

## Summary of Financial Results for the Fiscal Period Ended February 2018 (REIT)

April 16, 2018

REIT Issuer:	One REIT, Inc.	Stock Exchange Listing:	Tokyo Stock Exchange
Securities Code:	3290	URL:	<a href="http://www.one-reit.com/en/">http://www.one-reit.com/en/</a>
Representative:	(Title) Executive Director	(Name)	Koji Hashimoto
Asset Management Company: Mizuho REIT Management Co., Ltd.			
Representative:	(Title) Chief Executive Officer	(Name)	Koji Hashimoto
Contact:	(Title) Managing Director Finance and Administration Division	(Name)	Takeshi Akimoto
	TEL +81-3-3242-7155		

Scheduled date of submission of securities report:	May 30, 2018
Scheduled date of commencement of distribution payment:	May 18, 2018
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 2018 (September 1, 2017 to February 28, 2018)

(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. 2018	3,868	11.0	2,069	46.1	1,682	49.4	1,620	43.9
Ended Aug. 2017	3,483	4.0	1,416	(1.1)	1,126	2.3	1,125	2.3

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. 2018	8,558	3.9	1.8	43.5
Ended Aug. 2017	5,947	2.7	1.2	32.3

(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. 2018	8,027	1,519	0	0	93.7	3.7
Ended Aug. 2017	5,948	1,125	0	0	100.0	2.7

(Note 1) The amount of total distributions for the fiscal period ended February 2018 is the amount after internally reserving 100 million yen utilizing part of gain on sale of real estate, etc. and thus differs from net income.

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

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. 2018	87,823	41,642	47.4	219,986
Ended Aug. 2017	96,292	41,148	42.7	217,376

(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. 2018	26,505	(16,570)	(9,991)	7,436
Ended Aug. 2017	2,247	(180)	(1,418)	7,492

2. Forecast of Financial Results for the Fiscal Period Ending August 2018 (March 1, 2018 to August 31, 2018) and February 2019 (September 1, 2018 to February 28, 2019)

(% 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. 2018	3,242	(16.2)	1,460	(29.4)	1,250	(25.7)	1,249	(22.9)
Ending Feb. 2019	3,193	(1.5)	1,464	0.3	1,258	0.6	1,256	0.6

Fiscal period	Distribution per unit (excluding distribution in excess of earnings)		Distribution per unit in excess of earnings	
	yen		yen	
Ending Aug. 2018	6,600		0	
Ending Feb. 2019	6,640		0	

(Reference) Forecast net income per unit (fiscal period ending August 2018): 6,600 yen

Forecast net income per unit (fiscal period ending February 2019): 6,640 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 2018 189,298 units

Fiscal period ended August 2017 189,298 units

- ② Number of own investment units at end of period

Fiscal period ended February 2018 — units

Fiscal period ended August 2017 — 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.

\* Presentation of the status of implementation of audit procedures

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

\* Explanation of the appropriate use of the forecast of management status, and other matters of special note

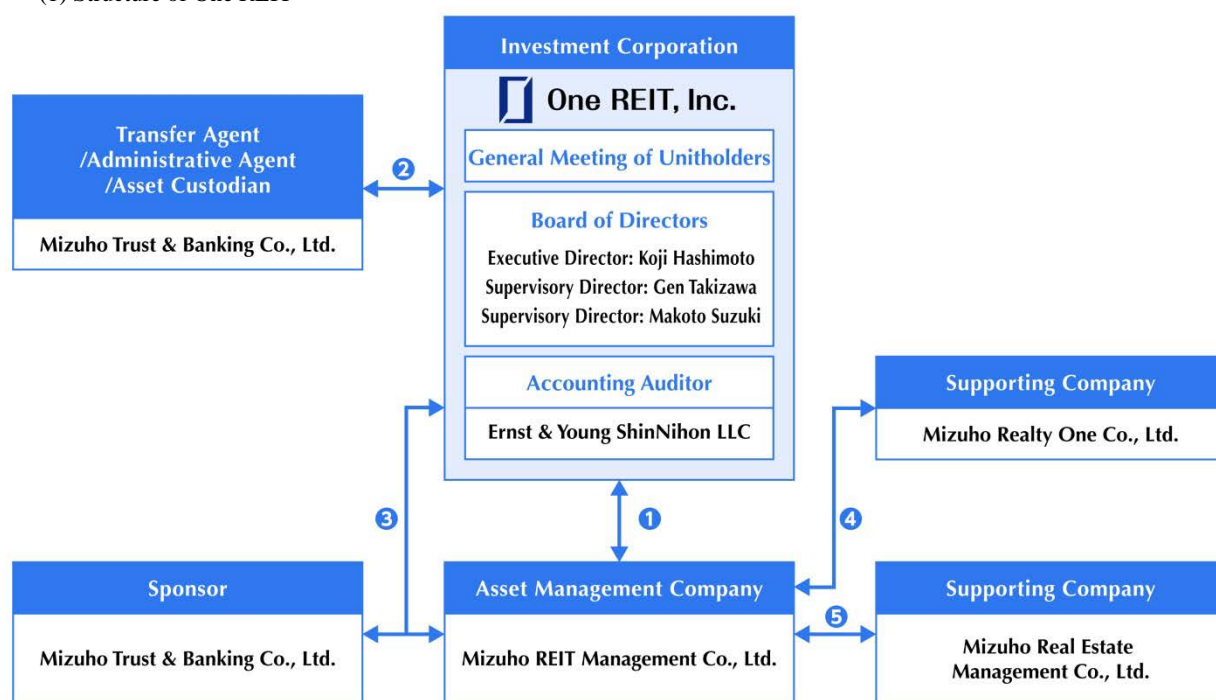
The management status outlook and other forward-looking statements contained in this document are based on information currently available to and certain assumptions deemed reasonable by One REIT. Accordingly, actual management status and other results may differ materially due to a variety of factors. In addition, the forecast is not a guarantee of the amount of distributions. For the assumptions for the forecast of management status, please refer to “Assumptions for the Forecast of Management Status for the Fiscal Periods Ending August 2018 and February 2019” presented on page 9.

## ○ Table of Contents

1.Associated Corporations of the Investment Corporation .....	2
(1) Structure of One REIT .....	2
(2) The operational roles, name and overview of associated business operations of One REIT and the associated corporations of One REIT.....	3
(3) The role and name and overview of business operations of main associated parties of One REIT other than the above..	6
2. Management Policy and Management Status.....	6
(1)Management Policy .....	6
(2)Management Status.....	6
①Overview of the Fiscal Period under Review .....	6
②Outlook for the Next Fiscal Period .....	7
③Subsequent Material Events .....	8
(3)Investment Risks.....	10
3.Financial Statements.....	11
(1)Balance Sheet.....	11
(2)Statement of Income .....	13
(3)Statement of Unitholders' Equity.....	14
(4)Statement of Cash Distributions .....	15
(5)Statement of Cash Flows .....	16
(6)Notes on the Going Concern Assumption.....	17
(7)Notes on Matters Concerning Significant Accounting Policies .....	17
(8) Notes to the Financial Statements .....	19
(9)Increase (Decrease) in Number of Investment Units Issued and Outstanding .....	26
4.Changes in Directors .....	26
5.Reference Information.....	27
(1)Asset Composition.....	27
(2)Portfolio Diversification .....	27
(3)Period-End Value of Portfolio Real Estate.....	28
(4)Overview of Portfolio Real Estate .....	29
(5)Status of Revenue of Each Property.....	30
(6)Borrowing Status .....	37

# 1. Associated Corporations of the Investment Corporation

## (1) Structure of One REIT



①	Asset management contract
②	Administrative Agreement (Administration of investment units) / Administrative agency entrustment / Asset custodian entrustment
③	Sponsor/support contract
④	Business entrustment agreement
⑤	Sponsor/support contract

(Note 1) Mizuho Realty One Co., Ltd., Mizuho Trust & Banking Co., Ltd. and Mizuho Financial Group, Inc., the three parent companies of the Asset Management Company, fall within the scope of specified associated corporations (as defined in Article 12, Paragraph 3 of Cabinet Office Ordinance on Disclosure of Information, etc. on Regulated Securities (Ordinance of the Ministry of Finance No. 22 of 1993, including subsequent amendments); The same shall apply hereinafter) of One REIT.

Mizuho Realty One Co., Ltd. is a wholly owned subsidiary of Mizuho Trust & Banking Co., Ltd. Mizuho Financial Group, Inc. is the parent company of Mizuho Trust & Banking Co., Ltd.

(Note 2) The trade names of the Asset Management Company, Simplex Investment Advisors Inc. and Simplex Real Estate Management Inc. were changed to Mizuho REIT Management Co., Ltd., Mizuho Realty One Co., Ltd. and Mizuho Real Estate Management Co., Ltd. as of January 1, 2018.

## (2) The operational roles, name and overview of associated business operations of One REIT and the associated corporations of One REIT

Operational role	Name	Overview of associated business operations
Investment Corporation	One REIT, Inc.	Based on its Articles of Incorporation, One REIT manages assets by investing funds, etc. paid by unitholders as investments primarily in real estate and other assets with an aim to secure stable earnings and achieve steady growth of assets under management from the medium- to long-term point of view.
Asset Management Company	Mizuho REIT Management Co., Ltd.	The Asset Management Company entered into the asset management contract with One REIT on June 27, 2013. Pursuant to the said agreement, the Asset Management Company, as an asset management company under the Investment Trust Act, will provide the asset management services in accordance with the Articles of Incorporation of One REIT and the Investment Guidelines as an internal rule of the Asset Management Company (Article 198, Paragraph 1 of the Investment Trust Act). Pursuant to the asset management contract, the Asset Management Company provides services related to (1) management of investment assets of One REIT, (2) procurement of funds of One REIT, (3) reporting filings to, or on behalf of the One REIT with respect to the conditions of investment assets and other matters, (4) establishment of the management plan of investment assets, (5) collection, use, storage, etc. of individual numbers and corporate numbers based on the Act on the Use of Numbers to Identify a Specific Individual in the Administrative Procedure (Act No. 27 of 2013, including subsequent amendments, and hereinafter referred to as "Individual Number Act"), (6) other matters entrusted by One REIT from time to time and (7) matters relating or incidental to above items (1) through (6).
Administrative Agent (Transfer Agent)	Mizuho Trust & Banking Co., Ltd.	Mizuho Trust & Banking Co., Ltd. entered into the administrative agency entrustment contract with One REIT on September 29, 2016. Pursuant to the above administrative agency entrustment contract, Mizuho Trust & Banking Co., Ltd., as an administrative agent under the Investment Trust Act (Article 117, Items 4 to 6), provides services related to (1) administration of the unitholders' registry, (2) temporary work concerning consolidation of investment units, split of investment units, issuance of investment units, merger, etc. (3) administration of mailing general meeting of unitholders convocation notifications, resolutions notifications, associated general meeting of unitholders reference documents, etc., as well as management of return histories, preparation, reception and collection of voting forms and reception assistance for general meetings of unitholders, (4) administration of calculation and payment of moneys distributed to unitholders, (5) administration of preparation, management and keeping of new investment unit option registry, (6) temporary work such as administration of issuance of new investment unit options, (7) administration of issuance of One REIT's investment units as a result of execution of new investment unit options and administration of payment of redemption fractions as a result of execution of new investment unit options, (8) administration of elimination of own investment units and own new investment unit options, (9) administration of issuance of various certificates concerning the unitholder registry and new investment unit option registry (in this column these will be collectively referred to as the "unitholder registry, etc.") (10) administration of organization and storage of documents and unsent mail attributable to One REIT that are used for processing entrusted administration, (11) administration of sending notifications, reports, etc. to unitholders, etc., (12)

Operational role	Name	Overview of associated business operations
		administration of preparation of investment unit statistics materials which One REIT needs due to laws and regulations or administrative agency entrustment contract, (13) administration of reception of requests by unitholders to exercise rights and other requests of unitholders, (14) administration of reception of total unitholder notifications, etc., (15) verification of One REIT's total outstanding investment units managed by the transfer agent with One REIT's total transferred investment units, etc. as notified by transfer institutions (transfer institutions as stipulated in Article 2 Paragraph 2 of the Act on Book-Entry Transfer of Corporate Bonds and Shares; the same follows in this column), (16) administration of commission of One REIT's exercising information provision claim rights (claim as stipulated in Article 227 of the Act on Book-Entry Transfer of Corporate Bonds and Shares), (17) administration of transfer institutions' commission of notification to individual unitholders (notification as stipulated in Article 154 Paragraph 3 of the Act on Book-Entry Transfer of Corporate Bonds and Shares which is applied in Article 228 Paragraph 1 of the same act) to One REIT, (18) administration concerning the Act on the Use of Numbers to Identify a Specific Individual in Administrative Procedures (Act No. 27 of 2013; includes subsequent amendments), (19) agency for payment of stamp tax, etc. concerning entrustment administration in (1) to (18) above, (20) administration incidental to entrustment administration in (1) to (19) above, (21) responding to verification concerning (1) to (20) above and (22) administration other than (1) to (21) above stipulated through negotiation between One REIT and the transfer agent, from May 24, 2017.
Administrative Agreement Agent (Business operations related to administrative work on accounting, etc. and administration of organizational operation business) (Note)	Mizuho Trust & Banking Co., Ltd.	Mizuho Trust & Banking Co., Ltd. entered into the administrative agency entrustment contract with One REIT on September 29, 2016, and the contract for the amendment of administrative agency entrustment contract, etc. with One REIT on December 26, 2017. Pursuant to the above administrative agency entrustment contracts, Mizuho Trust & Banking Co., Ltd. as an administrative agent under the Investment Trust Act (Article 117, Items 4, 5 and 6), provides services related to (1) accounts, (2) preparation of accounting books, (3) operations of the administrative instruments of One REIT (meetings of Board of Directors and general meetings of unitholders), (4) tax payments and (5) other matters based on or incidental to above items that are set forth in the administrative rules set forth upon separate agreement with One REIT.
Asset Custodian	Mizuho Trust & Banking Co., Ltd.	Mizuho Trust & Banking Co., Ltd. entered into the asset custodian entrustment contract with One REIT on May 31, 2017. Pursuant to the above asset custodian entrustment contract, Mizuho Trust & Banking Co., Ltd., as an asset custodian under the Investment Trust Act (Article 208, Paragraph 1), provides services related to (1) custody of assets and (2) other matters relating or incidental to above (1), from September 1, 2017.
Sponsor/ Specified Associated Corporation (Parent Company of the Asset Management Company)	Mizuho Trust & Banking Co., Ltd.	Mizuho Trust & Banking Co., Ltd. is the parent company of Mizuho Realty One Co., Ltd., which is the parent company of the Asset Management Company. It entered into the sponsor support contract with One REIT and the Asset Management Company on November 30, 2015. Pursuant to the above contract, the sponsor has agreed to (1) provide information on property sales which are considered to comply with the investment criteria of One REIT, (2) provide, etc. know-how on bridge funds, etc., (3) provide information on candidate tenants, (4) advisory service on property acquisition and management, (5) advise on loans for One REIT,

Operational role	Name	Overview of associated business operations
		or the establishment of financial structures such as formation of loan syndicates, etc., (6) provide advice and be entrusted with auxiliary work concerning One REIT's financing related work, (7) provide information on real estate transactions and the rental market as well as on the financial market and exchange views on such information, (8) work to have its subsidiary hold and continue to hold One REIT's investment units (same-boat investment) and (9) cooperate in securing human resources and the dispatch of personnel.
Supporting Company/ Specified Associated Corporation (Parent Company of the Asset Management Company)	Mizuho Realty One Co., Ltd.	Mizuho Realty One Co., Ltd. is the parent company of the Asset Management Company. It is also a wholly owned subsidiary of Mizuho Trust & Banking Co., Ltd., the sponsor. It entered into the business entrustment contract concerning facility management with the Asset Management Company on February 1, 2016. Pursuant to the above contract, Mizuho Realty One Co., Ltd. has agreed to provide services related to (1) exercising rights to give directions to property managers concerning management of real estate, etc. by proxy, or advisory service or auxiliary work concerning directions by proxy, (2) advisory service or auxiliary work concerning discussions/assessment for repair work of real estate, etc., and advisory service concerning placement of orders for repair work, etc. or placement of orders by agent, (3) advisory service or auxiliary work for drawing up medium- to long-term repair plans concerning repair work, etc., (4) advisory service or auxiliary work concerning due diligence including survey/analysis of real estate, etc., and (5) other matters relating or incidental to above (1) to (4).
Specified Associated Corporation (Parent Company of the Asset Management Company)	Mizuho Financial Group, Inc.	Mizuho Financial Group, Inc. is the parent company of Mizuho Trust & Banking Co., Ltd.

(Note) Business operations related to administrative work on accounting, etc. have been entrusted to Mizuho Trust & Banking Co., Ltd. since March 1, 2018. However, business operations related to administrative work on accounting, etc. for the fiscal period ended February 2018 (9th fiscal period: September 1, 2017 to February 28, 2018) are to be conducted by Sumitomo Mitsui Trust Bank, Limited, which is the previous agent for the operations.

## (3) The role and name and overview of business operations of main associated parties of One REIT other than the above

Operational role	Name	Overview of associated business operations
Supporting Company	Mizuho Real Estate Management Co., Ltd.	Mizuho Real Estate Management Co., Ltd. entered into the sponsor support contract with the Asset Management Company on August 15, 2013. Pursuant to the above contract, the supporting company has agreed to (1) preferentially provide information obtained from third parties on sales of real estate, etc. subject for acquisition, (2) provide information on sales of real estate, etc. subject for acquisition by companies, etc. which own real estate, etc. for which the supporting company provides asset management service, when such companies intend to sell the real estate, etc., before activities to sell to third parties begins, (3) provide auxiliary work, advisory service, etc. concerning management, leasing, conversion, renovation, development, etc. of real estate, etc., (4) provide cooperation in temporarily owning real estate, etc. in funds and others that are formed by the supporting company, on the premise of transfer of such to One REIT (warehousing service), (5) arrange property acquisitions such as due diligence and adjustment of acquisition process, and (6) provide market information on transactions and developments of real estate, etc. and information on the leasing market of real estate, etc., and exchange views/information.

## 2. Management Policy and Management Status

## (1) Management Policy

Disclosure is omitted because there is no significant change from “Investment Policy,” “Investment Targets” and “Distribution Policy” in the securities report (submitted on November 29, 2017).

## (2) Management Status

## ① Overview of the Fiscal Period under Review

## (A) Brief History of the Investment Corporation

One REIT has Mizuho REIT Management Co., Ltd. (hereinafter referred to as the “Asset Management Company”) (Note 1), which is a member of the Mizuho Financial Group, as its asset management company, and sets middle-sized office buildings (Note 2) as its focal investment target while incorporating other office buildings and urban retail facilities for the sake of diversified investment, aiming to construct a portfolio that both ensures stable income in the medium to long term and exhibits growth potential. One REIT strives to grow with various supports in terms of property management, acquisitions, and financial aspects from its sponsor, Mizuho Trust & Banking Co., Ltd., one of the top players in the Japanese real estate market, and aims to maximize unitholder value.

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 189,298.

(Note 1) The trade name of Simplex REIT Partners Inc. was changed to Mizuho REIT Management Co., Ltd. on January 1, 2018. In addition, the trade name of Simplex Investment Advisors Inc. was changed to Mizuho Realty One Co., Ltd. (hereinafter referred to as “MONE”) and that of Simplex Real Estate Management Inc. to Mizuho Real Estate Management Co., Ltd. (hereinafter referred to as “MREM”) on the same day.

Mizuho Financial Group, Inc., Mizuho Trust & Banking Co., Ltd. and 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 MREM. Three companies, namely MONE, the Asset Management Company and MREM, together comprise the MONE Group. MREM is a management company of real estate private funds of the MONE Group.

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

## (B) Investment Environment and Management Performance

During the fiscal period under review, the Japanese economy saw improvements in corporate earnings backed by a pickup in production activities due to mild recovery trends in overseas economies and such. Furthermore, the Japanese economy continued to see a gradual recovery trend due to the ongoing mild increase in capital investment and improvement in employment situations backed by the improved corporate earnings.

In the office building leasing market, positive relocation needs such as increase in floor space and upgrading were



strong in central Tokyo against the backdrop of favorable corporate performances, bringing the vacancy rate to continue dropping. The supply/demand environment remained tight also in Osaka, Nagoya and other major regional cities as their vacancy rates continued to fall while rent levels continued to rise.

One REIT transferred J Tower, its flagship property, on October 6, 2017 (transfer price: 25,220 million yen) and acquired three properties (Daihakata Building, Daido Life Omiya Building and Yamagami Building) (total acquisition price: 15,850 million yen) (hereinafter, Daihakata Building, Daido Life Omiya Building and Yamagami Building are collectively referred to as the “Three Newly Acquired Properties”) on October 25, 2017.

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

As a result, One REIT’s assets at the end of the fiscal period ended February 2018 was a portfolio of assets totaling 24 properties (total acquisition price: 80,815 million yen) with a total leasable area of 136,351.64 m<sup>2</sup>, and the occupancy rate at the end of the fiscal period ended February 2018 was 99.2%.

#### (C) Overview of Financing

During the period under review, One REIT procured 16,000 million yen from syndicated loans arranged by Mizuho Trust & Banking Co., Ltd. and Mizuho Bank, Ltd. on October 25, 2017 to fund the acquisition of the Three Newly Acquired Properties (total acquisition price: 15,850 million yen) as well as ancillary costs. In addition, One REIT made contractual repayment of borrowings, and also used cash on hand arising from transfer of a portfolio property (J Tower) and such to fund the early repayment of 15,985 million yen out of existing borrowings as well as ancillary costs.

As a result, as of February 28, 2018, the balance of outstanding borrowings was 40,198 million yen and the ratio of interest-bearing liabilities to total assets (LTV) was 45.8%.

#### (D) Overview of Business Performance and Distributions

As a result of the management described above, business performance in the fiscal period ended February 28, 2018 was operating revenue of 3,868 million yen, operating profit of 2,069 million yen, recurring profit of 1,682 million yen and net income of 1,620 million yen.

During the period under review, One REIT internally reserved 100 million yen utilizing part of gain on sale of real estate, etc. in order to stabilize distributions. One REIT then distributed unappropriated retained earnings in a manner to be eligible for application of the special provisions for taxation on investment corporations (Article 67-15 of the Act on Special Measures Concerning Taxation) and declared distribution per investment unit of 8,027 yen.

### ② Outlook for the Next Fiscal Period

#### (A) Future Investment Environment

Although the Japanese economy ahead is likely to see continuation of an increase in capital investment and improvement in employment and income situations against the backdrop of improvements in corporate earnings, careful attentions should be paid to the impact of U.S. policy trends going forward, prospects of emerging economies in Asia and impact of fluctuations in capital markets among others.

In the office building leasing market, although the tight supply/demand balance of offices is expected to continue, prospects of corporate earnings, rising cost-awareness among companies and such should be carefully watched. In the office building transaction market, transaction prices are expected to remain high, backed by a favorable environment for procuring funds, and thus it will be important to firmly maintain a stance of selective investment.

#### (B) Future Management Policy and Challenges to Address

One REIT strives to grow while gaining various supports in terms of property management, acquisitions, and financial aspects from our sponsor, Mizuho Trust & Banking Co., Ltd., one of the top players in the Japanese real estate market, and aims to maximize unitholder value. With the aim of achieving stable growth over the medium to long term, One REIT will seek to expand asset size by acquiring competitive assets (external growth) and maintain and increase the asset value of assets under management by operating and managing them to maximize their competitiveness (internal growth).

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 offers the prospect of stable rental demand over the medium to long term, as the primary investment target region and also targeting 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.

(b) Internal Growth

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

- ◆ Strengthen collaboration with property management companies and brokers
- ◆ Build and strengthen tenant relations
- ◆ Negotiate for upward rent revisions to meet the market trends
- ◆ Maintain and enhance property value through appropriate investment
- ◆ Reduce operation/management costs by reviewing current contracts
- ◆ Strengthen environmental initiatives for which there is strong demand from society

③ Subsequent Material Events

Not applicable.

Assumptions for the Forecast of Management Status for the Fiscal Periods Ending August 2018 and February 2019

Item	Assumptions
Calculation period	<ul style="list-style-type: none"> <li>➤ Fiscal period ending August 2018 (10th fiscal period) (March 1, 2018 to August 31, 2018) (184 days)</li> <li>➤ Fiscal period ending February 2019 (11th fiscal period) (September 1, 2018 to February 28, 2019) (181 days)</li> </ul>
Assets under management	<ul style="list-style-type: none"> <li>➤ The real estate and real estate trust beneficiary rights held as of February 28, 2018 total 24 properties. It is assumed that no changes in assets under management (acquisition of new properties, disposition of portfolio properties, etc.) will take place through to the end of the fiscal period ending February 2019.</li> <li>➤ Changes in assets under management may occur from acquisition of new properties, disposition of portfolio properties, etc.</li> </ul>
Operating revenue	<ul style="list-style-type: none"> <li>➤ Operating revenue of the above “assets under management” is used as an assumption. The calculation of property-related operating revenue 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.</li> <li>➤ As to operating revenue other than property-related operating revenue, it is assumed that there will be no changes to the properties held as of today and no gain or loss on sale of real estate, etc. is expected.</li> </ul>
Operating expenses	<ul style="list-style-type: none"> <li>➤ Property-related expenses, which are the main component of operating expenses, are estimated to be 1,493 million yen in the fiscal period ending August 2018 and 1,453 million yen in the fiscal period ending February 2019. Expenses other than depreciation are calculated based on historical data basis and by reflecting factors causing fluctuations in expenses. <ol style="list-style-type: none"> <li>1) Property management fees are estimated to be 304 million yen in the fiscal period ending August 2018 and 319 million yen in the fiscal period ending February 2019.</li> <li>2) Depreciation is calculated using the straight-line method, including ancillary costs, etc. Depreciation is estimated to be 441 million yen in the fiscal period ending August 2018 and 439 million yen in the fiscal period ending February 2019.</li> <li>3) Fixed asset tax, city planning tax, etc. are estimated to be 250 million yen for each of the fiscal periods ending August 2018 and ending February 2019.</li> <li>4) Repair expenses are estimated to be 108 million yen in the fiscal period ending August 2018 and 78 million yen in the fiscal period ending February 2019, 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.</li> </ol> </li> <li>➤ Operating expenses other than property-related expenses (asset management fee, asset custody fee, administrative service fees, etc.) are estimated to be 289 million yen in the fiscal period ending August 2018 and 274 million yen in the fiscal period ending February 2019. Among the above, asset management fees of 197 million yen for the fiscal period ending August 2018 and 196 million yen for the fiscal period ending February 2019 are expected.</li> </ul>
Non-operating expenses	<ul style="list-style-type: none"> <li>➤ Interest expenses and borrowing related expenses are expected to be 201 million yen for the fiscal period ending August 2018 and 198 million yen for the fiscal period ending February 2019.</li> <li>➤ Amortization of investment unit issuance expenses is expected to be 6 million yen for each of the fiscal period ending August 2018 and ending February 2019.</li> </ul>
Borrowings	<ul style="list-style-type: none"> <li>➤ The balance of total outstanding borrowings as of February 28, 2018 is 40,198 million yen.</li> <li>➤ It is assumed that there will be no change (new borrowings, repayment of borrowings, etc.) until the end of the fiscal period ending February 2019.</li> </ul>

Investment units	<ul style="list-style-type: none"> <li>➤ The 189,298 units that are the investment units issued and outstanding as of today is assumed.</li> <li>➤ 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 2019.</li> </ul>
Distribution per unit	<ul style="list-style-type: none"> <li>➤ Distribution per unit (excluding distribution in excess of earnings) is calculated by assuming the cash distribution policy stipulated in the Articles of Incorporation of One REIT.</li> <li>➤ Distribution per unit is subject to change due to a variety of factors, including fluctuations in rent revenue caused by change in assets under management, relocation of tenants, etc. or occurrence of unforeseen repairs.</li> </ul>
Distribution per unit in excess of earnings	<ul style="list-style-type: none"> <li>➤ There are no plans at this time to distribute cash in excess of earnings.</li> <li>➤ However, cash distribution in excess of earnings may be made for the purpose of reducing occurrence of corporate tax and other taxes derived from discrepancy between tax and accounting treatment.</li> </ul>
Other	<ul style="list-style-type: none"> <li>➤ It is assumed that there will be no revision of laws and regulations, tax systems, accounting standards, listing rules, rules of The Investment Trusts Association, Japan, etc. that will impact the forecast figures above.</li> <li>➤ It is assumed that there will be no serious unforeseen change in general economic trends, real estate market conditions, etc.</li> </ul>

## (3) Investment Risks

Disclosure is omitted because there is no significant change from “Investment Risks” in the securities report (submitted on November 29, 2017).

## 3. Financial Statements

## (1) Balance Sheet

(Unit: thousand yen)

	8th fiscal period (As of Aug. 31, 2017)	9th fiscal period (As of Feb. 28, 2018)
<b>Assets</b>		
Current assets		
Cash and deposits	2,984,162	3,181,010
Cash and deposits in trust	4,508,322	4,255,076
Operating accounts receivable	105,156	57,587
Prepaid expenses	192,807	172,792
Deferred tax assets	13	192
Accounts receivable - other	39,507	-
Other	95	1,022
Total current assets	7,830,064	7,667,682
Non-current assets		
Property, plant and equipment		
Buildings	3,608,334	3,609,506
Accumulated depreciation	(498,718)	(562,522)
Buildings, net	3,109,615	3,046,983
Structures	9,644	9,644
Accumulated depreciation	(2,438)	(2,756)
Structures, net	7,206	6,888
Machinery and equipment	62,025	62,025
Accumulated depreciation	(48,577)	(54,779)
Machinery and equipment, net	13,448	7,245
Tools, furniture and fixtures	276	631
Accumulated depreciation	(5)	(58)
Tools, furniture and fixtures, net	270	572
Land	3,770,347	3,770,347
Buildings in trust	33,367,300	25,103,079
Accumulated depreciation	(2,905,726)	(2,348,566)
Buildings in trust, net	30,461,574	22,754,512
Structures in trust	41,831	8,256
Accumulated depreciation	(7,715)	(2,151)
Structures in trust, net	34,115	6,105
Machinery and equipment in trust	137,064	118,493
Accumulated depreciation	(26,735)	(25,969)
Machinery and equipment in trust, net	110,329	92,523
Tools, furniture and fixtures in trust	90,309	56,825
Accumulated depreciation	(27,641)	(17,073)
Tools, furniture and fixtures in trust, net	62,667	39,752
Land in trust	47,334,817	46,775,017
Total property, plant and equipment	84,904,392	76,499,949
Intangible assets		
Leasehold rights in trust	3,369,076	3,369,076
Other	1,976	664
Total intangible assets	3,371,052	3,369,740
Investments and other assets		
Investment securities	10,193	-
Lease and guarantee deposits	16,210	16,150
Long-term prepaid expenses	133,510	248,901
Total investments and other assets	159,913	265,051
Total non-current assets	88,435,358	80,134,741

(Unit: thousand yen)

	8th fiscal period (As of Aug. 31, 2017)	9th fiscal period (As of Feb. 28, 2018)
Deferred assets		
Investment unit issuance expenses	27,528	20,646
Total deferred assets	27,528	20,646
Total assets	96,292,951	87,823,069
Liabilities		
Current liabilities		
Operating accounts payable	246,119	160,803
Current portion of long-term loans payable	24,867,940	-
Accounts payable - other	512,027	468,246
Accrued expenses	80,302	663
Income taxes payable	793	62,990
Consumption taxes payable	159,517	616,823
Advances received	591,910	518,333
Other	361	138
Total current liabilities	26,458,972	1,827,998
Non-current liabilities		
Long-term loans payable	24,198,000	40,198,000
Tenant lease and security deposits	248,177	263,485
Tenant lease and security deposits in trust	4,238,898	3,890,610
Total non-current liabilities	28,685,076	44,352,096
Total liabilities	55,144,048	46,180,094
Net assets		
Unitholders' equity		
Unitholders' capital	40,022,953	40,022,953
Surplus		
Unappropriated retained earnings (undisposed loss)	1,125,949	1,620,022
Total surplus	1,125,949	1,620,022
Total unitholders' equity	41,148,903	41,642,975
Total net assets	*1 41,148,903	*1 41,642,975
Total liabilities and net assets	96,292,951	87,823,069

## (2) Statement of Income

(Unit: thousand yen)

	8th fiscal period (From: Mar. 1, 2017 To: Aug. 31, 2017)	9th fiscal period (From: Sep. 1, 2017 To: Feb. 28, 2018)
Operating revenue		
Lease business revenue	*1 3,108,977	*1 2,840,097
Other lease business revenue	*1 373,980	*1 298,590
Dividends received	388	-
Gain on sale of real estate, etc.	-	*2 729,365
Total operating revenue	3,483,347	3,868,054
Operating expenses		
Expenses related to rent business	*1 1,682,371	*1 1,482,826
Asset management fee	264,526	216,659
Asset custody fee	4,126	3,966
Administrative service fees	49,813	17,989
Directors' compensations	3,876	3,876
Other operating expenses	62,220	72,965
Total operating expenses	2,066,934	1,798,283
Operating profit	1,416,412	2,069,771
Non-operating income		
Interest income	34	44
Insurance income	2,961	-
Reversal of distribution payable	1,301	1,119
Compensation income	30,296	-
Other	774	5
Total non-operating income	35,368	1,168
Non-operating expenses		
Interest expenses	211,848	142,858
Borrowing related expenses	102,993	235,553
Amortization of investment unit issuance expenses	6,882	6,882
Other	3,250	2,756
Total non-operating expenses	324,973	388,051
Recurring profit	1,126,806	1,682,888
Net income before income taxes	1,126,806	1,682,888
Income taxes – current	878	63,050
Income taxes – deferred	(0)	(178)
Total income taxes	878	62,871
Net income	1,125,928	1,620,016
Profit brought forward	21	5
Unappropriated retained earnings (undisposed loss)	1,125,949	1,620,022

## (3) Statement of Unitholders' Equity

8th fiscal period (March 1, 2017 to August 31, 2017)

(Unit: thousand yen)

	Unitholders' equity				Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	
		Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at beginning of current period	40,022,953	1,100,410	1,100,410	41,123,363	41,123,363
Changes of items during period					
Distribution of surplus		(1,100,389)	(1,100,389)	(1,100,389)	(1,100,389)
Net income		1,125,928	1,125,928	1,125,928	1,125,928
Total changes of items during period	-	25,539	25,539	25,539	25,539
Balance at end of current period	40,022,953	1,125,949	1,125,949	41,148,903	41,148,903

9th fiscal period (September 1, 2017 to February 28, 2018)

(Unit: thousand yen)

	Unitholders' equity				Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	
		Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at beginning of current period	40,022,953	1,125,949	1,125,949	41,148,903	41,148,903
Changes of items during period					
Distribution of surplus		(1,125,944)	(1,125,944)	(1,125,944)	(1,125,944)
Net income		1,620,016	1,620,016	1,620,016	1,620,016
Total changes of items during period	-	494,072	494,072	494,072	494,072
Balance at end of current period	40,022,953	1,620,022	1,620,022	41,642,975	41,642,975



## (4) Statement of Cash Distributions

(Unit: yen)

	8th fiscal period From: Mar. 1, 2017 To: Aug. 31, 2017	9th fiscal period From: Sep. 1, 2017 To: Feb. 28, 2018
	Amount	Amount
I. Unappropriated retained earnings	1,125,949,807	1,620,022,097
II. Amount of distributions	1,125,944,504	1,519,495,046
[Amount of distributions per investment unit]	[5,948]	[8,027]
III. Retained earnings carried forward	5,303	100,527,051

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 1,125,944,504 yen, which is the largest integral multiple of the number of investment units issued and outstanding (189,298 units) in an amount not in excess of unappropriated retained earnings. One REIT will not engage in the distribution of cash in excess of earnings provided in Article 35, Paragraph 2 of the Articles of Incorporation of One REIT.</p>	<p>Pursuant to the distribution policy provided in Article 35, Paragraph 1, Item 2 of the Articles of Incorporation of One REIT, the amount of distributions shall be in excess of an amount equivalent to 90% of the amount of earnings available for distribution of One REIT provided in Article 67-15, Paragraph 1 of the Act on Special Measures Concerning Taxation, but no more than the amount of earnings.</p> <p>Based on such policy, taking into account the gain on sale of real estate, etc. of 729,365,587 yen that arose in the period under review, One REIT internally reserved 100,527,051 yen in order to stabilize future distributions, and decided to pay out distributions of earnings of 1,519,495,046 yen, which is the entire amount after subtracting the amount of internal reserves from unappropriated retained earnings. One REIT will not engage in the distribution of cash in excess of earnings provided in Article 35, Paragraph 2 of the Articles of Incorporation of One REIT.</p>
---	---	---

## (5) Statement of Cash Flows

(Unit: thousand yen)

	8th fiscal period (From: Mar. 1, 2017 To: Aug. 31, 2017)	9th fiscal period (From: Sep. 1, 2017 To: Feb. 28, 2018)
Cash flows from operating activities		
Net income before income taxes	1,126,806	1,682,888
Depreciation	506,237	467,212
Amortization of investment unit issuance expenses	6,882	6,882
Interest income	(34)	(44)
Reversal of distribution payable	(1,301)	(1,119)
Interest expenses	211,848	142,858
Decrease (increase) in operating accounts receivable	(35,795)	47,568
Decrease (increase) in accounts receivable-other	(32,720)	-
Decrease (increase) in consumption taxes refund receivable	249,057	-
Decrease (increase) in prepaid expenses	3,673	20,014
Decrease by sales of non-current assets	-	24,188,384
Increase (decrease) in operating accounts payable	57,909	(85,316)
Increase (decrease) in accounts payable - other	63,330	(47,948)
Increase (decrease) in consumption tax payable	137,535	457,305
Increase (decrease) in advances received	62,749	(73,577)
Decrease (increase) in long-term prepaid expenses	102,332	(115,391)
Other, net	(410)	(638)
Subtotal	2,458,103	26,689,077
Interest income received	34	44
Interest expenses paid	(209,850)	(222,497)
Income taxes paid	(537)	(854)
Proceeds from compensation	-	39,507
Net cash provided by (used in) operating activities	2,247,749	26,505,277
Cash flows from investing activities		
Purchase of property, plant and equipment	(522)	(1,803)
Purchase of property, plant and equipment in trust	(180,972)	(16,244,804)
Purchase of intangible assets in trust	-	(172)
Proceeds from collection of lease and guarantee deposits	120	60
Repayments of tenant lease and security deposits	(28,137)	(52,580)
Proceeds from tenant lease and security deposits	785	67,889
Repayments of tenant lease and security deposits in trust	(84,382)	(1,181,899)
Proceeds from tenant lease and security deposits in trust	112,168	833,611
Proceeds from redemption of investment securities	-	9,682
Net cash provided by (used in) investing activities	(180,942)	(16,570,017)
Cash flows from financing activities		
Repayment of short-term loans payable	(255,000)	-
Proceeds from long-term loans payable	-	16,000,000
Repayment of long-term loans payable	(63,610)	(24,867,940)
Payment of distribution	(1,100,291)	(1,123,717)
Net cash provided by (used in) financing activities	(1,418,901)	(9,991,657)
Net increase (decrease) in cash and cash equivalents	647,905	(56,397)
Cash and cash equivalents at beginning of period	6,844,579	7,492,485
Cash and cash equivalents at end of period	*1 7,492,485	*1 7,436,087

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

(7) Notes on Matters Concerning Significant Accounting Policies

1. Basis and Method of Valuation of Assets	<p>Securities</p> <p>Other securities</p> <p>Non-marketable securities</p> <p>The moving average method is employed as the cost method.</p> <p>Concerning silent partnership equity interests, the method of incorporating the amount equivalent to the equity for the portion that corresponds to the net gain or loss of the silent partnership is employed.</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>4~20 years</td></tr> <tr> <td>Machinery and equipment</td><td>5~10 years</td></tr> <tr> <td>Tools, furniture and fixtures</td><td>3~20 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	4~20 years	Machinery and equipment	5~10 years	Tools, furniture and fixtures	3~20 years
Buildings	5~59 years								
Structures	4~20 years								
Machinery and equipment	5~10 years								
Tools, furniture and fixtures	3~20 years								
3. Accounting for deferred assets	<p>Investment unit issuance expenses</p> <p>Amortized using the straight-line method over 3 years.</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. The amount equivalent to fixed asset tax, etc. included in the cost of acquisition of real estate, etc. in the fiscal period under review is 20,102 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"> <li>(1) Cash and deposits in trust</li> <li>(2) Buildings in trust; structures in trust; machinery and equipment in trust; tools, furniture and fixtures in trust and land in trust</li> <li>(3) Leasehold rights in trust</li> <li>(4) Tenant leasehold and security deposits in trust</li> </ol> <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</p>								

	of assets is included in the cost of acquisition of the respective asset.
--	---

## (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)

	8th fiscal period (As of Aug. 31, 2017)	9th fiscal period (As of Feb. 28, 2018)
	50,000	50,000

[Notes to the Statement of Income]

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

	8th fiscal period ( From: Mar. 1, 2017 To: Aug. 31, 2017 )	9th fiscal period ( From: Sep. 1, 2017 To: Feb. 28, 2018 )
A. Property-related operating revenue		
Lease business revenue		
Rent revenue	2,405,576	2,126,338
Common area charges revenue	536,481	548,141
Parking revenue	137,807	146,474
Other rent revenue	29,111	19,142
Total	3,108,977	2,840,097
Other lease business revenue		
Utilities revenue	359,892	282,680
Other revenue	14,088	15,910
Total	373,980	298,590
Total property-related operating revenue	3,482,958	3,138,688
B. Property-related operating expenses		
Expenses related to rent business		
Property management fees	339,145	335,037
Utilities expenses	431,010	322,493
Taxes and public dues	259,599	206,716
Insurance premiums	5,135	4,624
Repair expenses	84,232	89,013
Trust fees	10,400	11,116
Depreciation	505,870	466,887
Other sundry expenses	46,976	46,936
Total property-related operating expenses	1,682,371	1,482,826
C. Property-related operating income (loss) [A– B]	1,800,586	1,655,861

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

8th fiscal period (March 1, 2017 to August 31, 2017)

Not applicable.

9th fiscal period (September 1, 2017 to February 28, 2018)

(Unit: thousand yen)

## J Tower

Revenue on sale of real estate, etc.	25,220,000
Cost of real estate sold, etc.	24,191,598
<u>Other expenses on sale</u>	<u>299,035</u>
<u>Gain on sale of real estate, etc.</u>	<u>729,365</u>

## [Notes to the Statement of Unitholders' Equity]

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

	8th fiscal period ( From: Mar. 1, 2017 To: Aug. 31, 2017 )	9th fiscal period ( From: Sep. 1, 2017 To: Feb. 28, 2018 )
Total number of investment units authorized	4,000,000 units	4,000,000 units
Total number of investment units issued and outstanding	189,298 units	189,298 units

## [Notes to the Statement of Cash Flows]

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

	(Unit: thousand yen)	
	8th fiscal period ( From: Mar. 1, 2017 To: Aug. 31, 2017 )	9th fiscal period ( From: Sep. 1, 2017 To: Feb. 28, 2018 )
Cash and deposits	2,984,162	3,181,010
Cash and deposits in trust	4,508,322	4,255,076
Cash and cash equivalents	7,492,485	7,436,087

## [Notes on Financial Instruments]

## 1. Matters concerning status of financial instruments

## (1) Policy for handling financial instruments

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

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

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

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

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

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

Tenant leasehold and security deposits are deposits from tenants and are exposed to the risk of return of the deposits to tenants due to tenants moving out of properties. One REIT limits the concerned risk by setting aside an amount in the range that will not hinder the return of deposits. Investment securities are silent partnership interests, which are exposed to credit risk of the issuer and risk of fluctuation of value of real estate, etc. and risk of fluctuation of 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 are the carrying amount and fair value as of August 31, 2017, 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	2,984,162	2,984,162	—
(2) Cash and deposits in trust	4,508,322	4,508,322	—
Assets total	7,492,485	7,492,485	—
(3) Current portion of long-term loans payable	24,867,940	24,964,850	96,910
(4) Long-term loans payable	24,198,000	24,212,279	14,279
Liabilities total	49,065,940	49,177,129	111,189

The following are the carrying amount and fair value as of February 28, 2018, and the amount of difference between these. Please note that the following table does not include those for which discerning of fair value is recognized to be extremely difficult (please refer to (Note 2)).

(Unit: thousand yen)

	Carrying amount	Fair value	Amount of difference
(1) Cash and deposits	3,181,010	3,181,010	—
(2) Cash and deposits in trust	4,255,076	4,255,076	—
Assets total	7,436,087	7,436,087	—
(4) Long-term loans payable	40,198,000	40,107,407	(90,592)
Liabilities total	40,198,000	40,107,407	(90,592)
(5) 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; (4) 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.

## (5) 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

Because no quoted market price is available for investment securities and it is recognized to be extremely difficult to determine the fair value, they are excluded from fair value evaluation. 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	8th fiscal period (As of Aug. 31, 2017)	9th fiscal period (As of Feb. 28, 2018)
Investment securities	10,193	—
Tenant lease and security deposits	248,177	263,485
Tenant lease and security deposits in trust	4,238,898	3,890,610
Total	4,497,269	4,154,096

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

8th fiscal period (As of August 31, 2017)

(Unit: thousand yen)

	Due within 1 year
Cash and deposits	2,984,162
Cash and deposits in trust	4,508,322
Total	7,492,485

9th fiscal period (As of February 28, 2018)

(Unit: thousand yen)

	Due within 1 year
Cash and deposits	3,181,010
Cash and deposits in trust	4,255,076
Total	7,436,087

(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

8th fiscal period (As of August 31, 2017)

(Unit: thousand yen)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
Long-term loans payable	24,867,940	—	14,074,000	10,124,000	—	—
Total	24,867,940	—	14,074,000	10,124,000	—	—

9th fiscal period (As of February 28, 2018)

(Unit: thousand yen)

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

## [Notes on Derivative Transactions]

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

8th fiscal period (As of August 31, 2017)

Not applicable.

9th fiscal period (As of February 28, 2018)

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.

8th fiscal period (As of August 31, 2017)

Not applicable.

9th fiscal period (As of February 28, 2018)

(Unit: thousand yen)

Hedge accounting method	Type of derivative transaction	Primary hedged item	Contract amount and other		Fair value	Fair value calculation method
				Due after one year		
Special treatment for interest rate swaps	Interest rate swap transactions Receive floating / Pay fix	Long-term loans payable	12,000,000	12,000,000	(Note)	—

(Note Since those with special treatment of interest rate swaps are treated integrally with hedged long-term loans payable, the fair values of such are shown as included in the fair value in “(4) 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.

8th fiscal period (March 1, 2017 to August 31, 2017)

Not applicable.

9th fiscal period (September 1, 2017 to February 28, 2018)

Not applicable.

## 2. Associated company, etc.

8th fiscal period (March 1, 2017 to August 31, 2017)

Not applicable.

9th fiscal period (September 1, 2017 to February 28, 2018)

Not applicable.

## 3. Fellow subsidiary, etc.

8th fiscal period (March 1, 2017 to August 31, 2017)

Type	Name of company, etc.	Location	Capital stock or investments in capital (thousand yen)	Description of business or occupation	Percentage of voting rights, etc. held in (by) related party	Description of relationship		Description of transaction (Note 1)	Amount of transaction (thousand yen) (Note 2)	Account item	Balance at end of period (thousand yen) (Note 2)
						Concurrent holding of positions, etc. by directors	Business relationship				
Company of which major unitholders (corporates) hold a majority of voting rights	Simplex REIT Partners Inc. (subsidiary of Simplex Investment Advisors Inc.)	Chuo-ku, Tokyo	50,000	Investment management business	—	Concurrent holding of positions by directors 1 person	Entrustment with asset management business operations	Payment of asset management fee	264,526	Accounts payable - other	285,688

(Note 1) Transaction terms and conditions, and policy on deciding on transaction terms and conditions, etc.

1. The asset management fee is based on the terms and conditions provided in the Articles of Incorporation of One REIT.

(Note 2) Of the amounts above, the amount of transaction does not include consumption tax, etc., while the balance at the end of the period includes consumption tax, etc.

9th fiscal period (September 1, 2017 to February 28, 2018)

Type	Name of company, etc.	Location	Capital stock or investments in capital (thousand yen)	Description of business or occupation	Percentage of voting rights, etc. held in (by) related party	Description of relationship		Description of transaction (Note 1)	Amount of transaction (thousand yen) (Note 2) (Note 3) (Note 4)	Account item	Balance at end of period (thousand yen) (Note 2) (Note 3)
						Concurrent holding of positions, etc. by directors	Business relationship				
Company of which major unitholders (corporates) hold a majority of voting rights	Mizuho REIT Management Co., Ltd. (subsidiary of Mizuho Realty One Co., Ltd.)	Chuo-ku, Tokyo	50,000	Investment management business	—	Concurrent holding of positions by directors 1 person	Entrustment with asset management business operations	Payment of asset management fee	548,109	Accounts payable - other	233,991

(Note 1) Transaction terms and conditions, and policy on deciding on transaction terms and conditions, etc.

1. The asset management fee is based on the terms and conditions provided in the Articles of Incorporation of One REIT.

(Note 2) Of the amounts above, the amount of transaction does not include consumption tax, etc., while the balance at the end of the period includes consumption tax, etc.

(Note 3) The asset management fee includes the fee (79,250 thousand yen) for the acquisition of properties which was included in the book value of specified assets.

(Note 4) The asset management fee includes the fee (252,200 thousand yen) for the transfer of J Tower.

## 4. Director, major individual unitholder, etc.

8th fiscal period (March 1, 2017 to August 31, 2017)

The transaction conducted by One REIT Executive Director Koji Hashimoto as representative of a third party (Simplex REIT Partners Inc.) is as stated as a transaction with Simplex REIT Partners Inc. presented in “3. Fellow subsidiary, etc.” above.

The term of office of Executive Director Hiroyuki Katsuno expired as of May 31, 2017 and Koji Hashimoto assumed the post of Executive Director on June 1, 2017 after being elected at the general meeting of unitholders held on May 23, 2017. Hiroyuki Katsuno also retired as President and Representative Director of Simplex REIT Partners on June 28, 2017 and Koji Hashimoto assumed the post of President and Representative Director on the same day.

As of August 31, 2017, Koji Hashimoto does not own investment unit of One REIT.

9h fiscal period (September 1, 2017 to February 28, 2018)

The transaction conducted by One REIT Executive Director Koji Hashimoto as representative of a third party (Mizuho REIT Management Co., Ltd.) is as stated as a transaction with Mizuho REIT Management Co., Ltd. presented in “3. Fellow subsidiary, etc.” above.

As of February 28, 2018, Koji Hashimoto does not own investment unit of One REIT.

## [Notes on Tax-Effect Accounting]

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

	8th fiscal period (As of Aug. 31, 2017)	9th fiscal period (As of Feb. 28, 2017)
Deferred tax assets		
Non-deductible accrued enterprise tax	13	5,176
Subtotal deferred tax assets	13	5,176
Valuation reserve	—	(4,984)
Total deferred tax assets	13	192
Net deferred tax assets	13	192

## 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

	8th fiscal period (As of Aug. 31, 2017)	9th fiscal period (As of Feb. 28, 2018)
Statutory tax rate	31.74	34.81
[Adjustments]		
Deductible distributions payable	(31.72)	(31.43)
Other	0.05	0.36
Effective income tax rate after application of tax-effect accounting	0.08	3.74

## [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.

	8th fiscal period ( From: Mar. 1, 2017 To: Aug. 31, 2017 )	9th fiscal period ( From: Sep. 1, 2017 To: Feb. 28, 2018 )
Carrying amount		
Balance at beginning of period	88,525,856	88,273,468
Amount of increase (decrease) during period	(252,387)	(8,404,443)
Balance at end of period	88,273,468	79,869,025
Fair value at end of period	96,893,000	88,935,000

(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 8th fiscal period, the amount of increase is mainly attributable to capital expenditure (253,663 thousand yen) while the amount of decrease is mainly attributable to depreciation (505,870 thousand yen). Moreover, of the amount of increase (decrease) in investment and rental properties during the 9th fiscal period, the amount of increase is mainly attributable to the acquisition of Daihakata Building and two other properties (15,976,411 thousand yen) and capital expenditure (273,257 thousand yen) while the amount of decrease is mainly attributable to the transfer of J Tower (24,187,224 thousand yen) and depreciation (466,887 thousand yen).

(Note 3) Fair value at the end of the period is the appraisal value by an outside real estate appraiser. However, for the fair value of J Tower at the end of the previous fiscal period, the transfer value upon transfer on October 6, 2017 is indicated.

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

8th fiscal period (March 1, 2017 to August 31, 2017)

(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.

9th fiscal period (September 1, 2017 to February 28, 2018)

(1) Information for each product and service

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

(2) Information for each region

① Net sales

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

② Property, plant and equipment

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

(3) Information for each major customer

(Unit: thousand yen)

Name of customer	Operating revenue	Related segment
Undisclosed (Note)	729,365	property-related operating

(Note) The customer is a domestic godo kaisha but is otherwise undisclosed as no consent has been obtained from the customer for disclosure of its name, etc.

The customer does not fall under the category of related parties of One REIT.

[Notes on Per Unit Information]

	8th fiscal period ( From: Mar. 1, 2017 To: Aug. 31, 2017 )	9th fiscal period ( From: Sep. 1, 2017 To: Feb. 28, 2018 )
Net assets per unit	217,376 yen	219,986 yen
Net income per unit	5,947 yen	8,558 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.

	8th fiscal period ( From: Mar. 1, 2017 To: Aug. 31, 2017 )	9th fiscal period ( From: Sep. 1, 2017 To: Feb. 28, 2018 )
Net income	1,125,928 thousand yen	1,620,016 thousand yen
Amount not attributable to common unitholders	— thousand yen	— thousand yen
Net income attributable to common investment units	1,125,928 thousand yen	1,620,016 thousand yen
Average number of investment units during period	189,298 units	189,298 units

[Notes on Significant Subsequent Events]

Not applicable.

## [Omission of Disclosure]

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

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

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

Date	Description	Number of investment units issued and outstanding (units)		Unitholders' capital (million yen)		Note
		Increase (Decrease)	Balance	Increase (Decrease)	Balance	
June 25, 2013	Incorporation through private placement	400	400	200	200	(Note 1)
Oct. 8, 2013	Capital increase through public offering	74,700	75,100	32,438	32,638	(Note 2)
Sept. 6, 2016	Capital increase through public offering	18,900	94,000	7,139	39,777	(Note 3)
Oct. 5, 2016	Capital increase through third-party allotment	649	94,649	245	40,022	(Note 4)
Mar. 1, 2017	Spilt of Investment units	94,649	189,298	—	40,022	(Note 5)

(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.

## 4. Changes in Directors

Changes in Directors are disclosed upon finalization of the details.

## 5. Reference Information

## (1) Asset Composition

(1) Asset Composition						
Type of asset	Use of asset	Region (Note 1)	8th fiscal period (As of Aug. 31, 2017)		9th fiscal period (As of Feb. 28, 2018)	
			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	6,900	7.2	6,832	7.8
	Office buildings subtotal		6,900	7.2	6,832	7.8
Real estate total			6,900	7.2	6,832	7.8
Real estate in trust	Office buildings	Tokyo metropolitan area	60,301	62.6	41,248	47.0
		Ordinance-designated cities, etc.	16,580	17.2	27,327	31.1
	Office buildings subtotal		76,881	79.8	68,575	78.1
	Retail facilities	Tokyo metropolitan area	4,069	4.2	4,043	4.6
		Ordinance-designated cities, etc.	422	0.4	417	0.5
	Retail facilities subtotal		4,491	4.7	4,461	5.1
	Real estate in trust total			81,372	84.5	73,036
Investment securities (Note 4)			10	0.0	—	—
Deposits and other assets			8,009	8.3	7,954	9.1
Total assets			96,292	100.0	87,823	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” refers to silent partnership equity interest holding GK SIA Bridge No. 2 as the operator.

## (2) Portfolio Diversification

## Diversification by region

Region	Number of properties	Acquisition price (million yen)	Share (%)
Tokyo metropolitan area	17	53,076	65.7
Ordinance-designated cities, etc.	7	27,739	34.3
Total	24	80,815	100.0

## Diversification by asset type

Use	Number of properties	Acquisition price (million yen)	Share (%)
Office buildings	22	76,133	94.2
Retail facilities	2	4,682	5.8
Total	24	80,815	100.0

## (3) Period-End Value of Portfolio Real Estate

Property no.	Property name	Appraisal company	Acquisition price (million yen)	Carrying amount (million yen)	Appraisal value (million yen)	Overview of appraisal report					
						Income approach					Cost approach
						Indicated value by direct cap method (million yen)	Cap rate (%)	Indicated value by DCF method (million yen)	Discount rate (%)	Terminal cap rate (%)	Indicated value by cost approach (million yen)
OT-2	SIA Kanda Square	The Tanizawa Sogo Appraisal Co., Ltd.	7,350	6,832	8,730	9,000	3.6	8,610	3.7	3.8	8,240
OT-3	Tachikawa Nishiki-cho Building	Daiwa Real Estate Appraisal Co., Ltd.	3,264	3,304	4,000	4,020	4.6	3,990	4.4	4.8	2,500
OT-4	CP10 Building	Daiwa Real Estate Appraisal Co., Ltd.	3,229	3,153	3,420	3,440	4.2	3,410	4.0	4.4	1,540
OT-5	Yokohama AP Building	Daiwa Real Estate Appraisal Co., Ltd.	3,110	3,097	3,790	3,770	4.4	3,800	4.2	4.6	2,520
OT-6	Yushima First Genesis Building	Daiwa Real Estate Appraisal Co., Ltd.	2,751	2,698	3,120	3,160	4.2	3,100	4.0	4.4	1,790
OT-7	Miyaji Building	Daiwa Real Estate Appraisal Co., Ltd.	2,880	2,852	3,250	3,240	4.5	3,250	4.3	4.7	2,180
OT-8	36 Sankyo Building	Daiwa Real Estate Appraisal Co., Ltd.	2,395	2,346	2,740	2,770	4.3	2,730	4.1	4.5	1,910
OT-9	Minami-Shinagawa JN Building	Daiwa Real Estate Appraisal Co., Ltd.	2,165	2,180	2,134	2,210	4.5	2,130	4.3	4.7	2,090
OT-10	Minami-Shinagawa N Building	Daiwa Real Estate Appraisal Co., Ltd.	2,292	2,250	2,310	2,410	4.7	2,270	4.5	4.9	2,160
OT-11	Minami-Shinagawa J Building	Daiwa Real Estate Appraisal Co., Ltd.	2,020	1,964	2,240	2,250	4.7	2,230	4.5	4.9	1,390
OT-12	MY Atsugi Building	Chuo Real Estate Appraisal Co., Ltd.	1,240	1,179	1,320	1,460	5.7	1,320	5.5	5.9	906
OT-13	Hachioji SIA Building	Chuo Real Estate Appraisal Co., Ltd.	730	699	820	851	5.3	820	5.1	5.5	684
OT-14	Glass City Motoyoyogi	Japan Real Estate Institute	7,500	7,524	7,860	7,900	4.3	7,810	4.0	4.4	7,670
OT-15	Okachimachi CY Building	Japan Real Estate Institute	2,700	2,759	2,850	2,870	4.3	2,820	4.0	4.4	2,510
OT-16	Daido Life Omiya Building	Chuo Real Estate Appraisal Co., Ltd.	3,000	3,021	3,050	3,140	4.8	3,050	4.6	5.0	2,090
OT-17	Yamagami Building	Daiwa Real Estate Appraisal Co., Ltd.	2,200	2,215	2,250	2,290	4.3	2,230	4.1	4.5	1,780
OO-1	Central Shin-Osaka Building	Daiwa Real Estate Appraisal Co., Ltd.	4,612	4,373	5,350	5,330	4.5	5,360	4.3	4.7	2,390
OO-2	Karasuma Plaza 21	Daiwa Real Estate Appraisal Co., Ltd.	3,700	3,881	3,790	3,760	4.8	3,800	4.6	5.0	7,430
OO-3	Stoke Building Nagoya	Daiwa Real Estate Appraisal Co., Ltd.	2,381	2,413	2,810	2,770	4.8	2,820	4.6	5.0	1,680
OO-4	MY Kumamoto Building	Chuo Real Estate Appraisal Co., Ltd.	1,152	1,115	1,310	1,320	6.1	1,310	5.9	6.3	894
OO-5	Nagoya Fushimi Square Building	Daiwa Real Estate Appraisal Co., Ltd.	4,812	4,836	5,020	5,190	4.7	4,940	4.5	4.9	5,260
OO-6	Daihakata Building	JLL Morii Valuation & Advisory K.K. (Note 3)	10,650	10,707	11,400	11,500	4.5	11,300	4.3	4.7	13,900
R-1	fab Minami-Osawa	Japan Real Estate Institute	4,250	4,043	4,760	4,820	4.8	4,690	4.6	5.0	2,290
R-2	Niigata Higashibori-dori Parking Building	Chuo Real Estate Appraisal Co., Ltd.	432	417	611	599	6.6	611	6.3	6.9	298
Total			80,815	79,869	88,935	90,070	-	88,401	-	-	76,102

(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 2018.

(Note 3) Morii Appraisal & Investment Consulting, Inc. changed its company name to JLL Morii Valuation & Advisory K.K. on April 1, 2018.

## (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	SIA Kanda Square	Office building	Chiyoda-ku, Tokyo	SRC 10F	2007/04	Real estate	5,260.64	6.06%
OT-3	Tachikawa Nishiki-cho Building	Office building	Tachikawa-shi, Tokyo	SRC 8F	1991/06	Real estate trust beneficiary rights	5,629.89	4.51%
OT-4	CP10 Building	Office building	Taito-ku, Tokyo	SRC B1/7F	1989/03	Real estate trust beneficiary rights	3,506.66	3.51%
OT-5	Yokohama AP Building	Office building	Yokohama-shi, Kanagawa	RC B1/8F	1983/05	Real estate trust beneficiary rights	4,326.69	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	Miyaji 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	3,855.84	7.69%
OT-13	Hachioji SIA Building	Office building	Hachioji-shi, Tokyo	SRC 9F	1993/09	Real estate trust beneficiary rights	2,750.70	4.53%
OT-14	Glass City Motoyoyogi	Office building	Shibuya-ku, Tokyo	SRC/RC B2/8F	1992/04	Real estate trust beneficiary rights	7,643.63	7.70%
OT-15	Okachimachi CY 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	Yamagami Building	Office building	Toshima-ku, Tokyo	SRC/RC B2/8F	1991/09	Real estate trust beneficiary rights	2,677.80	6.14%
OO-1	Central Shin-Osaka Building	Office building	Osaka-shi, Osaka	S B1/12F	1992/06	Real estate trust beneficiary rights	9,410.65	12.72%
OO-2	Karasuma Plaza 21	Office building	Kyoto-shi, Kyoto	SRC B1/8F	1986/11	Real estate trust beneficiary rights	8,890.42	5.18%
OO-3	Stoke Building Nagoya	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	3,754.45	5.08%
OO-5	Nagoya Fushimi Square Building	Office building	Nagoya-shi, Aichi	SRC B2/13F	1987/11	Real estate trust beneficiary rights	8,413.10	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%
R-1	fab Minami-Osawa	Retail facility	Hachioji-shi, Tokyo	S 7F	2001/12	Real estate trust beneficiary rights	8,409.23	3.03%
R-2	Niigata Higashibori-dori Parking Building	Retail facility	Niigata-shi, Niigata	S 10F	1993/03	Real estate trust beneficiary rights	8,725.90	6.08%

## (5) Status of Revenue of Each Property

Property no.		OT-2	OT-3	OT-4	OT-5
Property name		SIA Kanda Square	Tachikawa Nishiki-cho Building	CP10 Building	Yokohama AP Building
Acquisition date		October 10, 2013	October 10, 2013	October 10, 2013	October 10, 2013
Acquisition	Acquisition price (million yen)	7,350	3,264	3,229	3,110
	Composition ratio (%)	9.1	4.0	4.0	3.8
	Carrying amount (million yen)	6,832	3,304	3,153	3,097
	Value at end of period (million yen)	8,730	4,000	3,420	3,790
	Composition ratio (%)	9.8	4.5	3.8	4.3
Leasing	Total number of tenants	30	20	7	10
	Total leasable area (m <sup>2</sup> )	5,260.64	5,629.89	3,506.66	4,326.69
	Leased area (m <sup>2</sup> )	5,260.64	5,629.89	3,506.66	4,326.69
	Occupancy rate	100.0%	100.0%	100.0%	100.0%
Operating income (loss)	Number of days under management	181	181	181	181
	① Property-related operating revenue (thousand yen)	155,930	149,242	110,323	118,308
	Lease business revenue	146,525	141,865	97,251	105,843
	Other lease business revenue	9,405	7,377	13,072	12,464
	② Property-related operating expenses (thousand yen)	42,014	43,540	25,225	35,858
	Property management fees	21,753	17,820	8,250	16,824
	Utilities expenses	8,830	10,239	9,079	7,434
	Taxes and public dues	8,350	10,421	6,718	9,646
	Insurance premiums	195	204	106	133
	Repair expenses	2,885	4,354	571	1,319
	Other	—	500	500	500
	③ Leasing NOI (thousand yen)	113,916	105,702	85,097	82,449
	④ Depreciation (thousand yen)	70,377	25,714	15,581	11,942
	⑤ Property-related operating income (loss) [③-④] (thousand yen)	43,538	79,987	69,515	70,507
	⑥ Capital expenditures (thousand yen)	1,527	7,235	669	—
	⑦ Leasing NCF [③-⑥] (thousand yen)	112,389	98,466	84,428	82,449



Property no.		OT-6	OT-7	OT-8	OT-9
Property name		Yushima First Genesis Building	Miyaji Building	36 Sankyo Building	Minami-Shinagawa JN Building
Acquisition date		October 10, 2013	October 10, 2013	October 10, 2013	October 10, 2013
Acquisition	Acquisition price (million yen)	2,751	2,880	2,395	2,165
	Composition ratio (%)	3.4	3.6	3.0	2.7
	Carrying amount (million yen)	2,698	2,852	2,346	2,180
	Value at end of period (million yen)	3,120	3,250	2,740	2,134
	Composition ratio (%)	3.5	3.7	3.1	2.4
Leasing	Total number of tenants	6	7	3	20
	Total leasable area (m <sup>2</sup> )	2,965.49	3,116.49	3,724.17	6,390.33
	Leased area (m <sup>2</sup> )	2,965.49	3,116.49	3,724.17	6,390.33
	Occupancy rate	100.0%	100.0%	100.0%	100.0%
Operating income (loss)	Number of days under management	181	181	181	181
	① Property-related operating revenue (thousand yen)	90,600	114,539	86,696	126,866
	Lease business revenue	84,441	105,315	76,809	119,802
	Other lease business revenue	6,158	9,223	9,886	7,063
	② Property-related operating expenses (thousand yen)	24,420	27,999	23,146	67,384
	Property management fees	7,416	8,937	5,505	16,478
	Utilities expenses	6,031	7,122	7,524	22,074
	Taxes and public dues	7,904	7,660	7,455	9,623
	Insurance premiums	120	107	100	230
	Repair expenses	2,447	3,671	2,060	2,951
	Other	500	500	500	16,024
	③ Leasing NOI (thousand yen)	66,179	86,540	63,549	59,482
	④ Depreciation (thousand yen)	13,315	10,603	8,448	17,190
	⑤ Property-related operating income (loss) [③-④] (thousand yen)	52,864	75,937	55,100	42,292
	⑥ Capital expenditures (thousand yen)	5,075	5,790	—	20,264
	⑦ Leasing NCF [③-⑥] (thousand yen)	61,104	80,750	63,549	39,218

Property no.		OT-10	OT-11	OT-12	OT-13
Property name		Minami-Shinagawa N Building	Minami-Shinagawa J Building	MY Atsugi Building	Hachioji SIA Building
Acquisition date		October 10, 2013	October 10, 2013	October 10, 2013	October 10, 2013
Acquisition	Acquisition price (million yen)	2,292	2,020	1,240	730
	Composition ratio (%)	2.8	2.5	1.5	0.9
	Carrying amount (million yen)	2,250	1,964	1,179	699
	Value at end of period (million yen)	2,310	2,240	1,320	820
	Composition ratio (%)	2.6	2.5	1.5	0.9
Leasing	Total number of tenants	18	10	23	14
	Total leasable area (m <sup>2</sup> )	5,476.73	3,673.61	3,855.84	2,750.70
	Leased area (m <sup>2</sup> )	5,332.20	3,673.61	3,695.61	2,750.70
	Occupancy rate	97.4%	100.0%	95.8%	100.0%
Operating income (loss)	Number of days under management	181	181	181	181
	① Property-related operating revenue (thousand yen)	102,668	97,640	62,300	48,659
	Lease business revenue	95,564	90,635	55,091	44,302
	Other lease business revenue	7,104	7,005	7,209	4,356
	② Property-related operating expenses (thousand yen)	39,454	31,602	29,267	21,262
	Property management fees	6,735	5,799	8,672	9,263
	Utilities expenses	8,654	7,456	7,238	5,826
	Taxes and public dues	9,157	5,662	4,803	4,548
	Insurance premiums	200	127	125	86
	Repair expenses	1,915	3,314	7,926	1,036
	Other	12,790	9,241	500	500
	③ Leasing NOI (thousand yen)	63,214	66,038	33,033	27,397
	④ Depreciation (thousand yen)	14,971	12,473	12,901	5,237
	⑤ Property-related operating income (loss) [③-④] (thousand yen)	48,242	53,565	20,131	22,159
	⑥ Capital expenditures (thousand yen)	10,207	909	5,985	—
	⑦ Leasing NCF [③-⑥] (thousand yen)	53,007	65,129	27,047	27,397

Property no.		OT-14	OT-15	OT-16	OT-17
Property name		Glass City Motoyoyogi	Okachimachi CY Building	Daido Life Omiya Building	Yamagami Building
Acquisition date		September 7, 2016	September 7, 2016	October 25, 2017	October 25, 2017
Acquisition	Acquisition price (million yen)	7,500	2,700	3,000	2,200
	Composition ratio (%)	9.3	3.3	3.7	2.7
	Carrying amount (million yen)	7,524	2,759	3,021	2,215
	Value at end of period (million yen)	7,860	2,850	3,050	2,250
	Composition ratio (%)	8.8	3.2	3.4	2.5
Leasing	Total number of tenants	10	13	15	7
	Total leasable area (m <sup>2</sup> )	7,643.63	2,943.07	3,574.03	2,677.80
	Leased area (m <sup>2</sup> )	7,643.63	2,709.33	3,574.03	2,677.80
	Occupancy rate	100.0%	92.1%	100.0%	100.0%
Operating income (loss)	Number of days under management	181	181	127	127
	① Property-related operating revenue (thousand yen)	231,671	82,644	78,136	47,721
	Lease business revenue	213,351	79,090	72,818	43,076
	Other lease business revenue	18,320	3,553	5,317	4,645
	② Property-related operating expenses (thousand yen)	50,043	27,961	13,065	7,812
	Property management fees	13,558	8,597	6,090	4,336
	Utilities expenses	18,258	6,349	4,985	2,653
	Taxes and public dues	15,615	6,781	0	—
	Insurance premiums	298	112	107	60
	Repair expenses	1,913	5,620	1,564	413
	Other	400	500	316	347
	③ Leasing NOI (thousand yen)	181,628	54,682	65,071	39,909
	④ Depreciation (thousand yen)	22,322	5,634	7,071	4,752
	⑤ Property-related operating income (loss) [③-④] (thousand yen)	159,305	49,048	57,999	35,157
	⑥ Capital expenditures (thousand yen)	—	31,728	764	497
	⑦ Leasing NCF [③-⑥] (thousand yen)	181,628	22,953	64,307	39,412

Property no.		OO-1	OO-2	OO-3	OO-4
Property name		Central Shin-Osaka Building	Karasuma Plaza 21	Stoke Building Nagoya	MY Kumamoto Building
Acquisition date		October 10, 2013	October 10, 2013	October 10, 2013	October 10, 2013
Acquisition	Acquisition price (million yen)	4,612	3,700	2,381	1,152
	Composition ratio (%)	5.7	4.6	2.9	1.4
	Carrying amount (million yen)	4,373	3,881	2,413	1,115
	Value at end of period (million yen)	5,350	3,790	2,810	1,310
	Composition ratio (%)	6.0	4.3	3.2	1.5
Leasing	Total number of tenants	27	12	5	18
	Total leasable area (m <sup>2</sup> )	9,410.65	8,890.42	5,801.80	3,754.45
	Leased area (m <sup>2</sup> )	9,189.52	8,890.42	5,801.80	3,598.08
	Occupancy rate	97.7%	100.0%	100.0%	95.8%
Operating income (loss)	Number of days under management	181	181	181	181
	① Property-related operating revenue (thousand yen)	192,398	198,642	124,165	70,353
	Lease business revenue	171,755	184,786	107,778	65,088
	Other lease business revenue	20,642	13,856	16,386	5,264
	② Property-related operating expenses (thousand yen)	58,994	76,579	37,002	22,297
	Property management fees	21,161	28,198	9,522	8,742
	Utilities expenses	19,471	21,982	10,981	6,880
	Taxes and public dues	16,142	22,700	9,709	4,758
	Insurance premiums	292	290	188	127
	Repair expenses	1,427	2,907	6,100	1,288
	Other	500	500	500	500
	③ Leasing NOI (thousand yen)	133,403	122,063	87,162	48,055
	④ Depreciation (thousand yen)	33,472	20,506	20,318	13,094
	⑤ Property-related operating income (loss) [③-④] (thousand yen)	99,931	101,556	66,844	34,960
	⑥ Capital expenditures (thousand yen)	—	68,649	51,342	—
	⑦ Leasing NCF [③-⑥] (thousand yen)	133,403	53,414	35,819	48,055

Property no.		OO-5	OO-6	R-1	R-2
Property name		Nagoya Fushimi Square Building	Daihakata Building	fab Minami-Osawa (Note)	Niigata Higashibori-dori Parking Building (Note)
Acquisition date		September 7, 2016	October 25, 2017	October 10, 2013	October 10, 2013
Acquisition	Acquisition price (million yen)	4,812	10,650	4,250	432
	Composition ratio (%)	6.0	13.2	5.3	0.5
	Carrying amount (million yen)	4,836	10,707	4,043	417
	Value at end of period (million yen)	5,020	11,400	4,760	611
	Composition ratio (%)	5.6	12.8	5.4	0.7
Leasing	Total number of tenants	48	70	14	1
	Total leasable area (m <sup>2</sup> )	8,413.10	15,430.32	8,409.23	8,725.90
	Leased area (m <sup>2</sup> )	8,306.16	15,430.32	8,409.23	8,725.90
	Occupancy rate	98.7%	100.0%	100.0%	100.0%
Operating income (loss)	Number of days under management	181	127	181	181
	① Property-related operating revenue (thousand yen)	171,431	275,652	(undisclosed)	(undisclosed)
	Lease business revenue	160,849	255,516		
	Other lease business revenue	10,582	20,135		
	② Property-related operating expenses (thousand yen)	50,634	99,418		
	Property management fees	16,907	42,271		
	Utilities expenses	14,967	36,896		
	Taxes and public dues	16,093	—		
	Insurance premiums	360	496		
	Repair expenses	1,805	19,296		
	Other	500	456		
	③ Leasing NOI (thousand yen)	120,796	176,234	126,010	22,730
	④ Depreciation (thousand yen)	16,042	25,089	32,688	4,179
	⑤ Property-related operating income (loss) [③-④] (thousand yen)	104,753	151,145	93,321	18,550
	⑥ Capital expenditures (thousand yen)	23,412	2,567	7,141	—
	⑦ Leasing NCF [③-⑥] (thousand yen)	97,384	173,666	118,869	22,730

(Note) ① Property-related operating revenue and ② Property-related operating expenses of fab Minami-Osawa and Niigata Higashibori-dori Parking Building have not been disclosed because consent for disclosure of property-related operating revenue has not been obtained from the tenants.

Property no.		OT-1	Total
Property name		J Tower (Note)	
Acquisition date		October 10, 2013	—
Acquisition	Acquisition price (million yen)	—	80,815
	Composition ratio (%)	—	100.0
	Carrying amount (million yen)	—	79,869
	Value at end of period (million yen)	—	88,935
	Composition ratio (%)	—	100.0
Leasing	Total number of tenants	—	408
	Total leasable area (m <sup>2</sup> )	—	136,351.64
	Leased area (m <sup>2</sup> )	—	135,328.70
	Occupancy rate	—	99.2%
Operating income (loss)	Number of days under management	35	—
	① Property-related operating revenue (thousand yen)	168,891	3,138,688
	Lease business revenue	135,101	2,840,097
	Other lease business revenue	33,789	298,590
	② Property-related operating expenses (thousand yen)	76,490	1,015,938
	Property management fees	17,253	335,037
	Utilities expenses	36,215	322,493
	Taxes and public dues	12,593	206,716
	Insurance premiums	303	4,624
	Repair expenses	10,029	89,013
	Other	95	58,053
	③ Leasing NOI (thousand yen)	92,400	2,122,749
	④ Depreciation (thousand yen)	42,955	466,887
	⑤ Property-related operating income (loss) [③-④] (thousand yen)	49,445	1,655,861
	⑥ Capital expenditures (thousand yen)	29,492	273,257
	⑦ Leasing NCF [③-⑥] (thousand yen)	62,908	1,849,492

(Note) J Tower was sold as of October 6, 2017.

## (6) Borrowing Status

The following is the status of borrowing of funds from each financial institution as of February 28, 2018.

The following is the status of borrowing of funds from each financial institution as of February 28, 2018.									
	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	Sumitomo Mitsui Banking Corporation	Oct. 10, 2013	4,513,875	—	0.83378	Oct. 10, 2018 (Note 2)	(Note 2)	(Note 5)	Unsecured Unguaranteed
	The Mie Bank, Ltd.		976,500	—					
	Aozora Bank, Ltd.		947,500	—					
	Sumitomo Mitsui Banking Corporation	Oct. 10, 2013	5,649,375	—	1.38226	Oct. 10, 2018 (Note 2)	(Note 2)		
	Kansai Urban Banking Corporation		976,500	—					
	Sumitomo Mitsui Banking Corporation	Oct. 10, 2014	1,481,250	—	1.08473	Oct. 10, 2017 (Note 3)	(Note 3)	(Note 6)	
	Aozora Bank, Ltd.		987,500	—					
	Resona Bank, Limited		1,975,000	—					
	ORIX Bank Corporation		987,500	—					
	Sumitomo Mitsui Banking Corporation	Oct. 10, 2014	1,975,000	—	1.35961	Oct. 13, 2020 (Note 2)	(Note 2)		
	The Mie Bank, Ltd.		987,500	—					
	Sumitomo Mitsui Banking Corporation	Oct. 13, 2015	448,795	—	0.68000	Oct. 10, 2017 (Note 4)	(Note 4)		
	Aozora Bank, Ltd.		992,500	—					
	The Bank of Fukuoka, Ltd.		976,645	—					
	The Mie Bank, Ltd.		595,500	—					
	ORIX Bank Corporation		397,000	—					
	Mizuho Trust & Banking Co., Ltd.	Sep. 7, 2016	1,200,000	1,200,000	0.58096	Sep. 7, 2019	Bullet repayment	(Note 7)	
	Mizuho Bank, Ltd.		1,200,000	1,200,000					
	Sumitomo Mitsui Banking Corporation		750,000	750,000					
	Shinsei Bank Limited		1,500,000	1,500,000					
	Resona Bank, Limited		600,000	600,000					
	The Mie Bank, Ltd.		525,000	525,000					
	The Bank of Fukuoka, Ltd.		150,000	150,000					
	Mizuho Trust & Banking Co., Ltd.	Sep. 7, 2016	400,000	400,000	0.69593	Sep. 7, 2020	Bullet repayment		
	Mizuho Bank, Ltd.		400,000	400,000					
	Sumitomo Mitsui Banking Corporation		250,000	250,000					
	Shinsei Bank Limited		500,000	500,000					
	Resona Bank, Limited		200,000	200,000					
	The Mie Bank, Ltd.		175,000	175,000					
	The Bank of Fukuoka, Ltd.		50,000	50,000					
	Mizuho Trust & Banking Co., Ltd.	Sep. 7, 2016	3,199,000	3,199,000	0.58096	Sep. 7, 2019	Bullet repayment	(Note 6)	
	Mizuho Bank, Ltd.		3,150,000	3,150,000					
	Shinsei Bank Limited		1,500,000	1,500,000					
	Resona Bank, Limited		300,000	300,000					
	Mizuho Trust & Banking Co., Ltd.	Sep. 7, 2016	3,199,000	3,199,000	0.69593	Sep. 7, 2020	Bullet repayment		
	Mizuho Bank, Ltd.		3,150,000	3,150,000					
	Shinsei Bank Limited		1,500,000	1,500,000					
	Resona Bank, Limited		300,000	300,000					

	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	0.44758	Sep. 7, 2020	Bullet repayment	(Note 7)	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	0.56720 (Note 8)	Sep. 7, 2021	Bullet repayment				
	Mizuho Bank, Ltd.		—	182,500							
	Sumitomo Mitsui Banking Corporation		—	3,750,000							
	Aozora Bank, Ltd.		—	562,500							
	Resona Bank, Limited		—	567,500							
	The Mie Bank, Ltd.		—	380,000							
	The Bank of Fukuoka, Ltd.		—	375,000							
	Mizuho Trust & Banking Co., Ltd.	Oct. 25, 2017	—	182,500	0.62750 (Note 8)	Sep. 7, 2022	Bullet repayment				
	Mizuho Bank, Ltd.		—	182,500							
	Sumitomo Mitsui Banking Corporation		—	3,750,000							
	Aozora Bank, Ltd.		—	562,500							
	Resona Bank, Limited		—	567,500							
	The Mie Bank, Ltd.		—	380,000							
	The Bank of Fukuoka, Ltd.		—	375,000							
	Subtotal			49,065,940	40,198,000						
	Total			49,065,940	40,198,000						

(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 entire amount is prepaid on October 25 2017.

(Note 3) Repayment of the principal in installments was completed, with the first repayment on April 10, 2015 and subsequent repayments on each of the 10th of every April and October thereafter, until repayment of the remaining balance of principal on October 10, 2017.

(Note 4) Repayment of the principal in installments was completed, with the first repayment on April 10, 2016 and subsequent repayments on each of the 10th of every April and October thereafter, until repayment of the remaining balance of principal on October 10, 2017.

(Note 5) The intended use of the funds is to allocate the funds to part of the funds for acquisition of real estate and real estate trust beneficiary rights, as well as related costs.

(Note 6) The funds are allotted to part of the funds for repaying existing borrowings.

(Note 7) The intended use of the funds is to allocate the funds to part of the funds for acquisition of real estate trust beneficiary rights, as well as related costs.

(Note 8) Interest rate swap transactions have been conducted to avoid interest rate fluctuation risks and the indicated interest rates take into account the effect of such transactions.