

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

October 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: Hideki Fukae, Representative Director and President
 Contact: Tatsuya Nakayama, Head of REIT Management Department
 TEL: +81-3-5544-6880

Scheduled date for submission of securities report: November 29, 2023

Scheduled date for commencement of distribution payment: November 21, 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 August 2023(from March 1, 2023 to August 31, 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 Aug. 2023	1,665	1.2	882	(2.9)	791	(2.9)	790	(2.9)
Fiscal period ended Feb. 2023	1,646	(12.2)	908	(19.0)	815	(18.8)	814	(18.9)

	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 Aug. 2023	3,166	3.0	1.6	47.5
Fiscal period ended Feb. 2023	3,261	3.1	1.7	49.5

(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 Aug. 2023	3,159	788	7	1	99.8	3.0
Fiscal period ended Feb. 2023	3,262	814	-	-	100.0	3.1

(Note 1) Distributions in excess of earnings for the fiscal period ended August 31, 2023 consist only of the allowance for temporary difference adjustment.

As a result, it does not fall under the category of return of capital applicable to the distribution reducing unitholders' capital under the tax laws.

(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 2023 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, 2023 was 3.0% 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 Aug. 2023	48,227	26,228	54.4	105,061
Fiscal period ended Feb. 2023	48,314	26,254	54.3	105,163

(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 Aug. 2023	888	(146)	(814)	3,789
Fiscal period ended Feb. 2023	1,139	(107)	(1,233)	3,862

2. Operating Forecasts for the Fiscal Period Ending February 2024 (from September 1, 2023 to February 29, 2024) and the Fiscal Period Ending August 2024 (from March 1, 2024 to August 31, 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)	Distribution in excess of earnings per unit
	mn yen	%	mn yen	%	mn yen	%	mn yen	%	yen	yen
Fiscal period ending Feb. 2024	1,670	0.3	885	0.4	778	(1.6)	777	(1.6)	3,115	-
Fiscal period ending Aug. 2024	1,665	(0.2)	877	(1.0)	772	(0.8)	771	(0.8)	3,091	-

(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 February 2024: 3,115 yen Fiscal period ending August 2024: 3,090 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 Aug. 2023	249,650 units	Fiscal period ended Feb. 2023	249,650 units
-------------------------------	---------------	-------------------------------	---------------

ii. Number of treasury investment units at end of period

Fiscal period ended Aug. 2023	0 units	Fiscal period ended Feb. 2023	0 units
-------------------------------	---------	-------------------------------	---------

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

This material is a translated excerpt from Financial Report in Japanese released today, and is for reference purposes only. If any discrepancies arise between this material and the original Japanese version, the later will prevail.

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

Item	Assumption																								
Accounting period	<ul style="list-style-type: none"> ● Fiscal period ending February 2024 (12th fiscal period) (from September 1, 2023 to February 29, 2024) (182 days) ● Fiscal period ending August 2024 (13th fiscal period) (from March 1, 2024 to August 31, 2024) (184 days) 																								
Assets under management	<ul style="list-style-type: none"> ● The assumption is that the actual real estate, real estate trust beneficiary rights (total of 18 properties) and preferred investment securities (1 property) held by XYMAX REIT as of today (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 August 2024 (13th fiscal period). ● Change may arise due to acquisition of new properties other than the current portfolio assets, disposition of the current portfolio assets, etc. 																								
Operating revenue	<ul style="list-style-type: none"> ● 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. ● 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. ● The assumption is that there will be no delinquent or unpaid rent by tenants and no gain (loss) on sales of real estate properties. ● It is assumed that there will be no operating revenues arise from preferred investment securities. 																								
Operating expenses	<ul style="list-style-type: none"> ● Of operating expenses, the main components are as follows: <table border="1" style="margin-left: 40px;"> <thead> <tr> <th></th> <th style="text-align: center;">Fiscal period ending Feb. 2024 (12th fiscal period)</th> <th style="text-align: center;">Fiscal period ending Aug. 2024 (13th fiscal period)</th> </tr> </thead> <tbody> <tr> <td>Expenses related to leasing business [Total]</td> <td style="text-align: right;">626 million yen</td> <td style="text-align: right;">629 million yen</td> </tr> <tr> <td> Management fees</td> <td style="text-align: right;">109 million yen</td> <td style="text-align: right;">110 million yen</td> </tr> <tr> <td> Repair expenses</td> <td style="text-align: right;">43 million yen</td> <td style="text-align: right;">50 million yen</td> </tr> <tr> <td> Property taxes</td> <td style="text-align: right;">153 million yen</td> <td style="text-align: right;">157 million yen</td> </tr> <tr> <td> Depreciation</td> <td style="text-align: right;">169 million yen</td> <td style="text-align: right;">172 million yen</td> </tr> <tr> <td>Other than expenses related to leasing business [Total]</td> <td style="text-align: right;">157 million yen</td> <td style="text-align: right;">158 million yen</td> </tr> <tr> <td> Asset management fees</td> <td style="text-align: right;">96 million yen</td> <td style="text-align: right;">96 million yen</td> </tr> </tbody> </table> ● 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. ● Depreciation is calculated using the straight-line method inclusive of incidental expenses, etc. ● 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. ● It is assumed that there will be no operating expenses arise from preferred investment securities. 		Fiscal period ending Feb. 2024 (12th fiscal period)	Fiscal period ending Aug. 2024 (13th fiscal period)	Expenses related to leasing business [Total]	626 million yen	629 million yen	Management fees	109 million yen	110 million yen	Repair expenses	43 million yen	50 million yen	Property taxes	153 million yen	157 million yen	Depreciation	169 million yen	172 million yen	Other than expenses related to leasing business [Total]	157 million yen	158 million yen	Asset management fees	96 million yen	96 million yen
	Fiscal period ending Feb. 2024 (12th fiscal period)	Fiscal period ending Aug. 2024 (13th fiscal period)																							
Expenses related to leasing business [Total]	626 million yen	629 million yen																							
Management fees	109 million yen	110 million yen																							
Repair expenses	43 million yen	50 million yen																							
Property taxes	153 million yen	157 million yen																							
Depreciation	169 million yen	172 million yen																							
Other than expenses related to leasing business [Total]	157 million yen	158 million yen																							
Asset management fees	96 million yen	96 million yen																							
Non-operating expenses	<ul style="list-style-type: none"> ● For the fiscal period ending February 2024 (12th fiscal period), interest expenses and other borrowing related expenses are assumed to be 102 million yen. ● For the fiscal period ending August 2024 (13th fiscal period), interest expenses and other borrowing related expenses are assumed to be 100 million yen. ● 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 the fiscal period ending February 2024 (12th fiscal period) and 4 million yen in the fiscal period ending August 2024 (13th fiscal period). 																								

Item	Assumption
Interest-bearing liabilities	<ul style="list-style-type: none"> ● The assumption is that total interest-bearing liabilities will be 19,715 million yen at the end of the fiscal period ending February 2024 (12th fiscal period) and 19,715 million yen at the end of the fiscal period ending August 2024 (13th 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. ● LTV ratio is expected to be 40.8% at the end of the fiscal period ending February 2024 (12th fiscal period) and 40.8% at the end of the fiscal period ending August 2024 (13th fiscal period), respectively. In addition, the following formula is used in the calculation of LTV ratio. LTV ratio = Total interest-bearing liabilities ÷ Total assets × 100
Investment units	<ul style="list-style-type: none"> ● 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 August 2024 (13th fiscal period). ● 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 February 2024 (12th fiscal period) and the fiscal period ending August 2024 (13th fiscal period) of 249,650 units.
Distribution per unit (excluding distribution in excess of earnings)	<ul style="list-style-type: none"> ● 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. ● 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.
Distribution in excess of earnings per unit	<ul style="list-style-type: none"> ● No cash distribution in excess of earnings (distribution in excess of earnings per unit) is scheduled to be made at this point in time.
Other	<ul style="list-style-type: none"> ● 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. ● The assumption is that there will be no unforeseen material change in general economic trends, real estate market conditions, etc.

Financial Statements

(1) Balance Sheet

(Unit: thousand yen)

	10th fiscal period (As of Feb. 28, 2023)	11th fiscal period (As of Aug. 31, 2023)
Assets		
Current assets		
Cash and bank deposits	1,387,993	1,251,963
Cash and bank deposits in trust	2,474,091	2,537,366
Operating accounts receivable	31,293	38,436
Prepaid expenses	48,911	50,679
Other	1,496	810
Total current assets	3,943,785	3,879,257
Non-current assets		
Property, plant and equipment		
Buildings	311,886	311,886
Accumulated depreciation	(11,785)	(15,338)
Buildings, net	300,100	296,547
Structures	1,814	1,814
Accumulated depreciation	(114)	(149)
Structures, net	1,699	1,665
Machinery and equipment	10,659	10,659
Accumulated depreciation	(675)	(877)
Machinery and equipment, net	9,984	9,782
Tools, furniture and fixtures	109,618	109,618
Accumulated depreciation	(97,867)	(100,870)
Tools, furniture and fixtures, net	11,751	8,748
Land	230,346	230,346
Buildings in trust	10,970,581	11,086,740
Accumulated depreciation	(1,058,300)	(1,214,911)
Buildings in trust, net	9,912,281	9,871,828
Structures in trust	61,049	61,049
Accumulated depreciation	(8,854)	(10,052)
Structures in trust, net	52,195	50,996
Machinery and equipment in trust	0	0
Accumulated depreciation	-	-
Machinery and equipment in trust, net	0	0
Tools, furniture and fixtures in trust	43,014	43,240
Accumulated depreciation	(17,956)	(21,530)
Tools, furniture and fixtures in trust, net	25,057	21,709
Land in trust	33,661,874	33,661,874
Construction in progress in trust	104	154
Total property, plant and equipment	44,205,397	44,153,654
Investments and other assets		
Investment securities	-	28,996
Long-term prepaid expenses	61,157	45,654
Deferred tax assets	10	16
Lease and guarantee deposits	22,600	22,600
Other	64,014	83,895
Total investments and other assets	147,783	181,163
Total non-current assets	44,353,180	44,334,817
Deferred assets		
Investment unit issuance costs	17,995	13,496
Total deferred assets	17,995	13,496
Total assets	48,314,961	48,227,571

(Unit: thousand yen)

	10th fiscal period (As of Feb. 28, 2023)	11th fiscal period (As of Aug. 31, 2023)
Liabilities		
Current liabilities		
Operating accounts payable	144,126	100,624
Current portion of long-term borrowings	4,376,000	4,376,000
Accounts payable - other	121,245	124,195
Income taxes payable	822	940
Accrued consumption taxes	92,151	40,835
Advances received	238,201	247,897
Other	1,633	4,722
Total current liabilities	4,974,180	4,895,216
Non-current liabilities		
Long-term loans payable	15,339,000	15,339,000
Tenant leasehold and security deposits	33,349	33,349
Tenant leasehold and security deposits in trust	1,713,997	1,729,418
Derivatives liabilities	270	2,091
Total non-current liabilities	17,086,617	17,103,859
Total liabilities	22,060,798	21,999,075
Net assets		
Unitholders' equity		
Unitholders' capital	25,440,013	25,440,013
Deduction from unitholders' capital		
Allowance for temporary difference adjustments	*2 (2,995)	*2 (249)
Total deduction from unitholders' capital	(2,995)	(249)
Unitholders' capital, net	25,437,017	25,439,763
Surplus		
Unappropriated retained earnings (undisposed loss)	817,416	790,823
Total surplus	817,416	790,823
Total unitholders' equity	26,254,434	26,230,587
Valuation and translation adjustments		
Deferred gains or losses on hedges	(270)	(2,091)
Total valuation and translation adjustments	(270)	(2,091)
Total net assets	*1 26,254,163	*1 26,228,495
Total liabilities and net assets	48,314,961	48,227,571

(2) Statement of Income

(Unit: thousand yen)

	10th fiscal period From: Sep. 1, 2022 To: Feb. 28, 2023	11th fiscal period From: Mar. 1, 2023 To: Aug. 31, 2023
Operating revenue		
Leasing business revenue	*1 1,497,162	*1 1,517,636
Other leasing business revenue	*1 148,853	*1 147,425
Total operating revenue	1,646,016	1,665,062
Operating expenses		
Expenses related to leasing business	*1 584,571	*1 621,274
Asset management fees	97,093	97,082
Asset custody fees	1,275	1,267
Administrative service fees	14,497	14,554
Directors' compensations	2,400	2,400
Other operating expenses	37,372	45,753
Total operating expenses	737,209	782,332
Operating income	908,806	882,729
Non-operating income		
Interest income	19	18
Interest on refund	286	-
Compensation received(Water charge refund)	-	2,125
Gain on forfeiture of unclaimed distributions	175	40
Other	12	-
Total non-operating income	493	2,184
Non-operating expenses		
Interest expenses	63,741	71,729
Borrowing related expenses	23,194	17,236
Amortization of investment unit issuance costs	4,498	4,498
Other	2,789	-
Total non-operating expenses	94,224	93,465
Ordinary income	815,075	791,448
Income before income taxes	815,075	791,448
Income taxes - current	825	942
Income taxes - deferred	4	(5)
Total income taxes	830	937
Net income	814,245	790,511
Retained earnings brought forward	3,171	312
Unappropriated retained earnings (undisposed loss)	817,416	790,823

(3) Statement of Unitholders' Equity

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

11th fiscal period (from March 1, 2023 to August 31, 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 March 1, 2023	25,440,013	(2,995)	(2,995)	25,437,017	817,416	817,416
Changes of items during period						
Dividends of surplus					(814,358)	(814,358)
Reversal of allowance for temporary difference adjustments		2,746	2,746	2,746	(2,746)	(2,746)
Net income					790,511	790,511
Net changes of items other than unitholder's equity						
Total changes during period	-	2,746	2,746	2,746	(26,592)	(26,592)
Balance as of August 31, 2023	*1 25,440,013	(249)	(249)	25,439,763	790,823	790,823

	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 March 1, 2023	26,254,434	(270)	(270)	26,254,163
Changes of items during period				
Dividends of surplus	(814,358)			(814,358)
Reversal of allowance for temporary difference adjustments	-			-
Net income	790,511			790,511
Net changes of items other than unitholder's equity		(1,821)	(1,821)	(1,821)
Total changes during period	(23,846)	(1,821)	(1,821)	(25,668)
Balance as of August 31, 2023	26,230,587	(2,091)	(2,091)	26,228,495

(4) Statement of Cash Distribution

Classification	10th fiscal period From: Sep. 1, 2022 To: Feb. 28, 2023	11th fiscal period From: Mar. 1, 2023 To: Aug. 31, 2023
I. Unappropriated retained earnings	817,416,458 yen	790,823,495 yen
II. Distributions in excess of earnings [Of which, allowance for temporary difference adjustments]	- -	1,747,550 yen 1,747,550 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]]	814,358,300 yen [3,262 yen] 814,358,300 yen [3,262 yen] - [-]	790,391,900 yen [3,166 yen] 788,644,350 yen [3,159 yen] 1,747,550 yen [7 yen]
V. Retained earnings carried forward	312,008 yen	2,179,145 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, 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. As a result, the distribution per investment unit was 3,262 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, 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 1,821,356 yen for additional amount of deferred hedge losses, 1,747,550 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 3,166 yen.</p>

(5) Statement of Cash Flows

(Unit: thousand yen)

	10th fiscal period From: Sep. 1, 2022 To: Feb. 28, 2023	11th fiscal period From: Mar. 1, 2023 To: Aug. 31, 2023
Cash flows from operating activities		
Income before income taxes	815,075	791,448
Depreciation	162,568	168,177
Amortization of investment unit issuance costs	4,498	4,498
Interest income	(19)	(18)
Gain on forfeiture of unclaimed distributions	(175)	(40)
Interest expenses	63,741	71,729
Decrease (increase) in operating accounts receivable	5,753	(7,143)
Decrease (increase) in consumption taxes refund receivable	162,235	-
Decrease (increase) in prepaid expenses	(2,785)	(1,768)
Increase (decrease) in operating accounts payable	(31,394)	7,045
Increase (decrease) in accounts payable - other	(34,405)	2,950
Increase (decrease) in accrued consumption taxes	92,151	(51,315)
Increase (decrease) in advances received	(9,736)	9,695
Decrease (increase) in long-term prepaid expenses	(5,024)	15,503
Other	(18,023)	(49,786)
Subtotal	1,204,458	960,977
Interest income received	19	18
Interest expenses paid	(63,697)	(71,730)
Income taxes paid	(925)	(825)
Net cash provided by (used in) operating activities	1,139,855	888,440
Cash flows from investing activities		
Purchase of property, plant and equipment in trust	(123,198)	(133,122)
Purchase of investment securities	-	(28,996)
Repayments of tenant leasehold and security deposits in trust	(2,157)	(6,335)
Proceeds from tenant leasehold and security deposits in trust	17,864	21,755
Net cash provided by (used in) investing activities	(107,491)	(146,698)
Cash flows from financing activities		
Decrease in short-term loans payable	(345,000)	-
Increase in long-term loans payable	2,911,000	-
Decrease in long-term loans payable	(2,796,000)	-
Dividends paid	(1,003,857)	(814,495)
Net cash provided by (used in) financing activities	(1,233,857)	(814,495)
Net increase (decrease) in cash and cash equivalents	(201,494)	(72,753)
Cash and cash equivalents at beginning of period	4,063,578	3,862,084
Cash and cash equivalents at end of period	* ₁ 3,862,084	* ₁ 3,789,330