

July 20, 2018

To All Concerned Parties

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**Notice concerning Revisions to Forecast of Financial Results and Cash Distribution
 for the Fiscal Period Ending August 2018 (10th Fiscal Period)**

One REIT, Inc. (hereafter referred to as “One REIT”) announced that it decided to revise the forecast of financial results and cash distribution for the fiscal period ending August 2018 (10th fiscal period: March 1, 2018 to August 31, 2018) announced in the “Summary of Financial Results for the Fiscal Period Ended February 2018 (REIT)” dated April 16, 2018. There will be no changes to the forecast of financial results and cash distribution for the fiscal period ending February 2019 (11th fiscal period: September 1, 2018 to February 28, 2019).

1. Revisions to Forecast of Financial Results and Cash Distribution for the Fiscal Period Ending August 2018(10th Fiscal Period: March 1, 2018 to August 31, 2018)

	Operating revenue (million yen)	Operating profit (million yen)	Recurring profit (million yen)	Net income (million yen)	Distribution per unit (excluding distribution in excess of earnings) (yen)	Distribution per unit in excess of earnings (yen)
Previously released forecast (A)	3,242	1,460	1,250	1,249	6,600	0
Revised forecast (B)	3,417	1,630	1,423	1,376	6,800	0
Change (B-A)	174	170	173	127	200	0
Percentage of change	5.4%	11.7%	13.9%	10.2%	3.0%	—
(Reference) Actual results of previous fiscal period (ended February 2018)	3,868	2,069	1,682	1,620	8,027	0

(Note1) The above forecast figures represent the financial results and the cash distribution forecasted at the moment, and the actual operating revenue, operating profit, recurring profit, net income and distribution per unit(excluding distribution in excess of earnings) may vary. In

addition, One REIT does not guarantee any actual distribution amount with this forecast.

(Note2) Forecast number of investment units issued and outstanding at the end of the fiscal period ending August 2018: 189,298 units.

(Note3) The amounts have been rounded down to the nearest unit and the percentages have been rounded to the first decimal place.

2. Reasons for the Revisions

As we announced in the “Notice concerning Asset Transfer (Niigata Higashibori-dori Parking Building) and Acquisition (Crescendo Building)” as of July 20, 2018, the major reason for revising the forecast of financial results and cash distribution for the fiscal period ending August 2018 (10th fiscal period) is that we included the capital gain to be realized as a result of the transfer of Niigata Higashibori-dori Parking Building, internal reserves from the gain from the transfer, and others in the forecast. For more information on the assumptions for the forecast of financial results and cash distribution for the fiscal period ending August 2018 (10th fiscal period), please refer to the “<Reference> Revised assumptions for the Forecast of financial results and cash distribution for the Fiscal Period Ending August 2018 (10th fiscal period)” at the end of this notice.

One REIT corporate website: <http://www.one-reit.com/en/>

<Reference>

Revised assumptions for the Forecast of financial results and cash distribution
for the Fiscal Period Ending August 2018 (10th fiscal period)

Item	Assumptions
Calculation period	<ul style="list-style-type: none"> ➤ Fiscal period ending August 2018 (10th fiscal period) (March 1, 2018 to August 31, 2018) (184 days)
Assets under management	<ul style="list-style-type: none"> ➤ It is assumed that, out of properties and beneficiary interests owned by One REIT as of July 20, 2018 (24 properties in total), “Niigata Higashibori-dori Parking Building” (hereafter refer to as the “Property”) will be transferred as of August 30, 2018 and there will be no other change in the portfolio assets (such as acquisition of new properties and disposal of existing properties) until the end of the fiscal period ending August 2018. ➤ In fact, however, there could be changes in the assets under management due to factors such as the change in the scheduled date of transfer, acquisition of new properties, and disposal of existing properties other than the Property. ➤ For more details on the transfer of the Property, please refer to the “Notice concerning Asset Transfer (Niigata Higashibori-dori Parking Building) and Acquisition (Crescendo Building)” which has been released as of July 20, 2018.
Operating revenue	<ul style="list-style-type: none"> ➤ 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 July 20,, tenant trends, market trends, etc. ➤ One REIT will transfer the Property as of August 30, 2018 and is expected to record 171 million yen of gain on sale of real estate, etc. in the fiscal period ending August 2018.
Operating expenses	<ul style="list-style-type: none"> ➤ Expenses related to rent business, which constitute a major component of operating expenses, are expected to be 1,502 million yen. Expenses other than depreciation are calculated based on historical data such as of actual results, taking into account variable factors. <ol style="list-style-type: none"> 1) Expenses related to management activities are expected to be 311 million yen. 2) Depreciation expenses (including ancillary costs) are calculated on a straight-line basis and expected to be 440 million yen. 3) Fixed asset tax, city planning tax, and other related taxes are expected to be 254 million yen. 4) Required expenses for repair and maintenance are expected to be 106 million yen based on repair plans developed for each property by the Asset Manager; however, actual expenses may differ significantly from the estimate since an unforeseeable event may cause an increase in expenses or additional expenses. ➤ Operating expenses other than those related to rent business (asset management fees, asset custody fees, administrative service fees, etc.) are expected to be 284 million yen. Among the above, asset management fees are expected to be 197 million yen.
Non-operating expenses	<ul style="list-style-type: none"> ➤ Interest expenses and borrowing related expenses are expected to be 203 million yen. ➤ Amortization of investment unit issuance expenses is expected to be 6 million yen.
Borrowings	<ul style="list-style-type: none"> ➤ The balance of total outstanding borrowings as of July 20, 2018 is 40,198 million yen. ➤ It is assumed that there will be no change in the balance of borrowings (new borrowings, repayment of borrowings, etc.) until the end of the fiscal period ending August 2018.
Investment units	<ul style="list-style-type: none"> ➤ The 189,298 units that are the investment units issued and outstanding as of July 20, 2018 is assumed. ➤ 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 2018.
Distribution per unit	<ul style="list-style-type: none"> ➤ 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. ➤ Distribution per unit is subject to change due to a variety of factors, including fluctuations in rent

	<p>revenue caused by change in assets under management, relocation of tenants, etc. or occurrence of unforeseen repairs.</p> <p>➤ It is expected to that One REIT will make internal reserve of 89 million yen from unappropriated retained earnings as of the end of the fiscal period ending August 2018 on the assumption that requirements for conduit treatment for tax purposes will be satisfied, taking into account the gain on sale of real estate, etc. to be recorded in the fiscal period ending August 2018 as a result of the transfer of the Property mentioned in “Operating revenue” above. Actual amount of internal reserves may differ from the estimate. One REIT has a policy to use internal reserves to alleviate the negative impact on distributions upon temporary decrease in income and incurrence of expenses in managements in the fiscal period ending February 2019 (11th fiscal period) onwards. In addition, tax expenses such as corporate tax associated with the said internal reserves are expected to be 47 million yen for the fiscal period ending August 2018.</p>
Distribution per unit in excess of earnings	<p>➤ There are no plans at this time to distribute cash in excess of earnings.</p> <p>➤ 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.</p>
Other	<p>➤ 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.</p> <p>➤ It is assumed that there will be no serious unforeseen change in general economic trends, real estate market conditions, etc.</p>