

# Summary of Financial Results for the Fiscal Period Ended August 2019 (REIT)

October 15, 2019

REIT Issuer: One REIT, Inc. Stock Exchange Listing: Tokyo Stock Exchange  
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 Holding of financial results briefing session: Yes (for institutional investors and analysts)

(Amounts are rounded down to the nearest million yen)

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

(1) Management status (% figures are the percentage of increase (decrease) compared with the previous period)

Fiscal period	Operating revenue		Operating profit		Recurring profit		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Ended Aug. 2019	4,046	4.6	1,956	0.8	1,696	1.0	1,696	1.0
Ended Feb. 2019	3,870	12.5	1,941	16.4	1,679	15.7	1,679	19.4

Fiscal period	Net income per unit	Ratio of net income to equity	Ratio of recurring profit to total assets	Ratio of recurring profit to operating revenue
	yen	%	%	%
Ended Aug. 2019	7,069	3.2	1.5	41.9
Ended Feb. 2019	7,168	3.6	1.7	43.4

## (2) Distributions status

Fiscal period	Distribution per unit (excluding distribution in excess of earnings)	Total distributions (excluding distribution in excess of earnings)	Distribution per unit in excess of earnings	Total distributions in excess of earnings	Distribution payout ratio	Ratio of distributions to net assets
	yen	million yen	yen	million yen	%	%
Ended Aug. 2019	7,062	1,694	—	—	99.8	3.2
Ended Feb. 2019	6,999	1,679	—	—	99.9	3.2

(Note) Distribution payout ratio is calculated by the following formula (rounded down to one decimal place).  
 Distribution payout ratio = Total distributions (excluding distribution in excess of earnings) ÷ Net income × 100

## (3) Financial position

Fiscal period	Total assets	Net assets	Equity ratio	Net assets per unit
	million yen	million yen	%	yen
Ended Aug. 2019	111,633	53,040	47.5	221,088
Ended Feb. 2019	110,847	53,023	47.8	221,018

## (4) Status of cash flows

Fiscal period	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
Ended Aug. 2019	2,852	(342)	(1,206)	10,197
Ended Feb. 2019	2,163	(21,116)	20,780	8,893

2. Forecast of Financial Results for the Fiscal Periods Ending February 2020 (September 1, 2019 to February 29, 2020) and August 2020 (March 1, 2020 to August 31, 2020)

(% figures are the percentage of increase (decrease) compared with the previous period)

Fiscal period	Operating revenue		Operating profit		Recurring profit		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Ending Feb. 2020	4,217	4.2	2,104	7.6	1,846	8.8	1,844	8.8
Ending Aug. 2020	4,148	(1.6)	2,091	(0.6)	1,834	(0.7)	1,832	(0.7)

Fiscal period	Distribution per unit (excluding distribution in excess of earnings)		Distribution per unit in excess of earnings	
	yen		yen	
Ending Feb. 2020	7,690		0	
Ending Aug. 2020	7,640		0	

(Reference) Forecast net income per unit (fiscal period ending February 2020): 7,690 yen

Forecast net income per unit (fiscal period ending August 2020): 7,640 yen

\* Other

(1) Changes in accounting policies, changes in accounting estimates and retrospective restatement

- |   |    |
|---|----|
| ① Changes in accounting policies accompanying amendments to accounting standards, etc.: | No |
| ② Changes in accounting policies other than ①:  | No |
| ③ Changes in accounting estimates:  | No |
| ④ Retrospective restatement:  | No |

(2) Number of investment units issued and outstanding

① Number of investment units issued and outstanding (including own investment units) at end of period

Fiscal period ended August 2019	239,908	units
Fiscal period ended February 2019	239,908	units

② Number of own investment units at end of period

Fiscal period ended August 2019	—	units
Fiscal period ended February 2019	—	units

(Note) For the number of investment units used as the basis for calculating net income per unit, please refer to “Notes on Per Unit Information” on page 25.

\* Summary of financial results are exempt from the audit by a certified public accountant or an auditing firm.

\* Special note

The management status outlook and other forward-looking statements contained in this document are based on information currently available to and certain assumptions deemed reasonable by One REIT. Accordingly, actual management status and other results may differ materially due to a variety of factors. In addition, the forecast is not a guarantee of the amount of distributions. For the assumptions for the forecast of management status, please refer to “Assumptions for the Forecast of Management Status for the Fiscal Periods Ending February 2020 and August 2020” presented on page 9.

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# 1. Management Status

## (1) Management Status

### ① Overview of the Fiscal Period under Review

#### (A) Brief History of the Investment Corporation

One REIT has Mizuho REIT Management Co., Ltd. (hereinafter referred to as the “Asset Management Company”) (Note 1), which is a member of the Mizuho Financial Group, as its asset management company, and sets middle-sized office buildings (Note 2) as its focal investment target while incorporating other office buildings and urban retail facilities for the sake of diversified investment, aiming to construct a portfolio that both ensures stable income in the medium to long term and exhibits growth potential. Furthermore, One REIT strives for further growth with the aim of maximizing unitholder value under the basic policies of “continuous growth of distributions” and “disciplined external growth while considering the portfolio and financial structure,” alongside obtaining various support in terms of property acquisition, management, and financial aspects from our sponsor, Mizuho Trust & Banking Co., Ltd., which has an abundant track record in the Japanese real estate market.

The Investment Corporation was incorporated, pursuant to the Act on Investment Trusts and Investment Corporations (hereinafter the “Investment Trust Act”), on June 25, 2013, with the Asset Management Company as the organizer and listed on the J-REIT section of the Tokyo Stock Exchange (securities code: 3290) on October 9, 2013. With public offering, etc. that followed, the total number of investment units issued and outstanding as of the end of the period stands at 239,908.

(Note 1) Mizuho Financial Group, Inc., Mizuho Trust & Banking Co., Ltd. and Mizuho Realty One Co., Ltd. (hereinafter referred to as “MONE”) fall within the scope of parent companies of the Asset Management Company. MONE is a wholly owned subsidiary of Mizuho Trust & Banking Co., Ltd., the sponsor, and holds all issued shares of the Asset Management Company and Mizuho Real Estate Management Co., Ltd. (hereinafter referred to as “MREM”). Three companies, namely MONE, the Asset Management Company and MREM, together comprise the MONE Group. MREM is the management company of MONE Group’s private real estate fund.

(Note 2) “Middle-sized Office Building” is a category of office building with a total floor area within the range of 3,300 m<sup>2</sup> (approximately 1,000 tsubos) and 33,000 m<sup>2</sup> (approximately 10,000 tsubos).

#### (B) Investment Environment and Management Performance

During the fiscal period under review, the Japanese economy maintained a gradual economic recovery trend due to continuing steady improvements in the employment and income environment while corporate earnings still remain at a high level.

In the office building leasing market, vacancy rates remained at a low level in central Tokyo as demand for increase in floor space, relocation for expansion, and upgrading was strong continuing from the previous fiscal period. The supply-demand balance in Osaka, Nagoya and other major regional cities was also tight, and a downward trend in vacancy rates and an upward trend in rent levels continued in those areas.

One REIT obtained preferential negotiation rights for the acquisition of MSB-21 Minami-Otsuka Building on August 29, 2019.

Furthermore, One REIT worked on negotiations for upward rent revisions in line with market trends while working to realize optimal costs in property management by taking into account tenant needs and characteristics of the respective properties. As such, One REIT endeavored to maintain and improve the occupancy rate of the portfolio and enhance leasing business revenues.

As a result, One REIT’s assets at the end of the fiscal period ended August 2019 was a portfolio of assets totaling 26 properties (total acquisition price: 102,229 million yen) with a total leasable area of 160,888.20 m<sup>2</sup>, and the occupancy rate at the end of the fiscal period ended August 2019 was 98.9%.

#### (C) Overview of Financing

During the fiscal period under review, One REIT made prepayment of existing borrowings of 300 million yen on June 28, 2019, using the refund of consumption tax related to the assets acquired in the fiscal period ended February 2019 (11th fiscal period) and cash on hand. In addition, One REIT issued its first investment corporation bonds (total issue amount: 3,500 million yen) on August 5, 2019, to diversify repayment dates of interest-bearing liabilities, extend the average borrowing period and diversify means of fund procurement. One REIT carried out prepayment of existing borrowings of 2,700 million yen on August 30, 2019, using the funds procured through issuance of the said bonds.

As a result, as of August 31, 2019, the balance of interest-bearing liabilities was 51,698 million yen and the ratio of interest-bearing liabilities to total assets (LTV) was 46.3%.

#### (D) Overview of Business Performance and Distributions

As a result of the management described above, business performance in the fiscal period ended August 31, 2019 was operating revenue of 4,046 million yen, operating profit of 1,956 million yen, recurring profit of 1,696 million yen and net income of 1,696 million yen.

One REIT decided to distribute the amount obtained after deducting in and before the previous fiscal period internal reserves from unappropriated retained earnings in a manner to be eligible for application of the special provisions for taxation on investment corporations (Article 67-15 of the Act on Special Measures Concerning Taxation), within the amount which minimized the burden from occurrence of corporate tax and other taxes on unitholders; and declared distribution per investment unit of 7,062 yen.

## ② Outlook for the Next Fiscal Period

### (A) Future Investment Environment

In the Japanese economy going forward, although the impact of trade issues on the global economy requires careful attention, domestic demand seems to remain strong under the ongoing favorable employment and income situations, and thus the moderate economic recovery trend is forecasted to continue for the time being.

In the office building leasing market, office demand remains strong supported by favorable corporate performance, and the tight supply-demand balance of offices is expected to continue while a gradual rise in rent is forecasted for the time being. Going forward, it is believed that careful attention should be paid to the shift in office demand based on the trend of corporate earnings and sustainability in the increase trend for rent levels. In the office building transaction market, transaction prices are expected to remain high, backed by a favorable environment for procuring funds, and thus it will be important to firmly maintain a stance of selective investment.

### (B) Future Management Policy and Challenges to Address

One REIT strives to grow while obtaining various support in terms of property acquisition, management and financial aspects from our sponsor, Mizuho Trust & Banking Co., Ltd., which has an abundant track record in the Japanese real estate market, and aims to maximize unitholder value. One REIT will seek to maintain and increase the value of assets under management through operation and management aimed at maximizing competitiveness (internal growth) as well as improve the portfolio quality by continuing to conduct selective investment (external growth) to achieve stable growth over the medium to long term.

In order to achieve the growth strategy in both aspects of external growth and internal growth as described above, it is the policy of One REIT to take full advantage of support from Mizuho Trust & Banking Co., Ltd., the sponsor, in addition to utilizing investment expertise and business as well as other resources of the Asset Management Company, MONE and MREM.

#### (a) External Growth

Based on the policy to build a portfolio with middle-sized office buildings as the core investment target while also incorporating other office buildings and urban retail facilities for the sake of diversified investment, One REIT will aim to expand asset size, while maintaining and enhancing the portfolio quality by conducting investment having assessed the location, building specifications, tenant attributes, etc. of individual properties.

With the Tokyo metropolitan area, which has a relatively large market size and holds abundant acquisition opportunity, as the primary investment target region and also targeting ordinance-designated cities and core regional cities equivalent to ordinance-designated cities (Note) (hereinafter collectively referred to as “ordinance-designated cities, etc.”) which offer the prospect of a degree of rental demand, One REIT will seek to build a portfolio that diversifies investment to regional areas as well. By formulating main investment target areas and degree of importance for each region in the Tokyo metropolitan area and in ordinance-designated cities, etc., investment areas are carefully selected and, furthermore, suitability of location is scrutinized in each investment area in terms of convenience of transportation, ability to attract tenants, etc.

(Note) “Core regional cities” refers to non-ordinance-designated cities that are locations to prefectural governments and located outside the Tokyo metropolitan area or their equivalent.

#### (b) Internal Growth

One REIT will seek to maintain and increase occupancy rates and increase lease business revenue by taking the following initiatives.

- ◆ Strengthening collaboration with property management companies and brokers
- ◆ Building and strengthening tenant relations
- ◆ Negotiating for upward rent revisions to meet the market trends
- ◆ Maintaining and enhancing property value through utilization of strategic CAPEX (capital expenditure) (Note)
- ◆ Reducing operation/management costs by reviewing current contracts
- ◆ Strengthening ESG (environment, society and governance) initiatives for which there is strong demand from society

(Note) “Strategic CAPEX (capital expenditure)” refers to implementing capital expenditures for renovation work, introduction of individual air-conditioning systems, improvement of building visibility through renovating entrance areas and other work for maintaining and enhancing property value based on long-term perspectives, in a timely and appropriate manner while taking priority level and other factors into consideration.

## ③ Subsequent Material Events

### Asset transfer and acquisition

To improve portfolio quality, One REIT concluded a purchase and sale agreement concerning the transfer of two properties (CP10 Building and MY Atsugi Building) and the acquisition of Nishi-Gotanda 102 Building on October 15, 2019.

#### (A) Asset transfer

One REIT concluded a purchase and sale agreement concerning the transfer of real estate trust beneficiary rights in two properties (planned total transfer price: 4,760 million yen) on October 15, 2019, as follows. With the transfer, gain on sale of real estate, etc. of around 139 million yen and 142 million yen is expected to be recorded for the 13th fiscal period (ending February 2020) and the 14th fiscal period (ending August 2020), respectively.

## CP10 Building

Location	Taito-ku, Tokyo
Type of asset	Trust beneficiary rights
Planned transfer price (Note 1)	3,400 million yen
Buyer	Not disclosed (Note 2)
Conclusion date of purchase and sale agreement	October 15, 2019
Planned transfer date	October 17, 2019

## MY Atsugi Building

Location	Atsugi-shi, Kanagawa
Type of asset	Trust beneficiary rights
Planned transfer price (Note 1)	1,360 million yen
Buyer	Not disclosed (Note 2)
Conclusion date of purchase and sale agreement	October 15, 2019
Planned transfer date	March 3, 2020 (Note 3)

- (Note 1) “Planned transfer price” indicates the trading value of the said asset (excluding transfer costs, adjusted amount of fixed asset tax and city planning tax and amount equivalent to consumption tax, etc.) stated in the purchase and sale agreement of real estate trust beneficiary rights related to the said asset.
- (Note 2) The buyer is a domestic *godo kaisha* but is otherwise undisclosed as no consent has been obtained from the buyer for disclosure of its name, etc. The buyer falls under the category of neither “interested persons, etc.” defined in the Investment Trust Act nor “interested party” defined in the internal regulations concerning trading with an interested party of the Asset Management Company.
- (Note 3) Since the planned transfer date for the transfer of MY Atsugi Building is scheduled to be March 3, 2020, one month or more after the date of execution of the purchase and sale agreement, the transfer falls under the category of forward commitment, etc. by an investment corporation specified in “Comprehensive Supervisorial Guidelines for Financial Instruments Business Operators” provided by the Financial Services Agency. With regard to the transfer, if the agreement is terminated due to reasons attributable to One REIT or the buyer, the other party may demand payment in the amount equivalent to 10% of the trading value (excluding amount equivalent to consumption tax) of the beneficiary interest for which the agreement was terminated as a penalty charge. That said, however, since One REIT is the seller and thus faces no risk in fund procurement, etc., the execution of the purchase and sale agreement is unlikely to harm One REIT financially nor have a material impact on its financial base and such.

## (B) Asset Acquisition

One REIT concluded a purchase and sale agreement concerning the acquisition of real estate trust beneficiary rights in one property (planned acquisition price: 4,500 million yen) on October 15, 2019 as follows.

## Nishi-Gotanda 102 Building

Location	Shinagawa-ku, Tokyo
Type of asset	Trust beneficiary rights
Planned acquisition price (Note 1)	4,500 million yen
Seller	Not disclosed (Note 2)
Conclusion date of purchase and sale agreement	October 15, 2019
Planned acquisition date	October 31, 2019

(Note 1) “Planned acquisition price” indicates the trading value of the said asset (excluding amount equivalent to consumption tax, etc.) stated in the purchase and sale agreement of real estate trust beneficiary rights related to the said asset.

(Note 2) The seller is a domestic *godo kaisha* but is otherwise undisclosed as no consent has been obtained from the seller for disclosure of its name, etc. The seller falls under the category of neither “interested persons, etc.” defined in the Investment Trust Act nor “interested party” defined in the internal regulations concerning trading with an interested party of the Asset Management Company.

## (Reference Information)

## Borrowing of Funds

In order to allocate funds to part of repayment of existing borrowings (balance of borrowings: 14,074 million yen) due for repayment on September 9, 2019 (Note 1), and various related costs, One REIT borrowed funds on September 9, 2019 as follows. The total borrowed amount is 13,200 million yen, and the remaining amount of 874 million yen was repaid using part of proceeds from the issuance of investment corporation bonds conducted on August 5, 2019 and cash on hand.

Lenders	Borrowing amount (million yen)	Interest rate	Repayment date	Repayment method	Collateral
Syndicate of lenders arranged by Mizuho Trust & Banking Co., Ltd. and Mizuho Bank, Ltd.	4,000	Floating Rate: base interest rate (JBA one-month Japanese yen TIBOR) +0.450% (Note 2)	September 7, 2024	Bullet repayment Unsecured	Unsecured Unguaranteed
Syndicate of lenders arranged by Mizuho Trust & Banking Co., Ltd. and Mizuho Bank, Ltd.	9,200	Floating Rate: base interest rate (JBA one-month Japanese yen TIBOR) +0.650% (Note 3)	September 7, 2026	Bullet repayment Unsecured	Unsecured Unguaranteed

(Note 1) The repayment date of the individual loan agreement was September 7, 2019, but since this date fell on a bank holiday, the actual repayment date was September 9, 2019, the next business day.

(Note 2) Interest rate is effectively fixed at 0.51000% through the interest rate swap.

(Note 3) Interest rate is effectively fixed at 0.75000% through the interest rate swap.

(Reference: Details of existing borrowings repaid)

Lenders	Borrowing amount (million yen)	Interest rate	Drawdown date	Repayment method	Collateral
Mizuho Trust & Banking Co., Ltd. Mizuho Bank, Ltd. Sumitomo Mitsui Banking Corporation Shinsei Bank, Limited Resona Bank, Ltd. The Mie Bank, Ltd. The Bank of Fukuoka, Ltd.	5,925	Fixed interest rate: 0.58096%	September 7, 2016	Bullet repayment Unsecured	Unsecured Unguaranteed
Mizuho Trust & Banking Co., Ltd. Mizuho Bank, Ltd. Shinsei Bank, Limited Resona Bank, Ltd.	8,149	Fixed interest rate: 0.58096%	September 7, 2016	Bullet repayment Unsecured	Unsecured Unguaranteed



Assumptions for the Forecast of Management Status for the Fiscal Periods Ending February 2020 and August 2020

Item	Assumptions
Calculation period	<ul style="list-style-type: none"> <li>➤ Fiscal period ending February 2020 (13th fiscal period) (September 1, 2019 to February 29, 2020) (182 days)</li> <li>➤ Fiscal period ending August 2020 (14th fiscal period) (March 1, 2020 to August 31, 2020) (184 days)</li> </ul>
Assets under management	<ul style="list-style-type: none"> <li>➤ The real estate and real estate trust beneficiary rights held as of August 31, 2019, total 26 properties. Among those, One REIT has decided to transfer CP10 Building on October 17, 2019, and MY Atsugi Building on March 3, 2020. In addition, it has decided to acquire Nishi-Gotanda 102 Building (hereafter referred to as the “Asset to be Acquired”) on October 31, 2019. Except for the above properties, it is assumed that no changes in assets under management (acquisition of new properties, disposition of portfolio properties, etc.) will take place through to the end of the fiscal period ending August 2020.</li> <li>➤ Changes in assets under management may occur from acquisition of new properties, disposition of portfolio properties, etc.</li> </ul>
Operating revenue	<ul style="list-style-type: none"> <li>➤ Operating revenue of the above “assets under management” is used as an assumption. The calculation of property-related operating revenue assumes that there will be no late or delinquent payments of rent by tenants, given the lease agreements effective as of today, tenant trends, market trends, etc.</li> <li>➤ Occupancy rate of portfolio (average during the period) based on the above “Assets under management” is assumed to be 98.7% in the fiscal period ending February 2020 and 98.4% in the fiscal period ending August 2020.</li> <li>➤ One REIT has decided to transfer CP10 Building on October 17, 2019, and My Atsugi Building on March 3, 2020, and expects to record 139 million yen and 142 million yen of gain on sale of real estate, etc. in the fiscal period ending February 2020 and the fiscal period ending August 2020, respectively.</li> </ul>
Operating expenses	<ul style="list-style-type: none"> <li>➤ Property-related expenses, which are the main component of operating expenses, are estimated to be 1,757 million yen in the fiscal period ending February 2020 and 1,722 million yen in the fiscal period ending August 2020. Regarding expenses other than depreciation, those for acquired assets are calculated based on actual results, etc. and those for the Asset to be Acquired are calculated based on actual results provided by the current owner, etc., reflecting factors causing fluctuations in expenses. <ol style="list-style-type: none"> <li>1) Property management fees are estimated to be 395 million yen in the fiscal period ending February 2020 and 374 million yen in the fiscal period ending August 2020.</li> <li>2) Depreciation is calculated using the straight-line method, including ancillary costs, etc. Depreciation is estimated to be 505 million yen in the fiscal period ending February 2020 and 507 million yen in the fiscal period ending August 2020.</li> <li>3) Fixed asset tax, city planning tax, etc. are estimated to be 312 million yen in the fiscal period ending February 2020 and 315 million yen in the fiscal period ending August 2020. While fixed asset tax and city planning tax, etc. are calculated on a pro rata basis and reimbursed at the time of acquisition upon transactions of real estate, etc. with the current owner in general, the amount equivalent to the reimbursement is included in the cost of acquisition and thus not expensed in the period of acquisition at One REIT. Accordingly, fixed asset tax and city planning tax, etc. related to the Asset to be Acquired will be expensed from the fiscal period ending August 2020 onwards. With regard to the Asset to be Acquired, the total amount of fixed asset tax and city planning tax, etc. that will be included in the acquisition costs of the Asset to be Acquired is estimated to be 3 million yen.</li> <li>4) Repair expenses are estimated to be 120 million yen in the fiscal period ending February 2020 and 84 million yen in the fiscal period ending August 2020, based on the repair plan formulated by the Asset Management Company for each property. However, repair expenses may greatly differ from the forecast amount because increased or additional repair expenses may arise due to unforeseeable factors.</li> </ol> </li> <li>➤ Operating expenses other than property-related expenses (asset management fee, asset custody fee, administrative service fees, etc.) are estimated to be 355 million</li> </ul>

Item	Assumptions
	yen in the fiscal period ending February 2020 and 334 million yen in the fiscal period ending August 2020. Among the above, asset management fees of 253 million yen for the fiscal period ending February 2020 and 251 million yen for the fiscal period ending August 2020 are expected. (Based on the resolution passed at the general meeting of unitholders of One REIT held on May 24, 2019, the management fee scheme will be changed from the fiscal period ending February 2020.)
Non-operating expenses	<ul style="list-style-type: none"> <li>➤ Interest expenses, interest expenses on investment corporation bonds and borrowing-related expenses are expected to be 250 million yen for the fiscal period ending February 2020 and 249 million yen for the fiscal period ending August 2020.</li> <li>➤ Amortization of investment unit issuance expenses is expected to be 5 million yen for each the fiscal period ending February 2020 and the fiscal period ending August 2020.</li> <li>➤ Amortization of investment corporation bond issuance costs is expected to be 2 million yen for each the fiscal period ending February 2020 and the fiscal period ending August 2020.</li> </ul>
Interest-bearing liabilities	<ul style="list-style-type: none"> <li>➤ The balance of interest-bearing liabilities as of August 31, 2019, is 51,698 million yen.</li> <li>➤ One REIT borrowed loans of 13,200 million yen on September 9, 2019, to repay existing borrowings of 14,074 million yen due for repayment on September 9, 2019. The remaining amount of 874 million yen was repaid using part of proceeds from the issuance of investment corporation bonds conducted on August 5, 2019, together with cash on hand. As a result, the balance of interest-bearing liabilities stands at 50,824 million yen as of today.</li> <li>➤ In addition to the above, it is assumed that there will be no change in the balance of interest-bearing liabilities (new borrowings, repayment of borrowings, etc.) until the end of the fiscal period ending August 2020.</li> </ul>
Investment units	<ul style="list-style-type: none"> <li>➤ The 239,908 units that are the investment units issued and outstanding as of today is assumed.</li> <li>➤ It is assumed that there will be no change in the number of investment units due to issuance of new investment units, etc. until the end of the fiscal period ending August 2020.</li> </ul>
Distribution per unit (excluding distribution in excess of earnings)	<ul style="list-style-type: none"> <li>➤ Distribution per unit (excluding distribution in excess of earnings) is calculated by assuming the cash distribution policy stipulated in the Articles of Incorporation of One REIT.</li> <li>➤ Distribution per unit is subject to change due to a variety of factors, including fluctuations in rent revenue caused by change in assets under management, relocation of tenants, etc. or occurrence of unforeseen repairs.</li> </ul>
Distribution per unit in excess of earnings	<ul style="list-style-type: none"> <li>➤ There are no plans at this point in time to distribute cash in excess of earnings.</li> <li>➤ However, cash distribution in excess of earnings may be made for the purpose of reducing occurrence of corporate tax and other taxes derived from discrepancy between tax and accounting treatment.</li> </ul>
Other	<ul style="list-style-type: none"> <li>➤ It is assumed that there will be no revision of laws and regulations, tax systems, accounting standards, listing rules, rules of The Investment Trusts Association, Japan, etc. that will impact the forecast figures above.</li> <li>➤ It is assumed that there will be no serious unforeseen change in general economic trends, real estate market conditions, etc.</li> </ul>

## (2) Investment Risks

Disclosure is omitted because there is no significant change from "Investment Risks" in the securities report (submitted on May 30, 2019).

## 2. Financial Statements

## (1) Balance Sheet

(Unit: thousand yen)

	11th fiscal period (As of Feb. 28, 2019)	12th fiscal period (As of Aug. 31, 2019)
<b>Assets</b>		
Current assets		
Cash and deposits	3,060,248	4,203,194
Cash and deposits in trust	5,833,522	5,994,282
Operating accounts receivable	73,816	90,016
Prepaid expenses	179,207	143,322
Income taxes receivable	5	6
Consumption taxes receivable	283,140	—
Other	1,030	259
Total current assets	9,430,973	10,431,081
Non-current assets		
Property, plant and equipment		
Buildings	3,613,163	3,615,325
Accumulated depreciation	(690,229)	(754,220)
Buildings, net	2,922,934	2,861,105
Structures	9,644	9,644
Accumulated depreciation	(3,392)	(3,710)
Structures, net	6,252	5,934
Machinery and equipment	62,025	62,025
Accumulated depreciation	(62,025)	(62,025)
Machinery and equipment, net	0	0
Tools, furniture and fixtures	2,066	2,066
Accumulated depreciation	(212)	(388)
Tools, furniture and fixtures, net	1,854	1,678
Land	3,770,347	3,770,347
Buildings in trust	28,715,154	28,993,018
Accumulated depreciation	(3,076,657)	(3,494,342)
Buildings in trust, net	25,638,497	25,498,675
Structures in trust	12,741	16,795
Accumulated depreciation	(2,774)	(3,283)
Structures in trust, net	9,967	13,511
Machinery and equipment in trust	141,569	177,144
Accumulated depreciation	(38,506)	(46,806)
Machinery and equipment in trust, net	103,062	130,337
Tools, furniture and fixtures in trust	62,904	68,575
Accumulated depreciation	(25,201)	(30,013)
Tools, furniture and fixtures in trust, net	37,703	38,562
Land in trust	65,388,250	65,388,250
Construction in progress in trust	190	—
Total property, plant and equipment	97,879,059	97,708,403
Intangible assets		
Leasehold rights in trust	3,278,336	3,278,336
Other	2,070	1,956
Total intangible assets	3,280,406	3,280,293
Investments and other assets		
Lease and guarantee deposits	10,960	10,960
Long-term prepaid expenses	210,982	151,950
Total investments and other assets	221,942	162,910
Total non-current assets	101,381,409	101,151,607

	(Unit: thousand yen)	
	11th fiscal period (As of Feb. 28, 2019)	12th fiscal period (As of Aug. 31, 2019)
Deferred assets		
Investment unit issuance expenses	35,005	22,498
Investment corporation bond issuance costs	—	28,060
Total deferred assets	35,005	50,559
Total assets	110,847,388	111,633,249
Liabilities		
Current liabilities		
Operating accounts payable	165,341	233,533
Short-term loans payable	3,000,000	—
Current portion of long-term loans payable	14,074,000	14,074,000
Accounts payable - other	389,628	361,476
Accrued expenses	827	3,266
Income taxes payable	605	605
Consumption taxes payable	33,771	195,386
Advances received	645,011	653,763
Other	1,319	893
Total current liabilities	18,310,505	15,522,924
Non-current liabilities		
Investment corporation bonds	—	3,500,000
Long-term loans payable	34,124,000	34,124,000
Tenant lease and security deposits	312,104	283,148
Tenant lease and security deposits in trust	5,076,779	5,162,220
Total non-current liabilities	39,512,883	43,069,368
Total liabilities	57,823,389	58,592,293
Net assets		
Unitholders' equity		
Unitholders' capital	51,154,926	51,154,926
Surplus		
Unappropriated retained earnings (undisposed loss)	1,869,072	1,886,029
Total surplus	1,869,072	1,886,029
Total unitholders' equity	53,023,999	53,040,955
Total net assets	*1 53,023,999	*1 53,040,955
Total liabilities and net assets	110,847,388	111,633,249

## (2) Statement of Income

(Unit: thousand yen)

	11th fiscal period (From: Sep. 1, 2018 To: Feb. 28, 2019)	12th fiscal period (From: Mar. 1, 2019 To: Aug. 31, 2019)
Operating revenue		
Lease business revenue	*1 3,526,098	*1 3,663,220
Other lease business revenue	*1 343,901	*1 383,096
Total operating revenue	3,870,000	4,046,316
Operating expenses		
Expenses related to rent business	*1 1,663,023	*1 1,758,937
Asset management fee	196,073	249,406
Asset custody fee	3,637	4,441
Administrative service fees	16,055	19,280
Directors' compensations	3,876	3,876
Other operating expenses	46,267	53,580
Total operating expenses	1,928,932	2,089,522
Operating profit	1,941,068	1,956,794
Non-operating income		
Interest income	39	45
Insurance income	702	4,649
Reversal of distribution payable	1,017	547
Interest on refund	1,310	1,044
Total non-operating income	3,069	6,287
Non-operating expenses		
Interest expenses	146,975	152,227
Interest expenses on investment corporation bonds	—	1,656
Borrowing related expenses	98,423	98,592
Amortization of investment unit issuance expenses	12,506	12,506
Amortization of investment corporation bond issuance expenses	—	337
Other	6,303	1,083
Total non-operating expenses	264,210	266,404
Recurring profit	1,679,927	1,696,677
Net income before income taxes	1,679,927	1,696,677
Income taxes – current	605	605
Income taxes – deferred	190	—
Total income taxes	795	605
Net income	1,679,131	1,696,072
Profit brought forward	189,941	189,956
Unappropriated retained earnings (undisposed loss)	1,869,072	1,886,029

## (3) Statement of Unitholders' Equity

11th fiscal period (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 at beginning of current period	40,022,953	1,506,508	1,506,508	41,529,462	41,529,462
Changes of items during period					
Issuance of new investment units	11,131,973			11,131,973	11,131,973
Distribution of surplus		(1,316,567)	(1,316,567)	(1,316,567)	(1,316,567)
Net income		1,679,131	1,679,131	1,679,131	1,679,131
Total changes of items during period	11,131,973	362,563	362,563	11,494,537	11,494,537
Balance at end of current period	51,154,926	1,869,072	1,869,072	53,023,999	53,023,999

12th fiscal period (March 1, 2019 to August 31, 2019)

(Unit: thousand yen)

	Unitholders' equity				Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	
		Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at beginning of current period	51,154,926	1,869,072	1,869,072	53,023,999	53,023,999
Changes of items during period					
Distribution of surplus		(1,679,116)	(1,679,116)	(1,679,116)	(1,679,116)
Net income		1,696,072	1,696,072	1,696,072	1,696,072
Total changes of items during period	—	16,956	16,956	16,956	16,956
Balance at end of current period	51,154,926	1,886,029	1,886,029	53,040,955	53,040,955

## (4) Statement of Cash Distributions

(Unit: yen)

	11th fiscal period From: Sep. 1, 2018 To: Feb. 28, 2019	12th fiscal period From: Mar. 1, 2019 To: Aug. 31, 2019
	Amount	Amount
I. Unappropriated retained earnings	1,869,072,787	1,886,029,346
II. Amount of distributions	1,679,116,092	1,694,230,296
[Amount of distributions per investment unit]	[6,999]	[7,062]
III. Retained earnings carried forward	189,956,695	191,799,050

Method of calculating the amount of distributions	<p>Pursuant to the distribution policy provided in Article 35, Paragraph 1, Item 2 of the Articles of Incorporation of One REIT, the amount of distributions shall be in excess of an amount equivalent to 90% of the amount of earnings available for distribution of One REIT provided in Article 67-15, Paragraph 1 of the Act on Special Measures Concerning Taxation, but no more than the amount of earnings.</p> <p>Based on such policy, One REIT decided to pay out distributions of earnings of 1,679,116,092 yen, which is the largest integral multiple of the total number of investment units issued and outstanding (239,908 units), after reserving 189,941,201 yen internally reserved in or before the previous fiscal period with the incurrence of gain on sale of real estate, etc. One REIT will not engage in the distribution of cash in excess of earnings provided in Article 35, Paragraph 2 of the Articles of Incorporation of One REIT.</p>	<p>Pursuant to the distribution policy provided in Article 35, Paragraph 1, Item 2 of the Articles of Incorporation of One REIT, the amount of distributions shall be in excess of an amount equivalent to 90% of the amount of earnings available for distribution of One REIT provided in Article 67-15, Paragraph 1 of the Act on Special Measures Concerning Taxation, but no more than the amount of earnings.</p> <p>Based on such policy, One REIT decided to pay out distributions of earnings of 1,694,230,296 yen, which is the integral multiple of the total number of investment units issued and outstanding (239,908 units), after reserving the amount internally reserved in or before the previous fiscal period with the incurrence of gain on sale of real estate, etc., within the amount which minimizes the burden from occurrence of corporate tax and other taxes on unitholders. One REIT will not engage in the distribution of cash in excess of earnings provided in Article 35, Paragraph 2 of the Articles of Incorporation of One REIT.</p>
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## (5) Statement of Cash Flows

(Unit: thousand yen)

	11th fiscal period (From: Sep. 1, 2018 To: Feb. 28, 2019)	12th fiscal period (From: Mar. 1, 2019 To: Aug. 31, 2019)
<b>Cash flows from operating activities</b>		
Net income before income taxes	1,679,927	1,696,677
Depreciation	487,579	495,426
Amortization of investment unit issuance expenses	12,506	12,506
Amortization of investment corporation bond issuance costs	—	337
Interest income	(39)	(45)
Reversal of distribution payable	(1,017)	(547)
Interest expenses	146,975	153,883
Decrease (increase) in operating accounts receivable	10,156	(16,199)
Decrease (increase) in consumption taxes refund receivable	116,868	283,140
Decrease (increase) in prepaid expenses	(15,039)	35,885
Increase (decrease) in operating accounts payable	(72,449)	68,191
Increase (decrease) in accounts payable - other	(7,914)	48,078
Increase (decrease) in consumption tax payable	(86,756)	161,614
Increase (decrease) in advances received	118,404	8,751
Decrease (increase) in long-term prepaid expenses	(40,282)	59,031
Other, net	7,354	(2,195)
Subtotal	2,356,275	3,004,538
Interest income received	39	45
Interest expenses paid	(146,811)	(151,445)
Income taxes paid	(46,157)	(605)
Net cash provided by (used in) operating activities	2,163,345	2,852,533
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(4,442)	(2,812)
Purchase of property, plant and equipment in trust	(22,353,367)	(395,981)
Repayments of tenant lease and security deposits	(1,144)	(29,171)
Proceeds from tenant lease and security deposits	49,393	215
Repayments of tenant lease and security deposits in trust	(95,603)	(95,567)
Proceeds from tenant lease and security deposits in trust	1,288,772	181,008
Net cash provided by (used in) investing activities	(21,116,391)	(342,308)
<b>Cash flows from financing activities</b>		
Proceeds from short-term loans payable	3,000,000	—
Repayments of short-term borrowings	—	(3,000,000)
Proceeds from long-term loans payable	8,000,000	—
Proceeds from issuance of investment corporation bonds	—	3,471,601
Proceeds from issuance of investment units	11,098,224	—
Payment of distribution	(1,318,144)	(1,678,120)
Net cash provided by (used in) financing activities	20,780,079	(1,206,519)
Net increase (decrease) in cash and cash equivalents	1,827,033	1,303,704
Cash and cash equivalents at beginning of period	7,066,737	8,893,771
Cash and cash equivalents at end of period	*1 8,893,771	*1 10,197,476



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

## (7) Notes on Matters Concerning Significant Accounting Policies

1. Method of depreciation of non-current assets	<p>① Property, plant and equipment (including trust assets) The straight-line method is adopted. The useful life of core property, plant and equipment is as follows: Buildings 5~59 years Structures 4~40 years Machinery and equipment 5~10 years Tools, furniture and fixtures 4~20 years</p> <p>② Intangible assets The straight-line method is adopted.</p> <p>③ Long-term prepaid expenses The straight-line method is adopted.</p>
2. Accounting for deferred assets	<p>① Investment unit issuance expenses Amortized using the straight-line method over 3 years.</p> <p>② Investment corporation bond issuance expenses Amortized using the straight-line method through to the redemption date.</p>
3. Standards for recognition of revenue and expenses	<p>Accounting for fixed asset tax, etc. Of the tax amount assessed and determined for fixed asset tax, city planning tax, depreciable asset tax, etc. on real estate, etc. held, the method adopted is that the amount corresponding to the relevant calculation period is expensed as expenses related to rent business.</p> <p>The amount equivalent to fixed asset tax, etc. in the fiscal year including the acquisition date when money was paid to the seller as reimbursement upon acquisition of real estate, etc. is included in the cost of acquisition of the relevant real estate, etc. and not recognized as expenses. The amount equivalent to fixed asset tax, etc. included in the cost of acquisition of real estate, etc. in the previous fiscal period was 32,205 thousand yen. No amount equivalent to fixed asset tax, etc. is included in the cost of acquisition of real estate, etc. in the fiscal period under review.</p>
4. Method of Hedge Accounting	<p>① Method of Hedge Accounting Special treatment is applied to interest rate swap transactions since they satisfy the requirements for special treatment.</p> <p>② Hedging instruments and hedge items Hedging instruments: Interest rate swaps Hedged items: Interest on borrowings</p> <p>③ Hedging policy One REIT conducts derivative transactions for hedging risks provided for in the Articles of Incorporation pursuant to the financing policy stipulated in the Asset Management Guideline.</p> <p>④ Method of assessing hedge effectiveness Since interest rate swap transactions satisfy the requirements for special treatment, assessment of hedge effectiveness is omitted.</p>
5. Scope of funds in the statement of cash flows	<p>The funds (cash and cash equivalents) in the statement of cash flows consist of cash on hand and cash in trust; deposits that can be withdrawn at any time and deposits in trust; and short-term investments with a maturity of 3 months or less from the date of acquisition, which are readily convertible to cash and bear only an insignificant risk of price fluctuation.</p>
6. Other significant matters serving as the basis for preparing financial statements	<p>① Accounting for trust beneficiary rights in real estate, etc. Concerning trust beneficiary rights in real estate, etc. held, all accounts of assets and liabilities within trust assets as well as all accounts of revenue and expenses from the trust assets are recognized in the relevant account item of the balance sheet and statement of income.</p> <p>The following material items of the trust assets recognized in the relevant account item are separately listed on the balance sheet.</p> <p>(1) Cash and deposits in trust (2) Buildings in trust; structures in trust; machinery and equipment in trust; tools, furniture and fixtures in trust and land in trust; construction in progress in trust (3) Leasehold rights in trust (4) Tenant leasehold and security deposits in trust</p> <p>② Accounting for consumption tax, etc. Concerning accounting for consumption tax and local consumption tax, these taxes are excluded. Non-deductible consumption tax in the acquisition of assets is included in the cost of acquisition of the respective asset.</p>

(Accounting standards yet to be applied, etc.)

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

(1) Overview

The International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) in the United States jointly developed comprehensive accounting standards concerning revenue recognition and announced the “Revenue from Contracts with Customers” (IFRS 15 in the IASB and Topic 606 in the FASB) in May 2014. Given that IFRS 15 will be applied from a fiscal year starting on and after January 1, 2018 and that Topic 606 will be applied from a fiscal year starting after December 15, 2017, the Accounting Standards Board of Japan (ASBJ) has developed comprehensive accounting standards for revenue recognition and announced them together with the Implementation Guidance.

The basic policy of the ASBJ in developing accounting standards for revenue recognition is to set accounting standards, with the incorporation of the basic principles of IFRS 15 as a starting point, from a standpoint of comparability between financial statements, which is one of the benefits of ensuring consistency with IFRS 15, and to add alternative treatments within the scope that will not harm comparability if there is an item that one should take into account in practices, etc. that have been conducted in Japan.

(2) Planned date of application

To be applied from the beginning of the fiscal period ending February 2022.

(3) Impact of the application of the accounting standards, etc.

The amount of the impact on financial statements from applying “Accounting Standard for Revenue Recognition,” etc. is currently under review.

## (8) Notes to the Financial Statements

## [Notes to the Balance Sheet]

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

(Unit: thousand yen)

	11th fiscal period (As of Feb. 28, 2019)	12th fiscal period (As of Aug. 31, 2019)
	50,000	50,000

## [Notes to the Statement of Income]

## \*1. Breakdown of property-related operating income (loss)

(Unit: thousand yen)

	11th fiscal period ( From: Sep. 1, 2018 To: Feb. 28, 2019 )	12th fiscal period ( From: Mar. 1, 2019 To: Aug. 31, 2019 )
A. Property-related operating revenue		
Lease business revenue		
Rent revenue	2,696,448	2,838,205
Common area charges revenue	634,101	628,808
Parking revenue	172,777	170,622
Other rent revenue	22,770	25,583
Total	3,526,098	3,663,220
Other lease business revenue		
Utilities revenue	326,928	354,241
Other revenue	16,973	28,854
Total	343,901	383,096
Total property-related operating revenue	3,870,000	4,046,316
B. Property-related operating expenses		
Expenses related to rent business		
Property management fees	399,230	388,085
Utilities expenses	381,372	391,856
Taxes and public dues	252,734	316,720
Insurance premiums	5,737	5,991
Repair expenses	81,895	112,362
Trust fees	12,649	12,800
Depreciation	487,263	495,313
Other sundry expenses	42,139	35,807
Total property-related operating expenses	1,663,023	1,758,937
C. Property-related operating income (loss) [A - B]	2,206,977	2,287,379

## [Notes to the Statement of Unitholders' Equity]

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

	11th fiscal period ( From: Sep. 1, 2018 To: Feb. 28, 2019 )	12th fiscal period ( From: Mar. 1, 2019 To: Aug. 31, 2019 )
Total number of investment units authorized	4,000,000 units	4,000,000 units
Total number of investment units issued and outstanding	239,908 units	239,908 units

## [Notes to the Statement of Cash Flows]

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

(Unit: thousand yen)

	11th fiscal period ( From: Sep. 1, 2018 To: Feb. 28, 2019 )	12th fiscal period ( From: Mar. 1, 2019 To: Aug. 31, 2019 )
Cash and deposits	3,060,248	4,203,194
Cash and deposits in trust	5,833,522	5,994,282
Cash and cash equivalents	8,893,771	10,197,476

[Notes on Financial Instruments]

1. Matters concerning status of financial instruments

(1) Policy for handling financial instruments

One REIT procures funds through issuance of investment units, borrowings from financial institutions or issuance of investment corporation bonds, etc. upon acquisition of new assets under management, etc.

One REIT limits derivative transactions to those for investing funds for the purpose of hedging the risk of fluctuations in interest rates on borrowings, etc. and other risks.

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

The use of the funds from borrowings and issuance of investment corporation bonds are primarily as funds for acquisition of assets under management, repayment of debt, etc. Concerning the liquidity risk and interest rate fluctuation risk associated with such financing, One REIT manages and limits the concerned risks by diversifying the lending financial institutions, as well as considering and implementing effective use of surplus funds, procurement of funds from the capital market through issuance of investment units, etc. and other various procurement of funds.

In addition, borrowings with floating interest rates are exposed to the risk of the interest rate payable rising. One REIT manages the concerned risk by adjusting the ratio of borrowings with floating interest rates (ratio of the balance of borrowings with floating interest rates to the amount of borrowings in total) depending on the financial environment, etc., as well as making derivative transactions (interest-rate swap transactions, etc.) available as a hedging instrument for hedging the risk of floating interest rates rising and converting the interest expenses to fixed interest rates.

Deposits are those for investing One REIT's surplus funds and are exposed to the credit risk of, for example, failure of the financial institutions that are holding the deposits., but One REIT exercises prudence by limiting the deposit period to short term, taking security and liquidity into consideration and taking the market environment and status of cash flows fully into account.

Tenant leasehold and security deposits are deposits from tenants and are exposed to the risk of return of the deposits to tenants due to tenants moving out of properties. One REIT limits the concerned risk by setting aside an amount in the range that will not hinder the return of deposits.

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

The fair value of financial instruments, aside from values based on market price, includes values based on reasonable calculation when there is no market price. Certain assumptions, etc. are adopted in the calculation of the concerned values. Accordingly, there may be cases where the concerned values will vary when different assumptions, etc. are adopted.

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

The following are the carrying amount and fair value as of February 28, 2019 and the amount of difference between these. Please note that the following table does not include those for which discerning of fair value is recognized to be extremely difficult (please refer to (Note 2)).

(Unit: thousand yen)

	Carrying amount	Fair value	Amount of difference
(1) Cash and deposits	3,060,248	3,060,248	—
(2) Cash and deposits in trust	5,833,522	5,833,522	—
Assets total	8,893,771	8,893,771	—
(3) Short-term loans payable	3,000,000	3,000,000	—
(4) Current portion of long-term loans payable	14,074,000	14,092,557	18,557
(6) Long-term loans payable	34,124,000	34,113,090	(10,909)
Liabilities total	51,198,000	51,205,647	7,647
(7) Derivative transactions	—	—	—

The following are the carrying amount and fair value as of August 31, 2019, and the amount of difference between these. Please note that the following table does not include those for which discerning of fair value is recognized to be extremely difficult (please refer to (Note 2)).

(Unit: thousand yen)

	Carrying amount	Fair value	Amount of difference
(1) Cash and deposits	4,203,194	4,203,194	—
(2) Cash and deposits in trust	5,994,282	5,994,282	—
Assets total	10,197,476	10,197,476	—
(4) Current portion of long-term loans payable	14,074,000	14,075,156	1,156
(5) Investment corporation bonds	3,500,000	3,511,250	11,250
(6) Long-term loans payable	34,124,000	34,049,260	(74,739)
Liabilities total	51,698,000	51,635,667	(62,332)
(7) Derivative transactions	—	—	—

## (Note 1) Method of calculating the fair value of financial instruments

## (1) Cash and deposits; (2) Cash and deposits in trust; (3) Short-term loans payable

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

## (4) Current portion of long-term loans payable; (6) Long-term loans payable

As long-term loans payable with floating interest rates reflect market interest rates within a short period of time, the fair value is thought to be approximately the same as the book value and is thus stated at that book value. For long-term debt with floating interest rate to which special treatment for interest rate swaps is applied (please refer to “Notes on Derivative Transactions” below) and those with fixed interest rate, the fair value is calculated by discounting the sum of principal and interest at an interest rate assumed in a case where a similar loan is taken out corresponding to the remaining period.

## (5) Investment corporation bonds

Figures are calculated based on the Reference Statistical Prices [Yields] for OTC Bond Transactions prepared by Japan Securities Dealers Association.

## (7) Derivative transactions

Please refer to “Notes on Derivative Transactions” below.

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

Tenant lease and security deposits and tenant lease and security deposits in trust are not subject to valuation at fair value because discerning of the fair value is recognized to be extremely difficult as cash flows cannot be reasonably estimated due to there being no market price and difficulty of calculating the actual deposit period from when lessees move in to when they move out. The following is the carrying amount for each of investment securities, tenant lease and security deposits and tenant lease and security deposits in trust.

(Unit: thousand yen)

Account	11th fiscal period (As of Feb. 28, 2019)	12th fiscal period (As of Aug. 31, 2019)
Tenant lease and security deposits	312,104	283,148
Tenant lease and security deposits in trust	5,076,779	5,162,220
Total	5,388,883	5,445,368

(Note 3) Amount of redemption of monetary claims scheduled to be due after the date of settlement of accounts

11th fiscal period (As of February 28, 2019)

(Unit: thousand yen)	
	Due within 1 year
Cash and deposits	3,060,248
Cash and deposits in trust	5,833,522
Total	8,893,771

12th fiscal period (As of August 31, 2019)

(Unit: thousand yen)	
	Due within 1 year
Cash and deposits	4,203,194
Cash and deposits in trust	5,994,282
Total	10,197,476

(Note 4) Amount of repayment of long-term loans payable and other interest-bearing liabilities scheduled to be due after the date of settlement of accounts

11th fiscal period (As of February 28, 2019)

(Unit: thousand yen)						
	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
Short-term loans payable	3,000,000	—	—	—	—	—
Long-term loans payable	14,074,000	14,124,000	6,000,000	6,000,000	8,000,000	—
Total	17,074,000	14,124,000	6,000,000	6,000,000	8,000,000	—

12th fiscal period (As of August 31, 2019)

(Unit: thousand yen)						
	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
Investment corporation bonds	—	—	—	—	1,500,000	2,000,000
Long-term loans payable	14,074,000	14,124,000	6,000,000	6,000,000	8,000,000	—
Total	14,074,000	14,124,000	6,000,000	6,000,000	9,500,000	2,000,000

[Notes on Derivative Transactions]

1. Derivative transactions to which hedge accounting is not applied:

11th fiscal period (As of February 28, 2019)

Not applicable.

12th fiscal period (As of August 31, 2019)

Not applicable.

2. Derivative transactions to which hedge accounting is applied:

Contract amount or amount equivalent to principal specified in the contract on the settlement date of each hedge accounting method is as follows.

11th fiscal period (As of February 28, 2019)

(Unit: thousand yen)						
Hedge accounting method	Type of derivative transaction	Primary hedged item	Contract amount and other		Fair value	Fair value calculation method
				Due after one year		
Special treatment for interest rate swaps	Interest rate swap transactions Receive floating / Pay fix	Long-term loans payable	18,000,000	18,000,000	(Note)	—

(Note) Since those with special treatment of interest rate swaps are treated integrally with hedged long-term loans payable, the fair values of such are shown as included in the fair value in “(6) Long-term loans payable” described in “Notes on Financial Instruments, 2. Matters concerning fair value, etc. of financial instruments” above.

12th fiscal period (As of August 31, 2019)

(Unit: thousand yen)

Hedge accounting method	Type of derivative transaction	Primary hedged item	Contract amount and other		Fair value	Fair value calculation method
				Due after one year		
Special treatment for interest rate swaps	Interest rate swap transactions Receive floating / Pay fix	Long-term loans payable	18,000,000	18,000,000	(Note)	—

(Note) Since those with special treatment of interest rate swaps are treated integrally with hedged long-term loans payable, the fair values of such are shown as included in the fair value in “(6) Long-term loans payable” described in “Notes on Financial Instruments, 2. Matters concerning fair value, etc. of financial instruments” above.

## [Notes on Related-Party Transactions]

## 1. Parent company, major corporate unitholder, etc.

11th fiscal period (September 1, 2018 to February 28, 2019)

Not applicable.

12th fiscal period (March 1, 2019 to August 31, 2019)

Not applicable.

## 2. Associated company, etc.

11th fiscal period (September 1, 2018 to February 28, 2019)

Not applicable.

12th fiscal period (March 1, 2019 to August 31, 2019)

Not applicable.

## 3. Fellow subsidiary, etc.

11th fiscal period (September 1, 2018 to February 28, 2019)

Type	Name of company, etc.	Location	Capital stock or investments in capital (thousand yen)	Description of business or occupation	Percentage of voting rights, etc. held in (by) related party	Description of relationship		Description of transaction (Note 1)	Amount of transaction (thousand yen) (Note 2) (Note 3)	Account item	Balance at end of period (thousand yen) (Note 2)
						Concurrent holding of positions, etc. by directors	Business relationship				
Company of which major unitholders (corporates) hold a majority of voting rights	Mizuho REIT Management Co., Ltd. (subsidiary of Mizuho Realty One Co., Ltd.)	Chuo-ku, Tokyo	50,000	Investment management business	—	Concurrent holding of positions by directors 1 person	Entrustment with asset management business operations	Payment of asset management fee	317,633	Accounts payable - other	211,759

(Note 1) Transaction terms and conditions, and policy on deciding on transaction terms and conditions, etc.

The asset management fee is based on the terms and conditions provided in the Articles of Incorporation of One REIT.

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

(Note 3) The asset management fee includes the fee (121,560 thousand yen) for the acquisition of properties which was included in the book value of specified assets.

(Note 4) Mizuho REIT Management Co., Ltd. is no longer a related party after the change in major unitholders on September 20, 2018.

The amount of transaction is the total amount of transaction during the current fiscal period including the period when the company was a related party, while the balance at the end of the period is the balance as of the end of the current fiscal period.

12th fiscal period (March 1, 2019 to August 31, 2019)

Not applicable.

## 4. Director, major individual unitholder, etc.

11th fiscal period (September 1, 2018 to February 28, 2019)

The transaction conducted by One REIT Executive Director Koji Hashimoto as representative of a third party (Mizuho REIT Management Co., Ltd.) is as stated as a transaction with Mizuho REIT Management Co., Ltd. presented in “3. Fellow subsidiary, etc.” above.

As of February 28, 2019, Koji Hashimoto does not own investment unit of One REIT.

## 12th fiscal period (March 1, 2019 to August 31, 2019)

Type	Name of company or person	Location	Capital stock or investments in capital (thousand yen)	Description of business or occupation	Percentage of voting rights, etc. held in (by) related party	Description of relationship		Description of transaction (Note 1)	Amount of transaction (thousand yen) (Note 2)	Account item	Balance at end of period (thousand yen) (Note 2)
						Concurrent holding of positions, etc. by directors	Business relationship				
Director and its relatives	Koji Hashimoto	—	—	Executive Director of One REIT and Chief Executive Officer of Mizuho REIT Management Co., Ltd.	—		Executive Director of One REIT and Chief Executive Officer of Mizuho REIT Management Co., Ltd.	Payment of asset management fee to the asset management company	249,406	Accounts payable - other	269,359

(Note 1) Koji Hashimoto conducted the transaction as a representative of a third party (Mizuho REIT Management Co., Ltd.), and the amount of the fee is based on the terms stipulated in the Articles of Incorporation of One REIT.

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

## [Notes on Tax-Effect Accounting]

- Breakdown of main causes for occurrence of deferred tax assets and deferred tax liabilities  
Not applicable.
- Breakdown of major components that caused significant differences between the statutory tax rate and the effective income tax rate after application of tax-effect accounting

	(Unit: %)	
	11th fiscal period (As of Feb. 28, 2019)	12th fiscal period (As of Aug. 31, 2019)
Statutory tax rate	31.51	31.51
[Adjustments]		
Deductible distributions payable	(31.29)	(31.46)
Other	(0.17)	(0.01)
Effective income tax rate after application of tax-effect accounting	0.05	0.04

## [Notes on Investment and Rental Properties]

One REIT owns investment and rental properties mainly in the Tokyo metropolitan area and also in ordinance-designated cities or their equivalent for the purpose of earning revenue from leasing.

The following are the carrying amount, amount of increase (decrease) during the period and fair value of these investment and rental properties.

	(Unit: thousand yen)	
	11th fiscal period (From: Sep. 1, 2018 To: Feb. 28, 2019)	12th fiscal period (From: Mar. 1, 2019 To: Aug. 31, 2019)
Carrying amount		
Balance at beginning of period	79,226,568	101,157,396
Amount of increase (decrease) during period	21,930,827	(170,656)
Balance at end of period	101,157,396	100,986,740
Fair value at end of period	114,312,000	115,518,000

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

(Note 2) Of the amount of increase (decrease) in investment and rental properties during the 11th fiscal period, the amount of increase is mainly attributable to the acquisition of Tokyo Parkside Building and two other properties (22,135,250 thousand yen) and capital expenditure (285,584 thousand yen), while the amount of decrease is mainly attributable to depreciation (487,263 thousand yen). Moreover, of the amount of increase (decrease) in investment and rental properties during the 12th fiscal period, the amount of increase is mainly attributable to capital expenditure (322,305 thousand yen) while the amount of decrease is mainly attributable to depreciation (495,313 thousand yen).

(Note 3) Fair value at the end of the period is the appraisal value by an outside real estate appraiser. However, planned transfer prices are indicated in fair value of CP10 Building and MY Atsugi Building at the end of the 12th fiscal period.

The income (loss) for investment and rental properties is as presented in "Notes to Statements of Income" earlier in this document.



## [Notes on Segment Information, Etc.]

## 1. Segment Information

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

## 2. Related Information

11th fiscal period (September 1, 2018 to February 28, 2019)

## (1) Information for each product and service

Information for each product and service is omitted because net sales to external customers of a single product/service category are more than 90% of the operating revenue on the statement of income.

## (2) Information for each region

## ① Net sales

Information for each region is omitted because net sales to external customers in Japan are more than 90% of the operating revenue on the statement of income.

## ② Property, plant and equipment

Information for each region is omitted because the amount of property, plant and equipment located in Japan is more than 90% of the amount of property, plant and equipment on the balance sheet.

## (3) Information for each major customer

Information for each major customer is omitted because net sales to a single external customer are less than 10% of the operating revenue on the statement of income.

12th fiscal period (March 1, 2019 to August 31, 2019)

## (1) Information for each product and service

Information for each product and service is omitted because net sales to external customers of a single product/service category are more than 90% of the operating revenue on the statement of income.

## (2) Information for each region

## ① Net sales

Information for each region is omitted because net sales to external customers in Japan are more than 90% of the operating revenue on the statement of income.

## ② Property, plant and equipment

Information for each region is omitted because the amount of property, plant and equipment located in Japan is more than 90% of the amount of property, plant and equipment on the balance sheet.

## (3) Information for each major customer

Information for each major customer is omitted because net sales to a single external customer are less than 10% of the operating revenue on the statement of income.

## [Notes on Per Unit Information]

	11th fiscal period ( From: Sep. 1, 2018 To: Feb. 28, 2019 )	12th fiscal period ( From: Mar. 1, 2019 To: Aug. 31, 2019 )
Net assets per unit	221,018 yen	221,088 yen
Net income per unit	7,168 yen	7,069 yen

(Note 1) Net income per unit is calculated by dividing net income by the daily weighted average number of investment units during the period. The diluted net income per unit is not stated because there are no diluted investment units.

(Note 2) The following is the basis for calculating net income per unit.

	11th fiscal period ( From: Sep. 1, 2018 To: Feb. 28, 2019 )	12th fiscal period ( From: Mar. 1, 2019 To: Aug. 31, 2019 )
Net income	1,679,131 thousand yen	1,696,072 thousand yen
Amount not attributable to common unitholders	— thousand yen	— thousand yen
Net income attributable to common investment units	1,679,131 thousand yen	1,696,072 thousand yen
Average number of investment units during period	234,236 units	239,908 units

## [Notes on Significant Subsequent Events]

## Asset transfer and acquisition

In order to improve portfolio quality, One REIT concluded the purchase and sale agreements concerning the transfer of two properties (CP10 Building and MY Atsugi Building) and the purchase and sale agreement concerning the acquisition of Nishi-Gotanda 102 Building on October 15, 2019.

## (1) Asset transfer

One REIT concluded a purchase and sale agreement concerning the transfer of real estate trust beneficiary rights in two properties (planned total transfer price: 4,760 million yen) on October 15, 2019, as follows. With the transfer, gain on sale of real estate, etc. of around 139 million yen and around 142 million yen is expected to be recorded for the 13th fiscal period (ending February 2020) and the 14th fiscal period (ending August 2020), respectively.

## CP10 Building

Location	Taito-ku, Tokyo
Type of asset	Trust beneficiary rights
Planned transfer price (Note 1)	3,400 million yen
Buyer	Not disclosed (Note 2)
Conclusion date of purchase and sale agreement	October 15, 2019
Planned transfer date	October 17, 2019

## MY Atsugi Building

Location	Atsugi-shi, Kanagawa
Type of asset	Trust beneficiary rights
Planned transfer price (Note 1)	1,360 million yen
Buyer	Not disclosed (Note 2)
Conclusion date of purchase and sale agreement	October 15, 2019
Planned transfer date	March 3, 2020 (Note 3)

(Note 1) “Planned transfer price” indicates the trading value of the said asset (excluding transfer costs, adjusted amount of fixed asset tax and city planning tax and amount equivalent to consumption tax, etc.) stated in the purchase and sale agreement for real estate trust beneficiary rights related to the said asset.

(Note 2) The buyer is a domestic *godo kaisha* but is otherwise undisclosed as no consent has been obtained from the buyer for disclosure of its name, etc. The buyer falls under the category of neither “interested persons, etc.” defined in the Investment Trust Act nor “interested party” defined in the internal regulations concerning trading with an interested party of the Asset Management Company.

(Note 3) Since the planned transfer date for the transfer of MY Atsugi Building is scheduled to be March 3, 2020, one month or more after the signing date of the purchase and sale agreement, the transfer falls under the category of forward commitment, etc. by an investment corporation specified in “Comprehensive Supervisorial Guidelines for Financial Instruments Business Operators” provided by the Financial Services Agency. With regard to the transfer, if the agreement is terminated due to reasons attributable to One REIT or the buyer, the other party may demand payment in the amount equivalent to 10% of the trading value (excluding amount equivalent to consumption tax) of the beneficiary interest for which the agreement was terminated as a penalty charge. That said, however, since One REIT is the seller and thus have no risk of fund procurement, etc., the execution of the purchase and sale agreement is unlikely to harm One REIT financially nor have a material impact on its financial base and such.

## (2) Asset Acquisition

One REIT concluded a purchase and sale agreement concerning the acquisition of real estate trust beneficiary rights in one property (planned acquisition price: 4,500 million yen) on October 15, 2019 as follows.

## Nishi-Gotanda 102 Building

Location	Shinagawa-ku, Tokyo
Type of asset	Trust beneficiary rights
Planned acquisition price (Note 1)	4,500 million yen
Seller	Not disclosed (Note 2)
Conclusion date of acquisition agreement	October 15, 2019
Planned acquisition date	October 31, 2019

(Note 1) “Planned acquisition price” indicates the trading value of the said asset (excluding amount equivalent to consumption tax, etc.) stated in the purchase and sale agreement for real estate trust beneficiary rights related to the said asset.

(Note 2) The seller is a domestic godo kaisha but is otherwise undisclosed as no consent has been obtained from the seller for disclosure of its name, etc. The seller falls under the category of neither “interested persons, etc.” defined in the Investment Trust Act nor “interested party” defined in the internal regulations concerning trading with an interested party of the Asset Management Company.

## [Omission of Disclosure]

Disclosure of notes on lease transactions, securities, retirement benefits, share of profit (loss) of entities accounted for using the equity method, etc. and asset retirement obligations is omitted because there is thought to be no large necessity for disclosure in the summary of financial results.

## (9) Increase (Decrease) in Total Number of Investment Units Issued and Outstanding

The following is the changes in the total number of investment units issued and outstanding since One REIT's incorporation and in unitholders' capital.

Date	Description	Total number of investment units issued and outstanding (units)		Unitholders' capital (million yen)		Note
		Increase (Decrease)	Balance	Increase (Decrease)	Balance	
June 25, 2013	Incorporation through private placement	400	400	200	200	(Note 1)
Oct. 8, 2013	Capital increase through public offering	74,700	75,100	32,438	32,638	(Note 2)
Sept. 6, 2016	Capital increase through public offering	18,900	94,000	7,139	39,777	(Note 3)
Oct. 5, 2016	Capital increase through third-party allotment	649	94,649	245	40,022	(Note 4)
Mar. 1, 2017	Split of Investment units	94,649	189,298	—	40,022	(Note 5)
Sept. 20, 2018	Capital increase through public offering	48,200	237,498	10,601	50,624	(Note 6)
Oct. 17, 2018	Capital increase through third-party allotment	2,410	239,908	530	51,154	(Note 7)

(Note 1) Upon the incorporation of One REIT, investment units were issued for which the issue amount paid in to One REIT (paid-in amount) was 500,000 yen per unit.

(Note 2) New investment units were issued through public offering at an issue price of 450,000 yen (paid-in amount: 434,250 yen) per unit for the purpose of procuring funds for acquisition of new properties.

(Note 3) New investment units were issued through public offering at an issue price of 390,975 yen (paid-in amount: 377,742 yen) per unit for the purpose of procuring funds for acquisition of new properties.

(Note 4) New investment units were issued through third-party allotment in line with capital increase through public offering at a paid-in amount of 377,742 yen per unit.

(Note 5) One REIT implemented a 2-for-1 split of investment units with February 28, 2017 as the record date and March 1, 2017 as the effective date.

(Note 6) New investment units were issued through public offering at an issue price of 227,662 yen (paid-in amount: 219,956 yen) per unit for the purpose of procuring funds for acquisition of new properties.

(Note 7) New investment units were issued through third-party allotment in line with capital increase through public offering at a paid-in amount of 219,956 yen per unit.

## 3. Reference Information

## (1) Information on Price of Assets under Management, etc.

## 1) Asset Composition

1) Asset Composition						
Type of asset	Use of asset	Region (Note 1)	11th fiscal period (As of Feb. 28, 2019)		12th fiscal period (As of Aug. 31, 2019)	
			Total amount held (million yen) (Note 2)	As a percentage of total assets (%) (Note 3)	Total amount held (million yen) (Note 2)	As a percentage of total assets (%) (Note 3)
Real estate	Office buildings	Tokyo metropolitan area	6,701	6.0	6,639	5.9
	Office buildings subtotal		6,701	6.0	6,639	5.9
Real estate total			6,701	6.0	6,639	5.9
Real estate in trust	Office buildings	Tokyo metropolitan area	54,234	48.9	54,176	48.5
		Ordinance-designated cities, etc.	36,231	32.7	36,199	32.4
	Office buildings subtotal		90,465	81.6	90,376	81.0
	Retail facilities	Tokyo metropolitan area	3,990	3.6	3,971	3.6
		Retail facilities subtotal		3,990	3.6	3,971
	Real estate in trust total			94,456	85.2	94,347
Deposits and other assets			9,689	8.7	10,646	9.5
Total assets			110,847	100.0	111,633	100.0

(Note 1) Regions are classified as follows:

- ① The Tokyo metropolitan area refers to Tokyo, Kanagawa, Saitama and Chiba prefectures.
- ② Ordinance-designated cities and major regional cities are together referred to as “ordinance-designated cities, etc.” “Ordinance-designated cities” refers to ordinance-designated cities located outside the Tokyo metropolitan area. “Major regional cities” refers to non-ordinance-designated cities located outside the Tokyo metropolitan area that are the location of a prefectural government (prefectural capitals) or their equivalent.

(Note 2) “Total amount held” is the carrying amount (book value less depreciation in the case of real estate and real estate in trust).

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

## 2) Portfolio Diversification

## Diversification by region

Region	Number of properties	Acquisition price (million yen)	Share (%)
Tokyo metropolitan area	19	65,992	64.6
Ordinance-designated cities, etc.	7	36,237	35.4
Total	26	102,229	100.0

## Diversification by asset type

Use	Number of properties	Acquisition price (million yen)	Share (%)
Office buildings	25	97,979	95.8
Retail facility	1	4,250	4.2
Total	26	102,229	100.0

## 3) Period-End Value of Portfolio Real Estate

Property no.	Property name	Appraisal company (Note 2)	Acquisition price (million yen) (Note 1)	Carrying amount (million yen)	Appraisal value (million yen) (Note 2)	Overview of appraisal report (Note 2)					
						Income approach					Cost approach
						Indicated value by direct cap method (million yen)	Cap rate (%)	Indicated value by DCF method (million yen)	Discount rate (%)	Terminal cap rate (%)	Indicated value by cost approach (million yen)
OT-2	ONEST Kanda Square	The Tanizawa Sogo Appraisal Co., Ltd.	7,350	6,639	8,890	9,150	3.5	8,780	3.6	3.7	8,870
OT-3	Tachikawa Nishiki-cho Building	Daiwa Real Estate Appraisal Co., Ltd.	3,264	3,236	4,070	4,100	4.5	4,060	4.3	4.7	2,690
OT-4	CP10 Building	Daiwa Real Estate Appraisal Co., Ltd.	3,229	3,124	3,380	3,410	4.1	3,370	3.9	4.3	1,890
OT-5	ONEST Yokohama Nishiguchi Building	Daiwa Real Estate Appraisal Co., Ltd.	3,110	3,126	3,800	3,790	4.3	3,810	4.1	4.5	3,040
OT-6	Yushima First Genesis Building	Daiwa Real Estate Appraisal Co., Ltd.	2,751	2,671	3,160	3,210	4.1	3,140	3.9	4.3	2,020
OT-7	ONEST Nakano Building	Daiwa Real Estate Appraisal Co., Ltd.	2,880	2,863	3,370	3,360	4.4	3,370	4.2	4.6	2,500
OT-8	36 Sankyo Building	Daiwa Real Estate Appraisal Co., Ltd.	2,395	2,323	2,750	2,790	4.2	2,730	4.0	4.4	2,050
OT-9	Minami-Shinagawa JN Building	Daiwa Real Estate Appraisal Co., Ltd.	2,165	2,136	2,114	2,190	4.4	2,100	4.2	4.6	2,250
OT-10	Minami-Shinagawa N Building	Daiwa Real Estate Appraisal Co., Ltd.	2,292	2,208	2,370	2,490	4.6	2,320	4.4	4.8	2,330
OT-11	Minami-Shinagawa J Building	Daiwa Real Estate Appraisal Co., Ltd.	2,020	1,929	2,420	2,440	4.6	2,410	4.4	4.8	1,500
OT-12	MY Atsugi Building	Chuo Real Estate Appraisal Co., Ltd.	1,240	1,173	1,390	1,490	5.6	1,350	5.4	5.8	939
OT-13	Hachioji SIA Building	Chuo Real Estate Appraisal Co., Ltd.	730	684	854	876	5.1	844	4.9	5.3	712
OT-14	ONEST Motoyoyogi Square	Japan Real Estate Institute	7,500	7,567	8,350	8,440	4.0	8,250	3.7	4.2	8,220
OT-15	ONEST Ueno Okachimachi Building	Japan Real Estate Institute	2,700	2,785	2,920	2,940	4.0	2,900	3.7	4.1	2,800
OT-16	Daido Life Omiya Building	Chuo Real Estate Appraisal Co., Ltd.	3,000	3,052	3,220	3,270	4.6	3,200	4.4	4.8	2,260
OT-17	ONEST Ikebukuro East Building	Daiwa Real Estate Appraisal Co., Ltd.	2,200	2,237	2,310	2,360	4.2	2,290	4.0	4.4	2,010
OT-18	Crescendo Building	Chuo Real Estate Appraisal Co., Ltd.	2,466	2,569	2,510	2,580	4.6	2,480	4.4	4.8	1,580
OT-19	Tokyo Parkside Building	JLL Morii Valuation & Advisory K.K.	10,450	10,487	11,100	11,200	4.2	11,100	3.9	4.4	9,250
OO-1	Central Shin-Osaka Building	Daiwa Real Estate Appraisal Co., Ltd.	4,612	4,279	6,130	6,180	4.4	6,110	4.2	4.6	2,840
OO-2	Karasuma Plaza 21	Daiwa Real Estate Appraisal Co., Ltd.	3,700	3,884	3,930	3,910	4.7	3,940	4.5	4.9	8,760
OO-3	ONEST Nagoya Nishiki Square	Daiwa Real Estate Appraisal Co., Ltd.	2,381	2,368	3,110	3,070	4.7	3,120	4.5	4.9	2,270
OO-4	MY Kumamoto Building	Chuo Real Estate Appraisal Co., Ltd.	1,152	1,095	1,290	1,290	6.0	1,290	5.8	6.2	977
OO-5	Nagoya Fushimi Square Building	Daiwa Real Estate Appraisal Co., Ltd.	4,812	4,842	5,190	5,300	4.6	5,140	4.4	4.8	6,200
OO-6	Daihakata Building	JLL Morii Valuation & Advisory K.K.	10,650	10,733	11,800	11,800	4.3	11,700	4.1	4.5	16,700
OO-7	Higobashi Center Building	The Tanizawa Sogo Appraisal Co., Ltd.	8,930	8,995	10,300	10,400	4.2	10,200	4.3	4.4	12,100
R-1	fab Minami-Osawa	Japan Real Estate Institute	4,250	3,971	4,800	4,860	4.7	4,730	4.5	4.9	2,440
Total			102,229	100,986	115,528	116,896	—	114,734	—	—	109,198

(Note 1) "Acquisition price" is the amount excluding transaction intermediary fees, taxes and public dues and other various expenses required for the acquisition of the relevant real estate (transaction amount stated in the sale and purchase contract, etc.).

(Note 2) The effective date of the appraisal (date of value) is the last day of August 2019.

## 4) Overview of Portfolio Real Estate

Property no.	Property name	Asset type	Location	Construction and number of floors	Completed (YYYY/MM)	Type of ownership	Total leasable area	PML value
OT-2	ONEST Kanda Square	Office building	Chiyoda-ku, Tokyo	SRC 10F	2007/04	Real estate	5,261.34	6.06%
OT-3	Tachikawa Nishiki-cho Building	Office building	Tachikawa-shi, Tokyo	SRC 8F	1991/06	Real estate trust beneficiary rights	5,629.48	4.51%
OT-4	CP10 Building	Office building	Taito-ku, Tokyo	SRC B1/7F	1989/03	Real estate trust beneficiary rights	3,495.03	3.51%
OT-5	ONEST Yokohama Nishiguchi Building	Office building	Yokohama-shi, Kanagawa	RC B1/8F	1983/05	Real estate trust beneficiary rights	4,326.68	10.17%
OT-6	Yushima First Genesis Building	Office building	Bunkyo-ku, Tokyo	SRC B1/7F	1991/08	Real estate trust beneficiary rights	2,965.49	7.00%
OT-7	ONEST Nakano Building	Office building	Nakano-ku, Tokyo	S/SRC B1/7F	1994/08	Real estate trust beneficiary rights	3,116.49	3.04%
OT-8	36 Sankyo Building	Office building	Shinjuku-ku, Tokyo	RC B2/4F	1991/10	Real estate trust beneficiary rights	3,724.17	8.85%
OT-9	Minami-Shinagawa JN Building	Office building	Shinagawa-ku, Tokyo	SRC B2/10F	1990/07	Real estate trust beneficiary rights	6,390.33	5.57%
OT-10	Minami-Shinagawa N Building	Office building	Shinagawa-ku, Tokyo	SRC B2/10F	1994/07	Real estate trust beneficiary rights	5,476.73	5.50%
OT-11	Minami-Shinagawa J Building	Office building	Shinagawa-ku, Tokyo	SRC B1/10F	1992/07	Real estate trust beneficiary rights	3,673.61	3.70%
OT-12	MY Atsugi Building	Office building	Atsugi-shi, Kanagawa	RC/SRC 8F	1988/09	Real estate trust beneficiary rights	3,857.74	7.69%
OT-13	Hachioji SIA Building	Office building	Hachioji-shi, Tokyo	SRC 9F	1993/09	Real estate trust beneficiary rights	2,751.99	4.53%
OT-14	ONEST Motoyoyogi Square	Office building	Shibuya-ku, Tokyo	SRC/RC B2/8F	1992/04	Real estate trust beneficiary rights	7,644.40	7.70%
OT-15	ONEST Ueno Okachimachi Building	Office building	Taito-ku, Tokyo	SRC B1/9F	1986/05	Real estate trust beneficiary rights	2,943.07	6.04%
OT-16	Daido Life Omiya Building	Office building	Saitama-shi, Saitama	SRC 8F	1991/10	Real estate trust beneficiary rights	3,574.03	4.72%
OT-17	ONEST Ikebukuro East Building	Office building	Toshima-ku, Tokyo	SRC/RC B2/8F	1991/09	Real estate trust beneficiary rights	2,677.80	6.14%
OT-18	Crescendo Building	Office building	Yokohama-shi, Kanagawa	SRC B1/9F	1987/07	Real estate trust beneficiary rights	4,390.02	4.58%
OT-19	Tokyo Parkside Building	Office building	Koto-ku, Tokyo	S/SRC B1/14F	1991/09	Real estate trust beneficiary rights	12,920.17	4.79%
OO-1	Central Shin-Osaka Building	Office building	Osaka-shi, Osaka	S B1/12F	1992/06	Real estate trust beneficiary rights	9,417.09	12.72%
OO-2	Karasuma Plaza 21	Office building	Kyoto-shi, Kyoto	SRC B1/8F	1986/11	Real estate trust beneficiary rights	8,893.59	5.18%
OO-3	ONEST Nagoya Nishiki Square	Office building	Nagoya-shi, Aichi	S/SRC B1/8F	1991/04	Real estate trust beneficiary rights	5,801.80	13.58%
OO-4	MY Kumamoto Building	Office building	Kumamoto-shi, Kumamoto	S/RC 9F	1987/10	Real estate trust beneficiary rights	3,755.94	5.08%
OO-5	Nagoya Fushimi Square Building	Office building	Nagoya-shi, Aichi	SRC B2/13F	1987/11	Real estate trust beneficiary rights	8,421.27	6.20%
OO-6	Daihakata Building	Office building	Fukuoka-shi, Fukuoka	S/RC B3/14F	1975/08	Real estate trust beneficiary rights	15,430.32	1.08%
OO-7	Higobashi Center Building	Office building	Osaka-shi, Osaka	SRC/RC/S B2/18F	1977/09	Real estate trust beneficiary rights	15,940.39	4.69%
R-1	fab Minami-Osawa	Retail facility	Hachioji-shi, Tokyo	S 7F	2001/12	Real estate trust beneficiary rights	8,409.23	3.03%

## 5) Status of Revenue of Each Property

Property no.		OT-2	OT-3	OT-4	OT-5
Property name		ONEST Kanda Square	Tachikawa Nishiki-cho Building	CP10 Building	ONEST Yokohama Nishiguchi Building
Acquisition date		October 10, 2013	October 10, 2013	October 10, 2013	October 10, 2013
Acquisition	Acquisition price (million yen)	7,350	3,264	3,229	3,110
	Composition ratio (%)	7.2	3.2	3.2	3.0
	Carrying amount (million yen)	6,639	3,236	3,124	3,126
	Value at end of period (million yen)	8,890	4,070	3,380	3,800
	Composition ratio (%)	7.7	3.5	2.9	3.3
Leasing	Total number of tenants	30	19	7	10
	Total leasable area (m <sup>2</sup> )	5,261.34	5,629.48	3,495.03	4,326.68
	Leased area (m <sup>2</sup> )	5,261.34	5,629.48	3,495.03	4,326.68
	Occupancy rate	100.0%	100.0%	100.0%	100.0%
Operating income (loss)	Number of days under management	184	184	184	184
	① Property-related operating revenue (thousand yen)	197,488	147,766	105,813	133,778
	Lease business revenue	184,952	140,937	93,451	121,196
	Other lease business revenue	12,535	6,829	12,362	12,582
	② Property-related operating expenses (thousand yen)	33,114	38,065	25,857	28,138
	Property management fees	13,287	15,859	7,665	7,896
	Utilities expenses	10,422	9,493	8,705	7,426
	Taxes and public dues	8,562	10,943	6,873	10,540
	Insurance premiums	211	222	115	145
	Repair expenses	630	1,047	1,997	1,629
	Other	—	500	500	500
	③ Leasing NOI (thousand yen)	164,373	109,700	79,955	105,639
	④ Depreciation (thousand yen)	64,485	26,272	16,267	13,452
	⑤ Property-related operating income (loss) [③-④] (thousand yen)	99,888	83,427	63,687	92,187
	⑥ Capital expenditures (thousand yen)	2,161	746	9,354	4,313
	⑦ Leasing NCF [③-⑥] (thousand yen)	162,211	108,953	70,600	101,325



Property no.		OT-6	OT-7	OT-8	OT-9
Property name		Yushima First Genesis Building	ONEST Nakano Building	36 Sankyo Building	Minami-Shinagawa JN Building
Acquisition date		October 10, 2013	October 10, 2013	October 10, 2013	October 10, 2013
Acquisition	Acquisition price (million yen)	2,751	2,880	2,395	2,165
	Composition ratio (%)	2.7	2.8	2.3	2.1
	Carrying amount (million yen)	2,671	2,863	2,323	2,136
	Value at end of period (million yen)	3,160	3,370	2,750	2,114
	Composition ratio (%)	2.7	2.9	2.4	1.8
Leasing	Total number of tenants	6	7	3	20
	Total leasable area (m <sup>2</sup> )	2,965.49	3,116.49	3,724.17	6,390.33
	Leased area (m <sup>2</sup> )	2,965.49	3,116.49	3,724.17	6,390.33
	Occupancy rate	100.0%	100.0%	100.0%	100.0%
Operating income (loss)	Number of days under management	184	184	184	184
	① Property-related operating revenue (thousand yen)	97,281	115,026	88,168	135,111
	Lease business revenue	91,339	105,018	78,179	118,931
	Other lease business revenue	5,941	10,007	9,988	16,179
	② Property-related operating expenses (thousand yen)	23,980	25,735	23,761	70,696
	Property management fees	7,215	8,243	5,526	18,017
	Utilities expenses	5,487	7,547	7,799	23,768
	Taxes and public dues	8,365	7,833	7,541	9,611
	Insurance premiums	131	117	111	241
	Repair expenses	2,280	1,495	2,283	2,266
	Other	500	500	500	16,790
	③ Leasing NOI (thousand yen)	73,300	89,290	64,406	64,414
	④ Depreciation (thousand yen)	13,912	11,463	8,570	17,883
	⑤ Property-related operating income (loss) [③-④] (thousand yen)	59,387	77,826	55,836	46,530
	⑥ Capital expenditures (thousand yen)	770	1,522	—	2,299
	⑦ Leasing NCF [③-⑥] (thousand yen)	72,530	87,768	64,406	62,115

Property no.		OT-10	OT-11	OT-12	OT-13
Property name		Minami-Shinagawa N Building	Minami-Shinagawa J Building	MY Atsugi Building	Hachioji SIA Building
Acquisition date		October 10, 2013	October 10, 2013	October 10, 2013	October 10, 2013
Acquisition	Acquisition price (million yen)	2,292	2,020	1,240	730
	Composition ratio (%)	2.2	2.0	1.2	0.7
	Carrying amount (million yen)	2,208	1,929	1,173	684
	Value at end of period (million yen)	2,370	2,420	1,390	854
	Composition ratio (%)	2.1	2.1	1.2	0.7
Leasing	Total number of tenants	17	11	24	13
	Total leasable area (m <sup>2</sup> )	5,476.73	3,673.61	3,857.74	2,751.99
	Leased area (m <sup>2</sup> )	5,221.29	3,556.67	3,744.41	2,673.39
	Occupancy rate	95.3%	96.8%	97.1%	97.1%
Operating income (loss)	Number of days under management	184	184	184	184
	① Property-related operating revenue (thousand yen)	105,217	99,605	62,607	48,899
	Lease business revenue	96,503	91,851	56,464	43,610
	Other lease business revenue	8,714	7,753	6,143	5,289
	② Property-related operating expenses (thousand yen)	39,500	35,976	23,924	21,624
	Property management fees	6,994	5,694	8,826	9,605
	Utilities expenses	8,715	7,710	7,064	5,761
	Taxes and public dues	9,185	5,657	4,798	4,538
	Insurance premiums	210	134	131	94
	Repair expenses	963	7,151	2,603	1,124
	Other	13,431	9,627	500	500
	③ Leasing NOI (thousand yen)	65,717	63,629	38,683	27,274
	④ Depreciation (thousand yen)	15,478	12,578	13,433	5,242
	⑤ Property-related operating income (loss) [③-④] (thousand yen)	50,239	51,050	25,249	22,032
	⑥ Capital expenditures (thousand yen)	—	1,043	20,142	—
	⑦ Leasing NCF [③-⑥] (thousand yen)	65,717	62,585	18,541	27,274

Property no.		OT-14	OT-15	OT-16	OT-17
Property name		ONEST Motoyoyogi Square	ONEST Ueno Okachimachi Building	Daido Life Omiya Building	ONEST Ikebukuro East Building
Acquisition date		September 7, 2016	September 7, 2016	October 25, 2017	October 25, 2017
Acquisition	Acquisition price (million yen)	7,500	2,700	3,000	2,200
	Composition ratio (%)	7.3	2.6	2.9	2.2
	Carrying amount (million yen)	7,567	2,785	3,052	2,237
	Value at end of period (million yen)	8,350	2,920	3,220	2,310
	Composition ratio (%)	7.2	2.5	2.8	2.0
Leasing	Total number of tenants	9	13	15	7
	Total leasable area (m <sup>2</sup> )	7,644.40	2,943.07	3,574.03	2,677.80
	Leased area (m <sup>2</sup> )	7,644.40	2,943.07	3,574.03	2,677.80
	Occupancy rate	100.0%	100.0%	100.0%	100.0%
Operating income (loss)	Number of days under management	184	184	184	184
	① Property-related operating revenue (thousand yen)	234,916	88,029	112,645	66,367
	Lease business revenue	216,873	82,915	104,658	57,522
	Other lease business revenue	18,043	5,113	7,986	8,844
	② Property-related operating expenses (thousand yen)	55,132	25,035	27,192	18,969
	Property management fees	13,897	6,843	8,984	6,881
	Utilities expenses	17,444	7,561	7,659	3,935
	Taxes and public dues	16,235	7,194	6,813	4,627
	Insurance premiums	302	114	156	87
	Repair expenses	6,852	2,822	3,129	2,936
	Other	400	500	450	500
	③ Leasing NOI (thousand yen)	179,783	62,993	85,452	47,398
	④ Depreciation (thousand yen)	24,587	7,906	9,995	6,609
	⑤ Property-related operating income (loss) [③-④] (thousand yen)	155,195	55,086	75,456	40,788
	⑥ Capital expenditures (thousand yen)	64,789	7,686	34,523	14,677
	⑦ Leasing NCF [③-⑥] (thousand yen)	114,994	55,307	50,928	32,720

Property no.		OT-18	OT-19	OO-1	OO-2
Property name		Crescendo Building	Tokyo Parkside Building	Central Shin-Osaka Building	Karasuma Plaza 21
Acquisition date		September 3, 2018	September 21, 2018	October 10, 2013	October 10, 2013
Acquisition	Acquisition price (million yen)	2,466	10,450	4,612	3,700
	Composition ratio (%)	2.4	10.2	4.5	3.6
	Carrying amount (million yen)	2,569	10,487	4,279	3,884
	Value at end of period (million yen)	2,510	11,100	6,130	3,930
	Composition ratio (%)	2.2	9.6	5.3	3.4
Leasing	Total number of tenants	30	15	27	12
	Total leasable area (m <sup>2</sup> )	4,390.02	12,920.17	9,417.09	8,893.59
	Leased area (m <sup>2</sup> )	4,274.98	12,920.17	9,195.96	8,893.59
	Occupancy rate	97.4%	100.0%	97.7%	100.0%
Operating income (loss)	Number of days under management	184	184	184	184
	① Property-related operating revenue (thousand yen)	85,773	359,940	205,960	204,234
	Lease business revenue	73,847	322,165	183,547	191,090
	Other lease business revenue	11,926	37,774	22,412	13,144
	② Property-related operating expenses (thousand yen)	30,818	92,633	71,301	72,081
	Property management fees	11,034	28,566	20,041	29,474
	Utilities expenses	9,249	41,086	20,635	14,982
	Taxes and public dues	7,294	18,495	15,654	25,351
	Insurance premiums	132	496	320	292
	Repair expenses	2,607	3,338	14,149	1,480
	Other	500	650	500	500
	③ Leasing NOI (thousand yen)	54,955	267,306	134,658	132,152
	④ Depreciation (thousand yen)	7,447	25,548	33,626	24,799
	⑤ Property-related operating income (loss) [③-④] (thousand yen)	47,508	241,758	101,032	107,353
	⑥ Capital expenditures (thousand yen)	2,150	12,531	2,097	2,577
	⑦ Leasing NCF [③-⑥] (thousand yen)	52,804	254,775	132,560	129,575

Property no.		OO-3	OO-4	OO-5	OO-6
Property name		ONEST Nagoya Nishiki Square	MY Kumamoto Building	Nagoya Fushimi Square Building	Daihakata Building
Acquisition date		October 10, 2013	October 10, 2013	September 7, 2016	October 25, 2017
Acquisition	Acquisition price (million yen)	2,381	1,152	4,812	10,650
	Composition ratio (%)	2.3	1.1	4.7	10.4
	Carrying amount (million yen)	2,368	1,095	4,842	10,733
	Value at end of period (million yen)	3,110	1,290	5,190	11,800
	Composition ratio (%)	2.7	1.1	4.5	10.2
Leasing	Total number of tenants	5	16	47	66
	Total leasable area (m <sup>2</sup> )	5,801.80	3,755.94	8,421.27	15,430.32
	Leased area (m <sup>2</sup> )	5,801.80	3,418.37	8,421.27	14,984.96
	Occupancy rate	100.0%	91.0%	100.0%	97.1%
Operating income (loss)	Number of days under management	184	184	184	184
	① Property-related operating revenue (thousand yen)	130,380	72,846	186,500	400,638
	Lease business revenue	113,458	66,896	175,696	371,029
	Other lease business revenue	16,922	5,949	10,803	29,609
	② Property-related operating expenses (thousand yen)	36,592	22,432	49,626	185,587
	Property management fees	10,607	9,319	16,219	53,254
	Utilities expenses	12,215	6,810	13,172	47,627
	Taxes and public dues	9,933	4,759	17,515	48,416
	Insurance premiums	205	128	365	721
	Repair expenses	3,130	914	1,853	34,917
	Other	500	500	500	650
	③ Leasing NOI (thousand yen)	93,787	50,414	136,873	215,051
	④ Depreciation (thousand yen)	21,628	13,426	19,398	33,719
	⑤ Property-related operating income (loss) [③-④] (thousand yen)	72,159	36,987	117,475	181,331
	⑥ Capital expenditures (thousand yen)	7,404	16,307	16,458	87,784
	⑦ Leasing NCF [③-⑥] (thousand yen)	86,383	34,106	120,415	127,266

Property no.		OO-7	R-1	Total
Property name		Higobashi Center Building	fab Minami-Osawa	
Acquisition date		September 21, 2018	October 10, 2013	—
Acquisition	Acquisition price (million yen)	8,930	4,250	102,229
	Composition ratio (%)	8.7	4.2	100.0
	Carrying amount (million yen)	8,995	3,971	100,986
	Value at end of period (million yen)	10,300	4,800	115,528
	Composition ratio (%)	8.9	4.2	100.0
Leasing	Total number of tenants	62	14	505
	Total leasable area (m <sup>2</sup> )	15,940.39	8,409.23	160,888.20
	Leased area (m <sup>2</sup> )	15,886.05	8,409.23	159,150.45
	Occupancy rate	99.7%	100.0%	98.9%
Operating income (loss)	Number of days under management	184	184	—
	① Property-related operating revenue (thousand yen)	370,935	190,383	4,046,316
	Lease business revenue	334,965	146,116	3,663,220
	Other lease business revenue	35,969	44,267	383,096
	② Property-related operating expenses (thousand yen)	118,645	69,738	1,263,624
	Property management fees	36,147	21,981	388,085
	Utilities expenses	43,533	36,036	391,856
	Taxes and public dues	32,280	7,697	316,720
	Insurance premiums	616	183	5,991
	Repair expenses	5,416	3,339	112,362
	Other	650	500	48,607
	③ Leasing NOI (thousand yen)	252,289	120,645	2,782,692
	④ Depreciation (thousand yen)	24,681	22,896	495,313
	⑤ Property-related operating income (loss) [③-④] (thousand yen)	227,607	97,749	2,287,379
	⑥ Capital expenditures (thousand yen)	6,912	4,048	322,305
	⑦ Leasing NCF [③-⑥] (thousand yen)	245,377	116,597	2,460,386

## (2) Status of Capital Expenditures

## 1) Schedule of Capital Expenditures

The following are the major capital expenditures arising from renovation work, etc. planned for the 13th fiscal period (ending February 2020) for real estate and real estate in trust for real estate trust beneficiary rights held by One REIT. Part of the expected cost of work may be categorized under expenses in accounting in the end.

Name of real estate, etc.	Location	Purpose	Scheduled period	Expected cost of work (thousand yen)		
				Total amount	Amount of payment during period	Amount already paid
ONEST Motoyoyogi Square	Shibuya-ku, Tokyo	Renovation of air-conditioning system (Phase III of three-phase work)	From: July 1, 2019 To: January 31, 2020	58,580	—	—
Central Shin-Osaka Building	Osaka-shi, Osaka	Renovation of common space on the 1st floor	From: November 1, 2019 To: January 31, 2020	40,400	—	—
Karasuma Plaza 21	Kyoto-shi, Kyoto	Expenses for responding to tenants	From: November 1, 2019 To: January 31, 2020	20,200	—	—
Tokyo Parkside Building	Koto-ku, Tokyo	Renovation of common space (2 floors)	From: November 1, 2019 To: January 31, 2020	19,190	—	—
Daido Life Omiya Building	Saitama-shi, Saitama	Upgrading of air-conditioning system in sections on the 4th and 5th floors	From: November 1, 2019 To: January 31, 2020	19,019	—	—
Tokyo Parkside Building	Koto-ku, Tokyo	Upgrading of air-conditioning system on the 5th floor (Phase II)	From: November 1, 2019 To: January 31, 2020	17,018	—	—
Karasuma Plaza 21	Kyoto-shi, Kyoto	Repair of a crack in the middle part of the chain guide rail at No. 2 multi-story parking	From: November 1, 2019 To: February 29, 2020	16,800	—	—
Tokyo Parkside Building	Koto-ku, Tokyo	Upgrading of central monitoring panel	From: June 1, 2019 To: November 30, 2019	16,412	—	—
Minami-Shinagawa JN Building	Shinagawa-ku, Tokyo	External wall repair to qualify as a specified building (west side)	From: November 1, 2019 To: January 31, 2020	15,554	—	—
ONEST Motoyoyogi Square	Shibuya-ku, Tokyo	Upgrading of hydraulic elevator equipment	From: July 1, 2019 To: September 30, 2019	12,120	—	—
Daido Life Omiya Building	Saitama-shi, Saitama	Repair of parts with C-level finding (requiring correction/improvement) at Nos. 1 and 2 automated parking facilities	From: November 1, 2019 To: January 31, 2020	11,665	—	—

## 2) Capital Expenditures during the Fiscal Period

The following is the summary of properties which had major work that constitutes capital expenditures implemented during the fiscal period under review (the fiscal period ended August 2019). Capital expenditures for the fiscal period under review amounted to 322,305 thousand yen for the entire portfolio; and when combined with 112,362 thousand yen recorded under repair expenses, the total amount of work implemented comes to 434,668 thousand yen.

Name of real estate, etc.	Location	Purpose	Period	Cost of work (thousand yen)
Daihakata Building	Fukuoka-shi, Fukuoka	Upgrading of air-conditioning cooling heat source (Nos. 1 and 2 equipment)	From: February 1, 2019 To: April 23, 2019	75,963
ONEST Motoyoyogi Square	Shibuya-ku, Tokyo	Renovation of air-conditioning system (Phase II of three-phase work)	From: April 20, 2019 To: July 30, 2019	62,330
Daido Life Omiya Building	Saitama-shi, Saitama	Upgrading of air-conditioning system on the 5th and 8th floors	From: June 23, 2019 To: July 30, 2019	17,442
MY Kumamoto Building	Kumamoto-shi, Kumamoto	Upgrading of elevators	From: June 1, 2019 To: June 28, 2019	14,948
Daido Life Omiya Building	Saitama-shi, Saitama	Maintenance and repair of multi-story parking facility	From: May 1, 2019 To: June 3, 2019	14,911
MY Atsugi Building	Atsugi-shi, Kanagawa	Renewal of elevator control system	From: April 1, 2019 To: August 26, 2019	14,747
Others				121,962
Total				322,305



## (3) Borrowing Status

The following is the status of borrowing of funds from each financial institution as of August 31, 2019.

	Term	Drawdown date	Balance at beginning of period (thousand yen)	Balance at end of period (thousand yen)	Average interest rate (%) (Note 2)	Repayment date	Repayment method	Use	Remarks	
	Lenders									
Short-term borrowings	Mizuho Trust & Banking Co., Ltd.	Sep. 3, 2018	1,350,000	-	0.31300	Sep. 3, 2019 (Note 3)	(Note 3)	(Note 5)	Unsecured Unguaranteed	
	Mizuho Bank, Ltd.		1,350,000	-						
	Mizuho Trust & Banking Co., Ltd.	Sep. 21, 2018	150,000	-	0.31069	Sep. 7, 2019 (Note 4)				
	Mizuho Bank, Ltd.		150,000	-						
	Total			3,000,000	-					
Long-term borrowings	Mizuho Trust & Banking Co., Ltd.	Sep. 7, 2016	1,200,000	1,200,000	0.58096	Sep. 7, 2019	Bullet repayment	(Note 5)	Unsecured Unguaranteed	
	Mizuho Bank, Ltd.		1,200,000	1,200,000						
	Sumitomo Mitsui Banking Corporation		750,000	750,000						
	Shinsei Bank Limited		1,500,000	1,500,000						
	Resona Bank, Limited		600,000	600,000						
	The Mie Bank, Ltd.		525,000	525,000						
	The Bank of Fukuoka, Ltd.		150,000	150,000						
	Mizuho Trust & Banking Co., Ltd.	Sep. 7, 2016	400,000	400,000	0.69593	Sep. 7, 2020	Bullet repayment			
	Mizuho Bank, Ltd.		400,000	400,000						
	Sumitomo Mitsui Banking Corporation		250,000	250,000						
	Shinsei Bank Limited		500,000	500,000						
	Resona Bank, Limited		200,000	200,000						
	The Mie Bank, Ltd.		175,000	175,000						
	The Bank of Fukuoka, Ltd.		50,000	50,000						
	Mizuho Trust & Banking Co., Ltd.	Sep. 7, 2016	3,199,000	3,199,000	0.58096	Sep. 7, 2019	Bullet repayment	(Note 6)		
	Mizuho Bank, Ltd.		3,150,000	3,150,000						
	Shinsei Bank Limited		1,500,000	1,500,000						
	Resona Bank, Limited		300,000	300,000						
	Mizuho Trust & Banking Co., Ltd.	Sep. 7, 2016	3,199,000	3,199,000	0.69593	Sep. 7, 2020				
	Mizuho Bank, Ltd.		3,150,000	3,150,000						
	Shinsei Bank Limited		1,500,000	1,500,000						
	Resona Bank, Limited		300,000	300,000						
	Mizuho Trust & Banking Co., Ltd.	Oct. 25, 2017	135,000	135,000	0.46314	Sep. 7, 2020	Bullet repayment	(Note 5)		
	Mizuho Bank, Ltd.		135,000	135,000						
	Sumitomo Mitsui Banking Corporation		2,500,000	2,500,000						
	Aozora Bank, Ltd.		375,000	375,000						
	Resona Bank, Limited		365,000	365,000						
	The Mie Bank, Ltd.		240,000	240,000						
	The Bank of Fukuoka, Ltd.		250,000	250,000						
	Mizuho Trust & Banking Co., Ltd.	Oct. 25, 2017	182,500	182,500	0.56720 (Note 7)	Sep. 7, 2021	Bullet repayment			
	Mizuho Bank, Ltd.		182,500	182,500						
	Sumitomo Mitsui Banking Corporation		3,750,000	3,750,000						
Aozora Bank, Ltd.	562,500		562,500							
Resona Bank, Limited	567,500		567,500							
The Mie Bank, Ltd.	380,000		380,000							
The Bank of Fukuoka, Ltd.	375,000		375,000							
Mizuho Trust & Banking Co., Ltd.	Oct. 25, 2017	182,500	182,500	0.62750 (Note 7)	Sep. 7, 2022	Bullet repayment				
Mizuho Bank, Ltd.		182,500	182,500							
Sumitomo Mitsui Banking Corporation		3,750,000	3,750,000							
Aozora Bank, Ltd.		562,500	562,500							
Resona Bank, Limited		567,500	567,500							
The Mie Bank, Ltd.		380,000	380,000							
The Bank of Fukuoka, Ltd.		375,000	375,000							

	Term	Drawdown date	Balance at beginning of period (thousand yen)	Balance at end of period (thousand yen)	Average interest rate (%) (Note 2)	Repayment date	Repayment method	Use	Remarks
	Lenders								
Long-term borrowings	Mizuho Trust & Banking Co., Ltd.	Sep. 21, 2018	275,000	275,000	0.51313	Sep. 7, 2023	Bullet repayment	(Note 5)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.		275,000	275,000					
	Sumitomo Mitsui Banking Corporation		250,000	250,000					
	Shinsei Bank Limited		250,000	250,000					
	Resona Bank, Limited		175,000	175,000					
	Aozora Bank, Ltd.		162,500	162,500					
	The Bank of Fukuoka, Ltd.		162,500	162,500					
	The Nishi-Nippon City Bank, Ltd.		150,000	150,000					
	The Chugoku Bank, Limited		150,000	150,000					
	Bank of Kyoto, Ltd.		75,000	75,000					
	Nippon Life Insurance Company		75,000	75,000					
	Mizuho Trust & Banking Co., Ltd.	Sep. 21, 2018	825,000	825,000	0.67200 (Note 7)	Sep. 7, 2023	Bullet repayment	(Note 5)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.		825,000	825,000					
	Sumitomo Mitsui Banking Corporation		750,000	750,000					
	Shinsei Bank Limited		750,000	750,000					
	Resona Bank, Limited		525,000	525,000					
	Aozora Bank, Ltd.		487,500	487,500					
	The Bank of Fukuoka, Ltd.		487,500	487,500					
	The Nishi-Nippon City Bank, Ltd.		450,000	450,000					
	The Chugoku Bank, Limited		450,000	450,000					
	Bank of Kyoto, Ltd.		225,000	225,000					
	Nippon Life Insurance Company		225,000	225,000					
	Subtotal		48,198,000	48,198,000					
	Total		51,198,000	48,198,000					

(Note 1) Current portion of long-term loans payable is included in long-term loans payable.

(Note 2) Average interest rate is the borrowing interest rate for the respective loan agreement (weighted average of balance during the period), rounded to five decimal places.

(Note 3) The entire amount is prepaid on August 30, 2019.

(Note 4) The entire amount is prepaid on June 28, 2019.

(Note 5) The intended use of the funds is for allocation to part of the funds for acquisition of real estate trust beneficiary rights, as well as related costs.

(Note 6) The funds are allotted to part of the funds for repaying existing borrowings.

(Note 7) Interest rate swap transactions have been conducted to avoid interest rate fluctuation risks and the indicated interest rates take into account the effect of such transactions.