

Summary of Financial Results for the Fiscal Period Ended February 2021 (REIT)

April 14, 2021

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(Amounts are rounded down to the nearest million yen)

1. Status of Management and Assets for the Fiscal Period Ended February 2021 (September 1, 2020, to February 28, 2021)

(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. 2021	4,060	(2.6)	1,274	(41.6)	1,023	(46.7)	1,022	(46.7)
Ended Aug. 2020	4,167	(1.4)	2,181	1.3	1,918	1.4	1,917	1.4

Fiscal period	Net income per unit	Ratio of net income to equity	Ratio of recurring profit to total assets	Ratio of recurring profit to operating revenue
	yen	%	%	%
Ended Feb. 2021	4,260	1.9	0.9	25.2
Ended Aug. 2020	7,994	3.6	1.7	46.0

(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 per unit (including distribution in excess of earnings)	Total distributions (including distribution in excess of earnings)	Distribution payout ratio	Ratio of distributions to net assets
	yen	million yen	yen	million yen	yen	million yen	%	%
Ended Feb. 2021	5,057	1,213	2,548	611	7,605	1,824	118.6	2.3
Ended Aug. 2020	7,994	1,917	—	—	—	—	99.9	3.6

(Note 1) Distribution payout ratio is calculated by the following formula (rounded down to one decimal place).

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

(Note 2) Distribution in excess of earnings for the fiscal period ended February 2021 is from allowance for temporary difference adjustments.

(3) Financial position

Fiscal period	Total assets	Net assets	Equity ratio	Net assets per unit
	million yen	million yen	%	yen
Ended Feb. 2021	110,403	52,368	47.4	218,284
Ended Aug. 2020	111,173	53,263	47.9	222,017

(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. 2021	2,022	(317)	(1,918)	9,273
Ended Aug. 2020	3,651	(497)	(1,916)	9,487

2. Forecast of Financial Results for the Fiscal Periods Ending August 2021 (March 1, 2021, to August 31, 2021) and February 2022 (September 1, 2021, to February 28, 2022)

(% 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. 2021	4,834	19.1	2,838	122.7	2,569	151.1	2,568	151.2
Ending Feb. 2022	3,918	(18.9)	1,983	(30.1)	1,721	(33.0)	1,720	(33.0)

Fiscal period	Distribution per unit (excluding distribution in excess of earnings)		Distribution per unit in excess of earnings	
	yen		yen	
Ending Aug. 2021	7,320		—	
Ending Feb. 2022	7,170		—	

(Reference) Forecast net income per unit (fiscal period ending August 2021): 10,705 yen

Forecast net income per unit (fiscal period ending February 2022): 7,169 yen

(Note) Distribution per unit is calculated by assuming distribution of the amount remaining after reversal of allowance for temporary difference adjustments (621 million yen for the fiscal period ending August 2021) and such are deducted from net income.

* 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 2021	239,908	units
Fiscal period ended August 2020	239,908	units

② Number of own investment units at end of period

Fiscal period ended February 2021	—	units
Fiscal period ended August 2020	—	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 26.

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

* Special note

The management status outlook and other forward-looking statements contained in this document are based on information currently available to and certain assumptions deemed reasonable by One REIT. Accordingly, actual management status and other results may differ materially due to a variety of factors. In addition, the forecast is not a guarantee of the amount of distributions. For the assumptions for the forecast of management status, please refer to “Assumptions for the Forecast of Management Status for the Fiscal Periods Ending August 2021 and February 2022” presented on page 8.

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1. Management Status

(1) Management Status

① Overview of the Fiscal Period Under Review

(A) Brief History of the Investment Corporation

One REIT has Mizuho REIT Management Co., Ltd. (hereinafter referred to as the “Asset Management Company”) (Note 1), which is a member of the Mizuho Financial Group, as its asset management company, and sets middle-sized office buildings (Note 2) as its focal investment target while incorporating other office buildings and urban retail facilities (Note 3) for the sake of diversified investment, aiming to construct a portfolio that both ensures stable income in the medium to long term and exhibits growth potential. Furthermore, One REIT strives for further growth with the aim of maximizing unitholder value under the basic policies of “continuous growth of distributions” and “disciplined external growth while considering the portfolio and financial structure,” alongside obtaining various support in terms of property acquisition, management, and financial aspects from our sponsor, Mizuho Trust & Banking Co., Ltd., which has an abundant track record in the Japanese real estate market.

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

(Note 3) One REIT has decided to submit a proposal for partial amendments to the Articles of Incorporation to its general meeting of unitholders scheduled to be held on May 25, 2021. For the purpose of aiming to construct a portfolio that both ensures stable income in the medium to long term and exhibits growth potential more than ever before, the proposal includes changing the investment targets provided in the Articles of Incorporation in order to exclude retail facilities from the main investment targets.

(B) Investment Environment and Management Performance

In the fiscal period under review (fiscal period ended February 2021 (15th fiscal period)), the economic environment was severe both in Japan and abroad due to the impact of COVID-19 but showed pick-up in corporate earnings in certain aspects as economic activities were resumed in phases while measures to prevent the spread of COVID-19 were taken. However, with the resurgence of COVID-19 cases, the Japanese government issued a declaration of a state of emergency in response to COVID-19 covering Tokyo, Kanagawa, Saitama, and Chiba prefectures on January 8, 2021, and expanded the target areas to Tochigi, Gifu, Aichi, Osaka, Kyoto, Hyogo, and Fukuoka prefectures on January 14, 2021. The declaration was lifted for all prefectures by March 21, 2021, but lingering concerns over the resurgence of COVID-19 cases, uncertainties over the supply of COVID-19 vaccines, and other factors make it difficult to predict when the pandemic will be brought under control.

In the office building leasing market, the vacancy rate in central Tokyo, which was at a record-low level, turned upward due to the impact of COVID-19, raising concerns over possible decline in the rent level.

One REIT obtained preferential negotiation rights for acquisition of each of Shinkawa 1-chome Building and Hakozaki 314 Building on November 25, 2020, and Aperto Higashi-Nakano Building on December 10, 2020. Concerning Shinkawa 1-chome Building and Hakozaki 314 Building, One REIT also acquired silent partnership equity interest that has trust beneficiary rights with the properties as primary assets in trust as assets under management (amount of equity investment: 20 million yen) on November 24, 2020.

Furthermore, One REIT conducted leasing activities focused on maintaining and enhancing occupancy rates by flexibly setting new advertised rent and such in light of market trends, while working to realize optimal costs in property management by taking into consideration tenant needs and the characteristics of the respective properties. As such, One REIT endeavored to enhance leasing business revenues.

As a result, One REIT’s portfolio as of the end of the fiscal period ended February 2021 comprised a total of 25 properties (total acquisition price: 102,260 million yen; not including silent partnership equity interest) with a total leasable area of 157,709.84 m², and the occupancy rate as of the end of the fiscal period ended February 2021 was 98.7%.

(C) Overview of Financing

In the fiscal period ended February 2021, One REIT procured 11,124 million yen through syndicated loans arranged by Mizuho Trust & Banking Co., Ltd. and Mizuho Bank, Ltd. on September 7, 2020, and used the funds for contractual repayment of existing borrowings and payment of various related costs.

As a result, as of February 28, 2021, the balance of interest-bearing liabilities was 50,824 million yen and the ratio of interest-bearing liabilities to total assets (LTV) was 46.0%.

(D) Overview of Business Performance and Distributions

As a result of the management described above, business performance in the fiscal period ended February 2021, was operating revenue of 4,060 million yen, operating profit of 1,274 million yen, recurring profit of 1,023 million yen and net income of 1,022 million yen. In the fiscal period ended February 2021, the book value of fab Minami-Osawa, which was transferred on March 26, 2021, was reduced to its recoverable amount and the amount of the reduction was recorded under operating expenses as impairment loss (802 million yen).

One REIT decided to distribute almost the entire amount of the amount of unappropriated retained earnings that includes the amount internally reserved in or before the previous fiscal period with the incurrence of gain on sale of real estate, etc. in a manner that the maximum amount of distributions of earnings would be included in deductible expenses by application of the special provisions for taxation on investment corporations (Article 67-15 of the Act on Special Measures Concerning Taxation). In the fiscal period ended February 2021, One REIT decided to also pay out distributions in excess of earnings from allowance for temporary difference adjustments (as provided in Article 2, Paragraph 2, Item 30 of the Regulation on Accountings of Investment Corporations; the same applies hereinafter) in light of the impact that the discrepancy between tax and accounting treatment in excess income (as provided in Article 2, Paragraph 2, Item 30 (a) of the Regulation on Accountings of Investment Corporations) from recording impairment loss would have on distributions.

As a result, One REIT declared distribution per investment unit of 7,605 yen.

② Outlook for the Next Fiscal Period

(A) Future Investment Environment

The domestic economy is expected to pick up by balancing measures to prevent the spread of COVID-19, including vaccinations, and resumption of economic activities going forward. However, resurgence of COVID-19 cases and its prolongation as well as fluctuations in financial and capital markets should continue to be watched carefully.

In the office building leasing market, close attention needs to be paid to the impact of COVID-19 on tenants and the movements of tenants, such as cutback of office expenses in line with deterioration of business results and reviewing of future offices amid the promotion and increase of remote work. In the office building transaction market, since there still are many investors both in Japan and abroad who are eager to acquire prime investment properties, transaction prices are expected to remain at a high level. However, it will be important to firmly maintain the attitude of making selective investment while carefully monitoring the impact of COVID-19 on the trends of the real estate market.

(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

One REIT has been aiming 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, 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. Please note that One REIT has decided to submit a proposal for partial amendments to the Articles of Incorporation to its general meeting of unitholders scheduled to be held on May 25, 2021. For the purpose of aiming to construct a portfolio that both ensures stable income in the medium to long term and exhibits growth potential more than ever before, the proposal includes changing the investment targets provided in the Articles of Incorporation in order to exclude retail facilities from the main investment targets. One REIT is to mainly invest in office buildings if the Articles of Incorporation are so amended by approval of the proposal.

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

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

(b) Internal Growth

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

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

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

③ Subsequent Material Events

Asset Transfer and Acquisition

To improve portfolio quality, One REIT transferred three properties (Yushima First Genesis Building, 36 Sankyo Building, and fab Minami-Osawa) on March 26, 2021, and acquired three properties (D’sVARIE HONGO BLDG, MSB-21 Minami-Otsuka Building, and D’sVARIE KANDA BLDG) on March 30, 2021.

(A) Asset Transfer

One REIT transferred real estate trust beneficiary rights in three properties (total transfer price: 9,390 million yen) on March 26, 2021, as follows. With the transfer, gain on sale of real estate, etc. of 873 million yen is expected to be recorded in the 16th fiscal period (ending August 2021).

Property name	Location	Transfer price (million yen) (Note 1)	Buyer	Conclusion date of purchase and sale agreement	Transfer date
Yushima First Genesis Building	Bunkyo Ward, Tokyo	Not disclosed (Note 2)	Not disclosed (Note 3)	March 24, 2021	March 26, 2021
36 Sankyo Building	Shinjuku Ward, Tokyo				
fab Minami-Osawa	Hachioji City, Tokyo				
Total		9,390			

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

(Note 2) Only the sum of the transfer prices of the transferred assets rounded down to the nearest million yen is indicated as it is required by the buyer as a prerequisite for the transfer that the transfer prices of individual properties not be disclosed.

(Note 3) The buyer is a domestic *godo kaisha* but is otherwise undisclosed as no consent has been obtained from the buyer for disclosure of its name, etc. The buyer falls under the category of neither “interested persons, etc.” defined in the Investment Trust Act nor “interested party” defined in the internal regulations concerning trading with an interested party of the Asset Management Company.

(B) Asset Acquisition

One REIT acquired real estate trust beneficiary rights in three properties (total acquisition price: 11,406 million yen) on March 30, 2021, as follows.

Property name	Location	Acquisition price (million yen) (Note)	Seller	Conclusion date of purchase and sale agreement	Acquisition date
D’sVARIE HONGO BLDG	Bunkyo Ward, Tokyo	5,406	Daiwa House Industry Co., Ltd.	March 24, 2021	March 30, 2021
MSB-21 Minami-Otsuka Building	Toshima Ward, Tokyo	3,900	ML Estate Company, Limited		
D’sVARIE KANDA BLDG	Chiyoda Ward, Tokyo	2,100	Daiwa House Industry Co., Ltd.		
Total		11,406			

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

(Reference Information)

Borrowing of Funds

In order to allocate funds to part of the acquisition and ancillary costs of the assets described in “Asset Transfer and Acquisition; (B) Asset Acquisition” above, One REIT borrowed funds on March 30, 2021, as follows.

Lenders	Borrowing amount (million yen)	Interest rate	Repayment date	Repayment method	Collateral
Syndicate of lenders arranged by Mizuho Trust & Banking Co., Ltd. and Mizuho Bank, Ltd.	2,850	0.55971% (fixed)	September 7, 2025	Lump-sum repayment on the maturity date	Unsecured Unguaranteed

Assumptions for the Forecast of Management Status for the Fiscal Periods Ending August 2021 and February 2022

Item	Assumptions
Calculation period	<ul style="list-style-type: none"> ➤ Fiscal period ending August 2021 (16th fiscal period) (March 1, 2021, to August 31, 2021) (184 days) ➤ Fiscal period ending February 2022 (17th fiscal period) (September 1, 2021, to February 28, 2022) (181 days)
Assets under management	<ul style="list-style-type: none"> ➤ The real estate and real estate trust beneficiary rights held as of February 28, 2021, total 25 properties. Of these, Yushima First Genesis Building, 36 Sankyo Building, and fab Minami-Osawa were transferred on March 26, 2021. In addition, D'sVARIE HONGO BLDG, MSB-21 Minami-Otsuka Building, and D'sVARIE KANDA BLDG (hereinafter collectively referred to as the "Assets to Be Acquired") were acquired on March 30, 2021. Other than these, it is assumed that no change 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 2022. ➤ 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 98.6% in the fiscal period ending August 2021 and 97.5% in the fiscal period ending February 2022. ➤ Property-related operating revenue is calculated after taking into account a certain degree of decrease due to the impact of COVID-19. ➤ With Yushima First Genesis Building, 36 Sankyo Building, and fab Minami-Osawa transferred on March 26, 2021, gain on sale of real estate, etc. of 873 million yen is expected to be recorded in the fiscal period ending August 2021.
Operating expenses	<ul style="list-style-type: none"> ➤ Property-related expenses, which are the main component of operating expenses, are estimated to be 1,616 million yen in the fiscal period ending August 2021 and 1,604 million yen in the fiscal period ending February 2022. Regarding expenses other than depreciation, those for acquired assets are calculated based on historical data and those for the Assets to Be Acquired are calculated based on historical data provided by the current owner, etc., and by reflecting factors causing fluctuations in expenses. <ol style="list-style-type: none"> 1) Property management fees are estimated to be 377 million yen in the fiscal period ending August 2021 and 364 million yen in the fiscal period ending February 2022. 2) Depreciation is calculated using the straight-line method, including ancillary costs, etc. Depreciation is estimated to be 507 million yen in the fiscal period ending August 2021 and 514 million yen in the fiscal period ending February 2022. 3) Fixed asset tax, city planning tax, etc. are estimated to be 301 million yen in the fiscal period ending August 2021 and 298 million yen in the fiscal period ending February 2022. While fixed asset tax, city planning tax, etc. are calculated on a pro rata basis and reimbursed at the time of acquisition upon transactions of real estate, etc. with the current owner in general, the amount equivalent to the reimbursement is included in the cost of acquisition and thus not expensed in the period of acquisition at One REIT. Accordingly, fixed asset tax, city planning tax, etc. related to the Assets to Be Acquired will be expensed from the fiscal period ending February 2022 onwards. The total amount of fixed asset tax, city planning tax, etc. that will be included in the cost of acquisition of the Assets to Be Acquired is estimated to be 32 million yen. 4) Repair expenses are estimated to be 72 million yen in the fiscal period ending August 2021 and 71 million yen in the fiscal period ending February 2022, 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 380 million yen in the fiscal period ending August 2021 and 330 million yen in the fiscal period ending February 2022. Among the above, asset management fees of 257 million yen for the fiscal period ending August 2021 and 255 million yen for the fiscal period ending February 2022 are expected.
Non-operating expenses	<ul style="list-style-type: none"> ➤ Interest expenses, interest expenses on investment corporation bonds and borrowing-related expenses are expected to be 258 million yen for the fiscal period ending August 2021 and 257 million yen for the fiscal period ending February 2022. ➤ Amortization of investment unit issuance expenses is expected to be 5 million yen for the fiscal period ending August 2021. ➤ Amortization of investment corporation bond issuance costs is expected to be 3 million yen for each the fiscal period ending August 2021 and the fiscal period ending February 2022.

Item	Assumptions
Interest-bearing liabilities	<ul style="list-style-type: none"> ➤ The balance of interest-bearing liabilities as of February 28, 2021, is 50,824 million yen. ➤ One REIT borrowed a total of 2,850 million yen on March 30, 2021, to use as part of funds for the acquisition and ancillary costs of the Assets to Be Acquired. As a result, the balance of interest-bearing liabilities stands at 53,674 million yen as of today. ➤ The borrowings due for repayment in the fiscal period ending February 2022 totaling 6,000 million yen are expected to be refinanced in the same amount. ➤ In addition to the above, it is assumed that there will be no change in the balance of interest-bearing liabilities (new borrowings, repayment of borrowings, etc.) until the end of the fiscal period ending February 2022.
Investment units	<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 2022.
Reversal of allowance for temporary difference adjustments	<ul style="list-style-type: none"> ➤ The allowance for temporary difference adjustments made in the fiscal period ended February 2021 of 621 million yen is expected to be reversed in the fiscal period ending August 2021.
Distribution per unit (excluding distribution in excess of earnings)	<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 (excluding distribution in excess of earnings) 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.
Distribution per unit in excess of earnings	<ul style="list-style-type: none"> ➤ There are no plans at this point in 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.
Other	<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.

(2) Investment Risks

Disclosure is omitted because there is no significant change from “Investment Risks” in the securities report (submitted on November 27, 2020).

2. Financial Statements

(1) Balance Sheet

(Unit: thousand yen)

	14th fiscal period (As of Aug. 31, 2020)	15th fiscal period (As of Feb. 28, 2021)
Assets		
Current assets		
Cash and deposits	3,214,586	3,090,340
Cash and deposits in trust	6,272,761	6,182,866
Operating accounts receivable	78,468	69,506
Prepaid expenses	119,490	165,843
Consumption taxes receivable	—	51,252
Other	987	936
Total current assets	9,686,294	9,560,746
Non-current assets		
Property, plant and equipment		
Buildings	3,617,437	3,623,662
Accumulated depreciation	(882,262)	(946,318)
Buildings, net	2,735,175	2,677,343
Structures	9,842	9,842
Accumulated depreciation	(4,349)	(4,672)
Structures, net	5,493	5,170
Machinery and equipment	62,025	63,479
Accumulated depreciation	(62,025)	(62,049)
Machinery and equipment, net	0	1,430
Tools, furniture and fixtures	2,710	2,710
Accumulated depreciation	(843)	(1,073)
Tools, furniture and fixtures, net	1,867	1,637
Land	3,770,347	3,770,347
Construction in progress	550	550
Buildings in trust	28,350,113	28,544,383
Accumulated depreciation	(3,985,760)	(4,409,500)
Buildings in trust, net	24,364,352	24,134,882
Structures in trust	18,881	23,647
Accumulated depreciation	(4,503)	(5,190)
Structures in trust, net	14,378	18,456
Machinery and equipment in trust	213,381	250,974
Accumulated depreciation	(63,719)	(74,766)
Machinery and equipment in trust, net	149,662	176,207
Tools, furniture and fixtures in trust	84,180	86,854
Accumulated depreciation	(37,608)	(43,433)
Tools, furniture and fixtures in trust, net	46,571	43,420
Land in trust	66,762,549	66,282,817
Construction in progress in trust	13,187	3,787
Total property, plant and equipment	97,864,136	97,116,052
Intangible assets		
Leasehold rights in trust	3,278,336	3,278,336
Other	1,878	1,757
Total intangible assets	3,280,215	3,280,094
Investments and other assets		
Investment securities	18,483	38,319
Lease and guarantee deposits	10,000	10,000
Long-term prepaid expenses	255,026	348,136
Deferred tax assets	16	16
Total investments and other assets	283,526	396,472
Total non-current assets	101,427,878	100,792,618

(Unit: thousand yen)

	14th fiscal period (As of Aug. 31, 2020)	15th fiscal period (As of Feb. 28, 2021)
Deferred assets		
Investment unit issuance expenses	11,249	5,624
Investment corporation bond issuance costs	48,544	44,675
Total deferred assets	59,794	50,300
Total assets	111,173,966	110,403,665
Liabilities		
Current liabilities		
Operating accounts payable	262,066	175,101
Current portion of long-term loans payable	11,124,000	6,000,000
Accounts payable - other	465,052	714,069
Accrued expenses	3,926	4,953
Income taxes payable	874	839
Consumption taxes payable	105,267	53,401
Advances received	678,679	662,109
Other	—	3,128
Total current liabilities	12,639,866	7,613,602
Non-current liabilities		
Investment corporation bonds	6,500,000	6,500,000
Long-term loans payable	33,200,000	38,324,000
Tenant lease and security deposits	297,333	321,987
Tenant lease and security deposits in trust	5,272,899	5,275,834
Total non-current liabilities	45,270,233	50,421,821
Total liabilities	57,910,099	58,035,423
Net assets		
Unitholders' equity		
Unitholders' capital	51,154,926	51,154,926
Surplus		
Unappropriated retained earnings (undisposed loss)	2,108,940	1,213,315
Total surplus	2,108,940	1,213,315
Total unitholders' equity	53,263,867	52,368,241
Total net assets	*1 53,263,867	*1 52,368,241
Total liabilities and net assets	111,173,966	110,403,665

(2) Statement of Income

(Unit: thousand yen)

	14th fiscal period (From: Mar. 1, 2020 To: Aug. 31, 2020)	15th fiscal period (From: Sep. 1, 2020 To: Feb. 28, 2021)
Operating revenue		
Lease business revenue	* ₁ 3,714,724	* ₁ 3,704,142
Other lease business revenue	* ₁ 311,777	* ₁ 355,950
Dividends received	340	466
Gain on sale of real estate, etc.	* ₂ 141,081	—
Total operating revenue	4,167,923	4,060,559
Operating expenses		
Expenses related to rent business	* ₁ 1,662,338	* ₁ 1,665,205
Impairment loss	—	* ₃ 802,431
Asset management fee	254,594	247,904
Asset custody fee	4,454	4,451
Administrative service fees	18,627	18,782
Directors' compensations	3,876	3,876
Other operating expenses	42,846	43,594
Total operating expenses	1,986,737	2,786,246
Operating profit	2,181,186	1,274,313
Non-operating income		
Interest income	46	47
Insurance income	99	—
Reversal of distribution payable	1,852	692
Total non-operating income	1,998	739
Non-operating expenses		
Interest expenses	151,503	137,842
Interest expenses on investment corporation bonds	12,869	21,151
Borrowing related expenses	89,896	81,303
Amortization of investment unit issuance expenses	5,624	5,624
Amortization of investment corporation bond issuance expenses	2,332	3,869
Other	2,086	2,120
Total non-operating expenses	264,312	251,912
Recurring profit	1,918,872	1,023,140
Net income before income taxes	1,918,872	1,023,140
Income taxes – current	950	941
Income taxes – deferred	(16)	0
Total income taxes	933	941
Net income	1,917,938	1,022,198
Profit brought forward	191,002	191,116
Unappropriated retained earnings (undisposed loss)	2,108,940	1,213,315

(3) Statement of Unitholders' Equity

14th fiscal period (March 1, 2020, to August 31, 2020)

(Unit: thousand yen)

	Unitholders' equity				Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	
		Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at beginning of current period	51,154,926	2,083,636	2,083,636	53,238,562	53,238,562
Changes of items during period					
Distribution of surplus		(1,892,634)	(1,892,634)	(1,892,634)	(1,892,634)
Net income		1,917,938	1,917,938	1,917,938	1,917,938
Total changes of items during period	—	25,304	25,304	25,304	25,304
Balance at end of current period	51,154,926	2,108,940	2,108,940	53,263,867	53,263,867

15th fiscal period (September 1, 2020, to February 28, 2021)

(Unit: thousand yen)

	Unitholders' equity				Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	
		Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at beginning of current period	51,154,926	2,108,940	2,108,940	53,263,867	53,263,867
Changes of items during period					
Distribution of surplus		(1,917,824)	(1,917,824)	(1,917,824)	(1,917,824)
Net income		1,022,198	1,022,198	1,022,198	1,022,198
Total changes of items during period	—	(895,625)	(895,625)	(895,625)	(895,625)
Balance at end of current period	51,154,926	1,213,315	1,213,315	52,368,241	52,368,241

(4) Statement of Cash Distributions

(Unit: yen)

	14th fiscal period (From: Mar. 1, 2020 To: Aug. 31, 2020)	15th fiscal period (From: Sep. 1, 2020 To: Feb. 28, 2021)
	Amount	Amount
I. Unappropriated retained earnings	2,108,940,742	1,213,315,182
II. Addition of distributions in excess of earnings	—	611,285,584
<i>Of which:</i> Allowance for temporary difference adjustments	—	611,285,584
III. Amount of distributions	1,917,824,552	1,824,500,340
[Amount of distributions per investment unit]	[7,994]	[7,605]
<i>Of which:</i> Distributions of earnings	1,917,824,552	1,213,214,756
[Distribution per unit of earnings]	[7,994]	[5,057]
Allowance for temporary difference adjustments	—	611,285,584
[Distribution per unit in excess of earnings (from allowance for temporary difference adjustments)]	[—]	[2,548]
IV. Retained earnings carried forward	191,116,190	100,426

Method of calculating the amount of distributions	<p>Pursuant to the distribution policy provided in Article 35, Paragraph 1, Item 2 of the Articles of Incorporation of One REIT, the amount of distributions shall be in excess of an amount equivalent to 90% of the amount of earnings available for distribution of One REIT provided in Article 67-15, Paragraph 1 of the Act on Special Measures Concerning Taxation, but no more than the amount of earnings.</p> <p>Based on such policy, One REIT decided to pay out distributions of earnings of 1,917,824,552 yen, which is the integral multiple of the total number of investment units issued and outstanding (239,908 units), after reserving the amount internally reserved in or before the previous fiscal period with the incurrence of gain on sale of real estate, etc., within the amount which minimizes the burden from occurrence of corporate tax and other taxes on unitholders. One REIT will not engage in the distribution of cash in excess of earnings provided in Article 35, Paragraph 2 of the Articles of Incorporation of One REIT.</p>	<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 1,213,214,756 yen, which is the largest integral multiple of the total number of investment units issued and outstanding (239,908 units) in an amount not in excess of the amount of unappropriated retained earnings that includes the amount internally reserved in or before the previous fiscal period with the incurrence of gain on sale of real estate, etc. Pursuant to the distribution of cash in excess of earnings provided in Article 35, Paragraph 2 of the Articles of Incorporation of One REIT, One REIT decided to also pay out distributions from allowance for temporary difference adjustments (as provided in Article 2, Paragraph 2, Item 30 of the Regulation on Accountings of Investment Corporations) of 611,285,584 yen in light of the impact that the discrepancy between tax and accounting treatment in excess income (as provided in Article 2, Paragraph 2, Item 30 (a) of the Regulation on Accountings of Investment Corporations) from impairment loss would have on distributions.</p>
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(5) Statement of Cash Flows

(Unit: thousand yen)

	14th fiscal period (From: Mar. 1, 2020 To: Aug. 31, 2020)	15th fiscal period (From: Sep. 1, 2020 To: Feb. 28, 2021)
Cash flows from operating activities		
Net income before income taxes	1,918,872	1,023,140
Depreciation	498,059	506,222
Amortization of investment unit issuance expenses	5,624	5,624
Amortization of investment corporation bond issuance costs	2,332	3,869
Impairment loss	—	802,431
Interest income	(46)	(47)
Reversal of distribution payable	(1,852)	(692)
Interest expenses	164,372	158,994
Decrease (increase) in operating accounts receivable	(7,371)	8,962
Decrease (increase) in consumption taxes receivable	—	(51,252)
Decrease (increase) in prepaid expenses	40,946	(46,353)
Decrease in property, plant and equipment in trust due to sale	1,160,891	—
Increase (decrease) in operating accounts payable	66,157	(86,964)
Increase (decrease) in accounts payable - other	(6,605)	15,176
Increase (decrease) in consumption tax payable	(86,785)	(51,866)
Increase (decrease) in advances received	15,170	(16,569)
Decrease (increase) in long-term prepaid expenses	47,174	(93,110)
Other, net	(1,167)	3,411
Subtotal	3,815,771	2,180,977
Interest income received	46	47
Interest expenses paid	(163,567)	(157,967)
Income taxes paid	(674)	(976)
Net cash provided by (used in) operating activities	3,651,575	2,022,080
Cash flows from investing activities		
Purchase of property, plant and equipment	(962)	(8,038)
Purchase of property, plant and equipment in trust	(454,205)	(316,421)
Purchase of intangible assets	(155)	—
Proceeds from refund of leasehold and guarantee deposits	960	—
Repayments of tenant lease and security deposits	(770)	(698)
Proceeds from tenant lease and security deposits	10,794	25,351
Repayments of tenant lease and security deposits in trust	(201,409)	(91,910)
Proceeds from tenant lease and security deposits in trust	148,095	94,845
Purchase of investment securities	—	(20,825)
Proceeds from redemption of investment securities	220	384
Net cash provided by (used in) investing activities	(497,432)	(317,313)
Cash flows from financing activities		
Proceeds from long-term loans payable	—	11,124,000
Repayment of long-term loans payable	(3,000,000)	(11,124,000)
Proceeds from issuance of investment corporation bonds	2,975,158	—
Payment of distribution	(1,891,734)	(1,918,908)
Net cash provided by (used in) financing activities	(1,916,575)	(1,918,908)
Net increase (decrease) in cash and cash equivalents	1,237,567	(214,140)
Cash and cash equivalents at beginning of period	8,249,780	9,487,347
Cash and cash equivalents at end of period	*1 9,487,347	*1 9,273,206

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

(7) Notes on Matters Concerning Significant Accounting Policies

1. Standards for valuation and method of valuation of assets	Securities Other securities Non-marketable, available-for-sale securities are stated at cost determined by the moving average method. Concerning silent partnership equity interests, the method of incorporating an equity interest's proportionate amount of the net amount of income (loss) of the silent partnership is adopted.
2. Method of depreciation of non-current assets	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 3~59 years Structures 4~40 years Machinery and equipment 5~10 years Tools, furniture and fixtures 3~20 years ② Intangible assets The straight-line method is adopted. ③ Long-term prepaid expenses The straight-line method is adopted.
3. Accounting for deferred assets	① Investment unit issuance expenses Amortized using the straight-line method over 3 years. ② Investment corporation bond issuance expenses Amortized using the straight-line method through to the redemption date.
4. Standards for recognition of revenue and expenses	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. No amount equivalent to fixed asset tax, etc. is included in the cost of acquisition of real estate, etc. in the 14th fiscal period or the 15th fiscal period.
5. Method of Hedge Accounting	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.
6. Scope of funds in the statement of cash flows	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.
7. Other significant matters serving as the basis for preparing financial statements	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 assets.

(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 31, 2020)
- ・ “Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30; announced by Accounting Standards Board of Japan on March 26, 2021)
- ・ “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19; announced by Accounting Standards Board of Japan on March 31, 2020)

(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.

- ・ “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30; announced by Accounting Standards Board of Japan on July 4, 2019)
- ・ “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10; announced by Accounting Standards Board of Japan on July 4, 2019)
- ・ “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31; announced by Accounting Standards Board of Japan on July 4, 2019)
- ・ “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19; announced by Accounting Standards Board of Japan on March 31, 2020)

(1) Overview

The International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) in the United States provide very similar detailed guidance on fair value measurement (IFRS 13 “Fair Value Measurement” in (International Financial Reporting Standards) IFRS and Topic 820 “Fair Value Measurement” of Accounting Standards Codification under U.S. accounting standards). In light of such, the Accounting Standards Board of Japan (ASBJ) announced the “Accounting Standard for Fair Value Measurement,” etc. after working to ensure consistency between Japanese accounting standards and international accounting standards, mainly regarding guidance and disclosure concerning the fair value of financial instruments.

The basic policy of the ASBJ in developing accounting standards for fair value measurement is to incorporate basically all provisions in IFRS 13 from the perspective of enhancing comparability between financial statements of companies in Japan and abroad by using a unified measurement method; and to set other treatments for individual items within the scope that will not materially harm comparability between financial statements, taking into account the 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 Fair Value Measurement,” etc. is currently under review.

- “Accounting Standard for Disclosure of Accounting Estimates” (ASBJ Statement No. 31; announced by Accounting Standards Board of Japan on March 31, 2020)

(1) Overview

Paragraph 125 of International Accounting Standards (IAS) 1 “Presentation of Financial Statements” (“IAS 1”) issued in 2003 by the International Accounting Standards Board (IASB) requires disclosure of the “sources of estimation uncertainty.” Receiving requests to consider requiring disclosure of such as notes in also Japanese GAAP as the information would be highly useful to users of financial statements, ASBJ developed and issued an accounting standard for disclosure of accounting estimates (“the Accounting Standard”).

The basic policy of the ASBJ in developing the Accounting Standard is to not expand on the individual notes, but rather provide the principles (disclosure objectives) and then have the specific content of disclosure determined by entities in light of the disclosure objectives. The provisions of Paragraph 125 of IAS 1 were used as a reference in the development.

(2) Planned date of application

To be applied from the end of the fiscal period ending August 2021.

- “Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections” (ASBJ Statement No. 24; announced by Accounting Standards Board of Japan on March 31, 2020)

(1) Overview

Recommended to consider enriching the notes for “accounting principles and procedures adopted when there are no clearly relevant accounting standards or other provisions,” ASBJ made the required revisions and issued such as an accounting standard for accounting policy disclosures, accounting changes, and error corrections.

In enriching the notes for “accounting principles and procedures adopted when there are no clearly relevant accounting standards or other provisions,” the provisions of Note 1-2 of the annotations on corporate accounting principles are to be followed in order to not affect the practices to date for when there are clearly relevant accounting standards or other provisions.

(2) Planned date of application

To be applied from the end of the fiscal period ending August 2021.

(Additional Information)

[Notes on Provision and Reversal of Allowance for Temporary Difference Adjustments]

14th fiscal period (March 1, 2020, to August 31, 2020)

Not applicable.

15th fiscal period (September 1, 2020, to February 28, 2021)

1. Reason for provision, related assets, etc., and amount of provision

(Unit: thousand yen)

Related assets, etc.	Reason for provision	Allowance for temporary difference adjustments
Land in trust, etc.	Incurrence of impairment loss	611,285

2. Specific method of reversal

The plan is reversal of the corresponding amount at the time of sale of the property.

(8) Notes to the Financial Statements

[Notes to the Balance Sheet]

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

(Unit: thousand yen)

	14th fiscal period (As of Aug. 31, 2020)	15th fiscal period (As of Feb. 28, 2021)
	50,000	50,000

[Notes to the Statement of Income]

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

(Unit: thousand yen)

	14th fiscal period (From: Mar. 1, 2020 To: Aug. 31, 2020)	15th fiscal period (From: Sep. 1, 2020 To: Feb. 28, 2021)
A. Property-related operating revenue		
Lease business revenue		
Rent revenue	2,924,563	2,915,081
Common area charges revenue	601,421	599,256
Parking revenue	163,583	165,493
Other rent revenue	25,156	24,310
Total	3,714,724	3,704,142
Other lease business revenue		
Utilities revenue	293,195	308,555
Other revenue	18,582	47,395
Total	311,777	355,950
Total property-related operating revenue	4,026,502	4,060,093
B. Property-related operating expenses		
Expenses related to rent business		
Property management fees	375,718	363,076
Utilities expenses	324,990	298,134
Taxes and public dues	321,679	321,589
Insurance premiums	6,135	7,259
Repair expenses	85,219	118,011
Trust fees	12,305	12,450
Depreciation	497,939	506,101
Other sundry expenses	38,349	38,582
Total property-related operating expenses	1,662,338	1,665,205
C. Property-related operating income (loss) [A– B]	2,364,164	2,394,887

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

14th fiscal period (March 1, 2020, to August 31, 2020)

(Unit: thousand yen)

MY Atsugi Building

Revenue on sale of real estate, etc.	1,360,000
Cost of sale of real estate, etc.	1,160,891
<u>Other expenses on sale</u>	<u>58,026</u>
<u>Gain on sale of real estate, etc.</u>	<u>141,081</u>

15th fiscal period (September 1, 2020, to February 28, 2021)

Not applicable.

*3. Impairment loss

14th fiscal period (March 1, 2020, to August 31, 2020)

Not applicable.

15th fiscal period (September 1, 2020, to February 28, 2021)

fab Minami-Osawa

(Unit: thousand yen)

Use	Location	Type	Impairment loss
Retail facility	Hachioji City, Tokyo	Land in trust, etc.	802,431

Impairment loss is calculated based on each individual property being one asset group. The book value for one asset group planned to be sold was reduced to its recoverable amount and the amount of the reduction was recorded under operating expenses as impairment loss.

The impairment loss on the sale is deemed to have the nature of operating expenses and thus recorded under operating expenses in accordance with Article 48, Paragraph 2 of the Regulation on Accountings of Investment Corporations. The breakdown of the impairment loss is buildings in trust of 322,252 thousand yen, structures in trust of 116 thousand yen, tools, furniture and fixtures in trust of 331 thousand yen, and land in trust of 479,731 thousand yen.

The recoverable amount for the asset group is measured at net realizable value. Net realizable value is calculated by deducting the estimated costs of disposal from the actual selling price.

[Notes to the Statement of Unitholders' Equity]

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

	14th fiscal period (From: Mar. 1, 2020 To: Aug. 31, 2020)	15th fiscal period (From: Sep. 1, 2020 To: Feb. 28, 2021)
Total number of investment units authorized	4,000,000 units	4,000,000 units
Total number of investment units issued and outstanding	239,908 units	239,908 units

[Notes to the Statement of Cash Flows]

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

(Unit: thousand yen)

	14th fiscal period (From: Mar. 1, 2020 To: Aug. 31, 2020)	15th fiscal period (From: Sep. 1, 2020 To: Feb. 28, 2021)
Cash and deposits	3,214,586	3,090,340
Cash and deposits in trust	6,272,761	6,182,866
Cash and cash equivalents	9,487,347	9,273,206

[Notes on Financial Instruments]

1. Matters concerning status of financial instruments

(1) Policy for handling financial instruments

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

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

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

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

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

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

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

Investment securities are equity investments in silent partnerships and are exposed to the credit risk of the issuer, risk of fluctuation in the value, etc. of real estate, etc. and risk of fluctuation in interest rates.

(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 is the carrying amount and fair value as of August 31, 2020, 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	3,214,586	3,214,586	—
(2) Cash and deposits in trust	6,272,761	6,272,761	—
Assets total	9,487,347	9,487,347	—
(3) Current portion of long-term loans payable	11,124,000	11,124,993	993
(4) Investment corporation bonds	6,500,000	6,469,350	(30,650)
(5) Long-term loans payable	33,200,000	33,259,028	59,028
Liabilities total	50,824,000	50,853,371	29,371
(6) Derivative transactions	—	—	—

The following is the carrying amount and fair value as of February 28, 2021, 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	3,090,340	3,090,340	—
(2) Cash and deposits in trust	6,182,866	6,182,866	—
Assets total	9,273,206	9,273,206	—
(3) Current portion of long-term loans payable	6,000,000	6,007,263	7,263
(4) Investment corporation bonds	6,500,000	6,461,500	(38,500)
(5) Long-term loans payable	38,324,000	38,436,681	112,681
Liabilities total	50,824,000	50,905,444	81,444
(6) Derivative transactions	—	—	—

(Note 1) Method of calculating the fair value of financial instruments and matters concerning derivative transactions

(1) Cash and deposits; (2) Cash and deposits in trust

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.

(3) 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.

(4) Investment corporation bonds

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

(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

Investment securities are not subject to valuation at fair value because discerning of the fair value is recognized to be extremely difficult due to there being no market price. 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	14th fiscal period (As of Aug. 31, 2020)	15th fiscal period (As of Feb. 28, 2021)
Investment securities	18,483	38,319
Tenant lease and security deposits	297,333	321,987
Tenant lease and security deposits in trust	5,272,899	5,275,834
Total	5,588,716	5,636,141

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

14th fiscal period (As of August 31, 2020)

(Unit: thousand yen)

	Due within 1 year
Cash and deposits	3,214,586
Cash and deposits in trust	6,272,761
Total	9,487,347

15th fiscal period (As of February 28, 2021)

(Unit: thousand yen)

	Due within 1 year
Cash and deposits	3,090,340
Cash and deposits in trust	6,182,866
Total	9,273,206

(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

14th fiscal period (As of August 31, 2020)

(Unit: thousand yen)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
Investment corporation bonds	—	—	—	1,500,000	1,500,000	3,500,000
Long-term loans payable	11,124,000	6,000,000	6,000,000	8,000,000	4,000,000	9,200,000
Total	11,124,000	6,000,000	6,000,000	9,500,000	5,500,000	12,700,000

15th fiscal period (As of February 28, 2021)

(Unit: thousand yen)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
Investment corporation bonds	—	—	—	1,500,000	1,500,000	3,500,000
Long-term loans payable	6,000,000	9,000,000	8,000,000	4,000,000	5,124,000	12,200,000
Total	6,000,000	9,000,000	8,000,000	5,500,000	6,624,000	15,700,000

[Notes on Derivative Transactions]

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

14th fiscal period (As of August 31, 2020)

Not applicable.

15th fiscal period (As of February 28, 2021)

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.

14th fiscal period (As of August 31, 2020)

(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	31,200,000	31,200,000	(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.

15th fiscal period (As of February 28, 2021)

(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	39,324,000	33,324,000	(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 “(3) Current portion of long-term loans payable” and “(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.

14th fiscal period (March 1, 2020, to August 31, 2020)

Not applicable.

15th fiscal period (September 1, 2020, to February 28, 2021)

Not applicable.

2. Associated company, etc.

14th fiscal period (March 1, 2020, to August 31, 2020)

Not applicable.

15th fiscal period (September 1, 2020, to February 28, 2021)

Not applicable.

3. Fellow subsidiary, etc.

14th fiscal period (March 1, 2020, to August 31, 2020)

Not applicable.

15th fiscal period (September 1, 2020, to February 28, 2021)

Not applicable.

4. Director, major individual unitholder, etc.

14th fiscal period (March 1, 2020, to August 31, 2020)

Type	Name of company or person	Location	Capital stock or investments in capital (thousand yen)	Description of business or occupation	Percentage of voting rights, etc. held in (by) related party	Description of relationship		Description of transaction (Note 1)	Amount of transaction (thousand yen) (Note 2) (Note 3)	Account item	Balance at end of period (thousand yen) (Note 2) (Note 3)
						Concurrent holding of positions, etc. by directors	Business relationship				
Director and its relatives	Koji Hashimoto	—	—	Executive Director of One REIT and Chief Executive Officer of Mizuho REIT Management Co., Ltd.	—	Executive Director of One REIT and Chief Executive Officer of Mizuho REIT Management Co., Ltd.		Payment of asset management fee to the asset management company	268,194	Accounts payable - other	280,053

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

(Note 2) The asset management fee includes the fee (13,600 thousand yen) for the transfer of MY Atsugi Building.

(Note 3) 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.

15th fiscal period (September 1, 2020, to February 28, 2021)

Type	Name of company or person	Location	Capital stock or investments in capital (thousand yen)	Description of business or occupation	Percentage of voting rights, etc. held in (by) related party	Description of relationship		Description of transaction (Note 1)	Amount of transaction (thousand yen) (Note 2) (Note 3)	Account item	Balance at end of period (thousand yen) (Note 2) (Note 3)
						Concurrent holding of positions, etc. by directors	Business relationship				
Director and its relatives	Koji Hashimoto	—	—	Executive Director of One REIT and Chief Executive Officer of Mizuho REIT Management Co., Ltd.	—	Executive Director of One REIT and Chief Executive Officer of Mizuho REIT Management Co., Ltd.		Payment of asset management fee to the asset management company	248,104	Accounts payable - other	272,694

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

(Note 2) The asset management fee includes the fee (200 thousand yen) for the acquisition of silent partnership equity interest.

(Note 3) Of the amounts above, the amount of transaction does not include consumption tax, etc., while the balance at the end of the period includes consumption tax, etc.

[Notes on Tax-Effect Accounting]

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

	(Unit: thousand yen)	
	14th fiscal period (As of Aug. 31, 2020)	15th fiscal period (As of Feb. 28, 2021)
Deferred tax assets		
Non-deductible accrued enterprise tax	16	16
Impairment loss	—	252,444
Subtotal deferred tax assets	16	252,461
Valuation reserve	—	(252,444)
Total deferred tax assets	16	16
Net deferred tax assets	16	16

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: %)	
	14th fiscal period (As of Aug. 31, 2020)	15th fiscal period (As of Feb. 28, 2021)
Statutory tax rate	31.46	31.46
[Adjustments]		
Deductible distributions payable	(31.44)	(56.10)
Increase in valuation reserve	—	24.67
Other	0.03	0.06
Effective income tax rate after application of tax-effect accounting	0.05	0.09

[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)	
	14th fiscal period (From: Mar. 1, 2020 To: Aug. 31, 2020)	15th fiscal period (From: Sep. 1, 2020 To: Feb. 28, 2021)
Carrying amount		
Balance at beginning of period	102,409,202	101,142,472
Amount of increase (decrease) during period	(1,266,729)	(748,084)
Balance at end of period	101,142,472	100,394,388
Fair value at end of period	117,719,000	116,739,000

(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 14th fiscal period, the amount of increase is mainly attributable to capital expenditures (390,647 thousand yen), while the amount of decrease is mainly attributable to transfer of MY Atsugi Building (1,160,891 thousand yen) and depreciation (497,939 thousand yen). Of the amount of increase (decrease) in investment and rental properties during the 15th fiscal period, the amount of increase is mainly attributable to capital expenditures (570,082 thousand yen), while the amount of decrease is mainly attributable to impairment loss (802,431 thousand yen) and depreciation (506,101 thousand yen).

(Note 3) Fair value at the end of the period is the appraisal value by an outside real estate appraiser. However, the fair value at the end of the 15th fiscal period for Yushima First Genesis Building, 36 Sankyo Building, and fab Minami-Osawa is the transfer price.

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

14th fiscal period (March 1, 2020, to August 31, 2020)

(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.

15th fiscal period (September 1, 2020, to February 28, 2021)

(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]

	14th fiscal period (From: Mar. 1, 2020 To: Aug. 31, 2020)	15th fiscal period (From: Sep. 1, 2020 To: Feb. 28, 2021)
Net assets per unit	222,017 yen	218,284 yen
Net income per unit	7,994 yen	4,260 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.

	14th fiscal period (From: Mar. 1, 2020 To: Aug. 31, 2020)	15th fiscal period (From: Sep. 1, 2020 To: Feb. 28, 2021)
Net income	1,917,938 thousand yen	1,022,198 thousand yen
Amount not attributable to common unitholders	— thousand yen	— thousand yen
Net income attributable to common investment units	1,917,938 thousand yen	1,022,198 thousand yen
Average number of investment units during period	239,908 units	239,908 units

[Notes on Significant Subsequent Events]

Asset Transfer and Acquisition

To improve portfolio quality, One REIT transferred three properties (Yushima First Genesis Building, 36 Sankyo Building, and fab Minami-Osawa) on March 26, 2021, and acquired three properties (D'sVARIE HONGO BLDG, MSB-21 Minami-Otsuka Building, and D'sVARIE KANDA BLDG) on March 30, 2021.

(A) Asset Transfer

One REIT transferred real estate trust beneficiary rights in three properties (total transfer price: 9,390 million yen) on March 26, 2021, as follows. With the transfer, gain on sale of real estate, etc. of 873 million yen is expected to be recorded in the 16th fiscal period (ending August 2021).

Property name	Location	Transfer price (million yen) (Note 1)	Buyer	Conclusion date of purchase and sale agreement	Transfer date
Yushima First Genesis Building	Bunkyo Ward, Tokyo	Not disclosed (Note 2)	Not disclosed (Note 3)	March 24, 2021	March 26, 2021
36 Sankyo Building	Shinjuku Ward, Tokyo				
fab Minami-Osawa	Hachioji City, Tokyo				
Total		9,390			

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

(Note 2) Only the sum of the transfer prices of the transferred assets rounded down to the nearest million yen is indicated as it is required by the buyer as a prerequisite for the transfer that the transfer prices of individual properties not be disclosed.

(Note 3) The buyer is a domestic *godo kaisha* but is otherwise undisclosed as no consent has been obtained from the buyer for disclosure of its name, etc. The buyer falls under the category of neither "interested persons, etc." defined in the Investment Trust Act nor "interested party" defined in the internal regulations concerning trading with an interested party of the Asset Management Company.

(B) Asset Acquisition

One REIT acquired real estate trust beneficiary rights in three properties (total acquisition price: 11,406 million yen) on March 30, 2021, as follows.

Property name	Location	Acquisition price (million yen) (Note)	Seller	Conclusion date of purchase and sale agreement	Acquisition date
D'sVARIE HONGO BLDG	Bunkyo Ward, Tokyo	5,406	Daiwa House Industry Co., Ltd.	March 24, 2021	March 30, 2021
MSB-21 Minami-Otsuka Building	Toshima Ward, Tokyo	3,900	ML Estate Company, Limited		
D'sVARIE KANDA BLDG	Chiyoda Ward, Tokyo	2,100	Daiwa House Industry Co., Ltd.		
Total		11,406			

(Note) "Acquisition price" indicates the trading value of the said assets (excluding amount equivalent to consumption tax, etc.) stated in the purchase and sale agreement of real estate trust beneficiary rights related to the said assets.

[Omission of Disclosure]

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

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

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

Date	Description	Total number of investment units issued and outstanding (units)		Unitholders' capital (million yen)		Note
		Increase (Decrease)	Balance	Increase (Decrease)	Balance	
June 25, 2013	Incorporation through private placement	400	400	200	200	(Note 1)
Oct. 8, 2013	Capital increase through public offering	74,700	75,100	32,438	32,638	(Note 2)
Sep. 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)
Sep. 20, 2018	Capital increase through public offering	48,200	237,498	10,601	50,624	(Note 6)
Oct. 17, 2018	Capital increase through third-party allotment	2,410	239,908	530	51,154	(Note 7)

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

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

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

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

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

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

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

3. Reference Information

(1) Information on Price of Assets Under Management, Etc.

1) Asset Composition

Type of asset	Use of asset	Region (Note 1)	14th fiscal period (As of Aug. 31, 2020)		15th fiscal period (As of Feb. 28, 2021)	
			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	6,513	5.9	6,456	5.8
	Office buildings subtotal		6,513	5.9	6,456	5.8
Real estate total			6,513	5.9	6,456	5.8
Real estate in trust	Office buildings	Tokyo metropolitan area	54,604	49.1	54,508	49.4
		Ordinance-designated cities, etc.	36,045	32.4	36,267	32.9
	Office buildings subtotal		90,649	81.5	90,776	82.2
	Retail facilities	Tokyo metropolitan area	3,979	3.6	3,161	2.9
		Retail facilities subtotal		3,979	3.6	3,161
	Real estate in trust total			94,629	85.1	93,937
Investment securities (Note 4)			18	0.0	38	0.0
Deposits and other assets			10,013	9.0	9,970	9.0
Total assets			111,173	100.0	110,403	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.

(Note 4) “Investment securities” is the silent partnership equity interest pertaining to a silent partnership having Kagurazaka Kogyo GK as the operator in the case of the 14th fiscal period, and the silent partnership equity interest pertaining to a silent partnership having Kagurazaka Kogyo GK as the operator and the silent partnership equity interest pertaining to a silent partnership having ONE Bridge Fund S GK as the operator in the case of the 15th fiscal period.

2) Portfolio Diversification

Diversification by region

Region	Number of properties	Acquisition price (million yen)	Share (%)
Tokyo metropolitan area	18	66,023	64.6
Ordinance-designated cities, etc.	7	36,237	35.4
Total	25	102,260	100.0

Diversification by asset type

Use	Number of properties	Acquisition price (million yen)	Share (%)
Office buildings	24	98,010	95.8
Retail facility	1	4,250	4.2
Total	25	102,260	100.0

3) Period-End Value of Portfolio Real Estate

Property no.	Property name	Appraisal company (Note 2)	Acquisition price (million yen) (Note 1)	Carrying amount (million yen)	Appraisal value (million yen) (Note 2)	Overview of appraisal report (Note 2)					
						Income approach					Cost approach
						Indicated value by direct cap method (million yen)	Cap rate (%)	Indicated value by DCF method (million yen)	Discount rate (%)	Terminal cap rate (%)	Indicated value by cost approach (million yen)
OT-2	ONEST Kanda Square	The Tanizawa Sogo Appraisal Co., Ltd.	7,350	6,456	9,070	9,310	3.5	8,960	3.6	3.7	8,970
OT-3	Tachikawa Nishiki-cho Building	Daiwa Real Estate Appraisal Co., Ltd.	3,264	3,161	4,160	4,190	4.4	4,140	4.2	4.6	2,550
OT-5	ONEST Yokohama Nishiguchi Building	Daiwa Real Estate Appraisal Co., Ltd.	3,110	3,099	3,860	3,830	4.2	3,870	4.0	4.4	3,040
OT-6	Yushima First Genesis Building (Note 3)	Daiwa Real Estate Appraisal Co., Ltd.	2,751	2,648	3,210	3,260	4.0	3,190	3.8	4.2	1,970
OT-7	ONEST Nakano Building	Daiwa Real Estate Appraisal Co., Ltd.	2,880	2,840	3,400	3,390	4.3	3,400	4.1	4.5	2,580
OT-8	36 Sankyo Building (Note 3)	Daiwa Real Estate Appraisal Co., Ltd.	2,395	2,312	2,770	2,780	4.1	2,760	3.9	4.3	2,120
OT-9	Minami-Shinagawa JN Building	Daiwa Real Estate Appraisal Co., Ltd.	2,165	2,128	2,194	2,270	4.3	2,180	4.1	4.5	2,140
OT-10	Minami-Shinagawa N Building	Daiwa Real Estate Appraisal Co., Ltd.	2,292	2,168	2,460	2,540	4.5	2,420	4.3	4.7	2,230
OT-11	Minami-Shinagawa J Building	Daiwa Real Estate Appraisal Co., Ltd.	2,020	1,921	2,440	2,480	4.5	2,420	4.3	4.7	1,440
OT-13	Hachioji SIA Building	Chuo Real Estate Appraisal Co., Ltd.	730	678	865	881	5.1	858	4.9	5.3	682
OT-14	ONEST Motoyoyogi Square	Japan Real Estate Institute	7,500	7,570	8,640	8,720	3.9	8,550	3.6	4.1	8,410
OT-15	ONEST Ueno Okachimachi Building	Japan Real Estate Institute	2,700	2,774	2,960	2,970	3.9	2,950	3.6	4.0	2,970
OT-16	Daido Life Omiya Building	Chuo Real Estate Appraisal Co., Ltd.	3,000	3,105	3,250	3,280	4.6	3,230	4.4	4.8	2,250
OT-17	ONEST Ikebukuro East Building	Daiwa Real Estate Appraisal Co., Ltd.	2,200	2,232	2,360	2,390	4.1	2,340	3.9	4.3	1,990
OT-18	Crescendo Building	Chuo Real Estate Appraisal Co., Ltd.	2,466	2,570	2,540	2,600	4.6	2,520	4.4	4.8	1,600
OT-19	Tokyo Parkside Building	JLL Morii Valuation & Advisory K.K.	10,450	10,552	11,300	11,400	4.2	11,400	3.9	4.4	9,410
OT-20	ONEST Nishi-Gotanda Square	The Tanizawa Sogo Appraisal Co., Ltd.	4,500	4,743	5,120	5,360	3.8	5,010	3.8	3.9	5,130
OO-1	ONEST Shin-Osaka Square	Daiwa Real Estate Appraisal Co., Ltd.	4,612	4,233	6,290	6,310	4.3	6,280	4.1	4.5	2,950
OO-2	Karasuma Plaza 21	Daiwa Real Estate Appraisal Co., Ltd.	3,700	3,855	4,030	4,040	4.6	4,020	4.4	4.8	9,100
OO-3	ONEST Nagoya Nishiki Square	Daiwa Real Estate Appraisal Co., Ltd.	2,381	2,311	3,560	3,520	4.6	3,570	4.4	4.8	2,400
OO-4	MY Kumamoto Building	Chuo Real Estate Appraisal Co., Ltd.	1,152	1,061	1,300	1,290	6.0	1,310	5.8	6.2	984
OO-5	Nagoya Fushimi Square Building	Daiwa Real Estate Appraisal Co., Ltd.	4,812	4,827	5,250	5,350	4.5	5,200	4.3	4.7	6,530
OO-6	Daihakata Building	JLL Morii Valuation & Advisory K.K.	10,650	10,659	11,900	11,800	4.3	12,000	4.1	4.5	17,000
OO-7	Higobashi Center Building	The Tanizawa Sogo Appraisal Co., Ltd.	8,930	9,318	10,400	10,500	4.1	10,300	4.2	4.3	12,100
R-1	fab Minami-Osawa (Note 3)	Japan Real Estate Institute	4,250	3,161	4,130	4,170	4.7	4,090	4.5	4.9	2,450
Total			102,260	100,394	117,459	118,631	—	116,968	—	—	112,996

(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 2021.

(Note 3) Yushima First Genesis Building, 36 Sankyo Building, and fab Minami-Osawa were transferred on March 26, 2021. The same applies hereinafter.

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 Ward, Tokyo	SRC 10F	2007/04	Real estate	5,261.34	6.06%
OT-3	Tachikawa Nishiki-cho Building	Office building	Tachikawa City, Tokyo	SRC 8F	1991/06	Real estate trust beneficiary rights	5,623.36	4.51%
OT-5	ONEST Yokohama Nishiguchi Building	Office building	Yokohama City, 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 Ward, Tokyo	SRC B1/7F	1991/08	Real estate trust beneficiary rights	2,950.22	7.00%
OT-7	ONEST Nakano Building	Office building	Nakano Ward, 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 Ward, Tokyo	RC B2/4F	1991/10	Real estate trust beneficiary rights	3,697.39	8.85%
OT-9	Minami-Shinagawa JN Building	Office building	Shinagawa Ward, 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 Ward, 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 Ward, Tokyo	SRC B1/10F	1992/07	Real estate trust beneficiary rights	3,673.61	3.70%
OT-13	Hachioji SIA Building	Office building	Hachioji City, Tokyo	SRC 9F	1993/09	Real estate trust beneficiary rights	2,750.63	4.53%
OT-14	ONEST Motoyoyogi Square	Office building	Shibuya Ward, 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 Ward, 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 City, Saitama	SRC 8F	1991/10	Real estate trust beneficiary rights	3,574.03	4.72%
OT-17	ONEST Ikebukuro East Building	Office building	Toshima Ward, Tokyo	SRC/RC B2/8F	1991/09	Real estate trust beneficiary rights	2,677.80	6.14%
OT-18	Crescendo Building	Office building	Yokohama City, Kanagawa	SRC B1/9F	1987/07	Real estate trust beneficiary rights	4,376.46	4.58%
OT-19	Tokyo Parkside Building	Office building	Koto Ward, Tokyo	S/SRC B1/14F	1991/09	Real estate trust beneficiary rights	12,920.17	4.79%
OT-20	ONEST Nishi-Gotanda Square	Office building	Shinagawa Ward, Tokyo	SRC B1/8F	1988/01	Real estate trust beneficiary rights	4,249.38	6.43%
OO-1	ONEST Shin-Osaka Square	Office building	Osaka City, Osaka	S B1/12F	1992/06	Real estate trust beneficiary rights	9,418.89	12.72%
OO-2	Karasuma Plaza 21	Office building	Kyoto City, Kyoto	SRC B1/8F	1986/11	Real estate trust beneficiary rights	8,893.59	5.18%
OO-3	ONEST Nagoya Nishiki Square	Office building	Nagoya City, 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 City, Kumamoto	S/RC 9F	1987/10	Real estate trust beneficiary rights	3,755.94	5.08%
OO-5	Nagoya Fushimi Square Building	Office building	Nagoya City, Aichi	SRC B2/13F	1987/11	Real estate trust beneficiary rights	8,421.46	6.20%
OO-6	Daihakata Building	Office building	Fukuoka City, 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 City, Osaka	SRC/RC/S B2/18F	1977/09	Real estate trust beneficiary rights	15,926.52	4.69%
R-1	fab Minami-Osawa	Retail facility	Hachioji City, 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-5	OT-6
Property name		ONEST Kanda Square	Tachikawa Nishiki-cho Building	ONEST Yokohama Nishiguchi Building	Yushima First Genesis Building
Acquisition date		October 10, 2013	October 10, 2013	October 10, 2013	October 10, 2013
Acquisition	Acquisition price (million yen)	7,350	3,264	3,110	2,751
	Composition ratio (%)	7.2	3.2	3.0	2.7
	Carrying amount (million yen)	6,456	3,161	3,099	2,648
	Value at end of period (million yen)	9,070	4,160	3,860	3,210
	Composition ratio (%)	7.7	3.5	3.3	2.7
Leasing	Total number of tenants	29	18	10	7
	Total leasable area (m ²)	5,261.34	5,623.36	4,326.68	2,950.22
	Leased area (m ²)	5,216.38	5,448.72	4,326.68	2,950.22
	Occupancy rate	99.1%	96.9%	100.0%	100.0%
Operating income (loss)	Number of days under management	181	181	181	181
	① Property-related operating revenue (thousand yen)	205,100	147,215	133,442	87,463
	Lease business revenue	195,712	140,499	121,110	81,691
	Other lease business revenue	9,387	6,715	12,331	5,771
	② Property-related operating expenses (thousand yen)	36,277	37,948	28,847	25,953
	Property management fees	17,285	14,705	8,173	11,150
	Utilities expenses	8,220	7,913	6,159	4,415
	Taxes and public dues	8,722	10,921	10,511	8,393
	Insurance premiums	244	263	169	154
	Repair expenses	1,805	3,645	3,100	1,340
	Other	—	500	733	500
	③ Leasing NOI (thousand yen)	168,822	109,266	104,594	61,509
	④ Depreciation (thousand yen)	64,634	26,246	13,878	14,310
	⑤ Property-related operating income (loss) [③-④] (thousand yen)	104,188	83,020	90,716	47,199
	⑥ Capital expenditures (thousand yen)	7,679	1,802	4,802	1,628
	⑦ Leasing NCF [③-⑥] (thousand yen)	161,143	107,463	99,791	59,880

Property no.		OT-7	OT-8	OT-9	OT-10
Property name		ONEST Nakano Building	36 Sankyo Building	Minami-Shinagawa JN Building	Minami-Shinagawa N Building
Acquisition date		October 10, 2013	October 10, 2013	October 10, 2013	October 10, 2013
Acquisition	Acquisition price (million yen)	2,880	2,395	2,165	2,292
	Composition ratio (%)	2.8	2.3	2.1	2.2
	Carrying amount (million yen)	2,840	2,312	2,128	2,168
	Value at end of period (million yen)	3,400	2,770	2,194	2,460
	Composition ratio (%)	2.9	2.4	1.9	2.1
Leasing	Total number of tenants	7	3	20	19
	Total leasable area (m ²)	3,116.49	3,697.39	6,390.33	5,476.73
	Leased area (m ²)	3,116.49	2,811.17	6,390.33	5,476.73
	Occupancy rate	100.0%	76.0%	100.0%	100.0%
Operating income (loss)	Number of days under management	181	181	181	181
	① Property-related operating revenue (thousand yen)	115,103	93,486	129,013	112,568
	Lease business revenue	105,236	66,285	122,257	106,109
	Other lease business revenue	9,867	27,200	6,755	6,458
	② Property-related operating expenses (thousand yen)	24,092	30,926	66,026	38,115
	Property management fees	7,532	5,948	17,857	6,944
	Utilities expenses	6,061	4,519	17,806	6,275
	Taxes and public dues	7,826	7,535	9,598	9,178
	Insurance premiums	135	130	287	251
	Repair expenses	2,035	12,291	3,686	2,034
	Other	500	500	16,790	13,431
	③ Leasing NOI (thousand yen)	91,011	62,560	62,986	74,452
	④ Depreciation (thousand yen)	11,784	8,817	18,726	15,707
	⑤ Property-related operating income (loss) [③-④] (thousand yen)	79,226	53,742	44,259	58,744
	⑥ Capital expenditures (thousand yen)	6,188	9,110	14,773	—
	⑦ Leasing NCF [③-⑥] (thousand yen)	84,822	53,449	48,213	74,452

Property no.		OT-11	OT-13	OT-14	OT-15
Property name		Minami-Shinagawa J Building	Hachioji SIA Building	ONEST Motoyoyogi Square	ONEST Ueno Okachimachi Building
Acquisition date		October 10, 2013	October 10, 2013	September 7, 2016	September 7, 2016
Acquisition	Acquisition price (million yen)	2,020	730	7,500	2,700
	Composition ratio (%)	2.0	0.7	7.3	2.6
	Carrying amount (million yen)	1,921	678	7,570	2,774
	Value at end of period (million yen)	2,440	865	8,640	2,960
	Composition ratio (%)	2.1	0.7	7.4	2.5
Leasing	Total number of tenants	12	12	9	13
	Total leasable area (m ²)	3,673.61	2,750.63	7,644.40	2,943.07
	Leased area (m ²)	3,673.61	2,750.63	7,644.40	2,943.07
	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)	101,340	43,726	244,517	90,618
	Lease business revenue	94,210	39,759	233,428	85,884
	Other lease business revenue	7,129	3,967	11,088	4,734
	② Property-related operating expenses (thousand yen)	30,481	20,273	46,231	22,202
	Property management fees	5,864	5,366	14,525	6,645
	Utilities expenses	6,096	4,617	13,472	5,435
	Taxes and public dues	5,658	4,534	16,234	7,218
	Insurance premiums	158	112	356	134
	Repair expenses	3,076	5,143	1,242	2,269
	Other	9,627	500	400	500
	③ Leasing NOI (thousand yen)	70,858	23,453	198,285	68,416
	④ Depreciation (thousand yen)	13,037	5,400	28,901	8,402
	⑤ Property-related operating income (loss) [③-④] (thousand yen)	57,821	18,052	169,384	60,013
	⑥ Capital expenditures (thousand yen)	8,037	7,545	7,738	7,495
	⑦ Leasing NCF [③-⑥] (thousand yen)	62,821	15,907	190,546	60,920

Property no.		OT-16	OT-17	OT-18	OT-19
Property name		Daido Life Omiya Building	ONEST Ikebukuro East Building	Crescendo Building	Tokyo Parkside Building
Acquisition date		October 25, 2017	October 25, 2017	September 3, 2018	September 21, 2018
Acquisition	Acquisition price (million yen)	3,000	2,200	2,466	10,450
	Composition ratio (%)	2.9	2.2	2.4	10.2
	Carrying amount (million yen)	3,105	2,232	2,570	10,552
	Value at end of period (million yen)	3,250	2,360	2,540	11,300
	Composition ratio (%)	2.8	2.0	2.2	9.6
Leasing	Total number of tenants	14	7	30	14
	Total leasable area (m ²)	3,574.03	2,677.80	4,376.46	12,920.17
	Leased area (m ²)	3,495.31	2,677.80	4,376.46	12,920.17
	Occupancy rate	97.8%	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)	115,087	70,060	88,918	359,636
	Lease business revenue	106,508	64,931	76,538	328,406
	Other lease business revenue	8,579	5,128	12,379	31,229
	② Property-related operating expenses (thousand yen)	28,407	15,397	30,044	83,992
	Property management fees	8,828	6,121	10,689	23,590
	Utilities expenses	5,520	3,014	8,543	28,875
	Taxes and public dues	6,906	4,740	7,301	19,154
	Insurance premiums	195	109	167	624
	Repair expenses	6,505	912	2,842	11,097
	Other	450	500	500	650
	③ Leasing NOI (thousand yen)	86,680	54,662	58,874	275,644
	④ Depreciation (thousand yen)	13,556	7,165	8,120	30,804
	⑤ Property-related operating income (loss) [③-④] (thousand yen)	73,124	47,496	50,753	244,839
	⑥ Capital expenditures (thousand yen)	18,828	4,658	4,470	41,585
	⑦ Leasing NCF [③-⑥] (thousand yen)	67,851	50,003	54,404	234,058

Property no.		OT-20	OO-1	OO-2	OO-3
Property name		ONEST Nishi-Gotanda Square	ONEST Shin-Osaka Square	Karasuma Plaza 21	ONEST Nagoya Nishiki Square
Acquisition date		October 31, 2019	October 10, 2013	October 10, 2013	October 10, 2013
Acquisition	Acquisition price (million yen)	4,500	4,612	3,700	2,381
	Composition ratio (%)	4.4	4.5	3.6	2.3
	Carrying amount (million yen)	4,743	4,233	3,855	2,311
	Value at end of period (million yen)	5,120	6,290	4,030	3,560
	Composition ratio (%)	4.4	5.4	3.4	3.0
Leasing	Total number of tenants	9	28	12	5
	Total leasable area (m ²)	4,249.38	9,418.89	8,893.59	5,801.80
	Leased area (m ²)	3,674.60	9,418.89	8,893.59	5,801.80
	Occupancy rate	86.5%	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)	130,244	215,663	207,690	145,295
	Lease business revenue	113,568	194,031	195,530	127,645
	Other lease business revenue	16,676	21,632	12,159	17,650
	② Property-related operating expenses (thousand yen)	29,848	59,871	72,383	35,357
	Property management fees	8,689	18,426	26,690	10,405
	Utilities expenses	6,147	16,432	13,084	8,944
	Taxes and public dues	10,028	15,642	26,656	10,199
	Insurance premiums	258	380	380	245
	Repair expenses	4,225	8,489	5,070	5,061
	Other	500	500	500	500
	③ Leasing NOI (thousand yen)	100,395	155,791	135,306	109,938
	④ Depreciation (thousand yen)	11,416	35,114	26,624	22,186
	⑤ Property-related operating income (loss) [③-④] (thousand yen)	88,979	120,676	108,682	87,751
	⑥ Capital expenditures (thousand yen)	944	1,291	15,114	724
	⑦ Leasing NCF [③-⑥] (thousand yen)	99,451	154,500	120,192	109,213

Property no.		OO-4	OO-5	OO-6	OO-7
Property name		MY Kumamoto Building	Nagoya Fushimi Square Building	Daihakata Building	Higobashi Center Building
Acquisition date		October 10, 2013	September 7, 2016	October 25, 2017	September 21, 2018
Acquisition	Acquisition price (million yen)	1,152	4,812	10,650	8,930
	Composition ratio (%)	1.1	4.7	10.4	8.7
	Carrying amount (million yen)	1,061	4,827	10,659	9,318
	Value at end of period (million yen)	1,300	5,250	11,900	10,400
	Composition ratio (%)	1.1	4.5	10.1	8.9
Leasing	Total number of tenants	18	46	63	62
	Total leasable area (m ²)	3,755.94	8,421.46	15,430.32	15,926.52
	Leased area (m ²)	3,676.40	8,421.46	15,157.47	15,914.26
	Occupancy rate	97.9%	100.0%	98.2%	99.9%
Operating income (loss)	Number of days under management	181	181	181	181
	① Property-related operating revenue (thousand yen)	74,342	191,187	405,127	367,006
	Lease business revenue	68,637	179,020	377,460	335,546
	Other lease business revenue	5,704	12,167	27,666	31,460
	② Property-related operating expenses (thousand yen)	21,125	54,891	145,708	115,397
	Property management fees	8,300	16,609	47,810	34,081
	Utilities expenses	6,363	12,124	38,783	34,353
	Taxes and public dues	4,744	17,802	51,455	32,945
	Insurance premiums	156	437	912	779
	Repair expenses	1,060	7,417	5,945	12,587
	Other	500	500	800	650
	③ Leasing NOI (thousand yen)	53,216	136,296	259,418	251,609
	④ Depreciation (thousand yen)	13,806	21,518	35,082	28,374
	⑤ Property-related operating income (loss) [③-④] (thousand yen)	39,409	114,777	224,336	223,235
	⑥ Capital expenditures (thousand yen)	3,908	24,232	11,732	358,955
	⑦ Leasing NCF [③-⑥] (thousand yen)	49,307	112,063	247,686	(107,346)

Property no.		R-1	Total
Property name		fab Minami-Osawa	
Acquisition date		October 10, 2013	—
Acquisition	Acquisition price (million yen)	4,250	102,260
	Composition ratio (%)	4.2	100.0
	Carrying amount (million yen)	3,161	100,394
	Value at end of period (million yen)	4,130	117,459
	Composition ratio (%)	3.5	100.0
Leasing	Total number of tenants	14	481
	Total leasable area (m ²)	8,409.23	157,709.84
	Leased area (m ²)	8,409.23	155,585.87
	Occupancy rate	100.0%	98.7%
Operating income (loss)	Number of days under management	181	—
	① Property-related operating revenue (thousand yen)	186,236	4,060,093
	Lease business revenue	144,130	3,704,142
	Other lease business revenue	42,106	355,950
	② Property-related operating expenses (thousand yen)	59,300	1,159,104
	Property management fees	20,832	363,076
	Utilities expenses	24,953	298,134
	Taxes and public dues	7,679	321,589
	Insurance premiums	211	7,259
	Repair expenses	5,123	118,011
	Other	500	51,032
	③ Leasing NOI (thousand yen)	126,936	2,900,989
	④ Depreciation (thousand yen)	22,482	506,101
	⑤ Property-related operating income (loss) [③-④] (thousand yen)	104,453	2,394,887
	⑥ Capital expenditures (thousand yen)	6,832	570,082
	⑦ Leasing NCF [③-⑥] (thousand yen)	120,103	2,330,906

(2) Status of Capital Expenditures

1) Schedule of Capital Expenditures

The following is the major capital expenditures arising from renovation work, etc. planned for the 16th fiscal period (ending August 2021) for real estate and real estate in trust for real estate trust beneficiary rights held by One REIT. Part of the expected cost of work may be categorized under expenses in accounting in the end.

Name of real estate, etc.	Location	Purpose	Scheduled period	Expected cost of work (thousand yen)		
				Total amount	Amount of payment during period	Amount already paid
Higobashi Center Building	Osaka City, Osaka	Renewal of public open space	From: May 1, 2021 To: July 31, 2021	30,300	—	—
Karasuma Plaza 21	Kyoto City, Kyoto	Replacement of main chain at No. 2 multistory parking (Phase II of four-phase work)	From: May 1, 2021 To: July 31, 2021	29,088	—	—
Higobashi Center Building	Osaka City, Osaka	Upgrading of tenant security system (Phase I of two-phase work)	From: June 1, 2021 To: August 31, 2021	20,300	—	—
Higobashi Center Building	Osaka City, Osaka	Upgrading of packaged air-conditioner (individual air-conditioning system) (Phase V of eight-phase work)	From: April 1, 2021 To: June 30, 2021	19,796	—	—
Higobashi Center Building	Osaka City, Osaka	Maintenance of tower parking (Phase I of ten-phase work)	From: June 1, 2021 To: August 30, 2021	19,566	—	—
Daihakata Building	Fukuoka City, Fukuoka	Integrated rental space maintenance of sections on the 2nd floor	From: March 1, 2021 To: April 30, 2021	19,100	—	—
Daido Life Omiya Building	Saitama City, Saitama	Partial upgrading of packaged air-conditioning system (Phase V of six-phase work)	From: March 1, 2021 To: March 30, 2021	19,038	—	—
Higobashi Center Building	Osaka City, Osaka	Upgrading of air-handling unit (systems for retail portion on the B1 floor)	From: March 1, 2021 To: May 31, 2021	18,180	—	—
Minami-Shinagawa JN Building	Shinagawa Ward, Tokyo	Renovation of external wall (east side)	From: May 1, 2021 To: July 31, 2021	18,159	—	—
Hachioji SIA Building	Hachioji City, Tokyo	Renovation of elevator	From: May 1, 2021 To: July 31, 2021	16,614	—	—
Nagoya Fushimi Square Building	Nagoya City, Aichi	Renovation of external wall (west side)	From: May 1, 2021 To: July 31, 2021	14,766	—	—
Minami-Shinagawa JN Building	Shinagawa Ward, Tokyo	Centrifugal chiller overhaul and tube cleaning (R-1)	From: March 1, 2021 To: May 31, 2021	14,140	—	—
ONEST Nakano Building	Nakano Ward, Tokyo	Installation of LED lighting throughout the building (Phase I of two-phase work)	From: May 1, 2021 To: July 30, 2021	13,130	—	—
ONEST Kanda Square	Chiyoda Ward, Tokyo	Renovation of common space of residential portion	From: May 1, 2021 To: July 31, 2021	12,180	—	—
Minami-Shinagawa J Building	Shinagawa Ward, Tokyo	Renovation of external wall (east side)	From: May 1, 2021 To: July 31, 2021	12,100	—	—
Minami-Shinagawa JN Building	Shinagawa Ward, Tokyo	Centrifugal chiller overhaul	From: March 1, 2021 To: April 30, 2021	11,968	—	—
Tachikawa Nishiki-cho Building	Tachikawa City, Tokyo	Free access flooring work (2nd, 3rd and 4th floors)	From: May 1, 2021 To: July 31, 2021	10,150	—	—
Daido Life Omiya Building	Saitama City, Saitama	Upgrading of security system control panel and change of security system	From: May 1, 2021 To: July 31, 2021	10,150	—	—

2) Capital Expenditures during the Fiscal Period

The following is the summary of properties which had major work that constitutes capital expenditures implemented during the fiscal period under review (the fiscal period ended February 2021). Capital expenditures for the fiscal period under review amounted to 570,082 thousand yen for the entire portfolio; and when combined with 118,011 thousand yen recorded under repair expenses, the total amount of work implemented comes to 688,094 thousand yen.

Name of real estate, etc.	Location	Purpose	Period	Cost of work (thousand yen)
Higobashi Center Building	Osaka City, Osaka	Renovation of external wall	From: July 1, 2020 To: February 22, 2021	295,930
Tokyo Parkside Building	Koto Ward, Tokyo	Upgrading of air-conditioning system on the 14th floor	From: October 5, 2020 To: October 28, 2020	18,455
Higobashi Center Building	Osaka City, Osaka	Upgrading of air-handling unit (systems for management-related offices/hallway and EV halls on the 2nd floor)	From: October 10, 2020 To: November 27, 2020	17,855
Nagoya Fushimi Square Building	Nagoya City, Aichi	Renovation of external wall (south side)	From: July 16, 2020 To: September 28, 2020	17,372
Daido Life Omiya Building	Saitama City, Saitama	Repair of parts with C-level finding (requiring correction/improvement) at No. 1 and 2 automated parking facilities	From: January 7, 2021 To: February 19, 2021	16,898
Higobashi Center Building	Osaka City, Osaka	Upgrading of packaged air-conditioner (individual air-conditioning system) (Phase IV of eight-phase work)	From: September 5, 2020 To: October 26, 2020	16,712
Tokyo Parkside Building	Koto Ward, Tokyo	Upgrading of panel (Phase II of two-phase work) and replacement of detectors for automatic fire alarm system	From: September 1, 2020 To: November 30, 2020	15,200
Karasuma Plaza 21	Kyoto City, Kyoto	Replacement of chain guide rail at No. 2 multistory parking	From: February 19, 2021 To: February 24, 2021	12,831
Others				158,827
Total				570,082

(3) Borrowing Status

The following is the status of borrowing of funds from each financial institution as of February 28, 2021.

	Term	Drawdown date	Balance at beginning of period (thousand yen)	Balance at end of period (thousand yen)	Average interest rate (%) (Note 1)	Repayment date	Repayment method	Use	Remarks
	Lenders								
Current portion of long-term borrowings	Mizuho Trust & Banking Co., Ltd.	Sep. 7, 2016	400,000	—	0.69593	Sep. 7, 2020	Lump-sum repayment on the maturity date	(Note 2)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.		400,000	—					
	Sumitomo Mitsui Banking Corporation		250,000	—					
	Shinsei Bank, Limited		500,000	—					
	Resona Bank, Limited		200,000	—					
	The Mie Bank, Ltd.		175,000	—					
	The Bank of Fukuoka, Ltd.		50,000	—					
	Mizuho Trust & Banking Co., Ltd.	Sep. 7, 2016	3,199,000	—	0.69593	Sep. 7, 2020	Lump-sum repayment on the maturity date	(Note 3)	
	Mizuho Bank, Ltd.		3,150,000	—					
	Shinsei Bank, Limited		1,500,000	—					
	Resona Bank, Limited		300,000	—					
	Mizuho Trust & Banking Co., Ltd.	Oct. 25, 2017	33,750	—	0.45000	Sep. 7, 2020 (Note 4)	(Note 4)	(Note 2)	
	Mizuho Bank, Ltd.		33,750	—					
	Sumitomo Mitsui Banking Corporation		625,000	—					
	Aozora Bank, Ltd.		93,750	—					
	Resona Bank, Limited		91,250	—					
	The Mie Bank, Ltd.		60,000	—					
	The Bank of Fukuoka, Ltd.		62,500	—					
	Mizuho Trust & Banking Co., Ltd.	Oct. 25, 2017	—	182,500	0.56720 (Note 5)	Sep. 7, 2021	Lump-sum repayment on the maturity date	(Note 2)	
	Mizuho Bank, Ltd.		—	182,500					
	Sumitomo Mitsui Banking Corporation		—	3,750,000					
	Aozora Bank, Ltd.		—	562,500					
	Resona Bank, Limited		—	567,500					
	The Mie Bank, Ltd.		—	380,000					
	The Bank of Fukuoka, Ltd.		—	375,000					
Total			11,124,000	6,000,000					
Long-term borrowings	Mizuho Trust & Banking Co., Ltd.	Oct. 25, 2017	182,500	—	0.56720 (Note 5)	Sep. 7, 2021	Lump-sum repayment on the maturity date	(Note 2)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.		182,500	—					
	Sumitomo Mitsui Banking Corporation		3,750,000	—					
	Aozora Bank, Ltd.		562,500	—					
	Resona Bank, Limited		567,500	—					
	The Mie Bank, Ltd.		380,000	—					
	The Bank of Fukuoka, Ltd.		375,000	—					
	Mizuho Trust & Banking Co., Ltd.	Oct. 25, 2017	182,500	182,500	0.62750 (Note 5)	Sep. 7, 2022	Lump-sum repayment on the maturity date		
	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 1)	Repayment date	Repayment method	Use	Remarks
Lenders									
Long-term borrowings	Mizuho Trust & Banking Co., Ltd.	Sep. 21, 2018	275,000	275,000	0.51888	Sep. 7, 2023	Lump-sum repayment on the maturity date	(Note 2)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.		275,000	275,000					
	Sumitomo Mitsui Banking Corporation		250,000	250,000					
	Shinsei Bank, Limited		250,000	250,000					
	Resona Bank, Limited		175,000	175,000					
	Aozora Bank, Ltd.		162,500	162,500					
	The Bank of Fukuoka, Ltd.		162,500	162,500					
	The Nishi-Nippon City Bank, Ltd.		150,000	150,000					
	The Chugoku Bank, Limited		150,000	150,000					
	Bank of Kyoto, Ltd.		75,000	75,000					
	Nippon Life Insurance Company		75,000	75,000					
	Mizuho Trust & Banking Co., Ltd.		Sep. 21, 2018	825,000					
	Mizuho Bank, Ltd.	825,000		825,000					
	Sumitomo Mitsui Banking Corporation	750,000		750,000					
	Shinsei Bank, Limited	750,000		750,000					
	Resona Bank, Limited	525,000		525,000					
	Aozora Bank, Ltd.	487,500		487,500					
	The Bank of Fukuoka, Ltd.	487,500		487,500					
	The Nishi-Nippon City Bank, Ltd.	450,000		450,000					
	The Chugoku Bank, Limited	450,000		450,000					
	Bank of Kyoto, Ltd.	225,000		225,000					
	Nippon Life Insurance Company	225,000		225,000					
	Mizuho Trust & Banking Co., Ltd.	Sep. 9, 2019		837,500	837,500	0.51000 (Note 5)	Sep. 7, 2024	Lump-sum repayment on the maturity date	
	Mizuho Bank, Ltd.		837,500	837,500					
	Sumitomo Mitsui Banking Corporation		375,000	375,000					
	Shinsei Bank, Limited		1,500,000	1,500,000					
	Resona Bank, Limited		450,000	450,000					
Mizuho Trust & Banking Co., Ltd.	Sep. 9, 2019	2,050,000	2,050,000	0.75000 (Note 5)	Sep. 7, 2026	Lump-sum repayment on the maturity date	(Note 3)		
Mizuho Bank, Ltd.		2,050,000	2,050,000						
Sumitomo Mitsui Banking Corporation		375,000	375,000						
Shinsei Bank, Limited		1,500,000	1,500,000						
Resona Bank, Limited		450,000	450,000						
The Bank of Fukuoka, Ltd.		150,000	150,000						
The Mie Bank, Ltd.		525,000	525,000						
The Nishi-Nippon City Bank, Ltd.		700,000	700,000						
Bank of Kyoto, Ltd.		700,000	700,000						
Nippon Life Insurance Company	700,000	700,000							

Term		Drawdown date	Balance at beginning of period (thousand yen)	Balance at end of period (thousand yen)	Average interest rate (%) (Note 1)	Repayment date	Repayment method	Use	Remarks
Lenders									
Long-term borrowings	Mizuho Trust & Banking Co., Ltd.	Sep. 7, 2020	—	890,000	0.37347	Sep. 7, 2022	Lump-sum repayment on the maturity date	(Note 3)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.		—	890,000					
	Sumitomo Mitsui Banking Corporation		—	340,000					
	Shinsei Bank, Limited		—	550,000					
	Resona Bank, Limited		—	150,000					
	The Bank of Fukuoka, Ltd.		—	180,000					
	Mizuho Trust & Banking Co., Ltd.	Sep. 7, 2020	—	1,494,000	0.58600 (Note 5)	Sep. 7, 2025	Lump-sum repayment on the maturity date		
	Mizuho Bank, Ltd.		—	1,450,000					
	Sumitomo Mitsui Banking Corporation		—	680,000					
	Shinsei Bank, Limited		—	900,000					
	Resona Bank, Limited		—	325,000					
	Aozora Bank, Ltd.		—	275,000					
	Mizuho Trust & Banking Co., Ltd.	Sep. 7, 2020	—	740,000	0.82200 (Note 5)	Sep. 7, 2027	Lump-sum repayment on the maturity date		
	Mizuho Bank, Ltd.		—	735,000					
	Sumitomo Mitsui Banking Corporation		—	300,000					
	Shinsei Bank, Limited		—	550,000					
	Resona Bank, Limited		—	160,000					
	Aozora Bank, Ltd.		—	100,000					
	The Mie Bank, Ltd.		—	415,000					
	Subtotal			33,200,000	38,324,000				
	Total			44,324,000	44,324,000				

(Note 1) 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 2) The intended use of the funds is for allocation to part of the funds for acquisition of real estate trust beneficiary rights, as well as related costs.

(Note 3) The funds are allotted to part of the funds for repaying existing borrowings.

(Note 4) Part of the principal (3,000,000 thousand yen) was prepaid on August 31, 2020, and the remaining balance of principal was repaid on September 7, 2020.

(Note 5) Interest rate swap transactions have been conducted to avoid interest rate fluctuation risk, and the indicated interest rates take into consideration the effect of such transactions.