing.

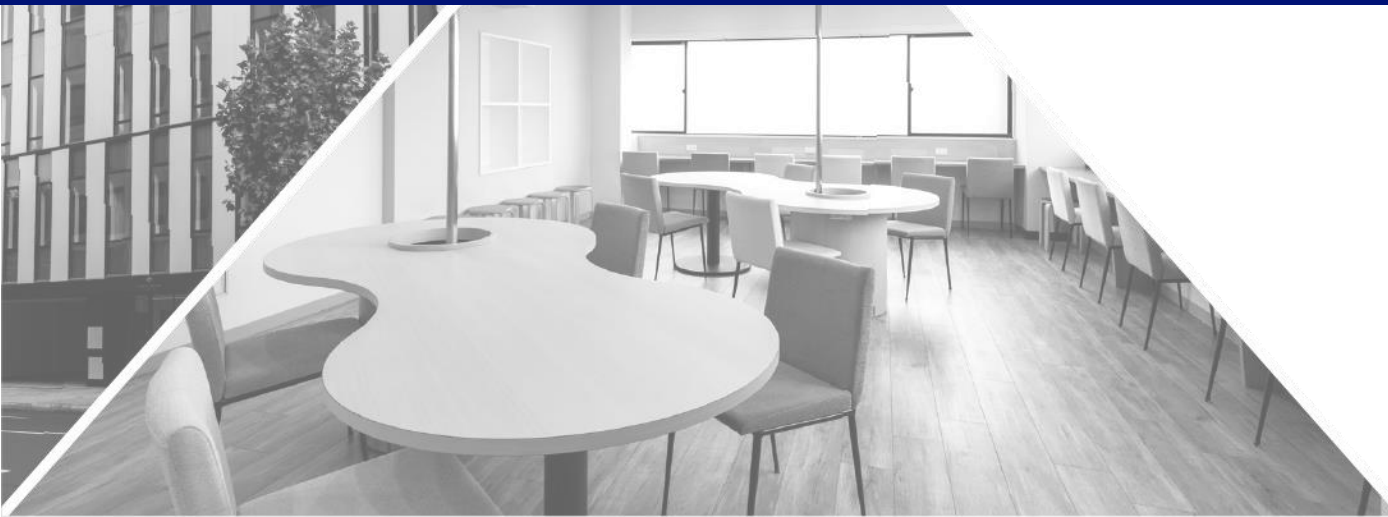
- ✓ Improved portfolio stability while maintaining asset size and profitability by strategic asset replacements, and returned gain on disposition to the unitholders.
- ✓ Acquired three properties using the capital increase through the first public offering since listing (total acquisition price: 7.6 billion yen), expanding asset size to 43.4 billion yen.
- ✓ Improved distribution along with the effective additional leverage based on the appropriate LTV control.

## ■ Stable financial base and ESG initiatives

- ✓ Expanded lender formation by inviting new banks, in cooperation with the XYMAX Group.
- ✓ Carried out initiatives leading to a reduction in the environmental burden, such as adoption of electricity from 100% renewable energy sources at existing office properties, and implementation of a public offering using electronic issuance of prospectuses.
- ✓ Developed an internal organization for ESG promotion, to further enhance ESG initiatives.

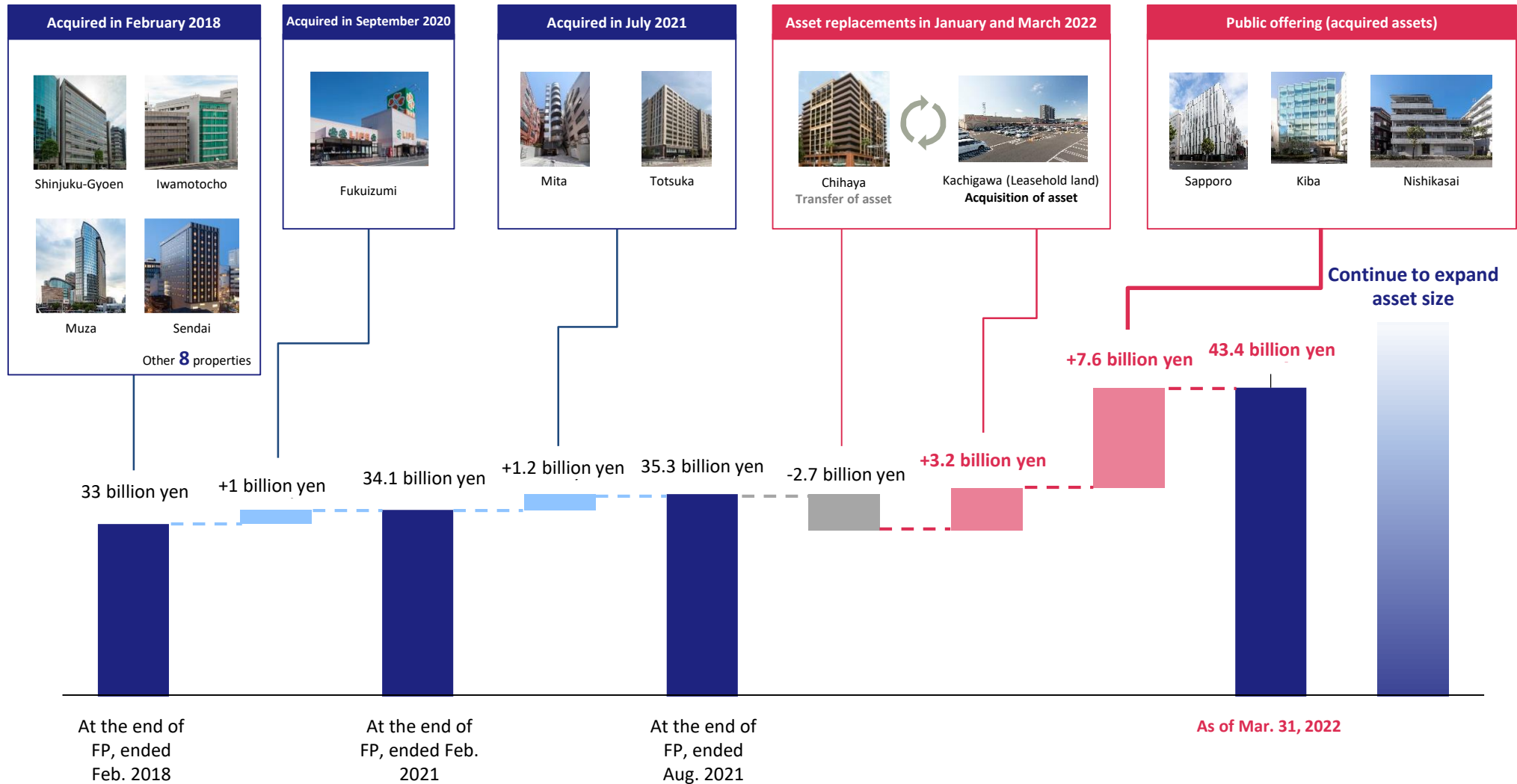


# Overview of Acquisitions through Asset Replacement and Public Offering



## Change in Asset Size

Utilizing the XYMAX Group's strengths in assessment and sourcing, XYMAX REIT has acquired properties with high management stability and been expanding its asset size.






## Overview of Newly Acquired Properties


XYMAX REIT believes that acquiring all properties with a 100% occupancy rate, that are expected to provide stable profits over the medium- to long-term through exclusive transactions will expand its portfolio size and improve stability.

<b>Number of properties:</b>	<b>Total acquisition price:</b>	<b>Aggregate appraisal value:</b>	<b>Average appraisal NOI yield / average appraisal NOI yield after depreciation:</b>	<b>Exclusive transaction ratio:</b>	<b>Occupancy rate:</b>
<b>4</b>	<b>10,856</b> million yen	<b>11,386</b> million yen	<b>4.4% / 3.9%</b>	<b>100.0%</b>	<b>100.0%</b>

### Assets to be acquired in the 9th FP

Asset type	Office	Office	Other (Residential)
Property name	XYMAX Sapporo Odori Building	XYMAX Kiba koen Building	L-Place Nishikasai
			
Location	Sapporo-shi, Hokkaido	Koto-ku, Tokyo	Edogawa-ku, Tokyo
Access	1 minute on foot from Odori station Sapporo City Subway	1 minute on foot from Kiba station Tokyo Metro Tozai Line	4 minutes on foot from Nishikasai station Tokyo Metro Tozai Line
Acquisition price (million yen)	4,707	2,003	901
Appraisal value (million yen)	4,910	2,150	996
Appraisal NOI yield / appraisal NOI yield after depreciation	4.2% / 3.2%	5.0% / 4.5%	5.6% / 5.1%
Leasable area	3,106.42㎡	2,587.13㎡	2,044.18㎡
Occupancy rate	100.0%	100.0%	100.0%
Completion	2020	1992	1986

### Asset acquired in the 8th FP

Retail
Valor Kachigawa Store (Leasehold land) (quasi co-ownership interest: 50%)

Kasugai-shi, Aichi
7 minutes on foot from Kachigawa station JR Chuo Line
3,245
3,330
4.1% / 4.1%
10,254.55㎡*1
100.0%
-

\*1: The figure is calculated by multiplying the leased floor area under the lease contract by the quasi co-ownership ratio of the beneficiary rights held by the XYMAX REIT (50%).

## Overview of Asset Replacements

### Key points of asset replacements

- Carried out the first asset replacement since listing in cooperation with the XYMAX Group, uncovering unrealized gains.
- By returning part of the large unrealized gains since listing to unitholders, the expected distribution per unit for the periods that ended in February 2022 and ending in August 2022 will increase dramatically.
- Continue to consider strategic asset replacement.

### Purpose of asset replacements

1

Maintain asset size and distributable profits for regular period

Difference in NOI after depreciation: approx. +10 million yen/year

2

Uncover unrealized gains and return gains on disposition for two periods

Difference between disposition prices and book value: approx. +531 million yen

3

Enhance medium- to long-term revenue stability

Acquisition of properties for which a long-term stable contract has been concluded with the partner of a sponsor

### Overview of asset replacement

#### Property acquisition

Valor Kachigawa Store (land with a leasehold interest) (Quasi-co-ownership: 50%)



Seller:	Japan Metropolitan Fund Investment Corporation
Acquisition date:	January 31, 2022
Location:	Onocho 2-chome, Kasugai-shi, Aichi
Land area:	20,509.10㎡
Acquisition price:	3,245 million yen
Appraisal value (as of January 1, 2022):	3,330 million yen
Appraisal NOI yield after depreciation:	4.1%



#### Property disposition

Renaissance 21 Chihaya



Purchaser:	Japan Metropolitan Fund Investment Corporation
Disposition date:	#1 (50%) January 31, 2022 #2 (50%) March 31, 2022
Location:	Chihaya 5-chome, Higashi-ku, Fukuoka-shi, Fukuoka
Completion:	October 19, 2006
Book value (as of August 31, 2021):	2,748 million yen
Appraisal value (as of August 31, 2021):	3,280 million yen
Disposition price:	3,280 million yen
Actual NOI yield after depreciation:	3.7%

### Asset

<b>Number of properties</b>	18
<b>Asset size (based on acquisition price)</b>	43.4 billion yen
<b>Appraisal value<sup>*1</sup></b>	54.7 billion yen
<b>Unrealized gains<sup>*2</sup> (unrealized gain ratio)</b>	10.7 billion yen (+24.5%)
<b>Profitability (based on acquisition price)</b>	appraisal NOI yield: 5.5% <sup>*3</sup> appraisal NOI yield after depreciation: 4.8% <sup>*4</sup>
<b>Average building age (weighted average of acquisition price)</b>	18.7 years
<b>Total leasable area</b>	85,317.97m <sup>2</sup>
<b>Occupancy rate</b>	99.9%
<b>Asset type (based on acquisition price)</b>	Office: 58.3% Retail: 29.5% Hotel: 10.1% Others: 2.1%

### Debt

As of March 31, 2022

<b>Balance of interest-bearing liabilities</b>	19.9 billion yen
<b>LTV based on total assets<sup>*5</sup></b>	41.0%
<b>Appraisal LTV<sup>*6</sup></b>	33.6%
<b>Average borrowing rate<sup>*7</sup></b>	0.632%
<b>Average remaining period</b>	2 years 10 month
<b>Fixed interest rate ratio</b>	96.5%

### Equity

<b>Aggregate market value</b>	31.2 billion yen
<b>Unitholders' capital</b>	25.4 billion yen (Total number of investment units issued and outstanding: 249,650)
<b>Investment unit price</b>	125,000 yen
<b>NAV per unit<sup>*8</sup></b>	145,046 yen
<b>Distribution per unit</b>	3,867 yen (9th FP forecast)

\*1: As of January 1, 2022 for properties acquired through a public offering, and as of the end of the 8th FP for existing properties

\*2: Appraisal value – acquisition price for properties acquired through a public offering, and appraisal value – book value as of the end of the 8th FP for existing properties

\*3: Appraisal NOI for properties acquired through a public offering, and annualized actual NOI for the 8th FP for existing properties

\*4: Appraisal NOI – depreciation calculated by the Asset Management Company for properties acquired through a public offering (this figure is calculated by the Asset Management Company, and is not the figure recorded on the real estate appraisal report)

\*5: LTV based on total assets = (Total borrowings as of March 31, 2022) ÷ (total assets as of February 28, 2022 (the end of the 8th FP) + change in borrowings during a period from February 28, 2022 (the end of the 8th FP) to March 31, 2022 – security deposits of Chihaya as of February 28, 2022 (the end of the 8th FP) + security deposits from properties acquired through public offering + net proceeds from public offering) × 100

\*6: Appraisal LTV = (Total borrowings as of March 31, 2022) ÷ (total assets as of February 28, 2022 (the end of the 8th FP) + change in borrowings during a period from February 28, 2022 (the end of the 8th FP) to March 31, 2022 – security deposits of Chihaya as of February 28, 2022 (the end of the 8th FP) + security deposits from properties acquired through public offering + net proceeds from public offering + unrealized gain on properties acquired through public offering and existing properties) × 100

\*7: Interest rate for floating rate borrowings is calculated based on the JBA 1-month Japanese Yen TIBOR as of March 31, 2022.

\*8: (Net asset at the end of the 8th FP + unrealized gain at the end of the 8th FP – total distribution for the 8th FP – unrealized gain on Chihaya at the end of the 8th FP + unrealized gain on properties acquired through public offering + net proceeds from public offering) ÷ total number of investment units issued and outstanding

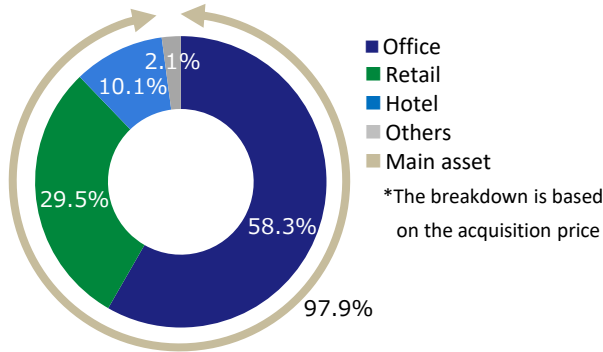


# Overview of Acquisitions through Asset Replacement and Public Offering

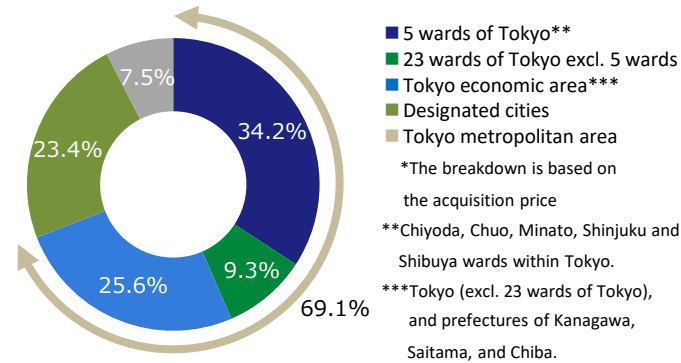
## Portfolio Data (2)

As of March 31, 2022

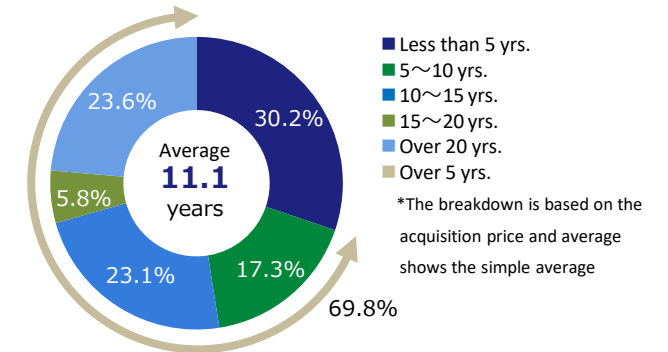
Percentage by asset type



Percentage by geographic area

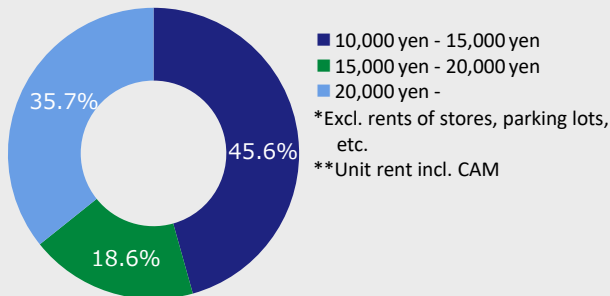


Percentage by year engaged by XYMAX Group

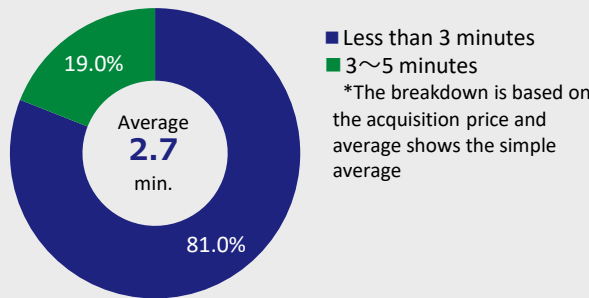


Office

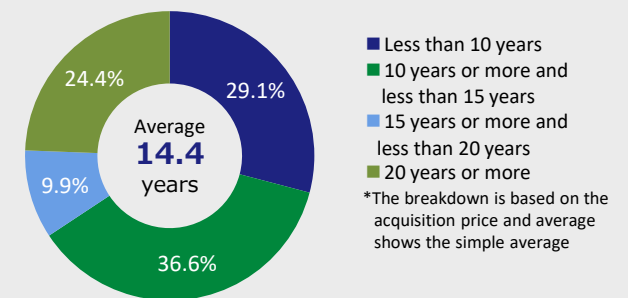
Average unit rent 16,365yen/tsubo



Minutes from nearest station

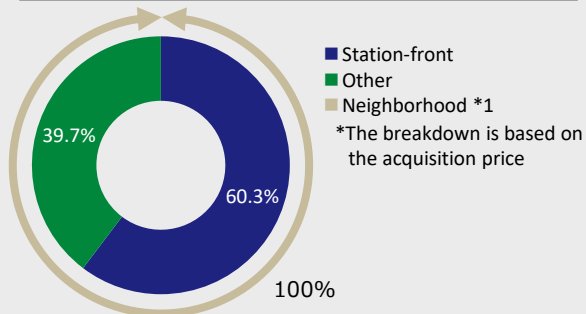


Average engaged period

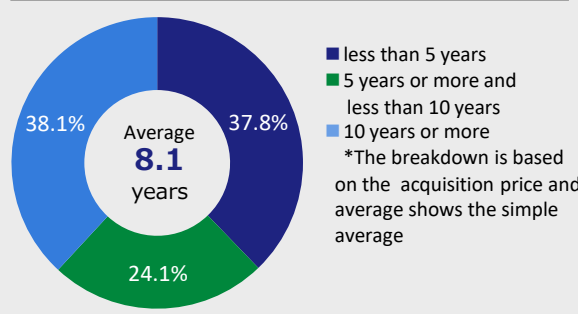


Retail

Composition of retail properties

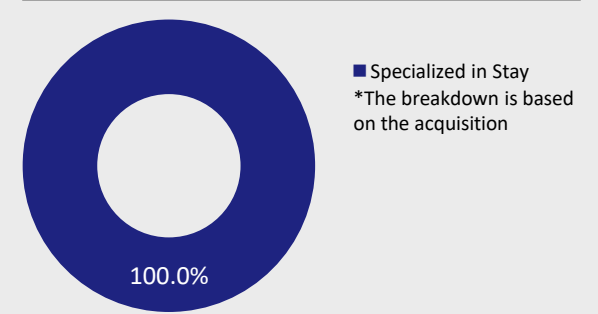


Average engagement period



Hotel

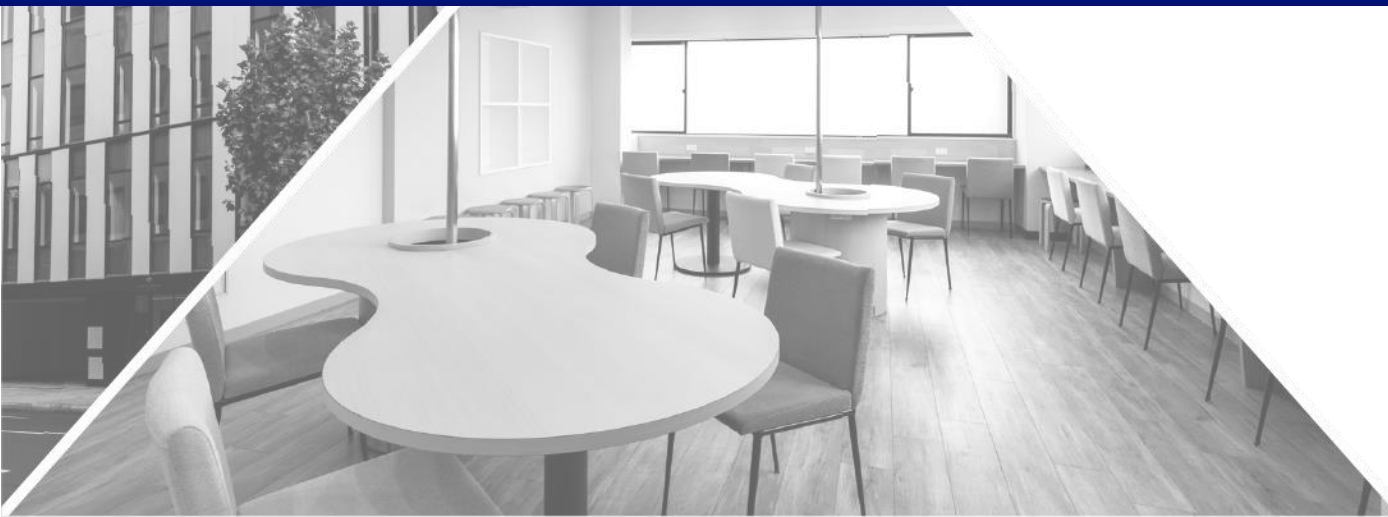
Percentage of specialized in Stay



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



# Overview of Financial Results and Earnings Forecasts



# Overview of Financial Results

Operating revenue was 1,611 million yen, up 23.5% and net income was 870 million yen, up 34.3% from the previous period, respectively. Unit: million yen

	the 7th FP (A)	Actual results for the 8th FP (B)	Difference (B)-(A)	Main factors for difference (B)-(A)
Leasing business revenue	1,193	1,289	96	Revival of fixed rent (Sendai) +65, rent revenue (Mita, Totsuka* <sup>1</sup> +26 / Kachigawa +11 / Chihaya -8)
Other leasing business revenue	112	102	-9	Lump sum income -18, electricity reimbursements(existing properties* <sup>2</sup> ) +3
Gain on sale of real estate properties	-	219	219	Gain on disposition(Chihaya) +219
<b>Operating revenue</b>	<b>1,305</b>	<b>1,611</b>	<b>306</b>	
Expenses related to leasing business (Excluding Depreciation)	344	348	4	Property operating expenses (Mita, Totsuka* <sup>1</sup> +8), electricity charges(existing properties* <sup>2</sup> ) +5, repair expenses (existing properties* <sup>2</sup> ) -3
<b>NOI</b>	<b>960</b>	<b>1,043</b>	<b>82</b>	
Depreciation	137	142	5	
<b>Leasing business income</b>	<b>823</b>	<b>901</b>	<b>77</b>	
Other operating expenses	122	173	51	Disposition fees +32
<b>Operating income</b>	<b>701</b>	<b>946</b>	<b>245</b>	
Non-operating income	0	0	-0	
Non-operating expenses	52	75	23	Interest and borrowing related expenses (refinance and new borrowings) +23
<b>Ordinary income</b>	<b>648</b>	<b>871</b>	<b>222</b>	
<b>Net income</b>	<b>647</b>	<b>870</b>	<b>222</b>	
<b>Distribution per unit (yen)</b>	<b>2,900</b>	<b>3,896</b>	<b>996</b>	<b>Comparison with the distribution forecast released in January 2022 (3,877 yen) +19 yen</b>

Days: 7th FP: 184 days, 8th FP: 181 days

Number of investment units issued and outstanding: 7th FP: 223,400, 8th FP: 223,400

\*1: Since Mita and Totsuka were acquired on July 1, 2021, their period of contribution was two months in the 7th FP and six months from the 8th FP.

\*2: The existing properties are assets owned at the end of the 8th FP excluding Mita, Totsuka, Kachigawa and Chihaya.

# Earnings Forecast for the 9th FP ending August 2022

Unit: million yen

	the 8th FP (A)	Actual results for the 9th FP (B)	Difference (B)-(A)	Main factors for difference (B)-(A)
Leasing business revenue	1,289	1,493	204	Rent revenue (four new properties +268 / Chihaya -86 / existing properties*1 +21)
Other leasing business revenue	102	109	7	
Gain on sale of real estate properties	219	222	2	
<b>Operating revenue</b>	<b>1,611</b>	<b>1,825</b>	<b>213</b>	
Expenses related to leasing business (Excluding Depreciation)	348	388	40	Property operating expenses (four new properties +45 / Chihaya -27), Repair expenses (existing properties*1) +13, electricity expenses (existing properties*1) +5
<b>NOI</b>	<b>1,043</b>	<b>1,214</b>	<b>171</b>	
Depreciation	142	157	14	
<b>Leasing business income</b>	<b>901</b>	<b>1,057</b>	<b>156</b>	
Other operating expenses	173	193	19	
<b>Operating income</b>	<b>946</b>	<b>1,086</b>	<b>139</b>	
Non-operating income	0	0	-0	
Non-operating expenses	75	119	44	Interest and borrowing related expenses (refinance and new borrowings) +38, amortization of investment unit issuance expenses +5
<b>Ordinary income</b>	<b>871</b>	<b>966</b>	<b>95</b>	
<b>Net income</b>	<b>870</b>	<b>965</b>	<b>95</b>	
<b>Distribution per unit (yen)</b>	<b>3,896</b>	<b>3,867</b>	<b>-29</b>	<b>Comparison with the distribution forecast released in February 2022 (3,845 yen) +22 yen</b>

Days: 8th FP: 181 days, 9th FP: 184 days

Number of investment units issued and outstanding: 8th FP: 223,400, 9th FP: 249,650

\*1: The existing properties are assets owned at the end of the 8th FP excluding Kachigawa and Chihaya.

# Earnings Forecast for the 10th FP ending February 2023

Unit: million yen

	the 9th FP forecast (A)	the 10th FP forecast (B)	Difference (B)-(A)	Main factors for difference (B)-(A)
Leasing business revenue	1,493	1,484	-9	Rent revenue (disposed property (Chihaya) -8)
Other leasing business revenue	109	113	3	Electricity reimbursements +2
Gain on sale of real estate properties	222	-	-222	Gain on disposition (Chihaya) -222
<b>Operating revenue</b>	<b>1,825</b>	<b>1,597</b>	<b>-227</b>	
Expenses related to leasing business (Excluding Depreciation)	388	393	4	Leasing cost +2, electricity expenses +1
<b>NOI</b>	<b>1,214</b>	<b>1,204</b>	<b>-10</b>	
Depreciation	157	164	7	
<b>Leasing business income</b>	<b>1,057</b>	<b>1,039</b>	<b>-18</b>	
Other operating expenses	193	158	-34	Disposition fees -33
<b>Operating income</b>	<b>1,086</b>	<b>880</b>	<b>-205</b>	
Non-operating income	0	0	0	
Non-operating expenses	119	108	-11	Interest and borrowing related expenses (refinance and repayment) -11
<b>Ordinary income</b>	<b>966</b>	<b>772</b>	<b>-193</b>	
<b>Net income</b>	<b>965</b>	<b>771</b>	<b>-193</b>	
<b>Distribution per unit (yen)</b>	<b>3,867</b>	<b>3,091</b>	<b>-776</b>	<b>Comparison with the distribution forecast released in February 2022 (3,080 yen) +11 yen</b>

Days: 9th FP: 184 days, 10th FP: 181 days

Number of investment units issued and outstanding: 9th FP: 249,650, 10th FP: 249,650



# Investment Status and Growth Strategy

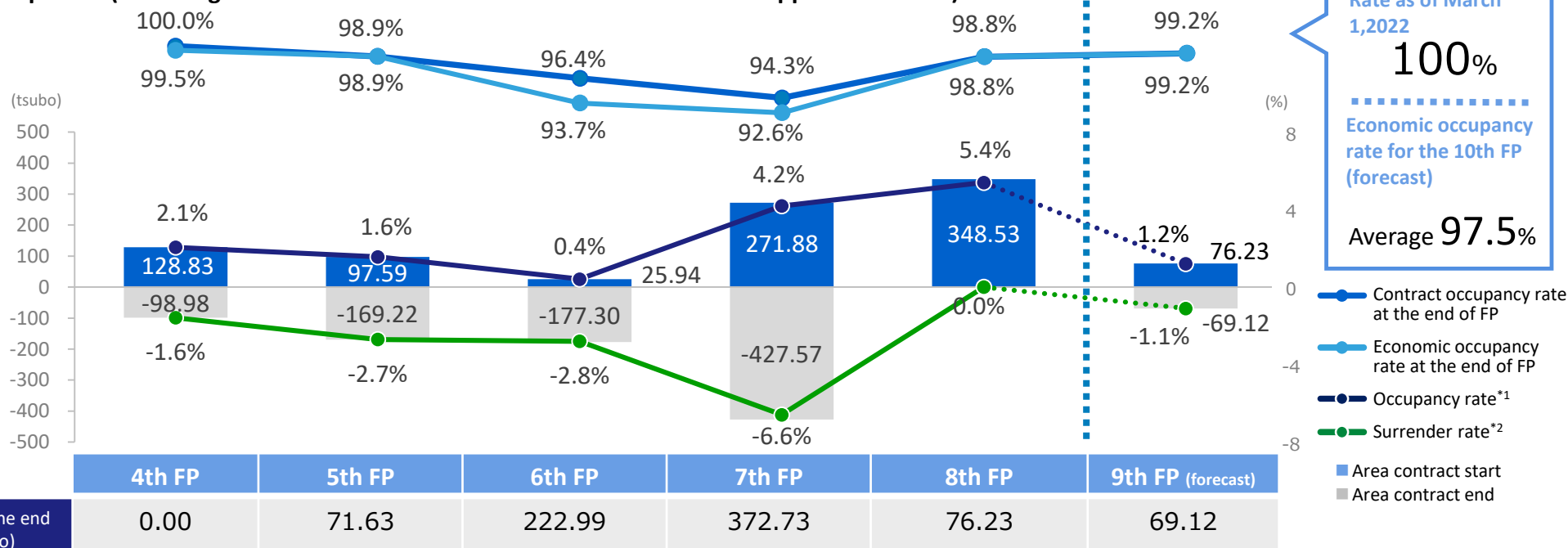


# Status of Office Tenant –Occupancy Rate & Tenant Replacements –

Despite the continued downtrend in the office tenant market, sponsor group’s operational capability helped the early recovery of occupancy rate, which achieved 100% for the contract occupancy rate as of March 1, 2022.

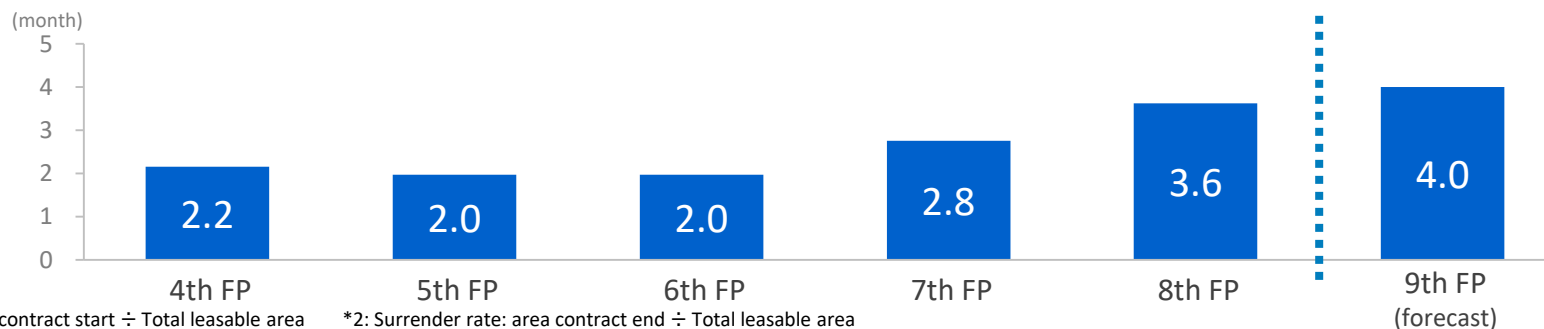
## Status of occupancy rate & tenant replacements

• Eight office properties (exc. obligated residences. Forecast for the 9th FP includes Sapporo and Kiba.)



## Average of free rent period\*4

• Eight office properties (exc. obligated residences. Forecast for the 9th FP includes Sapporo and Kiba.)



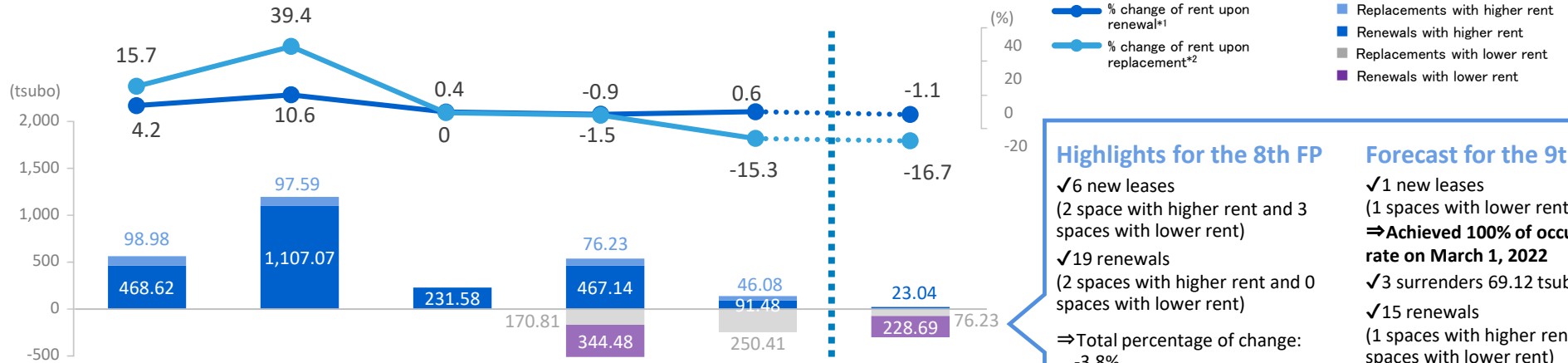
\*1 Occupancy rate: area contract start ÷ Total leasable area

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

\*3 Area for which the lease contract term has not started as of the end of each FP

\*4 Average of free rent period: free rent period granted in contracts whose contract period start in each FP (new leases) x total contract area of contracts with free rent granted in new leases ÷ total area where new contracts start

**Status of tenant replacement and contract renewal** • Eight office properties (exc. obligated residences. Forecast for the 9th FP includes Sapporo and Kiba.)



**Highlights for the 8th FP**

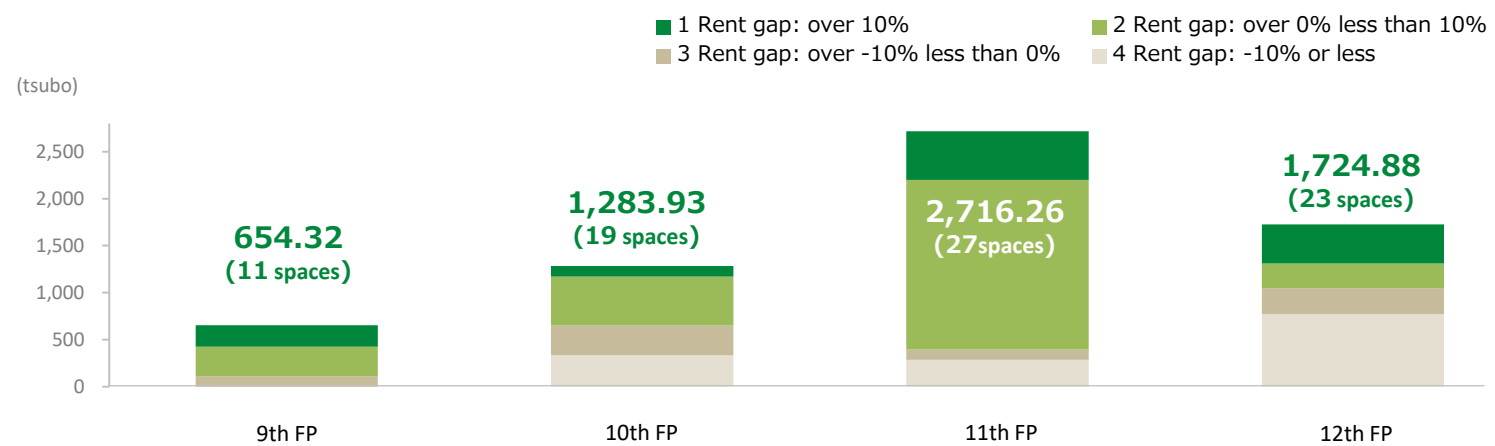
- ✓6 new leases (2 space with higher rent and 3 spaces with lower rent)
- ✓19 renewals (2 spaces with higher rent and 0 spaces with lower rent)
- ⇒ Total percentage of change: -3.8%
- Monthly rent decreased by 855 thousand yen
- (Incl. reduction in the unit rent of a newly contracted space due to a change of use from retail to office)

**Forecast for the 9th FP**

- ✓1 new leases (1 spaces with lower rent)
- ⇒ **Achieved 100% of occupancy rate on March 1, 2022**
- ✓3 surrenders 69.12 tsubo (Mita)
- ✓15 renewals (1 spaces with higher rent and 3 spaces with lower rent)
- ⇒ Total percentage of change: -2.3%
- Monthly rent decreased by 331 thousand yen

	4th FP	5th FP	6th FP	7th FP	8th FP	9th FP (forecast)
For renewal (tsubo)	1,269.34	1,767.28	1,394.35	1,903.66	1,307.30	906.05
For new lease (tsubo)	128.83	97.59	25.94	271.88	348.53	76.23

**Floor area scheduled for contract renewal** • Ten office properties (excl. obligated residences. Incl. Sapporo and Kiba.)



**Rent gap at the end of 8th FP**

Assumed new unit rent\*4: 16,068 yen/tsubo

Unit rent for existing contracts\*4: 16,365 yen/tsubo

⇒ Rent gap vs. assumed new rent 10 office properties: 1.8%

\*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 CAM revenue.



### 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
<b>Main offices</b>	A base as a <b>“place of gathering”</b> for employees → A base for resolving the issues of remote working (difficulties in communication and organizational management)	<ul style="list-style-type: none"> <li>• A convenient location for employees to gather (city center)</li> <li>• Safe building (seismic resilience and security)</li> <li>• A hygienically clean and well-maintained building</li> </ul>
<b>Non-main offices</b>	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"> <li>• A location close to destinations to visit and employees’ homes</li> <li>• High security performance</li> <li>• Internet environment (safe Wi-Fi environment)</li> </ul>

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

# Current Status of Hotel Vista Sendai (1)

Demand for accommodations is emerging from the slump period, and the stability in rent revenue is also recovering due to the revival of fixed rent. From September 2022 (the 10th FP) onwards, profitability is expected to improve, as 500 thousand yen will be added to the fixed rent every month.

## Lease conditions

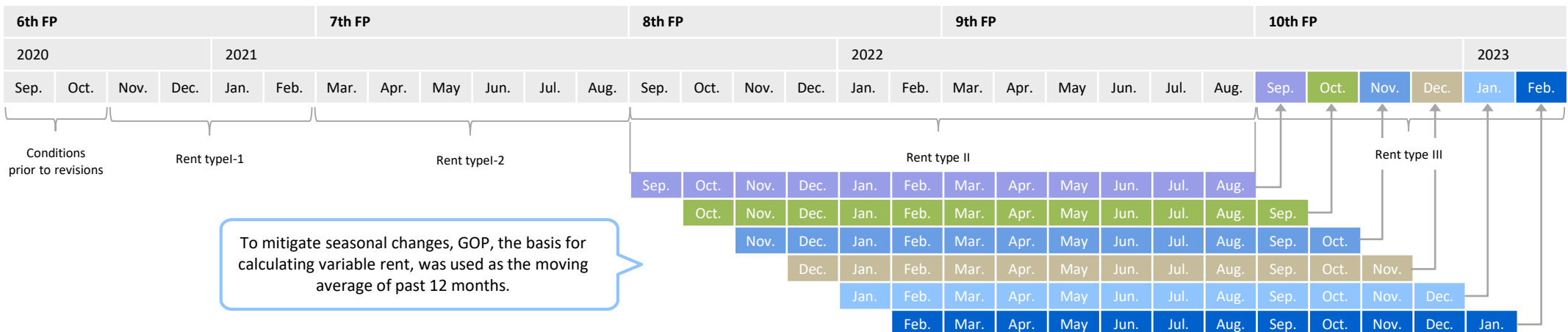
	Rent type	Fixed rent	Variable rent
Lease conditions up to October 2020	—	240 million yen/year	(Annual GOP – 252 million yen) × α%
Nov. 2020 - Feb. 2021	I - 1	None	GOP for the current month × β%*
Mar. 2021 - Aug. 2021	I - 2	None	GOP for the current month × γ%*
Sep. 2021 - Aug. 2022	II	20 million yen/month	(GOP for the current month – 21 million yen) × α%**
After Sep. 2022	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

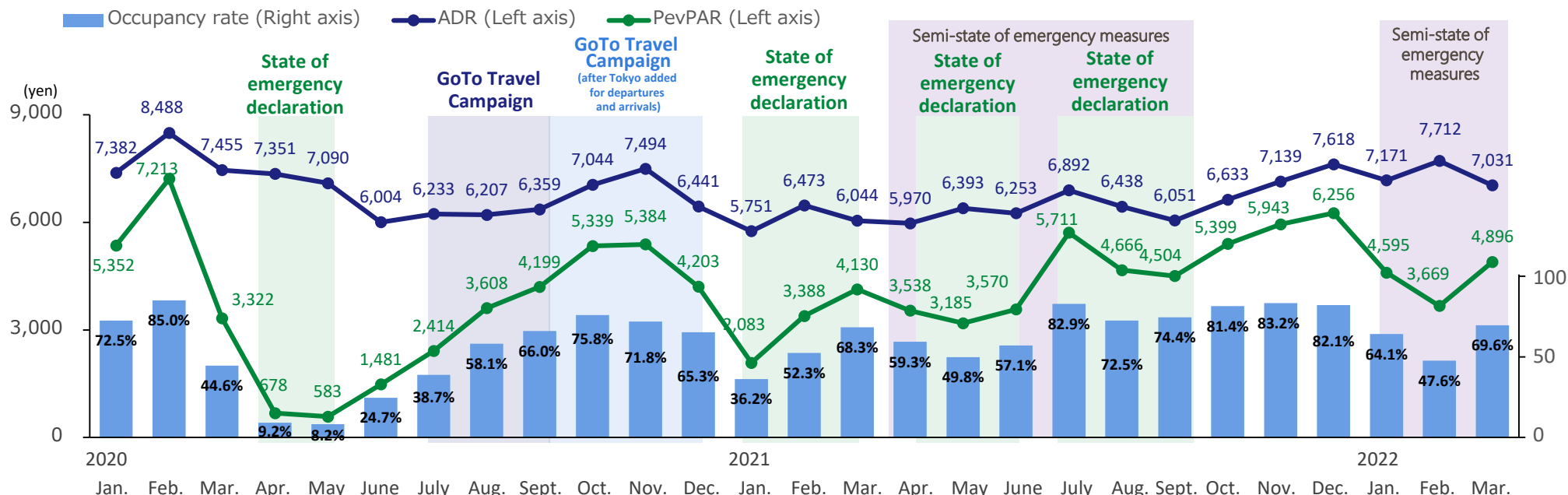
\*0 yen, if the GOP for the month is negative  
 \*\*0 yen, if the results of the calculation are negative

<Illustrative rent calculation image>



# Current Status of Hotel Vista Sendai (2)

The hotel business performance recovery in the 2H in 2021 and temporarily slowed due to semi-state of emergency measures from January 2022, but the recovery is expected going forward.



[Current operating KPIs]

	5th FP	6th FP	7th FP	8th FP
<b>ADR</b>	6,587 yen	6,693 yen	6,364 yen	7,012 yen
<b>Occupancy rate</b>	30.7%	61.3%	65.1%	72.5%
<b>RevPAR</b>	2,024 yen	4,104 yen	4,140 yen	5,368 yen

[Actual variable rents prior to the COVID-19 and KPIs for variable rent calculation period]

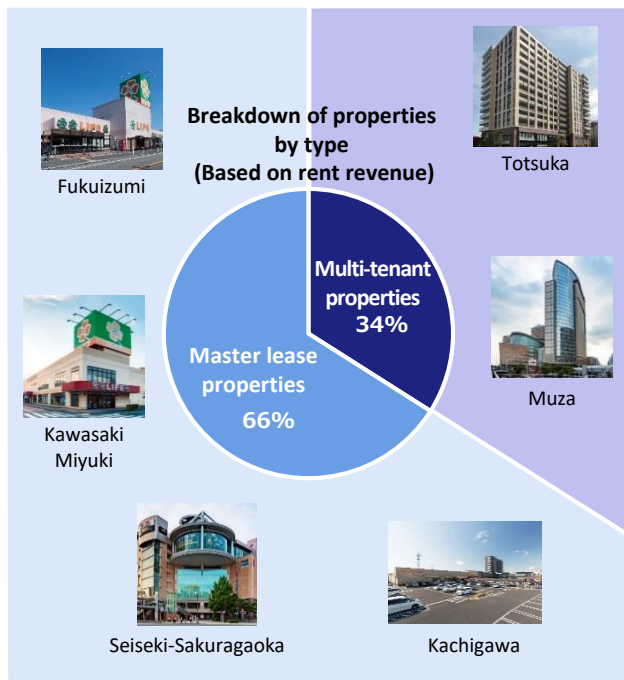
	3rd FP	4th FP
<b>Actual variable rents</b>	43,967 thousand yen	41,289 thousand yen
<b>ADR</b>	8,955 yen	8,828 yen
<b>Occupancy rate</b>	87.9%	89.0%
<b>RevPAR</b>	7,875 yen	7,859 yen

# Portfolio Status: Retail Properties

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

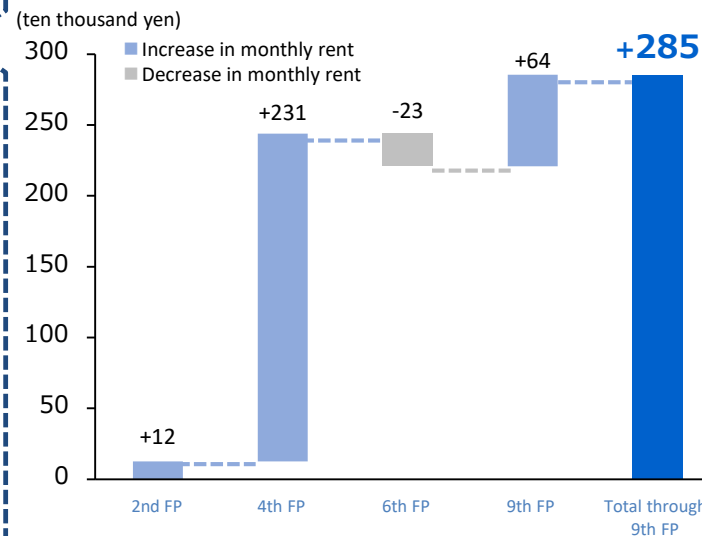
- All retail properties owned by XYMAX REIT are located in the suburbs of large metropolitan areas, where robust business conditions are expected for tenants.
- Most of the tenants to the master lease properties are daily use type of business with steady sales.
- Multi-tenant retail properties achieved internal growth by utilizing expertise and know-how of the XYMAX Group.
- Even amid the COVID-19 pandemic, there was no bankrupt tenant and delayed rent payments.
- 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

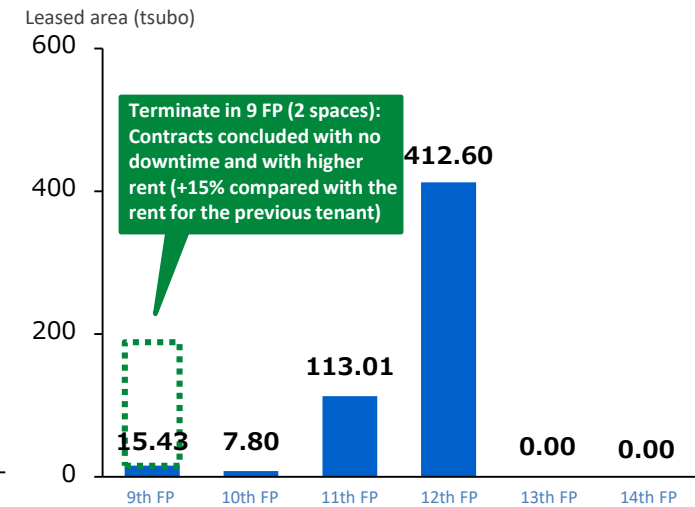


## Status of multi-tenant retail properties

■ Internal growth driven by replacement and rent revision (forecast):  
**Monthly rent: +2.85 million yen**



■ Termination date of lease term (based on contract area)  
**Average remaining lease period: 6.8 years\***  
 (\*Total leased floor area: 1,381.03 tsubo)



# 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.

	6th FP	7th FP	8th FP
Number of pieces of information acquired from sponsor group	899	807	767
Number of properties under consideration by XYMAX REIT	18	20	28

## LTV

As of March 31, 2022

LTV based on total assets: 41.0%, Appraisal LTV 33.6%

LTV level vs. total assets	Possible loan amount	Appraisal LTV
45%	Approx. 3.5 billion yen	37.3%
50%	Approx. 8.7 billion yen	42.1%

## Properties under consideration

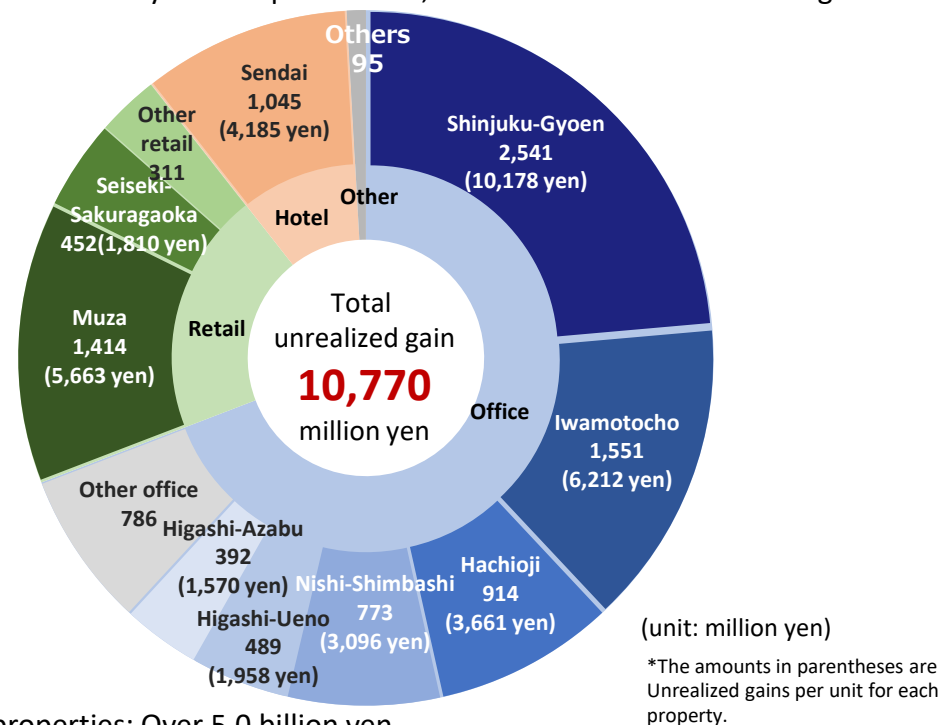
Total property pipeline size of two properties: Over 5.0 billion yen

Location	Asset type	Source	Focused point
Core regional city	Retail properties (planned)	CRE client of the XYMAX 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 XYMAX Group	Located in a regional economic hub and also with a high level of tourism resources, there is solid demand for accommodation

## Unrealized gain by property owned by XYMAX REIT

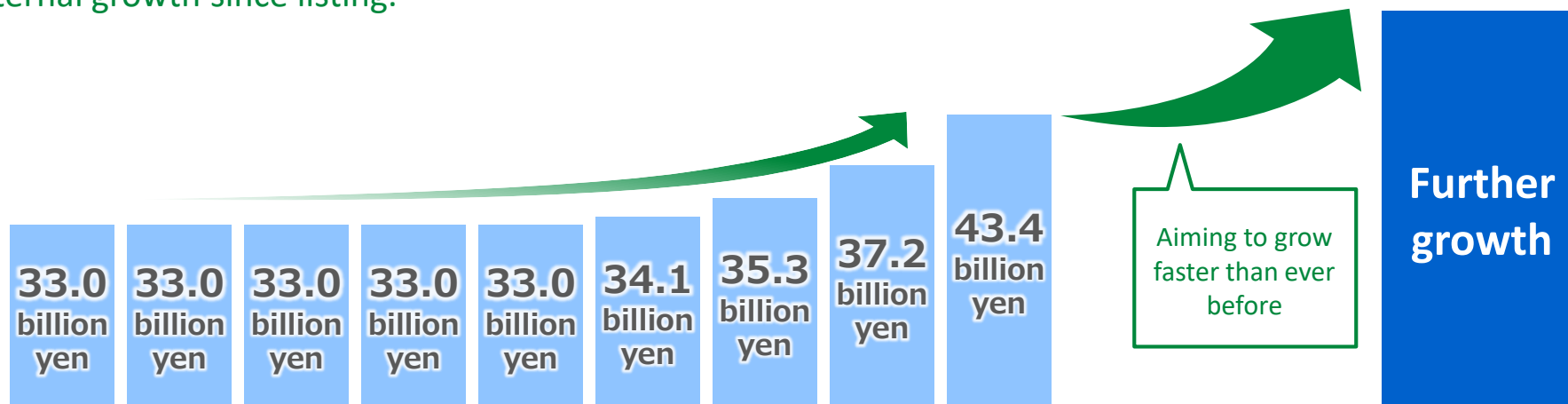
As of March 31, 2022

- As for the return of unrealized gain on properties, which is one of the XYMAX REIT characteristics, XYMAX REIT will consider the return by asset replacements, etc. as one of the asset strategies.



# Key Point for the Future

We will pursue further improvement in unitholder value through realizing external growth, in addition to the continued internal growth since listing.



## 1st FP to 9th FP

Internal growth

- Achieved stable internal growth in office and retail properties by fully utilizing management capability of the XYMAX Group and grasping a window of opportunity in the favorable leasing market (1st to 5th FPs).
- From 6th FP onward, realized an early recovery in occupancy rate and profitability despite a temporary weakness in office occupancy rate due to the impact of the COVID-19 pandemic.
- Hotels back on a stable profitability trajectory from the 8th FP despite a significant impact of the COVID-19 pandemic.

External growth

- Implemented external growth using borrowings that utilized low LTV as the source of the fund (6th and 7th FPs).
- Conducted return of unrealized gain by asset replacements (8th FP).
- Expand asset size through a public offering (9th FP).

## Key Point for the Future

- Pursue stable management of office and retail properties while maintaining high occupancy rate.
- Variable rents can be expected due to recovery in hotel sales.

- Continue consideration of return of unrealized gain by strategic asset replacements.

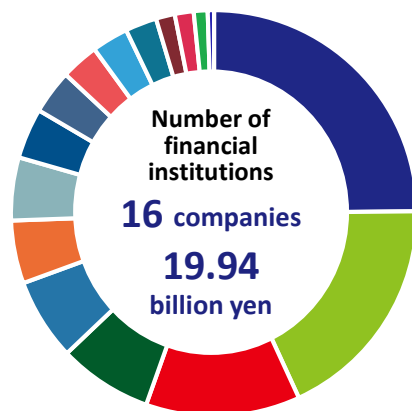
Others

- Obtain ratings and GRESB certification to expand the unitholder base and diversify the financing source.

# Financial Status as of March 31, 2022

XYMAX REIT establishes a financial base that puts emphasis on stability and soundness and provides flexibility in financing, mainly composed of megabanks and regional banks, etc., that have financial business relationships with the sponsor group.

## Lender formation

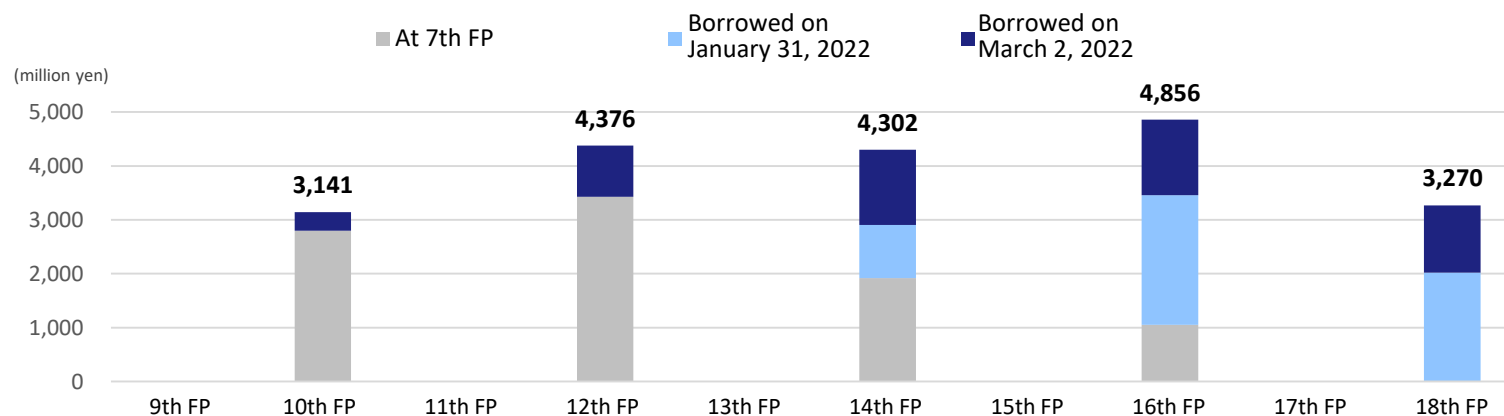


Mizuho Bank	24.8%
SMBC	18.3%
MUFG Bank	12.3%
Resona Bank	7.5%
Aozora Bank	6.5%
Nishi-Nippon CB	5.0%
Fukuoka Bank	5.0%
Yokohama Bank <sup>New</sup>	4.0%
Hiroshima Bank	3.5%
Nanto Bank <sup>New</sup>	3.0%
Shinsei Bank	2.9%
Higo Bank	2.5%
Chiba Bank	1.5%
Fukoku-life	1.5%
Kansai Mirai Bank <sup>New</sup>	1.1%
Mizuho Trust & Banking	0.5%

## Trends of Borrowing status

	At the end of 7th PF	As of March 31, 2022	Gap
<b>Number of financial institutions</b>	13	16	+3
<b>Balance of interest-bearing debts</b>	14.05 billion yen	19.94 billion yen	+5.89 billion yen
<b>Average remaining period</b>	1 year 9 months	2 years 10 months	+1 year 1month
<b>Average interest rate</b>	0.581%	0.632%	+0.051%
<b>Fixed interest rate ratio</b>	81.0%	96.5%	+15.5%
<b>Long-term loan ratio</b>	87.4%	98.3%	+10.9%

## Maturity ladder





# ESG





## Strengthen ESG Initiatives

In order to systematically work on ESG as an organization, we formulated the ESG policy and relevant policies, established an ESG promotion structure and conducted employee training at XYMAX REIT and the Asset Management Company.

We will continue our ESG initiatives to obtain GRESB certification.

## 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



XYMAX Nishi-Shimbashi Building



XYMAX Iwamotocho Building



XYMAX Shinjuku-Gyoen Building



XYMAX Higashi-Azabu Building



XYMAX Higashi-Ueno Building



XYMAX Hachioji Building



Assessment Rank

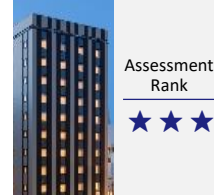
**Rank A**

(Very good)

### BELS



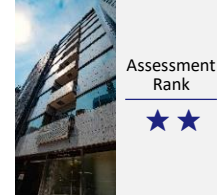
Hotel Vista Sendai



Assessment Rank



XYMAX Higashi-Azabu Building



Assessment Rank



### Acquisition status | As of March 31, 2022

\* Higashi-Azabu has obtained CASBEE and BELS certification.

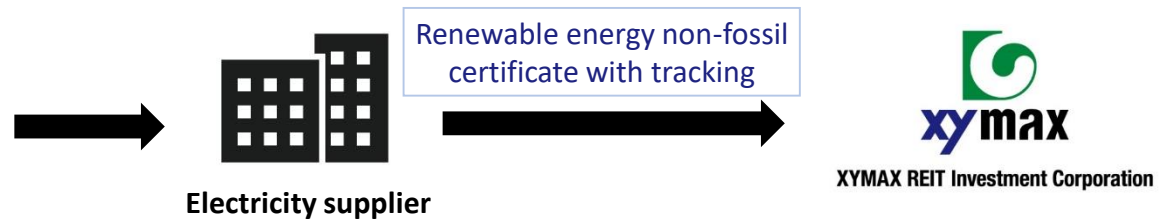
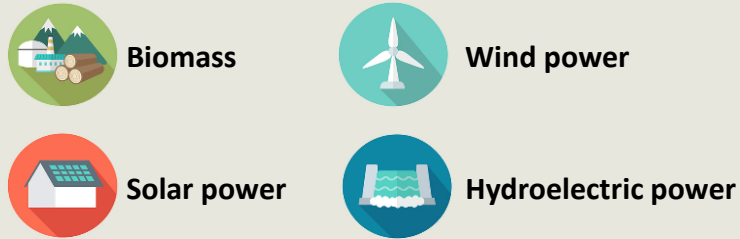
Number of Acquisition of Environmental Certification	<b>7 properties</b>
Acquisition rate (based on total floor area)	<b>40.6%</b>

## Initiatives for Reducing Environmental Burden

### Adoption of electricity from 100% renewable energy sources

- Switching to 100% renewable energy sources using non-fossil certificates with tracking completed at eight office properties

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



Targeted electricity consumption: **1.72 million kwh / approx. 814 tons** (in tons of CO<sub>2</sub>) (based on the 7th FP)

### Improvement of environmental performance through building/facility renovation

- Implementing renovation work for air conditioning systematically
- Implementing LED replacement systematically in common area and exclusive spaces
- Installing hydropower sensor faucets to save water and energy usage

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



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



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, Totsuka



### Operation to prevent the spread of COVID-19

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

### Initiatives to engage tenants through digital signage

- Digital signage that displays disaster evacuation maps and ESG contents is installed at property's common area.

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



## Initiatives of Asset Management Company

### 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 April 1, 2022)
  - Licensed Real Estate Broker 23
  - ARES Certified Master 9
  - Certified Building Administrator 6

### Flexitime system and diversification of working places

- Asset Management Company introduced a flexitime 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.

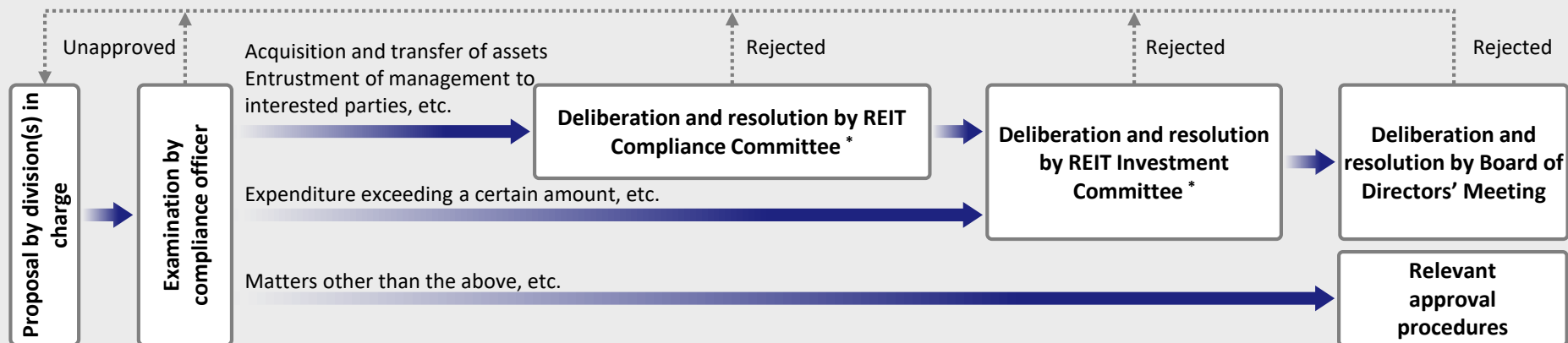
	Number of executives and employees (excluding dispatched employees)				Maternity or child care leave
	Male	Female	(Percentage of female)	Total	
April 2020	13	23	63.9%	36	1
April 2021	15	19	55.9%	34	1
April 2022	14	19	57.6%	33	0

## 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
- Activities in organizations such as Japan Facility Management Association (JFMA) and Japan Sustainable Building Consortium
- 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

## Compliance Education at the 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 the Asset Management Company.

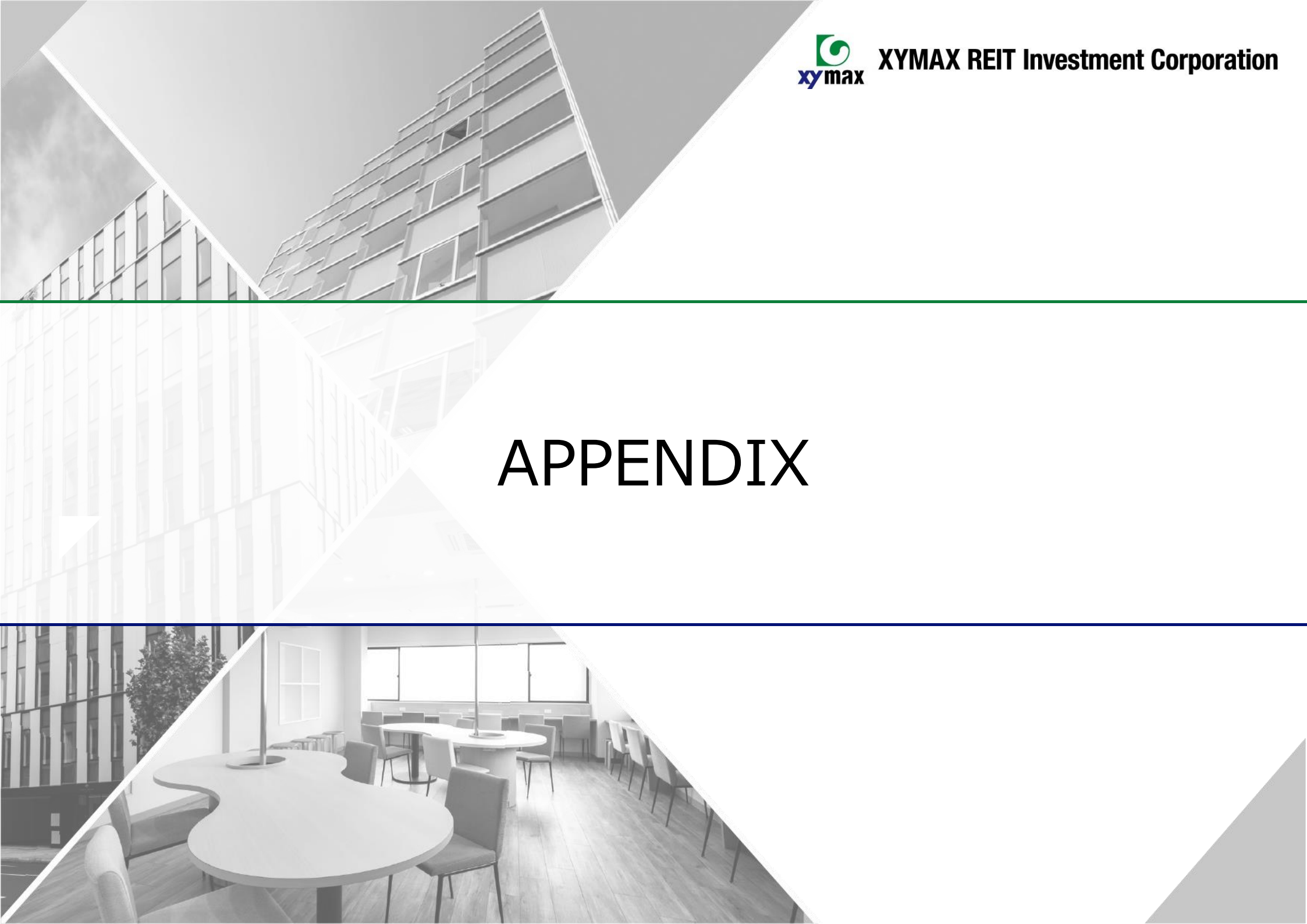
## Investment Ratio in XYMAX REIT by Sponsor

- 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

**5.0** % (as of March 31, 2022)



# 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: [1,022](#) buildings/Gross floor area Approx. [560](#) million tsubo (as of January 31, 2022)
- ✓ Entrustment records by J-REIT investment corporation other than XYMAX REIT: [28](#) companies/[189](#) properties (as of January 31, 2022)
- ✓ Human resources: [2,154](#) people engaged in real estate management, [61](#) people in leasing, and [64](#) people in CRE related business (as of April 1, 2022)

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

- ✓ Data of Real Estate Management: Contracted rent data [40,807](#) buildings/[134,677](#) cases (accumulated total as of March 31, 2022), Asking rent data [58,619](#) buildings/[19,239](#) cases (accumulated total as of March 31, 2022), Construction work data [163,895](#) cases (accumulated total as of February 28, 2022)
- ✓ 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 [340](#) companies (as of January 31, 2022)
- ✓ Track record in property sales and brokerage: [374](#) buildings, approximately [588](#) billion yen (accumulated total from April 1, 2010 to March 31, 2022)



## 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	7th fiscal period (As of Aug. 31, 2021) (thousand yen)	8th fiscal period (As of Feb. 28, 2022) (thousand yen)
<b>Assets</b>		
Current assets	2,959,327	3,367,159
Cash and bank deposits	973,089	1,219,048
Cash and bank deposits in trust	1,904,372	2,080,797
Operating accounts receivable	28,275	19,412
Prepaid expenses	33,683	41,776
Consumption taxes refund receivable	19,212	-
Other	694	6,124
Non-current assets	36,012,109	37,882,156
Property, plant and equipment	35,912,484	37,746,444
Buildings	307,707	304,181
Structures	1,802	1,768
Machinery and equipment	10,592	10,389
Tools, furniture and fixtures	22,637	18,151
Land	229,752	229,752
Buildings in trust	9,110,368	8,357,255
Structures in trust	66,793	58,118
Tools, furniture and fixtures in trust	22,243	21,396
Land in trust	26,138,580	28,745,430
Construction in progress in trust	2,006	-
Investments and other assets	99,625	135,711
Long-term prepaid expenses	36,432	54,098
Deferred tax assets	13	13
Lease and guarantee deposits	22,600	22,600
Other	40,579	58,999
<b>Total assets</b>	<b>38,971,437</b>	<b>41,249,315</b>
<b>Liabilities</b>		
Current liabilities	5,244,446	4,544,914
Operating accounts payable	81,267	90,854
Short-term loans payable	1,770,000	1,100,000
Current portion of long-term borrowings	3,088,000	2,796,000
Accounts payable - other	96,729	209,246
Income taxes payable	878	876
Accrued consumption taxes	-	142,898
Advances received	202,993	202,992
Other	4,577	2,045
Non-current liabilities	10,493,292	13,248,202
Long-term loans payable	9,192,000	11,804,000
Tenant lease hold and security deposits	33,349	33,349
Tenant leasehold and security deposits in trust	1,267,943	1,410,853
<b>Total liabilities</b>	<b>15,737,739</b>	<b>17,793,116</b>
<b>Net assets</b>		
Unitholders' equity	23,233,698	23,456,198
Unitholders' capital	22,585,746	22,585,746
Surplus	647,952	870,452
<b>Total net assets</b>	<b>23,233,698</b>	<b>23,456,198</b>
<b>Total liabilities and net assets</b>	<b>38,971,437</b>	<b>41,249,315</b>

Statement of Income	7th fiscal period (As of Aug. 31, 2021) (thousand yen)	8th fiscal period (As of Feb. 28, 2022) (thousand yen)
Operating revenue	1,305,465	1,611,865
Leasing business revenue	1,193,065	1,289,778
Other leasing business revenue	112,400	102,432
Gain on sale of real estate property	-	219,655
Operating expenses	604,122	664,965
Expenses related to leasing business	481,704	490,977
Asset management fees	76,297	113,258
Asset custody fees	876	1,056
Administrative service fees	10,074	11,437
Directors' compensations	2,400	2,400
Other operating expenses	32,768	45,834
Operating income	701,343	946,900
Non-operating income	154	136
Interest income	13	14
Settlement income on property tax, etc.	129	-
Interest on refund	11	65
Gain on forfeiture of unclaimed distributions	-	56
Non-operating expenses	52,757	75,797
Interest expenses	41,498	42,791
Borrowing related expenses	11,258	33,006
Ordinary income	648,740	871,239
Income before income taxes	648,740	871,239
Total income taxes	881	879
Income taxes - current	880	878
Income taxes - deferred	0	0
Net income	647,859	870,360
Retained earnings brought forward	92	92
Unappropriated retained earnings (undisposed loss)	647,952	870,452

# The 8th FP Property Acquisition

- **Valor Kachigawa Store (Leasehold land)**  
**(A quasi-co-ownership interest: 50%)**

Retail

Exclusive



## Overview

Acquisition price	3,245 million yen
Appraisal value	3,330 million yen
Appraisal NOI yield	4.1%
Appraisal NOI yield after depreciation	4.1%
Location	2-1-1, Ono-cho, Kasugai-shi, Aichi
Access	7 minutes on foot from JR Chuo Line Kachigawa Station
Leasable area	10,254.55m <sup>2</sup>

## Analysis

- Overview of the surrounding area
  - ✓ Located just a 7 minute-walk from Kachigawa Station on the JR Chuo Main Line, which can be accessed from Nagoya Station in 20 minutes, and where many commuters to Nagoya City reside.
  - ✓ This is a retail area with many families at the child-rearing stage, and is suitable for retail facilities centered on food supermarket.
- Features of property
  - ✓ A long-term fixed lease agreement for business use has been concluded with the lessee, and high revenue stability is expected.
  - ✓ The retail area of the acquired asset comprises daily-use stores such as 100-yen stores, drugstores, and specialty stores for infants and children’s general merchandise, centered on food supermarket, and stable store sales are expected.
  - ✓ The property has three entrances and exits, as well as a highly convenient flat parking lot that can accommodate 346 cars, and presents an advantage as a retail facility, due to its high accessibility by car.

## Initiatives of the XYMAX Group with the Valor Group

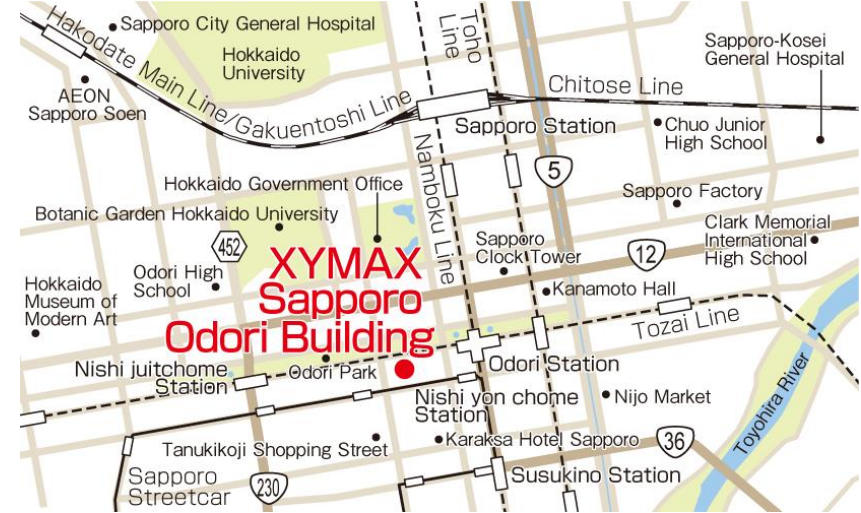
Valor Max Co., Ltd. was jointly established in 2017, in order to support the store expansion and asset strategies of Valor Holdings Co., Ltd. (the lessee of the acquired asset) by utilizing the real estate know-how of XYMAX Corporation (the sponsor of XYMAX REIT).

# The 9th FP Property Acquisition (1)

## ● XYMAX Sapporo Odori Building

Office

Exclusive



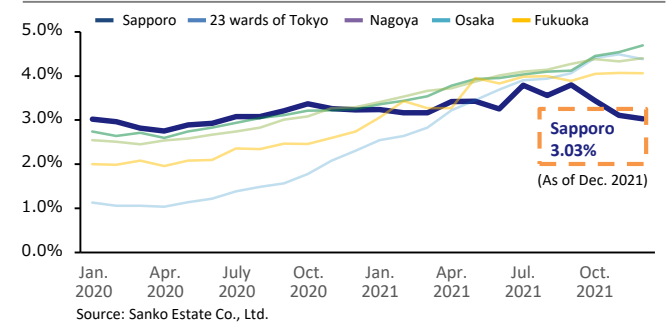
### Overview

Acquisition price	4,707million yen
Appraisal value	4,910million yen
Appraisal NOI yield	4.2%
Appraisal NOI yield after depreciation	3.2%
Location	5-10, Odori-nishi, Chuo-ku, Sapporo-shi, Hokkaido
Access	1 minute on foot from Odori Station on the Sapporo City Subway
Completion	2020
Leasable area	3,106.42m <sup>2</sup>

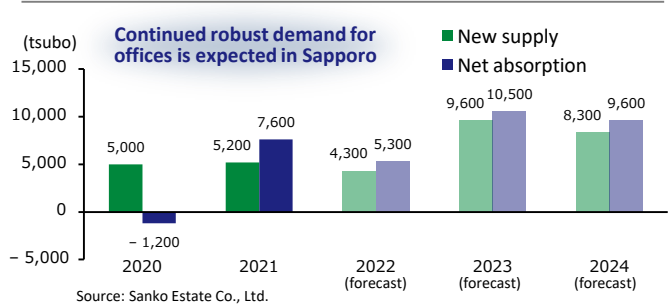
### Analysis

- Overview of the surrounding area
  - ✓ While office vacancy rates are rising nationwide, the office vacancy rate in the Sapporo area has remained low, due to a strong demand for call centers and outsourcing operations
  - ✓ The volume of offices supplied in the Sapporo area is limited, and this is a highly- convenient and visible property, located approximately 80m from the entrance of Sapporo’s underground shopping mall
- Features of property
  - ✓ The typical floor area is designed to be approximately 100 tsubo and is divisible into 3 sections, allowing it to meet a variety of floor area needs
- Other factors
  - ✓ As the XYMAX Group had been entrusted with the PM, and had been carrying out tenant leasing and interior construction for tenants prior to the building’s completion, it is capable of operating with an accurate grasp of tenant needs and usage of the building
  - ✓ Exclusive transaction with the PM owner

Changes in the office building vacancy rates of the major areas in Japan



New supply and net absorption of office buildings in Sapporo



## ● XYMAX Kiba koen Building



Office



Exclusive



### Overview

Acquisition price	2,003 million yen
Appraisal value	2,150 million yen
Appraisal NOI yield	5.0%
Appraisal NOI yield after depreciation	4.5%
Location	5-11-13, Kiba, Koto-ku, Tokyo
Access	1 minute on foot from Kiba Station on the Tokyo Metro Tozai Line
Completion	1992
Leasable area	2,587.13m <sup>2</sup>

### Analysis

- Overview of the surrounding area
  - ✓ Located just a 1-minute walk from Kiba Station on the Tokyo Metro Tozai Line, with high accessibility to the nearest station. The surrounding neighborhood is a work-dwelling area with large parks and residences.
  - ✓ From Kiba Station on the Tokyo Metro Tozai Line, it takes roughly 5 minutes to reach Nihombashi Station and roughly 7 minutes to reach Otemachi Station. This is a location where solid office demand is expected from the affiliates and back offices of financial institutions and major companies, as well as medium-sized companies.
- Features of property
  - ✓ The average existing tenant lease period is roughly 11 years, which is longer than the average tenant lease period for office buildings of 9.6 years, indicating a high tendency for tenants to stay on (Source: “Analysis of Lease Periods of Office Tenants in the 23 wards of Tokyo (2018)” by XYMAX Real Estate Institute).
  - ✓ Was successful in revising rent upward, even during the COVID-19 pandemic.
  - ✓ Renovation work of the common area is expected to be completed in 2022, in pursuit of even greater tenant satisfaction.
- Other factors
  - ✓ Exclusive transaction from a CRE client of the XYMAX Group

## ● L-Place Nishikasai

Other (Residential)

Exclusive



## Overview

Acquisition price	901 million yen
Appraisal value	996 million yen
Appraisal NOI yield	5.6%
Appraisal NOI yield after depreciation	5.1%
Location	6-3-10, Nishi-kasai, Edogawa-ku, Tokyo
Access	4 minutes on foot from Nishikasai Station on the Tokyo Metro Tozai Line
Completion	1986
Leasable area	2,044.18m <sup>2</sup>

## Analysis

- Overview of the surrounding area
  - ✓ Located just a 4-minute walk from Nishi-kasai Station on the Tokyo Metro Tozai Line, this property is currently being used as an employee dorm of a listed company.
  - ✓ From the nearest station, Nishi-kasai Station on the Tokyo Metro Tozai Line, it takes roughly 13 minutes to reach Nihombashi Station and roughly 15 minutes to reach Otemachi Station. This is a location with high accessibility to the city center, where offices are concentrated.
- Features of property
  - ✓ Major renovation work based on the current tenant's requests was completed in 2017, when the client moved in.
  - ✓ The acquisition was carried out inexpensively, as the anticipated acquisition price represented a 9.5% discount from the appraisal value. This property also has good potential as a future redevelopment site.
- Other factors
  - ✓ Contributes to the satisfaction and improvement of the QOL of the tenants, through the installation of working space in the common area, etc.

## Portfolio List (1)

Asset no.	OF-01	OF-02	OF-03	OF-04	OF-05	OF-06	OF-07
Asset type	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
							
Location	Minato-ku, Tokyo	Chiyoda-ku, Tokyo	Shinjuku-ku, Tokyo	Minato-ku, Tokyo	Minato-ku, Tokyo	Taito-ku, Tokyo	Hachioji-shi, 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
Acquisition price (million yen)	2,500	4,250	5,020	880	1,550	1,150	2,600
Land area	402.53㎡	864.83㎡	839.09㎡	228.83㎡	365.05㎡	368.84㎡	1,220.58㎡
Total floor area	2,517.50㎡	6,261.06㎡	6,084.32㎡	1,356.51㎡	2,570.13㎡	1,942.54㎡	7,404.81㎡
Leasable area	1,897.92㎡	4,152.40㎡	4,792.21㎡	1,205.27㎡	2,015.97㎡	1,735.29㎡	5,556.05㎡
Completion	2000	2001	2001	1991	1999	1999	1993
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
Number of tenant (As of the end of 8 <sup>th</sup> FP)	8	13	6	7	5	8	23
Occupancy rate (As of the end of 8 <sup>th</sup> FP)	100.0%	98.4%	100.0%	100.0%	87.5%	100.0%	100.0%

Portfolio List (2)

Asset no.	OF-08	OF-09	OF-10	RT-01	RT-02	RT-03	RT-04
Asset type	Office	Office	Office	Retail	Retail	Retail	Retail
Property name	XYMAX Mita Building	XYMAX Sapporo Odori Building*1	XYMAX Kiba koen Building*1	Muza Kawasaki	Life Kawasaki Miyuki Store	Vita Seiseki-Sakuragaoka	Life Fukuizumi Store
							
Location	Minato-ku, Tokyo	Sapporo-shi, Hokkaido	Koto-ku, Tokyo	Kawasaki-shi, Kanagawa	Kawasaki-shi, Kanagawa	Tama-shi, Tokyo	Sakai-shi, Osaka
Access	5 minutes on foot from Mita Station on the Toei Subway Mita Line, and other 7 minutes on foot from JR Tamachi Station	1 minute on foot from Odori Station on the Sapporo City Subway, Namboku Line, Tozai Line, and Touhou Line	1 minute on foot from Kiba Station on the Tokyo Metro Tozai Line	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
Acquisition price (million yen)	668	4,707	2,003	4,100	790	3,100	1,065
Land area	137.02m <sup>2</sup>	499.24m <sup>2</sup>	851.46m <sup>2</sup>	10,669.34m <sup>2</sup> *2	1,879.15m <sup>2</sup>	9,003.26m <sup>2</sup> *2	6,225.21m <sup>2</sup>
Total floor area	799.78m <sup>2</sup>	4,270.89m <sup>2</sup>	2,995.81m <sup>2</sup>	108,955.90m <sup>2</sup> *2	2,596.80m <sup>2</sup>	62,849.56m <sup>2</sup> *2	3,358.26m <sup>2</sup>
Leasable area	741.41m <sup>2</sup>	3,106.42m <sup>2</sup>	2,587.13m <sup>2</sup>	3,703.88m <sup>2</sup>	2,677.54m <sup>2</sup>	27,610.61m <sup>2</sup>	3,309.29m <sup>2</sup>
Completion	1991	2020	1992	2004	1997	1999	1996
Structure/Number of Floors	Steel-construction with flat roof 10F	Steel-construction with flat roof B1F/10F	Reinforced concrete structure with flat roof 6F	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
Number of tenant (As of the end of 8 <sup>th</sup> FP)	10	5	5	18	1	1	1
Occupancy rate (As of the end of 8 <sup>th</sup> FP)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

\*1: These figures are as of March 2, 2022, when the properties were acquired.

\*2: Both land area and total floor area above represent entire land area and total floor area, not the actual area owned by XYMAX REIT.

Asset no.	RT-05	RT-06	HT-01	OT-01	OT-02
Asset type	Retail	Retail	Hotel	Other (Residential)	Other (Residential)
Property name	The Park House Totsuka Front (the Retail Portions of 1 <sup>st</sup> and 2 <sup>nd</sup> Floors)	Valor Kachigawa Store (Leasehold land)	Hotel Vista Sendai	Renaissance 21 Chihaya	L-Place Nishikasai* <sup>5</sup>
					
Location	Yokohama-shi, Kanagawa	Kasugai-shi, Aichi	Sendai-shi, Miyagi	Fukuoka-shi, Fukuoka	Edogawa-ku, Tokyo
Access	3 minutes on foot from JR and Yokohama shiei Subway Blue Line Totsuka Station	7 minutes on foot from Kachigawa Station on the JR Chuo Main Line	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	4 minutes on foot from Nishikasai Station on the Tokyo Metro Tozai Line
Acquisition price (million yen)	540	3,245	4,400	1,350* <sup>4</sup>	901
Land area	1,595.49m <sup>2</sup> * <sup>1</sup>	20,509.10m <sup>2</sup> * <sup>1</sup>	1,461.36m <sup>2</sup> * <sup>3</sup>	2,644.63m <sup>2</sup> * <sup>1</sup>	854.00m <sup>2</sup>
Total floor area	12,236.50m <sup>2</sup> * <sup>1</sup>	-	6,977.47m <sup>2</sup>	10,856.15m <sup>2</sup> * <sup>1</sup>	2,044.18m <sup>2</sup>
Leasable area	861.60m <sup>2</sup>	10,254.55m <sup>2</sup> * <sup>2</sup>	7,066.25m <sup>2</sup>	5,145.49m <sup>2</sup> * <sup>2</sup>	2,044.18m <sup>2</sup>
Completion	2018	-	2016	2006	1986
Structure/Number of Floors	Reinforced concrete structure with flat roof B1F/14F	-	Steel-construction with flat roof 12F	Steel-framed reinforced concrete structure with flat roof 14F	Reinforced concrete structure with flat roof 5F
Number of tenant (As of the end of 8 <sup>th</sup> FP)	5	1	1	139	1
Occupancy rate (As of the end of 8 <sup>th</sup> FP)	100.0%	100.0%	100.0%	98.6%	100.0%

\*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: The figures are calculated by multiplying the leased floor area under the lease contract by the quasi co-ownership ratio of the beneficiary rights held by the XYMAX REIT (50%).

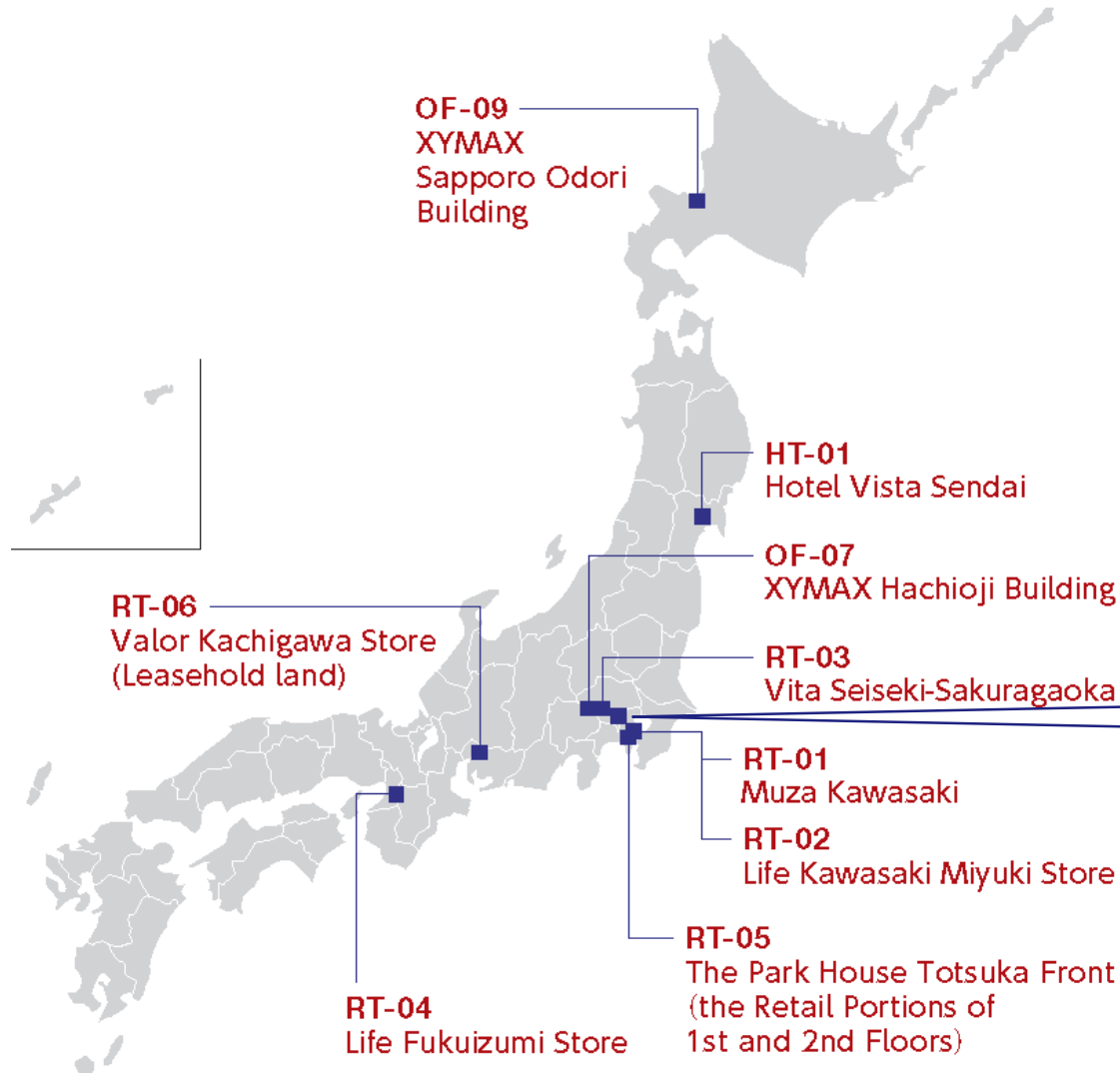
\*3: 1,461.36 m<sup>2</sup> includes surface rights of 524.21 m<sup>2</sup>.

\*4: The figure is calculated by multiplying the acquisition price by the quasi co-ownership ratio of the beneficiary rights held by the XYMAX REIT (50%).

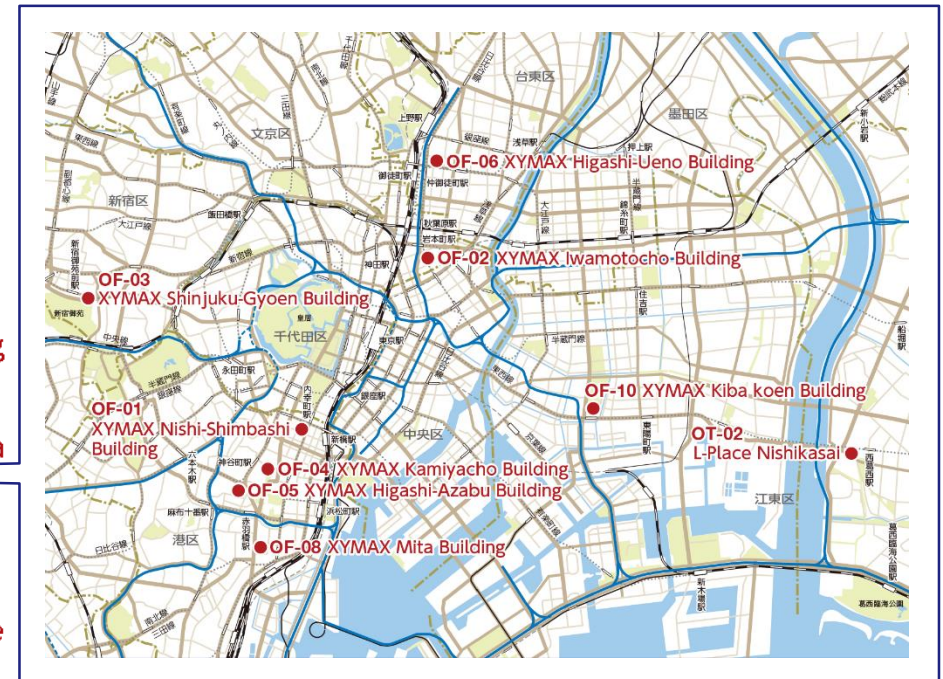
\*5: Figures for this property are as of March 2, 2022, when it was acquired.



| Country wide area |



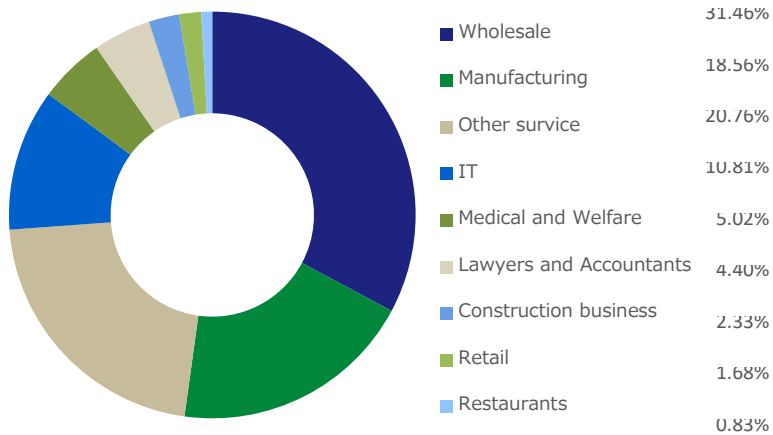
| 23 wards of Tokyo |



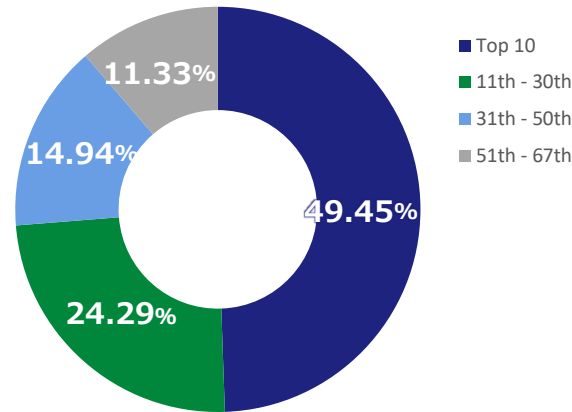
**Office tenant diversification <based on rent revenue>** (excluding obligated residences, 82 office tenants)

As of March 31, 2022

Based on business type



Leased area based top tenants ratio



**Average tenant lease period of offices owned by XYMAX REIT**

**All tenants:**

**10 years, 1 month**

**Top ten tenants by leased area:**

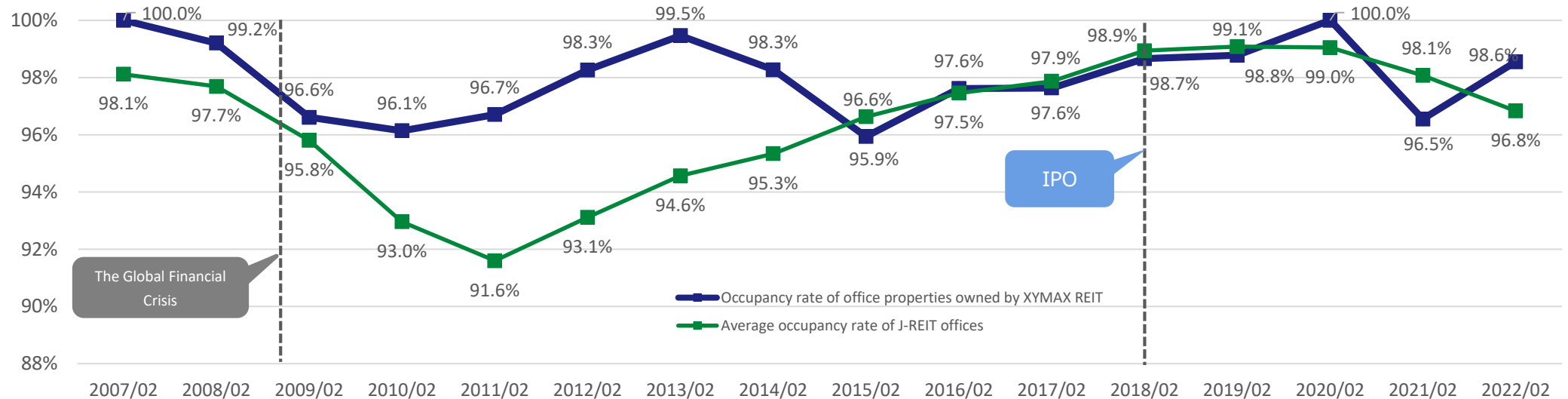
**11 years, 3 months**

**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** (including obligated residences)



## 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	Muza
Operating revenue from real estate leasing	81,922	133,487	188,335	42,505	46,416	49,336	121,812	18,108	171,252
Lease business revenue	75,385	117,635	175,296	38,732	40,463	43,172	106,950	16,230	152,132
Other lease business revenue	6,536	15,852	13,039	3,773	5,952	6,164	14,862	1,877	19,120
Operating expenses from real estate leasing (Excluding Depreciation)	19,381	35,758	39,627	13,509	18,069	13,573	35,545	7,194	53,071
Tax and public dues	6,906	13,471	14,342	4,615	6,417	3,694	8,380	-	10,543
Maintenance fees	5,458	9,976	11,659	4,518	5,609	4,327	15,409	2,700	14,928
Utility expenses	4,433	7,786	8,693	2,559	2,713	3,422	6,981	1,028	14,792
Repair expenses	2,010	2,859	3,732	1,219	576	1,290	2,954	1,259	5,368
Insurance premiums	59	211	203	44	78	57	264	35	183
Other expenses related to leasing business	514	1,453	996	552	2,674	780	1,556	2,171	7,255
<b>NOI</b>	62,541	97,728	148,708	28,996	28,346	35,763	86,267	10,913	118,180
Depreciation	2,829	15,367	11,279	1,443	5,876	3,205	11,294	1,071	17,800
Operating income (loss) from real estate leasing	59,711	82,361	137,428	27,552	22,469	32,557	74,973	9,841	100,380

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



(thousand yen)

	Kawasaki Miyuki	Seiseki-Sakuragaoka	Fukuizumi	Totsuka	Kachigawa	Sendai	Chihaya	Total
<b>Operating revenue from real estate leasing</b>	undisclosed	undisclosed	undisclosed	25,982	undisclosed	undisclosed	103,495	<b>1,392,210</b>
Lease business revenue	undisclosed	undisclosed	undisclosed	23,211	undisclosed	undisclosed	94,576	<b>1,289,778</b>
Other lease business revenue	undisclosed	undisclosed	undisclosed	2,771	undisclosed	undisclosed	8,918	<b>102,432</b>
<b>Operating expenses from real estate leasing (Excluding Depreciation)</b>	undisclosed	undisclosed	undisclosed	7,596	undisclosed	undisclosed	28,530	<b>348,651</b>
Tax and public dues	undisclosed	undisclosed	undisclosed	-	undisclosed	undisclosed	9,391	<b>137,819</b>
Maintenance fees	undisclosed	undisclosed	undisclosed	5,078	undisclosed	undisclosed	7,367	<b>91,259</b>
Utility expenses	undisclosed	undisclosed	undisclosed	2,362	undisclosed	undisclosed	1,555	<b>56,329</b>
Repair expenses	undisclosed	undisclosed	undisclosed	13	undisclosed	undisclosed	4,609	<b>28,881</b>
Insurance premiums	undisclosed	undisclosed	undisclosed	50	undisclosed	undisclosed	233	<b>3,485</b>
Other expenses related to leasing business	undisclosed	undisclosed	undisclosed	90	undisclosed	undisclosed	5,372	<b>30,875</b>
<b>NOI</b>	22,729	174,141	26,103	18,386	11,909	97,878	74,964	<b>1,043,558</b>
Depreciation	1,581	23,403	2,223	3,763	-	22,556	18,628	<b>142,326</b>
<b>Operating income (loss) from real estate leasing</b>	21,147	150,737	23,880	14,623	11,909	75,321	56,335	<b>901,232</b>

## Overview of Appraisal Report

Asset no	Asset name	Acquisition date	Acquisition price (million yen)	Book value as of the end of 8th FY (million yen)	End of 7th FY (August 31, 2021)		End of 8th FY (February 28, 2022)		Change		Appraiser	Unrealized profit or loss <sup>*3</sup> (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 <sup>*1</sup> (million yen)	Capitalization rate based on direct capitalization method <sup>*2</sup> (%)		
OF-01	XYMAX Nishi-Shimbashi Building	February 2018	2,500	2,516	3,220	3.6	3,290	3.5	70	-0.1	The Tanizawa Sōgō Appraisal Co., Ltd.	773
OF-02	XYMAX Iwamotocho Building	February 2018	4,250	4,378	5,710	3.5	5,930	3.4	220	-0.1	Japan Real Estate Institute	1,551
OF-03	XYMAX Shinjuku-Gyoen Building	February 2018	5,020	5,058	7,300	3.5	7,600	3.4	300	-0.1	Japan Real Estate Institute	2,541
OF-04	XYMAX Kamiyacho Building	February 2018	880	890	1,260	3.7	1,270	3.6	10	-0.1	The Tanizawa Sōgō Appraisal Co., Ltd.	379
OF-05	XYMAX Higashi-Azabu Building	February 2018	1,550	1,597	2,140	3.8	1,990	3.8	-150	-	Daiwa Real Estate Appraisal Co., Ltd.	392
OF-06	XYMAX Higashi-Ueno Building	February 2018	1,150	1,170	1,620	3.9	1,660	3.9	40	-	Daiwa Real Estate Appraisal Co., Ltd.	489
OF-07	XYMAX Hachioji Building	February 2018	2,600	2,665	3,570	4.8	3,580	4.7	10	-0.1	Japan Real Estate Institute	914
OF-08	XYMAX Mita Building	July 2021	668	678	727	4.0	736	3.8	9	-0.2	Japan Real Estate Institute	57
RT-01	Muza Kawasaki	February 2018	4,100	4,065	5,310	4.1	5,480	4.1	170	-	The Tanizawa Sōgō Appraisal Co., Ltd.	1,414
RT-02	Life Kawasaki Miyuki Store	February 2018	790	793	978	4.2	978	4.2	-	-	Daiwa Real Estate Appraisal Co., Ltd.	184
RT-03	Vita Seiseki-Sakuragaoka	February 2018	3,100	3,417	3,860	5.0	3,870	5.0	10	-	The Tanizawa Sōgō Appraisal Co., Ltd.	452
RT-04	Life Fukuizumi Store	September 2020	1,065	1,079	1,090	4.5	1,090	4.5	-	-	Daiwa Real Estate Appraisal Co., Ltd.	10
RT-05	The Park House Totsuka Front (the Retail Portions of 1st and 2nd Floors)	July 2021	540	546	622	4.5	624	4.5	2	-	The Tanizawa Sōgō Appraisal Co., Ltd.	77
RT-06	Valor Kachigawa Store (Leasehold land)	January 2022	3,245	3,289	-	-	3,330	-	3,330	-	The Tanizawa Sōgō Appraisal Co., Ltd.	40
HT-01	Hotel Vista Sendai	February 2018	4,400	4,234	5,200	5.0	5,280	4.9	80	-0.1	The Tanizawa Sōgō Appraisal Co., Ltd.	1,045
OT-01	Renaissance 21 Chihaya	February 2018	1,350 <sup>*4</sup>	1,364 <sup>*4</sup>	3,280	4.8	1,640 <sup>*4</sup>	4.8	-1,640	-	The Tanizawa Sōgō Appraisal Co., Ltd.	275
<b>Total / Average</b>			<b>37,208</b>	<b>37,746</b>	<b>45,887</b>	<b>-</b>	<b>48,348</b>	<b>-</b>	<b>2,461</b>	<b>-</b>		<b>10,601</b>

\*1 : The difference between the estimated value at the end of the 7th FY and the estimated value at the end of the 8th FY is indicated.

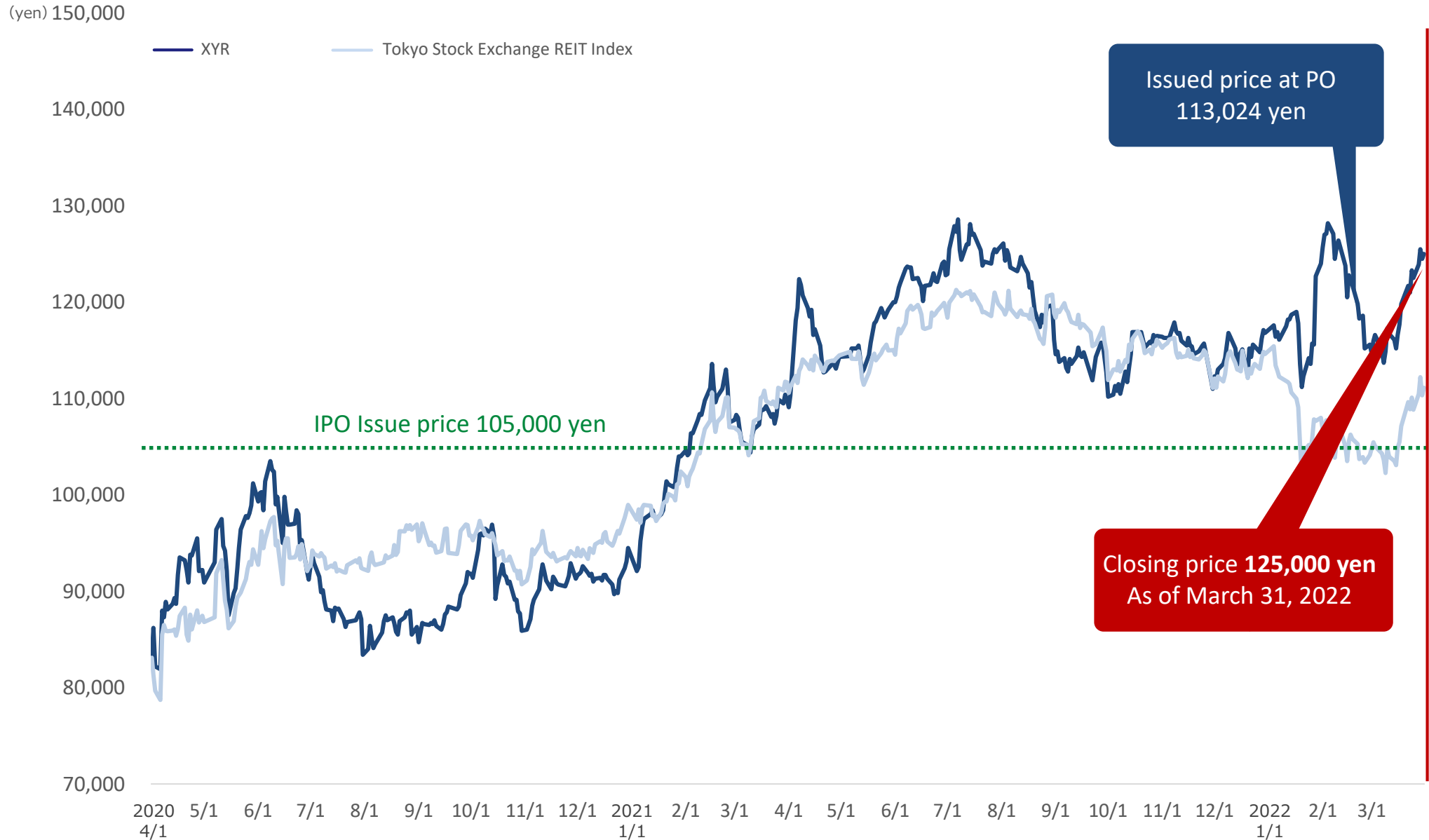
\*2 : The difference between the direct capitalization rate adopted in the real estate appraisal report for each portfolio asset in the calculation of estimated value at the end of the 7th FY and the direct capitalization rate adopted in the real estate report for each portfolio asset in the calculation of estimated value at the end of the 8th FY is indicated.

\*3 : The difference between the estimated value at the end of the 8th FY and the book value at the end of the 8th FY is indicated.

\*4 : The figures are calculated by multiplying by the quasi co-ownership ratio of the beneficiary rights held by the XYMAX REIT (50%)

# Change in investment unit price

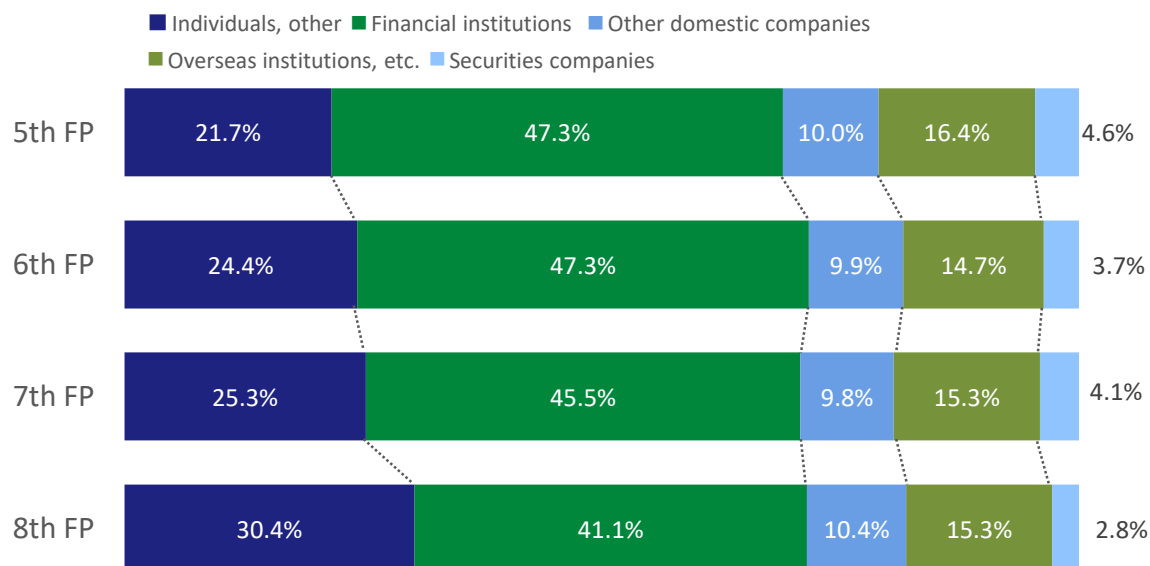
## Change in investment unit price | As of March 31, 2022



\* The starting point of investment unit price is set on April 1, 2020, and the Tokyo Stock Exchange REIT Index is indexed based on the opening price as of April 1, 2020.

# Status of Unitholders

## Share of investment units by owner type



## Number of unitholders by owner type

	5th FP	6th FP	7th FP	8th FP
<b>Individuals, other</b>	5,889	6,318	6,604	8,214
<b>Financial institutions</b>	38	35	35	33
<b>Other domestic companies</b>	125	121	132	162
<b>Overseas institutions, etc.</b>	62	77	91	110
<b>Securities companies</b>	24	24	24	24
<b>Total</b>	<b>6,138</b>	<b>6,575</b>	<b>6,886</b>	<b>8,543</b>

## Major Unitholders

Note: As of February 28, 2022

Name	Number of investment units (unit)	Ratio* (%)
Custody Bank of Japan, Ltd. (Trust account)	28,708	12.85%
The Master Trust Bank of Japan, Ltd.(Trust account)	28,097	12.57%
XYMAX Corporation	12,500	5.59%
Custody Bank of Japan, Ltd. (Securities investment trust account)	10,260	4.59%
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	8,419	3.76%
BNP-PARIBAS SECURITIES SERVICES FRANKFURT BRANCH/JASDEC/GERMAN RESIDENTS-AIFM	7,533	3.37%
Individual	5,593	2.50%
Aozora Bank, Ltd.	4,309	1.92%
JDC CORPORATION	3,000	1.34%
JPLLC-CL JPY	3,000	1.34%
<b>Total</b>	<b>111,419</b>	<b>49.87%</b>

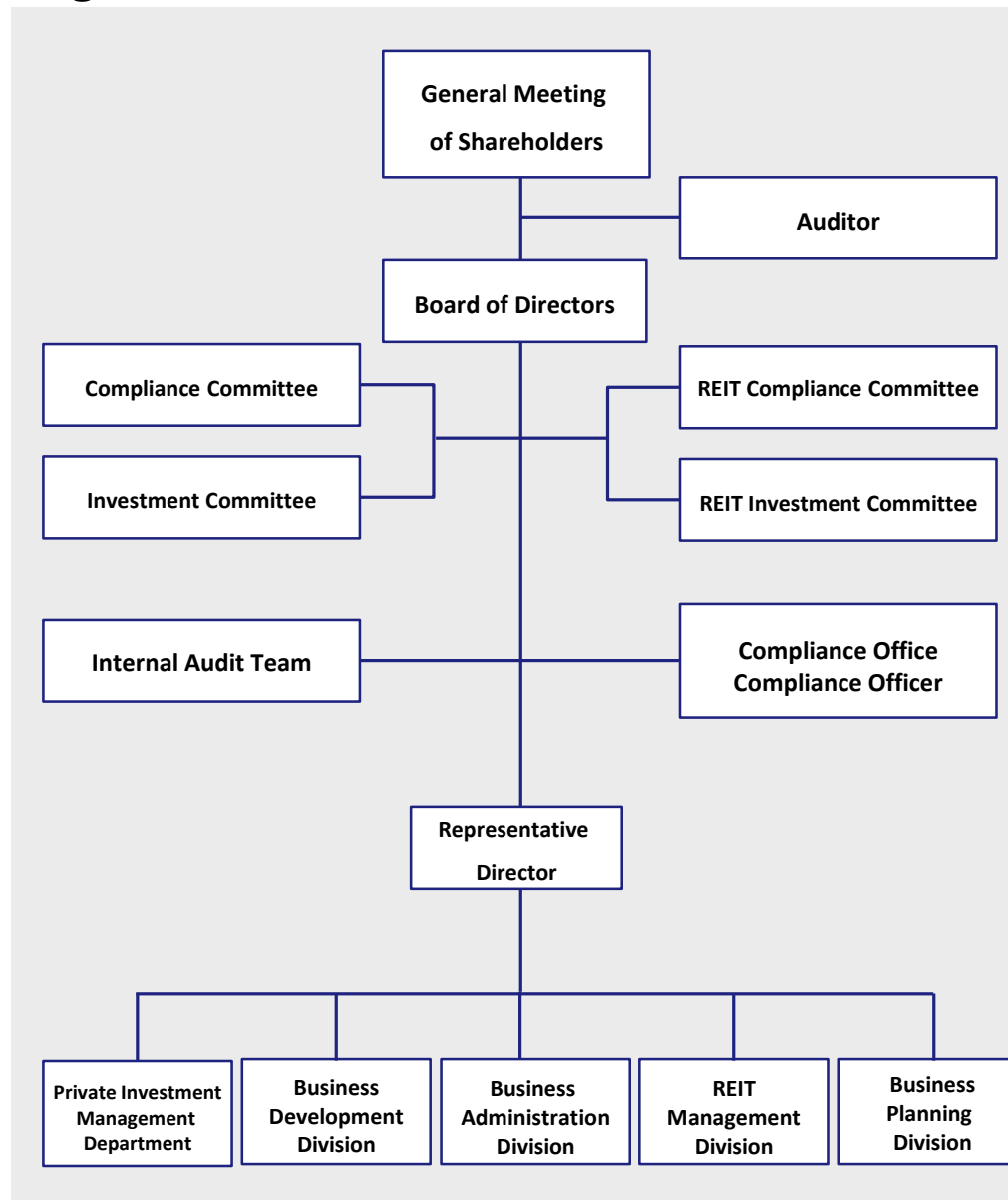
\* The ratio of unitholders is rounded down to the second decimal place.

# 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	33 (as of April 1, 2022)
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

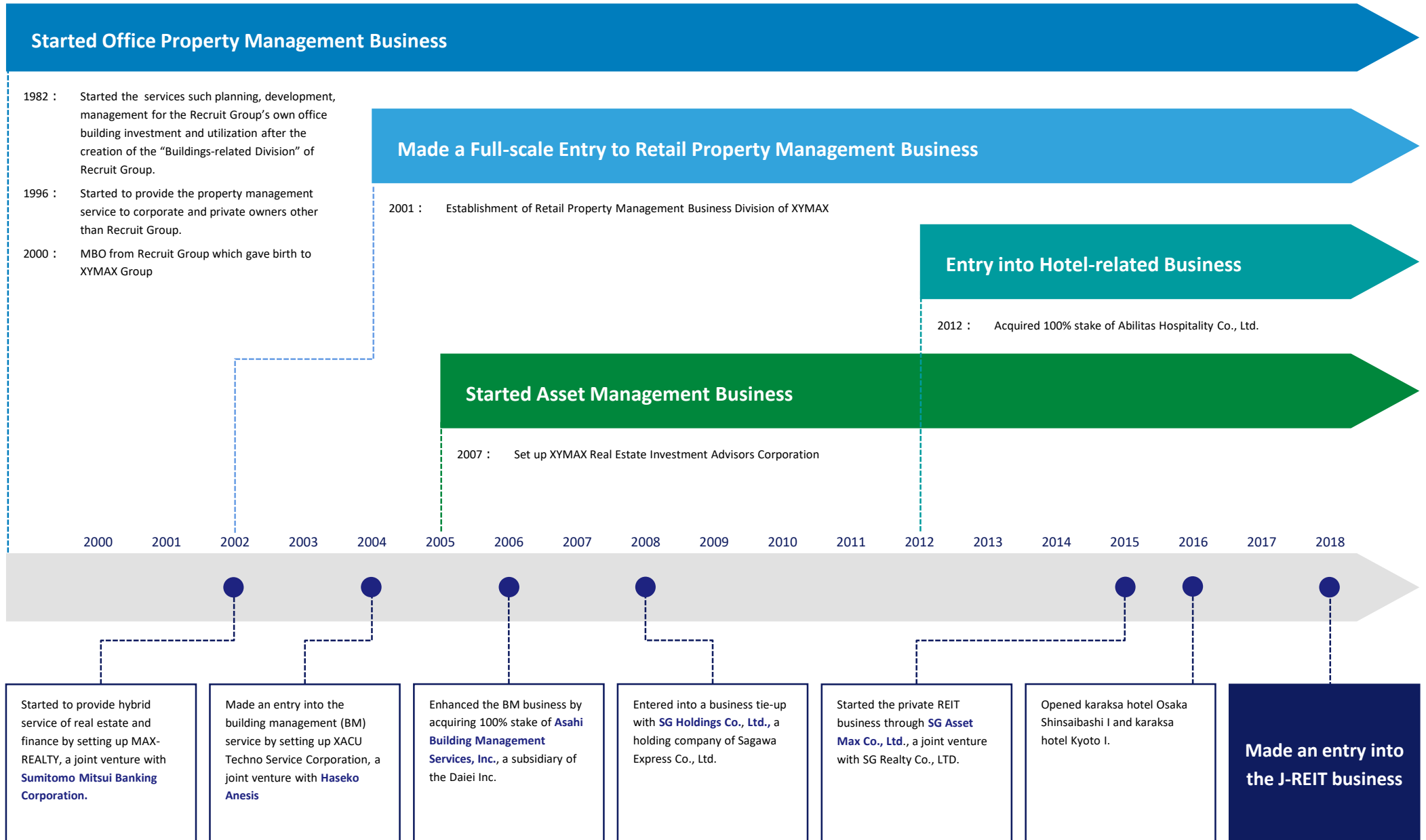




# Overview of XYMAX Group

<b>Company name</b>	XYMAX Corporation (unlisted)						
<b>Establishment</b>	March 1, 1990 * Spin-off from Recruit Co., Ltd. through employee participatory MBO in 2000	Real estate consulting and management services	<b>Real estate consulting</b> CRE strategy, effective utilization, development/design Consulting and planning on inheritance, fund procurement, etc.	XYMAX XYMAX TRUST			
<b>Location of headquarters</b>	1-1-1 Akasaka, Minato-ku, Tokyo		<b>Asset Management</b> Asset management Asset strategy, etc.	XYMAX REAL ESTATE INVESTMENT ADVISORS/MAX-REALTY			
<b>Capital</b>	3,019,615,000 yen		<b>Real estate management</b> Property management Building maintenance		Valormax	SG Asset Max	Abilitas Hospitality
<b>Sales</b>	91,013 million yen (actual results for the fiscal year ended March 2021) * Consolidated figures of the Group		<b>Integrated management of store facilities</b> Facility management	Hokkaido	XYMAX HOKKAIDO		
<b>Representative</b>	Representative Director, Chairman & CEO: Masafumi Shimada Representative Director Kenji Yoshimoto			East Japan	XYMAX		
<b>Major shareholders</b>	XYMAX Shareholding Association, directors & employees, clients and financial institutions Total: 337 (as of March 31, 2022)	Other specialized services	<b>Leasing brokerage</b>	Market survey/analysis Research/planning on management and repair	<b>Hotel business</b>	Real estate appraisal Real estate assessment/survey	
<b>Number of employees</b>	6,170 (as of April 1, 2021) * Consolidated figures of the Group		XYMAX INFONISTA	XYMAX REAL ESTATE INSTITUTE	KARAKSA HOTELS	XYMAX ASSET CONSULTING	
			<b>Cleaning</b>	<b>Security</b>	<b>Satellite office</b>	<b>Risk management</b>	
			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 : **2,154** people engaged in real estate management, **61** in leasing, and **64** in CRE related business (as of April 1, 2022)
- Relationship with real estate owners : approximately **340** companies (as of the end of January, 2022)
- Track record in property sales and brokerage: : **374** buildings, approximately **588.8** billion yen (accumulated total from April 1, 2010 to March 31, 2022)

## Real estate management record (As of the end of January 2022)

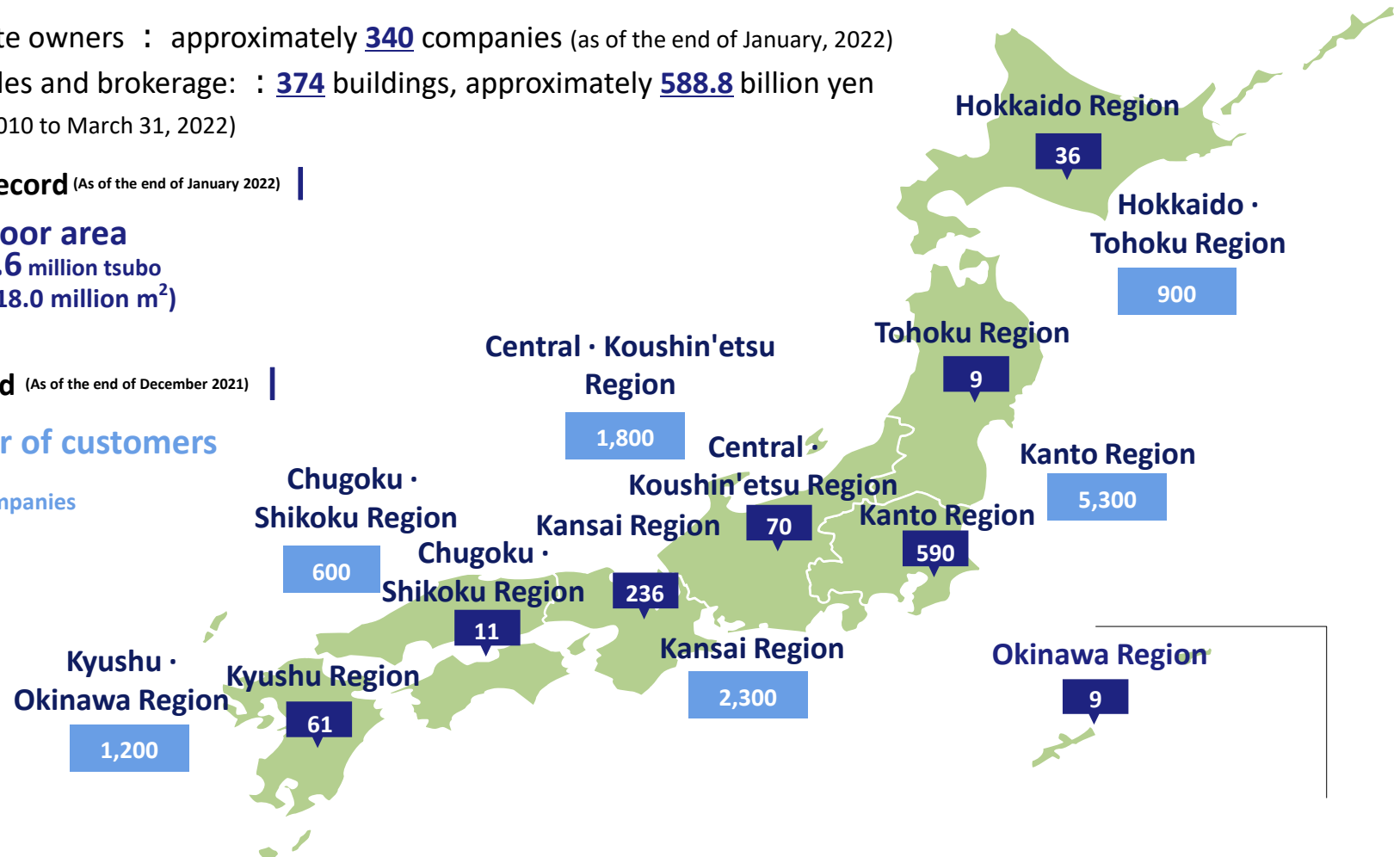
Actual number of contracts  
**1,022** buildings

Gross floor area  
Approx. **5.6** million tsubo  
(Approx. 18.0 million m<sup>2</sup>)

## Facility management record (As of the end of December 2021)

Actual number of contracts  
Approx. **12,100** stores

Number of customers  
**130** companies

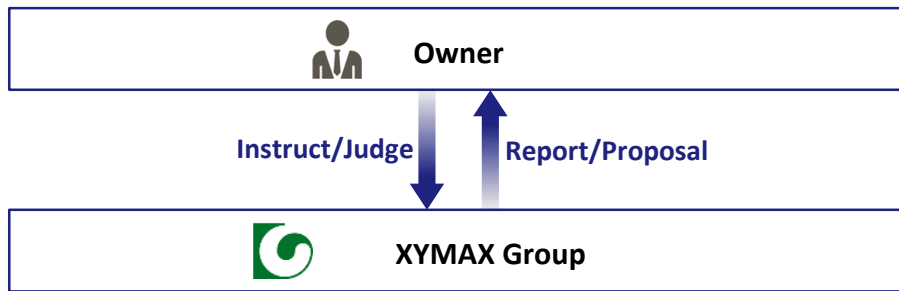


\* According to each November issue of the monthly magazine Property Management from 2010 to 2015, the XYMAX Group was ranked No. 1 in terms of floor area under management for six consecutive years since 2010.

# Property Management

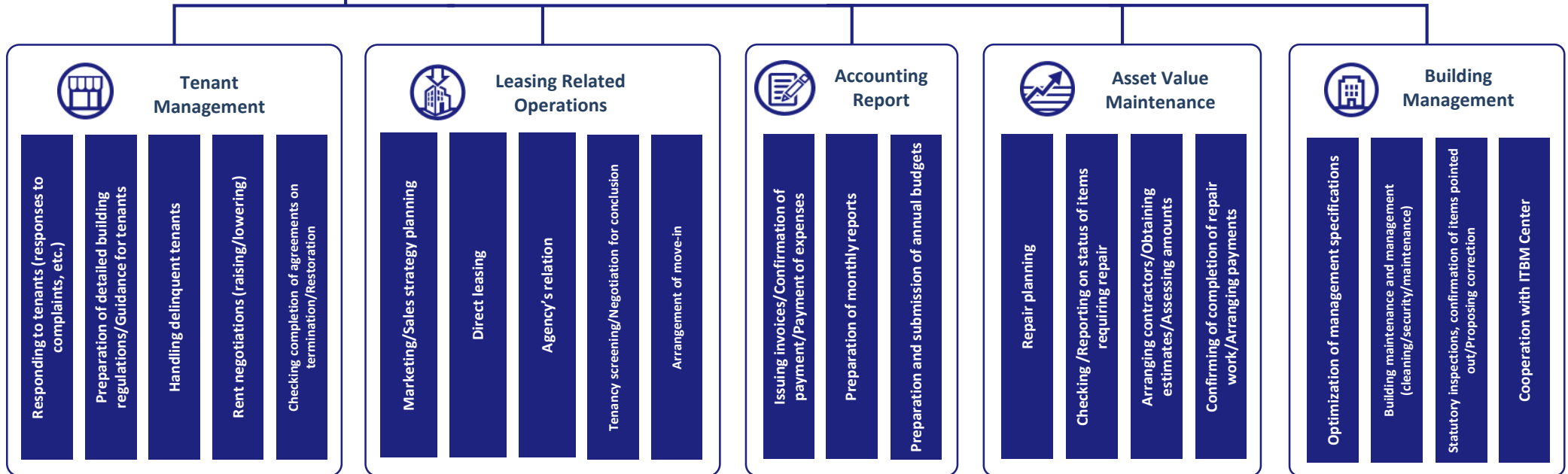
The XYMAX Group provides consistent real estate management and operation services, ranging from Property Management (acting for owners) to Building Maintenance operations. In addition, the XYMAX Group owns all kind of data on real estate management through a track record accumulated over the years.

## Areas of Real Estate Management Operations



## Data Related to Real Estate Management

Contracted rent data	134,677 / 40,807 (accumulated total as of March 31, 2022)
Asking rent data	19,239 / 58,619 (accumulated total as of March 31, 2022)
Construction work data	163,895 (accumulated total as of February 28, 2022)



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.



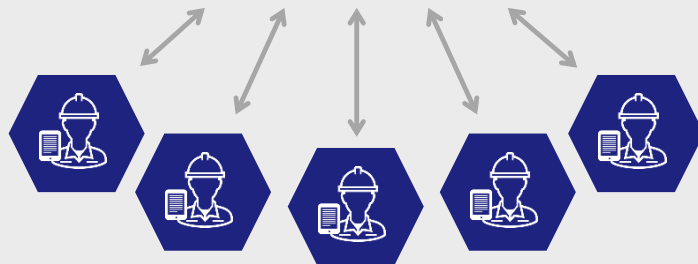
Checking with and giving instructions to the site by the ITBM Center

### 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.



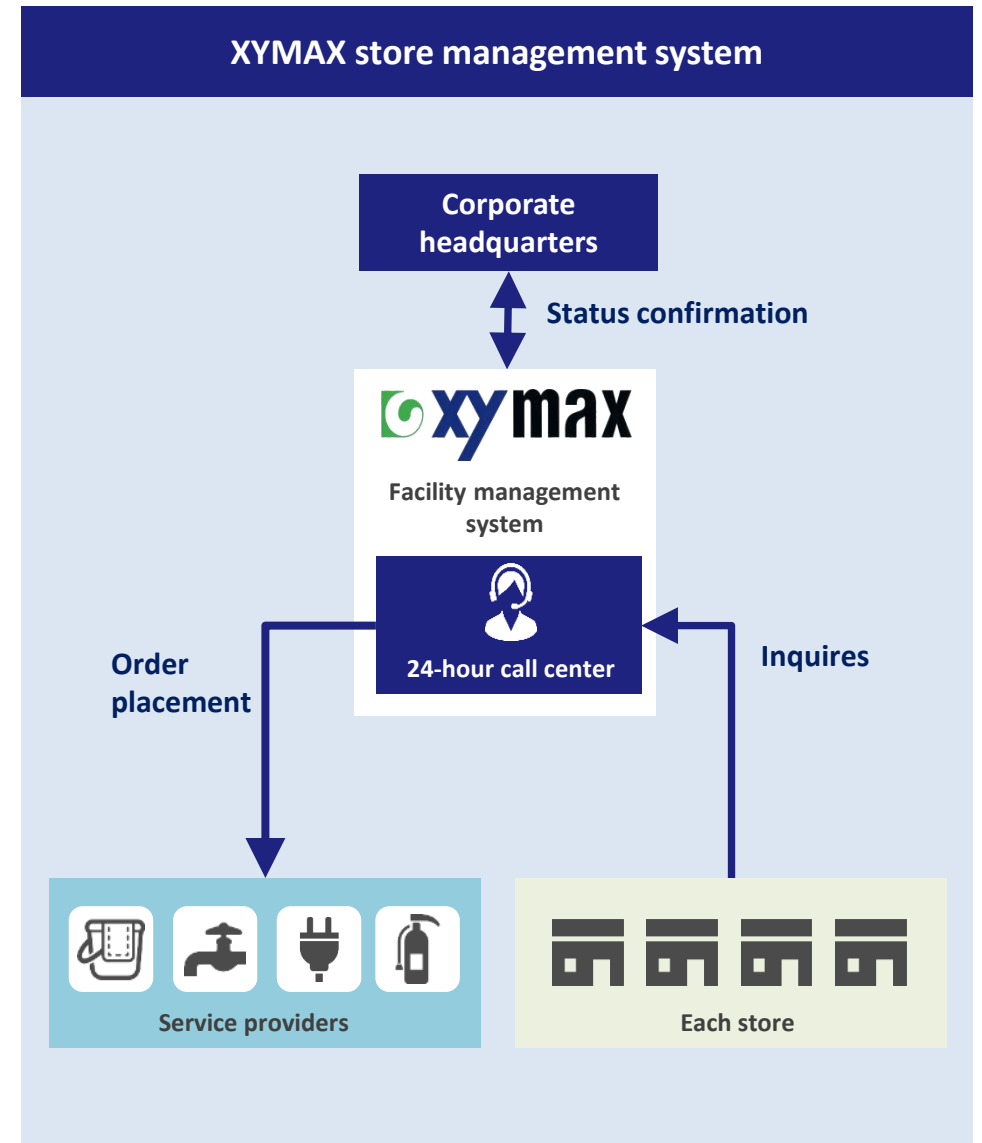
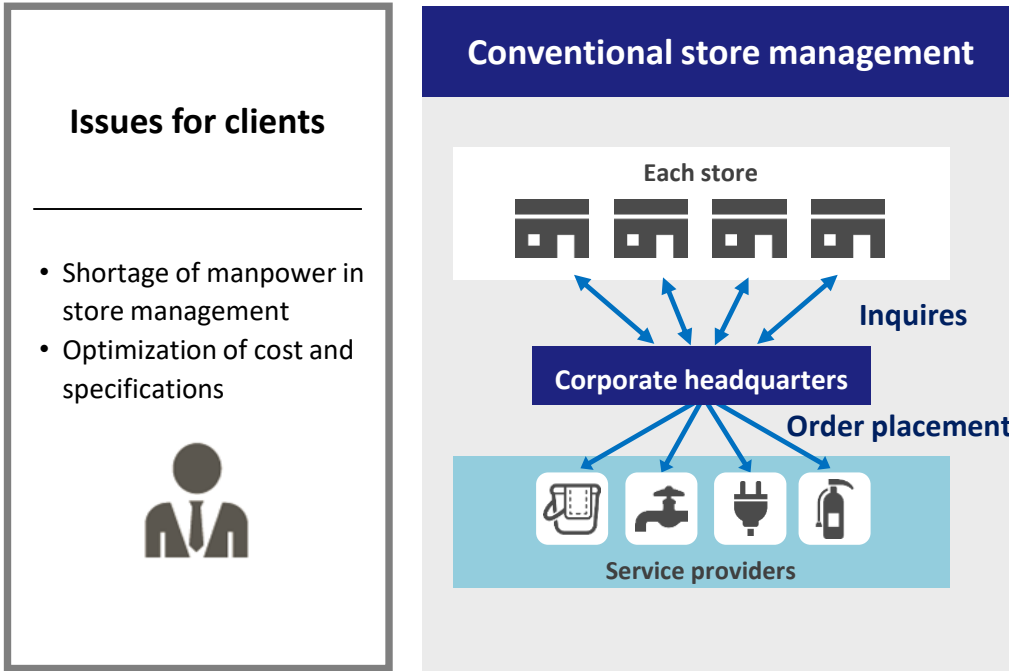
Video at the time of a fire in a building near a property managed by the Company. The video was linked to the ITBM Center after people in the building were safely evacuated. It was then used in reporting the status to the owner and the head office.



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 specialized in stay 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**

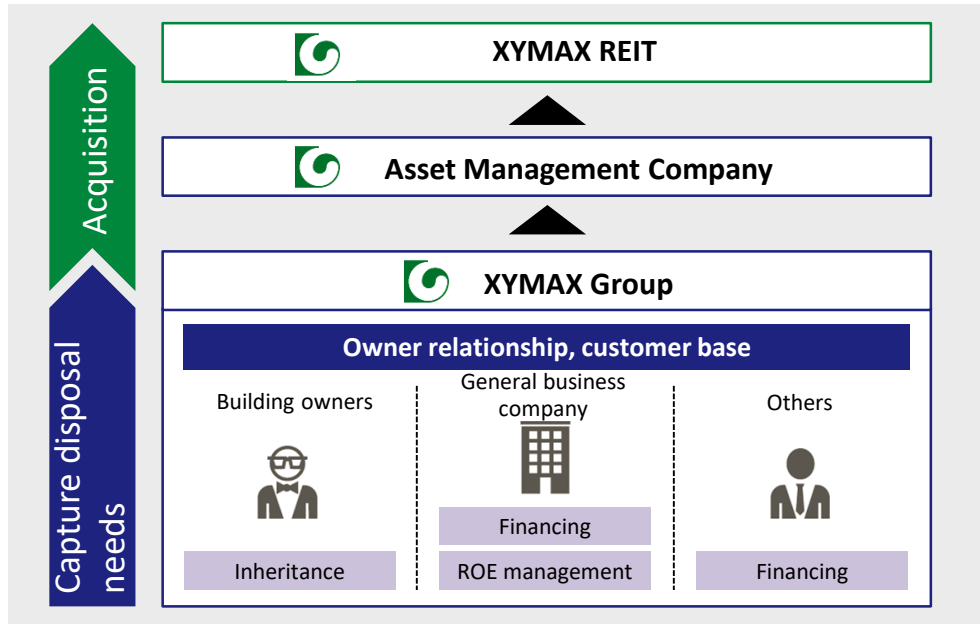


**80% or more** of the portfolio consists of office, retail, and hotel properties

# 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

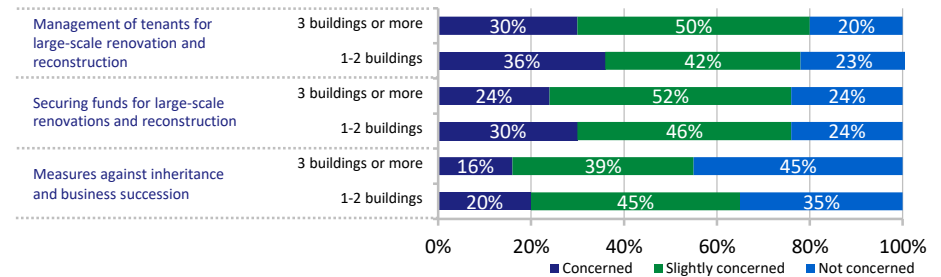


- More than 70% of real estate owners are concerned over about large-scale renovations of owned properties, tenant management, and securing funds for reconstruction  
→ Identifies needs of property disposal arising due to the problem or concern about necessary funds
- Concern for inheritance and business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

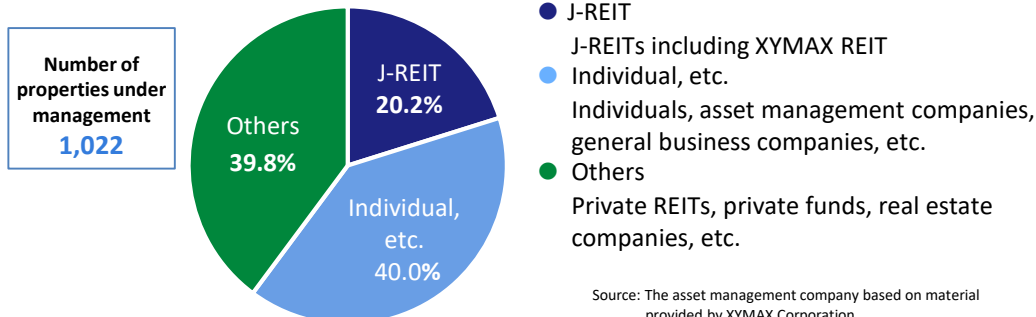
#### Anxiety in future building business (by the number of owned buildings)



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

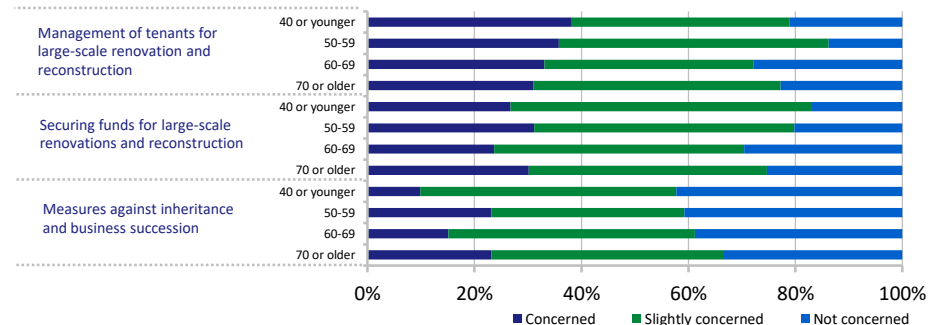
## Diversity among real estate owners

Percentage of client types for real estate management business (As of the end of January 2022)



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

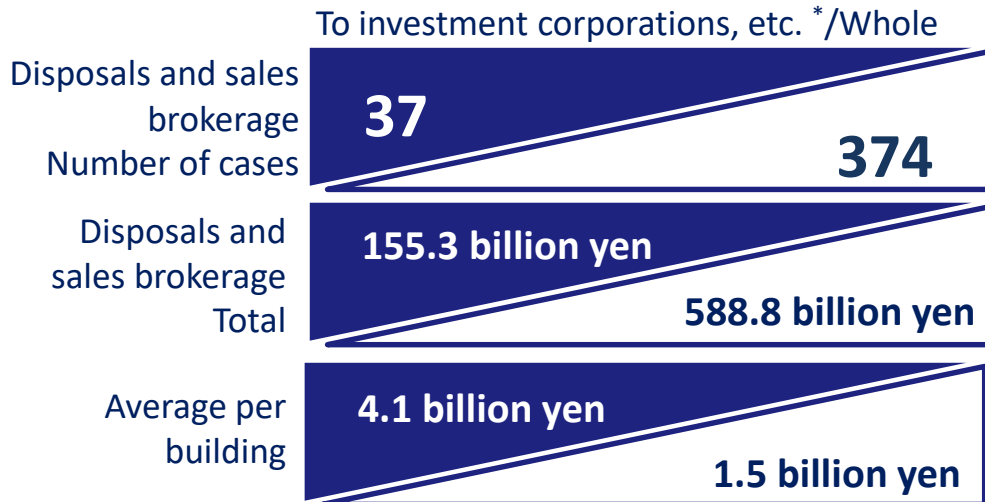
#### Concerns over future building business (By age, multiple answers)



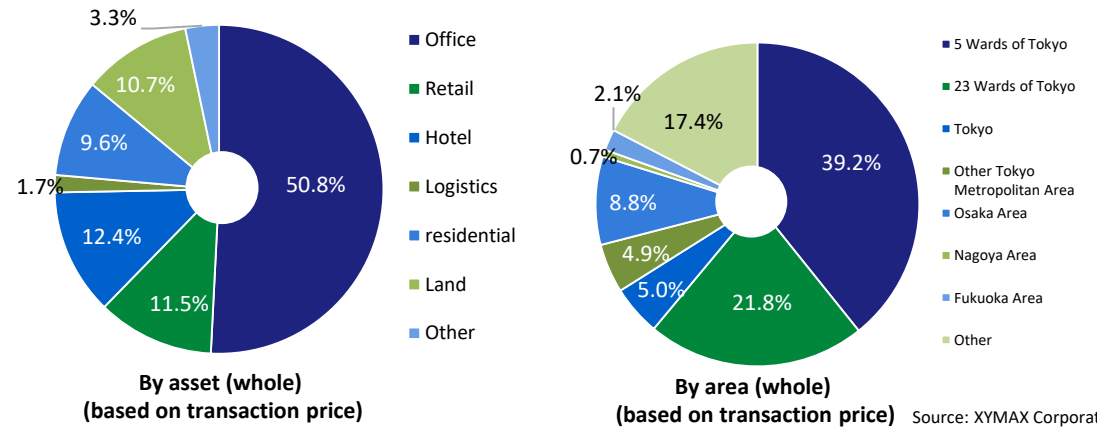
Source: Created by XYMAX Real Estate Institute based on the request from the asset management company



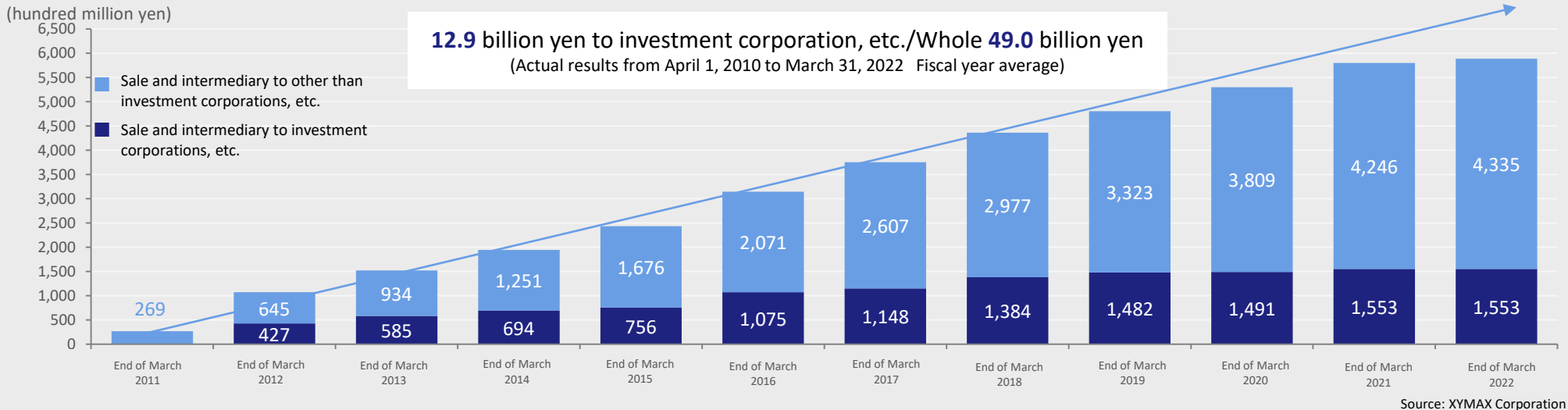
External growth (number of cases, total amount and area) by capitalizing on track record in real estate sales and brokerage.



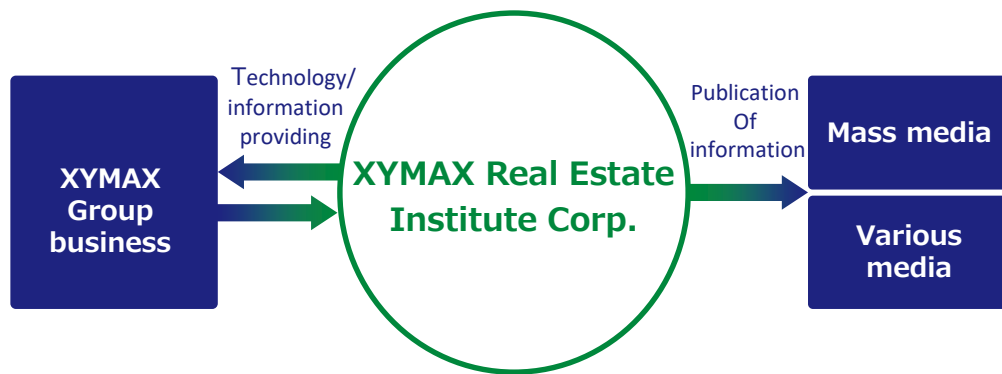
Use and geographical area of real estate in real estate disposals and real estate sales brokerage results



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



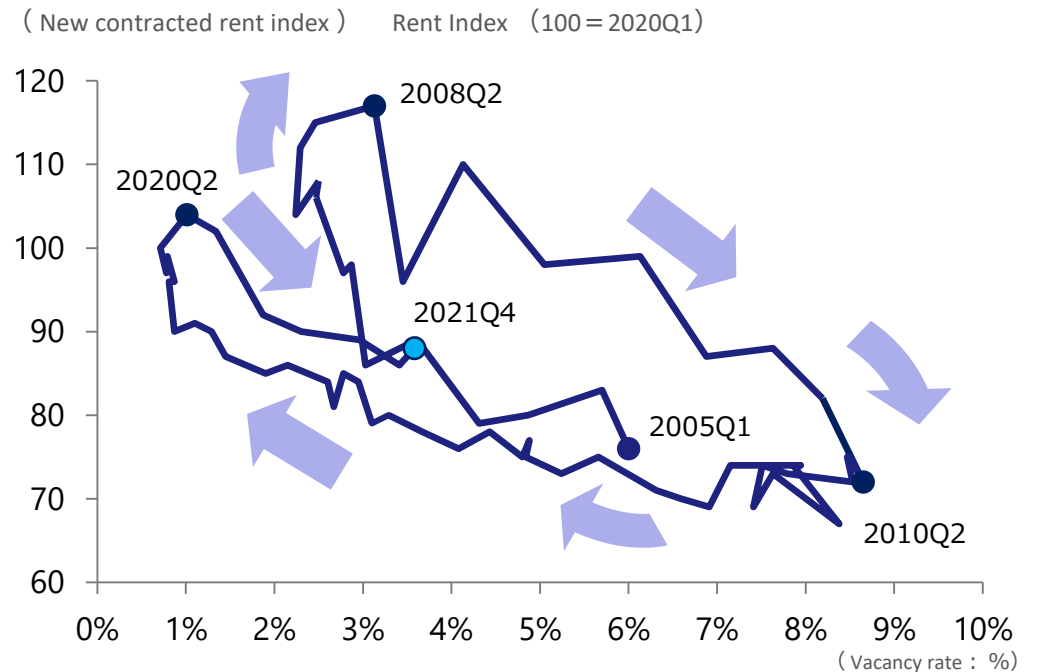
\* Vehicle for acquisition and holding of properties with the intent to transfer them to real estate investment corporations



**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**



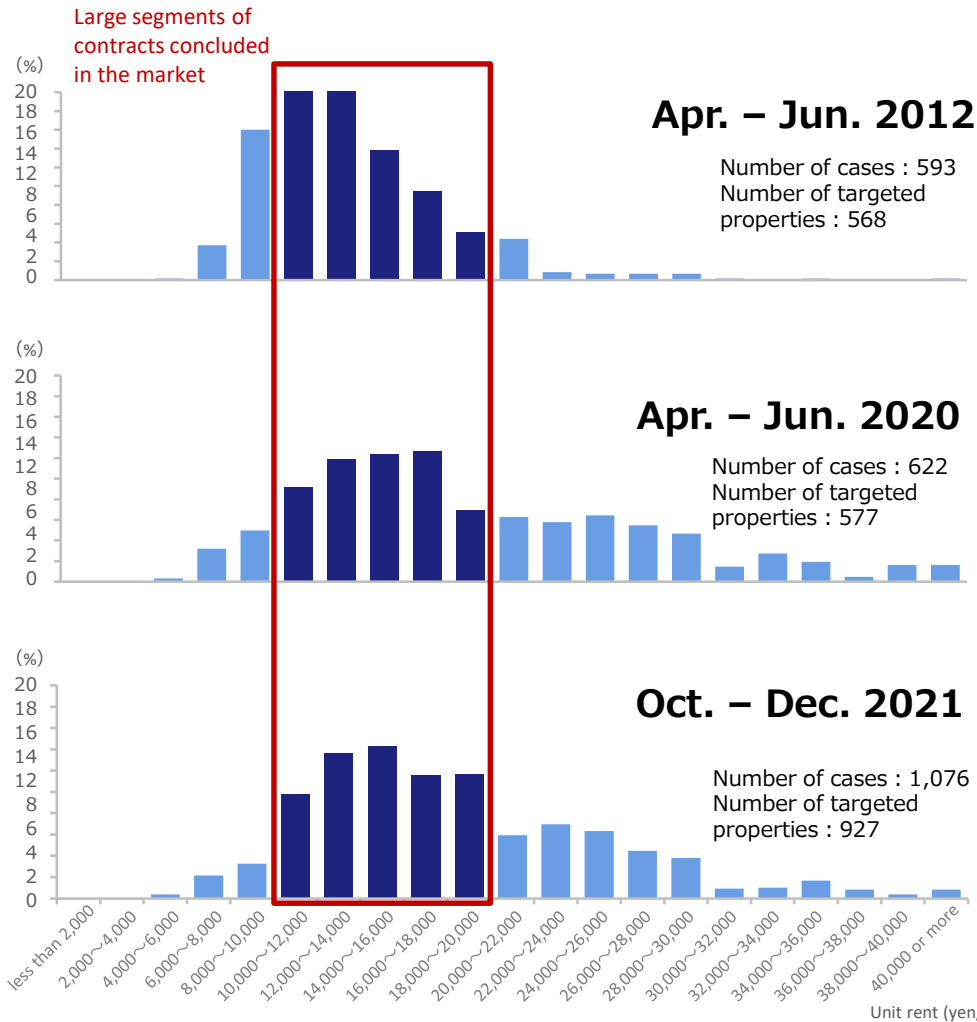
	2020 Q4	2021 Q1	2021 Q2	2021 Q3	2021 Q4
<b>Vacancy rate</b>	1.87%	2.30%	2.96%	3.41%	3.58%
<b>New contracted rent index</b>	92	90	89	86	88

(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)

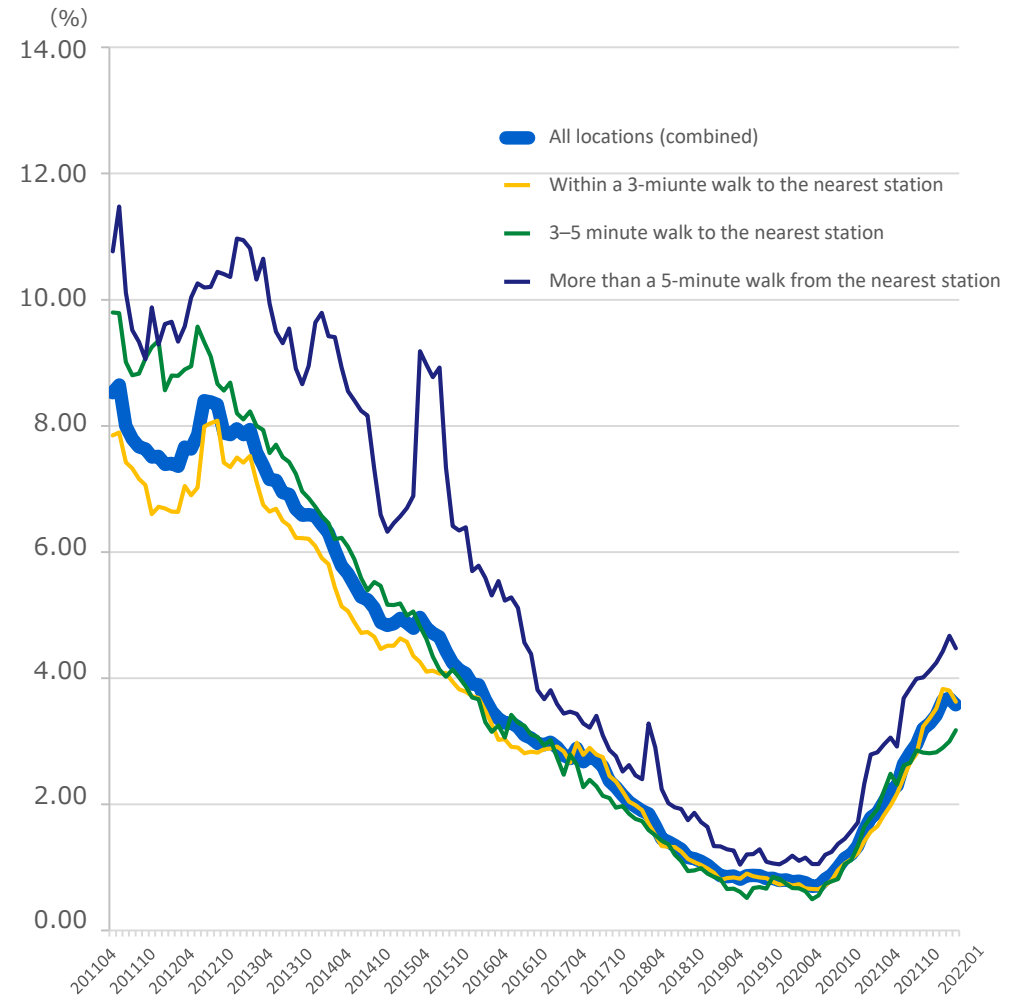
Throughout the past to present, there will be robust tenant demand within the range of 10,000 to 20,000 yen in general. XYMAX REIT believes that there is a clear correlation between convenient locations (the time required to walk to the nearest station) and the occupancy rate.

## 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

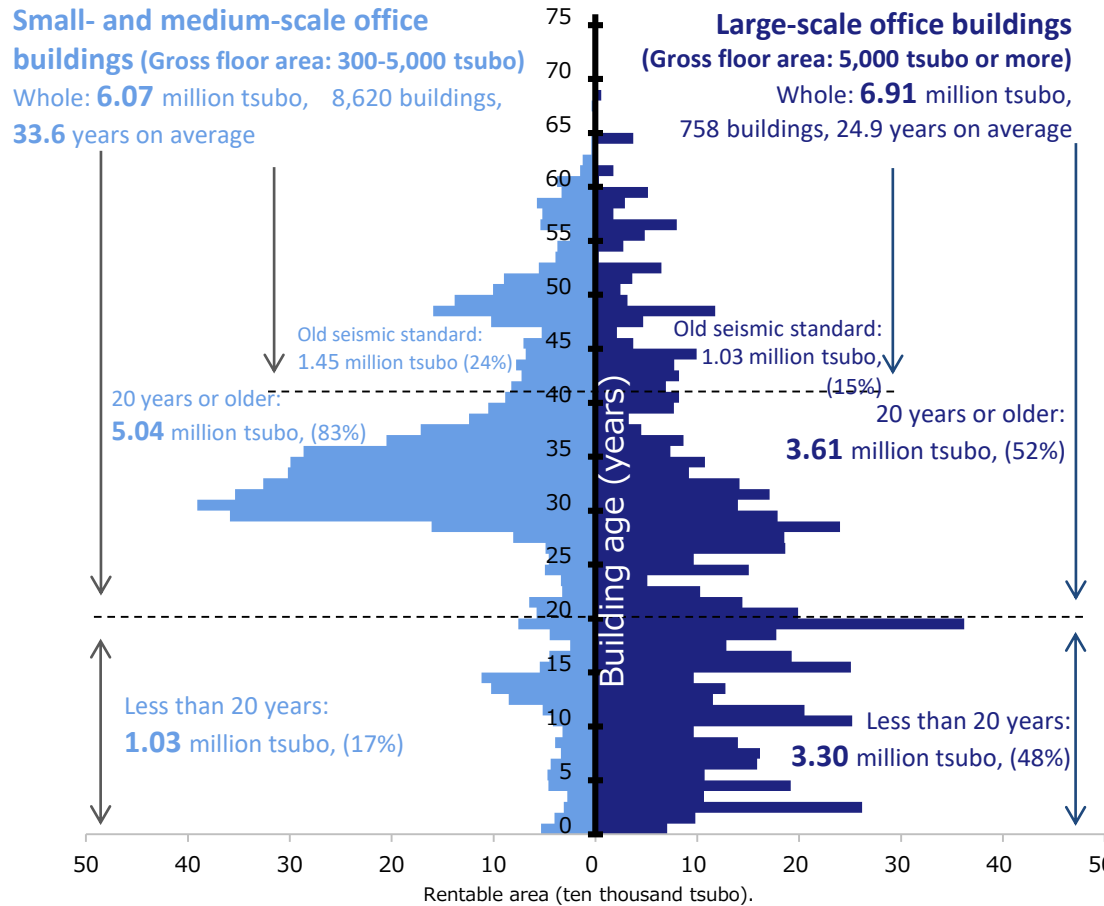


Source: Created by XYMAX Real Estate Institute upon the request of Asset Management Company

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.

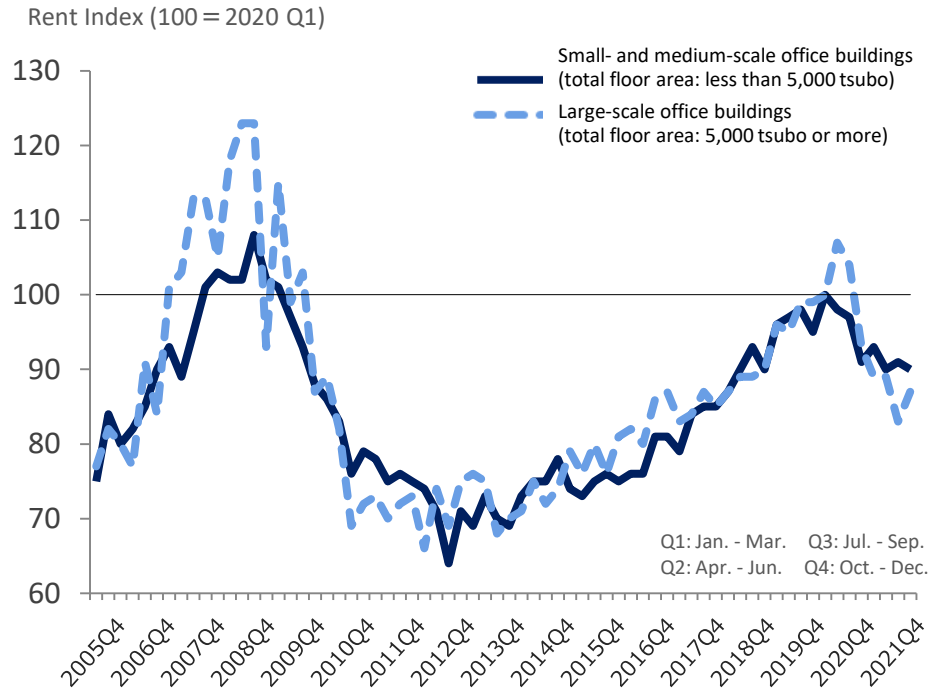
Office Stock Pyramid 2022 covering the 23 wards (net rentable area)

23 Wards of Tokyo: **12.98** million tsubo, 9,378 buildings, average building age: **32.9** years



Source: Survey Report by XYMAX Real Estate Institute Corp. "[23 Wards of Tokyo] Office Stock Pyramid 2022"

New contracted rent by office building scale



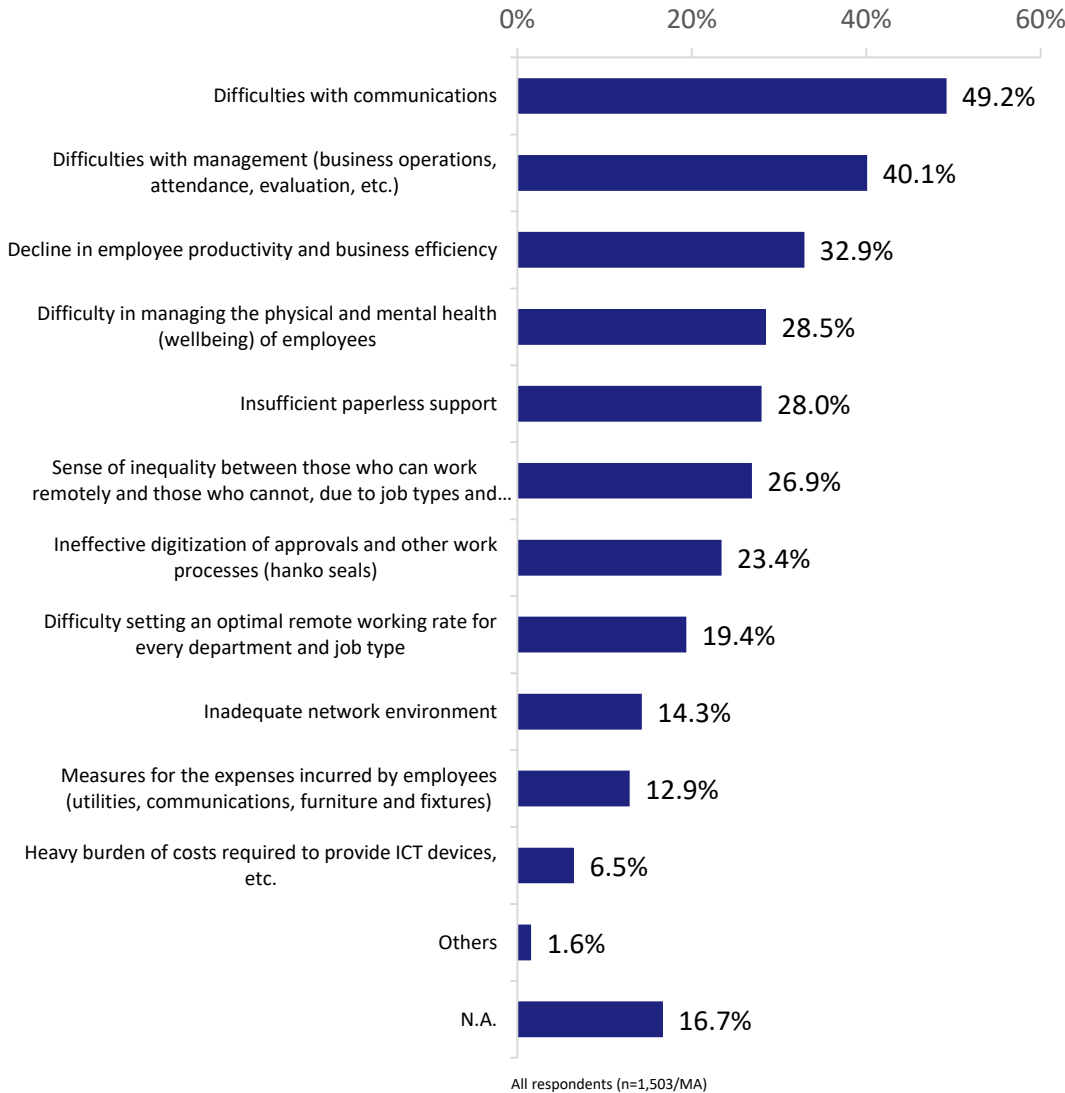
	2020 Q4	2021 Q1	2021 Q2	2021 Q3	2021 Q4
Small- and medium-scale office buildings (total floor area: less than 5,000 tsubo)	91	93	90	91	90
Large-scale office buildings (total floor area: 5,000 tsubo or more)	93	89	89	83	87

Source: Survey Report by XYMAX Real Estate Institute Corp. "Office Market Report Tokyo Q4 2021"

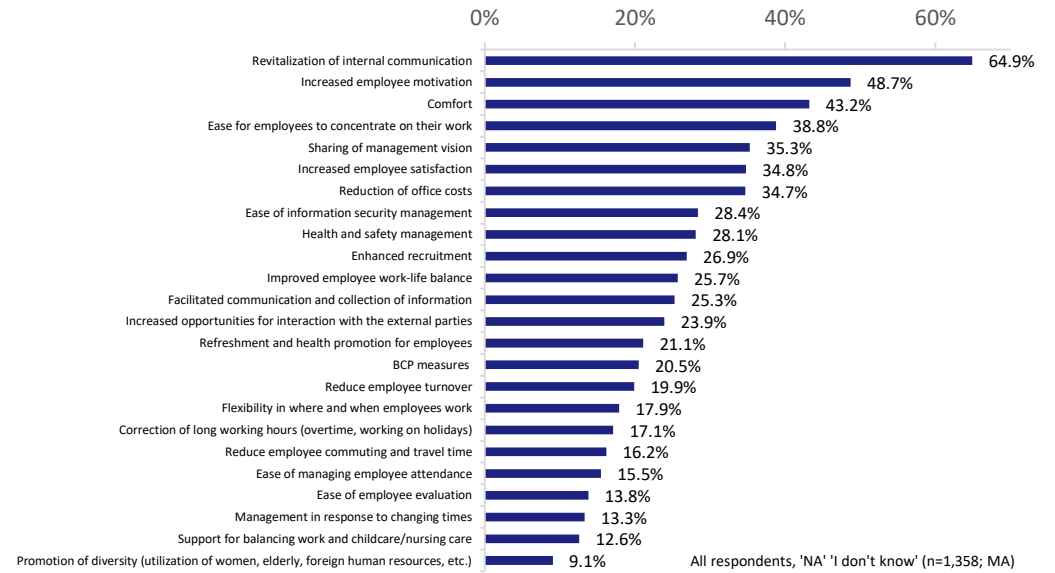
# Office Demands of the Post-COVID-19 (1)

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

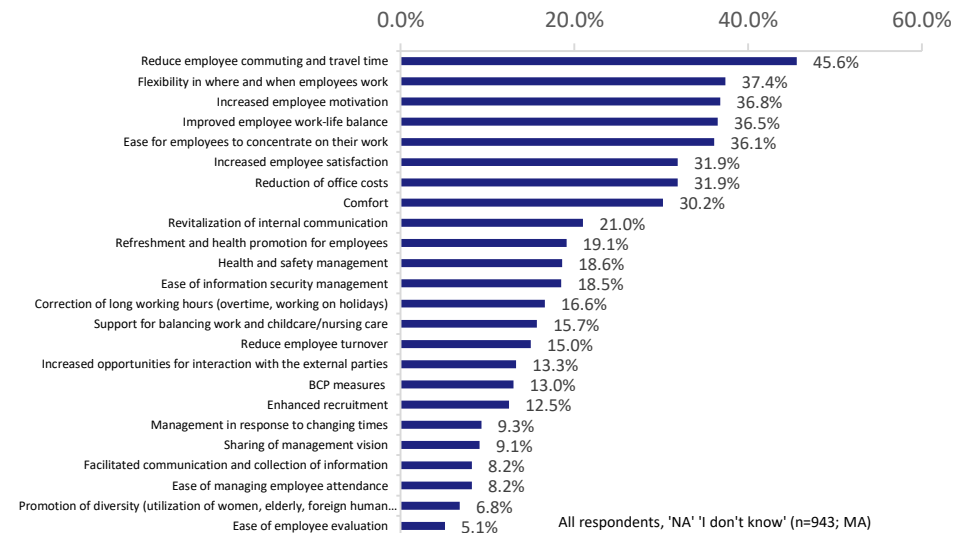
### Issues and concerns in telework operation



## Functions and values to be used as the main workplace

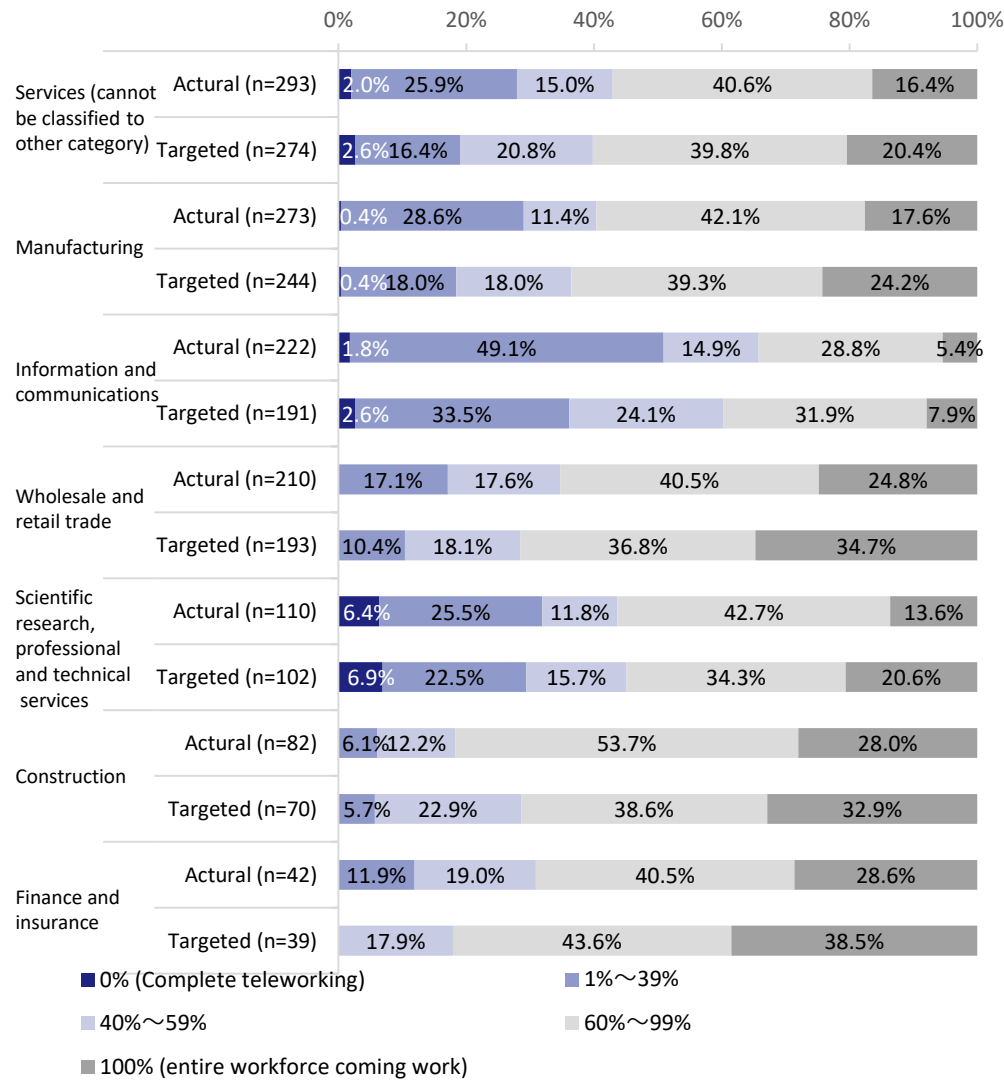


## Functions and values to be used as the satellite office



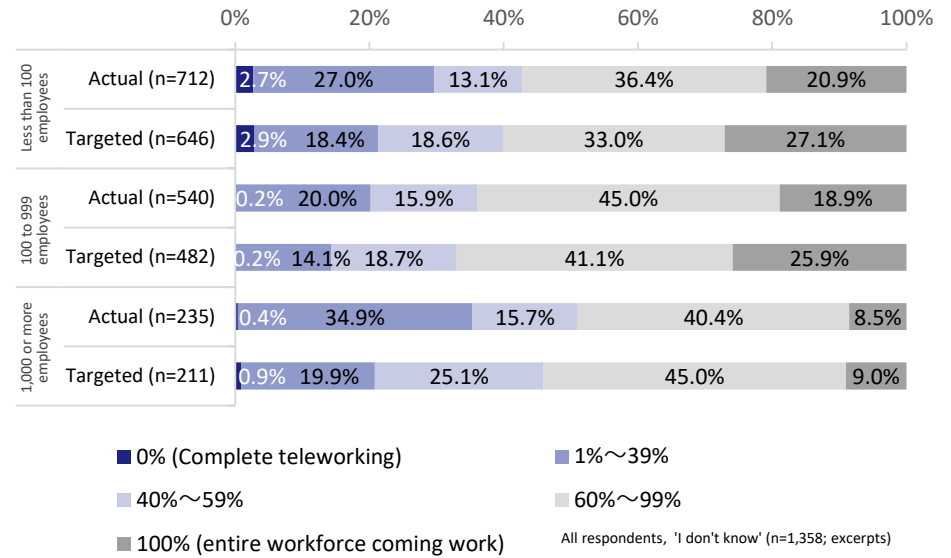
Source: Metropolitan Area Office Demand Survey Fall 2021: July 2021 by XYMAX Real Estate Institute

## Rate of workforce for in-office work (actual/targeted)(by industry)



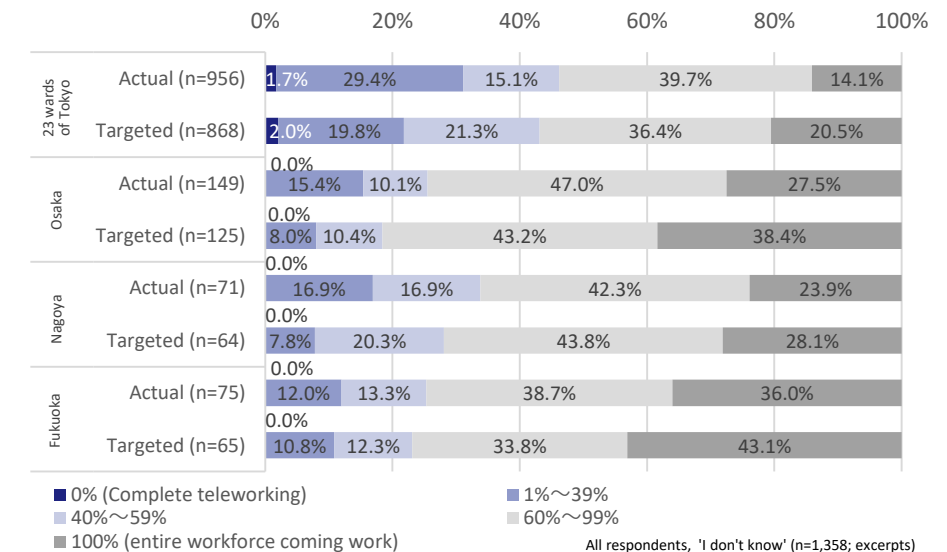
All respondents, 'I don't know' (n=1,358; excerpts)

## Rate of workforce for in-office work (actual/targeted)(by company size)



All respondents, 'I don't know' (n=1,358; excerpts)

## Rate of workforce for in-office work (actual/targeted)(by area)



All respondents, 'I don't know' (n=1,358; excerpts)

Source: Metropolitan Area Office Demand Survey Fall 2021: July 2021 by XYMAX Real Estate Institute

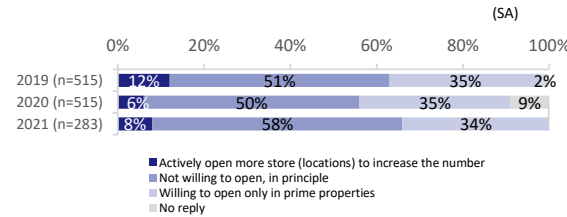
While the impact of COVID-19 on the overall retail market is limited, changes are seen in the store opening strategy due to changes in consumer needs.

## 1. Willingness to open new stores

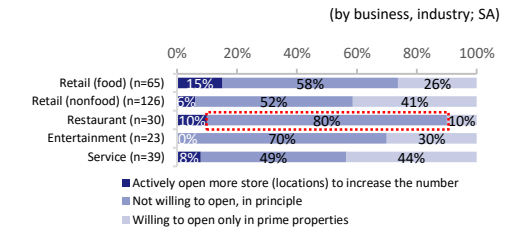
- “Willing to open only in prime properties” accounts for 80% in willingness to open new stores of the restaurant industry, largely above the overall average.
- The retail and restaurant industries show an increased willingness to open new stores in the residential area.

XYMAX REIT believes that the retail and restaurant industries are reviewing their store opening strategy to cater for consumer needs. The overall retail sector shows a sign of recovery in willingness to open new stores, although it is only a small increase.

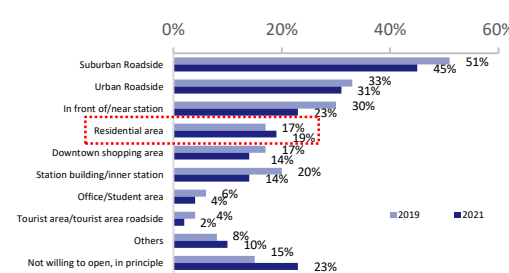
### Trends of willingness to open new stores (SA)



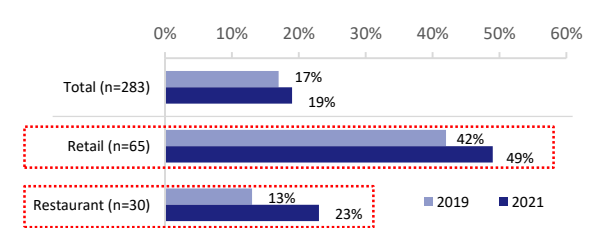
### Level of willingness to open new stores (by business, industry; SA)



### Location to be emphasized (MA; n=283)



### Location to be emphasized; residential area (by business, industry; excerpt)



From “Survey on Store Strategies under the COVID-19 Pandemic 2021” by XYMAX Real Estate Institute Corporation

## 2. Changes in consumer behavior and values

Willingness of businesses in the restaurant industry to open new locations:

- “The increasing trend of stay-at-home consumption will continue” (73%)
- “Remote work (telecommuting, etc.) will continue to grow” (64%)
- “Shopping in suburban stores (outside of cities) will increase” (60%)

Changes in consumer needs are continuing, and retail properties in the suburbs are expected to remain robust.

### Changes in consumer behavior and values (2020: n=515, 2021: n=283)

	2021	2020
1 The increasing trend of stay-at-home consumption will continue	73%	85%
2 Remote work (telecommuting, etc.) will continue to grow	64%	83%
3 Consumers of live commerce will increase	63%	65%
4 Actions by consumers who are motivated by SDGs will increase	61%	35%
5 Shopping in suburban stores (outside of cities) will increase	60%	65%
6 Demand for drive-through stores will increase	57%	68%
7 Use of shared offices at retail properties/stores will increase	57%	55%
8 Consumption associated with domestic travel will increase	49%	34%
9 The number of people moving to rural areas will increase	49%	52%
10 Use of public transportation for shopping will decrease	47%	65%
11 countermeasures (for example, information on crowding) more than product lineup or prices will increase	41%	51%
12 Overconcentration in Tokyo will continue	11%	7%

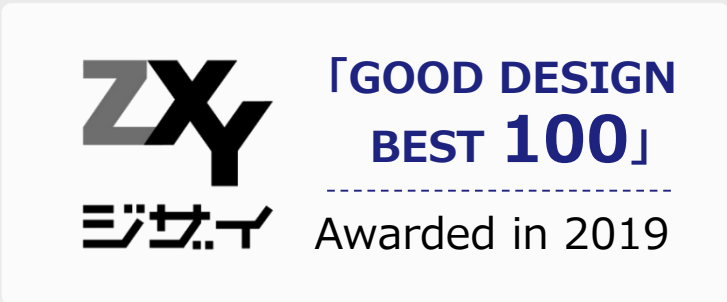
\*Total percentage of companies that responded “agree” or “somewhat agree”.

\*1: The new e-commerce form combination with streaming video. Talent and influencers deliver live video and viewers can purchase products while asking questions and commenting in real time.

From “Retail Facilities in the post-COVID19” 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」  
Awarded in 2019

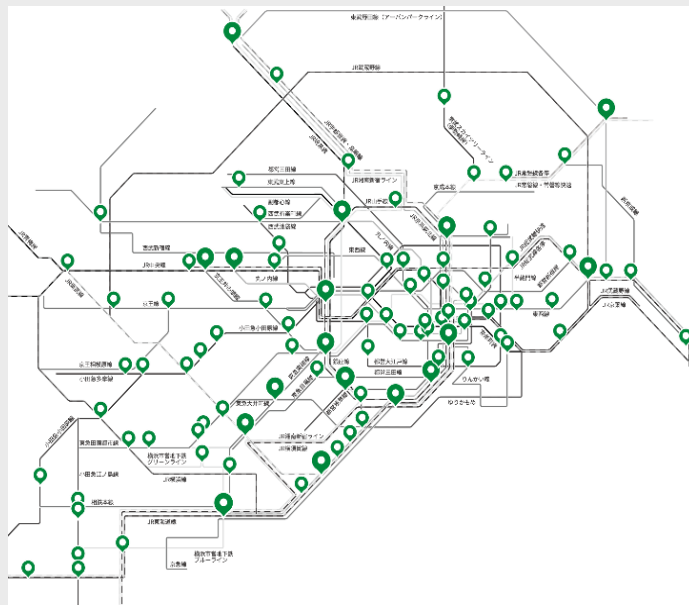


Participated in the Kunitachi Lounge, a pilot project of offering work places for residents by local government, by utilizing the know-how of ZXY operations.

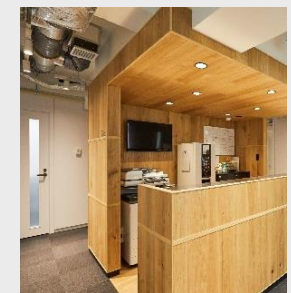
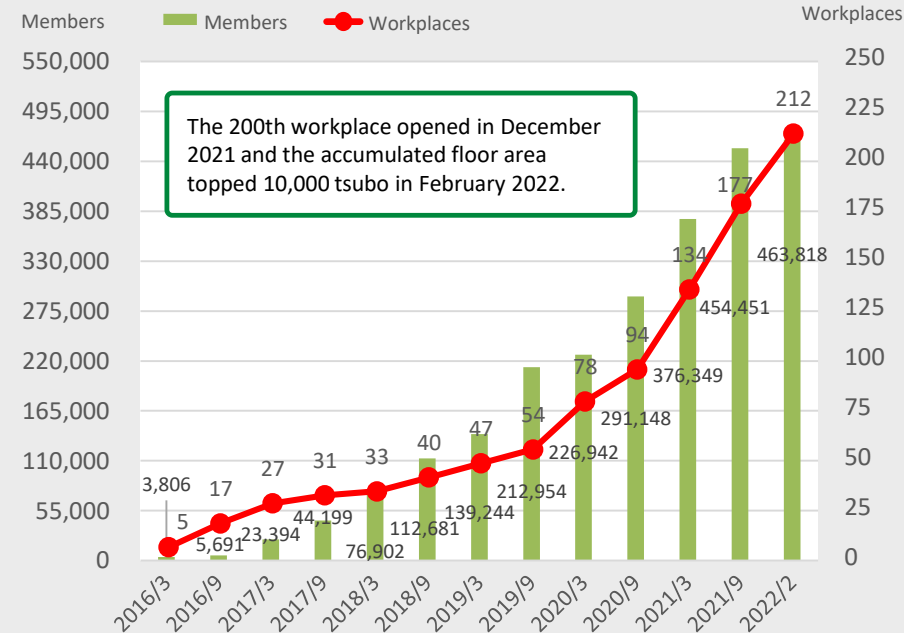


Expanding workplace by utilizing the various spaces owned and/or leased by gymnasiums, financial institutions, and Railway companies, etc.

Location of workplaces



Change in number of memberships and workplaces



Source: XYMAX Corporation



The XYMAX Group is expanding its own brand, "karaksa hotel" nationwide mainly targeting tourists

Osaka

Nov. 2017 112 rooms karaksa hotel Osaka Namba \*  
 Nov. 2019 396 rooms karaksa hotel grande Shin-Osaka Tower \*



karaksa hotel Osaka Namba



karaksa hotel grande Shin-Osaka Tower

Kyoto

Mar. 2016 36 rooms  
 karaksa hotel Kyoto I \*



karaksa hotel Kyoto I

Hokkaido

Jan. 2018 177 rooms karaksa hotel Sapporo \*



karaksa hotel Sapporo

Chiba

To be opened 190 rooms



karaksa hotel premier Tokyo Ginza

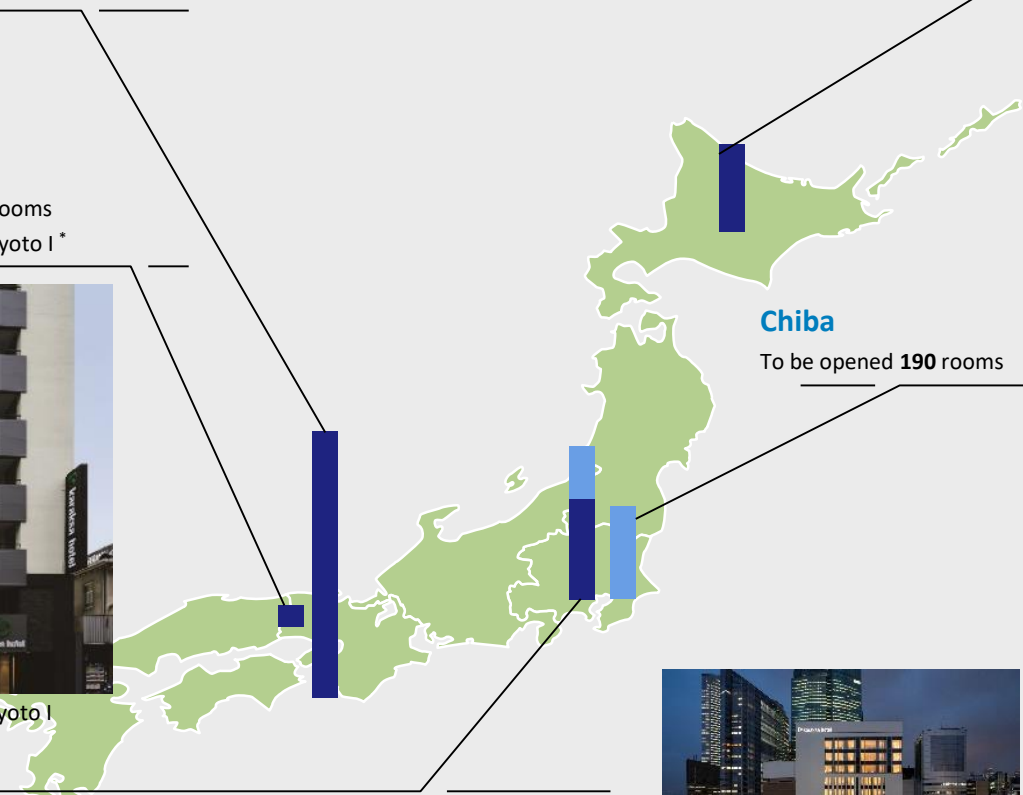


karaksa hotel TOKYO STATION

Tokyo

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

 Opened  To be opened



Source: XYMAX Corporation (as of April 2022)

\* 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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