



**XYMAX REIT Investment Corporation**

**MUZA  
KAWASAKI**

# **Presentation Material**

**for the 2nd Fiscal Period Ended February 2019**

**Securities Code: 3488**

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<Note>

■ Unless otherwise specified, amounts are rounded off to the nearest unit and ratio is rounded down to the first decimal place in this material.

■ The following abbreviations of property names are used in this material.

XYMAX Nishi-Shimbashi Building	: Nishi-Shimbashi	XYMAX Iwamotocho Building	: Iwamotocho
XYMAX Shinjuku-Gyoen Building	: Shinjuku-Gyoen	XYMAX Kamiyacho Building	: Kamiyacho
XYMAX Higashi-Azabu Building	: Higashi-Azabu	XYMAX Higashi-Ueno Building	: Higashi-Ueno
XYMAX Hachioji Building	: Hachioji	Muza Kawasaki	: Kawasaki
Life Kawasaki Miyuki Store	: Kawasaki Miyuki	Vita Seiseki-Sakuragaoka	: Seiseki-Sakuragaoka
Hotel Vista Sendai	: Sendai	Renaissance 21 Chihaya	: Chihaya

■ Explanation of terms

Terms	Definition
Estimated value at the end of period	Estimated value at the end of period indicates the value appraised by the appraisers or the research price based on the Articles of Incorporation of XYMAX REIT and the "Ordinance on Accountings of Investment Corporations" (Ministry of Finance Ordinance No. 47 of 2006, as amended) with the last day of the current fiscal period as the research date
Unrealized gain	Estimated value of real estate, etc. at the end of period – book value at the end of period
LTV based on total assets	Balance of interest-bearing liabilities /total assets
Appraisal LTV	Balance of interest-bearing liabilities /(total assets + unrealized gain)
Net asset per unit	(Net asset-total distribution)/ total number of investment units issued and outstanding
NAV per unit	(Net asset+ unrealized gain-total distribution)/ total number of investment units issued and outstanding
Acquisition price	Acquisition price is the sales price of each trust beneficiary right indicated in the trust beneficiary rights sales agreement, and does not include consumption cost, such as local consumption tax and transaction fee, etc.



**XYMAX REIT Investment Corporation**



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A black and white photograph of a modern multi-story building with a glass facade. The text 'MUZA KAWASAKI' is overlaid on the image in a white, serif font.

## Overview of XYMAX REIT



## Basic Principle

XYMAX REIT will realize maximization of unitholder value using the superior real estate Assessment Capability which has been cultivated by the No. 1-ranked\* Real Estate Management Capability of XYMAX Group, the sponsor.

## Overview

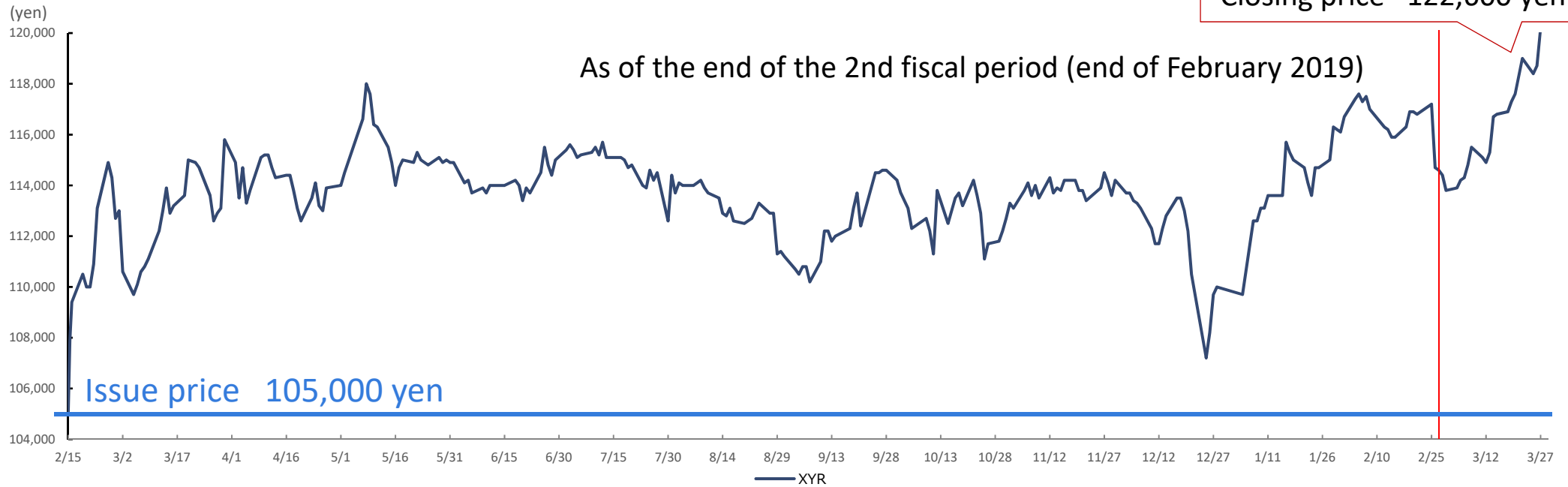
<b>Trade name</b>	XYMAX REIT Investment Corporation
<b>End of fiscal period (scheduled month of distribution payment)</b>	February (May)/August (November)
<b>Securities code</b>	3488
<b>Date of listing</b>	February 15, 2018
<b>Asset management company</b>	XYMAX REAL ESTATE INVESTMENT ADVISORS Corporation
<b>Sponsor</b>	XYMAX Corporation

(\* According to each November issue of the monthly magazine "Property Management" from 2010 to 2015, the XYMAX Group was ranked No. 1 in the ranking of top companies in terms of floor area under management for 6 consecutive years since 2010.

# Change in investment unit price/unrealized gain

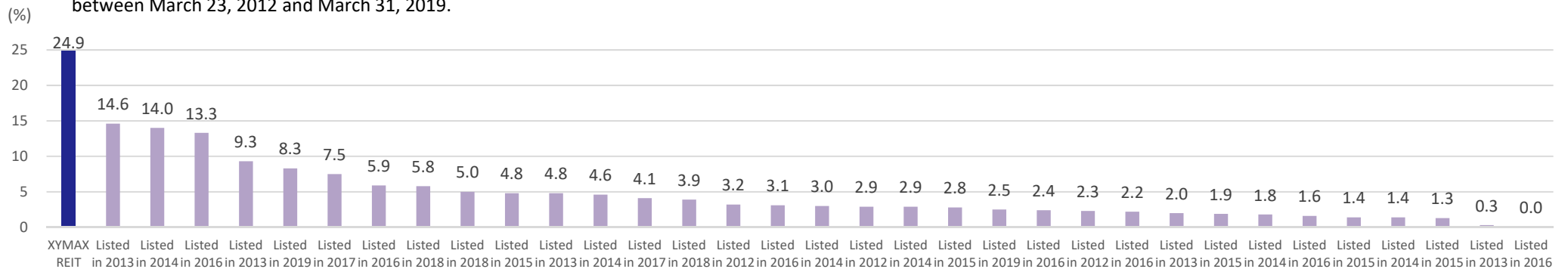
Stable change in investment unit price exceeding issue price and relatively high unrealized gain.

## Change in investment unit price of XYMAX REIT



## Unrealized gain of J-REITs upon listing\*

(\*) Unrealized gain of other J-REITs is calculated based on acquisition price and appraisal value indicated in disclosure materials at the time of listing of J-REITs which were newly listed between March 23, 2012 and March 31, 2019.



# Characteristics and “3 FORCES” of the Investment Corporation to maximize unitholder value

XYMAX REIT fully utilize all strength of XYMAX Group, which has been ranked as the No.1 domestic service provider in terms of “Property Management” that realize maximization of profitability of properties.

- Number of Real estate managed : **845** buildings, total floor area: approximately **3.7** million tsupos (as of December 31, 2018)
- Human resource: **1,922** people engaged in real estate management, **87** in leasing and **85** in CRE related business (as of March 1, 2019)
- Relationship with real estate owners : approximately **270** companies
- Track records in property sales and brokerage: **269** buildings, approximately **478** billion yen (accumulated total from April 1, 2010 to March 31, 2019)

**Maximally utilize the business platform of XYMAX Group**



**“3 FORCES” to maximize unitholder value**



**Assessment  
Capability**



**Management  
Capability**



**Sourcing  
Capability**



**Stable operational and financial base established through the IPO**



**XYMAX REIT Investment Corporation**



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A photograph of a modern, multi-story office building with a glass facade. The building is partially obscured by a white diagonal line. The text 'MUZA KAWASAKI' is overlaid on the image.

# Overview of Financial Results for the 2nd Fiscal Period and Earnings Forecasts for the 3rd and 4th Fiscal Periods



## Result and forecast of distribution per unit

	1st FP	2nd FP	3rd FP	4th FP
Disclosed upon listing (February 15, 2018)	2,309 yen	3,279 yen	2,917 yen	—
Disclosed at the end of 1st FP	2,610 yen (+301 yen from forecast upon listing)	3,473 yen (+194 yen from forecast upon listing)	2,937 yen (+20 yen from forecast upon listing)	—
Disclosed at the end of 2nd FP	—	3,596 yen (+317 yen from forecast upon listing) (+123 yen from forecast at the end of 1st FP)	2,947 yen (+30 yen from forecast upon listing) (+10 yen from forecast at the end of 1st FP)	2,901 yen

## Portfolio

Asset size	12 properties 33,040 million yen
Occupancy rate at the end of period	98.9%
Estimated value at the end of period	42,295 million yen
Unrealized gain	8,797 million yen (Unrealized gain ratio 26.3%)

## Financial status

Interest-bearing liabilities at the end of period	11,680 million yen
LTV based on total assets	31.8% (Appraisal LTV 25.7%)
Net asset per unit	101,100 yen
NAV per unit	140,479 yen





Unit: million yen

	Forecast for the 2nd fiscal period (A) Announced on October 17, 2018	Actual results for the 2nd fiscal period (B)	Difference (B)-(A)
Operating revenue	1,270	1,312	41
Operating expenses	443	455	12
Operating income	827	856	29
Ordinary income	776	804	27
Net income	775	803	27
Distribution per unit (yen)	3,473	3,596	123
Days	181 days	181 days	—

**Main factors of difference**

2nd FP actual vs. 2nd FP forecast

**Difference in income and expenditure in lease business (+29)**

- Improvement in income and expenditure in lease business (+22)
- Receipt of cancellation penalty (+4)

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**Difference in non-operating expenses (-2)**

**Overview of Financial Results for the 2nd Fiscal Period and Earnings Forecasts for the 3rd and 4th Fiscal Periods**  
Forecast for the 3rd fiscal period ending August 2019 and 4th fiscal period ending February 2020

Unit: million yen

	Actual results for the 2nd fiscal period ended February 2019 (A)	Forecasts for the 3rd fiscal period ending August 2019 (B)	Difference (B)-(A)	Forecasts for the 4th fiscal period ending February 2020
<b>Operating revenue</b>	1,312	1,296	-15	1,291
<b>Operating expenses</b>	455	591	136	591
<b>Operating income</b>	856	704	-151	699
<b>Ordinary income</b>	804	659	-144	649
<b>Net income</b>	803	658	-144	648
<b>Distribution per unit (yen)</b>	3,596	2,947	-649	2,901
<b>Days</b>	181 days	184 days	+3 days	182 days

**Main factors of difference**

**3rd FP forecast vs. 2nd FP results**

**Difference in income and expenditure in lease business (-151)**

- Commencement of property tax and city planning tax payment (-134)

**Difference in non-operating expense (+7)**

**4th FP forecast vs. 3rd FP forecast**

- Decrease in rent revenue, etc. (-5)

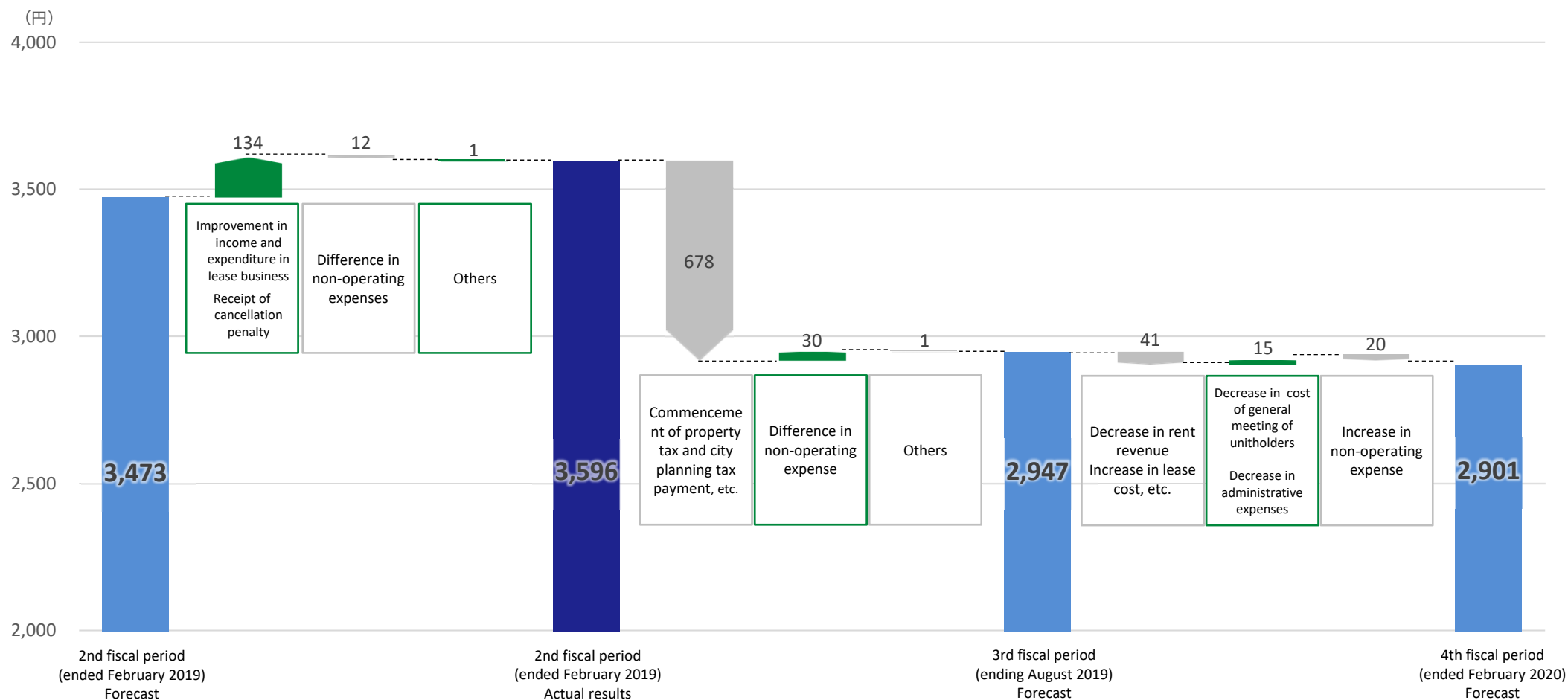
Distribution forecast for the 3rd and 4th fiscal periods

Distribution for the 2nd fiscal period	<b>3,596 yen per unit</b>	Distribution forecast for the 3rd fiscal period	<b>2,947 yen per unit</b>	Distribution forecast for the 4th fiscal period	<b>2,901 yen per unit</b>
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Achieved +123 yen increase from the forecast as of October 17, 2018

Revised +10 yen from the forecast as of October 17, 2018

Forecast for the 2nd fiscal period	Actual results for the 2nd fiscal period (ended February 2019)	Forecast for the 3rd fiscal period (ending August 2019)	Forecast for the 4th fiscal period (ending February 2020)
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**XYMAX REIT Investment Corporation**



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## Management Highlights for the 2nd Fiscal Period



XYMAX REIT aims to improve the profitability of portfolio by stretching growth of revenue and stability of revenue through assessing characteristics and strengths of each property.

Growth of Revenue



Stability of Revenue

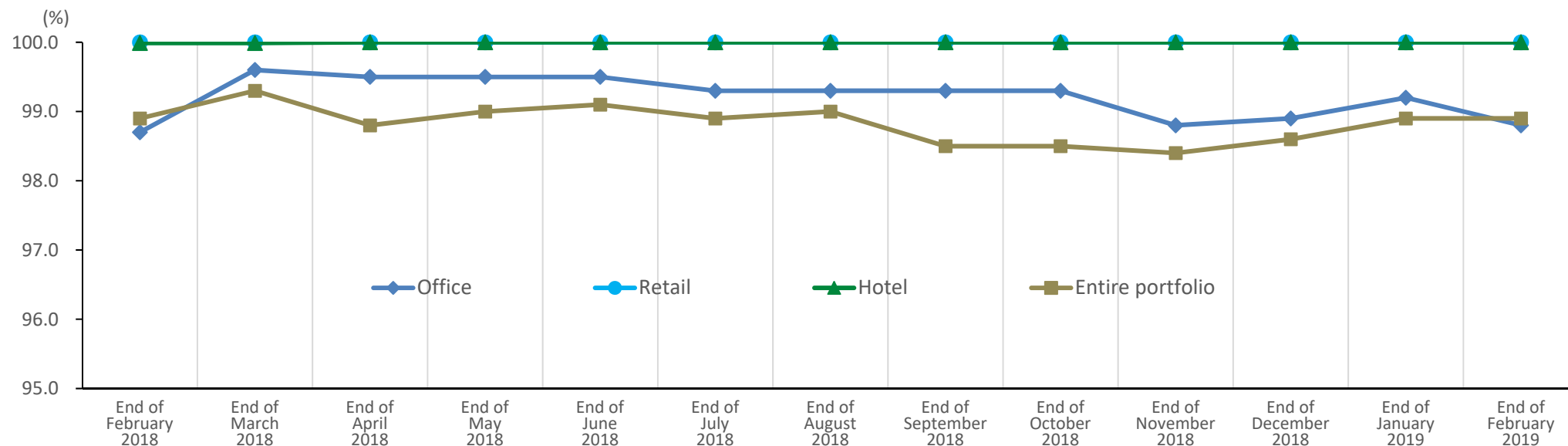


Classification of profitability		Adjusted NOI* (%)	Management strategy	Achievements up to the 2 <sup>nd</sup> FP
OF-01 OF-02 OF-03 OF-04 OF-05 OF-06	Nishi-Shimbashi Iwamotocho Shinjuku-Gyoen Kamiyacho Higashi-Azabu Higashi-Ueno	38%	As a profit driver for high growth, make continuous effort to achieve maximum rent upon tenant replacement and upward rent revision by assessing current favorable office leasing market and competitors' trends	<ul style="list-style-type: none"> <li>Occupancy rate as of the end of the 2nd FP: 100%</li> <li>Rent increase upon tenant replacement: 3 out of 4 (113 tsubo out of 212 tsubo) Monthly rent increase: 380 thousand yen. Increase rate 20% (vs. before replacement)</li> <li>Upward rent revision: 10 out of 18 (755 tsubo out of 1,521 tsubo) Monthly rent increase: approximately 100 thousand yen, increase rate 10% (vs. before renewal) (excluding residential units within the office buildings)</li> </ul>
RT-01	Kawasaki	12%	Aim to maintain and improve revenue by adequately judging whether to renew the contract or invite new tenants through analyzing characteristics of tenants and spaces	<ul style="list-style-type: none"> <li>Renewed contract at higher rent with a tenant experiencing strong sales</li> <li>Planned construction work after the lease term expires by eyeing future expiration of the contract</li> </ul>
OT-01	Chihaya	7%	Aim to realize opportunities to improve revenue discovered through expertise and know-how of management while maintaining stable revenue as a principle	<ul style="list-style-type: none"> <li>Maintained and improved average unit rent (+1.1% vs. end of February 2018)</li> <li>Maintained stable occupancy rate</li> </ul>
OF-07	Hachioji	9%		<ul style="list-style-type: none"> <li>Maintained stable occupancy rate and average unit rent</li> </ul>
HT-01	Sendai	14%	Maintain stable revenue through operation by proven operator	<ul style="list-style-type: none"> <li>Maintained stable occupancy rate and ADR</li> </ul>
RT-02 RT-03	Kawasaki Miyuki Seiseki-Sakuragaoka	20%	Maintain stable revenue as the base of entire portfolio by receiving fixed rents from credible tenants	<ul style="list-style-type: none"> <li>Maintained full occupancy and high yield</li> </ul>

(\* As fixed property tax and city planning tax are not expensed in the 2nd fiscal period, the ratio calculated by deducting fixed property tax and city planning tax (amounts for 6 months) for each of the owned properties from the actual NOI in the 2nd fiscal period for each of the owned properties is used instead.

The average occupancy rate of the portfolio was 98.9% as of the end of February 2019, maintaining a high level from the 1st fiscal period.

**Operational status by asset type**



**Occupancy rate as of the end of February 2019**

<b>Office</b>	<b>98.8%</b>	<b>Hotel</b>	<b>100.0%</b>
<b>Retail</b>	<b>100.0%</b>	<b>Entire portfolio</b>	<b>98.9 %</b>

Achieved an increase in revenue by more than 1.7 million yen per month due to rent increase by new contracts and contract renewals at 7 office buildings and Muza Kawasaki.

**Rent increase by new contracts**

	Number of contracts	Number of leases	Increase in monthly rent (comparison with previous contract)	
			Total	Average
<b>1st FP</b>	8	473.41 <sup>tsubos</sup>		
<b>Rent Increase</b>	5	297.76 <sup>tsubos</sup>	425,083yen	10.7%
	*Decrease 0			
<b>2nd FP</b>	3	94.83 <sup>tsubos</sup>		
<b>Rent Increase</b>	2	64.98 <sup>tsubos</sup>	191,300yen	17.3%
	*Decrease 0			
<b>Total</b>	11	568.24 <sup>tsubos</sup>		
<b>Rent Increase</b>	7	362.74 <sup>tsubos</sup>	616,383yen	12.1%
	*Decrease 0			

**Rent increase by contract renewals**

	Number of contracts	Number of leases	Increase in monthly rent (comparison with previous contract)	
			Total	Average
<b>1st FP</b>	15	1069.31 <sup>tsubos</sup>		
<b>Rent Increase</b>	2	215.25 <sup>tsubos</sup>	292,824yen	9.6%
	*Decrease 0			
<b>2nd FP</b>	17	1203.15 <sup>tsubos</sup>		
<b>Rent Increase</b>	9	678.96 <sup>tsubos</sup>	837,122yen	8.6%
	*Decrease 0			
<b>計</b>	32	2272.46 <sup>tsubos</sup>		
<b>Rent Increase</b>	11	894.21 <sup>tsubos</sup>	1,129,946yen	8.8%
	*Decrease 0			

**Amount of increase in monthly rent due to new contracts and rent renewals by the 2nd fiscal period (comparison with previous contract)**

**1,746,329yen**

**Forecast for 3rd fiscal period\*\***

Number of new contracts 3, number of leases agreed to increase rent 2: Increase in monthly rent approx. 316,000 yen, +approx.17% (comparison with previous contract)  
 Number of renewals 23, number of leases agreed to increase rent 9: Increase in monthly rent approx. 1,640,000 yen, +approx.10% (comparison with previous contract)

(\*) Re-conclusion of fixed-term lease contracts with tenants is included in contract renewal

(\*\* ) Those who concluded contracts and reached an agreement on the conditions as of April 15, 2019 are included in the forecast

(compiled based on the conclusion date of contract, excluding residences in office buildings) (Increase rates of forecast for 3<sup>rd</sup> FP are rounded to the whole number)



Management results: Forecasted contract renewal with tenants

XYMAX REIT is proceeding with upward rent revision through contract renewal targeting tenants judged that there is room for rent increase at office buildings and Muza Kawasaki, the main assets to grow the revenue of the portfolio.

Floor area subject to contract renewal by asset type

- \* Re-conclusion of fixed-term lease contracts is included in contract renewal
- \* Forecast for 3rd FP includes those who concluded contracts and reached an agreement on the conditions as of April 15, 2019
- \* Monthly rent increase (%) is comparison with previous contract

Office buildings in central Tokyo (6 buildings)

Actual results for the 1st FP	Forecast for 3rd FP
Renewal: 547.64 tsubos 6	Renewal: 1538.86 tsubos 17
Increase: 76.23 tsubos 1	Increase: 986.48 tsubos 9
Monthly rent increase +25%	Monthly rent increase approx.+10%
Actual results for the 2nd FP	
Renewal: 973.36 tsubos 12	
Increase: 678.96 tsubos 9	
Monthly rent increase +8.6%	

\*Decrease 0

Muza Kawasaki

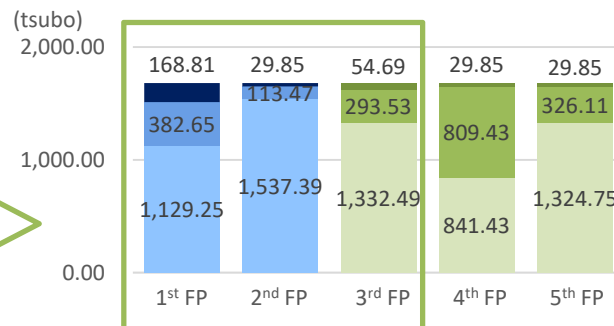
Actual results for the 1st FP	Actual results for the 2nd FP	Forecast for 3rd FP
Renewal: 139.02 tsubos 1	Renewal: 116.32 tsubos 4	Renewal: 42.67 tsubos 2
Increase: 139.02 tsubos 1	(renewed only at the same rent)	(renewed only at the same rent)
Monthly rent increase +5.3%		

\*Decrease 0

Office buildings in Tokyo economy (Hachioji)

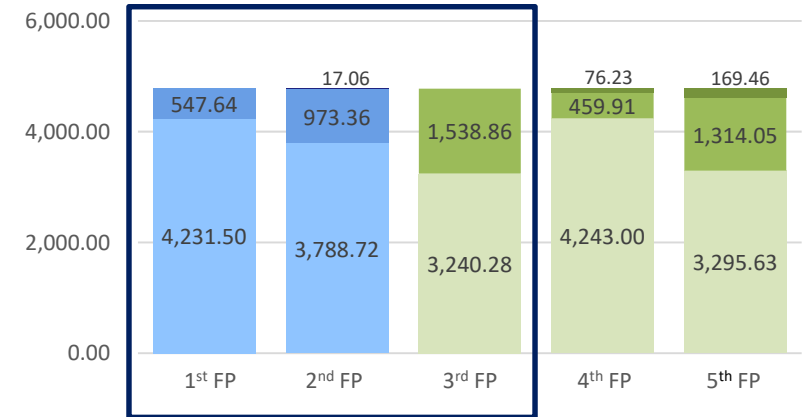
Actual results for the 1st FP
Renewal: 382.65 tsubos 8
(renewed only at the same rent)
Actual results for the 2nd FP
Renewal: 113.47 tsubos 1
(renewed only at the same rent)
Forecast for 3rd FP
Renewal: 293.53 tsubos 4
(renewed only at the same rent)

Office buildings in Tokyo economy (Hachioji)

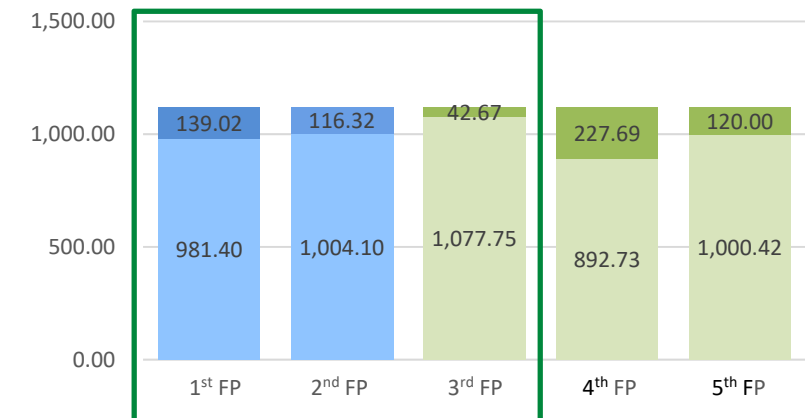


- Vacancy as of the beginning of period
- Renewal in the current FP
- Scheduled renewal in or after the next FP
- Vacancy as of the beginning of period
- Renewal in the then current FP
- Scheduled renewal in the next FP and there after

Office buildings in central Tokyo (6 buildings)

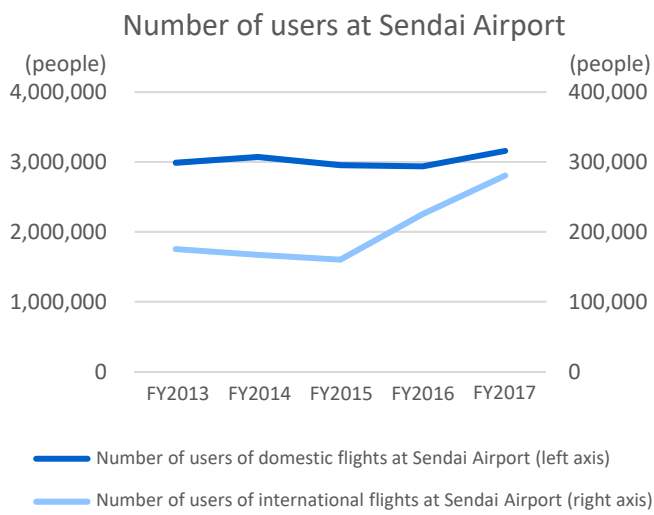
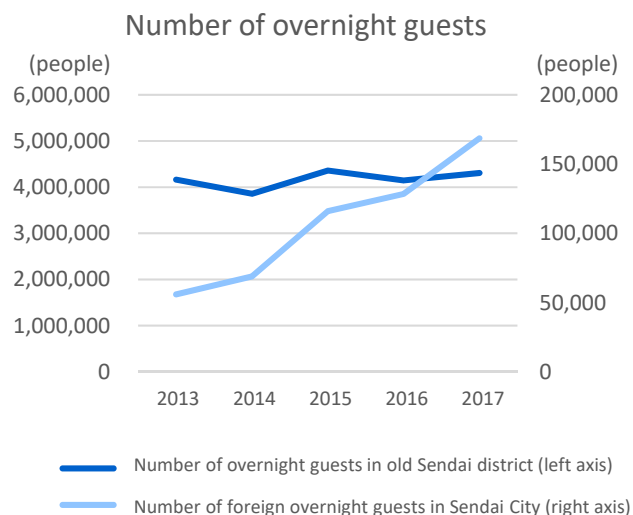
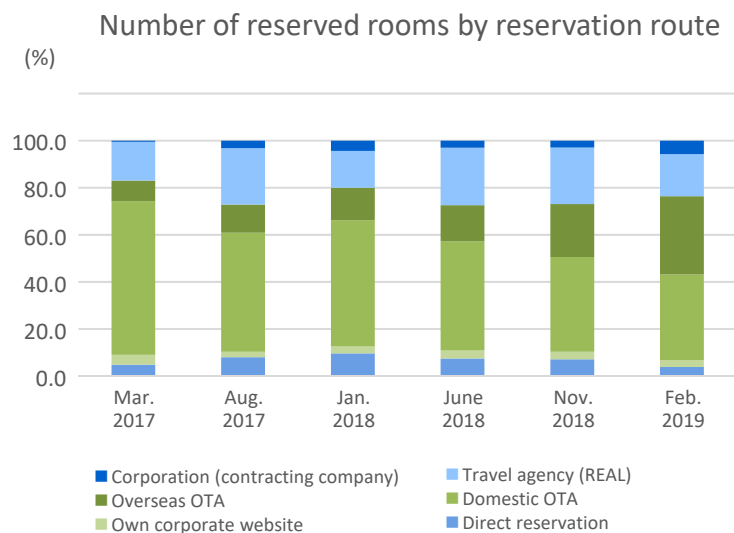
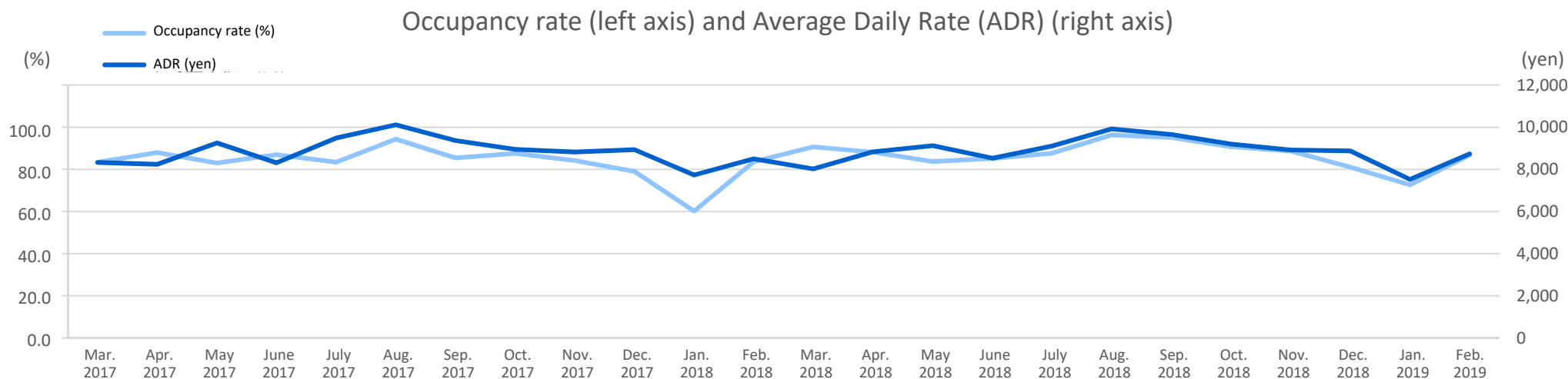


Muza Kawasaki



(compiled based on the conclusion date of contract, excluding residences in office buildings) (Increase rates of forecast for 3rd FP are rounded to the whole number)

Continued to realize stable occupancy and revenue from the previous year by certainly absorbing the demand from overnight guests in Japan and inbound tourists.



Other internal growth achievement (parking spaces sublease)

Revenue from parking lots of five office buildings in central Tokyo increased by 77% through switching to new sublease contracts and revision of existing contracts.

**Reviewed sublease contracts for parking lots**

Selected most appropriate party for each property through bidding by multiple companies engaged in parking lot subleasing

	Number of previous parking lots	Previous monthly parking fee	Number of revised parking lots	Revised monthly parking fee
Nishi-Shimbashi	1	33,000 yen	2	85,000 yen
Iwamotocho	12	336,000 yen	17	722,500 yen
Shinjuku-Gyoen	4	0 yen	4	120,000 yen
Higashi-Ueno	1	38,000 yen	1	40,500 yen
Higashi-Azabu	15	345,000 yen	15	360,000 yen
<b>Total</b>	<b>33</b>	<b>752,000 yen</b>	<b>39</b>	<b>1,328,000 yen</b>

**Increase in monthly revenue**

**576,000 yen**  
**77%**

XYMAX REIT will continue to consider and review sublease contracts on parking spaces depending on the operational status and change in needs along with movement of tenants.





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A photograph of a modern, multi-story office building with a glass facade. The building is viewed from a low angle, looking up. The sky is overcast. The text 'MUZA KAWASAKI' is overlaid on the lower part of the building's facade.

# Advantage and Growth Strategy of XYMAX REIT

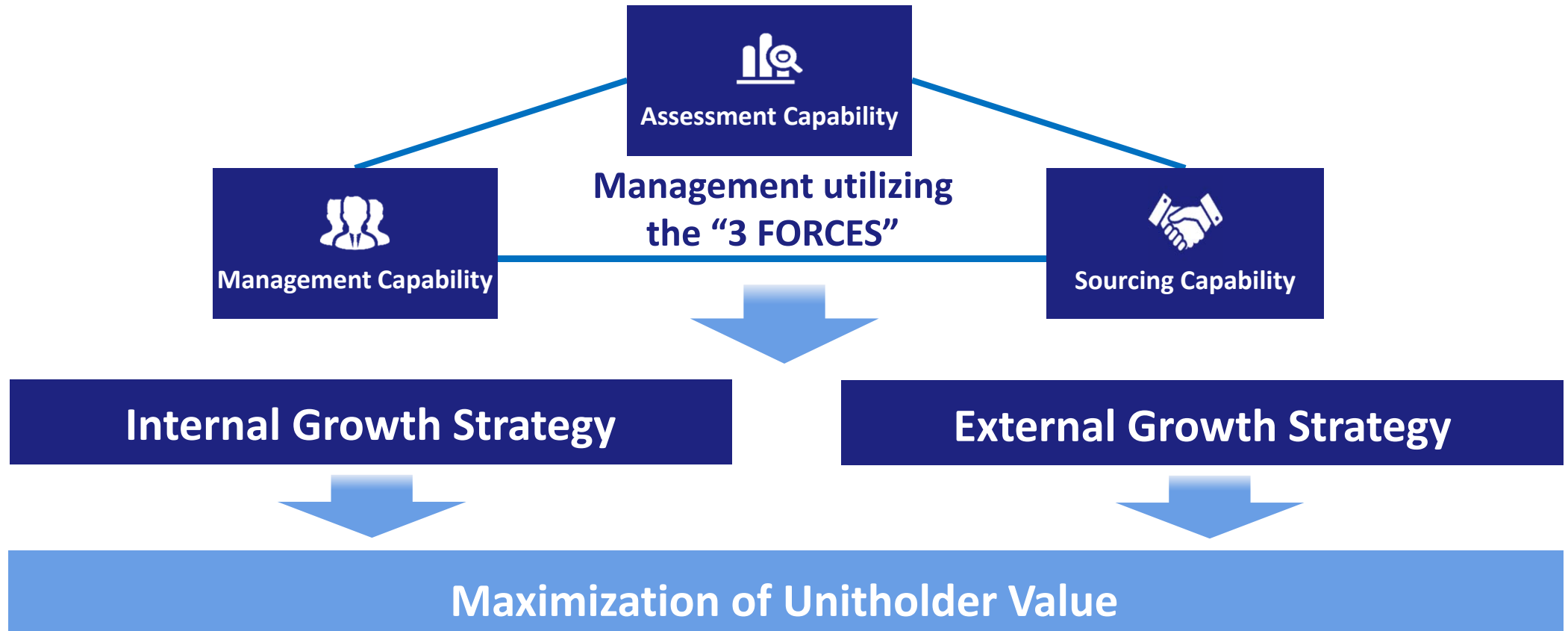


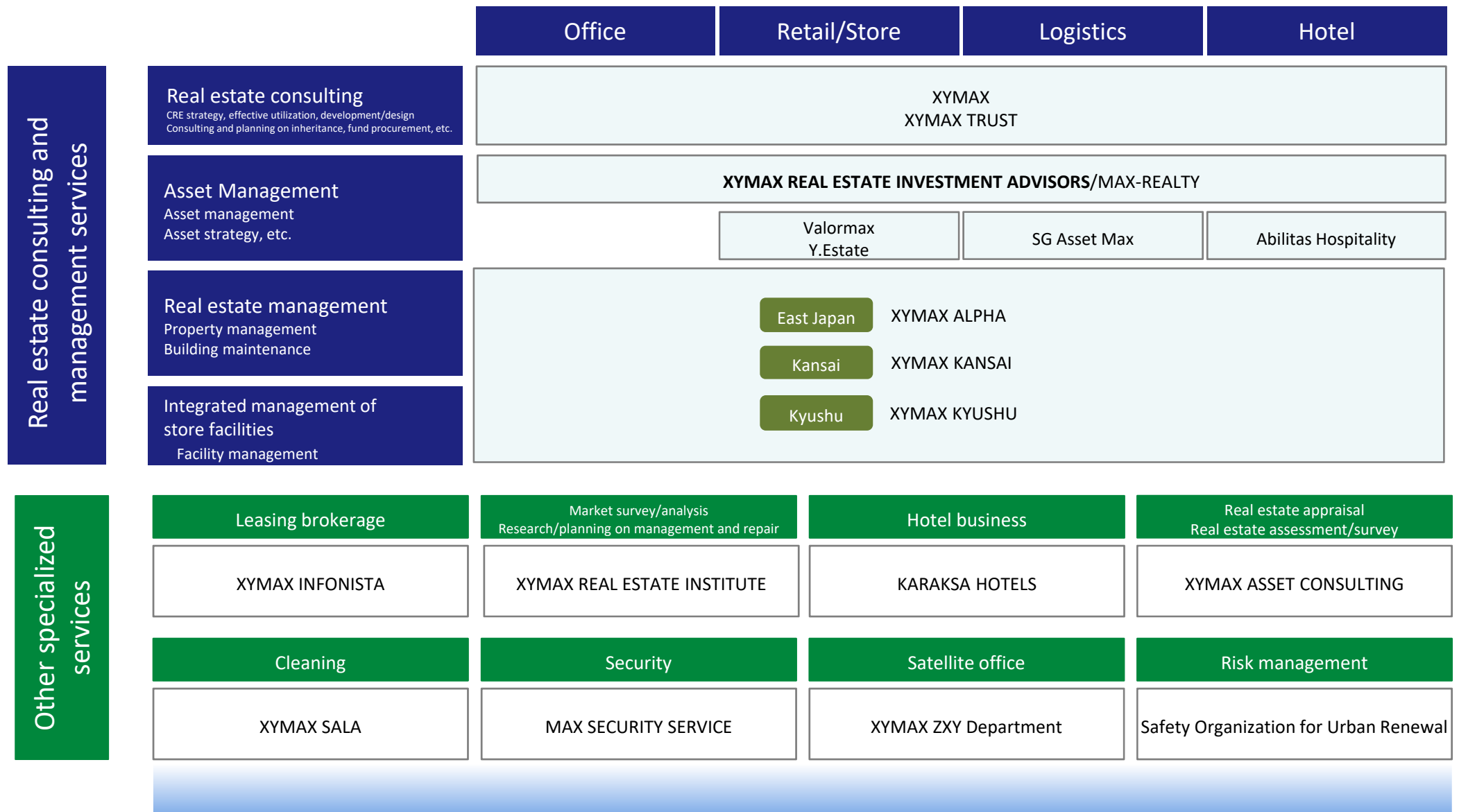
“3 FORCES” to maximize unitholder value

XYMAX REIT aims to maximize unitholder value, utilizing “Assessment Capability,” “Management Capability,” and “Sourcing Capability.”

**Stable operational base and strong financial base**

- Low LTV level (31.8% at the end of 2nd fiscal period) realized through the acquisition of properties at relatively lower prices
- Stable lender formation based on correspondent financial institutions of the sponsor
- Flexible property acquisition with bank loans is also possible by utilizing available borrowing capacity





Realize growth of XYMAX REIT by drawing on all of the XYMAX Group's expertise and workforce

## Assessment Capability on real estate targeted for investment

XYMAX REIT believes that quantity and quality of tenant's demand are key factors to assess the profitability of real estate. XYMAX REIT aims for growth of its portfolio by comprehensively judging the factors below by asset type.

### Office

Focus on properties with strong attractiveness to tenants

- ✓ Properties located in the 8 central wards of Tokyo, Central Nagoya, Central Osaka and Central Fukuoka
- ✓ Properties with a unit rent of 10,000 yen to 25,000 yen
- ✓ Properties located within an approximate 5-minute walk from the nearest station

### Retail

Focus on stability of tenant rent or property price

- ✓ Properties of which revenue of facilities is available for analysis
- ✓ Properties of which rent burden on tenants is available for analysis
- ✓ Properties of which sales price is lower than the market price

### Hotel

Focus on hotels specialized in "lodging" located at transport hubs

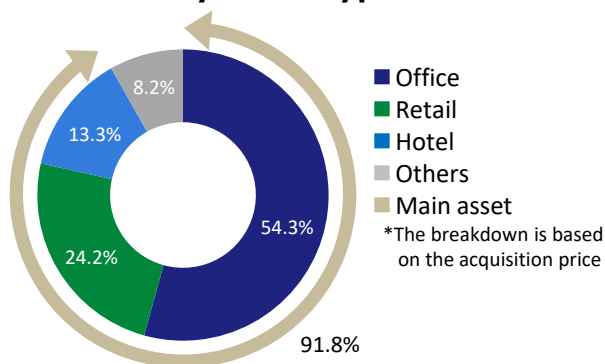
- ✓ Hotels specialized in "stay" whose revenue trends can be analyzed based on the operational know-how of the sponsor
- ✓ Properties located in areas offering excellent access to transport hubs
- ✓ Properties located in areas where the number of foreign visitors is expected to increase



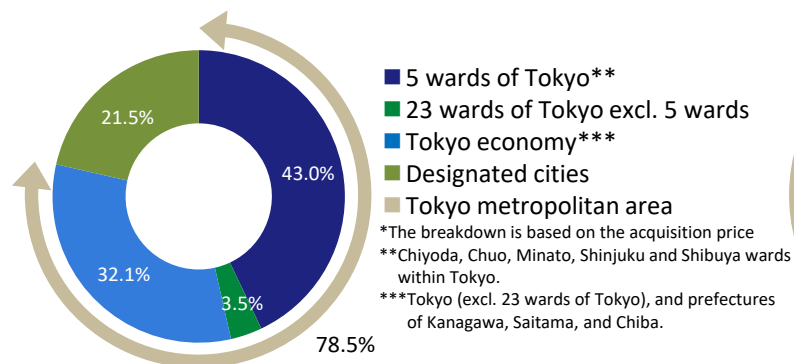
80% or more of the portfolio consists of office, retail, and hotel properties



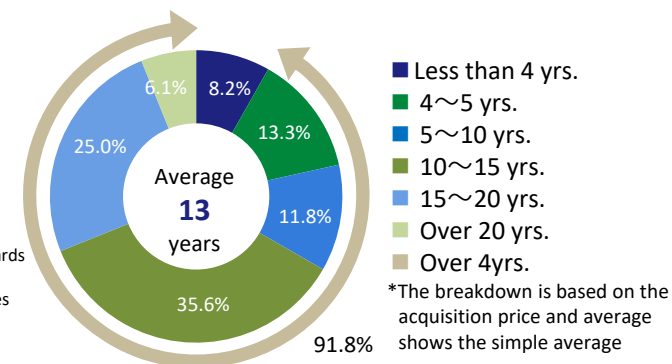
Ratio by asset type



Ratio by geographical area

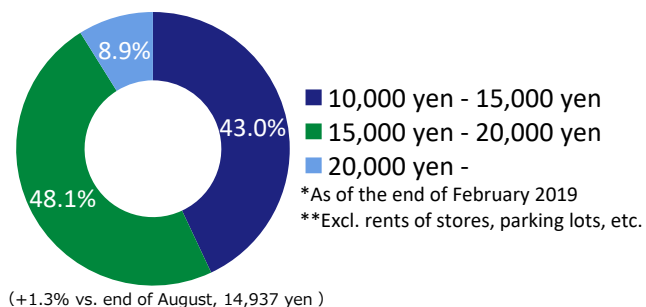


Ratio by year engaged by XYMAX Group

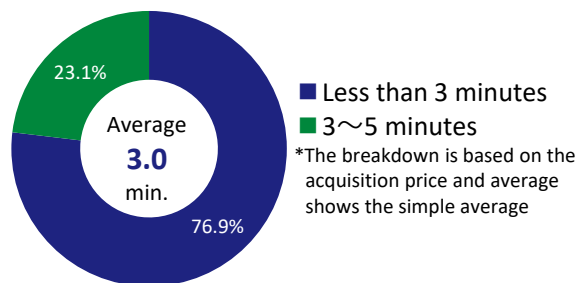


Office

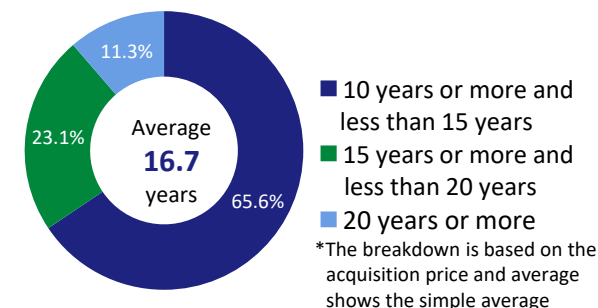
Average unit rent 15,135 yen



Time required from the nearest station

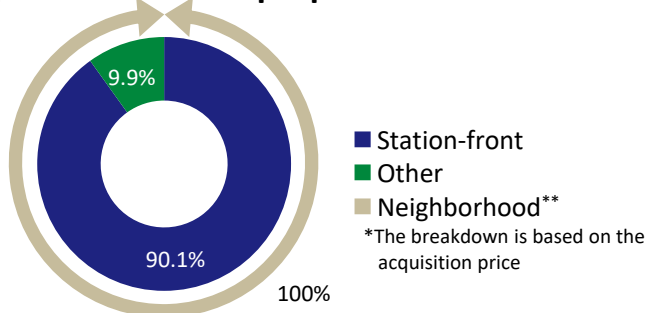


Average engagement period

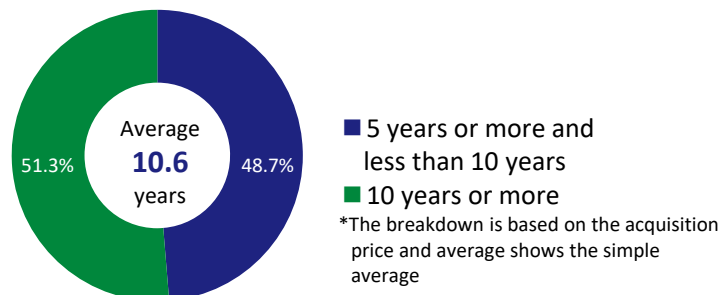


Retail

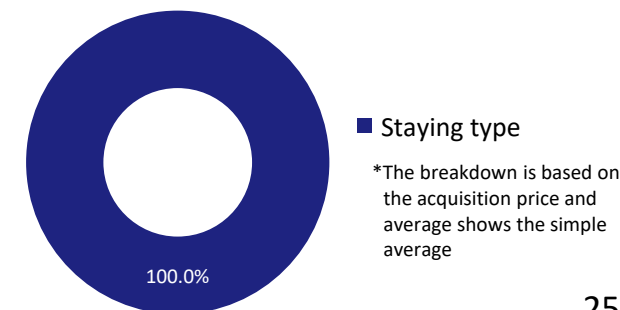
Composition of retail properties



Average engagement period



Ratio of "Staying type"



(\*\*) Retail facilities for which the majority of customer can easily come on foot or by bicycle in a short time.

XYMAX REIT aims to improve the profitability of portfolio by stretching growth of revenue and stability of revenue through assessing characteristics and strengths of each property.

Growth of Revenue



Stability of Revenue

Classification of profitability		Adjusted NOI* (%)	Management strategy
OF-01 OF-02 OF-03 OF-04 OF-05 OF-06	Nishi-Shimbashi Iwamotocho Shinjuku-Gyoen Kamiyacho Higashi-Azabu Higashi-Ueno	38%	As a profit driver for high growth, make continuous effort to achieve maximum rent upon tenant replacement and upward rent revision by assessing current favorable office leasing market and competitors' trends
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OF-07	Hachioji	9%	
HT-01	Sendai	14%	Maintain stable revenue through operation by proven operator
RT-02 RT-03	Kawasaki Miyuki Seiseki-Sakuragaoka	20%	Maintain stable revenue as the base of entire portfolio by receiving fixed rents from credible tenants

### Achievements up to the 2<sup>nd</sup> FP

- Occupancy rate as of the end of the 2nd FP: 100%
- Rent increase upon tenant replacement:  
3 out of 4 (113 tsubo out of 212 tsubo)  
Monthly rent increase: 380 thousand yen.  
Increase rate 20% (vs. before replacement)
- Upward rent revision:  
10 out of 18 (755 tsubo out of 1,521 tsubo)  
Monthly rent increase: approximately 100 thousand yen,  
increase rate 10% (vs. before renewal)  
(excluding residential units within the office buildings)
- Renewed contract at higher rent with a tenant experiencing strong sales
- Planned construction work after the lease term expires by eyeing future expiration of the contract
- Maintained and improved average unit rent  
(+1.1% vs. end of February 2018)
- Maintained stable occupancy rate
- Maintained stable occupancy rate and average unit rent
- Maintained stable occupancy rate and ADR
- Maintained full occupancy and high yield

(\* As fixed property tax and city planning tax are not expensed in the 2nd fiscal period, the ratio calculated by deducting fixed property tax and city planning tax (amounts for 6 months) for each of the owned properties from the actual NOI in the 2nd fiscal period for each of the owned properties is used instead.

The XYMAX Group has been ranked as the No. 1 domestic service provider in the PM business in terms of contracting record of real estate management projects for six years in a row since 2010\*.

**Real estate management record** (As of the end of December 2018)

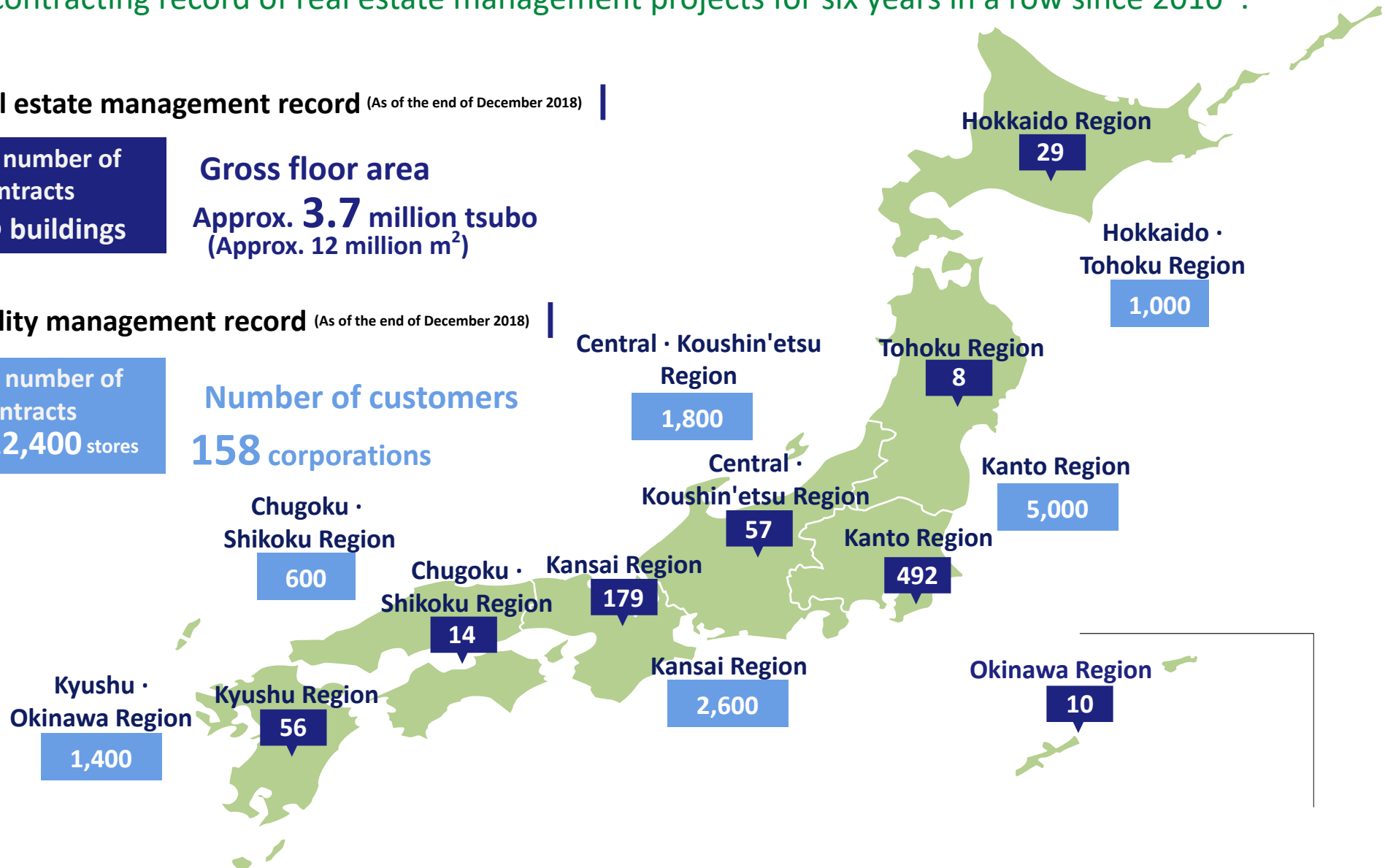
Actual number of contracts  
**845 buildings**

Gross floor area  
Approx. **3.7 million tsubo**  
(Approx. 12 million m<sup>2</sup>)

**Facility management record** (As of the end of December 2018)

Actual number of contracts  
Approx. **12,400 stores**

Number of customers  
**158 corporations**



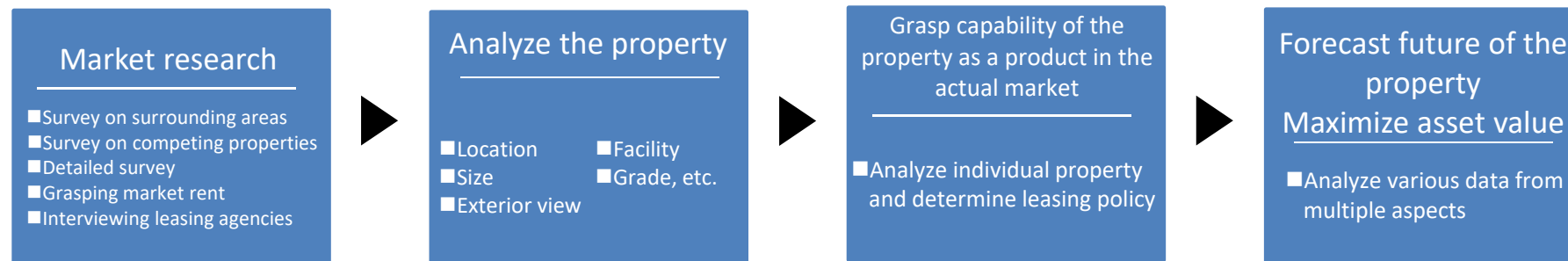
(\* ) According to each November issue of the monthly magazine "Property Management" from 2010 to 2015, the XYMAX Group was ranked No. 1 in the ranking of top companies in terms of floor area under management for 6 consecutive years since 2010.

## Management Capability to realize internal growth (2)

XYMAX REIT aims to maximize real estate value by utilizing the know-how of respective specialized subsidiaries of the XYMAX Group that boasts high expertise and wealth of experience, through an agile system of cooperation.

### Utilization of real estate management expertise and know-how as well as network of the XYMAX Group

#### Establishing strategies for inviting tenants



#### Leasing brokerage service menu by XYMAX Group

**Direct Approach**

XYMAX INFONISTA Corporation is a leasing brokerage business arm of the Group developing its business of leasing brokerage for office buildings in the Tokyo Metropolitan Area (Tokyo and surrounding prefectures of Chiba, Saitama, and Kanagawa). As of the end of March 2019, its website “INFONISTA” has posted **approx. 24,000** updates on the latest vacant room information, providing rich services to both building owners and lessees.



**Network with Leasing Agencies**

- Relationship with **approx. 2,000** leasing agencies and their **5,000** brokers. The Group is providing strategically precious and most updated information to broker in charge. The Group is **providing the vacant space information of over 500 buildings** (as of the end of March, 2019) on a nationwide basis and in a way that may most facilitate the daily practice of the leasing brokerage business.
- Systematic information transmission  
**Delivering e-mail on vacant space information to leasing agencies** on a weekly basis (flash news on vacant rooms, list of vacant rooms by area and guidance to preview)
- Holding periodic information exchange meeting

**Achieve a high contract rate**

XYMAX REIT will realize cost optimization and a reliable construction/repair work execution with consistent construction management of the Group based on accumulated data

### Construction Management Based on Data

Technical Section of Member Companies  
of the Group  
X  
Database and construction work history  
management system

First-class Architect, Facility Manager,  
Licensed Electrician, Certified Building Administrator, etc.

Track record of construction/repair works: **137,455**  
(during the period between April 1, 2000 and February 28, 2019)

(Source) XYMAX Corporation

**Intending to improve efficiency related to repair work by utilizing the engineers  
and database of XYMAX Group**

### What Is Construction Management?

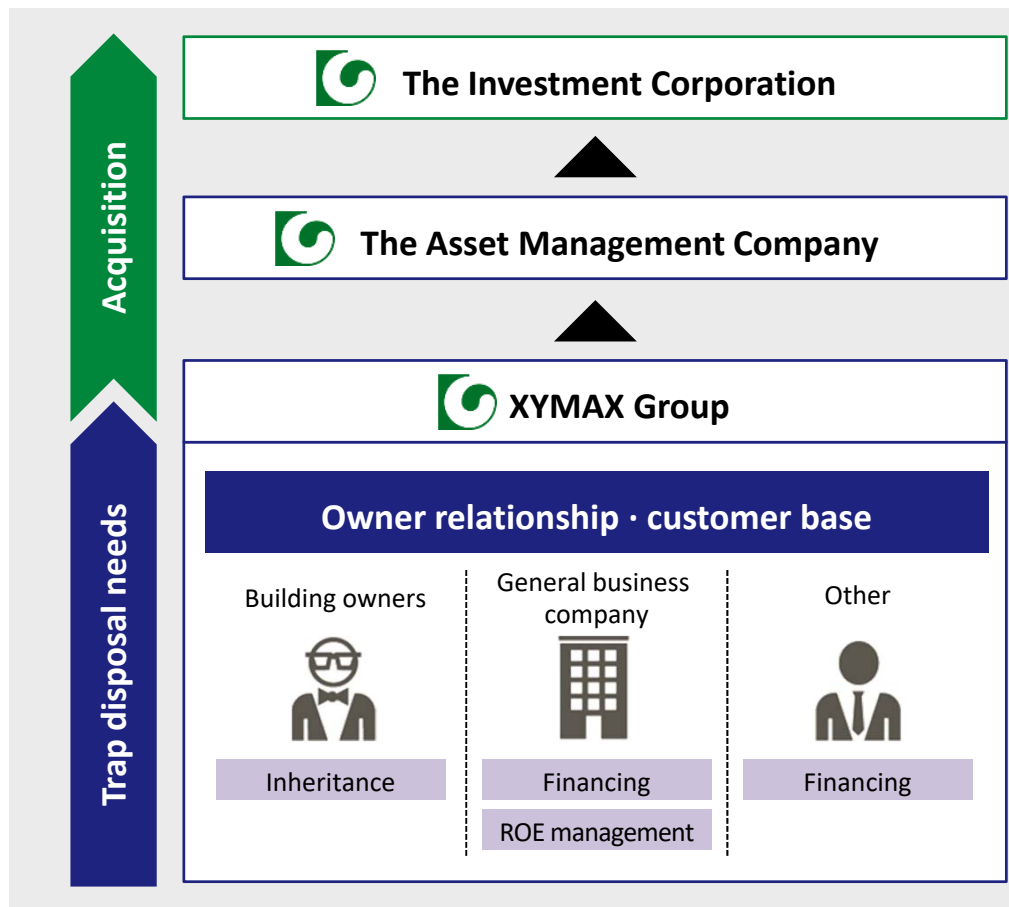
- ✓ Compiling Construction History into Database
- ✓ Planning of Repair Schedule Utilizing the System
- ✓ Planning and Management of Large-scale Renovation/Renewal Project
- ✓ Arrangement of Competitive Bidding
- ✓ Support Difficult Repair Works on an Ad-Hoc Basis

### Controlling repair work through construction management

- |  |  |
|--|--|
| ✓ Reliable direction of construction work based on track record of construction work accumulated over several years      | ✓ Appropriate adjustment for construction companies and general contractors by utilizing network |
| ✓ Setting an appropriate construction period with the review of repair projects in line with the current status          | ✓ Utilization of know-how in large-scale renovation and renewal construction work by XYMAX REIT  |
| ✓ Optimization of costs in comparison with track record of similar construction work and through assessment of engineers | ✓ Appropriate repair work on an ad-hoc basis utilizing know-how and engineers                    |

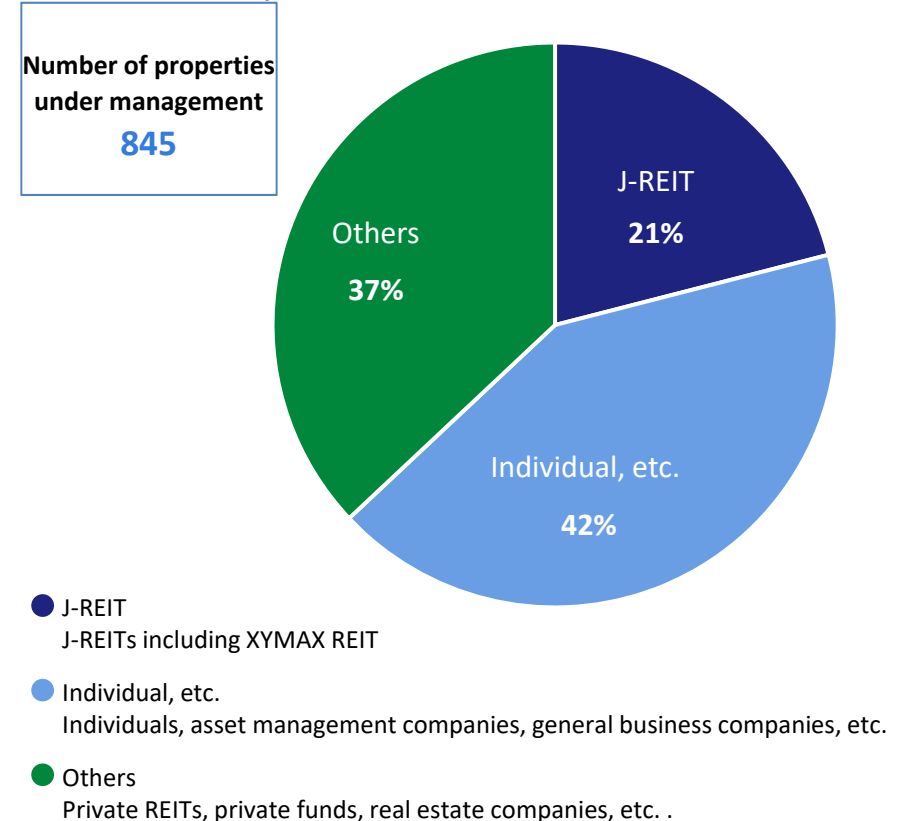
XYMAX REIT traps various needs for real estate disposal it can gain from the ample customer base of the XYMAX Group.

**Direct relationship with real estate owners**



**Diversity among real estate owners**

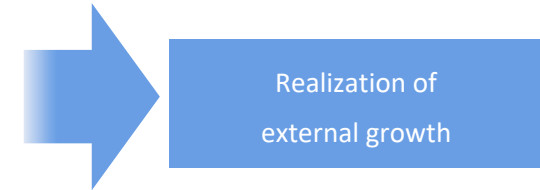
Ratio of clients of real estate management business (As of the end of December 2018)



(Source) Created by the Asset Management Company based on the material provided by XYMAX Corporation

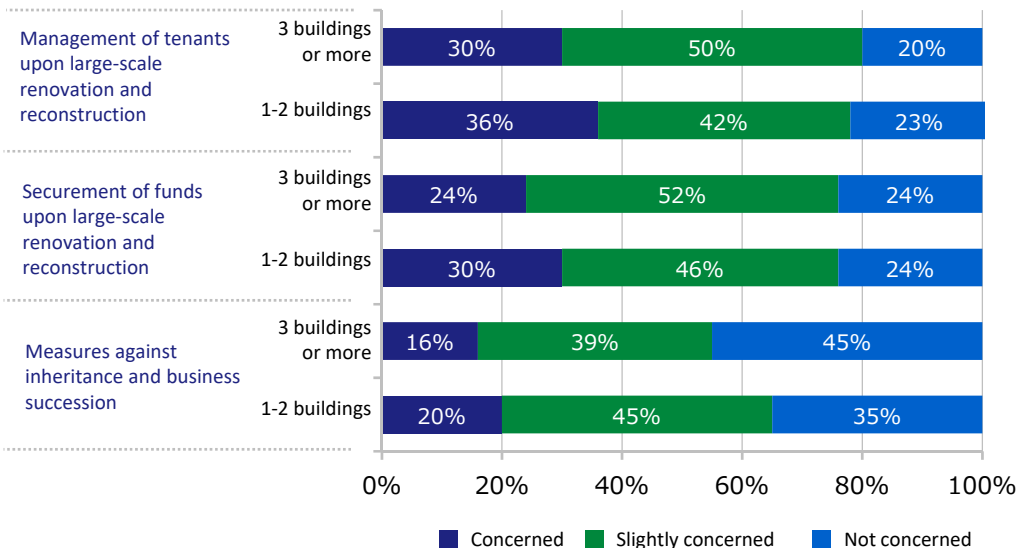
XYMAX REIT grasps the trend of real estate owners at an early stage through daily communication, so that create opportunities for external growth.

- More than 70% of real estate owners are concerned about large-scale renovations of owned properties, tenant management, and securement of funds upon reconstruction  
→ Identifies needs of property disposal arising due to the problem or concern about necessary funds
- Concern for inheritance and business succession tends to increase as real estate owners get older  
→ Identifies needs of property disposal upon business succession and inheritance by building owners



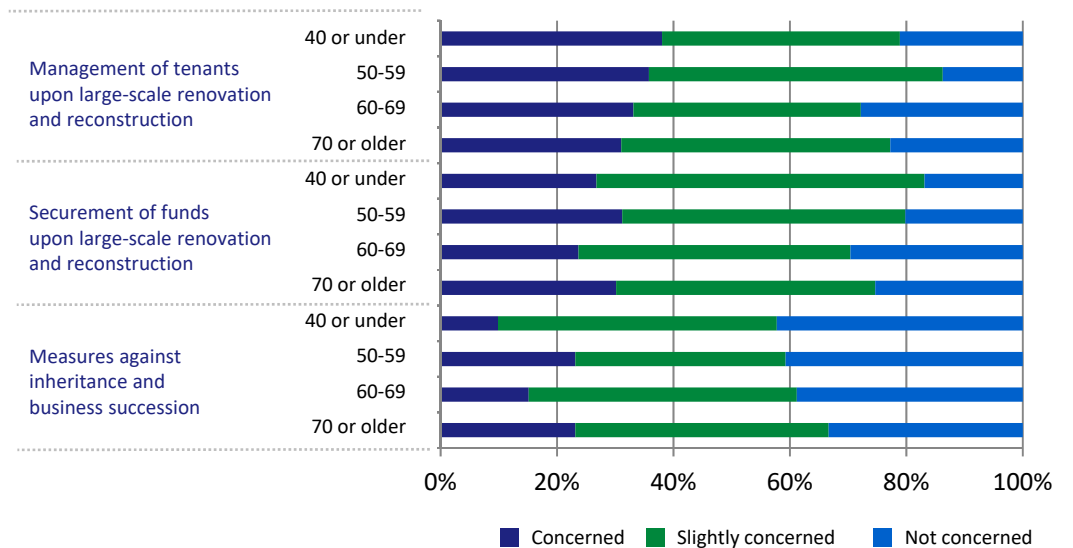
### Survey on building owner's condition by XYMAX Real Estate Institute

#### Anxiety in future building business (by the number of owned buildings)



(Source) "Building Owner Survey 2017" by XYMAX Real Estate Institute

#### Anxiety in future building business (By age, multiple answers)



(Source) Created by XYMAX Real Estate Institute based on the request from the Asset Management Company

# Financial Strategy: Financial management and LTV control

XYMAX REIT establishes a financial base that put emphasis on stability and soundness and is also furnished with flexibility of financing.

## Actual results for the 2nd fiscal period

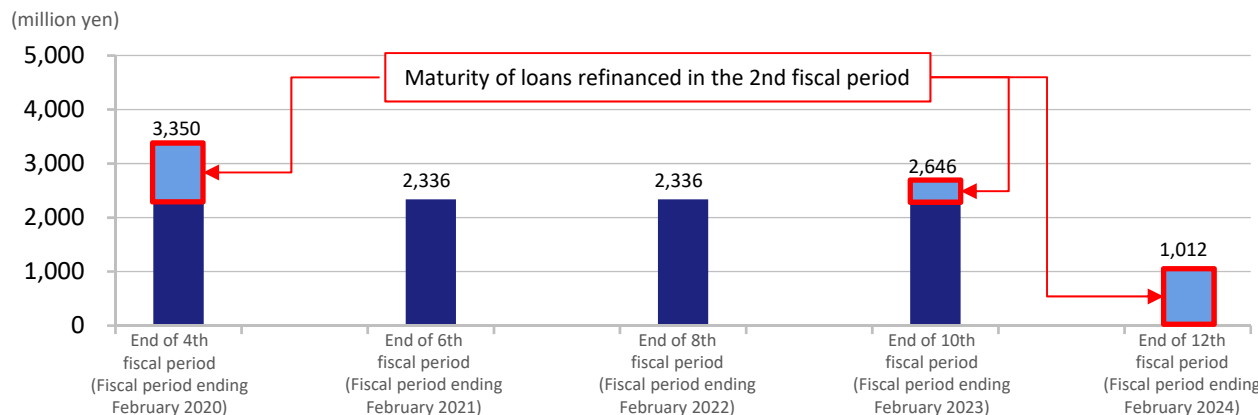
- Constructing a wide range of and stable bank formation based on mega banks and local banks that have a financial and business relationship with sponsors.
- Conducted partial repayment of borrowings (580 million yen) using consumption tax refund. LTV based on total assets reduced to 31.8%.
- Refinanced remaining amount of the borrowings matured in the 2nd fiscal period (2,336 million yen).

<b>Balance of interest-bearing debts</b>	<b>Average remaining years</b>	<b>Average interest rate</b>
<b>11.68 billion yen</b>	<b>2.5 years</b>	<b>0.575%</b>
<b>Fixed interest rate ratio</b>	<b>Long-term loan ratio</b>	<b>LTV based on total assets</b>
<b>71.3%</b>	<b>71.3%</b>	<b>31.8 %</b>

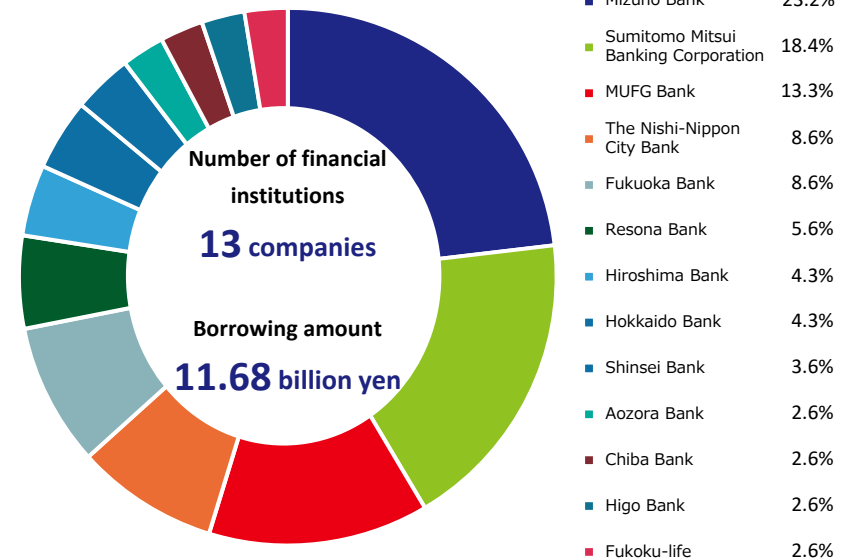
## Forecast of the 3rd fiscal period and thereafter

- Repayment of borrowings and other events aren't scheduled for the 3rd fiscal period.
- As for refinancing in the 4th fiscal period and after, consider an option most optimal from both aspects of maturity and financing costs.

## Maturity dates of interest-bearing debts (As of the end of 2nd fiscal period)



## Lender formation (As of the end of 2nd fiscal period)



## Borrowing capacity by LTV level

LTV level vs. total assets	Possible loan amount	Appraisal LTV
<b>40.0%</b>	Approx. 5.0 billion yen	Approx. 33.4%
<b>45.0%</b>	Approx. 8.7 billion yen	Approx. 38.1%
<b>50.0%</b>	Approx. 13.3 billion yen	Approx. 43.0%





**XYMAX REIT Investment Corporation**



MUZA  
KAWASAKI

A black and white photograph of a modern multi-story building with a glass facade. The text 'MUZA KAWASAKI' is overlaid on the image in a white, serif font.

**ESG**



## Status of acquisition of environmental certification

Acquired environmental certification for the following properties. XYMAX REIT will continue to promote environmental and energy-saving measures of owned properties and improve efficiency in energy use.

### CASBEE – Real estate

XYMAX Higashi-Azabu Building



Assessment Rank  
Rank A (Very good)

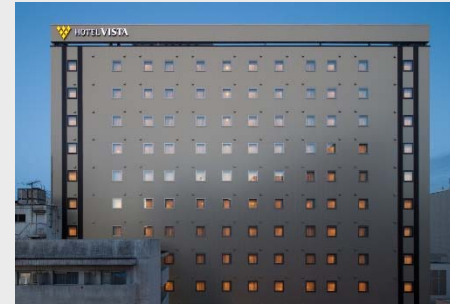
XYMAX Hachioji Building



Assessment Rank  
Rank A (Very good)

### BELS

Hotel Vista Sendai



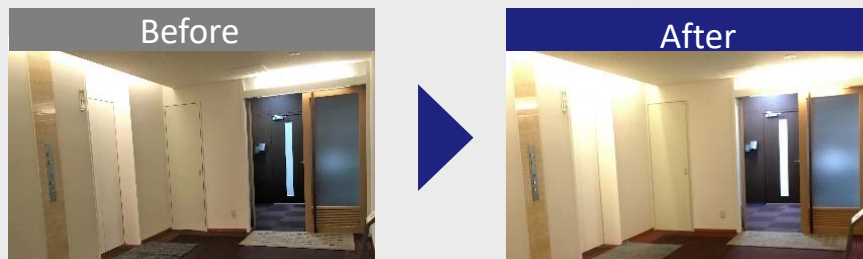
Assessment Rank  
★ ★ ★

## Initiatives on energy saving

### Implementation of construction work for adopting LED lighting at common areas

- Implementing construction work for adopting LED lighting at common areas and making efforts to save energy and reduce environmental burden

Case of construction work at XYMAX Iwamotocho Building



### Promotion of paperless asset management

- Making efforts to realize paperless work flow at Asset Management Company and promoting resource saving
- Introduction of electronic payment system at Asset Management Company
- Creating paperless instructions between the trustee of each owned property

## Initiatives for a sustainable society

### Signing of Principles for Financial Action for the 21st Century

- Principles for Financial Action towards a Sustainable Society (Principles for Financial Action for the 21st Century) was established on October 4, 2011 as an action guideline for financial institutions expressing concern about the future of the earth and intending to fulfill their responsibilities and roles in forming a sustainable society.
- XYMAX REAL ESTATE INVESTMENT ADVISORS Corporation, Asset Management Company of XYMAX REIT, has endorsed the ideas of the Principles and became a signatory on December 27, 2013.



## Initiatives for employees

### Working environment and promotion of female employees

- Introduction of flextime system
  - Flextime system is introduced widely in the sponsor group and is also applied to the employees of the Asset Management Company.
  - Asset Management Company promote the improvement of work-life balance of each employee by supporting a flexible work style in line with the degree of busyness with the introduction of a flextime system.

### Personnel training

- Introduction of qualification acquisition incentive system  
Asset Management Company introduced a system to provide incentives for employees who acquired certain qualifications necessary for operating and managing real estate including Licensed Real Estate Broker and ARES Certified Master, and are promoting the enhancement of motivation in training and self-improvement of employees.  
(Common system among sponsor group)

### Ratio of female employees

- More than half of the executives and employees are female, and female employees are succeeding in a wide range of fields regardless of front, middle or back office.

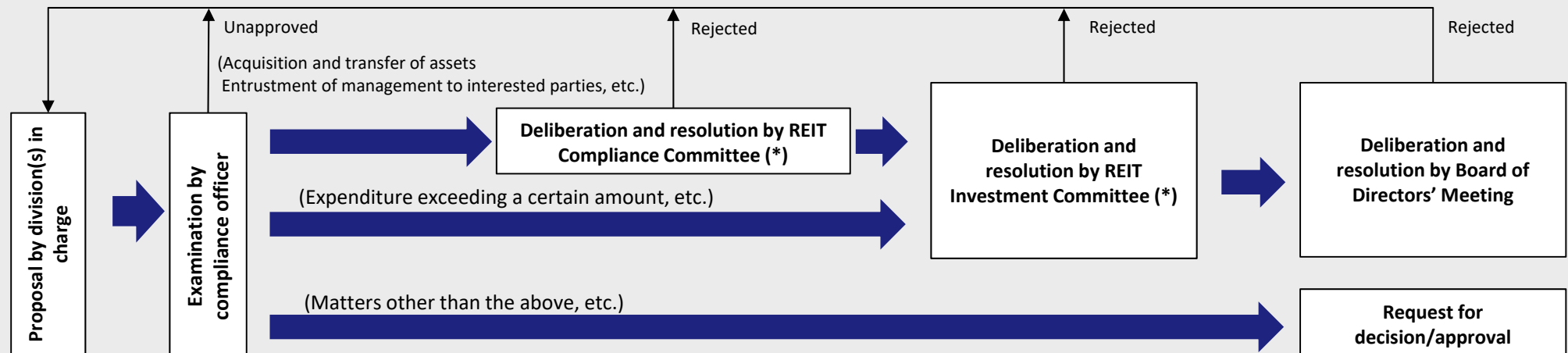
	Number of executives and employees (excluding dispatched employees)			Total	Maternity or child care leave
	Male	Female	(Percentage of female)		
April 2017	16	14	46.7%	30	0
April 2018	15	21	58.3%	36	0
April 2019	15	22	59.5%	37	1

### Status of holding of qualification by employees of Asset Management Company (As of April 1, 2019)

- Licensed Real Estate Broker 26
- ARES Certified Master 6
- Certified Building Administrator 3
- Real Estate Appraiser 1
- First-Class Architect 1
- Real Estate Consulting Master 3

## Decision-making flow at Asset Management Company

- XYMAX REIT adopts a decision-making flow via committees in which external committee members participate for matters that significantly impact investors' interests with the intention of protecting investors' interests.



(\*) Attendance and approval by external committee members and compliance officer are imperative for approval.

## Compliance education at Asset Management Company

- Conducting a study session on compliance hosted by the compliance officer once a quarter or more.
- Intending to maintain and improve the knowledge on compliance as well as fostering awareness on compliance of the employees of Asset Management Company.

## Investment ratio in XYMAX REIT by sponsor

Through the holding of XYMAX REIT's investment units by the sponsor, improvement in unitholder value is realized by matching the interests of investors.

Holding ratio of XYMAX REIT's investment units by sponsor

**5.6 %**

(As of February 28, 2019)



**XYMAX REIT Investment Corporation**



MUZA  
KAWASAKI

A black and white photograph of a modern multi-story office building with a glass facade. The building is viewed from a low angle, looking up. The text 'MUZA KAWASAKI' is overlaid on the lower part of the building's facade.

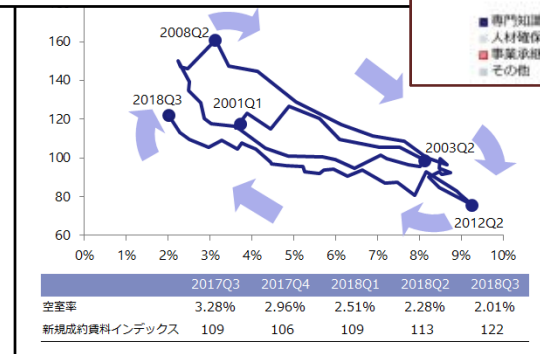
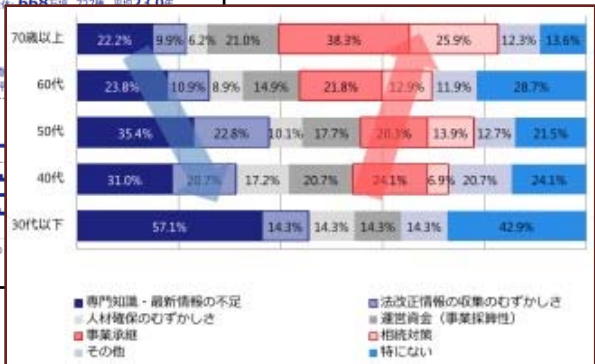
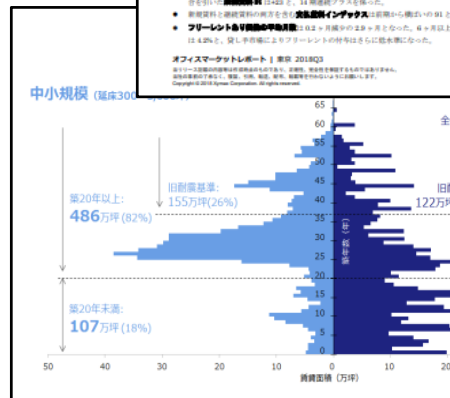
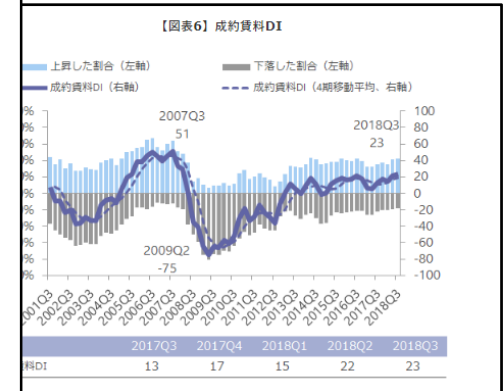
## Market Analysis





## Posting, contribution and lectures in mass media and various media (example)

- Posting **Nihon Keizai Shimbun, Nikkei Business Daily, etc.**
- Contribution **ARES Real Estate Securitization Journal**  
**BUILDING TOKYO, etc.**
- Lectures **Waseda University Advanced Collaborative Research Organization for Smart Society**  
**Land Economy and Construction and Engineering Industry Bureau, Ministry of Land, Infrastructure, Transport and Tourism**  
**Institute for Building Environment and Energy Conservation (IBEC)**



Figures on upper right, upper left and bottom (Source) XYMAX Real Estate Institute Corp. Extracted from "Office Market Report Tokyo Q3 2018"

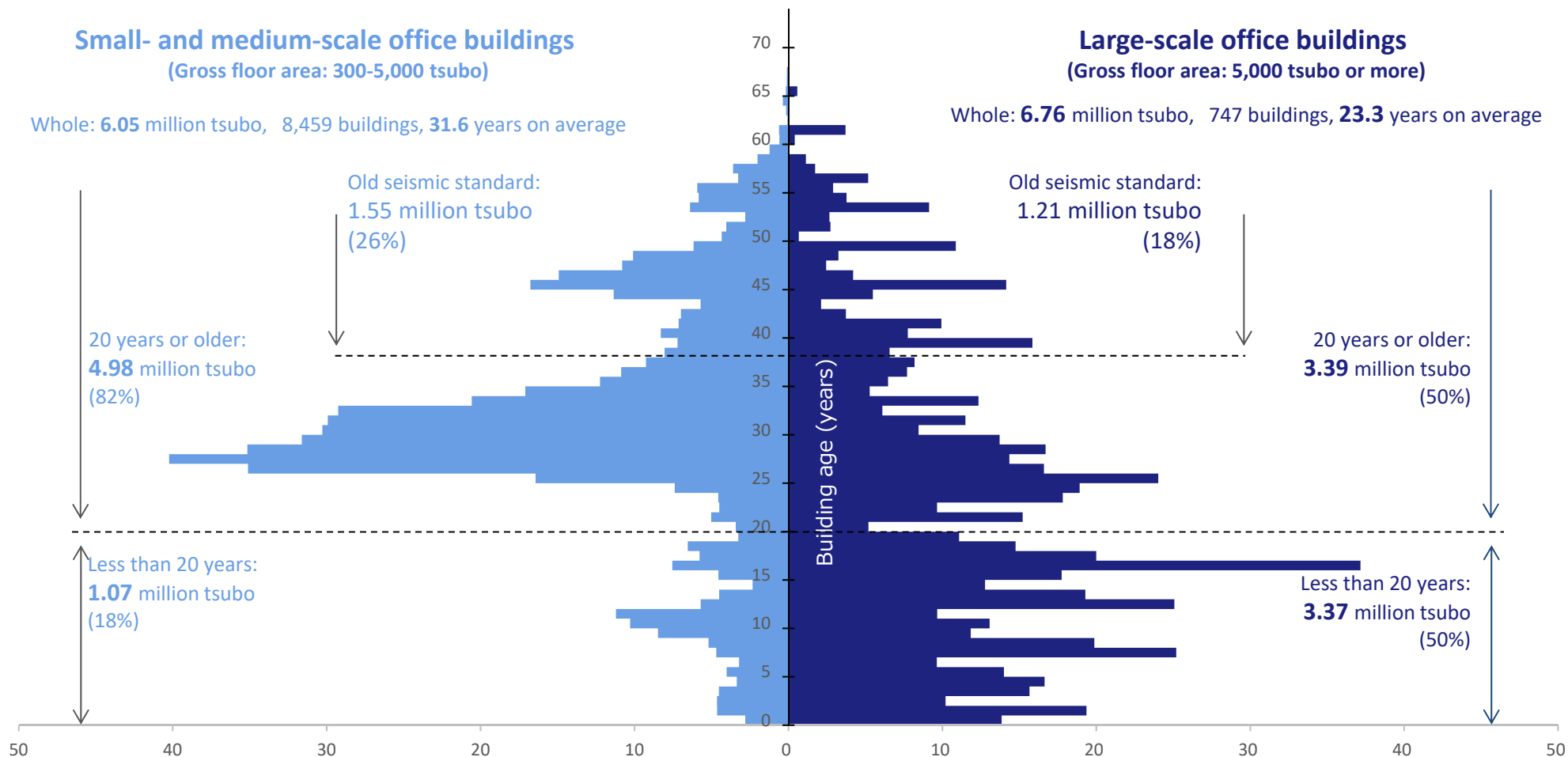
Figure on middle right (Source) XYMAX Real Estate Institute Corp. Extracted from "Survey on Building Owner's Condition (2015)"

Figure on middle left (Source) XYMAX Real Estate Institute Corp. Extracted from "Office Pyramid 2016"

XYMAX REIT believes that the scarcity of small- and medium-scale office buildings, especially those supplied after the bubble period, will improve when considering the floor area of existing small- and medium-scale office buildings as well as the future supply trend.

### Office Stock Pyramid 2019 covering the 23 Wards (Net rentable area)

23 Wards of Tokyo: **12.81** million tsubo, 9,206 buildings, Average building age: **30.9** years

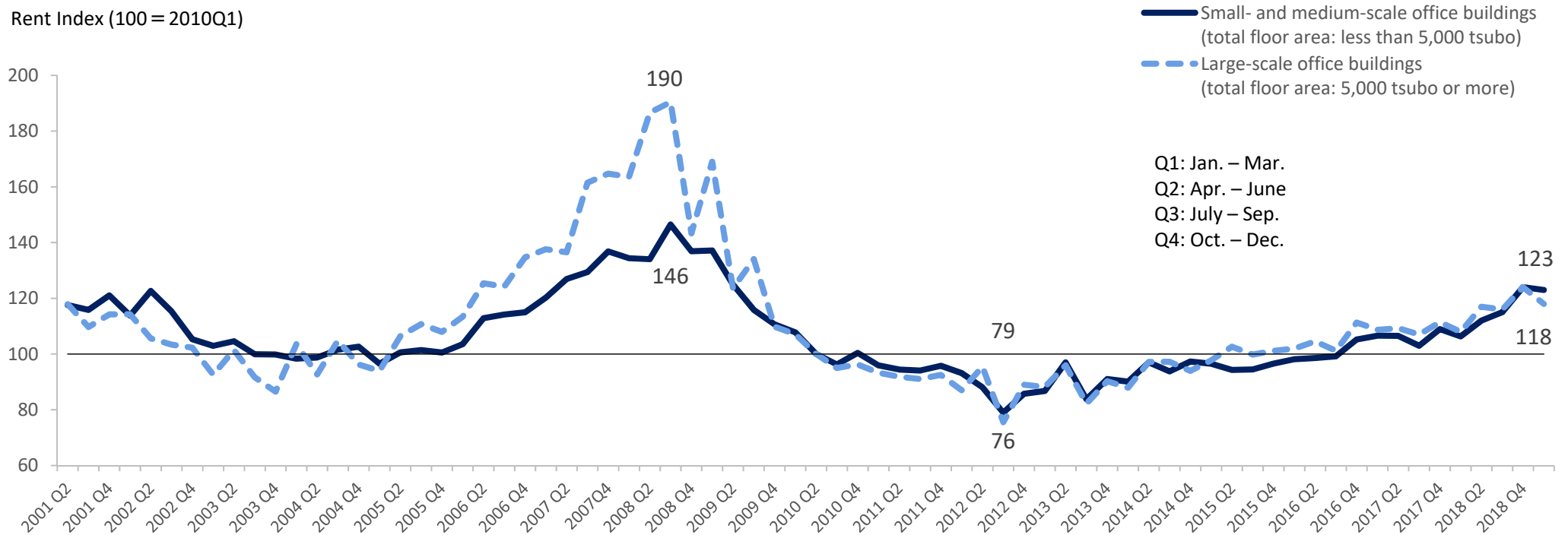


(Source) Survey Report by XYMAX Real Estate Institute Corp. "[23 Wards of Tokyo] Supply of New Office Space 2019 & Office Stock Pyramid 2019"

XYMAX REIT believes that the volatility of rent for small- and medium-scale office buildings is relatively lower than that for large-scale buildings and is highly stable.

### New contracted rent by office building scale

Rent Index (100 = 2010Q1)



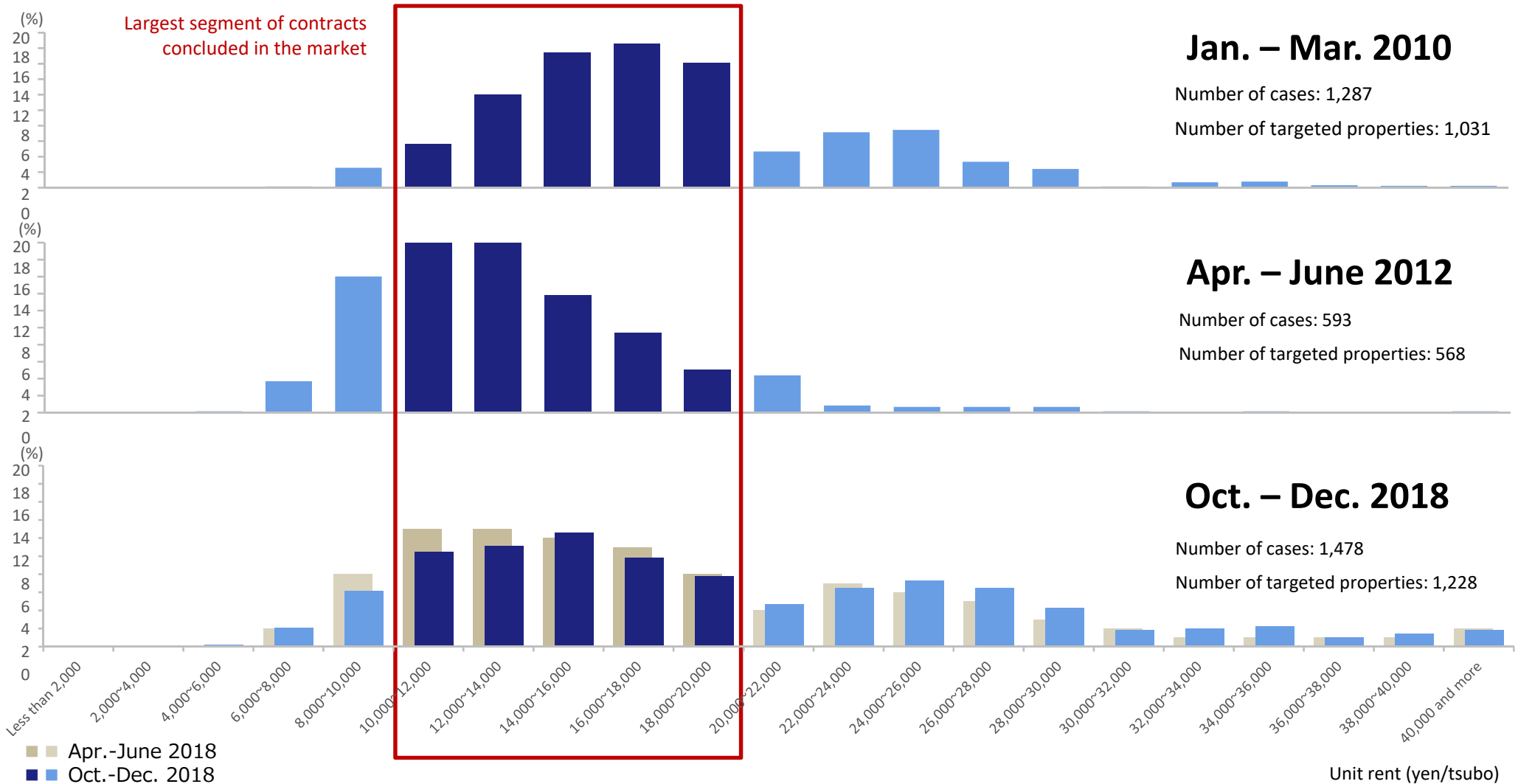
	2017 Q4	2018 Q1	2018 Q2	2018 Q3	2018 Q4
<b>Small- and medium-scale office buildings (total floor area: less than 5,000 tsubo)</b>	106	112	115	124	123
<b>Large-scale office buildings (total floor area: 5,000 tsubo or more)</b>	108	117	116	124	118

(Source) Survey Report by XYMAX Real Estate Institute Corp. "Office Market Report Tokyo Q4 2018"



XYMAX REIT believes that there will be robust tenant needs within the range of the level between 10,000 yen and 20,000 yen in general and regardless of market environment.

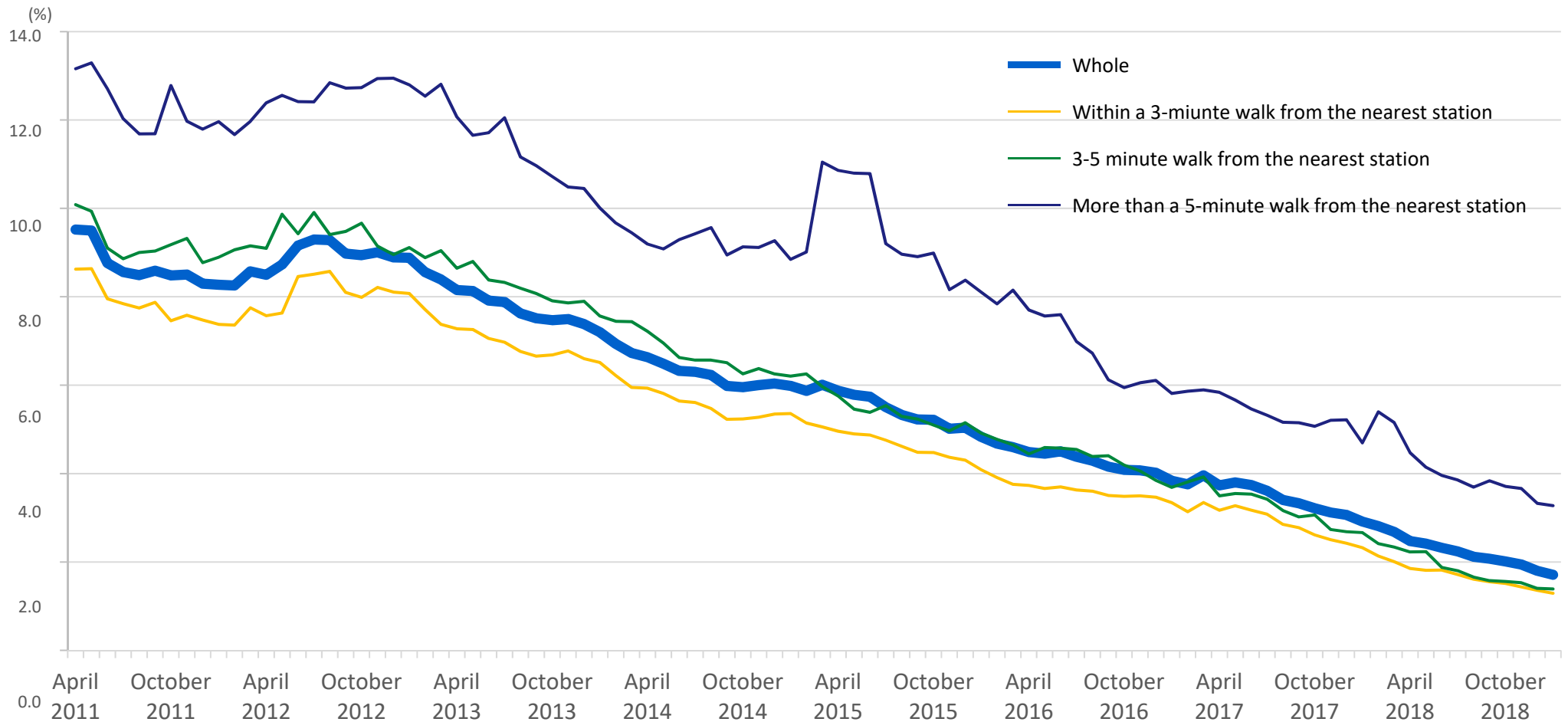
**Distribution of contracts concluded in the 23 Wards of Tokyo (by unit price of contract rent)**



(Source) Created by XYMAX Real Estate Institute upon the request of the Asset Management Company

XYMAX REIT believes that there is a certain correlation between “location,” in other words convenience concerning the time required from the nearest station on foot, and the occupancy rate.

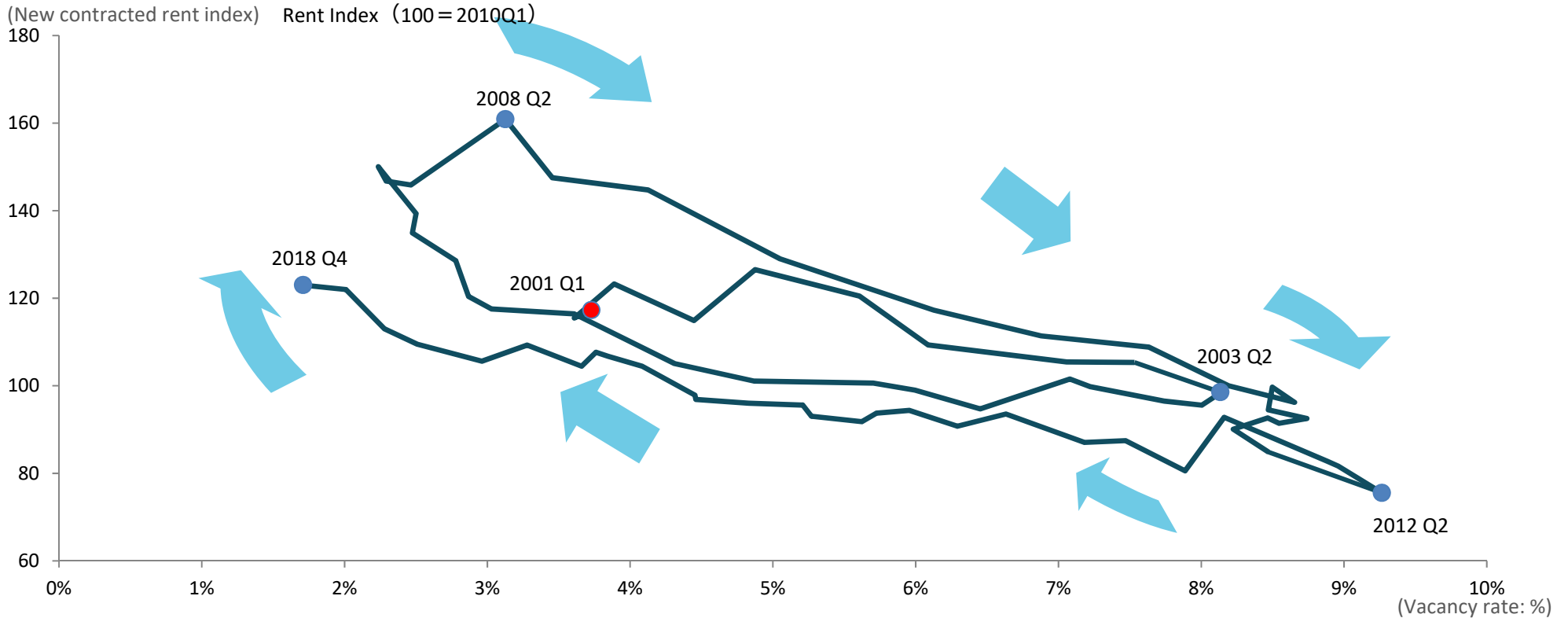
**Vacancy rate by the time required from the nearest station on foot in the 23 Wards of Tokyo**



(Source) Created by XYMAX Real Estate Institute based upon the request of the Asset Management Company.

Rent in the office leasing market continues to be on an upward trend while the vacancy rate continues to be on a downward trend.

### Office market cycle in the 23 wards of Tokyo



	2017 Q4	2018 Q1	2018 Q2	2018 Q3	2018 Q4
Vacancy rate	2.96%	2.51%	2.28%	2.01%	1.71%
New contracted rent index	106	109	113	122	123

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





**XYMAX REIT Investment Corporation**



## Appendix



Asset no.	OF-01	OF-02	OF-03	OF-04	OF-05	OF-06
Asset type	Office	Office	Office	Office	Office	Office
Property name	XYMAX Nishi-Shimbashi Building	XYMAX Iwamotocho Building	XYMAX Shinjuku-Gyoen Building	XYMAX Kamiyacho Building	XYMAX Higashi-Azabu Building	XYMAX Higashi-Ueno Building
						
Location	Minato-ku, Tokyo	Chiyoda-ku, Tokyo	Shinjuku-ku, Tokyo	Minato-ku, Tokyo	Minato-ku, Tokyo	Taito-ku, Tokyo
Access	3 minutes on foot from "Uchisaiwaicho" station on the Toei Subway Mita line 6 minutes on foot from "Shimbashi" station on the JR Tokyo metro Ginza line , and other	3 minutes on foot from "Iwamotocho" station on the Toei Subway Shinjuku line	2 minutes on foot from "Shinjuku Gyoenmae" station on the Tokyo metro Marunouchi line	1 minute on foot from "Kamiyacho" station on the Tokyo metro Hibiya line	5 minutes on foot from "Akabanebashi" station on the Toei Subway Oedo Line 7 minutes on foot from "Kamiyacho" station on the Tokyo metro Hibiya line	3 minutes on foot from "Naka-Okachimachi" station Tokyo metro Hibiya line 4 minutes on foot from JR "Okachimachi" station, and other
Acquisition price (million yen)	2,500	4,250	5,020	880	1,550	1,150
Land area	402.53 m <sup>2</sup>	864.83 m <sup>2</sup>	839.09 m <sup>2</sup>	228.83 m <sup>2</sup>	365.05 m <sup>2</sup>	368.84 m <sup>2</sup>
Total floor area	2,517.50 m <sup>2</sup>	6,261.06 m <sup>2</sup>	6,084.32 m <sup>2</sup>	1,356.51 m <sup>2</sup>	2,570.13 m <sup>2</sup>	1,942.54 m <sup>2</sup>
Leasable area	1,897.75 m <sup>2</sup>	4,152.30 m <sup>2</sup>	4,792.13 m <sup>2</sup>	1,205.29 m <sup>2</sup>	2,016.00 m <sup>2</sup>	1,735.34 m <sup>2</sup>
Completion	2000	2001	2001	1991	1999	1999
Structure/Number of Floors	Reinforced concrete structure with flat roof 9F	Steel-framed reinforced concrete structure with flat roof B1F/9F	Steel-framed reinforced concrete structure with flat roof B1F/9F	Steel-construction with flat roof 8F	Steel-framed reinforced concrete structure with flat roof B1F/9F	Steel-framed reinforced concrete structure with flat roof 8F
Number of tenant (As of the end of 2nd fiscal period)	8	13	6	8	5	8
Occupancy rate (As of the end of 2nd fiscal period)	100.0%	98.1%	100.0%	100.0%	100.0%	100.0%

Property no.	OF-07	RT-01	RT-02	RT-03	HT-01	OT-01
Asset type	Office	Retail	Retail	Retail	Hotel	Other (Residential)
Property name	XYMAX Hachioji Building	Muza Kawasaki	Life Kawasaki Miyuki Store	Vita Seiseki-Sakuragaoka	Hotel Vista Sendai	Renaissance 21 Chihaya
						
Location	Hachioji-shi, Tokyo	Kawasaki-shi, Kanagawa	Kawasaki-shi, Kanagawa	Tama-shi, Tokyo	Sendai-shi, Miyagi	Fukuoka-shi, Fukuoka
Access	4 minutes on foot from "Keio Hachioji" station on the Keio Electric Railway Keio Line 5 minutes on foot from JR "Hachioji" station	JR "Kawasaki" station direct connection	15 minutes on foot from JR "Kashimada" station and "Yako" station	Keio Electric Railway Keio Line "Seiseki Sakuragaoka" Station Directly Connected	4 minutes on foot from JR "Sendai" station 1 minute on foot from "Miyagino Dori" station on the Sendai City Subway Tozai Line	6 minutes on foot from "Chihaya" station" on the JR Kagoshima main line and "Nishitetsu Chihaya" station on the West Nippon Railway Kaizuka line
Acquisition price (million yen)	2,600	4,100	790	3,100	4,400	2,700
Land area	1,220.58 m <sup>2</sup>	742.44 m <sup>2</sup> (*1)	1,879.15 m <sup>2</sup>	4,467.51 m <sup>2</sup> (*2)	1,461.36 m <sup>2</sup> (*3)	2,644.63 m <sup>2</sup>
Total floor area	7,404.81 m <sup>2</sup>	3,671.09 m <sup>2</sup> (*1)	2,596.80 m <sup>2</sup>	27,161.00 m <sup>2</sup> (*2)	6,977.47 m <sup>2</sup>	10,856.15 m <sup>2</sup>
Leasable area	5,556.03 m <sup>2</sup>	3,703.87 m <sup>2</sup>	2,677.54 m <sup>2</sup>	27,610.61 m <sup>2</sup>	7,066.25 m <sup>2</sup>	10,287.93 m <sup>2</sup>
Completion	1993	2004	1997	1999	2016	2006
Structure/Number of Floors	Steel-framed reinforced concrete/ Steel-construction with flat roof B1F/9F	Steel-framed/Steel-framed reinforced concrete structure with flat roof/stainless steel plate roofing B2F/27F	Steel-construction with flat roof 2F	Steel-framed reinforced concrete structure/reinforced concrete structure/steel-construction with flat roof B3F/27F	Steel-construction with flat roof 12F	Steel-framed reinforced concrete structure with flat roof 14F
Number of tenant (As of the end of 2nd fiscal period)	23	17	1	1	1	138
Occupancy rate (As of the end of 2nd fiscal period)	96.7%	100.0%	100.0%	100.0%	100.0%	95.1%

(\*1) Land area indicates the figure equivalent to 6.9% of the right of site (rounded down to the first decimal place) held by the Investment Corporation within the site area of Muza Kawasaki. In addition, building area indicates the total building area based on the real estate registry for the components the trust beneficiary rights held by the Investment Corporation.

(\*2) Land area indicates the figure equivalent to 49.6% of the right of site (rounded down to the first decimal place) held by the Investment Corporation within the site area of Vita Seiseki-Sakuragaoka. In addition, building area indicates the total building area based on the real estate registry for the components the trust beneficiary rights held by the Investment Corporation (floor area of 2 jointly-owned components, building No. 72-3 and 72-7 is the figure multiplied by ownership ratio of 937,995/1,000,000 and 591,485/1,000,000, respectively), and is rounded down to the second decimal place.

(\*3) Superficies have been established for 524.21 m<sup>2</sup> of the land area.

Portfolio located in favorable locations

Tokyo Area



Tokyo Economy Area



Fukuoka Area



Sendai Area





## Balance Sheet and Statement of Income For the 2nd Fiscal Year

Balance Sheet	1st fiscal period (As of Aug. 31, 2018) (thousand yen)	2nd fiscal period (As of Feb. 28, 2019) (thousand yen)
<b>Assets</b>		
Current assets	3,528,713	3,078,538
Cash and bank deposits	943,567	1,161,697
Cash and bank deposits in trust	1,958,065	1,860,121
Operating accounts receivable	19,928	22,951
Prepaid expenses	32,703	33,557
Consumption taxes receivable	572,370	-
Other	2,077	210
Non-current assets	33,621,490	33,623,212
Property, plant and equipment	33,521,850	33,497,562
Tools, furniture and fixtures	93,436	79,400
Buildings in trust	8,773,693	8,762,281
Structures in trust	44,635	43,862
Tools, furniture and fixtures in trust	3,814	5,747
Land in trust	24,606,271	24,606,271
Investments and other assets	99,639	125,649
Long-term prepaid expenses	43,504	41,701
Deferred tax assets	28	11
Lease and guarantee deposits	22,600	22,600
Other	33,507	61,336
<b>Total assets</b>	<b>37,150,203</b>	<b>36,701,751</b>
<b>Liabilities</b>		
Current liabilities	3,409,184	3,786,023
Operating accounts payable	201,131	100,769
Short-term loans payable	2,916,000	1,014,000
Current portion of long-term loan	-	2,336,000
Accounts payable - other	106,382	95,119
Income taxes payable	1,687	836
Consumption taxes payable	-	65,039
Advances received	181,442	173,375
Other	2,540	883
Non-current liabilities	10,572,116	9,526,612
Long-term loans payable	9,344,000	8,330,000
Tenant leasehold and security deposits in trust	1,228,116	1,196,612
<b>Total liabilities</b>	<b>13,981,301</b>	<b>13,312,636</b>
<b>Net assets</b>		
Unitholders' equity	23,168,901	23,389,114
Unitholders' capital	22,585,746	22,585,746
Surplus	583,155	803,368
<b>Total net assets</b>	<b>23,168,901</b>	<b>23,389,114</b>
<b>Total liabilities and net assets</b>	<b>37,150,203</b>	<b>36,701,751</b>

Statement of Income	1st fiscal period (As of Aug. 31, 2018) (thousand yen)	2nd fiscal period (As of Feb. 28, 2019) (thousand yen)
Operating revenue	1,374,843	1,312,404
Lease business revenue	1,268,583	1,204,800
Other lease business revenue	106,260	107,604
Operating expenses	477,330	455,677
Expenses related to rent business	352,220	333,945
Asset management fee	85,797	79,815
Asset custody fee	882	835
Administrative service fees	12,040	9,902
Directors' compensations	4,800	2,400
Other operating expenses	21,588	28,778
<b>Operating income</b>	<b>897,512</b>	<b>856,727</b>
Non-operating income	16	767
Interest income	16	14
Non-operating expenses	-	752
Interest expenses	312,710	53,351
Borrowing related expenses	32,979	30,776
Investment unit issuance expenses	102,607	22,575
Deferred organization expenses	93,423	-
Business commencement expenses	72,045	-
Non-operating expenses	11,654	-
<b>Ordinary income</b>	<b>584,818</b>	<b>804,142</b>
<b>Income before income taxes</b>	<b>584,818</b>	<b>804,142</b>
<b>Total income taxes</b>	<b>1,662</b>	<b>855</b>
Income taxes - current	1,690	838
Income taxes - deferred	-28	16
<b>Net income</b>	<b>583,155</b>	<b>803,287</b>
Retained earnings brought forward	-	81
Unappropriated retained earnings (undisposed loss)	583,155	803,368

## Operating Income (Loss) from real estate leasing by asset (1/2)

(thousand yen)

	Nishi-Shimbashi	Iwamotocho	Shinjuku-Gyoen	Kamiyacho	Higashi-Azabu	Higashi-Ueno
<b>Operating revenue from real estate leasing</b>	78,324	141,627	161,945	42,727	58,596	43,869
Lease business revenue	72,210	124,378	149,523	32,731	51,668	37,586
Other lease business revenue	6,114	17,249	12,421	9,996	6,928	6,282
<b>Operating expenses from real estate leasing (Excluding Depreciation)</b>	12,824	28,220	25,602	17,699	12,408	9,902
Tax and public dues	-	-	-	0	0	0
Maintenance fee	5,285	10,304	10,728	4,471	6,161	4,235
Utility expenses	5,540	10,331	10,905	2,626	3,741	3,750
Repair expenses	766	5,976	3,234	758	1,242	1,040
Insurance premium	61	218	210	46	81	59
Other expenses related to rent business	1,170	1,389	524	9,797	1,180	816
<b>NOI</b>	65,500	113,407	136,343	25,028	46,188	33,967
Depreciation	2,569	9,766	9,893	1,258	3,679	2,336
<b>Operating income (loss) from real estate leasing</b>	62,930	103,640	126,449	23,769	42,508	31,630

## Operating Income (Loss) from real estate leasing by asset (2/2)

(thousand yen)

	Hachioji	Kawasaki	Kawasaki Miyuki	Seiseki-Sakuragaoka	Sendai	Chihaya	Total
<b>Operating revenue from real estate leasing</b>	129,527	158,990	undisclosed	undisclosed	148,200	101,852	1,312,404
Lease business revenue	109,854	138,827	undisclosed	undisclosed	148,200	96,640	1,204,800
Other lease business revenue	19,672	20,162	undisclosed	undisclosed	-	5,212	107,604
<b>Operating expenses from real estate leasing (Excluding Depreciation)</b>	33,083	34,426	undisclosed	undisclosed	6,878	21,606	215,266
Tax and public dues	0	4	undisclosed	undisclosed	-	4	13
Maintenance fee	15,600	14,566	undisclosed	undisclosed	1,800	7,682	82,636
Utility expenses	9,289	14,732	undisclosed	undisclosed	-	1,624	62,542
Repair expenses	5,341	4,153	undisclosed	undisclosed	-	6,358	36,351
Insurance premium	272	188	undisclosed	undisclosed	212	291	3,720
Other expenses related to rent business	2,580	780	undisclosed	undisclosed	4,865	5,645	30,003
<b>NOI</b>	96,443	124,563	26,017	208,109	141,321	80,246	1,097,138
Depreciation	9,175	15,953	1,502	11,545	32,016	18,979	118,679
<b>Operating income (loss) from real estate leasing</b>	87,267	108,610	24,515	196,563	109,304	61,266	978,458

## Overview of Appraisal Report

Asset no.	Asset name	Acquisition date	Acquisition price (million yen)	Book value as of the end of 2nd FY (million yen)	End of 1st FY (August 31, 2018)		End of 2nd FY (February 28, 2019)		Change		Appraiser	Unrealized profit or loss* <sup>3</sup> (million yen)
					Appraisal value (million yen)	Capitalization rate based on direct capitalization method (%)	Appraisal value (million yen)	Capitalization rate based on direct capitalization method (%)	Appraisal value* <sup>1</sup> (million yen)	Capitalization rate based on direct capitalization method* <sup>2</sup> (%)		
OF-01	XYMAX Nishi-Shimbashi Building	February 2018	2,500	2,525	3,080	3.7	3,080	3.7	-	-	The Tanizawa Sōgō Appraisal Co., Ltd.	554
OF-02	XYMAX Iwamotocho Building	February 2018	4,250	4,332	5,350	3.7	5,540	3.6	190	-0.1	Japan Real Estate Institute	1,207
OF-03	XYMAX Shinjuku-Gyoen Building	February 2018	5,020	5,066	6,340	3.7	6,520	3.6	180	-0.1	Japan Real Estate Institute	1,453
OF-04	XYMAX Kamiyacho Building	February 2018	880	894	1,140	3.8	1,160	3.8	20	-	The Tanizawa Sōgō Appraisal Co., Ltd.	265
OF-05	XYMAX Higashi-Azabu Building	February 2018	1,550	1,584	2,090	3.9	2,100	3.9	10	-	Daiwa Real Estate Appraisal Co., Ltd.	515
OF-06	XYMAX Higashi-Ueno Building	February 2018	1,150	1,160	1,590	4.0	1,590	4.0	-	-	Daiwa Real Estate Appraisal Co., Ltd.	429
OF-07	XYMAX Hachioji Building	February 2018	2,600	2,618	3,510	4.9	3,570	4.8	60	-0.1	Japan Real Estate Institute	951
RT-01	Muza Kawasaki	February 2018	4,100	4,112	5,200	4.1	5,210	4.1	10	-	The Tanizawa Sōgō Appraisal Co., Ltd.	1,097
RT-02	Life Kawasaki Miyuki Store	February 2018	790	799	974	4.2	975	4.2	1	-	Daiwa Real Estate Appraisal Co., Ltd.	175
RT-03	Vita Seiseki-Sakuragaoka	February 2018	3,100	3,212	3,870	5.0	3,870	5.0	-	-	The Tanizawa Sōgō Appraisal Co., Ltd.	657
HT-01	Hotel Vista Sendai	February 2018	4,400	4,399	5,550	4.6	5,550	4.6	-	-	The Tanizawa Sōgō Appraisal Co., Ltd.	1,150
OT-01	Renaissance 21 Chihaya	February 2018	2,700	2,791	3,130	5.0	3,130	5.0	-	-	The Tanizawa Sōgō Appraisal Co., Ltd.	338
	<b>Total / Average</b>		<b>33,040</b>	<b>33,497</b>	<b>41,824</b>	<b>-</b>	<b>42,295</b>	<b>-</b>	<b>471</b>	<b>-</b>	<b>-</b>	<b>8,797</b>

(\*1)The difference between the estimated value at the end of the 1st fiscal period and the estimated value at the end of the 2nd fiscal period is indicated.

(\*2)The difference between the direct capitalization rate adopted in the real estate appraisal report for each portfolio asset in the calculation of estimated value at the end of the 1st fiscal period and the direct capitalization rate adopted in the real estate appraisal upon property acquisition is indicated

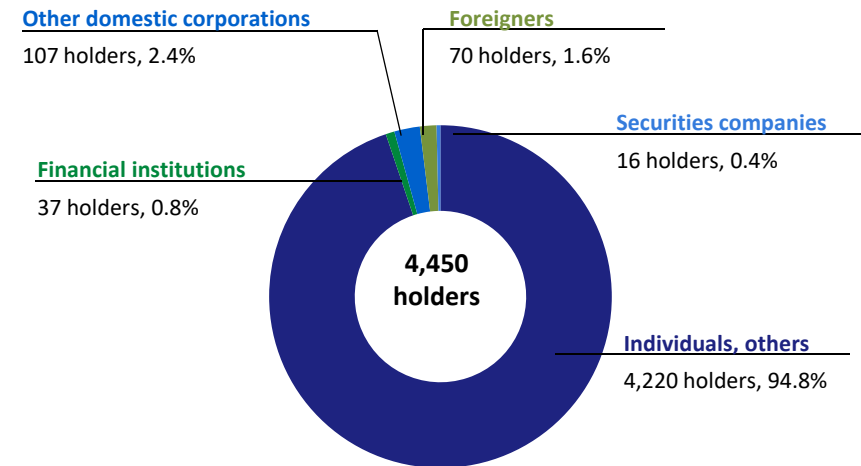
(\*3)The difference between the book value at the end of the 1st fiscal period for portfolio assets and the book value at the end of the 2nd fiscal period for portfolio assets is indicated.

## Major Unitholders

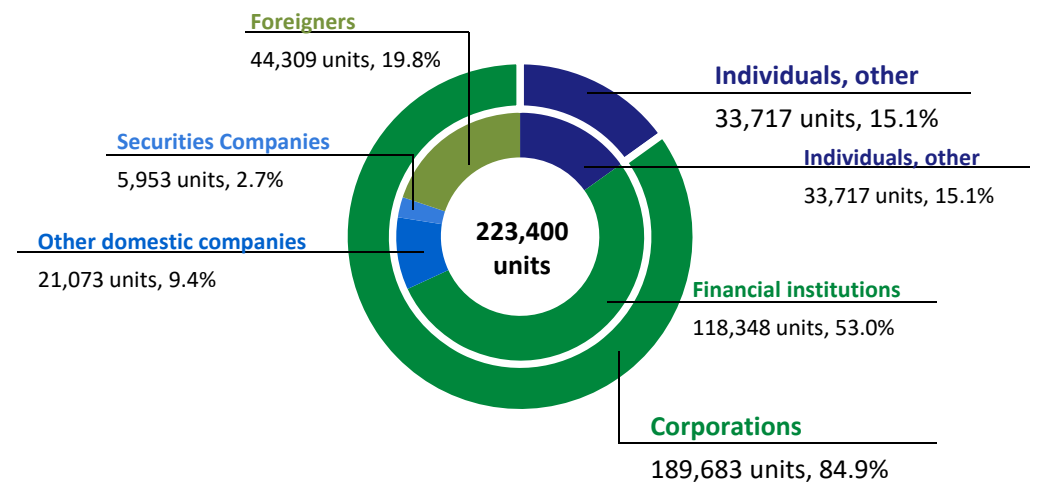
Note: As of February 28, 2019

Name	Number of investment units (unit)	Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	47,130	21.10
Japan Trustee Services Bank, Ltd. (Trust account)	33,245	14.88
XYMAX Corporation	12,500	5.60
The Nomura Trust and Banking Co., Ltd. (Trust account)	12,116	5.42
Trust & Custody Services Bank, Ltd. (Securities investment trust account)	6,516	2.92
SIX SIS LTD.	4,594	2.06
Aozora Bank, Ltd.	4,589	2.05
GOLDMAN SACHS INTERNATIONAL	3,694	1.65
BNP PARIBAS SECURITIES SERVICES LUXEMBOURG / JASDEC / SECURITIES-AIFM	3,564	1.60
BNP PARIBAS SECURITIES SERVICES FRANKFURT / JASDEC / SGSS DEUTSCHLAND KAPITALANGESELLSCHAFT MBH FOR REIT ASIEN 1	3,255	1.46
<b>Total</b>	<b>131,203</b>	<b>58.73</b>

## Number of unitholders by owner



## Number of investment units by owner



## Overview

Company name	XYMAX REAL ESTATE INVESTMENT ADVISORS Corporation
Location	XYMAX Akasaka 111 Building, 1-1-1 Akasaka, Minato-ku, Tokyo
Establishment	August 6, 2007
Capital	0.2 billion yen
Major shareholders	XYMAX Corporation (100% stake)
Number of employees	37 (as of April 1, 2019)
Lines of business	<p>(1) Financial instruments business as prescribed in the Financial Instruments and Exchange Act</p> <p>(2) Real estate investment advisory business and discretionary real estate investment business</p> <p>(3) Asset management business for investment corporation</p>
Executives	<p>Nobuhito Inatsuki, Representative Director and President</p> <p>Yasushi Yamaguchi, Director</p> <p>Ryuichi Yoshimura, Director</p> <p>Shigeki Kawakita, Auditor</p>
Licenses	<p>Financial instruments business: Director-General of the Kanto Local Finance Bureau Registration (FIBO) No. 1907 (Investment Management Business, Investment Advisory and Agency Business, and Type II Financial Instruments Business)</p> <p>Discretionary transaction agency, etc. business: Minister of Land, Infrastructure, Transport and Tourism Approval No. 118</p> <p>Real Estate Specified Joint Enterprise: License No. 75 granted by Commissioner of the Financial Services Agency and Minister of Land, Infrastructure, Transport and Tourism (for businesses referred to in items (iii) and (iv))</p> <p>Real estate investment advisory business: Registration No. Sogo-57</p> <p>Real estate brokerage business: Governor of Tokyo License (3) No. 88223</p>

## History

August 6, 2007	Establishment of the company
September 22, 2007	Obtained real estate brokerage business license (License No. Governor of Tokyo License (3) No. 88223)
June 17, 2008	Registered as investment management business as well as investment advisory and agency business under the Financial Instruments and Exchange Act (Registration No. Director-General of the Kanto Local Finance Bureau Registration (FIBO) No. 1907)
June 28, 2011	Registered as type II financial instruments business under the Financial Instruments and Exchange Act (registered the change) (Registration No. Director-General of the Kanto Local Finance Bureau Registration (FIBO) No. 1907)
April 22, 2015	Joined Japan Investment Advisers Association
June 30, 2017	Obtained approval to conduct discretionary transaction agency, etc. business under the Real Estate Brokerage Act (Approval No. Minister of Land, Infrastructure, Transport and Tourism Approval No. 118)
September 4, 2017	Obtained approval to conduct concurrent business related to specified investment management activities
October 19, 2017	Joined The Investment Trusts Association, Japan

<b>Company name</b>	XYMAX Corporation (non-listed)
<b>Establishment</b>	March 1, 1990 Spin-out from Recruit Co., Ltd. through employee participatory MBO in 2000
<b>Location of headquarters</b>	1-1-1 Akasaka, Minato-ku, Tokyo
<b>Capital</b>	2,612.865 million yen (as of March 31, 2019)
<b>Sales</b>	79.195 billion yen (actual results for the fiscal period ended March 2018) *Consolidated figures of the group
<b>Representative</b>	Representative Director, Chairman & CEO Masafumi Shimada
<b>Major shareholders</b>	XYMAX shareholding association, directors & employees, clients and financial institutions Total 276 (as of September 30, 2018)
<b>Number of employees</b>	5,026 (as of March 1, 2019) *Consolidated figures of the group

## Office

- Shinjuku Maynds Tower (Shinjuku-ku, Tokyo) \*  
Property Management



- E-Space Tower (Shibuya-ku, Tokyo) \*  
Property Management and Building Maintenance

## Retail

- LINOAS (Osaka) \*  
Renewal & Reopen



- OYAMA YUEN HARVEST WALK (Tochigi)  
Development

(\* ) As of the date of this material, XYMAX REIT has not determined the acquisition of these properties and there is no guarantee that XYMAX REIT will acquire them in the future.



## Office business “ZXY” leading work-style reform

- Workplace service enabling free work style
- Satellite work office with space for kids



ZXY Share



ZXY Monthly



ZXY kids space (Image)

### Change in number of members and workplaces



## The Group’s own brand “Karaksa Hotels” also meeting the needs for inbound tourism

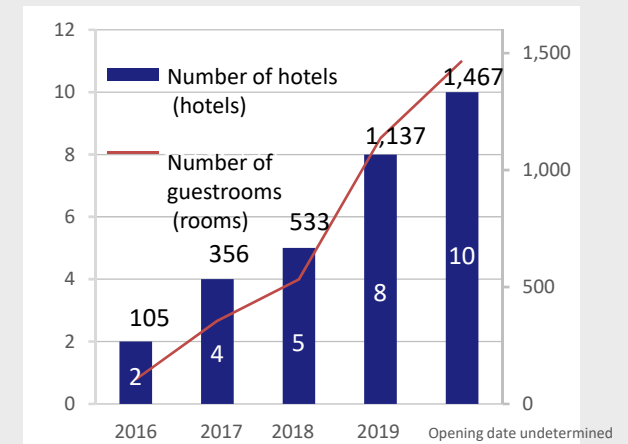
Opened: 5 hotels, 533 rooms; To be opened: 5 hotels, 934 rooms (as of March 31, 2019)



Karaksa Hotel Osaka Namba \*

Karaksa Spring Hotel Kansai Air Gate \*

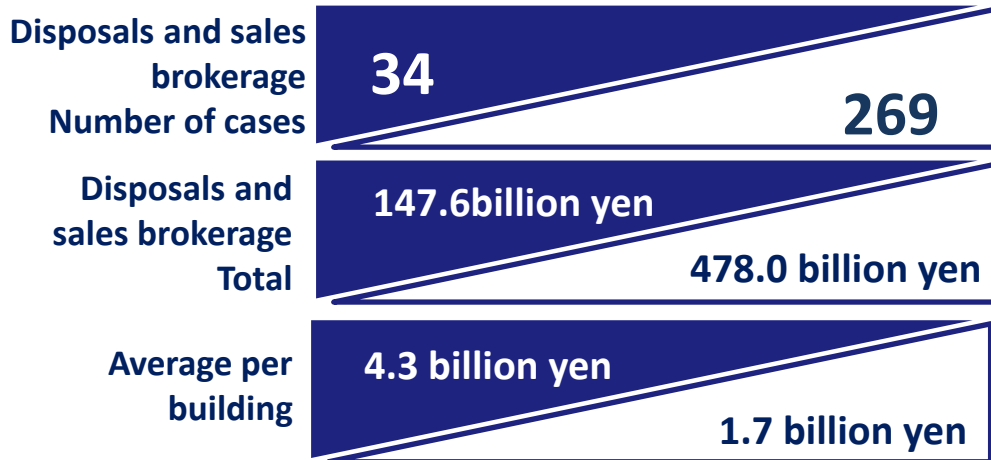
### Change in number of hotels developed and operated and number of guestrooms



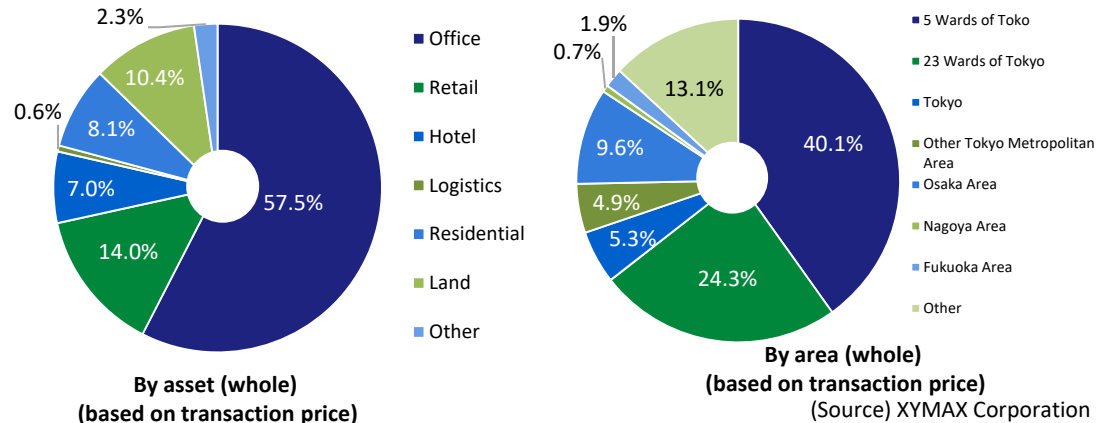
(\* ) As of the date of this material, the XYMAX REIT has not determined the acquisition of these properties and there is no guarantee that the XYMAX REIT will acquire them in the future.

Intending to realize external growth in terms of the number of cases, total amount and area by utilizing abundant track records in real estate sales and brokerage

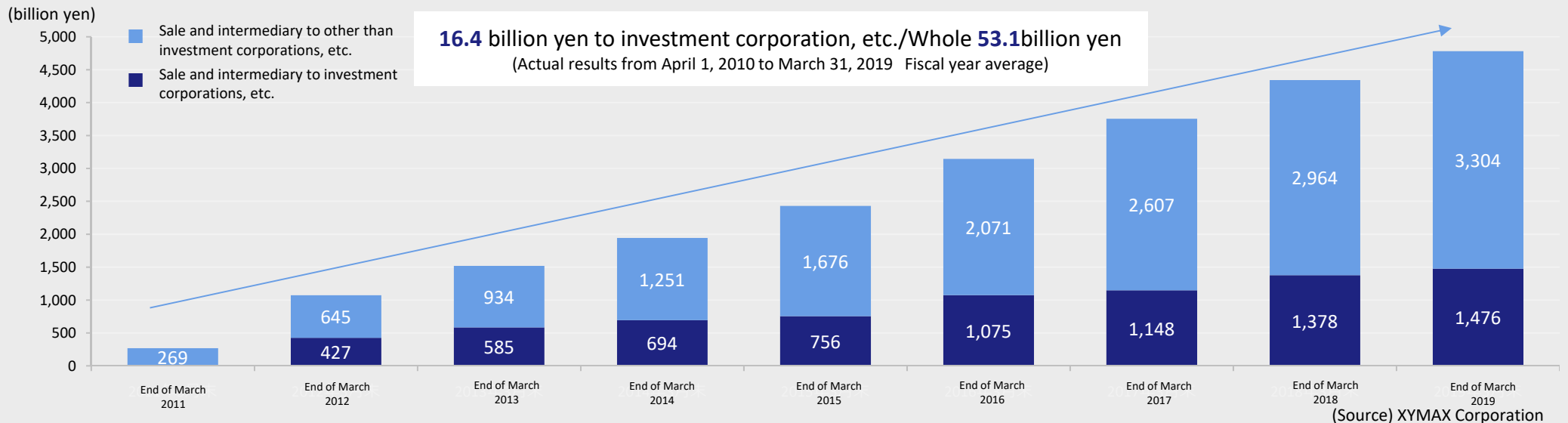
To investment corporations, etc. \*/Whole



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



Accumulated track record of real estate disposal and brokerage services  
(accumulated total from April 1, 2010, excluding sales to XYMAX REIT)



(\*) Vehicle for acquisition and holding of properties with the intent to transfer them to real estate investment corporations

## Status of IR activities

### IR activities for institutional investors

- Domestic IR  
October-November 2018 Visited a total of 34 companies including 21 companies in urban areas and 13 companies in local areas
- Overseas IR  
November 2018 Visited a total of 7 companies in Singapore and Hong Kong
- Participation in international conferences  
September 2018 Mizuho Investment Conference Tokyo (Host: Mizuho Securities)  
December 2018 Property Conference Tokyo 2018 (Host: SMBC Nikko Securities)  
February 2019 Nomura Global Real Estate Forum 2019 (Host: Nomura Securities)

### IR activities for individuals

- Presentations for individual investors  
December 10, 2018 Seminar for individuals at the Kita-Kyushu branch (Kita-Kyushu) of Mizuho Securities  
December 17, 2018 SMBC Nikko J-REIT Seminar (Kobe)  
December 21, 2018 Nikkei J-REIT Seminar (Tokyo)  
January 30, 2019 Radio NIKKEI Daiichi Asazai  
February 22, 2019 Tokyo Stock Exchange IR Festa (Tokyo)

## ESG initiatives at Sponsor Group

### Received DBJ Green Building Certification for group headquarters

XYMAX Akasaka 111 Building\*



XYMAX Tameike-Sanno Building\*



### Initiatives for the society

- Nurturing real estate business personnel through “Karakusa Fudosanjuku”

からくさ不動産塾 

- CASBEE Real Estate Appointed as assessor
- Holding lectures at Real Estate Sustainability & Energy-Efficiency Diffusion Review Committee, Ministry of Land, Infrastructure, Transport and Tourism
- Holding lectures at Land Economy and Construction and Engineering Industry Bureau, Ministry of Land, Infrastructure, Transport and Tourism
- Contributing to “ARES Real Estate Securitization Journal”
- Serving as lecturer of “ARES Real Estate Securitization Master” training course
- Introduced telework at back-office departments

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