

## (REIT) Summary of Financial Report for the Fiscal Period Ended February 2023

April 18, 2023

REIT Securities Issuer: XYMAX REIT Investment Corporation Listing: Tokyo Stock Exchange  
 Securities Code: 3488 URL: <https://xymaxreit.co.jp/en/index.html>  
 Representative: Shotaro Kanemitsu, Executive Director

Asset Management Company: XYMAX REAL ESTATE INVESTMENT ADVISORS Corporation  
 Representative: Shotaro Kanemitsu, Representative Director and President  
 Contact: Tatsuya Nakayama, Head of REIT Management Department  
 TEL: +81-3-5544-6880

Scheduled date for submission of securities report: May 30, 2023

Scheduled date for commencement of distribution payment: May 24, 2023

Supplementary materials for financial results: Yes

Financial results briefing session: Yes (for institutional investors and analysts)

(Amounts are rounded down to the nearest million yen)

1. Status of Management and Assets for the Fiscal Period Ended February 2023 (from September 1, 2022 to February 28, 2023)

(1) Results of Operations (% figures are the rate of period-on-period increase (decrease))

	Operating revenue		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal period ended Feb. 2023	1,646	(12.2)	908	(19.0)	815	(18.8)	814	(18.9)
Fiscal period ended Aug. 2022	1,874	16.3	1,121	18.5	1,004	15.3	1,003	15.3

	Net income per unit	Return on equity	Ratio of ordinary income to total assets	Ratio of ordinary income to operating revenue
	yen	%	%	%
Fiscal period ended Feb. 2023	3,261	3.1	1.7	49.5
Fiscal period ended Aug. 2022	4,022	4.0	2.2	53.6

(2) Distribution

	Distribution per unit (excluding distribution in excess of earnings)	Total distribution (excluding distribution in excess of earnings)	Distribution in excess of earnings per unit	Total distribution in excess of earnings	Payout ratio	Ratio of distribution to net assets
	yen	million yen	yen	million yen	%	%
Fiscal period ended Feb. 2023	3,262	814	-	-	100.0	3.1
Fiscal period ended Aug. 2022	4,007	1,000	12	2	99.7	3.8

(Note 1) Distributions in excess of earnings for the fiscal period ended August 31, 2022 consist only of the allowance for temporary difference adjustment.

(Note 2) Payout ratio in the above table is calculated by following formula;

$$\text{Payout ratio} = \frac{\text{Total Distribution (excluding distributions in excess of earnings)}}{\text{Net income}} \times 100$$

In addition, payout ratio for the fiscal period ended August 2022 was 100.0% using the formula of Total Distribution (including distributions in excess of earnings) ÷ Net income × 100

(Note 3) Ratio of distributions to net assets in the above table is calculated by following formula;

$$\text{Ratio of distributions to net assets} = \frac{\text{Distribution per unit (excluding distributions in excess of earnings)}}{\{(\text{Net assets at beginning of period} + \text{Net assets at end of period}) \div 2\}} \times 100$$

In addition, Ratio of distributions to net assets for the fiscal period ended August 31, 2022 was 3.8% using formula of Distribution per unit (including distributions in excess of earnings) ÷ { (Net assets at beginning of the period + Net assets at end of the period) ÷ 2 } × 100

(3) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per unit
	million yen	million yen	%	yen
Fiscal period ended Feb. 2023	48,314	26,254	54.3	105,163
Fiscal period ended Aug. 2022	48,669	26,440	54.3	105,909

(4) Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
Fiscal period ended Feb. 2023	1,139	(107)	(1,233)	3,862
Fiscal period ended Aug. 2022	2,218	(7,657)	6,202	4,063

2. Operating Forecasts for the Fiscal Period Ending August 2023 (from March 1, 2023 to August 31, 2023) and Fiscal Period Ending February 2024 (from September 1, 2023 to February 29, 2024)

(% figures are the rate of period-on-period increase (decrease))

	Operating revenue		Operating income		Ordinary income		Net income		Distribution per unit (excluding distribution in excess of earnings) yen	Distribution in excess of earnings per unit yen
	mn yen	%	mn yen	%	mn yen	%	mn yen	%		
Fiscal period ending Aug. 2023	1,666	1.2	862	(5.1)	768	(5.7)	767	(5.7)	3,074	-
Fiscal period ending Feb. 2024	1,648	(1.1)	863	0.1	752	(2.1)	751	(2.1)	3,010	-

(Reference) Forecast net income per unit

(Forecast net income ÷ Forecast total number of investment units issued and outstanding at end of period)

Fiscal period ending August 2023: 3,074 yen Fiscal period ending February 2024: 3,009 yen

\* Other

(1) Changes in Accounting Policies, Accounting Estimates, and Retrospective Restatements

- i. Changes in accounting policies accompanying amendments to accounting standards, etc.: None
- ii. Changes in accounting policies other than i.: None
- iii. Changes in accounting estimates: None
- iv. Retrospective restatements: None

(2) Total number of investment units issued and outstanding

i. Total number of investment units issued and outstanding (including treasury investment units) at end of period

Fiscal period ended Feb. 2023	249,650 units	Fiscal period ended Aug. 2022	249,650 units
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ii. Number of treasury investment units at end of period

Fiscal period ended Feb. 2023	0 units	Fiscal period ended Aug. 2022	0 units
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\* This Summary of Financial Report is not subject to the audit by the certified public accountant and/or audit corporation

\* Explanation of Appropriate Use of Operating Forecasts, and Other Matters of Special Note

The operating forecasts and other forward-looking statements contained in this document are based on information currently available to and certain assumptions deemed reasonable by XYMAX REIT. Accordingly, the actual results of operations, etc. may differ materially due to various factors. In addition, the forecasts are not a guarantee of the amount of distribution. For the assumptions underlying the operating forecasts, matters of note in the use of the operating forecasts, etc., please see "Assumptions Underlying the Operating Forecasts for the Fiscal Period Ending August 2023 (from March 1, 2023 to August 31, 2023) and Fiscal Period Ending February 2024 (from September 1, 2023 to February 29, 2024)" on page 3. Accordingly, the actual operating revenue, operating income, ordinary income, net income, distribution per unit and distribution in excess of earnings per unit may vary due to changes in the circumstances.

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Assumptions Underlying the Operating Forecasts for the Fiscal Period Ending August 2023 (from March 1, 2023 to August 31, 2023) and Fiscal Period Ending February 2024 (from September 1, 2023 to February 29, 2024)

Item	Assumption																								
Accounting period	<ul style="list-style-type: none"> <li>Fiscal period ending August 2023 (11th fiscal period) (from March 1, 2023 to August 31, 2023) (184 days)</li> <li>Fiscal period ending February 2024 (12th fiscal period) (from September 1, 2023 to February 29, 2024) (182 days)</li> </ul>																								
Assets under management	<ul style="list-style-type: none"> <li>The assumption is that the actual real estate and real estate trust beneficiary rights held by XYMAX REIT as of today (total of 18 properties) (hereinafter, the “current portfolio assets”) will continue to be held and there will be no acquisition of new properties other than the current portfolio assets through to the end of the fiscal period ending February 2024 (12th fiscal period).</li> <li>Change may arise due to acquisition of new properties other than the current portfolio assets, disposition of the current portfolio assets, etc.</li> </ul>																								
Operating revenue	<ul style="list-style-type: none"> <li>Operating revenue from leasing is calculated on the basis of various factors, such as the content of lease agreements entered into for the current portfolio assets and past tenant and market trends, and by taking into account various factors, such as the assumed occupancy rate and rent fluctuation projections based on tenant move-in/move-out and rent level projections.</li> <li>Variable rent is budgeted based on the operating budget submitted by the operators and the calculation method set forth in the Lease Agreement, which is revised conservatively by XYMAX REIT. [Hotel Vista Sendai] Fixed rent: 20.5 million yen per month Variable rent: Calculated by multiplying the amount obtained by dividing the total GOP of past 12 month (including the preceding month) by 12 then subtract 21.5 million yen (Note1), by certain percentage(Note2) (Note1) If the amount obtained becomes negative, the variable rent for the current month shall be 0 yen. (Note2) The percentage shall not be disclosed because the consent of the Lessee has not been obtained.</li> <li>The assumption is that there will be no delinquent or unpaid rent by tenants and no gain (loss) on sales of real estate properties.</li> </ul>																								
Operating expenses	<ul style="list-style-type: none"> <li>Of operating expenses, the main components are as follows: <table border="1" style="margin-left: 40px;"> <thead> <tr> <th></th> <th>Fiscal period ending Aug. 2023 (11th fiscal period)</th> <th>Fiscal period ending Feb. 2024 (12th fiscal period)</th> </tr> </thead> <tbody> <tr> <td>Expenses related to leasing business [Total]</td> <td>638 million yen</td> <td>628 million yen</td> </tr> <tr> <td>  Management fees</td> <td>110 million yen</td> <td>111 million yen</td> </tr> <tr> <td>  Repair expenses</td> <td>55 million yen</td> <td>41 million yen</td> </tr> <tr> <td>  Property taxes</td> <td>154 million yen</td> <td>154 million yen</td> </tr> <tr> <td>  Depreciation</td> <td>164 million yen</td> <td>171 million yen</td> </tr> <tr> <td>Other than expenses related to leasing business [Total]</td> <td>165 million yen</td> <td>156 million yen</td> </tr> <tr> <td>  Asset management fees</td> <td>96 million yen</td> <td>95 million yen</td> </tr> </tbody> </table> </li> <li>Expenses related to leasing business, which are the main operating expenses, are calculated on the basis of historical data at XYMAX REIT (historical data disclosed by the previous owner, etc. in the case of periods for which there is no historical data at XYMAX REIT) and by taking into consideration factors causing fluctuation in expenses.</li> <li>Depreciation is calculated using the straight-line method inclusive of incidental expenses, etc.</li> <li>Repair expenses are the amount necessary in each fiscal period as assumed on a property-by-property basis by the Asset Management Company. However, repair expenses possibly increasing in amount or additionally arising from unforeseeable factors, the amount generally tending to vary materially from fiscal year to fiscal year and not being an amount that arises periodically, etc. may result in repair expenses for each fiscal period differing materially from the forecast amount.</li> </ul>		Fiscal period ending Aug. 2023 (11th fiscal period)	Fiscal period ending Feb. 2024 (12th fiscal period)	Expenses related to leasing business [Total]	638 million yen	628 million yen	Management fees	110 million yen	111 million yen	Repair expenses	55 million yen	41 million yen	Property taxes	154 million yen	154 million yen	Depreciation	164 million yen	171 million yen	Other than expenses related to leasing business [Total]	165 million yen	156 million yen	Asset management fees	96 million yen	95 million yen
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Non-operating expenses	<ul style="list-style-type: none"> <li>For the fiscal period ending August 2023 (11th fiscal period), interest expenses and other borrowing related expenses are assumed to be 89 million yen.</li> <li>For the fiscal period ending February 2024 (12th fiscal period), interest expenses and other borrowing related expenses are assumed to be 106 million yen.</li> <li>Issuance cost for the issuance of new investment units will be amortized monthly in three-years from the month new investment units issued. 4 million yen in fiscal period ending August 2023 (11th fiscal period) and 4 million yen in fiscal period ending February 2024 (12th fiscal period).</li> </ul>																								
Interest-bearing liabilities	<ul style="list-style-type: none"> <li>The assumption is that total interest-bearing liabilities will be 19,715 million yen at the end of the fiscal period ending August 2023 (11th fiscal period) and 19,715 million yen at the end of the fiscal period ending February 2024 (12th fiscal period). Long-term loans of 4,376 million are due in the fiscal period ending February 2024. The assumption is that these loans will be repaid with funds on hand and funds procured through loans, etc.</li> <li>LTV ratio is expected to be 40.7% at the end of the fiscal period ending August 2023 (11th fiscal period) and 40.7% at the end of the fiscal period ending February 2024 (12th fiscal period). In addition, the following formula is used in the calculation of LTV ratio. LTV ratio = Total interest-bearing liabilities ÷ Total assets × 100</li> </ul>																								

Item	Assumption
Investment units	<ul style="list-style-type: none"> <li>● The assumption is the total number of investment units issued and outstanding is 249,650 units as of today and that there will be no change in the number of investment units due to issuance of new investment units, etc. through to the end of the fiscal period ending February 2024 (12th fiscal period).</li> <li>● Distribution per unit (excluding distribution in excess of earnings) and distribution in excess of earnings per unit are calculated on the basis of the forecast total number of investment units issued and outstanding at the end of the fiscal period ending August 2023 (11th fiscal period) and fiscal period ending February 2024 (12th fiscal period) of 249,650 units.</li> </ul>
Distribution per unit (excluding distribution in excess of earnings)	<ul style="list-style-type: none"> <li>● Distribution per unit (excluding distribution in excess of earnings) is calculated based on the assumption that distribution will be in accordance with the cash distribution policy provided in XYMAX REIT's Articles of Incorporation. The calculation of distribution per unit is based on the assumption that fluctuations in the fair value of interest rate swaps have no impact on distributions per unit.</li> <li>● Distribution per unit (excluding distribution in excess of earnings) may vary due to various factors, such as fluctuation in rent revenue accompanying change in assets under management, change in tenants, etc. or incurrance of unexpected repairs.</li> </ul>
Distribution in excess of earnings per unit	<ul style="list-style-type: none"> <li>● No cash distribution in excess of earnings (distribution in excess of earnings per unit) is scheduled to be made at this point in time.</li> </ul>
Other	<ul style="list-style-type: none"> <li>● The assumption is that there will be no revision of laws and regulations, tax systems, accounting standards, listing regulations provided by Tokyo Stock Exchange, rules provided by The Investment Trusts Association, Japan, etc. that will impact the forecast figures above.</li> <li>● The assumption is that there will be no unforeseen material change in general economic trends, real estate market conditions, etc.</li> </ul>

## Financial Statements

### (1) Balance Sheet

(Unit: thousand yen)

	9th fiscal period (As of Aug. 31, 2022)	10th fiscal period (As of Feb. 28, 2023)
<b>Assets</b>		
Current assets		
Cash and bank deposits	1,540,074	1,387,993
Cash and bank deposits in trust	2,523,504	2,474,091
Operating accounts receivable	37,046	31,293
Prepaid expenses	46,125	48,911
Consumption taxes refund receivable	162,235	-
Other	882	1,496
Total current assets	4,309,869	3,943,785
Non-current assets		
Property, plant and equipment		
Buildings	311,886	311,886
Accumulated depreciation	(8,232)	(11,785)
Buildings, net	303,653	300,100
Structures	1,814	1,814
Accumulated depreciation	(80)	(114)
Structures, net	1,733	1,699
Machinery and equipment	10,659	10,659
Accumulated depreciation	(472)	(675)
Machinery and equipment, net	10,187	9,984
Tools, furniture and fixtures	109,618	109,618
Accumulated depreciation	(94,671)	(97,867)
Tools, furniture and fixtures, net	14,947	11,751
Land	230,346	230,346
Buildings in trust	10,796,009	10,970,581
Accumulated depreciation	(907,463)	(1,058,300)
Buildings in trust, net	9,888,545	9,912,281
Structures in trust	61,049	61,049
Accumulated depreciation	(7,655)	(8,854)
Structures in trust, net	53,393	52,195
Machinery and equipment in trust	0	0
Accumulated depreciation	-	-
Machinery and equipment in trust, net	0	0
Tools, furniture and fixtures in trust	39,429	43,014
Accumulated depreciation	(14,421)	(17,956)
Tools, furniture and fixtures in trust, net	25,008	25,057
Land in trust	33,661,874	33,661,874
Construction in progress in trust	33	104
Total property, plant and equipment	44,189,725	44,205,397
Investments and other assets		
Long-term prepaid expenses	56,133	61,157
Deferred tax assets	15	10
Lease and guarantee deposits	22,600	22,600
Other	68,921	64,014
Total investments and other assets	147,670	147,783
Total non-current assets	44,337,396	44,353,180
Deferred assets		
Investment unit issuance costs	22,494	17,995
Total deferred assets	22,494	17,995
Total assets	48,669,759	48,314,961

(Unit: thousand yen)

	9th fiscal period (As of Aug. 31, 2022)	10th fiscal period (As of Feb. 28, 2023)
<b>Liabilities</b>		
Current liabilities		
Operating accounts payable	139,620	144,126
Short-term loans payable	345,000	-
Current portion of long-term borrowings	2,796,000	4,376,000
Accounts payable - other	155,651	121,245
Income taxes payable	922	822
Accrued consumption taxes	-	92,151
Advances received	247,938	238,201
Other	5,454	1,633
<b>Total current liabilities</b>	<b>3,690,587</b>	<b>4,974,180</b>
Non-current liabilities		
Long-term loans payable	16,804,000	15,339,000
Tenant leasehold and security deposits	33,349	33,349
Tenant leasehold and security deposits in trust	1,698,290	1,713,997
Derivatives liabilities	3,135	270
<b>Total non-current liabilities</b>	<b>18,538,775</b>	<b>17,086,617</b>
<b>Total liabilities</b>	<b>22,229,363</b>	<b>22,060,798</b>
<b>Net assets</b>		
Unitholders' equity		
Unitholders' capital	25,440,013	25,440,013
Deduction from unitholders' capital		
Allowance for temporary difference adjustments	-	*2 (2,995 )
<b>Total deduction from unitholders' capital</b>	<b>-</b>	<b>(2,995 )</b>
<b>Unitholders' capital, net</b>	<b>25,440,013</b>	<b>25,437,017</b>
Surplus		
Unappropriated retained earnings (undisposed loss)	1,003,518	817,416
<b>Total surplus</b>	<b>1,003,518</b>	<b>817,416</b>
<b>Total unitholders' equity</b>	<b>26,443,532</b>	<b>26,254,434</b>
Valuation and translation adjustments		
Deferred gains or losses on hedges	(3,135 )	(270 )
<b>Total valuation and translation adjustments</b>	<b>(3,135 )</b>	<b>(270 )</b>
<b>Total net assets</b>	<b>*1 26,440,396</b>	<b>*1 26,254,163</b>
<b>Total liabilities and net assets</b>	<b>48,669,759</b>	<b>48,314,961</b>

## (2) Statement of Income

(Unit: thousand yen)

	9th fiscal period From: Mar. 1, 2022 To: Aug. 31, 2022	10th fiscal period From: Sep. 1, 2022 To: Feb. 28, 2023
<b>Operating revenue</b>		
Leasing business revenue	*1 1,523,202	*1 1,497,162
Other leasing business revenue	*1 125,327	*1 148,853
Gain on sale of real estate property	*2 226,287	-
<b>Total operating revenue</b>	<b>1,874,817</b>	<b>1,646,016</b>
<b>Operating expenses</b>		
Expenses related to leasing business	*1 557,144	*1 584,571
Asset management fees	125,416	97,093
Asset custody fees	1,108	1,275
Administrative service fees	12,549	14,497
Directors' compensations	2,400	2,400
Other operating expenses	54,210	37,372
<b>Total operating expenses</b>	<b>752,828</b>	<b>737,209</b>
<b>Operating income</b>	<b>1,121,988</b>	<b>908,806</b>
<b>Non-operating income</b>		
Interest income	20	19
Interest on refund	-	286
Gain on forfeiture of unclaimed distributions	108	175
Other	-	12
<b>Total non-operating income</b>	<b>129</b>	<b>493</b>
<b>Non-operating expenses</b>		
Interest expenses	63,457	63,741
Borrowing related expenses	49,879	23,194
Amortization of investment unit issuance costs	4,425	4,498
Other	-	2,789
<b>Total non-operating expenses</b>	<b>117,761</b>	<b>94,224</b>
<b>Ordinary income</b>	<b>1,004,355</b>	<b>815,075</b>
Income before income taxes	1,004,355	815,075
Income taxes - current	925	825
Income taxes - deferred	(2)	4
<b>Total income taxes</b>	<b>923</b>	<b>830</b>
<b>Net income</b>	<b>1,003,432</b>	<b>814,245</b>
Retained earnings brought forward	86	3,171
<b>Unappropriated retained earnings (undisposed loss)</b>	<b>1,003,518</b>	<b>817,416</b>

## (3) Statement of Unitholders' Equity

9th fiscal period (from March 1, 2022 to August 31, 2022)

(Unit: thousand yen)

	Unitholders' equity				Valuation and translation adjustments		Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	
		Unappropriated retained earnings (undisposed loss)	Total surplus				
Balance as of March 1, 2022	22,585,746	870,452	870,452	23,456,198	-	-	23,456,198
Changes of items during period							
Issuance of new investment units	2,854,267			2,854,267			2,854,267
Dividends of surplus		(870,366)	(870,366)	(870,366)			(870,366)
Net income		1,003,432	1,003,432	1,003,432			1,003,432
Net changes of items other than unitholder's equity					(3,135)	(3,135)	(3,135)
Total changes during period	2,854,267	133,065	133,065	2,987,333	(3,135)	(3,135)	2,984,197
Balance as of August 31, 2022	*1 25,440,013	1,003,518	1,003,518	26,443,532	(3,135)	(3,135)	26,440,396



10th fiscal period (from September 1, 2022 to February 28, 2023)

(Unit: thousand yen)

	Unitholders' equity					
	Unitholders' capital			Surplus		
	Unitholders' capital	Deduction from unitholders' capital		Unitholders' capital, net	Unappropriated retained earnings (undisposed loss)	Total surplus
Allowance for temporary difference adjustments		Total deduction from unitholders' capital				
Balance as of September 1, 2022	25,440,013	-	-	25,440,013	1,003,518	1,003,518
Changes of items during period						
Dividends of surplus					(1,000,347)	(1,000,347)
Surplus Distributions due to temporary difference adjustments		(2,995)	(2,995)	(2,995)		
Net income					814,245	814,245
Net changes of items other than unitholder's equity						
Total changes during period	-	(2,995)	(2,995)	(2,995)	(186,102)	(186,102)
Balance as of February 28, 2023	*1 25,440,013	(2,995)	(2,995)	25,437,017	817,416	817,416

	Unitholders' equity	Valuation and translation adjustments		Total net assets
	Total unitholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance as of September 1, 2022	26,443,532	(3,135)	(3,135)	26,440,396
Changes of items during period				
Dividends of surplus	(1,000,347)			(1,000,347)
Surplus Distributions due to temporary difference adjustments	(2,995)			(2,995)
Net income	814,245			814,245
Net changes of items other than unitholder's equity		2,865	2,865	2,865
Total changes during period	(189,097)	2,865	2,865	(186,232)
Balance as of February 28, 2023	26,254,434	(270)	(270)	26,254,163

## (4) Statement of Cash Distribution

Classification	9th fiscal period From: Mar. 1, 2022 To: Aug. 31, 2022	10th fiscal period From: Sep. 1, 2022 To: Feb. 28, 2023
I. Unappropriated retained earnings	1,003,518,599 yen	817,416,458 yen
II. Distributions in excess of earnings [Of which, allowance for temporary difference adjustments]	2,995,800 yen 2,995,800 yen	- -
III. Capitalization [Of which, reversal of allowance for temporary difference adjustments]	- -	2,746,150 yen 2,746,150 yen
IV. Amount of distribution [Amount of distribution per unit Of which, distributions of earnings [Of which, distributions of earnings per unit] Of which, allowance for temporary difference adjustments [Of which, distributions in excess of earnings per unit[allowance for temporary difference adjustments]]	1,003,343,350 yen [4,019 yen] 1,000,347,550 yen [4,007 yen] 2,995,800 yen [12 yen]	814,358,300 yen [3,262 yen] 814,358,300 yen [3,262 yen] - [-]
V. Retained earnings carried forward	3,171,049 yen	312,008 yen
Method of calculation of amount of distribution	<p>Pursuant to the cash distribution policy stipulated in Article 35, Paragraph 1 of XYMAX REIT's Articles of Incorporation, amount of distribution must be equal or less than the amount of profit and exceed 90% of XYMAX REIT's distributable profit that is defined by Article 67-15 of the Act on Special Measures Concerning Taxation. Based on this policy, XYMAX REIT has decided to distribute 1,000,347,550 yen, which is the maximum value of the integral multiple of the total number of units issued and outstanding (249,650 units), not exceeding unappropriated retained earnings.</p> <p>In addition, in accordance with the purpose of the allocation policy stipulated in Article 35, Paragraph 2 of the Regulations of XYMAX REIT, the net assets deduction item (stipulated in Article 2, Paragraph 2, Item 30 (b) of the Regulations Concerning Accounting of Investment Corporations) shall have an impact on distributions, for the fiscal period under review, the decision was made to distribute, as an amount equivalent to 3,135,935 yen of deferred hedge losses, 2,995,800 yen, which is an integral multiple of the total number of investment units issued and outstanding of 249,650 units, as a distribution pertaining to the amount of allowance for temporary difference adjustments.</p> <p>As a result, the distribution per investment unit was 4,019 yen.</p>	<p>Pursuant to the cash distribution policy stipulated in Article 35, Paragraph 1 of XYMAX REIT's Articles of Incorporation, amount of distribution must be equal or less than the amount of profit and exceed 90% of XYMAX REIT's distributable profit that is defined by Article 67-15 of the Act on Special Measures Concerning Taxation. Based on this policy, of the amount of profit stipulated in Article 136, Paragraph 1 of the Act on Investment Trusts and Investment Corporations, less the reversal of the allowance for temporary difference adjustments (stipulated in Article 2, Paragraph 2, Item 30 of the Regulations Concerning Accounting of Investment Corporations), XYMAX REIT has decided to distribute 814,358,300 yen, which is the maximum value of the integral multiple of the total number of units issued and outstanding of 249,650 units.</p> <p>As a result, the distribution per investment unit was 3,262 yen.</p>

## (5) Statement of Cash Flows

(Unit: thousand yen)

	9th fiscal period From: Mar. 1, 2022 To: Aug. 31, 2022	10th fiscal period From: Sep. 1, 2022 To: Feb. 28, 2023
<b>Cash flows from operating activities</b>		
Income before income taxes	1,004,355	815,075
Depreciation	158,887	162,568
Amortization of investment unit issuance costs	4,425	4,498
Interest income	(20)	(19)
Gain on forfeiture of unclaimed distributions	(108)	(175)
Interest expenses	63,457	63,741
Decrease (increase) in operating accounts receivable	(17,634)	5,753
Decrease (increase) in consumption taxes refund receivable	(162,235)	162,235
Decrease (increase) in prepaid expenses	(4,348)	(2,785)
Increase (decrease) in operating accounts payable	50,140	(31,394)
Increase (decrease) in accounts payable - other	(53,595)	(34,405)
Increase (decrease) in accrued consumption taxes	(142,898)	92,151
Increase (decrease) in advances received	44,945	(9,736)
Decrease (increase) in long-term prepaid expenses	(2,034)	(5,024)
Decrease in property, plant and equipment held in trust due to sale	1,362,607	-
Other	(23,011)	(18,023)
Subtotal	2,282,931	1,204,458
Interest income received	20	19
Interest expenses paid	(63,384)	(63,697)
Income taxes paid	(879)	(925)
Net cash provided by (used in) operating activities	2,218,687	1,139,855
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(3,597)	-
Purchase of property, plant and equipment in trust	(7,942,083)	(123,198)
Repayments of tenant leasehold and security deposits in trust	(68,015)	(2,157)
Proceeds from tenant leasehold and security deposits in trust	356,243	17,864
Net cash provided by (used in) investing activities	(7,657,452)	(107,491)
<b>Cash flows from financing activities</b>		
Increase in short-term loans payable	345,000	-
Decrease in short-term loans payable	(1,100,000)	(345,000)
Increase in long-term loans payable	5,000,000	2,911,000
Decrease in long-term loans payable	-	(2,796,000)
Revenue from issuance of investment units	2,827,347	-
Dividends paid	(869,849)	(1,003,857)
Net cash provided by (used in) financing activities	6,202,497	(1,233,857)
Net increase (decrease) in cash and cash equivalents	763,732	(201,494)
Cash and cash equivalents at beginning of period	3,299,845	4,063,578
Cash and cash equivalents at end of period	* <sub>1</sub> 4,063,578	* <sub>1</sub> 3,862,084