

(REIT) Interim Financial Report for the Fiscal Period Ending August 2018

April 13, 2018

REIT Securities Issuer: XYMAX REIT Investment Corporation
Securities Code: 3488
Representative: Nobuhito Inatsuki, Executive Director

Listing: Tokyo Stock Exchange
URL: <https://xymaxreit.co.jp/>

Asset Management Company: XYMAX REAL ESTATE INVESTMENT ADVISORS Corporation
Representative: Nobuhito Inatsuki, Representative Director and President
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Scheduled date for filing of semiannual securities report: May 31, 2018

Supplementary materials for financial results: None
Interim financial results briefing session: None

(Amounts are rounded down to the nearest million yen)

1. Status of Management and Assets for the Fiscal Period Ending August 2018's Interim Period (from September 14, 2017 to February 28, 2018)

(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	%
Interim period ended Feb. 2018	90	-	51	-	(214)	-	(215)	-

	Net income per unit
Interim period ended Feb. 2018	yen (9,909)

(Note 1) At XYMAX REIT Investment Corporation (hereinafter, "XYMAX REIT"), the accounting period for the fiscal period ending August 2018's interim period is a period of 168 days from September 14, 2017 to February 28, 2018, but the number of days of the actual asset management period was a period of 13 days from February 16, 2018.

(Note 2) Net income per unit is calculated by dividing net income by the daily weighted average number of investment units (21,741 units).

(Note 3) 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 interim period, because it is the first fiscal period.

(Note 4) The ordinary income of -214 million yen and net income of -215 million yen were attributable to expenses associated with issuance of new investment units and listing of investment units, etc. totaling 173 million yen expensed in lump sum during the interim accounting period.

(2) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per unit
	million yen	million yen	%	yen
Interim period ended Feb. 2018	36,435	21,309	58.5	100,087

(3) 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
Interim period ended Feb. 2018	(642)	(32,087)	34,807	2,078

2. Operating Forecasts for the Fiscal Period Ending August 2018 (from September 14, 2017 to August 31, 2018) and Fiscal Period Ending February 2019 (from September 1, 2018 to February 28, 2019)

(% 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 profit)	Distribution in excess of profit per unit
	mn yen	%	mn yen	%	mn yen	%	mn yen	%	yen	yen
Fiscal period ending Aug. 2018	1,338	-	859	-	516	-	515	-	2,309	0
Fiscal period ending Feb. 2019	1,270	(5.1)	781	(9.1)	733	41.9	732	42.0	3,279	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 2018: 2,309 yen Fiscal period ending February 2019: 3,279 yen

(Note 1) Distribution per unit (excluding distribution in excess of profit) is calculated based on the fiscal period ending August 2018's forecast total number of investment units issued and outstanding at end of period of 223,400 units.

(Note 2) 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 ending August 2018, because it is the first fiscal period.

* 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

Interim period ended Feb. 2018	212,905 units
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ii. Number of treasury investment units at end of period

Interim period ended Feb. 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 16.

* Presentation of Status of Implementation of Interim Audit Procedures

At the time of disclosure of this interim financial report, the audit procedures for interim 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 2018 (from September 14, 2017 to August 31, 2018) and Fiscal Period Ending February 2019 (from September 1, 2018 to February 28, 2019)" on page 5.

The first fiscal period of XYMAX REIT is from September 14, 2017 to August 31, 2018. An interim settlement of accounts has been conducted because the fiscal period exceeds nine months. Please note that subsequent fiscal periods of XYMAX REIT end on the last day of February and the last day of August.

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1. Related Parties of the Investment Corporation

Disclosure is omitted, because there have not been significant changes to the “Structure of the Investment Corporation” in the securities registration statement (submitted on January 11, 2018, as amended).

2. Management Policy and Management Status

(1) Management Policy

Disclosure is omitted, because there have not been significant changes to “Investment Policy,” “Investment Targets” and “Distribution Policy” in the securities registration statement (submitted on January 11, 2018, as amended).

(2) Management Status

(Overview of the Interim Period)

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) 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). These resulted in total number of investment units issued and outstanding of 212,905 units as of the last day of the interim period. In addition, subsequent to the interim period, an issuance of new investment units through third-party allotment (10,495 units) was implemented on March 20, 2018.

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 interim period ended February 2018, the Japanese economy had a strong showing as evident by such factors as corporate business sentiment continuing to be favorable and also showing steady improvement in the employment situation and moderate increase in wages. Real GDP growth rate for the period from October to December 2017 (second preliminary estimate) was also an increase at an annual rate of 1.6%, marking the eighth consecutive quarter of positive growth for an outcome indicating resilience.

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, the market remained in a strong state with the February 2018 average vacancy rate for the Tokyo central 5 wards (Chiyoda Ward, Chuo Ward, Minato Ward, Shinjuku Ward and Shibuya Ward) decreasing by 0.04 percentage points month-on-month to 3.03% and average asking rent increasing by 162 yen month-on-month to 19,500 yen (both according to Miki Shoji Co., Ltd.). In addition, the same for asking rent went for contract rent according to the “Contract Rent DI (Tokyo 23 Wards)” (Note) announced by XYMAX REAL ESTATE INSTITUTE Corporation for the period from October to December 2017 at “+17,” marking the eleventh consecutive quarter of above-zero DI and this upward trend is continuing.

In the retail market, while sales show a slight decrease on a year-on-year comparison for some items such as apparel, household goods, etc., and sales ranged from the same level to slight increase on a year-on-year comparison for items such as food and services, resulting in sales ranging from the same level to slight increase on a year-on-year comparison as a whole.

In the hotel market, according to the Japan Tourism Agency’s Overnight Travel Statistics Survey (2017 (preliminary report)), the total number of overnight guests increased by 1.2% year-on-year to 498.19 million. Notably, the total number of international overnight guests setting a new record high of 78.00 million (up 12.4% year-on-year) was

among other factors serving as drivers of increase in accommodation demand. In this manner, XYMAX REIT's management environment was under generally favorable circumstances. On the other hand, however, with the rise in long-term interest rates and mounting protectionism in the U.S. and such, a sense of uncertainty over the future is also starting to be seen in certain aspects, making it a state that calls for close attention to the impact that these factors may have on the future management environment.

(Note) "Contract Rent DI (Diffusion Index) (Tokyo 23 Wards)" is an index based on the data of all-in contract rent accumulated by the XYMAX group and calculated as follows: 1) Compare the data of new contract rent per tsubo with that in the prior 6-month period in the same building. Each contract is counted separately into three categories: Building with "rent Increase," "no charge," or "rent decrease"

2) Calculate the percentage of buildings with "rent decrease" and buildings with "rent increase"

3) Subtract the percentage of buildings with "rent decrease" from the percentage of buildings with "rent increase". This outcome is the Contract Rent Diffusion Index (DI).

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

The 12 properties in the portfolio as of the last day of the interim period were acquired for 33,040 million yen in total on February 16, 2018. Accordingly, the actual asset management period during the interim period was 13 days. Furthermore, as of the last day of the interim period, the 12 properties in the portfolio had a total leasable area of 72,701.04m², total leased area of 71,887.06m² and occupancy rate of 98.9%.

IV. Financing Status

(Equity Financing)

In the interim period, 21,224 million yen was procured in funds from implementing an issuance of investment units of 209,905 units with February 14, 2018 as the payment due date. As a result, as of the last day of the interim period (February 28, 2018), unitholders' capital was 21,524 million yen.

(Debt Financing)

In the interim period, through a loan syndicate with Mizuho Bank, Ltd. as the arranger, 13,320 million yen was borrowed from Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (now, MUFG Bank, Ltd.), The Nishi-Nippon City Bank, Ltd., The Bank of Fukuoka, Ltd., Resona Bank, Limited, The Hiroshima Bank, Ltd., The Hokkaido Bank, Ltd., Shinsei Bank, Limited, Aozora Bank, Ltd., The Chiba Bank, Ltd., The Higo Bank, Ltd. and Fukoku Mutual Life Insurance Company on February 16, 2018. As a result, as of the last day of the interim period (February 28, 2018), the balance of loans outstanding was 13,320 million yen and the ratio of loans to total assets (hereinafter, "LTV ratio") was 36.6%.

V. Overview of Business Performance

Business performance in the interim period resulted in operating revenue of 90 million yen, operating income of 51 million yen, ordinary income of -214 million yen and net income of -215 million yen. Please note that expenses associated with issuance of new investment units and listing of investment units, etc. totaling 173 million yen were counted as expenses in lump sum.

(Future Outlook)

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

As approved at meetings of the Board of Directors of XYMAX REIT held on January 11, 2018 and February 6, 2018, XYMAX REIT issued new investment units through third-party allotment under the following terms and conditions, for which payment was completed on March 20, 2018, subsequent to the last day of the interim period. Furthermore, the proceeds from the issuance of new investment units through third-party allotment were used as funds for loan repayment (1,060 million yen). As a result, XYMAX REIT has unitholders' capital of 22,585,746,000 yen and total number of investment units issued and outstanding of 223,400 units.

(Issuance of New Investment Units through Third-Party Allotment)

Number of new investment units issued: 10,495 units

Paid-in amount: 101,115 yen per unit

Total paid-in amount: 1,061,201,925 yen

Payment due date: March 20, 2018

Allottee: SMBC Nikko Securities Inc.

III. Operating Forecasts

XYMAX REIT's operating forecasts for the fiscal period ending August 2018 (from September 14, 2017 to August 31, 2018) and fiscal period ending February 2019 (from September 1, 2018 to February 28, 2019) are as follows:

	Operating revenue	Operating income	Ordinary income	Net income	Distribution per unit (excluding distribution in excess of profit)	Distribution in excess of profit per unit
	million yen	million yen	million yen	million yen	yen	yen
Fiscal period ending Aug. 2018	1,338	859	516	515	2,309	0
Fiscal period ending Feb. 2019	1,270	781	733	732	3,279	0

Furthermore, for the assumptions underlying the operating forecasts, please refer to "Assumptions Underlying the Operating Forecasts for the Fiscal Period Ending August 2018 (from September 14, 2017 to August 31, 2018) and Fiscal Period Ending February 2019 (from September 1, 2018 to February 28, 2019)" 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 profit per unit may vary due to changes in the circumstances. In addition, the forecasts are not a guarantee of the amount of distribution.

(Reference)

Operating forecasts for the fiscal period ending August 2019 (from March 1, 2019 to August 31, 2019)

	Operating revenue	Operating income	Ordinary income	Net income	Distribution per unit (excluding distribution in excess of profit)	Distribution in excess of profit per unit
	million yen	million yen	million yen	million yen	yen	yen
Fiscal period ending Aug. 2019	1,277	698	652	651	2,917	0

Furthermore, for the assumptions underlying the operating forecasts, please refer to "Notice Concerning Operating Forecasts for the Fiscal Period Ending August 2018, Fiscal Period Ending February 2019 and Fiscal Period Ending August 2019" dated February 15, 2018.

Assumptions Underlying the Operating Forecasts for the Fiscal Period Ending August 2018 (from September 14, 2017 to August 31, 2018) and Fiscal Period Ending February 2019 (from September 1, 2018 to February 28, 2019)

Item	Assumption																																
Accounting period	➤ Fiscal period ending August 2018 (1st fiscal period) (from September 14, 2017 to August 31, 2018) (352 days) ➤ Fiscal period ending February 2019 (2nd fiscal period) (from September 1, 2018 to February 28, 2019) (181 days)																																
Assets under management	➤ 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 2019 (2nd 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	➤ 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: (i) From contract commencement to August 2018: None (ii) From September 2018 to February 2019: Monthly amount of 4.7 million yen (iii) From March 2019: 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><tr><td></td><td>Fiscal period ending Aug. 2018 (1st fiscal period)</td><td>Fiscal period ending Feb. 2019 (2nd fiscal period)</td></tr><tr><td>Variable rent</td><td>0 million yen</td><td>28 million yen</td></tr></table> ➤ 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. 2018 (1st fiscal period)	Fiscal period ending Feb. 2019 (2nd fiscal period)	Variable rent	0 million yen	28 million yen																								
	Fiscal period ending Aug. 2018 (1st fiscal period)	Fiscal period ending Feb. 2019 (2nd fiscal period)																															
Variable rent	0 million yen	28 million yen																															
Operating expenses	➤ Of operating expenses, the main components are as follows (rounded down to the nearest specified unit; the same shall apply hereinafter):<table><tr><td></td><td>Fiscal period ending Aug. 2018 (1st fiscal period)</td><td>Fiscal period ending Feb. 2019 (2nd fiscal period)</td></tr><tr><td>Expenses related to rent business [Total]</td><td>346 million yen</td><td>367 million yen</td></tr><tr><td>Management fee</td><td>86 million yen</td><td>80 million yen</td></tr><tr><td>Of which: Maintenance fee</td><td>62 million yen</td><td>58 million yen</td></tr><tr><td>Of which: Property management fee</td><td>24 million yen</td><td>22 million yen</td></tr><tr><td>Repair expenses</td><td>38 million yen</td><td>35 million yen</td></tr><tr><td>Property taxes</td><td>0 million yen</td><td>43 million yen</td></tr><tr><td>Depreciation</td><td>126 million yen</td><td>120 million yen</td></tr><tr><td>Other than expenses related to rent business [Total]</td><td>132 million yen</td><td>122 million yen</td></tr><tr><td>Asset management fee</td><td>85 million yen</td><td>77 million yen</td></tr></table> ➤ 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. ➤ In general, fixed property tax, city planning tax, etc. are calculated on a pro rata basis and reimbursed at the time of acquisition with the current owner upon transactions of real estate, etc. At XYMAX REIT, the amount equivalent to the reimbursement is included in the cost of acquisition and thus not expensed in the period of acquisition. Therefore, in the case of the current portfolio assets, the 2018 fixed property tax, city planning tax, etc. are not expensed, while a portion of the 2019 fixed asset tax, etc. (the amount corresponding to the period from January 1, 2019 to the last day of the accounting period) is to be expensed in the fiscal period ending February 2019 (2nd fiscal period). ➤ 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. 2018 (1st fiscal period)	Fiscal period ending Feb. 2019 (2nd fiscal period)	Expenses related to rent business [Total]	346 million yen	367 million yen	Management fee	86 million yen	80 million yen	Of which: Maintenance fee	62 million yen	58 million yen	Of which: Property management fee	24 million yen	22 million yen	Repair expenses	38 million yen	35 million yen	Property taxes	0 million yen	43 million yen	Depreciation	126 million yen	120 million yen	Other than expenses related to rent business [Total]	132 million yen	122 million yen	Asset management fee	85 million yen	77 million yen
	Fiscal period ending Aug. 2018 (1st fiscal period)	Fiscal period ending Feb. 2019 (2nd fiscal period)																															
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Other than expenses related to rent business [Total]	132 million yen	122 million yen																															
Asset management fee	85 million yen	77 million yen																															

Non-operating expenses	➤ For the fiscal period ending August 2018 (1st fiscal period), non-operating expenses are assumed to be 342 million yen, of which interest expenses and other borrowing related expenses are estimated to be 146 million yen and, as one-time expenses for the fiscal period ending August 2018 (1st fiscal period), XYMAX REIT's deferred organization expenses, etc. are assumed to be 196 million yen. ➤ For the fiscal period ending February 2019 (2nd fiscal period), interest expenses and other borrowing related expenses are assumed to be 47 million yen.
Interest-bearing liabilities	➤ The assumption is that total interest-bearing liabilities will be 12,260 million yen at the end of the fiscal period ending August 2018 (1st fiscal period) and 11,680 million yen at the end of the fiscal period ending February 2019 (2nd fiscal period). ➤ On February 16, 2018, XYMAX REIT borrowed a total amount of 13,320 million yen from qualified institutional investors as provided in Article 2, Paragraph 3, Item 1 of the Financial Instruments and Exchange Act. A 1,060 million yen portion of this was repaid using the proceeds from the issuance of new investment units through third-party allotment implemented on March 20, 2018 as the source of funds and, with refund of consumption taxes corresponding to the fiscal period ending August 2018 (1st fiscal period) scheduled to take place during the fiscal period ending February 2019 (2nd fiscal period), the assumption is that the concerned refund, etc. will be used as the source of funds to repay a portion of the loans during the fiscal period ending February 2019 (2nd fiscal period). ➤ LTV ratio is expected to be 33.5% at the end of the fiscal period ending August 2018 (1st fiscal period) and 32.2% at the end of the fiscal period ending February 2019 (2nd fiscal period). In addition, the following formula is used in the calculation of LTV ratio. $\text{LTV ratio} = \text{Total interest-bearing liabilities} \div \text{Total assets} \times 100$
Investment units	➤ The assumption is the total number of investment units issued and outstanding as of today of 223,400 units 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 2019 (2nd fiscal period). ➤ Distribution per unit (excluding distribution in excess of profit) and distribution in excess of profit 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 2018 (1st fiscal period) and fiscal period ending February 2019 (2nd fiscal period) of 223,400 units.
Distribution per unit (excluding distribution in excess of profit)	➤ Distribution per unit (excluding distribution in excess of profit) 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 profit) 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 profit per unit	➤ No cash distribution in excess of profit (distribution in excess of profit per unit) is scheduled to be made at this point in time.
Other	➤ 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 is no significant change from "Investment Risks" in the securities registration statement (submitted on January 11, 2018, as amended).

3. Interim Financial Statements

(1) Interim Balance Sheet

	(Unit: thousand yen)
	1st interim period (As of Feb. 28, 2018)
Assets	
Current assets	
Cash and bank deposits	706,673
Cash and bank deposits in trust	1,371,433
Operating accounts receivable	18,743
Prepaid expenses	27,523
Consumption taxes receivable	630,051
Other	7,339
Total current assets	2,761,765
Non-current assets	
Property, plant and equipment	
Tools, furniture and fixtures	108,288
Accumulated depreciation	(1,006)
Tools, furniture and fixtures, net	107,281
Buildings in trust	8,848,149
Accumulated depreciation	(7,286)
Buildings in trust, net	8,840,863
Structures in trust	45,500
Accumulated depreciation	(55)
Structures in trust, net	45,445
Land in trust	24,601,597
Total property, plant and equipment	33,595,187
Investments and other assets	
Long-term prepaid expenses	53,078
Lease and guarantee deposits	22,600
Other	3,170
Total investments and other assets	78,849
Total non-current assets	33,674,036
Total assets	36,435,802

(Unit: thousand yen)	
	1st interim period (As of Feb. 28, 2018)
Liabilities	
Current liabilities	
Operating accounts payable	159,734
Short-term loans payable	3,976,000
Accounts payable - other	307,384
Advances received	140,850
Other	8,409
Total current liabilities	4,592,378
Non-current liabilities	
Long-term loans payable	9,344,000
Tenant leasehold and security deposits in trust	1,190,315
Total non-current liabilities	10,534,315
Total liabilities	15,126,694
Net assets	
Unitholders' equity	
Unitholders' capital	21,524,544
Surplus	
Unappropriated retained earnings (undisposed loss)	(215,435)
Total surplus	(215,435)
Total unitholders' equity	21,309,108
Total net assets	*1 21,309,108
Total liabilities and net assets	36,435,802

(2) Interim Statement of Income

	(Unit: thousand yen)	
	1st interim period From: Sept. 14, 2017 To: Feb. 28, 2018	
Operating revenue		
Lease business revenue	*1	88,553
Other lease business revenue	*1	1,999
Total operating revenue		90,553
Operating expenses		
Expenses related to rent business	*1	20,958
Asset management fee		5,646
Asset custody fee		107
Administrative service fees		2,414
Directors' compensations		2,400
Other operating expenses		7,803
Total operating expenses		39,331
Operating income		51,222
Non-operating income		
Interest income		6
Total non-operating income		6
Non-operating expenses		
Interest expenses		2,156
Borrowing related expenses		90,788
Investment unit issuance expenses		92,462
Deferred organization expenses		72,000
Business commencement expenses		8,753
Total non-operating expenses		266,160
Ordinary income (loss)		(214,931)
Income (loss) before income taxes		(214,931)
Income taxes - current		504
Total income taxes		504
Net income (loss)		(215,435)
Unappropriated retained earnings (undisposed loss)		(215,435)

(3) Interim Statement of Unitholders' Equity

1st interim period (from September 14, 2017 to February 28, 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	21,524,544			21,524,544	21,524,544
Net income (loss)		(215,435)	(215,435)	(215,435)	(215,435)
Total changes during period	21,524,544	(215,435)	(215,435)	21,309,108	21,309,108
Balance as of February 28, 2018	*1 21,524,544	(215,435)	(215,435)	21,309,108	21,309,108

(4) Interim Statement of Cash Flows

	(Unit: thousand yen)
	1st interim period
	From: Sept. 14, 2017
	To: Feb. 28, 2018
Cash flows from operating activities	
Income (loss) before income taxes	(214,931)
Depreciation	8,348
Investment unit issuance expenses	92,462
Interest income	(6)
Interest expenses	2,156
Decrease (increase) in operating accounts receivable	(18,743)
Decrease (increase) in consumption taxes refund receivable	(630,051)
Decrease (increase) in prepaid expenses	(27,523)
Increase (decrease) in operating accounts payable	11,918
Increase (decrease) in accounts payable - other	48,196
Increase (decrease) in advances received	140,850
Decrease (increase) in long-term prepaid expenses	(53,078)
Decrease (increase) in other assets	(7,339)
Increase (decrease) in other liabilities	7,672
Subtotal	(640,070)
Interest income received	6
Interest expenses paid	(1,988)
Income taxes paid	(1)
Net cash provided by (used in) operating activities	(642,052)
Cash flows from investing activities	
Purchase of property, plant and equipment	(108,288)
Purchase of property, plant and equipment in trust	(33,143,257)
Proceeds from tenant leasehold and security deposits in trust	1,190,315
Payments for lease and guarantee deposits	(22,600)
Other, net	(3,170)
Net cash provided by (used in) investing activities	(32,087,000)
Cash flows from financing activities	
Increase in short-term loans payable	3,976,000
Proceeds from long-term loans payable	9,344,000
Proceeds from issuance of investment units	21,487,161
Net cash provided by (used in) financing activities	34,807,161
Net increase (decrease) in cash and cash equivalents	2,078,107
Cash and cash equivalents at beginning of period	-
Cash and cash equivalents at end of period	*1 2,078,107

(5) Notes on the Going Concern Assumption

Not applicable.

(6) Notes on Matters Concerning Significant Accounting Policies

1. Method of depreciation of non-current assets	(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: <table> <tr> <td>Buildings</td><td>3–63 years</td></tr> <tr> <td>Structures</td><td>13–51 years</td></tr> <tr> <td>Tools, furniture and fixtures</td><td>2–13 years</td></tr> </table> (2) Long-term prepaid expenses The straight-line method is adopted.	Buildings	3–63 years	Structures	13–51 years	Tools, furniture and fixtures	2–13 years
Buildings	3–63 years						
Structures	13–51 years						
Tools, furniture and fixtures	2–13 years						
2. Accounting for deferred assets	(1) Deferred organization expenses The entire amount is expensed as incurred. (2) Business commencement expenses The entire amount is expensed as incurred. (3) Investment unit issuance expenses The entire amount is expensed as incurred.						
3. Standards for revenue and expense recognition	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 interim 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. In the interim period, the amount equivalent to fixed property tax, etc. included in the cost of acquisition of real estate, etc. was 229 million yen.						
4. Method of hedge accounting	(1) Hedge accounting approach Special accounting is adopted for interest rate swaps that meet the requirements for special treatment. (2) Hedging instruments and hedged items Hedging instruments: Interest rate swap transaction Hedged items: Interest on loans (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. (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.						
5. Scope of funds in the interim statement of cash flows	The funds (cash and cash equivalents) in the interim 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.						
6. Other significant matters serving as the basis for preparation of the interim financial statements	(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 interim balance sheet and the interim statement of income. Furthermore, the following material items of the trust assets recognized in the relevant account item are separately listed on the interim balance sheet. (i) Cash and bank deposits in trust						

	(ii) Buildings in trust; Structures in trust; Land in trust (iii) Tenant leasehold and security deposits in trust (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.
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(7) Notes to the Interim Financial Statements

[Notes to the Interim Balance Sheet]

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

1st interim period (As of Feb. 28, 2018)
50,000 thousand yen

[Notes to the Interim Statement of Income]

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

	(Unit: thousand yen)	
	1st interim period From: Sept. 14, 2017 To: Feb. 28, 2018	
A. Operating revenue from real estate leasing		
Lease business revenue		
Rent revenue	76,527	
Common area maintenance revenue	12,025	88,553
Other lease business revenue		
Utility reimbursement	15	
Parking revenue	1,875	
Other rental revenue	109	1,999
Total operating revenue from real estate leasing		90,553
B. Operating expenses from real estate leasing		
Expenses related to rent business		
Maintenance fee	4,462	
Property management fee	2,824	
Utility expenses	1,764	
Ground rent	325	
Repair expenses	2,047	
Insurance premium	183	
Trust fee	398	
Depreciation	8,348	
Other expenses related to rent business	604	20,958
Total operating expenses from real estate leasing		20,958
C. Operating income (loss) from real estate leasing [A-B]		69,594

[Notes to the Interim Statement of Unitholders' Equity]

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

	1st interim period From: Sept. 14, 2017 To: Feb. 28, 2018
Total number of investment units authorized	5,000,000 units
Total number of investment units issued and outstanding	212,905 units

[Notes to the Interim Statement of Cash Flows]

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

(Unit: thousand yen)

	1st interim period From: Sept. 14, 2017 To: Feb. 28, 2018
Cash and bank deposits	706,673
Cash and bank deposits in trust	1,371,433
Cash and cash equivalents	2,078,107

[Notes on Lease Transactions]

Not applicable.

[Notes on Financial Instruments]

Matters concerning fair value, etc. of financial instruments

The following are the carrying amount and fair value as of February 28, 2018, and the amount of difference between these.

	Carrying amount (thousand yen)	Fair value (thousand yen)	Amount of difference (thousand yen)
(1) Cash and bank deposits	706,673	706,673	--
(2) Cash and bank deposits in trust	1,371,433	1,371,433	--
Total assets	2,078,107	2,078,107	-
(1) Short-term loans payable	3,976,000	3,976,000	-
(2) Long-term loans payable	9,344,000	9,411,887	67,887
Total liabilities	13,320,000	13,387,887	67,887
Derivative transactions	-	(4,011)	(4,011)

(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

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" presented later in this document.

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

(Unit: thousand yen)

	1st interim period (As of Feb. 28, 2018)
Tenant leasehold and security deposits in trust	1,190,315

* 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.

[Notes on Securities]

Not applicable.

[Notes on Derivative Transactions]

1. Derivative transactions to which hedge accounting is not applied

Not applicable.

2. Derivative transactions to which hedge accounting is applied

The following is the contract amount or the amount equivalent to the principal provided in the contract, etc. for the interim 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 (Note 2)
				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	(4,011)

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

(Note 2) Fair value is calculated based on the price quoted by financial institutions.

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

Not applicable.

[Notes on Asset Retirement Obligations]

Not applicable.

[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 interim period (from September 14, 2017 to February 28, 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 interim 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 interim 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 interim 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	12,795	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, residential 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 interim period From: Sept. 14, 2017 To: Feb. 28, 2018
Carrying amount		
	Balance at beginning of period	-
	Amount of increase (decrease) during period	33,595,187
	Balance at end of period	33,595,187
Fair value at end of period		41,253,000

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

(Note 2) Of the amount of increase (decrease) during period, 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 (8,348 thousand yen).

(Note 3) Fair value at end of period is the appraisal value by an outside real estate appraiser. The date of value is November 30, 2017.

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

[Notes on Per Unit Information]

	1st interim period From: Sept. 14, 2017 To: Feb. 28, 2018
Net assets per unit	100,087 yen
Net income (loss) per unit	(9,909 yen)

(Note 1) Net income (loss) per unit is calculated by dividing net income (loss) by the period's daily weighted average number of investment units.

In addition, diluted net income (loss) per unit is not stated, because there are no diluted investment units.

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

	1st interim period From: Sept. 14, 2017 To: Feb. 28, 2018
Net income (loss) (thousand yen)	(215,435)
Amount not attributable to common unitholders (thousand yen)	-
Net income (loss) attributable to common investment units (thousand yen)	(215,435)
Average number of investment units during period (units)	21,741

[Notes on Significant Subsequent Events]

Payment for the issuance of new investment units through third-party allotment approved at meetings of the Board of Directors of XYMAX REIT held on January 11, 2018 and February 6, 2018 was completed on March 20, 2018. As a result, XYMAX REIT has unitholders' capital of 22,585,746,000 yen and total number of investment units issued and outstanding of 223,400 units.

(Issuance of New Investment Units through Third-Party Allotment)

Number of new investment units issued: 10,495 units
 Paid-in amount: 101,115 yen per unit
 Total paid-in amount: 1,061,201,925 yen
 Payment due date: March 20, 2018
 Allottee: SMBC Nikko Securities Inc.

The proceeds from the issuance of new investment units were used to make early loan repayment on March 20, 2018 in the amount of 1,060,000,000 yen (drawdown date: February 16, 2018; maturity date: January 31, 2019).

(8) 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 interim period under review (February 28, 2018) 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)

(Note 1) Investment units were issued at a paid-in amount of 100,000 yen per unit upon the incorporation of XYMAX REIT.

(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.

4. Changes in Directors

(1) Directors of the Investment Corporation

There were no changes in directors in the interim period.

(2) Directors of the Asset Management Company

There were no changes in directors in the interim period.

5. Reference Information

(1) Investment Status

Investment status				
Type of asset	Use	Geographic area (Note 1)	1st interim period As of Feb. 28, 2018	
			Total amount held (million yen) (Note 2)	As a percentage of total assets (%) (Note 3)
Real estate in trust	Office	Tokyo central 5 wards	14,370	39.4
		Tokyo 23 wards	1,164	3.2
		Tokyo economic area	2,629	7.2
	Retail	Tokyo economic area	8,132	22.3
	Hotel	Cabinet order designated cities	4,463	12.3
	Other	Cabinet order designated cities	2,833	7.8
	Total real estate in trust		33,595	92.2
Deposits and other assets		2,840	7.8	
Total assets		36,435	100.0	

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

"Tokyo economic area" refers to Tokyo excluding the Tokyo central 8 wards (refers to Tokyo's Chiyoda Ward, Chuo Ward, Minato Ward, Shinjuku Ward, Shibuya Ward, Toshima Ward, Taito Ward and Shinagawa Ward), Kanagawa Prefecture, Chiba Prefecture and Saitama Prefecture.

(Note 2) "Total amount held" is based on the interim balance sheet (in the case of real estate in trust, the depreciated book value) as of February 28, 2018, 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 interim period As of Feb. 28, 2018	
	Amount (million yen) (Note 1)	As a percentage of total assets (%) (Note 2)
Total liabilities	15,126	41.5
Total net assets	21,309	58.5
Total assets	36,435	100.0

(Note 1) The total liabilities, total net assets and total assets amounts are based on the carrying amount as of February 28, 2018, rounded down to the nearest million yen.

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

(2) Investment Assets

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, 2018 are as follows:

Classification	Asset no. (Note 1)	Asset name	Location	Acquisition price (million yen) (Note 2)	Book value at end of period (million yen)	Share of portfolio (%) (Note 3)	Appraisal value at acquisition (million yen) (Note 4)	As a percentage of appraisal value at acquisition (%) (Note 5)	Ownership status	Acquisition date
Office	OF-01	XYMAX Nishi-Shimbashi Building	Minato-ku, Tokyo	2,500	2,526	7.6	3,070	81.4	Trust beneficiary rights	Feb. 16, 2018
	OF-02	XYMAX Iwamotocho Building	Chiyoda-ku, Tokyo	4,250	4,302	12.9	5,240	81.1	Trust beneficiary rights	Feb. 16, 2018
	OF-03	XYMAX Shinjuku-Gyoen Building	Shinjuku-ku, Tokyo	5,020	5,076	15.2	6,190	81.1	Trust beneficiary rights	Feb. 16, 2018
	OF-04	XYMAX Kamiyacho Building	Minato-ku, Tokyo	880	894	2.7	1,130	77.9	Trust beneficiary rights	Feb. 16, 2018
	OF-05	XYMAX Higashi-Azabu Building	Minato-ku, Tokyo	1,550	1,570	4.7	2,090	74.2	Trust beneficiary rights	Feb. 16, 2018
	OF-06	XYMAX Higashi-Ueno Building	Taito-ku, Tokyo	1,150	1,164	3.5	1,590	72.3	Trust beneficiary rights	Feb. 16, 2018
	OF-07	XYMAX Hachioji Building	Hachioji-shi, Tokyo	2,600	2,629	7.9	3,430	75.8	Trust beneficiary rights	Feb. 16, 2018
	Subtotal/Average		-	17,950	18,165	54.3	22,740	78.9	-	-
Retail	RT-01	Muza Kawasaki	Kawasaki-shi, Kanagawa	4,100	4,139	12.4	5,070	80.9	Trust beneficiary rights	Feb. 16, 2018
	RT-02	Life Kawasaki Miyuki Store	Kawasaki-shi, Kanagawa	790	802	2.4	973	81.2	Trust beneficiary rights	Feb. 16, 2018
	RT-03	Vita Seiseki- Sakuragaoka	Tama-shi, Tokyo	3,100	3,191	9.4	3,830	80.9	Trust beneficiary rights	Feb. 16, 2018
	Subtotal/Average		-	7,990	8,132	24.2	9,873	80.9	-	-
Hotel	HT-01	Hotel Vista Sendai	Sendai-shi, Miyagi	4,400	4,463	13.3	5,510	79.9	Trust beneficiary rights and movables incidental to hotels	Feb. 16, 2018
	Subtotal/Average		-	4,400	4,463	13.3	5,510	79.9	-	-
Other	OT-01	Renaissance 21 Chihaya	Fukuoka-shi, Fukuoka	2,700	2,833	8.2	3,130	86.3	Trust beneficiary rights	Feb. 16, 2018
	Subtotal/Average		-	2,700	2,833	8.2	3,130	86.3	-	-
Total/Average			-	33,040	33,595	100.0	41,253	80.1	-	-

(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.

(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 at acquisition” is the appraisal value stated in each real estate appraisal report with November 30, 2017 as the date of value.

(Note 5) “As a percentage of appraisal value at acquisition” refers to the figures arrived at when the acquisition price of the portfolio asset is divided by the appraisal value of the portfolio asset, rounded to one decimal place. Furthermore, under “Total/Average” and “Subtotal/Average” are the figures arrived at when the total or subtotal of acquisition prices is divided by the total or subtotal of appraisal values, rounded to one decimal place.