



XYMAX REIT Investment Corporation

Presentation Materials

for the 11th Fiscal Period Ended

August 2023

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
Estimated value at the end of period	Indicates the acquisition value appraised by the appraisers or the research price based on the Articles of Incorporation of XYMAX REIT and the “Ordinance on Accountings of Investment Corporations” (Ministry of Finance Ordinance No. 47 of 2006, as amended) with the last day of the current fiscal period as the research date
Unrealized gain	Estimated value of real estate, etc. at the end of period – book value at the end of period
LTV based on total assets	Balance of interest-bearing liabilities / total assets
Appraisal LTV	Balance of interest-bearing liabilities / (total assets + unrealized gain)
Net asset per unit	(Net asset - total distribution) / total number of investment units issued and outstanding
NAV per unit	(Net asset + unrealized gain - total distribution) / total number of investment units issued and outstanding
Acquisition price	The sales price of the acquired assets is indicated in each sales agreement and does not include consumption taxes, local 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		
L-Place Nishikasai	: Nishikasai		

■ **The 11th FP results exceeded most recent forecasts (the “Forecasts”)**

- ✓ Operating revenue 1.66 billion yen (up 1.2% from the previous period, down 0.1% from the Forecasts)
- ✓ **DPU 3,166 yen** (down 96 yen from the previous period up 92 yen from the Forecasts)

■ **The management of properties has driven steadily**

- ✓ Offices: High occupancy rates were maintained through stable management, and the contract occupancy rate was **99.1%** and economic occupancy rate were **98.8%** at the end of 11th FP
- ✓ Retail properties: All of the fixed-term leases expiring during 12th FP are re-contracted or re-leased without down-time and a part of the new leases achieved higher rent at Muza.
- ✓ Hotels: Operating results exceeded the Forecasts, registering **22.2%** greater variable rent revenue

■ **Implementation of measures focused on external growth**

- ✓ Securing future pipelines by acquiring first refusal rights by investing in development-type TMK
- ✓ Newly acquired the first refusal right for one property

■ **Ongoing and deepening of ESG initiatives**

- ✓ Obtained “**3 Star**” and “**Green Star**” in the GRESB Real Estate Assessment for two consecutive years

Asset

Number of properties	18
Asset size (based on acquisition price)	43.4 billion yen
Appraisal value	55.0 billion yen
Unrealized gains (unrealized gain ratio)	10.9 billion yen (+24.8%)
Profitability (based on acquisition price)	Appraisal NOI yield: 5.6% Appraisal NOI yield after depreciation: 4.8%
Average building age (weighted average of acquisition price)	20.1 years
Total leasable area	85,319.85 m ² (25,809.07 tsubo)
Occupancy rate (entire portfolio)	99.6%
Asset type (based on acquisition price)	Office: 58.3% Retail: 29.5% Hotel: 10.1% Others: 2.1%

Debt

Balance of interest-bearing liabilities	19.7 billion yen
LTV based on total assets	40.9%
Appraisal LTV	33.3%
Average borrowing rate^{*1}	0.722%
Average remaining period	2 years 4 months
Fixed interest rate ratio	99.0%

Equity

Aggregate market value	29.0 billion yen
Unitholders' capital	25.4 billion yen (Total number of investment units issued and outstanding: 249,650)
Investment unit price	116,200 yen
Net asset per unit	101,903 yen
NAV per unit	145,742 yen
Distribution per unit	3,115 yen (12th FP forecast)

*1: Interest rate for floating rate borrowings is calculated based on the JBA 1-month Japanese Yen TIBOR as of August 31, 2023.



Overview of Financial Results and Earnings Forecasts

Overview of Financial Results

Operating revenue was 1,665 million yen, up 1.2% and net income was 790 million yen, down 2.9% from the previous period, respectively.

Unit: million yen

	the 10th FP(A)	the 11th FP(B)	Difference (B)-(A)	Main factors for difference (B)-(A)
Leasing business revenue	1,497	1,517	20	Office rent revenue (+4.1), Hotel rent (variable rent +16.7)
Other leasing business revenue	148	147	-1	
Operating revenue	1,646	1,665	19	
Expenses related to leasing business (Excluding Depreciation)	422	453	31	Commencement of property tax and city planning tax payments pertaining to four assets acquired in 2022 (+16.7) Increase in repair expenses (+16.3)
NOI	1,224	1,211	-12	
Depreciation	162	168	5	
Leasing business income	1,061	1,043	-17	
Other operating expenses	152	161	8	Posting general unitholders' meeting related expenses (+5.1)
Operating income	908	882	-26	
Non-operating income	0	2	1	Refunds of overcharged water bills (+2.1)
Non-operating expenses	94	93	-0	Interest increased due to higher average interest rate after refinancing (+7.9) Absence of Loan-related expenses (-8.7)
Ordinary income	815	791	-23	
Net income	814	790	-23	
Distribution per unit (yen)	3,262	3,166^{*1}	-96	Comparison with the distribution forecast released in April 2023 (3,074 yen) +92 yen

Days: 10th FP: 181 days, 11th FP: 184 days

*1: Includes a distribution in excess of earnings per unit of 7 yen related to the allowance for temporary differences adjustments.

Assumptions for Earnings Forecasts for the 12th FP and 13th FP

Property management related	Office	<ul style="list-style-type: none"> • Economic occupancy rate 12th: 98.0% (as of the end of 12th FP), 13th: 97.0% (as an average) • Maintenance costs Assumed certain level of increase considering price increase demand in BM costs
	Retail	<p>12th FP: Rent revenue increase by 3.7% due to re-contract and tenant replacement with expiring fixed-term leases and a lease renewal (Musa: 2 spaces, Totsuka: 1 space)</p>
	Hotel	<p>Fixed rent: 20.5 million yen/month</p> <p>Variable rent: (GOP for the past one year, counting from the month preceding the current month ÷ 12 – 21.5 million yen) x α%</p> <p>Compared with the same period in 2019:</p> <p>12th FP GOP is estimated assuming Sales 97.5%, Expenses 104.7%</p> <p>13th FP GOP is estimated assuming Sales 101.7%, Expenses 108.5%</p>
Corporate management related	<ul style="list-style-type: none"> ■ Non-operating expenses Posting loan-related expenses associated with refinancing of 4,376 million yen at the end of January 2024 (during the 12th FP) Average interest rates after the refinancing are also expected to increase 	

Earnings Forecast for the 12th FP ending February 2024

Unit: million yen

	the 11th FP(A)	the 12th FP forecast (B)	Difference (B)-(A)	Main factors for difference (B)-(A)
Leasing business revenue	1,517	1,520	3	Office rent revenue (-4.1), Hotel rent (variable rent +11.2)
Other leasing business revenue	147	149	1	Increase in electricity charges invoiced to tenants (Sapporo: +3.0 due to seasonal factors)
Operating revenue	1,665	1,670	4	
Expenses related to leasing business (Excluding Depreciation)	453	457	4	Decrease in repair expenses (-12.0) Increase in leasing cost (+14.2) Increase in electricity charges (Sapporo: +5.3 due to seasonal factors) Increase in BM fees (+1.2 in consideration of inflation)
NOI	1,211	1,212	0	
Depreciation	168	169	1	
Leasing business income	1,043	1,043	-0	
Other operating expenses	161	157	-3	Absence of general unitholders' meeting related expenses (-5.8)
Operating income	882	885	3	
Non-operating income	2	0	-2	Absence of refunds for overcharged water bills (-2.1)
Non-operating expenses	93	107	13	Accrual of loan-related expenses associated with refinancing Increase in interest due to higher interest rate at refinancing (+13.6)
Ordinary income	791	778	-12	
Net income	790	777	-12	
Distribution per unit (yen)	3,166	3,115	-51	Comparison with the distribution forecast released in April 2023 (3,010 yen) +105 yen

Unit: million yen

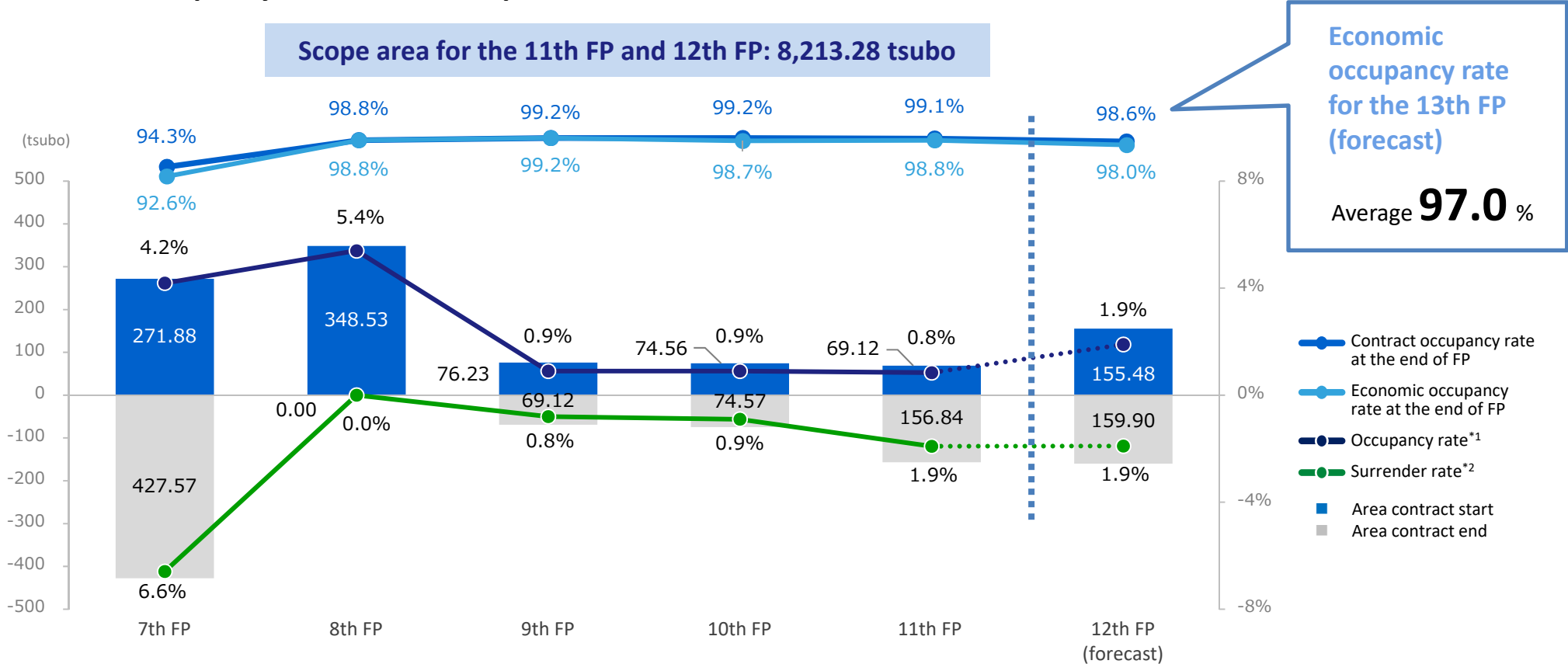
	the 12th FP forecast (A)	the 13th FP forecast (B)	Difference (B)-(A)	Main factors for difference (B)-(A)
Leasing business revenue	1,520	1,523	2	Rent revenue from offices and retail (+12.0)
Other leasing business revenue	149	142	-6	Decrease in electricity charges invoiced to tenants (Sapporo: -1.9 due to seasonal factors)
Operating revenue	1,670	1,665	-4	
Expenses related to leasing business (Excluding Depreciation)	457	457	-0	Increase in repair expenses (+6.7) Decrease in leasing cost (-14.3) Decrease in electricity charges (Sapporo: -4.3 due to seasonal factors) BM fee (+0.9 in consideration of inflation) Tax and public dues (in consideration of revaluation +3.3)
NOI	1,212	1,208	-3	
Depreciation	169	172	3	
Leasing business income	1,043	1,036	-7	
Other operating expenses	157	158	1	
Operating income	885	877	-8	
Non-operating income	0	0	-	
Non-operating expenses	107	104	-2	Absence of loan-related expenses associated with refinancing Increase in interest due to higher average interest rate following refinancing (-2.5)
Ordinary income	778	772	-6	
Net income	777	771	-6	
Distribution per unit (yen)	3,115	3,091	-24	



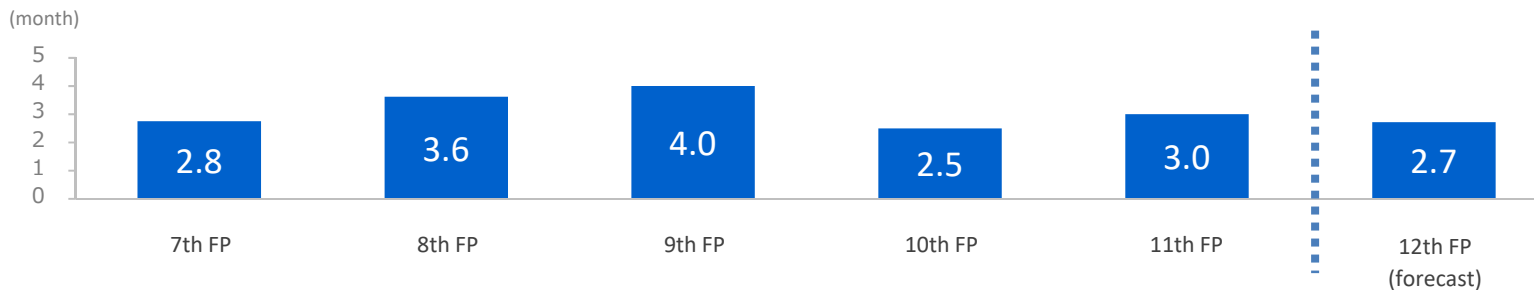
Investment Status and Growth Strategy

Status of Office Tenant –Occupancy Rate & Tenant Replacements –

Status of occupancy rate & tenant replacements | • Office properties (exc. obligated residences)



Average of free rent period*3 | • Office properties (exc. obligated residences)



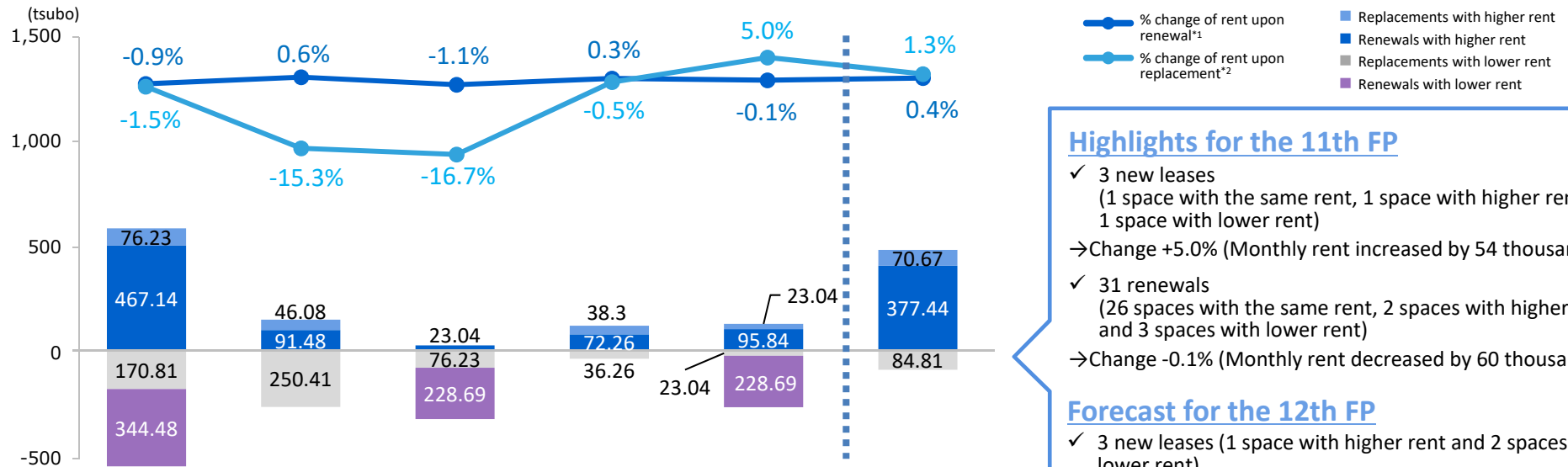
*1: Occupancy rate: area contract start ÷ Total leasable area

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

*3: 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 Office Tenant – Tenant Replacement & Contract Renewal –

| Status of tenant replacement and contract renewal | • Office properties (exc. obligated residences)



Highlights for the 11th FP

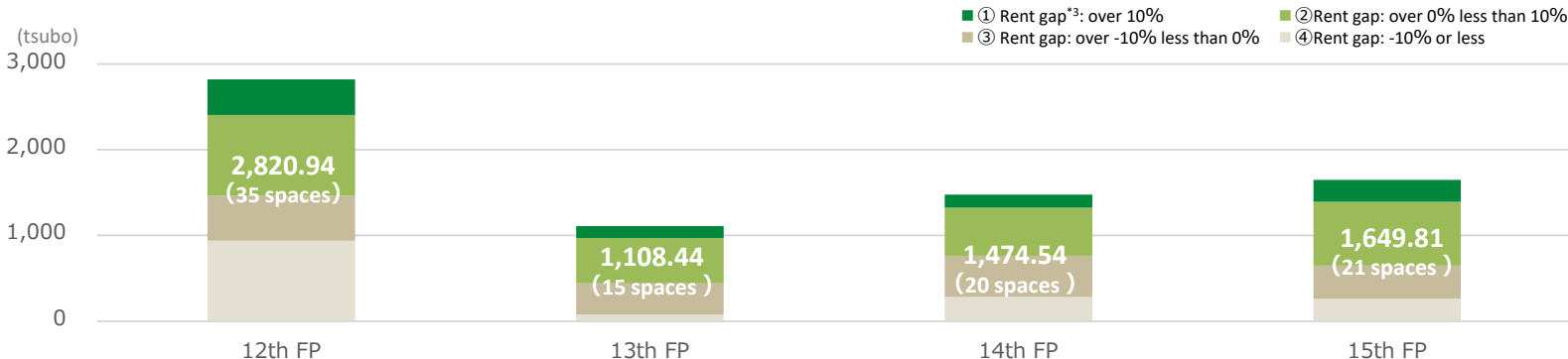
- ✓ 3 new leases (1 space with the same rent, 1 space with higher rent, and 1 space with lower rent)
→ Change +5.0% (Monthly rent increased by 54 thousand yen)
- ✓ 31 renewals (26 spaces with the same rent, 2 spaces with higher rent, and 3 spaces with lower rent)
→ Change -0.1% (Monthly rent decreased by 60 thousand yen)

Forecast for the 12th FP

- ✓ 3 new leases (1 space with higher rent and 2 spaces with lower rent)
→ Change +1.3% (Monthly rent increased by 32 thousand yen)
- ✓ 35 renewals (32 spaces with the same rent and 3 spaces with higher rent)
→ Change +0.4% (Monthly rent increased by 176 thousand yen)

	7th FP	8th FP	9th FP	10th FP	11th FP	12th FP (forecast)
For renewal (tsubo)	1,903.66	1,307.30	883.01	1,339.31	2,983.10	2,820.94
For new lease (tsubo)	271.88	348.53	76.23	74.56	69.12	155.48

| Floor area scheduled for contract renewal | • Office properties (exc. obligated residences)



Rent gap at the end of 11th FP
(Office space only)

Unit rent for existing contracts*4: 16,311 yen/tsubo
Assumed new unit rent*4: 16,232 yen/tsubo

*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

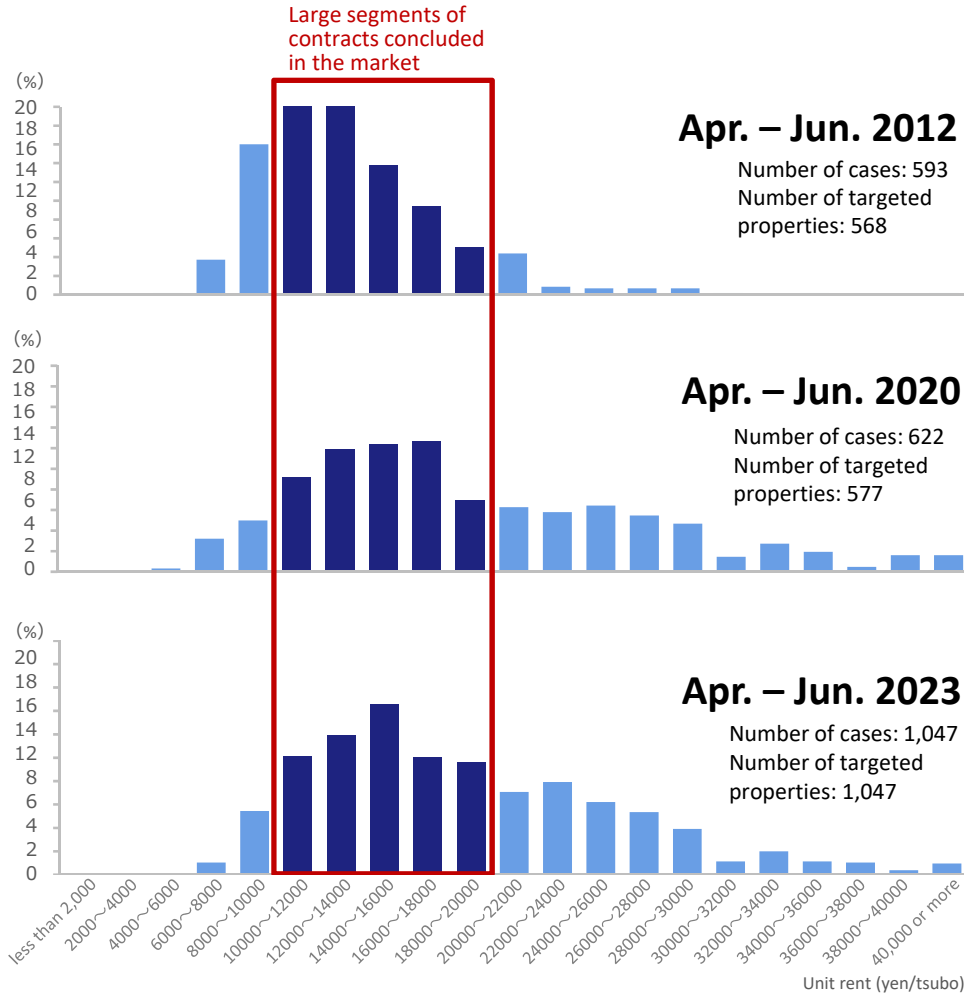
*4: The various unit rents: using a monthly unit rent that includes CAM revenue.

Trends in Office Market and Advantages of XYMAX REIT (1)

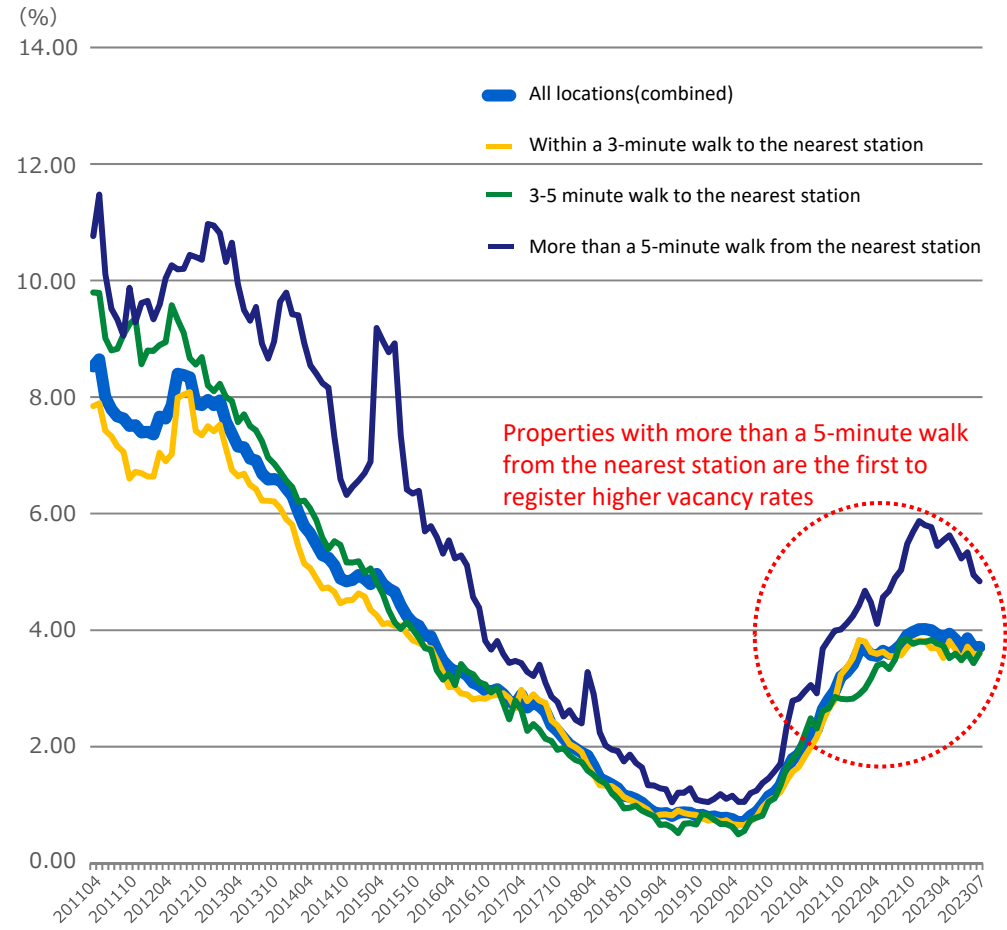
The 10 office properties held by XYMAX REIT Investment Corporation
 Unit rent for existing contracts: 16,311 yen/tsubo; average minutes from the nearest station*1: 2.7 minutes; average building age*2: 21.1 years; average floor area: 1,095 tsubo

*1: Simple average of the time required to walk to the nearest station at the 10 office properties
 *2: The weighted average of the building age of the 10 office properties was calculated using the total floor area (at the end of the 11th FP).

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



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

Trends in Office Market and Advantages of XYMAX REIT (2)

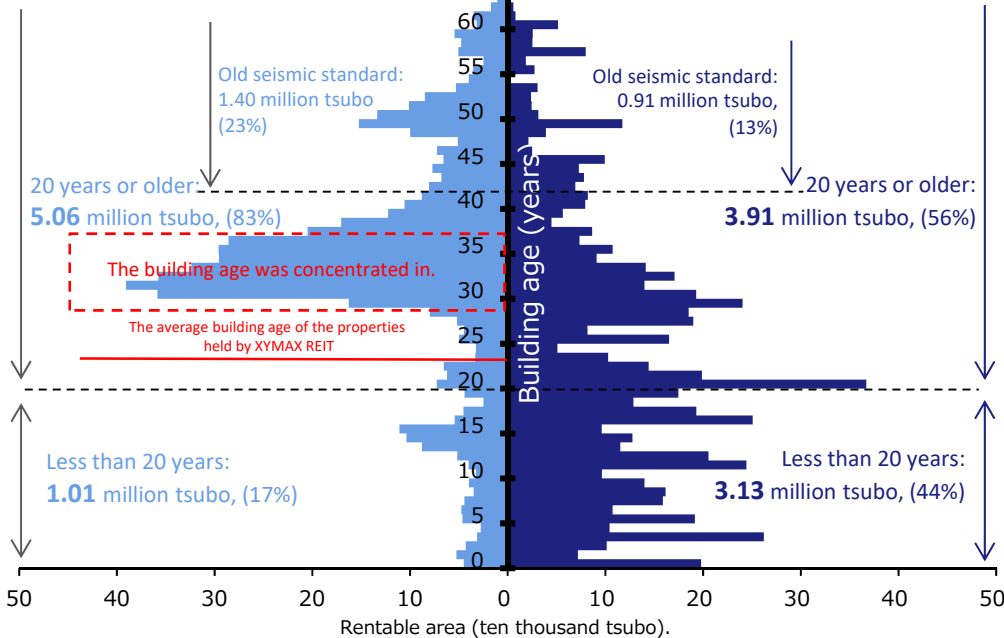
- For the majority of the office contracts concluded, unit rents are in the range from 10,000 yen and 20,000 yen, indicating a substantial demand for this range
- A gap in the vacancy rate has arisen between properties with more than a 5-minute walk from the nearest station and those within a 5-minute walk
- In both existing stock and new supply in the future, small- and medium-scale office buildings are limited compared with large-scale office buildings
- XYMAX REIT maintains high occupancy rates at office properties due to the aforementioned superior characteristics of the properties it owns, as well as utilization of the XYMAX Group’s management strength

Office Stock Pyramid 2023 covering the 23 wards (net rentable area)

23 Wards of Tokyo: **13.11** million tsubo, 9,400 buildings, average building age: **33.4** years

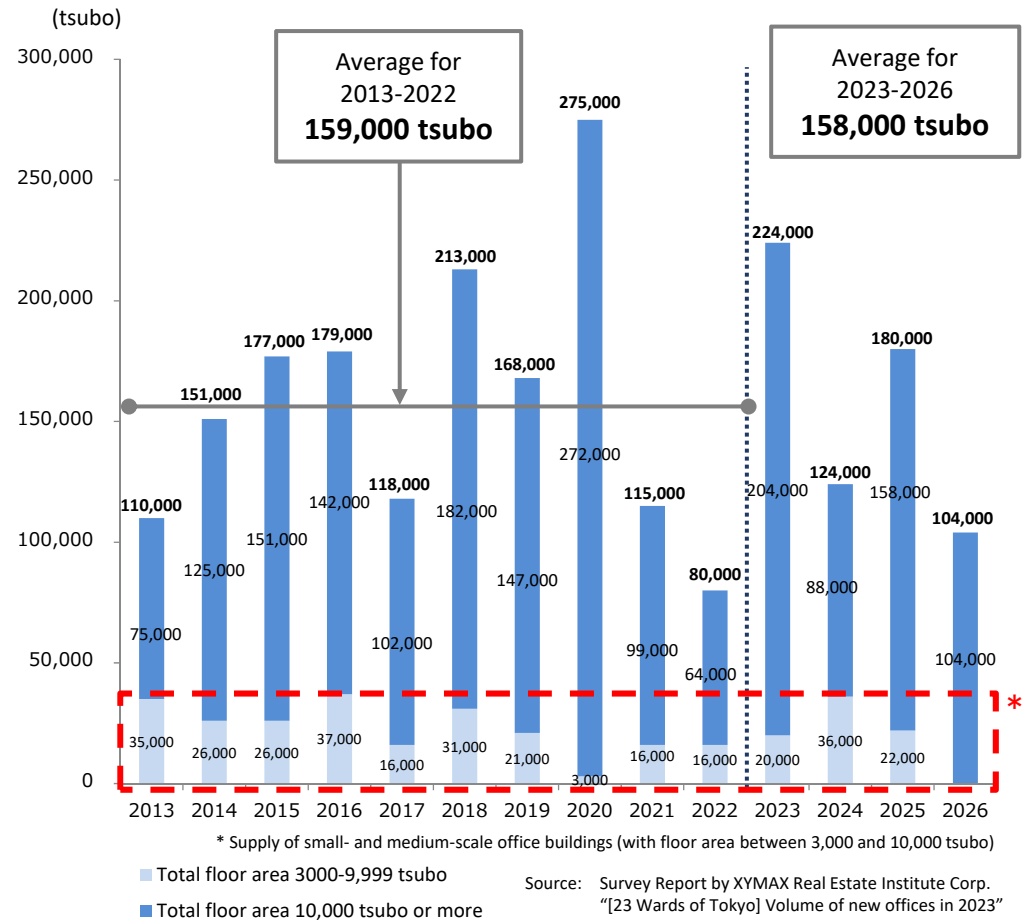
Small- and medium-scale office buildings
(Gross floor area: 300-5,000 tsubo)
Whole: **6.07** million tsubo, 8,642 buildings,
34.2 years on average

Large-scale office buildings (Gross floor area: 5,000 tsubo or more)
Whole: **7.04** million tsubo,
758 buildings, 25.0 years on average



Source: Survey Report by XYMAX Real Estate Institute Corp. "[23 Wards of Tokyo] Office Stock Pyramid 2023"

Volume of new offices in Tokyo's 23 wards in 2023 (net rentable area)

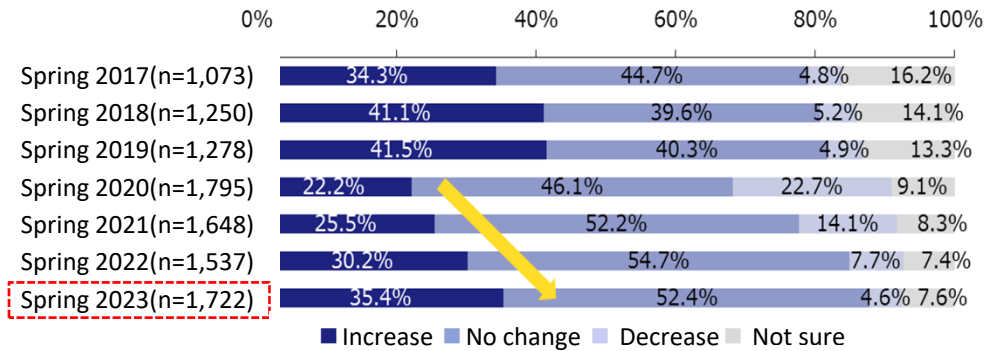


Source: Survey Report by XYMAX Real Estate Institute Corp. "[23 Wards of Tokyo] Volume of new offices in 2023"

Trends of Office Demand and Workplace

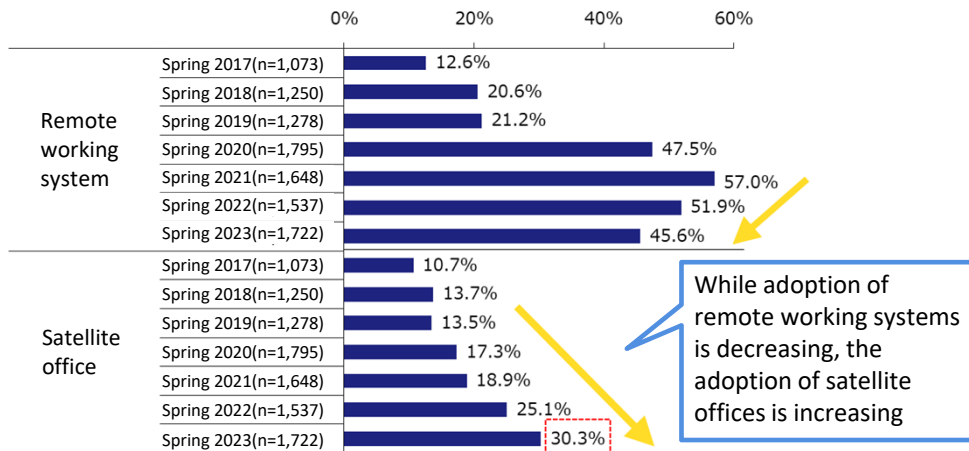
A greater proportion of respondents are expecting an increase in the number of employees in their offices, with an increasing preference for expanding their floorspace. Meanwhile, office floor demand is expanding outside of urban centers, in line with expanding demand for satellite offices.

Expected trend in the number of employees at the office



Source: "Metropolitan Area Office Demand Survey Spring 2023" by XYMAX Real Estate Institute

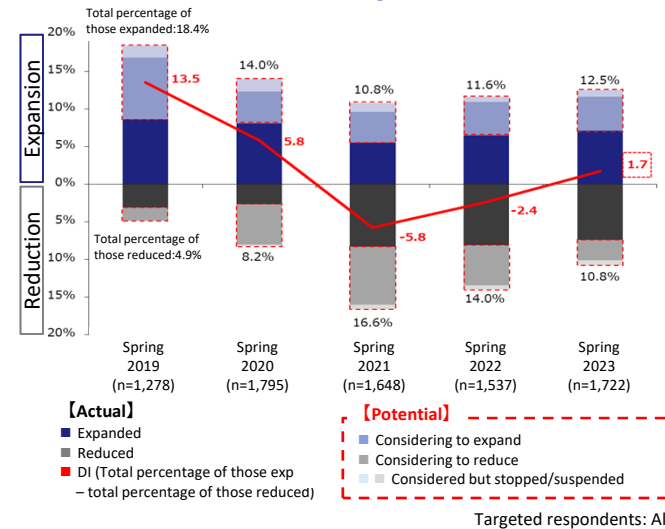
Adoption rate of remote working systems and satellite offices



Targeted respondents: All/multiple answers/excerpt/recounting

Source: "Metropolitan Area Office Demand Survey Spring 2023" by XYMAX Real Estate Institute

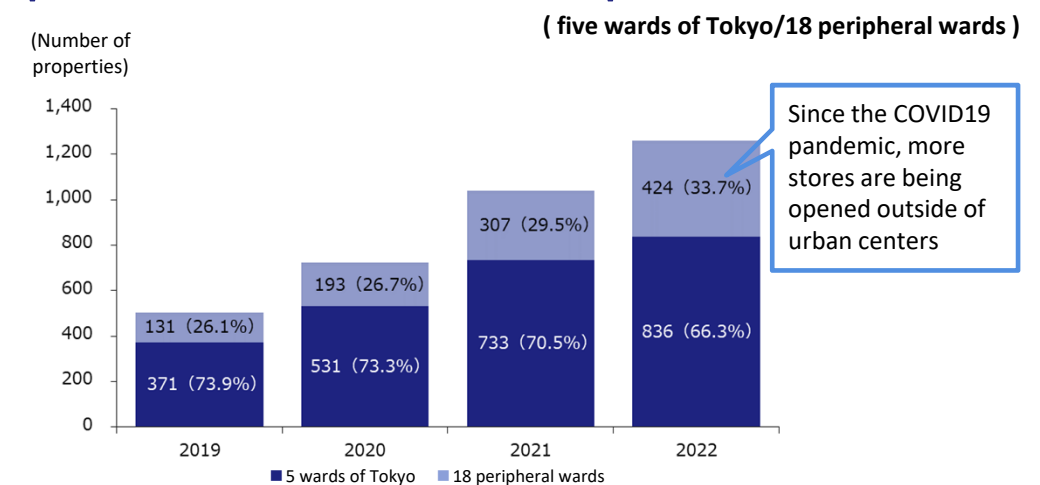
Actual changes in office space in the past one year and potential changes in the future



Although intentions to downsize office space exceeded intentions to expand in the past two years, the trend reversed in 2023

Source: "Metropolitan Area Office Demand Survey Spring 2023" by XYMAX Real Estate Institute

Number of flexible office locations



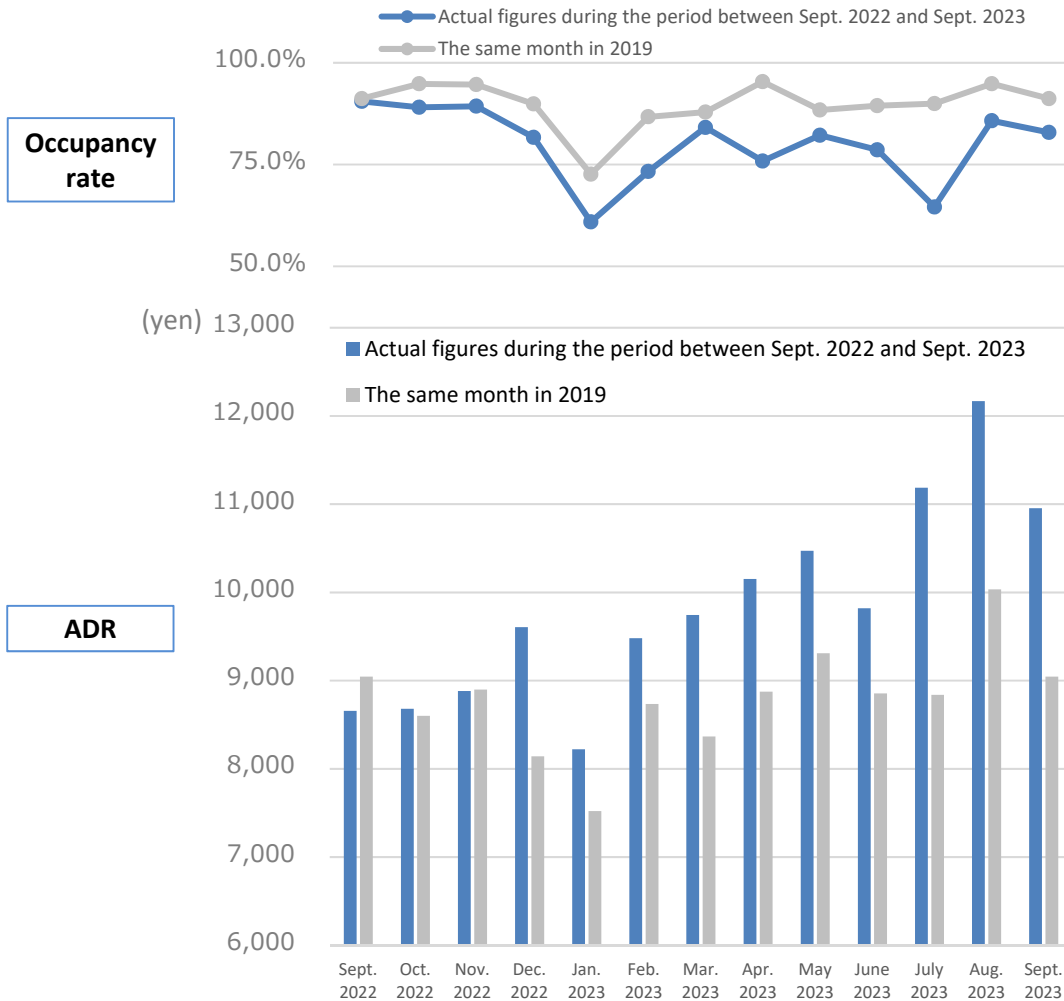
Since the COVID19 pandemic, more stores are being opened outside of urban centers

Source: "Flexible Office Market Survey 2023" by XYMAX Real Estate Institute

Portfolio Status: Hotel Vista Sendai

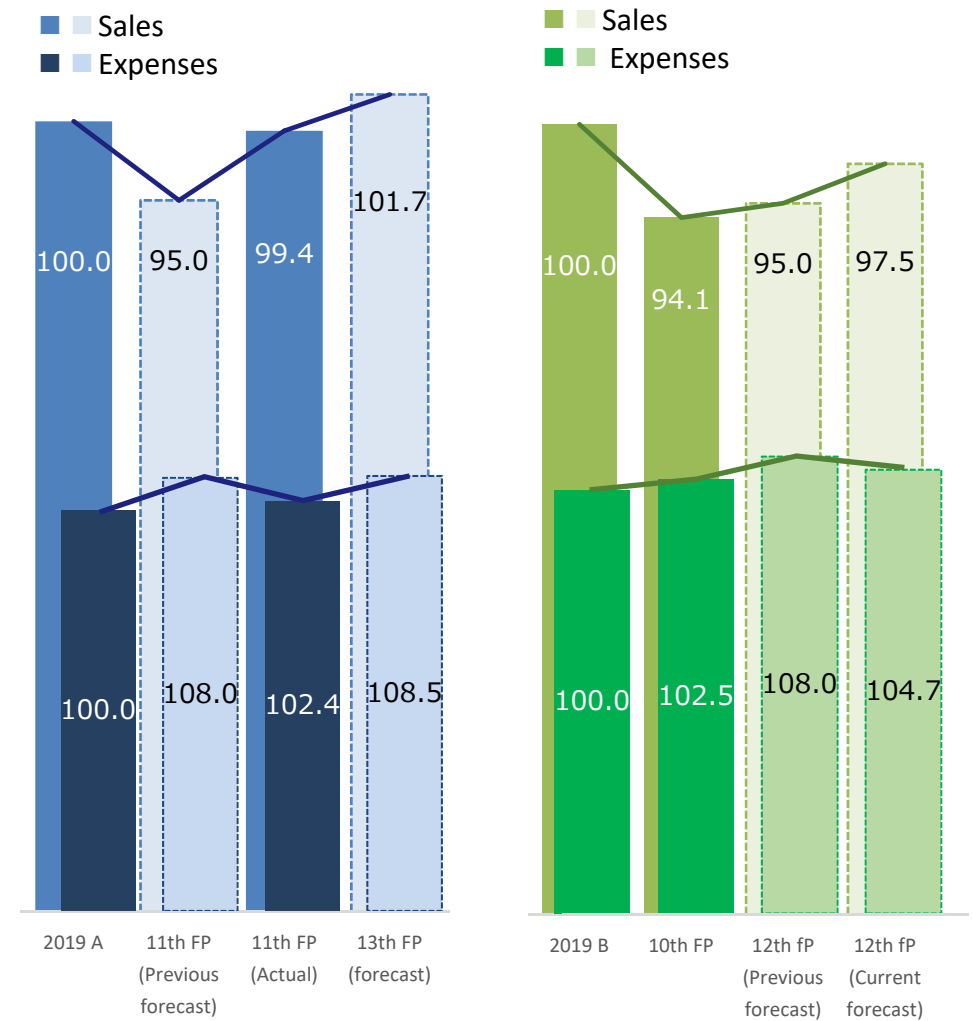
The operator engaged in ADR-focused business management, ending up with a higher GOP in the 11th FP, exceeding the Forecasts.
 For the 12th and 13th FPs, operating expenses were conservatively estimated in budgeting variable rent.

Monthly trend of ADR and occupancy rate



* The occupancy rates, ADR, sales, and expenses on this page are actual figures for each period.

Trends in sales and expenses



*2019 A: March 2019 to August 2019 *2019 B: September to December 2019 and January to February 2019
 11th FP: from March 2023 to August 2023, 12th FP: from September 2023 to February 2024, 13th FP: from March 2024 to August 2024

Portfolio Status: Hotel Vista Sendai

Variable rents are calculated using the moving-average method, with reference to the GOP in the past one year. Variable rents in the 11th FP increased substantially compared with the 10th FP, since it covers the period after relaxation of restrictions on movement.

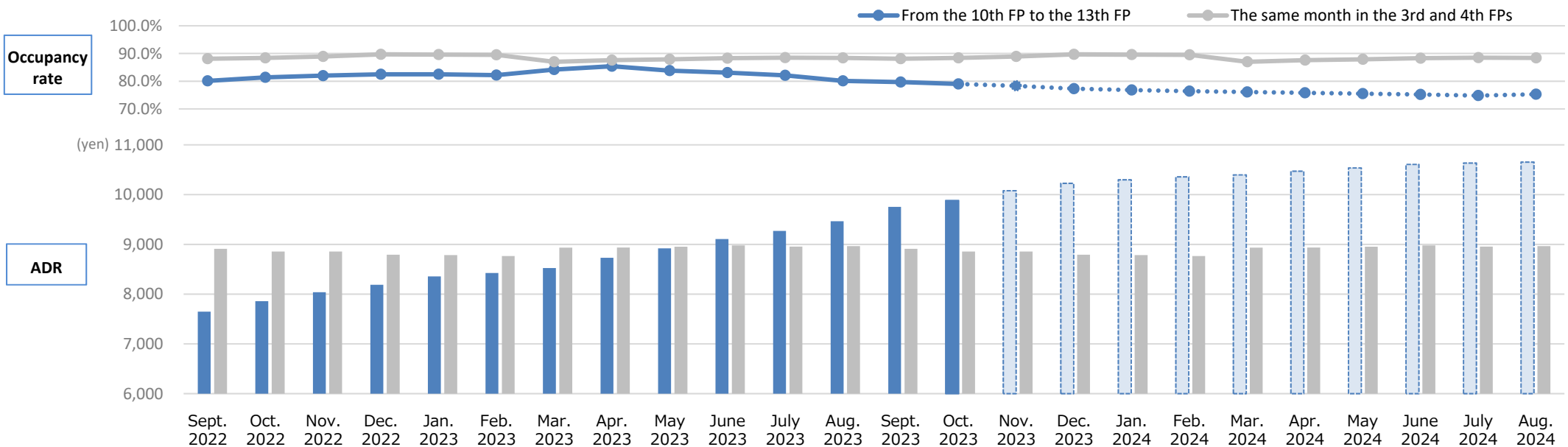
Rents before and after the COVID-19 pandemic

Lease conditions in the 3rd and 4th FP: Monthly fixed rent of 20 million yen + variable rent (GOP for the past one year, counting from the current month ÷ 12 – 21 million yen) × α%*1
 Lease conditions in FPs from the 10th FP onward: Monthly fixed rent of 20.5 million yen + variable rent (GOP for the past one year, counting from the month preceding the current month ÷ 12 – 21.5 million yen) × α%*1
 (million yen)

	3th FP (Mar. 2019 to Aug. 2019)	4th FP (Sept. 2019 to Feb. 2020)	10th FP (Sept. 2022 to Feb. 2023)	11th FP (Mar. 2023 to Aug. 2023)	12th FP(forecast) (Sept. 2023 to Feb. 2024)	13th FP(forecast) (Mar. 2024 to Aug. 2024)
Total rent	163.9	161.2	126.4	143.1	154.4	154.3
(Breakdown)	Fixed rent	120.0	123.0	123.0	123.0	123.0
	Variable rent	43.9	41.2	3.4	20.1	31.4
GOPPAR Index*2	100.0	97.9	69.8	83.4	91.4	91.3

*1: 0 yen, If the results of the calculation are negative *2: The GOPPAR Index is indexed by setting the GOPPAR for the period used for calculating the variable rents in the 3rd FP at 100.

Trend of occupancy rate and ADR for the period used to calculate the variable rents in each month*



* The occupancy rates and ADR shown in this graph are those for the period used to calculate variable rents in each month.

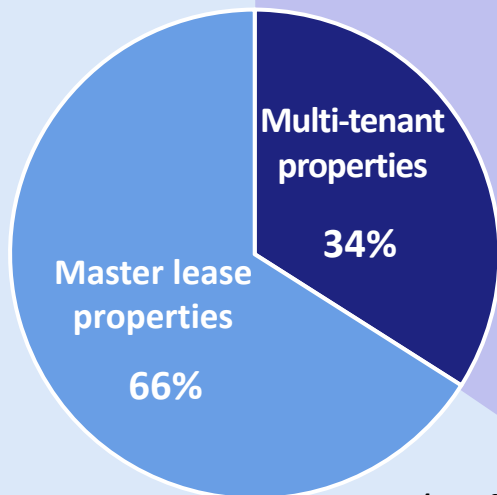
Portfolio Status: Retail Properties

Succeeded in increasing rent in re-contract and replacement negotiations for the expiring fixed-term leases at Muza.

- 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 leasing the master lease properties are daily use type of business with steady sales.
- In conjunction with changes in how retail properties are used, we intend to maintain and improve asset value in leasing by considering a wide array of industries beyond the existing industries.

Properties of XYMAX REIT

Breakdown of properties by type
(Based on rent revenue)



(As of August 31, 2023)



Muza



Totsuka

Muza

- The 12th FP: Leases will be terminated for 10 spaces (428.03 tsubo) out of all 20 spaces.
- 9 out of 10 of the spaces have been re-contracted with existing tenants, while economic terms were agreed upon with a new tenant for 1 space.
- No lowered rent or downtime at any of the 10 spaces, 2 spaces with higher rent.

Totsuka

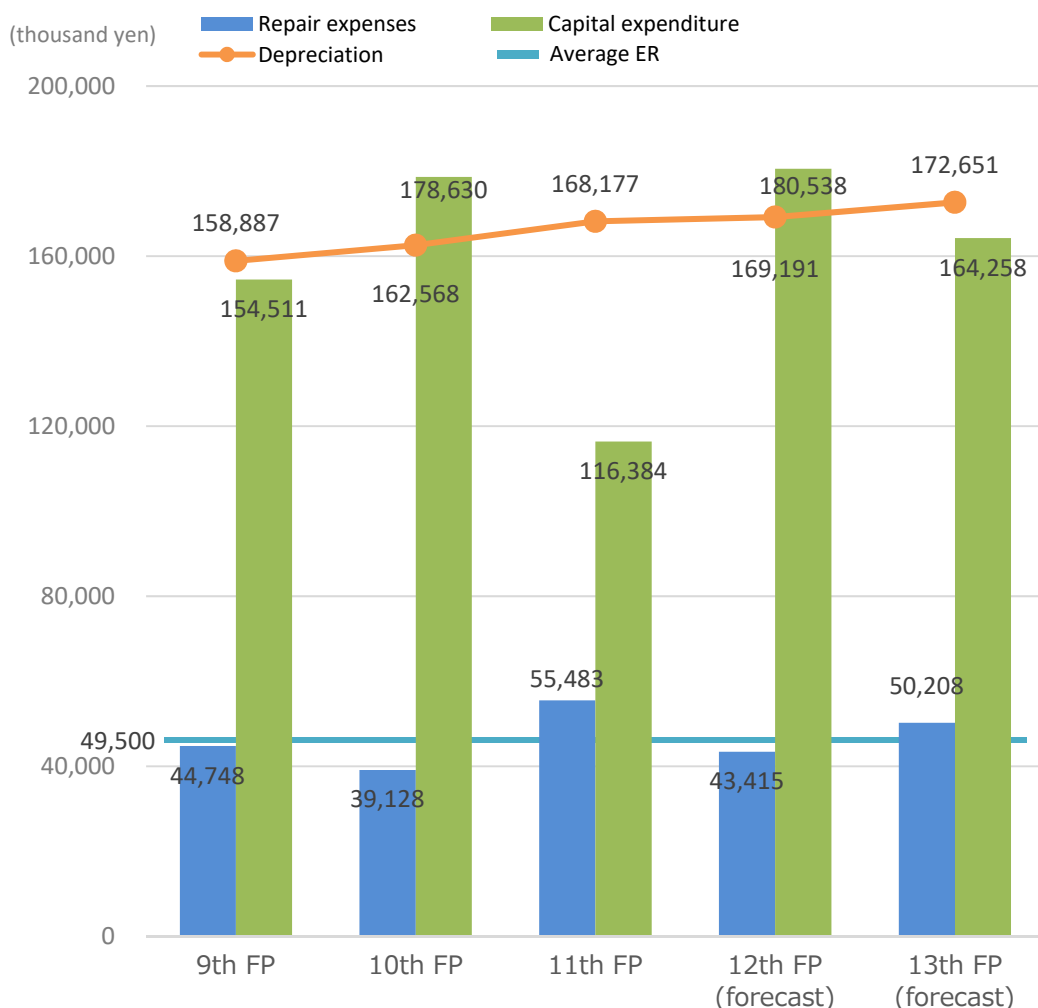
- The 12th FP: Contract renewal with higher rent at 1 space

Monthly rent increased by 369 thousand yen, change +3.7%

Status of Repair and Capital Expenditure

Repair expenses are annually controlled with reference to long-term repair expenses adopted in the ER. We are realizing rent increases through a reduction of environmental burden and value enhancement by equipment construction works described below.

Trend of repair expenses and capital expenditure



* Number of properties as of the end of each FP: 18

* Average ER is the FP average of repair expenses required over 12 years for the purpose of long-term repair expenses for ER, as calculated by the Asset Management Company.

Major equipment renovations in the 11th FP

Property name	Description of construction work	Reduction in power usage (rate of reduction*)
Shinjuku-Gyoen	Renewal for air conditioning system in exclusive spaces (1 floor)	31,671kWh/year (51.1%)
Shinjuku-Gyoen	LED replacement in exclusive spaces (2 floors)	45,430kWh/year (73.3%)
Kamiyacho	LED replacement in exclusive spaces (2 floors)	15,775kWh/year (71.6%)
Hachioji	LED replacement in exclusive spaces (partials of the spaces)	3,825kWh/year (70.8%)

* Rate of reduction: Reduction in annual power usage ÷ Annual power usage prior to renovation (estimation)

Increase in revenue through value enhancing construction work

(Mita)



Increase/decrease in rent (monthly rent)

Approximately +55%

- A strategy to attract tenants on more favorable terms by reducing the initial cost through interior renewal to reduce the tenant's cost burden in interior construction as well as restoration work at the time of the tenant's move-in or out.
- Contributing to increase revenue through effective value enhancement.

Asset Acquired in the 11th FP

As its first business initiative, XYMAX REIT acquired preferred investment securities of a development-type TMK by using cash on hand.

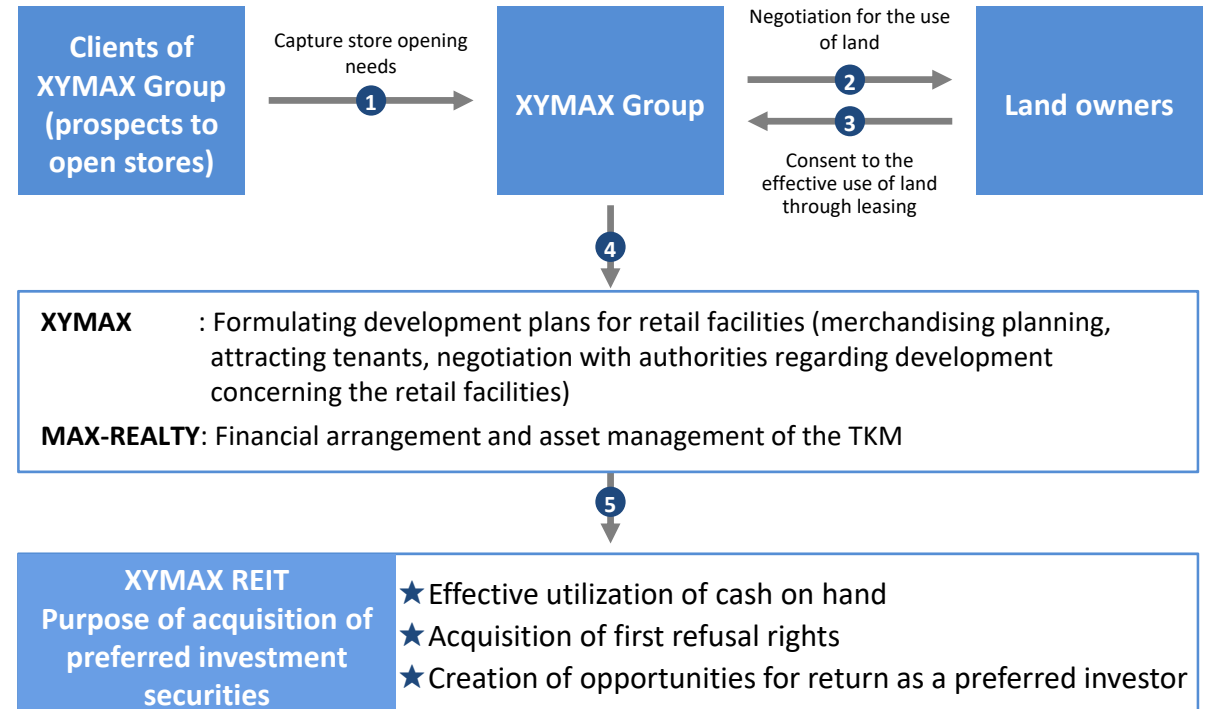
We acquired the first refusal right for the properties to be developed by the TMK, on top of the aforementioned preferred investment securities.

Outline of the asset acquired

Asset acquired	Preferred investment securities of TMK Hirakata Retail Facility Development	
Acquisition price	1st Preferred Investment Securities 28 million yen 2nd Preferred Investment Securities 22 million yen (planned) Total amount (1st + 2nd) is approximately 4.5% of total preferred investment securities	
Underlying real estate (property for development)	Hirakata Retail Facility (tentative name)	
Classification	Retail facilities	
Location	Hirakata, Osaka Prefecture	
Land	Site area	Approx. 14,000m ²
	Type of ownership	General fixed-term land leasehold right
Buildings	Total floor area	Approx. 9,000m ²
	Use	Stores and clinics
	Expected type of tenants	Daily use type of business * Fixed-term building lease reservation agreements have already been concluded.

Background of the acquisition

- This project was materialized based on cooperation with XYMAX Group companies



Projected timeline



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.

	9th FP	10th FP	11th FP
Number of pieces of information acquired from sponsor group	765	473	699
Number of properties under consideration by XYMAX REIT	26	18	30

LTV

At the end of 11th FP

LTV based on total assets: 40.9%, Appraisal LTV : 33.3%

LTV level vs. total assets	Possible loan amount	Appraisal LTV
45%	Approx. 3.6 billion yen	37.2%
50%	Approx. 8.7 billion yen	41.9%

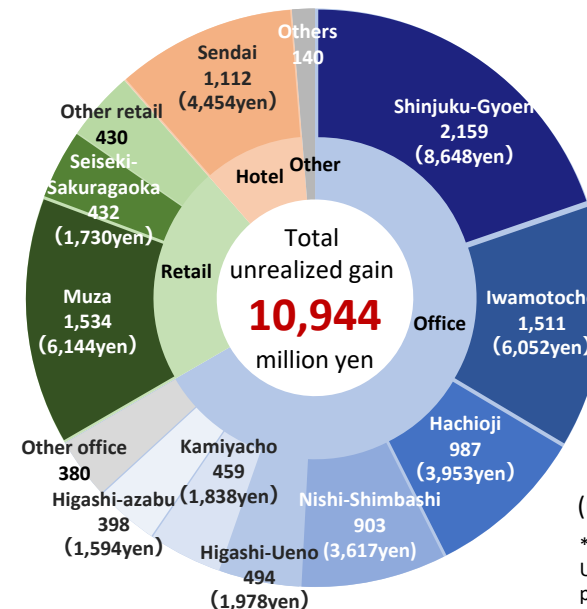
Properties under consideration

Location	Asset type	Source	Focused point
8 central wards of Tokyo	Office (planned)	CRE client of the XYMAX Group	Reconstruction needs of CRE clients Located in favorable locations near train and subway stations, where high demand is expected from tenants
Hirakata, Osaka	Retail property (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 (P.20 for more details)
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
Regional city	Retail property (leasehold land)	the XYMAX Group	Leasehold land of retail property Expected daily use type of business with steady sales
Tokyo economic area	Office	The Asset Management Company's own route	Located in work-dwelling areas and favorable locations near train and subway stations, where high demand is expected from tenants

Unrealized gain by property owned by XYMAX REIT

At the end of 11th FP

- 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.



Financial Status at the end of 11th FP

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

Interest-bearing liabilities and the external rating

	at the end of 11th FP
Balance of interest-bearing debts	19.71 billion yen
LTV based on total assets	40.9%
Average remaining period	2 years 4 months
Average interest rate	0.722%
Long-term loan ratio	100.0%
Fixed interest rate ratio	99.0%
External rating	R&I: A- (Stable)

Financing policy on refinancing in the 12th FP

Consider a more flexible financing policy, while diversifying financing methods in response to the interest rate trend at the time of financing

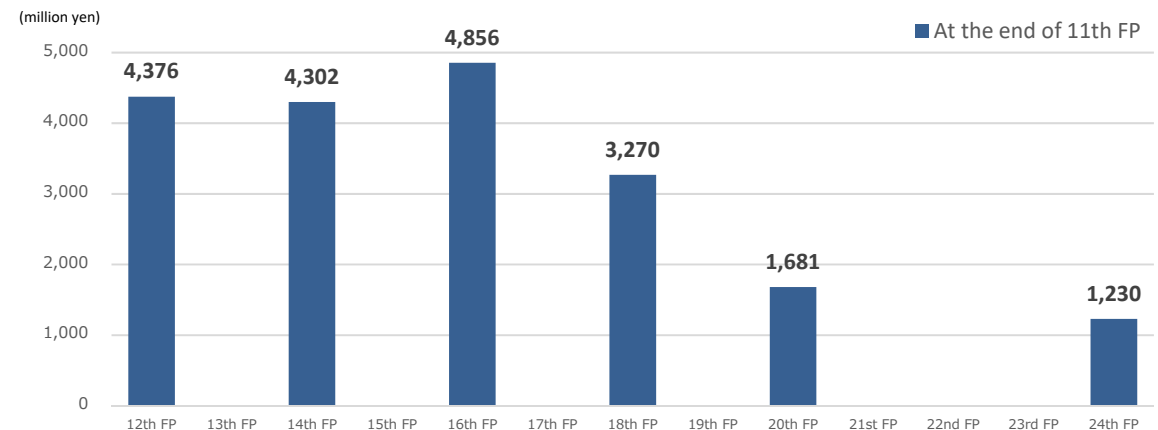
- Remain open-minded towards extension of the average remaining period and diversification of the maturity ladder
- Consider adjustments of funding maturity and inclusion of a variable interest rate elements (from the viewpoint of cost control)
- Challenge diversification of financing methods (investment corporation bonds, green loan, etc.)

Lender formation



Mizuho Bank	23.4%
SMBC	18.5%
MUFG Bank	10.1%
Resona Bank	8.1%
Aozora Bank	7.1%
Nishi-Nippon CB	5.1%
Fukuoka Bank	5.1%
Yokohama Bank	4.1%
Chiba Bank	3.9%
Hiroshima Bank	3.6%
SBI Shinsei Bank	3.4%
Nanto Bank	3.0%
Higo Bank	2.5%
Kansai Mirai Bank	1.6%
Mizuho Trust & Banking	0.5%

Maturity ladder



Future Operating Policy

Unitholder value

Aiming to enhance unitholder value through the growth of distribution, etc.

Future operating policy

Stable property management

- Maintain high occupancy rates for offices and retail facilities, while adopting a market-conscious approach at tenant replacement and contract renewal
- Recovery of hotel revenues

Implementation of measures for external growth

- Return of unrealized gain by asset replacements, etc.
- Expansion of the pipelines aiming at enhancing asset size

Debt financing in line with the market environment

Cost control by using investment corporation bonds or by including a variable interest rate elements, etc.

Operating framework

- Utilization of the expertise, knowhow, and customer base of the sponsor group
- Deepening of ESG activities
- Broad-based lender formation



ESG

MUZA
KAWASAKI
SHOP & RESTAURANT

Participation in the GRESB Assessment

- Participated in the GRESB Assessment, yearly benchmarks for environmental, social, and governance (ESG) performance in the real estate sector since FY2022.
- Real estate assessment 2023: 3 Star and Green Star for two consecutive years
- Disclosure assessment in 2023: "Level A" for two consecutive years



Signing of Principles for Financial Action for the 21st Century

- The Asset Management Company of XYMAX REIT, has endorsed the ideas of the Principles and became a signatory on December 27, 2013.



Support of the TCFD Recommendations

- The Asset Management Company has expressed its support for the TCFD recommendations and has also joined the TCFD Consortium, whose members consist of Japanese companies that support the TCFD.



Acquisition of Environmental Certification (As of August 31, 2023)

- Newly acquired for one property and rose rate to 85.2%
- Acquired "Rank S" in the CASBEE real estate certification for three properties

Number of Acquisition of Environmental Certification

11 properties

Acquisition rate (based on total floor area)

85.2 %

Assessment Rank

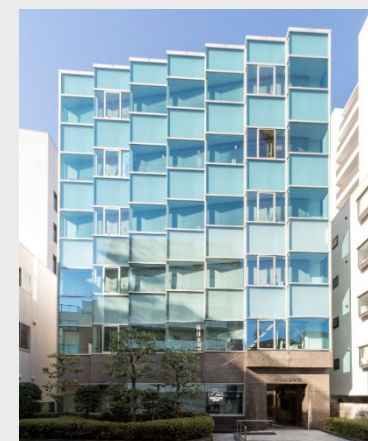
Rank S
(Excellent)



Vita Seiseki-Sakuragaoka



XYMAX Kiba Koen Building



Life Kawasaki Miyuki Store

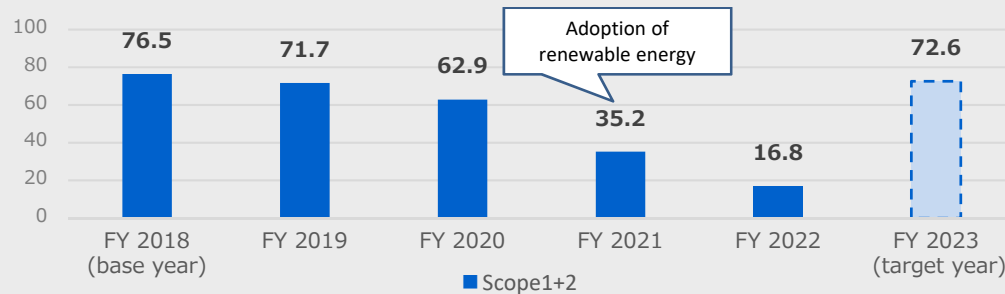


Results of environmental initiatives

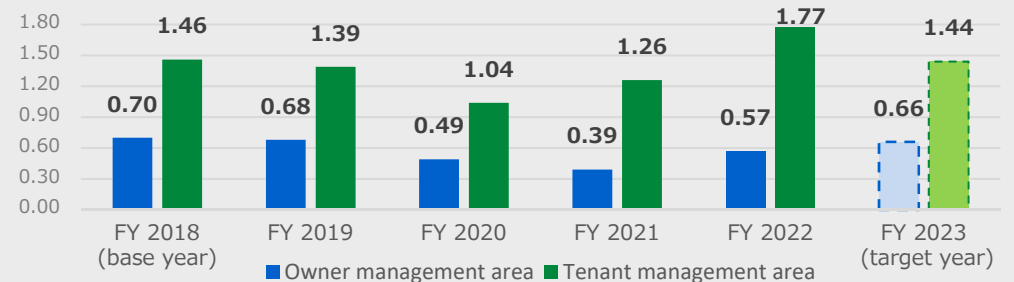
Environmental targets

- In FY2022, we achieved a reduction of GHG emissions intensity (Scope 1+2) by 78.0% and water use intensity (owner management area) by 18.4%, compared with FY2018 (base year)
- Due to the high probability of achievement in FY2023 (target year), resetting of targets is under consideration, with an awareness of a more medium- to long-term approach, as well as newly formulated information disclosure based on TCFD recommendations

GHG emissions intensity(kg-CO₂/m²)



Water use intensity (m³/m²)



Initiatives for Reducing Environmental Burden

Paperless processing

- Paperless processing through electronic provision is underway for the notice of the general unitholders meeting at XYMAX REIT.

Adoption of electricity generated from 100% renewable energy sources

- Adoption of electricity generated from 100% renewable energy sources
- Switching to 100% renewable energy sources using non-fossil certificates with tracking completed at 8 office properties

Green Lease initiative

- Aiming to improve the environmental performance of properties through a collaborative effort with tenants, XYMAX REIT is promoting Green Leases

Number of pages reduced

Approximately **85,000** pages (with respect to the 4th general unitholders meeting)

Targeted electricity consumption

1.66 million kWh (based on the 11th FP)

Number of tenants covered by Green Leases

16 tenants (based on the 11th FP)

Initiatives for Tenants and Local Communities

Resilience measures for disasters, etc.

- Introduction of emergency storage boxes
- Introduced disaster-relief vending machines



Initiatives to improve tenant satisfaction

- Introduction of digital signage in common area for 8 office properties in Tokyo (building electricity consumption, evacuation sites, and encouragement of power saving, etc., are posted)
- The PM company conducted a customer satisfaction survey over the tenants at 9 office properties



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 October 1, 2023)

• Licensed Real Estate Broker	24
• ARES Certified Master	7
• Certified Building Administrator	6

Flextime system and diversification of working places

- Asset Management Company introduced a flextime system to support a more flexible workstyle in line with the degree of activity.

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 2021	15	19	55.9%	34	1
April 2022	14	19	57.6%	33	0
October 2023	17	17	50.0%	34	1

ESG initiatives at Sponsor Group

- Support for corporate workstyle reforms by offering satellite office services through such services provided by ZXY
- Contribution to the environment and 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
- Contribution to ARES Real Estate Securitization Journal
- Serving as lecturer of ARES Real Estate Securitization Master training course
- Promoting diversification of working places and hours
- Participation in the United Nations Global Compact (UNGC)
- Contribution to regional reinvigoration and revitalization through MEQQE
- 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.

Asset management fee system

Fees for a fiscal period

Total asset-linked Fee	Total assets × 0.2% per annum
NOI linked Fee	NOI × 4.0% per annum

Acquisition and disposition fees

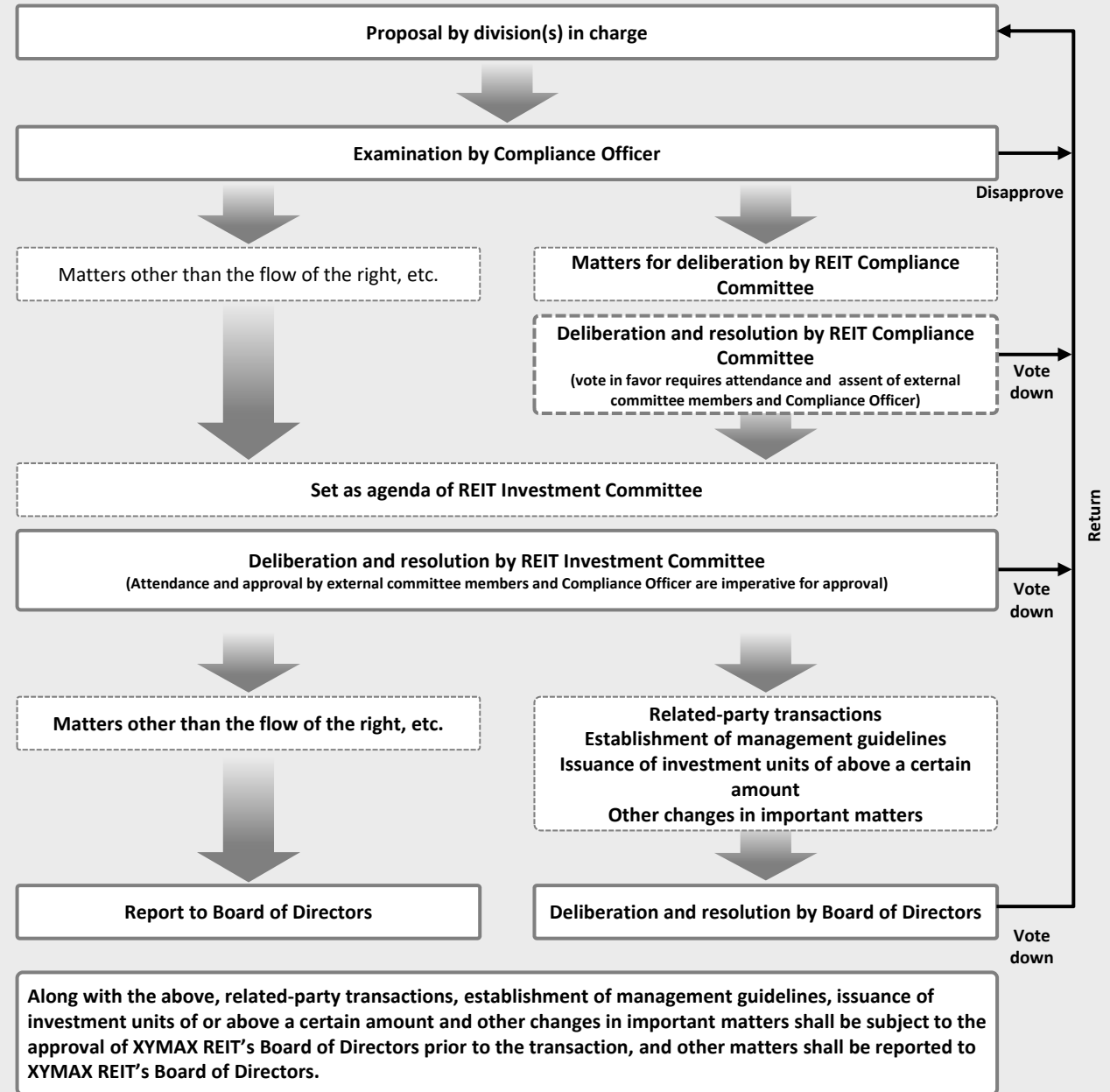
Acquisition Fee	Acquisition price × 1.0%* ¹
Disposition Fee	Gain on dispositions at the end of each period (after deduction of loss on dispositions) × 15.0%* ²

*1 0.5%, in the case of acquisition from interested parties

*2 0 yen, if the gains on disposition amount is negative

Investment Ratio in XYMAX REIT by Sponsor

5.0% (at the end of 11th FP)





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: **1,126** buildings/Gross floor area Approx. **6.20** million tsubo (as of July 31, 2023)
- ✓ Entrustment records by J-REIT investment corporation other than XYMAX REIT: **33** companies/**221** properties (as of July 31, 2023)
- ✓ Human resources: **2,357** people engaged in real estate management, **54** people in leasing, and **66** people in CRE related business (as of October 1, 2023)

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

- ✓ Data of Real Estate Management: Contracted rent data **41,718** buildings/**142,373** cases (accumulated total as of March 31, 2023), Asking rent data **59,151** buildings (accumulated total as of March 31, 2023)/**19,254** cases (as of March 31, 2023), Construction work data **173,316** cases (accumulated total as of February 28, 2023)
- ✓ 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 **450** companies (as of July 31, 2023)
- ✓ Track record in property sales and brokerage: **388** buildings, approximately **610.8** billion yen (accumulated total from April 1, 2010 to March 31, 2023)



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



Assessment



Management



Sourcing

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

(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	300,100	296,547
Structures	1,699	1,665
Machinery and equipment	9,984	9,782
Tools, furniture and fixtures	11,751	8,748
Land	230,346	230,346
Buildings in trust	9,912,281	9,871,828
Structures in trust	52,195	50,996
Machinery and equipment in trust	0	0
Tools, furniture and fixtures in trust	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	-2,995	-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	26,254,163	26,228,495
Total liabilities and net assets	48,314,961	48,227,571

Statement of Income



(Unit: thousand yen)

	10th fiscal period (As of Feb. 28, 2023)	11th fiscal period (As of Aug. 31, 2023)
Operating revenue		
Leasing business revenue	1,497,162	1,517,636
Other leasing business revenue	148,853	147,425
Total operating revenue	1,646,016	1,665,062
Operating expenses		
Expenses related to leasing business	584,571	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

Portfolio List (1)

Asset no.	OF-01	OF-02	OF-03	OF-04	OF-05	OF-06
Asset type	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
						
Location	Minato-ku, Tokyo	Chiyoda-ku, Tokyo	Shinjuku-ku, Tokyo	Minato-ku, Tokyo	Minato-ku, Tokyo	Taito-ku, Tokyo
Access	3 minutes on foot from Uchisaiwaicho Station on the Toei Subway Mita Line 6 minutes on foot from Shimbashi Station on the JR Tokyo Metro Ginza Line, and other	3 minutes on foot from Iwamoto-cho Station on the Toei Subway Shinjuku Line	2 minutes on foot from Shinjuku Gyoenmae Station on the Tokyo Metro Marunouchi Line	1 minute on foot from Kamiyacho Station on the Tokyo Metro Hibiya Line	5 minutes on foot from Akabanebashi Station on the Toei Subway Oedo Line 7 minutes on foot from Kamiyacho Station on the Tokyo Metro Hibiya Line	3 minutes on foot from Naka-Okachimachi Station Tokyo Metro Hibiya Line 4 minutes on foot from JR Okachimachi Station, and other
Acquisition price (million yen)	2,500	4,250	5,020	880	1,550	1,150
Land area	402.53㎡	864.83㎡	839.09㎡	228.83㎡	365.05㎡	368.84㎡
Total floor area	2,517.50㎡	6,261.06㎡	6,084.32㎡	1,356.51㎡	2,570.13㎡	1,942.54㎡
Leasable area	1,897.92㎡	4,152.40㎡	4,791.23㎡	1,205.27㎡	2,015.99㎡	1,735.29㎡
Completion	2000	2001	2001	1991	1999	1999
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
Number of tenant (As of the end of 11th FP)	8	14	5	7	6	8
Occupancy rate (As of the end of 11th FP)	100.0%	100.0%	98.5%	100.0%	100.0%	100.0%

Portfolio List (2)

Asset no.	OF-07	OF-08	OF-09	OF-10	RT-01	RT-02
Asset type	Office	Office	Office	Office	Retail	Retail
Property name	XYMAX Hachioji Building	XYMAX Mita Building	XYMAX Sapporo Odori Building	XYMAX Kiba koen Building	Muza Kawasaki	Life Kawasaki Miyuki Store
						
Location	Hachioji-shi, Tokyo	Minato-ku, Tokyo	Sapporo-shi, Hokkaido	Koto-ku, Tokyo	Kawasaki-shi, Kanagawa	Kawasaki-shi, Kanagawa
Access	4 minutes on foot from Keio Hachioji Station on the Keio Electric Railway Keio Line 5 minutes on foot from JR Hachioji Station	5 minutes on foot from Mita Station on the Toei Subway Mita Line, and other 7 minutes on foot from JR Tamachi Station	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
Acquisition price (million yen)	2,600	668	4,707	2,003	4,100	790
Land area	1,220.58㎡	137.02㎡	499.24㎡	851.46㎡	10,669.34㎡ *1	1,879.15㎡
Total floor area	7,404.81㎡	799.78㎡	4,270.89㎡	2,995.81㎡	108,955.90㎡ *1	2,596.80㎡
Leasable area	5,558.87㎡	741.41㎡	3,106.42㎡	2,587.15㎡	3,703.88㎡	2,677.54㎡
Completion	1993	1991	2020	1992	2003	1997
Structure/Number of Floors	Steel-framed reinforced concrete/ Steel-construction with flat roof B1F/9F	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
Number of tenant (As of the end of 11th FP)	22	7	6	7	19	1
Occupancy rate (As of the end of 11th FP)	98.4%	79.4%	100.0%	100.0%	100.0%	100.0%

*1: Both land area and total floor area above represent land area and total floor area of one building, respectively.

Portfolio List (3)

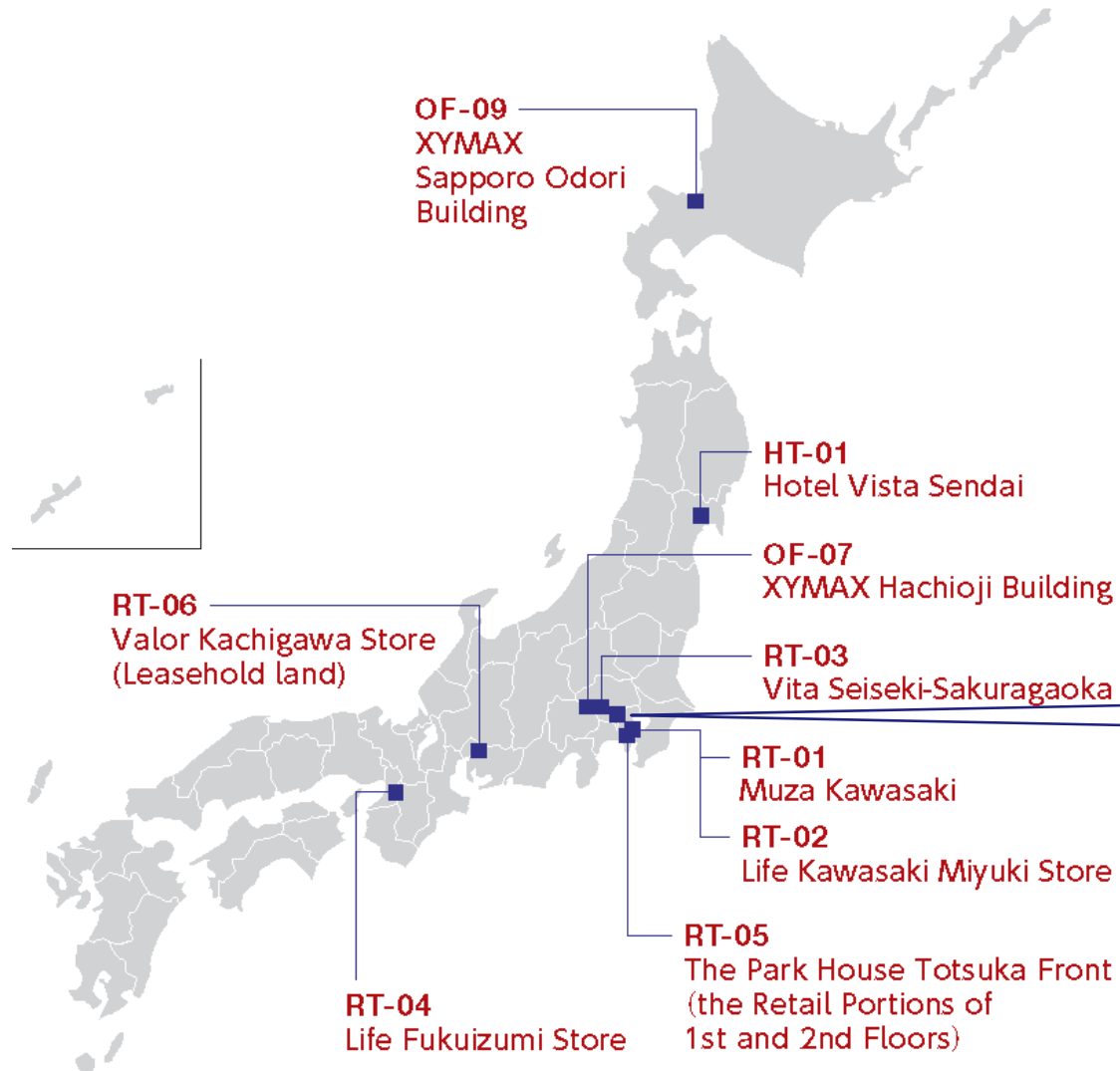
Asset no.	RT-03	RT-04	RT-05	RT-06	HT-01	OT-02
Asset type	Retail	Retail	Retail	Retail	Hotel	Other (Residential)
Property name	Vita Seiseki-Sakuragaoka	Life Fukuizumi Store	The Park House Totsuka Front (the Retail Portions of 1 st and 2 nd Floors)	Valor Kachigawa Store (Leasehold land)	Hotel Vista Sendai	L-Place Nishikasai
						
Location	Tama-shi, Tokyo	Sakai-shi, Osaka	Yokohama-shi, Kanagawa	Kasugai-shi, Aichi	Sendai-shi, Miyagi	Edogawa-ku, Tokyo
Access	Keio Electric Railway Keio Line Seiseki Sakuragaoka Station Directly Connected	12 minutes on foot from Otori Station on the JR Hanwa Line	3 minutes on foot from JR and Yokohama shiei Subway 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	5 minutes on foot from Nishikasai Station on the Tokyo Metro Tozai Line
Acquisition price (million yen)	3,100	1,065	540	3,245	4,400	901
Land area	9,003.26m ² *1	6,225.21m ²	1,595.49m ² *1	20,509.10m ² *1	1,461.36m ² *3	854.00m ²
Total floor area	62,849.56m ² *1	3,358.26m ²	12,236.50m ² *1	-	6,977.47m ²	2,044.18m ²
Leasable area	27,610.61m ²	3,309.29m ²	861.60m ²	10,254.55m ² *2	7,066.25m ²	2,044.18m ²
Completion	1999	1996	2018	-	2016	1986
Structure/Number of Floors	Steel-framed reinforced concrete structure/reinforced concrete structure/steel- construction with flat roof B3F/27F	Steel-construction with flat roof 2F	Reinforced concrete structure with flat roof B1F/14F	-	Steel-construction with flat roof 12F	Reinforced concrete structure with flat roof 5F
Number of tenant (As of the end of 11th FP)	1	1	5	1	1	1
Occupancy rate (As of the end of 11th FP)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

*1: Both land area and total floor area above represent land area and total floor area of one building, respectively.

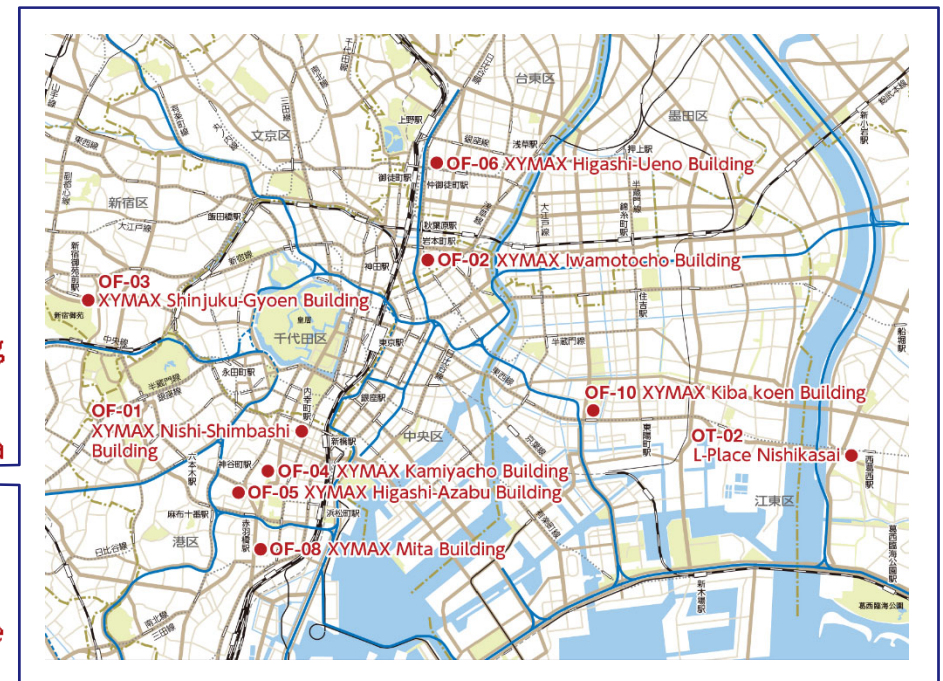
*2: The figures are calculated by multiplying the leased floor area under the lease contract by the quasi co-ownership ratio of the beneficiary rights held by the XYMAX REIT (50%).

*3: 1,461.36 m² includes surface rights of 524.21 m².

| Country wide area |



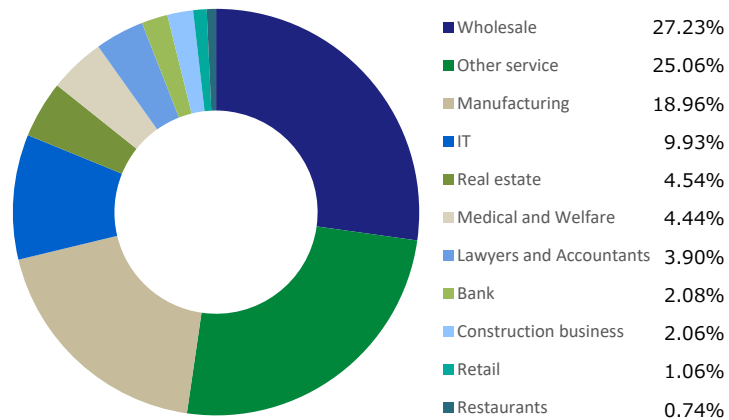
| 23 wards of Tokyo |



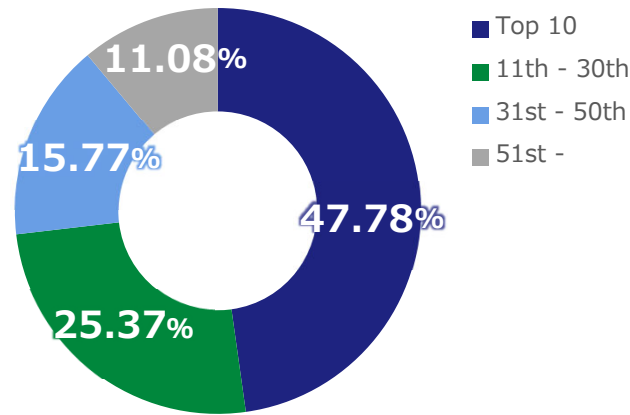
Backed by the sponsor group’s management capabilities, we have achieved stable, long-term occupancy by office tenants.

Office tenant diversification <based on rent revenue> (excluding obligated residences) (81 office tenants) | At the end of 11th FP

Based on business type



Leased area based top tenants ratio



Average tenant lease period of offices owned by XYMAX REIT

All tenants: 11 years, 9 months

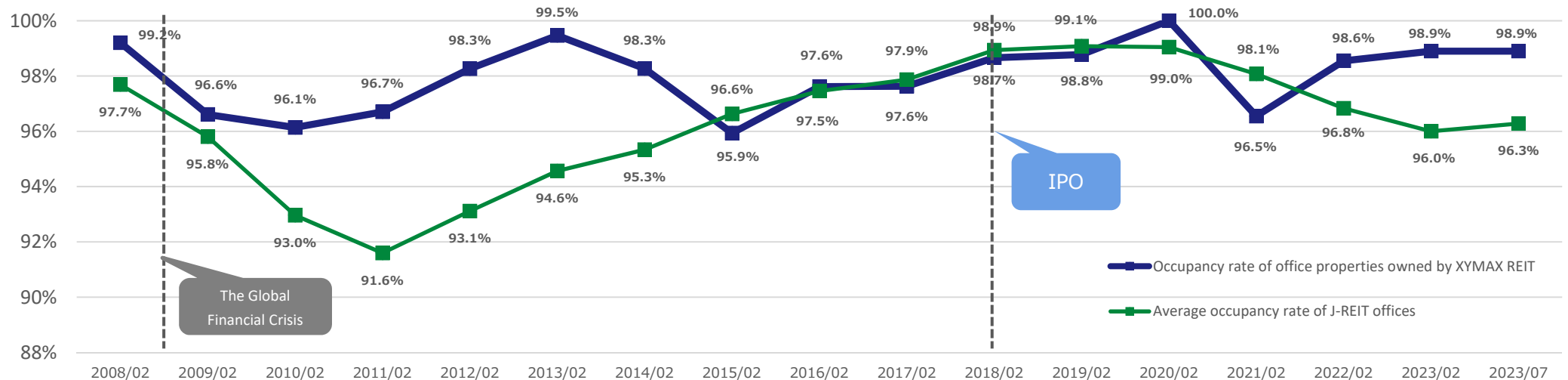
Top ten tenants by leased area: 13 years, 5 months

Average tenant lease period of office buildings

9.6 years*1

*1 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)

(Unit: thousand yen)

	Nishi-Shimbashi	Iwamotocho	Shinjuku-Gyoen	Kamiyacho	Higashi-Azabu	Higashi-Ueno	Hachioji	Mita	Sapporo	Kiba
Operating revenue from real estate leasing	87,291	147,541	190,573	44,705	57,676	49,975	136,982	17,611	137,310	60,242
Lease business revenue	76,160	127,089	174,344	39,211	50,390	43,583	113,423	13,562	124,558	52,322
Other lease business revenue	11,131	20,451	16,228	5,493	7,285	6,392	23,558	4,048	12,751	7,919
Operating expenses from real estate leasing (Excluding Depreciation)	25,791	40,766	59,160	16,617	20,231	16,004	48,171	11,287	28,350	18,556
Tax and public dues	7,674	14,268	15,423	5,089	7,011	4,024	8,381	1,392	8,093	4,111
Maintenance fees	5,500	10,567	12,597	4,742	5,918	4,391	16,389	2,880	7,761	6,834
Utility expenses	9,561	12,586	12,998	5,028	4,398	6,183	13,992	1,101	9,795	5,275
Repair expenses	2,080	1,497	15,944	856	2,031	719	7,248	3,857	25	1,674
Insurance premiums	60	217	208	45	80	59	270	36	303	110
Other expenses related to leasing business	913	1,628	1,987	855	791	626	1,888	2,018	2,371	549
NOI	61,499	106,774	131,413	28,087	37,445	33,971	88,810	6,324	108,959	41,686
Depreciation	3,169	17,565	15,223	1,556	7,046	3,529	11,493	1,487	22,736	5,527
Operating income (loss) from real estate leasing	58,330	89,208	116,189	26,531	30,399	30,441	77,317	4,836	86,222	36,159

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

(Unit: thousand yen)

	Muza	Kawasaki Miyuki	Seiseki-Sakuragaoka	Fukuizumi	Totsuka	Kachigawa	Sendai	Nishikasai	Total
Operating revenue from real estate leasing	182,035	undisclosed	undisclosed	undisclosed	26,813	undisclosed	undisclosed	undisclosed	1,665,062
Lease business revenue	157,033	undisclosed	undisclosed	undisclosed	23,214	undisclosed	undisclosed	undisclosed	1,517,636
Other lease business revenue	25,001	undisclosed	undisclosed	undisclosed	3,598	undisclosed	undisclosed	undisclosed	147,425
Operating expenses from real estate leasing (Excluding Depreciation)	53,488	undisclosed	undisclosed	undisclosed	10,836	undisclosed	undisclosed	undisclosed	453,097
Tax and public dues	11,492	undisclosed	undisclosed	undisclosed	1,838	undisclosed	undisclosed	undisclosed	154,082
Maintenance fees	15,018	undisclosed	undisclosed	undisclosed	5,078	undisclosed	undisclosed	undisclosed	110,049
Utility expenses	21,217	undisclosed	undisclosed	undisclosed	3,726	undisclosed	undisclosed	undisclosed	106,749
Repair expenses	4,737	undisclosed	undisclosed	undisclosed	99	undisclosed	undisclosed	undisclosed	55,483
Insurance premiums	187	undisclosed	undisclosed	undisclosed	51	undisclosed	undisclosed	undisclosed	3,819
Other expenses related to leasing business	835	undisclosed	undisclosed	undisclosed	41	undisclosed	undisclosed	undisclosed	23,152
NOI	128,546	22,715	163,432	25,776	15,976	65,690	119,959	24,892	1,211,965
Depreciation	18,028	1,669	29,226	2,223	3,790	-	21,432	2,471	168,177
Operating income (loss) from real estate leasing	110,518	21,045	134,206	23,553	12,186	65,690	98,257	22,420	1,043,787

Overview of Appraisal Report

Asset no	Asset name	Acquisition date	Acquisition price (million yen)	Book value as of the end of 11th FP (million yen)	End of 10th FP (February 28, 2023)		End of 11th FP (August 31, 2023)		Change		Appraiser	Unrealized profit or loss ^{*3} (million yen)
					Appraisal value (million yen)	Capitalization rate based on direct capitalization method (%)	Appraisal value (million yen)	Capitalization rate based on direct capitalization method (%)	Appraisal value ^{*1} (million yen)	Capitalization rate based on direct capitalization method ^{*2} (%)		
OF-01	XYMAX Nishi-Shimbashi Building	February 2018	2,500	2,516	3,340	3.3	3,420	3.2	80	-0.1	The Tanizawa Sōgō Appraisal Co., Ltd.	903
OF-02	XYMAX Iwamotocho Building	February 2018	4,250	4,388	5,930	3.3	5,900	3.3	-30	-	Japan Real Estate Institute	1,511
OF-03	XYMAX Shinjuku-Gyoen Building	February 2018	5,020	5,130	7,330	3.3	7,290	3.3	-40	-	Japan Real Estate Institute	2,159
OF-04	XYMAX Kamiyacho Building	February 2018	880	890	1,320	3.4	1,350	3.3	30	-0.1	The Tanizawa Sōgō Appraisal Co., Ltd.	459
OF-05	XYMAX Higashi-Azabu Building	February 2018	1,550	1,601	1,990	3.8	2,000	3.8	10	-	Daiwa Real Estate Appraisal Co., Ltd.	398
OF-06	XYMAX Higashi-Ueno Building	February 2018	1,150	1,165	1,660	3.9	1,660	3.9	-	-	Daiwa Real Estate Appraisal Co., Ltd.	494
OF-07	XYMAX Hachioji Building	February 2018	2,600	2,642	3,650	4.6	3,630	4.6	-20	-	Japan Real Estate Institute	987
OF-08	XYMAX Mita Building	July 2021	668	689	759	3.7	748	3.7	-11	-	Japan Real Estate Institute	58
OF-09	XYMAX Sapporo Odori Building	March 2022	4,707	4,711	4,970	3.8	4,980	3.7	10	-0.1	Japan Real Estate Institute	268
OF-10	XYMAX Kiba koen Building	March 2022	2,003	2,096	2,150	4.3	2,150	4.3	-	-	Japan Real Estate Institute	53
RT-01	Muza Kawasaki	February 2018	4,100	4,015	5,550	4.1	5,550	4.1	-	-	The Tanizawa Sōgō Appraisal Co., Ltd.	1,534
RT-02	Life Kawasaki Miyuki Store	February 2018	790	789	971	4.2	971	4.2	-	-	Daiwa Real Estate Appraisal Co., Ltd.	181
RT-03	Vita Seiseki-Sakuragaoka	February 2018	3,100	3,507	3,940	5.0	3,940	5.0	-	-	The Tanizawa Sōgō Appraisal Co., Ltd.	432
RT-04	Life Fukuizumi Store	September 2020	1,065	1,072	1,090	4.5	1,090	4.5	-	-	Daiwa Real Estate Appraisal Co., Ltd.	17
RT-05	The Park House Totsuka Front (the Retail Portions of 1st and 2nd Floors)	July 2021	540	538	633	4.5	649	4.5	16	-	The Tanizawa Sōgō Appraisal Co., Ltd.	110
RT-06	Valor Kachigawa Store (Leasehold land)	January 2022	3,245	3,289	3,410	-	3,410	-	-	-	The Tanizawa Sōgō Appraisal Co., Ltd.	120
HT-01	Hotel Vista Sendai	February 2018	4,400	4,177	5,180	4.7	5,290	4.6	110	-0.1	The Tanizawa Sōgō Appraisal Co., Ltd.	1,112
OT-02	L-Place Nishikasai	March 2022	901	929	1,040	4.4	1,070	4.3	30	-0.1	The Tanizawa Sōgō Appraisal Co., Ltd.	140
Total / Average			43,469	44,153	54,913	-	55,098	-	185	-		10,944

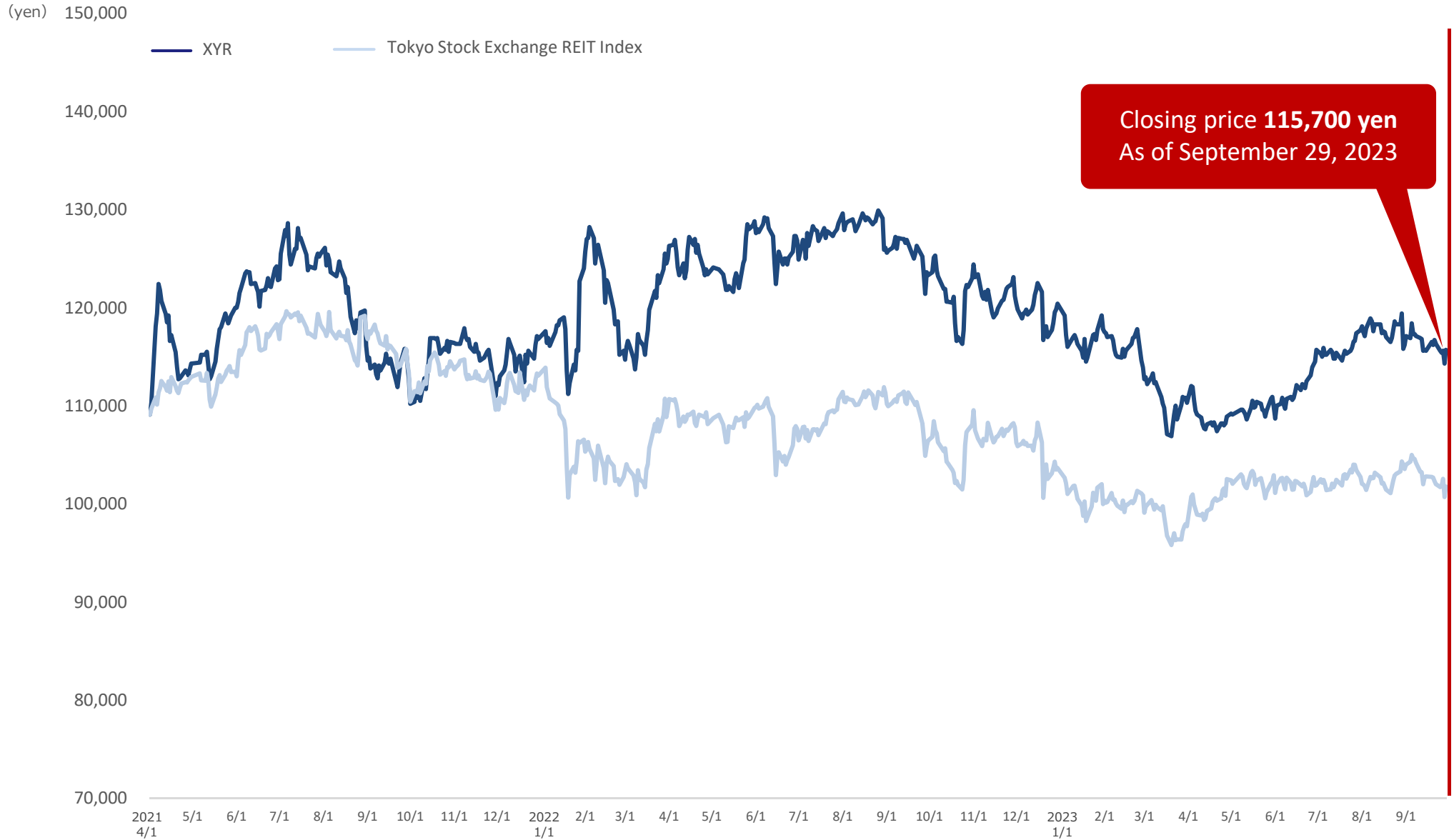
*1: The difference between the estimated value at the end of the 10th FP and the estimated value at the end of the 11th FP is indicated.

*2: The difference between the direct capitalization rate adopted in the real estate appraisal report for each portfolio asset in the calculation of estimated value at the end of the 10th FP and the direct capitalization rate adopted in the real estate report for each portfolio asset in the calculation of estimated value at the end of the 11th FP is indicated.

*3: The difference between the estimated value at the end of the 11th FP and the book value at the end of the 11th FP is indicated.

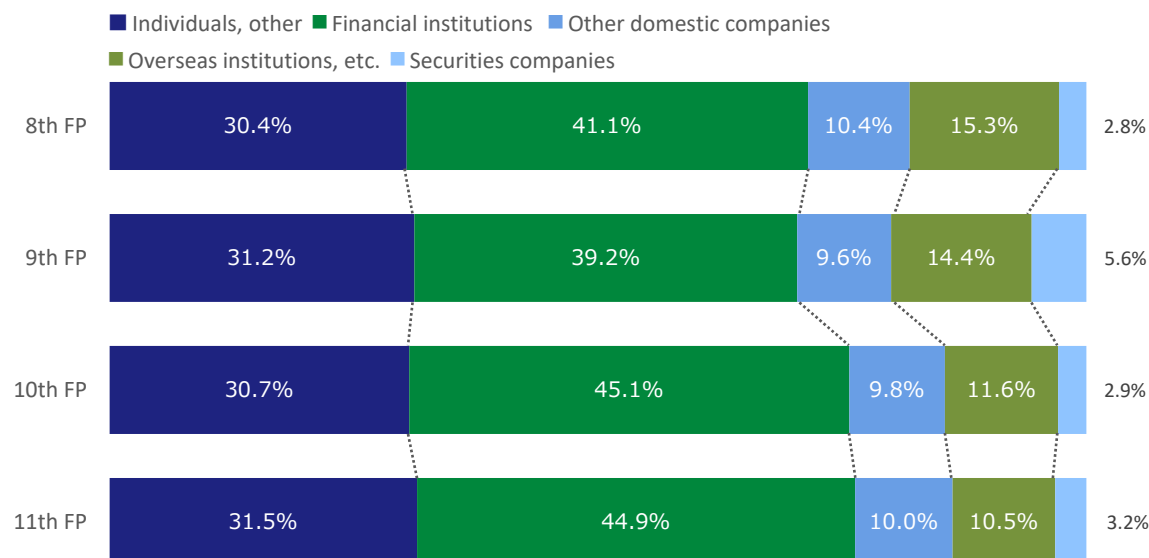
Change in Investment Unit Price

Change in investment unit price | As of September 29, 2023



* The starting point of investment unit price is set on April 1, 2021, and the Tokyo Stock Exchange REIT Index is indexed based on the opening price as of April 1, 2021.

Share of investment units by owner type



Number of unitholders by owner type

	8th FP	9th FP	10th FP	11th FP
Individuals, other	8,214	9,681	9,916	10,306
Financial institutions	33	34	34	33
Other domestic companies	162	184	193	193
Overseas institutions, etc.	110	110	129	124
Securities companies	24	23	19	19
Total	8,543	10,032	10,291	10,675

Major unitholders

(At the end of 11th FP)

Name	Number of investment units (unit)	Ratio* (%)
Custody Bank of Japan, Ltd. (Trust account)	48,525	19.43%
The Master Trust Bank of Japan, Ltd. (Trust account)	35,602	14.26%
XYMAX Corporation	12,500	5.00%
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	10,545	4.22%
BNP-PARIBAS FRANKFURT/2S/JASDEC/GERMAN RESIDENTS-AIFM	4,721	1.89%
SCBHK AC LIECHTENSTEINISCHE LANDESBANK AG	3,925	1.57%
JDC CORPORATION	3,000	1.20%
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	2,925	1.17%
BNYM SA/NV FOR BNYM FOR BNY GCM CLIENT ACCOUNTS M LSCB RD	2,829	1.13%
Osaka Shoko Shinkin Bank	2,526	1.01%
Total	127,098	50.91%

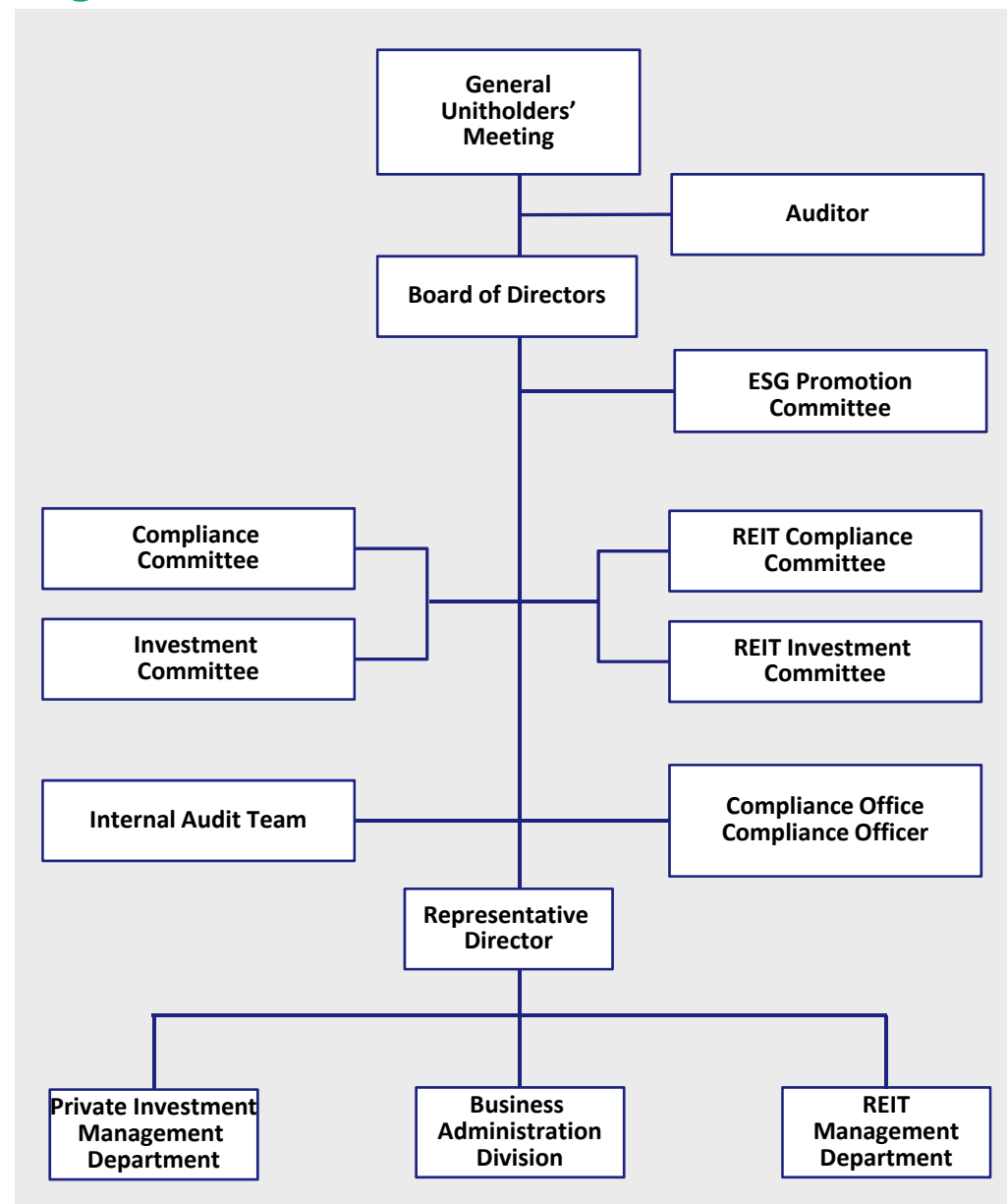
* The ratio of unitholders is rounded down to the second decimal place.

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%)
Number of employees	34 (as of October 1, 2023) including directors
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	Hideki Fukae, Representative Director and President Yasushi Yamaguchi, Director Kazuya Sugimoto, Director Akimitsu Takagi, 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 (4) No. 88223

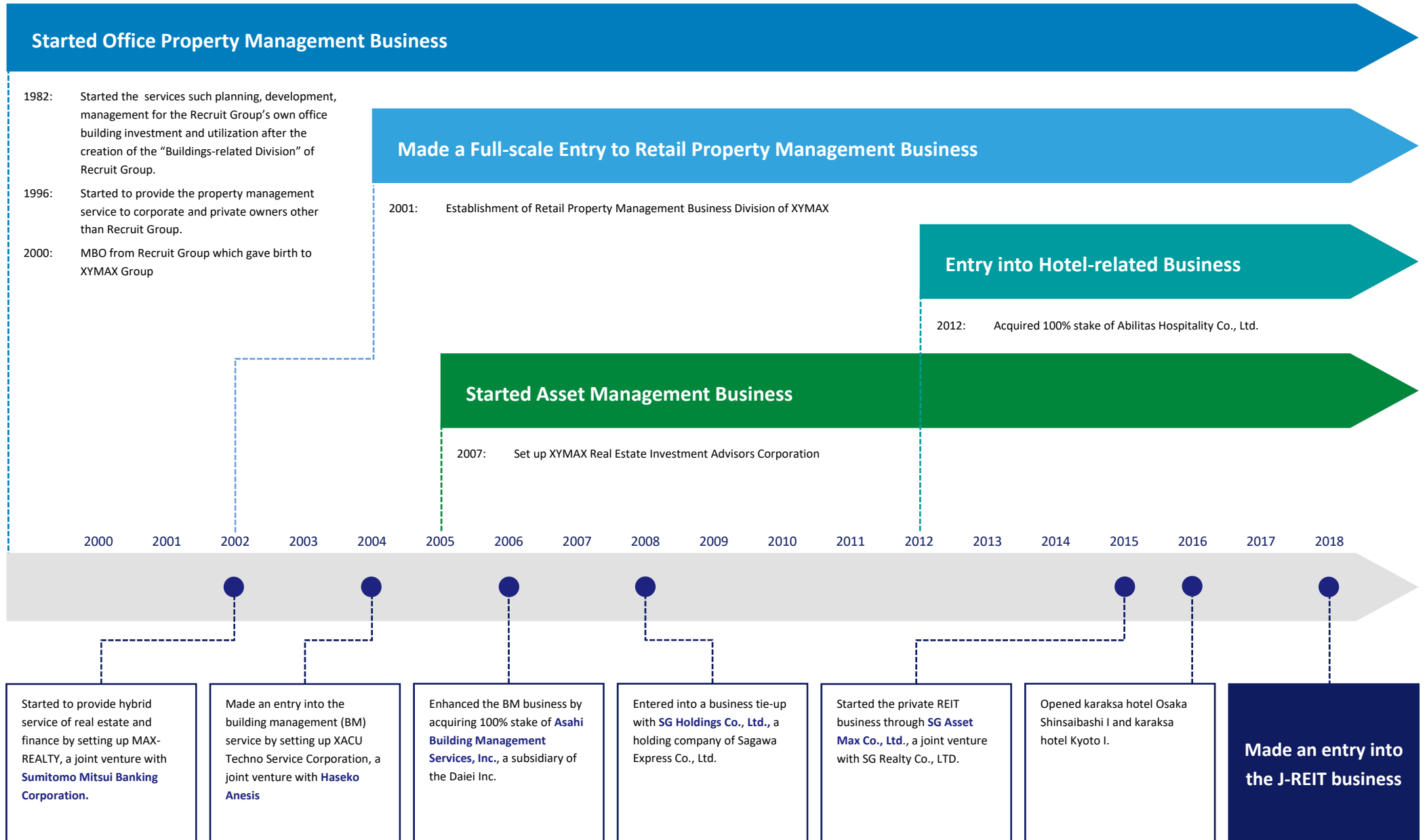
Organization



Overview of XYMAX Group

Company name	XYMAX Corporation (unlisted)		Office	Retail/Store	Logistics	Hotel	
Establishment	March 1, 1990 * Spin-off from Recruit Co., Ltd. through employee participatory MBO in 2000	Real estate consulting and management services	Real estate consulting CRE strategy, effective utilization, development/design Consulting and planning on inheritance, fund procurement, etc. Real estate appraisal, real estate evaluation and research				XYMAX XYMAX TRUST
Location of headquarters	1-1-1 Akasaka, Minato-ku, Tokyo		Asset Management Asset management Asset strategy, etc.				XYMAX REAL ESTATE INVESTMENT ADVISORS/MAX-REALTY
Capital	3,321,365,000 yen		Real estate management Property management Building maintenance				Hokkaido XYMAX HOKKAIDO East Japan XYMAX Tokai XYMAX TOKAI Kansai XYMAX KANSAI Kyushu XYMAX KYUSHU
Sales	109,049 million yen (actual results for the fiscal year ended March 2023) * Consolidated figures of the Group		Integrated management of store facilities Facility management				
Representative	Representative Director, Chairman & CEO: Masafumi Shimada Representative Director Kenji Yoshimoto	Other specialized services	Leasing brokerage XYMAX INFONISTA	Market survey/analysis Research/planning on management and repair XYMAX REAL ESTATE INSTITUTE	Hotel business KARAKSA HOTELS	Linen Supply & Cleaning XYMAX careSS Corporation	
Major shareholders	XYMAX Shareholding Association, directors & employees, clients and financial institutions Total: 351 (as of March 31, 2023)		Cleaning XYMAX SALA	Security MAX SECURITY SERVICE	Satellite office XYMAX ZXY Department	Risk management Safety Organization for Urban Renewal	
Number of employees	7,164 (as of April 1, 2023) * Consolidated figures of the Group						

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*.

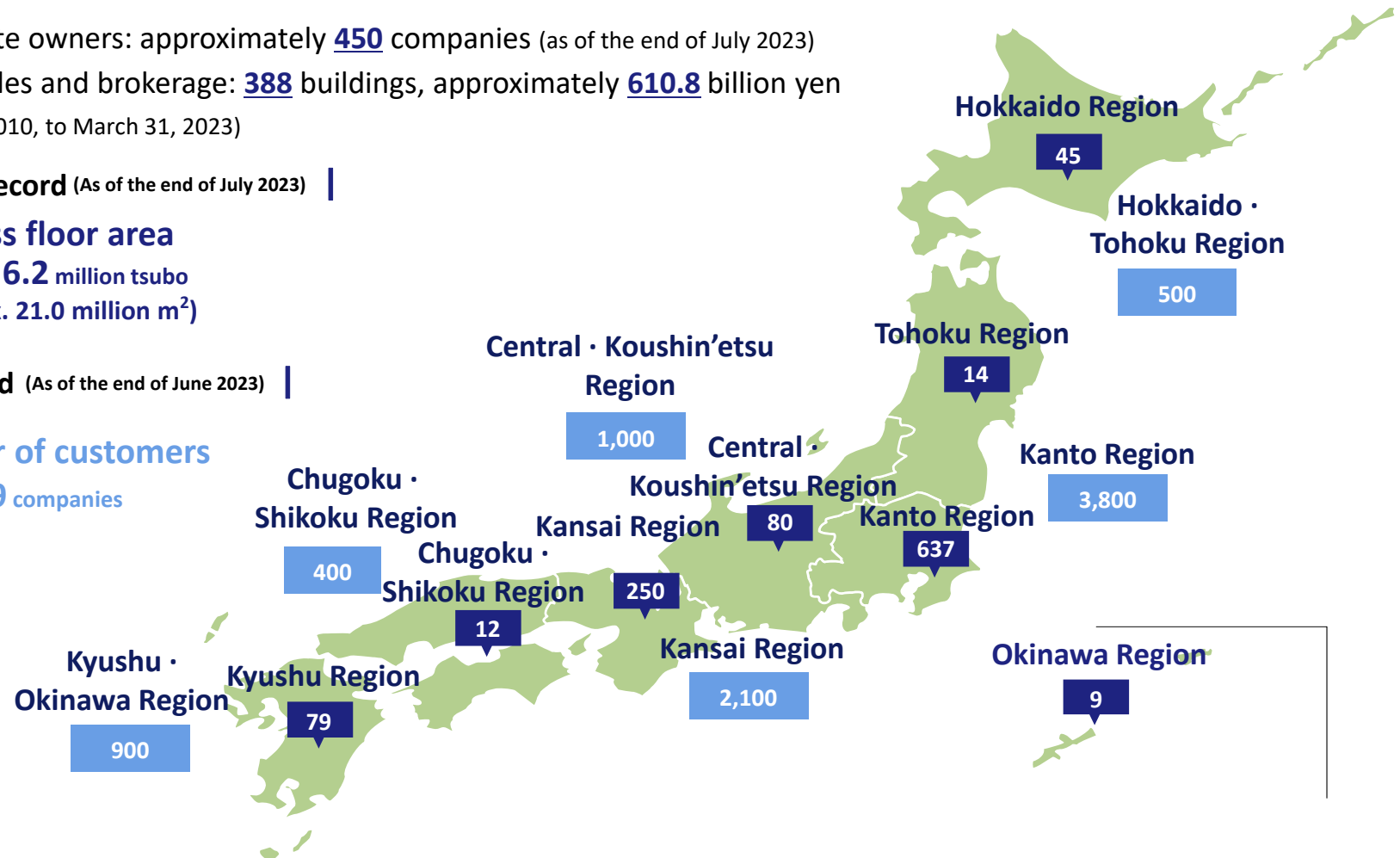
- Human resources: **2,357** people engaged in real estate management, **54** in leasing, and **66** in CRE related business (as of October 1, 2023)
- Relationship with real estate owners: approximately **450** companies (as of the end of July 2023)
- Track record in property sales and brokerage: **388** buildings, approximately **610.8** billion yen (accumulated total from April 1, 2010, to March 31, 2023)

Real estate management record (As of the end of July 2023)

Actual number of contracts 1,126 buildings	Gross floor area Approx. 6.2 million tsubo (Approx. 21.0 million m ²)
------------------------------------------------------	------------------------------------------------------------------------------------------------

Facility management record (As of the end of June 2023)

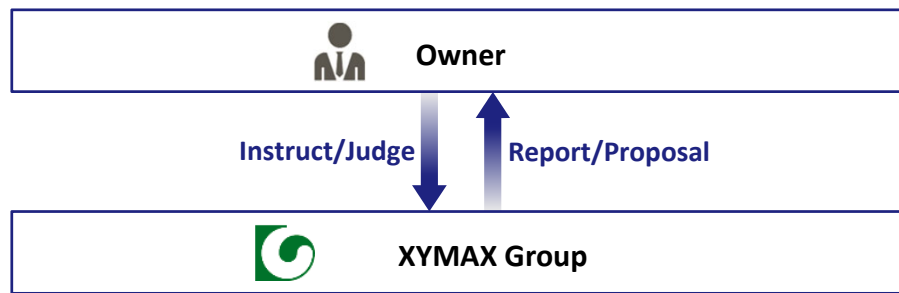
Actual number of contracts Approx. 8,700 stores	Number of customers 119 companies
-----------------------------------------------------------	---------------------------------------------



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

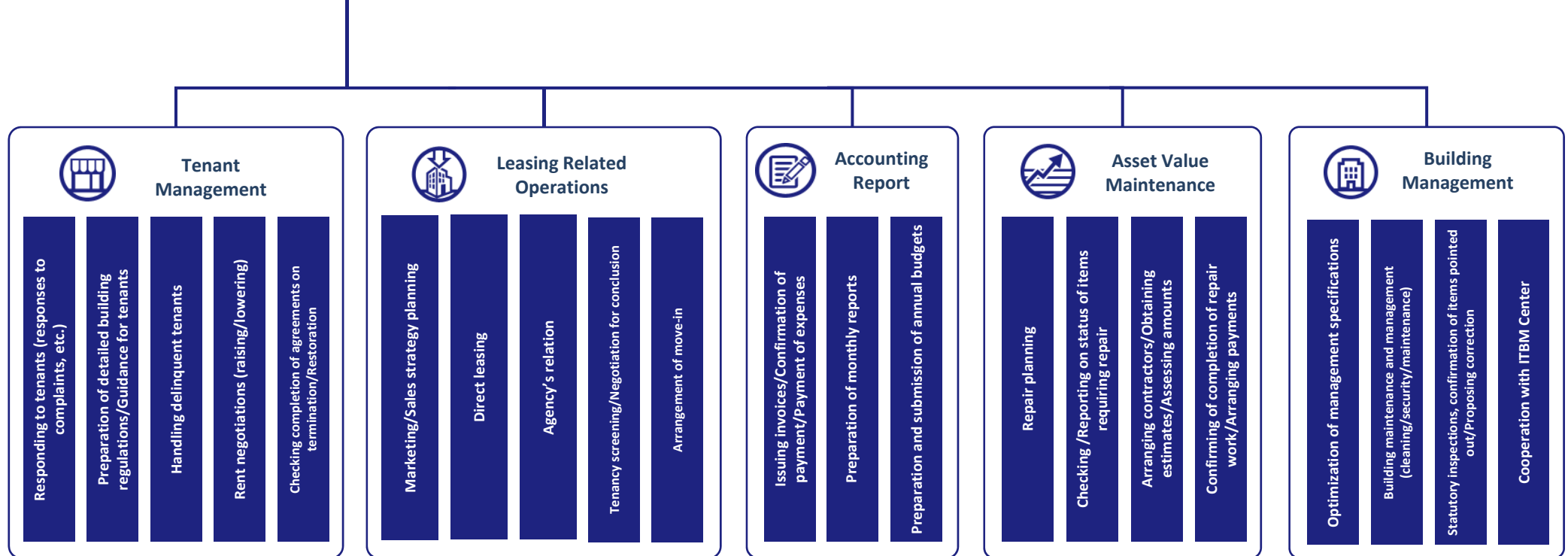
The XYMAX Group provides consistent real estate management and operation services, ranging from Property Management (acting for owners) to Building Maintenance operations. In addition, the XYMAX Group owns all kind of data on real estate management through a track record accumulated over the years.

Areas of Real Estate Management Operations



Data Related to Real Estate Management

Contracted rent data	41,718 buildings / 142,373 cases (accumulated total as of March 31, 2023)
Asking rent data	59,151 buildings (accumulated total as of March 31, 2023) 19,254 cases (as of March 31, 2023)
Construction work data	173,316 cases (accumulated total as of February 28, 2023)



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

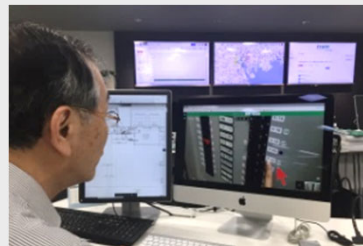
TAs give backup to all building maintenance sites

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.



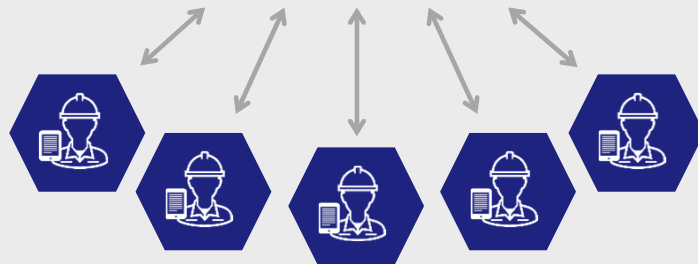
Checking with and giving instructions to the site by the ITBM Center

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.



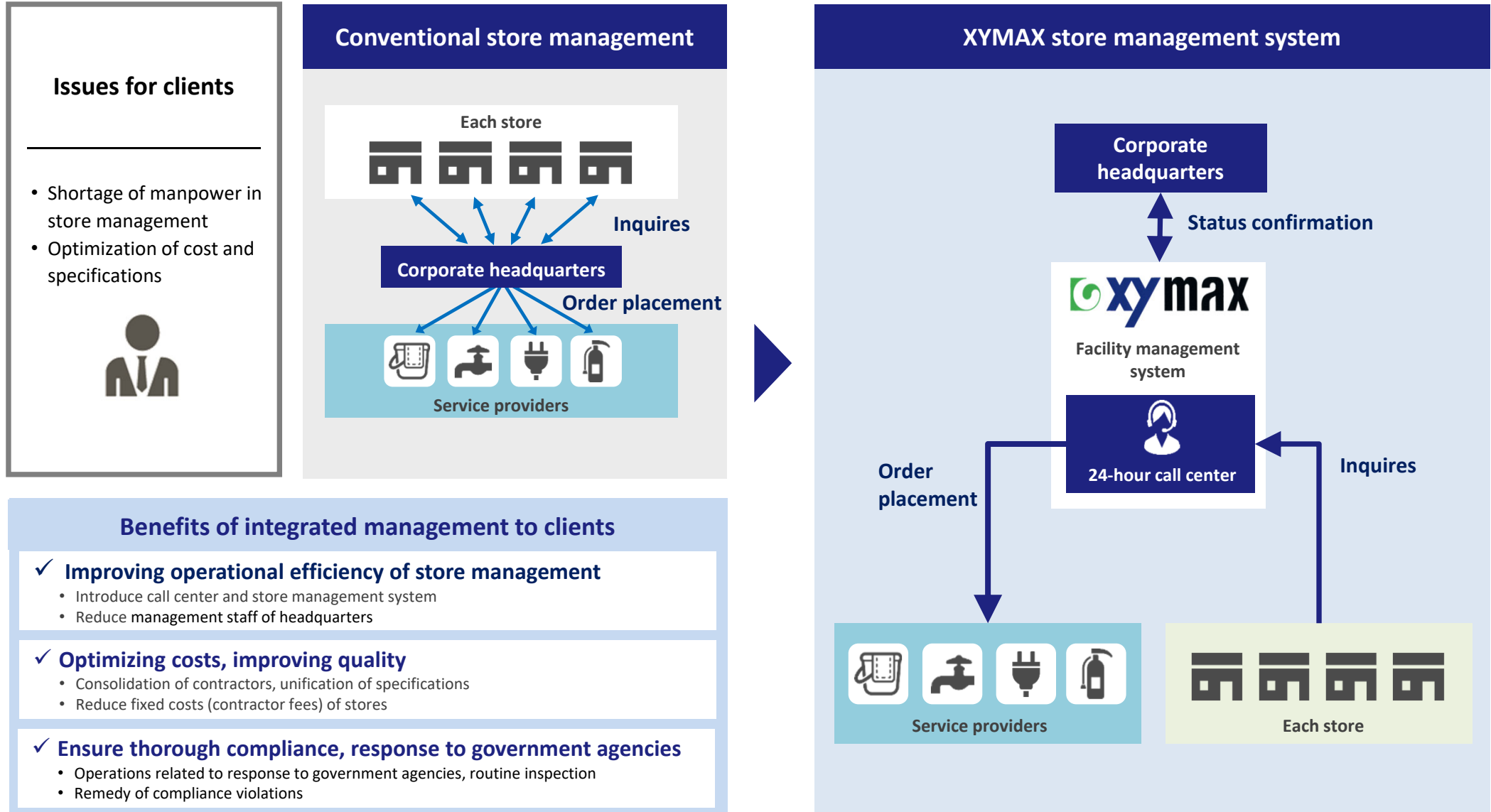
Video at the time of a fire in a building near a property managed by the Company. The video was linked to the ITBM Center after people in the building were safely evacuated. It was then used in reporting the status to the owner and the head office.



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.



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**

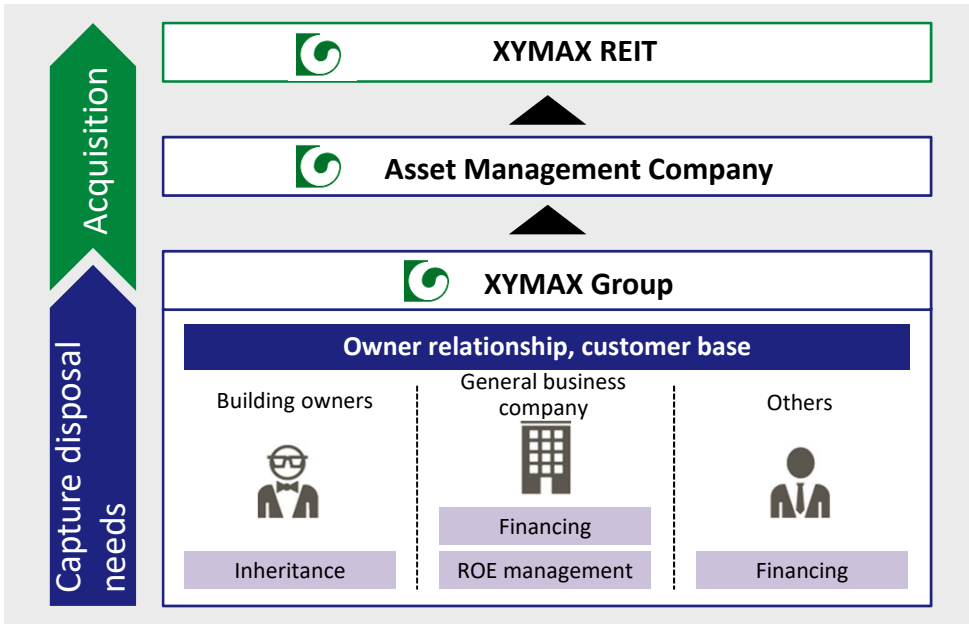


80% or more of the portfolio consists of office, retail, and hotel properties

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

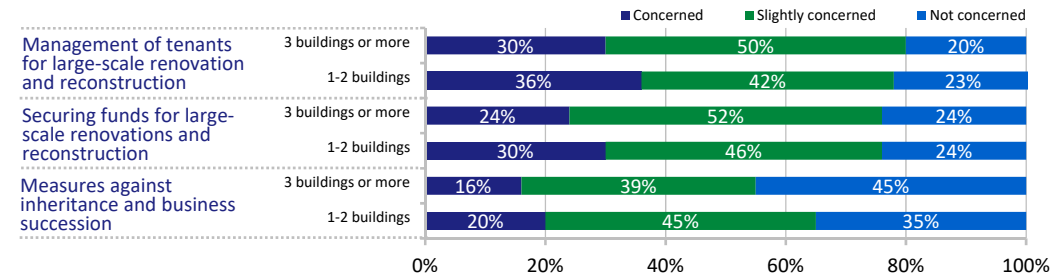


- More than 70% of real estate owners are concerned over about large-scale renovations of owned properties, tenant management, and securing funds for reconstruction
→ Identifies needs of property disposal arising due to the problem or concern about necessary funds
- Concern for inheritance and business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

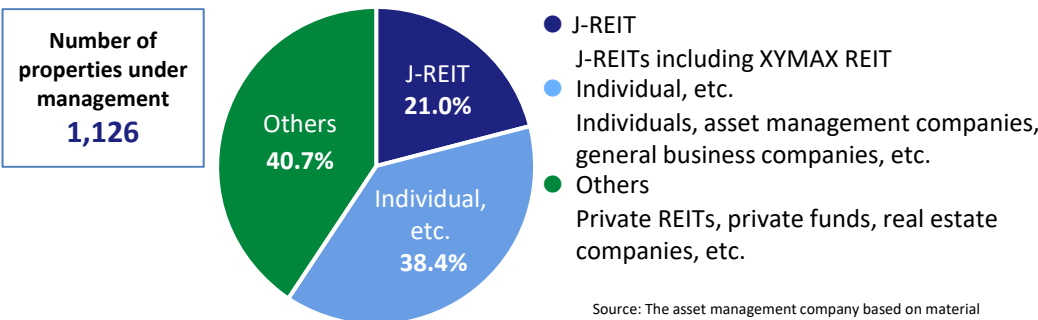


Source: "Building Owner Survey 2017" by XYMAX Real Estate Institute

Diversity among real estate owners

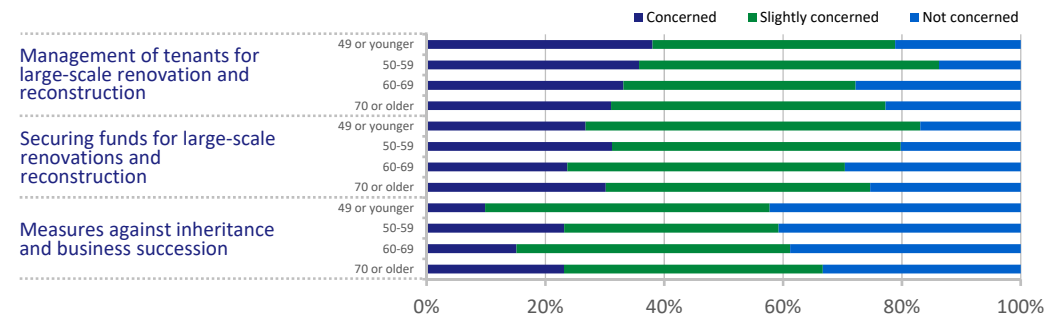
Percentage of client types for real estate management business

(As of the end of July 2023)



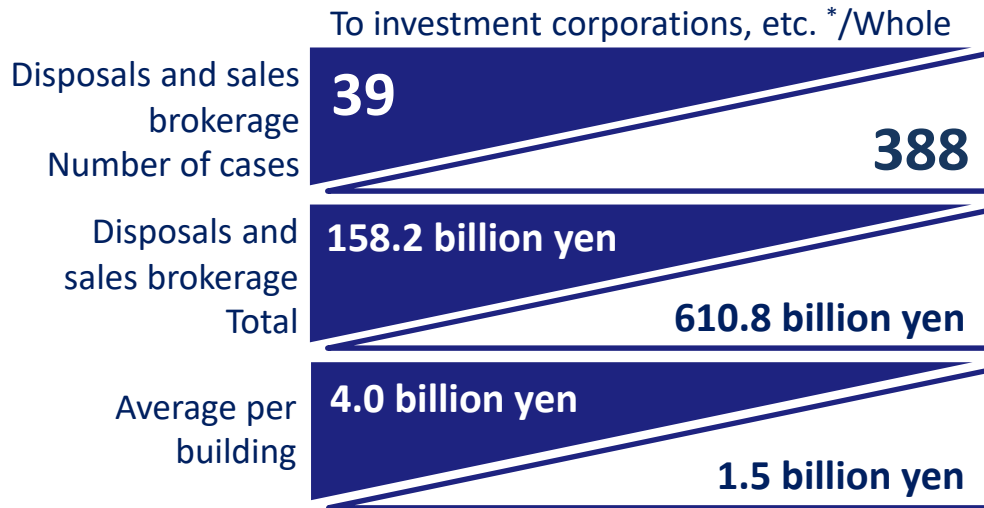
Source: The asset management company based on material provided by XYMAX Corporation

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

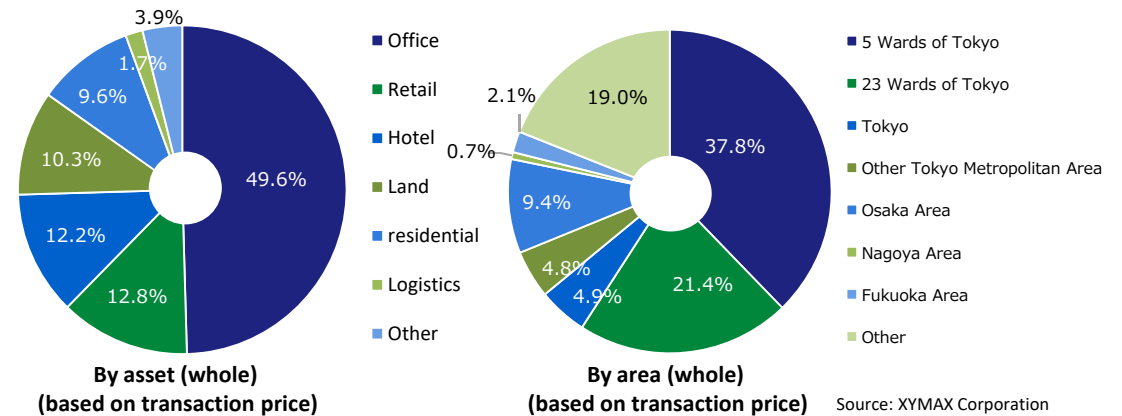


Source: Created by XYMAX Real Estate Institute based on the request from the asset management company

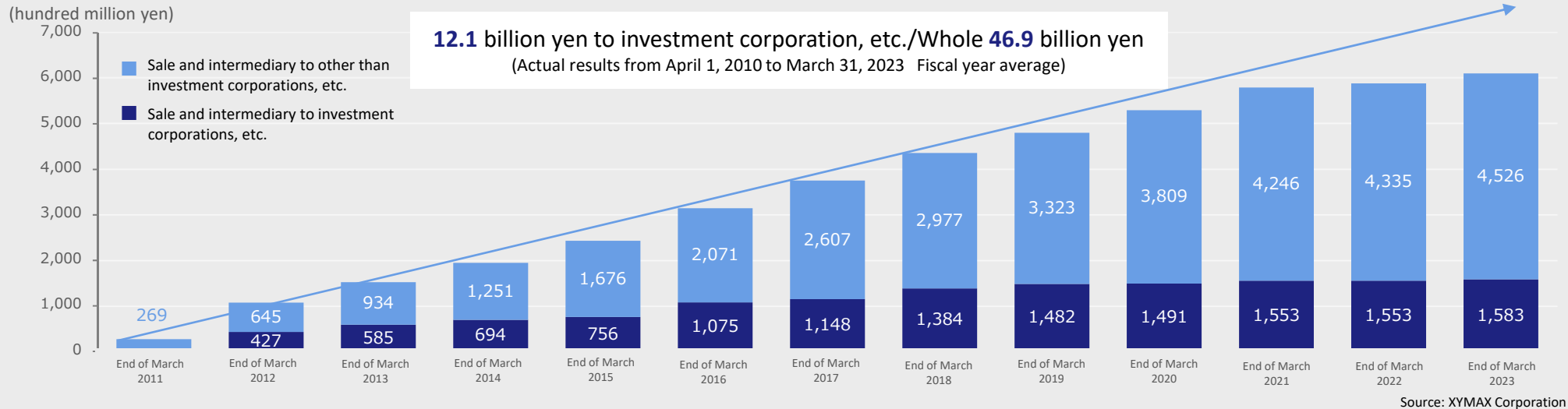
External growth (number of cases, total amount and area) by capitalizing on track record in real estate sales and brokerage.



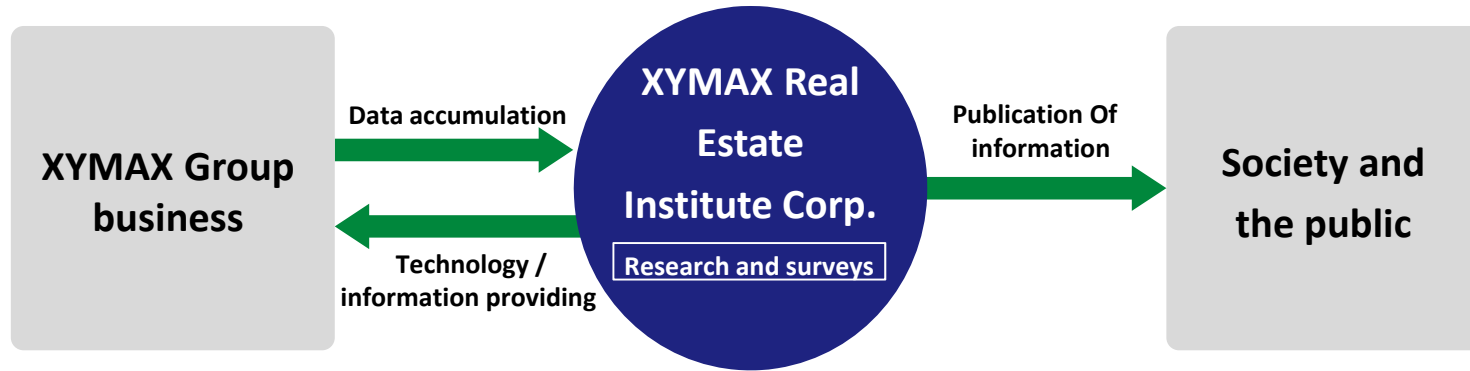
Use and geographical area of real estate in real estate disposals and real estate sales brokerage results



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



Details of the information delivered

We are providing the public with the results of analysis and research from a unique perspective based on the data we have gathered.

XYMAX Real Estate Institute Website
(Japanese version only)



Survey and analysis of the real estate market

- Quarterly announcement of benchmarks for the rental office market
- Development of new benchmarks/contracted rent DI, new contracted rent index, etc.
- Disclose the Office Pyramid
- Announcement of forecasts for the volume of new offices in Tokyo and Osaka
- Fact finding surveys of small and medium-sized building owners
- Fact finding surveys of retail stores (renovations, openings/closings)

Survey and analysis of tenants

- Announcement of office floorspace per person and rent per person
- Analysis of lease periods of office tenants and retail tenants
- Tenant opinion surveys regarding offices, office fire prevention, how offices are being used, etc.

Survey and analysis of energy

- Survey on energy consumption and costs for office buildings
- Analysis of the economic feasibility of environment management

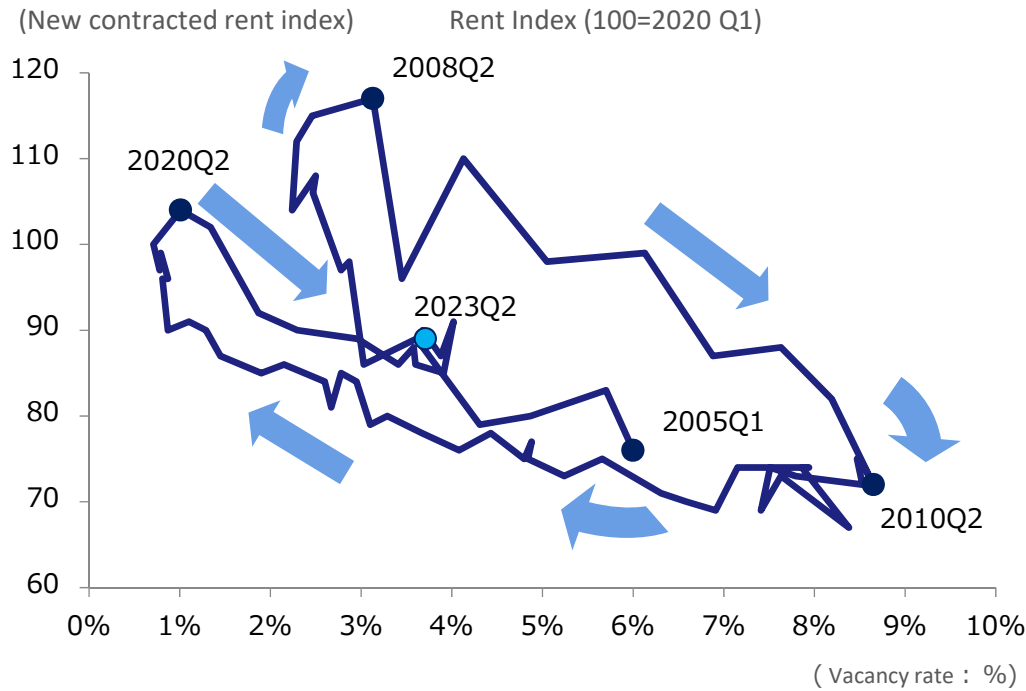
Survey and analysis on workstyles and offices

- Survey on office demand in major metropolitan areas
- Survey on office workers in the Tokyo Metropolitan Area

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

- Posting: Various newspapers, magazines, TV, and others
- Contribution: ARES Real Estate Securitization Journal, The Japanese journal of real estate sciences, Real Estate Fund Review, etc.
- Lectures: Ministry of Land, Infrastructure, Transport and Tourism, Tokyo Metropolitan Government, The Real Estate Companies Association of Japan (RECAJ) (A public interest incorporated association), Japan Facility Management Association, Japan Building Management Institute, Japan Telework Society, etc.
- Joint study: Hitotsubashi Univ., Waseda Univ., Keio Univ., Nihon Univ., Univ. of Hyogo, etc.

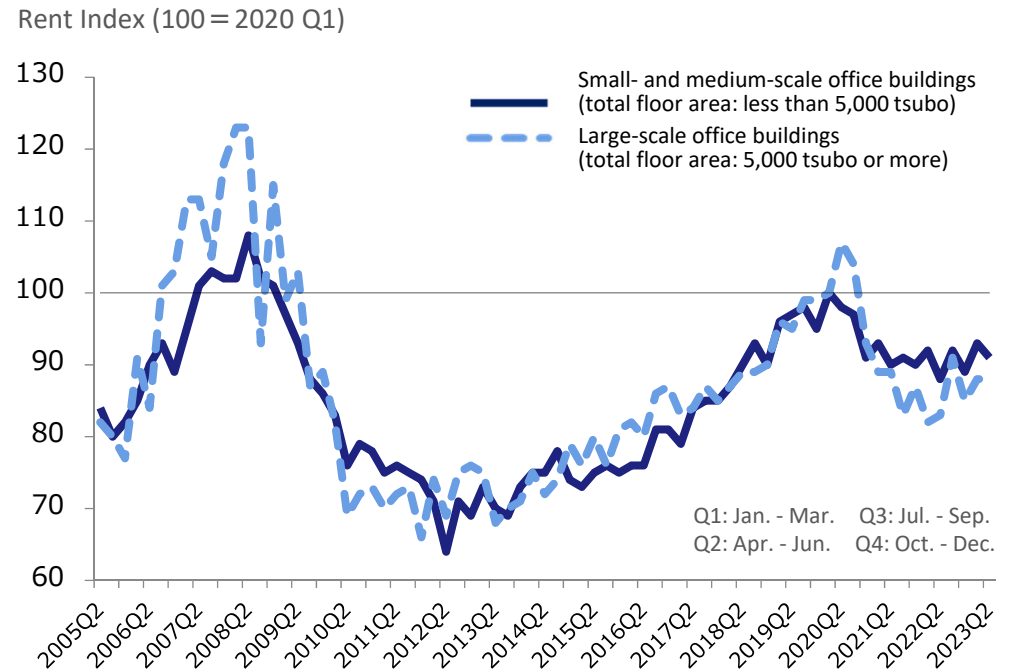
Office market cycle in the 23 wards of Tokyo



	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2
Vacancy rate	3.91%	4.02%	3.88%	3.68%	3.71%
New contracted rent index	85	91	87	90	89

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

New contracted rent by office building scale



	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2
Small- and medium-scale office buildings (total floor area: less than 5,000 tsubo)	88	92	89	93	91
Large-scale office buildings (total floor area: 5,000 tsubo or more)	83	91	85	88	88

Source: Survey Report by XYMAX Real Estate Institute Corp. "Office Market Report Tokyo Q2 2023"

Membership satellite office business “ZXY” leading work-style reform

| New work-place for “ZXY-Work(free work-style)” |



Using clean energy

Energy, including electricity and gas at all of ZXY’s directly managed, is in effect electricity sourced from renewable energy.

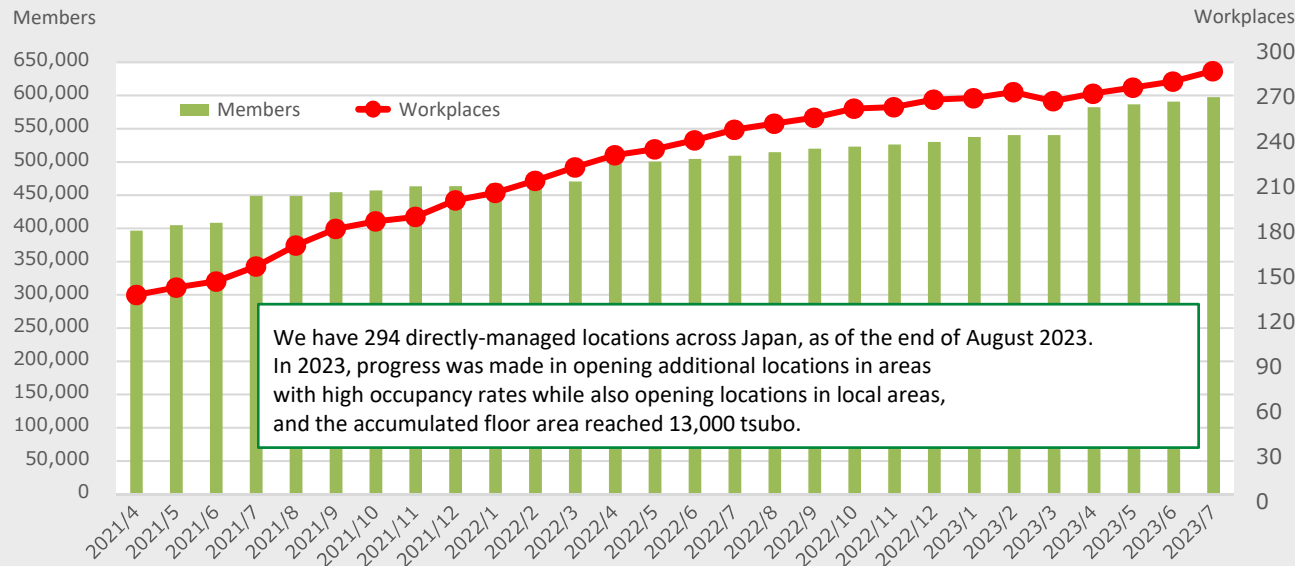
*We have procured and are using J-Credits for renewable energy equivalent to the annual CO₂ emissions for FY2022.



Starting in December 2022, we began a partnership with CocoDesk, which is operated by FUJIFILM Business Innovation Corp.

A total of 100 CocoDesks installed mainly in Tokyo Metro stations became available for use via ZXY members’ website.

■ Change in number of memberships and workplaces



We have 294 directly-managed locations across Japan, as of the end of August 2023. In 2023, progress was made in opening additional locations in areas with high occupancy rates while also opening locations in local areas, and the accumulated floor area reached 13,000 tsubo.



In August 2023, we opened ZXY Sakae, our first location in the Nagoya area.

Apart from the Tokyo Metropolitan Area, our location network has expanded to include major local cities, i.e., Sapporo, Sendai, Nagoya, Osaka, and Hakata.

Source: XYMAX Corporation

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



Tokyo

- May 2019 57 rooms karaksa hotel premier Tokyo Ginza *
- July 2019 151 rooms karaksa hotel TOKYO STATION *
- Mar. 2023 95 rooms karaksa hotel colors Tokyo Yaesu *



karaksa hotel premier Tokyo Ginza

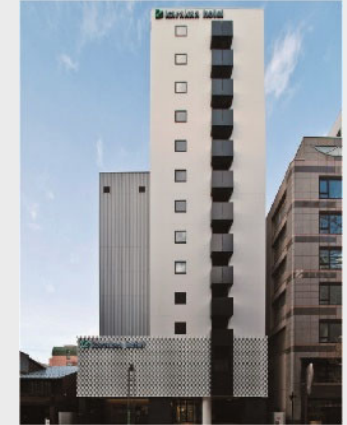


karaksa hotel TOKYO STATION

karaksa hotel colors Tokyo Yaesu

Hokkaido

- Jan. 2018 177 rooms karaksa hotel Sapporo *



karaksa hotel Sapporo

Osaka

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



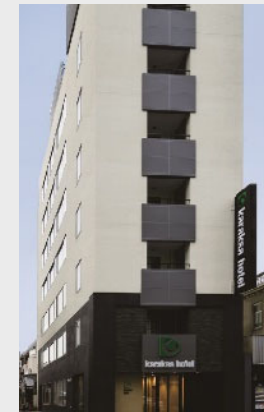
karaksa hotel Osaka Namba



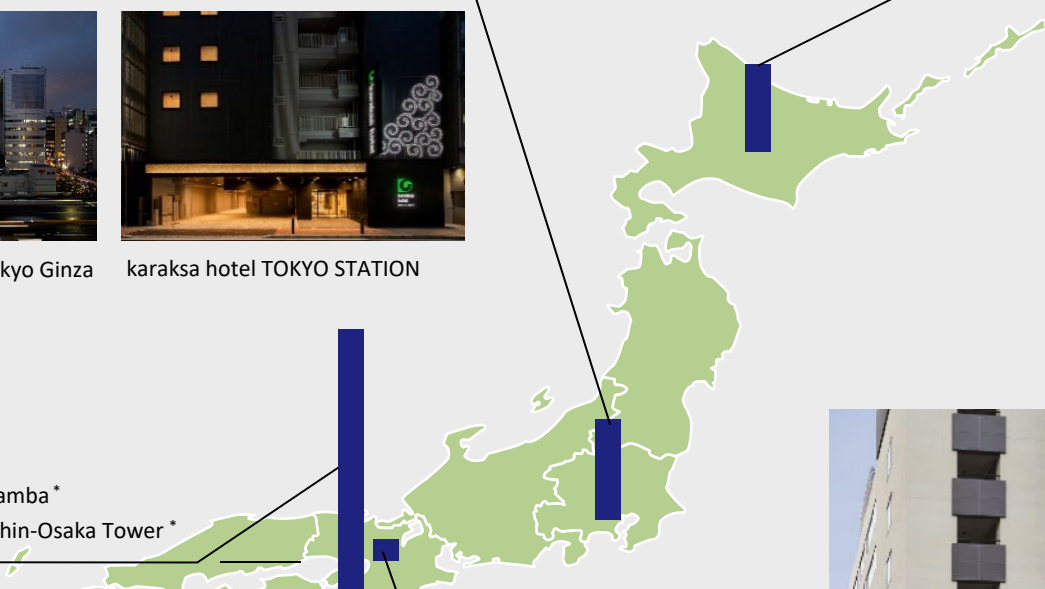
karaksa hotel grande Shin-Osaka Tower

Kyoto

- Mar. 2016 36 rooms karaksa hotel Kyoto I *



karaksa hotel Kyoto I



Source: XYMAX Corporation (as of August 2023)

* 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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