

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

April 15, 2019

REIT Issuer: One REIT, Inc. Stock Exchange Listing: Tokyo Stock Exchange
 Securities Code: 3290 URL: <http://www.one-reit.com/en/>
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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 February 2019 (September 1, 2018 to February 28, 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 Feb. 2019	3,870	12.5	1,941	16.4	1,679	15.7	1,679	19.4
Ended Aug. 2018	3,438	(11.1)	1,667	(19.4)	1,452	(13.7)	1,405	(13.2)

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 Feb. 2019	7,168	3.6	1.7	43.4
Ended Aug. 2018	7,427	3.4	1.7	42.2

(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 Feb. 2019	6,999	1,679	0	0	99.9	3.2
Ended Aug. 2018	6,955	1,316	0	0	93.6	3.2

(Note 1) The amount of total distributions for the fiscal period ended August 2018 is the amount after internally reserving 89 million yen utilizing part of gain on sale of real estate, etc. and thus differs from net income.

(Note 2) Distribution payout ratio is calculated by the following formula (rounded down to one decimal place).

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

(3) Financial position

Fiscal period	Total assets	Net assets	Equity ratio	Net assets per unit
	million yen	million yen	%	yen
Ended Feb. 2019	110,847	53,023	47.8	221,018
Ended Aug. 2018	87,143	41,529	47.7	219,386

(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 Feb. 2019	2,163	(21,116)	20,780	8,893
Ended Aug. 2018	1,463	(314)	(1,518)	7,066

2. Forecast of Financial Results for the Fiscal Periods Ending August 2019 (March 1, 2019 to August 31, 2019) and February 2020 (September 1, 2019 to February 29, 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 Aug. 2019	4,053	4.7	1,924	(0.9)	1,656	(1.4)	1,655	(1.4)
Ending Feb. 2020	3,988	(1.6)	1,938	0.7	1,656	(0.0)	1,655	(0.0)

Fiscal period	Distribution per unit (excluding distribution in excess of earnings)		Distribution per unit in excess of earnings	
	yen		yen	
Ending Aug. 2019	6,900		0	
Ending Feb. 2020	6,900		0	

(Reference) Forecast net income per unit (fiscal period ending August 2019): 6,900 yen

Forecast net income per unit (fiscal period ending February 2020): 6,899 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 February 2019	239,908	units
Fiscal period ended August 2018	189,298	units

② Number of own investment units at end of period

Fiscal period ended February 2019	—	units
Fiscal period ended August 2018	—	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 24.

* Presentation of the status of implementation of audit procedures

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

* Explanation of the appropriate use of the forecast of management status, and other matters of 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 August 2019 and February 2020” presented on page 5.

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1. Associated Corporations of the Investment Corporation

Disclosure is omitted as there is no significant change in the name, operational roles and overview of associated business operations of the investment corporation One REIT, Inc. (hereinafter referred to as “One REIT”) and the associated corporations of One REIT (including other main associated parties of One REIT) from those of “Structure of the Investment Corporation” in the securities report (submitted on November 29, 2018).

2. Management Policy and Management Status

(1) Management Policy

Disclosure is omitted because there is no significant change from “Investment Policy,” “Investment Targets” and “Distribution Policy” in the securities report (submitted on November 29, 2018).

(2) 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 to reach a further stage of growth in an aim to maximize unitholder value under the basic policies of “continuous growth of distributions” and “disciplined external growth while considering the portfolio and financial structure” 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.

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 m² (approximately 1,000 tsubos) and 33,000 m² (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, a downward trend in vacancy rate and an upward trend in rent level continue 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 environment remained favorable also in Osaka, Nagoya and other major regional cities as their vacancy rates continued to remain at a record-low level while rent continued to remain at a record-high level.

One REIT acquired Crescendo Building on September 3, 2018 (acquisition price: 2,466 million yen) as well as two properties, namely Tokyo Parkside Building and Higobashi Center Building, on September 21, 2018 (total acquisition price: 19,380 million yen). With these efforts, One REIT sought to stabilize its revenue base through the diversification of the portfolio and tenants.

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 February 2019 was a portfolio of assets totaling 26 properties (total acquisition price: 102,229 million yen) with a total leasable area of 160,906.07 m², and the occupancy rate at the end of the fiscal period ended February 2019 was 99.2%.

(C) Overview of Financing

During the fiscal period under review, One REIT procured 2,700 million yen through borrowings from Mizuho Trust & Banking Co., Ltd. and Mizuho Bank, Ltd. on September 3, 2018 to fund the acquisition of Crescendo Building as well as ancillary costs.

In addition, One REIT procured 10,601 million yen (total issue value) through public offering with September 20, 2018 as the payment date and 8,300 million yen from syndicated loans arranged by Mizuho Trust & Banking Co., Ltd. and Mizuho Bank, Ltd. on September 21, 2018 to partially fund the acquisition of Tokyo Parkside Building and Higobashi Center Building as well as ancillary costs. Furthermore, One REIT procured 530 million yen (total issue value) by capital increase through third-party allotment conducted in line with the public offering with October 17, 2018 as the payment date.

As a result, as of February 28, 2019, the balance of outstanding borrowings was 51,198 million yen and the ratio of interest-bearing liabilities to total assets (LTV) was 46.2%.

(D) Overview of Business Performance and Distributions

As a result of the management described above, business performance in the fiscal period ended February 28, 2019 was operating revenue of 3,870million yen, operating profit of 1,941 million yen, recurring profit of 1,679 million yen and net income of 1,679 million yen.

One REIT distributed almost the entire amount obtained after deducting internal reserves in or before the previous fiscal period 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) and declared distribution per investment unit of 6,999 yen.

② Outlook for the Next Fiscal Period

(A) Future Investment Environment

In the Japanese economy going forward, although there are concerns that the uncertainty of the U.S. trade policy and the slowdown of the Chinese economy will generate downward pressure on the economy, domestic demand seems to remain strong in the employment and income environment which continues to be favorable, and an economic recovery trend is forecasted to continue for the time being.

In the office building leasing market, although increase in supply volume is continuing centering on large-scale buildings, new supply of mid-sized buildings seems to be limited. 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. It is believed that going forward 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 location to a prefectural government 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
Not applicable.

Assumptions for the Forecast of Management Status for the Fiscal Periods Ending August 2019 and February 2020

Item	Assumptions
Calculation period	<ul style="list-style-type: none"> ➤ Fiscal period ending August 2019 (12th fiscal period) (March 1, 2019 to August 31, 2019) (184 days) ➤ Fiscal period ending February 2020 (13th fiscal period) (September 1, 2019 to February 29, 2020) (182 days)
Assets under management	<ul style="list-style-type: none"> ➤ The real estate and real estate trust beneficiary rights held as of February 28, 2019 total 26 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 February 2020. ➤ Changes in assets under management may occur from acquisition of new properties, disposition of portfolio properties, etc.
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 today, tenant trends, market trends, etc. ➤ Occupancy rate of portfolio (average during the period) based on the above “Assets under management” is assumed to be 98.9% in the fiscal period ending August 2019 and 98.2% in the fiscal period ending February 2020. ➤ As to operating revenue other than property-related operating revenue, it is assumed that there will be no changes to the properties held as of today and no gain or loss on sale of real estate, etc. is expected.
Operating expenses	<ul style="list-style-type: none"> ➤ Property-related expenses, which are the main component of operating expenses, are estimated to be 1,787 million yen in the fiscal period ending August 2019 and 1,724 million yen in the fiscal period ending February 2020. Expenses other than depreciation are calculated on a historical data basis and by reflecting factors causing fluctuations in expenses. <ol style="list-style-type: none"> 1) Property management fees are estimated to be 383 million yen in the fiscal period ending August 2019 and 381 million yen in the fiscal period ending February 2020. 2) Depreciation is calculated using the straight-line method, including ancillary costs, etc. Depreciation is estimated to be 497 million yen in the fiscal period ending August 2019 and 511 million yen in the fiscal period ending February 2020. 3) Fixed asset tax, city planning tax, etc. are estimated to be 315 million yen in the fiscal period ending August 2019 and 314 million yen in the fiscal period ending February 2020. 4) Repair expenses are estimated to be 108 million yen in the fiscal period ending August 2019 and 83 million yen in the fiscal period ending February 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. ➤ Operating expenses other than property-related expenses (asset management fee, asset custody fee, administrative service fees, etc.) are estimated to be 342 million yen in the fiscal period ending August 2019 and 326 million yen in the fiscal period ending February 2020. Among the above, asset management fees of 249 million yen for the fiscal period ending August 2019 and 248 million yen for the fiscal period ending February 2020 are expected. (It is assumed that the management fee scheme will be changed from the fiscal period ending February 2020 provided that the amendment to the Articles of Incorporation is approved at the general meeting of unitholders of One REIT scheduled to be held on May 24, 2019.)
Non-operating expenses	<ul style="list-style-type: none"> ➤ Interest expenses and borrowing related expenses are expected to be 254 million yen for the fiscal period ending August 2019 and 275 million yen for the fiscal period ending February 2020. ➤ Amortization of investment unit issuance expenses is expected to be 12 million yen for the fiscal period ending August 2019 and 5 million yen for the fiscal period ending February 2020.

<p>Borrowings</p>	<ul style="list-style-type: none"> ➤ The balance of total outstanding borrowings as of February 28, 2019 is 51,198 million yen. ➤ In the fiscal period ending August 2019, prepayment of 300 million yen of borrowings is expected by using the refund of consumption tax for the acquisition of Newly Acquired Assets. ➤ Of the total borrowings of 16,774 million yen (excluding the above amount of early repayment) due for repayment in the fiscal period ending February 2020, 2,500 million yen out of 2,700 million yen is expected to be refinanced in the fiscal period ending August 2019 and the remaining 200 million yen is expected to be repaid using cash on hand. 14,000 million yen out of the remaining 14,074 million yen is expected to be refinanced in the fiscal period ending February 2020 and the remaining 74 million yen is expected to be repaid using cash on hand.
<p>Investment units</p>	<ul style="list-style-type: none"> ➤ The 239,908 units that are the investment units issued and outstanding as of today 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 February 2020.
<p>Distribution per unit (excluding distribution in excess of earnings)</p>	<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 revenue caused by change in assets under management, relocation of tenants, etc. or occurrence of unforeseen repairs.
<p>Distribution per unit in excess of earnings</p>	<ul style="list-style-type: none"> ➤ There are no plans at this time to distribute cash in excess of earnings. ➤ 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>	<ul style="list-style-type: none"> ➤ 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. ➤ It is assumed that there will be no serious unforeseen change in general economic trends, real estate market conditions, etc.

(3) Investment Risks

Disclosure is omitted because there is no significant change from “Investment Risks” in the securities report (submitted on November 29, 2018).

3. Financial Statements

(1) Balance Sheet

(Unit: thousand yen)

	10th fiscal period (As of Aug. 31, 2018)	11th fiscal period (As of Feb. 28, 2019)
Assets		
Current assets		
Cash and deposits	2,719,168	3,060,248
Cash and deposits in trust	4,347,568	5,833,522
Operating accounts receivable	83,973	73,816
Prepaid expenses	164,168	179,207
Income taxes receivable	—	5
Consumption taxes receivable	400,009	283,140
Other	4,238	1,030
Total current assets	7,719,127	9,430,973
Non-current assets		
Property, plant and equipment		
Buildings	3,609,506	3,613,163
Accumulated depreciation	(626,341)	(690,229)
Buildings, net	2,983,164	2,922,934
Structures	9,644	9,644
Accumulated depreciation	(3,074)	(3,392)
Structures, net	6,570	6,252
Machinery and equipment	62,025	62,025
Accumulated depreciation	(60,982)	(62,025)
Machinery and equipment, net	1,043	0
Tools, furniture and fixtures	631	2,066
Accumulated depreciation	(115)	(212)
Tools, furniture and fixtures, net	515	1,854
Land	3,770,347	3,770,347
Buildings in trust	24,930,877	28,715,154
Accumulated depreciation	(2,666,411)	(3,076,657)
Buildings in trust, net	22,264,465	25,638,497
Structures in trust	8,308	12,741
Accumulated depreciation	(2,427)	(2,774)
Structures in trust, net	5,880	9,967
Machinery and equipment in trust	136,802	141,569
Accumulated depreciation	(32,046)	(38,506)
Machinery and equipment in trust, net	104,755	103,062
Tools, furniture and fixtures in trust	57,845	62,904
Accumulated depreciation	(21,374)	(25,201)
Tools, furniture and fixtures in trust, net	36,471	37,703
Land in trust	46,775,017	65,388,250
Construction in progress in trust	—	190
Total property, plant and equipment	75,948,232	97,879,059
Intangible assets		
Leasehold rights in trust	3,278,336	3,278,336
Other	2,385	2,070
Total intangible assets	3,280,722	3,280,406
Investments and other assets		
Lease and guarantee deposits	10,960	10,960
Long-term prepaid expenses	170,699	210,982
Deferred tax assets	190	—
Total investments and other assets	181,850	221,942
Total non-current assets	79,410,805	101,381,409

(Unit: thousand yen)

	10th fiscal period (As of Aug. 31, 2018)	11th fiscal period (As of Feb. 28, 2019)
Deferred assets		
Investment unit issuance expenses	13,764	35,005
Total deferred assets	13,764	35,005
Total assets	87,143,697	110,847,388
Liabilities		
Current liabilities		
Operating accounts payable	237,790	165,341
Short-term loans payable	—	3,000,000
Current portion of long-term loans payable	—	14,074,000
Accounts payable - other	336,921	389,628
Accrued expenses	664	827
Income taxes payable	46,151	605
Consumption taxes payable	120,528	33,771
Advances received	526,607	645,011
Other	105	1,319
Total current liabilities	1,268,770	18,310,505
Non-current liabilities		
Long-term loans payable	40,198,000	34,124,000
Tenant lease and security deposits	263,854	312,104
Tenant lease and security deposits in trust	3,883,609	5,076,779
Total non-current liabilities	44,345,464	39,512,883
Total liabilities	45,614,234	57,823,389
Net assets		
Unitholders' equity		
Unitholders' capital	40,022,953	51,154,926
Surplus		
Unappropriated retained earnings (undisposed loss)	1,506,508	1,869,072
Total surplus	1,506,508	1,869,072
Total unitholders' equity	41,529,462	53,023,999
Total net assets	*1 41,529,462	*1 53,023,999
Total liabilities and net assets	87,143,697	110,847,388

(2) Statement of Income

(Unit: thousand yen)

	10th fiscal period (From: Mar. 1, 2018 To: Aug. 31, 2018)	11th fiscal period (From: Sep. 1, 2018 To: Feb. 28, 2019)
Operating revenue		
Lease business revenue	*1 2,950,171	*1 3,526,098
Other lease business revenue	*1 315,965	*1 343,901
Gain on sale of real estate, etc.	*2 172,705	—
Total operating revenue	3,438,842	3,870,000
Operating expenses		
Expenses related to rent business	*1 1,504,200	*1 1,663,023
Asset management fee	197,601	196,073
Asset custody fee	3,661	3,637
Administrative service fees	7,845	16,055
Directors' compensations	3,876	3,876
Other operating expenses	54,023	46,267
Total operating expenses	1,771,208	1,928,932
Operating profit	1,667,633	1,941,068
Non-operating income		
Interest income	33	39
Insurance income	1,788	702
Reversal of distribution payable	1,342	1,017
Subsidy income	3,000	—
Interest on refund	—	1,310
Other	100	—
Total non-operating income	6,265	3,069
Non-operating expenses		
Interest expenses	122,031	146,975
Borrowing related expenses	81,221	98,423
Amortization of investment unit issuance expenses	6,882	12,506
Other	11,624	6,303
Total non-operating expenses	221,758	264,210
Recurring profit	1,452,139	1,679,927
Net income before income taxes	1,452,139	1,679,927
Income taxes – current	46,156	605
Income taxes – deferred	1	190
Total income taxes	46,158	795
Net income	1,405,981	1,679,131
Profit brought forward	100,527	189,941
Unappropriated retained earnings (undisposed loss)	1,506,508	1,869,072

(3) Statement of Unitholders' Equity

10th fiscal period (March 1, 2018 to August 31, 2018)

(Unit: thousand yen)

	Unitholders' equity				Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	
		Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at beginning of current period	40,022,953	1,620,022	1,620,022	41,642,975	41,642,975
Changes of items during period					
Distribution of surplus		(1,519,495)	(1,519,495)	(1,519,495)	(1,519,495)
Net income		1,405,981	1,405,981	1,405,981	1,405,981
Total changes of items during period	-	(113,513)	(113,513)	(113,513)	(113,513)
Balance at end of current period	40,022,953	1,506,508	1,506,508	41,529,462	41,529,462

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

(4) Statement of Cash Distributions

(Unit: yen)

	10th fiscal period From: Mar. 1, 2018 To: Aug. 31, 2018	11th fiscal period From: Sep. 1, 2018 To: Feb. 28, 2019
	Amount	Amount
I. Unappropriated retained earnings	1,506,508,791	1,869,072,787
II. Amount of distributions	1,316,567,590	1,679,116,092
[Amount of distributions per investment unit]	[6,955]	[6,999]
III. Retained earnings carried forward	189,941,201	189,956,695

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, taking into account the gain on sale of real estate, etc. of 172,705,672 yen that arose in the period under review, One REIT internally reserved 89,414,150 yen in order to stabilize future distributions, and decided to pay out distributions of earnings of 1,316,567,590 yen, which is the entire amount after subtracting the amount of internal reserves (including 100,527,051 yen of the amount of internal reserves in the previous fiscal period) from unappropriated retained earnings. 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 1,679,116,092 yen, which is the largest integral multiple of the 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>
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(5) Statement of Cash Flows

(Unit: thousand yen)

	10th fiscal period (From: Mar. 1, 2018 To: Aug. 31, 2018)	11th fiscal period (From: Sep. 1, 2018 To: Feb. 28, 2019)
Cash flows from operating activities		
Net income before income taxes	1,452,139	1,679,927
Depreciation	440,779	487,579
Amortization of investment unit issuance expenses	6,882	12,506
Interest income	(33)	(39)
Reversal of distribution payable	(1,342)	(1,017)
Interest expenses	122,031	146,975
Decrease (increase) in operating accounts receivable	(26,385)	10,156
Decrease (increase) in consumption taxes refund receivable	(400,009)	116,868
Decrease (increase) in prepaid expenses	8,624	(15,039)
Decrease by sales of non-current assets	418,677	—
Increase (decrease) in operating accounts payable	76,987	(72,449)
Increase (decrease) in accounts payable - other	(40,729)	(7,914)
Increase (decrease) in consumption tax payable	(496,295)	(86,756)
Increase (decrease) in advances received	8,274	118,404
Decrease (increase) in long-term prepaid expenses	78,201	(40,282)
Other, net	293	7,354
Subtotal	1,648,095	2,356,275
Interest income received	33	39
Interest expenses paid	(122,030)	(146,811)
Income taxes paid	(62,995)	(46,157)
Net cash provided by (used in) operating activities	1,463,104	2,163,345
Cash flows from investing activities		
Purchase of property, plant and equipment	—	(4,442)
Purchase of property, plant and equipment in trust	(310,763)	(22,353,367)
Purchase of intangible assets in trust	(2,095)	—
Proceeds from collection of lease and guarantee deposits	5,190	—
Repayments of tenant lease and security deposits	(432)	(1,144)
Proceeds from tenant lease and security deposits	800	49,393
Repayments of tenant lease and security deposits in trust	(54,011)	(95,603)
Proceeds from tenant lease and security deposits in trust	47,011	1,288,772
Net cash provided by (used in) investing activities	(314,300)	(21,116,391)
Cash flows from financing activities		
Proceeds from short-term loans payable	—	3,000,000
Proceeds from long-term loans payable	—	8,000,000
Proceeds from issuance of investment units	—	11,098,224
Payment of distribution	(1,518,153)	(1,318,144)
Net cash provided by (used in) financing activities	(1,518,153)	20,780,079
Net increase (decrease) in cash and cash equivalents	(369,350)	1,827,033
Cash and cash equivalents at beginning of period	7,436,087	7,066,737
Cash and cash equivalents at end of period	*1 7,066,737	*1 8,893,771

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

(7) Notes on Matters Concerning Significant Accounting Policies

<p>1. Method of depreciation of non-current assets</p>	<p>① Property, plant and equipment (including trust assets) The straight-line method is adopted. 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 ② Intangible assets The straight-line method is adopted. ③ Long-term prepaid expenses The straight-line method is adopted.</p>
<p>2. Accounting for deferred assets</p>	<p>Investment unit issuance expenses Amortized using the straight-line method over 3 years.</p>
<p>3. Standards for recognition of revenue and expenses</p>	<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. 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 current fiscal period was 32,205 thousand yen.</p>
<p>4. Method of Hedge Accounting</p>	<p>① Method of Hedge Accounting Special treatment is applied to interest rate swap transactions since they satisfy the requirements for special treatment. ② Hedging instruments and hedge items Hedging instruments: Interest rate swaps Hedged items: Interest on borrowings 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. ④ Method of assessing hedge effectiveness Since interest rate swap transactions satisfy the requirements for special treatment, assessment of hedge effectiveness is omitted.</p>
<p>5. Scope of funds in the statement of cash flows</p>	<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>
<p>6. Other significant matters serving as the basis for preparing financial statements</p>	<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. The following material items of the trust assets recognized in the relevant account item are separately listed on the balance sheet. (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 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 on Change in Presentation Method

“Partial Amendment to Accounting Standard for Tax Effect Accounting” (Corporate Accounting Standard No.28 February 16, 2018) has been applied from the current fiscal period, and a method to categorize deferred tax assets as investments and other assets and deferred tax liabilities as non-current liabilities has been adopted.

As a result, 190 thousand yen of “Deferred tax assets” in “Current assets” is shown in the category of “Investments and other assets” in the balance sheet for the previous fiscal period.

(9) 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)	
	10th fiscal period (As of Aug. 31, 2018)	11th fiscal period (As of Feb. 28, 2019)
	50,000	50,000

[Notes to the Statement of Income]

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

	(Unit: thousand yen)	
	10th fiscal period (From: Mar. 1, 2018 To: Aug. 31, 2018)	11th fiscal period (From: Sep. 1, 2018 To: Feb. 28, 2019)
A. Property-related operating revenue		
Lease business revenue		
Rent revenue	2,223,349	2,696,448
Common area charges revenue	555,224	634,101
Parking revenue	154,526	172,777
Other rent revenue	17,071	22,770
Total	2,950,171	3,526,098
Other lease business revenue		
Utilities revenue	293,568	326,928
Other revenue	22,396	16,973
Total	315,965	343,901
Total property-related operating revenue	3,266,136	3,870,000
B. Property-related operating expenses		
Expenses related to rent business		
Property management fees	312,192	399,230
Utilities expenses	320,035	381,372
Taxes and public dues	254,826	252,734
Insurance premiums	4,670	5,737
Repair expenses	109,567	81,895
Trust fees	11,496	12,649
Depreciation	440,405	487,263
Other sundry expenses	51,005	42,139
Total property-related operating expenses	1,504,200	1,663,023
C. Property-related operating income (loss) [A- B]	1,761,935	2,206,977

*2. Breakdown of gain on sale of real estate, etc.

10th fiscal period (March 1, 2018 to August 31, 2018)

(Unit: thousand yen)

Niigata Higashibori-dori Parking Building

Revenue on sale of real estate, etc.	620,000
Cost of real estate sold, etc.	418,677
<u>Other expenses on sale</u>	<u>28,616</u>
<u>Gain on sale of real estate, etc.</u>	<u>172,705</u>

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

Not applicable.

[Notes to the Statement of Unitholders' Equity]

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

	10th fiscal period (From: Mar. 1, 2018 To: Aug. 31, 2018)	11th fiscal period (From: Sep. 1, 2018 To: Feb. 28, 2019)
Total number of investment units authorized	4,000,000 units	4,000,000 units
Total number of investment units issued and outstanding	189,298 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

	10th fiscal period (From: Mar. 1, 2018 To: Aug. 31, 2018)	11th fiscal period (From: Sep. 1, 2018 To: Feb. 28, 2019)
		(Unit: thousand yen)
Cash and deposits	2,719,168	3,060,248
Cash and deposits in trust	4,347,568	5,833,522
Cash and cash equivalents	7,066,737	8,893,771

[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 uses of the funds from borrowings are primarily funds for acquisition of assets under management, repayment of existing borrowings, 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 August 31, 2018, 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	2,719,168	2,719,168	—
(2) Cash and deposits in trust	4,347,568	4,347,568	—
Assets total	7,066,737	7,066,737	—
(5) Long-term loans payable	40,198,000	40,139,714	(58,285)
Liabilities total	40,198,000	40,139,714	(58,285)
(6) Derivative transactions	—	—	—

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
(5) Long-term loans payable	34,124,000	34,113,090	(10,909)
Liabilities total	51,198,000	51,205,647	7,647
(6) 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; (5) 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.

(6) 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	10th fiscal period (As of Aug. 31, 2018)	11th fiscal period (As of Feb. 28, 2019)
Tenant lease and security deposits	263,854	312,104
Tenant lease and security deposits in trust	3,883,609	5,076,779
Total	4,147,464	5,388,883

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

10th fiscal period (As of August 31, 2018)

(Unit: thousand yen)	
	Due within 1 year
Cash and deposits	2,719,168
Cash and deposits in trust	4,347,568
Total	7,066,737

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

(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

10th fiscal period (As of August 31, 2018)

(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
Long-term loans payable	—	14,074,000	14,124,000	6,000,000	6,000,000	—
Total	—	14,074,000	14,124,000	6,000,000	6,000,000	—

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	—

[Notes on Derivative Transactions]

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

10th fiscal period (As of August 31, 2018)

Not applicable.

11th fiscal period (As of February 28, 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.

10th fiscal period (As of August 31, 2018)

(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	12,000,000	12,000,000	(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 “(5) Long-term loans payable” described in “Notes on Financial Instruments, 2. Matters concerning fair value, etc. of financial instruments” above.

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 “(5) 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.

10th fiscal period (March 1, 2018 to August 31, 2018)

Not applicable.

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

Not applicable.

2. Associated company, etc.

10th fiscal period (March 1, 2018 to August 31, 2018)

Not applicable.

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

Not applicable.

3. Fellow subsidiary, etc.

10th fiscal period (March 1, 2018 to August 31, 2018)

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	203,801	Accounts payable - other	220,106

(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 (6,200 thousand yen) for the transfer of Niigata Higashibori-dori Parking Building.

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.

4. Director, major individual unitholder, etc.

10th fiscal period (March 1, 2018 to August 31, 2018)

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 August 31, 2018, Koji Hashimoto does not own investment unit of One REIT.

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.

[Notes on Tax-Effect Accounting]

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

	(Unit: thousand yen)	
	10th fiscal period (As of Aug. 31, 2018)	11th fiscal period (As of Feb. 28, 2019)
Deferred tax assets		
Non-deductible accrued enterprise tax	3,739	—
Subtotal deferred tax assets	3,739	—
Valuation reserve	(3,548)	—
Total deferred tax assets	190	—
Net deferred tax assets	190	—

2. 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: %)	
	10th fiscal period (As of Aug. 31, 2018)	11th fiscal period (As of Feb. 28, 2019)
Statutory tax rate	34.81	31.51
[Adjustments]		
Deductible distributions payable	(31.56)	(31.29)
Other	(0.07)	(0.17)
Effective income tax rate after application of tax-effect accounting	3.18	0.05

[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)

	10th fiscal period (From: Mar. 1, 2018 To: Aug. 31, 2018)	11th fiscal period (From: Sep. 1, 2018 To: Feb. 28, 2019)
Carrying amount		
Balance at beginning of period	79,869,025	79,226,568
Amount of increase (decrease) during period	(642,456)	21,930,827
Balance at end of period	79,226,568	101,157,396
Fair value at end of period	89,267,000	114,312,000

(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 10th fiscal period, the amount of increase is mainly attributable to capital expenditure (220,169 thousand yen) while the amount of decrease is mainly attributable to the transfer of Niigata Higashiboridori Parking Building (418,677 thousand yen) and depreciation (440,405 thousand yen). Moreover, 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).

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

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

10th fiscal period (March 1, 2018 to August 31, 2018)

(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.

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.

[Notes on Per Unit Information]

	10th fiscal period (From: Mar. 1, 2018 To: Aug. 31, 2018)	11th fiscal period (From: Sep. 1, 2018 To: Feb. 28, 2019)
Net assets per unit	219,386 yen	221,018 yen
Net income per unit	7,427 yen	7,168 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.

	10th fiscal period (From: Mar. 1, 2018 To: Aug. 31, 2018)	11th fiscal period (From: Sep. 1, 2018 To: Feb. 28, 2019)
Net income	1,405,981 thousand yen	1,679,131 thousand yen
Amount not attributable to common unitholders	— thousand yen	— thousand yen
Net income attributable to common investment units	1,405,981 thousand yen	1,679,131 thousand yen
Average number of investment units during period	189,298 units	234,236 units

[Notes on Significant Subsequent Events]

Not applicable.

[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.

(10) Increase (Decrease) in 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	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	Spilt 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.

4. Changes in Directors

Changes in Directors are disclosed upon finalization of the details.

5. Reference Information

(1) Asset Composition

Type of asset	Use of asset	Region (Note 1)	10th fiscal period (As of Aug. 31, 2018)		11th fiscal period (As of Feb. 28, 2019)	
			Total amount held (million yen) (Note 2)	As a percentage of total assets (%) (Note 3)	Total amount held (million yen) (Note 2)	As a percentage of total assets (%) (Note 3)
Real estate	Office buildings	Tokyo metropolitan area	6,761	7.8	6,701	6.0
	Office buildings subtotal		6,761	7.8	6,701	6.0
Real estate total			6,761	7.8	6,701	6.0
Real estate in trust	Office buildings	Tokyo metropolitan area	41,179	47.3	54,234	48.9
		Ordinance-designated cities, etc.	27,272	31.3	36,231	32.7
	Office buildings subtotal		68,451	78.6	90,465	81.6
	Retail facilities	Tokyo metropolitan area	4,013	4.6	3,990	3.6
		Retail facilities subtotal		4,013	4.6	3,990
	Real estate in trust total			72,464	83.2	94,456
Deposits and other assets			7,917	9.1	9,689	8.7
Total assets			87,143	100.0	110,847	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	Acquisition price (million yen) (Note 1)	Carrying amount (million yen)	Appraisal value (million yen)	Overview of appraisal report					
						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 (Note 3)	The Tanizawa Sogo Appraisal Co., Ltd.	7,350	6,701	8,870	9,140	3.5	8,760	3.6	3.7	8,940
OT-3	Tachikawa Nishiki-cho Building	Daiwa Real Estate Appraisal Co., Ltd.	3,264	3,259	4,020	4,050	4.5	4,010	4.3	4.7	2,630
OT-4	CP10 Building	Daiwa Real Estate Appraisal Co., Ltd.	3,229	3,131	3,370	3,410	4.1	3,350	3.9	4.3	1,760
OT-5	ONEST Yokohama Nishiguchi Building (Note 3)	Daiwa Real Estate Appraisal Co., Ltd.	3,110	3,135	3,800	3,790	4.3	3,800	4.1	4.5	2,900
OT-6	Yushima First Genesis Building	Daiwa Real Estate Appraisal Co., Ltd.	2,751	2,684	3,160	3,200	4.1	3,140	3.9	4.3	1,920
OT-7	ONEST Nakano Building (Note 3)	Daiwa Real Estate Appraisal Co., Ltd.	2,880	2,873	3,360	3,360	4.4	3,360	4.2	4.6	2,310
OT-8	36 Sankyo Building	Daiwa Real Estate Appraisal Co., Ltd.	2,395	2,332	2,740	2,770	4.2	2,720	4.0	4.4	2,050
OT-9	Minami-Shinagawa JN Building	Daiwa Real Estate Appraisal Co., Ltd.	2,165	2,151	2,094	2,190	4.4	2,070	4.2	4.6	2,200
OT-10	Minami-Shinagawa N Building	Daiwa Real Estate Appraisal Co., Ltd.	2,292	2,224	2,350	2,480	4.6	2,300	4.4	4.8	2,290
OT-11	Minami-Shinagawa J Building	Daiwa Real Estate Appraisal Co., Ltd.	2,020	1,940	2,410	2,440	4.6	2,400	4.4	4.8	1,470
OT-12	MY Atsugi Building	Chuo Real Estate Appraisal Co., Ltd.	1,240	1,166	1,390	1,480	5.6	1,350	5.4	5.8	938
OT-13	Hachioji SIA Building	Chuo Real Estate Appraisal Co., Ltd.	730	689	838	859	5.2	829	5.0	5.4	707
OT-14	ONEST Motoyoyogi Square (Note 3)	Japan Real Estate Institute	7,500	7,527	8,150	8,240	4.1	8,050	3.8	4.3	7,980
OT-15	ONEST Ueno Okachimachi Building (Note 3)	Japan Real Estate Institute	2,700	2,785	2,890	2,940	4.0	2,830	3.8	4.2	2,670
OT-16	Daido Life Omiya Building	Chuo Real Estate Appraisal Co., Ltd.	3,000	3,027	3,150	3,210	4.7	3,130	4.5	4.9	2,200
OT-17	ONEST Ikebukuro East Building (Note 3)	Daiwa Real Estate Appraisal Co., Ltd.	2,200	2,229	2,300	2,360	4.2	2,280	4.0	4.4	1,850
OT-18	Crescendo Building	Chuo Real Estate Appraisal Co., Ltd.	2,466	2,574	2,500	2,580	4.6	2,470	4.4	4.8	1,540
OT-19	Tokyo Parkside Building	JLL Morii Valuation & Advisory K.K.	10,450	10,500	11,000	11,200	4.2	11,000	3.9	4.4	9,190
OO-1	Central Shin-Osaka Building	Daiwa Real Estate Appraisal Co., Ltd.	4,612	4,310	5,810	5,820	4.4	5,810	4.2	4.6	2,650
OO-2	Karasuma Plaza 21	Daiwa Real Estate Appraisal Co., Ltd.	3,700	3,906	3,850	3,860	4.7	3,850	4.5	4.9	8,190
OO-3	ONEST Nagoya Nishiki Square (Note 3)	Daiwa Real Estate Appraisal Co., Ltd.	2,381	2,383	3,100	3,070	4.7	3,110	4.5	4.9	1,870
OO-4	MY Kumamoto Building	Chuo Real Estate Appraisal Co., Ltd.	1,152	1,092	1,280	1,290	6.0	1,280	5.8	6.2	935
OO-5	Nagoya Fushimi Square Building	Daiwa Real Estate Appraisal Co., Ltd.	4,812	4,845	5,190	5,300	4.6	5,140	4.4	4.8	5,800
OO-6	Daihakata Building	JLL Morii Valuation & Advisory K.K.	10,650	10,679	11,700	11,800	4.3	11,500	4.1	4.5	15,900
OO-7	Higobashi Center Building	The Tanizawa Sogo Appraisal Co., Ltd.	8,930	9,013	10,200	10,300	4.2	10,100	4.3	4.4	11,800
R-1	fab Minami-Osawa	Japan Real Estate Institute	4,250	3,990	4,790	4,850	4.7	4,730	4.5	4.9	2,420
Total			102,229	101,157	114,312	115,989	—	113,369	—	—	105,110

(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 February 2019.

(Note 3) Property names have been changed as follows as of March 1, 2019. The same applies hereinafter.

Property no.	New property name	Former property name
OT-2	ONEST Kanda Square	SIA Kanda Square
OT-5	ONEST Yokohama Nishiguchi Building	Yokohama AP Building
OT-7	ONEST Nakano Building	Miyaji Building
OT-14	ONEST Motoyoyogi Square	Glass City Motoyoyogi
OT-15	ONEST Ueno Okachimachi Building	Okachimachi CY Building
OT-17	ONEST Ikebukuro East Building	Yamagami Building
OO-3	ONEST Nagoya Nishiki Square	Stoke Building Nagoya

(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	5,629.89	4.51%
OT-4	CP10 Building	Office building	Taito-ku, Tokyo	SRC B1/7F	1989/03	Real estate trust beneficiary rights	3,506.66	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	3,858.31	7.69%
OT-13	Hachioji SIA Building	Office building	Hachioji-shi, Tokyo	SRC 9F	1993/09	Real estate trust beneficiary rights	2,750.70	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	4,402.95	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	9,415.29	12.72%
OO-2	Karasuma Plaza 21	Office building	Kyoto-shi, Kyoto	SRC B1/8F	1986/11	Real estate trust beneficiary rights	8,889.42	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	3,755.53	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)	6,701	3,259	3,131	3,135
	Value at end of period (million yen)	8,870	4,020	3,370	3,800
	Composition ratio (%)	7.8	3.5	2.9	3.3
Leasing	Total number of tenants	30	19	7	10
	Total leasable area (m ²)	5,261.34	5,629.89	3,506.66	4,326.68
	Leased area (m ²)	5,261.34	5,465.72	3,506.66	4,326.68
	Occupancy rate	100.0%	97.1%	100.0%	100.0%
Operating income (loss)	Number of days under management	181	181	181	181
	① Property-related operating revenue (thousand yen)	194,163	146,832	110,444	133,550
	Lease business revenue	184,624	139,019	97,384	121,204
	Other lease business revenue	9,539	7,813	13,060	12,345
	② Property-related operating expenses (thousand yen)	36,470	42,883	29,159	26,864
	Property management fees	16,805	14,564	12,107	7,871
	Utilities expenses	9,217	10,087	9,296	7,479
	Taxes and public dues	8,534	10,772	6,829	10,352
	Insurance premiums	204	215	111	141
	Repair expenses	1,709	4,176	314	519
	Other	—	3,066	500	500
	③ Leasing NOI (thousand yen)	157,693	103,948	81,284	106,685
	④ Depreciation (thousand yen)	65,345	26,067	16,020	13,250
	⑤ Property-related operating income (loss) [③-④] (thousand yen)	92,347	77,881	65,263	93,434
⑥ Capital expenditures (thousand yen)	5,093	8,271	—	24,265	
⑦ Leasing NCF [③-⑥] (thousand yen)	152,600	95,677	81,284	82,420	

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)	2,684	2,873	2,332	2,151
	Value at end of period (million yen)	3,160	3,360	2,740	2,094
	Composition ratio (%)	2.8	2.9	2.4	1.8
Leasing	Total number of tenants	6	7	3	20
	Total leasable area (m ²)	2,965.49	3,116.49	3,724.17	6,390.33
	Leased area (m ²)	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	181	181	181	181
	① Property-related operating revenue (thousand yen)	98,118	114,250	88,635	128,303
	Lease business revenue	91,353	105,013	78,879	118,657
	Other lease business revenue	6,764	9,236	9,756	9,645
	② Property-related operating expenses (thousand yen)	24,961	28,442	23,062	69,811
	Property management fees	7,416	7,655	5,499	16,470
	Utilities expenses	5,628	7,677	7,606	23,120
	Taxes and public dues	8,197	7,782	7,547	9,656
	Insurance premiums	127	113	107	236
	Repair expenses	2,956	4,714	1,801	3,538
	Other	635	500	500	16,790
	③ Leasing NOI (thousand yen)	73,157	85,807	65,572	58,491
	④ Depreciation (thousand yen)	13,708	11,182	8,549	17,736
	⑤ Property-related operating income (loss) [③-④] (thousand yen)	59,449	74,625	57,023	40,754
	⑥ Capital expenditures (thousand yen)	10,916	42,554	630	5,041
⑦ Leasing NCF [③-⑥] (thousand yen)	62,241	43,252	64,942	53,449	

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)	2,224	1,940	1,166	689
	Value at end of period (million yen)	2,350	2,410	1,390	838
	Composition ratio (%)	2.1	2.1	1.2	0.7
Leasing	Total number of tenants	18	11	24	13
	Total leasable area (m ²)	5,476.73	3,673.61	3,858.31	2,750.70
	Leased area (m ²)	5,394.66	3,673.61	3,744.98	2,658.23
	Occupancy rate	98.5%	100.0%	97.1%	96.6%
Operating income (loss)	Number of days under management	181	181	181	181
	① Property-related operating revenue (thousand yen)	106,528	97,247	62,888	47,743
	Lease business revenue	98,956	90,016	57,544	43,185
	Other lease business revenue	7,572	7,230	5,343	4,557
	② Property-related operating expenses (thousand yen)	41,172	30,494	24,352	20,862
	Property management fees	6,931	6,065	10,432	9,388
	Utilities expenses	9,154	7,974	7,127	5,879
	Taxes and public dues	9,213	5,674	4,805	4,543
	Insurance premiums	205	131	128	91
	Repair expenses	1,470	700	1,358	460
	Other	14,197	9,949	500	500
	③ Leasing NOI (thousand yen)	65,355	66,752	38,536	26,880
	④ Depreciation (thousand yen)	15,312	12,535	13,064	5,242
	⑤ Property-related operating income (loss) [③-④] (thousand yen)	50,043	54,216	25,471	21,638
	⑥ Capital expenditures (thousand yen)	4,761	1,404	12,910	—
⑦ Leasing NCF [③-⑥] (thousand yen)	60,594	65,348	25,625	26,880	

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)	7,527	2,785	3,027	2,229
	Value at end of period (million yen)	8,150	2,890	3,150	2,300
	Composition ratio (%)	7.1	2.5	2.8	2.0
Leasing	Total number of tenants	9	13	15	7
	Total leasable area (m ²)	7,644.40	2,943.07	3,574.03	2,677.80
	Leased area (m ²)	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	181	181	181	181
	① Property-related operating revenue (thousand yen)	208,996	85,595	111,196	58,394
	Lease business revenue	191,860	81,244	104,045	54,161
	Other lease business revenue	17,135	4,350	7,150	4,233
	② Property-related operating expenses (thousand yen)	60,953	22,603	23,915	22,074
	Property management fees	21,705	7,242	8,754	9,764
	Utilities expenses	17,598	7,223	7,317	3,476
	Taxes and public dues	16,187	7,121	6,776	4,604
	Insurance premiums	297	112	153	86
	Repair expenses	4,763	403	463	3,642
	Other	400	500	450	500
	③ Leasing NOI (thousand yen)	148,042	62,992	87,281	36,320
	④ Depreciation (thousand yen)	23,525	7,535	9,381	5,877
	⑤ Property-related operating income (loss) [③-④] (thousand yen)	124,516	55,456	77,899	30,442
⑥ Capital expenditures (thousand yen)	31,570	8,064	6,614	24,770	
⑦ Leasing NCF [③-⑥] (thousand yen)	116,472	54,928	80,666	11,550	

Property no.	OO-18	OO-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)	2,574	10,500	4,310	3,906
	Value at end of period (million yen)	2,500	11,000	5,810	3,850
	Composition ratio (%)	2.2	9.6	5.1	3.4
Leasing	Total number of tenants	31	15	27	11
	Total leasable area (m ²)	4,402.95	12,920.17	9,415.29	8,889.42
	Leased area (m ²)	4,402.95	12,920.17	9,194.16	8,667.12
	Occupancy rate	100.0%	100.0%	97.7%	97.5%
Operating income (loss)	Number of days under management	179	161	181	181
	① Property-related operating revenue (thousand yen)	85,227	299,595	199,937	196,400
	Lease business revenue	74,160	268,351	180,284	184,612
	Other lease business revenue	11,066	31,244	19,652	11,788
	② Property-related operating expenses (thousand yen)	21,483	65,669	59,367	77,204
	Property management fees	10,252	22,638	20,375	30,222
	Utilities expenses	9,274	37,781	19,267	15,287
	Taxes and public dues	5	0	15,669	24,080
	Insurance premiums	128	434	310	288
	Repair expenses	1,328	4,236	3,245	6,826
	Other	493	577	500	500
	③ Leasing NOI (thousand yen)	63,743	233,926	140,569	119,196
	④ Depreciation (thousand yen)	7,393	25,266	33,599	22,824
	⑤ Property-related operating income (loss) [③-④] (thousand yen)	56,350	208,659	106,969	96,371
	⑥ Capital expenditures (thousand yen)	—	3,531	884	69,579
⑦ Leasing NCF [③-⑥] (thousand yen)	63,743	230,395	139,684	49,616	

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)	2,383	1,092	4,845	10,679
	Value at end of period (million yen)	3,100	1,280	5,190	11,700
	Composition ratio (%)	2.7	1.1	4.5	10.2
Leasing	Total number of tenants	5	17	48	67
	Total leasable area (m ²)	5,801.80	3,755.53	8,421.27	15,430.32
	Leased area (m ²)	5,801.80	3,755.53	8,421.27	15,013.50
	Occupancy rate	100.0%	100.0%	100.0%	97.3%
Operating income (loss)	Number of days under management	181	181	181	181
	① Property-related operating revenue (thousand yen)	125,730	73,569	179,057	404,380
	Lease business revenue	109,526	68,272	168,752	375,242
	Other lease business revenue	16,203	5,297	10,304	29,137
	② Property-related operating expenses (thousand yen)	39,739	20,882	57,296	159,134
	Property management fees	16,413	8,785	20,282	48,298
	Utilities expenses	10,906	6,270	13,956	47,894
	Taxes and public dues	9,667	4,772	16,788	45,450
	Insurance premiums	198	126	359	709
	Repair expenses	2,052	428	5,408	16,131
	Other	500	500	500	650
	③ Leasing NOI (thousand yen)	85,991	52,686	121,760	245,245
	④ Depreciation (thousand yen)	21,388	13,169	18,953	31,314
	⑤ Property-related operating income (loss) [③-④] (thousand yen)	64,602	39,517	102,807	213,931
	⑥ Capital expenditures (thousand yen)	3,329	1,108	10,354	1,490
⑦ Leasing NCF [③-⑥] (thousand yen)	82,661	51,578	111,406	243,755	

Property no.		OO-7	R-1	Total
Property name		Higobashi Center Building	fab Minami-Osawa (Note 1)	
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)	9,013	3,990	101,157
	Value at end of period (million yen)	10,200	4,790	114,312
	Composition ratio (%)	8.9	4.2	100.0
Leasing	Total number of tenants	64	14	511
	Total leasable area (m ²)	15,940.39	8,409.23	160,906.07
	Leased area (m ²)	15,928.13	8,409.23	159,581.52
	Occupancy rate	99.9%	100.0%	99.2%
Operating income (loss)	Number of days under management	161	181	—
	① Property-related operating revenue (thousand yen)	321,599	191,516	3,870,000
	Lease business revenue	292,270	147,468	3,526,098
	Other lease business revenue	29,329	44,048	343,901
	② Property-related operating expenses (thousand yen)	77,746	69,128	1,175,759
	Property management fees	31,336	21,927	399,230
	Utilities expenses	39,389	35,478	381,372
	Taxes and public dues	—	7,701	252,734
	Insurance premiums	539	177	5,737
	Repair expenses	5,902	3,343	81,895
	Other	577	500	54,788
	③ Leasing NOI (thousand yen)	243,853	122,387	2,694,240
	④ Depreciation (thousand yen)	24,442	24,574	487,263
	⑤ Property-related operating income (loss) [③-④] (thousand yen)	219,410	97,813	2,206,977
⑥ Capital expenditures (thousand yen)	6,610	1,828	285,584	
⑦ Leasing NCF [③-⑥] (thousand yen)	237,243	120,559	2,408,655	

(Note) Included in the total of property-related operating revenue and property-related operating expenses are 95 thousand yen of revenue and 20 thousand yen of expenses for the properties sold in or before the previous fiscal period.

(6) Borrowing Status

The following is the status of borrowing of funds from each financial institution as of February 28, 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								
Long-term borrowings	Mizuho Trust & Banking Co., Ltd.	Sep. 3, 2018	-	1,350,000	0.30772	Sep. 3, 2019	Bullet repayment	(Note 3)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.		-	1,350,000					
	Mizuho Trust & Banking Co., Ltd.	Sep. 21, 2018	-	150,000	0.30878	Sep. 7, 2019	Bullet repayment		
	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 3)	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		
	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	Bullet repayment		
	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	0.46320	Sep. 7, 2020	Bullet repayment		
	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 5)	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 5)	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	0.50878	Sep. 7, 2023	Bullet repayment		
	Mizuho Bank, Ltd.		-	275,000					
	Sumitomo Mitsui Banking Corporation		-	250,000					
	Shinsei Bank Limited		-	250,000					
	Resona Bank, Limited		-	175,000					
	Aozora Bank, Ltd.		-	162,500					
	The Bank of Fukuoka, Ltd.		-	162,500					
	The Nishi-Nippon City Bank, Ltd.		-	150,000					
	The Chugoku Bank, Limited		-	150,000					
	Bank of Kyoto, Ltd.		-	75,000					
	Nippon Life Insurance Company	-	75,000				(Note 3)	Unsecured Unguaranteed	
	Mizuho Trust & Banking Co., Ltd.	Sep. 21, 2018	-	825,000	0.67200 (Note 5)	Sep. 7, 2023	Bullet repayment		
	Mizuho Bank, Ltd.		-	825,000					
	Sumitomo Mitsui Banking Corporation		-	750,000					
	Shinsei Bank Limited		-	750,000					
	Resona Bank, Limited		-	525,000					
	Aozora Bank, Ltd.		-	487,500					
	The Bank of Fukuoka, Ltd.		-	487,500					
	The Nishi-Nippon City Bank, Ltd.		-	450,000					
	The Chugoku Bank, Limited		-	450,000					
Bank of Kyoto, Ltd.	-		225,000						
Nippon Life Insurance Company	-	225,000							
	Subtotal		40,198,000	48,198,000					
	Total		40,198,000	51,198,000					

(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 intended use of the funds is to allocate the funds to part of the funds for acquisition of real estate trust beneficiary rights, as well as related costs.

(Note 4) The funds are allotted to part of the funds for repaying existing borrowings.

(Note 5) 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.