

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

October 12, 2018

REIT Issuer: One REIT, Inc. Stock Exchange Listing: Tokyo Stock Exchange  
 Securities Code: 3290 URL: <http://www.one-reit.com/en/>  
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 Preparation of supplementary financial results briefing materials: Yes  
 Holding of financial results briefing session: Yes (for institutional investors and analysts)

(Amounts are rounded down to the nearest million yen)

### 1. Status of Management and Assets for the Fiscal Period Ended August 2018 (March 1, 2018 to August 31, 2018)

(1) Management status (% figures are the percentage of increase (decrease) compared with the previous period)

Fiscal period	Operating revenue		Operating profit		Recurring profit		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Ended Aug. 2018	3,438	(11.1)	1,667	(19.4)	1,452	(13.7)	1,405	(13.2)
Ended Feb. 2018	3,868	11.0	2,069	46.1	1,682	49.4	1,620	43.9

Fiscal period	Net income per unit	Ratio of net income to equity	Ratio of recurring profit to total assets	Ratio of recurring profit to operating revenue
	yen	%	%	%
Ended Aug. 2018	7,427	3.4	1.7	42.2
Ended Feb. 2018	8,558	3.9	1.8	43.5

(2) Distributions status

Fiscal period	Distribution per unit (excluding distribution in excess of earnings)	Total distributions (excluding distribution in excess of earnings)	Distribution per unit in excess of earnings	Total distributions in excess of earnings	Distribution payout ratio	Ratio of distributions to net assets
	yen	million yen	yen	million yen	%	%
Ended Aug. 2018	6,955	1,316	0	0	93.6	3.2
Ended Feb. 2018	8,027	1,519	0	0	93.7	3.7

(Note 1) The amount of total distributions for the fiscal period ended August 2018 is the amount after internally reserving 89 million yen utilizing part of gain on sale of real estate, etc. and thus differs from net income.

(Note 2) The amount of total distributions for the fiscal period ended February 2018 is the amount after internally reserving 100 million yen utilizing part of gain on sale of real estate, etc. and thus differs from net income.

(Note 3) Distribution payout ratio is calculated by the following formula (rounded down to one decimal place).  
 Distribution payout ratio = Total distributions (excluding distribution in excess of earnings) ÷ Net income × 100

(3) Financial position

Fiscal period	Total assets	Net assets	Equity ratio	Net assets per unit
	million yen	million yen	%	yen
Ended Aug. 2018	87,143	41,529	47.7	219,386
Ended Feb. 2018	87,823	41,642	47.4	219,986

(4) Status of cash flows

Fiscal period	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
Ended Aug. 2018	1,463	(314)	(1,518)	7,066
Ended Feb. 2018	26,505	(16,570)	(9,991)	7,436

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

(% figures are the percentage of increase (decrease) compared with the previous period)

Fiscal period	Operating revenue		Operating profit		Recurring profit		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Ending Feb. 2019	3,866	12.4	1,925	15.5	1,656	14.1	1,655	17.7
Ending Aug. 2019	3,957	2.4	1,871	(2.8)	1,596	(3.6)	1,595	(3.6)

Fiscal period	Distribution per unit (excluding distribution in excess of earnings)		Distribution per unit in excess of earnings	
	yen		yen	
Ending Feb. 2019	6,900		0	
Ending Aug. 2019	6,650		0	

(Reference) Forecast net income per unit (fiscal period ending February 2019): 6,899 yen

Forecast net income per unit (fiscal period ending August 2019): 6,649 yen

\* Other

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

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

(2) Number of investment units issued and outstanding

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

Fiscal period ended August 2018 189,298 units

Fiscal period ended February 2018 189,298 units

- ② Number of own investment units at end of period

Fiscal period ended August 2018 — units

Fiscal period ended February 2018 — units

(Note) For the number of investment units used as the basis for calculating net income per unit, please refer to “Notes on Per Unit Information” on page 26.

\* Presentation of the status of implementation of audit procedures

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

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

The management status outlook and other forward-looking statements contained in this document are based on information currently available to and certain assumptions deemed reasonable by One REIT. Accordingly, actual management status and other results may differ materially due to a variety of factors. In addition, the forecast is not a guarantee of the amount of distributions. For the assumptions for the forecast of management status, please refer to “Assumptions for the Forecast of Management Status for the Fiscal Periods Ending February 2019 and August 2019” presented on page 8.

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## 1. Associated Corporations of the Investment Corporation

Disclosure is omitted as there is no significant change in the name, operational roles and overview of associated business operations of the investment corporation One REIT, Inc. (hereinafter referred to as “One REIT”) and the associated corporations of One REIT (including other main associated parties of One REIT) from those of “Structure of the Investment Corporation” in the securities report (submitted on May 30, 2018).

## 2. Management Policy and Management Status

### (1) Management Policy

Disclosure is omitted because there is no significant change from “Investment Policy,” “Investment Targets” and “Distribution Policy” in the securities report (submitted on May 30, 2018).

### (2) Management Status

#### ① Overview of the Fiscal Period under Review

##### (A) Brief History of the Investment Corporation

One REIT has Mizuho REIT Management Co., Ltd. (hereinafter referred to as the “Asset Management Company”) (Note 1), which is a member of the Mizuho Financial Group, as its asset management company, and sets middle-sized office buildings (Note 2) as its focal investment target while incorporating other office buildings and urban retail facilities for the sake of diversified investment, aiming to construct a portfolio that both ensures stable income in the medium to long term and exhibits growth potential. Furthermore, One REIT strives to reach a further stage of growth in an aim to maximize unitholder value under the basic policies of “continuous growth of distributions” and “disciplined external growth while considering the portfolio and financial structure” 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.

The Investment Corporation was incorporated, pursuant to the Act on Investment Trusts and Investment Corporations (hereinafter the “Investment Trust Act”), on June 25, 2013 with the Asset Management Company as the organizer and listed on the J-REIT section of the Tokyo Stock Exchange (securities code: 3290) on October 9, 2013. With public offering, etc. that followed, the total number of investment units issued and outstanding as of the end of the period stands at 189,298.

(Note 1) 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 m<sup>2</sup> (approximately 1,000 tsubos) and 33,000 m<sup>2</sup> (approximately 10,000 tsubos).

##### (B) Investment Environment and Management Performance

During the fiscal period under review, the Japanese economy witnessed ongoing gradual recovery due to a pickup in export and production activities against a backdrop of gradual recovery in overseas economies, and corporate earnings marked record-high levels while steady improvements were seen in the employment and income environment.

In the office building leasing market, a downward trend in vacancy rate and an upward trend in rent level continue in central Tokyo as demand for increase in floor space, relocation for expansion, and upgrading was strong continuing from the previous fiscal period. The supply/demand environment remained tight also in Osaka, Nagoya and other major regional cities as their vacancy rates continued to fall while rent levels continued to rise.

In an effort to realize selective investment in the core investment target areas, One REIT transferred Niigata Higashibori-dori Parking Building on August 30, 2018 (transfer price: 620 million yen).

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

As a result, One REIT’s assets at the end of the fiscal period ended August 2018 was a portfolio of assets totaling 23 properties (total acquisition price: 80,383 million yen) with a total leasable area of 127,633.35 m<sup>2</sup>, and the occupancy rate at the end of the fiscal period ended August 2018 was 99.1%.

#### (Reference)

One REIT acquired Crescendo Building on September 3, 2018 (acquisition price: 2,466 million yen) as well as two properties namely Tokyo Parkside Building and Higobashi Center Building on September 21, 2018 (acquisition price: 19,380 million yen). With these efforts, One REIT sought to stabilize revenue base through the diversification of the portfolio and the tenants.

##### (C) Overview of Financing

During the period under review, One REIT performed no borrowing or repayment of borrowings.

As a result, as of August 31, 2018, the balance of outstanding borrowings was 40,198 million yen and the ratio of interest-bearing liabilities to total assets (LTV) was 46.1%.

(D) Overview of Business Performance and Distributions

As a result of the management described above, business performance in the fiscal period ended August 31, 2018 was operating revenue of 3,438 million yen, operating profit of 1,667 million yen, recurring profit of 1,452 million yen and net income of 1,405 million yen.

During the period under review, One REIT internally reserved 89 million yen utilizing part of gain on sale of real estate, etc. in order to stabilize distributions. One REIT then distributed unappropriated retained earnings in a manner to be eligible for application of the special provisions for taxation on investment corporations (Article 67-15 of the Act on Special Measures Concerning Taxation) and declared distribution per investment unit of 6,955 yen.

② Outlook for the Next Fiscal Period

(A) Future Investment Environment

The Japanese economy going forward is expected to mark the longest period of economic recovery in 2019 as it will be supported by factors including capital investment and increase in demand with the upcoming Tokyo Olympics. However, careful attention should be paid to the impact on the world economy of moves in trade issues surrounding the U.S., China and Europe, the outlook of economies in emerging nations, impact of fluctuations in financial and capital markets and other factors.

In the office building leasing market, although increase in supply volume is expected centering on large-scale buildings, new supply of mid-sized buildings seems to be limited. Office demand remains strong supported by favorable corporate performance and the tight supply/demand balance of offices is expected to continue while a gradual rise in rent is forecasted for the time being. It is believed that going forward careful attention should be paid to the shift in office demand associated with improvements in corporate earnings and the sustainability of the increase trend in rent level. In the office building transaction market, transaction prices are expected to remain high, backed by a favorable environment for procuring funds, and thus it will be important to firmly maintain a stance of selective investment.

(B) Future Management Policy and Challenges to Address

One REIT strives to grow while 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. With the aim of achieving stable growth over the medium to long term, One REIT will seek to expand asset size by acquiring competitive assets (external growth) and maintain and increase the asset value of assets under management by operating and managing them to maximize their competitiveness (internal growth).

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

(a) External Growth

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

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

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

(b) Internal Growth

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

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

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

## ③ Subsequent Material Events

## Issuance of new investment units

One REIT resolved the issuance of new investment units at the meetings of One REIT's Board of Directors held on September 4, 2018 and September 12, 2018 as follows. Payment concerning the issuance of new investment units through public offering was completed on September 20, 2018. Conditions of issuance are as described below. As a result, unitholders' capital is 50,624 million yen and the total number of investment units issued and outstanding is 237,498 units as of October 12, 2018. Furthermore, in line with secondary offering through over-allotment, resolutions were also made concerning issuance of new investment units by way of third-party allotment with October 17, 2018 as the payment date.

The proceeds from the issuance of new investment units through public offering were used as part of funds for acquiring assets acquired on September 21, 2018. Furthermore, the proceeds from the issuance of new investment units by way of third-party allotment will be kept as cash on hand and are scheduled to be used for part of future acquisition funds of specified assets or part of repayment of borrowings in the future.

## a. Issuance of New Investment Units through Public Offering

Number of new investment units to be issued:	48,200 units
Issue price (Offer price):	227,662 yen per unit
Total issue amount (Offer price):	10,973,308,400 yen
Paid-in amount (Issue value):	219,956 yen per unit
Total paid-in amount (Issue value):	10,601,879,200 yen
Payment date:	September 20, 2018

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

Number of new investment units to be issued (Maximum):	2,410 units
Paid-in amount (Issue value):	219,956 yen per unit
Total paid-in amount (Issue value) (Maximum):	530,093,960 yen
Allottee:	Mizuho Securities Co., Ltd.
Payment date:	October 17, 2018

## (Reference Information)

## (A) Asset Acquisition

One REIT acquired the following real estate trust beneficiary right (1 property, acquisition price 2,466 million yen) as of September 3, 2018 and real estate trust beneficiary right (2 properties, total acquisition price 19,380 million yen) as of September 21, 2018.

Property name	Location	Acquisition price (million yen) (Note)	Seller	Acquisition date
Crescendo Building	Yokohama-shi, Kanagawa	2,466	Bestland Co., Ltd.	September 3, 2018
Tokyo Parkside Building	Koto-ku, Tokyo	10,450	GK SIA Bridge No. 3	September 21, 2018
Higobashi Center Building	Osaka-shi, Osaka	8,930	IBJ Leasing Company, Limited	September 21, 2018
Total		21,846		

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

## (B) Borrowing of Funds

In order to allocate funds to acquisition of Crescendo Building described in “(A) Asset Acquisition” and the ancillary costs, One REIT borrowed funds on September 3, 2018 as follows.

Lenders	Borrowing amount (million yen)	Interest rate	Repayment date	Repayment method	Collateral
Mizuho Trust & Banking Co., Ltd.	1,350	Floating Rate: base interest rate (JBA one-month Japanese yen TIBOR) +0.25%	September 3, 2019	Bullet repayment	Unsecured Unguaranteed
Mizuho Bank, Ltd.	1,350				

In order to allocate funds to acquisitions of Tokyo Parkside Building and Higobashi Center Building described in “(A) Asset Acquisition” and the ancillary costs, One REIT borrowed funds on September 21, 2018 as follows.

Lenders	Borrowing amount (million yen)	Interest rate	Repayment date	Repayment method	Collateral
Mizuho Trust & Banking Co., Ltd and Mizuho Bank, Ltd.	300	Floating Rate: base interest rate (JBA one-month Japanese yen TIBOR) +0.25%	September 7, 2019	Bullet repayment	Unsecured Unguaranteed
Syndicate of lenders arranged by Mizuho Trust & Banking Co., Ltd. and Mizuho Bank, Ltd.	2,000	Floating Rate: base interest rate (JBA one-month Japanese yen TIBOR) +0.45%	September 7, 2023	Bullet repayment	Unsecured Unguaranteed
Syndicate of lenders arranged by Mizuho Trust & Banking Co., Ltd. and Mizuho Bank, Ltd.	6,000	Floating Rate: base interest rate (JBA one-month Japanese yen TIBOR) +0.45% (Note)	September 7, 2023	Bullet repayment	Unsecured Unguaranteed

(Note) Interest rate is effectively fixed at 0.67200% through the interest rate swap.

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

Item	Assumptions
Calculation period	<ul style="list-style-type: none"> <li>➤ Fiscal period ending February 2019 (11th fiscal period) (September 1, 2018 to February 28, 2019) (181 days)</li> <li>➤ Fiscal period ending August 2019 (12th fiscal period) (March 1, 2019 to August 31, 2019) (184 days)</li> </ul>
Assets under management	<ul style="list-style-type: none"> <li>➤ The real estate and real estate trust beneficiary rights held as of August 31, 2018 total 23 properties. With acquisition of Crescendo Building on September 3, 2018 and 2 properties, Tokyo Parkside Building and Higobashi Center Building, on September 21, 2018 (hereinafter collectively referred to as the “Newly Acquired Assets”), in addition to the 23 properties, the real estate and real estate trust beneficiary rights held as of today total 26 properties. It is assumed that no changes in assets under management (acquisition of new properties, disposition of portfolio properties, etc.) will take place through to the end of August 2019.</li> <li>➤ Changes in assets under management may occur from acquisition of new properties, disposition of portfolio properties, etc.</li> </ul>
Operating revenue	<ul style="list-style-type: none"> <li>➤ Operating revenue of the above “assets under management” is used as an assumption. The calculation of property-related operating revenue assumes that there will be no late or delinquent payments of rent by tenants, given the lease agreements effective as of today, tenant trends, market trends, etc.</li> <li>➤ Occupancy rate of portfolio (average during the period) based on the above “Assets under management” is assumed to be 98.2% in the fiscal period ending February 2019 and 98.0% in the fiscal period ending August 2019.</li> <li>➤ As to operating revenue other than property-related operating revenue, it is assumed that there will be no changes to the properties held as of today and no gain or loss on sale of real estate, etc. is expected.</li> </ul>



Operating expenses	<ul style="list-style-type: none"> <li>➤ Property-related expenses, which are the main component of operating expenses, are estimated to be 1,664 million yen in the fiscal period ending February 2019 and 1,750 million yen in the fiscal period ending August 2019. Expenses other than depreciation are calculated on a historical data basis for the assets acquired and calculated based on the historical data provided by the previous owner, etc. for the Newly Acquired Assets, by reflecting factors causing fluctuations in expenses.</li> <li>1) Property management fees are estimated to be 387 million yen in the fiscal period ending February 2019 and 378 million yen in the fiscal period ending August 2019.</li> <li>2) Depreciation is calculated using the straight-line method, including ancillary costs, etc. Depreciation is estimated to be 488 million yen in the fiscal period ending February 2019 and 500 million yen in the fiscal period ending August 2019.</li> <li>3) Fixed asset tax, city planning tax, etc. are estimated to be 252 million yen in the fiscal period ending February 2019 and 313 million yen in the fiscal period ending August 2019. While fixed asset tax and city planning tax, etc. are adjusted upon acquisition by prorating the pro forma taxes with the current owner in general, expenses will not be recorded in the period when the property is acquired as the amount equivalent to such adjustments will be included in the acquisition costs in case of One REIT. Accordingly, fixed asset tax and city planning tax, etc. related to Newly Acquired Assets will be recorded as expenses from the fiscal period ending August 2019 onwards. With regard to Newly Acquired Assets, the total amount of fixed asset tax and city planning tax, etc. that will be included in the acquisition costs is estimated to be 31 million yen.</li> <li>4) Repair expenses are estimated to be 87 million yen in the fiscal period ending February 2019 and 79 million yen in the fiscal period ending August 2019, based on the repair plan formulated by the Asset Management Company for each property. However, repair expenses may greatly differ from the forecast amount because increased or additional repair expenses may arise due to unforeseeable factors.</li> <li>➤ Operating expenses other than property-related expenses (asset management fee, asset custody fee, administrative service fees, etc.) are estimated to be 276 million yen in the fiscal period ending February 2019 and 335 million yen in the fiscal period ending August 2019. Among the above, asset management fees of 195 million yen for the fiscal period ending February 2019 and 248 million yen for the fiscal period ending August 2019 are expected.</li> </ul>
Non-operating expenses	<ul style="list-style-type: none"> <li>➤ Interest expenses and borrowing related expenses are expected to be 252 million yen for the fiscal period ending February 2019 and 258 million yen for the fiscal period ending August 2019.</li> <li>➤ Amortization of expenses related to issuance of new investment units is expected to be 15 million yen for both the fiscal period ending February 2019 and fiscal period ending August 2019. Furthermore, expenses related to issuance of new investment units are assumed to be amortized using the straight-line method over 3 years.</li> </ul>
Borrowings	<ul style="list-style-type: none"> <li>➤ The balance of total outstanding borrowings as of August 31, 2018 is 40,198 million yen.</li> <li>➤ One REIT borrowed loans of 2,700 million yen and 8,300 million yen on September 3, 2018 and September 21, 2018, respectively, for the purpose of procuring part of the acquisition funds and ancillary costs for the Newly Acquired Assets, bringing the balance of total outstanding borrowings as of today to 51,198 million yen.</li> <li>➤ In the fiscal period ending August 2019, prepayment of 300 million yen of borrowings is expected by using the refund of consumption tax for the acquisition of Newly Acquired Assets.</li> <li>➤ In addition to the above, it is assumed that there will be no change in the balance of borrowings (new borrowings, repayment of borrowings, etc.) until the end of the fiscal period ending August 2019.</li> </ul>

Investment units	<ul style="list-style-type: none"> <li>➤ In addition to 189,298 units issued and outstanding as of August 31, 2018, 48,200 units have been additionally issued on September 20, 2018 through the primary offering, which were resolved at One REIT's Board of Directors meeting held on September 4, 2018 and September 12, 2018. Furthermore, 2,410 units, the maximum number of new investment units to be issued by way of third-party allotment with October 17, 2018 as the payment date, are to be additionally issued. Thus, the total number of investment units issued and outstanding is assumed to be 239,908 units.</li> <li>➤ In addition to the above, it is assumed that there will be no change in the number of investment units due to issuance of new investment units, etc. until the end of the fiscal period ending August 2019.</li> </ul>
Distribution per unit (excluding distribution in excess of earnings)	<ul style="list-style-type: none"> <li>➤ Distribution per unit (excluding distribution in excess of earnings) is calculated by assuming the cash distribution policy stipulated in the Articles of Incorporation of One REIT.</li> <li>➤ Distribution per unit is subject to change due to a variety of factors, including fluctuations in rent revenue caused by change in assets under management, relocation of tenants, etc. or occurrence of unforeseen repairs.</li> </ul>
Distribution per unit in excess of earnings	<ul style="list-style-type: none"> <li>➤ There are no plans at this time to distribute cash in excess of earnings.</li> <li>➤ However, cash distribution in excess of earnings may be made for the purpose of reducing occurrence of corporate tax and other taxes derived from discrepancy between tax and accounting treatment.</li> </ul>
Other	<ul style="list-style-type: none"> <li>➤ It is assumed that there will be no revision of laws and regulations, tax systems, accounting standards, listing rules, rules of The Investment Trusts Association, Japan, etc. that will impact the forecast figures above.</li> <li>➤ It is assumed that there will be no serious unforeseen change in general economic trends, real estate market conditions, etc.</li> </ul>

## (3) Investment Risks

Disclosure is omitted because there is no significant change from "Investment Risks" in the securities report (submitted on May 30, 2018) and the securities registration statements (submitted on September 4, 2018, including the revised statements thereafter).

## 3. Financial Statements

## (1) Balance Sheet

(Unit: thousand yen)

	9th fiscal period (As of Feb. 28, 2018)	10th fiscal period (As of Aug. 31, 2018)
<b>Assets</b>		
Current assets		
Cash and deposits	3,181,010	2,719,168
Cash and deposits in trust	4,255,076	4,347,568
Operating accounts receivable	57,587	83,973
Prepaid expenses	172,792	164,168
Deferred tax assets	192	190
Consumption taxes receivable	-	400,009
Other	1,022	4,238
Total current assets	7,667,682	7,719,318
Non-current assets		
Property, plant and equipment		
Buildings	3,609,506	3,609,506
Accumulated depreciation	(562,522)	(626,341)
Buildings, net	3,046,983	2,983,164
Structures	9,644	9,644
Accumulated depreciation	(2,756)	(3,074)
Structures, net	6,888	6,570
Machinery and equipment	62,025	62,025
Accumulated depreciation	(54,779)	(60,982)
Machinery and equipment, net	7,245	1,043
Tools, furniture and fixtures	631	631
Accumulated depreciation	(58)	(115)
Tools, furniture and fixtures, net	572	515
Land	3,770,347	3,770,347
Buildings in trust	25,103,079	24,930,877
Accumulated depreciation	(2,348,566)	(2,666,411)
Buildings in trust, net	22,754,512	22,264,465
Structures in trust	8,256	8,308
Accumulated depreciation	(2,151)	(2,427)
Structures in trust, net	6,105	5,880
Machinery and equipment in trust	118,493	136,802
Accumulated depreciation	(25,969)	(32,046)
Machinery and equipment in trust, net	92,523	104,755
Tools, furniture and fixtures in trust	56,825	57,845
Accumulated depreciation	(17,073)	(21,374)
Tools, furniture and fixtures in trust, net	39,752	36,471
Land in trust	46,775,017	46,775,017
Total property, plant and equipment	76,499,949	75,948,232
Intangible assets		
Leasehold rights in trust	3,369,076	3,278,336
Other	664	2,385
Total intangible assets	3,369,740	3,280,722
Investments and other assets		
Lease and guarantee deposits	16,150	10,960
Long-term prepaid expenses	248,901	170,699
Total investments and other assets	265,051	181,659
Total non-current assets	80,134,741	79,410,614

	(Unit: thousand yen)	
	9th fiscal period (As of Feb. 28, 2018)	10th fiscal period (As of Aug. 31, 2018)
Deferred assets		
Investment unit issuance expenses	20,646	13,764
Total deferred assets	20,646	13,764
Total assets	87,823,069	87,143,697
Liabilities		
Current liabilities		
Operating accounts payable	160,803	237,790
Accounts payable - other	468,246	336,921
Accrued expenses	663	664
Income taxes payable	62,990	46,151
Consumption taxes payable	616,823	120,528
Advances received	518,333	526,607
Other	138	105
Total current liabilities	1,827,998	1,268,770
Non-current liabilities		
Long-term loans payable	40,198,000	40,198,000
Tenant lease and security deposits	263,485	263,854
Tenant lease and security deposits in trust	3,890,610	3,883,609
Total non-current liabilities	44,352,096	44,345,464
Total liabilities	46,180,094	45,614,234
Net assets		
Unitholders' equity		
Unitholders' capital	40,022,953	40,022,953
Surplus		
Unappropriated retained earnings (undisposed loss)	1,620,022	1,506,508
Total surplus	1,620,022	1,506,508
Total unitholders' equity	41,642,975	41,529,462
Total net assets	*1 41,642,975	*1 41,529,462
Total liabilities and net assets	87,823,069	87,143,697

## (2) Statement of Income

(Unit: thousand yen)

	9th fiscal period (From: Sep. 1, 2017 To: Feb. 28, 2018)	10th fiscal period (From: Mar. 1, 2018 To: Aug. 31, 2018)
Operating revenue		
Lease business revenue	*1 2,840,097	*1 2,950,171
Other lease business revenue	*1 298,590	*1 315,965
Gain on sale of real estate, etc.	*2 729,365	*2 172,705
Total operating revenue	3,868,054	3,438,842
Operating expenses		
Expenses related to rent business	*1 1,482,826	*1 1,504,200
Asset management fee	216,659	197,601
Asset custody fee	3,966	3,661
Administrative service fees	17,989	7,845
Directors' compensations	3,876	3,876
Other operating expenses	72,965	54,023
Total operating expenses	1,798,283	1,771,208
Operating profit	2,069,771	1,667,633
Non-operating income		
Interest income	44	33
Insurance income	-	1,788
Reversal of distribution payable	1,119	1,342
Subsidy income	-	3,000
Other	5	100
Total non-operating income	1,168	6,265
Non-operating expenses		
Interest expenses	142,858	122,031
Borrowing related expenses	235,553	81,221
Amortization of investment unit issuance expenses	6,882	6,882
Other	2,756	11,624
Total non-operating expenses	388,051	221,758
Recurring profit	1,682,888	1,452,139
Net income before income taxes	1,682,888	1,452,139
Income taxes – current	63,050	46,156
Income taxes – deferred	(178)	1
Total income taxes	62,871	46,158
Net income	1,620,016	1,405,981
Profit brought forward	5	100,527
Unappropriated retained earnings (undisposed loss)	1,620,022	1,506,508

## (3) Statement of Unitholders' Equity

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

(Unit: thousand yen)

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

10th fiscal period (March 1, 2018 to August 31, 2018)

(Unit: thousand yen)

	Unitholders' equity				Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	
		Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at beginning of current period	40,022,953	1,620,022	1,620,022	41,642,975	41,642,975
Changes of items during period					
Distribution of surplus		(1,519,495)	(1,519,495)	(1,519,495)	(1,519,495)
Net income		1,405,981	1,405,981	1,405,981	1,405,981
Total changes of items during period	-	(113,513)	(113,513)	(113,513)	(113,513)
Balance at end of current period	40,022,953	1,506,508	1,506,508	41,529,462	41,529,462

## (4) Statement of Cash Distributions

(Unit: yen)

	9th fiscal period From: Sep. 1, 2017 To: Feb. 28, 2018	10th fiscal period From: Mar. 1, 2018 To: Aug. 31, 2018
	Amount	Amount
I. Unappropriated retained earnings	1,620,022,097	1,506,508,791
II. Amount of distributions	1,519,495,046	1,316,567,590
[Amount of distributions per investment unit]	[8,027]	[6,955]
III. Retained earnings carried forward	100,527,051	189,941,201

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, taking into account the gain on sale of real estate, etc. of 729,365,587 yen that arose in the period under review, One REIT internally reserved 100,527,051 yen in order to stabilize future distributions, and decided to pay out distributions of earnings of 1,519,495,046 yen, which is the entire amount after subtracting the amount of internal reserves from unappropriated retained earnings. One REIT will not engage in the distribution of cash in excess of earnings provided in Article 35, Paragraph 2 of the Articles of Incorporation of One REIT.</p>	<p>Pursuant to the distribution policy provided in Article 35, Paragraph 1, Item 2 of the Articles of Incorporation of One REIT, the amount of distributions shall be in excess of an amount equivalent to 90% of the amount of earnings available for distribution of One REIT provided in Article 67-15, Paragraph 1 of the Act on Special Measures Concerning Taxation, but no more than the amount of earnings.</p> <p>Based on such policy, taking into account the gain on sale of real estate, etc. of 172,705,672 yen that arose in the period under review, One REIT internally reserved 89,414,150 yen in order to stabilize future distributions, and decided to pay out distributions of earnings of 1,316,567,590 yen, which is the entire amount after subtracting the amount of internal reserves (including 100,527,051 yen of the amount of internal reserves in the previous fiscal period) 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>
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## (5) Statement of Cash Flows

	(Unit: thousand yen)	
	9th fiscal period (From: Sep. 1, 2017 To: Feb. 28, 2018)	10th fiscal period (From: Mar. 1, 2018 To: Aug. 31, 2018)
Cash flows from operating activities		
Net income before income taxes	1,682,888	1,452,139
Depreciation	467,212	440,779
Amortization of investment unit issuance expenses	6,882	6,882
Interest income	(44)	(33)
Reversal of distribution payable	(1,119)	(1,342)
Interest expenses	142,858	122,031
Decrease (increase) in operating accounts receivable	47,568	(26,385)
Decrease (increase) in consumption taxes refund receivable	-	(400,009)
Decrease (increase) in prepaid expenses	20,014	8,624
Decrease by sales of non-current assets	24,188,384	418,677
Increase (decrease) in operating accounts payable	(85,316)	76,987
Increase (decrease) in accounts payable - other	(47,948)	(40,729)
Increase (decrease) in consumption tax payable	457,305	(496,295)
Increase (decrease) in advances received	(73,577)	8,274
Decrease (increase) in long-term prepaid expenses	(115,391)	78,201
Other, net	(638)	293
Subtotal	26,689,077	1,648,095
Interest income received	44	33
Interest expenses paid	(222,497)	(122,030)
Income taxes paid	(854)	(62,995)
Proceeds from compensation	39,507	-
Net cash provided by (used in) operating activities	26,505,277	1,463,104
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,803)	-
Purchase of property, plant and equipment in trust	(16,244,804)	(310,763)
Purchase of intangible assets in trust	(172)	(2,095)
Proceeds from collection of lease and guarantee deposits	60	5,190
Repayments of tenant lease and security deposits	(52,580)	(432)
Proceeds from tenant lease and security deposits	67,889	800
Repayments of tenant lease and security deposits in trust	(1,181,899)	(54,011)
Proceeds from tenant lease and security deposits in trust	833,611	47,011
Proceeds from redemption of investment securities	9,682	-
Net cash provided by (used in) investing activities	(16,570,017)	(314,300)
Cash flows from financing activities		
Proceeds from long-term loans payable	16,000,000	-
Repayment of long-term loans payable	(24,867,940)	-
Payment of distribution	(1,123,717)	(1,518,153)
Net cash provided by (used in) financing activities	(9,991,657)	(1,518,153)
Net increase (decrease) in cash and cash equivalents	(56,397)	(369,350)
Cash and cash equivalents at beginning of period	7,492,485	7,436,087
Cash and cash equivalents at end of period	*1 7,436,087	*1 7,066,737



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

(7) Notes on Matters Concerning Significant Accounting Policies

1. Method of depreciation of non-current assets	<p>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 5~59 years Structures 4~20 years Machinery and equipment 5~10 years Tools, furniture and fixtures 4~20 years</p> <p>② Intangible assets The straight-line method is adopted.</p> <p>③ Long-term prepaid expenses The straight-line method is adopted.</p>
2. Accounting for deferred assets	Investment unit issuance expenses Amortized using the straight-line method over 3 years.
3. Standards for recognition of revenue and expenses	<p>Accounting for fixed asset tax, etc. Of the tax amount assessed and determined for fixed asset tax, city planning tax, depreciable asset tax, etc. on real estate, etc. held, the method adopted is that the amount corresponding to the relevant calculation period is expensed as expenses related to rent business. The amount equivalent to fixed asset tax, etc. in the fiscal year including the acquisition date when money was paid to the seller as reimbursement upon acquisition of real estate, etc. is included in the cost of acquisition of the relevant real estate, etc. and not recognized as expenses. The amount equivalent to fixed asset tax, etc. included in the cost of acquisition of real estate, etc. in the previous fiscal period was 20,102 thousand yen. No amount equivalent to fixed asset tax, etc. is included in the cost of acquisition of real estate, etc. in the fiscal period under review.</p>
4. Method of Hedge Accounting	<p>① Method of Hedge Accounting Special treatment is applied to interest rate swap transactions since they satisfy the requirements for special treatment.</p> <p>② Hedging instruments and hedge items Hedging instruments: Interest rate swaps Hedged items: Interest on borrowings</p> <p>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.</p> <p>④ Method of assessing hedge effectiveness Since interest rate swap transactions satisfy the requirements for special treatment, assessment of hedge effectiveness is omitted.</p>
5. 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.
6. Other significant matters serving as the basis for preparing financial statements	<p>① Accounting for trust beneficiary rights in real estate, etc. Concerning trust beneficiary rights in real estate, etc. held, all accounts of assets and liabilities within trust assets as well as all accounts of revenue and expenses from the trust assets are recognized in the relevant account item of the balance sheet and statement of income. The following material items of the trust assets recognized in the relevant account item are separately listed on the balance sheet. (1) Cash and deposits in trust (2) Buildings in trust; structures in trust; machinery and equipment in trust; tools, furniture and fixtures in trust and land in trust (3) Leasehold rights in trust (4) Tenant leasehold and security deposits in trust</p> <p>② Accounting for consumption tax, etc. Concerning accounting for consumption tax and local consumption tax, these taxes are excluded. Non-deductible consumption tax in the acquisition of assets is included in the cost of acquisition of the respective asset.</p>

(Accounting standards yet to be applied, etc.)

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

(1) Overview

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

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

(2) Planned date of application

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

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

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

## (8) Notes to the Financial Statements

## [Notes to the Balance Sheet]

\*1. Minimum net assets as provided in Article 67, Paragraph 4 of the Act on Investment Trusts and Investment Corporations  
(Unit: thousand yen)

	9th fiscal period (As of Feb. 28, 2018)	10th fiscal period (As of Aug. 31, 2018)
	50,000	50,000

## [Notes to the Statement of Income]

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

	9th fiscal period ( From: Sep. 1, 2017 To: Feb. 28, 2018 )	10th fiscal period ( From: Mar. 1, 2018 To: Aug. 31, 2018 )
<b>A. Property-related operating revenue</b>		
Lease business revenue		
Rent revenue	2,126,338	2,223,349
Common area charges revenue	548,141	555,224
Parking revenue	146,474	154,526
Other rent revenue	19,142	17,071
Total	2,840,097	2,950,171
Other lease business revenue		
Utilities revenue	282,680	293,568
Other revenue	15,910	22,396
Total	298,590	315,965
Total property-related operating revenue	3,138,688	3,266,136
<b>B. Property-related operating expenses</b>		
Expenses related to rent business		
Property management fees	335,037	312,192
Utilities expenses	322,493	320,035
Taxes and public dues	206,716	254,826
Insurance premiums	4,624	4,670
Repair expenses	89,013	109,567
Trust fees	11,116	11,496
Depreciation	466,887	440,405
Other sundry expenses	46,936	51,005
Total property-related operating expenses	1,482,826	1,504,200
<b>C. Property-related operating income (loss) [A– B]</b>	1,655,861	1,761,935

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

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

(Unit: thousand yen)

## J Tower

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

10th fiscal period (March 1, 2018 to August 31, 2018)

(Unit: thousand yen)

## Niigata Higashibori-dori Parking Building

Revenue on sale of real estate, etc.	620,000
Cost of real estate sold, etc.	418,677
<u>Other expenses on sale</u>	<u>28,616</u>
<u>Gain on sale of real estate, etc.</u>	<u>172,705</u>

[Notes to the Statement of Unitholders' Equity]

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

	9th fiscal period ( From: Sep. 1, 2017 To: Feb. 28, 2018 )	10th fiscal period ( From: Mar. 1, 2018 To: Aug. 31, 2018 )
Total number of investment units authorized	4,000,000 units	4,000,000 units
Total number of investment units issued and outstanding	189,298 units	189,298 units

[Notes to the Statement of Cash Flows]

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

	9th fiscal period ( From: Sep. 1, 2017 To: Feb. 28, 2018 )	10th fiscal period ( From: Mar. 1, 2018 To: Aug. 31, 2018 )
Cash and deposits	3,181,010	2,719,168
Cash and deposits in trust	4,255,076	4,347,568
Cash and cash equivalents	7,436,087	7,066,737

[Notes on Financial Instruments]

1. Matters concerning status of financial instruments

(1) Policy for handling financial instruments

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

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

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

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

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

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

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

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

The fair value of financial instruments, aside from values based on market price, includes values based on reasonable calculation when there is no market price. Certain assumptions, etc. are adopted in the calculation of the concerned values. Accordingly, there may be cases where the concerned values will vary when different assumptions, etc. are adopted.

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

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

(Unit: thousand yen)

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

The following are the carrying amount and fair value as of August 31, 2018, and the amount of difference between these. Please note that the following table does not include those for which discerning of fair value is recognized to be extremely difficult (please refer to (Note 2)).

(Unit: thousand yen)

	Carrying amount	Fair value	Amount of difference
(1) Cash and deposits	2,719,168	2,719,168	—
(2) Cash and deposits in trust	4,347,568	4,347,568	—
Assets total	7,066,737	7,066,737	—
(3) Long-term loans payable	40,198,000	40,139,714	(58,285)
Liabilities total	40,198,000	40,139,714	(58,285)
(4) Derivative transactions	—	—	—

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

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

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

## (3) Long-term loans payable

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

## (4) Derivative transactions

Please refer to “Notes on Derivative Transactions” below.

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

Tenant lease and security deposits and tenant lease and security deposits in trust are not subject to valuation at fair value because discerning of the fair value is recognized to be extremely difficult as cash flows cannot be reasonably estimated due to there being no market price and difficulty of calculating the actual deposit period from when lessees move in to when they move out. The following is the carrying amount for each of investment securities, tenant lease and security deposits and tenant lease and security deposits in trust.

(Unit: thousand yen)

Account	9th fiscal period (As of Feb. 28, 2018)	10th fiscal period (As of Aug. 31, 2018)
Tenant lease and security deposits	263,485	263,854
Tenant lease and security deposits in trust	3,890,610	3,883,609
Total	4,154,096	4,147,464

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

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

(Unit: thousand yen)

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

10th fiscal period (As of August 31, 2018)

(Unit: thousand yen)

	Due within 1 year
Cash and deposits	2,719,168
Cash and deposits in trust	4,347,568
Total	7,066,737

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

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

(Unit: thousand yen)

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

10th fiscal period (As of August 31, 2018)

(Unit: thousand yen)

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

## [Notes on Derivative Transactions]

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

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

Not applicable.

10th fiscal period (As of August 31, 2018)

Not applicable.

## 2. Derivative transactions to which hedge accounting is applied:

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

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

(Unit: thousand yen)

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

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

10th fiscal period (As of August 31, 2018)

(Unit: thousand yen)

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

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

## [Notes on Related-Party Transactions]

## 1. Parent company, major corporate unitholder, etc.

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

Not applicable.

10th fiscal period (March 1, 2018 to August 31, 2018)

Not applicable.

## 2. Associated company, etc.

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

Not applicable.

10th fiscal period (March 1, 2018 to August 31, 2018)

Not applicable.

## 3. Fellow subsidiary, etc.

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

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

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

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

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

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

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

## 10th fiscal period (March 1, 2018 to August 31, 2018)

Type	Name of company, etc.	Location	Capital stock or investments in capital (thousand yen)	Description of business or occupation	Percentage of voting rights, etc. held in (by) related party	Description of relationship		Description of transaction (Note 1)	Amount of transaction (thousand yen) (Note 2) (Note 3)	Account item	Balance at end of period (thousand yen) (Note 2)
						Concurrent holding of positions, etc. by directors	Business relationship				
Company of which major unitholders (corporates) hold a majority of voting rights	Mizuho REIT Management Co., Ltd. (subsidiary of Mizuho Realty One Co., Ltd.)	Chuo-ku, Tokyo	50,000	Investment management business	—	Concurrent holding of positions by directors 1 person	Entrustment with asset management business operations	Payment of asset management fee	203,801	Accounts payable - other	220,106

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

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

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

(Note 3) The asset management fee includes the fee (6,200 thousand yen) for the transfer of Niigata Higashibori-dori Parking Building.

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

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

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

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

## 10th fiscal period (March 1, 2018 to August 31, 2018)

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

As of August 31, 2018, Koji Hashimoto does not own investment unit of One REIT.

## [Notes on Tax-Effect Accounting]

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

(Unit: thousand yen)

	9th fiscal period (As of Feb. 28, 2018)	10th fiscal period (As of Aug. 31, 2018)
Deferred tax assets		
Non-deductible accrued enterprise tax	5,176	3,739
Subtotal deferred tax assets	5,176	3,739
Valuation reserve	(4,984)	(3,548)
Total deferred tax assets	192	190
Net deferred tax assets	192	190

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

(Unit: %)

	9th fiscal period (As of Feb. 28, 2018)	10th fiscal period (As of Aug. 31, 2018)
Statutory tax rate	34.81	34.81
[Adjustments]		
Deductible distributions payable	(31.43)	(31.56)
Other	0.36	(0.07)
Effective income tax rate after application of tax-effect accounting	3.74	3.18



## [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)

	9th fiscal period ( From: Sep. 1, 2017 To: Feb. 28, 2018 )	10th fiscal period ( From: Mar. 1, 2018 To: Aug. 31, 2018 )
Carrying amount		
Balance at beginning of period	88,273,468	79,869,025
Amount of increase (decrease) during period	(8,404,443)	(642,456)
Balance at end of period	79,869,025	79,226,568
Fair value at end of period	88,935,000	89,267,000

(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 9th fiscal period, the amount of increase is mainly attributable to the acquisition of Daihakata Building and two other properties (15,976,411 thousand yen) and capital expenditure (273,257 thousand yen) while the amount of decrease is mainly attributable to the transfer of J Tower (24,187,224 thousand yen) and depreciation (466,887 thousand yen). Moreover, of the amount of increase (decrease) in investment and rental properties during the 10th fiscal period, the amount of increase is mainly attributable to capital expenditure (220,169 thousand yen) while the amount of decrease is mainly attributable to the transfer of Niigata Higashibori-dori Parking Building (418,677 thousand yen) and depreciation (440,405 thousand yen).

(Note 3) Fair value at the end of the period is the appraisal value by an outside real estate appraiser.

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

## [Notes on Segment Information, Etc.]

## 1. Segment Information

Segment information is omitted because One REIT operates a single segment, which is the real estate leasing business.

## 2. Related Information

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

## (1) Information for each product and service

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

## (2) Information for each region

## ① Net sales

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

## ② Property, plant and equipment

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

## (3) Information for each major customer

(Unit: thousand yen)

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

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

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

10th fiscal period (March 1, 2018 to August 31, 2018)

## (1) Information for each product and service

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

## (2) Information for each region

## ① Net sales

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

## ② Property, plant and equipment

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

## (3) Information for each major customer

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

## [Notes on Per Unit Information]

	9th fiscal period ( From: Sep. 1, 2017 To: Feb. 28, 2018 )	10th fiscal period ( From: Mar. 1, 2018 To: Aug. 31, 2018 )
Net assets per unit	219,986 yen	219,386 yen
Net income per unit	8,558 yen	7,427 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.

	9th fiscal period ( From: Sep. 1, 2017 To: Feb. 28, 2018 )	10th fiscal period ( From: Mar. 1, 2018 To: Aug. 31, 2018 )
Net income	1,620,016 thousand yen	1,405,981 thousand yen
Amount not attributable to common unitholders	— thousand yen	— thousand yen
Net income attributable to common investment units	1,620,016 thousand yen	1,405,981 thousand yen
Average number of investment units during period	189,298 units	189,298 units

## [Notes on Significant Subsequent Events]

## Issuance of new investment units

One REIT resolved the issuance of new investment units at the meetings of One REIT's Board of Directors held on September 4, 2018 and September 12, 2018 as follows. Payment concerning the issuance of new investment units through public offering was completed on September 20, 2018. Conditions of issuance are as described below. As a result, unitholders' capital is 50,624 million yen and the total number of investment units issued and outstanding is 237,498 units as of October 12, 2018. Furthermore, in line with secondary offering through over-allotment, resolutions were also made concerning issuance of new investment units by way of third-party allotment with October 17, 2018 as the payment date.

The proceeds from the issuance of new investment units through public offering were used as part of funds for acquiring assets acquired on September 21, 2018. Furthermore, the proceeds from the issuance of new investment units by way of third-party allotment will be kept as cash on hand and are scheduled to be used for part of future acquisition funds of specified assets or part of repayment of borrowings in the future.

## a. Issuance of New Investment Units through Public Offering

Number of new investment units to be issued:	48,200 units
Issue price (Offer price):	227,662 yen per unit
Total issue amount (Offer price):	10,973,308,400 yen
Paid-in amount (Issue value):	219,956 yen per unit
Total paid-in amount (Issue value):	10,601,879,200 yen
Payment date:	September 20, 2018

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

Number of new investment units to be issued (Maximum):	2,410 units
Paid-in amount (Issue value):	219,956 yen per unit
Total paid-in amount (Issue value) (Maximum):	530,093,960 yen
Allottee:	Mizuho Securities Co., Ltd.
Payment date:	October 17, 2018

## [Omission of Disclosure]

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

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

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

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

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

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

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

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

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

## 4. Changes in Directors

Changes in Directors are disclosed upon finalization of the details.

## 5. Reference Information

## (1) Asset Composition

(1) Asset Composition						
Type of asset	Use of asset	Region (Note 1)	9th fiscal period (As of Feb. 28, 2018)		10th fiscal period (As of Aug. 31, 2018)	
			Total amount held (million yen) (Note 2)	As a percentage of total assets (%) (Note 3)	Total amount held (million yen) (Note 2)	As a percentage of total assets (%) (Note 3)
Real estate	Office buildings	Tokyo metropolitan area	6,832	7.8	6,761	7.8
	Office buildings subtotal		6,832	7.8	6,761	7.8
Real estate total			6,832	7.8	6,761	7.8
Real estate in trust	Office buildings	Tokyo metropolitan area	41,248	47.0	41,179	47.3
		Ordinance-designated cities, etc.	27,327	31.1	27,272	31.3
	Office buildings subtotal		68,575	78.1	68,451	78.6
	Retail facilities	Tokyo metropolitan area	4,043	4.6	4,013	4.6
		Ordinance-designated cities, etc.	417	0.5	—	—
	Retail facilities subtotal		4,461	5.1	4,013	4.6
	Real estate in trust total			73,036	83.2	72,464
Deposits and other assets			7,954	9.1	7,917	9.1
Total assets			87,823	100.0	87,143	100.0

(Note 1) Regions are classified as follows:

- ① The Tokyo metropolitan area refers to Tokyo, Kanagawa, Saitama and Chiba prefectures.
- ② Ordinance-designated cities and major regional cities are together referred to as “ordinance-designated cities, etc.”  
“Ordinance-designated cities” refers to ordinance-designated cities located outside the Tokyo metropolitan area.  
“Major regional cities” refers to non-ordinance-designated cities located outside the Tokyo metropolitan area that are the location of a prefectural government (prefectural capitals) or their equivalent.

(Note 2) “Total amount held” is the carrying amount (book value less depreciation in the case of real estate and real estate in trust).

(Note 3) “As a percentage of total assets” is rounded to one decimal place.

## (2) Portfolio Diversification

## Diversification by region

Region	Number of properties	Acquisition price (million yen)	Share (%)
Tokyo metropolitan area	17	53,076	66.0
Ordinance-designated cities, etc.	6	27,307	34.0
Total	23	80,383	100.0

## Diversification by asset type

Use	Number of properties	Acquisition price (million yen)	Share (%)
Office buildings	22	76,133	94.7
Retail facility	1	4,250	5.3
Total	23	80,383	100.0

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

Property no.	Property name	Appraisal company	Acquisition price (million yen) (Note 1)	Carrying amount (million yen)	Appraisal value (million yen)	Overview of appraisal report					
						Income approach					Cost approach
						Indicated value by direct cap method (million yen)	Cap rate (%)	Indicated value by DCF method (million yen)	Discount rate (%)	Terminal cap rate (%)	Indicated value by cost approach (million yen)
OT-2	SIA Kanda Square	The Tanizawa Sogo Appraisal Co., Ltd.	7,350	6,761	8,760	9,120	3.5	8,610	3.6	3.7	8,760
OT-3	Tachikawa Nishiki-cho Building	Daiwa Real Estate Appraisal Co., Ltd.	3,264	3,279	4,000	4,030	4.5	3,990	4.3	4.7	2,620
OT-4	CP10 Building	Daiwa Real Estate Appraisal Co., Ltd.	3,229	3,147	3,350	3,390	4.1	3,330	3.9	4.3	1,660
OT-5	Yokohama AP Building	Daiwa Real Estate Appraisal Co., Ltd.	3,110	3,124	3,800	3,790	4.3	3,800	4.1	4.5	2,710
OT-6	Yushima First Genesis Building	Daiwa Real Estate Appraisal Co., Ltd.	2,751	2,687	3,160	3,200	4.1	3,140	3.9	4.3	1,920
OT-7	Miyaji Building	Daiwa Real Estate Appraisal Co., Ltd.	2,880	2,842	3,360	3,360	4.4	3,360	4.2	4.6	2,280
OT-8	36 Sankyo Building	Daiwa Real Estate Appraisal Co., Ltd.	2,395	2,340	2,740	2,770	4.2	2,730	4.0	4.4	1,960
OT-9	Minami-Shinagawa JN Building	Daiwa Real Estate Appraisal Co., Ltd.	2,165	2,164	2,064	2,160	4.4	2,050	4.2	4.6	2,190
OT-10	Minami-Shinagawa N Building	Daiwa Real Estate Appraisal Co., Ltd.	2,292	2,235	2,310	2,440	4.6	2,260	4.4	4.8	2,270
OT-11	Minami-Shinagawa J Building	Daiwa Real Estate Appraisal Co., Ltd.	2,020	1,951	2,370	2,400	4.6	2,350	4.4	4.8	1,450
OT-12	MY Atsugi Building	Chuo Real Estate Appraisal Co., Ltd.	1,240	1,166	1,350	1,480	5.6	1,350	5.4	5.8	958
OT-13	Hachioji SIA Building	Chuo Real Estate Appraisal Co., Ltd.	730	694	823	858	5.2	823	5.0	5.4	723
OT-14	Glass City Motoyoyogi	Japan Real Estate Institute	7,500	7,519	7,970	8,020	4.2	7,920	3.9	4.3	7,770
OT-15	Okachimachi CY Building	Japan Real Estate Institute	2,700	2,785	2,870	2,920	4.1	2,810	3.9	4.3	2,580
OT-16	Daido Life Omiya Building	Chuo Real Estate Appraisal Co., Ltd.	3,000	3,030	3,120	3,210	4.7	3,120	4.5	4.9	2,170
OT-17	Yamagami Building	Daiwa Real Estate Appraisal Co., Ltd.	2,200	2,210	2,290	2,350	4.2	2,270	4.0	4.4	1,810
OO-1	Central Shin-Osaka Building	Daiwa Real Estate Appraisal Co., Ltd.	4,612	4,343	5,490	5,450	4.4	5,500	4.2	4.6	2,540
OO-2	Karasuma Plaza 21	Daiwa Real Estate Appraisal Co., Ltd.	3,700	3,859	3,810	3,770	4.7	3,820	4.5	4.9	7,810
OO-3	Stoke Building Nagoya	Daiwa Real Estate Appraisal Co., Ltd.	2,381	2,401	2,870	2,860	4.7	2,870	4.5	4.9	1,860
OO-4	MY Kumamoto Building	Chuo Real Estate Appraisal Co., Ltd.	1,152	1,104	1,330	1,340	6.0	1,330	5.8	6.2	902
OO-5	Nagoya Fushimi Square Building	Daiwa Real Estate Appraisal Co., Ltd.	4,812	4,853	5,150	5,310	4.6	5,080	4.4	4.8	5,450
OO-6	Daihakata Building	JLL Morii Valuation & Advisory K.K.	10,650	10,709	11,500	11,500	4.4	11,400	4.2	4.6	14,900
R-1	fab Minami-Osawa	Japan Real Estate Institute	4,250	4,013	4,780	4,840	4.7	4,720	4.5	4.9	2,420
Total			80,383	79,226	89,267	90,568	—	88,633	—	—	79,713

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

(Note 2) The effective date of the appraisal (date of value) is the last day of August 2018.

## (4) Overview of Portfolio Real Estate

Property no.	Property name	Asset type	Location	Construction and number of floors	Completed (YYYY/MM)	Type of ownership	Total leasable area	PML value
OT-2	SIA Kanda Square	Office building	Chiyoda-ku, Tokyo	SRC 10F	2007/04	Real estate	5,261.34	6.06%
OT-3	Tachikawa Nishiki-cho Building	Office building	Tachikawa-shi, Tokyo	SRC 8F	1991/06	Real estate trust beneficiary rights	5,629.89	4.51%
OT-4	CP10 Building	Office building	Taito-ku, Tokyo	SRC B1/7F	1989/03	Real estate trust beneficiary rights	3,506.66	3.51%
OT-5	Yokohama AP Building	Office building	Yokohama-shi, Kanagawa	RC B1/8F	1983/05	Real estate trust beneficiary rights	4,326.68	10.17%
OT-6	Yushima First Genesis Building	Office building	Bunkyo-ku, Tokyo	SRC B1/7F	1991/08	Real estate trust beneficiary rights	2,965.49	7.00%
OT-7	Miyaji Building	Office building	Nakano-ku, Tokyo	S/SRC B1/7F	1994/08	Real estate trust beneficiary rights	3,116.49	3.04%
OT-8	36 Sankyo Building	Office building	Shinjuku-ku, Tokyo	RC B2/4F	1991/10	Real estate trust beneficiary rights	3,724.17	8.85%
OT-9	Minami-Shinagawa JN Building	Office building	Shinagawa-ku, Tokyo	SRC B2/10F	1990/07	Real estate trust beneficiary rights	6,390.33	5.57%
OT-10	Minami-Shinagawa N Building	Office building	Shinagawa-ku, Tokyo	SRC B2/10F	1994/07	Real estate trust beneficiary rights	5,476.73	5.50%
OT-11	Minami-Shinagawa J Building	Office building	Shinagawa-ku, Tokyo	SRC B1/10F	1992/07	Real estate trust beneficiary rights	3,673.61	3.70%
OT-12	MY Atsugi Building	Office building	Atsugi-shi, Kanagawa	RC/SRC 8F	1988/09	Real estate trust beneficiary rights	3,855.84	7.69%
OT-13	Hachioji SIA Building	Office building	Hachioji-shi, Tokyo	SRC 9F	1993/09	Real estate trust beneficiary rights	2,750.70	4.53%
OT-14	Glass City Motoyoyogi	Office building	Shibuya-ku, Tokyo	SRC/RC B2/8F	1992/04	Real estate trust beneficiary rights	7,643.63	7.70%
OT-15	Okachimachi CY Building	Office building	Taito-ku, Tokyo	SRC B1/9F	1986/05	Real estate trust beneficiary rights	2,943.07	6.04%
OT-16	Daido Life Omiya Building	Office building	Saitama-shi, Saitama	SRC 8F	1991/10	Real estate trust beneficiary rights	3,574.03	4.72%
OT-17	Yamagami Building	Office building	Toshima-ku, Tokyo	SRC/RC B2/8F	1991/09	Real estate trust beneficiary rights	2,677.80	6.14%
OO-1	Central Shin-Osaka Building	Office building	Osaka-shi, Osaka	S B1/12F	1992/06	Real estate trust beneficiary rights	9,410.65	12.72%
OO-2	Karasuma Plaza 21	Office building	Kyoto-shi, Kyoto	SRC B1/8F	1986/11	Real estate trust beneficiary rights	8,890.42	5.18%
OO-3	Stoke Building Nagoya	Office building	Nagoya-shi, Aichi	S/SRC B1/8F	1991/04	Real estate trust beneficiary rights	5,801.80	13.58%
OO-4	MY Kumamoto Building	Office building	Kumamoto-shi, Kumamoto	S/RC 9F	1987/10	Real estate trust beneficiary rights	3,755.53	5.08%
OO-5	Nagoya Fushimi Square Building	Office building	Nagoya-shi, Aichi	SRC B2/13F	1987/11	Real estate trust beneficiary rights	8,418.94	6.20%
OO-6	Daihakata Building	Office building	Fukuoka-shi, Fukuoka	S/RC B3/14F	1975/08	Real estate trust beneficiary rights	15,430.32	1.08%
R-1	fab Minami-Osawa	Retail facility	Hachioji-shi, Tokyo	S 7F	2001/12	Real estate trust beneficiary rights	8,409.23	3.03%

## (5) Status of Revenue of Each Property

Property no.		OT-2	OT-3	OT-4	OT-5
Property name		SIA Kanda Square	Tachikawa Nishiki-cho Building	CP10 Building	Yokohama AP Building
Acquisition date		October 10, 2013	October 10, 2013	October 10, 2013	October 10, 2013
Acquisition	Acquisition price (million yen)	7,350	3,264	3,229	3,110
	Composition ratio (%)	9.1	4.1	4.0	3.9
	Carrying amount (million yen)	6,761	3,279	3,147	3,124
	Value at end of period (million yen)	8,760	4,000	3,350	3,800
	Composition ratio (%)	9.8	4.5	3.8	4.3
Leasing	Total number of tenants	29	19	7	10
	Total leasable area (m <sup>2</sup> )	5,261.34	5,629.89	3,506.66	4,326.68
	Leased area (m <sup>2</sup> )	5,216.38	5,465.72	3,506.66	4,326.68
	Occupancy rate	99.1%	97.1%	100.0%	100.0%
Operating income (loss)	Number of days under management	184	184	184	184
	① Property-related operating revenue (thousand yen)	195,917	148,307	111,652	131,668
	Lease business revenue	184,378	140,797	97,489	118,511
	Other lease business revenue	11,538	7,510	14,163	13,157
	② Property-related operating expenses (thousand yen)	38,862	42,098	24,095	44,037
	Property management fees	12,845	14,565	6,625	8,987
	Utilities expenses	10,478	9,869	9,708	7,709
	Taxes and public dues	8,537	10,772	6,829	10,366
	Insurance premiums	196	205	106	134
	Repair expenses	6,804	6,183	324	12,796
	Other	—	500	500	4,042
	③ Leasing NOI (thousand yen)	157,054	106,209	87,557	87,630
	④ Depreciation (thousand yen)	70,396	25,901	15,666	12,191
	⑤ Property-related operating income (loss) [③-④] (thousand yen)	86,658	80,307	71,891	75,439
	⑥ Capital expenditures (thousand yen)	—	700	9,541	42,447
	⑦ Leasing NCF [③-⑥] (thousand yen)	157,054	105,509	78,015	45,183

Property no.		OT-6	OT-7	OT-8	OT-9
Property name		Yushima First Genesis Building	Miyaji Building	36 Sankyo Building	Minami-Shinagawa JN Building
Acquisition date		October 10, 2013	October 10, 2013	October 10, 2013	October 10, 2013
Acquisition	Acquisition price (million yen)	2,751	2,880	2,395	2,165
	Composition ratio (%)	3.4	3.6	3.0	2.7
	Carrying amount (million yen)	2,687	2,842	2,340	2,164
	Value at end of period (million yen)	3,160	3,360	2,740	2,064
	Composition ratio (%)	3.5	3.8	3.1	2.3
Leasing	Total number of tenants	6	7	3	20
	Total leasable area (m <sup>2</sup> )	2,965.49	3,116.49	3,724.17	6,390.33
	Leased area (m <sup>2</sup> )	2,965.49	3,116.49	3,724.17	6,390.33
	Occupancy rate	100.0%	100.0%	100.0%	100.0%
Operating income (loss)	Number of days under management	184	184	184	184
	① Property-related operating revenue (thousand yen)	99,746	115,471	89,385	129,409
	Lease business revenue	91,389	105,095	78,507	121,028
	Other lease business revenue	8,357	10,376	10,878	8,380
	② Property-related operating expenses (thousand yen)	29,680	27,477	26,119	73,560
	Property management fees	7,462	7,706	6,135	16,522
	Utilities expenses	5,976	7,884	8,477	24,046
	Taxes and public dues	8,197	7,782	7,547	9,655
	Insurance premiums	121	108	101	232
	Repair expenses	7,422	3,496	3,357	6,440
	Other	500	500	500	16,662
	③ Leasing NOI (thousand yen)	70,065	87,994	63,265	55,849
	④ Depreciation (thousand yen)	13,667	10,753	8,462	17,691
	⑤ Property-related operating income (loss) [③-④] (thousand yen)	56,398	77,241	54,802	38,158
	⑥ Capital expenditures (thousand yen)	2,639	432	2,030	1,928
	⑦ Leasing NCF [③-⑥] (thousand yen)	67,426	87,562	61,235	53,921



Property no.		OT-10	OT-11	OT-12	OT-13
Property name		Minami-Shinagawa N Building	Minami-Shinagawa J Building	MY Atsugi Building	Hachioji SIA Building
Acquisition date		October 10, 2013	October 10, 2013	October 10, 2013	October 10, 2013
Acquisition	Acquisition price (million yen)	2,292	2,020	1,240	730
	Composition ratio (%)	2.9	2.5	1.5	0.9
	Carrying amount (million yen)	2,235	1,951	1,166	694
	Value at end of period (million yen)	2,310	2,370	1,350	823
	Composition ratio (%)	2.6	2.7	1.5	0.9
Leasing	Total number of tenants	19	10	24	14
	Total leasable area (m <sup>2</sup> )	5,476.73	3,673.61	3,855.84	2,750.70
	Leased area (m <sup>2</sup> )	5,476.73	3,673.61	3,855.84	2,750.70
	Occupancy rate	100.0%	100.0%	100.0%	100.0%
Operating income (loss)	Number of days under management	184	184	184	184
	① Property-related operating revenue (thousand yen)	105,164	100,579	64,956	49,216
	Lease business revenue	96,573	92,334	57,470	44,308
	Other lease business revenue	8,590	8,245	7,485	4,908
	② Property-related operating expenses (thousand yen)	42,313	32,281	23,452	21,062
	Property management fees	7,590	5,548	8,653	9,278
	Utilities expenses	9,271	7,925	7,956	6,030
	Taxes and public dues	9,213	5,673	4,805	4,543
	Insurance premiums	201	128	126	87
	Repair expenses	3,244	3,762	1,410	623
	Other	12,790	9,241	500	500
	③ Leasing NOI (thousand yen)	62,851	68,298	41,503	28,153
	④ Depreciation (thousand yen)	15,278	12,518	12,995	5,239
	⑤ Property-related operating income (loss) [③-④] (thousand yen)	47,572	55,779	28,508	22,913
	⑥ Capital expenditures (thousand yen)	—	—	430	375
	⑦ Leasing NCF [③-⑥] (thousand yen)	62,851	68,298	41,073	27,778

Property no.		OT-14	OT-15	OT-16	OT-17
Property name		Glass City Motoyoyogi	Okachimachi CY Building	Daido Life Omiya Building	Yamagami Building
Acquisition date		September 7, 2016	September 7, 2016	October 25, 2017	October 25, 2017
Acquisition	Acquisition price (million yen)	7,500	2,700	3,000	2,200
	Composition ratio (%)	9.3	3.4	3.7	2.7
	Carrying amount (million yen)	7,519	2,785	3,030	2,210
	Value at end of period (million yen)	7,970	2,870	3,120	2,290
	Composition ratio (%)	8.9	3.2	3.5	2.6
Leasing	Total number of tenants	10	14	15	6
	Total leasable area (m <sup>2</sup> )	7,643.63	2,943.07	3,574.03	2,677.80
	Leased area (m <sup>2</sup> )	7,643.63	2,943.07	3,574.03	2,276.49
	Occupancy rate	100.0%	100.0%	100.0%	85.0%
Operating income (loss)	Number of days under management	184	184	184	184
	① Property-related operating revenue (thousand yen)	237,789	82,668	112,759	74,410
	Lease business revenue	214,841	78,193	103,802	62,981
	Other lease business revenue	22,948	4,474	8,956	11,428
	② Property-related operating expenses (thousand yen)	52,703	31,953	25,509	16,296
	Property management fees	14,809	7,341	9,334	6,003
	Utilities expenses	18,684	7,619	8,018	3,622
	Taxes and public dues	15,955	7,141	6,751	4,525
	Insurance premiums	302	114	155	87
	Repair expenses	2,551	9,235	799	1,557
	Other	400	500	450	500
	③ Leasing NOI (thousand yen)	185,086	50,714	87,250	58,113
	④ Depreciation (thousand yen)	22,430	6,433	8,807	5,741
	⑤ Property-related operating income (loss) [③-④] (thousand yen)	162,656	44,281	78,442	52,371
	⑥ Capital expenditures (thousand yen)	17,486	31,954	18,055	800
	⑦ Leasing NCF [③-⑥] (thousand yen)	167,599	18,759	69,195	57,313

Property no.		OO-1	OO-2	OO-3	OO-4
Property name		Central Shin-Osaka Building	Karasuma Plaza 21	Stoke Building Nagoya	MY Kumamoto Building
Acquisition date		October 10, 2013	October 10, 2013	October 10, 2013	October 10, 2013
Acquisition	Acquisition price (million yen)	4,612	3,700	2,381	1,152
	Composition ratio (%)	5.7	4.6	3.0	1.4
	Carrying amount (million yen)	4,343	3,859	2,401	1,104
	Value at end of period (million yen)	5,490	3,810	2,870	1,330
	Composition ratio (%)	6.2	4.3	3.2	1.5
Leasing	Total number of tenants	27	11	5	17
	Total leasable area (m <sup>2</sup> )	9,410.65	8,890.42	5,801.80	3,755.53
	Leased area (m <sup>2</sup> )	9,189.52	8,667.12	5,801.80	3,755.53
	Occupancy rate	97.7%	97.5%	100.0%	100.0%
Operating income (loss)	Number of days under management	184	184	184	184
	① Property-related operating revenue (thousand yen)	202,748	199,022	126,091	75,539
	Lease business revenue	178,910	185,618	107,647	68,197
	Other lease business revenue	23,838	13,404	18,444	7,342
	② Property-related operating expenses (thousand yen)	64,807	73,746	37,645	24,613
	Property management fees	20,293	28,585	10,792	9,161
	Utilities expenses	22,277	17,972	12,028	7,099
	Taxes and public dues	15,670	24,083	9,667	4,772
	Insurance premiums	294	292	189	128
	Repair expenses	5,772	2,312	4,467	2,950
	Other	500	500	500	500
	③ Leasing NOI (thousand yen)	137,940	125,276	88,445	50,926
	④ Depreciation (thousand yen)	33,490	22,422	21,102	13,126
	⑤ Property-related operating income (loss) [③-④] (thousand yen)	104,450	102,853	67,343	37,799
	⑥ Capital expenditures (thousand yen)	3,187	340	9,298	2,692
	⑦ Leasing NCF [③-⑥] (thousand yen)	134,753	124,936	79,147	48,234

Property no.		OO-5	OO-6	R-1	R-2
Property name		Nagoya Fushimi Square Building	Daihakata Building	fab Minami-Osawa (Note 1)	Niigata Higashibori-dori Parking Building (Note 1) (Note 2)
Acquisition date		September 7, 2016	October 25, 2017	October 10, 2013	October 10, 2013
Acquisition	Acquisition price (million yen)	4,812	10,650	4,250	—
	Composition ratio (%)	6.0	13.2	5.3	—
	Carrying amount (million yen)	4,853	10,709	4,013	—
	Value at end of period (million yen)	5,150	11,500	4,780	—
	Composition ratio (%)	5.8	12.9	5.4	—
Leasing	Total number of tenants	48	69	14	—
	Total leasable area (m <sup>2</sup> )	8,418.94	15,430.32	8,409.23	—
	Leased area (m <sup>2</sup> )	8,325.61	15,410.09	8,409.23	—
	Occupancy rate	98.9%	99.9%	100.0%	—
Operating income (loss)	Number of days under management	184	184	184	182
	① Property-related operating revenue (thousand yen)	175,978	407,140	(undisclosed)	(undisclosed)
	Lease business revenue	164,690	373,085		
	Other lease business revenue	11,287	34,055		
	② Property-related operating expenses (thousand yen)	53,744	166,818		
	Property management fees	17,378	52,601		
	Utilities expenses	15,172	55,706		
	Taxes and public dues	16,788	45,414		
	Insurance premiums	365	719		
	Repair expenses	3,539	11,726		
	Other	500	650		
	③ Leasing NOI (thousand yen)	122,233	240,322	118,073	21,524
	④ Depreciation (thousand yen)	18,144	30,698	32,955	4,289
	⑤ Property-related operating income (loss) [③-④] (thousand yen)	104,088	209,624	85,117	17,235
	⑥ Capital expenditures (thousand yen)	35,412	32,968	2,335	5,115
	⑦ Leasing NCF [③-⑥] (thousand yen)	86,820	207,353	115,737	16,408

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

(Note 2) Niigata Higashibori-dori Parking Building was sold as of August 30, 2018.

Property no.		Total
Property name		
Acquisition date		—
Acquisition	Acquisition price (million yen)	80,383
	Composition ratio (%)	100.0
	Carrying amount (million yen)	79,226
	Value at end of period (million yen)	89,267
	Composition ratio (%)	100.0
Leasing	Total number of tenants	404
	Total leasable area (m <sup>2</sup> )	127,633.35
	Leased area (m <sup>2</sup> )	126,464.92
	Occupancy rate	99.1%
Operating income (loss)	Number of days under management	—
	① Property-related operating revenue (thousand yen)	3,266,136
	Lease business revenue	2,950,171
	Other lease business revenue	315,965
	② Property-related operating expenses (thousand yen)	1,063,794
	Property management fees	312,192
	Utilities expenses	320,035
	Taxes and public dues	254,826
	Insurance premiums	4,670
	Repair expenses	109,567
	Other	62,502
	③ Leasing NOI (thousand yen)	2,202,341
	④ Depreciation (thousand yen)	440,405
	⑤ Property-related operating income (loss) [③-④] (thousand yen)	1,761,935
	⑥ Capital expenditures (thousand yen)	220,169
	⑦ Leasing NCF [③-⑥] (thousand yen)	1,982,172

## (6) Borrowing Status

The following is the status of borrowing of funds from each financial institution as of August 31, 2018.

The following is the status of borrowing of funds from each financial institution as of August 31, 2018.												
	Term	Drawdown date	Balance at beginning of period (thousand yen)	Balance at end of period (thousand yen)	Average interest rate (%) (Note 1)	Repayment date	Repayment method	Use	Remarks			
	Lenders											
Long-term borrowings	Mizuho Trust & Banking Co., Ltd.	Sep. 7, 2016	1,200,000	1,200,000	0.58096	Sep. 7, 2019	Bullet repayment	(Note 2)	Unsecured Unguaranteed			
	Mizuho Bank, Ltd.		1,200,000	1,200,000								
	Sumitomo Mitsui Banking Corporation		750,000	750,000								
	Shinsei Bank Limited		1,500,000	1,500,000								
	Resona Bank, Limited		600,000	600,000								
	The Mie Bank, Ltd.		525,000	525,000								
	The Bank of Fukuoka, Ltd.		150,000	150,000								
	Mizuho Trust & Banking Co., Ltd.	Sep. 7, 2016	400,000	400,000	0.69593	Sep. 7, 2020	Bullet repayment			(Note 3)		
	Mizuho Bank, Ltd.		400,000	400,000								
	Sumitomo Mitsui Banking Corporation		250,000	250,000								
	Shinsei Bank Limited		500,000	500,000								
	Resona Bank, Limited		200,000	200,000								
	The Mie Bank, Ltd.		175,000	175,000								
	The Bank of Fukuoka, Ltd.		50,000	50,000								
	Mizuho Trust & Banking Co., Ltd.	Sep. 7, 2016	3,199,000	3,199,000	0.58096	Sep. 7, 2019	Bullet repayment	(Note 3)				
	Mizuho Bank, Ltd.		3,150,000	3,150,000								
	Shinsei Bank Limited		1,500,000	1,500,000								
	Resona Bank, Limited		300,000	300,000								
	Mizuho Trust & Banking Co., Ltd.	Sep. 7, 2016	3,199,000	3,199,000	0.69593	Sep. 7, 2020					Bullet repayment	(Note 3)
	Mizuho Bank, Ltd.		3,150,000	3,150,000								
	Shinsei Bank Limited		1,500,000	1,500,000								
	Resona Bank, Limited		300,000	300,000								
	Mizuho Trust & Banking Co., Ltd.	Oct. 25, 2017	135,000	135,000	0.45426	Sep. 7, 2020	Bullet repayment			(Note 2)		
	Mizuho Bank, Ltd.		135,000	135,000								
	Sumitomo Mitsui Banking Corporation		2,500,000	2,500,000								
	Aozora Bank, Ltd.		375,000	375,000								
	Resona Bank, Limited		365,000	365,000								
	The Mie Bank, Ltd.		240,000	240,000								
	The Bank of Fukuoka, Ltd.		250,000	250,000								
	Mizuho Trust & Banking Co., Ltd.	Oct. 25, 2017	182,500	182,500	0.56720 (Note 4)	Sep. 7, 2021	Bullet repayment	(Note 2)				
	Mizuho Bank, Ltd.		182,500	182,500								
	Sumitomo Mitsui Banking Corporation		3,750,000	3,750,000								
Aozora Bank, Ltd.	562,500		562,500									
Resona Bank, Limited	567,500		567,500									
The Mie Bank, Ltd.	380,000		380,000									
The Bank of Fukuoka, Ltd.	375,000		375,000									
Mizuho Trust & Banking Co., Ltd.	Oct. 25, 2017	182,500	182,500	0.62750 (Note 4)	Sep. 7, 2022	Bullet repayment	(Note 2)					
Mizuho Bank, Ltd.		182,500	182,500									
Sumitomo Mitsui Banking Corporation		3,750,000	3,750,000									
Aozora Bank, Ltd.		562,500	562,500									
Resona Bank, Limited		567,500	567,500									
The Mie Bank, Ltd.		380,000	380,000									
The Bank of Fukuoka, Ltd.		375,000	375,000									
Subtotal			40,198,000	40,198,000								
Total			40,198,000	40,198,000								

- (Note 1) Average interest rate is the borrowing interest rate for the respective loan agreement (weighted average of balance during the period), rounded to five decimal places.
- (Note 2) The intended use of the funds is to allocate the funds to part of the funds for acquisition of real estate trust beneficiary rights, as well as related costs.
- (Note 3) The funds are allotted to part of the funds for repaying existing borrowings.
- (Note 4) Interest rate swap transactions have been conducted to avoid interest rate fluctuation risks and the indicated interest rates take into account the effect of such transactions.