

October 11, 2017

To All Concerned Parties

Name of REIT Issuer:

One REIT, Inc.  
2-1-3 Nihonbashi, Chuo-ku, Tokyo, Japan  
Koji Hashimoto, Executive Director  
(TSE Code: 3290)

Contact:

Asset Management Company  
Simplex REIT Partners Inc.  
Koji Hashimoto, President and Representative Director  
Contact Person:  
Takeshi Akimoto, Head of Finance & Administration Division  
Tel: +81-3-3242-7155

**Notice concerning Revisions to Forecast of Financial Results and Cash Distribution for the Fiscal Period Ending February 2018 (9th Fiscal Period) and Forecast of Financial Results and Cash Distribution for the Fiscal Period Ending August 2018 (10th Fiscal Period)**

One REIT, Inc. (hereafter referred to as “One REIT”) announced that it decided to revise the forecast of financial results and cash distribution for the fiscal period ending February 2018 (9th fiscal period: September 1, 2017 to February 28, 2018) announced in the “Summary of Financial Results for the Fiscal Period Ended February 2017 (REIT)” dated April 14, 2017. There will be no changes to the forecast of financial results and cash distribution for the fiscal period ended August 2017 (8th fiscal period: March 1, 2017 to August 31, 2017).

One REIT also announced that it will newly announce the forecast of financial results and cash distribution for the fiscal period ending August 2018 (10th fiscal period: March 1, 2018 to August 31, 2018), as described below.

**1. Revisions to Forecast of Financial Results and Cash Distribution for the Fiscal Period Ending February 2018 (9th Fiscal Period)**

	Operating revenue (million yen)	Operating profit (million yen)	Recurring profit (million yen)	Net income (million yen)	Distribution per unit (excluding distribution in excess of earnings) (yen)	Distribution per unit in excess of earnings (yen)
Previously released forecast (A)	3,420	1,474	1,154	1,152	6,090	0
Revised forecast (B)	3,848	2,050	1,652	1,588	7,860	0
Change (B-A)	427	576	498	435	1,770	0
Percentage of change	12.5%	39.1%	43.2%	37.8%	29.1%	—
(Reference) Actual results of previous fiscal period (ended February 2017) (Note 1)	3,349	1,431	1,101	1,100	11,626	0

(Note 1) The actual amount before implementing the 2-for-1 split of investment units (effective date: March 1, 2017) is indicated in “Distribution per unit (excluding distribution in excess of earnings)” in “(Reference) Actual results of the fiscal period immediately before the previous fiscal period (ended February 2017)”.

(Note 2) The above forecast figures represent the financial results and the cash distribution forecasted at the moment, and the actual

operating revenue, operating profit, recurring profit, net income and distribution per unit may vary. In addition, One REIT does not guarantee any actual distribution amount with this forecast.

(Note 3) Forecast number of investment units issued and outstanding at the end of the fiscal period ending February 2018: 189,298 units.

(Note 4) The amounts have been rounded down to the nearest unit.

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

	Operating revenue (million yen)	Operating profit (million yen)	Recurring profit (million yen)	Net income (million yen)	Distribution per unit (excluding distribution in excess of earnings) (yen)	Distribution per unit in excess of earnings (yen)
Released forecast	3,192	1,448	1,231	1,230	6,500	0

(Note 1) The above forecast figures represent the financial results and the cash distribution forecasted at the moment, and the actual operating revenue, operating profit, recurring profit, net income and distribution per unit may vary. In addition, One REIT does not guarantee any actual distribution amount with this forecast.

(Note 2) Forecast number of investment units issued and outstanding at the end of the fiscal period ending August 2018: 189,298 unit

(Note 3) The amounts have been rounded down to the nearest unit.

## 3. Reason for Revision and Announcement

The transfer of J Tower has been completed as announced in “Notice concerning Completion of Asset Transfer (J Tower)” dated October 6, 2017. One REIT has decided to acquire new assets, borrow funds and conduct prepayment of existing borrowings as announced in “Notice concerning Acquisition and Leasing of Assets (Daihakata Building, Daido Life Omiya Building and Yamagami Building)” and “Notice concerning Borrowing of Funds and Prepayment of Existing Borrowings” dated today. As a result, assumptions for the forecast of financial results and cash distribution for the fiscal period ending February 2018 (9th fiscal period) announced in “Summary of Financial Results for the Fiscal Period Ended February 2017 (REIT)” dated April 14, 2017 have changed and a change of 10% or more in operating revenue, 30% or more in recurring profit and net income, and 5% or more in distribution per unit compared to the most recent forecasted value or amount are expected to occur. Therefore, One REIT will revise the forecast and announce the new forecast of financial results and cash distribution for the fiscal period ending August 2018 (10th fiscal period).

The main factor for the revision of forecast of financial results and cash distribution for the fiscal period ending February 2018 (9th fiscal period) is the reflection of the recording of capital gain from the transfer of J Tower, change in gain/loss in real estate leasing business due to acquisition of new assets, recording of break funding costs due to prepayment, and change in interest expenses and borrowing related expenses through new borrowings. For the assumptions for the forecast of financial results and cash distribution for the fiscal periods ending February 2018 (9th fiscal period) and August 2018 (10th fiscal period), please refer to “<Reference> Assumptions for the forecast of financial results and cash distribution for the fiscal periods ending February 2018 and August 2018” described at the end.

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

<Reference>

Assumptions for the Forecast of Management Status for the Fiscal Periods Ending February 2018 and August 2018

Item	Assumptions
Calculation period	<ul style="list-style-type: none"> <li>➤ Fiscal period ending February 2018 (9th fiscal period) (September 1, 2017 to February 28, 2018) (181 days)</li> <li>➤ Fiscal period ending August 2018 (10th fiscal period) (March 1, 2018 to August 31, 2018) (184 days)</li> </ul>
Assets under management	<ul style="list-style-type: none"> <li>➤ With regard to the real estate and real estate trust beneficiary rights held as of August 31, 2017 totaling 22 properties, One REIT has transferred “J Tower” as of October 6, 2017. One REIT has also decided to acquire three properties (Daihakata Building, Daido Life Omiya Building and Yamagami Building) (hereafter referred to as the “Assets to be Acquired”) on October 25, 2017. Except for the above properties, it is assumed that no changes in assets under management (acquisition of new properties, disposition of portfolio properties, etc.) will take place.</li> <li>➤ Changes in assets under management may actually occur due to the change of the acquisition date of the Assets to be Acquired, acquisition of new properties other than the Assets to be Acquired, disposition of portfolio properties, etc.</li> <li>➤ For details of the Assets to be Acquired, please refer to “Notice concerning Acquisition and Leasing of Assets (Daihakata Building, Daido Life Omiya Building and Yamagami Building)” announced today.</li> </ul>
Operating revenue	<ul style="list-style-type: none"> <li>➤ Operating revenue of the above “assets under management” is used as an assumption. The calculation of property-related operating revenue for the acquired assets 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. The calculation of property-related operating revenue for the Assets to be Acquired assumes that there will be no late or delinquent payments of rent by tenants, given the information provided by the current holder of trust beneficiary rights for each property, lease agreements that will become effective on the scheduled acquisition date of the Assets to be Acquired, market trends, etc.</li> <li>➤ One REIT has transferred “J Tower” as of October 6, 2017 and is expected to record 724 million yen of gain on sale of real estate, etc. in the fiscal period ending February 2018.</li> <li>➤ Dividends to be received of 0 million yen for the fiscal period ending February 2018 are expected from the silent partnership equity interests.</li> </ul>

Operating expenses	<p>➤ Property-related expenses, which are the main component of operating expenses, are estimated to be 1,500 million yen in the fiscal period ending February 2018 and 1,469 million yen in the fiscal period ending August 2018. Expenses other than depreciation are calculated on a historical data basis for the acquired assets and calculated based on the historical data provided by the current owner, etc. for the Assets to be Acquired, by reflecting factors causing fluctuations in expenses.</p> <ol style="list-style-type: none"> <li>1) Property management fees are estimated to be 339 million yen in the fiscal period ending February 2018 and 316 million yen in the fiscal period ending August 2018.</li> <li>2) Depreciation is calculated using the straight-line method, including ancillary costs, etc. Depreciation is estimated to be 468 million yen in the fiscal period ending February 2018 and 444 million yen in the fiscal period ending August 2018.</li> <li>3) Fixed asset tax, city planning tax, etc. are estimated to be 206 million yen in the fiscal period ending February 2018 and 246 million yen in the fiscal period ending August 2018. While fixed asset tax, city planning tax, etc. are adjusted upon acquisition by prorating the pro forma taxes with the current owner in general property transactions, expenses will not be recorded in the period when the property is acquired as the amount equivalent to such adjustments will be included in the acquisition costs in One REIT. Accordingly, fixed asset tax, city planning tax, etc. related to the Assets to be Acquired will be recorded as expenses from the fiscal period ending August 2018 onwards. With regard to the Assets to be Acquired, the total amount of fixed asset tax, city planning tax, etc. that will be included in the acquisition costs is estimated to be 19 million yen.</li> <li>4) Repair expenses are recognized in the amount deemed necessary based on the repair plan formulated by the asset management company (Simplex REIT Partners Inc.) for each property. However, repair expenses may greatly differ from the forecast amount because increased or additional repair expenses may arise due to unforeseeable factors.</li> </ol> <p>➤ Operating expenses other than property-related expenses (asset management fee, asset custody fee, administrative service fees, etc.) are estimated to be 297 million yen in the fiscal period ending February 2018 and 274 million yen in the fiscal period ending August 2018.</p> <p>Among the above, asset management fees of 216 million yen for the fiscal period ending February 2018 and 196 million yen for the fiscal period ending August 2018 are expected.</p>
Non-operating expenses	<p>➤ Interest expenses and borrowing related expenses are expected to be 389 million yen (including 72 million yen of break funding costs due to the prepayment of existing borrowings) for the fiscal period ending February 2018 and 209 million yen for the fiscal period ending August 2018.</p> <p>➤ Amortization of investment unit issuance expenses is expected to be 6 million yen for each of the fiscal period ending February 2018 and ending August 2018.</p>
Borrowings	<p>➤ The balance of total outstanding borrowings as of August 31, 2017 is 49,065 million yen.</p> <p>➤ One REIT has implemented scheduled repayment of a total of 8,882 million yen of existing borrowings by using cash on hand accrued from the transfer of “J Tower” as of October 10, 2017.</p> <p>➤ One REIT has decided as of October 25, 2017 to conduct borrowing of a total of 16,000 million yen of funds (hereafter referred to as the “Borrowings”) to procure part of the acquisition costs and ancillary costs of the Assets to be Acquired as well as prepayment of a total of 15,985 million yen of existing borrowings by using cash on hand accrued from the transfer of “J Tower” (for more details on the Borrowings and prepayment of existing borrowings, please refer to “Notice concerning Borrowings of Funds and Prepayment of Existing Borrowings” announced today).</p>
Investment units	<p>➤ The 189,298 units that are the investment units issued and outstanding as of today is assumed.</p> <p>➤ It is assumed that there will be no change in the number of investment units due to issuance of new investment units, etc. until the end of the fiscal period ending August 2018.</p>

Distribution per unit	<ul style="list-style-type: none"> <li>➤ Distribution per unit (excluding distribution in excess of earnings) is calculated by assuming the cash distribution policy stipulated in the Articles of Incorporation of One REIT.</li> <li>➤ Distribution per unit is subject to change due to a variety of factors, including fluctuations in rent revenue caused by change in assets under management, relocation of tenants, etc. or occurrence of unforeseen repairs.</li> <li>➤ 100 million yen of voluntary reserves is expected to be recorded and internally retained based on the assumption that conduit requirements will be fulfilled with regard to 724 million yen of gain on sale of real estate, etc. accruing from the transfer of “J Tower” described in “operating revenue” above, which is expected in the fiscal period ending February 2018. The actual voluntary reserves may differ. One REIT has a policy to use internal reserves to alleviate the negative impact on distributions upon temporary decrease in income and incurrence of expenses in managements in the fiscal period ending August 2018 (10th fiscal period) onwards. 63 million yen of tax expenses such as corporate tax, etc. are expected to be incurred through the internal reserves in the fiscal period ending February 2018.</li> </ul>
Distribution per unit in excess of earnings	<ul style="list-style-type: none"> <li>➤ There are no plans at this time to distribute cash in excess of earnings.</li> <li>➤ However, cash distribution in excess of earnings may be made for the purpose of reducing occurrence of corporate tax and other taxes derived from discrepancy between tax and accounting treatment.</li> </ul>
Other	<ul style="list-style-type: none"> <li>➤ It is assumed that there will be no revision of laws and regulations, tax systems, accounting standards, listing rules, rules of The Investment Trusts Association, Japan, etc. that will impact the forecast figures above.</li> <li>➤ It is assumed that there will be no serious unforeseen change in general economic trends, real estate market conditions, etc.</li> </ul>