

Summary of Financial Results for the Fiscal Period Ended February 2020 (REIT)

April 14, 2020

REIT Issuer: One REIT, Inc. Stock Exchange Listing: Tokyo Stock Exchange
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Scheduled date of submission of securities report: May 28, 2020
 Scheduled date of commencement of distribution payment: May 19, 2020
 Preparation of supplementary financial results briefing materials: Yes
 Holding of financial results briefing session: Yes (for institutional investors and analysts)

(Amounts are rounded down to the nearest million yen)

1. Status of Management and Assets for the Fiscal Period Ended February 2020 (September 1, 2019 to February 29, 2020)

(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. 2020	4,227	4.5	2,152	10.0	1,892	11.5	1,891	11.5
Ended Aug. 2019	4,046	4.6	1,956	0.8	1,696	1.0	1,696	1.0

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. 2020	7,885	3.6	1.7	44.8
Ended Aug. 2019	7,069	3.2	1.5	41.9

(2) Distributions status

Fiscal period	Distribution per unit (excluding distribution in excess of earnings)	Total distributions (excluding distribution in excess of earnings)	Distribution per unit in excess of earnings	Total distributions in excess of earnings	Distribution payout ratio	Ratio of distributions to net assets
	yen	million yen	yen	million yen	%	%
Ended Feb. 2020	7,889	1,892	—	—	100.0	3.6
Ended Aug. 2019	7,062	1,694	—	—	99.8	3.2

(Note) Distribution payout ratio is calculated by the following formula (rounded down to one decimal place).
 Distribution payout ratio = Total distributions (excluding distribution in excess of earnings) ÷ Net income × 100

(3) Financial position

Fiscal period	Total assets	Net assets	Equity ratio	Net assets per unit
	million yen	million yen	%	yen
Ended Feb. 2020	111,266	53,238	47.8	221,912
Ended Aug. 2019	111,633	53,040	47.5	221,088

(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. 2020	5,363	(4,744)	(2,567)	8,249
Ended Aug. 2019	2,852	(342)	(1,206)	10,197

2. Forecast of Financial Results for the Fiscal Periods Ending August 2020 (March 1, 2020 to August 31, 2020) and February 2021 (September 1, 2020 to February 28, 2021)

(% 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. 2020	4,164	(1.5)	2,123	(1.3)	1,860	(1.7)	1,859	(1.7)
Ending Feb. 2021	4,011	(3.7)	1,990	(6.3)	1,713	(7.9)	1,712	(7.9)

Fiscal period	Distribution per unit (excluding distribution in excess of earnings)		Distribution per unit in excess of earnings	
	yen		yen	
Ending Aug. 2020	7,750		—	
Ending Feb. 2021	7,140		—	

(Reference) Forecast net income per unit (fiscal period ending August 2020): 7,750 yen

Forecast net income per unit (fiscal period ending February 2021): 7,139 yen

* Other

(1) Changes in accounting policies, changes in accounting estimates and retrospective restatement

- ① Changes in accounting policies accompanying amendments to accounting standards, etc.: No
- ② Changes in accounting policies other than ①: No
- ③ Changes in accounting estimates: No
- ④ Retrospective restatement: No

(2) Number of investment units issued and outstanding

- ① Number of investment units issued and outstanding (including own investment units) at end of period

Fiscal period ended February 2020 239,908 units

Fiscal period ended August 2019 239,908 units

- ② Number of own investment units at end of period

Fiscal period ended February 2020 — units

Fiscal period ended August 2019 — 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 25.

* 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 2020 and February 2021” presented on page 7.

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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 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 stands at 239,908.

(Note 1) Mizuho Financial Group, Inc., Mizuho Trust & Banking Co., Ltd. and Mizuho Realty One Co., Ltd. (hereinafter referred to as “MONE”) fall within the scope of parent companies of the Asset Management Company. MONE is a wholly owned subsidiary of Mizuho Trust & Banking Co., Ltd., the sponsor, and holds all issued shares of the Asset Management Company and Mizuho Real Estate Management Co., Ltd. (hereinafter referred to as “MREM”). Three companies, namely MONE, the Asset Management Company and MREM, together comprise the MONE Group. MREM is the management company of MONE Group’s private real estate fund.

(Note 2) “Middle-sized Office Building” is a category of office building with a total floor area within the range of 3,300 m² (approximately 1,000 tsubos) and 33,000 m² (approximately 10,000 tsubos).

(B) Investment Environment and Management Performance

In the fiscal period under review (fiscal period ended February 2020 (13th fiscal period)), the Japanese economy maintained a gradual recovery trend due to steady improvement in the employment and income situation as corporate earnings remained at a high level, while production and exports showed some weakness due to slowdown in overseas economies.

In the office building leasing market, vacancy rates remained at a low level in central Tokyo as demand for increase in floor space, relocation for expansion, and upgrading was strong continuing from the previous fiscal period. In Osaka, Nagoya and other major regional cities, too, the downward trend in vacancy rates and upward trend in rent levels continued as the supply-demand balance was tight.

One REIT transferred CP10 Building (transfer price: 3,400 million yen) on October 17, 2019, and acquired Nishi-Gotanda 102 Building (acquisition price: 4,500 million yen) on October 31, 2019, as asset replacement to improve portfolio quality. In addition, One REIT obtained preferential negotiation rights for acquisition for each of Kuramochi Building Daiichi on December 6, 2019, Kagurazaka Plaza Building on December 13, 2019, and REID-C Chiba Ekimae Building on February 28, 2020. Concerning Kagurazaka Plaza Building, One REIT also acquired silent partnership equity interest with the property as the underlying asset (amount of equity investment: 18 million yen) on December 24, 2019.

Furthermore, One REIT worked on negotiations for upward rent revisions in line with market trends while working to realize optimal costs in property management by taking into consideration tenant needs and the characteristics of the respective properties. As such, One REIT endeavored to maintain and improve the occupancy rate of the portfolio and enhance leasing business revenues.

As a result, One REIT’s portfolio as of the end of the fiscal period ended February 2020 comprised a total of 26 properties (total acquisition price: 103,500 million yen; not including silent partnership equity interest) with a total leasable area of 161,731.88 m², and the occupancy rate as of the end of the fiscal period ended February 2020 was 98.6%.

(C) Overview of Financing

In the fiscal period ended February 2020, One REIT procured 13,200 million yen through a syndicated loan arranged by Mizuho Trust & Banking Co., Ltd. and Mizuho Bank, Ltd. on September 9, 2019, and used the funds to conduct contractual repayment of 14,074 million yen out of existing borrowings. One REIT repaid the remaining 874 million yen using part of the proceeds from the issuance of investment corporation bonds on August 5, 2019, and cash on hand.

As a result, as of February 29, 2020, the balance of interest-bearing liabilities was 50,824 million yen and the ratio of interest-bearing liabilities to total assets (LTV) was 45.7%.

(D) Overview of Business Performance and Distributions

As a result of the management described above, business performance in the fiscal period ended February 29, 2020 was operating revenue of 4,227 million yen, operating profit of 2,152 million yen, recurring profit of 1,892 million yen and net income of 1,891 million yen.

One REIT decided to distribute the amount obtained after deducting in and before the previous fiscal period internal reserves from unappropriated retained earnings in a manner to be eligible for application of the special provisions for taxation on investment corporations (Article 67-15 of the Act on Special Measures Concerning Taxation), within the amount which minimized the burden from occurrence of corporate tax and other taxes on unitholders; and declared distribution per investment unit of 7,889 yen.

② Outlook for the Next Fiscal Period

(A) Future Investment Environment

With the impact of coronavirus disease 2019 (COVID-19) and the decision to postpone the Tokyo Olympic Games, among other factors, an increasingly severe situation is expected to continue in both the Japanese economy and overseas economies ahead.

In the office building leasing market, office demand remains strong, but close attention needs to be paid to the impact of COVID-19 on tenants. In the office building transaction market, too, transaction prices are expected to remain high, backed by a favorable environment for procuring funds, but it will be important to pay close attention to developments in real estate market conditions brought about by COVID-19 and firmly maintain a stance of selective investment.

(B) Future Management Policy and Challenges to Address

One REIT strives to grow while obtaining various support in terms of property acquisition, management and financial aspects from our sponsor, Mizuho Trust & Banking Co., Ltd., which has an abundant track record in the Japanese real estate market, and aims to maximize unitholder value. One REIT will seek to maintain and increase the value of assets under management through operation and management aimed at maximizing competitiveness (internal growth) as well as improve the portfolio quality by continuing to conduct selective investment (external growth) to achieve stable growth over the medium to long term.

In order to achieve the growth strategy in both aspects of external growth and internal growth as described above, it is the policy of One REIT to take full advantage of support from Mizuho Trust & Banking Co., Ltd., the sponsor, in addition to utilizing investment expertise and business as well as other resources of the Asset Management Company, MONE and MREM.

(a) External Growth

Based on the policy to build a portfolio with middle-sized office buildings as the core investment target while also incorporating other office buildings and urban retail facilities for the sake of diversified investment, One REIT will aim to expand asset size, while maintaining and enhancing the portfolio quality by conducting investment having assessed the location, building specifications, tenant attributes, etc. of individual properties.

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

(Note) “Core regional cities” refers to non-ordinance-designated cities that are 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

To improve portfolio quality, One REIT transferred the following asset on March 3, 2020. With the transfer, gain on sale of real estate, etc. of approximately 139 million yen is expected to be recorded in the fiscal period ending August 2020 (14th fiscal period).

MY Atsugi Building

Location	Atsugi-shi, Kanagawa
Type of asset	Trust beneficiary rights
Transfer price (Note 1)	1,360 million yen
Buyer	Not disclosed (Note 2)
Conclusion date of purchase and sale agreement	October 15, 2019
Transfer date	March 3, 2020

(Note 1) “Transfer price” indicates the trading value of the said asset (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 asset.

(Note 2) 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.

Assumptions for the Forecast of Management Status for the Fiscal Periods Ending August 2020 and February 2021

Item	Assumptions
Calculation period	<ul style="list-style-type: none"> ➤ Fiscal period ending August 2020 (14th fiscal period) (March 1, 2020 to August 31, 2020) (184 days) ➤ Fiscal period ending February 2021 (15th fiscal period) (September 1, 2020 to February 28, 2021) (181 days)
Assets under management	<ul style="list-style-type: none"> ➤ The real estate and real estate trust beneficiary rights held as of February 29, 2020, total 26 properties. Of these, MY Atsugi Building was transferred on March 3, 2020. Other than this, it is assumed that no change in assets under management (acquisition of new properties, disposition of portfolio properties, etc.) will take place. ➤ 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 2020 and 97.7% in the fiscal period ending February 2021. ➤ With MY Atsugi Building transferred on March 3, 2020, gain on sale of real estate, etc. of 139 million yen is expected to be recorded in the fiscal period ending August 2020.
Operating expenses	<ul style="list-style-type: none"> ➤ Property-related expenses, which are the main component of operating expenses, are estimated to be 1,702 million yen in the fiscal period ending August 2020 and 1,689 million yen in the fiscal period ending February 2021. Expenses other than depreciation are calculated based on historical data, etc. and by reflecting factors causing fluctuations in expenses. <ol style="list-style-type: none"> 1) Property management fees are estimated to be 365 million yen in the fiscal period ending August 2020 and 373 million yen in the fiscal period ending February 2021. 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 2020 and 517 million yen in the fiscal period ending February 2021. 3) Fixed asset tax, city planning tax, etc. are estimated to be 315 million yen in the fiscal period ending August 2020 and 315 million yen in the fiscal period ending February 2021. 4) Repair expenses are estimated to be 89 million yen in the fiscal period ending August 2020 and 86 million yen in the fiscal period ending February 2021, 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 338 million yen in the fiscal period ending August 2020 and 331 million yen in the fiscal period ending February 2021. Among the above, asset management fees of 253 million yen for the fiscal period ending August 2020 and 252 million yen for the fiscal period ending February 2021 are expected.

Item	Assumptions
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 254 million yen for the fiscal period ending August 2020 and 266 million yen for the fiscal period ending February 2021. ➤ Amortization of investment unit issuance expenses is expected to be 5 million yen for each the fiscal period ending August 2020 and the fiscal period ending February 2021. ➤ Amortization of investment corporation bond issuance costs is expected to be 2 million yen for the fiscal period ending August 2020 and 3 million yen for the fiscal period ending February 2021.
Interest-bearing liabilities	<ul style="list-style-type: none"> ➤ The balance of interest-bearing liabilities as of February 29, 2020, is 50,824 million yen. ➤ The borrowings due for repayment in the fiscal period ending February 2021 totaling 14,124 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 2021.
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 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 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

Of “Investment Risks” in the most recent securities report (submitted on November 28, 2019), the portion of “① Risks relating to investment units and investment corporation bonds issued by the investment corporation; (C) Risks relating to market price volatility” has become as follows, and the below risks have been added as “Risks relating to natural disasters, spread of infectious disease, etc.” as of today, in the wake of the spread of COVID-19.

① Risks relating to investment units and investment corporation bonds issued by the investment corporation

(C) Risks relating to market price volatility

The market price of One REIT investment units may be affected by social and other events that impact trust in real estate transactions including changes in the financial environment, such as interest rate trends and exchange rates, market environment and future economic trends, the volume of One REIT investment units traded by Japanese and foreign investors, comparison with other financial instrument investments, and earthquakes, tsunamis, liquefaction and other natural disasters. In particular, the market price of One REIT investment units is materially affected by the impact a spreading novel coronavirus has on One REIT’s business performance and the financial condition or concerns thereof, the financial instrument transaction market and real estate market trends, etc.

In addition, One REIT sets real estate and other assets as the main investment target. As such, the market price of One REIT investment units may be affected by fluctuations in real estate appraisal values, trends of the real estate market, real estate supply-demand relations, the corporate economic environment that may influence real estate demand, changes in legal, accounting and tax systems, and other factors surrounding real estate-related markets.

Additionally, One REIT procures funds as needed to carry out its business. If fund procurement is conducted through issuance of new investment units, the market price of One REIT investment units may be affected by the impact of such on the supply-demand balance of One REIT investment units in the market. In addition, if large volumes of One REIT investment units are sold on exchanges at a single point in time, the market price of One REIT investment units could fall significantly.

In addition, the market price of One REIT investment units may fall also if supervisory authorities, etc. issue administrative guidance, recommendation for administrative action or administrative action against One REIT or the Asset Management Company, or another investment corporation or another asset management company.

Moreover, One REIT investment corporation bonds may fluctuate in price depending on interest rate trends and other market environments, etc. and may be affected by revisions or downgrades in credit ratings.

⑥ Other

(E) Risks relating to natural disasters, spread of infectious disease, etc.

With disasters such as Nankai Trough megathrust earthquakes, Tokyo inland earthquakes and other large-scale earthquakes, and outbreak and spread of infectious disease envisioned as scenarios, One REIT and the Asset Management Company have reviewed business continuity planning (BCP) as a safety measure as well as measures for business continuity and early recovery necessary to prevent damage from spreading at portfolio assets. However, damage could fail to be sufficiently controlled through execution of the business continuity plan for a spreading novel coronavirus and other unforeseeable risks that may arise. In this manner, mitigation of all disasters, infectious diseases and other risks would be difficult, and damage of a larger scale than in the scenarios could also arise given the recent change in climate and other factors leading to disasters becoming increasingly larger in scale. In particular, if there is an outbreak of a novel coronavirus or other infectious disease at investment target real estate or the surrounding area or if a declaration of a state of emergency or the like are issued in areas where investment target assets are located and tenants are subject to requests for temporary business closure and other measures, suspension of operation of the concerned investment target assets could be inevitable. In addition, depending on the type of business of the retail facilities and tenants, not only could tenants request rent reduction or deferment of rent payments for reasons of decline in sales caused by business closure, voluntarily refraining from operating business, etc. due to the spread or prolonged outbreak of the infectious disease, etc., declaration of a state of emergency, etc. and inevitably lead to claims and requests being accepted in consideration of the tenants’ financial condition, etc., but vacancy risk could also arise due to exit by tenants.

In addition, the Asset Management Company has taken measures to prevent infection among directors and employees by making the transition to work arrangements utilizing a teleworking system, but because there are business operations for which teleworking is not suitable and there is also no guarantee that operational efficiency can be maintained as usual, the Asset Management Company’s business operations could be disrupted and lead to an adverse impact on the management of assets of One REIT as a result.

2. Financial Statements

(1) Balance Sheet

(Unit: thousand yen)

	12th fiscal period (As of Aug. 31, 2019)	13th fiscal period (As of Feb. 29, 2020)
Assets		
Current assets		
Cash and deposits	4,203,194	2,033,389
Cash and deposits in trust	5,994,282	6,216,391
Operating accounts receivable	90,016	71,097
Prepaid expenses	143,322	160,436
Income taxes receivable	6	6
Other	259	396
Total current assets	10,431,081	8,481,717
Non-current assets		
Property, plant and equipment		
Buildings	3,615,325	3,617,067
Accumulated depreciation	(754,220)	(818,233)
Buildings, net	2,861,105	2,798,834
Structures	9,644	9,644
Accumulated depreciation	(3,710)	(4,028)
Structures, net	5,934	5,616
Machinery and equipment	62,025	62,025
Accumulated depreciation	(62,025)	(62,025)
Machinery and equipment, net	0	0
Tools, furniture and fixtures	2,066	2,710
Accumulated depreciation	(388)	(613)
Tools, furniture and fixtures, net	1,678	2,097
Land	3,770,347	3,770,347
Buildings in trust	28,993,018	28,700,206
Accumulated depreciation	(3,494,342)	(3,731,508)
Buildings in trust, net	25,498,675	24,968,698
Structures in trust	16,795	18,881
Accumulated depreciation	(3,283)	(3,863)
Structures in trust, net	13,511	15,018
Machinery and equipment in trust	177,144	185,980
Accumulated depreciation	(46,806)	(54,707)
Machinery and equipment in trust, net	130,337	131,272
Tools, furniture and fixtures in trust	68,575	71,727
Accumulated depreciation	(30,013)	(33,492)
Tools, furniture and fixtures in trust, net	38,562	38,235
Land in trust	65,388,250	67,388,459
Construction in progress in trust	—	12,283
Total property, plant and equipment	97,708,403	99,130,865
Intangible assets		
Leasehold rights in trust	3,278,336	3,278,336
Other	1,956	1,843
Total intangible assets	3,280,293	3,280,180
Investments and other assets		
Investment securities	—	18,099
Lease and guarantee deposits	10,960	10,960
Long-term prepaid expenses	151,950	302,200
Total investments and other assets	162,910	331,259
Total non-current assets	101,151,607	102,742,305

(Unit: thousand yen)

	12th fiscal period (As of Aug. 31, 2019)	13th fiscal period (As of Feb. 29, 2020)
Deferred assets		
Investment unit issuance expenses	22,498	16,874
Investment corporation bond issuance costs	28,060	26,035
Total deferred assets	50,559	42,910
Total assets	111,633,249	111,266,933
Liabilities		
Current liabilities		
Operating accounts payable	233,533	195,909
Current portion of long-term loans payable	14,074,000	14,124,000
Accounts payable - other	361,476	535,072
Accrued expenses	3,266	3,122
Income taxes payable	605	605
Consumption taxes payable	195,386	192,053
Advances received	653,763	663,508
Other	893	577
Total current liabilities	15,522,924	15,714,847
Non-current liabilities		
Investment corporation bonds	3,500,000	3,500,000
Long-term loans payable	34,124,000	33,200,000
Tenant lease and security deposits	283,148	287,309
Tenant lease and security deposits in trust	5,162,220	5,326,212
Total non-current liabilities	43,069,368	42,313,522
Total liabilities	58,592,293	58,028,370
Net assets		
Unitholders' equity		
Unitholders' capital	51,154,926	51,154,926
Surplus		
Unappropriated retained earnings (undisposed loss)	1,886,029	2,083,636
Total surplus	1,886,029	2,083,636
Total unitholders' equity	53,040,955	53,238,562
Total net assets	*1 53,040,955	*1 53,238,562
Total liabilities and net assets	111,633,249	111,266,933

(2) Statement of Income

(Unit: thousand yen)

	12th fiscal period (From: Mar. 1, 2019 To: Aug. 31, 2019)	13th fiscal period (From: Sep. 1, 2019 To: Feb. 29, 2020)
Operating revenue		
Lease business revenue	*1 3,663,220	*1 3,714,599
Other lease business revenue	*1 383,096	*1 371,736
Gain on sale of real estate, etc.	—	*2 140,832
Total operating revenue	4,046,316	4,227,168
Operating expenses		
Expenses related to rent business	*1 1,758,937	*1 1,736,962
Asset management fee	249,406	254,637
Asset custody fee	4,441	4,466
Administrative service fees	19,280	19,040
Directors' compensations	3,876	3,876
Other operating expenses	53,580	55,947
Total operating expenses	2,089,522	2,074,930
Operating profit	1,956,794	2,152,237
Non-operating income		
Interest income	45	43
Insurance income	4,649	—
Reversal of distribution payable	547	450
Interest on refund	1,044	—
Settlement money income	—	233
Total non-operating income	6,287	727
Non-operating expenses		
Interest expenses	152,227	150,023
Interest expenses on investment corporation bonds	1,656	11,015
Borrowing related expenses	98,592	90,307
Amortization of investment unit issuance expenses	12,506	5,624
Amortization of investment corporation bond issuance expenses	337	2,025
Other	1,083	1,526
Total non-operating expenses	266,404	260,522
Recurring profit	1,696,677	1,892,442
Net income before income taxes	1,696,677	1,892,442
Income taxes – current	605	605
Total income taxes	605	605
Net income	1,696,072	1,891,837
Profit brought forward	189,956	191,799
Unappropriated retained earnings (undisposed loss)	1,886,029	2,083,636

(3) Statement of Unitholders' Equity

12th fiscal period (March 1, 2019 to August 31, 2019)

(Unit: thousand yen)

	Unitholders' equity				Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	
		Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at beginning of current period	51,154,926	1,869,072	1,869,072	53,023,999	53,023,999
Changes of items during period					
Distribution of surplus		(1,679,116)	(1,679,116)	(1,679,116)	(1,679,116)
Net income		1,696,072	1,696,072	1,696,072	1,696,072
Total changes of items during period	—	16,956	16,956	16,956	16,956
Balance at end of current period	51,154,926	1,886,029	1,886,029	53,040,955	53,040,955

13th fiscal period (September 1, 2019 to February 29, 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	1,886,029	1,886,029	53,040,955	53,040,955
Changes of items during period					
Distribution of surplus		(1,694,230)	(1,694,230)	(1,694,230)	(1,694,230)
Net income		1,891,837	1,891,837	1,891,837	1,891,837
Total changes of items during period	—	197,607	197,607	197,607	197,607
Balance at end of current period	51,154,926	2,083,636	2,083,636	53,238,562	53,238,562

(4) Statement of Cash Distributions

(Unit: yen)

	12th fiscal period (From: Mar. 1, 2019 To: Aug. 31, 2019)	13th fiscal period (From: Sep. 1, 2019 To: Feb. 29, 2020)
	Amount	Amount
I. Unappropriated retained earnings	1,886,029,346	2,083,636,473
II. Amount of distributions	1,694,230,296	1,892,634,212
[Amount of distributions per investment unit]	[7,062]	[7,889]
III. Retained earnings carried forward	191,799,050	191,002,261

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 1,694,230,296 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 1,892,634,212 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>
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(5) Statement of Cash Flows

(Unit: thousand yen)

	12th fiscal period (From: Mar. 1, 2019 To: Aug. 31, 2019)	13th fiscal period (From: Sep. 1, 2019 To: Feb. 29, 2020)
Cash flows from operating activities		
Net income before income taxes	1,696,677	1,892,442
Depreciation	495,426	501,752
Amortization of investment unit issuance expenses	12,506	5,624
Amortization of investment corporation bond issuance costs	337	2,025
Interest income	(45)	(43)
Reversal of distribution payable	(547)	(450)
Interest expenses	153,883	161,039
Decrease (increase) in operating accounts receivable	(16,199)	18,919
Decrease (increase) in consumption taxes refund receivable	283,140	—
Decrease (increase) in prepaid expenses	35,885	(17,114)
Decrease in property, plant and equipment in trust due to sale	—	3,118,882
Increase (decrease) in operating accounts payable	68,191	(37,623)
Increase (decrease) in accounts payable - other	48,078	24,244
Increase (decrease) in consumption tax payable	161,614	(3,333)
Increase (decrease) in advances received	8,751	9,744
Decrease (increase) in long-term prepaid expenses	59,031	(150,250)
Other, net	(2,195)	(453)
Subtotal	3,004,538	5,525,405
Interest income received	45	43
Interest expenses paid	(151,445)	(161,183)
Income taxes paid	(605)	(604)
Net cash provided by (used in) operating activities	2,852,533	5,363,660
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,812)	(2,171)
Purchase of property, plant and equipment in trust	(395,981)	(4,892,230)
Repayments of tenant lease and security deposits	(29,171)	(747)
Proceeds from tenant lease and security deposits	215	4,908
Repayments of tenant lease and security deposits in trust	(95,567)	(273,168)
Proceeds from tenant lease and security deposits in trust	181,008	437,160
Purchase of investment securities	—	(18,099)
Net cash provided by (used in) investing activities	(342,308)	(4,744,347)
Cash flows from financing activities		
Repayments of short-term borrowings	(3,000,000)	—
Proceeds from long-term loans payable	—	13,200,000
Repayment of long-term loans payable	—	(14,074,000)
Proceeds from issuance of investment corporation bonds	3,471,601	—
Payment of distribution	(1,678,120)	(1,693,008)
Net cash provided by (used in) financing activities	(1,206,519)	(2,567,008)
Net increase (decrease) in cash and cash equivalents	1,303,704	(1,947,695)
Cash and cash equivalents at beginning of period	8,893,771	10,197,476
Cash and cash equivalents at end of period	*1 10,197,476	*1 8,249,780

(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	<p>Securities</p> <p>Other securities</p> <p>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.</p>								
2. Method of depreciation of non-current assets	<p>① Property, plant and equipment (including trust assets)</p> <p>The straight-line method is adopted.</p> <p>The useful life of core property, plant and equipment is as follows:</p> <table> <tr> <td>Buildings</td><td>5~59 years</td></tr> <tr> <td>Structures</td><td>4~40 years</td></tr> <tr> <td>Machinery and equipment</td><td>5~10 years</td></tr> <tr> <td>Tools, furniture and fixtures</td><td>4~20 years</td></tr> </table> <p>② Intangible assets</p> <p>The straight-line method is adopted.</p> <p>③ Long-term prepaid expenses</p> <p>The straight-line method is adopted.</p>	Buildings	5~59 years	Structures	4~40 years	Machinery and equipment	5~10 years	Tools, furniture and fixtures	4~20 years
Buildings	5~59 years								
Structures	4~40 years								
Machinery and equipment	5~10 years								
Tools, furniture and fixtures	4~20 years								
3. Accounting for deferred assets	<p>① Investment unit issuance expenses</p> <p>Amortized using the straight-line method over 3 years.</p> <p>② Investment corporation bond issuance expenses</p> <p>Amortized using the straight-line method through to the redemption date.</p>								
4. Standards for recognition of revenue and expenses	<p>Accounting for fixed asset tax, etc.</p> <p>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.</p> <p>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 12th fiscal period. The amount equivalent to fixed asset tax, etc. included in the cost of acquisition of real estate, etc. in the 13th fiscal period is 3,387 thousand yen.</p>								
5. Method of Hedge Accounting	<p>① Method of Hedge Accounting</p> <p>Special treatment is applied to interest rate swap transactions since they satisfy the requirements for special treatment.</p> <p>② Hedging instruments and hedge items</p> <p>Hedging instruments: Interest rate swaps</p> <p>Hedged items: Interest on borrowings</p> <p>③ Hedging policy</p> <p>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.</p> <p>④ Method of assessing hedge effectiveness</p> <p>Since interest rate swap transactions satisfy the requirements for special treatment, assessment of hedge effectiveness is omitted.</p>								
6. Scope of funds in the statement of cash flows	<p>The funds (cash and cash equivalents) in the statement of cash flows consist of cash on hand and cash in trust; deposits that can be withdrawn at any time and deposits in trust; and short-term investments with a maturity of 3 months or less from the date of acquisition, which are readily convertible to cash and bear only an insignificant risk of price fluctuation.</p>								
7. Other significant matters serving as the basis for preparing financial statements	<p>① Accounting for trust beneficiary rights in real estate, etc.</p> <p>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.</p> <p>The following material items of the trust assets recognized in the relevant account item are separately listed on the balance sheet.</p> <ol style="list-style-type: none"> (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 <p>② Accounting for consumption tax, etc.</p> <p>Concerning accounting for consumption tax and local consumption tax, these taxes are excluded. Non-deductible consumption tax in the acquisition of assets is included in the cost of acquisition of the respective asset.</p>								

(Accounting standards yet to be applied, etc.)

- “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29; announced by Accounting Standards Board of Japan on March 30, 2018)
- “Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30; announced by Accounting Standards Board of Japan on March 30, 2018)

(1) Overview

The International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) in the United States jointly developed comprehensive accounting standards concerning revenue recognition and announced the “Revenue from Contracts with Customers” (IFRS 15 in the IASB and Topic 606 in the FASB) in May 2014. Given that IFRS 15 will be applied from a fiscal year starting on and after January 1, 2018, and that Topic 606 will be applied from a fiscal year starting after December 15, 2017, the Accounting Standards Board of Japan (ASBJ) has developed comprehensive accounting standards for revenue recognition and announced them together with the Implementation Guidance.

The basic policy of the ASBJ in developing accounting standards for revenue recognition is to set accounting standards, with the incorporation of the basic principles of IFRS 15 as a starting point, from a standpoint of comparability between financial statements, which is one of the benefits of ensuring consistency with IFRS 15, and to add alternative treatments within the scope that will not harm comparability if there is an item that one should take into account in practices, etc. that have been conducted in Japan.

(2) Planned date of application

To be applied from the beginning of the fiscal period ending February 2022.

(3) Impact of the application of the accounting standards, etc.

The amount of the impact on financial statements from applying “Accounting Standard for Revenue Recognition,” etc. is currently under review.

- “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30; 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)

(1) Overview

The International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) in the United States provide detailed guidance on fair value measurement (IFRS 13 “Fair Value Measurement” in IFRS and Topic 820 “Fair Value Measurement” by FASB). The Accounting Standards Board of Japan (ASBJ) announced the “Accounting Standard for Fair Value Measurement” and the “Implementation Guidance on Accounting Standard for Fair Value Measurement” after a series of considerations over guidance and disclosure concerning the fair value of financial instruments in particular in order to enhance comparability with the provisions of these international accounting standards.

(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.

(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)

	12th fiscal period (As of Aug. 31, 2019)	13th fiscal period (As of Feb. 29, 2020)
	50,000	50,000

[Notes to the Statement of Income]

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

	12th fiscal period (From: Mar. 1, 2019 To: Aug. 31, 2019)	13th fiscal period (From: Sep. 1, 2019 To: Feb. 29, 2020)
(Unit: thousand yen)		
A. Property-related operating revenue		
Lease business revenue		
Rent revenue	2,838,205	2,898,519
Common area charges revenue	628,808	621,559
Parking revenue	170,622	169,501
Other rent revenue	25,583	25,019
Total	3,663,220	3,714,599
Other lease business revenue		
Utilities revenue	354,241	330,311
Other revenue	28,854	41,424
Total	383,096	371,736
Total property-related operating revenue	4,046,316	4,086,335
B. Property-related operating expenses		
Expenses related to rent business		
Property management fees	388,085	395,427
Utilities expenses	391,856	349,430
Taxes and public dues	316,720	312,247
Insurance premiums	5,991	6,136
Repair expenses	112,362	120,972
Trust fees	12,800	12,760
Depreciation	495,313	501,639
Other sundry expenses	35,807	38,349
Total property-related operating expenses	1,758,937	1,736,962
C. Property-related operating income (loss) [A– B]	2,287,379	2,349,372

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

12th fiscal period (March 1, 2019 to August 31, 2019)

Not applicable.

13th fiscal period (September 1, 2019 to February 29, 2020)

(Unit: thousand yen)

CP10 Building

Revenue on sale of real estate, etc.	3,400,000
Cost of sale of real estate, etc.	3,118,882
Other expenses on sale	140,284
Gain on sale of real estate, etc.	140,832

[Notes to the Statement of Unitholders' Equity]

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

	12th fiscal period (From: Mar. 1, 2019 To: Aug. 31, 2019)	13th fiscal period (From: Sep. 1, 2019 To: Feb. 29, 2020)
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

	12th fiscal period (From: Mar. 1, 2019 To: Aug. 31, 2019)	13th fiscal period (From: Sep. 1, 2019 To: Feb. 29, 2020)
	(Unit: thousand yen)	
Cash and deposits	4,203,194	2,033,389
Cash and deposits in trust	5,994,282	6,216,391
Cash and cash equivalents	10,197,476	8,249,780

[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, 2019, and the amount of difference between these. Please note that the following table does not include those for which discerning of fair value is recognized to be extremely difficult (please refer to (Note 2)).

(Unit: thousand yen)

	Carrying amount	Fair value	Amount of difference
(1) Cash and deposits	4,203,194	4,203,194	—
(2) Cash and deposits in trust	5,994,282	5,994,282	—
Assets total	10,197,476	10,197,476	—
(3) Current portion of long-term loans payable	14,074,000	14,075,156	1,156
(4) Investment corporation bonds	3,500,000	3,511,250	11,250
(5) Long-term loans payable	34,124,000	34,049,260	(74,739)
Liabilities total	51,698,000	51,635,667	(62,332)
(6) Derivative transactions	—	—	—

The following is the carrying amount and fair value as of February 29, 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	2,033,389	2,033,389	—
(2) Cash and deposits in trust	6,216,391	6,216,391	—
Assets total	8,249,780	8,249,780	—
(3) Current portion of long-term loans payable	14,124,000	14,143,407	19,407
(4) Investment corporation bonds	3,500,000	3,501,500	1,500
(5) Long-term loans payable	33,200,000	33,083,474	(116,525)
Liabilities total	50,824,000	50,728,382	(95,617)
(6) Derivative transactions	—	—	—

(Note 1) Method of calculating the fair value of financial instruments

(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	12th fiscal period (As of Aug. 31, 2019)	13th fiscal period (As of Feb. 29, 2020)
Investment securities	—	18,099
Tenant lease and security deposits	283,148	287,309
Tenant lease and security deposits in trust	5,162,220	5,326,212
Total	5,445,368	5,631,621

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

12th fiscal period (As of August 31, 2019)

(Unit: thousand yen)

	Due within 1 year
Cash and deposits	4,203,194
Cash and deposits in trust	5,994,282
Total	10,197,476

13th fiscal period (As of February 29, 2020)

(Unit: thousand yen)

	Due within 1 year
Cash and deposits	2,033,389
Cash and deposits in trust	6,216,391
Total	8,249,780

(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

12th fiscal period (As of August 31, 2019)

(Unit: thousand yen)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
Investment corporation bonds	—	—	—	—	1,500,000	2,000,000
Long-term loans payable	14,074,000	14,124,000	6,000,000	6,000,000	8,000,000	—
Total	14,074,000	14,124,000	6,000,000	6,000,000	9,500,000	2,000,000

13th fiscal period (As of February 29, 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	2,000,000
Long-term loans payable	14,124,000	6,000,000	6,000,000	8,000,000	4,000,000	9,200,000
Total	14,124,000	6,000,000	6,000,000	8,000,000	5,500,000	11,200,000

[Notes on Derivative Transactions]

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

12th fiscal period (As of August 31, 2019)

Not applicable.

13th fiscal period (As of February 29, 2020)

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.

12th fiscal period (As of August 31, 2019)

(Unit: thousand yen)

Hedge accounting method	Type of derivative transaction	Primary hedged item	Contract amount and other		Fair value	Fair value calculation method
				Due after one year		
Special treatment for interest rate swaps	Interest rate swap transactions Receive floating / Pay fix	Long-term loans payable	18,000,000	18,000,000	(Note)	—

(Note) Since those with special treatment of interest rate swaps are treated integrally with hedged long-term loans payable, the fair values of such are shown as included in the fair value in “(5) Long-term loans payable” described in “Notes on Financial Instruments, 2. Matters concerning fair value, etc. of financial instruments” above.

13th fiscal period (As of February 29, 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.

[Notes on Related-Party Transactions]

1. Parent company, major corporate unitholder, etc.

12th fiscal period (March 1, 2019 to August 31, 2019)

Not applicable.

13th fiscal period (September 1, 2019 to February 29, 2020)

Not applicable.

2. Associated company, etc.

12th fiscal period (March 1, 2019 to August 31, 2019)

Not applicable.

13th fiscal period (September 1, 2019 to February 29, 2020)

Not applicable.

3. Fellow subsidiary, etc.

12th fiscal period (March 1, 2019 to August 31, 2019)

Not applicable.

13th fiscal period (September 1, 2019 to February 29, 2020)

Not applicable.

4. Director, major individual unitholder, etc.

12th fiscal period (March 1, 2019 to August 31, 2019)

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)	Account item	Balance at end of period (thousand yen) (Note 2)
						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	249,406	Accounts payable - other	269,359

(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) 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.

13th fiscal period (September 1, 2019 to February 29, 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) (Note 4)	Account item	Balance at end of period (thousand yen) (Note 2) (Note 3) (Note 4)
						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	333,727	Accounts payable - other	280,100

(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 (45,000 thousand yen) for the acquisition of properties and the fee (90 thousand yen) for the acquisition of silent partnership equity interest that were included in the book value of specified assets.

(Note 3) The asset management fee includes the fee (34,000 thousand yen) for the transfer of CP10 Building.

(Note 4) 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
Not applicable.

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

	12th fiscal period (As of Aug. 31, 2019)	13th fiscal period (As of Feb. 29, 2020)
Statutory tax rate	31.51	31.51
[Adjustments]		
Deductible distributions payable	(31.46)	(31.51)
Other	(0.01)	0.03
Effective income tax rate after application of tax-effect accounting	0.04	0.03

[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.

	12th fiscal period (From: Mar. 1, 2019 To: Aug. 31, 2019)	13th fiscal period (From: Sep. 1, 2019 To: Feb. 29, 2020)
Carrying amount		
Balance at beginning of period	101,157,396	100,986,740
Amount of increase (decrease) during period	(170,656)	1,422,461
Balance at end of period	100,986,740	102,409,202
Fair value at end of period	115,518,000	118,890,000

(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 12th fiscal period, the amount of increase is mainly attributable to capital expenditures (322,305 thousand yen), while the amount of decrease is mainly attributable to depreciation (495,313 thousand yen). Of the amount of increase (decrease) in investment and rental properties during the 13th fiscal period, the amount of increase is mainly attributable to acquisition of Nishi-Gotanda 102 Building (4,690,581 thousand yen) and capital expenditures (340,118 thousand yen), while the amount of decrease is mainly attributable to transfer of CP10 Building (3,118,882 thousand yen) and depreciation (501,639 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 12th fiscal period for CP10 Building and the fair value at the end of the 12th fiscal period and at the end of the 13th fiscal period for MY Atsugi Building are the transfer prices.

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

12th fiscal period (March 1, 2019 to August 31, 2019)

(1) Information for each product and service

Information for each product and service is omitted because net sales to external customers of a single product/service category are more than 90% of the operating revenue on the statement of income.

(2) Information for each region

① Net sales

Information for each region is omitted because net sales to external customers in Japan are more than 90% of the operating revenue on the statement of income.

② Property, plant and equipment

Information for each region is omitted because the amount of property, plant and equipment located in Japan is more than 90% of the amount of property, plant and equipment on the balance sheet.

(3) Information for each major customer

Information for each major customer is omitted because net sales to a single external customer are less than 10% of the operating revenue on the statement of income.

13th fiscal period (September 1, 2019 to February 29, 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.

[Notes on Per Unit Information]

	12th fiscal period (From: Mar. 1, 2019 To: Aug. 31, 2019)	13th fiscal period (From: Sep. 1, 2019 To: Feb. 29, 2020)
Net assets per unit	221,088 yen	221,912 yen
Net income per unit	7,069 yen	7,885 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.

	12th fiscal period (From: Mar. 1, 2019 To: Aug. 31, 2019)	13th fiscal period (From: Sep. 1, 2019 To: Feb. 29, 2020)
Net income	1,696,072 thousand yen	1,891,837 thousand yen
Amount not attributable to common unitholders	— thousand yen	— thousand yen
Net income attributable to common investment units	1,696,072 thousand yen	1,891,837 thousand yen
Average number of investment units during period	239,908 units	239,908 units

[Notes on Significant Subsequent Events]

Asset transfer

To improve portfolio quality, One REIT transferred the following asset on March 3, 2020. With the transfer, gain on sale of real estate, etc. of approximately 139 million yen is expected to be recorded in the fiscal period ending August 2020 (14th fiscal period).

MY Atsugi Building

Location	Atsugi-shi, Kanagawa
Type of asset	Trust beneficiary rights
Transfer price (Note 1)	1,360 million yen
Buyer	Not disclosed (Note 2)
Conclusion date of purchase and sale agreement	October 15, 2019
Transfer date	March 3, 2020

(Note 1) “Transfer price” indicates the trading value of the said asset (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 for real estate trust beneficiary rights related to the said asset.

(Note 2) 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.

[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	Split 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)	12th fiscal period (As of Aug. 31, 2019)		13th fiscal period (As of Feb. 29, 2020)	
			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	6,639	5.9	6,576	5.9
	Office buildings subtotal		6,639	5.9	6,576	5.9
Real estate total			6,639	5.9	6,576	5.9
Real estate in trust	Office buildings	Tokyo metropolitan area	54,176	48.5	55,745	50.1
		Ordinance-designated cities, etc.	36,199	32.4	36,121	32.5
	Office buildings subtotal		90,376	81.0	91,866	82.6
	Retail facilities	Tokyo metropolitan area	3,971	3.6	3,965	3.6
	Retail facilities subtotal		3,971	3.6	3,965	3.6
	Real estate in trust total			94,347	84.5	95,832
Investment securities (Note 4)			—	—	18	0.0
Deposits and other assets			10,646	9.5	8,839	7.9
Total assets			111,633	100.0	111,266	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.

2) Portfolio Diversification

Diversification by region

Region	Number of properties	Acquisition price (million yen)	Share (%)
Tokyo metropolitan area	19	67,263	65.0
Ordinance-designated cities, etc.	7	36,237	35.0
Total	26	103,500	100.0

Diversification by asset type

Use	Number of properties	Acquisition price (million yen)	Share (%)
Office buildings	25	99,250	95.9
Retail facility	1	4,250	4.1
Total	26	103,500	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	6,576	9,100	9,310	3.5	9,010	3.6	3.7	9,140
OT-3	Tachikawa Nishiki-cho Building	Daiwa Real Estate Appraisal Co., Ltd.	3,264	3,210	4,150	4,160	4.4	4,140	4.2	4.6	2,700
OT-5	ONEST Yokohama Nishiguchi Building	Daiwa Real Estate Appraisal Co., Ltd.	3,110	3,117	3,820	3,790	4.2	3,830	4.0	4.4	3,150
OT-6	Yushima First Genesis Building	Daiwa Real Estate Appraisal Co., Ltd.	2,751	2,658	3,200	3,260	4.0	3,170	3.8	4.2	2,050
OT-7	ONEST Nakano Building	Daiwa Real Estate Appraisal Co., Ltd.	2,880	2,853	3,400	3,390	4.3	3,400	4.1	4.5	2,590
OT-8	36 Sankyo Building	Daiwa Real Estate Appraisal Co., Ltd.	2,395	2,317	2,770	2,800	4.1	2,750	3.9	4.3	2,150
OT-9	Minami-Shinagawa JN Building	Daiwa Real Estate Appraisal Co., Ltd.	2,165	2,134	2,134	2,190	4.3	2,130	4.1	4.5	2,220
OT-10	Minami-Shinagawa N Building	Daiwa Real Estate Appraisal Co., Ltd.	2,292	2,199	2,410	2,490	4.5	2,380	4.3	4.7	2,310
OT-11	Minami-Shinagawa J Building	Daiwa Real Estate Appraisal Co., Ltd.	2,020	1,929	2,440	2,450	4.5	2,440	4.3	4.7	1,490
OT-12	MY Atsugi Building (Note 3)	Chuo Real Estate Appraisal Co., Ltd.	1,240	1,163	1,380	1,480	5.6	1,340	5.4	5.8	921
OT-13	Hachioji SIA Building	Chuo Real Estate Appraisal Co., Ltd.	730	679	856	876	5.1	848	4.9	5.3	682
OT-14	ONEST Motoyoyogi Square	Japan Real Estate Institute	7,500	7,619	8,560	8,640	3.9	8,480	3.6	4.1	8,410
OT-15	ONEST Ueno Okachimachi Building	Japan Real Estate Institute	2,700	2,780	2,950	2,960	3.9	2,930	3.6	4.0	2,950
OT-16	Daido Life Omiya Building	Chuo Real Estate Appraisal Co., Ltd.	3,000	3,074	3,230	3,280	4.6	3,210	4.4	4.8	2,320
OT-17	ONEST Ikebukuro East Building	Daiwa Real Estate Appraisal Co., Ltd.	2,200	2,241	2,360	2,390	4.1	2,340	3.9	4.3	2,120
OT-18	Crescendo Building	Chuo Real Estate Appraisal Co., Ltd.	2,466	2,562	2,520	2,580	4.6	2,490	4.4	4.8	1,620
OT-19	Tokyo Parkside Building	JLL Morii Valuation & Advisory K.K.	10,450	10,519	11,300	11,400	4.2	11,300	3.9	4.4	9,360
OT-20	Nishi-Gotanda 102 Building	The Tanizawa Sogo Appraisal Co., Ltd.	4,500	4,682	5,020	5,240	3.8	4,920	3.8	3.9	5,110
OO-1	Central Shin-Osaka Building	Daiwa Real Estate Appraisal Co., Ltd.	4,612	4,282	6,260	6,260	4.3	6,260	4.1	4.5	3,020
OO-2	Karasuma Plaza 21	Daiwa Real Estate Appraisal Co., Ltd.	3,700	3,864	4,000	3,970	4.6	4,010	4.4	4.8	9,360
OO-3	ONEST Nagoya Nishiki Square	Daiwa Real Estate Appraisal Co., Ltd.	2,381	2,348	3,540	3,500	4.6	3,560	4.4	4.8	2,450
OO-4	MY Kumamoto Building	Chuo Real Estate Appraisal Co., Ltd.	1,152	1,084	1,300	1,290	6.0	1,300	5.8	6.2	1,000
OO-5	Nagoya Fushimi Square Building	Daiwa Real Estate Appraisal Co., Ltd.	4,812	4,838	5,200	5,280	4.5	5,160	4.3	4.7	6,590
OO-6	Daihakata Building	JLL Morii Valuation & Advisory K.K.	10,650	10,709	11,800	11,800	4.3	11,800	4.1	4.5	17,100
OO-7	Higobashi Center Building	The Tanizawa Sogo Appraisal Co., Ltd.	8,930	8,993	10,300	10,400	4.1	10,200	4.2	4.3	12,500
R-1	fab Minami-Osawa	Japan Real Estate Institute	4,250	3,965	4,910	4,970	4.6	4,850	4.4	4.8	2,450
Total			103,500	102,409	118,910	120,156	—	118,248	—	—	115,763

(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 2020.

(Note 3) MY Atsugi Building was transferred on March 3, 2020. 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-ku, Tokyo	SRC 10F	2007/04	Real estate	5,261.34	6.06%
OT-3	Tachikawa Nishiki-cho Building	Office building	Tachikawa-shi, Tokyo	SRC 8F	1991/06	Real estate trust beneficiary rights	5,629.48	4.51%
OT-5	ONEST Yokohama Nishiguchi Building	Office building	Yokohama-shi, Kanagawa	RC B1/8F	1983/05	Real estate trust beneficiary rights	4,326.68	10.17%
OT-6	Yushima First Genesis Building	Office building	Bunkyo-ku, Tokyo	SRC B1/7F	1991/08	Real estate trust beneficiary rights	2,965.49	7.00%
OT-7	ONEST Nakano Building	Office building	Nakano-ku, Tokyo	S/SRC B1/7F	1994/08	Real estate trust beneficiary rights	3,116.49	3.04%
OT-8	36 Sankyo Building	Office building	Shinjuku-ku, Tokyo	RC B2/4F	1991/10	Real estate trust beneficiary rights	3,724.17	8.85%
OT-9	Minami-Shinagawa JN Building	Office building	Shinagawa-ku, Tokyo	SRC B2/10F	1990/07	Real estate trust beneficiary rights	6,390.33	5.57%
OT-10	Minami-Shinagawa N Building	Office building	Shinagawa-ku, Tokyo	SRC B2/10F	1994/07	Real estate trust beneficiary rights	5,476.73	5.50%
OT-11	Minami-Shinagawa J Building	Office building	Shinagawa-ku, Tokyo	SRC B1/10F	1992/07	Real estate trust beneficiary rights	3,673.61	3.70%
OT-12	MY Atsugi Building	Office building	Atsugi-shi, Kanagawa	RC/SRC 8F	1988/09	Real estate trust beneficiary rights	3,857.74	7.69%
OT-13	Hachioji SIA Building	Office building	Hachioji-shi, Tokyo	SRC 9F	1993/09	Real estate trust beneficiary rights	2,751.99	4.53%
OT-14	ONEST Motoyoyogi Square	Office building	Shibuya-ku, Tokyo	SRC/RC B2/8F	1992/04	Real estate trust beneficiary rights	7,644.40	7.70%
OT-15	ONEST Ueno Okachimachi Building	Office building	Taito-ku, Tokyo	SRC B1/9F	1986/05	Real estate trust beneficiary rights	2,943.07	6.04%
OT-16	Daido Life Omiya Building	Office building	Saitama-shi, Saitama	SRC 8F	1991/10	Real estate trust beneficiary rights	3,574.03	4.72%
OT-17	ONEST Ikebukuro East Building	Office building	Toshima-ku, Tokyo	SRC/RC B2/8F	1991/09	Real estate trust beneficiary rights	2,677.80	6.14%
OT-18	Crescendo Building	Office building	Yokohama-shi, Kanagawa	SRC B1/9F	1987/07	Real estate trust beneficiary rights	4,376.46	4.58%
OT-19	Tokyo Parkside Building	Office building	Koto-ku, Tokyo	S/SRC B1/14F	1991/09	Real estate trust beneficiary rights	12,920.17	4.79%
OT-20	Nishi-Gotanda 102 Building	Office building	Shinagawa-ku, Tokyo	SRC B1/8F	1988/1	Real estate trust beneficiary rights	4,350.47	6.43%
OO-1	Central Shin-Osaka Building	Office building	Osaka-shi, Osaka	S B1/12F	1992/06	Real estate trust beneficiary rights	9,418.89	12.72%
OO-2	Karasuma Plaza 21	Office building	Kyoto-shi, 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-shi, Aichi	S/SRC B1/8F	1991/04	Real estate trust beneficiary rights	5,801.80	13.58%
OO-4	MY Kumamoto Building	Office building	Kumamoto-shi, Kumamoto	S/RC 9F	1987/10	Real estate trust beneficiary rights	3,755.94	5.08%
OO-5	Nagoya Fushimi Square Building	Office building	Nagoya-shi, Aichi	SRC B2/13F	1987/11	Real estate trust beneficiary rights	8,421.27	6.20%
OO-6	Daihakata Building	Office building	Fukuoka-shi, Fukuoka	S/RC B3/14F	1975/08	Real estate trust beneficiary rights	15,430.32	1.08%
OO-7	Higobashi Center Building	Office building	Osaka-shi, Osaka	SRC/RC/S B2/18F	1977/09	Real estate trust beneficiary rights	15,940.39	4.69%
R-1	fab Minami-Osawa	Retail facility	Hachioji-shi, Tokyo	S 7F	2001/12	Real estate trust beneficiary rights	8,409.23	3.03%

5) Status of Revenue of Each Property

Property no.		OT-2	OT-3	OT-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 (%)	7.1	3.2	3.0	2.7
	Carrying amount (million yen)	6,576	3,210	3,117	2,658
	Value at end of period (million yen)	9,100	4,150	3,820	3,200
	Composition ratio (%)	7.7	3.5	3.2	2.7
Leasing	Total number of tenants	30	19	10	6
	Total leasable area (m ²)	5,261.34	5,629.48	4,326.68	2,965.49
	Leased area (m ²)	5,261.34	5,629.48	4,326.68	2,965.49
	Occupancy rate	100.0%	100.0%	100.0%	100.0%
Operating income (loss)	Number of days under management	182	182	182	182
	① Property-related operating revenue (thousand yen)	204,901	150,915	134,102	97,949
	Lease business revenue	193,548	143,994	121,624	91,190
	Other lease business revenue	11,352	6,921	12,477	6,758
	② Property-related operating expenses (thousand yen)	44,454	41,763	27,022	25,940
	Property management fees	17,048	14,663	7,934	7,311
	Utilities expenses	9,922	9,315	6,868	5,192
	Taxes and public dues	8,556	10,943	10,540	8,365
	Insurance premiums	211	224	146	132
	Repair expenses	8,716	6,118	1,032	4,439
	Other	—	500	500	500
	③ Leasing NOI (thousand yen)	160,447	109,151	107,079	72,008
	④ Depreciation (thousand yen)	64,555	26,265	13,672	13,951
	⑤ Property-related operating income (loss) [③-④] (thousand yen)	95,891	82,886	93,407	58,057
	⑥ Capital expenditures (thousand yen)	2,386	521	4,821	460
	⑦ Leasing NCF [③-⑥] (thousand yen)	158,060	108,630	102,257	71,548

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)	2,853	2,317	2,134	2,199
	Value at end of period (million yen)	3,400	2,770	2,134	2,410
	Composition ratio (%)	2.9	2.3	1.8	2.0
Leasing	Total number of tenants	7	3	20	19
	Total leasable area (m ²)	3,116.49	3,724.17	6,390.33	5,476.73
	Leased area (m ²)	3,116.49	3,724.17	6,390.33	5,476.73
	Occupancy rate	100.0%	100.0%	100.0%	100.0%
Operating income (loss)	Number of days under management	182	182	182	182
	① Property-related operating revenue (thousand yen)	114,768	86,089	131,081	102,673
	Lease business revenue	105,146	77,153	122,432	95,687
	Other lease business revenue	9,621	8,935	8,649	6,986
	② Property-related operating expenses (thousand yen)	23,955	22,932	70,082	41,448
	Property management fees	7,563	5,686	16,599	7,547
	Utilities expenses	6,734	6,680	20,930	7,509
	Taxes and public dues	7,833	7,541	9,611	9,185
	Insurance premiums	117	112	243	212
	Repair expenses	1,205	2,412	5,906	3,562
	Other	500	500	16,790	13,431
	③ Leasing NOI (thousand yen)	90,812	63,156	60,998	61,225
	④ Depreciation (thousand yen)	11,531	8,597	18,006	15,547
	⑤ Property-related operating income (loss) [③-④] (thousand yen)	79,281	54,559	42,992	45,678
	⑥ Capital expenditures (thousand yen)	1,211	2,302	15,760	6,002
	⑦ Leasing NCF [③-⑥] (thousand yen)	89,601	60,853	45,238	55,222

Property no.		OT-11	OT-12	OT-13	OT-14
Property name		Minami-Shinagawa J Building	MY Atsugi Building	Hachioji SIA Building	ONEST Motoyoyogi Square
Acquisition date		October 10, 2013	October 10, 2013	October 10, 2013	September 7, 2016
Acquisition	Acquisition price (million yen)	2,020	1,240	730	7,500
	Composition ratio (%)	2.0	1.2	0.7	7.2
	Carrying amount (million yen)	1,929	1,163	679	7,619
	Value at end of period (million yen)	2,440	1,380	856	8,560
	Composition ratio (%)	2.1	1.2	0.7	7.2
Leasing	Total number of tenants	12	23	12	9
	Total leasable area (m ²)	3,673.61	3,857.74	2,751.99	7,644.40
	Leased area (m ²)	3,673.61	3,597.26	2,616.43	7,644.40
	Occupancy rate	100.0%	93.2%	95.1%	100.0%
Operating income (loss)	Number of days under management	182	182	182	182
	① Property-related operating revenue (thousand yen)	99,181	62,249	48,563	239,255
	Lease business revenue	91,798	56,578	43,891	223,703
	Other lease business revenue	7,383	5,671	4,672	15,551
	② Property-related operating expenses (thousand yen)	32,219	22,448	21,298	63,025
	Property management fees	6,054	8,257	9,254	20,227
	Utilities expenses	6,964	6,791	5,392	15,405
	Taxes and public dues	5,657	4,797	4,538	16,235
	Insurance premiums	135	131	95	304
	Repair expenses	3,780	1,971	1,517	10,452
	Other	9,627	499	500	400
	③ Leasing NOI (thousand yen)	66,962	39,800	27,265	176,229
	④ Depreciation (thousand yen)	12,663	14,021	5,251	26,689
	⑤ Property-related operating income (loss) [③-④] (thousand yen)	54,299	25,778	22,013	149,540
	⑥ Capital expenditures (thousand yen)	13,042	4,133	755	78,376
	⑦ Leasing NCF [③-⑥] (thousand yen)	53,919	35,667	26,509	97,853

Property no.		OT-15	OT-16	OT-17	OT-18
Property name		ONEST Ueno Okachimachi Building	Daido Life Omiya Building	ONEST Ikebukuro East Building	Crescendo Building
Acquisition date		September 7, 2016	October 25, 2017	October 25, 2017	September 3, 2018
Acquisition	Acquisition price (million yen)	2,700	3,000	2,200	2,466
	Composition ratio (%)	2.6	2.9	2.1	2.4
	Carrying amount (million yen)	2,780	3,074	2,241	2,562
	Value at end of period (million yen)	2,950	3,230	2,360	2,520
	Composition ratio (%)	2.5	2.7	2.0	2.1
Leasing	Total number of tenants	13	15	7	30
	Total leasable area (m ²)	2,943.07	3,574.03	2,677.80	4,376.46
	Leased area (m ²)	2,943.07	3,574.03	2,677.80	4,376.46
	Occupancy rate	100.0%	100.0%	100.0%	100.0%
Operating income (loss)	Number of days under management	182	182	182	182
	① Property-related operating revenue (thousand yen)	88,759	112,835	70,992	86,140
	Lease business revenue	83,834	104,955	63,932	74,888
	Other lease business revenue	4,925	7,880	7,059	11,252
	② Property-related operating expenses (thousand yen)	23,794	25,778	16,958	28,535
	Property management fees	8,421	9,372	7,677	11,799
	Utilities expenses	6,722	6,211	3,230	8,589
	Taxes and public dues	7,193	6,822	4,626	7,294
	Insurance premiums	114	157	88	133
	Repair expenses	842	2,765	835	220
	Other	500	450	500	500
	③ Leasing NOI (thousand yen)	64,964	87,056	54,034	57,604
	④ Depreciation (thousand yen)	8,158	11,093	6,846	7,495
	⑤ Property-related operating income (loss) [③-④] (thousand yen)	56,806	75,963	47,187	50,109
	⑥ Capital expenditures (thousand yen)	3,480	33,856	11,543	—
	⑦ Leasing NCF [③-⑥] (thousand yen)	61,484	53,200	42,491	57,604

Property no.		OT-19	OT-20	OO-1	OO-2
Property name		Tokyo Parkside Building	Nishi-Gotanda 102 Building	Central Shin-Osaka Building	Karasuma Plaza 21
Acquisition date		September 21, 2018	October 31, 2019	October 10, 2013	October 10, 2013
Acquisition	Acquisition price (million yen)	10,450	4,500	4,612	3,700
	Composition ratio (%)	10.1	4.3	4.5	3.6
	Carrying amount (million yen)	10,519	4,682	4,282	3,864
	Value at end of period (million yen)	11,300	5,020	6,260	4,000
	Composition ratio (%)	9.5	4.2	5.3	3.4
Leasing	Total number of tenants	13	10	28	12
	Total leasable area (m ²)	12,920.17	4,350.47	9,418.89	8,893.59
	Leased area (m ²)	12,303.32	4,185.84	9,418.89	8,893.59
	Occupancy rate	95.2%	96.2%	100.0%	100.0%
Operating income (loss)	Number of days under management	182	122	182	182
	① Property-related operating revenue (thousand yen)	362,810	73,534	210,237	205,980
	Lease business revenue	322,422	71,261	189,518	193,790
	Other lease business revenue	40,388	2,273	20,718	12,190
	② Property-related operating expenses (thousand yen)	93,084	11,880	60,668	74,087
	Property management fees	27,834	5,881	21,266	27,404
	Utilities expenses	36,487	4,376	17,894	14,102
	Taxes and public dues	19,052	0	15,658	25,350
	Insurance premiums	499	144	323	317
	Repair expenses	8,560	1,142	5,025	6,412
	Other	650	334	500	500
	③ Leasing NOI (thousand yen)	269,726	61,654	149,568	131,893
	④ Depreciation (thousand yen)	26,517	7,712	33,936	24,938
	⑤ Property-related operating income (loss) [③-④] (thousand yen)	243,208	53,941	115,631	106,954
	⑥ Capital expenditures (thousand yen)	58,437	—	37,231	5,715
	⑦ Leasing NCF [③-⑥] (thousand yen)	211,289	61,654	112,336	126,177

Property no.		OO-3	OO-4	OO-5	OO-6
Property name		ONEST Nagoya Nishiki Square	MY Kumamoto Building	Nagoya Fushimi Square Building	Daihakata Building
Acquisition date		October 10, 2013	October 10, 2013	September 7, 2016	October 25, 2017
Acquisition	Acquisition price (million yen)	2,381	1,152	4,812	10,650
	Composition ratio (%)	2.3	1.1	4.6	10.3
	Carrying amount (million yen)	2,348	1,084	4,838	10,709
	Value at end of period (million yen)	3,540	1,300	5,200	11,800
	Composition ratio (%)	3.0	1.1	4.4	9.9
Leasing	Total number of tenants	4	17	47	67
	Total leasable area (m ²)	5,801.80	3,755.94	8,421.27	15,430.32
	Leased area (m ²)	5,249.12	3,518.47	8,421.27	15,410.09
	Occupancy rate	90.5%	93.7%	100.0%	99.9%
Operating income (loss)	Number of days under management	182	182	182	182
	① Property-related operating revenue (thousand yen)	130,483	70,283	188,939	412,097
	Lease business revenue	113,886	65,249	177,669	378,019
	Other lease business revenue	16,596	5,033	11,269	34,077
	② Property-related operating expenses (thousand yen)	38,495	21,355	52,995	159,714
	Property management fees	16,054	8,470	16,487	50,937
	Utilities expenses	9,640	6,138	12,373	42,670
	Taxes and public dues	9,935	4,759	17,515	48,422
	Insurance premiums	207	131	367	727
	Repair expenses	2,158	1,355	5,749	16,307
	Other	500	500	500	650
	③ Leasing NOI (thousand yen)	91,988	48,927	135,944	252,382
	④ Depreciation (thousand yen)	21,872	13,699	20,437	34,432
	⑤ Property-related operating income (loss) [③-④] (thousand yen)	70,115	35,228	115,506	217,949
	⑥ Capital expenditures (thousand yen)	1,055	2,098	16,526	10,786
	⑦ Leasing NCF [③-⑥] (thousand yen)	90,933	46,828	119,417	241,596

Property no.		OO-7	R-1	OT-4	Total
Property name		Higobashi Center Building	fab Minami-Osawa	CP10 Building (Note)	
Acquisition date		September 21, 2018	October 10, 2013	October 10, 2013	—
Acquisition	Acquisition price (million yen)	8,930	4,250	—	103,500
	Composition ratio (%)	8.6	4.1	—	100.0
	Carrying amount (million yen)	8,993	3,965	—	102,409
	Value at end of period (million yen)	10,300	4,910	—	118,910
	Composition ratio (%)	8.7	4.1	—	100.0
Leasing	Total number of tenants	60	14	—	507
	Total leasable area (m ²)	15,940.39	8,409.23	—	161,731.88
	Leased area (m ²)	15,642.16	8,409.23	—	159,445.75
	Occupancy rate	98.1%	100.0%	—	98.6%
Operating income (loss)	Number of days under management	182	182	46	—
	① Property-related operating revenue (thousand yen)	367,901	193,380	40,227	4,086,335
	Lease business revenue	335,785	147,581	25,053	3,714,599
	Other lease business revenue	32,116	45,799	15,174	371,736
	② Property-related operating expenses (thousand yen)	115,414	68,684	7,281	1,235,323
	Property management fees	32,924	20,234	2,513	395,427
	Utilities expenses	38,532	32,700	2,050	349,430
	Taxes and public dues	32,280	7,697	1,833	312,247
	Insurance premiums	620	184	51	6,136
	Repair expenses	10,406	7,367	706	120,972
	Other	650	500	126	51,109
	③ Leasing NOI (thousand yen)	252,487	124,696	32,945	2,851,012
	④ Depreciation (thousand yen)	25,136	23,167	5,440	501,639
	⑤ Property-related operating income (loss) [③-④] (thousand yen)	227,350	101,529	27,505	2,349,372
	⑥ Capital expenditures (thousand yen)	11,961	17,652	—	340,118
	⑦ Leasing NCF [③-⑥] (thousand yen)	240,525	107,044	32,945	2,510,893

(Note) CP10 Building was sold on October 17, 2019.

(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 14th fiscal period (ending August 2020) 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-shi, Osaka	Renovation of external wall (Phase I of two-phase work)	From: May 1, 2020 To: August 31, 2020	150,000	—	—
Nishi-Gotanda 102 Building	Shinagawa-ku, Tokyo	Establishment of lounge on the 1st floor, upgrading of security system, etc.	From: May 1, 2020 To: August 31, 2020	40,050	—	—
Nishi-Gotanda 102 Building	Shinagawa-ku, Tokyo	Renovation of external wall	From: February 27, 2020 To: March 25, 2020	35,000	—	—
Karasuma Plaza 21	Kyoto-shi, Kyoto	Replacement of main chain at No. 1 multi-story parking (Phase I of four-phase work)	From: May 1, 2020 To: June 30, 2020	27,500	—	—
Tokyo Parkside Building	Koto-ku, Tokyo	Upgrading of air-conditioning system in exclusive space (1 floor)	From: June 1, 2020 To: July 31, 2020	24,500	—	—
Tokyo Parkside Building	Koto-ku, Tokyo	Upgrading of panel (Phase I of two-phase work) and replacement of receiver for automatic fire alarm system	From: April 1, 2020 To: July 31, 2020	20,000	—	—
Daido Life Omiya Building	Saitama-shi, Saitama	Renewal of elevator control system	From: May 10, 2020 To: June 30, 2020	19,000	—	—
Daido Life Omiya Building	Saitama-shi, Saitama	Upgrading of air-conditioning system in sections on the 7th and 6th floors	From: May 1, 2020 To: May 31, 2020	18,800	—	—
Higobashi Center Building	Osaka-shi, Osaka	Upgrading of packaged air-conditioner (individual air-conditioning system) (Phase III of eight-phase work)	From: July 1, 2020 To: August 7 2020	18,200	—	—
Crescendo Building	Yokohama-shi, Kanagawa	Renovation of elevator	From: June 15, 2020 To: July 31, 2020	18,000	—	—
Minami-Shinagawa JN Building	Shinagawa-ku, Tokyo	External wall repair to qualify as a specified building (south side)	From: April 11, 2020 To: July 31, 2020	17,900	—	—
Central Shin-Osaka Building	Osaka-shi, Osaka	Upgrading of security system	From: December 20, 2019 To: March 22, 2020	17,800	—	—
fab Minami-Osawa	Hachioji-shi, Tokyo	Upgrading of fire alarm system (Phase II of two-phase work)	From: April 25, 2020 To: May 31, 2020	16,690	—	—
Higobashi Center Building	Osaka-shi, Osaka	Upgrading of air handling unit	From: March 1, 2020 To: April 30, 2020	13,300	—	—
Tokyo Parkside Building	Koto-ku, Tokyo	Upgrading of air-conditioning system in common space (2 floors)	From: June 1, 2020 To: July 31, 2020	10,000	—	—

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 2020). Capital expenditures for the fiscal period under review amounted to 340,118 thousand yen for the entire portfolio; and when combined with 120,972 thousand yen recorded under repair expenses, the total amount of work implemented comes to 461,091 thousand yen.

Name of real estate, etc.	Location	Purpose	Period	Cost of work (thousand yen)
ONEST Motoyoyogi Square	Shibuya-ku, Tokyo	Renovation of air-conditioning system (Phase III of three-phase work)	From: November 2, 2019 To: February 20, 2020	53,590
Central Shin-Osaka Building	Osaka-shi, Osaka	Renovation of common space on the 1st floor	From: December 14, 2019 To: February 25, 2020	30,176
Daido Life Omiya Building	Saitama-shi, Saitama	Upgrading of air-conditioning system in sections on the 4th and 5th floors	From: November 20, 2019 To: February 20, 2020	16,333
Tokyo Parkside Building	Koto-ku, Tokyo	Upgrading of central monitoring panel	From: July 1, 2019 To: November 29, 2020	16,231
Tokyo Parkside Building	Koto-ku, Tokyo	Upgrading of air-conditioning system on the 5th floor (Phase II)	From: December 6, 2019 To: January 20, 2020	14,497
Minami-Shinagawa JN Building	Shinagawa-ku, Tokyo	External wall repair to qualify as a specified building (west side)	From: November 30, 2019 To: February 21, 2020	11,514
Daido Life Omiya Building	Saitama-shi, Saitama	Repair of parts with C-level finding (requiring correction/improvement) at No. 1 and 2 automated parking facilities	From: January 30, 2020 To: February 18, 2020	11,210
ONEST Motoyoyogi Square	Shibuya-ku, Tokyo	Upgrading of hydraulic elevator equipment	From: August 31, 2019 To: September 27, 2020	10,177
Others				176,387
Total				340,118

(3) Borrowing Status

The following is the status of borrowing of funds from each financial institution as of February 29, 2020.

The following is the status of borrowing of funds from each financial institution as of February 29, 2020.									
	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	1,200,000	—	0.58096	Sep. 7, 2019	Bullet repayment	(Note 2)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.		1,200,000	—					
	Sumitomo Mitsui Banking Corporation		750,000	—					
	Shinsei Bank Limited		1,500,000	—					
	Resona Bank, Limited		600,000	—					
	The Mie Bank, Ltd.		525,000	—					
	The Bank of Fukuoka, Ltd.		150,000	—					
	Mizuho Trust & Banking Co., Ltd.	Sep. 7, 2016	—	400,000	0.69593	Sep. 7, 2020	Bullet repayment	(Note 2)	
	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	—	0.58096	Sep. 7, 2019	Bullet repayment	(Note 3)	
	Mizuho Bank, Ltd.		3,150,000	—					
	Shinsei Bank Limited		1,500,000	—					
	Resona Bank, Limited		300,000	—					
	Mizuho Trust & Banking Co., Ltd.	Sep. 7, 2016	—	3,199,000	0.69593	Sep. 7, 2020			
	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	—	135,000	0.47378	Sep. 7, 2020	Bullet repayment	(Note 2)	
	Mizuho Bank, Ltd.		—	135,000					
	Sumitomo Mitsui Banking Corporation		—	2,500,000					
	Aozora Bank, Ltd.		—	375,000					
	Resona Bank, Limited		—	365,000					
	The Mie Bank, Ltd.		—	240,000					
The Bank of Fukuoka, Ltd.	—		250,000						
Total			14,074,000	14,124,000					
Long-term borrowings	Mizuho Trust & Banking Co., Ltd.	Sep. 7, 2016	400,000	—	0.69593	Sep. 7, 2020	Bullet repayment	(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	Bullet repayment	(Note 3)	
	Mizuho Bank, Ltd.		3,150,000	—					
	Shinsei Bank Limited		1,500,000	—					
	Resona Bank, Limited		300,000	—					

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.	Oct. 25, 2017	135,000	—	0.47378	Sep. 7, 2020	Bullet repayment	(Note 2)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.		135,000	—					
	Sumitomo Mitsui Banking Corporation		2,500,000	—					
	Aozora Bank, Ltd.		375,000	—					
	Resona Bank, Limited		365,000	—					
	The Mie Bank, Ltd.		240,000	—					
	The Bank of Fukuoka, Ltd.		250,000	—					
	Mizuho Trust & Banking Co., Ltd.	Oct. 25, 2017	182,500	182,500	0.56720 (Note 4)	Sep. 7, 2021	Bullet repayment		
	Mizuho Bank, Ltd.		182,500	182,500					
	Sumitomo Mitsui Banking Corporation		3,750,000	3,750,000					
	Aozora Bank, Ltd.		562,500	562,500					
	Resona Bank, Limited		567,500	567,500					
	The Mie Bank, Ltd.		380,000	380,000					
	The Bank of Fukuoka, Ltd.		375,000	375,000					
	Mizuho Trust & Banking Co., Ltd.	Oct. 25, 2017	182,500	182,500	0.62750 (Note 4)	Sep. 7, 2022	Bullet repayment		
	Mizuho Bank, Ltd.		182,500	182,500					
	Sumitomo Mitsui Banking Corporation		3,750,000	3,750,000					
	Aozora Bank, Ltd.		562,500	562,500					
	Resona Bank, Limited		567,500	567,500					
	The Mie Bank, Ltd.		380,000	380,000					
	The Bank of Fukuoka, Ltd.		375,000	375,000					
	Mizuho Trust & Banking Co., Ltd.	Sep. 21, 2018	275,000	275,000	0.52392	Sep. 7, 2023	Bullet repayment		
	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	825,000	0.67200 (Note 4)	Sep. 7, 2023	Bullet repayment			
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						

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. 9, 2019	—	837,500	0.51000 (Note 4)	Sep. 7, 2024	Bullet repayment	(Note 3)	Unsecured Unguaranteed	
	Mizuho Bank, Ltd.		—	837,500						
	Sumitomo Mitsui Banking Corporation		—	375,000						
	Shinsei Bank Limited		—	1,500,000						
	Resona Bank, Limited		—	450,000						
	Mizuho Trust & Banking Co., Ltd.	Sep. 9, 2019	—	2,050,000	0.75000 (Note 4)	Sep. 7, 2026	Bullet repayment			
	Mizuho Bank, Ltd.		—	2,050,000						
	Sumitomo Mitsui Banking Corporation		—	375,000						
	Shinsei Bank Limited		—	1,500,000						
	Resona Bank, Limited		—	450,000						
	The Bank of Fukuoka, Ltd.		—	150,000						
	The Mie Bank, Ltd.		—	525,000						
	The Nishi-Nippon City Bank, Ltd.		—	700,000						
	Bank of Kyoto, Ltd.		—	700,000						
	Nippon Life Insurance Company		—	700,000						
	Subtotal		34,124,000	33,200,000						
	Total		48,198,000	47,324,000						

(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) 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.