

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

April 17, 2019

REIT Securities Issuer: XYMAX REIT Investment Corporation Listing: Tokyo Stock Exchange
 Securities Code: 3488 URL: <https://xymaxreit.co.jp/en/index.html>
 Representative: Nobuhito Inatsuki, Executive Director

Asset Management Company: XYMAX REAL ESTATE INVESTMENT ADVISORS Corporation
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Scheduled date for submission of securities report: May 29, 2019

Scheduled date for commencement of distribution payment: May 22, 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 February 2019 (from September 1, 2018 to February 28, 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 Feb. 2019	1,312	(4.5)	856	(4.5)	804	37.5	803	37.7
Fiscal period ended Aug. 2018	1,374	-	897	-	584	-	583	-

	Net income per unit	Return on equity	Ratio of ordinary income to total assets	Ratio of ordinary income to operating revenue
	yen	%	%	%
Fiscal period ended Feb. 2019	3,595	3.5	2.2	61.3
Fiscal period ended Aug. 2018	4,606	2.6	1.6	42.5

(Note 1) At XYMAX REIT Investment Corporation (hereinafter, "XYMAX REIT"), the accounting period for the fiscal period ended August 2018 is a period of 352 days from September 14, 2017 to August 31, 2018, but the number of days of the actual asset management period was a period of 197 days from February 16, 2018.

(Note 2) Net income per unit for the fiscal period ended August 2018 is calculated by dividing net income by the daily weighted average number of investment units (126,587 units). In addition, net income per unit for the fiscal period ended August 2018 when calculated based on the daily weighted average number of investment units with the date of commencement of actual management (February 16, 2018) deemed as the beginning of the fiscal period (221,695 units) is 2,630 yen.

(Note 3) Return on equity and ratio of ordinary income to total assets for the fiscal period ended August 2018 are calculated using the average of equity and average of total assets as of February 16, 2018, which is the actual asset management commencement date, and as of the end of the fiscal period ended August 2018.

(Note 4) Percentage figures for operating revenue, operating income, ordinary income and net income are the rate of period-on-period increase (decrease) but are not applicable for the fiscal period ended August 2018, because it is the first fiscal period.

(2) Distribution

	Distribution per unit (excluding distribution in excess of earnings)	Total distribution (excluding distribution in excess of earnings)	Distribution in excess of earnings per unit	Total distribution in excess of earnings	Payout ratio	Ratio of distribution to net assets
	yen	million yen	yen	million yen	%	%
Fiscal period ended Feb. 2019	3,596	803	0	0	100.0	3.5
Fiscal period ended Aug. 2018	2,610	583	0	0	100.0	2.6

(Note 1) Due to issuance of new investment units, payout ratio for the fiscal period ended August 2018 is calculated by the following formula, rounded to one decimal place:

$$\text{Payout ratio} = \frac{\text{Total distribution (excluding distribution in excess of earnings)}}{\text{Net income}} \times 100$$

(Note 2) Ratio of distribution to net assets is calculated by the following formula:

$$\text{Ratio of distribution to net assets} = \frac{\text{Distribution per unit (excluding distribution in excess of earnings)}}{[(\text{Net assets per unit at beginning of period} + \text{Net assets per unit at end of period}) \div 2]} \times 100$$

(3) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per unit
	million yen	million yen	%	yen
Fiscal period ended Feb. 2019	36,701	23,389	63.7	104,696
Fiscal period ended Aug. 2018	37,150	23,168	62.4	103,710

(4) Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
Fiscal period ended Feb. 2019	1,486	(203)	(1,162)	3,021
Fiscal period ended Aug. 2018	448	(32,299)	34,752	2,901

2. Operating Forecasts for the Fiscal Period Ending August 2019 (from March 1, 2019 to August 31, 2019) and Fiscal Period Ending February 2020 (from September 1, 2019 to February 29, 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 Aug. 2019	1,296	(1.2)	704	(17.7)	659	(18.0)	658	(18.0)	2,947	0
Fiscal period ending Feb. 2020	1,291	(0.4)	699	(0.8)	649	(1.6)	648	(1.6)	2,901	0

(Reference) Forecast net income per unit

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

Fiscal period ending August 2019: 2,947yen Fiscal period ending February 2020: 2,901yen

(Note) Distribution per unit is calculated based on the total number of investment units issued and outstanding as of the date of this document of 223,400 units.

* Other

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

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

(2) Total number of investment units issued and outstanding

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

Fiscal period ended Feb. 2019	223,400 units	Fiscal period ended Aug. 2018	223,400 units
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- ii. Number of treasury investment units at end of period

Fiscal period ended Feb. 2019	0 units	Fiscal period ended Aug. 2018	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.

* Presentation of Status of Implementation of Audit Procedures

At the time of disclosure of this financial report, the audit procedures for financial statements pursuant to the Financial Instruments and Exchange Act have not been completed.

* 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 August 2019 (from March 1, 2019 to August 31, 2019) and Fiscal Period Ending February 2020 (from September 1, 2019 to February 29, 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. Related Parties of the Investment Corporation

Disclosure is omitted because there have been no significant changes to the “Structure of the Investment Corporation” in the most recent securities report (submitted on November 29, 2018).

2. Management Policy and Management Status

(1) Management Policy

Disclosure is omitted because there have been no significant changes to “Investment Policy,” “Investment Targets” and “Distribution Policy” in the most recent securities report (submitted on November 29, 2018).

(2) Management Status

(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 economy saw real GDP growth rate fall by 0.6% (annual rate of 2.5%) for the July to September 2018 period, affected by a series of natural disasters, before turning around with an increase of 0.5% (annual rate of 1.9%) for the October to December 2018 period. While the trends of the capital market have been closely observed with respect to concerns over economic slowdown brought by the U.S.-China trade friction and other factors, the J-REIT market was recognized for its stable yield and the TSE JREIT Index also remained strong.

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

In the office market, demand for office space continued to be robust against the backdrop of aggressive hiring by companies. According to “Office Market Report Tokyo Q4 2018” (Note) announced by XYMAX REAL ESTATE INSTITUTE Corporation, “Increase and Decrease in Vacant Space” showed decrease in vacant space exceeding increase for the sixteenth consecutive quarter since 1Q 2015 as well as continued decrease in the vacancy rate, indicating continuation of a tight supply-demand balance.

In the retail market, according to the Current Survey of Commerce by Ministry of Economy, Trade and Industry, the sales of retail for 4Q 2018 increased by 2.0% year on year. By type of business, each of food & beverages, fabrics apparel & accessories and machinery & equipment saw growth of around 1%. Albeit a slight growth, continuous upward trends are anticipated.

In the hotel market, the number of foreign visitors to Japan increased mainly from Asian countries, marked a record high of 31.2 million in 2018, up 8.7%, according to the information released by Japan National Tourism Organization. With such increase of inbound tourists, demand for hotel guestrooms has remained solid. On the other hand, however, the Japan Tourism Agency's Overnight Travel Statistics Survey shows that the number of overnight guests in Japan for 2018 remained unchanged from the previous year, and thus it is necessary to pay close attention to the trend of the number of overnight guests.

In the real estate buy/sell market, acquisition competition has continued to intensify due to the strong investment appetite of listed REITs, private REITs, overseas investors and domestic business corporations including real estate companies and also due to the favorable fund raising environment, keeping transaction prices high and expected cap rates are on the downward trend.

(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 71,936.29 m². The occupancy rate as of the last day of the fiscal period under review was 98.9%.

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 conducted on December 28, 2018 an early repayment of 580 million yen out of 2,916 million yen of short-term loans due on January 31, 2019 using the consumption tax return refunded on November 30, 2018 and cash on hand; and refinanced the remaining 2,336 million yen.

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 1,312 million yen, operating income of 856 million yen, ordinary income of 804 million yen and net income of 803 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 803,346,400 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 3,596 yen.

(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 sponsor XYMAX Corporation with the aim to lead such needs to property acquisition opportunities for XYMAX REIT.

(B) Internal Growth Strategy

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

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

(C) Financial Strategy

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

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

II. Significant Subsequent Events

Not applicable.

III. Operating Forecasts

XYMAX REIT's operating forecasts for the fiscal period ending August 2019 (from March 1, 2019 to August 31, 2019) and fiscal period ending February 2020 (from September 1, 2019 to February 29, 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 Aug. 2019	1,296	704	659	658	2,947	0
Fiscal period ending Feb. 2020	1,291	699	649	648	2,901	0

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

Item	Assumption																								
Accounting period	<ul style="list-style-type: none"> Fiscal period ending August 2019 (3rd fiscal period) (from March 1, 2019 to August 31, 2019) (184 days) Fiscal period ending February 2019 (4th fiscal period) (from September 1, 2019 to February 29, 2020) (182 days) 																								
Assets under management	<ul style="list-style-type: none"> The assumption is that the real estate trust beneficiary rights held by XYMAX REIT as of today (total of 12 properties) (hereinafter, the "current portfolio assets") will continue to be held and there will be no acquisition of new properties other than the current portfolio assets through to the end of the fiscal period ending February 2020 (4th 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 forecast 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 Aug. 2019 (3rd fiscal period)</th> <th>Fiscal period ending Feb. 2020 (4th fiscal period)</th> </tr> </thead> <tbody> <tr> <td>Variable rent</td> <td>36million 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 Aug. 2019 (3rd fiscal period)	Fiscal period ending Feb. 2020 (4th fiscal period)	Variable rent	36million yen	36million yen																		
	Fiscal period ending Aug. 2019 (3rd fiscal period)	Fiscal period ending Feb. 2020 (4th fiscal period)																							
Variable rent	36million yen	36million yen																							
Operating expenses	<ul style="list-style-type: none"> Of operating expenses, the main components are as follows (rounded down to the nearest specified unit; the same shall apply hereinafter): <table border="1" style="margin-left: 40px;"> <thead> <tr> <th></th> <th>Fiscal period ending Aug. 2019 (3rd fiscal period)</th> <th>Fiscal period ending Feb. 2020 (4th fiscal period)</th> </tr> </thead> <tbody> <tr> <td>Expenses related to rent business [Total]</td> <td>469million yen</td> <td>473million yen</td> </tr> <tr> <td> Management fee</td> <td>84million yen</td> <td>84million yen</td> </tr> <tr> <td> Repair expenses</td> <td>40million yen</td> <td>42million yen</td> </tr> <tr> <td> Property taxes</td> <td>134million yen</td> <td>134million yen</td> </tr> <tr> <td> Depreciation</td> <td>123million yen</td> <td>127million yen</td> </tr> <tr> <td>Other than expenses related to rent business [Total]</td> <td>122million yen</td> <td>118million yen</td> </tr> <tr> <td> Asset management fee</td> <td>77million yen</td> <td>76million yen</td> </tr> </tbody> </table> <ul style="list-style-type: none"> Expenses related to rent business, which are the main operating expenses, are calculated on the basis of historical data at XYMAX REIT (historical data disclosed by the previous owner, etc. in the case of periods for which there is no historical data at XYMAX REIT) and by taking into consideration factors causing fluctuation in expenses. Depreciation is calculated using the straight-line method inclusive of incidental expenses, etc. Repair expenses are the amount necessary in each fiscal period as assumed on a property-by-property basis by the Asset Management Company. However, repair expenses possibly increasing in amount or additionally arising from unforeseeable factors, the amount generally tending to vary materially from fiscal year to fiscal year and not being an amount that arises periodically, etc. may result in repair expenses for each fiscal period differing materially from the forecast amount. 		Fiscal period ending Aug. 2019 (3rd fiscal period)	Fiscal period ending Feb. 2020 (4th fiscal period)	Expenses related to rent business [Total]	469million yen	473million yen	Management fee	84million yen	84million yen	Repair expenses	40million yen	42million yen	Property taxes	134million yen	134million yen	Depreciation	123million yen	127million yen	Other than expenses related to rent business [Total]	122million yen	118million yen	Asset management fee	77million yen	76million yen
	Fiscal period ending Aug. 2019 (3rd fiscal period)	Fiscal period ending Feb. 2020 (4th fiscal period)																							
Expenses related to rent business [Total]	469million yen	473million yen																							
Management fee	84million yen	84million yen																							
Repair expenses	40million yen	42million yen																							
Property taxes	134million yen	134million yen																							
Depreciation	123million yen	127million yen																							
Other than expenses related to rent business [Total]	122million yen	118million yen																							
Asset management fee	77million yen	76million yen																							
Non-operating expenses	<ul style="list-style-type: none"> For the fiscal period ending August 2019 (3rd fiscal period), interest expenses and other borrowing related expenses are assumed to be 45million yen. For the fiscal period ending February 2020 (4th fiscal period), interest expenses and other borrowing related expenses are assumed to be 50million 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 August 2019 (3rd fiscal period) and 11,680 million yen at the end of the fiscal period ending February 2020 (4th 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 32.0% at the end of the fiscal period ending August 2019 (3rd fiscal period) and 32.0% at the end of the fiscal period ending February 2020 (4th 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 February 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 February 2020 (4th fiscal period). ● Distribution per unit (excluding distribution in excess of earnings) and distribution in excess of earnings per unit are calculated on the basis of the forecast total number of investment units issued and outstanding at the end of the fiscal period ending August 2019 (3rd fiscal period) and fiscal period ending February 2020 (4th 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.

(3) Investment Risks

Disclosure is omitted because there have been no significant changes from "Investment Risks" in the most recent securities report (submitted on November 29, 2018).

3. Financial Statements

(1) Balance Sheet

(Unit: thousand yen)

	1st fiscal period (As of Aug. 31, 2018)	2nd fiscal period (As of Feb. 28, 2019)
Assets		
Current assets		
Cash and bank deposits	943,567	1,161,697
Cash and bank deposits in trust	1,958,065	1,860,121
Operating accounts receivable	19,928	22,951
Prepaid expenses	32,703	33,557
Consumption taxes receivable	572,370	-
Other	2,077	210
Total current assets	3,528,713	3,078,538
Non-current assets		
Property, plant and equipment		
Tools, furniture and fixtures	108,551	108,551
Accumulated depreciation	(15,114)	(29,150)
Tools, furniture and fixtures, net	93,436	79,400
Buildings in trust	8,881,351	8,973,338
Accumulated depreciation	(107,658)	(211,056)
Buildings in trust, net	8,773,693	8,762,281
Structures in trust	45,459	45,459
Accumulated depreciation	(824)	(1,597)
Structures in trust, net	44,635	43,862
Tools, furniture and fixtures in trust	4,047	6,452
Accumulated depreciation	(233)	(705)
Tools, furniture and fixtures in trust, net	3,814	5,747
Land in trust	24,606,271	24,606,271
Total property, plant and equipment	33,521,850	33,497,562
Investments and other assets		
Long-term prepaid expenses	43,504	41,701
Deferred tax assets	28	11
Lease and guarantee deposits	22,600	22,600
Other	33,507	61,336
Total investments and other assets	99,639	125,649
Total non-current assets	33,621,490	33,623,212
Total assets	37,150,203	36,701,751

(Unit: thousand yen)

	1st fiscal period (As of Aug. 31, 2018)	2nd fiscal period (As of Feb. 28, 2019)
Liabilities		
Current liabilities		
Operating accounts payable	201,131	100,769
Short-term loans payable	2,916,000	1,014,000
Long-term loans payable to be repaid within one year	-	2,336,000
Accounts payable - other	106,382	95,119
Income taxes payable	1,687	836
Accrued consumption taxes	-	65,039
Advances received	181,442	173,375
Other	2,540	883
Total current liabilities	3,409,184	3,786,023
Non-current liabilities		
Long-term loans payable	9,344,000	8,330,000
Tenant leasehold and security deposits in trust	1,228,116	1,196,612
Total non-current liabilities	10,572,116	9,526,612
Total liabilities	13,981,301	13,312,636
Net assets		
Unitholders' equity		
Unitholders' capital	22,585,746	22,585,746
Surplus		
Unappropriated retained earnings (undisposed loss)	583,155	803,368
Total surplus	583,155	803,368
Total unitholders' equity	23,168,901	23,389,114
Total net assets	*1 23,168,901	*1 23,389,114
Total liabilities and net assets	37,150,203	36,701,751

(2) Statement of Income

(Unit: thousand yen)

	1st fiscal period From: Sept. 14, 2017 To: Aug. 31, 2018	2nd fiscal period From: Sept. 1, 2018 To: Feb. 28, 2019
Operating revenue		
Lease business revenue	*1 1,268,583	*1 1,204,800
Other lease business revenue	*1 106,260	*1 107,604
Total operating revenue	1,374,843	1,312,404
Operating expenses		
Expenses related to rent business	*1 352,220	*1 333,945
Asset management fee	85,797	79,815
Asset custody fee	882	835
Administrative service fees	12,040	9,902
Directors' compensations	4,800	2,400
Other operating expenses	21,588	28,778
Total operating expenses	477,330	455,677
Operating income	897,512	856,727
Non-operating income		
Interest income	16	14
Interest on refund	-	752
Total non-operating income	16	767
Non-operating expenses		
Interest expenses	32,979	30,776
Borrowing related expenses	102,607	22,575
Investment unit issuance expenses	93,423	-
Deferred organization expenses	72,045	-
Business commencement expenses	11,654	-
Total non-operating expenses	312,710	53,351
Ordinary income	584,818	804,142
Income before income taxes	584,818	804,142
Income taxes - current	1,690	838
Income taxes - deferred	(28)	16
Total income taxes	1,662	855
Net income	583,155	803,287
Retained earnings brought forward	-	81
Unappropriated retained earnings (undisposed loss)	583,155	803,368

(3) Statement of Unitholders' Equity

1st fiscal period (from September 14, 2017 to August 31, 2018)

(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 14, 2017	-	-	-	-	-
Changes of items during period					
Issuance of new investment units	22,585,746			22,585,746	22,585,746
Net income		583,155	583,155	583,155	583,155
Total changes during period	22,585,746	583,155	583,155	23,168,901	23,168,901
Balance as of August 31, 2018	*1 22,585,746	583,155	583,155	23,168,901	23,168,901

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

(4) Statement of Cash Distribution

Classification	1st fiscal period From: Sept. 14, 2017 To: Aug. 31, 2018	2nd fiscal period From: Sept. 1, 2018 To: Feb. 28, 2019
I. Unappropriated retained earnings	583,155,819 yen	803,368,973 yen
II. Amount of distribution [Amount of distribution per unit]	583,074,000 yen [2,610 yen]	803,346,400 yen [3,596 yen]
III. Retained earnings carried forward	81,819 yen	22,573 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 583,074,000 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 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>

(5) Statement of Cash Flows

	(Unit: thousand yen)	
	1st fiscal period From: Sept. 14, 2017 To: Aug. 31, 2018	2nd fiscal period From: Sept. 1, 2018 To: Feb. 28, 2019
Cash flows from operating activities		
Income before income taxes	584,818	804,142
Depreciation	123,830	118,679
Investment unit issuance expenses	93,423	-
Interest income	(16)	(14)
Interest expenses	32,979	30,776
Decrease (increase) in operating accounts receivable	(19,928)	(3,023)
Decrease (increase) in consumption taxes refund receivable	(572,370)	572,370
Decrease (increase) in prepaid expenses	(32,703)	(854)
Increase (decrease) in operating accounts payable	61,608	(13,833)
Increase (decrease) in accounts payable - other	106,382	(11,263)
Increase (decrease) in accrued consumption taxes	-	65,039
Increase (decrease) in advances received	181,442	(8,066)
Decrease (increase) in long-term prepaid expenses	(43,504)	1,802
Other	(34,774)	(37,188)
Subtotal	481,187	1,518,566
Interest income received	16	14
Interest expenses paid	(32,815)	(30,760)
Income taxes paid	(2)	(1,690)
Net cash provided by (used in) operating activities	448,384	1,486,130
Cash flows from investing activities		
Purchase of property, plant and equipment	(108,288)	(263)
Purchase of property, plant and equipment in trust	(33,397,869)	(180,657)
Repayments of tenant leasehold and security deposits in trust	(7,120)	(61,198)
Proceeds from tenant leasehold and security deposits in trust	1,236,803	39,098
Payments for lease and guarantee deposits	(22,600)	-
Net cash provided by (used in) investing activities	(32,299,074)	(203,020)
Cash flows from financing activities		
Increase in short-term loans payable	3,976,000	1,014,000
Decrease in short-term loans payable	(1,060,000)	(2,916,000)
Proceeds from long-term loans payable	9,344,000	1,322,000
Proceeds from issuance of investment units	22,492,322	-
Dividends paid	-	(582,923)
Net cash provided by (used in) financing activities	34,752,322	(1,162,923)
Net increase (decrease) in cash and cash equivalents	2,901,632	120,186
Cash and cash equivalents at beginning of period	-	2,901,632
Cash and cash equivalents at end of period	*1 2,901,632	*1 3,021,818

(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 233 million yen in the previous fiscal period and none 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>

[Notes on Changes in Presentation or Classification]

Change in line with application of “Partial Amendments to ‘Accounting Standard for Tax Effect Accounting’”

By applying “Partial Amendments to ‘Accounting Standard for Tax Effect Accounting’” (ASBJ Statement No. 28, February 16, 2018) from the beginning of the fiscal period under review, presentation method is changed to classifying deferred tax assets under investments and other assets and deferred tax liabilities under non-current liabilities. As the result, deferred tax assets under current assets (28 thousand yen) in the balance sheet for the previous fiscal period is included in deferred tax assets under investments and other assets (28 thousand yen) in that for the fiscal period under review.

(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

1st fiscal period (As of Aug. 31, 2018)	2nd fiscal period (As of Feb. 28, 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

	(Unit: thousand yen)			
	1st fiscal period		2nd fiscal period	
	From: Sept. 14, 2017		From: Sept. 1, 2018	
	To: Aug. 31, 2018		To: Feb. 28, 2019	
A. Operating revenue from real estate leasing				
Lease business revenue				
Rent revenue	1,100,548		1,052,642	
Common area maintenance revenue	168,035	1,268,583	152,158	1,204,800
Other lease business revenue				
Utility reimbursement	69,759		63,294	
Parking revenue	28,147		28,869	
Other rental revenue	8,353	106,260	15,441	107,604
Total operating revenue from real estate leasing		1,374,843		1,312,404
B. Operating expenses from real estate leasing				
Expenses related to rent business				
Maintenance fee	89,059		82,636	
Utility expenses	71,065		62,542	
Repair expenses	35,850		36,351	
Insurance premium	4,034		3,720	
Depreciation	123,830		118,679	
Other expenses related to rent business	28,379	352,220	30,016	333,945
Total operating expenses from real estate leasing		352,220		333,945
C. Operating income (loss) from real estate leasing [A-B]		1,022,622		978,458

[Notes on the Statement of Unitholders' Equity]

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

	1st fiscal period From: Sept. 14, 2017 To: Aug. 31, 2018	2nd fiscal period From: Sept. 1, 2018 To: Feb. 28, 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)

	1st fiscal period From: Sept. 14, 2017 To: Aug. 31, 2018	2nd fiscal period From: Sept. 1, 2018 To: Feb. 28, 2019
Cash and bank deposits	943,567	1,161,697
Cash and bank deposits in trust	1,958,065	1,860,121
Cash and cash equivalents	2,901,632	3,021,818

[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

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

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

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

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

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

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

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

The following are the carrying amount and fair value as of August 31, 2018, 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	943,567	943,567	-
(2) Cash and bank deposits in trust	1,958,065	1,958,065	-
Total assets	2,901,632	2,901,632	-
(1) Short-term loans payable	2,916,000	2,916,000	-
(2) Long-term loans payable to be repaid within one year	9,344,000	9,399,880	55,880
(3) Long-term loans payable			
Total liabilities	12,260,000	12,315,880	55,880
Derivative transactions	-	-	-

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) Long-term loans payable to be repaid within one year	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	-	-	-

(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) Long-term loans payable to be repaid within one year; (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

	1st fiscal period (As of Aug. 31, 2018)	2nd fiscal period (As of Feb. 28, 2019)
Tenant leasehold and security deposits in trust	1,228,116 thousand yen	1,196,612 thousand yen

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

(Note 3) Amount of redemption of monetary claims scheduled to be due after the end of the fiscal period (August 31, 2018)

(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	943,567	-	-	-	-	-
Cash and bank deposits in trust	1,958,065	-	-	-	-	-
Total	2,901,632	-	-	-	-	-

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	-	-	-	-	-

(Note 4) Amount of repayment of loans scheduled to be due after the end of the fiscal period (August 31, 2018)

(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	2,916,000	-	-	-	-	-
Long-term loans payable	-	2,336,000	2,336,000	2,336,000	2,336,000	-
Total	2,916,000	2,336,000	2,336,000	2,336,000	2,336,000	-

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	-

[Notes on Derivative Transactions]

1. Derivative transactions to which hedge accounting is not applied

1st fiscal period (as of August 31, 2018)

Not applicable.

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

Not applicable.

2. Derivative transactions to which hedge accounting is applied

1st fiscal period (as of August 31, 2018)

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.)

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.)

[Notes on Tax-Effect Accounting]

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

(Unit: thousand yen)

	1st fiscal period As of Aug. 31, 2018	2nd fiscal period As of Feb. 28, 2019
Deferred tax assets		
Non-deductible accrued enterprise tax	28	11
Total	28	11
Deferred tax assets, net	28	11

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: %)

	1st fiscal period As of Aug. 31, 2018	2nd fiscal period As of Feb. 28, 2019
Statutory tax rate	31.74	31.51
[Adjustments]		
Deductible distribution payable	(31.65)	(31.48)
Other	0.19	0.08
Effective income tax rate after application of tax-effect accounting	0.28	0.11

[Notes on Share of Income of Entities Accounted for Using Equity Method, Etc.]

1st fiscal period (from September 14, 2017 to August 31, 2018)

Not applicable.

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

Not applicable.

[Notes on Related-Party Transactions]

1. Parent company, major corporate unitholder, etc.

1st fiscal period (from September 14, 2017 to August 31, 2018)

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				
Parent company	XYMAX Corporation (Note 3)	Minato-ku, Tokyo	2,612,865	General real estate services	100.0	-	Parent company	Acceptance of capital (Incorporation through private placement)	300,000	-	-

(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) XYMAX Corporation fell under the category of parent company with 100.0% voting rights held in XYMAX REIT at the time of the transaction, but an issuance of new investment units through public offering resulted in the voting rights becoming 5.59% and thus no longer falls under the category of parent company as of the last day of the fiscal period. Accordingly, percentage of voting rights, etc. held in XYMAX REIT and transaction amount are the percentage and amount for the period when it was a parent company, while balance at end of period is the balance at the point in time when it no longer falls under the category of parent company.

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

Not applicable.

2. Affiliated company, etc.

1st fiscal period (from September 14, 2017 to August 31, 2018)

Not applicable.

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

Not applicable.

3. Fellow subsidiary, etc.

1st fiscal period (from September 14, 2017 to August 31, 2018)

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				
Subsidiary of parent company	XYMAX REAL ESTATE INVESTMENT ADVISORS Corporation	Minato-ku, Tokyo	200,000	Real estate investment management	-	Concurrent holding of positions by directors	Outsourcing of asset management services	Organizer fee (Note 3)	50,000	-	-

(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) As stated in Note 3 of "1. Parent company, major corporate unitholder, etc.," XYMAX Corporation no longer falls under the category of parent company of XYMAX REIT. Consequently, XYMAX REAL ESTATE INVESTMENT ADVISORS Corporation, too, no longer falls under the category of fellow subsidiary, etc. Accordingly, transaction amount pertaining to organizer fee is the amount for the period when it was a fellow subsidiary, etc.

(Note 4) The amount of organizer fee is based on the terms and conditions provided in XYMAX REIT's Articles of Incorporation.

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

Not applicable.

4. Director, major individual unitholder, etc.

1st fiscal period (from September 14, 2017 to August 31, 2018)

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	Organizer fee (Note 3)	50,000	-	-
								Asset management fee (Note 3) (Note 4)	250,997	Accounts payable - other	92,661

(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 organizer fee and 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) Asset management fee includes the portion of the fee for property acquisition included in the book value of individual real estate (165,200 thousand yen).

(Note 5) Transaction terms and conditions are decided based on the actual market situation.

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.

[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

1st fiscal period (from September 14, 2017 to August 31, 2018)

(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	154,778	Real estate leasing business

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

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.

[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)

	1st fiscal period From: Sept. 14, 2017 To: Aug. 31, 2018	2nd fiscal period From: Sept. 1, 2018 To: Feb. 28, 2019
Carrying amount	33,521,850	33,497,562
Balance at beginning of period	-	33,521,850
Amount of increase (decrease) during period	33,521,850	(24,288)
Balance at end of period	33,521,850	33,497,562
Fair value at end of period	41,824,000	42,295,000

(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 1st fiscal period, the amount of increase is mainly attributable to acquisition of real estate trust beneficiary rights of 12 properties (33,603,535 thousand yen), while the amount of decrease is mainly attributable to depreciation (123,830 thousand yen). 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).

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

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

[Notes on Per Unit Information]

	1st fiscal period From: Sept. 14, 2017 To: Aug. 31, 2018	2nd fiscal period From: Sept. 1, 2018 To: Feb. 28, 2019
Net assets per unit	103,710 yen	104,696 yen
Net income per unit	4,606 yen (2,630 yen)	3,595 yen

(Note 1) Net income per unit for 1st fiscal period is calculated by dividing net income by the period's daily weighted average number of investment units (126,587 units). And 2,630 yen is calculated using daily weighted average number of investment units of 221,695 units assuming February 16, 2018 as the 1st day of the period. In addition, diluted net income per unit is not stated, because there are no diluted investment units.

Net income per unit for 2nd 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:

	1st fiscal period From: Sept. 14, 2017 To: Aug. 31, 2018	2nd fiscal period From: Sept. 1, 2018 To: Feb. 28, 2019
Net income (thousand yen)	583,155	803,287
Amount not attributable to common unitholders (thousand yen)	-	-
Net income attributable to common investment units (thousand yen)	583,155	803,287
Average number of investment units during period (units)	126,587	223,400

[Notes on Significant Subsequent Events]

Not applicable.

[Omission of Disclosure]

Disclosure of notes on lease transactions, securities, retirement benefits 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.

4. Changes in Directors

(1) Directors of the Investment Corporation

There were no changes in directors in the fiscal period.

(2) Directors of the Asset Management Company

There were no changes in directors in the fiscal period.

5. Reference Information

(1) Investment Status

Type of asset	Use	Geographic area (Note 1)	1st fiscal period As of Aug. 31, 2018		2nd fiscal period As of Feb. 28, 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	14,376	38.7	14,402	39.2
		Tokyo 23 wards	1,162	3.1	1,160	3.2
		Tokyo economic area	2,627	7.1	2,618	7.1
	Retail	Tokyo economic area	8,112	21.8	8,124	22.1
	Hotel	Cabinet order designated cities	4,431	11.9	4,399	12.0
	Other	Cabinet order designated cities	2,810	7.6	2,791	7.6
Total real estate in trust			33,521	90.2	33,497	91.3
Deposits and other assets			3,628	9.8	3,204	8.7
Total assets			37,150	100.0	36,701	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 with hotel as the use includes the book value of movables incidental to hotels.

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

	1st fiscal period As of Aug. 31, 2018		2nd fiscal period As of Feb. 28, 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	13,981	37.6	13,312	36.3
Total net assets	23,168	62.4	23,389	63.7
Total assets	37,150	100.0	36,701	100.0

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

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

(2) Investment Assets

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

The assets held by XYMAX REIT (real estate or trust beneficiary rights that have real estate as trust assets; hereinafter, may be collectively referred to as the "portfolio assets") as of February 28, 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	2,525	3,080	Trust beneficiary rights
	OF-02	XYMAX Iwamotocho Building	Chiyoda-ku, Tokyo	Feb. 16, 2018	4,250	12.9	4,332	5,540	Trust beneficiary rights
	OF-03	XYMAX Shinjuku-Gyoen Building	Shinjuku-ku, Tokyo	Feb. 16, 2018	5,020	15.2	5,066	6,520	Trust beneficiary rights
	OF-04	XYMAX Kamiyacho Building	Minato-ku, Tokyo	Feb. 16, 2018	880	2.7	894	1,160	Trust beneficiary rights
	OF-05	XYMAX Higashi-Azabu Building	Minato-ku, Tokyo	Feb. 16, 2018	1,550	4.7	1,584	2,100	Trust beneficiary rights
	OF-06	XYMAX Higashi-Ueno Building	Taito-ku, Tokyo	Feb. 16, 2018	1,150	3.5	1,160	1,590	Trust beneficiary rights
	OF-07	XYMAX Hachioji Building	Hachioji-shi, Tokyo	Feb. 16, 2018	2,600	7.9	2,618	3,570	Trust beneficiary rights
	Subtotal/Average			-	-	17,950	54.3	18,181	23,560
Retail	RT-01	Muza Kawasaki	Kawasaki-shi, Kanagawa	Feb. 16, 2018	4,100	12.4	4,112	5,210	Trust beneficiary rights
	RT-02	Life Kawasaki Miyuki Store	Kawasaki-shi, Kanagawa	Feb. 16, 2018	790	2.4	799	975	Trust beneficiary rights
	RT-03	Vita Seiseki-Sakuragaoka	Tama-shi, Tokyo	Feb. 16, 2018	3,100	9.4	3,212	3,870	Trust beneficiary rights
	Subtotal/Average			-	-	7,990	24.2	8,124	10,055
Hotel	HT-01	Hotel Vista Sendai	Sendai-shi, Miyagi	Feb. 16, 2018	4,400	13.3	4,399	5,550	Trust beneficiary rights and movables incidental to hotel
	Subtotal/Average			-	-	4,400	13.3	4,399	5,550
Other	OT-01	Renaissance 21 Chihaya	Fukuoka-shi, Fukuoka	Feb. 16, 2018	2,700	8.2	2,791	3,130	Trust beneficiary rights
	Subtotal/Average			-	-	2,700	8.2	2,791	3,130
Total/Average			-	-	33,040	100.0	33,497	42,295	-

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

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

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

(Note 4) Appraisal of each property is entrusted to Japan Real Estate Institute, The Tanizawa Sōgō Appraisal Co., Ltd. and Daiwa Real Estate Appraisal Co., Ltd. "Appraisal value" is the appraisal value stated in each real estate appraisal report with February 28, 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	78	105	1,897.75	1,897.75	100.0
OF-02	XYMAX Iwamotocho Building	Mar. 22, 2001	13	141	175	4,071.72	4,152.30	98.1
OF-03	XYMAX Shinjuku-Gyoen Building	Feb. 28, 2001	6	161	225	4,792.13	4,792.13	100.0
OF-04	XYMAX Kamiyacho Building	Apr. 30, 1991	8	42	49	1,205.29	1,205.29	100.0
OF-05	XYMAX Higashi-Azabu Building	Nov. 30, 1999	5	58	87	2,016.00	2,016.00	100.0
OF-06	XYMAX Higashi-Ueno Building	Apr. 9, 1999	8	43	62	1,735.34	1,735.34	100.0
OF-07	XYMAX Hachioji Building	Jan. 26, 1993	23	129	156	5,375.25	5,556.03	96.7
RT-01	Muza Kawasaki	Jan. 7, 2004	17	158	225	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	148	50	7,066.25	7,066.25	100.0
OT-01	Renaissance 21 Chihaya	Oct. 19, 2006	138	101	19	9,784.37	10,287.93	95.1
Total/Average		-	229	1,312	1,196	71,936.29	72,701.04	98.9

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

(Note 2) "Number of tenants" is the total of the number of tenants (the number of end-tenants if a pass-through type master lease contract has been concluded) pertaining to the real estate in trust based on each lease contract concluded for each real estate in trust as of February 28, 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 February 28, 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 February 28, 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 February 28, 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 February 28, 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	3,080	3,180	3.7	3,040	3.8	3.9
	OF-02	XYMAX Iwamotocho Building	Japan Real Estate	5,540	5,650	3.6	5,420	3.4	3.8
	OF-03	XYMAX Shinjuku-Gyoen Building	Japan Real Estate	6,520	6,650	3.6	6,380	3.4	3.6
	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	2,070	3.7	3.9
	OF-06	XYMAX Higashi-Ueno Building	Daiwa Real Estate Appraisal.	1,590	1,650	4.0	1,570	3.8	4.2
	OF-07	XYMAX Hachioji Building	Japan Real Estate	3,570	3,620	4.8	3,520	4.6	5.0
	Subtotal/Average				23,560	24,100	-	23,150	-
Retail	RT-01	Muza Kawasaki	Tanizawa Sōgō Appraisal	5,210	5,270	4.1	5,190	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				10,055	10,048	-	10,069	-
Hotel	HT-01	Hotel Vista Sendai	Tanizawa Sōgō Appraisal	5,550	5,640	4.6	5,510	4.7	4.8
	Subtotal/Average				5,550	5,640	-	5,510	-
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				42,295	42,988	-	41,829	-	-

(Note 1) The date of value for the real estate appraisal reports is February 28, 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
Vita Seiseki-Sakuragaoka	Tama-shi, Tokyo	Work concerning parking A	From: July 2019 To: July 2019	33,480	-	-

(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 94,391 thousand yen. Combined with repair expenses booked as expenses in the fiscal period under review (36,351 thousand yen), construction work, etc. totaling 130,742 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 B (residential building)	From: January 2019 To: January 2019	38,465

VI. Property Overview and Earnings/Expenses of Properties

XYMAX Nishi-Shimbashi Building			Category	Office
Overview of the Specified Asset			Earnings and Expenses (Unit: thousand yen)	
Acquisition Date	February 16, 2018		Management Period	From September 1, 2018 to February 28, 2019
Acquisition Price	2,500 million yen		Number of operating days	181 days
Type of Specified Asset	Trust beneficiary right		(1) Operating expenses from real estate leasing	
Trustee	Sumitomo Mitsui Trust Bank, Ltd.		Lease business revenue	72,210
Location (residential address)	2-6-2 Nishi-Shimbashi, Minato-ku, Tokyo		Other lease business revenue	6,114
Land	Lot Number	2-10-16 Nishi-Shimbashi, Minato-ku, Tokyo, and other	Total operating revenue from real estate leasing	78,324
	Building Coverage Ratio	80%	(2) Operating expenses from real estate leasing	
	Floor-Area Ratio	700%	Property taxes	-
	Land Use District	Commercial district	Maintenance fee	5,285
	Site Area	402.53 m ²	Utility expenses	5,540
	Type of ownership	Ownership	Repair expenses	766
Building	Construction Date	August 22, 2000	Insurance premium	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 rent business	1,170
	Architect	RUI SEKKEISHITSU Co., Ltd.	Total operating expenses from real estate leasing	15,393
	Builder	Fujiki Komuten Co., Ltd.	(3) NOI	65,500
	Type of Ownership	Ownership	(4) Operating income (loss) from real estate leasing	62,930
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 September 1, 2018 to February 28, 2019	
Acquisition Price	4,250 million yen	Number of operating days	181 days	
Type of Specified Asset	Trust beneficiary right	(1) Operating expenses from real estate leasing		
Trustee	Sumitomo Mitsui Trust Bank, Ltd.	Lease business revenue	124,378	
Location (residential address)	2-3-3 Iwamotocho, Chiyoda-ku, Tokyo	Other lease business revenue	17,249	
Land	Lot Number	2-175-2 Iwamotocho, Chiyoda-ku, Tokyo	Total operating revenue from real estate leasing	141,627
	Building Coverage Ratio	80%	(2) Operating expenses from real estate leasing	
	Floor-Area Ratio	800%、600%	Property taxes	-
	Land Use District	Commercial district	Maintenance fee	10,304
	Site Area	864.83 m ²	Utility expenses	10,331
	Type of ownership	Ownership	Repair expenses	5,976
Building	Construction Date	March 22, 2001	Insurance premium	218
	Structure/Number of Floors	Steel-framed reinforced concrete structure with flat roof B1F/9F	Depreciation	9,766
	Total Floor Area	6,261.06 m ²	Other expenses related to rent business	1,389
	Architect	Nikken Sekkei Ltd.	Total operating expenses from real estate leasing	37,987
	Builder	Kumagai-Sumitomo Construction Consortium	(3) NOI	113,407
	Type of Ownership	Ownership	(4) Operating income (loss) from real estate leasing	103,640
ML Company	Godo Kaisha ML2			
PM Company	XYMAX ALPHA Corporation			
Notes: None				

XYMAX Shinjuku-Gyoen Building		Category	Office	
Overview of the Specified Asset		Earnings and Expenses (Unit: thousand yen)		
Acquisition Date	February 16, 2018	Management Period	From September 1, 2018 to February 28, 2019	
Acquisition Price	5,020 million yen	Number of operating days	181 days	
Type of Specified Asset	Trust beneficiary right	(1) Operating expenses from real estate leasing		
Trustee	Sumitomo Mitsui Trust Bank, Ltd.	Lease business revenue	149,523	
Location (residential address)	1-1-11 Shinjuku, Shinjuku-ku, Tokyo	Other lease business revenue	12,421	
Land	Lot Number	1-1-7 Shinjuku, Shinjuku-ku, and other	Total operating revenue from real estate leasing	161,945
	Building Coverage Ratio	80%	(2) Operating expenses from real estate leasing	
	Floor-Area Ratio	700%	Property taxes	-
	Land Use District	Commercial district	Maintenance fee	10,728
	Site Area	839.09 m ²	Utility expenses	10,905
	Type of ownership	Ownership	Repair expenses	3,234
Building	Construction Date	February 28, 2001	Insurance premium	210
	Structure/Number of Floors	Steel-framed reinforced concrete structure with flat roof B1F/9F	Depreciation	9,893
	Total Floor Area	6,084.32 m ²	Other expenses related to rent business	524
	Architect	U Associates Co., Ltd.	Total operating expenses from real estate leasing	35,496
	Builder	Kajima-Oriental Construction Consortium	(3) NOI	136,343
	Type of Ownership	Ownership	(4) Operating income (loss) from real estate leasing	126,449
ML Company	Godo Kaisha ML2			
PM Company	XYMAX ALPHA Corporation			
Notes: None				

XYMAX Kamiyacho Building		Category	Office
Overview of the Specified Asset		Earnings and Expenses (Unit: thousand yen)	
Acquisition Date	February 16, 2018	Management Period	From September 1, 2018 to February 28, 2019
Acquisition Price	880 million yen	Number of operating days	181 days
Type of Specified Asset	Trust beneficiary right	(1) Operating expenses from real estate leasing	
Trustee	Sumitomo Mitsui Trust Bank, Ltd.	Lease business revenue	32,731
Location (residential address)	5-12-13 Toranomom, Minato-ku, Tokyo	Other lease business revenue	9,996
Land	Lot Number	Total operating revenue from real estate leasing	42,727
	Building Coverage Ratio	(2) Operating expenses from real estate leasing	
	Floor-Area Ratio	Property taxes	0
	Land Use District	Maintenance fee	4,471
	Site Area	Utility expenses	2,626
	Type of ownership	Repair expenses	758
Building	Construction Date	Insurance premium	46
	Structure/Number of Floors	Depreciation	1,258
	Total Floor Area	Other expenses related to rent business	9,797
	Architect	Total operating expenses from real estate leasing	18,958
	Builder	(3) NOI	25,028
	Type of Ownership	(4) Operating income (loss) from real estate leasing	23,769
ML Company	XYMAX ALPHA Corporation		
PM Company	XYMAX ALPHA Corporation		
Notes: None			

XYMAX Higashi-Azabu Building			Category	Office
Overview of the Specified Asset			Earnings and Expenses (Unit: thousand yen)	
Acquisition Date	February 16, 2018		Management Period	From September 1, 2018 to February 28, 2019
Acquisition Price	1,550 million yen		Number of operating days	181 days
Type of Specified Asset	Trust beneficiary right		(1) Operating expenses from real estate leasing	
Trustee	Sumitomo Mitsui Trust Bank, Ltd.		Lease business revenue	51,668
Location (residential address)	1-5-2 Higashi-Azabu, Minato-ku, Tokyo		Other lease business revenue	6,928
Land	Lot Number	1-5-11 Higashi-Azabu, Minato-ku, Tokyo	Total operating revenue from real estate leasing	58,596
	Building Coverage Ratio	80%	(2) Operating expenses from real estate leasing	
	Floor-Area Ratio	600%	Property taxes	0
	Land Use District	Commercial district	Maintenance fee	6,161
	Site Area	365.05 m ²	Utility expenses	3,741
	Type of ownership	Ownership	Repair expenses	1,242
Building	Construction Date	November 30, 1999	Insurance premium	81
	Structure/Number of Floors	Steel-framed reinforced concrete structure with flat roof B1F/9F	Depreciation	3,679
	Total Floor Area	2,570.13 m ²	Other expenses related to rent business	1,180
	Architect	Tokyo Branch of TOZAI KENCHIKU SERVICE CO., LTD.	Total operating expenses from real estate leasing	16,088
	Builder	Kanto Branch of Maeda Corporation	(3) NOI	46,188
	Type of Ownership	Ownership	(4) Operating income (loss) from real estate leasing	42,508
ML Company	XYMAX ALPHA Corporation			
PM Company	XYMAX ALPHA Corporation			
Notes: None				

XYMAX Higashi-Ueno Building			Category	Office
Overview of the Specified Asset			Earnings and Expenses (Unit: thousand yen)	
Acquisition Date	February 16, 2018		Management Period	From September 1, 2018 to February 28, 2019
Acquisition Price	1,150 million yen		Number of operating days	181 days
Type of Specified Asset	Trust beneficiary right		(1) Operating expenses from real estate leasing	
Trustee	Sumitomo Mitsui Trust Bank, Ltd.		Lease business revenue	37,586
Location (residential address)	1-11-4 Higashi-Ueno, Taito-ku, Tokyo		Other lease business revenue	6,282
Land	Lot Number	1-22-9 Higashi-Ueno, Taito-ku, Tokyo, and other	Total operating revenue from real estate leasing	43,869
	Building Coverage Ratio	80%	(2) Operating expenses from real estate leasing	
	Floor-Area Ratio	600%、500%	Property taxes	0
	Land Use District	Commercial district	Maintenance fee	4,235
	Site Area	368.84 m ²	Utility expenses	3,750
	Type of ownership	Ownership	Repair expenses	1,040
Building	Construction Date	April 9, 1999	Insurance premium	59
	Structure/Number of Floors	Steel-framed reinforced concrete structure with flat roof 8F	Depreciation	2,336
	Total Floor Area	1,942.54 m ²	Other expenses related to rent business	816
	Architect	Architect 5 Partnership	Total operating expenses from real estate leasing	12,239
	Builder	Tokyo Branch of Kajima Corporation	(3) NOI	33,967
	Type of Ownership	Ownership	(4) Operating income (loss) from real estate leasing	31,630
ML Company	XYMAX ALPHA Corporation			
PM Company	XYMAX ALPHA Corporation			
Notes: None				

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

XYMAX Hachioji Building		Category	Office
Overview of the Specified Asset		Earnings and Expenses (Unit: thousand yen)	
Acquisition Date	February 16, 2018	Management Period	From September 1, 2018 to February 28, 2019
Acquisition Price	2,600 million yen	Number of operating days	181 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	109,854
Location (residential address)	25-6 Yokoyamacho, Hachioji-shi, Tokyo	Other lease business revenue	19,672
Land	Lot Number	Total operating revenue from real estate leasing	
	Building Coverage Ratio	129,527	
	Floor-Area Ratio	(2) Operating expenses from real estate leasing	
	Land Use District	Property taxes	0
	Site Area	Maintenance fee	15,600
	Type of ownership	Utility expenses	9,289
Building	Construction Date	Repair expenses	5,341
	Structure/Number of Floors	Insurance premium	272
	Total Floor Area	Depreciation	9,175
	Architect	Other expenses related to rent business	2,580
	Builder	Total operating expenses from real estate leasing	42,259
	Type of Ownership	(3) NOI	96,443
ML Company	Godo Kaisha ML1	(4) Operating income (loss) from real estate leasing	87,267
PM Company	XYMAX ALPHA Corporation		
Notes: None			

Muza Kawasaki		Category	Retail
Overview of the Specified Asset		Earnings and Expenses (Unit: thousand yen)	
Acquisition Date	February 16, 2018	Management Period	From September 1, 2018 to February 28, 2019
Acquisition Price	4,100 million yen	Number of operating days	181 days
Type of Specified Asset	Trust beneficiary right	(1) Operating expenses from real estate leasing	
Trustee	Sumitomo Mitsui Trust Bank, Ltd.	Lease business revenue	138,827
Location (residential address)	1310 Omiyacho, Saiwai-ku, Kawasaki-shi, Kanagawa	Other lease business revenue	20,162
Land	Lot Number	Total operating revenue from real estate leasing	
	Building Coverage Ratio	158,990	
	Floor-Area Ratio	(2) Operating expenses from real estate leasing	
	Land Use District	Property taxes	4
	Site Area	Maintenance fee	14,566
	Type of ownership	Utility expenses	14,732
Building	Construction Date	Repair expenses	4,153
	Structure/Number of Floors	Insurance premium	188
	Total Floor Area	Depreciation	15,953
	Architect	Other expenses related to rent business	780
	Builder	Total operating expenses from real estate leasing	50,379
	Type of Ownership	(3) NOI	124,563
ML Company	XYMAX ALPHA Corporation	(4) Operating income (loss) from real estate leasing	108,610
PM Company	XYMAX ALPHA Corporation		
Notes:			
None			

Life Kawasaki Miyuki Store		Category	Retail	
Overview of the Specified Asset		Earnings and Expenses (Unit: thousand yen)		
Acquisition Date	February 16, 2018	Management Period	From September 1, 2018 to February 28, 2019	
Acquisition Price	790 million yen	Number of operating days	181 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%	Property taxes	Undisclosed
	Land Use District	Neighborhood commercial district, category 1 residential districts	Maintenance fee	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 premium	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 rent 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	26,017
	Type of Ownership	Ownership	(4) Operating income (loss) from real estate leasing	24,515
ML Company	-			
PM Company	XYMAX ALPHA Corporation			
Notes: Under the lease contract with the tenant, in the case the lessor intends to transfer the ownership right of the property to a third party through sale, etc., the lessor is to notify such to the lessee in advance to allow the lessee to preferentially discuss acquisition if the lessee wishes.				

Vita Seiseki-Sakuragaoka		Category	Retail
Overview of the Specified Asset		Earnings and Expenses (Unit: thousand yen)	
Acquisition Date	February 16, 2018	Management Period	From September 1, 2018 to February 28, 2019
Acquisition Price	3,100 million yen	Number of operating days	181 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%	Property taxes
	Land Use District	Commercial	Maintenance fee
	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 premium
	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 rent 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	-		208,109
PM Company	XYMAX ALPHA Corporation		196,563
Notes:			
As to the part of the building (house numbers 72-3 and 72-7), an agreement on the following matters has been concluded with the co-owners of the sections.			
<ul style="list-style-type: none"> · Non-division covenant for five years from the conclusion date (renewed automatically unless any one of the co-owners claims not to renew at least six months prior to the expiration date) · When transferring or dispositioning by other means the co-ownership interest, the party must notify other co-owners (hereinafter, the "Counterparties") of such at least one month prior to the transfer or disposition in writing. The Counterparties shall have the preferential negotiation right to purchase the said co-ownership interest within 20 business days after the notice, and such purchase shall be effective after two months of a written notice stating exercise of right-to-purchase (hereinafter, the "Notice of Exercising Right-to-Purchase") reaching the party wishing to transfer the co-ownership interest. In such a case, the price shall be the value on an as-is basis, and if the parties do not reach an agreement on the price, the price shall be the real estate appraisal value as of the date of the Notice of Exercising Right-to-Purchase delivered to the party wishing to transfer the co-ownership interest. 			

Hotel Vista Sendai		Category	Hotel
Overview of the Specified Asset		Earnings and Expenses (Unit: thousand yen)	
Acquisition Date	February 16, 2018	Management Period	From September 1, 2018 to February 28, 2019
Acquisition Price	4,400 million yen	Number of operating days	181 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	148,200
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%	Property taxes
	Land Use District	Commercial district	Maintenance fee
	Site Area	1,461.36 m ²	Utility expenses
	Type of ownership	Ownership (partial surface right)	Repair expenses
Building	Construction Date	March 14, 2016	Insurance premium
	Structure/Number of Floors	Steel-construction with flat roof 12F	Depreciation
	Total Floor Area	6,977.47 m ²	Other expenses related to rent business
	Architect	First-class Architect Office, AA and SUN Associates INC.	Total operating expenses from real estate leasing
	Builder	Tohoku Branch of Maeda Corporation	(3) NOI
	Type of Ownership	Ownership	(4) Operating income (loss) from real estate leasing
ML Company	XYMAX Corporation		141,321
PM Company	XYMAX Corporation		109,304
Notes: Sendai City has sectional surface rights to part of the land (lot number 7-18) aimed at the ownership of facilities required for high-speed railway business. No ground rent arises under this surface right. Under the lease contract with the tenant, the lessor shall not sell the property to other hotel operators or their affiliate companies.			

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

Renaissance 21 Chihaya		Category	Other (residential)
Overview of the Specified Asset		Earnings and Expenses (Unit: thousand yen)	
Acquisition Date	February 16, 2018	Management Period	From September 1, 2018 to February 28, 2019
Acquisition Price	2,700 million yen	Number of operating days	181 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	96,640
Location (residential address)	5-4-25 Chihaya, Higashi-ku, Fukuoka-shi, Fukuoka	Other lease business revenue	5,212
Land	Lot Number	Total operating revenue from real estate leasing	
	Building Coverage Ratio	101,852	
	Floor-Area Ratio	(2) Operating expenses from real estate leasing	
	Land Use District	Property taxes	4
	Site Area	Maintenance fee	7,682
	Type of ownership	Utility expenses	1,624
Building	Construction Date	Repair expenses	6,358
	Structure/Number of Floors	Insurance premium	291
	Total Floor Area	Depreciation	18,979
	Architect	Other expenses related to rent business	5,645
	Builder	Total operating expenses from real estate leasing	40,585
	Type of Ownership	(3) NOI	80,246
ML Company	Miyoshi Asset Management Co., Ltd.	(4) Operating income (loss) from real estate leasing	
PM Company	Miyoshi Asset Management Co., Ltd.	61,266	
Notes:		None	