

August 7, 2023

For Immediate Release

Real Estate Investment Trust Securities Issuer  
 1-1-1 Akasaka, Minato-ku, Tokyo  
 XYMAX REIT Investment Corporation  
 Representative: Shotaro Kanemitsu, Executive Director  
 (Securities Code: 3488)

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

Notice Acquisition of Domestic Asset (Preferred Investment Securities of TMK Hirakata Retail Facility Development)

XYMAX REIT Investment Corporation ("XYMAX REIT"), which entrusted the management of its assets to XYMAX REAL ESTATE INVESTMENT ADVISORS Corporation (the "Asset Management Company"), announces that it has decided to acquire (the "Acquisition") the asset (the "Asset to be Acquired" or the "Preferred Investment Securities") as described below.

Because TMK Hirakata Retail Facility Development (hereinafter referred to as "the TMK"), the seller of the Asset to be Acquired falls under the category of an interested party set forth in the rules on the Management of Transactions of Interested Persons for REIT, which are internal rules of Asset Management Company. Accordingly, in proceeding the Acquisition, Asset Management Company has conducted the required deliberations and resolutions in accordance with the provisions of the rules on the Management of Transactions of Interested Persons for REIT. In accordance with the rule, Asset Management Company has obtained XYMAX REIT's approval at the Board of Directors meeting of XYMAX REIT held on August 7, 2023.

1. Outline of the Acquisition

- |                                   |  |
|-----------------------------------|--|
| (1) Asset to be Acquired          | : Preferred Investment Securities of the TMK (Note 1)  |
| (2) Anticipated acquisition price | : 1st Preferred Investment Securities 28,000,000 yen<br>2nd Preferred Investment Securities 22,000,000 yen   |
| (3) Scheduled acquisition dates   | : 1st August 14, 2023 28,000,000 yen<br>2nd May 2024 (planned) 22,000,000 yen (Note 2)<br>(Aggregated Anticipated acquisition price stated above (50,000,000 yen) is anticipated to be approximately 4.5% of amount of the total preferred investment securities issued by the TMK.) |
| (4) Seller                        | : The TMK  |
| (5) Underlying real estate        | : Hirakata Retail Facility (tentative name) (Note 3) (hereinafter referred to as the "Property").  |
| (6) Acquisition Funds             | : Acquisition using cash on hand   |

(Note 1) Details of the TMK are described in "3. Details of the Acquisition (3) Outline of the TMK" below.

(Note 2) The Preferred Investment Securities are preferred investment securities issued by the TMK engaged in the development of the Property, and XYMAX REIT and the TMK agreed that, concurrently with the acquisition of the 1st Preferred Investment Securities, XYMAX REIT acquires the first refusal right (the "First Refusal Right"). The details of the First Refusal Right are described in the "3. Details of the Acquisition/ (1) Outline of the Preferred Investment Securities/Other" column below. In addition, in the event that the 2nd Preferred Investment Securities are issued, the underwriting agreement for the 1st Preferred Investment Securities stipulates that XYMAX REIT plans to underwrite by the above Anticipated acquisition price with the TMK. However, for details including the acquisition date shall be provided in the underwriting agreement for the 2nd Preferred Investment Securities, and will be concluded separately.

(Note 3) Details of the Property are as described below in "3. Details of the Acquisition/ (2) Outline of the Property."

## 2. Reason for the Acquisition

XYMAX REIT's policy is to utilize the knowledge and know-how of the sponsor, the XYMAX Group, in various growth strategies, such as internal growth and external growth, to secure stable earnings and realize steady growth in assets under management from a medium-to long-term perspective. In terms of external growth, XYMAX REIT captures opportunities to acquire properties by leveraging the customer base and information capabilities of the XYMAX Group. In addition, XYMAX REIT selects properties for which stable operations after acquisition can be expected through careful analysis based on the various knowledge, know-how, and data related to real estate management accumulated by the XYMAX Group. In addition, we will maintain an acquisition perspective that is conscious of the balance between DPU growth and financial soundness.

The Property, which serves as the asset underlying the Preferred Investment Securities, is a property for which the XYMAX Group captured the needs of customers to open new stores, and made the development plan and invited other tenants so that it would be a property that meets the acquisition criteria for the "retail facilities" for which XYMAX REIT mainly invests. We expect to secure long-term, stable revenues as fixed-term building lease reservation agreements for the Property with tenant candidates in the daily use type of business have been concluded. Following the Acquisition, XYMAX REIT will acquire the First Refusal Right related to the Property, and therefore will secure the acquisition opportunities of the Property after completion of the development, which are expected to generate stable revenues over the medium to long term. Furthermore, by implementing the Acquisition, XYMAX REIT intends to earn revenue from the receipt of dividends (Note) on the Preferred Investment Securities. Based on the above, we decided to acquire the Asset to be Acquired.

As the Property is to be developed in the future, if XYMAX REIT raises funds by issuing new investment units or loan money and acquires the Property directly, the risk borne by XYMAX REIT may increase. Furthermore, there is a risk that DPU and the amount of net assets may be decreased or diluted. Therefore, XYMAX REIT has sought ways to invest in the Property while reducing such risks and preventing the dilution of investment units. As a result, XYMAX REIT has decided to invest indirectly by acquiring the Preferred Investment Securities with its own funds in hand. As of today, the Property is in the planning stage and development may be delayed, modified or cancelled. In addition, revenue from this property is expected to be earned after December 2024 (planned) after the completion of the Property.

In the future, MAX-REALTY INC., the asset manager of the TMK, will focus on the development and start-up of management, etc., in order to convert the Property into a profitable property. After the completion of the Property, XYMAX REIT will consider the acquisition of the Property in an appropriate timing based on various circumstances.

(Note) Dividends on the Preferred Investment Securities are expected to be realized upon the completion of the Property (after the Property becomes operational) and upon the sale of the Property by the TMK (Development Benefits).

## 3. Details of the Acquisition

### (1) Outline of the Preferred Investment Securities

Name of the issuer of Preferred Investment Securities	TMK HIRAKATA Retail Facility Development
Anticipated acquisition price	1st Preferred Investment Securities 28,000,000 yen 2nd Preferred Investment Securities 22,000,000 yen Total amount (1st + 2nd ) is approximately 4.5% of total preferred investment.
Summary	<ol style="list-style-type: none"> <li>1. The Preferred Investment Securities are part of the preferred investment securities to be issued by the TMK for the purpose of conducting the following business. <ol style="list-style-type: none"> <li>(i) Services pertaining to the acquisition, management, and disposition of specified assets in accordance with the asset liquidation plan (hereinafter referred to as the "Asset Liquidation Plan") based on the Act on Asset Securitization (Act No. 105 of 1998, as amended; hereinafter referred to as the "Asset Securitization Act").</li> <li>(ii) All other operations incidental to the liquidation of certain specified assets related to (i) above.</li> </ol> </li> <li>2. The fiscal year of the TMK is one fiscal year from April 1 to March 31 of the following year. Distribution of dividends and residual assets are as follows. (Distribution of dividends)</li> </ol>

	<p>(i)With respect to the payment of dividends, preferred equity members have the right to receive preferential dividends, prior to specified members, in the amount determined at the general meeting of the members to the extent of the amount available for dividends as calculated in accordance with the asset liquidation method for each fiscal year. In the Asset Liquidation Plan, specified equity members have waived their right to receive dividends of profits in advance.</p> <p>(ii)Dividends of profits to preferred equity members will be paid in full in accordance with the number of preferred investment units. (Distribution of Residual Assets) Specified equity members have waived the right to receive distribution of residual assets in advance under the Asset Liquidation Plan. Therefore, residual assets shall not be distributed to specified equity members, and only residual assets shall be distributed to preferred equity members. With regard to the method of distribution of residual assets, in accordance with the provisions of Article 502 of the Companies Act (Act No. 86 of 2005, as amended thereafter) as applied mutatis mutandis by the Asset Securitization Act, the preferred equity members shall have the right to receive a distribution in accordance with the number of units they hold with respect to residual assets that can be distributed after repaying the obligations, etc. of the TMK or retaining the funds necessary for repayments.</p>
Other	<p>Summary of the First Refusal Right granted upon acquisition of the Preferred Investment Securities</p> <p>i) The TMK is required not to engage in negotiations or contractual actions for the sale or other disposition of the Property with third parties other than the third parties designated by the Asset Management Company, including XYMAX REIT, except in the event that a third party designated by the Asset Management Company, including XYMAX REIT, waives the First Refusal Right during the Priority Negotiation Period set forth in the subscription agreement for the 1st Preferred Investment Securities.</p> <p>ii) Neither XYMAX REIT nor the TMK shall have any legal obligation to enter into a sales contract for the Property, nor shall it have any legal obligation to buy or sell the Property.</p> <p>iii) Due diligence relating to the Property, including real estate appraisals, environmental surveys, etc.(the “DD”), conducted by the Asset Management Company or the Priority Negotiator, and the completion of the DD with such satisfaction is the condition of the Priority Negotiator's purchase.</p> <p>*As of today, XYMAX REIT has not made a decision to acquire the Property, and there can be no assurance that it will be able to acquire it. In acquiring the Property, decisions will be made based on the internal rules of the Asset Management Company after making the required DD. Upon the acquisition of the First Refusal Right, XYMAX REIT and the Asset Management Company will not pay consideration to the TMK.</p>

## (2) Outline of the Property

The outline of the Property is as follows.

For an explanation of the matters described in each column in the table, please refer to Reference 1, "Explanation of the matters described in the summary of the Property." The outline of the Property and the information described below in the TMK are based on information provided by the TMK as of today. In principle, the situation or assumptions as of August 7, 2023 are stated for items for which there are no notes at the time. In the event XYMAX REIT makes the Acquisition in the future, the Property at the time of the Acquisition may differ from these information.

Name of the property		(Tentative name) Hirakata Retail Facility
Category		Retail
Type of specified assets		Trust beneficiary right (Note)
Location		Hirakata, Osaka Prefecture
Land	Site area	Approx. 14,000 m <sup>2</sup>
	Building coverage ratio	60%

	Floor-area ratio	200%
	Land use district	Quasi-industrial district
	Type of ownership	General fixed-term land leasehold right
Buildings (Plan)	Construction date	December 2024 (scheduled)
	Structure and number of floors	Steel-framed, two-story building
	Use	Stores and clinics
	Total floor area	Approx. 9,000 m <sup>2</sup>
	Type of ownership	Freehold
Special Remarks • Not applicable.		
<small>(Note) We plan to acquire the Property in trust beneficiary right, but the details have not been finalized.</small>		

### (3) Outline of the TMK

Name	TMK HIRAKATA Retail Facility Development
Location	Nihombashi 1-chome Building, 4-1 Nihombashi 1-chome, Chuo-ku, Tokyo
Job Title/Name of Representative	Director, Takanori Mishina
Principal businesses	1. Business pertaining to the acquisition, management, and disposition of Specified Assets in accordance with the Asset Liquidation Plan based on the Act on Asset Securitization 2. Any and all other businesses incidental to the business pertaining to the Liquidation of Specified Assets.
Amount of specified equity	100,000 yen (As of August 7, 2023)
Amount of preferred equity	Approx. 1.1 billion yen (assumed amount at the time of acquisition of the 2nd preferred investment securities)
Total Assets	531,100,000 yen (assumed amount as of August 14, 2023)
Total Liabilities	0 yen (assumed amount as of August 14, 2023)
Date of Incorporation	May 31, 2023
Specified investor	General Incorporated Association HIRAKATA Retail Facility Development
Relationship between XYMAX REIT and the Asset Management Company and the TMK	
Capital relationship	XYMAX REIT plans to acquire approximately 4.5% of the total amount of preferred investments of the TMK. Except for the above, there are no capital relationships to be described between XYMAX REIT and the Asset Management Company and the TMK.
Personnel relationship	There is no personal relationship between XYMAX REIT and the Asset Management Company and the TMK.
Business relationship	There are no business relationships that should be described between XYMAX REIT and the Asset Management Company and the TMK.
Notes on Related-Party Transactions Applicable situation	Not applicable to the related parties of XYMAX REIT and the Asset Management Company. In addition, since the TMK has entered into a specified asset management disposal consignment agreement with MAX-REALTY INC., categorized as the "parent corporation etc." of the Asset Management Company, MAX-REALTY INC. will fall under the category of an interested party under the rules for transactions with interested parties of the Asset Management Company.

#### 4. Outline of the appraisal report, etc. of the Property

As the appraisal report, etc. of the Property is scheduled to be acquired at the stage when the Asset Management Company has begun considering acquiring the Property, the Asset Management Company and XYMAX REIT have not acquired the appraisal report, etc. as of today. However, the Asset Management Company and XYMAX REIT have obtained the Market Value Survey Report prepared by the third party and confirmed that the anticipated acquisition price of the Property is lower than the reasonably calculated value of the Preferred Investment Securities.

5. Related Party Transactions

The asset manager of the TMK which is the seller of the Preferred Investment Securities is categorized as the “parent corporation, etc.” of the Asset Management Company and falls under the category of an interested party stipulated in the rules on the Management of Transactions of Interested Persons for REIT, which are the internal rules of the Asset Management Company. Accordingly, in concluding the underwriting agreement for the acquisition of the Preferred Investment Securities, the Asset Management Company conducts the necessary deliberation, resolution, and other proceedings in accordance with the rules stipulated in the relevant rules on the Management of Transactions of Interested Persons for REIT.

6. Schedule for acquisitions, etc.

Schedules related to the Acquisition of Asset to be Acquired are as follows: The settlement method is scheduled to be paid in full by the Scheduled acquisition date of each Preferred Investment Securities below.

August 7, 2023	The Acquisition is resolved
August 7, 2023	Execution of a subscription agreement pertaining to the Acquisition of the Preferred Investment Securities
August 14, 2023	1st acquisition of the Preferred Investment Securities (scheduled)
May 2024 (scheduled)	2nd acquisition of the Preferred Investment Securities and completion of the investment (scheduled)
December 2024	Completion of Hirakata Retail Facility (Tentative name) (scheduled)

7. Outline of intermediary

There is no intermediary for the transaction related to the Acquisition.

8. Matters concerning forward commitments, etc.

With regard to the 2nd Preferred Equity Investment (the "Additional Investment"), the subscription agreement for the 1st Preferred Investment Securities stipulates that XYMAX REIT plans to underwrite the 2nd Preferred Investment Securities, and the scheduled date of the investment is to be one month or more from the date of the conclusion of the subscription agreement. Accordingly, XYMAX REIT will treat the Additional Investment as a forward commitment, etc. as provided in the "Comprehensive Supervisory Guidelines for Financial Instruments Business Operators, etc." stipulated by the Financial Services Agency (a sale and purchase agreement on the Forward Date, which refers to a sale and delivery of properties after one month or more from the date of the signing of the agreement and other similar agreements). The subscription agreement for the 1st Preferred Investment Securities does not provide for a penalty for damages caused to other parties as a result of or in connection with the Additional Investment. XYMAX REIT plans to use its own funds for the Additional Investment and, as of today, secures more money as deposits than the amount of the Additional Investment, it believes it is unlikely that it will be unable to complete the funding.

9. Future Outlook

The effects of the Acquisition on the operations for the fiscal period ending August 31, 2023 (March 1, 2023 to August 31, 2023) and the fiscal period ending February 29, 2024 (September 1, 2023 to February 29, 2024) were immaterial, and there were no changes to the forecast of the operations and the distribution forecast for the fiscal years ending August 31, 2023 (11th FP) and February 2024 (12th FP) announced on April 18, 2023.

With respect to the risks in connection with the Acquisition, please refer Part I 1. Status of the Fund, 3. Investment risks, and (1) Risk Factors (IX.) Risks related to the investment in preferred investment securities issued by TMK stated in the Financial Report disclosed on May 30, 2023.

\* XYMAX REIT website address: <https://xymaxreit.co.jp/en/index.html>

## Reference 1 Explanation of Matters Described in the Outline of the Property

### Description of the "Outline of the Property" column

- "Type of specified assets" refers to the type of real estate and other assets as specified assets and the assets incidental or related to them.
- "Location" is, in principle, a residence indication.
- "Site area" of the land is based on the entries in the real estate registry (including the leased area if there is a leased land) and may not correspond to the current status.
- "Building coverage ratio" of land, in principle, refers to the ratio of the building area to the site area as set forth in Article 53 of the Building Standards Act (Act No. 201 of 1950, including subsequent revisions; hereinafter referred to as the "Building Standards Act"), and the upper limit of the building coverage ratio (specified building coverage ratio) set forth in city plans according to the use districts, etc., is stated. The designated building coverage ratio may be relaxed or premium or reduced due to the fact that it is a fire-proof building in a fire-proof area or for other reasons, and may differ from the actual applied building coverage ratio.
- "Floor-area ratio" of land refers to the ratio of the total floor area of a building to the site area stipulated in Article 52 of the Building Standards Law. The upper limit of the floor-area ratio (designated floor-area ratio) stipulated in city plans according to the use district, etc., is stated. The designated floor area ratio may be relaxed or premium or reduced due to the breadth of the road connected to the site or for other reasons, and may differ from the actual applicable floor area ratio.
- "Land use district" of land refers to the type of use district listed in Item 1, Paragraph 1, Article 8 of the City Planning Law (Law No. 100 of 1968, as amended).
- "Type of ownership" for land and buildings indicates the types of rights held by XYMAX REIT.
- "Construction date" of the building is stated based on the development schedule disclosed by the TMK.
- "Structure and number of floors" of the building is stated based on the plan drawing disclosed by the TMK.
- "Use" of the building is based on the plan drawing disclosed by the TMK.
- "Total floor area" of the building is based on the plan drawing disclosed by the TMK.
- In addition to matters considered to be important in relation to the rights and use of the Property as of today, special mention items considered to be important in light of the valuation of the Property, its impact on profitability and disposability, etc.