

(REIT) Financial Report for the Fiscal Period Ended August 2019

October 15, 2019

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: November 29, 2019

Scheduled date for commencement of distribution payment: November 19, 2019

Supplementary materials for financial results: Yes

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

(Amounts are rounded down to the nearest million yen)

1. Status of Management and Assets for the Fiscal Period Ended August 2019 (from March 1, 2019 to August 31, 2019)

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

	Operating revenue		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal period ended Aug. 2019	1,348	2.7	726	(15.2)	682	(15.1)	681	(15.1)
Fiscal period ended Feb. 2019	1,312	(4.5)	856	(4.5)	804	37.5	803	37.7

	Net income per unit	Return on equity	Ratio of ordinary income to total assets	Ratio of ordinary income to operating revenue
	yen	%	%	%
Fiscal period ended Aug. 2019	3,052	2.9	1.9	50.6
Fiscal period ended Feb. 2019	3,595	3.5	2.2	61.3

(2) Distribution

	Distribution per unit (excluding distribution in excess of earnings)	Total distribution (excluding distribution in excess of earnings)	Distribution in excess of earnings per unit	Total distribution in excess of earnings	Payout ratio	Ratio of distribution to net assets
	yen	million yen	yen	million yen	%	%
Fiscal period ended Aug. 2019	3,052	681	-	-	100.0	2.9
Fiscal period ended Feb. 2019	3,596	803	-	-	100.0	3.5

(3) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per unit
	million yen	million yen	%	yen
Fiscal period ended Aug. 2019	36,629	23,267	63.5	104,152
Fiscal period ended Feb. 2019	36,701	23,389	63.7	104,696

(4) Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
Fiscal period ended Aug. 2019	799	(48)	(802)	2,970
Fiscal period ended Feb. 2019	1,486	(203)	(1,162)	3,021

2. Operating Forecasts for the Fiscal Period Ending February 2020 (from September 1, 2019 to February 29, 2020) and Fiscal Period Ending August 2020 (from March 1, 2020 to August 31, 2020)

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

	Operating revenue		Operating income		Ordinary income		Net income		Distribution per unit (excluding distribution in excess of earnings)	Distribution in excess of earnings per unit
	mn yen	%	mn yen	%	mn yen	%	mn yen	%	yen	yen
Fiscal period ending Feb. 2020	1,329	(1.4)	715	(1.5)	658	(3.5)	657	(3.6)	2,943	-
Fiscal period ending Aug. 2020	1,336	0.5	730	2.1	685	4.0	684	4.0	3,062	-

(Reference) Forecast net income per unit

(Forecast net income ÷ Forecast total number of investment units issued and outstanding at end of period)

Fiscal period ending February 2020: 2,943yen Fiscal period ending August 2020: 3,062yen

* Other

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

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

(2) Total number of investment units issued and outstanding

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

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

Fiscal period ended Aug. 2019	0 units	Fiscal period ended Feb. 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 23.

* Explanation of Appropriate Use of Operating Forecasts, and Other Matters of Special Note

The operating forecasts and other forward-looking statements contained in this document are based on information currently available to and certain assumptions deemed reasonable by XYMAX REIT. Accordingly, the actual results of operations, etc. may differ materially due to various factors. In addition, the forecasts are not a guarantee of the amount of distribution. For the assumptions underlying the operating forecasts, matters of note in the use of the operating forecasts, etc., please see "Assumptions Underlying the Operating Forecasts for the Fiscal Period Ending February 2020 (from September 1, 2019 to February 29, 2020) and Fiscal Period Ending August 2020 (from March 1, 2020 to August 31, 2020)" 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 under review, the Japanese economic environment saw real GDP growth rate increase by 0.6% (annual rate of 2.2%) for the January to March 2019 period, and 0.3% (annual rate of 1.3%) for the April to June 2019 period, reflecting solid growth in the domestic economy. Meanwhile, there continues to be a need to pay attention to trade and diplomatic issues, such as the US-China trade friction, and deteriorating relations with South Korea. Amid that environment, the TSE JREIT Index rose above 2,000 points for the first time in eleven-and-a-half years in July 2019, and it has been maintaining a high level. This has led to JREIT receiving recognition as offering stable returns and it is gaining favor as an investment target.

Under such domestic economic circumstances, the following movements were seen in the real estate markets of office, retail and hotel in which XYMAX REIT mainly invests.

In the office market, according to “Office Market Report Tokyo Q2 2019” (Note) published by XYMAX REAL ESTATE INSTITUTE Corporation, the vacancy rate in the Tokyo 23 wards in 2Q 2019 has increased, albeit slightly, from the previous quarter, which saw a rise in vacancy rate for the first time in recent 18 quarters. Despite the needs of companies to expand office space continuing, there are factors causing vacancy rate to rise, such as cases of some formerly occupied spaces not getting absorbed by other tenants within the building and going on the market, and an increasing number of companies with growing staff numbers which, faced with a lack of vacant offices of the required size and location, attempting to resolve office size constraints through work-at-home and telecommuting initiatives in line with the trend of working style reforms.

In the retail market, according to the Current Survey of Commerce by the Ministry of Economy, Trade and Industry, the sales of retail for 2Q 2019 increased by 0.7% year on year. In the current climate where consumers are becoming increasingly budget minded, it would be prudent to carefully watch consumer trends following the consumption tax rise in October 2019.

In the hotel market, the Japan Tourism Agency's Overnight Travel Statistics Survey reported that the long holiday associated with the change in era name contributed favorably, and that the total number of lodgers for the period from January to July 2019 grew by more than 4%. Furthermore, according to information released by Japan National Tourism Organization, the number of foreign visitors to Japan for the period from January to August 2019 increased 3.9% year on year to 22.1 million. Such data is showing that statistics survey based hotel guest demand is trending strongly. On the other hand, South Korean tourists, which make up more than 20% of overseas tourists were down by 9.3% year on year, and down by 48.0% in August 2019. From this we can see the deteriorating relations between Japan and South Korea has clearly made an impact. Furthermore, considering the new supply of guest rooms, there is much caution toward what impact a loosening of the supply-demand balance will have on the trends of the occupancy rates and profitability.

In the real estate buy/sell market, acquisition competition has continued to intensify due to the various market participants, such as listed REITs, private REITs, overseas investors, and domestic business corporations including real estate companies against the backdrop of the favorable fund raising environment. As a result, transaction prices are rising due to the tightening supply-demand balance, while expected cap rates are dropping to a lower level.

(Note) For more details of the research findings, please refer to the website of XYMAX Real Estate Institute Corporation (<https://soken.xymax.co.jp/>)

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 71,846.53 m². The occupancy rate as of the last day of the fiscal period under review was 98.8%.

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 did not conducted any repayment and new borrowing. As a result, as of the last day of the fiscal period under review, the balance of loans outstanding was 11,680 million yen.

V. Overview of Business Performance

Business performance in the fiscal period under review resulted in operating revenue of 1,348 million yen, operating income of 726 million yen, ordinary income of 682 million yen and net income of 681 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 681,816,800 yen, 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 3,052 yen.

(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 February 2020 (from September 1, 2019 to February 29, 2020) and Fiscal Period Ending August 2020 (from March 1, 2020 to August 31, 2020) 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 Feb. 2020	1,329	715	658	657	2,943	-
Fiscal period ending Aug. 2020	1,336	730	685	684	3,062	-

Furthermore, for the assumptions underlying the operating forecasts, please refer to "Assumptions Underlying the Operating Forecasts for the Fiscal Period Ending February 2020 (from September 1, 2019 to February 29, 2020) and Fiscal Period Ending August 2020 (from March 1, 2020 to August 31, 2020)" 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 February 2020 (from September 1, 2019 to February 29, 2020) and Fiscal Period Ending August 2020 (from March 1, 2020 to August 31, 2020)

Item	Assumption																								
Accounting period	<ul style="list-style-type: none"> Fiscal period ending February 2020 (4th fiscal period) (from September 1, 2019 to February 29, 2020) (182 days) Fiscal period ending August 2020 (5th fiscal period) (from March 1, 2020 to August 31, 2020) (184 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 August 2020 (5th 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. (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. <table border="1" style="margin-left: 40px;"> <thead> <tr> <th></th> <th>Fiscal period ending Feb. 2020 (4th fiscal period)</th> <th>Fiscal period ending Aug. 2020 (5th fiscal period)</th> </tr> </thead> <tbody> <tr> <td>Variable rent</td> <td>39million yen</td> <td>36million 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 Feb. 2020 (4th fiscal period)	Fiscal period ending Aug. 2020 (5th fiscal period)	Variable rent	39million yen	36million yen																		
	Fiscal period ending Feb. 2020 (4th fiscal period)	Fiscal period ending Aug. 2020 (5th fiscal period)																							
Variable rent	39million yen	36million yen																							
Operating expenses	<ul style="list-style-type: none"> Of operating expenses, the main components are as follows: <table border="1" style="margin-left: 40px;"> <thead> <tr> <th></th> <th>Fiscal period ending Feb. 2020 (4th fiscal period)</th> <th>Fiscal period ending Aug. 2020 (5th fiscal period)</th> </tr> </thead> <tbody> <tr> <td>Expenses related to leasing business [Total]</td> <td>493million yen</td> <td>486million yen</td> </tr> <tr> <td> Management fees</td> <td>84million yen</td> <td>85million yen</td> </tr> <tr> <td> Repair expenses</td> <td>52million yen</td> <td>37million yen</td> </tr> <tr> <td> Property taxes</td> <td>134million yen</td> <td>134million yen</td> </tr> <tr> <td> Depreciation</td> <td>124million yen</td> <td>129million yen</td> </tr> <tr> <td>Other than expenses related to leasing business [Total]</td> <td>120million yen</td> <td>119million yen</td> </tr> <tr> <td> Asset management fees</td> <td>76million yen</td> <td>77million 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 Feb. 2020 (4th fiscal period)	Fiscal period ending Aug. 2020 (5th fiscal period)	Expenses related to leasing business [Total]	493million yen	486million yen	Management fees	84million yen	85million yen	Repair expenses	52million yen	37million yen	Property taxes	134million yen	134million yen	Depreciation	124million yen	129million yen	Other than expenses related to leasing business [Total]	120million yen	119million yen	Asset management fees	76million yen	77million yen
	Fiscal period ending Feb. 2020 (4th fiscal period)	Fiscal period ending Aug. 2020 (5th fiscal period)																							
Expenses related to leasing business [Total]	493million yen	486million yen																							
Management fees	84million yen	85million yen																							
Repair expenses	52million yen	37million yen																							
Property taxes	134million yen	134million yen																							
Depreciation	124million yen	129million yen																							
Other than expenses related to leasing business [Total]	120million yen	119million yen																							
Asset management fees	76million yen	77million yen																							
Non-operating expenses	<ul style="list-style-type: none"> For the fiscal period ending February 2020 (4th fiscal period), interest expenses and other borrowing related expenses are assumed to be 57million yen. For the fiscal period ending August 2020 (5th fiscal period), interest expenses and other borrowing related expenses are assumed to be 45million yen. 																								
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 February 2020 (4th fiscal period) and 11,680 million yen at the end of the fiscal period ending August 2020 (5th fiscal period). Short-term loans of 1,014 million yen and long-term loans of 2,336 million are due in the fiscal period ending February 2020. 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 February 2020 (4th fiscal period) and 31.9% at the end of the fiscal period ending August 2020 (5th fiscal period). In addition, the 																								

Item	Assumption
	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 August 2019 and that there will be no change in the number of investment units due to issuance of new investment units, etc. through to the end of the fiscal period ending August 2020 (5th fiscal period). ● Distribution per unit (excluding distribution in excess of earnings) and distribution in excess of earnings per unit are calculated on the basis of the forecast total number of investment units issued and outstanding at the end of the fiscal period ending February 2020 (4th fiscal period) and fiscal period ending August 2020 (5th 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)

	2nd fiscal period (As of Feb. 28, 2019)	3rd fiscal period (As of Aug. 31, 2019)
Assets		
Current assets		
Cash and bank deposits	1,161,697	1,009,178
Cash and bank deposits in trust	1,860,121	1,960,942
Operating accounts receivable	22,951	28,717
Prepaid expenses	33,557	31,354
Other	210	390
Total current assets	3,078,538	3,030,583
Non-current assets		
Property, plant and equipment		
Tools, furniture and fixtures	108,551	109,618
Accumulated depreciation	(29,150)	(42,397)
Tools, furniture and fixtures, net	79,400	67,221
Buildings in trust	8,973,338	9,064,664
Accumulated depreciation	(211,056)	(317,252)
Buildings in trust, net	8,762,281	8,747,412
Structures in trust	45,459	45,459
Accumulated depreciation	(1,597)	(2,370)
Structures in trust, net	43,862	43,088
Tools, furniture and fixtures in trust	6,452	6,727
Accumulated depreciation	(705)	(1,312)
Tools, furniture and fixtures in trust, net	5,747	5,415
Land in trust	24,606,271	24,606,271
Total property, plant and equipment	33,497,562	33,469,409
Investments and other assets		
Long-term prepaid expenses	41,701	32,962
Deferred tax assets	11	13
Lease and guarantee deposits	22,600	22,600
Other	61,336	74,230
Total investments and other assets	125,649	129,806
Total non-current assets	33,623,212	33,599,215
Total assets	36,701,751	36,629,798

(Unit: thousand yen)

	2nd fiscal period (As of Feb. 28, 2019)	3rd fiscal period (As of Aug. 31, 2019)
Liabilities		
Current liabilities		
Operating accounts payable	100,769	119,712
Short-term loans payable	1,014,000	1,014,000
Current portion of long-term borrowings	2,336,000	2,336,000
Accounts payable - other	95,119	96,157
Income taxes payable	836	885
Accrued consumption taxes	65,039	25,125
Advances received	173,375	186,235
Other	883	5,827
Total current liabilities	3,786,023	3,783,944
Non-current liabilities		
Long-term loans payable	8,330,000	8,330,000
Tenant leasehold and security deposits in trust	1,196,612	1,248,262
Total non-current liabilities	9,526,612	9,578,262
Total liabilities	13,312,636	13,362,207
Net assets		
Unitholders' equity		
Unitholders' capital	22,585,746	22,585,746
Surplus		
Unappropriated retained earnings (undisposed loss)	803,368	681,845
Total surplus	803,368	681,845
Total unitholders' equity	23,389,114	23,267,591
Total net assets	※¹ 23,389,114	※¹ 23,267,591
Total liabilities and net assets	36,701,751	36,629,798

(2) Statement of Income

(Unit: thousand yen)

	2nd fiscal period From: Sept. 1, 2018 To: Feb. 28, 2019	3rd fiscal period From: Mar. 1, 2019 To: Aug. 31, 2019
Operating revenue		
Leasing business revenue	※1 1,204,800	※1 1,239,634
Other leasing business revenue	※1 107,604	※1 108,769
Total operating revenue	1,312,404	1,348,404
Operating expenses		
Expenses related to leasing business	※1 333,945	※1 498,836
Asset management fees	79,815	77,234
Asset custody fees	835	825
Administrative service fees	9,902	9,455
Directors' compensations	2,400	2,400
Other operating expenses	28,778	33,130
Total operating expenses	455,677	621,883
Operating income	856,727	726,521
Non-operating income		
Interest income	14	14
Interest on refund	752	-
Total non-operating income	767	14
Non-operating expenses		
Interest expenses	30,776	33,843
Borrowing related expenses	22,575	9,983
Total non-operating expenses	53,351	43,826
Ordinary income	804,142	682,708
Income before income taxes	804,142	682,708
Income taxes - current	838	888
Income taxes - deferred	16	(2)
Total income taxes	855	885
Net income	803,287	681,823
Retained earnings brought forward	81	22
Unappropriated retained earnings (undisposed loss)	803,368	681,845

(3) Statement of Unitholders' Equity

2nd fiscal period (from September 1, 2018 to February 28, 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 September 1, 2018	22,585,746	583,155	583,155	23,168,901	23,168,901
Changes of items during period					
Dividends of surplus		(583,074)	(583,074)	(583,074)	(583,074)
Net income		803,287	803,287	803,287	803,287
Total changes during period	-	220,213	220,213	220,213	220,213
Balance as of February 28, 2019	*1 22,585,746	803,368	803,368	23,389,114	23,389,114

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

(4) Statement of Cash Distribution

Classification	2nd fiscal period From: Sept. 1, 2018 To: Feb. 28, 2019	3rd fiscal period From: Mar. 1, 2019 To: Aug. 31, 2019
I. Unappropriated retained earnings	803,368,973 yen	681,845,802 yen
II. Amount of distribution	803,346,400 yen	681,816,800 yen
[Amount of distribution per unit]	[3,596 yen]	[3,052 yen]
III. Retained earnings carried forward	22,573 yen	29,002 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 803,346,400 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 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>

(5) Statement of Cash Flows

(Unit: thousand yen)

	2nd fiscal period From: Sept. 1, 2018 To: Feb. 28, 2019	3rd fiscal period From: Mar. 1, 2019 To: Aug. 31, 2019
Cash flows from operating activities		
Income before income taxes	804,142	682,708
Depreciation	118,679	121,704
Interest income	(14)	(14)
Interest expenses	30,776	33,843
Decrease (increase) in operating accounts receivable	(3,023)	(5,765)
Decrease (increase) in consumption taxes refund receivable	572,370	-
Decrease (increase) in prepaid expenses	(854)	2,203
Increase (decrease) in operating accounts payable	(13,833)	27,865
Increase (decrease) in accounts payable - other	(11,263)	1,038
Increase (decrease) in accrued consumption taxes	65,039	(39,913)
Increase (decrease) in advances received	(8,066)	12,859
Decrease (increase) in long-term prepaid expenses	1,802	8,739
Other	(37,188)	(10,847)
Subtotal	1,518,566	834,421
Interest income received	14	14
Interest expenses paid	(30,760)	(33,660)
Income taxes paid	(1,690)	(838)
Net cash provided by (used in) operating activities	1,486,130	799,937
Cash flows from investing activities		
Purchase of property, plant and equipment	(263)	(2,212)
Purchase of property, plant and equipment in trust	(180,657)	(100,524)
Repayments of tenant leasehold and security deposits in trust	(61,198)	(7,824)
Proceeds from tenant leasehold and security deposits in trust	39,098	61,634
Net cash provided by (used in) investing activities	(203,020)	(48,927)
Cash flows from financing activities		
Increase in short-term loans payable	1,014,000	-
Decrease in short-term loans payable	(2,916,000)	-
Proceeds from long-term loans payable	1,322,000	-
Dividends paid	(582,923)	(802,707)
Net cash provided by (used in) financing activities	(1,162,923)	(802,707)
Net increase (decrease) in cash and cash equivalents	120,186	(51,697)
Cash and cash equivalents at beginning of period	2,901,632	3,021,818
Cash and cash equivalents at end of period	※¹ 3,021,818	※¹ 2,970,121

(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 13-51 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>

(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

2nd fiscal period (As of Feb. 28, 2019)	3rd fiscal period (As of Aug. 31, 2019)
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)			
	2nd fiscal period		3rd fiscal period	
	From: Sept. 1, 2018		From: Mar. 1, 2019	
	To: Feb. 28, 2019		To: Aug. 31, 2019	
A. Operating revenue from real estate leasing business				
Lease business revenue				
Rent revenue	1,052,642		1,088,311	
Common area maintenance revenue	152,158	1,204,800	151,323	1,239,634
Other lease business revenue				
Utility reimbursement	63,294		64,458	
Parking revenue	28,869		29,715	
Other rental revenue	15,441	107,604	14,595	108,769
Total operating revenue from real estate leasing	1,312,404		1,348,404	
B. Operating expenses from real estate leasing				
Expenses related to leasing business				
Tax and public dues	13		133,084	
Maintenance fees	82,636		83,147	
Utility expenses	62,542		60,253	
Repair expenses	36,351		42,643	
Insurance premiums	3,720		3,767	
Depreciation	118,679		121,704	
Other expenses related to rent business	30,003	333,945	54,234	498,836
Total operating expenses from real estate leasing	333,945		498,836	
C. Operating income (loss) from real estate leasing [A-B]	978,458		849,567	

[Notes on the Statement of Unitholders' Equity]

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

	2nd fiscal period From: Sept. 1, 2018 To: Feb. 28, 2019	3rd fiscal period From: Mar. 1, 2019 To: Aug. 31, 2019
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)

	2nd fiscal period From: Sept. 1, 2018 To: Feb. 28, 2019	3rd fiscal period From: Mar. 1, 2019 To: Aug. 31, 2019
Cash and bank deposits	1,161,697	1,009,178
Cash and bank deposits in trust	1,860,121	1,960,942
Cash and cash equivalents	3,021,818	2,970,121

[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 February 28, 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	1,161,697	1,161,697	-
(2) Cash and bank deposits in trust	1,860,121	1,860,121	-
Total assets	3,021,818	3,021,818	-
(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	8,385,422	55,422
Total liabilities	11,680,000	11,735,422	55,422
Derivative transactions	-	-	-

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	-	-	-

(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

	2nd fiscal period (As of Feb. 28, 2019)	3rd fiscal period (As of Aug. 31, 2019)
Tenant leasehold and security deposits in trust	1,196,612 thousand yen	1,248,262 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 (February 28, 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	1,161,697	-	-	-	-	-
Cash and bank deposits in trust	1,860,121	-	-	-	-	-
Total	3,021,818	-	-	-	-	-

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	-	-	-	-	-

(Note 4) Amount of repayment of loans scheduled to be due after the end of the fiscal period (February 28, 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 (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	-

[Notes on Derivative Transactions]

1. Derivative transactions to which hedge accounting is not applied

2nd fiscal period (as of February 28, 2019)

Not applicable.

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

Not applicable.

2. Derivative transactions to which hedge accounting is applied

2nd fiscal period (as of February 28, 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.)

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.)

[Notes on Tax-Effect Accounting]

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

(Unit: thousand yen)

	2nd fiscal period As of Feb. 28, 2019	3rd fiscal period As of Aug. 31, 2019
Deferred tax assets		
Non-deductible accrued enterprise tax	11	13
Total	11	13
Deferred tax assets, net	11	13

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: %)

	2nd fiscal period As of Feb. 28, 2019	3rd fiscal period As of Aug. 31, 2019
Statutory tax rate	31.51	31.51
[Adjustments]		
Distribution deductible for tax purposes	(31.48)	(31.47)
Other	0.08	0.09
Effective income tax rate after application of tax-effect accounting	0.11	0.13

[Notes on Related-Party Transactions]

1. Parent company, major corporate unitholder, etc.

2nd fiscal period (from September 1, 2018 to February 28, 2019)

Not applicable.

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

Not applicable.

2. Affiliated company, etc.

2nd fiscal period (from September 1, 2018 to February 28, 2019)

Not applicable.

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

Not applicable.

3. Fellow subsidiary, etc.

2nd fiscal period (from September 1, 2018 to February 28, 2019)

Not applicable.

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

Not applicable.

4. Director, major individual unitholder, etc.

2nd fiscal period (from September 1, 2018 to February 28, 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)	79,815	Accounts payable - other	86,200

(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.

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.

[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

2nd fiscal period (from September 1, 2018 to February 28, 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	148,200	Real estate leasing business

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

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.

[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)

	2nd fiscal period From: Sept. 1, 2018 To: Feb. 28, 2019	3rd fiscal period From: Mar. 1, 2019 To: Aug. 31, 2019
Carrying amount	33,497,562	33,469,409
Balance at beginning of period	33,521,850	33,497,562
Amount of increase (decrease) during period	(24,288)	(28,153)
Balance at the end of the period	33,497,562	33,469,409
Fair value at the end of the period	42,295,000	43,335,000

(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 2nd fiscal period, the amount of increase is mainly attributable to capital expenditure (94,391 thousand yen), while the amount of decrease is mainly attributable to depreciation (118,679 thousand yen). 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).

(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]

	2nd fiscal period From: Sept. 1, 2018 To: Feb. 28, 2019	3rd fiscal period From: Mar. 1, 2019 To: Aug. 31, 2019
Net assets per unit	104,696 yen	104,152yen
Net income per unit	3,595yen	3,052yen

(Note 1) Net income per unit for 3rd 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:

	2nd fiscal period From: Sept. 1, 2018 To: Feb. 28, 2019	3rd fiscal period From: Mar. 1, 2019 To: Aug. 31, 2019
Net income (thousand yen)	803,287	681,823
Amount not attributable to common unitholders (thousand yen)	-	-
Net income attributable to common investment units (thousand yen)	803,287	681,823
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)	2nd fiscal period As of Feb. 28, 2019		3rd fiscal period As of Aug. 31, 2019	
			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	14,402	39.2	14,395	39.3
		Tokyo 23 wards	1,160	3.2	1,161	3.2
		Tokyo economic area	2,618	7.1	2,609	7.1
	Retail	Tokyo economic area	8,124	22.1	8,147	22.2
	Hotel	Cabinet order designated cities	4,399	12.0	4,369	11.9
	Other	Cabinet order designated cities	2,791	7.6	2,785	7.6
Total real estate in trust			33,497	91.3	33,469	91.4
Deposits and other assets			3,204	8.7	3,160	8.6
Total assets			36,701	100.0	36,629	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.

	2nd fiscal period As of Feb. 28, 2019		3rd fiscal period As of Aug. 31, 2019	
	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	13,312	36.3	13,362	36.5
Total net assets	23,389	63.7	23,267	63.5
Total assets	36,701	100.0	36,629	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 August 31, 2019 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	2,522	3,100	Trust beneficiary rights
	OF-02	XYMAX Iwamotocho Building	Chiyoda-ku, Tokyo	Feb. 16, 2018	4,250	12.9	4,340	5,710	Trust beneficiary rights
	OF-03	XYMAX Shinjuku-Gyoen Building	Shinjuku-ku, Tokyo	Feb. 16, 2018	5,020	15.2	5,058	7,140	Trust beneficiary rights
	OF-04	XYMAX Kamiyacho Building	Minato-ku, Tokyo	Feb. 16, 2018	880	2.7	893	1,160	Trust beneficiary rights
	OF-05	XYMAX Higashi-Azabu Building	Minato-ku, Tokyo	Feb. 16, 2018	1,550	4.7	1,580	2,100	Trust beneficiary rights
	OF-06	XYMAX Higashi-Ueno Building	Taito-ku, Tokyo	Feb. 16, 2018	1,150	3.5	1,161	1,590	Trust beneficiary rights
	OF-07	XYMAX Hachioji Building	Hachioji-shi, Tokyo	Feb. 16, 2018	2,600	7.9	2,609	3,590	Trust beneficiary rights
	Subtotal/Average			-	-	17,950	54.3	18,167	24,390
Retail	RT-01	Muza Kawasaki	Kawasaki-shi, Kanagawa	Feb. 16, 2018	4,100	12.4	4,098	5,400	Trust beneficiary rights
	RT-02	Life Kawasaki Miyuki Store	Kawasaki-shi, Kanagawa	Feb. 16, 2018	790	2.4	797	975	Trust beneficiary rights
	RT-03	Vita Seiseki-Sakuragaoka	Tama-shi, Tokyo	Feb. 16, 2018	3,100	9.4	3,250	3,870	Trust beneficiary rights
	Subtotal/Average			-	-	7,990	24.2	8,147	10,245
Hotel	HT-01	Hotel Vista Sendai	Sendai-shi, Miyagi	Feb. 16, 2018	4,400	13.3	4,369	5,570	Trust beneficiary rights and movables incidental to hotel
	Subtotal/Average			-	-	4,400	13.3	4,369	5,570
Other	OT-01	Renaissance 21 Chihaya	Fukuoka-shi, Fukuoka	Feb. 16, 2018	2,700	8.2	2,785	3,130	Trust beneficiary rights
	Subtotal/Average			-	-	2,700	8.2	2,785	3,130
Total/Average			-	-	33,040	100.0	33,469	43,335	-

(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 August 31, 2019 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	79	107	1,897.75	1,897.75	100.0
OF-02	XYMAX Iwamotocho Building	Mar. 22, 2001	14	143	178	4,152.30	4,152.30	100.0
OF-03	XYMAX Shinjuku-Gyoen Building	Feb. 28, 2001	6	167	234	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	98	2,016.00	2,016.00	100.0
OF-06	XYMAX Higashi-Ueno Building	Apr. 9, 1999	8	48	67	1,735.34	1,735.34	100.0
OF-07	XYMAX Hachioji Building	Jan. 26, 1993	24	133	157	5,457.36	5,556.03	98.2
RT-01	Muza Kawasaki	Jan. 7, 2004	17	160	244	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	163	50	7,066.25	7,066.25	100.0
OT-01	Renaissance 21 Chihaya	Oct. 19, 2006	133	106	20	9,532.09	10,287.93	92.7
Total/Average		-	225	1,348	1,248	71,846.53	72,701.04	98.8

(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 August 31, 2019.

(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 August 31, 2019, 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 August 31, 2019.

(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 August 31, 2019 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 August 31, 2019, 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	3,100	3,180	3.7	3,070	3.8	3.9
	OF-02	XYMAX Iwamotocho Building	Japan Real Estate	5,710	5,830	3.5	5,590	3.3	3.7
	OF-03	XYMAX Shinjuku-Gyoen Building	Japan Real Estate	7,140	7,270	3.5	7,010	3.3	3.7
	OF-04	XYMAX Kamiyacho Building	Tanizawa Sōgō Appraisal	1,160	1,190	3.8	1,150	3.9	4.0
	OF-05	XYMAX Higashi-Azabu Building	Daiwa Real Estate Appraisal.	2,100	2,160	3.9	2,080	3.7	4.1
	OF-06	XYMAX Higashi-Ueno Building	Daiwa Real Estate Appraisal.	1,590	1,620	4.0	1,570	3.8	4.2
	OF-07	XYMAX Hachioji Building	Japan Real Estate	3,590	3,630	4.8	3,550	4.6	5.0
	Subtotal/Average				24,390	24,880	-	24,020	-
Retail	RT-01	Muza Kawasaki	Tanizawa Sōgō Appraisal	5,400	5,340	4.1	5,420	4.2	4.3
	RT-02	Life Kawasaki Miyuki Store	Daiwa Real Estate Appraisal.	975	988	4.2	969	4.0	4.4
	RT-03	Vita Seiseki-Sakuragaoka	Tanizawa Sōgō Appraisal	3,870	3,790	5.0	3,910	5.1	5.2
	Subtotal/Average				10,245	10,118	-	10,299	-
Hotel	HT-01	Hotel Vista Sendai	Tanizawa Sōgō Appraisal	5,570	5,680	4.6	5,520	4.7	4.8
	Subtotal/Average				5,570	5,680	-	5,520	-
Other	OT-01	Renaissance 21 Chihaya	Tanizawa Sōgō Appraisal	3,130	3,200	5.0	3,100	5.1	5.2
	Subtotal/Average				3,130	3,200	-	3,100	-
Total/Average				43,335	43,878	-	42,939	-	-

(Note 1) The date of value for the real estate appraisal reports is August 31, 2019.

(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
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	-	-

(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 93,814 thousand yen. Combined with repair expenses booked as expenses in the fiscal period under review (42,643 thousand yen), construction work, etc. totaling 136,458 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)
Vita Seiseki-Sakuragaoka	Tama-shi, Tokyo	Work concerning parking A	From: August 2019 To: August 2019	33,480

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 March 1, 2019 to August 31, 2019
Acquisition Price	2,500 million yen		Number of operating days	184 days
Type of Specified Asset	Trust beneficiary right		(1) Operating expenses from real estate leasing	
Trustee	Sumitomo Mitsui Trust Bank, Ltd.		Lease business revenue	73,910
Location (residential address)	2-6-2 Nishi-Shimbashi, Minato-ku, Tokyo		Other lease business revenue	5,911
Land	Lot Number	2-10-16 Nishi-Shimbashi, Minato-ku, Tokyo, and other	Total operating revenue from real estate leasing	79,821
	Building Coverage Ratio	80%	(2) Operating expenses from real estate leasing	
	Floor-Area Ratio	700%	Tax and public dues	6,955
	Land Use District	Commercial district	Maintenance fees	5,361
	Site Area	402.53 m ²	Utility expenses	4,931
	Type of ownership	Ownership	Repair expenses	2,261
Building	Construction Date	August 22, 2000	Insurance premiums	61
	Structure/Number of Floors	Reinforced concrete structure with flat roof 9F	Depreciation	2,569
	Total Floor Area	2,517.50 m ²	Other expenses related to leasing business	1,614
	Architect	RUI SEKKEISHITSU Co., Ltd.	Total operating expenses from real estate leasing	23,756
	Builder	Fujiki Komuten Co., Ltd.	(3) NOI	58,635
	Type of Ownership	Ownership	(4) Operating income (loss) from real estate leasing	56,065
ML Company	-			
PM Company	XYMAX ALPHA Corporation			
Notes: There is a 2-meter setback from the center line 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 March 1, 2019 to August 31, 2019	
Acquisition Price	4,250 million yen	Number of operating days	184 days	
Type of Specified Asset	Trust beneficiary right	(1) Operating expenses from real estate leasing		
Trustee	Sumitomo Mitsui Trust Bank, Ltd.	Lease business revenue	126,237	
Location (residential address)	2-3-3 Iwamotocho, Chiyoda-ku, Tokyo	Other lease business revenue	17,655	
Land	Lot Number	Total operating revenue from real estate leasing		
	Building Coverage Ratio	143,892		
	Floor-Area Ratio	(2) Operating expenses from real estate leasing		
	Land Use District	Tax and public dues	13,417	
	Site Area	Maintenance fees	10,398	
	Type of ownership	Utility expenses	9,117	
Building	Construction Date	March 22, 2001	Repair expenses	4,327
	Structure/Number of Floors	Steel-framed reinforced concrete structure with flat roof B1F/9F	Insurance premiums	220
	Total Floor Area	6,261.06 m ²	Depreciation	10,766
	Architect	Nikken Sekkei Ltd.	Other expenses related to leasing business	4,863
	Builder	Kumagai-Sumitomo Construction Consortium	Total operating expenses from real estate leasing	53,110
	Type of Ownership	Ownership	(3) NOI	101,548
ML Company	Godo Kaisha ML2	(4) Operating income (loss) from real estate leasing	90,782	
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 March 1, 2019 to August 31, 2019
Acquisition Price	5,020 million yen		Number of operating days	184 days
Type of Specified Asset	Trust beneficiary right		(1) Operating expenses from real estate leasing	
Trustee	Sumitomo Mitsui Trust Bank, Ltd.		Lease business revenue	154,165
Location (residential address)	1-1-11 Shinjuku, Shinjuku-ku, Tokyo		Other lease business revenue	13,825
Land	Lot Number	1-1-7 Shinjuku, Shinjuku-ku, and other	Total operating revenue from real estate leasing	167,991
	Building Coverage Ratio	80%	(2) Operating expenses from real estate leasing	
	Floor-Area Ratio	700%	Tax and public dues	14,447
	Land Use District	Commercial district	Maintenance fees	10,840
	Site Area	839.09 m ²	Utility expenses	9,769
	Type of ownership	Ownership	Repair expenses	2,979
Building	Construction Date	February 28, 2001	Insurance premiums	211
	Structure/Number of Floors	Steel-construction / Reinforced concrete structure with flat roof B1F/9F	Depreciation	9,902
	Total Floor Area	6,084.32 m ²	Other expenses related to leasing business	17,787
	Architect	U Associates Co., Ltd.	Total operating expenses from real estate leasing	65,939
	Builder	Kajima-Oriental Construction Consortium	(3) NOI	111,954
	Type of Ownership	Ownership	(4) Operating income (loss) from real estate leasing	102,051
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 March 1, 2019 to August 31, 2019
Acquisition Price	880 million yen	Number of operating days	184 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	4,008
Land	Lot Number	Total operating revenue from real estate leasing	
	Building Coverage Ratio	40,716	
	Floor-Area Ratio	(2) Operating expenses from real estate leasing	
	Land Use District	Tax and public dues	4,678
	Site Area	Maintenance fees	4,599
	Type of ownership	Utility expenses	2,738
Building	Construction Date	Repair expenses	4,469
	Structure/Number of Floors	Insurance premiums	46
	Total Floor Area	Depreciation	1,258
	Architect	Other expenses related to leasing business	281
	Builder	Total operating expenses from real estate leasing	18,071
	Type of Ownership	(3) NOI	23,903
ML Company	XYMAX ALPHA Corporation	(4) Operating income (loss) from real estate leasing	22,644
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 March 1, 2019 to August 31, 2019
Acquisition Price	1,550 million yen		Number of operating days	184 days
Type of Specified Asset	Trust beneficiary right		(1) Operating expenses from real estate leasing	
Trustee	Sumitomo Mitsui Trust Bank, Ltd.		Lease business revenue	51,096
Location (residential address)	1-5-2 Higashi-Azabu, Minato-ku, Tokyo		Other lease business revenue	6,154
Land	Lot Number	1-5-11 Higashi-Azabu, Minato-ku, Tokyo	Total operating revenue from real estate leasing	57,251
	Building Coverage Ratio	80%	(2) Operating expenses from real estate leasing	
	Floor-Area Ratio	600%	Tax and public dues	6,636
	Land Use District	Commercial district	Maintenance fees	6,092
	Site Area	365.05 m ²	Utility expenses	3,655
	Type of ownership	Ownership	Repair expenses	1,566
Building	Construction Date	November 30, 1999	Insurance premiums	82
	Structure/Number of Floors	Steel-framed reinforced concrete structure with flat roof B1F/9F	Depreciation	4,102
	Total Floor Area	2,570.13 m ²	Other expenses related to leasing business	2,872
	Architect	Tokyo Branch of TOZAI KENCHIKU SERVICE CO., LTD.	Total operating expenses from real estate leasing	25,007
	Builder	Kanto Branch of Maeda Corporation	(3) NOI	36,346
	Type of Ownership	Ownership	(4) Operating income (loss) from real estate leasing	32,243
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 March 1, 2019 to August 31, 2019
Acquisition Price	1,150 million yen		Number of operating days	184 days
Type of Specified Asset	Trust beneficiary right		(1) Operating expenses from real estate leasing	
Trustee	Sumitomo Mitsui Trust Bank, Ltd.		Lease business revenue	36,717
Location (residential address)	1-11-4 Higashi-Ueno, Taito-ku, Tokyo		Other lease business revenue	11,363
Land	Lot Number	1-22-9 Higashi-Ueno, Taito-ku, Tokyo, and other	Total operating revenue from real estate leasing	48,081
	Building Coverage Ratio	80%	(2) Operating expenses from real estate leasing	
	Floor-Area Ratio	600%、500%	Tax and public dues	3,686
	Land Use District	Commercial district	Maintenance fees	4,135
	Site Area	368.84 m ²	Utility expenses	3,300
	Type of ownership	Ownership	Repair expenses	808
Building	Construction Date	April 9, 1999	Insurance premiums	60
	Structure/Number of Floors	Steel-framed reinforced concrete structure with flat roof 8F	Depreciation	2,356
	Total Floor Area	1,942.54 m ²	Other expenses related to leasing business	8,074
	Architect	Architect 5 Partnership	Total operating expenses from real estate leasing	22,421
	Builder	Tokyo Branch of Kajima Corporation	(3) NOI	28,016
	Type of Ownership	Ownership	(4) Operating income (loss) from real estate leasing	25,659
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 March 1, 2019 to August 31, 2019
Acquisition Price	2,600 million yen		Number of operating days	184 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	115,052
Location (residential address)	25-6 Yokoyamacho, Hachioji-shi, Tokyo		Other lease business revenue	18,197
Land	Lot Number	3-2 Yokoyamacho, Hachioji-shi, Tokyo, and other	Total operating revenue from real estate leasing	133,249
	Building Coverage Ratio	80%	(2) Operating expenses from real estate leasing	
	Floor-Area Ratio	600%	Tax and public dues	8,396
	Land Use District	Commercial district	Maintenance fees	15,645
	Site Area	1,220.58 m ²	Utility expenses	9,039
	Type of ownership	Ownership	Repair expenses	4,705
Building	Construction Date	January 26, 1993	Insurance premiums	274
	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	2,331
	Architect	NIHON SEKKEI Inc.	Total operating expenses from real estate leasing	49,576
	Builder	MATSUMURA-GUMI Corporation	(3) NOI	92,856
	Type of Ownership	Ownership	(4) Operating income (loss) from real estate leasing	83,673
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 March 1, 2019 to August 31, 2019
Acquisition Price	4,100 million yen	Number of operating days	184 days
Type of Specified Asset	Trust beneficiary right	(1) Operating expenses from real estate leasing	
Trustee	Sumitomo Mitsui Trust Bank, Ltd.	Lease business revenue	139,180
Location (residential address)	1310 Omiyacho, Saiwai-ku, Kawasaki-shi, Kanagawa	Other lease business revenue	21,229
Land	Lot Number	Total operating revenue from real estate leasing	
	Building Coverage Ratio	160,410	
	Floor-Area Ratio	(2) Operating expenses from real estate leasing	
	Land Use District	Tax and public dues	10,349
	Site Area	Maintenance fees	14,577
	Type of ownership	Utility expenses	16,144
Building	Construction Date	Repair expenses	1,278
	Structure/Number of Floors	Insurance premiums	190
	Total Floor Area	Depreciation	16,036
	Architect	Other expenses related to leasing business	3,095
	Builder	Total operating expenses from real estate leasing	61,674
	Type of Ownership	(3) NOI	114,772
ML Company	XYMAX ALPHA Corporation	(4) Operating income (loss) from real estate leasing	98,735
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 March 1, 2019 to August 31, 2019	
Acquisition Price	790 million yen	Number of operating days	184 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	22,684
	Type of Ownership	Ownership	(4) Operating income (loss) from real estate leasing	21,182
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 March 1, 2019 to August 31, 2019
Acquisition Price	3,100 million yen	Number of operating days	184 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	-		164,325
PM Company	XYMAX ALPHA Corporation		151,551
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 March 1, 2019 to August 31, 2019	
Acquisition Price	4,400 million yen	Number of operating days	184 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	163,967	
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	11,248
	Land Use District	Commercial district	Maintenance fees	1,800
	Site Area	1,461.36 m ²	Utility expenses	-
	Type of ownership	Ownership (partial surface right)	Repair expenses	374
Building	Construction Date	March 14, 2016	Insurance premiums	214
	Structure/Number of Floors	Steel-construction with flat roof 12F	Depreciation	32,108
	Total Floor Area	6,977.47 m ²	Other expenses related to leasing business	5,158
	Architect	First-class Architect Office, AA and SUN Associates INC.	Total operating expenses from real estate leasing	50,904
	Builder	Tohoku Branch of Maeda Corporation	(3) NOI	145,171
	Type of Ownership	Ownership	(4) Operating income (loss) from real estate leasing	113,062
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 March 1, 2019 to August 31, 2019
Acquisition Price	2,700 million yen	Number of operating days	184 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	99,420
Location (residential address)	5-4-25 Chihaya, Higashi-ku, Fukuoka-shi, Fukuoka	Other lease business revenue	6,859
Land	Lot Number	Total operating revenue from real estate leasing	
	Building Coverage Ratio	106,279	
	Floor-Area Ratio	(2) Operating expenses from real estate leasing	
	Land Use District	Tax and public dues	8,620
	Site Area	Maintenance fees	7,895
	Type of ownership	Utility expenses	1,556
Building	Construction Date	Repair expenses	9,621
	Structure/Number of Floors	Insurance premiums	294
	Total Floor Area	Depreciation	19,142
	Architect	Other expenses related to leasing business	7,234
	Builder	Total operating expenses from real estate leasing	54,365
	Type of Ownership	(3) NOI	71,055
ML Company	Miyoshi Asset Management Co., Ltd.	(4) Operating income (loss) from real estate leasing	
PM Company	Miyoshi Asset Management Co., Ltd.	51,913	
Notes:		None	