

(REIT) Financial Report for the Fiscal Period Ended February 2020

April 15, 2020

REIT Securities Issuer: XYMAX REIT Investment Corporation Listing: Tokyo Stock Exchange
 Securities Code: 3488 URL: <https://xymaxreit.co.jp/en/index.html>
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Scheduled date for submission of securities report: May 28, 2020

Scheduled date for commencement of distribution payment: May 22, 2020

Supplementary materials for financial results: Yes

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

(Amounts are rounded down to the nearest million yen)

1. Status of Management and Assets for the Fiscal Period Ended February 2020 (from September 1, 2019 to February 29, 2020)

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

	Operating revenue		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal period ended Feb. 2020	1,343	(0.4)	724	(0.3)	672	(1.4)	671	(1.5)
Fiscal period ended Aug. 2019	1,348	2.7	726	(15.2)	682	(15.1)	681	(15.1)

	Net income per unit	Return on equity	Ratio of ordinary income to total assets	Ratio of ordinary income to operating revenue
	yen	%	%	%
Fiscal period ended Feb. 2020	3,007	2.9	1.8	50.1
Fiscal period ended Aug. 2019	3,052	2.9	1.9	50.6

(2) Distribution

	Distribution per unit (excluding distribution in excess of earnings)	Total distribution (excluding distribution in excess of earnings)	Distribution in excess of earnings per unit	Total distribution in excess of earnings	Payout ratio	Ratio of distribution to net assets
	yen	million yen	yen	million yen	%	%
Fiscal period ended Feb. 2020	3,007	671	-	-	100.0	2.9
Fiscal period ended Aug. 2019	3,052	681	-	-	100.0	2.9

(3) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per unit
	million yen	million yen	%	yen
Fiscal period ended Feb. 2020	36,587	23,257	63.6	104,107
Fiscal period ended Aug. 2019	36,629	23,267	63.5	104,152

(4) Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
Fiscal period ended Feb. 2020	761	(149)	(681)	2,900
Fiscal period ended Aug. 2019	799	(48)	(802)	2,970

2. Operating Forecasts for the Fiscal Period Ending August 2020 (from March 1, 2020 to August 31, 2020) and Fiscal Period Ending February 2021 (from September 1, 2020 to February 28, 2021)

(% 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 Aug. 2020	1,368	1.9	752	4.0	704	4.7	703	4.7	3,150	-
Fiscal period ending Feb. 2021	1,323	(3.3)	723	(3.9)	663	(5.8)	662	(5.8)	2,966	-

(Reference) Forecast net income per unit
(Forecast net income ÷ Forecast total number of investment units issued and outstanding at end of period)
Fiscal period ending August 2020: 3,149 yen Fiscal period ending February 2021: 2,966 yen

* Other

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

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

(2) Total number of investment units issued and outstanding

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

Fiscal period ended Feb. 2020	223,400 units	Fiscal period ended Aug. 2019	223,400 units
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- ii. Number of treasury investment units at end of period

Fiscal period ended Feb. 2020	0 units	Fiscal period ended Aug. 2019	0 units
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(Note) For the number of investment units serving as the basis for calculation of net income per unit, please see "Notes on Per Unit Information" on page 24.

* 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. Key factors that could affect the actual operational status include a decline in rent revenue, non-payment of rent and bankruptcy of tenants occupying owned properties, as a result of the further spread of the new coronavirus infectious diseases and the prolongation of the period until the contagion converges. Factors affecting the investment status are not limited to these. In addition, the forecasts are not a guarantee of the amount of distribution. For the assumptions underlying the operating forecasts, matters of note in the use of the operating forecasts, etc., please see "Assumptions Underlying the Operating Forecasts for the Fiscal Period Ending August 2020 (from March 1, 2020 to August 31, 2020) and Fiscal Period Ending February 2021 (from September 1, 2020 to February 28, 2021)" on page 5. Accordingly, the actual operating revenue, operating income, ordinary income, net income, distribution per unit and distribution in excess of earnings per unit may vary due to changes in the circumstances.

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1. Management Status

(1) Overview of the Fiscal Period under Review

I. Brief History of the Investment Corporation

XYMAX REIT was incorporated under the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended) (hereinafter, the "Investment Trusts Act") with XYMAX REAL ESTATE INVESTMENT ADVISORS Corporation (hereinafter, the "Asset Management Company") as the organizer and investments in capital of 300 million yen (3,000 units) on September 14, 2017, and completed the registration with the Kanto Local Finance Bureau on October 31, 2017 (Registration No. 131 with the Director-General of the Kanto Local Finance Bureau). Later, XYMAX REIT implemented an issuance of new investment units through public offering (209,905 units) with February 14, 2018 as the payment due date, and listed on the Real Estate Investment Trust Securities Market of Tokyo Stock Exchange, Inc. (hereinafter, "Tokyo Stock Exchange") on February 15, 2018 (securities code: 3488). In addition, an issuance of new investment units through third-party allotment (10,495 units) was implemented on March 20, 2018.

These resulted in total number of investment units issued and outstanding of 223,400 units as of the last day of the fiscal period.

XYMAX REIT utilizes the real estate management (Note 1) strengths of the XYMAX Group (Note 2) to conduct appropriate portfolio management and thereby maximize the value of real estate with the aim of maximizing unitholder value.

(Note 1) "Real estate management" collectively refers to property management, comprehensive building maintenance services, and combined property management and comprehensive building maintenance services (including cases where contracted with such services in subleasing cases). The same shall apply hereinafter.

(Note 2) "XYMAX Group" refers to the corporate group comprising XYMAX Corporation and its consolidated subsidiaries and affiliates accounted for using the equity method. The same shall apply hereinafter.

II. Management Environment

In the fiscal period, the real GDP growth rate for the October to December quarter of 2019 was down 1.8% (down 7.1% annually) for the first time in 5 quarters, partly due to the effects of the consumption tax hike in October 2019 and large-scale typhoons. The effects of the new coronaviruses have heightened concerns that economic activity in Japan and overseas will stagnate. Against this backdrop, financial markets have been turbulent, including a global stock market crash. As a result, the gradual but ongoing economic recovery and growth trend remains uncertain.

Under these circumstances, the following developments have been observed in the markets for offices, Retail and hotels, and the real estate market, in which the Investment Corporation is primarily invested.

Regarding offices, according to the Office Market Report Tokyo 2019Q4 (Note), published by Xymax Real Estate Research Institute, Inc., the vacancy rate in Tokyo's 23 wards in Q4 2019 was 0.78%, down 0.01 percentage points from the previous quarter. Regardless of the area, age, and other office specifications, the trend for companies to secure office floors remained steady.

In Retail, retail sales for the 4Q of 2019 were 96.2% year on year, according to METI's commerce statistics. Consumer spending declined sharply due to the consumption tax hike. However, the outlook for the future is also highly influenced by the new coronaviruses, and we cannot be optimistic about the recovery.

As for hotels, according to the Japan Tourism Agency's Overnight Travel Statistics Survey, the total number of guests in the first half of 2019 (January to June) grew 4.4% year on year, but in the second half (July to December) it decreased 2.0%. The number of visitors to Japan decreased by 0.3% in the second half of the previous fiscal year, as announced by the Tourism Bureau of the Japanese Government. In the second half of the year, the deterioration in Japan-Korea relations caused the number of Korean tourists to fall 51.1%, while the number of Chinese tourists rose 17.1%, making up for the sharp drop in the number of Korean tourists. The effects of the new coronaviruses are expected to have a significant negative impact on the overall hotel industry as the number of visitors to Japan, particularly in China, and domestic demand for business hotels is expected to decline sharply.

In the real estate trading market, against the backdrop of favorable funding conditions, competition for acquisition of real estate is continuing. However, considering the impact of the new coronaviruses on market

participants, it is difficult to predict future trends in the investment market.

(NOTE) Please refer to the website (<https://soken.xymax.co.jp/>) of Xymax Real Estate Institute, Inc. for more detailed information on the survey results.

III. Management Status

As of the last day of the fiscal period under review, XYMAX REIT had 12 properties in its portfolio. Its total acquisition price stood at 33,040 million yen, a total leasable area at 72,701.04 m² and total leased area at 71,771.87 m². The occupancy rate as of the last day of the fiscal period under review was 98.7%.

IV. Financing Status

(Equity Financing)

In the fiscal period under review, XYMAX REIT did not procure funds through issuance of new investment units. As of the last day of the fiscal period under review, unitholders' capital was 22,585 million yen.

(Debt Financing)

In the fiscal period under review, XYMAX REIT refinanced 1,014 million yen of short-term loans and 2,336 million yen of long-term loans, all of which matured on January 31, 2020.

As a result, outstanding borrowings as of the end of the fiscal period was 11,680 million yen.

V. Overview of Business Performance

Business performance in the fiscal period under review resulted in operating revenue of 1,343 million yen, operating income of 724 million yen, ordinary income of 672 million yen and net income of 671 million yen.

Concerning distribution for the fiscal period under review, pursuant to the distribution policy provided in XYMAX REIT's Articles of Incorporation, the decision was made to distribute unappropriated retained earnings in the amount of 671,763,800yen, which is the largest integral multiple of the total number of investment units issued and outstanding (223,400 units) by application of special provisions for taxation on investment corporations (Article 67-15 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957, as amended)). This resulted in distribution per unit of 3,007yen.

(2) Outlook for the Next Fiscal Period

I. General Management Outlook

(A) External Growth Strategy

Capture wide range of real estate disposition needs through real estate management customer base

XYMAX REIT captures real estate disposition needs from the customer base of the XYMAX Group based on a sponsor support agreement with XYMAX Corporation with the aim to lead such needs to property acquisition opportunities for XYMAX REIT.

(B) Internal Growth Strategy

Utilization of the real estate management insight and know-how and network of the XYMAX Group

Through the sponsor support agreement with XYMAX Group, XYMAX REIT is provided with various real estate management insight, know-how, databases, management systems, private fund management experience, etc. On this basis, XYMAX REIT can and will perform stable and efficient management.

(C) Financial Strategy

Financial management with emphasis on stability and soundness, and LTV ratio control

XYMAX REIT shall execute a financial strategy that places emphasis on stability and soundness and secure agility in fund procurement, taking into consideration the securing of stable revenue over the medium to long term, steady growth in size of assets under management and stability of management.

II. Significant Subsequent Events

Not applicable.

III. Operating Forecasts

XYMAX REIT's operating forecasts for the fiscal period ending August 2020 (from March 1, 2020 to August 31, 2020) and Fiscal Period Ending February 2021 (from September 1, 2020 to February 28, 2021) are as follows:

	Operating revenue	Operating income	Ordinary income	Net income	Distribution per unit (excluding distribution in excess of earnings)	Distribution in excess of earnings per unit
	million yen	million yen	million yen	million yen	yen	yen
Fiscal period ending Aug. 2020	1,368	752	704	703	3,150	-
Fiscal period ending Feb. 2021	1,323	723	663	662	2,966	-

Furthermore, for the assumptions underlying the operating forecasts, please refer to "Assumptions Underlying the Operating Forecasts for the Fiscal Period Ending August 2020 (from March 1, 2020 to August 31, 2020) and Fiscal Period Ending February 2021 (from September 1, 2020 to February 28, 2021)" presented later in this document.

(Note) The forecast figures above are the current forecast figures calculated under certain assumptions. 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. In addition, the forecasts are not a guarantee of the amount of distribution.

Assumptions Underlying the Operating Forecasts for the Fiscal Period Ending August 2020 (from March 1, 2020 to August 31, 2020) and Fiscal Period Ending February 2021 (from September 1, 2020 to February 28, 2021)

Item	Assumption																								
Accounting period	<ul style="list-style-type: none"> Fiscal period ending August 2020 (5th fiscal period) (from March 1, 2020 to August 31, 2020) (184 days) Fiscal period ending February 2021 (6th fiscal period) (from September 1, 2020 to February 28, 2021) (181 days) 																								
Assets under management	<ul style="list-style-type: none"> The assumption is that the real estate trust beneficiary rights held by XYMAX REIT as of today (total of 12 properties) (hereinafter, the "current portfolio assets") will continue to be held and there will be no acquisition of new properties other than the current portfolio assets through to the end of the fiscal period ending February 2021 (6th 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 calculated on the basis of mainly the budgeted operating figures submitted by the operator and based on the method of calculation provided in the lease agreement. [Hotel Vista Sendai] Fixed rent: Monthly amount of 20.0 million yen Variable rent: The monthly variable rent shall be the amount equal to the total variable rent received by the lessee from the sublessee (hereinafter, "variable rent from subtenant" (Note)) in the past 12 months, including said month, divided by 12. Due to the spread of the new coronavirus infectious diseases, there have been conspicuous moves to refrain from business, tourism, and other travel, particularly in this hotel, which are mainly used by Japanese customers, since March 2020. Under the current forecast, the variable rent of sublessee, which is the basis for calculating variable rent will decrease. Therefore, the variable rent is forecasted from a conservative viewpoint, assuming that this situation will continue to affect the tenants for 12 months or more in the future. <p>(Note) "Variable rent from subtenant" refers to the amount calculated by multiplying gross sales from the hotel operations of the sublessee by a certain percentage. Actual effective percentage is not disclosed, because consent for disclosure has not been obtained from the sublessee.</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th>Fiscal period ending Aug. 2020 (5th fiscal period)</th> <th>Fiscal period ending Feb. 2021 (6th fiscal period)</th> </tr> </thead> <tbody> <tr> <td>Variable rent</td> <td>28million yen</td> <td>4million yen</td> </tr> </tbody> </table> <ul style="list-style-type: none"> The assumption is that there will be no delinquent or unpaid rent by tenants and no gain (loss) on sales of real estate properties. 		Fiscal period ending Aug. 2020 (5th fiscal period)	Fiscal period ending Feb. 2021 (6th fiscal period)	Variable rent	28million yen	4million yen																		
	Fiscal period ending Aug. 2020 (5th fiscal period)	Fiscal period ending Feb. 2021 (6th fiscal period)																							
Variable rent	28million yen	4million yen																							
Operating expenses	<ul style="list-style-type: none"> Of operating expenses, the main components are as follows: <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th>Fiscal period ending Aug. 2020 (5th fiscal period)</th> <th>Fiscal period ending Feb. 2021 (6th fiscal period)</th> </tr> </thead> <tbody> <tr> <td>Expenses related to leasing business [Total]</td> <td>493million yen</td> <td>480million yen</td> </tr> <tr> <td> Management fees</td> <td>84million yen</td> <td>84million yen</td> </tr> <tr> <td> Repair expenses</td> <td>40million yen</td> <td>34million yen</td> </tr> <tr> <td> Property taxes</td> <td>133million yen</td> <td>133million yen</td> </tr> <tr> <td> Depreciation</td> <td>129million yen</td> <td>134million yen</td> </tr> <tr> <td>Other than expenses related to leasing business [Total]</td> <td>121million yen</td> <td>119million yen</td> </tr> <tr> <td> Asset management fees</td> <td>77million yen</td> <td>76million 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. 		Fiscal period ending Aug. 2020 (5th fiscal period)	Fiscal period ending Feb. 2021 (6th fiscal period)	Expenses related to leasing business [Total]	493million yen	480million yen	Management fees	84million yen	84million yen	Repair expenses	40million yen	34million yen	Property taxes	133million yen	133million yen	Depreciation	129million yen	134million yen	Other than expenses related to leasing business [Total]	121million yen	119million yen	Asset management fees	77million yen	76million yen
	Fiscal period ending Aug. 2020 (5th fiscal period)	Fiscal period ending Feb. 2021 (6th fiscal period)																							
Expenses related to leasing business [Total]	493million yen	480million yen																							
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Depreciation	129million yen	134million yen																							
Other than expenses related to leasing business [Total]	121million yen	119million yen																							
Asset management fees	77million yen	76million yen																							
Non-operating expenses	<ul style="list-style-type: none"> For the fiscal period ending August 2020 (5th fiscal period), interest expenses and other borrowing related expenses are assumed to be 48million yen. For the fiscal period ending February 2021 (6th fiscal period), interest expenses and other borrowing related expenses are assumed to be 60million yen. 																								

Item	Assumption
Interest-bearing liabilities	<ul style="list-style-type: none"> ● The assumption is that total interest-bearing liabilities will be 11,680 million yen at the end of the fiscal period ending August 2020 (5th fiscal period) and 11,680 million yen at the end of the fiscal period ending February 2021 (6th fiscal period). Short-term loans of 814 million yen and long-term loans of 2,336 million are due in the fiscal period ending February 2021. The assumption is that these will be repaid with funds procured through loans, etc. ● LTV ratio is expected to be 31.9% at the end of the fiscal period ending August 2020 (5th fiscal period) and 31.9% at the end of the fiscal period ending February 2021 (6th fiscal period). In addition, the following formula is used in the calculation of LTV ratio. $\text{LTV ratio} = \frac{\text{Total interest-bearing liabilities}}{\text{Total assets}} \times 100$
Investment units	<ul style="list-style-type: none"> ● The assumption is the total number of investment units issued and outstanding is 223,400 units as of the end of the fiscal period ended February 2020 and that there will be no change in the number of investment units due to issuance of new investment units, etc. through to the end of the fiscal period ending February 2021 (6th 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 August 2020 (5th fiscal period) and fiscal period ending February 2021 (6th fiscal period) of 223,400 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. ● 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 incurrence 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.

2. Financial Statements

(1) Balance Sheet

(Unit: thousand yen)

	3rd fiscal period (As of Aug. 31, 2019)	4th fiscal period (As of Feb. 29, 2020)
Assets		
Current assets		
Cash and bank deposits	1,009,178	1,005,416
Cash and bank deposits in trust	1,960,942	1,895,489
Operating accounts receivable	28,717	23,904
Prepaid expenses	31,354	33,746
Other	390	3,472
Total current assets	3,030,583	2,958,929
Non-current assets		
Property, plant and equipment		
Tools, furniture and fixtures	109,618	109,618
Accumulated depreciation	(42,397)	(56,374)
Tools, furniture and fixtures, net	67,221	53,244
Buildings in trust	9,064,664	9,185,575
Accumulated depreciation	(317,252)	(426,230)
Buildings in trust, net	8,747,412	8,759,344
Structures in trust	45,459	52,656
Accumulated depreciation	(2,370)	(3,264)
Structures in trust, net	43,088	49,391
Tools, furniture and fixtures in trust	6,727	10,182
Accumulated depreciation	(1,312)	(2,074)
Tools, furniture and fixtures in trust, net	5,415	8,108
Land in trust	24,606,271	24,606,271
Total property, plant and equipment	33,469,409	33,476,361
Investments and other assets		
Long-term prepaid expenses	32,962	41,111
Deferred tax assets	13	16
Lease and guarantee deposits	22,600	22,600
Other	74,230	88,847
Total investments and other assets	129,806	152,574
Total non-current assets	33,599,215	33,628,935
Total assets	36,629,798	36,587,864

(Unit: thousand yen)

	3rd fiscal period (As of Aug. 31, 2019)	4th fiscal period (As of Feb. 29, 2020)
Liabilities		
Current liabilities		
Operating accounts payable	119,712	90,363
Short-term loans payable	1,014,000	814,000
Current portion of long-term borrowings	2,336,000	2,336,000
Accounts payable - other	96,157	90,777
Income taxes payable	885	937
Accrued consumption taxes	25,125	29,347
Advances received	186,235	183,695
Other	5,827	2,112
Total current liabilities	3,783,944	3,547,233
Non-current liabilities		
Long-term loans payable	8,330,000	8,530,000
Tenant leasehold and security deposits in trust	1,248,262	1,252,973
Total non-current liabilities	9,578,262	9,782,973
Total liabilities	13,362,207	13,330,207
Net assets		
Unitholders' equity		
Unitholders' capital	22,585,746	22,585,746
Surplus		
Unappropriated retained earnings (undisposed loss)	681,845	671,911
Total surplus	681,845	671,911
Total unitholders' equity	23,267,591	23,257,657
Total net assets	※¹ 23,267,591	※¹ 23,257,657
Total liabilities and net assets	36,629,798	36,587,864

(2) Statement of Income

(Unit: thousand yen)

	3rd fiscal period From: Mar. 1, 2019 To: Aug. 31, 2019	4th fiscal period From: Sep. 1, 2019 To: Feb. 29, 2020
Operating revenue		
Leasing business revenue	※1 1,239,634	※1 1,240,652
Other leasing business revenue	※1 108,769	※1 102,769
Total operating revenue	1,348,404	1,343,421
Operating expenses		
Expenses related to leasing business	※1 498,836	※1 500,341
Asset management fees	77,234	76,442
Asset custody fees	825	824
Administrative service fees	9,455	8,936
Directors' compensations	2,400	2,400
Other operating expenses	33,130	30,261
Total operating expenses	621,883	619,206
Operating income	726,521	724,215
Non-operating income		
Interest income	14	14
Insurance payment received	-	4,647
Total non-operating income	14	4,662
Non-operating expenses		
Interest expenses	33,843	34,098
Borrowing related expenses	9,983	21,960
Total non-operating expenses	43,826	56,058
Ordinary income	682,708	672,819
Income before income taxes	682,708	672,819
Income taxes - current	888	939
Income taxes - deferred	(2)	(2)
Total income taxes	885	937
Net income	681,823	671,882
Retained earnings brought forward	22	29
Unappropriated retained earnings (undisposed loss)	681,845	671,911

(3) Statement of Unitholders' Equity

3rd fiscal period (from March 1, 2019 to August 31, 2019)

(Unit: thousand yen)

	Unitholders' equity				Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	
		Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance as of March 1, 2019	22,585,746	803,368	803,368	23,389,114	23,389,114
Changes of items during period					
Dividends of surplus		(803,346)	(803,346)	(803,346)	(803,346)
Net income		681,823	681,823	681,823	681,823
Total changes during period	-	(121,523)	(121,523)	(121,523)	(121,523)
Balance as of August 31, 2019	*1 22,585,746	681,845	681,845	23,267,591	23,267,591

4th fiscal period (from September 1, 2019 to February 29, 2020)

(Unit: thousand yen)

	Unitholders' equity				Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	
		Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance as of September 1, 2019	22,585,746	681,845	681,845	23,267,591	23,267,591
Changes of items during period					
Dividends of surplus		(681,816)	(681,816)	(681,816)	(681,816)
Net income		671,882	671,882	671,882	671,882
Total changes during period	-	(9,934)	(9,934)	(9,934)	(9,934)
Balance as of February 29, 2020	*1 22,585,746	671,911	671,911	23,257,657	23,257,657

(4) Statement of Cash Distribution

Classification	3rd fiscal period From: Mar. 1, 2019 To: Aug. 31, 2019	4th fiscal period From: Sep. 1, 2019 To: Feb. 29, 2020
I. Unappropriated retained earnings	681,845,802 yen	671,911,363 yen
II. Amount of distribution	681,816,800 yen	671,763,800 yen
[Amount of distribution per unit]	[3,052 yen]	[3,007 yen]
III. Retained earnings carried forward	29,002 yen	147,563 yen
Method of calculation of amount of distribution	<p>Pursuant to the cash distribution policy stipulated in Article 35, Paragraph 1 of XYMAX REIT's Articles of Incorporation, amount of distribution must be equal or less than the amount of profit and exceed 90% of XYMAX REIT's distributable profit that is defined by Article 67-15 of the Act on Special Measures Concerning Taxation. Based on this policy, XYMAX REIT has decided to distribute 681,816,800 yen, which is the maximum value of the integral multiple of the total number of units issued and outstanding (223,400 units), not exceeding unappropriated retained earnings.</p> <p>XYMAX REIT does not make distribution in excess of earnings defined by Article 35, Paragraph 2 of XYMAX REIT's Articles of Incorporation.</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 671,763,800 yen, which is the maximum value of the integral multiple of the total number of units issued and outstanding (223,400 units), not exceeding unappropriated retained earnings.</p> <p>XYMAX REIT does not make distribution in excess of earnings defined by Article 35, Paragraph 2 of XYMAX REIT's Articles of Incorporation.</p>

(5) Statement of Cash Flows

(Unit: thousand yen)

	3rd fiscal period From: Mar. 1, 2019 To: Aug. 31, 2019	4th fiscal period From: Sep. 1, 2019 To: Feb. 29, 2020
Cash flows from operating activities		
Income before income taxes	682,708	672,819
Depreciation	121,704	124,610
Interest income	(14)	(14)
Interest expenses	33,843	34,098
Decrease (increase) in operating accounts receivable	(5,765)	4,813
Decrease (increase) in prepaid expenses	2,203	(2,392)
Increase (decrease) in operating accounts payable	27,865	(6,744)
Increase (decrease) in accounts payable - other	1,038	(5,379)
Increase (decrease) in accrued consumption taxes	(39,913)	4,221
Increase (decrease) in advances received	12,859	(2,539)
Decrease (increase) in long-term prepaid expenses	8,739	(8,149)
Other	(10,847)	(18,680)
Subtotal	834,421	796,661
Interest income received	14	14
Interest expenses paid	(33,660)	(34,069)
Income taxes paid	(838)	(888)
Net cash provided by (used in) operating activities	799,937	761,718
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,212)	-
Purchase of property, plant and equipment in trust	(100,524)	(154,165)
Repayments of tenant leasehold and security deposits in trust	(7,824)	(68,134)
Proceeds from tenant leasehold and security deposits in trust	61,634	72,845
Net cash provided by (used in) investing activities	(48,927)	(149,454)
Cash flows from financing activities		
Increase in short-term loans payable	-	814,000
Decrease in short-term loans payable	-	(1,014,000)
Increase in long-term loans payable	-	2,536,000
Decrease in long-term loans payable	-	(2,336,000)
Dividends paid	(802,707)	(681,479)
Net cash provided by (used in) financing activities	(802,707)	(681,479)
Net increase (decrease) in cash and cash equivalents	(51,697)	(69,215)
Cash and cash equivalents at beginning of period	3,021,818	2,970,121
Cash and cash equivalents at end of period	*1 2,970,121	*1 2,900,905

(6) Notes on the Going Concern Assumption
Not applicable.

(7) Notes on Matters Concerning Significant Accounting Policies

<p>1. Method of depreciation of non-current assets</p>	<p>(1) Property, plant and equipment (including trust assets) The straight-line method is adopted. Furthermore, the useful life of core property, plant and equipment is as follows: Buildings 3–63 years Structures 10–51 years Tools, furniture and fixtures 2–13 years</p> <p>(2) Long-term prepaid expenses The straight-line method is adopted.</p>
<p>2. Standards for revenue and expense recognition</p>	<p>Accounting for fixed property tax, etc. For fixed property tax, city planning tax, depreciable property tax, etc. on real estate or trust beneficiary rights that have real estate as trust assets held, the accounting is that, of the tax amount assessed and determined, the amount corresponding to the fiscal period is expensed as expenses related to rent business. Furthermore, the amount equivalent to fixed property tax, etc. in the initial fiscal year borne by XYMAX REIT upon acquisition of real estate or trust beneficiary rights that have real estate as trust assets is not recognized as expenses but included in the cost of acquisition of the concerned real estate, etc. The amount equivalent to fixed property tax, etc. included in the cost of acquisition of real estate, etc. was none in the previous fiscal period and in the fiscal period under review.</p>
<p>3. Method of hedge accounting</p>	<p>(1) Hedge accounting approach Special accounting is adopted for interest rate swaps that meet the requirements for special treatment.</p> <p>(2) Hedging instruments and hedged items Hedging instruments: Interest rate swap transaction Hedged items: Interest on loans</p> <p>(3) Hedging policy XYMAX REIT conducts derivative transactions for the purpose of hedging the risks provided in its Articles of Incorporation based on its risk management policy.</p> <p>(4) Method of assessing the effectiveness of hedging The assessment of the effectiveness is omitted for interest rate swaps that meet the requirements for special treatment.</p>
<p>4. Scope of funds in the statement of cash flows</p>	<p>The funds (cash and cash equivalents) in the statement of cash flows comprise cash on hand and cash in trust, demand deposits and bank deposits in trust, and short-term investments with a maturity of 3 months or less from the date of acquisition that are readily convertible to cash and that are subject to a low risk of changes in value.</p>
<p>5. Other significant matters serving as the basis for preparation of the financial statements</p>	<p>(1) Accounting for trust beneficiary rights that have real estate, etc. as trust assets Concerning trust beneficiary rights that have real estate, etc. as trust assets held, all accounts of assets and liabilities within trust assets and all accounts of revenue and expenses from the trust assets are recognized in the relevant account item of the balance sheet and the statement of income. Furthermore, the following material items of the trust assets recognized in the relevant account item are separately listed on the balance sheet. (i) Cash and bank deposits in trust (ii) Buildings in trust; Structures in trust; Tools, furniture and fixtures in trust; Land in trust (iii) Tenant leasehold and security deposits in trust</p> <p>(2) Accounting for consumption tax, etc. The accounting for consumption tax and local consumption tax is that the taxes are excluded from transaction amounts. Furthermore, non-deductible consumption tax, etc. on acquisition of assets is included in the cost of acquisition of each asset.</p>

[Accounting standards not yet applied]

- Income Recognition Accounting Standard for Revenue Recognition (ASBJ Statement No.29, on March 30, 2018, Accounting Standards Board of Japan)
- Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No. 30, March 30, 2018, Accounting Standards Board of Japan)

* 1. Overview

The International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) jointly developed comprehensive accounting standards for revenue recognition. In May 2014, the International Accounting Standards Board and the Financial Accounting Standards Board published "Revenue from Contracts with Customers" (IFRS No. 15 in IASB and Topic606 in FASB). IFRS No. 15 has been applied from the fiscal year beginning on or after January 1, 2018, and Topic606 has been applied from the fiscal year beginning on or after December 15, 2017. In light of these circumstances, the Comprehensive Accounting Standards for Revenue Recognition have been developed and published in conjunction with the Guidelines by the Corporate Accounting Standards Board. The Basic Policy for Developing Accounting Standards for Revenue Recognition by the Corporate Accounting Standards Board is to establish accounting standards starting from the incorporation of the Basic Principles of IFRS No. 15 from the standpoint of comparability between financial statements, which is one of the benefits that are consistent with IFRS No. 15, and to add alternative treatment to the extent that comparability is not impaired, if there are items that should be considered in the practice that have been carried out in Japan.

*2. Scheduled date for application

Effective from the beginning of the fiscal year ending February 2022.

*3. Impact of adoption of these accounting standards

The impact on the financial statements of the adoption of the "Accounting Standard for Revenue Recognition" and other standards is currently being evaluated.

- Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019)
- Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, July 4, 2019, Accounting Standards Board of Japan)

* 1. Overview

The International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) provide detailed guidance on fair value measurement (IFRS No. 13 "Fair Value Measurement" in IASB and Topic820 "Fair Value Measurement" in FASB). In order to improve comparability with these international accounting standards, the Business Accounting Standards Board has reviewed guidance and disclosure mainly on the fair value of financial instruments, and has published accounting standards for the calculation of fair value and guidance on the application of accounting standards for the calculation of fair value.

*2. Scheduled date for application

Effective from the beginning of the fiscal year ending February 2022.

*3. Impact of adoption of these accounting standards

The impact on the financial statements of the adoption of the Accounting Standard for the Calculation of Market Value, etc. is currently being evaluated.

(8) Notes on the Financial Statements

[Notes on the Balance Sheet]

- *1. Minimum net assets as provided in Article 67, Paragraph 4 of the Act on Investment Trusts and Investment Corporations

3rd fiscal period (As of Aug. 31, 2019)	4th fiscal period (As of Feb. 29, 2020)
50,000 thousand yen	50,000 thousand yen

[Notes on the Statement of Income]

- *1. Breakdown of operating income (loss) from real estate leasing business

	(Unit: thousand yen)			
	3rd fiscal period		4th fiscal period	
	From: Mar. 1, 2019		From: Sep. 1, 2019	
	To: Aug. 31, 2019		To: Feb. 29, 2020	
A. Operating revenue from real estate leasing business				
Lease business revenue				
Rent revenue	1,088,311		1,090,230	
Common area maintenance revenue	151,323	1,239,634	150,421	1,240,652
Other lease business revenue				
Utility reimbursement	64,458		58,205	
Parking revenue	29,715		31,023	
Other rental revenue	14,595	108,769	13,540	102,769
Total operating revenue from real estate leasing		1,348,404		1,343,421
B. Operating expenses from real estate leasing				
Expenses related to leasing business				
Tax and public dues	133,084		132,755	
Maintenance fees	83,147		83,546	
Utility expenses	60,253		53,054	
Repair expenses	42,643		71,455	
Insurance premiums	3,767		3,756	
Depreciation	121,704		124,610	
Other expenses related to rent business	54,234	498,836	31,162	500,341
Total operating expenses from real estate leasing		498,836		500,341
C. Operating income (loss) from real estate leasing [A-B]		849,567		843,080

[Notes on the Statement of Unitholders' Equity]

*1. Total number of investment units authorized and total number of investment units issued and outstanding

	3rd fiscal period From: Mar. 1, 2019 To: Aug. 31, 2019	4th fiscal period From: Sep. 1, 2019 To: Feb. 29, 2020
Total number of investment units authorized	5,000,000 units	5,000,000 units
Total number of investment units issued and outstanding	223,400 units	223,400 units

[Notes on the Statement of Cash Flows]

*1. Reconciliation of cash and cash equivalents at end of period to the amount of balance sheet items

(Unit: thousand yen)

	3rd fiscal period From: Mar. 1, 2019 To: Aug. 31, 2019	4th fiscal period From: Sep. 1, 2019 To: Feb. 29, 2020
Cash and bank deposits	1,009,178	1,005,416
Cash and bank deposits in trust	1,960,942	1,895,489
Cash and cash equivalents	2,970,121	2,900,905

[Notes on Financial Instruments]

1. Matters concerning status of financial instruments

(1) Policy for handling financial instruments

XYMAX REIT shall procure funds for acquisition of assets, repayment of liabilities, etc. through issuance of investment units, borrowing from financial institutions, issuance of investment corporation bonds, etc. Due consideration shall be given to the balance between agility in fund procurement and financial stability when procuring funds.

Surplus funds may be invested in securities and monetary claims, but shall be invested as bank deposits as a rule in consideration of security.

Derivative transactions may be utilized only if for the purpose of hedging the risk of fluctuation in interest rates, etc., but no speculative transactions shall be conducted.

(2) Description of financial instruments and associated risks, and risk management system

Bank deposits are those for investing XYMAX REIT's surplus funds and are exposed to credit risk, such as failure of the depository financial institutions, but the credit risk is limited by limiting the deposit period to short term and transacting with depository financial institutions that have high credit rating.

Loans are those for mainly the purpose of acquisition of real estate, etc., repayment of liabilities, etc. and are exposed to the liquidity risk of not being able to procure substitute funds upon maturity, but the liquidity risk is mitigated through diversification of fund procurement means and sources, staggering of maturities and securing liquidity on hand and the liquidity risk is also managed by preparing monthly fund management plans and other means. In addition, loans with floating interest rates are exposed to the risk of rise in interest rates payable, but the impact of the rise in market interest rates on XYMAX REIT's operations is limited by keeping the ratio of interest-bearing liabilities to total assets at a low level and maintaining a balance between the ratio of loans with floating interest rates and the ratio of loans with fixed interest rates.

Derivative transactions are utilized for the purpose of hedging the risk of fluctuation in interest rates payable on certain loans. For the hedge accounting approach, hedged items, contract amount, etc., please refer to "2. Matters concerning fair value, etc. of financial instruments."

Tenant leasehold and security deposits are deposits from tenants and are exposed to liquidity risk from tenants vacating, but the risk is limited by retaining an amount in the range that will not hinder the return of deposits as a rule.

(3) Supplementary explanation to matters concerning fair value, etc. of financial instruments

The fair value of financial instruments is values based on market price, but may otherwise include values based on reasonable calculation when no market price is available. Variable factors are taken into account in the calculation of the concerned values. Accordingly, the concerned values may vary when different assumptions are adopted. In addition, the contract amount, etc. of derivative transactions in “2. Matters concerning fair value, etc. of financial instruments” do not itself represent the market risk involved in the derivative transactions.

2. Matters concerning fair value, etc. of financial instruments

The following are the carrying amount and fair value as of August 31, 2019, and the amount of difference between these. Financial instruments for which estimation of fair value is recognized to be extremely difficult are not included in the following table. (Please refer to Note 2 below.)

	Carrying amount (thousand yen)	Fair value (thousand yen)	Amount of difference (thousand yen)
(1) Cash and bank deposits	1,009,178	1,009,178	-
(2) Cash and bank deposits in trust	1,960,942	1,960,942	-
Total assets	2,970,121	2,970,121	-
(1) Short-term loans payable	1,014,000	1,014,000	-
(2) Current portion of long-term borrowings	2,336,000	2,336,000	-
(3) Long-term loans payable	8,330,000	8,372,155	42,155
Total liabilities	11,680,000	11,722,155	42,155
Derivative transactions	-	-	-

The following are the carrying amount and fair value as of February 29, 2020, and the amount of difference between these. Financial instruments for which estimation of fair value is recognized to be extremely difficult are not included in the following table. (Please refer to Note 2 below.)

	Carrying amount (thousand yen)	Fair value (thousand yen)	Amount of difference (thousand yen)
(1) Cash and bank deposits	1,005,416	1,005,416	-
(2) Cash and bank deposits in trust	1,895,489	1,895,489	-
Total assets	2,900,905	2,900,905	-
(1) Short-term loans payable	814,000	814,000	-
(2) Current portion of long-term borrowings	2,336,000	2,336,000	-
(3) Long-term loans payable	8,530,000	8,577,281	47,281
Total liabilities	11,680,000	11,727,281	47,281
Derivative transactions	-	-	-

(Note 1) Method of calculation of the fair value of financial instruments and matters concerning derivative transactions

Assets

(1) Cash and bank deposits; (2) Cash and bank deposits in trust

Because these are settled in a short period of time, the fair value is approximately the same as the book value and thus stated at that book value.

Liabilities

(1) Short-term loans payable

Because these are settled in a short period of time and have floating interest rates, the fair value is approximately the same as the book value and thus stated at that book value.

(2) Current portion of long-term borrowings, (3) Long-term loans payable

Of long-term loans payable, because those with floating interest rates reflect market interest rates in a short period of time, the fair value is thought to resemble the book value and thus stated at that book value. However, in the case of long-term loans payable with floating interest rates that qualify for special treatment for interest rate swaps (please refer to “Notes on Derivative Transactions” presented later in this document) and long-term loans payable with fixed interest rates, the fair value is calculated based on the present value of their future cash flows discounted by the time to maturity and rate adjusted for credit risks.

Derivative transactions

Please refer to “Notes on Derivative Transactions” below

(Note 2) Financial instruments for which estimation of fair value is recognized to be extremely difficult

	3rd fiscal period (As of Aug. 31, 2019)	4th fiscal period (As of Feb. 29, 2020)
Tenant leasehold and security deposits in trust	1,248,262 thousand yen	1,252,973 thousand yen

* Tenant leasehold and security deposits in trust are not subject to disclosure of fair value, because there being no market price and, even if the lease contract period has been set, there being the possibility of contract cancellation before expiration or contract extension or renewal make calculating the actual deposit period impossible and reasonable projection of future cash flows is thus recognized to be extremely difficult.

(Note 3) Amount of redemption of monetary claims scheduled to be due after the end of the fiscal period (August 31, 2019)

(Unit: thousand yen)

	Due within 1 year	Due after 1 to 2 years	Due after 2 to 3 years	Due after 3 to 4 years	Due after 4 to 5 years	Due after 5 years
Cash and bank deposits	1,009,178	-	-	-	-	-
Cash and bank deposits in trust	1,960,942	-	-	-	-	-
Total	2,970,121	-	-	-	-	-

Amount of redemption of monetary claims scheduled to be due after the end of the fiscal period (February 29, 2020)

(Unit: thousand yen)

	Due within 1 year	Due after 1 to 2 years	Due after 2 to 3 years	Due after 3 to 4 years	Due after 4 to 5 years	Due after 5 years
Cash and bank deposits	1,005,416	-	-	-	-	-
Cash and bank deposits in trust	1,895,489	-	-	-	-	-
Total	2,900,905	-	-	-	-	-

(Note 4) Amount of repayment of loans scheduled to be due after the end of the fiscal period (August 31, 2019)

(Unit: thousand yen)

	Due within 1 year	Due after 1 to 2 years	Due after 2 to 3 years	Due after 3 to 4 years	Due after 4 to 5 years	Due after 5 years
Short-term loans payable	1,014,000	-	-	-	-	-
Long-term loans payable	2,336,000	2,336,000	2,336,000	2,646,000	1,012,000	-
Total	3,350,000	2,336,000	2,336,000	2,646,000	1,012,000	-

Amount of repayment of loans scheduled to be due after the end of the fiscal period (February 29, 2020)

(Unit: thousand yen)

	Due within 1 year	Due after 1 to 2 years	Due after 2 to 3 years	Due after 3 to 4 years	Due after 4 to 5 years	Due after 5 years
Short-term loans payable	814,000	-	-	-	-	-
Long-term loans payable	2,336,000	3,088,000	2,646,000	2,796,000	-	-
Total	3,150,000	3,088,000	2,646,000	2,796,000	-	-

[Notes on Derivative Transactions]

1. Derivative transactions to which hedge accounting is not applied

3rd fiscal period (as of August 31, 2019)

Not applicable.

4th fiscal period (as of February 29, 2020)

Not applicable.

2. Derivative transactions to which hedge accounting is applied

3rd fiscal period (as of August 31, 2019)

The following is the contract amount or the amount equivalent to the principal provided in the contract, etc. at the end of the fiscal period for each hedge accounting approach.

(Unit: thousand yen)

Hedge accounting approach	Type, etc. of derivative transaction	Main hedged item	Contract amount, etc. (Note 1)		Fair value
				Of which, due after 1 year	
Special treatment for interest rate swaps	Interest rate swap transaction (receive floating; pay fixed)	Long-term loans payable	2,336,000	2,336,000	(Note 2)

(Note 1) Contract amount, etc. is based on notional principal.

(Note 2) Since those with special treatment for interest rate swaps are treated integrally with hedged long-term loans payable, the fair values of such are included in the fair value of said long-term loans payable. (Please refer to [Notes on Financial Instruments] 2. Matters concerning fair value, etc. of financial instruments (Note 1) Method of calculation of the fair value of financial instruments and matters concerning derivative transactions, Liabilities (3) Long-term loans payable.)

4th fiscal period (as of February 29, 2020)

The following is the contract amount or the amount equivalent to the principal provided in the contract, etc. at the end of the fiscal period for each hedge accounting approach.

(Unit: thousand yen)

Hedge accounting approach	Type, etc. of derivative transaction	Main hedged item	Contract amount, etc. (Note 1)		Fair value
				Of which, due after 1 year	
Special treatment for interest rate swaps	Interest rate swap transaction (receive floating; pay fixed)	Long-term loans payable	2,336,000	-	(Note 2)

(Note 1) Contract amount, etc. is based on notional principal.

(Note 2) Since those with special treatment for interest rate swaps are treated integrally with hedged long-term loans payable, the fair values of such are included in the fair value of said long-term loans payable. (Please refer to [Notes on Financial Instruments] 2. Matters concerning fair value, etc. of financial instruments (Note 1) Method of calculation of the fair value of financial instruments and matters concerning derivative transactions, Liabilities (2) Current portion of long-term borrowings.

[Notes on Tax-Effect Accounting]

1. Breakdown of main causes for occurrence of deferred tax assets and deferred tax liabilities

(Unit: thousand yen)

	3rd fiscal period (As of Aug. 31, 2019)	4th fiscal period (As of Feb. 29, 2020)
Deferred tax assets		
Non-deductible accrued enterprise tax	13	16
Total	13	16
Deferred tax assets, net	13	16

2. Breakdown of major components that caused any significant differences between the statutory tax rate and the effective income tax rate after application of tax-effect accounting

(Unit: %)

	3rd fiscal period (As of Aug. 31, 2019)	4th fiscal period (As of Feb. 29, 2020)
Statutory tax rate	31.51	31.51
[Adjustments]		
Distribution deductible for tax purposes	(31.47)	(31.46)
Other	0.09	0.09
Effective income tax rate after application of tax-effect accounting	0.13	0.14

[Notes on Related-Party Transactions]

1. Parent company, major corporate unitholder, etc.

3rd fiscal period (from March 1, 2019 to August 31, 2019)

Not applicable.

4th fiscal period (from September 1, 2019 to February 29, 2020)

Not applicable.

2. Affiliated company, etc.

3rd fiscal period (from March 1, 2019 to August 31, 2019)

Not applicable.

4th fiscal period (from September 1, 2019 to February 29, 2020)

Not applicable.

3. Fellow subsidiary, etc.

3rd fiscal period (from March 1, 2019 to August 31, 2019)

Not applicable.

4th fiscal period (from September 1, 2019 to February 29, 2020)

Not applicable.

4. Director, major individual unitholder, etc.

3rd fiscal period (from March 1, 2019 to August 31, 2019)

Attribute	Name of company, etc.	Location	Capital stock or investments in capital (thousand yen)	Description of business or occupation	Percentage of voting rights, etc. held by (in) XYMAX REIT (%)	Description of relationship		Description of transaction	Transaction amount (thousand yen) (Note 2)	Account item	Balance at end of period (thousand yen) (Note 2)
						Concurrent holding of positions, etc. by directors	Description of relationship				
Director	Nobuhito Inatsuki	-	-	Executive Director of XYMAX REIT, and Representative Director and President of XYMAX REAL ESTATE INVESTMENT ADVISORS Corporation	-		Executive Director of XYMAX REIT, and Representative Director and President of XYMAX REAL ESTATE INVESTMENT ADVISORS Corporation	Asset management fee (Note 3)	77,234	Accounts payable - other	83,413

(Note 1) The above discloses a related-party transaction which includes a material transaction, among related-party transactions subject to disclosure.

(Note 2) Of the amounts above, transaction amount does not include consumption tax, etc., while balance at end of period includes consumption tax, etc.

(Note 3) The amount of asset management fee is for transactions conducted by Nobuhito Inatsuki as representative of XYMAX REAL ESTATE INVESTMENT ADVISORS Corporation, and transaction amount is based on the terms and conditions provided in XYMAX REIT's Articles of Incorporation.

(Note 4) Transaction terms and conditions are decided based on the actual market situation.

4th fiscal period (from September 1, 2019 to February 29, 2020)

Attribute	Name of company, etc.	Location	Capital stock or investments in capital (thousand yen)	Description of business or occupation	Percentage of voting rights, etc. held by (in) XYMAX REIT (%)	Description of relationship		Description of transaction	Transaction amount (thousand yen) (Note 2)	Account item	Balance at end of period (thousand yen) (Note 2)
						Concurrent holding of positions, etc. by directors	Description of relationship				
Director	Nobuhito Inatsuki	-	-	Executive Director of XYMAX REIT, and Representative Director and President of XYMAX REAL ESTATE INVESTMENT ADVISORS Corporation	-		Executive Director of XYMAX REIT, and Representative Director and President of XYMAX REAL ESTATE INVESTMENT ADVISORS Corporation	Asset management fee (Note 3)	76,442	Accounts payable - other	83,906

(Note 1) The above discloses a related-party transaction which includes a material transaction, among related-party transactions subject to disclosure.

(Note 2) Of the amounts above, transaction amount does not include consumption tax, etc., while balance at end of period includes consumption tax, etc.

(Note 3) The amount of asset management fee is for transactions conducted by Nobuhito Inatsuki as representative of XYMAX REAL ESTATE INVESTMENT ADVISORS Corporation, and transaction amount is based on the terms and conditions provided in XYMAX REIT's Articles of Incorporation.

(Note 4) Transaction terms and conditions are decided based on the actual market situation.

[Notes on Segment Information, Etc.]

1. Segment information

Segment information is omitted, because XYMAX REIT has a single segment, which is the real estate leasing business.

2. Related information

3rd fiscal period (from March 1, 2019 to August 31, 2019)

(1) Information by product and service

Information by product and service is omitted, because operating revenue to external customers for a single products and services category is in excess of 90% of operating revenue on the statement of income.

(2) Information by geographic area

(i) Operating revenue

Information by geographic area of operating revenue is omitted, because operating revenue to external customers in Japan is in excess of 90% of operating revenue on the statement of income.

(ii) Property, plant and equipment

Information by geographic area of property, plant and equipment is omitted, because the amount of property, plant and equipment located in Japan is in excess of 90% of the amount of property, plant and equipment on the balance sheet.

(3) Information by major customer

(Unit: thousand yen)

Name of customer	Operating revenue	Related segment
New Urban Life Holdings Inc.	Not disclosed (Note)	Real estate leasing business
XYMAX Corporation	163,967	Real estate leasing business

(Note) Not disclosed due to unavoidable circumstances in that consent for disclosure has not been obtained from the lessee.

4th fiscal period (from September 1, 2019 to February 29, 2020)

(1) Information by product and service

Information by product and service is omitted, because operating revenue to external customers for a single products and services category is in excess of 90% of operating revenue on the statement of income.

(2) Information by geographic area

(i) Operating revenue

Information by geographic area of operating revenue is omitted, because operating revenue to external customers in Japan is in excess of 90% of operating revenue on the statement of income.

(ii) Property, plant and equipment

Information by geographic area of property, plant and equipment is omitted, because the amount of property, plant and equipment located in Japan is in excess of 90% of the amount of property, plant and equipment on the balance sheet.

(3) Information by major customer

(Unit: thousand yen)

Name of customer	Operating revenue	Related segment
New Urban Life Holdings Inc.	Not disclosed (Note)	Real estate leasing business
XYMAX Corporation	161,289	Real estate leasing business

(Note) Not disclosed due to unavoidable circumstances in that consent for disclosure has not been obtained from the lessee.

[Notes on Investment and Rental Properties]

XYMAX REIT owns office, retail, hotel, and other properties for the purpose of earning revenue from leasing. The carrying amount, amount of increase (decrease) during period and fair value of these investment and rental properties are as follows:

(Unit: thousand yen)

	3rd fiscal period From: Mar. 1, 2019 To: Aug. 31, 2019	4th fiscal period From: Sep. 1, 2019 To: Feb. 29, 2020
Carrying amount	33,469,409	33,476,361
Balance at beginning of period	33,497,562	33,469,409
Amount of increase (decrease) during period	(28,153)	6,951
Balance at the end of the period	33,469,409	33,476,361
Fair value at the end of the period	43,335,000	43,465,000

(Note 1) Carrying amount is the amount of cost of acquisition, less accumulated depreciation.

(Note 2) Of the amount of increase (decrease) during period for 3rd fiscal period, the amount of increase is mainly attributable to capital expenditure (93,814 thousand yen), while the amount of decrease is mainly attributable to depreciation (121,704 thousand yen). Of the amount of increase (decrease) during period for 4th fiscal period, the amount of increase is mainly attributable to capital expenditure (131,562 thousand yen), while the amount of decrease is mainly attributable to depreciation (124,610 thousand yen).

(Note 3) Fair value at the end of the period is the appraisal value by an outside real estate appraiser.

The income (loss) concerning investment and rental properties is disclosed in "Notes on the Statement of Income."

[Notes on Per Unit Information]

	3rd fiscal period From: Mar. 1, 2019 To: Aug. 31, 2019	4th fiscal period From: Sep. 1, 2019 To: Feb. 29, 2020
Net assets per unit	104,152yen	104,107yen
Net income per unit	3,052yen	3,007yen

(Note 1) Net income per unit for 4th fiscal period is calculated by dividing net income by the period's daily weighted average number of investment units. In addition, diluted net income per unit is not stated, because there are no diluted investment units.

(Note 2) The basis for calculation of net income per unit is as follows:

	3rd fiscal period From: Mar. 1, 2019 To: Aug. 31, 2019	4th fiscal period From: Sep. 1, 2019 To: Feb. 29, 2020
Net income (thousand yen)	681,823	671,882
Amount not attributable to common unitholders (thousand yen)	-	-
Net income attributable to common investment units (thousand yen)	681,823	671,882
Average number of investment units during the period (units)	223,400	223,400

[Notes on Significant Subsequent Events]

Not applicable.

[Omission of Disclosure]

Disclosure of notes on lease transactions, securities, retirement benefits, equity in net income and asset retirement obligations is omitted since no substantial need for disclosure in the financial report is recognized.

(9) Changes in Total Number of Investment Units Issued and Outstanding

Changes in unitholders' capital and the total number of investment units issued and outstanding from the incorporation of XYMAX REIT to the last day of the fiscal period under review are as follows:

Date	Description	Total number of investment units issued and outstanding (units)		Unitholders' capital (thousand yen)		Remarks
		Increase (Decrease)	Balance	Increase (Decrease)	Balance	
Sept. 14, 2017	Incorporation through private placement	3,000	3,000	300,000	300,000	(Note 1)
Feb. 14, 2018	Capital increase through public offering	209,905	212,905	21,224,544	21,524,544	(Note 2)
Mar. 20, 2018	Third-party allotment	10,495	223,400	1,061,201	22,585,746	(Note 3)

(Note 1) XYMAX REIT was incorporated with issuance of investment units at an issue price of 100,000 yen per unit.

(Note 2) New investment units were issued through public offering at an issue price of 105,000 yen (paid-in amount of 101,115 yen) per unit for the purpose of procuring funds for acquisition of new properties.

(Note 3) New investment units were issued with SMBC Nikko Securities Inc. as allottee at a paid-in amount of 101,115 yen per unit.

3. Reference Information

(1) Investment Status

Type of asset	Use	Geographic area (Note 1)	3rd fiscal period As of Aug. 31, 2019		4th fiscal period As of Feb. 29, 2020	
			Total amount held (million yen) (Note 2)	As a percentage of total assets (%) (Note 3)	Total amount held (million yen) (Note 2)	As a percentage of total assets (%) (Note 3)
Real estate in trust	Office	Tokyo central 5 wards	14,395	39.3	14,415	39.4
		Tokyo 23 wards	1,161	3.2	1,175	3.2
		Tokyo economic area	2,609	7.1	2,600	7.1
	Retail	Tokyo economic area	8,147	22.2	8,170	22.3
	Hotel	Cabinet order designated cities	4,369	11.9	4,337	11.9
	Other	Cabinet order designated cities	2,785	7.6	2,776	7.6
Total real estate in trust			33,469	91.4	33,476	91.5
Deposits and other assets			3,160	8.6	3,111	8.5
Total assets			36,629	100.0	36,587	100.0

(Note 1) "Tokyo central 5 wards" refers to Tokyo's Chiyoda Ward, Chuo Ward, Minato Ward, Shinjuku Ward and Shibuya Ward.

"Tokyo 23 wards" does not include "Tokyo central 5 wards."

"Tokyo economic area" refers to Tokyo excluding "Tokyo central 5 wards" and "Tokyo 23 wards"; Kanagawa Prefecture, Chiba Prefecture and Saitama Prefecture.

(Note 2) "Total amount held" is based on the carrying amount (in the case of real estate in trust, the depreciated book value) as of the end of each fiscal period, rounded down to the nearest million yen. Furthermore, the total amount held for real estate in trust as "Hotel" includes the book value of movables incidental to hotels.

(Note 3) "As a percentage of total assets" is rounded to one decimal place.

	3rd fiscal period As of Aug. 31, 2019		4th fiscal period As of Feb. 29, 2020	
	Amount (million yen) (Note 1)	As a percentage of total assets (%) (Note 2)	Amount (million yen) (Note 1)	As a percentage of total assets (%) (Note 2)
Total liabilities	13,362	36.5	13,330	36.4
Total net assets	23,267	63.5	23,257	63.6
Total assets	36,629	100.0	36,587	100.0

(Note 1) The total liabilities, total net assets and total assets amounts are based on the carrying amounts as of the book closing date, rounded down to the nearest million yen.

(Note 2) "As a percentage of total assets" is rounded to one decimal place.

(2) Investment Assets

I. Itemization of Real Estate and Other Assets in the Portfolio

The assets held by XYMAX REIT (real estate or trust beneficiary rights that have real estate as trust assets; hereinafter, may be collectively referred to as the “portfolio assets”) as of February 29, 2020 are as follows:

Classification	Asset no. (Note 1)	Asset name	Location	Acquisition date	Acquisition price (million yen) (Note 2)	Share of portfolio (%) (Note 3)	Book value at end of period (million yen)	Appraisal value (million yen) (Note 4)	Ownership status
Office	OF-01	XYMAX Nishi-Shimbashi Building	Minato-ku, Tokyo	Feb. 16, 2018	2,500	7.6	2,521	3,110	Trust beneficiary rights
	OF-02	XYMAX Iwamotocho Building	Chiyoda-ku, Tokyo	Feb. 16, 2018	4,250	12.9	4,346	5,720	Trust beneficiary rights
	OF-03	XYMAX Shinjuku-Gyoen Building	Shinjuku-ku, Tokyo	Feb. 16, 2018	5,020	15.2	5,053	7,200	Trust beneficiary rights
	OF-04	XYMAX Kamiyacho Building	Minato-ku, Tokyo	Feb. 16, 2018	880	2.7	892	1,190	Trust beneficiary rights
	OF-05	XYMAX Higashi-Azabu Building	Minato-ku, Tokyo	Feb. 16, 2018	1,550	4.7	1,601	2,160	Trust beneficiary rights
	OF-06	XYMAX Higashi-Ueno Building	Taito-ku, Tokyo	Feb. 16, 2018	1,150	3.5	1,175	1,600	Trust beneficiary rights
	OF-07	XYMAX Hachioji Building	Hachioji-shi, Tokyo	Feb. 16, 2018	2,600	7.9	2,600	3,590	Trust beneficiary rights
	Subtotal/Average			-	-	17,950	54.3	18,191	24,570
Retail	RT-01	Muza Kawasaki	Kawasaki-shi, Kanagawa	Feb. 16, 2018	4,100	12.4	4,120	5,380	Trust beneficiary rights
	RT-02	Life Kawasaki Miyuki Store	Kawasaki-shi, Kanagawa	Feb. 16, 2018	790	2.4	796	975	Trust beneficiary rights
	RT-03	Vita Seiseki-Sakuragaoka	Tama-shi, Tokyo	Feb. 16, 2018	3,100	9.4	3,253	3,930	Trust beneficiary rights
	Subtotal/Average			-	-	7,990	24.2	8,170	10,285
Hotel	HT-01	Hotel Vista Sendai	Sendai-shi, Miyagi	Feb. 16, 2018	4,400	13.3	4,337	5,480	Trust beneficiary rights and movables incidental to hotel
	Subtotal/Average			-	-	4,400	13.3	4,337	5,480
Other	OT-01	Renaissance 21 Chihaya	Fukuoka-shi, Fukuoka	Feb. 16, 2018	2,700	8.2	2,776	3,130	Trust beneficiary rights
	Subtotal/Average			-	-	2,700	8.2	2,776	3,130
Total/Average			-	-	33,040	100.0	33,476	43,465	-

(Note 1) “Asset no.” is the code and number assigned to the portfolio assets of XYMAX REIT property by property according to each type of use. The code “OF” represents office properties, “RT” represents retail properties, “HT” represents hotel properties and “OT” represents other properties.

(Note 2) “Acquisition price” is the amount (the amount of the sale and purchase price of real estate, etc. stated in the trust beneficiary right sale and purchase contract for each portfolio asset) not including the various expenses required for the acquisition of the portfolio assets (brokerage fees, property taxes, etc.), rounded down to the nearest million yen. The sale and purchase price does not include consumption tax and local consumption tax.

(Note 3) “Share of portfolio” is the acquisition price of the portfolio asset expressed as a percentage of the total acquisition price of the portfolio assets, rounded to one decimal place.

(Note 4) Appraisal of each property is entrusted to Japan Real Estate Institute, The Tanizawa Sōgō Appraisal Co., Ltd. and Daiwa Real Estate Appraisal Co., Ltd. “Appraisal value” is the appraisal value stated in each real estate appraisal report with February 29, 2020 as the date of value.

II. Status of Leasing

Asset no.	Asset name	Construction date (Note 1)	Number of tenants (Note 2)	Operating revenue from leasing (million yen) (Note 3)	Security deposit / Guarantee (million yen) (Note 4)	Leased area (m ²) (Note 5)	Leasable area (m ²) (Note 6)	Occupancy rate (%) (Note 7)
OF-01	XYMAX Nishi-Shimbashi Building	Aug. 22, 2000	8	80	107	1,897.75	1,897.75	100.0
OF-02	XYMAX Iwamotocho Building	Mar. 22, 2001	14	149	186	4,152.30	4,152.30	100.0
OF-03	XYMAX Shinjuku-Gyoen Building	Feb. 28, 2001	6	166	260	4,792.13	4,792.13	100.0
OF-04	XYMAX Kamiyacho Building	Apr. 30, 1991	8	40	49	1,205.29	1,205.29	100.0
OF-05	XYMAX Higashi-Azabu Building	Nov. 30, 1999	4	57	89	2,016.00	2,016.00	100.0
OF-06	XYMAX Higashi-Ueno Building	Apr. 9, 1999	8	46	67	1,735.34	1,735.34	100.0
OF-07	XYMAX Hachioji Building	Jan. 26, 1993	25	134	162	5,556.03	5,556.03	100.0
RT-01	Muza Kawasaki	Jan. 7, 2004	18	155	218	3,703.87	3,703.87	100.0
RT-02	Life Kawasaki Miyuki Store	Jan. 13, 1997	1	Undisclosed (Note 8)	Undisclosed (Note 8)	2,677.54	2,677.54	100.0
RT-03	Vita Seiseki-Sakuragaoka	Sept 17, 1999	1	Undisclosed (Note 8)	Undisclosed (Note 8)	27,610.61	27,610.61	100.0
HT-01	Hotel Vista Sendai	Mar. 14, 2016	1	161	50	7,066.25	7,066.25	100.0
OT-01	Renaissance 21 Chihaya	Oct. 19, 2006	131	103	20	9,358.76	10,287.93	91.0
Total/Average		-	225	1,343	1,252	71,771.87	72,701.04	98.7

(Note 1) "Construction date" is the date of new construction of the main building stated in the real estate registry.

(Note 2) "Number of tenants" is the total of the number of tenants (the number of end-tenants if a pass-through type master lease contract has been concluded) pertaining to the real estate in trust based on each lease contract concluded for each real estate in trust as of February 29, 2020.

(Note 3) "Operating revenue from leasing" is the total amount of rent revenue, common area maintenance revenue, parking revenue and other revenue (including other lease business revenue) generated from portfolio real estate during the fiscal period, rounded down to the nearest specified unit.

(Note 4) "Security deposit / Guarantee" is each property's total amount of security deposit and guarantee specified in all lease contracts pertaining to the real estate in trust concluded for each real estate in trust as of February 29, 2020, rounded down to the nearest specified unit.

(Note 5) "Leased area" is the total leased area based on the lease contract and the building drawing, etc. attached to the lease contract for each real estate in trust as of February 29, 2020.

(Note 6) "Leasable area" is the total leased area based on the lease contract and the building drawing, etc. attached to the lease contract for each real estate in trust as of February 29, 2020 and the area based on the building drawing, etc. of vacant spaces.

(Note 7) "Occupancy rate" is the ratio of leased area to leasable area for each real estate in trust as of February 29, 2020, rounded to one decimal place.

(Note 8) Not disclosed due to unavoidable circumstances in that consent for disclosure has not been obtained from the lessee.

III. Summary of Real Estate Appraisal Reports

Classification	Asset no.	Asset name	Appraiser (Note 2)	Appraisal value (million yen)	Value based on income approach				
					Value based on direct capitalization method (million yen)	Capitalization rate (%)	Value based on DCF method (million yen)	Discount rate (%)	Terminal capitalization rate (%)
Office	OF-01	XYMAX Nishi-Shimbashi Building	Tanizawa Sōgō Appraisal	3,110	3,220	3.7	3,060	3.8	3.9
	OF-02	XYMAX Iwamotocho Building	Japan Real Estate	5,720	5,820	3.5	5,620	3.3	3.7
	OF-03	XYMAX Shinjuku-Gyoen Building	Japan Real Estate	7,200	7,320	3.5	7,080	3.3	3.7
	OF-04	XYMAX Kamiyacho Building	Tanizawa Sōgō Appraisal	1,190	1,260	3.8	1,160	3.9	4.0
	OF-05	XYMAX Higashi-Azabu Building	Daiwa Real Estate Appraisal.	2,160	2,210	3.8	2,140	3.6	4.0
	OF-06	XYMAX Higashi-Ueno Building	Daiwa Real Estate Appraisal.	1,600	1,630	3.9	1,590	3.7	4.1
	OF-07	XYMAX Hachioji Building	Japan Real Estate	3,590	3,630	4.8	3,550	4.6	5.0
	Subtotal/Average				24,570	25,090	-	24,200	-
Retail	RT-01	Muza Kawasaki	Tanizawa Sōgō Appraisal	5,380	5,320	4.1	5,400	4.2	4.3
	RT-02	Life Kawasaki Miyuki Store	Daiwa Real Estate Appraisal.	975	987	4.2	970	4.0	4.4
	RT-03	Vita Seiseki-Sakuragaoka	Tanizawa Sōgō Appraisal	3,930	3,800	5.0	3,990	5.1	5.2
	Subtotal/Average				10,285	10,107	-	10,360	-
Hotel	HT-01	Hotel Vista Sendai	Tanizawa Sōgō Appraisal	5,480	5,580	4.7	5,430	4.8	4.9
	Subtotal/Average				5,480	5,580	-	5,430	-
Other	OT-01	Renaissance 21 Chihaya	Tanizawa Sōgō Appraisal	3,130	3,210	5.0	3,100	5.1	5.2
	Subtotal/Average				3,130	3,210	-	3,100	-
Total/Average				43,465	43,987	-	43,090	-	-

(Note 1) The date of value for the real estate appraisal reports is February 29, 2020.

(Note 2) "Appraiser" is the name of the appraiser shortened as follows:

Japan Real Estate: Japan Real Estate Institute

Tanizawa Sōgō Appraisal: The Tanizawa Sōgō Appraisal Co., Ltd.

Daiwa Real Estate Appraisal: Daiwa Real Estate Appraisal Co., Ltd.

IV. Summary of Engineering Reports and Seismic Risk Evaluation Reports

Asset no.	Asset name	Engineering report				Seismic risk evaluation report		
		Inspection company (Note 1)	Inspection date	Short-term repair cost (thousand yen) (Note 2) (Note 3)	Long-term repair cost (thousand yen) (Note 2) (Note 4)	Inspection company (Note 1)	Inspection date	PML value (%)
OF-01	XYMAX Nishi-Shimbashi Building	Sompo Risk Management Inc.	Nov. 30, 2017	-	4,503	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Nov. 2017	6.1
OF-02	XYMAX Iwamotocho Building	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Nov. 30, 2017	-	12,297	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Nov. 2017	5.2
OF-03	XYMAX Shinjuku-Gyoen Building	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Nov. 30, 2017	-	10,665	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Nov. 2017	4.5
OF-04	XYMAX Kamiyacho Building	Earth-Appraisal Co., Ltd.	Nov. 30, 2017	-	7,737	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Nov. 2017	3.8
OF-05	XYMAX Higashi-Azabu Building	Earth-Appraisal Co., Ltd.	Nov. 30, 2017	-	4,282	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Nov. 2017	3.4
OF-06	XYMAX Higashi-Ueno Building	Earth-Appraisal Co., Ltd.	Nov. 30, 2017	-	2,820	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Nov. 2017	5.1
OF-07	XYMAX Hachioji Building	Sompo Risk Management Inc.	Nov. 30, 2017	-	13,742	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Nov. 2017	3.9
RT-01	Muza Kawasaki	Earth-Appraisal Co., Ltd.	Nov. 30, 2017	-	13,357	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Nov. 2017	1.2
RT-02	Life Kawasaki Miyuki Store	Daiwa Real Estate Appraisal Co., Ltd.	Nov. 30, 2017	-	3,662	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Nov. 2017	7.0
RT-03	Vita Seiseki-Sakuragaoka	Daiwa Real Estate Appraisal Co., Ltd.	Nov. 30, 2017	-	150,664	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Nov. 2017	2.1
HT-01	Hotel Vista Sendai	Daiwa Real Estate Appraisal Co., Ltd.	Nov. 30, 2017	-	8,071	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Nov. 2017	1.7
OT-01	Renaissance 21 Chihaya	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Nov. 30, 2017	-	13,916	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Nov. 2017	1.7
Total				-	245,716	Entire portfolio (Note 5)		2.1

(Note 1) Company names in "Inspection company" are the names when the inspection was performed.

(Note 2) "Short-term repair cost" and "Long-term repair cost" are indicated based on the engineering report.

(Note 3) "Short-term repair cost" refers to the cost for repair or upgrading that has priority over daily maintenance and indicates the total amount of estimates of repair costs deemed necessary within one year from the date of the engineering report.

(Note 4) "Long-term repair cost" refers to the cost for repair or upgrading to maintain functions and safe operations against the deterioration with age and indicates the total amount of repair/upgrading costs deemed necessary within 12 years from the date of the engineering report, which is the annual average calculated by the Asset Management Company, rounded to the nearest thousand yen. For Muza Kawasaki and Vita Seiseki-Sakuragaoka, amounts corresponding to the ownership ratios (6.9% and 49.6% respectively, rounded down to one decimal place) are indicated.

(Note 5) "Entire portfolio" is a PML value for a group of the 12 portfolio assets, obtained in the same manner as for each property based on the seismic risk evaluation (portfolio) report dated November 2017 prepared by Tokio Marine & Nichido Risk Consulting Co., Ltd.

V. Capital Expenditures

(A) Schedule of Capital Expenditures

Of capital expenditures associated with renovation work, etc. currently planned for assets held by XYMAX REIT as of the end of the fiscal period under review, the following are the major estimated amounts. The estimated construction costs below may include the portion separately booked as expenses in accounting.

Name of real estate, etc.	Location	Purpose	Scheduled period	Estimated construction costs (thousand yen)		
				Total amount	Amount of payment during period	Total amount already paid
Vita Seiseki-Sakuragaoka	Tama-shi, Tokyo	Overhaul & parts exchange of Parking A (located on basement floor)	From: July 2020 To: July 2020	49,589	-	-

(B) Capital Expenditures during the Fiscal Period

The construction work, etc. falling under the category of capital expenditures conducted in the fiscal period under review for assets held by XYMAX REIT as of the end of the fiscal period under review amounted to 131,562 thousand yen. Combined with repair expenses booked as expenses in the fiscal period under review (71,455 thousand yen), construction work, etc. totaling 203,017 thousand yen was conducted. Construction work, etc. that fall under the category of significant capital expenditure conducted in the fiscal period under review for assets held by XYMAX REIT are as follows.

Name of real estate, etc.	Location	Purpose	Construction period	Construction costs (thousand yen)
XYMAX Higashi-Azabu Building	Minato-ku, Tokyo	Renewal of PAC and total heat exchangers on 1-4 floors	From: November 2019 To: November 2019	25,317
XYMAX Higashi-Ueno Building	Taito-ku, Tokyo	Renewal of air conditioners on 1-3 floors	From: February 2020 To: February 2020	14,857

VI. Property Overview and Earnings/Expenses of Properties

XYMAX Nishi-Shimbashi Building			Category	Office
Overview of the Specified Asset			Earnings and Expenses (Unit: thousand yen)	
Acquisition Date	February 16, 2018		Management Period	From September 1, 2019 to February 29, 2020
Acquisition Price	2,500 million yen		Number of operating days	182 days
Type of Specified Asset	Trust beneficiary right		(1) Operating expenses from real estate leasing	
Trustee	Sumitomo Mitsui Trust Bank, Ltd.		Lease business revenue	75,530
Location (residential address)	2-6-2 Nishi-Shimbashi, Minato-ku, Tokyo		Other lease business revenue	5,299
Land	Lot Number	2-10-16 Nishi-Shimbashi, Minato-ku, Tokyo, and other	Total operating revenue from real estate leasing	80,829
	Building Coverage Ratio	80%	(2) Operating expenses from real estate leasing	
	Floor-Area Ratio	700%	Tax and public dues	6,909
	Land Use District	Commercial district	Maintenance fees	5,413
	Site Area	402.53 m ²	Utility expenses	4,292
	Type of ownership	Ownership	Repair expenses	1,613
Building	Construction Date	August 22, 2000	Insurance premiums	62
	Structure/Number of Floors	Reinforced concrete structure with flat roof 9F	Depreciation	2,588
	Total Floor Area	2,517.50 m ²	Other expenses related to leasing business	635
	Architect	RUI SEKKEISHITSU Co., Ltd.	Total operating expenses from real estate leasing	21,513
	Builder	Fujiki Komuten Co., Ltd.	(3) NOI	61,904
	Type of Ownership	Ownership	(4) Operating income (loss) from real estate leasing	59,315
ML Company	-			
PM Company	XYMAX ALPHA Corporation			
Notes: There is a 2-meter setback from the centerline of the road on the south side of the property. However, the site area includes the setback portion (33.96 m ²).				

XYMAX Iwamotocho Building		Category	Office	
Overview of the Specified Asset		Earnings and Expenses (Unit: thousand yen)		
Acquisition Date	February 16, 2018	Management Period	From September 1, 2019 to February 29, 2020	
Acquisition Price	4,250 million yen	Number of operating days	182 days	
Type of Specified Asset	Trust beneficiary right	(1) Operating expenses from real estate leasing		
Trustee	Sumitomo Mitsui Trust Bank, Ltd.	Lease business revenue	127,395	
Location (residential address)	2-3-3 Iwamotocho, Chiyoda-ku, Tokyo	Other lease business revenue	22,304	
Land	Lot Number	Total operating revenue from real estate leasing		
	Building Coverage Ratio	149,699		
	Floor-Area Ratio	(2) Operating expenses from real estate leasing		
	Land Use District	Tax and public dues	13,419	
	Site Area	Maintenance fees	10,414	
	Type of ownership	Utility expenses	7,997	
Building	Construction Date	March 22, 2001	Repair expenses	10,570
	Structure/Number of Floors	Steel-framed reinforced concrete structure with flat roof B1F/9F	Insurance premiums	221
	Total Floor Area	6,261.06 m ²	Depreciation	11,243
	Architect	Nikken Sekkei Ltd.	Other expenses related to leasing business	3,834
	Builder	Kumagai-Sumitomo Construction Consortium	Total operating expenses from real estate leasing	57,702
	Type of Ownership	Ownership	(3) NOI	103,240
ML Company	Godo Kaisha ML2	(4) Operating income (loss) from real estate leasing	91,996	
PM Company	XYMAX ALPHA Corporation			
Notes: None				

XYMAX Shinjuku-Gyoen Building			Category	Office
Overview of the Specified Asset			Earnings and Expenses (Unit: thousand yen)	
Acquisition Date	February 16, 2018		Management Period	From September 1, 2019 to February 29, 2020
Acquisition Price	5,020 million yen		Number of operating days	182 days
Type of Specified Asset	Trust beneficiary right		(1) Operating expenses from real estate leasing	
Trustee	Sumitomo Mitsui Trust Bank, Ltd.		Lease business revenue	154,517
Location (residential address)	1-1-11 Shinjuku, Shinjuku-ku, Tokyo		Other lease business revenue	12,291
Land	Lot Number	1-1-7 Shinjuku, Shinjuku-ku, and other	Total operating revenue from real estate leasing	166,808
	Building Coverage Ratio	80%	(2) Operating expenses from real estate leasing	
	Floor-Area Ratio	700%	Tax and public dues	14,446
	Land Use District	Commercial district	Maintenance fees	10,808
	Site Area	839.09 m ²	Utility expenses	8,606
	Type of ownership	Ownership	Repair expenses	3,922
Building	Construction Date	February 28, 2001	Insurance premiums	212
	Structure/Number of Floors	Steel-construction / Reinforced concrete structure with flat roof B1F/9F	Depreciation	10,071
	Total Floor Area	6,084.32 m ²	Other expenses related to leasing business	2,150
	Architect	U Associates Co., Ltd.	Total operating expenses from real estate leasing	50,217
	Builder	Kajima-Oriental Construction Consortium	(3) NOI	126,662
	Type of Ownership	Ownership	(4) Operating income (loss) from real estate leasing	116,591
ML Company	Godo Kaisha ML2			
PM Company	XYMAX ALPHA Corporation			
Notes: None				

XYMAX Kamiyacho Building		Category	Office
Overview of the Specified Asset		Earnings and Expenses (Unit: thousand yen)	
Acquisition Date	February 16, 2018	Management Period	From September 1, 2019 to February 29, 2020
Acquisition Price	880 million yen	Number of operating days	182 days
Type of Specified Asset	Trust beneficiary right	(1) Operating expenses from real estate leasing	
Trustee	Sumitomo Mitsui Trust Bank, Ltd.	Lease business revenue	36,707
Location (residential address)	5-12-13 Toranomom, Minato-ku, Tokyo	Other lease business revenue	3,801
Land	Lot Number	Total operating revenue from real estate leasing	
	Building Coverage Ratio	40,509	
	Floor-Area Ratio	(2) Operating expenses from real estate leasing	
	Land Use District	Tax and public dues	4,678
	Site Area	Maintenance fees	4,613
	Type of ownership	Utility expenses	2,543
Building	Construction Date	Repair expenses	4,917
	Structure/Number of Floors	Insurance premiums	46
	Total Floor Area	Depreciation	1,287
	Architect	Other expenses related to leasing business	1,959
	Builder	Total operating expenses from real estate leasing	20,046
	Type of Ownership	(3) NOI	21,750
ML Company	XYMAX ALPHA Corporation	(4) Operating income (loss) from real estate leasing	20,462
PM Company	XYMAX ALPHA Corporation		
Notes: None			

XYMAX Higashi-Azabu Building			Category	Office
Overview of the Specified Asset			Earnings and Expenses (Unit: thousand yen)	
Acquisition Date	February 16, 2018		Management Period	From September 1, 2019 to February 29, 2020
Acquisition Price	1,550 million yen		Number of operating days	182 days
Type of Specified Asset	Trust beneficiary right		(1) Operating expenses from real estate leasing	
Trustee	Sumitomo Mitsui Trust Bank, Ltd.		Lease business revenue	51,783
Location (residential address)	1-5-2 Higashi-Azabu, Minato-ku, Tokyo		Other lease business revenue	6,082
Land	Lot Number	1-5-11 Higashi-Azabu, Minato-ku, Tokyo	Total operating revenue from real estate leasing	57,865
	Building Coverage Ratio	80%	(2) Operating expenses from real estate leasing	
	Floor-Area Ratio	600%	Tax and public dues	6,362
	Land Use District	Commercial district	Maintenance fees	6,126
	Site Area	365.05 m ²	Utility expenses	2,990
	Type of ownership	Ownership	Repair expenses	5,509
Building	Construction Date	November 30, 1999	Insurance premiums	82
	Structure/Number of Floors	Steel-framed reinforced concrete structure with flat roof B1F/9F	Depreciation	4,692
	Total Floor Area	2,570.13 m ²	Other expenses related to leasing business	1,063
	Architect	Tokyo Branch of TOZAI KENCHIKU SERVICE CO., LTD.	Total operating expenses from real estate leasing	26,827
	Builder	Kanto Branch of Maeda Corporation	(3) NOI	35,730
	Type of Ownership	Ownership	(4) Operating income (loss) from real estate leasing	31,038
ML Company	XYMAX ALPHA Corporation			
PM Company	XYMAX ALPHA Corporation			
Notes: None				

XYMAX Higashi-Ueno Building			Category	Office
Overview of the Specified Asset			Earnings and Expenses (Unit: thousand yen)	
Acquisition Date	February 16, 2018		Management Period	From September 1, 2019 to February 29, 2020
Acquisition Price	1,150 million yen		Number of operating days	182 days
Type of Specified Asset	Trust beneficiary right		(1) Operating expenses from real estate leasing	
Trustee	Sumitomo Mitsui Trust Bank, Ltd.		Lease business revenue	40,406
Location (residential address)	1-11-4 Higashi-Ueno, Taito-ku, Tokyo		Other lease business revenue	5,963
Land	Lot Number	1-22-9 Higashi-Ueno, Taito-ku, Tokyo, and other	Total operating revenue from real estate leasing	46,369
	Building Coverage Ratio	80%	(2) Operating expenses from real estate leasing	
	Floor-Area Ratio	600%、500%	Tax and public dues	3,685
	Land Use District	Commercial district	Maintenance fees	4,281
	Site Area	368.84 m ²	Utility expenses	3,016
	Type of ownership	Ownership	Repair expenses	1,200
Building	Construction Date	April 9, 1999	Insurance premiums	60
	Structure/Number of Floors	Steel-framed reinforced concrete structure with flat roof 8F	Depreciation	2,550
	Total Floor Area	1,942.54 m ²	Other expenses related to leasing business	1,194
	Architect	Architect 5 Partnership	Total operating expenses from real estate leasing	15,988
	Builder	Tokyo Branch of Kajima Corporation	(3) NOI	32,931
	Type of Ownership	Ownership	(4) Operating income (loss) from real estate leasing	30,381
ML Company	XYMAX ALPHA Corporation			
PM Company	XYMAX ALPHA Corporation			
Notes:	None			

(Note) The site area includes a portion of private road burden (48.62 m²).

XYMAX Hachioji Building			Category	Office
Overview of the Specified Asset			Earnings and Expenses (Unit: thousand yen)	
Acquisition Date	February 16, 2018		Management Period	From September 1, 2019 to February 29, 2020
Acquisition Price	2,600 million yen		Number of operating days	182 days
Type of Specified Asset	Trust beneficiary right		(1) Operating expenses from real estate leasing	
Trustee	Mitsubishi UFJ Trust and Banking Corporation		Lease business revenue	117,672
Location (residential address)	25-6 Yokoyamacho, Hachioji-shi, Tokyo		Other lease business revenue	16,612
Land	Lot Number	3-2 Yokoyamacho, Hachioji-shi, Tokyo, and other	Total operating revenue from real estate leasing	134,284
	Building Coverage Ratio	80%	(2) Operating expenses from real estate leasing	
	Floor-Area Ratio	600%	Tax and public dues	8,397
	Land Use District	Commercial district	Maintenance fees	15,731
	Site Area	1,220.58 m ²	Utility expenses	8,142
	Type of ownership	Ownership	Repair expenses	3,552
Building	Construction Date	January 26, 1993	Insurance premiums	275
	Structure/Number of Floors	Steel-framed reinforced concrete/ Steel-construction with flat roof B1F/9F	Depreciation	9,183
	Total Floor Area	7,404.81 m ²	Other expenses related to leasing business	2,337
	Architect	NIHON SEKKEI Inc.	Total operating expenses from real estate leasing	47,619
	Builder	MATSUMURA-GUMI Corporation	(3) NOI	95,848
	Type of Ownership	Ownership	(4) Operating income (loss) from real estate leasing	86,665
ML Company	Godo Kaisha ML1			
PM Company	XYMAX ALPHA Corporation			
Notes: None				

Muza Kawasaki		Category	Retail
Overview of the Specified Asset		Earnings and Expenses (Unit: thousand yen)	
Acquisition Date	February 16, 2018	Management Period	From September 1, 2019 to February 29, 2020
Acquisition Price	4,100 million yen	Number of operating days	182 days
Type of Specified Asset	Trust beneficiary right	(1) Operating expenses from real estate leasing	
Trustee	Sumitomo Mitsui Trust Bank, Ltd.	Lease business revenue	134,809
Location (residential address)	1310 Omiyacho, Saiwai-ku, Kawasaki-shi, Kanagawa	Other lease business revenue	21,130
Land	Lot Number	Total operating revenue from real estate leasing	
	Building Coverage Ratio	155,939	
	Floor-Area Ratio	(2) Operating expenses from real estate leasing	
	Land Use District	Tax and public dues	10,345
	Site Area	Maintenance fees	14,740
	Type of ownership	Utility expenses	13,951
Building	Construction Date	Repair expenses	3,680
	Structure/Number of Floors	Insurance premiums	191
	Total Floor Area	Depreciation	16,466
	Architect	Other expenses related to leasing business	530
	Builder	Total operating expenses from real estate leasing	59,906
	Type of Ownership	(3) NOI	112,499
ML Company	XYMAX ALPHA Corporation	(4) Operating income (loss) from real estate leasing	96,032
PM Company	XYMAX ALPHA Corporation		
Notes:			
None			

Life Kawasaki Miyuki Store		Category	Retail	
Overview of the Specified Asset		Earnings and Expenses (Unit: thousand yen)		
Acquisition Date	February 16, 2018	Management Period	From September 1, 2019 to February 29, 2020	
Acquisition Price	790 million yen	Number of operating days	182 days	
Type of Specified Asset	Trust beneficiary right	(1) Operating expenses from real estate leasing		
Trustee	Mitsubishi UFJ Trust and Banking Corporation	Lease business revenue	Undisclosed	
Location (residential address)	4-93 Komukai-nishimachi, Saiwai-ku, Kawasaki-shi, Kanagawa	Other lease business revenue	Undisclosed	
Land	Lot Number	4-93 Komukai-nishimachi, Saiwai-ku, Kawasaki-shi, Kanagawa, and other	Total operating revenue from real estate leasing	Undisclosed
	Building Coverage Ratio	80%、60%	(2) Operating expenses from real estate leasing	
	Floor-Area Ratio	200%	Tax and public dues	Undisclosed
	Land Use District	Neighborhood commercial district, category 1 residential districts	Maintenance fees	Undisclosed
	Site Area	1,879.15 m ²	Utility expenses	Undisclosed
	Type of ownership	Ownership	Repair expenses	Undisclosed
Building	Construction Date	January 13, 1997	Insurance premiums	Undisclosed
	Structure/Number of Floors	Steel-construction with flat roof 2F	Depreciation	1,502
	Total Floor Area	2,596.80 m ²	Other expenses related to leasing business	Undisclosed
	Architect	Tokyo First-class Architect Office, Takenaka Corporation	Total operating expenses from real estate leasing	Undisclosed
	Builder	Yokohama Branch of Takenaka Corporation	(3) NOI	14,509
	Type of Ownership	Ownership	(4) Operating income (loss) from real estate leasing	13,006
ML Company	-			
PM Company	XYMAX ALPHA Corporation			
Notes: Under the lease contract with the tenant, in the case the lessor intends to transfer the ownership right of the property to a third party through sale, etc., the lessor is to notify such to the lessee in advance to allow the lessee to preferentially discuss acquisition if the lessee wishes.				

Vita Seiseki-Sakuragaoka		Category	Retail
Overview of the Specified Asset		Earnings and Expenses (Unit: thousand yen)	
Acquisition Date	February 16, 2018	Management Period	From September 1, 2019 to February 29, 2020
Acquisition Price	3,100 million yen	Number of operating days	182 days
Type of Specified Asset	Trust beneficiary right	(1) Operating expenses from real estate leasing	
Trustee	Mitsubishi UFJ Trust and Banking Corporation	Lease business revenue	Undisclosed
Location (residential address)	4-72 Sekido, Tama-shi, Tokyo	Other lease business revenue	Undisclosed
Land	Lot Number	4-72 Sekido, Tama-shi, Tokyo	Total operating revenue from real estate leasing
	Building Coverage Ratio	80%	(2) Operating expenses from real estate leasing
	Floor-Area Ratio	500%	Tax and public dues
	Land Use District	Commercial	Maintenance fees
	Site Area	4,467.51 m ²	Utility expenses
	Type of ownership	Co-ownership interest in ownership right (ratio of right of site: 49.6%)	Repair expenses
Building	Construction Date	September 17, 1999	Insurance premiums
	Structure/Number of Floors	Steel-framed reinforced concrete structure/reinforced concrete structure/steel-construction with flat roof B3F/27F	Depreciation
	Total Floor Area	27,161.00 m ²	Other expenses related to leasing business
	Architect	Tokyo Branch First-Class Architect Office Corporation, Housing and Urban Development Corporation	Total operating expenses from real estate leasing
	Builder	Toda-Tokyu-ICHIKEN Construction Consortium	(3) NOI
	Type of Ownership	Sectional ownership (however, for house numbers 72-3 and 72-7, co-ownership interest of 937,995/1,000,000 and 591,485/1,000,000, respectively)	(4) Operating income (loss) from real estate leasing
ML Company	-		155,080
PM Company	XYMAX ALPHA Corporation		141,374
Notes: As to the part of the building (house numbers 72-3 and 72-7), an agreement on the following matters has been concluded with the co-owners of the sections. <ul style="list-style-type: none"> · Non-division covenant for five years from the conclusion date (renewed automatically unless any one of the co-owners claims not to renew at least six months prior to the expiration date) · When transferring or dispositioning by other means the co-ownership interest, the party must notify other co-owners (hereinafter, the "Counterparties") of such at least one month prior to the transfer or disposition in writing. The Counterparties shall have the preferential negotiation right to purchase the said co-ownership interest within 20 business days after the notice, and such purchase shall be effective after two months of a written notice stating exercise of right-to-purchase (hereinafter, the "Notice of Exercising Right-to-Purchase") reaching the party wishing to transfer the co-ownership interest. In such a case, the price shall be the value on an as-is basis, and if the parties do not reach an agreement on the price, the price shall be the real estate appraisal value as of the date of the Notice of Exercising Right-to-Purchase delivered to the party wishing to transfer the co-ownership interest. 			

Hotel Vista Sendai		Category	Hotel
Overview of the Specified Asset		Earnings and Expenses (Unit: thousand yen)	
Acquisition Date	February 16, 2018	Management Period	From September 1, 2019 to February 29, 2020
Acquisition Price	4,400 million yen	Number of operating days	182 days
Type of Specified Asset	Trust beneficiary rights and movables property incidental to hotel	(1) Operating expenses from real estate leasing	
Trustee	Mitsubishi UFJ Trust and Banking Corporation	Lease business revenue	161,289
Location (residential address)	1-7-3 Tsutsujigaoka, Miyagino-ku, Sendai-shi, Miyagi	Other lease business revenue	-
Land	Lot Number	1-7-2 Tsutsujigaoka, Miyagino-ku, Sendai-shi, Miyagi, and other	Total operating revenue from real estate leasing
	Building Coverage Ratio	80%	(2) Operating expenses from real estate leasing
	Floor-Area Ratio	500%	Tax and public dues
	Land Use District	Commercial district	Maintenance fees
	Site Area	1,461.36 m ²	Utility expenses
	Type of ownership	Ownership (partial surface right)	Repair expenses
Building	Construction Date	March 14, 2016	Insurance premiums
	Structure/Number of Floors	Steel-construction with flat roof 12F	Depreciation
	Total Floor Area	6,977.47 m ²	Other expenses related to leasing business
	Architect	First-class Architect Office, AA and SUN Associates INC.	Total operating expenses from real estate leasing
	Builder	Tohoku Branch of Maeda Corporation	(3) NOI
	Type of Ownership	Ownership	(4) Operating income (loss) from real estate leasing
ML Company	XYMAX Corporation		
PM Company	XYMAX Corporation		
Notes: Sendai City has sectional surface rights to part of the land (lot number 7-18) aimed at the ownership of facilities required for high-speed railway business. No ground rent arises under this surface right. Under the lease contract with the tenant, the lessor shall not sell the property to other hotel operators or their affiliate companies.			

(Note) The site area includes 524.21 m² of surface right.

Renaissance 21 Chihaya		Category	Other (residential)
Overview of the Specified Asset		Earnings and Expenses (Unit: thousand yen)	
Acquisition Date	February 16, 2018	Management Period	From September 1, 2019 to February 29, 2020
Acquisition Price	2,700 million yen	Number of operating days	182 days
Type of Specified Asset	Trust beneficiary right	(1) Operating expenses from real estate leasing	
Trustee	Mitsubishi UFJ Trust and Banking Corporation	Lease business revenue	97,363
Location (residential address)	5-4-25 Chihaya, Higashi-ku, Fukuoka-shi, Fukuoka	Other lease business revenue	5,720
Land	Lot Number	Total operating revenue from real estate leasing	
	Building Coverage Ratio	103,083	
	Floor-Area Ratio	(2) Operating expenses from real estate leasing	
	Land Use District	Tax and public dues	8,624
	Site Area	Maintenance fees	7,818
	Type of ownership	Utility expenses	1,513
Building	Construction Date	Repair expenses	6,850
	Structure/Number of Floors	Insurance premiums	295
	Total Floor Area	Depreciation	19,359
	Architect	Other expenses related to leasing business	7,245
	Builder	Total operating expenses from real estate leasing	51,707
	Type of Ownership	(3) NOI	70,736
ML Company	Miyoshi Asset Management Co., Ltd.	(4) Operating income (loss) from real estate leasing	
PM Company	Miyoshi Asset Management Co., Ltd.	51,376	
Notes:			
None			