



One REIT

Semi-Annual Report for the 22nd Fiscal Period

from March 1, 2024, to August 31, 2024

To Our Unitholders

Hirofumi Nabeyama

Executive Director
One REIT, Inc.



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 22nd fiscal period ended August 2024.

In the office building leasing market during the fiscal period under review, against the backdrop of the proactive recruitment resulting from strong corporate earnings and the recovery of office attendance rate, demand for expansion of leased area by existing tenants, relocation for expansion, etc. gradually improved. The vacancy rates in central Tokyo declined moderately, and rents remained solid.

In such an environment, One REIT conducted leasing activities focused on maintenance and improvement of occupancy rates based on market trends as well as focused on the realization of rent increase in new tenant solicitation and rent revisions. In addition to these efforts, One REIT endeavored to enhance its leasing business revenue through the realization of optimum property management cost that takes into account tenant needs and the characteristics of each property.

As a result, One REIT's assets as of the end of the fiscal period under review comprised a portfolio totaling 32 properties (total acquisition price: 123,677 million yen; silent partnership equity interest is not included), a total leasable area of 173,425.92m², and an end-of-period occupancy rate of 98.2%.

Concerning distributions, One REIT attempts to include the maximum amount of cash distribution of earnings in deductible expense. In the 22nd fiscal period, One REIT decided to distribute roughly the entire amount of unappropriated retained earnings after deducting the unappropriated earnings internally reserved in or before the previous fiscal period with accrual of gain on sale of real estate, etc. As a result, One REIT declared distribution per investment unit of 6,835 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 | | 18th fiscal period | 19th fiscal period | 20th fiscal period | 21st fiscal period | 22nd fiscal period |
|--|-------------------|---|---|---|---|---|
| | | From: Mar. 1, 2022 To: Aug. 31, 2022 | From: Sep. 1, 2022 To: Feb. 28, 2023 | From: Mar. 1, 2023 To: Aug. 31, 2023 | From: Sep. 1, 2023 To: Feb. 29, 2024 | From: Mar. 1, 2024 To: Aug. 31, 2024 |
| Operating revenue | (million yen) | 4,516 | 4,598 | 4,636 | 4,575 | 4,658 |
| Property-related operating revenue | (million yen) | 4,516 | 4,598 | 4,636 | 4,574 | 4,658 |
| Operating expenses | (million yen) | 2,332 | 2,463 | 2,488 | 2,443 | 2,479 |
| Property-related operating expenses | (million yen) | 1,965 | 2,094 | 2,106 | 2,066 | 2,103 |
| Operating profit | (million yen) | 2,184 | 2,134 | 2,147 | 2,131 | 2,178 |
| Ordinary profit | (million yen) | 1,883 | 1,837 | 1,832 | 1,797 | 1,835 |
| Net income | (million yen) | 1,882 | 1,836 | 1,831 | 1,796 | 1,835 |
| Total assets | (million yen) | 130,821 | 134,403 | 134,873 | 134,718 | 134,950 |
| (Period-on-period comparison) | (%) | +0.2 | +2.7 | +0.3 | (0.1) | +0.2 |
| Interest-bearing liabilities | (million yen) | 61,574 | 65,494 | 65,494 | 65,494 | 65,494 |
| Net assets | (million yen) | 61,238 | 61,163 | 61,158 | 61,123 | 61,162 |
| (Period-on-period comparison) | (%) | (0.1) | (0.1) | (0.0) | (0.1) | +0.1 |
| Unitholders' capital | (million yen) | 59,164 | 59,164 | 59,164 | 59,164 | 59,164 |
| Total number of investment units issued and outstanding | (units) | 268,468 | 268,468 | 268,468 | 268,468 | 268,468 |
| Net assets per unit | (yen) | 228,102 | 227,824 | 227,804 | 227,674 | 227,818 |
| Total distributions | (million yen) | 1,911 | 1,836 | 1,831 | 1,796 | 1,834 |
| Distribution payout ratio ^(Note 3, 4) | (%) | 101.5 | 99.9 | 99.9 | 99.9 | 99.9 |
| Distribution per unit | (yen) | 7,120 | 6,842 | 6,821 | 6,691 | 6,835 |
| Distribution per unit of earnings | (yen) | 7,120 | 6,842 | 6,821 | 6,691 | 6,835 |
| Distribution per unit in excess of earnings | (yen) | — | — | — | — | — |
| Ratio of ordinary profit to total assets ^(Note 4) | (%) | 1.4 | 1.4 | 1.4 | 1.3 | 1.4 |
| (Annualized) ^(Note 2) | (%) | 2.9 | 2.8 | 2.7 | 2.7 | 2.7 |
| Return on equity ^(Note 4) | (%) | 3.1 | 3.0 | 3.0 | 2.9 | 3.0 |
| (Annualized) ^(Note 2) | (%) | 6.1 | 6.1 | 5.9 | 5.9 | 6.0 |
| Equity ratio ^(Note 4) | (%) | 46.8 | 45.5 | 45.3 | 45.4 | 45.3 |
| (Period-on-period variation) | | (0.2) | (1.3) | (0.2) | +0.0 | (0.0) |
| Loan to value (LTV) | (%) | 47.1 | 48.7 | 48.6 | 48.6 | 48.5 |
| <Reference Information> | | | | | | |
| Number of properties at end of period | (properties) | 31 | 32 | 32 | 32 | 32 |
| Total number of tenants at end of period | (tenants) | 559 | 567 | 572 | 574 | 572 |
| Total leasable area at end of period | (m ²) | 171,867.73 | 173,678.53 | 173,544.96 | 173,482.14 | 173,425.92 |
| Occupancy rate at end of period | (%) | 98.3 | 97.9 | 98.9 | 98.7 | 98.2 |
| Depreciation during period | (million yen) | 566 | 589 | 609 | 593 | 605 |
| Capital expenditures during period | (million yen) | 423 | 443 | 461 | 644 | 503 |
| Leasing NOI ^(Note 4) | (million yen) | 3,118 | 3,093 | 3,138 | 3,102 | 3,159 |
| Leasing NCF ^(Note 4) | (million yen) | 2,694 | 2,649 | 2,677 | 2,457 | 2,656 |

(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 the 18th fiscal period, 181 days for the 19th fiscal period, 184 days for the 20th fiscal period, and 182 days for the 21st fiscal period, and 184 days for the 22nd fiscal period.

(Note 3) Distribution payout ratio is rounded down to the first decimal place.

(Note 4) It is calculated based on the following formula.

| | |
|--|---|
| Distribution payout ratio | $\text{Total distributions (excluding distribution in excess of earnings)} \div \text{Net income} \times 100$ |
| 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 22nd 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.

One REIT 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 offerings, etc. that have followed, the total number of investment units issued and outstanding as of the end of the period under review stands at 268,468.

(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 2024 (22nd fiscal period)), the economic environment saw some lingering standstill in the recovery in private consumption due to high prices, but improvement in corporate earnings and expansion in inbound tourism demand. These, among other factors, resulted in maintaining a trend of moderate economic recovery.

In the office building leasing market, against the backdrop of active recruitment due to favorable corporate performance and recovery of office attendance rate, demand for expansion of leased area by existing tenants, relocation for expansion, etc. gradually improved. Vacancy rates in central Tokyo and rents continue to be strong.

One REIT conducted leasing activities focused on maintaining and enhancing occupancy rates in light of market trends, while seeking upside in new asking rents and revised terms and conditions, and working to realize optimal costs in property management by taking into consideration tenant needs and the characteristics of the respective properties in efforts to enhance leasing business revenue. In addition, One REIT continues to make efforts aimed at reducing environmental load and realizing a sustainable society as corporate social responsibility by recognizing the importance of consideration for environment, social, and governance issues in real estate investment management.

As a result, One REIT's portfolio as of the end of the fiscal period ended August 2024 comprised a total of 32 properties (total acquisition price: 123,677 million yen; not including silent partnership equity interest) with a total leasable area of 173,425.92 m², and the occupancy rate as of the end of the fiscal period ended August 2024 was 98.2%.

3) Financing

In the fiscal period ended August 2024, One REIT utilized part of a credit line (non-commitment basis) to borrow funds in the amount of 1,500 million yen on August 5, 2024, in order to allocate the funds to the redemption of investment corporation bonds in the amount of 1,500 million yen due for redemption on August 5, 2024.

As a result, as of the end of the fiscal period ended August 2024, the balance of interest-bearing liabilities was 65,494 million yen and the ratio of interest-bearing liabilities to total assets (LTV) was 48.5%.

4) Business Performance and Distributions

As a result of the management described above, business performance in the fiscal period ended August 2024 was operating revenue of 4,658 million yen, operating profit of 2,178 million yen, ordinary profit of 1,835 million yen and net income of 1,835 million yen.

With the intention for distributions to be 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), 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 the accrual of gain on sale of real estate properties and such.

As a result, One REIT declared distribution per investment unit of 6,835 yen.

3. Status of Additional Offering

The following is the changes in the total number of investment units issued and outstanding for One REIT and in unitholders' capital for the last five years through the end of the fiscal period under review.

| Date | Description | Total number of investment units issued and outstanding (units) | | Unitholders' capital (million yen) | | Note |
|-----------------------|---|--|---------|---------------------------------------|---------|----------|
| | | Increase (Decrease) | Balance | Increase (Decrease) | Balance | |
| September 22, 2021 | Capital increase through public offering | 27,200 | 267,108 | 7,628 | 58,783 | (Note 1) |
| October 15, 2021 | Capital increase by way of third-party allotment | 1,360 | 268,468 | 381 | 59,164 | (Note 2) |

(Note 1) New investment units were issued through public offering at an issue price of 289,965 yen (paid-in amount: 280,448 yen) per unit for the purpose of procuring funds for acquisition of new properties.

(Note 2) 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 280,448 yen per unit.

4. Cash Distributions

With the intention for distributions to be 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), One REIT decided to distribute 1,834,978,780 yen, which is the largest integral multiple of the total number of investment units issued and outstanding (268,468 units), at an amount not in excess of unappropriated retained earnings after deducting the amount internally reserved in or before the previous fiscal period with the accrual of gain on sale of real estate properties and such.

As a result, One REIT declared distribution per investment unit of 6,835 yen.

5. Future Management Policy and Challenges to Address

1) Future Investment Environment

The domestic economy is expected to continue to recover moderately due to factors such as improvement in the employment and income environment and increased inbound tourism demand. However, the impact of U.S. presidential election results, financial and capital market trends, growing tension in the Middle East, concern over China's economic uncertainty and such should continue to be watched carefully.

In the office building leasing market, new supply to the leasing market in the Tokyo metropolitan area appears to be limited in the second half of 2024, but large volume of new supply slated for 2025 suggest vacancy rates will be on a moderate rise. In addition, revisions to office conditions and changes in area preferences due to tenants' promotion of remote work and the impact of price rises and other economic fluctuations on tenants and the resulting tenant trends require continued monitoring. 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 investments while carefully monitoring the impact of the deteriorating supply-demand balance with the increase in new supply and such in the leasing market, the price rises and other economic fluctuations, and other factors on 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 the 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) “Core 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

(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 levels and other factors into consideration.

6. Significant Subsequent Events

Transfer of Asset

On September 30, 2024, One REIT concluded a real estate property sale agreement for MY Kumamoto Building as follows to pursue management that seeks to balance ensuring stable revenue and achieving growth over the medium and long term, thereby aiming to maximize unitholder value. With the transfer, approximately 329 million yen and approximately 402 million yen are expected to be recorded as gain on sale of real estate properties in the financial results for the 23rd fiscal period (ending February 2025) and the financial results for the 24th fiscal period (ending August 2025), respectively.

MY Kumamoto Building

| | | |
|--|---|--|
| Location | Kumamoto City, Kumamoto Prefecture | |
| Specified asset type | Trust beneficiary rights | |
| Planned transfer date ^(Note 1) | 1st: February 20, 2025 (45.0% quasi-co-ownership interest) | 2nd: March 19, 2025 (55.0% quasi-co-ownership interest) |
| Planned transfer price ^(Note 2) | Total: 1,870 million yen | |
| | 1st: 841 million yen | 2nd: 1,028 million yen |
| Buyer | Denki Bldg. Co., Ltd. | |
| Conclusion date of purchase and sale agreement | September 30, 2024 | |

(Note 1) The transfer is scheduled to be divided into two. First, 45.0% quasi-co-ownership interest in the trust beneficiary rights will be transferred on February 20, 2025, and second, 55.0% quasi-co-ownership interest will be transferred on March 19, 2025.

(Note 2) “Planned transfer price” indicates the total amount and the respective trading values for the asset to be transferred indicated in the purchase and sale agreement for the quasi-co-ownership interest in trust beneficiary rights for the asset to be transferred (excluding transfer costs, adjusted amount of fixed asset tax and city planning tax, consumption tax, local consumption tax, etc.), rounded down to the nearest million yen.

(Note 3) Since the planned transfer dates are February 20, 2025, and March 19, 2025, which are one month or more after the signing of the purchase and sale agreement, the agreement falls under the category of forward commitments, etc. specified in the Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc. set forth by the Financial Services Agency. The purchase and sale agreement stipulates that it may be terminated in the event that either party breaches an important matter in the agreement, the other party notifies the non-compliant party and specifies a period of time to remedy the matter, and the non-compliant party does not remedy the applicable breach within the specified period of time. Furthermore, if the purchase and sale agreement is terminated, it is stipulated that the non-compliant party shall pay an amount equivalent to 20% of the trading value (excluding the amount equivalent to consumption tax and local consumption tax) to the other party as a penalty for breach of contract. However, One REIT is the seller and has no fund procurement risk or other concerns relating to fulfilment of the purchase and sale agreement. It is therefore considered unlikely that One REIT will incur liability for damage compensation and that there will be a material impact on its financial conditions, etc.

On December 26, 2024, One REIT concluded a real estate property sale agreement for Minami-Shinagawa JN Building, Minami-Shinagawa N Building, and Minami-Shinagawa J Building as follows to pursue management that seeks to balance ensuring stable revenue and achieving growth over the medium and long term, thereby aiming to maximize unitholder value. With the transfers, approximately 410 million yen is expected to be recorded as gain on sale of real estate properties in the financial results for the 24th fiscal period (ending August 2025).

Minami-Shinagawa JN Building, Minami-Shinagawa N Building, and Minami-Shinagawa J Building

| | |
|--|--------------------------|
| Location | Shinagawa Ward, Tokyo |
| Specified asset type | Trust beneficiary rights |
| Planned transfer date | March 11, 2025 |
| Planned transfer price ^(Note 1) | Total: 6,700 million yen |
| Buyer | Raysum Co., Ltd. |
| Conclusion date of purchase and sale agreement | December 26, 2024 |

(Note 1) The sum of “planned transfer price” indicates the total amount for the assets to be transferred indicated in the purchase and sale agreement for the trust beneficiary rights for the assets to be transferred (excluding transfer costs, adjusted amount of fixed asset tax and city planning tax, consumption tax, local consumption tax, etc.), rounded down to the nearest million yen. In addition, the planned transfer price was set as a whole, taking into account that the assets to be transferred are operated and maintained as a single structure, and that some of the building functions are shared.

(Note 2) Since the planned transfer date is March 11, 2025, which are one month or more after the signing of the purchase and sale agreement, the agreement falls under the category of forward commitments, etc. specified in the Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc. set forth by the Financial Services Agency. The purchase and sale agreement stipulates that it may be terminated in the event that either party breaches a crucial matter in the agreement, the other party notifies the non-compliant party and specifies a period of time to remedy the matter, and the non-compliant party does not remedy the applicable breach within the specified period of time. Furthermore, if the purchase and sale agreement is terminated, it is stipulated that the non-compliant party shall pay an amount equivalent to 10% of the trading value (excluding the amount equivalent to consumption tax and local consumption tax) to the other party as a penalty for breach of contract. However, One REIT is the seller and has no fund procurement risk or other concerns relating to fulfilment of the purchase and sale agreement. It is therefore considered unlikely that One REIT will incur liability for damage compensation and that there will be a material impact on its financial conditions, etc.

Status of Assets under Management

1. Asset Composition

| Type of asset | Use of asset | Region ^(Note 1) | 21st fiscal period (February 29, 2024) | | 22nd fiscal period (August 31, 2024) | |
|---|---------------------------|-----------------------------------|--|---|--------------------------------------|---|
| | | | 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 buildings | Tokyo metropolitan area | 6,144 | 4.6 | 6,121 | 4.5 |
| | Office buildings subtotal | | 6,144 | 4.6 | 6,121 | 4.5 |
| Real estate total | | | 6,144 | 4.6 | 6,121 | 4.5 |
| Real estate in trust | Office buildings | Tokyo metropolitan area | 78,626 | 58.4 | 78,573 | 58.2 |
| | | Ordinance-designated cities, etc. | 38,052 | 28.2 | 38,022 | 28.2 |
| | Office buildings subtotal | | 116,678 | 86.6 | 116,595 | 86.4 |
| Real estate in trust total | | | 116,678 | 86.6 | 116,595 | 86.4 |
| Investment securities ^(Note 4) | | | 15 | 0.0 | 15 | 0.0 |
| Deposits and other assets | | | 11,880 | 8.8 | 12,217 | 9.1 |
| Total assets | | | 134,718 | 100.0 | 134,950 | 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 core regional cities are collectively referred to as “ordinance-designated cities, etc.” “Ordinance-designated cities” refers to ordinance-designated cities located outside the Tokyo metropolitan area. “Core 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.

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, 2024.

| 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 (%) <small>(Note)</small> | Major use |
|--------------------------------|-----------------------------|------------------------------------|----------------------------------|-----------------------|--|-----------|
| Daihakata Building | 10,618 | 15,454.51 | 15,454.51 | 100.0 | 10.0 | Office |
| Tokyo Parkside Building | 10,578 | 12,920.17 | 12,920.17 | 100.0 | 8.1 | Office |
| Higobashi Center Building | 9,472 | 15,875.12 | 15,658.10 | 98.6 | 7.9 | Office |
| ONEST Motoyoyogi Square | 7,435 | 7,579.30 | 7,579.30 | 100.0 | 5.6 | Office |
| ONEST Kanda Square | 6,121 | 5,257.13 | 5,257.13 | 100.0 | 4.3 | Office |
| ONEST Hongo Square | 5,436 | 4,454.15 | 4,454.15 | 100.0 | 2.8 | Office |
| Nagoya Fushimi Square Building | 4,810 | 8,414.41 | 8,414.41 | 100.0 | 4.3 | Office |
| ONEST Nishi-Gotanda Square | 4,685 | 4,248.63 | 3,503.89 | 82.5 | 2.3 | Office |
| REID-C Chiba Ekimae Building | 4,483 | 6,068.42 | 6,068.42 | 100.0 | 3.8 | Office |
| ONEST Shin-Osaka Square | 4,248 | 9,436.02 | 8,990.16 | 95.3 | 4.7 | Office |
| Total | 67,889 | 89,707.86 | 88,300.24 | 98.4 | 53.9 | |

(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, 2024.

| | 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 Konya-cho, Chiyoda-ku, Tokyo | Real estate | 5,257.13 | 9,330 | 6,121 |
| OT-3 | Tachikawa Nishiki-cho Building | 1-8-7 Nishiki-cho, Tachikawa-shi, Tokyo | Real estate trust beneficiary rights | 5,616.11 | 4,240 | 3,052 |
| OT-5 | ONEST Yokohama Nishiguchi Building | 2-6-1 Kitasaiwai, Nishi-ku, Yokohama-shi, Kanagawa Prefecture | Real estate trust beneficiary rights | 4,208.14 | 3,920 | 3,051 |
| OT-7 | ONEST Nakano Building | 1-11-2 Arai, Nakano-ku, Tokyo | Real estate trust beneficiary rights | 3,116.49 | 3,510 | 2,847 |
| OT-9 | Minami-Shinagawa JN Building | 2-2-13 Minami-Shinagawa, Shinagawa-ku, Tokyo | Real estate trust beneficiary rights | 6,384.76 | 2,154 | 2,162 |
| OT-10 | Minami-Shinagawa N Building | 2-2-10 Minami-Shinagawa, Shinagawa-ku, Tokyo | Real estate trust beneficiary rights | 5,476.73 | 2,110 | 2,081 |
| OT-11 | Minami-Shinagawa J Building | 2-2-7 Minami-Shinagawa, Shinagawa-ku, Tokyo | Real estate trust beneficiary rights | 3,673.61 | 2,270 | 1,853 |
| OT-13 | Hachioji SIA Building | 10-2 Yokoyama-cho, Hachioji-shi, Tokyo | Real estate trust beneficiary rights | 2,749.83 | 817 | 709 |
| OT-14 | ONEST Motoyoyogi Square | 30-13 Motoyoyogi-cho, Shibuya-ku, Tokyo | Real estate trust beneficiary rights | 7,579.30 | 9,120 | 7,435 |
| OT-15 | ONEST Ueno Okachimachi Building | 5-15-14 Ueno, Taito-ku, Tokyo | Real estate trust beneficiary rights | 2,953.93 | 3,080 | 2,777 |
| OT-16 | ONEST Omiya Kishiki-cho Building | 1-23-1 Kishiki-cho, Omiya-ku, Saitama-shi, Saitama Prefecture | Real estate trust beneficiary rights | 3,523.51 | 3,580 | 3,152 |
| OT-17 | ONEST Ikebukuro East Building | 3-12-2 Higashi-Ikebukuro, Toshima-ku, Tokyo | Real estate trust beneficiary rights | 2,677.80 | 2,300 | 2,196 |
| OT-18 | Crescendo Building | 2-3-4 Shin-Yokohama, Kohoku-ku, Yokohama-shi, Kanagawa Prefecture | Real estate trust beneficiary rights | 4,260.11 | 2,620 | 2,563 |
| OT-19 | Tokyo Parkside Building | 5-8-40 Kiba, Koto-ku, Tokyo | Real estate trust beneficiary rights | 12,920.17 | 11,200 | 10,578 |
| OT-20 | ONEST Nishi-Gotanda Square | 7-24-5 Nishi-Gotanda, Shinagawa-ku, Tokyo | Real estate trust beneficiary rights | 4,248.63 | 4,710 | 4,685 |
| OT-21 | ONEST Hongo Square | 1-24-1 Hongo, Bunkyo-ku, Tokyo | Real estate trust beneficiary rights | 4,454.15 | 5,330 | 5,436 |
| OT-22 | ONEST Minami-Otsuka Building | 2-37-5 Minami-Otsuka, Toshima-ku, Tokyo | Real estate trust beneficiary rights | 4,123.03 | 4,000 | 3,899 |
| OT-23 | ONEST Kanda-Nishifukuda-cho Building | 4 Kanda Nishifukuda-cho, Chiyoda-ku, Tokyo | Real estate trust beneficiary rights | 1,698.43 | 2,170 | 2,146 |

| | 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-24 | ONEST Kinshicho Square | 2-3-7 Kotobashi, Sumida-ku, Tokyo | Real estate trust beneficiary rights | 3,910.34 | 4,380 | 4,001 |
| OT-25 | REID-C Chiba Ekimae Building | 1-15-3 Benten, Chuo-ku, Chiba-shi, Chiba Prefecture | Real estate trust beneficiary rights | 6,068.42 | 4,690 | 4,483 |
| OT-26 | Shinkawa 1-chome Building | 1-2-14 Shinkawa, Chuo-ku, Tokyo | Real estate trust beneficiary rights | 1,528.56 | 2,100 | 2,079 |
| OT-27 | ONEST Hakozaki Building | 31-4 Nihonbashi-Hakozaki-cho, Chuo-ku, Tokyo | Real estate trust beneficiary rights | 1,752.93 | 1,810 | 1,749 |
| OT-28 | ONEST Higashi-Nakano Building | 4-6-2 Higashi-Nakano, Nakano-ku, Tokyo | Real estate trust beneficiary rights | 2,040.28 | 1,850 | 1,765 |
| OT-29 | FIELD Kita-Sando | 4-4-4 Sendagaya, Shibuya-ku, Tokyo | Real estate trust beneficiary rights | 1,873.47 | 4,010 | 3,864 |
| OO-1 | ONEST Shin-Osaka Square | 4-5-36 Miyahara, Yodogawa-ku, Osaka-shi, Osaka Prefecture | Real estate trust beneficiary rights | 9,436.02 | 6,520 | 4,248 |
| OO-2 | ONEST Kyoto Karasuma Square | 634 Shichikannon-cho, Karasuma-dori Rokkaku Sagaru, Nakagyo-ku, Kyoto-shi, Kyoto Prefecture | Real estate trust beneficiary rights | 8,882.04 | 4,190 | 3,860 |
| OO-3 | ONEST Nagoya Nishiki Square | 1-8-6 Nishiki, Naka-ku, Nagoya-shi, Aichi Prefecture | Real estate trust beneficiary rights | 5,801.80 | 3,400 | 2,219 |
| OO-4 | MY Kumamoto Building | 1-7 Hanabata-cho, Chuo-ku, Kumamoto-shi, Kumamoto Prefecture | Real estate trust beneficiary rights | 3,755.93 | 1,400 | 1,029 |
| OO-5 | Nagoya Fushimi Square Building | 1-13-26 Nishiki, Naka-ku, Nagoya-shi, Aichi Prefecture | Real estate trust beneficiary rights | 8,414.41 | 5,610 | 4,810 |
| OO-6 | Daihakata Building | 2-20-1 Hakataekimae, Hakata-ku, Fukuoka-shi, Fukuoka Prefecture | Real estate trust beneficiary rights | 15,454.51 | 11,300 | 10,618 |
| OO-7 | Higobashi Center Building | 1-9-1 Edobori, Nishi-ku, Osaka-shi, Osaka Prefecture | Real estate trust beneficiary rights | 15,875.12 | 11,000 | 9,472 |
| OO-8 | Daido Life Mito Building | 1-1-25 Sakuragawa, Mito-shi, Ibaraki Prefecture | Real estate trust beneficiary rights | 3,710.23 | 1,780 | 1,763 |
| | Total | | | 173,425.92 | 140,501 | 122,717 |

(Note) Appraisal values of each property are 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, 2024, described in each real estate appraisal report.

Status of Assets under Management

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

| Name of real estate, etc. | | 21st fiscal period (September 1, 2023, to February 29, 2024) | | | | 22nd fiscal period (March 1, 2024, to August 31, 2024) | | | |
|---------------------------|--------------------------------------|---|--|--|--|---|--|--|--|
| | | Total number of tenants [as of end of period] (tenants) | Occupancy rate [as of end of period] (%) | Property- related operating revenue [during period] (million yen) | As a percentage of total property-related operating revenue (%) ^(Note) | Total number of tenants [as of end of period] (tenants) | Occupancy rate [as of end of period] (%) | Property- related operating revenue [during period] (million yen) | As a percentage of total property-related operating revenue (%) ^(Note) |
| OT-2 | ONEST Kanda Square | 30 | 100.0 | 195 | 4.3 | 30 | 100.0 | 202 | 4.3 |
| OT-3 | Tachikawa Nishiki-cho Building | 21 | 98.4 | 147 | 3.2 | 22 | 100.0 | 147 | 3.2 |
| OT-5 | ONEST Yokohama Nishiguchi Building | 11 | 100.0 | 125 | 2.7 | 11 | 100.0 | 130 | 2.8 |
| OT-7 | ONEST Nakano Building | 7 | 100.0 | 114 | 2.5 | 7 | 100.0 | 116 | 2.5 |
| OT-9 | Minami-Shinagawa JN Building | 21 | 91.4 | 120 | 2.6 | 22 | 92.1 | 124 | 2.7 |
| OT-10 | Minami-Shinagawa N Building | 18 | 100.0 | 115 | 2.5 | 18 | 100.0 | 115 | 2.5 |
| OT-11 | Minami-Shinagawa J Building | 13 | 100.0 | 98 | 2.1 | 13 | 100.0 | 102 | 2.2 |
| OT-13 | Hachioji SIA Building | 14 | 100.0 | 46 | 1.0 | 14 | 100.0 | 46 | 1.0 |
| OT-14 | ONEST Motoyoyogi Square | 10 | 100.0 | 222 | 4.9 | 10 | 100.0 | 259 | 5.6 |
| OT-15 | ONEST Ueno Okachimachi Building | 11 | 100.0 | 89 | 2.0 | 11 | 100.0 | 88 | 1.9 |
| OT-16 | ONEST Omiya Kishiki-cho Building | 19 | 100.0 | 114 | 2.5 | 19 | 100.0 | 120 | 2.6 |
| OT-17 | ONEST Ikebukuro East Building | 7 | 100.0 | 74 | 1.6 | 7 | 100.0 | 73 | 1.6 |
| OT-18 | Crescendo Building | 30 | 100.0 | 90 | 2.0 | 29 | 98.2 | 92 | 2.0 |
| OT-19 | Tokyo Parkside Building | 15 | 100.0 | 357 | 7.8 | 15 | 100.0 | 378 | 8.1 |
| OT-20 | ONEST Nishi-Gotanda Square | 12 | 100.0 | 127 | 2.8 | 9 | 82.5 | 109 | 2.3 |
| OT-21 | ONEST Hongo Square | 7 | 100.0 | 124 | 2.7 | 7 | 100.0 | 130 | 2.8 |
| OT-22 | ONEST Minami-Otsuka Building | 14 | 100.0 | 112 | 2.5 | 14 | 100.0 | 114 | 2.5 |
| OT-23 | ONEST Kanda-Nishifukuda-cho Building | 8 | 100.0 | 51 | 1.1 | 8 | 100.0 | 52 | 1.1 |
| OT-24 | ONEST Kinshicho Square | 8 | 100.0 | 87 | 1.9 | 8 | 100.0 | 92 | 2.0 |
| OT-25 | REID-C Chiba Ekimae Building | 17 | 100.0 | 173 | 3.8 | 17 | 100.0 | 177 | 3.8 |
| OT-26 | Shinkawa 1-chome Building | 14 | 100.0 | 40 | 0.9 | 14 | 100.0 | 45 | 1.0 |
| OT-27 | ONEST Hakozaiki Building | 5 | 100.0 | 49 | 1.1 | 5 | 100.0 | 49 | 1.1 |
| OT-28 | ONEST Higashi-Nakano Building | 8 | 100.0 | 50 | 1.1 | 8 | 100.0 | 51 | 1.1 |
| OT-29 | FIELD Kita-Sando | 5 | 100.0 | 87 | 1.9 | 5 | 100.0 | 88 | 1.9 |
| OO-1 | ONEST Shin-Osaka Square | 28 | 100.0 | 224 | 4.9 | 27 | 95.3 | 218 | 4.7 |
| OO-2 | ONEST Kyoto Karasuma Square | 11 | 90.5 | 207 | 4.5 | 11 | 90.5 | 195 | 4.2 |
| OO-3 | ONEST Nagoya Nishiki Square | 5 | 100.0 | 151 | 3.3 | 5 | 100.0 | 153 | 3.3 |
| OO-4 | MY Kumamoto Building | 19 | 100.0 | 78 | 1.7 | 19 | 100.0 | 79 | 1.7 |
| OO-5 | Nagoya Fushimi Square Building | 44 | 100.0 | 195 | 4.3 | 44 | 100.0 | 198 | 4.3 |
| OO-6 | Daihakata Building | 62 | 100.0 | 455 | 10.0 | 63 | 100.0 | 466 | 10.0 |
| OO-7 | Higobashi Center Building | 62 | 97.3 | 375 | 8.2 | 62 | 98.6 | 369 | 7.9 |
| OO-8 | Daido Life Mito Building | 18 | 90.9 | 68 | 1.5 | 18 | 90.8 | 68 | 1.5 |
| Total | | 574 | 98.7 | 4,574 | 100.0 | 572 | 98.2 | 4,658 | 100.0 |

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

2) Itemization of Securities Portfolio Assets

The following is an overview of the securities owned by One REIT as of August 31, 2024.

| 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 interests | – | – | 15 | – | 15 | – | – |
| Total | | – | – | 15 | – | 15 | – | – |

(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.

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, 2024.

| Term | Type | Contract amount, etc. (million yen) ^(Note 1) | | Fair value (million yen) ^(Note 2) |
|---|---|---|--------|--|
| | | Due after one year | | |
| Transaction other than market transaction | Interest rate swap transactions (payable fixed interest rates and receivable floating interest rates) | 21,324 | 17,324 | — |
| Total | | 21,324 | 17,324 | |

(Note 1) Contract amount, etc. of interest swap agreement are 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 estate, trust beneficiary rights in trust assets mainly of real estate, etc. are 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 Countries and Regions

One REIT does 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 23rd fiscal period (ending February 2025) for real estate and real estate in trust for real estate trust beneficiary rights held by One REIT. As a result, a portion of the expected cost of work may be classified under expenses in fiscal accounting.

| 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 |
| Daihakata Building | Fukuoka City, Fukuoka | Upgrading of extra-high-voltage substation (phase one of six-phase work) | From: Sep. 1, 2024 To: Feb. 28, 2025 | 123,674 | — | — |
| REID-C Chiba Ekimae Building | Chiba City, Chiba | Upgrading of outdoor air handling unit | From: Oct. 1, 2024 To: Jan. 28, 2025 | 58,428 | — | — |
| Higobashi Center Building | Osaka City, Osaka | Renovation of extra-high-voltage substation (phase two of nine-phase work) | From: Apr. 1, 2024 To: Dec. 31, 2024 | 50,815 | — | — |
| MY Kumamoto Building | Kumamoto City, Kumamoto | Upgrading of pivot windows (east side) (phase two of two-phase work) | From: Sep. 1, 2024 To: Nov. 30, 2024 | 46,460 | — | — |
| Higobashi Center Building | Osaka City, Osaka | Upgrading of packaged air-conditioner (individual air-conditioning system) (phase two of ten-phase work) | From: Sep. 1, 2024 To: Nov. 30, 2024 | 30,805 | — | — |
| ONEST Shin-Osaka Square | Osaka City, Osaka | Upgrading of elevators (phase three of three-phase work) | From: Dec. 21, 2024 To: Jan. 21, 2025 | 30,300 | — | — |
| ONEST Shin-Osaka Square | Osaka City, Osaka | Replacement of outdoor air handling unit drain pan and coil | From: Nov. 30, 2024 To: Feb. 28, 2025 | 20,200 | — | — |
| Higobashi Center Building | Osaka City, Osaka | Renovation of extra-high-voltage substation (phase three of nine-phase work) | From: Sep. 1, 2024 To: Feb. 28, 2025 | 18,852 | — | — |
| Tokyo Parkside Building | Koto Ward, Tokyo | Upgrading of foam fire extinguishing equipment | From: Jan. 1, 2025 To: Jan. 31, 2025 | 17,220 | — | — |
| ONEST Nakano Building | Nakano Ward, Tokyo | Renovation of external wall (south side) (phase three of four-phase work) | From: Nov. 30, 2024 To: Feb. 28, 2025 | 14,140 | — | — |
| Crescendo Building | Yokohama City, Kanagawa | New installation of UGS; Upgrading of high-voltage service cable | From: Sep. 18, 2024 To: Oct. 31, 2024 | 10,150 | — | — |
| Daihakata Building | Fukuoka City, Fukuoka | Upgrading of extra-high-voltage substation (electricity application) | From: Oct. 15, 2024 To: Oct. 30, 2024 | 10,150 | — | — |
| ONEST Kyoto Karasuma Square | Kyoto City, Kyoto | Replacement of upper chain guide rails at No. 1 multistory parking | From: Jan. 16, 2025 To: Feb. 15, 2025 | 10,064 | — | — |

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 2024). Capital expenditures for the fiscal period under review amounted to 503,625 thousand yen for the entire portfolio; and when combined with 135,353 thousand yen recorded under repair expenses, the total amount of work implemented comes to 638,979 thousand yen.

| Name of real estate, etc. | Location | Purpose | Period | Cost of work (thousand yen) |
|--------------------------------|-------------------------|--|--|-----------------------------|
| MY Kumamoto Building | Kumamoto City, Kumamoto | Upgrading of pivot windows (south side) (phase one of two-phase work) | From: Jun. 1, 2024 To: Aug. 23, 2024 | 55,684 |
| Tachikawa Nishiki-cho Building | Tachikawa City, Tokyo | Upgrading of elevators | From: Feb. 23, 2024 To: Apr. 11, 2024 | 34,316 |
| Minami-Shinagawa JN Building | Shinagawa Ward, Tokyo | Upgrading of elevators (phase two of two-phase work) | From: Jul. 12, 2024 To: Aug. 22, 2024 | 28,438 |
| ONEST Kyoto Karasuma Square | Kyoto City, Kyoto | Replacement of main chains at No. 4 multistory parking (phase four of four-phase work) | From: Jun. 21, 2024 To: Aug. 15, 2024 | 26,956 |
| Nagoya Fushimi Square Building | Nagoya City, Aichi | Upgrading of elevators (phase two of two-phase work) | From: Jul. 1, 2024 To: Jul. 30, 2024 | 26,200 |
| Daihakata Building | Fukuoka City, Fukuoka | Upgrading of escalators | From: Jul. 23, 2024 To: Aug. 22, 2024 | 20,048 |
| Higobashi Center Building | Osaka City, Osaka | Upgrading of packaged air-conditioner (individual air-conditioning system) (phase one of ten-phase work) | From: Jan. 15, 2024 To: May 30, 2024 | 15,401 |
| ONEST Nakano Building | Nakano Ward, Tokyo | Renovation of external wall (north side) (phase two of four-phase work) | From: Mar. 1, 2024 To: Apr. 30, 2024 | 13,835 |
| Hachioji SIA Building | Hachioji City, Tokyo | Renovation of external wall (north side) | From: May 7, 2024 To: Jun. 25, 2024 | 13,541 |
| REID-C Chiba Ekimae Building | Chiba City, Chiba | Upgrading of automatic control equipment (phase five of eight-phase work) | From: Mar. 1, 2024 To: Jun. 17, 2024 | 10,751 |
| ONEST Minami-Otsuka Building | Toshima Ward, Tokyo | Renovation of external wall (east side) (phase one of three-phase work) | From: Mar. 5, 2024 To: Apr. 26, 2024 | 10,116 |
| | | Others | | 248,335 |
| | | Total | | 503,625 |

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

Not applicable.

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

Not applicable.

3. Survey on Values of Specified Assets, Etc.

Not applicable.

4. Status of Transactions with Interested Persons

1) Status of Transactions

There are no acquisitions or sales of specified assets with interested persons.

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 | 423 million yen | Mizuho Bank, Ltd. | 0 million yen | 0.2% |
| Trust fees | 15 million yen | Mizuho Trust & Banking Co., Ltd. | 2 million yen | 15.8% |
| Asset custody fees | 5 million yen | Mizuho Trust & Banking Co., Ltd. | 5 million yen | 100.0% |
| Administrative service fees | 21 million yen | Mizuho Trust & Banking Co., Ltd. | 21 million yen | 100.0% |
| Other operating expenses | 51 million yen | Mizuho Bank, Ltd. | 0 million yen | 1.3% |
| | | Mizuho Trust & Banking Co., Ltd. | 0 million yen | 0.0% |
| Other non-operating expenses | 2 million yen | Mizuho Bank, Ltd. | 0 million yen | 3.6% |

(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 Bank, Ltd. | 3 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)

| | 21st fiscal period (Feb. 29, 2024) | 22nd fiscal period (Aug. 31, 2024) |
|---|---------------------------------------|---------------------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 3,910,929 | 3,794,127 |
| Cash and deposits in trust | 7,280,994 | 7,821,698 |
| Operating accounts receivable | 89,625 | 125,342 |
| Prepaid expenses | 206,189 | 177,670 |
| Other | 686 | 718 |
| Total current assets | 11,488,425 | 11,919,558 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings | 3,663,505 | 3,664,020 |
| Accumulated depreciation | (1,302,488) | (1,329,668) |
| Buildings, net | 2,361,017 | 2,334,351 |
| Structures | 9,842 | 9,842 |
| Accumulated depreciation | (6,610) | (6,933) |
| Structures, net | 3,232 | 2,909 |
| Machinery and equipment | 65,383 | 70,643 |
| Accumulated depreciation | (62,845) | (63,057) |
| Machinery and equipment, net | 2,538 | 7,586 |
| Tools, furniture and fixtures | 11,410 | 11,607 |
| Accumulated depreciation | (4,385) | (5,302) |
| Tools, furniture and fixtures, net | 7,024 | 6,305 |
| Land | 3,770,347 | 3,770,347 |
| Buildings in trust | 33,123,098 | 33,556,565 |
| Accumulated depreciation | (6,571,743) | (7,118,603) |
| Buildings in trust, net | 26,551,355 | 26,437,961 |
| Structures in trust | 61,358 | 62,267 |
| Accumulated depreciation | (12,175) | (14,257) |
| Structures in trust, net | 49,183 | 48,009 |
| Machinery and equipment in trust | 427,579 | 482,914 |
| Accumulated depreciation | (175,302) | (197,051) |
| Machinery and equipment in trust, net | 252,276 | 285,863 |
| Tools, furniture and fixtures in trust | 114,723 | 122,666 |
| Accumulated depreciation | (67,760) | (73,958) |
| Tools, furniture and fixtures in trust, net | 46,963 | 48,707 |
| Land in trust | 86,489,239 | 86,489,239 |
| Construction in progress in trust | 11,578 | 7,576 |
| Total property, plant and equipment | 119,544,757 | 119,438,858 |
| Intangible assets | | |
| Land leasehold interests in trust | 3,278,336 | 3,278,336 |
| Other | 6,688 | 5,761 |
| Total intangible assets | 3,285,025 | 3,284,098 |
| Investments and other assets | | |
| Investment securities | 15,602 | 15,506 |
| Lease and guarantee deposits | 10,300 | 10,300 |
| Long-term prepaid expenses | 329,958 | 246,624 |
| Deferred tax assets | 14 | 14 |
| Total investments and other assets | 355,876 | 272,446 |
| Total non-current assets | 123,185,659 | 122,995,403 |
| Deferred assets | | |
| Investment unit issuance expenses | 4,503 | — |
| Investment corporation bond issuance costs | 40,124 | 35,265 |
| Total deferred assets | 44,627 | 35,265 |
| Total assets | 134,718,711 | 134,950,226 |

(Unit: thousand yen)

| | 21st fiscal period (Feb. 29, 2024) | 22nd fiscal period (Aug. 31, 2024) |
|--|---------------------------------------|---------------------------------------|
| Liabilities | | |
| Current liabilities | | |
| Operating accounts payable | 257,127 | 331,005 |
| Short-term borrowings | 1,000,000 | 2,500,000 |
| Current portion of investment corporation bonds | 1,500,000 | 1,500,000 |
| Current portion of long-term borrowings | 10,000,000 | 10,000,000 |
| Accounts payable - other | 589,945 | 580,398 |
| Accrued expenses | 5,921 | 7,067 |
| Income taxes payable | 848 | 718 |
| Accrued consumption taxes | 48,871 | 118,340 |
| Advances received | 775,109 | 765,153 |
| Other | 1,300 | 231 |
| Total current liabilities | 14,179,123 | 15,802,914 |
| Non-current liabilities | | |
| Investment corporation bonds | 8,000,000 | 6,500,000 |
| Long-term borrowings | 44,994,000 | 44,994,000 |
| Leasehold and guarantee deposits received | 282,784 | 283,012 |
| Leasehold and guarantee deposits received in trust | 6,139,443 | 6,208,206 |
| Total non-current liabilities | 59,416,228 | 57,985,218 |
| Total liabilities | 73,595,352 | 73,788,133 |
| Net assets | | |
| Unitholders' equity | | |
| Unitholders' capital | 59,164,521 | 59,164,521 |
| Surplus | | |
| Unappropriated retained earnings (undisposed loss) | 1,958,838 | 1,997,572 |
| Total surplus | 1,958,838 | 1,997,572 |
| Total unitholders' equity | 61,123,359 | 61,162,093 |
| Total net assets | *1 61,123,359 | 61,162,093 |
| Total liabilities and net assets | 134,718,711 | 134,950,226 |

Statement of Income and Retained Earnings

(Unit: thousand yen)

| | | 21st fiscal period (From: Sep. 1, 2023 To: Feb. 29, 2024) | 22nd fiscal period (From: Mar. 1, 2024 To: Aug. 31, 2024) |
|--|----|---|---|
| Operating revenue | | | |
| Leasing business revenue | *1 | 4,179,382 | 4,211,892 |
| Other leasing business revenue | *1 | 395,407 | 446,151 |
| Dividend income | | 275 | 282 |
| Total operating revenue | | 4,575,065 | 4,658,326 |
| Operating expenses | | | |
| Expenses related to leasing business | *1 | 2,066,131 | 2,103,643 |
| Asset management fees | | 293,398 | 294,863 |
| Asset custody fees | | 5,198 | 5,193 |
| Administrative service fees | | 21,482 | 21,249 |
| Directors' compensations | | 3,876 | 3,876 |
| Other operating expenses | | 53,315 | 51,073 |
| Total operating expenses | | 2,443,402 | 2,479,899 |
| Operating profit | | 2,131,662 | 2,178,426 |
| Non-operating income | | | |
| Interest income | | 54 | 917 |
| Insurance claim income | | 538 | — |
| Reversal of distributions payable | | 484 | 757 |
| Sponsorship money income | | 1,100 | 363 |
| Total non-operating income | | 2,177 | 2,039 |
| Non-operating expenses | | | |
| Interest expenses | | 188,853 | 195,779 |
| Interest expenses on investment corporation bonds | | 32,936 | 33,285 |
| Financing fees | | 102,860 | 103,777 |
| Amortization of investment unit issuance expenses | | 4,503 | 4,503 |
| Amortization of investment corporation bond issuance costs | | 5,060 | 4,858 |
| Other | | 2,321 | 2,290 |
| Total non-operating expenses | | 336,535 | 344,495 |
| Ordinary profit | | 1,797,304 | 1,835,970 |
| Net income before income taxes | | 1,797,304 | 1,835,970 |
| Income taxes - current | | 912 | 916 |
| Income taxes - deferred | | 1 | (0) |
| Total income taxes | | 914 | 916 |
| Net income | | 1,796,390 | 1,835,053 |
| Retained earnings brought forward | | 162,447 | 162,518 |
| Unappropriated retained earnings (undisposed loss) | | 1,958,838 | 1,997,572 |

Statement of Changes in Net Assets

21st fiscal period (September 1, 2023, to February 29, 2024)

(Unit: thousand yen)

| | Unitholders' equity | | | | |
|--------------------------------|----------------------|--|---------------|---------------------------|------------------|
| | Unitholders' capital | Surplus | | Total unitholders' equity | Total net assets |
| | | Unappropriated retained earnings (undisposed loss) | Total surplus | | |
| Balance at beginning of period | 59,164,521 | 1,993,668 | 1,993,668 | 61,158,189 | 61,158,189 |
| Changes during period | | | | | |
| Dividends of surplus | | (1,831,220) | (1,831,220) | (1,831,220) | (1,831,220) |
| Net income | | 1,796,390 | 1,796,390 | 1,796,390 | 1,796,390 |
| Total changes during period | — | (34,829) | (34,829) | (34,829) | (34,829) |
| Balance at end of period | 59,164,521 | 1,958,838 | 1,958,838 | 61,123,359 | 61,123,359 |

22nd fiscal period (March 1, 2024, to August 31, 2024)

(Unit: thousand yen)

| | Unitholders' equity | | | | |
|--------------------------------|----------------------|--|---------------|---------------------------|------------------|
| | Unitholders' capital | Surplus | | Total unitholders' equity | Total net assets |
| | | Unappropriated retained earnings (undisposed loss) | Total surplus | | |
| Balance at beginning of period | 59,164,521 | 1,958,838 | 1,958,838 | 61,123,359 | 61,123,359 |
| Changes during period | | | | | |
| Dividends of surplus | | (1,796,319) | (1,796,319) | (1,796,319) | (1,796,319) |
| Net income | | 1,835,053 | 1,835,053 | 1,835,053 | 1,835,053 |
| Total changes during period | — | 38,734 | 38,734 | 38,734 | 38,734 |
| Balance at end of period | 59,164,521 | 1,997,572 | 1,997,572 | 61,162,093 | 61,162,093 |

Statement of Cash Distributions

(Unit: yen)

| Item | Fiscal Period | 21st fiscal period | 22nd fiscal period |
|---|---|--|--|
| | | (From: Sep. 1, 2023 To: Feb. 29, 2024) | (From: Mar. 1, 2024 To: Aug. 31, 2024) |
| I. Unappropriated retained earnings | | 1,958,838,048 | 1,997,572,370 |
| II. Amount of distribution | | 1,796,319,388 | 1,834,978,780 |
| | [Amount of distributions per investment unit] | [6,691] | [6,835] |
| III. Retained earnings carried forward | | 162,518,660 | 162,593,590 |
| 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 1,796,319,388 yen, which is the largest integral multiple of the total number of investment units issued and outstanding (268,468 units) out of the remaining amount after deducting the amount internally reserved in or before the previous fiscal period with the accrual of gain on sale of real estate properties and such 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> <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 1,834,978,780 yen, which is the largest integral multiple of the total number of investment units issued and outstanding (268,468 units) out of the remaining amount after deducting the amount internally reserved in or before the previous fiscal period with the accrual of gain on sale of real estate properties and such 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)

| | 21st fiscal period (From: Sep. 1, 2023 To: Feb. 29, 2024) | 22nd fiscal period (From: Mar. 1, 2024 To: Aug. 31, 2024) |
|--|---|---|
| Cash flows from operating activities | | |
| Net income before income taxes | 1,797,304 | 1,835,970 |
| Depreciation | 594,844 | 606,449 |
| Amortization of investment unit issuance expenses | 4,503 | 4,503 |
| Amortization of investment corporation bond issuance costs | 5,060 | 4,858 |
| Interest income | (54) | (917) |
| Reversal of distributions payable | (484) | (757) |
| Interest expenses | 221,790 | 229,065 |
| Decrease (increase) in operating accounts receivable | 27,905 | (35,717) |
| Decrease (increase) in prepaid expenses | (51,258) | 28,518 |
| Increase (decrease) in operating accounts payable | (81,941) | 73,877 |
| Increase (decrease) in accounts payable - other | (11,086) | (1,546) |
| Increase (decrease) in accrued consumption taxes | (113,437) | 69,469 |
| Increase (decrease) in advances received | 21,662 | (9,956) |
| Decrease (increase) in long-term prepaid expenses | (103,194) | 83,334 |
| Other | 2,140 | (1,102) |
| Subtotal | 2,313,753 | 2,886,049 |
| Interest received | 54 | 917 |
| Interest paid | (222,057) | (227,919) |
| Income taxes paid | (1,002) | (1,046) |
| Net cash provided by (used in) operating activities | 2,090,748 | 2,658,001 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (4,381) | (1,323) |
| Purchase of property, plant and equipment in trust | (684,569) | (505,591) |
| Refund of leasehold and guarantee deposits received | (892) | — |
| Proceeds from leasehold and guarantee deposits received | 574 | 228 |
| Refund of leasehold and guarantee deposits received in trust | (110,662) | (183,763) |
| Proceeds from leasehold and guarantee deposits received in trust | 218,846 | 252,525 |
| Proceeds from redemption of investment securities | 351 | 96 |
| Net cash provided by (used in) investing activities | (580,732) | (437,828) |
| Cash flows from financing activities | | |
| Proceeds from short-term borrowings | 1,000,000 | 1,500,000 |
| Repayments of short-term borrowings | (4,920,000) | — |
| Proceeds from long-term borrowings | 11,920,000 | — |
| Repayments of long-term borrowings | (8,000,000) | — |
| Redemption of investment corporation bonds | — | (1,500,000) |
| Distributions paid | (1,830,428) | (1,796,271) |
| Net cash provided by (used in) financing activities | (1,830,428) | (1,796,271) |
| Net increase (decrease) in cash and cash equivalents | (320,413) | 423,901 |
| Cash and cash equivalents at beginning of period | 11,512,337 | 11,191,924 |
| Cash and cash equivalents at end of period | *1 11,191,924 | 11,615,825 |

Notes to Financial Statements

Basis of Presentation of Financial Statements

One REIT maintains its accounting records and prepares its financial statements in accordance with accounting principles generally accepted in Japan (“Japanese GAAP”), including provisions set forth in the Investment Trust Act, the Financial Instruments and Exchange Act and the relevant laws and regulations, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards. The accompanying financial statements are a translation of the financial statements, which were prepared in accordance with Japanese GAAP and were presented in the Securities Report of One REIT filed with the Kanto Local Finance Bureau. As permitted under the Japanese Financial Instruments and Exchange Act, amounts of less than one million yen have been omitted. As a result, the totals shown in the accompanying financial statements do not necessarily agree with the sum of the individual amounts. One REIT does not prepare consolidated financial statements as it has no subsidiaries.

Notes to Significant Accounting Policies

1. Standards for valuation and method of valuation of assets

Securities

Other securities

Stocks and others without a quoted market price

Cost determined by the moving average method is adopted.

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 | 4~45 years |
| Machinery and equipment | 5~10 years |
| Tools, furniture and fixtures | 3~15 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 expense

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

1) 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. was included in the cost of acquisition of real estate property in the 21st fiscal period or the 22nd fiscal period.

2) Standards for recognition of revenue

- Sale of real estate properties

For sale of real estate properties, revenue is recognized when the customer, the buyer, obtains control of the real estate and other assets as a result of fulfilling the delivery obligations stipulated in the real estate property sale agreement. In the statement of income and retained earnings, “Gain on sale of real estate properties” or “Loss on sale of real estate properties” is presented as the amount of “Revenue on sale of real estate properties,” the amount paid for the real estate properties, less “Cost of sale of real estate properties,” which is the book value of real estate properties sold, and “Other expenses on sale,” which are expenses directly related to sale.

- Utilities revenue

Utilities revenue is recognized as revenue in accordance with the supply of electricity and other services to the lessee (customer), in accordance with the real estate property lease agreement and related agreements.

For utilities revenue deemed as revenue for which One REIT is an agent, One REIT recognizes as revenues net amount received as charges for electricity and other services supplied by the relevant third-party provider, less the amount paid to said provider.

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 hedged 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; land in trust; and construction in progress in trust
- (3) Land leasehold interests in trust
- (4) Leasehold and guarantee deposits received in trust

2) Accounting for non-deductible consumption taxes

Non-deductible consumption taxes in the acquisition of assets is included in the cost of acquisition of the respective assets.

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)

| 21st fiscal period (As of Feb. 29, 2024) | 22nd fiscal period (As of Aug. 31, 2024) |
|---|---|
| 50,000 | 50,000 |

Notes to the Statement of Income and Retained Earnings

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

(Unit: thousand yen)

| | 21st fiscal period (From: Sep. 1, 2023 To: Feb. 29, 2024) | 22nd fiscal period (From: Mar. 1, 2024 To: Aug. 31, 2024) |
|---|---|---|
| A. Property-related operating revenue | | |
| Leasing business revenue | | |
| Rent revenue | 3,455,252 | 3,502,984 |
| Common area charges revenue | 527,133 | 511,567 |
| Parking revenue | 171,248 | 170,601 |
| Other rent revenue | 25,748 | 26,738 |
| Total | 4,179,382 | 4,211,892 |
| Other leasing business revenue | | |
| Utilities revenue | 381,095 | 431,242 |
| Other revenue | 14,312 | 14,908 |
| Total | 395,407 | 446,151 |
| Total property-related operating revenue | 4,574,790 | 4,658,043 |
| B. Property-related operating expenses | | |
| Expenses related to leasing business | | |
| Property management fees | 417,111 | 423,498 |
| Utilities expenses | 416,706 | 465,277 |
| Taxes and public dues | 382,761 | 399,211 |
| Insurance premiums | 11,352 | 12,225 |
| Repair expenses | 183,634 | 135,353 |
| Trust fees | 20,400 | 15,800 |
| Depreciation | 593,917 | 605,522 |
| Other sundry expenses | 40,247 | 46,754 |
| Total property-related operating expenses | 2,066,131 | 2,103,643 |
| C. Property-related operating income (loss) [A-B] | 2,508,658 | 2,554,399 |

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

| | 21st fiscal period (From: Sep. 1, 2023 To: Feb. 29, 2024) | 22nd fiscal period (From: Mar. 1, 2024 To: Aug. 31, 2024) |
|---|---|---|
| Total number of investment units authorized | 4,000,000 units | 4,000,000 units |
| Total number of investment units issued and outstanding | 268,468 units | 268,468 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)

| | 21st fiscal period (From: Sep. 1, 2023 To: Feb. 29, 2024) | 22nd fiscal period (From: Mar. 1, 2024 To: Aug. 31, 2024) |
|----------------------------|---|---|
| Cash and deposits | 3,910,929 | 3,794,127 |
| Cash and deposits in trust | 7,280,994 | 7,821,698 |
| Cash and cash equivalents | 11,191,924 | 11,615,825 |

Notes on Lease Transactions

Operating leases (as lessor)

Future minimum lease revenues

(Unit: thousand yen)

| Term | 21st fiscal period (As of Feb. 29, 2024) | 22nd fiscal period (As of Aug. 31, 2024) |
|-------------------|---|---|
| Due within 1 year | 254,625 | 356,456 |
| Due after 1 year | 228,761 | 342,949 |
| Total | 483,386 | 699,406 |

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

Certain assumptions, etc. are adopted in the calculation of the fair value of financial instruments. 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 29, 2024, and the amount of difference between these. Please note that the following table does not include silent partnership equity interests ^(Note 2). In addition, as "Cash and deposits," "Cash and deposits in trust" and "Short-term borrowings" are cash and settled within a short period of time, the fair value is approximately the same as the book value, and thus notes are omitted.

(Unit: thousand yen)

| | Carrying amount | Fair value | Amount of difference |
|--|-----------------|------------|----------------------|
| (1) Current portion of investment corporation bonds | 1,500,000 | 1,499,100 | (900) |
| (2) Current portion of long-term borrowings | 10,000,000 | 10,003,583 | 3,583 |
| (3) Investment corporation bonds | 8,000,000 | 7,811,550 | (188,450) |
| (4) Long-term borrowings | 44,994,000 | 44,872,770 | (121,229) |
| (5) Leasehold and guarantee deposits received | 282,784 | 243,324 | (39,460) |
| (6) Leasehold and guarantee deposits received in trust | 6,139,443 | 5,393,123 | (746,320) |
| Liabilities total | 70,916,228 | 69,823,452 | (1,092,775) |
| (7) Derivative transactions | — | — | — |

The following is the carrying amount and fair value as of August 31, 2024, and the amount of difference between these. Please note that the following table does not include silent partnership equity interests ^(Note 2). In addition, as "Cash and deposits," "Cash and deposits in trust" and "Short-term borrowings" are cash and settled within a short period of time, the fair value is approximately the same as the book value, and thus notes are omitted.

(Unit: thousand yen)

| | Carrying amount | Fair value | Amount of difference |
|--|-----------------|------------|----------------------|
| (1) Current portion of investment corporation bonds | 1,500,000 | 1,495,050 | (4,950) |
| (2) Current portion of long-term borrowings | 10,000,000 | 10,000,109 | 109 |
| (3) Investment corporation bonds | 6,500,000 | 6,284,100 | (215,900) |
| (4) Long-term borrowings | 44,994,000 | 44,831,254 | (162,745) |
| (5) Leasehold and guarantee deposits received | 283,012 | 228,372 | (54,640) |
| (6) Leasehold and guarantee deposits received in trust | 6,208,206 | 5,183,304 | (1,024,901) |
| Liabilities total | 69,485,218 | 68,022,190 | (1,463,028) |
| (7) Derivative transactions | — | — | — |

Notes to Financial Statements

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

(1) Current portion of investment corporation bonds; (3) Investment corporation bonds

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

(2) Current portion of long-term borrowings; (4) 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 borrowings with floating interest rates to which special treatment for interest rate swaps is applied (please refer to “Notes on Derivative Transactions” below) and those with fixed interest rate, the fair value is calculated by discounting the sum of principal and interest at an interest rate assumed in a case where a similar loan is taken out corresponding to the remaining period.

(5) Leasehold and guarantee deposits received; (6) Leasehold and guarantee deposits received in trust

For leasehold and guarantee deposits received and leasehold and guarantee deposits received in trust, the fair value is calculated based on the present value of their future cash flows discounted at an interest rate that takes into account the period until the due date and credit risk.

(7) Derivative transactions

Please refer to “Notes on Derivative Transactions” below.

(Note 2) Silent partnership equity interests

For silent partnership equity interests, the fair value is calculated with application of the treatment stipulated in Paragraph 24-16 of the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31 issued on June 17, 2021). No notes are provided on matters prescribed in Paragraph 4 (1) of the Implementation Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No. 19 issued on March 31, 2020).

The balance sheet amounts for investments in partnerships, etc. to which this treatment is applied are as follows.

Carrying amount

(Unit: thousand yen)

| Term | 21st fiscal period (As of Feb. 29, 2024) | 22nd fiscal period (As of Aug. 31, 2024) |
|-----------------------|---|---|
| Investment securities | 15,602 | 15,506 |
| Total | 15,602 | 15,506 |

(Note 3) Amount of repayment of long-term borrowings and other interest-bearing liabilities scheduled to be due after the date of settlement of accounts

21st fiscal period (February 29, 2024)

(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 | — | — | — | 6,500,000 |
| Long-term borrowings | 10,000,000 | 9,974,000 | 12,120,000 | 13,900,000 | 9,000,000 | — |
| Total | 11,500,000 | 11,474,000 | 12,120,000 | 13,900,000 | 9,000,000 | 6,500,000 |

22nd fiscal period (As of August 31, 2024)

(Unit: thousand yen)

| | Due within 1 year | Due after 1 year, but within 2 years | Due after 2 years, but within 3 years | Due after 3 years, but within 4 years | Due after 4 years, but within 5 years | Due after 5 years |
|------------------------------|----------------------|--|---|---|---|----------------------|
| Investment corporation bonds | 1,500,000 | — | — | — | 2,000,000 | 4,500,000 |
| Long-term borrowings | 10,000,000 | 9,974,000 | 12,120,000 | 13,900,000 | 9,000,000 | — |
| Total | 11,500,000 | 9,974,000 | 12,120,000 | 13,900,000 | 11,000,000 | 4,500,000 |

Notes on Securities

21st fiscal period (February 29, 2024)

Not applicable.

22nd fiscal period (August 31, 2024)

Not applicable.

Notes on Derivative Transactions

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

21st fiscal period (February 29, 2024)

Not applicable.

22nd fiscal period (August 31, 2024)

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.

21st fiscal period (February 29, 2024)

(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 fixed | Long-term borrowings | 21,324,000 | 17,324,000 | (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 “(2) Current portion of long-term borrowings” and “(4) Long-term borrowings” described in “Notes on Financial Instruments, 2. Matters concerning fair value, etc. of financial instruments” above.

22nd fiscal period (August 31, 2024)

(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 fixed | Long-term borrowings | 21,324,000 | 17,324,000 | (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 “(2) Current portion of long-term borrowings” and “(4) 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

21st fiscal period (September 1, 2023, to February 29, 2024)

Not applicable.

22nd fiscal period (March 1, 2024, to August 31, 2024)

Not applicable.

Notes on Related-Party Transactions

1. Parent company, major corporate unitholder, etc.

21st fiscal period (September 1, 2023, to February 29, 2024)

Not applicable.

22nd fiscal period (March 1, 2024, to August 31, 2024)

Not applicable.

2. Associated company, etc.

21st fiscal period (September 1, 2023, to February 29, 2024)

Not applicable.

22nd fiscal period (March 1, 2024, to August 31, 2024)

Not applicable.

3. Fellow subsidiary, etc.

21st fiscal period (September 1, 2023, to February 29, 2024)

| Type | Name of company or person | Location | Capital stock or investments in capital (thousand yen) | Description of business or occupation | Percentage of voting rights, etc. held in (by) related party (%) | Description of relationship | | Description of transaction (Note 1) | Amount of transaction (thousand yen) (Note 2) | Account item | Balance at end of period (thousand yen) (Note 2) |
|--|--|---------------------|--|---------------------------------------|--|--|---|-------------------------------------|---|--------------------------|--|
| | | | | | | Concurrent holding of positions, etc. by directors | Business relationship | | | | |
| Companies with more than half of voting rights held by major unitholders | Mizuho REIT Management Co., Ltd. (subsidiary of Mizuho Realty One Co., Ltd.) | Chiyoda Ward, Tokyo | 50,000 | Investment Management Business | — | Concurrent holding of positions, etc. by directors: 1 person | Entrustment of asset management operation | Payment of asset management fees | 293,398 | Accounts payable – other | 322,738 |

(Note 1) Transaction conditions and policies for determining transaction conditions, etc.

The amount of asset management fees is based on the terms and conditions set forth in the Articles of Incorporation of One REIT.

(Note 2) 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.

22nd fiscal period (March 1, 2024, to August 31, 2024)

| Type | Name of company or person | Location | Capital stock or investments in capital (thousand yen) | Description of business or occupation | Percentage of voting rights, etc. held in (by) related party (%) | Description of relationship | | Description of transaction (Note 1) | Amount of transaction (thousand yen) (Note 2) | Account item | Balance at end of period (thousand yen) (Note 2) |
|--|--|---------------------|--|---------------------------------------|--|--|--|-------------------------------------|---|--------------------------|--|
| | | | | | | Concurrent holding of positions, etc. by directors | Business relationship | | | | |
| Companies with more than half of voting rights held by major unitholders | Mizuho REIT Management Co., Ltd. (subsidiary of Mizuho Realty One Co., Ltd.) | Chiyoda Ward, Tokyo | 50,000 | Investment Management Business | — | Concurrent holding of positions, etc. by directors: 1 person | Entrustment of asset management operations | Payment of asset management fees | 294,863 | Accounts payable – other | 324,349 |

(Note 1) Transaction conditions and policies for determining transaction conditions, etc.

The amount of asset management fees is based on the terms and conditions set forth in the Articles of Incorporation of One REIT.

(Note 2) 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.

4. Director, major individual unitholder, etc.

21st fiscal period (September 1, 2023, to February 29, 2024)

Transactions conducted by Hirofumi Nabeyama, Executive Director of One REIT as a representative of a third party (Mizuho REIT Management Co., Ltd.) are as described in the transactions with Mizuho REIT Management Co., Ltd. in “3. Fellow subsidiary, etc.” above.

Note that Executive Director Hirofumi Nabeyama holds no investment units of One REIT as of February 29, 2024.

22nd fiscal period (March 1, 2024, to August 31, 2024)

Transactions conducted by Hirofumi Nabeyama, Executive Director of One REIT as a representative of a third party (Mizuho REIT Management Co., Ltd.) are as described in the transactions with Mizuho REIT Management Co., Ltd. in “3. Fellow subsidiary, etc.” above.

Note that Executive Director Hirofumi Nabeyama holds no investment units of One REIT as of August 31, 2024.

Notes on Tax-Effect Accounting

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

(Unit: thousand yen)

| | 21st fiscal period (As of Feb. 29, 2024) | 22nd fiscal period (As of Aug. 31, 2024) |
|---------------------------------------|---|---|
| Deferred tax assets | | |
| Non-deductible accrued enterprise tax | 14 | 14 |
| Total deferred tax assets | 14 | 14 |
| Net deferred tax assets | 14 | 14 |

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

(Unit: %)

| | 21st fiscal period (As of Feb. 29, 2024) | 22nd fiscal period (As of Aug. 31, 2024) |
|--|---|---|
| Effective statutory tax rate | 31.46 | 31.46 |
| [Adjustments] | | |
| Deductible distributions payable | (31.44) | (31.44) |
| Other | 0.03 | 0.03 |
| Income tax rate after application of tax-effect accounting | 0.05 | 0.05 |

Notes on Asset Retirement Obligations

21st fiscal period (September 1, 2023, to February 29, 2024)

Not applicable.

22nd fiscal period (March 1, 2024, to August 31, 2024)

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)

| | 21st fiscal period (From: Sep. 1, 2023 To: Feb. 29, 2024) | 22nd fiscal period (From: Mar. 1, 2024 To: Aug. 31, 2024) |
|---|--|--|
| Carrying amount | | |
| Balance at beginning of period | 122,773,178 | 122,823,094 |
| Amount of increase (decrease) during period | 49,915 | (105,898) |
| Balance at end of period | 122,823,094 | 122,717,195 |
| Fair value at end of period | 140,601,000 | 140,971,000 |

(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 21st fiscal period, the amount of increase is mainly attributable to capital expenditures (644,932 thousand yen), while the amount of decrease is mainly attributable to depreciation (593,917 thousand yen). Of the amount of increase (decrease) in investment and rental properties during the 22nd fiscal period, the amount of increase is mainly attributable to capital expenditures (503,625 thousand yen), while the amount of decrease is mainly attributable to depreciation (605,522 thousand yen).

(Note 3) Fair value at the end of the period is the appraisal value by an outside real estate appraiser. However, the fair value at the end of the 22nd fiscal period for MY Kumamoto Building is calculated based on the planned transfer price.

The income (loss) for investment and rental properties is as presented in “Notes to the Statement of Income and Retained Earnings” earlier in this document.

Notes on Revenue Recognition

1. Breakdown of revenue from contracts with customers

21st fiscal period (September 1, 2023, to February 29, 2024)

(Unit: thousand yen)

| | Revenue from contracts with customers ^(Note) | Net sales to external customers |
|--------------------------------|--|--|
| Sale of real estate properties | – | – |
| Utilities revenue | 381,095 | 381,095 |
| Others | – | 4,193,695 |
| Total | 381,095 | 4,574,790 |

(Note) Leasing business revenue and other revenue subject to the Accounting Standard for Lease Transactions, ASBJ Statement No. 13, is not included in “Revenue from contracts with customers” because the Accounting Standard for Revenue Recognition does not apply to this revenue. Revenue from contracts with customers mainly includes revenues from sale of real estate properties and utilities.

22nd fiscal period (March 1, 2024, to August 31, 2024)

(Unit: thousand yen)

| | Revenue from contracts with customers ^(Note) | Net sales to external customers |
|--------------------------------|---|---------------------------------|
| Sale of real estate properties | — | — |
| Utilities revenue | 431,242 | 431,242 |
| Others | — | 4,226,801 |
| Total | 431,242 | 4,658,043 |

(Note) Leasing business revenue and other revenue subject to the Accounting Standard for Lease Transactions, ASBJ Statement No. 13, is not included in “Revenue from contracts with customers” because the Accounting Standard for Revenue Recognition does not apply to this revenue. Revenue from contracts with customers mainly includes revenues from sale of real estate properties and utilities.

2. Explanation of revenue from contracts with customers**21st fiscal period (September 1, 2023, to February 29, 2024)**

This is as provided in “Notes to Significant Accounting Policies.”

22nd fiscal period (March 1, 2024, to August 31, 2024)

This is as provided in “Notes to Significant Accounting Policies.”

3. Information about the relationship between the satisfaction of performance obligations under contracts with customers and cash flows from these contracts, and the amount and timing of revenue expected to be recognized in subsequent periods from contracts with customers that exist at the end of the current reporting period

(1) Balance of contract assets and contract liabilities, etc.

(Unit: thousand yen)

| | 21st fiscal period (From: Sep. 1, 2023 To: Feb. 29, 2024) | 22nd fiscal period (From: Mar. 1, 2024 To: Aug. 31, 2024) |
|--|---|---|
| Receivables from contracts with customers (balance at beginning of period) | 116,535 | 88,348 |
| Receivables from contracts with customers (balance at end of period) | 88,348 | 124,942 |
| Contract assets (balance at beginning of period) | — | — |
| Contract assets (balance at end of period) | — | — |
| Contract liabilities (balance at beginning of period) | — | — |
| Contract liabilities (balance at end of period) | — | — |

(2) Transaction price allocated to remaining performance obligations

For utilities revenue, One REIT recognizes revenues at the amount it has the right to charge in accordance with Paragraph 19 of the Implementation Guidance on Accounting Standard for Revenue Recognition, due to the right One REIT has to receive from the customer the amount of consideration that directly corresponds to the value to the customer, the lessee, for the portion of performance completed by the end of the period. Therefore, the provisions of Paragraph 80-22(2) of the Accounting Standard for Revenue Recognition are applied, and the transaction price allocated to the remaining performance obligations has not been included in the notes.

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

21st fiscal period (September 1, 2023, to February 29, 2024)

(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.

22nd fiscal period (March 1, 2024, to August 31, 2024)

(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.

Notes on Per Unit Information

| | 21st fiscal period (From: Sep. 1, 2023 To: Feb. 29, 2024) | 22nd fiscal period (From: Mar. 1, 2024 To: Aug. 31, 2024) |
|---------------------|--|--|
| Net assets per unit | 227,674 yen | 227,818 yen |
| Net income per unit | 6,691 yen | 6,835 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.

| | 21st fiscal period (From: Sep. 1, 2023 To: Feb. 29, 2024) | 22nd fiscal period (From: Mar. 1, 2024 To: Aug. 31, 2024) |
|---|--|--|
| Net income (thousand yen) | 1,796,390 | 1,835,053 |
| Amount not attributable to common unitholders (thousand yen) | — | — |
| Net income attributable to common investment units (thousand yen) | 1,796,390 | 1,835,053 |
| Average number of investment units during period (units) | 268,468 | 268,468 |

Notes on Significant Subsequent Events

Transfer of Asset

On September 30, 2024, One REIT concluded a real estate property sale agreement for MY Kumamoto Building as follows to pursue management that seeks to balance ensuring stable revenue and achieving growth over the medium and long term, thereby aiming to maximize unitholder value. With the transfer, approximately 329 million yen and approximately 402 million yen are expected to be recorded as gain on sale of real estate properties in the financial results for the 23rd fiscal period (ending February 2025) and the financial results for the 24th fiscal period (ending August 2025), respectively.

MY Kumamoto Building

| | | |
|--|---|--|
| Location | Kumamoto City, Kumamoto Prefecture | |
| Specified asset type | Trust beneficiary rights | |
| Planned transfer date ^(Note 1) | 1st: February 20, 2025 (45.0% quasi-co-ownership interest) | 2nd: March 19, 2025 (55.0% quasi-co-ownership interest) |
| Planned transfer price ^(Note 2) | Total: 1,870 million yen | |
| | 1st: 841 million yen | 2nd: 1,028 million yen |
| Buyer | Denki Bldg. Co., Ltd. | |
| Conclusion date of purchase and sale agreement | September 30, 2024 | |

(Note 1) The transfer is scheduled to be divided into two. First, 45.0% quasi-co-ownership interest in the trust beneficiary rights will be transferred on February 20, 2025, and second, 55.0% quasi-co-ownership interest will be transferred on March 19, 2025.

(Note 2) “Planned transfer price” indicates the total amount and the respective trading values for the asset to be transferred indicated in the purchase and sale agreement for the quasi-co-ownership interest in trust beneficiary rights for the asset to be transferred (excluding transfer costs, adjusted amount of fixed asset tax and city planning tax, consumption tax, local consumption tax, etc.), rounded down to the nearest million yen.

(Note 3) Since the planned transfer dates are February 20, 2025, and March 19, 2025, which are one month or more after the signing of the purchase and sale agreement, the agreement falls under the category of forward commitments, etc. specified in the Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc. set forth by the Financial Services Agency. The purchase and sale agreement stipulates that it may be terminated in the event that either party breaches an important matter in the agreement, the other party notifies the non-compliant party and specifies a period of time to remedy the matter, and the non-compliant party does not remedy the applicable breach within the specified period of time. Furthermore, if the purchase and sale agreement is terminated, it is stipulated that the non-compliant party shall pay an amount equivalent to 20% of the trading value (excluding the amount equivalent to consumption tax and local consumption tax) to the other party as a penalty for breach of contract. However, One REIT is the seller and has no fund procurement risk or other concerns relating to fulfilment of the purchase and sale agreement. It is therefore considered unlikely that One REIT will incur liability for damage compensation and that there will be a material impact on its financial conditions, etc.

On December 26, 2024, One REIT concluded a real estate property sale agreement for Minami-Shinagawa JN Building, Minami-Shinagawa N Building, and Minami-Shinagawa J Building as follows to pursue management that seeks to balance ensuring stable revenue and achieving growth over the medium and long term, thereby aiming to maximize unitholder value. With the transfers, approximately 410 million yen is expected to be recorded as gain on sale of real estate properties in the financial results for the 24th fiscal period (ending August 2025).

Minami-Shinagawa JN Building, Minami-Shinagawa N Building, and Minami-Shinagawa J Building

| | |
|--|--------------------------|
| Location | Shinagawa Ward, Tokyo |
| Specified asset type | Trust beneficiary rights |
| Planned transfer date | March 11, 2025 |
| Planned transfer price ^(Note 1) | Total: 6,700 million yen |
| Buyer | Raysum Co., Ltd. |
| Conclusion date of purchase and sale agreement | December 26, 2024 |

(Note 1) The sum of “planned transfer price” indicates the total amount for the assets to be transferred indicated in the purchase and sale agreement for the trust beneficiary rights for the assets to be transferred (excluding transfer costs, adjusted amount of fixed asset tax and city planning tax, consumption tax, local consumption tax, etc.), rounded down to the nearest million yen. In addition, the planned transfer price was set as a whole, taking into account that the assets to be transferred are operated and maintained as a single structure, and that some of the building functions are shared.

(Note 2) Since the planned transfer date is March 11, 2025, which are one month or more after the signing of the purchase and sale agreement, the agreement falls under the category of forward commitments, etc. specified in the Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc. set forth by the Financial Services Agency. The purchase and sale agreement stipulates that it may be terminated in the event that either party breaches a crucial matter in the agreement, the other party notifies the non-compliant party and specifies a period of time to remedy the matter, and the non-compliant party does not remedy the applicable breach within the specified period of time. Furthermore, if the purchase and sale agreement is terminated, it is stipulated that the non-compliant party shall pay an amount equivalent to 10% of the trading value (excluding the amount equivalent to consumption tax and local consumption tax) to the other party as a penalty for breach of contract. However, One REIT is the seller and has no fund procurement risk or other concerns relating to fulfilment of the purchase and sale agreement. It is therefore considered unlikely that One REIT will incur liability for damage compensation and that there will be a material impact on its financial conditions, etc.

Supplementary Schedules

A. Schedule of securities

(1) Stocks

Not applicable.

(2) Securities other than stocks

(Unit: thousand yen)

| Type | Name of security | Total face value | Book value | Accrued interest | Prepaid accrued interest | Valuation amount (Note 1) | Valuation gain or loss | Note |
|-------------------------------------|---|------------------|------------|------------------|--------------------------|------------------------------|------------------------|------|
| Silent partnership equity interests | Silent partnership equity interest with Kagurazaka Kogyo GK as the operator ^(Note 2) | — | 15,506 | — | — | 15,506 | — | — |
| Total | | — | 15,506 | — | — | 15,506 | — | — |

(Note 1) “Valuation amount” is book value.

(Note 2) Assets under management is a real estate trust beneficiary right in Kagurazaka Plaza 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 fixed | 21,324,000 | 17,324,000 | — |
| Total | | 21,324,000 | 17,324,000 | — |

(Note 1) Contract amount, etc. of interest rate swap transactions are 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

(Unit: thousand yen)

| Type of asset | Balance at beginning of period | Amount of increase during period | Amount of decrease during period | Balance at end of period | Accumulated depreciation or accumulated amortization | Amount of amortization during period | Net balance at end of period | Remarks |
|--|--------------------------------|----------------------------------|----------------------------------|--------------------------|--|--------------------------------------|------------------------------|---------|
| (Property, plant and equipment) | | | | | | | | |
| Buildings | 3,663,505 | 514 | — | 3,664,020 | 1,329,668 | 27,180 | 2,334,351 | — |
| Structures | 9,842 | — | — | 9,842 | 6,933 | 322 | 2,909 | — |
| Machinery and equipment | 65,383 | 5,260 | — | 70,643 | 63,057 | 211 | 7,586 | — |
| Tools, furniture and fixtures | 11,410 | 197 | — | 11,607 | 5,302 | 917 | 6,305 | — |
| Land | 3,770,347 | — | — | 3,770,347 | — | — | 3,770,347 | — |
| Buildings in trust | 33,123,098 | 433,467 | — | 33,556,565 | 7,118,603 | 546,860 | 26,437,961 | — |
| Structures in trust | 61,358 | 908 | — | 62,267 | 14,257 | 2,082 | 48,009 | — |
| Machinery and equipment in trust | 427,579 | 55,335 | — | 482,914 | 197,051 | 21,749 | 285,863 | — |
| Tools, furniture and fixtures in trust | 114,723 | 7,942 | — | 122,666 | 73,958 | 6,198 | 48,707 | — |
| Land in trust | 86,489,239 | — | — | 86,489,239 | — | — | 86,489,239 | — |
| Construction in progress in trust | 11,578 | 2,043 | 6,045 | 7,576 | — | — | 7,576 | — |
| Subtotal | 127,748,068 | 505,668 | 6,045 | 128,247,692 | 8,808,833 | 605,522 | 119,438,858 | — |
| (Intangible assets) | | | | | | | | |
| Land leasehold interests in trust | 3,278,336 | — | — | 3,278,336 | — | — | 3,278,336 | — |
| Others | 13,432 | — | — | 13,432 | 7,671 | 927 | 5,761 | — |
| Subtotal | 3,291,769 | — | — | 3,291,769 | 7,671 | 927 | 3,284,098 | — |
| Total | 131,039,837 | 505,668 | 6,045 | 131,539,461 | 8,816,504 | 606,449 | 122,722,957 | — |

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 | August 5, 2019 | 1,500,000 | 1,500,000 | — | 0.400 | August 5, 2024 | | |
| 2nd Unsecured Investment Corporation Bonds | August 5, 2019 | 2,000,000 | — | 2,000,000 | 0.820 | August 3, 2029 | | |
| 3rd Unsecured Investment Corporation Bonds | August 6, 2020 | 1,500,000 | — | 1,500,000 | 0.530 | August 6, 2025 | (Note 1) | Unsecured (Note 2) |
| 4th Unsecured Investment Corporation Bonds | August 6, 2020 | 1,500,000 | — | 1,500,000 | 0.860 | August 6, 2030 | | |
| 5th Unsecured Investment Corporation Bonds (Green bonds) | January 27, 2022 | 3,000,000 | — | 3,000,000 | 0.780 | January 27, 2032 | | |
| Total | | 9,500,000 | 1,500,000 | 8,000,000 | | | | |

(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.

(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 |
|------------------------------|-------------------|--------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Investment corporation bonds | 1,500,000 | — | — | — | 2,000,000 |

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 |
|---|-------------------------------------|--|--|--|--|-----------------------------------|----------------|----------|----------------------------|
| Short-term borrowings | Mizuho Trust & Banking Co., Ltd. | 500,000 | — | — | 500,000 | 0.37650% | Sep. 7, 2024 | (Note 4) | Unsecured/ Unguaranteed |
| | Mizuho Bank, Ltd. | 500,000 | — | — | 500,000 | | | | |
| | Mizuho Bank, Ltd. | — | 1,500,000 | — | 1,500,000 | 0.54562% | Jul. 31, 2025 | (Note 5) | |
| | Subtotal | 1,000,000 | 1,500,000 | — | 2,500,000 | | | | |
| Current portion of long-term borrowings | Mizuho Trust & Banking Co., Ltd. | 837,500 | — | — | 837,500 | 0.51000% (Note 2) | Sep. 7, 2024 | (Note 4) | Unsecured/ Unguaranteed |
| | Mizuho Bank, Ltd. | 837,500 | — | — | 837,500 | | | | |
| | Sumitomo Mitsui Banking Corporation | 375,000 | — | — | 375,000 | | | | |
| | SBI Shinsei Bank, Limited | 1,500,000 | — | — | 1,500,000 | | | | |
| | Resona Bank, Limited | 450,000 | — | — | 450,000 | | | | |
| | Mizuho Trust & Banking Co., Ltd. | 372,500 | — | — | 372,500 | 0.40532% | Sep. 7, 2024 | | |
| | Mizuho Bank, Ltd. | 372,500 | — | — | 372,500 | | | | |
| | Sumitomo Mitsui Banking Corporation | 3,750,000 | — | — | 3,750,000 | | | | |
| | Resona Bank, Limited | 567,500 | — | — | 567,500 | | | | |
| | Aozora Bank, Ltd. | 562,500 | — | — | 562,500 | | | | |
| | The Bank of Fukuoka, Ltd. | 375,000 | — | — | 375,000 | | | | |
| | Subtotal | 10,000,000 | — | — | 10,000,000 | | | | |
| Long-term borrowings | Mizuho Trust & Banking Co., Ltd. | 2,050,000 | — | — | 2,050,000 | 0.75000% (Note 2) | Sep. 7, 2026 | (Note 4) | Unsecured/ Unguaranteed |
| | Mizuho Bank, Ltd. | 2,050,000 | — | — | 2,050,000 | | | | |
| | Sumitomo Mitsui Banking Corporation | 375,000 | — | — | 375,000 | | | | |
| | SBI 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 | | | | |
| | Mizuho Trust & Banking Co., Ltd. | 1,494,000 | — | — | 1,494,000 | 0.58600% (Note 2) | Sep. 7, 2025 | | |
| | Mizuho Bank, Ltd. | 1,450,000 | — | — | 1,450,000 | | | | |
| | Sumitomo Mitsui Banking Corporation | 680,000 | — | — | 680,000 | | | | |
| | SBI Shinsei Bank, Limited | 900,000 | — | — | 900,000 | | | | |
| | Resona Bank, Limited | 325,000 | — | — | 325,000 | | | | |
| | Aozora Bank, Ltd. | 275,000 | — | — | 275,000 | | | | |

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. | 740,000 | — | — | 740,000 | 0.82200% (Note 2) | Sep. 7, 2027 | (Note 4) | Unsecured/ Unguaranteed |
| | Mizuho Bank, Ltd. | 735,000 | — | — | 735,000 | | | | |
| | Sumitomo Mitsui Banking Corporation | 300,000 | — | — | 300,000 | | | | |
| | SBI 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 | 0.55971% | Sep. 7, 2025 | (Note 3) | |
| | Mizuho Trust & Banking Co., Ltd. | 425,000 | — | — | 425,000 | | | | |
| | Mizuho Bank, Ltd. | 425,000 | — | — | 425,000 | | | | |
| | SBI 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 | 0.65422% | Sep. 7, 2027 | (Note 4) | |
| | Mizuho Trust & Banking Co., Ltd. | 250,000 | — | — | 250,000 | | | | |
| | Mizuho Bank, Ltd. | 250,000 | — | — | 250,000 | | | | |
| | Aozora Bank, Ltd. | 250,000 | — | — | 250,000 | | | | |
| | SBI Shinsei Bank, Limited | 250,000 | — | — | 250,000 | | | | |
| | Resona Bank, Limited | 250,000 | — | — | 250,000 | | | | |
| | The Bank of Yokohama, Ltd. | 500,000 | — | — | 500,000 | 0.54190% | Sep. 7, 2025 | (Note 4) | |
| | The Nishi-Nippon City Bank, Ltd. | 250,000 | — | — | 250,000 | | | | |
| | The Bank of Kyoto, Ltd. | 150,000 | — | — | 150,000 | | | | |
| | The Dai-ichi Life Insurance Company, Limited | 800,000 | — | — | 800,000 | | | | |
| | Daishi Hokuetsu Bank, Ltd. | 500,000 | — | — | 500,000 | | | | |
| | The 77 Bank, Ltd. | 400,000 | — | — | 400,000 | | | | |
| | The Chiba Bank, Ltd. | 400,000 | — | — | 400,000 | 0.79750% | Sep. 7, 2027 | (Note 4) | |
| | The Higo Bank, Ltd. | 400,000 | — | — | 400,000 | | | | |
| | The Shizuoka Bank, Ltd. | 250,000 | — | — | 250,000 | | | | |
| | Mizuho Trust & Banking Co., Ltd. | 390,000 | — | — | 390,000 | | | | |
| | Mizuho Bank, Ltd. | 390,000 | — | — | 390,000 | | | | |
| | Sumitomo Mitsui Banking Corporation | 340,000 | — | — | 340,000 | | | | |
| | SBI Shinsei Bank, Limited | 550,000 | — | — | 550,000 | 0.79750% | Sep. 7, 2027 | (Note 4) | |
| | Resona Bank, Limited | 150,000 | — | — | 150,000 | | | | |
| | The Bank of Fukuoka, Ltd. | 180,000 | — | — | 180,000 | | | | |
| | Mizuho Trust & Banking Co., Ltd. | 182,500 | — | — | 182,500 | | | | |
| | Mizuho Bank, Ltd. | 182,500 | — | — | 182,500 | | | | |
| | Sumitomo Mitsui Banking Corporation | 3,750,000 | — | — | 3,750,000 | | | | |
| | Resona Bank, Limited | 567,500 | — | — | 567,500 | 0.79750% | Sep. 7, 2027 | (Note 4) | |
| | Aozora Bank, Ltd. | 562,500 | — | — | 562,500 | | | | |
| | The Bank of Fukuoka, Ltd. | 375,000 | — | — | 375,000 | | | | |
| | San ju San Bank, Ltd. | 380,000 | — | — | 380,000 | | | | |

| 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. | 485,000 | — | — | 485,000 | 0.52650% | Sep. 7, 2026 | (Note 4) | Unsecured/ Unguaranteed | | |
| | Mizuho Bank, Ltd. | 485,000 | — | — | 485,000 | | | | | | |
| | The Bank of Fukuoka, Ltd. | 1,150,000 | — | — | 1,150,000 | | | | | | |
| | The Nishi-Nippon City Bank, Ltd. | 300,000 | — | — | 300,000 | | | | | | |
| | The Chugoku Bank, Ltd. | 300,000 | — | — | 300,000 | | | | | | |
| | Daishi Hokuetsu Bank, Ltd. | 200,000 | — | — | 200,000 | | | | | | |
| | Mizuho Bank, Ltd. | 220,000 | — | — | 220,000 | 1.03250% | Sep. 7, 2028 | | | | |
| | Sumitomo Mitsui Banking Corporation | 1,000,000 | — | — | 1,000,000 | | | | | | |
| | SBI Shinsei Bank, Limited | 1,500,000 | — | — | 1,500,000 | | | | | | |
| | Resona Bank, Limited | 980,000 | — | — | 980,000 | | | | | | |
| | Aozora Bank, Ltd. | 1,000,000 | — | — | 1,000,000 | | | | | | |
| | The Nishi-Nippon City Bank, Ltd. | 700,000 | — | — | 700,000 | | | | | | |
| | The Bank of Kyoto, Ltd. | 800,000 | — | — | 800,000 | | | | | | |
| | Nippon Life Insurance Company | 300,000 | — | — | 300,000 | | | | | | |
| | The Chugoku Bank, Ltd. | 600,000 | — | — | 600,000 | | | | | | |
| | Daishi Hokuetsu Bank, Ltd. | 300,000 | — | — | 300,000 | | | | | | |
| | The 77 Bank, Ltd. | 600,000 | — | — | 600,000 | | | | | | |
| | The Chiba Bank, Ltd. | 500,000 | — | — | 500,000 | | | | | | |
| | The Hiroshima Bank, Ltd. | 500,000 | — | — | 500,000 | | | | | | |
| | Subtotal | 44,994,000 | — | — | 44,994,000 | | | | | | |
| | Total | 55,994,000 | 1,500,000 | — | 57,494,000 | | | | | | |

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

(Note 2) 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 3) The intended use of the funds is to allocate to part of the funds for acquisition of real estate trust beneficiary rights, as well as related costs.

(Note 4) The intended use of the funds is to allocate to part of the funds for repaying existing borrowings.

(Note 5) The intended use of the funds is to allocate to the funds for redemption of unsecured investment corporation bonds.

(Note 6) The total amounts of long-term borrowings (excluding the current portion of long-term borrowings) to be repaid every year within five years after the date of the balance sheets are as follows.

(Unit: thousand yen)

| | 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 |
|----------------------|---|--|--|--|
| Long-term borrowings | 9,974,000 | 12,120,000 | 13,900,000 | 9,000,000 |

Independent Auditor's Report

Independent Auditor's Report

The Board of Directors
One REIT, Inc.

The Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of One REIT, Inc. (the Company), which comprise the balance sheet as at August 31, 2024, and the statements of income and retained earnings, changes in net assets, cash distribution, 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, 2024, 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.

Other Information

The other information comprises the information included in the Semi-Annual Report that contains audited financial statements, but does not include the financial statements and our auditor's report thereon. Management is responsible for preparation and disclosure of the other information. The Supervisory Directors responsible for overseeing the Company's reporting process of the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Supervisory Directors 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 Directors 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, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

Fee-related Information

The fees for the audits of the financial statements of One REIT, Inc. provided by us and other EY member firms are 12 million yen for the six-month period ended August 31, 2024, and there are no fees for other services for the six-month period ended August 31, 2024.

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

January 14, 2025

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Yoichi Tsukimoto
Designated Engagement Partner
Certified Public Accountant

藤 森 允 浩

Masahiro Fujimori
Designated Engagement Partner
Certified Public Accountant

One REIT, Inc.

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