



One REIT

Semi-Annual Report for the 16th Fiscal Period

from March 1, 2021 to August 31, 2021

To Our Unitholders

One REIT, Inc.
Executive Director

Hirofumi Nabeyama



We would like to express our sincere gratitude for your continued excellent support.

We are pleased to report on the management status of One REIT for the 16th fiscal period (fiscal period ended August 2021).

One REIT amended, at its general meeting of unitholders held on May 25, 2021, its Articles of Incorporation to exclude retail properties from its main investment target for the purpose of aiming to build a portfolio that seeks, more than ever, both the securement of stable income and growth over the medium to long term. In addition, One REIT transferred three properties (Yushima First Genesis Building, 36 Sankyo Building and fab Minami-Osawa) on March 26, 2021, while acquiring three properties (D'sVARIE HONGO BLDG, MSB-21 Minami-Otsuka Building and D'sVARIE KANDA BLDG) on March 30, 2021, as asset replacement to achieve qualitative improvement of its portfolio.

Furthermore, One REIT conducted leasing activities focused on maintenance and improvement of occupancy rates, such as the flexible setting of new asking rents based on market trends as well as the realization of optimum property management costs that takes into account tenant needs and the characteristics of respective properties. As such, One REIT endeavored to enhance its leasing business revenue.

As a result, One REIT's assets as of the end of the fiscal period under review comprised a portfolio totaling 25 properties (total acquisition price: 104,270 million yen; silent partnership equity interest is not included), a total leasable area of 152,934.87 m² and an end-of-period occupancy rate of 99.2%.

Concerning distributions, One REIT decided to distribute almost the entire amount of unappropriated retained earnings after deducting 611 million yen of reversal of allowance for temporary difference adjustments and the amount that was internally reserved in the previous fiscal period and before due to the gain on sale of real estate properties. As a result, One REIT declared distribution per investment unit of 7,546 yen.

We will aim to maximize unitholder value through continued full utilization of sponsor support and pursuit of “continuous growth of distributions” and “disciplined external growth while considering the portfolio and financial structure.”

We appreciate your continued support and patronage.

Overview of Asset Management

1. Change in Management Status and Other Management Results

Fiscal Period		12th fiscal period	13th fiscal period	14th fiscal period	15th fiscal period	16th fiscal period
		From: Mar. 1, 2019 To: Aug. 31, 2019	From: Sep. 1, 2019 To: Feb. 29, 2020	From: Mar. 1, 2020 To: Aug. 31, 2020	From: Sep. 1, 2020 To: Feb. 28, 2021	From: Mar. 1, 2021 To: Aug. 31, 2021
Operating revenue	(million yen)	4,046	4,227	4,167	4,060	4,889
Property-related operating revenue	(million yen)	4,046	4,086	4,026	4,060	4,008
Operating expenses	(million yen)	2,089	2,074	1,986	2,786	2,011
Property-related operating expenses	(million yen)	1,758	1,736	1,662	1,665	1,633
Operating profit	(million yen)	1,956	2,152	2,181	1,274	2,878
Ordinary profit	(million yen)	1,696	1,892	1,918	1,023	2,613
Net income	(million yen)	1,696	1,891	1,917	1,022	2,612
Total assets	(million yen)	111,633	111,266	111,173	110,403	113,808
(Period-on-period comparison)	(%)	+0.7	(0.3)	(0.1)	(0.7)	+3.1
Interest-bearing liabilities	(million yen)	51,698	50,824	50,824	50,824	53,674
Net assets	(million yen)	53,040	53,238	53,263	52,368	53,156
(Period-on-period comparison)	(%)	+0.0	+0.4	+0.0	(1.7)	+1.5
Unitholders' capital ^(Note 3)	(million yen)	51,154	51,154	51,154	51,154	51,154
Total number of investment units issued and outstanding	(units)	239,908	239,908	239,908	239,908	239,908
Net assets per unit	(yen)	221,088	221,912	222,017	218,284	221,570
Total distributions	(million yen)	1,694	1,892	1,917	1,824	1,810
Distribution payout ratio ^(Note 4, 6)	(%)	99.8	100.0	99.9	118.6	69.2
Distribution per unit	(yen)	7,062	7,889	7,994	7,605	7,546
Distribution per unit of earnings	(yen)	7,062	7,889	7,994	5,057	7,546
Distribution per unit in excess of earnings ^(Note 5)	(yen)	—	—	—	2,548	—
Ratio of ordinary profit to total assets ^(Note 6)	(%)	1.5	1.7	1.7	0.9	2.3
(Annualized) ^(Note 2)	(%)	3.0	3.4	3.4	1.9	4.6
Return on equity ^(Note 6)	(%)	3.2	3.6	3.6	1.9	5.0
(Annualized) ^(Note 2)	(%)	6.3	7.2	7.1	3.9	9.8
Equity ratio ^(Note 6)	(%)	47.5	47.8	47.9	47.4	46.7
(Period-on-period variation)		(0.3)	+0.3	+0.1	(0.5)	(0.7)
Loan to value (LTV)	(%)	46.3	45.7	45.7	46.0	47.2
<Reference Information>						
Number of properties at end of period	(Properties)	26	26	25	25	25
Total number of tenants at end of period	(Properties)	505	507	478	481	489
Total leasable area at end of period	(m ²)	160,888.20	161,731.88	157,752.34	157,709.84	152,934.87
Occupancy rate at end of period	(%)	98.9	98.6	98.8	98.7	99.2
Depreciation during period	(million yen)	495	501	497	506	504
Capital expenditures during period	(million yen)	322	340	390	570	346
Leasing NOI ^(Note 6)	(million yen)	2,782	2,851	2,862	2,900	2,878
Leasing NCF ^(Note 6)	(million yen)	2,460	2,510	2,471	2,330	2,532

- (Note 1) The operating periods of One REIT are the six-month periods from March 1 to August 31 and from September 1 to February 28 (29 in leap years) of the following year.
- (Note 2) Annualization is based on 365 days for a year, and calculated by using operating periods of 184 days for 12th fiscal period, 182 days for 13th fiscal period, 184 days for 14th fiscal period, 181 days for 15th fiscal period and 184 days for 16th fiscal period. Furthermore, annualization is based on 366 days a year for operating period of 13th fiscal period.
- (Note 3) Unitholders' capital does not consider the variation of unitholders' capital with the execution of distribution in excess of earnings regarding allowance for temporary difference adjustments. The same hereinafter.
- (Note 4) Distribution payout ratio is rounded down to the first decimal place.
- (Note 5) Distribution in excess of earnings for the fiscal period ended February 2021 is from allowance for temporary difference adjustments.
- (Note 6) It is calculated based on the following formula.

Distribution payout ratio	$\text{Total distributions (excluding distribution exceeding earnings)} \div \text{net income} \times 100$
Ratio of ordinary profit to total assets	$\text{Ordinary profit} \div \{(\text{total assets at beginning of period} + \text{total assets at end of period}) \div 2\} \times 100$
Return on equity	$\text{Net income} \div \{(\text{net assets at beginning of period} + \text{net assets at end of period}) \div 2\} \times 100$
Equity ratio	$\text{Net assets at end of period} \div \text{total assets at end of period} \times 100$
Leasing NOI	$\text{Property-related operating revenue} - \text{property-related operating expenses} + \text{depreciation}$
Leasing NCF	$\text{Leasing NOI} - \text{capital expenditures}$

2. Asset Management for 16th fiscal period

1) 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, etc., aiming to construct a portfolio that both ensures stable income in the medium to long term and exhibits growth potential. Furthermore, One REIT strives for further growth with the aim of maximizing unitholder value under the basic policies of “continuous growth of distributions” and “disciplined external growth while considering the portfolio and financial structure,” alongside obtaining various support in terms of property acquisition, management, and financial aspects from our sponsor, Mizuho Trust & Banking Co., Ltd., which has an abundant track record in the Japanese real estate market.

The Investment Corporation was incorporated, pursuant to the Act on Investment Trusts and Investment Corporations (hereinafter the “Investment Trust Act”), on June 25, 2013, with the Asset Management Company as the organizer and listed on the J-REIT section of the Tokyo Stock Exchange (securities code: 3290) on October 9, 2013. With public offering, etc. that followed, the total number of investment units issued and outstanding as of the end of the period under review stands at 239,908.

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

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

2) Management Results

In the fiscal period under review (fiscal period ended August 2021 (16th fiscal period)), the economic environment was severe both in Japan and abroad due to the impact of COVID-19 but trends for a pick-up is continuing as the vaccination has proceeded while measures to prevent the spread of COVID-19 were taken. However, it is still difficult to predict the end of the pandemic considering factors including the highest number of new daily

infections in Tokyo has been recorded in August 2021.

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

One REIT has made partial amendments to the Articles of Incorporation to exclude retail facilities from the main investment targets at its general meeting of unitholders held on May 25, 2021 for the purpose of aiming to construct a portfolio that both ensures stable income in the medium to long term and exhibits growth potential more than ever before. In addition, as asset replacements to improve portfolio quality, One REIT transferred three properties (Yushima First Genesis Building, 36 Sankyo Building, and fab Minami-Osawa) on March 26, 2021, and acquired three properties (D'sVARIE HONGO BLDG, MSB-21 Minami-Otsuka Building, and D'sVARIE KANDA BLDG) on March 30, 2021.

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

As a result, One REIT's portfolio as of the end of the fiscal period ended August 2021 comprised a total of 25 properties (total acquisition price: 104,270 million yen; not including silent partnership equity interest) with a total leasable area of 152,934.87 m², and the occupancy rate as of the end of the fiscal period ended August 2021 was 99.2%.

(Reference)

One REIT acquired six properties (Kuramochi Building Daiichi, REID-C Chiba Ekimae Building, Shinkawa 1-chome Building, Hakozaki 314 Building, Aperto Higashi-Nakano Building and Daido Life Mito Building; total acquisition price of 15,657 million yen) on September 24, 2021. Through these acquisitions, One REIT sought to improve the quality of portfolio through tenant diversification and stabilizing the revenue base.

3) Financing

In 16th fiscal period, One REIT procured 2,850 million yen through syndicated loans arranged by Mizuho Trust & Banking Co., Ltd. and Mizuho Bank, Ltd. on March 30, 2021 and used the funds for the acquisition and ancillary costs of D'sVARIE HONGO BLDG, MSB-21 Minami-Otsuka Building and D'sVARIE KANDA BLDG.

As a result, as of August 31, 2021, the balance of interest-bearing liabilities was 53,674 million yen and the ratio of interest-bearing liabilities to total assets (LTV) was 47.2%.

4) Business Performance and Distributions

As a result of the management described above, business performance in the fiscal period ended August 2021, was operating revenue of 4,889 million yen, operating profit of 2,878 million yen, ordinary profit of 2,613 million yen and net income of 2,612 million yen.

One REIT decided to distribute almost the entire amount of unappropriated retained earnings after deducting the amount internally reserved in or before the previous fiscal period with reversal of allowance for temporary difference adjustments (611 million yen) and accrual of gain on sale of real estate properties in a manner that the maximum amount of distributions of earnings would be included in deductible expenses by application of the special provisions for taxation on investment corporations (Article 67-15 of the Act on Special Measures Concerning Taxation).

As a result, One REIT declared distribution per investment unit of 7,546 yen.

3. Status of Additional Offering

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	Remarks	Total number of investment units issued and outstanding (units)		Unitholders' capital (million yen)		Note
		Increase (Decrease)	Balance	Increase (Decrease)	Balance	
June 25, 2013	Incorporation through private placement	400	400	200	200	(Note 1)
Oct. 8, 2013	Capital increase through public offering	74,700	75,100	32,438	32,638	(Note 2)
Sep. 6, 2016	Capital increase through public offering	18,900	94,000	7,139	39,777	(Note 3)
Oct. 5, 2016	Capital increase by way of third-party allotment	649	94,649	245	40,022	(Note 4)
Mar. 1, 2017	Split of Investment units	94,649	189,298	–	40,022	(Note 5)
Sep. 20, 2018	Capital increase through public offering	48,200	237,498	10,601	50,624	(Note 6)
Oct. 17, 2018	Capital increase by way of third-party allotment	2,410	239,908	530	51,154	(Note 7)

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

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

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

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

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

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

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

4. Cash Distributions

One REIT decided to distribute the maximum integral multiple amounts (1,810,345,768 yen) of investment units outstanding (239,908 units) as distribution of earnings in an amount that do not exceed the amount of unappropriated retained earnings after deducting the amount internally reserved in or before the previous fiscal period with reversal of allowance for temporary difference adjustments (611,285,584 yen) and accrual of gain on sale of real estate properties in a manner that the maximum amount of distributions of earnings would be included in deductible expenses by application of the special provisions for taxation on investment corporations (Article 67-15 of the Act on Special Measures Concerning Taxation).

As a result, One REIT declared distribution per investment unit of 7,546 yen.

5. Future Management Policy and Challenges to Address

1) Future Investment Environment

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

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

2) Future Management Policy and Challenges to Address

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

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

(a) External Growth

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

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

(Note) “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.

(b) Internal Growth

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

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

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

6. Subsequent Material Events

Issuance of New Investment Units

One REIT has resolved at the board of directors’ meetings held on September 8, 2021 and September 15, 2021 to issue new investment units, and payment for issuance of new investment units through public offering completed on September 22, 2021 and payment for issuance of new investment units by way of third-party allotment completed on October 15, 2021. As a result, the unitholders’ capital is 59,164 million yen and the number of investment units issued and outstanding is 268,468 units as of October 15, 2021.

The proceeds from the issuance of new investment units through public offering was used for part of acquisition funds for assets acquired as of September 24, 2021. In addition, the proceeds from the issuance of new investment units by way of third-party allotment will be kept as cash on hand and be deposited in financial institutions until the outlay, and are scheduled to be used for part of future acquisition funds of specified assets or part of repayment of borrowings in the future.

a. Issuance of New Investment Units through Public Offering

Number of investment units offered	27,200 units
Issue price (offer price)	289,965 yen per unit
Total issue amount (offer price)	7,887,048,000 yen
Paid-in amount (issue value)	280,448 yen per unit
Total paid-in amount (issue value)	7,628,185,600 yen
Payment date	Sep. 22, 2021

b. Issuance of New Investment Units by Way of Third-Party Allotment

Number of investment units offered	1,360 units
Paid-in amount (issue value)	280,448 yen per unit
Total paid-in amount (issue value)	381,409,280 yen
Allottee	Mizuho Securities Co., Ltd.
Payment date	Oct. 15, 2021

Status of Assets under Management

1. Asset Composition

Type of asset	Use of asset	Region ^(Note 1)	15th fiscal period (February 28, 2021)		16th fiscal period (August 31, 2021)	
			Total amount held	As a percentage of	Total amount held	As a percentage of
			(million yen) ^(Note 2)	total assets (%) ^(Note 3)	(million yen) ^(Note 2)	total assets (%) ^(Note 3)
Real estate	Office building	Tokyo metropolitan area	6,456	5.8	6,405	5.6
	Office buildings subtotal		6,456	5.8	6,405	5.6
Real estate total			6,456	5.8	6,405	5.6
Real estate in trust	Office building	Tokyo metropolitan area	54,508	49.4	61,019	53.6
		Ordinance-designated cities, etc.	36,267	32.9	36,248	31.9
	Office buildings subtotal		90,776	82.2	97,268	85.5
	Retail facility	Tokyo metropolitan area	3,161	2.9	—	—
	Retail facilities subtotal		3,161	2.9	—	—
Real estate in trust total			93,937	85.1	97,268	85.5
Investment securities ^(Note 4)			38	0.0	38	0.0
Deposits and other assets			9,970	9.0	10,095	8.9
Total assets			110,403	100.0	113,808	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 the first decimal place

(Note 4) “Investment securities” is the silent partnership equity interest pertaining to a silent partnership having Kagurazaka Kogyo GK as the operator and the silent partnership equity interest pertaining to a silent partnership having ONE Bridge Fund S GK as the operator.

2. Major Assets Owned by One REIT

The following is an overview of major assets (ten largest properties by book value at end of period) owned by One REIT as of August 31, 2021.

Name of real estate, etc.	Book value (million yen)	Leasable area (m ²)	Leased area (m ²)	Occupancy rate (%)	As a percentage of total property-related operating revenue (%) (Note)	Major use
Daihakata Building	10,658	15,458.26	15,215.88	98.4	10.4	Office
Tokyo Parkside Building	10,537	12,920.17	12,920.17	100.0	9.5	Office
Higobashi Center Building	9,355	15,912.15	15,400.60	96.8	9.2	Office
ONEST Motoyoyogi Square	7,547	7,645.14	7,645.14	100.0	6.2	Office
ONEST Kanda Square	6,405	5,261.34	5,261.34	100.0	4.9	Office
D'sVARIE HONGO BLDG	5,464	4,468.06	4,468.06	100.0	2.7	Office
Nagoya Fushimi Square Building	4,823	8,421.46	8,421.46	100.0	4.8	Office
ONEST Nishi-Gotanda Square	4,744	4,249.00	4,249.00	100.0	2.9	Office
ONEST Shin-Osaka Square	4,205	9,418.89	9,418.89	100.0	5.4	Office
MSB-21 Minami-Otsuka Building	3,933	4,123.03	4,123.03	100.0	2.3	Office
Total	67,675	87,877.50	87,123.57	99.1	58.3	

(Note) "As a percentage of total property-related operating revenue" is calculated by rounding to the first decimal place

3. Itemized Portfolio Assets

1) Itemization of Real Estate, etc. Portfolio Assets

The following is an overview of the real estate, etc. owned by One REIT as of August 31, 2021.

Name of real estate, etc.	Location	Type of ownership	Leasable area (m ²)	Appraisal value at end of period (million yen) (Note)	Book value at end of period (million yen)
OT-2 ONEST Kanda Square	17 Kanda Konyacho, Chiyoda-ku, Tokyo	Real estate	5,261.34	9,090	6,405
OT-3 Tachikawa Nishiki-cho Building	1-8-7 Nishikicho, Tachikawa-shi, Tokyo	Real estate trust beneficiary rights	5,623.36	4,170	3,138
OT-5 ONEST Yokohama Nishiguchi Building	2-6-1 Kitasaiwai, Nishi-ku, Yokohama-shi, Kanagawa Prefecture	Real estate trust beneficiary rights	4,326.68	3,870	3,087
OT-7 ONEST Nakano Building	1-11-2 Arai, Nakano-ku, Tokyo	Real estate trust beneficiary rights	3,116.49	3,410	2,828
OT-9 Minami-Shinagawa JN Building	2-2-13 Minami-Shinagawa, Shinagawa-ku, Tokyo	Real estate trust beneficiary rights	6,390.33	2,214	2,149
OT-10 Minami-Shinagawa N Building	2-2-10 Minami-Shinagawa, Shinagawa-ku, Tokyo	Real estate trust beneficiary rights	5,476.73	2,460	2,156
OT-11 Minami-Shinagawa J Building	2-2-7 Minami-Shinagawa, Shinagawa-ku, Tokyo	Real estate trust beneficiary rights	3,673.60	2,450	1,924
OT-13 Hachioji SIA Building	10-2 Yokoyama-cho, Hachioji-shi, Tokyo	Real estate trust beneficiary rights	2,750.63	865	690
OT-14 ONEST Motoyoyogi Square	30-13 Motoyoyogicho, Shibuya-ku, Tokyo	Real estate trust beneficiary rights	7,645.14	8,640	7,547

Status of Assets under Management

Name of real estate, etc.		Location	Type of ownership	Leasable area (m ²)	Appraisal value at end of period (million yen) ^(Note)	Book value at end of period (million yen)
OT-15	ONEST Ueno Okachimachi Building	5-15-14 Ueno, Taito-ku, Tokyo	Real estate trust beneficiary rights	2,943.07	2,960	2,768
OT-16	Daido Life Omiya Building	1-23-1 Kishiki-cho, Omiya-ku, Saitama-shi, Saitama Prefecture	Real estate trust beneficiary rights	3,574.03	3,250	3,121
OT-17	ONEST Ikebukuro East Building	3-12-2 Higashi Ikebukuro, Toshima-ku, Tokyo	Real estate trust beneficiary rights	2,677.80	2,360	2,225
OT-18	Crescendo Building	2-3-4 Shin-yokohama Kohoku-ku, Yokohama-shi, Kanagawa Prefecture	Real estate trust beneficiary rights	4,355.08	2,550	2,564
OT-19	Tokyo Parkside Building	5-8-40 Kiba Koto-ku, Tokyo	Real estate trust beneficiary rights	12,920.17	11,300	10,537
OT-20	ONEST Nishi-Gotanda Square	7-24-5 Nishi-Gotanda Shinagawa-ku, Tokyo	Real estate trust beneficiary rights	4,249.00	5,110	4,744
OT-21	D'sVARIE HONGO BLDG	1-24-1 Hongo Bunkyo-ku, Tokyo	Real estate trust beneficiary rights	4,468.06	5,440	5,464
OT-22	MSB-21 Minami-Otsuka Building	2-37-5 Minami-Otsuka, Toshima-ku, Tokyo	Real estate trust beneficiary rights	4,123.03	3,950	3,933
OT-23	D'sVARIE KANDA BLDG	4 Kanda Nishifukuda-cho, Chiyoda-ku, Tokyo	Real estate trust beneficiary rights	1,698.24	2,140	2,135
OO-1	ONEST Shin-Osaka Square	4-5-36 Miyahara, Yodogawa-ku, Osaka-shi, Osaka Prefecture	Real estate trust beneficiary rights	9,418.89	6,310	4,205
OO-2	Karasuma Plaza 21	634 Shichikannon-cho, Karasuma-dori Rokkaku Sagaru, Nakagyo-ku, Kyoto-shi, Kyoto Prefecture	Real estate trust beneficiary rights	8,893.59	4,090	3,867
OO-3	ONEST Nagoya Nishiki Square	1-8-6 Nishiki, Naka-ku, Nagoya-shi, Aichi Prefecture	Real estate trust beneficiary rights	5,801.80	3,570	2,291
OO-4	MY Kumamoto Building	1-7 Hanabata-cho, Chuo-ku, Kumamoto-shi, Kumamoto Prefecture	Real estate trust beneficiary rights	3,755.94	1,300	1,047
OO-5	Nagoya Fushimi Square Building	1-13-26 Nishiki, Naka-ku, Nagoya-shi, Aichi Prefecture	Real estate trust beneficiary rights	8,421.46	5,250	4,823
OO-6	Daihakata Building	2-20-1 Hakataekimae, Hakata-ku, Fukuoka-shi, Fukuoka Prefecture	Real estate trust beneficiary rights	15,458.26	11,900	10,658
OO-7	Higobashi Center Building	1-9-1 Edobori, Nishi-ku, Osaka-shi, Osaka Prefecture	Real estate trust beneficiary rights	15,912.15	10,400	9,355
Total				152,934.87	119,049	103,673

(Note) Appraisal values of each property is entrusted to The Tanizawa Sogo Appraisal Co., Ltd., Daiwa Real Estate Appraisal Co., Ltd., Chuo Real Estate Appraisal Co., Ltd., Japan Real Estate Institute and JLL Morii Valuation & Advisory K.K., and "Appraisal value at end of period" is the value as of August 31, 2021 described in each real estate appraisal report.

The following is the status of leasing of real estate, etc. owned by One REIT.

Name of real estate, etc.		15th fiscal period (September 1, 2020, to February 28, 2021)				16th fiscal period (March 1, 2021, to August 31, 2021)			
		Total number of tenants [as of end of period]	Occupancy rate [as of end of period]	Property- related operat- ing revenue [during period]	As a percentage of total proper- ty-related operat- ing revenue (%) ^(Note 1)	Total number of tenants [as of end of period]	Occupancy rate [as of end of period]	Property- related operat- ing revenue [during period]	As a percentage of total proper- ty-related operat- ing revenue (%) ^(Note 1)
		(Properties)	(%)	(million yen)	(%) ^(Note 1)	(Properties)	(%)	(million yen)	(%) ^(Note 1)
OT-2	ONEST Kanda Square	29	99.1	205	5.1	30	100.0	195	4.9
OT-3	Tachikawa Nishiki-cho Building	18	96.9	147	3.6	18	96.8	146	3.7
OT-5	ONEST Yokohama Nishiguchi Building	10	100.0	133	3.3	10	100.0	135	3.4
OT-6	Yushima First Genesis Building ^(Note 2)	7	100.0	87	2.2	—	—	11	0.3
OT-7	ONEST Nakano Building	7	100.0	115	2.8	7	100.0	114	2.9
OT-8	36 Sankyo Building ^(Note 2)	3	76.0	93	2.3	—	—	9	0.2
OT-9	Minami-Shinagawa JN Building	20	100.0	129	3.2	20	100.0	133	3.3
OT-10	Minami-Shinagawa N Building	19	100.0	112	2.8	19	100.0	113	2.8
OT-11	Minami-Shinagawa J Building	12	100.0	101	2.5	12	100.0	100	2.5
OT-13	Hachioji SIA Building	12	100.0	43	1.1	12	97.9	45	1.1
OT-14	ONEST Motoyoyogi Square	9	100.0	244	6.0	8	100.0	248	6.2
OT-15	ONEST Ueno Okachimachi Building	13	100.0	90	2.2	13	100.0	91	2.3
OT-16	Daido Life Omiya Building	14	97.8	115	2.8	15	100.0	115	2.9
OT-17	ONEST Ikebukuro East Building	7	100.0	70	1.7	7	100.0	71	1.8
OT-18	Crescendo Building	30	100.0	88	2.2	30	100.0	89	2.2
OT-19	Tokyo Parkside Building	14	100.0	359	8.9	14	100.0	379	9.5
OT-20	ONEST Nishi-Gotanda Square	9	86.5	130	3.2	11	100.0	116	2.9
OT-21	D'sVARIE HONGO BLDG	—	—	—	—	7	100.0	109	2.7
OT-22	MSB-21 Minami-Otsuka Building	—	—	—	—	14	100.0	93	2.3
OT-23	D'sVARIE KANDA BLDG	—	—	—	—	7	86.7	40	1.0
OO-1	ONEST Shin-Osaka Square	28	100.0	215	5.3	28	100.0	216	5.4
OO-2	Karasuma Plaza 21	12	100.0	207	5.1	12	100.0	209	5.2
OO-3	ONEST Nagoya Nishiki Square	5	100.0	145	3.6	5	100.0	147	3.7
OO-4	MY Kumamoto Building	18	97.9	74	1.8	19	100.0	76	1.9
OO-5	Nagoya Fushimi Square Building	46	100.0	191	4.7	46	100.0	190	4.8
OO-6	Daihakata Building	63	98.2	405	10.0	64	98.4	418	10.4
OO-7	Higobashi Center Building	62	99.9	367	9.0	61	96.8	368	9.2
R-1	fab Minami-Osawa ^(Note 2)	14	100.0	186	4.6	—	—	21	0.5
Total		481	98.7	4,060	100.0	489	99.2	4,008	100.0

(Note 1) “As a percentage of total property-related operating revenue” is calculated by rounding to the first decimal place

(Note 2) Yushima First Genesis Building, 36 Sankyo Building, and fab Minami-Osawa were transferred on March 26, 2021.

2) Itemization of Securities Portfolio Assets

The following is an overview of the securities owned by One REIT as of August 31, 2021.

Name of asset	Type of asset	Amount	Book value (million yen)		Appraisal value (million yen) ^(Note 1)		Valuation profit and loss (million yen)	Note
			Unit price	Amount	Unit price	Amount		
Silent partnership equity interest with Kagurazaka Kogyo GK as the operator ^(Note 2)	Silent partnership equity interest	–	–	17	–	17	–	–
Silent partnership equity interest with ONE Bridge Fund S GK as the operator ^(Note 3)	Silent partnership equity interest	–	–	20	–	20	–	–
Total		–	–	38	–	38	–	–

(Note 1) “Appraisal value” is book value.

(Note 2) Assets under management is a real estate trust beneficiary rights in trust assets of Kagurazaka Plaza Building.

(Note 3) Assets under management is a real estate trust beneficiary rights in trust assets of Shinkawa 1-chome Building and Hakozaiki 314 Building.

4. Status of Contract Amount, etc. and Fair Value of Specified Transactions

The following is the status of contract amount, etc. and fair value of specified transactions by One REIT as of August 31, 2021.

Term	Type	Contract amount, etc. (million yen)		Fair value (million yen) ^(Note 2)
		^(Note 1)	Due after one year	
Transaction other than market transaction	Interest rate swap transactions (receivable floating interest rates and payable fixed interest rates)	39,324	33,324	–
Total		39,324	33,324	–

(Note 1) Contract amount, etc. of interest swap agreement is based on notional principal.

(Note 2) Fair value is omitted as the transaction meets the requirements for special treatment of the financial instruments accounting standards.

5. Status of Other Assets

Real estates, trust beneficiary rights in trust assets mainly of real estate, etc. is included in “3. Itemized Portfolio Assets” above. There are no additional specified assets that are main investment targets of One REIT other than those listed in “3. Itemized Portfolio Assets” above.

6. Status of Assets Owned by Counties and Regions

One REIT do not own assets in countries and regions other than Japan.

Capital Expenditures of Owned Real Estate

1. Schedule of Capital Expenditures

The following is the major capital expenditures arising from renovation work, etc. planned for the 17th fiscal period (ending February 2022) for real estate and real estate in trust for real estate trust beneficiary rights held by One REIT. Part of the expected cost of work may be categorized under expenses in accounting in the end.

Name of real estate, etc.	Location	Purpose	Scheduled period	Expected cost of work (thousand yen)		
				Total amount	Amount of payment during period	Amount already paid
Tokyo Parkside Building	Koto Ward, Tokyo	Renewal of No. 1 and No. 2 passenger elevators (phase I of two phase work)	From: Dec. 1, 2021 To: Feb. 28, 2022	86,355	—	—
Higobashi Center Building	Osaka City, Osaka	Upgrading of tenant security system	From: Dec. 1, 2021 To: Feb. 28, 2022	30,300	—	—
Higobashi Center Building	Osaka City, Osaka	Upgrading of disaster prevention system (phase I of three-phase work)	From: Nov. 1, 2021 To: Jan. 31, 2022	29,290	—	—
ONEST Yokohama Nishiguchi Building	Yokohama City, Kanagawa	Renovation of external wall (north side)	From: Nov. 1, 2021 To: Jan. 31, 2022	23,533	—	—
Higobashi Center Building	Osaka City, Osaka	Upgrading of packaged air-conditioner (individual air-conditioning system) (phase VI of eight-phase work)	From: Sep. 1, 2021 To: Oct. 31, 2021	20,200	—	—
Tokyo Parkside Building	Koto Ward, Tokyo	Renewal of cargo elevator	From: Nov. 1, 2021 To: Jan. 31, 2022	19,000	—	—
D'sVARIE HONGO BLDG	Bunkyo Ward, Tokyo	Renovation of common space of third floor	From: Nov. 1, 2021 To: Jan. 31, 2022	19,240	—	—
Nagoya Fushimi Square Building	Nagoya City, Aichi	Renovation of external wall (east side)	From: Nov. 1, 2021 To: Jan. 31, 2022	14,675	—	—
Higobashi Center Building	Osaka City, Osaka	Upgrading of air-handling unit (systems for north leasing room portion on the first and second floors)	From: Sep. 26, 2021 To: Dec. 25, 2021	14,140	—	—
ONEST Nakano Building	Nakano Ward, Tokyo	Installation of LED lighting throughout the building (phase II of two-phase work)	From: Nov. 1, 2021 To: Jan. 31, 2022	11,110	—	—

2. Capital Expenditures during the Fiscal Period

The following is the summary of properties which had major work that constitutes capital expenditures implemented during the fiscal period under review (the fiscal period ended August 2021). Capital expenditures for the fiscal period under review amounted to 346,745 thousand yen for the entire portfolio; and when combined with 97,225 thousand yen recorded under repair expenses, the total amount of work implemented comes to 443,971 thousand yen.

Name of real estate, etc.	Location	Purpose	Period	Cost of work (thousand yen)
Karasuma Plaza 21	Kyoto City, Kyoto	Replacement of main chain at No. 2 multistory parking (phase II of four-phase work)	From: Jul. 19, 2021 To: Aug. 4, 2021	27,878
Higobashi Center Building	Osaka City, Osaka	Maintenance of tower parking (phase I of ten-phase work)	From: Aug. 12, 2021 To: Aug. 26, 2021	20,182
Higobashi Center Building	Osaka City, Osaka	Upgrading of packaged air-conditioner (individual air-conditioning system) (phase V of eight-phase work)	From: Feb. 15, 2021 To: May 24, 2021	17,423
Daido Life Omiya Building	Saitama City, Saitama	Partial upgrading of packaged air-conditioning system (phase V of six-phase work)	From: Feb. 20, 2021 To: Mar. 29, 2021	17,352
Higobashi Center Building	Osaka City, Osaka	Upgrading of air-handling unit (systems for retail portion on the B1 floor)	From: Dec. 1, 2020 To: May 24, 2021	16,771
Hachioji SIA Building	Hachioji City, Tokyo	Renovation of elevator	From: Jun. 24, 2021 To: Jul. 29, 2021	16,543
Minami-Shinagawa J Building	Shinagawa Ward, Tokyo	Renovation of external wall (east side)	From: May 12, 2021 To: Jul. 30, 2021	15,049
Minami-Shinagawa J Building	Shinagawa Ward, Tokyo	Centrifugal chiller overhaul and tube cleaning (R-1)	From: Jun. 4, 2021 To: Jul. 19, 2021	13,805
Nagoya Fushimi Square Building	Nagoya City, Aichi	Renovation of external wall (west side)	From: Apr. 10, 2021 To: Jul. 21, 2021	13,433
		Others		188,304
		Total		346,745

Status of Acquisition and Sales during the Fiscal Period

1. Status of Acquisition and Sales of Real Estate and Asset-Backed Securities, etc. Infrastructure Assets and Infrastructure-Related Assets

Type of asset	Name of real estate, etc.	Acquisition		Transfer date	Transfer		
		Acquisition date	Acquisition price (million yen) (Note 1)		Transfer price (million yen) (Note 1)	Book value (million yen)	Gain or loss on sale (million yen)
Trust beneficiary rights	Yushima First Genesis Building	—	—	Mar. 26, 2021		2,645	
Trust beneficiary rights	36 Sankyo Building	—	—	Mar. 26, 2021	9,390 (Note 2)	2,310	879 (Note 3)
Trust beneficiary rights	fab Minami-Osawa	—	—	Mar. 26, 2021		3,162	
Trust beneficiary rights	D'sVARIE HONGO BLDG	Mar. 30, 2021	5,406	—	—	—	—
Trust beneficiary rights	MSB-21 Minami-Otsuka Building	Mar. 30, 2021	3,900	—	—	—	—
Trust beneficiary rights	D'sVARIE KANDA BLDG	Mar. 30, 2021	2,100	—	—	—	—
	Total	—	11,406	—	9,390	—	879

(Note 1) “Acquisition price” or “Transfer price” is the amount excluding transaction intermediary fees, taxes and public dues and other various expenses required for the acquisition or the transfer of the relevant real estate, etc. (transaction amount stated in the sale and purchase contract, etc.).

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

(Note 3) As the transfer prices of individual transfer assets are not disclosed due to reasons indicated in above (Note 2), only the total amount with fractions of one million yen are rounded down is indicated for gain on sale.

(Note 4) For the transfer of Yushima First Genesis Building, 36 Sankyo Building and fab Minami-Osawa, there are 390 million yen of “Other expenses on sale” other than indicated above, and “Gain or loss on sale” is the amount reflecting this.

2. Status of Acquisition and Sales of Other Assets, etc.

Not applicable.

3. Survey on Values of Specified Assets, etc.

Acquisition or transfer	Type of asset	Name of real estate, etc.	Transaction date	Acquisition price or transfer price (million yen) (Note 1)	Real Estate appraisal value (million yen)	Real Estate appraiser	Appraisal date
Transfer	Trust beneficiary rights	Yushima First Genesis Building	Mar. 26, 2021	9,390 (Note 2)	3,210	Daiwa Real Estate Appraisal Co., Ltd.	Feb. 28, 2021
	Trust beneficiary rights	36 Sankyo Building	Mar. 26, 2021		2,770	Daiwa Real Estate Appraisal Co., Ltd.	Feb. 28, 2021
	Trust beneficiary rights	fab Minami-Osawa	Mar. 26, 2021		4,130	Japan Real Estate Institute	Feb. 28, 2021
Acquisition	Trust beneficiary rights	D'sVARIE HONGO BLDG	Mar. 30, 2021	5,406	5,440	The Tanizawa Sogo Appraisal Co., Ltd.	Jan. 31, 2021
	Trust beneficiary rights	MSB-21 Minami-Otsuka Building	Mar. 30, 2021	3,900	3,950	Chuo Real Estate Appraisal Co., Ltd.	Jan. 31, 2021
	Trust beneficiary rights	D'sVARIE KANDA BLDG	Mar. 30, 2021	2,100	2,140	The Tanizawa Sogo Appraisal Co., Ltd.	Jan. 31, 2021

(Note 1) "Acquisition price or transfer price" is the amount excluding transaction intermediary fees, taxes and public dues and other various expenses required for the acquisition or the transfer of the relevant real estate, etc. (transaction amount stated in the sale and purchase contract, etc.).

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

(Note 3) The appraisal indicated above was conducted applying to the "Real Estate Appraisal Standards, Specific Thesis Chapter 3: Appraisal on Prices of Real Estate Subject to Securitization."

4. Status of Transactions with Interested Persons

1) Status of Transactions

Term	Transaction amount, etc. (Note 1)			
	Purchase amount, etc.		Sale amount, etc.	
Total amount	11,406,000 thousand yen		9,390,000 thousand yen	
Breakdown of status of transactions with interested persons (Note 2)				
ML Estate Company, Limited	3,900,000 thousand yen	(34.2%)	– thousand yen	(–%)
Total	3,900,000 thousand yen	(34.2%)	– thousand yen	(–%)

(Note 1) “Transaction amount, etc.” is transaction amount stated in the sale and purchase contract, etc. In addition, figures in parenthesis are percentage of each total amount rounded to the first decimal place

(Note 2) Interested persons is the interested persons of the asset management company as provided in the Article 123 of the Enforcement Order of the Act on Investment Trusts and Investment Corporations and Article 26, Paragraph 1, Item 27 of the Regulations Concerning Investment Reports of Investment Trusts and Investment Corporations issued by The Investment Trusts Association, Japan. The same for “2) Amount of Paid Fees, etc.” below.

2) Amount of Paid Fees, etc.

Term	Total paid fees (A)	Breakdown of transactions with interested persons		As a percentage of total amount (B/A) (Note 1)
		Paid parties	Paid amount (B)	
Property management fees	374 million yen	Mizuho Bank, Ltd.	0 million yen	0.2%
Trust fees	12 million yen	Mizuho Trust & Banking Co., Ltd.	1 million yen	11.6%
Asset custody fees	4 million yen	Mizuho Trust & Banking Co., Ltd.	4 million yen	100.0%
Administrative service fees	18 million yen	Mizuho Trust & Banking Co., Ltd.	18 million yen	100.0%
Other operating expenses	90 million yen	Mizuho Bank, Ltd.	0 million yen	0.9%
		Mizuho Trust & Banking Co., Ltd.	1 million yen	1.5%
Sales brokerage fee	281 million yen	Mizuho Trust & Banking Co., Ltd.	281 million yen	100.0%
Other non-operating expenses	2 million yen	Mizuho Bank, Ltd.	0 million yen	2.3%

(Note 1) “As a percentage of total amount” is calculated by rounding to the first decimal place

(Note 2) The following is the paid fees appropriated as assets and not handled as expenses paid to interested persons other than the paid fees, etc. above.

Mizuho Trust & Banking Co., Ltd.	11 million yen
Mizuho Bank, Ltd.	15 million yen

5. Status of transactions with the Asset Management Company regarding Concurrent Work Conducted by the Asset Management Company, etc.

One REIT’s Asset Management Company (Mizuho REIT Management Co., Ltd.) does not concurrently conduct any of the class 1 financial instruments transaction business, class 2 financial instruments transaction business, land and building transaction business, or real estate syndication business, and has no such transactions with One REIT.

Balance Sheet

(Unit: thousand yen)

	15th fiscal period (Feb. 28, 2021)	16th fiscal period (Aug. 31, 2021)
Assets		
Current assets		
Cash and deposits	3,090,340	3,133,360
Cash and deposits in trust	6,182,866	6,367,301
Operating accounts receivable	69,506	75,711
Prepaid expenses	165,843	157,776
Consumption taxes receivable	51,252	–
Others	936	936
Total current assets	9,560,746	9,735,086
Non-current assets		
Property, plant and equipment		
Buildings	3,623,662	3,636,820
Accumulated depreciation	(946,318)	(1,010,473)
Buildings, net	2,677,343	2,626,347
Structures	9,842	9,842
Accumulated depreciation	(4,672)	(4,995)
Structures, net	5,170	4,847
Machinery and equipment	63,479	63,479
Accumulated depreciation	(62,049)	(62,122)
Machinery and equipment, net	1,430	1,357
Tools, furniture and fixtures	2,710	3,744
Accumulated depreciation	(1,073)	(1,352)
Tools, furniture and fixtures, net	1,637	2,392
Land	3,770,347	3,770,347
Construction in progress	550	–
Buildings in trust	28,544,383	26,813,480
Accumulated depreciation	(4,409,500)	(4,077,162)
Buildings in trust, net	24,134,882	22,736,317
Structures in trust	23,647	25,511
Accumulated depreciation	(5,190)	(4,382)
Structures in trust, net	18,456	21,129
Machinery and equipment in trust	250,974	300,889
Accumulated depreciation	(74,766)	(87,514)
Machinery and equipment in trust, net	176,207	213,374
Tools, furniture and fixtures in trust	86,854	81,324
Accumulated depreciation	(43,433)	(42,178)
Tools, furniture and fixtures in trust, net	43,420	39,146
Land in trust	66,282,817	70,970,623
Construction in progress in trust	3,787	9,457
Total property, plant and equipment	97,116,052	100,395,342
Intangible assets		
Land leasehold interests in trust	3,278,336	3,278,336
Others	1,757	1,636
Total intangible assets	3,280,094	3,279,973
Investments and other assets		
Investment securities	38,319	38,548
Leasehold and guarantee deposits	10,000	10,300
Long-term prepaid expenses	348,136	307,965
Deferred tax assets	16	11
Total investments and other assets	396,472	356,824
Total non-current assets	100,792,618	104,032,140
Deferred assets		
Investment unit issuance expenses	5,624	–
Investment corporation bond issuance costs	44,675	40,806
Total deferred assets	50,300	40,806
Total assets	110,403,665	113,808,033

(Unit: thousand yen)

	15th fiscal period (Feb. 28, 2021)	16th fiscal period (Aug. 31, 2021)
Liabilities		
Current liabilities		
Operating accounts payable	175,101	213,715
Current portion of long-term borrowings	6,000,000	6,000,000
Accounts payable - other	714,069	418,365
Accrued expenses	4,953	3,830
Income taxes payable	839	690
Accrued consumption taxes	53,401	109,898
Advances received	662,109	667,174
Others	3,128	24,865
Total current liabilities	7,613,602	7,438,539
Non-current liabilities		
Investment corporation bonds	6,500,000	6,500,000
Long-term borrowings	38,324,000	41,174,000
Leasehold and guarantee deposits received	321,987	294,490
Leasehold and guarantee deposits received in trust	5,275,834	5,244,559
Total non-current liabilities	50,421,821	53,213,049
Total liabilities	58,035,423	60,651,589
Net assets		
Unitholders' equity		
Unitholders' capital	51,154,926	51,154,926
Deduction from unitholders' capital		
Allowance for temporary difference adjustments	*2	(611,285)
Total deduction from unitholders' capital		(611,285)
Unitholders' capital, net	51,154,926	50,543,640
Surplus		
Unappropriated retained earnings (undisposed loss)	1,213,315	2,612,802
Total surplus	1,213,315	2,612,802
Total net assets	52,368,241	53,156,443
Total unitholders' equity	*1	53,156,443
Total liabilities and net assets	110,403,665	113,808,033

Statement of Income and Retained Earnings

(Unit: thousand yen)

		15th fiscal period (From: Sep. 1, 2020 To: Feb. 28, 2021)	16th fiscal period (From: Mar. 1, 2021 To: Aug. 31, 2021)
Operating revenue			
Leasing business revenue	*1	3,704,142	3,681,450
Other leasing business revenue	*1	355,950	327,382
Dividend income		466	714
Gain on sale of real estate properties	*2	–	879,917
Total operating revenue		4,060,559	4,889,464
Operating expenses			
Expenses related to leasing business	*1	1,665,205	1,633,882
Impairment losses	*3	802,431	–
Asset management fees		247,904	259,580
Asset custody fees		4,451	4,427
Administrative service fees		18,782	18,705
Directors' compensations		3,876	3,876
Other operating expenses		43,594	90,654
Total operating expenses		2,786,246	2,011,126
Operating profit		1,274,313	2,878,338
Non-operating income			
Interest income		47	46
Insurance claim income		–	3,379
Reversal of distributions payable		692	710
Others		–	61
Total non-operating income		739	4,196
Non-operating expenses			
Interest expenses		137,842	147,027
Interest expenses on investment corporation bonds		21,151	21,980
Financing fees		81,303	88,394
Amortization of investment unit issuance expenses		5,624	5,624
Amortization of investment corporation bond issuance costs		3,869	3,869
Others		2,120	2,088
Total non-operating expenses		251,912	268,984
Ordinary profit		1,023,140	2,613,550
Net income before income taxes		1,023,140	2,613,550
Income taxes – current		941	843
Income taxes – deferred		0	4
Total income taxes		941	847
Net income		1,022,198	2,612,702
Ordinary profit		191,116	100
Unappropriated retained earnings (undisposed loss)		1,213,315	2,612,802

Statement of Changes in Net Assets

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

(Unit: thousand yen)

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

16th fiscal period (March 1, 2021, to August 31, 2021)

(Unit: thousand yen)

	Unitholders' equity			
	Unitholders' capital			
	Unitholders' capital	Deduction from unitholders' capital		Unitholders' capital, net
		Allowance for temporary difference adjustments	Total deduction from unitholders' capital	
Balance at beginning of period	51,154,926	–	–	51,154,926
Changes during period				
Dividends of surplus				
Distribution in excess of earnings from allowance for temporary difference adjustments		(611,285)	(611,285)	(611,285)
Net income				
Total changes during period	–	(611,285)	(611,285)	(611,285)
Balance at end of period	51,154,926	(611,285)	(611,285)	50,543,640

(Unit: thousand yen)

	Unitholders' equity			Total unitholders' equity
	Surplus		Total net assets	
	Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at beginning of period	1,213,315	1,213,315	52,368,241	52,368,241
Changes during period				
Dividends of surplus	(1,213,214)	(1,213,214)	(1,213,214)	(1,213,214)
Distribution in excess of earnings from allowance for temporary difference adjustments			(611,285)	(611,285)
Net income	2,612,702	2,612,702	2,612,702	2,612,702
Total changes during period	1,399,487	1,399,487	788,202	788,202
Balance at end of period	2,612,802	2,612,802	53,156,443	53,156,443

Statement of Cash Distributions

(Unit: yen)

Item	Fiscal Period	15th fiscal period	16th fiscal period
		(From: Sep. 1, 2020 To: Feb. 28, 2021)	(From: Mar. 1, 2021 To: Aug. 31, 2021)
I.	Unappropriated retained earnings	1,213,315,182	2,612,802,961
II.	Addition of distributions in excess of earnings	611,285,584	–
	<i>Of which:</i> Allowance for temporary difference adjustments	611,285,584	–
III.	Capitalization	–	611,285,584
	<i>Of which:</i> Reversal of allowance for temporary difference adjustments	–	611,285,584
IV.	Amount of distributions	1,824,500,340	1,810,345,768
	[Amount of distributions per investment unit]	[7,605]	[7,546]
	<i>Of which:</i> Distributions of earnings	1,213,214,756	1,810,345,768
	[Distribution per unit of earnings]	[5,057]	[7,546]
	Allowance for temporary difference adjustments	611,285,584	–
	[Distribution per unit in excess of earnings (from allowance for temporary difference adjustments)]	[2,548]	[–]
V.	Retained earnings carried forward	100,426	191,171,609
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 1,213,214,756 yen, which is the largest integral multiple of the total number of investment units issued and outstanding (239,908 units) in an amount not in excess of the amount of unappropriated retained earnings that includes the amount internally reserved in or before the previous fiscal period with the accrual of gain on sale of real estate properties. Pursuant to the distribution of cash in excess of earnings provided in Article 35, Paragraph 2 of the Articles of Incorporation of One REIT, One REIT decided to also pay out distributions from allowance for temporary difference adjustments (as provided in Article 2, Paragraph 2, Item 30 of the Regulation on Accountings of Investment Corporations) of 611,285,584 yen in light of the impact that the discrepancy between tax and accounting treatment in excess income (as provided in Article 2, Paragraph 2, Item 30 (a) of the Regulation on Accountings of Investment Corporations) from impairment losses would have on distributions.</p>	<p>Pursuant to the distribution policy provided in Article 35, Paragraph 1, Item 2 of the Articles of Incorporation of One REIT, the amount of distributions shall be in excess of an amount equivalent to 90% of the amount of earnings available for distribution of One REIT provided in Article 67-15, Paragraph 1 of the Act on Special Measures Concerning Taxation, but no more than the amount of earnings.</p> <p>Based on such policy, One REIT decided to pay out distributions of earnings of 1,810,345,768 yen, which is the largest integral multiple of the total number of investment units issued and outstanding (239,908 units) out of the remaining amount after deducting the amount internally reserved in or before the previous fiscal period with the allowance for temporary difference adjustments and the accrual of gain on sale of real estate properties 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>

Statement of Cash Flows

(Unit: thousand yen)

	15th fiscal period (From: Sep. 1, 2020 To: Feb. 28, 2021)	16th fiscal period (From: Mar. 1, 2021 To: Aug. 31, 2021)
Cash flows from operating activities		
Net income before income taxes	1,023,140	2,613,550
Depreciation	506,222	504,164
Amortization of investment unit issuance expenses	5,624	5,624
Amortization of investment corporation bond issuance costs	3,869	3,869
Impairment losses	802,431	–
Interest income	(47)	(46)
Reversal of distributions payable	(692)	(710)
Interest expenses	158,994	169,007
Decrease (increase) in operating accounts receivable	8,962	(6,204)
Decrease (increase) in consumption taxes receivable	(51,252)	51,252
Decrease (increase) in prepaid expenses	(46,353)	8,067
Decrease in property, plant and equipment in trust due to sale	–	8,119,378
Increase (decrease) in operating accounts payable	(86,964)	38,613
Increase (decrease) in accounts payable - other	15,176	(5,352)
Increase (decrease) in accrued consumption taxes	(51,866)	56,497
Increase (decrease) in advances received	(16,569)	5,064
Decrease (increase) in long-term prepaid expenses	(93,110)	40,171
Others	3,411	21,737
Subtotal	2,180,977	11,624,685
Interest received	47	46
Interest paid	(157,967)	(170,130)
Income taxes paid	(976)	(991)
Cash flows from operating activities	2,022,080	11,453,609
Cash flows from investing activities		
Purchase of property, plant and equipment	(8,038)	(9,577)
Purchase of property, plant and equipment in trust	(316,421)	(12,184,366)
Payments of leasehold and guarantee deposits	–	(300)
Refund of leasehold and guarantee deposits received	(698)	(50,462)
Proceeds from leasehold and guarantee deposits received	25,351	22,965
Refund of leasehold and guarantee deposits received in trust	(91,910)	(617,522)
Proceeds from leasehold and guarantee deposits received in trust	94,845	586,247
Purchase of investment securities	(20,825)	–
Proceeds from redemption of investment securities	384	376
Cash flows from investing activities	(317,313)	(12,252,639)
Cash flows from financing activities		
Proceeds from long-term borrowings	11,124,000	2,850,000
Repayments of long-term borrowings	(11,124,000)	–
Distributions paid	(1,918,908)	(1,823,514)
Cash flows from financing activities	(1,918,908)	1,026,485
Net increase (decrease) in cash and cash equivalents	(214,140)	227,455
Cash and cash equivalents at beginning of period	9,487,347	9,273,206
Cash and cash equivalents at end of period	*1 9,273,206	9,500,662

Notes to Financial Statements

Notes to Significant Accounting Policies

1. Standards for valuation and method of valuation of assets

Securities

Other securities

Those with no fair value

Cost determined by the moving average method is adopted.

Concerning silent partnership equity interests, the method of incorporating an equity interest's proportionate amount of the net amount of income (loss) of the silent partnership is adopted.

2. Method of depreciation of non-current assets

1) Property, plant and equipment (including trust assets)

The straight-line method is adopted.

The useful life of core property, plant and equipment is as follows:

Buildings	3~59 years
Structures	4~40 years
Machinery and equipment	5~10 years
Tools, furniture and fixtures	3~20 years

2) Intangible assets

The straight-line method is adopted.

3) Long-term prepaid expenses

The straight-line method is adopted.

3. Accounting for deferred assets

1) Investment unit issuance expenses

Amortized using the straight-line method over 3 years.

2) Investment corporation bond issuance costs

Amortized using the straight-line method through to the redemption date.

4. Standards for recognition of revenue and expenses

Accounting for property tax, etc.

Of the tax amount assessed and determined for property 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 leasing business.

The amount equivalent to property tax, etc. in the fiscal year including the acquisition date when money was paid to the seller as reimbursement upon acquisition of real estate, etc. is included in the cost of acquisition of the relevant real estate, etc. and not recognized as expenses. No amount equivalent to property tax, etc. is included in the cost of acquisition of real estate, etc. in the 15th fiscal period. Amount equivalent to property tax, etc. included in the cost of acquisition of real estate, etc. in the 16th fiscal period was 32,758 thousand yen.

5. Hedge accounting method

1) Hedge accounting method

Special treatment is applied to interest rate swap transactions since they satisfy the requirements for special treatment.

2) Hedging instruments and hedge items

Hedging instruments: Interest rate swap transactions

Hedged items: Interest on borrowings

3) Hedging policy

One REIT conducts derivative transactions for hedging risks provided for in the Articles of Incorporation pursuant to the financing policy stipulated in the Asset Management Guideline.

4) Method of assessing hedge effectiveness

Since interest rate swap transactions satisfy the requirements for special treatment, assessment of hedge effectiveness is omitted.

6. Scope of funds in the statement of cash flows

The funds (cash and cash equivalents) in the statement of cash flows consist of cash on hand and cash in trust; deposits that can be withdrawn at any time and deposits in trust; and short-term investments with a maturity of 3 months or less from the date of acquisition, which are readily convertible to cash and bear only an insignificant risk of price fluctuation.

7. Other matters serving as the basis for preparing financial statements

1) Accounting for trust beneficiary rights in real estate, etc.

Concerning trust beneficiary rights in real estate, etc. held, all accounts of assets and liabilities within trust assets as well as all accounts of revenue and expenses from the trust assets are recognized in the relevant account item of the balance sheet and statement of income and retained earnings.

The following material items of the trust assets recognized in the relevant account item are separately listed on the balance sheet.

- (1) Cash and deposits in trust
- (2) Buildings in trust; structures in trust; machinery and equipment in trust; tools, furniture and fixtures in trust and land in trust; construction in progress in trust
- (3) Land leasehold interests in trust
- (4) Leasehold and guarantee deposits received in trust

2) Accounting for consumption taxes

Concerning accounting for consumption taxes and local consumption taxes, these taxes are excluded. Non-deductible consumption taxes in the acquisition of assets are included in the cost of acquisition of the respective assets.

Accounting Standards Yet to be Applied, etc.

- “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29; announced by Accounting Standards Board of Japan on March 31, 2020)
- “Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30; announced by Accounting Standards Board of Japan on March 26, 2021)
- “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19; announced by Accounting Standards Board of Japan on March 31, 2020)

(1) Overview

The International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) in the United States jointly developed comprehensive accounting standards concerning revenue recognition and

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

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

(2) Planned date of application

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

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

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

- “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30; announced by Accounting Standards Board of Japan on July 4, 2019)
- “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10; announced by Accounting Standards Board of Japan on July 4, 2019)
- “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31; announced by Accounting Standards Board of Japan on June 17, 2021)
- “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19; announced by Accounting Standards Board of Japan on March 31, 2020)

(1) Overview

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

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

(2) Planned date of application

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

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

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

Additional Information

Notes to Provision and Reversal of Allowance for Temporary Difference Adjustments

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

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

(Unit: thousand yen)

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

2. Specific method of reversal

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

16th fiscal period (March 1, 2021, to August 31, 2021)

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

(Unit: thousand yen)

Related assets, etc.	Reason for reversal	Allowance for temporary difference adjustments
Land in trust, etc.	Sale of properties with impairment losses	(611,285)

2. Specific method of reversal

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

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)

15th fiscal period (Feb. 28, 2021)	16th fiscal period (Aug. 31, 2021)
50,000	50,000

*2. Allowance for temporary difference adjustments

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

Not applicable.

16th fiscal period (March 1, 2021, to August 31, 2021)

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

(Unit: thousand yen)

Related assets, etc.	Occurred event	Initial amount	Balance at beginning of period	Provision amount during period	Reversal amount during period	Balance at end of period	Reason for reversal
Land in trust, etc.	Incurrence of impairment losses	611,285	—	611,285	—	611,285	—

2. Specific method of reversal

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

Notes to the Statement of Income and Retained Earnings

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

(Unit: thousand yen)

	15th fiscal period (From: Sep. 1, 2020 To: Feb. 28, 2021)	16th fiscal period (From: Mar. 1, 2021 To: Aug. 31, 2021)
A. Property-related operating revenue		
Leasing business revenue		
Rent revenue	2,915,081	2,945,746
Common area charges revenue	599,256	554,688
Parking revenue	165,493	156,439
Other rent revenue	24,310	24,575
Total	3,704,142	3,681,450
Other leasing business revenue		
Utilities revenue	308,555	277,921
Other revenue	47,395	49,460
Total	355,950	327,382
Total property-related operating revenue	4,060,093	4,008,832
B. Property-related operating expenses		
Expenses related to leasing business		
Property management fees	363,076	374,859
Utilities expenses	298,134	300,375
Taxes and public dues	321,589	298,911
Insurance premiums	7,259	7,844
Repair expenses	118,011	97,225
Trust fees	12,450	12,273
Depreciation	506,101	504,043
Other sundry expenses	38,582	38,349
Total property-related operating expenses	1,665,205	1,633,882
C. Property-related operating income (loss) [A – B]	2,394,887	2,374,950

*2. Breakdown of gain on sale of real estate properties

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

Not applicable.

16th fiscal period (March 1, 2021, to August 31, 2021)

(Unit: thousand yen)

Yushima First Genesis Building, 36 Sankyo Building, fab Minami-Osawa ^(Note)	
Revenue on sale of real estate, etc.	9,390,000
Cost of sale of real estate, etc.	8,119,378
Other expenses on sale	390,703
Gain on sale of real estate properties	879,917

(Note) Only the sum of each of the items of breakdown of gain on sale of real estate properties is indicated as it is required by the buyer as a prerequisite for the transfer that the transfer prices of individual properties not be disclosed.

*3. Impairment losses

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

(Unit: thousand yen)

fab Minami-Osawa			
Use	Location	Type	Impairment losses
Retail facility	Hachioji City, Tokyo	Land in trust, etc.	802,431

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

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

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

16th fiscal period (March 1, 2021, to August 31, 2021)

Not applicable.

Notes to the Statement of Changes in Net Assets

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

	15th fiscal period (From: Sep. 1, 2020 To: Feb. 28, 2021)	16th fiscal period (From: Mar. 1, 2021 To: Aug. 31, 2021)
Total number of investment units authorized	4,000,000 units	4,000,000 units
Total number of investment units issued and outstanding	239,908 units	239,908 units

Notes to the Statement of Cash Flows

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

(Unit: thousand yen)

	15th fiscal period (From: Sep. 1, 2020 To: Feb. 28, 2021)	16th fiscal period (From: Mar. 1, 2021 To: Aug. 31, 2021)
Cash and deposits	3,090,340	3,133,360
Cash and deposits in trust	6,182,866	6,367,301
Cash and cash equivalents	9,273,206	9,500,662

Notes on Lease Transactions

Operating leases (as lessor)

Future minimum lease revenues

(Unit: thousand yen)

Term	15th fiscal period (Feb. 28, 2021)	16th fiscal period (Aug. 31, 2021)
Due within 1 year	340,828	244,544
Due after 1 years	55,565	183,496
Total	396,394	428,040

Notes on Financial Instruments

1. Matters concerning status of financial instruments

(1) Policy for handling financial instruments

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

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

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

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

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

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

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

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

(3) Supplementary explanation on matters concerning fair value, etc. of financial instruments

The fair value of financial instruments, aside from values based on market price, includes values based on

reasonable calculation when there is no market price. Certain assumptions, etc. are adopted in the calculation of the concerned values. Accordingly, there may be cases where the concerned values will vary when different assumptions, etc. are adopted.

2. Matters concerning fair value, etc. of financial instruments

The following is the carrying amount and fair value as of February 28, 2021, and the amount of difference between these. Please note that the following table does not include those for which discerning of fair value is recognized to be extremely difficult (please refer to (Note 2)).

(Unit: thousand yen)

	Carrying amount	Fair value	Amount of difference
(1) Cash and deposits	3,090,340	3,090,340	–
(2) Cash and deposits in trust	6,182,866	6,182,866	–
Assets total	9,273,206	9,273,206	–
(3) Current portion of long-term borrowings	6,000,000	6,007,263	7,263
(4) Investment corporation bonds	6,500,000	6,461,500	(38,500)
(5) Long-term borrowings	38,324,000	38,436,681	112,681
Liabilities total	50,824,000	50,905,444	81,444
(6) Derivative transactions	–	–	–

The following is the carrying amount and fair value as of August 31, 2021, and the amount of difference between these. Please note that the following table does not include those for which discerning of fair value is recognized to be extremely difficult (please refer to (Note 2)).

(Unit: thousand yen)

	Carrying amount	Fair value	Amount of difference
(1) Cash and deposits	3,133,360	3,133,360	–
(2) Cash and deposits in trust	6,367,301	6,367,301	–
Assets total	9,500,662	9,500,662	–
(3) Current portion of long-term borrowings	6,000,000	6,000,366	366
(4) Investment corporation bonds	6,500,000	6,498,850	(1,150)
(5) Long-term borrowings	41,174,000	41,428,868	254,868
Liabilities total	53,674,000	53,928,085	254,085
(6) Derivative transactions	–	–	–

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

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

As these are settled within a short period of time, the fair value is approximately the same as the book value and is thus stated at that book value.

(3) Current portion of long-term borrowings; (5) Long-term borrowings

As long-term borrowings with floating interest rates reflect market interest rates within a short period of time, the fair value is thought to be approximately the same as the book value and is thus stated at that book value. For long-term debt with floating interest rate to which special treatment for interest rate swaps is applied (please refer to “Notes on Derivative Transactions” below) and those with fixed interest rate, the fair value is calculated by discounting the sum of principal and interest at an interest rate assumed in a case where a similar loan is taken out corresponding to the remaining period.

(4) Investment corporation bonds

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

(6) Derivative transactions

Please refer to “Notes on Derivative Transactions” below.

Notes to Financial Statements

(Note 2) Financial instruments for which discerning of fair value is recognized to be extremely difficult

Investment securities are not subject to valuation at fair value because discerning of the fair value is recognized to be extremely difficult due to there being no market price. Leasehold and guarantee deposits received and leasehold and guarantee deposits received 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, leasehold and guarantee deposits received, and leasehold and guarantee deposits received in trust.

(Unit: thousand yen)

Term	15th fiscal period (Feb. 28, 2021)	16th fiscal period (Aug. 31, 2021)
Investment securities	38,319	38,548
Leasehold and guarantee deposits received	321,987	294,490
Leasehold and guarantee deposits received in trust	5,275,834	5,244,559
Total	5,636,141	5,577,597

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

15th fiscal period (February 28, 2021)

(Unit: thousand yen)

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

16th fiscal period (August 31, 2021)

(Unit: thousand yen)

Due within 1 year	
Cash and deposits	3,133,360
Cash and deposits in trust	6,367,301
Total	9,500,662

(Note 4) Amount of repayments of long-term borrowings and other interest-bearing liabilities scheduled to be due after the date of settlement of accounts

15th fiscal period (February 28, 2021)

(Unit: thousand yen)

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

16th fiscal period (August 31, 2021)

(Unit: thousand yen)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
Investment corporation bonds	—	—	1,500,000	1,500,000	—	3,500,000
Long-term borrowings	6,000,000	9,000,000	8,000,000	4,000,000	7,974,000	12,200,000
Total	6,000,000	9,000,000	9,500,000	5,500,000	7,974,000	15,700,000

Notes on Securities

15th fiscal period (February 28, 2021)

Not applicable.

16th fiscal period (August 31, 2021)

Not applicable.

Notes on Derivative Transactions

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

15th fiscal period (February 28, 2021)

Not applicable.

16th fiscal period (August 31, 2021)

Not applicable.

2. Derivative transactions to which hedge accounting is applied:

Contract amount or amount equivalent to principal specified in the contract on the settlement date of each hedge accounting method is as follows.

15th fiscal period (February 28, 2021)

(Unit: thousand yen)

Hedge accounting method	Type of derivative transaction	Primary hedged item	Contract amount and other		Fair value	Fair value calculation method
				Due after one year		
Special treatment for interest rate swaps	Interest rate swap transactions Receive floating / Pay fix	Long-term borrowings	39,324,000	33,324,000	(Note)	—

(Note) Since those with special treatment of interest rate swaps are treated integrally with hedged long-term borrowings, the fair values of such are shown as included in the fair value in “(3) Current portion of long-term borrowings” and “(5) Long-term borrowings” described in “Notes on Financial Instruments, 2. Matters concerning fair value, etc. of financial instruments” above.

16th fiscal period (August 31, 2021)

(Unit: thousand yen)

Hedge accounting method	Type of derivative transaction	Primary hedged item	Contract amount and other		Fair value	Fair value calculation method
				Due after one year		
Special treatment for interest rate swaps	Interest rate swap transactions Receive floating / Pay fix	Long-term borrowings	39,324,000	33,324,000	(Note)	—

(Note) Since those with special treatment of interest rate swaps are treated integrally with hedged long-term borrowings, the fair values of such are shown as included in the fair value in “(3) Current portion of long-term borrowings” and “(5) Long-term borrowings” described in “Notes on Financial Instruments, 2. Matters concerning fair value, etc. of financial instruments” above.

Notes on Share of Profit or Loss of Entities Accounted for Using Equity Method

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

Not applicable.

16th fiscal period (March 1, 2021, to August 31, 2021)

Not applicable.

Notes on Related-Party Transactions

1. Parent company, major corporate unitholder, etc.

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

Not applicable.

16th fiscal period (March 1, 2021, to August 31, 2021)

Not applicable.

2. Associated company, etc.

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

Not applicable.

16th fiscal period (March 1, 2021, to August 31, 2021)

Not applicable.

3. Fellow subsidiary, etc.

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

Not applicable.

16th fiscal period (March 1, 2021, to August 31, 2021)

Not applicable.

4. Director, major individual unitholder, etc.

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

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

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

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

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

16th fiscal period (March 1, 2021, to August 31, 2021)

Type	Name of company or person	Location	Capital stock or investments in capital (thousand yen)	Description of business or occupation	Percentage of voting rights, etc. held in (by) related party (%)	Description of relationship		Description of transaction (Note 1)	Amount of transaction (thousand yen) (Note 2) (Note 3) (Note 4)	Account item	Balance at end of period (thousand yen) (Note 2) (Note 3) (Note 4)
						Concurrent holding of positions, etc. by directors	Business relationship				
Director and its relatives	Hirofumi Nabeyama	—	—	Executive Director of One REIT and Chief Executive Officer of Mizuho REIT Management Co., Ltd.	—	Executive Director of One REIT and Chief Executive Officer of Mizuho REIT Management Co., Ltd.		Payment of asset management fees to the asset management company	448,040	Accounts payable - other	285,538

- (Note 1) Hirofumi Nabeyama conducted the transaction as a representative of a third party (Mizuho REIT Management Co., Ltd.), and the amount of the fee is based on the terms stipulated in the Articles of Incorporation of One REIT.
The term of office of Executive Director Koji Hashimoto has expired on May 31, 2021, and Hirofumi Nabeyama was appointed as Executive Director at the General Meeting of Unitholders held on May 25, 2021 and assumed the position on June 1, 2021. In addition, Koji Hashimoto retired from Chief Executive Officer of Mizuho REIT Management Co., Ltd. on June 23, 2021 and Hirofumi Nabeyama assumed the position.
- (Note 2) The asset management fees includes the fee (94,560 thousand yen) for the acquisition of properties that were included in the book value of specified assets.
- (Note 3) The asset management fees includes the fee (93,900 thousand yen) for the transfer of Yushima First Genesis Building, 36 Sankyo Building and fab Minami-Osawa.
- (Note 4) Of the amounts above, the amount of transaction does not include consumption taxes, while the balance at the end of the period includes consumption taxes.

Notes on Tax-Effect Accounting

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

(Unit: thousand yen)

	15th fiscal period (Feb. 28, 2021)	16th fiscal period (Aug. 31, 2021)
Deferred tax assets		
Non-deductible accrued enterprise tax	16	11
Impairment losses	252,444	—
Subtotal deferred tax assets	252,461	11
Valuation reserve (Note)	(252,444)	—
Total deferred tax assets	16	11
Net deferred tax assets	16	11

(Note) Valuation allowance has decreased by 252 million yen. The decrease is attributable to the elimination of the temporary differences due to the calculation by subtracting impairment losses.

2. Breakdown of major components that caused significant differences between the statutory tax rate and the effective income tax rate after application of tax-effect accounting

(Unit: %)

	15th fiscal period (Feb. 28, 2021)	16th fiscal period (Aug. 31, 2021)
Statutory tax rate	31.46	31.46
[Adjustments]		
Deductible distributions payable	(56.10)	(21.79)
Increase in valuation reserve	24.67	(9.66)
Others	0.06	0.02
Effective income tax rate after application of tax-effect accounting	0.09	0.03

Notes on Asset Retirement Obligations

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

Not applicable.

16th fiscal period (March 1, 2021, to August 31, 2021)

Not applicable.

Notes on Investment and Rental Properties

One REIT owns investment and rental properties mainly in the Tokyo metropolitan area and also in ordinance-designated cities or their equivalent for the purpose of earning revenue from leasing.

The following are the carrying amount, amount of increase (decrease) during the period and fair value of these investment and rental properties.

(Unit: thousand yen)

	15th fiscal period (From: Sep. 1, 2020 To: Feb. 28, 2021)	16th fiscal period (From: Mar. 1, 2021 To: Aug. 31, 2021)
Carrying amount		
Balance at beginning of period	101,142,472	100,394,388
Amount of increase (decrease) during period	(748,084)	3,279,289
Balance at end of period	100,394,388	103,673,678
Fair value at end of period	116,739,000	119,049,000

(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 15th fiscal period, the amount of increase is mainly attributable to capital expenditures (570,082 thousand yen), while the amount of decrease is mainly attributable to impairment losses (802,431 thousand yen) and depreciation (506,101 thousand yen). Of the amount of increase (decrease) in investment and rental properties during the 16th fiscal period, the amount of increase is mainly attributable to acquisition of D'sVARIE HONGO BLDG, MSB-21 Minami-Otsuka Building and D'sVARIE KANDA BLDG (11,549,596 thousand yen) and capital expenditures (346,745 thousand yen), while the amount of decrease is mainly attributable to transfer of Yushima First Genesis Building, 36 Sankyo Building and fab Minami-Osawa (8,119,378 thousand yen) and depreciation (504,043 thousand yen).

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

The income (loss) for investment and rental properties is as presented in "Notes to Statement of Income and Retained Earnings" 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

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

(1) Information for each product and service

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

(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 and retained earnings.

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 and retained earnings.

16th fiscal period (March 1, 2021, to August 31, 2021)

(1) Information for each product and service

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

(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 and retained earnings.

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 or person	Operating revenue	Name of related segment
Not disclosed ^(Note)	879,917	Real estate rental business

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

Furthermore, the customer does not fall under the category of a related party of One REIT.

Notes on Per Unit Information

	15th fiscal period (From: Sep. 1, 2020 To: Feb. 28, 2021)	16th fiscal period (From: Mar. 1, 2021 To: Aug. 31, 2021)
Net assets per unit	218,284 yen	221,570 yen
Net income per unit	4,260 yen	10,890 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.

	15th fiscal period (From: Sep. 1, 2020 To: Feb. 28, 2021)	16th fiscal period (From: Mar. 1, 2021 To: Aug. 31, 2021)
Net income (thousand yen)	1,022,198	2,612,702
Amount not attributable to common unitholders (thousand yen)	—	—
Net income attributable to common investment units (thousand yen)	1,022,198	2,612,702
Average number of investment units during period (units)	239,908	239,908

Notes on Significant Subsequent Events

Issuance of New Investment Units

One REIT has resolved at the board of directors' meetings held on September 8, 2021 and September 15, 2021 to issue new investment units, and payment for issuance of new investment units through public offering completed on September 22, 2021 and payment for issuance of new investment units by way of third-party allotment completed on October 15, 2021. As a result, the unitholders' capital is 59,164 million yen and the number of investment units issued and outstanding is 268,468 units as of October 15, 2021.

The proceeds from the issuance of new investment units through public offering was used for part of acquisition funds for assets acquired as of September 24, 2021. In addition, the proceeds from the issuance of new investment units by way of third-party allotment will be kept as cash on hand and be deposited in financial institutions until the outlay, and are scheduled to be used for part of future acquisition funds of specified assets or part of repayment of borrowings in the future.

a. Issuance of New Investment Units through Public Offering

Number of investment units offered	27,200 units
Issue price (offer price)	289,965 yen per unit
Total issue amount (offer price)	7,887,048,000 yen
Paid-in amount (issue value)	280,448 yen per unit
Total paid-in amount (issue value)	7,628,185,600 yen
Payment date	Sep. 22, 2021

b. Issuance of New Investment Units by Way of Third-Party Allotment

Number of investment units offered	1,360 units
Paid-in amount (issue value)	280,448 yen per unit
Total paid-in amount (issue value)	381,409,280 yen
Allotee	Mizuho Securities Co., Ltd.
Payment date	Oct. 15, 2021

Supplementary Schedules

A. Schedule of securities

(1) Stocks

Not applicable.

(2) Securities other than stocks

Type	Name of security	Total face value (thousand yen)	Book value (thousand yen)	Accrued interest (thousand yen)	Prepaid accrued interest (thousand yen)	Fair value (thousand yen) (Note 1)	Unrealized gain or loss (thousand yen)	Note
Silent partnership equity interest	Silent partnership equity interest with Kagurazaka Kogyo GK as the operator (Note 2)	—	17,723	—	—	17,723	—	—
Silent partnership equity interest	Silent partnership equity interest with ONE Bridge Fund S GK as the operator (Note 3)	—	20,825	—	—	20,825	—	—
Total		—	38,548	—	—	38,548	—	—

(Note 1) "Appraisal value" is book value.

(Note 2) Assets under management is a real estate trust beneficiary rights in Kagurazaka Plaza Building as trust assets.

(Note 3) Assets under management is a real estate trust beneficiary rights in Shinkawa 1-chome Building and Hakozaiki 314 Building as trust assets.

B. Contracted amount, etc. and fair value of derivative transactions and forward exchange transactions

Term	Type	Contract amount, etc. (thousand yen) (Note 1)		Fair value (Note 2)
			Due after one year	
Transaction other than market transaction	Interest rate swap transactions Receive floating / Pay fix	39,324,000	33,324,000	—
Total		39,324,000	33,324,000	—

(Note 1) Contract amount, etc. of interest swap agreement is based on notional principal.

(Note 2) Fair value is omitted as the transaction meets the requirements for special treatment of the financial instruments accounting standards.

C. Schedule of property, plant and equipment and intangible assets

Type of asset	Balance at beginning of period (thousand yen)	Amount of increase during period (thousand yen)	Amount of decrease during period (thousand yen)	Balance at end of period (thousand yen)	Accumulated depreciation or accumulated amortization (thousand yen)	Amount of amortization during period (thousand yen)	Net balance at end of period (thousand yen)	Remarks
(Property, plant and equipment)								
Buildings	3,623,662	13,157	—	3,636,820	1,010,473	64,154	2,626,347	—
Structures	9,842	—	—	9,842	4,995	322	4,847	—
Machinery and equipment	63,479	—	—	63,479	62,122	72	1,357	—
Tools, furniture and fixtures	2,710	1,033	—	3,744	1,352	278	2,392	—
Land	3,770,347	—	—	3,770,347	—	—	3,770,347	—
Construction in progress	550	—	550	—	—	—	—	—
Buildings in trust	28,544,383	1,777,401	3,508,303	26,813,480	4,077,162	420,059	22,736,317	(Note)
Structures in trust	23,647	3,969	2,105	25,511	4,382	858	21,129	—
Machinery and equipment in trust	250,974	51,640	1,725	300,889	87,514	12,934	213,374	—
Tools, furniture and fixtures in trust	86,854	5,270	10,800	81,324	42,178	5,362	39,146	—
Land in trust	66,282,817	10,043,868	5,356,062	70,970,623	—	—	70,970,623	(Note)
Construction in progress in trust	3,787	6,920	1,250	9,457	—	—	9,457	—
Subtotal	102,663,059	11,903,261	8,880,797	105,685,523	5,290,180	504,043	100,395,342	—
(Intangible assets)								
Land leasehold interests in trust	3,278,336	—	—	3,278,336	—	—	3,278,336	—
Others	5,373	—	—	5,373	3,737	121	1,636	—
Subtotal	3,283,710	—	—	3,283,710	3,737	121	3,279,973	—
Total	105,946,769	11,903,261	8,880,797	108,969,233	5,293,918	504,164	103,675,315	—

(Note) Major breakdown of the amount of increase during period for buildings in trust and land in trust is due to acquisition of D'sVARIE HONGO BLDG, MSB-21 Minami-Otsuka Building and D'sVARIE KANDA BLDG.
The amount of decrease during period is due to transfer of Yushima First Genesis Building, 36 Sankyo Building and fab Minami-Osawa.

D. Schedule of other specified assets

Not applicable.

E. Schedule of investment corporation bonds

Name of bonds	Issue date	Balance at beginning of period (thousand yen)	Amount of decrease during period (thousand yen)	Balance at end of period (thousand yen)	Interest rate (%)	Maturity date	Use	Collateral
1st Unsecured Investment Corporation Bonds	Aug. 5, 2019	1,500,000	—	1,500,000	0.400	Aug. 5, 2024		
2nd Unsecured Investment Corporation Bonds	Aug. 5, 2019	2,000,000	—	2,000,000	0.820	Aug. 3, 2029	(Note 1)	Unsecured (Note 2)
3rd Unsecured Investment Corporation Bonds	Aug. 6, 2020	1,500,000	—	1,500,000	0.530	Aug. 6, 2025		
4th Unsecured Investment Corporation Bonds	Aug. 6, 2020	1,500,000	—	1,500,000	0.860	Aug. 6, 2030		
Total		6,500,000	—	6,500,000				

(Note 1) The funds are allotted to funds for repaying borrowings.

(Note 2) These are equipped with pari passu conditions among specified investment corporation bonds.

(Note 3) Amounts of investment corporation bonds to be redeemed every year within five years after the date of the balance sheets are as follows.

	Due within 1 year (thousand yen)	Due after 1 year, but within 2 years (thousand yen)	Due after 2 years, but within 3 years (thousand yen)	Due after 3 years, but within 4 years (thousand yen)	Due after 4 years, but within 5 years (thousand yen)
Investment corporation bonds	—	—	1,500,000	1,500,000	—

F. Schedule of borrowings

Term	Lenders	Balance at beginning of period (thousand yen)	Amount of increase during period (thousand yen)	Amount of decrease during period (thousand yen)	Balance at end of period (thousand yen)	Average interest rate (Note 1)	Repayment date	Use	Remarks
Current portion of long-term borrowings	Mizuho Trust & Banking Co., Ltd.	182,500	—	—	182,500	0.56720% (Note 4)	Sep. 7, 2021	(Note 2)	Unsecured/ Unguaranteed
	Mizuho Bank, Ltd.	182,500	—	—	182,500				
	Sumitomo Mitsui Banking Corporation	3,750,000	—	—	3,750,000				
	Aozora Bank, Ltd.	562,500	—	—	562,500				
	Resona Bank, Limited	567,500	—	—	567,500				
	San ju San Bank, Ltd.	380,000	—	—	380,000				
	The Bank of Fukuoka, Ltd.	375,000	—	—	375,000				
	Subtotal	6,000,000	—	—	6,000,000				
Long-term borrowings	Mizuho Trust & Banking Co., Ltd.	182,500	—	—	182,500	0.62750% (Note 4)	Sep. 7, 2022	(Note 2)	Unsecured/ Unguaranteed
	Mizuho Bank, Ltd.	182,500	—	—	182,500				
	Sumitomo Mitsui Banking Corporation	3,750,000	—	—	3,750,000				
	Aozora Bank, Ltd.	562,500	—	—	562,500				
	Resona Bank, Limited	567,500	—	—	567,500				
	San ju San Bank, Ltd.	380,000	—	—	380,000				
	The Bank of Fukuoka, Ltd.	375,000	—	—	375,000				
	Mizuho Trust & Banking Co., Ltd.	275,000	—	—	275,000	0.53262% (Note 4)	Sep. 7, 2023		
	Mizuho Bank, Ltd.	275,000	—	—	275,000				
	Sumitomo Mitsui Banking Corporation	250,000	—	—	250,000				
	Shinsei Bank, Limited	250,000	—	—	250,000				
	Resona Bank, Limited	175,000	—	—	175,000				
	Aozora Bank, Ltd.	162,500	—	—	162,500				
	The Bank of Fukuoka, Ltd.	162,500	—	—	162,500				
	The Nishi-Nippon City Bank, Ltd.	150,000	—	—	150,000				
	The Chugoku Bank, Ltd.	150,000	—	—	150,000				
	The Bank of Kyoto, Ltd.	75,000	—	—	75,000				
	Nippon Life Insurance Company	75,000	—	—	75,000				
	Mizuho Trust & Banking Co., Ltd.	825,000	—	—	825,000	0.67200% (Note 4)	Sep. 7, 2023		
	Mizuho Bank, Ltd.	825,000	—	—	825,000				
	Sumitomo Mitsui Banking Corporation	750,000	—	—	750,000				
	Shinsei Bank, Limited	750,000	—	—	750,000				
	Resona Bank, Limited	525,000	—	—	525,000				
	Aozora Bank, Ltd.	487,500	—	—	487,500				
	The Bank of Fukuoka, Ltd.	487,500	—	—	487,500				
	The Nishi-Nippon City Bank, Ltd.	450,000	—	—	450,000				
	The Chugoku Bank, Ltd.	450,000	—	—	450,000				
	The Bank of Kyoto, Ltd.	225,000	—	—	225,000				
	Nippon Life Insurance Company	225,000	—	—	225,000				

Term	Lenders	Balance at beginning of period (thousand yen)	Amount of increase during period (thousand yen)	Amount of decrease during period (thousand yen)	Balance at end of period (thousand yen)	Average interest rate (Note 1)	Repayment date	Use	Remarks
Long-term borrowings	Mizuho Trust & Banking Co., Ltd.	837,500	—	—	837,500	0.51000% (Note 4)	Sep. 7, 2024	(Note 3)	Unsecured/ Unguaranteed
	Mizuho Bank, Ltd.	837,500	—	—	837,500				
	Sumitomo Mitsui Banking Corporation	375,000	—	—	375,000				
	Shinsei Bank, Limited	1,500,000	—	—	1,500,000				
	Resona Bank, Limited	450,000	—	—	450,000				
	Mizuho Trust & Banking Co., Ltd.	2,050,000	—	—	2,050,000	0.75000% (Note 4)	Sep. 7, 2026		
	Mizuho Bank, Ltd.	2,050,000	—	—	2,050,000				
	Sumitomo Mitsui Banking Corporation	375,000	—	—	375,000				
	Shinsei Bank, Limited	1,500,000	—	—	1,500,000				
	Resona Bank, Limited	450,000	—	—	450,000				
	The Bank of Fukuoka, Ltd.	150,000	—	—	150,000				
	San ju San Bank, Ltd.	525,000	—	—	525,000				
	The Nishi-Nippon City Bank, Ltd.	700,000	—	—	700,000				
	The Bank of Kyoto, Ltd.	700,000	—	—	700,000				
	Nippon Life Insurance Company	700,000	—	—	700,000	0.38262%	Sep. 7, 2022		
	Mizuho Trust & Banking Co., Ltd.	890,000	—	—	890,000				
	Mizuho Bank, Ltd.	890,000	—	—	890,000				
	Sumitomo Mitsui Banking Corporation	340,000	—	—	340,000				
	Shinsei Bank, Limited	550,000	—	—	550,000				
	Resona Bank, Limited	150,000	—	—	150,000				
	The Bank of Fukuoka, Ltd.	180,000	—	—	180,000				
	Mizuho Trust & Banking Co., Ltd.	1,494,000	—	—	1,494,000	0.58600% (Note 4)	Sep. 7, 2025		
	Mizuho Bank, Ltd.	1,450,000	—	—	1,450,000				
	Sumitomo Mitsui Banking Corporation	680,000	—	—	680,000				
	Shinsei Bank, Limited	900,000	—	—	900,000				
	Resona Bank, Limited	325,000	—	—	325,000				
	Aozora Bank, Ltd.	275,000	—	—	275,000	0.82200% (Note 4)	Sep. 7, 2027		
	Mizuho Trust & Banking Co., Ltd.	740,000	—	—	740,000				
	Mizuho Bank, Ltd.	735,000	—	—	735,000				
	Sumitomo Mitsui Banking Corporation	300,000	—	—	300,000				
	Shinsei Bank, Limited	550,000	—	—	550,000				
	Resona Bank, Limited	160,000	—	—	160,000				
	Aozora Bank, Ltd.	100,000	—	—	100,000				
	San ju San Bank, Ltd.	415,000	—	—	415,000				

Supplementary Schedules

Term	Lenders	Balance at beginning of period (thousand yen)	Amount of increase during period (thousand yen)	Amount of decrease during period (thousand yen)	Balance at end of period (thousand yen)	Average interest rate (Note 1)	Repayment date	Use	Remarks
Long-term borrowings	Mizuho Trust & Banking Co., Ltd.	—	425,000	—	425,000	0.55971%	Sep. 7, 2025	(Note 2)	Unsecured/ Unguaranteed
	Mizuho Bank, Ltd.	—	425,000	—	425,000				
	Shinsei Bank, Limited	—	400,000	—	400,000				
	Resona Bank, Limited	—	200,000	—	200,000				
	Aozora Bank, Ltd.	—	400,000	—	400,000				
	The Bank of Yokohama, Ltd.	—	1,000,000	—	1,000,000				
	Subtotal	38,324,000	2,850,000	—	41,174,000				
	Total	44,324,000	2,850,000	—	47,174,000				

(Note 1) Average interest rate is the borrowing interest rate for the respective loan agreement (weighted average of balance during the period), rounded to five decimal places.

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

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

(Note 4) Interest rate swap transactions have been conducted to avoid interest rate fluctuation risk, and the indicated interest rates take into consideration the effect of such transactions.

(Note 5) Amounts of long-term borrowings (excluding current portion of long-term borrowings) to be repaid every year within five years after the date of the balance sheets are as follows.

	Due after 1 year, but within 2 years (thousand yen)	Due after 2 years, but within 3 years (thousand yen)	Due after 3 years, but within 4 years (thousand yen)	Due after 4 years, but within 5 years (thousand yen)
Long-term borrowings	9,000,000	8,000,000	4,000,000	7,974,000

Independent Auditor's Report



Ernst & Young ShinNihon LLC
Hibiya Mitsui Tower, Tokyo Midtown Hibiya
1-1-2 Yurakucho, Chiyoda-ku
Tokyo 100-0006, Japan

Tel: +81 3 3503 1100
ey.com

Independent Auditor's Report

The Board of Directors
One REIT, Inc.

Opinion

We have audited the accompanying financial statements of One REIT, Inc. (the Company), which comprise the balance sheet as at August 31, 2021, and the statements of income and retained earnings, changes in net assets, cash distributions, and cash flows for the six-month period then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2021, and its financial performance and its cash flows for the six-month period then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Supervisory Director for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Supervisory Director is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the financial statements is not expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.

We communicate with the Executive Director regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Executive Director with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.



Ernst & Young ShinNihon LLC
Tokyo, Japan

[November 24, 2021]

柴田 憲一

Kenichi Shibata
Designated Engagement Partner
Certified Public Accountant

井上 裕人

Hiroto Inoue
Designated Engagement Partner
Certified Public Accountant

One REIT, Inc.

<https://one-reit.com/en/>