

April 15, 2019

To All Concerned Parties

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Notice concerning Partial Amendments to Asset Management Fee System

One REIT, Inc. (hereafter referred to as “One REIT”) announced the following decision made at the meeting of its board of directors held today on partial amendments (hereinafter referred to as the “Amendments”) to the system of the asset management fee it pays to its asset management company Mizuho REIT Management Co., Ltd. (hereinafter referred to as the “Asset Management Company”), subject to the condition that the proposal concerning partial amendments to the Articles of Incorporation is approved by vote at its fourth general meeting of unitholders (hereinafter referred to as the “General Meeting of Unitholders”) scheduled to be held on May 24, 2019.

1. Purpose and Overview of the Amendments

One REIT has taken various measures based on dialogue with the market (investors) with an aim to continuously maximize unitholder value. Considering that the general meeting of unitholders is scheduled to be held in May this year, One REIT has decided on the Amendments to the asset management fee system in order to further improve unitholder value after comprehensively discussing matters such as One REIT’s basic policies (“continuous growth of distributions” and “disciplined external growth while considering the portfolio and financial structure”) and the link between the asset management fee and unitholders’ interests.

The overview of the Amendments is as follows. Please also refer to the attachment “Partial Amendments to Asset Management Fee System.”

Overview and Purpose	
(1)	<p>Lowering of the upper limit of the fee rate for Management Fee 1 (total assets-linked) and Management Fee 2 (NOI^(Note 1)-linked)</p> <ul style="list-style-type: none"> • Review fee rates for Management Fee 1 and Management Fee 2 <p style="text-align: center;">< Fee rates (upper limit) before and after the Amendments ></p> <p style="text-align: center;">Management Fee 1 (Before) 0.45% (After) 0.3%</p> <p style="text-align: center;">Management Fee 2 (Before) 6.0% (After) 2.5%</p>
(2)	<p>New establishment of Management Fee 3 (EPU^(Note 2)-linked)</p> <ul style="list-style-type: none"> • Reinforce the link with unitholders’ interests by newly establishing a fee calculated based on EPU (earnings per unit)
(3)	<p>Abolition of “the upper limit of the management fee”</p> <ul style="list-style-type: none"> • Abolish the upper limit set for the total amount of Management Fee 1 and Management Fee 2 • Strengthen the incentive for the asset management company to improve NOI and EPU
(4)	<p>New establishment of a merger fee</p> <ul style="list-style-type: none"> • Newly establish a merger fee in case of a merger involving One REIT

(Note 1) NOI is the amount arrived at after deducting property-related operating expenses (excluding depreciation and loss on retirement of non-current assets) from the sum total of property-related operating revenue, silent partnership distributions and revenues from real estate-related loans and other assets for each operating period.

(Note 2) EPU is the amount arrived at after dividing net income before income taxes (the amount before deducting Management Fee 3 and non-deductible consumption tax for Management Fee 3 and after adding amortization of goodwill and deducting gain on negative goodwill) for each operating period (if there is loss carried forward, the amount after covering the amount) by the total number of investment units issued and outstanding as of the period's settlement for the relevant operating period.

Assuming that there will be no change to the assumptions for the outlook for financial results described in "3. Outlook for Financial Results" below, of the Amendments, concerning the amendments to the management fees effective as of the fiscal period ending February 2020 and the abolition of the upper limit of the management fee, the asset management fee for the operating period in which the application of the amended fee system will start (fiscal period ending February 2020) is expected to be similar (increase of less than one million yen) to the that under the fee system before the amendments.

2. Starting Date of Application of the Amendments

If the Amendments are approved at the General Meeting of Unitholders, application of the amendment regarding new establishment of a merger fee is scheduled to start on May 24, 2019, which is the effective date of the amendments to the Articles of Incorporation; and application of the amendments to management fees is scheduled to start from the fiscal period ending February 2020 (13th fiscal period: September 1, 2019 to February 29, 2020).

3. Outlook for Financial Results

For the outlook for financial results for the fiscal period ending February 2020 (13th fiscal period: September 1, 2019 to February 29, 2020) reflecting the impact of the Amendments, please refer to the "Summary of Financial Results for the Fiscal Period Ended February 2019 (REIT)" separately announced today.

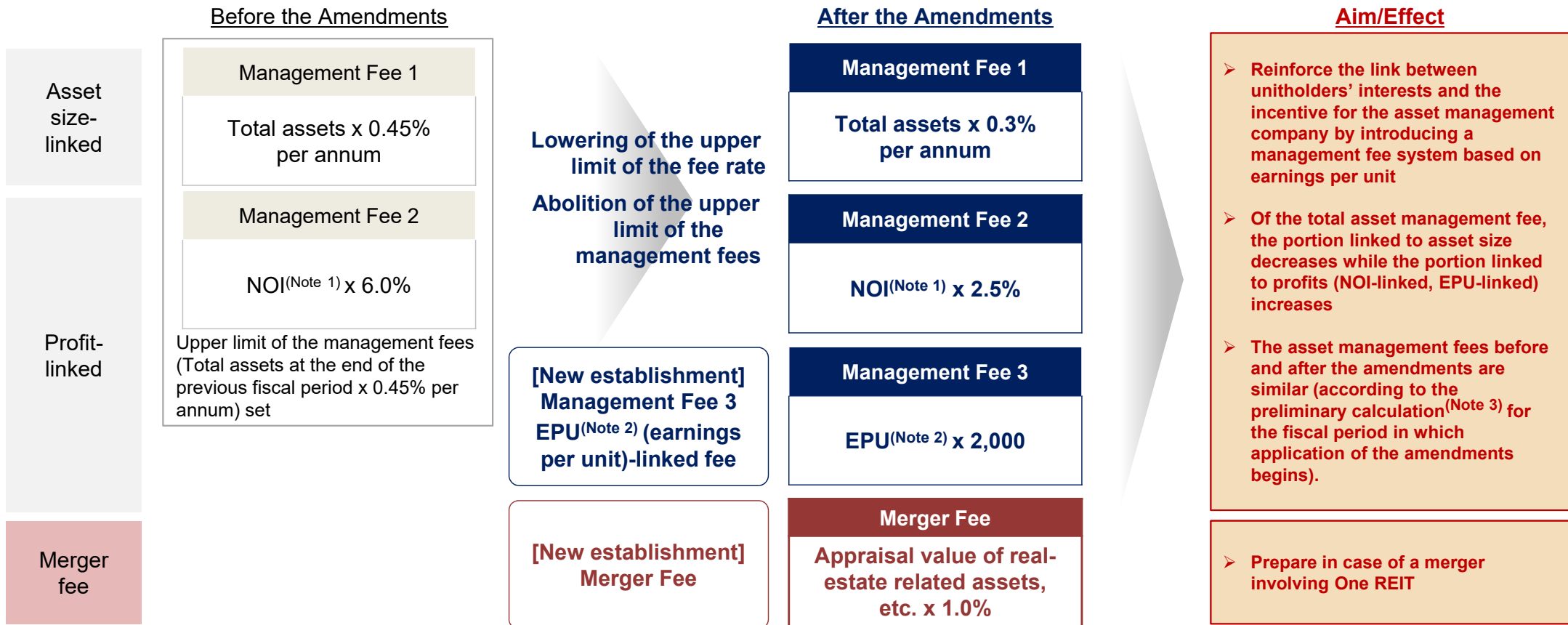
(Attachment) "Partial Amendments to Asset Management Fee System"

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

Partial Amendments to Asset Management Fee System

- While lowering the upper limit of the fee rate for Management Fee 1 (total assets-linked) and Management Fee 2 (NOI (Note 1)-linked), Management Fee 3 linked to EPU (Note 2) (earnings per unit) will be newly established.
- Abolish the upper limit of the management fees in order to strengthen the incentive to improve profits (NOI/EPU) of One REIT.
- The asset management fee for the operating period in which the application of the amended fee system will start (fiscal period ending February 2020) is expected to be similar to the that under the fee system before the amendments (The amount of increase is estimated to be less than 1 million yen (Note 3).).

Overview of the Amendments to the Asset Management Fee System



(Note 1) NOI is the amount arrived at after deducting property-related operating expenses (excluding depreciation and loss on retirement of noncurrent assets) from the sum total of property-related operating revenue, silent partnership distributions and revenues from real estate-related loans and other assets for each operating period.

(Note 2) EPU is the amount arrived at after dividing net income before income taxes (the amount before deducting Management Fee 3 and non-deductible consumption tax for Management Fee 3 and after adding amortization of goodwill and deducting gain on negative goodwill) for each operating period (if there is loss carried forward, the amount after covering the amount) by the total number of investment units issued and outstanding as of the period's settlement for the relevant operating period.

(Note 3) Estimated figure assuming that there is no change to the assumptions for the outlook for financial results for the fiscal period ending February 2020 described in "Summary of Financial Results for the Fiscal Period Ended February 2019 (REIT)" dated April 15, 2019.

(Note 4) The fee rates and multiples indicated are the upper limit of each fee, and actual fee rates and multiples applied may differ except for the upper limit of the management fee.